

# NATURAL RESOURCES HAVE POTENTIAL TO DRIVE GROWTH

By John Ricks Kayizzi and Arnold Nyapidi

The full and systematic public disclosure of contracts and licences in the extractives sector will enable the equitable distribution of oil revenue, Jan Sadek, the ambassador of the European Union to Uganda, has said.

“As Uganda is gearing up to take advantage of new economic opportunities linked to oil production and mining activities, it is important that all Ugandans benefit from these dividends,” he added.

Sadek said by making a high-level political commitment to join the Extractive Industries Transparency Initiative (EITI) in February 2019, Uganda took a landmark step towards strengthening the foundation for transparent, accountable oil production and management and for all Ugandans to benefit from the extraction and processing of mineral resources.

“EITI membership can improve the investment climate and boost the confidence of foreign investors in Uganda, while strengthening tax collection and public financial management. By building trust among stakeholders in the extractive sector, EITI membership can thus drive economic growth and job creation,” he added.

He made the comments during the launch of the second Uganda Extractive Industries Transparency Initiative report for the 2020/21 financial year at the Sheraton Kampala Hotel on Friday last week.

Sadek mentioned that Uganda needs to witness

# TRANSPARENT OIL PRODUCTION WILL BENEFIT UGANDANS – ENVOY

PHOTO BY ALFRED OCHWO



Siragi Magara from the civil society, Lugoloobi, state minister for minerals Peter Lokeris and Sadek during the launch of the report in Kampala last week

← Countries rich with natural resources transform best if they put in place measures to ensure proper utilisation of the resources.

improvements in the completeness and accuracy of data concerning the artisanal and small-scale mining sectors.

He added that it would lead to the streamlining of processes for awarding mining licences.

“Such measures will ensure that Uganda’s huge natural resource base can be used to drive economic growth and root out poverty in households,” Sadek remarked.

## MINISTER’S REMARKS

Amos Lugoloobi, the state minister for planning, called for adherence to the Charter of Fiscal Responsibility, which provides for a fiscal rule in the utilisation of oil and gas revenues.

“The fiscal rule restricts the maximum amount of oil revenue that can be transferred from the Petroleum Fund to the Consolidated Fund for budget operations at 0.8% of the previous year’s estimated non-

oil Gross Domestic Product outturn,” he mentioned.

Lugoloobi mentioned that Uganda has put in place prudent measures to bolster the management of oil revenues to ensure that the country achieves sustainable development from the exploitation of natural resources.

“Uganda aspires to become a middle-income country through strengthening its competitiveness for business,

employment, inclusive growth and domestic revenue generation,” the minister said.

“The current domestic revenue mobilisation strategy of Uganda identifies the EITI as one of the tools that can be used to effectively promote transparency and accountability in the extractive sector,” he added.

Lugoloobi emphasised that natural resources have enormous potential to drive

growth and poverty reduction, adding that the industrial sector plays a strong economic role in many countries that face challenges such as resource dependency and underdevelopment.

“Experience from elsewhere has shown that countries that are rich with natural resources transform best if they put in place certain measures to ensure proper utilisation and management of their natural resources,” he said.

Lugoloobi said it is important for the country to have a robust legal and institutional framework for the extractives sector to thrive and have a lasting impact.

“Over the past few years, the Government has developed various policies, legislation, institutions and mechanisms to ensure proper management of the country’s extractive resources. These include the Oil and Gas Revenue Management Policy 2012, the Public Finance Management Act 2015, the Charter of Fiscal Responsibility, and the Extractive Industries Transparency Initiative,” he remarked.

Particularly, the Public Finance Management Act stipulates how the Government should manage and utilise revenues from oil and gas exploitation. It provides for the creation of a Petroleum Fund, which has been established under the Central Bank.

Some of Uganda’s natural resources include copper, tungsten, cobalt, columbite-tantalite, gold, phosphate, iron ore and limestone.

The country is estimated to have recoverable oil reserves of at least 1.4 billion barrels.

By Patrick Okino

The state minister for northern Uganda, Grace Freedom Kwiyucwiny, has commissioned a business and governance centre that is expected to enhance local revenue and job creation opportunities.

The facility, worth sh1.59b, was commissioned in Otuke district. It has space for banking services, a pharmacy, a restaurant, offices, supermarkets, telecommunication services, a childcare centre and conference halls, among others.

Commissioning the facility on Friday last week, Kwiyucwiny urged the people to embrace government programmes, such as the Parish Development Model (PDM), in order to get out of poverty. She told the district leaders to explain

# Otuke gets business centre to enhance local revenue

PHOTO BY PATRICK OKINO



Kwiyucwiny at the commissioning of the centre

the opportunities found in the PDM programme to the people.

“If you plant one acre of coffee and you look after it well instead of going for five or 10 acres of soybean, you can get sh20m per year from coffee.”

“You have the example of the

President’s farm — the four-acre models. The President has cattle and coffee. They are earning, but for us, we are stuck in what we have been doing before,” she added.

President Yoweri Museveni established a farm at Baralegi State Lodge in Okwang

## BETWEEN THE LINES

▶ The business and governance centre in Otuke district, worth sh1.59b, has space for banking services, a pharmacy, a restaurant, offices, supermarkets, telecommunication and services, among others.

## THE BUSINESS CENTRE

The construction of the facility kicked off in 2019 and was completed last year. It was constructed by Whismy (U) Ltd. and supervised by the Office of the Prime Minister.

The assistant commissioner for district inspection in the local government ministry, Stephen Koma, who represented local government minister Raphael Magyezi, said the business centre will provide an arena for trade and income generation.

Koma added that the Development Initiative for Northern Uganda (DINU) has supported enterprises in the agricultural value chain with three business development services and a seed capital of small loans offered at lower rates, compared to the prevailing market price.

He challenged the people of Otuke to participate more in government development programmes, such as the PDM,

which is one of the primary interventions to support economic transformation at the grassroots.

Kwiyucwiny encouraged people to also grow soybeans, sunflowers, and simsim, but noted that they require a large acreage of land.

The minister advised the extension officers at the sub-county to guide farmers to start growing coffee and intercrop it with bananas and soybeans.

Jasper Okenga, a resident of Akaidebe in Ogor sub-county, lauded the Government for the business and governance centre, saying the development will go along way in improving household income.

He added that under DINU, with funding from the European Union, he had benefited from a tractor, which is helping him to improve the production of rice and soybeans.