

OIL, GAS & INFRASTRUCTURE



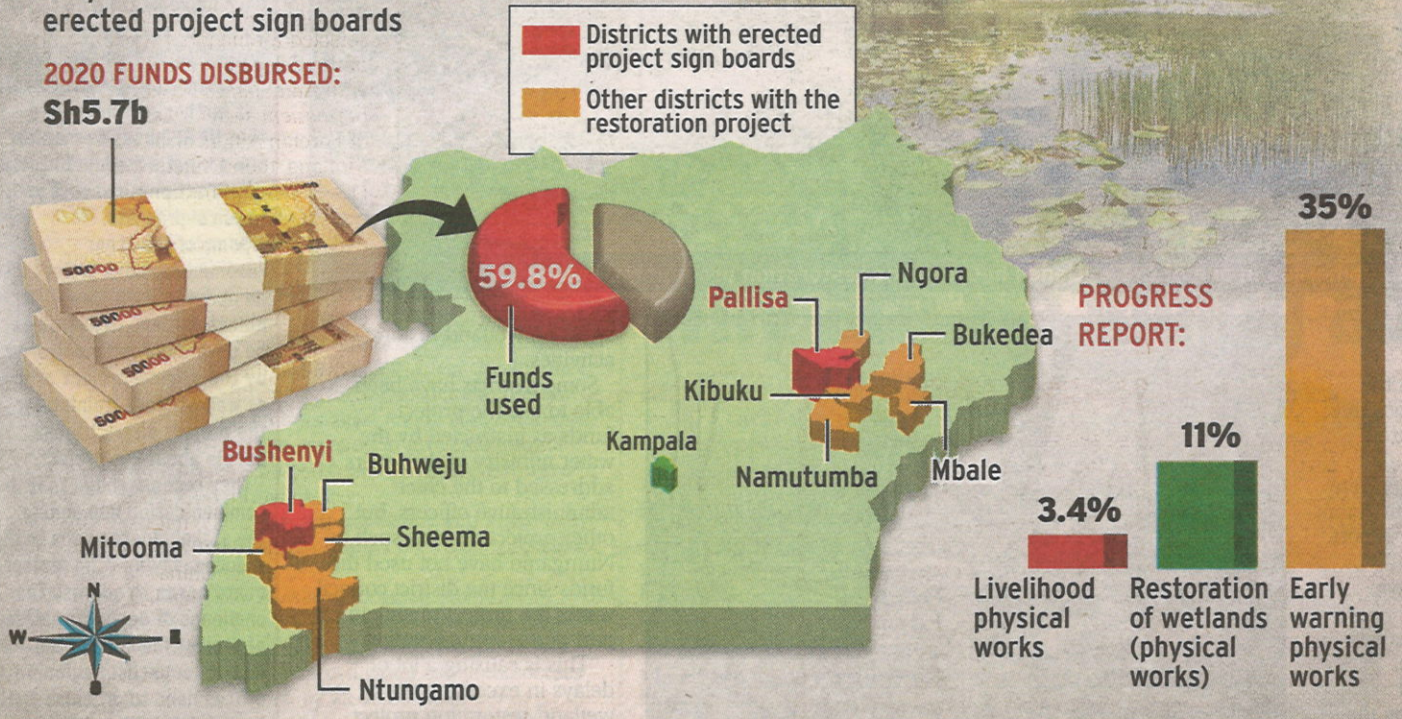
Ugandans who negotiated the oil deals. Page 27-28

GRAPHIC BY BRIAN SEKAMATE

Status of wetland restoration project

Only two out of 11 district sites erected project sign boards

2020 FUNDS DISBURSED:
Sh5.7b



Shell to put energy plan to shareholder vote

Shell will put its energy transition strategy to a non-binding shareholder vote at its annual general meeting next month, the first time an energy firm will be seeking an advisory approval of its plan to go to net zero.

Shell has pledged to become a net-zero energy company by 2050, and said earlier this year that its oil production peaked in 2019 and was set for a continual decline over the next three decades.

"As we transform our business, it is more important than ever for shareholders to understand and support our approach," Shell's chief executive officer Ben van Beurden said in the preface of the company's energy transition strategy.

"We are asking our shareholders to vote for an energy transition strategy that is designed to bring our energy products, our services, and our investments in line with the goal of the Paris Agreement and the global drive to combat climate change," van Beurden added.

According to Shell's strategy, the target for carbon intensity reduction is 6-8% by 2023 for the short term, 20% by 2030 and 45% by 2035, until reaching carbon intensity reduction of 100% by 2050.

SH164B WETLAND PROJECT STALLS

Is conflict of interest and slow funds disbursement by funders frustrating the wetland restoration project in the 11 districts of Uganda? A survey has indicated that almost half of the project period of eight years is gone, but only 16% of the work has been completed and disclosure of information about a number of issues is not forthcoming, writes **Henry Sekanjako**.

A public infrastructure survey on the progress of the physical works for building resilient communities, wetlands ecosystem and associated catchments in Uganda for restoration of wetlands, has discovered that a lot of project time has expired with limited progress.

The Government, in 2017, partnered with organisations such as Green Climate Fund and the United Nations Development Programme (UNDP) for a \$44.3m (sh164b) eight-year resilient communities projects in selected districts of south, western and eastern Uganda.

However, over three years down the road, only 16% of the physical works have been completed, ahead of the five years remaining time.

"Only five years of the project

There is slow physical progress of the project and slow disbursement of project funds from all the three funders.

is remaining out of the eight years project duration. No time overruns has been experienced, but a lot of project time has expired yet the overall physical progress is 16%," the public infrastructure survey report by CoST Uganda, an infrastructure transparency initiative, revealed.

The project is funded by the Government of Uganda at \$18,122,000 (sh67.957b), Green Climate Fund at \$24,140,160 (sh90.525b) and UNDP at \$2m (sh7.5b). The physical progress of the project which started in January 2017 was at only 16% as of December 2020.

A look at the breakdown of the progress report showed that restoration of wetlands is at 11% of physical works, 3.4% of livelihood physical works,

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Oil demand could peak by 2026

Despite a bullish stance on the short-term future of oil demand, Goldman Sachs has a grimmer prediction for the longer-term future of the commodity: in a Bloomberg report, the investment banking major was quoted as expecting "anemic" demand for oil from the transport sector after 2025.

"Government policies driving higher efficiency gains and lower emissions have had the strongest bearing on road transport demand," Goldman analysts said in the report. "Petrochemicals will become the new baseload for oil demand, driven by economic growth and rising consumption, especially in emerging markets."

The transport sector is the largest consumer of crude oil, but the wider adoption of electric cars will undermine demand, according to Goldman Sachs, and it could peak by 2026. As for a return of demand to pre-pandemic levels, this will not happen at all, according to the investment bank.

Oilprice.com



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DISTRICTS NOT PREPARED, FUNDS DELAY PROJECT IMPLEMENTATION

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and 35% of early warning physical works. The project is being implemented by three institutions, namely the water ministry, agriculture ministry and the Uganda National Meteorological Authority.

It is being implemented through three components, for example, the water and environment ministry is implementing wetland restoration, the agriculture ministry is implementing project livelihood for the affected farmers, and the Uganda National Meteorological Authority is implementing the early warning on weather.

FINDINGS

The survey revealed that the physical progress of the works is 16.5% and 3.5 years of the project duration is expired.

The investigation revealed that there is slow disbursement of project funds from all the three funders.

Of the sh5.7b for the year 2020, only 59.8% was used to implement the project activities.

"It was observed that only two district project sites (Bushenyi and Pallisa) had erected project sign boards among the 11 project district sites (Sheema, Mitoma, Ntungamo, Namutumba, Bukedea, Buhweju, Ngora, Mbale, Kibuku)," read the report.

The report indicated that there is substantial progress at Pallisa project site than any of the visited sites.

Some livelihood options like fish farming have yielded poor harvest, while others have failed.

The contractors constructing the irrigation schemes were accused of not sharing the scope of work with the district technical teams. Fingers were also pointed at political leaders as negatively affecting the project progress. The report said the regional offices are involved in executing the project activities, there are no sustainability plans and some districts do not have updated work plans at the project sites.

Analysis of the gathered information by CoST revealed that disclosure was poor. With only 51.2% being proactively disclosed, while the rest was reactively disclosed.

CONFLICT OF INTEREST

It was observed that there is conflict of interest in implementing some project activities since some public servants are also stakeholders

in the service providers companies.

It recommended that the agriculture ministry does due diligence on the procured contractors.

"Some public servants were found representing contractors on ground," stated the report.

It was observed that sites (Sheema, Bushenyi, Ntungamo, Mitoma, Buhweju, Mbale, Bukedea, Pallisa, Ngora, Kibuku, Namutumba), wetland restoration was done by the community. However, there has been some restoration done by regional offices there.

According to CoST, disclosed information revealed that the building of resilient communities, wetland ecosystems and associated catchments in Uganda project is aimed at addressing increasing wetland degradation, which has resulted in negative consequences. These consequences include floods, rising temperatures, loss of biodiversity, drought and deteriorating water quality among other effects in 24 districts of Uganda.

"No quality assurance and evaluation reports were disclosed. More information was disclosed about the project identification and preparation. The proactive project information was gathered from Green Climate Fund website, MWE website and public platforms. However, there was no information available on the Public Procurement and Disposal of Public Assets Authority (PPDA) website," read the report.



People's homes got submerged in one of the wetlands because the restoration programme stalled



Pollution has led to loss of vegetation in some wetlands

Most of the funds have been disbursed to the 24 project districts to implement the activities.

FUNDING

The Government has lower funding for the three projects; more of the funding is from donors (loans and grants). Infrastructure activists argued that loans attract interest, while grants may be given based on some conditions — positive and negative — which the Government has to follow.

The Government is funding 41% (\$18,122,000) of the project, while the Green Climate Fund and the UNDP are contributing 59% as a grant. The report noted that as of December 2020, there were no project cost overrun, yet a lot of project funds had not been used as planned.

The report indicated that the funds were to be disbursed to the three implementing institutions in eight disbursements, but only the water ministry had sh2.6b. However, even here, only 83.6% of the funds had been

spent on wetland restoration activities.

Some districts have been able to use the project funds as instructed by the water ministry in the letters addressed to the chief administrative officers, but other project districts such as Ntungamo have not used the funds since the district council wants the project money to be part of the annual budget.

"This is causing a lot of delays in executing the wetland restoration project activities. Different letters were written by the Accountant General authorising the opening of different bank accounts for the project districts to access the funds, but some district councils have ignored this communication," read the report.

As of the year 2020, the agriculture ministry received sh2.4b, but only 30.7% was spent in implementing the livelihood project activities like irrigation, fish pond construction in Buhweju, beekeeping projects for Sheema and piggy in Mitoma.

The Uganda National Meteorological Authority received sh613.7m, but only 65.1% was spent in implementing the early warning project activities.

However, the report indicated that the weather stations have been equipped with new instruments at Mitoma, Sheema, Mbale, Ntungamo, Kibuku, Kumi and Tororo. The overall project expenditure for the last 3.5 project years per region was not disclosed.

The main reason for not

BENEFITS TO THE COMMUNITY

During the restoration of wetlands, there were employment opportunities for the local people to restore the wetlands, and a direct benefit of income and hope for maintenance and project ownership.

CoST recommended that an updated project schedule needs to be developed with deliverable action points for each implementing institution on how to achieve the lost project time, the way forward for fast-tracking the project.

It further recommended that UNDP needs to monitor the project schedule in terms of project physical cost and physical progress.

Some of the other recommendations include an updated work plan with milestones and deliverables be developed and monitored by the original project offices as well as more training for the project district focal people about the project.

They recommended that the communication gap among the stakeholders needs to be reduced, saying "the project board needs to address the challenge of delay of release of project funds from the district councils. Regional offices need to organise visits to districts with substantial progress in livelihood options and irrigation".

spending the disbursements for 2020 was, according to the report, delayed disbursements from the UNDP, which is the accredited entity where Green Climate funds are received.

"UNDP and the government of Uganda need to adopt the annual project cost disbursement. This will enable UNDP to put more effort in monitoring the projects' physical progress and cost," the report stated.

The report suggested that the unclear project cost balances at the end of the financial year will be clear, and better planning will be done for the next financial year if they adopt the annual disbursement of funds than the quarterly one.

The outbreak of COVID-19 that resulted in lockdown that delayed the implementing of livelihood, early warning and the wetland restoration project activities also affected the project's utilisation of the funds.