



CSBAG BUDGET NEWS BRIEF



280th EDITION | 14th August – 19th August

Advocating for a People Centered Budget that Dignifies Humanity



Natural resources chairperson wants oil pipeline to deliver value for money

"The 1,445 kilometre East African Crude Oil Pipeline (EACOP) worth \$3.55b will be able to transport 216,000 barrels of oil per day."



President Museveni and Tanzania President John Pombe Magufuli. The two presidents recently laid the foundation stone for the construction of the oil pipeline that will carry Uganda's crude oil from Hoima in western Uganda to the sea port of Tanga in Tanzania.

The Chairperson of Parliament's committee on Natural resources Alex Byarugaba wants the implementers of the oi pipeline project to ensure value for money and proper accountability of tax payers' funds.

The MP also appealed to Uganda and Tanzanian governments to consider fast-tracking of the crude oil pipeline between Uganda and Tanzania.

"We want this project like yesterday, the people who have been assigned this work should ensure that they adhere to the schedule," Byarugaba said.

Earlier this month (August 5), President Yoweri Museveni and his Tanzanian counterpart John Pombe Magufuli, laid the foundation stone for the construction of the 1,44km pipe line that will move crude oil from western Uganda to the seaport (Tanga) for export.

The \$3.5b (Sh13trillion) project, is a significant milestone for Uganda, which is hoping to start selling its crude oil to international markets within three years.

The actual construction of the East African Crude Oil Pipeline (EACOP) is expected to begin early next year following the laying of the foundation stone for the project on earlier this month at Chongoleani in Tanzania's port city of Tanga.

Compensation

As the head of the oversight committee of Parliament, Byarugaba noted that there is need to ensure thorough compensation of individuals affected by the project. "We Know the project is going to basically pass through underground, but people with property like trees, plantations and gardens, will be affected. They need to be adequately compensated," Byarugaba noted.

He however said that the implementers of the project have expressed commitment towards compensating the affected persons. According to Byarugaba, not many people in Uganda were affected by the project adding that it is mainly Tanzanians that had most of their property such as gardens affected by the project.

The MP added that as parliament, they are concerned with issues of compensation, environmental impact, and local content among other factors affecting Ugandans.

"As far as we are concerned, the issue of local content has been addressed under this project. Despite many jobs going to the Tanzanians, our local people will also benefit from the project," Byarugaba stated.

Employment opportunities

During the construction of the Pipe line, there will be between 10,000 to 15,000 direct jobs, while the temporary ones, will be about 30,000. Byaruhanga however indicated that government needs to pay attention to issues like local content and environmental degradation. The construction of the pipeline is expected to last 36 months. About 500,000 tonnes of building materials will be required to construct midstream facilities, including the crude pipeline and the feeder pipelines from production sites in Hoima and Bulisa districts. Uganda has discovered 6.5 billion barrels of oil resources in 40% of the potential area in the Albertine basin. Currently it is estimated that between 1.4 and 1.7billion barrels, out of the 6.5b can be pumped out of the ground.

Costs involved

Tanzania will not charge transit fees, value added tax and corporate income tax on the project. It is also offering a depreciation tax holiday for 20 years and free corridor for the pipeline. The agreed-on concessions, according to President Museveni implies that the tariff fee is \$12.2 (cost of delivering to market) per barrel, stating that it still makes the pipeline profitable even at \$50 per barrel on the international market.

Longest in the world

The Oil pipeline between Uganda and Tanzania, which is the longest of its kind in the world, according to the energy ministry, will be completed in 2020. The pipeline works, will be undertaken by Total E&P, CNOOC and Tullow oil, together with two governments of Uganda and Tanzania. On completion, the pipeline will carry 216,000 barrels of crude oil for export daily. The pipeline is expected to move, from Hoima to Tanga sea port on the Indian Ocean. Uganda's oil is waxy and it will have to be heated during its transportation to prevent it from solidifying.

UPCOMING CSO EVENTS

Event: Regional Budget consultative meeting

Convener: Civil Society Budget Advocacy Group

Venue: Agago and Abim districts

Date: 28-31st August 2017

OUR WORK IN PICTURES



CSBAG Budget Policy Specialist, David Walakira speaks at a Budget consultation meeting with CSOs from Bunyoro region last week. CSBAG engaged over 150 participants through 8 Local Government Budget consultative meetings that were held last week with participants from Busoga, Bugisu, Bukedi, Teso Kigezi, Bunyoro, Karamoja, Toro, Lango and West Nile among others. | @CSBAG2017



CSBAG Programme Manager, Ms Carol Namagembe receiving a certificate from an official of the SPEED Universal Health coverage initiative. CSBAG was recognized for its outstanding advocacy work towards improving Financial Accountability for Health in Uganda.