

**MINUTES OF THE 17TH MEETING OF THE MULTI-STAKEHOLDER GROUP OF THE
UGANDA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE HELD ON FRIDAY,
18TH FEBRUARY 2022 ON-LINE.**

Attendance List

No.	Name	Institution
GOVERNMENT		
1	Mr. Moses Kaggwa	Ministry of Finance, Planning & Economic Development (Chairperson)
2	Ms. Allen Bucyana	Ministry of Justice and Constitutional Affairs
3	Mr. Philip Andrew Wabulya	Bank of Uganda
4	Mr. Jonan Kandwanaho	National Planning Authority
5	Ms. Gloria T. Akatuhurira	Uganda Revenue Authority
6	Eng. Timothy Tibesigwa	Ministry of Works & Transport
7	Mr. Francis Elungat	Ministry of Energy & Mineral Development
8	Mr. John Kennedy Okewling	Ministry of Energy & Mineral Development
CIVIL SOCIETY ORGANISATIONS		
9	Mr. Gard Benda	World Voices Uganda
10	Mr. Siragi Magara Luyima	Oxfam International
11	Ms. Regina Navuga	Southern & Eastern Africa Trade Information and Negotiations Institute
12	Mr. Henry Bazira	Water Governance Institute
13	Mr. Twebaze Paul	Pro-Biodiversity Conservationists in Uganda
14	Mr. Mucunguzi Sam	Citizens' Concern Africa
INDUSTRY		
15	Mr. Faustine Mugisha	TotalEnergies EP Uganda
16	Ms. Emily Nakamya	Uganda National Oil Company
17	Mr. John Bosco Bukya	Uganda Association of Artisanal & Small-Scale Miners Limited
18	Mr. Emmanuel Kibirige	Uganda Association of Artisanal & Small-Scale Miners Limited
19	Mr. Obad Noah	Oranto Petroleum Ltd
20	Ms. Sandra Mwesigye	CNOOC Uganda Ltd
21	Dr. Tom Buringuriza	Armour Energy Limited
22	Dr. Jennifer Hinton	Jervois Mining Limited
OBSERVERS		
23	Ms. Mina Horace	EITI Consultant
24	Mr. Joseph Kyeyune	Uganda Revenue Authority
25	Mr. Samuel Osei Bekoe	Beneficial Ownership Expert
26	Mr. Rached Maalej	Independent Administrator
UGEITI SECRETARIAT		
27	Mr. Saul Ongaria	National Coordinator (Secretary)
28	Ms. Vanessa Ihunde	Assistant National Coordinator
29	Mrs. Gloria Mugambe	Head of Secretariat
30	Mr. Kanakulya Edwin Kavuma	Compliance Officer
31	Mr. Edgar Mutungi	Finance Officer

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32	Ms. Bronia Arinda	Secretary
33	Mr. Dan Denis Agaba	Statistician
34	Mr. Francis Garvin Okello	Office Assistant
35	Mr. Abbey Gitta	Information Management Assistant
36	Ms. Acom Suzan Angela	Office Assistant
37	Ms. Gertrude Angom	Administration Officer
ABSENT WITH APOLOGY		
1	Ms. Margaret Lomonyang	Karamoja Women Umbrella Organization
2	Ms. Winfred Ngabiirwe	Global Rights Alert
3	Mr. Clovice Bright Irumba	Petroleum Authority of Uganda

AGENDA

1. Welcome and adoption of the Agenda.
2. Communication from the Chairperson.
3. Review and adoption of the minutes of the 16th MSG meeting held on 7th December, 2021.
4. Status update on preparation of Uganda's first EITI report.
5. Presentation of the inception report.
6. Beneficial Ownership – proposed definition.
7. Certification of Government templates – MSG decision.
8. A.O.B.

MIN 1.0: WELCOME AND ADOPTION OF THE AGENDA.

- 1.1 The meeting commenced at 9:45 a.m. Mr Siragi Magara who was unanimously nominated to Chair the meeting, informed members that the substantive MSG Chairperson Mr. Moses Kaggwa was held up in another meeting and would join the meeting later.
- 1.2 The Agenda of the meeting was unanimously adopted.

MIN 2.0: COMMUNICATION FROM THE CHAIRPERSON.

- 2.1 Mr. Magara read the communication from the MSG Chairperson. It is appended as *Annex A*. The major highlights of the communication were:
 - a) The Final Investment Decision (FID) in the oil and gas sector had been attained. The achievement of FID would pave the way for investments of over \$10billion into the country over the next five years.
 - b) Parliament had passed the Mining and Minerals Bill, 2021 at its sitting on Thursday, 17th February 2022.

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MIN 3.0: REVIEW AND ADOPTION OF THE MINUTES OF THE 16TH MSG MEETING HELD ON 7TH DECEMBER, 2021.

3.1 Mr. Magara led the review of the Minutes of the previous meeting, which were adopted as a true record of the proceedings of that meeting.


3.2 Matters Arising from the 16th MSG meeting.

- a) Members were informed that TotalEnergies EP Uganda had volunteered to represent petroleum companies on the Steering Committee for the production of the first UGEITI Report. This committee was constituted to support the IA in line with their Terms of Reference.
- b) The Compliance Officer informed the meeting that the Secretariat had written to the Clerk of Parliament with the MSG's proposals regarding Beneficial Ownership in the Mining and Minerals Bill, 2021. The International Secretariat had also reviewed the Bill and noted that it was favourable for EITI implementation.

At this juncture, Mr. Magara informed the meeting that the MSG Chairperson Mr. Moses Kaggwa had joined the meeting. Mr. Kaggwa thanked Mr. Siraji Magara for holding fort in his absence and took over the meeting.

MIN 4.0: STATUS UPDATE ON PREPARATION OF UGANDA'S FIRST EITI REPORT.

- 4.1 The status update was presented by the Chairperson of the Steering Committee for the production of the UGEITI Report, Ms. Gloria Akatuhurira. Her presentation is attached to the Minutes as *Annex B*.
- 4.2 She stated that the Committee expressed concern that there had been a delay in the submission of templates by some reporting entities which could negatively affect the reporting deadline of 14th May, 2022. She, however, explained that she had received an update from the Secretariat stating that CNOOC Uganda had just submitted their templates and that Armour Energy Ltd had committed to submit theirs by Tuesday, 22nd February 2022.
- 4.3 The proposed timelines and next steps for the production of the report were provided as follows:
 - a) The first draft of the UGEITI report would be reviewed by the Steering Committee on 15th March, 2022.
 - b) The final draft would be received from the IA at the end of March, 2022. The Steering Committee would then conduct a review of this draft for quality assurance at a meeting scheduled for 31st March 2022, before submission to the MSG for discussion and comments.
 - c) The MSG would review the report within two (2) weeks and revert with comments to the IA and the Steering Committee by mid-April, 2022.
 - d) The IA would incorporate all comments and submit a final draft to the Committee and the MSG for approval by the end of April, 2022.


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- e) The final report would be ready for review and endorsement by the MSG in the first week of May, 2022.

4.4 Reaction from Members

- a) The Chairperson apologized for the delay in submission of templates by the Ministry of Finance, Planning and Economic Development (MoFPED). The delay was attributed to ambiguity on which institution was best placed to provide information on Kilembe Mines Ltd. He stated that while Kilembe Mines Ltd was directly under the Privatisation Unit of MoFPED, its operations were supervised by the Ministry of Energy and Mineral Development. That notwithstanding, he informed the meeting that MoFPED would submit the reporting templates by Tuesday, 22nd February, 2022.
- b) A representative from the Civil Society Constituency raised the following concerns:
- He requested for an explanation for the delay in the submission of reporting templates by some entities, despite the numerous reminders by the Secretariat.
 - He enquired why no physical benchmarking exercise was carried out to learn from best practices on EITI report preparation.
 - He also felt that shorter timelines should have been provided by the Committee.
- c) The meeting noted that the oil companies had experienced delays in submitting their templates due to the lengthy technical processes involved in obtaining approvals from their leadership.
- d) A representative from the Directorate of Geological Survey and Mining (DGSM) explained that his department had been conducting field inspections which resulted in the delay and timely submissions of templates. He assured the meeting that the signed templates would be submitted by Tuesday, 22nd February, 2022.
- e) The Committee Chairperson stated that online benchmarking had been conducted, for the production of the UGEITI report. She also affirmed that the timelines set by the Steering Committee for the production of the UGEITI Report were reasonable. She assured the meeting that the Steering Committee would hold numerous engagements with the IA to ensure that the report was produced on time.

MIN 5.0: PRESENTATION OF THE INCEPTION REPORT.

- 5.1 The Inception Report was presented by the Head of the UGEITI Secretariat and is attached to the Minutes as *Annex C*.
- 5.2 She affirmed that the IA would commence with data analysis once all the reporting templates had been submitted to them. Reconciliation would commence in early March 2022, followed by the production of the report.
- 5.3 **Reaction from Members**

A representative from the Civil Society Constituency enquired whether royalties would be included for the mining sector in the UGEITI report. In response, the Head of Secretariat attested to the fact that royalties were included as part of the payments under Non-Tax Revenues for the Mining

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Sector as indicated in the Inception report. The Chairperson noted that royalties from the oil and gas sector would contribute a large proportion of revenues to be received by Government, which made them an important aspect of the EITI report. They therefore, needed to be mentioned explicitly as a key item to be discussed in the report.

5.4 Way Forward

The Secretariat informed the MSG that a copy of the Inception Report would be re-circulated to members, highlighting the amendments that had been made for their review for adoption through email.

MIN 6.0: BENEFICIAL OWNERSHIP – PROPOSED DEFINITIONS.

- 6.1 The presentation was made by the UGEITI Compliance Officer and is attached to the Minutes as *Annex D*. The proposed definition of Beneficial Ownership (BO) was as follows:

A Beneficial Owner is *“a natural person(s) who:*

- (a) directly or indirectly, ultimately owns, controls, exercises interest in, or receives economic benefit from a legal entity; or*
- (b) exercises control over a legal person or legal arrangement; or*
- (c) a person who holds at least 5% shareholding of a legal entity.”*

- 6.2 The Compliance Officer explained that the Secretariat arrived at the above definition with guidance from Section 2.5 (f) of the EITI Standard 2019, guidance from Mr. Samuel Bekoe (the BO expert), MSG members and the EITI consultant.

The meeting was also informed that according to the EITI Standard 2019, implementing countries' MSGs were expected to agree on an appropriate definition for the term BO. The adopted definition needed to be aligned with the definition provided in the EITI Standard under 2.5 (f)(i), and take into consideration international norms and practices as well as the national laws of the implementing countries. Politically exposed persons would be disclosed, and a percentage threshold set as a minimum for disclosure.

6.3 Reaction from Members

- a) A representative from the industry sector enquired whether a legal person or individual holding a license was included among the definition of “natural persons” conducting business in the extractive sector. She stated that she was more comfortable with the use of “legal entity” instead of “legal person”. The Chairperson guided that there was need to be consistent with the nomenclature used to define BO taking into account international norms and relevant national laws.
- b) Mr. Samuel Bekoe explained that the definition provided for the MSG's consideration was appropriate for adoption since it had captured the key aspects of BO according to international norms. He reiterated that BO was targeting the *ultimate* owners of the businesses, and indicated that our interests should be in persons who benefited *directly or indirectly* from the

business(es). He further noted that friends or relatives could be placed to indirectly benefit for the *ultimate* owner(s) and advised that the word *ultimate* be maintained in the definition of BO.

He also advised that setting the threshold at 5% had to be based on Uganda's context in terms of shareholding as guided by Uganda Registration Services Bureau.

- c) A representative from the Ministry of Energy and Mineral Development informed the meeting that limiting the definition to a corporate body would exclude individuals who are owners of exploration licenses under Uganda's laws in the petroleum sector. He advised that the MSG adopt the term "legal entity" which is all encompassing.
- d) The representative from Uganda Revenue Authority (URA) noted the importance of using the term "*persons*" and not "*natural persons*" so as to cater for artificial persons. She explained that there was an influx of inter-connected multi-national entities, mergers and acquisitions that made it difficult for URA to assess which individual(s) or company(ies) to tax. She stated that using the word "*persons*" would also make it easier to identify company owners who were not residents in Uganda.
- e) Some MSG members noted the need to adopt a definition that was consistent with national laws including the Companies Act. These members were of the view that UGEITI seek the formal guidance and advice of URSB or wait for the approval of the legislation which is currently being amended.
- f) A representative from the Ministry of Justice and Constitutional Affairs suggested that part b) of the definition be removed as it was catered for under part a). Both sections read as follows:
'(a) directly or indirectly, ultimately owns, controls, exercises interest in, or receives economic benefit from a legal entity; or
(b) exercises control over a legal person or legal arrangement; or'
- g) Some members argued that the threshold of 5% was too low compared to the threshold of 25% adopted by some European countries for BO. However, the meeting was advised that unlike developed countries, most developing countries had lower thresholds because they operated under different contextual environments.

6.4 Way Forward

The MSG Chairperson instructed the Secretariat to forward the revised proposed BO definition to URSB for guidance because they would ultimately decide what definition would be included in the Companies Act. He also asserted that the definition be reviewed by the National Beneficial Ownership Committee before further consideration by the MSG.

The revised definition to be forwarded to URSB was the following:

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A Beneficial Owner is “a natural person(s) who:

- (a) directly or indirectly, ultimately owns, controls, exercises interest in, or receives economic benefit from a legal entity; or
- (b) exercises control over a legal person or legal arrangement; or
- (c) a person who holds at least 5% shareholding of a legal entity.”

MIN 7.0: CERTIFICATION OF GOVERNMENT REPORTING TEMPLATES – DECISION BY THE MSG REQUIRED.

7.1 The presentation on the certification of Government templates was provided by the UGEITI National Coordinator. His presentation is attached to the Minutes as *Annex E*.

- a) He stated that there was need for the MSG to decide whether it was sufficient for the templates from Government entities to be signed off by the relevant accounting officers of the institutions rather than having them certified by the OAG. He gave examples of similar practices by other EITI member countries.
- b) He affirmed that the Office of the Auditor General (OAG) had completed the financial audit of the reporting government institutions i.e., Ministry of Finance Planning and Economic Development, Ministry of Energy and Mineral Development, Uganda National Oil Company, Kilembe Mines Ltd, Uganda Revenue Authority and National Environment Management Authority in accordance with international standards for the period under review (2019/2020), and they had all received unqualified opinions.

7.2 Reaction from Members


A member from the civil society proposed that the government entities be subjected to an external audit to verify the authenticity of all the information that was submitted to the IA. Members discussed the matter and the Chairperson explained that the MSG was constrained by time and resources, and therefore unable to undertake a separate certification process. He, however, indicated that this would be addressed in subsequent EITI reports.

7.3 Way Forward

The MSG agreed to have the reporting templates by government entities signed off by the relevant accounting officers of the institutions.

MIN 8.0: ANY OTHER BUSINESS

8.1 There being no other business, the meeting was adjourned at 12:45 p.m.


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ACTION MATRIX


Min No.	Action Point	Resp. Inst.	Timeline	Action Update
5.4	Circulate the Inception Report to MSG members for review and adoption through email.	Secretariat	Within one (1) week	Circulated by email and no objection to the adoption by the MSG.
6.4	Forward the proposed BO definition to URSB and the National BO Committee for review and guidance.	Secretariat	Before the next MSG	Done.
7.4	Adopt the MSG position on certification of reporting templates by government entities.	IA	Immediate	Done.

Signed:

MSG Chairperson:

 Date: 17/05/2022

Secretary/National Coordinator:

 Date: 12/05/2022