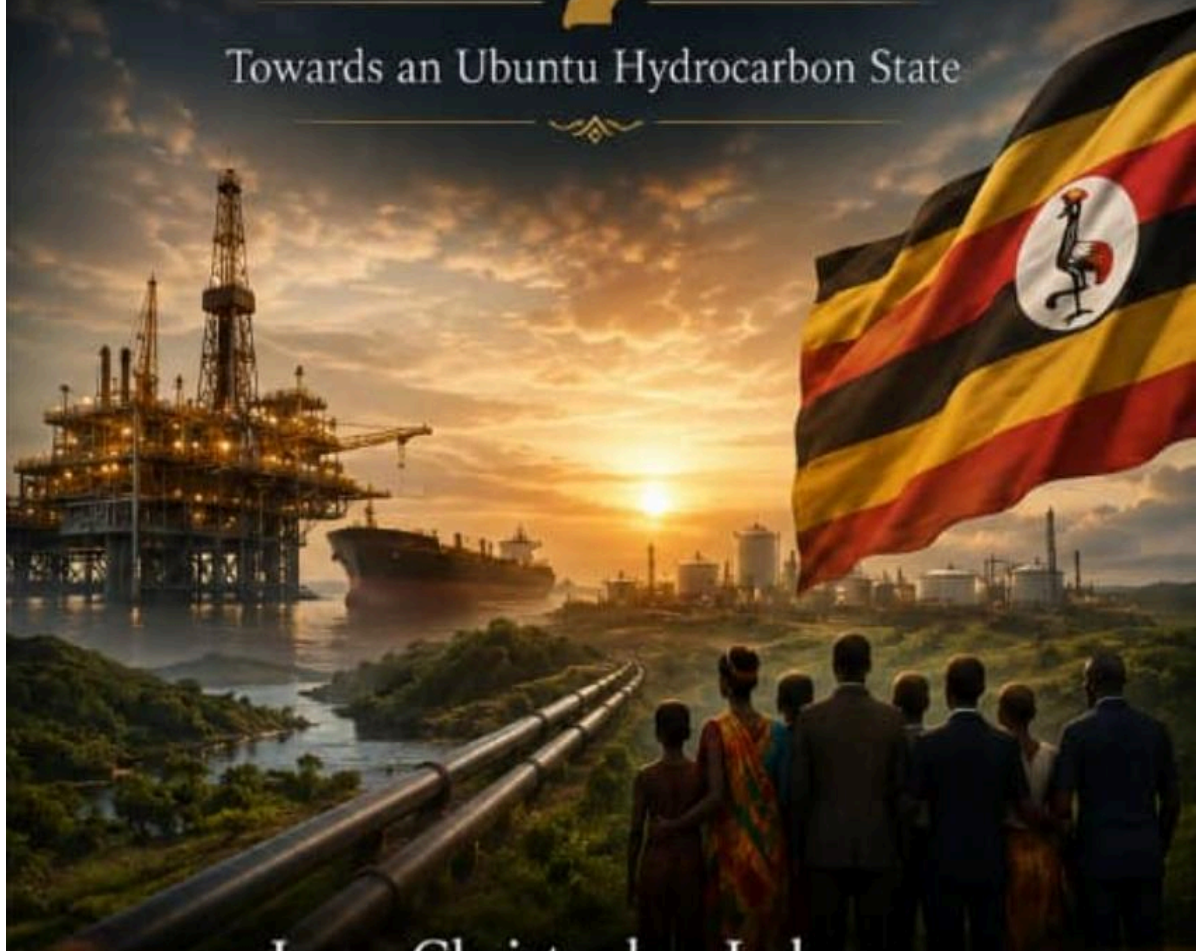


# UGANDA'S HYDROCARBON ECONOMY



Towards an Ubuntu Hydrocarbon State



Isaac Christopher Lubogo



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*Towards an Ubuntu Hydrocarbon State*

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**Isaac Christopher Lubogo**

*Suigeneris Consultancy, Kampala*

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## DEDICATION

*To the people of Uganda – whose land holds a promise this generation must not squander. To the communities of the Albertine Graben, who bear the greatest risks and deserve the greatest share of the reward. To all who believe that oil must serve humanity, not merely those who extract it.*

*To the memory of Y.K. Lubogo ESQ CBE, whose pen gave Busoga its historical voice, and whose legacy demands that we write not only of our past but of our collective future.*

*Omuntu nga omuntu babantu.  
A person is a person through other persons.*

*The discovery of oil is not the discovery of wealth. Wealth lies in what a people choose to do with what the earth has offered them. When oil departs – and it shall depart – only the institutions, the knowledge, and the character of a nation shall remain. An Ubuntu Hydrocarbon State understands this from the very first barrel.*

*– Isaac Christopher Lubogo*

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# FOREWORD

Uganda stands at a historic crossroads. The discovery of commercially viable hydrocarbon deposits in the Albertine Graben has opened a chapter in the nation's story that is simultaneously thrilling and treacherous – thrilling, because the prospect of oil revenues promises an accelerant for development that the country has long sought; treacherous, because the history of petroleum-exporting nations offers too many cautionary tales of promises betrayed, institutions corrupted, and people abandoned.

It is against this backdrop that Isaac Christopher Lubogo has produced this ambitious and original work. *Uganda's Hydrocarbon Economy: Towards an Ubuntu Hydrocarbon State* is not merely a technical primer on petroleum economics, nor simply a legal analysis of the regulatory framework governing Uganda's nascent oil sector. It is, at its core, a philosophical argument about who oil is for.

The author marshals an impressive breadth of scholarship – from African philosophy and jurisprudence to political economy, environmental law, geopolitical analysis, and development theory – to construct what he calls the Ubuntu Hydrocarbon State: a governance framework rooted in the relational ethics of Ubuntu, which insists that a person, and by extension a political community, becomes fully itself only in and through its relationships with others.

What makes this work distinctive is its insistence that Africa's right to develop – including through fossil fuel exploitation – is a matter of justice, not merely economics. The chapter on environmental concerns is among the most courageous in the book, making the case that the global community cannot simultaneously demand that Africa forgo the development dividend of its natural resources while industrialised nations that created the climate crisis continue to enjoy wealth that fossil fuels built.

This book deserves a wide readership: among policymakers who must decide how oil revenues are captured and deployed; among lawyers who must advise on contracts and compliance; among civil society advocates who must hold the sector to account; and among ordinary Ugandans who have a right to understand what is being

done, in their name, with the inheritance that lies beneath their soil. The time to build the right foundations is now.

*Suigeneris Publishers*  
*Kampala, Uganda, 2025*

# PREFACE

This book began as a question that would not leave me alone. In the years since Uganda confirmed significant oil discoveries in the Albertine Graben, I have observed a striking gap in public discourse. The technical dimensions of petroleum extraction were well covered by engineers and geologists. The legal dimensions were debated in academic and policy circles. The environmental dimensions attracted vigorous advocacy. But the philosophical question at the centre of it all – what kind of state should Uganda become as a hydrocarbon economy, and by what values should it govern this extraordinary inheritance – was largely unasked.

It is that question which this book attempts to answer. The answer I propose is grounded in Ubuntu philosophy, the African relational ethic captured in the aphorism *Umuntu ngumuntu ngabantu*: a person is a person through other persons. I argue that the Ubuntu Hydrocarbon State is not a utopian abstraction but a practical and achievable governance ideal – one that can be given institutional form through law, policy, and sustained political will.

I write as a lawyer, a philosopher of African jurisprudence, and a Ugandan. I write also as someone who believes that the story of Uganda's oil is ultimately a story about dignity: the dignity of a people who deserve to benefit from what their land holds, and who deserve institutions capable of ensuring that they do.

The book is organized into fifteen chapters, arranged across five thematic parts, followed by six appendices, a comprehensive bibliography, and a subject index. It moves from the elementary science of hydrocarbons to the deepest questions of governance philosophy, passing through history, economics, geopolitics, law, environmental ethics, and social psychology. Each chapter is designed to be accessible to the educated general reader while maintaining the scholarly rigour expected by specialists.

I have endeavoured throughout to ground abstract argument in the concrete realities of Uganda's legal and institutional landscape, and to illustrate theoretical positions with examples drawn from Uganda's own experience and from the

comparative experience of other petroleum states. All translations from non-English sources are my own. All errors remain mine.

This work is dedicated to the people of Uganda, and above all to the communities of the Albertine Graben – whose patience, resilience, and legitimate expectations have been the invisible thread running through every page of this work.

**Isaac Christopher Lubogo**  
*Suigeneris Consultancy, Kampala*  
2025

# ACKNOWLEDGEMENTS

The production of this work has drawn on the generosity, expertise, and encouragement of many individuals and institutions. The author wishes to express his sincere gratitude to the scholarly community at large, whose published research forms the foundation upon which this work is built. The libraries and digital repositories that have made the literature of petroleum economics, African philosophy, environmental law, and development theory accessible have been indispensable.

Particular thanks are due to the staff of Suigeneris Publishers for their commitment to the production of high-quality scholarly work from and for Uganda. The Petroleum Authority of Uganda, the Uganda National Oil Company, and the Ministry of Energy and Mineral Development have, through their public communications and annual reports, provided essential factual grounding for the analysis in this book.

The communities of the Albertine Graben – through the voices of their representatives in public forums, civil society submissions, and media – have consistently reminded all who engage with Uganda's hydrocarbon story that the ultimate test of governance is whether it reaches the people on whose land oil has been found. Their patient insistence on accountability and fair benefit has been an enduring inspiration.

To the global network of scholars working at the intersection of African philosophy, resource governance, and development law, your work has made this synthesis possible. To my family, and to the memory of Y.K. Lubogo ESQ CBE, whose example taught me that writing is itself a form of service – thank you.

## ABOUT THE AUTHOR

Isaac Christopher Lubogo is a legal scholar, philosopher, and institution-builder based in Kampala, Uganda. He is the founder of Suigeneris Consultancy and Suigeneris Publishers, operating from Bukandula Tower, Plot 15, Rubaga Road, Kampala. He teaches law at multiple Ugandan universities and is the author of over seventy published books spanning legal practice, African jurisprudence, development law, and philosophy.

Lubogo holds a Master of Laws and is completing his Doctoral of Law (LLD) at Makerere University School of Law. His doctoral research, *Ubuntu and the Law in Uganda: Towards a New Constitutional Dispensation*, is the foundational scholarly project from which the theoretical framework of this book emerges. He is the recipient of the Africa Law Tech Award 2022 and the SMEGAfrica Excellence Scholar Award 2025.

He is the grandson of Y.K. Lubogo ESQ CBE, author of the original *History of Busoga*, a legacy he actively continues through Suigeneris Publishers. His Suigeneris Law App and related consultancy projects reflect a long-term commitment to making legal knowledge accessible to ordinary Ugandans.

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— PART ONE: FOUNDATIONS —

## CHAPTER ONE

# INTRODUCTION TO HYDROCARBONS

### *Science, Significance, and Sovereignty*

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The word 'hydrocarbon' derives from the Greek roots for water and carbon, but its modern significance extends far beyond chemistry. In the twenty-first century, hydrocarbons are the lifeblood of industrial civilisation, the currency of geopolitical power, and – increasingly – the subject of one of the most consequential debates in human history: whether humanity can afford to continue burning them.<sup>1</sup>

For Uganda, the question is both more specific and more urgent. The discovery of commercially viable oil and gas reserves in the Albertine Graben has placed the country on the threshold of a transformation that could either accelerate its development or reproduce the governance failures that have left other resource-rich African nations trapped in poverty. Understanding hydrocarbons – what they are, how they form, and why they matter – is therefore not merely a scientific exercise. It is the beginning of a political, economic, and philosophical reckoning.<sup>2</sup>

## 1.1 What Are Hydrocarbons?

In the most elementary sense, hydrocarbons are organic chemical compounds consisting exclusively of hydrogen and carbon atoms. They occur naturally in the earth's crust and are the principal constituent of petroleum, natural gas, and coal. The petroleum family – which includes crude oil, natural gas, condensate, and their refined derivatives – is the focus of this work.<sup>3</sup>

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<sup>1</sup>International Energy Agency, World Energy Outlook 2023 (IEA, Paris 2023) 24.

<sup>2</sup>Daniel Yergin, The Prize: The Epic Quest for Oil, Money and Power (Simon & Schuster, New York 1991) 14.

<sup>3</sup>BP, Statistical Review of World Energy 2023 (BP plc, London 2023) 8.

Crude oil is a complex mixture of hydrocarbons ranging from light, volatile compounds to heavy, viscous ones. It is classified by its density – measured in degrees API gravity – with light, sweet crude commanding the highest prices on international markets. Natural gas consists primarily of methane, often found in association with crude oil or in discrete gas reservoirs. Liquefied natural gas (LNG) is natural gas cooled to minus 162 degrees Celsius for storage and transport, enabling its movement across oceans. Shale oil and gas, extracted through hydraulic fracturing, have transformed North American energy markets, though at a larger environmental footprint than conventional production.<sup>4</sup>

The formation of hydrocarbons is a process of geological time. Organic matter – primarily the remains of marine organisms – accumulates on the sea floor and is buried under successive layers of sediment. Heat and pressure transform this organic material into kerogen, and eventually into liquid oil and gaseous hydrocarbons. These fluids migrate upward through permeable rock until they encounter an impermeable cap rock. It is in such reservoirs that Uganda's hydrocarbons have accumulated over millions of years.<sup>5</sup>

## 1.2 Why Hydrocarbons Matter Globally

Hydrocarbons currently supply approximately 80 per cent of the world's primary energy demand, powering everything from household cooking stoves in rural Uganda to jet aircraft crossing the Atlantic, from furnaces of steel mills to generators that keep hospital operating theatres lit.<sup>6</sup>

Beyond energy, hydrocarbons are the feedstock for the modern petrochemical industry: fertilisers that make possible the feeding of eight billion people, plastics that pervade every aspect of contemporary life, pharmaceuticals, synthetic fibres, rubber, solvents, and an almost unlimited range of industrial chemicals. It is sobering to observe that the very devices on which this text may be read – smartphones, laptops –

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<sup>4</sup>Vaclav Smil, *Energy Transitions: History, Requirements, Prospects* (Praeger, Santa Barbara 2010) 3.

<sup>5</sup>National Geographic Society, *Energy Resources: Oil and Gas Formation* (National Geographic 2020) 5.

<sup>6</sup>EIA, *International Energy Statistics* (US Energy Information Administration, Washington DC 2023).

are themselves products of hydrocarbon chemistry, from their plastic casings to the lubricants in their manufacturing equipment.<sup>7</sup>

The military and geopolitical significance of hydrocarbons is equally profound. Modern warfare is mechanised warfare, and mechanised warfare runs on petroleum. The outcome of the Second World War was shaped in significant measure by access to oil. Today, the military expenditures of states that project power globally are impossible without reliable petroleum supply chains.<sup>8</sup>

### 1.3 The Global Energy Balance

Global energy demand, driven by population growth and economic development in emerging economies, has risen consistently over the past century. The International Energy Agency projected that global primary energy demand would reach approximately 620 exajoules by 2030 under its stated policies scenario, with fossil fuels remaining the dominant source even as renewables grow rapidly.<sup>9</sup>

The international oil market is characterised by extraordinary price volatility: prices have ranged from a low of minus 37 dollars per barrel in April 2020 to over 130 dollars per barrel in March 2022. This volatility poses fundamental challenges for oil-producing countries whose fiscal plans depend on projections of future oil revenues, and makes fiscal conservatism and the building of stabilisation reserves a governance imperative.<sup>10</sup>

For producing countries of the developing world, the question is not simply whether oil matters – it manifestly does – but on what terms they can participate in the global oil economy in a manner that captures an equitable share of the economic rent generated by their resources, rather than serving primarily as extraction platforms for

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<sup>7</sup>Michael Klare, *Resource Wars: The New Landscape of Global Conflict* (Henry Holt, New York 2001) 27.

<sup>8</sup>IEA, *Fossil Fuels in Energy Transitions* (IEA, Paris 2022) 15.

<sup>9</sup>OPEC, *World Oil Outlook 2023* (OPEC Secretariat, Vienna 2023) 12.

<sup>10</sup>World Bank, *Commodity Markets Outlook* (World Bank, Washington DC 2023) 18.

the benefit of foreign corporations and their home country governments.<sup>11</sup>

## 1.4 The Challenge and Promise for Uganda

Uganda is, by African and global standards, a late entrant into the hydrocarbon economy. Commercial oil exploration in the country began in earnest only in the early 2000s. The country is therefore in the enviable position of being able to learn from a century of international experience – positive and negative – before the first barrel is officially exported.<sup>12</sup>

Yet the challenges are formidable. Uganda is landlocked, meaning that any crude oil must be transported by pipeline to a port at considerable cost and geopolitical complexity. Its petroleum institutions are still young, their capacity not yet tested by the demands of full-scale production. The communities on whose land oil has been found have legitimate expectations of benefit not always met in the pre-production phase. And the global energy transition may limit the window during which Uganda's oil can command favourable prices.

It is these challenges – and the philosophical framework within which they must be confronted – that this book addresses. The unifying thread is the argument that Uganda's hydrocarbon economy must be governed not merely efficiently, but justly – and that justice, in this context, means an Ubuntu Hydrocarbon State: a governance framework anchored in the relational ethic of African communalism, intergenerational responsibility, and human dignity.<sup>13</sup>

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<sup>11</sup>Petroleum Authority of Uganda, *Oil and Gas Industry in Uganda: Status Update* (PAU, Kampala 2023) 5.

<sup>12</sup>Fatih Birol, 'The Energy Sector under Stress' (2023) 44 *Energy Policy Review* 3.

<sup>13</sup>Isaac Christopher Lubogo, *Ubuntu and the Law in Uganda: Towards a New Constitutional Dispensation* (LLD Thesis, Makerere University, Kampala 2024) ch 2.

## CHAPTER TWO

# HISTORY OF HYDROCARBON CIVILISATIONS

### *From Kerosene Lamps to Geopolitical Power*

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To understand Uganda's hydrocarbon moment, it is necessary to understand the longer history of which it is a part. The age of oil is not simply an economic episode but a civilisational transformation that began in the mid-nineteenth century and whose consequences – ecological, political, and moral – are still unfolding. That history is simultaneously a story of extraordinary human ingenuity and of extraordinary human failure.<sup>14</sup>

## 2.1 The Birth of the Petroleum Age

The modern petroleum industry is conventionally dated to 1859, when Edwin Drake drilled the first commercial oil well at Titusville, Pennsylvania. Within a generation, oil had displaced whale oil as the principal illuminant in American homes, and the Standard Oil Company of John D. Rockefeller had established itself as perhaps the most powerful private economic organisation in history, controlling at its peak over 90 per cent of American oil refining.<sup>15</sup>

In Europe, the Rothschild family and the Nobel brothers competed for control of the Baku oilfields of the Russian Empire, while Royal Dutch Shell was establishing the Asian petroleum franchise that would merge with British Shell Transport and Trading to create one of the world's largest corporations. The race for oil was, from its earliest decades, simultaneously a commercial competition, a geopolitical contest, and a

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<sup>14</sup>Daniel Yergin, *The Quest: Energy, Security and the Remaking of the Modern World* (Penguin, New York 2011) 87.

<sup>15</sup>Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World They Shaped* (Viking Press, New York 1975) 23.

technological arms race.<sup>16</sup>

## 2.2 Oil, Empire, and the First World War

The First World War demonstrated with dramatic force the decisive importance of oil in modern warfare. The British government's acquisition of a controlling interest in the Anglo-Persian Oil Company in 1914 – at the personal initiative of Winston Churchill, converting the Royal Navy from coal to oil – was one of the most consequential acts of industrial policy in the twentieth century. Anglo-Persian became Anglo-Iranian and eventually British Petroleum, one of the oil majors whose global reach would extend to Africa.<sup>17</sup>

The interwar period saw the establishment of the 'As-Is' cartel, a secret agreement among the major international oil companies to freeze market shares and fix prices. This arrangement, also known as the Red Line Agreement and the Achnacarry Agreement, gave the Seven Sisters – Standard Oil of New Jersey, Royal Dutch Shell, Anglo-Persian, Standard Oil of California, Gulf Oil, Texaco, and Socony-Vacuum – effective control over the world's petroleum industry for nearly three decades.<sup>18</sup>

## 2.3 Colonial Extraction and African Oil

The history of oil in Africa is inseparable from the history of colonialism. The first major African oil discovery was in Nigeria's Niger Delta in 1956, by Shell-BP, a decade before Nigerian independence. The pattern established there – of foreign corporations extracting wealth from African soil under colonial arrangements, with minimal benefit to the people on whose land the oil lay – would be repeated across the continent, from Libya to Angola, Gabon to Equatorial Guinea.<sup>19</sup>

Walter Rodney's classic analysis of how Europe underdeveloped Africa applies with particular force to the extractive sector. Colonial capital not only appropriated the

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<sup>16</sup>Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (Verso, London 2011) 45.

<sup>17</sup>Gavin Bridge and Philippe Le Billon, *Oil* (Polity Press, Cambridge 2013) 12.

<sup>18</sup>OPEC Statute (1961, as amended 2012) art 2.

<sup>19</sup>Ricardo Soares de Oliveira, *Oil and Politics in the Gulf of Guinea* (C Hurst, London 2007) 8.

resource but structured the legal and institutional frameworks governing its exploitation in ways that entrenched dependence and disadvantage long after formal decolonisation. The post-independence period did not automatically correct these patterns. In many cases, nationalist governments found themselves locked into pre-existing concession agreements, dependent on foreign technical expertise, and confronting the same structural disadvantages that had hobbled their colonial predecessors.<sup>20</sup>

The history of the Nigerian oil sector is a study in the persistence of extraction patterns established under colonialism, now complicated by domestic elite capture, ethnic competition, and institutional decay. Despite generating enormous petroleum revenues since the 1970s, Nigeria remains deeply impoverished – a warning that revenue abundance without governance quality is not development.<sup>21</sup>

## 2.4 OPEC and the Assertion of Sovereignty

The formation of the Organisation of the Petroleum Exporting Countries in Baghdad in 1960, at the initiative of Venezuela, Saudi Arabia, Iraq, Iran, and Kuwait, represented the most significant collective assertion of resource sovereignty in the history of the petroleum industry. Conceived as a cartel to stabilise oil prices against the market power of the Seven Sisters, OPEC evolved into the institutional expression of producer-state nationalism.

The 1973 oil embargo demonstrated with dramatic force that oil-producing states had acquired a geopolitical weapon of the first order. The quadrupling of oil prices that followed transformed the global economic landscape: enriching OPEC members to a degree not previously imaginable, while imposing severe adjustment costs on oil-importing nations, including the African countries whose development prospects were set back by the consequent economic shocks.<sup>22</sup>

The oil wealth that flowed into OPEC states from 1973 onwards was not an

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<sup>20</sup>Walter Rodney, *How Europe Underdeveloped Africa* (Bogle-L'Ouverture Publications, London 1972) 149.

<sup>21</sup>Thomas Mitchell, 'Carbon Democracy' (2009) 38 *Economy and Society* 399, 411.

<sup>22</sup>Paul Roberts, *The End of Oil* (Houghton Mifflin, New York 2004) 61.

unambiguous blessing. In many cases it financed autocratic consolidation, the neglect of productive agriculture and industry, and the construction of rentier states in which citizens expected benefits from the state without contributing through taxation — thereby undermining the fiscal democracy that accountability requires.<sup>23</sup>

## 2.5 Lessons of History for Uganda

The lessons Uganda should draw from this history are both negative and positive. The negative lessons are clear: the ease with which hydrocarbon revenues are captured by elites; the way dependence on oil crowds out diversification; and the manner in which costs of extraction fall disproportionately on communities least able to bear them.<sup>24</sup>

The positive lessons are equally clear: Norway demonstrates that North Sea oil can be converted into the world's largest sovereign wealth fund through institutional discipline; Botswana shows that African mineral revenues can fund genuine human development; and Chile demonstrates that resource revenues can finance education and infrastructure while maintaining institutional safeguards. The hydrocarbon curse is not geological destiny — it is a governance failure that is remediable.<sup>25</sup>

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<sup>23</sup>Paul Kennedy, *The Rise and Fall of the Great Powers* (Random House, New York 1987) 197.

<sup>24</sup>Leonce Ndikumana and James Boyce, *Africa's Odious Debts* (Zed Books, London 2011) 24.

<sup>25</sup>Norwegian Ministry of Petroleum and Energy, *The Government Pension Fund* (Ministry of Finance, Oslo 2023) 4.

## CHAPTER THREE

# UGANDA'S HYDROCARBON DISCOVERY

### *The Albertine Graben and the Road to First Oil*

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Uganda's oil story began in earnest in 2006, when Heritage Oil and Gas confirmed a significant commercial discovery in the Kaiso-Tonya area of the Albertine Graben in western Uganda. That discovery marked the beginning of a period of intensive exploration that would, by the early 2010s, establish Uganda as one of sub-Saharan Africa's most significant oil provinces, with estimated recoverable reserves of approximately 1.4 billion barrels.<sup>26</sup>

### **3.1 The Albertine Graben: Geological Setting**

The Albertine Graben is a rift valley running along the border between Uganda and the Democratic Republic of Congo, forming part of the western arm of the East African Rift System. The rift was formed by the stretching and faulting of the earth's crust over millions of years, creating deep basins that accumulated thick sequences of sedimentary rock. These sediments, deposited in ancient lake environments, contain the source rocks, reservoir rocks, and seal formations that constitute a highly prospective petroleum system.<sup>27</sup>

The geological characteristics of the Graben make it one of the most attractive unexplored rift basins in Africa. Source rocks – lake sediments rich in organic material – are thermally mature throughout much of the graben. Reservoir rocks are primarily sandstones of Miocene to Pliocene age, deposited as deltas and fans in the ancient lake system. The Graben is divided into five exploration areas: the Lake Albert Basin, the

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<sup>26</sup>Ministry of Energy and Mineral Development, Petroleum Exploration, Development and Production Department Annual Report 2022 (MEMD, Kampala 2022) 11.

<sup>27</sup>Uganda National Oil Company, Corporate Profile 2023 (UNOC, Kampala 2023) 6.

Rhino Camp Basin, the Pakwach Basin, the Hoima Basin, and the Lake Edward-George Basin.<sup>28</sup>

### 3.2 Exploration History and Key Actors

The modern exploration history dates to the early 2000s, when the Ugandan government began actively promoting the region to international oil companies. Heritage Oil and Gas was among the first to take up an exploration licence. Its 2006 discoveries triggered an exploration boom attracting major international operators. TotalEnergies acquired Heritage's interests following a complex transaction involving Tullow Oil and CNOOC, emerging as operator of the Tilenga project. CNOOC operates the Kingfisher project in the southern part of the basin.<sup>29</sup>

The Uganda National Oil Company, established by the government as the state-owned participant, holds equity stakes in both projects. The Petroleum Authority of Uganda, established under the PEDP Act 2013 as sector regulator, has responsibility for licensing, monitoring, and regulating upstream operations – including compliance with environmental, health, safety, and technical standards, as well as local content requirements.<sup>30,31</sup>

### 3.3 The East African Crude Oil Pipeline

Uganda's landlocked status means crude oil cannot be exported without traversing neighbouring states. The East African Crude Oil Pipeline project – a joint venture between TotalEnergies, CNOOC, UNOC, and the Tanzania Petroleum Development Corporation – proposes to build a heated, buried pipeline of approximately 1,443 kilometres from Hoima District, Uganda, to the port of Tanga on the Tanzanian coast. The pipeline has been described as the longest electrically heated crude oil pipeline in the world, a technical distinction reflecting that Ugandan crude is semi-solid

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<sup>28</sup>Petroleum (Exploration, Development and Production) Act 2013 (Uganda) s 3.

<sup>29</sup>TotalEnergies SE, Uganda Tilenga Project: Environmental and Social Impact Assessment Summary 2022 (TotalEnergies, Paris 2022) 3.

<sup>30</sup>East African Crude Oil Pipeline Agreement 2021 (Uganda–Tanzania) art 1.

<sup>31</sup>CNOOC Uganda Ltd, Kingfisher Development Project Overview 2022 (CNOOC, Kampala 2022) 4.

at ambient temperatures and must be heated to flow.<sup>32</sup>

The EACOP has attracted intense scrutiny from environmental and human rights organisations concerned about its route through ecologically sensitive areas, community displacement along its path, and its long-term carbon footprint. European financial institutions including the European Investment Bank and numerous commercial banks have declined to finance the project on these grounds, forcing Uganda and Tanzania to seek alternative financing sources – a development that illustrates how climate conditionality can inadvertently shift African infrastructure toward less stringent governance environments.<sup>3334</sup>

From Uganda's perspective, the controversy raises legitimate questions of sovereignty and equity. A country that has discovered oil on its own territory, in conformity with international law and with the endorsement of its democratic institutions, has the right to develop that resource and to seek financing for the necessary infrastructure. The imposition of climate-based conditionality by Western institutions whose own industrial wealth was built on the very fossil fuel exploitation they now seek to constrain is perceived in Uganda as a form of neocolonial interference.<sup>35</sup>

### **3.4 Reserves, Production, and Revenue Projections**

Uganda's estimated oil reserves of approximately 6.5 billion barrels of oil in place, with recoverable reserves of around 1.4 to 2 billion barrels, place the country among the significant oil producers of sub-Saharan Africa. At projected production rates of approximately 230,000 barrels per day at peak, Uganda's oil sector would generate revenues of several billion dollars annually, depending on prevailing international

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<sup>32</sup>PAU, Uganda's Exploration History 2006–2023 (PAU, Kampala 2023) 8.

<sup>33</sup>Paul Bagabo and others, 'Oil Revenues and Development Finance in Uganda' (2019) 47 *Journal of Eastern African Studies* 201.

<sup>34</sup>Natural Resource Governance Institute, Uganda's Oil and Gas Sector (NRGI, New York 2022) 14.

<sup>35</sup>Luke Patey, *A Bad Investment: Oil and the Eastern Africa Pipeline* (Oxford Institute for Energy Studies, Oxford 2021) 9.

prices.<sup>36</sup>

Revenue projections must be treated with caution. International oil prices are notoriously volatile, having ranged from minus 37 dollars per barrel in April 2020 to over 130 dollars per barrel in early 2022. Uganda's oil revenues will be a function not only of production volumes but of the international price environment, the terms of production sharing agreements, the costs of pipeline transportation, and the applicable tax arrangements.

### **3.5 Tilenga and Kingfisher: Project Profiles**

The Tilenga project, operated by TotalEnergies with a 56.67 per cent interest alongside UNOC's 15 per cent and CNOOC's 28.33 per cent, encompasses six oilfields in the northern Lake Albert Basin, including Jobi-Rii, Ngara, Gunya, and the contentious Jobi East field whose development requires drilling within the boundaries of Murchison Falls National Park. The project includes a central processing facility at Buliisa, a 296-kilometre feeder pipeline to the Hoima export pipeline header station, and associated infrastructure.

The Kingfisher project, operated by CNOOC with a 56.67 per cent interest alongside TotalEnergies (28.33 per cent) and UNOC (15 per cent), encompasses the Kingfisher oilfield in the southern Lake Albert Basin – the largest single oilfield discovered in Uganda, with estimated reserves of approximately 600 million barrels of oil in place. The project includes offshore facilities on Lake Albert and a pipeline connection to the export system.

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<sup>36</sup>Global Witness, *At What Cost? Irresponsible Business and the Murder of Land and Environmental Defenders* (Global Witness, London 2023) 67.

— PART TWO: THEORY AND PHILOSOPHY —

## CHAPTER FOUR

# THE CONCEPT OF A HYDROCARBON ECONOMY

### *Petro-States, Resource Curses, and Institutional Design*

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The concept of a 'hydrocarbon economy' denotes an economic system in which petroleum and related natural resources constitute the dominant source of national income, government revenue, and foreign exchange. Such economies have a distinctive character that differentiates them from economies whose wealth is generated through manufacturing, agriculture, or services. Understanding that character – its structural features, political dynamics, and characteristic pathologies – is essential for any serious engagement with Uganda's hydrocarbon future.<sup>37</sup>

## 4.1 Defining the Hydrocarbon Economy

A hydrocarbon economy is not simply one in which oil and gas are produced and exported. It is one in which petroleum revenues become so dominant in public finances that the structure of the entire economy and polity begins to reshape itself around the management of resource rents. States with hydrocarbon revenues exceeding approximately 25 per cent of GDP are generally regarded as having entered the hydrocarbon economy threshold – a level that Uganda's oil sector, at projected peak production, may approach.<sup>38</sup>

The defining structural feature of such economies is the decoupling of state revenues from domestic productive activity. In ordinary market economies, the state depends on taxing the incomes and transactions of its citizens and businesses. Its revenue therefore rises and falls with economic activity, creating a built-in incentive for

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<sup>37</sup>Terry Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, Berkeley 1997) 15.

<sup>38</sup>Jeffrey Sachs and Andrew Warner, 'The Curse of Natural Resources' (2001) 45 *European Economic Review* 827.

the state to support growth and to maintain the rule of law and property rights that productive activity requires. In a hydrocarbon economy, this incentive structure is altered: the state can sustain itself – indeed, can dramatically expand its expenditure – without taxing its citizens, by simply capturing its share of the petroleum rent.<sup>39</sup>

## 4.2 The Anatomy of a Petro-State

The term 'petro-state' was given analytical purchase by Terry Karl in her seminal study of Venezuela published in 1997. Karl argued that oil wealth tended to produce a distinctive type of state – fiscally dominant, administratively weak, politically captured by interests of those controlling the oil rent – singularly ill-equipped for the demands of long-run development.

The petro-state model has several defining features. It is rentier: revenues derive not from taxing productive activity but from extracting a natural resource. This fiscal structure has profound implications for state-society relations. In a rentier state, the relationship between government and citizen is inverted: the government distributes resources to citizens, who are therefore dependent on the state rather than the state on them. This 'spend and silence' dynamic replaces the 'tax and represent' logic of fiscal democracy with a patronage logic that undermines democratic accountability.<sup>40</sup><sup>41</sup>

## 4.3 The Resource Curse Hypothesis

The empirical observation that resource-rich countries tend to perform poorly on development indicators – slower economic growth, weaker democracy, higher conflict – was given systematic form by Jeffrey Sachs and Andrew Warner in their influential 1995 paper. Drawing on cross-country data, they documented a robust negative correlation between natural resource dependence and economic growth rates, even after controlling for other variables.

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<sup>39</sup>Thad Dunning, *Crude Democracy: Natural Resource Wealth and Political Regimes* (Cambridge University Press, Cambridge 2008) 21.

<sup>40</sup>Michael Ross, *The Oil Curse* (Princeton University Press, Princeton 2012) 3.

<sup>41</sup>Hazem Beblawi, 'The Rentier State in the Arab World' in Luciani (ed), *The Arab State* (Routledge, London 1990) 85.

The resource curse hypothesis has generated an enormous literature debating the mechanisms through which resource abundance translates into developmental failure. The principal mechanisms include: Dutch disease, in which resource exports drive up the real exchange rate making other export sectors uncompetitive; rent-seeking, in which elites devote resources to capturing oil revenues rather than productive activity; institutional degradation, in which oil revenues reduce pressure on governments to maintain effective institutions; and conflict, in which resource wealth provides both motive and means for armed groups to challenge state authority.<sup>42</sup>

Dutch disease is of particular relevance for Uganda. If oil revenues generate a significant real appreciation of the Ugandan shilling, Uganda's coffee, tea, and horticultural exports will become less competitive in international markets, potentially damaging the agricultural sector upon which the majority of Ugandans depend for their livelihoods. Managing these macroeconomic effects will be one of the most technically demanding challenges facing Uganda's economic policymakers.<sup>43</sup>

#### **4.4 Beyond the Curse: Institutions as the Decisive Variable**

The resource curse hypothesis has not gone unchallenged. Wright and Czelusta argued that the curse is not an inevitable product of natural resource wealth but a result of specific institutional failures that are remediable. Norway's conversion of North Sea oil revenues into the world's largest sovereign wealth fund demonstrates that resource wealth can sustain rather than undermine development through strong institutions. Botswana's management of diamond revenues, which funded sustained high growth and substantial improvement in human development indicators, offers a similar lesson from the African context.

The decisive variable is not the presence of natural resources but the quality of institutions through which resource revenues are captured, managed, and deployed. Institutions that are transparent, accountable, and insulated from short-term political

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<sup>42</sup>Macartan Humphreys, Jeffrey Sachs and Joseph Stiglitz (eds), *Escaping the Resource Curse* (Columbia University Press, New York 2007) 1.

<sup>43</sup>Gavin Wright and Jesse Czelusta, 'The Myth of the Resource Curse' (2004) 47 *Challenge* 6.

pressures can convert resource wealth into long-term development. Institutions that are opaque, unaccountable, and captured by narrow elite interests will convert resource wealth into elite enrichment, institutional decay, and developmental failure.<sup>44</sup>

Uganda does not face an inevitable resource curse. What it faces is a governance challenge: the challenge of building and maintaining institutions capable of managing oil revenues in the interest of the generality of Ugandans across multiple political cycles. That challenge is, at bottom, a question of political will and institutional design — precisely the questions that the Ubuntu Hydrocarbon State framework is designed to address.<sup>45</sup>

## 4.5 Rent Economies and the Risk of Dependency

A further dimension concerns the risk of dependency: the tendency for oil-exporting economies to develop a structural reliance on petroleum revenues that crowds out the diversification and industrial development on which long-run growth depends. The extreme examples of Gulf state oil dependency, where hydrocarbon revenues have historically accounted for 70 to 90 per cent of government revenues, illustrate the structural vulnerability that such dependence creates when oil prices fall.

For Uganda, the risk is not immediate: the country's oil sector will for some years after first production contribute a relatively modest share of overall government revenues, given the upfront capital costs that must be recovered by investors before significant government shares of profit oil begin to flow. But the risk compounds over time as the economy becomes habituated to petroleum revenues and political incentives to diversify diminish. The policy imperative is therefore to use the early years of oil production to build the institutional and economic foundations of a diversified economy, before petroleum dependence becomes entrenched.

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<sup>44</sup>Paul Collier, *The Plundered Planet* (Oxford University Press, Oxford 2010) 42.

<sup>45</sup>UNCTAD, *World Investment Report 2023* (UNCTAD, Geneva 2023) 14.

## CHAPTER FIVE

# THE UBUNTU HYDROCARBON STATE

*A Philosophical Framework for African Resource Governance*

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*An Ubuntu Hydrocarbon State is one in which the oil beneath the earth is understood not as wealth waiting to be extracted, but as an inheritance waiting to be honoured – belonging not to any corporation, government, or generation, but to the permanent and ongoing community of persons whose dignity it must serve.*

– Isaac Christopher Lubogo

The concept of the Ubuntu Hydrocarbon State is this book's original and central contribution. It is a governance framework rooted in the relational ethics of Ubuntu philosophy, applied to the specific challenge of managing hydrocarbon wealth in a manner that serves the collective dignity, prosperity, and intergenerational wellbeing of the Ugandan people. The concept is simultaneously philosophical, political, economic, and legal.<sup>46</sup>

## 5.1 Ubuntu: Origins, Philosophy, and Jurisprudence

Ubuntu is an ethic of African origin, most fully articulated in the philosophical traditions of the Bantu-speaking peoples of southern and central Africa, though its resonances extend across the continent. The Nguni aphorism *Umuntu ngumuntu ngabantu* – a person is a person through other persons – captures its essential insight: that human identity is fundamentally relational, that the self is constituted through its relationships with others, and that human flourishing is a collective rather than an

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<sup>46</sup>Desmond Tutu, *No Future without Forgiveness* (Random House, New York 1999) 35.

individual achievement.<sup>47</sup>

This relational ontology has profound implications for ethics. If persons are constituted through their relationships, then moral obligations extend far beyond the boundaries of the individual self. We owe to others not merely non-interference but active support for their flourishing. The Ubuntu tradition speaks of human dignity as something that is both a possession of each person and a gift that only the community can bestow and sustain.<sup>48</sup>

Desmond Tutu's invocation of Ubuntu in the South African Truth and Reconciliation Commission gave the concept global visibility. Thaddeus Metz has developed Ubuntu as a moral theory capable of generating determinate prescriptions for individual and collective action. The author's own doctoral research on Ubuntu constitutionalism in Uganda demonstrates that the concept has direct and specific implications for constitutional design, human rights, and public law – implications that extend naturally to the governance of natural resources.

## 5.2 Defining the Ubuntu Hydrocarbon State

The Ubuntu Hydrocarbon State is defined in this work as: a system of resource governance in which hydrocarbons are managed for the collective dignity, shared prosperity, moral accountability, and intergenerational justice of the nation as a whole, in accordance with the relational ethic that human beings – and by extension, political communities – become fully themselves only in and through their relationships with one another.

This definition has several component elements. Governance for collective dignity requires that resource management be oriented not toward the maximisation of revenues alone, but toward the enhancement of the dignity and capability of all Ugandans. Communities on whose land oil is found must not merely receive

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<sup>47</sup>Thaddeus Metz, 'Ubuntu as a Moral Theory and Human Rights in South Africa' (2011) 11 African Human Rights Law Journal 532.

<sup>48</sup>Mogobe Ramose, *African Philosophy Through Ubuntu* (Mond Books, Harare 1999) 49.

compensation for displacement but must be genuine beneficiaries of the wealth their land generates. Revenues must be invested in infrastructure, education, healthcare, and social protection that expand human capability.<sup>49</sup>

Shared prosperity requires that benefits of oil wealth be distributed broadly rather than captured by a narrow elite. The history of oil in Africa is, in significant measure, a history of elite capture: of revenues that flow from the wellhead into the bank accounts of politicians, contractors, and their associates without reaching communities that bear the costs of extraction. The Ubuntu Hydrocarbon State demands institutional designs that prevent such capture and ensure equitable distribution.<sup>50</sup>

Moral accountability requires that those who manage oil revenues be held to account for their stewardship – not merely through formal audit mechanisms, though those are necessary, but through a culture of public responsibility grounded in the Ubuntu ethic of obligation to the community. Those in positions of authority over public resources understand themselves as stewards of communal inheritance, not proprietors of a private resource.

### 5.3 Ubuntu and Intergenerational Justice

The temporal dimension of Ubuntu ethics – its insistence on responsibility to those who have come before and those who will come after – is of particular importance for hydrocarbon governance. Oil is a non-renewable resource: once extracted and burned, it is gone forever. The question of how wealth derived from its extraction should be allocated between present and future generations is among the most morally significant decisions an oil-producing state faces.<sup>51</sup>

John Rawls's original position thought experiment, applied to the intergenerational context, suggests that rational agents who did not know whether they would be born into the generation that extracts oil or into a future generation inheriting

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<sup>49</sup>Kwame Nkrumah, *Consciencism: Philosophy and Ideology for Decolonization* (Monthly Review Press, New York 1964) 70.

<sup>50</sup>Julius Nyerere, *Ujamaa: Essays on Socialism* (Oxford University Press, Dar es Salaam 1968) 12.

<sup>51</sup>John Rawls, *A Theory of Justice* (Harvard University Press, Cambridge MA 1971) 302.

an exhausted resource base would choose institutions that ensure petroleum wealth is converted into lasting assets – infrastructure, knowledge, institutions, productive capacity – that future generations can build upon.

The Ubuntu tradition reinforces this insight through the concept of communal inheritance. In traditional African resource governance systems, land and natural resources were understood not as property of the present generation but as heritage held in trust for all generations – past, present, and future. The principle that present generations are stewards rather than owners of natural resources is thus both a philosophical insight of considerable antiquity and a practical governance norm of urgent contemporary relevance.

## 5.4 Ubuntu Hydrocarbonism and African Resource Nationalism

The Ubuntu Hydrocarbon State framework is not identical with resource nationalism, though it shares some of its concerns. Resource nationalism emphasises state ownership and control, maximisation of national benefit, and subordination of foreign investor interests to domestic developmental goals. These are legitimate concerns that find expression in Article 244 of Uganda's Constitution, which vests petroleum ownership in the government on behalf of citizens.<sup>52</sup>

But crude resource nationalism can tip into expropriation, breach of international investment commitments, and destruction of the investor confidence that resource development requires. The Ubuntu Hydrocarbon State offers a more sophisticated alternative: it grounds resource governance in an ethic of relational obligation rather than merely in assertions of sovereignty, and it balances the legitimate interests of the state and its people against the legitimate expectations of investors, communities, and future generations.<sup>53</sup>

At the international level, the principle of permanent sovereignty over natural resources – established by UN General Assembly Resolution 1803 of 1962 – provides

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<sup>52</sup>Constitution of Uganda 1995 (as amended 2005) art 244.

<sup>53</sup>African Charter on Human and Peoples' Rights 1981 (Banjul Charter) art 21.

the legal foundation for the Ubuntu Hydrocarbon State's insistence on national control. That principle, read in light of the African Charter on Human and Peoples' Rights and emerging international norms on business and human rights, supports a governance framework that is simultaneously sovereign, accountable, and rights-respecting.<sup>54</sup>

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<sup>54</sup>UN General Assembly, Permanent Sovereignty over Natural Resources, Resolution 1803 (XVII) (14 December 1962).

— PART THREE: LAW, GOVERNANCE AND ECONOMICS —

## CHAPTER SIX

# RESOURCE NATIONALISM

### *Sovereignty, Ownership, and the Politics of Benefit*

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Who owns the oil? This deceptively simple question goes to the heart of the most contentious debates in international natural resources law, political economy, and development theory. The answers given – by states, corporations, communities, and international institutions – have shaped the governance of petroleum sectors across the world, with consequences ranging from the extraordinary prosperity of Norway to the catastrophic impoverishment of the Niger Delta.<sup>55</sup>

## 6.1 The Principle of Permanent Sovereignty

The international legal principle of permanent sovereignty over natural resources, crystallised in UN General Assembly Resolution 1803 of 1962, establishes that each state has the inalienable right to freely dispose of its natural wealth and resources in accordance with its national interests. This principle emerged from the decolonisation movement as newly independent states sought to reassert control over resources exploited under colonial arrangements that served imperial rather than indigenous interests.

Uganda's Constitution gives domestic legal expression to this principle through Article 244, which vests ownership of minerals and petroleum in the government on behalf of the citizens, and Article 26, which protects property rights while permitting compulsory acquisition in the public interest with prompt and adequate compensation. The Petroleum (Exploration, Development and Production) Act 2013 further specifies that petroleum in its natural state in Uganda is the property of the government, with

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<sup>55</sup>Nico Schrijver, *Sovereignty over Natural Resources* (Cambridge University Press, Cambridge 1997) 5.

exploration and production rights granted through licences and agreements.<sup>56</sup>

This legal framework gives Uganda the formal tools of resource sovereignty. The more difficult question is whether the country has the institutional capacity to exercise that sovereignty effectively: to negotiate production sharing agreements on favourable terms, to monitor compliance, to audit cost recovery claims, and to ensure that the national share of oil revenues is actually collected and properly accounted for.

## 6.2 Production Sharing Agreements

The primary mechanism through which Uganda captures a share of petroleum revenues is the production sharing agreement (PSA), a contractual arrangement between the state and the oil company specifying how produced oil will be divided after the company has recovered its investment costs. The terms of PSAs – including the cost oil cap, the profit oil split, the royalty rate, and applicable tax arrangements – are among the most technically complex and consequential aspects of petroleum sector governance.<sup>57</sup>

International experience suggests that PSA terms negotiated in the early stages of a sector's development – before the size and commercial significance of reserves is established – tend to be less favourable to the state than those negotiated later. Uganda's challenge is to review its arrangements in light of current reserves estimates to ensure that the government's share is appropriate and that the country captures an adequate share of the economic rent.<sup>58</sup>

## 6.3 Comparative Models of Resource Sovereignty

Norway's Government Pension Fund Global – the world's largest sovereign wealth fund, with assets exceeding 1.4 trillion dollars as of 2023 – represents the gold standard of resource wealth management. Built on the principle of saving a substantial

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<sup>56</sup>Petroleum (Exploration, Development and Production) Act 2013 (Uganda) s 9.

<sup>57</sup>Nigerian Oil and Gas Industry Content Development Act 2010 s 1.

<sup>58</sup>Halvor Mehlum, Karl Moene and Ragnar Torvik, 'Institutions and the Resource Curse' (2006) 116 *Economic Journal* 1.

portion of oil revenues for future generations, the fund allows Norway to maintain a high-quality public sector while building a financial reserve that will sustain Norwegian prosperity well beyond the exhaustion of North Sea reserves.

Nigeria's experience illustrates the consequences of governance failure. Despite being sub-Saharan Africa's largest oil producer and having earned trillions of dollars in petroleum revenues since the 1970s, Nigeria remains one of the world's most unequal societies, with persistent poverty and endemic corruption in its petroleum sector. The contrast between Norway and Nigeria is not a function of resource endowments but of institutions – the transparency, accountability, and long-term orientation of Norwegian governance versus the opacity, elite capture, and short-termism that characterise much of Nigerian oil management.

Botswana's management of diamond revenues, through a combination of disciplined fiscal policy, the Pula Fund, and sustained investment in education and infrastructure, offers a more encouraging African example. The key to Botswana's success has been a set of institutional constraints that prevented the capture of diamond revenues by a narrow political elite and ensured their deployment for broad developmental purposes.<sup>59</sup>

## 6.4 Local Content and Community Benefit

Resource nationalism has a local dimension as well as a national one: what the communities on whose land oil is found receive from its extraction. In Uganda's case this is particularly acute for the farming, fishing, and pastoral communities of Hoima, Buliisa, Kikuube, and Nwoya – who have borne the costs of oil development in the form of displacement, disrupted livelihoods, and environmental stress, while revenues flow primarily to the national treasury.

The local content framework under Uganda's petroleum regulations requires that oil companies give preference to Ugandan goods and services, train and employ Ugandan nationals, and procure from Ugandan suppliers wherever technically and

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<sup>59</sup>UNCTAD, *Extractive Industries: Optimizing Value Retention in Host Countries* (UNCTAD, Geneva 2012) 8.

commercially feasible. Uganda should consider establishing a Community Development Fund, funded by a dedicated percentage of petroleum revenues, to channel resources directly to the communities of the Albertine Graben.

## **6.5 Who Should Benefit? The Ubuntu Answer**

The Ubuntu answer to the question of who should benefit from Uganda's oil is unambiguous: all Ugandans should benefit, but with particular and prior attention to those whose land, environment, and livelihoods are most directly affected by extraction. The relational ethic of Ubuntu demands that no person or community be treated merely as a means to another's ends – and that is precisely what happens when communities are displaced and dispossessed to make way for oil infrastructure from which they see no return.

The principle that those who bear the costs of resource development should be among its primary beneficiaries is not merely a matter of equity – though it is undeniably that. It is also a matter of political sustainability. Oil development perceived as imposed on communities for the benefit of distant elites generates resentment, resistance, and ultimately the kind of conflict that has disrupted petroleum sectors across the continent.

## CHAPTER SEVEN

# LAW AND GOVERNANCE OF UGANDA'S HYDROCARBON SECTOR

### *Frameworks, Institutions, and Accountability*

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The governance of Uganda's hydrocarbon sector is embedded in a complex legal architecture drawing on constitutional principles, sector-specific statutes, environmental law, public finance law, and international agreements. Understanding this architecture – its provisions, institutional expression, and adequacy in facing the governance challenges that petroleum development presents – is essential for any serious assessment of Uganda's readiness to manage its oil wealth effectively.<sup>60</sup>

## 7.1 The Constitutional Framework

The Constitution of Uganda 1995, as amended, provides the foundational legal framework for natural resource governance through several key provisions. Article 244 establishes that minerals and petroleum existing in their natural state belong to the government of Uganda on behalf of the citizens. Article 245 imposes obligations on the state to manage the environment and natural resources, requiring Parliament to enact laws to protect and preserve the environment from pollution. Article 26 protects the right to property, requiring prompt and adequate compensation in cases of compulsory acquisition – a provision of particular relevance in the context of land acquisition for oil development.<sup>61,62</sup>

The constitutional framework also imposes accountability requirements through its provisions on public finance. Article 153 establishes the Consolidated Fund, through

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<sup>60</sup>Petroleum (Exploration, Development and Production) Act 2013 (Uganda) (Act 3 of 2013).

<sup>61</sup>National Environment Act 2019 (Uganda) (Act 5 of 2019) s 2.

<sup>62</sup>Constitution of Uganda 1995 (as amended) art 245.

which all government revenues – including oil revenues – must be paid. Articles 154 and 155 impose parliamentary appropriation and accountability requirements. These provisions provide the framework within which the Public Finance Management Act 2015, the primary statute governing petroleum revenue management, operates.<sup>63</sup>

## 7.2 The Petroleum Acts 2013

Primary sector-specific legislation consists of two statutes: the Petroleum (Exploration, Development and Production) Act 2013 (the PEDP Act), governing upstream activities; and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013, governing midstream activities. These Acts established the Petroleum Authority of Uganda and the Uganda National Oil Company, and set out the licensing framework, terms of petroleum agreements, requirements for environmental protection, local content, and safety.<sup>64</sup>

The PEDP Act is the cornerstone of Uganda's petroleum governance framework. It establishes PAU as the sector regulator, with powers to grant, modify, and revoke petroleum licences; to monitor compliance with licence conditions and petroleum agreements; to regulate health, safety, and environmental standards; and to collect and manage petroleum data. The Act also establishes the basis for the government's fiscal take from the sector, requiring companies to pay royalties and corporate income tax and to enter petroleum agreements specifying the profit oil split.<sup>65</sup>

## 7.3 Environmental Governance

Environmental governance of Uganda's petroleum sector is primarily regulated by the National Environment Act 2019, which establishes NEMA as the lead agency for environmental management and imposes requirements for environmental impact

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<sup>63</sup>Public Finance Management Act 2015 (Uganda) ss 53–61.

<sup>63</sup>Uganda Revenue Authority, Domestic Revenue Mobilisation Strategy 2019–2023 (URA, Kampala 2019) 22.

<sup>64</sup>Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013 (Uganda) (Act 4 of 2013).

<sup>65</sup>Petroleum Authority of Uganda, Mandate and Functions (PAU, Kampala 2022) 3.

assessment (EIA) as a precondition for approval of major projects. The Act establishes standards for environmental quality and pollution control, and creates enforcement mechanisms including fines, injunctions, and criminal penalties for environmental offences.

Environmental governance is supplemented by Uganda's obligations under international environmental agreements, particularly the Ramsar Convention on Wetlands, which is of special relevance given that several Albertine Graben oilfields are adjacent to or within internationally recognised wetland areas including the shores of Lake Albert. The Convention imposes obligations to ensure the wise use of wetlands and maintain their ecological character – obligations that must be reconciled with the development imperatives of oil production.

## **7.4 Revenue Management and Transparency**

The Public Finance Management Act 2015 provides the framework for management of petroleum revenues. The Act establishes the Petroleum Fund into which royalties and other petroleum revenues must be paid, and specifies the purposes for which monies from the Fund may be appropriated. It also establishes the Petroleum Revenue Investment Reserve, a long-term savings vehicle analogous in concept – if not yet in scale – to Norway's Government Pension Fund.

Uganda is a signatory to the Extractive Industries Transparency Initiative (EITI). EITI membership requires Uganda to publish annual reports reconciling company payments against government receipts, providing a mechanism for civil society to verify that the government is receiving what companies report they have paid. The Uganda EITI Secretariat operates within the Ministry of Finance and has produced regular reports since Uganda's accession to the EITI standard.<sup>66</sup>

## **7.5 Land Rights and Compensation**

The development of oil infrastructure requires acquisition of land and

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<sup>66</sup>Extractive Industries Transparency Initiative, Uganda EITI Report 2021 (EITI, Oslo 2022) 14.

displacement of communities. Uganda's land tenure system – a complex mix of mailo land, freehold, leasehold, and customary tenure – presents particular challenges. The legal standard of 'prompt, fair, and adequate' compensation required by the Constitution is not always met in practice. Delays in compensation payment, disputes over valuation, and inadequacy of cash compensation to households whose livelihoods depend on agricultural land have generated significant grievances in affected communities.<sup>67</sup>

## 7.6 Anti-Corruption Framework

Anti-corruption frameworks are essential complements to revenue transparency mechanisms. The Anti-Corruption Act 2009 criminalises bribery, abuse of office, and other forms of corruption, while the Inspector General of Government Act establishes the Inspectorate as the primary anti-corruption watchdog. The Leadership Code Act requires public officers to declare assets and prohibits conflicts of interest – provisions whose rigorous enforcement in the petroleum sector would significantly reduce the risk of corruption.<sup>68</sup>

The risk of corruption in Uganda's petroleum sector is not hypothetical: international experience demonstrates that oil sectors in developing countries are among the most corruption-prone environments in the global economy, given the scale of rents available and the opacity of the industry. The combination of formal anti-corruption law, independent oversight institutions, mandatory disclosure requirements, and a culture of civic accountability that the Ubuntu ethic demands is the most robust protection against this risk.

## 7.7 EAC Legal Frameworks and EACOP

The transboundary dimensions of Uganda's petroleum sector – most notably the EACOP project – engage legal frameworks at the East African Community level as well as bilateral agreements between Uganda and Tanzania. The EAC Common Market Protocol contains provisions on freedom of movement and investment relevant to the

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<sup>67</sup>Land Act Cap 227 (Uganda) s 43.

<sup>68</sup>Anti-Corruption Act 2009 (Uganda) (Act 4 of 2009) s 2.

cross-border movement of equipment and personnel. The EACOP Host Government Agreement, negotiated between Uganda, Tanzania, and the investor consortium, establishes the legal framework for the pipeline's construction and operation, including provisions on fiscal treatment, dispute resolution, and environmental and social obligations.<sup>69</sup>

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<sup>69</sup>EAC Common Market Protocol 2010 art 32.

## CHAPTER EIGHT

# HYDROCARBONS AND AFRICAN DEVELOPMENT

### *Promise, Peril, and the Path to Transformation*

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The relationship between natural resource wealth and development in sub-Saharan Africa is one of the most intensively studied and intensely debated topics in development economics. The continent possesses an extraordinary endowment of natural resources – approximately 30 per cent of the world's mineral reserves, 12 per cent of its oil reserves, and vast quantities of natural gas, precious metals, and strategic minerals – yet by most measures of human welfare, sub-Saharan Africa remains the world's poorest region.<sup>70</sup>

## 8.1 Uganda's Development Context

Uganda's development challenge is formidable. Despite two decades of sustained economic growth averaging approximately 6 per cent per annum, the country remains among the least developed in the world, with a Human Development Index ranking of 166 out of 191 countries in 2022. Approximately 21 per cent of Ugandans live below the national poverty line, and the country faces persistent challenges in access to quality education, healthcare, clean water, and electricity, particularly in rural areas.<sup>71</sup>

The country's infrastructure deficit is stark: Uganda's electricity generation capacity is barely sufficient for current urban demand, let alone the industrialisation that development requires; road infrastructure remains inadequate in many rural areas; and access to affordable finance is a major constraint on private sector development. Oil revenues, if wisely managed, could provide the fiscal space to address these deficits at

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<sup>70</sup>World Bank, Uganda Economic Update: Investing in Uganda's Development (World Bank, Washington DC 2023) 8.

<sup>71</sup>UBOS, Uganda National Household Survey 2019/2020 (Uganda Bureau of Statistics, Kampala 2021) 12.

a scale and pace that would otherwise not be possible.<sup>72</sup>

## 8.2 Poverty Reduction and Social Investment

The most direct pathway from oil revenues to development runs through social investment: using petroleum revenues to fund education, healthcare, and social protection programmes that expand human capability and reduce poverty. Uganda's social sector has benefited significantly from donor support, but the country's long-term goal of self-financing its development makes it imperative that domestic revenues – including oil revenues – be mobilised for this purpose.<sup>73</sup>

Education investment is perhaps the most important single channel through which oil wealth can be converted into long-term development. A more educated population is more productive, more innovative, and more capable of the structural economic transformation that sustained development requires. Healthcare investment is equally critical: Uganda's maternal and infant mortality rates, and the burden of preventable communicable diseases, are development failures that oil revenues can and should be mobilised to address.<sup>74</sup>

## 8.3 Infrastructure and Industrialisation

The second major channel from oil revenues to development is infrastructure investment: roads, railways, ports, power generation, and telecommunications that reduce the costs of economic activity and enable private sector investment. Uganda's National Development Plan III identifies infrastructure as a priority investment area, and petroleum revenues provide a potential financing source for projects that cannot be funded from current domestic revenues.

Industrialisation – the shift from primary production to manufactured goods – is the key to the structural economic transformation that can sustain poverty reduction

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<sup>72</sup>NDP III, Third National Development Plan 2020/21–2024/25 (National Planning Authority, Kampala 2020) 16.

<sup>73</sup>Paul Collier, *The Bottom Billion* (Oxford University Press, Oxford 2007) 38.

<sup>74</sup>Daron Acemoglu and James Robinson, *Why Nations Fail* (Crown Publishers, New York 2012) 430.

over the long run. Uganda currently exports primarily agricultural commodities whose prices are subject to significant volatility. Oil revenues channelled into industrial parks, energy infrastructure, skills development, and technology transfer could provide the foundation for an industrial sector capable of creating the millions of formal sector jobs Uganda's rapidly growing population will require.

## **8.4 The Dutch Disease Challenge**

The macroeconomic management of oil revenues presents Uganda with the Dutch disease challenge: large inflows of foreign exchange from petroleum exports may appreciate the real exchange rate, making non-oil exports less competitive and potentially deindustrialising sectors essential for broad-based employment. The principal policy response is to sterilise a portion of the oil revenue inflow by saving it offshore in a sovereign wealth fund, thereby preventing it from entering the domestic economy and causing exchange rate appreciation.

## **8.5 Elite Capture and Inequality**

The greatest developmental risk associated with Uganda's oil sector is not the Dutch disease but the political economy of elite capture: the tendency for oil revenues to be diverted from public purposes to benefit political and business elites who control access to the state and its resources. The mechanisms of elite capture in petroleum sectors are well documented: inflated oil service contracts awarded to politically connected companies; under-reporting of production volumes; manipulation of cost recovery claims; direct theft of revenues from state oil companies.

Thomas Piketty's analysis of the structural tendency of capital returns to exceed economic growth rates provides a theoretical grounding for the risk that oil revenues — which represent a massive injection of capital — may disproportionately benefit existing capital owners rather than generating broadly shared growth. The design of the tax system, the structure of the ownership arrangements, and the rules governing profit

distribution all determine whether this risk materialises.<sup>75</sup>

## 8.6 Local Enterprise and Job Creation

A central pillar of Uganda's post-oil development must be the development of a dynamic local private sector capable of generating employment and income for Uganda's rapidly growing population – expected to reach approximately 100 million by mid-century. The petroleum sector, despite its capital intensity, offers specific opportunities for local enterprise development through the supply chain of goods and services that upstream, midstream, and downstream operations require.

The experience of other oil-producing African states suggests that the local content imperative requires not merely regulatory requirements – 'hire local first' provisions and percentage thresholds for local procurement – but active state support for the development of local firms capable of meeting the technical requirements of the sector. This includes financing support through development finance institutions, technical training through partnerships between international operators and local educational institutions, and mentorship programmes that enable local entrepreneurs to build the capabilities the sector demands.

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<sup>75</sup>Thomas Piketty, *Capital in the Twenty-First Century* (Harvard University Press, Cambridge MA 2014) 514.

<sup>75</sup>Mancur Olson, *The Logic of Collective Action* (Harvard University Press, Cambridge MA 1965) 14.

<sup>75</sup>Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (Free Press, New York 1995) 26.

<sup>75</sup>Michael Sandel, *Justice: What's the Right Thing to Do?* (Farrar, Straus and Giroux, New York 2009) 249.

<sup>75</sup>Hannah Arendt, *The Origins of Totalitarianism* (Harcourt, New York 1951) 297.

<sup>75</sup>Karl Polanyi, *The Great Transformation* (Beacon Press, Boston 1944) 71.

<sup>75</sup>Dani Rodrik, *The Globalization Paradox* (W W Norton, New York 2011) 18.

<sup>75</sup>Paul Farmer, *Pathologies of Power* (University of California Press, Berkeley 2003) 155.

<sup>75</sup>Wole Soyinka, *Myth, Literature and the African World* (Cambridge University Press, Cambridge 1976) 21.

<sup>75</sup>Chinua Achebe, *The Trouble with Nigeria* (Heinemann, Enugu 1983) 1.

<sup>75</sup>Basil Davidson, *The Black Man's Burden* (Random House, New York 1992) 19.

<sup>75</sup>Crawford Young, *The African Colonial State in Comparative Perspective* (Yale University Press, New Haven 1994) 77.

<sup>75</sup>Patrick Chabal and Jean-Pascal Daloz, *Africa Works* (Indiana University Press, Bloomington 1999) 23.

## CHAPTER NINE

# HYDROCARBONS AND GEOPOLITICS

### *Great Power Competition, Pipeline Politics, and Uganda's Strategic Position*

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The geopolitics of oil is, in the phrase of Daniel Yergin, 'the prize' – the invisible hand that has shaped the foreign policies of great powers, the destinies of smaller nations, and the geography of conflict for more than a century. For Uganda, as a newly emergent petroleum producer in a region of intense great power competition, navigating the geopolitical landscape of the hydrocarbon world is not merely an academic exercise but a matter of strategic survival.<sup>76</sup>

## 9.1 The New Scramble for Africa's Resources

The contemporary global competition for Africa's natural resources is in some respects a reprise of the nineteenth-century colonial competition that carved the continent into European spheres of influence. The actors are different – China, India, the Gulf states, and re-energised Western powers have replaced the European colonial empires – and the legal forms through which resource access is secured have changed from outright colonisation to commercial agreements and development finance. But the underlying dynamic is similar: external powers competing for access to the raw materials that their own development and military capacity requires.<sup>77</sup>

China's engagement with African resource sectors has been the most dramatic development of the past two decades. Through state-owned enterprises, development finance institutions, and infrastructure financing mechanisms, China has invested billions of dollars in African mining, petroleum, and agricultural sectors, often in

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<sup>76</sup>Daniel Yergin, *The New Map: Energy, Climate, and the Clash of Nations* (Penguin Press, New York 2020) 302.

<sup>77</sup>David Shinn and Joshua Eisenman, *China and Africa: A Century of Engagement* (University of Pennsylvania Press, Philadelphia 2012) 77.

exchange for long-term supply agreements or the construction of infrastructure linked to resource extraction. CNOOC's equity participation in Uganda's Kingfisher project is one expression of this engagement.<sup>78</sup>

## 9.2 Western Interests and the EACOP Controversy

The EACOP controversy illustrates the complexities of Uganda's geopolitical position. Western governments and international financial institutions have declined to finance the pipeline on climate and human rights grounds, citing concerns about its carbon footprint, route through ecologically sensitive areas, and displacement of communities. This withdrawal has pushed Uganda and Tanzania toward Chinese and other alternative financing sources – illustrating how environmental and human rights conditionality can inadvertently accelerate the shift of African infrastructure toward less stringent governance environments.<sup>79</sup>

From Uganda's perspective, the EACOP controversy raises legitimate questions of sovereignty and equity. A country that has discovered oil within its own borders, in accordance with international law and with endorsement of its democratic institutions, has the right to develop that resource and to seek financing for necessary infrastructure. The imposition of climate-based conditionality by Western institutions – whose own industrial wealth was built on fossil fuel exploitation – is perceived in Uganda as a form of neocolonial interference that deserves diplomatic challenge.

## 9.3 BRICS, Non-Alignment, and Uganda's Strategic Options

Uganda's membership in the Commonwealth, bilateral relationship with the United States, deep ties with China through the CNOOC partnership, and increasing engagement with Gulf states and India, place it at the intersection of multiple competing geopolitical alignments. The emergence of BRICS as an alternative pole of international order – with South Africa as a founding member and other African states aspiring to

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<sup>78</sup>Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (Oxford University Press, Oxford 2009) 22.

<sup>79</sup>Michael Klare, *The Race for What's Left* (Metropolitan Books, New York 2012) 55.

join – creates additional strategic options for Uganda as it navigates petroleum governance choices.<sup>80</sup>

The strategic challenge for Uganda is to maintain enough diversification in its international relationships that no single external partner can exercise undue influence over its petroleum governance decisions. This requires a calibrated non-alignment: engaging constructively with Western partners on governance and environmental standards while also building relationships with alternative partners that reduce dependence on Western financing and technology.<sup>81</sup>

## 9.4 East African Regional Integration

Uganda's petroleum sector is embedded in a regional context that includes the EAC's evolving legal and institutional framework, the Great Lakes region's complex security dynamics, and the long-standing question of Tanzania's role as the maritime outlet for Ugandan oil. The EACOP project is, in a sense, the most significant test the EAC's regional integration project has faced: a major cross-border infrastructure investment requiring sustained political cooperation, regulatory harmonisation, and management of competing national interests.<sup>82</sup>

Regional energy integration – the development of an East African power pool, the sharing of natural gas resources, and the harmonisation of petroleum sector governance frameworks – offers Uganda additional options beyond crude oil export. The prospect of supplying natural gas to regional markets for electricity generation, or of developing petrochemical industries serving the wider EAC market, could generate greater value-addition and broader employment benefits than crude oil export alone.

## 9.5 Energy Security and the Military Dimension

The military and security dimensions of Uganda's petroleum sector, while less prominent than the economic and environmental debates, are not negligible. The

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<sup>80</sup>BRICS, Johannesburg II Declaration 2023 (BRICS Summit, Johannesburg 2023).

<sup>81</sup>AU, Africa Mining Vision 2009 (African Union Commission, Addis Ababa 2009) 3.

<sup>82</sup>EAC Treaty 1999 (as amended) art 5.

presence of major international oil companies and the scale of foreign investment create security obligations for the Ugandan state. Protection of petroleum infrastructure – oilfields, pipelines, processing facilities – from sabotage, theft, and armed attack is a responsibility Uganda must prepare for as it enters the production phase.

The Great Lakes region has a complex security environment, with active conflicts in eastern DRC and periodic instability in South Sudan, both sharing borders with Uganda's Albertine Graben oil province. Security of the Albertine region is therefore not only a domestic law enforcement matter but a regional security challenge requiring diplomatic engagement and coordination with regional partners under EAC and ICGLR frameworks.<sup>83</sup>

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<sup>83</sup>ICGLR, The Great Lakes Region Petroleum Resources Framework 2020 (ICGLR, Bujumbura 2020) 4.

<sup>83</sup>Gavin Bridge and others, 'Geographies of Energy Transition' (2013) 53 *Geoforum* 331.

<sup>83</sup>Christiana Figueres and Tom Rivett-Carnac, *The Future We Choose* (Alfred A Knopf, New York 2020) 18.

<sup>83</sup>Thomas Friedman, *Hot, Flat and Crowded* (Farrar Straus and Giroux, New York 2008) 24.

<sup>83</sup>Augustine Nwoye, 'A Psychological Eulogy of Ubuntu' (2017) 2 *Frontiers in Psychology* 1.

<sup>83</sup>Ali Mazrui, *Africa's International Relations* (Heinemann, London 1977) 31.

– PART FOUR: ETHICS, ENVIRONMENT AND PSYCHOLOGY –

## CHAPTER TEN

# ENVIRONMENTAL CONCERNS AND CLIMATE JUSTICE

### *The Ecology of Uganda's Oil and Africa's Right to Develop*

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The environmental dimensions of Uganda's petroleum development are among the most contested aspects of the country's hydrocarbon story. The Albertine Graben is one of the most biodiverse regions in Africa – home to an extraordinary concentration of mammal, bird, and aquatic species, many of them endemic or globally threatened. Lake Albert and its surrounding wetlands are internationally recognised for their ecological significance. And the communities that depend on these natural systems for their food, water, and livelihoods have a profound stake in how oil development is managed.<sup>84</sup>

## 10.1 The Climate Context

The global context in which Uganda's petroleum development decisions are being made is one of accelerating climate change. The IPCC's 2023 Synthesis Report confirms that human-induced climate change is already causing widespread and rapid impacts across all regions of the world, and that limiting global warming to 1.5 degrees Celsius – the aspirational target of the Paris Agreement – requires immediate, deep, and sustained reductions in greenhouse gas emissions across all sectors.

The Paris Agreement, to which Uganda is a signatory, commits parties to pursuing efforts to limit global temperature increase to 1.5 degrees Celsius, to achieving a balance between anthropogenic greenhouse gas emissions and removals by the second half of this century, and to making finance flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development. These

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<sup>84</sup>IPCC, Climate Change 2023: Synthesis Report (IPCC, Geneva 2023) 5.

commitments create a long-term trajectory in which demand for fossil fuels is expected to decline, raising the question of whether Uganda's oil will be commercially viable for the duration of its projected production period.<sup>85</sup>

## 10.2 Ecological Risks in the Albertine Region

The Albertine Graben is a biodiversity hotspot, hosting more mammal species than any comparable area in Africa, including critically endangered species such as the chimpanzee, the mountain gorilla, and several endemic fish species in Lake Albert. Spills of crude oil or associated produced water into Lake Albert or its tributary rivers could cause catastrophic and potentially irreversible damage to these ecosystems.<sup>86</sup>

Uganda's NEMA and PAU have issued environmental assessment requirements for oil projects, and TotalEnergies and CNOOC have produced comprehensive Environmental and Social Impact Assessments (ESIAs) for Tilenga and Kingfisher respectively. The challenge is the implementation of these plans in practice – ensuring that mitigation commitments made on paper translate into actual environmental protection in the field, with independent monitoring, enforcement action when standards are breached, and genuine community participation in oversight.<sup>87</sup>

The Ramsar Convention adds an international legal dimension to the environmental governance challenge. Uganda has designated several Ramsar sites within or adjacent to the oil development area, including the Murchison Falls-Albert Delta Wetland System. Development activities that would significantly alter the ecological character of these designated wetlands without prior authorisation through the Ramsar process would constitute a violation of Uganda's international obligations.<sup>88</sup>

## 10.3 Local Environmental and Livelihood Impacts

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<sup>85</sup>Paris Agreement 2015 art 2.

<sup>86</sup>NEMA, State of the Environment Report for Uganda 2020 (National Environment Management Authority, Kampala 2020) 42.

<sup>87</sup>Emmanuel Kasimbazi, 'Environmental Regulation of the Oil and Gas Sector in Uganda' (2018) 30 *Journal of Energy and Natural Resources Law* 22.

<sup>88</sup>Ramsar Convention on Wetlands 1971 art 1.

Beyond macro-scale ecological risks, oil development in the Albertine Graben has generated localised environmental and livelihood impacts that have significantly affected communities in and around production areas. Land acquisition for oilfield infrastructure has disrupted agricultural activities, separated households from traditional farmlands, and in some cases required relocation of entire communities. Fishing activities on Lake Albert have been affected by seismic surveys, establishment of exclusion zones, and disturbance of fish habitats by drilling activities.

These local impacts require both compensation and structural resolution. The formal legal requirements for community consultation, environmental impact assessment, and mitigation are not always fully observed in practice, creating gaps between the law on paper and the law in practice that the affected communities bear the cost of. Closing this implementation gap requires not only better regulatory capacity but a genuine commitment to the Ubuntu principle that affected communities must be treated as partners in development, not obstacles to be managed.<sup>89</sup>

## 10.4 Africa's Right to Develop: The Justice Argument

The environmental governance of Uganda's petroleum sector cannot be examined in isolation from the broader question of climate justice. Africa contributes less than 4 per cent of global greenhouse gas emissions, yet is projected to experience some of the most severe impacts of climate change, including droughts, floods, crop failures, and sea-level rise. The rich countries whose industrial development has been the primary driver of atmospheric carbon concentrations have, by any reasonable measure, a far greater obligation to reduce emissions than the developing countries of the South still trying to lift their populations out of poverty.

Henry Shue's distinction between 'subsistence emissions' — associated with meeting basic human needs — and 'luxury emissions' — associated with the excess consumption of already-rich societies — is directly applicable. Uganda's oil development is, in the first instance, a subsistence proposition: the revenues it generates are intended

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<sup>89</sup>Akinwumi Adesina, 'Africa Cannot Develop in the Dark' (2022) 38 African Development Review 245.

to fund hospitals, schools, roads, and power stations, not luxury consumption. Demanding that Uganda forgo this development opportunity in the name of global climate action, without ensuring that the country has access to alternative means of development, is a form of climate injustice.<sup>90</sup>

This argument does not lead to the conclusion that Uganda should develop its oil sector without regard for its environmental consequences. The obligation of intergenerational stewardship that the Ubuntu Hydrocarbon State demands applies to the global commons – the atmosphere, the oceans, the climate system – as well as to Uganda's domestic natural heritage. But it does lead to the conclusion that the terms on which Uganda is expected to bear the costs of global climate action must be genuinely fair: that the rich countries must fulfil their commitments to provide climate finance, technology transfer, and adaptation support.<sup>91</sup>

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<sup>90</sup>Henry Shue, 'Subsistence Emissions and Luxury Emissions' (1993) 15 *Law and Policy* 39.

<sup>91</sup>Leonce Ndikumana and others, 'Africa's Right to Develop' (2023) 51 *World Development* 1.

<sup>91</sup>Frantz Fanon, *Black Skin, White Masks* (Grove Press, New York 1952) 18.

## CHAPTER ELEVEN

# HYDROCARBON ETHICS

### *Ubuntu Morality, Corruption, and the Obligations of Stewardship*

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The ethical dimensions of hydrocarbon governance are not peripheral to the analysis of Uganda's petroleum sector – they are central to it. Every aspect of the sector raises moral questions: the justice of the terms on which oil companies extract Uganda's resources; the obligations of government officials who manage the revenues; the rights of communities displaced by infrastructure development; the responsibilities of future generations to preserve the natural heritage they inherit.<sup>92</sup>

## 11.1 The Morality of Extraction

The moral status of fossil fuel extraction is contested in contemporary ethical discourse. From one perspective, the extraction and combustion of hydrocarbons is a moral wrong: it imposes costs – in the form of climate change, air pollution, and ecological damage – on parties who have not consented to bear them, and it depletes a non-renewable resource that future generations cannot recover. This perspective finds expression in the 'keep it in the ground' movement.<sup>93</sup>

From another perspective, the extraction of fossil fuels in developing countries is not only morally permissible but morally required by obligations of solidarity with the poor. When oil revenues fund hospitals in Hoima, schools in Buliisa, and electricity connections in rural Kikuube, they are not merely economic transactions – they are moral acts of material support for human dignity. The refusal to develop a country's natural resources in the name of global climate concerns, without ensuring that the

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<sup>92</sup>Thaddeus Metz, 'An Ubuntu-Based Approach to Business Ethics' (2014) 121 *Journal of Business Ethics* 19.

<sup>93</sup>Transparency International, *Corruption Perceptions Index 2022* (Transparency International, Berlin 2023) 12.

inhabitants of that country have access to alternative means of development, is a form of moral abandonment.

The Ubuntu ethics framework navigates between these positions through its insistence on relational obligation. We are obligated not only to Ugandans of the present generation but to communities of the Albertine Graben whose land and livelihoods are affected; to future generations who will inherit an altered atmosphere; and to the global community whose shared climate we all depend upon. The task is to develop Uganda's resources in a manner that responsibly balances all these obligations – not one that sacrifices any one group's interests for the convenience of others.

## 11.2 Corruption as an Ubuntu Failure

Corruption in the petroleum sector is not merely an economic inefficiency – it is, from the Ubuntu perspective, a profound moral failure. When a public official accepts a bribe to award an oil contract to an unqualified company, he does not merely breach his legal obligations – he betrays the community of which he is a part, diminishing the material resources available to his fellow citizens and the relational bonds of trust on which Ubuntu depends.<sup>94</sup>

Emmanuel Levinas's philosophy of 'the face of the Other' provides a complementary perspective: corruption involves a deliberate turning away from the face of the Other – from the sick person who needs the hospital the stolen funds should have built, from the child who needs the school the diverted revenues should have funded. It is an act of moral blindness, a refusal to see and respond to the needs of others that the Ubuntu ethic demands.<sup>95</sup>

Transparency International's Corruption Perceptions Index consistently ranks petroleum-rich developing countries among the most corruption-affected in the world. This is not coincidence: the scale of the rents available from petroleum production creates extraordinary incentives for corruption, while the opacity of the industry – the

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<sup>94</sup>Isaac Christopher Lubogo, *Ubuntu and the Law in Uganda* (LLD Thesis, Makerere University 2024) ch 4.

<sup>95</sup>Emmanuel Levinas, *Totality and Infinity* (Duchesne University Press, Pittsburgh 1969) 43.

complexity of production sharing accounts, the difficulty of monitoring production volumes, the transnational structure of oil company supply chains – creates ample opportunities. The institutional response must be commensurate with the challenge.

### 11.3 Intergenerational Ethics and the Oil Heritage

The obligation to future generations is among the most profound ethical dimensions of hydrocarbon governance. John Stuart Mill observed that the Earth's resources are not the property of any one generation but are held in common by all who have lived and will live – a principle of stewardship rather than ownership that finds its African expression in the Ubuntu concept of communal inheritance.<sup>96</sup>

Immanuel Kant's categorical imperative – act only according to that maxim you can at the same time will to be a universal law – applied to petroleum governance suggests that a generation that consumes its oil wealth in current expenditure, leaving nothing for posterity, acts on a maxim it cannot will to be universal. If every generation consumed its natural inheritance without saving for the next, the very concept of natural heritage would be destroyed.<sup>97</sup>

John Rawls's original position thought experiment leads to a similar conclusion. A society that is Rawlsian just would save a portion of its petroleum revenues, invest in renewable energy infrastructure, and build institutions capable of sustaining development after the oil is gone. This is precisely what the principle of intergenerational equity within the Lubogo Framework demands.<sup>98</sup>

### 11.4 Corporate Ethics and Investor Obligations

The ethical obligations that apply to oil companies operating in Uganda are not merely legal – they extend to the full range of their activities' impacts on human dignity and environmental integrity. The UN Guiding Principles on Business and Human Rights,

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<sup>96</sup>John Stuart Mill, *Utilitarianism* (1863) (Oxford University Press, Oxford 2008) 55.

<sup>97</sup>Immanuel Kant, *Groundwork for the Metaphysics of Morals* (Cambridge University Press, Cambridge 1998) 38.

<sup>98</sup>John Rawls, *The Law of Peoples* (Harvard University Press, Cambridge MA 1999) 37.

the OECD Guidelines for Multinational Enterprises, and the Equator Principles for project finance all establish normative frameworks for corporate behaviour in extractive industries that go beyond what domestic law requires.<sup>99</sup>

## 11.5 Ubuntu as a Practical Ethics of Governance

The Ubuntu framework does not merely articulate abstract moral principles – it generates specific, actionable governance prescriptions. If public resources are communal inheritance, then those who manage them must be held accountable as trustees, not owners. If affected communities have Ubuntu-grounded dignity that must be respected, then community consultation, benefit-sharing, and compensation must be genuine rather than procedural. If corruption is a betrayal of communal trust, then anti-corruption enforcement must be vigorous, well-resourced, and independent.

The most powerful application of Ubuntu ethics to petroleum governance may be its insistence on the visibility of the Other: that decision-makers must not be able to make choices that impose costs on distant, marginalised, or future persons without confronting the human consequences of those choices. Mandatory community impact reporting, public hearings in affected areas, civil society participation in sector oversight, and public access to environmental monitoring data are all practical expressions of the Ubuntu demand that the face of the Other remain visible in the governance process.

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<sup>99</sup>UN Convention Against Corruption 2003 (UNCAC) art 1.

## CHAPTER TWELVE

# HYDROCARBONS AND THE FUTURE

### *Energy Transition, Renewables, and Uganda's Post-Oil Horizon*

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The future of the global energy system is one of declining dependence on fossil fuels and increasing reliance on renewable and low-carbon energy sources. The pace of this transition is contested – some scenarios project rapid decarbonisation by mid-century, while others anticipate a more gradual shift – but the direction is not. Uganda must plan its hydrocarbon economy with this trajectory in mind, using the revenues from its finite oil reserves to build the diversified, knowledge-intensive economy it will need when the oil runs out.<sup>100</sup>

## 12.1 The Global Energy Transition

The International Energy Agency's Net Zero by 2050 scenario projects that global demand for oil will decline from approximately 100 million barrels per day in 2023 to around 24 million barrels per day by 2050, as electric vehicles replace internal combustion engines, buildings are decarbonised, and industrial processes are electrified. On this trajectory, the window during which Uganda's oil can command significant prices on international markets is limited – perhaps 20 to 30 years at most.

The declining cost of renewable energy technologies, particularly solar photovoltaic and wind power, is accelerating this transition. Solar PV costs have fallen by more than 90 per cent over the past decade, making renewable electricity increasingly competitive in most markets including sub-Saharan Africa. For Uganda, which enjoys abundant solar resources and significant hydropower potential, this transition represents not only a threat to its oil revenues but an opportunity to leapfrog fossil fuel dependence and build a clean energy system that serves its development

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<sup>100</sup>IEA, Net Zero by 2050: A Roadmap for the Global Energy Sector (IEA, Paris 2021) 17.

needs without the carbon costs.<sup>101102</sup>

## 12.2 Electric Vehicles and Demand Destruction

The electrification of road transport is one of the most significant demand-side drivers of the energy transition. The rapid growth of electric vehicle sales globally – from less than 2 per cent of new car sales in 2018 to more than 18 per cent in 2023 – signals a structural shift in transportation energy demand that will, over time, significantly reduce global oil consumption. Uganda's oil will begin production in a market where EV penetration is still relatively limited, but by the 2030s and 2040s, when Uganda's production approaches peak, the EV revolution will have significantly altered the demand landscape.<sup>103</sup>

## 12.3 Uganda's Renewable Energy Potential

Uganda possesses a remarkable endowment of renewable energy resources that, if developed, could provide the foundation for a clean, affordable, and reliable energy system capable of powering its economic transformation. Hydropower capacity, anchored by the Karuma and Isimba dams, has been significantly expanded in recent years. Solar energy potential is abundant across the country, particularly in the north and east, and mini-grid and off-grid solar systems are increasingly reaching rural communities unconnected to the national grid.<sup>104105</sup>

The strategic use of petroleum revenues to invest in Uganda's renewable energy transition would be the most coherent expression of the Ubuntu Hydrocarbon State's commitment to intergenerational justice. Using the finite, non-renewable wealth of oil to build the infrastructure of a renewable energy economy – solar parks, transmission networks, energy storage systems, and the manufacturing capacity to sustain them – would convert a wasting asset into a permanent productive resource, bequeathing to

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<sup>101</sup>BP, Energy Outlook 2023 (BP plc, London 2023) 11.

<sup>102</sup>IRENA, Renewable Power Generation Costs in 2022 (IRENA, Abu Dhabi 2023) 6.

<sup>103</sup>Bloomberg NEF, Electric Vehicle Outlook 2023 (BloombergNEF, New York 2023) 8.

<sup>104</sup>UN Sustainable Development Goals, Resolution A/RES/70/1 (2015) goal 7.

<sup>105</sup>African Development Bank, New Deal on Energy for Africa (AfDB, Abidjan 2016) 3.

future generations not an empty oilfield but a clean energy system that continues to serve their needs.<sup>106</sup>

## 12.4 Nuclear Energy and Emerging Technologies

The energy demands of artificial intelligence and advanced computing are adding new dimensions to the global energy outlook. Data centres powering cloud computing and AI applications are projected to account for an increasing share of global electricity demand over the next decade. Uganda, like other African countries, is exploring the potential of nuclear power – including small modular reactor (SMR) technology – as a complement to renewables that could provide reliable baseload electricity to compensate for the intermittency of solar and wind generation.<sup>107</sup>

## 12.5 Building the Post-Oil Economy

The most important question facing Uganda's petroleum governance is not how to maximise oil revenues but how to convert those revenues into the foundation of a post-oil economy that can sustain development when the oil is gone. The experience of states that have managed this transition successfully – Norway, Malaysia, and Chile – suggests that the key is to use resource revenues during the production phase to build the human capital, infrastructure, and institutional capacity that can generate sustained growth from manufacturing, services, and knowledge industries.<sup>108</sup>

Uganda's post-oil economic strategy should therefore prioritise investment in: education and research institutions capable of generating and applying knowledge; industrial infrastructure and industrial parks that support value-adding manufacturing; digital connectivity and technology adoption that enable participation in the global digital economy; agricultural value-addition and agro-processing that creates employment and export earnings; and the creative and cultural industries that are increasingly important sources of export revenue. The oil revenues are the seed capital

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<sup>106</sup>Ministry of Energy, Renewable Energy Policy for Uganda 2007 (MEMD, Kampala 2007) 5.

<sup>107</sup>World Economic Forum, The Future of Jobs Report 2023 (WEF, Geneva 2023) 14.

<sup>108</sup>Jeremy Rifkin, The Green New Deal (St Martin's Press, New York 2019) 37.

for this transformation.<sup>109</sup>

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<sup>109</sup>IEA, Africa Energy Outlook 2022 (IEA, Paris 2022) 11.

<sup>109</sup>IMF, Regional Economic Outlook: Sub-Saharan Africa (IMF, Washington DC April 2023) 9.

<sup>109</sup>Uganda Electricity Regulatory Authority, Annual Report 2022 (ERA, Kampala 2022) 9.

<sup>109</sup>Placide Tempels, Bantu Philosophy (Presence Africaine, Paris 1959) 50.

<sup>109</sup>Aime Cesaire, Discourse on Colonialism (Monthly Review Press, New York 1972) 21.

<sup>109</sup>Commission on Human Rights, Maastricht Guidelines on Violations of Economic, Social and Cultural Rights (1997) para 6.

<sup>109</sup>UN Declaration on the Rights of Indigenous Peoples 2007 (UNDRIP) art 32.

<sup>109</sup>Jakkie Cilliers, Africa First! Igniting a Growth Revolution (Jonathan Ball, Johannesburg 2020) 147.

<sup>109</sup>Joseph Schumpeter, Capitalism, Socialism and Democracy (Harper & Brothers, New York 1942) 81.

<sup>109</sup>Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (Modern Library, New York 1994) bk 4.

<sup>109</sup>Max Weber, Economy and Society (University of California Press, Berkeley 1978) 956.

<sup>109</sup>Kenichi Omae, The End of the Nation State (Free Press, New York 1995) 141.

<sup>109</sup>Samuel Huntington, Political Order in Changing Societies (Yale University Press, New Haven 1968) 1.

<sup>109</sup>Elizabeth Kolbert, The Sixth Extinction (Henry Holt, New York 2014) 266.

<sup>109</sup>Naomi Klein, This Changes Everything (Simon & Schuster, New York 2014) 270.

<sup>109</sup>Pacala S and Socolow R, 'Stabilization Wedges: Solving the Climate Problem for the Next 50 Years' (2004) 305 Science 968.

<sup>109</sup>Jeffrey Sachs, The Age of Sustainable Development (Columbia University Press, New York 2015) 44.

## CHAPTER THIRTEEN

# ECONOMIC MODELS AND POLICY RECOMMENDATIONS

### *Sovereign Wealth, Local Content, and Industrial Transformation*

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The practical translation of the Ubuntu Hydrocarbon State framework into institutional design and policy prescriptions is the task of this chapter. Drawing on comparative experience and the specific features of Uganda's economic, institutional, and social context, concrete policy recommendations are proposed across the key domains of petroleum revenue management, local content development, industrial policy, and social investment.<sup>110</sup>

### 13.1 Sovereign Wealth Fund Design

The establishment of a credible sovereign wealth fund is the single most important institutional decision that Uganda can make in the early years of petroleum production. Norway's Government Pension Fund Global – with assets of approximately 1.4 trillion dollars at the end of 2022, more than ten times Norway's annual GDP – represents the most successful example of sovereign wealth fund management in the world. Its key design features include: full transparency and public accountability; conservative, long-term investment principles; a rule that only real returns may be spent; and parliamentary oversight.

Uganda's Public Finance Management Act establishes the Petroleum Revenue Investment Reserve (PRIR) as the country's designated savings vehicle. For the PRIR to fulfil its potential as the foundation of an Ubuntu savings discipline, several features require strengthening: the savings rule – specifying what proportion of petroleum revenues must be deposited in the PRIR – should be constitutionally entrenched to

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<sup>110</sup>Norwegian Government Pension Fund Global, Annual Report 2022 (Norges Bank, Oslo 2023) 4.

provide stronger protection against short-term political pressures; and the investment mandate of the PRIR should be diversified across asset classes and geographies.<sup>111112</sup>

## 13.2 Revenue Allocation Framework

The allocation of petroleum revenues among competing claims requires a clear, rules-based framework that is resistant to ad hoc political decisions. Drawing on international best practice and Uganda's specific circumstances, this book proposes the following allocation framework, subject to parliamentary determination and annual review: 30 per cent to the PRIR; 30 per cent to the Infrastructure Transformation Fund; 20 per cent to the Social Investment Fund for education, health, and social protection; 10 per cent to the Community Development Fund for direct benefit sharing with petroleum-affected communities; and 10 per cent to the Petroleum Revenue Stabilisation Fund as a buffer against price volatility.<sup>113</sup>

## 13.3 Local Content Policy

The local content framework should be designed to maximise the development of Ugandan human capital, business capacity, and industrial infrastructure, while maintaining the technical standards and competitive discipline that the sector requires. A more ambitious local content strategy for the Ubuntu Hydrocarbon State would include: mandatory local content requirements with progressively increasing thresholds over time; a Petroleum Local Content Development Fund to provide finance, training, and technical assistance to local firms; partnerships between international operators and Ugandan universities; and a 'hire local first' obligation requiring operators to demonstrate that local candidates were considered before expatriate staff are recruited.<sup>114</sup>

## 13.4 The Refinery Question

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<sup>111</sup>IMF, *Managing Natural Resource Wealth* (IMF, Washington DC 2012) 8.

<sup>112</sup>Public Finance Management Act 2015 (Uganda) s 53.

<sup>113</sup>Joseph Stiglitz, *Globalization and Its Discontents* (W W Norton, New York 2002) 76.

<sup>114</sup>Natural Resource Governance Institute, *Resource Governance Index 2023* (NRGI, New York 2023) 18.

The question of whether Uganda should build a domestic oil refinery is among the most strategically significant decisions in the country's petroleum governance. A domestic refinery would enable Uganda to capture value-added at the processing stage – converting crude oil into petroleum products for domestic and regional markets – rather than exporting all crude oil for processing abroad. The economics of refinery development in a country of Uganda's size are challenging: petroleum refining is capital-intensive and typically requires significant scale to be viable, and Uganda's domestic market alone may be too small to justify a large-scale facility.<sup>115</sup>

### **13.5 Taxation, Contracts, and Fiscal Design**

The fiscal arrangements governing Uganda's petroleum sector – the combination of royalties, corporate income tax, profit oil sharing, and additional taxes that together determine the government's take – are among the most technically complex and consequential elements of petroleum governance. The design of these arrangements must balance the need to attract investment with the imperative of securing an adequate share of the economic rent for the Ugandan people.

Uganda should conduct a comprehensive review of its fiscal arrangements in light of current reserves data and production projections, with a view to ensuring the government's share is competitive with international benchmarks for jurisdictions of comparable risk. The review should also assess whether existing arrangements adequately address the risks of transfer pricing, thin capitalisation, and other tax avoidance strategies that international oil companies have been known to deploy in developing country contexts.

### **13.6 Priority Infrastructure and Industrial Policy**

Beyond the petroleum sector itself, Uganda must use the fiscal space created by oil revenues to invest in the physical and human infrastructure of a diversified economy. Priority areas include: the completion of the national electricity grid extension to reach

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<sup>115</sup>Ghana Petroleum Revenue Management Act 2011 (Act 815) s 2.

all Ugandan households; the development of special economic zones and industrial parks in each region of the country; the construction of the standard gauge railway linking Uganda to the East African coastal ports; and investment in the tertiary education sector to develop the engineers, economists, managers, and scientists that Uganda's economic transformation will require.

— PART FIVE: THE LUBOGO FRAMEWORK —

## CHAPTER FOURTEEN

# HYDROCARBON PSYCHOLOGY AND SOCIETY

### *Oil, Identity, Consumerism, and Cultural Transformation*

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The social and psychological dimensions of petroleum development are among the least discussed but most consequential aspects of the hydrocarbon story. When oil arrives in a society – or even when its imminent arrival is anticipated – it transforms not only economics and governance but culture, psychology, and social relations. The anticipation of oil wealth in Uganda has already generated observable changes in social expectations, political discourse, and community dynamics that deserve serious analytical attention.<sup>116</sup>

## 14.1 The Psychology of Resource Anticipation

Oil discoveries generate what social scientists call 'anticipatory effects': changes in behaviour, expectations, and social relations that precede the actual arrival of resource revenues. In Uganda's case, the years since the 2006 oil discovery have been marked by rising expectations among the general population about what the oil will deliver; by intensified political competition for control of the sector and its revenues; and by a growing social differentiation between those who have positioned themselves to benefit from oil-related contracting and employment, and those who have not.<sup>117</sup>

Studies of petroleum communities in other African contexts document a pattern of social disruption that precedes economic benefit: the arrival of external workers and contractors competing with local men for status and partners; rising land prices pricing out poor residents; disruption of traditional livelihood systems by infrastructure development; and the creation of a 'boom town' dynamic that can persist even before

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<sup>116</sup>Karl Marx, *Capital: A Critique of Political Economy* (Penguin Classics, London 1990) 163.

<sup>117</sup>Thorstein Veblen, *The Theory of the Leisure Class* (Penguin, London 2005) 41.

commercial production begins. The communities of Hoima and Buliisa have not been immune to these dynamics.<sup>118</sup>

## 14.2 Oil and Urbanisation

The development of Uganda's petroleum sector has already catalysed significant urbanisation in the Albertine region. Hoima – the district headquarters and proposed site of the oil refinery and industrial park – has grown rapidly since the oil discovery, as workers, contractors, service providers, and speculators have moved into the town. This urbanisation brings both opportunities and challenges: opportunities in the form of market demand for goods and services and employment in the construction sector; challenges in the form of inadequate housing, strained public services, environmental stress, and social disruption.<sup>119</sup>

Stuart Hall's analysis of the relationship between cultural identity and diaspora can be adapted to illuminate the situation of communities whose traditional land has been incorporated into an oil development zone: they experience a form of 'internal diaspora', displaced not geographically but culturally and economically from the world they knew. The challenge for oil governance is to manage this transformation in a manner that preserves community identity and social cohesion while creating genuine economic opportunity.<sup>120</sup>

## 14.3 Consumerism, Materialism, and the Ubuntu Response

One of the most consistently observed social effects of oil wealth in developing countries is a surge in conspicuous consumption: the acquisition of luxury goods, imported vehicles, expensive housing, and high-status entertainment – patterns that

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<sup>118</sup>Frantz Fanon, *The Wretched of the Earth* (Grove Press, New York 1963) 97.

<sup>119</sup>Achille Mbembe, *On the Postcolony* (University of California Press, Berkeley 2001) 102.

<sup>120</sup>Stuart Hall, 'Cultural Identity and Diaspora' in Rutherford (ed), *Identity* (Lawrence & Wishart, London 1990) 222.

<sup>120</sup>Ngugi wa Thiong'o, *Decolonising the Mind* (Heinemann, London 1986) 4.

<sup>120</sup>Ali Mazrui, *The African Condition* (Cambridge University Press, Cambridge 1980) 211.

<sup>120</sup>Robert Putnam, *Bowling Alone* (Simon & Schuster, New York 2000) 18.

<sup>120</sup>Hernando de Soto, *The Mystery of Capital* (Basic Books, New York 2000) 211.

reflect status competition rather than genuine welfare improvement, and that divert resources from productive investment to wasteful display. Thorstein Veblen's classic analysis of the 'leisure class' finds its counterpart in the petroleum-funded elite of many oil states.

The Ubuntu tradition offers a cultural antidote to this consumerist pathology. In Ubuntu ethics, the accumulation of personal wealth at the expense of communal wellbeing is not a mark of success but a form of social failure – a betrayal of the relational obligations that define full personhood. The ostentatious display of oil-funded wealth in a context of widespread poverty is, from an Ubuntu perspective, not merely aesthetically offensive but morally wrong: it announces a refusal to see and respond to the needs of others that the ethic of mutual obligation demands.

#### **14.4 Corruption Culture and Social Norms**

Perhaps the most insidious social effect of oil wealth is its tendency to normalise corruption – to shift the social understanding of what is acceptable in public life from a norm of honest service to a norm of opportunistic extraction. When oil revenues are visibly captured by politically connected individuals, when contracts are manifestly awarded on the basis of connections rather than merit, and when public officials who engage in such behaviour face neither legal accountability nor social censure, the message to the broader society is that corruption is normal, rational, and even expected.<sup>121</sup>

Frantz Fanon's analysis of the post-colonial pitfall – in which the national bourgeoisie replaces the colonial administrator as the primary agent of extraction – is sobering in this context. The risk is that Uganda's oil revenues become the material basis for a new form of what Fanon called 'the pitfall of national consciousness': a nationalist discourse that justifies elite enrichment in the name of the people while delivering almost nothing to the people themselves.

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<sup>121</sup>Claude Ake, *Democracy and Development in Africa* (Brookings Institution, Washington DC 1996) 122.

## 14.5 Dependency Mentality and the Ubuntu Corrective

The rentier state dynamic creates what economists and sociologists call a 'dependency mentality': a social orientation toward receiving rather than creating wealth. This mentality is corrosive of the entrepreneurial initiative, civic engagement, and productive labour discipline that development requires. When citizens expect oil revenues to solve all of the country's problems without demanding changes in governance or contributing themselves, they abdicate the civic responsibility that democracy and development both require.<sup>122</sup>

The Ubuntu tradition offers a powerful corrective to the dependency mentality, rooted in its understanding of human flourishing as an achievement that requires active participation rather than passive receipt. The Ubuntu vision of the good society is not one in which a benevolent state distributes oil revenues to passive recipients, but one in which active citizens contribute their capabilities to the common good and draw from it in proportion to their need. The governance challenge is to build institutional frameworks that activate this Ubuntu civic ethic in the context of an oil-producing state.

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<sup>122</sup>Mahmood Mamdani, *Citizen and Subject* (Princeton University Press, Princeton 1996) 18.

## CHAPTER FIFTEEN

# THE LUBOGO THEORY OF UBUNTU HYDROCARBONISM

*Principles, Governance Framework, and Institutional Design*

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*An Ubuntu Hydrocarbon State is one in which the oil beneath the earth is understood not as wealth waiting to be extracted, but as an inheritance waiting to be honoured – an inheritance that belongs not to any corporation, government, or generation, but to the permanent and ongoing community of persons whose dignity it must serve.*

– Isaac Christopher Lubogo

The Lubogo Theory of Ubuntu Hydrocarbonism is the culminating intellectual contribution of this work. It is a theory of resource governance – an account of the principles, institutional structures, and governance mechanisms that should govern the management of hydrocarbon wealth in Uganda and, by extension, in any African petroleum state that seeks to place human dignity at the centre of its development project. The theory draws on Ubuntu philosophy, African jurisprudence, development economics, comparative petroleum governance, and the author's doctoral research on Ubuntu constitutionalism.<sup>123</sup>

### 15.1 The Seven Principles of Ubuntu Hydrocarbonism

#### ***Principle One: Communal Ownership and Sovereign Stewardship***

The first principle of Ubuntu Hydrocarbonism is that hydrocarbon resources are the communal property of the nation as a whole, held in trust by the state for the benefit of all its members, present and future. This principle finds expression in Article 244 of

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<sup>123</sup>Isaac Christopher Lubogo, *Ubuntu and the Law in Uganda* (LLD Thesis, Makerere University 2024) ch 1.

Uganda's Constitution and in the broader tradition of Ubuntu resource governance, which understands natural resources not as commodities to be owned and exploited but as heritage assets to be stewarded and transmitted across generations. The state is not the beneficial owner of the oil – it is the steward, acting on behalf of a community that extends across both time and geography.<sup>124</sup>

### ***Principle Two: Relational Accountability***

The second principle is that those who manage public resources are accountable not only through formal legal mechanisms but through the relational obligations that Ubuntu ethics imposes. A petroleum minister who approves an inflated contract for a politically connected supplier does not merely commit a legal infraction – he betrays the thousands of sick people whose hospitals might have been built with the diverted funds, the children whose schools might have been furnished, the farmers whose roads might have been paved. Ubuntu accountability is not abstract: it has faces, names, and communities.<sup>125</sup>

### ***Principle Three: Intergenerational Equity***

The third principle requires that petroleum revenues be managed with explicit regard for the interests of future generations. Drawing on Rawls's intergenerational justice theory and on the Ubuntu concept of communal inheritance, this principle mandates that a defined and constitutionally protected portion of petroleum revenues be saved in a sovereign wealth fund, invested in renewable energy and productive infrastructure, and shielded from short-term political pressures to spend. The present generation is a trustee, not a beneficiary, of Uganda's oil inheritance.<sup>126</sup>

### ***Principle Four: Community Dignity***

The fourth principle insists that the communities most directly affected by petroleum development – those on whose land the oil is found, whose environments

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<sup>124</sup>Mogobe Ramose, 'The Philosophy of Ubuntu' in Coetzee and Roux (eds), *Philosophy from Africa* (Oxford University Press, Oxford 2002) 230.

<sup>125</sup>Thaddeus Metz, 'Ubuntu as a Moral Theory' (2007) 32 *South African Journal of Philosophy* 316.

<sup>126</sup>John Rawls, *Justice as Fairness: A Restatement* (Harvard University Press, Cambridge MA 2001) 42.

are changed by extraction, and whose livelihoods are most immediately at risk – must be treated as the primary beneficiaries of, rather than the incidental casualties of, hydrocarbon development. This requires mandatory community benefit sharing, genuine free prior and informed consent processes, comprehensive and timely compensation, and active inclusion of community representatives in governance mechanisms.<sup>127</sup>

### ***Principle Five: Ubuntu Anti-Corruption***

The fifth principle establishes that corruption in the petroleum sector is the gravest violation of the Ubuntu ethic applicable to public life, and must be treated as such in both law and culture. This means not merely criminalising corrupt conduct but establishing institutional mechanisms – whistleblower protection, asset declaration, beneficial ownership transparency, and independent oversight – that make corruption difficult, detectable, and punishable. It also means cultivating a public culture in which corruption is regarded not as entrepreneurship but as theft from the community.<sup>128</sup>

### ***Principle Six: Environmental Stewardship***

The sixth principle requires that petroleum development be conducted in a manner that protects the ecological heritage of the Albertine Graben and Uganda's wider natural environment. The country's natural systems are themselves a form of wealth – in tourism revenues, ecosystem services, and the cultural and spiritual significance of the landscape – that must not be sacrificed to the short-term gains of extractive development. Environmental obligations are not a constraint on the Ubuntu Hydrocarbon State – they are an expression of its core values.<sup>129</sup>

### ***Principle Seven: Sovereign Transition Planning***

The seventh and final principle requires that the Ubuntu Hydrocarbon State explicitly plan for the end of its petroleum resources from the moment production begins. Oil is finite; its revenues will eventually cease; and the development they are intended to fund must ultimately be self-sustaining. Every significant petroleum revenue

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<sup>127</sup>Amartya Sen, *Development as Freedom* (Oxford University Press, Oxford 1999) 18.

<sup>128</sup>Martha Nussbaum, *Creating Capabilities* (Harvard University Press, Cambridge MA 2011) 33.

<sup>129</sup>Hans Jonas, *The Imperative of Responsibility* (University of Chicago Press, Chicago 1984) 26.

allocation decision must be assessed not only for its immediate benefit but for its contribution to the post-oil economy that Uganda will ultimately need.<sup>130</sup>

## 15.2 Institutional Architecture of the Ubuntu Hydrocarbon State

The seven principles require an institutional architecture capable of giving them operational form. Drawing on Uganda's existing institutions and comparative best practice, the following institutional design is proposed. The architecture has six components.<sup>131</sup>

### *Petroleum Governance Council*

The Petroleum Governance Council, chaired by the Head of State and including the Ministers of Finance, Energy, and Local Government, the Governor of the Central Bank, the Director of UNOC, and three civil society representatives elected by a national assembly of oil-affected communities, serves as the supreme policy-making body for petroleum governance. It meets quarterly to review performance, approve major decisions, and report publicly on the management of the sector. All decisions of the Council are published within 30 days and are subject to parliamentary review.<sup>132</sup>

### *Ubuntu Sovereign Wealth Fund*

The Ubuntu Sovereign Wealth Fund, established by constitutional amendment and governed by an independent board with a majority of non-executive members including international experts, manages Uganda's long-term petroleum savings in accordance with the Santiago Principles for sovereign wealth fund management. The Fund invests in a globally diversified portfolio with a mandate to generate long-term returns for future generations. Annual reports are submitted to Parliament and

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<sup>130</sup>Edith Brown Weiss, *In Fairness to Future Generations* (Transnational Publishers, New York 1989) 17.

<sup>131</sup>Amartya Sen, *The Idea of Justice* (Harvard University Press, Cambridge MA 2009) 66.

<sup>132</sup>Daron Acemoglu, Simon Johnson and James Robinson, 'The Colonial Origins of Comparative Development' (2001) 91 *American Economic Review* 1369.

<sup>132</sup>World Bank, *Investing in Africa's Future: 2030 Infrastructure Agenda* (World Bank, Washington DC 2022) 16.

published in full.<sup>133</sup>

### ***Community Petroleum Benefit Board***

The Community Petroleum Benefit Board, with representatives elected by the communities of the Albertine Graben through a transparent democratic process, manages the allocation of the Community Development Fund – 10 per cent of net petroleum revenues – to community-identified development priorities. The Board operates at the district level, with sub-boards in each oil-affected sub-county, ensuring that benefit-sharing decisions reflect the priorities of those most directly affected by oil development.<sup>134</sup>

### ***Environmental Stewardship Authority***

The Environmental Stewardship Authority integrates the environmental oversight functions currently distributed across NEMA, PAU, and the Ministry of Water and Environment into a single, adequately resourced body with responsibility for environmental monitoring, enforcement, compliance review, and public reporting across the petroleum sector. The Authority operates independently of the sector regulatory and revenue management functions to prevent conflicts of interest.<sup>135</sup>

### ***Petroleum Anti-Corruption Bureau***

The Petroleum Anti-Corruption Bureau, established as a specialised unit within the Inspectorate of Government with its own budget, staff, and investigative mandate focused exclusively on petroleum sector corruption, combines preventive, investigative, and enforcement functions. Its preventive function includes vetting of sector contractors, publication of beneficial ownership information, and mandatory disclosure of all payments above a specified threshold. Its investigative function includes forensic audit of production accounts, review of cost recovery claims, and examination of

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<sup>133</sup>Sovereign Wealth Fund Institute, 2023 Global SWF Report (SWFI, Las Vegas 2023) 14.

<sup>133</sup>Uganda National Budget Speech 2023/24 (Ministry of Finance, Planning and Economic Development, Kampala 2023) 22.

<sup>134</sup>Elinor Ostrom, *Governing the Commons* (Cambridge University Press, Cambridge 1990) 90.

<sup>135</sup>Douglas North, *Institutions, Institutional Change and Economic Performance* (Cambridge University Press, Cambridge 1990) 3.

procurement decisions.<sup>136</sup>

### ***Transition Economy Secretariat***

The Transition Economy Secretariat, operating within the National Planning Authority, develops and annually updates a rolling 20-year plan for the diversification of Uganda's economy away from petroleum dependence. The Secretariat works across government ministries to identify and develop the sectors – manufacturing, agro-processing, digital services, tourism, creative industries – that will generate employment and export earnings after the oil is gone, and ensures that petroleum revenue allocations reflect these long-term diversification objectives.<sup>137</sup>

## **15.3 The Lubogo Framework: A Policy Blueprint**

The practical application of the Lubogo Framework to Uganda's current petroleum governance situation suggests a set of immediate, medium-term, and long-term policy priorities. In the immediate term: enact a constitutional amendment entrenching the Petroleum Revenue Investment Reserve with a mandatory savings rate of not less than 30 per cent; establish the Community Petroleum Benefit Board and begin designing community benefit sharing mechanisms before first oil; and conduct a comprehensive review of all existing production sharing agreements to ensure fiscal terms are appropriate.

In the medium term: commence construction of the Ubuntu Sovereign Wealth Fund's investment portfolio, beginning with domestic renewable energy infrastructure and gradually diversifying into international markets; implement the enhanced local content framework; and establish the Petroleum Anti-Corruption Bureau as an independent body with resources and authority commensurate with the scale of the sector it supervises.<sup>138</sup>

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<sup>136</sup>Ha-Joon Chang, *Bad Samaritans* (Bloomsbury, London 2008) 57.

<sup>137</sup>Ngozi Okonjo-Iweala, *Fighting Corruption is Dangerous* (MIT Press, Cambridge MA 2018) 77.

<sup>137</sup>Mo Ibrahim Foundation, *Ibrahim Index of African Governance 2022* (MIF, London 2022) 9.

<sup>138</sup>Isaac Christopher Lubogo, *UBU–NTU: Being, Humanity, and Law* (Suigeneris Publishers, Kampala 2025) 102.

In the long term, the Ubuntu Hydrocarbon State's success will be measured not by the size of its oil revenues but by the quality of the institutions, the level of human capability, and the resilience of the economy it leaves behind when the oil is gone. That is the true inheritance the Ubuntu ethic demands: not the memory of revenues extracted and consumed, but the lasting transformation of a society that used its finite geological gift wisely, justly, and with regard for all who would come after.<sup>139</sup>

## 15.4 Ubuntu Hydrocarbonism as African Jurisprudence

The Lubogo Theory of Ubuntu Hydrocarbonism is not merely a policy framework – it is a contribution to African jurisprudence: to the body of legal and philosophical thought that seeks to ground the governance of African societies in distinctively African moral traditions and communal values, rather than importing wholesale the assumptions and categories of Western liberal political theory.<sup>140</sup>

In this sense, the Ubuntu Hydrocarbon State joins a long tradition of African intellectual effort to articulate the conditions for genuine post-colonial sovereignty: not merely the formal independence of African states from external control, but the substantive independence of African societies from the patterns of extraction, dependence, and elite capture that have characterised so much of the post-colonial period. To govern oil with Ubuntu is to assert that Africa is not merely a resource to be exploited by others, but a civilisation capable of governing its own inheritance – with

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<sup>139</sup>Edith Brown Weiss, *In Fairness to Future Generations* (Transnational Publishers, New York 1989) 42.

<sup>139</sup>Joseph Stiglitz and others, *Report on the Measurement of Economic Performance* (French Government, Paris 2009) 8.

<sup>140</sup>Kwasi Wiredu, *Cultural Universals and Particulars* (Indiana University Press, Bloomington 1996) 78.

<sup>140</sup>John Mbiti, *African Religions and Philosophy* (Heinemann, London 1969) 141.

<sup>140</sup>Leopold Senghor, *On African Socialism* (Praeger, New York 1964) 98.

<sup>140</sup>Wangari Maathai, *Unbowed: A Memoir* (Knopf, New York 2006) 134.

<sup>140</sup>UNDP, *Human Development Report 2023* (UNDP, New York 2023) 12.

<sup>140</sup>Investment Code Act 2019 (Uganda) s 1.

<sup>140</sup>Botswana Diamond Revenue Management Policy 2012 (Government of Botswana, Gaborone 2012) 6.

<sup>140</sup>Naomi Klein, *This Changes Everything* (Simon & Schuster, New York 2014) 27.

<sup>140</sup>IUCN, *The IUCN Red List of Threatened Species 2023-2* (IUCN, Gland 2023).

<sup>140</sup>UN Environment Programme, *Environmental Assessment of Ogoniland* (UNEP, Nairobi 2011) 6.

<sup>140</sup>Saleemul Huq and others, 'Adaptation to Climate Change in the Developing World' (2003) 3 *Progress in Development Studies* 333.

wisdom, dignity, and care for the future.

# APPENDICES

## APPENDIX A

# KEY PROVISIONS OF THE PETROLEUM (EXPLORATION, DEVELOPMENT AND PRODUCTION) ACT 2013

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The Petroleum (Exploration, Development and Production) Act 2013 (Act 3 of 2013) is the primary statute governing upstream petroleum activities in Uganda. Its key provisions are summarised below for reference.<sup>141</sup>

### ***A.1 Ownership and Vesting (Section 3)***

Section 3 of the PEDP Act vests ownership of petroleum existing in its natural state in, on, or under Uganda in the government of Uganda, on behalf of the citizens. This provision gives statutory expression to the constitutional principle in Article 244 and establishes the legal basis for the government's authority to grant exploration and production rights through licences and petroleum agreements.

### ***A.2 Licensing Framework (Sections 21–45)***

The Act establishes three categories of upstream petroleum licence: the Petroleum Exploration Licence, granting the exclusive right to explore in the licence area for a specified term; the Petroleum Development Licence, granting the right to develop a discovery; and the Petroleum Production Licence, the key operating licence granting the right to develop and produce petroleum in the licence area on terms specified in the applicable petroleum agreement.

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<sup>141</sup>Petroleum (Exploration, Development and Production) Act 2013 (Uganda) s 1(3).

<sup>141</sup>Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013 (Uganda) s 1.

<sup>141</sup>National Environment Act 2019 (Uganda) s 3.

<sup>141</sup>Public Finance Management Act 2015 (Uganda) s 53.

<sup>141</sup>EITI Standard 2023 (EITI, Oslo 2023) principle 1.

<sup>141</sup>AU Agenda 2063 (African Union Commission, Addis Ababa 2015) aspiration 1.

### ***A.3 Uganda National Oil Company (Section 11)***

The Act establishes UNOC as the national oil company and requires it to participate in all petroleum agreements on behalf of the government, holding between 15 and 20 per cent of participating interests. UNOC is required to be managed on commercial principles, with accounts audited and publicly reported.

### ***A.4 Petroleum Authority of Uganda (Section 9)***

The Act establishes PAU as the sector regulator with powers to grant and revoke licences; monitor compliance; set and enforce technical, health, safety, and environmental standards; collect petroleum data; and implement local content requirements.

### ***A.5 Local Content (Sections 125–132)***

The Act imposes local content obligations on licensees and petroleum agreement holders, requiring that Ugandan citizens and companies be given preference in employment, training, goods and services procurement, and business opportunities arising from petroleum activities, to the extent they meet applicable quality and technical standards.

### ***A.6 Environmental Obligations (Sections 136–145)***

The Act requires licensees to conduct operations in compliance with Uganda's environmental laws, to prepare and implement environmental management plans, and to restore the environment on cessation of operations. Companies are liable for environmental damage caused by their operations.

## APPENDIX B

# GLOSSARY OF PETROLEUM AND GOVERNANCE TERMS

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### ***B.1 Technical Terms***

**API Gravity** – A measure of crude oil density. Higher API values indicate lighter, more valuable crude. Ugandan crude has relatively low API gravity, making it heavy and requiring heating for pipeline transport.

**Associated Gas** – Natural gas occurring in combination with crude oil in a reservoir. Uganda's oilfields produce significant quantities of associated gas, the management of which raises important flaring and utilisation issues.

**Barrel (bbl)** – The standard unit of measurement for crude oil, equivalent to 42 US gallons or approximately 159 litres.

**Cost Oil** – The portion of produced oil allocated to the oil company to recover capital and operating costs, as specified in the PSA.

**Enhanced Oil Recovery (EOR)** – Techniques used to increase the amount of oil recoverable from a reservoir, including water injection, steam injection, and chemical flooding.

**Kerogen** – A solid mixture of organic chemical compounds in sedimentary rocks from which petroleum is formed through geological processes of heat and pressure.

**LNG (Liquefied Natural Gas)** – Natural gas cooled to minus 162 degrees Celsius for storage and transport.

**Production Sharing Agreement (PSA)** – A contract between the government and an oil company specifying terms on which the company explores for and produces petroleum, including cost recovery and profit oil division.

**Profit Oil** – The portion of produced oil remaining after cost oil has been allocated; divided between the government and the oil company in proportions specified in the

PSA.

Proven Reserves – Quantities of petroleum that geological and engineering data demonstrate with reasonable certainty to be recoverable under existing economic and operating conditions.

Reservoir – A subsurface body of porous and permeable rock in which petroleum accumulates.

Source Rock – Sedimentary rock containing sufficient organic matter to generate hydrocarbons upon thermal maturation.

## ***B.2 Governance and Legal Terms***

Beneficial Ownership – The identity of the natural person who ultimately owns or controls a company, even where ownership is held through nominee or corporate structures.

Dutch Disease – The negative economic effects on other export sectors arising from real exchange rate appreciation caused by increased resource revenues.

EITI (Extractive Industries Transparency Initiative) – International standard requiring member countries to disclose information on payments by oil, gas, and mining companies to governments.

Elite Capture – The process by which political and business elites divert public resources – including oil revenues – to their own benefit rather than to the public purpose for which those resources were intended.

Local Content – The proportion of goods, services, and labour used in petroleum operations that are sourced from the host country.

Production Licence – A licence granting the right to develop and produce petroleum in a defined area.

Rentier State – A state whose revenues derive primarily from natural resource rents rather than from taxation of domestic economic activity.

Resource Curse – The empirical observation that countries with abundant natural resources often perform poorly on development indicators, due to Dutch disease, institutional degradation, and elite capture.

Sovereign Wealth Fund – A state-owned investment fund established to manage revenues from natural resources or other sources for long-term benefit.

Ubuntu – The African relational ethic expressed in the principle: 'A person is a person through other persons.' In the context of this work, the governing philosophy of resource governance that places human dignity and collective responsibility at the centre.

## APPENDIX C

# UGANDA'S PETROLEUM SECTOR: KEY STATISTICS AND FACTS

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The following statistical summary presents key facts about Uganda's petroleum sector as of 2025. All figures are subject to revision as new exploration and appraisal data becomes available.<sup>142</sup>

### ***C.1 Reserves and Resources***

Total oil in place (estimated): approximately 6.5 billion barrels

Estimated recoverable reserves: approximately 1.4–2.0 billion barrels

Major oilfields: Tilenga (TotalEnergies/CNOOC/UNOC) and Kingfisher (CNOOC/TotalEnergies/UNOC)

Gas resources: significant associated gas; estimated 500+ billion cubic feet

Expected peak production rate: approximately 230,000 barrels per day

### ***C.2 Key Institutions***

Ministry of Energy and Mineral Development: policy oversight, licensing authority, and sector coordination

Petroleum Authority of Uganda (PAU): sector regulator, established under PEDP Act 2013

Uganda National Oil Company (UNOC): state equity participant in all petroleum agreements

National Environment Management Authority (NEMA): environmental oversight and EIA approvals

Uganda Revenue Authority (URA): collection of petroleum taxes and levies

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<sup>142</sup>Petroleum Authority of Uganda, Oil and Gas Industry in Uganda 2023 (PAU, Kampala 2023) 3.

### ***C.3 EACOP Key Statistics***

Total pipeline length: approximately 1,443 kilometres (Uganda + Tanzania sections)

Uganda section: approximately 296 kilometres

Tanzania section: approximately 1,147 kilometres

Pipeline capacity: approximately 246,000 barrels per day (expandable)

Operating temperature: approximately 50 degrees Celsius (electrically heated to maintain flow)

Estimated total project cost: approximately USD 5 billion

Export terminal: Chongoleani Peninsula, Tanga, Tanzania

### ***C.4 Revenue Projections (Indicative)***

Government share at USD 70/barrel: approximately USD 1.5–2 billion per year at peak production

Government share at USD 90/barrel: approximately USD 2–3 billion per year at peak production

Note: Actual revenues will depend on price, production, costs, and terms of petroleum agreements

## APPENDIX D

# COMPARATIVE TABLE: PETROLEUM GOVERNANCE MODELS

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The following comparative analysis surveys key features of petroleum governance in selected producing countries, identifying lessons of relevance for Uganda's Ubuntu Hydrocarbon State.

### ***D.1 Norway – The Gold Standard***

Norway's petroleum governance model is widely regarded as the global gold standard. Key features include: full state ownership of oil through Equinor (formerly Statoil), reducing reliance on foreign operators; a Government Pension Fund Global holding all petroleum savings; a fiscal rule limiting annual spending to approximately 3 per cent of the Fund's value; complete transparency through mandatory public reporting; and a powerful sector regulator with genuine independence from political interference. Norway's per capita petroleum revenues have been converted into the world's highest Human Development Index scores and a social welfare system of extraordinary quality. The lesson for Uganda: discipline, transparency, and long-term thinking are the foundations of resource prosperity.

### ***D.2 Nigeria – The Cautionary Tale***

Nigeria's petroleum governance experience represents the most cautionary African example. Despite generating trillions of dollars in petroleum revenues over five decades, Nigeria ranks 161st on the Human Development Index, with over 40 per cent of its population in poverty. Key governance failures include: NNPC's systemic opacity and corruption; absence of meaningful fiscal federalism in revenue distribution; capture of oil revenues by a small political and commercial elite; and the environmental catastrophe of the Niger Delta. The lesson for Uganda: revenue abundance without

governance quality is not development – it is a mechanism for elite enrichment at public expense.

### ***D.3 Botswana – The African Success Story***

Botswana's diamond governance model offers the most successful African precedent for resource wealth management. Key features include: a long-term partnership with De Beers through the Debswana joint venture; a Pula Fund saving a portion of diamond revenues; consistent macroeconomic discipline; and investment in education, health, and infrastructure. Botswana's Human Development Index has improved dramatically over the past three decades. The lesson for Uganda: African resource wealth can be managed for genuine development when institutions are strong and leadership is disciplined.

### ***D.4 United Arab Emirates – Diversification Through Oil***

The UAE has used its substantial oil revenues to build a diversified economy centred on financial services, tourism, logistics, and technology, while maintaining high per capita income and social services. The Abu Dhabi Investment Authority and other sovereign wealth vehicles manage the emirate's long-term savings, while deliberate investment in education, infrastructure, and technology has reduced the economy's dependence on oil over time. The lesson for Uganda: oil revenues can build a post-oil economy if invested with strategic discipline from the very beginning of the production phase.

## APPENDIX E

# THE LUBOGO FRAMEWORK: SUMMARY OF PRINCIPLES AND INSTITUTIONAL DESIGN

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This appendix provides a concise summary of the Lubogo Theory of Ubuntu Hydrocarbonism, as developed in Chapter Fifteen, for quick reference by policymakers, legal practitioners, and governance scholars.

### ***E.1 The Seven Principles of Ubuntu Hydrocarbonism***

Principle 1 – Communal Ownership and Sovereign Stewardship: Oil belongs to the nation, held in trust by the state for all generations, present and future.

Principle 2 – Relational Accountability: Public stewards are accountable through both formal legal mechanisms and the Ubuntu ethic of obligation to the community.

Principle 3 – Intergenerational Equity: A constitutionally protected portion of revenues must be saved and invested for future generations.

Principle 4 – Community Dignity: Petroleum-affected communities are primary beneficiaries, not incidental casualties, of resource development.

Principle 5 – Ubuntu Anti-Corruption: Corruption in the petroleum sector is the gravest violation of the Ubuntu ethic in public life.

Principle 6 – Environmental Stewardship: Ecological heritage is itself a form of national wealth that must be protected, not sacrificed.

Principle 7 – Sovereign Transition Planning: Every revenue decision must contribute to the post-oil economy Uganda will ultimately need.

### ***E.2 Institutional Architecture***

1. Petroleum Governance Council – Supreme policy body with civil society representation; meets quarterly; all decisions published.
2. Ubuntu Sovereign Wealth Fund – Constitutional savings vehicle with independent

board; managed per Santiago Principles; annual parliamentary report.

3. Community Petroleum Benefit Board – Manages 10% of net revenues for direct benefit sharing with oil-affected communities.

4. Environmental Stewardship Authority – Integrated environmental oversight, monitoring, enforcement, and public reporting.

5. Petroleum Anti-Corruption Bureau – Specialised independent body with preventive, investigative, and enforcement functions.

6. Transition Economy Secretariat – Develops and updates the 20-year plan for economic diversification beyond petroleum.

### ***E.3 Immediate Policy Priorities***

1. Enact constitutional amendment entrenching the PRIR with mandatory 30% savings rate.

2. Establish Community Petroleum Benefit Board before first commercial production.

3. Conduct comprehensive review of production sharing agreements.

4. Strengthen PAU's environmental monitoring and enforcement capacity.

5. Establish the Petroleum Anti-Corruption Bureau as independent body.

## APPENDIX F

# KEY LEGISLATION AND INTERNATIONAL INSTRUMENTS

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The following list identifies the principal domestic legislation and international instruments relevant to the governance of Uganda's hydrocarbon sector.

### *F.1 Principal Domestic Legislation*

Constitution of Uganda 1995 (as amended 2005) – arts 26, 244, 245, 153–155

Petroleum (Exploration, Development and Production) Act 2013 (Act 3 of 2013)

Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013 (Act 4 of 2013)

National Environment Act 2019 (Act 5 of 2019)

Public Finance Management Act 2015

Uganda National Oil Company Act 2013

Land Act Cap 227 (as amended)

Anti-Corruption Act 2009 (Act 4 of 2009)

Leadership Code Act 2002

Investment Code Act 2019

Local Governments Act Cap 243

Uganda Revenue Authority Act Cap 196

### *F.2 Subsidiary Legislation*

Petroleum (Exploration, Development and Production) (National Content) Regulations 2016

Petroleum (Exploration, Development and Production) (Health, Safety and

Environment) Regulations 2012

National Environment (Environmental and Social Assessment) Regulations 2020

### ***F.3 Key International Instruments***

UN Charter on Permanent Sovereignty over Natural Resources, Resolution 1803 (XVII)  
(14 December 1962)

African Charter on Human and Peoples' Rights 1981 (Banjul Charter) – art 21

UN Framework Convention on Climate Change 1992 (UNFCCC)

Paris Agreement 2015

Ramsar Convention on Wetlands 1971

UN Guiding Principles on Business and Human Rights 2011 (Ruggie Principles)

EITI Standard 2023

EAC Common Market Protocol 2010

EACOP Host Government Agreement 2021

Santiago Principles for Sovereign Wealth Funds 2008

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