



KEY PLAYERS, EXTERNAL STAKEHOLDERS IN THE EXTRACTIVES INDUSTRY

3rd International Training Programme

on

“Audit of Extractive Industries”

(27th February – 11th March, 2023)

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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 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)

- ❑ NRGi

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



thank
you