



## **STUDY ON CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE IN UGANDA'S OIL AND GAS SECTOR**

### **Terms of Reference (ToRs) and Call for Expressions of Interest (Eoi)**

**March 2020**

#### **Introduction**

The Advocates Coalition for Development and Environment (ACODE)<sup>1</sup> is interested in undertaking a study on Social Corporate Accountability (SCR) governance in Uganda's oil and gas sector, and is seeking services of a consultant to undertake a study. The goal of this study is to empirically generate evidence upon which suggestions for the CSR regime in Uganda can be improved, for the benefit of communities which are likely to be directly affected by oil exploration, development and production activities. These Terms of Reference (TOR) therefore are intended to guide the expression of interest to undertake the study, the scope, objectives of the study, and to ensure that the study provides the necessary empirical content, delivers in-depth analysis of the CSR landscape in the sector, and provides actionable recommendations.

#### **Background: The Study - Corporate Social Responsibility in Uganda's Oil and Gas Sector**

Uganda has commercially viable oil wells and production is expected to start soon with first oil expected in 2023. Since 2012, Uganda's oil and gas sector have been championed by three companies – Tullow Oil, China National Overseas Oil Corporation (CNOOC), and Total Exploration and Production (Total E&P) – which constituted themselves into Joint Venture Partners (JVPs).

Oil exploitation can have both positive and negative implications: the former mainly for the country in terms of GDP, and the later against the people in the communities where it takes place. It could also benefit a few positioned people in the country and the communities in which it takes place, through the increased propensity to corruption, by

<sup>1</sup> Advocates Coalition for Development and Environment (ACODE) an independent public policy research, analysis and advocacy think tank based in Kampala, Uganda. As a public policy think tank, ACODE seeks *to make policies work for people* through evidence-based engagement of policy practitioners and participation in policy processes. ACODE's work is grouped into programmatic areas, namely: Democracy, Peace and Security; Environment and Natural Resource Governance; Economic Governance and; and Science, Technology Innovations Program. ACODE has, for five consecutive years, been ranked by the Global-Go-To Think Tanks Index among the top think tanks in the world. ACODE'S work focuses on research and analysis, evidence-based advocacy, stakeholder engagement and capacity building



increasing the corruption base- money from the industry.<sup>2</sup> Considering that many people in the local communities are usually far away from key decision- making positions in the oil industry, they are more on the receiving end of the negative consequences of the industry than the good that comes with it. It is therefore important for oil companies to ensure that their work force, families and communities in which they operate partake in the benefit of oil exploitation, by contributing to their improved welfare through services offered as part of the CSR project.<sup>3</sup>

Corporate Social Responsibility (CSR) notion suggests that business corporations, such as Multinational Oil Companies (MOCs), have a social obligation to the society from whose midst they invest, other than stockholders and beyond what is prescribed by laws and union contracts governing their investments. This conception has two facets. First, company/corporate obligation ought to be voluntary, not based on coercive forces of law or union contract adopted, while also not necessarily taking place in a vacuum. Second, the obligation is broader, extending beyond the company's traditional responsibility to a corporation's shareholders; the responsibility extends to other societal groups, such as customers, employees, suppliers, and neighboring communities.<sup>4</sup> CSR also implies that the country in which oil and gas exploration and development are taking place ought to adopt and put in place appropriate policies, laws, institutions and guidelines for CSR activities in order to avoid haphazard, even naught, CSR interventions by companies operating in the economy. This is because unregulated CSR interventions and activities can lead to exploitation of project-affected communities, undermine community initiatives, and perpetuate corporate dominance over community and sub-national development agendas.

There is sparse documented information on what the oil companies operating in Uganda have undertaken as part of their CSR.<sup>5</sup> The paucity of the above (information), clear laws or policies or an understanding of the basis upon which CSR is (or should be) undertaken makes it difficult to gauge how well the companies are faring in their moral obligation to fulfill CSR. This situation does not only hinder the communities' ability to demand for better services from the companies, but also affects other stakeholders (both government and non-government) that have a mandate to check and ensure that the activities of these companies do not adversely affect society unchecked.<sup>6</sup> Among the non-government players is ACODE, which carries out research on development and environment, in addition to promoting awareness and encouraging public participation in matters of

2 Chitragada Choudhury, *et al. Oil: Uganda's Opportunity for Prosperity*, School of International and Public Affairs, Columbia University, May 2012, at 16, Available at: [http://sipa.columbia.edu/academics/workshops/documents/FORPUBLICATION\\_ACODE.pdf](http://sipa.columbia.edu/academics/workshops/documents/FORPUBLICATION_ACODE.pdf), accessible November 7, 2012.

3 See, WBCSD, *Corporate Social Responsibility (CSR)*, available at <http://www.wbcsd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx>, accessed October 13, 2012.

4 Jones, T. M., 1980, "Corporate social responsibility revisited, redefined." *California Management Review*, 59-67.

5 Provision of scholarships to pursue Oil related courses is one of these activities. A small number has, for example been enrolled to pursue Masters Degrees from Makerere University. See., Francesca Martini, The Council for Frontiers of Knowledge (CFK) and Tullow Oil Scholarship Scheme: Master Programme Scholarship at Makerere University, Kampala, 12 November 2012, Available at, <http://www.thecfk.org/downloads/CFK-Conference-Kampala-Nov12-FM.pdf>, Accessed December 18, 2012.

6 Some of these institutions may include: National Environmental Management Authority (NEMA), Parliament, Uganda Human Rights Commission.



government policy. In absence of a clear expected standard of delivery of CSR, such players cannot easily tell that oil exploiting companies are operating below the minimum expected standard. This lack of clarity has a high propensity to benefit the oil exploiting companies than the communities, if civil society organizations are not in position to push them to account on execution of their CSR obligations.

It is against this background that ACODE is contributing, through this study; to lay a foundation for a pragmatic and scholarly understanding of CSR in the setting of Uganda's exquisite oil exploitation industry. While CSR applies to other extractives sectors (such as mining, fishing, forestry) and non-extractive sectors (such as industrial manufacturing and tourism), the oil and gas sector is of utmost importance for understanding the country's extractives landscape if not for the intensity and extensity of investor, government, civil society, and other stakeholder attention it has attracted then for the logical view that the sector is global in nature and subject to many international standards of scrutiny.<sup>7</sup>

The study will make an analysis of the literature on CSR in general, governance indicators of SCR and best international practices, and beyond that theoretical analysis, the study will investigate empirical legal and policy basis for execution of CSR by oil exploiting companies in Uganda. The field research will be undertaken in the Albertine Graben of western Uganda. The research will also aim at providing empirical evidence to answer several questions. Does Uganda have adequate policies, laws and national guidelines on CSR? How far do these "rules", if any, reflect CSR governance standards and international best practices? How are interventions determined and allocated and by whom?

### **Objectives of the Study**

The goal of this study is to provide theoretical and empirical analyses of CSR and generate evidence upon which suggestions for the CSR regime in Uganda can be improved, for the benefit of communities which are likely to be directly affected by oil exploration, development and production activities.

Specifically, the study will focus on the following objectives:

- (a) To Examine the theoretical and empirical basis for CSR activities of oil companies.
- (b) To determine the principles, policies, laws and/or guidelines that inform CSR interventions and projects in Uganda's oil and gas sector and whether they can be a basis upon which, (a) people can "demand" CSR, (b) can be a good guide for the companies on delivery of CSR.
- (c) To document CSR governance indicators and best practices (stakeholder participation/community engagement, consistence with area development plans, transparency in determining the investment, reporting on SCR etc) in SCR of oil companies in other countries, and gauge the extent to which these have or can inform the CSR regime/activities in Uganda.
- (d) Document and analyze the scope, content monetary value and relevance of current CSR activities in Uganda

<sup>7</sup> Rwengabo, S., 2017, *Efficiency, Sustainability, and Exit Strategy in the Oil and Gas Sector: Lessons from Ecuador for Uganda*, ACODE Policy Research Paper Series No. 81, 2017, Kampala: ACODE



- (e) To generate recommendations for improving CSR in Uganda's petroleum sector for ensuring that local communities and citizens benefit from CSR activities by oil companies.

### **Scope and Duration**

The assignment will take duration of one month (about 30 days), beginning March 2020. Much of the desk and field research will take place in Kampala and in the Albertine Graben. Research will cover CSR interventions since 2012 when oil companies constituted themselves into a Joint Venture Partnership. The focus will be on the basis of CSR interventions, the ways in which CSR interventions and projects are decided by each company, the role of sub-national authorities and communities in the determination of CSR projects, the fit of CSR projects in national and district development plans, and the locations and nature of CSR projects undertaken by each of the JVP member companies.

### **Methodology**

The researcher will develop and apply appropriate methodologies for this study. Since CSR interventions are a national issue whose practical ramifications are strewn across the Albertine Graben, the level of analysis will be the country and unit of analysis will be individual oil companies. The inquiry will entail interrogating the involvement of oil companies, subnational (district and other) authorities, and communities. Thus, mixed methods are envisaged for this study. The researcher will propose a justified set of methods and tools to be used to execute this study, and the theoretical and conceptual basis of these methodological choices.

There will be regular exchanges between the researcher(s) and ACODE and other ACODE-identified reviewers with the view to enriching the study during inception process, data collection, and report writing. ACODE will arrange for peer review of the draft report and share reviewer comments with the researcher to help the author enrich the draft before final submission. Some of the critical comments may be generated from a stakeholder-engagement workshop in which the findings would have been presented.

### **Stylistics and Ethics**

ACODE, at present, prefers Chicago Style Referencing. Researchers are required to fund and read the 16<sup>th</sup> Edition of the Chicago Style in order to familiarize themselves with expectations regarding referencing.

Any cases of plagiarism, where found or reported, may lead to cancellation of the contract, and other penalties as may be considered fit during and after executing the assignment. Researchers are strongly dissuaded from any temptations of plagiarism as widely understood in the research and/or scholarly community.

### **Deliverables from the Assignment**

The following outputs are expected after executing the above tasks:

- An inception report that will describe the methodology and presentation of findings among other things.



- A draft report that will be presented to a team of researchers for comments and guidance.
- A publishable paper (not more than 60 pages) on CSR in Uganda's Oil and Gas Sector, which will have undergone processes of peer review;
- A publishable policy brief (not more than 10 pages) on CSR in Uganda's Oil and Gas Sector;

### **Call for Expressions of Interest**

ACODE calls upon interested and competent researcher(s) to express interest to undertake a study on *Corporate Social Responsibility in Uganda's Oil and Gas Sector*. The 3-page, concise, Expression of Interest (Eoi) should be in response to these ToRs, and should consist of the following:

- (i) An understanding of the ToRs.
- (ii) Conceptual articulation of CSR and outline of the research paper.
- (iii) Proposed Methodology for executing this assignment
- (iv) Field- and desk-research Plan or workplan for executing the assignment.
- (v) Statement of researcher's competencies to undertake the study.

The Eoi should, in addition to the above, have, as appendices: (i) A **financial proposal** indicating the resources considered necessary for executing this assignment; and (ii) Detailed **Curriculum Vitae** of the Researcher(s)

The **deadline** for submission of expression of interest is **31<sup>st</sup> March, 2020.**

All Expressions of Interest should be hand-delivered or emailed to:

#### **Hand Deliveries**

ACODE Offices  
Plot 96, Kanjokya Street, Kamwokya  
P.O. Box P.O Box 29836,  
Kampala – UGANDA

#### **Emails:**

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