MINUTES OF THE 11TH MEETING OF THE MULTI-STAKEHOLDER GROUP (MSG) OF THE UGANDA EX extractive Industries TRANSPARENCY INITIATIVE (UGEITI) HELD ON THURSDAY, 29TH APRIL 2021 AT THE IMPERIAL ROYALE HOTEL, KAMPALA STARTING AT 9:00 A.M.

Attendance List

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Institution</th>
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<tbody>
<tr>
<td>1.</td>
<td>Mr. Clovice Bright Irumba</td>
<td>Petroleum Authority of Uganda</td>
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<tr>
<td>2.</td>
<td>Mr. John Kennedy Okewling</td>
<td>Ministry of Energy &amp; Mineral Development (via zoom)</td>
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<tr>
<td>3.</td>
<td>Mr. David Sebagala</td>
<td>Ministry of Energy &amp; Mineral Development</td>
</tr>
<tr>
<td>4.</td>
<td>Eng. Timothy Tibesigwa</td>
<td>Ministry of Works &amp; Transport</td>
</tr>
<tr>
<td>5.</td>
<td>Mr. Andrew P. Wabulya</td>
<td>Bank of Uganda (via zoom)</td>
</tr>
<tr>
<td>6.</td>
<td>Ms. Sarah Aijuka</td>
<td>National Environment Management Authority (via zoom)</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Jesse Musinguzi</td>
<td>Ministry of Foreign Affairs</td>
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<tr>
<td>8.</td>
<td>Mr. Robert Tugume</td>
<td>Ministry of Energy &amp; Mineral Development</td>
</tr>
<tr>
<td>9.</td>
<td>Ms. Sandra Kaitare</td>
<td>Uganda Revenue Authority (via zoom)</td>
</tr>
<tr>
<td>10.</td>
<td>Ms. Gloria Akatuhurira</td>
<td>Uganda Revenue Authority</td>
</tr>
<tr>
<td>11.</td>
<td>Mr. Jonan Kandwanaho</td>
<td>National Planning Authority</td>
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<tr>
<td>12.</td>
<td>Mr. Francis Elungat</td>
<td>Ministry of Energy &amp; Mineral Development</td>
</tr>
<tr>
<td>14.</td>
<td>Mr. Kosia Kasibayo</td>
<td>Petroleum Authority of Uganda</td>
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CIVIL SOCIETY ORGANISATIONS

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
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<tbody>
<tr>
<td>15.</td>
<td>Mr. Magara Siragi Luyima</td>
<td>OXFAM International (Chairperson)</td>
</tr>
<tr>
<td>16.</td>
<td>Mr. Gard Benda</td>
<td>World Voices Uganda</td>
</tr>
<tr>
<td>17.</td>
<td>Ms. Winfred Ngabiirwe</td>
<td>Global Rights Alert (via zoom)</td>
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INDUSTRY

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
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<tbody>
<tr>
<td>18.</td>
<td>Mr. Obad Noah</td>
<td>Oranto Petroleum Limited</td>
</tr>
<tr>
<td>19.</td>
<td>Mr. Faustine Mugisha</td>
<td>TOTAL E &amp; P Uganda</td>
</tr>
<tr>
<td>20.</td>
<td>Dr. Tom Buringuriza</td>
<td>Armour Energy Limited (via zoom)</td>
</tr>
<tr>
<td>21.</td>
<td>Ms. Emilly Nakamya</td>
<td>Uganda National Oil Company</td>
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<tr>
<td>22.</td>
<td>Ms. Sandra Mwesigye (proxy)</td>
<td>CNOOC Uganda Limited (via Zoom)</td>
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OBSERVERS

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Institution</th>
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<tbody>
<tr>
<td>23.</td>
<td>Ms. Mina Horace</td>
<td>European Union -EITI Expert</td>
</tr>
<tr>
<td>24.</td>
<td>Mr. Mugabe Robert</td>
<td>Uganda Registration Services Bureau</td>
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<tr>
<td>25.</td>
<td>Mr. Turyamwijuka Paddy</td>
<td>Bank of Uganda</td>
</tr>
<tr>
<td>26.</td>
<td>Mr. George Lugalambi</td>
<td>UGEITI Communications Consultant</td>
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UGEITI

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Institution</th>
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<tbody>
<tr>
<td>27.</td>
<td>Mr. Saul Ongaria</td>
<td>National Coordinator (Secretary)</td>
</tr>
<tr>
<td>28.</td>
<td>Mrs. Gloria Mugambe</td>
<td>Head of Secretariat, UGEITI</td>
</tr>
<tr>
<td>29.</td>
<td>Mr. Kanakula Edwin Kavuma</td>
<td>Compliance Officer, UGEITI</td>
</tr>
<tr>
<td>30.</td>
<td>Ms. Bronia Arinda</td>
<td>Secretary, UGEITI</td>
</tr>
<tr>
<td>31.</td>
<td>Mr. Dan Denis Agaba</td>
<td>Statistician, UGEITI</td>
</tr>
<tr>
<td>32.</td>
<td>Ms. Gertrude Angom</td>
<td>Administration Officer, UGEITI</td>
</tr>
</tbody>
</table>
33. Mr. Edgar Mutungi  
Finance Officer, UGEITI

34. Mr. Abbey Gitta  
Office Assistant, UGEITI

35. Ms. Susan Angela Achom  
Office Assistant, UGEITI

**MSG MEMBERS ABSENT WITH APOLOGY**

1. Mr. Moses Kagwaa  
Ministry of Finance, Planning & Economic Development (MSG Chairperson)

2. Mr. Muyenyi Onesmus  
Advocacy Coalition for Development & Environment (ACODE)

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**Agenda**

1. Welcome and Introductions. (National Coordinator)
2. Communication from the Chairperson.
3. Status update on EITI Implementation. (Head of Secretariat)
4. Review of Minutes from the 10th MSG meeting held on 18/02/2021. (Chairperson, MSG)
5. Feedback from the MSG Committees
   a) Contracts Disclosure Committee.
   b) Revenues Committee.
   c) Legal Committee.
   d) Set-up of the following MSG Committees
      - Social and Environmental Committee
      - Local Content Committee
6. Presentation of the Terms of Reference for the Independent Administrator. (Head of Secretariat).
7. Field Visits
   a) Feedback from the Field Visit to Hoima sub-region (Mr. Obad Noah)
   b) Plan for the Field Visit to Mubende - Kasanda.
8. Way Forward.

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**MIN 1.0: WELCOME AND INTRODUCTIONS**

The National Coordinator called the meeting to order at 9:43 a.m. He welcomed everyone to the meeting and requested all the participants to introduce themselves. He notified the participants that the Chairperson of the MSG, Mr. Moses Kagwaa had been called for other official duties. Mr. Siragi Magara (CSO Representative) was then nominated by members to preside over the meeting as Acting Chairperson.

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**MIN 2.0: COMMUNICATION FROM THE CHAIRPERSON**

Mr. Magara read the communication from the MSG Chairperson. It is appended as Annex A. The meeting adopted the draft agenda, and the Chair requested members from the Petroleum Authority of Uganda (PAU) and the Ministry of Energy & Mineral Development (MEMD) to provide more information on the recently signed oil agreements.
a) The MSG member from the Petroleum Authority of Uganda (PAU) elaborated on the three (3) agreements that were signed on the 11th of April 2021 as follows:

- The Tariff and Transportation Agreement (TTA) defines the rights and responsibilities of the shippers on the one hand, and the transporter on the other hand.
- The Host Government Agreement (HGA) is between the Government of Uganda and the East African Crude Oil Pipeline (EACOP) Company.
- The Shareholders Agreement (SHA) defines the rights and responsibilities of the shareholders in the EACOP Company.

b) A member from the Ministry of Energy & Mineral Development (MEMD) stated that signing of the agreements was significant because it paved way for upstream activities which would lead to the production and exportation of crude oil from Uganda.

c) The Member from the Directorate of Geological Survey and Mines (DGSM) affirmed that the Mining Bill 2020 was due to be tabled in Parliament; and informed the meeting that a copy of the Bill would be shared with the MSG after it was gazetted.

MIN 3.0: STATUS UPDATE ON THE IMPLEMENTATION OF EITI – HEAD OF SECRETARIAT

3.1 The status update by the Head of Secretariat is attached to these minutes as Annex A. She updated the MSG on the various activities that had been accomplished since the last MSG meeting held on 18th February 2021.

3.2 She explained the role of two consultants as;

a) Ms. Mina Horace, as the expert provided by the European Union to support the UGEITI Secretariat in EITI implementation in Uganda.

b) Mr. George Lugalambi, as the Communications Consultant to develop the Communications Strategy as part of the UGEITI National Work-plan.

3.3 Reactions from members
The members noted the status update provided by the Head of Secretariat, and welcomed Ms. Mina Horace and Mr. George Lugalambi to the meeting.

MINUTE 4.0: REVIEW AND ADOPTION OF MINUTES OF THE 10TH MSG MEETING HELD ON 18TH February 2021 AND MATTERS ARISING

The Chairperson led the review of the Minutes of the previous meeting, and members made the following amendments:

a) On Page 2 under “Communication from the Chairperson”, Minute (1 b) was corrected to read as follows, “The projects would have two central processing facilities and other attendant infrastructure. The processed crude oil would be transported to a collecting point near the refinery. The companies had undertaken the Environmental Impact Assessment Studies and land acquisition for the projects was ongoing. The refinery project in
the Industrial Park was also underway and UNOC was actively involved. The East African Crude Oil Pipeline (EACOP) was also part of the projects under development and Total E & P Uganda Ltd was the lead company in that project.”

b) On Page 3 Minute 1e) was corrected to read as follows
“Government awarded three exploration licenses to Armour Energy Limited(one) and Oranto Petroleum Limited(two) in 2017. Armour Energy Limited had faced some challenges resulting from the effects of the floods around the Semiliki area at the southern tip of Lake Albert.”

c) As a matter arising, a member advised that the deferred agenda item under Minute number 7.0; “Presentation by the Office of the Auditor General (OAG) on Cost Recovery” be included in the Action Matrix for follow-up.

d) There being no other corrections the Minutes were adopted as a true record of the proceedings of the 10th MSG meeting.

The Head of Secretariat then guided the meeting through the Action Matrix attached to the minutes, and provided updates on each of the action points contained therein.

MINUTE 5.0: FEEDBACK FROM THE MSG COMMITTEES

5.1 CONTRACTS DISCLOSURE COMMITTEE

The presentation, which was made by the Chairperson of the Contracts Committee, Mr. Robert Tugume, to inform members on the progress of the Committee, is attached as Annex B.

Following the presentation, members were informed that a meeting between the Committee and the Heads of Oil and Gas companies under the Industry Constituency of the MSG had taken place on 27th April 2021 at the Ministry of Finance, Planning and Economic Development. It had been chaired by the MSG Chairperson. At that meeting, all companies present stated that they had no objection to the disclosure of contracts. The Armour Energy representative, who was absent due to other commitments, had sent his apologies. The meeting noted that it was important to get clarification from Armour Energy Limited on its position on contract disclosure.

5.1.1 Reactions from members

a) The member from Armour Energy Limited asserted that he could not give the company’s position on contract disclosure without seeking approval from his executives in Australia. He stated that he would revert to the MSG with an answer as soon as possible.

b) Regarding the issue of partial disclosure, a member from National Planning Authority commented that concerns related to integrity would come into play if contracts were partially disclosed. He advised that full disclosure be adopted if companies consented to disclose.

c) A member from the MEMD suggested that the MSG move and tread cautiously as they work towards producing UGEITI’s first report. He
advised that Uganda could adopt full disclosure of mining licenses only, for a start, in order to reduce public anxiety caused by lack of disclosure.

d) Some members of the government constituency were concerned that disclosure of the contracts without proper explanations could lead to misinterpretation of the public.

e) The European Union (EU) EITI Expert proposed that in the near future the Committee could consider undertaking a study to assess the process of awarding licenses and tracking compliance. She also advised that training on interpretation of contracts be considered for members of the civil society, as well as other stakeholders.

f) The Chairperson advised all the committees to work with the EU EITI Expert during the course of their meetings and activities.

5.1.2 Way Forward for the Committee - Action

The meeting tasked the Committee to present the categories of information required for disclosure and the Cost Benefit Analysis for Contracts Disclosure at the next MSG meeting. It was also agreed that Mr. Francis Elungat join the Committee.

5.2 FEEDBACK FROM THE REVENUES COMMITTEE

The presentation to inform members on the progress of the Committee is attached as Annex C. It was made by the Chairperson of the Revenue Committee, Ms. Emilly Nakamya.

5.2.1 Reaction from members

a) Members sought clarity on the distinction between revenues from mining and manufacturing activities, noting that there was need to get better clarity from the Uganda Bureau of Statistics (UBOS) on the matter. A member from the Uganda Revenue Authority stated that the distinction was determined by the ISIC (International Standard Industrial Classifications) used by UBOS.

b) The Chairperson stated that the above issue could be addressed in the Mining and Mineral Bill 2020 if it contained a clear definition on what constituted mining revenues.

c) Another debate arose about including Pay As You Earn (PAYE) in petroleum revenues for UGEITI reporting purposes. A member from URA informed the meeting that even if PAYE was a significant payment made by companies on behalf of their employees, the Government did not classify it as petroleum revenue. In addition, the member from URA stated that PAYE revenues were not deposited in the Petroleum Fund.

d) There was a proposal that UGEITI could adopt its own standards by reviewing what it considered as important payments by oil companies to include as material information for EITI reporting purposes.

e) A member from the Ministry of Justice and Constitutional Affairs advised that the Committee consider the definition of petroleum revenues from the
Public Finance Management Act (PFMA) 2015 and the EITI Standard so that the MSG can make an informed decision on which revenue streams to consider for adoption.

5.2.2 Way Forward: Action

The meeting agreed that the Committee do the following:

a) Benchmark Uganda’s handling of PAYE Revenues against other EITI countries.
b) Conduct further research and provide the MSG with a brief presentation containing clear options to guide their adoption in line with the EITI Standard/guidance Notes.

5.3 FEEDBACK FROM THE LEGAL COMMITTEE

The presentation to inform members on the progress of the Committee was done by the Chairperson of the Committee, Ms. Gloria Akatuhurira, and is attached as Annex D.

5.3.1 Reaction from members

a) The Committee was advised to carry out a Regulatory Impact Assessment which would be a significant step before considering new legislation in Uganda.
b) The meeting noted the challenges associated with developing a new independent EITI law and suggested considering the proposal after the validation process.
c) A member from Bank of Uganda urged members to look into developing a law basing/based on transparency and accountability rather than limiting the scope to EITI implementation.
d) The Chairperson further advised the Committee to revert to the MSG with their input into the Mining and Mineral Bill 2020.

5.3.2 Way Forward – ACTION

a) Provide EITI input into the Mining and Mineral Bill 2020
b) Carry out a Regulatory Impact Assessment before considering the development of a new law.
c) Add Mr. Francis Elungat as a member to the Committee.

5.4 SET-UP OF THE FOLLOWING MSG COMMITTEES

5.4.1 The Social and Environment Committee

The Social and Environment Committee was constituted and Mr. Isaac Ntuju from the National Environment Management Authority (NEMA) was appointed as the Chairperson. Other members on this committee were named as Jennifer Hinton (Rep from Uganda Chamber of Mines and Petroleum), Sarah
Aijuka (NEMA), Sam Mucunguzi (Civil Society) and Jesse Musinguzi (Ministry of Foreign Affairs). Members were requested to volunteer to join committees of their choice.

5.4.2 The Local Content Committee

The Local Content Committee was constituted and Mr. Kosia Kasibayo from the Petroleum Authority of Uganda (PAU) was appointed as the Chairperson. The meeting recognised the need to write to PAU requesting for individuals with specific expertise in the above areas to represent the institution on the respective committees. It was agreed that the Secretariat would write to the Authority as stipulated above.

MIN 6.0: PRESENTATION OF THE TERMS OF REFERENCE FOR THE INDEPENDENT ADMINISTRATOR (IA).

6.1 The presentation to inform members on the Status on the Terms of Reference for the IA was delivered by Head of the Secretariat and is attached as Annex E.

6.2 Feedback on ToRs

a) A member from the Government constituency inquired about the cost of engaging the Independent Administrator to produce the 2019-2020 report, while other members inquired about the role of the Office of the Auditor General (OAG) in the entire process of producing the Report. In response, the Secretariat responded as follows:

i) the cost of hiring an Independent Administrator, based on research undertaken could be between USD 100,000 to USD 150,000 for the entirety of the contract.

ii) In addition to certification of the reporting templates from government entities, the OAG would understudy the work of the IA in order to build their capacity to subsequently take up the role of IA in the near future. Members discussed the importance of developing local capacity in EITI reporting. In response, the Secretariat noted that local content in the process of production of the EITI report would be addressed through the participation of the OAG.

c) Members proposed that given the importance of the task involved, 2 representatives from each constituency be appointed to the Steering Committee that would oversee the work of the IA in preparing the EITI report.

d) They also requested that a requirement for a summary data template be added as a deliverable as part of the summary report.

e) At the end of the discussions the Terms of Reference for production of the 2019-2020 report were approved by the MSG subject to adoption of the comments, recommendations and proposals made.
MIN 7.0: FIELD VISITS

7.1 Feedback from the Field Visit to Hoima Sub-region – Mr. Obad Noah

The presentation made by Mr. Noah is attached as Annex F.

Reactions from members.

a) The Chairperson inquired about the key learning points as well as the implications that the visit had had for the UGEITI team.

b) In response, the Head of Secretariat mentioned that members had noted during their engagement in Hoima that issues not related to the purpose of the visit were repeatedly raised, such as the displacement and compensation of Project Affected Persons (PAPs).

c) It was also agreed that members should present a united front whenever out on engagements in order to maintain a positive image of the MSG and UGEITI.

d) The representative from CNOOC Uganda Limited thanked members for visiting their Kingfisher site on behalf of her company.

7.2 Plan for the Next Field Visit to Mubende - Kasanda

The Secretariat reported that arrangements were underway for the MSG to hold engagements in the mining region of Mubende - Kasanda. The proposed dates were the 26th to 28th May 2021.

MIN 8.0: WAY FORWARD

a) The 3 Committees that presented during this meeting to revert to the MSG with well justified, clear options that will enable the MSG make informed decisions based on each Committees' deliverables.

b) The MSG was reminded of the upcoming training on Beneficial Ownership and development of the Communications Strategy from 19th to 21st of May 2021 at the Serena Hotel in Kigo.

c) The MSG to conduct a field visit to engage various stakeholders in the mining region of Mubende - Kasanda from 26th to 28th May 2021.

d) The meeting agreed to constitute two new committees:
   - Social and Environmental Committee chaired by Mr. Isaac Ntujju (NEMA).
   - Local Content Committee chaired by Mr. Kosia Kasibayo (PAU).

c) The next MSG meeting will be held on 24th June 2021.

Min 9.0: Closing remarks

1. The National Coordinator thanked members for their resourceful deliberations during the meeting.
2. The Chairperson expressed his gratitude to the members for their cooperation and contributions during the meeting.

There being no other business, the meeting was adjourned at 3:16 p.m.
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<thead>
<tr>
<th>Min No.</th>
<th>Action Point</th>
<th>Resp. Inst./Individual</th>
<th>Timeline</th>
<th>Action Update</th>
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<tbody>
<tr>
<td>4.0 c)</td>
<td>Arrange for Presentation on Cost Recovery by OAG</td>
<td>Secretariat</td>
<td>Next MSG</td>
<td>Done.</td>
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<tr>
<td>5.1.2</td>
<td>Provide categories of information required for disclosure and the Cost Benefit Analysis for Contracts Disclosure at the next MSG meeting</td>
<td>Contracts Disclosure Committee</td>
<td>Next MSG</td>
<td>Pending an update from the Committee.</td>
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<tr>
<td>5.2.2(a)</td>
<td>Benchmark categorisation of PAYE with other EITI countries.</td>
<td>Revenues Committee</td>
<td>Next MSG</td>
<td>Done.</td>
</tr>
<tr>
<td>(b)</td>
<td>Conduct further research and provide the MSG with a brief presentation containing clear options for adoption.</td>
<td>Revenues Committee</td>
<td>Next MSG</td>
<td>Done.</td>
</tr>
<tr>
<td>5.3.2</td>
<td>Provide EITI input into the Mining and Mineral Bill 2020 and carry out a Regulatory Impact Assessment before considering the development of a new law.</td>
<td>Legal Committee</td>
<td>Ongoing.</td>
<td>Awaiting for parliament to table the Bill and call for views.</td>
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<tr>
<td>8.0 c)</td>
<td>MSG to prepare for a training on Beneficial Ownership and the Communications Strategy from 19th to 21st at the Serena Hotel in Kigo.</td>
<td>Secretariat</td>
<td>Done.</td>
<td>Feedback to be presented in the next MSG</td>
</tr>
<tr>
<td>8.0 d)</td>
<td>The MSG to undertake a field tour to the mining area of Mubende-Kasanda from 26th to 28th May 2021.</td>
<td>Secretariat</td>
<td>Done.</td>
<td>Feedback to be presented in the next MSG</td>
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Signed: [Signature]

MSG Chairperson: [Signature]  Date: 2/07/2021

Secretary/National Coordinator: [Signature]  Date: 2/07/2021