

**MINUTES OF THE 16<sup>TH</sup> MEETING OF THE MULTI-STAKEHOLDER GROUP (MSG) OF  
THE UGANDA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (UGEITI)  
HELD ON TUESDAY, 7<sup>TH</sup> DECEMBER 2021 ON-LINE.**

**Attendance List**

No.	Name	Institution
<b>GOVERNMENT</b>		
1	Mr. Moses Kaggwa	Ministry of Finance, Planning & Economic Development <b>(Chairperson)</b>
2	Ms. Sarah Aijuka	National Environment Management Authority
3	Mr. Peter Rumanzi	Bank of Uganda (BOU)
4	Mr. Robert Tugume	Ministry of Energy & Mineral Development (MEMD)
5	Mr. Jonan Kandwanaho	National Planning Authority (NPA)
6	Ms. Gloria Akatuhurira	Uganda Revenue Authority (URA)
<b>CIVIL SOCIETY ORGANISATIONS</b>		
7	Ms. Winfred Ngabirwe	Global Rights Alert (GRA)
8	Mr. Onesmus Mugenyi	Advocates Coalition for Development and Environment
9	Mr. Henry Bazira	Water Governance Institute
10	Mr. Mucunguzi Sam	Citizens' Concern Africa
11	Ms. Margaret Lomonyang	Karamoja Women Umbrella Organization
<b>INDUSTRY</b>		
12	Mr. Faustine Mugisha	TotalEnergies
13	Ms. Emily Nakamya	Uganda National Oil Company (UNOC)
14	Mr. Emmanuel Kibirige	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)
15	Mr. Obad Noah	Oranto Petroleum Ltd
16	Ms. Sandra Mwesigye	CNOOC Uganda Ltd
17	Dr. Tom Buringuriza	Armour Energy Limited
<b>OBSERVERS</b>		
18	Ms. Mina Horace	EITI Consultant
19	Mr. Robert Muhumuza	Office of the Auditor General (OAG)
20	Ms. Sharon Kuku	Communications and Media Consultant
<b>UGEITI SECRETARIAT</b>		
21	Mr. Saul Ongaria	National Coordinator <b>(Secretary)</b>
22	Mrs. Gloria Mugambe	Head of Secretariat
23	Mr. Kanakulya Edwin Kavuma	Compliance Officer
24	Mr. Edgar Mutungi	Finance Officer
25	Ms. Bronia Arinda	Secretary
26	Mr. Dan Denis Agaba	Statistician
27	Ms. Gertrude Angom	Administration Officer
28	Mr. Abbey Gitta	Information Management Assistant
29	Ms. Acom Suzan Angela	Office Assistant
30	Mr. Francis Garvin Okello	Office Assistant
<b>ABSENT WITH APOLOGY</b>		
1	Mr. John Bosco Bukya	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)

## **AGENDA**

1. Welcome, Introductions and Adoption of the Agenda.
2. Communication from the Chairperson.
3. Review and adoption of the Minutes of the previous (14<sup>th</sup> and 15<sup>th</sup>) MSG meetings, and Matters Arising.
4. Decision on the outstanding issues from the 15<sup>th</sup> MSG meeting:
  - i) NSSF payments
  - ii) Reconciliation of Local Government Payments
5. Approval of the Scoping Study Report.
6. Selection of Members of the Committee to oversee the EITI reporting process.
7. A.O.B.

### **MIN 1.0: WELCOME, INTRODUCTIONS AND ADOPTION OF THE AGENDA.**

- 1.1 The Chairperson called the meeting to order at 2:39 p.m. He welcomed everyone and requested them to introduce themselves.
- 1.2 The agenda of the meeting was adopted.

### **MIN 2.0: COMMUNICATION FROM THE CHAIRPERSON.**

- 2.1 The MSG Chairperson made the following remarks to the members:
  - a) TotalEnergies and CNOOC Uganda Ltd had officially written to the Minister of Energy and Mineral Development (MEMD), expressing their willingness to disclose their Production Sharing Agreements (PSAs). This meant that UGEITI had achieved a huge milestone because the Confidentiality Clause in the PSAs provided that a party to the PSA could disclose their agreements with the consent of the other party.
  - b) The Independent Administrator (IA) had completed the Scoping Study Report which had been shared with members at the 15<sup>th</sup> MSG Meeting held on 17<sup>th</sup> November, 2021. The updated version of the report would be presented to members later during this meeting for further review and adoption.
  - c) The Mining and Minerals Bill, 2021 was tabled in Parliament on 18<sup>th</sup> November 2021 and assigned to the Natural Resources Committee. The Chairperson requested the Contract Disclosure and Legal Affairs Committee to review the Bill and provide comments to the MSG. The other Bills that were in the final stages of approval in Parliament included:
    - The EACOP (Special Provisions) Bill, 2021.
    - Public Finance Management Act (Amendment) Bill, 2020.
    - Income Tax (Amendment) Bill, 2021.
  - d) The training workshop on UGEITI reporting templates was scheduled to take place on Wednesday, 15<sup>th</sup> December 2021. He noted that during this workshop the IA would guide members on how to complete the reporting templates. The training was especially crucial for MSG members and the technical personnel responsible for EITI reporting from the industry and Government entities.



- e) The Chairperson informed the MSG that the main purpose of the meeting was to review and approve the Scoping Study Report, and to decide on two outstanding issues from the 15<sup>th</sup> MSG meeting:
- Inclusion or not of NSSF payments in Uganda's first report, and
  - Reconciliation of Local Government payments in the same report.

## **2.2 Reactions to the Chairperson's remarks.**

- a) The Head of Secretariat requested the Chairperson to provide the meeting with updates on the on-going legal and regulatory discussions on the EACOP Bill, 2021 and the Income Tax (Amendment) Bill, 2021, since they have direct bearing on EITI work. In response, the Chairperson explained that some members of the Natural Resource Committee had written a minority report that the Government had responded to. The minority report queried if the double taxation agreements would apply to project participants and, whether the EACOP company would pay taxes after the expiry of the tax holiday. The Government responded that the double taxation agreements applied to citizens of both States regardless of the existence of other laws.

Parliament had invited Uganda Law Society (ULS) and the civil society to provide their input to the Income Tax (Amendment) Bill and the PFMA (Amendment) Bill. However, Parliament was yet to invite Government to provide their input.

## **MIN 3.0: REVIEW AND ADOPTION OF THE MINUTES OF THE PREVIOUS (14<sup>TH</sup> AND 15<sup>TH</sup>) MEETINGS, AND MATTERS ARISING.**

- 3.1 The meeting agreed that the Minutes would be re-circulated to members and adopted through email.

## **MIN 4.0: DECISION ON THE OUTSTANDING ISSUES FROM THE 15<sup>TH</sup> MSG MEETING:**

- 4.1 The MSG was reminded that during the 15<sup>th</sup> MSG Meeting, a detailed discussion was held on whether to include NSSF contributions, and to undertake reconciliation of Local Government payments as proposed in the Scoping Study Report. However, the MSG had not yet decided on either issue.

### **4.2 NSSF payments**

The proposed NSSF payments by companies for reporting and reconciliation were:

- a) UGX 3,315,092,790 for the Oil and Gas Sector, and
- b) UGX 8,386,456,329 for the Mining Sector.

### **4.3 Local Government Payments**

On this issue, the MSG was reminded that royalty transfers of 20% were made to Local Governments and distributed as follows: 10% to the district, 7% to the sub-county and 3% to the land owner. The MSG needed to decide whether to reconcile these payments or have them reported unilaterally by Government.

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#### 4.4 Reactions from Members

- a) A representative from civil society stated that the concern regarding royalty payments made to Local Governments was that the amount received by each Local Government from the Centre was not independently verified. He noted that since UGEITI was constrained by time, this gap could be indicated as an area to be addressed in subsequent EITI reports.
- b) A member from the civil society proposed that the 15% NSSF contribution be excluded from the scope because the payments were made for the benefit of employees and not Government. However, if NSSF payments were included in the scope, only the 10% contribution made by the corporations ought to be recorded with the exclusion of the 5% contribution made by the employee. Further, the meeting was informed that NSSF contributions could not be reported either as government revenue or as a social contribution because they did not fall under the definition of social expenditures according to EITI Guidance Note 17.

In conclusion, the meeting agreed to exclude NSSF payments from the reconciliation process.

#### Way Forward

The MSG agreed to:

- a) Exclude NSSF payments in the reporting process for the FY 2019/2020. Further study would be conducted to assess whether to include them in future reports.
- b) Unilaterally report Local Government royalty payments considering the high transaction costs of collecting and verifying data from every district with extractives.

#### MIN 5.0: Approval of the Scoping Study Report.

5.1 The key elements of the Scoping Report were presented as follows:

- a) The approved reporting period was Financial Year 2019/2020.
- b) For the oil and gas sector, the report would consider revenue streams collected by:
  - i. Uganda Revenue Authority (URA) - UGX 54,529,507,126.
  - ii. National Environment Management Authority (NEMA) - UGX 3,167,407,354.
  - iii. Ministry of Water and Environment - UGX 21,950,000.
- c) For the mining sector, the report would consider revenue streams collected by:
  - i. Uganda Revenue Authority - UGX 152,826,023,144.
  - ii. Directorate of Geological Survey and Mines (DGSM) - UGX 12,530,694,694.
  - iii. National Environment Management Authority - UGX 183,628,400.



- d) Full reconciliation will be conducted for the following four (4) oil companies:
  - i. TotalEnergies (formerly Total E&P Uganda Limited).
  - ii. CNOOC Uganda Limited.
  - iii. Oranto Petroleum Limited.
  - iv. Armour Energy Limited.
- e) For the petroleum sector all revenue streams collected by URA will be reported without any materiality threshold. These are PAYE, Withholding Tax (Of which include foreign transactions and management fees), Customs Payments, VAT and Income Tax.
- f) Mining companies that paid revenues of over UGX 500 million would be reported unilaterally by the Government while entities that remitted less than UGX 500 million would be reported in aggregated form.
- g) For the mining sector, the following revenue streams collected by URA will be reported without any materiality threshold. These are PAYE, Withholding Tax (Of which include foreign transactions and management fees), Customs Payments, VAT, Sundries (other Taxes and Fines), Permits and Income Tax (including small businesses), Exploration Licenses, Penalties and Lease Extension company to company.
- h) Revenue streams collected by DGSM are attached as **Annex 1**.
- i) The contextual information to be included in the report:
  - i. The legal and regulatory framework of the extractive sector.
  - ii. Contract and license allocation process.
  - iii. The register of licenses.
  - iv. Beneficial Ownership.
  - v. State participation.
  - vi. Export data.
  - vii. Revenue allocation.
  - viii. Contribution of the extractive sector to the economy.
  - ix. Environmental issues in the extractive sector.
  - x. Gender and equality issues in the sector.
  - xi. Artisanal and Small-scale Mining in Uganda.

5.2 The presenter requested members to avail themselves for the EITI reporting template training so as to support the reporting process and ensure a good quality report.

### 5.3 **Reaction from Members:**

- a) The Secretariat informed the meeting that it was experiencing challenges in contacting the mining companies that were being considered for disaggregated reporting with regard to their attendance at the training workshop. In response, representatives of the civil society advised the Secretariat to contact the licensing authority (DGSM) and the Uganda Chamber of Mines and Petroleum for the contacts.
- b) A representative of the oil and gas companies noted that the Scoping Study Report had omitted the inclusion of the following oil company expenditures

for the reporting period: Training fees and acreage fees (both paid annually). These were previously paid directly to the Petroleum Fund. The Secretariat took note, and assured the meeting that the above concern would be reviewed and considered accordingly.

Some representatives from the oil companies informed the meeting of their unavailability for the training workshop on Wednesday, 15<sup>th</sup> December 2021 as it coincided with other important engagements on their calendar. Specifically, Armour Energy had meetings scheduled for 15<sup>th</sup> and 16<sup>th</sup> December 2021 to negotiate agreements to acquire new oil blocks.

In response, the Secretariat assured members that they would look into other options of training the stakeholders who would not be able to attend.

#### 5.4 **Way Forward**

With the above amendments, the MSG approved the Scoping Study Report.

### **MIN 6.0: SELECTION OF MEMBERS OF THE COMMITTEE TO OVERSEE THE EITI REPORTING PROCESS.**

- 6.1 The meeting was informed that according to the EITI Standard, the MSG was required to oversee and support the entire process of producing the EITI Report. Members proposed that each constituency appoint one member to this steering committee to oversee the work of the IA in preparing the EITI report.
- 6.2 Members selected the following to constitute the above committee:
  - a) Mr. Henry Bazira - Water Governance Institute to represent the Civil Society Constituency.
  - b) Ms. Gloria T. Akatuhurira - Uganda Revenue Authority (URA) to represent the Government Constituency.
  - c) Mr. Emmanuel Kibirige - Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM) to represent the Industry Constituency on Mining.
- 6.3 The Petroleum companies pledged to revert with a representative to the committee as soon as possible.

### **MIN 7.0: ANY OTHER BUSINESS**

- 7.1 The Chairperson wished members a successful training on the reporting templates scheduled for Wednesday, 15<sup>th</sup> December 2021.
- 7.2 There being no other business, he thanked members for making time to attend the meeting which ended at 4:04 p.m.

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## ACTION MATRIX

Min No.	Action Point	Resp. Inst.	Timeline	Action Update
4.5 a)	Contracts committee to review Mining and Minerals Bill 2021 and provide comments to the MSG.	Contracts Committee	By next MSG	Status update to be given during the 17 <sup>th</sup> MSG Meeting. Done
4.5 b)	Minutes of the 14 <sup>th</sup> and 15 <sup>th</sup> MSG Meetings to be circulated for no objection by email.	Secretariat	Immediate	Done
5.3 a)	Contact the licensing authority (DGSM) and the Uganda Chamber of Mines and Petroleum for the contacts of the mining companies that have been listed for disaggregated reporting.	Secretariat	Immediate	Done
6.3	The Petroleum companies to revert with a representative to the oversight committee for the preparation of the EITI Report.	Petroleum companies	Immediate	TotalEnergies volunteered to represent petroleum companies on the oversight committee. CNOOC Uganda Ltd is also a member of this committee.

**Signed:**

**MSG Chairperson:**

*Quyanya* Date: 22/02/2022

**Secretary/National Coordinator:**

*[Signature]* Date: 21/02/2022