CHAPTER 8

Conclusion: Mitigating the negative impacts and enhancing the wellbeing of the people
INTRODUCTION

This thesis set out to analyse whether oil discovery in Uganda is an opportunity or a looming curse, and the potential implications for conflict and the social development. Given that Uganda is still one of the poorest countries in the world, it does need to have opportunities for development if it is to escape the extreme poverty, which grips it. Potentially, oil production can bring benefits to the nation and region at large. The central research question of this thesis was: *To what extent, and under which conditions, does the exploitation of natural resources lead to a resource curse?* In answering this question, I developed subordinate questions from which I developed five papers, which are in the preceding chapters in this thesis.

There are many benefits, which the oil & gas industry has brought in Uganda, and the region at large. The industry has presented many businesses and jobs opportunities for those with perquisite qualifications, both at the local and national levels through the creation of Directorates like Petroleum Authority of Uganda, Uganda National Oil Company. However, it is important to note that not all qualified people can be absorbed by the industry and some of those who are currently employed are expected to lose their jobs when production begin. There are a number of infrastructure projects that have been built, especially the “oil roads”, which have improved on the time spent, and accessibility to markets by the farmers from within and outside this region.

RESOURCES CURSE: ADDRESSING THE MANIFESTATIONS

Oil development has led to the displacement of many people and has created much resentment, primarily because of the inadequate way in which the resettlement and compensation arrangements have been implemented. These negative developments have largely fuelled social conflict, fear and uncertainty in the Albertine Graben in particular, and Uganda in general. This unfortunate situation prompted some aggrieved residents to sue the government in pursuit of fair compensation, and this case has not been disposed of as of early 2020.

The discovery of oil and gas in Bunyoro region has led to the influx of migrants and land grabbing. This research has revealed that there are many cases of what the locals considered sophisticated land grabbing in the Albertine Graben. There have also been reported killings of people because of land use conflicts created by the oil developments, and land grabbing. Local people view the influx of immigrants as a threat to their well-being, due to increased competition for the limited job opportunities. Since most land is communally owned, faced with the prospect of having land bought or expropriated, there are social tensions within communities about how land might be kept intact for viable agricultural production, and over how the community might be able to cash-in on such opportunities. Another challenge is how the proceeds from the sale of land should be used. Women are still socially excluded from owning land, which is a major concern when it comes to fair compensation and their future livelihoods. In most cases, they have been made worse off by the land acquisition for oil development in Uganda.

The discovery of oil and gas has also seen Uganda embark on more borrowing. There are concerns that Uganda’s appetite for more loans has increased, and some of which are obtained specifically to fund oil and gas activities. Some of these projects include the construction of Kabaale International airport based in Hoima, and many roads in the region to facilitate the development of oil. Uganda also ventured in military procurement and tagged the loan repayment to future oil revenues (Brophy & Wandera, 2020). This practice is not good for the embryonic sector, because the piling debts will become a burden to the government and some of the essential public services like health care and education will largely be affected. To make matters worse, some of these loans conditions are not in Uganda’s favour.
One of the key issues, which emerged from this research, has to do with compensation rates for landtake for oil and gas related infrastructure (these are extensively discussed in chapters 3, 4, 5, and 7). In most of these land acquisition, the locals have complained that they were paid little money for their land and assets. Some of them complained that the government never fulfilled some of the promises, which were made before they gave up their land. For instance, they were promised that they would be given the land title for the land that they were relocated to. However, by the time of writing this thesis in early 2020, some of them had not been given their land title. To make matters worse, some of the people who were displaced and relocated to Kyakaboga village to give way to Kabaale Industrial Park, will be displaced for the second time by the EACOP project. This double displacement has caused resentment and annoyance to some of the affected people.

In analysing how rent-seeking practices lead to a local resource curse and to social conflict at the local community level in Uganda’s emerging oil economy (Chapter 4), the study concluded that rent-seeking practices involved sophisticated land grabbing, land scarcity and fragmentation, corruption and bribery, unfair compensation rates, food insecurity, ethnic polarization and speculation. In many poor rich resource countries, the discovery of natural resources raises the issues of weak governance, corruption and patronage, which are all interlinked and becomes more complex and impacts on the livelihoods of the people negatively. These rent-seeking practices have undermined the potential benefits from the oil developments for local communities. These outcomes were interpreted by the local people as a local resource curse, which have led to social conflict among the communities in the Albertine Graben region of Uganda.

Oil & gas development and associated infrastructure projects require large landtake, which have inevitably led to the displacement of people and affected their livelihoods. There are many projects, which have displaced, and will cause more displacement of the people and their livelihoods. For example, there are five projects, some are ongoing while others are planned, will consume around 115,000 hectares of land and will displace nearly 15,000 people (Ogwang & Vanclay, 2019). The potential and actual social impacts of these projects on the local communities are many and varied, including increased levels of poverty, conversion of agricultural land to industrial purposes increasing food insecurity, inflation in the cost of goods and services, community disarticulation, and disruption of people’s lives and livelihoods. Nevertheless, when the needed resettlement is done well and when all other social impacts are properly addressed, this harm can be minimised.

Another potential source of future conflict has to do with the ways project affected persons are being resettled. As opposed to the agreed conditions in the Resettlement Action Plan (RAP), the current situation leaves many loopholes. In the rural setting, were most of the displacement is taking place; the families normally have their houses on the very land that they cultivate on and rear their animals. However, the situation for Kyakaboga, for example, is that all the houses for the project-affected persons who agreed to be relocated, were constructed in one place, contrary to what was stated in the RAP agreed on, to accommodate all the affected families who accepted to be relocated. This “quarters style” of arrangement has brought what I call modernisation in rural areas, which these communities were not prepared for. This quarter arrangement has also created conflicts among families over petty issues like hygiene and sanitation arising from staying together.

Conflicts exist between different actors, such as the central and local governments, this is mainly over revenue allocation and taxes. Another area of conflict is between Bunyoro Kingdom and the central government. Bunyoro Kingdom is demanding for more revenues from the central government, contrary to what is stipulated in the Public Finance Act, 2015 in which all the recognized traditional institutions within the Albertine Graben were allocated 1 percent of the oil revenues to be shared among themselves. The kingdom is also demanding for a bigger representation of their “sons and daughters” in key job positions within the government ministries.
and Directorates, as well as in oil companies. The local communities are accusing their local
governments of “neglecting their needs” which has caused tensions between the local government
and the communities. Within the communities, there are many sources of conflict ranging from
how joint resources like community grazing land should be compensated, and who should be
elected in to leadership positions. There are also high levels of ethnic polarization where identity
is top on the agenda. The manifestations of the local resource curse were considered to be loss of
property, economic displacement, and community disarticulation (discussed more in details in
Chapter 3). There are also major concerns over access, and use of natural resources, which are
traversed by the oil and gas projects. Others are concerned with environmental pollution, and the
subsequent impacts this will have on the livelihoods of the people. The exploration and
development of oil has also led, and will continue to lead to the disturbance of the environment
in many ways.

ENHANCING THE WELL-BEING: SOCIAL DEVELOPMENT

On a positive side, these projects have created job opportunities for some of those people with
the necessary qualifications, although not all those who are qualified can be absorbed. The new
roads, dubbed locally as ‘oil roads’, have greatly improved accessibility to and within the region.
The enhanced movement of goods and people has made many things easier and cheaper, although
has generated much in-migration.

Many Ugandans have also benefited from the skills development in oil & gas industry. These
have mainly come from the oil & gas companies through scholarships, practical hands on training,
as well as government efforts to skill the artisans in the areas of metal welding and fabrications
through earmarked institutions like Kigumba Petroleum Institute.

This research also revealed that China is becoming a major player in Uganda’s economy in many
fronts. Like the western powers, China’s development cooperation is motivated by a wide range
of economic and diplomatic interests including, securing vital resources, opening-up new
markets, widening investment opportunities, and forging new political alliances (Buckley et al.,
2007). These interests are essentially the same as those of traditional Western lenders.
Nevertheless, many Western observers, especially politicians and the media are prone to recite
simplistic themes about Chinese engagement with Africa (Brautigam, 2009). The surge of the
Chinese contractors in Africa is being driven by the perceived willingness of the China Exim
Bank to extend what African leaders consider to be cheap and unconditional development finance.
However, a major concern with Chinese loans by the business community has to do with the
limited local content despite the existence of the law which in in place.

RECOMMENDATIONS

Given the above analyses, this study proposed a number of recommendations to enhance the
benefits and mitigate the negative impacts from the development of oil and gas in Uganda.
Uganda and other resource-rich countries should ensure that all negative consequences from
resource discovery and development are fully identified, and addressed. I found out that rent
seeking takes many forms, which results in local resource curse. I am proposing that the
government should strengthen its over sight institutions to address the effects of rent seeking
more seriously. This can be done in cooperation with civil society, which are normally on the
ground, by creating new laws or amending the old laws, which are friendly and consistent with
international best practices relating to land acquisition and resettlement.
There is also need to have adequate laws that carefully address land acquisition and land ownership issues, especially in terms of customary or communal tenures, are needed (Oloka-Onyango, 2020). The active involvement of local and religious leaders in preaching peace to communities should be encouraged. NGOs can also play a key role. As a poor country in a conflict-infested region, Uganda should avoid falling prey to corruption practices (Brophy & Wandera, 2020) and the perils of the resource curse, which could lead the country to armed conflict, thereby undermining all the achievements the country has made until now. The grievances and concerns of local communities should be taken seriously so that government, developers and local communities reach a win-win-win situation (Ogwang, 2020).

I am also recommending that the government and oil companies should ensure that any land acquisition does not lead to impoverishment of the affected communities. Instead, land acquisition should lead to the betterment of the lives of the displaced persons, project affected people and the surrounding communities. The local and central governments should seriously address land grabbing and speculation in order to protect communities from being manipulated and short-changed.

In this thesis, I examined the role of China in funding Uganda’s infrastructure projects. As discussed in Chapter 6, China’s financial contribution to African countries have been enormous. Due to shortage of such funds especially from the traditional lenders, Uganda seems to have found the solace in securing funds from China. While this is a good opportunity for Uganda to capitalise on, much care should be taken on how and where the funds are spent to spur more growth in the economy. While many critics point their fingers at China claiming that Uganda’s debt is getting out of hand, in this thesis, I drew the conclusion that China was being unfairly targeted for this perceived debt crisis. Given that the demand for infrastructure is considerable, it is likely that China will continue investing in Uganda and Africa generally. While there are fears that cash-poor, resource-rich countries may become trapped with considerable long-term debt, this issue is problematic. On the one hand, Uganda is very much in need of infrastructure but lacks the funds to construct them, while China is ready with the required funds and the required expertise. It is true that increasing national debt can cause social unrest as the government will have to spend more on debt servicing than on providing much-needed social services, but the lack of infrastructure is also a social issue. From the four cases discussed in this thesis (Chapter 6), it would be impossible to conclude that China is actively promoting inappropriate borrowings; instead, it is likely that the increase in Chinese lending is demand driven by poor rich resource countries. The government should endeavour to strive for better terms and have a win-win situation. Once this loan has been secured, the government should make sure the funds are utilised within the agreed loan period, to avoid paying for the excess interests.

Even though China has provided finance for infrastructure projects at seemingly better terms than traditional western lenders, there is still a need for the Ugandan Government to invest in economic activities that will spur the development of the economy. In many cases, the conditions of Chinese concessional loans require considerable use of Chinese inputs and construction firms (Brautigam, 2011; Swedlund, 2017). Thus, in contradiction to the comments of the Ugandan President, Chinese aid actually does come with strings attached (Bwambale, 2012; Kynge, 2014). Cheap as they may sound in interest rate terms, Chinese loans may actually be expensive since they prevent non-Chinese companies from being considered for such projects. The fact that most construction materials must come from China deprives local industries of an opportunity for growing. It also means that there may not be proper scrutiny of development options, construction plans, or of environmental and social impacts. Overall, use of Chinese finance and construction means there is little local market stimulus, little local capacity building, and little regional multiplier effect. Governments should carefully monitor how contracts are awarded and ensure value for money by closely supervising the quality of construction.
Desperate for project finance, Uganda is willing to award contracts to Chinese companies because of the financial backer, the China Exim Bank. However, most contracts are awarded through Presidential directives that bypass standard procurement regulations, making it difficult to ascertain the actual value for money of the projects. African countries should establish how they could ensure they benefit from their engagement with China.

In chapter 7, I analysed the social and livelihood impacts of the proposed Ugandan section of the EACOP and its associated facilities. Even when the project activities have been put on hold, there are many indications that this project is already having impacts on the local communities. Like in all the other chapters, the EACOP project has created and will create more opportunities for jobs and services for the local people. There are also prospects for better infrastructure in terms of access roads, which will potentially link the rural areas to the much-needed markets. Once assessed, collected, and spent properly, the tax base will also increase giving the central and local governments the much-needed funds to provide the social services to the population.

However, there are many negatives impacts, which have been registered so far, like displacement, delayed compensation, restriction to livelihoods, food insecurity, social evils, environmental and ecological impacts, and transboundary impacts among others. I strongly recommend that the negative impacts, which have been identified so far, be addressed and the potential socio-economic and environmental impacts of the EACOP be avoided, minimised, or mitigated. Socially, people’s expectations should be managed by the project proponents by avoiding making promises, which cannot achieved.

I am also proposing that those whose land have been earmarked for such projects (like EACOP) should receive fair, adequate, and prompt compensation for their land and assets. Resettlement should be done in accordance to internationally acceptable practice in order for the project to gain social license to operate. This should cater for all the categories of project-affected persons especially the needs and interests of the vulnerable people like the widows, and the elderly be addressed adequately in the Resettlement Action Plans.

Being a transboundary project, all the environmental impacts should be avoided and mitigated, given the fact that the pipeline traverses through shared water bodies used by millions across the region. There should be an inclusive, open decision-making and conflict resolution mechanisms to address the negative impacts, which have been identified, or may crop up in future, to avoid any potential outbreak of resource-based conflict in the region.

Finally yet importantly, I am calling upon the different stakeholders, especially the oil companies and the government, to mitigate the impacts brought by the oil and gas developments, as well as other development projects in order to have mutually beneficial outcomes for both parties, and the country in general. Instead of the court cases, killings, social harm and project opposition that has befallen Uganda in the advent of oil and gas discovery, it should be possible to bring about a new situation of peaceful resolution of issues, with a fair sharing of benefits to all stakeholders, enabling the efficient implementation of these projects of national significance.
in all the other chapters, the EACOP project has created and will create more opportunities for ecological impacts, and transboundary impacts among others. I strongly recommend that the governments the much-needed funds to provide the social services to the population. However, there are many negatives impacts, which have been registered so far, like displacement, assessed, collected, and spent properly, the tax base will also increase giving the central and local access roads, which will potentially link the rural areas to the much-needed markets. Once are many indications that this project is already having impacts on the local communities. Like-assessed, collected, and spent properly, the tax base will also increase giving the central and local access roads, which will potentially link the rural areas to the much-needed markets. Once

In chapter 7, I analysed the social and livelihood impacts of the proposed Ugandan section of the region. There should be an inclusive, open decision-making and conflict resolution mechanisms given the fact that the pipeline traverses through shared water bodies used by millions across the being a transboundary project, all the environmental impacts should be avoided and mitigated, especially the needs and interests of the vulnerable people like the widows, and the elderly being addressed adequately in the Resettlement Action Plans.

I am also proposing that those whose land have been earmarked for such projects (like EACOP) should receive fair, adequate, and prompt compensation for their land and assets. Resettlement should be done in accordance to internationally acceptable practice in order for the project to gain social license to operate. This should cater for all the categories of project-affected persons socially, people's expectations should be managed by the project proponents by avoiding making promises, which cannot be achieved.

Economically, the expected economic and environmental impacts of the EACOP be avoided, minimised, or mitigated. Negative impacts, which have been identified, or may crop up in future, be addressed and the potential socio-

Socially, people's expectations should be managed by the project proponents by avoiding making promises, which cannot be achieved.

Desperate for project finance, Uganda is willing to award contracts to Chinese companies because of the financial backer, the China Exim Bank. However, most contracts are awarded through Presidential directives that bypass standard procurement regulations, making it difficult to ascertain the actual value for money of the projects. African countries should establish how they could ensure they benefit from their engagement with China.

Prospects, Opportunities and Challenges.


Presidential directives that bypass standard procurement regulations, making it difficult to ascertain the actual value for money of the projects. African countries should establish how they could ensure they benefit from their engagement with China.

Prospects, Opportunities and Challenges.


