

**MINUTES OF THE 19TH MEETING OF THE MULTI-STAKEHOLDER GROUP (MSG) OF
THE UGANDA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (UGEITI)
HELD ON 10TH AND 12TH MAY 2022 AT IMPERIAL ROYALE HOTEL, KAMPALA.**

Attendance List

No.	Name	Institution	10 th May	12 th May
GOVERNMENT				
1	Mr. Moses Kaggwa	Ministry of Finance, Planning and Economic Development (Chairperson)	x	✓
2	Ms. Gloria T. Akatuhurira	Uganda Revenue Authority (URA)	✓	✓
3	Eng. Timothy Tibesigwa	Ministry of Works & Transport	✓	x
4	Mr. David Sebagala	Ministry of Energy & Mineral Development (MEMD)	✓	x
5	Mr. John Kennedy Okewling	Ministry of Energy & Mineral Development (MEMD)	✓	✓
6	Mr. Philip Andrew Wabulya	Bank of Uganda (BOU) – online	✓	✓
7	Ms. Sarah Aijuka	National Environmental Management Authority (NEMA)	✓	✓
8	Mr. Robert Tugume	Ministry of Energy & Mineral Development (MEMD)	x	✓
9	Mr. Jonan Kandwanaho	National Planning Authority (NPA)	x	✓
10	Mr. Clovice Bright Irumba	Petroleum Authority of Uganda (PAU)	x	✓
CIVIL SOCIETY ORGANISATIONS				
11	Ms. Winfred Ngabiirwe	Global Rights Alert	✓	x
12	Mr. Onesmus Mugenyi	Advocates Coalition for Environment and Development	✓	x
13	Mr. Siragi Magara Luyima	Oxfam International	✓	✓
14	Ms. Margaret Lomonyang	Karamoja Women Umbrella Organization	✓	✓
15	Mr. Paul Mulindwa	Kibaale District Civil Society Organisations' Network	✓	x
16	Mr. Mucunguzi Sam	Citizens' Concern Africa	✓	✓
17	Mr. Paul Twebaze	Pro-biodiversity conservationists in Uganda	✓	✓
18	Mr. Henry Bazira	Water Governance Institute	x	✓
19	Ms. Regina Navuga	SEATINI Uganda	x	✓
INDUSTRY				
20	Mr. Obad Noah	Oranto Petroleum Ltd	✓	✓
21	Mr. John Bosco Bukya	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)	✓	x
22	Ms. Ingrid Muhanguzi	CNOOC Uganda Ltd	✓	✓
23	Mr. Gard Benda	World Voices Uganda	✓	✓
OBSERVERS				
24	Ms. Mina Horace	EITI Consultant	✓	✓
25	Mr. Joseph Kyeyune	Uganda Revenue Authority (URA)	✓	✓
26	Mr. Frank Byaruhanga	Office of the Auditor General (OAG)	✓	✓
27	Mr. Robert Muhumuza	Office of the Auditor General (OAG)	✓	✓

28	Ms. Magdalene Babirye	Office of the Auditor General (OAG)	✓	✓
29	Mr. Peter Rumanzi	Bank of Uganda (BOU)	✓	✓
30	Mr. Anthony Okello	Ministry of Finance, Planning and Economic Development (MoFPED)	x	✓
31	Mr. Paul Bagabo	Natural Resource Governance Institute	x	✓
UGEITI SECRETARIAT				
32	Mr. Saul Ongaria	National Coordinator (Secretary)	✓	✓
33	Mrs. Gloria Mugambe	Head of Secretariat	✓	✓
34	Mr. Kanakulya Edwin Kavuma	Compliance Officer	✓	✓
35	Mr. Edgar Mutungi	Finance Officer	✓	✓
36	Ms. Bronia Arinda	Secretary	✓	✓
37	Mr. Dan Denis Agaba	Statistician	✓	✓
38	Mr. Francis Garvin Okello	Office Assistant	✓	✓
39	Mr. Abbey Gitta	Information Management Assistant	✓	✓
40	Ms. Acom Suzan Angela	Office Assistant	✓	✓
41	Ms. Gertrude Angom	Administration Officer	✓	✓
ABSENT WITH APOLOGY				
1	Ms. Jennifer Hinton	Jervois Limited	x	x
2	Mr. Emmanuel Kibirige	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)	x	x

AGENDA

Day 1

1. Welcome and Adoption of the Agenda.
2. Communication from the Chairperson.
3. Review and adoption of the minutes of the 17th MSG meeting held on 18th February, 2022 and the 18th MSG meeting held on 21st April, 2022.
4. Feedback from MSG Constituencies regarding consultations on the draft UGEITI report.
 - a) Civil Society Organisations
 - b) Government
 - c) Industry

Day 2

5. Group Discussions by MSG Members on feedback from constituencies.
6. Group presentations on feedback.
7. Plenary Discussion on the Report Recommendation.
8. Adoption of the UGEITI Report 2019/2020.
9. Any Other Business.

MIN 1.0: WELCOME AND ADOPTION OF THE AGENDA.

- 1.1 The National Coordinator welcomed participants to the meeting and notified members that the substantive Chairperson of the MSG would not be able to join the meeting due to another important engagement. In that regard, members nominated Ms. Winfred Ngabiirwe (CSO Representative) to chair the meeting.
- 1.2 The agenda of the meeting was unanimously adopted.

MIN 2.0: COMMUNICATION FROM THE CHAIRPERSON.

- 2.1 The Chairperson read the communication from the MSG Chairperson. It is appended as *Annex A*. The major highlights of the communication were:
 - a) It is projected that Uganda's first oil will be produced in 2025. In this regard, it was noted that if the revenues generated from the oil production are not well managed it could lead to the natural resource curse. Therefore, the adoption of EITI practices would ensure sound management of the oil revenues.
 - b) The objective of the 19th MSG meeting was to approve Uganda's first EITI report. Through the EITI process, the Government of Uganda aimed to maintain the highest standards of accountability and management along the value chain of extractive industries.
 - c) The information published under EITI would be useful for purposes of planning and developing the extractive sectors hence the need to align the UGEITI work plan to the national development objectives.
 - d) The key activities that preceded the preparation of the EITI report were:
 - Development of the Work plan in June 2020,
 - Uganda's admission to EITI in August 2020,
 - Procurement of the Independent Administrator,
 - Preliminary data collection for scoping report in October 2021,
 - Training of stakeholders in December 2021,
 - Submission of reporting templates,
 - Reconciliation of data, etc

MIN 3.0: REVIEW AND ADOPTION OF THE MINUTES OF THE PREVIOUS MEETINGS.

3.1 Minutes of the 17th MSG meeting held on 18th February, 2022

The Head of Secretariat led the review of the Minutes of 17th MSG meeting held on 18th February 2022, which were adopted as a true record of the proceedings of that meeting.

3.2 Minutes of the 18th MSG meeting held on 21st April, 2022

The Head of Secretariat led the review of the Minutes of the 18th MSG meeting held on 21st April 2022, which were adopted as a true record of the proceedings of that meeting.

3.3 Matters Arising from the 18th MSG meeting.

a) Minute 4.1 (iii)

Regarding whether it was required for Cabinet to approve the report, the MSG was advised by the Cabinet Secretariat that the approval of the Report was not required since Cabinet had already approved the EITI implementation process in Uganda. Nevertheless, the Cabinet Secretariat advised that it was important to inform Cabinet of the status of EITI implementation through a Cabinet information paper.

b) Minute 3.26

The National Secretariat confirmed that all government and industry reporting templates were duly signed by both the respective senior officers (at management level) and authorized accounting officers.

c) The EITI Consultant informed the meeting that the Independent Administrator would have to complete and submit the EITI summary data, based on the FY2019/20 report, to the International Secretariat. The template is in excel format and used by the EITI to collect and publish extractive sector information from implementing countries.

d) The Head of Secretariat informed the meeting that the EITI Report would be officially launched and disseminated after its submission to the International Secretariat. The Chairperson encouraged members to widely disseminate the report in their respective constituencies.

MIN 4.0: FEEDBACK FROM THE MSG CONSTITUENCIES CONSULTATIONS ON THE DRAFT UGEITI REPORT.

4.1 As agreed by members at the 18th MSG meeting, all three constituencies of the MSG met on the following dates to consult, review and provide feedback before finalization of the draft report. Government constituency held their consultation on 27th April, 2022, Industry on 4th May, 2022 while Civil Society held a 2-day consultative workshop on the 5th and 6th May, 2022.

4.2 Feedback from the Civil Society Constituency.

The comments & recommendations from the Civil Society Organizations (CSOs) consultations were presented by Mr. Onesmus Mugenyi as follows:

1. He began by clarifying that some comments and recommendations made by the CSO constituency would be applicable for the preparation of future EITI reports.
2. The report was largely descriptive without a deep analysis on the relevance of the information provided for the implementation of EITI in Uganda. Some sections in the report were not exhaustive in line with the EITI standard. For example, under Section 4.7.1(a), the Budget Cycle described the budget process but did not

explain its relevance to the EITI process. Also, under Section 4.14 on Management and Monitoring of Environment in the Extractives Sector, there was missing information on the legal framework governing environmental management.

3. Limitations on the scope of work to be undertaken had resulted into the restriction of the level of data collection and reconciliation. This was because the report was highly dependent on flexible reporting and unilateral disclosure of information that did not allow for complete reconciliation. For instance, for the mining sector, data was only required from companies that had met the UGX 500 million thresholds of payments made to government. As a result, this high threshold could have excluded information from some companies of interest.
4. The report did not clearly outline the progress and steps that had been taken towards contract disclosure. They noted that nondisclosure of contracts in accordance with the requirements of the 2019 EITI standard, implied that it was regarded as optional and not mandatory.
5. The report did not clearly explain how extractive revenues received by government were utilized. It did not show whether expenditures were made in accordance with set rules enshrined under section (viii) of the Public Finance Management Act (2015) for petroleum revenues. The CSOs noted that allocation of extractives revenue was important for tracing benefits of extractive resources to society.
6. Information on cost recovery for oil and gas as per the PSAs signed between companies and government was not included.
7. The methodology of the report did not mention the limitations faced including among others, limitation of resources and time, the Covid-19 pandemic, funding for some activities, which led to the MSG's decision to adopt flexible reporting.
8. There was inadequate information regarding the utilisation of subnational transfers from royalties by Local Governments.

9. Reactions to the CSO feedback

- a) The Head of Secretariat stated that the Secretariat would need a specific draft from each constituency portraying how they would like their comments captured in the report. The civil society constituency stated that they could not provide texts to every gap but informed the meeting of their commitment to relay the proposed texts to the Secretariat the following day on Wednesday, 11th May 2022.
- b) The Independent Administrator asserted that Cost Recovery Audits (CRA) by government were based on the PSAs that were not yet publicly available and therefore information on audited Recoverable Costs could not be captured.
- c) Representatives from the OAG informed the meeting that the Cost Recovery Audit report for the EITI reporting period had not yet been completed. Members then enquired whether the older CRA report (2016) could be availed by the OAG for inclusion in the EITI report. However, officials from OAG indicated that due to the limited time available for completion of the report, it would not be possible to submit the information before the deadline of 14th May, 2022.

- d) The Independent Administrator advised the MSG that the CSO constituency needed to define what it meant by the limitations under the methodology section of the report. The IA further clarified that the flexible reporting methodology adopted by the MSG was due to a number of limitations highlighted in the report including the Covid 19 pandemic.

4.3 Feedback from the Government Constituency.

The comments and recommendations from Government Constituency consultations were presented by Mr. Kanakulya Edwin Kavuma. They are presented as follows:

1. They noted that the mining cadastre portal was accessible and provided all the information as required by the EITI Standard contrary to what was stated in the report under Section 4.3.1 a.
2. They recommended that the statement on contract disclosure under section 4.5.1 be rephrased to reflect what was actually transpiring in the sector. They stated that the confidentiality provisions in the petroleum laws detailed the conditions for access to information.
3. The values in the report needed to be crosschecked to ensure that they were recorded in the right units.
4. There was need for more information to be provided on the EACOP project considering its importance and potential contribution to the economy.
5. There was need for more information to be provided on the efforts being undertaken by Government towards harmonizing the discrepancies on gold production and exports.

Reactions to Government's feedback

Civil Society expressed concern over the Government's continuous use of the provisions in the law to refrain from sharing the PSAs. They advised that an analysis should be carried out to prove whether the disclosure of the PSAs would threaten national security or violate the privacy of either party.

4.4 Feedback from the Industry Constituency.

The comments and recommendations from Industry Constituency consultations were presented by Mr. Edgar Mutungi. They are presented as follows:

1. The constituency noted that Oranto Petroleum had submitted Audited Financial Statements and therefore information under Section 2.7 of the report needed to be amended to that effect.
2. The challenges in the mining sector should be broken down into two separate sections to cater for a) Small-scale Miners and b) Artisanal Miners since some of the challenges were unique to the different categories of miners.
3. Ministry of Lands should be included under the institutional framework as one of the government agencies involved in the extractives sector. They noted that some of their activities involved dealing with the institution directly.
4. The report should include a brief narrative on the specifics of the training carried out by oil companies as provided for by the Petroleum Authority of Uganda.
5. Under section 4.4.1 on *Register of Petroleum Licenses*; they requested for change of company name from "China National Offshore Oil Corporation

Uganda Limited” to “CNOOC Uganda Limited” which is the official registered name of the company in Uganda.

6. They proposed that the text relating to the confidentiality provisions be amended in line with the suggested text from the constituency.
7. Proposed that the statement *‘Providing a summary description of the old contracts entered into force prior to 1st January 2021, and then publishing them.’* under section 4.5.1 be removed.

Reactions to Industry constituency’s feedback

- a) A representative for the Artisanal Miners proposed that the words *‘illegal miners’* should be changed to *unregistered miners* in the report. Responding to this, a representative from the Directorate of Geological Surveys and Mining (DGSM) noted that it was not necessary since such category of miners were not registered. He further clarified that their operations are illegal because according to the law, they are supposed to be registered.

4.5 WAY FORWARD ON THE UGEITI REPORT.

Following the above submissions by the three MSG constituencies, the meeting agreed as follows:

- a) The MSG would consult further with their respective constituencies and revert with written texts on the areas of the report where they had proposed amendments.
- b) The MSG would reconvene on Thursday, 12th May 2022 to review the proposed amendments and adopt the report for submission to the International Secretariat.
- c) The UGEITI Secretariat would consolidate the comments before the next meeting.

At this juncture, the MSG members agreed to adjourn the meeting to Thursday, 12th May 2022.

Day 2

On Thursday, 12th May 2022, the meeting began at 9:58 a.m.

MIN 5.0: WELCOME AND ADOPTION OF THE AGENDA.

- 5.1 The meeting was opened by the MSG Chairperson, Mr. Moses Kaggwa who requested Mr. Francis Okello to lead the meeting in prayer.
- 5.2 He welcomed everyone and thanked them for making time to attend the meeting. The agenda of the meeting was adopted unanimously.

MIN 6.0: GROUP DISCUSSIONS BY THE MSG MEMBERS ON THE DRAFT UGEITI REPORT

- 6.1 The meeting was divided into four (4) groups tasked to develop texts on the following contentious issues in the report:

- a) **Group 1** was tasked to develop texts on:
 - i) Artisanal and Small-scale miners since some of the challenges in the sector are unique to the different categories of miners.
 - ii) Texts on Gold mining.
 - iii) Data discrepancy between production and exports figures on gold from Uganda Revenue Authority and Directorate of Geological Survey and Mines.
- b) **Group 2** was tasked to review and edit the texts on budget execution and revenue allocation to cater for the query on how extractive revenues received by government were utilized during the reporting period.
- c) **Group 3** was tasked to review and edit the texts on contracts disclosure of PSAs in the oil and gas sector.
- d) **Group 4** was tasked to review and edit the texts on Environment, and to propose new contextual information on the limitations of the scope and methodology adopted for the EITI report.

MIN 7.0: FEEDBACK FROM THE GROUP DISCUSSIONS.

- 7.1 The presentation from Group 1 on Artisanal and Small-scale Miners (ASM) is attached as *Annex B*. The highlights include:
 - a) The challenges in the mining sector were broken down into two separate sections to cater for; a) Small-scale Miners and b) Artisanal Miners because some of the concerns in the sector were unique to the different categories of miners.
 - b) The meeting was informed that Government supported by civil society was facilitating the formalization of Artisanal and Small-scale Miners (ASM) through formation of associations and cooperatives. This required a constitution in order to register with the Sub-County Community Development Office where they are also required to pay UGX50,000 as administrative fees for registration at the district level.
 - c) On gold refining, the meeting was informed that a number of companies had been incorporated by investors to carry out gold processing before its exportation. Effective July 2021, the Government of Uganda imposed a levy of five percent on every kilogram of refined gold and 10 percent on unprocessed gold for export. This resulted in a sharp drop in the amount of gold exported out of the country by these refineries.
- 7.2 The presentation from Group 2 on budget execution and revenue allocation is attached as *Annex C*. The highlights include:
 - a) During the reporting period (2019/2020), the process of appropriation and eventual transfer of funds to either the Uganda Consolidated Fund (UCF) or Petroleum Revenue Investment Reserve (PRIR) was not guided by a Fiscal Rule. In the absence of the Fiscal Rule, the process of appropriation was at the discretion of the MOFPED during the budget formulation process.
 - b) With regards to adherence to the legal requirements, the meeting was informed that the Government of Uganda had been compliant with the PFM Act 2015 on the management of the Petroleum Fund as the amount of revenue

withdrawn from the consolidated fund to support the budget does not exceed the amount authorized by Parliament. In addition, audit of the Petroleum Fund was done in a timely manner and the reports are published both in hard copy and electronically on the MoFPED website.

- 7.3 The presentation from Group 3 on Contract Disclosure is attached as *Annex D*. The group agreed to maintain the texts in the report on the disclosure of Production Sharing Agreements (PSAs) for the oil and gas sector. They advised that a roadmap to contracts disclosure could be considered in subsequent EITI reports.
- 7.4 The presentation from Group 4 on Environment and the Scope and Limitations of the Study is attached as *Annex E*. The highlights include:
 - a) The EACOP project went through a participatory Environment and Social Impact Assessment. The EACOP project had obtained ESIA approval from NEMA and was in the final stages of the land acquisition process. No environment impacts from the EACOP project had been detected.
 - b) The group provided no comment or text on the methodology or limitations on data collection.
- 7.5 The meeting adopted the recommended texts from the groups and approved their inclusion in the report.

MIN 8.0: PLENARY DISCUSSIONS ON REPORT RECOMMENDATIONS

- 8.1 In order to confirm the accessibility of the online mining Cadastre, members logged onto the Cadastre system and confirmed that it was accessible to the general public. They requested the IA to correct the statement under section 8.2 of the report to the effect that the online Cadastre was publicly accessible.
- 8.2 The meeting agreed to maintain the recommendations in the report, since they were the independent opinion of the IA resulting from the study that was guided by the EITI Standard, 2019 during the report production.
- 8.3 The IA informed the meeting that the MSG could add a section on their recommendations that were intended to improve the general governance of the extractives sector in Uganda. He clarified that these recommendations needed to be based on the report findings and observations.
- 8.4 A representative from the civil society requested the IA to provide an assessment of the governance systems of the extractives sector in Uganda as compared to other countries. In response, the IA stated that their mandate was restricted to the requirements of the EITI Standard and terms of reference for the UGEITI report.

MIN 9.0: APPROVAL OF THE UGEITI REPORT BY THE MSG

- 9.1 The MSG unanimously approved the UGEITI Report FY 2019/2020 subject to the amendments provided by all the four (4) groups during the meeting.
- 9.2 Following the approval of the report, the MSG directed the Secretariat to submit the report to the International Secretariat before the deadline.

MIN 10.0: ANY OTHER BUSINESS.

- 10.1 There being no other business, the Chairperson thanked members for their active participation and contribution towards the successful preparation of the first UGEITI report and adjourned the meeting at 4:51 p.m.

ACTION MATRIX

Min No.	Action Point	Resp. Inst.	Timeline	Action Update
9.2	The UGEITI Secretariat would consolidate the comments and submit the final report to the International Secretariat.	UGEITI Secretariat	Before deadline of submission.	Done.

Signed:

MSG Chairperson: Mucyanya Date: 09/05/2022

Secretary/National Coordinator: [Signature] Date: 27/07/2022