Uganda earns sh241b from minerals

By John Ricks Kayizzi and Arnold Nyapid

Uganda’s revenue from minerals, as well as oil and gas activities, has shot up to sh241b following growth in processing capacity of both conventional and rare earth minerals, a new report has revealed.

Titled Uganda Extractive Industries Transparency Initiative (UICEITI) Report for fiscal year 2020-21, it says total revenues received from the extractive sector amounted to sh241 billion in 2020/2021.

Launched at Sheraton Kampala Hotel on Friday, the report says the earnings accounted for 0.6% of the total domestic revenues, adding that revenue collected by the Uganda Revenue Authority (URA) accounted for 95.72% of the total revenue and was generated by the sector.

“Remaining 4.28% was paid by companies as sub-national payments (0.4%) and social and environmental contribution (3.9%),” indicates the report, adding that the contribution by sub-sector to total extraction revenues was sh180b for mining and sh61.08b for oil and gas.

The report states that the contribution of the extractive sector to GDP during financial year 2020-21, increased compared to the prior year’s contribution from 1.6% to 1.8%.

The macro-economic data provided by Uganda Bureau of Statistics (UBOS) indicates that the mining and quarrying sector accounted for sh2.626 trillion in the 2020/2021 financial year.

This, it says, 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.

In accordance with the UBOS Annual Labour Force Survey 2021, there were 20,484,742 persons employed formally in Uganda, of whom 1,515,000 were employed formally in the oil and gas and mining sectors, representing 0.01% of total employment in the financial year 2020-21.

The report says artisanal and small-scale mining (ASM) plays an important role in job creation, where it is estimated that there were over one 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 fiscal year 2020-21 due to lack of an updated estimate.

According to the directorate of Geological Survey and Mines, the value of the exports from the extractive sector amounted to sh2.053b, accounting for 0.01% of the country’s total exports in the financial year 2020-21.

UGRT says in 2020/21, Uganda mined 12,764.16 tonnes of marble (62%) and earned sh12.29b. A total of 13,600.00 tonnes of iron ore was mined, which earned sh4.235b, sh1.96b was earned from gold.

Amos Lugolobi, the state minister for economic monitoring, said in order to reign in the mining sector, the Government has instituted a new law, the mining and minerals Act, 2022.

“This law provides for responsible management of the mineral revenues collected, including the distribution criteria of royalty payments to areas where the mining activities take place in order to benefit the communities,” he explained.

Pacingid, UNDP partner to bolster exports in six African markets

By Edward Kayiwa

In a bid to diversify export markets and elevate export earnings for Uganda, the Presidential Advisory Committee on Exports and Industrial Development (PACEID) has announced the commencement of a comprehensive feasibility study.

The study, financed by the United Nations Development Programme (UNDP), aims to support Uganda’s mushrooming regional trade under the Africa Continental Free Trade Area (AfCFTA).

According to PACEID, the study also marks a critical step in propelling Uganda towards achieving its national target of $6b in export earnings by 2028, marking a significant step in economic development.

Over the past decade, Uganda’s export earnings from trade within Africa have seen a notable rise, growing from $1.5b in 2012 to $1.97b in 2021.

Recognising the vast potential for further growth, Odrek Rwabwogo, the PACEID chairperson, said the organisation has set its sights on leveraging emerging markets in six strategically chosen African countries.

“The study will take five months from September 18, to February next year and focus on six African countries carefully selected based on the analysis conducted by the Government in its AfCFTA national implementation strategy. These nations include Algeria, the Central African Republic, the DR Congo, Ghana, Nigeria and South Africa,” Rwabwogo explained.

Rwabwogo said the comprehensive study will encompass various aspects of AfCFTA, including legal texts, consumer preferences, consumption and production trends, tariff and non-tariff trade barriers and other factors affecting trade between these African countries and Uganda.

Moreover, it will identify the products and services that Ugandan exporters can efficiently market in these selected markets and determine what these markets require in return to foster trade with Uganda.

Rwabwogo underscored the importance of shedding light on trade opportunities and encouraging Ugandan exporters to venture into neighbouring markets and beyond.

He emphasised that PACEID is committed to disrupting the conventional approach to exports undertaken by government institutions.

Highlighting the significance of inter-African trade, Rwabwogo stressed that it is the key to overcoming apprehensions and fostering mutual growth.

He also extended his gratitude to UNDP for facilitating this research and expressed a desire to expand the study to include additional countries, such as South Sudan and Kenya, as well as international markets in Europe and Asia.

“If we want to plan for the next generation and create jobs for the youth, we have to do it with intentionality, abandoning the known and making a call to the future. The future is not planned tomorrow, buttoday. The consumer or worker of today will be different from the one Uganda will face in 10 years,” Rwabwogo said.

Currently, intra-African trade accounts for just over 16% of the continent’s total trade, in stark contrast to Asia’s 59% and Europe’s 69%. However, with the signing of the AfCFTA by 54 African countries, there is hope for a substantial increase in free trade within the continent.

Hope Kyarisiima, the programme co-ordinator for minerals development at UNDP, emphasised their commitment to providing strategic direction, technical advice and ensuring that the findings are effectively disseminated in each country involved in the study.

Cleopas Ndore, the commissioner for external trade at the trade ministry, highlighted the importance of conducting an in-depth study to understand the reciprocal needs of these markets, a crucial step in overcoming non-tariff trade barriers.

The committee responsible for the study comprises representatives from UNDP, Trade Mark East Africa, AFRIBank, Private Sector Foundation Uganda, Uganda Manufacturers Association, ministries of trade, foreign affairs, East Africa affairs, Uganda trade representatives in DR Congo and South Africa, as well as representatives from PACEID.