A second report showing the transparency in Uganda’s extractive sector has been launched. The second Extractive Industry Transparency Initiative (EITI) report 2020-21 shows the significant strides Uganda is making in being accountable for activities in the petroleum and mining sector in the country.

Uganda was admitted to the EITI in August 2020 as a member country. Thereafter, Uganda produced its first EITI report in 2020/21. Uganda produced its first EITI report in 2020/21. Uganda was admitted into the EITI following its fulfilment of the sign up requirements. These include: effective oversight by a multi-stakeholder group, timely publication of the EITI reports, full government disclosure of all material payments to government by oil and mining companies, taking steps by oil, gas and mining companies, taking steps to promote the open and transparent disclosure of all material payments to government by oil and mining companies, taking steps by oil, gas and mining companies, taking steps

WHAT THE NEW REPORT SAYS

Total revenues received from the extractive sector amounted to sh241.4b in the financial year (FY) 2020-21. This accounted for 0.6% of the total domestic revenues in the FY2020-21. Revenues collected by the Uganda Revenue Authority (URA) accounted for 95.72% of the total revenue streams generated by the sector.

The macro-economic data provided by the Uganda Bureau of Statistics (UBOS) indicates that the mining and quarrying sector, accounted for sh.2.6 trillion in the FY2020-21, which represents 1.8% of the national GDP on current basic prices.

The EITI Standard involves disclosures along the extractive industries value chain from contracts and licence allocation to production, revenue collection and allocation, as well as social and economic spending for public benefit,” Lokeris added.

The minister further said the EITI report will increasingly generate useful information on the developments in the extractive sector. These include the challenges and shortcomings related to governance and management of these resources along the extractive industries value chain.

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Moses Kaggwa, the chairperson of the Multi-Stakeholder Group Uganda Extractive Index Transparency Index (EITI), said once the information is regularly disclosed, it promotes public and investor confidence in the government’s management of the sector.

Kaggwa said that furthermore, the public is able to hold duty bearers to account on how expenditure is apportioned. He also said the public will outline what they consider to be their development priorities from extractive revenue expenditure.

The state minister for minerals at the energy ministry, Peter Lokeris explained that in the extractive industries, there is the process of extraction and sustainably processing natural resources. The minister said minerals are needed to create products and humans need mineral substances.

“EITI is a global initiative that promotes transparency, accountability and other best practices to strengthen the management of extractive resources,” he said.

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THE STATE MINISTER FOR MINERALS AT THE ENERGY MINISTRY, PETER LOKERIS EXPLAINED THAT IN THE EXTRACTIVE INDUSTRIES, THERE IS THE PROCESS OF EXTRACTION AND SUSTAINABLY PROCESSING NATURAL RESOURCES. THE MINISTER SAID MINERALS ARE NEEDED TO CREATE PRODUCTS AND HUMANS NEED MINERAL SUBSTANCES.

“EITI IS A GLOBAL INITIATIVE THAT PROMOTES TRANSPARENCY, ACCOUNTABILITY AND OTHER BEST PRACTICES TO STRENGTHEN THE MANAGEMENT OF EXTRACTIVE RESOURCES,” HE SAID.

“THE EITI STANDARD INVOLVES DISCLOSURES ALONG THE EXTRACTIVE INDUSTRIES VALUE CHAIN FROM CONTRACTS AND LICENCE ALLOCATION TO PRODUCTION, REVENUE COLLECTION AND ALLOCATION, AS WELL AS SOCIAL AND ECONOMIC SPENDING FOR PUBLIC BENEFIT,” LOKERIS ADDED.

THE MINISTER FURTHER SAID THE EITI REPORT WILL INCREASINGLY GENERATE USEFUL INFORMATION ON THE DEVELOPMENTS IN THE EXTRACTIVE SECTOR. THESE INCLUDE THE CHALLENGES AND SHORTCOMINGS RELATED TO GOVERNANCE AND MANAGEMENT OF THESE RESOURCES ALONG THE EXTRACTIVE INDUSTRIES VALUE CHAIN.

MOSES KAGGWA, THE CHAIRPERSON OF THE MULTI-STAKEHOLDER GROUP UGANDA EXTRACTIVE INDEX TRANSPARENCY INDEX (EITI), SAID ONCE THE INFORMATION IS REGULARLY DISCLOSED, IT PROMOTES PUBLIC AND INVESTOR CONFIDENCE IN THE GOVERNMENT’S MANAGEMENT OF THE SECTOR.

KAGGWA SAID THAT FURTHERMORE, THE PUBLIC IS ABLE TO HOLD DUTY BEARS TO ACCOUNT ON HOW EXPENDITURE IS APPORTIONED. HE ALSO SAID THE PUBLIC WILL OUTLINE WHAT THEY CONSIDER TO BE THEIR DEVELOPMENT PRIORITIES FROM EXTRACTIVE REVENUE EXPENDITURE.

The state minister for minerals at the energy ministry, Peter Lokeris explained that in the extractive industries, there is the process of extraction and sustainably processing natural resources. The minister said minerals are needed to create products and humans need mineral substances.

“The EITI initiative is about seeing what we are doing and making declarations. Oil, gas and mines create employment and generate revenues. There are many laws in place governing the extractive sector,” Lokeris said.

“To complement the legal and institutional framework that is in place, the Government joined EITI. The EITI is a global initiative that promotes transparency, accountability and other best practices to strengthen the management of extractive resources,” he said.

“The EITI Standard involves disclosures along the extractive industries value chain from contracts and licence allocation to production, revenue collection and allocation, as well as social and economic spending for public benefit,” Lokeris added.

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**LEADERS COMMENT**

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**FISCAL REGIME REFORMS**

The main changes in the mining sector fiscal regime, according to the Mining and Minerals Act, 2022, are as follows: Introducing the state equity participation in the large and medium scale mining licences granted after the commencement of this Act.

The Act revised the mining royalties sharing proportions by giving by giving the Central Government 70%, local government councils 10%, sub-county/town councils 10% and owners, lawful or bona fide occupants of the land 5%.

In the Mining Act 2003, the Central Government took 80%, local governments 10%, sub-county/town councils 7% and owners, lawful or bona fide occupants of land with minerals 3%.

It provides for mineral agreements that may be entered into by the energy minister and any person with respect to any mining licences connected with operations or activities under an exploration licence or a large-scale mining licence in respect of highly capitalised and complex projects.

The Act requires a model of mining agreement shall be developed by the energy minister and approved by the Parliament. The Act introduces state equity participation in the large and medium scale mining licences granted after the commencement of this Act.

The law gives the energy powers to grant and revoke mining rights, licences, permits and other authorisations. These powers previously belonged to the head of the DGSM. The DGSM is responsible for the regulation and management of mineral resources and activities through the department of geological surveys, the department of mining and geothermal resources.

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Uganda’s fiscal system for the mining sector is based on a combination of the taxation structure established by legislation and the contractual framework under which mining companies operate with the Government. The energy minister is currently developing several regulations under the new Mining and Minerals Act, 2022. The taxation structure is still governed by the Income Tax Act, Cap. 340 of the Laws of Uganda, and the Value-Added Tax Act, Cap. 349 of the Laws of Uganda.

The mining licence/permit holders are required to make payments specific to the mining activities as stipulated in the Mining Act, 2022 and Mining (Licensing) Regulations, 2019, by agreement between miners and the Government and by the terms provided by the licence granted.

In 2022, the government finalised the Tax Expenditure Governance Framework to limit leakages and...