
Vote:312 Petroleum Authority of Uganda (PAU)

V1: Vote Overview

I. Vote Mission Statement

To monitor and regulate the petroleum sector in order to create lasting value for society and contribute to Uganda being a sound investment destination

II. Strategic Objective

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

III. Major Achievements in 2020/21

To increase the petroleum resources, the Authority monitored and regulated the exploration activities in Kanywataba and Ngassa shallow & deep play Contract Areas. The work program for the Kanywataba Contract Area operated by Armor Energy Limited was approved. Also conducted a review of the 2021 work program and budgets. The Authority continued to interpret Fault and Horizontal 3-D seismic data for Kingfisher, 2D seismic on lake Albert and Kanywataba 2-D dataset. The Authority participated in the bid evaluation for the second (2nd) licensing round and 4 out of 6 companies were selected. The Authority prepared and submitted the 2020 Annual Petroleum Resources Report.

To develop and implement effective internal structures, systems, and procedures, the Authority continued to set-up the data centre which progressed to 95% completion, PAU intranet was integrated with Personal, Records, and Events Management System (PREMS) and operationalized. The NSD and crane database were also updated. The Authority continued to maintain the petroleum data management system.

To promote good governance, 3 Board meetings were held, 10 Executive Committees, and 2 management meetings were held. One internal Audit was concluded as well. The risk register was also updated to consider the issues posed by the COVID-19 pandemic. The staffing level of PAU was maintained at 163 (57%) staff out of 283 in the approved staff establishments. The first and second quarter performance reports for FY 2020/2021 and the Budget Framework Paper FY 2021/2022 were prepared and submitted on time.

To optimize the national participation in the oil and gas industry in Uganda, the Authority, developed the National Content Strategy which addresses the issues of Community Content and enterprise. A technical working group comprised of PAU and MoST staff was formed to lead the development of the technology transfer strategy. Besides, the Authority engaged 10 MDAs supplying or with the potential of supplying the oil and gas industry to register on NSD. During the quarter, 237 applications were received on the National Oil and Gas Talent Register (NOGTR) bringing the number of applicants to 3,284, and 2 jobs were posted.

Regarding cost monitoring, the Authority reviewed and approved additional budgets for Total (E&P) Uganda (TEPU) and Tullow Uganda Operations Pty (TUOP), (TEPU USD 22.3M and TUOP \$308,000 for field operations and \$533,577 for operatorship transfer to TEPU. \$68,000 and \$147,312 were recommended for approval respectively). The Authority reviewed a request by CNOOC Uganda Ltd (CUL) to approve an additional budget of US\$60,000k to build stone wall barriers to protect the Bugoma drilling camp from the rising water levels of Lake Albert. 9 statements of recoverable expenditure were received from the Office of the Auditor-General.

On stakeholder engagement, the authority supported three (3) online quarterly supplier development workshops organized by TOTAL and CNOOC and participated in 6 radio talk shows in Hoima, Buliisa, Pakwach, Gulu, Rakai, and Kyotera Districts on national participation and registering on National Supplier Database (NSD) and NOGTR.

In regard commercialization of Uganda's petroleum resources, the Authority participated in the negotiation of the tariff and transportation Agreement and the Shareholders Agreement and developed the EACOP tariff methodology for Albertine Graben shippers' tariff and third parties for the EACOP. Provided advice to the Minister of Energy and Mineral Development on the AGRC/AFC Financing arrangement for the refinery project.

Regarding the enhanced petroleum legal framework, the Authority participated in drafting the EACOP Bill 2020, in negotiations for the amendment of the Production Sharing Agreement (PSA) with licensees and drafting of the National Environment (Air Quality) Regulations and Standards. The Authority reviewed the draft tariff guidelines for the EACOP to align the legal, technical and commercial aspects of the pipeline tariff during the period of a fixed tariff, after the fixed tariff methodologies and third-party tariff. The PAU staff also participated as observers in the negotiations of the Tanzania Host Government Agreement (HGA) for the EACOP project.

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The Tilenga RAPs 2-5 implementation reports were reviewed and approved. All thirty-six (36) graves affected by the Tilenga RAP 1 (Central Processing Facility (CPF) and Industrial areas) were successfully relocated. Twenty-nine (29) out of thirty (30) PAPs who qualified for resettlement houses were relocated. Livelihood restoration activities for KFDA and Tilenga RAP 1, which include fish farming, apiary, livestock, and crop farming were ongoing.

For efficient and effective Field Development Planning, the Authority continued to evaluate and review the drilling and wells proposals and designs to achieve fit-for-purpose wells and good drilling practices and conducting internal research on proposed well completion designs for the Tilenga development project. The Authority reviewed Petroleum Reservoir Reports (PRR) and Reservoir Management Plans for KFDP and Tilenga Development Area submitted by CNOOC Uganda Limited (CUL) and Total E&P Uganda B.V respectively.

Monitored the baseline data collection for the ESIA for the proposed petroleum midstream developments (Refinery, Water intake, Products pipeline, and Mpigi Remote Refinery Terminal); Undertook compliance monitoring inspection covering the Kanywataba Contract Area, KFDA, and Tilenga Field Development areas; Remote monitoring of the movements and ranging patterns of collared Elephants in Murchison Falls National Park (MFNP). Baseline assessment reports of ranging behaviors and stress levels of selected mammal species in MFNP reviewed; prepared and submitted a quarterly report (July to September 2020) to NEMA. Two (2) HSS audits were carried out on CNOOC and TEPU annual well integrity testing campaigns. An engagement was held with the Ntoroko District Security Committee to ensure routine supervision and safe storage of explosives at KCA and Monitored the implementation of the 2020 road safety awareness campaign for CNOOC.

IV. Medium Term Plans

In the medium -term, the Authority will prioritize to;

- (i) Build a strong regulatory regime and improving capabilities (manpower, processes, guidelines and systems, modern IT infrastructure) for effective regulation of the petroleum industry in Uganda.
- (ii) Implement the National Petroleum Data Repository Infrastructure (NPDR) project.
- (iii) Construct and equip the PAU regional Offices and staff quarters in the Albertine Graben and along the EACOP route.
- (iv) Implement the Retooling of PAU project
- (v) Monitor and regulate petroleum exploration programmes in the country;
- (vi) Monitor and regulate Petroleum Field Development including Tilenga and Kingfisher Field Development Projects;
- (vii) Monitor and regulate the Oil Refinery Project and the associated facilities
- (viii) Monitor and regulate the East African Crude Oil Pipeline (EACOP) Project.
- (ix) Promote co-existence between petroleum activities/ operations and the environment.
- (x) Monitor and regulate the national participation on the petroleum industry.

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V. Snapshot Of Medium Term Budget Allocations

Table 5.1: Overview of Vote Expenditures (US\$ Billion)

	2019/20 Outturn	2020/21		2021/22	MTEF Budget Projections			
		Approved Budget	Expenditure by End Dec		2022/23	2023/24	2024/25	2025/26
Recurrent								
Wage	18.157	23.829	10.277	23.829	25.021	25.021	25.021	25.021
Non Wage	23.002	26.969	8.799	18.264	18.264	18.264	18.264	18.264
Devt.								
GoU	1.528	10.927	3.676	10.927	10.927	10.927	10.927	10.927
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212
Total GoU+Ext Fin (MTEF)	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212
Arrears	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Budget	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212
A.I.A Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Grand Total	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212
Total Vote Budget Excluding Arrears	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212

Table 5.2: Budget Allocation by Programme (US\$ Billion)

<i>Billion Uganda Shillings</i>	2021/22 Draft Estimates		
	GoU	Ext. Fin	Total
Sustainable Development of Petroleum Resources	53.021	0.000	53.021
Grand Total :	53.021	0.000	53.021
Total excluding Arrears	53.021	0.000	53.021

VI. Budget By Economic Classification

Table V6.1 2020/21 and 2021/22 Budget Allocations by Item

<i>Billion Uganda Shillings</i>	2020/21 Approved Budget				2021/22 Draft Estimates		
	GoU	Ext. Fin	AIA	Total	GoU	Ext. Fin	Total
Output Class : Outputs Provided	50.799	0.000	0.000	50.799	42.094	0.000	42.094
211 Wages and Salaries	23.879	0.000	0.000	23.879	23.854	0.000	23.854
212 Social Contributions	2.758	0.000	0.000	2.758	2.758	0.000	2.758
213 Other Employee Costs	5.413	0.000	0.000	5.413	5.413	0.000	5.413
221 General Expenses	8.524	0.000	0.000	8.524	4.554	0.000	4.554
222 Communications	0.536	0.000	0.000	0.536	0.257	0.000	0.257
223 Utility and Property Expenses	0.879	0.000	0.000	0.879	1.030	0.000	1.030
224 Supplies and Services	0.570	0.000	0.000	0.570	0.542	0.000	0.542

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225 Professional Services	0.900	0.000	0.000	0.900	0.270	0.000	0.270
226 Insurances and Licenses	0.764	0.000	0.000	0.764	0.674	0.000	0.674
227 Travel and Transport	5.427	0.000	0.000	5.427	1.622	0.000	1.622
228 Maintenance	0.887	0.000	0.000	0.887	0.850	0.000	0.850
281 Property expenses other than interest	0.000	0.000	0.000	0.000	0.170	0.000	0.170
282 Miscellaneous Other Expenses	0.262	0.000	0.000	0.262	0.100	0.000	0.100
Output Class : Capital Purchases	10.927	0.000	0.000	10.927	10.927	0.000	10.927
281 Property expenses other than interest	1.777	0.000	0.000	1.777	1.777	0.000	1.777
312 FIXED ASSETS	9.150	0.000	0.000	9.150	9.150	0.000	9.150
Grand Total :	61.726	0.000	0.000	61.726	53.021	0.000	53.021
Total excluding Arrears	61.726	0.000	0.000	61.726	53.021	0.000	53.021

VII. Budget By Sub-Subprogramme , Department And Project

Table V7.1: Past Expenditure Outturns and Medium Term Projections by Sub-SubProgramme,Department and Project

<i>Billion Uganda shillings</i>	FY 2019/20 Outturn	FY 2020/21		2021-22 Proposed Budget	Medium Term Projections			
		Approved Budget	Spent By End Dec		2022-23	2023-24	2024-25	2025-26
07 Petroleum Regulation and Monitoring	22.018	31.187	10.844	26.297	27.814	27.814	27.814	27.814
03 Petroleum Exploration	2.715	3.622	1.142	3.229	3.577	3.577	3.577	3.577
04 Development and Production	4.680	5.839	2.143	4.912	5.293	5.293	5.293	5.293
05 Refinery, Conversion, Transmission and Storage	2.548	3.501	1.217	2.689	3.030	3.030	3.030	3.030
06 Environmental and Data Management	7.508	3.803	1.497	3.553	3.213	3.213	3.213	3.213
07 Technical Support Services	4.566	7.570	3.039	5.456	6.032	6.032	6.032	6.032
08 ICT and Data Management	0.000	4.076	1.805	3.682	3.891	3.891	3.891	3.891
1612 National Petroleum Data Repository Infrastructure	0.000	2.777	0.000	2.777	2.777	2.777	2.777	2.777
49 Policy, Planning and Support Services	20.669	30.538	11.908	26.723	26.398	26.398	26.398	26.398
01 Finance and Administration	14.839	11.276	4.477	10.013	9.278	9.278	9.278	9.278
02 Legal and Corporate Affairs	4.302	5.485	1.987	3.947	4.148	4.148	4.148	4.148
09 Executive Director's Office	0.000	5.628	1.768	4.613	4.822	4.822	4.822	4.822
1561 Petroleum Authority of Uganda Project	1.528	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1596 Retooling of Petroleum Authority of Uganda	0.000	8.150	3.676	8.150	8.150	8.150	8.150	8.150
Total for the Vote	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212
Total Excluding Arrears	42.687	61.726	22.752	53.021	54.212	54.212	54.212	54.212

VIII. Sub-SubProgramme Performance and Medium Term Plans

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Table V8.1: Sub-SubProgramme Outcome and Outcome Indicators

Sub-SubProgramme : 07 Petroleum Regulation and Monitoring						
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				
Outcome:		Efficient and Sustainable Petroleum Resource Management				
1. Transparency in the oil and gas sector						
Outcome Indicators		Performance Targets				
				2021/22	2022/23	2023/24
		Baseline	Base year	Target	Projection	Projection
• Level of oil and gas operators compliance (upstream and midstream)		80%	2019	82%	85%	87%
Department: 03 Petroleum Exploration						
Budget Output: 01 Petroleum Monitoring and Evaluation						
Proportion of Petroleum basins evaluated				14%	14%	14%
Department: 04 Development and Production						
Budget Output: 02 Oil Recovery						
Percentage of exploration activities monitored				100%	100%	100%
Number of approved field development plans incorporating new technologies				3	3	3
Department: 05 Refinery, Conversion, Transmission and Storage						
Budget Output: 03 Refinery, Pipeline and Storage						
Number of advisory reports submitted				4	4	4
Number of monitoring reports on pre-FID and EPC activities				12	12	12
Department: 07 Technical Support Services						
Budget Output: 05 Promotion and Enforcement of Local Content						
Number of Ugandan Firms and Nationals that have benefitted from the involvement in the Sector				500	500	500
Sub-SubProgramme : 49 Policy, Planning and Support Services						
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				
Outcome:		Efficient and Effective Service Delivery				
1. Transparency in the oil and gas sector						
Outcome Indicators		Performance Targets				
				2021/22	2022/23	2023/24
		Baseline	Base year	Target	Projection	Projection

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• Level of Institutional efficiency	Medium	2019	High efficiency	High efficiency	High efficiency
Department: 01 Finance and Administration					
Budget Output: 15 Financial Management Services					
Financial Statements prepared and are in compliance with statutory obligations and generally accepted practice			100% Compliance	100% Compliance	100% Compliance
Effective Management of PAU financial liability			Strong	Strong	Strong
Budget Output: 17 Estates and Transport					
Percentage of service expectation met			90%	95%	98%
Budget Output: 19 Human Resource Management Services					
Percentage of the recruitment plan met			100%	100%	100%
Number of staff retention initiatives undertaken			5	6	6
Budget Output: 20 Records Management Services					
Percentage of implementation of document control management system			70%	100%	100%
Department: 02 Legal and Corporate Affairs					
Budget Output: 13 Litigation					
Success rate of cases represented by PAU Legal team in court			100%	100%	100%
Budget Output: 14 Stakeholder Management					
Level of effective communication between PAU and Stakeholders			Strong	Strong	Strong
Department: 09 Executive Director's Office					
Budget Output: 11 Planning, Budgeting and Reporting					
Timely preparation of annual workplans and Budget			30th May 2021	30th May 2022	30th May 2023
Budget Output: 12 Policy and Board Affairs					
Number of advice on matter of policy, laws regulations and agreements			4	4	4
Budget Output: 18 Audit and Risk Management					
Percentage implementation of Audit Plans			100%	100%	100%
Number of Audits carried out per functional area			4	4	4

IX. Major Capital Investments And Changes In Resource Allocation

Table 9.1: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

FY 2020/21		FY 2021/22
Appr. Budget and Planned Outputs	Expenditures and Achievements by end Dec	Proposed Budget and Planned Outputs
Vote 312 Petroleum Authority of Uganda (PAU)		
Sub-SubProgramme : 03 07 Petroleum Regulation and Monitoring		
Development Project : 1612 National Petroleum Data Repository Infrastructure		
Budget Output: 03 07 76 Purchase of Office and ICT Equipment, including Software		

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		A functional seismic data tape storage and transcription equipment and software in place	
Total Output Cost(Ushs Thousand)	2,577,000	0	2,577,000
Gou Dev't:	2,577,000	0	2,577,000
Ext Fin:	0	0	0
A.I.A:	0	0	0
Sub-SubProgramme : 03 49 Policy, Planning and Support Services			
Development Project : 1596 Retooling of Petroleum Authority of Uganda			
Budget Output: 03 49 75 Purchase of Motor Vehicles and Other Transport Equipment			
Three (3) Vehicles Procured	- One vehicle (a Toyota Land Cruiser) was procured under Insurance Policy as replacement for accident vehicle	5 Vehicles acquired	
Total Output Cost(Ushs Thousand)	1,200,000	0	1,200,000
Gou Dev't:	1,200,000	0	1,200,000
Ext Fin:	0	0	0
A.I.A:	0	0	0
Budget Output: 03 49 76 Purchase of Office and ICT Equipment, including Software			
Six (6) Software Procured and Installed	- Implementation of the PAU Data Center has progressed to 95%. The following procurements were ongoing: - Electronic Document and Records Management System (EDRMS) - Rental service renewal	Upgrade TSS Systems (NSD & NOGTR) Implement the Enterprise Resource System (ERP)	
Total Output Cost(Ushs Thousand)	6,660,000	3,662,491	6,660,000
Gou Dev't:	6,660,000	3,662,491	6,660,000
Ext Fin:	0	0	0
A.I.A:	0	0	0

X. Vote Challenges and Plans To Improve Performance

Vote Challenges

The implementation of SOPs in the fight against the outbreak of the COVID-19 pandemic. Working in shifts, at home, ensuring social distancing and travel limitations (shutdown) affected the implementation of some activities. The pandemic led to the force majeure for some exploration activities in Kanywataba and Ngassa areas by Armor Energy Limited and Oranto petroleum limited respectively.

The Authority is understaffed, the staffing level is at only 57%. The process of recruiting an additional 28 staff was ongoing by the end of the second quarter.

The current budget was prepared with the assumption that the FID would be taken by December 2020, which was not the case. Most of the activities dependent on the FID were not implemented during the period.

Lack of relevant software for drilling and completions as well as for facilities (Process Engineering) affected a thorough review of the proposed wells and facilities designs. The Authority retooling project was not adequately funded during the quarter. While the National Petroleum Data Repository Infrastructure (NPDRI) project never got any funding since the financial year began. Lack of monitoring equipment, tools, and software to effectively execute the mandate of the PAU in environmental monitoring and regulation of the oil and gas industry in Uganda.

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There are weaknesses in institutional coordination on environmental and land acquisition aspects of oil and gas activities leading to some agencies not being able or delays in implementing their mandate in respect to oil and gas activities.

Some regulations are still pending finalization for effective operationalization of the National Environment Act, 2019. Such critical regulations for the oil and gas sector include the oil spill regulations, the chemicals regulations, air quality standards and regulations, noise standards, and regulations among others.

There is a lot of misinformation by the Non-Government Organizations and Civil Society Organizations. This is causing anxiety and raising expectations among communities located in the project area.

Plans to improve Vote Performance

According to the Medium-Term Expenditure Framework (MTEF) figures which are attached to the second budget call circular, the PAU funding allocation for the financial year 2021/2022 is UGX 53.02 billion.

The staff salaries and other employees costs account for 61%, staff training 1%, operational costs 10%, petroleum regulation and monitoring 5%, Board Expenses only 3%, while the development budget is only 20% of the budget for the FY 2021/2022. The PAU funds are allocated in accordance with work plans which are linked to the PAU Strategic Plan for the period 2020/2021 to 2024/2025, and the Programme Implementation Action Plan (PIAP) for the NDP III Programme of Sustainable Development of Petroleum Resources.

Work plans which are linked to the PAU strategic plan and the PIAP for Sustainable Development of Petroleum Resources shall eliminate unnecessary allocations and reallocation of resources that are not in line with the agreed-upon outputs, work plans, and procurement plans distorting budget execution.

The PAU is committed to efficiency and effectiveness in Budget allocation to achieve Value for Money.

XI Off Budget Support

Table 11.1 Off-Budget Support by Department and Project

<i>Billion Uganda Shillings</i>	2020/21 Approved Budget	2021/22 Draft Estimates
Sub-SubProgramme 0307 Petroleum Regulation and Monitoring	0.50	0.00
<i>Recurrent Budget Estimates</i>		
06 Environmental and Data Management	0.50	0.00
<i>535-Norway</i>	<i>0.50</i>	<i>0.00</i>
Total for Vote	0.50	0.00

XII. Vote Cross Cutting Policy And Other Budgetary Issues

Table 12.1: Cross- Cutting Policy Issues

Issue Type: **HIV/AIDS**

Objective :	Reduce the effect of the HIV/AIDS disease on the health and wellbeing of the staff of the Authority
Issue of Concern :	Effect of the HIV/AIDS disease on the health and wellbeing of the staff of the Authority.
Planned Interventions :	Procurement of medical insurance cover for all the staff of the Authority to enable them to access education programmes about HIV/AIDS through the medical service providers.
Budget Allocation (Billion) :	1.020
Performance Indicators:	No. of employees on medical insurance cover (Target: 193 Staff)

Issue Type: **Gender**

Objective :	Ensure equity and social inclusion in the oil and gas industry.
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Issue of Concern :	Unequal access to resources, information, and decision-making by women, the youth, persons with disabilities, and older persons in the petroleum industry
Planned Interventions :	The Authority will consider women, the youth, persons with disabilities, and older persons during the implementation of petroleum activities to ensure equity to all Ugandans.
Budget Allocation (Billion) :	0.300
Performance Indicators:	No. of interventions targeting equity and social inclusion (Target: 8 Interventions)

Issue Type: **Environment**

Objective :	Ensure compliance with environmental policies, laws, and regulations to mitigate climate change and environmental degradation.
Issue of Concern :	Poor enforcement of compliance with environmental policies, laws, and regulations which lead to degradation of the environment.
Planned Interventions :	The PAU plans to recruit and equip the PAU Directorate of Environment Health, Safety, and Security with the right personnel, equipment, and logistics required to effectively carry out this role.
Budget Allocation (Billion) :	0.800
Performance Indicators:	No. of Environmental awareness campaigns conducted (Target : 4)

XIII. Personnel Information

Table 13.1 Staff Establishment Analysis

Title	Salary Scale	Number Of Approved Positions	Number Of Filled Positions
Executive Director	PAU1	1	1
Driver	PAU10	45	28
Office Attendant	PAU11	9	9
Director	PAU2	8	8
Manager	PAU3	23	21
Senior Officer	PAU4	46	31
Officer	PAU5	128	82
Executive Assistant	PAU6	1	1
Technician/Assistants	PAU7	8	0
Personal Secretary	PAU9	12	12

Table 13.2 Staff Recruitment Plan

N/A

Table 14.1 NTR Forecast