

TALKING NOTES FOR THE CHAIRPERSON OF THE MULTI-STAKEHOLDER GROUP OF EITI ON THE UGEITI REPORT LAUNCH SCHEDULED FOR FRIDAY 10TH JUNE 2022, AT SHERATON HOTEL KAMPALA, STARTING AT 9:00 A.M.

Honorable Ministers present,

Government Officials present,

Executives of Companies present,

Officials of Civil Society Organizations present,

Representatives of Development Partner institutions,

Ladies and Gentlemen

I warmly welcome you to the occasion of the launch of Uganda's first EITI Report. I am here to talk about Uganda's EITI implementation process and our journey up to this point.

The EITI is a global multi-stakeholder initiative that promotes open and accountable management of oil, gas and mineral resources. Countries subscribe to become members of the EITI with the aim of improving the governance of their natural resources for the benefit of the citizens.

The main objectives of the EITI are:

- To promote the open and accountable management of extractive resources;

- To disclose useful information on the extractive industries;
- To strengthen public and corporate governance;
- To boost investor confidence and strengthen revenue management;
- To provide understanding of natural resource management;
- To provide data to inform reforms, policies and decisions

In January 2019, the Cabinet of Uganda made a decision that Uganda should join the EITI. Following the Cabinet decision, the Ministry of Finance Planning and Economic Development was tasked to take responsibility for EITI implementation in the country.

To join EITI, five major points needed to be fulfilled for Uganda to become a member country. These points constitute the **first Requirement** of the EITI Standard and these include:

- Government commitment to implement EITI
- Company engagement
- Civil Society engagement
- The establishment of a Multi-Stakeholder Group (MSG); and
- Development and agreement on a work plan.

In August 2020, Uganda was admitted into EITI following its fulfillment of the sign-up requirements.

A country wishing to implement EITI should implement the requirements of the EITI Standard. There are seven requirements with their respective lists of points under each of them. These requirements include:

- 1) Effective oversight by the multi-stakeholder group;

- 2) Timely publication of EITI Reports;
- 3) EITI Reports that include contextual information about the extractive industries;
- 4) The production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by Oil, Gas and mining companies;
- 5) Ensuring a credible assurance process applying international standards;
- 6) EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate; and
- 7) The multi-stakeholder group take steps to act on lessons learned and review the outcomes and, impact of EITI implementation.

In addition, member countries are required to disclose contracts and agreements signed between the Government and the companies involved in extracting and producing natural resources including oil, gas and minerals.

EITI is implemented by countries, and extractive companies in these countries have to report how much they pay. Civil society organizations also play a part in the EITI process. Citizens are involved as they access information and begin to ask questions about the money that the government receives from natural resources.

Overall, EITI implementation is overseen by a Multi-Stakeholder Group. The Multi-Stakeholder Group consists of representatives from

government, companies, and civil society - and this group oversees the national EITI implementation process in the country.

In Uganda, the Multi-Stakeholder Group identified three (3) key objectives of implementing the EITI. These are:

1) To enhance transparency in the extractives sector

Currently, there is limited understanding of information concerning the contracting process and award of contracts under the legal and regulatory regime; there is need for effective disclosure of information on payments and receipts; notion of conflicting interest between the country and extractive industry players; and the need for increased transparency in mining operations so as to manage public anxiety and expectations;

2) To strengthen revenue management and accountability

Strengthening revenue management will help to ensure effective collection, optimization and allocation of revenues; ensure optimal social and economic spending; and improve accountability in the extractives sector;

3) Build the capacity of key stakeholders to encourage public debate on management of extractive resources and revenues - This will help to enhance understanding and participation of citizens for the successful delivery of EITI.

The publication of the first EITI Report marks an important event in the course of the implementation of EITI in Uganda. The report has been prepared by an Independent Administrator (a consortium

including BDO) and supported by the Multi-Stakeholder Group of Uganda.

Uganda is now heading to a validation stage which will decide its formal recognition as an EITI compliant country. In view of this stage, Uganda needs to observe reporting obligations and meet deadlines accordingly.

I am glad to note that the Multi-Stakeholder Group has gained experiences from its first exercise during the preparation of Uganda's first EITI Report. The various aspects considered in preparation of the EITI Report are much more familiar to the Multi-Stakeholder Group than before. The payment flows, the reporting companies and Government entities to be include were determined by the Multi-Stakeholder Group. The reporting period of the first EITI report was set to be July 2019 to June 2020 owing to the fact Uganda made the decision to join around that period.

A scoping study was undertaken by the Independent Administrator to determine the scope of the report. The revenue streams that the Multi-Stakeholder Group considered to constitute extractive revenues include withholding tax, Value Added Tax, PAYE, Income Tax, Customs Payments, Local Excise Duty, License fees and Royalties, Annual Mineral Rents, Environmental Impact Assessment Fees, etc.

Following the production of the report, the Independent Administrator has made detailed recommendations to be dealt with by the Multi-Stakeholder Group for the second EITI Report. These recommendations are very essential to move Uganda's EITI

implementation one step forward. They require the Multi-Stakeholder Group to work with other stakeholders to address these outstanding issues. It is anticipated that the second EITI report of Uganda will come up with improved approaches to the recommendations of the Independent Administrator.

In addition, through the inter-agency engagements, the Multi-Stakeholder Group has observed and learnt a number of issues affecting the extractive industries. Therefore, going forward, we intend to create more awareness about EITI implementation, build capacity of stakeholders to strengthen regulation and monitor transactions of these sectors in order to curb corruption and smuggling and reduce revenue leakages.

Uganda's EITI implementation has now gained momentum and the Multi-Stakeholder Group has learned enough to further refine its work. The Multi-Stakeholder Group entities including Government, companies and Civil Society Organizations, should ensure the accountability of the Government to its citizens and work to empower communities at the grassroots level to bring about change and transformation in the local livelihoods.

Since extractive resources are non-renewable, they should be a blessing for the local communities and the Government while we have them. On the other hand, the companies should make a profit and fulfill their Corporate Social Responsibility if they are to make any meaningful social and economic in the country.

Finally, we should note that the core objective for the EITI is to establish transparency and accountability in the extractive sector

through a collective governance approach. This initiative should be viewed as a tool for strengthening Government institutions but not to replace them. EITI is an innovative approach to sustainable development and natural resources governance for posterity.

MOSES KAGGWA

CHAIRPERSON OF THE MULTI-STAKEHOLDER GROUP

UGEITI