



**MINUTES: 1ST MEETING OF THE CONTRACTS DISCLOSURE COMMITTEE
HELD ON 10TH FEBRUARY 2021**

Time: 10:00 a.m.

Location: UGEITI Secretariat

Attendance List

No.	NAMES	DESIGNATION
1.	Mr. Robert Tugume	Chairperson (Government)
2.	Mr. Clovice Bright Irumba	Member (Government)
3.	Mr. Onesmus Mugenyi	Member (Civil Society)
4.	Mr. David Sebagala	Member (Government)
5.	Ms. Sandra Mwesigye	Proxy for Ms. Yuping Song (Industry)

Absent with Apologies

1. Dr. Tom Buringuriza (Industry)
2. Ms. Winfred Ngabiirwe (Civil Society)

Secretariat Staff present

1. Ms. Gloria Mugambe- Head of Secretariat.
2. Mr. Kanakulya Edwin Kavuma- Compliance Officer (Secretary).

The agenda was adopted as follows;

1. Election the Chairperson of the Committee.
2. Prayer.
3. Communication from the Chairperson.
4. Communication from Head of Secretariat.
5. Presentation by Mr. Clovice Irumba.
6. Deliberations.
7. Way Forward.

MIN 1.0	ELECTION OF THE CHAIRPERSON AND PRAYER
1.1	Mr. Robert Tugume (Directorate of Petroleum, MEMD) was nominated and seconded to take up the role of Chairperson of the Committee.
1.2	The Member from the Directorate of Geological Survey and Mines (DGSM, MEMD) led the meeting in an opening prayer.
MIN 2.0	COMMUNICATION FROM THE CHAIRPERSON
2.1	The Chairperson thanked the members for taking off time from their busy schedule to attend the meeting.
2.2	He reminded the members that the objective of the committee was to develop a roadmap for contract disclosure.
2.3	The Chairperson also noted that there had been a meeting of heads of government institutions which he also attended where it was agreed that the Secretariat would write to each of the institutions and inform them of their respective roles in the process of implementing EITI.
2.4	He concluded by saying that he looked forward to the meeting receiving the presentation from the representative from the Petroleum Authority of Uganda (PAU).
MIN 3.0	REMARKS BY THE HEAD OF SECRETARIAT
3.1	The Head of Secretariat gave a brief background regarding how the committee was constituted. She indicated that after a presentation on the disclosure requirements of the EITI Standard to the MSG, members raised the issue of contract disclosure and the MSG decided to form the MSG Committee on Contract Disclosure.
3.2	She informed the members that the work of the committee is an activity in the UGEITI MSG work plan. She referred the members to activity 1.5 of the work plan that requires development of a plan for license and contract disclosure. She further noted that this activity was developed in accordance with Requirement 2 of the EITI Standard.
3.3	She informed the meeting that the two members who were not able to attend the meeting had sent in their apologies.
3.4	She explained to the members that Mr. Magara Siragi had been replaced by Mr. Onesmus Mugenyi on the committee because Mr. Magara Siragi was also on the committee on revenues which was also doing its work at the same time.

3.5	The Head of Secretariat informed members that the Secretariat had requested the member from PAU to make a presentation to inform the work of the committee.
MIN 4.0	REACTIONS BY THE COMMITTEE MEMBERS TO THE COMMUNICATION OF THE CHAIRPERSON AND THE HEAD OF SECRETARIAT
4.1	The member from DGSM inquired if the role of the committee was to come up with a new government policy or to come up with a plan for contract disclosure.
4.2	The Head of Secretariat responded that the role was to come up with a plan for contract disclosure. That according to Req. 2.4 (c) of the EITI Standard, the MSG was to give a description of the government policy on disclosure and then come up with the plan for disclosure.
4.3	The members agreed that much as there is no specific government policy on disclosure, the various policies in the sector like the Mining and Mineral policy, 2019 and the Oil and Gas Policy 2008 have provisions on disclosure of information and transparency in the extractives sector. The members agreed that it was a matter of extracting what the various policies and laws say about disclosure to give the position of the government on disclosure.
4.4	The member from DGSM raised a concern that if contracts were to be published on the websites this might be a challenge where the website of the secretariat may not have the capacity to contain all the licences and contracts. He also stated that the actual licenses in the mining sector are not on the mining cadastre due to size limitations.
4.5	The Head of Secretariat clarified that the Secretariat website would only have links leading to where the disclosure was made by the various relevant institutions.
MIN 5.0	PRESENTATION AND DISCUSSION ON REQUIREMENT 2 (Presenter: Mr. Clovice B. Irumba)
5.1	The presenter started by stating that his presentation was focused on the oil and gas sector and that he hoped the committee will have another presentation on the mining sector. He further noted that the session would be an interactive discussion.
5.2	The member from DGSM committed to make a similar presentation on the mining sector in the next meeting of the Committee.
5.3	The presenter informed the committee that in preparing his presentation, he considered the entire Req. 2 and he intended his presentation to enhance the capacity of the MSG and members of the Secretariat on the subject and aid in the preparation of the country EITI Report as far as Requirement 2 is concerned. He

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	encouraged all the members to read the EITI Standard because it spells out what is required to be done, especially in preparation of the Report.
5.5	He stated that in Uganda, exploration and production are all done under the same contract; and that exploration and production licences simply act as administrative instruments with not much detail other than conditions if any.
5.6	The presenter informed the committee that there is an ongoing process to review the 2008 National Oil and Gas Policy and that they were undertaking the Regulatory Impact Assessment, which will later be followed by the Environmental and Social Impact Assessment (ESIA).
5.7	The member from DGSM inquired whether the new policy would not cause the amendment of the laws and whether this would not affect the predictability of the legal regime hence scaring away possible new investors.
5.8	The presenter clarified that all contracts have a provision to the effect that where a new law is made and has an adverse impact on the economic benefits the investor enjoyed, the parties may agree to amend the contract to restore the investor to the economic benefits they envisaged prior to the change of law.
5.9	The member from CNOOC Uganda Limited (CNOOC) made an inquiry regarding the motivation for changing the National Oil and Gas policy.
5.10	The presenter responded indicating that the policy adopted in 2008 focussed on upstream petroleum exploration, development and production activities as well as midstream operations and did not touch the downstream segment of the industry. The new policy will therefore cater for the downstream activities and take into account the new international developments in the energy industry, including the implications of the energy transition, among others.
5.11	The presenter referred to Section 92 of the Petroleum (Exploration, Development and Production) Act, 2013 that provides for the Minister to cause to be kept, a register of all licences issued called the Petroleum Register in accordance to regulations under the Act. However, he stated that there were no regulations in place yet to operationalise this provision.
5.12	He also referred to Section 151 of the same Act which was to the effect that the Minister may, in accordance with the Access to Information Act, 2005, make available to the public details of all agreements, licences and any amendments to the licences or agreements whether or not terminated or valid. He stated that this was an enabling provision of the law for contract disclosure.

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5.13	He informed the meeting that according to Section 151 (2), the Minister shall make that information available to any person upon payment of a prescribed fee but this fee had not been prescribed by any regulations.
5.14	The Presenter also made reference to the confidentiality clauses in the Production Sharing Agreements, and how these provisions prescribe the process for disclosure of information in relation with the Agreements.
5.15	The presenter subsequently described to the committee the features of the Production Sharing Agreements which characterise the contents of the Agreements. He highlighted that these can be categorized into: Regulatory and Operational; Economic; Financial; Legal and Non-operational; and Organisational. He noted that not all these contents represent value as far as the disclosure process is concerned.
5.16	The member from DGSM suggested that there was need to make a cost benefit analysis for disclosure of the old contracts (entered into prior to January 2021) because Government's negotiating power might be weakened for future contract negotiations.
5.17	The presenter responded by telling members that it would be prudent to disclose the information in the contracts that is relevant for the public and those aspects that might be detrimental to Government's negotiating power be left undisclosed.
5.18	He also pointed out that disclosure is basically meant for transparency and accountability purposes, noting that Uganda had not yet reached the production stage in the oil and gas sector where disclosure of production and the accruing revenues would be paramount to the transparency and accountability process.
5.19	The member from CNOOC reminded the meeting that disclosure of the contracts was mandatory only for contracts entered into after January 2021 and that disclosure of contacts signed prior to this date was at the discretion of the parties not withstanding that disclosure is encouraged by EITI.
5.20	The committee had extensive discussion on the merits and risks of disclosure of contracts and questioned whether disclosure should be in respect of the entire contract document or the relevant parts that are essential for the public consumption. A discussion was also held on whether the disclosure should relate to new contracts signed after 2021 in accordance with the standard or whether it should also involve old contracts. A member proposed that the disclosure of contracts could be done in a phased and progressive way rather than putting the entire contracts out at ago. He supported his suggestion by informing members that for most countries, their first EITI Report was basically a status report and how the country plans to move forward in compliance with EITI standard requirements.

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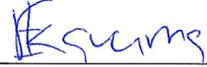
<p>5.21</p> <p>5.22</p> <p>5.23</p> <p>5.24</p> <p>5.25</p>	<p>The member from the Petroleum Authority of Uganda proposed not to have full disclosure of the old contracts at the moment until a discussion has been held with government and the companies.</p> <p>The members of the Committee all agreed with the proposition for progressive and phased disclosure after undertaking a cost and benefit analysis and obtaining the necessary consents.</p> <p>The member from CNOOC reminded members that there is a contractual and legal basis for petroleum contract disclosure. The Production Sharing Contracts require the consent of both the companies and the government as parties to the contracts prior to disclosure whether the disclosure is partial or full.</p> <p>The member from CNOOC further reminded the Committee that the MSG is made up of different constituencies and all interests ought to be harmonised rather than operating to the benefit of any one party at the expense of another. The contract disclosures should be as agreed to by all concerned parties.</p> <p>The member from the Directorate of Petroleum in the Ministry of Energy and Mineral Development suggested that for the petroleum sector a link to the Crane database could be disclosed initially.</p>
<p>MIN 6.0</p>	<p>WAY FORWARD</p>
<p>6.1</p> <p>6.2</p>	<p>The committee agreed that as a way forward they develop a roadmap for disclosure as follows;</p> <ol style="list-style-type: none"> 1. Description of the process of contract disclosure in Uganda's extractives sector. The Model PSA will be published. 2. Carry out a cost-benefit analysis of full contract disclosure that will inform decision making. 3. Hold a follow up meeting with heads of government institutions to give them the MSG position and roadmap for contract disclosure. 4. Request the Ministry of Energy and Mineral Development to also make the register of petroleum companies (CRANE database) publicly accessible as the case is for the mining cadastre. <p>The committee reached a consensus that their recommendation to the MSG was to have partial disclosure of the old contracts that were entered into prior to January 2021, in a phased manner subject to and upon obtaining the necessary</p>

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consents from the parties to the contracts. The Minister of Energy and Mineral Development is the right person to seek consent from the oil companies.

6.3 Given no other business the meeting was closed at 1410hrs.

Chairperson: _____ 

Secretary: _____ 

Date: _____ 