



Supporting Implementation of the Mining Policy Framework
in Member States of the Intergovernmental Forum on Mining,
Minerals, Metals and Sustainable Development

UGANDA: Assessment of implementation readiness

Alec Crawford, Kristi Disney and Melissa Harris

March 2015

International Institute for Sustainable Development

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With support from the Canadian International Development Agency (CIDA), the International Institute for Sustainable Development (IISD) is working with selected member states of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) to help them operationalize practices consistent with the IGF's Mining Policy Framework (MPF). As a first step, IISD conducted an assessment of national law, policy and administrative frameworks for mining and minerals development and management in three IGF member states relative to the six themes of the MPF. The assessments measure the readiness of the member states to implement the MPF through these existing government measures. Building on outcomes of this assessment process, IISD will work with each participating state to develop an initial capacity-building workshop that addresses gaps found in the readiness to implement specific components of the MPF into their national mining development law and policy.

This document presents the assessment for Uganda, with a view to: helping the government target their efforts in implementing the MPF; informing capacity-building efforts; and allowing for monitoring of progress over time.

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Executive Summary

This assessment, conducted by the International Institute for Sustainable Development (IISD) between April and August 2014 with support from the Canadian Department of Foreign Affairs, Trade and Development (DFATD), assesses the mining law and policies of Uganda, and the country's capacity to implement the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development's (IGF) Mining Policy Framework (MPF). The assessment involved extensive desk-based research and an 11-day field study in Uganda in which the project team visited mine sites and met with numerous stakeholders from government, civil society and the private sector. The assessment concludes with this report.

The assessment team identified the following major strengths in Uganda's mining law and policy framework:

1. The Environmental Impact Assessment (EIA) Regulation requires public participation in Environmental Impact Studies, with detailed communication procedures and targeted outreach to affected communities. The EIA Regulation also requires consideration and assessment of both environmental and social factors.
2. Applicants for an exploration license or mining lease must demonstrate that their operations adequately provide for the employment and training of Ugandan citizens, and applicants for a mining lease must also show that they will procure a satisfactory level of goods and services obtainable in Uganda.
3. Government revenues are generated through a mix of consistently applied corporate income taxes and competitive royalties. Royalties are shared between national and local budgets. A variable tax rate based on profit addresses the unique nature of mineral profits.
4. The Mining Act requires an Environmental Restoration Plan, including current uses and productivity of the mining area prior to exploration or mining, a detailed timetable, and the proposed uses for the land following restoration.
5. Location licenses for small-scale prospecting and mining operations are evidence of a strategy to formalize Artisanal and Small-Scale Mining (ASM) operations, as is the inclusion of ASM in national mining policies and legislation.

The assessment team identified the following major weaknesses:

1. Although appropriate legal and regulatory frameworks are often in place, there remains limited capacity, resources and personnel for monitoring, inspections and enforcement of existing laws and regulations. This pervasive limitation severely weakens the legal and regulatory environment across all themes of the MPF.
2. The Mining Act and Regulations do not sufficiently address mine closure, nor are all developers required to provide adequate financial assurance for mine closure.
3. The EIA Regulation does not detail requirements for baseline descriptions of current conditions prior to issuing an exploration licence or mining lease.
4. Royalty payments often do not reach landowners, and payment problems are compounded by the complex nature of land ownership. Revenue from mining generally does not translate into long-term social and economic development in communities located near mining projects.
5. There is no long-term strategy or funding to formalize the ASM sector, which remains overwhelmingly informal and continues to be a source of conflict and lost revenue.

The major strengths and weaknesses from each of the six pillars of the MPF are summarized in the table below.

TABLE 1. MAJOR FINDINGS FROM EACH OF THE SIX MPF THEMES

MINING POLICY FRAMEWORK THEME	LEVEL OF PROGRESS	STRENGTHS	WEAKNESSES
Legal and Policy Environment	MEDIUM	<ul style="list-style-type: none"> Comprehensive geological information has been made freely available online for public use and national land-use planning, through the Geological and Mineral Information System (GMIS) and Unpublished Document Information System (UDIS). The Mining Act and Regulations provide clear descriptions of data and reporting requirements, rights, obligations and renewal procedures for license applicants and holders. The Environmental Impact Assessment (EIA) Regulation requires public participation in Environmental Impact Studies, with detailed communication procedures and targeted outreach to communities that may be affected by the project. The EIA Regulation requires consideration and assessment of both environmental and social factors. As a requirement for a permit, applicants for an exploration license or mining lease must demonstrate that their operations adequately provide for the employment and training of Ugandan citizens, and applicants for a mining lease must also show that they will procure a satisfactory level of goods and services obtainable in Uganda. 	<ul style="list-style-type: none"> The Mining Act and Regulations do not sufficiently address mine closure. Developers are not required to consult with communities at all stages of the assessment and planning process, including Project Briefs. The Environmental Impact Assessment (EIA) Regulation does not detail requirements for baseline descriptions of current conditions prior to issuing an exploration license or mining lease. While the Mining Act describes an “Environmental Performance Bond” based on the Environmental Restoration Plan, the Act does not require such a bond of all developers but only gives the Commissioner discretion to require a bond. Stakeholders report that no clear system is in place for collecting, holding, managing or using such funds. Uganda’s Constitution recognizes 56 indigenous communities, but there is no mention of indigenous peoples in the EIA Regulation, Mining Act or Mining Regulations.
Financial Benefit Optimization	MEDIUM	<ul style="list-style-type: none"> Government revenues are generated through a mix of consistently applied corporate income taxes and competitive royalties. A variable tax rate based on profit addresses the unique nature of mineral profits. Royalties are shared between national and local budgets. 	<ul style="list-style-type: none"> Royalty payments are distributed with limited transparency via the national budget. Profit-based tax rates present opportunities for mining companies to avoid payment. Government revenues from mining taxation and royalties do not always translate into local development gains. Royalty payments often do not reach landowners, and payment problems are compounded by the complex nature of land ownership. The government has a lack of capacity to monitor and tax the artisanal and small-scale mining sector. NGO, community and many government stakeholders widely view the taxation and royalty systems as strongly geared toward the benefit of the private sector, often to the detriment of local communities. There are limited national government capacities to negotiate mining agreements with the private sector, and limited expertise within government in international mining law. Transparency of and access to financial data and laws is limited by differences in language, literacy and geography.
Socioeconomic Benefit Optimization	LOW	<ul style="list-style-type: none"> Provisions for socioeconomic planning are included under the EIA Regulation. Basic and advanced education levels have been prioritized by government, with improvements to primary and secondary levels. Mining companies are required to have health and safety standards and undertake specific actions as outlined in the 1949 Mining (Safety) Regulations. 	<ul style="list-style-type: none"> Mining Occupational Health and Safety (OHS) regulations are outdated and monitoring is insufficient. OHS policies largely do not apply to Artisanal and Small-Scale Mining (ASM) workers. No formal measures exist to establish health service priorities with mining entities and communities. Permit holders are not required to support development of educational facilities and services. Where there is significant financial support from permit holders, there are no strategies for transfer to other sources of funding post-closure. No provisions were found for working with developers to address security issues prior to issuing permits, and the Mining Act and Regulations do not prohibit mining operations in conflict areas.

MINING POLICY FRAMEWORK THEME	LEVEL OF PROGRESS	STRENGTHS	WEAKNESSES
Environmental Management	MEDIUM	<ul style="list-style-type: none"> • Appropriate environmental management standards for surface and ground water are provided under a number of different sources including the Mining Act, the Mining (Safety) Regulations, the Constitution, the Water Act, the National Water Policy, and the Water Statute. • Clear guidelines are in place for addressing and treating mine effluent streams. • Mining entities are required, under both the National Environment (Waste Management) Regulations and the EIA Regulation, to have in place plans and practices to manage and process discharge waters. 	<ul style="list-style-type: none"> • The effectiveness of environmental management standards and guidelines is severely diminished by limited capacity and personnel for adequate environmental monitoring. • Waste management structures do not adequately manage geotechnical risks and environmental impacts throughout the mine cycle. • Emergency Preparedness plans are not sufficiently comprehensive, not based on ongoing communication with community stakeholders, and not adequately monitored.
Post-mining Transition	LOW	<ul style="list-style-type: none"> • The Mining Act requires an Environmental Restoration Plan, including current uses and productivity prior to exploration or mining, a detailed timetable, and the use to which the land may be used following restoration. • The Mining Act requires guarantees for compliance with the Mining Act in the form of “Security for Compliance,” and describes an “Environmental Performance Bond” based on the environmental restoration plan, reflecting the probable difficulty of restoration. 	<ul style="list-style-type: none"> • Lack of detailed requirements for mine closure. • Low capacity to monitor and enforce legal and regulatory frameworks for closure. • Mining Act and Regulations fail to require all developers to provide adequate financial assurance for mine closure; requirement to pay an Environmental Performance Bond is left to the Commissioner’s discretion. • Lack of a clear system for collecting, holding, managing and using the Environmental Performance Bond. • The legal framework does not require periodic assessment and independent auditing of mine closure plans, nor does it require progressive rehabilitation in mining areas as soon as the disturbed area is no longer needed for mining. • Uganda has not taken a leadership role to address issues and opportunities related to orphaned and abandoned mines.
Artisanal and Small-Scale Mining	LOW	<ul style="list-style-type: none"> • Location licenses for small-scale prospecting and mining operations are evidence of a strategy to formalize ASM operations, as is the presence of ASM in national mining policies and legislation. • Location license applications require a description of how the environment will be affected by the mining operation, and measures that will be taken to mitigate these impacts. • Some capacities for training and technical support have been developed through the recent Sustainable Management of Mineral Resources Project (SMMRP). • Uganda has developed a National Action Plan on the Elimination of the Worst Forms of Child Labour, and includes the protection of children as a key objective of the Mineral Policy. 	<ul style="list-style-type: none"> • There is no long-term strategy or funding to formalize the ASM sector, which remains overwhelmingly informal and continues to be a source of conflict and lost revenue. • ASM miners have little or no knowledge of mining legislation. • There are significant cost and bureaucratic barriers to obtaining a location license. • The widespread granting of exploration licenses and mining leases has meant that the amount of available land viable for mining operations and not covered by concessions—i.e. land available to ASM miners—has been reduced. • Although Uganda has signed (but not yet ratified) the Minamata Convention on Mercury (2013), no domestic legislation is in place to regulate the use of mercury in ASM. Nor is any legislation in place to regulate the use of cyanide in ASM. • Most alluvial ASM takes place in areas larger than the maximum area allowed for in a location license. • The government has very limited capacities to monitor the ASM sector and enforce regulations, including ensuring the health and safety of miners, environmental protection, and adherence to national legislation on child labour. • No real processes or mechanisms are in place to collect, manage or reinvest revenues from ASM. • The relationship between ASM and larger-scale mining (LSM) operations is often tense, and can lead to conflict. • A policy mandate exists to support formalization of ASM, but institutional roles—for DGSM and other government institutions—are not captured in the corresponding legislation.

1.0 Introduction

1.1 Mining and Sustainable Development

The growing demand for non-renewable mineral resources is among the world's greatest sustainability challenges. But for many countries it can also present a significant opportunity for growth and development. While grappling with the important question of how to meet the resource needs of a growing population in a way that takes into consideration the needs of future generations, it is easy to overlook the role that mining and its benefits can play in a nation's long-term social and economic development; with mining can come employment and skill development, investments in education, the construction of infrastructure, and the generation of much-needed revenue. The presence of a strong legal and policy framework is needed to maximize these benefits, a framework that promotes the development benefits of mining while upholding strong environmental and social standards. The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) is working to advance such policies and good governance practices through its Mining Policy Framework (MPF).

1.2 Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

At the 2002 World Summit on Sustainable Development, held in Johannesburg, South Africa, delegates recognized the challenges and opportunities related to mining and sustainable development, and highlighted these concepts in Section 46 of the Johannesburg Plan of Implementation. Out of this process, a number of member states came together to establish the IGF. The IGF is a voluntary initiative that provides opportunities for national governments with an interest in mining to work collectively to advance the priorities identified in the Johannesburg Plan of Implementation. The IGF is the only global policy forum for the mining and metals sector with the overarching objective of enhancing capacities for good governance in the sector.

The major goals of the IGF are to enhance and promote the contribution of the mining, minerals and metals sector to sustainable development, and to provide governments with a forum in which to discuss the opportunities and challenges of the sector. At present, there are 48 IGF member countries, with Canada acting as the Forum Secretariat.

1.3 Assessing the Implementation Readiness of IGF Member States

Through support of the Canadian Department of Foreign Affairs, Trade and Development (DFATD), the International Institute for Sustainable Development (IISD) is working with three member states of the IGF—the Dominican Republic, Uganda and Madagascar—to help them operationalize practices consistent with the MPF. The MPF is a “compendium of activities [the IGF member countries] have identified as best practice for exercising good governance of the mining sector and promoting the generation and equitable sharing of benefits in a manner that will contribute to sustainable development” (Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, 2012, p. 4). These best practices are divided into six key pillars: the legal and policy framework; financial benefit optimization; socioeconomic benefit optimization; environmental management; post-mining transition; and artisanal and small-scale mining.

Helping to operationalize the MPF in the selected IGF member States is a two-part process, beginning with an assessment of each country's national laws, policies and their readiness to implement the MPF, and followed by targeted capacity building that addresses key gaps and weaknesses. For the first part of the process, the assessments measure the readiness of the three member States to implement the six pillars of the MPF through existing government laws, policies and measures. The assessment will then be used to help governments target

their efforts in implementing the MPF, to inform capacity-building efforts, and to allow for monitoring of progress over time.

This report presents the findings of the assessment process conducted in Uganda between April and August 2014. It is structured as follows: the next section briefly describes the methodology used to conduct the assessment; Section 3 gives an overview of the mining sector in Uganda and the policy context; Section 4 presents the main results of the assessment along the six dimensions of the MPF; Section 5 discusses these results and identifies key strengths and weaknesses; and Section 6 presents some initial recommendations regarding implementation gaps that require particular attention from the host country government.

It is important to note that the MPF is a general document with very broad coverage. Specific elements of the MPF may not be applicable in every context. The assessment team did not review any specific elements of the MPF to determine whether they should or should not apply in the specific context of Uganda, only to determine if they were being applied. As such, this review does not imply any independent review, or approval or disapproval of any part of the MPF by IISD or its consultants, nor does it constitute legal advice.

1.4 Methodology

This assessment was completed in the following timeframe and using the following methodology:

- Development of the assessment framework, based on the MPF: February–March 2014.
- Desk-based research, including an extensive review of relevant Ugandan mining laws, policies and literature, as well as information gathering from the Department of Geological Survey and Mines (DGSM) of the Ministry of Energy and Mineral Development: April–May 2014.
- Field visit to Kampala and stakeholder consultations: June 1–11, 2014.
- Site visit to Nakemara and Tiira mines: June 3, 2014.
- Validation meeting with government representatives: June 11, 2014.
- Incorporation of additional stakeholder feedback and drafting of the assessment report: June–August 2014.
- Completion of final assessment report: September 2014.

2.0 Uganda: National context

2.1 Overview of the Mining Sector in Uganda

Mining has historically played a significant role in the Ugandan economy. In the 1950s and 1960s, the sector accounted for up to 30 per cent of Uganda's export earnings and, by the 1970s, 6 per cent of GDP (Uganda Investment Authority, undated). Much of the country's historic, industrial mining was dominated by the copper mine at Kilembe. Initially owned by two Canadian firms before being taken over by Falconbridge of Africa, the mine was in operation from 1957 to 1978 and accounted for 95 per cent of the value of the country's mineral exports during that period (Mining Journal, 2012). Most industrial mining activity ground to a halt as a result of the political instability of the Idi Amin years; when political stability returned in 1986, the government's economic development plan focused largely on agricultural production and exports, and the mining sector continued to languish.

In order to spur growth in the sector, the Sustainable Management of Mineral Resources Project (SMMRP) was launched in 2004. This multi-year project was undertaken by the Government of Uganda and financed by the World Bank, the Nordic Development Bank, the African Development Bank and the Government of Uganda. A principal component of the SMMRP was an extensive high-resolution airborne survey of Uganda's mineral resources; by the end of the project in 2012, the Government had produced detailed maps of mineral resource endowments covering 80 per cent of the country. The Government is now in the process of completing mapping for the remaining 20 per cent, which is concentrated in the Karamoja region in Uganda's northeast. These maps are now publicly available through the DGSM website.

The mineral survey exercise served to increase knowledge of Uganda's mineral resources, and to help identify those areas most suitable for more detailed prospecting and exploration. Key mineral deposits identified include gold, copper, cobalt, nickel, lead, columbite-tantalite, and tungsten. As a result, total investments in mineral exploration increased from US\$5 million in 2003 to US\$340 million by the end of 2011, and revenues from license fees increased from US\$0.5 million in 2003 to US\$14.6 million in 2011. Mineral rights increased dramatically over the same time period: in 2003, there were 100 mineral licences, and by the end of 2012, there were 726 (Mining Journal, 2012).

Despite this rapid growth in the sector, industrial, large-scale mining still accounts for a negligible portion of the national economy: in 2010, mining accounted for just 0.5 per cent of Uganda's GDP. Mineral production itself remains dominated by artisanal and small-scale mining operations, which account for 90 per cent of national production and employ almost 200,000 Ugandans (World Bank, 2013). Industrial mining is concentrated on a few minerals: limestone (for cement production), vermiculite, and pozzolana are the primary minerals in terms of tonnage, while gold is the country's biggest export in terms of value (but remains concentrated in the informal sector). Iron ore mining, while of growing importance, has been halted on the national scale as the country attempts to build up domestic value-addition capacities.

Larger-scale investments in the mining sector are emerging again. A consortium of Chinese companies has been awarded a concession to re-open and manage the Kilembe copper mine, and another Chinese company—Guangzhou Dong Song Energy Group Co. Ltd.—has been awarded an exploration license for the Sukulu phosphate deposit, which it is planning to develop into a mine.

2.2 Key Stakeholders

The assessment team met with the following key stakeholders in Uganda's mining sector:

Government Ministries, Departments and Agencies

- Department of Geological Survey and Mines
- Ministry of Energy and Mineral Development
- Ministry of Finance, Planning and Economic Development
- Ministry of Gender, Labour and Social Development
- Ministry of Lands, Housing and Urban Development
- Ministry of Water and Environment
- National Environment Management Authority
- National Fishing Authority
- National Planning Authority
- Uganda Bureau of Statistics
- Uganda Industrial Research Institute
- Uganda Wildlife Authority

Private Sector

- Ambak Associates
- Atacama Consulting
- Beta Minerals Ltd.
- Frank Tumusiime & Co. Advocates
- Greenstone Resources Ltd.
- Gulf-Nakemara Vermiculite
- Kamuntu Investments Ltd.
- TMT Mining Company Ltd.
- Uganda Chamber of Mines and Petroleum

Civil Society

- Advocates Coalition for Development and Environment (ACODE)
- Advocates for Natural Resources Governance and Development (ANARDE)
- Africa Centre for Energy and Mineral Policy
- Africa Partnership on Climate Change Coalition
- Earthsavers Research and Consultancy Bureau
- Global Rights Alert
- New Horizons
- Pro-Biodiversity Conservationists in Uganda (PROBICO)
- Transparency International

International Organizations

- African Development Bank
- United Nations Development Programme
- The World Bank

2.3 Legal and Policy Framework

The Ugandan legal framework for this assessment consists of the following key laws, policies and regulations:

Domestic Law & Policy

- **The Constitution of Uganda** (1995, amended 2005) requires the state to promote sustainable development and public awareness of the need to manage natural resources in a sustainable manner. The Constitution provides that “[t]he State shall protect important natural resources, including land, water, wetlands, minerals, oil, fauna and flora on behalf of the people of Uganda” (National Objectives and Directive Principles of State Policy, Section XIII), and provides that “[e]very Ugandan has a right to a clean and healthy environment” (Chapter 4, Section 39). Furthermore, the Constitution at Chapter Fifteen, Section 245, provides that: “Parliament shall, by law, provide for measures intended: (a) to protect and preserve the environment from abuse, pollution and degradation; (b) to manage the environment for sustainable development; and (c) to promote environmental awareness.” The Constitution was amended in 2005 to vest control of minerals in the Government on behalf of the Republic of Uganda.
- **The Mineral Policy of Uganda** (2001) contains a clear vision for the contributions of mineral development to national social and economic development. The Mineral Policy begins with the vision “to attract investment, build capacity for acquisition and utilisation of geodata and increase mineral production for social and economic development of Uganda.” The Policy emphasizes that, while the Constitution of the Republic of Uganda places minerals under the protection of the Ugandan Government, they should be managed for the benefit of the people of Uganda. The overall strategy of the Mineral Policy is “to ensure that the country’s mineral wealth supports sustainable national growth and development as well as the equitable sharing of the benefits from mineral resources amongst the people of Uganda.”
- **The Mining Act** (2003) outlines mineral rights, administration through the Department of Geological Survey and Mines, and procedures related to mineral agreements, prospecting licenses, exploration licenses, retention licenses, mining leases, and (for small-scale mining) location licenses, among others, and describes related rights and obligations, including payment of royalties and division of royalties among Government, Local Governments and Owners or lawful occupiers of land subject to mineral rights. The **Mining Regulations** (2004) provide forms and additional procedures and obligations related to mining licenses. The **Mining (Safety) Regulations** (1949) continue to provide requirements for safe working conditions in mines.
- **The National Environmental Act** (1995) provides for the “sustainable management of the environment” and establishes the National Environmental Management Authority (NEMA).
- **The Environmental Impact Assessment Regulation** (1998) and **National Environment (Audit) Regulations** (2006) outline the environmental impact assessment requirements developers must follow prior to obtaining an exploration permit or mining lease, and the rights and obligations of developers and the Government, including auditing and inspections. Mining-specific environmental impact assessment regulations are currently available in draft form, but were not finalized in time for inclusion in this assessment. **The National Environment (Minimum Standards for Management of Soil Quality) Regulations** (2001), **National Environmental (Waste Management) Regulations** (1999), **the National Water Policy** (1999), **the Water Act** (1997), and **National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations** (1999) provide additional detailed environmental requirements for developers.

- **The Uganda National Land Policy** (2011) and **National Planning Authority Act** (2002) were also taken into consideration in this assessment to better understand land rights, land-use planning and the level of integration of mining into long-term social and economic development planning in Uganda, including the **Uganda Vision 2040**, a national development plan launched in April 2013 by the National Planning Authority, other government institutions and stakeholders, with the goal of “a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years.”
- **The Access to Information Act** (2005) provides for public rights to access records and information in Uganda.

International Commitments

Uganda’s international commitments include but are not limited to the following international laws, protocols and conventions:

- Uganda voted in favour of the **Universal Declaration of Human Rights** at the UN General Assembly Meeting on December 10, 1948.
- Uganda signed and ratified the **UN Convention on the Rights of the Child** in 1990.
- Uganda ratified the **Convention on the Elimination of All Forms of Discrimination against Women** in 1985 and **International Convention on the Elimination of All Forms of Racial Discrimination** in 1980.
- Uganda ratified the **UN Framework Convention on Climate Change (UNFCCC)** in 1993 (which entered into force in 1994) and the **Kyoto Protocol** in 2002 (which entered into force in 2005). Uganda also joined the **UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UNREDD)** in 2012.
- Uganda has signed and become party to a number of international conventions pertaining to the environment: the **Convention on Biological Diversity** (1993); the **Convention on International Trade in Endangered Species of Wild Fauna and Flora** (1991); the **Convention to Combat Desertification** (1997), the **Convention on the Conservation of Migratory Species** (2000), and the **Ramsar Convention on Wetlands** (1988). Uganda acceded to the **Basel Convention on Controlling Transboundary Movements of Hazardous Wastes and their Disposal** in 1999, the **Stockholm Convention on Persistent Organic Pollutants** in 2004, and the **Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade** in 2008. Uganda has signed, but not yet ratified, the **Minamata Convention on Mercury** (2013).
- The country ratified the **International Covenant on Economic, Social and Cultural Rights** in 1987, and the **Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families** in 1995.
- Uganda has ratified all eight of the fundamental conventions of the **International Labour Organization: Freedom of Association and Protection of the Right to Organise Convention, Right to Organise and Collective Bargaining Convention, Forced Labour Convention, Abolition of Forced Labour Convention, Equal Remuneration Convention, Discrimination (Employment and Occupation) Convention, Minimum Age Convention, and the Worst Forms of Child Labour Convention**. It has ratified 23 additional ILO Conventions, including the **Underground Work (Women) Convention**. Uganda has not yet ratified Convention No. 169 on the rights of Indigenous and Tribal Peoples.
- Uganda adopted the **Convention on the Rights of Persons with Disabilities** in 2008 and the **International Covenant on Civil and Political Rights** in 1995.
- Uganda is not yet a member of the Extractives Industry Transparency Initiative (EITI).

2.4 Development Context

Uganda remains categorized as a country of Low Human Development, according to the UN’s most recent Human Development Report: of the 186 countries included on the report’s Index, Uganda ranked 161. That puts the country on par with Haiti, and it falls below the averages for both sub-Saharan Africa and all countries categorized as “low development.” Presently 31 per cent of the population—nearly a third—are categorized as living in extreme poverty (i.e., on less than US\$1.25 per day), while a further 19 per cent are vulnerable to poverty. Life expectancy at birth is a low 54.5 years; students on average attend school for just 4.7 years; and Gross National Income per capita (in 2005 dollars, adjusted for purchasing power parity) is US\$1,168 (United Nations Development Programme [UNDP], 2013).

TABLE 2. HUMAN DEVELOPMENT INDEX TRENDS IN UGANDA, 1980–2012

	LIFE EXPECTANCY AT BIRTH	EXPECTED YEARS OF SCHOOLING	MEAN YEARS OF SCHOOLING	GNI PER CAPITA (2005 PPP\$)	HDI VALUE
1980	50.1	3.9	1.9		
1985	49.6	5.6	2.3	0.520	0.3
1990	47.4	5.6	2.8	0.554	0.306
1995	44.9	5.5	3.4	0.664	0.316
2000	46.1	10.7	3.9	0.755	0.375
2005	50.2	10.4	4.3	0.880	0.408
2010	53.7	11.1	4.7	1.126	0.450
2011	54.1	11.1	4.7	1.158	0.454
2012	54.5	11.1	4.7	1.168	0.456

Source: UNDP (2013).

Uganda’s population, currently around 36 million people, is growing quickly; in fact, the country’s population growth rate (3.24 per cent per year) is the ninth highest in the world. The majority of the population—almost 85 per cent—remain based in rural areas; however, Uganda’s cities are growing at a faster pace than the rest of the country, indicating an increasing trend in rural-urban migration. A high population growth rate translates into a very young population, with almost half of the country’s citizens below 15 years of age (UNDP, 2013). Many of these children work, despite national legislation aimed at reducing their role in the labour force: a third of children aged 5 to 14 are currently working, many in mining.

The Uganda Employment Act (2006) defines a “child” at Section 2 as a person below the age of 18 years. Under Section 32 the Act states that children under 12 years of age are not allowed to work, but children over the age of 12 may work in limited circumstances that are not injurious to health, dangerous or hazardous; not between the hours of 7 p.m. and 7 a.m.; and, for children under the age of fourteen years, only “light work carried out under supervision of an adult aged over eighteen years, and which does not affect the child’s education.” For youths between 15 and 24 years of age, there is widespread unemployment, with one in four out of work (UNDP, 2013).

Health and education expenditures, as a percentage of Uganda’s GDP, remain low, though in both categories the country spends more than its sub-Saharan Africa neighbours. While most of the population (75 per cent) has access to improved water sources, only one-third of Ugandans have access to improved sanitation facilities (World Bank, 2014). Uganda also has lower rates of economic and gender inequality than the average for the region. Corruption remains a problem: Uganda is perceived as “very corrupt,” according to the most recent Corruption Perceptions Index by Transparency International (TI, 2013).¹

¹ Uganda was included in the 2013 Fraser Institute Annual Survey of Mining Companies, a useful measure of industry perceptions regarding national policy and investment climates, but responses to the survey were insufficient to include in the 2013 report (see <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/mining-survey-2013.pdf>). The 2014 report has not yet been published.

Economy

Uganda's economy is overwhelmingly concentrated around natural resources. The country's fertile soils and regular rainfall mean that agriculture remains the most important sector of the economy: it employs 80 per cent of the population, and coffee, tea, cotton, flowers and other agricultural products account for 74 per cent of Uganda's exports (UNDP, 2013). Key industries include brewing, cement production, tobacco and cotton textile manufacturing. Mineral production represents only a small part of the national economy; large-scale mining operations are envisaged as a key economic activity in the decades ahead, but are still largely absent, and the sector remains primarily informal, based around artisanal and small-scale operations exploiting small deposits of gold, tin, limestone and other mineral resources. The recent discovery of oil in Lake Albert has led to rapid expansion of the national petroleum sector, and with production scheduled to begin in 2017, oil revenues will form a bigger portion of government funding in the years ahead. These oil revenues are projected to fund many of the activities proposed in the country's national development plan, Vision 2040.

Economic growth is steady, at 5.6 per cent GDP growth per year (Central Intelligence Agency [CIA], 2014). Historically, economic growth and development have been hampered by the persistent problems of unreliable power, high energy costs, inadequate transportation infrastructure and corruption. These challenges also limit investor confidence (CIA, 2014). Instability in neighbouring countries South Sudan and the Democratic Republic of Congo (DR Congo) is also an economic risk for Uganda, as Sudan is a key export partner and Uganda is already hosting a significant Congolese and South Sudanese refugee population due to ongoing civil unrest in both countries (CIA, 2014).

Environment

The Government has formally protected 11.5 per cent of the country's terrestrial area, along with 10 per cent of its territorial waters (World Bank 2014). Much of this protection is concentrated in the west and southwest of the country, in a string of protected areas stretching along Uganda's border with neighbouring DR Congo. However high population densities and widespread livelihood dependence on natural resources mean that Uganda's natural landscapes and ecosystems are under significant pressure. 70 per cent of the country's land is already used for farming, and while nearly half of what remains is forested; recent deforestation rates of 2.6 per cent (from 2000 to 2010) mean that these forests are disappearing at a faster rate than in the rest of sub-Saharan Africa. Beyond deforestation and the conversion of lands to farming, the main environmental challenges currently facing the country are: land and wetland degradation; soil erosion and decreased soil fertility; the loss of biodiversity; the depletion of fisheries; and the pollution of air, water and land resources (NEMA, 2010).

3.0 Status of Implementation of the Mining Policy Framework

As further elaborated above, the MPF presents the best practices required for good environmental, social and economic governance of the mining sector, and for the generation and equitable sharing of benefits in a manner that will contribute to sustainable development. Developed by the Member States of the IGF, the MPF has universal application and represents a commitment from the IGF members to ensuring that mining activities within their jurisdictions are compatible with the objectives of sustainable development and poverty reduction (IGF, 2010).

The objective of this assessment is to measure the readiness of the Ugandan government to implement the MPF through existing national laws and policies. It is hoped that by identifying the strengths, weaknesses and gaps in existing mining laws and policies the assessment will help the Ugandan government target their efforts in implementing the MPF, inform capacity-building efforts and allow for monitoring of progress over time.

The assessment is organized according to the six themes of the MPF: the legal and policy framework, financial benefit optimization, socioeconomic optimization, environmental management, post-mining transition, and artisanal and small-scale mining. In each of the following subsections, we will offer a short summary of the theme, the key legislation and policies applicable to the theme, and the strengths (i.e., where implementation is advanced) and weaknesses (i.e., where implementation needs more progress) within each theme. The assessment concludes with some general recommendations.

3.1 Legal and Policy Environment

The first pillar of the MPF focuses on the general mining law and policy framework regulating the permitting processes, and encourages a mature, modern legislative system with clear lines of responsibility and accountability. This combination of regulations serves as a basis for good governance and sustainable development. The MPF recommendations under this pillar fall into the following categories:

- The ongoing generation of and equal access to geological information.
- The periodic revision and updating of mining legislation and policies.
- A permitting process that requires:
 - Consultation with communities in the planning and development stages;
 - Submission of integrated assessments (social, economic and environmental);
 - Identification of sustainable development opportunities;
 - A plan and financial assurance for mine closure;
 - Addressing indigenous people, cultural heritage, resettlement and community safety and security issues; and
 - A timely, transparent, unambiguous and consistent process.

Key Laws and Policies

Key laws on this topic include:

- The Constitution of the Republic of Uganda, 1995
- The Mineral Policy of Uganda, 2001
- The Mining Act, 2003
- The Mining Regulations, 2004
- The National Environmental Act, 1995

- The Environmental Impact Assessment Regulation, 1998
- The National Environment (Audit) Regulations, 2006
- The Access to Information Act, 2005

The Permitting System

The Mining Act and Mining Regulations govern the permitting process for mining in Uganda. The process is administered by the Commissioner for Geological Survey and Mines Department (DGSM). The Commissioner is appointed by the President, subject to the Constitution and other laws regarding appointment of public officers.

The Minister responsible for mineral development may enter into a mineral agreement, which shall include the list of terms and conditions noted in Mining Act Section 18, e.g., timetable for operations, minimum expenditure, manner in which operations shall be carried out, resolution of disputes, etc.

The Mining Act recognizes several types of licenses, including prospecting, exploration and retention licenses, and mining leases. The Act requires a Location License for any small-scale prospecting or mining activity. Location licenses are further described in the section on Artisanal and Small-Scale Mining below. The Mining Act also requires a mineral dealers' license for any person buying or selling minerals, and a goldsmith's license for any person manufacturing any article from precious minerals or substance containing any precious mineral.

Applications, accompanied by required fees, are made to the Commissioner, who may grant or revoke a license subject to provisions of the Mining Act. Mineral license holders must regularly (typically quarterly, monthly for mining lease holders) submit geological, financial and other reports to the Commissioner.

Prospecting licenses authorize the holder to prospect over an area of land that is not subject to an exploration, retention or location license. Prospecting licenses may be granted for the duration of one year.

Exploration licenses are not granted over areas already subject to an exploration or mining lease, retention license, or location license. The Commissioner must be satisfied that the applicant for an exploration license has adequate financial resources and technical competence and experience, will provide for the employment and training of Ugandan citizens, and that the minerals to be explored exist, among other requirements.

Holders of exploration licenses may apply for a retention license where a mineral deposit of commercial significance is identified within the exploration area, and the deposit cannot be developed immediately due to adverse market conditions or other temporary factors that are beyond the license holder's reasonable control. The Commissioner must be satisfied that the development of the mineral deposit may be possible within a period of three years from the date of application to grant a retention license.

Mining leases may not be granted over land that is subject to an exploration, retention or location license, unless the applicant is the holder of such existing license. Applicants for a mining lease must satisfy the Commissioner that the program of proposed mining operations takes proper account of environmental and safety factors, adequately provides for employment and training of Ugandan citizens, and provides satisfactory proposals regarding procurement of goods and services obtainable in Uganda, among other requirements. The applicant must also satisfy the Commissioner that the surface rights of the land subject to the application have been secured. The Commissioner must notify the applicant of his or her decision on the application within 60 days. Mining leases may not exceed 21 years or the estimated life of the ore body proposed to be mined, whichever is longer, and may be renewed for a period of up to 15 years.

Every holder of an exploration license or mining lease shall carry out an environmental impact assessment of proposed operations in accordance with the provisions of the National Environmental Statute. Operations may not be commenced until after a certificate of approval of the operation has been secured from the National Environmental Management Authority. The Mining Act requires license holders to conduct an annual environmental audit and to maintain records regarding conformity of the operation to the approved environmental impact assessment.

The Commissioner maintains a record of every mineral right, other than a prospecting license, granted under the Act, and related dealings affecting mineral rights, in a register including the name of the person to whom the mineral right is granted. The Mining Act requires the grant, renewal, suspension or termination of any mineral right, other than a prospecting license, to be published in the Uganda Gazette.

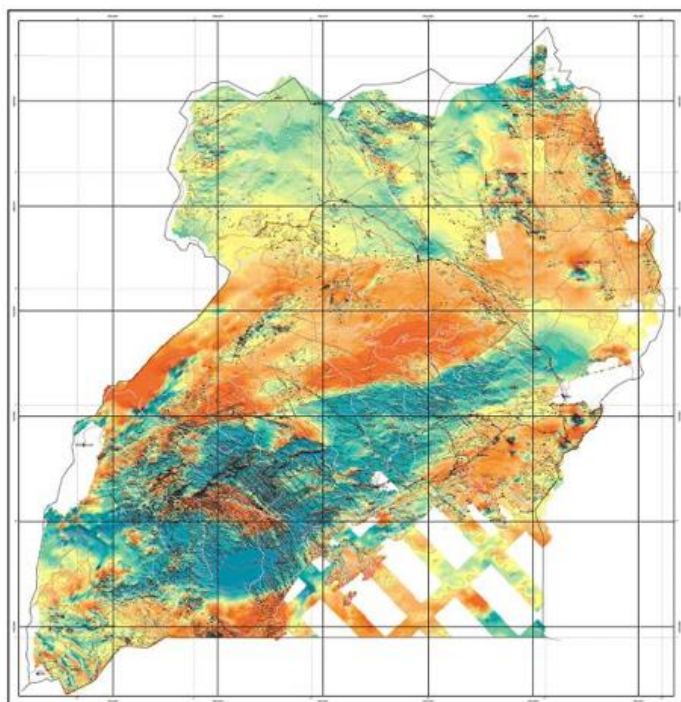
Strengths

Key strengths in Uganda's legal and policy environment, as related to mining, are:

- Comprehensive geological information has been made freely available online for public use and national land-use planning. The Sustainable Management of Mineral Resource Project (SMMRP) resulted in the Geological and Mineral Information System (GMIS), a searchable, publicly accessible and comprehensive electronic database of geological information concerning Uganda and its mineral deposits, as well as the Unpublished Document Information System (UDIS), a searchable database of documents pertaining to geological information and other matters. GMIS provides maps and geophysical data sets open to the public to download for free.² A snapshot from the GMIS homepage is provided below.

Uganda's Geological and Mineral Information System

Welcome to Uganda's Geological and Mineral Information System (GMIS). This geodata portal provides a service to all stakeholders to access and/or review what data is available from the DGSM.



While some of the information on the database can be downloaded online,³ other documents can only be viewed and copied at DGSM. However, both websites are a remarkable step forward for the transparency and availability of geological data and other relevant information.

² Maps and data are available at <http://www.uganda-mining.go.ug:81/UgandaGMIS/>.

³ See <http://www.uganda-mining.go.ug/magnoliaPublic/en/Data-Portal.html>.

- **The Mining Act and Mining Regulations generally address all aspects of mining, from exploration to mine closure, and provide clear descriptions of data and reporting requirements, rights and obligations and renewal procedures for license applicants and holders.** The Mining Act and Mining Regulations provide a clear set of guidance and reporting requirements for prospecting, exploration, retention and location licenses and mining leases, and include requirements for Environmental Restoration Plans. Clear data and reporting requirements generates information that enables authorities to make informed decisions.
- **The Environmental Impact Assessment (EIA) Regulation requires consideration of both environmental and social impacts.** In addition to environmental impacts, the EIA Regulation Section 5(g) requires developers to consider employment and other economic and social benefits in Project Briefs. Environmental Impact Studies proceed under project-specific Terms of Reference that vary in content; however, the EIA Regulation Section 12 requires public participation in preparing the study. The EIA Regulation Section 13(1) requires all Environmental Impact Studies to conclude in preparation of an Environmental Impact Statement (EIS). The EIA Regulation Section 14(1)(e) requires the EIS to contain an “economic analysis” of the project, defined in the EIA Regulation Section 2 as “the use of analytical methods which take into account economic, socio-cultural, and environmental issues on a common yardstick in the assessment of projects.”
- **Developers are required to consult with affected communities when conducting Environmental Impact Studies and preparing Environmental Impact Statements.** The EIA Regulation Section 12 requires public participation in Environmental Impact Studies, in which “[t]he developer shall take all measures necessary to seek the views of the people in the communities which may be affected by the project” (Section 12(1)). Specific requirements are outlined in Section 12(2), including:
 - publicise the intended project, its anticipated effects and benefits through the mass media in a language understood by the affected communities for a period of not less than fourteen days;*
 - after the expiration of the period of fourteen days, hold meetings with the affected communities to explain the project and its effects; and*
 - ensure that the venues and times of the meetings shall be convenient to the affected persons and shall be agreed with the leaders of local councils.*
- **The Mining Act and Regulations, through Location Licenses, aid in regularization of artisanal and small-scale mining.** As further detailed below in the section on Artisanal and Small-Scale Mining, the Ugandan Mining Act and Mining Regulations require “Location Licenses” for small-scale prospecting and mining operations. These licenses are available for two-year renewable periods for limited areas of land, based on material mined. Location licenses are available only to Ugandan citizens or corporate bodies where Ugandan citizens hold at least 50 per cent ownership.

Weaknesses

- **The permitting process does not specifically address indigenous peoples (recognized under Uganda’s Constitution), cultural heritage, resettlement, nor community safety and security issues.** The MPF requires the permitting process to specifically address all of these, where applicable. Although the Third Schedule (art. 10a) of Uganda’s Constitution recognizes 56 indigenous communities as at February 1, 1926 (listed in Table 3), there is no mention of indigenous peoples in the EIA Regulation, nor are cultural heritage, resettlement, or community safety and security specifically mentioned.

TABLE 3. UGANDA'S INDIGENOUS COMMUNITIES

UGANDA'S INDIGENOUS COMMUNITIES AS AT FEBRUARY 1, 1926		
1. Acholi	23. Bahororo	35. Iteso
2. Alur	24. Bakenyi	36. Jie
3. Baamba	25. Bakiga	37. Jonam
4. Babukusu	26. Bakonzo	38. Jopadhola
5. Babwisi	27. Banyabindi	39. Kakwa
6. Bafumbira	28. Banyankore	40. Karimojong
7. Baganda	29. Banyara	41. Kebu (Okebu)
8. Bagisu	30. Banyarwanda	42. Kuku
9. Bagungu	31. Banyole	43. Kumam
10. Bagwe	32. Banyoro	44. Langi
11. Acholi	33. Baruli	45. Lendu
12. Alur	34. Basamia	46. Lugbara
13. Baamba	35. Basoga	47. Madi
14. Babukusu	36. Basongora	48. Mening
15. Babwisi	37. Batagwenda	49. Mvuba
16. Bafumbira	38. Batoro	50. Napore
17. Baganda	39. Batuku	51. Nubi
18. Bagisu	30. Batwa	52. Nyangia
19. Bagungu	31. Chope	53. Pokot
20. Bagwe	32. Dodoth	54. Sabinu
21. Bagwere	33. Ethur	55. So (Tepeth)
22. Bahehe	34. Ik (Teuso)	56. Vonoma

Source: Constitution of Uganda, 1995 as amended, Third Schedule (art. 10a).

- **While the Environmental Impact Assessment Regulation requires developers to consult with communities when conducting Environmental Impact Studies and preparing Environmental Impact Statements, developers are not required to consult with communities at all stages of the assessment and planning process, including Project Briefs.** The MPF calls for governments to require developers to consult with communities at all stages of the assessment and planning process, and to document the nature and results of their engagement program in the permit application. While Uganda’s Environmental Impact Assessment Regulation requires consultations with the public and affected communities in the process of preparing Environmental Impact Studies and Environmental Impact Statements, such consultation is not required in Project Briefs. While Project Briefs require developers to consider social factors, no community consultation is required. Stakeholders reported that exploration permits typically require only a project brief, which would not require the developer to consult with communities.
- **Stakeholders reported delays in the permitting process, which is not always conducted in a timely manner, including potentially costly delays in obtaining export permits.** While the permit application and guidance is clear, stakeholders from government and companies reported delays in approval of permit applications and export permits, largely due to the increased quantity of applications and shortage of staff and resources dedicated to reviewing them. These delays may be costly to exporters if, although attempting to export during a high price period, delays result in exporting in a lower price period.
- **The Mining Act and Regulations do not require post-closure plans and post-closure management.** These weaknesses are further described in the section on Post-Mining Transition below.
- **While provision of an “environmental restoration plan” is a condition for an exploration license or mining lease, mine closure is inadequately addressed, and the environmental performance bond is not a mandatory obligation.** Likewise, these weaknesses are further discussed in the section on Post-Mining Transition below.

3.2 Financial Benefit Optimization

The second pillar of the Mining Policy Framework covers the optimization of financial benefits of mining activities through taxes and royalties, and reflects the value of mineral resources to society. The other major subtopic of this section is revenue transparency, on both the municipal and national levels. The policy recommendations under this section fall into the following categories:

- The implementation of a revenue-generation framework that optimizes returns from mining activities and allows some minimum level of financial return during low price periods.
- The integration of planning for the mining sector with that of other economic sectors.
- Providing a policy that optimizes revenues while offering an adequate rate of return to investors, that uses income tax based on net profits, and that applies such taxes in a similar manner as to non-mining activities.
- The need for a high level of human and intellectual resources, particularly to administer and audit the country's tax system and obtain maximum benefit from its tax regime.
- The integration of fiscal instruments and policy objectives.
- Increasing revenue transparency and knowledge regarding the distribution of benefits from mining.

Key Laws and Policies

Key laws and regulations relating to this section of the MPF are:

- The Income Tax Act 2012 (Cap 340)
- The Mineral Policy of Uganda, 2001
- The Mining Act, 2003
- The Mining Regulations, 2004

Royalties and taxation

Holders of mining leases and licenses, with the exception of holders of prospecting licenses, pay both production-specific royalties and a variety of income and corporate taxes.

Royalties: The holder of a mineral right must pay royalties on their mineral production. The amount to be paid will be determined through an assessment by the Commissioner of the monthly returns submitted by the holder of the right, along with any other pertinent information gathered during DGSM field inspections. Royalty rates differ depending on the mineral mined: for precious stones, the royalty is 5 per cent of the gross value; for precious metals, 3 per cent of the gross value; for base metals and ores, 3 per cent of the gross value; and for industrial minerals, such as coal, peat, limestone, phosphates and salt, royalty rates vary from USH500/tonne⁴ to 3,000/tonne (as listed in Schedule 3 of the Mining Regulations, 2004). The gross values used in these calculations are based on international mineral prices, as set by the London Metal Exchange or any other Metal Exchange known to the Commissioner.

Once collected, royalties from the sector are integrated into the national budget and are allocated as follows, as per the Second Schedule of the Mining Act (2003): 80 per cent goes to the central Government; 17 per cent is allocated to the local government (specifically the District government) in the area where the gold was produced; and 3 per cent is given to the owners or lawful occupiers of the land where the mine is located.

⁴ Ugandan shilling. At time of writing US\$1 = USH2960

Mineral dealers may also be subject to royalty payments, should they obtain minerals upon which royalties have not yet been paid. Export permits can only be issued for minerals upon which royalties have been paid.

Taxation: Within the tax code there are special provisions for income taxes payable by mining companies. For non-mining companies in Uganda, there is a flat corporate tax rate of 30 per cent. However, to reflect the volatility of commodity prices, corporate tax rates for mining companies are calculated according to the following formula:

$$70 - 1500/X$$

where X is the number of the percentage points represented by the ratio of the chargeable income of the mining company for the year of income to the gross revenue of the company for that year. If the rate of tax calculated by using this formula is greater than 45 per cent, then the tax rate will be 45 per cent. If it is less than 25 per cent, the tax rate will be set at 25 per cent (as per the Income Tax Act, 2012).

Mining companies can deduct from their taxable income both royalties and capital expenditures related to searching for, discovering, testing and gaining access to mineral deposits.

Strengths

The most important strengths in the pillar of financial benefit optimization are:

- **Government revenues are generated through a mix of consistently applied corporate income taxes and competitive royalties.** This ensures that revenues are generated throughout the project life cycle: royalties, competitively set to match regional and global best practice, are generated early on in the project cycle as soon as production begins, while taxes are generated later in the project cycle once profits begin to be generated.
- **A variable tax rate based on profit addresses the unique nature of mineral profits.** The progressive tax rate described above, unique to the mining sector in Uganda, ensures that volatile international commodity prices do not unduly halt production: in times of lower profit, a lower tax rate (to a minimum of 25 per cent on chargeable income) is applied to mining companies, and this rate increases (to a maximum of 45 per cent) as profits increase.
- **Royalties are shared between national and local budgets.** According to the 2003 Mining Act, 80 per cent of all royalty payments are to be used by the national government, and 17 per cent of royalty payments are transferred to local governments.

Weaknesses

- **Royalty payments are distributed with limited transparency via the national budget.** Royalty payments are immediately integrated into the national budget for distribution. While the Mining Act dictates that 17 per cent of these royalties be transferred to local governments at the District and sub-county level for local spending near the mine site, a lack of transparency in and clear process for revenue distribution means that these funds often do not reach the intended target, or are difficult for local governments to access.
- **Profit-based tax rates present opportunities for mining companies to avoid payment.** Profits are fungible, and companies can use the profit-based tax system, as it is currently designed, to reduce their tax burden by moving their profits to other parts of the business (through transfer pricing or by other means). This could significantly reduce government revenues from mining.
- **Government revenues from mining taxation and royalties do not always translate into local development gains.** A lack of transparency in how these funds are used and how much is available, a lack of direction in the appropriate use of funds, delays in the release of funds and inadequate reporting and auditing

requirements mean that mining communities are rarely aware of the direct link between the revenues a local mine site generates and local government spending on development projects.

- **Royalty payments often do not reach landowners, and payment problems are compounded by the complex nature of land ownership.** The Mining Act dictates that 3 per cent of all royalty revenues be distributed to the landowners or lawful occupiers of the land at the mine site. However, as with royalty revenues meant for local governments, a lack of transparency in revenue distribution means that these payments often do not reach their intended target. In addition, there is a lack of clarity as to where these payments should go in those cases where mined land is communally held, and there are increasing reports of mining companies purchasing private lands, resulting in the company becoming the landowner, thereby recouping expenses attributed to landowner payments.
- **The government has a lack of capacity to tax the artisanal and small-scale mining sector.** Largely informal artisanal and small-scale mining (ASM) is currently responsible for approximately 90 per cent of all mineral production in Uganda, but very few ASM miners pay income tax or are even aware of the need to do so. The government's inability to tax this production represents a loss of significant revenues.
- **The taxation and royalty systems are perceived to be strongly geared toward the benefit of the private sector, often to the detriment of local communities.** Royalty payments are made based on company-reported production levels, which the State has little capacity to verify. Article 99 of the Mining Act also states that the Minister—with the approval of the Cabinet—may waive royalty payments “if he or she considers it expedient to do so in the interests of the production of any such mineral.”
- **There are limited national capacities to design or negotiate mining agreements with the private sector.** The absence of large-scale industrial mining in Uganda to date means that there is currently little capacity within the State to design and negotiate fair mining agreements based on international best practice with mining companies. Despite these limited capacities, two mining agreements were rapidly negotiated in 2014 with mining investors, without the use of a national-level model mine development agreement or the use of external third-party experts.
- **Access to financial data and laws is limited by differences in language, literacy and geography.** For those individuals who do not speak or read English, and are not located in Kampala, there can be significant barriers to accessing information about the mining tax systems as well as royalty payments.

3.3 Socioeconomic Benefit Optimization

The third pillar of the Mining Policy Framework aims to promote the conversion of extracted natural capital into human capital by encouraging policies that optimize the socioeconomic benefits of mining to local, regional and national stakeholders. The policy recommendations under this theme fall into the following categories:

- The integration of mining into community, regional and national fabrics and strategies, for example, by making socioeconomic planning a part of the permitting process and by ensuring that consultations with affected stakeholders take place at various stages of the mining cycle.
- Ensuring that mining activities consider and support education and community health services, working collaboratively with governments.
- Ensuring high standards of occupational health and safety through appropriate standards.
- Optimizing employment and business opportunities at and near the mine with an objective of ensuring economic growth that extends beyond the life of the mine.
- Addressing potential security issues.
- Considering the respect of human rights, indigenous people and cultural heritage through norms that are aligned with international laws and standards.

Key Laws and Policies

Key laws on this topic include:

- The Mining (Safety) Regulations, 1949
- The Constitution of the Republic of Uganda, 1995 (Amended 2005)
- The Mineral Policy of Uganda, 2001
- The Mining Act, 2003
- The Mining Regulations, 2004
- The Environmental Impact Assessment Regulation, 1998
- The Public Health Act, 2002
- The Occupational Health and Safety Act, 2006
- The Employment Act, 2006
- The National Child Labour Policy, 2006
- The Uganda Gender Policy, 2007
- The Uganda Education Act, 2008
- Vision 2040, 2013

Strengths

- **Provisions for socioeconomic planning are included under the Environmental Impact Assessment (EIA) Regulation (1998).** Section 5 stipulates that project briefs “shall include economic and social benefits to the local community and the nation in general.” Although comprehensive planning is not required, the First Schedule of the EIA Regulation outlines that the EIA may include socioeconomic considerations such as effects on employment, health, immigration, infrastructure, local economy and culture.
- **Basic and advanced education levels have been prioritized by government, with improvements to primary and secondary levels.** Through the Education Act (2006), Universal Primary Education (1997), Universal Secondary Education (2007), Vision 2040 and other policies, literacy rates increased from 69 per cent in 2006 to 73 per cent in 2010. Primary school enrolment has grown to about 8.7 million pupils, over 90 per cent enrolment rate; however, retention and completion rates are low. Secondary school enrolment increased by 25 per cent from 814,087 in 2006 to 1,088,744 in 2008 (Vision 2040).
- **Mining companies are required to have health and safety standards and undertake specific actions,** as outlined in the 1949 Mining (Safety) Regulations. In addition to mining-specific safety standards, legal requirements are also in place for governmental monitoring, inspection and enforcement through the Occupational Safety and Health Act.

Weaknesses

- **Mining Occupational Health and Safety (OHS) regulations are outdated and monitoring is insufficient.** The most recent OHS regulations for the mining sector are from 1949 and are in need of revision and updating. Stakeholders noted that mining sector-specific OHS regulations are being drafted, but these have not yet been finalized. While legal requirements are in place, monitoring is weak due to limited numbers of inspectors (approximately 19 million workers in Uganda, and only 19 DGSM inspectors, many without vehicles, making site visits—particularly unannounced site visits—difficult, if not impossible).

- **OHS policies largely do not apply to ASM workers**, which account for more than 90 per cent of miners in Uganda (Data, 2013). The Occupational Safety and Health Act outlines duties of self-employed persons, but due to the informal nature of the ASM sector, and the lack of a formal workplace environment, the Mining Safety Regulations do not apply, and general health and safety monitoring and enforcement are very difficult.
- **No formal measures exist to establish health service priorities with mining entities and communities.** The Ministry of Health and local governments work together to improve community health under their jurisdiction, but collaboration with mining entities is conducted on an ad hoc basis. Companies may choose to fund community health services, but there are no requirements to do so, and where mining entities do significantly fund health services, there are no required plans for post-closure transfer of health services funding that would allow needed services to continue beyond the life of the mine.
- **Permit holders are not required to contribute to educational facilities, and where significant contributions exist, there are no strategies for post-closure transfer of educational services funding.** Despite increased government efforts to improve education levels, the primary school dropout rate is 68 per cent, and less than a quarter of the population has a secondary education (UNDP, 2013). Stakeholders also noted a lack of mining-specific curricula at universities, although there appears to be some progress in this area.⁵ Inadequate education levels reduce the likelihood for local populations to obtain high-skills jobs in mines. Furthermore, as is the case with company-sponsored health services, where developers do significantly fund educational services, there are currently no required plans for post-closure transfer of educational services funding that would allow needed services to continue beyond the life of the mine.
- **There are currently no provisions for working with companies to address security issues prior to issuing permits, and no measures within the Mining Act and Regulations to prevent mining operations in conflict areas.** One of the greatest threats to a “social license to operate” is perceived or actual misuse of security, often resulting in social unrest, increased levels of violence, and temporary to permanent disruption of the mining operation.
- **In some regards, mining development has not proceeded in a way that respects the spirit and intent of current and future international normative language on human rights, indigenous people and their culture heritage.** The Constitution protects human rights, especially women, children and marginalized groups. However, child labour and the security of female miners are of significant concern, especially within the ASM sector. While the Third Schedule (art. 10a) of the Constitution recognizes 56 Indigenous communities, stakeholders report that this refers to all groups that lived in Uganda since its borders were demarcated; domestic law does not specifically outline protections for the rights of indigenous peoples. Uganda has also not ratified ILO Convention 169 on the Rights of Indigenous and Tribal peoples, and was absent during the vote for the UN Declaration on the Rights of Indigenous Peoples. This may be of particular concern for mining development in the Karamoja region, where it has been reported that the indigenous Karamajong people did not give their consent prior to the commencement of mining activities (Human Rights Watch, 2014). Furthermore, while the Mining Act requires negotiation of surface rights with landowners, proof of land ownership is required, which the Karamajong do not have, as their land is held communally. Thus, there is a fear that the Karamajong will be denied royalty payments and lose the rights to the land on which they rely (Human Rights Watch, 2014).
- **Stakeholders reported that land rights and ownership claims are among the most pervasive issues in the mining sector.** The Constitution vests ownership and control of all minerals in the government, while the land on which these minerals are found can be owned publicly, privately, communally, through leasehold land or squatters rights. Written proof of agreement with landowners is required as part of the mining lease application (Mining Regulations 2004 38.1 iv), but stakeholders commented that too often there is tension

⁵ For example, the applied Geology diploma, Geological Resource Management (GRM) programme and BSc. programme in Petroleum Geosciences and Production at Makerere University.

or irreconcilable differences between the landowner and the mineral rights owner. In these situations, stakeholders commented that while the Commissioner can address location license disputes, there is no dedicated dispute resolution mechanism for mining lease disputes, just the assignment of an arbitrator. However for an arbitrator to be used, there must be mutual consent by both parties—and sometimes the landowner will not engage. Stakeholders also commented that clearer guidelines are needed in the Land Act regarding compensation for lands, and the absence of a resettlement policy or guidelines is problematic. Land owners also face challenges related to land grabbing, proof of ownership (in the case of communal and squatters rights) and recouping the 3 per cent royalty due to owners or lawful occupiers of land subject to mineral rights.

3.4 Environmental Management

This section of the Mining Policy Framework recognizes the importance of ecosystem management to any society seeking to become more sustainable.

The themes of this section include:

- Water management.
- Avoiding and minimizing potential adverse effects to biodiversity.
- Managing mine wastes.
- The development and implementation of an emergency preparedness program.

Key Laws and Policies

Key laws on this topic include:

- The Constitution of the Republic of Uganda, 1995 (Amended 2005)
- The National Environment Act, 1995
- The Water Act, Cap 152, 1997
- The Environmental Impact Assessment Regulation, 1998
- The National Environment (Waste Management) Regulations, 1998
- The Mineral Policy of Uganda, 2001
- The Mining Act, 2003
- The Mining Regulations, 2004
- The National Water Policy, 1999
- The National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations, 1999
- The National Environment (Minimum Standards for Management of Soil Quality) Regulations, 2001
- The National Environment (Audit) Regulations, 2006
- The Uganda National Land Policy, 2013

Strengths

- **Clear guidelines are in place for addressing and treating mine effluent streams.** The National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations provide a detailed list of standards, and the National Water Policy outlines the wastewater discharge permit system and penalties for effluent

discharged into open water bodies and river courses. EIA Guidelines stipulate that the report should include “any matters concerning the discharge waters of the mine,” and Section 26 of the Environment Act describes the authorities responsible for prescribing standards for effluent discharge and measures required for treatment.

- **Appropriate environmental management standards for surface and ground water are provided under a number of different sources**, including the Mining Act, the Mining (Safety) Regulations, the Constitution, the Water Act, the National Water Policy, and the Water Statute. Clear standards are in place and penalties include: fines, community work, or even imprisonment.
- **Mining entities are required to have in place plans and practices to manage and process discharge waters.** The National Environment (Waste Management) Regulations require a plan for managing the leachate and other by-products, including a “detailed description of the process he or she intends to employ and its possible effects” and “a plan of the surrounding areas, including water bodies.” These practices and plans help to minimize the likelihood of impacts beyond the mining site.

Weaknesses

- **Capacity and personnel for adequate environmental monitoring is extremely limited.** Stakeholders in all sectors reported that there are insufficient numbers of adequately trained monitoring staff on the ground to properly monitor environmental issues. The National Environment Act provides for district-level hiring to assist with monitoring, but personnel would be managed under the Local Governments Act, which leads to coordination problems.
- **Waste management structures do not manage geotechnical risks and environmental impacts throughout the mine cycle and after mine closure.** While there are clear waste management policies in place, many are not implemented. Mining produces enormous quantities of waste, and decisions regarding the types of structures built to contain that waste and their location should be considered very carefully and discussed with stakeholders. These structures must be managed and monitored throughout the life of the mine and after mine closure, but the current level of monitoring is insufficient. There is a general lack of sensitization and education on proper waste management practices.
- **Emergency Preparedness plans are not sufficiently comprehensive, not based on ongoing communication with community stakeholders and not adequately monitored.** Requirements for consultation are limited to the environmental permitting process, and there are no requirements for ongoing consultation with communities, even on important topics like emergency preparedness.
- **There is some mining in protected areas.** A limestone quarry is present inside of the boundaries of Queen Elizabeth National Park, and—though not directly related to mineral extraction—oil and gas exploration is currently underway in Murchison Falls National Park.

3.5 Post-Mining Transition

This section of the Mining Policy Framework contemplates that, to be consistent with sustainable development, a mining operation must take closure planning into consideration throughout the life of the mine.

The themes of this section of the MPF include:

- Ensuring that closure plans prepared by mining companies are of a high standard and are updated on a regular basis.
- Developing financial assurance mechanisms for mine closure.
- Taking a leading role in exploring options for orphaned and abandoned mines within the State’s jurisdiction.

Key Laws and Policies

Key laws and policies on this topic include:

- The Mineral Policy of Uganda, 2000
- The Mining Act, 2003
- The Mining Regulations, 2004

Strengths

- **The Mining Act requires an Environmental Restoration Plan as a condition for an exploration license or mining lease.** Section 110 of the Act states that any exploration or mining lease granted under the Mining Act must include a condition that the holder submit an environmental restoration plan for the exploration or mining areas that may be damaged or adversely affected by operations. It also details the components of the environmental restoration plan, which shall include:
 - (a) *an identification of the exploration or mining area concerned, its current uses and productivity prior to exploration or mining operations; and*
 - (b) *a detailed time table of the accomplishment of each major step to be carried out under the restoration plan, which may include: (i) the reinstatement, leveling, re-vegetation, reforestation and contouring of the affected land; (ii) the filling in, sealing, or fencing off of excavations, shafts and tunnels, or (iii) any other method that may be prescribed.*
- **Acceptance of the Environmental Restoration Plan requires the Commissioner to take into account a list of factors, including environmental and social factors.** The Mining Act requires the Commissioner, when deciding whether to accept the Plan, to take into account a wide range of factors, including: (a) the steps taken to comply with applicable environmental protection standards, existing land-use policies and plans, and any applicable health and safety standards; and (b) the consideration that has been given in developing the environmental restoration plan in a manner consistent with local physical, environmental and climatological conditions.
- **Location license holders are required to carry out effective restoration, rehabilitation and reclamation of mined areas.** Section 59 of the Mining Act states that the Commissioner shall not renew a location license if the applicant has not carried out effective restoration of the surface areas to the satisfaction of the Commissioner. Furthermore, it states that the holder of a location license who fails or neglects to carry out such restoration commits an offense and is liable for such offense. Finally, Section 60 states that the holder of a location license shall carry out rehabilitation and reclamation of mined-out areas.
- **The Mining Act requires “Security for Compliance.”** Section 12 of the Mining Act states that the Commissioner shall require guarantees for compliance with the Mining Act. The Section further states that a failure to provide such a guarantee shall constitute a contravention of this Act. However, as noted below, the process for providing such a guarantee, and the specific purposes for its use (for environmental restoration or otherwise), remains unclear.
- **The Mining Act describes an “Environmental Performance Bond” and allows the Commissioner to require it.** The Mining Act states that the Commissioner may require the holder of an exploration license or a mining lease to execute an environmental performance bond, based on the environmental restoration plan and reflecting the probable difficulty of restoration, and taking into consideration such factors as topography, geology of the site, hydrology and the potential for re-vegetation. Section 112 states that liability under the bond shall be for the duration of the mining and restoration operations.

As explained below, while this section of the Mining Act does describe the Environmental Performance Bond and the ability of the Commissioner, at his or her discretion, to require such a bond, the Act fails to make the Bond mandatory for all developers.

Weaknesses

- **Lack of detailed requirements and capacity for comprehensive mine closure planning and monitoring.** While the Mining Act requires an Environmental Restoration Plan, the required components of the Plan, provided in Section 110, are very narrow: to describe the mining area at the time of the application for the exploration license or mining lease, and provide a detailed timetable for the restoration plan. Furthermore, stakeholders from all sectors reported that capacity for on-site monitoring of implementation of mine closure plans remains low to nonexistent due to limited staffing and monitoring capacity.
- **Lack of direct requirements to consult stakeholders regarding development of closure objectives and plans.** While the Mining Act requires the Commissioner to take into account various environmental and social factors (Section 110), the requirements for Environmental Restoration Plans do not include any mandatory requirements to consult stakeholders in the process of developing or implementing these plans.
- **In practice, adequate financial assurance is not consistently required before approval of development and mining permits.** While, as noted above, Section 12 of the Mining Act states that the Commissioner shall require guarantees for compliance with the Mining Act, stakeholders in all sectors reported that such guarantees are not regularly collected, nor is a clear system in place for collecting, holding, managing, using or releasing such funds. Therefore, financial assurance is rarely, if ever, actually being collected. Furthermore, the specific purposes for the use of any such funds (for environmental restoration or otherwise) remains unclear.

Similarly, although Section 112 of the Mining Act states that the Commissioner may require the holder of an exploration license or mining lease to execute an environmental performance bond, in an amount based on the environmental restoration plan, such a bond is not mandatory. Stakeholders reported that the bond is not regularly collected, nor are clear procedures in place for collecting or managing the bond.

- **The legal framework does not require use of external experts for development of closure plans and risk assessment validation (especially of high-risk elements e.g., tailings dams).** The MPF envisions the required use of external experts by entities “to contribute to the development of closure plans and to validate the risk assessments, studies and activities associated with high-risk elements such as tailings dams, waste dumps and acid rock drainage.” While company stakeholders reported occasional use of external experts, use of such experts in mine closure plans and risk assessment validation is not required.
- **The law does not specify requirements for internationally accepted guidelines and best practices (e.g., International Finance Corporation Standards on Social and Environmental Sustainability).** The MPF calls on governments to require adherence to internationally accepted guidelines and best practices, providing the IFC Standards on Social and Environmental Sustainability as an example. Uganda’s requirements for Environmental Restoration Plans neither explicitly refer to nor require adherence to such guidelines or best practices.
- **The law does not require progressive rehabilitation in mining areas as soon as the disturbed area is no longer needed for mining.** The MPF calls on governments to:

Put in place a framework to encourage progressive rehabilitation in mining areas as soon as the disturbed area is no longer needed for mining. This would reduce future closure liabilities and reverse or minimize future environmental, economic and social impacts.

The Mining Act does not contain requirements or recommendations to encourage progressive rehabilitation.

- **The government is not leading efforts to resolve the legacy issue of orphaned and abandoned mines.** The MPF (p. 14) calls on governments to work with the mining industry, other countries, and multilateral agencies and organizations to address issues related to orphaned and abandoned mines. Governments can work with companies to “explore options for developing technological solutions (including the reprocessing

of wastes).” Reactivation of mines may also be used “to create economic activity, fund remediation, and provide for post-closure management in cases where such a mine or its wastes have economic potential” (MPF, p. 15). Unfortunately the Ugandan government has not yet taken a leadership role in this area.

3.6 Artisanal and Small-Scale Mining

Artisanal and small-scale mining (ASM) is the final pillar of the MPF. In addressing ASM, the MPF aims to enhance the health, safety and quality of life of artisanal and small-scale miners working informally outside the legal framework, and to enhance the contribution of the ASM sector to sustainable development. Policy recommendations within the pillar focus on the following:

- The integration of ASM into the legal system through appropriate legal frameworks, technical support and formalization strategies.
- The integration of ASM into the formal economic system through the promotion of savings and investment, appropriate and transparent revenue policies, certification programs and collaboration with larger mines.
- A reduction in the social and environmental impacts of ASM operations through the provision of technical training, the adherence to minimal health and safety standards, the elimination of child labour, the promotion of the role and security of women in ASM, and the implementation of rural development and job creation policies to promote alternative livelihoods.

ASM in Uganda

The absence of widespread, large-scale mining in Uganda means that artisanal and small-scale mining (ASM) makes up a significant portion of the country’s mineral production. Up to 90 per cent of Uganda’s minerals are produced through ASM, with most operations concentrated in the southwest of the country (though more recent discoveries of gold deposits in the northeast and southeast have led to an expansion of ASM into those regions) (Data, 2013). ASM activities focus on a number of different minerals, including gold, tin, tungsten, niobium, gemstones, limestone, marble, kaolin, clay, granite and rock salt (Data, 2013). The sector is a significant source of employment and economic activity: an estimated 150,000 to 200,000 women and men are directly involved in ASM, with up to 1,000,000 indirectly benefitting from these activities. Almost half of ASM miners are women, though at some sites, women can make up 70 per cent of the workforce (Data, 2013; UNEP, 2012). Despite its importance to local economies and livelihoods, the ASM sector remains largely disorganized and informal; only about 5 per cent of miners are formally licensed through DGSM (Data, 2013). As such, it also represents a significant source of lost government revenues, as the State’s ability to tax the sector is minimal.

The Government of Uganda recognizes the role of ASM in providing employment, particularly in rural areas; in improving livelihoods, either directly or indirectly; and in controlling rural-to-urban migration (Data, 2013). The sector is growing quickly: since 2008, ASM activities are estimated to have grown by between 20 and 40 per cent, driven by new mineral discoveries, as well as external drivers including an expanding population, drought, land pressures and the loss of traditional pastoralist livelihoods (UNEP, 2012). In an attempt to promote formalization of the sector, the government has introduced location licenses specifically targeting ASM operations, and has invested in ASM capacity building through the recent Sustainable Management of Mineral Resources Project (SMMRP) of the World Bank and its partners.

Location licenses are defined in the Mining Act, Section 54, as “a license for prospecting and mining operations by methods which do not involve substantial expenditure and the use of specialised technology.” Section 55 requires anyone who wishes to carry out small-scale prospecting and mining operations to apply for a location license. The location license is valid for a period of two years and may be renewed for periods of up to two years at a time. Location licenses are granted only to citizens of Uganda or to corporate bodies where citizens of Uganda

hold at least 51 per cent ownership. The area of a location license is limited by material mined, ranging from 35 metres by 10 metres for brine and salt to 16 hectares for precious metals and stones and non-precious minerals. Location license holders, among other obligations, shall submit monthly reports to the Commissioner and carry out rehabilitation and reclamation of mined-out areas.

Key Laws and Policies

Key laws on this topic include:

- The Mineral Policy of Uganda, 2001
- The Mining Act, 2003
- The Occupational Health and Safety Act, 2006
- The National Child Labour Policy, 2006
- The National Action Plan on the Elimination of the Worst Forms of Child Labour, 2012
- The National Environmental Regulations, 2001
- The National Water Resources Regulations, 1998
- The National Environmental Management Regulations, 2000
- The Employment Act, 2006
- Vision 2040, 2013

Improving Uganda's ASM sector is a key objective of the 2001 Mineral Policy. In Objective 3, the Policy mandates DGSM to "regularize and improve artisanal and small-scale mining" through the "light-handed" application of regulations; the provision of information on the availability of production and marketing facilities; the provision of extension services through miners associations; and the implementation of awareness campaigns targeting artisanal and small-scale miners.

Strengths

- **The introduction of location licenses for small-scale prospecting and mining operations indicates the presence of a strategy to formalize ASM operations**, as does the presence of ASM in national mining policies and legislation. Formalized ASM operations are still a small portion of all ASM, but they are nevertheless increasing: the number of location licenses has grown from 100 in 2003 to 952 in 2011, with a corresponding increase in royalty collection (World Bank, 2013).
- **Location license applications require a description of how the environment will be affected by the mining operation, and measures taken to mitigate these impacts.** Applicants must also list reclamation and rehabilitation activities such as backfilling pits and trenches, closing shafts, and breaking down steep faces in alluvial workings. If impacts are to be substantial, applicants may be required to submit an Environmental Impact Assessment. Location licenses also require water extraction and discharge permits, granted by the Ministry of Water and Environment, as well as commitments to comply with environmental standards and regulations for waste disposal, waste management and pollution control. DGSM must inspect and approve reclamation measures prior to officially granting closure to an ASM operation (UNEP, 2012).
- **Some capacities for training and technical support have been developed through the recent SMMRP.** Specifically, the project trained 180 local trainers to educate ASM miners on practical mining-related topics, and supported the formation of 50 ASM associations focused on production and marketing (World Bank, 2013).

- **Uganda has developed a National Action Plan on the Elimination of the Worst Forms of Child Labour.** Children make up a significant portion of the ASM workforce. In addition to the encouraging development of the National Action Plan, Objective 5 of the Mineral Policy of Uganda is to “...protect children against mining hazards,” with the Government committing to “prohibit children from entering mining facilities and participating in mining activities” by putting in place and enforcing “regulations against child exposure to mining activities.” This policy objective is further supported by Uganda’s signing of both the UN Convention on the Rights of the Child and the ILO Convention on the Worst Forms of Child Labour.

Weaknesses

- **Despite the introduction of location licenses and inclusion of ASM in the Mining Policy (2001), there is no long-term strategy or funding to formalize the ASM sector, which remains overwhelmingly informal and continues to be a source of conflict and lost revenue.** Location licences are technically required by law, but fewer than 5 per cent of ASM miners actually hold them. Furthermore, while the provision of extension services and support for fair market access is included in the Mining Policy, these services are not formalized in the work plans or budgets of DGSM, local governments or other relevant institutions (UNEP 2012).
- **Many ASM miners have little or no knowledge of the legislation governing mining (including—beyond mining legislation—relevant environmental legislation, occupational health and safety legislation, and employment and child labour legislation). For those that do, there are significant cost and bureaucratic barriers to obtaining a location license, in addition to yearly fees and reporting requirements.** Miners must be able to fill out the application, which may exceed their technical capacities. Once complete, individuals must travel to Entebbe to submit their applications to the DGSM for approval and then pay their assessed fees to the Uganda Revenue Agency before the Commissioner can grant a license. The fees for obtaining and maintaining a location license can be high for an ASM miner: USH500,000 (approximately US\$170) for application preparation; USH100,000 (US\$34) for registration; and an annual mineral rent of USH20,000 per hectare (US\$7). In addition, license holders must pay royalties on their production (see above). Most ASM miners choose to avoid these costs by mining without a location license.
- **As an increased quantity of land is covered by exploration and mining licenses, land available for ASM activity has been reduced.** Following the geological mapping exercise of the SMMRP and the publication of detailed information on the country’s mineral resources, DGSM was flooded with applications for exploration licenses and mining leases. As these have been granted, the amount of available land viable for mining operations and not covered by concessions has been reduced. Concessions cannot overlap, except with the consent of the holder of the exploration license or mining lease, which frequently makes the granting of location licenses difficult, if not impossible. As such, much of the country’s ASM activities take place on land already claimed by exploration licenses and mining leases, and is therefore unlicensed, informal and—at times—contentious.
- **There is no legislation in place regulating the use of mercury or cyanide in ASM.** Although Uganda signed the Minamata Convention on Mercury in 2013, the country has not yet ratified the document and has no legislation in place specifically regulating mercury or cyanide, which are potentially hazardous to human health and the environment. No mining companies active in Uganda have signed the International Cyanide Management Code, though some of the companies responsible for the transport of cyanide in the country are signatories (ICMI, 2011).
- **Most alluvial ASM takes place in areas larger than those permitted by a location license.** The size of ASM areas covered by permits varies according to mineral mined, but permits typically cover around 16 hectares. Most ASM activities, however, are carried out in areas exceeding 16 hectares. In addition, many ASM miners move from area to area. These miners would, in reality, require multiple location licenses to realistically cover the area in which they work (UNEP, 2012).

- **The government has very limited capacities to monitor the ASM sector and enforce regulations**, including ensuring the health and safety of miners, as well as environmental protection and adherence to national legislation on child labour. Occupational health and safety legislation applies to employees and employers, and as such is rarely adhered to in independent ASM activities.
- **No real processes or mechanisms are in place to collect, manage or reinvest revenues from ASM.** The management of ASM is not explicitly mentioned in the Mineral Policy, and the overwhelmingly informal nature of the sector means that few revenues are collected to begin with. There is no evidence that those revenues that are collected under location licenses are treated differently from other mine-related taxes and royalties.
- **The relationship between ASM and larger-scale mining (LSM) operations is often tense**, with ASM miners often working on or near larger mining operations without the consent of license or lease holders. DGSM is meant to mediate disputes between small-scale mining operations and third parties, as noted in Section 61 of the Mining Act. While DGSM reports success in such mediations when time permits, the Department's number of staff and capacity to engage in such mediations on a regular basis is limited.
- **A policy mandate exists to support formalization of ASM, but institutional roles—for DGSM and other government institutions**—are not captured in the corresponding legislation. It is unclear in the legislation, for example, what institution is to be providing extension services, advisory support and awareness-raising campaigns for ASM miners, as outlined in Objective 3 of the Mining Policy (UNEP, 2012). The capacity of DGSM to implement the Mining Policy was strengthened as part of the SMMRP, but this is not yet reflected in policy or law.

4.0 Analysis of Strengths and Weaknesses

The Mining Policy Framework is a comprehensive and demanding framework, representing international best practices in the governance of the mining sector. Few, if any, governments would satisfy all criteria listed under the MPF's six pillars. The government of Uganda's agreement to participate in this assessment reflects the country's openness to better understanding and addressing the weaknesses in its mining policies and laws, and to identifying opportunities for building on its existing strengths. The government's willingness to share documents and speak candidly with the assessment team reflects its desire and commitment to improve the contribution of the mining sector to the achievement of the country's sustainable development goals.

Overall, the assessment team found the Ugandan government's capacity to implement the recommendations of the MPF to be medium to low, depending on the MPF pillar evaluated. This was often a result of limited implementation, monitoring and enforcement capacities, rather than deficiencies in legislation and policy. More specifically, Uganda's mining sector has a medium level of implementation readiness with regards to four pillars of the MPF: the legal and policy environment, financial benefit optimization, environmental management, and artisanal and small-scale mining. It has a low level of implementation readiness on the two remaining pillars: socioeconomic benefit optimization and post-closure transition.

Uganda's legal and policy environment has been significantly strengthened in recent years by the generation and public dissemination of comprehensive geological information covering the majority of the country's land mass. This data provides a much better basis upon which to build policies and make decisions regarding mining lease and license applications. Within the permitting process, the country's mining legislation also provides clear descriptions of the requirements, rights, obligations and processes for license applicants and holders. Public participation is required in environmental impact studies, and these studies must include both environmental and social factors. However, weaknesses remain in the national legislation covering the management and funding of mine closure and post-closure transitions, in requirements for baseline data prior to the commencement of exploration or mining activities, and in the treatment of Uganda's recognized indigenous communities.

With regards to financial benefit optimization, Uganda has applied an innovative, variable corporate tax rate to mining entities that accounts for and protects companies against commodity price volatility. The government also generates revenues from mining royalties, which are shared among national and local government budgets, as well as with the landowner. However, government revenues from mining taxation and royalties are managed and distributed with little transparency, and do not always translate into local development gains.

The socioeconomic impacts of mining operations are included in Uganda's Environmental Impact Assessment guidelines, and must be listed—alongside mitigation measures—in any submitted EIA. However, any health and education spending by mining entities remains at their discretion and is not required as part of their lease or license agreement. Uganda has legislation in place to ensure the occupational health and safety of workers, however mine-related safety legislation is outdated, and the government's ability to monitor and enforce existing rules and regulations is insufficient due to capacity constraints. As this legislation relates to employed workers, it also leaves unprotected the majority of miners who work in the artisanal and small-scale mining sector.

Environmental management standards for surface and ground water are provided in a number of different sources, and mining entities are required under national legislation to have in place plans and practices to manage and process discharge waters. Clear guidelines are also in place for addressing and treating mine effluent streams. The principal weakness of Uganda's environmental management legislation, however, is the government's limited capacity and personnel to adequately monitor environmental conditions around mine sites. In addition, emergency preparedness plans—including those managing geotechnical risks—are not sufficiently comprehensive, are not based on ongoing communication with community stakeholders, and are not adequately monitored.

As is frequently the case in Uganda's mining sector, limited capacities to implement and enforce good policies and legislation regarding mine closure and post-closure transitions mean that this area is another key weakness within the sector. Mining entities are required to develop Environmental Restoration Plans for their mining areas; however, these plans are not re-assessed or audited throughout the life of the mine nor does the law provide detailed requirements for the mine's closure. While the Commissioner may require mining entities to provide an Environmental Performance Bond to cover the costs of restoration, in reality these bonds are rarely required, nor is there a clear system for collecting, holding, managing and using them.

Location licenses for artisanal and small-scale miners represent an innovative way of attempting to formalize a sector that makes up 90 per cent of Uganda's mining activity. In practice, however, only 5 per cent of ASM miners hold these licenses, again highlighting the divide between good legislation and limited implementation. And while some capacities were developed among ASM miners through the SMMRP, those active in the sector remain largely unaware of mining legislation, environmental protection requirements, or workplace health and safety protections. The largely informal continuing nature of ASM in Uganda means that this is a source of both lost revenue for the government and tensions with large-scale mining operations.

Many of the weaknesses described above are tied to the Ugandan government's limited capacities to implement, monitor and enforce regulations for the mining sector. However, the government is giving more prominence to the sector as an important part of its national development strategy (Vision 2040), particularly in the wake of the recent geological survey which improved its understanding of Uganda's mineral wealth. As part of this process, the government will also be revising its mining policies and legislation.

5.0 Recommendations

The Constitution and the Mineral Policy of Uganda clearly state the government's obligation and commitment to promoting sustainable development. The Constitution requires the government to manage natural resources in a sustainable manner and provides that every Ugandan has a right to a clean and healthy environment. The Mineral Policy of Uganda clearly states Uganda's vision "to attract investment, build capacity for acquisition and utilisation of geodata and increase mineral production for social and economic development of Uganda" and strategy "to ensure that the country's mineral wealth supports sustainable national growth and development as well as the equitable sharing of the benefits from mineral resources amongst the people of Uganda."

With this vision and strategy in place, supported by a fairly strong legal and regulatory environment, the greatest need at present is for Uganda to allocate a sufficient level of long-term financial and human resources toward monitoring, inspections and implementation of existing law.

However, given the outcomes of this assessment, there remain a few areas in which Uganda's legal and policy framework could be strengthened. These are outlined in the capacity-building themes identified below.

Priority Area 1: Socioeconomic Benefit Optimization

The MPF notes that "[t]he conversion of natural capital into human capital holds the greatest promise for sustainable outcomes from mining activities." Legal and policy frameworks that promote sustainability ensure that the benefits of mining contribute to long-term social and economic development, particularly in communities located near mining projects. Key topics include:

- The importance of requiring ongoing consultation with affected stakeholders throughout the mining cycle, and options for such requirements.
- Types of company development obligations often found in modern mine development agreements.
- Methods for promoting local community development, including Community Development Agreements and Local Business Development Plans.
- Development and use of infrastructure, employment and training of local citizens, and other ways to maximize sustainable social and economic benefits.

Priority Area 2: Post-Mining Transition

Modern legal and policy frameworks require a detailed mine closure plan, consistently require developers to provide the necessary financial assurance to implement mine closure plans, and ensure that mine closure plans are implemented in a progressive manner throughout the life of the mine. Key topics include:

- The importance of methods for incorporating stakeholder consultation in the development of mine closure objectives and plans.
- Good practice in collection and management of financial assurance for mine closure.
- "High-risk" aspects of mine closure, and the importance of involving external experts to validate risk assessments, studies and activities associated with these activities (e.g., tailings dams, waste dumps, acid rock drainage).
- Internationally accepted guidelines and best practices regarding mine closure (e.g., International Finance Corporation Performance Standards).

Priority Area 3: Financial Benefits Optimization

The MPF envisions a tax and royalty system in which revenues derived from mining activities are collected and put to work in support of the sustainable development of the nation. Key topics include:

- Integration of the mineral sector with other sectors of the economy to optimize the contributions of the minerals sector.
- Balancing the optimization of revenue and other benefits of mining with the need to remain competitive and attractive to investors.
- The strategies for negotiating optimal financial terms and conditions in mine development agreements, including taxation, transfer and other pricing issues, and procedures for auditing the results.
- The importance of and methodologies for increasing transparency of data on tax and royalty flows and how the benefits have been distributed at the local, regional and national levels, including best international practices, e.g., the Extractive Industries Transparency Initiative.

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Annex I: Consulted government agencies and stakeholders

Government Ministries, Departments and Agencies

- Department of Geological Survey and Mines
- Ministry of Energy and Mineral Development
- Ministry of Finance, Planning and Economic Development
- Ministry of Gender, Labour and Social Development
- Ministry of Lands, Housing and Urban Development
- Ministry of Water and Environment
- National Environment Management Authority
- National Fishing Authority
- National Planning Authority
- Uganda Bureau of Statistics
- Uganda Industrial Research Institute
- Uganda Wildlife Authority

Private Sector

- Ambak Associates
- Atacama Consulting
- Beta Minerals Ltd.
- Frank Tumusiime & Co. Advocates
- Greenstone Resources Ltd.
- Gulf-Nakemara Vermiculite
- Kamuntu Investments Ltd.
- TMT Mining Company Ltd.
- Uganda Chamber of Mines and Petroleum

Civil Society

- Advocates Coalition for Development and Environment (ACODE)
- Advocates for Natural Resources Governance and Development (ANARDE)
- Africa Centre for Energy and Mineral Policy
- Africa Partnership on Climate Change Coalition
- Earthsavers Research and Consultancy Bureau
- Global Rights Alert
- New Horizons
- Pro-Biodiversity Conservationists in Uganda (PROBICOU)
- Transparency International

International Organizations

- African Development Bank
- United Nations Development Programme
- The World Bank

Annex II: List of Laws and Policies Reviewed

- The Access to Information Act, 2005
- The Constitution of the Republic of Uganda, 1995 (Amended 2005)
- The Employment Act, 2006
- The Environmental Impact Assessment Regulation, 1998
- The Income Tax Act 2012 (Cap 340);
- The Mineral Policy of Uganda, 2001
- The Mining (Safety) Regulations, 1949
- The Mining Act, 2003
- The Mining Regulations, 2004
- The National Action Plan on the Elimination of the Worst Forms of Child Labour, 2012
- The National Child Labour Policy, 2006
- The National Environment (Audit) Regulations, 2006
- The National Environment (Audit) Regulations, 2006
- The National Environment (Minimum Standards for Management of Soil Quality) Regulations, 2001
- The National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations, 1999
- The National Environment (Waste Management) Regulations, 1998
- The National Environmental Act, 1995
- The National Environmental Management Regulations, 2000
- The National Environmental Regulations, 2001
- The National Water Policy, 1999
- The National Water Resources Regulations, 1998
- The Occupational Health and Safety Act, 2006
- The Public Health Act, 2002
- The Uganda Education Act, 2008
- The Uganda Gender Policy, 2007
- The Uganda National Land Policy, 2013
- The Vision 2040, 2013
- The Water Act, Cap 152, 1997

Annex III: Table From Country Assessment

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
1. Legal and Policy Environment			
The ongoing generation of and access to geological information.			
The generation of baseline geological, topographical and other information for national land-use planning, and making that information available with equal access to individuals, communities and other civil society actors to ensure that consultations between different parties can take place on an equal footing.	HIGH	Geological information covering 80 per cent of the country has been made freely available online for public use and national land-use planning. The SMMRP resulted in the Geological and Mineral Information System (GMIS) and the Unpublished Document Information System (UDIS), searchable, publicly accessible and comprehensive electronic databases of geological information and documents. Access is supported by the Access to Information Act (2005).	Funding to maintain this project is uncertain, and the website is occasionally down. UDIS documents are not always downloadable but may need to be accessed at the offices of DGSM in Entebbe. Further surveys of the previously unmapped Karamoja region are currently underway.
The revision and periodic updating of mining codes and standards			
Mining codes and standards are revised and updated to reflect changing knowledge and best practice. They should deal with all aspects of mining from exploration to closure and post-closure management. The data and reporting requirements by entities should be made explicit in exploration and operating licences so that authorities can make informed decisions.	MEDIUM	The Mining Act and Regulations generally address all aspects of mining, from exploration to mine closure, and provide clear descriptions of data and reporting requirements, rights and obligations and renewal procedures for license applicants and holders. However both are over 10 years old, last updated in 2003 and 2004 respectively.	The Mining Act and its regulations are set to be revised, with a review process now underway. The Mining Act and Regulations do not sufficiently address mine closure.
A permitting process that requires:			
Mining entities, in preparing their applications for a mining permit, to consult with communities and other stakeholders at all stages of the assessment and planning process and to document the nature and results of their engagement program in the permit application.	MEDIUM	The EIA Regulations require public participation in Environmental Impact Studies, as developers must “seek the views of the people in the communities which may be affected by the project” (Section 12(1)). Section 12(2) details specific requirements, including that developers must publicize and hold meetings to explain the proposed project and its anticipated effects and benefits.	Developers are not required to consult with communities at all stages of the assessment and planning process. Project Briefs—typically used for exploration permits—require developers to consider social factors, but no community consultation is required.
Mining entities are required to submit integrated social, economic and environmental assessments, including a baseline description of current conditions, possible risks and impacts of the mining activities and proposed mitigation or management measures.	HIGH	The Environmental Impact Assessment Regulation requires consideration of economic, environmental and social impacts. The EIA Regulations require the developer to describe the proposed site and the potentially affected environment, “including specific information necessary for identifying and assessing the environmental effects of the project.” EIA Regulations also require consideration of employment and other economic and social benefits, as well as public participation in preparing Environmental Impact studies. Finally, the Regulations require all Environmental Impact Studies to conclude with an Environmental Impact Statement (EIS), that must contain an economic analysis of the project.	Requirements for baseline descriptions of current conditions are not elaborated in detail.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Permit submissions are required to identify and quantify opportunities and propose programs that lead to the creation of sustainable benefits over the life of the project.	MEDIUM	<p>The Mining Act requires applicants for an exploration license to provide for the employment and training of Ugandan citizens. Under Sections 41(h-i), applicants must also “report on the goods and services required for the mining operations, which can be obtained within Uganda and the applicant’s proposals with respect to the procurement of these goods and services.”</p> <p>Under the Mining Act, no mining lease shall be granted unless the applicant satisfies the Commissioner with respect to these employment and procurement requirements (both of which are reiterated in Sections 113(1-2) of the Mining Act).</p> <p>The Mining Act also provides that “a woman may be employed in any underground work in any mine or in any operation or activity relating to or associated with mining.” This supports Uganda’s ratification of the ILO’s Underground Work (Women) Convention.</p>	
The permit applications are considered complete only when they include acceptable plans for the eventual closure of mines and the provision of adequate financial assurance to cover the costs of closure and ongoing monitoring.	MEDIUM	<p>The Mining Act (“Security for Compliance”) requires the Commissioner to require guarantees for compliance with the Mining Act. This guarantee is not directly linked to mine closure.</p> <p>The Mining Act also describes an “Environmental Performance Bond” based on the environmental restoration plan and reflecting the probable difficulty of restoration, and allows the Commissioner to require such a bond at his/her discretion. The Mining Act states that liability under the bond shall be for the duration of the mining and restoration operations.</p>	<p>The Mining Act and Regulations do not require all developers to provide adequate financial assurance for mine closure, a requirement left to the Commissioner’s discretion.</p> <p>Stakeholders reported that, in practice, neither Security for Compliance nor Environmental Performance Bonds are consistently required before approval of mining permits, and that no clear system is in place for collecting, holding, managing or using such funds.</p>
Permit applications are required, if applicable, to address indigenous peoples, cultural heritage, resettlement, and community safety and security issues.	MEDIUM	<p>Uganda’s Constitution recognizes 56 indigenous communities. None are mentioned in the EIA Regulation, Mining Act or Mining Regulations.</p> <p>The Mining Act states that no mining lease shall be granted to an applicant unless the proposed mining operations take proper account of safety factors (as related to environmental impacts). The Act also restricts exercise of mineral rights on land “<i>set apart for any public purpose, other than mining, or on any land which is – (i) dedicated as a place of burial; or (ii) a place of religious significance; or (iii) the site of a public building, except with the written consent of the appropriate Minister or other relevant authority</i>” as well as “any land which is held communally for cultural rights, without the consent of the community concerned.”</p>	

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Mining entities are required to have a consultation process that provides affected communities with an opportunity to express their views on project risks and impacts, and be consulted on the development of mitigation measures.	MEDIUM	<p>As mentioned, the EIA Regulation requires public participation in Environmental Impact Studies, in which the developer shall “take all measures necessary to seek the views of the people in the communities which may be affected by the project”. This requires that they: (a) publicize the intended project, its anticipated effects and benefits; and (b) hold accessible meetings with the affected communities to explain the project and its effects.</p> <p>Review of the Environmental Impact Statement includes an invitation for comments from people specifically affected by the project and from the general public. Invitations shall include: (a) the nature of the project; (b) the location of the project; (c) the anticipated negative and positive impacts of the project; (d) the anticipated positive and negative environmental impacts of the project; and (e) the proposed mitigation measures to respond to the negative impacts. Comments are collected and considered by the Executive Director, to determine if a public hearing is needed and before a decision is made regarding the environmental impact assessment and project approval.</p> <p>Under the EIA Regulation, the Executive Director shall call for a public hearing where there is a controversy or where the project may have transboundary impacts.</p>	
The permitting process requires completion of the process in a timely, transparent, unambiguous and consistent manner.	MEDIUM	The Mining Act provides clear timeframes on responses to applications for an exploration license, mining lease or related licenses, and the length of validity of each license, timing for renewing a license, etc. Likewise, the EIA Requirements provide detailed timeframes for consideration of Environmental Impact Statements and related public consultation. However, stakeholders from all sectors shared that there are sometimes delays in the process, particularly as new geological data has resulted in a much higher level of license applications.	
2. Financial Benefits Optimization			
The implementation of a revenue-generation (taxation and royalties) scheme that:			
Optimizes the return from the mining activity and the taxation agreements achieved with foreign and domestic investors in a manner that reflects the different realities they face.	MEDIUM	Revenues are generated through both fixed royalties and variable taxation, as outlined in the Mining Act and Income Tax Act. Royalty rates differ according to the mineral; rates are higher on precious stones and metals. Tax rates vary from 25 to 45 per cent of gross revenue to reflect pressures of volatile commodity prices. Profit-based tax rates could result in lost government revenues should companies try to reduce their tax burden through transfer pricing or other means. Tax and royalty collection on ASM activities is weak, resulting in sub-optimal revenues.	No special taxation agreements in place with large-scale mining operations; all mining entities are subject to the same tax code.
Optimizes the resource levy revenues to society during high price periods, while minimizing the need for entities to reduce or end production during low price periods, supporting a variety of sustainable development objectives.	MEDIUM	Variable tax rates listed in the Income Tax Act reflect the challenge of volatile commodity prices: companies who see profits fall as a result of price swings are charged a lower rate of tax (as low as 25 per cent), while surging profits are charged a higher tax rate (up to 45 per cent).	The variable income tax rate is unique to the minerals sector; across all other sectors in Uganda, corporations are charged a flat tax rate of 30 per cent.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Seeks to integrate the mineral sector with other sectors of the economy so as to optimize the contributions of the mineral sector.	MEDIUM	Revenues from taxation and royalties are integrated into the national budget.	There is a lack of transparency as to how mineral revenues are used at the local level: local communities do not see direct development investments from the government that are tied to the revenues generated at mine sites in their regions.
A mining policy that:			
Maintains sufficient flexibility to ensure that a balance is achieved between optimizing revenue from mining activities while providing mine developers and operators with an adequate rate of return on their investment.	MEDIUM	There is no flexibility in the tax code, beyond the variable tax rate, to reflect volatile commodity prices (as described above). This reduces the tax burden in times of low commodity prices (and subsequently low profits) in order to prevent mine shutdowns during such prices swings.	
Uses national corporate income taxes based on net profits as the common element for large and small-scale commercial mining.	HIGH	Taxes are applied to net profits across all mining entities, as outlined in the Income Tax Act.	Most small-scale mining is informal in nature, and as such is rarely taxed. Tax regulations for small operations are to be "light-handed," as stated in the Mining Policy.
Applies taxes in the same manner as to non-mining entities within a jurisdiction but with the potential for allowances specific to mining for defined expenditures and/or accelerated deductions to achieve specific public policy aims.	MEDIUM	The tax rate applied to mining companies is unique in Uganda; non-mining entities are not subject to the same variable tax rate (between 25 and 45 per cent, depending on profits), but are instead taxed at a flat rate of 30 per cent. Capital expenditures incurred in searching for, discovering, testing or winning access to deposits of minerals in Uganda can be deducted from taxable income, but these provisions in the tax code are not included to achieve specific public policy aims.	No legislation or policy is in place to tie the tax code for mining operations to local public policy aims.
The need for human and intellectual resources to manage the sector such that:			
There is adequate governmental capacity to negotiate the financial terms and conditions of mineral development agreements, to administer the tax system and agreements, to deal with transfer and other pricing issues, and to audit the results.	LOW	To date, two mining agreements have been negotiated between the State and mining companies. Both agreements were negotiated quickly, without the use of a national-level model mine development agreement or extensive training for negotiating staff.	The government has started to build this capacity in advance of expected, upcoming negotiations: two DGSM staff recently participated in a training course on the subject.
There is knowledge of how mineral development agreements are developed in other jurisdictions and the degree to which they are serving national objectives. Domestic competence in these matters should be considered a priority and, as necessary, be supplemented with independent third-party expertise.	LOW	Two mining agreements have been negotiated to date, but negotiating capacities remain limited. No third-party expertise has been contracted, nor has a national-level model mine development agreement integrating international best practice been utilized. Building this capacity is a recognized need.	As noted above, the Government has started to build these capacities among DGSM staff.
The integration of fiscal instruments and policy objectives such that:			
All negotiations on mineral development agreements and licenses should take into consideration national policy objectives and how the agreements can support them.	LOW	Two mine development agreements have been negotiated to date; it is not evident that these agreements explicitly support national development strategies.	
Addressing the issue of the distribution of benefits by:			
Providing open and transparent data on tax and royalty flows and how the benefits have been distributed at the local, regional and national levels. Governments may wish to consider how to benefit from initiatives such as the Extractive Industries Transparency Initiative (EITI).	LOW	There is no data on the flow of taxes or royalties once they are integrated into the national budget, and no direct links between these flows and development benefits at the local, district or national levels. Uganda has not yet taken steps toward becoming an EITI Candidate Country.	Initial internal discussions are underway on whether Uganda should become an EITI Candidate Country. There is strong interest in implementing the EITI from civil society groups, including Global Rights Alert and Transparency International.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Using different mechanisms to maximize the transparency, understanding and acceptance of how the direct financial flows from mining operations are apportioned in ways that are appropriate to their political and legal systems.	LOW	No mechanisms are in place to make financial flows transparent, understandable or acceptable.	Access to financial information and legislation is largely limited to an English-speaking, literate audience based in Kampala.
3. Socioeconomic Benefit Optimization			
The need to integrate community, regional and national issues by:			
Integrating mines and mining into the local, regional and national fabrics.	MEDIUM	Vision 2040 emphasizes mining as a key driver of economic growth moving forward. From a budgetary perspective, 17 per cent of mining royalties are transferred to local district and sub-county governments for spending near the mine site.	With relative stability since the mid-1980s, mining is once again being prioritized by the central government as an engine for growth. Royalty payments are distributed with limited transparency via the national budget.
Making socioeconomic planning a formal part of the permitting process.	MEDIUM	The Environmental Impact Assessment Regulation requires consideration of both economic and social impacts in Project Briefs, including employment and other economic and social benefits. The EIA Regulation also requires public participation in preparing Environmental Impact Studies and requires all Environmental Impact Studies to conclude with an Environmental Impact Statement (EIS), which includes a process for general public comments and targeted comments from persons specifically affected by the project. The EIS must contain an economic analysis of the project.	While social and economic impacts are taken into consideration in Project Briefs and Environmental Impact Statements, no socioeconomic <i>plans</i> are required to aid with managing social and economic impacts and benefits during the life of the mine and through mine closure.
Addressing mining operation effects, interactions or local, regional and national dependencies, in initial documentation and in regular reporting.	MEDIUM	The EIA Regulation requires consideration of “the economic and social benefits to the local community and the nation in general” in Project Briefs and a socio-environmental analysis and consideration of short- and long-term effects and possible alternatives in Environmental Impact Statements.	Information on mining operation effects is provided in initial documentation and the Mining Act and Environmental Impact Regulation require developers to report on employment levels and other impacts.
Making consultation with affected stakeholders a requirement of the permitting process and at every stage of the mining cycle.	MEDIUM	Under the EIA Regulation, consultation with affected stakeholders is not required for a project brief, but the EIA Regulation does require developers to take all measures necessary to seek the views of those communities that may be affected by the project by publicizing the intended project, its anticipated effects and benefits; holding meetings with the affected communities to explain the project and its effects; and ensuring that the venues and times of the meetings are convenient for the affected population and are agreed to with the leaders of local councils.	Consultations are not required at every stage of the mining cycle, only in Environmental Impact Studies and review of Environmental Impact Statements. Stakeholders indicated that a small meeting may be sufficient to comply with the stakeholder engagement/public hearing. Stakeholders also reported that public rejection of the project has not prevented the project from moving forward, but has only delayed it.
Making planning subject to review and approval for the original permit.	LOW	As stated above, while socioeconomic considerations are required in the Project Brief and Environmental Impact Study, socioeconomic planning is not specifically required. The EIA Regulation requires Project Briefs to identify environmental effects and how they will be eliminated or mitigated. The Environmental Impact Study also requires further detail related to environmental effects of the project and “the measures proposed for eliminating, minimising, or mitigating adverse impacts” as well as “an indication of whether the environment of any other State is likely to be affected and the available alternatives and mitigating measures.”	
Making the original permit subject to regular review and periodic revision to reflect goals and changing conditions.	LOW	The original permit is not subject to revision, however, progress made under an original permit is reviewed when mining entities seek renewal of the permit.	Regular reports are required and reviewed as specified in the permit, but the permit itself is not reviewed.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Making education a national priority by:			
In a manner consistent with local and national needs, targeting every level of education from primary to post-graduate levels.	LOW	Education—from primary to tertiary—is a national priority, as laid out in the Constitution, the Education Act and Vision 2040, which outline a national commitment to invest heavily in centres of educational excellence. However, nothing in the permitting or licensing process specifically links the mining sector to achievement of these educational goals and objectives.	
Ensuring that both the physical infrastructure and the human resources to staff and service educational facilities are put in place and upgraded over time through the efforts of all stakeholders, including the permit holder.	LOW	Objective 6 of the Mineral Policy states that government shall promote employment and training of Ugandans by the private sector; the Mining Act reflects this by requiring developers to employ and train Ugandan citizens. However, no contribution for educational services or infrastructure is required from permit holders or other relevant stakeholders, although permit holders may make voluntary contributions.	
Ensuring that, with government leadership, stakeholders other than the permit holder assume greater responsibility over time so that post-closure transition can occur with a minimum of disruption.	LOW	Permit holders are not required to invest in educational services or infrastructure. Should they choose to do so on an ad hoc basis, no post-closure strategies have been required to provide for transfer of fiscal responsibility for needed services to other sources.	
Addressing community health by:			
Including health considerations in the baseline socioeconomic assessment required by mining entities during the permitting process.	MEDIUM	The First Schedule of the EIA Regulation states that effects on human health <i>may</i> be considered among other socioeconomic considerations, but assessment of health considerations is not required.	
Working with mining entities as well as with communities in the planning and priority setting for health services that mining entities may have undertaken to provide.	LOW	No formal plans or measures to establish health service priorities in collaboration with communities and mining entities were identified.	Stakeholders reported that that the Ministry of Health and local government work together on improving community health under their jurisdiction (coordinating with sub-county chiefs and community health officers). However, community health officers often are based in local districts, making national coordination and reporting difficult Coordination with mining entities on priority setting is conducted only on an ad hoc basis.
Leading with other stakeholders to gradually assume responsibility for community health from mining entities so that post-closure transition can occur with minimum disruption.	LOW	Mining entities are not required to invest in community health. Should they choose to do so voluntarily, no post-closure strategies have been required for transfer of responsibility from mining entities to other stakeholders.	Stakeholders reported that mining entities often invest in health services on an ad hoc basis.
Ensuring high standards for occupational health and safety by:			
Ensuring that companies accept corporate responsibility for occupational health and safety through appropriate legal requirements, as well as through governmental monitoring, inspection and enforcement.	MEDIUM	The Mining Act outlines the role of inspectors in investigating the health and welfare of mining operation employees and the role of mineral rights holders in complying with recommendations. The Mining (Safety) Regulations describe the health and safety requirements that must be met by mining rights holders, as well as the related roles of inspectors and the Commissioner. The Occupational Safety and Health Act (2007) provides general requirements for inspection and enforcement.	While legal requirements are in place, monitoring and enforcement is weak due to limited numbers of inspectors (there are only 19 DGSM inspectors nationally, some without vehicles, making site visits difficult, if not impossible). OHS policies largely do not apply to ASM workers (which account for 90 per cent of Uganda's miners). The 1949 Mining (Safety) Regulations are out of date and should be updated.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Ensuring that failures in occupational safety and health performance are effectively dealt with to prevent reoccurrence and are supported by a system of penalties up to and including the revocation of operating permits.	LOW	The Occupational Safety and Health Act (2007) outlines penalties for non-compliance. For example, penalties for those convicted of inadequate machine safety training include a fine not exceeding USH200,000 (approximately US\$68), imprisonment for a term not exceeding six months, or both.	Government stakeholders reported that if mining entities are not compliant, OHS inspectors will offer suggestions for addressing infractions. If non-compliance persists, they will issue a fine or can even shut down operations. Government stakeholders also reported that violations shut down an average of three or four operations (likely including other types of industrial operations) per year.
Requiring entities to provide education, training, equipment, and adequate systems to reduce hazards; minimize the risk of accidents, injury, and disease; and create a safety-conscious environment.	LOW	The Occupational Safety and Health Act outlines the requirements of the developer to provide information and training.	Stakeholders identified that on-the-job training is provided but that compliance with the OSHA requirements is low. Stakeholders reported that sector-specific safety materials and checklists are currently being developed, but no drafts were shared with the assessment team.
Optimizing employment opportunities at the mine by:			
Requiring that socioeconomic plans be part of the permitting process and seeking to optimize the employment of host nationals, particularly those from the vicinity of the mine. Increasing the national presence in mine operations (including increasing managerial responsibility) should be an objective, depending on national circumstances, education and other elements.	MEDIUM	The EIA Regulation requires developers to consider employment of nationals and other economic and social benefits in project briefs and require the Environmental Impact Statement to contain an economic analysis of the project, which includes consideration of social factors. As noted above, while socioeconomic <i>planning</i> is not specifically required, developers must identify measures to mitigate potential negative impacts. Furthermore, the Mining Act states that preference shall be given in employment to “citizens of Uganda to the maximum extent possible,” and applicants for an exploration license or mining lease are required to provide proposals for the employment and training of citizens of Uganda.	While socioeconomic benefits and mitigation measures are considered, plans are not required.
Creating business development opportunities by:			
Putting in place a supportive legal and fiscal environment so that the socioeconomic plan developed by the permit holder and approved by the government includes the promotion of opportunities for local, regional and national supply of goods and services to the mine, community and region.	MEDIUM	The Mineral Policy of Uganda requires the government to put in place an investor-friendly and competitive legal and fiscal framework, with well-defined parameters for the sector, to stimulate investment in the mineral sector. The framework must involve stakeholders in the evolution of sector policy and legislation. The Mineral Policy also specifies that the holder of a mineral right shall give preference to (a) materials and products made in Uganda; and (b) service agencies from Uganda.	Stakeholders reported that the legal, and especially fiscal, environments were supportive for businesses, sometimes to the detriment of local communities.
Promoting new non-mine-related industrial and service business opportunities made possible by infrastructure put in place for the mine.	LOW	The Mining Policy sets a goal for the mineral sector to act as an engine for growth in economic development.	Infrastructure was reported to be a key concern and a priority under Vision 2040.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Addressing potential security issues by:			
Working with entities to address issues that may give rise to security concerns before issuing permits or commencing operations. Governments should consider using the tools and programs of the socioeconomic plan to resolve or reduce the potential for disputes and to guide actions by international norms such as those represented by the International Finance Corporation Performance Standards on Social and Environmental Sustainability and the Voluntary Principles on Security and Human Rights.	LOW	No provisions are found within the mining law and policies for working with companies to address security issues prior to issuing permits, and there are no measures within the mining law or policies to prevent mining operations in conflict areas.	Stakeholders reported that, while there is currently no language on security concerns within mining policies, the government is looking at ways to domesticate relevant international protocols. Uganda participated in the March 2014 meeting on the Voluntary Principles on Security and Human Rights (Voluntary Principles, 2014).
Not issuing permits when a deposit to be mined is in an area of active armed conflict. When there is already active development or an operating mine when conflict breaks out, governments and operating entities should act to protect human rights and ensure the safety of miners, their families and communities in accordance with the OECD guidelines. If this is not possible, governments may consider removing the mine operation from the dynamics of the conflict by any means possible, including by revoking the mine permit and shutting down the mine.	LOW	There are no provisions prohibiting permits in areas of active armed conflict and/or prohibiting mines to continue to operate in areas where conflict breaks out. It is notable, however, that as a member of the International Conference of the Great Lakes Region, Uganda has adopted the Regional Certification Mechanism (RCM) for Conflict Minerals.	There are currently no areas of active armed conflict within Uganda. However, stakeholders identified that tensions remain high in Karamoja, where much of the country's mining takes place. The export of minerals originally sourced in conflict zones in neighbouring DR Congo remains a problem; while the RCM has been adopted, a domestic process has not yet been put in place to certify mineral exports as "conflict-free," halting exports of minerals such as gold and tungsten to U.S. and EU markets (Bariyo, 2014).
The importance of respecting human rights, indigenous peoples, and cultural heritage by:			
Ensuring that domestic policies and laws are (at a minimum) consistent with international law and norms on human rights, indigenous people and cultural heritage; governments and mining entities should respect the spirit and intent of current and future international normative language on Indigenous People such as is found in the International Finance Corporation Performance Standards on Social and Environmental Sustainability	MEDIUM	<p>The Mining Policy stipulates that the "Government shall: (a) encourage employment and involvement of women in mining; (b) encourage the formation of women mining associations or groups; and (c) put in place and enforce regulations against child exposure to mining activities." The Constitution protects human rights, especially marginalized groups, women and children.</p> <p>Schedule 3 of the Constitution recognizes 56 indigenous communities.</p> <p>The Mining Act also restricts mineral rights where "(a) in respect of or on any land set apart for any public purpose, other than mining, or on any land which is - (i) dedicated as a place of burial; or (ii) a place of religious significance; or (iii) the site of a public building, except with the written consent of the appropriate Minister or other relevant authority."</p>	<p>Within ASM, child labour and the security of female miners are of significant concern.</p> <p>Despite recognition of indigenous communities within the Constitution, domestic law does not specifically outline protections for the rights of indigenous peoples. Uganda has not ratified the ILO Convention 169 on Indigenous and Tribal peoples, and was absent during the vote for the United Nations Declaration of the Rights of Indigenous Peoples.</p>
Ensuring that mining operators observe high standards of conduct within the country and requiring that mining entities, in their permit applications and day-to-day operations, are knowledgeable of and act in ways consistent with national laws and international laws and norms.	LOW	The Mining Act requires operators to comply with national laws. While the mining laws and policies do not specifically require that mining operators observe "high standards of conduct," the Mining Act does prohibit the Commissioner from granting a mining lease unless the applicant's operations take proper account of environmental and safety factors, and the EIA Regulation requires the developer to consider social, cultural, environmental economic and other factors. The Mining Act also gives the Commissioner the power to inspect mining operations, and authorized medical or public officers the authority to examine and inquire into health and welfare of employees at mining operations.	<p>Stakeholders noted that the frequency and quality of inspections is currently very low; improving capacity in this area could increase the standards of developers.</p> <p>Stakeholders from all sectors reported that the human and material resources available for inspection are severely lacking, resulting in a low level of enforcement of existing law and policy.</p>

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
4. Environmental Management			
Management of water by:			
Having appropriate environmental management standards in place for the use of surface and ground water that are strictly monitored and enforced through appropriate penalties.	MEDIUM	Appropriate environmental management of surface and ground water is provided under a number of different sources including the Mining Act (2003), the Mining (Safety) Regulations (1949), the Constitution, the Water Act, the National Water Policy, and the Water Statute (1995).	Enforcement and capacity have been identified as key issues. Clear standards are in place, and penalties include: fines, community work, or even imprisonment. Stakeholders explained that violators have been fined and even arrested, but it is difficult to verify an offense. There is insufficient staff on the ground to adequately monitor and enforce. There appeared to be a lack of coordination between DGSM and the Department of Water Quality, despite the physical proximity of their offices.
Requiring mining entities to ensure that quality and quantity of mine effluent streams discharged to the environment, including storm water, leach pad drainage, process effluents, and mine works drainage, are managed and treated to meet established effluent discharge guideline values.	MEDIUM	The National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations provide a detailed list of standards. The National Water Policy outlines the wastewater discharge permit system and penalties for effluent discharged into river courses and bodies of open water. The National Environment Act describes the authorities responsible for prescribing standards for effluent discharge and measures for treatment.	Sample EIAs provided to the assessment team included information on potential waste streams and baseline information on surface and ground water. Stakeholders reported that although lab technicians and environmental inspectors test regularly, there are an insufficient number of inspectors to adequately monitor water quality.
Requiring mining entities to ensure that water-leaching or percolating waste dumps, tailings storage areas and leach pads have equivalent protection.	MEDIUM	The Mining Regulations stipulate that disposal of tailings are subject to the provisions of the Water Act, Cap. 152, the National Environmental Act, Cap.153 and applicable Regulations.	The structural integrity of all dumps and storage areas should be closely monitored and protected, even after mine closure. With inadequate mine closure plans in place and insufficient capacity to monitor such high-risk structures after closure, environmental protection is a concern.
Requiring that mining entities have in place practices and plans that minimize the likelihood of impacts beyond the mining site, particularly potential transboundary impacts.	MEDIUM	The National Environment (Waste Management) Regulations require a plan for managing the leachate and other by-products, a plan for surrounding bodies of water and a detailed description of the process employed and its possible effects when releasing waste. On transboundary impacts, under the EIA Regulation, a public hearing must be convened when a project may have transboundary impacts. Furthermore, Uganda signed the East Africa Protocol on Environment and Natural Resources (2005) with Kenya and Tanzania, which outlines “measures to control environment and natural resources degradation especially of air, land and water pollution arising from transboundary activities” and Uganda acceded to the Basel Convention on Controlling Transboundary Movements of Hazardous Wastes and their Disposal in 1999.	

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Avoiding and minimizing potential adverse effects to biodiversity by:			
Requiring that mining entities submit environmental management programs and updates for approval, during the permitting process and whenever there are significant process or operational changes during the operating life of the mine.	MEDIUM	<p>The Mining Act Section 108(3) requires holders of an exploration license or mining lease to carry out an annual environmental audit and to keep records describing the extent to which the operations conform to the approved EIA. Section 109 allows the Commissioner or Executive Director of NEMA to require a permit holder to revise an environmental management plan if necessary.</p> <p>The National Environmental Act stipulates that NEMA may, "integrate the conservation and sustainable utilisation ethic in relation to biological diversity in existing government activities and activities of private persons."</p> <p>Of relevance to the permitting process, the First Schedule of the EIA Regulations suggests that entities may consider biological diversity in EIAs.</p>	<p>No specific requirements were found for updates to an environmental management plan after the permitting process.</p> <p>Stakeholders commented that when an EIA may impact biodiversity, the Ugandan Wildlife Authority is regularly consulted in the initial approval of EIAs.</p>
Identifying, monitoring and addressing potential and actual risks and impacts to biodiversity throughout the mining cycle as part of environmental impact assessment.	MEDIUM	Potential and actual risks to biodiversity may be identified during the EIA process, but considering biological diversity in the EIA is not explicitly required.	Monitoring is undertaken by NEMA and UWA, and UWA is also regularly involved in the approval of EIAs.
Require that mining entities conduct monitoring on a continuous basis based on national standards and the conditions of the operating permit, compile and submit performance assessments to government and publish regular reports that are readily accessible to the public.	MEDIUM	<p>The EIA Regulation requires that developers complete an initial Project Brief followed by an Environmental Impact Study and Report, all of which (along with related materials) are deemed to be public documents under EIA Regulation Section 29.</p> <p>As noted above, the Mining Act Section 108(3) requires holders of an exploration license or mining lease to carry out an annual environmental audit and to keep records describing how far the operations conform to the approved EIA. Section 109 allows the Commissioner or Executive Director of NEMA to require a permit holder to revise an environmental management plan if necessary.</p>	Stakeholders reported that documents related to EIAs are typically not made available online but are available only in English, in hard copy, in government offices in Kampala, greatly limiting public
Managing mining wastes by:			
Ensuring that structures such as waste dumps and tailing storage facilities are planned, designed, and operated so as to appropriately assess geotechnical risks and environmental impacts through the entire mine cycle and after mine closure.	LOW	The National Environment (Waste Management) Regulations state that "the Authority may issue a license for transportation of waste or for storage of waste under this regulation where: (a) it is satisfied that the applicant has adequate and appropriate facilities and equipment to transport or store waste on his or her premises without causing significant damage to public health and the environment; and (b) it is satisfied with the applicant's collection schedule of waste and, in the case of storage of waste, that the premises are adequate for storing the category of waste for which the license is required."	There is no evidence in practice of assessing and managing risks to and impacts of waste structures throughout the mine life cycle.
Requiring that mining entities design, operate and maintain mine waste structures according to internationally recognized standards.	LOW	No such requirements were identified.	
Requiring that mining entities commission independent expert reviews and report to governments prior to development approval, when changes in design are proposed, and at regular intervals during operating phase.	MEDIUM	Environmental Impact Assessments are conducted by NEMA-certified independent consultants; however, no provisions were found for independent expert reviews to be conducted at regular intervals.	

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
The development and implementation of an emergency preparedness programme by:			
Requiring all mining operations have an emergency preparedness and response program prior to commencement of operations and ensuring that the program be reviewed, tested and updated regularly.	LOW	The Emergency Preparedness Policy (2010) states that "primary responsibility for disaster risk management rests with the citizens. Government plays a supportive role." There is no requirement for mining operations to have in place emergency preparedness plans. However, the State is obliged by the Constitution "to institute effective machinery for dealing with any hazard or disaster arising out of natural calamities."	Stakeholders reported that while some mining companies develop emergency plans, they are rarely tested or updated.
Basing all elements of the emergency preparedness program on ongoing consultation and cooperation with local and other stakeholders and government.	LOW	No outreach by companies to local stakeholders is required, although Emergency Preparedness (2010) emphasizes the importance of community in emergency planning.	
Ensuring that monitoring of the effectiveness and responsiveness of the emergency preparedness program is conducted by companies in cooperation with communities and all levels of government.	LOW	No monitoring is required, and no cooperation is required with communities or any level of government regarding emergency preparedness.	
Ensuring that mine emergency plans are comprehensive and meet current best practice standards, specifically by: i) requiring the development of emergency preparedness programs as part of an environmental impact assessment for any new operation; ii) requiring regular review and updating of such programs; iii) requiring consultation and cooperation with local, regional, national and, as appropriate, transboundary stakeholders in the development and maintenance of emergency preparedness programs; iv) endorsing and promoting best international practices, such as the APELL process, at national and regional levels to better coordinate emergency preparedness between mining entities, local authorities and local populations; and v) ensuring that appropriate government departments and agencies at the national, regional and local levels are aware of and prepared to cooperate with mining company response actions.	LOW	Emergency Preparedness (2010) states that there is a "need to ensure that the private sector integrates disaster management programmes into their action plans." Specifically, the private sector must: a) educate workers on safety measures and emergency response measures; b) ensure occupational safety; and c) provide channels of access to resources and skills that the government may need under the disaster management program.	Sample EIAs provided to the assessment team identify potential negative impacts including fire, traffic hazards, robberies, crime, war, and sabotage. However, comprehensive emergency plans are not provided in a way that meets best practice standards.
5. Post-mining Transition			
Ensuring that closure plans prepared by mining entities are of a high standard and updated on a regular basis by:			
Providing legal and regulatory frameworks for closure	MEDIUM	The Mining Act requires an Environmental Restoration Plan as a condition for an exploration license or mining lease. Section 110(1) requires that any exploration or mining lease include a condition that the holder submit an Environmental Restoration Plan of the exploration or mining areas that may be damaged or adversely affected by operations. The Environmental Restoration Plan, shall include the following: (a) identification of the exploration or mining area concerned, its current uses and productivity prior to exploration or mining operations; (b) a detailed timetable of the accomplishment of each major step to be carried out under the restoration plan, which may include (i) the reinstatement, levelling, re-vegetation, reforestation and contouring of the affected land; (ii) the filling in, sealing, or fencing off of excavations, shafts and tunnels, or (iii) any other method that may be prescribed; and (c) the use to which the land is proposed to be put following restoration, including a statement of the utility and capacity of the restored land to support a variety of uses.	While developers are required to submit Environmental Restoration Plans, there is a lack of detailed requirements for these plans, and lack of monitoring of implementation of the plans.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Having the institutional capacity to monitor and enforce legal and regulatory frameworks.	LOW	Stakeholders from all sectors report low to no capacity to monitor and enforce the implementation of Environmental Restoration Plans. However, an Environmental Restoration Plan is required as a condition for an exploration or mining license, a requirement that stakeholders report is enforced.	
Requiring that stakeholders be consulted in the development of closure objectives and plans.	LOW	The Mining Act requires the Commissioner to take into account various environmental and social factors when considering approval of Environmental Restoration Plans. However, the Mining Act and Mining Regulations do not require stakeholder consultation in the development of closure objectives and plans.	
Requiring that a comprehensive closure report and adequate financial assurance be provided before the requisite development and mining permits for a new mine are approved.	MEDIUM	The Mining Act requires an Environmental Restoration Plan as a condition for an exploration license or mining lease. The Act also requires that the Commissioner require guarantees for compliance with the Mining Act. This guarantee is not directly linked to mine closure. The Mining Act describes an “Environmental Performance Bond” based on the environmental restoration plan and reflecting the probable difficulty of restoration, and <i>allows</i> the Commissioner to require such a bond. Liability under the bond shall be for the duration of the mining and restoration operations.	The Mining Act and Regulations fail to require all developers to provide adequate financial assurance for mine closure, a requirement that is left to the Commissioner’s discretion. Stakeholders reported that, in practice, neither Security for Compliance nor Environmental Performance Bonds are consistently required before approval of development and mining permits, and that no clear system is in place for collecting, holding, managing or using such funds.
Requiring the use of external experts by entities to contribute to the development of closure plans and to validate the risk assessments, studies and activities associated with high-risk elements such as tailings dams, waste dumps and acid rock drainage.	LOW	External experts are not required to contribute to the development of closure plans. While certified external consultants are used in preparing the Environmental Impact Study and Environmental Impact Statement, there are no such requirements to use external experts to validate assessment or studies of high-risk elements.	Some stakeholders question the autonomy of the consultants who are certified to prepare Environmental Impact Studies and Statements; there is a sense that the consultants—who are paid by developers—wish to please the developer to increase their likelihood of being selected for future studies. This may result in omitting findings that are less favourable to the company. However, EIA Regulations potentially provide some checks on this possible conflict by requiring studies to be conducted in accordance with guidelines, and by requiring the Executive Director appointed to oversee the process to approve or reject developer choices for consultants identified to undertake the study.
Requiring that internationally accepted guidelines and best practices (such as International Finance Corporation Performance Standards on Social & Environmental Sustainability) be followed.	MEDIUM	No such guidelines or best practices are specifically mentioned.	The Ugandan government is making efforts to adopt internationally accepted guidelines and best practices through partnerships with the World Bank, the Intergovernmental Forum and others.
Requiring the periodic reassessment and independent auditing of closure plans: more frequently for mines with an expected short operating life, less frequently for large operations with economic life expectancies measured in decades.	LOW	The EIA Regulations provide for self-auditing and audit inspections related to the environmental impact statement, and the Mining Act empowers the Commissioner, Inspector of Mines, or authorized officer to conduct inspections, but there is no requirement for reassessment or independent auditing of the Environmental Restoration Plan.	

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Putting in place a framework to encourage progressive rehabilitation in mining areas as soon as the disturbed area is no longer needed for mining, to reduce future closure liabilities and reverse or minimize future environmental, economic and social impacts.	LOW	<p>The Mining Act does not require progressive rehabilitation in Environmental Restoration Plans, nor are there specific requirements to address future environmental, economic or social impacts. Stakeholders reported, however, that rehabilitation typically progresses over the life of the mine, as this increases efficiency and reduces risk and expense.</p> <p>The Mining Act provides that the Commissioner shall not renew a Location License if “the applicant has not carried out effective restoration of the surface areas to the satisfaction of the Commissioner.” If the holder of a Location License fails to carry out restoration, he/she commits an offense and is liable, on conviction, to a fine and/or imprisonment.</p>	
The development of financial assurance mechanism for mine closure by:			
Ensuring that financial assurance for closure and post-closure expenses is present and adequate to the task by adopting legislation, regulations and guidelines for financial assurance. These would: i) require an adequate level of financial assurance based on realistic estimates to cover the cost of all outstanding work programmes at any time, including premature closure and the conduct of closure programs by third-party contractors in the event that the mine operator is unable or unavailable to complete the work; ii) require that each closure plan and its cost estimates be validated or approved by the responsible authorities; iii) establish appropriate forms of financial security (bonds, insurance, etc.), including their specific details and conditions; iv) require that the financial securities be issued or held only by qualified and approved financial institutions; v) give governments, based on their sole discretion, the right to gain immediate and unencumbered access to the full amount of the financial assurance securities; and vi) allow the draw-down or release of security instruments only as each work program or other requirement is satisfied.	MEDIUM	<p>Under the Mining Act the Commissioner must require guarantees for compliance with the Mining Act (Section 12(1) “Security for Compliance”). This guarantee is not directly linked to mine closure.</p> <p>The Mining Act describes an “Environmental Performance Bond” based on the environmental restoration plan and reflecting the probable difficulty of restoration, and allows the Commissioner to require such a bond. It also states that liability under the bond shall be for the duration of the mining and restoration operations.</p>	<p>The Mining Act and Regulations fail to require all developers to provide adequate financial assurance for mine closure; this requirement is left to the Commissioner’s discretion.</p> <p>Stakeholders reported that, in practice, neither Security for Compliance nor Environmental Performance Bonds are consistently required before approval of development and mining permits, and that no clear system is in place for collecting, holding, managing or using such</p>
Accept a leadership role for orphaned and abandoned mines in their jurisdiction by:			
Working with entities that collectively constitute the mining industry to explore options for developing technological solutions (including the reprocessing of mining wastes) or contributing expertise or other resources to help resolve the legacy issue of orphaned or abandoned mines.	LOW	No implementation noted.	
Working with countries whose economies benefitted from the flow of low-cost industrial inputs that came at least in part from mines that are now orphaned or abandoned that contribute to the resolution or management of abandoned mines.	LOW	No implementation noted.	
Using targeted fiscal arrangements to encourage the reactivation of those mines to create economic activity, fund remediation, and provide for post-closure management in cases where such a mine or its wastes have economic potential.	LOW	No implementation noted.	
Seeking recognition by multilateral agencies and organizations that the historical and legal situation of such mines, particularly in developing countries, requires their leadership in managerial, advisory, hortatory and financial forms.	LOW	No implementation noted.	

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
6. Artisanal and small-scale mining (ASM)			
Ways of integrating informal ASM activities into the legal system by:			
Creating clear legal frameworks and regulatory mechanisms to facilitate the organization of ASM, access to property rights and ensuing obligations for ASM.	MEDIUM	Location licenses are available to help formalize artisanal and small-scale mining operations and secure their rights to minerals. DGSM is also mandated to act as mediator in disputes between ASM and large-scale mining, and efforts were made under the Sustainable Management of Mineral Resources Project (SMMRP) to expand the number of domestic associations of ASM miners. (50 associations were formed under the project, 32 remain functional.)	In practice, very few artisanal and small-scale miners obtain location licenses: cost, technical and logistical barriers and a general lack of awareness discourage most from applying. In general, the number of location licenses has grown, but remains a very small proportion of the ASM sector (5 per cent). In addition, the relationship between ASM and large-scale mining operations is often tense, and the recent widespread granting of exploration licenses and mining leases across the country has left few available, viable mineral deposits for ASM miners to formally claim.
Providing technical support to build the capacity of government or other bodies tasked with regulating and supporting the sector.	MEDIUM	The SMMRP provided some capacity building to Government staff in supporting the ASM sector. Efforts included the development of “an interdisciplinary and gender-responsive model of ASM training and extension,” support for the establishment of ASM miners associations, and a “training of trainers” program that led to the education of about 1,000 miners on practical mining-related matters.	Government enforcement and monitoring capacities remain very low despite the fact that ASM accounts for an overwhelming amount of Uganda’s mineral production. Extension services are minimal, despite being a pillar of the government’s Mineral Policy.
Developing and replicating formalization strategies on the basis of lessons learned.	MEDIUM	An ASM-formalization strategy exists through the availability of location licenses, but there is no evidence of integrating lessons learned from experiences around these licenses. Formalization of ASM is a central objective of the 2001 Mining Policy, but there is little evidence of active attempts to achieve the objective.	Only a small portion of the ASM population holds these licenses: the majority of ASM mining (approximately 95 per cent) remains informal.
Ways of integrating ASM activities into the formal economic system by:			
Improving savings in the artisanal mining community, establishing more acceptable forms of financing and encouraging responsible investment.	LOW	There is no evidence of government efforts to improve ASM savings, financing or investment.	
Strengthening the appropriateness, viability and transparency of policies and systems for collection, management and reinvestment of ASM revenue.	LOW	There is nothing in either the Mineral Policy or Mining Act relating to the collection, management or reinvestment of ASM revenues. The government has limited or no capacity to collect and reinvest ASM revenues from those operating in the informal sector. For those revenues that are collected, there is no transparency in the ways that they are integrated into the national budget and spent.	Only 5 per cent of ASM miners hold location licenses, and correspondingly pay taxes.
Encouraging initiatives for standards and certification of ASM “fair trade” conflict-free minerals to harmonize and grow in scale.	MEDIUM	Uganda is working toward improving standards for conflict-free minerals through the International Conference on the Great Lakes Region (ICGLR), but has yet to put in place a mechanism—under the ICGLR—to certify its mineral exports as conflict-free. Doing so would help Uganda align domestic policies with the US Dodd-Frank legislation, which aims to reduce the flow of conflict minerals from neighbouring DR Congo into the United States and EU.	Mineral exports have been reduced due to Uganda’s delays in complying with Dodd-Frank. Uganda is also not yet a member of the EITI, though there is interest within the Ministry, and strong interest among civil society, in joining the Initiative.
Encouraging, through the permitting process or at other times, entities to explore ways to collaborate with ASM when ASM is present or can reasonably be anticipated to follow the development of a mine.	LOW	The permitting system does allow location licenses to be granted for ASM activities on lands covered by exploration licenses or mining leases, provided there is agreement between the license and lease holders.	ASM activities typically follow the development of a mining operation, and are often a source of tension and conflict with the lease holder.

MINING POLICY FRAMEWORK RECOMMENDATION	LEVEL OF PROGRESS	IMPLEMENTATION	MAJOR OBSERVATIONS
Reducing the social and environmental impacts of ASM by:			
Providing technical training to improve productivity and to safeguard the environment, and developing, disseminating and enforcing regulations with a particular emphasis on safeguarding water sources, reducing deforestation, ending or reducing the use of mercury, and improving the management of mercury and other toxic substances when it is not possible to eliminate them, including safe working conditions, access to health care, etc.	LOW	<p>Some training was provided to ASM miners under the recent SMMRP, but the sustainability of these training initiatives is questionable given their ongoing financial requirements.</p> <p>Holders of location licenses are required to carry out rehabilitation and reclamation of mined-out areas, but because so few ASM miners hold these licenses, such restoration activities are rarely carried out in practice in ASM areas.</p> <p>Uganda has signed, but not yet ratified, the Minamata Convention on Mercury.</p>	
Having national programs that provide minimal standards of health and education to ASM workers and their families.	LOW	No national program exists on the provision of health and education services to ASM workers and their families.	
Making a significant and verifiable reduction in the number of children employed in artisanal mining and improvements in the nature and scheduling of their work so as to accommodate educational needs.	MEDIUM	Putting in place and enforcing regulations against exposing children to mining activities is an objective of the Mining Policy, and conforms with Uganda's national and international commitments under the UN Convention on the Rights of the Child and the ILO Convention on the Worst Forms of Child Labour.	Child labour remains a reality in many ASM areas.
Strengthening, monitoring and enforcing laws on child labour in artisanal and small-scale mining areas.	MEDIUM	Uganda has developed a National Child Labour Policy and an Action Plan on the Elimination of the Worst Forms of Child Labour, but monitoring and enforcement capacities remain low. The protection of children against mining hazards is also a central objective of the national Mining Policy, and conforms to Uganda's international obligations, as it has ratified both the UN Convention on the Rights of the Child and the ILO Convention on the Worst Forms of Child Labour.	
Strengthening the role and security of women in ASM.	MEDIUM	Removing restrictions on the participation of women in the mining industry—more generally—is an objective of the Mining Policy and Mining Act, as well as the ILO's Underground Work (Women) Convention, which Uganda has ratified.	Women play a significant role in ASM mining in Uganda: almost half of all ASM miners are women, with women making up 70 per cent of the workforce at some sites.
Promoting the inclusion of ASM in rural development and job creation policies such that, where desired and realistic, alternative livelihoods are promoted.	LOW	The goal of the Mineral Policy is for the mineral sector to “contribute significantly to sustainable national economic and social growth by creating gainful employment and providing alternative source of income particularly for the rural population in Uganda.”	Job creation is not explicitly tied to the ASM sector, but rather to mining more broadly. It is unclear how ASM in particular is a part of a job creation strategy.

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