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# Sector: Energy and Mineral Development

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## Foreword

This BFP covers Vote 017: MEMD, Vote 123: REA, Vote 311: UNOC and Vote 312: PAU. It provides a review of sector performance for FY2018/19 and first quarter of FY 2019/20. The indicative budget ceilings have been rationalized in line with the national priorities communicated in the Budget Call Circular. Gender and equity considerations and environment aspects have been mainstreamed. The Budget ceiling for FY2020/21 is as follows: -

Vote 017: Total Budget UGX1,820.71Bn o/w, Wage is UGX6.22Bn; Non-Wage Recurrent is UGX64.49Bn; GoU Development is UGX348.68Bn and external funding is UGX1,401.71Bn.

Vote 123: Total Budget UGX566.02Bn, o/w UGX15.81Bn is wage; Non-Wage Recurrent is UGX22.80Bn; GoU Development is UGX128.14Bn and external funding is UGX399.26Bn.

Vote 311: Total Budget UGX31.47Bn o/w UGX19.57Bn is wage and UGX11.90Bn is Non-wage recurrent.

Vote 312: Total Budget UGX50.2Bn of which UGX18.33Bn is wage and UGX31.87Bn is Non-wage recurrent.

Focus in the energy sector is to complete CDAP for Karuma HPP, implement Muzizi and NyagakIII small HPPs, complete on-going transmission infrastructure, construct 2,896km of MV and 4,219km of LV networks Countrywide, 300,000 last mile connections onto the National Grid, achieve 100% electrification of all district headquarters in Uganda and construction works targeting electrification of 565 sub-county headquarters in Uganda to at least 75%.

In the oil and gas sector, focus is to conclude the second licencing round, develop crude oil export pipeline and oil refinery, and acquire geoscience data. In the minerals sector, focus is to complete airborne survey of Karamoja region, equip mineral analytical laboratory, and ground geological follow-up of at least three mineral targets.

In an effort to strengthen gender and environment mainstreaming, specialists have been included in project implementation frameworks. This is to ensure that specific issues of concern are identified and addressed at planning and implementation phases.

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## Sector: Energy and Mineral Development

<b>Abbreviations and Acronyms</b>	
ACCES	African Clean Cooking Energy Solutions
AEC	Atomic Energy Council
ASM	Artisanal and Small Scale Miners
BBS	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
EAPCE	East African Petroleum Conference and Exhibition
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
IAEC	International Atomic Energy Agency
IDA	Islamic Development Bank
IPP	Independent Power Producer
JST	Jinja Storage Tanks
KFDA	Kingfisher Development Area
KV	Kilo Volts
KWR	Karuma Wildlife Reserve
LV	Low Voltage
MEMD	Ministry of Energy and Mineral Development

## Sector: Energy and Mineral Development

MoU	Memorandum of Understanding
MPSA	Model Production Sharing Agreement
MW	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

## Sector: Energy and Mineral Development

### 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)

	2018/19	2019/20		2020/21	MTEF Budget Projections			
	Outturn	Approved Budget	Spent by End Sep	Proposed Budget	2021/22	2022/23	2023/24	2024/25
<b>Recurrent</b>								
<b>Wage</b>	27.514	59.938	12.366	59.938	59.938	59.938	59.938	59.938
<b>Non Wage</b>	111.569	131.063	23.081	131.063	157.276	188.731	226.478	271.773
<b>Devt.</b>								
<b>GoU</b>	484.996	588.928	88.342	476.818	476.818	476.818	476.818	476.818
<b>Ext. Fin.</b>	1,115.156	2,227.254	130.693	1,800.573	1,759.082	1,526.172	999.456	144.773
<b>GoU Total</b>	<b>624.079</b>	<b>779.930</b>	<b>123.788</b>	<b>667.820</b>	<b>694.033</b>	<b>725.488</b>	<b>763.234</b>	<b>808.530</b>
<b>Total GoU+Ext Fin (MTEF)</b>	<b>1,739.235</b>	<b>3,007.184</b>	<b>254.481</b>	<b>2,468.393</b>	<b>2,453.115</b>	<b>2,251.660</b>	<b>1,762.690</b>	<b>953.303</b>
<b>A.I.A Total</b>	34.968	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Grand Total</b>	<b>1,774.203</b>	<b>3,007.184</b>	<b>254.481</b>	<b>2,468.393</b>	<b>2,453.115</b>	<b>2,251.660</b>	<b>1,762.690</b>	<b>953.303</b>

## Sector: Energy and Mineral Development

### (ii) Sector Contributions to the National Development Plan

The sector contributes to the NDP II in 3 broad areas as follows:

i) Energy resources development: NDPII objective: to increase generation capacity, transmission and access to affordable modern energy for social and economic development. For period under review, 231MW was added to generation system and more 642MW by end of 2020.

ii) Mineral development: NDPII objective: to ensure sustainable management of mineral resources for economic development. The Mining Cadastre and Registry System was commissioned in August 2018. Biometric registration for ASMs commenced in January, 2019.

The mining and minerals policy was gazetted on 28th June 2019 to replace the Mineral Policy 2001. Parliament enacted the ICGR Act, 2018, which came into force on 5th October, 2018.

1st phase of the Sukulu phosphate project was commissioned on 23rd October 2018. Other new projects commissioned: Kampala Cement in Mukono District, Simba Cement in Tororo District, and M/s Goodwill Ceramic Ltd., in Kapeeka, three gold refineries, namely: M/s African Gold Refinery, Simba Gold Refinery & Bullion Gold Refinery

iii) Oil and gas: NDPII objective: to ensure efficiency and effectiveness in management of the country's oil and gas resource potential, value addition and distribution of petroleum products. Activities being done are: development of crude oil export pipeline, a 60,000BOPD oil refinery and development of a Crude/Gas to power plant.

The Refinery Lead Investor, Albertine Graben Refinery Consortium (AGRC), submitted the recommended Final Refinery Configuration on 7th January 2019. The FEED commenced in March 2019 and is expected to last 15 months. The Environmental, Social, Impact Assessment also commenced.

Geological and geophysical surveys in Kadam-Moroto basin is being done. Work so far shows evidence of possible presence of a working petroleum system.

2nd Licensing round was launched in May, 2019 in Mombasa, Kenya. Subsequently, road shows were conducted in Dubai, UK and US.

### (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 country'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, transmission and distribution infrastructure: In the FY 2020/21, the Sector will target to complete the CDAP for Karuma and Isimba Hydro Power Projects; construction of transmission and distribution lines and the associated Way leaves; Resettlement Action Plan for the various power projects.

Development of oil and gas infrastructure: The sector will continue to 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 focus is to complete the airborne survey of Karamoja region, equip the mineral analytical laboratory, and ground geological follow-up of at least three mineral targets, implementation of 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.

### Table S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

## Sector: Energy and Mineral Development

<b>Sector Outcome : Transparency in the oil and gas sector</b>							
<b>Sector Objectives contributed to by the Sector Outcome</b>							
1. Strengthen the policy, legal and institutional framework							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Level of compliance to the laws, regulations and standards for the oil and gas sector	100%	100%	2018	100%	100%	100%	100%
<b>Sector Outcome : Increased Investments in the Mineral Sector</b>							
<b>Sector Objectives contributed to by the Sector Outcome</b>							
1. Increase private sector Investment in the Mineral sector							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Number of Licences granted	707	680.00	2018	642.00	800.00	1,000	1,200
<b>Sector Outcome : Increased energy generation for economic development</b>							
<b>Sector Objectives contributed to by the Sector Outcome</b>							
1. Increase power generation capacity to drive economic development.							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Number of units of installed capacity added to generation	235.45		2018	987	1,842	1,900	2,000
<b>Sector Outcome : Increased access to power from the national grid</b>							
<b>Sector Objectives contributed to by the Sector Outcome</b>							
1. Expand the electricity transmission grid network							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Proportion of population with access to power	28% 28%	24.5%	2018	28%	30%	35%	40%
<b>S2: PROGRAMME OUTCOMES,OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATIONS ALIGNED TO THE NDP</b>							

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

<b>Vote 017 :Ministry of Energy and Mineral Development</b>	
<b>Programme :</b>	<b>01 Energy Planning,Management &amp; Infrastructure Dev't</b>
<b>Programme Objective :</b>	To promote adequate and reliable energy to achieve increased levels of access to modern energy services
<b>Responsible Officer:</b>	James Baanabe Isingoma,Ag.Director Energy Resources Directorate

## Sector: Energy and Mineral Development

**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				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• % reduction of losses in the distribution network	15%	16.7%	14.5%	14%	13.5%
• % of households connected to the national grid	28%	28%	30%	32%	35%
• Increased Generation capacity in MW added to the grid	644	0	50	0	0

**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				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Adequate and Standard quality stock of Petroleum products on the market			20	25	30
• Number of Ugandans employed as professionals in the oil and gas sector	500	100	600	700	1,000
• Number of exploration licenses issued	2	0	3	0	3

**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

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Value of Mineral Exports as per permits issued (UGX Bn)	12	2	15	20	25
• Change in revenue of mineral rights	20	2.85	25	28	30

## Sector: Energy and Mineral Development

• Value of mineral production (UGX Billion)	410	34	450	500	550
<b>Programme :</b>	<b>49 Policy, Planning and Support Services</b>				
<b>Programme Objective :</b>	The main objective is to guide the Policy formulation, implementation as well as being responsible for the procurements, Planning, Budgeting and Policy Analysis and also the Finance and Administrative functions that are gender responsive .				
<b>Responsible Officer:</b>	Prisca Boonabantu				
<b>Programme Outcome:</b>	<b>Legal and Institutional Framework strengthened</b>				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
<b>1. Vibrant and effective institutional framework to increase productivity</b>					
<b>Programme Performance Indicators</b>	<b>Performance Targets</b>				
	<b>2019/20 Plan</b>	<b>2019/20 Q1 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
• Annual Reports and statistical abstract produced	2	0	2	2	2
• Proportion of MEMD approved structure filled	70%	59%	75%	80%	85%
<b>Vote 123 :Rural Electrification Agency (REA)</b>					
<b>Programme :</b>	<b>51 Rural Electrification</b>				
<b>Programme Objective :</b>	To achieve universal access to electricity by 2040				
<b>Responsible Officer:</b>	Godfrey R. Turyahikayo				
<b>Programme Outcome:</b>	<b>Increased access to rural electrification</b>				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
<b>1. Increased energy generation for economic development</b>					
<b>Programme Performance Indicators</b>	<b>Performance Targets</b>				
	<b>2019/20 Plan</b>	<b>2019/20 Q1 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
• Number of consumers accessing electricity	300,000	29,793	300,000	300,000	300,000
<b>Vote 311 :Uganda National Oil Company (UNOC)</b>					
<b>Programme :</b>	<b>06 Petroleum Commercial Management</b>				
<b>Programme Objective :</b>	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.				
<b>Responsible Officer:</b>	Chief Executive Officer				
<b>Programme Outcome:</b>	<b>Sustainable growth of State's commercial interests and driving national participation in the oil and gas sector</b>				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
<b>1. Increased amount of revenue from Oil and Gas production</b>					
<b>Programme Performance Indicators</b>	<b>Performance Targets</b>				
	<b>2019/20 Plan</b>	<b>2019/20 Q1 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>

## Sector: Energy and Mineral Development

• Level of investment in the oil and gas infrastructure	14%	0%	14%	43%	29%
• Amount of revenue generated	0.605	0.165	0.660	0.660	0.660
• Number of contracts signed with strategic investment partners	5	2	8	8	8

<b>Programme :</b>	<b>49 Policy, Planning and Support Services</b>
<b>Programme Objective :</b>	To provide support services to Uganda National Oil Company and its Subsidiaries in functions of Policy and Strategy formulation, Planning, Budgeting and Monitoring, Human Resource Management, Audits, Legal and Corporate Affairs, Risk Management, Commercial services as well as Finance and Administration.
<b>Responsible Officer:</b>	Chief Executive Officer
<b>Programme Outcome:</b>	<b>Operational Efficiency and Service delivery</b>

### Sector Outcomes contributed to by the Programme Outcome

N/A

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Percentage implementation of the Strategic plan	50%	20%	100%	100%	100%
• Percentage of UNOC's target Operating Model implemented	50%	20%	100%	100%	100%
• Number of Company Policies developed, approved and implemented	5	4	10	10	10

### Vote 312 :Petroleum Authority of Uganda (PAU)

<b>Programme :</b>	<b>07 Petroleum Regulation and Monitoring</b>
<b>Programme Objective :</b>	To enable more exploration to increase the resource base; facilitate commercialization of the oil & gas resources; and enhance the impact & sustainability of the petroleum sector.
<b>Responsible Officer:</b>	Executive Director, Ernest N. T Rubondo
<b>Programme Outcome:</b>	<b>Efficient and Sustainable Petroleum Resource Management</b>

### Sector Outcomes contributed to by the Programme Outcome

#### 1. Transparency in the oil and gas sector

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Level of oil and gas operators compliance (upstream and midstream)	100% Compliance of oil and gas operators	Medium	100% Compliance of oil and gas operators	100% Compliance of oil and gas operators	100% Compliance of oil and gas operators

<b>Programme :</b>	<b>49 Policy, Planning and Support Services</b>
<b>Programme Objective :</b>	Create a fully functional institution with efficient structures, systems & procedures; enforce & review the policy, legal & regulatory frameworks; and attract, develop & retain the most competitive talent.
<b>Responsible Officer:</b>	Executive Director, Ernest N. T Rubondo

## Sector: Energy and Mineral Development

<b>Programme Outcome: Efficient and Effective Service Delivery</b>					
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
<b>1. Transparency in the oil and gas sector</b>					
<b>Programme Performance Indicators</b>	<b>Performance Targets</b>				
	<b>2019/20 Plan</b>	<b>2019/20 Q1 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
• Level of Institutional efficiency	High efficiency	High Efficiency	High efficiency	High efficiency	High efficiency

**Table S2.2: Past Expenditure Outturns and Medium Term Projections by Programme**

<i>Billion Uganda shillings</i> Programme Service	2018/19	2019/20		2020/21	Medium Term Projections			
	Outturn	Approved Budget	Releases by end Q1	Proposed Budget	2021/22	2022/23	2023/24	2024/25
Vote : 017 Ministry of Energy and Mineral Development								
01 Energy Planning, Management & Infrastructure Dev't	488.345	939.364	55.948	620.641	751.976	864.621	808.956	382.175
02 Large Hydro power infrastructure	676.075	754.611	21.736	752.244	47.741	47.741	47.741	47.741
03 Petroleum Exploration, Development, Production, Value Addition and Distribution and Petroleum Products	64.925	80.522	3.635	328.976	1,221.105	972.992	501.941	74.039
05 Mineral Exploration, Development & Value Addition	20.733	46.129	1.040	71.537	64.896	12.906	12.906	12.906
49 Policy, Planning and Support Services	27.551	44.045	6.922	47.308	60.206	75.685	94.258	116.547
<b>Total for the Vote</b>	<b>1,277.629</b>	<b>1,864.672</b>	<b>89.281</b>	<b>1,820.707</b>	<b>2,145.924</b>	<b>1,973.945</b>	<b>1,465.802</b>	<b>633.409</b>
Vote : 123 Rural Electrification Agency (REA)								
51 Rural Electrification	401.676	1,060.843	148.575	566.017	216.767	176.788	183.355	191.236
<b>Total for the Vote</b>	<b>401.676</b>	<b>1,060.843</b>	<b>148.575</b>	<b>566.017</b>	<b>216.767</b>	<b>176.788</b>	<b>183.355</b>	<b>191.236</b>
Vote : 311 Uganda National Oil Company (UNOC)								
06 Petroleum Commercial Management	8.066	8.462	2.246	8.261	8.351	8.495	8.668	2.229
49 Policy, Planning and Support Services	21.854	23.008	6.317	23.209	25.499	28.211	31.466	42.018
<b>Total for the Vote</b>	<b>29.920</b>	<b>31.470</b>	<b>8.562</b>	<b>31.470</b>	<b>33.850</b>	<b>36.706</b>	<b>40.134</b>	<b>44.247</b>
Vote : 312 Petroleum Authority of Uganda (PAU)								
07 Petroleum Regulation and Monitoring	5.191	26.907	4.128	25.042	30.315	34.404	39.312	45.200
49 Policy, Planning and Support Services	24.819	23.292	3.935	25.157	26.258	29.817	34.087	39.212
<b>Total for the Vote</b>	<b>30.010</b>	<b>50.199</b>	<b>8.063</b>	<b>50.199</b>	<b>56.573</b>	<b>64.221</b>	<b>73.399</b>	<b>84.412</b>
<b>Total for the Sector</b>	<b>1,739.235</b>	<b>3,007.184</b>	<b>254.481</b>	<b>2,468.393</b>	<b>2,453.115</b>	<b>2,251.660</b>	<b>1,762.690</b>	<b>953.303</b>

### *S3: Sector Challenges in addressing Gender and equity issues for FY 2020/21*

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## Sector: Energy and Mineral Development

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- i. Gender disaggregated data to aid gender planning is still inadequate. The sector has to incur costs in undertaking Environment and social impact assessment studies to obtain the required data. This delays project implementation.
  - ii. Gender specialists have not been part of the approved structure of the ministry and its sector agencies. The Ministry has mitigated by designating specified officers to perform the task. This however, introduces additional work load to such officers. In some instances, gender specialists have been recruited on project basis.
  - iii. Inadequate awareness on gender related issues. This is being mitigated through including gender awareness activities in project workplans. The challenge with this approach is that the officers who take part have other duties to perform and are in most cases not experts in the gender mainstreaming field.
-