DISSEMINATION OF UGEITI REPORT FY 2019/2020 IN KARAMOJA SUB-REGION

SUMMARY RECORD OF PROCEEDINGS

COMMISSIONED BY: RESOURCE RIGHTS AFRICA (RRA) - UGANDA
FACILITATOR: KANAKULYA EDWIN KAVUMA - UGEITI SECRETARIAT
LOCATION: MT. MOROTO HOTEL
Acknowledgements and Credits

This record was produced by Kanakulya Edwin Kavuma (UGEITI Secretariat) for Resource Rights Africa. Financial support from RRA, for the UGEITI Report FY 2019/2020 dissemination exercise in Karamoja Sub-region is gratefully acknowledged. The Facilitator is thankful to all and sundry for the diverse contributions towards the successful development of this report.
LIST OF ACRONYMS AND ABBREVIATIONS

ASMs- Artisanal and Small-Scale Miners
CAO- Chief Administrative Officer
EI- Extractive Industries
LG- Local Government
EITI- Extractive Industries Transparency Initiative
MOFPED- Ministry of Finance Planning and Economic Development
NDP- National Development Plan
RRA- Resource Rights Africa
UGEITI- Uganda Extractive Industries Transparency Initiative


1.0 INTRODUCTION

The Extractive Industries Transparency Initiative is the global standard for the promotion of open and accountable management of oil, gas, and mineral resources. A coalition of government, companies, and civil society oversees and supports the EITI.

Implemented through the EITI Standard, the EITI demands disclosing information at all points of the EI value chain – from extraction and how the rights are issued, to the journey that the revenues generated follow through the government system, and ultimately how these earnings benefit the citizens and the economy.

The disclosure requirement is intended to reinforce public and corporate governance, foster understanding of the management of natural resources, and provide vital data to inform reforms for greater transparency and accountability in the EI.

Uganda joined the EITI on 12 August 2020 and became the 54th member globally and the 26th African country to join the Initiative. Preparations for the first EITI report are ongoing.

In that regard, Uganda is expected to adhere to the requirements of the EITI Standard to promote good governance and accountability, reduce the risk of corruption, and support disclosure of payments to strengthen revenue collection and management.

Implementation of the EITI requires regular disclosure of information along the extractive industry value chain from the point of extraction, to the revenue collected, the revenue allocation mechanism, and the contribution of extractive industries to the economy including local content for public benefit.

The information disclosed includes, inter alia, the process of awarding and allocating licenses and contracts, what the fiscal and legal framework arrangements are, who the beneficial owners of those operations are, how much is produced and how much is paid to the Government, and how much the companies have paid.

The EITI implementation process is overseen by the Multi-Stakeholder Group (MSG) which comprises representatives of the Government, civil society, and the private sector. The arrangement facilitates coordination among Government institutions and fosters
cooperation with civil society and the private sector for purposes of better policy formulation.

The information generated is very useful for new oil and mineral producing countries intending to strengthen revenue generation and management, and to attract local and foreign investment into the extractive industries.

As stipulated by the EITI Standard, Uganda was obliged to publish the required information through an EITI Report. The first report was therefore published in May 2022. Validation of the first UGEITI report will commence on 1st April 2023.

2.0 OBJECTIVE OF THE ASSIGNMENT

This assignment was intended to disseminate the information in the UGEITI Report FY19/20 to the local leaders and the community representatives of the Karamoja Sub-Region.

3.0 ACTIVITIES ON THE DISSEMINATION OF THE EITI REPORT

**Session 1:** What is EITI and Uganda’s membership to EITI? Mr. Kanakulya Edwin Kavuma- UGEITI Secretariat.

**Tea Break**

Q&A Session- Moderator

**Session 2:** Presentation on revenue received and findings of the UGEITI Report FY2019/2020. Mr. Kanakulya Edwin Kavuma- UGEITI Secretariat

Q&A Session- Moderator

**Lunch Break**

**Session 3:** Presentation on the Contextual Information in the UGEITI Report FY2019/2020. Mr. Kanakulya Edwin Kavuma- UGEITI Secretariat

Q&A Session- Moderator
4.0 KEY WORKSHOP HIGHLIGHTS

4.1 Session 1: Presentation- What is EITI and Uganda’s membership to EITI?

The presentation is attached hereto as Annex A

Questions and discussions

How is UGEITI MSG able to do its work without the interference of government or the big companies? Response: The three constituencies of the MSG are equal and are able to check each other to ensure that none overrides the other.

We are grateful that finally Uganda joined EITI. Are the declarations of revenues from the mining companies the actual revenues that the companies are supposed to pay because it is difficult to keep track of their actual activities. Response: The EITI Standard is very strict on data quality. The companies submit their audited financial statements to support the information they provide. The independent Administrator verifies all the information received.

Recently the EU Parliament called for the delay of EACOP, what is your role as UGEITI in this given that the President has said that the EACOP cannot be stopped. Response by the participant from the EU office in Uganda: the EU Parliament Resolution is not binding on the EU or Uganda and so does not have direct bearing on the EU’s policy towards Uganda and the project. TotalEnergies is European company that is leading on this project and we have requested all players to ensure that the project is implemented in proper way. The EU is also very interested in renewable energy and will support Uganda in this regard too.

Principal Assistant Secretary Moroto LG. I would like to appreciate that the report has been brought down to the community. At what level are the companies held accountable because we as local government have a challenge to engage these companies. How can EITI be involved at LG level. Is it possible to also include the Ministry of Internal Affairs on the MSG. Response: MSG serve a term of three years and renewable once, therefore, other institutions or CSOs that do not have their members on the MSG will eventually also have a member sit on the MSG.
I see that EITI is moving so fast, is government able to keep up with how fast EITI moves especially now that we are moving to oil production which is a hot issue currently. In response it was noted that EITI is an international initiative and must follow the international timelines and deadlines and so must move at that speed.

Participant: It is difficult to follow local government accountability.

MSG member Ms. Margaret Lomonyang informed the participants to understand that EITI is a process and it will keeping becoming better with time. She told participants that she will take their views to the MSG. She pointed out that UGEITI is still facing some funding challenges but is working with government to see how this can be sorted.

4.2 Session 2: Presentation and discussions- Revenues reported in the UGEITI Report

The presentation is attached as Annex B.

Questions and discussions

Participant: Thank you for breaking down the report to suit this region which report shows that this region contributed to the information in this report. For the next report we request that the issue of certainty of sending royalties to the local governments needs to be handled by the next report because LGs find it difficult to budget for the royalties when planning for the financial year. The information on license allocation is important and from past experience that the current system disadvantages the ASMs and we would like to see this change for purposes for promoting local content.

Response: There is a new Mining and Minerals Bill, 2022 that is awaiting to become law. The Bill provides for registration of ASMs which will make them formal entities that can apply for the licenses.

Participant: Resource Rights Africa has done well to ensure that this report is brought to this region and we a very grateful. The issue of remittance of royalties to local governments is very serious and needs to be addressed. The delays and uncertainty make planning very difficult for the LGs. The EITI report should be able to highlight where
the delays arise from i.e., is it URA, MEMD or MOFPED. According to the UGEITI Report, what Moroto contributed in royalties and what it received back does not add up if you apply the legally set percentage of 20%. Moroto received very low royalty remittances.

Participant: There is the 3% of the Royalties that is meant to go to the land owners however most of the people in this region do not have legal documents for land ownership and so it becomes difficult to receive the money. How can these communities be helped? He also inquired whether the percentages for royalties have been changed and are now applicable.

Participant: We need to have weighbridges installed in this region because we can not tell how much of the minerals are being taken from the region.

Response: The MSG member from DGSM informed the MSG, at the last MSG meeting, that a weigh bridge had been procured and is awaiting installation in the Karamoja region. We shall follow up on this at the MSG level.

Participant: I request EITI to engage government on the mining of gold. A lot of gold is being taken from Amudat district but the district leadership has no information about how much gold is being mined there. There is a company that has been prospecting for so many years but no report has ever been given about its activities yet the company is taking out gold.

Response: The EITI Report pointed out the issues surrounding gold for example, the fact that there is a huge discrepancy between what DGSM reported as the amount of gold produced and what URA reported as the amount of gold exported. The MSG has picked this up and has requested the relevant institutions to collaborate and identify the reasons for this discrepancy and solutions needed where necessary.

Participant: Commended Resource Rights Africa for bringing the EITI report to the Karamoja Region. We at the district plan basing on royalties of previous years which is not effective. DGSM always asks us what we use the royalties for. We got someone to physically count the trucks that leave the subcounty and we write monthly reports about the number of trucks that leave the sub-county (Apach) and 243 trucks left as of last month. Weigh bridges are needed here
because they are very important in trying to ascertain the volumes of minerals from the region.

Participant: Information on the activities of the companies in the community does not reach the community. I would like to ask the district leadership how they utilised the royalties they received previously and how are the royalties planned for. There is a community where they used royalties to build latrines but the community was not interested in the latrine. The utilisation of royalties needs to be improved. I would like to ask the district leadership how they utilised the royalties they received previously and how are the royalties planned for.

Response: This EITI Report only presents figures of the royalties sent to the LGs but does not show how these royalties were utilised by the LGs. The MSG has agreed that for the next report, information on how LGs utilised royalties needs to be included.

Participant: We have ever developed a bi-law, I want to hear from the CAO on what happened to the bi-law.

Facilitator: noted that the many questions that the participants are asking is a good thing because EITI aims to promote debate about the activities in the extractive sector. The MSG noted that it was important to also look into how LGs utilise the money they receive back for royalties. The royalties are provided for in the law and so the process of making a new law was used while setting the percentages in the law.

The EITI Report is aimed at equipping the public with credible information that they can use to achieve their different interests in the sector and to use the information to hold leaders and companies accountable.

There is no law to compel companies to comply with the EITI process but the experience currently is that they are cooperating. The companies are very interested in sharing information on how much tax they paid to government or what the spent on environmental and social activities they carried out in the areas that they operate from.

UGEITI

The presentation is attached as Annex C.

Questions and discussions

Participant: On the issue of beneficial ownership, it is important that the owners of the companies in Karamoja region should be disclosed as soon as possible because the communities have so many speculations about the owners of the companies. Does the report include anything about the geological survey that DGSM carried out?

Response: As EITI we want beneficial ownership information to be disclose immediately because we are going to be validated next year and this is one of the key areas to be considered. However, there are processes that need to be followed towards achieving beneficial ownership transparency and UGEITI is engaging the various stakeholders on this. There is a National Beneficial Ownership Committee and the EU has provided a consultant to build their capacity for them to start work. The Geological survey information may not be in the report because the report from this survey may not be out yet and EITI only considers formal information.

Participant: I appreciate this report as a first report is a good report. Are there any sanctions for those that refuse to provide information as required for EITI? Companies continue to mine under the disguise of exploration. Is there a way UGEITI can pressurize the relevant institutions to ensure that the weigh bridges are installed? The government needs to recognize the ASMs in order deal with the issues in our mining sector. Government should pass the new mining las as soon as possible.

Response: The MSG will study the levels of compliance and if it finds it necessary that a law is needed, the MSG will recommend for such legal reform. In regard to mining under the disguise of exploration, it is something that was brought to the attention of the MSG and the MSG has decided to see how this can be addressed and then it will provide recommendations and follow up with DGSM and the other relevant institutions.

Participant: I am happy that EITI covers social and environmental activities of the companies. We hope the next report can also provide this information on the mining companies. Who utilises the mineral rents?
Response: Mineral rents are paid to government and they go into the consolidated fund. The law only provides for remittances of royalties and not mineral rent. Therefore, government fully utilises the mineral rents.

Participant: All businesses are supposed to must respect human rights. We never see representation of the companies at such stakeholder engagements and yet it is key that they are represented so that they can also hear first-hand from other stakeholders and also be part of the process of finding solutions where there are issues.

UGEITI so far has only disseminated the report through invitation by CSOs to join them in their activities and so we could not invite companies. However, in the UGEITI work plan, there are dissemination activities and at such engagements the companies shall be invited. We have also requested companies to invite us to their engagements in the communities that they operate in.
### UGANDA EXTRACTIVES INITIATIVE TRANSPARENCY INITIATIVE REPORT
**DISSEMINATION WORKSHOP IN MOROTO, KARAMOJA SUB-REGION.**

**VENUE:** MT. MOROTO HOTEL; DATE: SEPTEMBER 21, 2022.

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<thead>
<tr>
<th>Time</th>
<th>Item</th>
<th>Responsible Person</th>
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<tbody>
<tr>
<td>8.30AM-9.30AM</td>
<td>Arrival and Registration</td>
<td>Ms. Marion Amany, Resource Rights Africa (RRA)</td>
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<td>9.30AM-9.35AM</td>
<td>Prayers/Introduction</td>
<td>All</td>
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<td>9.35AM-9.40AM</td>
<td>Welcome Remarks</td>
<td>Mr. Andrew Byaruhanga, Executive Director, RRA.</td>
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<td>9.40AM-10.00AM</td>
<td>Official Opening:</td>
<td>Session Moderator</td>
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<td>2. European Union Representative</td>
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<td>3. The Resident District Commissioner, Moroto District</td>
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<td>10.00AM-10.30AM</td>
<td>Session 1: What is EITI and Uganda's membership to EITI?</td>
<td>Mr. Kanakulya Edwin Kavuma, UGEITI Secretariat</td>
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<td>10.30-11.00AM</td>
<td>Q&amp;A Session</td>
<td>Session Moderator</td>
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<td>11.00AM-11.30AM</td>
<td>BREAK TEA</td>
<td>MT. MOROTO HOTEL</td>
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<td>11.30AM-12.30PM</td>
<td>Session 2: Presentation on revenue received findings of the UGEITI Report FY2019/2020.</td>
<td>Mr. Kanakulya Edwin Kavuma, UGEITI Secretariat</td>
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<td>12.30PM-1.00PM</td>
<td>Q&amp;A Session</td>
<td>Session Moderator</td>
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<td>1.00PM-2.00PM</td>
<td>LUNCH BREAK</td>
<td>MT. MOROTO HOTEL</td>
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<td>2.00PM-2.30PM</td>
<td>Session 3: Presentation on the Contextual Information in the UGEITI Report FY2019/2020.</td>
<td>Mr. Kanakulya Edwin Kavuma, UGEITI Secretariat</td>
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<td>2.30PM-3.00PM</td>
<td>Q&amp;A SESSION</td>
<td>SESSION MODERATOR</td>
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<td>3.00PM-3.20PM</td>
<td>Session 4: Experience Sharing from the Community on Revenue Transparency and Surface Rights Compensation in Karamoja Mining Sector: A Case of Rupa Development Trust (RUCODET).</td>
<td>Mr. Logwee John Bosco – RUCODET.</td>
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<td>3.20PM-3.30PM</td>
<td>CLOSING REMARKS</td>
<td>CHAIRPERSON LCV, MOROTO</td>
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<td>3.00PM-onwards</td>
<td>Evening Tea/Departure at Leisure</td>
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