



ROADMAP FOR DISCLOSING INFORMATION ON BENEFICIAL OWNERSHIP IN TANZANIA

Tanzania joined the Extractive Industries Transparency Initiative (EITI) in February 2009, with the objective of increasing transparency in the management of extractive industries. The Initiative aim to promote accountability within Governments and companies operating in Oil, Gas and Mining activities.

The 2013 EITI Standard included a provision of Disclosure of Beneficial Ownership and recommended implementing countries to maintain a publicly available register of the Beneficial Owners of corporate entities that bid for operate or invest in extractive industries including the identities of their beneficial owners and the level of ownership. The disclosure aims at reducing risks such as tax evasion and conflict of interests; increasing trust and accountability; enhancing revenue collection by controlling owners who evade/dodge tax by concealing behind shadow companies; improving rule of law; improving investment climate; and preventing corruption and illicit financial flows.

In January 2014, the EITI International initiated a pilot scheme involving eleven countries Tanzania being one of the countries that agreed to participate in a pilot study designed to assess the feasibility of requiring beneficial ownership disclosure through EITI reporting. Other countries includes:-Liberia, Nigeria, Niger, Togo, DR Congo, Burkina Faso, Sierra Leone, Zambia, Honduras and the Kyrgyz Republic.

In addition to identifying politically exposed persons and government officials that have interests in the sectors which they oversee, the pilot aims to collect and disclose company beneficial ownership. It also aims to strengthen and deepen transparency in the extractive industries; increase understanding of different ownership structure types of extractive companies that are incorporated; review key laws governing companies and company registers on requirements for companies to report beneficial ownership information.

On March 16, 2015, the Tanzania participated in a seminar on beneficial ownership held in London UK. TEITI Chairman Honorable Mark Bomani, and a Legal Officer took part in the seminar. The seminar highlighted experiences and lessons learnt from pilot countries which started disclosing information on beneficial owners, namely Ghana, Liberia, Nigeria, and Togo. Some of the key challenges that were identified was the means of lifting the veil of corporation to identify

the true owners of the companies since the company is a separate entity separate from the individuals operating it, also the mechanism of verifying details and information provided by extractive companies showing the ownership details and level of ownership as well as the credibility of the information provided and absence of information on the shareholders who have significant control of the companies in many cases.

On May 8, 2015, Natural Resources Governance Institute (NRGI) and Global Witness, conducted a workshop on beneficial ownership in Dar es Salaam. The objective was to assist TEITI Secretariat in developing action plan for collecting and disclosing beneficial ownership information, including developing a definition of beneficial owner, setting the level of ownership thresholds, and drafting a template to be used for collecting information.

In July 2015, the Parliament of Tanzania passed the Tanzania Extractive industries (Transparency and Accountability) Act. Among other things, the Act requires extractive companies that operate, bid for and invest in Mining, Oil and Gas to publish names of individuals' shareholders who owns interests in the extractive companies under Section 26 (1) (b) of TEITA Act 2015

In March 2016, TEITI hired a consultant to undertake a legal review study on beneficial ownership of the extractive companies in Tanzania. The study aims to review existing legislations especially those that relate to disclosure of ownership and persons; different entities that are incorporated under the laws of Tanzania; and registered to companies Register (Business Registration and Licensing Agency). It also aims to collect and disclose beneficial owners of the extractive companies that participated in Tanzania's fifth and sixth EITI reports. The study is scheduled to be completed before the end of the year.

At the Anti-Corruption Summit in London on May 12, 2016, the Honourable Kassim Majaliwa, Prime Minister of the United Republic of Tanzania, committed that Tanzania "will ensure beneficial ownership [information] is publicly available for all companies active in the extractive sector follow the link to obtain Tanzania Country statements https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523454/Anticorruption_summit_Remarks_by_Hon_Kassim_Majaliwa_Prime_Minister_of_Tanzania.pdf. Prime Minister Majaliwa also committed to ensuring that Tanzania will establish a central register for beneficial ownership of extractive companies; that law enforcement agencies will have access to the information; and that bilateral arrangements will be established with partner countries to share information.

The EITI requires that by January 1, 2020, implementing countries should disclose information on beneficial ownership through their EITI reports. In view of this requirement, the TEITI Multi-stakeholders group is publishing the following roadmap for disclosing beneficial ownership information:

Objectives	Activities	Responsible	Deadline
1. Legal framework for beneficial ownership disclosure	Review of national laws on beneficial ownership.	Consultant	March 2017
	Development of regulations for the Tanzania Extractive industries (Transparency and Accountability) Act, 2015, which will help implement provision for beneficial ownership in the law.	Consultant	June 2017
2. Beneficial ownership definitions	Review of national and international definitions of beneficial ownership.	Consultant	July 2017
	Agreeing on appropriate definition of beneficial ownership for disclosure in Tanzania through a stakeholder workshop	TEITI-Multi-stakeholder Group and other stakeholders	February 2017
3. Politically exposed persons	Review existing national definitions and reporting requirements for politically exposed persons (PEPs).	Consultant	November 2017
	Align PEPs disclosure with proposed definition of beneficial ownership disclosure for Tanzania through a stakeholder workshop.	TEITI-Multi-stakeholder Group and other stakeholders	September 2017
4. Level of disclosure details and data reliability	Agreeing on level details of disclosure for beneficial ownership (e.g., nationality, level of ownership, how ownership is exerted, date of birth, residential address, means of contact, etc.) through a stakeholder workshop.	TEITI-Multi-stakeholder Group and other stakeholders	December 2016
	Agreeing on a threshold for reporting on beneficial ownership through a stakeholder workshop.	TEITI-Multi-stakeholder Group and other	December 2016

		stakeholders	
	Agreeing on a mechanism to ensure reliability of data from companies for the pilot study and beyond through a stakeholder workshop.	TEITI-Multi-stakeholder Group and other stakeholders	May 2017
5. Data collection procedures and data accessibility	Agreeing on data collection approach and accessibility for the pilot study and beyond through a stakeholder workshop.	TEITI-Multi-stakeholder Group and other stakeholders.	May 2017
	Agreeing on companies that will report on beneficial ownership following the completion of the pilot study.	TEITI-Multi-stakeholder Group	June 2017
6. Data timelines	Agreeing on most appropriate time for data collection of beneficial ownership beyond the pilot study.	TEITI-Multi-stakeholder Group	June 2017
7. Institutional framework	Consultation with government agencies in order to identify the agency that will be best suited to collect data and maintain a central register for beneficial ownership information of the extractive companies.	Consultant	August 2017
	Design of a central register for beneficial ownership information of the extractive companies.	Consultant	October 2017
	Establish a central register for beneficial ownership information of the extractive companies.	Host government agency and Consultant	April 2018
8. Capacity building, technical and financial assistance	Identification of financial needs for implementing the roadmap.	TEITI Secretariat	March 2018
	Identification of capacity building needs for government agencies responsible for providing data on beneficial ownership.	Consultant	March 2017

	Training for government agencies responsible for providing data on beneficial ownership.	Consultant	May 2017