

Uganda's Oil and Gas Industry Regulatory Institutions

An Overview

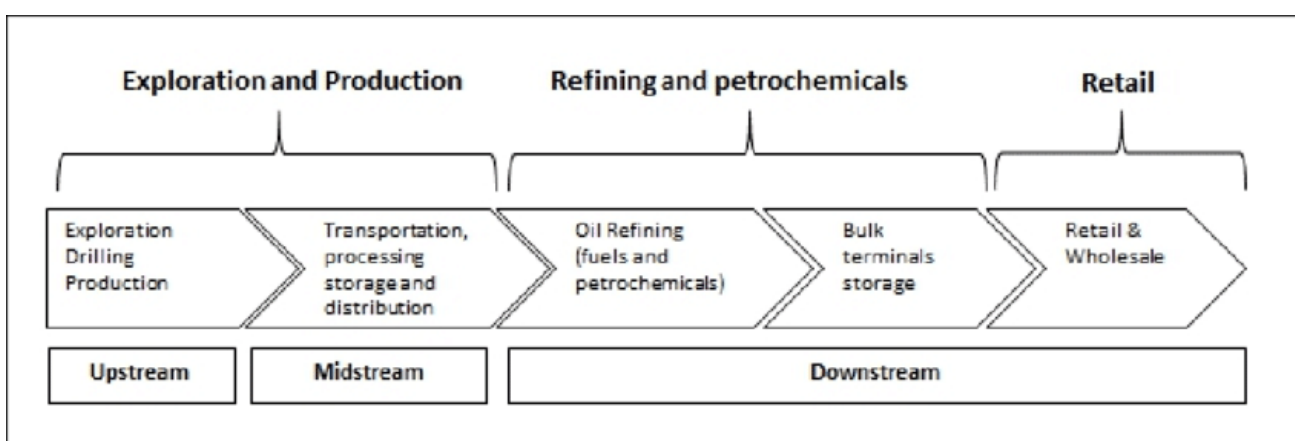


1. Introduction

Given its strategic importance to the national economy, Uganda regulates its oil and gas sector. The regulations imposed via legislation apply across the entire sector value chain but with specific requirements for the upstream, midstream and downstream segments. In broad terms, regulation is a balancing act between the competing needs of the two principal stakeholders namely the oil companies and the citizens represented by the government. Uganda's oil regulatory framework specifically seeks to establish a conducive and competitive environment for the exploration and production of crude oil as well as encouraging and protecting competition in the petroleum supplies market. Investors in Uganda's oil and gas industry are likely to interface with all or some of the core sector regulatory institutions that this article highlights.

2. Uganda's oil and gas value chain

Until the turn of the 20th century, the only active segment of Uganda's oil and gas value chain was the downstream subsector involving the marketing of refined and processed petroleum products such as petrol, lubricants, diesel, gas and the like at the fuel stations. Renewed exploration at the dawn of the century led to crude oil discoveries in 2006 that will soon be produced. These activities fall under the upstream oil and gas value chain segment. Uganda's crude oil will be transported to the Port of Tanga in Tanzania through the East African Crude Oil Pipeline. Undertakings relating to the transportation and storage of crude oil are covered by the midstream oil and gas value chain. Each of these segments is regulated in accordance with the applicable specific legislation.



3. The Ministry of Energy and Mineral Development

The Ministry of Energy and Mineral Development (“MEMD”) is the overall supervisor of Uganda's oil and gas sector.

The upstream sub-sector is regulated by the Petroleum (Exploration, Development and Production) Act, 2013 (“Upstream Law”) and underlying regulations providing the legal framework for the exploration, development and production of petroleum in Uganda. The responsibility of initiating, developing and implementing Uganda's oil and gas policy is vested with the Minister responsible for Energy who discharges this mandate through the Directorate for Petroleum Exploration, Development and Production. The other responsibilities of the Minister include granting and revoking licenses, submitting draft legislation to Parliament, issuing petroleum regulations, negotiating and endorsing petroleum agreements among others.

The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013 (“The Midstream Law”) and the underlying regulations is the principal law governing the midstream segment. This Midstream Law outlines the legal framework for the development of petroleum refining, gas conversion, pipelines, transmission pipelines and midstream storage facilities in Uganda. The responsibility of initiating, developing and implementing policy initiatives related with midstream operations is with the Minister responsible for Energy. Other responsibilities of the Minister include granting and revoking licenses and submitting draft legislation to Parliament among others.

The downstream oil and gas sector is regulated by the Petroleum Supply Act of 2003. This Act outlines the legal framework for the supervision and monitoring, importation, exportation, transportation, processing, supply, storage, distribution and marketing of petroleum products. This Act vests the Minister for Energy with the responsibility of initiating legislation and making the necessary regulations in order to support and promote a continuous, secure and adequate supply of petroleum products in Uganda.

4. Petroleum Authority of Uganda

The Upstream Law establishes the Petroleum Authority of Uganda (“PAU”) with the core function of monitoring and regulating the exploration, development and production of petroleum in Uganda. The specific functions of PAU include but are not limited to monitoring and regulating petroleum activities, reserves estimation and measurement of the produced oil and gas, reviewing and approving any proposed exploration activity contained in the annual work programme as well as undertaking cost recovery audits among others. The PAU also monitors and regulates midstream operations.

5. Commissioner of Petroleum Supply

The Commissioner heading the Department of Petroleum Supply in the MEMD has the responsibility of supervising and implementing the enforcement of standards, specifications and codes of conduct developed in accordance with the law. The licensing and granting of construction and operating permits for oil marketing stations is principally overseen by the Commissioner.

6. Other institutions

The Uganda National Oil Company is not necessarily a regulating authority but exercises the commercial interests of the government by investing and participating in country's oil and gas value chain. In addition to its mandate of assessing taxes, the Uganda Revenue Authority also has the responsibility of collecting petroleum revenues that it remits to the Petroleum Fund. The Minister responsible for Finance has the overall responsibility of managing the Petroleum Fund. The Bank of Uganda is accountable for the operational management of the Petroleum Revenue Investment Reserve (PRIR), Uganda's sovereign wealth fund. Funds allocated to the PRIR are earmarked for investment with a view to generate more economic value from the petroleum revenues.

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Denis is the Managing Partner at Cristal Advocates where he also leads the energy and tax practice. He is qualified both as a Lawyer and Chartered Accountant with vast experience serving various industries in Sub Saharan Africa. Before joining Cristal Advocates, he had worked for close to 10 years with Deloitte and Touche where he started his career and rose to senior managerial positions.

At Deloitte, he lived and worked in Uganda, Kenya, Tanzania and the United Kingdom for over 6 years and subsequently became the firm's chief of staff for the Energy and Resources Industry Group seeing him play a lead advisory role in Uganda, Kenya, Tanzania, Mozambique, South Sudan, Somalia and Ethiopia.

Denis is widely published and a regular commentator in the local, regional and international media and speaker at various forums regarding the taxation and financing of energy projects as well as the protection of large capital projects within the framework of international investment law.

He holds a Master of Laws degree in Petroleum Taxation and Finance from the University of Dundee in the United Kingdom, a Post Graduate Diploma in Legal Practice and a Bachelor of Laws degree from Makerere University.



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Bill is a Senior Advisor with Cristal Advocates. He has concentrated on working with energy companies with a particular focus on cross border transactions and M&A since 1989 and is a leading global energy and tax practitioner with wide international experience. Between 1986 and 1998, he worked in London with the UK tax authorities and Big Four accounting firms. From 1998 to 2004, he was based in Kazakhstan working across the Caspian region with Deloitte. He was in the region at the time it was developing its infrastructure for crude oil production with international investment following the collapse of the Soviet Union.

From 2004 to 2008, he worked in Russia where he led Deloitte's oil and gas industry group and established Deloitte's office in Sakhalin. He moved to East Africa in 2009 leading Deloitte's energy and resources industry group in Uganda, Kenya, Tanzania, Rwanda, Ethiopia and Mozambique. He was initially based in Kampala, Uganda later relocating to Dar es Salaam, Tanzania. Bill returned to the UK in 2014 supporting Deloitte UK teams working on outbound projects investing in Africa and was a key member of Deloitte UK's energy and resource practice until his retirement from the firm in September, 2018.

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John leads the public policy and advocacy practice at the firm and combines unique public and private sector experience.

Prior to joining Cristal Advocates, he had worked as a Private Secretary to the President of the Republic of Uganda. During this time, he participated in several public and private sector engagements that included advising and coordinating activities relating to oil and gas as well as infrastructural projects of national significance. John had earlier worked with the Post Bank Uganda Limited and Shonubi Musoke and Co. Advocates.

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Dickens leads the oil and gas practice at Cristal Advocates. He has an in depth appreciation of Uganda's oil and gas sector having served as the maiden Company Secretary of the Uganda National Oil Company (UNOC) and the Uganda Refinery Holding Company Limited (URHC). UNOC represents the Government of Uganda commercial interests in the oil and gas sector while URHC represents government interests in the refinery project as well as managing the petrol based industrial park.

Dickens was instrumental in UNOC's formation and initial period of operation and also served as its head of Contracts, Negotiations and Advisory until May 2018. Prior to joining UNOC, Dickens was Legal Counsel at the Petroleum Directorate of the Ministry of Energy playing key legal advisory roles on the negotiation and implementation of PSAs, Joint venture and other oil and gas agreements. He was also part of the team that shepherded the process of enacting the current Ugandan oil and gas Legislations and Regulations including the local content requirements.

He is a certified project control specialist (IFP) and holds a Master of Laws Degree in Petroleum Law and Policy from the University of Dundee in the United Kingdom, a Post Graduate Diploma in Legal Practice and a Bachelor of Laws degree from Makerere University.



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Francis leads the litigation and dispute resolution practice at the firm. He is an Advocate of the High Court of Uganda with expertise in oil and gas, infrastructure and dispute resolution. He has been part of teams advising on projects in Uganda, Tanzania, Mozambique and South Africa. He specializes in regulatory compliance, national content, health and safety and dispute resolution.

He joined Cristal Advocates from Kizza, Tumwesige, and Ssemambo Advocates. He previously worked with the Advocates Coalition for Development and Environment (ACODE). He also undertook a traineeship with the oil and gas division of Webber Wetzel in Johannesburg, South Africa.

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