



**STATEMENT ON REGULATING THE OIL AND GAS SECTOR: KEY
MILESTONES FOR 2020 AND 2021**

ANNUAL MEDIA BRIEFING

BY

Ernest N.T. Rubondo

EXECUTIVE DIRECTOR

TUESDAY, 11th JANUARY 2022

INTRODUCTION

1. Colleagues, ladies and gentlemen, thank you for joining the Petroleum Authority of Uganda (PAU) for this annual media briefing. This briefing will focus on the milestones achieved in regulating Uganda's oil and gas sector during the years 2020 and 2021.
2. Uganda's oil and gas sector progressed very successfully and registered critical and important milestones during this period. This was despite the COVID-19 pandemic and its resulting impacts, which ravaged Uganda and the world during these two years. The most important milestones achieved in the country's oil and gas sector included:
 - a. Conclusion of the agreements required to take forward oil projects in the country including the East African Crude Oil Pipeline Project (EACOP), in September 2020.
 - b. Launching of Uganda's oil and gas projects in April 2021. This is one of the few projects in the global industry to be sanctioned during this period, with another being the Mozambique Liquefied Natural Gas (LNG) Project which was launched in November 2019.
 - c. Parliament of Uganda passed the critical pieces of legislation required to take forward development of the country's oil and gas sector. These are the EACOP (Special Provisions) Bill 2021, the Income Tax Amendment Bill, and the Public Finance Management Act Amendment Bill 2021 which were passed during November and December 2021.
 - d. The National Environment Management Authority (NEMA) awarded the Environment and Social Impact Assessment (ESIA) Certificates for the Kingfisher and EACOP projects in April 2019, March 2020 and December 2020 respectively. This followed award of the ESIA for the Tilenga project in April 2019.
 - e. Investments in the oil and gas sector in the country were US\$ 230 million in 2019, US\$ 180 million in 2020 then increased just over to US\$ 500 million in 2021. These investments are expected to increase to about US \$ 3 billion in 2022.

- f. The process of acquiring land for setting up the infrastructure required for the production, processing, and transportation of oil in the country continued and has progressed significantly by the end of 2021.
 - g. Many more Ugandans are now directly and indirectly employed in the country's oil and gas sector. Ugandans and Ugandan enterprises are also taking up the big and lucrative opportunities to provide goods and services.
- 3. The PAU marked five years of existence in October 2020. The first five years of the Authority were quite challenging, but very interesting at the same time. Challenging because the Authority had to build itself from scratch while at the same time carrying out the significant task of monitoring and regulating the country's oil and gas sector. Very interesting because of the opportunity, the Authority has had to contribute to, and participate in the development of this important sector, engage its diverse stakeholders, and most importantly, see the contribution the oil and gas sector is beginning to make towards developing and transforming the country in the short, medium, and long term.
- 4. In terms of Governance, the Minister of Energy and Mineral Development (MEMD) continues to provide policy direction required for the Authority to take forward its work. The Authority also has a Board of Directors who continue to provide oversight. The Authority regrettably lost a member of the Board, the late Dr. Noble Ephraim Banadda during July 2021 (May His Soul Rest in Peace). Another Board member, Mr. Kiryowa Kiwanuka was appointed Attorney General in July 2021. The Board has and continues to play a significant role in building the firm foundation required for the Authority to implement its mandate.
- 5. The Authority had a largely young and very vibrant one hundred and ninety (190) staff as at the end of 2021. These staff, whose numbers are expected to grow over the next few years, are the Authority's biggest asset as they are the heartbeat of its output and performance. These staff are well distributed across the generations with 68% of them being Generation Y/ Millennials. This team of staff is committed to delivering the PAU's mission of ensuring the Sector Creates lasting value to society and contributes to Uganda being a sound investment destination.

6. Ladies and Gentlemen, I would now like to present a summary the specific milestones achieved by the PAU during 2020 and 2021 together with the outlook for 2022.

MILESTONES FOR 2020 & 2021 AND OUTLOOK FOR 2022

7. The PAU carries out its regulatory function through the seven areas of resource management; commercialisation; cost management and economic analysis; management of petroleum and related data; environment, health, safety and social management; participation of Ugandans and Uganda enterprises (National Content); and stakeholder management.
8. The entities being regulated by the PAU include those licensed to undertake petroleum exploration, those licensed to prepare the already discovered oil fields for petroleum production operations, and those developing and managing the infrastructure to commercialise the oil and gas resources to be produced. In addition to these licensed oil companies, the Authority also regulates the contractors and sub-contractors to those licensed companies.

Efficient Petroleum Resource Management

9. The Authority works with the oil companies licensed to undertake petroleum exploration and production in the country, to study the discovered oil and gas fields. These studies are done with a view to estimate the country's petroleum resource volumes and implement the methods required to achieve the optimal recovery of these resources from the ground.
10. In this regard, the Authority prepared the country's fifth and sixth annual resources reports for the years 2020 and 2021 as required by the legislation. These annual reports are based on the Authority's interpretation of data and assessment of reports submitted by the licensed oil companies, as well as the technical studies that have been carried out since 2016. Uganda's petroleum resources remained at 6.5 billion barrels of oil equivalent in place with 1.4 billion barrels of this as recoverable resources. These resources, which have been discovered in the country to date, do not represent

very large volumes of petroleum, when compared to resources and reserves of petroleum in some other countries. They are however a very good beginning, as they will enable production of over 200,000 barrels of crude oil per day in the country. It is also important to note that only 15% of the Albertine Graben is currently under licence and there is therefore potential for more oil to be discovered in the country.

11. These resource volumes are expected to increase if the ongoing exploration work by Oranto Petroleum Limited (OPL) and Armour Energy Uganda Limited (AEUL) in the Ngassa and Kanywataba Contract areas respectively, and the licensing of additional areas for petroleum exploration in the country which is being taken forward by the Ministry of Energy and Mineral Development, are successful.
12. The companies licensed for exploration are continuing with implementation of the agreed exploration work programmes which include acquisition of 108-line km of 2D seismic data in the Kanywataba Exploration area, by Armour Energy and development of a lake drilling solution for the Ngassa Exploration area by Oranto Petroleum Limited. This work has led to the identification of three (03) drillable prospects in the Kanywataba Area, and two (02) prospects in the Ngassa area. The next stage of exploration in both the Kanywataba and Ngassa areas are the drilling of exploration wells. Preparation for drilling of wells in the two areas is ongoing and, therefore, petroleum exploration wells are expected to be drilled in these exploration areas during the current licence period which will expire during 2023.
13. The Authority continued to engage the oil companies, which are licensed for production of oil in the Tilenga and Kingfisher areas, on the planning for project development and oil production.
14. These plans include production of over 1 billion barrels of crude oil from the Tilenga and Kingfisher projects, out of which, the Tilenga project is expected to produce a total of about 874 million barrels with a peak production of 190,000 barrels of per day. This production will be delivered by seven (07) oil fields at the beginning of oil production (first oil) and three other oil fields are planned to come on stream five (05) years after

first oil. These fields which will come on stream later will contribute to maintaining peak production over a longer period and enable gentle decline in the production of oil.

15. Following the launch of the oil projects in April 2021, the licensed oil companies have concluded the procurement process and the following granted contracts for the Tilenga and Kingfisher projects:
 - a. The Tilenga project main Engineering Procurement Supply Construction and Commissioning (EPSCC) contract which was awarded to the consortium of McDermott/Sinopec. McDermott and Sinopec have commenced work and are currently taking forward detailed engineering and other activities in London UK, Beijing China and Gurugram, India.
 - b. In addition, the following ten (10) contracts for drilling and management of wells for the Tilenga Project:
 - i. ZPEB Uganda Company Limited won the contract for construction of the drilling rigs, and the detailed design of the drilling rigs has commenced. These rigs are to be used in drilling up to 426 wells, scheduled to commence in the last quarter of 2022.
 - ii. Directional Drilling, Logging while Drilling, Drilling Bits and Real Time Operations Center to Schlumberger
 - iii. Electrical Logging to China Oilfield Services Ltd (COSL)
 - iv. Casing & Tubing (OCTG) to Vallourec
 - v. Wellheads & Xmas Trees to Schlumberger for
 - vi. Lower Completion to Schlumberger.
 - vii. Upper Completion & Artificial Lift to Schlumberger.
 - viii. Mud Logging to Excellence Logging (Exlog).
 - ix. Drilling Fluids, Cementing and Solids Control to China Oilfield Services Ltd (COSL).
 - x. Drilling Waste Management to EnviroServ.
16. The contract for civil works to prepare over seven hundred (700) acres of Industrial area for the Tilenga project was awarded to Mota Engil Uganda. These works include

bush clearing, fencing, construction of drainage and internal roads and preparation of the ground to host different facilities. The facilities to be hosted in this industrial area include the Central Processing facility (CPF), Construction Camps, Drilling Support Bases, and Operation Support Bases, among others. Mota Engil Uganda has sub-contracted various Uganda companies included Gauff Consultants, Prand Engineering, Civtec, Fabrication Systems among others to undertake some of these works. Preparation of the Tilenga industrial site was at 35% completion at the end of 2021 and expected to be concluded by mid-2022.

17. A contract for construction of pads on which the wells for the Tilenga project will be drilled was awarded to MotaEngil Uganda Ltd. This contract includes preparation of thirty-one (31) well pad sites, installation of conductor pipes and construction of well cellars among others. The work is expected to commence in the first quarter of 2022, in preparation for the commencement of development drilling in the last quarter of 2022.
18. A contract for civil works and construction of well pads 1, 2 and 3 for the Kingfisher project together with construction of in field access roads was awarded to Excel Construction Limited, a Ugandan company. Additional contracts for Kingfisher project, including drilling and well services are due to be awarded during 2022.
19. A contract to design and construct a permanent camp, supply base and safety/security check station. Kingfisher Project EPC-2 Infrastructure Facilities was awarded to China State Construction Engineering Corporation Ltd (CSCEC).
20. You will note that some of the companies, which have been awarded those Tier-1 contracts include some of the biggest and well-established engineering companies in the world. They also have significant capital bases and enormous experience. This is a significant achievement, as these Tier-1 contractors, with large market capitalisation, are expected to set up base in the country.

Facilitate Commercialisation of the Discovered Resources

21. Uganda's strategy for commercializing the discovered resources was agreed in 2014. The PAU monitors and regulates the construction, operation, and maintenance of projects for commercializing the country's oil and gas resources. These projects include the Uganda Refinery Project and the East African Crude Oil Pipeline (EACOP).
22. The Authority reviewed the plans and designs for metering and measurement of petroleum from the country's oil and gas fields proposed by the licensed oil companies. This is an effort to reduce uncertainty levels.
23. The Authority approved both the route and the Front-End Engineering and Design, (FEED) for the EACOP in October 2020. In evaluating the suitability of the route, consideration of the technical, environment and social acceptability and integrity of the facilities was made, with a view to oversee the timely, optimal and sustainable development of these projects.
24. The Authority supported negotiations of the legal and commercial agreements required for commercialisation of Uganda's oil and gas resources, which were concluded in April 2021. These agreements provided a basis for the drafting of, and discussions on the EACOP (Special Provisions) Bill 2021, which was passed by Parliament on 9th December 2021. This legislation will facilitate the implementation of the EACOP project and is a welcome addition to and attractive legal and regulatory framework for Uganda's oil and gas sector.
25. The PAU entered into an MoU with the Energy Water and Utilities Regulatory Authority of Tanzania in 2020. This MoU will facilitate harmonized cross border regulation of the activities of EACOP.
26. The Authority is supporting in the discussions on the Implementation, Shareholders, and the Crude Supply Agreements for the Uganda refinery project, which will be executed by the Ministry and the Albertine Graben Refinery Consortium (AGRC) which is taking forward the development of the greenfield refinery in Uganda.

27. AGRC continued to implement the Project Framework Agreement that it entered with Government during 2018. The consortium commenced an Environmental Impact Assessment Study for the refinery during February 2020. This study is being undertaken by a Joint Venture between DNV-GL Consulting, a Norwegian company, and Atacama Consulting Limited, a Ugandan company. AGRC completed the FEED for the refinery and submitted it to the PAU towards the end of 2021 for review before approval. The PAU is taking forward this review, with a view to concluding it before the end of January 2022.

Management of Costs and Economic Analysis

28. The PAU regulates costs in the oil and gas sector and undertakes economic analysis of the different projects with a view to ensuring that Government take from the oil and gas resources is not eroded and that the profitability of the projects is maintained.
29. In cost management, the Authority reviews and approves the Licensees' annual budgets, monitors implementation of the approved budgets, including the procurement processes, undertaken by the licensees. The Authority also supports the office of the Auditor General in auditing the actual expenditure before the final recoverable costs are confirmed.
30. It is important to remember that with the cost of finding oil at less than one dollar per barrel, Uganda has one of the lowest costs of finding oil in the world. Optimal regulation of costs in the sector to date is one of the factors that have led to this success. Efforts are now being made to achieve similar best practices in regulating costs for development of infrastructure and production of oil.
31. Following the launch of the projects, contracts worth US\$ 6 billion for over 40 work packages and contracts for the Tilenga, Kingfisher and EACOP projects have been submitted by the licensees to the PAU for approval before award.
32. The total budgets approved for all licensees were US\$ 180 million dollars for January to December 2020, US\$ 500 million dollars for January to December 2021 and an expected US\$ 3 billion for 2022. This growth in investment in the sector is attributed to

a significant increase in the activities in the sector following conclusion of the required agreements on the launch of the projects.

33. In addition to regulating costs, the Authority evaluates the economic and financial viability of the Upstream and Midstream oil and gas projects in the country, with the view of informing Government's planning and decision making. This evaluation is based on the prevailing and anticipated costs, the volumes of oil to be produced, crude oil prices and other variables.
34. Uganda's oil projects remain economically viable in the prevailing crude oil price environment. This is mainly driven by the low cost of finding and developing the resources. The Authority estimates that the current project technical costs are below US\$ 20 per barrel and the break-even cost, at a 15% discount rate, is below US\$ 35 per barrel.
35. In terms of macro-economic benefits, the GDP of Uganda, which was estimated at over \$37.0 billion in the FY 2020/21, is expected to be significantly enhanced by the massive investments anticipated in the sector and through the linkages between oil and gas and other sectors of the economy like agriculture, tourism, manufacturing, and transport, among others. The benefits which are expected to accrue to the economy as a result of harnessing these linkages are estimated to increase the country's current GDP by 22% in the next 3-4 years of the construction phase. The Authority is working with the other institutions of Government and the private sector to harness these linkages.

Petroleum Data Management

36. As the saying goes, a country's petroleum sector is only as good as the quality and availability of its data. Data is an asset that is not only used by the Authority to perform its regulatory function, but is also used for investment promotion, taxation, evaluation of recoverable costs and national planning among other things. In this regard, the Authority is required to regulate the acquisition, processing, interpretation, receipt, archiving and dissemination of the country's oil and gas data.

37. There is currently over 50 Terabytes of electronic oil and gas data and thousands of physical data (geosamples) under the custody and management of the PAU. The volume of oil and gas data in the country is expected to increase exponentially during the development phase and subsequently during the production phase. The categories of data currently under PAU's custody include Geological and Geophysical (G&G), Engineering, Health, Safety and Environment (HSE), Costs, National Content, Subsurface and Surface Facilities.
38. In preparation for the responsibility of managing the country's oil and gas data, the Authority completed setting up a state-of-the-art data centre in Entebbe in 2021. This data centre is part of the National Petroleum Data Repository infrastructure which will include a Real Time Monitoring Centre (RTMC), a disaster recovery facility and a seismic data transcription facility.
39. The design of the RTMC commenced in 2021 and is due to be completed and construction commenced during 2022. The RTMC will provide real time information and enhance the monitoring of the drilling, production and crude oil transportation. The design of a disaster recovery solution and its implementation are planned to be concluded during 2022.

Environment, Health, Safety and Social Management

40. The Authority regulates the environment, health, safety and social aspects of the country's oil and gas sector in collaboration with the relevant Government agencies, with a view to ensure that the oil and gas activities are undertaken safely, and in a manner that does not harm people, the environment and investments. Uganda's oil and gas resources are located in pristine environments, hence the very important need to ensure the desirable co-existence between the oil and gas sector and biodiversity. The oil and gas activities in the country are not only being benchmarked on Uganda's environment legislation, but they are also being benchmarked on international best practice standards.
41. As indicated above, NEMA issued the ESIA certificates for the Kingfisher and EACOP projects in April 2019, March 2020, and December 2020 respectively. These followed

issuance of the ESIA for the Tilenga project during April 2019. The Authority supported the process of approving these ESIA's by organising and holding seven (07) public hearings and several public dialogues. The Authority is now regulating the developers to put in place the required Environment and Social Management Plans to ensure that the conditions attached to the ESIA certificates, and the mitigation measures are implemented.

42. The Authority in partnership with the Office of the Prime Minister (OPM), and the National Environment Management Authority (NEMA), put in place a National Oil Spill Contingency Plan (NOSCP) which was approved by the OPM in February 2021. The NOSCP is a national framework and command structure for planning, preparation, and response to oil spills. The NOSCP and the related regulations require local governments and other lead agencies to develop oil spill contingency plans. The PAU which is the Competent National Authority responsible for management of oil spills, is now working with stakeholders to enhance their preparedness to handle oil spills at the different levels.
43. Acquisition of land for the Tilenga, Kingfisher and EACOP projects continued during 2020 and 2021.
 - a. The land for the Tilenga Industrial area was fully acquired, with the 622 affected persons compensated. This compensation included handover of 30 residential houses to those whose primary residents who were impacted. Implementation of livelihood restoration projects in agriculture, vocational training, business support and financial literacy continues. As part of the Tilenga project, social amenities for the communities in Buliisa have been strengthened through of facilities like the Kirama Water project serving five villages, and the upgrade of Avogera health center whose construction commenced in March 2021 and is due to be completed in 2022. In addition to the Tilenga industrial area, the acquisition of land for other infrastructure like the pipeline and well pads, among others, is also progressing. At the end of 2021, 2,200 out of a total of 4901 affected persons had been compensated, and the construction of 31 out of 184 resettlement houses has commenced.

- b. Acquisition of, land for all the facilities in the Kingfisher project is almost completed with 99% of the affected persons paid. Three (03) resettlement houses under RAP 1 were handed over in 2019, and the remaining 50 resettlement houses for RAP 2 and 3 are under construction. Handover of the houses under construction is due at the beginning of 2022. Different livelihood restoration programmes for the people affected by the land acquisition for the KFDA which commenced during 2019 continued and was expanded during 2020 and 2021 are ongoing. These programmes include agriculture improvement, fish farming, business support, HIV literacy and vocational training are ongoing.
- c. Land acquisition for the EACOP project has progressed with disclosure of the compensation due to and opening of bank accounts for the project affected persons. Over 85% completed by the of 2021. Signing of the compensation agreements commenced on 13th December 2021, to enable payments to resume in January 2022. This will enable conclusion of the compensation process during 2022. The Authority is working with the affected persons, the district leaders, and the project developers to address the concerns and grievances related to this process.

44. Companies from within the host districts and communities like Kato Contractors, Living Earth Uganda, Kitara Development Initiative and Kitara CSO network have been contracted to undertake the construction and social resettlement activities.

45. On climate change and renewable energy, it is important to note that oil and gas is still expected to be very valuable and viable for at least the next 40 or so years. This is because of the prevailing high demand for oil and gas, as evidenced by the growing global energy demand especially by the developing countries, and the resulting high crude oil prices. In addition, there are some oil and gas products which cannot easily be replaced by renewable energy for example vehicle tyres, car seats, polyester for clothing and bitumen for road construction, among others. On a technical side of it,

Uganda's oil and gas sector is being taken forward in a manner that reduces the negative impact on the environment. For example, the gas from the oil fields will not be flared, neither will it be used only for electricity generation but for production of cleaner Liquefied Petroleum Gas (LPG). There are also plans to use solar energy in the oil and gas activities like heating for aspects of the EACOP.

Growing the Participation of Ugandans and Ugandan Enterprises (National Content)

46. The PAU regulates National Content with a view to achieve optimal participation of Ugandans and Ugandan enterprises. This done through:
 - a. Employment
 - b. Provision of Goods and Services
 - c. Capacity building
 - d. Enterprise development, and,
 - e. Transfer of knowledge and technology
47. Achieving the desired participation of Ugandan entities in the sector requires enhancement of the capacities of both the people and the enterprises. This is especially because the oil and gas sector is highly competitive and requires internationally recognised standards and quality.
48. At the end of 2021, 74% of the people directly employed by the licensed oil companies were Ugandans. On average, 27% of Management positions 64% of technical positions and 100% of support positions within the licensed oil companies are occupied by Ugandans.
49. Regarding the supply of goods and services 92% of the supplies and services were provided to the country's oil and gas sector in 2020 were by Ugandan entities while in 2021, 53% of the supplies and services were from Uganda entities. Some of the services provided by Ugandan companies include Human Resource services; construction; agricultural and crop development; environmental and waste management

services; broadcasting services; housing, hotel accommodation and office rental services; security services; ICT accessories and services; education management services; insurance; vehicle hire, tracking and maintenance; medical services and equipment; and legal services.

50. A National Supplier Database (NSD) and a National Oil and Gas Talent Register (NoGTR) have been put in place to support development of National Content in the Country's oil and gas sector.
51. To support the Ugandan companies that would like to participate in the sector, the PAU set up the National Supplier Database in 2017. The NSD is a register of all entities with interest to supply goods, works and services to the country's oil and gas sector. Two thousand, six hundred and sixty-two (2,662) companies have been qualified and registered by the PAU on the NSD, up from 513 in 2017, when the NSD was established. Of these, one thousand, nine hundred and sixty-six (1,966) entities currently registered on the NSD are Ugandan entities in forty-eight (48) countries outside Uganda.
52. The Authority welcomes entities to register on the NSD to be able to provide goods and services to the country's oil and gas sector. Application and registration on NSD are done online on a 24/7 basis. All entities on the NSD are required to confirm their interest to remain on the register after three years.
53. The NSD is continually being improved especially to quicken the process of registering applicants to the Database. The NSD has now been integrated with the Uganda Revenue Authority, the Uganda Registration Services Bureau, and the National Social Security Fund.
54. The National Oil and Gas Talent Register was established by the Authority in February 2019 to increase the visibility of Ugandan nationals who are interested in working in the sector. At the end of 2021, the NOGTR had a total of five thousand, nine hundred and forty-one (5941) registered and one hundred and fourteen (114) employers. There was a clear and significant increase in the registration of both people and companies after the launch of the projects in April 2021. A total of one hundred ninety-three (193) jobs

were posted on the system by the different employers to provide opportunity for the competent Ugandans to take over the jobs.

55. Regarding the skilling of Ugandan nationals for business and employment opportunities, the PAU partners with the private sector and collaborates with other Ministries, Departments and Agencies (MDAs) of Government. Some of the key partnerships are with the Ministry of Education and Sports, the Stanbic Business Incubator, the Employment for Development programme coordinated by GIZ, The Assessment and Skills Center and the Skills Development Facility and others under the Private Sector Foundation. As a result of the skilling efforts undertaken through these partnerships, a total of 4500 Ugandans have been trained and acquired international industry certifications like City and Guilds, Engineering Construction Industry Training Board (ECTIB), American Welding Society (AWS), and OPITO at the end of 2021. These international certifying bodies have all, except AWS, established certification centres in Uganda.
56. In addition, U\$ 500,000 grant was secured from the African Development Bank during 2021. The grant is to support capacity development of two hundred (200) Micro, Small and Medium Enterprises along the ten (10) EACOP districts is going to be implemented the Stanbic Business Incubator in partnership with Solid Rock Life and Business, Living Earth Uganda and Conexus Oil and gas. The PAU will supervise implementation of this project which will last two years.
57. Ugandans have been able to provide goods and services worth over USD 1 billion out of the total investment into the sector of US\$ 3.7 billion as at the end of 2021. The Authority published a list of over 330 Ugandan entities that have provided goods and services to the oil and gas activities between 2017 and 2020; this can be accessed on our website www.pau.go.ug
58. Participation of Ugandan entities in the country's oil and gas sector is constantly being measured by the PAU and all efforts are being made to increase the participation of Uganda entities from 28% to 40% during the development phase whose investment is

estimated to be between USD15-20 billion. This is to be spent before the oil comes out of the ground.

Stakeholder Management

59. The PAU has and continues to establish strategic partnerships with national and international agencies. These include Ugandan entities like the Uganda Revenue Authority, Uganda National Bureau of Standards, Ugandan Registration Services Bureau, National Social Security Fund and the National Information Technology Authority and the National Identity Registration Authority among others. Outside Uganda, the Authority has worked, and plans to continue working, with the Energy Water and Utilities Regulatory Agency of Tanzania, especially to regulate EACOP, the Energy Regulators Association of East Africa, the Norwegian Petroleum Directorate, the Petroleum Safety Authority of Norway and the UK Oil and Gas Authority, among others.
60. The Authority undertook several community engagements, both virtually and physically (while maintaining the SOPs,) and utilised broadcast media channels to ensure flow of information to the public. This includes quarterly engagements in areas of operation and along the EACOP route targeting district leaders, subcounty and village teams together with civil society organisations, among others.
61. The Authority plans to intensify the provision of its services in the oil and gas operation areas. In order to better achieve this, PAU has opened regional offices in Hoima city and Buliisa districts. The former is on plot 6, Bakunya road and the latter at the Buliisa district local government headquarters. The Authority remains committed to engaging all stakeholders through various channels, including social media and other digital platforms, regular engagements, and disseminating publications.

CONCLUSION

62. The FIFA world cup and the summer Olympic games are considered among the world's largest and most prestigious sporting events. Countries invest between US\$ 2 to 6 billion in construction of facilities to host sports tournaments such as the World Cup. In

comparison, the expected investment in Uganda's oil project in the next 3 to 4 years is about US\$ 15 billion.

63. The GDP growth of Germany, the host of 2006 World Cup was positively impacted as a result of hosting the World Cup. In 2003 GDP growth was negative, while in 2006 it ranged from 2.8% to 5.0%, proving that the year of hosting had the greatest growth for the German GDP.
64. In comparison with anticipated costs and benefits of the country's oil and gas projects, it is estimated that the investments in the oil and gas projects will ~~cost~~ attract about US\$ 15 billion. This is comparable to the average cost of hosting the summer Olympic games of about US\$ 10.7 billion. In addition, the preparatory investments by government in infrastructure development like the airport and industrial park in Kabaale and the various oil roads are valued at close to US\$ 2 billion. This is also a similar trend seen with the games host countries. Even though the economic benefits of investing in the sporting events remain debatable, governments have competitively continued to invest in them.
65. The anticipated infrastructural improvements for a developing country like Uganda would go a long way to improve trade and other economic activities in the host communities and surrounding areas. Such economic activities could include; Trade, Agriculture and tourism among others. However, as seen in Sarajevo, Athens, Beijing and Rio, if not well planned for sustainability during the decline of the oil activities some infrastructure could turn into white elephants.
66. It should also be noted that the onset of the COVID-19 pandemic has not put a stop to the progress of Uganda's oil and gas sector. Instead, the sector has registered major achievements including the launch of the oil and gas projects, issuance of some EPC contracts and the passing of key legislation to take the sector forward. The scope of companies being regulated by the Authority is increasing significantly as it now includes the licensed oil companies, their contractors and sub-contractors at the different levels. This implies an increase in investment in the country, but also the opportunities for local entrepreneurs and high-level employment of skilled Ugandans. The communities

hosting the operations are now benefiting from growing and improving physical and social infrastructure.

67. With this momentum, 2022 is going to see a beehive of activity for the oil and gas sector, the Ugandan economy, and the region at large. The contracting and land acquisition processes will be concluded, and the work on the ground will intensify, with the commencement of development drilling of the planned 450 wells in the second half of 2022. The year 2022 is going to commence the period of three years of intense infrastructure development in preparation for first oil in 2025.
68. The PAU will continue enhancing its capacity to efficiently regulate this expected beehive of activities, that is commencing as the projects take off. Ugandans should, therefore, continue preparing for the direct and indirect opportunities that are now becoming clearly visible. It is therefore both a privilege and indeed an opportunity for all of us, who are participating in the sector in the different capacities. Specifically, as the media fraternity, you have a duty to ensure that the information shared on your different platforms is accurate, objective, and balanced, and contributes to causing transformation in our society.
69. The Authority is very grateful for the guidance and support of its work by His Excellency the President of the Republic of Uganda, the Minister and the Ministry of Energy and Mineral Development, the Minister and the Ministry of Finance, Planning and Economic Development, the oversight of the Board of Directors and the hard work of all the Authority's staff, which enabled the achievements made during 2020 and 2021.
70. To all our partners and stakeholders, we thank you for supporting the Authority in its efforts to achieve its vision of becoming "A Leading Petroleum Regulatory Agency".
71. The PAU wishes everyone a successful 2022, the year in which the country truly begins to witness the long-awaited contribution of the oil and gas sector to Uganda's transformation.

Thank you.

FOR GOD AND MY COUNTRY

Ernest N.T. Rubondo
EXECUTIVE DIRECTOR