

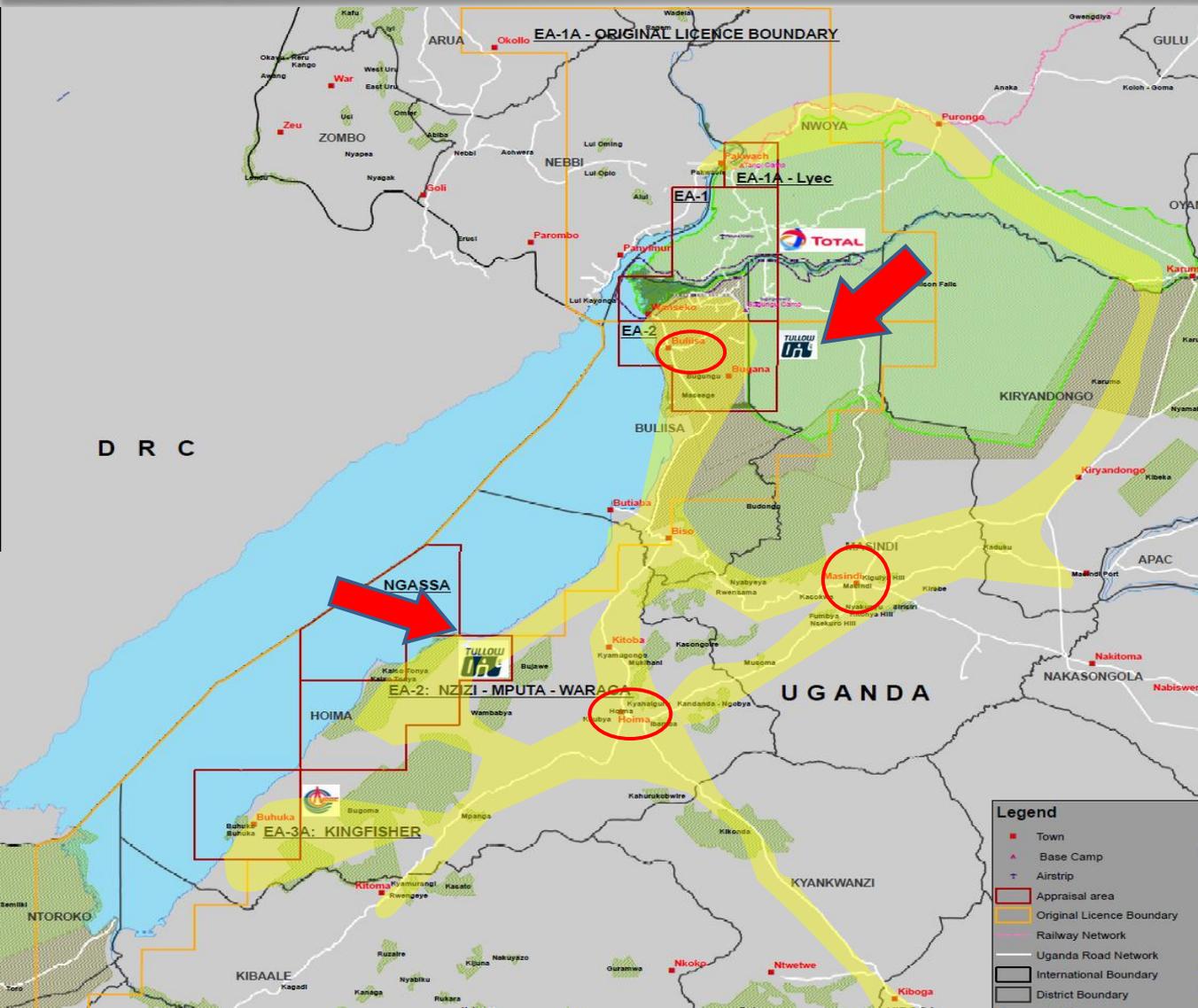
International Best Practices and Land Access in Exploration Activities: Tullow Experience in Uganda



Setting the Scene

Land and Livelihoods in Albertine
Graben

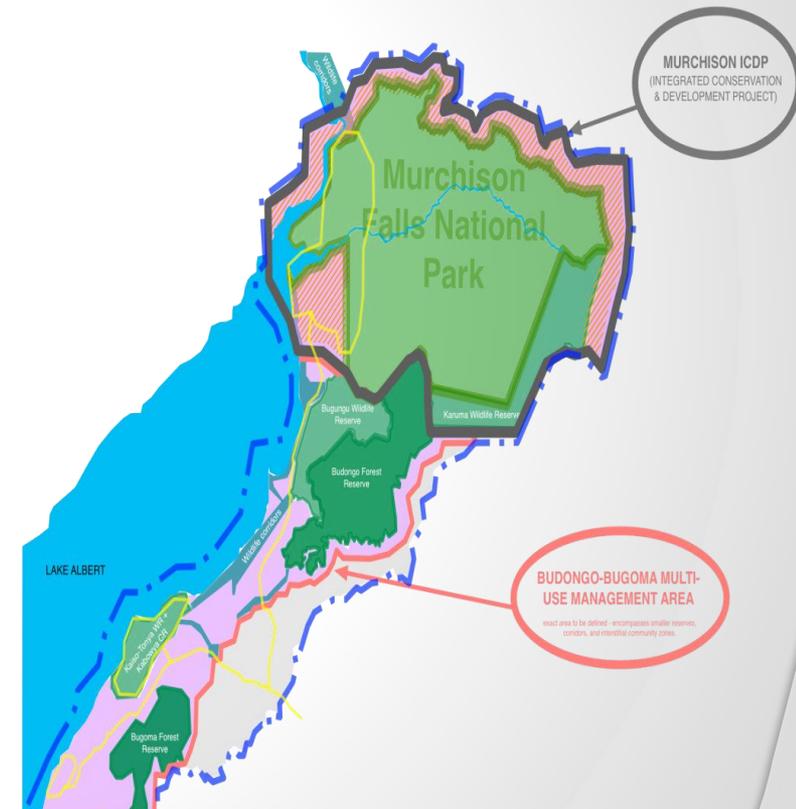
ALBERTINE GRABEN



- Biodiversity hotspot.
- Rural, subsistence farming community.
- Population influx, big expectations.
- Shrinking natural habitat, fragmented protected areas;
- TUOP operators in EA2

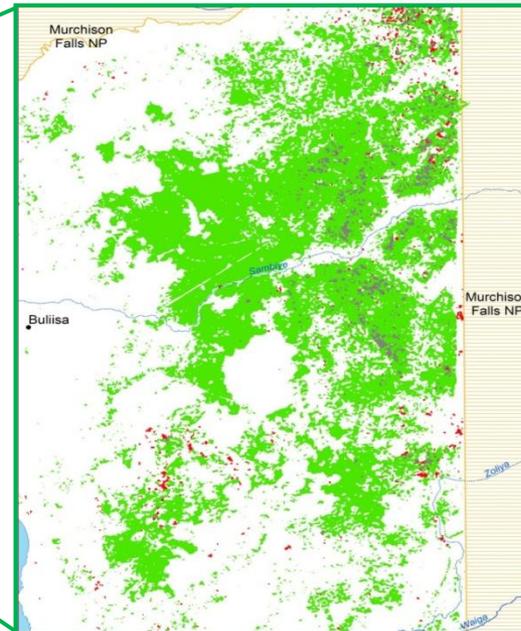
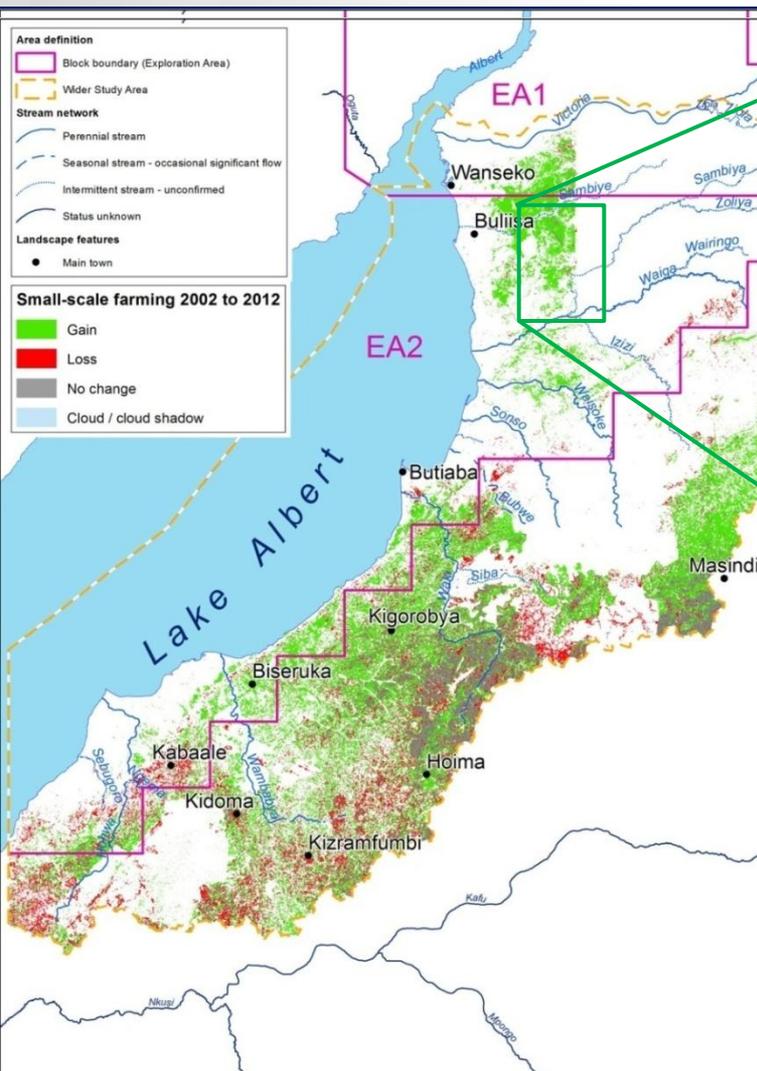
LAND TENURE IN THE ALBERTINE GRABEN

- Most of land is held under customary tenure (i.e. ownership rest with the clan);
- Individuals exercise their rights of access through affiliation and clan lineage;
- One third of the land is in environmentally sensitive areas (i.e. MFNP)



Less than 5% of the land is registered

LAND USE IN THE ALBERTINE GRABEN



- Substantial increase in small-scale farming;
- Grazing areas
- Urban settlements and rural growth centres

LAND USE IN THE ALBERTINE GRABEN



Environmentally protected areas



Grazing



Landing site



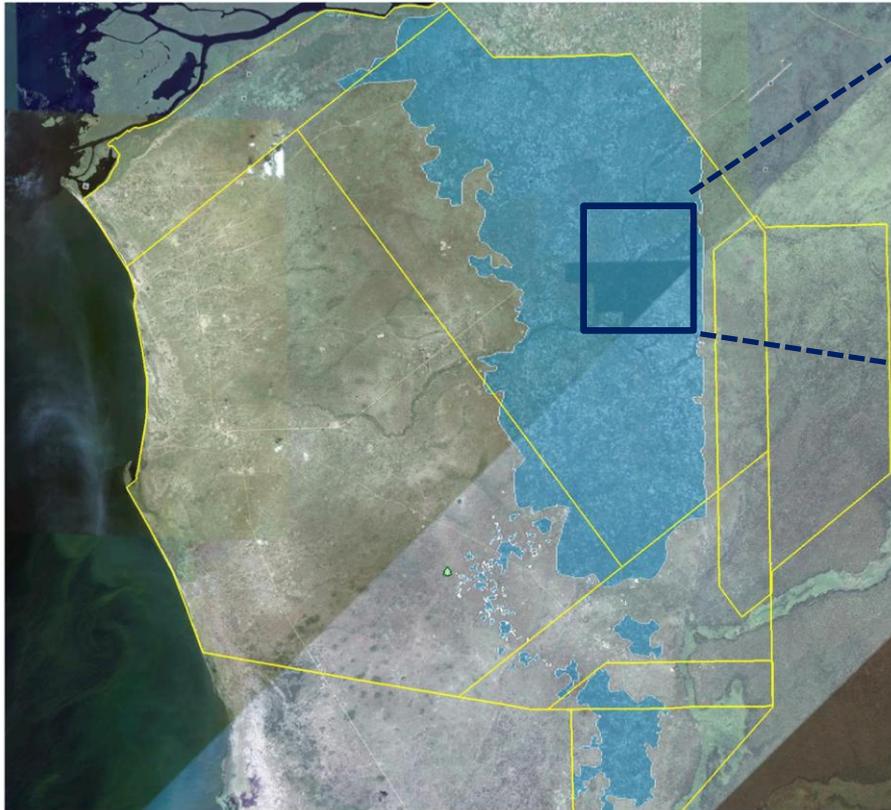
Small gardening



Tullow Uganda Operations Pty (TUOP)

**Land Access Approach for
Petroleum Explorations**

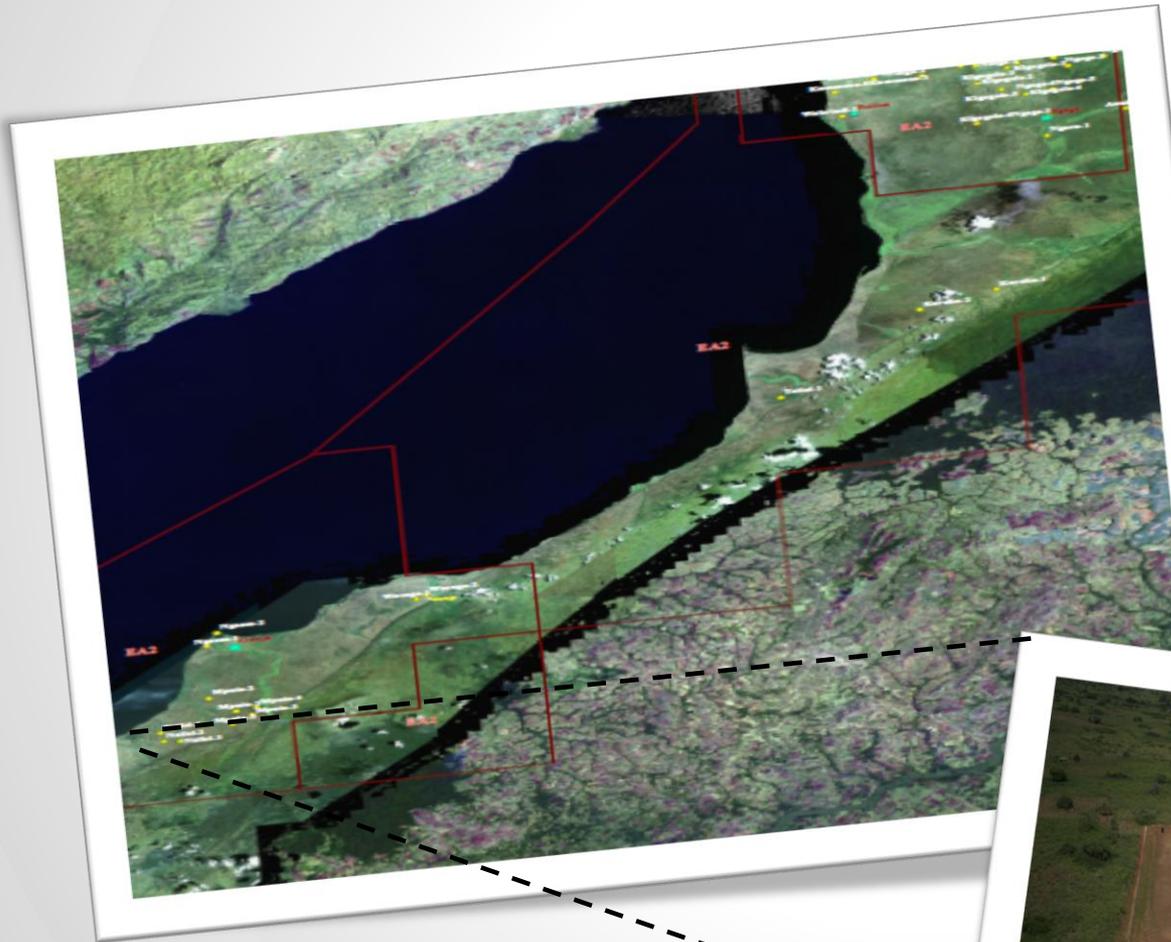
2D/3D SEISMIC ACTIVITIES – EA2 NORTH



Seismic Activities from December 2010

- Total 2D/3D areas ~ 374 sq km;
- Total line clearance: ~ 7500 km;
- Total estimated cultivated land: 96 sq km
- 56 villages impacted villages and > 50,000 affected plots
- Impact on crops and other livelihoods

WELL PADS AND ACCESS ROADS IN EA2



- Drilled 40 Exploration well pads measuring 100x100;
- 'Temporary' land use (i.e. 2 years) and after P&A;
- More than 10 km of access roads



KEY CHALLENGES IN EARLY STAGE



- First major project 'onshore' for TUOP – no formal SP and Communities Organisation;
- ESIA as a simple 'permit' or certificate;
- Raising communities expectations and unsolved legacy issues from previous licensees' explorations activities on payments for compensation;
- Early Stakeholder Engagement as an 'event';
- Increasing land speculators and land grabbers in the area;
- Lack formal approach for temporary acquisition and resettlement for petroleum exploration activities from the Government

WHAT DID THIS MEAN FOR TUOP?



Integration of Best Practice in Uganda and Internationally in order to

- UNDERSTAND and ADAPT a strategic approach to the wide range of issues linked to exploration activities:

- Land acquisition and increased land prices;
- avoidance of physical displacement;
- Influx and in-migration;
- Raising Community expectations;
- Local and Socio-economic and power changes;

- “COMPENSATE” in the form of benefits that:

- Support access to **alternative livelihoods**;
- Are **tangible (quick wins)**.

- Consider TIMING of Engagement for Land Access in line with project phases and planning

IFIC Performance Standard 5 Land Acquisition and Inventory Reassessment

Overview of Performance Standards on Environmental and Social Sustainability

1. IFIC's Sustainability Framework articulates the Corporation's strategic commitment to sustainable development and is an integral part of IFIC's approach to its management. The Sustainability Framework comprises IFIC Policy and Performance Standards on Environmental and Social Sustainability, and IFIC's Access to Information Policy. The Policy on Environmental and Social Sustainability describes IFIC's commitments, roles and responsibilities related to environmental and social sustainability. IFIC's Access to Information Policy reflects IFIC's commitment to transparency and good governance on its operations, and outlines the Corporation's performance disclosure obligations regarding its investment and advisory services. The Performance Standards are drafted to provide clear, concise guidance on how to identify risks and impacts, and are designed to help avoid, mitigate and manage risks and impacts as a way of doing business in a sustainable way, including compliance management and disclosure obligations of the client in relation to operational activities. In the case of its listed subsidiaries (including project and corporate finance providers) through financial intermediaries, IFIC requires its clients to apply the Performance Standards to manage environmental and social risks and impacts on the development opportunities available to them. IFIC uses the Sustainability Framework along with other strategies, policies, and initiatives to fulfil the business objectives of the Corporation in order to achieve its overall development objectives. The Performance Standards may also be applied by other financial institutions.

2. Together, the eight Performance Standards establish standards that the client is to meet throughout the life of an investment by IFIC:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Inventory Reassessment
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

3. Performance Standard 1 establishes the importance of (i) integrated assessment to identify the environmental and social risks, risks and opportunities of projects; (ii) effective community engagement through disclosure of project related information and consultation with local authorities to ensure that energy client firms and (iii) the client's management of environmental and social performance throughout the life of the project. Performance Standard 2 through 8 establish objectives and requirements to avoid, minimize, and manage social impacts related to environmental risks and impacts to workers, affected communities, and the environment. When an investment's environmental and social risks and greater impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential environmental and social risks and impacts that require particular attention. Where environmental or social risks and impacts

The term "client" is used throughout the Performance Standards broadly to refer to the party responsible for identifying and assessing the project that is being funded in the context of the financing, lending or the



A Strategic Approach to Early Stakeholder Engagement

A Good Practice Handbook for Junior Companies in the Extractive Industries



Tullow Uganda Operations Pty (TUOP)

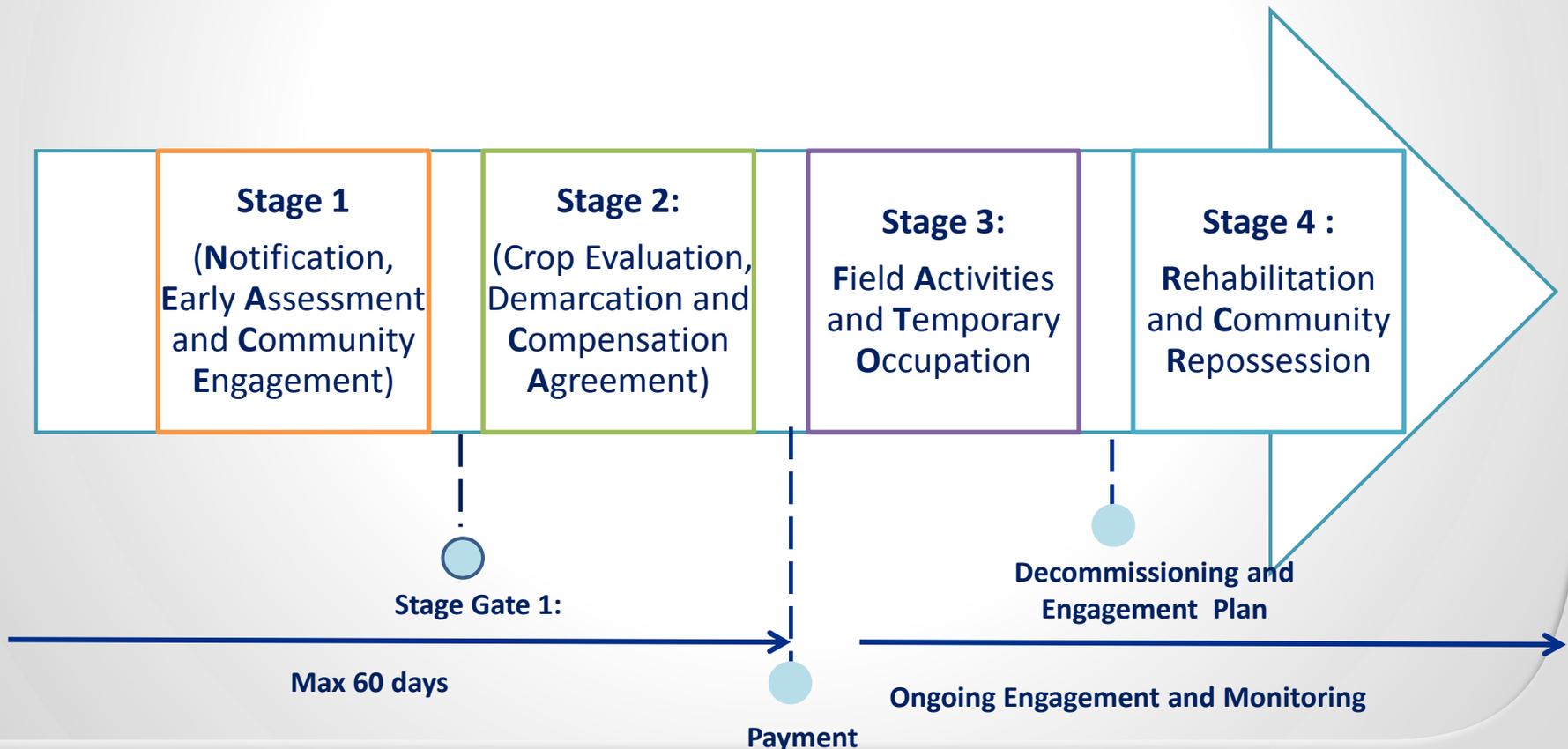
Revised Land Access Approach

REVISED LAND ACCESS APPROACH



Ensure an uniform, multi-functional and timely delivery of compensation and land access for exploration phases and temporary access.

Ongoing Strategic Stakeholder Engagement



REVISED LAND ACCESS PROCESS



Stage	Main Activities	Timeframe (approx)
1	<ul style="list-style-type: none"> • Feasibility of site in terms of avoiding unacceptable social, environmental impacts and mitigate non-technical risks; • Introduction of process and compensation matrix to PAP • Recognition clan/individual rights and ownerships; • Finalise assessment of major social and env risks in cooperation with PAPs and local authorities; • Acceptance from Community Leaders to proceed work in the area 	10 days
STAGE GATE: If site is feasible, approval from leadership team		5 days
2	<ul style="list-style-type: none"> • Land requirements clearly identified; • Clan/individual ownership surveyed and mapped; • Valuation of affected crops with PAPs, CGV and local authorities; • Negotiation of compensation terms and • Preparation of Compensation Agreement 	30 days
COMPENSATIONS AGREEMENTS Signed and PAYMENTS to PAPs		15 days
3	<ul style="list-style-type: none"> • Field works start (line cutting, temporary disturbance, line cutting, exploration drilling, etc) 	Ongoing Engagement, Monitoring and Evaluation
4	<ul style="list-style-type: none"> • Decommissioning and Engagement Plan • Rehabilitation of disturbed land; • Exploration WPs would be P&A while access roads will not upon PAPs Request 	

STRENGTHS OF NEW LAND ACCESS PROCESS



- Cross-functional/department process;
- Clearly defined **Accountabilities** for each stage of Process;
- **Ad-hoc Community Engagement and Acceptance** for all phases of the process;
- Information gathered in Step 1 as a base of Community Acceptance Plans;
- Strong Involvement with National/Local authorities during Evaluation and Compensation
- **Monitoring, Reporting and Tracking System**

COMMUNITY ACCEPTANCE PLANS



Ex: Influx and Land use planning

Training of District Land Planning Authorities and community leaders on:

- Good land governance
- Conflict management
- Notion of accounting
- Land planning and zoning
- Risks linked to land grabbing speculation



COMMUNITY ACCEPTANCE PLANS



Ex: Vulnerable People Intervention

- Vulnerable Screening Procedures:
Assessment at community level during
Social Baseline Data and Mapping
Procedures
- Targeted intervention for vulnerable
population as community benefit
packages
- Internal 'gender' champion designed



LESSONS LEARNT AND WAY FORWARD



- Establish the right balance between *over committing* to a project and *neglecting* all social risks;
- Strategic Early Stakeholder Engagement (*phasing*) in line with project phases;
- Multi-disciplinary team to identify site-based risks for each function and recommendations for mitigation;
- Inclusive participation of PAPs and Local/National authorities in negotiation and compensation process

LESSONS LEARNT AND WAY FORWARD



Ex: Livelihood Restoration Pilot Project

Key Challenge: Cash compensation is the preferred option for PAPs – Shift towards Livelihood Restoration

Two level approach

Community level (2015)

- Pilot Project – Increase awareness of inclusion of Land-based/fishing livelihood programs instead than cash compensation



Local/National Authorities Level

- Bridging the gap between MEMD and MAAIF on via ad hoc engagement

THANK YOU!

Tullow Uganda Operations Pty Ltd

Plot 15, Yusuf Lule Road
P. O. Box 16644

Kampala, Uganda

Tel:+256312564000

Fax:+256312564066

