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## **PRESS RELEASE**

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### **Uganda names companies shortlisted for next round of oil bids: Global Witness response**

The Government of Uganda's decision to publish the companies shortlisted to bid for its latest round of oil contracts is an important step forward for transparency in the country, said Global Witness today. However, the organisation highlighted the need to carefully scrutinise companies' environmental and social records, especially given the sensitive nature of the regions in which the contracts are being awarded.

The country is opening up six new oil blocks in protected areas, including the Ngaji block on Lake Edward which borders Virunga National Park, a UNESCO world Heritage site in the Democratic Republic of Congo. This makes choosing the right companies all the more important.

"Publishing the list of bidders is a welcome first step toward securing the right deal and maintaining the trust of the public – but it's just one step. We have grave concerns about drilling for oil in environmentally sensitive areas like Lake Edward, which has seen a global campaign to protect Virunga National Park from such activity. The decision to allow drilling on the Ugandan side of the lake seriously undermines these efforts," said George Boden, campaigner at Global Witness.

"Given that all the blocks overlap with environmentally protected areas the Government must at a minimum publish information on the criteria for selecting companies - including what their environmental and social track record looks like. It should also publish the true owners of these companies and the contracts they sign so that the public can see what kind of deals the Government has negotiated and who will benefit from them," he added.

"The bid round is due to commence in nine days but the Government has not yet published its new template contract, finalised regulations for the sector or established the Petroleum Authority which is supposed to oversee the bidding processes. The Government should make sure that these steps are taken before bidding commences so that Ugandan's can have faith in the process," added Boden.

#### **The companies in question:**

The Government has shortlisted all but three of the original list of companies which had expressed an interest in bidding. They are: Atlas Petroleum, from Nigeria, which is the sister company of Oronto Petroleum which is still on the list; PTTEP the Thai state owned oil company and Dragon oil from the UAE which is listed on the London Stock Exchange. It is unclear why the last two, which both have international operations, have been dropped from the list.

- Global Witness has questions about some of the companies on the shortlisted as detailed below. In order to answer these questions the Government should clearly spell out the selection criteria for the companies they have chosen, their environmental and social track record and who ultimately owns them so that Ugandans can have faith in the management of the oil sector.

- In 2007, Oranto's Chairman, Prince Arthur Eze, authorised a payment to Liberian Parliamentary officials, which was deemed by the Liberian Auditor General to be a bribe paid in order to secure an oil contract. In a letter received by us from Oranto's lawyers they accept that Prince Arthur Eze did authorise a payment of US\$1,500 dollars to parliamentary officials but stated that the payment was not a bribe, that it was never intended to influence the awarding of contracts, and that it was in fact never made. The Ugandan Government should carry out careful due diligence on all companies selected for bidding.
- Africa Global Resources, the Russian joint venture on the list, includes Telconet Capital Partnership Ltd. This company is registered in the Cayman Islands with no public ownership information, making it difficult to know who would benefit if they won the rights to an oil block. According to a share offering document from November 2012 Telconet is 50% owned by Sergei Adionev. In 1998, he was convicted of fraud in the US, ordered to pay restitution of four million dollars to the Government of Kazakhstan, and sentenced to 30 months in prison. As the ownership of Telconet is currently unclear Global Witness calls on the Government of Uganda to release details of the final beneficial owners of all companies involved in the bidding process.
- Another member of the consortium, RT Global Resources, is a wholly owned subsidiary of giant state owned Russian arms and industrial company Rostec whose CEO, reported to be a former KGB officer and close associate of Putin,<sup>1</sup> is on the EU and US sanctions list. Both RT Global Resources and Telconet are also involved in the consortium which was selected as the preferred bidder for the refinery deal. Rostec's subsidiary Rosoboronexport has a monopoly on all Russian state arms exports and is responsible for 85% of all Russian arms exports. In 2011, Uganda bought six fighter jets from the company estimated to be worth over US\$700 million. The country has also bought 44 T90S tanks from the same company. The Ugandan Government should clarify whether there is any relationship between the refinery deal, the upstream bidding round or arms deals.
- Glint Energy LLC from the USA was incorporated on the 29<sup>th</sup> of May 2009 but on the 13<sup>th</sup> of May 2011 the company was forfeited for failure to file a tax return and/or pay state franchise tax. It was only reinstated on the 16<sup>th</sup> of July 2015. It is unclear from its website whether Glint has any active oil licences and therefore whether the company has the expertise to explore for oil. The Government of Uganda should make detailed information available about the selection criteria for all companies on the shortlist.

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<sup>1</sup> Russia under Putin: *The making of the neo-KGB state*, The Economist 23 August 2007.  
<http://www.economist.com/node/9682621>