

MINUTES OF THE 26TH MEETING OF THE MULTI-STAKEHOLDER GROUP (MSG) OF THE UGANDA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (UGEITI) HELD ON FRIDAY, 16TH JUNE 2023 AT THE IMPERIAL ROYALE HOTEL, KAMPALA.

Attendance List

No.	Name	Institution
GOVERNMENT		
1.	Mr. Clovice Bright Irumba	Petroleum Authority of Uganda (PAU) (Chair)
2.	Ms. Sarah Aijuka	National Environment Management Authority (NEMA)
3.	Mr. John Kennedy Okewling	Ministry of Energy & Mineral Development (MEMD)
4.	Mr. James Musherure	Petroleum Authority of Uganda (PAU)
5.	Eng. Timothy Tibesigwa	Ministry of Works & Transport
6.	Mr. Joseph Kyeyune	Uganda Revenue Authority (URA)
7.	Ms. Allen Bucyana	Ministry of Justice and Constitutional Affairs (MoJCA)
8.	Ms. Sophie Luwano	Ministry of Water and Environment (MWE)
CIVIL SOCIETY ORGANISATIONS		
9.	Ms. Regina Navuga	Southern and Eastern Africa Trade, Information and Negotiations Institute (SEATINI)
10.	Ms. Winfred Ngabiirwe	Global Rights Alert (GRA)
11.	Mr. Sam Mucunguzi	Citizens' Concern Africa
12.	Mr. Paul Twebaze	Pro-Biodiversity Conservationists in Uganda
13.	Mr. Paul Mulindwa	Kitara Civil Society Organization Network (KCSO)
INDUSTRY		
14.	Mr. Noah Obad	Oranto Petroleum Limited
15.	Mr. Mathias Ssenkaali	Oranto Petroleum Limited
16.	Ms. Emilly Nakamya	Uganda National Oil Company (UNOC)
17.	Ms. Ingrid Muhanguzi	CNOOC Uganda Limited
18.	Mr. Emmanuel Kibirige	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)
19.	Mr. John Bosco Bukya	Uganda Association of Artisanal & Small-Scale Miners Limited (UGAASM)
20.	Mr. Humphrey Asiimwe	Uganda Chamber of Mines and Petroleum (UCMP)
OBSERVERS		
21.	Ms. Magdalene Nabirye	Office of the Auditor General (OAG)
22.	Mr. Robert Muhumuza	Office of the Auditor General (OAG)
23.	Mr. Frank Byaruhanga	Office of the Auditor General (OAG)
24.	MS. Emilyn Kemanzi	Office of the Auditor General (OAG)
25.	Mr. Rached Maalej	Independent Administrator (IA)
26.	Ms. Victoria Kinobe Nakatudde	Ministry of Water and Environment (MWE)
27.	Mr. Paul Lokol	Uganda Local Government Association (ULGA)
28.	Ms. Enora Marrenne	European Union Delegation
UGEITI		
29.	Ms. Gloria Mugambe	Head of Secretariat (Secretary)
30.	Mr. Kanakulya Edwin Kavuma	Compliance Officer
31.	Ms. Bronia Arinda	Secretary
32.	Mr. Dan Denis Agaba	Statistician
33.	Mr. Francis Garvin Okello	M&E Assistant
34.	Mr. Edgar Mutungi	Finance Officer
35.	Ms. Stellah Anyait	Secretary

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36.	Mr. Abbey Gitta	Data Management Assistant
37.	Mr. Ignatius Ariho	Information Technology Assistant
38.	Mr. Gordon Muhereza	Office Assistant
39.	Mr. Perez Ham Bwoye	Administrative Assistant
40.	Ms. Gertrude Angom	Administration Officer
MSG MEMBERS ABSENT WITH APOLOGY		
1.	Mr. Siragi Magara Luyima	Oxfam International
2.	Mr. Isaac Ntujju	National Environment Management Authority (NEMA)
3.	Ms. Gloria Akatuhurira	Uganda Revenue Authority (URA)

AGENDA

1. Welcome and Introductions.
2. Communication from the Chairperson.
3. Presentation of Uganda's second EITI report by the Independent Administrator.
4. Presentation by the MSG Committee on the contextual section of the draft EITI report.
5. Review of Minutes of the 25th MSG meeting held on 13th April 2023.
6. Way Forward
7. Any Other Business

MIN 1.0: WELCOME AND INTRODUCTIONS

- 1.1 The Head of Secretariat called the meeting to order at 9:58 a.m. She welcomed everyone to the meeting and requested all the members to introduce themselves. She notified the members that the MSG Chairperson, Mr. Moses Kaggwa was unable to attend the meeting due to another official engagement. Mr. Clovice Bright Irumba (Government Representative) was then nominated by the MSG members to preside over the meeting as Chair.
- 1.2 She also informed members that the National Coordinator was part of the delegation representing UGEITI at the EITI Conference in Dakar, Senegal. The fourth edition of the EITI Standard had been launched at this conference but Uganda would be validated against the 2019 Standard. The new 2023 EITI Standard included several new and refined provisions that would enable countries to respond to the most pressing challenges that concern natural resource governance.
- 1.3 The meeting agenda was adopted.

MIN 2.0: COMMUNICATION FROM THE CHAIRPERSON

- 2.1 The Chair made the opening remarks as appended in *Annex A*. The major highlights of the communication were:
 - a) The Independent Administrator (IA) team had conducted an in-country mission from 22nd May 2023 to 2nd June 2023. They held meetings with both government agencies and the companies that had submitted data for the second EITI report.
 - b) The MSG had successfully completed a three-day training retreat in Jinja City from 30th May 2023 to 1st June 2023. At this workshop, the

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MSG was able to get a status update on the second EITI report for FY 2020/2021, conduct training on the pre-validation process, assess progress on the workplan for FY 2022/2023, and share proposals for the FY 2023/2024 workplan.

- c) A follow up meeting with Hon. Haruna Kasolo Kyeyune, the Minister of State for Finance (in charge of Microfinance and Small Enterprises) had been scheduled for 27th July 2023 with the MSG Committee on funding.

2.2 The main purpose of this meeting was to review and discuss the first draft of the second EITI report from the Independent Administrator (IA).

2.3 Reactions from Members

- a) Certified Templates and Audited Financial Statements.

The Head of Secretariat stated that UGEITI was at a critical stage with just a few days left before the deadline for the submission of its second EITI report scheduled for the end of June 2023. She stated that most reporting entities had not yet submitted their Certified Templates and Annual Financial Statements. Lack of adequate quality assurance would affect the credibility of data submitted in the report. She commended Oranto Petroleum for submitting both their Certified Templates and Audited Financial Statements in time. The status of the documents submitted for data quality assurance was as follows:

	Company	Signed Templates	Certified Templates (by external Auditor)	Audited Financial Statements
1.	CNOOC Uganda	Yes	No	Yes
2.	Armour Energy	Yes	Yes	Yes
3.	TotalEnergies	Yes	No	No
4.	Oranto Petroleum	Yes	Yes	Yes
5.	Hima Cement	No	No	No
6.	Tororo Cement	No	No	No
7.	Kampala Cement	No	No	No
8.	Mota Engil	No	No	No
9.	Wagagai Limited	No	No	No
10.	National Cement	No	No	No
11.	Goodwill Ceramic	Yes	No	No
12.	Virat Alloys	No	No	No

- b) A representative from the Government Constituency informed members that a meeting was scheduled between Uganda Revenue Authority (URA) and the Office of the Auditor General later that day to finalize the process for the certification of the templates from Government agencies.
- c) The meeting agreed that Armour Energy, CNOOC Uganda and TotalEnergies should submit their Certified Templates and Annual Audited Accounts by Tuesday, 20th June 2023.

MIN 3.0: PRESENTATION OF THE DRAFT SECOND EITI REPORT BY THE INDEPENDENT ADMINISTRATOR.

- 3.1 The presentation made by Mr. Rached Maleej, a member of the IA team, is attached as *Annex B*. The main contents of the report were:



- a) A description of the preparation process leading to the second EITI report namely: scoping, inception and the final report.
 - b) Revenue Generated from the Extractive Industries
 - c) Reconciliation scope
 - d) Contribution to the economy
 - e) Production and exports data
 - f) Reconciliation results
 - g) Recommendations of the FY 2020/2021 EITI report.
- 3.2 Tullow Oil was not listed among the reporting entities because it was no longer in operation in 2021. It was therefore not possible to obtain data for reconciliation purposes.
- 3.3 Revenue generated from the extractive industries was UGX 290.44 billion in FY2020/2021 compared to UGX 436.35 billion for the reporting period 2019/2020. Out of the UGX 290 billion, UGX169 billion had been reconciled.
- 3.4 All significant contributions made by extractive entities to the revenues were comprehensively covered in the UGEITI report because all the entities in the scope had submitted their reporting templates. However, 10 companies (98%) had not yet submitted Certified Templates and Audited Financial Accounts which could affect the credibility of data submitted.
- 3.5 UGX 431 billion had been subtracted from Government's revenue because most of the mining companies in the reconciliation scope were not engaged in extractive operations. Most of their raw materials were imported into the country.
- 3.6 Revenues from exports had reduced from UGX 2.598b in FY2019/2020 to UGX 2.034b for the reporting period 2020/2021. However, the total imported gold quantities exceeded the exported refined gold by 2,435 Kgs.
- 3.7 Recommendations from the Report were as follows:
- a) Update data on the contribution of the informal sector to the economy to inform EITI Requirement 6.3. Comprehensive information on the economic impact of the extractive sector would be obtained through an analysis of both the formal and informal sectors.
 - b) Inclusion of Gold Refineries in subsequent reports to inform production details and export data. (EITI Requirements 3.2 and 3.3)
 - c) The IA observed potential risks in the award process of licenses in the mining sector (EITI Requirement 2.2). The IA noted that there was a risk of awarding licenses to non-competitive companies who could block licensing areas for years without carrying out mining activities. This would impact on Government revenue and affect job creation.
 - d) Mainstreaming and systematic disclosure of EITI data was encouraged. The IA advised Government to develop a roadmap for

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setting up an information system that could act as a central place for all EITI data.

- e) Public disclosure of the full text of the mining licenses was encouraged.
- f) Public disclosure of contracts and licenses in Petroleum and Mining sectors was encouraged.
- g) Data quality and assurance was encouraged.
- h) Public disclosure of beneficial ownership information was encouraged.

3.8 Reactions from Members

- a) In reaction to the discrepancy in the gold figures, Uganda Revenue Authority (URA) explained that the gap was as a result of gold being imported as an ore (raw mineral). When refined, it's processed into a finished product hence the loss in quantity. This could be the cause of the huge difference in quantity. The Chair requested URA to provide more data to the IA so that it could be incorporated into the report. He further advised the IA to take note of the potential loss in-quantities during processing as a result of refining gold ore (raw minerals) before making final recommendations on the discrepancy. The IA stated that the scientific method could account for the discrepancy in the export figures because unrefined gold could be found in rock particles. He, however questioned whether this provided a complete explanation for the discrepancy.
- b) The Head of Secretariat stressed how challenging it would be to obtain certified audited accounts from mining companies before the deadline of Tuesday, 20th June 2023. The meeting agreed that mining companies were largely unaware of EITI and its benefits. DGSM informed the meeting that from July 2023, they would start incorporating EITI into their activities of raising awareness on the new Mining and Minerals Law 2022. Members requested DGSM (as the regulatory body) to take the initiative and support the Secretariat in requesting the mining companies to comply. UCMP also offered to support the UGEITI Secretariat on this matter.
- c) A representative of civil society inquired whether transfer pricing, a tax-evasion strategy utilized by businesses, was taken into account when reconciling Capital Gains Tax. Since the inputs were more than the result, she also asked about the percentage of gold that was lost during refining. In response, the IA stated that the EITI reconciliation process focused on the Requirements of the 2019 Standard rather than the essence of the process (which would fall under a different audit mandate).
- d) The civil society constituency member further inquired about the implication of publishing the report without the Certified Audited Accounts. In response, the IA stated that this would not satisfy EITI Requirement 4.9. This would have an impact on the quality assurance procedure. He also stated that it would have an impact on systematic disclosure, which called for an assurance process.

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- e) A different member of the civil society questioned the comprehensiveness of the report since it lacked details on the income generated by the informal sector. The IA advised the MSG to conduct a separate study that would capture the statistical impact of the informal sector to the economy.
- f) She also asked the IA whether a recommendation could be made for verification of the process granting Kamuntu Investments the permit to continue with the export of raw minerals in contravention of the Presidential Directive. The IA stated that if the MSG approved of this suggestion, it could be included in the report.
- g) The Head of Secretariat requested the IA for a more detailed breakdown of the economic contribution of the sector to the country. She requested for a comparison of the contribution of the sector for FY 2020/2021 to FY 2019/2020. She questioned why both the total revenue and percentage contribution to the economy fell sharply in the reporting period for FY 2020/2021 compared to FY2019/2020. The IA explained that the inclusion of the mining companies in the reconciliation scope for FY 2020/2021 led to the drop in the revenues because it was discovered that most of them were not involved in extractive activities. Thus UGX 431 billion had been subtracted from Government's revenue after reconciliation of the mining companies.
- h) A member from the Government constituency asked for clarity regarding the IA's recommendation for the *public disclosure of the full text of mining licenses* – because DGSM had continually asserted that by legislation, the licenses were available to the public (3rd parties) at a fee. The fee was important for administrative purposes. Free access to the licenses would require a revision of the laws. In response, the IA stated that the recommendation required having a Copy of the Licenses as captured in the Cadastre for the full text to be publicly available. He said not everyone who wanted to look at the licenses could afford the fees and therefore every legal barrier needed to be explained. He requested DGSM to send a brief on the process followed when granting public access to the full text of licenses. This would therefore be captured in the report.

MIN 4.0: PRESENTATION BY THE MSG REPORT COMMITTEE ON THE CONTEXTUAL SECTION OF THE DRAFT EITI REPORT.

4.1 The presentation was made by Mr. Paul Twebaze, a member of the Civil Society constituency and the Executive Director of Pro-Biodiversity Conservationists in Uganda. He stated that the MSG Committee on the EITI report had reviewed the Draft Contextual Report with the support of the Secretariat. Additional input regarding the current state of the extractive sector had been obtained from the following members of the MSG:

- a) Ms. Sarah Aijuka (environment)
- b) Mr. John Kennedy Okewling (mining), and
- c) Ms. Jennifer Hinton (gender)



- 4.2 He commended the IA for the report which provided accurate information in compliance with Requirements of the 2019 EITI Standard. He, however reported that the IA had transferred into the second report the entire text from the contextual section of the first EITI Report FY2019/2020. He requested the MSG to form groups and consider rewriting the texts under Local Content, Gender, Mining, Revenue and Environment.
- 4.3 The IA asserted that even if there was no particular requirement for having different texts in every report, it was possible to change the wording without affecting the context of the information. He advised the MSG to consider using shorter texts in the different sections.
- 4.4 Members were divided into groups and advised to make adjustments to the texts without altering the meaning. Inputs into the contextual report were to be submitted to the Secretariat by Tuesday, 20th June 2023. The groups included:
- a) Local Content
 - Mr. James Musherure (Team leader)
 - Ms. Emilly Nakamya
 - Mr. Obad Noah
 - Ms. Victoria Kinobe Nakatudde
 - Mr. Clovice Bright Irumba
 - Mr. Dan Denis Agaba
 - b) Gender
 - Ms. Winfred Ngabiirwe (Team leader)
 - Ms. Emilly Nakamya
 - Ms. Bronia Arinda
 - Mr. Clovice Bright Irumba
 - c) Environment
 - Ms. Sarah Aijuka (Team leader)
 - Ms. Sophie Luwano
 - Mr. Timothy Tibesigwa
 - Mr. Mathias Ssenkaali
 - Mr. Edwin Kanakulya Kavuma
 - d) Revenue
 - Mr. Joseph Kyeyune (Team Leader)
 - Ms. Regina Navuga
 - Ms. Gloria Akatuhurira
 - Mr. John Kennedy Okewling
 - Mr. Edgar Mutungi
 - The OAG Team
 - e) Mining
 - Mr. John Kennedy Okewling (Team leader)
 - Mr. John Bosco Bukya
 - Mr. Emmanuel Kibirige



- Mr. Paul Lokol
- Mr. Francis Garvin Okello

4.5 Mr. Paul Twebaze encouraged the MSG to consider procuring the services of a local consultant/ professional editor for the review of the contextual sections of all subsequent EITI reports.

MIN 5.0: REVIEW OF MINUTES OF THE PREVIOUS MEETING

5.1 The Chair led the review of the Minutes of the 25th MSG meeting that was held on 23rd February 2023, which were adopted as a true record of the proceedings of that meeting.

5.2 Matters Arising:

- a) Under Minute 3.2 d), members were informed by a representative from MEMD that the meeting concerning contract disclosure; which was to be held internally at the MEMD had been postponed from 14th June 2023 to the following week.
- b) Under Minute 6.2, the Head of Secretariat informed the meeting that the workplan would be the next critical item for the MSG to consider after publication of the second EITI report.

MIN 6.0: WAY FORWARD

6.1 The MSG resolved as follows:

- a) CNOOC Uganda and TotalEnergies to provide Certified Templates and Annual Audited Accounts by Tuesday, 20th June 2023.
- b) DGSM (as the regulatory body) to take lead in supporting the Secretariat obtain Certified Templates and Audited Financial Statements from the mining companies.
- c) Members to share their inputs for the contextual section of the second EITI report by Tuesday, 20th June 2023

MIN 8.0: ANY OTHER BUSINESS

7.1 There being no other business, the meeting was closed at 2:12 p.m.



ACTION MATRIX

Min No.	Action Point	Resp. Inst./Individual	Timeline	Action Update
6.1 a)	CNOOC Uganda and TotalEnergies to provide Certified Templates and Annual Audited Accounts by Tuesday, 20 th June 2023.	Representatives from CNOOC Uganda & TotalEnergies	20/06/23	Pending submission by both companies.
6.1 b)	DGSM (as the regulatory body) to take lead in supporting the Secretariat obtain Certified Templates and Audited Financial Statements from the mining companies.	DGSM	20/06/23	The cement companies were not responsive. UGEITI in partnership with ACODE and UCMF have planned a workshop to engage with companies primarily in the mining sector on 13th July 2023.
6.1 c)	Participants to share their inputs for the contextual section of the second EITI report by Tuesday, 20 th June 2023	MSG	20/06/23	Done. Inputs were received from the different groups on the contextual section of the report.

Signed:

Chair:

Date: 30/6/2023

Secretary

Date: 30th June 2023