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Officials from Uganda Extractive Industries Transparency Initiative and Office of the Auditor General during the strategic meeting at Protea Hotel, Kampala

By John Odyek

The Uganda Extractive Industries Transparency Initiative (UGEITI) and the Office of the Auditor General (OAG) have strengthened their partnership to enhance data quality, credibility and assurance in the country's extractive industries, including oil, gas and mining sectors.

This collaboration aims to enhance revenue tracking and reporting, ultimately promoting improved governance within the sector.

Uganda became a member of the Extractive Industries Transparency Initiative (EITI) in 2020, committing to upholding high standards of transparency and accountability in managing natural resources. The EITI plays a critical role in providing annual data on the sector's rules and practices, helping identify irregularities and spurring governance reforms in many countries that participate in the initiative.

Saul Ongaria, UGEITI's national coordinator, emphasised the importance of streamlining EITI principles into national auditing processes, noting that it will enhance compliance with relevant laws, regulations, and policies.

He noted that adopting EITI's standards provides an internationally recognised method for scrutinising the extractive sector and strengthening Uganda's commitment to transparency.

The strategic meeting between UGEITI and the OAG, held on Thursday, 3 April this month, at Protea Hotel in Kololo, Kampala, aimed to enhance Uganda's

UGANDA BOOSTS REVENUE TRACKING IN EXTRACTIVES INDUSTRIES

implementation of EITI standards.

It focused on improving coordination between the two institutions ahead of the country's fourth national EITI report, set for release in June next year.

SERVING UGANDANS

"We must ensure that the data we provide is timely, accurate and meaningful. This is not just about compliance, it is about serving Ugandans with information they can trust," Ongaria said.

He called for continued openness and cooperation among stakeholders to meet the global deadline for submitting the report.

The EITI in Uganda is overseen by the Multi-Stakeholder Group (MSG), a 25-person committee representing government, civil society and companies.

Moses Kaggwa, the acting director of economic affairs at the finance ministry, chairs the MSG.

The role of the OAG in this partnership is critical. Charles Dominic Alumai, the assistant director of Audit at the OAG, noted that while the focus has traditionally been on the revenues generated from natural resource exploitation, there is a need to evaluate the socio-economic impact of these resources.

EXISTING DISCREPANCIES

Gloria Mugambe, the head of the Uganda Extractive Industries Transparency Initiative (UGEITI) secretariat, highlighted the existing discrepancies in data from the gold sector.

Despite Uganda's relatively small production, large volumes of gold are being exported, indicating that some exporters are avoiding the gold levy, which has negatively impacted revenue collection.

Mugambe emphasised that the Extractive Industries Transparency Initiative (EITI) prioritises social and environmental spending and its outcomes. He explained that there will be scrutiny to ensure companies are making significant payments to protect the environment.

"The EITI places strong emphasis on ensuring communities benefit. The standard also requires reporting on non-revenue-related information," she added.

Alumai stressed the importance of tracking extractive products up to their export destination, especially in case of market fluctuations.

Godwin Bob Monday, one of the directors of audit in charge of local governments at the OAG, discussed the potential integration of EITI requirements into the national audit process.

He also pointed out that Uganda should prepare for oil revenue flows, which are expected to start coming in from late next year.

Monday pledged that the OAG would establish a specialised EITI unit

that would facilitate the collection of all required EITI data from the different government institutions that were responsible for its maintenance.

Calvin Kasigwa, the senior principal auditor OAG, added that a standardised template for collecting information, such as local government royalties, should be developed.

This would help verify if landowners were being paid their due royalties and assess the effectiveness of Uganda's revenue mobilisation efforts from the extractive sector.

Ivan Mukisa, the senior auditor at the OAG, called for

the timely submission of data and the standardisation of reporting formats to improve transparency.

Edwin Wuadom Warden, the country manager for Anglophone Africa at the EITI International Secretariat, emphasised the need for a deeper focus on data analysis and forward-looking disclosures.

Wuadom warned against reducing the EITI process to mere accounting and highlighted the importance of reviewing mining licenses and the practices around them.

For example, in Mali, the 2022 EITI report uncovered concerns about non-existent applicants receiving mining licenses, sparking questions about due diligence in the licensing process.

He referenced a "Compliance Audit on the Awarding and Monitoring of Mining Rights for 2017" conducted by Zambia's Office of the Auditor General. The audit, along with Zambia's EITI reports, highlighted potential irregularities in the mining licensing process. These reports serve as a diagnostic tool for identifying such issues.

The audit revealed that the Mining Licensing Committee (MLC), the official body responsible for awarding mining licenses, was often not fully constituted when making decisions on mining rights.

Additionally, there was insufficient evaluation of applications before granting mining rights, which was evident from the failure of most mining right holders to commence operations.

In 2017, only 12% of awarded exploration mining right holders submitted their quarterly reports to the Geological Survey Department (GSD), while the rest were non-compliant with the law's requirements.

He said there are some changes to the 2023 EITI Standard and it includes thematic areas of anti-corruption, energy transition, gender social and environment and revenue collection.

TRACKING FLOW

Lawrence Muwonge, an MSG representative from the Uganda Revenue Authority, stressed that transparency must begin at the extraction point and continue throughout the value chain to the export stage.

"If we cannot track the flow, it weakens confidence in the entire system," he explained.

The meeting agreed and committed to improving data-sharing protocols, refining the legal framework for EITI implementation and clarifying the responsibilities of government institutions to minimise delays and reduce duplication in reporting.

Uganda's fourth EITI report will incorporate new elements from the 2023 EITI Standard, including gender inclusion in extractives.

This demonstrates Uganda's ongoing commitment to advancing transparency, governance, and accountability in its natural resource management.