



OIL: PREPARING LOCALS FOR MORE LAND ACQUISITION

Total Exploration and Production Uganda's planning engineer, Moses Kirumira, showing energy minister Eng. Irene Muloni around the new refurbished oil and gas section at the Uganda Museum in 2015. The oil sector is facing land challenges, with land owners hiking prices and battling the Government in court

The discovery of oil avails Ugandans with many opportunities, including jobs, increased revenue, development and poverty alleviation, however, the industry is being delayed due to challenges regarding land on which major projects are to be set up, writes Robert Atuhairwe

Land and acquisition for the construction of the Hoima-Kaiso-Tonya road in 2012 was punctuated by complaints about the amounts paid in compensation. The affected persons blame the Government for the low compensation rates, under-assessment and under-valuation of their property.

Over 1,000 project affected persons, initiated legal action against the respective government agencies. Masindi High Court ruled early this year that they are supposed to be compensated, three years after the road was commissioned by President Yoweri Museveni.

Ronald Kato Rwahwire, a lawyer with Owen Murangira & Co Advocates who represented the residents affected by the road, told *New Vision* that his clients did not have any knowledge or idea about how the compensation rates were arrived at.

Conflicts over low compensation rates were more prominent in the acquisition of a 29 square kilometre piece of land for the refinery. A total of 7,118 people were displaced from 13 villages in Buseruka sub-county, Hoima district, where the country's first oil refinery is set to be built.

Some residents sued the Attorney General challenging the meagre compensation rates. Indications are that more land will be needed for the different developments connected with

oil in the Albertine region.

The Government and joint venture partners – Total E&P Uganda, China National Offshore Oil Corporation (CNOOC) Ltd and Tullow Operations Ltd have lined up a number of infrastructure projects needed in the oil production phase.

These include construction of central processing facilities, feeder pipelines, multi-purpose product pipeline from Hoima to Mpingi and the 1,445 km East African Crude Oil Pipeline Project (EACOP), among others.

So we may still see more complaints and court cases over land compensation for the projects in

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Land conflicts could delay oil projects

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the concerned areas

LAND TENURE CHALLENGE

But according to experts, since most land in Uganda, and particularly in the oil-rich Albertine Graben is classified as customary, protection for land rights is weak for most communities, making them vulnerable to dispossession and displacement. And the people are ignorant of the land laws and their rights.

Advocates Coalition for Development and Environment (ACODE), in a 2016 study of communities affected by conservation (Kibaale district), oil development and road infrastructure (Hoima district) and Electric Hydro Power development (Bukwa district), found that out of the 151 household heads that responded, only one-third reported that they had knowledge of the laws on compensation.

One voice in the report reads: "Government should declare rates of property and seek owners' approval on payment, and should compensate property that is valued by the people. We heard about the amounts they were going to give for land, but we were not told how they came up with the final compensation."

Kadir Kirungi, the Hoima district chairman, says ideally, land acquisition for development purposes should entail thorough consultation with the project affected persons and area local governments.

He says sensitisation or consultation prior to compensation makes the project acceptable and generates local ownership and support among the people.

He, however, says the district lacks funds to conduct sensitisations.

COMPENSATION RATES

Low compensation rates is a new conflict area for oil and gas affected communities. The conflict is likely to dominate land acquisitions for pipelines and other oil-related infrastructure projects.

For instance, late last year, more than 800 people affected by the construction of the central processing facility (CPF) in Kasenyi, Nkwendo sub-county, Bulisa district rejected the low compensation rates for their land, forcing government and Total E&P to re-value their property.



An oil rig in Bullisa on the shores of Lake Albert. Many people are being displaced to accommodate oil projects

800
Compensation
Late last year, more than 800 people affected by the construction of a CPF in Bulisa district rejected low compensation.

The Chief Government Valuer had set an acre of land to be compensated at sh2.1m, but the affected residents wanted sh30m per acre. They later accepted sh3.5m per acre of land. The standoff delayed surveying and other preliminary works for close to a month until it was resolved. This is where the Tilenga industrial park which comprises six oil fields — Jobi-Juli,

Ngiri, Gunya, Kasamene-Warindi, Nsoaga and Kigipole is situated.

The project has a production capacity of 200,000 barrels per day of oil, together with associated gas. It will also have about 400 wells.

Andrew Mugisha, the Hoima district valuer, attributes conflict over compensation rates to high expectations from project affected persons. He explains that almost every landowner in Bunyoro, whose land has prospects of being appropriated for the oil projects, is demanding those determined by the Chief Government Valuer.

"Land owners think this is a quick way to get rich," Mugisha says.

He attributes the problem to lack of awareness compensation rates do not reflect the market value of their properties.

"If you compensate me sh40,000 for a mature mango tree, you need to take into consideration how much money I was harvesting from the same mango tree in a year and how long it will take me to have another mature mango tree," one person identified as Oiwanga argues.

HOW ARE RATES ARRIVED

Mugisha explains that the compensation rates are systematically determined. He says technical officers such as agriculturalists, forestry officer and production personnel, guide the land boards in determining compensation rates.

He adds that district teams then go with the draft compensation rates to the field to confirm the rates that technical officers have fixed and get the input of the people and present them to the district land board.

"Once the district land board approves, the compensation rates are then forwarded to the



Land owners want more money during land compensations because of oil prospects

Chief Government Valuer for final approval," he says.

He, however, says compensation rates developed by the district do not provide for land and permanent structures, adding that they only provide for crops, temporary buildings, graves and fish ponds, among others.

This has also continuously caused friction between the district land boards and the chief government valuer. The district board say they set rates and the government valuer reduces them.

A source said the office of the Chief Government Valuer was understaffed, which makes it a big challenge to oversee the over 120 oil projects across the country.

The Chief Government Valuer advises government agencies to hire private consultants to do valuation of land and only comes in at the approval stage.

The private consultants have been accused of only focusing on maximising profits. Uganda National Roads Authority discovered that the consultant — MAPCON — which did valuation for the Hoima-Kaso-Tanga road, created ghosts.

UNRA's land acquisition specialist, Pamela Kemigisha, told a commission probing alleged corruption in the roads authority that some of the sh12.4b earmarked for compensation, went to ghosts.

She said this could have been a strategy by those who conducted the assessment and valuation to make extra money.

NEW PROJECTS COMING UP

Experts say land acquisition in the upcoming oil infrastructure for the government projects given might be daunting what has been already witnessed.

The East African Crude Oil Pipeline (EACOP) is expected to traverse eight district in 27 sub-counties and yet to be known number of villages on the Ugandan side.

Land acquisition for the pipeline could necessitate these districts to develop compensation rates that resonate with people's expectations to avoid conflicts, which could delay the projects.

Mugisha says the districts cannot be blamed for low compensation rates for permanent houses on land because it is a preserve of the chief government valuer, who does it in partnership with contract valuers.

"Some Kampala-based valuers have not understood that the value of land in oil rich communities has appreciated, so they under value it," he said.

Global Rights Alert, is one of the civil society organisations working with district land boards to develop fair compensation rates. Winfred Ngarirwe, the executive director, says low compensation rates are bound to spur conflicts between projects affected persons and investors and could lead to delay of the first oil production.

"When communities understand how the rates are arrived at and also have an input, they are satisfied," Ngarirwe says.

She says Global Rights Alert has trained

What is being done

Aware Ugandans are litigious, oil companies Total E&P in collaboration with Tullow Oil Uganda and the government have formed resettlement co-ordination committees to raise awareness of resettlement requirements.

China National Offshore Oil Corporation (CNOOC) Uganda, which owns the Kingfisher Oil Field in Kyankwanda sub-county in Hoima district, also has a resettlement committee to handle issues related to compensation.

The Chinese oil company said over 400 people will be affected as they acquire land to establish a CPF and a pipeline to the refinery site in Buseruka sub-county, Hoima district.

They will also build well pads, platforms, infield flow lines (lines coming from the respective well pads going to the CPF) both for injector and crude water injection.

"The preparation of the resettlement action plan during land acquisitions will require regular engagement with key stakeholders, where advice and support will be sought," one oil company said in an email communication last year.

district land boards of Hoima and Bulisa on how to develop fair compensation rates and also facilitated the land boards to meet with affected communities to review and validate the rates.

To enable communities understand the rates, she says, they have translated an already illustrated the approved compensation rates for Hoima district into Runyankara, Alur and Luganda, languages widely spoken in Hoima and Bulisa districts.

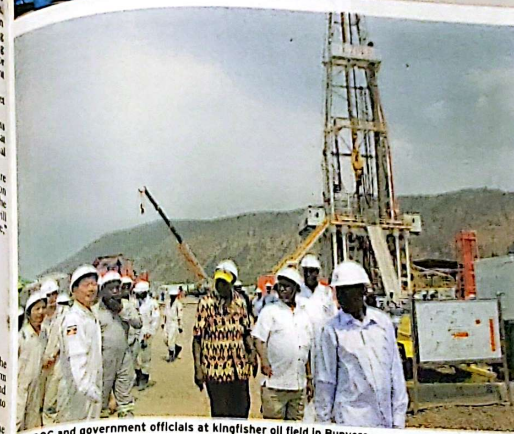
"The translated and visually illustrated rates have strengthened communities' understanding of how different items are compensated, and enhanced their bargaining power," she observes.

Ngarirwe adds: "Compensation is not income. You are replacing what you would have lost. Poor communities should be given enough information and explanation to understand the risks of compensation packages and also helped in making decisions."

A local leader who asked for anonymity, said the Government must appreciate that there is a rise in value of all things in the region and so rates should be set commercially.

The leader says compensation rates, if mishandled, create a sense of mistrust between the developers, government and land owners.

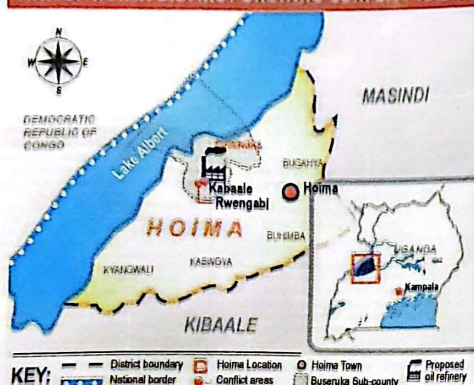
"If compensation on these projects is mismanaged, the subsequent projects might be resisted by the people and cause social tensions, blocking the investors," the source adds.



CNOOC and government officials at Kingfisher oil field in Bunyoro

Cover story

MAP OF HOIMA DISTRICT SHOWING CONFLICT AREAS



Over 30 homesteads were torched in 2014 during clashes between a group of Banyoro and a community of Congolese immigrants settled on a five-square kilometre piece of land near the proposed multi-billion oil refinery.