



The first oil rig at KingFisher oil field in Kikuube district, Bunyoro sub-region is ready to start drilling oil

ATTORNEY GENERAL CLEARS OIL, MINERAL CONTRACT DISCLOSURE

INNOVATION

Three years after joining the Extractives Industries Transparency Initiative, Uganda's decision to join the global transparency body is paying off. After years of negotiations, the Government is finally open to disclose agreements signed in the oil, gas and mining developments, writes **Martin Kitubi**.

The Attorney General (AG), Kiryowa Kiwanuka, has cleared the Government to disclose all contracts including Production Sharing Agreements (PSAs) related to ministry, oil and gas developments.

The move, which is intended to ensure transparency in the management of natural resources, follows recommendations by a recent Extractives Industries Transparency Initiative (EITI) report on the performance of Uganda.

The details of the AG's clearance are contained in a letter dated July 2, 2024 and received by the finance ministry in response to the implementation of the

EITI standards.

The letter was received by the finance ministry on July 3. The finance ministry are the custodians of the commercial agreements in the sector.

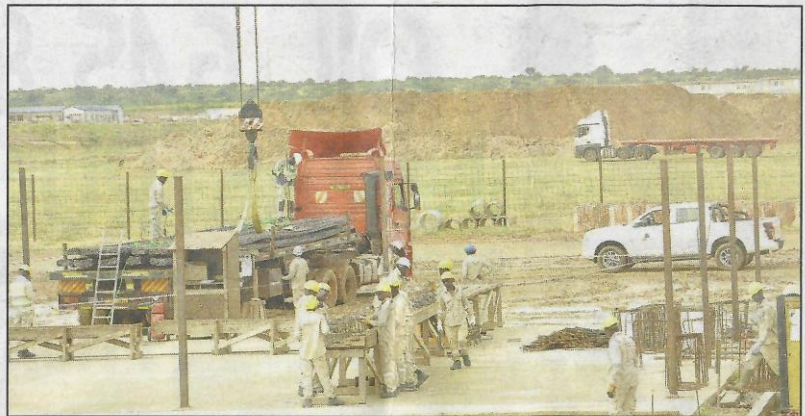
Under its report, the EITI, a global transparency body, highlighted 14 key areas Uganda needs to improve to make both the petroleum and mining sub-sectors better. This included the disclosure of contracts to improve transparency.

Although Uganda had tried to disclose information related to the extractives sector, most of the contracts signed

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EACOP staff looking at the Kingfisher feeder pipeline near Ground Zero of the EACOP pipeline in Kabalega Industrial Park



Casual workers employed at the oil and gas sector at Tilenga operational area in Bulisa district

OIL COMPANIES GIVE NO OBJECTION TO DISCLOSURE

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with the multinational partners had confidentiality clauses that barred Uganda, or its partners, from disclosing the details.

To date, the PSAs Uganda signed with TotalEnergies or China National Offshore Oil Corporation (CNOOC), some of the major players in the oil and gas sector, are not public over similar clauses.

Although the details of the contracts allow the information to be disclosed to Parliament, the august House has never shared the details of the agreements.

WHY CONTRACT DISCLOSURE

In his letter, the AG points out that the EITI has emphasised the need for the Government of Uganda to increase contract transparency.

In the letter, Kiwanuka noted that Uganda is required to ensure public access to licences and contracts signed between the Government and extractive companies.

He also highlighted that Uganda is expected to address the gap before the next validation exercise.

The AG noted that oil companies have written to him expressing no objection to contract disclosure of contracts in the oil and gas sector.

"The disclosure of contracts in the oil and gas sector will assist Uganda's score from moderate to high," Kiwanuka said.

AG'S ADVICE

In his letter to the finance ministry, Kiwanuka revealed that both TotalEnergies and CNOOC issued letters of no objection on November 18, 2021 and November 29, 2021, respectively.

This, according to the AG, confirms that the oil companies have no objection to disclosing their respective PSAs for purposes of fulfilling the requirements of the EITI standards on contract disclosure.

"In view of the express consent by



Kiryowa Kiwanuka



Moses Kaggwa

TotalEnergies and CNOOC to disclose their respective PSAs, there will be no breach of confidentiality obligation by the Government of Uganda if the PSAs are disclosed as per the EITI standard requirement 2.4," the AG says in his letter.

"Therefore, we advise that you deem it appropriate. You are at liberty to disclose the PSAs as prescribed by the EITI Standards Requirement 2.4," the AG concluded.

STAKEHOLDERS

Winfred Ngabirwe, the executive director of Global Rights Alert, and member of the EITI Multi-Stakeholder Group (MSG) welcomed the AG's recommendations.

One of the struggles MSG has had, she said, was access to these contracts and that it was attributed to confidentiality clauses.

"This is a good development. We hope that it will be implemented.

This is a good move that increases

EITI RECOMMENDATIONS

In its May 14, 2024 report on Uganda, the EITI wants Uganda to disclose financial information related to state-owned enterprises' activities in the mining sector.

The body also wants Uganda to ensure that comprehensive and reliable information on transactions related to state-owned enterprises is disclosed publicly, including material extractive payments made to these companies.

The EITI has also recommended that the Government ensures a comprehensive disclosure of company payments and government revenues from oil, gas and mining.

On environment, the EITI recommended that Uganda documents its approach to determine whether extractives companies make mandatory social and environmental expenditures.

The entity wants Uganda to distinguish between the company's social and environmental expenditures and payments.

These are part of the 14 corrective actions and strategic recommendations set by EITI for Uganda, contained in the report on Uganda's implementation of the 2019 standards.

They also want Uganda to disclose estimates of production volumes and values related to the informal sector, including artisanal and small-scale mining. Uganda is also encouraged to disaggregate production volumes and values at region, company and project levels.

"Uganda must publish estimates of informal mineral export volumes and values, in order to fulfil the objective of providing a basis for addressing export-related issues in the mining sector," the report reads.

"It is recommended that government entities comprehensively disclose and harmonise export data," the report further reads.

The EITI set July 1, 2026, as a period within which Uganda should improve on the 14 recommendations.

accountability in the management of natural resources," she said.

Dr Paul Bagabo, a development economist working with Natural Resource Governance Institute, welcomed the development of contract disclosure.

He described it as a step by the Government to promote transparency in the management of the country's resources.

"This is a huge step. Since 2013, the Government has tried to be transparent. They have been publishing on petroleum revenues, signed to the EITI and now, allowing the disclosure. We should give the Government credit," he said.

Bagabo said the AG's clearance on contract disclosure is a result of engagement between the Government

and civil society.

"The civil society has done well. It was not easy at the start, but now the Government has continued to open up. This is good progress," he said.

Bagabo noted that the disclosure of contracts would enable the country to attract genuine investors in the extractives sector, "because there will be nothing to fear due to the transparency here."

EITI FACT SHEET

In August 2020, Uganda became the 54th member of the EITI and this made it mandatory to implement all its standards.

Following its admission into EITI, Uganda is now required to disclose all information along the extractives industry value chain including

awarding of extraction contracts, to how revenues make their way through the Government.

The EITI requires member states to address issues of gender, environment, contract transparency and state-owned enterprises in the sector. EITI requires its member states to disclose information related to the rules for how the extractive sector is managed, enabling stakeholders to understand the laws.

It also calls for understanding of procedures for the award of exploration and production rights, the legal, regulatory and contractual framework that apply to the extractive sector and the institutional responsibilities of the state in managing the sector.

For revenue allocation, EITI requires disclosures of information on revenue allocations. This is intended to enable stakeholders to understand how revenues are recorded in the national budget.

FINANCE MINISTRY SPEAKS OUT

Attempts to get a comment from finance minister Matia Kasajja on the subject were futile, but Moses Kaggwa, the director of economic affairs at the ministry, who doubles as the chairperson of the EITI MSG, confirmed the development.

Kaggwa said the ministry sought legal guidance from the AG on the implication of disclosing extractives contracts, some of which had confidentiality clauses.

"It is true, we wrote to the Attorney General. The letter from the Attorney General has given us [finance ministry] guidance on transparency and we will follow his guidance on the matter," he said.

As Government, Kaggwa said they are committed to implementing the EITI standards, which among other things, demand transparency.

He added that the ministry would work with other stakeholders to ensure that the standards are implemented.