

The Uganda Chamber of

# MINES & PETROLEUM

Issue: 16

October, 2016

**Development  
Minerals in the  
Spotlight**

**Tororo, Uganda's  
Minerals  
Destination**

**GE enters Uganda as  
oil sector reawakens**



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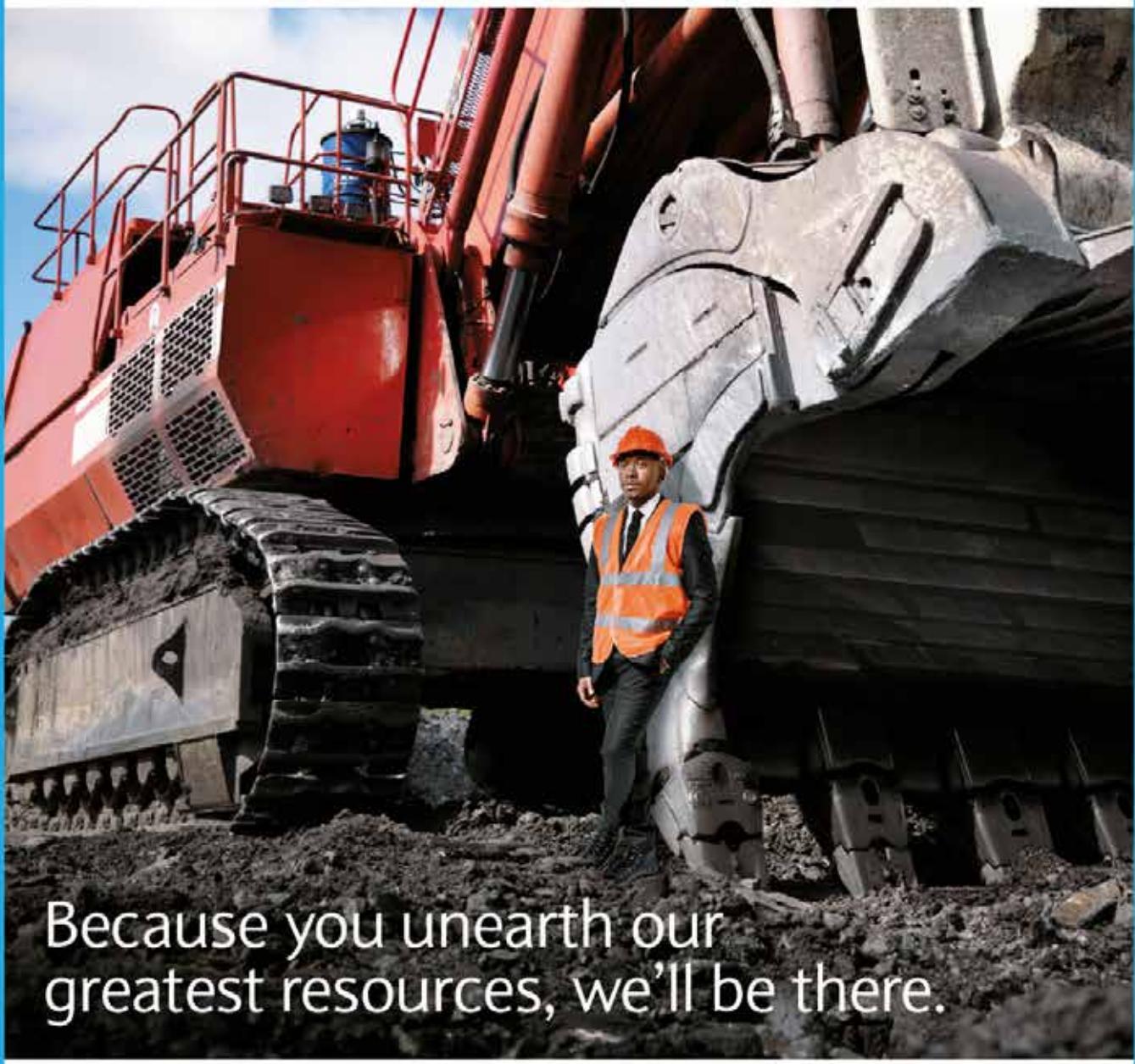
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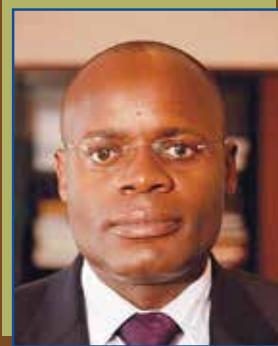
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# We can do it

**M**ost of what we do is routine. Our daily tasks – whether personal or professional – are largely executed automatically; allowing the familiarity of the regular steps to guide us daily. But is this enough? Will the ‘routine’ transform Uganda’s potential overnight into this exotic paradise that we all dream about?

Definitely not!

In its simplest description, the Uganda Chamber of Mines and Petroleum’s (UCMP) mandate is more or less the same as that of the Ministry of Energy and Minerals Development, and by extension the Government of Uganda’s. As a not-for-profit, non-governmental organization representing the interests of the private sector in Uganda’s mining and petroleum sectors the UCMP is constantly collaborating with the state to develop the country’s extractive sector.

Constantly rallying current and prospective investors towards exploiting the country’s mineral wealth and in so doing, turn this potential into unbridled success, is simply what the UCMP is about. This is of course no different from the Ministry’s or the State’s obligation.

The Mineral Wealth Conference (MWC), now in its 5th year, is one such platform within which the UCMP performs its aforementioned roles; and over the years, has enjoyed enormous support from the Government of Uganda. Every October, key decision makers including state officials, mining investors, business leaders, bankers and academics from all over the world gather under one roof to deliberate on one key thing – how to turn Uganda’s potential into tangible success.

As such, the MWC usually serves as a platform for the public and private sectors to brainstorm and identify the bottlenecks that could be holding us back from scaling the heights. Indeed, a lot of hurdles have been done away with as a result of these deliberations, like the scrapping of VAT on exploration, which lifted a very huge weight off every investor’s shoulders.

However, these interventions should be less, a result of years of negotiations but more regular and incisive, if Uganda’s dreams are to become valid. Like earlier noted, our goals, together with those of the state, intertwine. There should never be room for suspicion or doubt but rather mutual trust.

To achieve this mindset though, the routine must no longer be welcome. It should now, more than ever, be Business Unusual.

Important to remember, is that when we have bothered to, we have moved mountains. There are numerous success stories in Uganda and across Africa that demonstrates that it is possible to achieve great things overnight, when the mindset is right.

We can do it.





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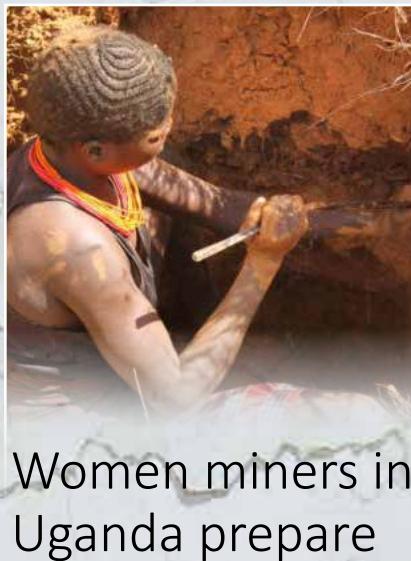
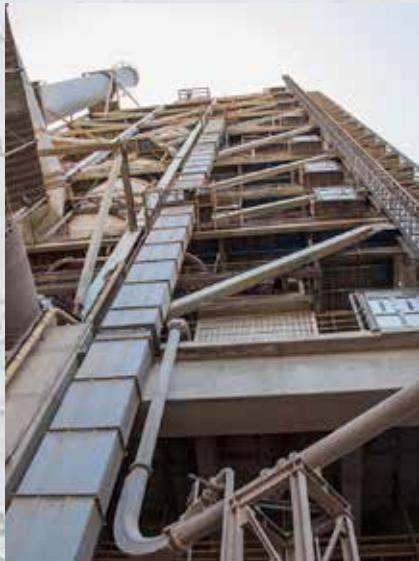
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Hima Cement  
in \$40m  
expansion  
drive



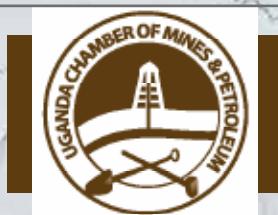
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**Acknowledgements**  
to the editorial team assisted  
by Richard Kaijuka.

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# AU PLANS NEW STRATEGY FOR AFRICA'S MINERALS



**AUC's Mugenyi (L) flanked by Rwanda Mining Association's Kalima**

The African Union (AU) has said there is a need to devise an urgent continental strategy to optimally use Africa's resources to the advantage and benefit of Africa and Africans.

Meeting for two days in Kigali, Rwanda, the African Union Commission (AUC) and the African Minerals Development Center consulted the Private Sector on the Africa Mining Vision (AMV) initiative under the theme: "*Leveraging the role of Chambers of Mines and Mining Association in the implementation of the Africa Mining Vision*".

The objective of the meeting was to have a frank discussion and contribution amongst Private Sector and leaders from Chambers of Mines from East and Central African countries on how to implement the AMV.

In 2009, the African Heads of State and Governments adopted the AMV as a Continental Policy Framework with the long-term goal of attaining "transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development."

In his keynote speech on behalf of H.E. Mrs. Fatima Haram Acyl, the Commissioner for Trade and Industry, Mr. Frank Mugenyi, Senior Industry Advisor for the Department of Trade and Industry of the AUC, pointed out that the common refrains "remarkable economic growth rates" and "The rising Africa" did not translate into job creation and poverty reduction and now with the falling commodity prices, Africa is at its crossroads.

"The thousands of young Africa men and women migrants and thousands of them perishing in the Mediterranean Sea trying to cross to where they think they can find decent jobs, are not political asylum seekers but economic migrants. What can we do about this?" he asked.

"The answer is not simple but a must; Africa is re-writing its history and shifting the paradigm of development. Africa is writing its own narrative for development embedded in, social and economic structural transformation, underlined by industrialization that leads to '*inclusive growth and sustainable economic development*' as articulated in Agenda 2063," Mugenyi noted.

**"Africa is writing its own narrative for development embedded in, social and economic structural transformation, underlined by industrialization"**

Accordingly, a global Strategy to optimally use Africa's resources that benefit all Africans is urgently needed for Africa.

"Africa cannot afford to have it wrong this time around, there is no room for error and this can only be achieved through broadening partnerships and bringing the private sector on board in policy planning and implementation," emphasized.

He also called for proper engagement with the African Private Sector and all the stakeholders along the value chains. He urged participants to work together in order to be at the centre of the boom that will be created by Africa's own demand of manufactured and industrial products as Africa works its way up the ladder of social and economic structural transformation of economies.

Earlier, Mr. Jean Malic Kalima the Chairman of Rwanda Mining Association (RMA), pointed out that Rwanda like most of other African countries was endowed with minerals. He said mining activities were being carried out by government until 2006 when the mining sector was privatized leading to the formation of RMA in 2012 to facilitate smooth transition of mining business to entirely private business companies and cooperatives.

The challenges that faced by the Rwanda sector included mineral price fluctuations, low technical capacities of the main actors and limited access to finance, said Kalima. RMA was now establishing a strong collaborative framework among the private sector players, relevant government institutions, and other associations for the purpose of value addition.

Going forward five regional associations – Southern, Eastern, Central, West and North Africa – will participate in setting up one organised and effective continental body.

Hon Richard H. Kaijuka, the Vice President of the Uganda Chamber of Mines and Petroleum (UCMP), will head an interim committee to spearhead the formation of an association of mining industry players in the Eastern Africa region; that will identify and bring up this region's key mining issues for discussion at the next engagement.

11 countries form the Eastern Africa block, namely; Uganda, Kenya, Tanzania, Rwanda, Burundi, South Sudan, Republic of Sudan, Ethiopia, Eritrea, Djibouti and Somalia.

In the meantime, Mali hosted the West African version of the same meeting in September.

The AMV emphasizes the transformative role played by the mineral resource sector in the development milestones of African countries. The AMV compact targets mining companies including oil and gas, Chambers of Mines and other mineral sectors and it is based on principles that can be aligned with corporate core values, policies, strategic plans and mission statements of companies in the extractive sector.

# UNDP, EU, throw the spotlight on ‘Development Minerals’



Stakeholders conduct a site visit at Mbalala Stone Quarry, Mukono District

The ACP-EU Development Minerals Programme is a three-year, €13.1 million capacity building program that aims to build the profile, and improve the management, of Development Minerals. Development Minerals are minerals and materials that have a high degree of economic linkage close to the location where the commodity is mined, that is, they are mined for domestic use. Development Minerals include industrial minerals (such as barite, bentonite and calcium carbonate), construction materials (such as sand, cement and aggregate), dimension stones (such as marble and granite), and semi-precious stones (such as amethyst, garnet, beryl and tourmaline). The program is an initiative of the African, Caribbean and Pacific (ACP) Group of States, financed by the European Union and the United Nations Development Programme (UNDP), and implemented by UNDP. Below, **UNDP Uganda, Country Director, Ms Almaz Gebru**, shares more detail on this initiative:

## What informed the creation of the ACP-EU Development Minerals Programme?

From toothpaste to paints, and buildings to plates, Development Minerals are intrinsic to everyday life. They provide crucial inputs for the infrastructure, manufacturing, construction and agriculture sectors of the economy and have the potential to be high value in terms of national development. Development Minerals have, however, received inadequate attention for their potential to impact livelihoods (both positive and negative) and few development initiatives have addressed

the challenges faced by this mining sector.

In comparison to the metals sector (where commodities are mainly extracted for export), Development Minerals have closer links with the local economy, and have the potential to generate more local jobs, with a greater impact on poverty reduction. This is partly because the sector is dominated by small and medium scale domestic businesses. However, there are a number of environmental, social and economic challenges confronting the sector. Small-scale mining and quarrying of Development Minerals

commonly occurs in an uncertain legal and regulatory environment, with a lack of publicly available and easily accessible geological data, which exacerbates wasteful exploration and discourages investment in the sector.

The oversight of environmental, social, health and safety issues is often inadequate, and weak or often non-existent technical extension services such as skills training, capacity building, access to technology, finance, appropriate equipment, investment information and markets, has contributed to the sector's neglect.

The ACP-EU Development Minerals Programme was created to build the capacity of the small-scale private mining and quarrying sector, government and civil society to ensure the sector contributes to sustainable and inclusive development.

The programme is implemented at regional and country levels. At the regional level, the programme conducts capacity building activities with participants from forty ACP countries through regional training workshops, field trips, the production of guidance products and knowledge exchange. The programme will also host a final conference to enhance the knowledge sharing activities conducted during the programme. Participants of our regional training workshops implement the skills and knowledge that they have gained from the training through return to work plans.

At the country level, in depth capacity building is undertaken with six focus countries: Cameroon (Central Africa); Guinea - Conakry (West Africa); Uganda (East Africa); Zambia (Southern Africa); Jamaica (Caribbean); and Fiji (Pacific). Country-level activities include: training; small grants; the production of maps and databases; development of regulations on environment, health and safety; organization of community dialogues, technology fairs and networking events, such as this Mineral Wealth Conference.

**What is the situation in Uganda that the programme is trying to address? What is the expected impact once the program comes to an end?**

Uganda has a favourable investment climate that accommodates all facets of capital investment. The country is also endowed with mineral resources, but most people focus on the metal sector. While commodity prices have been in decline for globally traded metals, prices of Development Minerals, like sand, concrete and aggregates, have remained stable.

High economic growth in emerging economies is usually followed by demand for housing and consumption goods and Uganda has not been an exception. For instance, during the year ending June 2015, Uganda's economy grew by 5%, compared to 4.5% of the previous year. Uganda's construction industry has experienced rapid growth and this has increased the demand for construction materials and related services.

This economic growth, the infrastructure boom and rapid urbanisation has also spurred demand for construction materials, dimension stones, industrial minerals and semi-precious stones. For instance, the construction industry contributes over 12% of Uganda's gross domestic product (GDP) and conservative estimates indicate that more than 1 million people in Uganda are engaged in this sector, with women making up more than 25% of the work force.

In Uganda, the Development Minerals sector is constrained by a number of environmental, social and economic challenges, but with greater attention, policy support and regulatory oversight, the sector could play a key role in driving Uganda's inclusive growth agenda. Technical extension services such as skills training, capacity building, access to technology, finance, appropriate equipment, investment information and market analysis are needed. The historical neglect of the sector has contributed to economic, environmental and social consequences including low revenues

**“In comparison to the metals sector – where commodities are mainly extracted for export –, Development Minerals have closer links with the local economy, and have the potential to generate more local jobs, with a greater impact on poverty reduction”**

accruing to government, compromised health and safety of the miners and surrounding communities and adverse immediate and long-term effects on the environment.

It is envisioned that the impact of the programme will be widespread, providing transformative change in the lives of thousands of small scale miners and quarry workers, local communities and small businesses. Furthermore, through the capacity building interventions, the productivity, competitiveness and investment profile of the Development Minerals sector will be greatly enhanced through cross-sectoral linkages and value addition.

**Observers have always noted that recommendations from such initiatives often remain on paper and are never actually implemented. Why should it be different this time?**

The ACP-EU Development Minerals Programme is a capacity building programme. The aim is not to provide recommendations or advice, but to instead support people involved in the sector with skills, networks, and knowledge.

For example, the training delivered under the programme is directly linked with the workplaces and lives of each participant. Training participants develop a Return to Work Plan during training events to implement in the months following the training. Formalization, through registration and formation of associations by the artisanal and small scale miners, in the Development Minerals sector, will be key to ensuring that the skills generated by the programme continue to be shared.

Furthermore, Uganda is one of the six focus countries of the programme. The activities that will be undertaken in Uganda have been collaboratively designed with government, private sector and civil society stakeholders and informed by field visits and a national consultation workshop.

**How much support is the program getting from Uganda's Ministry of Energy & Minerals Development?**

The government of Uganda took the lead in identifying the need for the implementation of the ACP-EU Development Minerals Programme as a result of the pertinent challenges confronting the Development Minerals sector in Uganda. They approached like-minded partners such as ACP Group

of States, UNDP and the EU to jointly address the challenges. Thus, from inception, the programme has been a Ugandan-led effort that is aligned with Uganda's development targets and priorities especially as reflected in the second National Development Plan.

The Government of Uganda is undertaking several policy, legal and regulatory interventions aimed addressing the sectoral challenges and unlocking the potential of the sector. Additionally, the Government has prioritized development of geological surveys, formulation of the mineral development master plan containing the Country Mining Vision and construction of supportive infrastructure for the mining sector. The Ministry of Energy & Minerals Development, through its Directorate of Geological Surveys and Mines is directly involved in the implementation of this programme and has availed extensive support to the programme through technical and other logistical support.

**How else will the program impact Uganda's mining sector and the general socioeconomic development of the country?**

As highlighted, the programme is an extensive multi-faceted effort to address the Development Minerals sector in Uganda that has to date been largely

neglected. Part of the work done so far has been to ensure that the issues pertinent to the Development Minerals sector are reflected in the new Mining and Minerals Policy of 2016. The aim is to ensure that while the laws and policies are right, practice is also aligned. In addition, extensive training and support will be provided for small scale

miners and quarry workers in health and safety, efficient technologies and environmentally sustainable mining. Feedback from stakeholders indicates that existing information about the sector is either out-dated or scant and has limited access for investors and other stakeholders. The programme has initiated an extensive baseline survey to generate accurate information on the location of Development Minerals deposits/reserves and actors involved in this sector in Uganda. It is expected that this will be another vital contribution to the mining sector since interested parties will have access to accurate, up-to-date information that would not only bolster investment into the sector, but also inform government strategic planning and monitoring functions.

Beyond the mining sector, the programme will benefit the wider socioeconomic development of the country through contribution to increased household incomes that will augment access to health, education and other social and human development services. The programme will facilitate formalisation of small-scale mining associations and the establishment of linkages to other cross-sectoral ventures that include service provision, value chain integration and other complimentary economic and social activities.

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# “Uganda Marble competes with the best in the world”

**DAO CEO, Mr. Mohammed Aoun**



**U**ganda is on the verge of becoming one of the main producers of marble in Africa and the world thanks to DAO Marble Ltd. From its quarries in Moroto, DAO Marble is now mining raw marble blocks while processing polished slabs and tiles at its newly established plant in Kampala at Kinawataka, Mbuya. **Mr Mohammed Aoun, CEO and Chairman, of DAO Marble** shares the company's story so far with the a magazine:

## What is DAO Mable's story in Uganda so far?

In 2012, in a meeting with HE President Yoweri Museveni about investing in Uganda, a few projects were considered including power, a refinery and cement production. We finally settled on cement and our technical team embarked on prospecting for limestone suitable for the process. After a thorough and costly exploration, however, the geologists encountered this beautiful, true marble that was of the highest quality and grade with unique characteristics.

Subsequent tests of the marble samples in USA, India, China and Italy, revealed that it was genuine true, non-porous marble.

This encouraged us to set up a complete marble manufacturing facility in Uganda as a priority over the cement project (which remains in the pipeline).

The deposit is big enough to support this business for the next 25 years at the maximum production rate of about 50,000 tonnes per year.

DAO Marble has invested about \$12m dollars so far; and there an additional \$40m lined up for expansion in the next 2 years.

**From initially exporting dimension stones, you are now producing slabs and tiles at your Kampala factory. How big is this investment and what are the expansion plans?**

As I noted, we have so far invested about \$12m in total towards the entire project and something in the range of \$4.6M towards the processing plant in Kinawataka, Mbuya – Kampala with

another \$5m lined up in Phase II. The plant employs just over 40 workers but the number will have grown to 100 by the close of the year (with over 90% of the workers Ugandan).

At the moment we are producing slabs and tiles of different sizes. In the next phase we will also have mosaic in addition to calcium carbonate, agriculture dolomite and whitening material which can be used for paints and undercoating.

## What informed the decision to have the plant in Kampala not at the mineral source in Karamoja?

Our initial plan was to have the factory in Moroto, Karamoja but the infrastructural bottlenecks could not allow us, hence the relocation to Kampala. Poor road conditions can mean losing up to three days on the road after a heavy downpour during the rainy season. Also, this industry is heavily dependent on constant power supply, yet Moroto lacks power. Presently we are using our own diesel generators to produce energy for the quarrying and mining operations – a very expensive alternative.



Another drawback is the lack of spare parts or the inability to quickly restore a faulty machine or system breakdown. It may take 3 to 4 days to get a problem fixed in Moroto versus about 2 – 8 hours to get a similar problem fixed in Kampala.

Having said that, DAO has invested heavily in our Karamoja operations where 90% of our workforce is local. We have also provided 20 scholarships to local kids and have sponsored the Moroto football team, the Shepherd Warriors. Importantly, we are spending up to \$100,000 on procurement of spares, electrical parts, food among others in Moroto on a monthly basis – a sizeable contribution to the local economy.

#### How has the market responded to your product?

The market response can be summarised in one word – encouraging. Whoever gets a feel of our material loves it and places an order. This is a product that is liked; beauty and quality-wise DAO's marble compares with the world's best from Italy.

Notable local customers so far include Serena Hotel (expansion phase), Golf Course Apartments, the new airport, a new Imperial Royale hotel in Entebbe and Sudhir Ruparelia's new offices.

Having heard of our progress and the market response through the media, we are proud that President Museveni has asked that our product is installed at the State House. Hopefully, he will market us to his guests and we get more international orders.

Before we invested in a plant, we exhibited in Italy, USA, Europe and China and the overwhelming reviews we got there informed the factory decision.

With the positive response from the market, we have no doubt that within a few years, DAO Marble will be one of the top natural-stone companies in the

world.

**Finished products from Uganda are often derided for lacking 'international standards', how are you competing the global market?**

Indeed in the stone business, Africa is not yet classified in the minds of natural marble clients internationally. To ensure we compete strongly, our first class marble is polished with the same machinery as is used in Italy and Europe; hence the finished product is as superior in quality standards.

**How do the DAO products compete with those already on the local Uganda market– in terms of quality and price?**

There is a current challenge of cheap product from China, Vietnam and India that is dumped on the Ugandan market. China for instance subsidizes its electricity to as low as \$2 cents per kilowatt, making it tough for a Ugandan company – spending \$12 cents per kilowatt – to



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compete fairly. This is in addition to the heavy taxes on diesel that the Ugandan firm has to pay – almost 100%.

So it's imperative that the government introduces some kind of protection for this new industry that is 100% Ugandan. Instead of traders importing a low inferior quality type of tiles and pay very little duties, why not protect this new high quality natural marble product from Uganda's world class deposit? This would help this infant industry grow, expand and employ Ugandans besides the huge export earnings.



UCMP boss Karuhanga and Katto of DGSM lead officials on a tour of the DAO Marble plant in Kampala recently



The sugar and rice import tax is very serious – 100% import tax; we need something similar in our industry for this business to flourish. Currently 80%-90% of the market is flooded with cheap inferior tiles.

Tough government intervention that results in stringent import laws, will see us grow our investment from \$12m to \$52m to meet worldwide demand and make the industry one of the top produce and export businesses in Uganda.

We have so far written to the state and expressed our concerns and sought support and protection but we haven't gotten a response. We hope the state intervenes soon as it would also benefit greatly from the foreign exchange we bring in

#### Would DAO meet the demand if government restricted the imports?

Absolutely! The plant produces 25,000 square metres a month (approx 240,000 annually) which we will double in the next phase. Uganda imports about 200,000 sqmtrs annually at the moment; hence even before we expand, we could have an excess of 40,000 sq mtrs if we were to become exclusive suppliers.

We are also very competitive on price as well, with our pure, first class marble trading at \$30 per sqmtr, just \$7-9 above the inferior porcelain tiles (sold at approx \$23 per sq mtr), despite all the challenges mentioned above. Currently, those importing the pure marble, that matches ours in quality, have to part with about \$60 to \$100 per sqmtr.

So if the government was to give us concessions on electricity and diesel for instance while imposing a significant import tax on competing foreign products, our price would drop as well.

#### Why should a Ugandan use marble instead of the cheaper alternatives?

Whereas you would need an extra \$7 to purchase natural marble compared to say, porcelain, it would be a worthwhile expenditure, since marble is of superior quality. Porcelain breaks and chips away hence it will need replacing every 2 to 3 years whereas marble is durable and you don't have to replace it once installed.

We have tried to make our product affordable and are delivering more or less better quality at a fraction of the price.

**President Museveni has been at the forefront of advocating for value addition on Uganda's minerals. How does this DAO plant help this value addition narrative?**

The President has indeed supported this cause and we take this opportunity to thank him for the time and help he has granted the company so far! We are pleased to announce that in addition to the marble project, DAO have also introduced a new product called agriculture dolomite. With the Ugandan economy heavily agro-based; we expect this product to go big.

The President can look at DAO as a success story. Probably this is why he wants our product in State House to show his visitors. The Moroto local leadership and the Ministry of Energy and Mineral Development are all trying to help now. One local leader described DAO as the one bird in the hand that needed all the best attention there is. He has a point if the President's value addition dream is to be fulfilled.

The local product needs to be protected from cheap competing imports for the value addition vision to come true. Brazil, USA, Australia protect their local products, why not here?

The advice we can give to anyone investing in this industry is that patience and perseverance must be key ingredients in anything they do. It's now four and a half tough years of DAO's presence in Uganda, and we continue investing despite being ages away from breaking even.





By Hon Richard H. Kaijuka

“In order to attract responsible investments, it is important that a country is knowledgeable of its mineral wealth”

# Uganda targets \$50m to \$100m for Minerals Exploration

Uganda is well endowed with mineral resources and like many naturally gifted African countries, is becoming very keen in ensuring that these resources play a transformative role in its long term structural transformation dream – Vision 2040.

This is also in line with the African Union 50 year vision Agenda 2063 as well as the global Agenda 2030 that highlights key Sustainable Development Goals (SDGs).

The African Mining Vision stresses that revenues from minerals should be used for development. It also seeks to demystify the “Curse Paradox” that is often associated with the mineral-rich African countries where, upon their discovery, tension and conflicts are often expected to emerge instead of development.

The only assured path to optimize value from the mineral resources is to attract responsible investments into the sector that lead to value addition and industrialization.

In order to attract responsible investments, it is important that a country is knowledgeable of its mineral wealth. This can be achieved through a comprehensive country exploration programme that involves both the private and public sector investments.

## Context

The Uganda Mineral Exploration Initiative (UMEXI) is a private sector led initiative that will drive this minerals’ exploration campaign in Uganda.

To operate like a Public-Private Partnership (PPP), UMEXI will be steered by the Uganda Chamber of Mines and Petroleum (UCMP), with support from the African Union Commission.

It will be based on critical success experiences of countries such as Brazil and Australia. The initiative will also benefit from the expertise of development institutions like the World Bank, African Minerals and Geoscience Centre (AMGC – formerly SEAMIC, of which Uganda is a member) as well as the African Union’s African Minerals Development Centre (AMDC).

A full proposal will be presented at the Mineral Wealth Conference that takes place on October 5th and 6th, at the Serena Hotel in Kampala.

Subsequently, it is hoped that the success of UMEXI will trigger the development of a regional exploration programme.

## Implementation

The execution of UMEXI will be based on a PPP model that is already being realized in other African countries such as the West African Exploration Initiative (WAXI).

It will require the collaboration of the government and the private sector, including mining companies and other institutions that are involved in geological data and information gathering to ensure a countrywide exploration of Uganda’s mineral wealth is completed successfully.

It is envisaged that UMEXI will mobilize about \$50 to \$100m in the medium term for this comprehensive effort.

*The writer is the Vice President of the Uganda Chamber of Mines and Petroleum and a former Energy Minister*

# Hima Cement in \$40m expansion drive



Sheila Byenkywa, project manager,  
grinding station



Part of the plant equipment



Daniel Patterson, Country CEO,  
Hima Cement

**H**ima Cement is to build a grinding station in Tororo, with the company announcing it will spend \$40 million on the investment. On completion, the station, which will be constructed at Nyakesi, Rubongi will boost Hima's production by an addition c1 million tonnes.

In total, the investment at Tororo will bring Hima's cement production capacity at c1.9 million tonnes.

In a statement, Hima Cement, Country CEO, Daniel Pettersson, said that the aim of building the grinding station is "to meet the increasing demand for cement and concrete not only within Uganda but the regional market as well."

Construction of the station is expected to start at the end of 2016. Uganda is currently undertaking huge infrastructure projects, such as the standard gauge railway, power plants at Karuma and Isimba, plus the Entebbe expressway. All these require huge supplies of cement, on top of the real estate boom. As a result, the construction industry in Uganda has grown at an average of 10%, offering a strong market potential for Hima Cement.

"We are very positive about the long-term prospects of the cement industry in Uganda; and LafargeHolcim is keen to solidify its position in the region as the leading

producer of building solutions providing its customers with innovative value adding propositions," Pettersson added.

He added: "Hima Cement is committed to ensuring sufficient cement capacity to serve the national infrastructure and construction projects, individuals and the commercial sector. As a result, we are embarking on several capacity building projects starting with the construction of a Grinding Station at the end of 2016."

Recently, Hima Cement signed a Memorandum of Understanding (MoU) with Guangzhou Dongsong Energy Group Company for the supply of 40,000 tonnes of cement. Guangzhou Dongsong is executing the \$620 Sukulu Phosphates Comprehensive Industrial Development Project in Tororo, Eastern Uganda.

Pettersson also noted that Hima Cement was in the final stages of exploration for a limestone position in North East Uganda to support a future clinker position.

"Lastly we are launching a RMX (ready mix concrete) operation in Kigali next month to be followed by further aggregates and RMX operations in Uganda and Rwanda in the near future," he added.



# \$620m Sukulu phosphates project takes shape

The Sukulu Phosphates Comprehensive Industrial Development Project is taking shape, although with some challenges. In 2014, government awarded a mining lease to Guangzhou Dongsong Energy Group Company Ltd to mine and process phosphates into fertilizers, among others. The project cost is estimated at \$620m.

Leo Chueng, the deputy finance manager at Guangzhou Dongsong, says the company is on course in implementing the project, with a lot of technical and ground works carried out in the last 3 years.

He explains that so far, the company has completed the technical designs and acquired technology licences to enable the separation of phosphorous from the iron ore, and produce steel products and phosphate fertilizers.

The exploration conducted by Yunnan Geology Investigation Bureau revealed that the mineral deposits, which are mainly distributed in the three valleys, include 216.93 million tonnes of mineral reserves, where phosphates alone in form of apatite were estimated at 62.45 million tonnes at an average grade of 11.31%  $P_2O_5$ ; iron ore estimated at 61.77 million tonnes at 30.12%, Ni-



bium pentoxide ( $\text{Nb}_2\text{O}_5$ ) estimated at 429,800 tonnes; and the Rare Earth Elements estimated at 890,600 tonnes.

The mining area has a mining capacity of 1 million tons of ore per annum for over 38 years but could extend beyond this if reserves are increased by new technology or economic factors.

Chueng says the company is now constructing an accommodation and administration block to house the technical team that will come to assemble the factories in the later part of this year. Construction is being undertaken by M23rd Metallurgy (U) Company. Currently, the company is in the final stages of completing the interior decoration.

Chueng says the project includes construction of the state-of-the-art polymetallic ore dressing plant with capacity to process 2 million tonnes a year and a steel mill plant with an annual production capacity of 300,000 tonnes.

The industrial complex, now under construction on a 600-acre piece of land, will also contain a phosphate fertilizer plant with a production capacity of at least 300,000 tonnes per year, a power plant and a sulphuric acid plant with a capacity of 200,000 tonnes per year.

"We have so far injected about \$90 million (about Shs 306 billion) into the project mainly in land acquisitions, exploration and construction of the administration and accommodation block, among others," says Zheng Xu, the general manager, Guangzhou Dongsong Energy Group,

He explains that once production starts, locally-produced fertilizers will be affordable and will go a long way to boosting agricultural production in the country. He said the steel products from the project will bring down the prices of imported steel in Uganda. The first phase of the project is scheduled to start in first quarter of 2018. It should have commenced earlier but the project has faced a few

impediments.

The project is expected to generate more than 1,200 direct jobs mainly for Ugandans, Xu adds.

Recently, Hima Cement signed a Memorandum of Understanding (MoU) with Guangzhou Dongsong for the supply of 40,000 tonnes of cement.

"The purpose of this MoU is to establish the relationship between Hima and Guangzhou Dongsong. This cooperation of both parties shall cover the project of construction of the phosphate plant and steel mill plant, and any other projects within the Sukulu industrial park," Daniel Pettersson, the country manager, Hima Cement, said recently.

Uganda is also expected to earn billions of shillings through mainly taxes and royalties.

### 21 or 99 year lease

"We have acquired 334 acres of mining land from local residents and 600 acres from the Ugandan government for factory construction. The lease period is 99 years," Chueng explains.

Some locals though are said to be unhappy with the 99 year lease, claiming they were under the impression that it would not go beyond 21 years.

However, Denis Kusaasira, the managing partner at ABMAK Associates – Guangzhou Dongsong's legal advisors – notes that everything was made clear to the landowners from the start. He explains that the compensation at the rate of US\$ 30m per acre of land was paid in addition to compensation for crops, trees and other developments on the land. On top of the total compensation, the residents received 30% disturbance allowance as well – which in totality is fair and adequate, according to Kusaasira.

"If we signed for a 21 year lease, the compensation would have been much lower," he adds.

He said the investor opted for 99 years to avoid the headache of renewal that comes with a shorter period.

However, the lease would automatically terminate if the mining lease (21 years) is terminated or not renewed.

So far, 124 land owners have been compensated and have since moved elsewhere. A total of 4,800 people are likely to be affected by the project in 14 villages covering 26.5 square kilometers in the sub counties of Rubongi and Osukuru in Tororo district.

### IGG Hurdle

However, the project faces uncertain times after a recent Inspectorate General of Government (IGG) investigation recommended the cancellation of Guangzhou Dongsong's exploration license and by extension its mining lease, citing irregularities in its acquisition.

On this, Kusaasira notes that the company was not afforded the right to be heard and has since written to the Ombudsman to consider withdrawing the report.

"If this is not done, the company may challenge the validity of the report in the courts of law," adds the lawyer.

In a May 13, 2013 letter, President Yoweri Museveni directed Energy & Minerals Development Minister Irene Muloni to award the Sukulu phosphates deal to "our friend the Chinese."

He noted that the Chinese group, Guangzhou Dongsong, had ambitious plans to develop the phosphates deposits at Sukulu into fertilizers as well as fully exploit the other minerals occurring in the same environs, hence his strong recommendation for them to be awarded the license "if these people are capable in terms of technology and finance."

In addition to Museveni's support, the company signed a Memorandum of Understanding with the Uganda Free Zone Authority to develop an industrial park in Tororo district on September 7, 2016.

### CSR

Chueng explained that for the last two years the company has spent a lot of money on Corporate Social Responsibility (CSR) initiatives endearing the project to the locals.

The company has strongly been involved in school projects. It has donated 1,000 sets of school bags, uniforms as well as other school supplies to students in the Sukulu mining area, and donated another \$4,000 (US\$13m) to renovate school buildings. The refurbishments of the St Jim High School library plus \$300,000 (US\$1.02b) towards Lyolwa Technical School are the other educational grants from the Chinese firm.

# Tororo, Uganda's Top Mining Destination

More than 40 years ago when copper accounted for a large size of Uganda's economy, Kasese in the western part of the country, where the mineral was mined, used to be the country's mining town. Nearly all standard facilities that the workers at the mines needed were there – hospitals, schools, a train, an airfield, among others.

The town of Kilembe in Kasese was seen as a haven that could survive on its own, nearly detached from the economic chaos that came with a fragile political environment of Uganda. Things started turning sour for Kasese when copper prices on the world market started collapsing in the 1970s.

The mines started operating below capacity. Exports fell while many workers from Kilembe Mines Limited, the company that was producing copper, were gradually laid off. Today, Kilembe is a shadow of its former glory, even as new Chinese investors try to revive copper production.

There is a new mineral cradle today, though – Tororo in Eastern Uganda. Life in Tororo is slowly changing for the better. The once quiet town, whose main source of revenue used to be the cross-border trade between Uganda and Kenya, is witnessing a change in fortune.

There are three cement companies now based in Tororo district – Tororo Cement, Hima Cement, and Kenya National Cement Limited.

Apart from the cement companies, there is also a large phosphate project coming up in Tororo district, which is being undertaken by China's Guangzhou Dongsong Energy Company limited. The expected investment at the Sukulu phosphate is \$620 million.

Together with the three cement companies, the combined investment from these four companies is more than \$1 billion – the largest mining investment in a single district in Uganda.

Hima Cement recently announced it was about to start constructing a grinding station in Tororo, which is valued at \$40 million. The investment is expected to increase Hima Cement's capacity to c1.9 million metric tonnes per year.

Martin Orochi, the Resident District

Commissioner of Tororo district, said Kenya's Simba Cement is expected to start production in the first quarter of next year.

Tororo Cement Limited, the oldest cement company operating in the district, is already in the process of investing in more machinery that will increase its annual capacity to three million tonnes from the current 1.9 million tonnes.

The people of Tororo are already feeling the financial benefits that have come with mineral investments.

"There are positive changes happening in Tororo today in terms of employment for the local people," Orochi pointed out. "Many people were also compensated for the land [to pave way for the phosphate mining project]."



Dongsong's plans to put up an industrial park in Tororo could attract other businesses in the district. The Chinese company signed a Memorandum of Understanding in September this year with the Uganda Free Zone Authority over the development of the industrial park.

Companies are also engaged in different corporate social responsibility activities in critical areas such as health and education. For example,

DongSong Group donated \$300,000 to Tororo Iyolwa Technical School for the reconstruction of a number of blocks at the school.

The mining industry is set to tap into other linkages as government pays more attention to Tororo district. For example, the government has received a loan from the African Development Fund to upgrade the 260km Tororo-Lira 132kV transmission line in order to supply power to the mushrooming premises along the line.

There is also the Standard Gauge Railway (SGR). Already the people of Tororo have been compensated for the land needed for the Tororo – Packwach railway line. Preliminary engineering designs of this line have been completed.

And yet, with Tororo basking in the increased cash flows into the district, other problems have emerged. The land question remains a point of contention as fights emerge over the ownership.

Other residents feel the compensation rates are low. Usually the problem comes from the time lag between the time the land was valued to the day payment is made. With the erratic rise in land prices, many residents feel the compensation rates do not reflect the current market prices, something that has created disagreements and damaged the relationship between the local people and the companies in the district.

Land has become expensive in Tororo, according to Orochi. "You cannot get a plot [of 50 feet by 100 feet around the town] at less than \$20 million," he said. High land prices have pushed people from the town deeper into the villages, where social services are limited.

Orochi said the district is grappling with issues of some people squandering the money they have received as a result of the boom in business. District officials have seen many people spend money in non-productive areas such as drinking more booze. If this sort of behavior spirals out of control, it can spark off a crime wave and hurt the town's prospects for investments.

Orochi noted that they are trying to sensitize people about the benefits of investing the money in areas where they can get a return. Much of the hope, though, will lie with the companies employing more local people in order to keep them in productive.

"We want them to employ more local people. Let them give priority to local people. We have our capable sons and daughters in this country who are qualified to do those jobs," Orochi said.

Companies will have to listen to such pleas, and acting on them, in order to make Tororo the beacon of hope for other upcoming mining towns.



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NEW PRAU PRESIDENT





# Uganda's oil sector back on course



**Dr Josephine Wapakabulo,  
new CEO, Uganda National Oil Company**

For the last three years, Uganda's oil industry has experienced very little activity as both government and the oil companies have been preoccupied with boardroom negotiations.

With little work going on in the oil fields, many companies laid off hundreds of workers, while the local suppliers have struggled to stay in business as they are weighed down with other costs such as paying off huge bank debts.

However, the recent award of eight production licenses to Tullow and Total E&P Uganda BV, and the expected issuance of four oil exploration licenses to a set of new companies, is bound to rejuvenate the sector once again.

In August, 2016 Energy Minister, Irene

Muloni awarded eight production licenses to Tullow Operations Pty Ltd and Total E&P Uganda BV. Tullow was awarded five production licenses while Total three. Tullow's licenses for the oil fields of Mputa-Nzizi-Waraga, Kasemene-Wahrindi, Kigogole-Ngara, Nsoga and Ngege in Exploration Area 2 (EA2).

Total on the other hand, was awarded exploration licenses in respect of Ngiri, JobiRii and Gunya fields in Exploration Area 1 (EA1). The issuance of the production licence puts on course the country's hopes of having its 'First Oil' by 2020.

According to the Petroleum Act, 2013, production licenses are valid for 20 years from the date of the grant, subject to renewal for another five years. After the

licenses, Muloni implored oil companies to make final investment decisions (FIDs).

"Companies are required to take final investment decisions in the first 18 months after the issuance of production license," she said.

To the oil companies, the award of production licenses marks a major milestone towards the production of Uganda's oil resources and expressed readiness to proceed to make a Final Investment Decision for the integrated Lake Albert project.

The companies noted: "It complements the production license issued to CNOOC Uganda Ltd as the operator of Exploration Area 3 (Kingfisher) and the important decision made to export crude oil to the international market through a 24 inch, 1,443km pipeline from Kabaale to Tanga port. The granting of production licenses now paves way for the joint venture partners and other stakeholders to make considerations for significant long term capital and infrastructure investments in Uganda,"

In addition to the award of production licenses, government is also soon expected to issue oil exploration licenses from the first competitive round of licensing.

Already, government is in negotiations with four oil companies for production sharing agreements (PSAs) for the three out of six oil blocks it advertised. The companies are: WalterSmith Oil Ltd (Nigeria) which is negotiating a PSA for Turaco, while two other Nigerian companies – Oronto Petroleum International Ltd and Delta Petroleum Resources Ltd are in negotiations for a PSA over Ngassa block.

Australia's Armour Energy Ltd is negotiating a PSA for Kanywataba block. Negotiations were expected to be



**Ernest Rubondo, newly appointed ED of the Petroleum Authority of Uganda**

concluded before the end of 2016 with the companies receiving exploration licenses.

#### **Oil Institutions**

The recent months have also seen government constitute the three important 'oil institutions' – the Petroleum Authority of Uganda, National Oil Company and the Directorate of Petroleum in the Ministry of Energy and Minerals Development.

In August this year, Ernest Rubondo, was appointed the executive director of the Petroleum Authority of Uganda (PAU). Prior to his appointment, Rubondo was the director, Petroleum Directorate in the Ministry of Energy and Mineral

Development.

His appointment ended a search which had started in January 2016. He formally took office on September 1, 2016. The Petroleum Authority of Uganda is established by Petroleum (Exploration, Production and Development) Act, 2013 as the regulator for the oil sector.

Also in August this year, Dr Josephine Wapakabulo took office as the Chief Executive Officer (CEO) of the Uganda National Oil Company. Wapakabulo and Rubondo's appointments set a new pace for the sector.

Earlier in May, government chose Tanga in Tanzania as its preferred endpoint for the crude oil pipeline. Total

E&P Uganda BV has already expressed interest to finance the construction of the pipeline, which is estimated at \$4bn.

#### **Refinery Setback**

While the issuance of the Production Licenses may have lifted spirits in the sector, the withdrawal of the Russian-led consortium, RT Global Resources, from the oil refinery construction negotiations in July was a major setback in Uganda's quest to become an oil producing country by 2020.

The Selected Preferred Bidder to serve as the lead investor refinery, pulled out at the last minute after failing to agree with Uganda on several negotiation clauses, 14 months after winning the bid.

As a result, the government has restructured the oil refinery project and is now in a new search for a lead investor according to Dozith Abeinomugisha, the Assistant Commissioner in the Ministry of Energy and Mineral Development.

"Initially, we had a Public Private Partnership, but with Rostec [RT Global Resources] leaving, we are looking at restructuring the project to bring it to a public-lead instead of private-sector led investment. This means government takes majority of the shares and the private developer takes a smaller share," Abeinomugisha said at the Uganda Chamber of Mines and Petroleum (UCMP) member's annual general meeting last month.

"Negations with the alternate bidder have never commenced. There was never any negotiation with the South Koreans [SK Engineering and Construction]," he added.

In the previous arrangement, the refinery was to be constructed on Public Private Partnership (PPP) with a private lead investor owning 60 percent stake while the remaining 40 percent would be owned by government including, EAC partner states.

According to Abeinomugisha, in the new arrangement, government will have a higher stake in the refinery.

"That is the structure we are undertaking but we still need a lead investor who has the technology to build and operate the refinery. So, we are looking for an investor that will partner with government," he explained.

*By Edward Ssekika*





# Tax hurdles to negotiate in the Uganda-Tanzania oil pipeline



The Chad-Cameroon Pipeline Project has viable lessons

By Denis Yekoyasi Kakembo

The governments of Uganda and Tanzania agreed in April 2016 to build a cross border pipeline. As Uganda is a landlocked country, a pipeline to facilitate the delivery of the crude oil to export markets amongst other commercial undertakings is required to successfully develop the country's hydrocarbon discoveries. Discussions to establish the legal, fiscal and financial framework under which the project will be developed are understood to be underway.

Since this announcement, there has been heightened anticipation of economic benefits that will flow from this venture which needs to be moderated with a measure of reality as not all proposed pipeline projects take off. Cross border pipelines present challenges that other ventures do not. They run long distances and the Uganda and Tanzania pipeline will cover over 1400 kilometers crossing both countries which operate different legal and tax regimes. Political and economic consideration



At the point of deciding whether to go ahead with the project, lenders are keen on a stable legal and predictable tax environment. Lenders are wary that future legal and tax changes can impact the ability of the project company to repay its loans



inherent to pipeline projects loom large compared to other ventures combining to create an intricate terrain that must be navigated if a viable and bankable project structure is to be created.

As this proposed pipeline project will be private sector led, the project sponsors and lenders will be keen to commit capital to a venture that is commercially viable from which their investment can be recouped. This article explores the tax issues that both the governments of Tanzania and Uganda have to contend with at this formative stage if their aspiration to successfully develop this pipeline is to be realized.

Pipeline legal framework influences the venture taxation regime which can impact the cost structure for the construction and operation stages. High construction and operational costs arising from tax policy have the potential to render pipeline projects uneconomic. The governments of Uganda and Tanzania will enter into an inter-governmental agreement (IGA) and a host government agreement (HGA) separately with the project sponsors which will constitute the pipeline legal framework. These agreements will in general deal with land right issues, harmonization of the legal and tax structures, physical security, government and investor obligations and other relevant project implementation issues.

A form of debt financing known as project financing will most likely fund the building of this pipeline. The global pool of capital available for project financing is finite and competed for globally. A company to build and operate the pipeline will be formed and will repay the lenders from the project returns. At the point of deciding whether to go ahead with the project, lenders are keen on a stable legal and predictable tax environment. Lenders are wary that future legal and tax changes can impact the ability of the project company to repay its loans. It is therefore expected that the IGA and HGA will include robust stabilization clauses and dispute resolution measures. Stabilization clauses preclude host countries from amending legislation that touches the project or can trigger a renegotiation of the investment agreement to restore the previous fiscal balance.

The project agreements should also clearly determine the pipeline tax base in both Uganda and Tanzania. Multiple layers of taxation or uncertainty around how income tax applies to each country's portion of the pipeline can create tax inefficiencies stemming from the inability

to utilize tax credits on the tax suffered in each of the jurisdiction which can affect the returns hence the project viability. Both Uganda and Tanzania have general measures within their laws to alleviate double taxation but these may need to be reviewed to ensure that they do not result in any tax leakages that may affect the venture returns in respect of the proposed pipeline project.

The tax exemptions and incentives provided in the project agreements may not be honoured by the government bodies in Uganda and Tanzania unless the same are reflected in local tax legislation or the agreements are ratified into law

and operation, VAT incurred during construction will be significant unless eliminated. Uganda recently revised its VAT regime to eliminate VAT incurred during the investment phase of pipeline construction but the same should be reflected by Tanzania. Significant input VAT will also be incurred at operational phase creating repayment claims that will be handled by the tax authorities in both countries. Unless this issue is appropriately handled, it has the potential to escalate the investment costs potentially rendering the venture uneconomic. These issues must be satisfactorily addressed by the project agreements.

The imposition of import taxes and associated levies on goods imported in relation to the pipeline construction and operation can increase the overall costs and affect the project viability. There is no special regime envisioned under the import legislation applicable to both countries that exempts equipment and inputs imported during the pipeline construction stage from taxes. The position adopted by other countries and for some of the ongoing infrastructure projects in Uganda and Tanzania has been to exempt such ventures from the requirement to pay import duties so as to keep the building costs low and viable.

The setting of transit fees to allow the crude oil pipeline through another's territory is always a controversial subject. Issues around transit fees are the major source of conflict between countries and disruption of the throughput when operation commences. Mutually beneficial transit fees that will allow the project to remain viable in the current environment of low crude oil prices should be agreed by the governments of Uganda and Tanzania.

The euphoria surrounding the impending construction of the Uganda-Tanzania crude oil pipeline should be converted into tangible action with the respective governments walking the talk to create a favourable tax and fiscal environment lest the project remains unattainable. Both Uganda and Tanzania have the benefit of picking valuable lessons from more relatively recent built cross border pipelines such as the Chad-Cameroon pipeline and the Baku-Tblisi-Ceyhan line to put together a viable and bankable pipeline project structure.

***The writer is a Senior Tax Manager and energy sector specialist with Deloitte East Africa***

**The euphoria surrounding the impending construction of the Uganda-Tanzania crude oil pipeline should be converted into tangible action with the respective governments walking the talk to create a favourable tax and fiscal environment lest the project remains unattainable**

by both countries. Investors will be keen that the exemptions and incentives in these agreements have the force of law. Some infrastructural projects currently being undertaken in Uganda and Tanzania have benefited from this measure and it is hoped the same will be extended to the proposed pipeline project.

The construction and operational costs incurred will be significant. Given the long lead time between construction



**Adrian Bukenya,**  
Business Development Manager,  
GE Oil & Gas, Uganda



## Profile

Adrian Bukenya-Mulindwa graduated as a Chemical Engineer from Drexel University, Philadelphia, USA, in 2001. He has since worked across the value chain in the oil and gas sector, for more than 10 years.

Bukanya started off as a Materials Engineer at Black and Decker Corporation in 2001, in Maryland, USA where, for three years, he was involved in the manufacturing of plastics and usage of plastic polymer materials to make equipment.

During his time at Black and Decker, Bukenya helped transfer an entire plastics production unit from the US to Mexico; which eventually ended up in China. This was when the industry trend was globalization and manufacturing was moving from the US mainland into lower cost centres – Mexico and China.

He later attended Oxford University in the UK, graduating with an MBA in Finance and Economics in 2005.

After graduation, Bukenya made it a point to return home, landing a job in the downstream division of Royal Dutch Shell in Africa, in a more commercial role as business improvement analyst for Africa. Although based in Uganda, his jurisdiction extended across Sub Saharan Africa. He later became the Sales Manager for lubricants and LPG at Shell, Uganda.

After five years with Shell, Bukenya joined Tullow Oil Uganda as a Commercial Advisor in 2010. In 2012 when the joint venture partners (Total E&P and CNOOC) farmed-in, Bukenya's role expanded into joint-venture management, primarily responsible for managing his company's contractual relationships with its JV partners and the government of Uganda. Bukenya played a key role in the regulatory management aspects, including the production licence application process at the time.

In March, 2016, Bukenya became General Electric Oil & Gas' first employee in Uganda, in the role of Business Development Manager

# GE Gives Uganda Oil Seal of Approval

### What is General Electric, Oil & Gas about?

GE is the world's leading engineering and manufacturing company. GE is an original equipment manufacturer (OEM) and provides products and solutions that work in subsea, offshore, onshore, pipeline, natural gas, refinery and petrochemical sectors of the oil & gas Value chain (these include but not limited to turbo machinery – turbines, compressors, pumps, flow process technologies, inspection technologies, measurement and sensing equipment etc.) we also provide a whole range of digital solutions within the development of the oil and gas sector.

In line with GE's recent focus on developing its business across sub Saharan Africa, from the regional office in Nairobi, my role is to ensure that we participate in the development of oil & gas in Uganda.

We currently have a very strong oil & gas operation within Nigeria and Angola as well as Mozambique, where it is about to go into full scale development.

Now with the confirmation of the pipeline route for Uganda's oil and the issuing of production licenses, the next phase is going to be the front end engineering

and design. Because we provide a lot of equipment and services for the development of oil & gas across the value chain, we see ourselves playing a big role here i.e. the upstream development, the refinery project and others such as the crude oil export pipeline. As such, we have started engaging with the different stakeholders involved in these projects as we set up the structure of the company to allow us to operate efficiently and effectively.

### Is it only oil & gas GE is interested in Uganda?

We are interested in a lot more than just oil and gas since our product portfolio is quite diverse. We can participate in mining and other industries like cement production because the equipment that we use and the technologies and solutions that we have are quite relevant to all these different sectors.

GE is looking to fully explore all the opportunities to participate in the Uganda economy. We have GE Healthcare, GE Power & Water, GE Renewable Energy, GE Transport, GE Aviation, GE Energy Connections, all of which are pursuing opportunities in Uganda.

Our business model is such that we enter into a market using one of the

lead businesses – in Uganda's case, it has been oil & gas – and then everything else is attended to simultaneously. My role is primarily focused around oil & gas, however as and when the opportunities avail themselves I will support the development of the other GE businesses (Healthcare, Aviation, Power etc) across all other sectors as well.

Over the next few years you will see the presence of GE growing across quite a number of diverse sectors, when the opportunities present themselves.

### What will give GE the edge over other equipment suppliers?

Besides having the best equipment and technology on the market, it is important to note that GE is the only digital industrial company in the world right now.

Because of our 124-year history, we have gathered lots of data and knowledge across different engineering applications. This data has been digitalized and we can now use a digital platform to increase efficiencies in people's processes irrespective of whether they are using GE equipment or not.

Most people think of internet apps in terms of the social use; with most apps addressing social needs – like communication. However, GE is using the

same principle in industrial applications – utilizing the growth in the digital platform to make industrial solutions a lot more efficient, mainstream and user friendly.

Normally a jet engine is seen as a piece of machinery that will help the aeroplane take off, land and propel the plane. However, if you use the data that comes out of this engine (or any turbine, generator, compressor etc), you could make developing future equipment a lot more efficient, servicing it a lot more effective and give its users much better experience in terms of its output.

GE makes a lot of equipment across various industries and we keep in constant touch with our clientele. It is this feedback that we use to create applications that enable more efficient use of our equipment (and any other brand of equipment).

One is able to use the data to project the challenges or the liabilities of the project and fix them before a problem occurs. The biggest costs facing huge manufacturers and industrial operators are usually related to downtime. So, if downtime can be reduced or even eliminated by applying technology, this will add significant value to the customer.

Remember, our founder, Thomas Edison, was known for many inventions and innovations, hence the bread and butter of this company is to continuously invent, innovate and keep imagination alive. So, one of the areas is to try and capture this new digital thinking platform and apply it to the things that we are really

good at doing i.e. building very efficient, effective and reliable equipment and supporting industries to become a lot more productive and profitable.

**Is there value for a company of GE's magnitude in a thin economy like Uganda's?**

Uganda is the perfect market to apply GE solutions. Uganda is emerging out of early development, with ambitions of becoming a middle-income economy in the next five years. Irrespective of the state of the economy, GE can find a way of providing the right solution that supports the project while utilizing our equipment & technology effectively.

GE appreciates that for Uganda's economy to grow, it will need to have certain infrastructure in place; GE products are intrinsically related to infrastructure – extracting natural resources, improving healthcare systems, developing electricity grid solutions etc, all these projects require the appropriate infrastructure and are extremely capital-intensive and often times they need long term investment commitments. Uganda, for one, isn't just spending money on oil and gas right now; it is investing – and with investing, you expect a sustainable return in the long run. GE works with our clients to ensure that the investment that is made in the projects works in a sustainable manner.

Remember, we are providing the right solutions for our clients. If one of the challenges is financing, GE can work with the client so as to package the transaction

in such a way that will enable the client to manage the financing process.

GE does not just stop at the point of sale. We work with our customers to enable them get the best value out of our equipment and technology. We provide very attractive service arrangements that help the client as they operate through the lifespan of our equipment; in fact because of our deep understanding of the industries within which we operate we are able to provide service packages for equipment from other manufacturers.

**American firms have been criticized as failing to appreciate Africa's market dynamics. How does this apply to GE?**

We appreciate how the market in Sub Saharan Africa works. In oil & gas, we are already operating in Nigeria, Mozambique and Angola, and in the other businesses (power, healthcare, aviation etc) we are present across Sub Saharan Africa. We are willing to work within the market dynamics and ensure that we comply with all applicable laws and regulations.

We have demonstrated our ability to successfully do that across the continent and continue to improve our capability to directly service Africa.

**Many Ugandans are not patient enough to see the investment in the oil resource maturing. From your experience, how can the expectations be managed?**

Management of expectations and revenue distribution are the biggest challenges with resources like oil.

Experience has shown that utilization of local suppliers and partners is one of the better ways of managing expectations and achieving a sense of sustainability.

GE is very aware of this and will maximize the utilization of national content in whatever form – be it suppliers, partners and definitely the human resource. This is the most cost effective and sustainable way since such an investment is long term.

Where utilizing a national service provider or employ a Ugandan isn't possible, expatriate partners can come in, in the short term but they will facilitate knowledge and skills transfer to the nationals to carry the developments forward. GE has local partners in Nigeria who operate our technology well within our expectations. We are doing the same in Angola and Mozambique and we will operate the same way in Uganda.

**But the average Ugandan individual or company will tell you it is very costly to upgrade to match industry standards. How can this be done sustainably?**

Ugandans who want to participate in the petroleum industry must focus on the area they are good at. If you are a farmer, focus on being the best farmer you can be so that you can take advantage of the opportunities when the oil & gas sector takes off. This will be a sustainable focus because your service will be required irrespective of whether there is an oil boom or not.

The real impact of the oil and gas sector will not necessarily be direct, but rather it will be a knock-on effect on the economy. Remember Uganda's petroleum project is actually more of a logistics project. Being 1,400km from the sea means there is a huge opportunity in getting goods services and people to and from the area of activity. So, if one improves their logistics capabilities to match the industry standard – as the upstream, pipeline and refinery have to be built with significant amounts of cargo flowing into the country and thereafter the road, rail and air transport systems are all going to be improved as you can already see around the country. This is benefiting all of Uganda, not only the oil & gas sector. Therefore, it is incumbent on any Uganda businessman to begin improving their operational productivity so as to take advantage of the improving infrastructure.

The biggest mistake is to drop everything you were doing before to focus on the

They need to appreciate that the upside is round the corner and all they can do is prepare themselves to tap into the upcoming opportunities. When an organization of GE's global stature pitches camp in Uganda it demonstrates that the country's petroleum project is world class and therefore opportunities will present themselves.

petroleum industry alone. You might find yourself stuck when the industry slows down like it has happened in the recent past. The more prudent option is to become better in your core competence by improving your operating standards, efficiencies, responsiveness, health and safety and the like.

After all, once you have worked in this highly regulated industry, you can work anywhere. I know people trained in lifting in the upstream oil & gas sector who have now moved on easily to utilize their highly-qualified skill set in other industries in the East African region because their certification is extremely well-respected across multiple industries.

As regards the human resource, most direct jobs in this industry are vocational or artisanal and are also finite. So, again, if everyone was to suddenly pursue oil and gas qualifications, an oversupply of trained engineers and the like will be inevitable. It will be more sustainable, therefore, to focus on the areas that are not solely dependent on the oil & gas sector but can be applied to many other sectors.

It is important to note that whether at individual or company level, if you aspire to be in the oil & gas industry, your mindset has to not only be attuned to meeting the industry standards but also towards working hard and continuously innovating in order for you to remain competitive in your particular discipline.

**From your time in the industry, are Ugandan firms and suppliers cognizant of these high industry standards and are they making an effort to meet them?**

There are some companies that have embraced the opportunity and made the effort to improve. You will notice that they are the same companies that continuously win the tenders. There is no favoritism; the contracting process is fully transparent.

The operators try to help the suppliers get it right, with regular workshops hosted where suppliers are taken through, say, a typical tendering process.

In general, Ugandan companies have stepped up, especially in areas that they are comfortable in. They can for instance build camps; offer logistical support and do this within the accepted industry standards. However the amount of local companies and individuals at this level needs to be increased because there will be numerous opportunities in the next phase as highlighted by the Industrial Baseline Survey.

**What can companies like GE and the government do to help Ugandans catch up to the industry demands?**

Companies and the government are already making a lot of effort in providing training and skilling opportunities for Ugandans. GE has a very strong training system. For example, under our "GE University" we not only train our employees but our clients and customers on a broad range of industry state of the art technologies & equipment.

GE is also interested in partnering with training institutions and universities where it is relevant.

It is important to note that Ugandans are more than capable to run this industry, and GE respects and encourages this.

**The slowdown in the activities in the industry left many companies and individuals that had invested in the sector bruised. What is your advice to them?**

They need to appreciate that the upside is round the corner and all they can do is prepare themselves to tap into the upcoming opportunities. When an organization of GE's global stature pitches camp in Uganda, it demonstrates that the country's petroleum project is world class and therefore opportunities will present themselves.

It is everyone's responsibility to ensure this project benefits all of us. The oil will not be here forever so we must develop it so as to positively impact future generations. Dubai had the same resources as we did – 200,000 bpd – and this resource has practically been depleted. However, the UAE has used their resource to transform their country into something sustainable. We can learn from this.

# EnviroServ's Modern Waste Facility To Serve Region



**E**nviroserv Waste Management Ltd is a proudly African company with over 35 years' experience offering cost effective and integrated waste management solutions across sub-Saharan Africa. The company operates with total integrity, and is always prioritising environmental care.

Driven by a need to expand its sustainable service offering into other countries, the company partnered with Green Albertine in June 2013 and invested resources to establish EnviroServ Uganda Limited. EnviroServ Uganda has constructed the first technologically advanced waste treatment and disposal facility with the aim of providing industrial and hazardous waste management in Uganda and her neighbouring countries. The facility is engineered and complies with stringent waste management legislation, including Uganda's National Environment Management Authority's (NEMA). EnviroServ Uganda has resources, skills set and expertise to manage this facility in a manner which assures customers peace of mind knowing that their waste is handled responsibly.

The landfill site is a Class A facility with a lifespan of 20 to 30 years and is supported by a state of the art laboratory. The laboratory has the latest equipment that has the capability to analyse samples for environmental parameters (environmental testing is a niche service) in a remote location and in central Africa where these services are not readily available. All hazardous waste is screened before it is accepted onto the site.

## Industries

We service numerous industries which include: mining, oil and gas, automotive, chemical and related, construction, food and beverage, retail, manufacturing, metallurgical, paper, printing and packaging, pharmaceutical and medical, power generation, textile, leather and wood amongst others.

Recently, we have been tasked with asbestos stripping and safe disposal thereof. Asbestos is a highly hazardous fibre with adverse health implications. Furthermore, EnviroServ Uganda can expertly treat liquid and waste water.

## *Waste streams accepted*

Our facility is licensed to receive both hazardous and general waste streams.

Waste management remains a new concept in Uganda; however, EnviroServ Uganda's entry into the waste management industry has ensured that communities are educated on correct waste management practices. A number of Ugandans in and around the landfill site have received training on waste management and are employed at the site. The communities adjacent to the site are beneficiaries of EnviroServ Uganda's corporate social responsibility programmes such as the stationery purchased for some school children to advance education in the area. There has been an undeniable ripple effect since the construction of this site in Nyamasoga in Hoima District.

EnviroServ provides peace of mind to its customers, by offering a professional service that is auditable and compliant with legislation.

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## Free Zones to Increase Uganda's Competitiveness



**U**ganda Free Zones Authority (UFZA) is a body corporate under the supervision of the Ministry of Finance, Planning and Economic Development. It was established following His Excellency the President's assent to the Free Zones Act, 2014 and started operations on September 1, 2014.

The Authority is responsible for the establishment, development, management, marketing, maintenance, supervision and control of Free Zones in Uganda.

A Free Zone, is a designated area where goods introduced and produced are generally regarded as being outside the customs territory, in so far as import and export duties are concerned. They are usually labour-intensive manufacturing centres that involve the import of raw materials or components and the export of factory products. They involve production of goods and services, such as tourism and hospitality services, mainly for the export market. In this interview, UFZA's Executive Director Mr. Richard Jabo elaborates more on the subject:

### **What purpose will Free Zones serve?**

Free Zones will serve as economic development tools to; boost private investment, production and exports in specified priority sectors; improve the quality of manufactured goods to meet the international market standards; commercialise and develop the agricultural sector; increase manufacturing and value addition.

We will also see improved infrastructure, an increase in employment opportunities and improve the quality of the workforce. The economy will be diversified and technological transfer and knowledge spill-over to Uganda will be inevitable.

Uganda's trade deficit should be lowered as a result. In 2012 for instance, Uganda's exports earnings amounted to \$2.8 billion compared to the total import bill of \$6.1 billion – a trade deficit peak of \$3.3 billion.

### **Do existing companies manufacturing for export qualify to be licensed as Free Zones? Does the law act retrospectively?**

Existing companies manufacturing for export qualify to be licensed as Free Zones on condition that they meet the set requirements prescribed in the Act, one of which is to be registered for the sole purpose of operating in a Free Zone.

The authority can issue various licences including a Developer's and Operator's licenses.

### **What incentives are available to an investor who establishes within a Free Zone?**

There are several incentives including exemption from taxes and duties on all export processing zone imported inputs, 100% exemption of income derived from exportation of finished consumer and

capital goods for the first ten years, 100% exemption from tax on income from agro-processing, 100% exemption on income derived from the operation of aircrafts in domestic and international traffic or the leasing of aircraft, 100% exemption on income of a person offering technical assistance and 00% exemption of the income of an investor compensation fund.

Investors also get unrestricted remittance of profits after tax, 100% deduction of expenses incurred on intangible assets with an ascertainable useful life, exemption on plant and machinery used in the free zones for 5 years and 1 day from customs duty upon disposal.

There is also exemption from all taxes, levies and rates on exports from the free zones namely excise duty and customs taxes; 100% deduction of expenditure on scientific research, 100% deduction of training expenditure and exemption and Zero rating for Value Added Tax for most supplies and services.

A list of exempted and zero rated supplies exists in the law from which investors can benefit.

The non-tax incentives include access to physical amenities, infrastructure, manpower and training; warehousing of domestic goods which are not to be exported provided that the warehousing facilities of the free zone users are under utilised; on site customs inspection of buildings and premises in the free zone and on site customs inspection of natural persons, vehicles, vessels and aircrafts entering and leaving the free zone;

These incentives will allow our investors to produce and/or process large quantities and better quality goods at a relatively competitive lower cost for the export market.

Where deductions apply, they are made after determination of taxable income and exhaustion of the applicable incentives.

### **Where have these Free Zones worked or been successful?**

The Jebel Ali FTZ in Dubai, the first in the UAE, is one of the most successful FTZ in the world. The UAE has undergone large-scale transformation and has experienced speedy financial, economic and trading success in only 20 years as a result of the free zones. Jebel Ali attracts foreign investment, has created jobs and backward linkages with the UAE economy and increased export for the country.

Kenya - has had the longest experience with EPZs in the EAC having commenced with the enactment of the EPZ Act in 1990 and has recorded the most success with about 75 EPZ firms.

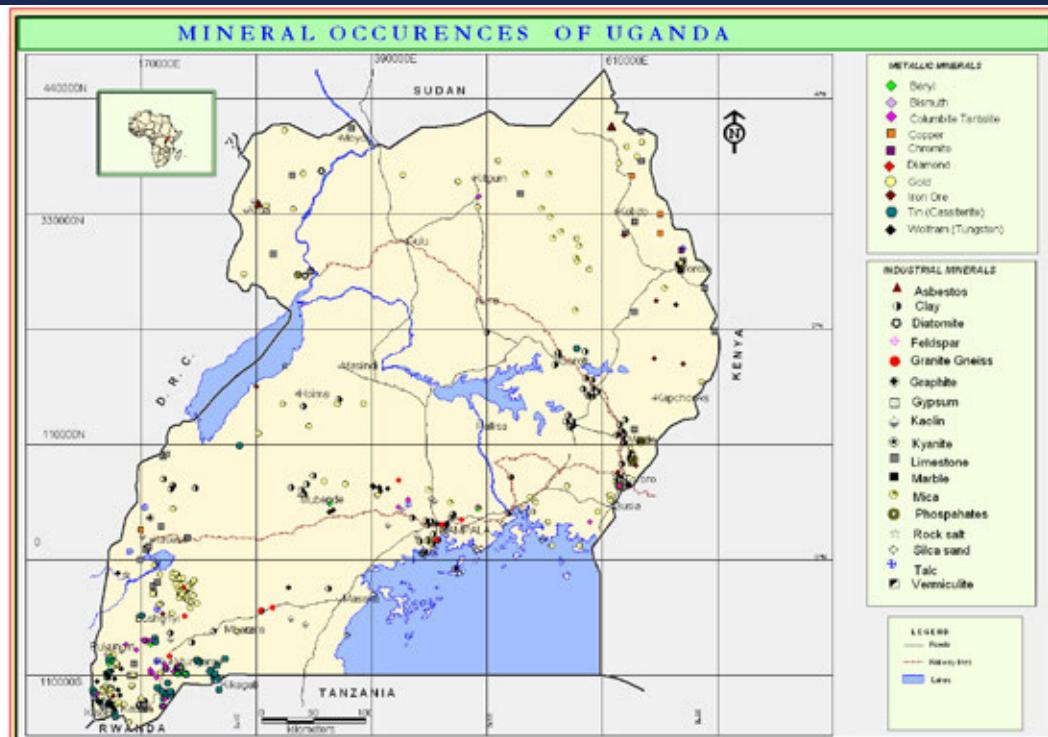
### **Uganda is a landlocked country. Isn't this a negative attribute for us as a country?**

Uganda is strategically positioned and is easily accessible to all our neighbours; Uganda provides easy access to DRC, Central African Republic, Kenya, Somalia, Mogadishu, Zambia and a whole host of other Central and Southern African countries.

With government's plans to develop the standard gauge railway which is going to link the whole of East Africa up to Ethiopia through S. Sudan and plans to develop the Airport to become a regional and continental hub, access to and from the country will be made a lot easier and will provide immense opportunities for the country.

Uganda has access to the regional markets of COMESA and SADC as well as preferential access to the EU and US markets;

# Government to Support Beneficiation



The Mineral Wealth and Mining Infrastructure Development (MWAMID) Project that commenced in July 2015, under the Directorate of Geological Surveys and Mines (DGSM) is aimed at strengthening the mineral sub-sector in the areas of mining legislation, geological data acquisition, mineral assessment, capacity building and management of geo-scientific data, promotion of value addition and mineral trade and earthquake research.

The project supported stakeholder's consultative meetings on the **draft mineral policy and principles** to be embodied in the Mining Act Amendment Bill leading to a draft Green Paper on the Minerals and Mining policy; a draft Cabinet Memo on the principles for the policy review and Cabinet Memo for the principles to be embodied in the Mining Act amendment, 2016.

The Directorate through MWAMID Project also initiated procurement for drafting of Mineral Laboratory Policy as one of the key requirements for International Standards Organization (ISO) to enable the laboratory competitive internationally.

**Enhancement of institutional capacity** was also undertaken in areas of geoscience data acquisition

and management; mining regulation and administration; planning and implementation; environment, health and safety; and **training of artisanal and small scale miners (ASMs)**. Masters of Science in Information System Management; **short-term regional and international collaborations** in geosciences and resource management were also attended in Kenya, Sudan, China and Czech Republic.

The project also conducted training for 10 DSGM staff on mines inspection procedures, standards, and requirements in accordance with **Regional Certification Mechanism (RCM)** and mine operators on the requirements for compliance with the RCM. Draft inspection template based on RCM requirements was produced.

## Exploration to Beneficiation Promotion

Geological, Geochemical and Geophysical Surveys and studies were undertaken over the Uranium target located at Ndale Volcanic field in Fort Portal (Kabare) District. The studies has confirmed that Ndale volcanic field is rich in radioactive minerals with average concentrations of Thorium (Th) – 150ppm, Uranium (U) – 55ppm and Potassium (K) – 1.5%. Over a delineated anomaly covering 198 km<sup>2</sup> out of 507 km<sup>2</sup> interpreted.

Exploration of iron ore at Rutenga, Kabale

district reveals more spatial extension of iron ore beyond the interpreted boundaries and association with gold mineralization, samples are being analysed to established quality of iron ore and other associated elements.

Geological, geochemical and geophysical surveys were conducted to confirm and further re-define the Uranium Anomaly in Amuru and Adjumani Districts labelled as 'Kitgum West Anomaly' i.e. Kit4 and Kit5 in Amuru and Adjumani Districts respectively.

The Uranium assays recorded has an average concentration of 5ppm with Thorium concentration of 30ppm in both targets. The Uranium concentrations seem too low for both prospects for any economic mineralization; however, it may be worth to investigate the vicinity of the Aswa Shear zone for sporadic mineralisation.

A resistivity /IP survey was undertaken across the NNW trending graphite bearing mafic granulite at Orom to ascertain existence of disseminated sulphide mineralisation. Two massive very conductive zones of graphitic gneiss and high chargeability anomalies interpreted as disseminated sulphide likely to host Zn and other base metals of economic value were mapped.

The project conducted appraisal of Nyakasura geosite in Fort Portal District. The Nyakasura geosite comprises of a series of beautiful volcanic hills, explosive crater, lava dammed lakes, calders, the Rwenzori massif and legendary stalagmite and stalactite caves that need to be further developed into geo-tourist site. Consultative meetings were held with the landowners in the area and creation of guide labels of geology documentation is in process for the site.

#### HSE & Social awareness

Capacity building of exploration and mining companies were undertaken to address environmental, social, gender, safety and best mining practices in the areas of Mubende, Namayingo, Buhweju, Busia, Amudat, Moroto, Mbarara, Kabale, Kisoro, Isingiro and Abim. **Sensitization of over 3000 ASMs (artisanal & small scale miners) on health, safety and social awareness** in mining was also undertaken. Mapping and profiling of

ASMs were undertaken and a base map showing areas of active ASM mining areas in Uganda has also been updated.

Five Mining Associations have been registered. Kayonza- Kitumbi mining Association in Mubende district; Morulem Mining Association in Moroto district; Busia United SMM in Busia District; Karita Mining Association in Kapchorwa district and Singo Artisanal Miners Associations in Mubende district.

#### Inspections & monitoring

Sixty inspections covering 30 mining Leases were conducted. The inspections established that 6 out of the 30 Mining Leases were non-operational while some were noncompliant with environment, health and safety protections for miners, poor mining methods, illegal and improper mining methods as well as poor record keeping including filing of production statistics at mine sites in some mines sites.

The affected licensees were advised to adhere to the provisions of the Mining Act 2003.

In addition a total of thirty 30 more inspections were carried out on sites under illegal mining activities in Busia, Mubende, Namayingo, Amudat, Kabale and Kisoro districts. The team observed serious environmental degradations and use of dangerous chemicals like cyanide and mercury.

The miners were sensitized on the dangers of these chemicals and advised to register and legalize their operations. The project will engage local government leadership in the mining communities and miners to discourage use of those toxic chemicals without appropriate safe technologies.

*Some of the inspections under the Mineral Wealth and Mining Infrastructure Development (MWAMID) project included:*

## Africa Gold Refinery Hailed



MEMD team at Africa Gold Refinery (AGR) in Entebbe

The AGR Gold Refinery (AGR) project at Entebbe has made considerable progress and the Ministry of Energy and Minerals Development has been impressed by the investment made.

A team from the Ministry that was led by the Permanent Secretary Kabagambe Kaliisa and the head of the Petroleum Authority, Ernest Rubondo conducted a familiarization tour of the AGR facility. The purpose of the visit was for the team to acquaint themselves with the operations of the gold refinery. Discussions with the AGR management were held amidst a tour and inspection of the operations.

The team was impressed by the

investment which is in line with the Mineral Policy Objective of value addition to mineral ores and increase in mineral trade.

Boasting 30 years' experience in the trade, Tony Goetz N.V, a Belgian national, is AGR's main investor. He has other refineries in Belgium and Dubai.

The facility that sits on 1.9 hectares of land, strategically located near Entebbe International Airport, is a \$20m investment, with most of the modern machinery and equipment imported from Europe. Apart from gold, it can also process other precious metals. Using AQUA REGIA technology in processing, the plant has established accurate and speedy Assay services in its laboratory and has an installed production capacity of 200Kg per day in a double shift.

According to a company statement, AGR decided to invest in this project essentially because of the attractive liberal economic policies in Uganda, the county's emphasis on beneficiation and a free capital account in the country (full convertibility of currencies).

Also, importantly, there is no such facility in the entire Eastern and Central Africa region, with all the raw gold hitherto exported to Dubai, Europe and Asia for processing.

Only South Africa and Ghana have such refineries in Africa.

The Permanent Secretary pledged support and challenged and encouraged AGR to look forward to producing finished products especially jewellery.

The facility will officially and responsibly source for raw gold not only from Uganda but from the entire eastern and central African region including Tanzania, D.R.C, South Sudan and West Africa, making it an African regional hub refinery.

Gold, silver, platinum occur in all regions of Uganda. There are an estimated 8 million ounces of proven gold reserves in the country, with artisanal and small scale miners (ASMs) the dominant miners in the Eastern, N.E, Western and Central Uganda. Further exploration and evaluation will discover and prove more potential areas for precious metals requiring investment in mechanized mining and processing.



## BNT installs coltan plant

BNT Mining Company, which was licensed to develop and exploit the tantalite deposit in Kakanena, Ntungamo district has installed a coltan gravity concentration and processing plant.

The inspection of the mine development and operations established that the gravity concentration plant is deemed to produce a concentrate of at least 85% tantalite, depending on the cut-off grade and runs of magnetic separation, considering that superficial material is being mined.

Plant trials had been undertaken and operations were due to commence. Stockpiles of about 10 tonnes were found on site, of which royalty returns has to be paid.

However, key among the challenges raised was lack of power from the national grid and above all limited extent of deposit to support operations in the long run.

## Steel Rolling Mills struggles iron



Steel Rolling Mills has failed to explore and mine for iron ore on a license it holds in Kabale district.

The Ministry of Energy and Minerals has recommended that operations should be suspended until the legality of the operation is sorted out.

During an inspection by the MWAMID project, the team found a medium scale iron crushing plant at the mine site. The company produces an estimated 100 tons of crushed material per day and buys iron ore from the Artisanal and

Small Scale Miners (ASM) to feed the crusher.

To date, all artisanal miners claim pay arrears to the tune of about UShs1b. This is a lost production record for which the Directorate has started investigations to verify payment of royalties.

In the event of mining without the required License, the company should pay royalties for the material mined and face the consequences of mining without a Mining License.

## African Panther Resources installs tin plant



African Panther Resources has installed a processing plant that will beneficiate the tin ore it mines in Isingiro district.

Richard Gunn, the General Manager, African Panther Resources said the plant is intended to concentrate the tin ore to more than 70% purity and once completed, will be one of the largest tin processing plants in the Eastern and Central Africa.

The company has also implemented mineral certification to provide the necessary assurance to international bodies that minerals are not sourced from conflict affected areas.

The company employs 600 Ugandans from Kikagate and Isingiro areas.

The Ministry inspection team instructed the company to submit periodic reports to DGSM regarding their operations in time to enable the Government carry out performance evaluations.

The team also recommended that the company be assisted by the state to acquire a transformer to attain the required supply of electricity.

## Namakera wants quarterly export permits



Namekara Mining Company, which mines the Namakera vermiculite deposit has completed aeromagnetic surveys over an area of 99 square kilometres and today production stands at 30,000 tonnes of concentrate (from 150,000 tonnes of ore) per year.

The ban on export of raw minerals last year however affected the operations of the mine

The inspection team noted that the company is compliant with its royalty obligations which are charged on stockpiled material but need to submit monthly and quarterly returns on a regular basis.

These findings were made by a team from the Ministry of Energy and Minerals under the Mineral Wealth and Mineral Development (MWAMID) project during four inspections they conducted as part of the project.

The team inspected the operations and noted that Rio Tinto had discovered 54.9MT of vermiculite, but under Namekara Mining Company (formerly Gulf Resources) conducted reverse circulation and core drilling resulting into an estimated reserve of 49.9MT.

The company suggested that the Directorate should consider issuance of quarterly export permits to avoid bureaucracy and delays in export of the mineral products.

# Greenstone settles with artisanal gold miners



Following the lifting of the ban on export of raw ores, Greenstone Resources resumed operations and presently they mine 1.76g/t of gold with a cut-off grade of 0.9g/t. Greenstone Resources holds a license (ML 4128) to mine gold and silver in Busia district.

During inspections by the Ministry, it was discovered that production statistics were not readily available.

The inspection team noted that due to the ban on export of raw minerals the mine had ceased operations between

April and August 2015, but resumed production on September 5, 2015 after the ban was lifted

The company conducts three shifts per day and possess a 3 tonne/hour milling plant that works for 24 hours.

The company is presently mixing village artisanal tailings with run-off mine material (stockpile) in order to meet daily production needs. The underground workings cannot presently sustain production, hence the use of tailings.

The total number of employees is 67, of which 58 workers are Ugandans working at the plant. Five Ugandans work at the engineering section and 11 Ugandans work at the underground mine.

The company stated that they had arrived at a mutual agreement with landowners and artisanal mining groups on the scale of operations for each group.

The company has contracted Shaft Sinkers to carryout geotechnical site

investigations and design of an open pit mine.

Greenstone was told to immediately institute mechanisms to have production statistics duly filed and ready for inspection at any time.

The Ministry team also wants the company to carry out an environmental audit for tailings and the waste water treatment plant according to the mining law and should keep records describing how far their operations conform to the approved environmental impact assessment. This information should be availed to both DGSM and NEMA.

Furthermore, the company was asked to revise and update their feasibility study indicating a detailed appraisal of the deposit and reflecting amendments to their programme of development and mining operations as introduced under sections 43(3) (c) and section 48 of the Mining Act 2003 respectively.

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# Tororo Cement Growth Continues Apace

The addition of ultramodern technology, cement grinding mills, rotary packers and storage silos last year may have taken Tororo Cement Limited (TCL) annual production capacity to 1.8 million tons but the company is still looking at expansion.

The Company is focusing on a production capacity of 3 million tons while simultaneously undergoing detailed mineral prospecting and exploration for its second phase of expansion - \$200 million to expand its Clinkerisation facility.

Operating in the districts of Tororo (manufacturing) and Kapchorwa and Moroto (mining), the company has been keen to keep on the right side of the country's mining and environmental regulations.

With an ISO accreditation 9001 -2015 and 14001 -2015, Tororo Cement is the first in Uganda to launch an Integrated Management system in quality with clean environment. NEMA has recognized and awarded the Company for its adhering to best emission and clean environment operations.

## Growth Path

Tororo Cement Ltd's owners gave the company its present name after acquiring it in 1995 from the Government of Uganda. A carefully executed staff recruitment drive coupled with well tested operational strategies has seen the company emerge as the leading and largest manufacturer of cement in Uganda over the years.

TCL has not limited itself to producing only cement – albeit various types – it also manufactures and distributes numerous construction materials like corrugated iron sheets, nails, chain link and barbed wire under the reputable brand Nyumba.

The high quality of its products, which has since attracted UNBS and ISO certification, has seen the company build a huge customer base across the East African landscape in addition to the Democratic Republic of the Congo and South Sudan markets.

These expansion and upgrading projects have happened in phases. Since 1995, TCL has invested more than \$150m to upgrade the clinkering plant and to expand (with updated technology) the

cement-grinding, storage and electronic packing system.

The first phase is in under construction, installation with an investment of \$25m. This is to increase of Cement grinding capacity to 3 million ton from 1.8 Million P.A. with packing, storage and feeding system. The expansion is likely to be complete by March 2017. In the second phase, an investment of \$200m in a clinkering plant of 4,500 ton per day will be made.

## Challenges

High foreign exchange conversion costs paid on the many imports needed in the production of cement, undedicated electric power and a dearth of skilled manpower and other support infrastructure continue to slow the company's progress. The quality of the limestone deposit is also disappointing of late. The viability of cement plant is on "bulk mining" with consistent quality. The usual life span of the Cement plant is 50 years and availability of quality limestone-(Minimum of 5000-6000 tons per day) 75 Million ton is required essentially



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# Tibet-Hima on the Spot Over Kilembe Concession



**A**fter a June visit to Kilembe copper mines, an inspection team from the Directorate of Geological Survey and Mines (DGSM) gave Tibet Hima Mining Company Ltd (THMCL), the concessionaire holder a thumbs down. DGSM noted that the Chinese consortium was found to be in breach of almost all the pacts apart from rehabilitating the Cobalt Concentrator Plant; where it had imported and fabricated on site flotation cells, installed a 1,500 ton per day ball mill and accessory spiral classifier. It had also renovated one of the two existing thickeners, renovated one of the six existing crushed ore bins or tanks, and installed a new vacuum concentrate filtration unit.

The company was ordered to meet its obligations under the concession urgently.

In response however, Tibet-Hima says operations are on course and it will soon respond to the Directorate in detail, demonstrating exactly what it has been up to. The report will be due in 6 months from August, 2016.

According to Alex Kwatampora, the consortium's project manager at Kilembe, THMCL has only recently discovered 6 blocks of high grade copper anomalies in the Nkenda Prospects and more is likely to be found in the highly promising Bukangama West, as the exploration drive continues.

"We have just imported four drill rigs for deep drilling to ascertain the reserve quantities. The first drill is already in Kilembe," he said.

The company was also awaiting a Waste Disposal Permit from the National Environment Management Authority (NEMA) after handing in an

Environmental Impact Assessment report a while back, demonstrating that it had gotten a solution for the disposal of its tailings.

"NEMA was unhappy with the stockpiling of the tailings in open pits though we had plans for sealing it off like had been the case before the floods. We have since built a 3km long pipeline to deposit the tailings in the old approved site in Mburakasaka," noted Kwatampora.

By April 2016, at least 2000 tons of copper concentrate (25%-30% copper) had been produced by the company, before NEMA's environmental concerns halted procedures.

Tibet-Hima is also in the final stages of agreeing a power-purchasing agreement with the Electricity Regulatory Authority to upgrade the Mubuku I Hydropower dam from 5 MW to 12.6 MW and finally to 17.6 MW, as was agreed in the concession.

In the agreement Tibet-Hima signed with Uganda in September 2013 it committed to reviving copper mining at the Kasese, Western Uganda based mine

after over 30 years in limbo, through a \$175m investment. It was also to invest \$16m in further exploration with a view of increasing the current known ore reserves of 4.50mt of Cu and Co to economic quantities under CRIRSCO compliance format and therefore sustain the mine for another 25 years or more.

The consortium was also to rehabilitate the entire mine infrastructure from 3300 level to 6800 level, restore the Concentrator Plant by replacing all the floatation cells and replacing all the old mills with new modern mills in order to produce more than 24,000 tons per annum of copper concentrate containing between 25.5% - 30.0% Cu at a recovery of 92% and Cobaltiferous pyrite concentrate containing 1.40% Co at a recovery of 79%.

Other agreements included setting up a smelting plant in Kasese to produce 99% copper plates, setup a tailings processing plant to concentrate the tailings in the dams from 0.114% Co. to 1.35% Co. in order to feed Kasese Cobalt Plant.

Tibet-Hima was also to rehabilitate Hima Lime Works in order to have lime to be used in the Concentrator plant for pH control amongst other general agreements on HSE, royalties, CSR, local content and the like.

A concession fee of \$1m per year may prove to be too much for the company going forward. Already \$250,000 has been paid this year according to Kwatampora, with some of the rest going to clearing an old debt Kilembe Mines Limited owed power distributor Umeme (UShs542m).

"We hope we can convince the government of Uganda to reverse this clause as it is not sustainable currently, when a lot is being spent on exploration," he added.



# Formalisation of Artisanal Mining is Urgent

Mubende gold-rush village



Uganda's Artisanal and Small Scale Mining (ASM) sub-Sector should be formalized and regulated to bring positive and sustainable contribution to the economy.

Artisanal mining especially for gold is rampant in the Mubende and Singo areas in central Uganda employing hundreds of thousands of people working in poor conditions and unleashing degradation on the environment.

According to a study titled "*Illegal artisanal & small scale mining in Mubende and Singo*" that was carried out by Gabriel Data, a Principal Geologist, at the Directorate of Geological Surveys and Mines (DGSM), there is no doubt that economic deposits of recoverable gold occur in the region.

The DGSM is the technical arm of the Ministry of Energy and Minerals Development, responsible for mining. The study was carried out through the Mineral Wealth and Mining Infrastructure Development (MWAMID) a project under the DGSM. As part of its activities, the project monitors and assesses the impact of artisanal mining across the country in general.

The study goes on to say that from the

active artisanal and small scale mining, there is good recovery of gold from the quartz-hematite veins in Mubende and Singo areas.

## HSE Concerns

However, the study warns that the unregulated artisanal miners' activities have led to the destruction of the environment whereby miners are using crude methods in the search for the gold.

Artisanal mining is the most basic form of mineral extraction where miners use basic tools like pick axes and shovels. There is very minimal investment in machinery at the onset.

Small scale mining is a notch higher. Such mining operations have basic machinery like power drills and small generators. Combined they are referred to as Artisanal and Small Scale Mining (ASM).

It says that if the situation is not brought under control, restoration of the environment will cost the taxpayer a lot of money in a few years.

However, as artisanal miners continue to dig up the ground unregulated, the hundreds of mining pits and holes that have already been dug are a menace to

humans and animals in the area.

"Mine accidents are on increase as a result of poor mining practices," a part of the study reads in part. "The use of mercury and cyanide in gold recovery is health hazard and should be discouraged or else safety precautions should be taken."

According to Data, the sector should be brought under regulation. "There is bound to be serious environmental impacts and health issues related to pollution of streams and rivers of Mubende," reads the report.

The study recommends that given the area's productivity, the mining of gold in the area must be done in accordance with the law.

"Proper mineral rights have to be obtained from the relevant authorities to avoid future problems with the State of the Republic of Uganda," the study reads in part. "This confirms urgent need to formalize the ASM and if need be the illegal miners."

Because the sector employs thousands, if managed properly, the state can as well directly feel the impact in the treasury and on the economy.



The study covered and identifies gold mining and trade camps in eight sites in Mubende and Singo gold fields namely: Kayonza, Bukuya, Lugigi, Masaka, Kamelenge (coded as Kampala), Kanya, Walukwago, Kabaada and Kayimbirimi.

As it is, gold mining and trade in the Mubende area, which has been on for the last five years has become even more rampant and is characterized by invasion of other licenses; illegal mining, trade and bribery; environmental degradation; health and safety hazards; insecurity and vagrancy; social disorder; and migration of people.

It is estimated that the number of Ugandans directly involved in ASM has doubled in the last three years to an estimated 400,000 in 2015, with another 1.5 million indirectly benefiting from artisanal and small scale mining activities.

Globally, ASM occurs in over 80 countries and employs 30 to 50 million miners (90% of the global mining workforce)

Uganda is currently in the process of reviewing its Mining Policy and Mining legislations. The small scale mining sub-sector currently constitutes 90% of the mineral sector employing a large number of people mainly from the rural areas.

The Government plans to integrate the ASM sub-sector for it to operate and contribute towards the national economy and livelihoods of the communities living in the mining areas.

The Ministry is developing a strategy to register, formalize and regulate the ASM.

#### Ignored?



**Jonny Sasiirwe, chairman of the Uganda Artisanal Miners' Association**

According to Jonny Sasiirwe, the long serving chairman of the Uganda Artisanal Miners Association, formalization and legalization of the artisanal miners' activities continues to be the major objective of the association from inception. However, he feels their struggles are not fully appreciated by the state authorities.

"We are very okay with being formalized and regulated as this can ensure we adhere to the right health, safety and environment regulations," says Sasiirwe, "However, the state authorities are not paying much attention to us, despite our great contribution to the economy."

He says that despite being derided as speculators, the artisanal miners are the "sniffer dogs" that lead the companies to where the minerals are. Hence aiding them with soft loans the same way farmers and other commercial industries are helped by the government could go a long way in growing the Uganda's mining industry.

"Just UShs10m (\$3,000) to every group of 100 artisanal miners, can help them assemble a plant and acquire basic tools to mine up to 1kg of gold a week. These are much more and quicker revenues than from any other commercial activity the state is supporting," he reasons.

#### Tanzania Lessons

As Uganda grapples with the problem and readies to regulate the sub-sector, Tanzania is recognised around the world as a success story in managing and developing the Small Scale Mining (ASM) sub-sector.

In another report on a study trip to Tanzania's Artisanal and Small Scale sub-sector, which was to benchmark, share and learn from Geita Gold Fields' experience and success story, Uganda is picking up mining lessons from its southern neighbour.

Participation in the trip has enlightened the Ugandan delegation on technical, structural, legal and economic issues concerning small scale mining.

The Ssingo Artisanal Gold Miners Association established collaborations with the mines visited and plans to invite miners to train them in mining and processing of gold.

The organizational structure and relationship with employees are other qualities admired from the mines. The importance of registration and operating under the law was expressed.

# Design of Earthquake Research facility takes off

The Mineral Wealth and Mineral Development (MWAMID) project has initiated the procurement of a consultant to design an Earthquake Research Facility in Entebbe and the construction of a regional office and mineral beneficiation centre in Moroto.

A team from DGSM conducted verification on the status of land in Fort portal and Ntungamo that was originally earmarked for the construction of a regional office and mineral beneficiation centres under the SMMRP. The facility in Entebbe and the other that will be built in different upcountry towns are part of the MWAMID project.

The project is aimed at strengthening the mineral sub-sector in the areas of mining legislation, geological data acquisition, mineral assessment, capacity building and management of geo-scientific data, promotion of value addition and mineral trade and earthquake research.

Among the key objectives of MWAMID are: construction and restoration of earthquake research facilities and monitoring network stations, construct four mineral beneficiation pilot centers and strengthen institutional research capacity in geosciences, mining and develop mineral value addition skills of the youth to fully participate in extractive industry.

Under the period that is being reviewed, the Directorate conducted investigation of status of land in Gulu and the team noted a new development on the Plot 4, Bere Road Gulu Municipality earmarked for the Directorate of Geological Surveys and Mines in Gulu without the knowledge of the Directorate.

The project is fast tracking the procurement for a contractor for the construction of Karamoja Regional Office in Moroto Municipality, Moroto District and the evaluation of bids is on-going.



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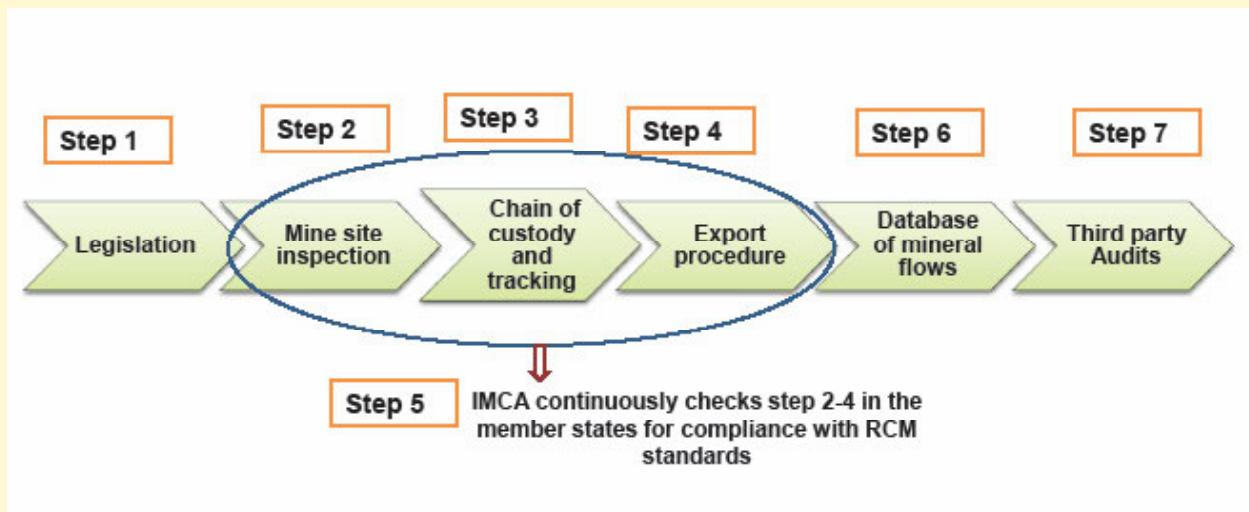
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# How mineral certification will unlock Uganda's potential

By Stephen Turyahikayo

On December 15, 2010, Uganda alongside eleven member states of the International Conference on the Great Lakes Region (ICGLR) signed the Lusaka Declaration that set in motion the implementation of regional certification mechanism (RCM).

The purpose of the RCM tool is to facilitate responsible and conflict free mineral supply chains from the Great Lakes Region and applies to all ICGLR Member States. The minerals targeted by RCM remain tin, tantalum, tungsten and gold. Key components of the RCM system are:



**Step 1:** RCM has to be integrated into the mining legal framework. The process is ongoing and a statutory instrument is being finalized for this purpose.

**Step 2:** Mine sites are to be inspected and qualified into *Green*, *Yellow*, and *Red*. Only *Green* and *Yellow* mine sites can produce for export. Government mine site inspectors have been trained and an RCM mine inspection template drafted for this purpose.

**Step 3:** A robust system is required to track all production at the mine sites and all along the supply and transportation route to the point of export to eliminate any contamination of conflict free minerals. Data collected by the system remains the property of the ICGLR Member State which routinely transmits it to the ICGLR regional database. Chain of custody and tracking service providers have been welcomed in Uganda and at least 2 have set up and tested their systems.

**Step 4:** The Member State bears the responsibility to produce and put in place a mechanism for issuing ICGLR certificates. An ICGLR certificate once issued is valid for 90 days and serves as proof of conflict free status for the tin, tantalum, tungsten and gold being exported.

**Step 5:** The Independent Mineral Chain Auditor (IMCA) who is based at ICGLR secretariat in Bujumbura is tasked to continuously review processes 1-4 in all Member States to ensure they comply with the RCM standards.

**Step 6:** A regional database is to maintain record of the conflict free mineral flows within the great lakes region. This database will be based at ICGLR secretariat in Bujumbura and Member States are required to transmit production and export statistics that will feed into the system and be regularly updated. This database shall be

publicly accessed. A process is ongoing to establish and operationalize the database.

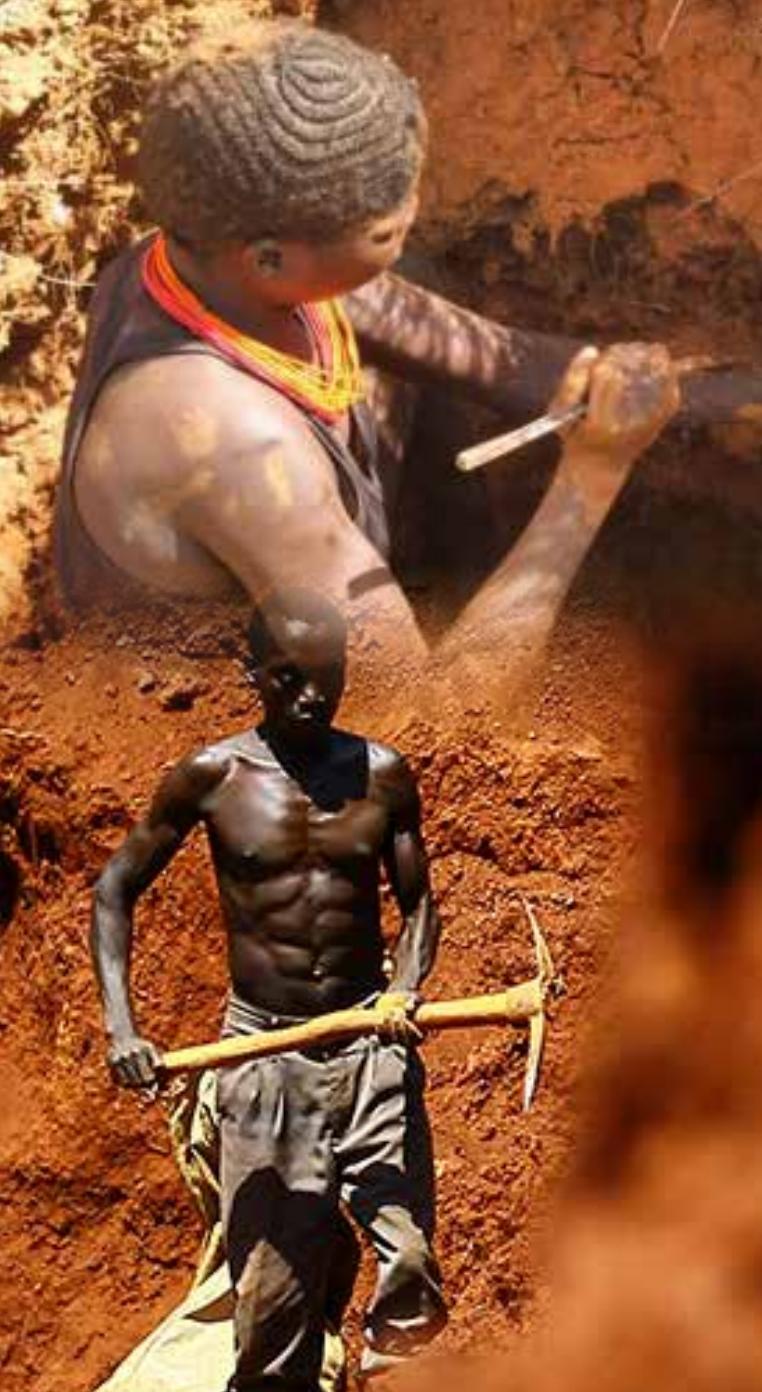
**Step 7:** Third party audits are required across entire supply chain to confirm it has remained compliant. It is through these audits that exporters are monitored to ensure they comply with the RCM standards and hence can export. Third party auditors are available and accredited by ICGLR audit committee.

On December 15 2012, the ICGLR certificate technically became a mandatory requirement to accompany all exports of tin, tantalum, tungsten and gold originating from the great lakes region of Africa. It is through implementing the above steps that Uganda will be considered fully compliant with the regional certification mechanism.

On an international scene, minerals supply and trade is rapidly evolving to accommodate best practices and responsible conduct. Some of the related initiatives include: 1) United States Dodd Frank Wall Street Reform and Consumer Protection Act, section 1502 on conflict minerals and corresponding SEC rules; 2) OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas; 3) European Union initiative on responsible mineral supply chains and related legislation under consideration; 4) China Chamber of Commerce Metals, Minerals and Chemicals (CMMC)-due diligence guidelines for responsible mineral supply chains etc.

In conclusion, this paradigm shift in global mineral supply and trade calls for urgent implementation of the regional certification mechanism as a gateway for Ugandan produced tin, tantalum, tungsten and gold to access and remain competitive in both the international and regional markets.

**The writer is a Mineral Certification and Due Diligence Expert**



# Women miners in Uganda prepare for takeoff

Women in Mining Uganda Chapter (WIMUG) is seeking funding for its activities, which if successful will see the body become fully-fledged to among others empower women to fully embrace and responsibly benefit from Uganda's mineral sector, which is experiencing a recovery.

WIMUG was launched in Uganda under the Uganda Chamber of Mines and Petroleum (UCMP) by Peter Lokeris, the State Minister for Mineral Development and Ms. Melody Kweba, President, African Women in Mining Association during the annual Mineral Wealth Conference 2015.

The organization's mission is to promote the role of women in Uganda's mineral sector through sharing knowledge and experiences for economic empowerment and extension of professional network.

The primary objective of WIMUG is to create an empowering network to inspire, support and develop the progression of women working in Uganda's mineral sector through mentorship, specific-capacity building initiatives for skills development, education on women rights and their responsibilities in the sector.

WIMUG also aims to create gender balance in the sector, promote and increase the role of women in the sector, create a network platform, increase the number of women at both technical and high level managerial/ decision-making positions and to create an opportunity for their (women) showcase on the global platform.

For members who join the chapter, benefits include having a clear voice for women in the mineral sector, representation regionally, nationally and globally. Other benefits are an opportunity to share information on industry-related issues as well as networking opportunities.

Membership is free and open to all women who are active or interested in the growth of Uganda's mineral sector.

WIMUG is purely run on voluntary basis and membership is open to women entrepreneurs, mineral dealers, miners, professionals (geologists, engineers, HSE, and conservation specialists etc.) working in both the informal and formal setting in Uganda's mineral sector.

As part of activities to prepare for takeoff, WIMUG plans to create a website link under the Uganda Chamber of Mines and Petroleum (UCMP) main website to display events, meetings, reading material and newsletters.

WIMUG has also planned training workshops in HSE and human rights. It also plans to hold a National chapter forum involving all stake holders (department of mines, Department of Labour and gender, politicians, UIA, NEMA, UNBS, and Activists etc.

WIMUG is also planning regional capacity building seminars and creation of regional subcommittees and small women groups and reconnaissance field visits and distribution of PPE to some groups.



# Busia Artisanal Miners Get Alternative Life Skills



*The reality, however, is that natural resources are finite in nature and over time they get depleted. Worse still, the communities in most cases are unprepared for the post mining era*

In Uganda, artisanal and small scale mining is estimated to directly benefit more than 190,000 women and men miners. Of these, at least 50,000 women and men are involved in artisanal gold mining activities. Busia District is among the artisanal gold mining epicenters in Uganda.

Since 1930, the communities of Tiira and Siyanyonja in Busitema subcounty of Busia District have relied on artisanal gold mining for their economic livelihood. More often than not, natural resource dependent communities possess an erroneous impression that these natural resources shall be at their disposal forever.

This has sometimes shaped the path to destructive mining practices. The reality, however, is that natural resources are finite in nature and over time they get depleted. Worse still, the communities in most cases are unprepared for the post mining era.

Based on this background, Earthbeat Foundation through their Heartbeat

Uganda Project has started a campaign to increase awareness and support artisanal gold miners of Siyanyonja and Tiira villages to ensure they are adequately prepared and cushioned for the post mining era.

The Foundation primary objectives are: to offer technical advice extension to artisanal miners on economic livelihood diversification, working with artisanal miners to identify appropriate alternative income generating activities, to support and guide miners to adopt the identified alternative income generating activities and to initiate and promote a culture of saving among the artisanal miners.

In March and April 2016, artisanal gold miners in Tiira and Siyanyonja received a donation of goats as a beginners boost to their household incomes. Additional investment opportunities are being developed together with the artisanal miners and some of these include projects in apriary, agroforestry and farming etc. In early



2017, the Heartbeat Uganda initiative will train and empower artisanal miners to acquire the necessary skills to start and operate profitable and sustainable community based bee keeping and honey business.

In conclusion, artisanal mining is among the contributors of employment opportunities in rural Uganda. However, the finite nature around natural resources ought to shape great responsibility on the miners during extraction and beneficiation process. The economic behavior should reflect confidence amongst them to survive the post mining era. Together, let us spread the message far and wide to all artisanal miners to understand that natural resources eventually get depleted. Therefore, a saving culture and investment in alternative income generating activities is a must for them to survive the post mining era.

*Stephen Turyahikayo,  
Partner Earthbeat Foundation, www.  
earthbeatfoundation.org*

## Sipa's prospects in Kitgum improve



Sipa finalise exciting new W.A prospect and prepare for drill campaign

Things are looking up for Sipa Resources Limited, an Australian-based exploration company, at its Kitgum-Pader base metal project in the northern part of the country after the company announced in mid September that it was resuming drilling after encouraging results from earlier investigations.

Results from a drilling programme in the area, which was conducted in May, showed that the company is holding a mineral-rich license.

According to Lynda Burnett, the managing director of the company, the survey revealed "some of the most significant broad intercepts of

disseminated mineralization we have seen to date..."

The company is prospecting for nickel, copper and zinc in the Akelikongo area.

The company noted that "these higher grade zones are interpreted to represent the high-grade basal position of the Akelikongo Ultramafic Complex, and lie at the footwall of the wide and shallow zones of disseminated sulphides. This basal position is typically where massive sulphides form in large nickel-copper systems and represents a priority focus for on-going drilling.

Sipa holds more than 6000sq km of exploration tenements in northern

Uganda, with its main targets being the Akelikongo, with its potential for nickel and copper, and the Pamwa hill that has a zinc lead silver system.

In a progress report that the company issued recently, it said: "An independent review of the Akelikongo mineralisation and exploration model, commissioned by Sipa and conducted by CSA Global Pty Ltd has provided strong affirmation regarding Sipa's exploration approach at Akelikongo. A key conclusion of the review was that the nickel tenor is of good quality and should be pivotal in the further discovery of massive sulphide material."



# *Canadian firm widens interest in Kitgum, Mityana minerals*

A new report by Consolidated Africa Limited, released in July, shows that the company is considering widening its search for graphite in the district of Kitgum after a helicopter-borne geophysical survey noted that the area could hold more reserves than earlier anticipated.

"As the graphite occurrence is locally continuous, it is also likely to continue further eastwards and will be further investigated by surface mapping," the company's July report notes.

To be sure, the Canadian firm has applied for an exploration license over a new area after the survey it undertook in May found an "extension of the graphite occurrence" in the area.

It is not only Kitgum that Consolidated Africa Limited has set its eyes on. The company recently entered into a memorandum of understanding with Uchimba Investments Ltd to acquire an exploration license that would allow it search for lithium in Mityana. The value for this transaction is valued at \$40,000.

On the Mityana deal, Consolidated Africa Limited contracted a geological team of Minrom from South Africa to investigate the Nampewo lithium pegmatite to assess its resource viability.

According to what the South African team discovered from the short area it assessed, all the samples from the exploration area in Nampewo contained

low lithium grades, although a grab sample from the nearby Nampewo mine, located outside the license area, had a fine grade of lithium.

"This indicates that the pegmatites of Nampewo Hill and the surrounding areas contain potential for lithium mineralisation, even if it was not detected at surface," the company noted.

Still, it is in Kitgum that Consolidated Africa Limited intends to place a lot more focus. The company said it "discovered an extension of the graphite occurrence and have applied for an exploration lease over this new area. The new area is to the East of the existing lease and is on ground that is generally flat and amenable to trench work and drilling," the company announced in June.

In early May, a helicopter carrying a team of geologists flew more than 90km around Kitgum in northern Uganda as Consolidated Africa Limited started assessing the mineral potential of the Orom area, where it holds a license to prospect for graphite.

Consolidated Africa Limited, which completed the acquisition of Consolidated Africa Resources Uganda Limited in March this year, said the helicopter-borne geophysical survey was meant to show the targets that can be drilled for graphite.

"Our objective is to take the analysis from the air geophysical survey and to

firstly trench and sample the identified targets. The samples will be tested for flake distribution size and defined into categories showing the large and jumbo flake size," Philip Lindsay, the company chairman, said in a statement.

The company noted that the helicopter was rigged with sophisticated technical equipment capable of producing high-resolution data both at near surface and at great depth.

The data assessed, it has turned out, came out promising, according to the company.

However, it is still unclear whether Consolidated Africa Limited has the financial capacity to develop the graphite in Kitgum – 400km north of the capital Kampala. The company said that it was "finalising a small placement that will sustain this current work program" on Orom. It did not say how much it was looking to source. It has, however, noted that it cannot give any assurances that it will achieve commercial viability through the exploration, development and mining of the Orom project.

Consolidated Africa Limited said they are keeping their faith in the Orom project because demand for graphite is "expected to dramatically increase during the next ten years, due in part to the increasing production of the Li-ion batteries."

The company was incorporated on May 5, 2015.

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Victoria Motors Limited	Mr. Dickson Mwesigwa	Car Dealers
Woodmore Energy Consultancy Ltd	Mr. David Kayemba	Oil and Gas Downstream
British High Commission	Mr. Eric Olanya	Diplomatic Mission
Janus Global Operations, Inc	Mr. Norbert Rugunda	Critical Mission Support & site Restoration Services
Let's Go Travel	Mrs. Joan Kantu Else	Tour and Travel
Achelis Uganda Ltd	Mr. Hans Georg Hinterberger	Equipment sale & Rental

COMPANY	CONTACT PERSON	SECTOR
Pearl Engineering Company Limited	Mr. Gumirisa Birantana	Construction
Enviroserv U Ltd	Ms. Jennifer Bangirana	Waste management
Goldstar Insurance Co.Ltd	Mr. Paul Kavuma	Insurance
UAP Insurance Uganda Ltd	Ms. Ruth Nduhukire	Insurance
Unifreight Cargo Handling	Ms. Jennifer Mwijukye	Cargo Handling
First Mining Company Ltd	Mr. Dorde Grujic	Mining
The Mining Co. Ltd	Mr. Barnabas Taremwa B	Mining
Gras Savoye Uganda Insurance Brokers Ltd	Mr. Denis Odongo	Insurance
Sipa Exploration Uganda Ltd	Ms. Natasha Venus	Mining
Sheraton Kampala Hotel		Hospitality
Beta Projects Ltd	Mr. Nelson Mugenyi	Procurement & Consulting
ADT Africa Exploration Drilling Services	Mr. Ben Vietnieks	Exploration Drilling Services
Tower Resources Plc	Mr. Rashid Mugabe	Oil and gas exploration and production
Aerophoto System Engineering Co	Mr. Nalukoola Muwanga	Airborne Geospatial Data Acquisition, Aerial Photography, Surveying, Mapping
East African Gold	Hon. Richard Kaijuka	Mineral exploration
Megha Minerals	Mr. Sikander Meghani	Mineral Exploration
Capital Law Partners	Mr. Ronald Asiimwe Mitegyeko	
Mineral Services Ltd	Mr. Edward Kabuchu	Construction, Warehousing. Camp Building, Motor Vehicle Support
Kenfreight	Mr. Amos Dwoka	Freight Services
Velosi Corporate Services	Mr. Willie Rankin	Asset Integrity Management
Simba Mines and Mineral Resources Ltd	Mr. Johnny Sasirwe	Mining
Mantrac Uganda Ltd	Mr. Walid Hassan	Caterpillar Products
Tororo Cement Limited	Mr. Gagrani B.M	Cement Manufacturers
Beta Minerals	Ms. Jennifer Hinton	Mineral Exploration
TransAfrica Assurance Company Limited	Mr. Madhav Kumar	Insurance
Ligormac Advocates	Mr. Joshua Ogwal	Law Firm
Traminco (U) Limited	Mr. David K Kawooya	Roads, Mining, Consulting, Construction, Earthmoving
Quantum Express Logistics	Mr. George Odeke	Freight Forwarding Logistics services
Nangwala, Rezida & Co.Advocates	Mr. James Nangwala	Law Firm
Niletrac Uganda Ltd	Mr. Mark Davidson	Dealers in plant & machinery
Geotraciability	Mr. Matthieu Guemas	Mineral Traceability
Ssaka Transport Co. Ltd	Mr. Rolland Mulindwa	Transport & Logistics
Fabrication Systems(U) Ltd	Mr. Kalpesh Mehta	Fabrication of structural steel, Office fit out, Otis lifts, Escalator installation & maintenance
African Gold Refinery	Mr. Alphonse Katarebe	Gold Refining
Afrofreight Clearing & Forwarding (U) Ltd	Ms. Grace Tumukunde	Clearing and Forwarding
Great Lakes Carriers Limited	Mr. Assaf Natan	Transport, Logistics, Building construction and Civil works.

### Chamber Individual Members

Name	Specialty
Mr. Brian Kaggwa	Lawyer
Mr. Joshua Tuhumwire	Mining
Mr. Malkit Singh Saini	Construction

Mr. Minaz Karmali	Businessman
Mr. Rajesh Dewani	Construction
Mr. Rossini Silveira	Oil, Gas & Renewable Energy



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[www.ucmp.ug](http://www.ucmp.ug)

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## APPLICATION FORM FOR MEMBERSHIP

To: The Executive Secretary,  
Uganda Chamber of Mines and Petroleum  
P.O. Box 71797 Kampala  
E-mail: [info@ucmp.ug](mailto:info@ucmp.ug)

I hereby apply for membership of the Uganda Chamber of Mines and Petroleum  
Company/Organization.....

Address:.....

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Telephone.....

Contact person: .....

Position.....Telephone.....

E-mail: .....

Please provide a brief description of your company/investment, its size and its activities.

Description.....

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Signature of Applicant: ..... Date: .....

Your application will be considered by the Governing Council as soon as possible.





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