

THE INTERNATIONAL CONFERENCE ON THE GREAT LAKES REGION



UNDERSTANDING THE ROLE OF THE REGIONAL
INITIATIVE AGAINST ILLEGAL EXPLOITATION OF NATURAL
RESOURCES IN THE ENHANCEMENT OF DOMESTIC
REVENUE MOBILIZATION IN UGANDA

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DISCLAIMER

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Table of Contents

Abbreviations	ii
1. Introduction	1
2. What is the International Conference on the Great Lakes Region and what is its role in the region?	2
3. What is the ICGLR protocol against the illegal exploitation of natural resources?	4
4. What is the regional initiative against the illegal exploitation of natural resources (RINR)?	4
5. How does the International Conference on the Great Lakes Region work and how do countries track the progress of implementation of the pact?	6
6. What is Uganda's status on the implementation of the ICGLR's regional initiative against the illegal exploitation of natural resources?	8
7. What is the nexus between illegal exploitation of natural resources and domestic revenue mobilisation?	14
8. What are the challenges Uganda face in the implementation of the regional initiative against the illegal exploitation of natural resources?	15
9. What can Uganda do to strengthen the implementation of the regional initiative against the illegal exploitation of natural resources?	16



Abbreviations

ACODE	Advocates Coalition for Development and Environment
AFP	Analytical Fingerprinting
ASM	Artisanal and Small-Scale Mining
BRASM	Biometric Registration of Artisanal and Small-scale Mining
CoC	Chain of Custody
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil society Organisation
DGSM	Directorate of Geological Survey and Mines
DRC	Democratic Republic of the Congo
DRM	Domestic Revenue Mobilization
EITI	Extractive Industries Transparency Initiative
GFI	Global Financial Integrity
ICGLR	International Conference on the Great Lakes Region
IMCA	Independent Mineral Chain Auditor
ITA	International Tin Association
iTSCi	International Tin Supply Chain Initiative
MEMD	Ministry of Energy and Mineral Development
MoU	Memorandum of Understanding
NCMs	National Coordination and Collaborative Mechanism
NGO	Non-Governmental Organisation
NIN	National Identification Numbers
OECD	Organisation for Economic Co-operation and Development
RCM	Regional Certification Mechanism
RIMC	Regional Inter-Ministerial Committee
RINR	Regional Initiative against the Illegal Exploitation of Natural Resources
TPAs	Third-Party Audits
UN	United Nations

1. Introduction



The Great Lakes Region of Africa is an example of the paradox of poverty amidst plenty.¹ On the one hand, it is home to a substantial number of natural resources which are in great demand on the global market. On the other hand, its population lives in great poverty and the region's recent history has been marked by disastrous effects of armed conflicts. The abundance of natural resources has not yet transformed the region into a state of inclusivity that guarantees socio-economic well-being for the population.² Illegal exploitation of natural resources and unbalanced

trade rob countries in the region of their rightful revenue and fuel conflicts and political instability. Domestic revenue mobilization and illicit financial flows, such as illegal mineral exploitation, are known opposing forces in building effective developmental states.³ Gaps in policies and compliance within regulatory regimes allow illicit financial flows, hindering countries' abilities to mobilize essential domestic revenue.⁴

Therefore, the International Conference on the Great Lakes Region (ICGLR) was established as a critical player in promoting peace, security, and development across the region. The ICGLR Pact on Security, Stability and Development in the Great Lakes Region forms the legal framework and agenda of the region to create conditions necessary for security, stability and development between the member states. The informal and largely illicit mineral exploitation in the region has for long deprived member states of vital opportunities to promote revenue generation, employment and industrialization. The ICGLR framework plays a significant role in coordinating and supporting strategies and actions by member states to promote responsible supply chains and value from its vast mineral wealth.

The Regional Initiative Against the Illegal Exploitation of Natural Resources (RINR) is anchored on the Peace, Security and Development Pact. The RINR also reinforces the Organisation for Economic Cooperation and Development's due diligence guidance for responsible mineral supply chains, especially from conflict-affected and high-risk areas⁵ through the implementation of the six tools ((i)the regional certification mechanism for natural resource supply chains, (ii)the harmonization of national legislation in member states, (iii) the construction of a regional database on mineral flows, (iv) the formalization of the artisanal mining sector, (v) the promotion of the Extractive Industries Transparency Initiative (EITI) peer learning mechanism, and (vi) the establishment of a whistle-blowing mechanism).⁶ Thus this fact sheet focuses on the ICGLR protocol against illegal exploitation of natural resources and how the implementation of the six tools can promote responsible supply chains and enhance domestic revenue mobilisation in Uganda.

1 Collier, P. (2007). *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done about It*. Oxford: Oxford University Press.

2 Tii N. Nchofoung, E. D. (2021, December). Resource rents and inclusive human development in developing countries. *Resources Policy*, 74.

3 UNECA. (2017). *Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Revenues from the Mineral Sector in Africa*. Addis Ababa, Ethiopia: United Nations Economic Commission on Africa

4 UNCTAD. (2020). *Tracking Illicit Financial Flows for Sustainable Development in Africa*. Geneva: United Nations Conference on Trade and Development.

5 UNECA. (2018). *African Governance Report V: Natural Resource Governance and Domestic Revenue Mobilization for Structural Transformation by the Economic Commission for Africa*

6 See https://archive.uneca.org/sites/default/files/PublicationFiles/special_report_icglr.pdf

2. What is the International Conference on the Great Lakes Region and what is its role in the region?



The ICGLR is an inter-governmental organisation composed of 12 core member states⁷ in the Great Lakes region. It also has seven co-opted members⁸ that support its implementation. Borne out of the devastating conflicts of the 1990s, particularly the 1994 Rwandan genocide and the political instability in the Democratic Republic of Congo; the UN Security Council resolutions 1291⁹ and 1304¹⁰ recognized the regional dimension of these conflicts and called for a collective effort towards peace and development, thus the ICGLR. In November 2004, leaders from 11 African nations, backed by the African Union and the United Nations, met in Dar es Salaam and made a declaration that envisioned a future for the Great Lakes region transformed from conflict and insecurity to lasting peace and prosperity.¹¹ This was followed up by the December 2006 regional heads of State declaration solidifying their commitment to the Pact on Peace, Stability and Development. This is a legally binding agreement, that became effective in June 2008 and established a framework for cooperation and positive change among member states. The Pact (as amended in 2012) focuses on peace and security, democratic governance, economic development, and regional integration, and contains 10 protocols, 4 program areas, and 33 priority projects.¹² The mandate of ICGLR is to bring together member states to foster regional ownership of solutions, promote peace, security, and good governance, and promote economic development while collaborating with international actors¹³ for support.

7 The twelve core Member States of the ICGLR include: Republic of Angola, Republic of Burundi, Central African Republic, Republic of the Congo, Democratic Republic of the Congo, Republic of Kenya, Republic of Rwanda, Republic of South Sudan, Republic of the Sudan, United Republic of Tanzania, Republic of Uganda, and the Republic of Zambia.

8 The ICGLR co-opted countries include: Botswana, Ethiopia, Egypt, Malawi, Mozambique, Namibia and Zimbabwe.

9 United Nations Security Council. (2000, February 24). Resolution 1291 (2000). <https://digitallibrary.un.org/record/408364?ln=en&v=pdf>

10 United Nations Security Council. (2000, June 16). Resolution 1304 (2000). <https://www.refworld.org/legal/resolution/unsc/2000/en/19502>

11 Dar Es Salaam Declaration on Peace, Democracy and Development in the Great Lakes Region, First Summit of Heads of State and Government, Dar Es Salaam, 19-20 November, 2004. Available at https://icglr.org/wp-content/uploads/2020/07/Dar_Es_Salaam_Declaration_on_Peace_Security_Democracy_and_Development-1.pdf

12 The Pact, Protocol and other key documents available on the ICGLR website: www.icglr.org

13 The ICGLR is supported by countries and organisations which include: Austria, Belgium, Canada, China, Denmark, the European Union, Finland, France, Gabon, Germany and Greece. Others are the Holy See, Ireland, Italy, Japan, Kuwait, Luxembourg, the Netherlands, Nigeria, Norway, Portugal, Russia, South Africa, Spain, Sweden, Switzerland, United Kingdom, and United States of America.

The Ten Protocols under the Pact

1. Non-aggression, Mutual Defence and Peaceful Resolution of Conflicts among States in the GLR
2. Democracy and Good Governance
3. Judicial Cooperation
4. Prevention of and Curbing Crimes of Genocide, Crimes of War, and Crimes against Humanity
5. Prevention of illegal exploitation of natural resources in the GLR
6. Specific Reconstruction and Development Zone
7. Protection and Assistance to Internally Displaced Persons
8. Property rights of returning populations
9. Prevention and suppression of sexual violence against women and children
10. Management of Information and Communication

4 Regional Programmes of Action

Peace and Security (7)	Democracy and Good Governance (4)	Economic Development and Regional Integration (15)	Humanitarian and Social Issues (7)
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10 Sub Programmes (33 Projects)

Joint Security Management of Common Borders (5)

Rule of Law, and Human Rights and the Fight of Crimes against Humanity (2)

Cooperation in Project Reduction (3)

Disaster Preparedness, protections & Assistance to IDPs and their Environment (4)

Interstate Cooperation on Peace and Security (2)

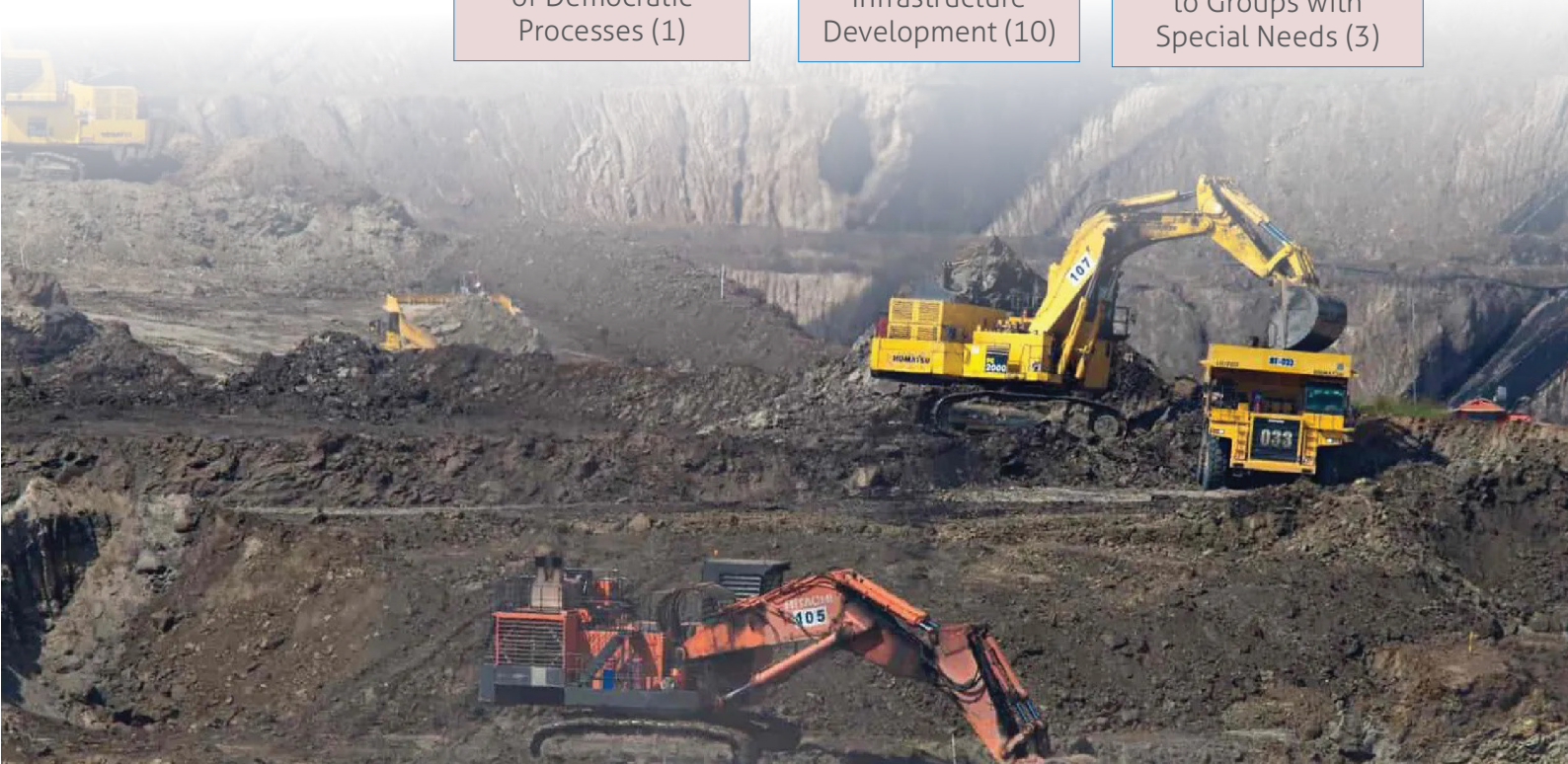
Rational Management of Resources (1)

Harmonization and strengthening of Regional cooperation policies (2)

Resumption of Basic Social Services, Health Care and Psycho Social Support to Groups with Special Needs (3)

Consolidation of Democratic Processes (1)

Infrastructure Development (10)



3. What is the ICGLR protocol against the illegal exploitation of natural resources?



The Protocol seeks to address one major problem; the illegal exploitation of natural resources in the Great Lakes Region as a key factor causing or aggravating endemic conflict and depriving member states of much-needed resources. As such, Member States agreed to put in place regional rules and mechanisms for combating the illegal exploitation of natural resources which constitute a violation of the States' sovereignty over their natural resources and represents a serious source of insecurity, instability, tension and conflicts. The Protocol, in particular, seeks to;

1. Ensure that any activity bearing on natural resources must fully respect the permanent sovereignty of each State over its natural resources and comply with harmonized national legislation as well as the principles of transparency, responsibility, equity, and respect for the environment and human settlements;
2. Ensure that through national and international legal means there is an end to impunity in the illegal exploitation of natural resources by natural persons and legal entities;
3. Establishes a regional certification mechanism for the exploitation, monitoring and verification of natural resources within the Great Lakes Region.

The Protocol also forms the legal basis for establishing the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR), - referred to as the Initiative, which is aimed at breaking the link between mineral revenues and rebel financing . This Protocol provides the legal basis for the implementation of the Initiative which conversely also aims to translate the Protocol into concrete actions.

4. What is the regional initiative against the illegal exploitation of natural resources (RINR)?



Recognizing that the key problem is the missing linkage between the supply chain of natural resources and the formal economy of the ICGLR member States and the fact that the exploitation and trade within the region are frequently conducted illegally; the ICGLR RINR seeks to redress these issues through a comprehensive approach through a regional implementation of Six Tools including an elaborate Regional Certification Mechanism (RCM).¹⁴

The Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) was launched in 2009, which particularly aims to promote responsible mineral supply chains by

14 ICE. (2013). Special report on the "The ICGLR RINR and other Certification Mechanisms in the Great Lakes Region: Lessons Learned and Best practices. Intergovernmental Committee of Experts (ICE). Retrieved from <https://repository.uneca.org/bitstream/handle/10855/22136/b10697068.pdf?sequence=1&isAllowed=y>

breaking the link between mineral revenues and conflict financing, organized crime, cross-border mineral smuggling, worst forms of human rights abuses, corruption and to promote national and regional development through the traceability of mineral resources from mines to ports of export to ensure countries retain value for their rich mineral resources. The RINR outlines specific actions needed to translate the Great Lakes region's rich mineral resources from a source of conflict into a catalyst for development. On 15 December 2006, the eleven-member States of the ICGLR signed the Protocol on the Fight against the Illegal Exploitation of Natural Resources. The Protocol provides the legal basis for the implementation of the RINR.

The Lusaka Declaration, signed and endorsed by the then-11 heads of State on 15 December 2010, specifies six complementary tools, which will comprise a regional control mechanism aimed at eradicating the main source of funding for violent conflict in the region. The six tools are; (i) the creation of a regional certification mechanism for natural resource supply chains, (ii) the harmonization of national legislation in member states, (iii) the construction of a regional database on mineral flows, (iv) the formalization of the artisanal mining sector, (v) the promotion of the Extractive Industries Transparency Initiative (EITI) peer learning mechanism, and (vi) the establishment of a whistle-blowing mechanism.¹⁵

These efforts focus on four minerals that have been selected for their conflict sensitivity: These are tin, tantalum, tungsten (referred to as the 3Ts) and gold. These are the same four minerals designated as 'Conflict Minerals' under the US Dodd-Frank Act, and the same four minerals covered by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The ICGLR sets the standards for certifying conflict-prone minerals in the Great Lakes region. These are fully compliant and aligned with the OECD Due Diligence Guidance and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains.¹⁶ The ICGLR Regional Certification Mechanism constitutes the in-region implementation of the regional standards and the OECD Guidance compliance requirements for mineral exporters and refiners.¹⁷

As the overall regional umbrella, the ICGLR's standards and procedures are harmonized with existing certified trading initiatives and have accommodated traceability schemes such as ITRI's Tin Supply Chain Initiative (iTSCi). Central to the ICGLR's Regional Certification Mechanism are transparency, verification and monitoring processes that consist of third-party audits and an overarching Mineral Chain Auditor. Together, these provide for a rigorous and independent oversight of the system and enable the industry to meet its requirements under the Dodd-Frank legislation. The ICGLR has been recognized by the G8 as a key body and instrument for tackling the illegal exploitation of, and trade in, natural resources in Africa. In July 2011, the US State Department publicly acknowledged and encouraged the efforts of the ICGLR and its eleven member states.¹⁸

To implement the Regional Initiative on the Fight against Illegal Exploitation of Natural Resources (RINR), the ICGLR Regional Committee, established under Article 24 of the

15 UNECA. (2013). Special report on the "The ICGLR Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) and other Certification Mechanisms in the Great Lakes Region: Lessons Learned and Best practices"

16 CCCMC. (2015). Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains. Beijing: China Chamber of Commerce of Metals, Minerals & Chemicals Importers and Exporters.

17 Ibid

18 IMPACT. (2017). Briefing note conflict-prone minerals in the great lakes region of Africa. <https://impacttransform.org/wp-content/uploads/2017/09/Briefing-Note-Conflict-Prone-Minerals-in-the-Great-Lakes-Region-of-Africa.pdf>

Protocol, is responsible for its execution. The committee's mission is to ensure and guide the effective implementation of the Protocol and the Initiative in Member States.¹⁹ The Committee comprises one representative from each Member State, chosen for their high moral standing, impartiality, and competence in curbing the illegal exploitation of natural resources. It reports and submits recommendations to the Regional Inter-Ministerial Committee (RIMC) of ICGLR Ministers of Foreign Affairs, which in turn reports to the Heads of State Summit.²⁰

The ICGLR Secretariat provides advisory and technical support to Member States through the Regional Committee and the RIMC. Additionally, ICGLR monitoring structures such as Third-Party Audits, the Regional Database on Mineral Flows, Analytical Fingerprinting, and the Whistle-blowing Mechanism ensure the Initiative's efficiency in breaking the link between mineral exploitation and the funding of armed rebel activities, contributing to regional peace.²¹

5. How does the International Conference on the Great Lakes Region work and how do countries track the progress of implementation of the pact?

To ensure the successful implementation of its pacts, protocols, and projects, the ICGLR has a structured approach involving regular meetings of experts and government officials from member countries. The highest authority, the Summit of Heads of State and Government, meets biennially to address critical regional issues.²² In urgent situations, the Summit Chair can call an extraordinary meeting of the Troika,²³ comprising the current, immediate past, and incoming Chairs, ensuring representation from three member states. The Regional Inter-Ministerial Committee (RIMC), composed of Foreign Affairs Ministers from each member state, acts as the executive body, meeting twice a year to evaluate progress and implement Summit decisions.²⁴

The ICGLR Secretariat is responsible for coordinating all the activities of member states and ensuring the timely implementation of the protocols and initiatives. It is based in Bujumbura and headed by the Executive Secretary, it handles day-to-day operations and coordinates, facilitates, and monitors the implementation of the Pact and its Programmes of Action to achieve regional peace, security, and development. It also coordinates the implementation of Summit decisions.²⁵ At the national level, each member state has a National Coordination

19 ICGLR. (2023). Overview of the Six Tools of the RINR_ Final. The International Conference on the Great Lakes Region (ICGLR). Retrieved from https://icglr.org/ova_doc/overview-of-the-icglr-regional-initiative-on-the-fight-against-the-illegal-exploitation-of-natural-resources/

20 ibid

21 ibid

22 See, Article 23 of the Pact on security, stability and development for the Great Lakes Region. International Conference on Great Lakes Region. Available at https://icglr.org/wp-content/uploads/2022/06/Pact_EN-Modified_2012.pdf

23 See, Article 23(5)

24 See, Article 24

25 See, Article 26

and Collaborative Mechanism (NCM), including representatives from the government, civil society, women, and youth groups. The NCMs ensure the implementation and follow-up of decisions from the Summit and RIMC within their countries. This structure ensures that Summit decisions are translated into action through the RIMC and the Secretariat, with oversight by the NCMs in each member country.²⁶ The structure also allows for cooperation among member states to share experiences track progress and best practices in implementing the protocols effectively.

Figure 2: ICGLR structure that facilitates tracking of progress on the implementation of the pact



Source: Adopted from ICGLR Website

Some of the summit decisions that have since been implemented to further deepen the RINR framework in the region include the ICGLR strategy for artisanal and small-scale gold mining. The strategy was conceived as an important contribution towards realising the ASM Gold sector's potential as a driver of economic growth and development in the region. The strategy aims to support member states in the optimal harvesting of benefits from the gold within the ambit of the RINR tool on the formalisation of the artisanal mining sector. The strategy also recognises that the transfer and exchange of gold can play an important role as trade currency where banking and finance sectors are underdeveloped, uncompetitive or threatened by global shocks and uncertainties. This has been exemplified by Uganda's Central Bank's recent decision to enter the gold trade in an attempt to address the bank's dwindling foreign reserves and ever-increasing pressures on servicing the country's external debt.²⁷

The strategy also emphasizes the non-declaration and smuggling of gold as a serious challenge as it results in the loss of fiscal revenues to national treasuries, and negatively

²⁶ See, Article 27

²⁷ The Independent. (2024, July 19). Analysis: Why Bank of Uganda jumped into the gold market. The Independent.

impacts the balance of payments by worsening trade deficits. Furthermore, through the avoidance of taxes and duties, the illicit gold diminishes financial resources available to member state ministries and agencies undermining their capacity to counter illegal exploitation of natural resources. Currently, the ICGLR is coordinating the Regional Forum on Mineral Value Addition and Cross-Border Trade under the RINR Protocol. This forum was borne out of the realization that while the Regional Certification Mechanism, one of the 6 tools of the RINR had acquired a political and strategic priority over the last 14 years of focusing on the responsible sourcing of tin, tantalum, tungsten and gold for the global north, it failed to address value addition and beneficiation of responsibly mined and sourced minerals in the region. The sudden realization of shipped revenues in the form of value-added mineral products, jobs and employment further invigorated the need for ICGLR member states to integrate the elements of mineral value addition into the RINR to ensure the sustainability of the initiative through increased resource mobilization for member states for national and regional development.

6. What is Uganda's status on the implementation of the ICGLR's regional initiative against the illegal exploitation of natural resources?

Uganda became fully compliant with the RINR in November 2023 after the passing of the ICGLR-RINR Regulations (RCM Regulations). This was 10 years after DRC and Rwanda which became fully compliant in 2013, three years after the Lusaka ICGLR Heads of States Declaration of the RINR, in 2010. Burundi had earlier domesticated the RINR in 2019, followed by Tanzania in 2020. Since the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) was launched in 2009, Uganda has made significant progress in the implementation of the six tools that outline actions needed to break the link between mineral revenues and rebel financing in the region. In September 2015, Uganda approved the domestication of the provisions of the ICGLR Pact and associated protocols. Parliament passed the International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) Act, Cap. 188 to give the ICGLR legal force and allow Uganda to participate more effectively in regional efforts to achieve the ICGLR objectives. The Act incorporates the Pact, the Dar-es-Salaam declaration, Protocols, Programmes of Action, and other mechanisms established by the ICGLR.²⁸ The overall purpose of the Act is to give the force of law in Uganda to the Pact on Security, Stability and Development in the Great Lakes Region and to provide for related matters. It domesticates the ten protocols including the Regional Initiative against the Illegal Exploitation of Natural Resources protocol which is an integral part adopted under the Pact

On the one hand, five of the six tools of the RINR, the EITI Peer Learning Mechanism, Regional Database on Mineral Flows, Formalisation of the Artisanal mining sector, EITI Peer Learning Mechanism, Harmonisation of National Legislation in member states, and the establishment of a Whistle-Blowing Mechanism are driven by existing legislation

²⁸ Byamukama, N. (2019). Strategy to better support the domestication of the Kampala declaration on addressing SGBV in the Great Lakes Region. https://ungreatlakes.unmissions.org/sites/default/files/strategy_on_domesticating_kampala_declaration_-_nathan_byamukama_icglr_rtf.pdf

in respective member states. On the other hand, the implementation of the Regional Certification Mechanism requires more than a domestication of the RINR Protocol through the ICGLR Act, Cap. 188. Countries are considered to have fully domesticated the RINR upon the establishment of regulations to activate the Regional Certification Mechanism and all its elements. These include the Mine inspection/approval, Chain of Custody (CoC), Mineral Export and Certification, Regional Database on Mineral Flows Via ICGLR Database, and Regular Independent 3rd Party Audits. The International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) (Prevention of Illegal Exploitation of and Illicit Trade in Designated Minerals) Regulations, 2023 came into force in November 2023, making Uganda a fully compliant member state.

Notably, the government of Uganda has partnered with stakeholders to provide technical assistance, training and capacity building on the implementation of the six RINR tools. Uganda's progress in the implementation of RINR tools is presented in Table 1.



Table 1: Uganda's progress in the implementation of the regional initiative against the illegal exploitation of natural resources

RINR Tools	Uganda's Implementation Progress ²⁹
<p>Tool I: Regional Certification Mechanism (RCM)</p> <p>The (RCM) is a core tool of RINR whose aim is to ensure that the designated minerals (3TGs) do not directly or indirectly provide support to non-state armed groups and or public or private security forces engaged in illegal activity and/or serious human rights abuse in and between Member States to eliminate support to armed groups that sustain or prolong conflict, and/ or otherwise engage in serious human rights abuses. The RCM involves: (1) Mine Site Inspection and Certification; (2) Mineral Chain of Custody (CoC) Tracking; (3) Mineral Export and Certification; (4) Mineral Tracking Database; and (5) Third Party Audits (TPA).</p>	<p>In 2023, Uganda attained the Mineral Certification Scheme of the International Conference on the Great Lakes Region (ICGLR) Uganda was the 5th country among the 12 to attain the certificate after ratifying the protocol on the fight against illegal exploitation of natural resources in the region. It followed DRC, Rwanda, Burundi, and Tanzania.³⁰ Progress under the different elements is provided below:</p> <p><u>Element 1 -Mine site inspection/approval</u></p> <ul style="list-style-type: none"> • The Ministry of Energy ("the Ministry") has and continues to physically inspect each active mine site Quarterly to: (i) check for conflict, and human rights (MUST) (ii). address working conditions, environment (MAY) • The Ministry has developed and reviewed the relevant stakeholders using a Mine Site Inspection Manual and mine site inspection template based on the Regional Certification Manual • The Ministry has trained government inspectors (Mines, Customs, Police, Labour, Environment) to use the Mine Site Inspection Template. <p><u>Element 2- Chain of Custody (CoC) tracking from mine site to export (upstream)</u></p> <ul style="list-style-type: none"> • Includes tracing national production, minerals imported and then re-exported, and reviewing the chain of custody of documents before export to establish that minerals can be tracked from the mine site to exporter (producer countries) or border post to exporting countries (reprocessing countries). • Can be outsourced to the private sector/NGOs - But must still meet ICGLR standards for mineral tracking, transparency, and data sharing. An ICGLR Model Memorandum of Understanding (MoU) between the Ministry Responsible for Minerals of a Member State (MEMD) and Traceability Service Provider (e.g. iTSCi) is in place. • The iTSCi plays a critical role, working within the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ('Guidance') framework to assist companies with traceability, due diligence and audit requirements that arise from purchasing tantalum, tin and tungsten (3T) minerals.³¹ • Export procedures (Standards) for obtaining an ICGLR mineral export certificate are in place.

29 Okedi, J. (2021). A presentation on the regional effort to curb illicit exploitation of minerals in Africa: The six tools of the ICGLR Regional Initiative to fight against the illegal exploitation of natural resources. <https://madi.africa/wp-content/uploads/2022/10/Joseph-Okedi-Uganda-Presentation-RINR-25March-2021.pdf>

30 MoFPED. (2024). Uganda attains the Mineral Certification Scheme of the International Conference on the Great Lakes Region (ICGLR). <https://development.finance.go.ug/knowledge-centre-reports/uganda-attains-mineral-certification-scheme-international-conference-great-lakes-region>

31 PACT. (2020). International Tin Supply Chain Initiative (ITSCI): A decade of success. <https://www.pactworld.org/features/itsci-decade-success>

RINR Tools	Uganda's Implementation Progress ²⁹
	<p><u>Element 3- Mineral Export and Certification</u></p> <ul style="list-style-type: none"> • Issuing ICGLR regional certificates to mineral exports that have the appropriate chain of custody documents where the certificate serves as sole proof of compliance throughout the Region. Furthermore, the Ministry of Energy and Mineral Development is drafting Terms of Reference for the procurement of consultancy services to design and produce secure certificates as specified in the ICGLR standards subject to the signing of the enabling laws and regulations for the implementation of RCM. • The Ministry has updated Mineral Export procedures implemented by the DGSM in preparation for the introduction of ICGLR Export Certification for 3TGs; and these are being applied to African Panther (U) Ltd Kikagati Tin Mine, Krone (U) Ltd. Nyamuliro Wolfram Mine. 3T Mining (Wampewo-Wolfram) and African Gold Refinery, Simba Gold Refinery, etc. <p><u>Element 4 - Regional Database on Mineral Flows via ICGLR database.</u></p> <p>The regional database is hosted at the ICGLR Secretariat in Bujumbura, Burundi. However:</p> <ul style="list-style-type: none"> • Data on regional mineral flows is transmitted by Uganda to ICGLR every month as required. • The Secretariat is supposed to analyse data for each Member State/ Service Provider to determine if exports equal legal imports. • In case of imbalance, a member state is given a chance to explain and correct any anomalies. If this is not done, member state/Service Provider is declared non-compliant. • All data and analyses are stored on a publicly accessible database. <p><u>Element 5 - Regular independent 3rd party audits</u></p> <p>The implementation of Regular Independent Third-Party Audits is crucial for ensuring compliance with mineral certification standards under the ICGLR. In Uganda, this process operates through a dual-key system, mandating that all participants in the mineral supply chain not only demonstrate adherence to the proper chain of custody protocols but also successfully pass regular audits conducted by independent third-party auditors. These audits are performed independently of government, industry, and civil society to enhance the credibility and integrity of the certification process. Exporters who fail to meet audit standards are classified as non-compliant, which can have significant repercussions for their market access. An independent Audit Committee comprised of equal representation from government, industry, and civil society provide oversight to ensure a balanced approach to monitoring compliance is in place. This rigorous auditing framework not only reinforces the legitimacy of Uganda's mineral exports but also aligns with broader regional efforts to promote transparency and accountability in the mining sector, ultimately contributing to sustainable development and combating corruption in resource management.</p> <p>There is also an Independent Mineral Chain Auditor (IMCA) which monitors the entire mineral chain for discrepancies and anomalies. The IMCA has the authority and resources to initiate investigations at their discretion. Appointed by the ICGLR Executive Secretary from a list submitted by the Steering Committee, the IMCA acts as the last line of defence, capable of reacting to unforeseen situations and closing loopholes in the system.</p>

RINR Tools	Uganda's Implementation Progress ²⁹
<p>Tool II: Harmonisation of National Legislations</p> <p>Article 22 of the Protocol on the Fight against the Illegal Exploitation of Natural Resources requires the legal provisions of the Protocol to be domesticated by the ICGLR Member States into their national legislation. The harmonization approach comprises the identification of key differences between legal frameworks governing the mineral sector in the different Member States and the legal provisions of the Protocol. The harmonization of national legislation is a prerequisite for any step towards the implementation of the Protocol on the Fight against the Illegal Exploitation of Natural Resources. The ICGLR Secretariat has developed a Model Law to guide the process in Member States</p>	<ul style="list-style-type: none"> • In September 2015, the Cabinet of Uganda approved the domestication of the provisions of the Pact and its protocols and the International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) Act, 2018 was passed and attendant regulations. • The Mining and Minerals Act 2022 was passed and legislates against illegal exploitation of and illicit trade in designated minerals originating in the territory of the Member States, especially the 3TGs, that are subject to the provisions of the ICGLR Mineral Tracking and Certification Scheme. • DGSM is charged with regulating the certification process. This is a welcome development for the miners and exporters of 3TGs. They have always cited the lack of a certification mechanism as the reason for the smuggling of the 3TGs to neighbouring countries such as Rwanda to access international markets.³²
<p>Tool III: Regional Database on Mineral Flows</p> <p>The Regional Database on Mineral Flows and Member State Mineral Databases will host mine site, CoC and exporter data, which is to be obtained as part of the Mine Site Inspection, CoC tracking and export components of the Regional Certification Mechanism. Member States are required to collect data defined in the Regional Certification Mechanism and upload it periodically to the Regional Database on Mineral Flows, in the format and scope specified in the RCM.</p>	<ul style="list-style-type: none"> • Uganda has established the "Uganda-ICGLR Mineral Tracking and Certification Unit", based at DGSM. • The Ministry is reviewing the current national mine site database (including location and status), the mineral tracking database, and the national database of exporters (including location, ownership and status, the record of third-party audits).
<p>Tool IV: Formalisation of Artisanal Mining Sector</p> <p>Formalization is a process that seeks to integrate the Artisanal and Small-Scale Mining (ASM) Sector into the formal economy. Effective formalization increases transparency and thereby helps reduce fraud. This applies to the extraction, processing and trading of minerals within the Member States.</p>	<ul style="list-style-type: none"> • ASM is currently regulated under the new Mining and Minerals Act 2022. The new law has introduced reforms aimed at organising, registering, licensing, and regulating the ASM sector. It also provides for a progressive licensing scheme which includes an artisanal mining license and a small-scale mining license, thereby differentiating between the different players in the sector. • MEMD is conducting training of ASMEs on various aspects of responsible and sustainable mining. To date, 350 ASMEs with 3,932 miners have been trained/sensitized in 25 districts.³³ • Over 18 cooperatives have been created to promote the formalization of ASM.

³² See <https://woodcrossresources.com/post>

³³ DT Global. (June 2023). Uganda Extractive Industries Transparency Initiative Report for Fiscal Year 2020-21. Available at <https://acode-u.org/goTo.php?id=575&type=publications>

RINR Tools	Uganda's Implementation Progress ²⁹
	<ul style="list-style-type: none"> In 2021, the Directorate of Geological Survey and Mines commenced the formalization of ASM through the National Biometric Registration of Artisanal and Small-scale Mining (BRASM). BRASM is designed to keep an updated register of all ASMs, service providers, dealers and agents, create a database with all the bio-data of all miners including names, sex, age, location, affiliations to registered ASM associations and National Identification Numbers (NIN) to establish numbers and categories of people involved in ASM operations. Currently, the BRASM project has registered 6,211 artisanal miners in the districts of Busia, Namayingo, Buhweju, Kassanda, and Mubende.
<p>Tool V: EITI Peer Learning Mechanism</p> <p>The Extractive Industry Transparency Initiative (EITI) is an international standard which aims at improving transparency of revenues from extractive activities in countries that produce oil, gas and mineral resources through the disclosure of taxes and other payments made by companies operating in the extractive sector and through the disclosure by government bodies of revenues received from these companies. The ICGLR seeks to foster EITI implementation in its Member States through the promotion of peer learning.</p>	<ul style="list-style-type: none"> In 2020, Uganda Joined the EITI³⁴ and UGEITI has since produced two reports (FY2019/20³⁵ and FY2020/21³⁶ as part of the EITI standards implementation. Uganda set up the EITI Multi-Stakeholder Group³⁷ with representatives from CSOs, the private sector and government agencies hosted in the Ministry of Finance to oversee all decisions on EITI implementation.
<p>Tool VI: Whistle-Blowing Mechanism</p> <p>The Whistleblowing Mechanism tool relies on the capitalization of first-hand information about the illegal exploitation and trade in minerals through the collection and monitoring of information about these activities. A web-based platform at the ICGLR provides the possibility to anonymously report confidential information on illicit mineral activities.</p>	<p>Uganda passed the Whistle-blowers Protection Act, Cap. 34 to provide for the procedures by which individuals in both the private and public sectors may in the public interest disclose information that relates to irregular, illegal or corrupt practices; to provide for the protection against victimisation of persons who make disclosures. This law supports the implementation of the whistleblowing mechanism.</p>

³⁴ <https://eiti.org/news/uganda-joins-eiti>

³⁵ DT Global. (2022). Uganda Extractive Industries Transparency Initiative (UGEITI): Report for Fiscal Year 2019-20. Available at <https://acode-u.org/goTo.php?id=368&type=publications>


³⁶ DT Global. (June 2023). Uganda Extractive Industries Transparency Initiative Report for Fiscal Year 2020-21. Available at <https://acode-u.org/goTo.php?id=575&type=publications>

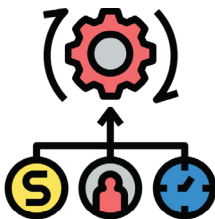
³⁷ See, UGEITI website <https://www.ugeiti.org/membership/>


7. What is the nexus between illegal exploitation of natural resources and domestic revenue mobilisation?

There's a strong linkage between tackling the illegal exploitation of natural resources and domestic revenue mobilization.³⁸ By tackling the illegal exploitation of these resources through the ICGLR Protocol against the Illegal Exploitation of Natural Resources, Uganda can significantly reduce illicit financial flows and improve its domestic revenue mobilization efforts to finance its development agenda in the following ways.

- Increased Government Revenue:** When illegal exploitation of natural resources is curtailed, the government gains access to revenue that was previously lost through IFFs. This includes revenue from minerals (including designated minerals 3TGs)³⁹. Loopholes in the mining sector allow traffickers among other things, to avoid paying taxes and royalties, depriving Uganda of vital revenue for development projects, social services, and infrastructure. Curbing these activities ensures that Uganda receives its rightful share of its natural resources. By properly managing and taxing the legal extraction of these resources, the government can significantly increase its domestic revenue collection and allow for economic diversification.⁴⁰ For example, Gold is Uganda's leading export, contributing an impressive 37% to the country's export revenues in the year leading up to February 2024. This notable achievement highlights the sector's crucial role in Uganda's economic landscape.⁴¹


- Improved Resource Management:** Effective measures against illegal exploitation of mineral resources often involve better monitoring and regulation of the mineral supply chain. This translates to a more transparent and accountable system, attracting legitimate businesses and encouraging responsible investment. These factors contribute to increased tax collection and overall revenue for the government.⁴²


- Combating Illicit Financial Flows:** Illegal exploitation of natural resources often thrives due to corruption within government institutions. Efforts to stop illegal activities can lead to a crackdown on corruption, improve transparency and accountability and mitigate IFFs in the mineral supply chain. This creates a more business-friendly environment, attracting



38 UNECA. (2013). Special report on the "The ICGLR Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) and other Certification Mechanisms in the Great Lakes Region: Lessons Learned and Best practices"

39 The main conflict minerals are the so-called "3TGs": ores of tantalum and niobium, tin, tungsten; gold; and their derivatives

40 UNECA. (2017). Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Revenues from the Mineral Sector in Africa. Addis Ababa, Ethiopia: United Nations Economic Commission on Africa

41 See <https://www.monitor.co.ug/uganda/business/commodities/gold-reclaims-spot-as-uganda-s-largest-export-commodity--4601492>

42 UNECA. (2017). Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Revenues from the Mineral Sector in Africa. Addis Ababa, Ethiopia: United Nations Economic Commission on Africa

legitimate investments and boosting tax collection.⁴³

8. What are the challenges Uganda face in the implementation of the regional initiative against the illegal exploitation of natural resources?

- + Informal Mining:** Almost 90 per cent of mineral production in Uganda remains dominated by artisanal and small-scale mining operations and involves over 200,000 Ugandans. The informality in the mining sector negatively impacts law enforcement, and operations monitoring, and eventually encourages illicit mining activities that are a source of leakage of mineral revenue.⁴⁴
- + Corruption and Weak Governance:** Corruption remains a significant barrier, as it undermines efforts to enforce laws and regulations designed to protect natural resources. According to Transparency International, Uganda has consistently ranked poorly on corruption indices, which hampers effective governance and accountability in resource management.⁴⁵ The high levels of corruption within government institutions impede investigations and prosecutions of illegal resource exploitation. Without a robust enforcement mechanism, the relevant laws cannot be fully implemented which affects the RINR objectives. For example, Uganda faces a lack of a Whistle-blowing Mechanism and an anti-corruption framework to counter corruption in the award of mineral rights, renewal of licenses, under declaration, and kleptocracy in the retention of licences.⁴⁶
- + Financing Constraints:** The ICGLR framework mandates that operators conduct comprehensive assessments, audits, and reports to ensure compliance with its standards. However, the financial burden associated with these requirements can be prohibitively expensive for many operators. This high cost often leads to non-compliance, as smaller mining companies and artisanal miners may lack the necessary resources to meet these stringent obligations.⁴⁷ Furthermore, limited funding to undertake planned activities and recruitment of relevant staff in positions monitoring and enforcement agencies is still a big challenge which cripples the implementation of RINR activities. The ICGLR itself relies on Member States' contributions and donors for funding. Shortfalls and late payments, particularly from Member States, restrict the ability of ICGLR to execute programs, and projects and monitor implementation

43 UNECA. (2017). *Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Revenues from the Mineral Sector in Africa*. Addis Ababa, Ethiopia: United Nations Economic Commission on Africa

44 MEMD. (2015). *Energy and Mineral Development Sector: Sector Development Plan 2015/16 – 2019/20*. Kampala: Ministry of Energy and Mineral Development.

45 See <https://www.transparency.org/en/countries/uganda>

46 OAG. (2015). *Regulation, Monitoring and Promotion of the Mining Sector by the Ministry of Energy and Mineral Development*. Kampala: Office of the Auditor General Uganda.

47 See <https://www.icglr.org/images/ICGLR%20Third%20Party%20Audit%20Methodology.pdf>

across the member states.

- **Limited Capacity:** Effective data management and regular audits are crucial for accountability, yet the shortage of trained personnel and technology limits Uganda's ability to maintain accurate records, ensure traceability, and meet the ICGLR's Regional Certification Mechanism standards for responsible mineral sourcing.⁴⁸
- **Limited Enforcement of the ICGLR protocol by Member States:** The success of RINR implementation relies on the strong commitment from all ICGLR Member States. The uneven enforcement across borders creates loopholes for illegal activities to flourish.⁴⁹

9. What can Uganda do to strengthen the implementation of the regional initiative against the illegal exploitation of natural resources?

Building on the identified challenges, the factsheet makes the following recommendations to bolster the effective implementation of the Regional Initiative against illegal exploitation of natural resources in Uganda and the region.

- **Foster Regional Cooperation:** Strengthening collaboration with other ICGLR member states can enhance the effectiveness of the RINR. Sharing best practices, resources, and experiences will create a more unified approach to tackling illegal exploitation across borders. Regular meetings and workshops among member states can facilitate this cooperation. Furthermore, the regional cooperation enables intelligence sharing which enhances information sharing among ICGLR Member States to identify and dismantle transnational criminal networks involved in illegal exploitation. This could involve establishing a secure communication platform and regular joint operations.
- **Capacity Building and Training:** Investing in capacity building for both government officials and mining operators is crucial. Training programs should focus on best practices in mineral governance, compliance with certification standards, and effective auditing processes. By enhancing the skill sets of stakeholders involved in the mining sector, Uganda can foster a more compliant and efficient industry.
- **Transparency and Accountability:** There is a need to strengthen anti-corruption agencies to support efforts to fight against corruption within government institutions in the mining sector to enhance domestic revenue mobilisation.
- **Sustainable Funding:** Increase budgetary allocation to relevant agencies to facilitate the implementation of activities under RINR and recruitment of staff in key positions.

⁴⁸ See https://archive.uneca.org/sites/default/files/PublicationFiles/special_report_-icglr.pdf

⁴⁹ See <https://www.icglr.org/images/ICGLR%20Third%20Party%20Audit%20Methodology.pdf>

The ICGLR should source long-term funding for its programs and projects through increased Member State contributions, exploring innovative financing mechanisms, and attracting more international partnerships.

- **Formalisation of ASM:** Accelerate the implementation of the Mining and Minerals Act 2022 to support the formalization of artisanal mining operations in Uganda. Formalization of the ASM sector is very critical as far as enhancing revenue collection for the country is concerned











Global Financial Integrity (GFI) is a Washington, DC-based think tank focused on illicit financial flows, corruption, illicit trade and money laundering.

Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda, working on a wide range of public policy issues. ACODE has for the last seven consecutive years been ranked in the Global go to Think tanks index report as one of the best think tanks in Uganda and globally



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