

A woman looks on as men work in a marble mine in Moroto district, Uganda.  
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## UGANDA'S MINING SECTOR KEY CONSIDERATIONS FOR CONFLICT-SENSITIVE INVESTMENT IN KARAMOJA

This briefing paper is written for potential and current national and international investors in Uganda's mining sector. It gives an overview of local conflict drivers that commercial actors should be aware of in the Karamoja region<sup>1</sup> and offers recommendations for adopting conflict-sensitive business practices for a transparent and prosperous mining industry<sup>2</sup>.

### INSIDE

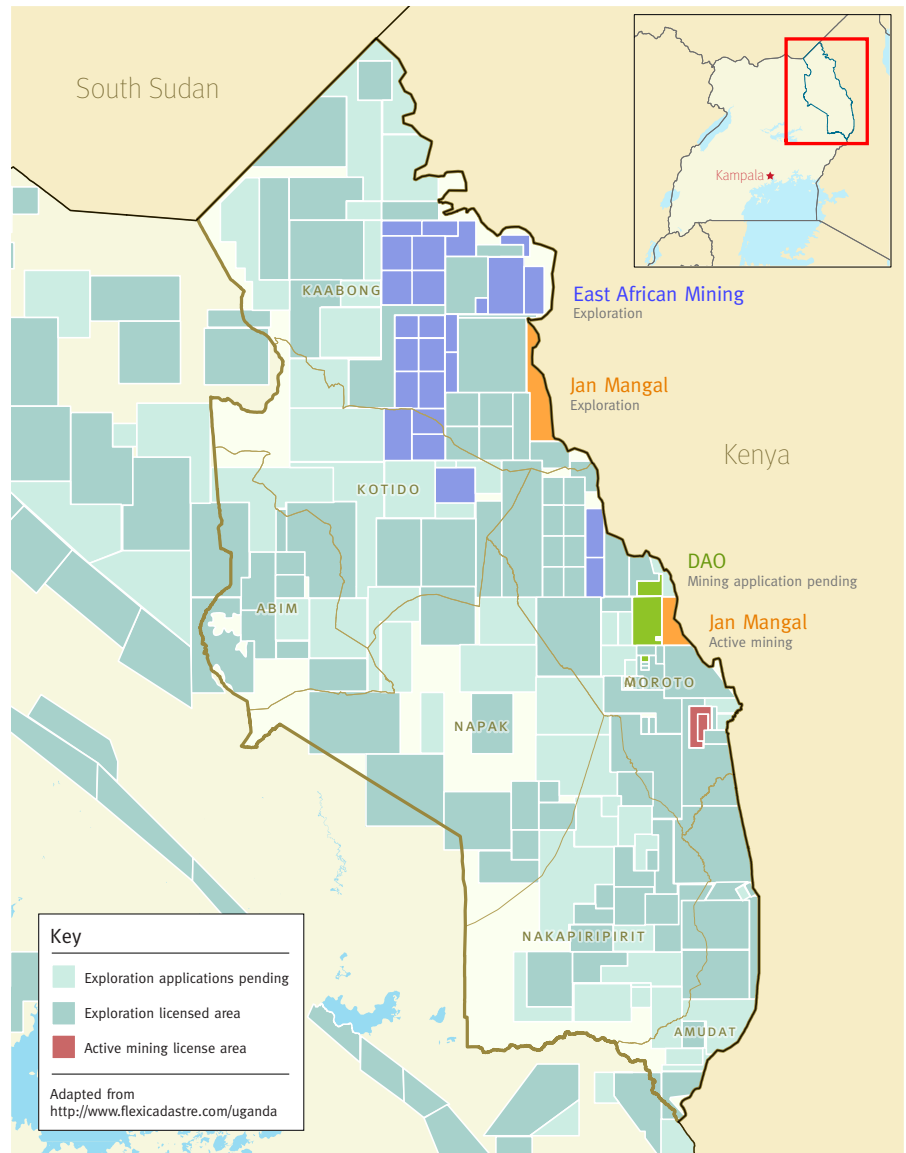
- Context
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# CONTEXT

**Geologically Uganda has a wide variety of high and lower value minerals, including gold, limestone, uranium, stone, sand, and rare earth elements spread across the country. As a consequence, the mining sector has the potential to contribute to wealth, employment and stability in Uganda.<sup>3</sup>**

Mining in Uganda is carried out by a combination of officially registered mining companies (both local and international) and artisanal and small-scale miners.<sup>4</sup> The Karamoja region holds limestone, marble and gold, which has led tens of thousands of Ugandans to flock to mostly unlicensed, artisanal mines in search of a living.<sup>5</sup> The Ugandan government has been promoting private investment in Karamoja's mining sector as a means to stimulate development and improve security in a region that has suffered for decades from conflict, insecurity and under-development and that remains one of the most marginalised parts of the country. Currently under review, the legal and policy framework regulating the mining sector in Uganda is out-of-date and poorly implemented.<sup>6</sup> It does not provide an adequate and conducive set of rules and guidelines to ensure mining activities take into account the impact they will have on communities and on the issues that drive local tensions and conflict.

Against this backdrop, the mining industry in Karamoja is developing at a slow pace partly due to tensions and violence. Relations between private mining companies and local people over the acquisition and use of land – including communal land – and disputes arising over the control of proceeds have emerged. Furthermore, government mismanagement, corruption and



Map showing the mining licenses in Karamoja as of 2013. SOURCE: JOHN EMERSON FOR HUMAN RIGHTS WATCH, 2014

centralisation often means that revenues can be wasted, diverted, or not redistributed in the producing region.<sup>7</sup>

While the Ugandan Government bears principal responsibility for coordinating the review, reform and implementation of the policy and legal frameworks that regulate land acquisition and mining activity in Karamoja, the behaviour of companies and individuals with an interest in commercial mining is also a key factor that can and should be improved if the sector is to maximise its potential contribution to peace and prosperity in the region.<sup>8</sup>

This briefing gives a summary overview of key relevant conflict drivers and exacerbating behaviours in Karamoja and how they relate to mining investment. It offers recommendations to commercial

actors for developing an approach to mining investments that takes account of conflict in the region and actively seeks to engage communities in promoting peace through consultation, transparency and mediation. This briefing is intended to engage commercial actors and others in a conversation around the links between mining and conflict in Karamoja. It is not meant to be exhaustive guidance on conflict-sensitive business practice or community engagement but rather as a vehicle to stimulate reflection, challenge and ultimately to change behaviour. A bibliography of related sources is included to inform further analysis of the political, social and economic factors in the region and how they may relate to mining activity.

# KEY CONFLICT DRIVERS IN KARAMOJA AND THEIR RELATIONSHIP TO MINING ACTIVITY

**Almost all parts of Uganda have had a history of violence since the colonial era. While some conflict drivers have been addressed through various interventions, new pockets of conflict still spring up. The Northern Uganda Conflict Analysis, conducted by the Advisory Consortium on Conflict Sensitivity in 2013, provides an in-depth assessment of conflict drivers that risk being exacerbated by ill-informed and conflict-insensitive investments in Uganda.<sup>9</sup>**

In addition to underlying drivers of conflict such as marginalisation and under-development, the behaviour and track record of both government and commercial actors is exacerbating tensions.<sup>10</sup> To date the government and mining companies have not generally included local people in early, open consultation around investment processes. This is of particular concern in a context where there is significant competition for opportunities around resources like oil, minerals, forests and land.<sup>11</sup> This, combined with poor and undemocratic governance, democratic deficits and the inability of government departments to identify and address barriers to community development such as social and gender disparities and unemployment among the youth, has led to rising discontent. This in turn is impacting on the economy. Many disputes have arisen around the benefits and impacts of the investment process, and communities have regarded arbitration efforts as unfair. There is growing intolerance from the government towards dissenting views, which has led to a clampdown on civil liberties. Mining companies are accused of abusing human rights, yet local people do not know their rights and how investments should respect and help them to be realised.<sup>12</sup>

## LAND-RELATED CONFLICTS WITHIN THE MINING SECTOR

As people in the Karamoja region move from a pastoralist livelihood system to one that is more settled, the ownership of and access to land has become increasingly contentious. Competing land uses have put pressure on the land available for local people for mining, settlement, agriculture and grazing. Between 2012 and 2014, the amount of land licensed for mineral exploration by the government more than doubled from 6,869.6 km<sup>2</sup> to 17,083.34 km<sup>2</sup>. According to the Department of Geological Survey and Mines (DGSM) statistics of January 2014, 61.67 per cent of the 27,700 km<sup>2</sup> total land area of Karamoja is licensed for mineral exploration and exploitation activities, up from 24.8 per cent in 2012.

Among the several forms of land ownership in Karamoja, customary ownership is the most common.<sup>13</sup> Yet due to a lack of clarity of ownership rights, this system has clashed with other forms of ownership, generating conflict which is exploited by both potential and existing investors to acquire land at the expense of communities.<sup>14</sup> Mining investments in the area therefore experience challenges in accessing and acquiring land for prospecting, exploration, assessments and operations. Disputes arise over land-use and resource ownership between commercial actors (individuals or companies) and local communities.<sup>15</sup> This in turn worsens the problems of limited access and use of land by communities in Karamoja. These conflicts between traditional leaders, community members and mining companies can be difficult to resolve, particularly as dispute resolution mechanisms are weak.<sup>16</sup>

**Commercial actors should recognise that there is a history of marginalisation and conflict in the region and that land ownership is a complex and sensitive issue that spans several systems/jurisdictions. They should familiarise themselves with the issues that concern communities living in mining areas and seek to understand and mitigate the impact their activities will have on the context.**



**A miner works under the midday Karamoja sun at a marble mine in Rupa sub-county, Moroto district, Uganda. Mining conflict is one of the main security issues in Moroto; miners report land grabbing and inadequate pay by the mining company.**

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**“Companies investing in Uganda’s mining sector can play an important role in reinforcing or helping to address underlying drivers of tension and conflict in Karamoja.”**

**The main areas of tension are briefly outlined below with recommendations for commercial actors.**

### **ACQUISITION OF LAND AND SURFACE RIGHTS FOR MINING BY INVESTORS**

Mineral companies have been accused of acquiring surface rights (ownership, use and control of land) in dubious ways, in addition to non-compliance with guidelines on surface rights acquisition.<sup>17</sup> These practices negatively affect existing conflicts by increasing speculation and mistrust between communities and private companies. Community members often have very low levels of trust towards mining companies and the lack of proper consultation and transparency in communications over how surface rights were gained exacerbates that mistrust.<sup>18</sup> Additionally, reported cases of illegal acquisition and sale of land to commercial actors is causing disputes over land and resource ownership.

**Commercial actors should follow formal procedures for acquiring licences and surface rights, ensure staff are aware of and follow compliance guidelines on surface rights acquisition and when surface rights are being sought/have been gained, be transparent and communicate this with people.**

### **LACK OF CONSULTATION WITH LOCAL COMMUNITIES**

The exclusion of local communities and in some cases local government authorities during decision-making processes has increased disputes over the benefits and impacts of investments. Arbitration efforts have so far been regarded as unfair by communities. For instance, legislation for community consultations and participation in the current mining policy is weak with no mandatory requirement for companies to exercise free, prior and informed consent with communities. Furthermore it is not mandatory for companies even to consult with local communities as per the current mining law that is being reviewed.<sup>19</sup>

**Commercial actors should take responsibility for ensuring that open and informed consent is adhered to in their processes with communities. They should engage local stakeholders in meaningful and transparent consultation that continues throughout the life of the investment, establishing and nurturing lasting relationships with key community members and structures (e.g. local committees, civil society) to help understand the context and the impact the activity will have on local people. These relationships and consultations will also enable the company to maintain an up-to-date and meaningful analysis of the context from the community perspective.**

Failure to do so is likely to exacerbate tensions and undermine the long-term viability of mining enterprises.

### **INADEQUATE IMPLEMENTATION OF POLICIES AND MECHANISMS TO PROTECT HUMAN AND LABOUR RIGHTS**

Civil society research has shown that human rights violations committed by mining companies are common, and are worsened by inadequate government capacity and mechanisms in place to monitor violations and ensure protection of workers.<sup>20</sup> There are reports that children have been denied access to education and proper physical development through their engagement in hard labour, exposing them to serious health risks.<sup>21</sup> Commercial actors (who purchase minerals from artisanal miners) are not provided with clear mechanisms from government to comply with basic human rights standards.

**Commercial actors should ensure human/employment rights are protected and promoted in their field of operations, in particular the rights of women and children and consider developing a code of conduct or community charter for mining activity that sets out these rights. They should provide individual contracts for workers that include terms and conditions and a commitment to labour rights. They should also work with government to develop a clear mechanism to encourage compliance with human rights standards that reflects the realities of mining investments and operations.**



A marble miner from Rupa sub-county in Moroto district, Karamoja. Rupa's mining communities experience conflict over minerals and land as well as workers' rights issues such as inadequate pay.  
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## ROYALTY SHARING

Arguments over royalty sharing among local governments and the failure of government to pay royalties is adversely affecting existing tensions between local communities and commercial actors. The Mining Act 2003, Section 98(2) stipulates that royalties be distributed as follows: central government 80 per cent, local government 17 per cent, and the land-owner 3 per cent. The Act however does not clearly address how royalties are collected by the different government agencies and how they can follow up with the investors regarding their share. This is worsened by the limited role local government plays in the highly-centralised mining sector regulation.<sup>22</sup> In certain cases, it has been reported that investors have declared false amounts of gold and financial gains from transactions.<sup>23</sup> These false declarations deprive public tax revenues, mineral rents and royalties, affecting the provision of basic services.<sup>24</sup>

**Commercial actors should abide by the liability in section 71 of the Mining Act that compels them to pay royalties and it should be followed by the requirements in sections 72 and 98–105 of the same act.<sup>25</sup>**

**“Conflict-sensitive approaches are about preventing the emergence, re-emergence or escalation of violent conflict.”**

## PRICE CONTROL

Price controls in different mineral value chains are a key cause of low-level conflict among investors and mining communities. The mining industry is characterised by a few monopoly buyers driven by profit, which do not prioritise the rights and needs of local miners.<sup>26</sup> Artisanal miners do not tend to pool their production to collectively bargain for better market prices. Artisanal and small-scale miners have reported low payments for marble stones by dealers who sell it elsewhere with a big mark-up.<sup>27</sup> Government (central and local) should lead in helping to mobilise and sensitise miners about the importance of collective bargaining to prevent exploitation and avert potential conflict.

**Commercial actors should abide by mining and taxation laws that stipulate prices and record keeping to enable the relevant authorities to track profits from the minerals.**

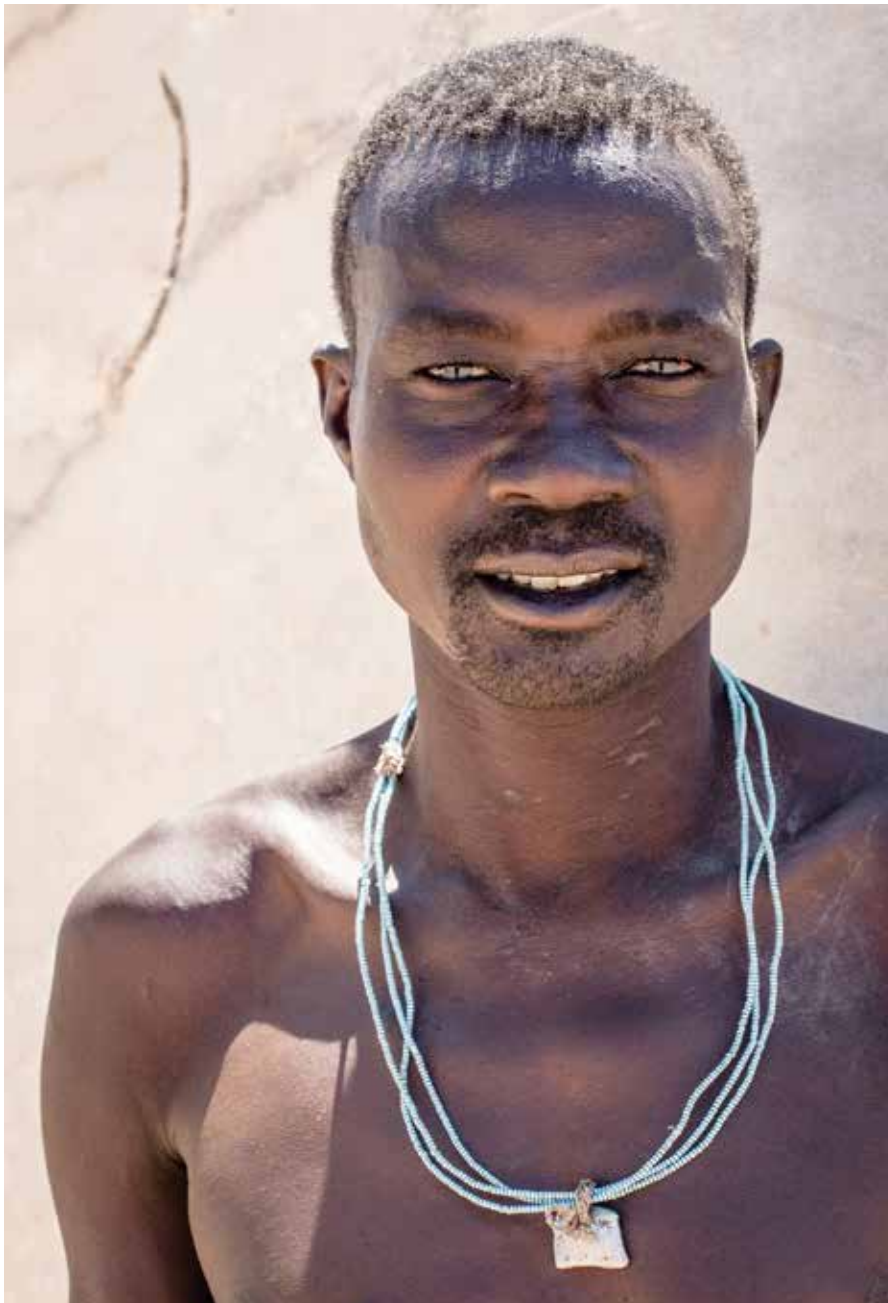
## ENVIRONMENTAL DEGRADATION

Mining activity is often carried out at a huge cost to the environment and the community and can be a source of significant conflict between commercial actors and others living in areas affected by mining. Generating hazardous quantities of dust, contributing to deforestation by cutting trees for firewood, endangering people, livestock and fish by contaminating streams, and breaching or exceeding the terms of mining agreements signed with the central government are all harmful industry practices that contribute to environmental degradation and tension between communities and commercial actors.

The neglect of post-closure management plans to rehabilitate mining areas once the mineral resources are exhausted or operations are no longer profitable leaves deep pits visible in places where mining has been abandoned. The pits pose a risk to people and property, especially around cattle grazing corridors. Due to financial constraints there are no periodic assessments or independent auditing of mine closure plans by the DGSM and the National Environment Management Authority once the area is no longer needed for mining.

**Considering the above challenges, commercial actors should uphold high environmental standards including working with government and civil society actors to develop and implement post-closure management processes – once the mineral resource at a working mine is exhausted, or operations are no longer profitable – in all their mining sites.**

# CONCLUSION



**Commercial actors investing in Uganda's mining sector are key to Karamoja's economic future and can play an important role in reinforcing or helping to address underlying drivers of tension and conflict in the region. The review of mining legislation offers a timely opportunity to address problematic issues including the acquisition of land and surface rights, the protection of human and labour rights, the sharing of royalties and the impact of mining activity on the environment.**

However, it is the behaviour and practice of commercial actors that will have the most impact on their relationships with communities living in mining areas. Recognising the history of marginalisation and conflict in the region and the complexities and sensitivities of land ownership is a good starting point, but commercial actors should go further. They should use opportunities to work with local, national and international civil society groups and others to understand the issues that concern communities living in mining areas and work with them to mitigate the impact their activities will have on the context.

**Marico is a miner from Rupa sub-county in Moroto district, Karamoja. Rupa's mining communities experience conflict over minerals and land as well as workers' rights issues such as inadequate pay.**

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## SAFERWORLD

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We are a not-for-profit organisation with programmes in nearly 20 countries and territories across Africa, the Middle East, Asia and Europe.

# WHY TAKE A CONFLICT-SENSITIVE APPROACH?

Conflict-sensitive approaches are about preventing the emergence, re-emergence or escalation of violent conflict. The approach seeks to maximise opportunities to build sustainable peace, by strengthening people's ability to resolve disputes and tensions, including those linked to mining activities, through non-violent, constructive approaches. By fostering good relations with local communities, civil society and leadership structures in order to better understand the political and social context in which mining sector investments and activities take place, and by working with them to ensure their own commercial activities are transparent and benefit communities and others appropriately, commercial actors can:

- lessen the potential for suspicion and reduce negative effects on security, productivity and good relations
- better understand and manage security risks to staff, operations, property and reputation
- better fulfil commitments to corporate social responsibility and sustainability
- increase their chances of staying for the long-term with the potential for longer-term profits
- avoid misunderstanding, hostility and potential disruption/delay of production in relation to land acquisition, sharing and use of royalties
- contribute to long-term peace by helping to build and support local structures to resolve disputes and grievances non-violently, such as mediation committees at community level
- adhere to and promote international best standards like the Equator Principles, the Kimberley Process Certification Scheme and the International Conference of the Great Lakes Certification Mechanism for more responsible investment in the sector.

## NOTES

- 1 The Karamoja region is made up of seven districts: Abim, Amudat, Kaabong, Kotido, Moroto, Nakapiripirit and Napak. The area has a combined population of about 1 million people (2.8 per cent of the national population). UNDP (2015), Uganda Human Development Report 2015 Unlocking the Development Potential of Northern Uganda.
- 2 This briefing draws on material from a range of recognised sources and experts including a recent research report conducted by Saferworld that can be accessed at <https://www.saferworld.org.uk/resources/publications/1135-mining-in-uganda-a-conflict-sensitive-analysis/>
- 3 National Planning Authority and Africa Centre for Energy and Mineral Policy (2016), 'Measure it to Manage it: Annual Mineral Development Scorecard', December, p 4.
- 4 In Moroto and Amudat districts, the most established companies with large operational mining plants are Tororo Cement Limited and Hima Cement. Tororo Cement has a 60 per cent market share. Hima Cement and the other mining companies, small-scale miners and artisanal miners share the market difference, providing livelihoods to almost 200,000 individuals. SWOT Africa (2012), 'Uganda'. Available at [www.swotafrika.com/pdf/Sample-Report.pdf](http://www.swotafrika.com/pdf/Sample-Report.pdf) accessed on 21/03/2017. Also see United Nations Environment Programme (2012), 'Uganda Case Study', June. Available at [https://wedocs.unep.org/bitstream/handle/20.500.11822/11611/Case\\_Study\\_Uganda\\_June\\_2012.pdf?sequence=1&isAllowed=y](https://wedocs.unep.org/bitstream/handle/20.500.11822/11611/Case_Study_Uganda_June_2012.pdf?sequence=1&isAllowed=y)
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- 6 The legal and policy framework regulating the mining sector in Uganda consists of the Constitution of the Republic of Uganda, the Mineral Policy (2001), the Mining Act (2003) and the Mining Regulations (2004). There are also other laws that have an impact on the mining sector, such as the National Environment Act, the Income Tax Act and the Land Act. The administration of the mining sector falls under the Directorate of Geological Survey and Mines of the Ministry of Energy and Mineral Development.
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- 13 75–80 per cent of land ownership and transfer in Uganda is customary according to the UN Habitat (2015), *GLTN Plan of Action for Country Level Engagement – Uganda*, (Nairobi: UN Habitat), p 11. Available at [www.gltanet.net/index.php/country-work/uganda](http://www.gltanet.net/index.php/country-work/uganda)
- 14 For more information, read: Saferworld (July 2014), 'Whose land is this? Land conflict between the Acholi and Jonam tribes', p 1.
- 15 Kabiswa et al (2014), *The dynamics of Conflicts related to land and Natural Resources in Rupa, Subcounty Karamoja Region*, (Kampala: ECO, AICODE, RIAMRIAMI), p 45. Available at <https://www.slideshare.net/TOMBALEMESAK/dynamics-report>
- 16 *Ibid* p 53.
- 17 HRW (2014), "'How can we survive here?'" Impact of mining on human rights in Karamoja', 26 May. Available at <https://www.hrw.org/report/2014/02/03/how-can-we-survive-here/impact-mining-human-rights-karamoja-uganda>
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- 21 *Op cit* HRW, p 33.
- 22 *Ibid*, pp 10, 11 and 14; Global Witness (2017), 'Undermined: How corruption, mismanagement and political influence is undermining investment in Uganda's mining sector and threatening people and environment', p 11.
- 23 National Planning Authority and Africa Centre for Energy and Mineral Policy (2016), 'Measure it to Manage it: Annual Mineral Development Scorecard', December, p 4.
- 24 *Ibid*, p 4.
- 25 *Op cit*, Government of Uganda, section 72.
- 26 *Op cit* Kabiswa, p 59.
- 27 Miners have reported being paid 250,000 Uganda Shillings (US\$ 69) for a 15 tonne truck of marble stones by dealers who sell it elsewhere for 70,000–110,000 Uganda Shillings per tonne. Karamoja Development Forum (2015), 'Karamoja Mining: Here we shed blood to live'. Available at [www.kdfug.org/karamoja-mining-here-we-shed-blood-to-live](http://www.kdfug.org/karamoja-mining-here-we-shed-blood-to-live)