

EXECUTIVE SUMMARY

Uganda's Petroleum sector has experienced rapid growth over the years, with the establishment of several projects for exploration and development of oil and gas wells in the highly eco-sensitive Albertine Graben, and the construction of thousands of fuel stations and storage tanks countrywide. However, the potential impacts of Petroleum Sector projects on ecosystems, and the risks they pose to the safety of human beings, their property, and to plants and animals, is widely documented.

Recognizing the above, the Government requires all developers that set up these projects to conduct Environmental Impact Assessments (EIAs) to assess their possible environmental impacts, and propose adequate measures to mitigate them. The National Environment Management Authority (NEMA), together with the developers themselves and other Government entities, is required to ensure that these EIAs are of appropriate quality, and that the proposed mitigation measures are implemented.

The objective of this audit was to assess the efforts of NEMA in ensuring that EIAs in the Petroleum sector are effectively regulated and monitored. We collected data for this audit through review of documents, and interviews with Government officials, Oil Companies, Fuel Station Managers and Environmental Practitioners. However, this audit was limited by challenges from obtaining complete information from NEMA due to gaps in information management.

KEY FINDINGS

REVIEW OF ENVIRONMENTAL LEGISLATION

NEMA is undertaking review of legislation to incorporate emerging issues including oil and gas. However, this review was not completed according to schedule, and the Authority has set new timelines for its completion.

PREPARATION OF EIAs FOR PROJECTS IN THE PETROLEUM SECTOR

EIA approval was obtained from NEMA for all projects in the upstream before their commencement. However, this was not the case in the downstream: out of 118 projects granted construction permits by the Department of Petroleum Supply and Distribution (DPSD) from 2010/11 to 2014/15, 85 (72%) had EIA certificates of approval from NEMA, while 33 (28%) did not.

CONDUCTING AND REVIEW OF EIAs IN THE PETROLEUM SECTOR

NEMA takes a shorter time to approve upstream projects than those downstream, although the review time for the latter has gone down over the years.

Delays in review are mainly caused by the heavy workload of the EIA review team at NEMA, lack of facilitation by Lead Agencies to their staff to conduct site verification inspections, and the poor quality of some EIAs submitted.

The above notwithstanding, the stipulated review time for EIAs in Uganda is significantly longer than in Kenya and Rwanda, and is considered too long by several stakeholders.

There have been significant improvements in the quality of EIAs conducted in the oil and gas sector due to increased exposure, training and interaction between the different stakeholders. However, some gaps remain because of inadequate access to baseline data by the practitioners; absence of ready information on existing and planned investments/activities in project areas; inadequate skills and limited investment in technology (software) by EIA Practitioners. In the upstream, this is exacerbated by the fact that the EIA process commences after many project details such as processes, design and technology have been discussed and approved by the Advisory Committee Meeting (ACM) which limits the ability of practitioners to propose alternatives. The EIA review is also affected by the inadequate skills to review and monitor petroleum-sector EIAs by some government personnel, especially the District/ Municipal Environment Officers (DEOs/MEOs).

MONITORING EIA IMPLEMENTATION AND FEEDBACK TO DEVELOPERS

Monitoring and inspection of upstream projects is regularly undertaken by NEMA and the Department of Petroleum Exploration, Development and Production. The Oil Companies have also complied with quarterly self-monitoring requirements. However, NEMA neither gives regular nor timely written feedback to the developers on areas for improvement.

There are significant inadequacies in the methodology and quality Environmental audits undertaken by the developers.

On the other hand, monitoring and inspection of downstream Petroleum Sector projects has not been adequately prioritised and coordinated by NEMA, the Department of Petroleum Supply and Distribution (DPSD), the DEOs/MEOs, and Environmental Inspectors. The developers downstream have also not submitted self-monitoring reports or audits to NEMA.

KEY RECOMMENDATIONS

1. NEMA should prioritise and expedite the on-going development of an effective system for management of records and information in order to support the process of EIA Regulation and Monitoring.
2. NEMA should strive to adhere to the revised timelines for finalisation of the internal review of environmental legislation, and engage the other stakeholders (PCE, Cabinet, Solicitor General and Parliament) to ensure timely approval of the legislation.
3. NEMA should improve coordination with DPSD to ensure that all downstream projects obtain EIA certificates of approval from NEMA before commencement. This will require improvement in sharing of information regarding EIAs between the two entities. In addition, NEMA should investigate and consider taking appropriate action against the companies that started activities without EIA approval.
4. NEMA should sensitize the stakeholders on the availability and accessibility of data for use in the EIA process. In addition, NEMA should work with the Uganda Association of Environmental Impact Assessors, and the Committee of Environmental Practitioners of Uganda to strengthen the regulation of the profession through enforcing Continuous Professional Development, and more stringent review of applications for certification or renewal of registration for certified Environmental Practitioners.
5. NEMA should dialogue with MEMD and the Oil Companies to explore the possibility of conducting EIAs before project details such as processes, design and technology have been discussed and approved by the ACM in order to save time and costs;

6. NEMA should continue to work with local governments in the Albertine Graben and other lead agencies to ensure that more of their staff (including DEOs and MEOs) receive the necessary training for review of EIAs in the petroleum sector;
7. NEMA should engage MoFPED, MWE and Lead Agencies to ensure that they plan, budget for and fund environmental management activities in LAs and districts, such as EIA review and monitoring activities.
8. NEMA should enforce the requirement for all developers do regular self-monitoring, self-reporting and auditing. In addition, NEMA should ensure timely, written feedback is given to developers following inspections or when they submit reports in order to encourage compliance with stipulated mitigation measures and EIA conditions of approval.

OVERALL AUDIT CONCLUSION

NEMA has made good strides in regulation and monitoring of EIAs in the Petroleum sector; specifically in the upstream, resulting in improvements in the quality of EIAs and the compliance of upstream developers with reporting requirements. However, NEMA does not give timely feedback to developers on areas of improvement after monitoring. In the upstream, practitioners also face a challenge of not easily accessing baseline data and other information for use in the EIA process.

In the downstream because of lack of coordination between NEMA and the Lead Agencies, some projects commence without EIA approval, while the approved projects are not regularly monitored as required. There are also delays by NEMA to complete review and approval of EIAs due to internal staffing challenges and failure by districts to budget and fund EIA review and monitoring activities.

Quality being a critical issue in the EIA process, it is important that NEMA strengthens its oversight role to ensure improvement in the quality of work produced by the Environmental Practitioners.