

## **The impacts of trans border projects: The case of East African crude oil pipeline<sup>1</sup>**

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### **Introduction**

The discovery of commercially-viable oil deposits in the Albertine Graben of Uganda in 2006 raised hopes and expectations that the enormous revenues accrued ‘would make poverty history’ (Bainomugisha et al., 2006). As was the case with oil discovery in Chad, and the consequent construction of Chad/Cameroon oil pipeline (Ndumbe, 2002), many people believed the lucrative resource would change their lives, while others thought otherwise (Aristide & Moundigbaye, 2017). Conversely, benefit sharing among citizens has caused concern and created fear that, if not well governed, oil could become Uganda’s curse rather than a blessing (Ogwang et al., 2017). As is well documented in literature, several development projects (oil inclusive) cause displacement and, if not carefully managed, resettlement causes negative consequences (IFC, 2012; Terminski, 2014; Smyth & Vanclay, 2017). In case oil developments are poorly managed or governed, Uganda may find herself listed among the resource cursed countries. Uganda could also suffer from the ‘Nigerian Disease’ (Sahoo et al., 2014), a situation where resource revenues are wasted by governments lacking the institutional capacity to use windfall gains effectively.

The government of Uganda is in the process of commercializing its oil and gas resources. Since 2006, Uganda’s oil and gas sector has transitioned from the exploration and appraisal phase to the development phase in preparation for production of the petroleum resources that have been discovered in the country (WWF and CSCO, 2017). According to the MEMD (2017: 4), two new laws were enacted during 2013 to update the legal framework for the sector namely; the Petroleum (Exploration, Development and Production) Act 2013, and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013. Several Oil and Gas infrastructure projects are being planned across the region including an International airport, oil refinery and pipeline. The pipeline dubbed the East African Crude Oil Pipeline (EACOP) covering a distance of 1445km, 24 inches thick will run from Hoima in Uganda to the port of Tanga in Dar es Salaam, Tanzania. The decision to select the Hoima-Tanga route was seen as the least cost (Fujimura and Edmonds, 2006) route for transporting crude oil (Dimitroff, 2014) from Uganda to the Coast (at an estimated tariff of US\$12.2 per barrel) and was premised on a fiscal incentives package offered by the government of Tanzania.

However, the development of oil and gas pipelines over the world has been closely associated with serious environmental and social implications (McAdam et al 2010). While others are looking at the positive side of the project, some section of the population (WWF and CSCO, 2017) is worried about the impacts of the project. The major concerns feature as potential negative socio-economic (Freedom, 2008) and ecological impacts that these developments are likely to have on high value conservation areas with rich and unique biodiversity.

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According to the two governments, the EACOP Project (Menegaki, 2011) is in line with Uganda's National Oil and Gas Policy, and Tanzania's Energy Policy that provide for promotion of development of suitable transport and storage solutions which give good value to the country's oil and gas resources (Uganda Directorate of Petroleum, 2017 online). Moreover, the National Oil and Gas Policy (2008), presents key objectives that under pin midstream development such as objective No.4 which "recommends value addition to the country's crude oil"; objective No.5 "recommends development of suitable transport and storage solutions"; and objective No.9 "recommends that oil and gas activities are undertaken in a manner that conserves biodiversity and environment" (Byaruhanga, 2016; and MEMD, 2016).

The purpose of this paper is to examine how trans-border projects lead to socio-economic development in poor resource - rich countries rather than lead to resource curse. The paper examines and discusses the socio-economic activities and natural resources that exist along the proposed pipeline corridor; analyse the impacts of the development of the oil pipeline and other related activities on the livelihoods of the local community; assess the impact of the oil pipeline development activities on existing natural resources on the surrounding ecosystems; and examine the mechanisms put in place in managing and mitigating the potential impacts along the oil pipeline route. In doing so we intend to discuss the impacts of the EACOP and its associated infrastructures, their potential benefits, and the negative consequences which might result from this project. This will be done by assessing how the Ugandan (and Tanzanian) government(s) are dealing their citizens (Ishrak, 2011) in the process of acquiring land for the project. Particularly, we are interested in analysing the different social economic and environmental impacts of this project. While the actual construction of the pipeline is yet to start, there are already some tensions, uncertainties, and anxieties on the potential impacts of the project.

## **Methodology**

This paper is informed by ongoing field research which begun in 2015 and considers whether or not the discovery of oil is a blessing or a looming curse for Uganda. We specifically consider the implications of the oil development for social conflict and social development in the Albertine Graben region. In addition to an extensive document analysis, the research is based on primary data collected by the lead author between September 2017 to March 2018 in the districts of Hoima, Mubende, and Kampala city. In Uganda, the pipeline will pass through eight districts. The main livelihoods activities in Hoima and Mubende are agriculture and the main crops grown are maize, bananas, beans, groundnuts, upland rice, pineapples, tobacco, sweet potatoes, millet sorghum, and cassava; and while the livestock include; cattle, goats, poultry, pigs, sheep, and apiary.

Three out of the eight districts (Hoima, Mubende, and Sembalele) along the pipeline route, will involve major pipeline activities and installations like the construction of the pump stations; construction and operation of main camp and pipe yards, and excavations and pipeline laying. It is expected that many opportunities will accrue from the construction of the oil pipeline including; food supplies, catering and hospitality, transport, civil works, general supplies, construction materials, manpower, and provision of security services.

The research utilised qualitative data collection techniques including in-depth interviews, focus group discussions, and field observation. A total of 52 respondents participated in this research with key informants, including officials from Uganda National Oil Company based at the Ministry of Energy and Mineral Development; local leaders as well as with civil society organisations, and oil companies. While some of the communities are not very sure where the pipeline will actually pass, speculation and anxiety is high among them. This should be taken seriously. According to Reddy et al (2015:59) “perception is reality if you do not engage then, people will create their own reality”. As much as possible, field observation was undertaken to corroborate claims made by research participants and stakeholders, for example claims relating to restriction of livelihood sources, infrastructure development, such as central processing facilities, camps, access roads, and pumping stations. The researchers also reviewed several secondary sources.

### **Socio-economic impacts of the pipeline**

Results from the focus group discussions conducted at Kiziranfumbi sub-county indicate that several community members were concerned with severe outcomes like pipeline “bursting at some point in future” hence causing devastating effects in the areas. This group acknowledged that the ongoing road construction works related to the EACOP project would benefit them. While in Hoima, uncertainty is not there because the area where the pipeline will pass have already been gazetted and marked with stones/code nates and the people in these areas have already been notified to pave way for this pipeline. It will be consuming 30 meters, and the pipeline which permanently occupy 10 meters while 10 meters on both sides will be left for other services like accesses roads and optic fibre cables among others.

Lack of clear knowledge, in some places like Mubende, where the pipeline will actually pass affects us from continuous carrying out of our agricultural activities smoothly. To avoid speculators the government has not yet revealed the exact route where the pipelines will be constructed. Asked if they think their leaders can represent them effectively during negotiations, one of them said that “whether we trust them or not, we cannot do much because they were elected by the majority of the people”. The main observations made are that the locals were eager to learn more information concerning the pipeline especially where it will pass and how it will benefit them. They are so much worried of the displacements and are concerned whether the government will offer them fair and prompt compensations, given the negative experiences that were reported in Buhuka, Buseruka sub-county in Hoima and Buliisa. According to a top local government official in Kiziranfumbi sub county, there were no major impacts recorded in the area so far because there were no serious activities taking place here except if the pipeline was to be constructed, it would ultimately pass through people’s gardens of bananas, coffee, tea, and their settlements thereby affecting their social and economic set up.

The local leadership have come up with strategies to maximise the benefits from this project. Some of which include sensitising the community to grow more crops so that they can benefit from the big food market that will be required by the constructors. People have also been warned about land speculation, and advised to keep their land intact away from land speculators whom they referred to as “land grabbers”. The district leaders have already held sensitization meetings on the existing compensation rates since these will be the ones used to

value people's affected properties. They are also agitating for the lease of land instead of selling it completely to the construction company. One of the district leaders observed that "We want retain [land] ownership so that in case the pipeline activities cease, we can retain our land". However, with these sensitisations have come along speculators where people have now started serious developmental activities on their land in anticipation for compensation. According to one local council three chairperson of Local chairperson three (L.C.3) Chairperson Buseruka in Hoima district, the oil and gas industry in general have led to the development of their area. He asserted that they were hoping for the best....

first of all more jobs for our educated children to take up will be available. The community will benefit from compensations and be in position to construct good houses, and improve their standards of living. While all the people who will prefer relocation, the government will construct for them houses just like it did to some individuals who opted for relocation in the oil refinery land.

He argued that the health standards of his constituency have also been boosted due to oil discovery for example, the construction and renovation of Buseruka Health Centre III and Kabaale Health Centre III have been completed; Buseruka; Nyahaira, and Kyapuloni Primary schools have been constructed/renovated. He stressed that as leaders, they were so much agitating for the local content issue, adding that they want the government to offer fair and prompt compensations to all those people that will be affected by the pipeline project/constructions. On the positive side, many of the locals in this area identify positively with the existing projects hoping the pipeline will add on more of those benefits. In a focus group discussions one of them argued that "some of our daughters and some have already obtained jobs there and are working in the oil related construction activities. The road network constructed here will help improve our transportation processes and enable us access good market. Business activities like hotel industry, merchandise shops are already doing well because of the increasing in the number of the people due to oil related activities".

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