

**ADVOCATES COALITION FOR ENVIRONMENT AND DEVELOPMENT – ACODE**

**ACTIVITY REPORT**

**SUB NATIONAL STAKEHOLDERS CONSULTATIVE MEETING ON THE  
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI) AND THE  
EXTRACTIVE REVENUE MANAGEMENT IN UGANDA.**

**ORGANIZED BY**

**ADVOCATES COALITION FOR ENVIRONMENT AND DEVELOPMENT – ACODE**

**IN PARTNERSHIP WITH**

**ALBERTINE GRABEN OIL DISTRICTS ASSOCIATION – AGODA &  
CIVIL SOCIETY COALITION ON OIL AND GAS – CSCO**

**CONVENED AT TRISEK HOTEL, HOIMA CITY**

**ON THE 22<sup>ND</sup> JUNE 2023.**



**Report Developed by:**

**ADVOCATES COALITION FOR ENVIRONMENT AND DEVELOPMENT – ACODE**

**June 2023**

## Acronyms

ACODE	Advocates Coalition for Development and Environment
AGODA	Albertine Graben Oil Districts Association –
EITI	Extractive Industries Transparency Initiative
UG-EITI	Uganda Extractive Industries Transparency Initiative
CSOs	Civil Society Organisations
SCSO	Civil Society Coalition on Oil and Gas
MDAs	Ministries Departments and Agencies
LGs	Local Governments
NRM	National Resistance Movement
IOCs	International Oil Companies
FY	Financial year
GDP	Gross Domestic Product
CNOOC	China National on and Offshore Company
NDP	National Development Plan
MSG	Ministerial Stakeholder Group
OPEC	Organisation of Petroleum Exporting Countries
MoEMD	Ministry of Energy and Mineral Development
NEMA	National Environmental Management Authority

## 1.0 Introduction

Advocates Coalition for Development and Environment (ACODE) in collaboration with the Albertine Graben Oil Districts Association – AGODA and the Civil Society Coalition on Oil and Gas – CSCO organized a consultative meeting on extractive revenue management on Thursday 22<sup>nd</sup>, June 2023, at Trisek Hotel in Hoima, Uganda. The meeting comprised presentations on the EITI Uganda report 2019/2020, the Mining and Minerals Act 2022, revenue management models as well as stakeholder consultations on how effective the minerals can be utilized by communities and Local Governments. This drew participants from the CSOs, Local Governments, media, Bunyoro Kitara Kingdom among others.

This report presents the process outcome for a one-day consultative meeting for Local Government stakeholders in the extractive sector held in Hoima city. The consultative meeting was convened by the Advocates Coalition for Environment and Development (ACODE) in partnership with the Albertine Graben Oil Districts Association (AGODA) and the Civil Society Coalition on Oil and Gas (SCSO). The broader purpose of the meeting was to create a platform for sharing proposals by Local Governments and other stakeholders for shaping a better



*The Directorate of Surveys and Mining sharing during the*

resource revenue management and shaping the transparency of the revenues through improving reporting of the Uganda EITI.

Uganda is endowed with extractive resources (minerals and petroleum) in various deposits and commercial value. For instance, the country is endowed with about 6.5 billion barrels of oil and over 32 confirmed mineral ore deposits from precious metal such as gold, copper and heavy ones such as uranium. New discoveries are still being made. For instance, new gold deposits have been identified in several parts of the country, including Buhweju, Mubende, Namayingo, Karamoja, and Zombo districts. Mineral exploration and development licenses have been granted to various companies in many

parts of Uganda and operations are on-going. Oil exploration and production licenses have also been granted to a number of companies and first oil is expected in 2025. The development and exploitation of Uganda's extractives (both petroleum and mineral) has the potential to generate revenue to finance development and improve the quality of public services in the country as well as and creation of livelihood-improving opportunities for many Ugandans. Indeed, oil and minerals subsectors are already generating some revenue and even have potential to generate more revenue for the country.

However, Uganda is still facing transparency and accountability challenges which may undermine the potential of the extractives sector to generate the expected revenues. As such, how citizens and citizen actors engage the state is critical in shaping the fiscal regime, transparency practices and benefits management from the revenues from oil and gas.

Uganda discovered commercially viable deposits of oil and gas in 2016. It has also been a major player on the global market for various minerals. This therefore presents the country into a mining and oil and gas producing country. As such, Uganda also joined the EITI in august 2020. The Uganda Government EITI has produced and published its 1<sup>st</sup> report for the financial year 2019/2020. In a bid to inform the transparency and revenue management processes for the extractives, a sub national must stakeholder consultative meeting comprising of political leaders, CSOs, Civil Servants and the media.

The meeting begun with a prayer led by Mr. Tusingwire Benon. He called upon God's guidance and protection during the meeting. He prayed for journey mercies for everyone and God's blessings. Upon finishing the prayer, each participant introduced self by name and responsibility they held in their various places of work.

### **1.1 Meeting Objectives**

The meeting was convened with three objectives:

1. To provide a forum for sub regional stakeholders to discuss extractives revenue management challenges and generate proposals.
2. To share progress on implementation of EITI in the country and consult sub-national stakeholders on the UGEITI work plan for 2023.

To realize the above 2 objectives, the meeting set out to:

a. Discuss and identify key extractive revenue management issues for Uganda.



*Lydia, the District Planner Hoima District Local Government submitting during the meeting*

b. Popularize the EITI process, identify transparency issues and propose recommendations for improving the EITI process for Uganda.

c. Convene a platform for discussing and document a memorandum of issues by Local Governments relating to the extractive sector for

Uganda.

## 1.2 Meeting Participation

Participants were drawn from the districts of Mubende, Buliisa, Kabarole, Hoima,



*Session in progress during the meeting*

Kikuube and Kakumiro. These

included stakeholders from the District Local Governments, CSOs, media, community, mining communities,

select political leaders among others.

These were regional and district leaders across the different extractive sector (mining, oil and gas) in the Albertine region and some selected districts of Buganda region.

## 1.3 The meeting date and venue

The consultative meeting took place at Trisek Hotel in Hoima city on June 22, 2023.

## 2.0 Official Opening of the meeting

The meeting was officially opened by representatives from AGODA, Hoima city and ACODE.

### 2.1 Welcome Remarks by AGODA

Dr. Kajura Charles the focal person for the Albertine Graben Oil District Association commended the partnership AGODA has enjoyed with ACODE.

He welcomed the participant both from AGODA districts and those outside the Albertine the focal person for the Albertine Graben Oil Districts Association.



*Dr. Kajura Charles of AGODA sharing during the meeting*

Thanked ACODE for co-hosting and supporting the consultative meeting. He among others shared with the meeting the following.

- ❖ Introduced AGODA as Albertine Graben Oil Districts Association. Shared a brief history of AGODA as an advocacy platform formed by Local Governments in the Albertine region with active activities related to oil and gas. The Albertine region had not been fully shaped. However, with similar development challenges as Local Governments, AGODA was a sound space for interacting and advocating for the Local Government interests.
- ❖ Noted that AGODA is a non-profit organisation advocating for the interests of districts in the Albertine rift. These interests would emerge from time to time therefore needed a formidable platform to advance them in an oil and gas industry that is new for Uganda.
- ❖ Emphasized that other districts with natural resources, minerals and oil and gas were welcome to join AGODA in order to amplify the interests of the various Local Governments together.

- ❖ AGODA envisions a progressive graben out of the utilization of the oil and gas resources. Dr. Kajura emphasized that this would be achieved if common interests were advocated for together as Local Governments.
- ❖ Emphasized the focus of AGODA on mainstreaming oil and gas in oil and gas, skilling and advocating for opportunities in oil and gas.
- ❖ Thanked all participants for honoring their invitation noting that the outcome of the meeting would help AGODA to engage with Central Government on issues of the extractive sector that emanates from Local Government.

## 2.2 Welcome Remarks from ACODE by Onesimus Mugenyi, Deputy ED – ACODE

Mr. Mugenyi Onesmus introduced the tripartite partnership between ACODE, AGODA and the CSCO in organizing the consultative meeting. He recognized some of the participants such as the team from Uganda EITI Secretariat, Bunyoro Kitara Kingdom, Local Governments and regional CSOs. Noted that the meeting was aimed at sharing the critical extractive revenue issues from



*Mr. Mugenyi Onesmus Deputy ED ACODE sharing during the meeting*

the perspective of Local Government and devising a set of recommendations into the stakeholders. The meeting was also purposed around inputting into the EITI process and improving the reporting and transparency of the extractive revenues for Uganda.

He thanked AGODA for taking lead in mobilizing the various Local Governments to participate in the consultative meeting. He among others:

- Welcomed participants for the meeting. Mr. Mugenyi emphasized that the meeting was an important process of getting stakeholder input into how royalties and other revenues that accrue communities and Local Governments would be used in a more sustainable manner.

- Recommended stakeholder to research and pick interest in conducting basic research in their areas of work. This he said builds public trust and improves the efficacy of their work to their constituencies.
- Shared about the Civil Society Coalition on Oil and Gas (CSCO) as a CSO coordinating all CSOs engaged in oil and gas related advocacy work in Uganda hosted at ACODE.
- Shared that the purpose of the meeting was to consult from the various stakeholders in the mineral rich and oil and gas regions regarding the statutory local revenues. He emphasized that as different stakeholders, the manner in which local revenues from the extractives are managed.
- Noted that the platform was also aimed at sharing the EITI status and how Local governments would input into the EITI process moving forward. The EITI process was an important process for Local Governments just as it is to the rest of Ugandans, he said.
- Informed the meeting that a lot of revenue were expected from mining and oil and gas. Some of this was legislated upon in the Public Finance Management Act as royalties and other revenue sources needed utmost level of preparedness.



*Mr. Onesmus Mugenyi, welcoming participants*

- Noted that citizens had a role of ensuring that the revenues from the petroleum are managed well by the government through holding government accountable.
  - Government of Uganda had joined the Extractive Industries Transparency Initiatives as commitment
- of being transparent and open.
- Welcomed participants for the sharing meeting.



## 2.3 Welcome Remarks from CSCO – By Benon Tusingwire

Mr. Tusingwire Benon a member of the National Steering Committee of Civil Society Coalition on Oil and Gas – CSCO welcomed participants on behalf of the Chairperson.

He among others:

- a. Shared a simple history of CSCO from its formation in the year 2000.
- b. Expressed gratitude for the participants for coming to the consultative meeting.
- c. Noted that since the formation of CSCO, the quality and means of engagement with the state had improved.
- d. Noted that CSCO and the wider civil society were grateful of the extent to which government was recognizing the need to conserve, preserve and ensure sustainability of the environment as oil and gas was being exploited in the Albertine graben.
- e. Noted that CSCO had built the capacity of CSOs, its members and amplified the voice of the CSOs to engage from an informed and empowered point of view.
- f. Emphasized the need candidly discuss the extractive revenue issues and how communities and Local Governments benefit from these revenues.
- g. Welcomed the effort to popularize the EITI process noting that it would improve the transparency of the extractive sector for Uganda.



*Mr. Tusingwire Benon giving welcome remarks on behalf of the Chairperson Steering Committee - CSCO*

## 2.4 Official opening of the consultative meeting

### By Hon. Mulindambura Jackson, Secretary Production, Works and Environment

Hon. Mulindambura James begun his official remarks by expressing that he was representing the District Chairperson LC.5 who was engaged by other official engagements. He narrated a story of host communities where the oil and gas were but lacked basic social amenities. Noted that a lot was needed to make the local communities appreciate the benefits of God blessing them with these extractive resources.



*Hon. James Mulindambura, Representative of the LC 5, Chairperson Hoima officiating at the opening of the consultative meeting*

Hon. James welcomed all participants and stakeholders into the meeting. He informed the meeting that Hoima District Local government was waiting for the Electoral Commission to commission the road map for the LC 5 chairperson byelections. He emphasized the district was peaceful under the able leadership and work was going on.

He among others:

- Noted that as Hoima District Local Government, they were pleased to be part of the team shaping how resources from the extractives are sustainably generated and utilized.
- Noted that he supports the need for these extractive revenues to support Local Governments and communities in terms of service delivery and shaping social services especially to the natural resources host communities.
- Thanked ACODE for the resonances and reconnaissance of AGODA. This he noted that was critical since consistence of AGODA's activities was limited resources to pursue the organization's mandate.

- Thanked and congratulated the NRM government for the efforts to commercialize the oil and gas. This he emphasized that oil and gas activities started way back in the 1960s but commercialization had been reenergized by the NRM government led by president Museveni.
- Noted that the oil and gas sector came with new expectations. These expectations were ever growing and the extent to which they were being addressed by government and IOCs was still wanting from the host community perspective.
- Local Governments were still not yet active participants in oil and gas sector of the country. This he noted that the Ministry of Energy and Mineral Development had not mainstreamed oil and gas operations in Local Government processes. He emphasized that Local Governments were speculators in the oil and gas sector.
- Noted further that the district Local Governments and AGODA had not achieved much as expected given the limited funding and oil and gas sector operating in phases. This he therefore recommended LGs to carry on more advocacy and offer strategic leadership focusing the communities.
- Recommended the need to look at the lowest point on the ground especially the impact on the local host communities. This he noted that communities hosting most oil and gas activities were extremely vulnerable and lacked basic social amenities like water, health and education services. He further expressed the plight of host communities with poor health centres, children not able to access education and other poor services despite their hosting of oil and gas resource.
- Expressed the need to understand the critical community issues of the host communities. This he cautioned oil and gas sector stakeholders to be intentional to target local community issues and address them in their corporate investment plans.
- Future engagements should have two days with one day reserved for field visit to the communities. This he noted would give utmost baseline field information on critical issues affecting local communities as regards oil and gas. Hon. James noted that the local communities hosting oil and gas resources were not active participants in the various processes leading to the development of oil and gas project. Called for a win – win situation that enhances and empowers communities to produce especially agriculture.
- The ministry of Energy and Mineral Development was still less open with information regarding with oil and gas. Hon. James Mulindambura also illustrated that even Local

Governments, as sister MDA were mere spectators in the oil and gas sector processes.

- Expressed the need for unity among the various Local Governments if the oil and gas resource was to be beneficial to the communities of Bunyoro.
- Hon. James called for new energies in skilling the locals like the efforts in the earlier stages of petroleum in Uganda. This he said will focus the policies in oil and gas as facilitators for stakeholder participation in oil and gas. He further noted that if jobs and skills are not harnessed, the region will have majority of stakeholders as spectators of the oil and gas sector for Uganda.
- Cautioned members about environmental degradation especially charcoal burning. He emphasized that given these many developments as a result of oil and gas, the various districts and communities in the Albertine region needed to be intentional in conserving the environment.

He declared the consultative meeting officially open at 10:21am.

## 2.5 Welcome Remarks by Hoima City Council

By: His Worship Brian Kaboyo, Mayor Hoima City



*HW. Brian Kaboyo, Mayor - Hoima City*

His Worship Kaboyo Brian thanked Hon. James Mulindambura for the opportunity to share with the guests in Hoima City. He welcomed the participants into the city.

Informed the participants that Hoima city was progressive and was happy to host most of the guests engaged in business, public service, oil and gas among others. He emphasized that as a strategic oil city, the leadership was doing their best to ensure that the city rimes with the demands of the city actors including oi and gas processes and stakeholders. He expressed gratitude for hosting the meeting in Hoima city.

- The mayor noted that as a city, they had embarked on improving the infrastructure in the city in order to facilitate business across the city.
- Challenged all leaders to engage and empower the local people to be productive as a way of enhancing economic participation in harnessing the opportunities that oil and gas presents to the citizens.
- Appreciated ACODE for the efforts to meaningfully engage Local Governments and ensuring that the benefits that accrue citizens from the extractive sector.

### 3.0 Proceedings during the Consultative Meeting.

#### 3.1 Progress of EITI implementation in Uganda

Shared by: Mr. Kanakulya Edwin Kavuma, Compliance Officer – UG-EITI



*Mr. Kanakulya Edwin Kavuma, sharing the progress of the EITI process in Uganda*

The Uganda EITI progress report was shared by Mr. Kanakulya Edwin. He began by sharing the global perspective of the EITI process as a voluntary transparency process member states opt to ensure that they do their self-reporting of extractive revenues on a set standard. Mr. Kanakulya expressed gratitude to the CSOs for always providing space and opportunity to share the EITI process for Uganda. He particularly appreciated ACODE

and CSCO for their endeavors regarding the popularization of the first Uganda EITI report. In addition, he:

1. Shared the policy provisions that endorsed Uganda to joining the EITI through a cabinet resolution. This he noted that it was government's commitment to ensuring that there is utmost transparency in the revenue information sharing by the Ugandan government. He emphasized that the EITI was a country voluntary transparency and accountability process for countries.
2. Uganda joined the EITI in 2020 and the secretariat is housed in the Ministry of finance and Economic Development.
3. Shared the objective of his presentation as "to share insights on the progress of EITI in Uganda". Mr. Kanakulya noted that Uganda was in advanced stages of launching and publishing its 2<sup>nd</sup> annual EITI report that was expected by 30<sup>th</sup> of June 2023. He emphasized the purpose of EITI as being to improve transparency in the extractive industry.
4. Noted that the EITI was a tool to address all transparency concerns in both oil and gas as well as mining. Guided that any citizen and actor would use the EITI report to meaningfully engage government and the IOCs from the authentic EITI report.
5. The EITI addresses both the supply and demand side of the revenue in the extractives (both government and companies). He recognized that IOCs were compliant in sharing the required information regarding their payments to government of Uganda.
6. The EITI is about the extractive value chain (from contracting, social and environmental expenditures, revenues and engagement of the public about the revenues).
7. Mr. Kanakulya shared that, as of 22<sup>nd</sup> June 2023, only one (1) EITI report had so far been published but the UGEITI was yet to publish the second report by 30<sup>th</sup> of June 2023.
  - a. He shared that; the report covered 2019/2020 FY. That the total revenues were 436 billion shillings. The extractives contributed 1.27% to the national GDP. Most revenues were from mining and less from oil and gas though Total E&P was leading in the oil and gas revenue contribution. Most service companies were making dominant contributions to the oil and gas sector revenues as service providers.
  - b. The report recommended mainstreaming the EITI data to the public, improving the data quality, providing clarity on the export of minerals to create clarity on reporting their revenues, public disclosure of beneficial ownership among others. Mr. Kanakulya encouraged Ugandans to get the online report on their website [www.ugeiti.ug](http://www.ugeiti.ug)

- c. UG-EITI had engaged stakeholders to share public information for ease of reach, engaging stakeholders to create a one stock centre for information. This he noted that had registered good progress and therefore hoped to improve the manner of reporting for the country's extractive revenues moving forward.
- d. Commended IOCs like CNOOC and Total Energies who had permitted the sharing of PSAs to the public. This Mr. Kanakulya noted was a milestone in the realization of the ideals and purpose of the EITI process.
- e. Thanked ACODE and CSOs for the opportunity to share the EITI report. Noted that the EITI report is a credible free information access tool on the extractives to the public.
- f. The EITI reports for the future will interest itself in how the royalties are utilized
- g. Shared on the benefits of EITI including being a basis of engagement, supporting compliance and harmonization. Emphasized that, the quality and efficacy of the EITI depended upon how the report was utilized. He added that the EITI second report would be published by 30<sup>th</sup> July 2023.
- h. Informed the meeting that Uganda would have its first international validation of EITI processes in March 2024 by the EITI internationally. This was an important participatory process and gauge Uganda on an international scale and how transparent the country was in reporting its revenues and the manner of performance and progress of the UGEITI. Noted that the secretariate was preparing for this validation process.
- i. Mr. Kanakulya informed the meeting that the process of data collection is continuous and expressed UG EITI's commitment to delivering their mandate. He emphasized that EITI has the capacity of enhancing local citizens participation in the extractive sector. He further explained the planned process of reporting from planning to reporting by the EITI process.

### 3.2 EITI Work Plan 2022/23

Mr. Muhangi Edgar began his submission by sharing that the UGEITI follows the same



*Mr. Mutungi Edgar Finance Specialists UGEITI sharing the workplan*

workplan of processes every year. He noted that the stakeholders can improve this process by inputting how it is delivered and ensuring that it is efficient

in capturing reliable and accurate data.

1. He thanked the CSO partners for always providing a platform to share the EITI processes and report. Mr. Muhangi emphasized the fact that stakeholder engagement was a critical step in realizing the ideals of EITI in a country like Uganda.
  2. Noted that the EITI process was linked to the national priorities and NDP III. Explained that the EITI requirement 1.5 requires utmost consultations from stakeholder.
  3. Shared the cycles of work plan and disclosure. He informed the meeting that the entire EITI is a disclosing tool. This disclosure would help Uganda realize its EITI goal of improving the governance of the extractive industry in Uganda for the benefit of the present and future generations.
  4. Mr. Muhangi shared the key activities in the work plan which included dissemination of the report, follow up on EITI report recommendations, preparation of the next report and preparation for the country's validation. He said that realizing this process to the later would enhance the EITI purpose as it was aimed at enhancing transparency in the extractive sector as well as strengthening revenue management and accountability.
1. Mr. Muhangi noted that Uganda was deliberate to build the capacity of UGEITI to deliver its mandate. Some activities were to be recurrent such as contracts disclosure, report publication, disseminate the report, engagement with stakeholders, field visits to the operations among others. As such, he shared the activities such as:



- a. Development of disclosure mechanisms
  - b. Development of beneficial ownership disclosure
  - c. Implement a communication strategy.
  - d. Monitoring the recommendation implementation
  - e. Undertaking research to inform policy outcomes
  - f. Prepare and publish the 2020/2021 report
  - g. Conduct MSG engagements
  - h. Field visits to the extractive regions
  - i. Capacity development for MSG and stakeholders
  - j. UGEITI secretariat operations.
2. Shared on the achievements including dissemination of the 1<sup>st</sup> EITI report for Uganda, development of beneficial ownership tools for MDAs and private sector, finalizing the development and publication of the next report among others.
  3. On the purpose, he shared the need to empower communities affected by the extractives, facilitate accountability and transparent, to align reporting with the local community needs, build capacity and awareness and facilitate collaboration and partnerships.

Mr. Muhangi concluded by emphasizing that the EITI was improving governance of the extractives.

### 3.3 Key Provisions of the Mining and Minerals Act 2022 that relates to Local Governments and Communities



*M/s. Jackie, an official from the Directorate of Geological Surveys and Mines, Ministry of Energy and Mineral Development sharing the key provisions of the Mining and Minerals Act 2022*

Ms. Jackie, an official representative of the Directorate of Geological Surveys and Mines of the Ministry of Energy and Mineral development began her

sharing with an emphasis that the repealed Mining and Minerals Act had made critical legislative and operational changes in the manner in which Ugandan mining was made. She noted that the new law was to have regulations soon.

She on behalf the permanent secretary and the entire ministry thanked the convenors of the opportunity to share the new changes in the mining legislations for Uganda.

1. Noted that the Mining Act had made several changes including new requirements for licensing, operations, actors, classifications and mandate of stakeholders in the mining sector. The Act had taken keen interest in defining what a mineral was, who was authorized to mine, when, how and most importantly the size of minerals/firms with different licensing requirements. Called upon local governments to take keen interest in the Act in order to ensure that utmost adherence and compliance is done in their areas of work.
2. Shared on the changes created by the new Mining and Minerals Act 2022. These included the rotational license, prospecting license, exploration license, small scale mining license, medium and large-scale license, goldsmiths license, movement permits, mineral smelting, blasting license.
3. Emphasized that different mining licenses were given different capital investment requirements in the law. She noted that it was ultra-vires to hold a license and operate beyond your license mandate. The ministry has established a dashboard to support stakeholders to monitor compliance regarding all aspects of the mining licenses in the country, she said. She emphasized that all mineral license processing had been digitalized. She informed the meeting that, the minister is the licensing authority that replaces the Commissioner under the previous legal regime.
4. Some restrictions were maintained in the law. However, all these restrictions were aimed at facilitating sustainability, business operations, protecting communities and ensuring that the right actors are engaged in any mineral value chain for the country. The for example, she said that all corporate miners must be incorporated into Uganda. She noted that the new mining law had introduced sanctions if any violations were noticed on any firm
5. The ministry of Energy and Mineral development had established the mineral cadastral platform. This would enhance public information sharing regarding all aspects of the minerals in Uganda. Called upon citizens and LGs to ensure that they monitor and make use of the information shared on this cadastral platform. She informed the meeting that the mining cadaster and registry system was an easy-to-use online

platform. The ministry had further created the interactive portal of mining. Real time information was made available for the public through the mineral dashboard.

6. Provisions of state participation were embedded including royalties. This was a critical issue that lacked in the mining sector for Uganda. Incentives and priority were being given to local entities engaged in the mining processes from prospecting to mining and trade. Also, state equity participation was provided for between 0-15 percent. The law was express on surface rights as well as national and local content, she noted.
7. She noted that Uganda was not fully surveyed in terms of minerals. She for instance noted that, Bunyoro had prospects for geothermal but less sufficient data was available to commercialize it.
8. The Uganda National Mining Company was to be established as a state player in mining. This was aimed at deepening the role of the state and citizen participation in the mining sub sector for Uganda.
9. The Local Government revenues from royalties had changed with increment of ratio of benefits to sub counties (7%-10%), districts and land owners and reduction from 80% to 70% from central government.
10. Community engagement has been engaged and emphasized in the new law. She tasked Local governments to engage the mining firms to ensure that community engagement is done appropriately.
11. The mining and minerals regulations for the different minerals and national content were in offing. Regulations would emphasize health, safety and occupational safety. She informed the meeting that the ministry was in final stages of completion of these regulations and upon being commissioned, they would be popularized prior commencement.
12. Shared some challenges like under declaration, uncoordinated operations, unlicensed operations, difficulty in identification of true beneficial owners among others. This she noted that needed support and vigilance of Local Governments in their areas where there were mineral deposits and mining operations.

She ended by imploring Local Governments and other stakeholders to read, internalize the ne Mining Act 2022 and engage alongside issues in the law

### 3.4 Maximizing subnational benefits from Uganda's extractives Sector

Mr. Bagabo Paul started his sharing with an analogy of Russian – Ukraine war and how it was expected to affect the prices of oil and gas but rather increased it instead. He noted that the oil prices globally are shaped by events and OPEC.

He shared critical sector issues including:



**Dr. Paul Bagabo, Country Director - Natural Resources Governance Institute**

- Oil is a finite resource. As a result, stakeholders and countries with oil must act more responsible to the people and nature if it was to create lasting positive impact to their economies.
- The energy transition was on and real. He clarified that he was not an advocate for the energy transition but as a country, Uganda had a responsibility to analyze the energy transition and how it will affect its energy industry particularly of fossils (oil and gas). He emphasized that, whereas the whole world was deeply engaged in discussions about the energy transition, African had a lot of the needed new minerals even when the demand for oil dropped at any given time.
- Noted that there was a nexus between how a country uses its mineral resource revenues and how it develops as a result of these resources. As such, he called for the need to introduce a good system of management of natural resources.
- Informed the meeting that, both mining and oil and gas have negative effects. However, if the resources are well managed through sufficient investments in long term sustainable investments, then the benefits from these resources will be seen to benefit future generations.
- Guided that environmental impacts have to continue long after the extraction. This he said that different stakeholders such as government, private sector, CSOs and Local Governments needed to be more intentional and build their capacity to monitor these impacts and call for mitigation and response management initiatives.
- The population growth could affect the continent's future. This he noted that a boom could form both good and bad depending on how the resources are utilized.

The population he said would as well increase the demand for goods and services but also expose the natural resources to pressure.

- Local Governments would benefit from extractives depending on the capacity to ascertain the amount of resource, how much the resource is, and the demand for the resource on the global market would fluctuate. This he advised that Local Governments must start designing models of assessment and ascertain especially for their royalties.
- The need to engage government on the list of beneficiary districts. He reminded the meeting of the Public Finance Management Act 2013 section 75 that provides for royalties and a formula for its sharing. However, to date, the local governments to benefit were not known nor were they put in the gazette.
- He emphasized that, the benefits to districts will depend on the ability to benefit from local contents. As such, he appealed to the Local Governments to engage more on the local content opportunities
- Local Governments can engage Central Government and conduct business within the extractive sector especially as an association. He noted that as AGODA, they could negotiate for better business opportunities from government and IOCs.
- Local Governments should design spending, saving and investment rules and mechanisms. This he noted that will help Local Governments better manage the revenues that accrue them from royalties and other extractive opportunities in the country.
- Ensure that Local governments can support the communities to benefit from the extractives. He emphasized that if communities are not supported to prepare themselves, they would not ably manage to compete for these opportunities despite their availability.
- Local Governments should be deliberate about the environment as the natural resources are being exploited.
- Uganda being a young mining country, he ended by emphasizing the following points of reflection:
  - a. The Mining Act has no clear provision for the energy transition.
  - b. Uganda is underexplored. This he said presents an opportunity for more future mineral discoveries.

- c. Uganda was dominated by small artisanal miners which as an opportunity to better and locally manage the sector. He noted that Uganda had no giants like BHP, RIO TINTO.
  - d. The sector investment is huge in terms of capital. This therefore required both engaging and facilitating factors in the investments in the sector.
  - e. A lot of transparency is required from all actors. This he commended the efforts of the EITI Uganda was taking.
  - f. Local Governments should support the private sector to formalize from being mere artisanal miners.
  - g. Informed the meeting that Ugandan mines are small and of high cost.
- Upon the minerals running out, he emphasized:
    - a. Focus on saving for the future generation through the Heritage Fund.
    - b. Investing in environmental conservation
    - c. On transition risks, benefits would reduce
    - d. Transition minerals were available.
    - e. Set up the sub national fiscal rules to manage revenues (expenditure vs revenues.
    - f. Develop comprehensive plans that would guide sustainable investments and priorities as a result of extractive revenues.
    - g. Ensure that there is sustainable environmental management.
    - h. Enhance the Local Governments to ascertain royalties.
    - i. Set up transparent system for revenues on mining.

He thanked everyone for listening and wished them good luck.

#### 4.0 Open session and Plenary Discussion

Open session	<ol style="list-style-type: none"> <li>1. Requested the MoEMD to share the appeal procedure if a person is dissatisfied with the ministers' license process as enshrined in the Mining Act 2022 – <b>Patrick FM Mugabi</b></li> <li>2. Give clarity on whether sand is a mineral?</li> <li>3. A participant sought to know what happens when community is not meaningfully engaged.</li> <li>4. How does the EITI reporting link to the financial year reporting given that the EITI report seems to consider previous financial years especially of 2019/.</li> </ol>	<p><b>Oscord Mark</b>  <b>Otile moderated</b>  <b>these sessions</b></p>
--------------	--	--

	<ol style="list-style-type: none"> <li>5. How does the EITI cover the sub-contractors for the extractives? <b>Mugume Macris</b></li> <li>6. What share does the mineral Act give to cultural institutions – <b>Prime Minister’s representative Bunyoro Kitara Kingdom.</b></li> <li>7. Does the Mining Act 2022 provide for mining in prohibited places or protected areas? <b>Zinira Martin</b></li> <li>8. Include environment as an accountability and responsibility measure of assessment in the next workplan – <b>Benon Tusingwire.</b></li> <li>9. What collaboration is in place between Local Governments and the DSM – <b>Onesmus</b></li> <li>10. Closing the information gap between Local Governments and Ministry of Energy and Mineral Development</li> <li>11. The host communities where extractives are tapped lacking basic services like water, health and others <b>-Ndegeye Maria</b></li> <li>12. Some firms do mining but disguise as exploration.</li> <li>13. Need to share post activity information with the cultural institutions like the Kibiro spills.</li> <li>14. Create a nexus between mining and environmental conservation and sustainability.</li> <li>15. Land owners should have a clear mechanism for inclusion in the loyalty benefits - <b>Byaruhanga</b></li> </ol>	
<p>Responses from the DSM</p>	<ol style="list-style-type: none"> <li>a. Appeal processes are in the courts of laws especially the High Court.</li> <li>b. Silca sand were classified as a mineral and other sand materials were to be provided for under the Building Substances Bill that was being drafted.</li> <li>c. A clear formula for computing royalties was in place at the ministry and in the different extractive laws.</li> <li>d. An online based dashboard of minerals would address the mineral information gap as it will share all information such as deposits, locations miners, investments, payments among others in time.</li> </ol>	<p><b>Jackie – DSM</b> Ministry of Energy and Mineral Development</p>

	<ul style="list-style-type: none"> <li>e. The ministry will gazette the mining areas based on the nature of mines and mining mechanisms according to the law.</li> <li>f. An inter-ministerial engagement was being done to ensure harmonized operations especially on land.</li> <li>g. The Act provides for preservation of cultural and heritage sites</li> <li>h. The Act has no provision for cultural institutions but considered the Local Governments.</li> <li>i. Strick monitoring on enforcement were to be put in place to mitigate and address the pseudo activities such as mining yet licensed to explore.</li> <li>j. The environment was key in all aspects of mining and the environmental management plans were part of approval of mining licenses.</li> <li>k. The directorate of surveys and mining confirms and deals directly with the land owners.</li> <li>l. NEMA was conducting periodic environmental audits to ensure environmental compliance</li> </ul>	
<p>Response from EITI secretariat</p>	<ul style="list-style-type: none"> <li>1. EITI only considers authentic and audited data and therefore started with 2020 which had the audited books of accounts.</li> <li>2. Mainstreaming MDAs and all extractive actors was considered critical in addressing access to information gaps regarding the extractives in Uganda.</li> <li>3. The EITI focuses on the standards therefore these standards focus on engagements with government and therefore sub-contractors are not clearly needed. The MSG has picked interest in sub contractors' investments.</li> <li>4. The EITI was picking lessons from its work and inputs from stakeholders and therefore had focused on learning and stakeholder input.</li> <li>5. No any illegal activities are considered in the EITI reports and assessment.</li> <li>6. The EITI was still voluntary therefore not backed by law but supported by a cabinet decision.</li> </ul>	<p>UGEITI Secretariat</p>



- |  |   |  |
|--|---|--|
|  | <p>7. The EITI has a full component on the environment</p> <p>8. The reporting will continue improving.</p> |  |
|--|---|--|

## 5.0 Critical Concerns and Recommendation from the meeting

1. The 1% loyalty allotment to cultural institutions dividing Bunyoro Kitara Kingdom into two and the creation of Obutebengwa.



*Mr. Byaruhanga, the representative of the Prime Minister Bunyoro Kitara Kingdom sharing his views during the meeting*

2. Need to digest and vividly understand the local host community entities that have participated in the extractive industries through tapping the opportunities therein.
3. The EITI report should expressly show how local firms and communities in the host communities in the public revenues published in the EITI report for the coming financial years.
4. Need to give support mechanisms for artisanal miners and stick measures on declaration of operations and incomes to inform the EITI process.
5. The need to popularize the new Mining Act 2022 in order to mitigate the existing gaps in the mining sector.
6. Local Governments noted irregular payment of royalties to the beneficiaries.
7. Government introduce and learn from Community Development Agreements if the extractives are to be efficiently beneficial to the community.
8. Include and capture corporation especially doing sub contracting projects in the extractive sector.
9. Limited linkage between Local Governments and Ministry of Energy and Mineral Development on issues of extractives in Local Government processes. This

created limited ownership of the extractive sector processes and made Local Governments spectators of the sector.

10. Lack of knowledge of the EITI process by the community structure. This led to limited information and engagement of local communities in the Albertine region.

## **6.0 The EITI Process moving forward and Recommendations.**

Following the submission on the EITI, the Local Governments proposed and recommended the following.

1. The EITI process should target working with community structures in disseminating the EITI processes and reports.
2. Popularize the EITI platforms especially the website and create grassroots engagements using the EITI report.
3. Work plan should be tagged/linked to stakeholders and program implementing actions and the NDP III.
4. Link the EITI report to the Program Based budgeting of government
5. Create more engagements with local communities to appreciate the EITI process and improve their information seeking and consumption on extractives.
6. Create a mechanism that generates information from sub-contractors in the extractive sector especially oil and gas.
7. Support the Local Governments to interface with the EITI processes and inform the EITI report development process with information.
8. The EITI secretariat should engage the ministry of Finance and Economic Planning to incorporate extractives in the host Local Governments in the approval of the Program Based Budgeting and plans.
9. The UGEITI should engage the CSOs and local NGOs to deeply understand and engage around the EITI process. This will create a trickle-down effect on communities.

## **6.1 Local Government's recommendations for revenue management in the extractives by AGODA.**

1. Engage the Central Government to gazette the Local governments to benefit from oil and gas royalties.
2. Empower communities to demand for information about royalties.
3. Practical involvement of local communities in planning for the extractive sector processes including planning.

4. Engage Local Governments to develop comprehensive plans that also encompasses oil and gas royalties.
5. Build the capacity of Local Governments to meaningfully plan and adopt the natural resources into the planning processes especially that incorporate NDP III and oil and gas.
6. The Ministry of Energy and Mineral Development should clearly work with Local Governments in the natural resources and spell out clear roles of both agencies.
7. The Ministry of Energy and Mineral Development should mainstream energy and oil and gas into the Local Governments such as an employee of the ministry in all Local Governments.
8. Integrate and mainstream Local Governments into the natural resources and mineral resources/environments.
9. Create a focal person for oil and gas by the Ministry of Energy and Mineral Development in Local Governments to mainstream key extractive issues in Local Governments.
10. AGODA to share the proposed list of Local Governments to be adopted in the beneficiary districts for benefiting from the royalties.
11. Incorporate oil and gas into all Local Government processes.
12. Create an IPF for oil and gas in Local Governments with a responsible officer at the Local Government.
13. Decentralize the functioning of the Ministry of Energy and Mineral Development in Local Governments.

## **7.0 Closing Remarks from Dr. Kajura Charles - AGODA**

The meeting was officially closed by AGODA. It was represented by Dr. Kajura Charles of Hoima District Local Government.

He thanked ACODE for supporting AGODA in convening this meeting.

He added that:

- a. AGODA was waiting for the gazette to identify DLGs to be part of the oil benefit districts.



*Dr. Kajura Charles of AGODA giving closing remarks*

- b. AGODA has associate membership from the other sister districts who have issues in common like those aspirations of AGODA.
  - c. AGODA had contributed to the convening of the meeting given its spirit and interest in the extractive sector.
  - d. Thanked Natural Resources Governance Institute for supporting the process and partnership in the meeting and extractive sector processes.
- He declared the consultative meeting closed at 4:22pm



*Meeting in progress*



*Deputy ED ACODE during opening session*

## Meeting Photo Gallery

**EITI Team sharing during the consultative meeting**



**Hon. Brian Kaboyo, Mayor Hoima City sharing during opening session**



**Participants during the consultative meeting**



**DSM sharing during the awareness on Mining Act**



**Onesmus Mugenyi giving opening remarks**



**Sessions in progress**



## **Annex 1: Activity Concept Note**



**Concept Note - EITI  
Consultative Meetin**

## **Annex 2 Activity Program**



**Program - Sub  
national meeting.pc**

## **Annex 3. AGODA's Memorandum of Issues to be shared to Central Government**



**MEMORANDUM OF  
ISSUES by AGODA.p**