

# Discovery of Oil: Community Perceptions and Expectations in Uganda's Albertine Region

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## Abstract

This study was conducted to interrogate local perceptions and expectations from the discovery of oil in the Albertine Graben of Uganda. We interviewed 50 residents (30 men and 20 women) from Butiaba and Wanseko (Buliisa district), Kyehoro and Kabaale villages (Hoima district). The villages were purposively selected to have a representation of the districts in the Albertine region where Oil discovery activities are currently being implemented but also to explore any differences in perceptions that may be linked to livelihood options of the respondents. We applied narrative analysis. Overall, we observed minimal pessimism as residents expressed concerns over environmental degradation, political tensions and land conflicts following oil activities, but there was a dominance of optimism as communities envisaged that the oil industry will create employment, infrastructural development, improved access to electricity, and enhanced social status. The findings demonstrated that communities living in areas where extractive resources such as oil and gas have been discovered tend to be more optimistic with very minimal pessimism in their expectations during the phase of upstream activities of the oil value chain. The findings challenge the dominant narrative that residents where energy development and other land use changes are being implemented tend to have negative expectations -a phenomenon known as NIMBY (Not-In- My-Back-Yard). We identify the need to develop strong institutional frameworks that harness benefits from oil to improve local livelihoods without compromising the environment and enhancing participation of locals in decision making processes.

**Keywords:** oil exploration, oil curse, resource curse, Albertine, NIMBY, Uganda

## 1. Introduction

### 1.1 Background

The narrative that mineral resources are a curse than a blessing in most developing economies has remained dominant (Luong and Weinthal, 2006). The common dimensions of the resource curse that are often mentioned in literature include slow economic growth, poor governance and institutional quality, violent civil strife, displacement of local people and environmental degradation (Collier and Hoeffler, 2004, Kitula, 2006, Mehlum, Moene and Torvik, 2006, Opukri and Ibaba, 2008, Sachs and Warner, 2001, Van der Ploeg, 2011). This narrative has however been challenged by others who argue that resource abundance can be associated with growth, institutional quality and income (Brunnschweiler and Bulte, 2008, Brunnschweiler and Bulte, 2009) and positive real income spillover effects for the local community (Aragón and Rud, 2013). Both narratives shape the perceptions and expectations of local communities where mineral resources are discovered. Popular expectations are potentially among the key determinants of the economic, political and social consequences of resource abundance. For example, unmet popular expectations can breed unfavourable attitudes towards mining policies and interventions (Twerefou, Tutu, Owusu-Afriyie and Adjei-Mantey, 2015) leading to discontent within communities and sometimes resulting in grievances and conflict as is the case in the Ghanaian oil producing

coastal region (Ackah-Baidoo, 2013). With this paradigm in mind, we examine the community expectations and perceptions with regard to an expected windfall due to natural resource exploitation in Uganda's Albertine Graben.

Uganda is one of the African countries that has recently discovered significant oil deposits (African Development Bank, 2009). By August 2014, Uganda's oil wealth was estimated at 6.5 billion barrels with approximately 1.4 billion barrels confirmed as recoverable quantity in only 40% of the region confirmed to have oil deposits. At that rate, Uganda has an estimated 3.5 billion barrels of recoverable crude oil. This oil find is large by both African and Global standards and is set to firmly put Uganda among the top oil producers in Africa (Anderson and Browne, 2011). Uganda's oil and gas deposits were discovered in the Albertine rift, an area that ecologically is both fragile and valuable. The region is a biodiversity hot spot for both fauna and flora, many of which are endemic species (Shaw, 2010). It is thus important for conservation of biodiversity and tourism based on the resident biodiversity. Moreover, parts of the Albertine rift have considerable human settlements whose livelihoods are majorly supported by dependence on the region's natural resources (e.g. see Debela, Shively, Angelsen and Wik, 2012, Tumusiime, Vedeld and Gombya-Ssembajjwe, 2011).

Literature on governance of exhaustible natural resources such as oil has mainly focused on three aspects which are often perceived as critical to ensure that states maximize benefits (Mawejje and Bategeka, 2013). The first aspect is resource management which usually relates to the entire process of exploration, extraction, and refining. The major objective under the resource management aspect is to maximize the recoverable amount of the resource and revenues obtainable (Hotelling, 1931, Venables, 2012). The second aspect is revenue management and this explores the options available to ensure efficient and equitable management of a country's natural resource rents (Hartwick, 1978, Solow, 1986). The third aspect is environmental management and is concerned with the requisite measures necessary to minimize environmental damage arising out of natural resource exploitation (Amaniga-Ruhanga, Manyindo and Jordahl, 2009, Kityo, 2011, Muramira and Manyindo, 2008). At the centre of these three aspects are usually two actors: the state and the private companies (de Kock and Sturman, 2012). While the private companies are expected to provide the capital and technology for efficient resource extraction, the role of the state is to provide policy direction and a conducive legal and regulatory framework for the industry. The third actors – the local people – are often neglected notwithstanding the usually negative social and environmental externalities they suffer (de Kock and Sturman, 2012). A growing strand of literature has emerged examining the community level issues surrounding the development of extractive sectors (Ackah-Baidoo, 2013, Banks, Kuir-Ayius, Kombako and Sagir, 2013, Hinojosa, 2013, Kamlongera, 2013, Pegg and Zabbey, 2013).

Other studies (e.g. Idemudia, 2007, Kiiza, Bategeka and Ssewanyana, 2011) have shown that the communities located in areas where significant oil resources are discovered also form a wide range of expectations. These if not well addressed may be a recipe for conflicts or resentment by local communities (Le Billon, 2001). Evidence from elsewhere has shown that natural resource exploitation has been accompanied by societal tensions providing new concerns for policy makers. In Peru for example, resource exploitation has often been accompanied by rising social tensions (Arellano-Yanguas, 2011, Taylor, 2011). In Nigeria, the competition for control of oil resources and civic grievances over revenue sharing and environmental concerns generated resentment often triggering conflicts and rebellion against resource exploitation in the Niger Delta (Obi, 2009, Omeje, 2005). While Uganda has not started commercial production of oil production there are concerns that unmet community expectations might trigger conflict. It is against this backdrop that we interrogate local perceptions and expectations with regard to the social and environmental impacts of the nascent oil and gas industry in the Albertine Graben of Uganda. The rest of the paper is organized as follows: section two discusses Uganda's oil sector in retrospect; section three presents the geographical context of the Albertine Graben; the methodology and data collection tools are discussed in section four; the results are presented and discussed in section five; section six covers the conclusion.

### *1.2 Uganda's Oil Sector: An Overview*

Emergence of interest in Uganda's oil sector dates back to the colonial era when oil seeps were reported in the Albertine valley in the early 1920's (Vokes, 2012). Around the same time a geologist by the names of John Wayland explored the shores of Lake Albert in search for hydrocarbons (Kiiza, Bategeka and Ssewanyana, 2011). Subsequently Shell Oil, a Dutch company, drilled the first well in 1938. However, Uganda's interest in oil exploration was disrupted by the Second World War and the post-independence political instability and violence (Vokes, 2012). What followed was a period of limited activity in the sector.

Following the return to political stability, renewed work in the sector started after 1986 and this mainly focused

on attracting foreign exploration companies to prospect for oil in the Albertine Graben. Around that time the first batch of students were sponsored abroad for specialized training in oil and gas courses with a view of building a critical human resource base that would provide basis for development of the sector (Kashambuzi and Mugisha, 2003). However, owing to limited availability of quality data about the scope of the oil and gas reserves, Uganda's oil and gas sector did not initially attract much international attention. In addition, uneasiness due to political unrest and a perceived difficult subsurface geological composition did not endear international investors (Anderson and Browne, 2011). As such, Uganda did not attract big oil exploration companies during the early years of exploration. The success that followed in attracting foreign companies was due to a combination of good international prices and the emergence of smaller international exploration companies that were willing to engage in high risk business (Vokes, 2012).

Due to Uganda's inadequate experience of the oil industry and anxiety to kick off exploration, the first firm, Petrofina - a Belgian company, was licensed in 1992 to explore in the entire Albertine Graben (Bategeka and Matovu, 2011). However, the company enjoyed little success and the exploration license expired before any oil was found. Petrofina eventually exited Uganda. The firm's limited success, however, helped the Ugandan Government to reorganize itself and eventually subdivided the exploration area into 12 smaller exploration units and reached out to more foreign explorers. By the year 2006, when commercially viable oil deposits were confirmed, several foreign oil exploration companies had been awarded licences and these included: i) Energy Africa; ii) Dominion Petroleum Ltd; iii) Tullow Oil; iv) Hardman Resources Ltd; v) Neptune (Tower Resources), and vi) Heritage Oil (Kasita, 2012).

Takeovers have since characterized Uganda's oil industry partly because the companies that engaged in oil exploration at the initial stages were too small to advance to the production stage. For example, Tullow Oil acquired the Ugandan licenses of Energy Africa in 2004, and bought Hardman Resources business interests in 2007. By taking over the business interests of Heritage Oil in 2010, Tullow Oil became the sole license holder for the areas where oil has been discovered. Finally, in 2012, a deal was struck involving the Chinese National Oil Company (CNOOC), Total and Tullow to proceed to the development stage with equal shares in the oil and gas sector. This was necessary because Tullow did not have the requisite field development experience and investment capital necessary to proceed alone in such an environmentally challenging area in a landlocked country (Ahumuza, 2012, Mawejje and Bategeka, 2013). The three oil companies are now proceeding to the oil production stage, as equal partners and on an equal profit sharing basis.

Following the discovery of commercially viable oil reserves the Uganda Government moved to put in place new policy and legislative frameworks to guide the development of the fledging oil and gas sector. The National Oil and Gas Policy (NOGP) was formulated in 2008 with the objective of positioning the sector in such a way that it can effectively contribute to poverty reduction and create lasting value for society. Following the NOGP, the Oil and Gas Revenue Management Policy (OGRMP) 2012 was developed to guide management and integration of the oil revenues into existing Government budgeting systems, with a view to mitigating the overall impact of these revenues on the economy. In order to operationalise the NOGP the Government of Uganda passed two further laws in 2013: The Petroleum (Exploration, Development and Production Act (2013) and the Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage Act (2013).

Developments in the oil and gas sector of Uganda are proceeding with limited effective involvement of the communities, community organizations and the local governments (Van Alstine, Manyindo, Smith and AmanigaRuhanga, 2014). This is possibly due to weak capacities for effective engagement. A recent baseline survey report by the Economic Policy Research Centre indicates that only a handful of households in the Albertine Region are familiar with oil operations in their communities (EPRC, 2015). Yet, natural resource booms have the ability to positively impact the welfare and living standards of the adjacent communities through the expansion of backward linkages such as demand for local supplies and employments (Aragón and Rud, 2013). However, such benefits are only possible where communities are supplied with adequate information and are involved in key decision making processes especially regarding the operations of mining activities in their communities. Unfortunately, it is not always the case that communities are involved in key decision making processes with regard to booming resource sectors (de Kock and Sturman, 2012). Indeed, Mawejje and Bategeka (2013) argue that Uganda's oil and gas sector has been shrouded in secrecy, with minimal engagement of the local and cultural institutions and that information pertaining to the sector is not always readily available, exacerbating feelings of marginalisation. Such feelings engender desperation and build favourable grounds for conflict and confrontations between communities, state agencies and private companies involved in oil and gas activities.

Kamlongera (2013) argues that ensuring transparency and accountability through civil society and community

involvement can help to negotiate deals that are responsive to the needs of the community. This ensures that the welfare of the community is taken into consideration. It is thus important for government and the private companies engaged in the developments in the oil and gas sector to adopt appropriate communication and community engagement strategies so as enable the flow of information about opportunities in the sector to trickle down to the communities. This will create an environment of mutual trust, transparency and accountability in government operations, and will avoid the dangers of a community that is desperate and anxious with feelings of animosity and marginalisation.

### *1.3 The Geographical, Social and Economic Context of the Albertine Graben in Uganda*

The oil discoveries in Uganda occur in the expansive Albertine Graben and span the three administrative districts of Hoima, Buliisa, and Nwoya. These districts fall under two traditional kingdoms: Acholi (Nwoya district) and Bunyoro (Hoima and Buliisa districts). It is believed that further oil discoveries are possible further North in the district of Amuru. And as shown on the map (Figure 1), the Albertine Graben stretches from South Western Uganda along the Uganda-Congo border all the way north-west along the Albert Nile.

The climate in the Albertine Graben is predominantly hot and dry making it unattractive for rain-fed agriculture. The greater part of the Graben was gazetted as a wildlife reserve and therefore is not readily accessible for regular use by the local communities. The rest of the land is communally-owned and only a handful of households have freehold titles to their lands and others have private customary holdings.

The human population density in the region is very low owing to limited settlements due to the unfriendly environment for crop production. Small scale fishing in Lake Albert, trading in fish and cattle grazing are the major economic activities in the region. The Albertine rift has several fishing villages including Butiaba, Bugoma, Kiryamboga, Kyehoro, Kaiso, Tonya and Wanseko. The communities in these villages depend on the Lake Albert for their livelihoods. However, fish stocks have reduced due to application of poor and unsustainable fishing methods and astronomical growth of fisher folks. Consequently, many fisher folks have sought opportunities on the limited arable land and this has often resulted into conflicts (Ssebuyira, 2011).

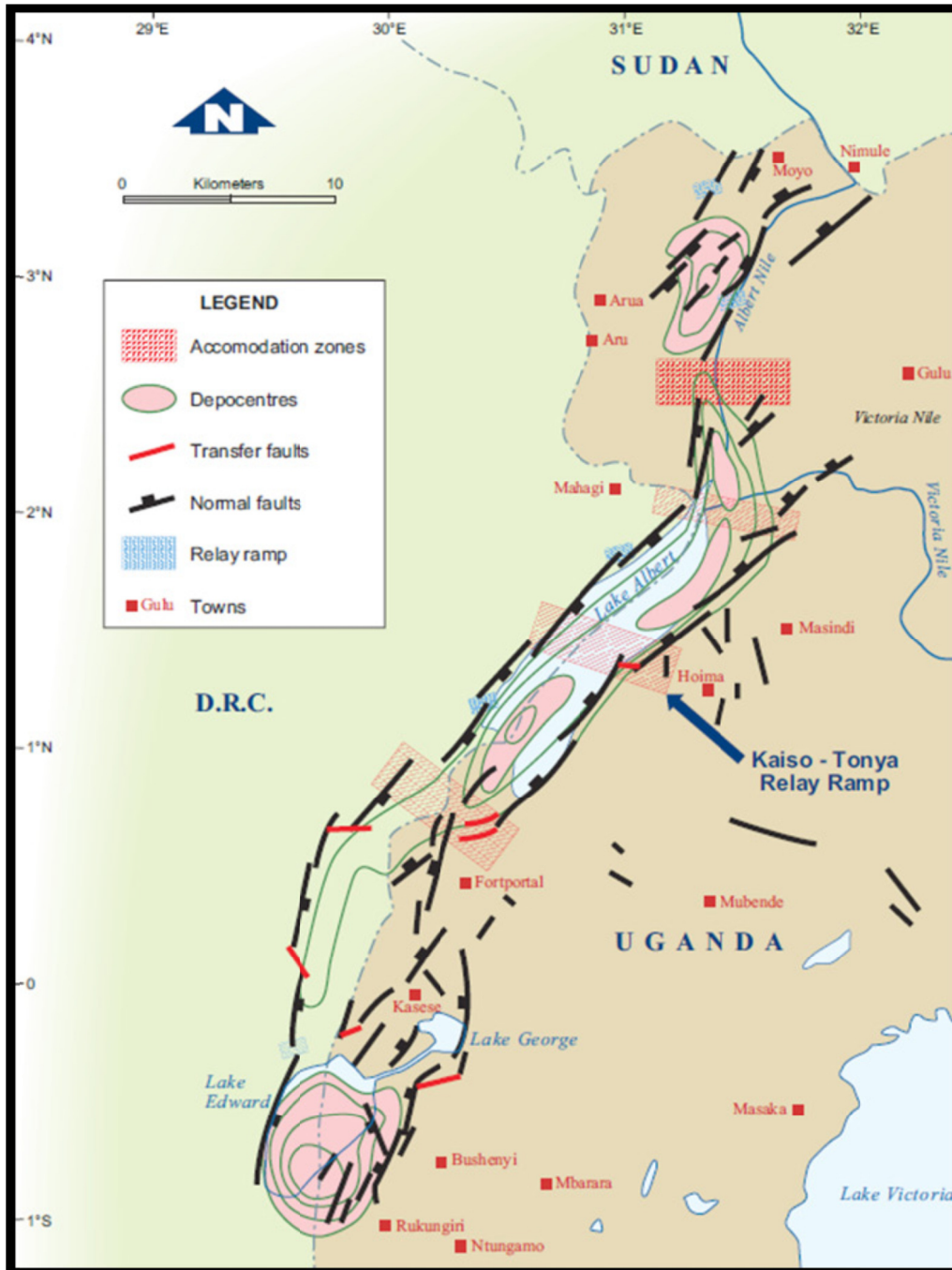


Figure 1. Map of Uganda showing oil deposits and exploration activities in the Albertine Graben (Source: Dominion Petroleum PLC, in Muhwezi, Bainomugisha, Ratemo and Wannier, 2009)

In terms of social economic context, the Albertine Graben is home to some of the most impoverished peoples in Uganda. For example, measured in consumption expenditure per capita terms, income levels are lower in the Albertine region relative to the Rest of the Country (RoC) and overall national average (EPRC, 2011). The average per capita consumption of Albertine region is three quarters of the national average. While households in Uganda experienced real growth in consumption of 3.5 percent during 2005/6-2009/10 period, growth recorded by households in the Albertine region was 1.4 percent (Table 1).

Table 1. Per capita consumption expenditure

	2005/6		2009/10		Annualised growth rate %	
	Nominal	Real	Nominal	Real	Nominal	Real
	RoC	44,438	45,275	79,668	52,012	14.6
Albertine	33,903	34,506	56,324	36,437	12.7	1.4
Uganda	41,939	42,720	74,456	48,535	14.3	3.2

Source: EPRC (2011)

Access to social services is still low in the Albertine Graben compared to the rest of the country. While it appears that households in the Albertine region have better access to primary schools compared to the RoC (Table 2) the share of the adult population from 18 years of age and above without formal education has remained almost constant over time and the proportion of adults in the Albertine region with secondary education and above is well below the national average (EPRC 2011). This is corroborated by data in table 2 indicating that households in the Albertine region have less access to secondary schools compared to the RoC. While the mean years of formal schooling increased from 3.6 years in 2002/3 to 5 years in 2005/6, the improvements were faster for RoC relative to the Albertine region (EPRC 2011). Broadly speaking, the status of education within the Albertine region has not changed much over time and remains below that of RoC.

Table 2. Household access to most common public social services, %

	2005/6			2009/10		
	Albertine	RoC	All	Albertine	RoC	All
Safe water	58.6	66.0	64.2	61.5	70.9	68.9
<i>Primary school</i>						
Within LC	40.4	35.4	36.5	49.4	46.6	47.2
<=3km	51.5	53.9	53.3	38.8	42.3	41.5
>3km	8.1	10.8	10.2	11.8	11.1	11.3
<i>Secondary school</i>						
Within LC	3.8	4.1	4.0	3.1	6.4	5.7
<=3km	21.1	28.7	26.9	41.5	32.2	34.2
>3km	75.1	67.3	69.1	55.4	61.4	60.1
<i>Clinic/health centre</i>						
Within LC	6.5	8.7	8.2	14.7	14.2	14.3
<=5km	59.4	61.2	60.8	60.4	59.9	60.0
>5km	34.2	30.1	31.1	24.9	25.9	25.7

Source: EPRC (2011)

However, there is a notable improvement in access to safe water, from 58.6 percent in 2005/6 to 61.5 percent in 2009/10 but well below the national average of 68.9 percent. The improvement was faster for households residing in non-Albertine region – it increased by 4.9 percent points. Access to government health centres improved over time with no notable differences between the Albertine region and the rest of the country.

Given the background of limited access to social services and economic opportunities, it is not surprising that the people in the Albertine region perceive themselves as one of the poorest in Uganda (Kiiza, Bategeka and Ssewanyana, 2011). The region has poor transport networks, limited social services in both education and health, and limited employment creation centres (for example the region does not have high value-added manufacturing industries and hardly any access to electricity). As a result most people in the Albertine region are small-holder peasant farmers and a few are involved in fishing with limited access to productivity enhancing technologies

(Gildseth, 2013). The discovery of oil in the region has therefore raised peoples' expectations for faster poverty reduction and improved service delivery leading to improved quality of life (Maweje and Bategeka 2013). The region has diverse ethnic groups such as Bagungu, Banyoro, Alur, Banyarwanda/Bahima, Banyankole, Bakiga and tribes of Sudanic origin like Lugbara, Okebu and Kakwa (Byakagaba and Twesigye, 2015). There have been numerous cases of overt and latent tension and conflicts over land resources among the ethnic groups in the Albertine Graben but the most notable ones include Bagungu and Alur in Buliisa district, Bagungu and Banyarwanda/Bahima (pastoralists) and Banyoro and Bakiga in Hoima and Kibaale districts (Gildseth, 2013, Nabeta, 2008). The residual mistrust among the ethnic groups living in this area has intensified with the discovery of oil (ULA, 2011). Anxiety over land has intensified in Kabaale parish, Buseruka sub-county, Hoima district where the Ministry of Energy and Mineral Development (MEMD) earmarked 29.34 square kilometres to develop an oil refinery (CRED, 2014).

## 2. Methodology and Data Collection

The research design applied in the study was exploratory in order to gain insights on the perceptions and expectations of the local communities on the discovery of oil in the Albertine Graben. This was not to have conclusive evidence but have a clearer picture and understanding of the communities in relation to the discovery of oil in the Albertine. The data for the current study were collected in a one month (March 2014) field work in the Albertine Graben. We applied narrative analysis to establish the extent to which the local communities perceive a local oil discovery as a blessing or curse. We interviewed 50 residents (30 men and 20 women) from Butiaba and Wanseko (Buliisa district) Kyehoro and Kabaale villages (Hoima district) (Table 3). The respondents from Butiaba, Wanseko and Kyehoro villages are predominantly employed in fishing activities while those in Kabaale are peasant farmers. The villages were purposively selected to have a representation of the districts in the Albertine region where Oil discovery activities are currently being implemented but also to explore any differences in perceptions that may be linked to livelihood options of the respondents. In particular, Kabaale was identified because it would host the refinery project and many households in this village were expected to be displaced to provide space to develop the refinery. Wanseko, Butiaba and Kyehoro on the other hand are interesting to study because they are some of the areas with intense exploration activity.

Table 3. Employment and gender characteristics of respondents

Characteristics	Villages				All
	Kabaale	Kyehoro	Butiaba	Wanseko	
<b>Gender</b>					
Male	8	12	10	8	38
Female	4	3	2	3	12
<b>Employment Status</b>					
Agriculture - Fishing	0	1	6	5	12
Agriculture - Crops	7	6	2	1	16
Agriculture - Animals	3	3	1	3	10
Other	2	5	3	2	12

Within each village, we approached the first interviewees randomly before applying the snowball method. The aim was to capture a full picture of the variations in narration. Besides the interviews with ordinary people, we conducted a Focus Group Discussion in each village and also made 16 key informant interviews with local government leaders at Buliisa and Hoima districts (especially the chief administrative officers (CAO) and the chairpersons of the respective district land boards) and elders in the Bunyoro Kingdom. Furthermore, we held discussions with 3 journalists that have made extensive coverage of the oil discovery in the national media. To analyse the data, we followed a standard procedure for analysis of qualitative data (e.g. see Svarstad, 2010, Tumusiime and Svarstad, 2011). The transcribed empirical material was reviewed using an open coding procedure to identify the aspects that the local people emphasized when they talked about oil discovery and what it means for them and their villages (i.e. their expectations). A large number of important aspects (themes) that emerged from this exercise were indexed and copies made. These were read several times and closely related themes put together for a synthesis into specific messages. Eventually, nine themes were identified as elaborated below. We followed the approach of Svarstad (2010) of manual coding because of the advantages this has over

the available computer programmes particularly the ease with which one can alternate between the different fragments of the material and the deeper understanding of the material that this affords in the process.

### 3. Results and Discussion of Local Perceptions and Expectations

Nine (9) themes were identified as the standout perceptions and expectations of the local communities with regard to the developments in the oil and gas activities in their areas (Table 4).

Table 4. Percentage response for main perceptions and expectations by households dependent on different livelihood sources in the Albertine Graben

Themes	Source of livelihood				All
	Fishing	Crop Agriculture	Animal Agriculture	Other	
Employment for the youth	81	88	90	84	86
Infrastructural developments	83	86	91	83	86
Local involvement in oil exploration	91	81	70	66	78
Land conflicts and disputes	50	93	100	66	78
Environmental degradation	58	75	80	83	74
Special fund	33	75	80	100	72
Access to cleaner and cheaper energy	33	62	100	91	70
Restoration of lost glory	50	43	50	100	60
Political tensions and threat of cross-border conflict	25	37	50	100	52

Employment for the youth and infrastructural developments were the most popular expectations of the respondents. The views about a “special fund” for poverty eradication and development projects were more popular among the “other” category which includes all the non-agricultural folks. Access to cleaner and cheaper energy was most popular among the animal herders (100%) and the other category (91%). “Restoration of lost glory” was popular among the “other” category (100%) and least mentioned within the crop agriculturalists. Expectations about opportunities for local involvement in oil exploration were most expressed among the fisher folks (91%). The fear of land conflicts was most expressed among the animal herders (100%); political tensions among the “other” category; and environmental degradation among the “other” category (83%).

#### 3.1 Employment for the Youth

The Albertine region, just like other parts of Uganda, has very high levels of unemployment, especially for the youth who form the bulk of the population. For this reason, the discovery of oil is perceived as an employment creating opportunity. However, the jobs have so far not been forthcoming as expected, with the local community only able to take up casual temporary jobs that bring in low returns. Part of the challenge is that the lucrative jobs available in the sector at the moment are highly technical and require specialized skills which are not readily available on the local or national market. It is also reported that the local private sector has not yet fully benefited from the expected auxiliary opportunities. This is due to the fact that local businesses lack the requisite capacities and information to fully take advantage of opportunities in the oil and gas sector (Wamono, Kikabi and Mugisha, 2012). The result has been that the available opportunities have been largely taken up by “outsiders” who are better prepared and qualified (Obore, 2010). Other authors have echoed that oil can lead to enhanced economic growth which eventually leads to creation of jobs (Karl, 2007). Considering the fact that poverty and unemployment levels are high in the Albertine Graben, it is understandable that the respondents consider oil discovery as a sector that will address youth unemployment in their region.

#### 3.2 Infrastructural Developments

Since commercially viable oil deposits were confirmed in the Albertine Graben, a substantial number of infrastructural activities have been implemented in the oil rich villages and adjacent towns. The greater Bunyoro region did not have a major tarmac road until 2007 when major transport infrastructural projects including the Busunju-Hoima road was paved (Nalubega, 2013). Commercial banks that had for long disregarded the region have opened branches in the major towns of Hoima and Buliisa. However, in certain cases such as the development of Kaiso-Tonya road and acquisition of 29.34 sq km of land for the development of the oil refinery



in Kabaale village in Hoima district led to displacement of the local population and loss of social and cultural heritage. The compensation rates provided by government agencies for land and property were perceived to be low and not in tandem with the market rates by a section of the local community. This was exacerbated by the fact that there was no participation of the local communities in the development of guidelines to determine compensation rates.

The Government on its part has prioritized the development of public infrastructure in the area. Construction works for the 92 km Hoima-Kaiso-Tonya road has been completed and commissioned. The 9MW Kabalega electricity project located at Buseruka was commissioned by the President of the Republic of Uganda in January 2012 (Nakkazzi, 2012). Corporate social responsibility by the oil companies has resulted in the construction of schools, hospitals and cultural centres resulting in improvements in maternal health, education and tourism in the region. The companies set up this infrastructure in partnership with local governments and cultural institutions. Engagements with the local communities were done through local councils of the villages where oil companies are operating. Each of the companies had community liaison officers who were a link between the companies and the local communities. The local communities expressed belief that these projects are driven by the discovery of oil in the region and reported expectation of more of such projects as oil production commences.

### 3.3 Local Involvement in Oil Exploration

Local people, their leaders, and officials of Bunyoro Kingdom felt there was inadequate engagement between government agencies and the local communities in oil and gas activities being implemented in this region. This brought about a feeling of marginalization which is exacerbated by what the locals called a sense of secrecy surrounding oil-related activities in the region. For example, residents of Buliisa district claimed that sometimes, especially at night, they see trucks carrying away unidentified materials from the exploration and drilling sites and wondered why these trucks operated in the night. One community member wondered thus:

*'Could it be that they are already taking away the oil without our knowledge?'*

While this is highly unlikely, (some staff working with oil companies intimated that the trucks were carrying wastes generated during exploration) it shows the extent of lack of involvement and limited knowledge of what is happening. In the worst-case scenario, the local people felt that they may ultimately not benefit much from the oil industry if activities are not carried out in a transparent manner. In his studies Schwarte (2008) found that public participation in decision making processes in the oil sector is not well hinged in the laws of Uganda. He argues that public participation is subject to several financial, technical and political constraints in Uganda. It is therefore not surprising that the population that participated in the current study did not think they will be involved in making decision in the oil sector.

### 3.4 Land Conflicts and Disputes

Local communities felt that their land rights are at a stake with the nascent oil and gas industry. This is because the demand for land to set up oil related projects and fraudulent purchases of land by local elites were on the rise. The discovery of oil created a mad rush for land in the Albertine area (ULA, 2011; CRED, 2014) and this has increased land related conflicts and disputes in the region. This has been exacerbated by government acquiring land in Kabaale parish, Hoima district for the oil refinery where 2473 land owners were directly affected and projected affected persons of the project were 7118 (PEPD, 2012).

The local people linked all these conflicts on land to the increased value of land due to the discovery of oil in the region. The discovery of minerals can cause severe disruption of the communities and eventual loss of land to either mining companies or local elites (Hilson, 2002). It is therefore not surprising that the local communities within the Albertine region that has oil deposits felt that their land was at stake with the discovery.

### 3.5 Environmental Degradation

The communities were weary of the environmental degradation and biodiversity loss that may occur due to the oil and gas industry. One local council leader noted:

*'...worried about the possibility of oil spills ... and wondered what [they local people] will do if fishing water, agricultural and grazing lands are destroyed'*

Key informants justified local fears of hazards from improper disposal of waste by observing that while regulatory procedures require all activities to be preceded by environmental impact assessments, the validity of these assessments was questionable because they are never made public. Moreover, the people observed that Uganda has a poor record of law enforcement that can be exploited by actors in the oil and gas sector. For example, they cited a case where Heritage Oil dumped untreated waste in a farmer's garden for a nominal

compensation of USD 300 in Amuru district. Local people also feared oil spills that may have disastrous consequences for agriculture, fishing and tourism, all of which are an important part of local livelihoods. Studies (e.g. Kitula, 2006) have shown that mining leads to producing of waste that can have deleterious impacts on the environment. It is therefore not strange that the local communities in this region have fears that the discovered oil may negatively affect the environment from which they derive their livelihood.

### *3.6 Special Fund in Support of Social Projects*

A popular local expectation is an establishment of a “special fund” from oil proceeds to finance social projects in the region. The most frequently mentioned projects are related to transport infrastructure, education, health, water and sanitation, and generally, as almost all respondents observed, “help improve local livelihoods and reduce poverty levels”. Perhaps this is not a surprise given previous reports that the local people in the Albertine Graben and adjacent areas perceive themselves as one of the poorest in the country (Kiiiza, Bategeka and Ssewanyana, 2011) and therefore consider the discovery of oil in their “native” land as a resource that will transform their lives. The desire for a special fund is also linked to inadequate service delivery by government agencies and poor public finance management record. The local communities consider having a special fund as the only assured avenue through which they can benefit from the oil discovered in their region. Similarly, the population in Alaska in the USA and the province of Alberta in Canada has continuously found direct payments from oil rents as the most legitimate way of addressing horizontal inequalities (Ross, 2007).

### *3.7 Access to Cleaner and Cheaper Energy*

Most households in the Albertine region depend on the environment, harvesting wood-fuel to meet their energy demands. Due to such low levels of improved energy use, and the low electricity access rates in the region, they hope that the proposed construction of a refinery and the 100MW thermal electricity plant will help improve access to cleaner and cheaper energy. More so, the local communities hope that the construction of the refinery will result into reduced fuel costs, translating into significant reductions in the resultant transportation costs and reduced cost of doing business. They also believe that access to own oil resources will reduce dependence on the oil imports through Kenya which often makes the prices volatile.

### *3.8 Restoration of Lost Glory*

Before the arrival of the British colonialists, political life in Uganda was mainly organized around Kingdoms. The Albertine Graben where oil deposits have been confirmed was administratively under Bunyoro Kingdom. From several accounts, this was the most influential kingdom in the country. However, colonial rule is reported to have sidelined Bunyoro Kingdom and favoured a rival kingdom called Buganda in central Uganda. The result was that huge tracts of land were transferred from the Bunyoro Kingdom to Buganda. In the process, it is claimed, Bunyoro lost its best agricultural land and important cultural sites, resulting in high levels of impoverishment that persist to-date (Espeland, 2006). Even when kingdoms were restored in 1993, Bunyoro maintained a sense of political marginalization. When oil was discovered in the region, the communities in this region felt that it would use the resources to regain its past glory. Kingdom officials interviewed in this study contend that since the oil was discovered in a former King’s hunting grounds, the Kingdom has “all rights to the resource” and expect the state to recognize their inherent rights to access the rents from the oil.

### *3.9 Political Tensions and Threat of Cross-Border Conflict*

There was fear of political tensions and threat of cross-border conflict, notably between Uganda and the Democratic Republic of Congo (DRC). This fear is not unfounded and the genesis of the border conflict between Uganda and DRC can be rooted in the successful exploration activities by Tullow and Heritage Oil companies (Vokes, 2012) and a lack of clarity over the exact location of the respective national boundaries, especially in the regions occupied by Lake Albert and the Semuliki River (Augé, 2009, Okumu, 2010). This however dates back to the colonial era when the colonial powers failed to establish the exact national boundaries between the two countries (Okumu, 2010). In particular, Rukwanzi Island, in the middle of L. Albert is claimed by both countries and was the centre of bloody gun fire exchanges between Ugandan and Congolese Soldiers in 2007 (Corporate Watch, 2012). These border skirmishes led to the death of a foreign exploration engineer, several local civilians and the abduction of several Ugandan fishermen (Mugerwa, 2013, Okumu, 2010, Vokes, 2012). These fears are further compounded by the instability in Eastern DRC. The communities believe that with such a polarized situation, oil discovery will exacerbate the situation and may eventually result into civil strife.

## **4. Conclusion**

The perceptions and expectations of the local communities on the oil and gas deposits that were discovered in the Albertine Graben vary from positive to negative. Most of the expectations generated from the study depict a

picture of optimism than pessimism. However, it is still unclear whether the observed optimism will be sustained as Uganda moves towards midstream and downstream activities of the oil value chain. The positive expectations are hinged around expected improvements in social service delivery, infrastructural developments, employment opportunities and poverty reduction while the negative ones are mainly centred on insecurity of land tenure, environmental degradation, insecurity of human lives and insufficient community participation in oil and gas processes. The study confirms that the discovery of oil in the Albertine graben is perceived both as a blessing and a curse by the local communities. The perception of oil discovery as a curse emanates from weak interaction and engagement between duty bearers in government agencies with the local communities. This is derived from lack of adequate knowledge on what direct benefits government envisages will be enjoyed by the local communities. There is need to develop strong institutional frameworks that harness benefits from oil to improve local community livelihoods without compromising their security and environment and the participation of local communities in decision making processes. Community development efforts can play a role in managing expectations to dissuade feelings of malcontent. The current study has shown that perceptions of local communities in oil rich areas range from positive to negative which suggests that the faith in existing institutions governing oil in Uganda is still mixed. They can only be believed if there is more open and transparent engagement on benefit sharing with the local population in the areas of oil exploration and development. The consistent secrecy surrounding benefit sharing from oil rents may be the source of some of the negative sentiments highlighted from the current study. The study found that most respondents envisaged the oil industry to contribute to the local economy, infrastructure and household income, demonstrating that communities living in areas where extractive resources such as oil and gas have been discovered tend to be more optimistic in their expectations during the phase of upstream activities of the oil value chain. The findings challenge the dominant narrative that residents where energy development and other land use changes are being implemented tend to have negative expectations - a phenomenon known as of NIMBY (Not-In-My-Back-Yard) whereby communities who would otherwise support such projects tend to oppose them when they are within close proximity (Schively, 2007). Further studies are needed to establish whether this trend would be maintained during phase of implementing the midstream and downstream activities of the oil and gas value chain. There is need to explore legitimate mechanisms for benefit sharing from the oil and gas industry to attain equitable development.

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