



UGANDA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (UGEITI)



Monograph Summary UGEITI Report for Fiscal Year 2020-21

SEPTEMBER 2023

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EITI IN UGANDA

Uganda¹ was admitted to the EITI in August 2020 as a member country. EITI is the global standard for the prudent management of natural resources. In January 2019, Cabinet made the decision for Uganda to join the EITI and the candidacy application² was submitted in July 2020, which detailed the country's statement of intent for improving the governance of its extractive sector as documented in the Uganda EITI National Work-plan 2020 - 2022³.

EITI implementation in Uganda is overseen by a tripartite Multi Stakeholder Group (MSG) comprising twenty-five members as follows: five representatives from civil society organisations, seven from extractive companies and thirteen from the Government. The MSG is supported by a Secretariat (UGEITI) which oversees EITI implementation on a day-to-day basis.

Uganda produced its first EITI report in May 2022⁴.

DT Global in consortium with BDO LLP and VJW Consulting Ltd was appointed as Independent Administrator to prepare the second UGEITI Report⁵ for the year ended 30 June 2021, which was finalised in June 2023. Uganda's validation will commence in October 2023. The second UGEITI report covers payments made by extractive entities and revenues received by Government Agencies and other material payments and benefits to Government Agencies as stated by Requirement 4.1 of the 2019 EITI Standard, which sets out the criteria that countries must adhere to as EITI members. It also includes contextual information about the

extractive industries in accordance with EITI Requirements 2, 3, 4, 5 and 6.

REVENUE GENERATED FROM THE EXTRACTIVE INDUSTRIES

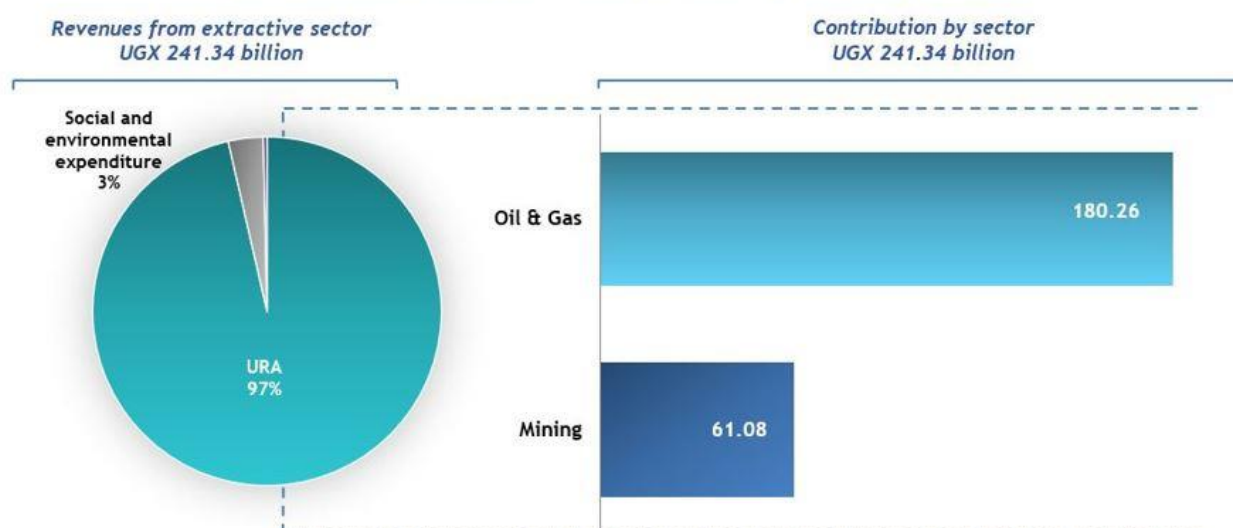
The receipts reported by the Government between 1 July 2020 and 30 June 2021 (FY 2020-21) are presented below.

Total revenues received from the extractive sector amounted to UGX 241.34 billion in FY 2020-21. Revenues collected by the Uganda Revenue Authority (URA) accounted for 95.72% of the total revenue streams generated by the sector. The breakdown of revenues is set out in the table below.

Table 1: Total extractive revenues by Government Agency for the fiscal year 2020-21

	Oil & Gas	Mining	Total (UGX billion)	% of total payment
Uganda Revenue Authority (URA)	171.51	59.51	231.02	95.72%
Social and environmental expenditure	8.71	0.61	9.32	3.86%
Subnational Payments	0.48	0.94	0.99	0.41%
Total	180.26	61.08	241.34	100.00%

Figure 1: Structure of extractive sector's revenues for the fiscal year 2020-21



¹ <http://www.ugeiti.org/>

² <https://eiti.org/document/uganda-eiti-candidature-application>

³ <https://eiti.org/documents/uganda-2020-2022-eiti-work-plan>

⁴ <https://eiti.org/documents/uganda-2019-2020-eiti-report>

⁵ <https://eiti.org/documents/uganda-2020-2021-eiti-report>

Figure 2: Contribution of the extractive sectors to the economy for the fiscal year 2020-21



CONTRIBUTION TO UGANDA’S ECONOMY

The macro-economic data provided by the Uganda Bureau of Statistics (UBOS) indicates that the mining and quarrying sector accounted for UGX 2.626 trillion in the FY2020-21, which represents 1.8% of the national GDP on current basic prices, including 1.35% from formal sector activity and 0.4% related to informal sector activities. The contribution of the mining and quarrying sector to GDP has increased compared to the prior year’s contribution (1.6%).

In accordance with the UBOS Annual Labour Force Survey (ALFS)2021, there were 20,484,742 persons employed formally in Uganda, of whom 1,515 were employed in the oil & gas and mining sectors, representing 0.01% of total employment in the FY 2020-21. ASM plays an important role in job creation where workers are

estimated at over 1 million direct and indirect jobs in 2018, benefiting approximately 10% of the country’s population. The ASM contribution to employment was not included in the extractive sector’s employment for FY 2020-21 due to lack of an updated estimate.

According to DGSM, the value of exports from the extractive sector amounted to UGX 2.035 billion, accounting for 0.01% of the country’s total exports in the FY 2020-21.

The contribution of the extractive sector to Government’s revenue amounted to UGX 241.34 billion, accounting for 0.6% of the total domestic revenues in the FY 2020-21.

Details of the contribution to the economy are presented in Section 4.13 of the UGEITI report.

MINERAL PRODUCTION DATA

The table below presents the summary of the production quantities and values during FY 2020-21 by mineral type.

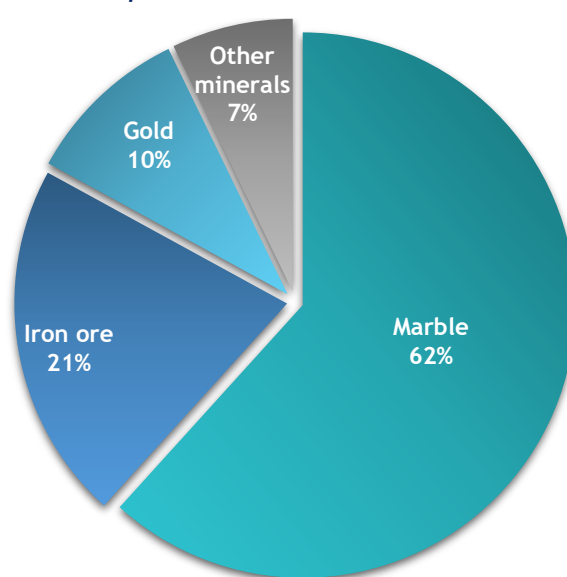
Table 2: Summary of production data reported for the fiscal year 2020-21 by mineral type

Mineral	Quantity (tonnes)	Value of the production (in billion UGX)
Marble	12,764.16	12.29
Iron ore	15,600.00	4.23
Gold	0.01(*)	1.96
Pozzolana	24,115.16	0.51
Granite	290.00	0.27
Cassiterite	6.77	0.23
Limestone	1,865.34	0.22
Volcanic ash	2,830.70	0.06
Feldspar	297.26	0.06
Diatomite	88.50	0.05
Dimension stone	268.00	0.02
Coltan	0.35	0.01
Kaolin	50.71	0.01
Precious stones, Niobium	0.03	0.00
Total		19.92

Source: Directorate of Geological Survey and Mines (DGSM).

(*) Equivalent To Kg 14.96

Figure 3: Contribution to mining production by mineral product value in FY 20-21



CONTRACT AND LICENSE ALLOCATIONS

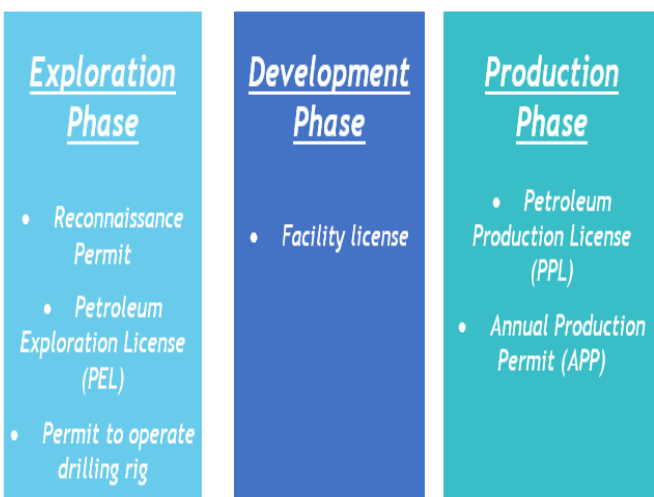
Oil and Gas sector

The upstream segment of the oil and gas sector in Uganda involves the following phases:

Figure 4: Oil and gas exploration and extraction phases in the upstream segment



Figure 5: Types of licenses and permits in the oil and gas upstream sector



Mining sector

The Mining Act, 2003 provides that prospecting, exploration and production activities in the mining sector may only be carried out under the terms of a prospecting license, an exploration license, a mining lease or a location license.

Figure 6: Mineral rights according to the Mining Act, 2003



The Mining and Minerals Act, 2022 introduces the large-scale mining license, medium-scale mining license, small-scale mining license and artisanal mining license as new mineral rights and retains the prospecting, exploration and retention licenses introduced under the Mining Act 2003.

Figure 7: Mineral rights according to the Mining and Minerals Act, 2022



CONTRACT DISCLOSURE

The model Production Sharing Agreement (PSA) is publicly available on UNOC's website⁶. However, the production sharing agreements signed with Oil and gas companies are not currently publicly available.

The online mining cadastral system provides information on license holder, co-ordinates of the licensed areas, date of application award and duration of the license as well as the commodity being produced. Details on licenses, including the full text are available from DGSM at a fee.

The UGEITI MSG set up a Contract Disclosure and Legal Affairs Committee to facilitate engagements with the heads of government institutions and the heads of companies for discussions on how to achieve contract disclosure.

REGISTER OF PETROLEUM LICENSES

According to the Petroleum (EDP) Act, 2013, the Minister shall keep a Petroleum Register of all petroleum licenses issued⁷. Additionally, The Petroleum Authority (PAU) of Uganda is mandated to establish a central database of entities involved in petroleum activities in Uganda. PAU has undertaken this obligation since 2017, by establishing a National Supplier Database (NSD)⁸.

In addition, information about the existing petroleum operators, coordinates, maps of the petroleum blocks and terms (i.e., duration) of the projects are publicly available from various sources, in particular from the following website of the PAU: <https://facts.pau.go.ug/facts/licensing/licenses/all>

During the reporting period, there were 4 oil and gas operators with active licenses in Uganda - TotalEnergies EP Uganda, CNOOC Uganda Ltd, Oranto Petroleum Ltd, and Armour Energy Ltd.

REGISTER OF MINING RIGHTS

The Uganda Mining Cadastre Map is publicly available on: <https://portals.landfolio.com/uganda/>.

It is the official tool for the management of all mineral rights and mineral dealer operations in Uganda including licensing, communication, reporting and payments. The Portal allows one to search by license code or by holder name and view for each title:

- the identity of the license holder;
- the status of the license;

- the date of application;
- the date of award;
- the expiry date;
- the commodity produced; and
- the area of the license.

During the reporting period, there were 688 active licenses as detailed in Table 3 below.

Table 3: Number of mineral rights in existence during FY 2020-21

Description	Number of active licenses
Exploration License (EL)	444
Location License (LL)	186
Mining Lease (ML)	49
Retention License (RL)	9
Total	688

Source: DGSM

Furthermore, 158 mining licenses were also awarded as shown in Table 4 below.

Table 4: Mining licenses awarded during FY 2020-21

Type of license	Number
Exploration License (EL)	114
Location License (LL)	37
Retention License (RL)	4
Mining Lease (ML)	3
Total	158

Source: DGSM

NATIONAL LOCAL CONTENT

Training and employment of Ugandans

The Upstream Law (Section 126) requires a licensee to submit a detailed program for recruitment and training of Ugandans within twelve months after the grant of a license and on each subsequent anniversary of that grant for approval by the Authority. The Midstream Law (Section 54) mandates licensees to provide a detailed program for recruitment and training of Ugandans in midstream operations.

Table 5 below details direct employment in the oil and gas sector as reported by the Petroleum Authority of Uganda (PAU) as at 30th June 2021.

⁶ <https://www.unoc.co.ug/wp-content/uploads/2021/07/MPSA.pdf>

⁷ Section 92 of the Petroleum (EDP) Act, 2013.

⁸ <https://www.pau.go.ug/download/the-national-supplier-database-for-the-oil-and-gas-sector/>

Table 5: Direct employment in the oil and gas sector

Company	Nationals (Direct Domestic Employment)	Expatriate (Foreign Employees)	Total
TotalEnergies EP Uganda	145	61	206
CNOOC Uganda limited	49	14	63
Oranto Petroleum Limited	7	7	14
Armour Energy Uganda Ltd	4	-	4
East African Crude Oil Pipeline	-	3	3
Total	205	85	290

Source: PAU

Employment figures for the mining sector remain unverified, since there has been no recent analysis documenting them. The new Mining and Minerals Act 2022 seeks to ensure that Ugandans are the primary beneficiaries of the mining sector. One of the key recommendations of this report is that a comprehensive in-depth study be carried out to ascertain an accurate estimate of its contribution to the economy.

Procurement of goods and services

A total of 413 procurements valued at USD 14,044,212 were undertaken by the 5 licensees (TEPU, TUOP, CNOOC Uganda Ltd, Armour Energy Ltd, Oranto Petroleum Ltd) in 2020. Out of the 413 procurements, 382 (92%) were from Ugandan entities at a value of USD 12,978,949 (92%). This spend on Ugandan entities comprised of 269 (65%) Ugandan-owned entities at a value of USD 10,729,903 (76%) and 113 (27%) Ugandan companies with foreign ownership at a value of USD 2,249,046 (16%). The value of the contracts with local community companies (Local - from the Albertine) averaged USD 33,977 in 2020.

STATE PARTICIPATION

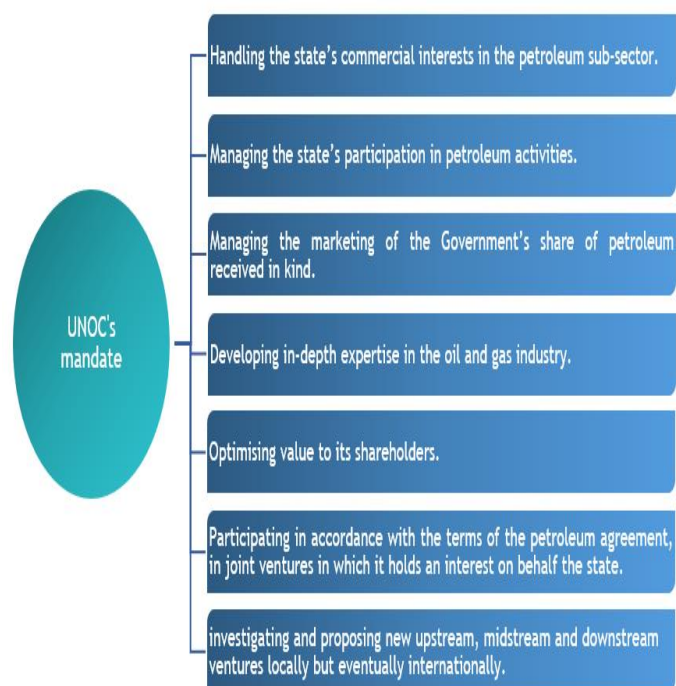
Uganda National Oil Company (UNOC)

The commercial interests of Government in the oil and gas sector are vested in the Uganda National Oil Company (UNOC). UNOC was established by Section 42 of the Petroleum (Exploration, Development and Production) Act, 2013 and incorporated under the Companies Act, 2012 on 12 June 2015, as a Limited Liability Company wholly owned by the Government of Uganda⁹.

⁹ <https://www.unoc.co.ug/we-we-are/>

UNOC’s mandate includes:¹⁰

Figure 8: UNOC mandate in the oil and gas sector



¹⁰ Section 43 of the Petroleum (EDP) Act, 2013.

Kilembe Mines Limited (KML)

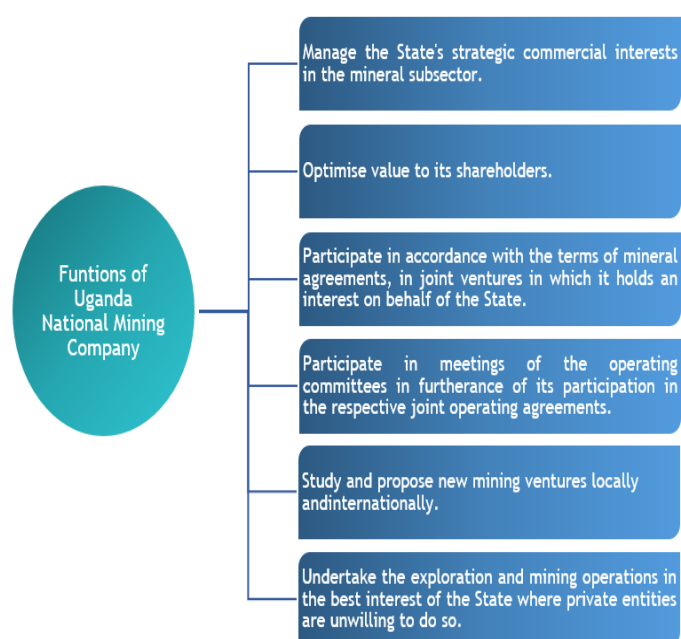
Kilembe Mines Limited (KML) is a public enterprise incorporated as a company. 99.99% of its shares are owned by the Government of Uganda (GoU) and the minority of its shares are held by the Administrators of the Estate of the late G.D.K. Rukidi III. The company is listed under the Public Enterprise Reform and Divestiture Act, Cap. 98 (PERD Act) and it is under the mandate of the PERD Act in the Ministry of Finance, Planning and Economic Development.

The company is the custodian of Kilembe mines which are Uganda's largest copper mines, with deposits of copper in excess of 4,000,000 tonnes and undetermined amounts of cobalt ore. It is located in Kilembe, at the foothills of the Rwenzori Mountains in the Western Region of Uganda¹¹. KML's role as an asset-holding company is to look after and maintain the national assets until such time that a qualified replacement operator is identified by the Government of Uganda to continue its exploitation.

Creation of a National Mining Company

One of the most important reforms of the Mining and Minerals Act 2022 is the establishment of the National Mining Company (NMC) which shall be wholly owned by the State to manage Uganda's commercial holding and participating interests in the mineral agreements¹².

Figure 9: Functions of Uganda National Mining Company (NMC)



¹¹<https://ugandatourismcenter.com/place/kilembe-mines/>

¹² The Mining and Minerals Act 2022, Articles 21.

ALLOCATION OF EXTRACTIVE REVENUES

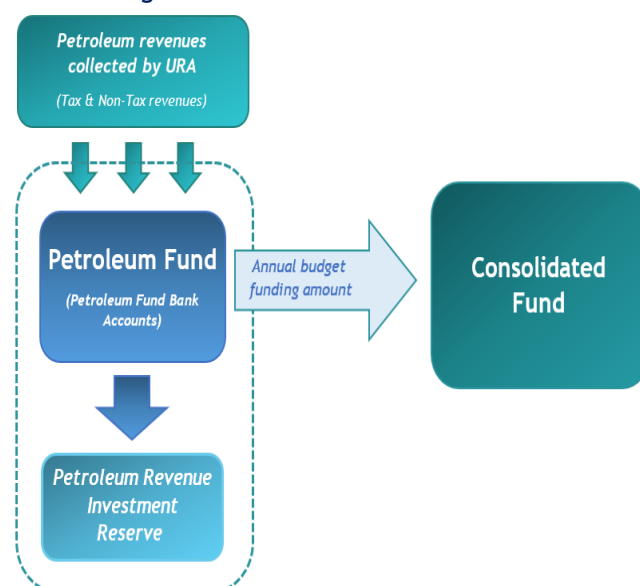
Deposit of petroleum revenues into the Petroleum Fund

The Petroleum Fund was established by the Public Finance Management Act (PFMA), 2015¹³. The Fund is a depository of all revenues accruing to Government from oil and gas related activities.

All oil and gas revenues that are collected by URA are deposited into this Petroleum Fund.

The figure below illustrates the revenue collections and disbursements mechanisms of the Petroleum Fund.

Figure 10: Petroleum Fund Mechanism



During the fiscal year 2020/21, the net worth of the Fund at the beginning and at end of the year is summarised as follows:

Table 6: Variation of the net worth of the Petroleum Fund

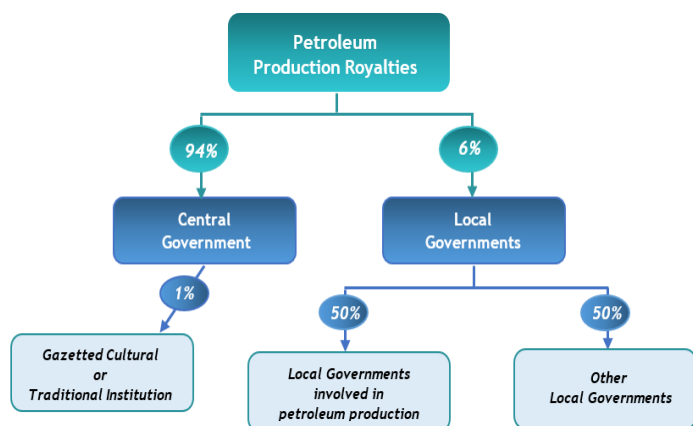
Description In billion UGX	FY 2019/20	FY 2020/21
Net worth at 1 July 2020	311.13	88.34
Operating revenue (Inflows)	35.48	155.01
Exchange loss on USD opening balance	(3.27)	(4.68)
Expenses/Transfers to the Consolidated Fund (Outflows)	(255.00)	0.00
Net worth at 30 June 2021	88.34	238.68

¹³ Section 56 of the PFMA, 2015.

Transfers of Petroleum Production Royalties to Local Governments

The PFMA 2015 makes provision for distribution of 6% of royalties arising from petroleum production to the local governments located within the petroleum exploration and production areas of Uganda¹⁴.

Figure 11: Petroleum Production Royalties Allocation Mechanism

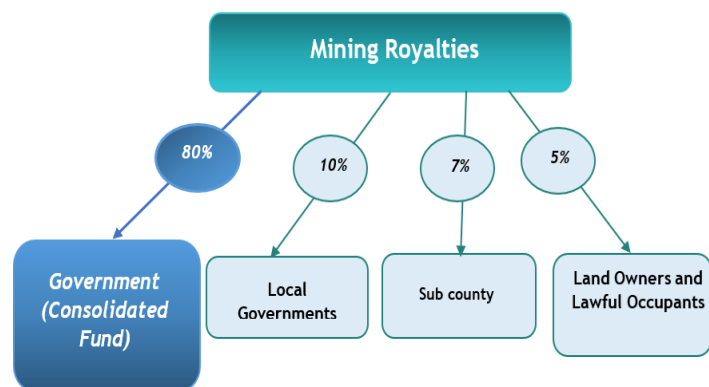


Transfers of Mining Royalties to Local Governments

The Mining Act 2003, which was applicable in the reporting period, FY 2020-21, stipulates that 80% of mining royalties must be remitted to the Consolidated Fund while the remaining 20% goes to the local governments where mining occurs. Of this 20%, the bulk (85%) is used by the districts for their operational budgets, and the remainder (15%) is paid to the landowners and lawful occupants that have been displaced from surface rights uses by mining operations¹⁵.

The figure below illustrates the allocation of the mining royalties according to the Mining Act 2003¹⁶.

Figure 12: Mining royalties sharing proportions according to the Mining Act, 2003



¹⁴ Section 75 of the PFMA, 2015.

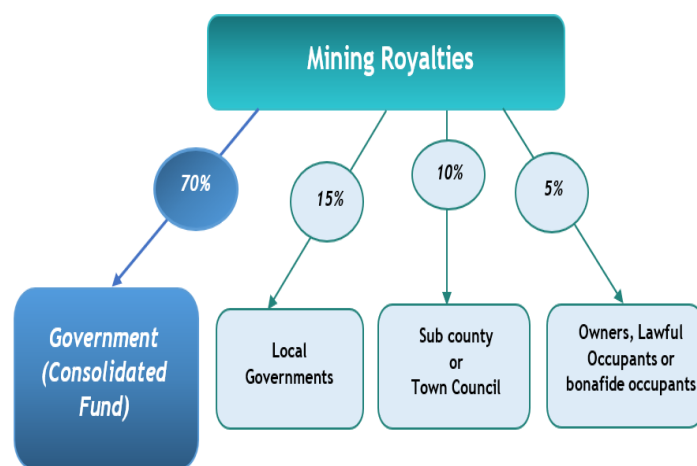
¹⁵ Section 98 of the Mining Act, 2003.

During the fiscal year 2020-2021, URA collected UGX 8,704,703,985 as mineral royalties from mining companies and mineral dealers. The MEMD then transferred UGX 1,340,811,170 to local governments and landowners as their share which represents 15.40% of the total royalties collected by URA during the year.

The Mining and Minerals Act, 2022 revised the mining royalties sharing proportions by giving the Central Government 70%, Local Government 15%; sub-county/town council 10%; and owners, lawful or bonafide occupants of the land 5%. In the Mining Act 2003, the Central Government took 80%, Local Governments 10%, sub-county/town council 7% and owners or lawful occupiers of land with minerals 3%.

The figure below illustrates the allocation of the mining royalties according to the Mining and Minerals Act 2022:

Figure 13: Mining royalties sharing proportions according to the Mining and Minerals Act, 2022



TRANSPORT REVENUES

Transport of Oil and Gas

To date, there are no revenues from transportation as the oil and gas sector is still at exploration stage.

Once produced, the crude oil will be partly refined in Uganda to supply the local market and partly exported to the international market.

The export to the international market will be through a planned export crude oil pipeline called the East African Crude Oil Export Pipeline (EACOP).

The EACOP project will be implemented in accordance with the framework of the four (4) major agreements, presented in the table below.

¹⁶ Section 98 of the Mining Act, 2003.

Table 7: List of agreements signed in relation to the EACOP Project

Project	Agreement	Date of signature	Signatory Parties
East African Crude Oil Pipeline (EACOP)	Inter-Governmental Agreement (IGA)	25 May 2017	- Government of Uganda - Government of Tanzania
	Shareholders Agreement (SHA)	11 April 2021	- TPDC - NPC - CNOOC Shareholder - TotalEnergies EP Uganda
	Host Government Agreements (HGA)	11 April 2021	- TPDC - NPC - CNOOC - TotalEnergies EP Uganda
	Transportation Tariff Agreement (TTA)	11 April 2021	- TPDC - NPC - CNOOC - TotalEnergies EP Uganda

Source: the Uganda National Oil Company (UNOC), and CNOOC Uganda Ltd.

EACOP is a 1,443km crude oil export pipeline that will transport Uganda’s crude oil from Kabaale, Hoima District in Uganda to the Chongoleani Peninsula near Tanga port in Tanzania. In Uganda, the 296km long pipeline crosses 10 districts and 25 sub-counties. In Tanzania, the pipeline is 1,147 km long. It traverses 8 regions and 25 districts¹⁷. The map below shows the pipeline route through Uganda and Tanzania:

Figure 14: Map of the East African Crude Oil Pipeline (EACOP)¹⁸



¹⁷ <https://eacop.com/about-us/overview/>

¹⁸ <https://eacop.com/information-center/maps/the-route/route-description-map/>

¹⁹ Regulation 41 of the Mining (Licensing) regulations, 2019.

Transportation of minerals

The transportation of minerals is subject to a movement permit¹⁹ issued by the Commissioner, which requires a valid Mineral Dealer’s License (MDL) or a mineral right.

In practice, the minerals products are transported by mining companies’ own means. Therefore, transportation costs are included as part of the operating expenses. The fiscal regime does not provide for specific payment streams generated by the transport of minerals.

In conclusion, there were no significant revenues from the transport of minerals for the FY 2020/21 as stipulated by Requirement 4.4 of the EITI Standard (2019).

ENVIRONMENTAL MANAGEMENT

The National Environment Management Authority (NEMA)²⁰ is a semi-autonomous institution, established in May 1995, as the principal Agency responsible for coordinating, monitoring, regulating and supervising environmental management in all sectors, including the extractive sector in the country. NEMA’s mandate is stipulated in the National Environment Management Act, 2019.

Table 8: Specific roles of NEMA in the extractive sector

Roles in the Oil and Gas sector ²¹	Roles in the Mining sector ²²
- Coordinate the processes of environmental impact assessments for oil and gas activities.	- Coordinate the processes of environmental impact assessments for mineral activities.
- Carry out alongside other stakeholders, environmental monitoring and audits of oil and gas activities.	- Carry out alongside other stakeholders, environmental monitoring and audits of mineral activities.
- Ensure and monitor compliance of oil and gas activities with environmental guidelines.	- Ensure and monitor compliance of mineral activities with environmental guidelines.
- Issue guidelines for strategic environmental assessment.	- Regulate any potential impact of toxins from mining activities.
- Harmonise national performance standards in the oil and gas sector on environmental sustainability with international standards.	- Harmonise national performance standards in the mineral sector on environmental sustainability with international standards.

²⁰ <https://nema.go.ug/>

²¹ Source: The Mining and Mineral Policy for Uganda, 2018.

²² Source: The National Oil and Gas Policy (NOGP), 2008.

BENEFICIAL OWNERSHIP DISCLOSURE

The 2019 EITI Standard recommends that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exercised.

Uganda’s legal reforms on Beneficial Ownership disclosure

The Companies Act 2012 and the Partnership Act 2010 were both amended in 2022, to include requirements on Beneficial Ownership (BO) disclosure and the register of beneficial owners.

The table below describes the definition of a beneficial owner according to the amended laws.

Table 9: Definition of beneficial owner according to the Companies and Partnership Acts (Amendments), 2022

Act	Beneficial Owner definition
Companies (Amendment) Act 2022	a natural person who ultimately owns or controls a company or a natural person on whose behalf a transaction is conducted in a company and includes a natural person who exercises ultimate control over a company.
Partnership (Amendment) Act 2022	a natural person who ultimately owns or controls a partnership or the natural person on whose behalf a transaction is conducted in the partnership and includes a natural person who exercises ultimate control over a partnership.

The Mining and Minerals Act 2022 also introduced BO disclosure requirements for companies applying for a mineral right license, stipulating that a company applying or bidding for a mineral right, license or permit shall provide accurate information on the beneficial ownership as part of the application or bid documents and, throughout the duration of a mineral right or license, shall inform the Minister of any changes to this information, within one month of the change occurring.

It goes on to state that the Minister shall promptly publish and maintain all beneficial ownership information of mineral rights, license or permit holders in a publicly accessible format on the Ministry’s website.

Table 10: Beneficial Ownership definition according to the Mining and Minerals Act, 2022

Term	Definition adopted
Beneficial Ownership	means the control, possession, custody or enjoyment by any person, directly or indirectly, of a reasonably significant economic interest in a given legal entity or who receives significant economic benefit from such a legal entity, even where formal ownership or title may be in the name of another person or entity.
Control	means ownership of greater than five percent (5%) of the share capital of a company and the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise.

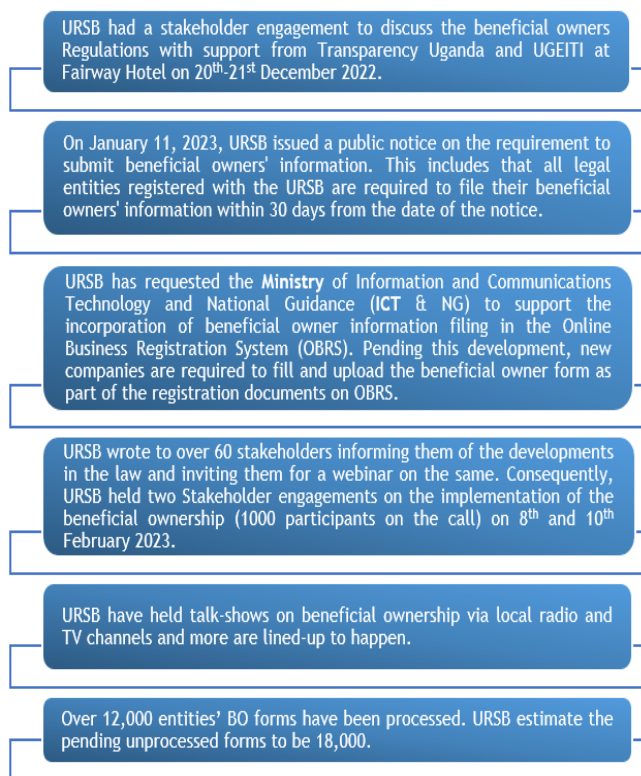
Figure 15: Information on the register of beneficial owners according to Companies and Partnership (Beneficial Owners) Regulations, 2023



Status update on establishment of the Beneficial Ownership register

Since the adoption of the legal reforms detailed above, the following activities have been undertaken by URSB:

Figure 16: Activities undertaken by URSB on establishment of the BO register



- Identifying details: additional details are required to narrow down a beneficial owner to one individual.
- Contact: details of the beneficial owner such as a business address.
- Means of control: a description of how the beneficial owner and any politically engaged persons exercises control over the company.
- Signed statement of accuracy: a senior official from the company should sign a statement to confirm that the information provided is accurate.

Details of legal and beneficial ownership reported by the companies in the reconciliation scope are presented in Annexes 3 and 4 of the full report.

On payment of the fee prescribed in Schedule 2 to the Companies (Beneficial Owners) Regulations 2023 and the Partnership (Beneficial Owner) Regulations, 2023, any person may apply to URSB to inspect the particulars of beneficial owners or an extract from a document or particulars, of a document containing particulars on beneficial owners of any limited liability partnership.

The following BO information was requested from companies included in the reconciliation scope of this report - these were all 4 companies that held active licenses in the oil and gas sector during FY 2020/2021, as well as the 8 mining companies that made payments over 6 billion UGX in the reporting period:

- Name of beneficial owner and nationality: full name(s) of the company's beneficial owner(s) and information on their identity(ies) including:
- Name of any politically exposed person where any owner is also a 'politically involved person', this should be mentioned.

NOTES TOWARDS GENDER SENSITIVE UGEITI REPORTING AND IMPLEMENTATION

Over the past two decades, Uganda has made significant progress in the advancement of gender equality and empowerment of women in political, economic, and social spheres. This is evidenced by among others:

- 1) The recognition of the rights of women in the Uganda Constitution including the guarantee of equality. It outlaws discrimination and obliges the State to take affirmative action in favour of groups marginalized on the basis of gender, age, disability or any other reason created by history, tradition or custom in order to redress the imbalances which exist against them.
- 2) Various laws have been passed which promote and protect the rights of women, including the Land Act, the Domestic Violence Act, the Anti-Trafficking Act and the Employment Act.
- 3) Affirmative action in politics has enabled women to participate in governance and decision making both at national and local government levels with 368 men and 188, so women are represented at a level of 33.81% at parliamentary level.²³
- 4) On 11th May 2023, the Women in Energy and Extractives Network (WEEN) was launched and is a platform that supports gender integration in the operations of the Energy and Extractives Industry.
- 5) It is also important to recognise that individual institutions have their own groups which support responsibly.

In terms of employment in Uganda's extractive sector, women represent 11% of the workforce as summarised in the following table:

Table 11: Summary of Gender parity in the extractive sector

Description	Male		Female		Total
	Male	%	Female	%	
Mining sector	3,795	90%	408	10%	4,203
Oil & Gas sector	173	65%	95	35%	268
Total	3,968	89%	503	11%	4,471

Source: Extractive Companies in the reconciliation scope

SCOPE OF THE DATA COLLECTION AND RECONCILIATION

Reconciliation scope

The UGEITI MSG agreed to include both the mining, as well as the oil and gas sectors in the reconciliation scope, as opposed to the previous year's report, where only the oil and gas sector was reconciled. Based on the revenue structures of the Uganda Revenue Authority (URA), the UGEITI MSG agreed to include the four (4) oil and gas companies present in the country, which held active licenses during the fiscal year 2020-21 as well as the eight (8) mining companies that made payments over the materiality threshold of UGX 6 billion.

Table 12: List of extractive entities retained in the reconciliation scope for the FY 2020-21

N°	Name of Company(ies)	Oil & Gas	Mining
1	TOTAL Energies E&P UGANDA B.V.	✓	
2	CNOOC UGANDA LTD	✓	
3	ORANTO PETROLEUM LTD	✓	
4	ARMOUR ENERGY LTD	✓	
5	Tororo Cement Ltd		✓
6	Hima Cement Ltd		✓
7	National Cement Company Uganda Ltd		✓
8	Kampala Cement Co. Ltd		✓
9	Goodwill Ceramic Co.Ltd		✓
10	Wagagai Mining U Ltd		✓
11	Mota Engil Engenharia E Construcao Africa , Sa		✓
12	Virat Alloys Ltd		✓

²³ https://data.ipu.org/node/180/data-on-women?chamber_id=13479

The UGEITI MSG agreed to include in the reconciliation scope Uganda Revenue Authority (URA) which is the government revenue collection agency responsible for collecting taxes from extractive entities.

Table 13: List of Government Agencies within extractive sector UGEITI reporting process

N°	Government Agency	Scope
1	Uganda Revenue Authority (URA)	Retained in the reconciliation scope
2	Uganda National Oil Company (UNOC)	Unilateral disclosure
3	Petroleum Authority of Uganda (PAU)	
4	Directorate Of Geological Survey and Mines (DGSM)	
5	Directorate of Petroleum (DoP)	
6	Uganda Registration Services Bureau (URSB)	
7	Kilembe Mines Limited	

The UGEITI MSG agreed to include in the reconciliation scope the following payment flows:

Table 14: List of direct payments

Payment flows	Extractive companies	Government Agencies
Uganda Revenue Authority (URA)		
1.1 PAYE	✓	✓
1.2 Withholding - Foreign Trans	✓	✓
1.3 Withholding Tax	✓	✓
1.4 Withholding - Management Fees	✓	✓
1.5 Customs Payments	✓	✓
1.6 Value Added Tax	✓	✓
1.7 Income Tax	✓	✓
1.8 Capital gain	✓	✓
1.9 Environmental Impact Assessment	✓	✓
1.10 Royalties	✓	✓
1.11 Licenses Fees	✓	✓
1.12 Annual mineral rents	✓	✓
1.13 Other payment flows	✓	✓
Social expenditure		
2.1 Mandatory social expenditure	✓	
2.2 Discretionary social expenditure	✓	
Environmental expenditure		
3.1 Mandatory environmental expenditure	✓	
3.2 Discretionary environmental expenditure	✓	

Payment flows	Extractive companies	Government Agencies
Infrastructure provisions and Barter arrangements		
4.1 Value of the benefit stream during the FY 2020-21	✓	✓
Subnational payments		
5.1 Any payment made to regional authority	✓	
Quasi-fiscal expenditure		
6.1 Quasi-fiscal expenditure made by Uganda National Oil Company (UNOC)		✓

Reconciled revenues

Revenues included in the reconciliation scope for the fiscal year 2020-21 represent 70% of total adjusted revenues (by category) from the mining, oil and gas sectors as detailed below:

Table 15: Reconciled revenues for the fiscal year 2020-21

Payment Category	Revenues FY 2020-21		Revenues by sector	
	(UGX billion) (a)+(b)	%	Oil & Gas (a)	Mining (b)
Reconciled revenue	169.21	70%	125.69	43.51
Total reconciled revenues (a)	169.21	70%	125.69	43.51
Unilateral disclosure by Government Agencies	61.81	26%	45.81	16.00
Unilateral disclosure by companies	10.32	4%	8.75	1.56
Total unilateral disclosure (b)	72.13	30%	54.56	17.56
Total revenues (a)+(b)	241.34	100%	180.26	61.08

COMPLETENESS AND RELIABILITY OF DATA

Comprehensiveness of data

Government Agencies:

All Government Agencies submitted their reporting templates.

Extractive entities:

All companies included in the reconciliation scope submitted their reporting templates.

Based on the above, we conclude that all significant contributions made by extractive entities to the revenues have been comprehensively covered in the UGEITI report.

Data quality and assurance

Government Agencies

Reporting templates that were submitted by URA were signed by a senior official as agreed by the UGEITI MSG and certified by the Auditor General (AG). The AG's report on URA's reported revenues concluded that URA's reporting templates used for this UGEITI report were in all material respects, accurately presented.

The Government's revenues are also audited as part of the Government's accounts, and the AG report ²⁴ covering the fiscal year 2020-21 is publicly available.

Receipts reported by URA amounted to UGX 241.34 billion representing 100% of the total Government revenues.

Based on the above, we can reasonably conclude that revenues included in this report were subject to credible, independent audit, applying international auditing standards.

Extractive entities

Seven (7) extractive entities submitted their reporting templates signed by an authorised officer at management level, while the other five (5) companies submitted unsigned reporting templates. The revenues reported by Government Agencies in respect of companies which submitted reporting templates not signed by management amounted to UGX 37.14 billion representing 21.94% of the total reconciled revenues. These are set out as follows:

Table 16: Unsigned reporting templates for extractive entities for the fiscal year 2020-21

N°	Company	Amount (UGX billion)	% by companies
1	Tororo Cement Ltd	23.86	14.10%
2	Wagagai Mining U Ltd	12.50	7.39%
3	Kampala Cement Co. Ltd	0.56	0.33%
4	Mota Engil Engenharia E Construcao Africa, Sa	0.12	0.07%
5	National Cement Company Uganda Ltd	0.08	0.05%
Total of un-signed reporting templates (as a % of total reconciled revenues)		37.14	21.94%
Total reconciled revenues		169.21	100%

Source: EITI Reporting templates

Three (3) companies namely TotalEnergies EP, Oranto Petroleum Ltd and Armour Energy LTD submitted

reporting templates that were certified by an external auditor as well as their audited financial statements.

Nine (9) extractive companies submitted reporting templates that were not certified by an external auditor. They also did not submit their audited financial statements. The revenues reported (by Government Agencies) in respect of the latter nine (9) companies amounted to UGX 55.34 billion representing 32.70% of the total reconciled revenues, details of which can be found in the table below.

Table 17: Government revenues related to reporting templates of extractive entities and not certified by external auditor for the fiscal year 2020-21

N°	Company	Amount (UGX billion)	% by companies
1	Tororo Cement Ltd	23.86	14.10%
2	Wagagai Mining U Ltd	12.50	7.39%
3	CNOOC UGANDA LTD	11.83	6.99%
4	Hima Cement Ltd	6.25	3.70%
5	Kampala Cement Co. Ltd	0.56	0.33%
6	Mota Engil Engenharia E Construcao Africa, Sa	0.12	0.07%
7	Goodwill Ceramic Co. Ltd	0.11	0.07%
8	National Cement Company Uganda Ltd	0.08	0.05%
9	Virat Alloys Ltd	0.004	0.00%
Total of uncertified reporting templates (as a % of total reconciled revenues)		55.34	32.70%
Total reconciled revenues		169.21	100%

Source: EITI Reporting templates

Although part of the company payments amounting to UGX 55.34 billion was declared using non-certified reporting templates, the total payments were reconciled with the government revenues that were subject to credible, independent audit, applying international auditing standards. The total company payments matched the URA's revenues at 99.71%. The unreconciled difference was 0.29% of reconciled revenues as detailed in Table 18 further below.

Based on the above, it can be concluded that payments included in this report were subject to credible, independent audit, applying international auditing standards.

²⁴<https://www.oag.go.ug/consolidatedreports>

RECONCILIATION OF CASH FLOWS

The purpose of reconciling payment flows was to identify any potential discrepancies in the declarations and to clarify them. The discrepancies initially identified were analysed and adjusted whenever the relevant supporting documents were made available by the reporting parties.

Based on the data collected from extractive entities and Government Agencies, revenues generated from the extractive industries amounted to UGX 231.02 billion. The revenues included in the reconciliation scope amounted to UGX 169.21 billion representing 70% of the total extractive revenues for the fiscal year 2020-21. The remaining 30% of the extractive revenues amounting to UGX 72.13 billion were unilaterally disclosed by extractive companies and Government Agencies.

Following the adjustments resulting from the reconciliation exercise, a net difference of UGX 490.51 million remained unreconciled, representing 0.29% of the total Government revenues of UGX 169.21 billion included in the reconciliation scope, as set out in the table below.

Table 18: Cash flow reconciliation for the fiscal year 2020-21

Government Agency	Extractive Company (UGX billion) (a)	Govt (UGX billion) (b)	Unreconciled Difference (UGX million) (c) = (a) - (b)	% (d) = (c)/(b)
Uganda Revenue Authority (URA)	168.722	169.212	(490.51)	(0.29%)
Reconciled Government Revenues	168.722	169.212	(490.51)	(0.29%)

Source: UGEITI Reporting Templates

RECOMMENDATIONS

The following recommendations were made in order to improve the impact of EITI implementation on natural resource governance in Uganda:

Updating data on the contribution of the informal mining sector (EITI Requirement 6.3)

The ASM contribution to employment was not included in the extractive sector's employment for FY 2020-21 because of lack of updated information as detailed in Section 2.2 of this report.

We recommend that further studies be conducted to document the contribution of the informal mining sector to the country's economy. This would support DGSM and

MEMD in their regulation and oversight of the mining sector.

Awarding licenses (EITI Requirement 2.2)

The review of the licenses awarded during the fiscal year 2020-21 revealed that some required criteria were not met.

These shortcomings were not considered to be significant deviations from the applicable legal and regulatory framework governing license awards. However, their existence demonstrated the possibility that companies with limited capacity could still be awarded mining licenses.

We recommend that an independent audit of the mining license awards be conducted to improve the licensing process.

Production details and export data of gold (EITI Requirements 3.2 and 3.3)

The commercial balance of gold shows that imported gold in the country is higher than gold exports as detailed in Section 4.12.2 of this report.

The analysis of gold quantities traded in the country would need to be further investigated in future by undertaking a study to generate information on quantities of gold production, refining and export in order to minimize variations in the value chain.

Public disclosure of the full text of the mining licenses on the Ministry website

The online cadastral system provides information on license holder, co-ordinates of the licensed areas, date of application award and duration of the license as well as the commodity being produced. Details on licenses, including the full text are available from DGSM at a fee.

Even though hard copies of licenses are accessible through payment of administrative fees as detailed in Section 4.5.2 of this report, it is recommended that the full text of the licenses be made publicly accessible online through the Ministry website.

Public disclosure of contracts and licenses in Petroleum and Mining sectors

Currently, Production Sharing Agreements are not publicly available.

The UGEITI MSG should set out a short-term work plan for the publication of all agreements in the extractive sector. This work plan may include the following:

- *defining how the publication of petroleum and mineral agreements can be undertaken, and consider using UGEITI's official website;*
- *the steps required for all petroleum and mineral agreements to be published and how to make these accessible to the public;*

- *a realistic short-term timeline as to when such data could be available; and*
- *performing a review of the institutional or practical barriers that may prevent such publication.*

Mainstreaming and systematic disclosure of EITI data

The EITI data disclosed in this report has been collected from different sources, including Government Agencies selected in the UGEITI reporting process. However, regarding the contextual information on the extractive sector, data on revenues collected and budget allocations are not systematically published on a centralised platform.

The UGEITI Multi Stakeholder Group is encouraged to put in place a roadmap for the implementation of an open data platform that centralises all EITI data. This roadmap should provide a clear open data policy on the access, release and re-use of EITI data. Government Agencies and extractive entities are expected to publish EITI data under an open license, and to make users aware that information can be reused without prior consent as stipulated by EITI Requirement 7.2 Data accessibility and open data.

Data quality and assurance

A number of reporting entities did not comply with this assurance process agreed by the UGEITI MSG as detailed in Section 2.5 of this report.

The UGEITI MSG should engage with reporting entities and emphasize the importance of complying with this provision of proper signature and certification of templates by auditors for future reports, in order to meet EITI Requirement 4.9.

It is also recommended to put in place an assurance process for the Government reporting templates to allow their reconciliation with the audited accounts.

Public disclosure of beneficial ownership information

Extractive entities included in the reconciliation scope have been requested to submit information on their beneficial owners as detailed in Section 4.10 of this report. Nevertheless, to date, there is no comprehensive register of data on beneficial owners of all companies operating in the mining, oil and gas sectors.

URSB undertook several activities in the establishment of the BO register as detailed in Section 4.17.2 of this report.

We recommend that URSB expedites the BO register and puts in place:

- *an assurance process of information and due diligence procedures to ensure reliability of the information declared; and*
- *plans for developing a database that would be filled in by reporting entities systematically online rather than manually through hard copies of the required forms.*