

Improving Beneficial Ownership Transparency in Ukraine: Results, Lessons Learned, Challenges

*"Nothing great was ever achieved without
enthusiasm" - Ralph Waldo Emerson*

*Western Balkans Regional Meeting - 2021
Olesia Arkhypska, expert on governance*

main achievements in UBO



2014-
2021

to **disclosure** the business **register** in 2014 and provide data about beneficial ownership

to **join the Global Beneficial Ownership Register** (Great Britain) in 2017. Ukraine is the first country

the **law** on Preventing and Countering Legalization (Laundering) of Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction was adopted in 2019

Memorandum on Strategic Partnership, forming the Strategy Group and launching Transnational Electronic Laboratory (TeLAB) to develop a mechanism for verifying information on UBO – 12 partners in 2020

to **begin creating a comprehensive mechanism for verifying BO information**, which provides for the coordination of efforts of all branches of government - legislative, executive, and judicial, as well as the subsequent creation of a powerful international system for BO verification

to create the world's **first interactive course on ultimate beneficial ownership identification** in 2021



OGP Action Plan 2021-2022

Independent audit of state registers and databases necessary for implementing the unified system of verifying UBO

Establishing and implementing the unified system for verifying UBO

Creating the interactive training course "Identifying an UBO" with tests

Analyzing data

83 Executive bodies

(77 central executive bodies + 6 special status)

Received 75 responses

(91% of the total number of requests)

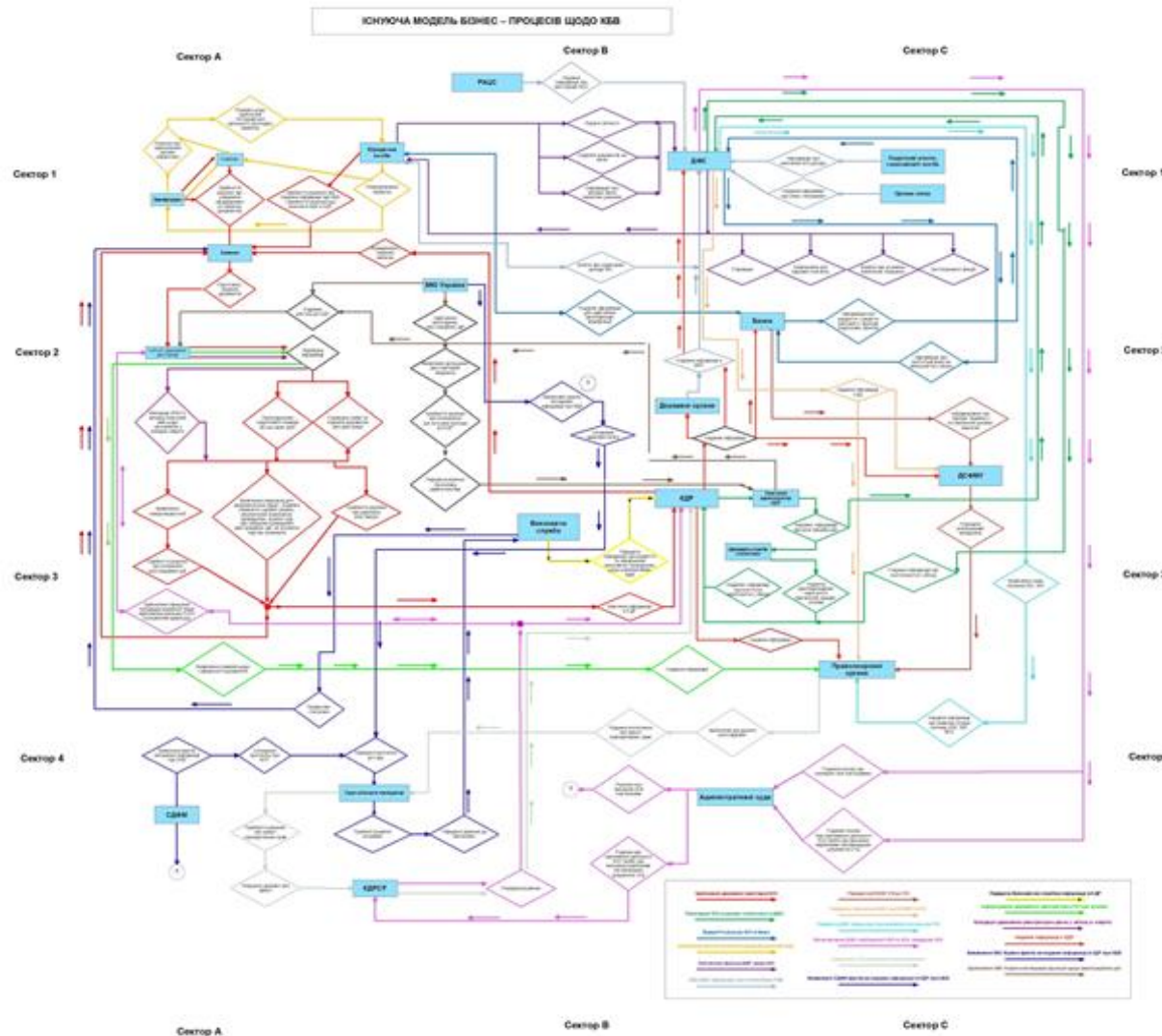
Received 199 registers/datasets

25% (50) contain information on individuals / legal entities

The total amount of stakeholders (executive bodies) – 20

independent audit

Current business process identifying ultimate beneficial owners “as is”



independent audit

Tasks and recommendations to the new UBO process

Full automation of UBO verification - interaction of the UBO register with data managers via API

To propose a system of identifying nominal beneficials owners

Introduction of automatic notifications in the UBO register about changes in data concerning the legal entity's UBO and other important events

Minimization of the human factor, which will significantly reduce the corruption component and errors

Prevent invalid data from being entered

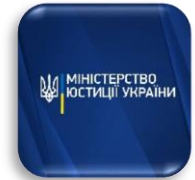
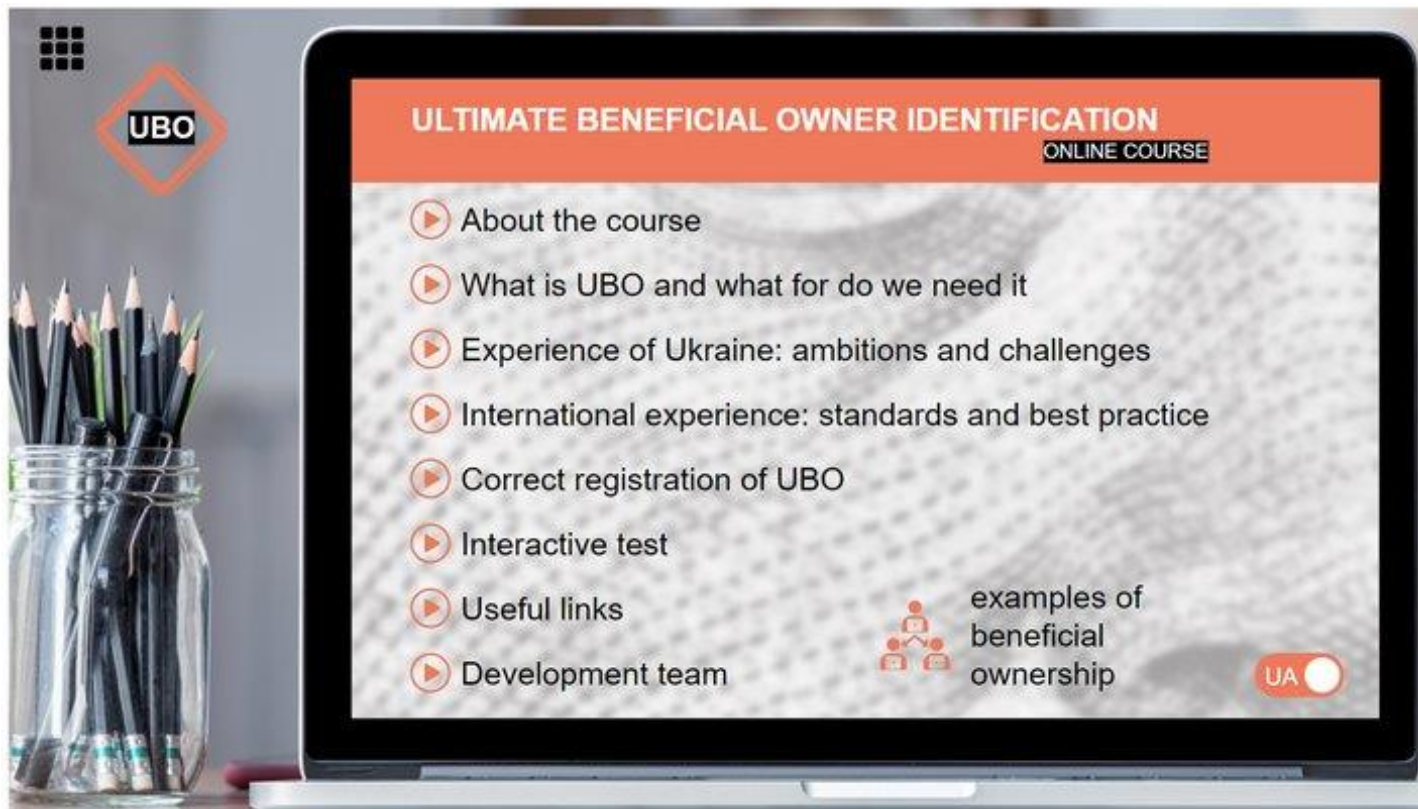
Reduction of registration time of a legal entity: up to 5 minutes to check the completed registration form for the resident's UBO

Introduction of a client application

Creating the interactive training course “Identifying an UBO” with tests

The course consists of:

- ☞ 6 interactive modules
- ☞ 12 interactive examples
- ☞ 20 practical exercises
- ☞ 02:40 total duration
- ☞ more than 30 links to legal acts
- ☞ answers to 5 common questions



How it works?



ubo.csdf.org.ua





lessons learned

Lack of **responsible authority**

Implementation of the mechanism provides for **cooperation among all authorities**: executive, legislative, judicial branches, banking system and law enforcement

A significant part of the **processes** defined by the current legislation **is not implemented**

Unsystematized data on UBO in the official State Register of Legal Entities, Individual Entrepreneurs and Public Associations (USR). Lack of **data validation** (errors in spelling full name, inaccuracy of addresses, errors in codes of individuals)

Lack of an effective mechanism for verifying the accuracy of information in the UBO. As a result, nominal beneficiaries are registered, not real business owners

There is **no control and responsibility for entering inaccurate information of the UBO** (including non-residents and trusts)

Lack of **systematic training** on the identification and verification of the UBO

Lack of a unified approach to UBO **monitoring**

Lack of global leadership, global policy

our challenges



**save and
secure what
has been
achieved /
we risk rolling
back**



**coordination /
hand-in-hand to
build results;
to introduce
strategic
management**



**to innovate /
BO
Transnational
electronic
laboratory**



**Global leadership
and policy;
to initiate a group
of Presidents-
leaders**



**implement the
world's biggest
challenge**



**21st century /
top twenty
rankings**



resources



**quality of
international
researches,
recommendations**



We make changes! Join us!

Start small, think big 😊

Thank you!

