

**ANALYSING THE EFFECTIVENESS OF THE LEGAL AND
REGULATORY FRAMEWORK GOVERNING THE SOCIAL LICENSE
TO OPERATE IN UGANDA'S OIL AND GAS INDUSTRY.**

NKWASIBWE IVAN

REG; M21M23/019

**A DISSERTATION SUBMITTED TO THE FACULTY OF LAW IN
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MAY,2023

DECLARATION

I, **Nkwasiwe Ivan**, do hereby declare that this thesis is my work and it has not been submitted before to any other institution of higher learning for fulfilment of any academic award.



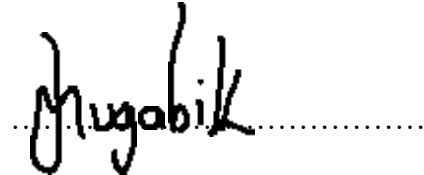
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APPROVAL

This is to certify that, this thesis entitled “Analysing the Effectiveness of The Legal and Regulatory Framework Governing the Social License to Operate in Uganda’s Oil and Gas Industry,” has been done under my supervision and now it is ready for submission.

Signature

.....

Mugabi. K. Ivan

Date

09/05/2023

DEDICATION

To my beloved wife, children, and family,

Words cannot express the depth of gratitude I have for your unwavering love, support, and encouragement throughout my journey in this master's program. Your patience, understanding, and sacrifices have made it possible for me to pursue my academic dreams and achieve this milestone.

To my wife, thank you for being my rock, my confidante, and my biggest cheerleader. Your unwavering love and support have been my anchor through the stormy seas of academic challenges. Without your understanding and selflessness, I would not have been able to complete this program.

To my children, thank you for your endless hugs, kisses, and words of encouragement. Your innocent belief in me has been a source of inspiration, pushing me to strive for excellence in all that I do. To my family, thank you for your constant support and motivation. Your words of wisdom and encouragement have kept me going, even when I wanted to give up.

I dedicate this dissertation to all of you, my beloved wife, children, and family. You have been my strength, my motivation, and my reason for pursuing this academic journey. Without your love and support, none of this would have been possible.

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LIST OF ACCRONYMS

SOL	Social Licence to Operate
UNOC	Uganda National Oil Company
PAU	Petroleum Authority of Uganda
CNOOC	China National Offshore Oil Corporation
TULLOW	Tullow Oil plc
TOTAL	TotalEnergies SE
EACOP	East African Crude Oil Pipeline
HSE	Health, Safety, and Environment
EIA	Environmental Impact Assessment
FID	Final Investment Decision
NEMA	National Environment Management Authority

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ABSTRACT

The research study analyses the effectiveness of the legal and regulatory framework governing the Social License to Operate (SLO) in Uganda's oil and gas industry. The research objectives include evaluating the legal framework for SLO, comparing the legal framework for obtaining SLO in Uganda's oil and gas industry with that of Nigeria and Tanzania, identifying the challenges of obtaining SLO in Uganda's oil and gas industry, and making recommendations supported by best practice. The study used a doctrinal legal research methodology, which comprised efficient and organized analysis of legal propositions and rational conclusions. The study also used a comparative legal research method by analysing and comparing the legal and regulatory frameworks governing SLO in Uganda with those of Nigeria and Tanzania. The study revealed that there was no explicit legislative instrument to facilitate the accomplishment of SLO in Uganda's oil and gas industry, but there were stipulations in the industry's policies and legislations, such as the 2008 National Oil and Gas Policy, the 2017 National Content Policy for Uganda's Petroleum Sector, and Vision 2040. The study also highlighted the importance of the "Buy Uganda Build Uganda Policy" and the need for IOCs to collaborate with local communities to obtain SLO.

CHAPTER ONE

RESEARCH INTRODUCTION

1.1 Introduction

The development of the oil and gas industry is one of Uganda's socioeconomic expansionist ventures. Mindful of the Final Investment Decision (FID) recently announced, there are several expectations in economic transformation in as far as the oil and gas industry is concerned. With such expectations in place, it is important to evaluate some of the features that influence and affect the oil and gas industrial development that also require a relative understanding of how these aspects are handled and applied in the industry at large.

This study analyses the concept of Social License to Operate (SLO) as one of the pertinent issues affecting the relative development of the oil and gas industry. Reports show that in a typical setting of the oil and gas industry, it is arguable that unless the relevant stakeholders such as the host communities embrace an oil and gas project, there might be obstacles in terms of practical implementation despite the granting and obtaining of regulatory permits and authorisations.¹

Usually as a way of dealing with the Social Licence to Operate, the international oil companies (IOCs) and their major contractors have developed a relevant aspect for paying significant attention to the sustainability agenda with a view of harmonising their aspirations with community expectations and as a means of getting their projects embraced by the respective host communities.²

This kind of acceptance is what has come to be known as the Social License to Operate.³ Social License to Operate is therefore as important as the legal license for the continuous success of the project.⁴ Social License to Operate is further explained to mean the ongoing acceptance by way of community centred receptiveness of an operation by the stakeholders.⁵ Social License to Operate is derived from the beliefs and perceptions of the local community and other stakeholders such as citizens, government and activists among others. In order to have and gain

¹ Wilburn, K., & Wilburn, R. (2014). Social license to operate as a business strategy. *Organizational Cultures*, 13(3), 21-32.

² Ibid

³ Ibid

⁴ Wilson, E. (2015). What is the social licence to operate? Local perceptions of oil and gas projects in Russia's Komi Republic and Sakhalin Island. *Extractive Industries and Society*, 3(1), 73-81 doi:10.1016/j.exis.2015.09.001

⁵ Wilson (n 4)

trust, they must invest heavily in earning the trust of the community for the project to be embraced.⁶ There must be a broad social acceptance and enduring though some stakeholders oppose it.⁷

Usually, Social License to Operate is simply referred to as the ongoing acceptance of a company or industry's standard business practices and operating procedures by its employees, stakeholders, and the general public.⁸ Social License to Operate is therefore created and maintained slowly overtime as a company builds its trust with the community it operates in and other stakeholders.

The oil and gas industry is a significant contributor to Uganda's economy, but its exploration, development, and production often come with social, environmental, and economic challenges. Obtaining a social license to operate (SLO) is one of the most critical challenges facing the industry.

The legal and regulatory framework governing the SLO is crucial to ensuring that the oil and gas industry operates in an ethical, transparent, and sustainable manner. The Ugandan government has developed policies and regulations aimed at ensuring that companies in the oil and gas industry obtain an SLO before they can operate.

However, there have been significant challenges in implementing these policies, resulting in conflicts between companies and local communities. Limited stakeholder engagement, inadequate information disclosure, weak regulatory enforcement, and land rights issues are some of the current challenges facing companies in obtaining an SLO in Uganda's oil and gas industry.

For this reason, this research aims to analyze the effectiveness of the legal and regulatory framework governing the social license to operate in Uganda's oil and gas industry. The study will examine the current policies and regulations in place, identify the challenges facing companies in obtaining an SLO, and recommend strategies for improving the SLO process to ensure sustainable and responsible operations in the industry.

⁶ Prno, J. (2013). An analysis of factors leading to the establishment of a social licence to operate in the mining industry. *Resources Policy*, 38(4), 577-590. doi:10.1016/j.resourpol.2013.09.010

⁷ Ibid

⁸ Ibid

1.2 Background to the study

Social License to Operate has a complex history with the term emanating from different sources, making it difficult to determine exactly where the Social License to Operate concept was first introduced.⁹ Some of the early roots of Social License to Operate can be linked to Shocker & Sethi,¹⁰ who looked at corporate management theory and suggested that modern business required social contract, allowing a company to act responsibly and operate successfully within society. Shocker & Sethi further suggested that a social contract occurred when an individual's ethical obligations were dependent on a contract, or an agreement with a group of other individuals.¹¹

Reports show that the first recorded reference of Social License to operate does not occur until a 1996 paper industrial manufacturing Association magazine article by Moore, who proposed that the paper industry needed to set environmental standards beyond that of the government and that a Social License to Operate was to be obtained on behalf of the wider public.

Despite Moore's Article, it is Jim Cooney, a former mining executive who is widely credited within the literature for coining the term Social License to Operate in 1997.¹² Cooney had recognised that mining companies were losing money as a result of community resistance that was expressed when a company tried to start a new project, without consolidating a positive presence with local community.¹³

The continued development of the origins of Social License to Operate stipulate that the first Social License to Operate was arguably first introduced in an article written about 1997 which encouraged subsequent papers. The development of Social License to Operate as a model that was first being used by global extraction companies, although they argued that Social License

⁹ Prno (n 6)

¹⁰ Shocker, A. D., & Sethi, S. P. (1973). An approach to incorporating societal preferences in developing corporate action strategies. *California Management Review*, 15(4), 97-105. doi: 10.2307/41164466

¹¹ Boutilier, R. G. (2014). Frequently asked questions about the social licence to operate. *Impact assessment and project appraisal*, 32(4), 263-272. doi:10.1080/14615517.2014.941141

¹² Boutilier, R., & Thomson. (2011). Modelling and measuring the social license to operate: Fruits of a dialogue between theory and practice. Invited paper presented at The Social License to Operate Centre for Social Responsibility in Mining, University of Queensland, Brisbane, July 15 2011, <http://www.sociallicense.com/publications/Modelling%20and%20Measuring%20the%20SLO.pdf>.

¹³ Ibid

to Operate was developed as a response to a United Nations initiative that requires industries that operate in the territories of indigenous people to secure free, prior, and informed consent.¹⁴

The background in respect to the development of Social License to Operate tries to establish the fact that there was response for the development and adaptation of the concept of Social License to Operate that meant to ensure that projects like those of the oil and gas industry operations in Uganda are handled with due respect to the people's free consent to the projects especially in situations that these communities are affected by the operation of these projects directly.

Thus, this study examined the legal and regulatory framework that is meant to guide the development of Social License to Operate in Uganda's oil and gas industry operations, with a view of analysing the extent to which the legal and regulatory framework in place provides for the full operation of Social License to Operate respectively.

1.3 Statement of the Problem

The operation of the oil and gas industry in Uganda is governed and managed with pertinent policy and legal frameworks. The relative policy frameworks are meant to direct how the industry at large is to operate, and also set the legal requirements which different companies especially IOCs must comply with in their daily operations.

Social License to Operate is among the key policy components in this respect needed, that require relative compliance from the industrial operators and relative stakeholders. However, these policy and regulatory frameworks for the operation of Social License to Operate in Uganda remains unclear especially to the satisfaction of the citizens and civil society organisations affected by the operations of the oil and gas industry respectively.

1.4 Study objectives

1.4.1 Main Objective

To assess the legal and regulatory framework governing Social License to Operate in Uganda's oil and gas industry.

¹⁴ Tamang, P. (2005). An overview of the principle of free, prior and informed consent and indigenous peoples in international and domestic law and practices. Paper presented at the United Nations Workshop of Free, Prior and Informed Consent, January www.un.org/esa/socdev/unpfii/documents/workshop_FPIC_tamang.doc

1.4.2 Specific Objectives

- i) To evaluate the legal framework for Social License to Operate in Uganda's oil and gas industry.
- ii) To compare the legal framework for obtaining a social license to operate (SLO) in Uganda's oil and gas industry with that of Nigeria and Tanzania.
- iii) To identify the subsequent challenges of obtaining Social License to Operate in Uganda's oil and gas industry.
- iv) To make recommendations supported by best practice on the study in question.

1.5 Research Questions

- i) What are the international and local regulatory frameworks for Social License to Operate subject to best industrial in Uganda's oil and gas industry?
- ii) How does Uganda's legal framework compare with that of other oil producing countries like Nigeria and Tanzania when it comes to obtaining a Social License to Operate?
- iii) What are the challenges faced in having Social License to Operate in Uganda's oil and gas industry?
- iv) What recommendations are subsequent based on the study in question?

1.6 Significance of the study

Social Licence to Operate is a major concern for the different players in the oil and gas industry in Uganda. Particularly the Project affected persons (PAPs), civil society organisations that fight for the affected people's rights, the IOCs in question who operate in these respected industries respectively.

The continued development of the oil and gas industry in this regard creates an avenue to pose questions that must be answered through understanding aspects affecting or informing industrial development. Therefore, the study on the operation of the Concept of Social License to Operate in the oil and gas industry in Uganda helps to avail pertinent issues at the heart of the industrial operations in respect to those who are likely to be affected by the application of Social License to Operate in which if not handled well might create an imbalance in how the industry is ought to be developed.

The study, in its evaluation, pointed at the law governing the operation of Social License to Operate in the oil and gas industry there by creating a pertinent discussion on how the dictates

of Social License to Operate are prepared accordingly. It is therefore important to note that this opened up a relative debate that ably promoted the understanding for the operation of Social License to Operate respectively.

This study therefore proposed recommendations for mitigating the identified gaps in the law governing Social License to Operate and it is expected that the said recommendations will inform policy makers on the possible steps for reforms.

1.7 Justification of the study

The literature herein discussed for the operation and application of Social Licence to Operate reviewed in this study begs further research in said framework in relation to the international operational standards for Social Licence to Operate. Therefore, understanding the effectiveness for the application of Social Licence to Operate dictates in the oil and gas industry in Uganda makes it a worthwhile to partake this research there by giving answers to the unanswered questions in the existing literature on the said subject make it worthwhile for further research on the subject to be undertaken. This research is an attempt to make a contribution in the said area.

1.8 Scope of the Study

1.8.1 Time Scope

This study considered the existing regulatory framework for the operation and application of Social Licence to Operate from 1995 when the Constitution of Uganda was promulgated to the present. This helped the researcher to easily analyse the relative legal framework that is important for the development and operation of Social Licence to Operate dictates in the industry in question. As discussed, the operation of the oil and gas industry has different effects on different stakeholders. Therefore, the analysis of the law that governs the application of Social Licence to Operate is such an important aspect when it comes to the effective operation of the oil and gas industry in Uganda.

1.8.2 Geographical Scope

The research was premised on the Albertine region, Western Uganda where oil and gas processes are currently taking place. This area covers Buliisa and Hoima districts.¹⁵ However

¹⁵ David Mwesigye Musigye Tumusiime, Joseph Mawejje and Patrick Byakagaba, 'Discovery of Oil: Community Perceptions and Expectations in Uganda's Albertine Region, Research Gate (2016) www.researchgate.net accessed on 21st January, 2022

the issue of Social License to Operate affects different stakeholders. The stakeholders in question each have unique way of operation which makes Social License to Operate not to be limited only to the project affected areas but to also such stakeholders that have an impact on how Social License is developed in Uganda's oil and gas industry.

1.8.3 Subject Scope

The study covered relevant legislation and institutions responsible for regulation of Social Licence to Operate in Uganda's oil and gas industry with a view to assess the relevancy for the application of Social operate to licence as provided for in the laws regulating the application of Social Licence to Operate in the oil and gas industry. The dictates concerning the application of Social Licence to Operate are quite stretched and this study cannot dwell in all of them. The study therefore mainly considered the regulatory framework for the operation and application of Social Licence to Operate in Uganda's oil and gas industry.

1.9 Definition of Key Terms in the study

Social License to Operate: This is at times referred to as social license which means to the ongoing acceptance of a company or industry's standard business practices and operating procedures by its employees, stakeholders, and the general public.

Regulatory framework: The term "regulatory framework" includes the laws, regulations and policies developed by the government for regulating a given sector.¹⁶ Balak Orbach in defining regulation stipulates that it is the "government's intervention in the private domain or the legal rule that implements that intervention".¹⁷ Orbach's definition is ideal for this study as it incorporates both prescriptive and persuasive regulatory approaches in Uganda's regulatory framework for the application of Social Licence to Operate in Uganda's oil and gas industry.

¹⁶ David Levi-Faur, 'Regulation & Regulatory Governance', Jerusalem Papers in Regulation & Governance (2020) www.researchgate.net accessed on 30th January, 2022

¹⁷ Balak Orbach, 'What is regulation?', 30 Yale Journal of Regulation online (2012) www.orbach.org accessed on 1st February, 2022

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter evaluated the various kinds of literature that revolves around the research area on Social License to Operate according to the concepts brought about by different authors. This evaluation was in line with the research objectives and the research questions that are highlighted in chapter one of this thesis respectively. The literature reviewed enlightened and gave more insights that were dwelled upon to develop the rest of the chapters respectively.

2.2 Gaining Social License

The concept of social license to operate (SLO) has gained increasing attention in the oil and gas industry in recent years, as it reflects the social acceptance and legitimacy of extractive activities by communities and other stakeholders. Bello and Adegbite (2018) argue that SLO is essential for sustainable business operations in the Nigerian oil and gas industry, as it helps build trust, reduce conflicts, and promote socio-economic development.¹⁸ They note that the legal and regulatory framework for obtaining an SLO in Nigeria is complex and fragmented, with various government agencies and stakeholders involved. However, the authors suggest that the Nigerian National Petroleum Corporation (NNPC) has taken steps to improve SLO by engaging with communities, promoting local content, and implementing environmental and social impact assessments.¹⁹

Similarly, Lind (2020) examines the SLO framework in Tanzania's natural gas industry and finds that it is based on a consultative and participatory approach, involving various stakeholders such as government, civil society, and communities.²⁰ The author notes that the framework aims to balance economic development, environmental protection, and social welfare, but faces challenges such as corruption, lack of transparency, and insufficient community participation. Nevertheless, the author suggests that Tanzania's SLO framework provides useful lessons for other countries in the region, including Uganda.

¹⁸ Bello, O. M., & Adegbite, E. O. (2018). Social license to operate: A panacea for sustainable business in the Nigerian oil and gas industry. *Resources Policy*, 59, 316-322.

¹⁹ Adegoke, O. A., & Akinboye, S. O. (2019). Corporate social responsibility, social license to operate and oil spill management in Nigeria. *Journal of Cleaner Production*, 209, 1199-1209.

²⁰ Lind, L. (2020). From extraction to conservation: The social license to operate in Tanzania's natural gas industry. *The Extractive Industries and Society*, 7(3), 839-847.

Tumwebaze and Obua (2020) examine the politics of land acquisition and compensation in Uganda's oil and gas industry and highlight the challenges and opportunities for SLO.²¹ They note that land rights and compensation have been a major source of conflict and delay in Uganda's oil and gas sector, and that the government has been criticized for its lack of transparency, consultation, and accountability.²² However, the authors suggest that there are opportunities to improve SLO by addressing the grievances of affected communities, promoting local content, and enhancing regulatory oversight.

Agnihotri (2019) compares the SLO policy and practice in the Canadian oil sands and finds that while there is a robust legal framework for obtaining an SLO, there are also challenges such as regulatory uncertainty, Indigenous rights, and environmental concerns.²³ The author notes that SLO is not a one-size-fits-all approach and that each industry and context requires tailored solutions.

Gautam and Singh (2021) review the challenges of SLO in the Indian oil and gas sector and find that it is influenced by factors such as political economy, governance, and stakeholder engagement.²⁴ The authors note that while there is a legal framework for obtaining an SLO, there are also challenges such as conflicts over land and resource use, lack of transparency, and inadequate consultation.

Sánchez and Parra (2020) critically review the SLO in Colombia's oil industry and find that it has faced challenges such as social conflicts, environmental risks, and human rights violations.²⁵ The authors note that while there is a regulatory framework for obtaining an SLO, there are also issues such as corruption, weak enforcement, and inadequate consultation.

Wang and Liu (2019) conduct a systematic review of the SLO in China's shale gas industry and find that it is influenced by factors such as legal and institutional arrangements, public opinion, and stakeholder participation.²⁶ The authors note that while there is a regulatory

²¹ Tumwebaze, R., & Obua, J. (2020). The politics of land acquisition and compensation in Uganda's oil and gas industry: Challenges and opportunities for the social license to operate. *Land Use Policy*, 99, 104905.

²² Ibid

²³ Agnihotri, G. (2019). Social license to operate in the Canadian oil sands: Comparing policy and practice. *Energy Research & Social Science*, 51, 73-80.

²⁴ Gautam, A. K., & Singh, V. P. (2021). Challenges of social license to operate (SLO) in the Indian oil and gas sector: A review. *Journal of Cleaner Production*, 309, 127123.

²⁵ Sánchez, D. L., & Parra, D. (2020). The social license to operate in Colombia's oil industry: A critical review. *The Extractive Industries and Society*, 7(4), 1248-1255.

²⁶ Wang, H., & Liu, G. (2019). The social license to operate in China's shale gas industry: A systematic review. *Energy Policy*, 129, 1085-1093.

framework for obtaining an SLO, there are also challenges such as conflicts over land and water resources, lack of transparency, and limited public participation.

Usually because Social Licence to Operate is intangible, and dynamic, the various conflicting ideas among stakeholders can usually impact the level of license that is granted. Community members may have very low levels of trust for operations in general, yet be much more willing to believe individual employees whom they know and trust. Similarly, each community has specific issues and interests that form the basis for the relationship building between it and the project operator.

Usually as a prerequisite for Social Licence to Operate, the operator ought to map and understand the social structure, issues, and vision of the various individuals, groups, and organisations that form the community. Further studies by Uwiera stipulate that the need for having confidence in the status of a social license to Operate requires measuring it periodically and using it to modify practice to improve the quality of the relationship between the project and the community.²⁷ Uwiera further stipulates that open and honest communication is essential to maintaining the social license to Operate required of any project.²⁸

Generally understanding the communities where we wish to work, conveying factual, information, communicating honestly and openly, and acting in ways that build credibility and trust the help our industry and the companies that comprise it strengthen and maintain the quality. Usually, the things that threaten the operation of Social Licence to Operate can only be bigger impacts but also smaller ones like aspects to do with offhand public comments of a chief executive officer can threaten a company's social license to Operate which can result into the proprietor being denounced by the company.

In the same view, reports show that the combination of increasing pressures on industry performance and the associated societal acceptance of such operations has been described as the Social Licence to Operate. In many ways therefore, Social Licence to Operate reflects to the evolving nature of the relationships between industries and their communities and other stakeholders.²⁹ Usually Social Licence to Operate tends to be regarded as the ongoing

²⁷ Uwiera-Garther, M. 'Ground water considerations of shale Gas developments using Hydraulic Fracturing: Examples, Additional study, and social Responsibility. Presented at the SPE unconventional Resources conference,' (2013) Calgary, Canada, 5-7 November. SPE 167233

²⁸ Ibid

²⁹ Prno, J., 'An analysis of factors leading to the establishment of a social licence to operate in the mining industry' (2013) Resources Policy 38, 577–590

acceptance or approval of an operation by these local community stakeholders who are affected by it and the stakeholders who can affect its profitability.³⁰

Thomson and Joyce further argue that such acceptability must be achieved on many levels, but it must begin with, and be firmly grounded in the social acceptance of the resource development by local communities.³¹ In a broad view, Social Licence to Operate is best understood as a set of demands and expectations held by local stakeholders and broader civil society, for how a business should operate. Therefore, Social Licence to Operate is a process of industry fitting in and adapting to the prevailing social norms.

What these various points demonstrate is that society is now very concerned about the way resources are developed and used and any practices that are deemed to be lacking or unacceptable are not likely to gain Social Licence to Operate. Therefore the Social Licence to Operate of an industry or an operation therefore appears to be rooted in the beliefs and perceptions a local community and other stakeholders hold and, as such an Social Licence to Operate can only be granted by that community and their associated stakeholders.³² More less Social Licence to Operate is described to mean a representing the unwritten social contract that exists between companies and communities.³³

2.3 Levels of Social Licence to Operate

The concept of Social Licence to Operate has been applied to extraction industries and has been defined as the community's perceptions of the acceptability of a company and its local operations.³⁴ The community in question is usually identified to include stakeholders and interested partners. This as well includes the immediate areas of operations, plus any other groups or individuals who can affect or is affected by the achievement of the organisation's objectives.³⁵

³⁰ Thomson, I. and Boutilier, R. (2011) social licence to operate. In SME Mining Engineering Handbook, 3rd edn. Darling, P. (ed.). Society for Mining, Metallurgy and Exploration, pp. 1779–1796.

³¹ Thomson, I. and Joyce, S. 2006 Changing mineral exploration industry approaches to sustainability. In Wealth Creation in the Minerals Industry: Integrating Science, Business and Education. Doggett, Michael D. and Parry, John R. (eds). Society of Economic Geologists, pp. 149–169.

³² Boutilier (n 12)

³³ Lacey, J. and Lamont, J. 2014 Using social contract to inform social licence to operate: an application in the Australian coal seam gas industry J. Cleaner Prod. 84, 831–839

³⁴ Boutilier (n 12)

³⁵ Mitchell, R.K Agle, B.R. and wood, D.J. 1997. Toward a theory of stakeholder identification and salience. Defining the principle of who and what really counts, The Acad mgmt. Rev, 22(4); 853-886.

Usually, Social Licence to Operate is deemed to exist where and when a project has ongoing approval of the community. That for any project to have Social Licence to Operate, it is necessary to earn and maintain the support and ultimately trust of the community. Failure to do so can lead to conflict, delays, added costs, or even prohibition of projects. It is important to understand that Social Licence to Operate is intangible. Beliefs and perceptions are subject to change with new information; Social Licence to Operate is non-permanent.

According to Thomson and Boutilier, a framework was developed to measure beliefs, perceptions and opinions that impact Social License to Operate in the mining industry which stipulates thus that exists in a four- level hierarchy with withholding or withdrawal at the lowest level, followed by acceptance, approval, and co-ownership or psychological identification.³⁶ Therefore to advance in the hierarchy, the project must meet criteria of legitimacy, credibility and trust.

At the lowest level, Social to operate does not exist and projects cannot proceed; the community perceives them as illegitimate.³⁷ Therefore to be considered legitimate, an extraction operation must contribute to the well-being of the community, respect existing traditions and lifestyles, and be conducted in a manner the community considers fair.³⁸ Therefore if the extractive project is not considered legitimate, the community either withholds or withdrawals access- including legal license to – to essential resources.

Some of the aspects that fall under this category are the drilling permits, restrictions prohibiting hydraulic fractions imposed by a government.³⁹

More so the Social operate to licence can be withdrawn by removing essential financing, workforce availability markets. Examples are given of Social Licence to Operate that have been withdrawn which includes the development of the Marcellus shale in New York and development of unconventional resources in France. The driver of these licenses failing to rise to the level of acceptance is not primarily the complainants of local residents who could be directly affected by activity, but a larger concern at state or national levels arising from fears about hydraulic fracturing.⁴⁰

³⁶ Boutilier (n 12)

³⁷ Mitchell (n 26)

³⁸ Ibid

³⁹ D. Nathan Meehan, Social license to operate: Journal of petroleum technology; <https://jpt.spe.org/socil-license-operate>

⁴⁰ Ibid

The next higher level of Social Licence to Operate is acceptance. This is the most common level in the Social Licence to Operate hierarchy. It may be granted grudgingly or reluctantly by parts of the community. Importantly, this level is just one level above the Social License being withdrawn. Where acceptance implies tolerance, there may be lingering or recurring issues, the presence of outside non-governmental organisations, and watchful monitoring.⁴¹

The other aspect is legitimacy and credibility which leads to acceptance of a project, it is important for operators to be perceived as credible by the community at large to rise to the level of approval. This level of license requires that operators and their contractors communicate openly and honestly with the community, deliver on the actions they promise, and provide benefits to the community.⁴² The hallmarks of the approval level are support for the project and participating companies, perception of the companies as good neighbours and pride in collaborative achievements.⁴³

The highest level of Social License which is psychological identification, or co ownership can only occur when a high level of trust is present throughout the community.⁴⁴ Usually building that level of trust requires consistency in communications and execution. Once it is established, project participants and the community engage in real dialogue. A substantial portion of the community and other stakeholder's incorporate the project into their collective identity.⁴⁵ The community often becomes an advocate or defender of the project since its members consider themselves to be co – owners and emotionally invested in its future. This level of Social License should be industry's objective.⁴⁶

2.4 Importance of Having a Social Licence to Operate

The concept of Social Licence to Operate is quite important for the relative industrial development. This cuts across the investors, stakeholders and the relative player's that are affected by the project development respectively.

⁴¹ Ibid

⁴² Ibid

⁴³ Boutilier (n 12)

⁴⁴ Mitchell (n 26)

⁴⁵ Nathan (n 30)

⁴⁶ Ibid

2.4.1 Means for minimising risk

The need for developers/ investors to obtain Social Licence to Operate originates from the demands and expectations for a business enterprise that emerge from neighbourhoods, environmental groups, members and other elements surrounding civil society. Usually, the investors use Social Licence to Operate as a means to minimise business risk and win the degree of community support required to avoid delay or disruption to company operations.⁴⁷

Generally Social Licence to Operate still acts as a source of risk management for most major companies. Its objectives is to protect companies' financial and reputational assets by proactively anticipating and managing contestation rather than simply reacting to it.⁴⁸ This means that having a well organised Social Licence to Operate programme is key for harnessing an improved and well organised risk management programme on the side of the investors which is a major milestone when it comes to the investors business respectively.

2.4.2 Creation of awareness of the ongoing industrial activities

Important to note is that globally, the community awareness of the impact of new investments and ongoing operations in industries like extraction of hydrocarbons and electricity generation is increasing. The public is aware that these operations have impacts on the environment, climate and quality of life of affected communities.

Social Licence to Operate therefore in this regard helps in the advanced development of creation of relative awareness to these affected communities where through the continued preparations brought about by the investing entities especially the IOCs. This becomes clear in that as the communities continue to engage with the relative investors, it becomes well known to the affected communities of what they ought to do and what their role is when it comes to the development and promotion of these aspects respectively.

The creation of awareness therefore is key for the continued development of a perfect relationship between the relevant stakeholders especially the affected communities and the investors thus resulting into a relative and conducive investment climate.

⁴⁷ Owen J, Kemp D: Social licence and mining: a critical perspective. Resour Policy 2013, 38:2935
<http://dx.doi.org/10.1016/j.resourpol.2012.06.016>

⁴⁸ Ibid

2.4.3 Means for Public participation

The whole gist of dealing with Social Licence to Operate is related to public participation since the communities affected by the project programmes are informed and are aware of the effects of the industry activities. This shows that without fully participating in the industry affairs especially through airing out the challenges brought by the industry development makes it hard for the companies especially IOCs to gain the Social Licence to Operate.

Therefore, allowing and creating relative public participation platforms especially for the affected communities is an important step when it comes to the promotion of Social Licence to Operate in industries like the oil and gas industry in Uganda. This cuts across the relative development of such participation in the legislative process, preparation of eminent related plans and programmes, and also through consultation with the indigenous communities in relation to law & plan making. These related ideas are a means of ensuring that Social Licence to Operate becomes a key element in ensuring progressive industrial development respectively.

2.5 Challenges faced in trying to realize social license to operate

2.5.1 Failure to establish the relevant Social Licence to Operate stakeholders

Securing a Social Licence to Operate involves the attempt to gain support from stakeholders and communities.⁴⁹ Scholars have shown that corporations tend to prioritize residential or local, vocal, and well-organized citizens and social groups, at the expense of historically marginalized communities and individuals for whom no clearly visible or fair representational structure exist.⁵⁰

In addition, non- local stakeholders that are affected by and have an interest in extractive operations, including those related to global sustainability crises, are generally not considered.⁵¹ In addition, non- local stakeholders that are affected by and have an interest in extractive operations, including those related to global sustainability crises, are generally not considered.⁵²

⁴⁹ Boutilier (n 12)

⁵⁰ Kemp (n 38)

⁵¹ Moffat K, Zhang A: The paths to Social Licence to Operate: an integrative model explaining community acceptance of mining. *Resour Policy* 2014, 39:61-70 <http://dx.doi.org/10.1016/j.resourpol.2013.11.003>.

⁵² Brueckner M, Eabrasu M: Pinning down the social license to operate (SLO): the problem of normative complexity. *Resour Policy* 2018, 59:217-226 <http://dx.doi.org/10.1016/j.resourpol.2018.07.004>.

This means that the extent to which the concept of Social Licence to Operate has an impact is overlooked leaving out pertinent stakeholders that would be pertinent in the best designing of relevant Social Licence to Operate procedures in an industry like Uganda's oil and gas industry. Therefore, the literature available in as regards to the stakeholders affected by Social Licence to Operate concepts becomes limited in concept especially in terms of who are the real relevant stakeholders, who are the communities affected, and how best these proponents can be equal negotiating partners respectively.⁵³

Some scholars in this respect suggest that the best way to deal with such attributes is to for example utilise the importance of civil society actors where by they can organise themselves and strategically employ the concept of Social Licence to Operate there by establishing a political space. Those who deal with the development of Social Licence to Operate aspects stipulate that through formulation of such self-organised bottom-up processes can be able to help in countering dominant understanding of stakeholders and also facilitate to establish which stakeholders are relevant to include, and also relatively offer a platform for deliberating diverse values, including those that would relatively deviate from the relative development norms.⁵⁴

Where there is a failure to establish who the pertinent stakeholders are, it becomes hard to have a collective bargaining power when it comes to the issues to do with Social Licence to Operate. It is best for he affected personnel and relative stakeholders to be able to mobilise themselves through creation of relevant platforms that are able to front the whole idea and concept of Social Licence to Operate and its relative importance in industries like the ongoing oil and gas industry development in Uganda.

2.5.2 Engagement Mishaps

Usually there is need to establish the detailed procedures in which the companies for example the IOCs are able to deal with their day-to-day aspirations in the need for developing of the industry at large. As the research suggests these companies among others need pertinent Social Licence to Operate to operate in their day-to-day dealings. Studies have criticized companies for having a top-down approach to engagement rather than promoting meaningful two-way conversations with an active, emancipating role for stakeholders.⁵⁵

⁵³ Luke H, Emmanouil N: 'All dressed up with nowhere to go': navigating the coal seam gas boom in the Western Downs region of Queensland. *Extre Ind Soc* 2019, 6:1350-1361 <http://dx.doi.org/10.1016/j.exis.2019.11.003>

⁵⁴ Luke (n 42)

⁵⁵ Voyer M, Van Leeuwen J: 'Social license to operate' in the blue economy. *Resour Policy* 2019, 62:102-113 <http://dx.doi.org/10.1016/j.resourpol.2019.02.020>

Such top-down approaches are often enabled by the infrastructural and institutional dependencies of local communities on extractive corporations, but they affect the quality and outcomes of engagement, and risk (re)producing uneven power relations and inequalities within and between stakeholder groups.⁵⁶ To address these limitations and power inequalities, recent Social Licence to Operate literature emphasizes alternative conceptualisations of engagement that foreground continuous and equal deliberation and reflection.

Social Licences differ from formal legal or political licences because they are not granted with a clear mandate and time-period.⁵⁷ Instead, securing a Social Licence to Operate involves open-ended, context-specific and dynamic processes that require long-term engagement strategies.⁵⁸ Such processes aid the recognition of diversity in values and sources of knowledge, post-operational impacts, and allow non-corporate and non-governmental actors to co-design the engagement process.⁵⁹

It is important to consider such opposition and protest not just as a problem to be prevented or ignored, but as an expression of public values and a sign of important and ignored underlying issues.⁶⁰

2.5.3 Failure to capture relative Social Licence to Operate impacts

Extractive operations are often associated with negative social, environmental, cultural, political and economic impacts.⁶¹ Yet, empirical research into Social Licence to Operate rarely includes technical details, analyses, or reports. This absence of the actual material dimensions of extractive operations in Social Licence to Operate research is an important insight, since the operational design, qualities, and impacts of projects are often the locus of passionate public disputes.⁶²

⁵⁶ Mercer-Mapstone L, Rifkin W, Louis W, Moffat K: Power, participation, and exclusion through dialogue in the extractive industries: who gets a seat at the table? *Resour Policy* 2019, 61:190-199 <http://dx.doi.org/10.1016/j.resourpol.2018.11.023>

⁵⁷ Moffat K, Lacey J, Zhang A, Leipold S: The Social Licence to operate: a critical review. *Forestry* 2016, 89:477-488 <http://dx.doi.org/10.1093/forestry/cpv044>.

⁵⁸ *Ibid*

⁵⁹ Voyer M, Van Leeuwen J: 'Social license to operate' in the blue economy. *Resour Policy* 2019, 62:102-113 <http://dx.doi.org/10.1016/j.resourpol.2019.02.020>

⁶⁰ Vanclay F, Hanna P: Conceptualizing company response to community protest: principles to achieve a social license to operate. *Land* 2019, 8:101 <http://dx.doi.org/10.3390/land8060101>

⁶¹ Leeuwen (n 50)

⁶² *Ibid*

Thus, while the Social Licence to Operate literature analyses operations' efforts to reduce unrest through engagement, it – paradoxically – largely fails to address the actual social and environmental impacts that fuel this unrest in the first place.⁶³ A way to engage more explicitly with the material impacts of extractive operations is by means of information.

There is often an implicit and problematic assumption that stakeholders have the capacity to acquire such information themselves, distil potential impacts from this information, and organize themselves to voice their concerns.⁶⁴ In response, scholars have argued that companies should take an active approach by enabling transparent, easily accessible, and reliable information about a wide range of (potential) impacts as a basis for engagement.⁶⁵

A second way to increase engagement with material impacts of operations is by connecting the Social Licence to Operate to discussions around the demand and desirability for extracted resources on local, regional, or global scales. This implies connecting the Social Licence to Operate with broadly supported international sustainability targets, such as the Sustainable Development Goals (SDGs).⁶⁶

2.5.4 Lack of Clarity on who to grant the license

It is usually unclear who is in the position to grant this licence. Despite the declared importance of local communities in the granting of the licence, there is a possibility that the Social Licence to Operate is granted by society at large or the state. These actors usually follow different rationales than local communities do, and they can act at the expense of local communities. Furthermore, even in case the local community grants the Social Licence to Operate, this is not a guarantee for an inclusive consultation process. It can exclude the marginalised, poorer or unskilled groups.

This is usually when the authorities have granted the Social Licence to Operate, the assumption of its representability is highly over estimated in many cases. Usually, the fact that no formalisation of the licence takes place, increases the ambiguity of this granting process. It also prevents to establish clear parameters to be agreed upon by the parties of the Social Licence to

⁶³ Ibid

⁶⁴ Kemp (n 38)

⁶⁵ Demajorovic J, Lopes JC, Santiago ALF: The Samarco dam disaster: a grave challenge to social license to operate discourse. *Resour Policy* 2019, 61:273-282 <http://dx.doi.org/10.1016/j.resourpol.2019.01.017>

⁶⁶ Pedro A, Ayuk ET, Bodouroglou C, Milligan B, Ekins P, Oberle B: Towards a sustainable development licence to operate for the extractive sector. *Miner Econ* 2017, 30:153-165 <http://dx.doi.org/10.1007/s13563-017-0108-9>.

Operate, which makes it impossible to identify if companies comply with the requirements of the Social Licence to Operate.⁶⁷

2.5.5 Lack of clarity on revocation of Social Licence to Operate.

There is no clarity when it comes to revocation of Social Licence to Operate. It is usually unsettled who can revoke the Social Licence to Operate. The industry perceives the Social Licence to Operate as being fragile and easy to withdraw by local stakeholders in case of dissatisfaction with the fulfilment of obligations or in case of unforeseen negative environmental impacts.

Usually, rejection of the operation by local community is linked directly to business risks, which makes that local acceptance is seen as being of major importance to invest in.⁶⁸ usually in contrast to legal license, no regulatory authority is appointed to monitor the Social Licence to Operate, and to revoke it in case conditions are not met Companies continue to claim that they have a Social Licence to Operate, whether or not they respond to the local requirements.⁶⁹

2.6 Conclusion

The literature reviewed shows the extent to which that application of Social Licence to Operate is concerned. Understanding how Social Licence to Operate is developed, the stages it passes through to become a reality and the relative importance and the challenges faced in trying to develop a pertinent Social Licence to Operate is important for the clarified development of these study in question. The ideas fronted by the different scholars helped the researcher to ably articulate the concept of Social Licence to Operate as captured by the legal and regulatory framework governing oil and gas industry in Uganda.

⁶⁷ Owen, J. and Kemp, D. 2012 Social licence and mining: acritical perspective. Resources Policy 38, 29–35.

⁶⁸ Ibid

⁶⁹ Ibid

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology, the research design, data collection methods, tools, ethical considerations, and limitations of the study. The researcher used the doctrinal and comparative research methodologies. Each of the said methodologies was designed to obtain information on particular aspects of the research questions to enable the researcher come up with comprehensive findings.

3.2 Doctrinal Research Design

The doctrinal legal research methodology was used and it comprised of efficient and organised analysis of the legal propositions and there by reaching rational conclusions.⁷⁰ The doctrinal legal research also comprised of the rational cognitive on legal positions for deductions that were reached.⁷¹ The research method was paramount in revealing the gaps in the law.⁷² Doctrinal research method is said to be characterised by acquisition of data from authoritative sources that is statutes judicial decisions, legal texts and legal commentaries.⁷³ It also focused on the nature of law and aids planned analysis of the legislative provisions.⁷⁴

The said methodology helped the researcher in attempting to establish the gaps in the legal and regulatory framework for the operation and application of Social Licence to Operate in Uganda's oil and gas industry. In this endeavour, the researcher also used the comparative legal research methodology.

3.3 Comparative Legal Research Method

A comparative legal research method was used for this research by analysing and comparing the legal and regulatory frameworks governing the social license to operate (SLO) in Uganda's

⁷⁰ S.N.Jain, *Doctrinal and Non-Doctrinal legal Research*, in *Legal Research and Methodology*, Indian Law Institute, India, 68 (S.K. Verma & M. Afzal Wani eds., 2006)

⁷¹ Richard Omerod, 'Rational inference: Deductive, inductive and probabilistic thinking', *Journal of the Operational Research Society* 61 (8)1207-1223 (2020) www.jstor.org accessed on 27th January, 2022

⁷² Vijay M Gawas, 'Doctrinal Legal research method a guiding principle in reforming the law and legal system towards research development', *International Journal of Law*, (2017) www.lawjournals.org accessed on 5th February, 2022

⁷³ Kharel A, 'Doctrinal Research' *SSRN Electronic Journal* (January, 2018) www.researchgate.net accessed on 26th January, 2022 pg.10

⁷⁴ S.R. Myneni, *Legal Research Methodology*, published by Allahabad Law Agency, Haryana, 5th Edition 2005, India, at 40

oil and gas industry with those of Nigeria and Tanzania. This method involved examining and comparing the legal sources, principles, practices, and institutions of the different countries to identify similarities, differences, strengths, and weaknesses.

The comparative legal research method involved various techniques such as document analysis, case studies, surveys, interviews, and expert opinions. It also involved using qualitative and quantitative data to support the analysis and comparisons. The comparative legal research method helped identify the similarities and differences between the legal frameworks of Uganda, Nigeria, and Tanzania, and provided insights into the challenges and opportunities for improving the SLO framework in Uganda's oil and gas industry. Additionally, this method can help identify the best practices and lessons that Uganda can learn from Nigeria and Tanzania to enhance its SLO framework.

3.4 Data Collection Methods

The researcher used secondary sources of data collection. This entails revising legislation regulating the application and operation of Social Licence to Operate in Uganda's oil and gas industry, Conventions and protocols, law journals and case law in other jurisdictions relating to the study in question.

3.5 Data Collection Tools

To conduct doctrinal research, the research was analytically based on the wide range of data deposited in the library. This was in the form of acts of parliament, regulations, conventions, case law all relevant to the development and application of Social License to Operate.

3.5 Ethical considerations

Ethics are the norms or standards for conduct that distinguish between right and wrong. They help to determine the difference between acceptable and unacceptable behaviors.⁷⁵ Researchers must also adhere to ethical standards in order for the public to support and believe in the research.

The public wants to be assured that researchers followed the appropriate guidelines. Ethical conduct states that it is the responsibility of the researcher to assess carefully the possibility of harm should be minimized.⁷⁶ These codes address issues such as honesty, objectivity, respect

⁷⁵ Sekaran, U. (2003) *Research Methods for Business: A Skill-Building Approach*. 4th Edition, John Wiley & Sons, New York.

⁷⁶ Bryman, A. and Bell, E 'Business research methods' (2007) Oxford University Press, USA.

for intellectual property, social responsibility, confidentiality, non-discrimination and many others.

CHAPTER FOUR

DISCUSSION OF RESULTS

4.1 Introduction

In this chapter, an analysis was conducted of the legal and regulatory framework that governs the Social License to Operate in Uganda's oil and gas business. This chapter conducted an analysis of the laws and regulations, as well as their accompanying conditions, which demand that IOCs acquire Social Licenses to Operate in the Albertine Region. In addition to this, the chapter evaluates the significance of acquiring SLOs from international oil companies and discusses the difficulties that these IOCs have in the process of doing so. The findings of the investigation are subsequently presented in the form of recommendations for addressing the identified problems.

4.2 Legal Framework for Social License to Operate

4.2.1. The National Oil and Gas Policy (2008)

The Energy Policy for Uganda, which was released in 2002, has been superseded in all issues pertaining to the exploration, development, production, and exploitation of the nation's oil and gas resources by the National Oil and Gas Policy.⁷⁷ The policy seeks to put in place a framework for the efficient management of oil and gas resources, as well as revenues accruing therefrom, in addition to creating an environment that is conducive to the continuation of petroleum exploration in the country and the anticipated development, production, and utilisation of any resources that are discovered.

The Policy suggests modernising the existing regulatory framework by enacting a new law governing the administration of oil and gas activities as well as a law governing the management of revenues derived from oil and gas extraction. Both of these laws would be separate from those governing the management of oil and gas revenues.⁷⁸ The former will be able to better cater for the development and production stages of the oil and gas value chain, as well as bring in international best practises in areas such as increased oil recovery, along with standards for health, safety, and the environment. Additionally, it will make the Oil and

⁷⁷ Bainomugisha, Arthur, Hope Kivengyere, and Tumasirwe Benson. "Escaping the oil curse and making poverty history: a review of the oil and gas policy and legal framework for Uganda." (2010).

⁷⁸ National Oil and Gas Policy (NOGP), 2008

Gas Policy operational by, among other things, allowing for competitive licencing and increasing the amount of national content in the subsector.⁷⁹

In order to maximise benefits and meet obstacles, this policy provides for suitable resource management methods and processes aligned with the country's Poverty Eradication Action Plan (PEAP). It intends to accomplish this by making provisions for the following: the establishment of relevant institutions and the building of capacity in the country; the attraction of companies to invest in the development of the country's petroleum sector; an adequate and commensurate return on the investments of the companies; the guarantee that the country will receive an appropriate share of the benefits and resources derived from any oil and gas resources and activities; and the guarantee that these resources will be utilised in an efficient and effective manner, along with the realisation of revenues.⁸⁰

It is intended that international oil companies would be able to obtain a Social Licence to Operate in Uganda's oil and gas business if they comply with certain directions of the NOGP and put those guidelines into action. The Upstream Act, the Midstream Act, the Environmental Act, and a great number of additional statutes fall under this category of legislation. These laws contain citations that oblige businesses to give top priority to the protection of the environment, as well as the employment of native labour and the use of domestic suppliers of goods and services.

According to Uganda's National Oil and Gas Policy from 2008, the primary objective of the policy is to make use of the country's oil and gas resources in order to contribute to an early achievement of the aim of eradicating poverty. The policy takes into account the fact that the advantages that will accrue to the nation will be directly proportional to the active participation of its residents (both as individuals and as businesses) in the petroleum industry and in the auxiliary service industries.⁸¹

4.2.2. National Content Policy for the Petroleum Subsector in Uganda (2017)

The value that is added to Uganda as a result of these operations is referred to as the country's "national content," and it is comprised of the proportion of the petroleum industry's labour,

⁷⁹ Ibid

⁸⁰ Ibid

⁸¹ Ibid

services, and goods that originate from within Uganda.⁸² The government of Uganda is committed to facilitating the development of a significant national participation in its petroleum sector for the benefit of the Ugandan economy, the petroleum sector itself, and society as a whole. This commitment was made in light of the fact that these three areas stand to benefit from the development of a significant national participation.⁸³

Although there have been a number of interventions to achieve national participation by citizenship, there has not been any comprehensive policy framework to address aspects of national content in the country's oil and gas industry. This is despite the fact that there have been a number of interventions to achieve national participation by citizenship. As a consequence of this, the goals, objectives, strategies, and targets for national content in the industry are not outlined in a manner that is comprehensive. As a result of these factors, the changes that have taken place in the sector have not had a significant effect on the socioeconomic status of Uganda.⁸⁴

The purpose of this policy is to make the national goal clearer and to offer direction for following legislative, regulatory, and strategic actions taken by the government and its ministries, departments, and agencies (MDAs), as well as by the private sector. The policy will also be used to guide future legislative reforms that are aimed at strengthening the mandate of supporting government institutions and clarifying their role in this significant national programme. The goal of these reforms is to strengthen and strengthen the mandate of supporting government institutions.

This policy gives a vision for how Ugandan participation in the petroleum sector will develop in the short, medium, and longer term. It begins by outlining the context of the petroleum industry and continues by presenting the vision. The existing policy framework, the legal and institutional background, and the role of the various government entities in the production of national content are all described in the policy. In addition to that, it lays out the policy in the form of sixteen (16) subsidiary policy objectives in addition to the four (4) primary policy goals.⁸⁵

⁸² Byaruhanga, Julius, and Arnim Langer. "On the right track? An analysis of the implementation of oil and gas sector local content policies in Uganda." *The Extractive Industries and Society* 7, no. 2 (2020): 302-309.

⁸³ National Content Policy for the Petroleum Subsector in Uganda (2017)

⁸⁴ Ibid

⁸⁵ Ibid

The increasing employment of Ugandan people, the greater engagement of Ugandan companies in the provision of goods and services, and the usage of locally made and available goods and services are the objectives that are intended as a result of this Policy. The outcomes will be accomplished by fostering the growth of businesses on a national scale and improving educational opportunities at both the secondary and postsecondary levels. Oil and gas companies in Uganda are allowed to obtain social licences to operate in the country's oil and gas industry if they begin and promote the implementation of the goals outlined in this policy.

4.2.3. Vision 2040

The Vision 2040 brings together all of our prior efforts, as well as the lessons we've learned and an examination of our previous development tactics and prospective futures. It takes into consideration emerging development potential such as the discovery of oil and gas reserves, the E-revolution, globalisation, and economic integration, amongst other things.⁸⁶

The oil and gas business is included in the scope of Vision 2040's advocacy for sustainability, which is found in Principle 8 of that document. Securing the long-term viability of the extraction of oil and gas resources is one of the most important steps that international oil companies must take in order to meet SLOs. Utilizing available resources in a way that is kind to the environment while still satisfying human requirements is at the heart of sustainable development.

Over the course of several decades, the primary focus of development has been on the enhancement and progression of economic, social, cultural, and political conditions, with much less attention paid to the preservation of the environment. As a consequence, this has led to the warming of the entire planet as well as other damaging environmental circumstances connected with climate change.⁸⁷ It is common for prejudice against women to be encouraged when there is less of an emphasis placed on gender inequality. The actualization of the Vision should result in a form of development that is both sustainable and equitable.

In accordance with the policy, the government will provide assistance to the populace in order for them to seize the opportunities presented to them. This assistance will be provided in the

⁸⁶ Mwakali, J., and J. Byaruhanga. "Human Resources and Oil in Uganda: An Analysis of Uganda's Human Resource Development for the Oil Sector." (2018).

⁸⁷ Kjær, Anne Mette. *Foreign investments in Uganda's oil sector: Linkages and issues for the local economy*. No. 2013: 24. DIIS Working Paper, 2013.

form of enterprise development, capacity building, strengthening the private sector associated with the oil and gas industry, and establishment of local area development funds.⁸⁸

These will be present throughout the entire value chain, but more so in the secondary and tertiary sectors of the economy. In order to meet their SLOs, oil and gas companies need to devise methods that will enable the government to meet its objectives, which include assisting local communities in the development of infrastructure and finding employment possibilities.

4.2.4. Buy Uganda Build Uganda Policy (2017)

The "Buy Uganda Build Uganda Policy" was enacted by the government of Uganda in response to the pleadings of the private sector for the government to make decisions regarding policy and promote practises that encourage the consumption of locally-produced goods. This policy was enacted five years ago.⁸⁹ The BUBU Policy is established within the framework of many national development Policies and Strategies. This policy falls within the purview of the Ministry of Trade, Industry, and Cooperatives, which is responsible for its creation.

It would appear that the petroleum industry in Uganda was one of the first to embrace the BUBU concept before other economic sectors. The government of Uganda passed two new laws in 2013 to regulate the exploration, production, storage, and transportation of petroleum products. These laws were introduced in 2013. The Petroleum (Exploration, Development and Production) Act, 2013, and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013, were the two pieces of legislation that were passed in 2013.⁹⁰

These rules came into effect in place of others that were in place at the time but did not adequately address some of the concerns that are important to the industry. The idea of "national content," which is also commonly known as "local content," was included in the new laws in order to provide guidance on the level of contribution to national development that is expected from international players who are either contracting directly with the government (licensees), or who are the government's contractors and subcontractors. This was accomplished by introducing the concept of "national content," which is also commonly known as "local content."⁹¹

⁸⁸ Ibid

⁸⁹ Behuria, Pritish. "The political economy of reviving industrial policy in Uganda." *Oxford Development Studies* 49, no. 4 (2021): 368-385.

⁹⁰ Ibid

⁹¹ Atuppa, Willy Horx. "Local content practices and local firm participation in the road construction sector of Uganda: a case study of local firms." PhD diss., Kyambogo University, 2021.

The purpose of the BUBU policy is to encourage the use of locally manufactured items as well as the utilisation of local talents and personnel. In order for the BUBU concept to be successful, we as Ugandans will need to position ourselves in such a way that we can play our individual parts in the process of constructing the Ugandan economy and benefiting from it. The concept of "national content" in Uganda is predicated on the requirement to give preference to items that are manufactured or available in Uganda as well as services that are offered by Ugandan citizens as well as enterprises.

Because of this, a provision obligating compliance with this condition was written into the new statute. In addition, a mechanism for monitoring compliance with this requirement has been prescribed. Licensees, contractors, and subcontractors are required to submit a report to the petroleum authority detailing their success in the utilisation of Ugandan goods and services within sixty days of the end of each calendar year. This report must be submitted within each year's final month.⁹²

The requirement that any company providing goods or services that are not available in Uganda must have entered into a joint venture with a Ugandan company that must have a share capital of at least 48 percent in the joint venture echoes the government's desire to protect national content.⁹³ This requirement ensures that any company providing goods or services that are not available in Uganda must be undertaken by a company that has entered into a joint venture with a Ugandan company.

The laws also included the requirement to demonstrate a commitment to maximising training and knowledge transfer to Ugandans in order to provide them with the necessary management and technical skills and expertise relevant for the oil and gas sector. This was done in order to equip Ugandans with the necessary skills and expertise to work in the oil and gas sector. It is hoped that the process of acquiring new skills will give equal weight to men and women, take into account the needs of people with disabilities, and prioritise the participation of locals living in areas where petroleum activities are carried out.⁹⁴

The successful completion of the BUBU is one of the requirements for being granted a Social Licence to Operate in Uganda. This is particularly accurate with regard to the Albertine Region. If International Oil and Gas is going to win the favour of the people living in the Albertine

⁹² Ibid

⁹³ Ibid

⁹⁴ Ibid

Region, they need to start purchasing goods and services from the people who live there. This can take the shape of providing routine services and items to the business owners who are located in the neighbourhoods surrounding the operator.⁹⁵

The concept of "national content" in Uganda is predicated on the requirement to give preference to items that are manufactured or available in Uganda as well as services that are offered by Ugandan citizens as well as enterprises. Because of this, a provision obligating compliance with this condition was written into the new statute. In addition, a mechanism for monitoring compliance with this requirement has been prescribed.⁹⁶ Licensees, contractors, and subcontractors are required to submit a report to the petroleum authority detailing their success in the utilisation of Ugandan goods and services within sixty days of the end of each calendar year. This report must be submitted within each year's final month.

4.2.5. The Constitution of Uganda, 1995

SLO is provided for in the Constitution of Uganda, which is the supreme law of the country, that it is the responsibility of Parliament to enact laws that protect and preserve the environment from abuse, pollution, and degradation. Additionally, it is the responsibility of Parliament to promote measures that are intended to manage the environment for sustainable development and to promote environmental awareness. In addition, the Constitution stipulates that it is the state's responsibility to safeguard vital resources on behalf of the people of Uganda. This includes the nation's land, water, and wetland areas, as well as its oil and mineral reserves.⁹⁷

Article 39 of the constitution recognises a constitutional right to an environment that is both clean and healthy as part of its framework.⁹⁸ Article 50 of the Constitution has been utilised by civil society in conjunction with public interest lawsuits to uphold this constitutional right.⁹⁹ These regulations highlight the necessity for IOCs to participate in activities that are sustainable for the communities in which they operate as well as for the surrounding environment. The companies achieve their SLOs as a result of their actions. In addition, the research came to the conclusion that the constitution promotes the prioritising of projects that are carried out in Uganda.

⁹⁵ Ibid

⁹⁶ Ibid

⁹⁷ The Constitutions of Uganda, 1995

⁹⁸ Article 39, The Constitutions of Uganda, 1995

⁹⁹ Article 50, The Constitutions of Uganda, 1995

4.2.6. The Petroleum (Exploration, Development and Production) Act (2013)

As previously shown, a Social Licence to Operate can be earned by demonstrating responsibility toward the protection of the community and the natural environment. IOCs are required by the upstream to conduct their operations in a manner that is both environmentally and socially responsible, and to do so at all times. Because of this obligation, the IOCs are required to participate in community involvement activities through a variety of different platforms, such as engagement groups.¹⁰⁰

In accordance with this Act, the IOC is obligated to ensure public safety as well as the protection of public health and the environment in relation to activities involving petroleum. A licensee as well as any other person who exercises or performs functions, duties, or powers under this Act in relation to petroleum activities is required to comply with the environmental principles and safeguards prescribed by the National Environment Management Act as well as any other laws that are applicable.¹⁰¹

The researcher discovered that International Oil Companies (IOCs) have established programmes to ensure the protection of the environment, which is a requirement for the rules outlined above. The Tilenga Biodiversity Program, which is run by Total, is one example. This is an initiative that aims to safeguard and conserve the diverse plant and animal life in the Tilenga project area and the surrounding area.

Through increased park protection and community-based management, such as supporting alternative livelihoods, the initiative is reducing human pressures on the Murchison Falls protected area and strengthening its ecological resilience. This is being accomplished by strengthening ecological resilience.¹⁰²

The initiative is intended to supplement the company's current efforts, which are already under way, with the goal of reducing to the greatest extent feasible any potential negative effects that the project may have on the environment. Total Energies has come to the conclusion that it is necessary to lessen the impact that the Tilenga project will have on Murchison Falls National

¹⁰⁰ The Upstream Act, 2013

¹⁰¹ Byakagaba, Patrick, Frank Mugagga, and Dianah Nnakayima. "The socio-economic and environmental implications of oil and gas exploration: Perspectives at the micro level in the Albertine region of Uganda." *The Extractive Industries and Society* 6, no. 2 (2019): 358-366.

¹⁰² Ibid

Park in order to adhere to the Avoid, Reduce, and Compensate principles that serve as the foundation for the company's biodiversity policy.¹⁰³

The installations, both temporary and permanent, associated with the project, which will also include well sites, will occupy less than 0.05 percent of the park's total land area. The number of locations where the 140 wells are to be drilled has been capped at 10. These ten locations are intended to have as little of an overall visual footprint as feasible and have been created to be as small as possible.

Total Energies EP Uganda has just recently started community-based forest conservation and restoration projects. One of these projects is called "Grow A Tree Everywhere" (GATE), and its goal is to plant one hundred thousand trees in the Tilenga project areas located in the Nwoya and Buliisa districts.

The International Olympic Committee's goal with regard to the Tilenga project is to not only implement but also demonstrate the attainment of Net Positive Gain. Therefore, the company will monitor development alongside that of the project itself in accordance with the requirements set forth by the International Finance Corporation (IFC), as well as applicable international and national regulations.

Additionally, the upstream act promotes giving preference to Ugandan workers and vendors in business transactions.¹⁰⁴ Meetings with the local community have been undertaken by the IOCs in Uganda in order to determine the proportion of employees and suppliers of goods supplied locally. IOCs may be able to obtain Social Licenses to Operate as a result of this alone. According to the Act, a licensee is required to submit to the Authority for approval, within a year of the grant of a licence, as well as on each subsequent anniversary of that grant, a detailed programme for the recruitment and training of Ugandans.¹⁰⁵

This must be done within twelve months of the grant of the licence. This programme is required to make provisions for the training and recruitment of Ugandans in all phases of petroleum activities and shall take into consideration gender, equity, persons with disabilities, and host communities. In addition, this programme must provide for the training and recruitment of foreign nationals.

¹⁰³ Ibid

¹⁰⁴ The Upstream Act, 2013

¹⁰⁵ Mawejje, Joseph. "The oil discovery in Uganda's Albertine region: Local expectations, involvement, and impacts." *The Extractive Industries and Society* 6, no. 1 (2019): 129-135.

IOCs have, over the course of many years, provided Ugandans with training in a variety of skills in order to get them ready for the jobs that are available in the industry. One such instance is when CNOOC provided training for employable skills in the oil sector to truck drivers. The International Oil Company (IOC) is responsible for providing training for drivers of heavy goods vehicles (HGV) so that they can be equipped with the skills necessary in the oil and gas industry and so that they can obtain the necessary licences.

The programme was designed to meet the anticipated requirements for transportation, which will ultimately strengthen the competencies and capabilities of Ugandan individuals in this area of expertise. In accordance with the educational standards of the East African community, the seventy people who took part in this HGV driver training were instructed on the most important aspects of operating heavy goods vehicles. The curriculum lasts for three months and provides an engaging forum for instructors to communicate, examine, and discuss many concepts and concerns related to operating a heavy goods vehicle (HGV) and road safety.¹⁰⁶

The trainees for this particular cohort were chosen in collaboration with the Bunyoro Kitara Kingdom, which provided help for the identification and selection process together with the Uganda Driving Standards Agency, the organisation responsible for the actual implementation of the programme. The Kingfisher Project is located in the Bunyoro Subregion of Uganda, hence the relationship with the Bunyoro Kitara Kingdom was established with the intention of providing potential beneficiaries from that area with preferential treatment.¹⁰⁷

In addition, the upstream act stipulates that all petroleum activities must be carried out in such a way as to make it possible for a high level of safety to be maintained and further developed in accordance with technological advancements, the most effective practises of the petroleum industry, the Occupational Health and Safety Act of 2006, and any other laws that may be applicable.

In order to comply with this rule, IOCs have designed and implemented meticulously thought-out programmes that are intended to shield local communities from any potential dangers that may befall them. For instance, CNOOC Uganda Limited held a clean-up event in the community of Kyabasambu in the month of May 2022 with the slogan "A clean environment

¹⁰⁶ Salerno, Jonathan, Colin A. Chapman, Jeremy E. Diem, Nicholas Dowhaniuk, Abraham Goldman, Catrina A. MacKenzie, Patrick Aria Omeja et al. "Park isolation in anthropogenic landscapes: land change and livelihoods at park boundaries in the African Albertine Rift." *Regional Environmental Change* 18, no. 3 (2018): 913-928.

¹⁰⁷ *Supra* 29 (Mawejje)

for a healthy community." Within the boundaries of Buhuka parish, Kyabasambu hamlet is not only an urbanised and densely populated settlement, but it is also located in close proximity to the majority of Kingfisher projects.

The campaign's objectives were to educate the communities on the significance of maintaining appropriate levels of hygiene and sanitation for their own health and safety; to encourage the Village Health Teams and hygiene and sanitation groups to champion efforts to promote proper waste disposal; and to support the community by demonstrating, through action, the value that our organisation places on the communities in which we work.

CNOOC Uganda Limited was kind enough to give cleaning supplies to the numerous organisations that are working to improve sanitation and hygiene so that they may keep up the fantastic work they've been doing. Additionally, a pledge was made that going ahead, the local community will be able to collect all of the plastic debris in the area and hand it over to CNOOC Uganda Limited to be disposed of further.¹⁰⁸

The organisation was certain that the cleaning activity served as a turning point for the members of the community to become sensitive towards a clean environment, and that it also served as a turning point for the leaders of the community to dedicate one day per week or one day per month to the task of keeping the communities clean.

In that same month, the organisation contributed to the youth programmes by donating footballs and netballs. This was done so that the participants could continue to hone their skills and participate in physically active pursuits such as sports in order to enjoy the benefits of good health. Since 2012, CNOOC Uganda Limited has been active in the community by implementing corporate social responsibility projects in a variety of areas, including education, health, sports, and relief efforts following natural disasters. As a result, this has made a contribution to the overall health and happiness of the communities. CNOOC has been granted a Social Licence to Operate in the areas in which it does business as a result of all of these activities and others like them.

4.2.7. Importance of having a Social License to Operate

In regions of Africa that are rich in minerals, it is common practise for multi-national corporations involved in the oil sector to pay restitution to local residents for the use of their

¹⁰⁸ Tumusiime, David Mwesigye, Joseph Mawejje, and Patrick Byakagaba. "Discovery of oil: Community perceptions and expectations in Uganda's Albertine Region." (2018).

land or for any harm that may have been caused to it as a result of oil operations. In most cases, compensation is offered in the form of corporate social responsibility (CSR) programmes, which are designed to foster both social and economic growth through activities such as the establishment of schools, scholarship programmes, and health care facilities.¹⁰⁹

It is essential, on the other hand, that multinational oil companies operating in Africa's extractive sectors adapt their approach beyond the traditional paradigm of paying people. These companies are active in the continent. In addition to this, they need to collaborate with the communities that are located close to the oil operation in order to obtain a Social Licence to Operate (SLO). This will bring significant financial benefits to the companies while also ensuring the communities' continued viability and bettering their standard of living.¹¹⁰ The SLO is granted by the communities when there is widespread and consistent support for the company's operations within those communities from the residents.

In addition to complying with the laws of the host country, an organisation must also get a Social Licence to Operate in that country. It demands more contact between the companies and the communities than the traditional CSR method, which risks reducing local communities to passive recipients. This new approach involves more interaction between the companies and the communities. The fact that a social licence is built on a mutually beneficial relationship in which oil companies recognise local communities as partners and engage with them to ensure that the oil operation will benefit all parties involved is the most essential characteristic of a social licence.¹¹¹

Because they are located in close proximity to the oil project and have the power to influence how it turns out, the local communities are frequently important authorities in the awarding of SLOs. Local communities are the most important stakeholders in the area because of how they are affected by the petroleum industry. The political parties, the media, and the non-governmental organisations (NGO's) are some additional groups that may have an influence on the oil activities.¹¹²

¹⁰⁹ Lindman, Åsa, Helena Ranängen, and Osmo Kauppila. "Guiding corporate social responsibility practice for social license to operate: A Nordic mining perspective." *The Extractive Industries and Society* 7, no. 3 (2020): 892-907.

¹¹⁰ Górski, Jędrzej. "OGEL 1 (2020)-Social Licence to operate (SLO) in the Extractive and Energy Sectors-Introduction." *Oil, Gas & Energy Law* 18, no. 1 (2020).

¹¹¹ Ibid

¹¹² Ibid

Because of their proximity to the oil project and their capacity to influence its outcome, local communities are frequently looked to as authorities when it comes to the awarding of special land uses (SLOs). Communities, also known as host communities, are groups of people who live within the oil region and are either a group of people who are or will be affected by the oil project or a group of people who can influence the development of the project at the local level. As a result, communities are local residents who live within the oil region.

The maintenance of a Social Licence to Operate will, to a greater extent, prevent local economic losses, rights abuses, and conflicts, all of which have impacted mineral rich communities around the world in the past. People's rights are being violated in the Karamoja region of Uganda, , which is leading to an increase in conflicts over land and resources. The establishment of a SLO results in fewer demonstrations, less resistance, and less violence at manufacturing sites, which leads to a potential reduction in economic risks for the company.¹¹³ The SLO also improves living circumstances, which contributes to a greater degree of sustainability.

After the oil activity is ended, the local communities will continue to live in the area, and they are dependent on the area's capacity to be sustainable for both themselves and the generations to come. This sustainability is guaranteed by preserving the livelihoods that already exist and by incorporating local populations in the opportunities that are made available by oil operations.

It is important that representatives from local communities be included in the decision-making process for matters pertaining to land use, such as the demarcation of space, the terms of use, and efforts aimed at restoring the environment. Because they are the most reliable source of information regarding the social, cultural, and environmental backdrop of the oil operation, community people are an essential partner in this endeavour. In Karamoja, this would involve performing religious rites to remove sacred shrines, marking space for cattle grazing corridors, and ensuring shared access to water resources and infrastructure. In addition, it would involve assuring shared access to water resources.

It is the responsibility of businesses to provide community people with employment opportunities in safe and healthy environments. In this way, the industry will contribute to the improvement of the socioeconomic situation in the local area. The provision of training within

¹¹³ Ibid

the field of the industry will assure both local know-how and a sense of ownership, just as corporations can grant scholarships to higher education levels relevant to the industry, for example engineering, geology, and accounting. In this way, a strong foundation is established for the industry within the communities that are directly impacted by the oil activity.

When seen from a commercial point of view, getting and improving the operating licence creates a favourable environment in which the company's strategy and efforts to generate value can be carried out successfully. It is common for socially acceptable businesses to be successful in achieving sustainability, which involves shifting from an emphasis on individuality to one that emphasises collaboration in relation to the natural underpinnings of existence. They take a very proactive approach to addressing all of the social, economic, and environmental ramifications of their actions.¹¹⁴

The oil process needs to be carried out in a responsible manner and within the parameters established by the 17 goals. The oil activities almost always have at least a temporary impact on the natural environment and the landscape, and they frequently generate changes that cannot be undone. The oil of deposits is not sustainable since the volume of the deposits is finite. The oil sector, on the other hand, provides efforts toward the achievement of these goals in many other areas, such as studies on the impact oil has on the environment.

The methods of operational safety and communication need to be in compliance with the standards. This includes ensuring that the extraction of raw materials has the fewest possible negative consequences and carrying out continual monitoring of the process. Participation of the regional people in both economic and informal terms, for instance in the form of stakeholder meetings and community engagement in planning, is therefore of the utmost importance.¹¹⁵

The social licence is sometimes viewed by companies as something that can be acquired, much like an offset. Because of this, fossil fuel companies finance cultural organisations in an effort to identify themselves with greenwashed imagery rather than environmental devastation. They portray themselves as important contributors to the arts, culture, and job development in the hopes that doing so will enable them to keep their social licence despite the widespread destruction that their industry creates.¹¹⁶ However, because these choices are made with a

¹¹⁴ Ibid

¹¹⁵ Ibid

¹¹⁶ Ibid

transactional perspective, with the assumption that acceptability from the community can be purchased, they frequently meet severe pushback.

In addition, this is one of the reasons why companies that deal in fossil fuels made such tremendous effort for decades to hide the scientific evidence of climate change. They were able to preserve their social licence by concealing the reality of the rapidly escalating climate disaster. However, there is a limit to how much can be accomplished by disguising the science when the damage is so obvious.

Because some communities will only issue a Social Licence to Operate an oil operation if they have been given sufficient benefits and have a say in the decision-making process, obtaining a Social Licence to Operate can help a oil operation mitigate risk and the likelihood of conflict. Because of this, oil companies have a responsibility to make an effort to collaborate with the community and provide support for its members. If they are successful in this endeavour, the company may win the acceptance of the local community, which could result in the approval of oil activities and of Social Licence to Operate.¹¹⁷

This is significant because a social licence is required in order to ensure the continuity of the company's operations while also reducing the likelihood of conflict with the communities in the area. It may be impossible to exploit economically attractive mineral resources if a Social Licence to Operate cannot be obtained, if this is the case.¹¹⁸

After reaching an initial agreement, businesses and community members in the area need to continue having conversations with one another. The circumstances are always shifting, and the local communities have a wide variety of characteristics. Every party involved in the Social licence to operate has a responsibility to address and address any changes or challenges to the agreement.

4.3 Comparative Analysis of SLO Legal Frameworks

4.3.1 Nigeria

The oil industry in Nigeria is governed by various laws and regulations that are aimed at promoting sustainable development, protecting the environment, and ensuring social responsibility. The legal framework for obtaining a social license to operate (SLO) in the oil industry is primarily based on environmental and social impact assessment (ESIA) regulations,

¹¹⁷ Ibid

¹¹⁸ Ibid

community development agreements (CDAs), and corporate social responsibility (CSR) policies.

The Nigerian Environmental Impact Assessment Act (1992) and its regulations provide the legal framework for conducting environmental and social impact assessments for oil and gas projects in Nigeria. The ESIA process involves the identification, assessment, and management of potential environmental and social impacts of a project, including its effects on local communities. The ESIA process is aimed at promoting transparency, participation, and accountability in decision-making and is required before a project can be approved and licensed by the relevant authorities. The ESIA process also requires the involvement of local communities and stakeholders, which is a key aspect of obtaining a social license to operate in Nigeria's oil industry.

In addition to the ESIA process, the Nigerian government encourages oil companies to negotiate and sign community development agreements (CDAs) with local communities that may be affected by their operations. CDAs are voluntary agreements between oil companies and communities that outline the benefits, compensation, and other measures to be provided to the communities in exchange for their support and cooperation. CDAs are aimed at promoting community development, enhancing social acceptance, and preventing conflicts between oil companies and local communities. The Nigerian government has also established a community development trust fund that is financed by oil companies to support community development initiatives.

Furthermore, oil companies in Nigeria are also expected to implement corporate social responsibility (CSR) policies that are aimed at promoting sustainable development and social responsibility. CSR policies involve the integration of environmental, social, and ethical considerations into business operations and decision-making processes. Oil companies are expected to engage in community development initiatives, environmental protection, human rights protection, and other social responsibility activities. These activities are aimed at promoting the company's reputation, enhancing its social license to operate, and preventing conflicts with local communities and stakeholders.

The laws that govern obtaining a social license to operate in Nigeria's oil industry are primarily based on the Environmental Impact Assessment Act, community development agreements, and corporate social responsibility policies. These laws and regulations are aimed at promoting sustainable development, protecting the environment, and ensuring social responsibility. The

effective implementation of these laws and regulations is essential for obtaining a social license to operate in Nigeria's oil industry and promoting the legitimacy and sustainability of oil and gas operations.

In terms of legal frameworks for obtaining a social license to operate (SLO), Nigeria and Uganda have some similarities and differences. Nigeria has established laws and regulations, such as the Environmental Impact Assessment Act and community development agreements (CDAs), to guide the ESIA process and promote community engagement and social responsibility. Similarly, Uganda has environmental and social impact assessment (ESIA) regulations that require oil companies to conduct ESIA studies and consult with local communities and stakeholders. However, Uganda's legal framework for SLO is relatively new compared to Nigeria's and is still evolving.

One of the major differences between Nigeria and Uganda's legal frameworks for SLO is the level of community participation and consultation required during the ESIA process. Nigeria's legal framework encourages the active participation of local communities and stakeholders in the ESIA process and the negotiation and signing of community development agreements (CDAs) between oil companies and communities. In contrast, Uganda's legal framework has been criticized for insufficient community participation and consultation during the ESIA process, leading to conflicts and tensions between oil companies and local communities.

Another difference is the level of enforcement and accountability in the legal frameworks. Nigeria has established institutions and mechanisms, such as the National Oil Spill Detection and Response Agency, to enforce the laws and regulations governing the oil industry and hold companies accountable for environmental and social damages. In contrast, Uganda's institutions and mechanisms for enforcing the ESIA regulations and promoting social responsibility are still in the development stage.

In terms of corporate social responsibility (CSR) policies, both Nigeria and Uganda require oil companies to implement CSR initiatives as part of their social responsibility obligations. However, the level of implementation and effectiveness of these policies varies between the two countries. Nigeria has established a community development trust fund that is financed by oil companies to support community development initiatives, while Uganda is still developing its own community development fund.

While both Nigeria and Uganda have established legal frameworks for obtaining a social license to operate in their respective oil industries, Nigeria's legal framework is more

established and developed compared to Uganda's. Nigeria's legal framework places more emphasis on community participation, consultation, and social responsibility, while Uganda's legal framework is still evolving and facing challenges related to community engagement and enforcement.

4.3.2 Tanzania

Tanzania has several laws and regulations that govern the obtaining of a social license to operate (SLO) in the oil and gas industry. These laws and regulations are designed to ensure that oil and gas operations are conducted in a socially and environmentally responsible manner while also promoting community engagement and participation.

One of the main laws governing the oil and gas industry in Tanzania is the Petroleum Act of 2015. This law provides a framework for the exploration, production, and transportation of petroleum in Tanzania. It requires oil and gas companies to obtain a license from the government before conducting any exploration or production activities. The license application process includes requirements for conducting environmental and social impact assessments (ESIAs) and consulting with local communities and stakeholders.

Another important law that governs SLO in Tanzania is the Environmental Management Act of 2004. This law provides for the management of environmental issues in Tanzania and requires oil and gas companies to obtain an environmental impact assessment (EIA) certificate before commencing any exploration or production activities. The EIA process includes consultation with local communities and stakeholders and requires the identification and mitigation of potential environmental and social impacts.

In addition to these laws, Tanzania also has regulations and guidelines that govern the obtaining of a social license to operate in the oil and gas industry. For example, the Petroleum (Local Content) Regulations of 2017 require oil and gas companies to prioritize local hiring and procurement, which can promote community engagement and participation. The Tanzania Extractive Industries (Transparency and Accountability) Regulations of 2015 also require oil and gas companies to publicly disclose information about their operations, which can promote transparency and accountability.

Tanzania's legal framework for SLO places a strong emphasis on community engagement and participation. The government has established a system for conducting public consultations during the ESIA and EIA processes, and oil and gas companies are required to submit

community engagement plans as part of their license applications. Tanzania also has a National Oil and Gas Policy that emphasizes the importance of community development and participation in the oil and gas industry.

Tanzania's legal framework for obtaining a social license to operate in the oil and gas industry is designed to promote community engagement and participation while ensuring that operations are conducted in a socially and environmentally responsible manner. The framework includes laws, regulations, and guidelines that require oil and gas companies to conduct ESIA's and EIA's, consult with local communities and stakeholders, and prioritize local hiring and procurement.

When comparing Tanzania's legal framework for obtaining a social license to operate (SLO) in the oil and gas industry to Uganda's, there are some notable differences. While both Tanzania and Uganda have legal frameworks for obtaining a social license to operate in the oil and gas industry, Tanzania's framework places a stronger emphasis on community engagement and participation, has established a system for public consultations, and has regulations in place that promote transparency and accountability.

Firstly, Tanzania places a stronger emphasis on community engagement and participation in its legal framework for SLO. The country's Petroleum Act of 2015 and Environmental Management Act of 2004 both require oil and gas companies to conduct environmental and social impact assessments (ESIAs) and environmental impact assessments (EIAs) that involve consultation with local communities and stakeholders.

In addition, Tanzania's Petroleum (Local Content) Regulations of 2017 prioritize local hiring and procurement to promote community engagement and participation. Uganda's legal framework for SLO does not have the same level of emphasis on community engagement and participation, with its regulations requiring only limited consultation with local communities.

Secondly, Tanzania has established a system for public consultations during the ESIA and EIA processes, which allows for greater community participation in decision-making. Uganda's legal framework for SLO does not have a similar system in place, although the country's Petroleum (Exploration, Development and Production) Act of 2013 does require oil and gas companies to hold public hearings before submitting an application for a production license.

Thirdly, Tanzania has established guidelines and regulations that promote transparency and accountability in the oil and gas industry. For example, the Tanzania Extractive Industries

(Transparency and Accountability) Regulations of 2015 require oil and gas companies to publicly disclose information about their operations, which promotes transparency and accountability. Uganda's legal framework for SLO does not have a similar regulation in place.

4.4 Challenges of Obtaining a Social License to Operate

Obtaining and preserving a Social Licence to Operate status is one of the most significant challenges that oil companies must face. The majority of the work that needs to be done to obtain a Social Licence to Operate is done during the time period before a mine begins operations, often known as the pre-oil phase. This is the ideal time for acquiring a social licence.¹¹⁹

However, obtaining the licence is not enough; the company must make continuous efforts to correspond to the community's expectations of how it will be treated, in order to maintain the licence for the entirety of the mine's life. In addition, the differences between obtaining and maintaining a Social Licence to Operate may appear to be minor, but the effects on business are significant.

Oil activities that have environmental, social, and economic implications that aren't mitigated can lead to social conflicts, which can make it impossible for the company to obtain or keep a Social Licence to Operate. The perspectives and concerns of communities as well as stakeholders are considered to be part of the socio-economic variables in the process of generating new resources. The degree to which the actual repercussions differ from those anticipated may have an effect on the level of trust that the community has in the oil company.

In addition, if the actual affects are more severe than expected, the community may completely reject oil activities. On the other hand, if the actual impacts are less severe than expected, this may contribute to the community's acceptance and trust of oil activities. It has been my experience that tensions that arise as a result of payments and agreements that are made at the outset of an operation are likely to persist throughout the duration of the mine's operation.¹²⁰

As a result, the process of restoring the way of life in the community ought to incorporate capacity building to assist in the operation of small enterprises and a resettlement plan that specifies how individuals will be relocated.

¹¹⁹ Omotehinse, Adeyinka O., and Giorgio De Tomi. "Managing the challenges of obtaining a social license to operate in the pre-mining phase: A focus on the oil sands communities in Ondo State, Nigeria." *World Development Perspectives* 18 (2020): 100200.

¹²⁰ Ibid

A significant obstacle in the path to acquiring a Social Licence to Operate is the pre-oil activities had a negative impact on the socio-environmental activities that were taking place in the community. The environmental repercussions of pre-oil activities, such as ecological disruption, water pollution, and loss of soil fertility, have an effect on the environment, which is something that communities rely on for activities like farming and fishing. Plantations of cocoa, rubber, lumber, and oil palms are maintained by the local farmers in those areas.¹²¹

Although some land is owned by the government, the majority of land is owned by private individuals. The villages are responsible for the cultivation of foods such as corn, plantains, and vegetables, and some of them also raise animals such as ducks, chickens, and goats. The fishermen fish in the river Nile and its major tributaries, and either sell the fish or eat them themselves. Many of the farmers are also fishermen, therefore the two professions are closely related. In addition, oil companies have a tendency to recommend that the inhabitants of the communities be relocated because the settlements are situated on oil sands deposits.¹²²

In addition to this, there are issues with communicating with the population due to the variety of languages spoken and/or the lack of an adequate educational foundation. Uganda is one of the most diverse countries in Africa in terms of both its ethnic makeup and its linguistic makeup. The majority of communities do not speak or comprehend English despite the fact that it is the country's official language. In the Albertine region, Runyoro, Luo, and Luganda are the three primary native languages spoken by the people.

The inability of one side to comprehend the other is the source of many problems in the oil industry. This difficulty is caused by a variety of factors, including the presence of multiple languages in oil towns, a lack of formal education, and a lack of information about oil. Both the oil business and the rural community could face significant difficulties as a result of these complicated circumstances and the ramifications they have.¹²³ This is undoubtedly a persistent issue in mineral-extraction zones all over the world, particularly in developing nations. Extractive mineral deposits are typically found in remote sections of the country, where the native population has a low literacy rate or none at all.

Another obstacle is bridging the gap between the corporation and the communities in order to reach an agreement, particularly when taking into account the divergent interests and objectives

¹²¹ Ibid

¹²² Ibid

¹²³ Ibid

of community leaders. Since these leaders are in charge of selecting the community representatives, they play a significant part not only in the talks for gaining a Social Licence to Operate but also in the outcome. If the majority of them are greedy and have their own personal interests at stake, there will be persistent arguments between the leaders and the elders. This could lead to delays in acquiring the licence as well as a failure to comply with the agreements that were made.¹²⁴

In addition, certain communities have lost faith in the government of Uganda, which may have an impact on the relationship that exists between the oil company and the people. Concerning the government's commitment to the region's overall development as well as its ongoing assurances that it will investigate the region's oil potential, numerous residents of the Albertine region have voiced their mistrust of the government.

To add insult to injury, the real effects of the pre-oil operation on the neighbourhood may turn out to be quite different from the anticipated effects, which could spark protests. Although everyone who participated in the survey approved of the concept of oil activities, none of them had any understanding what exactly oil operations entail. Because, as was mentioned previously, the majority of the community members work in agriculture and fishing, pre-oil actions such as clearing land for mine or relocating residents may not be something that the community anticipates. When individuals are confronted with the actual damage that these operations have, this may give rise to protests.¹²⁵

4.5 Recommendations for Obtaining a Social Licence to Operate

- Foster strong relationships with local communities: This recommendation involves developing and maintaining positive relationships with local communities to understand their needs, priorities, and concerns. Companies should engage in regular consultation, communication, and participation in local development projects to build trust and establish themselves as responsible corporate citizens.
- Conduct comprehensive environmental and social impact assessments: This recommendation involves conducting comprehensive environmental and social impact assessments before undertaking any activities to identify and mitigate potential negative

¹²⁴ Ibid

¹²⁵ Ibid

impacts on local communities and the environment. This ensures that the company's activities are sustainable and minimize negative impacts.

- Implement measures to promote transparency and accountability: This recommendation involves establishing and implementing measures to promote transparency and accountability, such as publicly disclosing information about operations, payments to government, and social and environmental performance. This helps build trust and credibility with local communities and stakeholders.
- Prioritize local hiring and procurement: This recommendation involves prioritizing local hiring and procurement to promote local employment and economic development. This can be achieved through the development of local supplier networks and partnerships, which can create new business opportunities for local entrepreneurs.
- Develop and implement community development plans: This recommendation involves developing and implementing community development plans that prioritize the needs and aspirations of local communities and align with government priorities. These plans should involve consultation with local communities to ensure that they are tailored to their specific needs and aspirations.
- Engage with civil society organizations: This recommendation involves engaging with civil society organizations to promote dialogue, transparency, and accountability, and to build trust with local communities. This can be achieved through partnerships and collaboration with organizations that represent the interests of local communities.
- Support capacity building and skills development: This recommendation involves supporting capacity building and skills development initiatives that build the capacity of local communities to engage effectively with the industry and benefit from its activities. This can be achieved through the provision of training and education programs, vocational training, and support for small business development.
- Establish effective grievance mechanisms: This recommendation involves establishing effective grievance mechanisms to enable local communities to raise concerns and resolve disputes in a timely and transparent manner. This can help to prevent and resolve conflicts and build trust with local communities.
- Comply with international best practices: This recommendation involves complying with international best practices for social and environmental performance, such as the Equator Principles and the United Nations Guiding Principles on Business and Human

Rights. Compliance with these standards can help to ensure that companies are operating in a responsible and sustainable manner.

- Engage in continuous learning and improvement: This recommendation involves engaging in continuous learning and improvement by monitoring and evaluating the effectiveness of social and environmental performance and seeking feedback from local communities and stakeholders to identify areas for improvement. This can help to identify areas for improvement and enhance the company's overall social and environmental performance.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to assess the legal and regulatory framework governing Social Licence to Operate in Uganda's oil and gas industry. The findings of the study are in line with the literature review and the results have established the presence of legal stipulations for a Social Licence to Operate. This chapter presents a summary of findings from the subsections of the previous chapter's sub sections. It then provides conclusions as to importance of Social Licence to Operate to both the community and the IOCs and the challenges in obtaining Social Licence to Operate.

5.2 Summary of Findings

The study found that while there wasn't a specific legislative instrument to guide the attainment of a Social Licence to Operate in Uganda's Oil and Gas Industry, there were stipulations in both the policies and legislations that govern the industry. The primary policy was the National Oil and Gas Policy of 2008.

The Policy advocates reforming the present regulatory framework by introducing a new legislation governing the administration and management of oil and gas revenue. Both of the regulations would be separate from oil and gas income management. The former will better serve the development and production stages of the oil and gas value chain and bring in worldwide best practises such as higher oil recovery and health, safety, and environmental requirements. It will also implement the Oil and Gas Policy by permitting competitive licencing and strengthening national content in the subsector.

This policy aligns resource management methods and processes with the Poverty Eradication Action Plan to maximise the benefits while overcoming the challenges (PEAP) of the sector. It plans to do so through establishing relevant institutions and building capacity in the country, attracting companies to invest in the development of the country's petroleum sector, providing an adequate return on the companies' investments, and ensuring that the country receives an appropriate share of the benefits and resources derived from oil and gas resources and activities.

This policy led to the formulation of laws and practices in the oil and gas sector. Among those are the practices and related to obtaining a Social Licence to Operate is the National Content

Policy for the Petroleum Subsector in Uganda of 2017. This policy clarifies the national goal and guides government and private sector legislative, regulatory, and strategic measures. The strategy will also guide legislative amendments in future which are targeted at strengthening government institutions' mandates and defining their roles in this national agenda. These reforms aim to bolster government institutions.

Still on the policy side, Vision 2040 combines our past efforts, lessons learned, and an analysis of our development techniques and futures. It considers oil and gas reserves, the E-revolution, globalisation, and economic integration. Vision 2040's Principle 8 advocates for the oil and gas industry's sustainability. Ensure the long-term viability of oil and gas extraction to fulfil SLOs. Sustainable development involves using resources in an environmentally friendly way while meeting human needs.

The "Buy Uganda Build Uganda Policy" was implemented by the Ugandan government in response to private sector pleas to promote the use of locally-produced goods. Five years ago, this policy took effect. BUBU is part of several national development policies and strategies. MTIC is responsible for creating this policy.

BUBU encourages the utilisation of locally-made goods and local talent and staff. To make BUBU work, Ugandans must position themselves to build the economy and benefit from it. "National content" in Uganda is giving preference to things made or available in Uganda and to services given by Ugandan residents and businesses. The new law therefore requires compliance with these criteria. A method for monitoring compliance has also been established. Each year, licensees, contractors, and subcontractors must report to the petroleum authority on their use of Ugandan goods and services. Each year's report is due in December.

Legislatively, the attainment of Social Licence to Operate is loosely suggested for in the 1995 Constitution of Uganda. Article 39 of the constitution guarantees a clean and healthy environment. Civil society has used Article 50 of the Constitution to preserve this constitutional right. These standards require IOCs to engage in environmentally and socially beneficial activities. Actions help companies attain Social Licence to Operate. The analysis found that Uganda's constitution prioritises projects.

Furthermore, the constitution gives way to the Upstream Act which stipulates how IOCs should approach the environment, community and population. This Act requires the IOC to protect public safety, health, and the environment during petroleum-related activities. A licensee and anyone who exercises or executes functions, duties, or powers under this Act in regard to

petroleum activities must comply with the National Environment Management Act and any other applicable legislation.

When it comes to the importance of Social Licence to Operate, oil companies often compensate locals for the use of their land or any damage caused by oil activities. In most situations, compensation is paid in the form of corporate social responsibility (CSR) schemes, which stimulate social and economic growth through establishing schools, scholarship programmes, and health care facilities.

Multinational oil businesses engaged in Africa's extractive sectors must go beyond paying people. These companies are global. They must also work with nearby communities to secure a Social Licence to Operate (SLO). This will help the companies financially while improving the communities' viability and quality of life. SLOs are issued by communities when locals support the company's operations.

In addition to complying with local rules, a company must also get a social licence. It requires more company-community involvement than standard CSR, which risks reducing communities to passive beneficiaries. This new method increases company-community connection. The most important aspect of a social licence is that oil companies recognise local communities as partners and work with them to ensure that the oil activity benefits all stakeholders.

Local communities are crucial in awarding SLOs since they are near to the oil project and can affect its outcome. Because of the petroleum sector, local communities are the most essential stakeholders. Political parties, the media, and NGO's may also affect oil activities.

Local communities are often looked to as authorities when awarding special land uses because of their closeness to the oil project and ability to affect its result (SLOs). Communities, also called host communities, are groupings of people who live in the oil region and are affected by or can influence the project locally. Communities are oil region dwellers.

Maintaining a Social Licence to Operate can help avert economic losses, rights violations, and conflicts in mineral-rich communities around the world. In Uganda's Karamoja region, where I've done fieldwork, people's rights are being violated and promised benefits are not being delivered, leading to land and resource conflicts. Establishing a SLO reduces protests, opposition, and violence at production sites, reducing the company's economic risks. SLO improves living conditions, which increases sustainability.

After oil ends, local communities will continue to live in the area and depend on its sustainability for them and future generations. Preserving existing livelihoods and involving locals in oil activities ensures sustainability.

Local community representatives should be included in land use decisions such as space demarcation, use terms, and environmental restoration. Community members are vital to this effort because they are the most dependable source of social, cultural, and environmental information. In Karamoja, this would require removing sacred shrines, delineating cattle grazing corridors, and assuring shared access to water and infrastructure. Ensure shared water access.

Businesses must offer safe and healthy jobs to the community. This will benefit the local economy. Training within the business will ensure local know-how and a sense of ownership, and corporations might offer scholarships for engineering, geology, and accounting degrees. This builds a solid foundation for the sector in oil-affected communities.

Getting and enhancing the operating licence offers a favourable environment for the company's strategy and value-creation operations. Socially acceptable companies often achieve sustainability by transitioning from an emphasis on individuality to one that emphasises partnership with nature. They consider all social, economic, and environmental implications of their acts proactively.

Responsible oil companies must follow the 17 goals. Oil activities nearly always have a transitory impact on the ecosystem and terrain, and they often cause irreversible consequences. Finite deposits make oil unsustainable. The oil sector contributes to these goals in other areas, such as environmental studies.

Standardize operational safety and communication. This includes minimising the harmful effects of raw material extraction and monitoring the process. Economic and informal regional participation, such as stakeholder meetings and community engagement in planning, is crucial.

Companies can perceive social licence as an offset. Fossil fuel companies fund cultural organisations to greenwash their images and downplay environmental destruction. They depict themselves as contributors to the arts, culture, and employment development to preserve their social licence despite their industry's widespread ruin. Because these choices are made with a transactional attitude, assuming community acceptance can be bought, they often face backlash.

This is also why fossil fuel companies spent decades hiding climate change evidence. By hiding the rising climatic crisis, they preserved their social licence. However, there is a limit to how much can be accomplished by hiding the science when the damage is so clear.

Obtaining a Social Licence to Operate can assist a oil operation avoid risk and conflict because some communities will only grant one if they receive sufficient benefits and have a say in decision-making. Oil companies must work with the community and support its members. If they are successful, the local community may embrace oil and SLO.

A social licence is essential to ensure the company's activities and reduce the probability of confrontation with local populations. In this circumstance, it may be impossible to develop economically valuable mineral deposits.

After achieving an initial agreement, companies and community people in the area need to continue having dialogues with one another. Circumstances change, and local communities are diverse. Every SLO party must address modifications or disputes to the agreement.

On the side of challenges, IOCs face a major hurdle in obtaining and maintaining SLO status. The majority of SLO labour is done in the pre-oil phase. It's time to get a social licence. To preserve the licence throughout the mine's life, the corporation must continue to meet the community's expectations of how it will be treated. Obtaining and maintaining a SLO may seem minor, but they have substantial commercial impacts.

Oil activities with unmitigated environmental, social, and economic impacts can lead to societal conflicts, making it difficult for the corporation to gain or maintain a Social Licence to Operate. The viewpoints and concerns of communities and stakeholders are socio-economic variables in new resource generation. Actual ramifications may affect the community's trust in the oil company.

If effects are worse than expected, the community may reject oil. If the repercussions are less severe than projected, the community may tolerate and trust oil. In my experience, conflicts caused by initial payments and agreements tend to last throughout a mine's operation. Restoring the community's way of life should include capacity building to help small businesses and a relocation strategy.

The research compared the legal frameworks governing the social license to operate (SLO) in the oil and gas industry in Uganda, Nigeria, and Tanzania. It is evident that each country has

its unique legal framework for SLO, which reflects the different social, economic, and environmental contexts in which the industry operates.

When comparing Nigeria, Tanzania, and Uganda's legal frameworks for SLO, there were several differences. Nigeria's framework has been in place for several decades and has a stronger focus on environmental and social impact assessments, local content, and corporate social responsibility. Tanzania's framework places a greater emphasis on community engagement and participation, has established a system for public consultations, and has regulations in place that promote transparency and accountability. Uganda's framework, on the other hand, has some provisions for community engagement but does not have the same level of emphasis as Tanzania's.

In terms of the effectiveness of these legal frameworks, it is difficult to draw firm conclusions based on this research alone. However, the comparisons made suggest that there may be opportunities for each country to learn from the strengths of their peers and improve their own legal frameworks for SLO.

Moving forward, it will be important for these countries to continue to review and update their legal frameworks to ensure that they are effective in promoting sustainable development and protecting the interests of local communities and the environment. Additionally, greater collaboration and sharing of best practices between these countries may help to promote a more harmonized approach to SLO in the region.

Pre-oil activities negatively impacted the community's socio-environmental activities, preventing them from obtaining a SLO. Pre-oil activities can harm the ecosystem, which communities rely on for farming and fishing. Local farmers grow cocoa, rubber, timber, and oil palms.

Government owns some land, but most of the land is privately held. Some villages keep ducks, chicks, and goats and grow corn, plantains, and vegetables. The fishermen catch fish in the Nile and its tributaries to sell or domestic consumption. Farmers and fishers are closely related because many are both. Oil companies often advocate relocating residents in oil sands areas.

Communication challenges arise owing to the variety of languages spoken and/or a lack of education. Uganda has a diverse ethnic and linguistic population. Despite being the country's official language, few groups speak or understand English. People in Albertine speak Runyoro, Luo, and Luganda.

In the oil business, misunderstandings cause many problems. Multiple languages in oil towns, a lack of formal education, and a lack of oil information contribute to this difficulty. Both the oil company and the rural community could encounter problems due to these linguistic centred challenges. This is a problem in mineral-extraction zones worldwide, especially in developing countries. Mineral deposits are usually found in isolated areas with absence of a commonly or universally identical language for expression.

Another challenge is bridging the gap between the corporation and the communities to reach an agreement, especially given community leaders' divergent interests and aspirations. Since these leaders pick community representatives, they play a big role in SLO negotiations and the outcome. If most are greedy and have personal interests at stake Quite often leaders and elders will argue. This could delay licence acquisition thus violating agreements.

Residents of the Albertine region question the government's commitment to the region's general development and its promises to study its oil possibilities. Consequently certain groups have eventually lost faith in Uganda's government and yet there is a seemingly misleading communal perception that oil companies are part and partial of governmental agencies. Such a perception is problematic as it is more likely to affect the oil company's connection with the people.

To add insult to injury, the real consequences of pre-oil operations on the neighbourhood may diverge from expectations, sparking complaints. Everyone surveyed approved of oil, but none knew what it entailed. Because most community members work in agriculture and fishing, pre-oil actions like clearing land or transferring residents may not be anticipated. When people see the actual harm, they may protest.

5.3 Conclusion

The study revealed that while there was no explicit legislative instrument to facilitate the accomplishment of a Social Licence to Operate in Uganda's Oil and Gas Industry, there were stipulations in the industry's policies and legislations. 2008's National Oil and Gas Policy was primary.

The Policy proposes a new oil and gas administration and revenue management law to improve on the current regulatory structure. Both regulations are different from oil and gas revenue management. The former will better support the oil and gas value chain's development and production stages and bring in best practises including increased oil recovery and health, safety,

and environmental regulations. It will implement the Oil and Gas Policy by allowing competitive licencing and boosting national content.

This policy integrates resource management strategies and processes with PEAP to maximise benefits and overcome difficulties (PEAP). It plans to do so by establishing relevant institutions and capacity building, attracting companies to invest in the country's petroleum sector, providing an adequate return on the companies' investments, and ensuring that the country receives an appropriate share of the benefits of the oil and gas resources.

This policy led to the formulation of the oil and gas regulations. The 2017 National Content Policy for Uganda's Petroleum Sector is important in terms of acquiring a Social License to Operate. This policy specifies the national purpose and directs legislative, regulatory, and strategic initiatives. The strategy will guide future legislative amendments through reinforce government institutional mandates by redefining their roles in fulfilling this national goal.

Vision 2040 incorporates past efforts, lessons learned, and development techniques and futures. Oil and gas reserves, the E-revolution, globalisation, and economic integration are considered. Principle 8 of Vision 2040 promotes oil and gas sustainability. It also ensures the long-term viability of oil and gas extractions through attainment of the SLOs. Sustainable development means providing human needs while protecting the environment.

The Ugandan government implemented the "Buy Uganda Build Uganda Policy" to encourage locally-produced items. This policy started in 2005. BUBU is part of national development strategies. MTIC made this policy.

BUBU promotes locally-made goods and skills. Ugandans must find ways of participating in the building of the economy so as to gain from BUBU. "National content" in Uganda means giving preferential treatment to Ugandan-made goods and services. This BUBU rhetoric attains its mandate from the new law. Compliance monitoring is also in place. Licensees, contractors, and subcontractors must record their usage of Ugandan goods and services annually. December is report deadline.

The 1995 Ugandan Constitution suggests SLOs. Article 39 guarantees a healthy environment. Civil society has used Article 50 to protect this right. These guidelines require IOCs to do environmental and social good. Companies achieve SLOs through action. Uganda's constitution prioritises projects, according to the analysis.

The Constitution also outlines how IOCs should treat the environment, the community, and the local population in the Upstream Act. The IOC must protect public safety, health, and the environment during petroleum-related activities. A licensee and anyone who exercises roles, duties, or powers under this Act shall comply with the National Environment Management Act and other applicable laws.

Oil companies typically compensate villagers for using their land or for harm caused by oil. In most cases, compensation is provided through corporate social responsibility (CSR) plans that create schools, scholarship programmes, and health care facilities.

IOCs in Uganda must also collaborate with local communities to obtain a social licence (SLO). Given that such a license benefits companies financially by improving their community viability as well as their quality of life. Consequently, that issuing SLOs enabling residents to support a company's operations, communities.

A corporation must follow municipal rules and obtain a social licence. Standard CSR requires less company-community participation, making communities passive recipients. This strategy strengthens the capacity of the corporation to communally bond through consolidating company-community ties. Oil companies must recognise local communities as partners and also collaborate with them to benefit all stakeholders for a social licence. Local communities are important for awarding SLOs since they are nearer the oil project and can potentially affect its success. Local communities are vital to the petroleum industry. Parties, the media, and NGOs can affect oil.

Due to their proximity to the oil project and capacity to affect its outcome, local populations are typically looked to as authorities in charge of awarding special land uses (SLOs). Communities, also called host communities, are groups of people who live in the oil zone and can influence the project. Oil communities exist.

Maintaining a Social Licence to Operate can assist mineral-rich communities avoid economic losses, rights breaches, and disputes. People's rights are violated and promised benefits are barely fulfilled in some of Uganda's mineral rich regions such as Karamoja. Those unfulfilled promises tend to lead to land and resource orientated conflicts. However, the presence of SLOs tend to reduce protests, dissent, and violence at manufacturing sites, minimising economic risks. Sustainable living circumstances improve with SLO.

Local representatives should be included in land use choices such as space demarcation, use terms, and environmental restoration. Community people are the best source of social, cultural, and environmental knowledge. This requires dismantling burial sites, designating cattle grazing corridors to pave way for development of oil and gas infrastructure.

Businesses must provide safe, healthy jobs. Local economy will gain. Companies may grant scholarships for engineering, geology, and accounting degrees to promote local knowledge and a sense of ownership. This strengthens the oil-affected sector.

Obtaining and improving the company's operating licence supports its strategy and value-creation operations. Socially acceptable enterprises tend to often accomplish sustainability by emphasising partnership with nature. They proactively evaluate the social, economic, and environmental impacts of the project. The effects of oil activities are often had irrevocable on the ecosystem and terrain. Unsustainable oil due to finite deposits. Environmental studies are one area where oil contributes to these goals.

Standardize communication and safety. This includes monitoring raw material extraction and minimising its adverse consequences. Holding stakeholder meetings is among the vital ways of having economic and informal regional participation.

Social licence is an offset for companies. Fossil fuel companies greenwash their pictures and downplay environmental harm. They portray themselves as arts, cultural, and employment contributors to maintain their social licence despite their industry's decline. Because these choices assume community acceptance can be bought, they face blowback.

Why fossil fuel companies buried climate change information for decades. They kept their social licence by suppressing the climate crisis. When the damage is evident, it's difficult to hide the science. Some communities will only give a SLO if they receive enough advantages and a say in decision-making. Oil companies must support locals. If successful, locals may support oil and SLO.

A social licence is needed to protect the company's activities and avoid conflict with locals. In this situation, developing mineral reserves may be impossible. After an initial agreement, local businesses and residents must keep talking. Local communities are diverse and changing. Every SLO party must handle changes or conflicts. SLO status is a serious difficulty for IOCs. Most SLO work is pre-oil. Social licence is needed. To keep the mine's licence, the company

must meet the community's expectations. SLOs may seem trivial, but they have major commercial implications.

Unmitigated environmental, social, and economic repercussions from oil can lead to societal disputes, making it difficult to earn or maintain a Social Licence to Operate. Socioeconomic elements in new resource generation include community and stakeholder issues. The community's trust in the oil company could be affected.

The community may reject oil if effects are worse than expected. If the impacts are less severe than expected, the community may trust oil. In my experience, early payments and agreements trigger mine-wide problems. Restoring the community's way of life should entail small business support and relocation.

Pre-oil efforts harmed the community's socio-environmental activities, preventing a SLO. Pre-oil can disrupt the ecology, which is used for farming and fishing. Cocoa, rubber, lumber, and oil palms are grown locally.

Some government land is private. Villages raise ducks, chicks, goats, corn, plantains, and vegetables. The Nile's fisherman catch fish to sell or eat. Many farmers are also fishers. Oil corporations recommend transferring oil sands locals. Language diversity and/or illiteracy cause communication problems. Uganda's population is multi-ethnic and multilingual. Few groups speak or comprehend English, despite being the official language. Runyoro, Luo, and Luganda are spoken in Albertine.

Misunderstandings generate problems in oil. Multiple languages in oil towns, a lack of formal education, and a lack of oil information all contribute. These challenges could affect both the oil company and the local community. This is a global concern, especially in underdeveloped countries. Mineral deposits are frequently in isolated locations with poor literacy.

Another problem is reaching an agreement between the corporation and the communities, given their diverse interests and goals. Since they choose community representatives, they influence SLO talks and the outcome. If most are greedy, leaders and elders will argue often. This could delay licence acquisition and break contracts.

Some groups have lost faith in Uganda's government, which could damage the oil company's popularity. Albertine residents dispute the government's commitment to the region's development and oil studies.

The pre-oil operation's genuine effects on the neighbourhood may differ from expectations, provoking objections. No one knew what oil entailed, but everyone approved. Because most locals work in agriculture and fishing, pre-oil actions like clearing land or relocating residents may not be expected. People may protest when they see the harm.

5.4 Recommendation

Mitigation strategies should include using oil practises that affect the least feasible surface area. Controlling air, land, surface, and ground water pollution, promoting social and cultural features of moved villages, etc. are other mitigating methods. Unavoidable negative effects should be compensated by improving infrastructure and microcredit services. These changes are needed. These efforts are a type of compensation for damages that cannot be minimised, such as changing the landscape, destroying cultural or emotive values, and disrupting the community's way of life.

The community will suffer from pre-oil societal impacts. Relocation, job loss, and repercussions on cultural and aesthetic resources are implications. As farmers are unlikely to find immediate work, the oil company should offer direct or indirect jobs to lessen poverty in the neighbourhood.

Since Uganda has several languages, it may be difficult for community members, especially senior people, to learn a new one. The corporation needs a liaison person to communicate with the community regarding oil sands oil and its effects.

Officers must be literate, local, and fluent in the local language. This guarantees they can properly speak with locals about the oil project and its ramifications. The liaison officer may use anthropologists' and sociologists' data and insights to better understand the communities.

As said, agriculture and fishing supply much of the villages' daily revenue. In Albertine, most people are farmers and fisherman. Unchecked oil exploration pollution led to violence and community protests, which affected interactions between local inhabitants and oil and gas businesses. Communities like those in this article must have access to factual information that describes the potential repercussions of oil in language they can understand. They won't be surprised if unfavourable repercussions suddenly affect their life.

For the agreement to be successful, both the business and the community must uphold their end. The IOC must not provide advantages to bribe communities into accepting anything it wants to do and whatever harm oil will cause. Instead, the corporation must be eager to improve

the local population's living level, which will create peaceful cohabitation and collaboration and ensure the oil operation goes well.

For the project to be beneficial, the company must have economic legitimacy. Also, show that past advantages offer a variety of opportunities. The oil company must be able to make and keep a positive commitment to the local community. The benefits will be implemented based on the community's direction.

Company representatives must keep open lines of communication with community members to identify cultural concerns. When making decisions, oil companies should prioritise community needs. The oil corporation must work with the community to acquire its trust and maintain its credibility; if its credibility is undermined, its reputation will suffer. Mistrust costs more than gaining the community's trust. Trust is vital for oil's social approval.

An accurate economic and environmental study is needed to determine which regions will be affected by pre-oil. Should be done is a technical description of available land (in hectares), plant types, annual income from land-based commercial operations, and landowners. This is crucial because most farmers in the three villages can't estimate their acreage.

The oil business must give appropriate offsetting compensation to replace farming benefits. All community members who own land or businesses, regardless of age or gender, should debate this matter. Before offsetting, members should negotiate. The community must avoid gluttony and not demand more than decided. Both the company and the society must identify and address excesses and faults before discontent or violence arises.

5.5 Limitations of the study

There is a limitation in as far as the availability of relevant published literature to the study is concerned. Even the limited relevant ones are subject to pertinent restrictions to cite that require payments and institutional subscriptions for one to access such texts. The researcher mitigated this challenge by accessing relevant journals through a link provided by the University Library. The researcher was also in position of subscribing to some of the freely accessible and reputable open access journals for example ResearchGate and Academia.org

5.6 Suggestions for Further Study

Further research should be conducted to ascertain why Uganda needs a legislative instrument to regulate IOCs attaining SOLs in Uganda's Oil and Gas industry. This research should assess the need and relevance of such a law in Uganda.

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