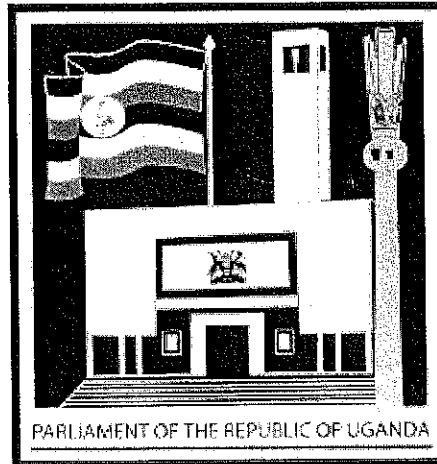


THE REPUBLIC OF UGANDA



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REPORT ON THE INVESTIGATION INTO THE OIL AND GAS SECTOR BY THE PARLIAMENTARY AD HOC COMMITTEE IN RESPECT OF THE REGULARIZATION OF THE OIL SECTOR AND OTHER MATTERS INCIDENTAL THERETO

NOVEMBER 2013

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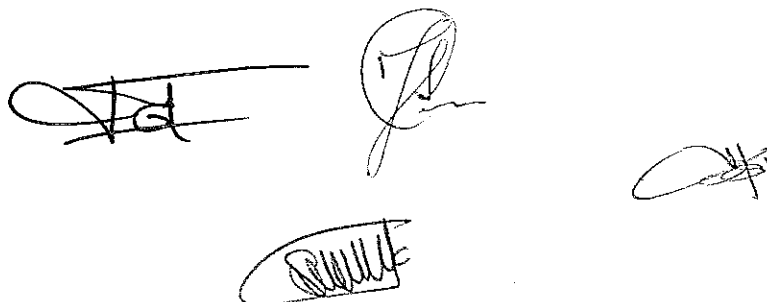
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LIST OF ABBREVIATIONS

AC	-	Advisory Committee
BOU	-	Bank of Uganda
CIID	-	Criminal Investigations and Intelligence Department
CSO	-	Civil Society Organization
DPP	-	Directorate of Public Prosecutions
EIA	-	Environmental Impact Assessment
EITI	-	Extractive Industries Transparency Initiative
FY	-	Financial Year
GOU	-	Government of Uganda
IGP	-	Inspector General of Police
MDA	-	Ministries, Departments and Agencies
MEMD	-	Ministry of Water and Mineral Development
MOWE	-	Ministry of water and Environment
MoFPED	-	Ministry of Finance, Planning and Economic Development
MOU	-	Memorandum of Understanding
NTR	-	Non Tax Revenue
NEMA	-	National Environment management Authority
OAG	-	Office of the Auditor General
PEPD	-	Petroleum Exploration and Production Department
PPDA	-	Public Procurement and Disposal Of Public Assets Authority
PPP	-	Public Private Partnership
PSA	-	Production Sharing Agreement
RAP	-	Resettlement Action Plan
SEA	-	Strategic Environmental assessment

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TUL	-	Tullow Uganda Limited
TUOPL	-	Tullow Uganda Operations PTY Limited
UAE	-	United Arab Emirates
UCF	-	Uganda Consolidated Fund
UIA	-	Uganda Investment Authority
URA	-	Uganda Revenue Authority
UWA	-	Uganda Wildlife Authority



EXECUTIVE SUMMARY

The investigation into the malaise in Uganda's oil and gas sector by the Parliamentary Ad hoc Committee in Respect of the Regularization of the Oil Sector and Other Matters Incidental Thereto and the resolution of Parliament from which it emanated can best be described as a watershed in the history of Uganda's oil and gas sector.

The investigation by the Committee was robust, longer than initially envisaged but nonetheless transcended the allegations of bribery in the sector to several other matters pertinent to the actual regularization of Uganda's nascent oil and gas sector. These include; environmental considerations, procurement of licensees, local content, management of revenues and land rights among others. The Committee makes numerous recommendations which if indeed adopted and appropriately implemented would go a long way in ameliorating the malaise in the oil and gas sector.

Considering that the oil and gas sector in Uganda is still an eclectic one, a thorough understanding of the dynamics within the sector inter-alia warrants a coherent and exhaustive study of the legal regimes, socio-economic realities, policy framework, international best practices and the inter-sectoral linkages. This opportunity was afforded when the Parliamentary Ad hoc Committee in Respect of the Regularization of the Oil Sector and Other Matters Incidental Thereto was set up in October 2011.

The outcome of the Committee's investigations transcend the allegations of bribery in the oil and gas sector and covers a significant breadth of issues inter-alia spanning the environment, local content, state



participation, taxes and revenues, Production Sharing Agreements and recoverable costs.

The findings of the investigations into bribery allegations in the sector elicited findings that were similar to those of the initial investigations into the same allegations by Uganda Police in 2010. While the findings did not unearth any actual bribery in the sector, the Committee is cognizant of the need for institutional safeguards to detect and avert any possible cases of bribery in the future.

The uniqueness of the environment within which the licensees in the oil and gas sector were procured is well detailed in the report. The sector being nascent had to rely on non-competitive bidding. However this is bound to change due to the marked increase in interest in Uganda's oil and gas sector due to the remarkable discoveries of oil and gas resources.

The management of oil revenues continues to generate debate especially with the Public Finance Bill 2012 currently under consideration by the Parliamentary Committee on Finance. Considering the need for fiscal discipline and averting any volatility in government expenditure as well as the need to fore-stall the *dutch disease*, the Committee is of the view that there should be a separate law to govern the management of oil revenues.

The outcome of the investigations into the allegations of bribery in the oil and gas sector notwithstanding, the focus should be on the propositions for bettering the management of the oil and gas sector.

The Committee is unwavering in its belief that if Uganda is indeed to avoid the proverbial 'resource curse' and the paradox of poverty, misery and regret amidst plenty, then there is need to establish, nurture and strengthen relevant institutions and sanitize them from undue influence,



uphold sustainability and strengthen and institutionalize transparency, accountability and effective oversight in all processes in the oil and gas sector. This is the thrust of the recommendations contained in this report.



CHAPTER ONE

BACKGROUND TO THE INVESTIGATION

1.1 INTRODUCTION

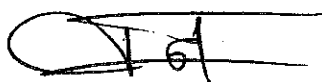
The investigation into alleged irregularities in Uganda's nascent oil and gas sector by the Parliamentary Ad hoc Committee in Respect of the Regularization of the Oil Sector and Other Matters Incidental Thereto was an aftermath of the Parliamentary resolution of 11th October 2011. This resolution was a culmination of a Special sitting of the House convened on the 10th and 11th October 2011 in respect of the regularization of the oil and gas sector in Uganda and other matters incidental there-to.

In consonance with Rules 144 and 180 of the Rules of Procedure of the Parliament of Uganda, the Parliamentary Ad hoc Committee in Respect of the Regularization of the Oil Sector and Other Matters Incidental Thereto was constituted on 27th October 2011 and embarked on its business on 1st November 2011. However it is noteworthy that the progress of the Committee was severely disrupted by, inter-alia, the intervention of the Constitutional Court between the 12th December 2011 and the 1st March 2012.

1.2 COMPOSITION OF THE ADHOC COMMITTEE

The Parliamentary Ad hoc Committee in Respect of the Regularization of the Oil Sector and Other Matters Incidental Thereto comprised the following Members:

- | | | | |
|-------|---------------------------------|---|-------------|
| i). | Hon. Kafabusa Werikhe Michael | - | Chairperson |
| ii). | Hon. Atim Ogwal Cecilia Barbara | - | Member |
| iii). | Hon. Kyanjo Hussein | - | Member |
| iv). | Hon. Bigirwa Julius Junjura | - | Member |
| v). | Hon. Tashobya Stephen | - | Member |

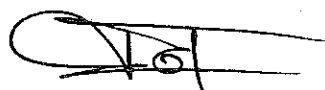


- vi). Hon. Kwiwucwiny Grace Freedom - Member
vii). Hon. Matte Joseph Sibalinghana - Member

1.3 TERMS OF REFERENCE OF THE COMMITTEE

The Committee set out to;

- i) Investigate claims/allegations of bribery in the oil sector in Uganda including allegations made against the Rt. Hon. Amama Mbabazi, Hon. Kutesa Kahamba Sam and Hon. Obaloker Hillary Onek who were specifically mentioned in the Parliamentary Resolution.
- ii) Examine the process of procurement of the Companies involved in the Oil Sector and in addition critically examine the Agreements executed between the Government of Uganda and companies in the oil industry including, the Memorandum of Understanding executed between Uganda Revenue Authority and Tullow (U) Limited in March 2011 in Uganda.
- iii) Scrutinize all revenues so far received by Government from the oil industry, showing how much has been received, from the various sources, for which areas (blocks), and where deposited and in particular the following revenues/transactions;
 - License fees
 - Signatures bonuses
 - Taxes
 - Royalties
 - State participation
 - Penalty for late payments



- Inquire into the transfer of money paid by Tullow Oil, from the Uganda Revenue Authority Collection Account to the Consolidated Fund Account, especially the delay in the movement of the money, and the circumstances under which it was changed from the Dollar to Uganda Shillings Account.
- iv) Investigate the basis of determination of recoverable costs.
 - v) Examine the extent of Government adherence to earlier Parliamentary Resolutions in respect of the regularization of the oil sector.
 - vi) Examine any other matters related to the above and make recommendations for the sound management of the Oil industry.
 - vii) Examine the arrangements that have been put in place to address the following:-
 - a. Environmental factors
 - b. Local Content
 - c. Impact to the local communities.
 - viii) Report back to the House within three months.

1.4 METHODOLOGY

In the execution of its mandate, the Committee;

- i). ***Held meetings with numerous witnesses (See Annex A);***
- ii). ***Reviewed the following documents;***

1. The Hansard, Monday October 10th 2011 and Tuesday October 11th 2011;
2. The Petroleum Exploration and Production Act 1985;
3. The National Environment Act 1995;
4. The National Oil and Gas Policy of Uganda 2008;

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5. The Communication Strategy for the Oil and gas sector, November 2011;
6. The Petroleum (Exploration, Development and Production) Bill, 2012;
7. The Petroleum (Refining, gas Processing and Conversion, transportation and Storage) Bill, 2012;
8. The Access to Information Act, 2005;
9. The Bunyoro Agreement of 1955;
10. The Environmental Monitoring Plan for the Albertine Grabben 2012-2016;
11. The Petroleum (Exploration and Production) Act, 1984 of Ghana
12. The Petroleum Commission Act 2011, of Ghana
13. The Production Sharing Agreements between the Government of the Republic of Uganda and the licensees in the oil sector;

iii). Conducted fact-finding visits to;

1. The Albertine Graben;
2. The United Kingdom
3. Kenya

iv). Obtained information from;

1. The Maltese Authorities through the Ugandan Embassy in Rome, Italy;
2. The UK Central Authority;



1.5 CHALLENGES FACED BY THE COMMITTEE

In the execution of its mandate, the Committee faced some technical and logistical challenges namely;


i). *Disruption of the Committee's progress by the Constitutional Court*

On 12th December 2011, the Constitutional Court halted the work of the Committee as a result of Constitutional Petition No. 47 of 2011. The petitioner-a one Severino Twinobusingye sought, through this petition, to restrain Parliament from debating and investigating the bribery claims made particularly against his constituency Member of Parliament Hon. Amama Mbabazi, without giving him a fair hearing.

It is noteworthy that at the time of interruption of its business, the Committee had made substantial progress. It had met with a cross-section of its witnesses ranging from the petitioners, those implicated in the bribery allegations and several other relevant government entities. This interruption inevitably impeded the otherwise impressive progress of the Committee.

The Constitutional Court ruled on the petition on 21st February 2012 paving way for the resumption of the Committee's investigation. The Committee resumed its investigations in March 2013.

ii). ***The Complexity of investigating alleged corruption:*** Bribery being such a discreet vice and further noting that one of the TORs of the Committee was to inquire into allegations of bribery of high ranking officials of the Government of Uganda by some oil companies; and considering that the alleged transactions are said to have occurred in multiple countries, there inevitably arose the need for sophisticated criminal investigative capabilities which Parliament as a legislature did not possess. The Committee therefore had to rely on other relevant specialized institutions both locally and internationally. This inevitably prolonged the timeframe within which the Committee had to report to the House.



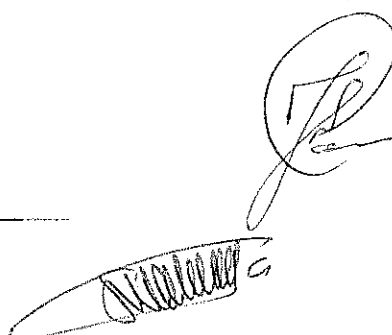
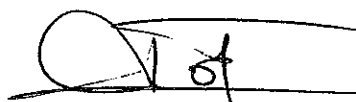
iii). **Limitations of Parliamentary Investigations overseas:** the committee notes that Parliament on its own could not easily and expeditiously access other countries' institutions without going through other organs of the executive namely; the Ministry of Foreign Affairs, Uganda's missions abroad and the DPP; yet some of the office bearers in these institutions had been implicated in the bribery allegations. It is noteworthy that at the onset of the allegations of bribery in the House in October 2011, Members were informed that the DPP in liaison with Uganda Police Force had instituted investigations into the veracity of these allegations in 2010. The Committee therefore deemed it fit to include the investigative organs of the Countries in which the acts of bribery are alleged to have occurred, among its key informants. However the Committee was unable to meet with these informants because they advised the Committee to rely on information previously given to the executive of the Government of Uganda. The Committee therefore had to liaise with the DPP on specific matters on this investigation. Although the committee had initially tried to circumvent this process, its attempts hit a dead end as international diplomatic protocol required the established procedure to be followed as this was the only way to access information from the various countries. This exposed the Committee to the effect of bureaucratic hitches which affected its efficiency. As such the committee failed to gain entry in some of the counties involved namely, Malta and the UAE, where the transactions were alleged to have originated. The committee therefore relied on third party information void of meeting the very institutions concerned on its own.

iv). **Conflicting schedules:** Without prejudice to the unwavering devotion of the Members to executing the mandate of the Committee, the adverse effect of other multiple activities of other sectoral and standing Committees that were concurrently taking place during the period of the investigation cannot be glossed over. Members occasionally found



themselves torn between the ad-hoc Committee and other Committees' obligations. A case in point was the equally important consideration of the Petroleum (Exploration, Development And Production) Bill, 2012 and the Petroleum (Refining, Gas Processing And Conversion, Transportation And Storage) Bill, 2012 by the Natural Resources Committee. Bearing in mind that the Chairperson of the Adhoc Committee doubled as the Chairperson of the Natural Resources Committee at the time of consideration of the aforementioned Bills, there had to be a delicate balance in schedules which came at a cost in terms of time. This inevitably impacted on the velocity of the Committee.

- v). **Financial constraints:** The Committee experienced delays in the disbursement of funds for its planned activities both local and international especially upon resumption of activity in March 2012. The Committee had to wait for the FY 2012/13 to undertake some of its earlier planned activities.
- vi). **The limited participation of Hon. Kyanjo Hussein due to illness:** In the course of the Committee's investigation, one of the Members suffered a severe illness ruling him out of a greater part of the tail end yet equally crucial aspect of the investigation. The Committee inevitably missed out on his vast experience and expertise.



CHAPTER TWO

FINDINGS AND OBSERVATIONS

This section details the Committee's findings and observations. It is dichotomized based on TORs. It commences with the various allegations against named individuals and proceeds to detail what the Committee found out with regard to the specific allegations.

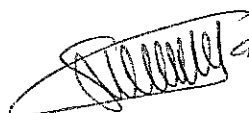
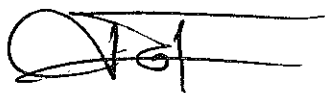
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During the Special sitting of Parliament on October 10th and 11th 2011, specific allegations were made against Hon. Sam Kahamba Kutesa, Hon. Hillary Obaloker Onok and Rt. Hon. Amama Mbabazi.

The specific allegations were as follows;

2.2 ALLEGATIONS AGAINST HON. KUTESA KAHAMBA SAM:

- i). Between June and July 2010, it is alleged that Hon. Kutesa Kahamba Sam through his company-East Africa Development Limited, received various amounts of monies from Tullow Oil p.l.c (Annex R13) as per the transactions summarised below;



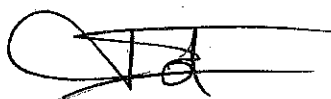
Date	Amount in Euros	From	To	Annex
17/07/2010	3,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R7
10/6/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	London branch Cash Movement (Brian Glover)	R8
21/06/2010	1,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740	R9
17/07/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	London branch Cash Movement (Brian Glover)	R10
17/07/2010	5,000,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R11
6/7/2010	1,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R12
10/6/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	London branch Cash Movement (Brian Glover)	R14
21/06/2010	1,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R15

6/7/2010	1,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R16
17/07/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	London branch Cash Movement (Brian Glover)	R17
17/07/2010	3,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R18
17/07/2010	5,000,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R19
17/07/2010	5,000,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No. GB36EFGB17800000491740 (EFG Private bank Ltd)	R20

- ii). Hon. Kutesa is connected to a company- SLL which evolved from Kasese Nile and Wood. This company controls construction of the camps in the Albertine Grabben for the licensees in the oil sector.
- iii). One of Hon. Kutesa's relatives is managing the Government fuel storage reserves in Jinja.

2.3 ALLEGATIONS AGAINST HON. ONEK HILLARY OBALOKER

- i). During the months of June and July 2010, Hon. Onok Hillary Obaloker received various amounts of money on his bank account No. 0034450627007 at the Emirates Bank, Dubai, UAE from Tullow Account 400372420191 at the Bank of Valetta in Malta; as broken down below;







Date	Amount in Euros	From	To	Annex
10/6/2010	3,000,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No.0034450627007 (Emirates Bank, Dubai-UAE)	R2
17/07/2010	1,500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No.0034450627007 (Emirates Bank, Dubai-UAE)	R3
17/07/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No.0034450627007 (Emirates Bank, Dubai-UAE)	R4
6/7/2010	500,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No.0034450627007 (Emirates Bank, Dubai-UAE)	R5
21/06/2010	5,000,000	Account No. 4003724201 (Bank of Valletta p.l.c)	Account No.0034450627007 (Emirates Bank, Dubai-UAE)	R6

- ii). Hon. Onek Hillary Obaloker used his office to facilitate the recruitment of three (3) of his relatives in one of the oil companies;
- iii). Hon. Onek Hillary Obaloker and Rt. Hon. Amama Mbabazi personally benefitted from the sale of production rights to Eni S.p.A -an Italian oil firm by Heritage Oil and Gas;

2.4 ALLEGATIONS AGAINST RT. HON. MBABAZI AMAMA

- i). Rt. Hon. Amama Mbabazi personally benefitted from the sale of production rights to Eni S.p.A by Heritage Oil and Gas Ltd;
- ii). Rt. Hon. Amama Mbabazi facilitated a meeting between Eni S.p.A and Tullow Uganda Ltd in August 2009 as Eni S.p.A's patron in Uganda.

- iii). Eni S.p.A created a Shell company in London called TKL holdings through frontmen Mark Christian and Moses Serugye to funnel money to Rt. Hon. Amama Mbabazi.
- iv). "Mineral Services Limited" a Company purportedly belonging to Rt. Hon. Amama Mbabazi's daughter Ms. Nina Mbabazi and her husband Mathew Rukikaire Junior, had unduly secured contracts for service provision to some licensees in the oil and gas sector.
- v). Rt. Hon. Amama Mbabazi is closely linked to an individual called Kabuchu. The said Kabuchu who is allegedly a former ESO operative who worked with Mbabazi while he was ESO boss, is purportedly a representative of the business and other interests of Rt. Hon. Amama Mbabazi in the oil and gas sector. He later worked for Heritage Oil and Gas Ltd and is closely linked to the company called Mineral Services Limited;
- vi). That Rt. Hon. Mbabazi at one point sent 60 people to Libya to train in oil and gas related activities.

2.5 FINDINGS ON TOR 1

In ascertaining the validity of the allegations of bribery, the Committee met with and held indepth deliberations with;

- i) The petitioners - Hon. Ssekikubo Theodore, Hon. Niwagaba Wilfred, Hon. Katuntu Abdu and Hon. Karuhanga Gerald;
- ii) The persons against who oil bribery allegations were made-Hon. Hillary Obaloker Onek, Hon. Sam Kahamba Kutesa and Rt. Hon. Amama Mbabazi;
- iii) Key witnesses (Annex A)

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- iv) The Committee also travelled to the United Kingdom as earlier indicated
- v) The Committee also travelled to Nairobi, Kenya
- vi) In addition the Committee reviewed relevant documents relating to the allegations.

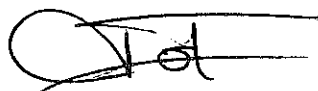
2.5.1 INITIAL INVESTIGATIONS BY THE GOVERNMENT OF UGANDA INTO ALLEGATIONS OF BRIBERY INVOLVING HON. KUTESA KAHAMBA SAM, HON. ONEK HILLARY OBALOKER AND RT. HON. AMAMA MBABAZI:

The Committee was informed by the Inspector General of Police-Gen. Kale Kayihura and the DPP of Uganda, that through the Commonwealth mutual assistance programme for investigating criminal offences across Commonwealth Member states and the United Nations Convention Against Transnational Organized International Crime (UNTOC)¹, an earlier investigation had been commissioned in 2010 by the Government of Uganda and requests for help sent out to the United Kingdom Central Authority, the Commander in Chief of the Dubai Police and the Director General of Malta.

The Committee established that this investigation took place. However the United Arab Emirates (UAE) leg of the investigation remained unaccomplished at the time of writing this report. The findings of this investigation are hereby attached as follows;

(Annex the various correspondences from Malta and the UAE)

¹ The United Nations Convention against Transnational Organized Crime was signed in Palermo, Italy, in December 2000, as a framework for galvanizing international political will in fighting transnational crime.



2.5.2 FINDINGS OF THE INITIAL INVESTIGATION BY THE GOVERNMENT OF UGANDA INTO ALLEGATIONS OF BRIBERY INVOLVING HON. KUTESA KAHAMBA SAM, HON. ONEK HILLARY OBALOKER AND RT. HON. AMAMA MBABAZI:

The findings of the afore-mentioned investigation in the respective countries with regard to the earlier investigations that were carried out in 2010/11 were as follows;

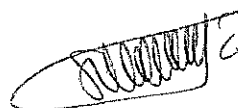
i). FINDINGS IN MALTA

In Malta, the Economic Crimes Unit through Inspector Maurice Curmi requested the Bank of Valletta p.l.c (BOV) to furnish it with all the alleged transactions for verification. According to Inspector Maurice Curmi a thorough and lengthy search conducted by the bank staff yielded negative results. In the words of Inspector Maurice Curmi; "Therefore it was concluded without any doubt that the companies and persons mentioned in the Letter Rogatory do not hold any accounts with BOV and the transaction receipts submitted are forgeries as no such transfer of monies had ever taken place. (Annex 1). The Maltese Bank of Valletta stated that the alleged transactions did not take place.

ii). FINDINGS IN THE UNITED KINGDOM

In the United Kingdom, where a request for mutual legal assistance had also been made by the Ugandan authorities through the then Deputy Director for Counter Terrorism in the Uganda Police Force- Mr. Ndungutse John, it was ascertained that;

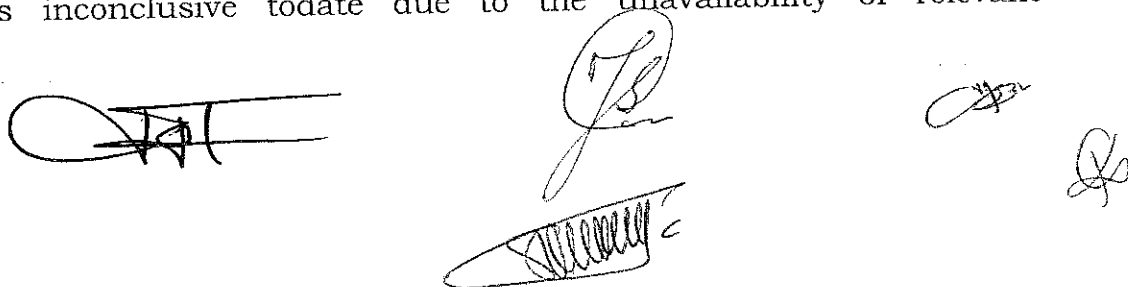
- i) There were 2 banks named EFG operating in the United Kingdom namely; EFG Private Bank Limited and EFG Eurobank Ergasius;



- ii) The UK Central Authority and Maltese Police having compelled the Compliance departments of both banks found that no such accounts as mentioned in the bribery allegations existed in either bank;
- iii) EFG Private Bank Limited stated that SWIFT code EFGBG2L on the 3rd party payment forms is their swift code but the beneficiary account number or IBAN number GB36EFGB17800000491740 is not their IBAN number and does not match any EFGPBL bank accounts;
- iv) EFG Private Bank Limited does not hold any account in the name of East Africa Development Limited;
- v) The amounts of money allegedly transferred to these banks would have triggered their anti-money laundering processes and the transactions would have been closely scrutinized before the said monies would be allowed to enter their banking systems;
- vi) Commercial banks in the UK are aware of their obligations under the UK money laundering regulations concerning Politically Exposed Persons (PEPs) which requires careful scrutiny of bank transactions linked to government officials;

iii). THE INCONCLUSIVENESS OF THE UAE LEG OF THE INVESTIGATION BY GOVERNMENT:

It is noteworthy that whereas the 2010 investigation by the Government garnered results in the UK and Malta as hitherto noted, this inquiry remains inconclusive todate due to the unavailability of relevant

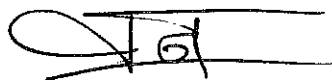
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information from the authorities in the United Arab Emirates regarding the existence of bank accounts in the name of Hon. Hillary Obaloker Onok at the Emirates bank in Dubai. The Committee was informed that attempts remain underway to secure information from UAE to enable finalization of this initial inquiry.

As will be later discussed in this report, the Committee too was unable to access information from the authorities in the UAE.

2.5.3 CHALLENGES IN FORMALLY ACCESSING DOCUMENTATION ON THE FINDINGS OF THE INITIAL INVESTIGATION OF ALLEGATION OF BRIBERY IN UGANDA'S OIL SECTOR

- i). The Committee was informed by the DPP that official documentation on the findings of this initial investigation into allegations of bribery in Uganda's oil sector were with his office but this information could not be shared with the Committee except with clearance from the relevant countries under whose jurisdiction this investigation was conducted. This delayed the Committee's access to the findings of the initial investigation by Government.
- ii). Subsequently, the Committee initiated contact with the UK Central Authority, Malta and the United Arab Emirates to ascertain the outcome of the earlier investigation.
- iii). In addition, the need arose for the Committee to physically interact with key informants who were involved in this inquiry which prompted the Committee to initiate the process of travelling to the United Kingdom, Malta, UAE and Kenya. However, British investigative agencies for ethical reasons do not interact with non-



investigative foreign officials outside the UK. The Committee had to travel to London to meet with the UK Central Authority. While in London, much as the Committee unsuccessfully sought audience in camera with the UK Central Authority Officer – Ms. Suzan Barret, only a domestic telephone interface was possible. The Chairperson, on behalf of the Committee had a telephone discussion with Ms. Suzan Barret of the UK Central Authority and she assured the Committee that she would furnish the Committee with the relevant information on earlier investigations on this matter if at all there was any new evidence from the ones earlier submitted to the DPP of Uganda. In spite of subsequent inquiries by the Committee from Ms. Barret, there was no response forthcoming, signalling that possibly there was no new evidence received on this matter.

- iv). As for Malta, the Committee initiated contact with the Director General of Malta and he authorized the Director of Public Prosecutions of the Republic of Uganda to share copies of their findings with the Committee. (*Annex 2*).
- v). The DPP of Uganda, after clearance from the UK Central Authority and the Maltese authorities responded to the Committee's inquiries by authorising the office of the DPP to release copies of their own findings into the allegations of bribery to the Committee. Accordingly the Committee received the findings of these inquiries. (*Annex 3*).

2.6 FINDINGS OF THE COMMITTEE ON ALLEGATIONS OF BRIBERY IN THE OIL SECTOR IN UGANDA INCLUDING ALLEGATIONS MADE AGAINST HON. KUTESA KAHAMBA SAM, HON. ONEK HILLARY OBALOKER AND RT. HON.



**AMAMA MBABAZI WHO WERE SPECIFICALLY MENTIONED
IN THE RESOLUTION.**

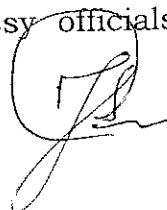
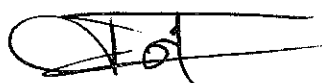
**2.6.1 THE ALLEGATION THAT HON. KUTESA KAHAMBA SAM
RECEIVED MONEY THROUGH A COMPANY CALLED EAST
AFRICA DEVELOPMENT LIMITED ALLEGEDLY
INCORPORATED IN KENYA**

Although it was alleged that Hon. Kutesa Kahamba Sam received money from Tullow Oil p.l.c through his company called East Africa Development Limited, the Committee physically visited and interfaced with the Registrar of Companies in Kenya to ascertain the existence and status of incorporation of this Company. The Committee established that the company East Africa Development Limited has never been incorporated in Kenya and therefore does not exist. (Annex 4)

In addition, contrary to the allegations, the correspondences from Malta indicate that the alleged transactions did not ever originate from the Bank of Valletta in Malta. (Annex 5)

**2.6.2 THE ALLEGATION THAT HON. ONEK HILLARY
OBALOKER RECEIVED MONEY THROUGH VARIOUS
TRANSACTIONS FROM THE BANK OF VALETTA TO HIS
PRIVATE ACCOUNT IN THE EMIRATES BANK, DUBAI-UAE:**

As earlier noted in paragraph 2.5.2 (iii), the Committee was unable to elicit information from the UAE authorities on the alleged transactions involving Hon. Onek Hillary Obaloker and his alleged account at the Emirates Bank in Dubai. On two occasions, the Committee wrote through the Ministry of Foreign affairs as well as directly through e-mail communication with Ugandan Embassy officials in the United Arab



Emirates, but there was no response from the authorities in the UAE. To this end, the UAE authorities did not respond to the Committee's request for information.

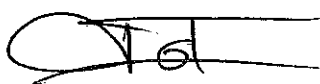
2.6.3 THE ALLEGATION THAT HON. ONEK HILARY OBALOKER FACILITATED THE RECRUITMENT OF SOME OF HIS RELATIVES BY ONE OF THE LICENSEES IN THE OIL SECTOR

The allegation of facilitation of the recruitment of three (3) of Hon. Onok Hillary Obaloker relatives did not point at any specific company or companies that provided these job opportunities. In the absence of signalling out specific companies it was difficult to come up with facts to back up the allegation. Therefore there was no proof to this allegation.

2.6.4 THE ALLEGATION THAT HON. KUTESA KAHAMBA SAM IS CONNECTED TO A COMPANY- SLL WHICH EVOLVED FROM KASESE NILE AND WOOD AND CONTROLS CONSTRUCTION OF THE CAMPS IN THE ALBERTINE GRABEN FOR THE LICENSEES IN THE OIL SECTOR.

The Committee through the Registrar of Companies conducted a search on the afore-mentioned companies and there was no evidence of their existence.

The Committee was informed by the registrar of Companies that no such Company exists in the registry of Companies in Uganda. The nearest name to the alleged company is Kasese Nail and Wood Industry Limited which was incorporated on 29th October 1982. Its directors are listed as; Mr. Neri Emmanuel Nsubuga, Carol Nsubuga, Mark Nsubuga and Simon Nsubuga. (Annex 6)



2.6.5 THE ALLEGATION THAT ONE OF HON. KUTESA'S RELATIVES IS MANAGING THE GOVERNMENT FUEL STORAGE RESERVES IN JINJA:

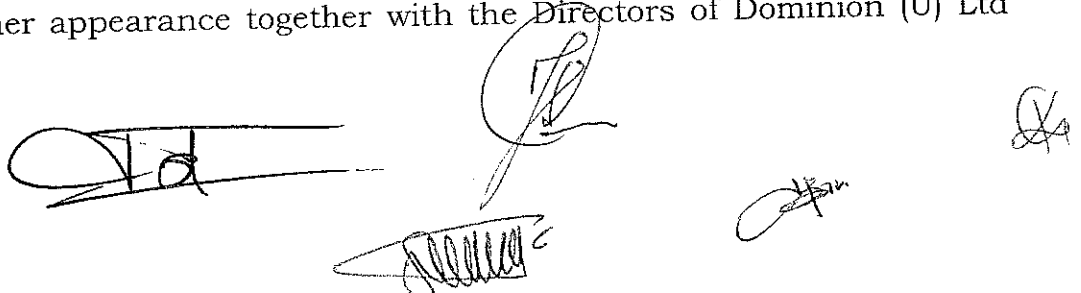
Hon. Sam Kahamba Kutesa informed the Committee that his son-in-law participated in a tender to manage the government fuel reserves at Jinja but lost out on the account of his relations with him and as such neither owns nor manages the said fuel reserves.

The Committee ascertained that the government fuel reserves in Jinja are being managed by Hared Petroleum (U) Ltd According to the MEMD, the procurement process for refurbishment, restocking and management of Jinja Storage Tanks (JST) commenced in response to the cabinet directive under minute 8 (CT 2009). Three companies responded to the bid namely; Shell (U) Ltd, Hared Petroleum (U) Ltd and Kenlloyd Logistics (U) Ltd. Hon. Kutesa's brother in law- Mr. Albert Muganga is the Executive Chairman of Kenlloyd Logistics (U) Ltd which in the view of the technical evaluation Committee did not qualify to win the tender to manage the JST. The Committee did not establish any relations between Hon. Kutesa and this Company (Annex 7)

2.6.6 THE ALLEGATION THAT HON. KUTESA'S DAUGHTER OBTAINED A JOB WITH ONE OF THE LICENSEES THROUGH INFLUENCE PEDDLING:

Hon. Kutesa's daughter-MS Mugumya Elizabeth, a trained lawyer and Solicitor of the Supreme Court of England and Wales appeared before the committee together with the directors of Dominion Uganda Ltd.

The Committee established that it is indeed true that Hon. Kutesa's daughter-Ms. Mugumya Elizabeth was employed by Dominion (U) Ltd. During her appearance together with the Directors of Dominion (U) Ltd

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before the Committee, she informed the Members that she was headhunted by Dominion (U) Ltd while she was in the United Kingdom. The Committee established that this job for which she was headhunted was not advertised and prior to the telephone call from Dominion inviting her for the job offer, she was not aware of the existence of the job opportunity. This information was corroborated by the Directors of Dominion (U) Ltd.

The Directors of Dominion (U) Ltd informed the Committee that their offer of employment to Hon. Kutesa's daughter was premised on merit and upon her recruitment, she was posted to Uganda to represent the Company's business interests in East Africa.

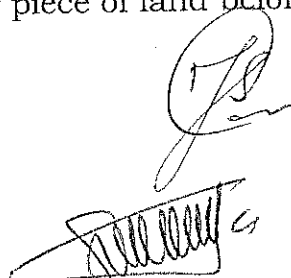
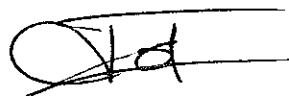
Based on evidence availed to it on this matter, the Committee found no evidence of influence peddling in the employment of Ms. Mugumya Elizabeth by Dominion (U) Ltd..

2.6.7 THE ALLEGATION THAT THROUGH HIS FRONT-MAN EDWARD KABUCHU AND MINERAL SERVICES LIMITED, RT. HON. AMAMA MBABAZI PURSUED BUSINESS INTERESTS IN THE OIL SECTOR:

The Committee established through the Registrar of Companies in Uganda that Mineral Services Limited (MSL) is a private company jointly owned by 3 individuals-Geoffrey Roberts, Patrick Kimbaleeba and Edward Kabuchu; each of whom owns 300 shares. (Annex 8)

The Committee further established that MSL is one of the service providers in the oil and gas sector and operates a parking yard for heavy equipment and automobiles in Kiira, Wakiso district.

The Committee established that the land on which this parking yard is situated was part of a bigger piece of land belonging to Mathew Rukikaire



Sr. whose son Mathew Rukikaire Jr. is the husband of Hon. Amama Mbabazi's daughter- Nina Mbabazi.

As to the veracity of Mr. Kabuchu being a front man of Rt. Hon. Amama Mbabazi, the evidence available to the Committee did not indicate this.



2.6.8 THE ALLEGATIONS THAT RT. HON. AMAMA MBABAZI PERSONALLY BENEFITTED FROM THE SALE OF PRODUCTION RIGHTS TO ENI S.P.A BY HERITAGE OIL AND GAS LTD, FACILITATED A MEETING BETWEEN ENI S.P.A AND TULLOW IN AUGUST 2009 AS ENI S.P.A'S PATRON IN UGANDA AND BENEFITTED FROM A SHELL COMPANY CREATED BY ENI S.P.A IN LONDON CALLED TKL HOLDINGS THROUGH FRONTMEN MARK CHRISTIAN AND MOSES SERUGYE.

i). The existence of Eni S.p.A as a company in Uganda

The Committee established that Eni S.p.A as a company did not exist in the registry of Companies in Uganda. (Annex 9)

ii). Evidence of the sale of Production rights to Eni S.p.A by Heritage Oil and gas Ltd.

The Committee established that Eni S.p.A has never been licensed for oil and gas exploration and production in Uganda. The allegation that Heritage Oil and Gas Ltd divested its oil and gas exploration rights in Uganda to Eni S.p.A was found to be untrue. The Committee did not get any evidence of the sale of production rights in Uganda by Heritage Oil



and Gas Ltd to Eni S.p.A It was Tullow Uganda Limited (TUL) that acquired Heritage Oil and Gas Ltd's interest in Uganda's oil and gas sector in 2010 and on 21st February 2012 completed a farm down of two thirds of its interests in the Albertine Grabben to Total and CNOOC.

iii). The alleged patronage of Eni S.p.A in Uganda by Rt. Hon. Amama Mbabazi

The Committee notes that a patron is a person who supports, protects, or champions someone or something, such as an institution, event, or cause; a sponsor or benefactor.² The Committee did not find any evidence that indicated that Rt. Hon. Amama Mbabazi was indeed a patron of Eni S.p.A in Uganda. Besides, as noted in paragraph 2.6.7, Eni S.p.A has never been incorporated in Uganda.

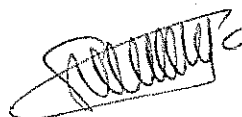
iv). The facilitation of meetings between Eni S.p.A and Tullow Uganda Ltd by Rt. Hon. Amama Mbabazi in 2009

Whereas it was alleged that Rt. Hon. Amama Mbabazi facilitated a meeting between Tullow Uganda Limited and Eni S.p.A in 2009, the Committee did not secure any evidence of any such meeting. This bearing in mind that the ultimate evidence of a meeting is the minutes, audio or video recordings of such a meeting; in the absence of which proof is not possible.

v). That Rt. Hon. Mbabazi at one point sent 60 people to Libya to train in oil and gas related activities.

The Committee established that the Ministry of Energy and Mineral Development has been handling all the training and capacity building in the oil and gas sector. The Committee was informed by the Minister of Energy that so

² <http://en.wikipedia.org/wiki/Patronage>: accessed on Wednesday 25th September 2013



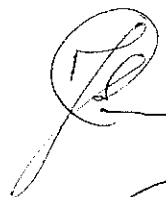

far over 100 Ugandans have benefitted from various trainings in oil and gas matters under the auspices of the MEMD and Libya was not one of the destinations to which Ugandans were sent for this training. (Refer to paragraph 4.16)

3.2 CONCLUSION OF TOR 1

- i). The Committee established from the correspondences between the authorities in Malta and the UK on one hand and the DPP of Uganda on the other that the files into the investigations in the respective countries were closed without proving that the allegations of bribery ever took place.*
- ii). In Kenya, the Committee was able to establish that the company called East Africa Development Limited did not exist at all.*
- iii). In the UAE it was not possible to establish the facts due to reasons earlier enumerated.*

TOR 2: EXAMINATION OF THE PROCESS OF PROCUREMENT OF THE COMPANIES INVOLVED IN THE OIL SECTOR AND THE CRITICAL EXAMINATION OF THE AGREEMENTS EXECUTED BETWEEN THE GOVERNMENT OF UGANDA AND COMPANIES IN THE OIL INDUSTRY INCLUDING, THE MEMORANDUM OF UNDERSTANDING EXECUTED BETWEEN UGANDA REVENUE AUTHORITY AND TULLOW (U) LIMITED IN MARCH 2011 IN UGANDA.

In considering TOR 2, the Committee met with and elicited information from several stakeholders and analysed various documents as enumerated in paragraph 1.4 (i) and (ii);



4.1 PROCUREMENT OF LICENSEES IN THE OIL SECTOR

The Minister of Energy and Mineral Development informed the Committee that there was no competitive bidding for licenses for oil and gas exploration activities in Uganda.


The policy adopted by Government in sourcing for licensees was “open door” whereby Uganda’s oil and gas potential was marketed internationally at conferences and meetings and prospective licensees were then invited to negotiate with Government.

Rationale for the open door policy

The rationale for the “open door” policy in the procurement of licensees was the relative unattractiveness of oil and gas exploration in Uganda at that time, the inherent high risks involved in oil and gas exploration, the high capital requirements and the lack of requisite resources on the part of the Government of Uganda. As such, individual companies were approached and requested to undertake exploration activity in Uganda;

At the start of licensing in 1993, the MEMD relied on the 1985 Petroleum Exploration and Production Act and it was imperative that after the onset of the PPDA Act in 2003, there was need for conformity. However PPDA only began interacting with the Ministry of Energy and Mineral Development (MEMD) with regard to the oil and gas sector in February 2011 and this interaction was limited to reviewing the licensees’ procurement guidelines for local service providers.

The Committee established that the MEMD did not open up the bidding process to competition.



4.2 RECOMMENDATION

The Committee strongly recommends that the Ministry responsible for oil and gas and other relevant MDAs adhere to the PPDA Act and other relevant laws in sourcing for competent oil companies to ensure competitiveness and transparency in procurement processes.

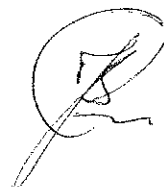
4.3 PROCUREMENT OF LOCAL SERVICE PROVIDERS BY LICENSEES

The Committee noted that there was lack of transparency and competitiveness in the procurement of local service providers by licensees in the oil and gas sector. This impeded the participation of local service providers in the oil and gas sector.

The Committee noted that the PPDA Act was not adhered to in the procurement of local service providers. The Committee established that the various licensees are using various procurement procedures. Whereas some pre-qualify local service providers, others do not. In essence, there is no uniformity and standardization of guidelines for procuring local service providers by the various licensees.

This inevitably compromises the monitoring and evaluation of their procurement systems as well their recoverable costs. Besides other potential and more competent local service providers could have been locked out as a result of the absence of transparency.

The Committee observes that much as procurement by the licensees is directly related to the final costs, most of which are recoverable from GOU, the laxity in monitoring and evaluating the licensees' procurement processes may lead to loss of public resources.



4.4 RECOMMENDATION

- i) *With the advent of new legislation for the petroleum sector, the Minister responsible for oil and gas should develop regulations that can compel licensees to submit their internal procurement regulations for vetting by the Ministry responsible for oil and gas and the PPDA to ensure competitiveness and promotion of local service providers.*
- ii) *In addition the existing procurement laws should be amended to enhance and safeguard the participation of indigenous service providers in the oil and gas sector. This form of “protectionism” is necessary especially for the nascent oil and gas sector because if left purely to competitive bidding, the largely eclectic indigenous service providers may not compete favourably with the more established service providers from overseas.*

4.5 THE INVOLVEMENT OF UGANDA INVESTMENT AUTHORITY IN PROCUREMENT OF LICENSEES

At a meeting with Uganda Investment Authority (UIA), the Committee was informed that UIA is mandated to facilitate investors by providing them with appropriate information, linking the investors to other key stakeholders and government institutions to secure secondary licenses and the provision of immigration, tax and company registration services through a one-stop shop;

Prior to 18th March 2011, UIA had been involved in the issuance of licenses to investors in the oil and gas sector upon these investors obtaining clearance from the Ministry of Energy and Mineral Development. Below is a list of companies granted investment licenses by UIA in the oil and gas sector disaggregated by country of origin;



Table 1: A table showing the list of Licensees in the Oil sector granted investment licenses by UIA as at 2011

No.	Name of Company	Country of origin	Ownership	License date
1.	Heritage Oil and Gas (U) Ltd	United Kingdom	Foreign	22/01/1997
2.	Hardman Petroleum Africa NL	Australia	Foreign	02/07/2003
3.	Neptune Petroleum (U) Ltd	Virgin Islands	Foreign	24/07/2001
4.	Tullow Uganda Operations PTY Ltd	Australia	Foreign	02/08/2008
5.	Total E&P Uganda BV	Netherlands	Foreign	9/08/2010

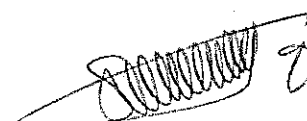
Source: Uganda Investment Authority

However on the 18th March 2011, the Minister of Energy and Mineral Development wrote to UIA halting the issuance of investment licenses in the oil and gas sector with the justification that the agreements signed between the investors and the Government of Uganda were adequate and covered all the possible incentives to these investors.

UIA, through a study, has found out that besides the mainstream oil exploration and production activities; there are numerous opportunities for local investors especially Small and Medium Enterprises (SMEs)

4.6 RECOMMENDATION

The Committee recommends that every licensee in the oil and gas sector should be accorded an investment license too. This requires the harmonization of the oil and gas licensing with investment licensing through the creation of a one-stop platform for this




licensing. This will go a long way in mitigating red-tape and boost efficiency and effectiveness of the licensing process.

The UIA should identify these opportunities and encourage local participation by providing incentives to both local and foreign service providers in the oil and gas industry.

MEMD should therefore work out practical modalities with UIA for this purpose.

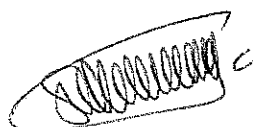
4.7 ANALYSIS OF THE PRODUCTION SHARING AGREEMENTS (PSAs)

The committee examined all the 11 PSAs signed between the Government of Uganda and the oil exploration companies. These include those signed between GOU and; Fina Exploration Uganda B.V; Heritage Oil and Gas Limited Formerly Land & Marine Hydrocarbons Development Limited; Uganda General Works & Engineering Company Limited; Hardman resources; Heritage Oil and Gas; Neptune Petroleum Uganda Limited and Dominion (Annex 10).

The Committee analysed the following themes in the PSAs; contract signing, signature bonuses, royalty, recoverable costs, arbitration and stabilization; as raised in the petition.

4.8 CONTRACT SIGNING

The Committee noted that the PSAs were contracts between the Government of the Republic of Uganda represented by the Minister of Energy and Mineral Development and the respective licensees. This inherently implies that contractual responsibility and liability rests with the government of Uganda given that by so doing it became a direct party



to the agreement(s). This was inevitable in the absence of a National Oil Company.

4.9 SIGNATURE BONUSES

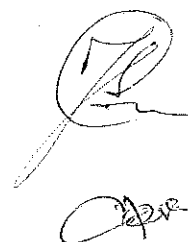
A signature bonus is a payment made up front to the host country before work begins, for the right to develop a block commercially. The Committee noted that the signature bonus system is common in many oil-producing countries. This system is a widely recognized and legally accepted way for an oil company to secure the right to explore a given oil field or block. It is also important to note that paying a signature bonus for a license does not necessarily constitute a recoverable cost for the company from oil production

The Committee noted that signature bonuses are a salient feature in all the PSAs executed between the GOU and the licensees in the oil and gas sector and varies across the PSAs. For instance, Block 3A PSA includes a \$300,000 signature bonus, while Block 2 carried a \$200,000 bonus. These are usually paid upon signing the contract (Refer to Paragraph 5.4 Table 2). The Committee was informed that the variations are dependent on the prospect of a particular Exploration Area.

The Committee observed that;

- i). Signature bonuses are a key source of revenue for the government.***
- ii). There was lack of clear guidelines or indicators upon which signature bonuses are determined.***

The committee therefore recommends that the government should develop clear guidelines and regulations for determining signature bonuses in future agreements.



4.10 ROYALTY

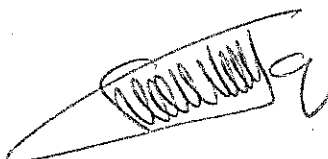
Royalties are usage-based payments made by one party (the "licensee") to another (the "licensor") for the right to ongoing use of an asset. Royalties are typically agreed upon as a percentage of gross or net revenues derived from the use of an asset or a fixed price per unit sold of an item. The PSAS stipulate that the government of Uganda is entitled to 15% royalty. The Committee notes that it is a good thing that Uganda as a state will partake of a designated proportion of the licensees' profitability once production succeeds.

The Committee further notes that the creation of the National Oil Company by the Petroleum (Exploration, Development and Production) Act 2012 provides an impetus for commercial participation, including joint ventures by the state in the oil and gas industry. This implies that the government's share of development costs is "carried" by the private oil company. The implication of this is that these private companies will first have to recoup their costs through 'cost oil' before Uganda partakes of "profit oil".

4.11 COST RECOVERY

Cost recovery implies that the costs incurred by the licensee as agreed upon and defined by the contract are ultimately recovered once a discovery is made and production commences. In essence, the PSAs define the nature of expenses allowable as recoverable. This governs what qualifies to be reclaimed from the government of Uganda through "cost oil". The Committee noted that all the PSAs provide for the recoverable costs incurred in exploration by the licensees.

The higher the recoverable costs incurred by the licensees, the more the "cost oil" and the less the "profit oil". If the recoverable costs are too high



to be recovered in any one year, the difference is carried forward to subsequent years.

In terms of the expenditure that qualifies as recoverable, the Committee notes that the inclusion of legal expenses as recoverable in the existing PSAs needed more critical thought before these PSAs were signed. The Committee therefore recommends that this should be revisited in future agreements.

The Committee observed that, the recoverable costs so far incurred by Uganda can be classified as arrears because they are not yet paid. The committee further observed the routine variation between the costs claimed by the licensees and those verified by the Auditor General. This manifested a risk of inflating costs and expenses more especially costs incurred by Licensees outside Uganda.

The Committee recognizes the pivotal role the Auditor General is playing in the verification of recoverable costs claims by the licensees.

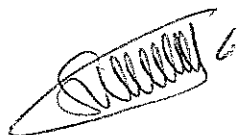
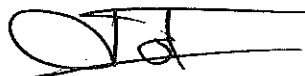
By February 2012, US\$ 1.4BN had been verified as recoverable costs but have not been factored in the normal budgeting process.

RECOMMENDATION

The committee recommends that clear guidelines for recoverable costs should be developed

The Office of the Auditor General (OAG) should develop adequate capacity to scrutinize the recoverable costs

Government should start factoring the recoverable costs in the national budget as part of the national debt.

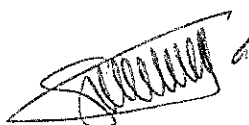


4.12 ADVISORY COMMITTEES (ACs)

Advisory Committees are created not later than 90 days after the effective date of the PSAs and usually consist of 4 Members. 2 appointed by Government and the other 2 by the licensee. Other relevant stakeholders are co-opted whenever necessary. The Chairperson of the Advisory Committee is designated by Government from among its 2 representatives. According to the PSAs Ordinary meetings of the advisory committees are held at least twice a year during the exploration period and at least once a calendar quarter following the grant of the first production license. The required quorum for a meeting of the Advisory Committee is 3 members.

The Advisory Committees have the following functions;

- i). To review and approve;
 - 1. Any proposed exploration operations contained in the annual work programmes and budgets, or any amendment thereto, presented thereto by Licensee under Article 6 of the PSA;
 - 2. Any appraisal programmes or any amendment thereto, presented thereto by Licensee under Article 7 of the PSA until such a time as the provisions of the PSA are applicable
- ii). To review and approve, subject to any reasonable modifications as the Committee may consider necessary, any appraisal programmes, or any material amendments thereto presented to the Committee by the Licensee.
- iii). To review and approve;
 - 1. The annual work programmes and budgets, or any material amendment thereto, presented to the Committee by the licensee which relate to development operations;

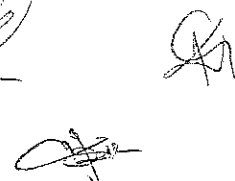
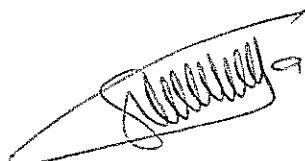


2. Drilling programmes and related budgets submitted to the Committee by the Licensee pursuant to, and subject to the conditions in respect of exploration wells
- iv). To review and approve the production forecast statements prepared by the Licensee prior to their presentation to the Government;
- v). To ensure that the accounting costs and expenses and the maintenance of operating records and reports for the Petroleum Operations are made in accordance with the PSA and the accounting principles and procedures generally accepted in the international petroleum industry;
- vi). To review and make recommendations to the Licensee with respect to any proposals made by the licensee concerning the application for renewal of the Exploration License or the surrender or relinquishment of any part of the License Area.

The committee observed that in all the 11 PSAs the Permanent Secretary Ministry of Energy and Mineral Development was a permanent member of the ACs and yet other equally crucial stakeholders such as NEMA, UWA and URA were not accorded a similar status.

RECOMMENDATIONS

- i). The Committee recommends the widening of the spectrum of representation by accommodating representatives of other relevant MDAs onto ACs. The representation should be in such a way as to avoid duplication of roles and conflict of interest.*
- ii). The Committee also recommends that ACs should ensure compliance with the PSAs*
- iii). At an administrative level, there should be clear linkages and roles of the ACs and the established institutions of the oil and*



gas industry to effectively monitor and evaluate the recoverable costs to forestall petroleum revenue loss by the country.

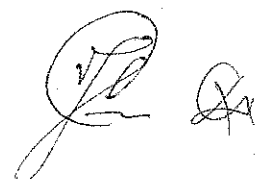
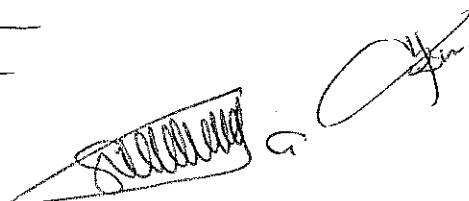
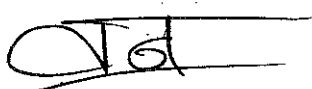
4.13 ARBITRATION

The Committee noted that the PSAs refer the arbitration of disputes arising out of the contract to London according to rules of UN Commission for International Trade, the implication of which is that a conflict between the Ugandan government and a licensee operating in Uganda will be resolved by an international tribunal in the United Kingdom and not in Ugandan courts. This jeopardizes the sovereignty of Uganda as a country given that it places the country as a commercial entity of equal standing to a private corporation.

The Committee recommends that arbitration be conducted in accordance with Ugandan laws.

4.14 STABILIZATION

The Committee noted that the terms of the PSAs largely protect the companies from price risk and project risk, with guaranteed profits. Furthermore, the arbitration and stabilization clauses (Article 26 and Article 33) in the contracts protect corporate profits from changes in the law and regulations. The PSAs contain a paragraph that states that “*If following the effective date, there is any change or series of changes in the laws and regulations of Uganda which materially reduce the economic benefits to derive or to be derived by Licensee hereunder, Licensee may notify the government accordingly and thereafter the parties shall meet to negotiate in good faith and agree upon the necessary modifications to this agreement to restore Licensee to substantially the same overall economic position as prevailed hereunder prior to such change (s). In the event that the parties are unable to agree that Licensee’s economic benefits have been materially affected, and/or are unable to agree on the modifications*



to be effected to restore Licensee to the same economic position as prevailed prior to such change within ninety (90) days of receipt of the notice referred to herein above, then either party, may refer the matter for determination pursuant to...."

The committee observed that this clause favours the Licensee as opposed to Uganda as a nation. In effect, the power of the government to legislate and regulate is inherently subjected to the economic interests of the licensee.

The Committee recommends the government should review the stabilization clause in the PSAs to ensure a balanced interest between the licensees and Uganda as a polity.

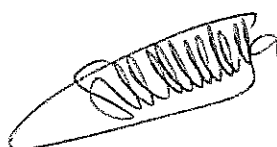
4.15 MANAGEMENT OF NATURAL AND ASSOCIATED GAS

"Associated gas" is natural gas which is extracted together with crude oil, from a primarily oil field. "Non-associated gas" is natural gas extracted from a primarily gas field.

The PSAs grant the licensees total control over any associated gas in their exploration areas. In effect the pre-occupation of the PSAs is by and large with petroleum. In case a licensee comes across associated gas, the licensee is at liberty to decide on its usage.

The PSAs further provide that this gas "may be flared with the consent of the Government, which consent shall not be unreasonably withheld or delayed".

The committee observed that gas flaring has adverse effects on the health and safety of human beings, plants and animals given the inherent high levels of carbon emissions.



The Committee recommends that gas flaring should be premised on international best practices with due consideration of health, safety and environmental concerns.

4.16 TRAINING AND CAPACITY DEVELOPMENT

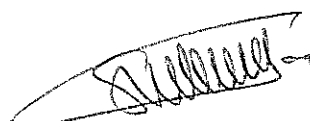
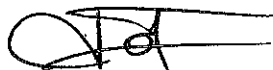
The PSAs compel licensees to set aside resources to train and build the capacity of Ugandans to take up jobs in the oil sector and gradually replace expatriate staff. However the PSAs fall short of setting strict quotas for skilled, semi skilled and unskilled jobs upon which the licensees can be evaluated in as far as the enhancement of capacity building and employment of Ugandans in their ranks is concerned. The PSAs stipulate varying sums of money in US\$ to be deposited by the licensee with government annually to facilitate the training of Ugandans.

The Committee noted that whereas this is a good initiative, the modality of selection of beneficiaries for these training opportunities is shrouded with uncertainty. Already over 100 Ugandans have benefitted from this incentive but the transparency and meritocracy of the selection process remains questionable.

However, there is no guarantee that after the licensees have accorded government the financial resources to facilitate training of human resource, the licensees will offer employment opportunities to the beneficiaries of this training

RECOMMENDATION

There should be a framework that safeguards merit and guarantees equitable access to capacity building opportunities in the oil and gas sector as well as guarantee of employment opportunities for the trained nationals.



5.0 ANALYSIS OF THE MEMORANDUM OF UNDERSTANDING EXECUTED BETWEEN UGANDA REVENUE AUTHORITY AND TULLOW (U) LIMITED IN MARCH 2011 IN UGANDA

On 15th March 2011, the Government of Uganda represented by the Minister of Energy and Mineral Development signed a private and confidential Memorandum of Understanding (MoU) with Uganda Revenue Authority (URA), Tullow Uganda Limited (TUL) and Tullow Uganda Operations Pty Limited (TUOPL).

The signatories on behalf of GOU were Hon. Oniek Hillary Obaloker (the then Minister of Energy and Mineral Development), Mr. F.A Kabagambe Kaliisa (PS Ministry of Energy and Mineral Development), Ms. Harriet Lwabi (Ag. Solicitor General), Allen Kagina (Commissioner General URA) and Doris Akol (Secretary to the URA Board).

This MOU was in respect of;

- i). The resolution of certain issues concerning the tax payable by Heritage Oil and gas Limited on the disposal of its 50% interests in Exploration Area (EA) 1 and 3A to TUL;
- ii). The taxes payable by TUL and TUOPL in respect of the CNOOC and Total Sales
- iii). Certain additional matters in respect of the development of petroleum resources in the Albertine Graben, the Kingfisher (Kajubirizi) Discovery Area, Kanywataba Prospect Area, EA 1 and Discoveries in EA 2.

This MOU provided for several terms namely;

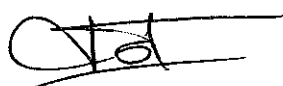
- i). Payment by TUL as agent in respect of the tax payable by Heritage on the sale of its interests in EA 1 and 3A to TUL;



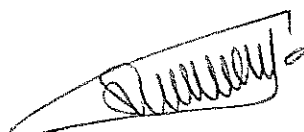
- ii). Consent by GoU to the Heritage sale especially upon signature of the MOU by MEMD and on receipt by URA of stipulated taxes;
- iii). Government acknowledging and agreeing that in paying stipulated taxes to URA, TUL would be acting as an agent of Heritage under the Income Tax Act (ITA) and is indemnified under the ITA;
- iv). Stamp duty accruing to the sale by Heritage Oil and Gas Ltd to TUL;
- v). Tax Assessments on CNOOC/Total sales;
- vi). The Development masterplan
- vii). Operatorship
- viii). Completion Payments and Consents;
- ix). Implementation and Confidentiality

The Committee observed the following salient issues covered in the MOU.

- i). The MOU was inevitable for clarifying matters of tax liability to the various licensees especially given that TUL and TUOPL had secured the production rights of Heritage Oil and Gas Limited and was going ahead to farm down to Total and CNOOC;
- ii). The MOU clearly specified the details of the transfer of interests from TUL and TUOPL to CNOOC and Total in EA 1, the Kanywataba Prospect Area, EA 3A and the Kingfisher (Kajubirizi) Discovery Area;
- iii). The validity of the MOU was conditional on a number of factors including payment of certain taxes by the licensees to the GOU and GOU consenting to the Heritage Sale;



- iv). The MOU strengthened the Petroleum Development master plan by the GOU. It for instance acknowledges the feasibility study for the development of a refinery in Uganda. It aptly states that the crude oil discovered in Uganda will be refined in Uganda to provide petroleum products for the nation and the region before consideration of export options.
- v). The MOU also laid foundation for the granting of the Exploration License to TUL in respect of the Kanywataba prospect in EA 3A for a period of 6 months with similar fiscal terms as the PSA for EA 3A dated 8th September 2004.
- vi). Considering that the PSA for EA 1 was due to expire on 30th June 2011, this MOU was also a precursor to the grant of a new exploration license for EA 1 to TUL, CNOOC and Total for a period of 12 months with the fiscal terms similar to those in the PSA for the EA 1 dated 1st July 2004.
- vii). As an incentive for the declaration of new discoveries by the licensees who were party to this MOU, a provision for discovery bonuses was also provided;
- viii). The MOU also granted GOU the mandate for determining the operatorship at the conclusion of the sale by TUL and TUOPL with Total and CNOOC;
- ix). The MOU also provided strict timelines for executing obligations of the parties such as paying of taxes and signing of sale agreements;
- x). The MOU provides that the laws of Uganda shall be the governing law for the MOU;
- xi). The MOU also provides for confidentiality of the terms there-in.



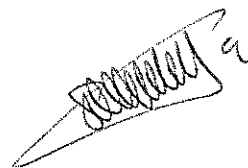
5.1 TOR 3: SCRUTINIZE ALL REVENUES SO FAR RECEIVED BY GOVERNMENT FROM THE OIL INDUSTRY, SHOWING HOW MUCH HAS BEEN RECEIVED, FROM THE VARIOUS SOURCES, FOR WHICH AREAS (BLOCKS), AND WHERE DEPOSITED AND IN PARTICULAR THE FOLLOWING REVENUES/TRANSACTIONS;

- LICENCE FEES
- SIGNATURES BONUSES
- TAXES
- ROYALTIES
- STATE PARTICIPATION
- PENALTY FOR LATE PAYMENTS

5.2 KEY FINDINGS

5.3 INITIAL CONTRADICTIONS IN THE NON-TAX REVENUE FIGURES PROVIDED TO THE COMMITTEE BY THE VARIOUS ENTITIES

At the onset of the investigation, the Committee ascertained conflicting revenue figures from URA, MEMD and BOU. The MFPED reported that non-tax revenue has been received in form of signature bonuses, training fees, annual surface rentals, data purchase and permit fees transferred to the Consolidated Fund Account since 2001/02/amounted to USD 4,000,456.67. The ministry of Energy and Mineral Development however reported a figure of US\$ 4,415,129.00, which is based on ten years period whereas the one of MFPED was for nine years. The Bank of Uganda on the other hand reported a total of



US\$ 4,490,047 as revenue received since 2001 from various oil companies in respect of signature bonus, surface rentals and training fees.

This prompted the Committee to make a preliminary recommendation that these entities harmonize their figures. On the back of the harmonization, the Committee was provided with the following figures;

5.4 HARMONIZED NON TAX REVENUE FIGURES

The MEMD presented harmonized revenue figures to the Committee to the effect that as at October 2012, transfers to the Consolidated Fund Account since 2001/02 amounted to USD 4,490,047 as broken down below;

**TABLE 2: HARMONISED NON TAX REVENUES
SUMMARY BY LICENSEE AND FINANCIAL YEAR**

LICENSEE	PURPOSE	AMOUNT
FY 2001/2002		
Heritage Oil and Gas	License Fees	\$65,875
Hardman Resources Ltd	License Fees	\$61,688
Sub Total		\$127,563
FY 2002/2003		
Heritage Oil and Gas	License Fees	\$61,850
Sub Total		\$61,850
FY 2003/2004		
Heritage Oil and Gas	License Fees	\$67,775
Hardman Resources Ltd	License Fees	\$61,688
Sub Total		\$129,463

FY 2004/2005		
Heritage Oil and Gas	Signature Bonus (EA 1)	\$200,000
Heritage Oil and Gas	Signature Bonus (EA 3A)	\$300,000
Heritage Oil and Gas	License fees	\$170,155
Sub Total		\$670,155
FY 2005/2006		
Heritage Oil and Gas	License fees	\$170,155
Neptune Petroleum	License fees	\$90,100
Neptune Petroleum	Signature Bonus	\$100,000
Hardman Resources Ltd	License fees	\$131,188
Sub Total		\$491,443
FY 2006/2007		
Heritage Oil and Gas	License fees	\$160,713
Heritage Oil and Gas (Block 3A)	License fees	\$100,055
Hardman Resources Ltd	License fees	\$69,600
Sub Total		\$330,368
FY 2007/2008		
Heritage Oil and Gas	License fees	\$184,745
Dominion Petr. ANM. Serv Ltd	License fees	\$107,400
Dominion Petr. ANM. Serv Ltd	Signature Bonus	\$300,000
Neptune Petroleum	License fees	\$112,750







Sub Total		\$704,895
FY 2008/2009		
Heritage Oil and Gas	License fees	\$164,825
Tullow Uganda Operations PTY	License fees	\$31,727
Neptune Petroleum	License fees	\$95,141
Dominion Petr. ANM. Serv Ltd	License fees	\$101,416
Sub Total		\$393,109
FY 2009/2010		
Dominion Petr. ANM. Serv Ltd	License fees	\$361,426
Heritage Oil and Gas	License fees	\$194,956
Neptune Petroleum	License fees	\$132,323
Tullow Uganda Operations PTY	License fees	\$135,109
Sub Total		\$823,814
2010/2011		
Dominion Petr. ANM. Serv Ltd	License fees	\$105,431
Tullow Uganda Operations PTY	License fees	\$125,130
Neptune Petroleum	License fees	\$75,972
Sub Total		\$306,533
NON TAX REVENUE		

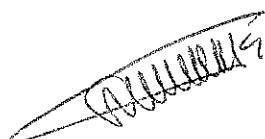
LICENSEE	PURPOSE	AMOUNT
Hardman Resources Ltd	Well data	\$7,440
Petrodel Resources Ltd	Well data	\$17,570
Hardman Petroleum Africa	Geochemical report	\$763
Orca Exploration Group	Data Purchase	\$60,705
DOD Sal Resources	Well data	\$36,540
Orient Petroleum Intern INC	Well data	\$30,040
Niger Delta Exploration	Sale of Data	\$132,053
Habiboil Ltd	Sale of Data	\$74,676
CNOOC Int. Ltd	Sale of Data	\$91,067
Sub Total		\$450,854
Grand Total		\$4,490,047

SOURCE: MINISTRY OF ENERGY AND MINERAL DEVELOPMENT, OCT 2012

The revenues reflected above are paid into the revenue account of the MEMD which is managed by the MOFPED. Table 3 below indicates revenues from the capital gains tax and stamp duty.

TABLE 3: TOTAL REVENUES ACCRUING TO CAPITAL GAINS TAX AND STAMP DUTY

No.	Date	Amount	Item descripti on	Account	Origin
1	4 th August 2010	US\$121,477,500.00	Capital Gains tax	00341015840000 0 (URA Holding Account at BOU)	Heritage Oil and Gas Ltd




2	7 th April 2011	US\$313,447,500.00	Capital Gains Tax	00341015840000 0 (URA Holding Account at BOU) from which BOU debited US\$20 for administration costs	Tullov Oil Plc
3	11 th April 2011	US\$14,500,000.00	Stamp Duty	00341015840000 0 (URA Holding Account at BOU) from which BOU debited US\$20 for administration costs	Tullov Oil Plc
	TOTAL	US\$449,424,960	As at 11 th April 2011		

(SOURCE: UGANDA REVENUE AUTHORITY; 2012)

URA in its submission to the Committee on 9th November 2011 gave the total amount of revenue collected so far from all the oil companies as USD 449,424,960 (UGX 1,686,164,870,551) while tax payments from subcontractors exclusive to the petroleum sector amounted to UGX. 149,759,281,477. This brings the overall total to UGX. 1,835,924,152,029. The subcontractors include those with offices in Uganda and offering services exclusively to the petroleum sector. Other payments include stamp duty, fees licenses and penalties. The majority of these subcontractors have registered in recent years and are mainly taxed through withholding tax which is paid by the oil companies. Some

subcontractors do not manage employees but rather get people through recruitment companies who submit the PAYE.

5.5 HARDMAN RESOURCES (U) LTD TAX OBLIGATIONS

The Committee observed that Hardman Resources (U) Ltd changed its ownership and registration severally. In so doing, there was no evidence of any capital gains tax paid to URA. This was based on the allegation that Hardman did not pay government of Uganda, the capital gains tax.

The Committee observed that the information provided by URA did not show any taxes paid by the company-Hardman Resources (U) Ltd yet it was operational in the oil exploration for a long period of time; first in 1997 to 1999 when it withdrew and later on in 2001 to 2009, when Tullow acquired it. The committee was further informed that Hardman Resources (U) Ltd did not pay Corporation gains tax because its acquisition by Tullow was a corporate takeover in Australia and as such ineligible for taxation in Uganda;

The Committee recommends prudent management of petroleum revenues with a separate law for the management of petroleum revenues.

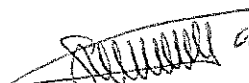
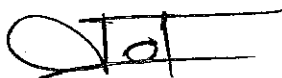
The petroleum fund should also be ring-fenced against any possible abuse.

5.6 MANAGEMENT OF OIL REVENUES ACROSS GOVERNMENT INSTITUTIONS: BOU, MEMD, URA, MFPED

5.7 Oil Revenue Accounts at the Bank of Uganda

The committee was informed that BOU maintains 4 categories of Oil Revenue related accounts namely;

- i). Uganda Revenue Authority – Tax Collection (USD);



- ii). Government of Uganda-Oil Revenue Account (USD)
- iii). Government of Uganda-Oil Revenue Account (UGX)
- iv). The ministry of Energy and Mineral Development (MOEMD) Non Tax Revenue (NTR) which holds Non-tax related oil revenue (UGX) alongside other non-tax revenues.

5.7.1 The MEMD maintains a NTR account which is used to bank NTR collections and receipts such as mineral royalties, surface rentals and training fees from mineral exploration companies. MEMD also collects revenues from sale of old items and any other revenue due to the Ministry.

5.7.2 It is this account that received oil related revenue from Dominion Petroleum Limited, Heritage Oil and Gas (U) Ltd, Neptune Petroleum and Tullow Uganda.

5.7.3 For the FY 2001/2 and 2002/03, NT oil revenue was banked on accounts No. 229.203227.1 and 229.203228. These accounts were closed in 2003 when the NTR account No.229.203229.1 was opened. With effect from 2003 one account was used until June 2010.

5.7.4 The Ministry of Energy and Mineral Development (MEMD) maintains a Non Tax Revenue Account at BOU where all monies received including oil related revenue are reflected.

5.7.5 BOU implemented a new banking system with effect from July 2010 to which all government accounts were transferred. Account No.000170168000001 which is denominated in Uganda Shillings was opened for NTR by MEMD.

5.8 OBSERVATIONS

There were frequent changes in tax laws for the oil and gas sector which at times complicated revenue computations;



There were different oil revenue accounts opened by the various agencies of government which complicated tracking and establishing the actual amounts of oil revenue. This exposed oil revenues to possible abuse.

6.0 INQUIRY INTO THE TRANSFER OF MONEY PAID BY TULLOW OIL, FROM THE UGANDA REVENUE AUTHORITY COLLECTION ACCOUNT TO THE CONSOLIDATED FUND ACCOUNT, ESPECIALLY THE DELAY IN THE MOVEMENT OF THE MONEY, AND THE CIRCUMSTANCES UNDER WHICH IT WAS CHANGED FROM THE DOLLAR TO UGANDA SHILLINGS ACCOUNT.

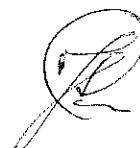
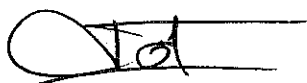
For this TOR, the committee met the Governor, Bank of Uganda, the Commissioner General URA, the minister of Finance and officials from the Ministry of Energy.

The purpose was to ascertain; the management of oil and gas revenue , the oil revenue accounts at Bank of Uganda, the revenue generated from the oil sector so far and the transmission mechanism of funds accruing to the oil sector.

The basis of this was a result of allegation that oil revenues were drawn from the Consolidated Fund Account at the Bank of Uganda for a period of 14 days

6.1 SUBMISSION BY THE BANK OF UGANDA

The committee was informed that BOU received a total US\$449, 425,000 (before bank charges) in capital gains tax and related stamp duty. The BOU also received NTR oil revenue as banked by MEMD and SWIFT transfers amounting to US\$ 4,000,456.67 (Ushs. 7,633,352,758);




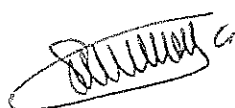
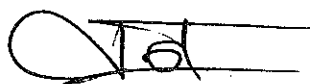


The committee was further informed that the Capital gains tax and stamp duty from oil companies totalling to US\$ 449.4 million was deposited on a Uganda Revenue Authority (URA) collection account in BOU in three separate transactions which took place in August 2010 and April 2011. ~~er~~ being deposited on the URA Tax Collection Account, these funds remained on that account until 7th June 2011, when the entire amount was transferred to the Government Oil Revenue account in BOU, upon instructions from the Accountant General. *(Refer to annex...)*

The Governor informed the committee that two weeks later, on 21st July 2011, following discussions with H.E the President and the Hon. Minister of Finance, Planning and Economic Development, the US\$449.4million was sold to the BOU and the shilling equivalent of UGX 1,162 billion was credited to a shilling denominated dedicated Government account in BOU.

The Governor further informed the committee that part of this money was used to acquire military aircrafts and other classified military equipment and His Excellency the President of the Republic of Uganda committed that upon realization of revenues from the oil and gas sector, BOU would be promptly reimbursed.

So the transfer of the oil revenues from the URA collection account to a separate government account at BOU was in fulfilment of the president's promise to replenish BOU.

The Governor went on to assert that all the accounts on which the Capital Gains Tax and Stamp Duty currently held are components of the Uganda Consolidated Fund at BOU. At no time since these revenues were initially paid by the oil companies have they ever been removed from the UCF in BOU.

The committee was informed by the Governor BOU that on 6th July 2011, the Accountant General (Ministry of Finance, Planning and Economic Development), instructed BOU to transfer a total of US\$449,424,960.00 from the URA collection account No. 003410158400000 to the GOU oil revenue USD account No. 003300328400001. The entries were effected the following day 7th July 2011, leaving a nil balance on the URA collection account and a credit balance of US\$449,424,960.00 on the GoU Oil revenue account, which is a dedicated ring-fenced account for oil receipts. Both accounts are part of the GOU Consolidated Fund Account in BOU. Consequently the aggregate amount of oil related funds in UCF did not change as a result of this transfer.

On 21st July 2011, these funds amounting to US\$449,424,960.00 were bought by BOU for the shilling equivalent of UGX.1,161,736,556,120.00. The UGX equivalent was credited to the Shilling UCF Account No. 00330032800004 while the US\$ equivalent was transferred to the BOU foreign reserves.

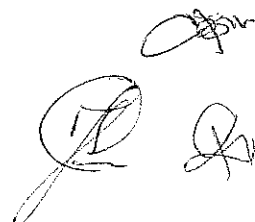

6.2 OBSERVATIONS

The Committee observes that the lumping of oil revenues together with non-oil revenues is imprudent because it poses immense challenges to fiscal management as will be later discussed in paragraphs 12 and 12.1 of this report.

RECOMMENDATION

The Committee therefore recommends that when considering the Public Finance Bill, 2012 oil revenue management, should have a separate legal regime.

This will enable the streamlining of oil revenues from other revenues otherwise the current arrangement of lumping both oil






and non-oil revenue together may cause implementation challenges including difficulties in monitoring oil resources utilisation.

The nature and functioning of the consolidated fund needs thorough and regular auditing including rigorous oversight to efficiently forestall any possible abuse of public funds

7.0 TOR 4: INVESTIGATE THE BASIS OF DETERMINATION OF RECOVERABLE COSTS

The Committee noted that;

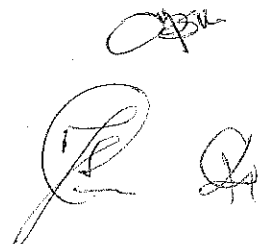
- 7.2 The rationale for embracing recoverable costs is that GOU did not have the requisite resources for exploration and as such the licensees were allowed to use their own resources and later when actual oil and gas production commences, these costs incurred will be recovered, as a matter of priority, from the initial proceeds of the sale of oil and gas (cost oil).
- 7.3 The PSAs provide for recoverable contract expenses by the licensee. These are usually covered under the Accounting and Financial Procedures provided in the PSA. These recoverable costs are usually broken down in Exploration expenditures, development and production expenditures, operating expenses, service costs and general and administrative expenses.
- 7.4 Exploration expenditures are all costs incurred in the search for Petroleum and the appraisal of Discoveries in the License area. These include;
- i). Aerial, geophysical, geochemical, paleontological, geological, topographical, seismic surveys and studies and their interpretation;

- ii). Core hole drilling and water well drilling;
- iii). Labour, materials and services used in drilling wells with the object of finding new petroleum reservoirs or for the purpose of appraising the extent of or subsequently producing petroleum reservoirs already discovered provided such wells are dry or are otherwise not completed as producing wells;
- iv). Facilities used solely in support of these purposes including access roads and purchased geological and geophysical information;
- v). A portion of all service costs, as defined by a PSA, allocated to the exploration operations on an equitable basis and consistently applied;
- vi). A portion of all general and administrative costs, as defined by a PSA allocated to exploration operations based on projected budget expenditures subject to adjustment on the basis of actual expenditure at the end of the calendar year concerned; and
- vii). Any other contract expenses incurred prior to the commencement of commercial production in a Development Area and not otherwise covered by the PSA.





7.5 Development and Production Expenditures consist of all necessary, appropriate and economical expenditures excluding operating expenses incurred in development operations in relation to the development of an area including;

- i). Drilling wells which are completed as producing wells and drilling wells for purposes of producing a petroleum reservoir

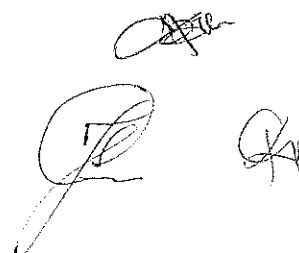


already discovered provided such wells are completed as producing wells;

- ii). Completing those wells described in the PSA by way of installation of casing or equipment or otherwise after a well has been drilled for the purpose of bringing the well into use as a producing well;
- iii). The costs of field activities including field gathering systems, field production and treatment units, well head equipment, sub-surface equipment, natural gas separation facilities, enhanced recovery systems, off shore platforms, petroleum storage facilities in the field and related facilities, and field access roads for production activities;
- iv). The costs of transportation facilities installed up to the Delivery point, including but not limited to pipelines, compressors, seaboard terminal and storage facilities;
- v). Engineering and design studies for field activities;
- vi). A portion of all service costs allocated to the development operations on an equitable basis and consistently applied ;
- vii). A portion of all general and administrative expenses allocated to the development operations on projected budget expenditures which will be adjusted to actual expenditures at Calendar Year end; and
- viii). Any other expenditure incurred in Development Operations prior to the commencement of Commercial Production in a Development Area, other than those incurred in respect of operations carried out beyond the Delivery Point.

- 7.6 Operating expenses are all necessary, appropriate and economical expenditures incurred in the Petroleum operations here-under after the start of the Commercial production (but including intangible drilling costs such as, but not limited to, labour, consumable material and services having no salvage value which are incurred in the drilling operations related to the drilling or deepening of producing wells whether incurred before or after the start of commercial production) which are other than exploration expenditures, development and production expenditures and general administrative expenses and service costs otherwise located to Exploration Expenditures or Development and Production Expenditures; operating expenses shall not however include tariff charges, if any, imposed by the pipeline company associated with the transportation of petroleum from the delivery point to the seaboard terminal point for export;
- 7.7 Service costs are all necessary, appropriate and economical direct and indirect expenditures in support of the Petroleum Operations including but not limited to, ware house, piers, marine vessels, vehicles, motorized rolling equipment, aircraft, fire and security stations, workshops, water and sewage plants, power plants, housing, community and recreational facilities and furniture, tools and equipment used in these activities. Service costs in any Calendar year shall include the total costs incurred in such year to purchase and/or construct said facilities as well as annual costs to maintain and operate the same.
- 7.8 General and Administrative Expenses are all main office, field office and associated general and administrative costs incurred in relation to Petroleum Operations, including but not limited to, supervisory, accounting and employee relations services carried



out by the licensee in Uganda. These include; administrative, legal, accounting and treasury advice, auditing, senior management, general information systems support research and development taxation, insurance, public and international affairs, employee relations and human resources, liaison and reporting, general assistance and supervisory functions under the PSA which qualify as Licensee's affiliated Companies' personnel and service costs incurred in connection with petroleum operations.

7.9 In addition, reasonable travel expenses of such affiliated companies' personnel in the general and administrative category in connection with the petroleum operations

7.10 Recoverable costs have their root in the PSAs that GOU signed with the licensees. Each PSA has specific provisions as indicated below:

8.0 COST RECOVERY PROVISIONS IN THE PSAs

EA3- 1997(Heritage Oil and Gas Ltd	EA2- 2001(Hardman Petroleum/Tullow Uganda Operations and Energy Africa Ltd/Tullow Uganda Ltd	EA1- 2004(Heritage Oil &Gas Ltd and Energy Africa Ltd/Tullow Uganda Ltd	EA3A- 2004(Heritage Oil &Gas Ltd and Energy Africa Ltd/Tullow Uganda Ltd	EA5- 2005(Neptune Petroleum (U) Ltd	EA4B- 2007(Dominion U) Ltd
Article 12	Article 11	Article 12	Article 12	Article 12	Article 12
75%,85% for oil and gas respectively for the first	Costs to be recovered from 60 % for oil and 70% for gas	Costs to be recovered from 60% for oil and 70%	Costs to be recovered from 60% for oil and 70%	Costs to be recovered from 50% for oil and 60%	Costs to be recovered from 50% for oil and 60% for gas

US \$10 M and 60%, 70% respectively thereafter		for gas	for gas	for gas	
Ring fencing is per contract area	Ring fencing is per contract area	Ring fencing is per contract area	Ring fencing is per contract area	Ring fencing is per contract area	Ring fencing is per contract area
Carry forward all unrecovered costs until full recovery is completed	Carry forward all unrecovered costs until full recovery is completed	Carry forward all unrecovered costs until full recovery is completed	Carry forward all unrecovered costs until full recovery is completed	Carry forward all unrecovered costs until full recovery is completed	Carry forward all unrecovered costs until full recovery is completed

8.1 Under the provisions of the PSA, the licensee is required to submit audited accounts showing details of contract expenses and revenues, within 90 days of expiry of the calendar year. In addition, the PSA gives government the authority to review and audit the licensee's books and records (with respect to petroleum operations) either directly or through an independent accountant of international standing designated by government. The authority of government is terminated 24 calendar months after the closure of the subject year's accounts. The Auditor General informed the Committee that the total cumulative audited costs as at 31/12/2008 stood at US\$492,544,876 and by February 2012 the figure had risen to about US\$ 1.4bn

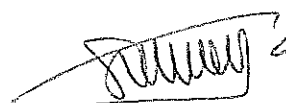

8.2 To-date, the Auditor General has undertaken audits of recoverable expenditure submitted by the various licensees under the agreements as summarized below;






Details	Company Name	Exploration Area/Block	Period
PSA audits completed & reports issued out by AG	Heritage Oil Gas Ltd	3A	8/9/04 to 30/10/06
	Hardman Petroleum Resources Ltd	2	8/10/01 to 30/10/06
	Heritage Oil & Gas Ltd	1	31/10/04 to 31/12/08
	Tullow (U) Ltd	2	31/10/06 to 31/12/08
	Heritage Oil & Gas Ltd	3A	1/11/06 to 31/12/08
	Dominion (U) Ltd	4B	27/7/07 to 31/12/08
	Neptune Petroleum(U) Ltd	5	27/9/05 to 31/12/08

- i). The total recoverable expenditure from the above audits as at February 2012 amounted to US\$ 1.4BN. However at the time of compiling this report, the Auditor General notified the Committee that some other audits were still ongoing.
- ii). The committee observed that the conditions for cost recovery vary from PSA to PSA or from company to company.
- iii). The committee also observed that the bulk of what is procured forms the recoverable cost to be paid by government upon commencement of production.
- iv). The committee notes that recoverable costs are input costs which should be standardized for all the licensees in the oil sector. This

standardization is functionally positive for effective monitoring and evaluation of the recoverable costs.

8.3 RECOMMENDATIONS

The Committee recommends the standardization of the mechanism of determining recoverable costs

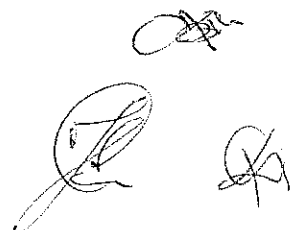
Through regulations, the Minister responsible for oil and gas should provide for periodic reviews of recoverable costs to safeguard national interest.

As earlier noted, the inclusion of legal expenses as recoverable in the existing PSAs needed critical thought before these PSAs were signed. The Committee therefore recommends that this should be revisited.

8.4 Work Plans and Budgets for Recoverable Costs

The committee observed that there are no standard guidelines on the format and minimum requirements for the work plans and budgets submitted by licensees to the MEMD as a basis for cost recovery. There are also no guidelines and sanctions in case of deviations from the approved budgets and work plans. Therefore the inconsistency in the formats of the work plans and budgets of the licensees complicates budget analysis, monitoring and evaluation of the subsequent recoverable costs.

The Committee recommends that the Minister of Energy and Mineral Development in consultation with the various stakeholders urgently harmonizes the formats for work plans and budget formats accompanied by sanctions on any deviations.



8.5 Labour and Associated Costs

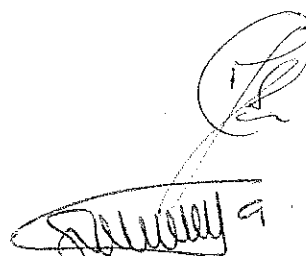
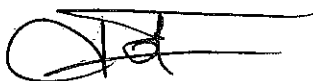
The committee observed that the PSA provisions indicate that labour and associated labour costs are recoverable irrespective of the salary structures and levels including bonuses. There is no cap on the level of labour and associated labour costs that are recoverable, nor are there requirements to have salary structures approved by government. Therefore, the licensees often pay themselves unreasonable and non-competitive labour costs given that the costs are recoverable without limit.

The Committee recommends that there should be a cap on the salaries and bonuses that are recoverable to avoid inflation of these expenses by the oil companies.

8.6 SCANNED/CERTIFIED DOCUMENTS

The Committee observed that some of the supporting documents presented are scans of the original documents. These mainly relate to time writing costs and expenses incurred by affiliated companies domiciled abroad on behalf of the licensees. There are no explicit guidelines in the PSA on whether scanned documents presented by licensees would suffice to act as support for recoverable expenditure. In addition, Uganda does not currently have a law on use of scanned documents. Some of these scanned documents such as the time writing cost invoices and time sheets are internally generated and hence the benefit of original documents is limited.

Whereas it is a requirement that quarterly updates of the recoverable cost estimates are submitted by the Licensee to government for approval (which approval shall not be unreasonably withheld) within specified periods after the end of each quarter, the Committee found that this is



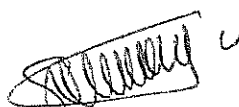
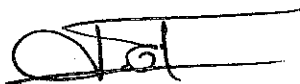
not happening. The Ministry of Energy and Mineral Development did not have an updated list of recoverable costs.

Government should come up with legislation and regulations on the use of scanned documents in public affairs including the financial management and audit process.

8.7 The Efficacy of Advisory Committees in the Monitoring and Evaluation of Recoverable Costs

Whereas ACs are tasked with monitoring and evaluation of recoverable costs and the activities of these Advisory Committee are born by the Licensee and treated as Contract Expenses; the Committee noted that there was no evidence of periodic meetings and resolutions of the ACs. There were for instance no minutes of meetings of such ACs recommending the payment of recoverable costs. With the narrow representative spectrum of the ACs as earlier noted in paragraph 4.1.2, there is need for structural adjustment of these ACs with regard to the monitoring and evaluation of recoverable costs.

The Committee recommends that in the auditing of recoverable costs by the Auditor General, there should be evidence of the resolution of these ACs in the form of approved minutes.



8.8 TOR 5: EXAMINATION OF THE EXTENT OF ADHERENCE TO EARLIER PARLIAMENTARY RESOLUTIONS ON THE OIL AND GAS SECTOR

The Committee examined earlier Parliamentary resolutions on the oil and gas sector starting from the FY 2005/2006-to 2012/13. The resolutions were obtained from the relevant sectoral Committee reports that were considered and adopted by the House. This section will therefore show the status of adherence to the said recommendations as at the time of writing this report.

8.9 KEY BROAD RECOMMENDATIONS 2005/06-2012/13

Resolution	Status	Comments/Recommendations by the Committee
<p>Early production scheme</p> <p>The establishment of attendant infrastructure like storage, roads, refinery, pipelines, transportation, environmental protection, disposal of oil waste and others. Eg. Hoima Kaiso Tonya Roads, Buseruka hydro power plant</p>	<p>The Hoima-Kaiso-Tonya Road is ongoing.</p> <p>The Buseruka mini hydro plant is already generating power but evacuation infrastructure is still needed</p> <p>The process of compensation of locals for land in Kabaale (Hoima District) is ongoing to pave way for the construction of the</p>	<p>The Committee recommends that much as the Albertine Graben has been declared a special planning area, there is need for a robust inter-ministerial approach to streamline and cascade such infrastructural project developments and have other environmental management facilities in place.</p>

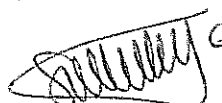
	<p>refinery.</p> <p>Disposal of oil waste awaits an appropriate policy framework</p>	
Restocking of the strategic oil reserves in Jinja through a PPP arrangement	<p>Hared Petroleum entered into a PPP arrangement with GoU and has started re-stocking the Jinja fuel reserves through PPP.</p> <p>The PPP Bill was tabled in Parliament and is yet to be concluded.</p>	The Committee therefore recommends that the consideration of PPP Bill currently before the Parliamentary Committee on Finance be expedited.
Capacity building in the oil and gas sector in preparation for the development and production phases of the petroleum value chain.	<p>Both GoU and the Licensees are offering scholarships;</p> <p>Kigumba Petroleum Institute established</p> <p>Universities and other tertiary institute began offering petroleum related courses</p>	<p>The Committee notes the need for the fair and equitable allocation of opportunities for capacity development to Ugandans;</p> <p>Government should engage the licensees with a view of offering actual placements of trained Ugandans</p>
Lack of access to the PSAs by the public	The PSAs remain shrouded with mystery. Even in	The Committee recommends that Uganda should expeditiously sign up onto the

	Parliament, one requires elaborate clearance and strict monitoring in accessing the PSAs.	Extractive Industries Transparency Initiative (EITI) so that Uganda is bound by international transparency standards.
Communication strategy: Since 2012 with the exposition of the Oil and Gas communication strategy, very little has been done to manage public expectations.	The Communication strategy is yet to be disseminated effectively to Ugandans especially those in the Albertine Grabben	Need to expeditiously effect this strategy as it will help in sensitizing both local communities and the entire populace of Uganda on oil matters.

9.0 TOR 6: EXAMINATION OF ANY OTHER MATTERS RELATED TO THE ABOVE AND RECOMMENDATIONS FOR THE SOUND MANAGEMENT OF THE OIL INDUSTRY IN UGANDA

9.1 LAND RIGHTS AND COMPENSATION


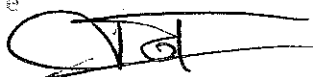
The Committee notes that while the acquisition of land for the actualization of the oil and gas development master-plan is inevitable, it is imperative that Government ensures adherence to the categorical principle of compensation prior to acquisition, drawing on the guarantee of the customary and other rights to land laid down in the Constitution of Uganda. The Committee takes cognizance of the prevailing controversies surrounding the compensation of residents of Hoima within the framework of the Resettlement Action Plan (RAP) and therefore recommends that;




- i). *In handling compensation, the RAP should conform to the principles of fairness in valuations, adequacy, promptness and quick settlement. This compensation should transcend land per se and cover aspects such as heritage, gender equity and other livelihoods as well.*
- ii). *There is need to define guidelines for prior and informed consent to land acquisition, including the guarantee of an open and transparent public hearing. During these hearings, it is imperative to provide full information in the applicable local languages on the proposed development, its potential benefits and its potential impacts at the local, regional and national levels, as well as the proposed resettlement and compensation measures for affected people. Special emphasis on the involvement of women residents in public hearings, and the incorporation of their perspectives on resettlement and compensation measures should be taken into account.*
- iii). *Further, it is important to urgently devise a policy of compensation that upholds Uganda's national Constitutional guarantees, protects the land rights of all persons living in current and prospective oil-rich areas especially the women so as to ameliorate the potential ramifications of unfair and often cultural land alienation and malpractices accruing to oil and gas activity. This is particularly critical since land is not just the primary source of livelihood but also defines the way of life for many rural Ugandans.*

A comparative analysis of the other resource-rich nations especially in developing countries reveals that issues of access to land and related resources, and forced displacement are a major reason for conflict. By providing for just and equitable practices around land, Uganda can avert similar problems and guarantee equitable benefit to her citizenry



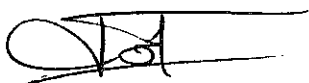
accruing to not just the oil and gas sector but the entire breadth of the extractive industries as practiced in Botswana.

The consideration of land acquisition and compensation in the oil producing areas should take cognizance of the range of customary land ownership patterns and the land rights of the people, which are recognized by the 1995 Constitution, that exist in the affected areas. This should further be translated into physical land planning and surveying on the part of the government, systematic demarcation and adjudication and awarding of land titles to people-a process that remains prohibitive in terms of financial, legal and social resources and therefore cannot be undertaken by the common Ugandan – a significant barrier in protecting himself or herself from exploitation and land alienation and something which the GOU needs to seriously examine and address.

9.2 LOCAL CONTENT

The Committee notes that in the recent past there has been an upsurge in demands by locals in the Albertine Graben and other parts of Uganda for a fair share of the proceeds of petroleum discovered in their vicinity. More prominently, His Highness the Omukama of Bunyoro, the Ker Kwaro Acholi and the traditional chiefs of the Jonam in West Nile have been vocal in asserting the need for greater transparency, inclusion in decision making and equitably sharing the proceeds of and opportunities accruing to the oil and gas discovered in their localities.

Amidst all these, it is imperative to note that the extractive industries are generally less-labour intensive and as such local content and participation should not be narrowed to job allocations, but rather extend to cover goods and services provision to the licensees.




Experience of extractive industries in developing countries generally indicates severe and often adverse ramifications on host communities if not prudently managed and the proceeds there-from equitably distributed. As a starting point, local participation in decision making processes with regard to especially the oil and gas sector is integral.

It is in this vein that the Committee specifically met with some local political, opinion and traditional and cultural leaders from the areas in which oil and gas exploration is taking place so far, namely, Bunyoro, Acholi and West Nile regions.

RECOMMENDATIONS

It is in this vein that the Committee recommends that;

- i). Government should establish the requisite and appropriate institutional frameworks to enhance the capability of local Ugandans to harness the opportunities that come with the demographic, social and economic changes that accrue to oil exploration and production activity. This will warrant timely re-evaluation and re-alignment of the education system, buttressing vocational and technical education and initiating, cascading and institutionalising knowledge and skills transfer.*
- ii). The Government should strictly monitor and enforce appropriate local content provisions in all production sharing agreements, especially in areas such as labour, training and local goods and services provision and generally facilitate Ugandan natives and local businesses to effectively participate in the oil and gas sector. This needs to be anchored in the law.*



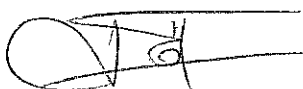
- iii). ***In addition, the capability of the state needs to be bolstered in as far as equitably facilitating, monitoring and enforcing local content provisions is concerned.***

9.2.1 Concerns of the Bunyoro Kingdom

The committee in the course of executing its mandate had the honour of meeting with the Omukama of Bunyoro Kingdom, His Highness Gafabusa Solomon Iguru, Members of Bunyoro Parliamentary caucus and Civil Society Organizations in Hoima.

The kingdoms salient issues were as follows;

- i). The need for fair and prompt compensation of locals especially for land affected by oil and gas activity
- ii). The payment of royalties of atleast 12% to the Bunyoro Kingdom from the oil revenue
- iii). The prudent and sustainable management of environmental issues especially considering the threat of pollution of water and the impact of the oil activities on the fishing sector, a primary economic activity of in the Albertine Graben
- iv). Corporate social responsibility by Oil companies in the Albertine Graben
- v). Equitable and strategic training, capacity building and employment of the natives from the host communities in the oil sector
- vi). Government to come up with a clear master plan for the physical development of the Albertine Graben to fore stall the speculative



haphazard land acquisition and development currently taking place in the Kingdom

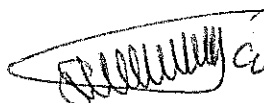
- vii). The need for Government to expedite the process of lifting the moratorium on acquisition of land title in the kingdom which government had put.
- viii). The need for affirmative action for especially the poor and vulnerable so as to enable them acquire titles for their land which is under immense threat from land speculators who have the financial resources to quickly process their land titles.
- ix). The need for the prioritization of physical and land-use planning as well as the strategic infrastructural development of the Albertine region so as to adequately spur both local and international businesses in both the oil and non oil sectors. Of specific mention were; the establishment of Bunyoro University particularly for human resource development, upgrading of health facilities and the transport network.

RECOMMENDATIONS

The Committee is cognizant of the concerns of the people of Bunyoro and recommends that Government takes these concerns into consideration,

10.0 ENVIRONMENTAL MANAGEMENT

The Committee observes that Uganda's oil and gas discoveries have occurred in the ecologically sensitive Albertine and the Murchison Falls area of the River Nile. This implies that any awful occurrences with regard to careless waste disposal, oil spillage or reckless gas flaring will have far reaching adverse ramifications not just on the environment but on the people who derive their livelihoods there-from. This forms the core



of the rationale for adequate safeguards to protect the delicate ecological balance. The Lake Albert for instance is integral in sustaining drainage to most if not all the wetlands and rivers in the Albertine Graben. In acknowledgement of the region's unique biodiversity and potential for eco-tourism, Uganda has established 22 protected areas in the Albertine Graben (75% of all protected areas in Uganda are in the Albertine Graben), including the nation's largest national park, Murchison Falls National Park, which is also the second most visited thanks to its spectacular wildlife viewing and the Victorian Nile Falls, which force the entirety of the Nile through a shoot 6m wide and into the Victorian Nile Delta, home to a vast array of threatened species including the crested crane, cheetah, hippopotamus and giraffe.³In addition, the bulk of the natural resources in the Albertine are shared at an international level thereby adding to the sensitivity and importance of the sustainable and responsible management of the environment given that any oil spillages, environmental destruction or safety hazards will have far-reaching local and international effects.

In addition, the Committee notes that oil waste management and disposal is already a challenge yet production hasn't commenced. Currently the waste from exploration activity is being stored in temporary locations such as bitumen containers and polythene. Actual appropriate and sustainable disposal awaits the requisite waste management regulations from NEMA. This therefore calls for rigorous, timely and sustainable interventions in as far as waste disposal and management is concerned.

The Committee further notes the need for institutional safeguards for people affected by oil exploration; production and related activities yet such people are not directly employed in the industry. Many such people

³ National Environment Management Authority (NEMA). *Environmental Sensitivity Atlas For the Albertine Graben*. Vol. 2. Government of Uganda, 2010.

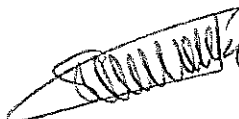


suffer the adverse un-intended consequences of upstream and midstream petroleum activity.

- i). *The Committee recommends that the National Environment Management Authority, Uganda Wildlife Authority, the Water Resources Management Directorate and other state organs mandated to manage different aspects of the environment need their capability enhanced and their operations adequately resourced and bolstered if they are to efficiently, effectively and economically monitor and regulate petroleum exploration and production activity and its ramifications on the environment. This may inevitably require an amendment to the Acts that establish, mandate and govern the operations of the respective agencies that superintend over the various aspects of the environment. This will go a long way in enhancing their capability in handling environmental issues in the oil and gas sector.*
- ii). *In addition, NEMA in consultation with other relevant Government agencies should efficiently and effectively devise modalities for waste management and disposal.*
- iii). *There is need for inter-ministerial and inter-agency cooperation in addressing these environmental concerns.*

10.1 EQUITY, FAIRNESS AND MANAGEMENT OF EXPECTATIONS

The Committee notes that the Executive has its work cut out in as far as managing public expectations on oil and gas is concerned. Pronouncements by some politicians seem to overly peg the hope for rapid socio-economic transformation to oil. Whereas indeed the discovery of commercial quantities of oil and gas may present great opportunity for such transformation, a lot of the actual benefit is dependent on just how



the powers that be manage the oil and gas sector, the benefit accruing there-to and the distribution of such benefit. It is against this background that the public needs to be told the truth about the oil sector and the need to look at the recent oil and gas discoveries not as a panacea to transformation in Uganda but rather as a complementary potential for growth side by side with other sectors namely agriculture, industry and tourism.

Therefore providing **reliable and timely** information will help significantly in shaping public expectations. While not all information can be placed in the public domain, some basic information sharing is necessary to avoid false expectations and accusations, and to manage people's expectations appropriately.

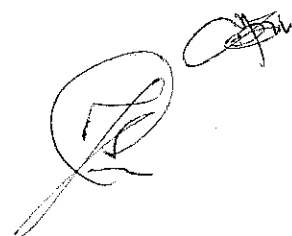
If information is not shared broadly and only kept amongst a certain group, this can lead to suspicion which may ultimately lead to mistrust and agitation amongst different stakeholders. Such a situation will have a negative bearing on a country's politics, security and stability.

Better and broader dissemination of information (i.e. by Government, oil companies and other stakeholders) will also improve **transparency and accountability**, and ensure that oil revenues are managed more effectively and efficiently.

Government should also appreciate the fact that managing expectations is not a one-off event. Expectations can change quite quickly and, as a result, there needs to be constant attention given to understanding how expectations are changing over time and across different stakeholders.

The Committee therefore recommends the need for an effective and robust communication strategy to manage public expectations on developments in the oil and gas sector

11.0 THE ECONOMIC IMPLICATIONS OF PETROLEUM

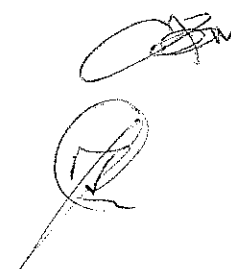
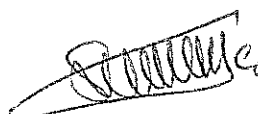


As earlier noted, the discovery of commercial quantities of oil and gas in Uganda presents the potential to hasten Uganda's socio-economic transformation depending on just how prudently and sustainably it is managed. Experts have predicted that oil is poised to double government revenues once full production is underway.⁴ This implies that with oil revenues, chronic budget deficits will be mitigated and an increase in receipts from exports due to petroleum exports will spur macro-economic growth. However, if such hopes are to actually materialize, there is need for prudent and sustainable management of oil revenues. The colossal and sudden inflow of revenues accruing to petroleum may expose Uganda to the risk of undermining other sectors thereby ushering in negative macroeconomic effects of resource-funded spending, commonly termed as the "Dutch disease". Considering that petroleum is a finite resource, the resultant effect is vulnerability to the inevitable decline in production once the petroleum resource is exhausted.

In addition, it should be noted that if the distribution of benefits accruing to the oil and gas exploration and development is devoid of equitability and sustainability, the risk of heightening disharmony between those who benefit from its development and those that suffer the disruption and displacement that so often accompany its extraction is bound to rise.

- i). ***Given the finite nature of the petroleum resource that Uganda has been gifted with, there is need for deliberate and sustained effort to desist from over-reliance on oil revenues, and instead use and distribute the benefits accruing to petroleum equitably and sustainably to enhance national unity and cohesion while at the same time nurturing and***

⁴ Annual Economic Performance Report 2010/11. Ministry of Finance, Planning and Economic Development.

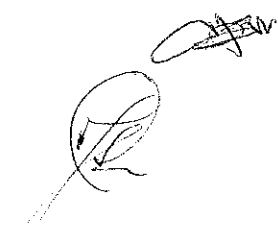


developing strong national institutions that will transcend the era of petroleum.

- ii). Further still, it is imperative to align the expenditure of petroleum revenues to local needs that will enable natives to bolster their capability to effectively participate in the oil and gas sector. Considering that the revenue management dimension of the oil and gas sector is enshrined in the Public Finance Bill, 2012, the Committee hopes that those scrutinizing that Bill bear this in mind.*
- iii). In addition, to forestall the 'Dutch disease', the non-oil industry must be maintained, expanded and strengthened. Investments from oil revenues should be targeted to enhance the productive capacity and efficiency of non-oil industries. Agriculture, agro processing, manufacturing, fisheries, tourism infrastructure among others should remain core sectors and a policy of economic diversification pursued. Uganda's export capacity must be increased and, in this regard, inflation should be contained and the exchange rate prevented from appreciating as a result of oil revenues sunk into the economy and transmitted through the National Budget. These considerations should be taken care of in the Public Finance Bill.*

11.1 VOLATILITY IN GOVERNMENT EXPENDITURES

The Committee notes that oil revenues are indeed volatile because of the fluctuations in world market prices and in some cases, volatility in the volumes of domestic oil production. The volatility of oil revenues, if not strategically managed, will be detrimental to macro-economic stability. As it is, if oil revenues are closely knitted with government expenditures, the volatility in oil revenues will inevitably translate into the volatility in



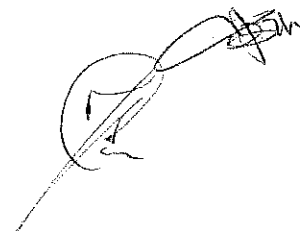
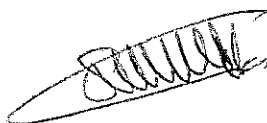
Government expenditure. This volatility would lead to large swings in aggregate demand in the economy which in turn would precipitate instability in commodity prices and output.

To insulate public expenditure from the volatility in oil and gas revenues and its attendant adverse ramification on macro-economic stability, the Committee strongly recommends the delinking of Government expenditure from oil revenues. This requires the establishment of a fiscal rule which determines the size of the fiscal deficit independently of short term oil revenues but on a sustainable long term basis. The fiscal rule followed by the Government should be consistent with a sustainable path of expenditures and public borrowing over the long-term. Adherence to such a fiscal rule requires adequate institutional safeguards and commitment to fiscal discipline and the rule of law.

11.2 EQUITABILITY, TRANSPARENCY AND ACCOUNTABILITY

The Committee further notes that Government should ensure that oil and gas resources (and revenues) are used on the basis of broad national consensus, according to international best practice, and in a transparent and accountable manner for the benefit of all Ugandans. Oil revenue should be kept separate from other Government revenue, not used for recurrent expenditures, and when used for capital projects, should be justified in parliament in accordance with the National Development Plan.

It is widely believed and indeed experiences elsewhere in natural resource rich countries especially in Africa, show that oil and gas companies often have adequate information about the resource being extracted, but are not transparent and do not share this with the broader public. This partially explains the inclusion of confidentiality clauses in

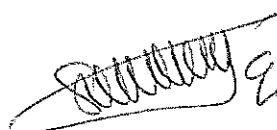


the PSAs. This is the rationale for the need for transparency and accountability. The Committee therefore recommends that Government;

- i). Strengthens the institutions tasked with managing the oil sector and associated revenues sanitizing such institutions from undue political and other influences and ensuring meritocracy in recruitment and placement and strict oversight on performance and output;*
- ii). Adopts a proper public disclosure strategy for the oil and gas sector, to provide information to the public on petroleum exploration, extraction and utilization, revenues and its management, plans and outcomes; and host regular consultative and information sharing meetings and discussions with all stakeholders;*
- iii). Joins the Extractive Industries Transparency Initiative (EITI) and adheres to the principles there-in;*
- iv). Introduce regulations that require all the licensees in the oil and gas sector to embrace transparency;*

Global experiences and trends show that the management of natural resource revenues especially in developing countries that have previously been bedeviled by corruption has not survived the ills accruing to such corruption and corrupt tendencies. The temptation is always high to misappropriate such revenues. A text book approach to the mitigation of such corruption would inter-alia emphasize effective representation, strong anti-corruption legal regimes and public participation in governance. However Uganda as a polity possesses all these pre-requisites and yet corruption persists.

The Committee therefore recommends the need for demonstrated and consistent zero-tolerance for corruption by the powers that be.



Individuals appointed to public offices regardless of whether in the extractive industries or not should have their integrity checked. Vetting of nominees to such offices should be open to the public and not a closed door affair as has been the tradition. Appointment to such public offices should not be to reward political and other loyalties but rather based on merit. Regulatory institutions should be empowered and sanitized from undue influences. Parliament should also bolster its capability and objectivity as an oversight institution in this process.

12.0 TOR 7: EXAMINE THE ARRANGEMENTS THAT HAVE BEEN PUT IN PLACE TO ADDRESS THE FOLLOWING:-

A. Environmental factors:

The Committee notes that currently NEMA which is the national environmental watchdog is cognizant of the ecological sensitivity of the Albertine Graben and the River Nile area in which most if not all of the oil and gas exploration activity is taking place. As such NEMA has put in place institutional arrangements for the management of environmental matters in oil and gas exploration. These institutional safeguards are premised on the fact that the impacts and effects of the oil and gas activities are dependant on the stage of the process, the size and complexity of the project, the nature and sensitivity of the surrounding environment and the effectiveness of planning, pollution prevention, mitigation and control techniques. Below is an examination of the institutional safeguards undertaken to cater for environmental concerns in the oil and gas sector;

- i). **EIA undertaken on all projects:** Currently it is mandatory for every licensee in the oil and gas sector to undertake an



Environment Impact Assessment (EIA) on all oil and gas activity prior to approval by MEMD. Such EIA has to be done by a professional individual or firm licensed by NEMA. EIA is a tool used to identify the environmental, social and economic impact of a project prior to decision making. The aim of the current EIA arrangements is to predict environmental impacts at an early stage in project planning and design, explore modalities for the mitigation of adverse impacts, tailor projects to suit the local environment and present the predictions and options to decision makers.

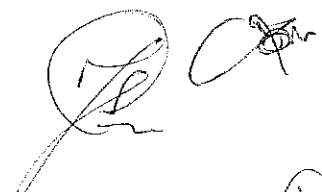
- ii). ***Environmental audits undertaken:*** In the course of activity by the licensees in the oil and gas sector, independent third party assessment of the current status of an organization's compliance with local environmental laws and regulations is undertaken. This is a core component of environmental monitoring.
- iii). ***Hazardous waste contained until the best disposal mechanism is developed:*** The Committee established that central locations for the consolidation and proper storage of drilling waste have been established. The Committee actually visited one such site at Kasamene in Bulisa district. This is crucial for monitoring and containment. In addition, NEMA has facilitated the reduction of environmental footprint of all 64 drilled exploration and appraisal wells in addition to base camps and material holding yards. This is in addition to fostering site rehabilitation and restoration at hitherto degraded sites.
- iv). ***Environmental Impact Assessment for the Albertine Graben:*** The Committee noted that NEMA in consultation with



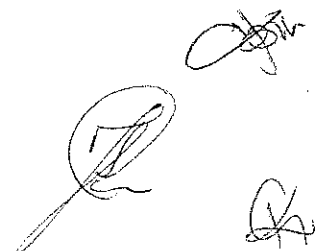
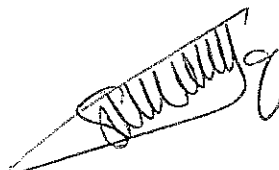
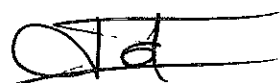
other stakeholders has issued an environmental sensitivity atlas for the Albertine Graben. The overall objective of this atlas is to display, identify and provide the ability to analyze the relative environmental sensitivities to oil and gas developments within the Albertine Graben. This Atlas will inevitably ease the identification and protection of water sources, designated protected areas, sites of high ethical importance, endemic and threatened species of flora and fauna, fragile land cover types, high bio-diversity areas and socio-economic activities that could be negatively affected, identify and protect areas susceptible to erosion though currently with vegetative cover, identify and locate water aquifers that could easily be contaminated by activities and ultimately provide information to guide decision making.

v). ***Carrying out a Strategic Environmental Assessment (SEA) for the Albertine Graben:***

At the time of compiling this report, the Committee ascertained that plans were underway to conduct a SEA for the Albertine Graben. SEA covers a wider range of activities and a wider geographical area than the EIA and spans a longer time. The SEA is a systematic process for evaluating the environmental consequences of proposed policy, plan or programme initiatives in order to ensure they are fully included and appropriately addressed at the earliest appropriate stage of decision making on par with economic and social considerations. This would not necessarily reduce or substitute the need for project level EIA but rather help streamline and focus the incorporation of environmental concerns into the decision making process.



- vi). **Capacity building:** The Committee during the course of the investigation noted the capability gaps in environmental management matters at district/local government level. Whereas districts visited in the Albertine do have Environmental Officers, they are largely not well prepared to handle developments in the oil and gas sector. This is not so much because of their intransigence but rather because they lack the wherewithal for effective and proactive participation in the ongoing activities. The Committee notes that NEMA has undertaken to not only build its own capability in the arena of oil and gas but also the capability of local governments. A team of about 4 staff had been sent to the United States of America for academic and technical industrial training in matters of waste management (drilling waste) and technical operational personnel from districts within the Albertine Graben, alongside personnel from selected MDAs had undertaken a study tour for compliance monitoring as well as Oil and Gas waste management.
- vii). **Routine multi-sectoral field monitoring:** The Committee ascertained that NEMA periodically leads a multi-sectoral team comprising Uganda Wildlife Authority, Directorate of Water Resources management, National Forestry Authority and the Petroleum Exploration and Production Department for routine monitoring in the Albertine Graben. This routine monitoring is governed by a multi-sectoral framework.
- viii). **Frequent awareness programmes:** The Committee noted that NEMA periodically conducts community meetings and workshops, tours to the Albertine Graben and participates in



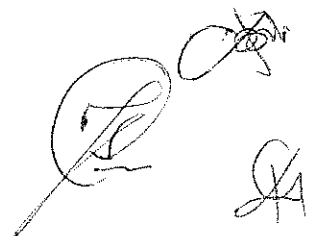
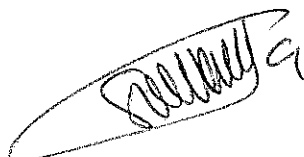
local radio talk shows with a view to sensitizing the local communities about environmental matters in their localities;

- ix). ***On-going institutional initiatives:*** The Committee also notes some ongoing initiatives with regard to environmental management in the oil and gas sector namely; the ongoing development of an oil spill contingency plan, the air quality standards, development of monitoring indicators, compliance monitoring strategy and the policy on waste management by NEMA.

B. Local Content

The Committee notes that the extent of local and indigenous participation in the oil and gas sector is an internationally recognized strategy for enabling the distribution of the benefits accruing to oil and gas activity to host communities in areas where oil and gas activity is prevalent. Local content in this regard implies the development of local skills, technology transfer, and use of local personnel and local manufacturing in the oil and gas sector. In essence local content denotes the establishment of an appropriately skilled and competitive workforce as well as building a competitive native supplier base for goods and services to licensees in the oil and gas sector.

The Committee notes that currently the procurement of goods and services by licensees is largely dependent on their internal procurement guidelines. Most of the goods and services required by licenses are specialized. And considering that the oil and gas sector in Uganda is still a nascent one, the capability of many prospective indigenous suppliers of goods and services is considerably limited and as such may not favourably compete with



other foreign more experienced and yet equally specialized counterparts. As a result the foreign suppliers are better leveraged to partake of opportunities for the supply of goods and services in the oil and gas sector. This position is corroborated by MEMD which informed the Committee that one of the key bottlenecks to Ugandan suppliers is their inability to meet the standards of goods and services required by the licensees. Inevitably this requires the necessary technological and operational initiatives to bolster the capacity and the quality of output of local service providers. There is need for affirmative action programmes to bolster the capacity of the locals;

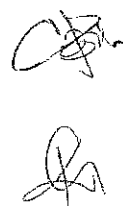
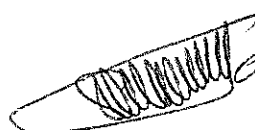
C. Impact to the local communities

The Committee notes that the impact of oil and gas activity on local communities is dependent on how the resources and benefit accruing there-to is managed and distributed. Experience demonstrates that the lack of transparency, accountability and equitable distribution of the proceeds of oil and gas activity has ushered in the proverbial 'resource curse'.

The Committee notes that the oil and gas sector and the operations there-in have multiple impacts both positive and negative and long term and short term on local communities.

On a positive note, the evolution of Uganda's oil and gas sector presents opportunities for the participation of local suppliers as noted in the previous paragraph. It is noteworthy that the oil sector is not a labour intensive one and therefore focus ought to be not on direct employment opportunities but rather goods and services provision.

In this regard therefore, deliberate effort has to be taken to build the capacity of local populations in technical work such as



welding, metal fabrication, mechanics and general engineering. The Committee lauds the establishment of the Petroleum Institute at Kigumba but recommends that a lot more is required and therefore Government should devote resources to human resource capacity building.

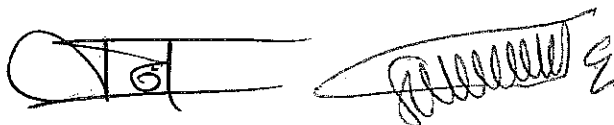
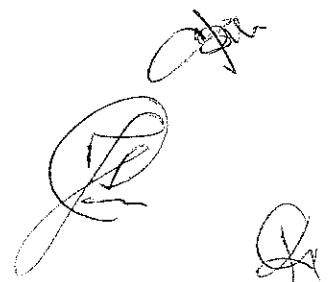
On a negative note, oil and gas activity comes with environmental ramifications, demographic and livelihoods changes and potential social strife as earlier noted. In as much as the environmental challenges accruing to the oil and gas activity and the mitigation measures have been extensively discussed earlier in this report, it should be emphasized that adequate institutional safeguards are required to protect the environment in totality. Otherwise the Albertine Graben will have its water, soil, air, flora and fauna severely degraded and the net effect will be the destruction of livelihoods, increased morbidity and even mortality.

13.0 CONCLUSION

- i). It is noteworthy that the Committee's findings and recommendations if embraced will go a long way in regularizing the nascent oil and gas sector in Uganda.*
- ii). The findings and observations on the bribery allegations in the oil and gas sector notwithstanding, focus should be on institutional safeguards that can be adopted to re-align the oil and gas sector for better accountability, efficiency, effectiveness, transparency, accountability, equity and sustainability among others. Without the petition that culminated into the special sitting that gave birth to this investigation, possibly large sections of Uganda and the world would not benefit from some of the far reaching information and recommendations that the Committee has put forth.*



14. The Director; Criminal Investigations and Intelligence Department (CIID)-Uganda Police Force;
15. Mr. Ndungutse John (the then Deputy Director Counter Terrorism),
16. The Registrar of Companies-the Republic of Uganda;
17. Hon. Onok Hillary Obaloker
18. Hon. Amama Mbabazi;
19. Hon. Kutesa Kahamba Sam
20. Ms. Nina Mbabazi;
21. Tullow Oil Uganda Ltd;
22. Dominion (U) Ltd;
23. Neptune (U) Ltd
24. Total E&P Ltd;
25. Local Communities of Buliisa, Hoima and Kabaale;
26. The registrar of Companies – the Republic of Kenya
27. The Ugandan High Commissioner to the United Kingdom- Ms. Joan Rwabyomere
28. Ker Kwaro Acholi
29. The Omukama of Bunyoro
30. Traditional leaders of the Jonam from West Nile
31. Bunyoro Parliamentary Group
32. Civil Society Organizations from the Bunyoro sub region

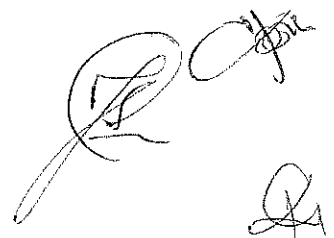
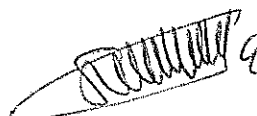
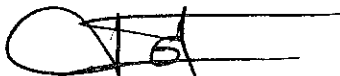
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- iii). *The various relevant MDAs should sustainably work in national interest for the common good of Uganda as a country. It is imperative that Ugandans live true to the national ethos as envisaged in the National Objectives and Directives of State Principle as envisaged in the 1995 Constitution so as to actually transform the Country.*

Rt. Hon. Speaker and Hon. Members, I beg to report.

ANNEX A: LIST OF WITNESSES WITH WHOM THE COMMITTEE MET

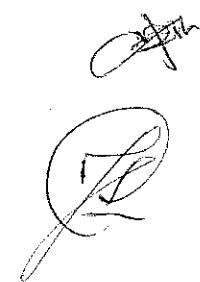
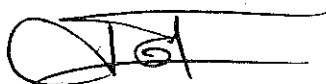
1. The Petitioners-Hon. Ssekikubo Theodore, Hon. Niwagaba Wilfred, Hon. Katuntu Abdu and Hon. Karuhanga Gerald;
2. The Minister of Energy and Mineral Development;
3. The Attorney General;
4. The Auditor General;
5. The Public Procurement and Disposal of Public Assets Authority;
6. The Minister of Finance, Planning and Economic Development;
7. The Commissioner General, Uganda Revenue Authority;
8. The Governor Bank of Uganda;
9. The Minister of Water and Environment;
10. National Environment Management Authority;
11. The Inspector General of Police;
12. The Director, Interpol;
13. The Director-Directorate of Public Prosecutions;



ANNEX 2

LIST OF LICENSEES AND THEIR DIRECTORS IN THE OIL SECTOR

Company	Country of Incorporation	Registration in Uganda in Uganda	Directors	Nationality	Changes in the Company Name
1.Dominion Uganda Ltd	British Virgin Islands(B VI)	25 th April 2007	1.Micheal Garland 2.Justin M Dibb 3.Capital Law Partners &Advocates PO Box 10109 Kampala	British British	24 th March April 2010 1.Mr.Athorny Knaggs 2. Ms Elizabeth K.Kutesa appointed Company Secretary



2.Hardman Petroleum Africa PTY Ltd Hardman Petroleum (Uganda)PTY LTD And Tullow Group of Companies	Australia	15 th June 2001			1.MEDA Petroleum N.L 2.Hardman Petroleum Africa N.L 3.Hardman Petroleum Africa Pty Ltd 13-12-2005 4.Hardman Petroleum Africa Pty Ltd To Tullow Uganda Operations Pty Ltd 21 May 2007 but signed 8/10/2001
Hardman Petroleum (Uganda)PTY	Australia 4/Nov 1997	20-11/1997	Kagumire Yusufu Ellyard Edward Jonh Spencer Scott	Ugandan Australian Australian	


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			Sherewood Steinepreils Gary Christain Davies Kathryn Fay	Australian Australian	
3. Energy Africa Uganda Ltd	Isle of Man 23/July 2001	8/October/ 2001/8	Andrew Gvy Willem Adrian Nel Peter Antony Chemaly Rupert Lawrence Worsdale Kagumire Yusuf/representative in Uganda	British South African British British	10 TH October, 2008 changes to TULLOW Uganda Limited
4. Heritage Oil and Gas Limited Formerly Land & Marine Hydrocarbons Development Limited	Common Wealth of the Bahamas and Later in Republic of Mauritius	23/ December 1996	Paul Richard Atherton Philip Clive Blows Jonathan Hart Caroline Kiwanuka and Karugire	British British British French	
Fina Exploration Uganda B.V	Holland and also	14 th March 1991	Jap Speelman Barnardus	Belgian	


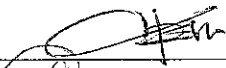
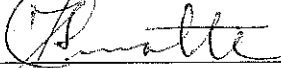

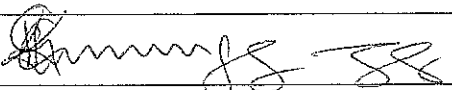
	in Belgium		Marie Verkooyen Gerhard Dekker Guy Fortems Soyer Pierre	Belgian Dutch Belgian Not Given	
CNOOC UGANDA LIMITED	Uganda 11 th May 2010	11/May 2010	Mr. Fang Zhi Mr. REN QI Representative in Uganda(Africa Registrars Limited)	Chinese Chinese	
NEPTUNE PETROLEUM UGANDA LIMITED	British Virgin ISLANDS	1 ST September 2005	Peter Taylor Peter Blakey William Cirns Paul Conway	British British British British	
Total E &P	Netherlan ds	6/April 2010	Martine Nadia Valeix Marcel Alexander Remko Silvestre Mars Jack Denis Chagnoux	French French French	

UGANDA GENERAL WORKS & ENGINEERING COMPANY LIMITED	Uganda 15/March 1994	15/March 1994	Jerry Ward Lawrence Denis	USA USA	
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**REPORT ON THE INVESTIGATION INTO THE OIL AND GAS
SECTOR BY THE PARLIAMENTARY AD HOC COMMITTEE IN
RESPECT OF THE REGULARIZATION OF THE OIL SECTOR AND
OTHER MATTERS INCIDENTAL THERETO; NOVEMBER 2013**

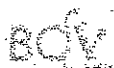
	NAME	SIGNATURE
1	Hon. Kafabusa Werikhe Michael	
2	Hon. Bigirwa Julius Junjura	
3	Hon. Matte Joseph Sibalinghana	
4	Hon. Tashobya Stephen	
5	Hon. Atim Ogwal Cecilia Barbara	
6	Hon. Kyanjo Hussein	
7	Hon. Kwiwucwiny Grace Freedom	

R1

Bank of Valletta p.l.c., Malta

Date	Time	Originating Account	Beneficiary Account Number	Beneficiary Bank	Currency	Amount	Beneficiary Name	PNNT Details	Type of Payment	Ben Address	Ben Country
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21/06/2010		09:40 4003724201 9 (EUR)	0034 450 627 007 (EUR)	ERS Private Bank Ltd	EUR	500,000.00	Hilary Obalokor Onak	Invoice 2 dated 18-06-10	Other Professional Fees	DUBAI PO Box 2923	Dubai
06/07/2010		10:01 4003724201 9 (EUR)	G835EFG817800000491740	Emirates Bank (MVT)USN	EUR	1,500,000.00	East Africa Development Ltd.	Downpayment professional services	Other Professional Fees	Nairobi 00619	Kenya
06/07/2010		14:59 4003724201 9 (EUR)	London Branch Cash Movement (Brian Glover)	Emirates Bank (MVT)USN	EUR	500,000.00	Not available	Downpayment professional services	Other Professional Fees	DUBAI PO Box 2923	Dubai
09/07/2010		11:20 4003724201 9 (EUR)	0034 450 627 007 (EUR)	Emirates Bank (MVT)USN	EUR	500,000.00	Hilary Obalokor Onak	Downpayment professional services	Other Professional Fees	na	na
12/07/2010		11:03 4003724201 9 (EUR)	G835EFG817800000491740	ERS Private Bank Ltd	EUR	3,500,000.00	East Africa Development Ltd.	Invoice 3 dated 8-07-10	Other Professional Fees	DUBAI PO Box 2923	Dubai
12/07/2010		09:08 4003724201 9 (EUR)	G835EFG817800000491740	ERS Private Bank Ltd	EUR	5,000,000.00	East Africa Development Ltd.	Invoice 4 dated 12-07-10	Other Professional Fees	Nairobi 00619	Kenya
16/07/2010		08:54 4003724201 9 (EUR)	G835EFG817800000491740	ERS Private Bank Ltd	EUR	5,000,000.00	East Africa Development Ltd.	Invoice 5 dated 16-07-10	Other Professional Fees	Nairobi 00619	Kenya
05/08/2010		09:34 4003724201 9 (EUR)	0034 450 627 007 (EUR)	Emirates Bank (MVT)USN	EUR	3,500,000.00	Hilary Obalokor Onak	Downpayment professional services	Other Professional Fees	DUBAI PO Box 2923	Dubai
NOTE: Link payment dates to events and travel itineraries of SK and HOO					SUM	EUR	23,500,000.00	Downpayment professional services	Other Professional Fees	DUBAI PO Box 2923	Dubai

R 2

**Bank of Valletta p.l.c**

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference**No.: 53243217**

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 05/08/2010-09:34

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	0034 450 627 007 (EUR)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Emirates Bank
Bank's BIC/SWIFT:	IRVRTUS3N
Bank country is SEPA:	No
Bank's country:	Dubai - U.A.E.
Beneficiary name:	Hilary Obaloker Onok
Instructed amount in currency of your account:	3.000.000.00
Instructed amount in payment currency:	3.000.000.00
Amount debited from your account:	3.000.016.00
Amount credited to beneficiary	3.000.000.00
Exchange rate:	1.000000
Payment details:	Downpayment professional services
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Dubai P.O. Box 2923
Country:	U.A.E.
Beneficiary type:	Individual
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	10/08/2010
Transaction charge:	EUR 16.00

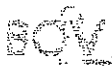
System message:

Your instructions have been accepted and will be processed on 05/08/2010.

Result code:

2007(30001)

23



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243938

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 16/07/2010-08:54

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	0034 450 627 007 (EUR)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Emiraies Bank
Bank's BIC/SWIFT:	IRVRTUS3N
Bank country is SEPA:	No
Bank's country:	Dubai - U.A.E.
Beneficiary name:	Hilary Obaloker Onek
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary	1,500,000.00
Exchange rate:	1.000000
Payment details:	Downpayment professional services
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Dubai P.O. Box 2923
Country:	U.A.E.
Beneficiary type:	Individual
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message:

Your instructions have been accepted and will be processed on 16/07/2010.

Result code:

1097(20091)

R4



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243539

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 06/07/2010-15:20

Document Id: 72085539

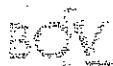
From account:	4003724201 9 (EUR)
Beneficiary account number:	0034 450 627 007 (EUR)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Emirates Bank
Bank's BIC/SWIFT:	IRVRTUS3N
Bank country is SEPA:	No
Bank's country:	Dubai - U.A.E.
Beneficiary name:	Hilary Obaloker Onok
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary	500,000.00
Exchange rate:	1.000000
Payment details:	Downpayment professional services
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Dubai P.O. Box 2923
Country:	U.A.E.
Beneficiary type:	Individual
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 15.00

System message:

Your instructions have been accepted and will be processed on 06/07/2010.

Result code:

1061(20012)



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243419

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 21/06/2010-10:01

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	0034 450 627 007 (EUR)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Emirates Bank
Bank's BIC/SWIFT:	IRVRTUS3N
Bank country is SEPA:	No
Bank's country:	Dubai - U.A.E.
Beneficiary name:	Hilary Obaloker Onok
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary	500,000.00
Exchange rate:	1.000000
Payment details:	Downpayment professional services
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Dubai P.O. Box 2923
Country:	U.A.E.
Beneficiary type:	Individual
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	06/07/2010
Transaction charge:	EUR 16.00

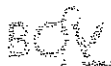
System message:

Your instructions have been accepted and will be processed on 21/06/2010.

Result code:

1021(20011)

R E

**Bank of Valletta p.l.c**

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243329

Payment to Third Parties

Printed by: Mr. Brian Glover

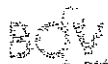
Printed at: 10/06/2010-12:20

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	0034 450 627 007 (EUR)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Emirates Bank
Bank's BIC/SWIFT:	IRVRTUS3N
Bank country is SEPA:	No
Bank's country:	Dubai - U.A.E.
Beneficiary name:	Hilary Obaloker Onok
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary	500,000.00
Exchange rate:	1.000000
Payment details:	Downpayment professional services
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Dubai P.O. Box 2923
Country:	U.A.E.
Beneficiary type:	Individual
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	21/06/2010
Transaction charge:	EUR 16.00

System message:	Your instructions have been accepted and will be processed on 10/06/2010.
Result code:	1011(20007)

R7



Bank of Valletta p.l.c

Registration Number: C 2633

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243716

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 08/07/2010-11:03

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGB17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGBGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	3,500,000.00
Instructed amount in payment currency:	3,500,000.00
Amount debited from your account:	3,500,016.00
Amount credited to beneficiary	3,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 3 dated 8-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

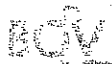
System message:

Your instructions have been accepted and will be processed on 08/07/2010.

Result code:

1078(20056)

R8



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243216

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 04/06/2010-09:57

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	London branch Cash movement (Brian Glover)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Not-available
Bank's BIC/SWIFT:	Not-available
Bank country is SEPA:	Not-available
Bank's country:	United Kingdom
Beneficiary name:	Not-available
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary	500,000.00
Exchange rate:	1.000000
Payment details:	Not-available
Same day value payment:	Yes
External Transaction Classification:	Cash movement
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Not-available
Country:	Not-available
Beneficiary type:	Not-available
Residence:	Not-available
Future transfer date if applicable (DD/MM/YYYY):	10/06/2010
Transaction charge:	EUR 16.00

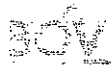
System message:

Your instructions have been accepted and will be processed on 04/06/2010.

Result code:

0971(10001)

29

**Bank of Valletta p.l.c**

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference**No.: 53243325**

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 10/06/2010-11:40

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGGB17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGBB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary	1,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 1 dated 9-06-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	21/06/2010
Transaction charge:	EUR 16.00

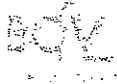
System message:

Your instructions have been accepted and will be processed on 10/06/2010.

Result code:

1001(20004)

R10



Bank of Valletta p.l.c
Registration Number: C 2833
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243534

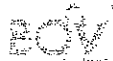
Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 06/07/2010-14:59
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	London branch Cash movement (Brian Glover)
IBAN:	No
Currency of payment:	EUR
Foreign bank name:	Not-available
Bank's BIC/SWIFT:	Not-available
Bank country is SEPA:	Not-available
Bank's country:	United Kingdom
Beneficiary name:	Not-available
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary	500,000.00
Exchange rate:	1.000000
Payment details:	Not Available
Same day value payment:	Yes
External Transaction Classification:	Cash movement
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Not-available
Country:	Not-available
Beneficiary type:	Not-available
Residence:	Not-available
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message: Your instructions have been accepted and will be processed on 06/07/2010.
Result code: 1053(20001)

R11



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243934

Payment to Third Parties

Printed by: Mr. Brian Glover

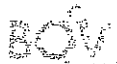
Printed at: 12/07/2010-08:08

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFG17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	5,000,000.00
Instructed amount in payment currency:	5,000,000.00
Amount debited from your account:	5,000,016.00
Amount credited to beneficiary	5,000,000.00
Exchange rate:	1.000000
Payment details:	Invoice 5 dated 16-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message: Your instructions have been accepted and will be processed on 16/07/2010.

Result code: 1091(20078)



Bank of Valletta p.l.c
Registration Number: C 2833
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243413

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 21/06/2010-09:40
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGB17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary	1,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 2 dated 16-06-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	06/07/2010
Transaction charge:	EUR 16.00

System message:

Your instructions have been accepted and will be processed on 21/06/2010.

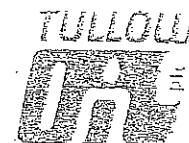
Result code:

1017(20032)

R 13

Tullow Oil plc

c/o 11th floor, Convention Tower, Onr Heerengracht & Coen Steytler Avenue, Cape Town, 8001
P O Box 5544, Cape Town 8000, Republic of South Africa
Tel: +27 (0)21 400 7600 Fax +27 (0)21 400 7660



3 June 2010

Bank of Valletta p.l.c.
58 Zachary Street
Valletta VLT 04
Malta

For attention: Chief Executive Officer

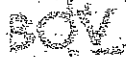
Dear Sir,

LETTER OF POWER OF ATTORNEY TO Mr Brian Glover

We refer to the power of attorney registered in your office on the 1st of June 2010, to specify that Mr. Brian Glover it is authorised to make payments in cash up to 500,000 Euro (five hundred thousand) to the introduced Representative of East Africa Development Ltd, Sam Kahamba Kutesa born in Sembabule, Uganda the 1st of February 1949.

A handwritten signature in dark ink, appearing to read "Aidan Heavey".

Aidan Heavey
Chief Executive Officer
Tullow Oil plc.



Bank of Valletta p.l.c

Registration Number: C 2933

Registered Office: 58 Zactary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243216

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 04/06/2010-09:57

Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	London branch Cash movement (Brian Glover)
BAN:	No
Currency of payment:	EUR
Foreign bank name:	Not-available
Bank's BIC/SWIFT:	Not-available
Bank country is SEPA:	Not-available
Bank's country:	United Kingdom
Beneficiary name:	Not-available
Instructed amount in currency of your account:	500,000.00
Instructed amount in payment currency:	500,000.00
Amount debited from your account:	500,016.00
Amount credited to beneficiary:	500,000.00
Exchange rate:	1.000000
Payment details:	Not-available
Same day value payment:	Yes
External Transaction Classification:	Cash movement
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Not-available
Country:	Not-available
Beneficiary type:	Not-available
Residence:	Not-available
Future transfer date if applicable (DD/MM/YYYY):	10/06/2010
Transaction charge:	EUR 16.00

System message:

Result code:

Your instructions have been accepted and will be processed on
04/06/2010.
0971(10001).



Bank of Valletta p.l.c

Registration Number: C 2833
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243325

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 10/06/2010-11:40

Document Id: 72085539

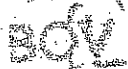
From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFG817800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary:	1,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 1 dated 9-06-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	21/06/2010
Transaction charge:	EUR 16.00

System message:

Your instructions have been accepted and will be processed on
10/06/2010.

Result code:

1001(20004)



Bank of Valletta p.l.c

Registration Number: C 2833
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243413

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 21/06/2010-09:40
Document Id: 72085539

Payment details:

From account:	4003724201 8 (EUR)
Beneficiary account number:	GB36EFG817800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd.
Bank's BIC/SWIFT:	EFG8GB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary:	1,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 2 dated 18-06-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	06/07/2010
Transaction charge:	EUR 16.00

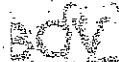
Payment result:

System message:

Your instructions have been accepted and will be processed on
21/06/2010.

Result code:

1017(20032)



Bank of Valletta p.l.c

Registration Number: C 2833

Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference

No.: 53243534

Payment to Third Parties

Printed by: Mr. Brian Glover

Printed at: 06/07/2010-14:59

Document Id: 72085539

From account:

Beneficiary account number:

IBAN:

Currency of payment:

Foreign bank name:

Bank's BIC/SWIFT:

Bank country is SEPA:

Bank's country:

Beneficiary name:

Instructed amount in currency of your account:

Instructed amount in payment currency:

Amount debited from your account:

Amount credited to beneficiary

Exchange rate:

Payment details:

Same day value payment:

External Transaction Classification:

Type of payment:

Charges should be incurred by:

Address Line 1:

City & Post Code:

Country:

Beneficiary type:

Residence:

Future transfer date if applicable
(DD/MM/YYYY):

Transaction charge:

4003724201 9 (EUR)

London branch Cash movement (Brian Glover)

No

EUR

Not-available

Not-available

Not-available

United Kingdom

Not-available

500,000.00

500,000.00

500,016.00

500,000.00

1.000000

Not Available

Yes

Cash movement

OTHER PROFESSIONAL SERVICES

Originator of payment

Not-available

Not-available

Not-available

Not-available

Not-available

17/07/2010

EUR 16.00

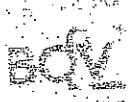
System message:

Result code:

Your instructions have been accepted and will be processed on
06/07/2010.

1053(20001)

2-18



Bank of Valletta p.l.c
Registration Number: C 2633
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

**Transaction Reference
No.: 53243716**

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 08/07/2010-11:03
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFG817800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	3,500,000.00
Instructed amount in payment currency:	3,500,000.00
Amount debited from your account:	3,500,016.00
Amount credited to beneficiary:	3,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 3 dated 8-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message:

Your instructions have been accepted and will be processed on
08/07/2010.

Result code:

1078(20056)



Bank of Valletta p.l.c

Registration Number: C 2833
Registered Office: 55 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243731

2-19

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 12/07/2010-09:08
Document Id: 72085539

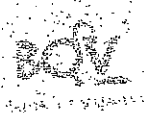
From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGB17800000491740
ISAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGBGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	5,000,000.00
Instructed amount in payment currency:	5,000,000.00
Amount debited from your account:	5,000,016.00
Amount credited to beneficiary:	5,000,000.00
Exchange rate:	1.000000
Payment details:	Invoice 4 dated 12-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message:

Result code:

Your instructions have been accepted and will be processed on
12/07/2010.
1084(20099)

12 - 20



Bank of Valletta p.l.c
Registration Number: C 28333
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243934

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 12/07/2010-08:08
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGGB17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGGBG2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	5,000,000.00
Instructed amount in payment currency:	5,000,000.00
Amount debited from your account:	5,000,016.00
Amount credited to beneficiary:	5,000,000.00
Exchange rate:	1.000000
Payment details:	Invoice 5 dated 16-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16,00

System message:	Your instructions have been accepted and will be processed on 16/07/2010.
Result code:	1091(20078)



Bank of Valletta p.l.c.
Registration Number: C 2333
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 53243934

12-20

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 12/07/2010-08:08
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFGB17800000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGBGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	5,000,000.00
Instructed amount in payment currency:	5,000,000.00
Amount debited from your account:	5,000,016.00
Amount credited to beneficiary:	5,000,000.00
Exchange rate:	1.000000
Payment details:	Invoice 5 dated 16-07-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	17/07/2010
Transaction charge:	EUR 16.00

System message:

Your instructions have been accepted and will be processed on
16/07/2010.

Result code:

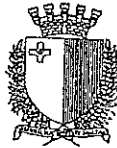
1091(20078)

~~SECRET~~

ANNEX 1

Telephone No. 224002, 220451 (Police H.Q. Exchange)

All communications should be addressed to the Commissioner of Police, and not to individual Officers by name or appointment



POLICE GENERAL HEADQUARTERS

Floriana,

Malta.

Our Reference No. ENU/19/LR/11
Your Reference No.

21 June 2011

The Attorney General
Office of the Attorney General
The Palace
Valletta, Malta

Attn: Dr. Donatella Frendo Dimech. LL.D

Re: Letter Rogatory received from Uganda bearing reference number PRO/68/1

With reference to the Letter Rogatory from Uganda dated 4 April 2011. Consequently, Bank of Valletta p.l.c., (BOV) was requested to furnish this end with all the information requested by the Ugandan Authorities. BOV was also furnished with a copy of all the alleged transactions for verification. Subsequently, a thorough and lengthy search was conducted by the mentioned bank staff, which unfortunately yielded negative results.

Therefore it was concluded without any doubt that the companies and persons mentioned in the Letter Rogatory do not hold any accounts with BOV and the transactions receipt submitted are forgeries as no such transfer of monies had ever taken place.

Attached herewith is the official letter received from Bank of Valletta regarding the search carried out.

Hope that the information provided above will help you in your investigation.

Regards.



Insp. Maurice Curmi
Economic Crime Unit
Malta Police

ANNEX 2

Subject: Disclosure KAHAMBA KUTESA

From: Frendo Dimech Donatella M at MJDF (donatella.m.frendo~dimech@gov.mt)

To: richardbuteera@yahoo.com;

Cc: choppyseas2002@yahoo.com;

Date: Wednesday, June 6, 2012 5:28 PM

Kindly confirm receipt

Ufficju ta' L-Avukat Generali

Il-Palazz

Il-Belt

MALTA



Office of the Attorney General

The Palace

Valletta

MALTA

TEL: (356) 21225402

21235315

DIRECT (356) 21221223

FAX: (356) 21240738

Our ref: AG/1161/11

Directorate of Public Prosecutions

Workers House 12 & 11th Floor Southern Wing

Plot 1, Pilkington Road

P.O. Box 1550

Kampala, Uganda

6th June, 2012

*PERMISSION TO USE MATERIAL PREVIOUSLY OBTAINED UPON EXECUTION OF REQUEST FOR LEGAL
ASSISTANCE re SAM KAHAMBA KUTESA ET*

Kindly refer to previous communication regarding subject in caption.

Please note that there is no objection for the onward disclosure of the evidence obtained and provided pursuant to the Request for Legal Assistance sent to Malta regarding Sam Kahamba Kutesa et to any investigating and/or judicial authority of Uganda.

Regards,

Dr. Donatella Frendo Dimech

Deputy Attorney General

Tel: Director - 256-041-332504 .
Dpty. Director (MSS)- 256-041-332508.
Dpty. Director (P&QA)-256-041-332510
General - 256-041-332500 /332501.
Fax: - 256-041-258565.
- 256-041-341316.



ANNEX 3
Directorate of Public Prosecutions,
Workers House 12 & 11th Floor Southern Wing
Plot 1, Pilkington Road,
P. O. Box 1550,
Kampala (Uganda)
admin@dpp.go.ug
www.dpp.go.ug

Our Ref: **ADM 02/102/01**

26th September, 2013

The Chairperson,
Parliamentary Ad hoc Committee on
The Regularization of the Oil Sector,
Parliament of Uganda,
KAMPALA.

**CERTIFIED COPIES OF CORRESPONDENCES WITH AUTHORITIES
IN MALTA, UK AND UNITED ARAB EMIRATES REGARDING THE
INQUIRY INTO BRIBERY ALLEGATIONS IN UGANDA'S OIL AND
GAS SECTOR.**

Your letter Ref: AH 215/287/01 of 18th September, 2013 refers.

I am enclosing Certified Copies of our correspondences with the Authorities in Malta, UK and UAE.

I am also enclosing copies of the responses we received from UK and Malta. There was no response to our request from UAE.

We are, however, unable to comply with your request to avail Certified Copies of Documents not authored by us.


Amos Ngolobe

DEPUTY/DIRECTOR OF PUBLIC PROSECUTIONS

Encls:



Annex 3

**UK CENTRAL AUTHORITY
Judicial Co-operation Unit**

5th Floor, Fry Building, 2 Marsham Street, London SW1P 4DF
Telephone +44 20 7035 1289 Fax +44 20 7035 6985
E-mail: Jennifer.Moore1@homeoffice.gsi.gov.uk
<http://www.homeoffice.gov.uk/police/mutual-legal-assistance/>

Mr Richard Buteera, DPP
Directorate of Public Prosecutions
Workers House 12 & 11th Floor, Southern Wing
Plot 1, Pilkington Road
P.O. Box 1550
Kampala
UGANDA

Our ref: MLIEO2011UGAN1201323

Your ref: PRO/68/1

Date: 5th April 2012

Dear Mr Buteera

**REQUEST FOR LEGAL ASSISTANCE REGARDING SAM KAHAMBA
KUTESA, EAST AFRICA DEVELOPMENT LTD, and TULLOW OIL PLC**

I am writing in connection with the above matter with a substantive reply to your letter dated 6th January.

Your letter sought permission for the evidence supplied in response to your earlier Mutual Legal Assistance request in this matter to be used in a Parliamentary investigation which you have explained is ongoing in Uganda.

The Metropolitan Police Service and representatives of Tullow Oil have been consulted and neither have any objections to this use of the material. I can, therefore, confirm that the UK has no objections to the Ugandan authorities using the evidence which was transmitted to you on 4th December 2011 for the Parliamentary investigation that you have referred to.

This concludes the assistance that has been requested in this matter and we will now proceed to close our file in this case.

Yours sincerely,,

J. Moore

Jennifer Moore
Lawyer
UKCA

For and on behalf of the Secretary of State

Tel: Director - 256-041-332502/332504 .
Dpty. Director (MSS)- 256-041-332508.
Dpty. Director (P&QA)-256-041-332510
General - 256-041-332500 /332501.
Fax: - 256-041-258565.
- 256-041-341316.



ANNEX 3
Directorate of Public Prosecutions,
Workers House 12 & 11th Floor Southern Wing,
Plot 1, Pilkington Road,
P. O. Box 1550,
Kampala (Uganda)
admin@dpp.go.ug
www.dpp.go.ug

Our Ref: PRO/68/1

Date: 19th June, 2012

Your Ref:

The Clerk
Legal & Parliamentary Committee
Uganda Parliament

RE: SAM KAHAMBA KUTEESA & OTHERS

I refer to the meeting I held with the Legal & Parliamentary Committee in my office at Worker's house on 27th April, 2012.

You recall that at the time I could not avail your committee the necessary documents as I was still waiting for permission from the Judicial Co-operation Unit of the United Kingdom and the office of the Attorney General of Malta.

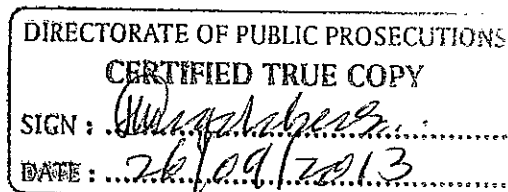
By copy of their letters dated 5th April 2012 and 18th June 2012 respectively, the permission for the release of the documents to the probe committee has now been granted.

I am therefore enclosing copies of the said documents as requested.

Handwritten signature of Richard Buteera.
Richard Buteera

DIRECTOR OF PUBLIC PROSECUTIONS

Encl.



Your reference:

Our reference: Com230

Date: 18th November 2011



METROPOLITAN POLICE SERVICE

Economic & Specialist Crime Operational
Command Unit

*Proceeds of Corruption Unit
Room 552, Victoria Block;
New Scotland Yard
London SW1X 0BG*

Telephone: 0044 207-230-2758

Facsimile: 0044 207-230-7458

e-mail: john.mcdonald1@met.pnn.police.uk

Ms Jennifer Moore
UK Central Authority
5th Floor, Fry Building
Marsham Street
London, SW1P 4DF

Dear Ms Moore,

Reference MLIEO2011UGAN1201323 - Request for Assistance Uganda

Further to the request for assistance from the Ugandan Authorities reference PRO/68/1 I have completed the enquiries as per the request for mutual legal assistance of the 12th of January 2011. Please find attached the sworn affidavit and exhibit of Adrian Heavey and the sworn affidavit of Brian Glover.

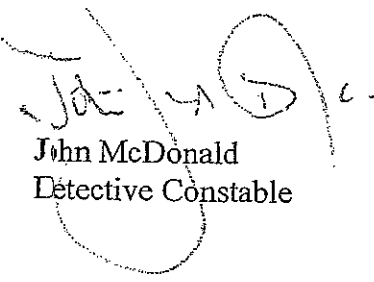
I refer to the enquiries as set out in the official Ugandan request as follows:

- (1) To interview and record a statement from Aidan Heavey, Chief Executive Officer, Tullow Oil PLC and to obtain his answers in respect of Tullow Oil's business interests with East Africa Development Limited.
- (2) The Ugandan authorities request an enquiry to be made of the EFG Private Bank for the East Africa Development Limited reference GB36 EFGB 1780000049170 to verify the remittances of the 10th June 2010, 21st June 2010, 8th July 2010, 12th July 2010 and the 16th of July 2010 which purportedly originate from Tullow's account reference 40037242019.
- (3) The Ugandan authorities also refer to remittances made from Tullow Oil's account in Malta 40037242010 on the 4th of June 2010 and the 17th July 2010 to a London branch.

- (4) The Ugandan authorities request for certified copies relating to the transactions.
- (5) The Ugandan authorities request to 'freeze/restrain' account GB36 EFGB 1780000049170 and to provide account opening details to be retrieved.

Detective Sergeant George Simpson of the Proceeds of Corruption Unit at New Scotland Yard had charge of the initial investigation and was able to establish the following, I had a meeting with Mr. Simpson and he was able to confirm the following:

- (a) That there are two EFG banks in the United Kingdom, namely EFG Private Bank Limited ('EFGPBL') and EFG Eurobank Ergasius (EFGEE'). DS Simpson is able to report that his enquiries with the compliance department of the EFGPBL confirm that the SWIFT number that appears on the third party payment form is their SWIFT code, however the beneficiary account number or IBAN number as listed GB36EFGB17800000491740 is not their IBAN number and does not match any account held at EFGPBL. EFGPBL were also able to confirm that they DO NOT hold an account in the name of the East Africa Development Limited.
- (b) DS Simpson was also able to report that he made an enquiry of EFG Eurobank Ergasius. The EFGEE Bank was able to confirm that neither, the SWIFT code or IBAN number listed in the Ugandan request DO NOT relate to their institution. EFGEE were also able to confirm that the East Africa Development Limited, do not hold an account with their bank.
- (c) DS Simpson was able to report that neither, the EFG Private Bank Limited or the EFG Eurobank Ergasius conduct any business or a client profile in East Africa.
- (d) DS Simpson confirmed the matters listed at (a) - (c) to Mr. John Ndungutse of the Ugandan Police.
- (e) As a result of DS Simpson's enquiries no accounts have been traced to allow restraint of assets.
- (f) An enquiry with the Bank of Valletta should be conducted by the Ugandan authorities.


John McDonald
Detective Constable

Tel: Director - 256-041-332504.
Dpty. Director (MSS)- 256-041-332507.
Dpty. Director (P&QA)- 256-041-332511..

General - 256-041-332500 /
332501.

Fax: -256-041-258565.
-256-041-341316.



Directorate of Public Prosecutions,
Workers House 12 & 11th Floor Southern Wing,
Plot 1, Pilkington Road,
P. O. Box 1550,
Kampala (Uganda)
admin@dpp.go.ug
www.dpp.go.ug

Our Ref PRO/68/1

Date: 12th January, 2010

The United Kingdom Central Authority
Judicial Co-operation Unit
Home Office
50 Queen Anne's Gate
London SW1H 9AT

Dear Sir/Madam

RE; LETTER OF REQUEST

I have the honour to request your assistance under the provision of:-

- (i) UN Convention Against Transnational Organised Crime 2000.
- (ii) Commonwealth Scheme on Mutual Assistance in Criminal Matters, (the Harare Scheme):

In obtaining information, statements and documents in relation to a criminal investigation being conducted by Uganda Police in Kampala Uganda.

Article 120 of the Constitution of Uganda states that the Director of Public Prosecutions has the duty to direct police to investigate any information of a

criminal nature and to institute criminal proceedings against any person or authority in any court with competent Jurisdiction.

The Director of Public Prosecutions is the head of the Prosecuting entity. As Director of Public Prosecutions I have the powers to instruct police to conduct investigations in this case. I am accordingly empowered to issue this Letter of Request.

Upon our instructions, the police has initiated investigations against the following individuals and entities:-

1. Sam Kahamba Kutesa a Ugandan National and currently Minister of Foreign Affairs in the Government of the Republic of Uganda.
2. East Africa Development Ltd, A Kenyan registered company including its officials.
3. Tullow Oil PLC, a United Kingdom registered company with operations in Uganda's Albertine Region.

SUMMARY OF FACTS

- i. Tullow Oil PLC is a UK registered company. It has interest in oil exploration licences in Uganda. It had a 50% stake in Blocks 1 and 3A in partnership with Heritage Oil previously the operator in the blocks.
- ii. In 2009 Heritage Oil announced its intention to sell its interests in Uganda wherein Tullow oil used its right of pre-emption to sign a sale and

Answer 3

- iii. purchase agreement with Heritage Oil to acquire its interests in Blocks 1 and 3A.
- iv. The sale and purchase Agreement was subject to substantial taxation by Uganda Government.
- v. Intelligence information indicates that Sam Kahamba Kutesa, a very senior and influential minister in Government of Uganda through East Africa Development Ltd offered to assist Tullow Oil to have chargeable taxes waived on payment of inducements by Tullow Oil plc
- vi. A Power of Attorney authorizing Sam Kahamba Kutesa of East African Development Ltd to receive payments from Bank of Valletta p.l.c of 58 Zachary Street, Valletta VLT 04 Malta through Brian Glover was executed on 3rd June, 2010 and transmitted to the Chief Executive Officer Bank of Valletta p.l.c by Aiden Heavy Chief Executive Officer Tullow Oil p.l.c.
- vii. Between 4th June, 2010 to 17th July, 2010 Bank of Valletta Malta transferred from Tullow oil's Euro account no. 40003724201 a total of 16,500,000 Euros to a British account GB 36E FGB 178000 00491740 said to be held at EFG Private Bank Ltd in names of East Africa Development Ltd. 1,000,000 Euro was transferred from same Tullow oil bank account and beneficiary account indicated as London Branch cash movement (Brian Glover). The beneficiary name was not indicated.
- viii. We have cause to believe that these payments were corruptly motivated.

Ponce Alegre - Aug 172 3648 Camp Pt Kwan Chon
 Band Jaga - Aug 491 4111 Kwan Chon
 Kwan Chon with them to 2/21 - con

OFFENCES UNDER INVESTIGATIONS

1. Corruption contrary to section 2(e) and 26 of the Ant Corruption Act, 2009.
2. Abuse of office contrary to section 11 (1) and (2) of the Anti-Corruption Act, Act 6 of 2009.

- (i) A person commits the offence of corruption if he/she does any of the following acts:-

"The offering, giving solicitation or acceptance directly or indirectly, or promising of any undue advantage to or by any person who asserts or confirms that he/she is able to exert any improper influence over the decision making of any person performance functions in the public or private sector in consideration of the undue advantage, whether the undue advantage is for himself/herself or for any other person, as well as the request, receipt or the acceptance of the offer or the promise of the advantage in consideration of that influence, whether or not the supposed influence least to intended results"

A person convicted of Corruption is liable on conviction to a term of imprisonment not exceeding 10 years or a fine not exceeding two hundred and forty currency points or both

- (ii) Abuse of office is committed when a person, being employed in a public body does or directs to be done an arbitrary act prejudicial to

ANNEX 3

the interest of his employer or any other person.

A person convicted of Abuse of office is liable to imprisonment for a term not exceeding 7 years or a fine not exceeding one hundred and sixty eight currency points or both.

If the act constituting the offence was done for purposes of gain, the court shall, in addition to any other penalty order that anything received as a consequence of the act be forfeited to Government.

INQUIRIES TO BE MADE

It is requested that the following inquiries be conducted by your office:

- (i) Interview and record a statement from Aiden Heavey, Chief Executive officer, Tullow Oil p.l.c. It is requested that he provides answers to the following:-
 - (a) Tullow plc's business interest with East Africa Development Ltd
 - (b) The Services East Africa Development Ltd had provided to Tullow oil
 - (c) Provide any documents pertaining to the company's professional dealings with East Africa Development Ltd.
- (ii) Obtain a Warrant and Inspect Euro account GB36 EFGB 1780000049170 held at EFG Private Bank Ltd in names of East Africa Development Ltd and verify the remittances of 10th June, 2010, 21st June, 2010, 8th July, 2010, 12th July, 2010 and 16th July, 2010 originating from Tullow's account 40037242019

Annex 3

- (iii) On 4th June, 2010 and 17th July, 2010 remittances were made from Tullow Oil's account 40037242010 in Malta to a London branch cash movement (Brian Glover). The payment details were not indicated. It is requested that these two transactions be investigated with view of establishing the beneficiary of these payments and details for the payment.
- (iv) It is requested that original documents or certified copies relating to the transactions be retrieved as evidence.
- (v) It is requested, if permissible under your law, for account GB38EFGB 17800000491740 be frozen.
- (vi) That originals or certified copies of account opening details for account GB38EFGB 17800000491740 be retrieved and evidence.
- (vii) That such other inquiries be made, persons interviewed and documents as appear necessary in the course of investigation be retrieved as evidence.
- (viii) That an indication be obtained of the preparedness of the witnesses interviewed to travel to Uganda to give evidence in person.
- (ix) That originals of witness statements and originals or certified copies of documents or other items secured during the course of the inquiry be sent to me under secure delivery at the address provided below:-

ANNEX 3

I thank you in advance of your valuable co-operation concerning this case.

Address of the requesting Authority: _

Director of Public Prosecutions

P.O. Box 1550

Kampala

Fax No. 256-41-258565

Tel. 25-41- 332504

Email: adm@dpp.go.ug

Contact Name:

Richard Buteera

Directorate of Public Prosecutions

The Republic of Uganda extends its regards


Richard Buteera

DIRECTOR OF PUBLIC PROSECUTIONS

Tullow Oil plc

Building 9, Chiswick Park, 566 Chiswick High Road, London, W4 5XT
Tel: +44 (0)203 249 9000 Fax: +44 (0)203 249 8801



Rt. Hon. Rebecca Kadaga
Speaker Parliament of Uganda
P.O Box 7178,
Kampala, Uganda

11 October 2011

Dear Madam Speaker,

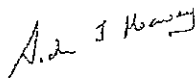
BRIBERY AND CORRUPTION ALLEGATIONS – PARLIAMENTARY SESSION OF 10 OCTOBER 2011

We are in the process of reviewing the groundless allegations made against Tullow, and certain of its employees, during yesterday's Parliamentary session. We wish to make the following preliminary statement for the public record:

1. Tullow Oil totally rejects the outrageous and wholly defamatory accusations of corruption made against the Company in the Ugandan Parliament yesterday. If these comments are repeated or made outside Parliament, Tullow will examine all possible legal action to protect the reputation of the company and its employees;
2. Reference was made during yesterday's debate to documentation which purportedly evidences payments made by Tullow to certain Government Ministers through a Maltese Bank. Tullow does not have and has never had any bank accounts in Malta. In addition, we can say with complete confidence that any documents that purportedly relate to transfers from Tullow accounts to Government Ministers are forgeries. We would urge the individuals in possession of these documents to provide them to Tullow and the appropriate Ugandan authorities as soon as possible;
3. A number of serious allegations were made about Tullow's operations in Uganda and the way the Company does business. These accusations are demonstrably false and appear to be founded on misunderstandings about how the global oil and gas industry works. Tullow would welcome the opportunity to appear at an appropriate forum in Parliament to refute these serious allegations and to explain, with other representatives from the industry, how the industry in which we are proud to work operates.

Tullow is deeply committed to its work in Uganda and operates to the highest standards of ethical behaviour. We take a zero tolerance approach to bribery and corruption and our policies are enshrined in our Code of Business Conduct. This code is in turn incorporated into all our contracts with employees, contract staff and industry partners.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Aidan Heavey".

Aidan Heavey
Chief Executive Officer

CC The Minister of Finance, Planning and Economic Development
The Minister of Energy and Mineral Development
The Minister for Ethics and Integrity

Your reference:

Our reference: Com230

Date: 18th November 2011



Ms Jennifer Moore
UK Central Authority
5th Floor, Fry Building
Marsham Street
London, SW1P 4DF

METROPOLITAN POLICE SERVICE

Economic & Specialist Crime Operational
Command Unit
Proceeds of Corruption Unit
Room 552, Victoria Block;
New Scotland Yard
London SW1X 0BG

Telephone: 0044 207-230-2758

Facsimile: 0044 207-230-7458

e-mail: john.mcdonald1@met.pnn.police.uk

Dear Ms Moore,

Reference MLIEO2011UGAN1201323 - Request for Assistance Uganda

Further to the request for assistance from the Ugandan Authorities reference PRO/68/1 I have completed the enquiries as per the request for mutual legal assistance of the 12th of January 2011. Please find attached the sworn affidavit and exhibit of Adrian Heavey and the sworn affidavit of Brian Glover.

I refer to the enquiries as set out in the official Ugandan request as follows:

- (1) To interview and record a statement from Aidan Heavey, Chief Executive Officer, Tullow Oil PLC and to obtain his answers in respect of Tullow Oil's business interests with East Africa Development Limited.
- (2) The Ugandan authorities request an enquiry to be made of the EFG Private Bank for the East Africa Development Limited reference GB36 EFGB 1780000049170 to verify the remittances of the 10th June 2010, 21st June 2010, 8th July 2010, 12th July 2010 and the 16th of July 2010 which purportedly originate from Tullow's account reference 40037242019.
- (3) The Ugandan authorities also refer to remittances made from Tullow Oil's account in Malta 40037242010 on the 4th of June 2010 and the 17th July 2010 to a London branch.

- (4) The Ugandan authorities request for certified copies relating to the transactions.
- (5) The Ugandan authorities request to 'freeze/restrain' account GB36 EFGB 1780000049170 and to provide account opening details to be retrieved.

Detective Sergeant George Simpson of the Proceeds of Corruption Unit at New Scotland Yard had charge of the initial investigation and was able to establish the following, I had a meeting with Mr. Simpson and he was able to confirm the following:

- (a) That there are two EFG banks in the United Kingdom, namely EFG Private Bank Limited ('EFGPBL') and EFG Eurobank Ergasius (EFGEE'). DS Simpson is able to report that his enquiries with the compliance department of the EFGPBL confirm that the SWIFT number that appears on the third party payment form is their SWIFT code, however the beneficiary account number or IBAN number as listed GB36EFGB17800000491740 is not their IBAN number and does not match any account held at EFGPBL. EFGPBL were also able to confirm that they DO NOT hold an account in the name of the East Africa Development Limited.
- (b) DS Simpson was also able to report that he made an enquiry of EFG Eurobank Ergasius. The EFGEE Bank was able to confirm that neither, the SWIFT code or IBAN number listed in the Ugandan request DO NOT relate to their institution. EFGEE were also able to confirm that the East Africa Development Limited, do not hold an account with their bank.
- (c) DS Simpson was able to report that neither, the EFG Private Bank Limited or the EFG Eurobank Ergasius conduct any business or a client profile in East Africa.
- (d) DS Simpson confirmed the matters listed at (a) - (c) to Mr. John Ndungutse of the Ugandan Police.
- (e) As a result of DS Simpson's enquiries no accounts have been traced to allow restraint of assets.
- (f) An enquiry with the Bank of Valletta should be conducted by the Ugandan authorities.

Further to DS Simpson's initial investigation I have obtained a sworn statements dated the 15th of November 2011 from Mr. Aidan Joseph HEAVEY and Dr Brian William GLOVER. Their statements answer the Ugandan request as follows:

Aidan Joseph HEAVEY

Tullow Oil, do not have or have ever had any business interest with the East Africa Development Limited. The company East Africa Development Limited has not provided any services to Tullow Oil and Tullow Oil do not possess any documents pertaining to their purported dealing with East Africa Development Limited.

Mr. Heavey confirms that he is the chief executive officer of Tullow Oil PLC, he states that the documents produced before the Ugandan Parliament are forgeries. Mr. Heavey also states that he did not draft, sign or send the Power of Attorney to the bank of Valletta. He also states that Tullow Oil do not have accounts with the Bank of Valletta, EFG Private Bank Limited or the EFG Eurobank Ergasius.


Mr. Heavey also provides a number of an exhibit referenced as AJH/1; these include a letter written to Rt. Hon Rebecca Kadaga, the Speaker of the Parliament of Uganda. Mr. Heavey's sworn affidavit is attached at appendix 'C' and the exhibit marked AJH/1 is attached at appendix 'D'.

Dr. Brian William GLOVER

Dr Glover has stated that to the best of his knowledge that Tullow Oil does not have or has ever had any business with the company East Africa Development Limited, Tullow Oil do not hold, nor has it ever held, any bank accounts with the Bank of Valletta, EFG Private Bank Limited or EFG Eurobank Ergasius. Dr. Glover confirms that he has never had a power of attorney from either Tullow Oil PLC or Mr. Aidan Heavey in respect of East Africa Development Limited. Mr. Glover's sworn affidavit is attached at appendix 'E' and his exhibit marked BWG/1 is attached at appendix 'F'.

This matter is now complete. I request that the attached documents please be formally transmitted to the Ugandan authorities.

Yours faithfully


John McDonald
Détective Constable

ANNEX 3

Tullow Oil plc
1
BW Glover
BWG1
15 November 2011

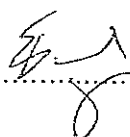
**IN RELATION TO DOCUMENTS PRODUCED AND TABLED BEFORE THE
UGANDAN PARLIAMENT ON 10 AND 11 OCTOBER 2011**

**AFFIDAVIT OF
DR. BRIAN WILLIAM GLOVER**

This is the exhibit marked "BWG1" referred to in the affidavit of **DR. BRIAN WILLIAM GLOVER**

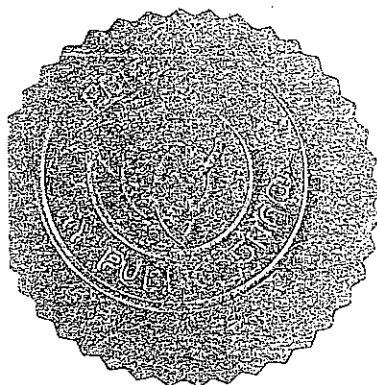
SWORN this 15 day of November 2011

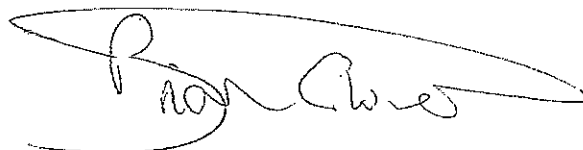
Before me,


.....

Notary Public

Edward Young | Notary Public
152 Chiswick High Rd London
notary@youngedward.co.uk
+44 (0)20 8166 0720





IN RELATION TO DOCUMENTS PRODUCED AND TABLED BEFORE THE UGANDAN
PARLIAMENT ON 10 AND 11 OCTOBER 2011

**AFFIDAVIT OF
DR. BRIAN WILLIAM GLOVER**

I, **DR. BRIAN WILLIAM GLOVER** of 9 Chiswick Park, 966 Chiswick High Road, London W4 5XT, United Kingdom, **STATE ON OATH** that:

1. I am the Group Corporate Planning Manager of Tullow Oil plc ("**Tullow**"), a UK company registered at the above address and the interested party in this matter.
2. I was also previously employed as General Manager and Director of Tullow Operations Pty Limited and Tullow Uganda Limited.
3. I make this affidavit supporting Tullow's unwavering position that documents tabled and produced before the Ugandan Parliament on 10 and 11 October 2011 are forgeries (the "**Forged Documents**").
4. On 10 October 2011 and 11 October 2011, the Ugandan Parliament conducted an open debate in relation to the regularisation of Uganda's oil sector and other matters incidental thereto, including agreements entered into between the Government of Uganda and various international oil companies (the "**Debate**").
5. During the course of the Debate, two Youth Members of Parliament for Western Uganda produced and tabled the Forged Documents which purported to show that Tullow transferred money to certain Ugandan Government Ministers and East Africa Development Ltd, via the Bank of Valletta p.l.c., a bank registered in Valletta, Malta (the "**Bank of Valletta**"). Copies of the Forged Documents can be found at pages 2 to 13 of BWG1.
6. The Forged Documents purport to show:

- a power of attorney purporting to be from Aidan Heavey of Tullow and containing a copy of his signature, dated 3 June 2010 and addressed to the Bank of Valletta (the "Power of Attorney"). The Power of Attorney purports to authorise me to make payments in cash of up to 500,000 Euro to Sam Kahamba Kutesa, a representative of East Africa Development Ltd. A copy of the Power of Attorney can be found at page 2 of BWG1;
 - a Bank of Valletta transaction reference 53243325 dated 10 June 2010, in the sum of 1,500,000 EUR;
 - a Bank of Valletta transaction reference 53243329 dated 21 June 2010, in the sum of 500,000 EUR;
 - a Bank of Valletta transaction reference 53243413 dated 21 June 2010, in the sum of 1,500,000 EUR;
 - a Bank of Valletta transaction reference 53243419 dated 06 July 2010, in the sum of 500,000 EUR;
 - a Bank of Valletta transaction reference 53243534 dated 6 July 2010, in the sum of 500,000 EUR;
 - a Bank of Valletta transaction reference 53243539 dated 6 July 2010, in the sum of 500,000 EUR;
 - a Bank of Valletta transaction reference 53243716 dated 17 July 2010, in the sum of 3,500,000 EUR;
 - a Bank of Valletta transaction reference 53243731 dated 17 July 2010, in the sum of 5,000,000 EUR;
 - a Bank of Valletta transaction reference 53243934 dated 10 June 2010, in the sum of 1,500,000 EUR; and
 - a Bank of Valletta transaction reference 53243217 dated 10 August 2010, in the sum of 3,000,000 EUR.
7. To the best of my knowledge and belief, Tullow does not have and has never had any business interest with East Africa Development Ltd.
 8. I have never received power of attorney from either Tullow, or Aidan Heavey, in respect of East Africa Development Ltd.
 9. Tullow does not hold, nor has it ever held, any bank accounts with the Bank of Valletta.
 10. Tullow does not hold, nor has it ever held, any bank accounts with EFG Private Bank Limited.

11. Tullow does not hold, nor has it ever held, any bank accounts with EFG Eurobank Ergasius.
12. Therefore, the banks transfers which are purportedly evidenced by the documents at pages 3 to 13 of BWG1, never occurred.

SWORN by the said

DR BRIAN WILLIAM GLOVER

at LONDON

)
[Signature]

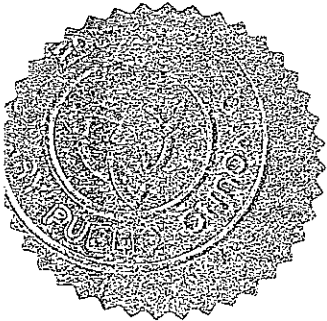
this 15 day of NOVEMBER 2011

Before me,

[Signature]

Notary Public

Edward Young | Notary Public
152 Chiswick High Rd London
notary@youngedward.co.uk
+44 (0)20 8166 0720



ANNEX 3

Tullow Oil plc
1
AJ Heavey
AJH1
15 November 2011

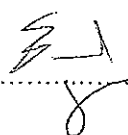
IN RELATION TO DOCUMENTS PRODUCED AND TABLED BEFORE THE
UGANDAN PARLIAMENT ON 10 AND 11 OCTOBER 2011

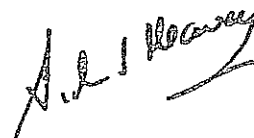
AFFIDAVIT OF
AIDAN JOSEPH HEAVEY

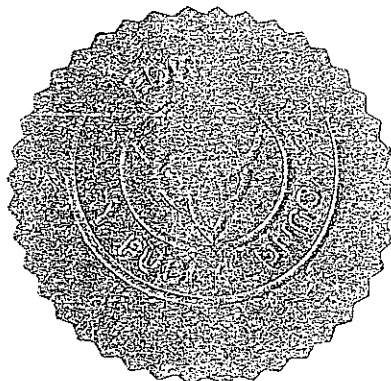
This is the exhibit marked "AJH1" referred to in the affidavit of AIDAN JOSEPH
HEAVEY

SWORN this 15 day of November 2011

Before me,


.....
Notary Public
Edward Young | Notary Public
152 Chiswick High Rd London
notary@youngedward.co.uk
+44 (0)20 8166 0720





ANNEX 3

Tullow Oil plc
1
AJ Heavey
AJH1
15 November 2011

**IN RELATION TO DOCUMENTS
PRODUCED AND TABLED BEFORE
THE UGANDAN PARLIAMENT ON 10
AND 11 OCTOBER 2011**

**AFFIDAVIT OF
AIDAN JOSEPH HEAVEY**

TULLOW OIL PLC
9 Chiswick Park
566 Chiswick High Road
London
W4 5XT
United Kingdom

Tel: +44 (0)20 3249 9000

For and on behalf of Tullow Oil plc

Tullow Oil plc
1
AJ Heavey
AJH1
15 November 2011

IN RELATION TO DOCUMENTS PRODUCED AND TABLED BEFORE THE UGANDAN
PARLIAMENT ON 10 AND 11 OCTOBER 2011

**AFFIDAVIT OF
AIDAN JOSEPH HEAVEY**

I, **AIDAN JOSEPH HEAVEY** of 9 Chiswick Park, 966 Chiswick High Road, London W4 5XT, United Kingdom, **STATE ON OATH** that:

1. I am the chief executive officer of Tullow Oil plc ("**Tullow**"), a UK company registered at the above address and the interested party in this matter.
2. I am also employed as a director of Tullow and am familiar with the company's business.
3. I make this affidavit supporting Tullow's unwavering position that documents tabled and produced before the Ugandan Parliament on 10 and 11 October 2011 are forgeries (the "**Forged Documents**").
4. On 10 October 2011 and 11 October 2011, the Ugandan Parliament conducted an open debate in relation to the regularisation of Uganda's oil sector and other matters incidental thereto, including agreements entered into between the Government of Uganda and various international oil companies (the "**Debate**").
5. During the course of the Debate, two Youth Members of Parliament for Western Uganda produced and tabled the Forged Documents which purported to show that Tullow transferred money to certain Ugandan Government Ministers and East Africa Development Ltd, via the Bank of Valletta p.l.c., a bank registered in Valletta, Malta (the "**Bank of Valletta**"). Copies of the Forged Documents can be found at pages 2 to 13 of AJH1.
6. The Forged Documents purport to show:

- a power of attorney purporting to be from me and containing a copy of my signature, dated 3 June 2010, addressed to the Bank of Valletta (the "Power of Attorney"). The Power of Attorney purports to authorise Brian Glover of Tullow Uganda Limited, to make payments in cash of up to 500,000 Euro to Sam Kahamba Kutesa, a representative of East Africa Development Ltd. A copy of the Power of Attorney can be found at page 2 of AJH1;
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 - a Bank of Valletta transaction reference 53243716 dated 17 July 2010, in the sum of 3,500,000 EUR;
 - a Bank of Valletta transaction reference 53243731 dated 17 July 2010, in the sum of 5,000,000 EUR;
 - a Bank of Valletta transaction reference 53243934 dated 10 June 2010, in the sum of 1,500,000 EUR; and
 - a Bank of Valletta transaction reference 53243217 dated 10 August 2010, in the sum of 3,000,000 EUR.
7. I did not draft, sign or send the Power of Attorney to the Bank of Valletta, nor did I instruct or authorise anyone to do this on my behalf. The Power of Attorney which purports to be signed by me is a forgery.
 8. To the best of my knowledge and belief, Tullow does not have and has never had any business interest with East Africa Development Ltd.
 9. Neither Tullow, nor I, have ever given power of attorney to Brian Glover in respect of East Africa Development Ltd.

10. Tullow does not hold, nor has it ever held, any bank accounts with the Bank of Valletta.
11. Tullow does not hold, nor has it ever held, any bank accounts with EFG Private Bank Limited.
12. Tullow does not hold, nor has it ever held, any bank accounts with EFG Eurobank Ergasius.
13. Therefore, the banks transfers which are purportedly evidenced by the documents at pages 3 to 13 of AJH1, never occurred.
14. I outlined the above facts on 11 October 2011 in a letter to Rt. Hon. Rebecca Kadaga, Speaker of the Parliament of Uganda (a copy of this letter can be found at page 14 of AJH1) (the "Letter to the Speaker").
15. In this Affidavit I now reaffirm and reiterate the content of my Letter to the Speaker.

SWORN by the said

AIDAN JOSEPH HEAVEY

at *LONDON*

) *A.J. Heavey*
)
)
)
)

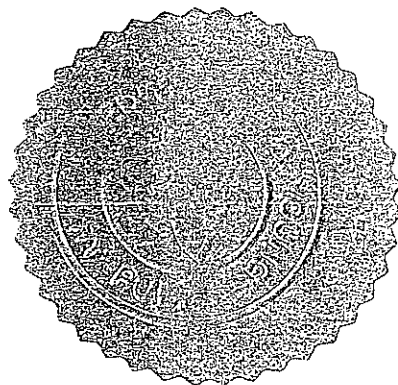
this *15* day of *NOVEMBER* 2011

Before me,

EJ
.....
J

Notary Public

Edward Young | Notary Public
152 Chiswick High Rd London
notary@youngedward.co.uk
+44 (0)20 8166 0720



ANNE 3

Bank of Valletta p.l.c
Registration Number C 2833
Registered Office: 58 Zachary Street, Valletta VLT 04 - Malta

Transaction Reference
No.: 33243413

Payment to Third Parties

Printed by: Mr. Brian Glover
Printed at: 21/06/2010-09:40
Document Id: 72085539

From account:	4003724201 9 (EUR)
Beneficiary account number:	GB36EFG817300000491740
IBAN:	Yes
Currency of payment:	EUR
Foreign bank name:	EFG Private bank Ltd
Bank's BIC/SWIFT:	EFGBGB2L
Bank country is SEPA:	Yes
Bank's country:	United Kingdom
Beneficiary name:	East Africa Development Ltd
Instructed amount in currency of your account:	1,500,000.00
Instructed amount in payment currency:	1,500,000.00
Amount debited from your account:	1,500,016.00
Amount credited to beneficiary	1,500,000.00
Exchange rate:	1.000000
Payment details:	Invoice 2 dated 18-06-10
Same day value payment:	Yes
External Transaction Classification:	Other Payments
Type of payment:	OTHER PROFESSIONAL SERVICES
Charges should be incurred by:	Originator of payment
Address Line 1:	Not-available
City & Post Code:	Nairobi 00619
Country:	Kenya
Beneficiary type:	Commercial Entity
Residence:	Non-Resident
Future transfer date if applicable (DD/MM/YYYY):	06/07/2010
Transaction charge:	EUR 16.00

System message: Your instructions have been accepted and will be processed on
21/06/2010.
Result code: 1017(20032)

Tel: Director - 256-041-332504.
Dpty. Director (MSS) - 256-041-332508.
Dpty. Director (P&QA) - 256-041-332510.

General - 256-041-332500 /
332501.
Fax: - 256-041-258565.
- 256-041-341316.



Directorate of Public Prosecutions,
Workers House 12 & 11th Floor Southe
Plot 1, Pilkington Road,
P. O. Box 1550,
Kampala (Uganda)
admin@dpp.go.ug
www.dpp.go.ug

Our Ref PRO/68/1

Your Ref:

Date: 18th October, 2011

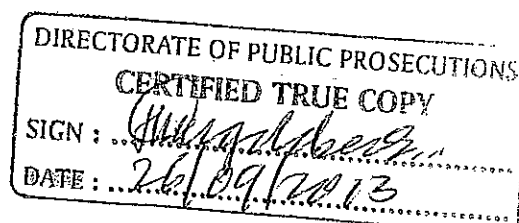
The Competent Authority
United Arab Emirates
Dubai

Dear Sir./Madam

RE: INTERNATIONAL ROGATORY LETTER ; HILARY OBELOKER
ONEK

I have the honour to make this request for assistance in the criminal
matter under investigation regarding the above named..

The request is made on the basis of comity of nations, reciprocity in future
judicial co-operation between the two countries and on the good
relationship existing between the Republic of Uganda and the United Arab
Emirates



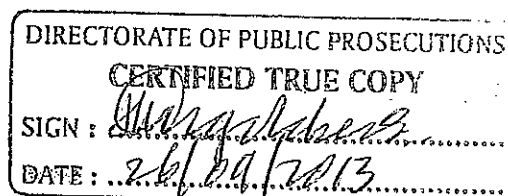
Article 120 of the Constitution of Uganda gives the Director of Public Prosecutions the mandate to control prosecutions in Uganda, to direct police to initiate investigations and to institute criminal proceedings against any person or authority in any court with competent Jurisdiction. The Director of Public Prosecutions is the Head of the Prosecuting entity.

I am making this request based on these powers.

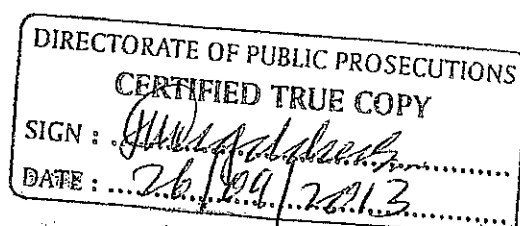
We have been conducting criminal investigations in respect to one Hilary Obeloker Onok a Ugandan national then Minister of Energy in the cabinet of the Republic of Uganda and currently the Minister of Internal Affairs

Summary of facts

- (i) Tullow Oil Plc is a UK registered company. It has interests in oil exploration licenses in Uganda. It had a 50% stake in Blocks 1 and 3A in partnership with Heritage Oil, previously the operator in the blocks.
- (ii) In 2009, Heritage Oil announced its intention to sell its interests in Uganda wherein Tullow Oil used its right of pre-emption to sign a sale and purchase agreement with Heritage oil to acquire its interests in Blocks 1 and 3A.
- (iii) The sale and purchase Agreement was subject to substantial taxation by the Government of the Republic of Uganda.



- (iv) Intelligence information we have obtained indicates that Hilary Obeloker Onok, the then line Minister of Energy plus other government officials offered to assist Tullow Oil to have chargeable taxes waived on payment of inducements by Tullow Oil plc. to him and the other officials
- (v) Between 10th June, 2010 to 5th August, 2010 by transaction references 53 24 33 29, 53 24 34 19, 53 24 35 39, 53 24 39 38 and 53 24 34 17 a total of 6,000,000 Euros was alleged to have been transferred from Tullow Oil PLC Euro account No. 40037242019 held at Bank of Valletta to Hilary Obaloker Onok's personal account No. 0034450627007 held at Emirates Bank Swift Code ERVRJUS 3N in Dubai UAE at P.O. Box 2923. The payment was indicated to be for professional services.
- (vi) We have reason to believe that these payments, if they were made, were made with a corrupt motive by the maker and the receiver.

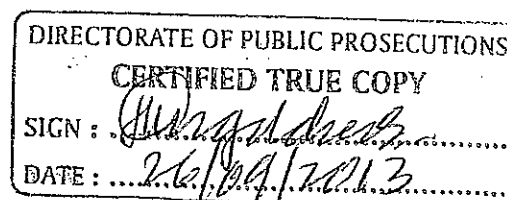


OFFENCES UNDER INVESTIGATIONS

1. Corruption contrary to section 2(e) and 26 of the Ant Corruption Act, 2009
2. Abuse of office contrary to section 11 (1) and (2) of the Anti-Corruption Act, Act 6 of 2009.
 - (i) A person commits the offence of corruption if he/she does any of the following acts:-

"The offering, giving solicitation or acceptance directly or indirectly, or promising of any undue advantage to or by any person who asserts or confirms that he /she is able to exert any improper influence over the decision making of any person performance functions in the public or private sector in consideration of the undue advantage, whether the undue advantage is for himself/herself or for any other person, as well as the request, receipt or the acceptance of the offer or the promise of the advantage in consideration of that influence, whether or not the supposed influence least to intended results".

A person convicted of Corruption is liable on conviction to a term of imprisonment not exceeding 10 years or a fine not exceeding two hundred and forty currency points or both.



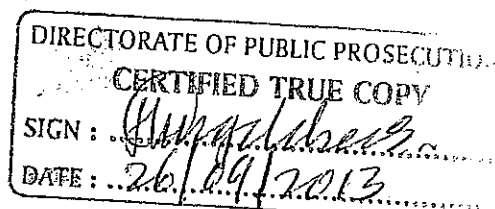
- (ii) Abuse of office is committed when a person, being employed in a public body does or directs to be done any arbitrary act prejudicial to the interest of his employer or any other person. A person convicted of Abuse of office is liable to imprisonment for a term not exceeding 7 years or a fine not exceeding one hundred and sixty eight currency points or both.

If the act constituting the offence was done for purposes of gain, the court shall, in addition to any other penalty order that anything received as a consequence of the act be forfeited to Government.

INQUIRIES TO BE MADE

It is requested as follows:

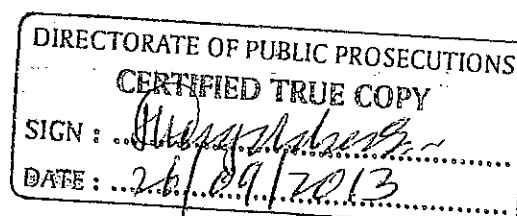
- (i) That you confirm to us whether Emirates bank exists in Dubai at P.O.Box 2923
- (ii) Whether the said Hilary Obeloker Onek has an account with the said bank.
- (iii) Whether that account is Euro account 0034450627007
- (iv) Whether transactions under the following references were transacted on the said account:



- (a) T/R 53243329 dated 10.6.10
- (b) T/R 53243419 dated 10.6.10
- (c) T/R 53243539 dated 6.7.10
- (d) T/R 53243938 dated 17.7.10
- (e) T/R 53243217 dated 5.8.10

All the five transactions are said to have originated from account 40037242019 of Tullow Oil Plc said to be held at Bank of Valletta in Malta to Hilary Obeloker Onok's Dubai Euro account 0034450627007 at Emirates Bank at P.O. Box 2923, Dubai, United Arab Emirates.

- (v) Whether a total of about 6.000,000 Euros was received on that account within the dates in issue
- (vi) A statement be obtained from the CEO or an authorized officer of the Emirates bank in respect to these transactions if they were made.
- (vii) It is further requested the officer should avail us originals or certified copies of the above transactions to be used in evidence. The officer should also state the reasons given for the payments.
- (a) That such other inquiries be made, persons interviewed and documents as appear relevant in the course of the inquiry be retrieved and that John Ndungutse (CP) a detective in Uganda Police force be permitted to be



present when these inquiries are done. It is respectfully requested that he attends as he has a full and detailed knowledge of this investigation.

That the signed and certified copies of any statements made and any documents or other items secured during the course of inquiries be handed to John Ndungutse (CP) and permission given for their removal to Uganda for use at any resultant trial.

I confirm that the inquiries requested to be made in this letter could be made by the office of the Director of Public Prosecutions, Uganda under powers currently available to them if the inquiries were made in Uganda rather than Dubai

I thank you in advance for your valuable co-operation concerning this case.

The Republic of Uganda Extends its regards.

Contact Name:

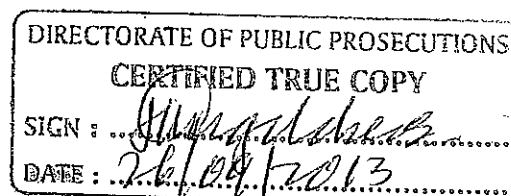
Richard Buteera

Directorate of Public Prosecutions

Address of requesting Authority:

Director of Public Prosecutions

P.O. Box 1550



Fax No. 256- 414 – 258565

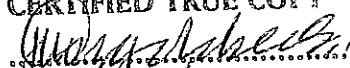
Tel. No 256 – 414 – 332504

Email adm@dpp.go.ug

Yours faithfully,


Richard Buteera

 DIRECTOR OF PUBLIC PROSECUTIONS

DIRECTORATE OF PUBLIC PROSECUTIONS	
CERTIFIED TRUE COPY	
SIGN :	
DATE :	26/09/2013

Undertaking

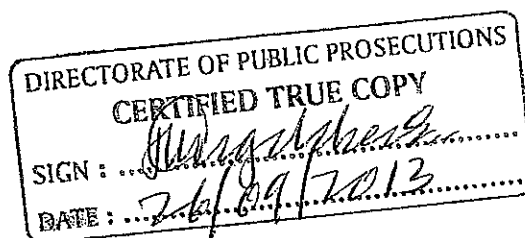
I, Richard Buteera undertake that any information and documents obtained for the purpose of the above investigations will only be used for purposes of this investigation, any prosecution arising out of this investigation and any connected confiscation proceedings and shall not be released to any person without the express consent of the Hon. Attorney General of the United Emirates Republic

I further undertake that in event any application to a court or tribunal in respect of which I have notice to disclose the information and documents obtained from the United Emirates Republic in relation to the above criminal investigations, the Hon. Attorney General will be notified and consulted on the approach I should take in relation to that application.

Signature: Richard Buteera

Position: Director of Public Prosecutions

Date: 18/10/2011



Tel: Director - 256-041-4332502/332504
Dpty. Director (MSS)- 256-041-4332508
Dpty. Director (P&QA)-256-041-4332510
General - 256-041-4332500 /4332501
Fax: - 256-041-4258565
- 256-041-4341316



Directorate of Public Prosecutions,
Workers House 12 & 11th Floor Southern Wing,
Plot 1, Pilkington Road,
P. O. Box 1550,
Kampala (Uganda)
www.dpp.go.ug

إلى السلطات المعنية

الإمارات العربية المتحدة

الموضوع: طلب التحري الدولي مع السيد/ هيلاري أوبيلوكير أونيك

(HILARY. O. ONEK)

يسعدنا بأن نتقدم بطلبنا المتواضع لمكتبكم الموقر آمليين العون في القضية الجنائية قيد التحقيق وفقاً للمذكور أعلاه.

ويندرج هذا الطلب تحت بند التعاون الدولي توثيقاً للعلاقات التعاونية في التعاملات القضائية المستقبلية بين البلدين على ضوء التعاون القائم بين أوغندا ودولة الإمارات العربية المتحدة.

ووفقاً للمادة 120 من الدستور الأوغندي، فإن وكيل النيابة يعطى صلاحيات وسلطات التحكم في المحاكمات الجنائية وتوجيه الشرطة بإجراء التحقيقات والقيام بالإجراءات الجنائية ضد أي شخص أو أي جهة مسئولة في أي من المحاكم الإجرائية والقضائية.

كما أن وكيل النيابة هو رئيس جهاز المحاكم.

عليه نتقدم بهذا الطلب بناءً على الصلاحيات والسلطات المسموح بها.

سبق وأن قمنا ولا زلنا نحقق مع المدعو / هيلاري أوبيلوكير أونيك

(HILARY. O. ONEK) أوغندي الجنسية وزير الطاقة سابقاً ووزير

الداخلية حالياً.

ملخص الحقائق.

(1) إن شركة النفط TULLOW هي شركة بريطانية مسجلة تعمل في مجال

استكشاف النفط وترغب في الحصول على تراخيص لاستكشاف النفط في

أوغندا، وكانت حصتها 50% في البئرين 1 و 3A بالشراكة مع شركة نفط

HERITAGE (العميل السابق للبئرين).

(2) وفي عام 2009م أعلنت شركة نفط HERITAGE عن رغبتها في

تصفية ممتلكاتها في أوغندا بما مهد الطريق لصالح شركة نفط TULLOW

للتوقيع على اتفاقية البيع والشراء المبرمة بينها وبين شركة HERITAGE

بالنسبة للبئرين.

(3) وكانت اتفاقية البيع والشراء خاضعة للضرائب لصالح الحكومة الأوغندية.

(4) تشير المعلومات المتوفرة لدينا أن هيلارى أويلوكير أونيك

(HILARY. O. ONEK) وزير الطاقة آنذاك بالتعاون مع المسؤولين الحكوميين

الآخرين عرضوا على شركة نفط TULLOW تسير هروبهم من دفع الضرائب

الحكومية في مقابل الحصول على رشوة ضخمة من الشركة.

(5) وفي الفترة من 10/يونيو إلى 5/أغسطس/2010م ووفقاً للتعاملات المالية

53243329، 53243419، 53243539، 53243938 و

53243417 تم تحويل ما قيمته 6.000.000

(ستة ملايين يورو) من حساب شركة TULLOW نفط رقم

40037242019 في بنك Valletta إلى حساب السيد / هيلاري أويلوكير أونيك

(HILARY. O. ONEK) الشخصي بمصرف الإمارات Emirates Bank

رقم 0034450627007 وشفرة دولية رقم 3N IRVRJUS في دبي وبمعنوان

البريد ص.ب. 2923 تحت مسمى الخدمات الحرفية.

(6) ولدينا ما يجعلنا نعتقد أن هذه الصفقة لو كانت قد حدثت فإنها قد تمت بدافع

الفساد بين الدافع والمدفوع له.

الجرائم قيد التحقيق:-

(1) الفساد: تعارضاً مع الفقرة 2 (E) والفقرة 26 من قانون مكافحة الفساد

لعام 2009م.

(2) إساءة استخدام الإدارة تعارضاً مع الفقرة 11 (1) و (2) من المادة 6 من

قانون مكافحة الفساد لعام 2009م.

(3) يتهم الشخص بارتكاب جريمة الفساد إذا قام بالآتي: تقديم أو تسليم أو

استلام أو الموافقة على استلام أو التواعد بطريق مباشر أو غير مباشر أي

مصلح مادي لصالح أي شخص أو جهة تدعي أنها تستطيع أن تقوم بدور في اتخاذ

القرار مقابل ما تم الاتفاق عليه.

ويكون الشخص المحكوم عليه بالفساد يُسجن لفترة لا تتجاوز 10 سنوات أو غرامة مالية لا تزيد عن 240 نقطة نقدية أو كليهما.

يتهم الموظف في القطاع العام بارتكاب جريمة إساءة الإدارة إذا قام أو وجه للقيام بأي عمل جائر مضر لمصلحة صاحب العمل أو أي شخص آخر.

ويكون الشخص المحكوم عليه بالفساد بارتكاب جريمة إساءة الإدارة عرضة للسجن لفترة لا تتجاوز 7 سنوات أو غرامة مالية لا تزيد عن 168 نقطة نقدية أو كليهما.

وفي حالة ارتكاب هذه الجريمة لغرض الكسب، في هذه الحالة تقوم المحكمة بمصادرة ما تم كسبه أو استرداده صالح الحكومة بالإضافة إلى عقوبات أخرى.

الاستفسارات المطلوبة:-

نطلب من طرفكم الآتي:-

- (1) التأكيد على وجود بنك الإمارات في دبي وعلى عنوان ص.ب: 2923.
- (2) التأكيد على وجود حساب HILARY. O. ONEK في البنك

المذكور.

- (3) التأكد من الحساب وهو حساب اليورو رقم 0034450627007.

- (4) التأكد ما إذا كانت التعاملات المالية الآتية قد تمت فعلاً.

T/R 53243329 بتاريخ 10/6/10

أ-

T/R 53243419 بتاريخ 10/6/10

ب-

10/7/6 بتاريخ 53243539 T/R

جـ -

10/7/17 بتاريخ T/R 53243938

د -

10/8/5 بتاريخ T/R 53243217

ي -

وكل هذه التعاملات مصدرها الرئيسي حساب رقم 40037242019 التابع
لشركة نفط TULLOW بمصرف VALLETTA المالطي إلى
HILARY. O. ONEK على حسابه رقم 0034450627007 بمصرف

الإمارات بعنوان

ص.ب: 2923 - دبي - الإمارات العربية المتحدة

(5) التأكد من استلام مبلغ 6.000.000 مليون يورو على الحساب المذكور

وفقاً للتواريخ المذكورة.

(6) إعداد تقرير من قبل المدير أو أي مسئول معني بهذه التعاملات من قبل بنك

الإمارات بشأنها.

(7) تقديم أصول بيانات الصرف أو نسخ مصدقة لها من قبل إدارة المصرف

لاستخدامها كأدلة. كما نأمل من المسئول ذكر أسباب دفع هذه التعاملات.

(8) إجراء التحريات عن بعض الأشخاص المختصين بهذه التعاملات وبوجود ضابط

شرطة المباحث الأوغندي اللواء John Ndugutse وفقاً لتفاصيل معلومات

المخابرات المتوفرة لديه وتسليم جميع التحريات الموقعة والمصدقة عليها للضابط

الأوغندي John Ndugutse لإحضارها إلى أوغندا لاستخدامها في أي

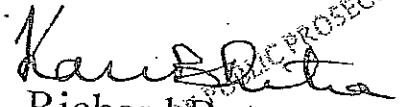
من المحاكم.

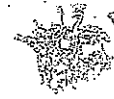
نشكر لكم مجدداً تعاونكم الوفي بخصوص هذه القضية.

تنتهز الحكومة الأوغندية هذه الفرصة لتعرب عن فائق احترامها وتقديرها للدولة الإمارات

العربية المتحدة.

الشخص المسئول:


Richard Buteera



وكيل النيابة العامة

عنوان الجهة الطالبة:-

البريد الإلكتروني: adm@dpp.go.ug

وكيل النيابة العامة

ص.ب: Kampala 1550

الفاكس: 256 41 4 258565، الهاتف: 256 41 4 332504



الرقم : م ج / ش ق / ش ق ج / 7852 / 26 / 4 / 6

التاريخ : 8 رجب 1433 هـ

الموافق : 29 مايو 2012 م

تهدي وزارة خارجية دولة الامارات العربية المتحدة أطيب تحياتها إلى سفارة

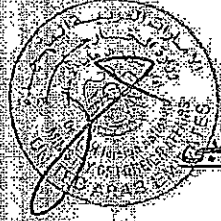
جمهورية أوغندا الموقرة

إشارة لمذكرة السفارة رقم: 230/39/27 المؤرخة في 2012/4/22 بخصوص طلب المتابعة القضائية في قضية المدعو/ هيلاري ابيلو كير اونيكا .

تود الوزارة إحاطة السفارة علما أن الجهات المختصة في الدولة قيد بحث تنفيذ طلب المساعدة حيث تبين أن الأوراق غير موقعه ومختومة من قبل الجهة الطالبة لذا يجب إليكم الأوراق دون إجراء اللازم .

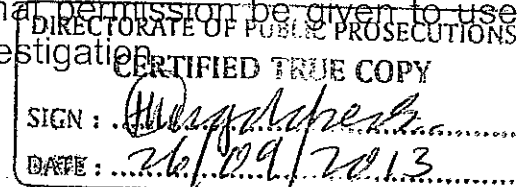
ترجو الوزارة ممثلة من السفارة تحو مخاطبة السلطات الأوغندية المختصة وإخطارها بما تقدم .

تنتهز الوزارة هذه المناسبة لتعرب للسفارة الموقرة عن فائق تقديرها واحترامها



إلى : سفارة جمهورية أوغندا - أبو ظبي

ع



I shall be very grateful if permission is given.

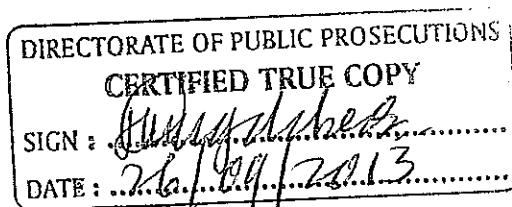
The Republic of Uganda extends its regards.



Richard Buteera

DIRECTOR OF PUBLIC PROSECUTIONS

E-mail address: richardbuteera@yahoo.com





Annex 4
ANNEX 4

THE STATE LAW OFFICE
DEPARTMENT OF THE REGISTRAR-GENERAL

Your Ref: _____

30th November 2012
Date: _____

Our Ref: **CR 13 GENERAL**

Hon. Michael Kafabusa Werikhe
Chairperson
Ad hoc Committee on Oil
Parliament of Uganda, Parliament Avenue
P.O Box 7178
Kampala,
UGANDA

Dear Sir,

REF: EAST AFRICA DEVELOPMENT LIMITED

We refer to your letter dated 30th November 2012 requesting registration details of the above referenced company.

This company/business name does not appear in our data base of registered companies/businesses. If you have its registration number, kindly pass it on to us for purposes of cross-checking and confirmation.

Yours faithfully,

MARYANNE MACHERU
STATE COUNSEL
FOR: REGISTRAR OF COMPANIES

ANNEX 5



Bank of Valletta

Bank of Valletta p.l.c.
LEGAL OFFICE

1/5, Misrah San Gorg, Valletta VLT 1190 - Malta
Telephone : (356) 2275 1130, 2275 1775 Fax : (356) 2275 5292

Your Ref: ENU/19/LR/11
Our Ref: CRIM 550/11

10th June 2011

The Commissioner of Police
Att: Inspector Maurice Curmi
Economic Crimes Unit
Malta Police Force GHQ
Floriana

Re – Request for Information

With reference to your letter dated 01/06/2011, please be informed that we have carried out searches on the following companies, persons and account numbers, however no relationships have been traced;

- Tullow Oil PLC
- Aiden Heavey
- Brian Glover
- Brain Clover
- Sam Kahamba Kuteesa
- East Africa Development Ltd
- Hilary Obeloker Onok
- Account number 40037242010
- Account number 40037242019
- Transaction Reference No. 53243934

Regards

A handwritten signature in black ink, appearing to be 'R. Attard'.

Romuald Attard
Manager Litigation
Legal Office

TELEGRAMS: ENERMIN
TELEPHONE: 230243/235895
GENERAL LINE: 257863/349010
FAX: 349342/234732
E-MAIL: psmemd@energy.go.ug
IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO.



THE REPUBLIC OF UGANDA

Annex
ANNEX
MINISTRY OF ENERGY AND
MINERAL DEVELOPMENT
P. O. BOX 7270,
KAMPALA

ADM/187/385/01

17th October 2013

The Chairperson
Parliamentary Adhoc Committee on the Regularization of the Oil Sector
Parliament of Uganda
KAMPALA

**REQUEST FOR INFORMATION ON THE PROCESS OF PROCUREMENT FOR THE
MANAGEMENT OF THE GOVERNMENT FUEL RESERVES IN JINJA**

Reference is made to your letter Ref: AB287/481/01 and dated 14th October 2013 on the above-captioned subject.

The purpose of this letter is to avail you the enclosed write-up on the requested information.

A handwritten signature in black ink, appearing to read 'F.A. Kabagambe-Kaliisa'.

F.A. Kabagambe-Kaliisa
PERMANENT SECRETARY

c.c.: The Minister of Energy and Mineral Development

/Encl

RE: INFORMATION ON THE PROCESS OF PROCUREMENT FOR THE MANAGEMENT OF THE GOVERNMENT FUEL RESERVES IN JINJA

Background

Chairman and Honourable Members, the procurement process for refurbishment, restocking and management of Jinja Storage Tanks (JST) commenced in response to the Cabinet directive under Minute 8(CT 2009) that decided to handover the facility to Tamoil East Africa, so that it could be integrated into the Kenya-Uganda Petroleum Products Pipeline Project under Public- Private Partnership arrangement.

To effect the Cabinet decision and formally handover JST to Tamoil, the Ministry sought concurrence of the Public Procurement and Disposal of Public Assets Authority (PPDA) in order to accomplish single sourcing of the investor. PPDA authorized the Ministry to prepare a Public-Private Partnership (PPP) solicitation document in October 2009 and the document was prepared and sent out to Tamoil. The company responded and negotiations to finalize the transaction were embarked on. However, the process was stopped by PPDA in January 2010 when the Authority retracted the earlier authorization for direct sourcing of Tamoil as agreed by Cabinet. PPDA instead advised that a competitive procurement process be followed under PPP arrangement.

The Procurement Process

1. An open international bidding process for refurbishment, restocking, operation and management of JST was advertised in the Daily Monitor of 28/06/2011, Observer of 27-29/6/2011 and East African Business Week of June 27-July 3, 2011 as attached.
2. A pre bid meeting was held on 8/7/2011 and the bidding closed on 22/07/ 2011. A public bid opening was held at Amber House 4th floor on 22/07/2011. Only three companies had responded by close of bid submission, namely:
 - I. M/S Shell (U) Ltd
 - II. M/S Hared Petroleum (U) Ltd
 - III. M/s Kenlloyd Logistics (U) Ltd
3. The Bid evaluation was conducted between 12-27th July 2011 and M/S Hared Petroleum (U) Ltd emerged the best evaluated bidder. M/S Shell (U) Ltd and

KenlloydLogistics(U) Ltd failed at preliminary stage. Shell (U) Ltd had not presented a valid trading license and had also submitted certificate of incorporation for a different company; Uganda Shell Ltd. Kenlloyd Logistics(U) Ltd had no valid trading license and also had submitted insufficient evidence of operating petroleum storage depots.

4. Shell (U) Ltd and M/s KenlloydLogistics (U) Ltd who were not satisfied with the evaluation results requested for an administrative review. The accounting officer in accordance with section 90 of PPDA act and Regulation 346 of PPDA Regulations appointed an administrative review committee. The administrative review which was conducted between 4-7th October 2011 upheld the recommendations of the technical evaluation committee
5. Shell (U) Ltd appealed to PPDA which directed that the bid be re-evaluated without considering the trading license requirement. Re evaluation of the bids was conducted between 15th Nov. to 21th Dec., 2011. Kenlloyd Logistics (U) Ltd failed the preliminary evaluation, while Shell (U) Ltd and Hared Petroleum (U) Ltd were evaluated to the end. Hared Petroleum (U) Ltd emerged the best evaluated bidder due to the fact that Shell (U) Ltd had offered a concession fee of 750UGX per M³ throughput (0.75/= per litre) as compared to Hared Petroleum (U) Ltd offer of 12.5/= per litre throughput.
6. The contracts committee approved the evaluation report and a contract agreement for refurbishment, restocking, operation and management of JST was signed with Hared Petroleum (U) Ltd on 13th March 2012.
7. The facility was handed over to Hared Petroleum in April 2012 and has now commenced operations.

TELEGRAMS: ENERMIN
TELEPHONE: 230243/235895
GENERAL LINE: 257863/349010
FAX: 349342/234732
E-MAIL: psmemd@energy.go.ug
IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO.



THE REPUBLIC OF UGANDA

Annex 7
MINISTRY OF ENERGY AND
MINERAL DEVELOPMENT
P. O. BOX 7270,
KAMPALA

ADM/187/385/01

21st October 2013

The Chairperson
Parliamentary Adhoc Committee on the Regularization of the Oil Sector
Parliament of Uganda
KAMPALA

**RE: REQUEST FOR INFORMATION ON THE PROCESS OF PROCUREMENT FOR THE
MANAGEMENT OF THE GOVERNMENT FUEL RESERVES IN JINJA
Addendum**

Further to our letter Ref: ADM/187/385/01 dated 17th October 2013 on the above-captioned subject, this is to forward to you following particulars of the Directors of Kenilloyd Logistics (U) Ltd and Hared Petroleum Limited.

For Kennloyd Logistics (U) Ltd, the two (2) directors are: -

- 1) Mr. Albert Muganga, Executive Chairman.
- 2) Mr. John Masanda, Group Managing Director.

Those for Hared Petroleum Limited are: -

- 1) Mr. Musa Bashir Yusuf
- 2) Mr. Yahaya Yusuf
- 3) Mr. Hussein Yusuf

Hope this addendum furnishes you with the additional information you required on the matter.


Rev. Justaf Frank Tukwasibwe
For: **PERMANENT SECRETARY**

c.c.: The Minister of Energy and Mineral Development

Will Kenyan Superhighway also benefit China?

AGENCIES

Chinese companies are scouring Africa for resources to fuel a red-hot economy back home, but Beijing is interested in more than just what's underground.

In Kenya, which has few natural resources, the Chinese are building a massive highway and truck factory, and jockeying to construct a new port. Kenyans say it's all part of a broader Chinese strategy that is winning friends, opening markets and causing unease.

The highest profile project is the Thika Road superhighway. Three Chinese companies are building a 31-mile road from the Kenyan capital of Nairobi to the city of Thika. In some sections, it's 16 lanes across.

Peter Ngau, who teaches urban planning at the University of Nairobi, says East Africa has never seen anything like it.

"There's no comparison," he says. "It's a showpiece of the government."

Ngau says the highway will increase business and help expand the Kenyan economy. The road will help link Kenya to Ethiopia, a major regional economy with about 80 million people. Apartment buildings are already sprouting along the sides of the highway.

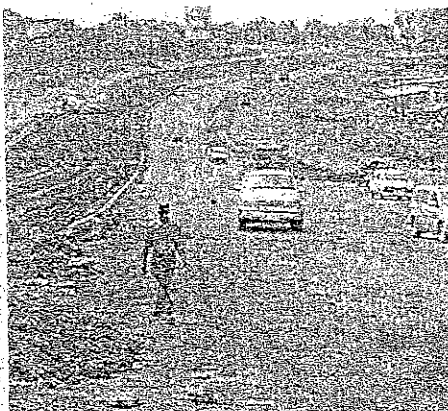
It's also expected to ease some of Nairobi's crippling traffic. It takes Ngau two hours to drive down the road to class each morning. When the highway is finished, he expects it will take him less than 40 minutes to get to work.

"A Gateway For Goods" Why are Chinese companies building this super-highway?

Aside from profit, Ngau says, the project is a means to a greater end for China.

"I think Chinese are trying to buy favor," he says. "One of the biggest challenges in African countries has been poor infrastructure. African people are happy with them, because the roads are better with the Chinese."

Chinese roads are not only building good will—they're also helping Chinese businesses pene-



A super-highway through Kenya is under construction

trate the continent. "China is seeing Kenya as a gateway to the East Africa community," says Joseph Kieyah, an economist with the Kenya Institute for Public Research and Analysis, a government think tank.

Kieyah says East Africa's economy is about \$75 billion. And, along with the economies of other countries on the continent, it's growing. The International Monetary Fund estimates that seven of the world's fastest-growing economies over the next five years will be in Africa.

China already does booming trade with Kenya. Between 2005 and 2009, Chinese exports here more than tripled to \$860 million. They include furniture, textiles and machinery.

Chinese Counterfeits Most of the Chinese products are genuine, but others are fake. Some end up in a storeroom in downtown Nairobi run by Kenya's anti-counterfeit agency. There are fake Yamaha electric guitars, fake Peavey drum sets and boxes of fake Staedtler pencils stacked nearly to the ceiling.

"The fakes from China are so rampant in Kenya," says Caspar Olwoch, an agency inspector. "Right now, if you walk through the streets of Nairobi, you will find so many fakes there."

As business ties between the two countries have grown, Chinese counterfeits have followed. Kenyan businesses estimate they

lose more than half a billion dollars annually to fakes—mostly Chinese. A.G.N. Kamau, the chairman of the anti-counterfeit agency, says he's written to the Chinese Embassy twice about the problem.

"But we haven't received any response up until now," he says.

Favored Status? Some businesses say Chinese companies get special treatment because China is so powerful. Steve Smith, the recently retired managing director of Eveready East Africa, says the Kenyan government gave a Chinese company a waiver several years ago. The waiver allowed the company to import batteries without paying a mandatory 35 percent duty.

Smith says he eventually persuaded the government to reverse the decision, but not before the Chinese company had taken a chunk of his market share. "We were in the 70 to 80 percent share," Smith says. "Now, we're below 50 percent."

Smith says that for years, Eveready had resisted automation to maintain employment levels.

"But once this happened, we said, 'This has to change,'" Smith recalled. "So we have automated our packing line and a lot of Kenyans lost their jobs because of it."

Smith says his company laid off more than 300.

Wildlife Poaching Like their products, the Chinese themselves are a growing presence in Kenya and much of Africa, and that's having an impact on

the country's signature resource: wildlife. Every few months, police at Kenya's Jomo Kenyatta International Airport seize smuggled shipments of elephant ivory.

"Most of the arrests have been of Chinese origin," says Patrick Omondi, head of species conservation and management with the Kenya Wildlife Service.

Police caught a Chinese man in late April traveling through the airport with more than 200 pounds of ivory. Omondi says Kenya has been hesitant to raise the issue with the Chinese Embassy.

"It will be sensitive, because we are looking for help from China on so many things," Omondi says.

NER made repeated calls and sent texts to the embassy in Nairobi to discuss China's role in Kenya. Embassy officials

never responded.

Esmond Bradley Martin, who studies the trade in elephant ivory and rhino horn, says both animals are increasingly in danger because prices and

demand are growing as China's economy expands.

"Horns have been appearing in London at these natural history sales," says Martin, "and before, the price used to be quite low. And now they're paying up to a \$100,000 for a pair of black rhino horns."

Martin says Chinese buy rhino horn to use as a traditional medicine to lower fever.

With the Chinese economy growing at 9 to 10 percent, now average Chinese can afford to buy rhino horn," he adds.

Chinese and Vietnamese demand for rhino horn is now so strong at least one private reserve in Kenya gave its remaining rhinos

to the government. The owner said she could no longer afford to protect the animals from poachers.

Pros And Cons From the grasslands to the highways, China casts a long shadow here, but what is China's ultimate impact?

"Overall, I think it's a positive influence," says Ngau, the urban planning professor.

Many Kenyans seem to agree. Chinese demand is helping to drive poaching and Chinese fake products are costing jobs. But people here say the Chinese are doing something Kenyans themselves never could: build a modern transport system. Kenyans hope the new roads will help lift up a country that's still relatively poor and improve ordinary lives.

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REPUBLIC OF UGANDA

Ministry of Energy and Mineral Development (MEMD)

RE-ADVERTISEMENT FOR THE REFURBISHMENT, RESTOCKING, OPERATION AND MANAGEMENT OF GOVERNMENT PETROLEUM STRATEGIC RESERVE FACILITY AT JINJA, UNDER PUBLIC-PRIVATE PARTNERSHIP UNDER INTERNATIONAL OPEN BIDDING

MEMD/SC/VS/2009-2010/00592/PSD

- The Ministry of Energy and Mineral Development (MEMD) maintains the Government Strategic Reserve facility at Jinja. The facility is composed of three tanks each with capacity of 10 million litres and firefighting equipment. The Storage tanks were commissioned in 1986 and a new firefighting equipment was installed in 2002. The facility is used for storage of Government strategic reserves and for hospitality storage by private companies at a fee. Having been installed in the 1980s, the facility requires refurbishment. The MEMD is in the process of streamlining the operations of the Government Strategic Reserve facility at Jinja. The Ministry proposes to engage an operator for a period 10 (Ten) years to refurbish, restock, operate and manage the facility. The concession period excludes the refurbishment period of six months. In this arrangement, two (2) storage tanks will be stocked with twenty (20) Million litres of Diesel (AGO) while One (01) tank will be stocked with ten (10) Million litres of Petrol (PMS).
- The Entity invites sealed bids from eligible firms (including Joint Ventures and Consortia) that have relevant experience in operations of petroleum depots for at least Three (3) years in Uganda and/or outside the country are requested to submit their proposals.
- Bidding will be conducted in accordance with the open international bidding procedures contained in the Public Procurement and Disposal of Public Assets Act, 2003, BUT for a limited time frame of fifteen working days and is open to all bidders.
- Interested eligible bidders may obtain further information and inspect the bidding documents at the address given below at 8(a) from 8.00 am - 5.00 p.m.
- The Bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below at 8(b) and upon payment of a non-refundable fee of UGX. 100,000= (One hundred thousand only).
- Bids must be delivered to the address below at 8(c) or before 11: 00 am, 22nd July 2011. All bids must be accompanied by a bid security of 20,000,000 Shillings or an equivalent amount in a freely convertible currency. Late bids shall be rejected. Bids will be opened in the presence of the bidders' representatives who choose to attend at the address below at 8(d) at 11:15am, 22nd July 2011.
- There shall be a pre-bid meeting and Site visit at Government Petroleum Storage tanks facility located at Mulowa Road, Jinja on the 8th July 2011.
- (a) Documents may be inspected at The Ministry's Procurement Unit, Amber House, 1st floor, room C109.
- (b) Documents will be issued from The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C109.
- (c) Bids must be delivered to The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C109.
- (d) Address of Bid Opening: Ministry's Boardroom on 4th Floor, Amber House at 11: 15 am on the closing date.
- The planned procurement schedule (subject to changes) is as follows:

Activity	Date
a. Publish bid notice	27th June 2011
b. Site visits/Pre-Bid meeting	8th July 2011
c. Bid closing date	22nd July 2011
d. Evaluation process	5th August 2011
e. Display and communication of best evaluated bidder notice	19th August 2011
f. Contract award and signature	26th August 2011

[Signature]
Ministry of Energy and Mineral Development

FEATURE

New outfit opens in Fort Portal

BY RACHEAL NINSIIMA

Growing up anywhere brings its share of problems, but in a developing country like Uganda, the struggle for many children, is beyond imagination. Poverty, poor nutrition and the proliferation of AIDS have dramatically impacted children in Uganda.

For instance, more than two million people, mostly children, are orphans. 43% of them having lost their parents to AIDS. An estimated 124,000 people, including 30,000 newborns, were infected with HIV last year in Uganda, according to statistics from various reports compiled by the Ministry of Health and United Nations agencies.

But amidst this seemingly bleak situation, there is hope for Uganda's children. Like a purple moon across a deathly dark cloudy sea, so are SOS villages in Uganda: hope to the suffering children.

The SOS Children's Villages International was officially commissioned in Uganda on May 19, May 2009 to care for 150 children who do not have parental care. SOS Children's Villages Uganda has grown to realize proficient child-centred programmes in Kakiri, Entebbe, Gulu and now Fort Portal.

The organization, in partnership with the National Council for Children and Makerere University, conducted research on the parental care situation in Uganda in 2008. It was discovered that 15% of children are orphans and 86% of these live in rural areas, with hardly any hope of a bright future.

ONE ORPHAN'S STORY

When he arrived at the Entebbe SOS village, one of the organisation's older programmes, John, who was traumatized, had a blank stare and would not speak. He was severely malnourished. Looking at him today as he sits with his SOS siblings, one would never guess the agony and trauma he suffered in his first years of life.

"When SOS Children first

Orphans find a home, hope in SOS villages



Happy kids

found him, he could not talk; he had a very big tummy, jiggers all over him and was shaking like he had a fever. The father didn't care - he didn't even know John's other name. It was as if everyone was waiting for John to die," says Ruth Kato, the Entebbe village director.

She adds that the doctor prescribed treatment for jiggers and discovered he also had malaria. His new SOS mother, Mary, said he could not eat properly because of the jiggers. He also had bad nose bleeds. "John is now gaining confidence and he can ably answer questions, hold a pencil and is doing well in school," Mary says.

SOS VILLAGES MAKING A DIFFERENCE

The organization recently opened a programme in Fort Portal. The new SOS village is home to 150 children from the devastated areas of western Uganda, including the districts of Kamwenge, Bundibugyo, Kasese, Kyenjojo and Kyegegwa, among others. The 150 children were brought in from Toro Babies Home, Potters Village in Kisoro and Ibanda Babies Home.

"Due to the high number of maternal deaths in the Rwenzori areas, most of the children have been found abandoned at police stations and hospitals. Most of their caretakers are unable to provide them with a secure living and there is no one to take care of them, so we take them up," says Sarah Nayiga, child and youth development coordinator with the NGO.

SOS Children's Villages -

Uganda is a family strengthening programme aimed at addressing every aspect of a child's healthy development, including education and healthcare, through empowering their caregivers.

The programme enables children that have lost the care of their family to grow within a caring family environment, and encourages them to establish AIDS clubs in and out of school.

"The teacher creates conditions to facilitate learning, not only teaching but also welfare. For example, children are given food at school to ensure that they concentrate," says Joseph Wanyama, the principal of the SOS educational facility in Kakiri.

Young people, especially girls, are considered to be a high-risk group for HIV infection. The ultimate goal of the SOS initiative is for young people to adopt safe sexual behaviour and protect themselves from abuse and exploitation.

"We see it as our prime responsibility to create HIV/AIDS awareness in every child and family, who we try to reach through different channels and peer groups," Nayiga explains.

The villages also organize special training for teachers to guide and support children in forming clubs. These clubs provide a forum where children can speak openly about the impact of HIV and AIDS on their lives.

"They are empowered to organize themselves, voice their opinions on issues that affect them and make positive contributions to their community. The children also organize HIV/AIDS outreach sessions in the form of

songs, dances, and drama to reach people in remote communities, as well as illiterate people," Nayiga adds.

Three years since it was commissioned, SOS Children's Villages - Uganda


is now reaching out to more than 2,500 children through alternative family-based care within the children's villages, primary and secondary schools, medical centers (for general healthcare), SOS social centres and community family outreach programmes.

Presently, the organisation has three children's villages in the country, a youth facility, three kindergartens and social centres, a Hermann Gmeiner School and two medical centres.

The organisation works directly with families and communities to empower them to effectively protect and care for their children, in cooperation with local authorities and other service providers. Activities are mostly funded by donors in Germany, Austria and Norway. However, Nayiga says, they also raise funds locally from individuals who contribute Shs 20,000 each month.

SOS, in an effort to facilitate the Fort Portal campaign, aims at reaching more 600 children. Contribution points have been opened at Uchumi, Nakumatt and Capital Shoppers supermarkets in Kampala.

ninsiima@observer.ug




MINISTRY OF ENERGY AND MINERAL DEVELOPMENT (MEMD)

RE-ADVERTISEMENT FOR THE REFURBISHMENT, RESTOCKING, OPERATION AND MANAGEMENT OF GOVERNMENT PETROLEUM STRATEGIC RESERVE FACILITY AT JINJA, UNDER PUBLIC-PRIVATE PARTNERSHIP UNDER INTERNATIONAL OPEN BIDDING

Ministry of Energy and Mineral Development (MEMD) MEMD/SRV/CS/2009-2010/00592/18-D

- The Ministry of Energy and Mineral Development (MEMD) maintains the Government Strategic Reserve facility at Jinja. The facility is composed of three tanks each with capacity of 10 million litres and firefighting equipment. The Storage Tanks were commissioned in 1988 and new firefighting equipment was installed in 2002. The facility is used for storage of Government strategic reserves and for hospitality storage by private companies at a fee. Having been installed in the 1980s, the facility requires refurbishment. The MEMD is in the process of streamlining the operations of the Government Strategic Reserve facility at Jinja. The Ministry proposes to engage an operator for a period of 10 (ten) years to refurbish, restock, operate and manage the facility. The concession period excludes the refurbishment period of six months. In this arrangement, two (2) storage tanks will be stocked with twenty (20) Million litres of Diesel (AGO) while One (01) tank will be stocked with ten (10) Million litres of Petrol (PMS).
- The Entity invites sealed bids from eligible firm(s) including Joint Ventures and Consortia that have relevant experience in operations of petroleum depots for at least three (3) years in Uganda and/or outside the country to submit their proposals.
- Bidding will be conducted in accordance with the open international bidding procedures contained in the Public Procurement and Disposal of Public Assets Act, 2003. Bidding for a limited time frame of fifteen working days and is open to all bidders.
- Interested eligible bidders may obtain further information and inspect the bidding documents at the address given below at 8(a) from 8:00 am - 5:00 p.m.
- The Bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below at 8(b) and upon payment of a non-refundable fee of UGX. 100,000= (One hundred thousand only).
- Bids must be delivered to the address below at 8(c) at or before 11:00am, 22nd July 2011. All bids must be accompanied by a bid security of 26,000,000 Shillings or an equivalent amount in a freely convertible currency. Late bids shall be rejected. Bids will be opened in the presence of the bidders' representatives who choose to attend at the address below at 8(d) at 11:00am, 22nd July 2011.
- There shall be a pre-bid meeting and Site visit at Government Petroleum Storage Tanks facility located at Mulibwa Road, Jinja, on the 8th July 2011.
- (a) Documents may be inspected at: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C 109.
- (a) Documents will be issued from: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C 109.
- (c) Bids must be delivered to: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C 109.
- (d) Address of Bid Opening: Ministry's Boardroom on 4th Floor, Amber House at 11:15 am on the closing date.
- The planned procurement schedule (subject to changes) is as follows:

ACTIVITY	DATE
a. Publish bid notice	27th June 2011
b. Site visits / Pre-Bid meeting	8th July 2011
c. Bid closing date	22nd July 2011
d. Evaluation process	5th August 2011
e. Display and communication of best evaluated Bidder notice	15th August 2011
f. Contract award and Signature	28th August 2011


 Eng. Paul Mubiru
 For: PERMANENT SECRETARY

advent



P.O. Box 7525
Kampala,
Uganda
Plot 10 Hannington Rd

Phone: +256 41-233433/4
Email: transco@uetcl.com

UGANDA ELECTRICITY TRANSMISSION COMPANY LTD

Bid Notice-Invitation for Bids (IFB)

TENDER FOR THE SUPPLY OF INDUSTRIAL 3 PHASE AIR CONDITIONERS

PROCUREMENT REFERENCE NUMBER: UETCL/SUPPLS/2011/00052

a Uganda Electricity Transmission Company Limited (UETCL), the Procuring and Disposing Entity, has allocated funds towards the acquisition of Industrial 3 Phase Air Conditioners.

UETCL now invites sealed bids from eligible bidders for the supply of Industrial 3 Phase Air Conditioners.

Bidding will be conducted in accordance with the Open Domestic Bidding procedures contained in the Government of Uganda's Public Procurement & Disposal of Public Assets Act, 2003 and are open to all bidders from eligible source countries.

Interested eligible bidders may obtain further information from UETCL and inspect the bidding documents at the address below at 5(a) from 0900hrs to 1800hrs Monday to Friday.

A complete set of Bidding Documents in English may be purchased by interested bidders on the submission of a written application on their Company Letter Head to the address below at 5(a) and upon payment of a non-refundable fee of UGX 100,000 only. The method of payment will be either cash or bank Draft (in the names of Uganda Electricity Transmission Company Limited), at UETCL Cash Office/ Ground Floor Plot 10- Hannington Road, Opposite Serena Hotel Staff Gate, Persohal.

The documents are to be from the address below at 5(a).
Bids delivered to the address below at 5(a) at or before 11:00am on 22nd August 2011. The bids must be accompanied by Bid Security as follows:
(i) UGX 750,000 (Uganda Shillings Seven Hundred and Fifty Thousand)

Late bids shall be rejected. Bids will be opened in the presence of Bidders' representatives, who choose to attend at the address below at 5(b) at 11:15am on Wednesday 23rd August 2011. Bids should be valid for a period of 120 Calendar days from the date of bid opening.

5. (a) Solicitation documents may be inspected and will be issued at:
Uganda Electricity Transmission Company Limited
Plot 10 Hannington Road - Opposite Serena Hotel
Procurement Office - Ground Floor
Tel: +256 414 233433/4
Fax: +256 414 341789
Email: procurement@uetcl.com

(b) Bids should be submitted in person to the same address above. A receipt will be issued for bids received before the deadline.

6. Address for Bid opening:
Uganda Electricity Transmission Company Limited
Plot 10 Hannington Road - Opposite Serena Hotel
Ground Floor, UETCL Common Room

7. The planned procurement schedule, subject to changes is as follows:

ACTIVITY	DATE
1. Publish bid notice	24 th June 2011
2. Pre-bid meeting/Site visits where applicable	Not Applicable
3. Bid closing date	03 rd August 2011
4. Evaluation process	17 th August 2011
5. Display & Communication of best evaluated bidder notice	28 th August 2011
6. Contract Award & Signature	16 th September 2011

UETCL IS NOT BOUND TO ACCEPT THE LOWEST BID OR ANY BID.
MANAGEMENT



PROVISION OF MEDICAL SERVICES CMA/SRVS/11- 12/00005

- The Capital Markets Authority (CMA) has allocated funds to be used for the acquisition of medical services for staff.
- The CMA invites sealed bids from eligible bidders for the provision of medical services.
- Bidding will be conducted in accordance with the open domestic bidding procedures contained in the Government of Uganda's Public Procurement and Disposal of Public Assets Act, 2003, and is open to all bidders from eligible source countries.
- Interested eligible bidders may obtain further information from CMA and inspect the bidding documents at the address given below at 7(a) from 8:30am to 5:00pm on working days.
- A complete set of Bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below at 7(b) and upon payment of a non-refundable fee of UGX 50,000 (Uganda Shillings Fifty Thousand only). The method of payment will be cash. The document shall be collected by the bidders or their representatives from CMA office at the address below at 7(b). No liability will be accepted for loss or late delivery.
- Bids must be delivered to the address below at 7(c) at or before 11:00 am on 08th August 2011. Late bids shall be rejected. Bids will be opened in the presence of the bidders' representatives who choose to attend at the address below at 7(d) at 11:15am on 08th August 2011.

ACTIVITY	DATE
a. Publish bid notice	28 & 30 June 2011
b. Pre-Bid Meeting	Not applicable
c. Bid closing & opening	08 August 2011
d. Evaluation process	09 August 2011
e. Display and communication of best evaluated bidder notice	15 August 2011
f. Contract award and signature	31 August 2011

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MINISTRY OF ENERGY AND MINERAL DEVELOPMENT (MEMD)

RE-ADVERTISEMENT FOR THE REFURBISHMENT, RESTOCKING, OPERATION AND MANAGEMENT OF GOVERNMENT PETROLEUM STRATEGIC RESERVE FACILITY AT JINJA, UNDER PUBLIC-PRIVATE PARTNERSHIP UNDER INTERNATIONAL OPEN BIDDING

MEMD/SRVGS/2009-2010/00592/PSD

1. The Ministry of Energy and Mineral Development (MEMD) maintains the Government Strategic Reserve facility at Jinja. The facility is composed of three tanks each with capacity of 10 million litres and firefighting equipment. The Storage Tanks were commissioned in 1988 and a new firefighting equipment was installed in 2002. The facility is used for storage of Government strategic reserves and for hospitality storage by private companies at a fee. Having been installed in the 1980s, the facility requires refurbishment.

The MEMD is in the process of streamlining the operations of the Government Strategic Reserve facility at Jinja. The Ministry proposes to engage an operator for a period of 10 (ten) years to refurbish, restock, operate and manage the facility. The concession excludes the refurbishment period of six months. In this arrangement, two (02) storage tanks will be stocked with twenty (20) Million litres of Diesel (AGO) while One (01) tank will be stocked with ten (10) Million litres of Petrol (PMS).

2. The Ministry invites sealed bids from eligible firm(s) including Joint Ventures and Consortia that have relevant experience in operations of petroleum depots for at least Three (3) years in Uganda and/or outside the country are requested to submit their proposals.

3. Bidding will be conducted in accordance with the open international bidding procedures contained in the Public Procurement and Disposal of Public Assets Act, 2003, BUT for a limited time frame of fifteen working days and is open to all bidders.

4. Interested eligible bidders may obtain further information and inspect the bidding documents at the address given below at 8(a) from 8:00 a.m. - 5:00 p.m.

5. The Bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below at 8(b) and upon payment of a non-refundable fee of UGX 100,000 (one hundred thousands only).

6. Bids must be delivered to the address below at 8(c) at or before 11:00am, 22nd July 2011. All bids must be accompanied by a bid security of 20,000,000 Shillings or an

equivalent amount in a freely convertible currency). Late bids shall be rejected. Bids will be opened in the presence of the bidders' representatives who choose to attend at the address below at 8(d) at 11:15am, 22nd July 2011.

7. There shall be a pre-bid meeting and Site visit at Government Petroleum Storage Tanks facility located at Mutibwa Road, Jinja, on the 8th July 2011.

8. (a) Documents may be inspected at: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C109.

(b) Documents will be issued from: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C109.

(c) Bids must be delivered to: The Ministry's Procurement Unit on plot 29/33 Kampala Road, Amber House, 1st floor, room C109.

(d) Address of Bid Opening: Ministry's Boardroom on 4th Floor, Amber House at 11:15 a.m. on the closing date.

9. The planned procurement schedule (subject to changes) is as follows:

Activity	Date
a. Publish bid notice	27 th June 2011
b. Site visits where applicable	8 th July 2011
c. Bid closing date	22 nd July 2011
d. Evaluation process	5 th August 2011
e. Display and communication of best evaluated bidder notice	19 th August 2011
f. Contract award and Signature	26 th August 2011

Permanent Secretary



THE REPUBLIC OF UGANDA

OFFICE OF THE PRESIDENT

PARLIAMENT BUILDING P.O BOX 7168 KAMPALA, TELEPHONES: 254881/6, /343934, 343926, 343943, 233717, 344026, 230048, FAX: 235459/256143
Email: secretary@op.go.ug, Website: www.officeofthepresident.go.ug

NS.249/02

October 29, 2013

Hon. Werikhe Kafabusa Michael
Chairperson
Parliamentary Adhoc Committee on the Regularization
of the Oil Sector

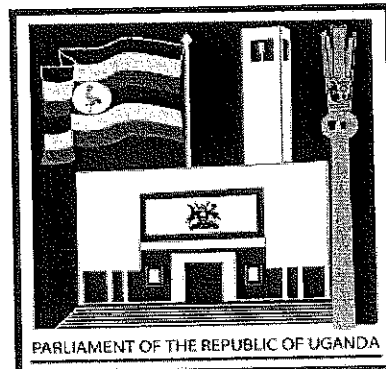
RE: MR. EDWARD KABUCHU

Reference is made to your letter of ref. AB287/481/01 dated
14th October, 2013.

This is to confirm that the above mentioned worked with
ESO from 1st February, 1992 to 1st August, 1993 when he
resigned from the organization.


Wilson Muruli Mukasa
MINISTER FOR SECURITY

PARLIAMENT OF UGANDA



Chibwe
This report must be
passed for the white man only
19/11/81



MINORITY REPORT ON THE INVESTIGATION INTO THE OIL
AND GAS SECTOR BY THE PARLIAMENTARY AD HOC
COMMITTEE IN RESPECT OF THE REGULATION OF THE OIL
AND GAS SECTOR AND OTHER MATTERS INCIDENTAL
THERE TO

NOVEMBER 2013

the

1.0 INTRODUCTION

This report is prepared pursuant to Rule 194(1) of the Parliamentary Rules of Procedure, which permits a dissenting member of a Committee to state in writing the reasons for his/her dissent.

Having participated with keen and utmost interest and dedication in the proceedings of the Committee, and having read the Majority Report of the Committee, we are convinced that the main Report has omitted several material and important issues that should have been brought out for the attention of the House and for the better management of the Oil and Gas sector. This after all is the overarching objective in the terms of reference.

We therefore offer, in this Minority Report, the reasons for our dissent in the hope that it will provide to the House a perspective which will be useful in dealing with the Report of the Committee and our dealings as a country in the Oil and Gas sector.

At the first submission of the Minority Report by Hon Cecilia Ogwal Barbara, during the Committee retreat in Jinja, to consider its findings, her views substantially enriched the work of the committee. Some of the recommendations of the initial draft of the Minority Report were adopted and included in the majority report. However, we were compelled to bring to the House, in this Minority Report, the issues that we consider important but not adopted and incorporated in the Majority Report.

The terms of reference of the Committee and its composition are captured in the main Committee Report. The methodology adopted by the Committee, list of documents reviewed, people and organisations interviewed are also captured in the Majority Report of the committee. We will make reference to them only to the extent to which we dissent.

2.0 SETTING UP AND PRELIMINARIES OF THE COMMITTEE

On October 27, 2011, an Ad Hoc Committee was constituted to investigate into Uganda's oil and gas sector with respect to how it can be regularized and other matters incidental thereto.

The committee was mandated by a resolution of parliament adopted on October 11, 2011, following a special sitting of parliament convened on October 10-11, 2011. The committee proceeded to do its work culminating into presenting this Report to this House after two years instead of three months. This delay was inordinate.

But this inquiry is of immense importance to both Parliament and the public at large. It is an opportunity for the country to right the wrongs, if any, and set the basic principles that will govern the

nascent oil and gas sector. The expected achievement of that objective is reflected in both the broad terms of reference of the Committee and also the bipartisan consensus reached at the parliamentary debate that created this Committee.

At the onset of the Committee work, Hon. Ogwal shared a hilarious but meaningful joke with the colleagues. She told them that when a lion snatches a goat and the goat owner continues to pursue the lion, soon the lion will realize just how fat the goat owner is compared to his already dead catch. The Lion would then drop the goat to pursue the fatter goat owner. In the end the lion would have both the goat and the goat owner. She told of how it would be a viable option for the goat owner to tend and provide security to the remaining goats to protect them from the next time the lion returns, as it sure would.

The moral basis of this joke is the premise of our firm conviction that it is better to come up with recommendations that will improve the management of the oil and gas sector even if we fail to catch a single thief in this inquiry.

Rt. Hon. Speaker, the issues we address in this Minority Report are the followings,

- Failure to diagnose the pitfalls that led to the suspicions and subsequent allegations of bribery and abuse of office by Senior Government officials.
- The duality of the role of the Chairperson of the Committee.
- The excessive time lag of presenting the report.
- Total dependence of the Committee on the Executive agencies rendered the investigations futile and wasteful.
- Omission of the serious diversionary effect of the constitutional petition on the investigation process by one Mr. Twinobusingye Siverino from Kanungu.
- The role of the Attorney General.
- Failure of Government to join the Extractive Industries Transparency Initiative (EITI)
- Role of the Bank of Uganda in the management of oil revenue.
- Land rights and compensation of the indigenous people in the oil areas.
- Presidential directives vis-à-vis public procurement and disposal of Assets Rules.
- The issue of front men in business transactions
- Sourcing for jobs for family members.

3.0 DIAGNOSE THE PITFALLS

Right Hon. Speaker, the Executive developed and promulgated a National oil and Gas policy in 2008. The committee acknowledged the

tremendous job done by our public officials in drafting and promulgating the policy. In the policy, Hon Speaker, the government of Uganda among other things committed itself to;

- Develop and present to Parliament Laws to govern the oil and gas sector as it was acknowledged that the hitherto legal regime was not configured to ensure the proper governance of the sector.
- Create appropriate institutions that clearly define, mandate and highlight government responsibilities covering all aspects of governance and management of the sector.
- Initiate and complete the process of Uganda's subscription to the Extractive Industries Transparency Initiative (EITI)
- Ensure full participation of Ugandans including civil society, the private sector and cultural institutions in the decision-making processes in the management of the oil and gas sector.
- Ensure transparency and accountability in the conduct of business within the sector.

It is important to recognize that by the time of the special sitting of parliament, in October 2011, a substantial part of the policy had not been implemented by the Government. Yet, Government had gone ahead to sign Production Sharing Agreements (PSAs) and issue out several licenses for exploration activities. Even though government acknowledged the inadequacy of the obtaining laws in catering for the contemporary issues in the sector, it went ahead to issue licenses and sign PSAs under the very laws.

Three years after passing the policy (2008 to 2011) the laws proposed under the policy had not been passed, the proposed new institutions had not been created; above all, the secrecy with which transactions in the oil sector were being conducted raised an alarm both among the members of parliament as well as the general public.

The continued transactions in the sector between the Government of Uganda and oil companies without a strong legal framework to govern the sector lend credence to the suspicions of dubious dealings.

Right Hon. Speaker, the secrecy and general lack of transparency in the oil and gas sector, coupled with widespread allegations of corruption involving senior cabinet ministers provided the perfect breeding ground for mutual suspicion between the Executive and the Legislature on the one hand and between Government and citizens on the other. It is against this background that the special sitting of parliament was petitioned for by Hon. Theodore Ssekikubo, Hon.

Winfred Niwagaba, Hon. Gerlad Karuhanga, Hon Abdu Katuntu and others.

This background information, however brief, should have been the foundational facts upon which the Committee should have premised its Report.

3.1 OBSERVATION

Rt. Hon Speaker, the bipartisan petition received overwhelming support from members of Parliament, the media and general public. The special sitting of parliament took place on October 10-11, 2011 and adopted wide-ranging resolutions including a resolution to establish an Ad Hoc Committee as follows:

Paragraph 9: Provide that,

- a) Parliament sets up an Ad hoc committee to investigate claims and allegations of bribery in the oil and gas sector, and report back to parliament within three months.
- b) Members to be named on the Ad hoc Committee must observe high moral standards while considering the above assignment.

Right Hon. Speaker and members, for the government to formulate the oil and Gas policy in 2008 and put it on the shelves and yet continued transactions in the sector without a strong legal framework could only have been a manifestation of a deliberate attempt to create a restriction-free environment for easy manipulation, hence create fertile ground for institutionalized corruption. The dealings in the sector were high stakes; huge sums of money involved yet shrouded in secrecy and carried out under a law that even Government admits was weak.

Despite the great expectation by the Honorable members and the public from the committee, we believe that the Committee failed to properly lay down the ground for this inquest and it is absolutely important to put both the inquiry and report into that context.

Rt. Hon Speaker, for the committee to be able to audit and address the allegations of corruption, it ought to have audited not just financial transactions but also decision-making processes that occurred at the time of the transactions. While meeting with Hon. Hilary Onek, he informed the Committee that he had written to Heritage Oil and Gas Company to prepare to hand back to Government their exploration interest in Exploration area 3A, in accordance with 1985 Petroleum Exploration production Act. However this did not happen, instead of handing over the interest as directed by the Minister, Heritage went ahead to sell its (non-existing) interest to Tallow.

To cover this dealing, Tallow Oil signed an MOU with Government which was not provided for in the Act nor in the 2008 policy. Technically this was a transaction based on "air"

It is our firm belief that the Committee did not address it self to the decision making processes in the investigations. Rather it concentrated on tracking trails of cash transactions. This set the wrong or inadequate premise of the investigations and could have only led to a distorted picture of the facts of what occurred.

RECOMMENDATIONS

- **Rt. Hon. Speaker, this honorable House should focus on improving the system of oil and gas management so that we plug and seal off possible avenues that could be exploited by any official or individual to the detriment of the citizens of Uganda.**
- **In order to be able to do that, the House needs to conduct an audit of transactions and decision making processes that preceded the enactment of the current laws governing the sector, and all the transactions undertaken with a view of remedying the shortfalls and recovering the monies lost**

4.0 COMPOSITION OF THE AD HOC COMMITTEE

Right Hon. Speaker, the Ad Hoc Committee was constituted on October 27, 2011 comprising of the following members:

- a) Hon Kafabusa Werikhe Micheal - Chairperson
- b) Hon. Atim Ogwal Cecillia Barbara – Member
- c) Hon. Kyanjo Hussein – Member
- d) Hon. Birigwa Julius Junjura – Member
- e) Hon. Tashobya Stephen – Member
- f) Hon. Kwiwucwiny Grace Freedom – Member
- g) Hon. Matte Joseph Sibalinghana – Member

We have no doubt about the integrity of the members of the Committee but had serious reservations of the choice of its Chairperson. Rt. Hon. Speaker, you will recall that Mrs. Ogwal raised this issue together with Hon Kyanjo on the 27th October 2011 in the Speakers' Board Room when the Committee was being flagged off by you. The Committee Chair at the time of his appointment was also the Chair of the Natural Resources Committee of Parliament which supervises the Ministry of Energy. The House will recall that until the last elections, the Chairperson served as Minister of State in various portfolios including that of Energy.

While we have no doubt he chaired the committee well, he would have served the Committee best as a witness other than its Chair given that as a Natural Resources Committee Chair and former Minister of State for Energy, certain information could have been in his possession or he could have taken certain decisions that would have been best divulged to the Committee as a witness.

Chairing the Committee put Hon. Werikhe Michael in an awkward and compromising position, given the nature of the subject matter under investigation by the Committee

4.1 THE DUALITY OF ROLE OF THE CHAIRPERSON OF THE COMMITTEE

Rt. Hon. Speaker, as mentioned above, Hon. Werikhe was a former minister who served as a cabinet Minister in the Ministry of Energy. The allegations under investigation were against Cabinet Ministers, the immediate former colleagues with whom certain decisions were made and with whom he bore collective responsibility for the decisions made, this raised the question of conflict of interest.

Right Hon. Speaker, the development and good governance of Oil and Gas resources in Uganda is better served by a parliament that can discharge its oversight functions without fear, favour or prejudice. We believe that in the present case, the work of the Ad Hoc Committee was negatively impacted upon by the dual functions of the Committee Chairperson and his association with the former cabinet colleagues who were the subject of the investigation. However well Hon. Werikhe steered the Committee, this background blights the outcome of his work.

- It is interesting to note that during the investigation, under the same Chairperson, two bills were tabled, debated and passed with controversial clauses and in controversial circumstances.
 - Bill 2012, "The Petroleum, Refining, Gas processing and conversion, transportation and storage".
 - Bill 2012, "The Petroleum Exploration, Development and production".

Despite strong demands from Parliament since 2009 to bring oil and gas bills, the Government never responded. But after the Parliamentary resolution of 11th October 2011 the two bills were rushed for debate and were passed with some controversial clauses such as Clause 9(1), which stipulates that a person shall not contract or operate the following crude oil facilities without the license issued by the minister; Clause 10(1), stipulates that an application for the

license under sub-section 9 shall be made to the minister in a manner prescribed by the regulations.

Rt. Hon. Speaker, we cannot go back to re-open a debate which has already been closed, but it is important to note that the functions of the minister which include;

- Granting and revoking licenses
- Initiating, developing and implementing oil and Gas policy
- Negotiating and endorsing petroleum Agreements.

All the above functions of the minister confirm maintenance of the status quo, which caused concern to members of parliament and the public. It is for this reason that Parliament in its wisdom had proposed that these functions of the minister be carried out by the Authority instead of an individual.

Rt. Hon. Speaker, this House has a right to ask the chairperson of the Committee to disclose how many workshops of his Committee on Natural Resources were held and funded by the Ministry of Energy during the consideration of the two bills, and during the investigation of allegation of bribery.

Our concern is that both bills were debated and passed under the Chairmanship of the same person who was also the Chairperson of the oil Investigation committee during the period of investigation, and who willingly accepted funding from the Ministry of Energy for numerous workshops convened to discuss the two bills.

We believe that effective oversight, rooted in an effective system of checks and balances, is the basic foundation for good governance of Oil and Gas in our country. The current assignment, where the chairperson of the Ad Hoc Committee who is also the Chairperson of the Committee of Natural Resources and a former Minister of State for Energy ministry, is clearly against the basic rules of disclosure of interest and conflict of interest.

RECOMMENDATIONS

- **It is our sincere view that when an opportunity comes in future for such investigations; members of the probe committee should not directly or indirectly be involved in the sector being investigated.**
- **In order to have public confidence in the legislature and its committees, members of the committee must be afforded a chance to declare any interest they may have and in the event of non-disclosure or false disclosures, appropriate**

sanctions be provided for in the Parliamentary Rules of Procedure.

5.0 EXCESSIVE TIME LAG IN PRESENTING THE REPORT OF THE COMMITTEE

Right Hon. Speaker, the Committee commenced its business on November 1, 2011. It is important to recognize that the Committee was mandated to report back to Parliament within 90 days from the date of the parliamentary resolution. The Committee was able to work on the final report in October 2013 exactly two years since it was established.

Regardless of the reasons for delay, we are concerned about the time lag just to emphasize that as Parliament, it is important that we are able to hold ourselves accountable when we set rules to guide the conduct of legislative business. This delay in reporting back to Parliament within the prescribed time frame, given the gravity of the issues that were the subject of the inquiry, is a strong indictment of the Committee and blights the credibility of this Honorable House and above all the Report itself.

Rt. Hon. Speaker, the overall mandate of the Committee is set out in the main Report under the section of Terms of Reference and we will therefore not belabor to restate them in detail. In summary, the Committee's mandate covers a wide range of issues including;

- Investigating the bribery allegations against Rt. Hon John Patrick Amama Mbabazi, Hon. Kutesa Kahamba Sam and Hon. Hilary Onek;
- Examining the process of avenue of hiding costs and passing that cost to Ugandans,
- Scrutinizing and ascertaining all revenues received by Government from the industry;
- Examining the extent to which Government has adhered to other resolutions of parliament regarding oil and other matters.

6.0 INADEQUATE DEPTH AND WIDTH OF THE INVESTIGATION

Rt. Hon. Speaker, the committee did not cover these areas adequately to guide the decisions of parliament in this regard for the following reasons:

- The procurement system employed by the industry still leaves the industry the freedom to choose to buy from any sources regardless of the prices and without involving the Public Procurement and Disposal of Public Assets Authority. This is a direct avenue to hide COSTS and cheat Ugandans in profit sharing arrangement.

- There is no mechanism for scrutinizing the salaries and wages cost component to avoid hiding costs.
- The Committee failed to highlight very important testimonies given by Hon. Hillary Onek. Mr. Onek confided to the Committee that the transfer of ownership from Heritage to Tullow was done "illegally" by bureaucrats behind his back, he further made a request to the committee to interview him in camera to provide further information with regard to transactions handled by the ministry not in compliance with the law.

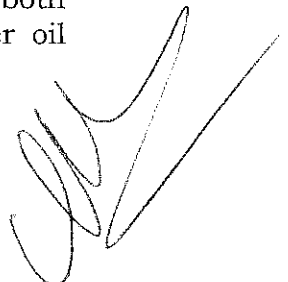
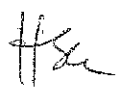
The Committee never followed up this matter.

- The metamorphosis of Hardman Oil Company which finally ended up to being bought by Tullow Oil clearly shows that the behavior of Hardman created suspicion that it was evading Section 44 of Oil and Gas policy which requires that sale of a company's Assets to another must be accompanied by payment of Capital Gains Tax. This parliament must be informed whether the sale of Harman and Heritage to Tullow Oil had formal Agreements with Governments and whether Taxes were paid, and whether at the time of sale the license was still valid.

Soon after the controversy of expired licence, before sale of interest of Heritage, Hon Hilary Onek was transferred to another ministry and the issue of Hilary Onek using fake degree papers became a matter of public debate.

- On the 11th of April 2012, the committee met Tullow Uganda Ltd. During his submission, the Executive Director of Tullow Uganda Ltd told the committee that the company never acquired properties in Uganda. After intensive interrogation, it was discovered that on page 24 of the official submission to the committee, Tullow had given a full list of Assets acquired in Uganda and yet there was no evidence of payment of Capital gain tax

Members should note that although the meeting with Tullow Oil Company was a lengthy one, lasting almost four hours, and many hard questions were raised by the Committee which could not be adequately answered to the satisfaction of the Committee, there was a complete media blackout both electronic and print media, unlike meetings with all other oil companies.

RECOMMENDATIONS

- It is our view that the time lag made this Report to fail to serve its purpose because it lost relevance and was outpaced by the dynamics of the oil sector.
- For future investigations, Parliament should be mindful of the past and current policies and pieces of legislation which the government has failed to implement and to hold government official accountable for losses incurred due to such failures.
- PPDA must be involved in scrutinizing procurement processes of all companies participating in the prospecting and production in the oil and Gas Sector.
- The salaries and wages component of the cost elements must also be scrutinized.

7.0 RELIANCE ON SECONDARY INFORMATION FROM THE EXECUTIVE AGENCIES

The Committee relied on secondary information provided by among others government agencies. Some of the most crucial pieces of information were in the hands of government agencies. The methodology adopted by the Committee in the circumstances at the time was overly reliant, on the secondary information. The final report cannot therefore be different from what the Executive came out with. It is a mere endorsement of what the government had earlier stated on the allegations.

It must be recalled that the Ministers under investigation did to heed to the parliamentary resolution to step aside and remained in their offices. They were in effective control, by virtue of their offices, of the key government institutions on which the committee was to rely for both its work and evidence.

The Committee required cooperation from such ministries and agencies including the Ministry of Foreign Affairs, the Directorate of Public Prosecutions and the Uganda Police, among others. The office of the Prime Minister handles important matters including travel authorization and clearance of certain Government matters. Minister, Hillary Onk as the Minister of Internal Affairs then, was politically supervising all police Agencies. Hon. Sam Kutesa as a Minister of foreign Affairs was in charge of all foreign Agencies that needed to provide information to the committee.

This situation highlighted how limiting Parliamentary investigations can be in the circumstances that the person being investigated do not only remain in office but is in effective control of the office on which the committee is to rely for its investigations. This undermines the

credibility of a Parliamentary investigation and in the very least frustrates the work of the committee.

OBSERVATIONS

As the Committee correctly observes in its Report, its work was constrained, undermined and deliberately delayed by the conduct of these agencies. It is therefore important that the following observations be put on record to guide future inquests of this nature.

The Right Honorable Prime Minister Amama Mbabazi did not step down as expected and yet he was the subject of the inquest. The proposition that parliament had become a judge and an executor in this case, does not hold water because the purpose of such an inquiry to establish the facts and in some cases clear the persons who could have been unfairly accused. The action of resigning/stepping aside the office when one is a subject of an investigation is an established good practice in emerging democracies around the world. The rationale for such resignation is not an admission of guilt but rather an honorable conduct of a public official who has faith in the system he/she serves and has no interest in influencing the conduct of such an inquiry.

Acting outside the box of good practice tantamounts to arrogance and an attempt to block the process of investigation by the subject of the investigation.

Secondly, it is important to note that the Government agencies that claimed to have carried out investigations prior to the establishment of the probe committee by Parliament were either unwilling to share information and reports in their possession or clearly behave in an obstructionist manner. The Committee observed that the Uganda Police, the Director of Public prosecution and Ministry of Foreign Affairs conduct themselves in an unsupportive manner.

Right Hon. Speaker, how would any Security Agency believe a story like that of the Bank of Valletta plc. Where a staff of the Bank is reported to have carried out "a thorough and lengthy search" of its own Bank to establish cases of forgeries and money laundering?

There is nowhere in this world where a Parliament of a country cannot access information from its own state agencies unless such a parliament is not considered an integral part of the state.

By denying parliament access to such information and reports claiming that they needed permission from other governments, undermines Uganda's Sovereignty. Consequently, the fact that the Committee had to rely on the evidence and information from agencies and public officials, some of whom remained directly under the supervision and subordination of the same officials that were being

investigated render the Committee's conclusions and recommendations on bribery allegations incomplete at best or misleading at the worst.

RECOMMENDATIONS

- **Parliament should resolve to enact appropriate legislation and amend its Rules of Procedure requiring any public officials who may be a subject of an official Parliamentary investigation or a Commission of inquiry instituted by Government to step aside from their positions until they have been cleared by such an inquiry or until the inquiry is concluded.**
- **Good judgment cannot be passed based on secondary information hence parliamentary committees and investigations must be clothed with the powers to compel production of documents and to order discoveries of documents and failure to provide such documents should be punished**

8.0 THE NEGATIVE IMPACT OF THE CONSTITUTIONAL PETITION AND ROLE OF THE ATTORNEY GENERAL

Although the Committee observed in the main Report that the work of the Committee was interrupted by a Constitutional Petition filed by a one Twinobusingye Siverino, who described himself as a voter from Kanungu, and who claimed that he was aggrieved by the resolution of parliament demanding that Rt. Hon. Prime Minister John Patrick Amama Mbabazi steps aside for the duration of the inquiry. The Committee failed to highlight the diversionary effect of this petition to the entire investigation process.

Secondly, the committee did not address itself to the fact that at the time of filing the petition, the petitioner was an employee of the Electoral Commission. He resigned soon after filing the petition. This same Siverino was mentored and supported through school by Hon. Amama Mbabazi according to the Monitor Newspaper special interview of 11th March 2013. This is the same man whose wedding was graced by Hon. Amama Mbabazi in September 2013 and applauded for supporting the NRM Party in the Courts of Law.

In a subsequent application (Constitutional Petition No. 53 of 2011), the Parliamentary Commission sought to be joined to defend the institution of Parliament in a matter that was strongly contested but the Attorney General strenuously objected to the application to join the Parliamentary Commission as an interested party, and yet the Attorney General is the Legal Advisor but willingly conceded to the prayer of petitioner, Mr. Siverino.

9.0 ALLEGATIONS THAT EDWARD KABUSHU IS A FRONT MAN OF HON. AMAMA MBABAZI

Although the Committee acknowledges the link between Mineral Services Ltd and Rt. Hon. Amama Mbabazi's daughter, Nina Rukakaire Mbabazi, however the Committee erred to remain silent on the connection between Edward Kabushu being a front man of Hon. Amama Mbabazi.

Our investigations confirmed that Mr. Kabushu actually worked for External Security Organisation (ESO) a body that was once headed by Rt. Hon. Amama Mbabazi.

As stated in the main Report Mr. Kabushu owns 300 shares in Mineral Services Ltd which runs the Parking yard at Kira in Wakiso District

OBSERVATIONS

It is our considered opinion that these pieces of information should never have been excluded from the main Report because it was an integral part of the Petitioners' concerns.

RECOMMENDATION

There is need to amend the Leadership Code Act so that matters of wealth declaration covers not only the individual but others directly or indirectly associated with the leader to avoid phenomenal of front-men.

10. ROLE OF THE ATTORNEY GENERAL IN THE INVESTIGATION PROCESS

It is astounding that the Committee in its report did not address the apparent hostility of the Attorney General to the Parliamentary Commission's application to defend the petition. In my view, this House should not burry its head in the sand like the proverbial ostrich and deny the fact that the office of the Attorney General is consistently being abused to the detriment of our democracy and to undermine the Institution of Parliament.

The office of the Attorney General should take advantage of the guarantees and protection provided under the constitution to serve the people and the Republic of Uganda without fear or favour. However, on many occasions including this petition, for some strange reasons the Attorney General did not act as legal adviser to Parliament as expected, on a matter of grave importance to the people of Uganda and its destiny.

The Attorney General rejected the attempt by parliament to defend itself, mounted the case on his own and when he appeared in court, conceded to all but one ground of the application. The result of which is now a hefty 13bn (thirteen billion shillings) in costs to be borne by the taxpayers. This matter was twice brought to the attention of Parliament as a matter of National importance.

It is important to re-emphasize here strong, independent and credible institutions both in form and substance are the only guarantees that Uganda as a nation has against a potential oil curse. A situation where the Executive is fused with the Legislature and persons employed in the office of the Attorney General conduct themselves as if they are private counsels of certain persons in the ruling party or certain individuals, threatens our very existence of Uganda as a sovereign nation

RECOMMENDATIONS

- **Parliament should consider appropriate legal framework to strengthen and protect the independence of the office of the Attorney General.**
- **Office of the Attorney General must work independently from the Executive to ensure that it works for the people of Uganda and defends all institutions of state in the discharge of their duties within the meaning and context of the doctrine of separation of powers as enshrined in the constitution.**
- **There must be a clear demarcation between the functional roles of a Government official who at the same time also serves as a party official.**
- **The fused role of the prime Minister with that of the Secretary General of the ruling party is becoming counterproductive and liability to the NRM Party.**

11.0 THE ROLE OF BANK OF UGANDA IN ENSURING EFFECTIVE GOVERNANCE OF OIL REVENUE

While the Committee observed the crucial role played by Bank of Uganda, in the management of oil revenue, the committee however omitted the important confession made by the Governor of Bank of Uganda during the meeting with the Committee from its main report.

The Governor informed the Committee that he received a verbal instruction from the H.E. President to release US \$ 740 million for the purchase of military aircrafts and other classified military equipment. However, the same Governor contradicted this statement when he met

the Committee two weeks later, by claiming US\$449.4 million was sold to Bank of Uganda for the same purpose.

It is our sincere view that both the Bank of Uganda and Ministry of Finance, should clarify how much Tax revenue and non-tax revenue from oil industry was received and how the disbursement was done. Otherwise the public remains suspicious of how the oil revenue is being expended.

This action of the Governor to use oil revenue on verbal instruction was in contravention of the Constitution of the Republic of Uganda. The evidence before the Committee clearly shows that the Bank of Uganda is expected to play an important role in ensuring transparency and accountability in the management and governance of revenues from oil and gas resources. However, it is important to note that the legislation establishing the Bank of Uganda, the appointment and security of tenure of the Governor and the Board, its functions, etc. is premised on the 1995 Constitution as amended. At the time of promulgating and enacting this Constitution of which I was a participant, the prospects of oil and potential inflows of oil revenues were not anticipated.

Either by omission or commission, the information provided by the Bank of Uganda on oil revenues to date has been inaccurate, inconsistent or incomplete. But most importantly, it was apparent that the Governor felt insecure to provide the information required regarding the movements of money paid by Tullow Oil. It is amazing that the information from the Deputy Governor Mr. Louis Kasekende contradicted that of the Governor Mr. Tumusiime Mutebile, Rt. Hon. Speaker and members whose report should we believe of the two persons working in the same office in such a situation!

OBSERVATION

Rt. Hon. Speaker, we believe that the question of mandate, autonomy and independence of the Bank of Uganda as an important player in the management of revenues has not been given adequate attention in the Report. We also believe that this House may be unprepared to have an evidence-based debate on the role of the Bank of Uganda in the management of oil revenues unless a thorough study has been undertaken to provide a basis for articulating the role of the Central Bank.

RECOMMENDATIONS

- **The current laws governing Bank of Uganda with particular emphasis to its autonomy and independence and an expansion of its mandate to ensure effective governance of oil revenues must be reviewed and clearly defined.**

- **Appropriate proposals to amend the existing laws should be presented to this house as a matter of urgency if oil revenue is to be managed in the interest of the people of Uganda now and for the future generation.**

12.0 TRANSPARENCY AND ACCOUNTABILITY IN THE OIL AND GAS SECTOR

The need to ensure full transparency and accountability in the oil and gas sector, including the management and governance of revenues are clearly spelt out in the National Oil and Gas Policy 2008.

In that policy, Government committed itself to subscribe to the Extractive Industries Transparency Initiative (EITI). It is now 4 years since this commitment was made. In its October 11, 2011 Resolutions, this House resolved that, *"Government, as a matter of urgency, joins the Extractive Industries Transparency Initiative unfortunately a report to that effect confirming such entry has not been submitted to parliament."* Nothing has been presented to this House and no evidence was presented to the committee to suggest that this Resolution of Parliament is being honored.

OBSERVATION

Rt. Hon. Speaker, the power of Parliament is being eroded by the inaction of the Executive as we Members of the August House watch and sometimes claps in support.

While we agree with the general recommendation of the committee on this subject, we hold the opinion that a further recommendation on the implementation by Government should have a time frame within which it report back to Parliament. we pray that this Minority Report shall avail opportunity to Parliament to enforce implementation of these recommendations sited above.

Secondly, while we agree with the Committee's recommendation with regard to open and transparent appointment to public servants in key positions, we believe that this House should lead by example by opening up its own appointment processes to public scrutiny like other countries such as Kenya.

We all watched in amazement how Kenyans publicly interrogated the prospective Chief justice, including asking him why he (The C.J) wears earrings!

RECOMMENDATIONS

- Government should immediately commence the process of subscribing to the Extractive Industries Transparency Initiative (EITI) and a report on the progress being made to Parliament on a quarterly basis. Parliament demands that the report be presented before end of year 2013.
- Parliament should immediately amend its rules of procedure governing vetting of appointments to make the process more open and transparent and allow citizens to present testimonies regarding the integrity and conduct of persons proposed for important leadership positions.
- Parliament should ensure that a separate piece of legislation is enacted as a matter of urgency for the management and governance of oil revenues. It is timely for parliament to address this matter while debating the omnibus bill under the proposed public finance legislation.
- In view of the importance of this matter, the budget Act must be strengthened to track public spending and be detached from the omnibus Bill.

13.0 LAND RIGHTS AND COMPENSATION MUST BENEFIT INDIGENOUS PEOPLE

While the committee among other things addressed itself to the issue of land rights and compensation, it failed to revisit the issue of ownership and rights in minerals and oil rich area. The high rate of land grabbing in oil areas cannot be ignored. The Minister of Lands, Hon. David Migereko who appeared before the committee agreed to submit a list of persons who have acquired land in the oil rich areas of Bunyoro in the last five years, however up to the time of writing the report, the Minister has not submitted the list to the Committee.

Members may recall, the Odoki Constitutional Commission recommended that *"The Constitution should vest the ownership, control and right of exploitation of important natural resources including land, water, minerals, oil and forests in the people of Uganda, with the state as the guarantor of the people's interests (Report of the Uganda Constitutional Commission, 1989, para (23:63). Article 237 (3)(b) of the 1985 Constitution establishes a trust-beneficiary relationship between the State/Local Government and the citizenry)*

We wish to inform the House that we have extensively consulted lawyers on this subject, and were informed that this principle of public trust is rooted in well-established principle first established in the case of **Gann V. Free Fishers of Whitestable (1885)** in the U.K, where it was held, Inter alia, that *"the bed of all navigable rivers where the tide flows, and all estuaries or arms of the sea, is by law vested in*

the Crown. But this ownership of the crown is for the benefit of the subjects, or cannot be used in any manner so as to derogate from, or interfere with the right of navigation, which belongs by law to the subject of the realm."

Subsequent judicial decisions emphasize that the notion underlying all cases of public trust that create some fiduciary obligations on the state as a trustee is that inherent in the nature of the relationship itself between the beneficiary (citizens) and the trustee (the state) is a position of disadvantage or vulnerability on part of one of the parties (the citizens) which causes him to place reliance upon the other (the state) and requires the protection of equity acting upon the conscience of the other.

Hon. Members may recall that in 2005, an unfortunate mistake happened and some of us participated, when the 1995 Constitution was amended to remove oil and mineral from the ambit of the resources held in trust for the citizens of Uganda. Since then Government has continued to make attempts to expropriate wealth in minerals, oil, land and other resources from ambit of the public trust. This house must treat this matter with utmost seriousness by blocking any further attempt by Government to alienate resources from the public trust, and this include the high value of marble in Karamoja whose continued exploitation has hardly benefited the local population and yet research has shown that even the dust from this marble is a variable ingredient to cement.

RECOMMENDATIONS

- **Parliament should pursue a constitutional amendment to place oil and gas minerals, water and foreign reserves, resources within the scope of the resources protected under the public trust doctrine and to reaffirm the position that the state manages such resources as a trustee for the benefit of the citizens and the people of Uganda.**
- **Parliament should demand from the Ministry of Lands and Natural Resources a comprehensive list of persons or companies who have purchased land in areas where oil or mineral deposits have been discovered in the last five years. On this matter we ask the people of Bunyoro, Acholi, West Nile Karamoja, Lango and Teso to cooperate because their areas are already known to have a wealth of mineral resources.**
- **Parliament should further demand a list of indigenous persons who have been compensated where oil is either being mined or prospected.**

- **Parliament be provided with evidence of Ugandans who are working in oil companies operating in Uganda and a list of local service providers who have contractual obligations to serve the oil companies.**

14.0 THE PRESIDENT'S DIRECTIVES ON MATTERS OF TECHNICAL NATURE

In discharging his Executive powers, the President can give his opinion on any matter, but the relevant technical specialists must guide those opinions so that they don't negatively impact on the cost and viability of the project.

Members should note with concern that the Committee omitted the impact of presidential interference from the main report. We wish to raise the following example to elaborate this point.

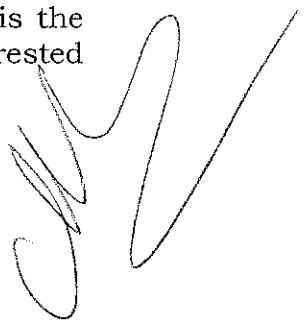
On 1st December 2011, the Committee met with the then Minister of Water and Environment, Hon. Maria Mutagamba who alluded to the presidential directive on an on-going process of procurement of specialized technology to detect oil spillage in the lake. She informed the committee that H.E. the president had intervened to identify technology from Israel and United State of America. This machinery, alongside other associated equipment would cost Uganda taxpayers about UGX. 32bn. This cost is much higher than the alternative technologies that are available in the market. Members raised concern as to whether or not such presidential directives on matters of procurement do not contravene procurement laws.

Rt. Hon. Speaker, according to the Medical Treatment Action Campaign Report, we wish to share with this Honourable House the regrettable experience of South Africa, when the former president H.E. Thabo Mbeki was advised by non-technical person to delay the use of HIV treatment drugs (ARVS) to the detriment of hundreds of thousands of HIV patients many of whom could have died without ARVs, in preference for alternative natural medicines promoted and marketed by Dr. Rath who is a self-proclaimed alternative medicine practitioner but a close associate of the President.

OBSERVATION

It is the duty of all of us leaders to protect the president who is the fountain of honour from manipulative influence from interested maverick and opportunistic lobbyists.

RECOMMENDATION



- The President be advised to respect the views of the technical personnel in the procurement process for cost effectiveness.
- The president further be advised to adhere to the Constitutional provisions which stipulate that all public spending be approved by Parliament in accordance with the laws and also to follow procurement rules.
- The President be advised to avoid issuing verbal directives as they are prone to misinterpretation/abuse by those who implement it and does not give room to hold anyone accountable hence facilitating corruption.

15.0 SOURCING FOR JOBS FOR RELATIVES

Right Hon. Speaker; although Hon. Sam Kutesa is alleged to have influenced the recruitment of his daughter Ms. Elizabeth Kutesa to work for Dominion Oil Company, it is our considered view that he was neither involved in the influence peddling nor other abuse of his ministerial powers in that recruitment.

OBSERVATION

Dominion Oil Company which offered Kutesa's daughter a job as Company Secretary is a private company and no aspect of its operation is directly under the sphere of control of Hon. Kutesa as a Minister

RECOMMENDATION

- Parliament must be furnished with the list of all Ugandans employed in the sector in order for an assessment of local capacity and contribution to the sector.
- Ugandans should consider themselves fortunate to have fellow Ugandans employed in multinational companies.
- All leaders in their various capacities have moral obligation and responsibilities to provide for their families. Finding jobs for relatives or involving them in any business transactions in area, which don't directly or indirectly, fall under the supervision of the leader should not legally constitute influence peddling or abuse of office.
- It is incumbent upon members to formulate guidelines and protocols, which would define the boundaries of interaction where recruitment of a relative to an organization would constitute influence peddling and abuse of office.

16.0 CONCLUSION

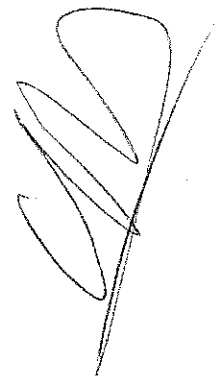
The work of the Ad Hoc Committee and its Report to this House presents yet again, an opportunity for members of Parliament to discharge its oversight function with regard to the development and exploitation of our nation's Oil and Gas resources. In doing this, we should remain conscious of our oath to represent our constituents and our country without fear or favour. We also urge you Hon, Members that Oil and Gas like other natural resources like Mabira forest, and minerals is non-partisan, it is neither yellow, red, blue, green or orange. It has no ideological boundaries.

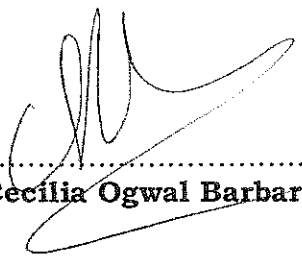
Therefore as we consider the report of the Committee, we implore you to look beyond partisanism and give particular attention to the issues that guarantee national commonality.

The recommendations we have in this Minority Report transcend tribal, political and ethnic interests. A cross fertilization of this recommendations and the bi-partisan views of the Hon. Members during the debate in October 2011 of this House is what we need to build, a Uganda united by mission and purpose. Posterity will judge us being on the right side of history as we make fundamental decisions that determine the destiny of our country.

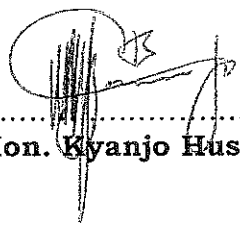
If God is on our side, as our motto declares, "For God and my Country" nothing is impossible. We must all resolve that oil shall be a blessing to Uganda and not a curse.

Right Hon. Speaker and Hon. Members, we beg to move.

A large, stylized handwritten signature in black ink, located on the right side of the page. The signature is fluid and appears to be a combination of letters, possibly 'HBC' or similar, with a long, sweeping underline.



.....
Hon. Cecilia Ogwai Barbara



.....
Hon. Kyanjo Hussein

General.

242. Land use.

Government may, under laws made by Parliament and policies made from time to time, regulate the use of land.

243. Land tribunals.

(1) Parliament shall by law provide for the establishment of land tribunals.

(2) The jurisdiction of a land tribunal shall include—

- (a) the determination of disputes relating to the grant, lease, repossession, transfer or acquisition of land by individuals, the Uganda Land Commission or other authority with responsibility relating to land; and
- (b) the determination of any disputes relating to the amount of compensation to be paid for land acquired.

(3) The chairperson of a land tribunal established under this article shall be appointed on the advice of the Judicial Service Commission under any law made for the purposes of clause (1) of this article.

(4) A member of a land tribunal shall hold office on terms and conditions determined under a law made by Parliament under this article.

(5) A law made under this article may prescribe the practice and procedure for land tribunals and shall provide for a right of appeal from a decision of a land tribunal to a court of law.

244. Minerals.

(1) Subject to clause (2) of this article, Parliament shall make laws regulating—

- (a) the exploitation of minerals;
- (b) the sharing of royalties arising from mineral exploitation;
- (c) the conditions for payment of indemnities arising out of exploitation of minerals; and
- (d) the conditions regarding the restoration of derelict lands.

(2) Minerals and mineral ores shall be exploited taking into account the interests of the individual land owners, local governments and the Government.

(3) For the purpose of this article, "mineral" does not include clay, murram, sand or any stone commonly used for building or similar purposes.

Environment.

245. Protection and preservation of the environment.

Parliament shall, by law, provide for measures intended—

- (a) to protect and preserve the environment from abuse, pollution and degradation;
- (b) to manage the environment for sustainable development; and
- (c) to promote environmental awareness.

PART XII—AMENDMENT OF CHAPTER FOURTEEN OF THE CONSTITUTION—
LEADERSHIP CODE OF CONDUCT

42. Insertion of new article 235A

Chapter Fourteen of the Constitution is amended by inserting immediately after article 235 the following—

“235A. Leadership Code Tribunal

There shall be a Leadership Code Tribunal, whose composition, jurisdiction and functions shall be prescribed by Parliament by law”.

PART XIII—AMENDMENT OF CHAPTER FIFTEEN OF THE CONSTITUTION—LAND AND
ENVIRONMENT

43. Replacement of article 244 of the Constitution

For article 244 of the Constitution there is substituted the following—

“244. Minerals and petroleum

(1) Subject to article 26 of this Constitution, the entire property in, and the control of, all minerals and petroleum in, on or under, any land or waters in Uganda are vested in the Government on behalf of the Republic of Uganda.

(2) Subject to this article, Parliament shall make laws regulating—

(a) the exploitation of minerals and petroleum;

(b) the sharing of royalties arising from mineral and petroleum exploitation;

(c) the conditions for payment of indemnities arising out of exploitation of minerals and petroleum; and

(d) the conditions regarding the restoration of derelict lands.

(3) Minerals, mineral ores and petroleum shall be exploited taking into account the interest of the individual landowners, local governments and the Government.

(4) In this article—

“mineral” means any substance, other than petroleum, whether in solid, liquid or gaseous form occurring naturally in or on the earth, formed by or subject to a geological process;

“petroleum” means—

- (a) any naturally occurring hydrocarbons, whether in gaseous, liquid or solid state;
 - (b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or
 - (c) any naturally occurring mixture of one or more hydrocarbons (whether in a gaseous, liquid or solid state) and any other substances; and includes any petroleum as defined by paragraph (a), (b) or (c) that has been returned to a natural reservoir, but does not include coal, shale, or any substance that may be extracted from coal or shale.
- (5) For the purposes of this article, "mineral" does not include clay, murram, sand or any stone commonly used for building or similar purposes.
- (6) Parliament may regulate the exploitation of any substance excluded from the definition of mineral under this article when exploited for commercial purposes."

PART XIV—AMENDMENT OF CHAPTER SEVENTEEN OF THE CONSTITUTION—GENERAL AND MISCELLANEOUS

44. Replacement of article 255 of the Constitution

For article 255 of the Constitution there is substituted the following—

"255. Referenda generally

(1) Parliament shall by law make provision for the right of citizens to demand the holding by the Electoral Commission of a referendum, whether national or in any particular part of Uganda, on any issue.

(2) Parliament shall also make laws to provide for the holding of a referendum by the Electoral Commission upon a reference by the Government of any contentious matter to a referendum.

(3) Where a referendum is held under this article, the result of the referendum shall be binding on all organs and agencies of the state and on all persons and organizations in Uganda.

(4) A referendum to which clause (3) applies, shall not affect—

(a) the fundamental and other human rights and freedoms guaranteed under Chapter Four of this Constitution;

(b) the power of the courts to question the validity of the referendum".

PART XV—AMENDMENT OF CHAPTER NINETEEN OF THE CONSTITUTION— TRANSITIONAL PROVISIONS

5. Revenue and Taxation

Revenue and expenditure by Tullow in Uganda²

Revenue

Revenue from operations: nil

Revenue from asset sales: \$2,9bn

Major expenditure

Tullow's total operating expenditure in Uganda is summarised below:

Licence 1 \$202,849,535

Licence 2 \$739,009,295

Licence 3A \$244,419,083

Total operating expenditure: \$1,186,277,913

Note: this figure excludes Tullow costs in respect of the Heritage transaction, the farm down to CNOOC and Total and non-operated expenditure incurred by Tullow from the period that EAs 1 and 3A were operated by Heritage

Cost of Ugandan assets bought by Tullow:

Acquisition of Energy Africa: c. \$4,000,000 allocated for Uganda (2004)

Acquisition of Hardman: c. \$410,000,000 allocated for Uganda (2006)

Acquisition of Heritage interests: \$1,450,000,000 (2010) ✓

going concern - separate acquisition

Total spent on acquiring assets: \$1,864,000,000

Government taxes and payments

Signature bonuses paid: \$500,000

Training fees paid: \$1,284,523

Surface fees paid: \$471,134

Taxes paid: (VAT, Withholding tax, PAYE, Stamp Duty, Customs Duties): \$88,366, 303

² Please see Appendix 5 for a full of list of payments by Tullow to the Ugandan Government

Agency fees (on Heritage acquisition) paid in 2011: \$313,447,500

Stamp Duty on farm-down: \$14,500,000

Payment to URA re: CGT in February 2012: \$141,824,438

Total paid to Government: \$560,393,897

Taxation disputes

In February 2012, Tullow sold 66.67 per cent. of its interests in the Lake Albert Basin to CNOOC and Total for a consideration of \$2.9bn. Prior to the deal completing, Tullow had been assessed for \$472m of Capital Gains Tax by the Ugandan Revenue Authority ("**URA**"). Tullow disputes that this level of tax is owed and, in accordance with Ugandan tax laws, has paid 30 per cent. of the assessment (\$140m) to the URA and is appealing the assessment. The appeal will be heard by a tax tribunal in Kampala later in 2012.

Tullow does not dispute that, under the terms of the licences, Capital Gains Tax is owed. However, Tullow does dispute the level of tax owed and the quantum suggested by the URA. Separately, Tullow is suing Heritage Oil & Gas in London for \$313m. This reflects a payment (the "agency payment") made by Tullow in March 2011 when the URA designated Tullow as agent for the deal between Heritage and Tullow. Under the terms of agreements that Tullow has entered into with Heritage, Tullow is allowed to re-coup such payments from Heritage. Heritage does not agree with Tullow's position and the case will be heard in the High Court in London, probably in early 2013. For the avoidance of doubt, Tullow is not involved with Heritage's dispute, in London and Kampala, with the Ugandan Government.



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NS.249/02

October 29, 2013

Hon. Werikhe Kafabusa Michael
Chairperson
Parliamentary Adhoc Committee on the Regularization
of the Oil Sector

RE: MR. EDWARD KABUCHU

Reference is made to your letter of ref. AB287/481/01 dated
14th October, 2013.

This is to confirm that the above mentioned worked with
ESO from 1st February, 1992 to 1st August, 1993 when he
resigned from the organization.

Wilson Muruli Mukasa

MINISTER FOR SECURITY

special report

A.P.P.E

Shs13b given to me for Mbabazi

Demonstrating loyalty. The country was last month yanked by news that court had awarded Shs12.9 billion, almost twice the entire Judiciary's annual wage bill, to a little-known lawyer who blocked Parliament from forcing PM Amama Mbabazi, Ministers Sam Kutesa and Hilary Oniek to 'step aside'. The trio was accused of taking bribes from foreign oil firms. Registrar Elias Kisawuzi curiously read the December 24, 2012 Constitutional Court ruling almost two months later. Petitioner Severino Twinobusingye, 43, says the money awarded to him is "peanuts" and scoffs at the job of RDC, which he was offered in Kabale, as for 'grassing' individuals. Both Mbabazi and State House paid Twinobusingye's fees, and he says he will do anything to defend the PM and President Museveni. He told our senior reporter, **Tabu Butagira**, in an interview that those upset by the Shs12.9 billion billing can go and hang, before berating the deputy Attorney General Freddie Ruhindi and Commercial Court Judge Singh Choudry.

Could you just walk me through whom Severino Twinobusingye is?

I am a lawyer, a philosopher and an Advocate of the High Court of the Uganda. I come from Kinkizi West constituency, Nyanirama Sub-county. Before I came into legal practice, I worked as a Nutrition and Early Child Development projects manager for Rukungiri and Kanungu district.

I worked with the Electoral Commission as election management officer for eight and a-half years and left civil service employment in 2011. From January 1, 2012, I began legal practice by setting up my own chambers. Besides, I have been a politician; was the district youth councillor for Nyanirama Sub-county and I have been an NRM mobiliser since 1992.

After the 1996 elections, President Museveni offered me a State House scholarship. For the last 20 years, I have worked very closely with Prime Minister Amama Mbabazi, and he paid my tuition at high school through the Amama Mbabazi Foundation.

What really motivated you to file Constitutional Petition 47 of 2011 challenging a parliamentary resolution requiring Mbabazi and two other ministers to step aside over allegations of receiving bribes from foreign oil companies?

This was connected to my background of political involvement with Mr Mbabazi. I have always voted and mobilised for him and President Museveni. So, what motivated me was that I saw Mbabazi and the President being ferociously attacked by Parliament, and my immediate instinct as a lawyer was: How could this happen?

I thought that I had a responsibility to contribute to our jurisprudence. And the moment Mbabazi and Gen. Museveni are attacked, at that point I cease to be a spectator; I become an active participant to defend them because they are my leaders to whom I owe my allegiance. When they are attacked and threatened with evictions from their respective positions, I also feel that my voting rights have been rigged and, therefore, I must move to defend them.

The infamous October 2011 parliamentary recall for oil debate was a mob justice at its worst, violating cardinal principles of civil discourse and civility. It required somebody very courageous to go to court and stop this miscarriage of justice and impunity of some members of the 9th Parliament.

MPs Gerald Karuhanga and Theodore Ssekikubo, who forged the documents [presented] in Parliament for that infamous debate, must face criminal prosecution.

And by now they should have internalised what the Constitutional Court judges noted in their ruling; that parliamentary immunity is not absolute. So, if you are on the floor of the House debating and in the process you commit a crime, you cannot say you committed that crime under a privilege and, therefore, police cannot arrest you. I have given them a notice!

Are you going to sue them?

Yes, I am going to prosecute them privately.

For what offence?

For forgery, uttering false documents and theft.

Did either Mbabazi or the President prod you to file the constitutional petition in cloth to the then embattled ministers?

Neither of them approached me. Mbabazi and the President knew about the petition through the press. In fact, when I filed this constitutional petition, I went to Mbabazi because I wanted him to sign an affidavit for me and he told me he could not.

He told me in very plain language that, Severino, this is politics, leave it and I am not ready to give you my affidavit. I left him. My motive to go to court was also to set a legal precedent and ensure constitutionalism and the rule of law is respected.

As I pointed out earlier, when the Movement is threatened, I don't have to wait for orders; I will act because I think I understand the Movement philosophy. The documents MP Karuhanga tendered in Parliament had allegations against the person of President Museveni; that he personally received bribes. So my understanding as a lawyer, was if you set a precedent of chasing Mbabazi, Foreign Minister Sam Kutesa and (then Energy Minister) Hilary Oniek from office, the next one was going to be the Head of State. I understood that Uganda was not prepared for the cost of overthrowing a government in a manner that was not envisaged under the Constitution. I wouldn't have accepted it.

Did you find a conflict of interest suing government when you were in its employment at the Electoral Commission?

I resigned soon after filing this Constitutional Petition 47 of 2011 because to me Uganda was more important than a small job at the Electoral Commission. I could do without it and moved to save Uganda from a crisis because if Uganda was in a crisis of that nature, which was likely to bring about a change of the regime, the Electoral Commission would be

no more. When the guns begin talking, the law is silent.

Let's go to the elephant in the house; the Shs12.9 billion that court awarded to you. Some analysts say this unprecedented award was astronomical and undeserved for a public interest suit.

Let me clarify; coming to me is Shs11b, not 12b. The other bill is for government taxes.

It is true [the award] is unprecedented just like the case itself. Their Lordships acknowledged that it was the first time in the history of Uganda that you have an injunction issued against the third arm of government (Parliament). This case also helped to define 'stepping aside' as resignation, and in this matter, forced resignation. The third principle the case set related to the separation of powers; the parameters between the Executive, Legislature and the Judiciary. So, we were able in this case to create new jurisprudence.

Now, what surprised me about the reactions to (the Shs12.9 billion award) was that by the Deputy Attorney General, Fred Ruhindi.

When I served Mr Ruhindi, I met him in front of the Ministry of Justice headquarters and we engaged in some kind of altercation and he said: Severino, how can you fleece the country?

He was trying to portray me as being inconsiderate and forgot that we came to that unprecedented action because of the misbehaviour of some Members of Parliament. And my understanding as a lawyer is that this misbehaviour was because he has failed to give correct legal advice.

When he addressed Parliament that day in the afternoon, he lied. The first lie was that the taxation proceedings were conducted in the absence of the Attorney General. This was absolutely false. As a matter of fact, the Attorney General's chamber throughout the proceedings was represented by Senior State Attorney George Kalemera assisted by a State Attorney Dan Gantungo. These two state attorneys presented their proposal to court and my lawyers presented theirs. Court ruled in my favour. Secondly, he lied that the file had gone missing from the Court Registry (yet) at that point, he had neither asked for it nor taken due diligence to recover it. At this point he was trying to portray that there was something fishy going on in court and in the process he raised unnecessary suspicion and turned Parliament against the Judiciary.

Lie number three was that there was connivance between the petitioner; myself, and some judicial officers. He did not produce any iota of evidence to back up these empty and false assertions and Parliament was infuriated.

Ruhindi also lied that he was going to investigate the taxing master (Constitutional Court Registrar Elias Kisawuzi), which would be unconstitutional. His veiled attack on the Judiciary was wrong.

Another lie he told was to purport that the Attorney General has mandate to investigate the Judiciary. He



doesn't. The only thing that the Attorney General, if it is not satisfied with the ruling, can do is to appeal [the ruling].

There were two arguments that informed the Court's consideration of the award: The subject matter; in this case the value of Uganda's entire oil wealth and the cost of overthrowing the legitimately elected government.

We asked for a very small figure of about Shs23 billion, not trillions of shillings which we could have asked for, and court in its wisdom gave us that very little money, just peanuts of about \$5 million.

I also want to emphasise that a case like ours has no scale where one should begin or end in terms of taxation. The discretion is of the Taxing Master (in this case Kisawuzi). The Lordships agreed this was an unprecedented case. We explored noble points of law for the first time in our jurisprudence and so the Taxing Master did the right thing. There is no law His Worship Elias Kisawuzi broke, and you cannot try him anywhere.

The Attorney General has no basis, legal or otherwise, to purport to poison the public and Parliament that he is going to investigate and I can guarantee the moment I learn of it; that he is doing it, I will immediately [strike]. When the centre of gravity is at attack, I don't become observer; I become a participant and will file another suit.

Secondly, by insinuating conniv-

"When the Movement is threatened, I don't have to wait for orders; I will act because I think I understand the Movement philosophy. The documents MP Karuhanga tendered in Parliament had allegations against the person of President Museveni; that he personally received bribes. So my understanding as a lawyer, was if you set a precedent of chasing Mbabazi, Sam Kutesa and Hilary Oniek from office, the next one was going to be the Head of State."

SEVERINO
TWINOBUSINGYE,
LAWYER

LOYALTY

20

The number of years Mr Severino Twinobusingye claims to have worked for the NRM government, acting as a party mobiliser and campaigner for Prime Minister Amama Mbabazi and President Museveni. He swears that the his allegiance to the two big shots had nothing to do with his generous payment

case was peanuts, says lawyer

Mr Saverino Twinobusingye who blocked the 'throwing out' of ministers from office over alleged oil dealings. The NRM diehard says the amount of money court awarded him for the petition was peanuts compared to the average Shs30 million he earns monthly from his legal chambers.

PHOTOS BY RACHEL MAEALA



ance between the Taxing master and me, he was poisoning the entire atmosphere [and in effect] advocating for mob justice and seeking cheap popularity, something we least expected him to do. Instead of ensuring harmony among the different arms of government, the deputy Attorney General is instead creating a big rift.

So by thinking that he can intimidate the judges; such that when he [appeals the ruling] he finds them already beaten into submission to his favour, is a mistake on his part, because this is a travesty of justice. You cannot go to court by first intimidating the judges in a hope that when you go, they will rule you in your favour. I would like to warn him [Mr Ruhindi], to stop bad-mouthing the Registrar of the Court of Appeal/Constitutional Court, the court generally and my lawyers.

The public perception is that court awarded you this generous amount because of your association with the Premier and the President. Do you see politics having played a part in this ruling?

This was on the basis of pure legal arguments. It has no politics involved. The President was not involved in influencing the outcome of the case and Prime Minister Mubabazi opposed my decision to go to court. At some point, the President during an NRM retreat at the National Leadership Institute, Kyankwanzi urged the Prime Minister to tell his voter, which is I, to

discontinue the case. And the learned Attorney General, Mr Peter Nyombi, once called me for a meeting at Kabira Country Club (in Bukoto) and he told me that the President had sent him to tell me to withdraw this case. I told Mr Nyombi that many people didn't seem to understand why I went to court. They would understand it after judgement and for that reason I was not withdrawing the petition and I didn't wish to discuss with you the matter anymore. I told him to give the same message to the President.

Regarding the perception about the cash award, this (Shs12.9b) is a modest figure; it is very small and it is not true that it is the biggest reward in the Commonwealth jurisdiction. The deputy Attorney General deliberately tried to incite Parliament and the public against the Judiciary and he did it in bad faith. I have registered a complaint to the President, who is his appointing authority, to take appropriate action against the minister for abuse of office and willful violation of the oath.

In *The New Vision* of March 4, 2013 (page 6), it was reported that Justice Singh Choudry penned down to the Chief that he wants me disbarred and struck off (High Court Advocate's roll). Uganda is firmly built on the principles of rule of law, constitutionalism, and good governance. So, when I filed that case, the matter was tried and determined through due legal process.

If Justice Choudry had known the

implications of what he's [alleged to have] done, he wouldn't have done it. I have lodged a complaint against him before the Judicial Service Commission because his behaviour is unbefitting. It is professional misconduct; he [reportedly] applied to the Chief Justice to allocate him the file so that he can tax it himself. I went to court (and) this is what Choudry has charged me with, tried me secretly and convicted me and he is asking [I be punished].

You said PM Mubabazi was opposed to you going to court, he refused to swear you an affidavit, so what interactions have you had with him since you were awarded Shs12.9 billion?

We have not interacted over this matter. I have no reason to talk about it with him. Why would I be talking to him about it? He had no interest in this case, why would I be asking him now?

You argue that this case was apolitical while explaining that you have for almost half your life been in the political trenches, mobilising for the ruling NRM, Mubabazi and the President. Was it a coincidence that you were appointed Kabale Resident District Commissioner about the same time you went to court?

I have worked as an active member of NRM for 20 years. I earn on average Shs30 million per month in my

legal chambers, sometimes more. Why do you think I should have been rewarded with the job of an RDC where I (would) earn less than a million shillings per month? What kind of reward would that be? Does it make sense?

The question is; was it some happy accident that you were named RDC after you filed Constitutional petition 47 of 2011?

I think appointing me RDC was just a normal assignment. They wanted me to offer services to the country. Not that I was being rewarded, otherwise I don't understand what kind of reward [that would be] where I presently earn millions of money per month, and you come telling me [be an RDC] to take one pick-up [truck for official travel], without even fuel, one soldier/guard in a very funny-looking office! It [the appointment] only happened. By the President appointing me RDC, I think he was making one point, that he has confidence in me.

Did you turn down the job?

It's not true that I turned down the job; I only happened to be extremely busy I could not run the two offices at the same time - the other being a Public Service job.

Would you consider it if the President, whom you say has confidence in you, appointed you to serve this country as a minister even when still in private legal practice?

I would see the convenience, because you see from here to Kabale, how many kilometers is it? I have informed [Museveni] that I am available to offer my national service as I have always continued to do, but this one (RDC's job) was extremely difficult.

Erias Kisawuzi cites the nature of legal research involved as one reason to justify the Shs12.9b award. What did it take for you to successfully argue out this case, legally speaking?

It is true that [research] was one of the so many reasons; the case involved extensive research including in foreign jurisdictions since the case was unprecedented.

What is it that you looked for and obtained in foreign jurisdictions?

How [to ground a] government machinery to halt temporarily; to be able to achieve and realise the rights of one individual against the state.

Did the research involve foreign travels or it was something done online or by making overseas telephone calls within the comfort of your office? In any case, which countries did you visit in the process of your research?

The research involved both [foreign travel] and sourcing information online. But the most important principles that govern something of this nature is that the point of law that have been expounded are noble points. We did not have them before; so, research is one of the many reasons that have been considered to

award this cost. That [research] is not the most important; the most important is the many noble points of law that were able to be expounded.

Lawyers will find (in the judgement) a locus classicus (Latin word for passage, best known or most authoritative on a particular subject) when it comes to matters of the separation of powers, constitutionalism, individual rights vis-à-vis rights against the state.

While at the Electoral Commission, it was alleged that you provided insider information challenging the qualification of Sam Rwakoojo to be the electoral body's secretary. True?

I did not expect you to come up with this question, but I was not involved in providing information, directly or otherwise, about Mr Rwakoojo. It was the work of some NRM volunteers and I don't even know who appointed them. I came to learn of it that they carried out research and on the basis of the evidence available; apparently Mr Rwakoojo doesn't have minimum qualifications and is not a fit and proper person to be the secretary of the Electoral Commission.

But I think at that point, Mr Rwakoojo opened war against me basically because he believed that I was connected to Amama Mbabazi.

Two, he erroneously believed that I was part of NRM volunteers who did research [in 2010] and produced a report on (1 million) ghost voters (in the national register).

Because Mr Rwakoojo could not convince the Electoral Commission management to find a cause action to have me dismissed, he went to the commissioners and lied to them that actually he had information that I was one of the people who were involved in writing that report that damaged the EC. They charged me; summarily tried me and handed down a sentence [without listening to my side of the story].

The charge against me was that I was a cadre of the NRM, for which I plead guilty without regret.

Mr Rwakoojo lied that I was a member of Internal Security Organisation.

Aren't you?

I am not.

You try to portray that you were victimised at EC for being an NRM cadre. Isn't it that your supervisors were concerned that you were openly and actively political in a partisan way, compromising the principle of impartiality required for your kind job then?

Nevertheless, I executed my work very professionally.

How did you feel when you heard the news that court had awarded you at least Shs11 billion?

I was not excited; this is something I earned lawfully. Good work pays.

Transcribed by Frederic Musisi

APP.F

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2012

9th September 2013

**PM MBABAZI HAILS NEWLY WED CITY LAWYER FOR
DEFENDING THE CONSTITUTION**9th September 2013

By Apollo Munghinda

The Prime Minister Amama Mbabazi has urged the young people getting married to ensure that their marriages succeed for the benefit of their families and society which has a vested interest in the marriage institution.



PM Mbabazi (yellow tie) and his Wife Jacqueline (2nd R) pose for photo with new wed couple at Rubaga Cathedral on Friday(PMPU)

Mr. Mbabazi who is also the NRM Secretary General hailed Severino Twinobusingye describing him as a celebrity for his commitment to vital causes such as the land mark cases to challenge the violation of the Constitution of the Republic of Uganda.

The Premier made the remarks on Friday at Rubaga Cathedral during the wedding of city Lawyer Severino Twinobusingye and Asimwe Annitah Patience which was presided over by the Bishop of Kabale Diocese Rt. Rev. Callist Rubaramira.

Bishop Rubaramira urged the couple to love and serve one another the way Christ loves and serves the church adding that marriage was instituted by God to be monogamous with husband and wife staying together permanently with mutual love, faith and trust in God.

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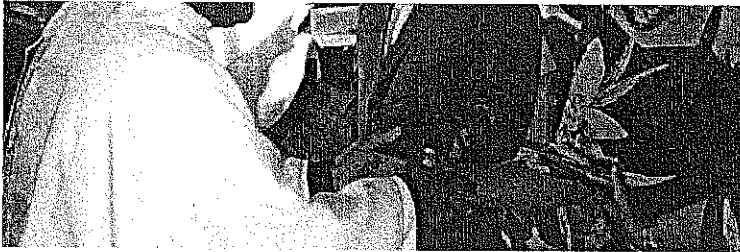
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PM Mbabazi and his Wife Jacqueline chats with Bishop Rubaramira at Rubaga Cathedral on Friday during Severino and Annitah weddi

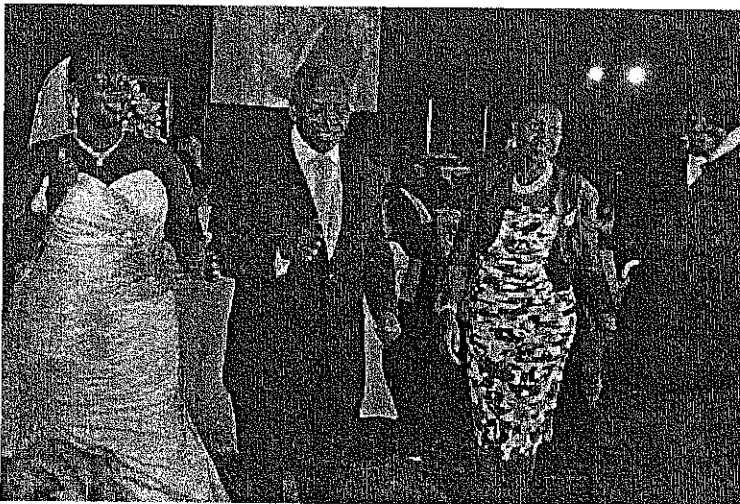
The Prime Minister Amama Mbabazi who graced the wedding congratulated Severino and Annitah for fulfilling the most important event in their lives adding that the secret of marriage is to love the one you marry.

He assured the parents of Annitah that he had confidence in Severino to look after their daughter very well.

The NRM Secretary General applauded Severino whom he mentored and supported through school for becoming a lawyer of distinction and strongly defending the Constitution of the Republic of Uganda.

During the reception at Sheraton hotel Mr. Mbabazi congratulated the NRM legal team composed of Severino and others for successfully defending the NRM Party in the Courts of law which resulted into last Friday's Constitutional Court ruling which threw out the four former NRM Members of Parliament from Parliament until the main petition challenging their stay is disposed of.

"Thank you for being combatants not through violence or the gun but through Courts of law," Mbabazi said.



PM Mbabazi and his wife Jacqueline dance with the couple at the reception at Sheraton hotel on Friday(PMPU)

He said he had the duty to congratulate the NRM legal team not only as a leader of NRM but also as someone who is pertinent about the restoration of rule of law in Uganda.

Severino is also credited for successfully petitioning the Constitutional Court to block Parliament from forcing the Prime Minister and Ministers Sam Kutesa and Hilary Onok to step aside over allegations of receiving bribes from foreign oil companies.

The Wife of the Prime Minister Canon Jacqueline Mbabazi who is a Senior Presidential Advisor and Chairperson of the NRM women league congratulated the couple and welcomed them into the bigger family of NRM on behalf of the central executive committee of the NRM.

She confessed that her experience in marriage for the last 40 years has taught her that marriage can be successful with love, patience and perseverance.

She said every day in marriage comes with good things, advising the couple to give each other some little space, avoid nagging each other and guard against small things that spoil the marriage.

"I am sorry', 'forgive me' should be your catch words in case of a disagreement and keep no record of wrong things," Mrs. Mbabazi advised the couple.

She said the institution of marriage was designed by God to be permanent adding that any suggestion that contradicts God's intention of Marriage should be ignored.

She prayed to God to give Severino and Annitah children, prosperity and long life. The Premier and his wife gave the couple a freisian heifer as they start their long journey in marriage.

ENDS

