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UNDER EMBARGO UNTIL: 00.00 5 June 2017 GMT+1

Uganda's economy and unique natural habitats under threat from endemic corruption and mismanagement in mining sector, report reveals

- Almost half the world's remaining mountain gorillas at risk as mining threatens some of the planet's most biodiverse environments;
- Miners work in dangerous and largely unregulated conditions - children exposed to toxic chemicals on daily basis;
- Country being deprived of much needed investment and tax revenues that could go towards schools, hospitals and roads;
- Minerals from the Democratic Republic of Congo and South Sudan, which could be funding conflict and human rights violations, reach international supply chains through Uganda.

London/Kampala, 5 June 2017: Pervasive corruption in Uganda's mining sector allows crooked officials and the investors they partner with to profit at the expense of the country's economy, people and environment, Global Witness reveals today. An 18-month investigation shows it is almost impossible to do business in the mining sector without paying bribes or drawing on high-level political connections.

'Undermined' exposes how well-connected individuals – including those with close ties to the President – appear to trade political influence for financial gain. From low-level officials to senior political figures, many of those involved in the sector are ready to bend or break the rules. Fixers and middlemen run a parallel economy which sits outside the system, selling off mining rights all over Uganda in deals facilitated by mining department staff. Serious investors are driven away, while some of those left are the last people who should be involved in the mining industry.

"This evidence is damning – Uganda's mining sector is built on a parallel economy that strongly favours abusive companies and corrupt elites over its people and environment. The appalling mismanagement of the sector will alarm investors, human rights advocates and environmental campaigners alike," said George Boden, Uganda Team Leader at Global Witness. "We've got evidence of deals awarding mining licences in UNESCO World Heritage sites, companies run by twenty-somethings from London given licences in a matter of days, and children working with dangerous chemicals in high-risk gold mines. Individually, the cases are deeply shocking. Together, they make a resounding case for immediate and far-reaching reforms."

'Undermined' documents numerous cases that relate to these concerns, including:

- Mining exploration licences have been granted in almost all of Uganda's environmentally protected areas, including the world-renowned Bwindi and Rwenzori UNESCO (United Nations Educational, Scientific and Cultural Organization) World Heritage sites. Part of the famous Virunga ecosystem, home to the world's last remaining mountain gorillas. This also poses a major threat to Uganda's tourism industry, which is critical to its economy and the government is

busy promoting internationally.

- Miners, including children, work in dangerous and largely unregulated conditions and are exposed to toxic substances like mercury every day. Poorly dug mine shafts collapse regularly, causing death and serious injury.
- Mining rights are routinely granted to people or companies with no qualification to exploit them. For example, African Panther Resources gained control of a tin mining concession in South Western Uganda while owned and directed by two twenty-somethings from London with no apparent experience of mining. They were awarded an exploration licence for the site in just three days, a turnaround which one Department of Geological Survey and Mines (DGSM) employee described to Global Witness as “impossible.” The company was only in their hands for seven months. Before and after that period the company was controlled by Christopher Eibl, CEO of the major international Swiss commodities investor Tiberius Asset Management, and his business partners. The changes in ownership appear to be a clear attempt to hide their identity during the period in which the company received its licence.
- In one of many examples of legal but exploitative tax avoidance, African Gold Refinery (AGR), whose employees have close links to the president, declared exports of gold worth over US\$200 million but paid only half a million dollars in tax. A former employee with connections to the President of Uganda revealed how he helped arrange the tax exemptions for the company, which is processing gold from across the region, including South Sudan and DRC. The company has failed to disclose the origin of the gold or provide evidence of supply chain due diligence, raising concerns that this gold could be fuelling conflict and human rights abuses.

“Uganda is at a crossroads: managed properly, its mineral wealth could create jobs and generate much needed revenues. But if this level of corruption and mismanagement is allowed to persist, only political elites and the corrupt will profit. Meanwhile Ugandans continue to lose land and livelihoods, reputable companies hold back investment and the environment suffers,” concluded Boden.

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