

Covid-19 hits mining hard

Artisanal miners most affected because they do not have the financial resources to cushion against a disruption in operations

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Mapping of Karamoja mineral potential commences

Cover photo: An artisanal miner in one of the Mwerasandu underground tin mines, Ntungamo District. (Photo Credit: PLEXII)

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Extracting Sustainability

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Artisanal miner holds the record for biggest Tanzanite find



DID YOU KNOW?



A Tanzanian artisanal miner became an instant billionaire after selling two big Tanzanite rocks to the Tanzanian Government for a massive 12.6 billion shillings. Both rocks had a combined weight of 15 Kgs, the largest individual Tanzanite rocks ever mined in Tanzania.

President John Magufuli directed that the Government buys the two gemstones from the miner and places them in the national museum in Dar es Salaam for public viewing.

According to the BBC, the lucky miner, 52-year old Saniniu Laizer, said he planned to

hold a party at home for friends and family where he would slaughter a cow to celebrate his fortune. The Maasai tribesman also said he planned to build a shopping mall and a school.

Tanzanite is one of the rarest gemstones on earth, only found and mined in a small area approximately 4 Km wide and 2 Km long at the foot of Mount Kilimanjaro in the Manyara Region of Northern Tanzania. Some reports estimate that the precious gemstone may be entirely depleted within the next 20 years.



EDITORIAL

Mining Sector Under Siege

In the week ending 21st June 2020, several media houses reported that Uganda's State Minister for Minerals, Hon. Sarah Opendi, told the Parliament of Uganda that she had received death threats from anonymous people whom she described as "mafias promoting illegal gold mining."

It is unfortunate that Uganda's mining sector continues to underperform despite having immense potential to contribute significantly to the country's resource basket.

Although the Government of Uganda has prioritised mining in its Development Plans as one of those sectors that can enable the country to transform to middle income status, little has been done over the years to address systemic governance bottlenecks and institutional underfunding that continue to cripple the sector. On page 6 of this bulletin, we discuss the three key factors that

we believe are contributing to this problem.

We are seeing a trend of a small group of people continuing to expand their grip on the sector, in the process undermining and diminishing the gate-keeper roles of the Directorate of Geological Survey and Mines (DGSM).

Uganda's mining sector cannot progress with such institutional and operational contradictions, more so fuelled by inadequate political will and an incongruous application of the mining law and policy by different Government Institutions.

It is time for the Government, Parliament, especially those MPs from mineral-producing regions and the Ugandan public to pick interest in the issue of mafia practices in the country's mining sector. Mineral resources should be exploited for the benefit of all Ugandans. ■



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“Before they removed us from Mubende, we were very hardworking people. But then they decided to evict us, took us to barren land. We have looked for gold there and there is none. We are no longer working, our children are being tortured by this police and no one is doing anything about it. How do you expect us to survive? What do you want us to do?”

- Phyllis Nankoma

Artisanal Miner, Kassanda District

”

“President Museveni has previously talked about parasites. We would like to inform him that the mining sector has also been taken over by mafias. The Police Minerals Protection Unit has not only taken over the mandate of the Ministry of Energy and Mineral Development but has also assumed the role of judges. They arrest and judge people in the mines. The Commandant of the Police Minerals Protection Unit has on several occasions alleged to be above the law.”

-Hon. Francis Mwijukye

MP Buhweju County

”

“My life has been threatened but I have assured these mafias that before they blow my head, I will have removed them.”

- Hon. Sarah Opendi

State Minister for Energy and Mineral Development

“The injustices in Mubende are long overdue. People have died, people have been beaten, people have been shot.”

-Emmanuel Kibirige

National Coordinator, Uganda Association of Artisanal and Small scale Miners (UGAASM)



The 3 biggest issues holding back Uganda's mining sector

Uganda's 3rd National Development Plan (NDP 2020/21-2024/25) identifies eighteen programs that have been designed to transform the country within the next thirty years. Among these is the Mineral Development Programme which aims to increase mineral exploitation and value addition of selected mineral resources for quality and gainful jobs through industrialisation.

BY DON BINYINA AND PEARL ARIGYE

Under this Programme, the Government intends to reduce the volume and value of imported iron and steel as well as inorganic fertilisers; increase the volume and value of refined gold exports and copper; increase investment into the exploration and processing of selected

minerals; and ultimately create more jobs in the mining sub-sector.

Below, ACEMP's Don Binyina and Pearl Arigye summarise the three key hurdles to the Government's strategy that will need to be resolved if the mining sector is to perform to a level where the Government's aspirations in the NDP can be achieved.

1

Rent-Seeking

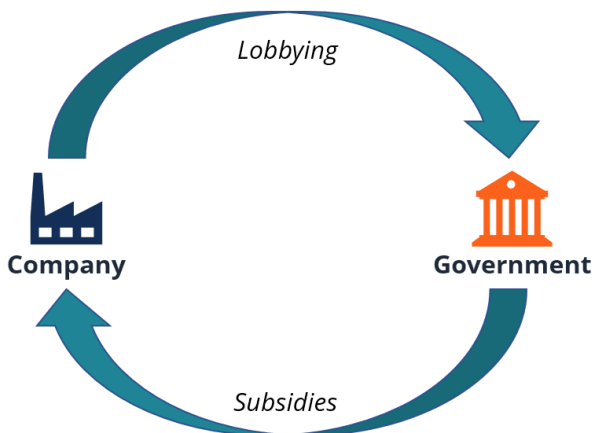
Rent-seeking occurs when an investing entity influences a government so that it can be given special benefits at the expense of the country's citizens i.e. without creating any benefits or wealth to society. The mining sector is specifically vulnerable to rent-seeking due to the large initial capital investment by the developer; the supposed perception that the investing entity will eventually inject a lot of capital back into the economy as the mining project progresses; and weak government regulation.

Rent-seeking undermines a resource-rich country's potential to maximise benefits from the exploitation of its mineral resources because it leads to inefficient allocation of resources and lost government revenue.

One case of rent-seeking in Uganda dates as far back as 2012 and involved the Kilembe Copper Mines. Luckily, it was nipped in the bud.

It all started after the Government of Uganda made the decision to develop the Kilembe Copper Mines. Nine companies submitted their bids in the running for the contract. These included Shumuk Investment Ltd from Uganda; Springwood Capital/Worley Parsons and Wharton from the United Kingdom; Kombat Copper from Canada; Konkola Copper Mines plc from Zambia; Shree Minerals Ltd from Australia; Gingko Energy Investment Co. Ltd, Sinosteel and Tibet Hima Group, all from China.

Tibet Hima Mining Company Uganda Limited, a subsidiary of Tibet Automobile, a motorcycle assembling firm in China, won the bid. Tibet Hima, among other reasons, won the bid because it promised to team up



with Shanghai Baosteel Group and Chinalco Luoyang Copper, two renowned metal production companies in China. Tibet Hima also promised to inject huge sums of capital – almost double what their competitors were offering – into Uganda's economy as well as give most of the local jobs to Ugandans.

However, Tibet Hima lost the contract before developments could even commence. This was mainly due to accusations of bribery, failure to meet contractual financial obligations and failure to provide proof that the other two Chinese companies were to partner with them on the project.

The contract was eventually cancelled by Privatisation and Investment Minister, Evelyn Anite, following a directive from President Museveni. The failure for the company to meet its contractual obligations after striving so hard to win the bid shows that Tibet Hima's intent was to take advantage of the social, economic and political situation of Uganda in order to grow its own wealth rather than that of Uganda and its citizens.

Belgian-owned Entebbe-based African Gold Refinery (AGR) is another example. The refinery exports millions of dollars of gold every month that is exempt from some taxes because the facility is gazetted as a Special Economic Zone. This means that AGR enjoys more favourable regulatory, customs and fiscal terms than other investors in other parts of the country.



2 *Passive Speculation*

Speculators pose as investors, fulfill the necessary requirements of the law to acquire mining concessions (Location, Exploration or Mining Licences) but with the sole purpose of vending the license to the highest bidder. The speculator will sit on the license for years, in search of a buyer who is capable of carrying out actual mining. When the speculator finally finds a buyer, he/she will charge a premium for the license. Speculation not only locks away a huge chunk of the country's mineral potential, it also discourages serious investors because of the exorbitant cost of acquiring the license from the speculator.

The result of speculation is that while it appears on paper that almost all the country's mineral-rich areas are licensed

out, the reality is that few of those license owners are doing any actual mining.

On the 23rd of July 2020, the New Vision newspaper published a list of over 280 mineral licence holders who have defaulted on their obligations as license holders. A big percentage of those license holders are speculators.

According to the Energy Minister Sarah Opendi, the holders of many of these licences are briefcase companies who hoard the licences making the industry lose out on economic growth and job creation opportunities. Although Uganda's mining law allows for the award of licenses on a "first-come, first-served" basis, there is need for close follow up and monitoring of the license holders in order to ensure that they are complying with the Work Programs that they submit on application for the license.

3 *Institutional, Policy and Regulatory Weaknesses*

Good governance of Uganda's mining sector requires the responsible institutions to have the proper mandate and clear chains of command. The institutions should also have the capacity to formulate, implement and enforce sound policies and regulations without political interference. There have been numerous incidents that demonstrate that the different institutions responsible for the governance of the mining sector are not acting in unison.

Different Government agencies are increasingly usurping the roles of the Directorate of Geological Survey and Mines (DGSM), by law the legitimate gate keep of the mining sector.

For example, the Police Minerals Protection Unit (PMPU) has taken over many of the monitory and regulatory roles that the Mining Act 2003 vests in the DGSM. Many miners, especially those involved in the mining of Gold and Tin in Central, Eastern and Western Uganda have been harassed by this Force.

Another example is the Operation Wealth Creation initiative which is assuming some of DGSM's roles in the sector, including investigations, dispute resolution, investment promotion, etc. Uganda's mining sector cannot progress with such institutional and operational contradictions.

Way back in 2016, the Ugandan Parliament ordered the cessation of sand mining

operations in the vast Lwera wetland that partly falls in Kalungu and Mpigi Districts. That order however did not come into effect. Instead, in August 2019 the National Environment Authority (NEMA) defended the sand mining activities despite protests from Parliament, Civil Society and host communities.

Finally, the law governing the mining sector in Uganda initially perceived the sector to only attract Foreign Direct Investment. This led to policy misdirection which only promoted large scale mining and ignored Artisanal and Small scale Mining (ASM), the lifeblood of Uganda's mining sector. As a result, Uganda lost a lot of revenue over

the years until Government decided to amend the law and formalize ASM under the new Mining and Minerals Bill 2019. This however has been a slow process and the Draft Bill has not been passed yet.

This delay in formalization of ASM means that the country will continue to lose out on revenues that could have been collected from ASM activities. For example, a small gold-rich village in Eastern Uganda's

Namayingo District called Nsango produced over three hundred million shillings worth of gold in 2019 which was all sold informally. This implies that no taxes were paid to Government. If this is the case in the other 80 or more active artisanal gold mining sites across Uganda, then the loss to Government is quite significant. ■

This delay in formalization of ASM means that the country will continue to lose out on revenues that could have been collected from ASM activities.



John Mufumbira

Errant Minerals Protection Officers reported to Police Standards Unit

Desperate ex-Mubende gold miners pursue justice for abuse and torture

BY PEARL ARIGYE

Former artisanal miners from the Mubende District (now Kassanda) gold fields have opened up a case at the Police Professional Standards Unit in Kampala, accusing some personnel of the Police Minerals Protection Unit (PMPU) of harassment, beatings and other violations. The Police Professional Standards Unit is responsible for handling complaints from the public concerning the

misconduct of police personnel across the country.

Accompanied by leaders of the Uganda Association of Artisanal and Small scale Miners (UGAASM), the miners opened a case against the PMPU personnel on 23rd June 2020, specifically accusing a one Sarah Mwesigwa, at the rank of Superintendent and another Assistant Superintendent called Tumwesigye Bonny. They accuse the two

law enforcers of professional misconduct and violation of their right to freedom from torture, cruel, inhumane and degrading treatment.

One of the miners, fifty-two-year-old John Mufumbira, claims he was shot by a member of the Unit during a scuffle over payment almost three years ago.

The miners' case arises from the controversial eviction of artisanal miners from Lujinji Village, Kitumbi Sub County, Mubende District, now under Kassanda District, in August 2017, in which over seventy thousand people including miners, workers and their family members were hurriedly sent packing from the gold mining camps.

Following those evictions, some members of the PMPU discreetly took over gold mining operations in the area. Some of the evicted artisanal miners approached those members of PMPU and asked to be allowed to work for them. That is how Mufumbira and about 200 other miners were employed, on agreement that they would receive a daily wage of two spades of ore. At the time, two spades of ore were equivalent to about 2.5 grams of gold worth approximately three hundred and twenty five thousand shillings.

The arrangement went on for seven months but on one fateful morning, Mufumbira and his colleagues were only paid one spade of ore each. Mufumbira rejected the payment and confronted one of the policemen, ASP Tumwesigye. A heated exchange ensued during which Tumwesigye reportedly drew his pistol and shot Mufumbira in his right shoulder.

According to Mufumbira, he was then carried by some of the policemen who were at the scene to the police quarters near the mining site. Once there, he says he was forced to sign several hand written statements.

Mufumbira claims the policemen forcibly held a pen in his right hand and aided him to sign the statements whose contents he did not comprehend. Mufumbira was then dropped off at Mityana Hospital where his family was contacted to go to the hospital and look after him.

Agony in hospital

His fellow workers at the mine site then reported the case to Kassanda Police who insisted on visiting the hospital themselves to find out if the allegations were indeed true.

According to documents that this publication has seen, the Kassanda Police Unit recorded a case of attempted murder by shooting on 12th February 2019 under reference KSD/CRB/091/2019 and requested the Medical Staff at Mityana Hospital to carry out a medical examination on the victim. The hospital established that Mufumbira had a gunshot wound, and that the bullet entered through the right shoulder area and exited through the right scapula area of the back. The records indicate that he was admitted on 7th February 2019 and discharged a week later.

"I was in hospital for about a week and half, I spent so much money," he painfully recalls. "I had to sell my land in Kiboga to afford the hospital bills." Mufumbira lived in Senkwanzi village in Kiboga District prior to relocating to Kassanda for work.

While still in hospital, Mufumbira received news from some of his friends advising him to leave right away because his life was under threat from the same clique of policemen that had injured him. He left the hospital and continues his recovery process at home in Kyankwanzi District.

By 1st July 2020, PSU had not yet carried out

Ssentamu's Ordeal

Twenty-seven-year-old Ssentamu Fred was a boda boda rider in Kassanda District until March 2019 when an encounter with the Police Minerals Protection Unit (PMPU) left him hospitalised for three months. Ssentamu was intercepted while ferrying gold ore from one of the gold mining areas that was popularly known as Kyekampala to a processing centre called Lugongwe, all near Bukuya town. The ore belonged to a policeman.



On his way to the delivery point, he was intercepted around the Lujinji church by PMPU personnel who were travelling in a car. One of them, whom he identified as Bonny, hit him with a metallic rod that left him unconscious by the roadside. He regained consciousness at Bukuya hospital, where he was taken by good samaritans from the community. From Bukuya, he was referred to Mityana hospital and later Mulago hospital where he spent weeks until he was discharged in June 2019. He was forced to sell his motorcycle to pay for his medical bills.

As a result of that incident, Ssentamu now has a scar across his head, as well as a debilitated right eye. He says he experiences occasional light headedness and fainting. He now works as a potter at building sites to support his wife and three children.

any action on the allegations claiming that their desks were overrun with complaints. The PSU Commandant, Sarah Kibwika, said an officer had been put in charge of the case and investigations would soon commence. "We have not yet visited Mubende, but how we carry out the investigation is a reserve of the Unit," she said.

Hard life

Mufumbira now says he has difficulty lifting objects with his right hand and hence is unable to get manual jobs like before. "All I wanted was to be given my agreed wages," he says. "I was among the first

group of (artisanal) miners to start working in Mubende. We were the pit owners by the time of the 2017 evictions. We were chased like dogs. I lost the money that I had made and had to become someone else's worker. Now after getting shot, I am not even able to do anything, my wife is the one that takes care of the family through farming."

Mufumbira wants the culprits to face justice. He also wants to be compensated for the trouble he has been put through by the shooting incident. "I can no longer work. The government should take care of me, I want the money I lost and the money that I used to cover my hospital expenses," he concludes.



Portraits from the mines:

How artisanal miners have been affected by Covid-19

BY MARTHA ACHOM

The three-month national lockdown over the covid-19 pandemic was disastrous for Artisanal and Small scale Miners (ASMs) across Uganda. At a local level, the lockdown prevented ASMs and traders from going to work. At a national level, the shutdown of airports and other points of export crashed the local market for some minerals and brought prices tumbling. In June, ACEMP's Martha Achom interviewed some miners from the Kassanda District goldfields and their colleagues engaged in Development Minerals extraction (almost 450 Km away) in Gulu District. She compiled their responses below.

Ssesanga Yassin - Gold Miner, Kassanda District



"We were laid off. Where there were 500 workers, there are now 250. The bosses are still reluctant to call us back because they feel the 250 people that were working during lockdown are still effective. Our children are now home, which means we are spending more on food. This lockdown has caused misunderstandings between us and our wives because we don't have money and yet we are always with them. They are always complaining about 'sente za kameza' (domestic allowance for food). I resorted to farming during the lockdown but that also failed because the heat was too much for the maize and beans I had planted. We need the Government to help us with food because it hasn't reached this side yet. We are starving. "

Caroline Nandege - Mining Engineer, Optima Mines and Minerals Ltd, Kassanda District

"In the first two weeks, we had to stop mining in some pits as we were trying to organise and implement the Ministry of Health SOPs. During this time, many miners lost their jobs because we had to downsize labour. We camped at the mines and therefore kept a smaller number here, whose movements we regulated. Payment for the workers was difficult because banks were difficult to access since there was no public transport from the mines to banks. Worse still, most banks would close by 3 PM. Even supplies like groceries in the mines were difficult to access."



Atugonza Lavita - Gold Buyer, Kassanda District



"Business has been bad. We had nowhere to sell our gold because our buyers too couldn't sell theirs. Before, we sold a gram of gold at one hundred and fifty or sixty thousand shillings, but we had to reduce to ninety thousand shillings. This meant we were making almost no profit at all because we had already invested in the miners prior to the lockdown. Some mining pits were stopped from working and yet these were the ones we had invested in and hoped to get money from. Halting their activities meant losses for us. This has been an eye-opening experience. Whoever did not have an alternative source of income is now trying to develop one."

Amudan Jamil – Transporter, Kassanda District

"We were stopped from accessing the mines at the beginning of March up to now (June). As a transporter, my work depends on how much ore miners produce. I am paid five thousand shillings per trip to transport the ore to the processing sites. In a day, I can make twenty thousand shillings. Many miners were laid off during lockdown and maybe that is why they stopped us (transporters) from coming into the mines, considering our work depends on the miners. I resorted to transporting items for people in the neighbourhood, but this is not as profitable. Am only paid one thousand five hundred to two thousand shillings per trip. I request Government to support these miners because they are the heart of the mines. We are only able to work if they are working."



Miriam Anyango - Aggregate Miner, Gulu District

"We are facing challenges with clients who take too long to pay for aggregates, while some do not even pay at all. We request Government to assign a lawyer to stone quarry miners in Northern Uganda, who can represent us when we face issues of being cheated or not paid by customers."

Auma Evelyn - Aggregate Miner, Gulu District

"We are now selling at very low prices. We are not making profit yet we incur many expenses during processing. More to this, those serving us at the extraction point have increased the prices for hardcore instead of reducing given that we are also selling at a lower price. Before Covid, we sold a truck at two hundred and eighty thousand shillings, now it goes for not more than two hundred and thirty thousand shillings."



Stewart Kidega - Aggregate Miner, Northern region representative for Uganda Association for Artisanal and Small scale Miners (UGAASM)

"During the lockdown, we had to reduce the number of workers at the quarry to enable us meet the Ministry of Health's SOPs. This drastically affected our production even at the extraction point; and extractors increased the prices for hardcore since they were now few. We are also running out of utilities that have been enabling us maintain the SOPs. The Government should supply us with face masks, sanitizers and hand washing stations, which are now too expensive for us. "

Opiro Walter – Aggregate Miner, Gulu District

"I invested over seven hundred thousand shillings in the quarry and expected profits of about one million shillings. By the time the lockdown happened, I had only made three hundred thousand shillings. I have lost my capital and yet business is still bad. Even the financial services like BRAC that used to help us were closed so we have been suffering in poverty and yet our children are home and have to be fed. The Government should supply food to us and provide financial assistance." ■



Covid-induced hard times push teenagers into mines

Parents are more afraid of leaving redundant children at home than the dangers that the mines may pose

BY MARTHA ACHOM

School-going children in mining areas have turned to working in mines following the closure of schools across the country. In March 2020, the Uganda

Government ordered the closure of all primary, secondary and tertiary teaching institutions as a measure of limiting the spread of the corona virus amongst students.

Although the presence of children under the age of eighteen years at mine sites is not uncommon in Uganda, the trend is now increasing because the children are redundant.

Josephine Aguttu, a gold miner in Busia district, and representative of the Uganda Association for Artisanal and Small scale Miners (UGAASM), reports a major rise in the number of children working in the mines ever since the country was placed under a lock down. She says it is more common in the unregulated artisanal mines in the district.

Some of the children have resorted to mining in search of daily income for food and other basic necessities; while for others, their parents prefer to work with them in the mines than leave them at home unsupervised.

Robert Wanyama, an artisanal gold miner from Kyanyonja mine site in Busia Sub-County, reports that ever since his children got back from school, they have been working with him in the mines. His youngest son is fifteen years old, while the oldest is nineteen.

According to Wanyama, the extra pairs of hands have boosted his output. "I produce about ten basins of ore when am working alone; and fifteen basins when I work with my sons," he said.

Another artisanal gold miner, Namakoye Agnes from Busitema Sub-County observes that children were much safer in schools under the watch of their teachers. "We as

parents are worried because many girls are now pregnant, while the boys are roaming in the mines.” She notes that she would rather go to the mines with her two teenage daughters, aged fifteen and eighteen, than leave them by themselves at home. At the mines, she adds, the young girls engage in light work like washing ore and hauling it to the processing centre.

For forty-four year old Margaret Kaitesi, her teenage children started working in the Busia gold mines in April this year after she was involved in an accident that left her with a broken leg and unable to work. The children had to take on jobs in the mines in order to



If only Government could help us with at least food, our children would not need to go into these pits especially now in the rainy season.





take care of the home and her medical bills as well.

According to Kaitesi, many children are resorting to mining in this Covid-19 period to earn money for food. “If only Government could help us with at least food, our children would not need to go into these pits especially now in the rainy season,” she says. “Such conditions should be handled by adults but we have no choice for now. We need the help.”

At the Bardege stone quarry in Gulu District, the leaders have welcomed children to work in the mines and are paying them daily wages for their work. Stewart Kidega, one of the leaders at the site reports that many parents bring their children to the quarry to help with light work like ferrying jerry cans of aggregates onto trucks. He says the acceptable age for this work is ten to fifteen years.

According to Mr. Kidega, management of the Bardege stone quarry has organised the children into a savings group, where they are monitored to ensure they do not use the

money they earn to indulge in dangerous behaviour like doing drugs and alcohol. Through these savings, he adds, some of the children have been able to buy scholastic materials like books, mattresses and others.

Way before the Covid-19 crisis, mining areas in Uganda were facing a challenge of high school drop outs as young boys and girls preferred to make quick money from the mines than go to school.

A study conducted by the Africa Centre for Energy and Mineral Policy (ACEMP) between 2018 and 2019 in artisanal gold mining areas across Uganda established that about 98% of the mining sites that were visited had under-age children actively engaged in mining activities. Many of the children accompanied their parents to the mines.

That study did not establish the approximate number of children engaged in gold mining but earlier reports by the Uganda Bureau of Statistics (UBOS, 2014) and Stop Child Labour (2015) estimated ten to fifteen thousand children were working in artisanal gold mining in Uganda. ■



Once formalised, Artisanal Miners can join the Chamber

*The Uganda Chamber of Mines and Petroleum (UCMP) is a not-for-profit, organization that represents the interests of private players in the mining and petroleum sectors in Uganda. **Mrs. Catherine Wabomba** is its Chief Executive. She talked to PLEXII's **Chris Musiime** on the work the Chamber is doing to promote the petroleum and mining sectors in Uganda.*

Q *How rich would you consider Uganda in terms of mineral resources? Is it a good destination for mining investment?*

Uganda is a very resource-rich country. You must have heard before that geology knows no boundaries. So if our neighbours on all sides are known to have all these mineral deposits, then there is a chance that the known mineral occurrences in Uganda could be economic deposits. The only missing link is that we have not quantified what we have. So yes, we are very rich but we have not fully quantified our mineral wealth as a country.

Q *Tell us about the membership of the Chamber, what kind of people or companies comprise that membership?*

t's for all players in mining and petroleum and the services that are consumed within these two sectors. It cuts across from the companies that are exploring, the service providers, the banks that give them money, the logistics firms, etc. It really covers the entire extractives industry value chain. We have realized that is the only way you are able to have one common voice. Membership is voluntary and we encourage as many people to join in order to be part of the industry voice.

Q *Sounds like an elite club of successful business people...*

No. I would not want to look at it that way; it is all inclusive. The Chamber is a self-funded association so the only difference is that people pay a membership fee as well as subscription fees every year to keep the association running. Maybe if it is looked at in that angle because there is a fee that is attached, but it is also not exorbitant, so you would not qualify it as just an elite club of successful business people. You must have a voice that unites you, that bridges the gap between the private sector and the Government. This voice has to survive and the only way it does is through membership support.

Q *How come the Chamber membership excludes representation from Artisanal and Small scale Miners (ASMs)?*

I guess it is because for a big part, their

operations have been informal and there has not been a formal way to recognise the ASMs. In a way, ASM has been an 'illegal' activity. However, moving forward especially with the new mining law, when ASM is formalized, the artisanal miners are registered, they have formed associations and it is a legal economic activity, I don't see why they wouldn't register to be members of a common voice in the industry.

I think the only missing link was the legality of their operations, but now, I believe we can be able to work out something that benefits the ASMs. They can be part of that common voice. For example, when we sit in the Presidential Investors Round Table, we should have an active member of the ASM joining in and articulating issues that affect ASM from a practical point of view. Going forward, I don't see why it would be hard for us to work with ASMs.

Q *How will you integrate the ASMs given the ongoing conflicts between them and medium to large scale mining companies, some of whom are members of the Chamber?*

I think it has been a challenge of communication to a large extent and usually when there is a breakdown in communication, there is so much that is misinterpreted. That needs to be addressed. I don't think it should be a big problem because you know the levels of operation are different, the mechanisms they (ASMs) use are different. With an open communication channel and both parties operating legally, it becomes easy for them to work together.



Q *What challenges do you face promoting the mining industry in Uganda?*

The big one of course is what is being addressed, and that is the issue of ASMs who are disorganised across the country.

Then we have the passive speculation. We have mineral occurrences in the country, we know we have good quality data that any investor can benchmark on to make a decision to invest in exploration to try and find out what the anomalies are. However, because of the open kind of licensing that we have been running, it becomes a bit of a problem because every prospective area is licensed to people, many of whom don't have the capacity to do the work. They are passive speculators.

So as you promote investment, the prospective investor comes on ground and the first thing they are faced with is a passive speculator since almost the whole country is licenced and hence they cannot get a licence directly from Government.

In other words the prospective investor is at the mercy of the license holder so even if they wanted to commit funds towards exploration, it becomes a bit of a challenge when it comes to things like negotiations, expectations management and the demands that come with that. So in the end they get discouraged and ultimately it becomes hard for us to attract responsible exploration companies.

However, with the interventions in place now (through the Draft Mining and Minerals Bill 2019) that are trying to weed out passive speculators, we shall have more progressive speculators who do what it takes to quantify what we have. We should therefore be able to market the country easily going forward.

Q *It is interesting that you bring up the issue of speculators. It is said that quite a number of them are your members. So when you are proposing interventions, don't you find your hands tied sometimes?*

No, because as the Chamber of Mines, we have a vision to promote the sector. We want it to grow. So if a member is only doing passive speculation, you are not helping the country, you are not helping our industry to grow.

It is a discussion we have been having and now Government is coming in with a stronger arm. We support Government in order to ensure that we are freeing up the prospective space so that we attract responsible exploration. Yes, our members maybe speculating but what we are discouraging is passive speculation. If you do not have the capacity to invest, do not hold on to a license because you are hindering so many developments. Even for our members, we don't hold back when we are advocating for cleaning up, we advocate for cleaning up of the entire system.

Q *How big a challenge is lack of data in terms of exploration? Speaking to some players, they say the costs of exploration are so high, do you find it a problem?*

Well, of course like they say, data is the new oil. Without data, you cannot do much. I would like to believe that with the aerial survey that was done under the World Bank-funded Sustainable Management of Mineral Resources Project (SMMRP), there was some bit of de-risking because 80 % of the country was covered.

High resolution data was acquired and interpreted and for interested investors, there is a starting point. It's like a foundation,

you look at this data and you are able to use your technical staff to interpret it.

Depending on what you are interested in, you can follow the anomalies except for Karamoja where the aerial survey was not done. Good enough, the country went ahead to quantify some of the different anomalies so depending on what you're looking for, you are able to pick up data for that area, analyse it and make a decision on your next investment option.

Q *Let's talk a little bit about markets –internationally, Uganda is getting a reputation for illicit gold deals. When you're trying to sell our sector to investors, do you get such fears from them?*

Well, there are some cases yes, but I guess for all mineral dealers, they take some precaution because they know that generally worldwide there is a lot of fake minerals on the market, not just in Uganda. So yes, we get those kinds of cases, they have not been many though. I guess the establishment of the gold refinery in Entebbe and other subsequent refineries around Kampala increased the amounts of gold export and opened the world to the fact that Uganda has a lot of gold. It created that picture which may not be exactly true because the refineries are collection centres for gold sourced from different places to make up the large consignments that leave the country. Con artists are taking advantage of that.

We get those kinds of inquiries all the time but we try to advise people to take precaution. For example in Uganda, a legitimate mineral dealer must have a Mineral Dealers Licence. That's a starting point for anyone who is getting into this business. Take a personal initiative to make sure you are guarding against the risk.

Q *There is currently a ban on the export of raw minerals from Uganda with the objective of building local value addition capacity. What is your view on value addition particularly when it comes to iron ore?*

As a Chamber, we have made our position on the ban of export of raw minerals clear. We are not in agreement on that blanket ban on export of minerals, we think in a way it is a deterrent to attracting investment.

Well, iron ore is a touchy subject especially when you look at the dream we have as a country to add value to it locally vis a vis the negligible amount of money that was being made from the export of raw iron ore. You have to transport it over a long distance from Kigezi to the port (Mombasa) and yet we don't have a railway. If there was a rail system, it would somehow make sense because iron ore is heavy.

We urge the Government to try and fast track the enabling infrastructure because although it does not make sense for the country to export iron ore, there is a shortage of factories and smelters to add value to it. It doesn't make sense to just hold the iron ore in the country. So we urge the Government to look at it as a priority and it is actually a priority. For example, the discussions with Tanzania for the possibility of a gas pipeline to supply natural gas needed in the reduction process should be fast-tracked.

For the other minerals, like the 3Ts (Tin, Tantalum and Tungsten), the ban may not be feasible at the moment. First of all, it is on economies of scale; secondly, we haven't done the value chain analysis as a country to understand what is required for us to add value to our minerals. To make matters worse, these are minerals that are largely produced by artisanal miners, so

by stopping their export, you are cutting off so many dependants. Perhaps the regional mineral beneficiation centres could be utilized as mineral buying/collection centres.

For some of the minerals, we don't have capacity to add value in-country just now but also require large quantities to set up, maintain and sustain a smelter. So the more prudent thing to do would be to work with smelters that already exist to try and get ready market and good prices for our people.

We also believe that value addition needs to be tackled from a regional angle in order to make up for economies of scale requirements for feedstock and to function more efficiently and effectively. So the ban of export of minerals should be tackled case by case.

Q *What impact has Covid 19 had on mining business and work of the Chamber? How is the industry reacting to the Covid 19 situation?*

Just like all the other sectors of the economy, Covid-19 put a standstill on mining operations for a few months and of course continues to impose some restrictions especially with advisory on virtual operations. Luckily the Ministry of Energy and Mineral Development has been very supportive to our members in these times, clearing those who were in the field to continue working but also keeping license extensions and mandatory reporting requirements flexible for the members.

As the Chamber, we have had to adopt virtual operations to keep our members engaged but also used the time to focus on re-strategizing to increase our member value proposition. ■

Mapping of Karamoja mineral potential commences

Project is expected to increase Uganda's competitiveness for Foreign Direct Investment in mining, improve the contribution of mining to Uganda's GDP and ultimately improve the social economic status of the Karamoja region and its people.

BY PEARL ARIGYE AND CHRIS MUSIIME

A Government project to conduct the airborne geophysical survey and geological mapping of Karamoja has commenced. According to a source from the Directorate of Geological Survey and Mines (DGSM), the aircrafts and the team of experts that will do the work have already been cleared by the Uganda Government and will soon be in the country. A DGSM team visited Karamoja at the beginning of July 2020 to engage officials from the different

districts in the Region on the project.

The project is funded by a loan from the Corporate Internationalization Fund of Spain. The loan was approved by Parliament in January 2020. Government will borrow almost 84 billion shillings which will cover 85 percent of the costs of the exercise and the remaining 11 billion shillings will be covered by the Government of Uganda as counterpart funding.

The scope of the project is to acquire, process, interpret and deliver high quality resolution





Photo Credit: Xcalibur

Magnetic-Radiometric, Gravimetric, Electromagnetic and its complementary Geological and Geochemical study data, in order to select the targets with the best economic resources for follow-up programs. It is expected to last three years.

Tangible results

The first country airborne geophysical survey and geological mapping exercise was funded by the World Bank under the Sustainable Management of Mineral Resources Project (SMMRP). It commenced in 2004 and ended in 2011. The multi-year project, which cost approximately 186 billion shillings, was also partly funded by the Nordic Development Bank, the African Development Bank and the Government of Uganda.

The SMMRP mapped 80 percent of the country but did not cover Karamoja because of the poor security situation there at the time. The low-flying aircrafts used to conduct the survey aggravated the Karimojong and they shot at some of them, effectively cutting the exercise short..

According to a 2015 report by the International Institute for Sustainable Development, as a result of the SMMRP, total investments in mineral exploration increased from about 18.5 billion shillings in 2003 to over 1.2 trillion shillings by the end of 2011. Revenues from license fees also increased from 1.8 billion shillings in 2003 to 54 billion shillings in 2011. Mineral rights increased significantly over the same period from 100 mineral licenses in 2003 to 726 by the end of 2013.

The mapping and survey of the Karamoja Region will be conducted by Xcalibur Geophysics from Spain which beat British firm, SRK Exploration Services, to the deal.

In November 2019, the British Prime Minister's trade envoy to Uganda and Rwanda, Lord Dolar Popat, wrote to Uganda's Finance and Mineral Development Ministries asking them to reconsider the bid by the British firm. According to Lord Popat, the British company had offered to do the work at 35 billion shillings, less than half the project costs that were eventually approved by Government. ■

Gold, Copper unfazed by Covid-19 pandemic

BY MARTHA ACHOM AND ACOMAI ISABELLA

An analysis by PLEXII's Martha Achom and Acomai Isabella of major commodity prices around the world indicates that major mineral commodities have been hardly affected by the Covid-19 crisis.

Gold initially showed signs of volatility, rising and falling through the months of March, April and May, more or less stabilising in June before starting a steady climb that has continued through July and August. August prices have escalated to record highs, scaling two thousand dollars an ounce.

According to *CNBC Markets*, Gold is one of the best performing assets in 2020, soaring by 34% so far as investors buy vast amounts in the hope it will hold its value through the market destruction that the coronavirus pandemic has brought.

In Uganda, local gold prices are doing well too, with a gram going for over two hundred thousand shillings - fifty thousand shillings more than it cost at the beginning of the year.

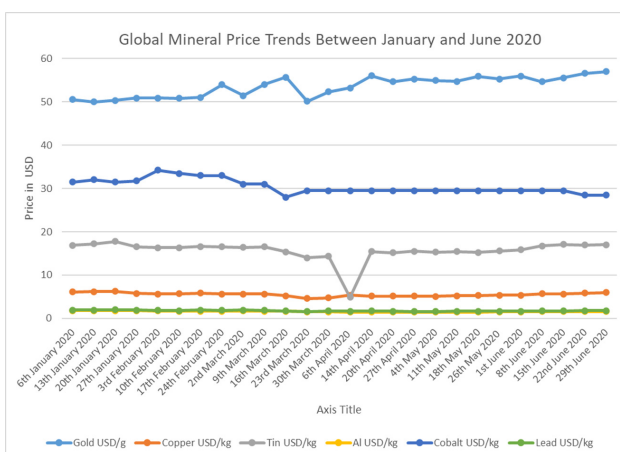
According to Emma Kibirige, a gold miner, some miners hoarded their gold and refused to sell it cheaply at the onset of Covid-19. "It was worth the wait," he says. "A gram of gold is currently being bought at two hundred and ten thousand shillings at the mines, while the Indians in Kampala are buying

it between two hundred and twenty-five thousand to two hundred and thirty thousand shillings."

Gold prices crushed by more than forty percent in March as the local markets responded to a national lockdown that shut down the airport and all border entry/exit points. However, with the lifting of the lockdown, the markets seem to be normalising.

According to data provided by Bank of Uganda, Uganda shipped 3,012 Kgs pf gold in June, earning the country five hundred and ninety billion shillings. This is an increment of twenty-one percent from the earnings of the month of May.

Prices of some other mineral commodities have remained almost flat, except for Cobalt which showed a slight but steady decrease from February all through to June. Copper and Lead have been largely unphased by the Covid-19 pandemic. ■



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