

Vote:312 Petroleum Authority of Uganda (PAU)

VI: Vote Overview

(i) Snapshot of Medium Term Budget Allocations

Table V1.1: Overview of Vote Expenditures

Billion Uganda Shillings	FY2018/19 Outturn	FY2019/20		FY2020/21 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2021/22	2022/23	2023/24	2024/25
Recurrent Wage	11.983	18.331	4.078	18.331	18.331	18.331	18.331	18.331
Non Wage	18.027	31.868	3.985	31.868	38.242	45.890	55.068	66.081
Devt. GoU	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	30.010	50.199	8.063	50.199	56.573	64.221	73.399	84.412
Total GoU+Ext Fin (MTEF)	30.010	50.199	8.063	50.199	56.573	64.221	73.399	84.412
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	30.010	50.199	8.063	50.199	56.573	64.221	73.399	84.412

(ii) Vote Strategic Objective

To monitor and regulate exploration, development and production of petroleum in Uganda

V2: Past Vote Performance and Medium Term Plans

Performance for Previous Year FY 2018/19

Institutional & Capacity Development. The following milestones were registered;

- Recruited 66 staff bringing the staff number to 126. This increased the staff count from 28% to 45%.
- Procured 16 motor vehicles for monitoring activities of the licensed oil companies bringing the total number of vehicles at the PAU to 26.
- Twenty one (21) manuals and guidelines were developed and approved by the Board in furtherance of good governance of the Authority and efficient & effective monitoring of Petroleum operations and activities.
- Provided specialized capacity building for 7 Board members and 27 staff in various programs like Governance, petroleum revenue management, petroleum agreements, financial modelling, Petroleum metering and Risk Management, among others
- Approved and facilitated 4 long term trainings and 2 short term ones for Government MDAs using funds from training of government personnel budget by licensed oil companies

Petroleum Resource Management. The major milestones achieved were;

- Reviewed, validated and updated the models and petroleum Resources. These were re-evaluated and the resource volumes improved by 60million barrels.
- Reviewed and updated the development plans and production strategies for Tilenga Project to include 2 additional wellpads and 21 additional wells that will produce the new reservoir areas (Ngiri terrace and Gunya deep) that were added into the development.
- Prepared the Annual Report and the Annual Resource report for 2017/2018 Financial Year

Cost Management . The major milestones achieved were;

- Reviewed and approved the annual 2018 Work Plan and Budget for Tullow, CNOOC and Total as required by the law.
- Critical analysis of the budget assumptions prior to expenditure resulted in a budget optimisation of USD 66,161,000.
- A saving of USD 705,314 was realized on various contracts due to the enforcement of compliance to the procurement regulations and the open bidding process

Management of petroleum data . The following milestones achieved were;

- Procured the consultant for the ICT Data Centre and started its implementation.
- Renovated and carried out maintenance of the core store that is hosting geosamples (cores, cuttings, oil samples).
- Undertook data management processes of receiving, Quality Control, storage, retrieval/sharing and generated relevant reports.
- Designed new databases and updated the Crane reference database and related PAU fact site
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- g) Produced and updated license area maps and updated the GIS database
 h) Supported and maintained the PAU ICT systems (National Supplier Database, National Oil and Gas Talent Register, email, Geoscience Applications)

Health Safety, Security and Environment. The following milestones were achieved;

- a) Environmental, health and safety management plans for field petroleum activities were put in place and monitored to ensure minimum impacts to the environment and a safe working environment for all personnel. The activities were undertaken and completed without any significant health, safety or environmental incidents.
 b) Environment and Social Impact Assessments for the Tilenga, Kingfisher and EACOP projects were finalized. Public hearings for the Tilenga and Kingfisher Projects were held in Buliisa, Nwoya, Kikuube and Hoima districts with a total of over 17,000 stakeholders. A Certificate of Approval of the Environment and Social Impact Assessment of the Tilenga Project was granted in April, 2019.
 c) The PAU worked with the National Environment Management Authority to update Environment legislation to incorporate aspects of oil and gas.
 d) The Petroleum Waste Management Regulations, 2019 were put in place in February 2019. The National Environment Act, 2019 became effective in July 2019

Stakeholder Engagement and Partnerships. The following milestones were achieved;

- a) Joined the Energy Regulatory Association of East Africa and entered a partnership Uganda Peoples Defence Forces and Uganda Revenue Authority
 b) Established a strategic partnership with Vision Group that saw the publication of the weekly Oil and Gas Journal in the New Vision every Tuesday, starting January, 2018; 52 journals published in 2018/2019
 c) The PAU's website (www.pau.go.ug) together with the Facebook and Twitter accounts were continuously updated; followers on Facebook increased from 3,000 in June 2018 to 4,800 in June 2019, while the PAU's Twitter followers rose from 800 in 2018 to 2,550 by September 2019. The average monthly users for the website increased from 3,331 in 2018 to 6,563 in 2019.
 d) Organised a workshop to update leaders from districts from operation areas, along the EACOP and refined products pipeline routes in Mubende district and over fifty (50) District Chairpersons, Chief Administrative Officers, RDCs and Community Development Officers participated in this workshop
 e) In partnership with the National Youth Council, the PAU organised a workshop and field visit for over forty (40) youth leaders from eleven (11) districts in the Albertine Graben and along the EACOP route.
 f) Established a partnership with the Albertine Graben Oil and Gas Districts Association (AGODA) in April 2019, to bolster information sharing efforts in the communities.
 g) In February 2019, the PAU in collaboration with MEMD and UNOC organised a workshop to update Members of Parliament (MPs) on the progress of oil and gas activities

National Content. Monitored Local Content in the sector. During 2018, the licensed oil companies made 695 procurements at a total value of US\$41,095,194 from 474 entities. Of these,

- a) 460 procurements worth US\$13,015,743 (32%) were awarded to 313 Ugandan-owned entities.
 b) 196 procurements worth US\$12,803,949 (31%) were awarded to 125 Ugandan Companies with foreign ownership
 c) 39 procurements worth US\$15,275,502 (37%) went to 36 international companies (Mostly FEED contracts executed outside Uganda).

Monitoring of oil companies field and overseas activities. The items below were achieved;

- a) Reviewed progress reports submitted by the operators to monitor the progress of the activities.
 b) Monitored the reprocessing of 300 line Kilometres of 2D seismic data, and 250 km² of 3D seismic data; and acquisition of 326 line Kilometres of new 2D seismic data in the Ngassa Shallow and Deep Play Contract Areas by Oranto Petroleum Limited (OPL).
 c) Monitored reprocessing of 450 line Kilometres of 2D seismic data, and commencement of acquisition of 128 line Kilometres in the Kanywataba Exploration Area by Armour Energy Limited (AEL).
 d) Undertook Management Supervisory Visits overseas to the Front-End Engineering and Design (FEED) project activities in London, France, Beijing and in the field in order and obtained a deeper understanding of the work and identified potential challenges
 e) Attached staff to monitor the FEED studies for the Tilenga and Kingfisher Projects in France and China respectively.
 f) Monitored various studies by Tullow Uganda Operations Pty Limited and Total E&P including the Sub-surface studies, Geotechnical & Geophysical, and Drilling & Wells Studies, and the FEED.
 g) Undertook the 24/7 field monitoring and supervisory visits to a number of field activities and identified issues of non-compliance and communicated these to the operators.

Land Acquisition . The major milestone reached was:

- a) The Authority facilitated the land acquisition process for the upstream and midstream projects by monitoring and supervising Resettlement Action Plans (RAPs) in order to ensure fairness and transparency as well as compliance to the legal framework. A total of 280 out of 313 hectares required for the Tilenga project has been acquired. For the Kingfisher project, 500 out of 652 hectares has been acquired.

Performance as of BFP FY 2019/20 (Performance as of BFP)

Institutional performance & Capacity Development. The following milestones were registered in Quarter 1

- a) Recruited 43 staff bringing the staff number to 169, which is 60% of the approved staff structure.
 b) Three (3) Manuals and policies were developed in the first quarter of 2019/2020 in furtherance of the good corporate governance.

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- c) Three (3) staff members commenced long term training in oil and gas related fields in the UK
- d) Six (6) long term training commenced for Government MDAs using funds from training of government personnel budget by licensed oil companies
- e) Submitted the 2018/19 accounts as required by the Public Finance Management Act

Petroleum Resource Management. The major milestones achieved were;

- a) Continued with the technical validation of reservoir models using Petrel INTERSECT Reservoir Simulator software.
- b) Commenced and recommended the auditing of upstream resources and reserves by an independent resource auditor to ensure that the companies submit validated resource volumes.

Cost Management .

- a) The PAU reviewed five (5) Bid Evaluation Reports (BERs) and Recommendations to Award (RTAs) in relation to CA 1 and KFDA to ensure value for money and compliance with the law and the approved budgets.

Management of petroleum data . The following milestones achieved were;

- a) Progressed the implementation of the phase I Data Centre project to 64% completion.
- b) Developed the Data Management Policy and Standard Operating Procedures
- c) Developed the ICT policies and procedures
- d) Undertook data management processes of receiving, Quality Control, storage, retrieval/sharing and generated relevant reports.
- e) Designed new databases and updated the Crane reference database and related PAU fact site.
- f) Produced and updated license area maps and updated the GIS database
- g) Supported and maintained the PAU ICT systems (National Supplier Database, National Oil and Gas Talent Register, email, Geoscience Applications)

Health Safety, Security and Environment. The following milestones were achieved;

- a) The PAU reviewed Environmental Social Impact Assessment reports for feeder pipeline, for the East Africa Crude Oil Pipeline and the Project Brief (PB) for the proposed buffer truck yard construction, jetty and shoreline protection upgrade and airstrip maintenance in Kyangwali Sub County, Kikuube District
- b) The PAU firmed up arrangements for the holding of the EACOP Public Hearings in Kakumiro, Mubende and Rakai districts during October, 2019.

National Content.

- a) One hundred and fifteen (115) talents registered on the NOGTR in July 2019 indicating a 49.96% increase in the talent registered as compared to eighty-one (81) in the month of June 2019. Only two (2) companies; E360 Group Limited and Keltron Development Services Limited registered. A total of 1,596 talents have so far registered since the launch of the NOGTR on 1st February, 2019. To date, the total number of employers/companies registered is 106.
- b) The PAU organised a National Content Conference targeting the Engineering and Construction Sector on 19th July 2019, to discuss the related opportunities and experience working in the sector. Over 340 participants from the construction and engineering companies on the NSD attended, members of the various umbrella associations of Uganda National Association of Building & Civil Engineering Contractors, the Uganda Institution of Professional Engineers, Uganda Association of Consulting Engineers, and Uganda Society of Architects

Monitoring of oil companies field and overseas activities. The items below were achieved;

- a) Reviewed and approved the annual 2019 Work Programs and Budget for Tullow, CNOOC and Total
- b) Reviewed the progress reports (daily, monthly, quarterly and annual) submitted by the licensees and raised outstanding issues.

Land Acquisition .

- a) The PAU participated in the engagements for the disclosure entitlement for crops and developments on land for the KFDA Resettlement Action Plan (RAP) 3.
 - b) The PAU monitored Tilenga RAP activities in Buliisa and Hoima districts majorly on disclosure of entitlement matrix by Atacama Consulting and TEPU for RAPs 2,3a,3b,4 &5 and livelihood restoration programmes for RAP1.
 - c) TEPU facilitated engagement meetings with land users who encroached on the Central Processing Facility land
 - d) CIDI a company contracted to carry out livelihood restoration under RAP1 held a training of farmers groups/SLAS on sustainable land use management and utilization.
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FY 2020/21 Planned Outputs

Continue Institutional Capacity Development

- Recruit 70 staff and train 280 staff
- Maintain office assets , provide office utilities and manage ongoing service contracts

Compliance management; Regulate and monitor Upstream and Midstream Petroleum activities.

- Policies, laws and regulations reviewed and recommend for amendments
- Projects' Evaluations (technical, economic etc) of projects under negotiation undertaken
- Licensee work programmes and budgets reviewed and approved through Technical Committee , Human Resource Committee , Finance Committee and Advisory Committee Meetings meetings
- All EACOP standards and design reviewed and approved
- Cost recovery audits by OAG supported
- Nationalization plans, national content programs, training and technology transfer for IOC reviewed and approved.

Ensure efficient Resource Management and Revenue Enhancement

- Provide all required Advise to the Minister on licensing on time
- All Submitted Annual Resource Reports reviewed
- Technical assessments of areas considered for licensing carried out
- Economic modelling of areas of areas considered for licensing carried out
- All Applications (Field Development Plans and Petroleum Reservoir reports reviewed
- All Technical studies, Value Engineering , Front End Engineering Design (FEED) and Engineering Procurement and Construction (EPC) undertaken in accordance with the regulatory framework

Create a sustainable, safe and conducive oil and Gas Environment

- Trainings on environment management in the oil and gas sector facilitated
- All RAP reports reviewed and approved
- A stakeholder management plan developed and implemented
- A service delivery standards and client charter developed and approved

Medium Term Plans

In the medium term, the PAU will focus on improving her capability (manpower, processes, guidelines and systems, modern IT infrastructure) and building a strong regulatory regime. The investment priorities for 2020/2021 are linked to the Strategic Plan 20/21 -204/25 of the PAU, the Energy and Mineral Development Sector Development Plan and the draft National Development Plan three (NDPIII).

Efficiency of Vote Budget Allocations

The PAU lacks adequate funding to do the following

- a) Set up of the National Petroleum Data Repository (NPDR) , Real Time Operations Center (RTOC) and Oil & Gas Lab projects
- b) Acquiring additional critical software required for regulation of licensed oil companies
- c) Acquiring a retooling budget to secure additional computer hardware, furniture and motor vehicles
- d) Adequate funding to fill the approved structure of 281 staff to full support the PAU planned operations

Vote Investment Plans

N/A (The PAU has not been allocated a Development budget in the MTEF indication for FY 2020/21)

The PAU is however proposing the following capital and development project budgets to be included in the Public Investments Plan (PIP) under the Integrated Bank of Projects Systems (IBP)

- a) PAU Retooling and Real Time Operations Center (RTOC) project UGX 66.1 Bn
- b) Developing an Integrated National Data Repository UGX 133.25 Bn

Major Expenditure Allocations in the Vote for FY 2020/21

Wage Bill and other Employees' Costs

Staff capacity building in technical areas of Oil and Gas management

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

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Table V3.1: Programme Outcome and Outcome Indicators

Programme :	07 Petroleum Regulation and Monitoring				
Programme Objective :	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.				
Responsible Officer:	Executive Director, Ernest N. T Rubondo				
Programme Outcome:	Efficient and Sustainable Petroleum Resource Management				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Transparency in the oil and gas sector					
Programme Performance Indicators (Output)	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
Programme :	49 Policy, Planning and Support Services				
Programme Objective :	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.				
Responsible Officer:	Executive Director, Ernest N. T Rubondo				
Programme Outcome:	Efficient and Effective Service Delivery				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Transparency in the oil and gas sector					
Programme Performance Indicators (Output)	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Level of Institutional efficiency	High efficiency	High Efficiency	High efficiency	High efficiency	High efficiency

Table V3.2: Past Expenditure Outturns and Medium Term Projections by Programme

<i>Billion Uganda shillings</i>	2018/19	2019/20		2020/21	MTEF Budget Projections			
	Outturn	Approved Budget	Spent By End Q1	Proposed Budget	2021/22	2022/23	2023/24	2024/25
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
Total for the Vote	30.010	50.199	8.063	50.199	56.573	64.221	73.399	84.412

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS
Table V4.1: Past Expenditure Outturns and Medium Term Projections by SubProgramme

<i>Billion Uganda shillings</i>	2018/19	2019/20	2020/21	Medium Term Projections
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	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2021/22	2022/23	2023/24	2024/25
Programme: 07 Petroleum Regulation and Monitoring								
03 Petroleum Exploration	0.683	3.267	0.558	2.908	30.315	34.404	39.312	45.200
04 Development and Production	0.947	5.803	0.907	4.940	0.000	0.000	0.000	0.000
05 Refinery, Conversion, Transmission and Storage	0.818	3.218	0.496	2.973	0.000	0.000	0.000	0.000
06 Environmental and Data Management	1.047	9.300	1.122	3.735	0.000	0.000	0.000	0.000
07 Technical Support Services	1.696	5.320	1.045	5.286	0.000	0.000	0.000	0.000
08 ICT and Data Management	0.000	0.000	0.000	5.201	0.000	0.000	0.000	0.000
Total For the Programme : 07	5.191	26.907	4.128	25.042	30.315	34.404	39.312	45.200
Programme: 49 Policy, Planning and Support Services								
01 Finance and Administration	23.471	17.665	3.071	14.449	19.794	22.353	34.087	39.212
02 Legal and Corporate Affairs	1.349	5.627	0.865	5.734	6.463	7.463	0.000	0.000
09 Executive Director's Office	0.000	0.000	0.000	4.975	0.000	0.000	0.000	0.000
Total For the Programme : 49	24.819	23.292	3.935	25.157	26.258	29.817	34.087	39.212
Total for the Vote :312	30.010	50.199	8.063	50.199	56.573	64.221	73.399	84.412

N / A

Table V4.3: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

N / A

V5: VOTE CHALLENGES FOR 2020/21 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2020/21

The PAU lacks adequate funding to do the following

- Set up of the NPDR, RTOC and Oil & Gas Lab projects
- Acquiring additional critical software required for regulation of licensed oil companies
- Acquiring a retooling budget to secure additional computer hardware, furniture and motor vehicles
- Adequate funding to fill the approved structure of 281 staff to full support the PAU planned operations

Table V5.1: Additional Funding Requests

Additional requirements for funding and outputs in 2020/21	Justification of requirement for additional outputs and funding
Vote : 312 Petroleum Authority of Uganda (PAU)	
Programme : 07 Petroleum Regulation and Monitoring	
OutPut : 01 Petroleum Monitoring and Evaluation	
Funding requirement US\$ Bn : 0.500	Oil & Gas laboratory a) Carry out a feasibility study for development of a modern laboratory for oil and gas analysis
OutPut : 04 Oil and Gas Safety	

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Funding requirement US\$ Bn : 1.511	<p>Environment Health and Safety</p> <p>a) Review environment and social assessment reports; Hold Public Hearings, Review of technical submissions from IOCs, environment and social inspections and audits etc...</p> <p>b). Consultancy for the development of the Integrated environment management system for the oil and gas sector</p> <p>c) Undertake biodiversity monitoring survey within the Albertine Graben</p>
OutPut : 05 Promotion and Enforcement of Local Content	
Funding requirement US\$ Bn : 1.980	<p>a) Supporting cost recovery audits, finalizing the cost recovery protocol and Updating the cost recovery database.</p> <p>b) Facilitate capacity building programs and awareness on environment management in the oil and gas sector</p> <p>c) Support the implementation of Industry Enhancement Centres (IECs) and joint ventures</p> <p>d) Support the establishment of the national content fund and Develop a local content strategy in project areas</p> <p>e) Promote in country knowledge/ technology transfer</p>
OutPut : 06 ICT and Data Management	
Funding requirement US\$ Bn : 29.378	<p>IT Needs</p> <p>a) Assorted items, software and licenses and hardware Implementation of National Petroleum Data Repository (NPDR)</p> <p>a) Procurement and installation of a Seismic Tape transcription system</p> <p>b) Procure offsite Data Backup and Disaster Recovery site for the PAU data centre</p> <p>c) Procure an integrated Master Database Management System (MDBMS)</p> <p>d) Procure a GIS interface for online data access and submission</p>
Programme : 49 Policy, Planning and Support Services	
OutPut : 12 Policy and Board Affairs	
Funding requirement US\$ Bn : 7.865	<p>Legal Regime Analysis:</p> <p>a) Review and identify the PAU's rights, opportunities and obligations in the existing laws Legal risk matrix of all matters that have a legal bearing on PAU's mandate</p>
OutPut : 19 Human Resource Management Services	
Funding requirement US\$ Bn : 23.658	<p>As Uganda transition from exploration to Development and Production phase of Oil and Gas value chain, the Authority is currently at 49 % staffing level 140 staff out of established staff structure of 281 staff. This has affected the operations of the Authority in fulfilling its mandate of Monitoring and regulating the petroleum sector in Uganda.</p>