

## ANNEX 2



Extractive Industries  
Transparency Initiative



### **UGEITI STAFF INDUCTION TRAINING REPORT** 25<sup>th</sup> – 26<sup>th</sup> November 2019

## List of Symbols and Abbreviations

|        |   |  |
|--------|---|--|
| CSO    | : | Civil Society Organisation                             |
| EITI   | : | Extractive Industries Transparency Initiative          |
| MDA    | : | Ministry, Department and Agency                        |
| MEMD   | : | Ministry of Energy and Mineral Development             |
| MOFPED | : | Ministry of Finance, Planning and Economic Development |
| MOPS   | : | Ministry of Public Service                             |
| MSG    | : | Multi-Stakeholder Group                                |
| OAG    | : | Office of the Auditor General                          |
| PAU    | : | Petroleum Authority of Uganda                          |
| PSA    | : | Production Sharing Agreement                           |
| UGEITI | : | Uganda Extractive Industries Transparency Initiative   |
| URA    | : | Uganda Revenue Authority                               |

## Executive Summary

**M**inistry of Finance, Planning and Economic Development (MOFPED) organized an induction training programme for the newly appointed UGEITI Secretariat team. It took place at Forest Cottages Hotel in Bukoto, Kampala Uganda from 25<sup>th</sup> – 26<sup>th</sup> November 2019. Lectures, presentations and group discussions were organized by eminent personalities from various Government Ministries, Departments and Agencies (MDAs), Civil Society, and private consultants in the extractives sector.

The training was inaugurated on 25<sup>th</sup> November 2019 by the National Coordinator, Mr. Saul Ongaria on behalf of the Chairperson of the UGEITI Multi-stakeholder Group (MSG), Mr. Moses Kaggwa. Mr. Ongaria welcomed all the officers to the Uganda EITI Secretariat. He explained that the induction training was intended to help the new employees understand and appreciate EITI systems and procedures; guided by the latest EITI Standard - 2019. During the training, Mrs. Gloria Mugambe (the Head of UGEITI Secretariat) engaged the team through interactive Q&As after every presentation. The European Union funded part-time advisor to the Uganda EITI, Mr. Mark Essex, was present to guide the team and provide clarification during the discussions that took place. The new employees present included:

- |                          |                                |
|--------------------------|--------------------------------|
| 1. Mrs. Gloria Mugambe   | Head of Secretariat            |
| 2. Ms. Gertrude Angom    | Administration Officer         |
| 3. Mr. Edgar Mutungi     | Finance Officer                |
| 4. Mr. Dan Denis Agaba   | Statistician                   |
| 5. Ms. Bronia Arinda     | Secretary                      |
| 6. Mr. Abbey Gitta       | Office Assistant/ Receptionist |
| 7. Ms. Angela Susan Acom | Office Assistant/ Messenger    |

The Facilitators included:

- i. Mr. Moses Kaggwa, MSG Chairperson & *Ministry of Finance Planning & Economic Development (MoFPED)*
- ii. Mr. Saul Ongaria, National Coordinator - *UGEITI & Ministry of Finance Planning & Economic Development (MoFPED)*
- iii. Mr. Mark Essex, Advisor on extractives governance, *European Union*
- iv. Dr. Paul Bagabo, Consultant to *Natural Resource Governance Institute (NRGI)*
- v. Mr. Onesmus Mugenyi, *Advocates Coalition for Development and Environment (ACODE)*

- vi. Mr. Joseph Hirya, - *Office of the Auditor General (OAG)*
- vii. Mr. Francis Elungat, *Ministry of Energy & Mineral Development (MEMD)*
- viii. Mr. Vincent Kedi, *Ministry of Energy & Mineral Development (MEMD)*
- ix. Mr. Evans Isha Mwesigye, *Uganda Revenue Authority (URA)*
- x. Mr. Francis Emitu, *Ministry of Finance Planning & Economic Development (MoFPED)*
- xi. Ms. Immaculate Apio, *Ministry of Public Service – (MOPS)*

The Chairperson of the MSG, Mr. Moses Kaggwa addressed the new recruits on the 2<sup>nd</sup> day of the induction training. He emphasized the need to work towards meeting and fulfilling the Country's goals and objectives for implementing EITI through its MSG. He hoped that the team was excited about their upcoming role in the development of the sector and supporting the MSG in ensuring accountability and transparency of data in the various stages of the extractives sector value chain.

Mr. Kaggwa also emphasized the values of hard work, commitment, professionalism and good time management. He said that these would support the team in ensuring that Uganda delivered on her objectives and expectations for early membership and effective implementation of EITI. Crucially important was the need to support the MSG in developing a Work Plan and the submission of a Candidature Application to the EITI International Secretariat for membership in 2020.

The induction-training program covered a period of two days. and a total of 10 core lectures were conducted. The induction programme is included below, and the proceedings are summarized in this report. The induction presentations are available separately on request.

| Day 1 Monday, 25 <sup>th</sup> November 2019 |   |  |
|--|---|--|
| 8:00 – 8:15 a.m.                             | Welcome   | Saul Ongaria, EITI National Coordinator <ul style="list-style-type: none"> <li>• Introductions and review of the two-day Induction Programme</li> <li>• Expectations and housekeeping (mobile phones on silent etc).</li> </ul>  |
| 8:15 – 9:00 a.m.                             | Overview of the EITI Uganda Secretariat   | Saul Ongaria, EITI National Coordinator <ul style="list-style-type: none"> <li>• Status, expectations and administrative structure of the EITI;</li> <li>• Overall governance structure and roles of Uganda EITI Secretariat vis-a-vis the Multi-Stakeholder Group (MSG) and International Secretariat;</li> <li>• Key Terms we will hear a lot: Candidature Application; EITI Report; Validation; EITI Standard, Requirements; EITI Principles.</li> </ul>  |
| 9:00 – 10.00 a.m.                            | What is the EITI?   | Mark Essex, European Union funded (part-time) Technical Adviser to Secretariat <ul style="list-style-type: none"> <li>• Background to the EITI’s creation in 2002 as a mechanism to increase transparency and accountability over extractive industries (EI), and ever increasing demands to cover the entire ‘value chain’, ensure ‘systematic reporting’ and reveal the ‘beneficial owners’;</li> <li>• Why is ‘good governance’ of EI so important? Exercise to develop a list of main challenges that have already arisen or will arise: Political, Economic, Social, Technical, Environmental and Legal.</li> <li>• Discussion on EITI Reporting as a reform tool due to the diagnosis and recommendations.</li> <li>• Current status/ next steps: <ul style="list-style-type: none"> <li>◦ Candidate Application; Work Plan; Studies to inform MSG on the possible scope of the first EITI Report; First EITI Report; and Validation.</li> </ul> </li> </ul> |
| 10.00 - 10:30 a.m.                           | Remarks from the Chairperson of the MSG   | Mr. Moses Kaggwa, Ag. Director Economic Affairs, MOFPED  |
| 10:30 – 11:00 a.m. T E A B R E A K           |   |  |
| 11:00 – 12:00 p.m.                           | What is the multi-stakeholder group (MSG) – its role, membership and expectations of the Secretariat – and how can the MSG be | Mark Essex, European Union funded (part-time) Technical Adviser to Secretariat <ul style="list-style-type: none"> <li>• 5 minutes - Requirement 1.4 setting out the requirements for establishing a fully-functioning MSG (see Guidance Note 14; including commenting on whether a legal basis for EITI in Uganda is needed? Ideally not, because have PFMA and Constitution);</li> <li>• 10 minutes - Common challenges for MSGs (see Guidance Note 14);</li> </ul>   |

|                       |   |  |
|-----------------------|---|--|
|                       | optimally supported by the Secretariat?               | <ul style="list-style-type: none"> <li>40 minutes - Main discussion on 'Functions of the National EITI Secretariat' in supporting the MSG (see Guidance Note 25, page 4 – 11 Administrative and 12 Technical) – An opportunity for some Group Work about what they think will be the main challenges of supporting the MSG?</li> </ul> |
| 12:00 – 1:00 p.m.     | Overview of Revenue Collection Issues (Requirement 4) | Dr. Paul Bagabo, NRG<br>Overview of the Petroleum fiscal regime and identification of the key taxes and revenues and companies and MDAs which will be important to EITI implementation.  |
| 1:00 p.m. - 2:00 p.m. |   | L U N C H B R E A K  |
| 2 – 4.00 p.m.         | The new EITI 2019 Standard                            | Dr Paul Bagabo, Consultant to the Natural Resource Governance Institute (NRGI) <ul style="list-style-type: none"> <li>Seven Requirements that must be covered in the EITI Report. Exercise to identify key influencers over the Requirement; and which agency from the MSG is best placed to write which section:</li> </ul>           |
| 4 – 4.30 p.m.         | Wrap-up and reflection on the first day               | Gloria Mugambe – Head of the EITI Secretariat  |

There were 5 main presentations on Day One:

- Overview of the EITI Uganda Secretariat.
- What is EITI?
- What is the MSG?
- The Petroleum Fiscal Regime and identification of key taxes and revenues.
- The new EITI 2019 Standard.

From them arose the following key issues:

1. **EITI is a diagnostic tool, it is not a corruption antidote.** Whereas EITI contributes to the reduction and prevention of corruption through disclosure of facts, agreements and amounts pertaining to business transactions in the extractives sector, fighting corruption is not its target purpose. In signing up to EITI, Uganda aspires to enhance transparency and accountability in the Oil, Gas and Mining sectors by presenting accurate data on revenues and production in an open and timely manner. The data can then be used by policy makers and other stakeholders to debate, discuss and initiate policy reforms in the sector. In addition, increased, easily accessible information promotes awareness of the extractives sector amongst citizens and other government bodies.
2. **We brainstormed as a group on the current and future challenges around the management of extractives (as a contextual setting to the reason why EITI was set up);** covering political, social, economic, technical, environmental and legal.

3. **We studied Uganda’s EITI timeline;** and the key tasks that we will need to complete in the run-up to candidature application (June 2020) and submissions of Uganda’s first EITI report to the National Secretariat (deadline early 2022).
4. **The MSG is the Secretariat’s main client;** our main task is to support the work of the MSG and there are many ‘common challenges’ that MSG’s all over the world experience, but our role is to anticipate these and then ensure that the MSG functions and moreover that their directives are properly implemented.
  - **Agreed Next Step: We intend to map the Secretariat job descriptions and structure onto the administrative and technical functions of the Secretariat** in order to clarify on individual roles and responsibilities for effective delivery of our mandate.
5. **The Secretariat will need to engage with a number of key players at all levels in different institutions to promote buy-in and greater understanding of EITI;** to demystify the myth of intrusion; and to educate on the principle of transparency.

**There is a ‘so what’ element’ to EITI;** we must not only prepare annual reports, but we must submit to the duty-bearers and follow up with them on the recommendations identified that will have a positive influence over policy and related reforms.

**A good starting point is a ‘Stakeholder Mapping’ of influential and relevant institutions** in the EITI implementation, as in time they will be important for successful implementation.

  - **Agreed Next Step: We intend to take the high-level list of stakeholders identified during Induction and break it down further to map each stakeholder to the EITI requirement relevant to them.**

**DAY 2 Tuesday, 26<sup>th</sup> November 2019****MORNING SESSION: OIL AND GAS (Petroleum)**

|                   |  |  |
|-------------------|--|--|
| 8:30 – 9:00 a.m.  | Role of the OAG in the extractive industry   | Office of the Auditor General <ul style="list-style-type: none"> <li>Types of audits they perform;</li> <li>Reporting to Parliament – implications for the EITI Report;</li> <li>Scoping and then writing up ‘Requirement 4’ for the first EITI Report.</li> </ul>   |
| 9:00 – 9:30 a.m.  | Understanding the legal and regulatory framework of oil and gas, including allocation of licenses (Requirement 2). | Petroleum Authority of Uganda <ul style="list-style-type: none"> <li>Description of the legal regime – Requirement 2.1;</li> <li>Licensing rounds to date and process of allocating licenses (Reqt. 2.2);</li> <li>Register of licenses (Reqt. 2.3);</li> <li>Production Sharing Contracts awarded (Reqt. 2.4);</li> <li>State participation (Reqt. 2.6) – the Uganda National Oil Company (UNOC)</li> </ul> |
| 9.30 – 10.00 a.m. | Roles and expectations of Civil Society in EITI Implementation   | Onesmus Mugenyi (ACODE) <ul style="list-style-type: none"> <li>What are the roles and expectations of civil society stakeholders in EITI implementation?</li> <li>How can Civil Society be optimally supported by the Secretariat?</li> </ul>  |

10:00 – 10:30 a.m.

T E A B R E A K

**MID-MORNING SESSION: MINING**

|                    |   |  |
|--------------------|---|--|
| 10:30 – 11:30 a.m. | Overview of Uganda’s minerals sector  | Directorate of Geological Surveys & Mines, MEMD <ul style="list-style-type: none"> <li>An overview of exploration in the sector (Requirement 3.1) and production project (Reqt. 3.2) and Exports (Reqt. 3.3)</li> <li>Description of the legal regime – Requirement 2.1;</li> <li>Process of allocating licenses (Reqt. 2.2);</li> <li>Register of licenses (Reqt. 2.3);</li> <li>Production licenses awarded (Reqt. 2.4);</li> <li>Challenges within the minerals sector;</li> <li>Plans for revising the minerals sector legislation.</li> </ul> |
| 11:30 – 12:00 p.m. | Overview of Uganda’s revenue collections from the extractives (oil, gas and mining) | Uganda Revenue Authority <ul style="list-style-type: none"> <li>How much money has the government realised from the extractives sector since first oil announcement?</li> <li>What is the revenue challenge holding up the FID?</li> </ul>   |
| 12:00 – 12.30 p.m. | Status update on development and prospects in the oil and gas sector                | Petroleum Directorate, MEMD <ul style="list-style-type: none"> <li>An overview of exploration in the sector (Requirement 3.1) and plans for crude oil production, East Africa Crude Oil Pipeline and refinery (Requirements 3.2 and 3.3)</li> </ul>  |
| 12:30 – 1:00 p.m.  | <b>Questions &amp; Discussion</b>   |  |



|                         |                                    |   |
|-------------------------|------------------------------------|---|
| 1:00 – 2:00 p.m.        |                                    | L U N C H   B R E A K   |
| 2:00 – 3p.m.            | Human Resource and Admin. issues   | Human Resource Department, MoFPED   |
| 3 – 4p.m.               | Our roles - Questions & Discussion | Mark Essex, EITI Technical Adviser<br>Our roles over the next 12 months in delivering the Candidate Application |
| 4 – 5:00 p.m.           | Wrap up, & closing remarks         | Gloria Mugambe, Head of Secretariat<br>Saul Ongaria, National Co-ordinator                                      |
| <b>END OF PROGRAMME</b> |                                    |   |

Day 2 featured presentations from key institutions involved in defining the Oil, Gas and mining landscape in Uganda, including the following;

- the Petroleum Authority of Uganda (PAU),
- the Ministry of Energy and Mineral Development (MEMD),
- the Office of the Auditor General (OAG),
- the Uganda Revenue Authority (URA) and
- a representative of Civil Society, who is also a member of the Multi Stakeholder Group (MSG).

Key issues arising from the presentations and ensuing discussions included:

- 1) OAG requires more information on the potential scope of the work involved in being appointed the Independent Administrator, and contributing to the EITI report, as well as the resources available to complete the task, in order to make an informed decision on the issue.

**Agreed Next Step: The Secretariat will revise the draft ToR, shared earlier with the OAG, to a narrower focus just scoping Requirement 4; for sharing and discussion with the OAG.**

- 2) There was an interesting discussion on the issue of **PSAs**, and whether or not they should be fully in the public domain; the issue of protecting companies' commercial interests vis a vis availing them fully in the interests of complete **transparency**.
- 3) **The presentation from the Directorate of Geological Surveys and Mines provided a comprehensive overview of the sector**, and demonstrated that sufficient information existed to report on production and revenues from the sector, including data on active exploration, mining and mineral processing projects in Uganda. The presenter recommended that the Secretariat make regular reference to the support for the EITI in the 'National Oil and Gas Policy for Uganda', and evidence it as additional demonstration of long-held political backing for the EITI.
- 4) The Civil Society Representative on the MSG presented on the role of Civil Society in implementing the EITI; and offered to advise the Secretariat on the relevant CSOs that are interested in EITI issues.

- 5) **URA** presented aggregated revenues from the oil and gas companies dating back to 2015/6. The presentation **highlighted the need to align definitions and the scope of petroleum revenues between the PFMA 2015 and the Income Tax Act**. It also presented the key issues arising from the stalemate regarding taxable dues owed to URA by the oil companies that was currently delaying the final investment decision. URA also affirmed that data on company revenues was available, and that all that was needed was for us to design a template that detailed the information we required, as well as the timeline, and that it would then be availed to us.

**Agreed Next Step: (1) The Template will be a core deliverable under the scoping for Requirement 4; (2) We will request revenue information for the past year from URA so that the International EITI Secretariat can prepare a worked example of revenues’ ‘materiality’ for the 5<sup>th</sup> MSG next week.**

The afternoon session also featured a presentation by representatives from the Ministry of Public Service and the Human Resource Department of the Ministry of Finance. Participants were taken through the Public Service Appraisal system, and shown how to prepare key outputs and performance indicators arising from their job descriptions. Concerning office startup, the Secretariat had secured temporary office space in Rwenzori Towers, and furniture and other accessories would be in place by 6<sup>th</sup> December 2019. Members would therefore be expected to report the week beginning 9<sup>th</sup> December 2019.

## **CONCLUSION AND NEXT STEPS**

- 1) MSG meeting next week; 5<sup>th</sup> December 2019.

Expected outputs from this meeting are:

- a) A set of draft objectives defining the direction of the Uganda EITI work-plan;
- b) the formation of an MSG sub-committee to prepare the work-plan and present it at the next MSG meeting, tentatively planned for February 2020.

- 2) Candidature application

The Secretariat will begin work on Uganda’s Candidature Application, which includes documenting evidence of steps taken to date (including the Cabinet Resolution and the formation of the MSG) and compiling it in the format required for presentation as part of the Application.

- 3) EITI annual report – starting with the scoping study

The Secretariat will embark on the background tasks required to prepare the EITI report, including determining the Terms of Reference for the ‘Requirement 4’ section of the Scoping Study.

END