



Uganda Extractive Industries Transparency Initiative

## **SUB-NATIONAL WORKSHOP REPORT**

### **DISSEMINATION OF UGEITI REPORT FY 19/20 AND WORK PLAN CONSULTATION FY 22/23**

22<sup>nd</sup> – 24<sup>th</sup> August 2022

Hoima Buffalo Hotel

Hoima - Uganda

## Abbreviations & Acronyms.

ACODE	Advocates Coalition on Development and Environment
APR	Annual Progress Report
ASMs	Artisanal and Small-Scale Miners(ing)
CSO	Civil Society Organisation
DGSM	Directorate of Geological Survey and Mines
DGF	Democratic Governance Facility
EITI	Extractive Industries Transparency Initiative
EU	European Union
IA	Independent Administrator
IS	International Secretariat
LCV	Local Council Five
MEMD	Ministry of Energy and Mineral Development
MOFPED	Ministry of Finance, Planning and Economic Development
MSG	Multi-Stakeholder Group
MDAs	Ministries, Departments and Agencies
NDP III	National Development Plan III
NS	National Secretariat
NC	National Coordinator
NPA	National Planning Authority
PAU	Petroleum Authority of Uganda
UGEITI	Uganda Extractive Industries Transparency Initiative
URA	Uganda Revenue Authority
UWA	Uganda Wildlife Authority
WP	Work Plan

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4.0 CSO Members, UGEITI Secretariat Staff and Participants travel back from Hoima

## **1.0 INTRODUCTION**

This report provides an overview of an activity on dissemination of the UGEITI Report FY 19/20 and consultation on the development of Uganda's next EITI Work Plan 2022/23. The One-day consultative event was held on 23<sup>rd</sup> August 2022 at the Hoima Buffalo Hotel, Hoima, Uganda.

The workshop was attended by some members of the Multi Stakeholder Group (MSG), Civil Society Organisations (CSO) under Civil Society Coalition on Oil and Gas (CSCO), District Leaders, and Community members from the Albertine region.

The general output of the workshop was to engage participants on the findings of the UGEITI Report FY 19/20 and seek views for Uganda's next EITI Work Plan 2022 with emphasis given to experiences and challenges from the region in the extractive sector as well as strengthening the national relevance and strategic orientation of EITI implementation in Uganda. The workshop was designed and conducted by CSCO through Advocates Coalition for Development and Environment (ACODE) and facilitators got from UGEITI Secretariat:

- a) Mr. Saul Ongaria, National Coordinator
- b) Mrs. Gloria Mugambe, Head of Secretariat, and
- c) Mr. Edgar Mutungi, Finance Officer

This engagement provided the Secretariat with an opportunity to disseminate the first UGEITI Report in the Albertine region. Prior to this workshop, the MSG Work Plan Committee developed the Draft Work Plan at the 1<sup>st</sup> and 2<sup>nd</sup> meetings held on 13<sup>th</sup> and 15<sup>th</sup> July 2022 respectively, before it was presented to the MSG at their 20<sup>th</sup> meeting held on 21<sup>st</sup> July 2022. At the 20<sup>th</sup> MSG meeting, it was agreed that constituencies carry out wider consultations and provide feedback on the Draft Work Plan before final approval at the next MSG meeting.

The consultative meeting was important to help understand the context and challenges faced in the extractive regions for Work Plan development and it also provided an opportunity to get feedback from the communities on the first published UGEITI Report. The dissemination of the report created awareness and stimulated public debate which is in line with Requirement 7 of the EITI Standard 2019.

Later in the day, the National Coordinator, Mr. Saul Ongaria and an MSG member Mr. Paul Mulindwa of Kitara Civil Society Organisations' Network were hosted on Spice FM Radio Talk Show. The program was mainly about the event of the day.

## **2.0 OBJECTIVES OF THE WORKSHOP**

The objectives were to:

- a) Disseminate UGEITI's first Report FY 19/20, and
- b) Consultation on UGEITI-MSG Work Plan for FY 2022/2023

### **Day 2: Tuesday, 23<sup>rd</sup> August 2022**

The day of the workshop had opening statements, presentations and discussions from participants:

- Presentation: What is EITI? What is its relevance and why should citizens be concerned about it?
- Presentation: EITI Journey and Progress on Implementation in Uganda.
- Presentation of 2019/2020 EITI Report and Recommendations.
- Presentation of EITI Work Plan 2022/2023
- Radio Talk Show



*Picture: Mr. Onesmus Mugenyi, the Moderator from ACODE introducing the Program for the Workshop to Participants.*

#### **4.0 OPENING STATEMENTS**

The first Opening Statement was made by Mr. Twesigye Bashir, CSCO Chairperson. He thanked the participants for taking time to attend the event. He noted that CSCO was formed as a result of CSOs involved in environment and social economic transformation coming together to form a coalition on Oil and Gas since the sector was being developed. Prior to the formation of the platform, it was agreed that there was need for unity and having a single voice for advocacy and pushing forward the agenda for a common goal. It was also formed to promote and ensure good governance in the Oil

and Gas sector. Through their work, communities from the region had been empowered to advocate for good governance of these resources, and proper management of the environment. The milestone achieved led to government of Uganda making the decision of joining EITI. He wished for more commitment from government to the cause of EITI. He advocated a good process for dissemination of Uganda's first EITI Report such that citizens would understand the content and participate in the sector for good governance. He highlighted the need for the Secretariat to widely disseminate the EITI Standard 2019 such that stakeholders understand EITI and its broad perspective for implementation.



*Picture: Mr. Twesigye Bashir, CSCO Chairman, making his Opening Statement.*



The second statement was made by Mr. Karungi Kadiri, Chairman LCV, Hoima. He thanked government of Uganda for bringing services closer to the people, the organizers of the event and CSOs for trying to change the mindset of the people from the region towards better understanding of the sector. He said with first oil production, he had the belief of communities in the region being aware of their rights and benefits. There was still a lot of work to be done going forward. Oil and Gas being a new resource, some communities were not yet aware of the sector and the activities being carried out. There was a lot of misinformation about the sector with a lot of negative stories. He cited the case of Nigeria's oil sector that has had so much negative stories and how it had affected the sector and the country's image.

On the environment in the district, he noted a lot of degradation as a result of Oil and Gas activities. He appealed to the CSOs to get involved and support the district and further stating that a lot of concentration was on Oil and Gas yet a lot needed to be done for other sectors. If such issues were not taken care of, then the region would become like Karamoja. He said no CSO was paying attention to the expansion of the Sugar Industry leading to the destruction of forests such as Budongo in the region for Sugar Cane growing. A lot of effort was concentrated on the Oil and Gas sector yet other sectors of importance were neglected. He implored stakeholders to balance advocacy while carrying out their duties such that the environment is not mismanaged.

He wondered whether government was practicing decentralization or recentralization because a lot of concentration was on the Oil and Gas sector with all decisions made at the central government level while neglecting the district leadership. The neglect of vital



sectors was affecting the region and decentralization needed to be effected such that Local Governments carry out their role. He advocated the need for respect of decentralization as a system when making decisions noting that much talk wasn't helping the region.

He asked CSOs why they were not disclosing their budget visa vie WP for activities in the region. He stated that the districts need to know what CSOs like ACODE had budgeted for activities in the region. Further noting that if CSOs were advocating the disclosure of contracts by government, then this should cut across for such a demand to be fair.

The third and last statement was made by Mr. Saul Ongaria, National Coordinator UGEITI. He noted that the Secretariat responded to the call by CSOs about the activity to ensure that there's accountability in the Oil and gas sector since this was a critical event for the implementation of EITI. He said the issue of environmental degradation which the LCV Chairman of Hoima highlighted was noted and informed participants that environmental concerns were critical areas of interest during EITI implementation. The report captured this area extensively. They would have to look at this challenge more in the next report.

He informed the participants about CSOs and other stakeholders who were playing such a critical role to see that there was good management of the extractives sector for the benefit of the society. He further stated that EITI was an initiative that promoted good governance and accountability of extractive resources in a country. Uganda was admitted to the global initiative in August 2020 as the 54<sup>th</sup> member after government making the decision to join through a process that started in January 2019. EITI was ensuring that

there was fair play in the sector through the promotion of good governance and accountability.

As a new entrant in EITI, he said UGEITI was working with CSOs, industry and all the relevant government institutions to achieve meaningful implementation. CSOs needed to work together with the Secretariat and all stakeholders such that a common ground could be found without letting them work in isolation because it was a requirement during EITI implementation.

Last year, the Secretariat and the MSG made a trip to the region. Through that engagement, a lot of concerns were raised by communities about extractive activities. It was noted that EITI could provide a platform through which these challenges could be addressed with solutions. Through EITI, government intended to ensure that there was good governance and accountability in the Oil and Gas sector.

He encouraged the communities in the region to take kin interest and get involved during the EITI implementation process such that these resources could be utilized sustainably.

The Secretariat produced Uganda's first EITI Report FY 19/20 and it was published. It could be found on the UGEITI website as well as on those of other stakeholders. He encouraged the communities to take time and read and also provide feedback since their views were needed to support implementation in the long run. After the production of the first report, UGEITI with support of the MSG was in the process of developing a new WP for which the event was being held. The process of producing the second report had also commenced and it would be published in June 2023.

In conclusion, he thanked the organizers of the event as well as ACODE for the support. On behalf of UGEITI Secretariat, he used the opportunity to appreciate the role played by Local Leaders from the region, CSOs, Communities as well as other stakeholders during EITI implementation.

#### **5.0 PRESENTATION: WHAT IS EITI? WHAT IS ITS RELEVANCE AND WHY SHOULD CITIZENS BE CONCERNED ABOUT IT?**

The presentation was made by Mrs. Gloria Mugambe, Head of UGEITI Secretariat.

The presentation described what EITI is all about; what citizens should be concerned about during its implementation; what EITI's relevance is and the roles played by citizens.



*Picture: Mrs. Gloria Mugambe, Head of Secretariat, UGEITI Secretariat, making her presentation, “What is EITI? What is its Relevance and why should Citizens be concerned about it?”*

## **6.0 PRESENTATION: EITI JOURNEY AND PROGRESS ON IMPLEMENTATION IN UGANDA**

The presentation was made by Mr. Saul Ongaria, National Coordinator, UGEITI Secretariat.

The presentation provided an introduction to EITI; the objectives for implementation; an assessment of performance during implementation; outcomes and opportunities; and next steps for implementation.



Picture: Mr. Saul Ongaria, National Coordinator, UGEITI Secretariat, making his presentation, “EITI Journey and Progress on Implementation in Uganda.”

## 7.0 PLENARY

The Moderator, Mr. Onesmus Mugenyi from ACODE while reacting to the question posed by the LCV Chairman, Hoima City on why CSOs were not sharing their budget visa vie WP for activities in the region noted that, this was doable since they had done that before amongst themselves as CSOs. He encouraged other CSOs to do the same further promising that ACODE would try as much as possible to be transparent.

At this point, the Moderator then asked participants to provide experiences on extractive activities in relation to revenues, royalty

payments/disbursements including any other challenges from the region/districts. Further saying it was for the benefit of the event which was crucial for EITI implementation.

The participants raised issues as follows:

- Kasese District had been receiving royalty payments and it was difficult to ascertain how much the district was to receive without knowing the percentage used for calculating the total sum. With the challenge, it was also difficult to know how much each subcounty was to receive. In prior years, the disbursements would total about UGX 800m but this had been decreasing to about UGX 150m. There was need to check this discrepancy.
- There was significant improvement in revenue collections from protected areas with a significant increase from National Park Collections over the years. There was need to know how much was disbursed to districts covering these areas and UGEITI needed to look in to this.
- Nwoya District was receiving some revenue as a result of collections from protected areas which was about 20% amounting to UGX 35m of the total sum collected. The funds were supposed to be disbursed annually but there was lack of consistency in disbursements causing the district to lose track of these revenues.
- The NC was asked to expound more on the mandate of UGEITI and what would happen if all the requirements were not met and the report not produced. Where the EITI Requirements a master piece for implementation and

whether all member countries were reporting against these requirements. Where the subsequent reports going to be produced against the requirements?

**On the disclosure regime,** a participant said there wasn't transparency for the Oil and Gas contracts. The information about the sector was opaque and lacking. His concern was on government being keen on hiding information and wondered how UGEITI was going to comply with publishing this information/contracts when implementing EITI.

### **On Requirement 3: Exploration and Production**

A participant noted that there was no Oil production in the FY19/20. He asked the NC whether the UGEITI Report captured this and if not, he wanted to know whether the next report would reflect this. He asked whether the NS was ready to produce the next report considering the fact that we were in the last half of year 2022. For revenues to Local Governments, he expressed the need for the report to capture these payments in terms of actual collections against disbursements. There was need for transparency about these transactions and suggested that the report could take an example of how CSOs reported/accounted for their activities.

**PSAs in the Oil and Gas sector:** A participant said these contracts were signed with confidentiality clauses. He asked whether there was a time frame for disclosure since this was a requirement noting that the public needed to know. UGEITI Secretariat seemed to focus more on the Oil and Gas sector yet there was the mining sector with a lot of resources in Karamoja and other regions. He inquired about the effort the NS was putting in place to take these



regions/resources into consideration.

The Mubende District LCV Chairman noted the following:

- UGEITI is putting a lot of focus on Oil and Gas and wondered whether there weren't any others minerals that could be reported on.
- Government was not transparent on what it earned/received from the sector and the disbursements to the Local Governments.
- Lack of transparency on how much government received from Gold production.
- The district had a lot of Gold mining activities with many companies operating without licenses. There was a lot of displacement with communities not allowed to access these sites.
- Communities still poor yet a lot of mining activities were taking place.
- When mineral deposits were discovered, land rights were taken away leaving the communities landless with no livelihood.
- The District Local Government was denied a lot of information about these mineral resources and activities. The authorities were therefore incapacitated to carry out their role.
- The policy of implementing local content provisions in these mineral extraction projects wasn't provided for. Most employees are from other regions leading to high unemployment levels.
- There was need to engage politically at the highest level especially the President such that these challenges could be addressed.



*Picture: A participant making her point during the Plenary.*

A participant highlighted the following about the 20% gate collections from protected areas meant for districts:

- These needed to be disclosed and wondered why a decision was made recently that they are conditional grants.
- There were many cases of wild animals straying and destroying crops and property without compensation. UWA was yet to work out a policy for compensation.
- The need to engage the Natural Resources Committee of Parliament on these issues.
- UWA disbursement to districts was 2% of the collections. There was need for clarity and efficiency in implementation.
- Exploration activities for Oil and Gas still on going in the region

thus affecting the environment.

A representative of Bunyoro Kitara Kingdom asked at what stage the NS was going to involve the kingdom in the EITI reporting process and implementation. Further noting that the first report was produced without the kingdoms input yet the process for the second had already commenced. He informed participants about the ongoing exploration activities on Lake Albert and urged UGEITI Secretariat to take interest.

For revenues in the Oil and Gas sector, a participant from Nwoya District shaded more light and stated the following:

- there were three revenues in the sector; Royalties, Cost oil and Profit Oil.
- Districts were to get a share of royalty payments but wondered how the 6% share was derived.
- Royalties were revenues government received by virtue of holding rights to the resource on behalf of citizens.
- Cost Oil was a share that companies take to recoup investment.
- Profit Oil was the share got after all deductions.

The Mubende District LCV Chairman informed participants that though there were Gold mining activities in the district, as leaders, they did not know the royalty benefits from these activities as well as the amount of total production. Through EITI, he was optimistic that the challenges with royalty payments would be highlighted such that the district would receive and utilize them better. He further informed participants about a number of issues affecting the district from environmental degradation to gender-based issues and appealed for information sharing and guidance hoping that EITI would support the district in the long run.

Participants raised more issues as highlighted below:

- Bundibugyo District was hosting Semiliki National Park yet it didn't benefit from revenues generated. The district was facing a challenge of frequent attacks from Lions on communities surrounding the park.
- Kakumiro District was grateful to government for the recently constructed road network that had boosted trade, improved transport and brought about development. With the above achievement there were a number of concerns as follows:
  - a) With the implementation of EITI, there was need to know how much revenue was received from extractive activities, the level of production and if this information was readily available.
  - b) Ordinary citizens would never know some of the information relating to extractive activities in terms of how much was produced, revenues received and how they were utilized.
  - c) While implementing EITI according to the Standard, an inquiry was made whether all information relating to extractive activities would ever be made public.
  - d) Extractive activities were leading to environmental degradation with a lot of tree cutting, destruction of swamps and wildlife areas etc.
  - e) EITI initiative was a good practice but the public needed to know the total revenues generated from the sector as well as the percentage distribution of benefits accrued from royalties.
  - f) There was need for political engagement at the highest level such that solutions could be identified for those challenges in the sector to support the effective implementation of EITI.
  - g) Lack of information about the sector was causing a lot of uncertainty leading to anxiety and conflicts amongst the

population.

In Mubende District, there were Gold mines with two companies, AUC Mining and Seven Hills Exploration, both having Prospecting/Exploration Licenses of three years each. AUC's licensed area was 150km<sup>2</sup> covering Kasanda to Mubende. There were a lot of questions about these mining operations because this couldn't be possible.

Seven Hills was clearing a forest reserve for its activities and this was an environmental threat. AUC and Seven Hills were having Prospecting/Exploration Licenses yet they are carrying out mining activities. They needed to hold Mining Leases to operate at such a level. The district was not getting royalties from these mining operations because of the nature of licenses held by these companies.

ASM were operating with Exploration Licenses while others were without and yet they claimed to have Mining Rights. The sector was not regulated and had a lot challenges ranging from environmental degradation, gender related issues, labour exploitation, lack of revenue/royalties' payments to the district and government etc. With the new Mining and Minerals Bill 2021 there was hope that a solution would be provided.

The Moderator noted that in the NDPIII, revenues from the Oil and Gas sector were to be used for infrastructure development. He said the President over the years had been informing the nation about giving priority to infrastructure development when utilizing revenues from the sector. He encouraged the communities from the extractive regions to engage more in the sector by using the

available information provided through EITI implantation. The district leadership of these regions should engage the Natural Resources Committee of Parliament and the relevant MDAs if they are to find solutions to the challenges in the sector.

### **7.1 Response from the NC to the issues raised in the Plenary**

He informed participants that the first UGEITI Report was detailed enough and it reported extensively about the extractive sector in Uganda. The Royalty payments to districts were also covered but the information was got from DGSM under MEMD. In the subsequent reports, the NS would try to engage with the Local Governments such that information about revenues received and disbursed could be properly captured. A lot of challenges existed in the sector especially the mining sector. The first report covered both the Oil, Gas and Mining sectors.

The first report was produced with some challenges and it couldn't be perfect since Uganda was a new EITI implementing country. As a country we were in the learning process, there would be a lot of improvement in the next report.

The idea of joining EITI to improve the extractive sector in Uganda was fronted by CSOs. It was a good decision that government took for joining the global initiative. Government further realized that there was no need to hide any information about the sector from the public. It was in line with the need to improve governance and management of the sector.

He noted that all relevant MDAs were involved in the EITI implementation process through the MSG. The government took

the initiative to join and was going to comply with all the EITI Requirements though there were many challenges in the sector. He gave an example of Zambia and Ghana that joined with a lot of challenges but have noted significant improvements in the sector with a lot of benefits. It was important to keep on engaging with the sector such that the benefit of joining EITI could be realized.

On failing to comply with meeting the Requirements, he informed participants that EITI is an International Standard for all member countries. If Uganda failed to comply, then there were consequences. Implications would have a negative effect on the country's image. International companies prefer countries to be part of EITI because it's a tool that provided investor confidence. Government would ensure that all the Requirements are met. If the Secretariat failed to report on royalty payments, revenues received and disbursed, then it would be captured in the report with implications.

**Confidentiality clauses for contracts in the Oil and Gas sector:**

These provisions exist in all contracts to protect interests. It was provided for in the contracts that if all parties agree (government and companies), then they could be disclosed. TotalEnergies and CNOOC were operating in other countries that were implementing EITI, so disclosure of contracts wasn't entirely new to them. They were aware and were ready to disclose. There was an ongoing process led by the MSG to see to it that this requirement is met. The requirement states that contracts must be disclosed according to the EITI Standard. Government and companies were aware of this and by Validation, he was optimistic that the contracts would be disclosed.



**Mining activities in Mubende District:** For the companies operating with licenses that don't define the appropriate nature of activity and lack of Royalty payments, the NS was not aware but it would take interest and follow up with regular engagements. DGSM under MEMD, relevant MDAs had a presence in the district so the district leaders should engage those institutions. The National Secretariat wasn't aware about the nature of operations for AUC, Seven Hills, and the number of companies carrying out mining activities in the district. With EITI implementation these issues would be addressed and solutions suggested in the long run.

The report captured information on licenses held which included the nature, the area covered, the minerals produced etc., and such information was required for EITI reporting.

The Secretariat was aware of Gold mining activities. The report captured information about production, export and revenues generated. This was an area of interest in the first report. There was a challenge with DGSM and URA's report on Gold. The report noted a lot of discrepancies in Gold production with recommendations and the institutions were working together to rectify this.

**EITI a master piece:** He said, "EITI was a global Standard and every member country was required to report according to the same Standard. All decisions taken upon countries on the same Standard without favour. The EITI report was comprehensive and if the Standard wasn't met, then there were implications for the country. All countries were judged on the same template and it's a continuous practice for implementing the requirements."

The Moderator informed participants about the report being comprehensive enough. It extensively reported on all the sectors and he encouraged them to read because it provided answers to most of the questions. They needed to look at the report to appreciate EITI.

## **8.0 PRESENTATION OF 2019/2020 EITI REPORT AND RECOMMENDATIONS**

The presentation was made by the Mrs. Gloria Mugambe, Head of UGEITI Secretariat.

She highlighted the following:

- there was no Oil and Gas production in FY 19/20.
- the mining sector had a lot of challenges and is still opaque.
- there was need to note the contribution of the ASM sector to the economy.
- the methodology for reporting adopted was Flexible Reporting as a result of challenges due to COVID-19 pandemic.
- the year of reporting was FY19/20, according to the EITI Standard, that was the year to be reported on. Next report is FY20/21.
- for mining royalties, DGSM provided the data. It also provided the list of active licenses for the reporting period. This was compared with data from URA.
- 292 licenses that were active during the period were considered and not all.
- information on Royalties for the mining sector were on Table 35, Pg 92 of the UGEITI Report FY19/20.
- Validation was to start on 1<sup>st</sup> April 2023, three (3) Validation Templates to be filled and they were; Transparency, Stakeholder engagements and Outcomes and Impact Templates. They were to

be filled by the MSG and some of the engagements like these would be documented and considered. Each of the Requirements of the EITI Standard would be assessed and ranked with statuses such as: Exceeded, Fully Met, Mostly Met, Partly Met and Not Met.

- For EITI implementation, CSO engagements were given so much attention. If such engagements were not properly met, there were implications. Some of the implications of not meeting such a requirement was suspension.

## **9.0 PRESENTATION OF EITI WORK PLAN 2022/2023**

The presentation was made by the Mr. Edgar Mutungi, Finance Officer, UGEITI Secretariat.

The presentation provided a brief background on the WP 2022/2023, the objectives 1, 2 and 3 and the activities.

## **10.0 PLENARY**

Reacting to the presentations, participants raised issues as follows:

- The UGEITI Report didn't capture information on some important minerals like Salt in Kasese District yet there were many mining activities in the two lakes of Katwe and Kasenyi. It was difficult to measure the contribution of the sector in terms of employment and revenue collections because of lack of proper organization. There was need to take interest in the sector.
- There was need to track Royalty payments at the district level. Resources such as Sand which were development minerals with a lot of mining activities were not being monitored yet a lot of revenue was being generated. The activity was leading to environmental degradation around river sources and swamps. Monitoring the sector was required to support sustainable mining.
- Cobalt mining was leading to contamination of water sources.

This was affecting the quality of fish for human consumption. The district authority needed to take action.

- The Secretariat was requested to look into the expansion of the Sugarcane Plantations for the supply of the Sugar Industry in the region where Budongo forest was being destroyed. This was leading to a major environmental threat in the region.
- Had the Secretariat taken time to look at Laws and Policies of the extractive sector apart from royalties and revenues?
- Joining EITI was voluntary and many countries with extractive resources were encouraged to join. Did the withdrawal of a country from the initiative make it irrelevant and also bring an end to it as a whole?
- EITI required production of an annual report as a requirement. Wasn't it already late for the Secretariat to produce the second report, and why was it for FY 20/21? The information looked irrelevant considering the fact that information for the current year FY 21/22 was readily available.
- UGEITI had Champions, there was need to know who these officials were, and why the choice?

There was need to look at the laws and policies in the sector when implementing EITI. The Secretariat was encouraged to look at the NDPIII which had programs designed to guide the national development agenda when developing the work plan. Was the WP developed while looking at the NDPIII and identifying programs that related to the extractive sector? Was the WP a 1year or 2year? Some activities in the WP were specific to some CSOs, why was this so, and were the activities that engage CSOs throughout its implementation?

-The report was good but didn't satisfy some expectations. It was

produced with some information that was not public like the Oil and Gas contracts with confidentiality clauses. So, it was not possible to trust the source. There was need to engage the President such that the challenge could be addressed.

- The Secretariat was advised to start addressing the gaps identified in the recommendations of the report such as Beneficial Ownership Transparency.

- Challenges with the environment as a result of Oil and Gas activities needed to be addressed.

- Local content data in the sector needed to be taken into consideration with attention given to the local service providers in the region. So many companies that look foreign were operating in the region especially Bulisa District.

- What was the mandate of the stakeholders and the MSG to track illegal activities in the sector during EITI implementation?

- EITI was being implemented at the national level with specific interest in extractive regions. There was need to decentralize its activities with the involvement of Local Governments. Development minerals such as Sand with a lot of mining activities need to be monitored effectively.

- Special treatment needed to be given to revenues from extractive resources. A significant percentage should be given to these regions for development purposes.

- Can EITI be manipulated and what was the effective mechanism for implementation?

- Does the Secretariat use OAG Reports for its work and were the reports credible enough for the purpose?

The Chairman of CSCO said joining EITI was a good practice for the extractive sector and it was not an end in itself. It would check

on civic competence and it's an opportunity for citizens to demand for good governance in the sector for public benefit.

### **10.1 Response from the Head of Secretariat to the issues raised in the Plenary**

**Withdrawal from EITI:** She said the withdrawal of a country doesn't make EITI irrelevant and affect it as a whole. However, the image of a particular country would be affected as a result of withdrawal. All stakeholders needed to work together to avoid such a scenario because of the benefits and some of them were already being realized. It's also upon the MSG to decide if such a decision was to be taken.

Supplementing on the above response, the moderator said the decision to join EITI was made by a country and was voluntary. Because of the benefits of joining, countries with abundant extractive resources are encouraged to join. So, withdrawal by one country does not affect the initiative as whole.

**Salt Mining:** Salt mining would be considered for the next report. For the first report, the MSG had to make a decision on which minerals to report on and not all. The Secretariat needed to get information on Licenses held in the Salt mining sector. A discussion was needed with MEMD and DGSM to get proper information about activities in the sector.

**Royalties:** For the disbursement of royalties, the Secretariat needed information on how much was sent to the districts and what these funds were utilized for, such that advice could be given accordingly.

**Laws and Policies in the extractive sector:** When reporting for EITI, the Legal and Regulatory regime of the sector is an area of interest. A comprehensive overview of this section was captured and was well documented in the report with recommendations.

**UGEITI Report FY 20/21:** According to EITI reporting, the period to be reported on was that. So, as a country, we were not late. The OAG takes time to produce the Audited Financial Reports for a given year. However, the financial reports for FY 20/21 were readily available which supported implementation. The Secretariat was in the process of producing the second report with a deadline of June 2023 and Validation was to commence in April 2023.

**Disclosure of Oil contracts:** For the disclosure of the Production Sharing Agreements, there was an ongoing process involving all stakeholders. The Secretariat hoped the contracts would be disclosed soon. The engagements had involved the Attorney General, MEMD and the companies. On this note, the companies had committed to disclose and were waiting on government to make the decision. For the contracts to be disclosed, it's a decision to be taken by all parties.

About so many companies operating in Bulisa that may not be following local content provisions, this was an area the Secretariat was going to look into.

On environment, the report addressed the challenges in the sector and it was comprehensively captured in the report.

**Sugar industries:** For the destruction of Budongo forest and other



sections of the environment as a result of the expansion of sugarcane plantations by the sugar industries, the Secretariat wasn't aware but it's an area that was going to be looked into.

**Gold discrepancies:** This was properly documented in the report with recommendations and URA and DGSM were carrying out engagements to address the issue.

**Sand mining:** Sand being a development mineral with a lot of mining activities in the districts, this was a sector the MSG needed to include in the next report such that the challenges could be addressed.

For local revenues generated by extractive activities in districts, there was need for them to be documented in the report and accountability provided to show how they are utilized.

**Manipulation of EITI:** EITI was a set of Standards and the implementation had Validation to assess performance. Validation was done by the International Secretariat with the EITI board as the decision-making body. EITI at the international level was governed by the EITI Association. The Association's Articles provide the governing framework for EITI. The International Secretariat is headed by Hon. Hellen Clarke.

**Validation:** This was carried out using templates that are to be filled by the MSG. They are three and they include; Transparency, Outcomes and Impact, and Stakeholder engagements. They can't be doctored. The process was carried out by a team of consultants from the International Secretariat.

The Champion was the Minister of State for Finance (Planning) and the Co-Champion was the Minister of State (Minerals), MEMD. They were chosen to provide the much-needed political support for EITI implementation. They were from the key institutions that are relevant for EITI. The Ministry of Finance, Planning and Economic Development was considered because it hosted EITI and coordinates development planning whereas MEMD manages the minerals sector.

**Work Plan:** The MSG had a member from National Planning Authority. The Work Plan was developed by looking at the NDPIII programs and their objectives that relate to the extractive sector. It is a 1-year plan. Some of the activities are specific for some CSOs because they promised to support. Some of the activities are for CSOs to support during its entire period of implementation.

**OAG Reports:** The reports were credible with good opinion for EITI implementation. The OAG is the supreme audit institution in the country and uses international best practices and standards to implement its role. If the report gave a qualified opinion about an institution, then it's the mandate of Parliament to follow up. But if the opinion given was unqualified, then UGEITI Secretariat would just document that in the report.

The Compliance Officer of UGEITI Secretariat provided guidance on the Legal and Regulatory Framework in the extractive sector as well as Beneficial Ownership Transparency. He noted the key issues as follows:

- The Secretariat reviewed the Legal and Regulatory Framework and it was extensively covered in the report.
- The MSG provided input for the Mining and Minerals Bill,

2021. It was before Parliament, the President requested for some changes to it before signing.

- The MSG provided some input for the Companies (Amendment) Act 2022 in relation to Beneficial Ownership Transparency.
- The first report provided an assessment of the Legal and Regulatory Framework but with production of the next report, the Secretariat would provide suggestions for reforms.
- The report provided information on Beneficial Ownership. The Secretariat was in the process of getting Beneficial Ownership information from the companies.
- Because of the challenges of COVID-19 pandemic, Flexible reporting methodology was used. The MSG decided to reconcile data from the Oil and Gas sector with five companies operating at the time. For the mining sector with so many challenges, this was unilaterally reported on by government agencies. The companies that were considered held active licenses during the period.
- The MSG formed the National Beneficial Ownership Committee to provide a roadmap for attaining Beneficial Ownership Transparency. Numerous engagements were ongoing with the relevant stakeholders. A consultant had been hired to train the MSG on the benefits of beneficial ownership for EITI and to develop a roadmap for Beneficial Ownership Transparency.
- The International Secretariat was to carry out an assessment of performance during implementation through Validation. If the Requirements were not met, then this would have implications such as suspension.



*Picture: Mr. Edwin Kanakulya Kavuma, Compliance Officer, UGEITI Secretariat providing guidance to clarify on the above issues.*

A participant suggested for the report to be translated into four languages and consideration should be given to languages spoken in the extractive regions. This was to support the dissemination process if the information was to have an impact as noted.

The EITI Consultant in her remarks noted that the engagements had been very constructive and provided an opportunity for her to learn a lot. The contribution of the extractive sector would trickle down in future through such engagements which would influence the reports produced. She further highlighted the following:

- With EITI reporting, there was need to develop capacity to

analyze financial data for the benefit of the communities to influence debate.

- The report had both Contextual and Reconciliation data. The communities needed to be able to read and internalize the information for their benefit.
- Recommendations from the first report needed to be acted upon before the next report was produced. The communities from those regions needed to be involved in the next report production process to provide input for the draft before finalization.
- Discrepancies noted in the report needed to be rectified. Beneficial Ownership was important for knowing who owns what. Contract Transparency was important such that the public understands how companies operated in the sector.
- Production of the next report needed to be done by an Independent Administrator. There was need to procure a consultant in time. The funds for production of the second report were not available, the MSG needed to act and find the funds needed to support the process.
- The first report was a fairly huge document. She encouraged the participants to take time and read, such that they could be able to internalize the document to influence debate.
- The contribution of the extractive sector to the economy was well documented in the report. She wondered whether the participants were satisfied. She encouraged them to look into that section and have a discussion.
- There was need to have a discussion on the transportation of minerals by companies. This was documented in the report. Issues relating to revenues generated, royalty payments, local content, the ASM sector, gender, environment and the minerals captured in the report yet

there are others of interest and not in the report etc.

## **CLOSING REMARKS**

### **CSCO Representative**

He thanked all participants for attending the event, the MSG as well as the National Secretariat for the job well done. He said in the recent past, it was very difficult for Ugandans to know about the benefits of joining EITI. He thanked:

- the MSG, Secretariat and CSCO for the advocacy about EITI, creating awareness about the sector and encouraging communities from the extractive regions to get involved in EITI during its implementation.
- DGF and in a special way the district leadership of Hoima and others from the Albertine region for participating and getting involved in EITI implementation.

Commenting on the remarks of the LCV Chairman of Hoima, he said they noted the process of recentralization being implemented with all decision being made at the central government level without involving the district authorities and this was affecting service delivery. Decentralization was supposed to be the practice and said if this wasn't the case then how would it be used to support EITI implementation such that the region and the country as a whole could enjoy the benefits of extractive activities.

### **National Coordinator**

About the perception of EITI and the Champions, he said UGEITI had two and they are, the Champion, Minister of State for Finance (Planning) and the Co-Champion, Minister of State (Minerals), MEMD. In most implementing countries, EITI was driven by either the Ministry of Finance or Natural Resources (Minerals). This was

done to institute reforms in the sector for the much-needed impact. The MSG needed to be turned into a policy think tank because it's composed of government, industry and CSO representatives. The MSG was to put forward these ideas and turn them into laws and policies. EITI could have huge impact in the country by identifying the challenges in the sector from environment, legal and regulatory framework to gender issues etc.

There was need to follow development in the Oil, Gas and Minerals sector to identify the challenges that exist and participate with ideas during EITI implementation for meaningful contribution to the reforms.

There were many activities ongoing in the Oil and Gas sector especially in Hoima with the construction of the International Airport, Roads, Refinery and the Oil Pipeline projects etc. There was need for more engagements to identify the challenges.

The International Secretariat was to carry out Validation which would commence in April 2023 and special attention would be given to activities of CSOs. These consultations were key and would be noted and taken into consideration. CSOs' were used for advocacy since they were considered the voice of the citizens. So, the documentation of these consultations was needed by the International Secretariat for proof that stakeholder engagements were carried out at a wider level which was an area of interest.

If CSOs carried out these engagements, they needed to involve the Secretariat. EITI implementation couldn't have meaningful impact without their involvement. In conclusion, he thanked CSCO and ACODE for organizing the event and the leadership of Hoima as



well as the Local Government Leaders from the Albertine region present. He encouraged all for the continuous participation in the EITI process.

### **LCV Mubende District**

He thanked the organizers of the event, the participants for taking time to attend and the National Secretariat for the engagements and information given about the sector. He said the Secretariat's role was to provide information through the EITI report and it's upon the district leadership to take action where necessary.

Though Mubende had abundant natural resources, the mining activities were of no benefit and were considered a curse. When mineral deposits are discovered, the communities in those areas are displaced and land taken. The engagements with MEMD have brought no results and when district officials and the communities asked about the value of land for compensation from the Government Valuer's Report, it led to conflicts.

He said they needed to know the value of 20% royalties disbursed to districts and how this percentage was arrived at. In 2012, the sum of royalty payments amounted to about UGX 800m, and needed to know how that was calculated.

Hima and Tororo Cement factories were doing well because they were operating with mining leases but the Gold Mining companies were not the case because they were operating with prospecting and exploration licenses. The companies were utilizing infrastructure of the district yet they didn't remit any revenue/royalties to the district.

The Presidents needed to be engaged such that a lasting solution could be found for challenges faced by the district from these mining activities. He urged the National Secretariat to continue providing the much-needed information about the sector and it would be upon him as the district leader to follow up on these issues with the relevant institutions such that the district could realize the benefits from natural resource extraction.

Communities in Mubende District needed to get more involved in the sector and take ownership of the EITI process such that they could demand for a fair share of extractive activities and generate debate about the challenges faced. He urged the Secretariat and CSCO to organize and hold such an engagement in the district so that they could get hands on experience about the sector and its challenges.

He noted that some districts lacked the much-needed funds to carry out their operations and monitor activities in the sector such as funds for Fuel. In conclusion, he thanked participants for the meaningful deliberations.

### **11.0 Radio Talk Show**

The day's activities were concluded with a Radio Talk Show on Spice FM. The National Coordinator, Mr. Saul Ongaria and an MSG member, Mr. Paul Mulindwa of Kitara Civil Society Organisations' Network provided insights about Uganda's EITI journey, the recently published EITI Report, the earlier event of the day and the role of CSOs in EITI implementation.



*Picture: Mr. Paul Mulindwa, Kitara Civil Society Organisations' Network (Left) and Mr. Saul Ongaria, National Coordinator, UGEITI Secretariat (right) during a Radio Talk Show on Spice FM in Hoima.*