



Uganda Extractive Industries Transparency Initiative

ANNUAL PROGRESS REPORT

JULY 2022 - JUNE 2023



UGEITI SECRETARIAT

NOVEMBER 2023

Contents

1.0 Introduction.....	2
2.0 Multi-Stakeholder Group engagements.....	2
2.1 Development of the 2022-2023 Work Plan.....	2
3.0 Dissemination of the 1st 2019/2020 UGEITI Report.....	3
4.0 An overview of the Multi-Stakeholder Group’s responses to and progress made in addressing the first EITI Report’s recommendations....	5
5.0 Preparation of the 2nd 2021/22 UGEITI Report.....	9
6.0 Capacity building for MSG members and stakeholders.....	12
7.0 Media engagements.....	17
8.0 Participation in International Conferences.....	19
9.0 Achievements and outcomes.....	20
10.0 Lessons learnt.....	21
11.0 Efforts to strengthen EITI Implementation.....	22
12.0 Assessment of performance against EITI Requirements.....	24

1.0 Introduction

The UGEITI annual progress report documents various activities and engagements that have been undertaken by the EITI MSG in the period from July 2022 to June 2023. Whereas the MSG planned a number of activities that were to be carried out in the year under review, some of them could not be completed and others are still ongoing due to a number of challenges including time and financial constraints. Nevertheless, considerable progress has been made in meeting most of the EITI requirements.

2.0 Multi-Stakeholder Group engagements

For effective oversight and coordination among the Multi-Stakeholder Group members, the Secretariat has continued to organize and facilitate a number of meetings to bring the three constituencies of government, industry and civil society together to dialogue and discuss key issues in EITI implementation. In the period under review five MSG meetings were held. Other meetings were held by the different MSG committees that were formed to discuss key thematic areas such as the work plan and the upcoming validation process to inform and facilitate the work of the broader MSG in decision making.

2.1 Development of the 2022-2023 Work Plan

The MSG developed a one-year work plan through consultations with government, industry and civil society as part of its oversight function. At the end of the consultative process, the MSG agreed to maintain the three objectives that were linked to national priorities:

- I. Objective 1 - To enhance transparency in the extractive sector.
- II. Objective 2 - To strengthen revenue management and accountability.
- III. Objective 3 - To build the operational capacity of the MSG and Secretariat to ensure EITI is effectively implemented.

The MSG discussed and approved the 2022/23 EITI work plan at the 20th MSG meeting held on 27th July, 2022.

3.0 Dissemination of the 1st 2019/2020 UGEITI Report

During the period under review, the MSG held a number of engagements and dialogue meetings with different stakeholders to disseminate the findings of the first UGEITI report. This was done with support from civil society that supported engagements with members of Parliament and in creating awareness among communities in the extractive regions like Karamoja. Civil Society Organizations like CSCO, ACODE, GRA and Resource Rights Africa among others collaborated with the UGEITI Secretariat in disseminating the 2019/2020 report across a wider audience.



Dissemination of the first UGEITI report and workplan consultations with stakeholders in the Eastern region – Mbale District on 30th August 2022



EITI Dissemination and Capacity Enhancement workshop for the Environment and Natural Resources Committee of Parliament held on 30th November 2022

3.1 Sub- national Dissemination of UGEITI Report FY 19/20 And Work Plan Consultation FY 22/23

The workshop, which was held in Hoima on 23rd August 2022 at the Hoima Buffalo Hotel, was attended by some members of the Multi Stakeholder Group (MSG), Civil Society Organisations (CSO) under Civil Society Coalition on Oil and Gas (CSCO), District Leaders, and Community members from the Albertine region. The general output of the workshop was to engage participants on the findings of the UGEITI Report FY 19/20 and seek views for Uganda's next EITI Work Plan 2022 with emphasis on experiences and challenges from the region in the extractive sector as well as strengthening the national relevance and strategic orientation of EITI implementation in Uganda. The workshop was designed and conducted by CSCO through Advocates Coalition for Development and Environment (ACODE) and facilitators got from UGEITI Secretariat: a) Mr. Saul Ongaria, National Coordinator b) Mrs. Gloria Mugambe, Head of Secretariat, and c) Mr. Edgar Mutungi, Finance Officer. (<https://www.ugeiti.org/wp-content/uploads/2023/09/Dissemination-of-UGEITI-Report-FY-2019-2020-and-Work-Plan-FY-2022-2023.pdf>)

3.2 Dissemination of the UGEITI Report FY 2019/2020 in Karamoja Sub-Region

Resource Rights Africa, a CSO, invited the UGEITI Secretariat to disseminate the UGEITI Report FY 2019/2020 in the Karamoja Sub-region on 21st October, 2022 at Mt. Moroto Hotel. The activity aimed at disseminating the information in the UGEITI Report FY19/20 to the local leaders and the community representatives of the Karamoja Sub-Region. The Compliance Officer, Mr. Kanakulya Edwin Kavuma, from the UGEITI Secretariat was assigned this task and he facilitated the on the day of the dissemination of the UGEITI Report FY 2019/2020. ([Dissemination of UGEITI Report FY 2019/2020 in Karamoja Sub-Region](#))

4.0 An overview of the Multi-Stakeholder Group’s responses to and progress made in addressing the first EITI Report’s recommendations

<p>Mainstreaming and systematic disclosure of EITI data</p> <p>The EITI data disclosed in this report was collected from different sources, including Government Agencies selected in the UGEITI reporting process. However, regarding the contextual information on the extractive sector, data on revenues collected and budget allocations are not systematically published within a centralised platform.</p> <p><i>Government Agencies should set up an open EITI database in their systems as detailed in Section 8.1 of the UGEITI report.</i></p>	<p>Activity 1.5 (a) of the UGEITI Work plan 2022-2023 was designed to address this recommendation. The activity states “Set-up a database for oil, gas and mining sectors to mainstream the implementation of EITI data towards an open data policy.”</p> <p>This activity had been identified for support under the USAID Strengthening Systems and Public Accountability (SSPA) project; however, the project was terminated prematurely leaving the activity unfunded. This activity will be implemented once funding is secured.</p> <p>Reporting entities have been informed that EITI is moving toward systematic disclosure. The Secretariat has encouraged reporting entities to make information available to the public on their websites. The UGEITI Report FY 2019/20 is published on the websites of the following entities:</p> <ol style="list-style-type: none"> I. Petroleum Authority of Uganda (PAU)- https://www.pau.go.ug/download/uganda-extractive-industries-transparency-initiative-ugeiti-report-for-fiscal-year-2019-20/ II. Global Rights Alert (GRA)- https://globalrightsalert.org/sites/default/files/newdocs/Uganda EITI Report FY 2019-20.pdf
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	<p>III. Advocates Coalition on Development and Environment (ACODE)- https://acode-u.org/reports</p> <p>IV. The Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)- Uganda- https://seatiniuganda.org/download/uganda-extractive-industries-transparency-initiative-ugeiti/</p> <p>V. Resource Rights Africa (RRA)- https://resourcerightsafrica.org/download/ugeiti-report-fy-2019-20-v19-final/</p> <p>VI. Water Governance Institute (WGI)- https://www.watervgovinst.org/uganda-extractive-industries-transparency-initiative-ugeiti-report-for-fy-2019-2020/</p> <p>The Secretariat’s call on all MSG members to ensure that the report is published on their websites. The UGEITI Secretariat is constantly updating its website in order to make EITI data accessible to the general public. (This includes publishing relevant links to the different information required by the EITI Standard).</p>
<p>Public disclosure of the register of licenses Details on licenses, including the full text, are available from DGSM at a fee. <i>It is recommended to make publicly accessible the full text of the licenses, as detailed in Section 8.2.</i></p>	<p>The licenses are standard forms provided in the law, and the information filled in on the forms is the information that is publicly available on the Mining Cadastre. DGSM therefore considers the transparency requirement to be fully met.</p>

<p>Public disclosure of contracts and licenses in Petroleum and Mining sectors</p> <p>Currently, Production Sharing Agreements are not publicly available.</p> <p><i>The UGEITI MSG should set out a short-term work plan for the publication of all agreements in the extractive sector.</i></p>	<p>Two petroleum companies (TotalEnergies and CNOOC Uganda Ltd) wrote to the Minister of Energy and Mineral Development stating their willingness to disclose the PSAs.</p> <p>Furthermore, there are planned high-level engagements with the Minister of Energy and Mineral Development, Attorney General and Minister of Justice and Constitutional Affairs to discuss implementation of the roadmap on contract disclosure.</p>
<p>Data quality and assurance</p> <p>A number of reporting entities did not comply with the assurance process agreed upon by the UGEITI MSG as summarised in Section 8.4 of the UGEITI report.</p> <p><i>The UGEITI MSG should engage with reporting entities and emphasize the importance of complying with this provision of proper signature and certification of templates by auditors for future reports, in order to meet EITI Requirement 4.9.</i></p>	<p>The Chairperson of the MSG wrote to the companies regarding this recommendation and urged them to take the necessary steps to ensure that they comply with the data assurance requirements for the upcoming EITI Reports.</p> <p>TotalEnergies responded.</p> <p>The Secretariat requests the remaining two companies that received the Chairperson’s letter to respond in writing.</p>
<p>Accuracy of export data</p> <p>Government Agencies’ records on exports were different as detailed in Section 4.13.3 of the UGEITI report. The two agencies concerned, DGSM and URA, do not systematically cross-check export data against each other’s records to identify the inconsistencies.</p> <p><i>DGSM and URA should implement automated controls to ensure the comprehensiveness of</i></p>	<p>The Chairperson of the MSG wrote to the DGSM of the Ministry of Energy and Mineral Development informing them of the recommendation and requested an update on the status. The Chairperson is yet to receive a response to this letter.</p> <p>The Ministry of Energy and Mineral Development wrote to the Uganda Revenue Authority on this matter. These two agencies have had engagements and agreed to implement the following measures:</p> <ol style="list-style-type: none"> I. To create a single window portal for the two agencies so to track the transactions on mineral exports. II. Share monthly updates of export data collected to identify discrepancies, if any.

<p><i>export data reported by extractive entities, and develop analytic tools to ensure better control of mineral trading as detailed in Section 8.5 of the UGEITI report.</i></p>	<p>The amended laws have been used by URSB to begin gathering data on beneficial ownership. (URSB NOTICE) The BO forms to be filled and submitted to URSB are accessible online at Business Registration Forms (ursb.go.ug);</p> <ol style="list-style-type: none"> i. notice-of-beneficial-owner-particulars-1676029879.docx (live.com) ii. Companies (Beneficial Owner) Regulations, 2022 (6) (2).pdf (ursb.go.ug)
<p>Public disclosure of beneficial ownership information</p> <p>To date, there is no comprehensive register of data on beneficial owners of all companies operating in the mining, oil and gas sectors.</p> <p><i>We recommend that the UGEITI MSG and URSB put in place a roadmap relating to the disclosure of information on beneficial ownership as detailed in Section 8.6 of the UGEITI report.</i></p>	<p>The current UGEITI work plan July 2022 – June 2023 incorporated activities aimed at promoting beneficial ownership transparency. The activities completed so far include:</p> <ol style="list-style-type: none"> I. A workshop for the National Beneficial Ownership Committee that took place on 19th and 20th October 2022. The purpose of this workshop was to build the capacity of the members of the Committee in implementation of beneficial ownership transparency. II. Held consultations with stakeholders on developing regulations for purposes of beneficial ownership disclosure on 20th and 21st December 2022. <p>Key legal reforms that have been made to increase transparency of beneficial ownership include the enactment of:</p> <p>The Companies (Amendment) Act, 2022. The Minister of Justice and Constitutional Affairs issued the Companies (Beneficial Ownership) Regulations, 2023.</p> <ol style="list-style-type: none"> 1. The Partnerships (Amendment) Act, 2022. 2. The Trustees Incorporation (Amendment) Act, 2022. 3. The Cooperative Societies (Amendment) Act, 2022. 4. The Anti-Money Laundering (Amendment) Act, 2022. 5. The Insolvency (Amendment) Act, 2022. 6. The Anti-Terrorism (Amendment) Act, 2022. 7. The Excise Duty (Amendment) Act, 2022. <p>URSB has held a number of public stakeholder engagements that were open to the public to sensitise them about the requirement to submit BO information.</p>

5.0 Preparation of the 2nd 2021/22 UGEITI Report

With support from the EU, MSG procured the services of DT Global to prepare the 2nd Uganda EITI report. The terms of reference for the Independent Administrator were developed and approved by the Multi-Stakeholder Group members during the 22nd MSG meeting held on 17th November 2022. The reporting entities were trained and provided the information required for EITI Reporting. The final report was published in June 2023.

a) Terms of Reference of the EITI Report and recruitment of the Independent Administrator

The terms of reference for the Independent Administrator were developed and approved by the Multi-Stakeholder Group members during the 22nd MSG meeting held on 17th November 2022. With support from the European Union, the MSG procured the services of the DT Global Consortium and BDO as Independent Administrator (IA) to produce the report. The contractual obligation of the IA included building the capacity of the Office of the Auditor General to take on the role of IA in the future. The MSG opted to do full reconciliation for both the oil and gas and mining sectors with a materiality threshold of UGX 6 billion for mining.

b) Preparation of the Scoping Report

A scoping study was undertaken by the IA to establish the reporting parameters for the extractive sector. At the end of the study, the MSG agreed that:

- The reporting period for the second EITI Report would be FY 2020/21, covering the period 1st July 2020 to 30th June 2021.
- all four (4) oil and gas companies present in the country which held active licenses in the fiscal year 2020/21 would be included in the reconciliation scope without considering any materiality threshold.
- Mining companies making payments of more than **UGX 6,000,000,000** representing **97.19%** of the total revenues collected by the Government would be included in the reporting scope. Accordingly, 8 mining companies were selected to be part of the reconciliation.

- URA was the only government agency to be included in the reconciliation.
- Eight revenue streams would be reconciled between companies and the government. (PAYE, Withholding - Foreign Trans, Withholding Tax, Withholding - Management Fees, Customs Payments, Value Added Tax, Income Tax, Capital gain)

As part of the scoping work the IA drafted reporting templates which were approved by the MSG for data collection. The MSG's decision on the reporting scope was confirmed through its approval of the Inception report.

c) Training on completion of the Reporting Templates

On 9th March 2023, the IA conducted a training workshop to guide the reporting entities which included all four oil and gas companies as well as the eight mining companies included in the scope on how to complete the reporting templates. This enhanced the capacity of participants, and increased general awareness about the implementation of EITI in Uganda among the stakeholders.



The IA, Mr. Rached Maleej explaining the UGEITI Reporting process at the training workshop for the MSG and reporting entities on EITI Reporting Template held on 9th March 2023 in Kampala.

d) Data Collection & Quality Assurance

In order to ensure the credibility of the figures reported by extractive entities and government agencies, the UGEITI MSG agreed that:

- the declarations made by companies and government agencies should be signed by an authorised senior officer (at management level) and an authorised senior official respectively;
- government agencies would need to obtain a certification of the accuracy of the government's disclosures from their external auditor (Office of the Auditor General) as per the Terms of reference approved by the UGEITI MSG. This certification would ascertain that the figures reported in their Reporting Templates were complete and agreed with the audited government accounts for the FY 2020/21, in order to meet EITI Requirement 4.9 that provides for an assessment of whether the revenues are subject to credible, independent audit, applying international auditing standards;
- reporting templates submitted by extractive companies included in the scope would be certified by an External Auditor or the company's Statutory Auditor for each company; and
- all reporting entities selected in the reporting scope would be required to submit their audited financial statements for the FY 2020/21.

e) Review, Approval and Publication of the Final Report

All key EITI stakeholders beyond the MSG were involved in the report's preparation. Government, industry and civil society constituencies held separate consultations to discuss and provide feedback on the report. At the end of the consultative processes, the MSG finalised and approved the report at its 27th MSG meeting held on 29th June 2023. The final report was submitted to the EITI

International Secretariat on 30th June 2023 and subsequently published on the UGEITI website.

6.0 Capacity building for MSG members and stakeholders

Various capacity building trainings have been undertaken to enhance the capacity of members to be aware of new initiatives and developments that have taken place in the energy sector.

a) UGEITI in conjunction with Natural Resource Governance Institute for energy governance held a training workshop for MSG on energy transition as well as civic space.



Training workshop on Energy Transition Planning and EITI held on 22nd November 2022

b) MSG members underwent a 3-day retreat from 30th May -1st June 2023 to train members on the new validation aspects of EITI.



Training workshop held in Jinja from 30th May to 1st June 2023 to discuss the progress made on Uganda's second EITI report, develop a third workplan and to conduct a pre-validation exercise

c) Training Workshops for key stakeholders on Beneficial Ownership implementation in Uganda

The UGEITI Secretariat secured the services of a consultant to build the capacity of key stakeholders involved in beneficial ownership transparency work in Uganda.

The first workshop was organised on Thursday 8th September 2022 at the Imperial Royal Hotel, Kampala. The consultant assessed the participants' knowledge on BO disclosure as a concept, a tool and policy. It was identified that participants' knowledge on BO disclosure and implementation requirements were low. The consultant began with introducing BO as a global concept as well as threw more light on Uganda's commitments on BO disclosure under FATF, EITI, and the EU. Further, the consultant presented other countries' examples and experiences on BO implementation including key decisions on the definition of a beneficial owner, thresholds for beneficial ownership disclosure reporting, verification measures, sanctions and enforcements, politically exposed persons status and key decisions on PEPs timelines, and access or publication of BO information. The consultant adopted both power

point presentation format, and group exercises as approaches to delivering the training.

The second workshop was organised on Tuesday to Wednesday 18th and 19th of October 2022 at the Fairway Hotel, Kampala. It pointed out the detailed gaps in Uganda's legal and institutional framework and further presented options to form the basis for the development of BO regulations, forms. The consultant further enhanced the capacity of the NBOC on the key next steps and BO implementation roadmap as well as guidance on the BO forms. The consultant adopted a mixture of PowerPoint presentation and group discussions as the key approaches to deliver. The meeting was a two-day training session. ([JAR-Beneficial-Ownership-Implementation-Workshop-in-Uganda.pdf](https://www.ugeiti.org/wp-content/uploads/2022/10/JAR-Beneficial-Ownership-Implementation-Workshop-in-Uganda.pdf) ([ugeiti.org](https://www.ugeiti.org)))

d) Engagement on the Development of Beneficial Ownership Transparency in Uganda.

The Two-day meeting was held from 20th to 21st December 2022, at Fairway Hotel, Kampala, Uganda. The meeting was attended by members from NBOC, MDAs, CSOs, Law Firms and UGEITI Secretariat. The general output of the workshop was to engage members and seek views to support the formulation of Draft Regulations for BOT. The meeting was supported by Transparency International Uganda, designed and conducted UGEITI in collaboration with URSB. The facilitators were: a) Mr. Edwin Birech, Transparency International Kenya b) Ms. Patricia Opoka, Manager Document Registration and Licensing, URSB, and c) and Mr. Paul an officer from the First Parliamentary Counsel, Ministry of Justice and Constitutional Affairs. (<https://www.ugeiti.org/wp-content/uploads/2023/09/Engagement-on-the-development-of-Beneficial-Ownership-Transparency-in-Uganda.pdf>)

e) Constituencies, especially civil society, have continued to complement the work of UGEITI Secretariat by training their members on different issues. Some of these include;

- Civil Society Organizations Consultative Meeting on the Extractive Industries Transparency Initiative (EITI)

Work Plan For 2022/2023. The consultative workshop took place on 11th August, 2022 at Protea SKYZ Naguru and was Moderated by Mr. Onesmus Mugenyi, ACODE. The workshop was intended to solicit input from the wider civil society on the UGEITI work plan. The workshop was supported by Oxfam, SEATINI and IMPACT. The National Coordinator and the Head of Secretariat facilitated this meeting.

<https://www.ugeiti.org/wp-content/uploads/2023/09/CS-Os-consultative-meeting-on-the-EITI-Workplan-2022-2023.pdf>

- The Head of Secretariat participated in the EACOP – Civil Society Coalition for Oil and Gas Workshop that was held on the 5th October 2022, at Golden Tulip Canaan Hotel, Kampala, Uganda. The workshop was organised in order for EACOP officials to provide clarification on a number of issues related to the EACOP project especially in regard to the EU Parliament Resolution (Emergency Resolution) that was passed on 15th September 2022. <https://www.ugeiti.org/wp-content/uploads/2023/09/ECOP-Civil-Society-Coalition-on-Oil-and-Gas-Workshop.pdf>

- Civil Society Organisations Meeting on Civic Space and Extractive Industries Transparency Initiative (EITI) Processes in Uganda. This activity was organised by the CSOs on 7th October, 2022 at Esella Country Hotel to discuss civic space and EITI processes in Uganda. The Head of Secretariat facilitated the meeting. [CSOs-meeting-on-Civic-space-and-EITI-processes-in-Uganda.pdf \(ugeiti.org\)](https://www.ugeiti.org/wp-content/uploads/2023/09/CSOs-meeting-on-Civic-space-and-EITI-processes-in-Uganda.pdf)

- CSCO Workshop for Tax Chart on BO in Uganda and Alternate Revenue Measures FY 2023/24 held on 20th October, 2022 at Golf Course Hotel. The workshop was attended by members from CSCO, Media and UGEITI Secretariat. The general output of the workshop was to engage members and seek views to stimulate debate and create awareness on BOT and approaches towards achieving the same for stakeholders to counteract money laundering, tax evasion, and other financial crimes in the

extractives sector. The meeting was supported by Diakonia, Oxfam and USAID-DRM4D, designed and conducted by The Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) Uganda in collaboration with CSCO and Tax Justice Alliance Uganda. The facilitators were: a) Mr. Samuel Bekoe, BO Expert b) Mr. Edwin Kanakulya Kavuma, Compliance Officer, UGEITI Secretariat, and c) Representative of Tax Justice Alliance Uganda. This engagement provided CSCO members with an opportunity to enhance knowledge on BO. It was also used to help understand the context and challenges faced in the implementation of beneficial ownership transparency. (<https://www.ugeiti.org/wp-content/uploads/2023/09/SEATINI-CSCO-workshop-for-Tax-Chart-on-Beneficial-Ownership-in-Uganda.pdf>)

- The Statistician at the UGEITI Secretariat, Mr. Dan Denis Agaba, facilitated at the 2022 Annual Retreat for The Tax Justice Alliance Uganda held from, on 1st-2nd December 2022. He made a presentation on Uganda EITI journey. ([SEATINI-TJAU-Annual-Retreat-for-the-Tax-Justice-Alliance-Uganda.pdf \(ugeiti.org\)](#))

- Uganda EITI and Civil Society Engagement held on 8th December 2022, at UGEITI Secretariat, Kampala, Uganda via Zoom. The meeting was attended by a number of MSG members and staff of the Secretariat. The general output of the training was to engage UGEITI to get a broad understanding of CSO participation in the EITI process, challenges faced and the critical considerations to be made for civic space in order for EITI to have an impact. It was organized by the EITI International Secretariat. The facilitators were: a) Team from IS b) Mr. Paul Bagabo, NRGi and c) Mr. Siragi Magara, MSG member, OXFAM. (<https://www.ugeiti.org/wp-content/uploads/2023/09/Uganda-EITI-and-Civil-Society-Engagement.pdf>)

- 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 organised a Sub-national Stakeholders Consultative Meeting on The Extractive Industries Transparency Initiative (EITI) and The Extractive Revenue Management in Uganda. UGEITI Secretariat’s Compliance Officer and the Finance Officer facilitated the meeting. It was held on Thursday 22nd, 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 utilised by communities and Local Governments. This drew participants from the CSOs, Local Governments, media, Bunyoro Kitara Kingdom among others. The meeting was convened with three objectives: i) to provide a forum for sub regional stakeholders to discuss extractives revenue management challenges and generate proposals and ii) to share progress on implementation of EITI in the country and consult sub national stakeholders on the UGEITI work plan for 2023.

[\(Sub-national-stakeholders-consultive-meeting-on-EITI-and-extractive-revenue-management-in-Uganda.pdf \(ugeiti.org\)\)](#)

- On 18th April 2023, CSCO trained civil society representatives on EITI validation.
- Women in Energy Governance trained women leaders on energy transition amidst oil activities. SEATINI has held engagements on taxation where the MSG Chairman participated, while the Africa Center of Mineral Policy held a workshop for mining communities in Jinja.

7.0 Media engagements

The Multi-Stakeholder Group members and staff of the Secretariat appeared on a number of talk shows on radio and television to raise awareness about the EITI process and to update the public on implementation.



TV TALK SHOW

Thursday 29th June 2023
TIME: 9:30am-10:30am

THEME:
Mitigating the social, environmental and governance impacts of oil and gas developments in Uganda



Twitter Spaces

UPDATE ON UGANDA'S OIL & GAS SECTOR



6pm - 8pm
12th June 2023

Host **Solomon Serwanjja**
ED, African Institute for Investigative Journalism

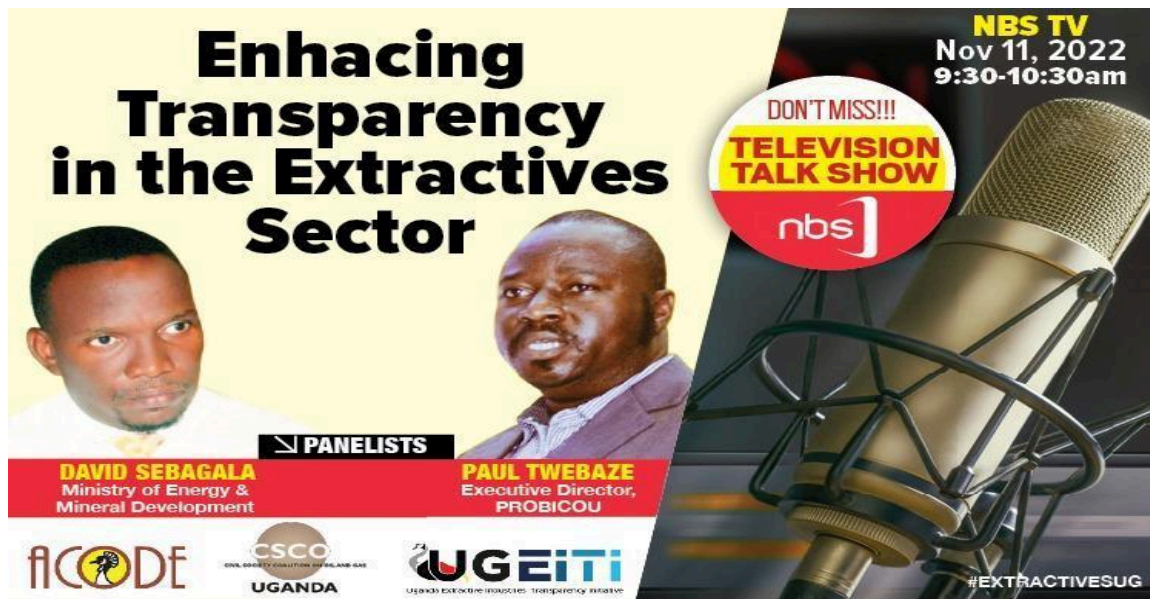
Speakers

Gloria Mugambe
Head - Uganda National Extractive Industries Transparency Initiative (EITI)

David Kabanda
ED, CEFROHT

Gloria Sebikari
Head of Communications Petroleum Authority of Uganda

Elison Karuhanga
Partner - Kampala Associated Advocates



The MSG members and secretariat have also put some articles in the newspapers as a way of popularising EITI and encouraging the use of EITI data in the country. Links to some of these articles are attached here:

<https://www.ugeiti.org/articles/>

Key sector stakeholders were also hosted on the various media outlets to popularise EITI implementation in Uganda to the public. Civil society organisations continued to support the flow of information to the public using newspapers, television, radio and online engagements such as Twitter, zoom, and Facebook which have a wide public audience. With support FROM EU-JAR, the Secretariat trained media houses on EITI reporting on 21st September 2022.

8.0 Participation in International Conferences

Staff from the UGEITI Secretariat took part in the 54th EITI Board meeting that was organised by the EITI International Secretariat in Oslo, Norway from 10-14 October 2022. The objective of the meeting was for National Coordinators to share experiences and lessons learnt in implementing EITI. The Secretariat staff also participated and benefited from online meetings and training organised by the EITI Secretariat on 30th November 2022 on transparency, governance and the rise of renewables.

Members of the MSG attended the 2023 EITI Global Conference Dakar, Senegal 13–14 June. The meeting attracted over a thousand delegates who took stock of the progress in publishing and using open data to inform public debate on accountable natural resource management.



9.0 Achievements and outcomes

To date, a number of outcomes have been registered as having resulted from EITI implementation and engagement:

- Increased transparency in the extractive sector
- Improved inter-agency coordination amongst stakeholders
- Increased sensitization among the local communities in extractive regions about extractive sector

Participation in the reforms in the legal framework such as the Mining and Minerals Act as well as the launch of the Charter of Fiscal Responsibility that set out how oil revenues will be spent.

10.0 Lessons learnt

- Transparency and Accountability: EITI has highlighted the importance of transparency in the extractive sector, promoting the disclosure of financial and non financial information related to the industry. This has promoted accountability within government and the companies to the citizens of Uganda
- Multi-Stakeholder Approach: EITI implementation requires an inclusive approach, involving government, companies and civil society organisations in decision making and oversight. This fosters trust and cooperation within the MSG and offers the organisation credibility in the eyes of the citizens.
- Capacity building of stakeholders: Continuous capacity building for key stakeholders especially for the members of the Multi-Stakeholder Group is essential to enable stakeholders understand their role in furthering the EITI objectives such as the new 2023 EITI standard.
- Data utilisation: EITI has demonstrated the importance of making data accessible and understandable for citizens to empower them to hold government and companies accountable. In this regard, UGEITI is working on an open data policy to see how data can be accessible to citizens freely and in usable formats.
- Adaptation to local context: There is a need for flexibility in EITI implementation to suit Uganda's unique context and challenges facing the sector. Co-opting the Artisanal and Small-Scale Miners on the MSG and reporting on their activities is one way of achieving this as well as taking EITI to the people involved in the extractives at local level.
- Political will: Political commitment at the highest level is crucial for the successful implementation of EITI. Without support from the government, the initiative may not achieve its intended objectives. In this regard, UGEITI appointed two Ministers to be champions of EITI and push the agenda forward at the political level.
- Long- Term perspective: EITI implementation is a long-term process that requires sustained efforts and commitment from all stakeholders. It is important to continuously engage with the

public to enhance awareness about EITI and its objectives in order for the wider public to appreciate and benefit from it.

- Management of public expectations: There is a need for the MSG to manage public expectations regarding the objectives of EITI and the functions of the MSG. The EITI should be viewed as complementary to the existing institutional frameworks that are mandated to enforce laws and regulations in extractive industries such as NEMA, PAU and IGG.
- EITI can aid research and planning in Government: EITI should be used to create a reliable database for information and further research, and as a basis for planning by institutions of Government.

11.0 Efforts to strengthen EITI Implementation

- Capacity building for the MSG and stakeholders: UGEITI has over the implementation period conducted various capacity building exercises aimed at equipping the MSG and stakeholders including the media and industry players with the necessary knowledge to adequately implement and use EITI data efficiently.
- Undertaking studies: UGEITI is planning to undertake a number of studies to better inform the EITI report. These studies include among others; Studies on artisanal and small-scale mining, gender studies. etc.
- Achieving Beneficial Ownership disclosure: Engagements between the relevant institutions of Government are going on to provide for beneficial ownership disclosure within the current legal framework. Legal reforms on BO were undertaken in 2022. Systems development and data collection are ongoing to ensure the development of a beneficial ownership register under URSB.
- Contract disclosure: Various engagements between the relevant institutions of Government and oil companies are ongoing to ensure that consensus is reached on the nature and process of contract disclosure.
- Inter-agency collaboration and improved coordination: Engagements between stakeholders under the MSG have

created an opportunity for strengthened collaboration and coordination between the key institutions of Government especially DGSM and URA.

- Review of policies and laws: Currently, a number of laws are being reviewed to incorporate the principles of EITI aimed at strengthening the EITI implementation process. The Mining and Minerals Act came into force in October 2022 with contributions from the MSG.
- Awareness creation: The MSG will be conducting more awareness campaigns and sensitization engagements to enhance the involvement and participation of the citizens in the EITI process at all levels.

12.0 Assessment of performance against EITI Requirements

Requirements	Progress
<p>1. Oversight by the Multi-Stakeholder Group</p> <p>1.1 Government Engagement</p> <p>1.2 Company Engagement</p> <p>1.3 Civil Society Engagement</p> <p>1.4 Multi-stakeholder group</p> <p>1.5 Work plan</p>	<p>The UGEITI Multi-Stakeholder Group was well constituted with consideration placed on the three (3) high-level constituencies i.e., government, industry and civil society organisations that effectively engaged in the design, evaluation and implementation of the EITI.</p> <p>The nominations of senior officials as members and proxies from the three constituencies of the MSG was done through a transparent process which guaranteed adequate stakeholders' representation on the MSG.</p> <p>Engagement in EITI implementation within government has gone beyond the Multi-Stakeholder Group membership with UGEITI coordinating with the Directorate of Geological Survey and Mines in the MEMD, the Office of the Auditor General, URSB and relevant parliamentary committees; facilitating capacity building of government officials, providing input to legislative changes and conducting sectoral analyses. (See section on Outcomes and Impact above).</p> <p>Civil society nominations to the MSG were achieved through a transparent democratic process which involved a public call for expression of interest by members of the civil society fraternity, and a voting exercise involving</p>

over thirty civil society organisations working in the extractive sector across the country.

The MSG members, particularly civil society representatives, have a wide reach into local communities in extractive areas. Consultations with civil society indicated that they had leveraged this reach to contribute to public debate on extractives, in part, based on EITI data.

Government representatives confirmed, upon consultations, that they had also used civil society platforms to engage with community members in the industry.

During the initial stages of the MSG formulation, the Ministry of Finance Planning and Economic Development, as the lead Ministry in the EITI process in Uganda, sent out a general letter, dated 11th February 2019 to all the stakeholders that had been initially considered as directly relevant to EITI in Uganda. This letter addressed all five companies that were licensed to operate in the oil and gas sector in Uganda at that time informing them of the government's decision to apply to join the EITI and requesting them to nominate members to the MSG. They all responded positively by each sending a representative to be part of the industry constituency of the MSG, and have consistently attended all the MSG meetings. They have also been active in all discussions and deliberations at

the committee level, including in the development of the MSG TORs and the EITI work plan.

The mining companies' representative was nominated by the Uganda Chamber of Mines and Petroleum Mining Subcommittee which comprises active mineral exploration companies. The limited number of large-scale mining activities posed a challenge with regard to liaison and engagement with the EITI process. However, the artisanal and small-scale mining sub-sector was successfully engaged through the Uganda Association of Artisanal and Small-Scale Miners (UGAASM), and participated actively.

The MSG developed and agreed on its Terms of Reference (ToR) which defined the scope, functions and responsibilities of the MSG. The governance rules of the group are clear and members are largely compliant with these conditions.

All three constituencies participated in identifying the objectives of EITI implementation, agreeing the scope of disclosures, and contributing to public discussion on disclosures.

EITI implementation is funded by the Government of Uganda with development partner support, specifically the European Union. However, with the work plan budget exceeding the Government allocations received,

	<p>part of the gap was covered through support from Civil Society Organisations.</p> <p>While the Government contributed funding for Uganda EITI activities, sustainability of EITI implementation in Uganda will require increased government support. Lastly, Gender balance was taken into consideration during formation of the MSG and the current ratio of female to male is 30.43% to 69.5%.</p> <p>MSG meetings have improved inter-agency coordination and information sharing amongst member institutions and other stakeholders.</p>
<p>2. Legal and institutional framework, including allocation of contracts and licenses</p>	<p>Ugandan government entities systematically disclosed some data i.e., information on licenses and geographical location, through their respective online portals (mining cadaster, websites).</p> <p>Furthermore, considerations were being made to improve the government systems needed on the routine disclosures of contracts, beneficial ownership, production statistics and export data.</p> <p>The legal and fiscal frameworks governing the Uganda extractive sector were publicly disclosed through the relevant government websites during the period under review.</p> <p>A Contract Disclosure Committee was established to study the legal regime for disclosing contracts. Whereas a number of meetings have been held,</p>

	<p>the MSG was yet to reach a consensus on what and how the contracts should be disclosed. Efforts to have contracts disclosed were still going on with the various stakeholders.</p>
<p>3. Exploration and Production</p>	<p>All the licensed acreage for petroleum exploration and production to date is in the Albertine Graben. The Albertine Graben averages 45 kilometres in width and about 500 kilometres in length. This represents an area of approximately 22,500 km². The nine (9) production licenses covering fourteen (14) oil fields that have been approved for development and production cover a total area of 885 km².</p> <p>The information on mining production data is contained in the FY 2020/21 UGEITI report under Section 2.3.</p> <p>There was no oil and gas production during the fiscal year 2019-20.</p>
<p>4. Revenue Collection</p> <p>4.1 Comprehensive disclosure of taxes</p> <p>4.2 Sale of the state's share of production or other revenues collected in kind</p>	<p>The FY 2020/21 report was produced using the full reconciliation reporting methodology. The MSG agreed to disclose and reconcile all payments and revenues in the oil and gas sector and reconcile the revenues from mining companies that paid revenues above UGX 6,000,000,000. The Government reported unilaterally on the rest of the companies that had active mining licenses.</p> <p>The FY 2020/21 report is publicly available on the UGEITI website – EITI Reports – UGEITI and discloses information on the requirements where applicable.</p>

<p>4.3 Infrastructure provisions and barter arrangements</p> <p>4.4 Transport revenues</p> <p>4.5 Transactions related to State - owned enterprises</p> <p>4.6 Sub national payments</p> <p>4.7 Level of disaggregation</p> <p>4.8 Data timeliness</p> <p>4.9 Data quality and assurance</p>	<p>State's share of production and other in-kind revenues – None of the reporting entities declared revenues in kind during the fiscal year 2020-21.</p> <p>Infrastructure provisions and barter arrangements-None of the reporting entities declared any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works, in full or partial exchange for mining exploration or production concessions or physical delivery of such commodities.</p> <p>Oil/gas- The Uganda National Oil Company (UNOC) confirmed that no revenues were collected from the pipeline during the reporting period since the oil and gas sector was still at the exploration stage during the FY 2020-21.</p> <p>State participation in the mining sector</p> <p>Kilembe Mines Limited (KML) which is 100% owned by the Government of Uganda (GoU), is the custodian of Kilembe mines which is Uganda's largest copper mine, with deposits of copper in excess of 4,000,000 tonnes and undetermined amounts of cobalt ore. It is located in Kilembe, at the foothills of the Rwenzori Mountains in the Western Region of Uganda. KML's role as an asset-holding company is to look after and maintain the national assets until a qualified replacement operator is identified by the Government of Uganda to continue its exploitation.</p> <p>Transport revenues of minerals – There were no significant revenues from the transport of minerals for the FY 2020/21 as stipulated by Requirement 4.4 of the EITI Standard (2019).</p>
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	<p>Sub-national payments – The UGEITI MSG agreed to include information on payments to sub-national government agencies through unilateral disclosure by extractive companies included in the reconciliation scope. Sub-national transfers are detailed in Section 7.2 of the FY 2020/21 report.</p> <p>Level of disaggregation MSG agreed on the level of disaggregation by company for EITI data by extractive entities selected in the scope and to present aggregated revenues collected from extractive entities that are not selected in the reconciliation scope. This is highlighted in section 5.2 of the FY 2020/21 report.</p>
<p>5. Revenue Allocations</p> <p>5.1 Distribution of extractive industry revenues</p> <p>5.2 Subnational transfers</p> <p>5.3 Revenue management and expenditures.</p>	<p>Once revenues from the extractive sector are collected by the government, they are recorded in the government accounts. All of the revenue goes to the Consolidated Fund and is subsequently allocated as part of the national budget, some of which are transferred to Local Governments.</p>
<p>6. Social and economic spending</p>	<p>The UGEITI MSG agreed to include mandatory and discretionary social and environmental expenditure in the scope through unilateral disclosure by extractive companies. Social and environmental expenditures are presented in Section 7.2 of the FY 2020/21 UGEITI report.</p>

	The details of these expenditures are further presented in Annex 6 in the FY 2020/21 UGEITI report.
7. Outcomes and Impact	<p>To date, a number of outcomes have been registered as having resulted from EITI implementation and engagement:</p> <ul style="list-style-type: none"> ● Increased transparency in the extractive sector ● Improved inter agency coordination amongst stakeholders ● Increased sensitization among the local communities in extractive regions about extractive sector ● Participation in the reforms in the legal framework ● Enhanced public debate and awareness