

**Uganda Extractive Industries Transparency Initiative  
(UG-EITI)**

**TRAINING RETREAT FOR UGANDA EITI MULTI STAKEHOLDER GROUP  
ON BENEFICIAL OWNERSHIP AND DEVELOPMENT OF THE  
COMMUNICATIONS STRATEGY**

*Speke Resort Munyoyo,  
Kampala - Uganda*

19<sup>th</sup> – 21<sup>st</sup> May 2021

**REPORT OF PROCEEDINGS**

UGEITI Secretariat in partnership with the Advocates Coalition for Development and Environment (ACODE) and the Civil Society coalition on Oil and Gas (CSCO)

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## Summary

This report is an account of proceedings the training retreat for the Uganda Extractives Industries Transparency Initiative (UGEITI) Multi-stakeholder Group and the UGEITI Secretariat. The three-day training retreat on beneficial ownership and UGEITI Communication Strategy was held between 19<sup>th</sup> and 21<sup>st</sup> May 2021, at Speke Resort Munyonyo in Kampala.

The purpose of the retreat was to enhance the capacity of the MSG and key stakeholders in the area of Beneficial Ownership Transparency in Uganda; and to support the MSG in the development and implementation of a Communications strategy. The objectives of the retreat, all of which were met by the end of the three days included;

- a) Build the capacity of MSG members and key stakeholders to appreciate the concept of Beneficial Ownership Transparency.
- b) Interrogate the state of play of beneficial ownership transparency in Uganda.
- c) Make a strong value proposition for the need to accelerate and prioritize beneficial ownership transparency in tackling corruption in the areas of extractives, tax and business in Uganda.
- d) To initiate the process towards the disclosure of Beneficial Ownership data for the extractives sector to hence achieving Beneficial Ownership Transparency and improving transparency and accountability in Uganda.
- e) To facilitate participatory sessions with the Secretariat and MSG and use the information generated in (a) (above) to develop the UGEITI Communication Strategy and Work Plan so as to strengthen internal understanding of the key strategic steps.

The two and a half day, the meeting was successfully held, starting with a webinar organized by the EITI International Secretariat and the Open Government Partnership on the relevancy of Beneficial Ownership (BO) disclosure and the efforts being done across the global to achieve BO disclosure. The webinar which had speakers and participants from Europe, West, East and Southern Africa, and the Americans, was a very good eye opener in setting the context for the rest of the training. In the messages of the top executives for EITI International and Open Government Partnership during the webinar, they both re-affirmed their commitment to working and supporting governments technically and logistically on the path to BO disclosure. They also emphasized that EITI and Open Government Partnership are working collaboratively and

complementarily to each other to achieve transparency and good governance of resources for the benefit of the resource rich countries.

This was followed by a full-day step by step exposition of what BO disclosure is, its relevancy to EITI and how important it is for governments to start implementing BO disclosure practices. The Training facilitator extensively took the UGEITI MSG members and Secretariat through the mechanisms to achieve BO transparency. Using case studies, examples from other countries previously worked with, and a group exercise, the consultant elaborately got the trainees to understand what BO disclosure is about and concluded by generating key action points and the way forward for the different stakeholders as Uganda embarks on the BO disclosure path.

Day three was spent on the development of the Communication strategy for the Uganda Extractives Industry Transparency Initiative. Alive to the fact that communication and dissemination of information is one of the key determinants of measuring the success of EITI in Uganda, the UGEITI Secretariat engaged a consultant to lead the process of developing a strategy and communication plan for EITI in Uganda. The communications consultant presented to the participants the national outlook of the extent to which extractives are covered in the country, and the public perceptions of natural resources and extractives stories. A qualitative and quantitative analysis of the data on media coverage of extractives in Uganda was also presented, all of which set the context for MSG and Secretariat members to use as building blocks for developing the UGEITI communications strategy.

The session facilitator for the communications strategy and work plan development used interactive plenary sessions, group exercises and presentations by participants to come up with a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of communicating EITI Information in Uganda. He also worked with the participants to develop a stakeholder map for communicating EITI information in Uganda, and the core message for each stakeholder.

### **Way forward from the Training Retreat**

Following the two and a half day's training, the participants shared different takeaways from the training and the agreed on some action points that need to be taken forward. The action points were broadly in line with the two themes that were handled at the training i.e., BO disclosure and communication strategy for the UGEITI as outlined below:

- Uganda's admission to the Extractives Industries Transparency Initiative is a very timely intervention that is complementary to the ongoing efforts that Uganda Registration Services Bureau is undertaking on Beneficial Ownership.
- It was agreed that the UGEITI MSG stakeholders (Government, private sector and Civil society) should collectively and/or independently play their respective roles in fast tracking the legal, policy and institutional reforms required for Uganda to start implementing Beneficial Ownership disclosure for companies working in the extractive industries and beyond;
- To cooperate with and support the communications consultant in expediting the finalizations of the UGEITI Communication Strategy in line with the National EITI work plan.
- The UGEITI MSG and Secretariat should continue to engage and make use of the technical resources and support International Secretariat and other countries that are already implementing beneficial ownership disclosure.

### **1. Introduction**

This is a report of the training retreat for the Uganda Extractives Industries Transparency Initiative (UGEITI) Multi-stakeholder Group and the UGEITI Secretariat on beneficial ownership disclosure and UGEITI Communication Strategy and work plan. The training was organized and held at Speke Resort Munyonyo in Kampala from the 19<sup>th</sup> to 21<sup>st</sup> May 2021.

The hybrid (residential & virtual) training retreat was physically attended by 40 participants and six (6) participants attended virtually. The members present included representatives from government Ministries, Departments and Agencies such as Ministry of Energy and Mineral Development ( both the Petroleum and the Mining Directorates), Petroleum Authority of Uganda (PAU), Bank of Uganda (BoU), Ministry of Finance Planning and Economic Development, National Planning Authority, Uganda Registration Services Bureau, Uganda National Oil Company (UNOC), National Environment Management Authority (NEMA), and Ministry of Justice and Constitutional Affairs; Representatives from civil society organizations represented on the MSG including , the Advocates Coalition for Environment and Development (ACODE) / Civil Society Coalition on Oil and Gas in Uganda (CSCO), Global Rights Alert, World Voices Uganda, Oxfam, Citizen Concern Africa, Pro-biodiversity Conservationists in Uganda, and Kitara Civil Society organizations Network; and Representatives of private-sector companies on the MSG including Jervois Mining, Oranto Petroleum, and CNOOC Uganda Limited. The training was also attended by staff from the Uganda EITI Secretariat, The European Union Consultant on EITI in Uganda, two training facilitators including Mr. Samuel Bekoe, under the technical support offered to UGEITI by the International EITI Secretariat, and a Communications Consultant Mr. George Lugalambi.



***Image 1:** Mr. Samuel Bekoe (standing), the Consultant for the International EITI secretariat facilitating the training on BO transparency at the Retreat.*

In line with the program, the training retreat started with a round of Introductions and setting the scene by Mr. Saul Ongaria the National Coordinator for EITI in Uganda, after which the participants were ushered into the beneficial ownership disclosure webinar that was being hosted by the International EITI Secretariat in collaboration with Open Government Partnership. As mentioned earlier, the areas covered in the training were the deep dive into beneficial ownership disclosure, and the development of the UGEITI Communication Strategy and Work plan.

## Background

Uganda was admitted to the Extractive Industries Transparency Initiative (EITI) on 12<sup>th</sup> August 2020.

The EITI is a global standard aimed at promoting the open and accountable management of the oil, gas and mining sectors. The EITI Standard, implemented in 55 countries around the world, requires regular disclosure of information along the extractive industry value chain from the point of extraction, to revenues collection and their contribution to the economy, and ultimately, the impact of extractives on the welfare of the population. The Uganda EITI Secretariat and MSG are now currently implementing a national EITI work plan intended to produce the first EITI report by February 2022.

### The Multi-stakeholder Group

The Multi-stakeholder Group (MSG) comprises 25 members from 3 constituencies – industry, government and civil society. The MSG is responsible for overseeing the implementation of EITI in Uganda. It does this through the implementation of a two year (July 2020 – June 2022) costed national EITI workplan. The work plan is the MSG's statement of intent on how it will deliver improved governance of the extractive sector in Uganda through adoption of the principles enshrined in the 2019 EITI Standard.

Implementation of the work plan requires that the MSG has the capacity to ensure that the reporting entities, government and private sector disclose information with regard to ongoing mining and oil and gas activities in a timely and disaggregated manner. The MSG will undertake training on two key activities in the Uganda National EITI work plan – beneficial ownership transparency (Activity 1.6) and the development and implementation of a communications strategy (Activity 1.12). Beneficial Ownership transparency includes how licenses and contracts are allocated and registered, and who the beneficial owners of those operations are. The development and Implementation of a Communication strategy will educate, inform and engage the public on the role of EITI in improving the governance of the extractives sector of Uganda.

## Objectives of the Training Retreat

The Objective of the retreat was twofold:

**1) To enhance the capacity of the MSG and key stakeholders in the area of Beneficial Ownership Transparency in Uganda.**

This was intended to ensure that the MSG builds a shared understanding of the approaches and challenges for achieving Beneficial Ownership Transparency and the need to work together with the other key stakeholders, especially, the Uganda Registration Services Bureau (URSB) in order to ensure that Beneficial Ownership Transparency is achieved. Beneficial ownership transparency has emerged as an important policy tool in countries for combating corruption, stemming illicit financial flows, and fighting tax evasion. From January 2020, countries participating in the Extractive Industries Transparency Initiative (EITI) were required to disclose beneficial owners of mining and oil and gas companies, an important step towards ending anonymous companies extracting solid minerals, oil and gas in Africa especially when entities are involved in extracting mineral resources that are vested in the state on behalf of the people or are bidding for public contracts.

The EITI International Secretariat extended technical support to UGEITI by availing a consultant, Mr. Samuel Bekoe, to train the MSG and other key stakeholders on Beneficial Ownership Transparency.

**2) To support the MSG in the development and implementation of a Communications strategy.**

The Communications Strategy is an operational resource and tool of the UGEITI National Secretariat and the Multi-Stakeholder Group (MSG). The strategy is intended to bring to life activity 1.12 of the national EITI work plan in line with **requirement 7.1** of the EITI Standard 2019 on public debate. As required by the Standard: “The multi-stakeholder group must ensure that government and company disclosures [are] comprehensible, actively promoted, publicly accessible and contribute to public debate.” The strategy will be developed through a collaborative and participatory approach with the help of the communications consultant Mr. George Lugalambi.

The purpose of undertaking this exercise is to develop a Communications Strategy and Workplan (CSWP) for the UGEITI that is responsive to the national context and comprehensively addresses Requirement 7 of the EITI Standard – Outcomes and Impact which states that: “Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively.”

## **2. Day One 19<sup>th</sup> May, 2021**

### **Introductory remarks and scene setting for the Beneficial Ownership Transparency webinar by Mr. Saul Ongaria, the National Coordinator for the UGEITI**

The training retreat was called to order in the afternoon of Wednesday 19<sup>th</sup> May, 2021 by Mr. Saul Ongaria, the National Coordinator for the Uganda Extractives Industries Transparency Initiative (UGEITI). He thanked the participants present for heeding to the invitation to attend the training on beneficial ownership transparency. Thanked the International EITI Secretariat for having supported the training by availing a facilitator, and also thanked the civil society partners for supporting the training logistically. He then asked all the members present and those that were attending virtually to introduce themselves. After this, Mr. Ongaria called everyone’s attention to the Beneficial Ownership Webinar that was the main course of the afternoon.

### **Beneficial Ownership Transparency in Africa Webinar**

The High-level discussion on beneficial ownership transparency in Africa was called to order by Ms. Steph Muchai, a member of the Open Government Steering Committee. She introduced the many speakers from different countries who she said were going to share their experiences and the efforts the different countries are doing in regard to beneficial ownership transparency. Among the speakers were the CEO of One Government Partnership Mr. Sanjay Pradan, Rt. Hon Helen Clark, the Chair of the Board of the International EITI Secretariat, Ms. Vera Songwe, the Executive Secretary of the Economic Commission for Africa, and Mr. Alvin Mosiomo from the Africa Tax Justice Network among other great speakers that shared their expertise over the two hours.



*Image 2: Screenshots of the Chair of the International EITI Board and the CEO of Open Government Partnership making remarks during the high-level webinar*

As part of the Open Government Week 2021, Open Government Partnership (OGP) and the EITI convened leaders from government, civil society, public and private sectors for a high-level engagement on advancing beneficial ownership transparency in Africa. This high-level engagement brought together leaders who shared best practice guidance on instituting beneficial ownership reform infrastructure to enhance its effectiveness and impact and ultimately mitigate corruption and mismanagement in the natural resource sector, as well as supporting governments in adapting to new challenges posed by the COVID-19 pandemic.

The overall aim of this webinar was to mobilize political momentum and support for beneficial ownership transparency to mitigate corruption and mismanagement of natural resources and beyond, adapt to new governance challenges arising from the global coronavirus pandemic; and share best practice guidance on instituting beneficial ownership reform infrastructure to enhance its effectiveness and impact.

According to the remarks from the Open Government Partnership, beneficial ownership transparency has emerged as an important policy tool in countries for combating corruption, stemming illicit financial flows, and fighting tax evasion. Nearly 30 member countries of the Open Government Partnership (OGP) have made commitments to advance global norms on beneficial ownership transparency as of August 2020. It has become even more significant in the wake of the COVID-19 pandemic and countries efforts to circumnavigate the challenges to their economic recovery compounded by past economic and public health crises. OGP's Open Response + Open Recovery campaign and call to action to its member countries specifically highlights the urgent need for governments to mandate that companies receiving emergency funds disclose information about their beneficial ownership.

In 2020 countries participating in the Extractive Industries Transparency Initiative (EITI) were required to disclose beneficial owners of mining, oil and gas companies - an important step towards ending anonymous companies extracting solid minerals, oil and gas in Africa - especially when entities are involved in extracting mineral resources that are vested in the state on behalf of the people or are bidding for public contracts. In Africa, OGP member countries have used their platforms to make meaningful reforms in extractives governance with some specifically using the platforms to accelerate their meeting of EITI requirements. It was noted that Nigeria, Ghana, Kenya, Sierra Leone, South Africa, Senegal and Liberia are among those specifically taking incremental action to domestically address financial secrecy, including requiring the beneficial owners of companies, partnerships, foundations and trusts to register.

#### **Reflections from Webinar and introduction to Uganda context:**

After the webinar, the EITI Secretariat Consultant Mr. Bekoe took the participants through a brief reflection on what they had learned from the presentations by the different speakers. The views from the participants including learning about the efforts different countries on the continent are doing to address the BO transparency. They said that they were also impressed by the level of ownership that countries like Ghana are exhibiting in effectively implementing BO transparency. The civil society members also noted with concern the hand of the private sector in stifling BO transparency efforts because corporations being profit oriented. A representative from URSB added that the importance of political will in achieving BO transparency and that Uganda is privileged to already be on that path as the ongoing reforms to the company laws are already setting the ground for this.



*Image 3: Photo of participants attending the High-level Webinar on BO transparency in Africa*

Before closing for day one, the training facilitator took time to assess the level of understanding of the participants of BO transparency and disclosure. He asked every member to briefly share what they understand as BO transparency. This marked the end of day one.

### 3. Day Two 20<sup>th</sup> May, 2021

#### **BENEFICIAL OWNERSHIP DISCLOSURE THEORY, POLICY AND PRACTICE By Mr. Samuel Bekoe a Beneficial Ownership Expert from the International EITI Secretariat**

##### **Areas of focus for the presentations included:**

1. Beneficial ownership disclosure and its relevance
2. Why is Beneficial Ownership Disclosure Important?
3. Understand Beneficial Ownership disclosure as a concept and a tool to deter corruption, conflict of interest, and tax abuse
4. The policies and practices across the world

The first presentation of the day was on understanding company structure as the base component beneficial ownership transparency. Mr. Bekoe made reference to the deliberations from the High-level webinar, wherein the role of companies and multinational Cooperation was highlighted as being key in understanding BO transparency.

In most cases the companies that we register in African countries, we don't know who actually owns and/or benefits from the profits

of those companies. He gave an example of a Ghanaian oil block that was awarded to a Norwegian company after it had been surrendered by another company that had discovered commercial viable deposits in that block. While on the face of the transaction it looked legitimate, upon in-depth research by civil society and investigative journalists with expertise in the oil and gas sector, it was discovered that while the company that was given a stake on the oil block was registered in Norway, the actual owner was a prominent Ghanaian. He only declared his beneficial interest when the other co-investors defrauded him, and needed protection of the law.

**Why do companies set up complex networks:** The reasons why multinational companies use offshore shell companies and other complex company structures are that it is perfectly legitimate for a company to determine where they will register and to establish a company structure as they the company owners may deem fit. This of course takes into consideration the advice from lawyers and tax advisors with a motive of the company maximizing its profit. Because of the involvement of various professions to enable the companies maximize profits, the reasons for non-disclose and company secrecy have since evolved from legitimate to doggy reasons as shown below.

Some of the legitimate reasons include:

- Pool of money from different countries; protect trade secrets.
- Isolate savings from an unstable economy.
- Diversify a business without affecting the core brand.
- Protect negotiations from over pricing due to brand recognition.
- Protect identity and provide security for personnel in dangerous hotspots.
- Protect assets from divorce or bankruptcy court cases.
- Avoid taxes by not declaring revenue and using an anonymous account.

The Doggy Reasons include:

- Line the pockets of corrupt individuals.
- Manipulate markets and use a shell company to sell at a profit.
- Sell a country's assets on the side. Store the illicit wealth from prying eyes.
- Circumvent sanctions.
- Pay arms dealers and drug cartels.
- Allow terrorists organizations to stay one step ahead of the authorities with multi-layer shell companies.

**Beneficial ownership in the extractives industry:** Extractive business is very lucrative and draws in colossal amounts of money. Because of this, the extractive industry is susceptible to corruption

and illicit financial flows. He gave the example of Nauru, a country that had Phosphate deposits. The GDP per capita of Nauru in 1982 was USD 5500 but because of poor management, the GDP per capita of Nauru in 2007 was USD 2291. The country that was very rich descended into poverty with three decades, because the revenues were not invested well.

Unsustainability of revenues in extractives calls for proper management of extractives revenues. It is estimated that more than half of the global financial cost of corruption comes from the extractives sector. It is therefore important to keep a keen eye on extractives revenues. Therefore, beneficial ownership is one of the ways to reduce the loss of revenues, illicit financial flows and corruption in the sector.

### Plenary Questions & Comments Session

**Ms. Jennifer Hinton (Industry- Mining)** noted that Shell companies in their very form are not necessarily bad. She added that the dichotomy of “legit to doggy” seems to cast shell companies in a bad light. However, while shell companies can be dormant, the moment they go public, they get obligations to shareholders and thus the level of secrecy reduces.

**Response from facilitator:** All this complexity is always handled by very professional experts including lawyers, tax consultants, bank and accountants who advise the investors and company owners.

**Question from Winfred Ngabiirwe (CSO):** Is Beneficial Ownership disclosure about regulating in morals in business or it's about the laws. Given that it is on one hand perfectly illegal, at what point does it become of concern?

**Comment from Gard Benda (CSO):** Is it wrong for politicians to indulge in business. The talk about politically connected having companies is being cast in bad light makes it seem like it is illegal

**Response from Samuel:** The issue of public servants not doing business is because they take oaths to do things that are for the interest of general public. What this means is that where the public officer has a conflict of interest in a transaction or business that he is awarding on behalf of the government, he has to make sure that he does not participate in awarding the contracts. **As developing countries, the only way we can develop is by optimally deriving all the revenue from our extractives.**

## Beneficial Ownership and Business Registration in Uganda Interventions by Ms. Patricia Opoka – Manager Document Registration & Licensing at URSB



*Image 4: Mr. Samuel Bekeo elaborates a point during the training as Ms. Patricia Opoka from the Uganda Registration Services Bureau URSB presented the Ugandan Contest on BO transparency.*

At this point, the consultant called in representatives of the Uganda Registration Services Bureau to the MSG, to come and present on the Ugandan contest and the efforts the bureau is currently working on to further BO transparency in Uganda.

The presentation was a status update on Beneficial Ownership in Uganda. She started by explaining what Uganda Registration Services Bureau is, and the mandate of URSB. She said that URSB is a semi-autonomous body that was established by an Act of Parliament and offers different registration services including company registration and incorporating, business name registration, annual returns for companies and certify documents. URSB also has powers of the registrar of courts to settle disputes in company matters.

The beneficial ownership mandate is derived from recommendation 24 of the Financial Action Task Force that requires countries to take measures aimed at preventing misuse of legal persons for money laundering and financing terrorism. This was domesticated in Uganda's Anti-money Laundering Act 2013 and 2017 as amended, and the Anti-Money Laundering Regulations, 2015. The Registrar of Companies is one of the accountable persons and is charged with responsibility

of identifying, obtaining and keeping a record of beneficial owners of the different legal persons and arrangements.

There is currently need for legal reforms by amending the Companies Act of 2012. The reforms include; accommodating of beneficial ownership in the definition section of the law; make provision for companies to keep a beneficial ownership register; mandate competent authorities to do the necessary responsibilities.

The way forward is to achieve the above reforms by fast tracking the legal reform process and implement the new law. Uganda's admission to the Extractives Industries Transparency Initiative is a very timely intervention that is complementary to the ongoing efforts at URSB. URSB intends to have continuous engagement of the stakeholders both international and national on the importance of beneficial ownership register.

#### **Plenary Questions & Comments Session**

**Questions from Mina Horace the EU Consultant:** Does URSB get notifications from other government, as well as other Ministries Departments and Agencies other jurisdictions about company information?

**Response from Ms. Patricia Opoka:** Yes, currently URSB receives notifications from relevant government Ministries, Departments and Agencies such as the NGO Bureau and the Financial Intelligence Authority about the companies that come to register with the URSB also gets notification from the Immigration Office and other countries about individuals or jurisdictions with which they are not supposed to register companies.

**Question from Ms. Gloria Mugambe (UGEITI Secretariat):** Are companies currently mandated to disclose beneficial owners when they are registering?

**Response from Ms. Patricia Opoka:** Currently we are using internal guidelines to require this information from companies. This is merely a practice that is still in its infancy because guidelines do not have as much force of law as an Act of parliament. However, once the Act is amended, we shall give companies a grace period to put their houses in order and then start requiring them to share BO information annually.

**Question from Mr. Paul Mulidwa (CSO):** What are you doing about the risk for non-compliance as the case has been with other laws?

**Response from Patricia (URSB):** There is always a risk of non-compliance but we as the regulators have to do all we can to enforce the law as it is. We have to work with all the relevant MDAs that have the mandate to handle the issues and ensure compliance.

**Comment from Mr. Gard Benda (CSO):** There have been numerous cases of unjust targeting of civil society organization. URSB ought to insulate itself against the risk of being politicized and the otherwise legitimate process is used to stifle civic spaces. It is important to note that processes like this are very susceptible to abuse, and we need to work with that in mind.

**Question from Mr. Siraji Magara (CSO):** How does URSB deal with companies which are registered in international jurisdictions, but have Uganda registered subsidiaries for purpose of doing business in Uganda? For example, EACOP which will be registered in the UK but currently has Ugandan and Tanzanian Subsidiaries.

## Origin and evolution of Beneficial Ownership transparency and Disclosure By Mr. Samuel Bekoe a Beneficial Ownership Expert from the International EITI Secretariat




The disclosure on beneficial ownership transparency as we know it today is traced by to the work of the Financial Action Task Force (FATF) in the early 2000s. Following the September 11<sup>th</sup> 2001 terrorist attacks in the US, the questions around how terror was being financed drew resulted into keen interest by America and western companies into monitoring the movement of money across the global. The problem with the FATF approach was that it was focusing more on financial transitions; hence the provision for thresholds of transitions that need to be met before action could be taking against a beneficial owner.

This dilemma is the reason the definition of a beneficial owner various from one jurisdiction to another, and needs to be customized and tailored to the peculiar objectives of a given State. The European Union Money Laundering Directive defines a "beneficial owner" to mean any natural person(s) who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted. The definition of beneficial owner shall at least include:

- i. the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union legislation or subject to equivalent international standards.
- ii. if there is any doubt that the person(s) identified in point ( i ) are the beneficial owner(s), the natural person(s) who exercises control over the management of a legal entity through other means;

In a nutshell, a beneficial owner is the ultimate owners, with economic benefit from the company, has significant control of the operations and is a natural person. There are some of the company

### Other Definitions of a Beneficial Owner include:

-  **The Financial Action Task Force** defines a beneficial owner as the natural person who ultimately owns or controls a legal person or arrangement. 'Legal persons or arrangements' in this regard includes companies, as well as partnerships, trusts and other corporate bodies.
-  **United States Action Plan**, • "...a natural person who , directly or indirectly, exercises substantial control over a covered legal entity or has a substantial economic interest in, or receives substantial economic benefit from, such legal entity, subject to several exceptions."
-  **Ghana Anti money laundering guidelines definition:** " natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement"

individuals or stakeholders who may not necessarily be beneficial owners e.g., shareholders, directors and board members and substitutes.

**Methodology of Defrauding public funds;** In order to contextualize BO transparency to the oil and gas sector, Mr. Bekoe shared the example of the former Petroleum Minister for Nigeria Diezani Allison- Mandueke who was convicted in the United Kingdom and also in Nigeria for stealing millions of dollars from the Nigerian Government. The minister is said to have worked with her errand boy, who incorporated a company. The minister then remitted money to the errand boys' company who in turn bought properties in Banana Island in his own company names. Even when there was no biological relationship between the minister and the errand boy, the Nigerian Anti-Corruption Committee was able to connect the properties to the minister, hence their recovery.

**In his conclusion,** Mr. Samuel Bekoe asked the participants if Uganda really needs Beneficial ownership disclosure in view of the days training as disclosure. There was consensus from all the participants that indeed we need beneficial ownership disclosure and transparency in Uganda. The participants adduced various reasons including the need to raise revenues, to stop corruption and develop the country and the continent at large.

#### **4. Day Three 21<sup>st</sup> May, 2021**

##### **CO-CREATION SESSION TO DEVELOPMENT OF THE UGEITI COMMUNICATIONS STRATEGY AND WORK PLAN By Mr. George Lugalambi the Communications Consultant**

The consultant started by thanking the members for the preliminary efforts that members had put in developing the communication strategy, as shown by the documents that he had reviewed. He then asked members to share their expectations of what they would want to get from the strategy. The expectations generated included;

1. The plan will help the MSG in communicating the activities of UGEITI.
2. Define and understand our stakeholders.
3. Communicate the content, objectives and strategies of EITI.
4. Key communication benchmarks by learning from other countries.
5. Improve information dissemination and simplify it for public stakeholders.
6. Communication plan with timelines.

7. How the communication strategy links with the EITI work plan.
8. Roles of different players in implementing the plan.
9. Guidance on ways to convey the EITI message to the public.
10. Clarity on our messages and mechanisms for getting feedback from the stakeholders.
11. How to align the same message to reach different public stakeholders.
12. Cost-effective communication strategy and work plan.

Mr. Lugalambi asserted that the Communication strategy and work plan will be considered effective if they are responsive to the national context, comprehensively addresses the Requirement 7 outcomes and foster regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively.

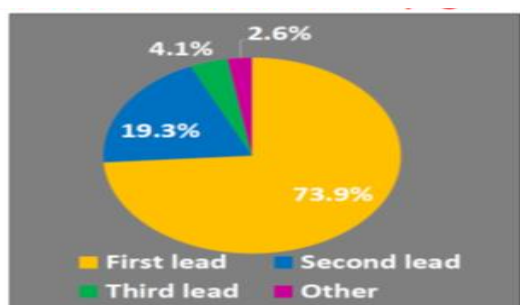
Communication will have to prioritize the sharing of information in a transparent manner and ensure public awareness. This will be done in four stages of awareness, education, insight and analysis and reform, remediate and empower. The consultant said that he reviewed different studies that have been done on stakeholder engagement in the Albertine Graben and the issues that stood out include, limited stakeholder engagement and lack of information and communication which they populace demand critical. He also sought insights from media coverage of extractives to identify inroads for the EITI.

**Barriers to effective engagement in extractives include:**

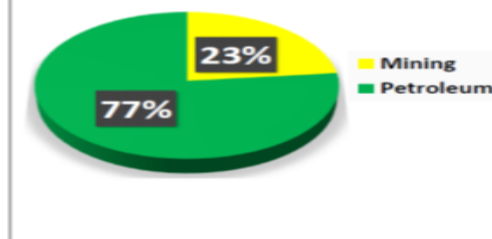
- Limited interaction between and with communities and the general public.
- Poor flow of information, limited participation and lack of trust.
- Sense of helplessness by communities and local governments.
- Unfriendly, disrespectful, fearful and hostile relations.
- Failure by companies to fulfill commitments.
- Limited access to information, ability to understand the information shared and accuracy and timeliness of information.

He shared the statistical information of the coverage which showed that an analysis of the main stream media showed that mining is not covered as much as petroleum. The consultant also analyzed a number of parameters of the extent to which the extractives were covered such as

prominence of extractive stories when reported, origin of the stories, and story origin by subject as showed in the pie charts, and a bar graph below.

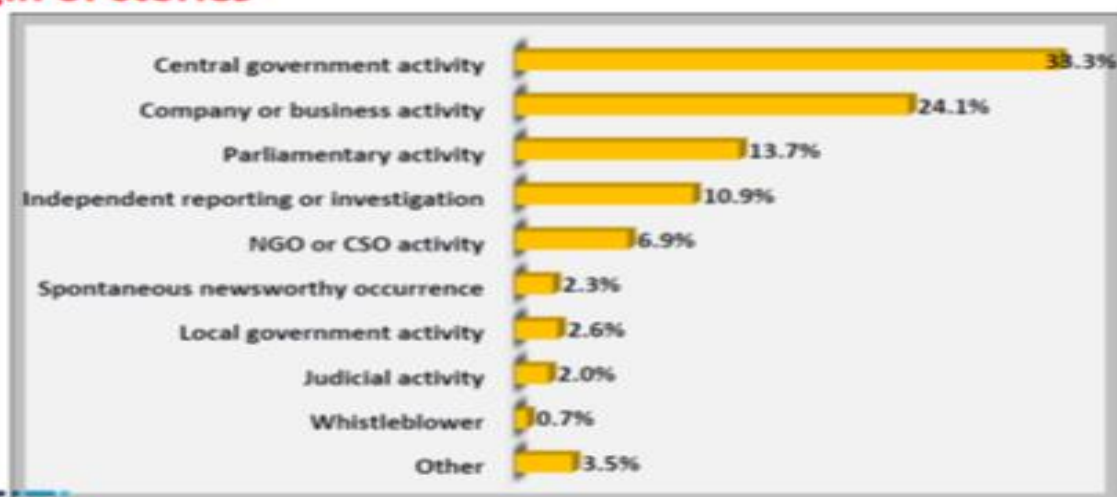


**Pie Chart 1:** Prominence of Extractives Stories on the page



**Pie Chart 2:** showing subject and percentage coverage of extractives in the media

### Origin of stories



### Plenary Questions & Comments Session

**Comment from Mr. Philip Andrew Wabuya the BoU Representative:** There is always a risk of misaligning the communication when there is no strategy. Therefore, for us to be able to manage the communications, we need to have a strategy and we need to address the information and communication needs of the target recipients. Sometimes it is not only about what you are communicating but also about the needs and the expectations of the people you are targeting.

**Response from the Consultant:** He entirely agreed with the submission of Mr. Wabuya and said that the communication strategy should be able to help us to understand how we can move beyond the rhetoric. Otherwise, there is a lot of misinformation which we need to debunk about the extractives industry.

**Comment from Ms. Winfred Ngabiirwe:** There are a number of prejudices that many national level actors have about the communities such as the belief that the locals do not have a fair understanding of what is good for them. This results into people coming up with ideas. We need to steer clear of this mistake that has been done in the past and involve those that are impacted by the projects.

**Comment from Ms. Jennifer Hinton:** She said that there is need to be as inclusive as possible to make sure that the vulnerable members of society are also involved. The civil society is doing a good job in picking the voices of the vulnerable sections of society.

**Comment from Mr. James Muhindo:** There is need to be deliberate to ensure that both mining and the oil and gas subsectors are considered in coming up with the strategy. It is clear from the preceding conversation that there are already signs of attention being given to oil and gas subsector at the expense of mining. We need to be deliberate in ensuring that mining does not remain behind.

**Response from the Consultant:** He agreed that their analysis has indeed showed that the mining sector is not given as much attention as the petroleum sector. He said this was in tandem with the analysis of the media coverage above.

**Comment from Mr. Saul Ongaria:** He said that looking at the extent to which the media coverage is skewed towards petroleum at the expense of the mining sector, there is need for EITI to come up with some sort of affirmative action to ensure that the mining sector is also brought to the spot light. He said that experts have shown that the mining sector in Uganda has the potential to even exceed the petroleum sector in terms of revenues generated.

**Comment from Mr. Gard Benda:** We need to also look into what motivates the coverage of extractives that is skewed towards petroleum at the expense of mining. He said that some of the coverage we see is not necessarily organic as some of the media houses cover stories because of

developments and events in the sector. So, we also need to identify innovative ways of interesting the media in covering mining as well.

**Response from the consultant:** He said that some of the coverage in the sector is informed by a number of other parameters such as the politics and the local context in the areas where mining is taking place. While it is important to surely bring mining to the fore, we need to remain alive to the extraneous factors at play

### Group Exercise

The participants were divided into four groups to do two assignments:



*Images 5 & 6: Training participants under Group one and Group two doing their assignments*

**Assignment One:** The first exercise was to identify the extractives Industries Communication Strengths, weaknesses, opportunities and threats analysis. Below is a table showing the responses from the groups:

Strength	Weakness
<ol style="list-style-type: none"> <li>1. EITI message is of interest to the public</li> <li>2. Public support for EITI's mission</li> <li>3. EITI process moving forward</li> <li>4. Supportive CSOs</li> <li>5. Collaborative framework for communication</li> </ol>	<ol style="list-style-type: none"> <li>1. Need for further capacity building for the MSG and the Secretariat</li> <li>2. Media's concentration on the concerns of the communities without linking them to government's plans and programmes</li> <li>3. Limited information</li> </ol>

<ul style="list-style-type: none"> <li>6. Political will</li> <li>7. Existing sector policy and legal frameworks</li> <li>8. Platforms for disseminating information</li> <li>9. Funding from EU for the communication strategy</li> <li>10. Provision of adequate information because the MSG is a diverse group covering all the critical and essential areas of the extractive industry</li> <li>11. Widespread radio coverage</li> </ul>	<ul style="list-style-type: none"> <li>4. Conflicting messages</li> <li>5. Fake information</li> <li>6. No legal basis for EITI</li> <li>7. Limited skills in the media to interpret information</li> <li>8. Limited coordination among institutions</li> <li>9. Capacity to implement the communication strategy</li> <li>10. Limited participation by communities</li> <li>11. Institutional barriers e.g., bureaucracy</li> <li>12. Lack of trust among institutions/inter-agency</li> <li>13. Cost of accessing information</li> <li>14. Mindset issues</li> <li>15. Funding constraints</li> <li>16. Low literacy levels</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>1. Since the media houses are mandated to promote government programmes, it's an opportunity for UGEITI to promote its agenda and create awareness.</li> <li>2. There's an opportunity to translate UGEITI information to our local languages through the EITI report.</li> <li>3. Community engagement</li> <li>4. Government support and willingness to implement EITI</li> <li>5. Public receptiveness for information</li> <li>6. Existing communication tools (print, social, electronic media)</li> <li>7. Environment for investment</li> <li>8. Mining bill proposals</li> <li>9. Existing legal frameworks</li> <li>10. Willingness to invest in the sector</li> <li>11. Diversity of media platforms</li> </ul>	<ul style="list-style-type: none"> <li>1. Future funding for UGEITI and the communication strategy is uncertain</li> <li>2. Highly complex and technical nature of the extractive industry issues</li> <li>3. Confidentiality and secrecy associated with the industry</li> <li>4. Volatility of the sector</li> <li>5. Renewable energy campaigns</li> <li>6. Climate change campaigns</li> <li>7. Corruption</li> <li>8. Unregulated information flow</li> <li>9. Publication of misinformation</li> <li>10. Funding gaps</li> </ul>



*Images 7 & 8: members of Group 3 and Group 4 doing the assignment during the training retreat*

**Assignment two:** for each group to identify stakeholders and rate each of the stakeholders in terms of their importance to EITI, how effective to reach out to them and what the core message should be to the respective stakeholder.

Stakeholder	Step one			Step 2		Step three
	Somewhat important	Very important	indispensible	effective	ineffective	
MDAs						They need to share information with other stakeholder.
Civil society						There is need to always double check information before relaying it to the general public.

Media						They should reduce on the cost for airtime and cost of space for sharing information.
Local Governments						The funding to local governments should be uniform so that their effectiveness is improved.
Cultural Institution and the religious leaders						We need to let them know that the engagement in the sector is in the interest of the subjects.
The president, The PS Energy and the Prime Minister, the ED PAU						They need to buy into EITI and help in relaying the message to the general public.

MEMD						
PAU						
UNOC and the Extractives Companies						
Parliament						
The Executive						
MoFPED						
URA						
NEMA						
Communities						

## 12. Conclusion and Way forward

Following the two and a half day's training, the participants shared different takeaways from the training and the agreed on some action points that need to be taken forward. The action points were broadly in line with the two themes that were handled at the training i.e., BO disclosure and communication strategy for the UGEITI as outlined below:

- Uganda's admission to the Extractives Industries Transparency Initiative is a very timely intervention that is complementary to the ongoing efforts that Uganda Registration Services Bureau is undertaking on Beneficial Ownership.
- It was agreed that the UGEITI MSG (Government, private sector and Civil society) should collectively and/or independently play their respective roles in fast tracking the legal, policy and institutional reforms required for Uganda to start implementing Beneficial Ownership disclosure for companies working in the extractives industries and beyond.
- To cooperate with and support the communications consultant in expediting the finalizations of the UGEITI communication strategy in line with the National EITI work plan.

- The UGEITI MSG and Secretariat should continue to engage and make use of the technical resources and support International Secretariat and other countries that are already implementing beneficial ownership disclosure.

## **ANNEX 1: List of Participants**

### **ATTENDANCE LIST of THE TRAINING RETREAT ON BENEFICIAL OWNERSHIP AND DEVELOPMENT OF THE COMMUNICATIONS STRATEGY**

1. Sam Mucunguzi Citizens' Concern Africa.
2. Francis Elungat – Ministry of Energy and Mineral Development
3. Jonan Kandwanaho – National Planning Authority
4. David Sebagala – Ministry of Energy and Mineral Development
5. Philip Andrew Wabulya – Bank of Uganda
6. Peter Rumanzi – Bank of Uganda (via zoom)
7. Allen Bucyana – Ministry of Justice and Constitutional Affairs
8. Jesse Musinguzi – Ministry of Foreign Affairs
9. Eng. Timothy Tibesigwa – Ministry of works and Transport
10. Robert Tugume – Ministry of Energy and Mineral Development.
11. Sarah Aijuka – National Environment Management Authority.
12. Kosia Kasibayo – Petroleum Authority of Uganda.
13. Albert Orijabo – Ministry of Water and Environment.
14. Mugabe Robert – Uganda Registration Services Bureau.
15. Patricia Opoka – Uganda Registration Services Bureau.
16. Gard Benda – World voices Uganda.
17. Lomonyang Margaret – Karamoja Women Umbrella organization
18. Winfred Ngabiire – Global Rights Alert
19. Magara Siragi – Oxfam Uganda
20. Paul Mulindwa – Kitara Civil Society Organizations' Network
21. Paul Twebaze – Pro-biodiversity Conservationist in Uganda.
22. Regina Navuga – Southern and Eastern Africa Trade information and Negotiations Institute
23. James Muhindo – CSCO/ ACODE
24. Dr. Jennifer Hinton – Uganda Chamber of Mines and Petroleum.
25. Obad Noah – Oranto Petroleum Limited
26. Dr. Tom Buringuriza – Armour Energy Limited
27. Emilly Nakamya – Uganda National Oil Company
28. Sandra Mwesigye - CNOOC
29. George Lugalambi – UGEITI/ Communications consultant
30. Mina O.Horace – UGEITI/EU Consultant
31. Samuel Bekoe – EU/ Beneficial Ownership Consultant

32. Susan Nakagolo – Ministry of Finance, Planning and Economic Development.
33. Francis Ginneton Emitu – Ministry Finance, Planning and Economic Development.
34. Saul Ongaria – UGEITI
35. Gloria Mugambe – UGEITI
36. Vanessa Ihunde – UGEITI
37. Kanakulya Edwin Kavuma – UGEITI
38. Dan Denis Agaba – UGEITI
39. Arinda Bronia – UGEITI
40. Gertrude Angom – UGEITI
41. Edgar Mutungi – UGEITI
42. Abbey Gitta – UGEITI
43. Acom Angella Susan – UGEITI