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**SHIFTING SANDS:
OIL EXPLORATION IN THE RIFT VALLEY AND THE
CONGO CONFLICT**

A Pole Institute Report
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PREFACE

The Congolese population has seen foreign interests come and go, in many cases leaving suffering and desolation behind. Born out of greed and ambition of the Belgian king Leopold II, the Congo has never disenfranchised itself from this status as an area to be exploited for its natural wealth, „un Congo des comptoirs“. Today, the prospect of oil in the Semliki valley on the border of Uganda and Congo could yet be another such adventure if not well handled.

This is of great concern to the populations of the region. Within a month of the signature of the first memorandum of understanding between Heritage Oil and Joseph Kabila in June 2002, Pole Institute discussed the first international press report on the issue - written by the author of the present report, Dominic Johnson - with the Barza Intercommunautaire, a forum of elders representing all eight ethnic communities of Northern Kivu province. The first discussion with the latter forum took place on 9th July. Here are some of the first views the elders of Goma expressed:

- „I was shaken when I read the text. It is not only the volcano which can bring us bereavement, our natural environment can also be bereaved from us“
- „As ethnic communities we feel powerless. We can only bear the consequences. If our country was united under a single parliament, the latter could prove the only weapon to oppose such an agreement“
- „We can see war coming on the horizon. Our immediate thought is to think that once again our local ethnic groups are out to fight one another“
- „Multinationals decide for us. In entertaining local insecurity and internal ethnic clashes in Ituri, this could justify foreign troops' intervention. But who is going to pay the price? Of course our local population“
- „When I saw the map of the concession granted to Heritage Oil, this helped me understand the Barihima phenomenon. Barihima could be another Roger Lumbala and his Bafwasende“
- „When there is profit to gain on the border of two neighbouring countries, the exploitation of the resource ought to be a joint venture involving both parties. The prospect of oil in Semliki valley should strengthen the relationship between us and our neighbours and not bring us wars and suffering“
- „What can we do to protect us against these rapacious multinationals or else limit the damage?“

These concerns led Pole Institute to undertake research into the issue in order to understand better what is at stake. Our research found a paradox. Not a single drop of oil has yet come up on either the Ugandan or the Congolese side of the valley. The present work of Heritage Oil is exploratory and even if successful it will take a lot of time before moving into development and production phase. But unfortunately the human cost has not waited to manifest itself. Ituri in North-Eastern Congo, already home to some of the worst massacres and horrors in the Congo crisis, is in process of becoming a new battlefield for regional and international interests.

The fall of Ituri's main city Bunia to the Ugandan army on 6 March 2003 could signal the beginning of the heaviest fighting the entire region has seen so far. While Uganda is set to try and keep control of the region, the ousted rebel movement UPC of Thomas Lubanga and his ally RCD/Goma supported by Rwanda have not yet said their last word.

The present report is not so much about an oil hunch in the Semliki valley. It concentrates on laying out the complex and volatile context in which the entire venture is inscribed. As one elder in Goma said: What can we do to limit the damage and what could be done so that Congolese population start enjoying the dividend of their rich natural environment instead of paying the heaviest price for it?

The report was written by Dominic Johnson, journalist and associate researcher of Pole Institute. Research for this report was undertaken jointly by the author, Pole Institute director Aloys Tegera and Pole Institute researcher Sofia Mikolo during a field trip to Uganda at the end of January 2003. Subsequently, the author visited parts of Eastern DRC concerned by the oil issue and also carried out further investigations in his capacity as Africa Editor of the German daily Die Tageszeitung (taz).

Aloys Tegera
Goma 13 March 2003

INTRODUCTION

The conflicts in the Great Lakes region have arrived at a critical juncture. Hopes raised in the Democratic Republic of Congo by the signature of a peace agreement in Pretoria on 16 December 2002 have been tempered by delays in the agreement's implementation and renewed fighting in the East of the country. While Burundi is torn between continued war and a peace process, Rwanda is approaching a crucial round of elections and Uganda is hesitating on the verge of political reforms. Alliances and loyalties between and within political groupings and warring factions are shifting continuously, reflecting growing uncertainty.

In this situation, a new business sector has come into regional focus with a potentially far-reaching impacts. Oil exploration by the Canadian firm Heritage Oil has begun in Western Uganda and appears imminent in Eastern Congo. The possibility that the world's most capital-intensive extractive industries may enter one of the world's most complex conflict areas radically changes prospects of economic reconstruction. Business and investment opportunities in the region may be transformed - however, by enhancing the economic value of disputed territories and by straining already tense political situations, political and military rivalries may be exacerbated. The intensification of war in Ituri in recent weeks, which at least one of the parties concerned has linked directly to oil interests, appears as a warning signal. Thus as economic prospects for the Great Lakes region appear to brighten, political prospects may dim. The examination of these processes is the object of this study.

1 THE CONTEXT OF OIL EXPLORATION IN THE RIFT VALLEY

1.1 WHY LOOK FOR OIL IN THE GREAT LAKES?

Africa's growing importance in the global oil industry

Africa is becoming increasingly interesting for the global oil industry. World consumption of oil products is projected to rise from around 70 million barrels per day today to 120 million by 2030 – a rise of 55%. While two thirds of known global oil reserves are in the Middle East, production there would have to be doubled to satisfy the rise in demand, and this would increase global dependence on that part of the world to a politically unacceptable level. Thus the major international oil companies are currently engaged in finding new sources of oil.

Here Africa is in the forefront. Currently the continent provides 11% of world oil production, 14.3% of US oil imports and 23.1% of Western Europe's, according to British Petroleum figures for 2002. US imports are due to rise substantially, and US experts estimate that Africa will provide a quarter of US oil imports by 2025. At the beginning of 2002, Africa produced 7.8 million barrels a day, of which sub-Saharan Africa produced 3.8 million; Nigeria was the biggest producer with 2.15 million followed by Angola with 731,000 and Gabon with 301,000, although these official figures are assumed to be too low. African production is due to rise to 10 million barrels a day within five years.

Sub-Saharan Africa's oil production is concentrated in the Gulf of Guinea, in a belt of countries stretching from Nigeria to Angola and encompassing Sao Tome, Cameroon, Equatorial Guinea, Gabon, Congo-Brazzaville and the Democratic Republic of Congo. Known reserves in this region stand at 90 billion barrels. The region's importance surpasses the size of its reserves due to its assumed huge exploration potential. Gene Van Dyke, director of Vanco Energy, told "Jeune Afrique" in December 2002: "The success rate of exploratory drilling is around 50% in West Africa, whereas it is only around 10% in the rest of the world. And 50 to 60% of test drills lead to the discovery of wells with a capacity of more than 100 million barrels". The United States are planning to invest \$35 billion in this region over the next five years. Most new development is expected offshore, especially in the waters of Angola, Equatorial Guinea and Sao Tome. The latter country is currently being touted as a possible site for a US military base while Angola is the leading regional military power closely allied to the United States.

Beyond this region, other parts of Africa are attracting increasing attention. Sudan is becoming a major oil producer, principally in partnership with Asian oil companies. Chad is due to produce its first crude oil in the course of 2003; a pipeline to the Cameroonian port of Kribi has been completed, which together with oil exploration in Southern Chad was the biggest single private foreign investment in Sub-Saharan Africa in recent years.

Oil explorers are assuming that huge reserves lie in a belt stretching from Niger through the South of Chad and the Central African Republic into Southern Sudan, North-Eastern Congo and Western Uganda. Oil exploitation in this area would be very expensive due to the remoteness of the region and its distance from ports and refineries. Landlocked Central Africa also happens to be a belt of insecurity, which may or may not be linked to the fact that nevertheless a host of small oil companies are starting to become active.

It makes economic sense to acquire production licences in such regions even before they become economically important. Small companies can today acquire exploration licences and concessions in this part of Africa on advantageous terms and sell them later at a huge profit if they strike oil while global demand continues to rise.. The Democratic Republic of Congo provides an example of this. Since 1976 the country has been a minor oil producer in its own right, with production down from around 30,000 barrels per day in the 90s to around 25,000 today – 10,707 million barrels were produced in 1996, 8,469 million in 2000 and 9.38 million in 2001. The state company Cohydro (La Congolaise des Hydrocarbures), founded 1999 as successor of PetroCongo (Entreprise Pétrolière du Congo), is responsible for all activities. It runs an offshore concession off the DRC's 22-kilometre stretch of Atlantic Ocean coastline at Moanda, operated by a consortium led by the US firm Chevron, where production was due to rise to 21,000 barrels per day by 2001. On 21 November 2001 the Polish firm "King and King" announced investment of \$750 million over ten years in this area.

An onshore concession in the Congo River estuary is exploited by the consortium CongoP (Société de Recherche et d'Exploitation des Pétroles au Congo). Led until 1999 by Shell and since then by the small company Ocelot International, production here was due to double to over 16.000 barrels per day by 2002. TotalFinaElf, heir of the former French state oil company Elf-Aquitaine and one of the world's major oil companies, is now beginning to get interested in developing onshore oil production.

Energy crisis in the Great Lakes Region

The economy of the Great Lakes region is characterised by a shortage of indigenous energy sources and highly skewed relationships of dependency regarding energy imports. Currently the majority of the population of Eastern DRC, Rwanda, Burundi and Uganda as well as of the rest of East Africa relies on bio-fuels such as wood and animal waste. Less than 10 % of the population has access to electricity. The region is thus heavily dependent on oil imports.

These structure power and business relationships across borders as they come almost exclusively via a single route: from the Kenyan port of Mombasa on the Indian Ocean through Kenya - a pipeline runs from Mombasa past Nairobi to Eldoret - and then onwards to Uganda, from where they are distributed southwards to Rwanda and Burundi and parts of DRC or westwards to other parts of DRC. Increasing distance from Mombasa increases vulnerability and dependence. Rwanda, Burundi and Eastern DRC are especially vulnerable, depending for transit on Uganda which in turn depends on Kenya. This imbalance of power is valid not only for energy but for most external trade.

In 2001, East Africa and the Great Lakes countries consumed 84.000 barrels of oil equivalent per day. Almost all of this was imported in crude form. Oil consumption in 2002 was estimated at 7.000 barrels per day in Uganda, 5.000 in Rwanda and 2.000 in Burundi. It may be assumed that the figures for Eastern DRC are much lower and probably included in the official Ugandan and Rwandan statistics.

Oil processing capacity in the region is in theory 104.900 barrels per day - 90.000 in Mombasa (Kenya) and 14.900 in Daressalaam (Tanzania). The Mombasa refinery has however for years been operating at less than two-thirds capacity following wrangles over modernisation and divestment plans. The Daressalam refinery was closed in 1999, a measure then said to be temporary. Thus real capacity remains below demand.

The situation is especially absurd in the Democratic Republic of Congo. There is an oil refinery near the Atlantic port of Matadi with a theoretical capacity of 15.000 barrels per day, currently operating at 50% capacity. It used to be jointly owned by the government and the Italian oil company Agip, which in 1999 sold its interest to the Angolan state oil company Sonangol. The refinery is of the wrong kind to refine the crude oil found in DRC and uses Nigerian imports, guaranteeing permanent import dependence which keeps traders in business. DRC oil exports are according to the government used to finance imports for the refinery.

Due to the war, the DRC's previous system of distribution of finished products by barge along the Congo river is no longer functioning. However, the re-opening of the river being encouraged by the UN might change this. A disused pipeline runs from Kisangani to Walikale. In theory this would allow oil supplies to reach Eastern Congo once fluvial transport runs smoothly and the road from Walikale to Goma, currently being rebuilt by the German aid organisation AAA (Agro Action Allemande), is finished. However, this region has been a war zone for years. AAA's Roadworks westwards beyond Masisi are on hold due to attacks by Rwandan Interahamwe militia who also control the town of Walikale and its airstrip; this is used as a logistical base for militia activities elsewhere in Eastern Congo.

As long as this situation continues, Eastern DRC is entirely dependent on its Eastern neighbours who have too little oil themselves. The malfunctioning of the Mombasa refinery in Kenya causes repeated shortages which are regularly passed on to the countries at the end of the line and thus hit Rwanda, Burundi and Eastern DRC hardest. It also necessitates the import of more expensive refined products, pushing up prices and encouraging smuggling. A projected extension of the Kenyan pipeline to Uganda, agreed by the Kenyan and Ugandan governments in 1999, has not yet left the planning stage. It would have a capacity of 16.500 barrels per day, which would be sufficient for the current needs of the Great Lakes region.

There are several options for changing this state of affairs. One is to increase regional electricity generating capacity - currently Uganda has capacity of 280 MW, Burundi 49 MW and Rwanda 30 MW. Most of this comes from hydro-electric plants. In this field there is significant development potential. The projected Bujagali dam in Uganda on the Nile near Lake Victoria would, if constructed, be the biggest single investment project in the whole of East Africa with a generating capacity of at least 250 MW and possibly up to 2.000. It is at present on

hold because of environmental objections. Even in the war zones of North Kivu various hydro-electric power projects are being built with generating capacities of a few megawatts each. They provide the groundwork for any integrated future programme of rural or urban electrification.

Another option is the development of indigenous oil reserves, which since colonial times have been assumed to exist in the Rift Valley along Lakes Albert, Edward and possibly Kivu and Tanganyika, in addition to offshore deposits currently awaiting development off the coast of Tanzania. Their discovery and development would, however, necessitate large capital outlays and long-term investment programmes, and it is improbable that anyone would commit money on this scale without the guarantee of political stability.

1.2 WHO IS HERITAGE OIL?

Since last year, the possibility has emerged that oil exploration could happen even without the end of war. The Canadian-British firm Heritage Oil commenced exploration in Western Ugandan and acquired an oil concession in Eastern Congo from the DRC government. This attracted international attention because of what Heritage Oil itself calls its particular “risk profile” and what critics call its mercenary history. It appeared to some that Heritage Oil, through the very special experience of its director Tony Buckingham in African conflict zones, was the perfect candidate to start a new resource war in the Great Lakes region – with much higher stakes than previous resource wars due to the financial commitments involved.

Heritage Oil & Gas was founded in 1992 and is listed on the Toronto Stock Exchange as HOC.A. It is “an oil exploration and production company listed in Toronto with a strong British shareholder base”, according to a report by Jefferies consultants of 11 June 2002. “It holds high-potential oil assets in Congo (Brazzaville) and Uganda, as well as a 10% minority stake in Oman.” It once held joint interests in Angola together with Ranger Oil, but the oil fields there were scheduled to be closed in 2001 and 2002.

Compared to the large multinational oil companies, the activities of Heritage Oil are tiny. According to its Interim Report for the 3rd Quarter of 2002, average daily production from January to September 2002 was 583 barrels. However, the firm sees itself in a phase of major expansion. According to the Annual Report 2001, “net oil/oil equivalent production rose 24 % during 2001 compared to 2000” and “oil and gas revenues increased by 11% to US\$3.6 million in 2001”. The year also “saw a significant rise in net reserves, with proved reserves up 150% to 5.2 million barrels of oil equivalent and probable reserves rising 84% to 9.3 million barrels”. Since 1999 “the Corporation's proved and risked probable reserves have increased by 12 times, all through exploration”.

Founder and director of Heritage Oil & Gas is Tony Buckingham who also controls the majority share. “Heritage is owned 55% (after full dilution of stock options) by Albion Energy, a company whose principal beneficiary is Tony Buckingham”, the report by Jefferies consultants says. Tony Buckingham “has had a wide experience of business in Africa and the Middle East which included providing advice to Governments on military security”. According to many sources, he was closely linked to the South African mercenary company Executive Outcomes (EO), the prototype of what have come to be called “Private Military Companies”. In a report titled “Marketing the New Dogs of War” (October 2002), the Washington-based Center for Public Integrity (CPI) says that Buckingham's career in the oil industry began with the Canadian firm Ranger Oil. Later he founded Heritage Oil, based in London in the same offices as a range of other companies whose activities included “oil, gold and diamond mining, a chartered accountancy practice, and offshore financial management services. To this, they would add military ground and aviation companies.”

According to the firm itself, “Heritage acquired a strategic interest in Angola in 1992 by assisting Ranger Oil with its acquisition of offshore Block 4”. According to Philippe Chapeau and Francois Misser in their book “Mercenaires S.A.”, in October 1992 Buckingham approached EO founder Eeben Barlow, a former Lt-Col of the South African army, to provide men to protect Ranger's oil installations in Soyo, Angola. EO sent men of the dissolved 32th Bataillon of the South African army which in the 80s had already fought in Angola. They drove Unita rebels away from Soyo and were then given a contract worth US\$ 30 million by the Angolan government, in exchange for concessions to Ranger and Heritage.

The CPI study gives a slightly different account: When in May 1993 Angolan Unita rebels seized Heritage Oil's installations in Soyo “the Angolan government asked for more mercenary help. Their request was directed to Ranger Oil, which ran Angola's offshore oilfields. The approach led Buckingham to hire what had been up to

that time an exclusively South African mercenary group, Executive Outcomes. According to a classified 1995 British Defense Intelligence Staff (DIS) report, Ranger then gave Buckingham and Mann a \$30 million contract to set up a defense force. On Sept. 7, 1993, according to the intelligence report, Mann and Buckingham registered Executive Outcomes as a U.K. company to run the joint venture with the South African EO.”

Executive Outcomes was successful in Angola and later in Sierra Leone, and, CPI continues, “as its activities became increasingly controversial in the mid 1990s, EO blended into Sandline International. The companies operated from the same glitzy, glass-fronted offices Buckingham maintained in King's Road, Chelsea. The military companies operated interchangeably, within the premises operated by Heritage Oil and Gas, and Branch Energy, the oil and mineral companies run by Buckingham.”

Branch Energy, according to Chapleau and Misser, secured gold concessions in Uganda and diamond concessions in Sierra Leone in exchange for EO help for the respective governments in securing the areas. On Uganda, Chapleau and Misser write: “EO protects Branch's gold concession in Kidepo National Park against LRA rebels. To secure its investment, Branch ceded a 25% share to President Museveni's half-brother, Major-General Caleb Akwandwanaho, who coincidentally owns 45% of the EO subsidiary Saracen Uganda”. Caleb Akwandwanaho is better known as Salim Saleh and occupies a prominent position in the latest UN Panel report on the illegal exploitation of the natural resources of the DR Congo.

According to the “Global Policy Forum” in a report of 5 June 2001, Salim Saleh is shareholder of Catalyst Corporation (Canada) which holds substantial gold reserves in North-Eastern Uganda and has taken over an adjacent concession from Branch Energy. “There have also been reports of links between Saleh and Barrick Gold Corporation which reportedly subcontracted Saleh's Caleb International to exploit deposits in Eastern DRC”, the report adds. There are many reports of the collusion of UPDF officers and generals in exploiting the gold reserves of Kilo-Moto in North-Eastern Congo. The Global Policy Forum report further adds that one of the owners of Heritage Oil is Bryan Artwood, chairman of the Uganda Chamber of Mines.

It must be stressed that this history can in no way be held against Heritage Oil's exploration activities and plans in Uganda and Congo. The experience in securing Angolan oilfields in times of war might on the contrary be regarded as a crucial asset in getting investment started in a war zone without waiting for an elusive peace. Presumably, no other international oil firm would envisage working in such a high-risk area.

Heritage Oil sees itself as a trail-blazer, opening up an unstable area for investors and thus for development. Its representatives strongly object to any suggestion that they might resort to mercenary outfits in the Great Lakes, and point out that they would cease work if security worsens - but that according to the contracts they need to have started exploration in order to be able to stop without being accused of breach of contract. “Once you have started, you can declare force majeure”, Heritage's Uganda director Bryan Westwood told Pole Institute. Heritage CEO Michael Wood told this researcher: “Heritage may have a different risk profile to some other oil companies, but we are responsible operator as well as being a public company. Thus we are not going to place personnel or assets in a position of unacceptable risk.”

2 OIL IN UGANDA

2.1 EXPLORATION IN SEMLIKI VALLEY

The “Albert Graben”, as the portion of the Rift Valley around Lake Albert on the Ugandan-Congolese border is known, including Lake Albert and the Semliki river valley, is regarded as the most promising sector for oil exploration in the Rift Valley. Shell Oil conducted the first ever exploration there in 1938. Uganda's government divided the Ugandan side of the area into five exploration zones following aerial surveys in the 80s and magnetic surveys in the early 90s.

Two of the blocks have been taken up. Hardman Petroleum from Australia has Block 2, from which it had withdrawn in 1997 but for which it signed again on 10 October 2001 in a joint venture with Energy Africa from South Africa. The main player in the region's oil exploration prospects, however, is Heritage Oil. It acquired Block 3 in January 1997 and is the only firm to have moved to the drilling stage. It also acquired an exclusive exploration zone in Eastern DRC in June 2001 straddling the entire length of Uganda's Western border, thus enabling it to work in the whole of Lake Albert and on both sides of the Semliki river.

Seismic surveys were carried out by the companies themselves in the late 90s. According to Jefferies consultants in their report of December 2002: “The Albert Graben has the geological potential to be a major oil production basin but is at present very under-explored. In 1998, Heritage Oil shot 170 kilometres of 2D seismic over the basin and has identified several prospects, the most interesting of which is a large structure, the Semliki prospect, which appears from seismic to have the potential to contain a giant oilfield. Heritage Oil estimates that there are two main exploration targets in the Semliki prospect, the Kisegi and the Nyaburogo formations. Estimates of potential recoverable resources from Monte Carlo simulation in the Kisegi Formation lie between 160 to 450 million barrels and in the Nyaburogo Formation between 172 and 546 million barrels.”

This is the basis for the widely quoted figure of a potential of 1 billion barrels of oil reserves which have excited enthusiasm in Uganda, raising hopes of ending the country's dependence on oil imports and even of potentially turning Uganda into an oil exporter. Heritage's Annual Report 2001 says: “Projected field sizes of several hundred million barrels will justify construction of a pipeline to Mombasa.” Heritage CEO Michael Wood told the Ugandan daily New Vision on 28 March 2002: “We want to turn Uganda into the Kuwait of Africa.” Drilling began on 27 September 2002, later than planned. Heritage Oil does not have drilling capacity of its own and spent a long time looking for a partner. In 2001 Heritage Oil failed to reach a compromise with the Chinese firm ZEP on a joint drilling contract and subsequently, in August 2001, formed the joint drilling company “Eagle Drill” together with Energy Africa, giving each 50 %. Energy Africa, another company whose origins lie in the South African Executive Outcomes nexus, supplied a drilling rig from South Africa, a land rig previously used in Australia. It is thus involved in both active blocks in Uganda.

Bryan Westwood, Uganda director of Heritage, told New Vision (10 September 2001) that seismic tests would go on for about 70 days and that experts from IMC Geophysics would carry out additional surveys over 200 square kilometres to find the optimal drilling location before the arrival of the rig. According to Ugandan Petroleum Commissioner Reuben Kashambuzi (New Vision, 8 December 2001), the area was later increased to 240 square kilometres.

The drilling joint venture “Eagle Drill” was presented as a major step forward by Heritage Oil. “The initial use of the rig in Uganda will enable the work programme in Block 3 to proceed as planned in a cost-effective and environmentally sensitive manner”, the firm's Annual Report 2001 said. “Also, Heritage sees the deployment of this rig in the future as a significant asset not only in relationship to the development of its other licences, particularly in Africa, but also potentially enabling Heritage to exploit attractive niche opportunities to expand its new venture business”. The interim report for the 2nd Quarter 2002 adds: “Heritage, as operator of the Uganda project, has demonstrated its ability to undertake advanced frontier exploration operations in remote and logistically challenging locations in a cost-effective and environmentally sensitive manner.”

The rig arrived in containers in Mombasa and was transported in 156 truckloads to Kampala for storage and checking. It stayed there until June 2002 when it was moved to Bundibugyo, after road widening on the mountain road leading to this westernmost Ugandan district behind the Rwenzori mountains.

The start of drilling had originally been planned for March 2002 but was delayed for several reasons, some connected with the terrorist attacks of 11 September 2001 which made it difficult afterwards to acquire explosives, others connected to heavy rains in the region. Drilling was then announced for 1 August and eventually began on 27 September in the so-called "Turaco-1" well outside the village of Rwebisengo close to the Semliki river. According to a report in the Ugandan daily *New Vision* (27 October 2002), the site was guarded by the private security firm "Saracen", partly owned by the Ugandan president's half-brother Salim Saleh.

The rig was due to hit a secondary target first at a depth of 1200 metres and then the main target at 2500 metres after approximately 45 days. This did not happen. Instead, on 30 January 2003 Heritage Oil announced the suspension of drilling in Uganda. "The Turaco-1 well located in Block 3, Uganda, has been drilled to a total depth of 2487 metres and is being temporarily suspended", the firm said. "The data from the well are being analysed and the Corporation intends to make a further announcement in due course." The analysis was expected to take about four months.

The day before the suspension announcement, Heritage's Uganda director Bryan Westwood had already told Pole Institute at a meeting in Kampala that there had been "no significant find at this stage". He added: "We think there is a one in ten chance that there is something". Yet another day earlier, the Ugandan government's deputy petroleum commissioner Fred Rugundo had told Pole Institute in what might have been a display of preventive pessimism: "If we had found something, we would downplay it. You are supposed to operate pessimistically to avoid surprises. But we haven't yet reached the phase of downplay and pessimism. It's still frontier area exploration." Bryan Westwood was more straightforward: "It would be stupid not to announce a find", he said. It may thus be safely assumed that nothing has been found yet.

A second well could according to Westwood be drilled in the vicinity of Turaco-1, perhaps just 100 metres away. This could be done by the end of 2004. "If we don't find anything by the second well, we'll walk away and cut our losses", Westwood warned, making it clear that Heritage Oil does not intend to commit itself to Uganda unconditionally.

While the beginning of oil drilling had been given front-page headline treatment in the Ugandan press, the suspension was only reported as a brief news item. It is unlikely that the suspension is in the interest of the Ugandan government, which among other things is participating in an East African Petroleum Conference in Nairobi at the beginning of March and has scheduled a guided tour of the Heritage drilling area for 8-10 March in order to whet investors' appetites for the region.

2.2 HOPES AND GRIEVANCES IN TORO KINGDOM

Batoro and Bakonzo

The prospect of oil being struck in Uganda has caused a lot of excitement in the country. The government itself repeatedly spoke of the possibility of import savings in the region of a billion dollars a year, freeing much needed foreign exchange, and even of the possibility of Uganda becoming a net oil exporter. Western Uganda is bracing itself for economic development. Here, the prospect of oil coupled with the prospect of a definite end to the region's ADF (Allied Democratic Forces) rebellion has raised great hopes.

Western Uganda is the home of the Toro kingdom, a traditional monarchy whose history goes back to the around 1820, when Prince Kaboyo of the powerful Bunyoro kingdom seceded and formed his own kingdom based on an alliance between the Bakonzo hill farmers of the Kasese region of Rwenzori and the Batoro people of the lower-lying land to the East. The kingdom was re-annexed by Bunyoro but regained its independence in 1891 at the start of British colonial penetration, being recreated by the British Capt. Frederick Lugard as part of his strategy to defeat Bunyoro and prevent German-Belgian penetration of the area from Rwanda and Congo. Butoro, ruled by the Babito royal clan like Bunyoro, became a client kingdom within the Uganda Protectorate. All Uganda's kingdoms were abolished in 1966 shortly after independence and restored by president Yoweri Museveni in 1994.

Traditionally, Toro has been the most docile of the Ugandan kingdoms, rarely questioning government policy. One reason for this is that the Ugandan government and the Batoro establishment have a joint interest in countering secessionist demands by the Bakonzo, who have repeatedly rebelled against their incorporation into

Toro together with the Bamba living on the far side of Rwenzori. On Uganda's independence in 1962, the Bakonzo members of the Toro royal court were arrested and their demands for linguistic and other forms of autonomy ignored. There followed stirrings of armed revolt for a "Rwenzururu kingdom" consisting of the present districts of Kasese and Bundibugyo. In the 1980s, Bakonzo leaders supported the then minor guerrilla leader Yoweri Museveni. He became president in 1986 but failed to fulfil his allies' expectations.

When Museveni reinstated the Toro monarchy in 1994 in its old form, ignoring Bakonzo autonomy demands, the "Rwenzururu agitation" turned violent again and led to the formation of the rebel movement ADF (Allied Democratic Forces), based in the Rwenzori mountains. The ADF war turned into a major civil conflict in Uganda for several years. At its height in the late 90s, it caused thousands of casualties and displaced hundreds of thousands of people around Rwenzori, and it was one of the reasons for Uganda to send its army into Congo, first against Mobutu 1996 and then against Laurent Kabila.

In 2001, the ADF appeared to have been finally defeated. Most IDPs have returned to their homes since the summer of 2002, according to UN sources. Local aid workers speak of 80,000 IDPs remaining in the mountains. Insecurity is largely a thing of the past and only small remnants of armed groups are said to remain in Rwenzori. Agitation shifted from violence to politics during the campaign for the presidential elections of March 2001, when opposition candidate Kiiiza Besigye promised to support the Bakonzo grievances. Following his defeat, agitation was greatest in the Bakonzo heartland of Kasese, which boasts a much lower level of development than the Toro capital Fort Portal.

The ADF war and Bakonzo dissatisfaction are important because the oil exploration area is part of Bundibugyo district. It should be noted that the Bakonzo are generally regarded as belonging to the same ethnic group as the Nande across the border in Eastern DRC. The Nande play a major role in the politics of North Kivu and their current rebel movement RCD-Kis/ML (Rassemblement Congolais pour la Démocratie-Kisangani/Mouvement de Libération) is currently the major ally of the Kinshasa government in the area, which is also interested in developing the oil reserves of the region. The oil exploration area itself is however populated by Hema, another ethnic group also to be found in Congo, where they control the rebel movement UPC (Union des Patriotes Congolais). The UPC is fighting a war against the RCD-ML. This could complicate relations between the two ethnic groups on the Ugandan side also. Oil development in the Hema area of Toro would increase the development gap between the Toro heartland and the Bakonzo regions – and at the same time remove part of Bakonzo-claimed Bundibugyo district from Bakonzo control, binding it more closely to the Toro establishment based in the kingdom's capital Fort Portal.

Semliki in the shadow of Congo's war

Bundibugyo district is one of the remotest parts of Uganda. It lies on the Western side of the Rwenzori mountain range, which form a natural border, and is connected to the rest of Uganda only via a winding mountain road. Oil drilling is bringing this isolation to an end: The mountain road has been widened and is still being improved, a hotel has opened in the district capital Bundibugyo and MTN mobile phone masts have been erected. The UN World Food Programme WFP is, according to its Fort Portal co-ordinator Tom Ahimbisibwe, "going into a recovery programme running until 2005" for the area, including a massive school feeding programme for 60,000 pupils beginning in February 2003, a food-for-work programme for the rebuilding of roads and rural infrastructures, environmental training for farmers and special help for vulnerable sections of the population.

In the Semliki area immediately affected by oil drilling, however, potential for conflict remains great, due to the proximity of the area to Congolese war zones. Whereas on the Ugandan side the Semliki plain is a vast expanse of shrubland, marshy in the rainy season and dusty in the dry, on the Congolese side the plain is very narrow, with the steep Ituri mountains rising close to the river. On the top of the mountains lie the regions of Giti, Nyankunde and Boga - scenes of some of the bloodiest fighting in the Ituri conflicts.

Rwebisengo, the settlement closest to the oil drill, is home to several thousand Hema refugees from the other side of the Semliki river. Pole Institute met Colin Baguma, a Congolese male nurse from Boga working in Rwebisengo hospital which was founded by Congolese and is directed by the leader of the Congolese community in the town, Dr. Balikye. Baguma said that he and the others arrived in Rwebisengo in August 2002. They left Boga when the Ugandan army withdrew – "we were frightened because of the conflict between the Hema and Ngiti tribes", he said (the Ngiti are a sub-group of the Lendu ethnic group). "There was no security. We were attacked twice after the Ugandan withdrawal."

Rwebisengo area is a natural zone of refuge for Congolese Hema, being populated by Ugandan Hema of the Tuku sub-group who are cattle-keepers like their Congolese neighbours. Some Congolese have built houses or

rent houses built for them by Ugandan residents of Rwebisengo. In November 2002, the Catholic Relief Services based in Fort Portal carried out a survey of the refugee situation and estimated the number of Congolese refugees in Rwebisengo at 7,000, together with 40,000 heads of cattle. "The refugees refuse to be registered or identified for fear of resettlement", a CRS field report of 12 November notes. "As people are dependent on their animals for food and income needs, resettlement is not a good option. They move with their animals and travel with only what they can carry."

Local residents express political solidarity with the Congolese – "if we see a Lendu, we must kill him", said one – but voice economic grievances. The Congolese come over with their cattle, putting strain on the limited grazing space available. "The population is too many because of all these foreigners", resident John Kabarere told Pole Institute. The CRS field report elaborates: "The refugee population has been assimilated within the local community, staying with extended family members. The situation has put stress on the extended family causing overcrowding in the household, additional food requirements, potential for spread of animal-to-animal diseases, rise in health problems, lack of adequate water and sanitation facilities."

Oil drilling compounds this problem, according to Kabarere: "We are going to have problems with this oil. The government says that if you have cattle near where they are drilling, you have to move and find another place. But there is no place, it is full. There are many Congolese who come here with their cattle, there is not much room."

Grazing space around Rwebisengo is limited not only by the exclusion zone of Eagle Drill. A few kilometres from Rwebisengo, where the terrain begins to rise from the marshy plain, the protected area "Semliki Wildlife Reserve" begins, where grazing is forbidden. Further South, Semliki National Park begins which is essentially a Ugandan appendix to the much larger Parc National des Virunga in DRC. The protected nature of this area creates additional problems for oil exploration which would need to be resolved on a political level.

An environmental assessment for the Uganda Wildlife Authority was carried out by Ugandan consultant Yakobo Moyini of Environmental Management Associates in 2002 and concluded that environmental impacts of test drilling in the Semliki flats "are expected to be limited", but that additional drilling in the protected areas could cause damage such as "a reduction on underground fluid pressures leading to a depression (subsidence), which causes flooding during rainy season", discharges of oil and also of water and toxic chemicals used in drilling. The assessment concluded: "Uganda Wildlife Authority can basically live with the activities of the test drill. With proper mitigation measures, the damage on biodiversity in the protected areas can be minimised. On the other hand, the future of tourism in the area is likely to be impaired, but this too may be a temporary effect. The caveat on proper mitigation measures requires closer scrutiny and is premised on effective monitoring and enforcement. The greater impact of oil and gas exploration and production on biodiversity conservation and tourism is likely to come from subsequent work, particularly within Semliki Wildlife Reserve".

The lure of oil and Gaddafi

From the point of view of the Toro establishment in Fort Portal, such considerations are minor compared to the immense development hopes linked to oil exploration. Father Albert Byaruhanga, economic expert of the Roman Catholic church in the town, adviser to the monarchy and for 18 years chairman of the main Catholic hospital of Fort Portal, enumerates several projected benefits of striking oil in Semliki: the roads of Western Uganda will be modernised - currently the modernisation of the Kampala-Fort Portal road is proceeding very slowly; outside investment will be attracted; these two factors in turn will stimulate tourism; and further benefits such as electrification and the founding of a university could follow. Oil, he says, "is a catalyst. If you have a big thing happening, other things come up".

He also raises the possibility of the Toro kingdom as an institution taking a direct business interest in the oil venture. This could strengthen its hand against other economic players in the region, he estimates. For during the time of abolition large tracts of royal land were taken over by the rural population and the monarchy is still trying to find ways of getting its land back - a conflict affecting other parts of Uganda too. "The government has come out with a law protecting the squatters", Byaruhanga says, referring to the Land Reform of 1999 which effectively gave small farmers on traditional estates property rights. "You cannot get them off unless you provide them with an alternative".

Byaruhanga also notes that in the expectation of oil "some brilliant fellows are coming together to buy plots of land - government land", hoping to sell it to the oil companies eventually. Property speculation is also noted by Jefferies consultants in their December 2002 report on Heritage Oil, in which they say: "Competitive land acquisition in the area is increasing".

A special feature of the Toro kingdom - which in connection with oil could prove to be crucial - is that its royal family is closely linked to the government of Libya. The Libyan revolutionary leader Muammar al-Gaddafi is reputed to be a close personal friend of Queen Best, mother of the current Toro King Oyo, and is currently restoring the royal palace of Toro, situated on a hill just outside Fort Portal and destroyed by Idi Amin's soldiers in 1979, at great expense. Gaddafi laid a foundation stone for the new building on 14 July 2001 and construction work started in April 2002, according to the palace staff who stress that photography is forbidden "when the Arabs are around". Fort Portal also boasts a large mosque, recently expensively renovated, although there are hardly any Muslims in the town. The King himself is a member of the Church of Uganda which is part of the Anglican church - the Toro population is split roughly equally between Anglicans and Catholics.

From a local perspective, the Libyan involvement has helped to strengthen the Toro monarchy which has been in crisis for most of the time since its restoration. In 1995, shortly after the monarchy's restoration, King Kaboyo died and was replaced by his son aged three, who was crowned King Oyo Nyimba Kabamba Iguru Rukidi IV. The monarchy then became a battleground between various members of the royal family, mainly pitting Queen Mother Best, Kaboyo's widow and King Oyo's father, against her sisters-in-law, Princesses Elizabeth Bagaya and Mabel Komuntale. Princess Elizabeth's consort, Prince Charles "Happy" Kijanangoma, was shot dead in a public bar in Fort Portal on 25 March 1999 in the course of a court case in which he was defending the monarchy's business assets against the Queen Mother who wanted to disempower the deceased King's sisters. On 21 June 2000, Toro Prime Minister John Katuramu, an associate of the Queen Mother, was arrested and charged with the murder. He was sentenced to death on 12 September 2001 and is still awaiting death by hanging in Luzira prison in Kampala today. Katuramu was a major Toro business man, owning the main radio station of Western Uganda, Voice of Toro, and a coffee processing factory which was seized by bailiffs in 2000 for non-payment of debts.

Following the removal of Katuramu, Princess Bagaya appeared to have gained control of the monarchy and announced the sacking of all its office-holders at a public meeting in Fort Portal on 22 July 2000. Shortly afterwards, Queen Best struck back when she fortuitously - or on purpose - met Muammar al-Gaddafi at Uganda's independence celebrations in Kampala on 9 October. The two became friends. Thus an alliance between the King and his mother on one side and Libya on the other was born, marginalising Princess Bagaya, who as sister of the long exiled King Kaboyo had long lived in Britain and was seen as representing British interests.

King Oyo visited Libya for two weeks in the summer of 2001 and crowned Gaddafi as "Abajwara Kondo" (Defender of the Crown). In July 2001, Gaddafi visited Fort Portal for the sixth anniversary of the King's coronation; his sister has since moved to Libya for schooling, with the Ugandan press at pains to emphasise that she had not been married off. The Libyan leader is attempting to make the now ten years old King Oyo the leader of an African Traditional Rulers' Forum - yet another of the innumerable pan-African bodies with which he is trying to assert his influence on the continent.

Local sources estimate that Gaddafi's intervention saved the monarchy financially and politically; at any rate it has affirmed the power of one faction at court. It is difficult to believe that the Libyan leader is acting out of altruistic motives; on the contrary, it is not hard to imagine that Gaddafi's interest in Toro could be connected to the prospect of oil. Such an interest is not limited to Uganda. On 26 February 2003, the DRC presidency speaker Mulega Zihindula announced in Kinshasa that Joseph Kabila and Gaddafi had met in the Libyan capital Tripoli a week earlier and decided to meet again in the course of March to examine Libyan investment possibilities, among other things in the oil sector.

2.3 OIL AND UGANDA'S POLITICAL FUTURE

Thus the prospect of oil has forged a powerful nexus of interests in Uganda. It may be surmised that if Heritage or anyone else were to announce publicly that in fact there was no oil in Semliki worth exploiting, a major crisis of confidence would ensue in the region which might even lead to a rekindling of the ADF war. Already the Ugandan government is repeatedly talking of former ADF fighters, Besigye supporters and disaffected soldiers having regrouped under the direction of Rwanda in a "People's Redemption Army" (PRA) in Eastern DRC, although nobody has yet found any evidence for the PRA's existence. The PRA is variously said to be based in Rutshuru, the part of the area under control of RCD bordering Uganda, or in Garamba National Park in the North-East towards Sudan. Ugandan sources claim that the PRA is being trained by Rwanda in preparation for a war against Uganda from Congolese territory.

The supposed PRA threat serves to keep Ugandan public opinion on the edge, spreading fear of a coming war with Rwanda and legitimising the continued activities of Ugandan troops in Congo, where 700 Ugandan soldiers continue to be based in the Rwenzori border area and over 1000 on Bunia airport. It also serves to keep Ugandan politics militarised, countering pressure by political opponents of President Yoweri Museveni who wish the country to progress from the current “Movement” system into a fully-fledged “multi-party system.

Currently Uganda’s ruling NRM (National Resistance Movement), the political expression of Museveni’s former guerrilla army NRA (National Resistance Army), has instituted itself as a quasi-one party system. Political activities are only permitted within NRM, and although political parties exist and present candidates in elections, they are not allowed to organise the population or work outside NRM. In practice, “movementists” and party activists form opposing factions, identifiable as such, in parliament and other legislative bodies.

However, the presidential campaign of 2001, in which Museveni’s former doctor Kiiza Besigye stodd against the president on a platform of reforming the NRM and made a surprisingly strong showing, practically succeeded in splitting the NRM even without involving the traditional political parties. This provoked Movement hardliners to put a lid on emerging pluralist tendencies within NRM, causing Besigye’s supporters to regroup in the so-called “Reform Agenda”. NRM hardliners now stress alleged links between Besigye supporters, the PRA and the Northern Ugandan rebel movement LRA (Lord’s Resistance Army) which is currently enjoying a recrudescence of military strength in the North and is eluding attempts by the Ugandan army to destroy its rear bases in Southern Sudan.

But even if oil were to be found and Uganda’s oil dreams were to become reality, political prospects would not automatically brighten. Some observers fear that the entourage of President Museveni would present such an outcome as a personal triumph for the president who should then be allowed to remain in office indefinitely. Just a few years ago Uganda was generally expecting a gradual move to multi-partyism in time for the next elections of 2006 in which Museveni would no longer stand but hand over power to a democratically elected successor. Today, fuelled by resentment against Besigye within the Movement, there is a strong campaign from within NRM for a “third term” for Museveni, which if successful would indefinitely block Uganda’s political evolution. Experience from other African countries shows that striking oil tends to increase the personal standing of the head of state immensely, providing him with a rich source of foreign exchange and also legitimising his claim to be leading his country into a better future.

A further unresolved question is that of the future structure of the Ugandan state. This by virtue of Uganda’s peculiar political system is directly linked to the question of the future political system. Uganda is currently involved in a process of constitutional reform, in which the 1995 constitution is due to be amended or superseded – one of the preconditions for a proper multi-party system. In this process, an old question has resurfaced which already dominated the drafting of the 1995 constitution: whether Uganda should be a federal state. Currently, Uganda is governed according to a system of decentralisation, in which successive layers of local governments – identical to successive layers in the hierarchies of the ruling NRM – operate with various levels of autonomy, constitutionally equal in all parts of the country. In submissions to the Constitutional Review Commission however, the kingdoms of Uganda – Buganda, Bunyoro and Toro – have all expressed a desire to change the system to one of federalism, a demand they had already expressed in 1994/95. The Baganda royal establishment on 29 January 2003 even organised a mass demonstration through the streets of Kampala to accompany the formal deposition of their submission to the Reform Commission. With an estimated 250.000 participants it was the biggest anti-government demonstration in Uganda since Museveni’s accession to power 1986.

“Federo”, as it is popularly known, would entail the transformation of the three kingdoms from cultural institutions, as they are at present, into autonomous political entities, as they were prior to abolition 1966. It would give the institutions of the kingdoms political and judicial powers which could have economic effects. For example – this is an open wish of Buganda’s federalists – it might enable the kingdoms to recover their landed properties which were seized by the government after abolition. Much of the former royal land has since been settled by peasants, and 1998 in a Land Act the Museveni government arranged for the possibility of legalising these “squatters” property claims. The Land Act, despite as yet having little real effect, was fiercely opposed by the Baganda royal establishment and also by the other kingdoms and has strained relations between the kingdoms and central government since.

The government resists the “federo” demand on the basis that different regions of Uganda should not enjoy different levels of autonomy as this might split the country. It is also opposed to removing peasants’ property rights. Behind this loom economic conflicts. Reclaiming powers over land could also for the kingdoms entail reclaiming powers over natural resources, although this is not yet an explicit demand. Thus a strengthened Toro kingdom might consider that it owns the oil revenues from Semliki or alternatively demand concessions in other

areas. Such resource conflicts are common in other oil-producing countries such as Nigeria. They would complicate Ugandan oil development enormously. Currently Toro is too weak politically to pursue such claims, but there is no guarantee that this will remain so for ever unless outspoken figures such as former Prime Minister John Katuramu are routinely removed indefinitely.

It is thus clear that any transformation of Uganda into an oil economy would strain the Ugandan polity. The faultlines involved exist anyway, but they would become deeper, while the government already appears reluctant to address the underlying issues and would presumably become even more reluctant to do so in a situation of greater political conflict and rising economic stakes.

3 OIL IN EASTERN CONGO

3.1 KABILA'S AGREEMENT WITH HERITAGE OIL

Heritage Oil's activities are not limited to Uganda. In fact, it is possible that the firm's interest is much greater beyond the border in DR Congo. On 10 June 2002 Heritage Oil announced it had signed an agreement with the DRC government, exclusive to Heritage for several months, to develop contract terms seeking the development of oil production potential in approximately 7.7 million acres (around 30.000 square kilometres) of Eastern Congo. The firm said: "Heritage has mapped the area extensively and will spud its first well on the property later this summer."

According to the Kinshasa daily *La Référence Plus* of 26 June, the agreement was signed on 2 June by Heritage Vice-President Bryan Smith and DRC Mining Minister Simon Tuma-Waku Bawangamio. It covered i) a visit of DRC government officials to existing Heritage oil sites; ii) an agreement on further technical research; iii) preparation of a production sharing agreement; iv) finalisation of such an agreement. It was exclusive to Heritage oil for 60 days – a period which has de facto been extended indefinitely for the time being.

The agreement is politically sensitive as the Kinshasa government does not control the area in question. It is rebel territory and split between several groups, and the economically most interesting part of the concession has been the scene of some of the worst fighting in Congo's war: part of Ituri and the northern part of North Kivu. When negotiations between the Kinshasa government and Heritage Oil began, this region was under control of two Congolese rebel movements supported by Uganda: the MLC (Mouvement de Libération du Congo) of Jean-Pierre Bemba, based in Gbadolite on the border with the Central African Republic, and the RCD-Kis/ML (Rassemblement Congolais pour la Démocratie - Kisangani/Mouvement de Libération) of Mbusa Nyamwisi, based in Beni in the Northern section of North Kivu province within the oil concession. Both leaders were contacted by Heritage Oil prior to the conclusion of the concession agreement with Kinshasa and gave their consent in writing, says Bryan Westwood - Mbusa Nyamwisi confirmed this. Both movements had Ugandan troops at strategic locations on their territory.

Since then, the two movements lost control of some of the most interesting parts of the concession - hardly a coincidence. New masters of Ituri until March 2003 were the Hema fighters of the rebel movement UPC (Union des Patriotes Congolais), which is allied with Congo's biggest rebel movement, the pro-Rwandan RCD (Rassemblement Congolais pour la Démocratie) based in Goma, a sworn enemy of Uganda, Kinshasa and the RCD-ML. UPC foreign minister Jean-Baptiste Dhetchuvi says: "In Ituri, we are in an oil war. When you look at the oil map of Lake Albert region and compare it to the massacre map, there really is a strange similarity".

3.2 THE ITURI CONFLICT: FROM LOCAL WAR TO A BATTLE FOR NATIONAL LEADERSHIP

Hema and Lendu

Ituri has been a war zone since 1999. The ethnic groups of Hema and Lendu have long been pitted against each other in this region of 3,5 million people, quarrelling over land and political power. Both peoples formed ethnic mutualities in the 90s, laying the ground for armed conflict.

Uganda moved its army into Ituri in November 1998 in support of the Congo's RCD rebels. According to an ASADHO report, direct conflict began in April 1999 when the Hema landowner Singa Kodjo, supported by Ugandan forces, expelled Lendu squatters from his land near Kpandroma. On 19 June 1999, Ugandan troops arrested Lendu participants at a conciliation meeting in Kpandroma. There followed a spate of killing with 200 dead in two days, mainly Hema. On 22 June, the Hema politician Adèle Lotsove was proclaimed Governor of the newly created Ituri Province in a decree signed by UPDF commander James Kazini. There followed an all-out war against Lendu militia. By October, a UN mission counted 5.000 to 7.000 dead and over 100.000 displaced. Adèle Lotsove was removed as Governor by Uganda in December 1999.

The number of victims pointed to lengthy planning and all sides have designated outside forces as manipulating their respective enemies. The Hema side claims that Lendu groups are allied to the Kinshasa government - whether Mobutu or Kabila. The Lendu side claims that Hema leaders cultivate close links to Uganda and more recently Rwanda.

Charles Petrie of UN-OCHA wrote in a report of 2 February 2001: "The conflict in June 1999 was triggered by a number of ruthless individuals, who took advantage of an absence of local authority to impose their own agendas... A small number of unscrupulous individuals belonging to the Hema community attempted to bribe local authorities into modifying land ownership registry papers in their favour; the new land ownership papers were then used to evict the inhabitants. In the absence of a strong local authority the incident quickly turned into a confrontation between the two communities." He continues: "A number of Hema leaders are said to have acquired large areas of land in the course of the months of the conflict. A resolution of this conflict would entail the restitution of these lands to their rightful owners. Similarly, individuals of Lendu extraction have been able to gain control of a significant number of gold mining concessions in the Kilomoto area. Their ability to exploit these concessions would be restricted by the re-establishment of an administrative authority."

Political leadership has been weaker in Ituri than anywhere else in Eastern DRC, allowing warlords to operate with impunity. The region has thus tended to become a refuge for losers on the wider Congolese political scene. When Uganda and Rwanda fell out in May 1999, splitting the Congolese rebel movement RCD into a larger Goma and a smaller Kisangani faction on 19 May, Ituri remained part of the Ugandan-backed Kisangani group's territory. The Ugandan-Rwandan war for Kisangani in May 2000 ended with the fall of Kisangani to Rwanda and the flight of RCD-Kis to Bunia, capital of Ituri. It arrived riven by leadership wrangles between Ernest Wamba dia Wamba and Mbusa Nyamwisi, and this coincided with a renewed upsurge of fighting in Ituri.

On 3 November 2000, Wamba was ousted by Nyamwisi and his Hema ally John Tibasima, former manager of the Kilomoto gold mines in the Mobutu era. Tibasima was said to be allied to Ugandan commander Kazini in business deals involving the gold mines and also to Roger Lumbala, leader of another new rebel group RCD-N (RCD-National). Wamba refused to be dislodged, enrolled help from Kabila. Fierce fighting ensued.

Uganda tried to sort out the problem by unifying the various factions in a "Front de Libération du Congo" (FLC) under the aegis of the biggest pro- Ugandan rebel movement, Jean-Pierre Bemba MLC (Mouvement de Libération du Congo) based in the Northern Congolese town of Gbadolite. The FLC formally came into being on 16 January 2001, a development eclipsed by the murder of DRC president Laurent Kabila in Kinshasa on the same day. Wamba, still believing himself to be supported by Kinshasa, rejected the FLC, and on 19 January Lendu militia supporting him attacked Bunia, triggering another round of bloodshed.

FLC president Bemba entered Bunia on 7 February and organised a peace conference resulting in a peace agreement on 17 February. A UN mission found that the agreement had little effect outside Bunia. However, the situation appeared to calm down in the ensuing months.

The murder of six expatriate ICRC staff near Fataki on 26 April 2001 caused tensions to rise again, precipitating the suspension of most humanitarian work in the area. During a visit to the region in September 2001, this researcher found widespread confusion as to the real authority in the area. RCD-ML was beginning to distance itself from FLC/MLC, its leader Mbusa Nyamwisi setting up his own administration in Beni in the home area of his Nande people in Northern North Kivu.

On 21 November 2001, MLC leader Bemba announced that its forces were quitting Ituri, leaving it to the RCD-ML. Despite the RCD-ML brokering yet another Ituri peace agreement, this was the trigger for yet another round of Hema-Lendu conflict, with RCD-ML Nande forces fighting alongside Lendu militia. From April 2002 onwards, Hema politicians decried increasing harassment by the RCD-ML. On 5 June 2002, Hema spokesman Jean-Baptiste Dhetchuvi said there had been over 5,000 dead since November 2001; on 10 June he spoke of 1,468 dead since April.

Sun City and Kabila's war for the East

This was a time of momentous political change in the region which has fundamentally changed the dynamics of the Ituri conflict, turning the region into a prime battleground of the main Congolese war. On 19 April 2002, the MLC, the RCD-ML and a few other groups signed a peace agreement with the Kinshasa government at the Inter-Congolese Dialogue in Sun City (South Africa). The agreement provided for power-sharing between the signatories, excluding the pro-Rwandan RCD and several important political parties. This led to the collapse of the Sun City negotiations.

According to delegates in Sun City, the agreement was brokered by Uganda, whose diplomats and military leaders were present at the negotiations. One delegate told this researcher that the agreement was drafted in the hotel room of Ugandan defence minister Col. Otafiire and that the delegations of some signatories such as the “Civil Society” were bribed to accept it. After the collapse of the Sun City negotiations, the signatories called themselves “Camp de la Patrie” and radical elements within the government spoke of war against the non-signatories.

The effect on Ituri was immediate. The RCD-ML now saw itself as an ally of Kinshasa - the RCD in Goma started taking the side of the Hema of Ituri. Hema leaders within RCD-ML - especially vice-president John Tibasima and defence minister Thomas Lubanga - started thinking about a secession of Ituri from RCD-ML territories (Le Soir, 16 May 2002).

It was in this context that the Kinshasa government gave the border regions of Ituri and North Kivu to Heritage Oil. Given the volatile situation on the ground and the known facts about Heritage Oil, this amounted to a declaration of war. It could be seen as laying the ground for a conquest of recalcitrant parts of Eastern DRC by the Kinshasa government, particularly as the concession stretches deep into RCD territory in a part of North Kivu not generally regarded as promising for oil exploration.

Subsequent developments appeared to confirm expectations of a “war for oil” in Eastern Congo. In July 2002, a group of high-ranking RCD members led by RCD spokesman Tryphon Kin-Kiey Mulumba and former RCD treasurer Jean-Bosco Barihima defected from the rebel movement and announced from exile in Uganda and Belgium the formation of a RCD-C (RCD-Congo) with the goal of toppling the RCD leadership and getting the movement to adhere to the Sun City agreement.

Barihima - who has since returned to the RCD - told this researcher in Goma that the initiative to this came from the Kinshasa government at the Sun City negotiations, supported by Uganda. “Ugandan had encouraged Sun City a lot and wanted to support us. But in fact it was Kinshasa. Mbemba (Kabila’s cabinet director, now Interior Minister) and Mashako (health minister and also a Hutu from Rutshuru) told me in Sun City that I should be the leader of the Goma group in favour of re-unification”. Mbabazi and Otafiire in Uganda “presented the dossier to their government which agreed.”

Barihima left Goma for Uganda on 19 May. Kinshasa and Uganda then organised the assembly of a fighting force in Beni, capital of the RCD-ML. Barihima describes the war plan as follows: “Men and war material are sent to Beni. As soon as the material is there, I come to Beni and we start fighting with the goal of taking Goma. We were going to do everything to take all the big towns of Kivu starting from Mbusa’s territory... The men are still there, everybody knows that.” There were, he continued, eight brigades, including Congolese Hutu fighters, RCD dissidents and Interahamwe units.

This war never happened, and Barihima has returned to Goma and is seeking re-admittance to the RCD. Barihima himself stresses that Rwanda’s withdrawal from Eastern Congo in October meant that one of his main reasons for war had disappeared. Another was that he felt that he was being used by business interests, including diamond and timber interests of Ugandan generals, of the Austrian firm Krall Metallgesellschaft – it wants to recuperate the Kivu mining concessions of Somikivu (Société Minière du Kivu), once granted to it by Kabila, from the German businessman Karl-Heinz Albers who is operating Somikivu under an agreement with the RCD - and also of Heritage Oil. “I was supposed to protect their capital”, Barihima said of Heritage’s interest in his war.

New battles for regional control

The RCD-C collapsed, but the military infrastructure has remained in place, with Kinshasa army elements still stationed in the RCD-ML capital Beni. And in Ituri, the logic of war prevailed. After RCD-ML leader Mbusa Nyamwisi returned to Beni on 2 August for the first time since the Sun City agreement – “in order to co-ordinate the massacres in Ituri”, as Hema spokesman Dhetchuvi put it - fighting broke out in Bunia and on 9 August, the Hema of Bunia proclaimed secession from RCD-ML as UPC (Union des Patriotes Congolais) led by Thomas Lubanga. In another part of Ituri, the RCD-N of Roger Lumbala, supported by Sudanese SPLA rebels and the Ugandan army was preparing to seize the town of Isiro, having since March conquered other sections of territory from RCD-ML (Le Potentiel, 9 August 2002).

These actions pre-empted the feared strike by Kinshasa and its Ugandan-supported allies against Rwanda’s allies in Eastern DRC and presumably sounded the death-knell for Barihima’s war. On 11 August, Uganda announced it was pulling out of Congo and on 6 September it signed an agreement to that effect with the Kinshasa

government in Angola's capital Luanda - echoing the earlier Pretoria agreement between DRC and Rwanda on the withdrawal of Rwanda from Congo signed on 30 July.

The fighting in Bunia displaced 10.000 families, according to the UN (OCHA communiqué, 13 August). Most of the Nande community living in the town left Bunia for Beni in the following weeks. The UPC extended its control in all directions, taking the Mahagi-Aru area north of Bunia in early September and pushing towards Nyankunde and further at the same time.

Nyankunde was again completely looted by retreating RCD-ML forces on 5 September 2002, many patients being murdered inside their beds. According to a report by the hospital administration dated 2 October, 1.000 people were massacred in 30 minutes. This proved to be a turning point in the war, as the UPC advance turned into a rout and close to 100.000 civilians made their way into RCD-ML territory, on foot towards Oicha, including patients and staff of Nyankunde hospital. While first independent reports from Nyankunde had made it clear that RCD-ML had destroyed the hospital, subsequently this and all other crimes in the area were blamed on the advancing forces of UPC and later on those of their allies MLC and RCD-N.

Throughout this time, Uganda attempted to retain its influence in the area by hosting an Ituri Pacification Committee as provided for in the Luanda agreement. On 17 November 2002 this produced an agreement whereby RCD-ML undertook to withdraw from Ituri to beyond Komanda, a strategic town where the road southwards from Bunia branches off towards Beni in the south and Kisangani in the west. New fighting broke out after that with the RCD-ML claiming to be under attack from RCD-Goma (moving eastwards from Kisangani), MLC and RCD-N (moving southwards from Bafwasende) and UPC (moving southwards from Bunia).

The joint offensive produced ever-increasing numbers of displaced, causing widespread alarm especially after the Pretoria peace accord between Congo's warring parties of 16 December which was officially supposed to end Congo's war and to which all armies mentioned except UPC are signatories. On 23 December, the archbishop of Butembo, Mgr Melchisedek Paluku Sikuli first alleged that MLC forces were engaged in cannibalism, telling the Catholic news agency Misna that refugees had told him of prisoners who were "forced to eat parts of their bodies (ears, eyes, tongue) before being ferociously killed", and telling AFP that Bemba's fighters "force their prisoners to eat killed people's organs, especially those of pygmies". These accusations were widely relayed by Kinshasa in the following weeks and confirmed by UN investigations in January 2003. MLC was forced to arrest several of its own officers and put them on trial, with a number of prison sentences handed out on 25 February.

The military advance of the RCD- ML's enemies was stopped on 31 December 2002, when Monuc brokered a cease- fire in the MLC capital Gbadolite. This provided for the withdrawal of RCD-N and MLC from Mambasa and Komanda.

The offensive against RCD-ML meant that Uganda and the Kinshasa government were losing the initiative in the East and especially losing control of the oil areas. Helpfully for Ugandan ambitions, UPC defence minister Chief Kawa, a traditional Hema chief, defected from the UPC in November 2002 and moved to Uganda. His brother Patrick Kabarole crossed the Semliki river into Uganda's Bundibugyo district with 88 armed followers at the beginning of December (New Vision, 9 December 2002). Uganda was apparently upset at the close links between UPC leader Lubanga and RCD-Goma and Rwanda. "Museveni also took being insulted by Thomas Lubanga badly. At the recent meeting in Kampala on pacifying Ituri he turned up in Rwandan army uniform" (Le Potentiel, 14 December 2002).

The break between Uganda and the UPC was complete by the beginning of 2003. On 6 January 2003 the UPC signed a formal military alliance with RCD. In the following weeks RCD started airlifting troops to UPC territory, while on 23 January UPC formally demanded that Uganda withdraw from its territory, including Bunia airport.

This brought Uganda and UPC to the brink of military confrontation with continuous reports of minor clashes, while Chief Kawa is now leading a "Front pour l'Intégration et la Paix en Ituri" (FIPI) from Kampala. Kawa has expressed a desire for Ugandan forces to remain in Ituri and has accused UPC of harbouring Ugandan rebels in Garamba National Park (New Vision, 13 February 2003). UPC forces repeatedly crossed into Uganda, raiding Rwebisengo and other areas (New Vision, 13 February 2003). The situation escalated further in March with the fall of Bunia to the Ugandan army (see next section).

Thus there developed in North-Eastern Congo a latent war between RCD and UPC on the one side, passively supported by MLC and RCD-N, and the governments in Uganda and Kinshasa plus their ally RCD-ML on the other. According to the UN mission in Congo, four Congolese government battalions - possibly remnants of Barhima's force - are stationed in the RCD-ML capital Beni. In Beni this is not denied directly, though officially

the government forces are “instructors” only. They apparently train not only the RCD-ML but also Mayi-Mayi forces who generally fight the RCD in Eastern Congo and are allied with RCD-ML, having constituted an “Alliance des Patriotes Mayi- Mayi du Nord-Kivu” (APMMNK) as an umbrella body. According to the APMMNK “chargé d’opérations”, Onésime Matus, relations with Kinshasa are good: “Relations are good, even on the military level” APMMNK General Secretary Guillaume Joel Bwira told this researcher that APMMNK co-ordinates Mayi-Mayi activities in the whole of North Kivu including Masisi and Walikale within RCD territory, and that it works together with Lendu militia in Ituri: “25 officers and politicians are in Beni to co-ordinate actions in Ituri. They report to the Alliance.”

3.3 OIL AND EASTERN CONGO’S POLITICAL FUTURE

Making Ituri safe for Heritage Oil?

These developments come at a crucial time for oil exploration in the area. Following the suspension of oil drilling in Uganda, Heritage Oil is planning to extend its activities to Congo. Bryan Westwood, Uganda director of the company, told Pole Institute: “We hope to start seismic on the Congolese side of Lake Albert in February or March (2003). We only want to do testing and seismic.” Further activities were planned as an extension of the existing Ugandan drill, he said: “It will be on the opposite side of Semliki. Our aim is to build a bridge across the river, controlled by officials on both sides. It's impossible to run this project from anywhere else than Uganda.” He said the work in Congo was projected to take five years and that it would require investments of US\$ 15 to 20 million, similar to the sums already invested in Uganda.

However, parallel negotiations between Heritage Oil and the Kinshasa government on a final production-sharing agreement appear to have run into deadlock. On 16 July 2002, Bryan Westwood had told the Ugandan daily Monitor that an Exclusive Prospecting licence would be signed within six months. On 29 January 2003 he told Pole Institute that a production sharing agreement covering the entire concession would be signed in Kinshasa on 15 February. On 23 February, Heritage CEO Michael Wood confirmed to this researcher that this date has not been met. “There is still some intermittent dialogue”, he noted. “We are awaiting clarification as to the government's intentions and if so how they wish to proceed. The ball is very much in their court”.

It is not clear what is holding up negotiations. RCD-ML leader Mbusa Nyamwisi told this researcher in Beni that there was apparently “mutual distrust” between the two parties. However, he appeared to put the blame principally on Kinshasa, which was not ready to accept the conditions demanded by Heritage Oil: “In their place I would have accepted”. In the Kinshasa government “some want to consume before producing”.

Butembo university rector Appolinaire Malu-Malu, who is a Civil Society delegate at the Inter-Congolese Dialogue and who has followed the talks in Kinshasa, was more precise: “Some people have reservations about the firm. Some politicians say that it is already involved in wars in several countries.” Geopolitical considerations were also a factor, he added and presented the reservations of Kinshasa's doubters as follows: “The DRC is supported mainly by France, so it is wise to give oil to the British who have never helped the Congo? That is the kind of comment being made.”

The problems are unlikely to affect activities on the ground, on which the Kinshasa government has as yet no claim. As Westwood makes clear: “The concession is ours”. The agreement of June 2002 guaranteed that no other firm could get involved in the area. He warned: “If in two years time the Kinshasa government hasn't got its act together, we'll walk away”. Michael Wood agrees: “If any economic benefit does eventually arise, the benefit will be gained by future generations (certainly not by any of the current incumbents on any side).”

These uncertainties guarantee that Uganda will remain the major player on the ground. It appears evident that the projected extension of oil drilling from Uganda across the Semliki river into Congo means that Uganda has a continued interest and requirement in maintaining a military presence in Ituri. The events of recent years show that Uganda has not supported the emergence of any single, stable authority in the area. It has alternately supported RCD-ML, MLC, RCD-N and UPC, and recently, with Heritage Oil's move across the border apparently imminent, it claims that its military presence of around 2000 men on Bunia airport and in the border regions of Rwenzori is not in support of any faction but solely peace-keeping at the request of the UN.

Whether the constant shifting of Uganda's local alliances – quite different from Rwandan policy in Eastern Congo - is a matter of design, reflecting President Museveni's priorities, or of accident, reflecting in-fighting

between Ugandan generals, can only be guessed at. From a military point of view, the deliberate weakening of successive Congolese movements in the area is counter-productive as it engenders instability. Politically it could nevertheless prove useful to Uganda in preventing the emergence of a strong Congolese voice which could effectively counter Ugandan claims to the oil area.

In the present war situation, any oil exploration across the Semliki river will involve de facto Ugandan annexation of the territory required for the purpose of drilling. That the DRC government in Kinshasa is the legal partner of Heritage Oil is no obstacle to this but on the contrary legitimises it. Uganda can safely surmise that no Kinshasa government will exercise effective control in Ituri in the foreseeable future and will thus be forced to acquiesce with Ugandan plans for securing this area.

In a first step towards this, on 10 February 2003 the Kinshasa government and Uganda signed a new agreement in Tanzania's capital Daressalam amending the September 2002 Luanda agreement whose timetable had become obsolete. It once again provided for Ugandan withdrawal and an Ituri peace process through an Ituri Pacification Committee, this time based in Angola's capital Luanda. Ugandan withdrawal is to be completed by 20 March and will have to be replaced by a different peace-keeping force.

The Luanda agreement of September 2002 already mooted the idea of joint Congolese-Ugandan border patrols in Rwenzori, and today concordant sources speak of the idea of putting an outside peace-keeping force on the Congolese-Ugandan border in Ituri. It is not clear what purpose this would serve as the Ituri crisis, though compounded by outside meddling especially by elements of the Ugandan military, is not generally regarded as a cross-border crisis which could be solved by monitoring the border but as an internal one whose solution lies in the establishment of effective governance in the area in order to rein in the activities of warlords.

A peace-keeping force on the border could however serve to secure the oil area. The choice of Angola as Host of the Ituri Pacification Committee is significant given the status of the area involved as an oil exploration zone and the record of Angola in protecting oil exploration areas in times of war together with Heritage Oil. Sources in DRC told this researcher that in fact Angola is due to deploy its army in Ituri, "while a national army is being formed", as Butembo rector Appolinaire Malu-Malu put it.

Angolan involvement in Ituri for the benefit of Heritage Oil would appear logical and enticing given the past history of Heritage Oil in Angola. Links between the company and the Angolan government are presumably still close. One might even speculate whether Angola is getting involved in order to protect the interests of its Heritage friends or whether Heritage secured the border concessions in order to provide Angola with a foothold in the area. Heritage is according to its representatives all too willing to sell its interests in the region at a future time. Any system of military security it may have helped to put in place would then however remain.

Beni-Butembo raises its claim

Yet there are latent conflict of interest too. Kinshasa's main partner in the East, the RCD-ML of Mbusa Nyamwisi based in Beni, is basically an organisation of the Nande business elite of North Kivu which during the Mobutu era amassed fabulous fortunes through the control of most of Eastern Congo's exports - from coffee to gold. The oil exploration in Semliki, whether on the Ugandan side or in future on the Congolese side, concerns an area settled by Hema on both sides of the border - long-standing enemies of the Nande. The war between RCD- ML and UPC is to a large extent an expression of long-standing rivalry between entrepreneurs of the two ethnic groups. But this does not necessarily mean that either side feels automatically that its interests are safe with Kinshasa.

The Nande businessmen of Butembo, the commercial centre of RCD-ML territory with 520.000 inhabitants plus tens of thousands of IDPs, remain immensely wealthy and can swing any balance of power. Some observers estimate the wealth stashed away by this elite, which during the Mobutu era controlled a large part of Eastern Congo's trade and turned Butembo into a commercial centre with connections reaching to Dubai and even the Far East, at US\$100 million. The customs post of Kasindi on the border to Uganda, with estimated revenue of \$2m a month, remains one of the most lucrative sources of income in the whole of the DR Congo, second only to Matadi port on the Atlantic. In the course the war, Nande traders have become involved in the gold, timber and coltan trade and have fashioned RCD-ML in their own interest in order to preserve their autonomy vis-à-vis other groups. They keep Mbusa Nyamwisi in office and decide on his political allegiances as they also enjoy the loyalty of Nande Mayi-Mayi militias whose attitude towards the administration in Beni is critical for the stability of the region. It should be recalled that it was Mbusa Nyamwisi's elder brother Muvigi who in the 90s was one of the first politicians in Kivu to play the ethnic card and mobilise the Nande against the supposedly privileged

Banyarwanda community. Muvugi Nyamwisi was shot by Mobutu's soldiers and remains a hero in the area; a splendid memorial to him adorns the front entrance to Mbusa Nyawisi's residence.

It is the Nande traders' perception that an alliance with Kinshasa is best for business that underpins the recent rapprochement between Nyamwisi and Kabila. A major pre-occupation for the trading elite is to end the isolation of the region. Since the split of RCD in 1999, North Kivu is practically divided and the Beni-Butembo region is cut off from the provincial capital Goma. When the Rwandan army took Kisangani from Uganda in 2000, Northern North Kivu became an enclave. The re-opening of land connections to Kisangani and from then via the river to Kinshasa is a recurrent wish of influential members of the Nande community.

The link to Kabila has been developed in several ways. There are regular air links to Kinshasa, and Beni's mobile phone networks being currently set up run on Congolese codes so that calls to Kinshasa are cheaper than calls to nearby Goma which is on the Rwandan network. Most specifically, the Kinshasa government has granted Nande businessmen licences with which they hope to be able to operate in peacetime. One of these is for the electricity company Senoki (Société d'Electrification du Nord Kivu) founded in January 2002 by around 30 Butembo businessmen in order to build a hydro-electric dam and power plant on the Ivugha river ten kilometres outside Butembo.

In the course of 2002, the Kinshasa government granted Senoki a licence for providing electricity and water supplies to the whole of North Kivu – in theory including the southern portion of the province controlled by RCD in Goma. On the strength of this licence, Senoki got the South African engineering firm Clacksons Power to build Ivugha, an investment projected at US\$8.3 million including power lines to Butembo. The construction of the power station, which will provide 5 megawatts, began on 14 October 2002 and is due to be completed in March 2003. Butembo's power needs are estimated by the company at 15 megawatts.

Senoki still owes large sums of money to Clacksons for this work which means the power stations remains the property of the South Africans until the debt is repaid. Despite their wealth, the Senoki shareholders appear unwilling to commit substantial funds to the venture. However, they aspire to build an international airport for Butembo with a 3 kilometre runway, costing US\$3.7 million. The site, a few miles from Ivugha, has already been cleared and is awaiting the beginning of earthworks which will be powered by the Ivugha power station. Mobilising funds for this is proving difficult. "There are many businessmen here, traders even", banker and Senoki shareholder Jeannot Angongolo told this researcher in Butembo. "So Senoki is not the whole town but just some people with few means. Today we are blocked because we need to mobilise funds for the airport."

The reluctance of rich traders to invest in such ventures is understandable, given the uncertain political situation. "Our main worry is the war", Butembo mayor Eric Paluku explained to this researcher. "For some time now there have been no exports. Butembo lived on coffee exports. But with disease, price falls and road closures it has become very difficult to survive. Coffee and quinine allowed people to accumulate capital. Now they simply try to hold on to what they have".

However, Senoki, the Catholic establishment of Butembo and RCD-ML have clear views regarding the prospect of oil in the area. All want money to flow into the area. Victor Malu-Malu of Graben university has clear views on this: "We are going to ask the oil firm to repair the roads to Kasindi et Mahagi. Ituri and North Kivu have to benefit from development. For the moment, people define development priorities as roads, energy and water. If there is investment in these three sectors, everyone can benefit through farming and cattle-raising. We are in the process of preparing this dossier in order to submit it when the government has taken the first step. For the moment we must not disturb the negotiations. Our work is to prepare the dossier well so that as soon as there is someone to talk to we can submit the worries of the people."

Senoki president Kambale Lirima agreed: "If you want to exploit oil here you have to help us. If someone exploits our wealth he has to give something back to the region. Those who say there is wealth here and steal it are the ones who bring us war". Banker Angongolo mentioned specifically the improvement of the roads leading to the Ugandan border, job creation and wealth redistribution as conditions for agreeing to oil exploration. He hinted that there was conflict about this with the government: "The politicians told us not to set out conditions. But still – a small gesture!"

Thus the alliance with Kinshasa has its limits there where local interests clash with those of central government. This is manifest in other areas too, for example the reluctance to let Kinshasa take over the Kasindi border post and thus the customs revenue. Despite calls from Kinshasa for "re-unification" to be completed, RCD-MI has so far resisted the temptation to give up its arms for good and turn into a regional political party under the aegis of Kabila. A planned party congress of RCD-ML, once scheduled for 27-30 January 2003, has been repeatedly postponed and is now without a date. RCD-ML leader Nyamwisi makes clear that his territory is "not yet

government territory”. He explains: “We would like to be, but we are not going to move too fast in order not to be too far out in front. There are hardliners in Kinshasa who want war, and we don’t want to provoke the hardliners in Kigali to make war.”

Thus RCD-ML remains an autonomous state with its own armed forces, a separate political entity like the other rebel territories in Congo. The advantages of this situation are clear, whether for RCD-ML, RCD, UPC or any other group, and this is probably the basic obstacle to the full implementation of the Pretoria peace accord. For oil exploration, this offers the tantalising possibility that local power centres will emerge which will be strong enough to negotiate directly with oil prospectors instead of being forced to acquiesce in conditions set by a central government. On the other hand, this always leaves open the option of playing one group off against the other, for example RCD-ML offering more attractive conditions for Heritage Oil than UPC and thus staking its claim to retake control of Ituri.

Oil wars come to Congo

At the time of writing, the oil region of Ituri was the theatre of major conflict, culminating in the seizure of Bunia by the Ugandan army on March 6. This is now leading to fears that the Ituri conflict could spread and not only derail the Congo peace process but also trigger a Ugandan-Rwandan war.

The Daressalam agreement of 9 February was already derailed right from the start because it was not accepted by UPC which was not party to it. The agreement stipulates that the Ituri Pacification Commission is made up of two members each of Monuc and the two governments plus four representatives of Ituri. Local groups are thus in a minority and it is not specified who chooses the Ituri representatives according to which criteria. At a follow-up meeting in Angola’s capital Luanda on 14 February, the DRC and Ugandan governments together with Monuc already agreed in principle that more local participation from Ituri was essential to the success of any peace process: “In order to ensure effective representation of the grassroots and the social forces - especially the military forces, the traditional leaders, the chiefs, the FEC and the civil society – the meeting accepted the possibility of increasing the number of members of the Ituri Pacification Commission after their identification by Monuc and consultation with the signatories”, they declared jointly.

However, the joint declaration continues: “The signatories of the Luanda accord reiterated their firm commitment to take all necessary steps to ensure the success of the work of the Ituri Pacification Commission and to remove any obstacle which might hinder its work”. It also laid down that a preparatory meeting of the Commission – presumably in its original set-up – was to be held under Ugandan army protection in Bunia three days later, on 17 February. Bunia being in fact under UPC control and UPC having formally demanded Ugandan withdrawal from the town, this was not a decision likely to assuage tensions.

UPC reacted by accusing the UN of partiality and by accusing the governments in Kampala and Kinshasa of wanting to secure control over the oil areas by supporting the dissident group FIPI of Hema chief Kawa: “That FIPI is receiving military and financial support in Kinshasa shows that the real objective of the Kinshasa government is not the Ituri Pacification Commission but probably the oil of the lake, which explains why various war fronts have started with RCD, MLC, RCD-N and UPC. The Kinshasa troops have already begun their infiltration of Ituri amongst fighters based in Gety, Zumbe, Songolo, Kpandroma etc.” (declaration of 17 February 2003).

The formal signing of an Ituri cease-fire in Bunia on 19 February under Monuc auspices was thus annulled and the calendar for the implementation of the latest agreement “provisionally suspended” (Monuc declaration, 18 February). At the same time, journalists were reporting a Ugandan troop build-up in the area, with Ugandan forces digging trenches around Bunia airport and bringing in forces from Kasenyi south of Bunia – an area said to be targeted for oil exploration.

On 25 February, UPC alleged that Kinshasa government forces supported by the Ugandan army had attacked the area between Bunia and Lake Albert the previous day. “It is clear that the four FAC bataillons who have disappeared from Beni are now in Ituri in order to remove UPC from the Congo map with the help of the Ugandan army based in Bunia”, the statement added. On 28 February, UPC alleged that FAC soldiers allied to RCD-ML had massacred over 300 civilians in Bogoro between Bunia and Lake Albert on 24-25 February and that massacres were continuing in the area. There is no independent confirmation of this as the UN mission has suspended its flights to Bunia following a missile attack on a Monuc helicopter there blamed on UPC. On 2 March, Uganda agreed with UPC to withdraw its troops in Bunia to the airport.

However, on 6 March Ugandan forces took control of Bunia in a brief but heavy offensive, driving UPC out towards the Mongbwalu gold mines. “We chased UPC, we had no alternative”, Ugandan general Kale Kayihura said. Ugandan Defence Minister Amama Mbabazi claimed before parliament on 11 March that the operation had been undertaken to thwart an expected attack of “over 1.600” Ugandan rebels on Uganda from UPC territory. The UPC leadership from its new bases said that behind the advancing Ugandan lines there were Lendu militia, RCD-ML units and members of the Kinshasa government army. These “went on to massacre the population and pillage the town as Ugandan tank crews watched”, UPC leader Lubanga said on 7 March. Ugandan forces, he further alleged, then “forced the population to gather all corpses and load them on trucks which brought them to the airport”. At the same time, Hema spokesmen in Kinshasa said that up to 1.000 people had been killed. Ugandan forces denied that there had been any massacres and spoke of 28 dead. UN sources confirmed looting had taken place in Bunia.

The Ugandan presentation of the operation makes it look like a mop-up job, ridding Ituri of troublemakers before withdrawing from the area as agreed in Daressalam. It is not designed to cleanse Hema from Ituri, as alleged by UPC, but to put in place a pro-Ugandan Hema leadership. FIPI leader Chief Kawa was formally installed in Bunia after Uganda’s advance into the town, and other dissident UPC Hema leaders have apparently taken control of North-Eastern Ituri towards Aru, according to Ugandan reports. On 5 March, the Ugandan newspaper New Vision spoke of widespread insecurity along the Semliki river caused among other things by Lendu militia which Uganda had a duty to act against. Thus Uganda is not clearly acting in support of, for example, RCD-ML interests.

However, the danger of wider conflict has undoubtedly increased. The news of what happened in Bunia on 6 March briefly caused RCD to walk out of the signing ceremony of yet another Pretoria peace accord implementation agreement taking place in the South African capital at the same time. RCD came back to the negotiating table but instead called on the UN Security Council to condemn Uganda’s action. On 10 March, the ambassadors of the five permanent Council members US, Russia, Great Britain, France and China in the DRC as well as those of Belgium and South Africa unanimously called on Uganda to withdraw from Bunia and Ituri.

Uganda appears reluctant to do this. Following its seizure of Bunia it charged an unnamed foreign country, which is generally assumed to be Rwanda, of sending military aid to UPC. Rwanda simultaneously expressed concern over activities in Rwandan refugee camps in Uganda, leading some to speculate that Rwanda might be planning a military strike against Uganda on Ugandan territory. Such a development, coming at a time of political uncertainty in Uganda and in a Rwandan pre-electoral period susceptible to the whipping-up of populist anti-Ugandan sentiment by a leadership keen to strengthen its nationalist credentials, would be the worst possible scenario for the future of the Great Lakes region.

4 CONCLUSION

The oil prospects of the Great Lakes region appear at once more remote and more dangerous than initial announcements of oil exploration by Heritage Oil have led to believe. Without the find of a single drop of oil being announced either in Uganda or Congo, several worrying developments have occurred. Major new conflict has broken out in the Congolese area concerned, endangering the whole peace process for the Democratic Republic of Congo and making a renewed cross-border conflict involving Uganda and Rwanda at least a possibility.

At the same, it is clear that more general problems known from oil exploration elsewhere in Africa are not only unresolved but that it is now clear how they might ever be resolved. The sharing of costs and benefits of oil development is a key issue in all oil producing countries. In Uganda and the Congo, this is not even close to being addressed. In Uganda the ongoing inconclusive debate on the political future of the country makes it impossible to determine who in the future will be responsible for the minutiae of oil development or who in the long term is set to benefit. In the Democratic Republic of Congo it is not even settled who runs the area concerned, and even if it was, the determination of local interests and their expression in any form of political process would remain completely open.

From our point of view, economic reconstruction in the Great Lakes can only take place in a beneficial manner if it comes from the bottom up, deriving from local economic activities and interests. This does not preclude the exploitation of the region's natural resources; it means that the local population should be enabled to take decisions about such exploitation and should enjoy its fruits. Pole Institute has addressed these issues in earlier studies on the coltan economy in North Kivu. Oil exploration is a much larger and more unwieldy phenomenon than the coltan, diamond or gold mining currently to be found in Eastern Congo. It does not lend itself to artisanal activity; it cannot be started or stopped at short notice; it requires large capital outlays and long-term business plans, in turn requiring stable political conditions. It is not clear how it can ever take place in the absence of such conditions. What is clear that if oil exploration is ever to proceed, there must be another way than armed conflict to include the expression of local interests.