

Sector: Energy and Mineral Development

Foreword

This Budget Framework Paper (BFP) FY2018/19 covers Vote 017: Ministry of Energy and Mineral Development, and Vote 123: Rural Electrification Agency. The BFP provides a review of Sector Performance for the FY2016/17 and the first quarter of the FY2017/18. Planned outputs and the expected key outcomes for the FY2018/19 are also presented. Budget allocations for the medium term have been provided based on the sector priorities.

The indicative budget ceilings for the Ministry of Energy and Mineral Development have been rationalised in line with the sector priorities and national priorities as communicated in the Budget Call Circular and in the Presidential Directives. The ceilings for Vote 017 for the FY 2018/19 are as follows: Wage Recurrent is UGX4.23 Bn; Non-Wage Recurrent is UGX 74.04Bn; GoU Development is UGX 307.84Bn and the Development Partner contribution is UGX 1,608.41Bn.

Under Vote 123 the ceiling is UGX675,98Bn of which UGX 81.98 Bn is for GoU Domestic Development and UGX594.00 Bn is from external financing

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Abbreviations and Acronyms	
AEC	Atomic Energy Council
AFD	French Development Bank
AfDB	African Development Bank
ASM	Artisanal and Small Scale Miners
BFP	Budget Framework Paper
BOOT	Build Own Operate and Transfer
BoPD	Barrels of Oil per day
CDAP	Community Development Action Plan
CGGC	M/s China Gezhouba Group of Companies
DFI	Development Finance Institutions
DGSM	Directorate of Geological Survey and Mines
EA	Exploration Area
EAC	East African Community
EAPC	East African Petroleum Conference
EDT	Electricity Disputes Tribunal
EECB	Energy Efficiency and Conservation Bill
EIPL	Energy Infratec Pvt
EM&HM	Electro Mechanical and Hydro Mechanical
EPC	Engineering Procurement and Construction
ERD	Energy Resources Directorate
ESIA	Environment and Social Impact Assessment
FEED	Front End Engineering Design
FMO	Netherlands Development Finance Company
G&G	Geological and Geophysical
GETFiT	Global Energy Feed in Tariff
GoU	Government of Uganda
HRT	Head Race Tunnel
HSE	Health Safety and Environment
IAEA	International Atomic Energy Agency
IDA	Islamic Development Bank
IPP	Independent Power Producer
JST	Jinja Storage Tanks
KFDA	Kingfisher Development Area
KNNN&KW	Kaiso-Tonya, Kigogole, Nsoga, Ngege, Ngara and Kasamene, Wahrindi Kilo Volts
kV	Kilo Volts
KWR	Karuma Wildlife Reserve
LV	Low Voltage
MEMD	Ministry of Energy and Mineral Development
MoU	Memorandum of Understanding

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MPSA	Model Production Sharing Agreement
MV	Mega Watts
NEMA	National Environment Management Authority
NEU	Nuclear Energy Unit
NTR	Non Tax Revenue
PAPs	Project Affected Persons
POL	Petroleum Operation Licence
RAP	Resettlement Action Plan
REA	Rural Electrification Agency
SEAMIC	Southern and Eastern Africa Mineral Centre
SMEs	Small and Medium Scale Enterprises
TBT	Tail Bench Tunnel
TPC	Technical Petroleum Committee
TRT	Tail Race Tunnel
UECCC	Uganda Energy Credit Capitalization Company
UETCL	Uganda Electricity Transmission Company Limited
UEDCL	Uganda Electricity Distribution Company Limited
UNBS	Uganda National Bureau of Standards
UWA	Uganda Wildlife Authority

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S1: Sector Overview

This section provides an overview of Sector Expenditures and sets out the Sector's contribution to the NDP, its policy objectives, and key performance issues.

(i) Snapshot of Sector Performance and Plans*

Table S1.1 Overview of Sector Expenditure (Ushs Billion)

	2016/17	2017/18		2018/19	MTEF Budget Projections			
	Outturn	Approved Budget	Spent by End Sep	Proposed Budget	2019/20	2020/21	2021/22	2022/23
Recurrent								
Wage	3.684	4.232	0.822	4.232	4.655	4.888	5.132	5.389
Non Wage	2.047	12.579	26.196	74.041	90.331	103.880	124.656	149.587
Devt.								
GoU	405.937	374.813	79.842	389.813	475.572	570.686	570.686	570.686
Ext. Fin.	983.083	1,928.178	401.179	2,061.115	2,252.804	822.989	346.126	0.000
GoU Total	411.668	391.624	106.860	468.086	570.557	679.454	700.474	725.662
Total GoU+Ext Fin (MTEF)	1,394.751	2,319.802	508.039	2,529.202	2,823.362	1,502.444	1,046.600	725.662
A.I.A Total	32.621	50.840	14.604	46.625	49.275	51.003	53.499	55.291
Grand Total	1,427.373	2,370.642	522.643	2,575.827	2,872.637	1,553.446	1,100.100	780.954

(ii) Sector Contributions to the National Development Plan

The Vision 2040 and NPDII observes that for Uganda to achieve the desired socio-economic transformation, the energy sector needs to provide at least 41,738 Mega Watts of energy by year 2040. Access to the national grid will have to increase to 80 percent. The sector is responding by developing its hydro power and also complementing with other renewable forms of energy including; wind, solar and gas.

On mineral development, the sector is undertaking ground geological and geochemical follow-ups to ascertain the mineral potential and value. Efforts are being made to complete the airborne geophysical survey, geological mapping and geochemical sampling of the remaining 20% of the country.

In the petroleum sub sector, efforts are being put to achieve production, refining and export of oil resources for socio economic development by 2020.

(iii) Medium Term Sector Policy Objectives

In order to contribute effectively to the national objectives as enshrined in the National Development Plan, the sector strategic objectives and policy goals are:

- i) To meet the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner.
- ii) To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society
- iii) To develop the mineral sector for it to contribute significantly to sustainable national economic and social growth

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(iv) Sector Investment Plans

During the FY 2018/19, the sector will continue to focus major capital investments towards the construction of Large Hydro power infrastructure (Karuma, Isimba Hydro Power Projects); construction of transmission lines and the associated Wayleaves; Resettlement Action Plan and capacity payments towards thermal power generation.

The sector will also focus on the implementation of the refinery development activities including the development of the oil pipelines, aerodrome, and the implementation of the oil and gas policy.

In the mineral sector, government will implement the Mineral Certification Mechanism, Expand the Seismological Network, Construct One Mineral Beneficiation Center and continue mapping and exploration of the mineral wealth potential of the country.

To support the general administrative function, the sector has also committed resources towards the renovation of Amber house and the development of the adjacent plot.

Table S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

Sector Outcome : Increased energy generation for economic development							
Sector Objectives contributed to by the Sector Outcome							
1. Increase power generation capacity to drive economic development.							
Sector Outcome Indicators	Performance Targets						
	2016/17	2017/18	Base year	Baseline	2018/19	2019/20	2020/21
Proportion of population with access to power			2016	22%	23%	24%	26%
Power generated as a proportion of the installed generation capacity (MW)			2016	19.1%	16%	14.1%	14%
Number of units of installed capacity added to generation			2016	947	1,400	1,600	1,600
Sector Outcome : Vibrant and effective institutional framework to increase productivity							
Sector Objectives contributed to by the Sector Outcome							
1. Strengthen the policy, legal and institutional framework							
Sector Outcome Indicators	Performance Targets						
	2016/17	2017/18	Base year	Baseline	2018/19	2019/20	2020/21
Value of mineral production (UGX billion)			2016	100.00	150.00	200.00	250.00
Change in proven recoverable oil reserves (Million Burrels of Oil)			2016	6,500	7,500	9,000	9,000
Sector Outcome : Increased access to power from the national grid							
Sector Objectives contributed to by the Sector Outcome							
1. Expand the electricity transmission grid network							
Sector Outcome Indicators	Performance Targets						
	2016/17	2017/18	Base year	Baseline	2018/19	2019/20	2020/21
Number of Ugandans accessing power			2016	3,200	4,000	8,000	10,000
Sector Outcome : Efficient use of energy							

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Sector Objectives contributed to by the Sector Outcome							
1. Promote Energy Efficiency							
Sector Outcome Indicators	Performance Targets						
	2016/17	2017/18	Base year	Baseline	2018/19	2019/20	2020/21
Security of stock levels (reserves) of petroleum products held in the country			2016	12.00	14.00	15.00	15.00
Percentage Reduction of the Energy losses on the electricity network			2016	0.5%	0.5%	0.4%	0.1%

S2: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATIONS ALIGNED TO THE NDP

Table S2.1: Programme Outcomes and Outcome Indicators Aligned to the NDP

Vote 017 :Ministry of Energy and Mineral Development					
Programme :	01 Energy Planning, Management & Infrastructure Dev't				
Programme Objective :	To promote adequate and reliable energy to achieve increased levels of access to modern energy services				
Responsible Officer:	James Baanabe Isingoma, Director Energy Resources Directorate				
Programme Outcome:	Increased energy infrastructure capacity, in Generation of electricity				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased energy generation for economic development					
Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
• percentage of losses in the distribution network		18.5%	15.5%	15%	14.5%
• Generation capacity of Plants in MW Under construction d to the grid		905	1,088	1,688	1,700
• Percentage of population with access to electricity		22.5%	25%	30%	32%
Programme :	03 Petroleum Exploration, Development, Production, Value Addition and Distribution and Petroleum Products				
Programme Objective :	Ensure efficiency and effectiveness in the management of Uganda's oil and gas resource potential, value addition, distribution and access to petroleum products for social and economic development				
Responsible Officer:	Robert Kasande				
Programme Outcome:	Ensure efficiency and effectiveness in the management of the country's oil and gas resource potential, value addition and distribution of petroleum products.				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased use of alternative energy sources					
Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target

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• Number of Ugandans directly employed in the oil and gas sector		300	500	1,000	1,500
• Level of investment in the oil and gas sector (UGX Billion)		14400	13000	14000	15000
• Number of barrels of recoverable oil reserves		1,500,000,000	1,500,000,000	1,550,000,000	1,600,000,000

Programme : 04 Petroleum Supply, Infrastructure and Regulation
Programme Objective : Ensure reliable, cost effective and safe supply of petroleum products to the rural and urban markets for social and economic development .

Responsible Officer: Rev. Justaf Frank Tukwasibwe

Programme Outcome: Adequate and standard quality stock of Petroleum products on the market

Sector Outcomes contributed to by the Programme Outcome

1. Efficient use of energy

Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
• Number of days of Security of stock levels (reserves) of petroleum products held in the country		20	20	25	30
• Rate of fuel marker failure of petroleum stocks		2.5%	2.5%	2%	1.8%
• Level of investment in downstream infrastructure		8,000	7,000	8,000	9,000

Programme : 05 Mineral Exploration, Development & Value Addition

Programme Objective : To establish, promote and regulate the development of mineral and geothermal resources for job creation for female and male actors in the value chain for sustainable development

Responsible Officer: EDWARDS KATTO

Programme Outcome: Sustainable Management of Mineral resources for economic development

Sector Outcomes contributed to by the Programme Outcome

1. Vibrant and effective institutional framework to increase productivity

Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
• Number of Ugandans gainfully employed in the mineral sector		6,600	10,000	15,000	25,000
• Change in revenue of mineral rights		5.7	15	17	22
• Value of mineral production (UGX Billion)		110	410	450	500

Programme : 49 Policy, Planning and Support Services

Programme Objective : The main objective is to guide the Policy formulation, implementation and as well as being responsible for the procurements, Planning, Budgeting and Policy Analysis and also the Finance and Administrative functions that are gender responsive .

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Responsible Officer:	Prisca Boonabantu				
Programme Outcome:	Legal and Institutional Framework strengthened				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased use of alternative energy sources					
Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
• Proportion of MEMD approved structure filled		70%	70%	75%	80%
Vote 123 :Rural Electrification Agency (REA)					
Programme :	51 Rural Electrification				
Programme Objective :	To achieve universal access to electricity by 2040				
Responsible Officer:	Godfrey R. Turyahikayo				
Programme Outcome:	Increased access to rural electrification				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased energy generation for economic development					
Programme Performance Indicators	Performance Targets				
	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
• Number of consumers accessing electricity		27,399	120,457	150,000	180,000

Table S2.2: Past Expenditure Outturns and Medium Term Projections by Programme

<i>Billion Uganda shillings</i> Programme Service	FY 2016/17	FY 2017/18		2018-19	Medium Term Projections			
	Outturn	Approved Budget	Actual Releases by end Sep	Proposed Budget	2019-20	2020-21	2021-22	2022-23
Vote : 017 Ministry of Energy and Mineral Development								
01 Energy Planning, Management & Infrastructure Dev't	379.944	423.483	83.441	728.275	801.033	438.199	228.986	245.672
02 Large Hydro power infrastructure	784.219	1,301.720	398.608	1,107.389	900.749	103.069	53.889	53.889
03 Petroleum Exploration, Development, Production, Value Addition and Distribution and Petroleum Products	40.006	94.282	11.960	107.295	350.271	404.403	405.329	112.038
04 Petroleum Supply, Infrastructure and Regulation	8.099	0.000	0.000	0.000	0.000	0.000	0.000	0.000
05 Mineral Exploration, Development & Value Addition	9.122	23.629	0.791	24.429	24.229	23.629	23.629	23.629

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49 Policy, Planning and Support Services	20.916	27.066	1.663	27.131	88.598	162.486	166.109	170.421
Total for the Vote	1,242.306	1,870.181	496.463	1,994.520	2,164.880	1,131.787	877.943	605.649
Vote : 123 Rural Electrification Agency (REA)								
51 Rural Electrification	152.445	449.621	11.576	534.682	658.482	370.657	168.657	120.013
Total for the Vote	152.445	449.621	11.576	534.682	658.482	370.657	168.657	120.013
Total for the Sector	1,394.751	2,319.802	508.039	2,529.202	2,823.362	1,502.444	1,046.600	725.662

S3: Sector Interventions for 2018/19

Sector Challenges in addressing gender and equity issues for FY 2018/19

- i) Lack of clear guidance from gender mainstreaming lead agencies in regards to Energy and Minerals.
- ii) Existing Sector Policy Framework has not been reviewed to address gender concerns.
- iii) Sex dis aggregated data to aid gender planning is still inadequate