

Uganda

Population ¹	42,723,139
Area (km ²) ¹	241,550
GDP per capita (USD) ¹	642.78
TPES (Mtoe) ²	N/A
Energy intensity (toe/10 ³ 2010 USD) ²	N/A
CO ₂ emissions - energy (MtCO ₂) ³	N/A

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2020

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
3. ©IEA 2020, CO₂ emissions from fuel combustion, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019

Uganda’s overall risk level against the assessed areas is **moderate**.

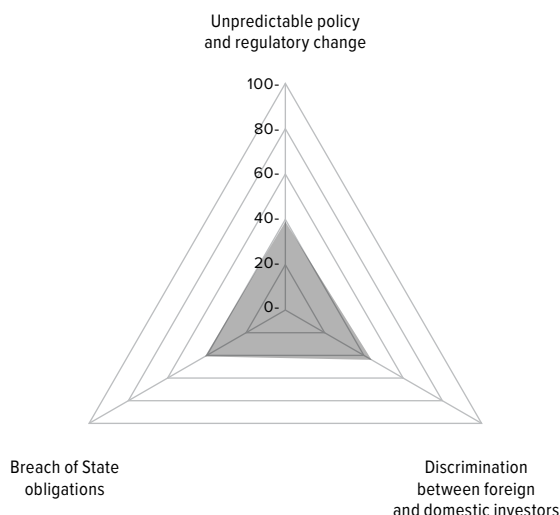
Among the three risks assessed in EIRA, *unpredictable policy and regulatory change* is lower compared to *breach of State obligations* and *discrimination between foreign and domestic investors*.

Uganda’s performance is good on one indicator and it is moderate on three indicators. It has maintained the scores from last year on the *management of decision-making processes* (67) and *rule of law* (59). The score on *foresight of policy and regulatory change* has improved from 52 to 57. On *regulatory environment and investment conditions*, it has again scored 42.

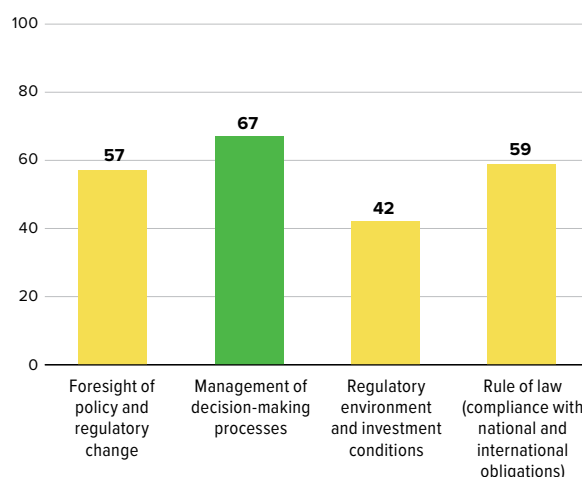
On a more detailed level, Uganda’s overall sub-indicator performance is moderate. *Institutional governance* continues to be the highest-scoring sub-indicator at 75. It is followed by *management and settlement of investor-State disputes* at 60. The country’s score on *robustness of policy goals and commitments* has gone up from 54 to 58. On *transparency and respect for property rights*, it has scored 58, the same as last year. On *communication of vision and policies*, its performance has improved from 50 to 55. The sub-indicator *regulatory effectiveness* stands at 44. Its performance on *restrictions on FDI* continues to be the lowest at 40.

While there are some improvements in Uganda’s performance compared to 2019, further steps must be taken to build on the work done. Particular attention should be given to lowering the restrictions on FDI that are currently in effect.

RISK LEVEL



INDICATOR PERFORMANCE

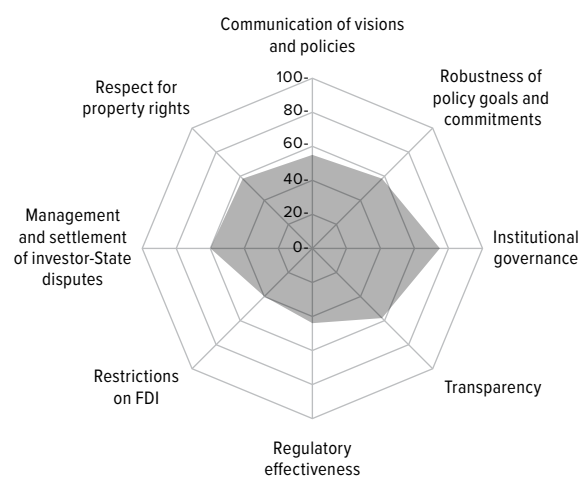


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020
Unpredictable policy and regulatory change	42	41	39
Discrimination between foreign and domestic investors	46	44	44
Breach of State obligations	41	41	41

INDICATORS	2018	2019	2020
Foresight of policy and regulatory change	49	52	57
Management of decision-making processes	67	67	67
Regulatory environment and investment conditions	37	42	42
Rule of law	59	59	59

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In January 2020, the Parliament of Uganda approved the Third National Development Plan (NDPIII) 2020/21–2024/25.

The Revised Draft National Energy Policy of 2019 replaces the 2002 Energy Policy for Uganda.

STRENGTHS

Uganda has transitioned from a supply deficit to a surplus generation capacity because of an increase in private capital investment. The number of private companies providing stand-alone solar services has grown. Electricity access increased from 5% in 2002 to 28% in 2019. Electricity losses also reduced from over 35% in 2002 to 17.4% in 2017. The country is now focusing on the construction and rehabilitation of transmission and distribution lines, stimulating demand, and promoting decentralised generation and consumption to absorb the excess electricity. The NDPIII sets more ambitious and detailed targets than its predecessor. It introduces new measurable targets for reducing biomass in cooking, increasing the transmission capacity, and achieving higher grid reliability.

On 17 September 2019, the Ministry of Energy and Mineral Development (MEMD) commenced its 9th annual Joint Sector Review. The purpose of this review is to analyse the sector's performance in 2018-2019. It also assesses the progress made in 2019-2020 on implementing last year's review. The NDPIII describes the main monitoring and evaluation reforms, the roles and responsibilities of stakeholders, reporting and dissemination mechanisms, and required monitoring and evaluation capacities. It includes a results framework that will guide the data collection, analysis and reporting, and information needed to assess the progress in realising the NDPIII development goals.

AREAS FOR IMPROVEMENT

The transmission and distribution infrastructure needs significant investment to address the problem of electricity over-supply and low demand. Low power reliability among domestic users has also affected consumption patterns and encouraged the use of unappealing alternative energy sources such as firewood, charcoal, and crop residues. Modernising and expanding the transmission and distribution infrastructure will improve reliability and ensure that generated power is evacuated from the grid, and reaches consumers. The Government should also consider restructuring and potentially delaying the construction of new large power stations until it can balance the grid supply and demand at least cost.

It is commendable that the Government has revised the Energy Policy of 2002 to address the emerging challenges in the energy sector. It should now make efforts towards updating the Mineral Policy of 2001 and the Renewable Energy Policy of 2007 which contain outdated targets.

Management of decision-making processes

QUICK FACTS

The MEMD develops and implements the national energy policy.

The Ministry of Finance, Planning and Economic Development frames the country's economic policies.

The Access to Information Act 2005 establishes the procedure for obtaining information from public authorities.

STRENGTHS

Over the last year, the Parliament of Uganda made progress on important legislative bills and policies. The First Parliamentary Counsel received the Minerals and Mining Legislation of 2018 for discussion and debate. The Cabinet of Ministers approved the principles for the revision of the Electricity Act 1999, and the amendment Bill is currently in the drafting stage. The Council of Ministers received for approval the final draft of the Energy Efficiency and Conservation Bill. The draft Nuclear Energy Policy is also undergoing review. A Regulatory Impact Assessment was conducted on the Geothermal Policy of Uganda. The One Stop Centre is now operational. The Uganda Registration Services Bureau, the Uganda Revenue Authority and the National Environment Management Authority have consolidated their respective registration documents into the One Stop Centre.

Demonstrating its commitment to accountability and transparency in the oil and gas sector, Uganda joined the EITI in March 2020. As a member of the EITI, Uganda must now make its oil and gas contracts public. It should also release information on the allocation and ownership of licences, contractual, legal and fiscal terms of these contracts, production and exports numbers, revenue collection, and social and economic spending. On 10 October 2019, the Electricity Regulatory Authority (ERA) held a public hearing on an application of the Uganda Electricity Transmission Company Limited to renew its licenses for bulk power supply, high voltage transmission grid, power export and import, and system operator. ERA also consulted the public, on 6 December 2019, regarding the tariff review applications for the year 2020.

AREAS FOR IMPROVEMENT

By joining the EITI, the Government of Uganda has taken a substantial step towards improving transparency in its oil and gas sector. This initiative is in line with the actions suggested in EIRA 2018 and 2019. It is now a timely moment to implement the EITI commitments and publish the relevant information at the earliest. To keep up the momentum, public engagement in the law-making process should be institutionalised and made a legal requirement. This step will help in fostering greater accountability.

Regulatory environment and investment conditions

QUICK FACTS

ERA regulates the generation, transmission, distribution, sale, export, and import of electrical energy.

The Petroleum Authority of Uganda (PAU) regulates and monitors the petroleum sub-sector.

The Investment Code Act 2019 lays down the conditions for local and foreign investments in the country.

STRENGTHS

ERA launched the “PawaKapoo” Media Campaign in November 2019 to implement the Electricity Connections Policy of 2018. It encourages all qualified but unlicensed electrical technicians to take free certification training. In 2019, ERA published its Compliance and Enforcement Manual. The Manual prescribes requirements and procedures ERA should follow in assessing risks derived from noncompliance and how it must respond to such situations. In the petroleum sector, the PAU has invited companies to bid for five prospective blocks. Uganda, together with its joint venture partners, is working to expedite the development and production stage of commercial discoveries. It has concluded the Front-End Engineering Design study, and the Environment and Social Assessment for the East African Crude Oil Pipe Line project, required to reach first oil.

In 2019, foreign investors accounted for 73.3% of the total investment, translating into 204 projects. The Government has introduced several sector-specific exemptions to support energy investors. The remission of import duty is 0% for inputs used in the production of solar panels. There are also tax exemptions for equipment used in the oil and gas sector. The Government is currently developing a framework for private-sector participation in the electricity transmission segment. This framework will give prospective investors certainty and predictability on the procedure and structure of investment recovery while maintaining the transmission network’s financial soundness. The country is also looking to increase the country’s oil and gas resources, with 90% of the Albertine basin currently unlicensed.

AREAS FOR IMPROVEMENT

While ERA and the PAU enjoy a degree of functional and financial independence, the Government may take measures to enhance this. Currently, ERA’s autonomy is subject to any policy of the Government that declares otherwise. Moreover, salaries of the PAU Board members need to be approved by the Government. Such conditions may compromise the decision-making powers of these authorities.

The Government should expedite the adoption of the Competition Bill pending since 2004. Additionally, it must create the pre-conditions necessary for organising a competition commission as envisaged in the Bill.

Rule of law

QUICK FACTS

Uganda ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1996.

The Constitution of Uganda 1995 grants protection from deprivation of property.

STRENGTHS

Investors may resolve disputes through the national courts or international arbitration. The Electricity Dispute Tribunal can hear appeals against the decisions of ERA. For the first time since its inception, on 16 August 2019, the Government fully constituted the seven-member Electricity Disputes Tribunal to hear and determine electricity-related complaints. The Ministry of Justice is developing the Uganda Electronic Court Case Management Information System (ECMIS) to establish transparent court processes and improve the justice sector’s performance. The ECMIS will automate and track all the stages of a case from initial filing to disposition and appeal. The system will provide online services for case filing and payments, automated reminders and free online access to summonses and judgements, as well as expedite the disposition of cases and diminish case backlogs.

The Investment Code Act of 2019 protects foreign investors against expropriation. In 2019, the Government introduced the Land Acquisition Bill that will repeal the Land Acquisition Act of 1965. Although the proposed Bill allows the Government to compulsorily acquire land for infrastructure and investment projects, at the same time it also establishes a tribunal that will allow parties dissatisfied with the compensation to raise disputes. The Investment Code Act prohibits conditions within agreements that restrict technology transfer or the use of competitive techniques.

AREAS FOR IMPROVEMENT

Since the Land Acquisition Bill 2019 is currently under debate in the Parliament, it is an opportune moment for the Government to clarify key provisions on the expropriation of property. The Bill should be updated to include the list of activities for which compulsory acquisition can take place. Moreover, it should outline the procedure for ascertaining whether an acquisition is for a public purpose or not, and who will be the key decision-makers in this process. Legal provisions along these lines will give investors clarity and security about the legal regime on the acquisition of immovable property.

An investment ombudsman may be established to mediate conflicts arising between public authorities and investors on licensing procedures. The Government may seek guidance from the Energy Charter Model Instrument on Management of Investment Disputes that aims to assist States in handling investment disputes as per their needs and circumstances.

IMPLEMENTATION STATUS



Uganda

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2020
Indicator 1		
2018	Update the 2002 Energy Policy for Uganda.	Work ongoing. The final draft of the new National Energy Policy has been prepared. It is expected that the new policy will be approved by December 2020.
	Update the Mineral Policy of 2001.	Work ongoing. The draft Mining and Mineral Policy is ready. The Minerals and Mining Legislation 2018 is pending before the First Parliamentary Counsel.
	Update the Renewable Energy Policy of 2007.	Work ongoing. The final draft of the new Renewable Energy Policy has been prepared. It is expected that the new policy will be approved by December 2020.
	Design energy delivery systems that are compatible with the local conditions.	Work ongoing and partially implemented. The Electricity Connections Policy 2018-2027 provides simple approaches that can enable faster connection to electricity.
2019	Implement the Electricity Connections Policy 2018-2027.	Work ongoing. The Electricity Regulatory Authority (ERA) launched the "PawaKapoo" Media Campaign in November 2019 to implement the Electricity Connections Policy 2018-2027.
2020	Increase investment in the transmission and distribution infrastructure to balance grid supply and demand at least cost.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 2		
2018	Consider publishing Uganda's extractive industry contracts in line with international best practices.	Work ongoing. Uganda joined the EITI in March 2020.
2020	Make it legally mandatory for public authorities to consult the public on draft laws and regulatory decisions.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 3		
2018	Limit the Government's role in ERA's decision-making process.	Pending
	Remove the requirement of Government approval on the salaries of the Petroleum Authority of Uganda's board members.	Pending
	Adopt the Competition Bill pending since 2004.	Pending
	Set the same eligibility requirements for registering and issuing investment licenses to domestic and foreign companies. Streamline the land tenure system to ensure the realisation of planned projects.	Work ongoing and partially implemented. The Investment Code of 2019 imposes the minimum investment capital requirement on both foreign and domestic investors to qualify for the registration and issuance of an investment license.
Indicator 4		
2018	Consider establishing a foreign investment ombudsman authority to settle conflicts arising in the course of projects.	Pending
	Identify (1) the procedure to ascertain whether an acquisition is for a "public purpose" and (2) the key decision-makers in this process.	Work ongoing. The Land Acquisition Bill of 2019 streamlines provisions on the compulsory acquisition of property by the Government.