





# KEY PLAYERS, EXTERNAL STAKEHOLDERS IN THE EXTRACTIVES INDUSTRY

3rd International Training Programme

on

“Audit of Extractive Industries”

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# Presentation outline

- **Learning outcomes**
- **Introduction**
- **Key players**
- **External stakeholders**
- **Conclusion**

# Learning outcome

- To identify key and external stakeholders in the Extractives Industry value chain.



## Introduction

- In order to understand and effectively audit the Extractives Industry it is pertinent to identify the key players in the sector and understand their roles and responsibilities.
- Identifying and evaluating key and external stakeholders aids risk assessment for purposes of planning and execution of effective audits.

## Definition

Extractive industries defined as;

- Any process that involves the extraction of non-renewable resources. The extractive industry consists of any operations that remove oil, gas, metals, minerals and aggregates from the earth and/or sea. *(source AFROSAI and eiti.org.)*

# Key players and External stakeholders in the EI

## □ Key players and stakeholders

- **Governments**
  - Parliament
  - Executive
  - Judiciary
- **Licensees/ Business players**
  - Companies
  - Artisanal Miners
  - Local communities
- **Civil Society**
  - Non-Governmental Organisations (NGOs)
- **Global Initiatives**
  - Extractives Industry Transparency Initiative (EITI)

## STATES (GOVERNMENTS)

Public trustee of extractive resources.

Sets the rules of “the game”

- The role of the state is played by its arms/ branches of Government including, the Executive, the Legislature and the Judiciary. *(Depending on how state is organised)*
- The arms must complement each other through a system of checks and balances.
- Mandated to promote sustainable development and public awareness of the need to manage land, air and water resources in a balanced and sustainable manner for the present and future generations.
- The state including local/regional governments are further mandated to take all possible measures to prevent or minimise damage to land, air and water resources resulting from pollution or other causes.
- To enforcement of sustainability and just principles in the EI.

## STATES (GOVERNMENTS)-Cont'd

### The Executive

- Ministries
  - Independent authorities
  - National petroleum authorities
  - National mining authorities
  - Environmental Regulators
  - Tax Authorities
  - State petroleum or mining companies
  - State pipeline companies
  - Health and Safety Regulators
  - Labour regulators
  - Army and Police
- Initiate policy to guide formulation of subsidiary legislation to guide extraction of EI resources
  - The executive performs this role through delegated authority to the line ministers responsible for extractives
  - The policy must take into consideration international natural resources exploitation principles promoting sustainable development.
  - Monitor and regulate the Extractives industry
  - Monitor the Environment
  - Manage government business interests
  - Enforce the law (Command and control structure of the state)
  - Licencing and Environmental protection.
  - Environmental audits and monitoring.
  - Revenue collection and sharing
  - Enforcement of National Content obligations

# STATES (GOVERNMENTS)-Cont'd

## The Parliament

- Parliamentary Natural Resources committees
- SAI



- Enactment of laws for regulating exploitation of minerals, sharing of royalties and protection of the environment.
- Laws should be coherent with policy and should incorporate principles of natural resources justice and sustainable development.
- Parliament also has a unique role of ensuring accountability. It discusses public audit reports from the Auditor General and holds the executive to account for revenues generated by the mining sector.
- Play an oversight role and provide assurance in the extraction of natural resources.
- Role achievable with adequate legal framework to provide the relevant mandate to oversee activities in the EIs
- SAI should be independent

# STATES (GOVERNMENTS)-Cont'd

## The Judiciary

### Courts of law



- Proactively interpret the law and dispense justice.
- Access to courts of law for redress in enforcement natural resources law is a fundamental right.
- Public trust can be abused by the state and powerful corporations may exploit natural resources in total disregard of the rights of the citizens.
- The most effective way to counter this abuse is through public interest litigation.
- Issue injunctions and orders
- Judicial decisions form jurisprudence and points of precedents

# Licensees/ Business players

- International and National Companies
- Artisanal and Small-scale Miners (ASMs)
- Local communities



- Create employment
- Pay taxes and royalties
- Technology transfer and skills development
- Infrastructure development
- Artisanal and small-scale mining generate about 15% of the world's nonfuel minerals, yet are major sources of income to about 100 million people globally.
- Support employment and major source of livelihoods in developing communities
- Minimises rural-Urban migration
- Most Affected by the EI activities, Loss of land, livelihood, community cohesion etc
- Sustainability and equity of the EI activities depends on realisation of expectations of local communities

# Civil Society, Global Initiatives, International advisory bodies, scientific advisory panels and technical working groups

## Civil Society (Non-Governmental Organisations )

- NRG

## Global Initiatives , International advisory bodies, scientific advisory panels and technical working groups

- Extractives Industry Transparency Initiative (EITI)
- IUCN, IPCC, GEF
- International Petroleum Industry Environmental Conservation Association (IPIECA)
- WGEI
- WGEA

- Create awareness through dissemination of relevant information in the EI sector
- Key in Advocacy, capacity building Public Interest Litigation
- Partner with Governments and companies to implement sustainability programmes
- Check actions of companies and governments
- These institutions generate research and provide guidance on the best approach to undertake in enforcing sustainability principles
- .The EITI is a critical initiative in promoting transparency in the extractives industry.
- The institutions provide training, monitoring and create a system of constructive criticism in the Extractives sector



