Uganda

Population\(^1\)  
\hspace{1cm} 42,723,139

Area (\text{km}^2)\(^1\)  
\hspace{1cm} 241,550

GDP per capita (USD)\(^1\)  
\hspace{1cm} 770.45

TES (Mtoe)\(^2\)  
\hspace{1cm} 21.95

Energy intensity (\text{toe/10}^3 \text{ 2015 USD})\(^2\)  
\hspace{1cm} 0.70

CO\(_2\) emissions - energy (MtCO\(_2\))\(^3\)  
\hspace{1cm} 5.2

Data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021\(^4\)

<table>
<thead>
<tr>
<th>Target industry</th>
<th>Number of projects and deals</th>
<th>Project CapEx and deal value (million EUR) by source country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric power generation, transmission and distribution</td>
<td>1 minority stake deal</td>
<td>Kenya: 1 RE deal of 35.2 mEUR</td>
</tr>
</tbody>
</table>

Sources:
1. The World Bank 2018
2. ©IEA (2021), World Energy Balances [https://www.iea.org/data-and-statistics]. All rights reserved.
3. ©IEA (2021), CO\(_2\) Emissions from Fuel Combustion [https://www.iea.org/data-and-statistics]. All rights reserved.
4. Orbis Crossborder Investment (2021), Bureau Van Dijk. Uganda is the destination country of the investment. Data represents the period 1 April 2015 - 1 April 2021 (accessed on 1 July 2021). For more information see Annex II of this report.

RE: Electricity generation from renewable resources
Uganda’s overall risk level against the assessed areas is moderate.

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

Uganda’s performance is good on one indicator and it is moderate on three indicators. Its score on management of decision-making processes has improved from 67 to 71. On rule of law it has the same score as in EIRA 2020 (59). Its score on foresight of policy and regulatory change has improved from 57 to 58 while 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 transparency, on which the score has increased from 58 to 67. Its score on management and settlement of investor-State disputes stands at 60, the same as robustness of policy goals and commitments. On respect for property rights it has the same score as in EIRA 2020 (58) whereas on communication of vision and policies, its score has improved from 55 to 57. 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 EIRA 2020, 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.

YEAR-ON-YEAR COMPARISON

<table>
<thead>
<tr>
<th>RISK AREAS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpredictable policy and regulatory change</td>
<td>42</td>
<td>41</td>
<td>39</td>
<td>37</td>
</tr>
<tr>
<td>Discrimination between domestic and foreign investors</td>
<td>46</td>
<td>44</td>
<td>44</td>
<td>43</td>
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<tr>
<td>Breach of State obligations</td>
<td>41</td>
<td>41</td>
<td>41</td>
<td>41</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foresight of policy and regulatory change</td>
<td>49</td>
<td>52</td>
<td>57</td>
<td>58</td>
</tr>
<tr>
<td>Management of decision-making processes</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>71</td>
</tr>
<tr>
<td>Regulatory environment and investment conditions</td>
<td>37</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Rule of law</td>
<td>59</td>
<td>59</td>
<td>59</td>
<td>59</td>
</tr>
</tbody>
</table>

**STRENGTHS**

The Government is fast-tracking rural electrification in all 570 sub-counties to ensure at least 60% of the population has electricity access by 2025, a key target under NDP III. In line with the EIRA 2020 recommendation, the Government is increasing investment in the power infrastructure. The country’s transmission network grew by 13% to the current footprint of 2,989 km by April 2020. There has been some progress in power generation as well. In 2020, the Government commissioned the HPPs Sindila, Siti 2, Kyambura and Ndugutu under the GET FiT Uganda Programme. These projects added an estimated annual generation of 162 GWh to the national grid. Three more projects will be operational by the end of 2021. The overall progress of the Karuma HPP (600 MW) stands at 97.8%, with all units to be commissioned in 2021. The Government is also investing in 700 km of oil roads (approx. USD 900 million). Four hundred sixty-five km of the roads are under construction, and completion is expected by early 2022. The Ministry of Energy and Mineral Development (MEMD) has developed the Draft Biofuel General Regulations to give effect to the Biofuels Act 2018.

The MEMD published its Sector Performance Report of 2020, which incorporates a National Standard Indicator framework to monitor the performance of Government sectors against indicators derived from the NDP. The report describes the implementation activities and their completion status as of 2020 for the power, biomass resource management, oil and gas and mineral sub-sectors. It also reports on the budget implementation of the energy sector entities. In 2020, the Uganda National Oil Company’s (UNOC) budget absorption rate was 100% (29,403 billion Ugandan shillings), while the Petroleum Authority of Uganda’s (PAU) expenditure rate was 97.9% (42,687 billion Ugandan shillings). The MEMD’s budget expenditure was 979,012 billion Ugandan shillings (79.3%) and the Rural Electrification Agency, 443,809 billion Ugandan shillings (67.4%).

**AREAS FOR IMPROVEMENT**

Low power reliability in rural households has adversely affected demand 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. Therefore, the Government is encouraged to further invest in the transmission and distribution infrastructure and attract private sector investment in this area.

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**QUICK FACTS**

In January 2020, the Parliament approved the Third National Development Plan (NDP III) 2020/21-2024/25.

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

**STRENGTHS**

In 2020, the MEMD made progress on some draft policies and legislation concerning energy issues. It submitted to the Cabinet Secretary the Energy Efficiency and Conservation Bill’s final draft for approval. It also completed a Regulatory Impact Assessment (RIA) on the draft Geothermal Policy of Uganda, which is now ready for submission to the Cabinet Secretary for approval. The Government is also taking measures to facilitate the ease of doing business for the private sector. In July 2021, it will open the Uganda Business Facilitation Centre (UBFC), which will house key business-related public authorities, including the Uganda Registration Services Bureau, the Uganda Investment Authority, and the Capital Markets Authority. The new building of the UBFC will also have a One-Stop Centre with over 15 service points to improve service delivery and reduce the time for registering and starting a business.

Uganda became an EITI implementing country as of 12 August 2020. The Government has produced the Uganda EITI Multi-Stakeholder Group Workplan for 2020-2022. It has also prepared a budget allocation plan for each activity under the Workplan. The Government is already implementing some of the activities listed under the Workplan, such as preparing two fact sheets on contract and licence allocations for petroleum and mining. It will also engage different public authorities to develop a contract and licence disclosure plan. Work has commenced on setting up a dedicated UG-EITI website. Moreover, the MDAs and investors are complying with stakeholder and community engagement requirements under critical energy projects. For instance, the MEMD, the National Environment Management Authority (NEMA), and Total Midstream BV organised ten consultation meetings for the Environment and Social Impact Assessment (ESIA) of the East African Crude Oil Pipeline (EACOP) in each of the affected districts and three public hearings in Kakumiro, Mubende and Rakai Districts. Following these meetings, in December 2020, NEMA approved the ESIA study for the EACOP project in Uganda.

**AREAS FOR IMPROVEMENT**

By joining the EITI, the Government of Uganda has taken a commendable step towards improving transparency in its oil and gas industry. It is now a timely moment to implement the commitments undertaken and make public the extractive sector contract and licence-related disclosures at the earliest. Moreover, public engagement in the law-making process should be institutionalised and made a legal requirement to foster greater accountability.
**Areas for Improvement**

started in March 2020.

the Front-End Engineering Design and the project's ESIA

International SRL, and Saipem SPA), has completed 75% of

Yaatra Africa LLC, Lion Works Group, Nuovo Pignone

the Albert Graben Refinery Consortium (comprising

Refinery's development is on course. Its lead investor,

of up to 15%). On the downstream side, the Uganda Oil

Petroleum Development Corporation (with a shareholding

and CNOOC Uganda Limited with 8%) and the Tanzania

Partners (Total Holdings International BV with a 62% share

was signed by the UNOC (15% share), the Joint Venture

and responsibilities of the shareholders in the EACOP Co.

same day, the Shareholders Agreement defining the rights

to pave the way for the Final Investment Decision. On the

Uganda and the project company, EACOP Co., was signed

Host Government Agreement between the Government of

the latter's operations in Uganda. On 11 April 2021, the

(PU) Ltd's production licences following the farm down of

(approx. USD 3.6 billion). Total E&P has taken over Tullow

project (approx. USD 1.5 billion), and the EACOP project

the Tilenga project (approx. USD 4 billion), the Kingfisher

Uganda's main upstream and midstream projects are

The Investment Code Act 2019 lays down the conditions

for local and foreign investments in the country.

**Strengths**

During 2019-2020, the PAU issued 120 petroleum

operating licences, 149 construction permits and 80

construction completion certificates. The Petroleum

(Refining, Conversion, Transmission and Midstream

Storage) (Amendment) Regulations 2020 were gazetted

under the consent judgement entered between the

Government of Uganda and Total Midstream BV to

facilitate the execution of the EACOP’s early project

activities. The MEMD is also making efforts to develop

a legal and regulatory framework for utilising nuclear

energy. As a precursor to a Nuclear Energy Act, in 2020,

it completed an RIA for nuclear energy in Uganda, paving

the way for stakeholder consultations on the proposed Bill.

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project (approx. USD 1.5 billion), and the EACOP project

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Refinery’s development is on course. Its lead investor,

the Albert Graben Refinery Consortium (comprising

Yatra Africa LLC, Lion Works Group, Nuovo Pignone

International SRL, and Saipem SPA), has completed 75% of

the Front-End Engineering Design and the project's ESIA

started in March 2020.

**Areas for Improvement**

While ERA and the PAU enjoy certain functional and

financial independence, measures may be taken to

enhance this. Currently, the ERA’s autonomy is subject

to any policy of the Government that declares otherwise.

Moreover, salaries of the PAU’s board members need

to be approved by the Government. Such stipulations

may compromise the decision-making powers of these

authorities.

The Government should expedite the adoption of the

Competition Bill pending since 2004.
<table>
<thead>
<tr>
<th>Indicator 1</th>
<th>2018</th>
<th>Update the 2002 Energy Policy for Uganda.</th>
<th>Partially implemented. The Energy Policy for Uganda 2021 has been finalised and is currently awaiting approval by the Cabinet of Ministers.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>Design energy delivery systems that are compatible with the local conditions.</td>
<td>Work ongoing and partially implemented. To improve efficiency in service delivery, the Ministry of Energy and Mineral Development submitted the Final Draft Energy Efficiency and Conservation Bill to the Cabinet Secretary for approval. It conducted a Regulatory Impact Assessment on the Final Draft Geothermal Policy of Uganda, which is now ready for submission to the Cabinet Secretary for approval. The Petroleum (Refining, Conversion, Transmission and Midstream Storage) (Amendment) Regulations 2020 were gazetted as per the consent judgement entered between the Government and Total Midstream BV to facilitate the execution of East African Crude Oil Pipeline’s early project activities.</td>
</tr>
<tr>
<td>2020</td>
<td>Increase investment in the transmission and distribution infrastructure to balance grid supply and demand at least cost.</td>
<td>Work ongoing. The country’s transmission network grew by 13% to the current footprint of 2,989 km by April 2020. The increment is from the commissioning of the Kawanda-Kapeeka 132 kV 52 km transmission line and energising of the Opuyo-Lira section of the Tororo-Lira transmission line. This is a representation of 1,008 km of 220 kV rating and 1,946 km of 132 kV rating.</td>
<td></td>
</tr>
<tr>
<td>Indicator 2</td>
<td>2018</td>
<td>Consider publishing the extractive industry contracts in line with international best practices.</td>
<td>Work ongoing. The Government has produced the Uganda EITI Multi-Stakeholder Group Workplan for 2020-2022 and it is already implementing some activities listed under the Workplan, such as preparing two fact sheets on contract and licence allocations for petroleum and mining. It will also engage different public authorities to develop a contract and licence disclosure plan.</td>
</tr>
<tr>
<td>2020</td>
<td>Make it legally mandatory for public authorities to consult the public on draft laws and regulatory decisions.</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>Indicator 3</td>
<td>2018</td>
<td>Limit the Government’s role in the Electricity Regulatory Authority’s decision-making process.</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td>Remove the requirement of Government approval in setting the salaries of the Petroleum Authority of Uganda’s board members.</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Adopt the Competition Bill pending since 2004.</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td>Work ongoing and partially implemented. The Investment Code 2019 imposes the minimum investment capital requirement on both domestic and foreign investors to qualify for the registration and issuance of an investment licence.</td>
<td></td>
</tr>
<tr>
<td>Indicator 4</td>
<td>2018</td>
<td>Consider establishing a foreign investment ombudsperson to settle conflicts arising in the course of projects.</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td>Identify (1) the procedure to ascertain whether an acquisition is for a “public purpose” and (2) the key decision-makers in this process.</td>
<td>Work ongoing. The Land Acquisition Bill 2019 has been drafted to streamline provisions on compulsory acquisition of property by the Government.</td>
<td></td>
</tr>
</tbody>
</table>