

Programme Document

Strengthening the Management of the Oil and Gas Sector in Uganda

Phase II – 2015-2018

A Development Programme in
Co-operation with Norway



THE REPUBLIC OF UGANDA



ROYAL NORWEGIAN EMBASSY

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LIST OF ACRONYMS

AG	-	Albertine Graben
AGO	-	Accountant General's Office
AVO	-	Amplitude versus Offset
BOU	-	Bank of Uganda
COA	-	Chart of Accounts
CSO	-	Civil Society Organizations
CFR	-	Central Forest Reserve
DFR	-	Directorate of Fisheries Resources
DWRM	-	Directorate for Water Resource Management
EA	-	Exploration Area
EAC	-	East African Community
EIN	-	Environmental Information Network
ESIA	-	Environmental and Social Impact Assessment
ECMS	-	Environmental Compliance and Monitoring Strategy
EMP	-	Environmental Monitoring Plan
EITI	-	Extractive Industry Transparency Initiative
EOR	-	Enhanced Oil Recovery
EPI	-	Environment Pillar Institutions
FDPs	-	Field Development Plans
FDP	-	Field Development Plan
GMP	-	General Management Plan
GoU	-	Government of Uganda
HSE	-	Health Safety and Environment
IMF	-	International Monetary Fund
IT	-	Information Technology
JOA	-	Joint Operation Agreements
MAAIF	-	Ministry of Agriculture, Animal Industry and Fisheries
MCE	-	Ministry of Climate and Energy, Norway
MEMD	-	Ministry of Energy and Mineral Development
MFPED	-	Ministry of Finance, Planning and Economic Development
MGLSD	-	Ministry of Gender, Labour and Social Development
MFNP	-	Murchison Falls National Park
MLHUD	-	Ministry of Lands, Housing and Urban Development
MESST	-	Ministry of Education, Sports Science and Technology
MJCA	-	Ministry of Justice and Constitutional Affairs
MPE	-	Ministry of Petroleum and Energy, Norway
MWE	-	Ministry of Water and Environment

NCA	-	Norwegian Coastal Administration
NEA	-	Norwegian Environment Agency
NEMA	-	National Environment Management Authority
NFA	-	National Forestry Authority
NOGP	-	National Oil and Gas Policy for Uganda
NOSCP	-	National Oil Spill Contingency Plan
NPSA	-	Norwegian Petroleum Safety Authority
NPD	-	Norwegian Petroleum Directorate
OAG	-	Office of the Auditor General
OHSD	-	Occupational Health and Safety Department
OTO	-	Oil Taxation Office, Norway
PCC	-	Programme Coordination Committee
QA/QC	-	Quality Assurance/Quality Control
PEPD	-	Petroleum Exploration and Production Department
PRMS		Petroleum Resource Management System
PRR	-	Petroleum Reservoir Report
PSA	-	Production Sharing Agreement
PSC	-	Production Sharing Contracts
RMPP	-	Revenue Management Policy Paper
SEA	-	Strategic Environment Assessment
SN	-	Statistics Norway
STOIIP	-	Stock Tank Oil Initially In Place
SVW	-	Simonsen Vogt Wiig
UBOS	-	Uganda Bureau of Statistics
UNFC	-	United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources
URA	-	Uganda Revenue Authority
UWA	-	Uganda Wildlife Authority
UWS	-	Uganda Wildlife Society

1. BACKGROUND TO UGANDA'S OIL AND GAS SECTOR

Commercial quantities of oil were first discovered in Uganda in 2006 within the Albertine Graben in the western part of the country. To-date, twenty-one discoveries of oil and gas have been made containing an estimated total volume of 6.5 billion STOIIP barrels of oil of which about 1.4 billion barrels are estimated as recoverable, and about 670 billion cubic feet of gas. The oil is generally light to medium gravity, sweet, with low Gas-Oil-Ratio and some associated wax. It is situated in good quality reservoir sandstone. Since 2002, one hundred and sixteen wells have been drilled in the Graben, and one hundred and two wells have encountered oil, representing a remarkable drilling success rate.

Currently, approximately 10% of the Graben is licensed to three oil companies: Tullow Uganda Operations Pty Limited, Total Exploration & Production Uganda B.V, and China National Offshore Oil Corporation (CNOOC) Uganda Limited. Each of the three companies holds 33.3% equity in four licenses. CNOOC as operator was issued a production license for the Kingfisher field. Tullow has submitted application for production licenses for over nine discoveries in Buliisa and Kaiso-Tonya areas. Total has submitted three applications for production licenses for discoveries of Jobi-Rii and Ngiri.

The Government of Uganda signed a Memorandum of Understanding (MoU) with its upstream partners in February 2014. This provides a plan for commercialization of the discovered resources, which includes development of a 60,000bbl/day modular refinery starting at a processing capacity of 30,000 bbl/day, use of crude oil to generate electricity in the short term, and export of crude oil by pipeline or any other viable means in the long term.

With more exploration to commence, it is expected that more discoveries will be made both in the Albertine Graben and in the other five sedimentary basins in Uganda. The Government is planning to undertake licensing of a few areas with good data coverage through public competitive bidding. The announcement of the bidding round was done in February 2015.

The government expects that the development of the oil and gas industry will stimulate accelerated economic growth, job creation, poverty eradication and general prosperity to the people in Uganda. To satisfy this expectation, there is a need to build the necessary human, organisational and institutional capacity of Ugandans to be able to participate fully in the petroleum industry. The Ministry of Energy and Mineral Development (MEMD) has a mandate to *'Promote the development, strategically manage and safeguard the rational and sustainable exploitation and utilization of energy and mineral resources for social and economic development.'*

The sector is governed through the 'National Oil and Gas Policy -2008, the Petroleum (Exploration, Development and Production) Act -2013, The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act -2013, and associated legislations, regulations and guidelines.

To benefit from Norway's experiences in managing its petroleum sector development, the two countries signed in 2009 a five-year agreement under the Oil for Development (OfD) programme. This was for support to the resource, environmental and revenue dimensions of Uganda's sector development. During the last part of 2014, a review of the programme was carried out, noting the substantial advances that had been made. The report supports the approval of a new, three-year OfD programme for the period 2015-2017.

The OfD Steering Committee consisting of the four relevant ministries in Norway has approved a new programme period with a budget of 53 million NOK, covering the fields of resource, environmental and revenue management. This Programme Document constitutes the Government of Uganda's proposal regarding capacity development in these sectors.

2. OIL FOR DEVELOPMENT (OFD) PROGRAMME IN UGANDA

Cooperation between Uganda and Norway on capacity and institutional development has a long history through several successful Programmes. Norwegian assistance under Oil for Development in Uganda started in 2006 under the programme "Strengthening the State Administration of the Upstream Petroleum Sector in Uganda". This programme ended in June 2009 after three and a half years of successful implementation. Total funding for this Programme was NOK 21,294,650.

The achievements of this initial Programme included among others, formulation of the National Oil and Gas Policy for Uganda, establishment of the basis for the formulation of the laws, preparation of the Sensitivity Atlas for the Albertine Graben, a study on gas utilization in Uganda and infrastructure requirements, human resource capacity building and designing of institutional development infrastructure for PEPD.

In July 2009, the Government entered into an agreement with the Royal Norwegian Government's Oil for Development Programme to support "Strengthening the Management of the Oil and Gas Sector in Uganda". The Programme's goal was to support the implementation of the National Oil and Gas Policy for Uganda with specific emphasis on putting in place institutional arrangements and capacities to ensure well-coordinated and results oriented resource management, revenue management, environmental management, as well as health, safety and environment management in the oil and gas sector.

The Programme had three Pillars - Resource Management, Environment Management and Revenue Management Pillar, in addition to a Programme Management, and was allocated a total funding of 80,000,000 NOK for its five year duration (2009 to 2014). However, during the second and third Annual Meetings for the Programme that were held on 27th January 2011 and 31st January 2012 respectively, the need to expand several activities of the Programme and the addition of new ones due to the rapid growth of the oil and gas sector in the country, was presented and approved by the

Embassy. Additional funding of 67,000,000 NOK was allocated during September 2013 and the addenda to the Programme Agreement and Institutional Corporation Contract were signed.

The activities that have been carried out during the five year programme implementation period demonstrate that the Programme has achieved its stated goals and objectives. However, several of the themes and tasks described in the five year Programme are still relevant, and as Uganda's petroleum sector is now entering into the development and production phase, the cooperation with Norway beyond 2014 is thus important.

The main reference for the development and planning of the cooperation Programme has been the National Oil and Gas Policy, and in particular the goal to ensure that the petroleum resources are produced in a sustainable manner for the overall benefit and welfare of all Ugandans.

3. STATUS OF THE PETROLEUM SECTOR IN UGANDA

The Government of Uganda has made significant progress in the petroleum sector. This has been possible through investment in the human resource capacity through institutional cooperation, knowledge transfer, specialized training and procurement of modern equipment to store and interpret geological, geophysical and geochemical data. These efforts led to the attraction of serious oil companies, effective exploration and discovery of commercial oil and gas resources. The Government has scored successes in the oil and gas sector over the past 30 years of innovative and collaborative work. These include:

- **Uganda Announces First Petroleum Exploration Licensing Round**

Over 2,938 km² of high potential acreage were offered for licensing on 24th February 2015 when the Government of Uganda (GoU) announced the country's first open competitive licensing round for petroleum exploration. This licensing round will cover six blocks in the Albertine Graben, which is a proven prospective sedimentary basin.

The country has an estimated 6.5 billion barrels of petroleum resources from exploration work in less than 40% in the Albertine Graben. However, less than 10% of the Albertine Graben is currently licensed and the six blocks targeted for this maiden licensing round have good data coverage.

The six blocks are: Ngassa (410 km²) in Hoima District, Taitai & Karuka (565 km²) in Buliisa District, Ngaji (895 km²), Rukungiri & Kanungu Districts, Mvule (344 km²) in Moyo and Yumbe Districts together with Turaco (425 km²) and Kanywantaba (344 km²) in Ntoroko District. These blocks have both seismic and well data which were acquired by oil companies previously licensed in these areas. Stratigraphic licensing will be applicable to some of these blocks.

Uganda's first licensing round is guided by the National Oil and Gas Policy for Uganda (2008) and the Petroleum (Exploration, Development and Production) Act 2013. The announcement followed approval of Cabinet and submission of a report on the licensing round to Parliament.

- **Investment and Licensing in the Sector:** Cumulative foreign direct investment in petroleum exploration since 1998 is over USD 2.4 billion and investments in the sector is expected to increase as the country enters the development, and subsequently the production and refining phases of the petroleum value chain. Three oil companies are since February 2012 licensed to carry out exploration, development and production in four exploration areas. These are; Tullow Uganda Operations Pty Ltd, Total E&P Uganda B.V and China National Offshore Oil Corporation (CNOOC) Uganda Limited.
- **Oil and Gas Resources:** Twenty-one (21) oil and/or gas discoveries have been made in the country. Appraisal of these discoveries has established that petroleum resources are over 6.5 billion barrels of oil with 1.4 billion barrels estimated to be recoverable. Exploitation of these resources will contribute to social economic transformation and improvement of the country.
- **Appraisal and Field Development:** Production license for one discovery (Kingfisher) was granted to CNOOC in September 2013. Review of applications for production license for twelve more discoveries is ongoing and expected to be concluded early 2015. Four discoveries have been reverted to the Government and will be available during future licensing rounds through open competitive bidding.
- **Policy, Legal and Institutional Framework:** The Government established the National Oil and Gas Policy for Uganda in 2008 to guide the development of the sector. This key document has guided the further development of the legal framework and institutional development.
 - a) **Legal Framework:** Two Acts were assented to by the President; the Petroleum (Exploration, Development and Production) Act 2013 and Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013. Development of regulations to operationalize the laws has commenced.
 - b) **The Public Finance Act** that provides for petroleum revenue management was approved by Parliament on 27th November 2014. Ugandans had an opportunity to make their input on how they want revenue from oil resources to be managed through their Members of Parliament or by seeking audience with the relevant committees before its approval. The Act became law in February 2015 following the Present's assent.
 - a) **Institutional Development:** The Ministry of Energy and Mineral Development is in the final stages of establishing the following new institutions to manage the oil and gas sector:

- The Petroleum Authority of Uganda to regulate the sector
- The National Oil Company, to manage the business aspects of the sector on behalf of Government as provided for in the law. Boards of these institutions have been vetted by Parliament and are awaiting instruments of power.
- The Ministry has been restructured to create a Directorate of Petroleum to provide policy guidance and licensing in the upstream, midstream and downstream aspects of the petroleum value chain. Appointments for top positions have been made such as the position of Acting Director, Petroleum and also Commissioners for the upstream, midstream and downstream have been appointed.

Other institutions implementing the National Oil and Gas Policy are also being strengthened to manage the sector. These include the National Environment Management Authority (NEMA), Office of the Auditor General (OAGU), Uganda Revenue Authority (URA), Ministry of Finance Planning and Economic Development (MoFPED), and the Ministry of Internal Affairs (MIA) among others.

- **National Participation:** Recommendations from a study on enhancing participation of Ugandans in the sector are under implementation through the establishment of the National Content Monitoring Unit in the Ministry that will be monitoring employment of Ugandans, use of Uganda goods and services by the licensed companies, and the ongoing development of a National Content Policy and Plan through a consultative process. The policy and plan is under finalization and will guide implementation of the recommendations.
- **Capacity Building and Training:** The Government continues to prioritize training and capacity building of its officials in oil and gas related disciplines. Officials from the various government ministries and agencies have been trained in petroleum geoscience, law, audit, taxation and management. In addition, the Government established the Uganda Petroleum Institute in Kigumba in March 2010 to train Ugandans in artisanal and technical skills at certificate and diploma levels. Makerere University commenced Bachelor's and Master's Degree Programmes in Petroleum Geoscience in 2009 and 2012 respectively. It is envisioned that these trained Ugandans will take up the over 20,000 jobs directly generated by the oil industry together with the additional 100,000 jobs generated as a result of the multiplier effect in other sectors of the economy.
- **Environment and Biodiversity protection:** The Government prioritizes the protection of wildlife and the environment. Some initiatives are; development of a Sensitivity Atlas for the Albertine Graben and Management Plans for sensitive areas within the Graben such as Murchison Falls and Queen Elizabeth National Parks, as well as Budongo and Maramagambo forests, implementing the recommendations of the Strategic Environmental Assessment (SEA) for the

Albertine Graben, in addition to multi-institutional monitoring and strengthening the environment and biodiversity legislations.

- **Physical Planning of the Albertine Graben:** the Government declared the Albertine Graben a special planning area and emphasis has been put on physical planning of municipalities and other towns in the region. The Ministry of Lands, Housing and Urban Development (MLHUD) has developed draft physical plans for Buliisa town council and Butiaba in Buliisa District together with Sebagoro in Hoima District. Physical development plans for the area around the refinery area in Buseruka Subcounty, Hoima District has also been developed. A consultant, CPCS Transcorm International limited is currently preparing a regional physical development plan for the entire Albertine Graben.
- **Commercialization of the Discovered Resources:** a Memorandum of Understanding (MoU) between Government and the licensed oil companies that provides for a revised commercialization plan for the development of the discovered oil and gas resources in the country was concluded in February 2014. The MoU provides for the use of petroleum for power generation, supply of crude oil to the planned refinery, as well as the export of crude oil through an export pipeline or any other viable options to be developed through a Public Private Partnership (PPP). Government is working with the licensed oil companies to prepare an implementation plan to achieve the objectives of the MoU.
- **Refinery Development:** the Government is prioritizing the development of the 60,000 barrels per day refinery in Uganda to add value to the country's petroleum resources, and also to ensure the secure supply of petroleum products. The Government has acquired 29km² of land in Kabaale Parish, Buseruka Sub County, and Hoima District through the implementation of a comprehensive Resettlement Action Plan (RAP) for persons affected by the refinery.

A transaction advisor, Taylor DeJongh from the USA is supporting the Government in structuring the refinery and identifying a lead investor among other assignments for the refinery project. During February 2015, Government of Uganda selected the RT Global Resources-led consortium for the Federation of Russia as the preferred bidder for Uganda's refinery project, with the SK Engineering and Contruction-led consortium for the Republic of Soth Korea as the alternate preferred bidder following a submission of bids during 2014 which were evaluted by the team from the Govertment and Taylor DeJongh. Negoitiations on the principal agreeemnts will be held with RT Global resources during March 2015 with the aim of reaching an agreement within 60 days.

The first phase of the refinery is expected to be completed in 2017/2018. The refinery, when established, will provide additional employment opportunities to Ugandans through facilitating the establishment of petrochemical and other related industries to produce plastics, pharmaceuticals and fertilizers among others.

- **Pipeline and Transportation:** A strategic plan for the Transportation and Storage Facilities of Petroleum Commodities and Products in Uganda has been developed with assistance from the consultant Worley Parsons. Road networks in the Albertine Graben are also being upgraded, starting with the Hoima-Buseruka-KaisoTonya Road whose construction is ongoing.
- **Regional Infrastructure Projects:** The East African Community partner states are working together to take forward development of key infrastructure such as pipelines, Uganda's refinery project, and the refurbishment of the railway network to support the development of, and promotion of investment in the region's emerging oil and gas sector.

Uganda has discovered commercial oil and gas resources whose capacity to contribute to the transformation of the nation cannot be doubted. The Ministry of Energy and Mineral Development in collaboration with other government agencies implementing the National Oil and Gas Policy are working to ensure that oil and gas resources benefit all Ugandans.

4. BASELINE – ACHIVEMENTS 2010 - 2014

The 2009 – 2014 Programme contained various activities for implementation by the three Pillars of Resource, Environment and Revenue together with the Programme Management, for which specific outputs had been planned and actual results were delivered. All the three Pillars were established and became fully operational, delivering on expected outputs and achievements summarized as follows:

4.1 Achievements; Resource Management Pillar

The Resource Management Pillar has had long-term relations with the Norwegian Petroleum Directorate (NPD), and the Norwegian Petroleum Safety Authority (NPSA), working closely with the aim of building capacity of PEPD staff in order to support implementation of activities as highlighted in the Programme Document of 2010. Despite the strong pillar development with well-documented results, the freeze on funding caused a slow-down on implementation of important activities that are now still pending, i.e. licensing, regulations, HSE among others. These activities have been carried forward to be implemented in the new Programme phase. Programme achievements for the Resource Management Pillar include:

4.1.1 Pillar Management

Quarterly Pillar meetings were undertaken as planned, performance of the Pillar was reviewed, and activity plans were drawn up annually. The meetings were based on institutional cooperation between NPD and PEPD to review progress and plans, while at the same time ensuring effective and efficient planning and implementation of Pillar activities according to agreed plans.

4.1.2 Legal and Regulatory Framework for the Upstream and Midstream Petroleum Sectors

The Petroleum, Exploration, Development and Production Act 2013 and the Petroleum Refining, Conversion, Transmission and Midstream Storage Act 2013 were assented to by His Excellency, the President of Uganda in March and June 2013 respectively. The coming into place of these pieces of legislation was an important milestone for the sector and the country as they form the basis for taking forward other key aspects of the sector.

The previous Programme commenced the development of the Midstream, Upstream and HSE regulations and as a result, draft regulations are now in place and under review. Work on the Model PSA and a Standard Joint Operating Agreement guided by the consultancy firm SimonsenVogtWiig started.

4.1.3 Licensing Strategy and Plan

A framework, including model contracts for the first multi-client seismic survey in the country was developed. A strategy and plan for the country's first open licensing round was completed, and a grid system of 5' x 5' for the Albertine Graben of Uganda was finalized.

Preparations for the international bidding round are ongoing, and a consultant (IPAN) was hired to provide Transaction Advisory Services for the first licensing round in Uganda. Work is ongoing. The procurement of a consultant to lead a promotion campaign, assist in setting up a data room, and lead the sales of data packages is also under completion.

A fiscal metering framework for PEPD was developed, and metering regulations are being developed.

4.1.4 Monitoring and Supervision

Supervisory frameworks for wells and seismic monitoring were developed and are now under implementation.

Guidelines for monitoring and supervision were finalized and are awaiting Government approvals. These include guidelines for Field Development Plans (FDP), Petroleum Reservoir Reports (PRR), Data submission, Resource Reporting and Field Operations Monitoring.

Activities under Health, Safety and Environment (HSE), including workshops to guide PEPD on how to take forward the HSE aspects of the oil and gas sector in the country and a drilling safety audit

exercise, was undertaken together with the Norwegian Petroleum Safety Authority. This will be a key activity for the new Petroleum Authority of Uganda that requires further guidance.

4.1.5 Institutional Development and Capacity Building

Reports for setting up new institutions were prepared by the Government, reviewed and discussed with Norwegian counterparts.

MEMD continued its long-term institutional strengthening, including the creation of transitional units that will contribute to the establishment of the Petroleum Authority, the MEMD Policy Directorate, as well as the National Oil Company of Uganda. This has been made possible through focus on human resource development as part of the Pillar activities, through which PEPD staff have gained broad-based knowledge that has also enabled the PEPD staff to take forward oil and gas aspects in both the technical and non-technical aspects of the upstream and midstream.

4.1.6 National and Local Participation

A study on the challenges and opportunities for implementing national content in the oil and gas sector was completed during July 2011, and the development of a National Content Policy and Plan to take forward the study's recommendations are near completion.

4.1.7 Data and Records Management

One of the key mandates of the PEPD is to manage petroleum exploration and production (E&P) data. In addition, the aspects of efficient E&P data management cut across the first five objectives of the National Oil and Gas Policy for Uganda (2008). The new Petroleum Authority is also mandated to establish a National Oil and Gas Databank for the country.

PEPD, with support from consultants from NPD developed a reference database, also known as the Crane database to manage the data sets from exploration and appraisal activities in the country. The PEPD's capacity has also been built to develop and maintain E&P data management systems. The Crane database currently runs on Microsoft Access. Plans are underway to migrate it to a more functional database. As the activities move towards production phase, it is essential to expand the database to accommodate aspects of petroleum development and production.

In addition, Information Communications Technology (IT/ICT) was identified as key to establishing and developing an efficient national oil and gas databank or National Data Repository (NDR). In this regard, together with consultants from Odin Prosjekt AS, an ICT Policy and Strategy was developed for the PEPD and these are being implemented. Procurement of IT equipment like servers and software to support the IT strategy was also done under the previous programme.

4.1.8 Resource Assessment

The resource estimation efforts of the PEPD was initiated in 2009 and since then significant progress has been made in reporting on the country's annual resources and in making the estimation process

more efficient. Significant capacity building has also been undertaken and this has seen the resource assessment team grow in number, diversity and knowledge.

An assessment of the oil and gas resources was undertaken and the country's first resource report was produced in 2013. The development of a bio stratigraphic system for the Albertine Graben was finalized.

Procurement of Petrel Geoscience Core + Geophysics modules in order to increase ability to interpret seismic data and map hydrocarbon resources in Uganda was undertaken, as well as the procurement of the Pan Systems in order to be able to evaluate well test data and evaluate hydrocarbon flow rate potential.

4.1.9 Oil and gas sector development and investment strategy/plan

A feasibility study for the Development of Pipelines and Storage Facilities for Crude Oil and Gas and Petroleum Products in Uganda was undertaken by Fitchner, followed by the development of the National Strategy and Plan for Petroleum Transportation and Storage Facilities in Uganda, by the consultant Worley Parsons. During both studies, capacity building programmes for PEPD staff was provided to understand the aspects related to the study.

4.1.10 Regional and international Cooperation;

Various meetings were held between representatives of the Government, civil society organizations, and the Government of the Democratic Republic of Congo. One of them was on acquisition of seismic data in DRC using Ugandan bases and also to share information regarding the updates on the oil and gas sector between the two countries.

4.1.11 Midstream Development

Limited capacity building programs in aspects of petroleum refining and pipeline development related subjects were undertaken in the infrastructure unit in order to prepare staff for refining activities. These were mostly in the form of in-house training during May 2014, among others in refinery technology and refinery business economics. Additionally and outside the Programme due to the limited budget that was allocated to this component, training was funded by the GOU. Training included commercial and trading aspects of oil refining (April 2013), petroleum refining economics (June 2013), contracts used in international petroleum development (May 2013).

4.2 Achievements; Revenue Management Pillar:

The Pillar received early support to the development of the Public Finance Management Bill (PFM) and the Oil and Gas Revenue Management Policy. In addition, the Uganda Revenue Authority (URA) and Norwegian Oil Taxation Office (OTO) worked together on the petroleum tax manual. The Office of the Auditor General (OAG) worked closely with the Norwegian Office of the Auditor General (OAG-N), Norway, although not under the OfD Programme. The main challenge for the Pillar was the limited institutional support from the Norwegian Ministry of Finance, which withdrew from the Programme

when the agreement expired in June 2014. The Norwegian Ministry of Finance has currently withdrawn from all OfD programmes. Alternative institutional support for the pillar for the new Programme, and for the Oil for development programme in general, is in the process of being identified.

4.2.1 Legal Framework and Policy

The Public Finance Bill was passed by Parliament in November 2014 and became law in February 2015 following assent by the President. The Act provides for the establishment of a petroleum fund and more broadly caters for oil revenue management.

The Oil Revenue Management Policy (ORMP) was approved by the Cabinet in February 2012 and was the basis for the section in the Act on petroleum management. Copies of the Policy were published and widely disseminated in both government and non government institutions.

The income tax legislation has been reviewed and updated in order to provide special provisions for the the taxation of petroleum sector activities. This has been a continuous activity.

4.2.2 Pillar Secretariat – Cross cutting activities

A Capacity Needs Assessment for the Revenue Management Pillar was undertaken by Hartmark consultancy group from Norway and a final report submitted during 2012. Based on the recommendations from the report, capacity building were undertaken in areas of taxation, transfer pricing, legal systems, fundamentals of oil and gas, project finance, taxation treaties, petroleum economics, oil accounting and auditing, drafting of legislation for oil and gas sector, oil and gas key standards, as well as petroleum policy, among others. This has contributed to the human resources development of the Pillar partner institutions in order to enable their support to the sustainable management of the oil and gas sector in Uganda.

Participation in a Petrad course on Petroleum Policy and Resource Management in Norway was also undertaken by representatives from various institutions under the Revenue Management Pillar.

Quarterly Pillar meetings were undertaken as planned. Performance of the Pillar was reviewed and activity plans were drawn annually, in part based on cooperation with the Norwegian Ministry of Finance.

4.2.3 Revenue Administration

The Program supported the development of a system (the petroleum tax manual) which will be used to identify and harmonize activities in the petroleum sector for taxation purposes. This activity is in three (3) parts and has been supported by the Oil Taxation Office (OTO) in Norway. Consultative meetings were held and Part II of the manual was completed in April 2014. Parts I and III have been reviewed and will be completed in next phase of the program with support from OTO.

4.2.4 Fiscal Policy Framework

The program supported revisions of the fiscal policy framework in preparation for oil and gas revenues. This was to be followed up with a policy paper on the revised Fiscal and Monetary Framework. From the comments received from MoF Norway and other stakeholder consultations, the finalisation of the policy paper required input from the Integrated Macro Economic Model (completion of the model was delayed and is not funded by the Programme). The policy will be finalised during the next phase of the Programme following completion of the macro model.

4.2.5 Monetary Policy Framework; activities undertaken jointly with component 4

The Fiscal and Monetary Policy Framework Policy Paper is to be concluded during next phase.

4.2.6 Oil & Gas Accounting & Banking Framework

A petroleum conference under the Office of the Auditor General Norway and that of Uganda was held in October 2013, focusing on how increased transparency and accountability in the petroleum sector can help foster effective and sustainable resource exploitation.

A Chart of Accounts for oil companies was developed to align activities of oil companies with the financial reporting requirements of the Government. Stakeholder sensitization workshops on the Chart of Accounts were held and implementation is on-going.

4.3 Achievements; Environment Management Pillar:

The petroleum sector is new for all environment agencies, and it is a requirement that these institutions work together. The learning curve has been steep, and the result has been a comprehensive pillar approach, producing joint tools, products, processes, and the achievement of a more common understanding. This was very slow at the beginning due to the various studies, as well as a need to define tasks, priorities, approaches which was required and considered important. The partnership with environment agencies has been strengthened, and pillar activities have been implemented as stipulated in the Programme Document of 2010 with support from the Norwegian environment agencies.

The 2010-2014 Programme contained a total of eleven components, for which specific outputs were planned and the achievements followed as summarized:

4.3.1 Strategic Environmental Assessment (SEA) for the Albertine Graben.

The report was published in August 2013. Clear sector guidance recommendations have been developed, including a matrix proposing follow-up action and subsequent division of responsibilities. The MEMD and the Ministry of Water and Environment (MwE) have acquired the certificate of Financial Implications from the MFPED. Government will therefore support the various interventions of the SEA recommendations which is currently before cabinet for approval.

4.3.2 Capacity development programs developed and implemented in all relevant institutions, for areas identified as relevant/critical to the oil and gas sector based on capacity needs assessment.

A Capacity Needs Assessment (CNA) was undertaken and a capacity development programme was subsequently developed and carried out among the environmental pillar institutions.

From the capacity development programmes undertaken so far, there has been an increase in both the human resources ability to understand the oil and gas sector, while also relating this to the sector's requirements of their professional practice.

4.3.3 Environmental and biodiversity related policies reviewed with respect to oil and gas, including biodiversity off-sets.

This output was removed from the Programme as it was supported from other sources of funding.

4.3.4 Existing Acts (NEA-Cap 153) reviewed, recommendations drafted and presented for approval.

The process of updating the National Environment Act (Cap 153) was initiated, but not completed. Two technical review meetings were completed and one regional consultation in the Eastern Uganda.

4.3.5 Management plans for protected areas and relevant sector plans for the Albertine Graben reviewed and updated, taking the oil and gas issues into consideration.

Management plans have been reviewed and updated for all the major protected areas in the Albertine Graben as needed, paying special and focused attention to the potential impacts of the oil and gas developments within the neighborhood of these fragile ecosystems. A management plan, though not a legal document is a binding and guiding institutional document for planning (including financing and prioritizing interventions), as well as monitoring of actions of particular protected areas. Within the timeframe of the management plan, guidance for development within that ecosystem is made, highlighting no-go areas and phased colonization for purposes of biodiversity conservation. The institutions such as Uganda Wildlife Authority (UWA) that have prepared these plans, have restructured and re-oriented their activities and mandates to sufficiently capture necessary interventions towards petroleum activities.

4.3.6 An environmental monitoring system for the Albertine Graben, with clear and agreed indicators, is established.

This, including the establishment of a baseline, has all been achieved. The Albertine Graben Environment Monitoring Plan (AGEMP) identified the most critical thematic areas for monitoring and documented trends with respect to potential changes that can be associated with the petroleum sector or other phenomena. This plan created a vital platform for information sharing and fosters complementary synergies towards environmental monitoring across several players/sectors. The Environmental Information Network (EIN) is in place, and shall in time break the barriers and demerits of the fragmented environmental monitoring systems currently in place. This fosters accountability

by institutions while creating confidence to the national and international stakeholders that petroleum developments in Uganda are undertaken responsibly.

4.3.7 Environmental Regulations and Standards relevant to the oil and gas sector developed and/or revised.

The work on updating and developing regulations and standards is in advanced stages. Delayed by unforeseen difficulties in procuring consultancy services, the work were not completed within the previous Programme. The review of regulations subordinate to the National Environment Act is of paramount importance as the regulations operationalize provisions of the Act.

4.3.8 Hazardous waste management system strengthened.

With technical support from the Norwegian Environment Agency, the country was able to obtain the first independent analytical characterization of the drilling hazardous waste stream. Subsequent undertakings for this output have ensured that hazardous waste generated from petroleum activities is handled and managed in a way that does not compromised the environment despite the inherent risk.

Hazardous waste from petroleum operations in the neighborhood of very fragile/sensitive ecosystems within a land-locked country is a challenge for a developing country. The first point of intervention is usually to fully understand and independently assess the nature of the waste.

4.3.9 Framework for compliance monitoring and enforcement (ECMS) of the oil and gas industry strengthened.

An online environmental regulatory information management system has been started for the principle regulatory body for environment, and further development is ongoing. The Compliance Monitoring and Enforcement Strategy that was developed needs to be operationalized.

4.3.10 National Oil Spill Contingency mechanism in place and operational.

The major documents and studies for spills management and planning have been developed though with a lot of uncertainty owing to big data gap. However, an Oil Spill Risk Analysis and Contingency Analysis have been done which have laid a solid foundation for the development of a sound National Oil Spill Contingency Plan. There is need to acquire and consolidate data needed to build onto the foundation in place by the previous Programme so as to have a sound National Oil Spill Contingency Plan.

4.3.11 Environment Pillar Management.

The management role of NEMA as a coordinating agency has been enhanced with regards to the petroleum sector. In addition, a platform and mechanism for sharing vital environmental information in regards to the sector have been established during the previous Programme.

4.4 Achievements; Programme Management:

For the management and governance of the Programme, the Programme structure included the Programme Manager, the Programme Secretariat, the Programme Coordination Committee (PCC), the Norwegian Embassy in Kampala, Norad/Oil for Development Secretariat, and Norwegian Resource Managers and Ugandan Pillar Managers from the partner institutions to ensure that the Programme goal and objectives were optimally achieved.

The Programme Management has been located within MEMD, with a Secretariat under PEPD supporting the overall programme, monitoring, reporting, tracking of financials, oversight and control. Quarterly, annual, and preparatory meetings have been organized successfully, and have ensured proper custody of Programme documentation. Key achievements include;

The Programme Agreements together with their addendums were finalized and endorsed by the Norwegian Ministry of Foreign Affairs and Uganda's Ministry of Finance including the endorsement of the Institutional Cooperation Contract between the three ministries.

The holding of Programme Annual Meetings and Programme Coordination Committee meetings, as well as conducting programme audits which were a requirement in the Programme Agreement, were carried out. Annual activity and audit reports, as well as quarterly reports were submitted to the Embassy.

A **National Communication Strategy** for the oil and gas sector was developed and approved. Implementation of the strategy is ongoing and information has been disseminated through newspaper supplements, regional and national stakeholder sensitisation programmes, orientation workshops and meetings, radio and television programmes, proactive media relations, updating of website, among others. This has led to improved public outreach, information dissemination, a living website, as well as more public debate with the involvement of civil society organizations (CSOs) and other stakeholders.

A **Framework and Strategy for Monitoring and Evaluation of the implementation of the National Oil and Gas Policy (NOGP)** with Office of the Prime Minister (OPM) under the National Integrated Monitoring and Evaluation System (NIMES) was developed and concluded.

5. PROGRAMME DESIGN

5.1 Programme Impact and Goal

Development of the oil and gas sector is a key priority of the Government of Uganda, as reflected in the National Oil and Gas Policy (NOGP) that was approved by Cabinet in February 2008. The main

goal of the Policy is “To use the country’s oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society”, meaning that resources are used in an economic, social and environmentally sustainable manner to meet the needs of present and future generations. **The overall impact of the Programme is to contribute to the achievement of the goal of the Policy.**

Selected indicators for measuring progress at impact level¹:

	Indicator	Source	Baseline		
			Year (latest available)	Rank	Score
1	GDP per capita per year (current USD)	World Bank	2013	Low income	1470 (Current US \$)
2	GDP (current)	World Bank	2013	-	21,49 billion (Current US \$)
3	Ease of doing business	World Bank	2015	150	51,11
4	Human Development Index	UNDP	2013	164	0,484
5	Corruption perception Index	Transparency International	2013	142	26
6	World Governance Indicators 1. Voice and accountability 2. Political stability 3. Government effectiveness 4. Regulatory quality 5. Control of corruption 6. Rule of law	World Bank	2013	(percentile rank) 30,8 19,9 33,0 44,5 44,1 13,9	
7	Gender Gap Index	World Economic Forum	2014	88	0,682
8	World Press Freedom Index	Reporters Without Borders	2014	110	33,29
9	Proven petroleum reserves	National data			
10	Environmental Indicators ² – 1. Air emissions (CO ₂ or GHGs) per tonne HC produced/extracted	Data available			

¹ Sources:

<http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD>; <http://www.doingbusiness.org/data>;
<http://hdr.undp.org/en/data>; http://www.transparency.org/cpi2014/in_detail;
<http://info.worldbank.org/governance/wgi/index.aspx#home>; <http://reports.weforum.org/global-gender-gap-report-2014/part-1/>; <http://rsf.org/index2014/en-index2014.php>

² Regarding Environmental Indicators: Regional data are available but not country data or ranking in the report from the International Association of Oil and Gas Producers (IOPG): <http://www.iogp.org/data-series#2673469-environmental-performance-indicators>
2012 report: <http://www.ogp.org.uk/pubs/2012e.pdf>

	2. Water (or soil) emissions per tonne HC produced/extracted				
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Importantly, the reporting on the indicators as listed in table will be the responsibility of the Ofd Secretariat in cooperation with the Norwegian Embassy in Kampala, save reporting on indicators 9 and 10 that will be considered by the Ugandan partners.

In line with the goal of the National Oil and Gas Policy, this Programme targets poverty reduction through responsible management of petroleum resources, defining “responsible management” as economically, socially and environmentally resource management. In view of this, the overarching **Programme goal is to put in place institutional frameworks and capacities that ensures a well-coordinated, results oriented, and accountable resource, revenue, environment, and HSE management in the oil and gas sector.** Any effort of the programme will be directed towards this goal (impact), and the Programme will contribute to this through the following three main outcomes:

Outcome 1: The Government of Uganda have established sound policies as well as legal and regulatory frameworks, and subsequently defined and delegated responsibilities for managing the petroleum sector in an economically, socially and environmentally sustainable way.

Outcome 2: The Government of Uganda have knowledge as well as the human and institutional capacity to manage the petroleum resources in accordance with their mandate (policy, legal and administrative framework) in the petroleum sector.

Outcome 3: The Government of Uganda are held accountable for the management of the petroleum resources.

Reports on outcomes 1 – 3 will be included in the Annual Report prepared for the Annual Meeting as in the Final Report of the Programme as described on page 74 below.

The assumption that a responsible management of the petroleum resources will reduce poverty, presupposes that the government has the ability and will to implement policies aimed at fair distribution. Several factors outside the programme will influence whether this can be achieved. There is, however indications of a causal relationship between transparent and accountable management of the petroleum sector, high quality institutions and the likelihood of poverty reduction.

5.2 Program Organisation

The Programme will consist of three Pillars: Resource Management, Revenue Management and Environmental Management, in addition to a Programme Management. Each Pillar will be headed

by a Ugandan Pillar Manager, who will be assisted by a Norwegian Resource Manager, both appointed from the lead pillar institution.

The lead pillar institutions will be:

In Uganda: The Ministry of Energy and Mineral Development (MEMD), The Ministry of Finance, Planning and Economic Development (MFPED), and the Ministry of Water and Environment (MwE)

In Norway: The Ministry of Petroleum and Energy (MPE), The Ministry of Climate and Environment (MCE), the Oil Taxation Office (OTO), and the Statistics Norway (SN).

Each lead institution will be supported by underlying directorates and other relevant government institutions and agencies. Further details are to be spelt out in the Programme Agreement and the Institutional Cooperation Agreement.

A bilateral Programme Agreement between the Norwegian Ministry of Foreign Affairs and the Uganda Ministry of Finance, Planning and Economic Development will manage the Programme overall. In addition, an Institutional Cooperation Agreement between the partner institutions as listed above will be signed, and will manage the role and contribution of these institutions to the Programme.

The MEMD will be the over all lead implementing/coordinating Ministry, and the Programme Accounting Officer will be the Permanent Secretary of the Ministry who will be supported by a Programme Manager appointed by MEMD.

The MEMD will furthermore be the lead institution for the Resource Management Pillar, spearheaded by the Directorate of Petroleum, headed by a Pillar Manager who will be responsible for the implementation of all Pillar activities. Other institutions supporting the resource Pillar will be the Ministry of Gender, Labor and Social Development. As well as the Petroleum Authority of Uganda, and the National Oil Company of Uganda, once established. The main Norwegian supporting partner institutions will be the Norwegian Petroleum Directorate and the Norwegian Petroleum Safety Authority. Other relevant institutions and consultants will support to undertake activities based on agreements between the Pillar and the Resource Manager depending on relevant needs.

The lead institutions for the Environmental Management Pillar will be the MwE, with responsibility for coordinating the implementation of Pillar activities resting with the National Environment Management Authority (NEMA). Other supporting institutions include the Uganda Wildlife Authority (UWA), National Forestry Authority (NFA), Directorate of Water Resources Management (DWRM), Directorate of Fisheries Resources (DFR), Ministry of Lands, Housing and Urban Development (MLHUD) and Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). On the Norwegian side, the Ministry of Climate and Environment will be the lead institution, to be supported by the

Norwegian Environment Agency (NEA), Norwegian Petroleum Safety Authority (NPSA), and relevant consultants agreed upon between the Pillar and the Resource Manager depending on relevant needs.

The MFPED will be the lead institution for the Revenue Management Pillar. Implementation will be supported by the Bank of Uganda (BoU), the Accountant General's Office (AGO), Office of the Auditor General (OAG), Uganda Revenue Authority (URA), Uganda Bureau of Statistics (UBOS), and the Ministry of Justice and Constitutional Affairs (MOJCA). On the Norwegian side, the pillar will be supported among others by the Oil Taxation Office, Statistics Norway, and relevant consultants agreed upon between the Pillar and the Resource Manager depending on relevant needs. Support will also be provided through the IMF Multi-Lateral Trust Fund - "Managing Natural Resource Wealth Topical Trust Fund" - to which Norway is a contributor, as well as the bilateral agreement between the IMF and Norad/Oil for Development Secretariat.

5.3 Programme Components

The main reference and guide for the development and planning of the Programme is the National Oil and Gas Policy, 2008 as described above. The objectives of the Policy are:

1. To ensure efficiency in licensing areas with the potential for oil and gas production in the country;
2. To establish and efficiently manage the country's oil and gas resource potential;
3. To efficiently produce the country's oil and gas resources;
4. To promote valuable utilization of the country's oil and gas resources;
5. To promote the development of suitable transport solutions which give good value to the country's oil and gas resources;
6. To ensure collection of the right revenues and use them to create lasting value for the entire nation;
7. To ensure optimum national participation in oil and gas activities;
8. To support the development and maintenance of national skills and expertise;
9. To ensure that oil and gas activities are undertaken in a manner that conserves the environment and biodiversity;
10. To ensure mutually beneficial relationships between all stakeholders in the development of a desirable oil and gas sub sector for the country.

With a view to the overall goal of the Oil and Gas policy and the objectives as listed above, and based on the status of activities and achievements of the previous Programme phase (2009 – 2014), the Government of Uganda has identified a series of components to be included in the new Programme. The components are organized under the three Pillars, responsible for the management and implementation of the components under the Programme:

5.3.1 Resource Management Pillar

Component 1: Pillar Management

Outcome: Pillar Management is well coordinated and supports the Resource Pillar so that the Programme funds are put to their best use.

Justification:

Quarterly and annual pillar meetings will be undertaken to assess progress and monitor budgets to ensure that the Pillar is progressing and performing in line with this Programme Document. The pillar shall contribute to the Annual Report and provide quarterly reports for the Programme Coordination Committee meetings. The approved template for financial reporting and budget planning shall be used. Meetings will be held in both MEMD and NPD Offices as discussed and agreed during each quarter. Provision of basic office operational equipment.

Component 2: Legal and Regulatory Frame Work:

Outcome: The Resource Management authorities of Uganda (MEMD) have established regulatory frameworks, defined and delegated responsibilities for managing the petroleum sector in an economically, socially and environmentally good manner.

Justification:

With laws for the oil and gas sector in place, support is required in order to ensure development, completion and implementation of the regulations. The country currently has draft regulations relating to the upstream, midstream, National Content and HSE. Other regulation to be drafted will include production, decommissioning, and methodology for the setting of tariffs in the petroleum pipelines industry.

Harmonization of regulations within and between Government institutions is also considered a challenge that needs addressing in 2015 – 2017. In addition, the formulation of standards and codes relating to upstream and midstream sector in conjunction with the Uganda National Bureau of Standards is required.

Preparation of Model Production Sharing Agreement (PSA) and a standard Joint Operating Agreement (JOA) are also required to be undertaken. Activities would include working with external consultants to review the model PSA and JOA, hold workshops to review the model PSA, as well as benchmarking study visits.

Update of the 2008 petroleum policy will be vital. In 2018, the National Oil and Gas Policy will be marking ten years of existence. By then, the country's petroleum sector will have gone through the exploration and development phases of petroleum activities including the achievement of first oil. New challenges will have been identified and many lessons learned along the way. In addition, many of the milestones set out will have been achieved. The identification and description of new policy objectives in the ninth year (2017) of its implementation will be required.

Component 3: Licensing Strategy and Plan

Outcome: First licensing round undertaken in a transparent manner through open bidding in accordance with international best practice.

Justification:

In line with the NOGP 2008 and the Petroleum (Exploration, Development and Production) Act (2013), plans are underway to undertake the first licensing round to be done in a transparent manner through open bidding in accordance with international best practice. Key activities include preparation of bid documents and data packaging with support of external consultants, as well as bid evaluations, negotiations, carrying out due diligence and promotion of the bid round in selected areas.

MEMD will need advice in establishing a 'state of the art' data room with relevant data available for potential investors to promote the Ugandan acreage. The Norwegian experience will be of great importance when the bids are to be evaluated, work programs decided and PSAs made ready for signature.

Uganda will prepare for further petroleum exploration in new areas. Advice from Norway is needed in conducting required Impact Assessment with public hearings. The Ugandan government will also need knowledge of the resource base in these areas through acquisition of speculative seismic surveys. This can only be done after the areas are officially opened for petroleum activities, and Norwegian experience in this process will be of importance.

Component 4: Monitoring and Supervision

Outcome: MEMD has adequate capacity in cost monitoring, Enhanced Oil Recovery (EOR) methods and HSE-compliance to effectively monitor the oil companies.

Justification

The government's responsibility to monitor petroleum activities is very important. The Norwegian Government has long experience in monitoring the petroleum industry. Uganda will therefore build capacity in monitoring its resources based on this experience and advice. This support will give MEMD tools to monitor costs, manage chemicals, gas particulate, spill modeling and consequence modeling. Advice will also be given to review and approve Field Development Plans and Petroleum Reservoir Reports submitted by the operators in order to strengthen the Government's ability to enforce terms to the oil companies in relation to enhanced oil recovery (EOR).

The oil and gas sector is associated with various HSE challenges. These challenges will become more significant as the sector progresses into the development and production phase. MEMD has developed a monitoring system for following up technical safety and occupational health, as well as an HSE supervisory strategy. MEMD has carried out inspections and incident investigations. MEMD has a competence plan for developing relevant professional competence within the HSE area, HSE

data management system and systems, procedures, work processes for audits, and follow-up activities. There is a need to develop programme policies and plans that will ensure a holistic approach to HSE, including safety of personnel, the environment and economic values in the oil sector and affected local communities. HSE is furthermore important in order to ensure technical integrity of all infrastructure in the industry, including installations, rigs, pipelines, drilling- and other equipment and operation and storing facilities. HSE also represents a key factor to ensure prudent and safe operations and to protect the sector's reputation.

Component 5: Institutional Development and Capacity Building.

Outcome: The Petroleum Directorate and the Petroleum Authority are established with clear defined strategy, roles and responsibilities for all units and employees.

Justification:

As provided in the NOGP 2008 and the new Petroleum (Exploration, Development and Production) Act 2013, the Government is setting up new institutions for the sector, including the Petroleum Authority and the National Oil Company. The roles of these institutions are currently being carried out by the Petroleum, Exploration and Production Department (PEPD).

There is continued need for technical and organisational advice to review and clarify the roles and responsibilities within the institutions. It is crucial that the new institutions have relevant capacity within its regulatory responsibilities.

Component 6: Data and Record Management

Outcome: Relevant data/information is shared internally and externally leading to improved operational efficiency and faster decision making and increased transparency

Justification:

Data management and IT/ICT is necessary for the PEPD/new institutions to perform its functions. Therefore, additional support in terms of capacity building in petroleum data management and IT/ICT is necessary to support licensing of areas with potential for oil and gas resources, resource management, optimizing production, promoting valuable resource utilization, and upholding transparency by providing access to accurate updates and communications in the sector, among others.

The main focus will be on the establishment of the National Databank for the country's oil and gas resources by expanding the Crane database, among others to house all data/records from petroleum operations, developing robust asset management procedures and organizational structure, formulating plans to procure critical infrastructure and equipment, developing QA/QC procedures for data management and IT/ICT, establishing an integrated framework to provide for transmission of data from development and production, capacity building.

Component 7: Resource Assessment

Outcome: MEMD has capacity to estimate the countries petroleum resources and publish reports. MEMD is also capable of estimating the economic potential of the resources.

Justification:

MEMD is responsible for assessing the country's resources and compile production volumes (when production commences). This will be a continuous process that is in need of regular updates on the basis of additional data, changing technical advances and/or economic conditions. There is a need to establish systems and to build competence in resource assessment and estimation in order to improve petroleum resource management.

In order to assess Uganda resource potential, capacity must be further developed to undertake Geo-modelling, AVO seismic inversion, Petro physical interpretation, reservoir simulation, and reservoir engineering. Uganda will then be able to continuously update its independent resource account, update the methods and guidelines for resource accounting and resource reporting and also be able to estimate the potential of unconventional resources.

For Uganda, it is also important that resource volumes are presented in accordance with international nomenclature like United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources (UNFC) and Petroleum Resource Management Systems (PRMS). Advice is also wanted in order to build further capacity to assess the economic value of the resources.

Component 8: Midstream Development

Outcome: The National Strategy and Plan for Petroleum Transportation and Storage is implemented and followed and an investment plan for the sector is developed.

Justification:

The National Strategy and Plan for Petroleum Transportation and Storage is in place and is required to be implemented and followed as per the proposed recommendations in the report.

MEMD has to establish guiding principles and action plans for the implementation of the strategy, monitoring, evaluation and reporting framework, tariff structure for pipeline transportation with advice from the relevant Norwegian institutions. Capacity to regulate the mid-stream section is also required to be built with Norwegian support.

An investment strategy for the oil and gas sector is an important document that would be required to be developed with the help of Norwegian counterparts. MEMD develop an investment strategy to guide the sector given that most of the objectives in the NOGP now have strategies and plans defined. This should therefore make it easier to come up with a clear investment strategy for the oil and gas sector covering the petroleum value chain.

Component 9: Implementation of the Communication Strategy

Outcome: The communication strategy and plan for the petroleum sector is implemented and followed.

Justification:

MEMD has a communication strategy that was developed during 2011 and its implementation has been going on since then. There is a need to review this strategy with guiding principles to ensure transparency, a well informed public and private sector. In addition to this, a communication plan for all phases of the petroleum industry is needed and implemented accordingly to effectively address the communication challenges in the sector amongst all stakeholders. MEMD as a lead institution in the petroleum sector has to ensure that the communication efforts among Government institution responsible for petroleum management are well coordinated. Norwegian advise and experience within communication will be of great importance to build capacity in Uganda in order to secure transparency and good governance.

Resource Pillar Results Framework and Budget, 2015-2017

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
Component 1. Pillar Management					300,000	300,000	400,000	1,000,000
Outcome 1	Pillar Management well coordinated and support the Resource pillar so that the programme funds are put to their best use.	The program progresses in line with the programme document.						
Output 1.1	Pillar meetings held at PEPD/NPD, providing overall and effective pillar monitoring and coordination.	PCC up to date on progress of agreed plans and budget, Annual plans and reports prepared and submitted in time, and with high quality. Well-prepared quarterly pillar meetings held and followed up.	Work load/demands from other activities on both Uganda and Norway side.	Pillar managers, Resource Managers and Secretariat in place and functioning.				
Component 2. Legal and Regulatory Framework					1,300,000	800,000	600,000	2,700,000
Outcome 2	The Resource Management authorities of Uganda (MEMD) have established regulatory frameworks, defined and delegated responsibilities for managing the petroleum sector in an economically, socially and environmentally good manner.	Administrative and legal framework in place.						

<i>Output 2.1</i>	MEMD has published guidelines relating to the upstream and midstream laws.	Advice received from NPD and NPSA. Guidelines available for public on print and web.	Delays in approvals by all relevant authorities.	Laws in place, draft regulations completed. Legal officers available.				
<i>Output 2.2</i>	MEMD and National Bureau of Standards have developed statements on standards and codes relating to midstream sector.	Advice received from Norwegian counterparts. Standard and codes published and available.	Work load for relevant personnel due to other tasks.	Midstream Act in place. Relevant staff available.				
<i>Output 2.3</i>	MEMD has updated the Model PSA and a formulated a Standard JOA	Advice received from MPE and NPD with consultants. Documents issued, made public and used in promotion as part of the licensing round.	Availability of local competence.	Acts and draft regulations in place. Draft model PSA in place. Both MEMD and other relevant institutions personnel available and part of working group.				
<i>Output 2.4</i>	MEMD and MOJCA have reviewed the upstream and midstream laws.	Advice received from MPE and consultants. Laws are reviewed.	Availability of resources at implementing institutions and external technical competence.	Laws in place.				
<i>Output 2.5</i>	MEMD and MOJCA has harmonized related laws applicable to the petroleum sector by 2017.	Advice received from MPE and consultants. Harmonized laws are in place.	Delay in review and approval process within the GoU.	Acts in place.				

<i>Output 2.6</i>	MEMD has developed and completed regulations for production, decommissioning, and method for setting tariffs in the petroleum pipelines industry by 2016.	Advice received from NPD and MPE. Regulation published on print and web.	Availability of personnel and technical support at implementing institutions.	Acts are in place				
<i>Output 2.7</i>	MEMD has adequate supervisory (regulatory) framework for following up safety, health and environment both from technical safety and occupational health point of view.	Advice and training received from NPSA and consultants. The supervisory framework finalized and published.	Availability of staff	Draft HSE regulations in place.				
<i>Output 2.8</i>	MEMD has revised the National Oil and Gas Policy for Uganda.	Advice received from NPD, MPE and consultants. Policy revised and updated. Policy published on print and web.	Delay in review and approval process within the GoU.	NOGP in place				
Component 3. Licensing Strategy and Plan					2,700,000	1,013,500	800,000	4,5135,500
<i>Outcome 3</i>	First licensing round undertaken in a transparent manner through open bidding in accordance with international best practice.	Promotion, presentation of data, evaluation of companies and bids, signing of new PSAs.		Announcement made on 24 th February 2015.				
<i>Output 3.1</i>	MEMD has established a 'state of the art' data room with relevant data available for potential investors.	Advice received from NPD and consultant. Sufficient capacity built to operate the data room.	Efficient and effective infrastructure in place.	Well organized and functional digital database.				

		Oil companies can review relevant data.						
<i>Output 3.2</i>	Training and advice of MEMD staff in conducting promotional road shows	Licensing round is well published. Training and advice delivered in 2015.	Ability to attract interested oil companies.	Licensing team is established. Planning for promotion has started in 2014.				
<i>Output 3.3</i>	MEMD advised and trained on evaluation of received bids and negotiation.	MEMD has capacity to undertake bid evaluation based on on-the-job-training and advice from NPD and consultants	Political interference in the licensing process.	Licensing team is established. Planning for bid evaluation has started in 2014.				
<i>Output 3.4</i>	MEMD has undertaken an Impact Assessment before opening up new areas for exploration activities.	Impact assessment completed in accordance with the Act, after public hearing by 2016. Advice and training received from NPD, relevant Norwegian institutions and consultants.	Political interference and lengthy public hearings might delay the process.	Licensing team in place. Details of impact assessment stated in the law.				
<i>Output 3.5</i>	MEMD has planned and conducted speculative seismic survey in order to understand the resource potential in new areas.	Speculative seismic survey undertaken and MEMD staff has acquired improved knowledge of Uganda's resources through advise and training from NPD.	Political interference, resistance from NGOs and lengthy process of procurement.	Model contract for seismic acquisition completed in 2013.				

Component 4. Monitoring and Supervision					1,715,000	800,000	800,000	3,315,000
<i>Outcome 4</i>	MEMD has adequate capacity in cost monitoring, EOR-methods and HSE-compliance to effectively monitor the oil companies.	MEMD has capacity to monitor cost and set appropriate condition for optimum resource management. MEMD has capacity to undertake HSE audits of petroleum activities.						
<i>Output 4.1</i>	MEMD has capacity and tools to monitor costs, manage chemicals, gas particulate, spill modeling and consequence modeling.	Advice and training received from NPD. Necessary tools in place and in use.	Potentially high cost.	Internal cost database developed.				
<i>Output 4.2</i>	MEMD has capacity to review and approve FDP and PRR provided by the operators. MEMD has capacity to challenge the oil companies in relation to EOR.	FDP/PRRs approved and appropriate conditions set for optimal resource management with advice from Norwegian counterpart.	Limited capacity within Norwegian institutions.	Good routines established in reviewing FDP/PRR.				
<i>Output 4.3</i>	MEMD in cooperation with NEMA has prepared an Emergency Response Plan for the oil and gas sector by 2017. Cooperation between Resource and Environment Pillar.	Comprehensive Emergency Response Plan and Strategy in place. Regulatory unit has capacity to undertake HSE audits of petroleum activities.	Limited capacity within Norwegian institutions.	HSE staff in place.				

<i>Output 4.4</i>	MEMD has developed a monitoring system for following up technical safety and occupational health, and HSE supervisory strategy and organizational arrangement. MEMD has carried out inspections and incident investigations. MEMD has a competence plan for developing relevant professional competence within the HSE area, HSE data management system and systems, procedures, work processes for audits, and follow-up activities.	Advice and training received from NPSA to undertake the proposed outputs under HSE.	Capacity and workload of personnel on both Uganda and Norway side.	HSE officers in place. Draft documents on HSE strategies and audit in place. One HSE audit undertaken.				
Component 5. Institutional Development and Capacity Building					800,000	800,000	600,000	2,000,000
<i>Outcome 5</i>	The Petroleum Directorate and the Petroleum Authority are established with clear defined strategy, roles and responsibilities for all units and employees.	Procedures and routines are documented and implemented.						
<i>Output 5.1</i>	Review and clarify the roles and responsibilities within the institutions.	Advice received from Norwegian counterpart.	No clear date on the establishment of the institutions.	Transitional units in place and operational, with roles and responsibilities defined. Legal framework for				

				the institutions in place.				
<i>Output 5.2</i>	National Oil Company has relevant capacity within its regulatory responsibilities.	Advice and training received from relevant Norwegian agencies. A firm foundation for the NOC built based on best practice.	No clear date on the establishment of the NOC.	Commercial Unit in place and operational, with roles and responsibilities defined. Legal framework for NOC in place.				
<i>Output 5.3</i>	The new institutions have established competence development systems.	Advice and training received by the new institutions.	No clear date on the establishment of the institutions.	Transitional units in place and operational, with roles and responsibilities defined. Legal framework for the institutions in place.				
Component 6. Data and Records Management					1,400,000	1,400,000	1,000,000	3,800,000
<i>Outcome 6</i>	Relevant data/information is shared internally and externally leading to improved operational efficiency, faster decision making and transparency.	Updated web-based fact pages and fact maps are published allowing easy access to information on oil and gas activities to the public and all players in the sector.						

<i>Output 6.1</i>	<p>MEMD has capacity to develop and maintain a national data bank for costs, infrastructure, pipeline, refinery, resources, production profiles and forecasts.</p> <p>MEMD has effective and functional procedures and tools for data and information management, with applicable AC/AQ procedures, and web based interface.</p>	<p>Advice received through on-the-job training at NPD or consultant to ensure a Ugandan 'state of the art' national data bank.</p>	<p>Insufficient resourcing (dedicated manpower and expertise).</p> <p>Under usage within the PEPD, and lack of update. Clarity on prioritization in the new institutions. New data types may be hard to read and incorporate.</p>	<p>Database developed and relevant staff trained and available.</p>					
<i>Output 6.2</i>	<p>MEMD has secured the national data through an off-site back-up and storage solution.</p> <p>MEMD has an IT/ICT policy for the new building and new institutions.</p> <p>MEMD has ensured communication and digital interaction with other government institutions through the NITA-U Backbone Infrastructure.</p>	<p>IT personnel in the new organization are capable of maintaining and develop IT systems through advice and training from Norwegian counterpart.</p>	<p>Insufficient resourcing (dedicated manpower and expertise).</p> <p>Unclear timing and priorities in new institutions.</p> <p>New data types may require upgraded IT/ICT facilities and infrastructure. Un-clarity across stakeholders/governmental bodies including, NITA-U, UCC.</p>	<p>IT/ICT policy developed.</p> <p>Staff trained and available. NITA-infrastructure is available.</p>					

<i>Output 6.3</i>	MEMD has functional and modern records management systems developed and functional in the new institutions	Advice and training received in records management.	Insufficient resourcing (dedicated manpower and expertise). Different prioritization and timing in the new institutions.	Record management system in place, and staff available.				
<i>Output 6.4</i>	MEMD has compiled all relevant geographic data through an ArcGIS framework. New institutions are able to visualize and tabulate all critical information on PCs and/or mobile devices using ArcGIS.	Advice and training on ArcGIS received from Norwegian institutions and consultants.	Insufficient resourcing (dedicated manpower and expertise). Clarity on prioritization and timing in the new institutions.	ArcGIS is available and staff trained.				
Component 7. Resource Assessment					915,500	1,000,000	1,000,000	2,915,500
<i>Outcome 7</i>	MEMD has capacity to estimate the countries petroleum resources and publish reports. MEMD also are capable of estimating the economic potential of the resources.	MEMDs independent resource evaluation is finalized and continuously updated in accordance with systems and procedures. Guidelines for resource reporting published. Annual reports on the petroleum resources are publically available and information published is correct and easily understood.						

<i>Output 7.1</i>	Advise and train in geo modelling, AVO seismic inversion, Petro physical interpretation, reservoir simulation, and reservoir engineering.	Annual resource report published. New institutions are capable to understand and interpret all geoscience data, and handle all resource management issues.	Delays in approvals.	Sufficient hardware and software in place.				
<i>Output 7.2</i>	MEMD assures compatibility of the Uganda resource accounts with relevant classification systems.	Improved understanding of international resource classification systems.	Incorrect reporting of Uganda's petroleum resources.	PEPD staff trained in PRMS and UNFC systems.				
<i>Output 7.3</i>	MEMD is able to continuously update the independent resource account, and update the methods and guidelines for resource accounting and resource reporting.	Advice through on-the-job training at NPD to receive knowledge on best practices in resource management and accounting.	Availability of manpower both in Uganda and Norwegian side.	Draft resource account for Uganda available.				
<i>Output 7.4</i>	MEMD has estimated the potential of unconventional resources. Report printed and published.	Advice on resource estimation methods. Completed report on Uganda's unconventional resources.	Delays on approval of report. Limited capacity from Norwegian counterpart.	Training undertaken in regards to unconventional resources.				
<i>Output 7.5</i>	MEMD has defined play-models in the Albertine Graben and used in resource assessment.	NPD has provided advice on play definition and statistical resource assessment.	Availability of manpower both on Uganda and Norwegian side.	Available data on prospects and geological structures.				

<i>Output 7.6</i>	MEMD and MFPED implement the developed Petroleum Economic Model. Joint activity for Resource and Revenue Pillar.	Advice and training on Economic model developed and operational.	Lack of dedicated staff and prioritization of activity between the two ministries.	Excel-based economic model available.				
Component 8: Midstream Development					1,000,000	600,000	600,000	2,200,000
<i>Outcome 8</i>	The national strategy and plan for petroleum transportation and storage is implemented and followed.	MEMD has the capacity, guiding principals and action plans to ensure compliance and implementation.						
<i>Output 8.1</i>	MEMD has guiding principles and action plans for the implementation of the strategy, monitoring, evaluation and reporting framework, tariff structure for pipeline transportation.	Advice, capacity building, training and consultancy by Norwegian institutions.	Availability and capacity of manpower both on Uganda and Norwegian side.	Strategy and plan is available.				
<i>Output 8.2</i>	New institutions have capacity to regulate the mid-stream sector.	Advice, consultancy and training.						
<i>Output 8.3</i>	MEMD has developed an investment strategy for the sector.	Advice, consultancy and training.	Availability and capacity of manpower both on Uganda and Norwegian side.	Various relevant strategies for the sector in place to feed into the sector investment plan.				
Component 9. Implementation of the Communication Strategy					600,000	500,000	500,000	1,600,000
<i>Outcome 9</i>	The communication strategy and plan for the petroleum sector is implemented and followed.	MEMD has the capacity to implement the strategy.						

		Women are included as a separate target group. Assessment shows that women participate in community meetings and consultancy processes.						
<i>Output 9.1</i>	MEMD has a reviewed strategy and guiding principle to ensure transparency and well-informed public private sector.	Advice and consultancy.	Too many stakeholders with different motifs.	Strategy and staff in place.				
<i>Output 9.2</i>	MEMD has a communication plan for all phases of the petroleum sector, implements it effectively and incorporate any recommendations from the revised strategy.	Advice and consultancy in development of a communication plan.	Divergent interests of some stakeholder groups.	Strategy and staff in place.				
<i>Output 9.3</i>	Capacity building and training of staff as per the recommendation from the updated strategy.	Training conducted in effective communication.	Participation of local governments.	Strategy and staff in place.				
<i>Output 9.4</i>	MEMD ensures that the communication efforts among Government institution responsible for petroleum management are well coordinated.	Advise given.	Coordination and priorities among government institutions may be difficult.	Government institutions are knowledgeable about the oil and gas sector. Strategy and staff in place.				
	GRAND TOTAL				10,730,500	7,214,500	6,300,000	24,245,000

Table 1: Resource Pillar Results Framework and Budget, 2015-2017

5.3.2 Environment Management Pillar

Component 1: Implementation of the SEA recommendations regarding oil and gas activities in the Albertine Graben.

Outcome: The recommendations of the SEA are integrated into national development planning and the identified environmental and socio-economic concerns are addressed by the mandated institutions.

Justification: The SEA, which was developed under the previous Programme phase points out that the emerging petroleum sector has a high potential to contribute significantly to Uganda's economy, industrialization and wealth creation plans if the identified environmental and socio-economic concerns are managed well. The recommendations of the SEA should therefore be integrated into national development planning. The recommendations are cross cutting and their implementation requires concerted action from all relevant Government Ministries, Departments and Agencies (MDAs). A Multi Institutional Implementing Committee, chaired by Ministry of Energy and Mineral Development and reporting to Cabinet Committee on Oil and Gas has been proposed to develop a detailed implementation plan with specific goals, timelines and budget required to implement the recommendations. The Committee needs to be supported in order to effectively coordinate implementation of the recommendations.

Component 2: Update of the legal framework for environmental management

Outcome: The National Environment Act and key regulations on environmental management in Uganda updated or developed and completed to efficiently regulate environmental challenges in the oil and gas sector.

Justification:

The National Environment Act and regulations made under the Act were developed prior to the discovery of commercial oil and gas deposits in Uganda. The work to update the Act and to develop or/and update key regulations to address the environmental challenges in the oil and gas sector was initiated during the previous Programme phase. This work needs to be completed so that the updated legal framework is in place to enable effective regulation of the oil and gas sector, in particular, the field development and production phase.

Component 3: Development of regulatory capacity with respect to environmental issues in the oil and gas sector

Outcome: The environmental authorities in Uganda are able to fulfill their mandates in regulating environment management in the oil and gas sector

Justification:

The oil and gas sector is a new sector in Uganda and environmental authorities have little experience in regulating this sector. Some basic experience has been gained during the exploration phase, but the authorities have so far no regulatory experience in the field development and production phase. It is necessary for the authorities to acquire relevant knowledge, skills and tools to be prepared to fulfill their

mandates in these phases of oil and gas production. Norwegian institutions have extensive experience in this regard.

Component 4: Development of environmental data collection and information systems

Outcome: The environmental authorities in Uganda have technical infrastructure and protocols for collecting, sharing, collating and disseminating environmental data and information in a harmonized manner

Justification:

There are several institutions involved in environmental information/data collection and management in oil and gas industries. This information is not readily available for decision-making and if available, they are either in hardcopy or not well processed. It is necessary to coordinate the efforts of the various environmental authorities in order to serve the needs for environmental data and information in decision-making and monitoring regarding environmental issues. This calls for harmonization of technical infrastructure and protocols which is currently lacking in Uganda. Norwegian institutions have extensive experience in and other OfD partner countries.

Component 5: Implementation of the Albertine Graben Environment Monitoring Plan

Outcome: The environmental authorities in Uganda monitors the status and trends of environmental conditions, including socio-economic conditions, the health of ecosystems and biodiversity status in the presence of oil and gas activities in the Albertine Graben area.

Justification:

The Albertine Graben Environment Monitoring Plan was developed during the previous Programme phase, and the environmental baseline survey, which will provide a reference for the monitoring, was initiated. It is necessary to finalize the baseline survey and prepare for the regular monitoring. Uganda is about to enter the oil and gas development phase and other areas of exploration have been announced. These will have a lot of environmental issues/problems related to Oil and Gas production and will require regular monitoring and supervision. Norwegian institutions have extensive experience in monitoring oil and gas activities, though in an offshore environment. Experiences from monitoring onshore facilities, like refineries and other types of land-based industries is nevertheless quite relevant.

Component 6: Development of a National Oil Spill Contingency Plan

Outcome: Uganda has an operational National Oil Spill Contingency Plan in place, coordinated by the Office of the Prime Minister and the Department of Disaster Preparedness and Management.

Justification:

The oil and gas sector is associated with risks of spills that may cause serious environmental damage. This is a critical issue in the Ugandan context due partly to the fact that the oil and gas deposits are located in ecological sensitive ecosystem. Spills may happen during exploration, production, processing as well as in transportation. During the previous Programme phase, an Environmental Risk Assessment and an Oil Spill Contingency Analysis for the Ugandan oil and gas sector were carried out. It is necessary to build on this work and organize and plan for the national oil spill contingency and capacity building at all levels. Norway has extensive experience in dealing with both offshore and onshore spills.

Component 7: Pillar Management

Outcome: Pillar Management is well coordinated and supports the Environment Pillar so that the programme funds are put to their best use.

Justification:

Quarterly and annual Pillar meetings need to be organized to assess performance progress and monitor budgets to ensure that the Pillar is progressing and performing in line with this Programme Document. The Pillar also need to contribute to the Annual Report and provide quarterly reports for the Programme Coordination Committee meetings. Provision of basic office operational equipment and remuneration for Ugandan program support staff is also needed.

Environment Pillar Results Framework and Budget, 2015-2017

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
Component 1. Implementation of the SEA recommendations					1,000,000	500,000	500,000	2,000,000
<i>Outcome 1</i>	The recommendations of the SEA are integrated into national development planning and the identified environmental and socio-economic concerns are addressed by the mandated institutions.	<p>The mandated institutions report on progress in fulfilling their individual responsibilities as specified in the SEA implementation plan.</p> <p>Monitoring indicates that the ecosystems and biodiversity in the Albertine Graben are not being compromised.</p> <p>Assessment shows that gender perspective is included in the SEA implementation plan.</p>						
<i>Output 1.1</i>	A Multi Institutional Implementing Committee, is instituted to develop a detailed implementation plan with specific goals, timelines and budget required to implement the recommendations.	<p>ToR for the Multi-Institutional Committee has been adopted.</p> <p>Representatives to the Multi-Institutional Committee have been nominated.</p> <p>SEA Implementation plan with specific goals, timelines and budget developed.</p>	<p>Unfavorable political decisions towards the implementation of the SEA.</p> <p>Delay with respect to approval of ToR</p>	<p>The SEA report has been drafted and is awaiting approval by Cabinet.</p> <p>Draft ToR for the Multi-Institutional Committee has been developed.</p>				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
		Final Joint SEA Implementation Plan published and disseminated. Advice from Norwegian experts and institutions is being provided.	Limited Capacity of Ugandan institutions to take forward the SEA.					
<i>Output 1.2</i>	An Integrated Management Plan for the Albertine Graben is developed.	ToR for an Integrated Management Plan for the Albertine Graben developed. Advice and capacity building is being provided by Norwegian experts and institutions.	Coordinating capacity of the Multi-Institutional Committee. Availability of key personnel to develop an implementation plan of adequate quality.	Some of the mandated institutions have a basic knowledge of the SEA.				
<i>Output 1.3</i>	Waste Management Plan (WMP) developed and operational	ToR adopted. Advice, capacity building and consultancy services provided by Norwegian institutions. WMP finalized, printed and published.	Capacity of Ugandan institutions to take forward the development of the Integrated Management Plan. Timeline for approval.	Draft ToR has been developed. Qualified staff available.				
Component 2. Component 2: Update of the legal framework for Environmental Management					2,500,000	500,000	500,000	3,500,000

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
<i>Outcome 2</i>	The environmental authorities in Uganda have updated and developed relevant laws and regulations to efficiently regulate environmental concerns of oil and gas.	<p>The Uganda legal framework for environmental management ensures sound environmental management practices in the oil and gas sector.</p> <p>Assessment shows that all EIAs address gender issues and social impacts.</p>						
<i>Output 2.1</i>	NEMA has spearheaded the revision of the National Environment Act with input from various Ugandan government institutions, the private sector and civil society.	<p>Advice provided by the Norwegian Environment Agency and the "bird's eye view legal consultancy support provided by M/s Simonsen Vogt Wig.</p> <p>The Cabinet Memorandum on approval of principles for the National Environment Bill approved by Cabinet.</p> <p>First Parliamentary Counsel of the Ministry of Justice and Constitutional Affairs taking on the Bill.</p> <p>The Bill submitted to Parliament for debate and approval.</p>	<p>The approval of Cabinet principles for the Bill may delay.</p> <p>Political agenda/election activities may affect the timeframe for approval by Parliament.</p> <p>The discussion of the Bill may not be prioritized by Parliament.</p> <p>The process in Parliament takes a long time</p>	<p>Draft National Environment Bill been developed.</p> <p>Legal team is in place and capable.</p> <p>Process of consultations is ongoing on the Ugandan side.</p>				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
		<p>The Bill approved by Parliament.</p> <p>The National Environment Act finalized, published and disseminated.</p>						
<i>Output 2.2</i>	NEMA has spearheaded the revision of key regulations regarding EIAs, audits and inspections, waste, effluents, and noise, with relevant inputs from government institutions, private sector and civil society.	<p>Advice provided by the Norwegian Environment Agency and M/s Simonsen Vogt Wig.</p> <p>Assessment shows that all EIAs addresses issues of gender and social impact.</p> <p>All the revised regulations signed by the Minister, published and disseminated.</p>	The publication of the revised regulations depends on the approval by Parliament of the National Environment Bill.	<p>Drafting of the regulations is complete.</p> <p>Refinement of the texts of the regulations is ongoing.</p>				
<i>Output 2.3</i>	NEMA has developed new regulations regarding air quality, chemicals, and oil spill management.	<p>Advice provided by the Norwegian Environment Agency and M/s Simonsen Vogt Wig.</p> <p>Revised regulations signed by the Minister, published and disseminated.</p>	The publication of the revised regulations depends on the e approval by Parliament of the National Environment Bill	Drafting work for these regulations is complete, except for the oil spills regulations which is awaiting the completion of the oil spills contingency plan				
<i>Output 2.4</i>	NEMA has developed new sector specific regulations and guidelines regarding	Advice provided by the Norwegian Environment Agency and M/s Simonsen Vogt Wig.	The petroleum waste regulation cross refer to the Principle waste	Drafting of the petroleum waste				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
	petroleum waste as per the provision of the Petroleum Exploration and Production Act.	<p>The draft Regulations on petroleum waste submitted to Parliament for information and necessary action.</p> <p>Revised regulations signed by the Minister, published and disseminated.</p>	<p>regulations also being refined.</p> <p>Completion of these regulations is dependent on the approval by Parliament of the National Environment Bill.</p>	regulations is almost complete.				
Component 3. Development of Regulatory Capacity with respect to Environmental Issues in the Oil and Gas Sector					2,715,000	2,715,000	2,815,000	8,245,000
<i>Outcome 3</i>	The environmental authorities in Uganda are able to fulfill their mandates in regulating the oil and gas industry in accordance with the legal framework.	<p>The provisions of the National Environment Act and associated regulations are implemented in environmental permits and licenses and compliance is monitored and enforced.</p> <p>The oil and gas activities are carried out in compliance with the Act and regulations.</p>						
<i>Output 3.1</i>	NEMA and relevant lead agencies perform reviews of EIAs and set appropriate approval conditions for oil and gas activities in the field	<p>Advise, workshops, on-the-job training, excursions is being provided by the Norwegian Environment Agency.</p> <p>NEMA carry out EIA reviews and issue EIA certificates with approval</p>	Loss of trained key personnel	Staff, legal frameworks, monitoring frameworks etc. are gradually coming in place.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
	development and production phase (including refinery).	conditions for field development and production phase activities according to legal timelines.		NEMA and relevant agencies' staff have received general introductory training regarding oil and gas industry issues. The Norwegian Environment Agency is giving priority to Uganda.				
<i>Output 3.2</i>	NEMA and relevant lead agencies carry out compliance monitoring of oil and gas activities in the field development and is prepared to do it in the production phase (including refinery).	Advice, workshops, on-the-job training, excursions is being provided by the Norwegian Environment Agency.	Loss of trained key personnel	An Enforcement and Compliance Monitoring Strategy has been developed. NEMA staff has had some training and gained some experience in monitoring compliance in the exploration phase.				
<i>Output 3.3</i>	NEMA has an IT-based case handling system for facilitating and allowing also for monitoring and information provision regarding the review	Technical assistance, programming and on-the-job-training provided by the Norwegian Environment Agency.	IT expertise at NEMA for carrying out maintenance work on the IT-database.	The core module of the IT-based case handling system has been developed and is used.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
	of EIAs, the issuing of approval conditions and permits, compliance monitoring and the environmental performance of the oil and gas industry projects.	NEMA EIA data base in place and working						
Component 4. Development of Environmental data collection and information systems					500,000	500,000	500,000	1,500,000
<i>Outcome 4</i>	The environmental authorities in Uganda have a technical infrastructure and protocols for collecting, sharing, collating and disseminating environmental data and information in a harmonized manner.	<p>Environmental data available and prepared for internal and external consumption (EIA, SEA, contingency planning, Monitoring Plan).</p> <p>Environmental GIS data and project files (dynamic map viewer) available at local computers for internal use for officers at NEMA.</p> <p>Environmental information for decision making readily available in form of hard copy and digital.</p>						
<i>Output 4.1</i>	NEMA and relevant agencies, through the Environment Information Network (EIN), have planning and management procedures developed and	<p>Advice and technical support provided by the Norwegian Environment Agency.</p> <p>Guidelines for data sharing developed and in use.</p>	Weak capacity especially tools and equipment and challenging work processes in harmonized handling and sharing data and information.	EIN team available in various institutions, NEMA coordinates the EIN teams for development of e.g.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
	adopted for data sharing and harmonization.	Secretariat for EIN established (NEMA – GIS UNIT). Advanced targeted skills training on Environmental data collection conducted for NEMA and relevant agencies.	Inadequate skilled personnel in EIN teams and Institutions.	NSOER, Sensitivity Atlas, etc GIS Unit NEMA are capable of maintaining the EIN clearinghouse.				
Output 4.2	A complete technical framework for data collection, storage and dissemination is in place in NEMA.	Advice and technical support provided by the Norwegian Environment Agency. GIS system developed and key tools supplied. NEMA has the capacity and a technical solution for collecting data in the field. GIS UNIT in NEMA is capable of providing maps on request for internal and external use.	Inadequate equipment and/or skilled personnel in NEMA. Key personnel turn over (NEMA).	EIN team available in various institutions. NEMA coordinate EINs team to develop Albertine Graben Environmental baseline survey.				
Output 4.3	Sensitivity Atlas revised on basis of AGEMP baseline data.	Updated SA published and distributed (dynamic map layers/digital). The SA is seen in relation to the regular publication of the National State of the Environment report.	Loss or corruption of datasets	Baseline dataset collected and stored. Maps of datasets prepared and published. On-line				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
				distribution of maps in place.				
Component 5. Implementation of the Albertine Graben Environmental Monitoring Plan (AGEMP)					1,000,000	600,000	400,000	2,000,000
<i>Outcome 5</i>	The environmental authorities in Uganda monitors status and trends of environmental conditions, including socio-economic conditions, the health of ecosystems and biodiversity status in the presence of oil and gas activities in the Albertine Graben area	The mandated institutions report on the state of Valued Ecosystems (VECs) in the Albertine Graben. Environmental data available and prepared for internal and external consumption (EIA, SEA, contingency).						
<i>Output 5.1</i>	Steering committee for AGEMP functional.	Technical advice provided by the Norwegian experts. Meetings held. Quarterly reports received.	Loss of key trained personnel	The Monitoring plan (AGEMP) is adopted and a steering committee is established with NEMA as lead agency.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
<i>Output 5.2</i>	A Baseline Study is completed	Technical advice provided. Base line report is available and ready for dissemination	Loss of key trained personnel	Baseline Study is ongoing.				
<i>Output 5.3</i>	Updated the Albertine Graben Environmental Baseline Report to entire region.	Technical advice provided by the Norwegian experts. Base line report updated disseminated and available online.	Loss of key trained personnel	Baseline survey limited in some parts of Albertine Graben.				
<i>Output 5.4</i>	The AGEMP reviewed and updated to suit the anticipated activities beyond 2017 and new areas of exploration.	Technical advice provided by the Norwegian experts. Updated AGEMP in place	Key staff turnover and is dependant on how the project activities progress	Baseline data available though limited to some parts of AG Current AGEMP which only needs update				
Component 6. Development of a National Oil Spill Contingency Plan					500,000	800,000	500,000	1,800,000
<i>Outcome 6</i>	Uganda has an operational National Oil Spill Contingency (NOSCP) in place coordinated by the Office of the Prime Minister, Department of Disaster Preparedness and Management.	Test to prove that NOSCP is operational at the national level.						

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
<i>Output 6.1</i>	A national framework for Oil Spill Contingency is established and coordinated by Office of the Prime Minister with assistance of NEMA	Capacity building and advice provided by the Norwegian Coastal Administration (NCA). National Oil Spill Contingency Coordination Committee has been appointed and is meeting regularly.	MDAs have different levels of initial understanding of the issues. Lack of capacity to get involved.	As of now, key agencies have not been identified and responsibilities are yet unclear with respect to the national oil spill contingency.				
<i>Output 6.2</i>	The Steering Committee for Oil Spill Contingency has developed a National Oil Spill Contingency Plan.	Capacity building activities and advice provided by the Norwegian Coastal Administration (NCA) A draft National Oil Spill Contingency Plan has been developed The National Oil Spill Contingency Plan has been approved and published.	Availability of key personnel and secretariat to develop a National Oil Spill Contingency plan of adequate quality. Capacity and knowledge of Ugandan institutions to take forward the development of the Integrated National Oil Spill Contingency Plan.	Key agencies have limited knowledge to oil spill response issues. An Environmental Risk Assessment and Oil Spill Contingency have been developed. A National policy for Disaster Preparedness and Management is available to provide guidance for development of the National Oil Spill Contingency Plan.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
<i>Output 6.3</i>	The mandated institutions have developed individual plans for executing their responsibilities under the NOSCP.	Individual implementation plans for each of the mandated institutions are available.	Lack of knowledge about contingency planning. Low priority to this work.	The National policy for Disaster Preparedness and Management is available to provide guidance.				
<i>Output 6.4</i>	Potentially affected districts, local, urban authorities and communities are prepared to be responsive to Oil Spills incidences.	Framework for local plans developed. Oil Spill Response training conducted.	Limited involvement of district, local, urban authorities and communities during the development of the NOSCP.	District, local, urban authorities and communities have little exposure to oil spill issues.				
Component 7. Pillar Management					400,000	400,000	400,000	1,200,000
<i>Outcome 7</i>	Effectively coordinate and implement planned activities under the Environment Pillar. Programme funds budgeted for the Environmental Pillar have been put to their best use.	The program progresses in line with the programme document.						
<i>Output 7.1</i>	Hold quarterly pillar meetings, and annual pillar meeting.	PCC up to date on progress of agreed plans and budget, Annual Plans prepared in time. Well-prepared quarterly pillar meetings held and followed up.	Work load/demands from other activities on both Uganda and Norway side.	Pillar meetings are well prepared and followed up. PCC up to date on progress of agreed plans and budgets. Annual report and plans are prepared in time.				

Desired results		Indicators	Risks (assumptions)	Baseline	2015	2016	2017	Total
		Quarterly/Annual reports and plans submitted in time and with high quality.						
Total					8,615,000	6,015,000	5,615,000	20,245,000

5.3.3 Revenue Management Pillar

With the Norwegian Ministry of Finance having withdrawn as an institutional partner to the Oil for Development programme in general, including Uganda, concrete institutional support available from the Norwegian side is at the time of writing limited. Discussions are at under way in order to clarify what role the Norwegian Ministry of Finance and its underlying institutions will take in supporting the programme, and what kind of technical advice that can be offered. Assessments are also on-going, seeking to identify alternative sources of technical advisory support. This situation naturally impacts on the current level of planning for the Revenue Management Pillar. This chapter and following table is thus divided in two parts, the first detailing actual plans for which there is institutional support and an agreed budget, and the second details a list with proposed activities from the Ministry of Finance, Planning and Economic Development (MoFPED). The latter will be subject to further discussions, prioritisation and concretisation between MoFPED and the Oil Secretariat following the inauguration of this Programme. As a result of this process, some activities/components may be discarded while new activities may be included. This also means that budget planning as shown in this document is not final although the total allocation of NOK 7 million remain.

PART I. AGREED ACTIVITIES

Component 1: Economic and Legal Framework

Outcome: *The revenue management authorities have established economic and legal frameworks for the prudent management of petroleum revenues.*

Justification:

- **System for collection of revenues from oil and gas activities finalised;** In the previous programme phase, expert knowledge and input has been provided to facilitate the development of a system that will clearly identify, define and harmonize activities in the oil and gas sector for taxation purposes (petroleum tax manual). This system will be used by the revenue administration authorities (URA) and incorporates all aspects of the current law.
- **Development of a Petroleum Revenue Forecasting Model;** The Revenue Management Pillar together with the Resource Pillar will further develop and update the petroleum model for determining government take from petroleum resources. This will strengthen the Ministry's capacity to undertake more accurate assessment of fiscal position as well as policy analysis of the sector. (This activity is listed under the Resource Management Pillar results framework, as the cost will be carried by this Pillar, and is thus not listed in the results framework below).

Component 2: Statistics

Outcome: *The Bureau of Statistics is better prepared to produce and publish petroleum related statistics which improves: national planning, policy making, accountability and transparency within the petroleum sector.*

Justification:

There are government institutions collecting data on the oil and gas subsector that need to be coordinated, so that data can be collected, processed and made ready for the use relevant stakeholders. This will pave the way for one national figure on oil related statistics, and is also the most efficient way to organize data collection. In addition, the Ugandan national statistical system needs further enhancement in order to provide relevant information about how the petroleum subsector will influence the national economy. In so doing, the system of national accounts would benefit from a comprehensive structure of the supporting statistics, such as investment statistics, business register for the oil and gas activities, as well as trade and employment statistics. The relevant statistics produced will continuously inform the national planning, policy formulation and evidence-based decision making processes.

Activities on strengthening the national statistical system will be carried out by the Uganda Bureau of Statistics (UBOS) with support from Statistics Norway (SN).

Component 3: Pillar Management

Outcome: Pillar Management is well coordinated and supports the Revenue Pillar so that the Program funds are put to their best use.

Justification:

Quarterly and annual pillar meetings will be undertaken to assess progress and monitor budgets to ensure that the Pillar is progressing and performing in line with this Program Document. The Pillar shall contribute to the Annual Report and provide quarterly reports for the Program Coordination Committee meetings. The approved template for financial reporting and budget planning shall be used. Meetings will be held in both Norway and MFPED Offices as discussed and agreed during each quarter.

A scoping mission from the Ofd Secretariat, assessing and prioritising capacity building needs will be undertaken during 2015 as part of the Pillar Management activity, in close dialogue and cooperation with MoFPED.

Part II. PROPOSED ACTIVITIES**Component 4: Revenue Investment Management**

Outcome: The Revenue Management authorities of Uganda (MoFPED) have an established framework for operational and policy guidelines for Revenue Investment Management.

Justification:

- **Framework for Petroleum Revenue Investments;** The public finance management law provides for the establishment of a Petroleum Fund whose twin objectives will be to finance the budget and to have

savings for the benefit of future generations. The framework shall prescribe the operational and policy guidelines for revenue and investment management of the Fund. It will also entail the establishment of governance policies, guidelines and other standards, to ensure effective operation and management of the affairs of the petroleum revenue investment funds. The key policy documents as part of the framework will include:

- **Petroleum revenue investment policy and guidelines:** This will set out the broad guidelines and the standards that must be adhered to in the management of the savings from petroleum revenues in order to create lasting value for the entire nation in line with the National Oil and Gas Policy.
- **Investment strategy:** The strategy will describe the funds objectives, functions and governance structures, its investment return objectives, asset allocation strategies and identify strategic considerations that may affect its performance.
- **Operations management agreement:** This document shall guide the operational management and the relationships thereof of the Central Bank in the investment and management of the Petroleum Revenue subject to the terms and conditions of the governing Law.

Other documents under the framework that are essential to the efficient operation of the fund, and drawing their mandate from the key policy documents are:

- **Risk Management Framework:** This will prescribe the Funds risk objectives, broad principles of risk management and more specific risk management objectives. The framework will entail risk management policies and procedures and the establishment of management controls and checks over accounts, traders, operational staff and systems.

Component 5: Economic and Legal Framework (continued)

Outcome: The revenue management authorities have established economic and legal frameworks for the prudent management of petroleum revenues.

Justification:

- **Review of Application of Tax Legislation across the Petroleum Value Chain;** The Pillar will continue to strengthen petroleum taxation with particular emphasis on the Petroleum Value Chain and ensuring that all fiscal aspects in the Production Sharing Agreements (PSAs) are included in the respective tax laws. The pillar will also review the application of the different taxes along the value chain to ensure both a return on Government resources while maintaining the incentive for companies to explore and develop the oil fields.
- **Study on International Taxation Challenges, particularly transfer pricing;** The pillar will also continue to strengthen capacity in tackling the challenges of international petroleum taxation, particularly transfer pricing, accounting and auditing.
-

Component 6: Treasury and Audit Function

Outcome: The revenue management authorities have established a regulatory framework for the prudent management of petroleum revenues

Justification:

Regulations governing the Public Finance Management Act in place; The Accountant General's Office received technical assistance from the International Monetary Fund (IMF) on the drafting of the Public Finance regulations. However, drafting of regulations extends beyond the technical drafting to include stakeholder consultations both for the central and local government entities. This phase will mainly support the consultative process activities which are not part of the IMF TA and will mainly be in form of workshops and regular taskforce meetings.

Revenue Pillar Results Framework and Budget, 2015 – 2017

Desired results		Indicators	Risks (assumptions)	Baseline	2015 (NOK)	2016 (NOK)	2017 (NOK)	Total (NOK)
Component 1: Economic and Legal Framework					675,000	450,000	450,000	1,575,000
Outcome	The revenue management authorities have established economic and legal frameworks for the prudent management of petroleum revenues							
Output 1.1	The Petroleum Tax Manual completed	Advise and technical guidance received from the Oil Taxation Office of Norway.	Work load/demands from other activities on both Uganda and Norwegian side.	Draft Petroleum Tax Manual is in place.				
Output 1.2	Revenue management institutions have capacity in taxation of oil and gas operations.	Advise and training received by the Oil Taxation Office, Norway.						
Component 2: Statistics								
Outcome	Uganda Bureau of Statistics (UBOS) is better prepared to produce and publish petroleum related statistics which improves national planning, policy making, accountability and transparency within the petroleum sector.	Oil and gas investment statistics are used in Government budget publications (UBOS to keep track of publications). Contribution of the oil/gas sector to the national economy in national	Presently no data is available: No petroleum related statistics available; Level of detail not sufficient to predict petroleum sector influence on the economy;	Lack of appreciations to use the oil/gas statistics in the national policy formulation.	1,385,000	2,290,000	1,425,000	5,100,000

		<p>budgets and other policy statements (UBOS to keep track of publications).</p> <p>Level of competence of UBOS improved on producing oil/gas statistics.</p> <p>Oil/gas data are included and used in integrated macroeconomic model for Uganda.</p>	Inadequate knowledge of how to include the oil and gas sector in the statistics.					
Output 2.1	UBOS system of National Accounts captures GDP with oil/gas sector	Yes/no	Current system does not adequately capture oil/gas sector.	Inadequate capacity of UBOS to handle oil/gas sector.	110,000	620,000	370,000	1,100,000
Output 2.2	Investment statistics for petroleum sector produced and published by UBOS.	Yes/no	Oil and gas explorations and field development is happening. However, this economic activity is not captured by the statistics office.	Cannot be published because of confidentiality issues. Risks of incomplete disclosure of information from respondents.	430,000	710,000	375,000	1,515,000

Output 2.3	Uganda and UBOS have in place a comprehensive Business Register with oil and gas sub sector in place.	Yes/no	<p>There exists a Business register generated from the Census of Business establishments with a reference period of 2009/10; the current register does not provide adequate information on employment in regards to the oil and gas subsector.</p> <p>Administrative data Sources exist but are not coordinated and used to update the business register.</p>	<p>Risks of incomplete disclosure of information from respondents/ owners.</p> <p>Delay in merging different sources due to non- uniformity of the identifier.</p>	610,000	710,000	600,000	1,920,000
Output 2.4	Signed Service Level Agreement/Memorandum of Understanding between UBOS and data suppliers on data collection and sharing of data for oil/gas sector.	Yes/no.	<p>Existence of a legislative framework and other arrangements such as Plan for National Statistical Development (PNSD) that allow access to statistical data and information.</p> <p>There is good working relationship between different government agencies dealing with oil and gas. However, there is no existing arrangement on data collection and sharing in the oil and gas sub sector.</p>	The stakeholders will cooperate with UBOS.	235,000	250,000	80,000	565,000

Component 3. Pillar Management					108,333	108,333	108,334	325,000
Outcome 3	Effectively coordinate and implement planned activities under the Revenue Management Pillar. Programme funds are put to their best use.	The programme progresses in line with the Programme Document.						
Output 3.1.	Quarterly pillar meetings held at MoFPED, providing overall and effective pillar monitoring and coordination.	PCC up to date on progress of agreed plans and budget. Annual plans and reports prepared and submitted in time and with high quality. Well-prepared quarterly pillar meetings held and followed up.	Work load/demands from other activities on both Uganda and Norwegian side.	Pillar managers and resource managers in place and functioning.				
PART II. PROPOSED ACTIVITIES								
Component 4: Revenue Investment Management								

Outcome 4	The Revenue Management authorities have established a framework for operational and policy guidelines for Revenue Investment Management.	Policy, operational and administrative framework in place.		Framework is non existent.					
Output 4.1	Petroleum Revenue Investment Policy and Guidelines.	Technical assistance received from consultants. Petroleum revenue investment policy published.	-Availability of external consultants and timing -Delay in approval process by relevant GoU institutions.						
Output 4.2	Investment Strategy.	Technical assistance received from consultants. Investment strategy published.	-Availability of external consultants and timing -Delay in approval process by relevant GoU institutions.						
Output 4.3	Operations Management Agreement.	Advice on Agreement received from consultants. Operations Management Agreement in place.	Delay in approval process by relevant GoU institutions						
Output 4.4	Risk Management Framework.	Technical assistance received from external consultants. Risk management framework in place.	Delay in approval process by relevant GoU institutions.						

Output 4.5	Revenue management authorities have capacity in revenue investment management and monetary policy formulation.	Technical assistance and training received from external consultants.	Inadequate funding					
Component 5: Economic and Legal Framework (continued)								
Outcome 5	The Revenue Management authorities have established economic and legal frameworks for the prudent management of petroleum revenues.							
Output 5.1	Policy paper on taxation along the petroleum value chain.	Amendment of the tax laws. Advice received from external consultants.	Delay in approval process by relevant GoU institutions.					
Output 5.2	Policy paper on tackling transfer pricing challenges.	Advice received from external consultants.	Availability of external consultants and timing.					
Output 5.3	Revenue management institutions have capacity in negotiation, taxation of oil and gas operations, modeling and macroeconomic management of resources.	Advice and training received by the pillar institutions.	Availability of external consultants.					
Component 6: Treasury and Audit Function								
Outcome 6	Petroleum sector activities incorporated in the national accounts by the Bureau of Statistics.	Advice and technical assistance received from Statistic Norway and external consultants.						

Output 6.1	Petroleum sector captured in the UBOS system of National Accounts.	-Petroleum sector statistics compiled and published -Revised system of national accounts incorporating petroleum sector published.	Access to and availability of timely statistics on petroleum sector activities	No petroleum related statistics available – missing knowledge on how to carry this out.				
Output 6.2	The Bureau of Statistics has established competence in line with its mandate	-Level of competence at UBOS in producing petroleum related statistics improved (evaluation by UBOS and SN together).						
	GRAND TOTAL				2,168,333	2,848,333	1,983,334	7,000,000

Tabel 2:Revenue Pillar Results Framework and Budget, 2015-2017

5.5 Inputs for the Entire Programme

Essential Programme inputs will be:

- Technical assistance (including advice and consultancies) and capacity building support (including training resources and study tours) provided by relevant experts in Norwegian partner institutions and HSE authorities;
- Active participation by relevant personnel from Uganda's authorities.
- Relevant results of previous activities.
- Information on relevant best practice and experience internationally (i.e. in countries beyond Uganda and Norway).

A preliminary budget according to the above programme structure is provided in the table below:

Pillar	2015, NOK	2016 NOK	2017 NOK	Sum NOK
Resource Management Pillar	10,730,500	7,214,500	6,300,000	24,245,000
Environment Management Pillar	8,615,000	6,015,000	5,615,000	20,245,000
Revenue Management Pillar	2,168,333	2,848,333	1,983,334	7,000,000
Programme Management	570,000	570,000	470,000	1,510,000
Sum (mill. NOK)	22,915,000	15,799,500	14,335,000	53,000,000

Table 3: Preliminary budget for SMOGP Phase II, 2015 to 2017

6. SUSTAINABILITY AND RISKS (COMMON FOR THE ENTIRE PROGRAMME)

6.1 Sustainability

This program phase, running from 2015 until the end of March 2018 is the second Oil for development programme phase in Uganda. Activities carried out will build on results achieved during the previous Programme phase, focusing on the continued strengthening and capacity building of Uganda's institutions in a way that makes them capable of efficient management of oil and gas activities after the closure of the programme. More specifically, this will entail the strengthening of Uganda's capacity for designing and completing necessary modernization of legal frameworks, as well as monitoring and enforcement mechanisms within the sectors of Resource Management, Environmental Management and Revenue Management. Human resource training and awareness building will form an important part of this. The aim will be to ensure a modern, appropriate, functional, pro-active and quality management of the oil and gas sector. When the Programme comes to an end, it is expected that the institutions that will have been created and equipped will sustainably manage the sector.

Integrated learning and on-the-job training will constitute the main approach, focusing on solving real work tasks with a view to ensure local ownership and sustainability of institutional knowledge and competence. Examples of more measurable outputs will be completion of laws and regulations, solidify organizational structures, written work procedures and systems developed, providing Ugandan institutions with the tools to ensure enforcement and compliance with regulatory frameworks and monitoring mechanisms, as well as the management of the petroleum sector without the need for significant outside assistance.

Importantly for sustainability is that the Government of Uganda has given priority to petroleum sector governance through capacity building, benchmarking and dialogue with the industry through its budgets. This is likely to increase as the sector grows and revenues are generated, and through this support, a mechanism developed to enable a self-supported sector.

The sustainability of the impacts of the outcomes of the Programme components beyond the end of the Programme period, and thus the achievement of the Programme goal are expected to rest mainly on the following three key assumptions:

- The Government of Uganda is committed to achieving coherence in the legislative framework dealing with the petroleum sector.
- The Government of Uganda continues to pursue the ongoing process to restructure, consolidate and clarify the mandates of Uganda's petroleum sector institutions.
- The Government of Uganda secures adequate future funding for these institutions enabling them to carry out their mandates in an efficient manner.

6.2 Exit Strategy

It is recognized that the petroleum value chain necessarily has a long-term perspective – it is inherently dynamic and influenced by market development, exploration results and decisions by the commercial actors in the sector. To establish and build new institutions and (human) capacity includes an element of insecurity regarding the progress of such work. It is therefore uncertain at the beginning of this Programme whether Uganda will have created a fully sustainable governance of the petroleum sector when this Programme ends. Additional support may thus be identified as the Programme nears its end.

To clarify potential future needs, the end-term review will play a key role, providing an important status of the development of the sector, and whether the effects of the Programme are in line with the agreed Programme plans. The end-term review will take place well in advance of the completion of the Programme, to provide recommendations as to whether the Programme should be finally terminated or continued, and how a potential continuation should be designed.

6.3 Internal Risks

Internal risks are those that may be mitigated by the Programme design or implementation. The most important internal risks are:

1. Legal and Regulatory Framework (high):

- i. The process of getting laws and regulations assented may be quite lengthy, due to hearings and debates by the public and parliament.
- ii. Some regulations affecting the oil industry were written prior to oil discovery. Revisions of these documents may be lengthy.
- iii. Drafting subordinate regulations and guidelines cannot start before the overriding Acts have been finalized and put into force.

Mitigation for these risks will be difficult as this is beyond the control of the Programme and its partners.

2. Recruitment and Retention (medium):

- i. The oil industry is looking for well-trained people. There is a danger that the companies may drain this manpower from the Government institutions.
- ii. Institutions responsible for the environment sector require additional trained human resource and equipment to enable them perform their duties effectively.
- iii. Amendments of the Public Finance and Accountability Act to include accounting and reporting requirement for the Model PSA, as well as the preparation of the relevant regulations to operationalize the Petroleum Fund may be hampered by institutional and capacity constraints in the MFPED, URA and BoU.

The risk associated with recruitment and retention may to some extent be mitigated by training of individuals, to develop transfer documentation for new employees, and by focus training on permanent staff rather than consultants.

3. Institutional Cooperation (medium):

- i. The National Oil and Gas Policy recommended roles for the Government institutions and civil society. Cooperation and coordination is important for the sustainable management of the oil industry in the country. In particular, committees that are formed to regulate environmental issues within the petroleum sector will need to be strengthened further under this Programme for them to effectively execute their mandates.
- ii. The Revenue Management Pillar comprises Ministry of Finance, Planning and Economic Development, Uganda Revenue Authority, Bank of Uganda, Office of the Auditor General, Office of the Accountant General and Ministry of Justice and Constitutional Affairs. It is expected that these institutions work together, and are strengthened to meet the challenges of the oil sector.

- iii. Also the Environment Management Pillar comprise a host of cooperating institutions – NEMA, UWA, NFA, Directorate of Water and that of Fisheries to mention some. As for the institutions under the Revenue Management Pillar, it is expected that these institutions work together, and are strengthened to meet the challenges of the oil sector.
- iv. On a general level, cooperation within and between the partner institutions may prove a challenge simply because of the sheer number involved and a general lack of routines for cooperation across that may result in delays and lack of progress. To mitigate this risk, this Programme will work to ensure that all institutions that are central to the achievement of the Programme's Goal, are represented at Programme management arrangements and coordination meetings. Attention shall also be on wide information sharing and continuous communication with and between Pillars.

4. Revenue Management (low):

Lack of financial management of Programme funds poses a risk in terms of under-budgeting or over-expenditure on some programme activities. This is particular potent as funds for this Programme is highly constrained. Budgeting and expenditures must thus be carefully managed. To this end, the quarterly reporting to the Programme Coordination Committees (see section 7.4 below) will play a very important regulatory role. The collaboration between the various input suppliers must also be carefully monitored, especially on the Norwegian side, so as to early identify potential comings so that regulating steps may be discussed and implemented. Furthermore, the Guidelines for Reallocation and Use of Contingency Funds as detailed in Annex VII is useful as a mitigating measure.

5. Environmental Management (high):

Many of the discoveries made to date are located within sensitive ecosystems that includes national parks, wildlife reserves, forest reserves and water bodies, many of which are internationally recognised as Ramsar sites, biosphere reserves and heritage sites. These are also key tourist destinations. There is a challenge in ensuring that oil activities do not adversely impact both sensitive ecosystem and tourism.

This risk will be sought mitigated through the Programme by seeking to complete on-going work to update and review existing legal frameworks and regulations as well as mitigating mechanisms for the the environment. Particular focus must also be placed on implementation and enforcement, although available capacity may represent a challenge to this end.

6. Management of expectations (medium):

The implementation of the Government's communication strategy has enabled consistent and streamlined information dissemination. However, as the country enters the development phase, there is great need to increase the efforts among more targeted audiences. Plans to scale up the communication strategy forms part of this Programme.

6.4 External Risks

External risks are those that may not easily be mitigated by the programme design or implementation. The most important external risks are:

7. Political Involvement (medium):

Political interference is repeatedly cited as being responsible for the mismanagement and poor transparency within the oil sector in sub-Saharan Africa. A key focus for this Programme will be on contributing to sensitizing the political class about their roles in contributing to good governance in this sector. The oversight of the Prime Minister's Office in implementing the National Oil and Gas Policy must be streamlined with the involvement of politicians.

There may also be a risk of insufficient political support for allocating and maintaining necessary personnel and funding for the necessary institutional and human resource strengthening for a sustainable management of the petroleum sector. The environmental authorities is a case in point.

8. Revenue Management (medium):

The complexity of the oil industry, the fiscal part of the PSAs, as well as the fact that this is a new industry pose challenges to revenue management in Uganda. Corruption and failure to implement the legal and regulatory framework could provide an environment for mismanagement of oil and gas revenues. The transparency and accountability principles of the Ofd Programme is designed to mitigate to potential government misuse of petroleum resource revenue, among others through support to Government efforts to develop a robust revenue management system with adequate checks and balances, and by contributing to build the required institutional and human capacity. Good governance is a main focus throughout the entire Programme.

9. Poor mechanisms for follow-up and implementation of Programme results by parties external to the Programme (low).

10. Slow procurement (high):

Most of the activities that were planned during the previous Programme which required the procurement of local consultants, have not been undertaken as planned due to the long procurement processes that are involved. There is a need to focus more on the timely submissions of the required procurements to be made by the Pillar Managers, as well as priority being given to procurements of services in support of this will help mitigate this risk.

6.5 Cross-cutting Topics in the OfD-Programme

The OfD Programme takes a holistic approach in its assistance to partner countries, meaning that the management of resources, revenues, environment and safety are addressed in a coherent manner. Transparency, accountability and gender are cross-cutting considerations.

Gender

The oil and gas industry have traditionally been male dominated but is slowly opening its doors to women. Women are for example increasingly being employed in highly technical positions, and in government administration, the proportion of women are in general relatively high. Furthermore, all government ministries and departments have been directed by the Ministry of Public Services to establish gender committees. In November 2014, the Parliament passed the Public Finance Management Bill containing a clause for a Gender Certificate requiring all Ministries, Departments and Agencies to address gender and equity concerns in policy, planning and budgeting framework Papers.

A Gender Committee has been established within MEMD, composed of one gender focal persons for each department, and mandated to focus on the sustainable utilisation of natural resource and gender based needs. Although gender and equity outputs and activities are integrated in the administrative budgeting process and work plans of the Ministry, there is a need to integrate gender and equity needs in the technical functions of the Ministry. The appointment of the Ministry Gender Focal Point Officers is a positive initiative to this end. Plans are also under way to develop a gender policy for the Ministry in line with instructions from the Ministry of Gender (directed at all government ministries). Execution of gender activities is still low however, in part due to a lack of a general understanding of gender issues and how to incorporate gender issues in plans and programmes.

As for the OfD Programme, a large proportion of the government officers contributing to the programme are women, and women seem overall to be well represented at seminars, workshops, meetings, and study tours alongside their male colleagues.

When it comes to the local community levels the situation is very different. Local power structures remain male dominated, women usually receive less education than men, are the main caretakers of children, and are expected to provide food and water for the family, as well as collecting firewood. Traditional leadership is exclusively male, and men occupy a large majority of elected offices and influential administrative positions. Only 4 per cent of district land officers are women.³ Furthermore, women traditionally do more farming work than men, but have little or no rights over the land which is held by men. The vast majority of indirect jobs in the petroleum sector will go to men. No doubt therefore that the development of the petroleum sector will affect men and women differently, yet their perspectives and needs are too often not taken into account.

³ Oil in Uganda, Issue 5, May 2013, page 8.

Investing time, resources, focus and attention on women in the petroleum sector does however make good social and economic sense. Several studies conclude that women usually have a greater focus than men on areas that contribute to the sustainable development and good management of petroleum resources, such as the environment, access to health services, good governance and the equal distribution of resources.

This Programme will seek to incorporate a stronger focus on gender than what has been done previously. Importantly however, in view of the limited budget available, the Programme will not stretch beyond its current framework to address gender issues, but rather seek to include gender in already ongoing activities, as and when relevant.⁴ Additional support needed should be sought outside the Programme, one alternative being the gender team in Norad. The most relevant areas for inclusion of a gender perspective, and possible additional support, are as follows:

- **Communication strategy.**

Women should be included as a separate target group, addressing their particular situation and needs in view of the implications of petroleum activities on women. Particular effort should also be made to ensure women participation in community meetings and consultation processes. As demonstrated above however, understanding of gender issues is in general wanting. Capacity building and training to this end may be considered.

- **Integration of gender perspectives in the petroleum sector**

Several studies have already been conducted on gender relations and the petroleum sector. Again, a follow-up of these studies with recommendations for how the Programme may contribute to mitigate the negative effects of petroleum activity, as well as building on women's strengths, may be considered.

- **Women participation and inclusion in the Programme**

It is recommended that attention is paid to the participation of women in seminars, workshops, study tours, training and delegation visits.

- **Gender sensitive EIAs and SEA**

The Programme should contribute to ensure that gender perspective is included in all EIAs and mitigation plans, and also be considered in the implementation of the SEA report's recommendations. External assistance may be considered.

Transparency and Accountability

The Ofd programme in general is founded on the guiding principles of Norwegian petroleum resource management - democracy and good government. Transparency and accountability is thus inherent in all technical advice and assistance that is provided through the programme, and is integrated in all of the Programme's activities. The assistance provided towards the two petroleum bills, the public finance management bill, activities in support of institutional development and capacity building, as

⁴ For example, as the Ofd programme in Uganda does not work at the local level, the Programme will not seek to address women's access to jobs, training and education, health facilities, energy, as well as land rights and concerns related to compensation and resettlement.

well as the Strategic Environmental Assessment, and the Environmental Impact Assessments are all examples to this end. Openness and access to information is also key to which the support to the Communication Strategy is a good example.

The Ofd Programme will seek consolidate and strengthen the results achieved thus far, ensuring the sustainability of results, and will keep transparency and accountability high on the agenda. This is in line with Outcome 3 of the Programme; “The Government of Uganda is held accountable for the management of the petroleum resources”, as outlined on page 22 above. Opportunities should be used throughout the Programme period to inform and enlighten key stakeholders in this regard, such as Members of Parliament, civil society actors, the media as well as the general public. Expectations will be high for the continued publication of information on the petroleum sector including policies and legal framework. The Norwegian Government furthermore stands ready to support the Government of Uganda becoming EITI compliant.

In addition to the Ofd Programme, Norway provides support to organisations in Uganda that works to enhance transparency and accountability in the sector, i.e. Democratic Governance Facility (DGF), Global Witness, Revenue Watch Institute, Thomson Reuters Foundation, and the WWF.

7. ROLES AND RESPONSIBILITIES

7.1. Roles and Responsibilities – Programme Structure

The chosen model for the management of the Programme as detailed in what follows below, will ensure maximum ownership by the Government of Uganda and should, as much as possible, be managed and/or strengthened by the existing Government of Uganda institutions.

The main coordinating body of the Programme will be the **Programme Coordination Committee (PCC)**, consisting of appointed representatives from all three Pillars. The PCC will be headed by the **Programme Manager** as the PCC Chairperson, appointed by the Ministry of Energy and Mineral Development. The PCC ensures that the Programme progress according to agreed plans and budgets, and provides input to the Annual Meeting. The PCC also holds a technical supporting role to all three pillars of the Programme. The Pillar Managers will report to the PCC on a quarterly basis. The Norwegian Embassy will be invited as an observer to the PCC meetings.

There will be **one Ugandan lead institution for each Pillar** as detailed in the Institutional Cooperation Agreement. The lead institution, through the Programme Manager, will be responsible for coordinating activities with other relevant institutions under each Pillar, supported by their respective Pillar representatives. A secretariat for each of the Pillar shall be maintained within each lead Pillar institution on the Ugandan side. The PCC, the Secretariat and the Programme Manager and Pillar Managers must ensure coordination on cross-cutting issues.

The PCC, the Programme Manager and the Pillar Managers will be supported by a **Programme Secretariat**, tasked to ensure implementation, coordination of programme activities, as well as administrative support. The Secretariat will be headed by the Programme Manager, and supported by a Programme Administrator, a Communications Officer, a Procurement Officer, an Accountant, as well as one appointed representative from each Pillar.

On the Norwegian side, one **Resource Manager** for each of the three Pillars will be appointed by the lead Pillar Ministry. The Resource Managers will cooperate closely with the Pillar Managers in the planning process and in implementing agreed plans. The Resource Managers will further coordinate Norwegian contributions to the agreed Programme activities, as well as the to the PCC meetings and the annual progress report, budget plan and financial report

The mandate for the PCC, the Programme Manager, Pillar Managers, Resource Manager and Programme Secretariat is detailed further in Appendix I - VI.

The **Norwegian Embassy in Kampala** will hold an overall coordinating responsibility for the Programme together with the Programme Secretariat, as well as provide the link between the Norwegian and Ugandan partners.

Norad/Oil for development secretariat will have an advisory role with regards to the overall management of the Programme, in addition to providing technical assistance. Norad/Oil for development will have a role in coordinating the Norwegian partner institutions to the Programme.

Programme Secretariat Budget, 2015-2017

ITEM/ACTIVITY	2015	2016	2017	TOTAL (NOK)
1. ANNUAL MEETINGS & PCC MEETINGS (HELD QUARTERLY)	50 000	50 000	50 000	150 000
2. OFFICE RUNNING COSTS & TRANSPORT	120 000	120 000	120 000	360 000
3. STATIONERY	400 000	300 000	300 000	1 000 000
TOTAL	570,000	470,000	470 000	1,510, 000

Table 4: Programme Management Budget, 2015 to 2017

7.2. Formalisation of the Programme and Allocation of Resources

In terms of formal agreements, a bilateral Programme Agreement between the Norwegian Embassy in Kampala and the Ugandan Ministry of Finance Planning and Economic Development is foreseen.

In addition, an Institutional Cooperation Agreement between the key participating ministries in Uganda and Norway will be signed by the following partners:

- The Norwegian Ministry of Petroleum and Energy (MPE) and the Uganda Ministry of Energy and Mineral Development (MEMD) (collectively referred to as the “Resource Pillar”);
- The Norwegian Ministry of Climate and Environment (MCL) and the Uganda Ministry of Water and Environment (MwE) (collectively referred to as the “Environment Pillar”);
- Statistics Norway (SN) and Oil Taxation Office Norway (OTO) and the Uganda Ministry of Finance, Planning and Economic Development (MoFPED) (collectively referred to as the “Revenue Management Pillar”).

The Norwegian Government will provide:

- Programme funding.
- Institutional partners relevant to the specific Programme components and outputs.
- Government experts, consultants and training institutions will be made available for programme implementation through the institutional partners.

The Ugandan Government will provide:

- Programme manager.
- Pillar Managers from Pillar institutions.
- Programme Secretariat.
- Suitably qualified Ugandans to participate in the activities of the Programme.
- The available Government financing for implementing the foreseen activities.

7.3 Reporting

The Program will prepare **Annual Progress Reports** that will include the following information:

- An assessment of outcomes achieved at Pillar level.
- A description of actual outputs compared to planned outputs (as defined in the work plans);
- A brief summary of the use of funds compared to budget;
- An assessment of achievements/progress made with regards to transparency/accountability and gender;
- An assessment of the efficiency of the Programme (how efficiently resources/inputs are converted into outputs);
- An explanation of major deviations from approved work plans;
- An assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme, in particular those listed in the programme document, including actions for risk mitigation;

- An assessment of the need for adjustments in the outcomes/outputs,
- A table detailing the total budget and expenditure for the entire Programme period up to date, broken down for each Pillar.
- An assessment of progress and achievements made on overall Programme outcomes 1 – 3 as described on page 22 above.

A **work plan** shall be submitted annually. The work plan shall specify planned outputs in view of agreed outcomes, baseline (at outcome level), and time schedules for the next calendar year.

Annual financial statements and budget will be submitted in time for approval at the Annual Meeting (see below). Further details for requirements for the financial statements and budgets are specified in the Programme Agreement, Article VI, Clause 4.

For each quarterly PCC meeting, the following information shall be prepared and presented, using agreed templates for financial reporting and budget planning:

- A table for each Programme Pillar detailing actual outputs compared to planned outputs (as defined in the work plans), also detailing the use of funds compared to the total budget, broken down for each pillar;
- An explanation of major deviations from plans;
- An assessment of problems and risks (internal/external) to the Programme that may affect the progress of the Programme;
- An assessment of the need for adjustments to activity plans and/or outputs, including actions for risk mitigation;
- A table detailing the total budget and expenditure for the entire Programme period up to date, broken down for each pillar.

A **final report** will be submitted within 3 months after the completion of the Programme including;

- The same as required for the Annual Progress Reports, but for the entire Programme period;
- An assessment of the effectiveness of the Programme, i.e. the extent to which the Goal and Outcomes and accompanying indicators have been achieved;
- An assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Programme seen in relation to target groups and others who are affected;
- As assessment of sustainability of the Programme, i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded;
- A summary of main “lessons learned”.

Annual audit reports, as specified in the Programme Agreement, Article IX, will be provided by Uganda in the case where transfers of funds have been made to Uganda.

An **End Review** of the programme shall be carried out at towards the end of the Programme period.

7.3 Annual and Programme Coordination Committee (PCC) Meetings

Representatives of GoU and Norway shall have an **Annual Meeting** within the first quarter each year in order to:

- Discuss the progress of the Programme, including results and fulfilment of agreed obligations;
- Discuss and, if feasible, approve annual work plans and budgets for the following year;
- Discuss issues of special concern for the implementation of the Programme, such as the major risk factors and how to manage such risks/issues.

The Annual Meeting shall be a joint meeting of all the programme components with funding under the Programme as described in this Document. The Annual Meeting shall be called and Chaired by the Ministry of Energy and Mineral Development (MEMD). The Ministry of Finance, Planning and Economic Development, and the Ministry of Water and Environment shall be present at the Annual Meeting.

Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by the MEMD and be submitted to Norway for comments no later than two weeks after the Annual Meeting has taken place.

PCC meetings are to be called and chaired by the Ministry of Energy and Mineral Development each quarter in the calendar year. The PCC meetings shall discuss progress at pillar level, and if relevant, the need to adjust work plans and budgets. If relevant, re-allocations and/or use of contingency funds shall be agreed at the PCC meetings using agreed guidelines included in Annex VII.

7.4 Use of Norwegian Competence and Procurement within the Program.

The Programme is set up to aid GoU by means of technical assistance, advice and support. The resources will to a major degree be drawn from relevant Norwegian authorities, regulators and governmental experts. Based on availability, relevant expertise could also be sourced from elsewhere. This will be decided through consultations between Ugandan and Norwegian partners.

Uganda procurement of goods and services will be done in line with GoU regulations. The program manager will ensure efficient and timely procurement to avoid delays in activity implementation.

The Programme Secretariat will handle the procurement of good and services on behalf of programme institutions basing on approved Pillar Activity plans.

Norway may also undertake procurement of goods and resources on behalf of GoU. In such case, the procurement will be carried out in accordance with Norwegian public procurement law. Terms of Reference for any goods and services thus procured shall be prepared in cooperation and agreement with GoU. Contracts and major commitments shall be based on the approved annual work plans.

For further details on procurement under the Programme, reference is made to the Programme Agreement, Article VIII.

7.5 Disbursement Mechanism

Upon request from the Ministry of Finance, Planning and Economic Development (Uganda Programme Agreement Partner), The Norwegian Embassy in Kampala will disburse funds to the Norwegian Petroleum Directorate (NPD). NPD will ensure payment to the other Norwegian participating institutions and transfer of Uganda local funds. (Further details are specified in the Programme Agreement, Article V)

The Programme Manager will ensure Government of Uganda financial management systems are followed and ensure efficient and timely disbursement of Uganda local funds into respective Pillar or institutional accounts, and where applicable are made upon approval of annual and quarterly workplans and budgets.

7.6 Donor Coordination

There are several GoU/development partner programmes in the oil and gas sector in Uganda. These include the World Bank, DFID and USAID. There is to a certain extent joint programming coordinated by GoU, but the various programmes are mainly administered on a separate basis in the various ministries, institutions and departments. In a number of fields, the collaboration and coordination, reporting and monitoring is undertaken by the respective donors and institutions as per the requirement.

In preparing for this Programme, the GoU has identified areas that will be supported. Outside the scope of this Programme however, still more support may be needed and may be relevant for support by other donors. The Programme Manager and the Pillar Managers shall be involved in the outreach to relevant donors for additional support to the management of the petroleum sector.

It is expected that over time, GoU will formulate a more broad-based sector programme with common reporting, disbursement mechanisms etc. that will be fully managed by national authorities and to which all donor-funded activities will adhere.

8. ANNEXES

Annex I. Mandate of the Programme Coordination Committee (PCC)

Annex II. Mandate for the Programme Manager.

Annex III. Mandate for the Programme Secretariat.

Annex IV. Mandate for Ugandan Pillar Managers.

Annex V. Mandate for Norwegian Resource Managers.

Annex VI Mandate for the Norwegian Ofd Country Group.

Annex VII. Guidelines for the Reallocation of Funds and the Use of Contingency Funds

Annex I. Mandate for the Programme Coordination Committee (PCC)

There shall be a Programme Coordination Committee (PCC) composed of the Programme Manager as the Chairperson, the three Pillar Managers, and representatives from all three Pillars as appointed by the respective lead Ministries. The Norwegian Embassy in Kampala will participate as an observer.

The PCC shall:

- Meet each quarter in a calendar year to update on pillar activity including expenditures and budget, and discuss overall progress of the Programme. The PCC may in addition also meet when deemed necessary, in which case extraordinary meetings shall be called;
- Prepare annual progress reports, activity and budget plans and financial reports for approval by the Annual Meeting;
- Coordinate the implementation of the Programme;
- Ensure that all procurements for the Programme is in line with approved annual work plan and budgets, and conducted in accordance with the procurement rules of Uganda. Further details are specified in the Programme Agreement, Article VIII;

The PCC shall ensure that the Programme is carried out in an efficient manner according to approved work plans and budgets, and that results achieved are properly reported to the institutions and the sponsors involved. The Programme Manager and the Pillar Managers will work in conjunction with the Accounting Officers of the Ministries in which the Pillars occur.

The PCC shall be supported by a Programme Secretariat (see Annex III).

Annex II. Mandate for the Programme Manager

The Programme Manager will be appointed by the Accounting Officer of the Ministry of Energy and Mineral Development at the level of Assistant Commissioner and above, based on sector competence and management skills.

The Programme Manager will have overall responsibility for coordination and implementation of the Programme as approved in the Program Document and Annual/PCC meetings supported by the Programme Administrator.

Duties include:

1. Responsible for the management of the Programme and ensure effective communication and open dialogue within the Programme and between the Pillars;
2. Head the Programme Secretariat and be the key contact person on issues regarding the Programme;

3. Keep the Norwegian Embassy, the OfD Secretariat and the Norwegian Resource Managers informed and updated on developments in the sector and progress of the Programme;
4. Coordinate the preparation of annual plans, financial reports and budget plans to be approved by the Annual Meeting. Ensure input by the Pillar Managers and Resource Managers;
5. Coordinate, call for, and Chair quarterly Programme Coordination Committee meetings and any other Programme meetings that may come up;
6. Be responsible for the implementation of Programme activities in an efficient and timely manner, and take necessary actions in case of delays or deviations from the approved activity plan;
7. Respond to the Programme when approached on specific issues, and especially coordinate the Programme response to the issues raised;
8. Approve call for disbursements from the Embassy to the Programme;
9. Approve payments of invoices from the Norwegian Petroleum Directorate (NPD),
10. Liaise closely with respective Pillar Managers to ensure that Programme activities are conducted in conformity with the established procedures under Government of Uganda, among others such as procurement and financial management procedures;
11. Any other duties that may arise out of Programme Management.

Annex III. Mandate for the Programme Secretariat

The main task of the Programme Secretariat is to support the Programme Manager, as well as the Pillar/Resource Managers in technical and administrative matters such as accounting and day-to-day oversight of Programme activities. The Secretariat should also handle procurements for the entire Programme in accordance with PPDA guidelines, coordinate reporting, prepare required reports to the Programme, handle preparations for the Annual and Quarterly meetings, and generally assist the Pillar Managers in ad hoc matters.

Duties include:

1. Provide advise/support the Programme Manager in matters related to Programme implementation;
2. Coordinate Programme activities and ensure Programme communications are efficient and effective;
3. Assist in preparation of the Programme, both in terms of technical content and administration/management (including an M&E profile);
4. Call for quarterly PCC meetings on behalf of the Programme Manager;
5. Coordinate and write reports from the Pillars for presentation at the Annual meetings and PCC;
6. Assist in preparations of Programme documents and preparations of Programme activities;
7. Handle Pillar submissions for review and ensure they are in line with in the approved work plan and budget;
8. Handle Programme accounting and procurements;

9. Monitor the implementation of Programme activities in accordance with agreed plans and budgets;
10. Follow up on submission of reports and accountabilities for the Pillars;
11. Any other duties that may arise out of Programme Management.

The Programme Secretariat is appointed by the PCC and will consist of a Programme Administrator, Accountant, Communications Officer, and Procurement Officer.

The Programme Administrator will assist the Programme Manager in the preparation of reports to the PCC and the Annual Meeting.

The Accountant will be responsible for managing the Programme accounts, including verification of payments, monitor budget performance, audit planning and follow-up, preparation of requisitions for replenishment of funds from Norway, process request for funding from Pillars and make payments available as required.

The Communications Officer's role is to implement the communication strategy, including maintenance of the website, and coordinate the holding of consultative meetings with stakeholders at national, regional and community levels.

The Procurement Officer will be responsible for managing the procurement aspects of the Programme, and ensure adherence to the procurement regulations of Uganda.

Annex IV. Mandate for Ugandan Pillar Managers

The Pillar Managers will prepare, coordinate and follow up on all activities under their respective Pillar, and coordinate with their Norwegian counterpart (Resource Manager) on the progress of the Pillar. The themes of the Pillar Managers will be programmatic in nature, and administrative when coordinating the Programme.

The Pillar Managers will be appointed by the lead Pillar institution based on seniority level, technical competence and knowledge of the sector, as well as administrative and management abilities.

Duties include:

1. Responsible for the management of the Pillar and to ensure efficient implementation of Pillar activities in line with the Programme Document and approved activity plans;
2. Lead in preparing Annual Plans, budget plans and financial reports to be submitted for approval by the Annual Meeting via the Secretariat, and in close cooperation with the respective Resource Managers;
3. Prepare quarterly progress reports, budget and activity plans, and financial reports for submission in time, and for approval at the quarterly PCC meetings;

4. Keep abreast of Programme progress based on close and regular contact with the Resource Managers and Programme Manager;
5. Respond to the Programme when approached on specific issues, and especially coordinate the Pillar response to the issue(s) raised;
6. Liaise closely with their respective Accounting Officers and institutions to ensure that Programme activities are conducted in conformity with the established procedures under Government of Uganda such as procurement and financial management procedures;
7. Any other duties that may arise out of Pillar Management.

Annex V. Mandate for Norwegian Resource Managers

The main responsibility of the Norwegian Resource Managers is to coordinate the Norwegian advice and technical support in accordance with approved activity plans and budgets. The resource Manager will follow up on their respective Pillar progress and contribute actively to the formulation of plans, budgets and reports.

The Norwegian Resource Managers will be appointed by their respective lead ministry based on seniority level, technical competence and knowledge of the sector, as well as administrative and management abilities.

Duties include:

1. Assist Pillar Managers in preparing Annual progress reports, budgets and activity plans, and financial reports to be approved by the Annual Meeting;
2. Assist Pillar Managers in preparing quarterly progress reports, budget and activity plans, and financial reports for submission in time, and for approval at the quarterly PCC meetings;
3. Ensure that appropriate advice is given to respective Pillar component activities by staff from the cooperating Norwegian institutions or competent consultants;
4. Keep abreast of Programme progress based on close and regular contact with the Pillar Managers;
5. Respond to the Pillar Managers when approached on specific issues, and especially coordinate the Norwegian response to the issues raised;
6. Attend quarterly Pillar planning meetings, as well as the Annual Meeting;
7. Participate in the Norad/Ofd Secretariat Country Group Meetings,
8. Any other duties that may arise.

Annex VI. Mandate for the Norwegian Ofd Country Group

The main responsibility of the Norwegian Ofd Country Group is to coordinate the follow up of the Programme on the Norwegian side, to be the counterpart to the PCC, and to support the Programme Secretariat in technical and administrative matters. The Group will be headed by the Ofd Secretariat,

and consist of all three Resource Managers, Norwegian partners to the Institutional Cooperation Agreement, as well as the Ministry of Foreign Affairs/the Norwegian Embassy in Kampala. Other contributing partners may be invited to attend the meetings as and when relevant.

Duties include;

1. Assist in the preparation of the Programme, both in terms of technical content and administration/management;
2. Keep abreast of Programme progress, based on reports from the Programme Secretariat;
3. Respond to the Programme Secretariat when approached on specific issues;
4. Any other duties that may arise.

Annex VII. Guidelines for the Reallocation of Funds and the Use of Contingency Funds

The following provides guidelines for the reallocation of funds and the use of contingency funds in the event of the need to finance new activities that emerge throughout the year and that has not been planned for and agreed to at the Annual Meeting.

As a general rule, the Programme Manager is responsible for the financial and budgetary coordination of the Programme, while the overall budget responsibility rests with the Norwegian Embassy. On the basis of this, the following guidelines shall apply;

For Re-Allocation of Funds Within the Same Pillar

- a. When the re-allocation equals 20 per cent or less than the amount originally budgeted for the Pillar in question, the Ugandan Pillar Manager and the Norwegian Resource Manager may in agreement amend the budget (re-allocate fund) without the prior approval of the Norwegian Embassy. The Pillar Manager will however, inform the Programme Management and the Norwegian Embassy at the subsequent PCC meeting.
- b. When the re-allocation exceeds 20 per cent of the amount originally budgeted for the Pillar in question, the Pillar Manager is restricted from making such transfer without prior approval. This would require the Programme Management, on behalf of the Pillar Manager, to obtain prior approval from the Norwegian Embassy (e-mail will suffice) including a justification for the requested re-allocation. Once approved, the Pillar Manager shall inform all partners at the subsequent PCC meeting.
- c. The Government of Norway will be under no obligation to reimburse the Programme Management for costs incurred in excess of the total amount obligated under the Programme if the required approval is not obtained for budget re-allocations in line with 1.b. above.

For Re-Allocation of Funds Between Pillars

- a) When the re-allocation equals 20 per cent or less than the amount originally budgeted for the Pillar in question, the Ugandan Pillar Managers and the Norwegian Resource Managers may in agreement amend the budget (re-allocate fund) without the prior approval of the Norwegian Embassy. The Pillar Manager will however, inform the Programme Management and the Norwegian Embassy at the subsequent PCC meeting.
- b) When the re-allocation exceeds 20 per cent of the amount originally budgeted for the Pillar in question, the Pillar Managers are restricted from making such transfer without prior approval. This would require the Programme Management, on behalf of the relevant Pillar Managers, to obtain prior approval from the Norwegian Embassy (e-mail will suffice) including a justification for the requested re-allocation. Once approved, the relevant Pillar Managers shall inform all partners at the subsequent PCC meeting.

- c) The Government of Norway will be under no obligation to reimburse the Programme Management for costs incurred in excess of the total amount obligated under the Programme if the required approval is not obtained for budget re-allocations in line with 2.b. above.

For the Use of Contingency Funds

- a) As a general rule, contingency funds shall be included in the approved in the annual budget. Priority use shall be given to activities related to unforeseen activities that will directly contribute to the completion of the Programme Agreement.
- b) Any request for the use of contingency fund shall be forwarded to the Programme Management for prior approval. The Programme Management shall then obtain the final approval from the Norwegian Embassy. The Pillar Managers forwarding the request through the Programme Management, shall furnish the Norwegian Embassy with written justifications for the use of contingency fund (e-mail will suffice). Once approved, the relevant Pillar Managers shall inform all partners at the subsequent PCC meeting.