Uganda scores on transparency

Southeast Asia is on track to vastly expand its gas-fired power plant and liquid natural gas import capacity, threatening its green energy transition, a report warned last week.

The region’s existing plans project a doubling of gas-fired power capacity and an 80% increase in LNG import, said Global Energy Monitor, a US-based NGO.

Solar outstrips other power forms

More money is pouring into solar power than all other electricity sources combined, with investments set to reach half a trillion dollars this year, the world’s top energy research body said Thursday. The International Energy Agency (IEA) forecast in a report that global investment in clean energy this year will hit $2 trillion, twice the amount going to fossil fuels. It said combined investment in renewable power and grids overtook the amount spent on fossil fuels for the first time in 2023. “Clean energy investment is setting new records even in challenging economic conditions, highlighting the momentum behind the new global energy economy,” IEA executive director Fatih Birol said in a statement accompanying the agency’s annual World Energy Investment report.

Markets mixed as oil prices slump

Global markets finished mixed last week, as traders on Wall Street attempted to look beyond weaker than expected manufacturing data, and markets reacted to falling oil prices. The commodity dropped following an announcement by the OPEC+ group of major crude producers that they plan to start unwinding output cuts later this year. In New York, the Dow Jones Industrial Average retreated 0.3 percent, while the broad-based S&P 500 edged up by 0.1%. The tech-rich Nasdaq Composite Index closed up 0.6%. Despite the lackluster end to the day, investors appeared to have shrugged off fresh private sector data which indicates that US manufacturing contracted for a second straight month in April. “But it’s another indication, in our opinion, that the economy is slowing,” First National Bank of Omaha chief investment officer Kurt Spieler told AFP.

Uganda is encouraged to improve accessibility on the overview and exploration activities of the mining sector through routine government systems, writes John Odyek

Uganda has achieved a moderate score of 78.5 points in implementing the 2019 based Extractive Industries Transparency Initiative (EITI) Standard. This overall score reflects an average of the three component scores on stakeholder engagement, transparency and outcomes and impact.

The 2019 EITI Standard outlines the requirements applicable to countries implementing the EITI Standard as well as the Articles of Association governing the EITI. These have been replaced with the 2023 EITI Standard, as of 12 June last year. On outcomes and impact, Uganda achieved a high score of 85 points and a moderate component score on stakeholder engagement of 82.5 points. The board of the EITI, chaired by Helen Clark, noted that government entities, beyond those represented in the Multi-Stakeholder Group (MSG), are actively engaged in the EITI process. They observed that most extractive companies are well represented and engaged.
but to improve disclosures in the gold mining sub-sector, operators should be encouraged to engage in the EITI process.

The board, in a report released on May 14, commended Uganda’s civil society members’ engagement and activities in the context of challenging civic space.

On the transparency component, Uganda achieved a fairly low score of 67.5 points. The board encouraged Uganda to ensure that the brief story and overview of extractive industries published on governmental websites is updated regularly.

Uganda is encouraged to improve accessibility of the overview and exploration activities of the mining sector through routine government systems.

Moses Kaggwa, the director economic affairs at the finance ministry, who is also the chairperson MSG on Thursday addressed the media at the Speke Resort Munyonyo on the results of the EITI validation assessment.

“Going forward, Uganda aims to use its EITI membership to strengthen efforts in ensuring overall transparency in the extractive sector, enhance tax collection, promote public debate, improve the investment climate, build trust and create lasting value from its petroleum and mineral resources,” Kaggwa said.

He explained that the EITI initiative has been adopted by the Government to strengthen transparency in the petroleum and mining sector.

“There is fear of Dutch disease and the oil curse. When people get oil resources, they get into problems of war, displacement of people and there is a lack of provision of social services,” Kaggwa said.

The licensed oil companies in Uganda commenced oil drilling operations in mid-2023, with the first oil barrel targeted for next year.

“The projected revenues and petroleum activities will provide a significant boost to the economic development of the country with increased investment in the sector,” Kaggwa said.

On developments of the mining sector, he said the Government has undertaken many reforms, which include the development of a mining cadaster system and formalisation of artisanal and small scale miners.

In May, Uganda attained the Mineral Certification Scheme of the International Conference on the Great lakes Region. This is part of the regional standard for the certification of the 3Ts (tin, tantalum and tungsten) and gold sourced from or transiting through a member state in the Great Lakes Region.

Gloria Mugambe, the head of the secretariat Uganda EITI Secretariat, said Uganda’s score is good and efforts will be made to improve it.

She said some challenges, such as formation of artisanal and small scale miners, conflicts between licensed companies and artisanal miners will be addressed. Uganda’s third EITI report will be out in September this year.

Mugambe noted that the next report follows the requirements of EITI, which will look at revenues from mining production, revenue in the Petroleum Fund, environment, gender, the legal and regulatory framework.

Kenneth Asinwine, the projects and research development officer of the Uganda Chamber of Mines and Petroleum, said there is a misrepresentation that everything is black market trade in the region, despite the Government making strides in transparency.

Henry Bazira, the executive director Water Governance Institute, said the EITI reports cover the environment and issues of land compliance.

“The cumulative impacts of mining sites needs to be looked and issues of compensation are of concern where extractive activities are taking place,” he said.

“There are concerns about the value of compensation. People are accepting money being paid to them as compensation. The question is whether the resettlement and compensation guarantee the livelihoods long after,” Bazira said.

He said they want to see that the EITI report influences policy and demands for compliance, noting that a few years ago, the civil society, government and companies could not sit together because they had different views on different issues.

“We need think tanks on issues that enable information to reach the public,” Bazira explained.

Patricia Opoka, the manager document registration and licensing at Uganda Registration Services Bureau, said in 2022, the Companies Act was amended.

Opoka said the amendment requires all companies to provide information on beneficial ownership.

“The public can access this information on beneficial ownership and there are penalties for providing wrong information by companies,” she said.

UGANDA MEMBERSHIP

Uganda was admitted as an EITI implementing country on August 12, 2020 and was set a validation deadline of February 12, last year in accordance with the 2019 EITI Standard. Subsequently, the EITI Board, on October 13, 2022, set a new validation deadline of October 1, last year.

A public call for stakeholder views was issued on 1st July last year. UGEITI submitted the Validation templates in September last year. The Validation of Uganda commenced on October 1, last year.

Stakeholder consultations were held in person from 4 to December 8, last year. The draft Validation report was finalised on February 26, last year and shared with the MSG for its review on February 28, this year.

The MSG comments were received on March 27, this year. The International Secretariat reviewed the comments and responded to national stakeholders, before finalising the assessment on April 9, this year.

EITI is a global standard that promotes the open and accountable management of extractive resources, which includes the oil, gas and mining sectors.

It requires companies disclosing what they pay and Governments what they receive along the entire extractive industries value chain. The EITI is a coalition of governments, companies, civil society groups, investors and international organisations working together. It supports improved governance in resource rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining operations. One of the requirements for joining the EITI is the establishment of the MSG to oversee the implementation of EITI.

It is against this background that the MSG has been established in Uganda and hence these terms of reference developed.