

## World will amass 'major' oil surplus

The world is likely to have a major surplus of oil by 2030 as production is ramped up while the clean energy transition tempers demand, the International Energy Agency said on Wednesday. Global demand is expected to "level off" at 106 million barrels per day (bpd) toward the end of this decade while overall supply capacity could reach 114 million bpd, the IEA said in an annual report. This would result in a "staggering" surplus of eight million bpd that oil markets should prepare for, the Paris-based agency said. "As the pandemic rebound loses steam, clean energy transitions advance, and the structure of China's economy shifts, growth in global oil demand is slowing down and set to reach its peak by 2030," IEA executive director Fatih Birol said.

AFP

## Panama Canal water shortage not over

The Panama Canal Authority (ACP) said on Wednesday that the famed waterway continues to face a water shortage, despite recent rains alleviating most restrictions imposed following last year's drought. "The waterway continues to face the impact of a prolonged dry season from this past year that limited the capacity of daily passages through the canal," the ACP said in a statement. "Despite the start of the rainy season, the water problem for Panama and its Canal is not over." Unlike other waterways such as the Suez Canal, the Panama Canal, which usually handles about six percent of global maritime trade, operates with rainwater from the artificial lakes Gatun and Alajuela. Due to the meteorological phenomenon known as El Nino this past year, the drought-stricken canal has had to reduce the number of shipping vessels that pass through each day, as well as the size of each ship.

AFP

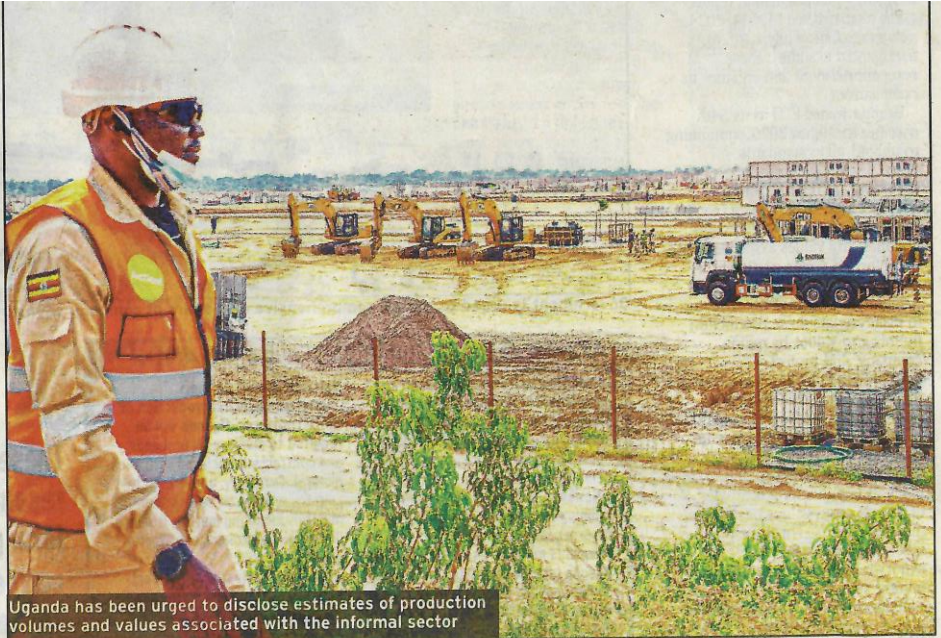
### AROUND THE OIL INDUSTRY



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Pope Francis has ordered the Vatican to install a solar plant that will provide electricity to the entire city state, as the pontiff does his bit to tackle climate change. Francis, a longtime environmental advocate, issued an official letter published on Wednesday, demanding the establishment of an "agrivoltaic" plant in Santa Maria di Galeria, an extraterritorial area of Vatican land. Agrivoltaic projects combine solar energy production and agriculture, with panels installed above fields of crops or pastureland.



Uganda has been urged to disclose estimates of production volumes and values associated with the informal sector

# EXTRACTIVES: UGANDA GIVEN TWO YEARS TO MAKE CHANGES

Although Uganda has performed well on the implementation of the extractives industries transparency initiative standards on mining and petroleum sub-sectors, a lot more needs to be done, according to the agency. In this edition, **Martin Kitubi** brings you the areas where Uganda has been advised to improve.

The Extractive Industries Transparency Initiative (EITI), a global transparency body, has identified 14 key areas where Uganda needs to enhance its petroleum and mining sectors. According to EITI, Uganda should publicly disclose all beneficial and legal owners of corporate entities involved in oil, gas, or mining licences.

The initiative also urges Uganda EITI to evaluate existing data, assessing the significance of any omissions and the reliability of beneficial ownership information. Furthermore, EITI emphasises the need for Uganda to disclose financial information concerning activities of State-Owned

Turn to page 18

From page 17

Enterprises (SOEs) in the mining sector. This includes transparent reporting on transactions and significant extractive payments made to these entities.

The Government is also urged to ensure comprehensive disclosure of company payments and government revenues derived from oil, gas, and mining activities.

In terms of environmental accountability, EITI recommends that Uganda document its methodologies for verifying mandatory social and environmental expenditures by extractive companies. Clear differentiation between social and environmental expenditures versus payments is also advised.

These recommendations form part of the 14 corrective actions and strategic suggestions outlined by EITI for Uganda, as detailed in their 2019 standards implementation report.

The report, dated May 14, 2024, sets a deadline of July 1, 2026, for Uganda to address these recommendations and enhance its compliance.

Uganda joined EITI as its 54th member in August 2020, committing to uphold all its standards.

### INFORMAL, ARTISANAL MINERS

EITI has also urged Uganda to disclose estimates of production volumes and values associated with the informal sector, particularly artisanal and small-scale mining. Additionally, Uganda is encouraged

# EXTRACTIVES: INTERNATIONAL BODY SETS FOCUS AREAS FOR UGANDA



Government is urged to ensure comprehensive disclosure of company payments from mining activities

handled by hired independent administrators tasked with reconciling payments and receipts and producing national reports, has been incorporated into the upcoming financial year's budget as a critical function.

Mugambe made these statements during an interview with the *New Vision* at the Uganda National EITI Secretariat in Kampala.

**FINANCE ON PERFORMANCE, PLANS** Moses Kaggwa, the director of economic affairs at the finance ministry and chairperson of the EITI Multi-Stakeholder Group (MSG), defended the decision to appoint the Auditor General as the independent administrator for EITI in Uganda.

He emphasised that the Auditor General possesses the necessary capabilities to promptly reconcile data from the extractives sector. Kaggwa also highlighted the advantage of having easier access to information from government agencies and sector stakeholders with the Auditor General in this role. "The Auditor General is



to disaggregate these production figures and values by region, company, and project.

According to EITI, implementing these measures would enhance public understanding of mineral production levels and outputs in Uganda.

The report stresses the importance of Uganda publishing estimates of volumes and values of informal mineral exports. This transparency is seen as crucial for addressing export-related issues within the mining sector.

Furthermore, EITI recommends that government entities comprehensively disclose and harmonise export data to improve transparency and accountability.

#### PERFORMANCE

Despite the set recommendations, Gloria Mugambe, the head of the Uganda National EITI Secretariat, affirmed that the country has made significant strides towards transparency. With an initial validation score of 78.5%, she highlighted that collaborative efforts between the team and the Government have been instrumental in achieving this.

"We are committed to working closely with the Government and stakeholders to ensure that EITI's recommendations are fully implemented," she stated.

"We have a clear mandate and the Government's strong commitment to transparency ensures that we will deliver within the allotted two years."

## MINERALS OCCURRENCES IN UGANDA

In addition to its commercial oil and gas resources, Uganda boasts of significant mineral potential across various categories including metallic minerals, industrial minerals, gemstones, and precious metals.

However, much of these resources remain unexplored, with their reserves largely unknown.

Metallic mineral resources in Uganda include beryllium, bismuth, copper, cobalt, columbite-tantalite (coltan), chromium, gold, iron, lead, lithium, manganese, platinum group of metals (PGM), rare earth elements (REE), tin, uranium, wolfram, and zinc.

Industrial minerals encompass bentonite, clay, diatomite, dimension stones (granite), feldspar, glass sands, graphite, gypsum, kaolin, kyanite, marble/limestone, mica, phosphate (apatite), pozzolana, salt (rock salt, halite), talc and vermiculite.

Uganda is rich in gemstones such as apatite, beryl (emerald, aquamarine, heliodor, morghanite), corundum (ruby, blue sapphire), fluorite, garnet, opal, quartz (amethyst, rose), topaz, tourmaline and zircon.

Various precious metals like Gold, Silver, and Platinum are found throughout Uganda.

Specific locations include isolated pegmatites in south-western Uganda, carbonatite centres in eastern Uganda, and aluminous clays in the

Makuutu area of Bugweri.

Upon commencing production of these resources, Uganda will be required to disclose all proceeds and contracts associated with each mineral. Currently, under EITI, the country reports on several key minerals including marble, iron ore, limestone, pozzolana, cassiterite, granite and gold.

According to last year's report, Uganda collected sh8.7b in royalties, with sh1.3b transferred to local governments and landowners in mining regions. Despite the presence of numerous gold mines, only 14.96kg valued at sh1.96b were reported to have been produced locally.

The report highlights that six gold refineries in Uganda imported a total of 41,740kg of gold valued at sh6.4 trillion, but the countries of origin are not specified. Additionally, Uganda exported 39,304kg of gold valued at sh8.9 trillion, resulting in a discrepancy of 2,435kg between imported and exported refined gold.

The EITI report notes concerns about negative international trade balances for three refineries, with discrepancies in imported versus exported gold values amounting to sh250b, sh14b, and sh6b, respectively. It also mentions a case where one refinery exported 10,570kg of gold without corresponding imported quantities, suggesting it may have sourced the gold from another refinery.



## These recommendations form part of the 14 corrective actions and strategic suggestions outlined by EITI for Uganda, as detailed in their 2019 standards report.

Mugambe pointed out that the Government's official takeover of funding for EITI activities underscores Uganda's dedication to transparency. Previously supported by the European Union in Uganda, the funding responsibility has now shifted to the Government, starting this year.

#### ENTERS AUDITOR GENERAL

In related developments, the Auditor General is slated to assume a new role as the independent administrator for the EITI in Uganda. This role, previously

well-equipped to handle this responsibility. Their oversight of all government institutions adds credibility to their role in EITI," he explained. Looking ahead, Kaggwa expressed commitment to enhancing data provision to improve Uganda's performance scores in transparency assessments.

#### EITI FACTSHEET

Since joining EITI, Uganda is now obligated to disclose comprehensive information across the entire extractives industry value chain. This includes transparency from the awarding of extraction licences to the flow of revenues through the Government.

EITI mandates member states to address gender issues, environmental concerns, contract transparency, and the roles of SOEs within the sector. It emphasises the disclosure of rules governing the management of the extractive sector, enabling stakeholders to understand applicable laws.

Member states are required to provide details on the procedures for awarding exploration and production rights, the legal, regulatory, and contractual frameworks governing the extractive sector, and the institutional responsibilities of the State in sector management.

Regarding revenue allocation, EITI demands transparency in disclosing information on revenue allocations. This ensures stakeholders understand how revenues are recorded in the national budget.