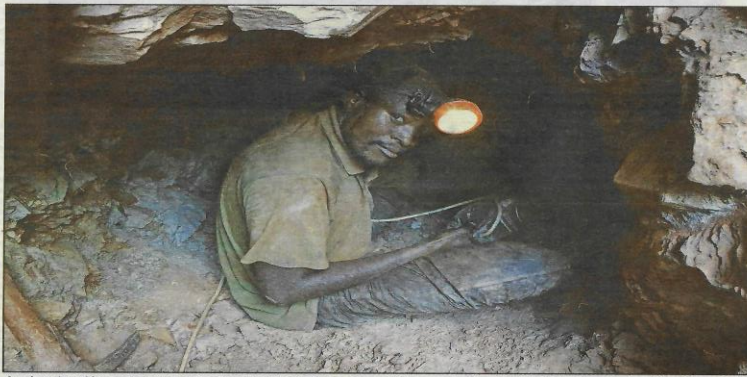


# EXPERTS SUGGEST WAYS TO BOOST MINERAL EARNINGS

Uganda is undoubtedly one of the most mineral-rich countries in the world. Although the country has recorded several mineral occurrences, the quantities of these resources remain a mystery. It's upon this background that the Uganda Extractives Industry Transparency Initiative (UG-EITI) has recommended that Uganda undertakes studies to establish the commercial viability of minerals, writes **Martin Kitubi**

The Uganda Extractives Industry Transparency Initiative (UG-EITI) has recommended that Uganda establishes the quantities of minerals, especially gold, to attract premium investors in the sector.

According to its latest report on Uganda's Mining and Petroleum sectors, the global transparency body says the move will also enable the country to determine how



A miner breaking rocks at a gold mine in Lukingi village. Uganda is expected to establish its minerals to attract investors

much in revenue will be collected. The UG-EITI report highlighted that the source of Uganda's gold exports is

not known, because of the discrepancies in quantities of what is mined locally. The report indicated that the gold exports are way much

bigger compared to the local production quantities. The commercial balance of gold shows that imported gold in the country is higher

than gold exports," the report indicates. According to the report, the analysis of gold quantities traded in the country would

need to be completed in the future by undertaking a study to generate information on quantities of gold production, refining and export in order to minimise variations in the value chain. The call for the establishment of the mineral quantities is part of the recommendations in Uganda's second report on the extractives sector to the EITI. Uganda joined the EITI in 2020 with a move to be more transparent on the minerals and petroleum activities, licensing, revenue generation and use, as well as environmental management and human rights. The report, which contains an analysis of data for the financial year 2020/2021, was released recently by the government at the Uganda Media Center in Kampala. The call comes at a time when the World Bank has just announced that it will not avail Uganda a chance to access new loans after passing the Anti-Homosexuality Act. However, mining and petroleum sector players indicate that if well managed, these two sectors will attract direct investment and boost revenue collections for Uganda

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## MINERALS TO BOOST UGANDA ECONOMY

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### SOME OF THE MINERALS IN UGANDA

According to the energy ministry, Uganda's mineral potential includes metallic mineral resources, industrial minerals, gemstones and precious metals.

However, most of these have never been explored, and the reserves are not known.

The metallic mineral resources include Beryllium, Bismuth, Copper, Cobalt, Columbite - Tantalite (Coltan), Chromium, Gold, Iron, Lead, Lithium, Manganese, Platinum Group of Metals (PGM), Rare Earth Elements (REE), Tin, Uranium, Wolfram and Zinc.

The industrial minerals on the other hand include Bentonite, Clay, Diatomite, Dimension Stones (Granite), Feldspar, Glass sands, Graphite, Gypsum, Kaolin, Kyanite, Marble/limestone, Mica, Phosphate (Apatite), Pozzolana, Salt (rock salt, halite), Talc and Vermiculite.

For the gemstones, Uganda has a collection of Apatite, Beryl - emerald,



Kagwa, Global Rights Alert director Winfred Nqabirwe, Lokoris and Sebagala at the Uganda Media Centre, Kampala recently

Haruna Kasolo Kyeyune, the Minister of State for Microfinance and Small-scale Enterprises, said considering the governance challenges experienced in many resource-rich countries, it is important to uphold a high level of transparency and accountability.

The EITI, he said, provides the opportunity for identifying practices that can undermine taxation, business development, policy-making and revenue management.

In his speech read by Moses Kagwa Moses, the Director of Economic Affairs, and also the Chairperson of the EITI Multi-Stakeholder Group (MSG), said adherence to the recommendations of EITI reports will greatly develop the extractive industries.

"This is, therefore, important for the country to continue implementing EITI and producing these reports annually for purposes of informing policy decisions that will enhance the development of the extractive industries in Uganda," the minister said.

### WHAT STAKEHOLDERS SAY

David Sebagala, a senior mines inspector with the Directorate of Geological Survey and Mines (DGS&M) under the energy ministry, says the MSG has recommended that the Government develops regulations on how the royalties should be spent by the local governments.

This, he said, was a result of a lack of accountability for the funds sent to the local governments. "The MSG recommended that when the royalties are sent to the respective local governments, it should be spent on particular

arrears. It can be education, health, and environment, among others, for easy accountability," he said.

Winnie Nqabirwe, the Executive Director of the Global Rights Alert said: "The mining sector has big potential. The demand for some of the minerals we have is high globally. This provides us an opportunity to produce these minerals and products and tap those revenues."

She added that: "The mineral sector has the potential to provide revenue and support the national budget."

### Uganda's mineral potential includes metallic minerals, gemstones and precious metals.

made minerals one of the strategy sectors.

At the moment, he said, the Government has discovered a vast potential for metallic mineral deposits which are under-exploited.

These include 12 million ounces of gold at Wagagai in Busia, about 350 million tonnes of confirmed iron ore reserves, over 1 billion tonnes of marble in Karamoja, an estimated 3 billion tonnes of kaolin and bentonite in Kaiso Tonya, etc.

"These resources are all useful for industrial and economic development and, therefore, proper development of these resources could help

the country generate revenue, drive industrialisation and create employment for Ugandans," Lokoris said.

He added that: "The Government is undertaking necessary steps to promote further investments in discoveries and exploration activities in order to enhance the country's mineral potential."

These discoveries combined with various mineral sector projects, he said, will not only provide revenue and investment, but also create jobs for the technicians, and other skilled Ugandans.

"You are aware of the planned commercial production of rare earth minerals in Busoga sub-region which is expected to start in 2024," he said.

"Our records show that there are 300 million tonnes of proven reserves of rare earth elements and an additional 700 million of indicated reserves in Mukutu-Buwaaya."

According to the finance ministry, the EITI standards are important to the country and its recommendations will support efforts to raise revenues from the extraction of Uganda's petroleum and mineral resources in the form of tax, royalties, production shares, surface rentals, and other

### FINDINGS

As part of the findings, the EITI report revealed that oil companies are contributing more revenue compared to mining entities.

According to the report, sh180b and sh61b were collected from oil companies and mining entities, respectively, in the financial year 2020/2021.

In addition, the data reveals that the sector contributed 1.8% to the country's GDP which was slightly higher than the 1.6% contribution from the financial year 2019/2020.

The report indicated that just eight out of more than 200 licensed entities in the extractives sector, made payments above sh6b. Uganda's top minerals produced were marble, iron ore, limestone, pozzolana, cassiterite, granite and gold, according to the report.

The country collected sh8.7b in royalties and that sh1.5b was transferred to local governments and landowners in the mining regions.

Despite the fact that the country has numerous gold mines, just 14.96kg valued at sh1.96b is the gold reported to have been produced locally.

The report further indicates that six gold refineries in Uganda imported a total of 41,740kg of gold valued at sh6.4 trillion, but the countries of origin are not known.

In addition, Uganda exported a total of 59,304 kg of gold valued at sh8.9 trillion and it created a discrepancy of 2,435kg between imported gold quantities and exported refined gold.

"This would mean that gold imported is either locally sold or that it was refineries show gold imported higher than gold exports value for sh250b, sh14b, and sh6b. Such negative international trade balance does not seem to be sustainable for the three

aquamarine, heliodor, morganite, Corundum (Ruby, Blue Sapphire), Fluorite, Garnet, Opal, Quartz (Amethyst, Rose), Topaz, Tourmaline and Zircon.

Precious metals such as, gold, silver and platinum are said to be in all the regions of Uganda.

According to the data shared by the Uganda Investment Authority, there are over 300 million tonnes of indicated and measured iron ore (haematite) resources in South Western Uganda and over 100 million tonnes of (magnetite) have been explored in South Eastern parts.

For rare earth elements (REE), Uganda is regarded as second to China with the largest potential deposits of Rare Earth Elements. According to the DGS&M, there is a potential existence of isolated pegmatites in South Western Uganda, Carbonate centres in Eastern Uganda, and Aluminous clays in the Makuutu area (SE Uganda).

A million tonnes of rare earth elements have been estimated in four districts of Busoga under the Makuutu Rare Earth Project. The districts include Iganga, Bugiri, Bugweri and Mayuge.

For base metals, Uganda has an estimated 4.5 million tonnes of measured and indicated copper, cobalt, Lead, and Zinc resources in Kilemba.

In addition, Uganda boasts an estimated 1 billion tonnes of measured and indicated graphite resources in Orom Hills, Kitgum district, which are needed for the production of carbon cathode rods for lithium batteries.

The latest development indicates that the country has confirmed an estimated 2 billion to 3 billion tonnes of graphite in Kitgum district.

"The development is an increase from the 1.7 billion tonnes of the same mineral which had been reported two years ago.

### OTHER RECOMMENDATIONS

As part of the recommendations,

the EITI report also highlighted the need for studies to document the contribution of the informal mining sector to the country's economy. This, the report says, would help the country to regulate and perform the oversight role of the artisanal miners in the sector.

The report also called for regular public disclosure of all contracts and licenses in both the petroleum and mining sectors to boost transparency.

Currently, the report says, production sharing agreements in both sectors are not publicly available and that it affects accountability.

"The UG-EITI should set out a short-term work plan for the publication of all agreements in the extractives sector," the report recommended.

### GOVERNMENT PLAN

Peter Lokoris, the Minister of State for Mineral Development, however, said the Government is undertaking reforms aimed at improving the sector.

Already, he said, the Government is conducting studies to establish the quantities of minerals in the different parts of the country.

This, he said, is hinged on the provisions in the Third National Development Plan (NDP3) which