



EITI and beneficial ownership transparency

EITI partners retreat, 6 September 2018

Overview of implementation support

- Linking to national reforms - *Indonesia*
- Bringing together stakeholders (including inter-government collaboration) - *Mongolia*
- Establishing legal and institutional frameworks (draft legislation/regulations) - *DRC*
- Beneficial ownership data collection (reporting templates and EITI reporting) - *Myanmar*
- Company guidance and outreach - *Zambia*
- Establishing public registers – *Kyrgyz Republic*
- Capacity building on analysis of BO data - *Kazakhstan*

Indonesia

Progress on beneficial ownership reforms:

- Presidential Regulation and Ministerial Decree
- OGP commitment to disclose BO data

Need for support:

- Making the BO register publicly accessible
- Data verification mechanisms for the register
- Outreach to companies
- Linking with PEP's asset disclosure practices

Targets:

- BO disclosures by 2019
- Arrangement with the Anti-corruption Commission on reporting obligations for PEPs

Myanmar

Progress on beneficial ownership reforms:

- BO Task Force created
- BO pilot
- Plans to include BO information in the mining cadastre

Results of BO pilot:

- Disclosed 31 natural persons holding 5% or more of the shares or voting rights, directly or indirectly, or exercise control over the respective participating companies via other means
- a majority of the participating companies provided additional information on their beneficial owners, such as date of birth, identity number, country of residence, residential or service address
- Only 2 were declared PEPs
- Of these 17 companies, however, 4 participants disclosed ownership information only up to the level of their legal owners.

Myanmar

Support needs:

- Better definition of BO within the Myanmar context (e.g. what to do with government holdings in private companies?)
- Data verification mechanisms
- Capacity-building in understanding BO concept and in providing information
- How to host BO data in the license register
- Support for legal reforms
- Securing political commitment
- Use of BO data

Kyrgyz Republic

Progress on beneficial ownership reforms:

- Adopted new Law on Subsoil Use (May 2018)
- Draft regulation on BO with support from EBRD
- OGP commitment to disclose BO data (*suggested*)
- Signed MoU with OpenOwnership

Need for support:

- Establishing BO register/transforming license register
- Data verification mechanisms for BO register
- Workshops on BO for companies
- Linking with PEP's asset disclosure practices
- Capacity building for civil society

Targets:

- BO disclosures through public register by 2020
- Verification procedures in place

Beneficial ownership legal survey

- Scope: 16 jurisdictions
- Examination of key provisions:
 - Legal source
 - Competent authority
 - BO definition
 - Level of detail
 - Data verification
 - Reporting entities
 - Requirements for updating
 - Sanctions
 - Public access

Beneficial ownership legal survey

Some preliminary findings:

- **While most laws identify one agency as competent authority, other laws do not identify this at all, or refers to various agencies,** resulting in fragmented regulation
- **Majority contain definition for BO** but some do not specifically refer to natural persons
- **Thresholds range from 5% to 25% of shares,** voting rights, capital, or share in profits

Beneficial ownership legal survey

- **Countries are not covering disclosures of owners who are politically exposed**
 - Only 2 countries refer to close associates (Ghana and Malawi)
 - PEPs are only mentioned in Ghana, Ukraine and the EU Directive

Beneficial ownership legal survey

- **Data verification mechanisms are not detailed** and some are not specific to BO data
- **Few have explicit provisions on public access:** EU (subject to exemptions) Ghana, Kyrgyz Republic, Ukraine (subject to exemptions) , UK
- **Some allow conditional access** (upon payment of fee, request, only to public authorities)

Key messages:

- It is possible to implement beneficial ownership disclosure when there is political commitment
- Technical and financial support will be critical for progress
- At the current rate, the majority of implementing countries are not likely to meet the EITI Requirement by 2020

Next steps

- **Targeted support to EITI countries where funds are available** (EBRD and DFID priority countries)
- **Supporting improved BO disclosures:** Targeting Cameroon, DRC, Ghana, Indonesia, Kyrgyz Republic, Mongolia, Myanmar, Senegal, Zambia
- **Facilitating peer learning:** Regional events in Africa (October), Asia (February 2019), LAC?
- **Improving guidance on establishing legal frameworks, data collection and verification**
- **Expand our network and reach to stakeholders**