

**INDUCTION MEETING TO CSOs REPRESENTATIVES TO THE 3RD TEITA
COMMITTEE REPORT**

Reporters name and contact details:	Ms Racheal Chagonja Coordinator HakiRasilimali	Dates of event: 28 th to 29 th June 2016
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Name of Event	Induction workshop to CSOs representatives to the 3 rd TEITI Committee
Implementing agencies	Natural Resource Governance Institute and HakiRasilimali
Nº of participants	11(participants list attached)

Key objective for the workshop:

- a. Building collective understanding on the role of CSO in EITI process.
- b. To identify challenges and opportunities for joint action around EITI.
- c. To enhance knowledge on beneficial ownership (BO) concept.

1. Key issues addressed during the induction included:

**i) WHAT WERE THE LIMITATIONS THAT HINDERED CSOS
REPRESENTATIVES IN THE PREVIOUS TEITI MSG?**

Experiences from the previous TEITI MSG term were shared by the exiting MSG members and proxies. Overall the workshop participants noted the following:

- Lack of coordination mechanism, communication and consultation between Principals and proxies hindered sharing of information on the MSG-EITI deliberations.
- Failure to define clearly the roles of the Principal and Alternates and how they could work together.
- Weak report dissemination and absence of shared analysis made it difficult for the constituency members to be involved. The participants noted the need to package the reports in ways that the beneficiaries can understand the messages.
- Inadequate resources including technical, material and financial affected capacity building efforts.
- TEITI felt like a new agenda to the new representatives nominated in 2012 due to absence of orientation or capacity building plans.

ii) EXPECTATIONS FOR THE NEWLY APPOINTED CSOS REPRESENTATIVES TO THE 3rd TEITI MSG

These were summarized as follows:

- Desire to strengthen and improve the capacity of the new TEITI-MSG CSOs representatives to effectively engage with other stakeholders for the better management of the extractive resource.
- Having a collective advocacy position for the common good and public interest.
- Developing critical thinking and technical competency so as to be able to challenge false assumptions and beliefs regarding natural resources as a CURSE.
- Developing an understanding of the public and private sector priorities regarding socio-economic justice and demand for ethical governance, transparency and accountability.
- Building a collective vision through strong CSO identity and purpose in the EITI process
- Engaging in knowledge building and to act as link between MSG to the broader public
- Ensuring that gender issues are mainstreamed in policies, legal frameworks and structures in the extractive industry
- Identifying a clear scope of joint work for CSO representatives for the next 3 years
- Dissemination and analysis of TEITI that will benefit the local communities affected by extractives.

iii) WHAT SHOULD BE THE KEY ROLES OF EITI?

- Creates neutral space for building trust and facilitating discussions on extractive sector policies
- Linking EITI to broader national policy debate and development priorities
- Identification of concerns and gaps in public information around the extractives.
- Enable public to understand the reports and promote policy debates based on analysis of the information.
- Increase accountability and accountability within the sector

DAY TWO

BENEFICIAL OWNERSHIP (BO)

This was a capacity building session meant to prepare CSO representatives for the coming TEITI beneficial ownership pilot project. It was facilitated by Samuel Bekoe and Silas Olang from Natural Resource Governance Institute (NRGI)

The training covered several modules as follows:

I. Who is the Beneficial Owner?

A person who enjoys the benefits of ownership even though title is in another name

- EITI definition: “A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.”
- US G8 action plan definition: “...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

II. Identification of Beneficial owners

- a) Ultimate Beneficial Owners-UBO: A person or entity that is the ultimate beneficiary of the company. Certain financial and other organizations, including extraction companies, are subject to mandatory disclosure of the UBO if doing business with any party.
 - The underlying reason of this provision is preventing natural persons with malicious intent, such as money-laundering or financing terrorism, from being able to hide behind a company, foundation or other legal entity.
 - The ultimate beneficial owner always holds an interest of at a percentage in the legal entity’s capital and can also exercise the voting rights at the general meeting of shareholders
- Economic Benefits versus control

III. Who may not be beneficial owners

These include corporate shareholders, Directors, Board Members and substitutes

- IV. **How the extractives companies conceal beneficial owners.** Undisclosed ownership structures enable some oil, gas, and mining companies to evade tax payments or hide improper relationships with government officials. Publishing information about companies’ “beneficial owners” therefore it helps to reduces corruption risks and deter tax evasion. It gives government agencies more of the information they need to carry out their mandates. It supports the work of campaigners, NGO and investigative reporters and

potentially create trust but satisfying citizen demand for ownership information, It fills knowledge gaps for law enforcement personnel and also it helps investors manage risks and feel comfortable entering the market

- V. **How will TEITI Achieve BO Disclosure?** This can be achieved through the creation of the roadmap by January 2017 and full disclosure as of January 2020. Section 16(b) of the TEITA Act mandate the minister to publish information on company ownership”*names of individual shareholders who own interests in the extractive industry companies*” **BUT** seems there is No ownership definition which goes beyond shareholders i.e. Ultimate owners, significant economic benefits, Persons with significant control. Also there is no Politically Exposed Persons mentioned and the law does not mention any further additional data on owner’s aside just names

- ii) **Questions during the induction that provoked much discussion included.**
The facilitators responded and engaged the participants to indepth thinking around the following concerns and questions:

- a. Transparency; how is the information presented.
- b. What is the data capacity needed for accountability
- c. As conflicts on natural resources tend to raise everyday commitment, when will Tanzania learn from the bad experiences of others?
- d. As it seems Tanzania got into mining without knowledge. what is the role of the communities, CSOs women engagement and other groups
- e. Will the revenue from the extractive sector be significant enough?
- f. Lack of negotiation skills on stakeholders, how can it be built among the representatives to enable their efficiency?
- g. How to address the value of the National assets when discussing Corporate Social Responsibility-CSR?
- h. How will the new representatives be able to monitor manipulation of revenue figures in TEITI report?
- i. Looking at communities represented expectations, how will the new CSO representatives be able to disseminate information.
- j. How much has the extractive industry contributed towards the current 2016/2017 National (URT) budget?

iii) Recommendations and Conclusion

a) Coordination, Communication and Predictability.

- Decision was made on those new CSOs representatives to work together for predictability without hindering their advocacy voices.
- Need for the representatives to build a common outreach and communication channel within and outside the platform.
- MSG CSOs representatives to the 3rd TEITI MSG to choose a convener among themselves that will act as a focal point. Proposed were Amani M.Mhinda (Principal conventional NGOs)
- The selected MSG-EITI coordinator will be a focal point to liaise with HakiRasilimali coordinator who will handle communication and logistical matters including information dissemination with sub constituencies.
- The new representatives urged to always meet prior to agree on what to address before attending the TEITI, EITI discussions. TEITI secretariat and HakiRasilimali will be requested to support that effort
- To have a strategy for clear engagement of the new representatives based on their skills in the 3rd TEITI committee.
- Recommended Capacity building training on the TEITI Act 2015 for the new representatives. Suggested use lawyers within the networks as well as those of TEITI Secretariat
- To organize Constituency awareness meetings to brief about the TEITI status and the coming validation.
- To request TEITI MSG to allow HakiRasilimali Coordinator to attend TEITI committee meetings as an OBSERVER so as to act as joint secretariat to the CSO constituency.
- NRGi and HakiRasilimali requested to request TEITI secretariat to bring together all the outgoing MSG representatives and incoming MSG representatives before the next MSG meeting.

b) Co-operation

The participants agreed to address how HakiRasilimali and other CSOs can cooperate outside TEITI MSG meeting including TEITI work being mainstreamed into organization based programs.

iv) Attachments (List of Participants, Presentations, Background Documents)