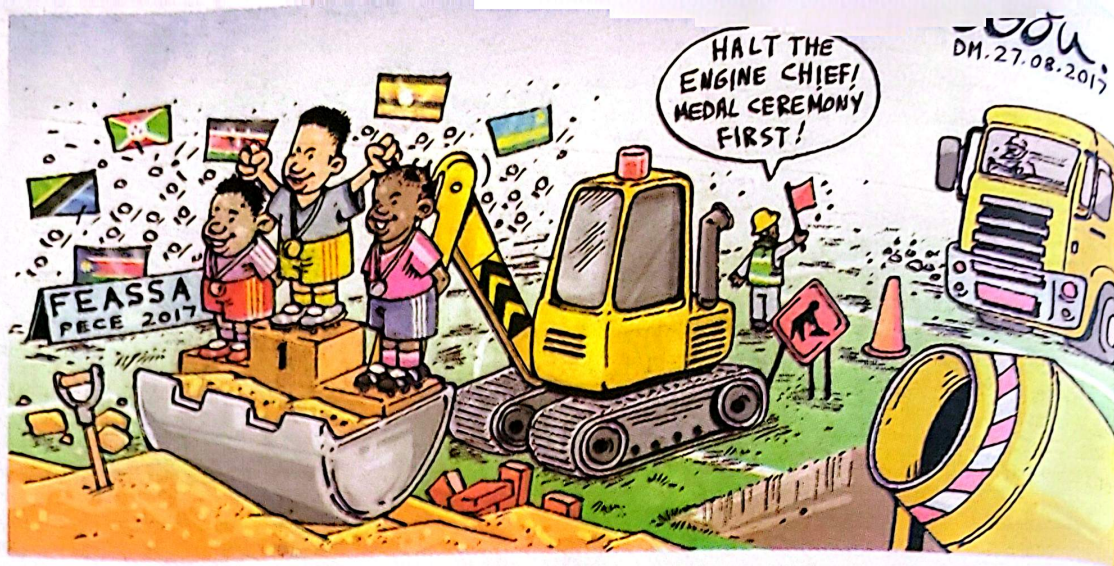




With or without Isabalija, it is time to renegotiate bad Energy contracts

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Even though sacked Energy ministry Permanent Secretary has not spoken out on his ouster from a position he had held for just 10 months, we can generally conclude that he must have stepped on some big fat toes. Being sacked from such a high position should always be a last resort. That the PS has been pushed out so fast without any record of having received warning letters before means that his transgressions were damning in the eyes of the appointing authority. Or in the eyes of the Senior Presidential Adviser on Energy, who just happens to be his predecessor in the same ministry.

I doubt whether the sacking of the PS will solve the multiple problems that faces Uganda's Energy sector. These problems include policy confusion, corruption, conflict of interest, overpriced contracts to foreign companies, minimum local content, lack of transparency, undue political pressure on technical personnel and inexplicable delays. These problems predate the tenure of the ousted PS. Therefore sacking him cannot be a solution. At best he is a sacrificial lamb. A scapegoat for the many failures in the Energy sector.

Many electricity projects have been commissioned. Some have been completed. Others are still underway. When the projects are launched, the expectations of citizens are raised sky-high. Promises are made about the number of megawatts to be generated and how the cost of electricity would drop dramatically.

But the reality is different. The electricity generated is much less than what was anticipated despite the costly feasibility studies and huge sums sunk in the

projects. In addition new projects that were slated to cost modest sums have ended up costing outrageous amounts. This raises the national debt to unsustainable levels.

However the sector where there has been the utmost recklessness and lack of prudence is the oil sector. The nation was left speechless when former Finance minister Syda Bumba admitted to signing an oil contract without reading through. It is this kind of dereliction of duty which requires a review and, where necessary, renegotiation of all contracts in the Energy sector. A little bird told me that this is precisely what the ousted PS, in his zeal to perform, attempted to do. We don't have to delve in the details of contracts he cancelled and shady deals he frustrated. Whatever he did, it cost him his job.

Rethinking our strategy in the Energy sector or broadly the use of natural resources for development is a nationalistic and patriotic imperative. According to Nobel Prize winning Economist, Joseph Stiglitz, "the money gained through natural resources must be used to promote development. The old colonial powers regarded Africa simply as a place from which to extract resources. Some of the new purchasers have a similar attitude."

He adds: "Infrastructure (roads, railroads, and ports) has been built with one goal in mind: getting the resources out of the country at as low a price as possible, with no effort to process the resources in the country, let alone to develop local industries based on them."

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players hover above the real economic conditions of the country. Many are at best commission agents in no position to influence the pace and path of these highly capital intensive sectors.

If indeed our goal remains to build an independent, integrated, self-sustaining national economy then the oil and minerals sectors do not pass the tests. The approach is not independent and neither is it focused on putting the public interest first. Private profit rather than national development is the end.

To quote Stiglitz again, "Real development requires exploring all possible linkages: training local workers, developing small and medium-size enterprises to provide inputs for mining operations and oil and gas companies, domestic processing, and integrating the natural resources into the country's economic structure."

The oil and mineral sectors is thus a fruit that has been placed very high, beyond the reach of many would be entrepreneurs. We need policies that will open up the sector for participation by more people rather than a few well connected individuals. The current policies entrench inequality, lack of transparency and graft. These are not technical problems. These are political problems for which the political leaders have to take responsibility. As the saying goes, the bottleneck is at the top of the bottle.

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