

Joint Sector Review 2017
Closing Remarks by Hans Peter Christophersen
Chair of EMDPG

Theme for Review:

**“Energy and Mineral Resources for Employment Creation, Value Addition,
Industrialization and Local Content Development”**

Hon. Minister of Energy and Mineral Development

Hon. Members of Parliament

Mr. Chairman, Permanent Secretary

Development Partners

Distinguished guests

My compliments, on behalf of the development partners, to the Ministry of Energy and Mineral Development, the energy & minerals directorates and all the stakeholders for their efforts in preparing this seventh Joint Sector Review. It has been two very constructive and useful days, and I am very impressed about the engagement by everyone.

I am very pleased to hear that there were lively and constructive discussions in the subsection meetings yesterday. The petroleum subsector discussions lasted to after 8 pm.

The Joint Sector Review participants – an impressive number of delegates from all stakeholders, and not least many representatives from all regions of Uganda, have reviewed the achievements made the last year, discussed challenges, and identified the sector priorities for the coming year.

May I also congratulate the Ministry of Energy and Minerals with an outstanding result of the Government Performance Assessment, undertaken for the Office of the Prime Minister. The report, recently published, puts the Energy & Minerals Sectors as 2nd best amongst 16 sectors reviewed. Let’s add the target to become the best sector performer by the next JSR!

Allow me, Mr. Chairman, to highlight some of the work in the Energy & Minerals Development Partner Group, the EMDPG:

- The group meets 8-9 times a year and is regularly represented by 10-12 development partners, including World Bank, Africa Development Bank, International Monetary Fund, KfW, UNDP, UNCDF, EU, Germany, France, Netherlands, UK, Japan, USA, Sweden, Denmark, Norway.
- The group has a very strong focus and project support towards renewable energy.
- The group represents an energy portfolio (bilateral) of more than 70 projects, with a value (in terms of grants and subsidized loans) of more than USD 1 billion.
- The group covers the areas of
 - o Transmission
 - o Distribution and Access
 - o Generation and Energy Efficiency
 - o Policy and Technical Assistance
- Providing efficient support and cooperation with GoU through coordinating our efforts, as well as aligning with the GoU priorities are overall goals.

The development partner group discussed sector priorities at our meeting last week. The meeting was also attended by MEMD. Development partners highlighted priorities & challenges which are much the same as those highlighted during these two days by the MEMD sector groups. I mention a few:

- Need for training and skills development. Highlighted by all sub-sector groups.
- High turn-over and drain of personnel is identified as a big concern by all subsectors.
- Good coordination at all levels has been identified as an extremely important area. This includes coordination with local authorities and with people in the regions affected by energy and mineral development projects.
- Land issues is of major concern to all sectors. Conflicts due to unclear property rights, illegal settlements, environmental damage are major challenges in Uganda. Further, lack of compensation for land and property, and wealthy people speculating in purchasing land with the aim of future compensation add to the concerns. These challenges urgently need to be solved, otherwise development of Uganda will suffer.

- Uganda is hosting more refugees than most countries in the world, giving additional challenges in providing electricity, clean water and waste handling.

Allow me, Mr. Chairman to highlight some of the remarks to the JSR, examples from the items debated under the Sector of Governance; Petroleum; Minerals; Power; Biomass.

Sector Governance

One of the recommendations was to strengthen the Sector Working Group (EMD-SWG).

The Group, chaired by the Permanent Secretary, coordinates all the subsectors and respective stakeholders. The members of the development partner group are pleased to be invited to these regular meetings at Amber House, which we find very useful and informative. However, the attendance at the monthly meetings has become large, and there are many subsectors to address. This gives some restraints to facilitate for more in-depth discussions. The development partners propose to the Ministry to consider setting up subsector groups which can meet bi-monthly, and that the entire group meets in plenum bi-monthly.

Developing the skills of the employees, as well as how to attract skilled persons – and not least keep them – was an issue highlighted. The skills challenge was further addressed by all the subsectors.

Minerals

A large part of our discussions these two days related to the minerals sector. I also recall that the minerals share of sector allocations is the smallest. During the period 2010 to 2015 it stood at 0,3% of the total sector allocations of the Ministry.

Possible future electricity generation from for example geothermal energy will provide Uganda with additional security of energy supply. The Ministry has provided estimates of power generation, but these are uncertain until proven by drilling. There are major upfront costs associated with identifying geothermal energy resources. The cost for drilling the three proposed research wells only amounts to USD 20 million, the same cost as constructing a 10-15 MW hydropower or solar power plant.

One of the participants referred to the establishment of the Uganda National Oil Company, and asked why a similar state entity not has been established for the mining sector. An interesting reflection, in view of all the challenges we have heard the Uganda mining sector is

facing these days. Historically, Norway has had a vibrant mining industry, and some of the major mineral resources have been and are extracted by state controlled companies.

Biomass

It is important to note that biomass represents close to 90% of the energy consumption in Uganda. Use of firewood and charcoal is widely used for cooking. In the opening speech, Ambassador Susan Eckey highlighted the concerns with the environment and deforestation in this respect. In the previous panel debate, it was said that out of 15,000 institutions, only 5% use energy friendly means of cooking. I heard that 20,000 out of a total of 24,000 schools in Uganda still use firewood and charcoal for cooking. This is of great concern, and we support that the Ministry has put this high on the agenda to solve. The EACREEE – East Africa Center for Renewable Energy and Energy Efficiency, REBI – Renewable Energy Business Incubator, as well as ongoing research at Department of Physics on solar powered institutional cook-stoves, are examples of important initiatives with the aim to improve climate friendly and energy efficient cooking solutions.

Power

Most of my fellow development partners attended this session. I heard many positive remarks that they had many interesting and constructive discussions. Training and skills development was again one area highlighted as a sector challenge. UEGCL will soon take on the operation of the Karuma and Isimba hydropower stations – with a big challenge to prepare their staff for such an important task. These are the biggest industry projects in Uganda to date.

Synchronization of the power supply, capacity to transmit and distribute, as well as demand and affordability of the customers – industry and households – will be an extremely important task to solve. This was addressed in the opening speech by the Ambassador. These concerns were discussed in the various groups, and during our plenum debate, where the Chairman of the Uganda Chamber of Mines and Petroleum raised the concern that GoU might have to pay for power which cannot be transmitted due to inadequate infrastructure.

Uganda has abundant energy resources from hydro and sun. Adding further power sources, provides additional security of supply. However, it may also pose a risk for dispersing the limited number of skilled personnel available on too many sectors. Projects must also be

economically viable. Norway constructed a 420 MW gas to power station ten years ago. It was never economically viable, and has never been used. This costly plant is now being demolished.

GoU has prepared a number of strategic plans for the power sector. A “Master Plan” with the purpose of achieving cost-efficient optimal supply of future electricity to the end consumer, will be of large benefit to establish or update.

Petroleum

Capacity building and skills drain was again highlighted in our discussions. I noted that UNOC – the National Oil Company, had a double page in the national newspapers two days ago – announcing many new positions. Myself, I applied to a similar advertisement by the private oil company of Norway as a young engineer. During that time, it became a big problem in Norway when oil companies and higher paid state directorates drained skilled people from the public sector and the high-tech private sector.

Allow me, Mr. Chairman Permanent Secretary, to mention the Ministry delegation you headed just some days ago to Tanzania, advising Tanzania on assessing the potential for finding oil in central Tanzania which has resulted in an agreement with Uganda to help in the search for oil in the Eyasi Wembere Basin and Lake Tanganyika. Mr. Chairman, I know you had training in Norway – therefore I am tempted to say this is an excellent long-term outcome of a program we call “Train the Trainers”.

To promote the development of petrochemical industry, industrial parks and to promote the conversion of natural gas and its utilization are important priorities. As examples from my own country, and very relevant to Uganda, will be the production of fertilizers from gas – and even carbon dioxide can be utilized for accelerating algae growth as feed for fish farming.

Hon. Minister, let me compliment the Ministry for promoting women in what traditionally is a typical male dominated sector. UNOC’s first Chief executive is a woman. As well as the Chief Operating Officer. And the Minister of course. The Norwegian State Oil Company, Statoil, has throughout its 45 yrs of existence only had male CEO’s.

Thank you all for two very constructive days of work and collaboration!