

# EXPERTS URGE TIGHTER GOVERNANCE FOR UGANDA'S EXTRACTIVE SECTOR

By John Odyek

Uganda's extractive industry is under the spotlight, with experts urging government to tighten oversight, strengthen reporting systems and close long-standing governance gaps in the management of mineral and petroleum resources.

The call follows the release of the latest national transparency assessment, which reviews how revenues are generated, reported and managed across the sector.

The report, covering the 2022/23 financial year, evaluates Uganda's compliance with the 2023 Extractive Industries Transparency Initiative (EITI) Standard across the extractive value chain. It assesses legal and regulatory frameworks, licence allocation, revenue collection, local content, environmental and social obligations, as well as public disclosure of sector data.

The report was launched recently at Protea Hotel in Kampala by the State Minister for Finance and Planning, Amos Lugoloobi, together with Moses Kaggwa, the director economic affairs at the ministry of finance, planning and economic development who is chairperson of the EITI Multi-Stakeholder Group.

Themed, *Advancing Extractive Sector Governance through Transparency and Accountability*, the report has been submitted to the EITI International Secretariat in Oslo, Norway, reaffirming Uganda's commitment to open and accountable resource governance.

## TRANSPARENCY AND INVESTMENT

Lugoloobi said the EITI process strengthens Uganda's accountability systems and enhances investor confidence. "Transparency is not only a safeguard against corruption, but a catalyst for investment and a foundation for inclusive growth," he said. He noted that the report provides insight into how extractive revenues are collected, companies perform, licences are allocated, and how environmental and social obligations are met.

With concessional financing declining globally, Lugoloobi said Uganda must increasingly rely on domestic revenue mobilisation. He added that EITI reporting has helped curb leakages, reduce illicit financial flows and improve revenue forecasting for future earnings from royalties, corporate taxes and other fiscal instruments.

"We must ensure that resource wealth does not become a curse, but a driver of broad-based prosperity," he said, reaffirming government's commitment to fully implement the EITI standard in line with the Fourth National Development Plan and Vision 2040.



State Minister for Finance and Planning Amos Lugoloobi (left) and director economic affairs at ministry of finance Moses Kaggwa, launching the UGEITI report at Protea Hotel

## PROGRESS AND LINGERING GAPS

Kaggwa said six years of EITI implementation have improved coordination among government agencies and strengthened engagement with civil society and industry players. Public awareness of extractive activities and revenue distribution has also grown, encouraging community participation.

He cited progress in legal reforms, including the Mining and Minerals Act, 2022 and the Charter of Fiscal Responsibility, which guides responsible management of oil revenues.

However, Uganda's 2023 EITI validation placed the country in the "moderate progress" category,

Uganda's score currently stands at 78.5 points in implementing the Extractive Industries Transparency Initiative (EITI).

highlighting persistent gaps that need to be addressed.

UGEITI Secretariat head Gloria Mugambe said several recommendations have appeared repeatedly over the years, including public disclosure of mining and petroleum contracts, publication of beneficial ownership information, reporting on greenhouse gas emissions, and strengthening the legal basis for EITI reporting.

Addressing these issues, Mugambe said, would improve Uganda's transparency score and help resolve inconsistencies in production and export data across government agencies.

She emphasised the need for more transparency in the mining sector,

## ARTISANAL MINING UNDER THE SPOTLIGHT

Stakeholders have raised concerns about the artisanal and small-scale mining (ASM) sub-sector, which remains largely informal, citing persistent discrepancies in the value of gold production, imports and exports.

David Sebagala, the senior inspector of mines at the Ministry of Energy and Mineral Development, said efforts are under way to harmonise gold production, import and export data across ministries, agencies and departments. He noted that government will analyse and implement recommendations from reports and stakeholders that best serve Uganda's interests. Several Extractive Industries Transparency Initiative (EITI) reports have also recommended reconciliation of gold data across government institutions.

The Budget Framework Paper 2025/26 outlines objectives under Mineral-Based Industrial Development, including transparency and accountability in mining revenues, quantification of mineral resources, strengthening the minerals tracking system to ease exports, improving governance of the mineral sector, and expanding

value addition facilities. Other priorities include facilitating private sector participation and issuing more exploration licences to increase oil and gas production, boosting revenue and reducing borrowing.

Dr Arthur Bainomugisha of the Advocates Coalition for Development and Environment called for targeted Uganda Revenue Authority (URA) support to help artisanal miners formalise and improve profitability. Uganda Association of Artisanal and Small-Scale Miners executive director Kenneth Asiimwe said the Department of Geological Survey and Mines is underfunded, limiting supervision, and urged faster licence processing and extension services.

Global Rights Alert's Winfred Ngabirwe called for Uganda-specific EITI reporting. URA's Lawrence Muwonge said engagement on tax compliance continues, while ACODE's Phoebe Atukunda noted informality drives underreported revenues. Trade policy analyst, Owen Paul Mugambwa Dogoto warned against punitive formalisation costs, urging policies that reflect local gold market realities.

particularly regarding gold. She called for an end to the "gold cartel" and for more equitable opportunities for all stakeholders in the sector.

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This overall score reflects an average of the three component scores on stakeholder engagement, transparency and outcomes and impact.

## REVENUE PERFORMANCE

The report shows that Uganda's extractive sector generated sh530.17b during the 2022/23 financial year. Mining accounted for sh299.95b, while oil and gas contributed sh230.23b, despite the petroleum sector remaining in exploration and pre-production phases.

The EITI report is based on audited findings from the Auditor General, which are then validated by an independent administrator.

Since government audit cycle concludes after the end of the financial year, the EITI report is usually validated and reconciled with audited financial reports from various entities and companies by the independent administrator six months later.

This is done in line with the established requirements. The focus of the report remains on analysis and addressing recurring challenges.

A new methodology for producing the report is being proposed in Uganda to allow for the preparation of a status report for the current financial year without relying on the Auditor General's audited reports, with reconciliation to be conducted later.

Typically, the EITI report is released after the Auditor General's report.

The sector contributed 1.47% of GDP, 1.13% of general government revenue, 0.026% of national employment and 0.001% of total exports. Mineral exports were valued at sh33.6b, driven mainly by vermiculite, iron ore and tungsten.

UGEITI independent administrator, Rached Maalej said mining contributed 57% of extractive revenues, while oil and gas accounted for 43%.

He noted that oil revenues are expected to overtake mining once production begins, as seen in countries such as Nigeria.

The top revenue contributors were TotalEnergies EP Uganda, CNOOC Uganda Ltd, Uganda National Oil Company, Hima Cement and Tororo Cement Ltd.

Maalej recommended project-level revenue reporting and clearer distinctions between locally extracted materials and imported inputs in the cement industry.

He cited Botswana's in-country diamond refining model as an example of how Uganda could increase value addition and retain more revenue domestically.

Uganda's mining sector is dominated by limestone, iron ore, vermiculite, pozzolana and syenitic aggregate. According to the budget framework paper, mineral-based industrial development including oil and gas is expected to generate annual earnings worth \$25b (sh90 trillion) by 2040.

PHOTOS BY NANCY NANYONGA