

Government commences biometric registration of ASMs



IN THIS ISSUE

What you need to know about registration of miners

UNDP Develops Strategy for ASM Enterprises

Interview: More exploration is what Uganda needs now

Cover photo: A group of women crashing rocks in Bar-dege, Gulu city.

This bulletin is produced with the funding support from the European Partnership for Responsible Minerals (EPRM) and the Open Society Initiative for East Africa (OSIEA).

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Extracting Sustainability

CONTENTS

- 4 Registration is the first step towards formalisation of ASM
- 7 Government commences biometric registration of ASMs
- 12 What ASMs say about BRASM
- 14 UNDP launches ASME Strategy to support National Development Plan
- 20 Ministry to regulate, license extraction of Development Minerals
- 22 Amudat community accuses leaders of betrayal over company Mining Lease
- 25 Beneficial ownership transparency at heart of Uganda's inaugural EITI report
- 27 More exploration is what Uganda needs now - Hinton
- 34 Gulu ASM association transforms lives in rural community



Zimbaqua, a mining company in Zimbabwe, is probably the only one of its kind in the world that employs an entirely female workforce.

Business partners Rosenkrantz, 42, and Patrick Tendayi Zindoga, 40 said their decision to hire women was tactical and motivated by a desire to help.

For sometime, they often saw women waiting outside mine entrances to collect their husbands' wages so the money wouldn't be spent on alcohol, and decided that hiring them would ensure a reliable workforce.

"If we give the women a job, we know you are

going to eat every day and these women are more trustworthy than you fellas," Zindoga explains, when men from the community asked why they couldn't be hired.

Zimbaqua, an aquamarine mining company, officially opened in January 2019, though actual mining started early 2020, but closed between March and June 2020 due to the Covid-19 pandemic. Depending on the colour, aquamarines can sell for anywhere from a few hundred to a few thousand U.S. dollars a carat. The company sells the gems to international wholesalers and to jewellery designers like the New York-based Renna Jewels. ■

Registration is the first step towards formalisation of ASM

By Agnes Alaba, Ag. Director, Directorate of Geological Survey And Mines

Artisanal and Small-scale Mining in Uganda is a complex network of diversification and interests. It ranges from informal individual operators, an artisanal family or entire community surviving on artisanal and small scale mining for a livelihood in their backyard, land or surrounding communities.

Government of Uganda recognises that Artisanal and Small Scale Mining (ASM) is a large employer that benefits low-income earners and vulnerable groups in mineral-producing districts. It is estimated that over 3 million people could be directly benefiting from artisanal and illegal mining activities. It is therefore part of Government's broader strategy of ensuring that mining as a whole becomes one of the key economic drivers of the Ugandan economy as envisaged by the country's Vision 2040 and National Development Plan III.

The Biometric Registration and Management of ASM in Uganda Project (BRASM) is an outcome of the Mining and Minerals Policy, 2018 and the Mining Act, 2003. In May 2018, the Ugandan Cabinet endorsed a new Mining and Minerals Policy framework, which focuses on the formalisation and

regulation of the ASM sector. BRASM is the first step towards the formalisation of ASM in Uganda. This process will be augmented by other processes and initiatives laid out in the Mining and Minerals Policy, 2018 and as proposed in the Mining and Minerals Bill, 2021.

BRASM is a result of the country's drive to enhance the quality of life of ASMs so as to increase their contribution to Uganda's sustainable development. It will ensure that ASM is a preserve for Ugandans by eliminating illegal non-citizens from ASM operations while building lasting relations with foreign formal miners seeking to build long-term business relations with mineral rich communities and ASMs.

Ultimately, BRASM is a precursor to the integration of ASM activities and operations into the broader mining legal framework as well as integration of informal ASM activities into the formal fiscal and economic system. It is designed to reduce or eliminate the social and environmental negative impacts and externalities of ASM operations, streamline ASM operations alongside medium to large scale mining operations and concessions and capture lost economic value of the sector for the sustainable development of the Ugandan economy.



The management and governance of the ASM sector requires Government to carry out a census of the ASM players. The BRASM is Government's intervention to sanitise the ASM sector by addressing its current challenges. Government seeks to promote co-existence between ASM operations alongside medium to large scale mining operations, strengthening relationships between landowners and miners while at the same time increasing revenue collection from the ASM sub-sector by supporting production through the skilling of miners, providing capital financing and technology.

Government will encourage sustainable mining by ASMs and will promote environmentally sound mining practices and ensure that use of hazardous chemicals such as mercury and cyanide in mineral extraction is eradicated.

Government will therefore undertake biometric registration of all ASMs, service providers, dealers and agents, issue them with renewable certificates and or permits, create a database with all the bio-data of all miners including



Government seeks to promote co-existence between ASM operations alongside medium to large scale mining operations, strengthening relationships between landowners and miners while at the same time increasing revenue collection from the ASM sub-sector

GOVERNMENT WILL THEREFORE UNDERTAKE **BIOMETRIC REGISTRATION OF ALL ASMs, SERVICE PROVIDERS, DEALERS AND AGENTS**, ISSUE THEM WITH **RENEWABLE CERTIFICATES AND OR PERMITS**, CREATE A **DATABASE WITH ALL THE BIO-DATA OF ALL MINERS INCLUDING NAMES, SEX, AGE, LOCATION, AFFILIATIONS TO REGISTERED ASM ASSOCIATIONS AND NATIONAL I.D NUMBERS (NINs)** TO ESTABLISH NUMBERS AND CATEGORIES OF PEOPLE INVOLVED IN ASM OPERATIONS

names, sex, age, location, affiliations to registered ASM associations and National I.D Numbers (NINS) to establish numbers and categories of people involved in ASMs operations. This will not only help shape and create an organised ASM sub-sector but it will also enable the government to effectively monitor the sub-sector and its compliance with domestic laws and international standards and ensure compliance by the miners.

The ASMs database that is linked to the National Data Base of NIRA will ensure that holders of ASM mining licenses or permits are recognised Ugandan citizens. This exercise will enable the sector players to understand the extent of foreign infiltration into mining sites of ASMs and detect any emerging criminal gangs and or terrorists who are deemed to be a security threat not only to the mining communities, but the country as a whole.

The BRASM project also seeks to encourage the ASM sector participation in supply chain

initiatives as a means to improve the sector's contribution to economic, environmental protection and peace within the International Conference of Great Lakes Region (ICGLRL). This objective is re-emphasised by Government's domestication of the ICGLR Act and the commitment to implementation of the Regional Certification Mechanism which in essence eliminates barriers to participation in the supply chains of the 3TGs (Tin, Tantalum, Tungsten and Gold).

Finally, the registration of miners coupled with further studies will enable government to explore ways to identify alternative livelihoods such as programmes aiming at encouraging more income generating activities to diversify on artisanal household incomes along the

ASM supply chain; understand challenges, impacts and develop appropriate mechanism for management and improvement of ASM practices in the country; as well as generate more revenues from the sector. ■

The ASMs database that is linked to the National Data Base of NIRA will ensure that holders of ASM mining licenses or permits are recognised Ugandan citizens



Participants at the first ASMQ conference in 2019 in Kampala.

Government commences biometric registration of ASMs

Countrywide exercise will create a database of all Ugandans engaged in artisanal mining as the country makes a big leap forward towards formalisation of ASMs.

The Government of Uganda through the Directorate of Geological Survey and Mines (DGSM) has commenced the registration of Artisanal and Small scale Miners (ASMs) in Uganda. The project, code-named the Biometric Registration of Artisanal and Small scale Miners (BRASM), will create a database of all miners in Uganda who are engaged in the mining and processing of all categories of minerals. This will include those in the extraction of Development Minerals (construction materials and building substances) like sand, clay, murrum and aggregates.

The registration exercise will involve the collection of biometric information including an image of the face and fingerprints of the miners along with their other details like the name, age, sex, location, mineral type, association membership, etc. Some of the biodata will be acquired from the National Identification and Registration Authority (NIRA) during the registration process, while the rest will be captured as the miners are registered. The data shall be captured through a biometric registration software solution and stored in a secure central database that will be hosted at National Information Technology Authority-Uganda (NITA-U) and managed by DGSM.

Below, we bring you **22 Frequently Asked Questions** about BRASM and accompanying responses. For more information, please send an e-mail to info@acemp.org.

1 *What is BRASM?*

BRASM refers to the Biometric Registration and Management of Artisanal and Small-scale Miners (ASMs) in Uganda Project. It is a Government of Uganda initiative that stems from the new Mining and Minerals Policy (2018) which, among other things, focuses on the formalization and regulation of the Artisanal and Small-scale Mining (ASM) sector. The project is being implemented by the Ministry of Energy and Mineral Development/Directorate of Geological Survey and Mines (DGSM) in partnership with the Africa Centre for Energy and Mineral Policy (ACEMP), a Ugandan NGO that works to improve the governance and productivity of Uganda's ASM sector.

BRASM is one of the first steps towards the formalization and regulation of ASM to align ASM operations with the Mining and Mineral Policy (2018) and establish a framework for licensing, regulation and monitoring of ASM activities.

BRASM will involve the collection of biometric information (face and fingerprints) of the miners along with their other details including the name, age, sex, location, mineral type, association membership, etc; and storing all this information in a central database that will be managed by DGSM. For one to be registered, he/she has to be a citizen of Uganda possessing a valid National Identity Card.

2 *Can I register under BRASM if I am not a miner?*

This project targets the entire community engaged in mining operations. These include direct miners, mine owners,

landlords, mineral processors, panners, haulers, loaders, mineral dealers, refiners and transporters. People who are not engaged in the mining value chain will not be registered even if they live in close proximity to the mining operations.

3 *What is the maximum age for one to be considered for registration? Can children be registered?*

Ugandan law does not permit child labour, more so in mining which is considered a dangerous accident-prone working environment. The minimum age therefore for one to be registered is 18 years. There is no limit on the maximum age. As long as someone is above 18 years and actively engaged in mining operations, he/she will be registered irrespective of the age.

4 *Will the registration and the ASM Identity Card cost money?*

BRASM is a project of the Government of Uganda. Therefore, registration and the Identity Card will be free of charge.

5 *If a miner belongs to two ASM associations, can he/she be registered under both associations?*

A miner can belong to as many associations as they like. However, when it comes to registration, the miner can only be registered under one association of their choice. Similarly, a miner may be undertaking mining activities in two or more villages or even districts, but when it comes to registration, that person will have

to pick the village or district they want to be registered under. A miner will not be registered under BRASM in two different locations or associations because that will lead to duplication of numbers or double counting.

6 Will you register miners who do not belong to any ASM association?

Yes. If a miner chooses not to join any of the associations in their area of operation, he/she will still be registered under BRASM. However, it is advised that miners join ASM associations of their choice in order to take advantage of any benefits that Government may extend to registered ASM groups across Uganda.

7 Which minerals will the registration cover?

The registration will cover all miners of minerals in Uganda, including so-called Development Minerals i.e. construction and building materials as well as salt. Development Minerals include clay, murrum, granite/stones, sand, marble, limestone, etc. This is in addition to other historical minerals like iron ore, columbite tantalite, copper, gold, tin, wolfram, kaolin, etc.

8 Does registration of miners imply that they will be required to pay taxes to Government, yet they are already paying dues to their Local Governments?

The first goal of BRASM is to establish the total number Ugandans engaged in artisanal and small-scale mining, where they are and which minerals they are engaged

in exploiting. This information will give the Government a basis to plan, develop and manage Uganda's mining sector sustainably. This will include enhancing the amount of revenue collected from mining and investing it in the sustainable development of the country. While BRASM does not directly imply that miners will pay more taxes to Government, they will nevertheless have to pay the statutory fees and dues, like royalties.

9 Will landowners be registered separately from dealers and miners?

The registration will target owners of land on which mining activities are ongoing especially if they are part of the production chain. They will be registered along with the other categories of people at or around a mining site who include mineral dealers and the miners themselves. Each miner will be registered under the category that they belong to. Some of the categories include Miners, Haulers, Processors, Transporters, Refiners (if they are at the mine site), Dealers and others as the situation at the mine site may require.

10 Some ASM Associations/Groups are already registered at the District Community Development Office (DCDO), do they need to be registered afresh in order to be considered for BRASM?

Associations or Groups that are already registered with the DCDO do not need to register their Associations or Groups afresh. Please note that it is important for any new or existing Association or Group to register with the DCDO in order to be recognised at the Local Government level.

11 *Is the registration a one-off or it will be periodical?*

This inaugural registration of miners is a one-off and it is aimed at capturing the biometric and spatial data of every artisanal and small-scale miner in Uganda. After that, the Government will put the necessary structures in place to ensure that the registration happens continuously.

12 *Will registered ASMs be able to access grants and loans from Government?*

The Government is collecting this information in order to effectively plan, regulate, manage and fairly distribute benefits to artisanal and small-scale miners across the country. Registered miners will benefit in several ways. For example, the Government will be in position to apportion support to artisanal and small-scale miners to enhance their work. This support may come in form of training, technical support, geological information, etc. While there are no plans right now for the Government to extend loans and grants to registered miners, there are other opportunities that the miners can take advantage of. For example, the Africa Guarantee Fund (AGF), with funding from the African Development Bank, is currently partnering with some commercial banks to extend financial support to miners across Africa. In Uganda, registered associations with registered members can take advantage of this facility.

13 *What is the penalty for not registering?*

Registration is voluntary. There will be no penalty for any miner who wishes not to register under BRASM.

14 *If one loses his/her ASM Identity Card, do they need to go to Kampala to get a replacement? Will there be a cost involved in getting the replacement?*

This registration will be a continuous process given that some miners may leave the industry while new ones come in. It is crucial therefore to continue registering and updating the database periodically. There is a plan to set up Regional Registration Centers through the existing offices of the DGSM Mining Inspectors in the five BRASM Regions namely Central, Eastern, Western, Northern and Karamoja. Miners who need to replace their Identity Cards will not have to travel all the way to Kampala to do that. They will use the Regional Registration Centers in their Region. It may however involve a small cost to cater for the Identity Card material.

15 *Will BRASM consider disabled people?*

Yes, as long as the disabled person is engaged in mining at any stage of the value chain.

16 *What will be the role of the area LC 1 in this registration process? Who are the other stakeholders?*

Local Council Chairpersons will be involved in the registration process to assist in identification of miners where need arises and manage any conflicts that may emerge in the process. The other stakeholders will be the Police Minerals Protection Unit, the Regional DGSM Mining Inspectors, the District Natural Resources Officers, the District Community Development Officers, among others.

17 Will it be possible for a miner to register at one mining site and then later relocate to another site?

Yes. A miner can register at one mining site and later relocate to another site. However, such a miner would have to register afresh at the new site.



A man lays bricks at a clay mining site in Wakiso.

18 Won't registration make it easy for the Government to know where ASMs are working and what minerals are there so that they send investors to evict the ASMs?

On the contrary, because this registration will enable Government to know exactly where ASMs are working and how many they are, it will be possible to apportion them their own mining areas that cannot be accessed by any investor. One of the objectives of BRASM is for the Government to continuously and accurately map out areas for bonafide artisanal miners prior to granting of corresponding mining licenses to other interested parties or investors. There is a proposal in the Mining and Minerals Bill 2020 to demarcate special mining zones for ASMs for which ASMs can apply for mining permits to work there legally. Knowing the numbers of ASMs in a particular location will facilitate the Government to make such decisions.

19 What is the timeframe of the registration process?

This first phase of registration will begin in December 2021.

20 Will the registration be done at the district level or mine site level?

Registration will be done at mine site level but will involve the Community Development Office (CDO) to support the registration teams in verifying the authenticity of the certificate of registration of the Miners' Associations.

21 Can a miner registered in Busia apply for a license in Mubende?

Yes. This registration will not interfere with current guidelines regarding the application for licenses. As long as the applicant has the requirements, he/she can apply for a license anywhere in Uganda as long as the area he/she is interested in is unlicensed.

22 Will you also register Small scale Miners?

Yes. BRASM will follow the categorisation and definition of artisanal and small scale miners that is proposed in the Mining and Minerals Bill 2020. Miners will be registered as artisanal or small scale depending on the descriptions laid down in that Bill. ■

What ASMs say about BRASM



Aguttu Josephine, Secretary Tiira Small-scale Miners Association

“First of all we need some kind of sensitization on why they are doing it. We also still have a challenge with those in Development Minerals. Forming an association and registering may be challenging for these people since these are new things for them. I also think they should not restrict miners moving from one place to another in case they wish to invest elsewhere because mining is a business. What is important is to know how many miners there are in the country.”



Namatovu Jalia – Chairperson, Mubende Women Gold Miners Association

“We as members who operate under the Mubende United Miners Assembly we welcome this move because we can be identified as belonging to particular mine sites. You know there are so many mine sites which people don’t differentiate. We intend to make our mine site a model for the sector so it will help if government positively identifies us as belonging to this particular site. Also, in case someone encountered a problem, identification of that person will be easy since the cards will have all our biodata.”





Basil Oketch, gold miner, Abim

“That project is good. We’ve just had a consultative meeting on the Draft Mining and Minerals Bill and one of the things that came out clearly was regulation of ASMs. And then, recently the President said we had lost over \$400m in revenue because untaxed gold was leaving the country so this project will really help to identify which miner is working at which site. To our advantage also, we have been fighting over certain issues like mercury so when we are registered we shall be able take stock of the workers at a specific site which is a very good control. Also, here in Abim we have a problem of fake gold so we shall know that if you have bought gold from Basil here at Moruleng and you claim you bought something different, my fellow workers can testify that it is so and so who sold this.”



Tony Odida, aggregate miner, Lira

“I embrace BRASM because as ASMs, at national level we are not known, there are no budget allocations yet we fall under MEMD. The Ministry deals with only big investors. So I think with formalisation, we shall be known and definitely our voices can be heard so that we also benefit like any other sectors including health and education. Officially, being under MEMD, we shall be able to know what plans they have for us. ” ■



UNDP launches ASME Strategy to support National Development Plan

*The ACP-EU Development Minerals Programme is a capacity building program that aims to build the profile, and improve the management, of Development Minerals (industrial minerals; construction materials; dimension stones; and semi-precious stones). The programme is an initiative of the Organization of African, Caribbean and Pacific (ACP) Group of States, financed by the European Commission and UNDP, and implemented by UNDP. In this regard, the ASME Formalization & Business Development Acceleration Strategy, to be presented in the Artisanal and Small-Scale Mining & Quarrying (ASMQ) Conference, will chart a way forward for developing ASMEs into sustainable and profitable ventures. ACEMP's **Robert Mwesigye** spoke to the ACP-EU Development Minerals Programme on this Strategy.*

Heaps of marble at an ASM site in Rupa Sub County, Moroto District.



Q *In a nutshell, what is the ASME Formalisation & Business Development Acceleration Strategy about?*

The ASM sector is largely under-served in terms of technical oversight, business development support, knowledge, and capacity to comply to the mining code as well as access to affordable and adequate financing to facilitate acquisition of appropriate technologies for value addition. If you look at our new laws, the national Artisanal and Small-Scale Mining (ASM) strategy and related policies, momentum is moving into formalizing activities of ASM to address these challenges. In addition, one of the pillars for Uganda's socio-economic growth is the extractives sector, including mining, where optimization of natural resources is critical; however, one of the roadblocks has been limited value addition and oversight especially for development minerals.

Therefore, we are really looking at how best we can complement these national efforts especially in investing in how to achieve this goal of a formalized, well organized, and supported ASM sector in Uganda, especially for Development Minerals. As you are aware, operations in development minerals have, until recently, not really been well strategically supported and this has led to missed opportunities to harness the potential for these minerals and materials to meaningfully impact national and sub-national income and livelihoods – both for

the communities and even the Ugandan economy. Minerals such as sand, clay, dimension stones are often overlooked but when you look at their impacts on job creation, local economies and providing materials – for example, for housing and infrastructure – they are very critical.

The strategy is therefore a discussion and presentation of the factors that influence formalization especially in the Uganda context, as well as practical steps public and private sector actors can take to ensure that ASM formalization is realized. The strategy also provides a very good guide for stakeholders on how to do it and that's why you are going to find a strong component of not only the tools and process, but also step by step guidance on the formalization and business development acceleration process for the ASM operators and stakeholders thus making this document very easy to utilize by all interested parties. The actors will know how to organize themselves and interface with the service providers. The strategy document provides such as guide to the government and other ASM stakeholders.

There is also a detailed five-year roadmap which is really showcasing actions that can be undertaken by stakeholders in the public and private sector to support the ASM Strategy of Uganda.

Q *What informed the development of the strategy; what problem are you trying to solve?*

Earlier, back in 2018, our programme has conducted the Baseline Assessment and Value Chain Analysis of Development Minerals in Uganda, which was the first document that put development minerals on the map. It showed that Uganda would

realize positive outcomes to GDP (a potential increase of 1.6%), alleviation of its trade deficit (*for instance, in 2016, Development Minerals and their products' import bill amounted to 3.2% of Uganda's trade deficit of -2.56 billion USD with ceramics (inclusive*

of bathroom ware, dishware and other products that can be derived from kaolin); salt (mainly in the form of iodized table salt); cement and other lime products; and gypsum representing the most significant contributors). Development Minerals also contribute an approximate USD 350 million in production value to Uganda's economy.

This points to a significant, yet untapped source of livelihood for many Ugandans. Uganda's National Development Plans and aspirations also indicate that Uganda is aiming for inclusive and sustainable economic growth and development. The recommended strategy is built on two solid pieces of analysis – one in 2021, done as part of the strategy development process and embedded in the strategy document, and one in 2018, the most comprehensive analysis of the Development Minerals (DM) sector in Uganda – the Baseline Assessment and Value Chain Analysis of Development Minerals (2018) report

The strategy has been formulated based on extensive assessment, based on consultation with over 100 stakeholders from all over the country. This assessment forms part of the strategy document. It assesses the state of the sector, the actors, the minerals, and the barriers that keep the miners small and informal. It also looks at the role of various stakeholders. So, in that sense, the strategy document is underpinned by very good analysis of reality.

This strategy is a presentation of the operating context of ASM in the

Development Minerals arena reflecting very good analysis of factors affecting their reality and guidance for all stakeholders to undertake the necessary actions, including investments, for an inclusive and sustainable mining sector

Therefore, we need to invest strongly in this area to unlock the kind of capacities, opportunities, and value necessary to optimize these development minerals. We realise that it's the right investments in innovation, value addition, and having a well-organized and supported ASM that will get us there, especially since production of Development is majorly (83%) from artisanal and small-scale miners.

If we are saying that there is opportunity in harnessing natural resources such as minerals; and if we are saying there are the bottlenecks in terms of limited access to financing; limited value addition and innovation; limited knowledge and capacity to secure requisite licensing by ASMs; and limited technical oversight and service provision to ASMs, then the solutions proposed in the strategy will help compliment, strengthen and add to the effort Uganda is making in its National Development Plan and the new Mining Code.

The recommended strategy is built on two solid pieces of analysis – one in 2021, done as part of the strategy development process and embedded in the strategy document, and one in 2018, the most comprehensive analysis of DM sector in Uganda.

Q What is the roadmap for this strategy after the launch? What plans do you have to popularize it among ASMs?

Already, a lot of work has been going on. We have been able to, with the ministries of Energy and Minerals Development (MEMD) and Ministry of Trade, Industries

and Cooperatives (MTIC) to kick start engagements with local government officials so that they familiarize themselves with and roll out this strategy. This is

because we realized that delivering this service and support needs to be led by the technocrats who are supporting the sector to transform and improve. We have a team from MEMD and MTIC that has been dedicated to covering all the districts that are targeted to explain the strategy, the plan, and opportunities.

Local government officials especially the commercial, natural resources and community development officers have been very instrumental in mobilizing and sensitizing ASMs. We are also in advanced plans to again support combined ministry teams to conduct various sensitisation meetings for all ASMs in all those districts to see how best they can actually start the journey.

The very fact that in formulating the Formalization and Business Acceleration strategy and in conducting the assessment, over 100 stakeholders, including many

ASMEs were consulted. In this way, the strategy formulation engaged ASMEs from the beginning, and thus the process of socializing (and popularizing) the strategy already started from Day 1 when we started working on it. We have also already launched training activities for support in formalization of at least 90 associations for a start so that people can know that it is feasible, necessary and there are benefits to it.

Of course, hundreds of thousands of artisanal and small-scale miners are not going to transform overnight to form a well-organized, socially, and environmentally responsible mining sector. The initial successes and the blueprint that our programme has developed need to be scaled up. We look forward for other stakeholders from development agencies and the private sector to join us in this journey.

Q *What do you see as the biggest challenge hindering ASMs operating in development minerals progressing towards sustainable and profitable SMEs?*

I would say there are two major challenges. One, endemically, technical oversight and support has been limited especially for development minerals ASMs. They have been operating with very limited guidance and support on provisions within the laws, their rights, and responsibilities and the knowledge and awareness about the possible alternatives to grow and benefit from the related value chains. We have been working alongside partners to break that knowledge and information barrier.

Of course, the other challenge is the finance aspect. People are aware that they can earn more from value addition but there is limited access to finance to procure the tools and technologies necessary to achieve this end. In addition, majority have failed to negotiate

the kind of financing necessary to get on that ladder of transitioning to established and profitable SMEs. The lack of access to finance is caused by two things; one, in terms of the knowledge of the value of the minerals and materials: ASMs do not yet can quantify the minerals and materials they have and the ability to really demonstrate financial viability or security in the quest to secure credit and other financing into their businesses. But for development minerals that has been missing.

So, our programme has been supporting both the collection of geological data and helping ASMs to use the geological data and calculate their reserves to make a case for bankable business projects worth financing like in other sectors. Now, our ASMs are

coming very close to being able to develop bankable proposals. Moreover, many of development minerals, especially those used in construction sector, face growing demand, even in the face of COVID-19, as the need for materials for construction and infrastructure is growing unrelentingly. We also invite construction and infrastructure companies to buy materials from ASMs that have been trained by our programme. The big players need to cooperate with the small players for the future economic development.

We hope that financial service providers join us in the journey to develop this sector and design responsive financial products because sometimes, you need to be visionary to actually make tailor-made solutions to this sector.

Those are some of the big challenges we have seen and of course even the knowledge – there are still so many value chains options that are not yet tapped into by artisanal and small-scale miners. The extraction, processing and utilization of development minerals is still highly rudimentary yet with the necessary exposure to techniques, innovation and research, operators in the sector can locally add value to offer wider product ranges, access bigger markets and thus earn more. The ASMQ conference is one of the opportunities to break these information and knowledge barriers because once people know the operating context, then they can plan better and position themselves to benefit more as they produce more value.

Q *What opportunities in support of formalization can ASMs tap into from this project?*

The Development Minerals programme has already invested strongly in providing grants. Since 2017 we have been providing grants to associations, CBOs and other enterprises who articulate the challenges they have on site and within their operations and have been able to purchase the equipment they need, register, and formalize operations, train mining association members in procuring the necessary protective gear, among other development and operational challenges.

We have also been able to catalyze some

very good connections among the ASM community. Many people were operating in isolation but as we speak now, we see an increasing momentum of collaboration among the mining entities so it kind of helps address the supply bottlenecks. Also, people who have business opportunities can call on each other and fulfil some obligations which is good for the economy and of course, the community.

Another opportunity is about the training. We don't underestimate need for the knowledge and skills necessary for the ASMs

A transporter arrives at Laroo stone quarry in Gulu District to ferry aggregates.



Photo: Martha Adion

to progress, so we have invested heavily in that. Even as we speak, there are ongoing training series on enterprise management, mine, and quarry management; conflict management and addressing gender issues in mining. We have been really trying to bridge that knowledge gap so that people access the right information as well as acquire the necessary skills.

Ultimately, the programme is supporting catalytic efforts to mobilize stakeholders for action in a consistent and sustainable

manner. We believe that the momentum generated by the Programme and the Strategy in discussion will continue to grow as we see other technical service providers, partners and ASMEs collaborate more to collectively address this issue of formalization and business development service provision. We hope that as a result, more opportunities to access financing, value addition capacity and wider markets will continue to accrue because of formalizing operations.

Q *You have touched a key issue of gender. Do you have any gender-specific interventions, say women or youth?*

One is an innovation challenge that we put out and one of the components was about working with women-led enterprises for them to be able to add value to their and access markets. We are hopefully going to finance some private sector entities in that regard. Also, as I mentioned the training and sensitisation, the capacity strengthening part of it, we have specific components that are being implemented targeting women in mining in terms of helping them formalize their businesses and skilling them in value addition so that they can thrive and grow, of course with very good awareness of the kind of challenges that women in mining are facing.

The last bit is the work we are commencing within next year (2022) on affirmative

procurement. We are saying that at local government or national level, there should be at least some understanding and focus on awarding those contracts to women and youth. This project is really strengthening that engagement with public procurement entities because we have cases where women ASMs have been able to win contracts and they are creating jobs for themselves and others. We want to make it mainstream so that within the planning cycles of many entities, we have some gazette procurement leaning towards women and youth so they can access opportunities for income and livelihood. This will strongly make the mining sector equitable and inclusive of socially vulnerable groups.

Q *As we conclude, any parting shot as we head into the ASMQ conference?*

We appreciate the leadership at the Ministry of Energy and Mineral Development in all this and of course to Africa Centre for Energy and Mineral (ACEMP) for being a strong partner invested in this sector. We encourage all stakeholder to pick a leaf in the strategy and engage because we all have a role in realizing the national goals

for harnessing the potential of the mining sector for Uganda's development if we are to achieve the desired transformative and development outcomes. Everyone needs to critically do their part and that's when the pieces can come together. We wish you a very successful ASMQ conference. ■

Ministry to regulate, license extraction of Development Minerals

Local Governments lose out as new law introduces fresh licensing regime for ASMs

BY MARTHA ACHOM & ROBERT MWESIGYE

The Ministry of Energy & Mineral Development (MEMD) is to regulate and license the extraction of Development Minerals, according to the amended Mining and Minerals Bill, 2021.

The new development is a departure from the Mining and Minerals Bill 2020 that had empowered District Local Governments to license the extraction of these minerals.

It also means ASMs dealing in these minerals will apply for an Artisanal Quarry Licence for the extraction of these minerals just like the precious minerals.

The Bill recognises building substances as Development Minerals whose extraction will henceforth be regulated and licensed. It is only recently that ASMs dealing in these

Development Minerals have started to organise themselves and form associations.

The Development Minerals sub-sector is relatively easy to venture into especially for ASMs who do not require sophisticated equipment to operate. However, the licensing bit could now prove a hurdle for many that depend on the sector for their livelihood since they are only starting to form associations.

During the development of the Bill in 2019 and 2020, empowering District Local Governments to license the extraction of these minerals was one of the major outcomes of the consultative meetings of all stakeholders in the sector. The Districts were pushing for this in order to enhance their revenues at the local level, with the ultimate control on how to appropriate it.



Now, according to the Mining and Minerals Bill 2021, approved by cabinet, miners will be required to apply for an Artisanal Quarry License from the Director at the Ministry of Energy and Mineral Development.

Miners react

Miners engaged in the extraction and trade of these minerals share that the application process is unrealistic. Comfort Okello, an aggregate miner from Gulu District says this will only spark illegal mining.

“Miners will continue working but without the local or central government benefiting,” she says.

She shares that the role of licensing should have been left to the Local Government, who are closer to ASMs and can easily be approached in case of anything. She argues that with licensing now online, majority of miners dealing in these minerals are illiterate yet they would find it easier dealing with local government.

“How can a sand miner, who makes twenty five thousand per truck be able to apply, let alone travel to the ministry offices when he/she needs help? It is not feasible.”

Stewart Kidega, a stone aggregate miner and Northern Region ASM leader suggests that the Government should decentralise the system.

“This can at least help us co-ordinate the process. Where we are challenged, we should have an available DGSM office to refer to,” he advises.

Artisanal miners will also be required to report annual production volumes and income to the Directorate of Geological Surveys and Mines.

New mining licenses for ASMs

The Mining and Minerals Bill 2021 introduces new licensing for ASMs; the medium scale, small scale and artisanal licenses.

The law effectively differentiates artisanal mining and small scale mining, clearly defining the progression from artisanal mining to medium scale mining.

The medium scale mining license shall be granted only to joint ventures or partnerships and companies, but cooperatives and associations, under which majority of the artisanal miners are registered, are not eligible.

Individuals, associations, cooperatives, companies and partnerships qualify for the small scale mining license.

The artisanal mining license, that can be applied for by individuals, associations, cooperatives, companies and partnerships, is now valid for a period of not more than three years, from two years in the old law. ■

A miner at a marble site in Rupa Sub County, Moroto District



Photo: Martha Akhorr

Amudat community accuses leaders of betrayal over company Mining Lease

30 million dollar project on hold as community insists mining company must set up community projects prior to commencement of gold mining operations.

BY ROBERT MWESIGYE

A gold mining community in Chepkararat village, Lokales Sub County, Amudat District, is accusing local leaders of being compromised by a company seeking to process a Mining Lease.

The gold mining company, Evergrande Resources Co. Limited, is operating on a Location License LL 00096 for 15.64 hectares that expires in September 2022.

Reports from the community indicate that some of their leaders have been compromised to lure their people with

petty cash such that they assent to a Corporate Social Responsibility (CSR) proposal by the company.

Rotich Joel, a community elder, claims their local leaders have been paid money to lure locals to relinquish their land to the company that is processing a 21-year lease to mine gold. "Some of our leaders and their people are working behind our backs and most of the community is unaware of what is going on. The company has never been on good terms with us, if they can do that in just two years, what will happen over 21 years?"

The Management of Evergrande is

reported to have taken their proposal to the District indicating that the community was in agreement with them over a CSR package, including a school, scholarships for students, clean water and a health facility, among others.

But District leaders, who accuse the company of bypassing their structures, said there were still a number of pending issues raised by their technocrats that needed to be resolved first. "They brought here a proposal with a list of a hundred signatures from the community saying they had dialogued about the projects," revealed LCV Chairperson, Lobot Joseph. "But our Natural Resources person sometime wrote a report about their activities and there are issues pending," Lobot told this publication.

Meanwhile, the LC3 chairperson Paul Lodepa says the community had demanded at the onset of the company's operations, that they support the community with services like a clean water source and a health center but to no avail. "What is it that has changed now? Is it because they want to renew their license? Last year the community asked them to put those things but they refused," says Lodepa.

Communal land at stake

At the center of all the issues however, is their communal land which they fear will be grabbed by the company.

The company is accused of having co-opted some local leaders together with a few locals for compensation, while majority remain disgruntled.

During a miners' meeting in March 2021, the Gombolola Internal Security Officer of Lokales Parish, Yonah Petot Munya, said a few members of their community had been congregated by the company officials, who included Chinese. They bought them alcohol and convinced them to sign whose content they did not know since most could not read.

The company has never been on good terms with us, if they can do that in just two years, what will happen over 21 years?

The company CEO, Rogers Okello, a mining engineer by profession, however told this publication that as far as the land compensation is concerned, he is not a native of the area and therefore wouldn't know how compensation is distributed. "Those things are understood by the locals themselves and they know who the project affected people area," he explained. "When I came, they formed their groups or associations and identified



An industrial generator that provides power to the mine site

those for compensation. They stated a figure they wanted and they had their representatives who negotiated for them, together with three lawyers and district representatives.”

Accorded to Okello, the negotiations took a while after which all the concerned parties reached a mutual agreement. “Finally, after agreeing on an amount, I paid. I handed over the money, with pictorial evidence of receipts and acknowledgement. How distribution was done I have no idea because they knew their people,” he clarified.

Too soon for CSR

According to Okello, it is too soon for the community to start dictating terms regarding CSR projects. “CSR comes when the company is working then you can give back to the community in terms of supporting the needy or putting those amenities like water sources, creating roads, a dispensary or mentoring some children.”

He adds: “When a company is starting work, you do not come with investment money and start donating to people because the project will never start. You are not a government to start investing in such.”

Okello notes that his project, which he estimates in the region of 20-30 million dollars has not yet commenced operations due to several bureaucratic challenges. He also partly blames the community for the delays. “I have to formalise a lot of paperwork because there were obstacles when we were starting from the community members, something that would require one day would stretch to four months. Now I am not working. My machines are just there lying idle at the site. There are people who have been trying to sabotage my work here and there.”

Okello adds that due to the delays, some of his licenses are expiring and the renewal processes will cost him even more time. “I have to pursue surface rights, then verify, then gazette. But these people are not 100% supportive yet they will benefit from the project. The community has never seen such developments and they fear they are going to lose everything,” he concludes. ■

Beneficial ownership transparency at heart of Uganda's inaugural EITI report

According to the EITI, developing countries have since 2011 lost a combined revenue of \$1 trillion per year in shady natural resource deals through use of anonymous shell companies, money laundering and illegal tax evasion, all hallmarks of beneficial ownership.

BY ROBERT MWESIGYE

In March 2019, the Ministry of Energy and Mineral Development launched the Biometric Registration of Artisanal and Small-scale Miners (BRASM) at a function in Kampala. The project constitutes the initial stages of an arduous process for government to formalise and regulate artisanal mining in the country in order to fully harness its potential.

As Uganda prepares to produce its inaugural Extractives Industries Transparency Initiative (EITI) report in 2022, the issue of disclosure of beneficial ownership by licensed companies has lately dominated the discourse on accountable governance of the sector.

The disclosure of beneficial ownership by EITI implementing partners, which Uganda endorsed in August 2020 as the 54th implementing partner, came into effect on January 1, 2020 as a reporting requirement.

The EITI defines beneficial ownership as

the 'hidden owners of a company', which is very common especially in the extractives sector where the real owners usually are either politically connected, or are willing to engage in questionable deals to generate quick profits though a chain of companies often registered in multiple jurisdictions.

During the launch of Uganda's Resource Governance Index (2021) in September, the Natural Resource Governance Institute (NRGI) noted the challenge of beneficial ownership transparency as a dent in transparent and accountable resource governance.

NRGI's Paul Bagabo said the lack of a publicly accessible cadaster for the oil and gas sector, like it is for the mining sector, is a challenge for Ugandans who are largely kept in the dark about who government is actually doing business with. "We don't know who owns the companies with which the government does business, and therefore are in need of laws requiring the public identification of beneficial owners," he said.

According to the EITI, challenges abound especially concerning inadequate information on the contracting process and disclosure under the current legal and regulatory regime; information on payments and receipts; conflicting interest between the industry players and government and obscure mining operations.

Recently, the Solicitor General, Francis Atoke, warned government against disclosing the contents of the East Africa Crude Oil Pipeline contracts, a move that experts cite as defeating the EITI mandate.

Siraji Magara, Extractives Coordinator at Oxfarm Uganda, cites that unfortunately, there isn't any stand-alone legislation in Uganda regarding beneficial ownership transparency and hence it remains a case of goodwill on the side of companies to make such disclosures.

In this regard, Publish What You Pay's Nelly Busingye contends: "The issue of beneficial ownership needs to be harmonised across all our legal frameworks if it is going to be meaningful for EITI. In some countries, they have put clearer and stringent legislation for beneficial ownership like in Tanzania. So, I think maybe legislating beneficial ownership could be a step in helping streamline things."

Saul Ongaria, the chairperson of the Uganda EITI Multi Stakeholder Group, told this publication that in support of their efforts, the Uganda Registration Services Bureau (URSB) is working to amend their laws to, among many other issues, require companies to disclose beneficial ownership.



This is reflected in minutes arising out of a UGEITI meeting held in August 2021, where the URSB noted that they had submitted their Regulatory Impact Assessment for amendments to their Companies Act to the Ministry of Justice and would be engaging the First Parliamentary Council to prepare the principles and the cabinet memo to that effect.

However, there is a catch in beneficial ownership transparency as NRG President Suneet Kaimal notes.

"Knowing who owns a company is not enough. Governments and companies must apply high ethical standards when evaluating that information. Anti-

corruption advocates and beneficial ownership transparency supporters must invest in how the data is used," she cautioned at the EITI's Beneficial Ownership Transparency Forum.

Already some EITI implementing countries like resource-rich Ghana have established a Central Beneficial Ownership Register for all companies. This was enacted into law in October 2020. ■

We don't know who owns the companies with which the government does business, and therefore are in need of laws requiring the public identification of beneficial owners

More exploration is what Uganda needs now - Hinton

“No exploration means no discoveries. No discoveries means no mines. No mines means no minerals to add value to.”

*There's perhaps no busier time for Uganda's mining sector in the past four decades than in the last five years. Private Sector, Development Partners and Government have been involved in numerous efforts to revamp and develop the sector to spur the country's socio-economic development. **Robert Mwesigye** spoke to **Jennifer Hinton**, the Uganda Country Head for Jervois Mining Ltd who is also a Uganda Chamber of Mines and Petroleum (UCMP) Council Member, on how to improve Uganda's prospects as a popular mining destination.*



Q *As an investor, what are your expectations from the ongoing Karamoja airborne geophysical survey?*

Having high-quality data sets is an important first step to attracting exploration companies. Without exploration, you will not make discoveries and without discoveries of economic deposits, we won't have mines.

Different geologic environments, different types and ages of rocks, different types of structures like faults or folds are suited to hosting different types of mineral deposits. The data from Karamoja's airborne survey together with other essential geological data, such as geologic maps or reports, will give exploration companies insight into the geological setting in Karamoja and an idea of which areas in the region might host certain minerals.

As exploration is carried out, more and more data are collected and research is conducted over time. Companies will continue to use the airborne data with new data they generate to get a clearer picture of what might be going on below the surface.

Airborne geophysical data doesn't immediately point you to a specific location of a mineral, not even close. But it is a very important step for the Karamoja Region because it provides critical information as a starting point. So, it definitely makes the area more attractive to prospective explorers who are considering Uganda as a place to invest.

Q *What, in your view, is a realistic timeline for the country to start seeing tangible benefits as a direct result of this geophysical survey?*

To be clear, I am not briefed on the government timeframes. But I suspect the government will take a few years to collect the data and then process, interpret and package it.

But in terms of getting these tangible benefits like when the mining will start, for minerals such as gold, copper, nickel, platinum, for example, it takes about 6 to 10 years of investing in and carrying out exploration to make a discovery. It is a long process of mostly research and studies. And even after investing for two years, six years, ten years, most exploration projects don't succeed in making a discovery. Geology is very unpredictable. So, getting companies to take the risk to invest in Uganda or really any country is a challenge.

To reap the benefits, we need to attract as many exploration companies as possible - there are a few countries that have succeeded in attracting 20, 40 and even 60 or more exploration companies like mine (Jervois Mining Ltd) that actually invest on the ground, employ a reasonable number of people, that spend money on local supplies and services, buying locally what they can.

But the most significant benefits really come when mines are constructed and operating, so the priority should be attracting lots of exploration companies to increase our chances of making discoveries in Uganda. However, for certain types of minerals, like limestone, marble and other Development Minerals, the time frame between exploration, discovery and mine development can be much shorter.

Q *And what key areas should Uganda focus on to reap these tangible benefits from this geophysical survey?*

There are Ugandan investors that want to or are already investing in mineral exploration or mining, I would encourage the DGSM – they have a phenomenal geoinformation center and extremely competent and highly trained geologists – to ensure that the airborne geodata is presented in a way that is usable and meaningful to Ugandans, especially in the case of smaller investors and miners. Exploration companies with more resources and expertise will have the means to interpret the data and make our own conclusions.

Whereas foreign investors are usually looking for the massive deposits that are turned into modern, industrial high-tech mines, often times you get a lot of smaller deposits which might be of interest in terms of benefitting smaller Ugandan investors.

Q *How should Uganda as a potential mining investment destination prepare for the opportunities that will arise from this exercise? What should be our learning points?*

I think this still depends on how many companies we succeed in attracting. A Ugandan enterprise for example wouldn't make a whole business around supplying just my company with renting geophysical equipment that we use for 3 weeks in a year or by making the special soil sample bags that we need in exploration. It's not a viable business unless there are a number of clients that they can sell goods or services to, especially for some of these specialised products.

The same goes for things like expertise needed. Right now, there is an overabundance of educated geologists eager to work and get experience but they don't have enough job opportunities. In the mining sector, we need to think about where the training and education gaps are and start focusing on building Ugandan capacity in these areas. But right now, with only a few companies active in the country, the real transformation can start when we succeed in attracting more investment to the sector. This would provide an important opportunity to employ especially these young people and build Ugandan expertise and hopefully create some new markets for local businesses as well.

Q *Having interacted with several stakeholders in the mining sector, could you please paint a general picture of how this survey might act as a precursor for attracting investment in Uganda's mining sector?*

Of course, if we had a number of large, industrial, modern mines, this would be a big selling point to potential investors, but we aren't there yet. Beyond this, exploration companies will look at different countries say, Malawi, Uganda, Peru, Mongolia, and one of the first things they look at is the law. Alongside this, they look at availability and quality of data and mineral information that they can build upon. Even before they decide to go to a country, this will give them a sense of what the potential might be for different types of mineral deposits. So, the data obtained from the survey is clearly important to attracting the type of investors Uganda wants and needs to transform the country into a mining destination.

Q *You are an advisor to the Chamber of Mines; how would you advise for a more inclusive investment climate such that even the small companies you talked of can participate?*

As the Chamber of Mines, we noted a few aspects in the mining law that required small and medium size investors to meet the same compliance requirements as a larger company and that can be a barrier. For example, you would have high expectations of a larger company with respect to Community Development Agreements but a smaller investor might not have the same resources and capacity.

Another issue is a lot of the local content provisions in the draft law seem to have come from oil and gas. What that means is if I have a camp and want to work with a local women's association to build their capacity to supply things, if you impose the oil and gas provisions, they have to register with the Ministry of Energy and meet many other requirements and standards. The petroleum sector is very different so I would caution that there is a review done of all these potentially prohibitive measures in the mining law that just don't make sense for the minerals sector.

The second thing is a lot of the packaging of the geodata is focused on the larger foreign companies. Can DGSM provide local investors with data in a way that's useful to them and provide a mechanism for people to access some technical support?

The third thing is probably financing. Are small scale miners going to spend \$2 million on a bankable feasibility study if they only have \$50,000 to invest? Do we have financing mechanisms that are suited for different scales of mining? There are

programmes in other countries for instance, in Nigeria, where the government puts up loan guarantees through local banks for licenced artisanal mining associations to access finance and then the government also provides them with geological information and supports studies needed so that financial institutions have some confidence in providing small loans.

There also seem to be opportunities in the mining law to better translate some commitments in the Minerals Policy into action. For example, where we are required to do community consultation in the law, we should also be required to take steps to make the process inclusive for women, youth, disabled and those most vulnerable in communities.

Similarly, accountability is also needed to ensure actions taken by government are also inclusive. For example, for Mines Inspectors and others in DGSM, are their outreach programmes or trainings actually reaching the most affected people on the ground? Are they inclusive in terms of gender, socio-economic status, physical ability and other factors?

Collecting and disclosing data on performance is a good start so we can see if there is progress. It's easy enough for companies to provide information like how many women or men we employ, if they are Ugandans or non-Ugandans, etc. Government should be required to disclose the same in terms of the composition of departments and their activities. The principle of "what gets measured gets done" is so important. If we have baseline data and regular reporting, it's a starting point to seeing if we're actually improving in terms of diversity and inclusivity in the sector over time.

From your time working in Uganda so



Ministry of Energy and Mineral Development officials inspect one of the aircrafts carrying out the ongoing airborne geophysical mapping in Karamoja Sub region

far, what is your experience with the environment around the current legal framework governing the mining sector?

When the law came out around 2003/04, it was regarded as one of the best internationally but expectations have changed over time. For instance, with respect to community development obligations and local content, it's very positive that requirements are quite clear in the new law before Parliament, but many of the gaps or concerns probably could have been addressed through an amendment to the current law and through better enforcement by DGSM, who quite often hasn't had the resources they've needed. Of course, mechanisms to ensure the government is held accountable for the resources they receive are also key.

Our experience has been very positive in Uganda and we really want to see the sector

thrive. But we and many others have serious concerns with the new law especially related to unpredictability and competitiveness with other countries. Some proposed provisions are unfortunately major deterrents. Yes, Uganda has mineral potential – which just means there is a possibility of discovering certain types of deposits. But so does Namibia, so does Canada, so does Chile. These countries also have mineral potential. If a new law increases the already high risks inherent in the sector, the likelihood that companies, especially credible companies - will go elsewhere is high.

We can learn a lot if we look globally at what is happening, where is the exploration investment going and where is it not going and why. Just because some legal provision is introduced in another country two or three years ago doesn't mean it's working; it doesn't mean we should copy and paste it into our law. It seems sensible to benchmark

against countries that have succeeded in attracting investment and who have had the growth trajectory and development outcomes that we want to see here. What might be the lessons learned for Uganda?

I think everyone who has been working in Uganda's sector wants to see positive and significant contributions to development, but it's a real concern that some aspects of the law before Parliament pose a real risk of deterring investment altogether.

Q *Talking of DGSM, their latest 2019/2020 performance report cites an export ban on unprocessed minerals as a deterrent to attracting investment in the sector. They have noted a decline in mineral royalties' revenue, production and export. What is your take?*

Internationally, you do not have one mine and one refinery anymore. The size of smelters today is 10, 20 and even 30 times bigger than they used to be which means a smelter needs to source material from 5 or 10 mines or more to operate. The bigger it is, usually the lower your production costs. So, if the metal is 10 times more expensive to produce from a really small smelter than a large one, who will buy your product at 10 times the going rate? We want value addition but any project must be financially and technically sound.

Currently, we have very few mines in Uganda and these are small scale so the total production volumes of different minerals is pretty low. The ban is basically the same as requiring these small mines to build a smelter or refinery that will also be small which doesn't make them competitive.

Because of the ban, many of these small mines have closed, many have lost jobs and local economies and families are suffering a lot. We are seeing this in Ntungamo and Kabale and other places now.

Discovering just one large and economically viable deposit that can effectively be developed into a mine takes years of research and investment and you would be very, very lucky.

The ban is a major deterrent to attracting exploration companies. The main goal of exploration is to make a discovery of a mineral deposit that can successfully be developed into a profitable mine. Let's say a company succeeds having invested millions of dollars. Would someone invest \$300 million to build the mine, then produce and stockpile mineral concentrates and then sit and wait in the hope that 5 other companies might do the same as needed to justify a smelter? Probably not. So, unfortunately, the ban means you probably won't even start exploration in that country to begin with. Exploration companies will go elsewhere.

In simplest terms, no exploration means no discoveries. No discoveries means no mines. No mines means no minerals to add value to.

To take steps towards in-country value addition, it's important to benchmark with other countries. In terms of essential requirements, Uganda is phenomenally well-positioned with respect to energy. Coordination between sectors, for instance on roads and other infrastructure, seems to be improving rapidly. Moving towards regional integration is important too. Can we source certain types of mineral concentrates from neighbouring countries to justify

the volumes we need for a large smelter or refinery? How about transportation costs and other inputs? And the expertise needed – smelters and refineries need very specialised skills and these skills are often very specific to different types of metals and minerals. Are we building Ugandan capacity in processing, refining and smelting and, if so, for what minerals and metals? These are just a few key factors that we need to consider.

Having said that, there seems to be a misconception that mine developers and operators don't even consider downstream processing, refining and smelting. We want minerals value addition to become a reality but it seems we need a more holistic strategy and concrete roadmap to create the conditions needed to make it possible.

Having talked about several issues and what government is trying to put in place to move the sector forward – we are perhaps biting off too much than we can chew - what do you see as those realistic obtainable goals for us as a country?

My experience is that companies looking to Uganda first ask questions about the mining law and the export ban which are pretty fundamental and will actually determine the trajectory of the sector for the next ten or twenty years. If we succeed in attracting serious companies while supporting local investors in the sector, then we can start looking at linkages between mining and other aspects of the economy like infrastructure, tourism, agriculture and other sectors, to have a high multiplier effect and really contribute to creating wealth, quality jobs and all the other development benefits we want to see.

As a simple example, in the old days, mines

used to have camps, a hospital, housing and everything was controlled by the mining company but that has changed completely. Now you would support independent small or medium enterprises to meet the needs of the mine. For example, like working with a local workshop to meet the standards needed to maintain a fleet of vehicles.

In Kasese, think of all those tourism companies with their safari vehicles, if a vehicle has a problem, they often send it back to Kampala or send their own mechanic. If the capacity to meet the standards were already there, then local businesses would thrive through not just the mine but through these other opportunities.

As another example, mining companies are not in the business of running hospitals but they need to meet international standards for their workforces. So, working with government to bring Kilembe hospital up to this standard would of course have a bigger development impact far beyond the mine. So, the question becomes, what can be possible for agriculture, for example through a rail line, or conservation, or clean energy or any number of things. There are a lot of spin-off benefits that responsible companies would consider in 2021 that they weren't really expected to think about in 1970.

So as a realistic goal, let's do our best to create the conditions needed to attract credible exploration and mining companies. While we do that, let's ensure that Ugandan investors are not excluded through legal barriers; and artisanal mining is formalised in a way that does not leave those most vulnerable behind. If we can do that, then things could change quite quickly in a positive direction. ■



Gulu ASM association transforms lives in rural community

Their story dates back 21 years ago when they registered Atim ki Kuma Quarry Association of ASMs. Ever since, they have grown their capacity to a point where they can secure grants from Development Partners to enhance their work.

The miners operate at Bardege stone quarry, 4 kilometers from Gulu City, etching a living from breaking hard-core stone into aggregates for sale.

They source the hard-core from neighbouring Kochgoma in Nwoya District, Keyo in Amuru District, Pateko Ajulu and Cwero in Gulu District, and Bobi in Amoro District.

Stewart Kidega, the Chairperson of the Northern Region Chapter of the Uganda Association for Artisanal and Small scale Miners (UGAASM), narrates that at first, they started of by mining sand in the swamps. "During the time of the insurgency in Northern Uganda, people mined sand for survival. Women and children were not allowed because they were vulnerable to attacks from the rebels," he says.

Kidega's story, and that of his colleagues, has been one of resilience through the years. He was only 14 years in 1995 when the National Environment Management Authority (NEMA) was established and charged with the responsibility of coordinating, monitoring, regulating and supervising environment management in the country. Expectedly, NEMA sought to clamp down on illegal sand mining. "They started chasing us from the swamp because that is where we were mining sand," recalls Kidega.

Consequently, the ASMs abandoned sand mining and shifted their efforts to stone quarrying in the Bardege area.

Once a small group of locals looking for survival, they have since morphed into an association comprising 375 miners, more than half of them women.

They have benefited from trainings in financial literacy and health and safety; but, perhaps the most significant development has been securing funding from Development Partners.

The UNDP Grant

The Association successfully applied for a US\$ 5,000 grant under the UNDP ACP/EU Development Minerals Programme in March 2021, part of which they invested in their Village Savings and Loans Associations to enhance access to finance for their members.

The grant was timely being that members had depleted their savings during the lockdown when business was low. "That money was really helpful. I have also been able to save most of the earnings because I have students at home who are helping at the quarry so I save on labour," says Auma Agnes. She adds that when school finally resumes, she will have some funds to cater for some of the school fees.

Under the grant, members also procured tools to ease their work and safety gear, as well as first aid kits. They also secured a pump and generator to drain water from the pits during the rainy season.

The Association reports that under the grant,



Members of Atim ki Kuma jubilate at the launch of the sanitation project

they will be extending trainings to other ASM groups on the process of formalisation and registration at the District Local Government.

Improving Sanitation

Prior to the UNDP grant, the Association had secured another grant from the Australian Direct Aid Program (DAP) to set up sanitation facilities that included pit latrines, shower areas, water points and a borehole.

The project was timely in the face of a ravaging Covid19 pandemic that brought about the issuance of Ministry of Health Standard Operating Procedures (SOPs) which required constant supply of clean water for washing hands.

Akello Agnes, the Women Councillor for Bardege Division, says over 400 households are benefitting from the project. "Previously

water was a problem, in fact, the first time I heard about this project I did not believe until I saw it here. It has been a blessing," she says.

The association constituted a committee to oversee proper management of the facilities. The committee is headed by Stephen Komakech. "Because the resource is very valued and we never had it before, we charge a small fee for the caretaker to maintain the hygiene. Families in the community have also been saved from trekking distances to look for water. People are really relieved," he says.

As the Uganda's mining sector recover from the disruptions of the Covid-19 pandemic, this Bar-dege based ASM association can only look forward to positive things ahead, thanks to their incredible organisation and unity. ■



Courtesy photo/ PLEXII

A group of children fetch water at the borehole that was constructed under the sanitation project

Risks Associated with State Participation in Mining through a National Mining Company

BY BWESIGYE DON BINYINA

In April 2014 the Ministry of Energy and Mineral Development (MEMD) embarked on the process of reviewing its Mining Policy, Law and Fiscal regime. This process was supported by the World Bank which hired me to facilitate the review of the existing Mining Policy, 2001, Mining Act, 2003 and Mining Regulations, 2004. I was also charged with ensuring that the whole process was participatory.

We involved Local Governments, domestic and international investors in the mineral sector, mineral resource community representatives, Artisanal and Small-scale Miners (ASMs), civil society, academia and the media. In 2016 a white paper was presented to the responsible Minister of Energy and



Mineral Development and in 2018, the new Mining and Minerals Policy was endorsed by Cabinet.

On Thursday the 18th November, 2021, the Mining and Minerals Bill, 2021 was presented to Parliament by the Hon. Minister of Energy and Mineral

Development for its first reading. I

would like to kick-start the discussion by listing one of the red flags in the New Mining and Minerals Bill that our legislators and particularly the Natural Resources Committee of Parliament should pay attention to: the introduction of a National Mining Company (NMC). According to the framers of the Bill, it is envisioned that the NMC will take over the commercial interests of the country and re-affirm Uganda's sovereignty over mineral resources in accordance with the provisions of Article 244 of the Constitution.

Institutional strengthening and enforcement of sector compliance and monitoring of the operations of mining companies should be the priority for Uganda's legislators and policy makers. Some of the intentions and roles of the National Mining Company can well be handled through a strong fiscal regime for the mineral sector enforced by the Ministry of Finance and Uganda Revenue Authority in collaboration with the Ministry of Energy and Mineral Development.

Below are some reasons why several National Mining Companies have failed in Sub-Saharan Africa and other resource rich countries with poor and weak governance systems:

- Limited known probable and proven reserves for a significant number of mineral resources in Uganda;
- Governments are driven by the public good interests of creating jobs and winning the next election while the private sector is driven by the obligation to provide dividends to their shareholders;
- Managing mining companies and operations requires fiscal discipline which is rare in many sub-Saharan Governments, including Uganda;
- Governance of National Mining Companies tends to be grounded in systematic failures. Employment within these companies is rarely based on technical expertise and competence but rather a reward to political cronies, relatives and friends (the Angola Case Study Under former President Eduardo Dos Santos is a case in point);
- It is common for NMCs to assume political demands for quasi-fiscal

activities, which prejudices effective macro-economic and budget management and makes forward planning exceptionally difficult. On the revenue side of things, the opacity of NMC operations and substitution of revenues shares from equity participation for tax revenues or assumption of fiscal agency responsibilities often leads to weak accountability, non-compliance, and eventual revenue loss. In a nutshell, it becomes complicated for government agencies such as the Uganda Revenue Authority to police one of their own and quite often, the NMC is cornered into protecting the Private Sector J.V partners through creative accounting.

- Funding of state participation can be problematic. Much as the NMC may generate a lot of revenues, structurally NMCs also tend to be very cash-hungry. Funding significant participation draws resources away from other urgent budget priorities, jeopardizing overall development objectives, and creating social and political tensions. It may also run counter to macro-economic and fiscal policies designed to protect the economy of a resource- rich country from Dutch Disease by investing in the growth of non-resource sectors.
- The NMCs are often faced with a balancing act, to fund its own OPEX and CAPEX on one side and satisfying competing political demands of the Government for other critical social sectors such as education, health and housing, physical infrastructure etc. ■

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