
Sector: Energy and Mineral Development

Foreword

This Budget Framework Paper (BFP) covers Vote 017: Ministry of Energy and Mineral development, Vote 123: Rural Electrification Agency, Vote 311: National Oil Company and Vote 312: Petroleum Authority of Uganda. It provides a review of sector performance for the FY2017/18 and the first quarter of the FY 2018/19. Planned out and the expected key outcomes for the FY2019/20 are presented. Budget allocations for the medium term have been provided based on the sector priorities.

The indicative budget ceilings for the Ministry of Energy and Mineral Development have been rationalized in line with the sector priorities and national priorities as communicated in the Budget Call Circular and in the Presidential Directives. The ceilings for Vote 017 for the FY 2019/20 are as follows: Wage Recurrent is UGX 6.23 Bn; Non-Wage Recurrent is UGX 85.25 Bn; GoU Development is UGX325.23 Bn and the Development Partner contribution is UGX1,529.91 Bn.

Under Vote 123 the ceiling is UGX 101.98 Bn all as GoU Domestic Development and UGX 569.09 Bn is from external financing. For Vote 311, the ceiling is UGX 15.2 Bn of which UGX 9.59 Bn is for wage and UGX 5.61 Bn is Non-wage recurrent. The ceiling for Vote 312 is UGX 30.0 Bn of which UGX 14.6Bn is for wage and UGX 15.4 Bn is Non-wage recurrent.

The budget has been prioritised to finance key areas to address the NDP II and the National Priorities as identified in the National Budget Strategy as follows: Under Vote 017, the focus is to complete Karuma and Isimba HPPS, and continue implementation of Muzizi and Nyagak III small hydropower projects. In addition, focus is being put on completing the on-going transmission infrastructure and construction of associated electricity distribution infrastructure totalling to 2,978 kms of MV and 2,426 km of LV networks throughout the Country. The target is to increase access to electricity to at least 30% by the end of the FY2019/20.

In the oil and gas sector, the budget focus is to improve the capability of the Petroleum Authority of Uganda and the Uganda National Oil Company in terms of human resources, processes, guidelines, systems, and modern IT infrastructure so as to build a strong regulatory regime. The investment priorities for 2019/2020 are towards the development of the Refinery, pipeline infrastructure and Geoscience data acquisition.

In the mineral development sector, the budget focus is to equip the mineral analytical laboratory, geothermal exploration drilling, establishment of the mineral wealth potential of the country, and ground geological follow-up of at least three mineral targets. In addition, the focus is to operationalize the mineral certification system and biometrically register the artisanal and small scale miners throughout the country. Management of the mining cadaster and maintenance and upgrade of Mining Cadastre Registry System (MCRS) into an e- government system to allow for online transactions will be operationalized.

In all the areas of focus, aspects of gender mainstreaming and environment have been incorporated in the budget implementation. Through the implementation of the various Resettlement Action Plans equity, gender and environment considerations have been incorporated by identifying the specific issues of concern. Likewise, access to modern energy forms are planned to take into account gender, equity and environment issues.

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Abbreviations and Acronyms	
ACCES	African Clean Cooking Energy Solutions
AEC	Atomic Energy Council
ASM	Artisanal and Small Scale Miners
BSS	Basic Safety Standards
AFD	French Development Bank
AfDB	African Development Bank
BFP	Budget Framework Paper
BOOT	Build Own Operate and Transfer
BoPD	Barrels of Oil per day
CDAP	Community Development Action Plan
CGGC	M/s China Gezhouba Group of Companies
DFI	Development Finance Institutions
DGSM	Directorate of Geological Survey and Mines
EA	Exploration Area
EAC	East African Community
EAPC	East African Petroleum Conference
EDT	Electricity Disputes Tribunal
EECB	Energy Efficiency and Conservation Bill
EIPL	Energy Infratec Pvt
EM & HM	Electro Mechanical and Hydro Mechanical
EPC	Engineering Procurement and Construction
ERD	Energy Resources Directorate
ESIA	Environment and Social Impact Assessment
FEED	Front End Engineering Design
FMO	Netherlands Development Finance Company
G & G	Geological and Geophysical
GETFiT	Global Energy Feed in Tariff
GOU	Government of Uganda
HRT	Head Race Tunnel
HSE	Health Safety and Environment
IAEA	International Atomic Energy Agency
IDA	Islamic Development Bank
IPP	Independent Power Producer
JST	Jinja Storage Tanks
KFDA	Kingfisher Development Area
KNNN&KW	Kaiso-Tonya, Kigogole, Nsoga, Ngege, Ngara and Kasamene, Wahrindi Kilo Volts
kV	Kilo Volts
KWR	Karuma Wildlife Reserve
LV	Low Voltage

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MEMD	Ministry of Energy and Mineral Development
MoU	Memorandum of Understanding
MPSA	Model Production Sharing Agreement
MV	Mega Watts
NEMA	National Environment Management Authority
NEU	Nuclear Energy Unit
NTR	Non Tax Revenue
PAPs	Project Affected Persons
POL	Petroleum Operation Licence
RAP	Resettlement Action Plan
REA	Rural Electrification Agency
SEAMIC	Southern and Eastern Africa Mineral Centre
SMEs	Small and Medium Scale Enterprises
TBT	Tail Bench Tunnel
TPC	Technical Petroleum Committee
TRT	Tail Race Tunnel
UECCC	Uganda Energy Credit Capitalization Company
UEDCL	Uganda Electricity Distribution Company Limited
UETCL	Uganda Electricity Transmission Company Limited
UNBS	Uganda National Bureau of Standards
UWA	Uganda Wildlife Authority

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S1: Sector Overview

This section provides an overview of Sector Expenditures and sets out the Sector's contribution to the NDP, its policy objectives, and key performance issues.

(i) Snapshot of Sector Performance and Plans*

Table S1.1 Overview of Sector Expenditure (Ushs Billion)

	2017/18 Outturn	2018/19		2019/20 Proposed Budget	MTEF Budget Projections				
		Approved Budget	Spent by End Sep		2020/21	2021/22	2022/23	2023/24	
Recurrent									
Wage	3.197	30.411	6.575	30.411	31.931	33.528	35.204	36.965	
Non Wage	118.980	106.802	19.577	106.264	122.204	146.645	175.974	211.169	
Devt.									
GoU	341.666	427.203	140.022	427.203	512.643	512.643	512.643	512.643	
Ext. Fin.	1,020.874	1,873.783	387.857	2,099.004	1,953.225	859.815	198.916	0.000	
GoU Total	463.842	564.416	166.174	563.878	666.779	692.816	723.822	760.777	
Total GoU+Ext Fin (MTEF)	1,484.716	2,438.199	554.031	2,662.882	2,620.004	1,552.631	922.738	760.777	
A.I.A Total	33.564	46.625	5.865	49.275	51.003	53.499	55.291	58.056	
Grand Total	1,518.281	2,484.824	559.895	2,712.157	2,671.007	1,606.130	978.029	818.832	

(ii) Sector Contributions to the National Development Plan

The Vision 2040 and NDP II observes that for Uganda to achieve the desired socio-economic transformation, the energy sector needs to provide at least 41,738 Mega Watts of energy by year 2040. Access to the national grid will have to increase to 80 percent. The sector is responding by developing its hydro power and also complementing with other renewable forms of energy including; wind, solar and bio-gas. By the end of the FY2019/20, at least 1,000 MW of power generation capacity will added into the system and access to the national grid will be at least 30% coverage.

On mineral development, the sector will undertake ground geological and geochemical follow-up of at least three mineral targets to ascertain the mineral potential and value. Efforts are also being made to secure funding for completing the airborne geophysical survey, geological mapping and geochemical sampling of the remaining 20% of the country. In order to improve the revenues from the mineral sector, the sector will operationalize the mineral certification mechanism and biometrically register all mineral artisans and small scale miners in the country. Government will also set up at least two regional mineral beneficiation centres in the country to support the mineral subsector. In order to improve mineral sample analysis and testing, Government is in the process of enhancing Mineral Laboratory services. The target is to have in place a Certified Mineral Laboratory in the country.

In the petroleum subsector, the target is to achieve production of the first oil resources by 2021. Fast track activities being undertaken to realize this target are: Development of crude oil export pipeline; Development of a 60,000 BOPD oil refinery; and the development of a Crude/Gas to power plant. On the crude oil pipeline for transporting Uganda's crude oil to the East African Coast, pipeline construction is to start in FY2019/20.,

Government is developing a National Suppliers' Database and a National Talent Register for the petroleum sector to ensure that first priority for employment and supply of goods and services is given to Ugandans where capacity is available in the country. Where capacity is lacking, Government is working with the licensees, development partners and the private sector to build the necessary capacity of Ugandan citizens and companies to benefit from the available opportunities. In this regard, the sector will develop and enforce guidelines and strategy for transfer of technology and know-how for the oil and gas industry to Ugandan Citizens.

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(iii) Medium Term Sector Policy Objectives

In order to contribute effectively to the national objectives as enshrined in the National Development Plan, the Ministry's policy goals are to:

- i) Meet the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner.
- ii) Use the county's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society.
- iii) Develop the mineral sector for it to contribute significantly to sustainable national economic and social growth.

(iv) Sector Investment Plans

Development of Power generation and transmission infrastructure:

During the FY 2019/20, the Sector will continue to focus major capital Investments towards the construction of Large Hydropower infrastructure (Karuma, Isimba Hydro Power Projects); construction of transmission lines and acquisition of the associated Way leaves; Resettlement Action Plan and capacity payments towards thermal power generation.

Development of oil and gas infrastructure:

The sector will also focus on the implementation of the refinery development activities including the development of the oil pipelines, aerodrome, and the implementation of the oil and gas policy.

Development of mineral potential for value addition:

In the mineral sector, government will implement the Mineral Certification Mechanism, Expand the Seismological Network, Construct one Mineral Beneficiation Center and continue mapping and exploration of the mineral wealth potential of the country.

To support the general administrative function, the sector has also committed resources towards the renovation Amber house.

Table S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

Sector Outcome : Transparency in the oil and gas sector							
Sector Objectives contributed to by the Sector Outcome							
1. Strengthen the policy, legal and institutional framework							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Level of compliance to the laws, regulations and standards for the oil and gas sector	100%	100%	2015	100%	100%	100%	100%
Sector Outcome : Increased evacuation of power to the national grid							
Sector Objectives contributed to by the Sector Outcome							
1. Expand the electricity transmission grid network							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Length of transmission networks constructed	2353.8	2353.8	2017	1627	254	70	68
Sector Outcome : Increased Investments in the Mineral Sector							
Sector Objectives contributed to by the Sector Outcome							
1. Strengthen the policy, legal and institutional framework							

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Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Number of Licences granted	375	400	2017	650.00	680.00	700.00	750.00
Sector Outcome : Increased amount of revenue from Oil and Gas production							
Sector Objectives contributed to by the Sector Outcome							
1. Increase efficiency and effectiveness in the management of Uganda's oil and gas resource potential							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Percentage Increase in the amount of revenue from Oil and Gas	0.5%	0.55%	2015	0.5%	0.6%	0.8%	0.9%
Sector Outcome : Increased energy generation for economic development							
Sector Objectives contributed to by the Sector Outcome							
1. Increase power generation capacity to drive economic development.							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Proportion of population with access to power	23% 23%	24% 24%	2017	23%	24.5%	25%	25.5%
Power generated as a proportion of the installed generation capacity (MW)	62.6%	65%	2015	50%	70%	75%	80%
Sector Outcome : Vibrant and effective institutional framework to increase productivity							
Sector Objectives contributed to by the Sector Outcome							
1. Increase private sector Investment in the Mineral sector							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Value of mineral production (UGX billion)	158.754	150.00	2015	140	155	160	170
Sector Outcome : Increased access to power from the national grid							
Sector Objectives contributed to by the Sector Outcome							
1. Expand the electricity transmission grid network							
Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Proportion of population with access to power	23% 23%	24% 24%	2017	23%	24.5%	25%	30%

S2: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATIONS ALIGNED TO THE NDP

Table S2.1: Programme Outcomes and Outcome Indicators Aligned to the NDP

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Vote 017 :Ministry of Energy and Mineral Development

Programme :	01 Energy Planning,Management & Infrastructure Dev't
Programme Objective :	To promote adequate and reliable energy to achieve increased levels of access to modern energy services
Responsible Officer:	James Baanabe Isingoma,Ag.Director Energy Resources Directorate
Programme Outcome:	Increased generation capacity , transmission and access to affordable modern energy for social and economic development

Sector Outcomes contributed to by the Programme Outcome

1. Increased energy generation for economic development

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• % reduction of losses in the distribution network	17%	17	14.7%	12%	10%
• % of households connected to the national grid	22.5	23%	25%	26%	30%
• Increased Generation capacity in MW added to the grid	29.7	18.8	1,000	200	50

Programme :	03 Petroleum Exploration, Development, Production, Value Addition and Distribution and Petroleum Products
Programme Objective :	Ensure efficiency and effectiveness in the management of Uganda's oil and gas resource potential, value addition, distribution and access to petroleum products for social and economic development
Responsible Officer:	Malinga Honey
Programme Outcome:	Ensure efficiency and effectiveness in the management of the country's oil and gas resource potential,value addition and distribution of petroleum products.

Sector Outcomes contributed to by the Programme Outcome

1. Increased amount of revenue from Oil and Gas production

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Adequate and Standard quality stock of Petroleum products on the market	14	14	15	20	25
• Number of Ugandans employed as professionals in the oil and gas sector	500	400	600	800	1,000
• Level of growth of investment in downstream infrastructure	16500	12000	13500	14000	14500

Programme :	05 Mineral Exploration, Development & Value Addition
Programme Objective :	To establish, promote and regulate the development of mineral and geothermal resources for job creation for female and male actors in the value chain for sustainable development
Responsible Officer:	Zachary Baguma
Programme Outcome:	Sustainable Management of Mineral resources for economic development

Sector Outcomes contributed to by the Programme Outcome

1. Increased Investments in the Mineral Sector

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Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Value of Mineral Exports as per permits issued (UGX Bn)	14.231	14.5	15	17	20
• Change in revenue of mineral rights	16.984	5	10	14	18
• Value of mineral production (UGX Billion)	158.754	140	350	400	450
Programme :	49 Policy, Planning and Support Services				
Programme Objective :	The main objective is to guide the Policy formulation, implementation and as well as being responsible for the procurements, Planning, Budgeting and Policy Analysis and also the Finance and Administrative functions that are gender responsive .				
Responsible Officer:	Prisca Boonabantu				
Programme Outcome:	Legal and Institutional Framework strengthened				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Vibrant and effective institutional framework to increase productivity					
Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Annual Reports and statistical abstract produced	2	2	2	2	2
• Proportion of MEMD approved structure filled	60%	48	70%	80%	90%
Vote 123 :Rural Electrification Agency (REA)					
Programme :	51 Rural Electrification				
Programme Objective :	To achieve universal access to electricity by 2040				
Responsible Officer:	Godfrey R. Turyahikayo				
Programme Outcome:	Increased access to rural electrification				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased energy generation for economic development					
Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Number of consumers accessing electricity	253,227	122,461	262,500	300,000	300,000
Vote 311 :Uganda National Oil Company (UNOC)					
Programme :	06 Petroleum Commercial Management				
Programme Objective :	To handle and manage the State's commercial interests in the petroleum sub-sector and develop in depth expertise in the oil and gas industry.				
Responsible Officer:	Chief Executive Officer				
Programme Outcome:	Sustainable growth of State's commercial interests and driving national participation in the oil and gas sector				

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Vote : 017 Ministry of Energy and Mineral Development								
01 Energy Planning, Management & Infrastructure Dev't	336.330	890.499	214.545	697.150	570.263	512.853	457.451	286.770
02 Large Hydro power infrastructure	774.139	751.034	285.221	664.552	725.575	48.889	48.889	48.889
03 Petroleum Exploration, Development, Production, Value Addition and Distribution and Petroleum Products	84.994	57.928	6.975	519.669	667.856	691.929	111.813	111.813
05 Mineral Exploration, Development & Value Addition	20.087	24.929	3.779	31.329	38.817	38.817	72.023	72.023
49 Policy, Planning and Support Services	23.599	32.070	6.509	33.912	36.724	37.050	47.393	47.754
Total for the Vote	1,239.149	1,756.460	517.029	1,946.614	2,039.234	1,329.538	737.569	567.249
Vote : 123 Rural Electrification Agency (REA)								
51 Rural Electrification	245.568	636.538	27.940	671.069	531.208	167.429	122.371	122.371
Total for the Vote	245.568	636.538	27.940	671.069	531.208	167.429	122.371	122.371
Vote : 311 Uganda National Oil Company (UNOC)								
06 Petroleum Commercial Management	0.000	4.801	1.305	4.879	5.000	6.000	7.500	11.156
49 Policy, Planning and Support Services	0.000	10.399	3.067	10.321	11.521	12.316	12.894	11.652
Total for the Vote	0.000	15.200	4.371	15.200	16.521	18.316	20.394	22.808
Vote : 312 Petroleum Authority of Uganda (PAU)								
07 Petroleum Regulation and Monitoring	0.000	3.612	0.437	3.612	6.570	5.404	8.453	9.193
49 Policy, Planning and Support Services	0.000	26.388	4.254	26.388	26.470	31.945	33.951	39.156
Total for the Vote	0.000	30.000	4.690	30.000	33.040	37.349	42.404	48.349
Total for the Sector	1,484.716	2,438.199	554.031	2,662.882	2,620.004	1,552.631	922.738	760.777

S3: Sector Challenges in addressing Gender and equity issues for FY 2019/20

- i. The Ministry Gender Policy is yet to be finalized. This is to provide the basis for mainstreaming gender into the sector workplans
- ii. Low appreciation of gender mainstreaming. Stakeholders have continued to assume that sector activities are unfit for women.
- iii. Inadequate funding to implement and monitor gender and equity related activities as well as monitor for compliance.
- iv. Gender issues are sometimes being considered to be a concern for only women.
- v. Sex dis-aggregated data to aid gender planning is still inadequate.