

27<sup>th</sup> August, 2023

**SUBJECT: A REPORT ON DISSEMINATION OF EITI REPORT 2020/21 AWARENESS CREATION ON BENEFICIAL OWNERSHIP IN RELATION TO BUSINESS & HUMAN RIGHTS.**



**Background**

KCSO N/BAPENECO with support from Ministry of Foreign Affairs of Finland through International Alert is implementing a business & Human rights project “Enabling the Business \* Human Rights Agenda in the Albertine region” in three Districts of Kikuube, Hoima and Bulimia aimed at enhancing accountability and conflict sensitivity of corporate and state actors so that they can respond to the changes sought by communities for conflict mitigation and resolution.

**About the meeting**

Uganda was admitted in the Extractives Industries Transparency Initiative in August 2020 as a member country. The EITI is a global standard that provides a framework and a process for promoting greater transparency and accountability in the oil and gas and mining sectors. This can be realized through promoting an open and accountable management of natural

resources therefore there is need to strengthen Government and company systems by enhancing public debate to build trust

Uganda is blessed with many minerals, some are under exploration while others are being mined thus the initiative by Government of Uganda to join the EITI seeks to promote transparency by highlighting who is doing business in the extractive industry, where are the revenues going and how are Ugandans benefiting.

Uganda has released its second Extractives Industries Transparency Initiative (EITI) Report which covers payments made by extractive entities and revenues received by the Government agencies. It also covers material payments and benefits to Government agencies, contextual information about the extractive industries in accordance with EITI requirements and fulfilment of business and human rights. The EITI process is a journey which requires continuous awareness, learning and education by all stakeholders to improve appreciation of the extractive chain, criteria and requirements. Uganda also produced its first National Action plan for Business and Human Rights (NAP) and the EITI processes and reports form part of the avenues of fostering implementation of the NAP in various aspects

Beneficial ownership (BO) refers to the ultimate ownership or control of a legal arrangement, entity or asset. It identifies the individual(s) referred to as beneficial owners who enjoy the benefits of ownership such as profits and voting rights. This implies beneficial owners are persons that own or control an interest in a legal entity or arrangement like a company thus there is a possibility that the person that holds the legal title or the beneficial owner entitled to the benefits of the company maybe the same or differ.

Beneficial ownership information can be used to promote business and human rights by allowing stakeholders to understand who ultimately controls a company and therefore hold them accountable for their actions in cases of human rights abuses such as labor and environmental issues. For instance, oil and gas projects requires mass land acquisition which has an effect on human rights, loss of biodiversity, wild life habitat, among others. There is need for business in the oil and gas sector to act in a socially responsible manner that promote respect for Human Rights in the Oil and Gas business development. Uganda's oil and gas sector is still growing and all efforts to ensure that the sector contributes to the Country's development without negatively impacting of human rights are critical

Therefore, it was paramount to disseminate EITI report (2020/2021) to promote transparency and good governance at all levels of the extractive industry value chain and address emerging issues of Business and Human Rights. Its also imperative that information is a key component of Business and Human rights especially for the oil and gas sector.

It was also necessary to create awareness on beneficial ownership especially amongst the CSOs in the region since it is now a requirement for the CSOs to register.

**Venue/date of training.**

The training took place at HB Hotel-Hoima City on Wednesday 23rd August 2023 and in total 48 participants (16 females and 32 males) from local government, civil society, media, and the private sector attended this meeting.

## **Objectives of training.**

The objectives of the meeting were;

- To disseminate the EITI report to stakeholders at sub-national level and create discussion on elements that relate to Business and human rights within the report
- To enhance awareness of Beneficial Ownership in the “oil region” in further promotion of avenues for enhancing business and human rights

## **Facilitating Team**

The team was composed of the following;

1. Edwin Kavuma Kanakulya-UGEITI
2. Denis Agaba Agaba-UGEITI
3. William Draku-URSB
4. Gard Benda (Moderator)

## **Session 1: Over view of EITI and its linkages with Business and Human rights in the Ugandan Context**



This session was facilitated by Edwin Kavuma Kanakulya from UGEITI who begun with a brief introduction about UGEITI.

- He begun with an overview about EITI as Extractive Industries Transparency Initiative (EITI) is a global standard (tool) used to promote transparency, accountability and good governance of in extractive industries.
- The EITI Standard enables the government to disclose how much is received from extractive companies.
- Extractive companies are also able to disclose how much they pay.



- Uganda's EITI Journey included; Cabinet Decision made on 28<sup>th</sup> January, 2019 and MOFPED tasked to spearhead the process of EITI; February 2019, a Public Statement by Government was issued to confirm Uganda's intention to join EITI; Multi-Stakeholder Group (MSG) was set up in March, 2019; MSG and National Secretariat established, Nov 2019; Uganda's Application was submitted to EITI Board ON 13<sup>th</sup> July 2020 and approved on 12<sup>th</sup> August, 2020; Published first Report on 16<sup>th</sup> May, 2022 and Second report on 30<sup>th</sup> June 2023. (Press conference was held on 10<sup>th</sup> August, 2023); Launch of the second EITI report is scheduled for 15<sup>th</sup> September, 2023; Validation is scheduled for 1<sup>st</sup> October, 2023.
- On benefits of EITI implementation the following were emphasized; Access to the right information – informs decisions made by stakeholders; Enhance understanding and participation of the local citizens; Improves business environment in the sector; Promotes accountability & public finance management; Enhances revenue management and generation.
- On EITI and Human rights, Article 20(1) of the Constitution: Fundamental rights and freedoms of the individual are inherent and not granted by the State. Article 41(1) gives every citizen a **right of access to information** and EITI is about making information on the extractive sector publicly available for free. EITI can foster the protection and enjoyment of human rights by providing information about the human rights risks in the extractive sector.
- He also emphasized on human rights risks in the extractive sector; Environmental **impacts** by extractives activities impact the environment e.g., increases in air and noise pollution, increased road traffic, and the use of hazardous materials in mining. **Article 39** gives a right to a clean and healthy environment. EITI requires reporting on environmental impacts and the mitigations by extractive companies and Government.
- **Discrimination risks.** He noted that It is a male-dominated industry, with women facing discrimination in hiring and daily operations. Article 33(4) Women shall have the right to equal opportunities in political, economic and social activities. EITI requires reporting on participation of women in the sector.
- **Economic and Social Disruption.** Economic transformation and influx of people may change social dynamics, impacting traditional beliefs. **Article 37** provides for right to culture and to belong to, enjoy, practice, profess, maintain and promote any culture, cultural institution, language, tradition, creed or religion in community with others. EITI requires reporting on social impacts of extractive activities.
- **Land Acquisition.** Article 26 Protection from deprivation of property. There can be a risk of insufficiently negotiated land acquisition, displacement of communities. EITI also reports on such cases for the relevant stakeholders to take action
- In conclusion he emphasized that;EITI primarily avails information along the value chain of the extractives sector to the public and stakeholders for free; The public is to use this information to hold their leaders accountable and also use the opportunities

available for their professional or business purposes; EITI reporting promotes business; EITI reporting facilitates the protection of human rights of the people especially those that live and work in extractive area

### **Session: Presentation of EITI report (2020/2021)**



Dan Denis Agaba-Statistician from UGEITI led this session and presented the following;

- On background, he emphasized that **EITI** is a global standard that promotes the accountable and transparent management of extractive industries which primarily include the oil, gas and mining sectors and is implemented in over 50 countries around the world. That EITI implementation in Uganda is overseen by a 25 person Multi-Stakeholder Group (MSG) comprising of Government, Civil Society and Industry and the implementation is through the Uganda National EITI Work plan.
- On EITI implementation progress, he emphasized that the MSG developed work plan for FY 2023/2024, to guide Uganda's EITI implementation process in order to ensure that Government and the extractive companies meet their obligations in a timely manner.
- On report recommendations, the following were mentioned; Mainstreaming and systematic disclosure of EITI data; Public disclosure of the register of licenses; Public disclosure of contracts and licenses in Petroleum and Mining sectors; Data quality and assurance; Accuracy of export data; Public disclosure of beneficial ownership information; Mainstreaming and systematic disclosure of EITI data.

- On findings of Uganda's second EITI report, he presented that as part of the EITI requirements, Uganda produced her second EITI report for FY 2020-2021 in fulfillment of requirements 2,3,5 and 6 of the standard and the report was published on 30th June 2022 and gave the link <https://www.ugeiti.org/wp-content/uploads/2023/06/UGEITI-Report-FY-2020-2021.pdf>
- On revenues from the sector, the total entities that have licenses were 185 companies ( 4 oil and gas companies and 181 mining companies) and a total of 688 licenses by the mining entities. These Oil and mining companies made a combined contribution of 241,349,057,489 bn.
- On contributions to the economy; contribution of the mining sector to GDP (1.8%), Extractives sector to employment (0.01%), contribution of mining sector to exports (0.01%), contribution of extractive sector to government revenue (0.6%).
- On mineral royalty payments, he emphasized that URA collected 8,704,703,985 in FY 2020/21 and transferred a total of 1,340,811,179 to LG and owners (70% central government, 25% LG and 5% owners)
- On opportunities for local participation In the extractives Sector, the following were emphasized; Construction of FEEDER pipeline expected jobs; The Central processing facilities; On going works at the Hoima airport; Tilenga project; Kingfisher Development project; National talent register and National supplier database
- On Expected role of stakeholders in EITI implementation, emphasis was on the following; Sharing Information, especially on publicized reports; Holding into account the duty bearers; Research and analysis ; Capacity building of citizens to understand the sector
- He concluded with the next steps in EITI implementation for Uganda as; Implementation of a new workplan for FY 2023/2024; Launch of the second EITI report; Continuous report dissemination and public awareness; Preparation for validation commencing on 1<sup>st</sup> October 2023; and Engagement of relevant stakeholders to address gaps in the report

### **Session 3: Presentation and discussion on Beneficial Ownership**

Session was facilitated by William Draku-theCenor Compliance & Enforcement Officer at URSB. He begun with a brief background about URSB and emphasized that The Uganda Registration Services Bureau (URSB) is a semi-autonomous statutory body established in 1998 by Chapter 210 of the Laws of Uganda. That it was created to take over the functions of the Registrar General's office under the Ministry of Justice and Constitutional Affairs.

In July 2010, URSB was granted self accounting status. The URSB is governed by a Board of Directors and a Chief Executive Officer, the Registrar General.

On services of URSB; Business registration ; Intellectual Property Rights; Civil Registration; Collateral Registry for Immovable Property ; Official Receiver in insolvency matters

Further he went ahead to give the background to the beneficial ownership as follows; On 21st February, 2020 the Financial Action Task Force (FATF) placed Uganda on its global money laundering watchlist, under the category of countries under increased monitoring. This is the list often externally referred to as the "grey" list ; Recommendation 24 of the FATF requires countries to take measures aimed at preventing misuse of legal persons for money laundering and terrorism financing; Under the Anti- Money Laundering Act(AMLA)2013 and 2017 as amended and Regulation 11 of the Anti-Money Laundering Regulations, 2015, the Registrar of Companies is one of the accountable person and is charged with the responsibility of identifying, obtaining and keeping a record of beneficial owners of the different legal persons ; In order to fulfil the obligations of the registrar of Companies, URSB has undertaken appropriate measures both administrative and legal.

On legal reform he informed the meeting that the Parliament of the Republic of Uganda on 30th August, 2022 passed the Companies (Amendment) Bill of 2022 to streamline and simplify the procedure for the incorporation process and introduced the beneficial ownership principle and the Partnerships(Amendment)Bill of 2022 that **introduced the principle of beneficial ownership**.The Bills were assented to by the President H.E Y.K. Museveni on 7th September 2022.

- The amended Acts are cited as The Companies (Amendment) Act 16 of 2022 and The Partnerships (Amendment) Act 21 of 2022
- On beneficial ownership, Section 2 of the Companies (Amendment ) Act was amended to include a beneficial owner to include; ***as a natural person who has final ownership or control of a company or a natural person on whose behalf a transaction is conducted in a company, and includes a natural person who exercises ultimate control over a company.***
- The information entered on the register includes; names, postal address, National Identification number, date on which the beneficial owner was entered on the register, and any other information prescribed by the Minister
- As per the The Partnerships (Amendment) Act 21 Of 2022, the definition of a beneficial owner was introduced to mean *a natural person who ultimately owns or controls a partnership or the natural person on whose behalf a transaction is conducted in the partnership and includes a natural person who exercises ultimate control over partnership*
- Continued that there was an insertion of Section 52A in the principle Act after the management of Limited Liability Partnerships to provide for a register of beneficial owners. The information entered on the register includes; Names, postal address,

National Identification number, date on which the beneficial owner was entered on the register, date the ceased to be a of each beneficial owner and any other information prescribed by the Minister

- The register shall be kept at the registered office of the partnership and any changes therein. The partnership will have an obligation to transmit the same to the Registrar within 14 days

#### **BO Fines**

- A default on complying with these provisions, a company or any officer of the company who is in default will be held liable to a daily default fine of 25 currency points
- A currency point is UGX.20,000/= so 25 currency points is equivalent to **UGX.500,000/= daily**
- On way forward he emphasized that URSB together with FPC, they have developed regulations to operationalise the provisions on Beneficial ownership which were consequently signed off by the Minister of Justice and Constitutional Affairs ; Enhanced the online business registration system (OBRS) to include the component of beneficial ownership to ensure that information in the companies' registry is fully computerized and easily accessible; Data clean up on all existing entities to provide information on BO and have continuously engaged stakeholders using the various media platforms on the importance of beneficial ownership.

#### **Session 4 ; Panel of discussion**

There was a panel of discussion that further discussed HR issues in relation to the EITI report that had been disseminated.

Key among these included; There are HR violations still being experienced in the region as a result of discovery of oil & gas. Females are still few compared to males in the extractives industry but the panel agreed that there is increase in number of females currently undergoing training in fields like civil engineering and other science related courses.

The females were also reported to be more affected than males during land acquisition by oil companies.





## Closure



The meeting was closed officially by Ms. Harriet Katusiime-Deputy CAO Hoima who thanked KCSN/BAPENECO for organizing the dissemination meeting. She called upon all the participants present to take their time and read the report and use it as an advocacy tool to help improve their communities. She wished participants a safe journey back home.

Prepared by;

**Denis Ssebugwawo**

**M&E Coordinator**

Approved by;

**Paul Mulindwa**

**ED KCSN**

**Attendance list.**

No	NAME	SEX	ORGANISATION	TEL
01	Florence Namataka	F	Kikuube DLG	0774176513
02	Catherine Kobusinge	F	HONECRIC	0772924671
03	John Kibego	M	Kazi -Njema	0779711619
04	Edreen Ahuura Safeson	M	HUDIPC	0772371783
05	Catherine Murungi	F	KITADI	0785782064
06	Brian Charles Mubiru	M	Bunyoro Business Club	0772579008
07	Prossy Bashemera	F	KCSON	0783240696
08	Amos Isaac Bitamale	M	SPWO-Hoima DLG	0784
09	Beatrice Rukanyanga	F	KWA	0770713321
10	William Draku	M	URSB	0772478238
11	Zam Kunihira	F	Kikuube DLG	0782822349
12	Patrick Mugabi	M	KHEDA	0772389212
13	Albert Twinomujuni	M	BAPENECO	0785457908
14	Stuart Wamani	M	ATACAMA	0764490426
15	Jackson Abigaba	M	ATACAMA	0781926317
16	B.A Barugahara	M	DCDO-Buliisa	0772372098
17	Geofrey Ahuura	M	GRA	0778770638
18	Paolyel MP Ombuchan	M	BIRUDO	0772999527
19	Ismail Kusemererwa	M	MIRAC	0779599260
20	Gard Benda	M	WVU	0772676028
21	Nicholas Busobozi	M	BAPENECO	0780259485
22	Patience Ntegeka	F	AC Events	0780171302
23	Joan Kyomugisa	F	HDLG-Buhanika	0780184377

24	Johnson Kanyesige	M	Spice FM	0787817725
25	George Musasizi	M	Radio Maria	0774643287
26	Joseline Nyangoma	F	DNRO-Hoima DLG	077228153
27	Pascal Kasaija	M	WVU	0776994116
28	Sarah Birungi	F	URDT	0781491082
29	Lawrence Kangula	M	MICOD	0772505333
30	Dan Denis Agaba	M	UGEITI	0785086861
31	Edwin Kvuma Kanakulya	M	UGEITI	0782532646
32	Emmanuel Ubare	M	SAMOSH	0777457272
33	Francis Ssewanyana	M	KCSON	0789041189
34	Hellen Nyakato	F	NAVODA	0785252707
35	Ivan Kaboyo	M	ECLA	0778533718
36	Gorret Kiiza	F	KAWIDA	0785003385
37	Judith Katusabe	F	HOCADDO	0775082569
38	Francis Mugerwa	M	Bunyoro Kitara Kingdom	0772853757
39	Denis Ssebugwawo	M	KCSON	0786478503
40	Pau Mulindwa	M	KCSON	0772930697
41	Johnbosco Tuhunira	M	AORN	0771965216
43	Catherine Tusemerirwe	F	Kazi-Njema	0761014834
44	Benard Tugume	M	Buliisa DLG	0789164126
45	Gerald Basiima	M	Buliisa DLG	0785906983
46	Doreen Komukyeya	F	Hoima DLG	0774345526
47	Nicholas Muhumuza	M	BAPENECO	0788587280
48	Harriet Katusiime	F	DCAO-HDLG	0772960696

**Program for regional stakeholder engagement to disseminate EITI report (2020/2021), and Create awareness on Beneficial Ownership in relation to Business and Human Rights**

TIME	ACTIVITY	RESPONSIBLE PERSON
08:00 – 08:30 AM	Arrival of participants and Registration	<ul style="list-style-type: none"> <li>BAPENECO Secretariat</li> </ul>
08:45 – 09:15 AM	<ul style="list-style-type: none"> <li>Prayer</li> <li>Self-introduction</li> <li>Objectives of the meeting</li> <li>Welcome remarks</li> <li>Official Opening</li> </ul>	<ul style="list-style-type: none"> <li>All participants</li> <li>Coordinator BAPENECO</li> <li>ED KCSO</li> <li>Chairperson LC5 Hoima</li> </ul>
09:15 – 10:15 AM	Over view of EITI and its linkages with Business and Human rights in the Ugandan Context	<ul style="list-style-type: none"> <li>UGEITI</li> </ul>
10:15 – 10:45 PM	Presentation of EITI report (2020/2021)	<ul style="list-style-type: none"> <li>UGEITI</li> </ul>
10:45 – 11:15 AM	<b>Health Break</b>	<b>Hotel</b>
11:15- 11:45 AM	Plenary discussion	<ul style="list-style-type: none"> <li>Moderator</li> </ul>
11:45AM -13:00 PM	Presentation and discussion on Beneficial Ownership	<ul style="list-style-type: none"> <li>URSB</li> </ul>
01:00-2:00PM	<b>Lunch</b>	<ul style="list-style-type: none"> <li><b>Hotel</b></li> </ul>
2:00PM-3:00 PM	Group Discussions and presentation on identified opportunities and actions for promoting Business and Human Rights in the region using EITI and Beneficial Ownership	<ul style="list-style-type: none"> <li>Moderator</li> </ul>
3:00-3:45 PM	Presentations and final discussions/ Panel	<ul style="list-style-type: none"> <li>All participants</li> </ul>
3:45-4:30 PM	Wrap up and Next Actions  Closing remarks  Departure	<ul style="list-style-type: none"> <li>UGEITI , URSB &amp; BAPENECO</li> <li>Chairperson LC5 Kikuube</li> <li>All participants</li> </ul>



