Mining |

73% of mining sector contribution to GDP is from gold

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Uganda's vast mineral potential remains largely untapped, with experts warning that a shortage of skilled human resources is holding back the sector's contribution to the economy.

According to industry stakeholders, despite the country having at least 53 known mineral types, their combined contribution to the national economy drops to just 0.6 percent of GDP when gold is excluded, highlighting the underdevelopment of most mineral resources.

Data from Uganda Bureau of Statistics shows that the mining sector contributed 2.2 percent to Uganda's GDP in the 2022/23 financial year, equivalent to about $1.1b. Of this, data indicated that at least 73 percent came from gold.

Speaking on the sidelines of a minerals conference, Humphrey Assimwe, the Uganda Chamber of Energy and Minerals chief executive officer, said the sector's heavy dependence on gold masks the weak development of other minerals.

"Out of the 53 minerals Uganda has, if you remove gold and a few high-value minerals, the contribution to GDP drops to around 0.6 percent. Many of these minerals remain undeveloped largely because of a lack of skilled human resources," Assimwe said.

He noted that Uganda lacks sufficient metallurgists, mining economists and specialised engineers, forcing companies establishing mineral processing facilities to import expensive foreign expertise.

Rising operational costs

"This increases operational costs for investors and slows down the development of the sector," he added, urging universities offering mining-related courses to update their curricula to match current industry needs, such as in countries like Sweden, where strong technical skills have helped drive the growth of the minerals sector.

Meanwhile, Lynn Gitu, an extractives, minerals, oil, and gas governance expert, said government targets aim to significantly expand the sector through increased investment and better governance by increasing investment in mineral value addition from Shs200b to Shs1.85 trillion, while mineral revenues are projected to grow from Shs180b to Shs750b.

The country also aims to increase the number of mineral prospects evaluated annually across key commodities, including gold, iron ore, graphite, copper, cobalt, uranium, rare earth elements, phosphate, and lithium.

Other targets include expanding geothermal resource development to 60 megawatts and improving the extractives industry governance effectiveness index from 78.5 percent to 90 percent.

Employment in the extractives sector is also projected to rise from 1.6 million to two million Ugandans, with emphasis on gender and regional equity.

Experts say reforms under the Mining and Minerals Act (2022) are expected to strengthen sector oversight by curbing tax evasion and underreporting of mineral quantities and improving value and quality during processing and trade, while establishing stricter tax obligations and penalties for offenders.

However, stakeholders maintain that building a strong pool of skilled professionals will be critical if Uganda is to unlock the full economic potential of its minerals sector.