Future Africa Scholars Portfolio 2024

(Natural Resource Management Group)

UGANDA'S OIL & GAS MANAGEMENT

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Group Foreword

As Uganda stands on the brink of a transformative era in its energy landscape, the sustainable management of its oil and gas resources has never been more critical. The discovery of significant petroleum reserves has the potential to propel the nation toward economic prosperity, offering opportunities for job creation, energy security, and infrastructure development. However, this potential comes with profound responsibilities. The government, through the Uganda National Oil Company (UNOC) and various stakeholders, is committed to ensuring that the exploitation of these resources aligns with sustainable practices. This commitment is reflected in implementing Environmental, Social, and Governance (ESG) strategies that prioritize protecting the environment and the well-being of local communities. By adhering to international standards and fostering transparency, Uganda aims to create a framework that maximizes economic benefits and preserves its rich natural heritage for future generations.

The path forward requires collaboration among government entities, private sector players, and civil society to ensure that the oil and gas sector catalyzes sustainable development. We must learn from the experiences of other nations, recognizing both the opportunities and challenges that come with resource management. The lessons from countries that have navigated similar paths will guide Uganda in making informed decisions that balance economic growth with environmental stewardship. As we embark on this journey, let us remain steadfast in our commitment to sustainable management, ensuring that Uganda's oil and gas resources contribute to a prosperous and equitable future for all its citizens. This foreword sets the tone for a document focused on sustainably managing Uganda's oil and gas resources, emphasizing the importance of balancing economic growth with environmental and social responsibility.

Executive Summary

Uganda's oil and gas industry, marked by the discovery of significant reserves in 2006, presents a major opportunity for economic growth. The country's estimated 6.5 billion barrels of recoverable oil, alongside major initiatives like the East African Crude Oil Pipeline (EACOP), is set to drive substantial economic development. This includes generating revenue through royalties and taxes, which could enhance infrastructure, healthcare, and education, as well as creating thousands of jobs and fostering regional development.

Despite this potential, Uganda faces significant challenges. Governance issues, such as corruption and mismanagement, could lead to the "resource curse" experienced by other resource-rich nations. Effective and transparent governance will be essential to manage the oil wealth responsibly. Additionally, the environmental impacts of oil extraction, including deforestation, water pollution, and disruption of sensitive ecosystems, are of major concern, with the EACOP posing particular risks to protected areas and wetlands.

Social impacts also pose risks, including potential displacement of local communities and increased inequality. Addressing these issues is crucial to prevent long-term social harm. This involves securing land rights, providing fair compensation to displaced communities, and ensuring that the benefits of oil wealth are distributed equitably.

To navigate these challenges and achieve sustainable development, Uganda must adopt a comprehensive approach. This includes strengthening regulatory frameworks to meet international environmental standards, promoting inclusivity and gender equity in decision-making, and investing in renewable energy to reduce reliance on fossil fuels. Transparency and stakeholder engagement will be key to building trust and ensuring accountability. By committing to these practices, Uganda can harness its oil resources for long-term economic growth while safeguarding its environment and social fabric.

Problem Article: Oil Exploration in Uganda: A Blessing or Curse?

"*There comes a point where we need to stop just pulling people out of the river. We need to go upstream and find out why they're falling in*."

— **Bishop Desmond Tutu**

Sub-Saharan Africa is recognized for having gargantuan arable land and vast wildlife, with a huge proportion of the world's natural resources. Nevertheless, actualizing sustainable development has been a major impediment for most African countries, with economic growth in the majority of the countries being largely centered on the extraction of natural resources particularly minerals. Despite the vast endowment of natural resources, their inefficient management has prevented Africa from capitalizing on them, pointing to an issue of "weak governance." According to a Foresight Africa report, except for Ghana and Botswana, all African countries have "weak" or "poor" governance ratings, and seven of the world's bottom 10 performers with "failing" governance scores are in Africa (Coulibaly, 2020; Iimi, 2007). Consequently, interference and exploitation by governments and companies from Europe, North America, and Asia, continue to influence the control of these resources (Besada, 2013). DRC, Africa's Great Lakes region, has a long history of natural resource-driven conflict. Trade out of its gold, diamonds, copper, cobalt, coltan (used in cell phones), and timber has contributed to devastating internal violence, corruption, and poverty, as well as conflict with other countries (Impact Transform, 2017; Global Conflict Tracker, n.d). It goes without saying that the majority of Africa's natural resources power the production of technology and other modern products (Gross, 2023, Aikins, 2023). As Siddharth Kara writes in his book, *Cobalt Red: How the Blood of the Congo Powers Our Lives*, "Our daily lives are powered by a human and environmental catastrophe in the Congo," (Kara, 2023).

Uganda is endowed with myriad natural resources ranging from minerals, oil reserves, water bodies, woodlands, forests, wildlife, grasslands, and agricultural land. However, the governance of these natural resources is said to be "unsustainable." The discovery of oil deposits in 2006, around Lake Albert, in Kikuube district, west of the country, raised high hopes. After several delays, the country is now aiming to produce, by 2025, around 1.4 billion barrels from two oil fields: Tilenga, the larger one, operated by France's TotalEnergies, and Kingfisher, entrusted to China National Offshore Oil Company (CNOOC) (AfricaNews, 2023). Learning from the many countries that have experienced the “resource curse”, a commonly accepted phenomenon that natural-resource-abundant economies tend to grow less rapidly than resource-scarce economies (Sachs & Warner, 1995), Uganda wouldn’t want to be the next victim, not even to the possible Dutch disease (Chen, 2021). According to Prof. Paul Collier, author of the award-winning book, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*, there are two main drivers of the "resource curse,” that is political and economic factors (Collier, 2008). The political drivers are simple: conflict. Natural resources generate conflict over revenue distribution and allocation. The economic reason is more complicated: when a country generates a significant portion of its income from its natural resources, it tends to neglect other sectors of the economy, for example, manufacturing. Thus, adopting policies that favor resource exports at the expense of manufacturing and other exports thereby hurting those sectors in the long-term.

To an extent, Uganda has even been compared to Norway, one of the world’s richest economies-, and Botswana, one of the largest producers of gemstones, both of which have vividly demonstrated how natural resources can be harnessed to promote development, build the economy and improve people’s livelihoods (Norges Bank, 2019; Cappelen & Mjøset, 2012; Iimi, 2007; Clarke, 2024). But, this still remains a reverie for Uganda, one of the poorest countries on the planet ($962.25 GDP per capita), landlocked in the African Great Lakes region, with an extremely young population (more than 75% under age 30) suffering from unemployment, and ruled with authoritarianism since 1986 by Yoweri Museveni (World Bank n.d.; UNICEF n.d..; Atuhaire, 2021).

Paradoxically, Uganda’s mega oil project, the East African Crude Oil Pipeline (EACOP), is being constructed at a time when the Intergovernmental Panel on Climate Change (IPCC), the world’s leading authority on climate science, has warned that no new fossil fuel projects can be built if the world is to reach Paris Agreement goals and mitigate the worst impacts of climate change (IPCC, n.d.; UNFCCC, n.d.). In March 2023, the IPCC confirmed that global temperatures are increasing at record levels, and urged governments to cut emissions by phasing out fossil fuels and instead scaling up renewable energy (Rall, 2023). Furthermore, studies show that the construction and operation of EACOP pose substantial environmental risks (Oxfam, 2020). Since the pipeline route traverses sensitive ecosystems, including protected areas and internationally significant wetlands, raising threats to biodiversity and ecosystems that local communities depend on for their livelihoods. It’s like Uganda is saying, "oil extraction first, sustainable development second." For perspective, over 110 million people in 2022 were impacted by the climate crisis in Africa (WMO, 2023). Food inflation reached its highest levels in three decades at on average 30%, compounded by the war in Ukraine (Statista, 2023; FAO,n.d.). The effects are felt most acutely by vulnerable populations, including the poor and marginalized communities. In 2022, 600 people were killed in Nigeria's worst flood in decades (Akbarzai, Smith, McCluskey, 2022). In that same year, floods in West and Central Africa affected 8.2 million people in 20 countries killing 1,418, injuring 4,398, and displacing 2.9 million people (ReliefWeb, 2022). About 5.4 million people in Kenya were projected to face high levels of acute food insecurity between March and June 2023, of which 1.2 million people will likely be in the emergency phase, according to International Rescue Committee (IRC) analysis (ReliefWeb, 2023; MapAction, n.d.).

According to a Human Rights Watch report titled, "*Our Trust is Broken: Loss of Land and Livelihoods for Oil Development in Uganda*," the planned oil pipeline in East Africa has devastated thousands of people's livelihoods in Uganda and will exacerbate the global climate crisis (Horne 2023). The report based on over 90 interviews conducted in early 2023, including with 75 displaced families in five districts of Uganda documents the land acquisition process for one of the largest fossil fuel infrastructure projects under construction anywhere in the world. The development in the oilfield, which will ultimately displace over 100,000 people, is well underway. Although 90 percent of people who will lose land to the project have received compensation from TotalEnergies EP Uganda, the project has suffered from multiyear delays in paying compensation and inadequate compensation.

The reason for these multilayer delays, according to the report, is due to unclear communications to the farmers as to whether they should continue using the land for farming. Additionally, the land acquisition project has caused severe financial hardships for thousands of Ugandan farmers, including heavy household debt, food insecurity, and an inability to pay school fees, causing many children to drop out of school. Albeit, TotalEnergies has promised to respect various international standards including International Finance Corporation (IFC) Performance Standards, which require TotalEnergies and its subsidiaries to restore or enhance livelihoods to pre-disturbance levels. The pipeline is still yet to secure 60 percent of the project cost.

A plethora of opposition from civil society organizations and climate activists in Uganda and around the world, resulted to myriad financial institutions and insurance companies to make a public commitment to not support the EACOP pipeline (Horne 2023; #StopEACOP, n.d.; Elmawi, 2022).

What, then, can Uganda learn from this perspective?

Background Article: The Case of Oil Exploration in Uganda

The oil and gas industry in Uganda has undergone notable changes since the discovery of oil and gas resources that could be produced for a profit in 2006. This article examines historical policies, early developments, subsequent efforts, exploration and challenges encountered, and the implications for governance. This article underscores the importance of strong policy frameworks and institutional integrity to avoid the resource curse and ensure sustainable development in the oil and gas sector. Moreover, the discovery of oil in Uganda signaled a pivotal moment in Uganda's economic trajectory, promising a possibility of growth and potential wealth. However, the management of these resources has been very difficult because of the challenges, including governance issues and the risk of the resource curse, where countries rich in natural resources experience slower economic growth and increased inequality. This article examines the historical context of Uganda's oil and gas sector, focusing on policy frameworks, legislative developments, and the socio-economic impacts of oil exploration and production.

Furthermore, Oil and gas exploration in Uganda represents a significant development in the country's economic landscape. The oil era is dawning in Uganda and has the potential to accelerate development and drive the country’s transformation into a regional and even global economic player (Shepherd, 2013). Discovered relatively recently compared to other oil-rich nations, Uganda's hydrocarbon resources have the potential to transform its economy, but the process involves complex challenges and opportunities (Van Alstine et al., 2014). The rent-seeking activities have contributed to speculative behavior, competition for limited social services, land grabbing, land scarcity, land fragmentation, food insecurity, corruption, and ethnic polarization. Local people have interpreted the experience of the consequent social impacts as a local resource curse (Borge et al., 2015). Stakeholders must work hard to create the conditions that are needed to avoid the resource curse; otherwise, Uganda could end up suffering from Dutch Disease and Nigerian Disease, as has befallen other African countries (Ogwang et al., 2019).

The journey of Uganda's oil sector began with the awarding of exploration licenses to Tullow Oil in 2004, leading to the confirmation of commercially viable oil reserves in 2006 in the Albertine Rift Basin, a geological formation that extends from the Red Sea to Mozambique (Purcell, 2014). This region, straddling the border between Uganda and the Democratic Republic of Congo (DRC), has demonstrated significant potential for both oil and gas reserves due to its geological formations conducive to hydrocarbon deposits. The Ugandan government responded by formulating the National Oil and Gas Policy in 2008, which aimed to establish a regulatory framework for the sector. This policy emphasized transparency, local content, and the need for sustainable management of oil revenues to benefit the **Ugandan populace.** (Secretariat of Africa Community of Practice, 2016). Initial exploration efforts by international oil and gas companies, including Tullow Oil, Total Energies, and CNOOC, confirmed the presence of substantial oil and gas reserves (Ersoy & Fennema, 2020). These discoveries represented a major milestone for Uganda, a landlocked nation historically dependent on agriculture and foreign aid.

Furthermore, following the discovery, the Ugandan government and its international partners moved swiftly to develop the newly found resources. A comprehensive framework was established to manage and develop the oil and gas sector, including regulations and agreements designed to attract investment and ensure sustainable development (Niringiyimana, 2021). In 2017, Uganda, alongside its international partners, initiated the development of the oil fields, aiming for production to commence in the early 2020s. This development includes crucial infrastructure such as pipelines and refineries necessary for the transportation and processing of both oil and gas.

A key project in this development is the East African Crude Oil Pipeline (EACOP), 1,445-kilometer pipeline extending from Uganda to the port of Tanga in Tanzania (Aalberg, 2019). This pipeline is expected to facilitate the export of Ugandan oil and has been a focal point of regional cooperation and international scrutiny. The government has also prioritized the construction of a refinery to reduce dependence on imported petroleum products and stimulate local industry, with projections indicating that the refinery could create thousands of jobs and enhance the **balance of payments** (Bagabo & Scurfield, 2024).

Through evidence collected by interviewing sector experts and review of secondary literature, the mutual mistrust between NGOs and the state that preceded the discovery of oil in 2006 influenced NGOs to rely on confrontational and indirect tactics which not only denied them insider access to policy spaces within the central government but also attracted state repression. NGOs' efforts to influence the legislative process were also ineffective since the activities here largely attracted opposition MPs in a ruling party-dominated parliament (Bukenya, 2021).

Despite these efforts, Uganda's oil and gas sector has faced numerous challenges. Governance issues, including corruption and lack of transparency, have hindered effective policy implementation. The risk of the resource curse looms large, as evidenced by the experiences of other resource-rich African nations. Additionally, logistical challenges related to infrastructure and political instability have complicated the development of oil **projects** (MacArthur Foundation & UNEP 2015).

The discovery and development of oil and gas are projected to have a transformative impact on Uganda's economy. The sector is expected to generate substantial revenue, create jobs, and drive infrastructure development. The Ugandan government aims to use the revenues from oil and gas to fund critical sectors such as health, education, and infrastructure.

However, the benefits come with potential challenges. Uganda faces issues related to the management of oil and gas wealth, environmental concerns, and the need for transparent governance. The "*resource curse*," where resource-rich countries experience economic instability and corruption, is a significant concern that Uganda is striving to avoid (Olanya, 2015). Oil and gas exploration and extraction pose various environmental risks, including potential oil spills, habitat disruption, and water contamination. Uganda has implemented several measures to mitigate these risks, including conducting environmental impact assessments and engaging with local communities through outreach programs. Socially, the oil and gas sector has led to both opportunities and challenges. While it promises substantial economic benefits, there are concerns about the displacement of communities, land rights, and the equitable distribution of wealth generated from these resources.

The future of oil and gas exploration in Uganda is closely tied to global energy trends and the country's ability to manage its resources effectively. As the world increasingly moves towards renewable energy sources, Uganda's oil and gas sector will need to adapt and innovate to stay relevant. Ongoing efforts are focused on ensuring that the development of oil and gas resources contributes to sustainable economic growth and environmental stewardship. The success of Uganda's oil and gas sector will depend on effective policy implementation, transparency, and addressing both domestic and international concerns.

In conclusion, the historical policies and initiatives in Uganda's oil and gas sector illustrate a complex interplay between opportunity and risk. While the potential for economic transformation exists, it is contingent upon strong governance, transparent management of resources, and the active involvement of local communities. To avoid the pitfalls associated with the resource curse, Uganda must continue to refine its policies and ensure that the benefits of its oil wealth are equitably distributed among its citizens. The future of Uganda's oil and gas sector will depend on its ability to navigate these challenges effectively while fostering sustainable development.

Solution Article: Uganda's Oil Resource Paradox: Adopting the Alaska Model

"*Societies that depend on natural resources tend to have certain inherent problems. The limited concentration of wealth—whether from oil, coal, diamonds, or bauxite—often leads to corruption and authoritarianism.*"

— **Lawrence Wright** (Wright, 2017)

The vast majority of poor, resource-rich, least-developed countries are located in Africa notably Angola, Chad, Democratic Republic of the Congo (DRC), Equatorial Guinea, Guinea, Sierra Leone, South Sudan, Sudan, and Zambia—with the exception of Botswana. In the book, *The Looting Machine: Warlords, Tycoons, Smugglers and the Systematic Theft of Africa's Wealth,* by Tom Burgis, the DRC stands out as one country where the "resource curse" is particularly severe. "From multibillion-dollar copper deals in Katanga to smuggling rackets shifting coltan out of the East, Congo's looting machine extends from the locals who control access to the mining areas, via middlemen to traders, global markets and consumers" (Burgis, 2015). If Uganda adopts the same script used by these countries, it stands a chance to taste the same bitter chalice they are drinking now. Development experts have often explained how poor economic and governance performance from many African countries contributes to the "resource curse" (Sachs & Warner, 1995). Thus, the only direct panacea to this impediment of mismanagement of natural resources is "sustainability." But what does that mean? Basically, the existing unaccountable behavior by leaders looking for instant money instead of ensuring longevity by creating productive industries for these resources can alternatively be reversed with effective policies to ensure even citizens are beneficiaries of these resources.

Ironically, a majority of resource-rich countries and authoritarian countries have "opaque policies and institutions." Such predatory governments driven by greed and corruption often end up signing secretive and exploitative production contracts that exclusively benefit the multinationals investing and their native countries. Needless to say, Kenya also suffers from this 'neocolonialism', just recently the government gave out 500 acres of land to Devki Group for mining purposes (Muingi, 2024). It's worth noting that the process of deed issuance, public participation, and all other land-related activities was alleged to be under the purview of Taita Taveta county government (ironically, there's no Gazette Notice as proof of public involvement). When asked about the Gazette Notice, the Principal Secretary (PS) Mining was audacious enough to share an article from a tabloid—a gazette (PS Mining Kenya, 2024). Minimal to no public participation was conducted and there's no vivid framework of who will be beneficiaries of this project. You'd wonder, what happened to intellectuals in a post-colonial world. Irrespective of the myriad strategies and approaches that have been tested by countries, few have resulted in robust economies with stable functional governments. In a nutshell, to drive positive force from natural resources wealth, both transparent policies, reasonable public regulation, commodity flows, and sustainable and varied production systems, must intractably weave into each other and in existence.

In that same purview, unequivocally, governance remains the sole fundamental pillar and most vital impediment to natural resource exploitation and management in the majority of African countries. Although African governments bear full responsibility and utmost *carte blanche* for managing natural resource wealth in a transparent, fair, and accountable way, they only constitute a web of interests with multinational extractive companies' foreign governments, and regional actors (Warah, 2020). As put eloquently by (Alley et al., 2007), transparency is the main issue in establishing accountable governance structures and fighting corruption. However, this has to start with the "concession contract" itself, as well as with revenues accruing from the sale of the resources:

a) Corruption in the allocation of resource concessions not only undermines governance in resource-rich countries but also entails a poor deal for their citizens. There is overwhelming evidence that concession allocation is obscure and involves a lot of corruption;

b) Concession contracts often contain confidentiality clauses and are therefore not open to public scrutiny. Without knowing the details of the deals signed by their government, the citizens of a given country have no way of holding their politicians accountable; and,

c) Transparency is equally important for the revenue flows of natural resource rents between extractive industry companies and host governments. If the companies publish what they pay and the governments publish what they earn, the revenue flows can be traced and governments can be held accountable for sustainable management of these revenues and fair distribution of the wealth.

The Case of Oil Exploration in Uganda

The oil era is dawning in Uganda and will bring both opportunity and risk—for good or ill (Suruma, 2010). The revenue flow will have the potential to drive domestic development and transform the country into a significant economic actor, both regionally and globally. Alternatively, there's also a caveat that the oil could undermine progress—characterized by symptoms of a 'resource curse' (Sachs & Warner, 1995; Iimi, 2007). Uganda stands at a crossroads and there has been an ongoing intense plethora of debates on the management of its oil—which is equally subject to controversies (#StopEACOP, n.d.; Elmawi, 2022). Questions have been raised as to whether Uganda should continue with this exploration, which overshadows climate concerns (Douet, 2024), at a time when there's a global transition to renewable energy and clean energy technologies (Odhiambo, 2022).

According to a World Bank report, the world's shift toward renewable energy and clean energy technologies will provoke a precipitous reduction in global demand for hydrocarbon fossil fuels, such as coal, oil, and natural gas (Galeazzi, Steinbuks, & Cust, 2020). Considering that around 50 percent of sub-Saharan Africa's export value is composed of fossil fuels, this global energy transition may have profound effects on the continent's economies. Nevertheless, the report includes findings that, whereas the region is projected to prosper from shifting exports to mineral energy materials (MEMs) such as nickel, copper, and cobalt, these changes in global demand might be more disruptive to the region's oil-dependent countries (Chen, Laws, & Valckx, 2024; UNCTAD, 2024).

In the context of Uganda, on 13 September 2022, the EU Parliament passed a resolution on the planned East African Crude Oil Pipeline (EACOP), citing human rights and environmental concerns. However, the Ugandan government via the Deputy Speaker of the Ugandan Parliament Thomas Tayebwa, referred to this resolution as “the highest form of economic sabotage against developing countries” and hypocritical, considering EU member states are expanding their fossil fuel exploitation. Although he interestingly admitted that EACOP will contribute to carbon emissions, Tayebwa pointed out the EU's outsized historical and current emissions: “[the] EU bloc with only 10 percent of the world’s population is responsible for 20 percent of global emissions. Africa with 20 percent of the world’s population is only responsible for 3 percent of global emissions” (European Parliament, 2022; Parliament of the Republic of Uganda, 2022).

But, Tayebwa’s ad-lib wasn’t a gaffe. All those projections for the EU resolutions point to the rhetorical questions about the actual new winners and losers in a decarbonized economy and symbolize a paradoxical tension between climate and development ambitions (Newell & Mulvaney, 2013). More importantly, these words openly affirmed and defined the stance of the Ugandan government on their resolutions to implement and proceed with this mega project.

The Situation Room

The concrete reservations, according to the problem article, require answers to at least map out a vivid trajectory that Uganda should/can follow/adopt in their oil resource exploration. The issues raised, hitherto, included but were not limited to: Should Uganda proceed with the oil exploration? Yes or No. If not, what does it take to stop them? If yes, what can they do to 1) Ensure the proceeds from the resource wealth benefit the people and not lead to a resource curse. 2) Ensure this expedition will not a) exacerbate the climate change effects already being experienced in several African countries and b) the Majority of the people are not affected further by the project, and if so (either by evacuation) they should be compensated accordingly.

People Before Profit or Profit Before People?

According to the issues raised in the problem article. One read, should Uganda proceed with the oil exploration? If yes, what can they do to ensure this project will not a) exacerbate the climate change effects already being experienced in several African countries. There are several approaches that the government can address this issue:

a) Adopting strict environmental regulation to enforce stringent regulations to limit greenhouse gas emissions from oil operations.

b) Investing in renewable energy uses proceeds from oil exploration to invest in renewable energy sources like solar wind and hydroelectric power.

c) Use clean energy technologies: cleaner extraction technologies that can reduce emissions i.e. carbon capture and storage (CCS), that captures CO2 and stores them underground.

d) Offsetting emissions: invest in projects that offset emissions such as reforestation or renewable energy projects elsewhere.

e) Transparency and accountability: report openly about the emissions and environmental impact of the project.

f) International Cooperation: Adhere to international agreements and standards such as from the Paris Agreement and IPCC reports.

Exporting Alaska's Model to Uganda

Instead of keeping revenue from natural resources and its expenses exclusively at the discretion of the executive power, we propose that Uganda undergo a paradigm shift and adopt the model used by the State of Alaska in the United States characterized by transparent, efficient management, and redistribution of revenues from natural resources. Alaska, which became a U.S. state in 1959, discovered 9.6 billion barrels of oil and that same year managed to collect US$900 million from the oil lease sales. However, all the money was soon exhausted. This impunity ignited an urgent move by the people, who were cognizant of the fact that they might never benefit from this oil resource and opted for a paradigm shift to ensure the proceeds from this resource were spent on state development (Mong'are, 2020).

Typically, the Alaska model has two main components, Sovereign Wealth Fund (SWF) and Permanent Fund Dividend, the latter ensures that all eligible state residents receive a share of the benefits realized by the fund through direct cash transfer (Signé, 2018). The fund was initially designed to receive at least 25 percent of the oil revenue and in 1982 a dividend programme was added to the fund. Worth noting is that, The Alaska Permanent Fund is a (Alaskan) constitutionally established fund, with its endowment deriving from natural resources that manages a proportion of natural resource revenues to benefit current and future generations. Between 1982 and 2015, a total of $22.4 billion was paid through the Alaska Permanent Fund Dividend to eligible citizens. Consequently, since the first deposit of US$734,000 was made in 1977, the fund had over US$64 billion in 2019 with each resident of Alaska receiving US$1,606 in dividends that year. These milestones underscore the significance of ensuring transparency of natural resource revenue transparency, managed to benefit all (Devarajan, 2018; Devarajan, 2013; Devarajan, 2010).

By sharing a proportion of the oil resources profits and increasing the benefits to its citizens through direct cash transfers Uganda can address the issue of the “resource curse" and the "paradox of plenty." First, citizens will know and comprehend the size of oil revenues. Second, they will have a greater incentive to scrutinize government spending, since it is financed out of their tax payments. Consequently, this move will ensure the reduction of the *carte blanche* given to many leaders thus decreasing the possibility of unaccountable governance, and consequently the dragon of corruption. For the critics and opponents who might ask, what mechanisms can be used for money transfers? The existence of biometric identification cards allows for the implementation of this model (in fact India uses these cards for its over a billion population). This model, also referred to as Universal Basic Income (UBI) is currently being piloted in other sectors in many countries, including Finland, Canada, and Kenya (Harker, 2024; Dabu, 2024; Kelly, 2024). This is the time for Uganda to ensure natural resources particularly its oil work for all the citizens.

Op-ed Piece: (The Future of Uganda’s Oil and Gas Industry: A Call for Sustainable Management)

Uganda's oil and gas industry presents significant economic potential, with an estimated 6.5 billion barrels of oil reserves, but it also faces critical environmental and social risks. By prioritizing inclusivity, transparency, and adherence to international sustainability standards, Uganda can harness its oil and gas resources to foster economic development while protecting its natural environment and communities. The economic potential of Uganda's oil and gas industry is examined in this op-piece, along with the associated risks, and calls for a balanced, sustainable approach to resource management. Uganda can harness its oil and gas resources to foster inclusive and suitable development by learning from global best practices and prioritizing environmental and social governance.

Furthermore, the discovery of oil and gas in the Albertine Graben region, in Uganda, has generated enthusiasm and anticipation about the country's economic future. As a developing nation, Uganda is about to undergo an economic revolution that has the potential to pull millions out of poverty and move the nation toward middle-income status. However, the management of these resources is a significant difficulty. With the potential for environmental degradation and social disruption, it is imperative that Uganda implements sustainable practices to ensure that the benefits of oil and gas development are equitably distributed and long-lasting.

Moreso, Uganda's oil and gas sector is poised to significantly contribute to the country's economy. The Uganda National Oil Company (UNOC) estimates that between 1.4 to 1.7 billion barrels of oil are recoverable, which can drive energy security and economic growth. Key projects such as the East African Crude Oil Pipeline (EACOP) and a planned refinery in Hoima aim to enhance local refining capacity and create jobs. These initiatives are expected to improve the balance of trade and provide a stable energy supply, addressing the region's energy poverty while fostering economic development.

Also, Uganda's oil and gas industry has enormous economic potential. It is anticipated that the industry will provide the government with a sizable amount of money in royalties, taxes, etc. This financial infusion can be used to support national growth by funding public services including infrastructure, healthcare, education, and other areas. Furthermore, the business has the potential to generate thousands of jobs directly and indirectly, which will strengthen regional economies and lower unemployment. Foreign direct investment in the oil and gas sector can also spur growth in related industries, such as manufacturing and services, fostering a more diversified economy. By establishing local content policies and promoting skills development, Uganda can ensure that its workforce is equipped to participate in and benefit from this burgeoning industry.

Despite the economic opportunities, the oil and gas sector poses substantial environmental and social risks. Potential impacts include deforestation, water pollution, and displacement of local communities. The Uganda National Oil Company has recognized these challenges and is committed to implementing Environmental, Social, and Governance (ESG) strategies to mitigate risks. This includes conducting Environmental and Social Impact Assessments (ESIAs) and engaging with local communities to secure a social license to operate. However, the effectiveness of these measures will depend on rigorous enforcement and transparency in operations.

Socially, the influx of capital and labor can also lead to increased inequality, displacement of communities, and conflicts over land and resources. The disruption of traditional livelihoods and the potential for human rights abuses must be carefully managed to prevent long-term harm to Uganda's social fabric.

To ensure the sustainable management of Uganda's oil and gas resources, a multi-faceted approach is essential:

- **Strengthen Regulatory Frameworks**: Enhance national environmental laws and regulations to ensure compliance with international standards.
- **Promote Inclusivity**: Foster gender inclusivity and community engagement in decision-making processes related to oil and gas projects.
- **Invest in Renewable Energy**: Diversify energy sources by investing in renewable energy projects, reducing reliance on fossil fuels, and minimizing carbon emissions.
- **Enhance Transparency**: Implement robust stakeholder engagement and reporting mechanisms to build trust and accountability within the sector.

Adopting these strategies will enable Uganda to create a balanced approach that prioritizes both economic growth and environmental sustainability. Overall, the future of Uganda's oil and gas industry hinges on its ability to manage resources sustainably. Whereas the economic potential is significant, the risks associated with environmental degradation and social disruption cannot be overlooked. A commitment to sustainable practices, inclusivity, and transparency will be crucial in navigating these challenges and ensure that the oil and gas sector contributes positively to the economy while safeguarding its natural heritage and the well-being of its people.

Contributors Bio

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