

Beneficial Ownership Transparency

An Important Policy Tool to Fight Corruption

Beneficial ownership transparency is an essential means for combating corruption, stemming illicit financial flows, and fighting tax evasion. Shell companies (and other legal vehicles) are often used to hide profits, terrorist financing, or illegally obtained money. Moreover, [roughly 70 percent](#) of the large-scale corruption cases between 1980 and 2010 involved anonymous companies. Yet, in most countries, disclosure of the individuals who ultimately control or profit from a business (the “beneficial owners”) is not required.

Growing global recognition of these problems, as highlighted by revelations in the [Panama Papers](#), [the Paradise Papers](#), [FinCEN Files](#), and the latest [Pandora Papers](#), is accelerating interest in beneficial ownership transparency reform. Governments as diverse as Denmark, Kenya, Nigeria, and the United Kingdom (UK) have committed to publish beneficial ownership information. Similarly, more and more OGP member countries, including Armenia, Nigeria, and Mexico, are using their action plans to advance beneficial ownership transparency by implementing central public registers.

Within OGP, beneficial ownership transparency has been advanced through a number of means:

- Launching the first public register in the UK in 2016
- Supporting the spread of beneficial ownership transparency across the membership
- Providing a platform for collaboration between governments and civil society through action plans
- Creating opportunities for cross-country exchange and learning
- Providing a platform for countries to set and advance on emerging global norms on beneficial ownership transparency.

Trajectory in OGP

The OGP platform has supported growing political momentum for beneficial ownership transparency through an approach that combines government reform with civil society oversight and peer learning. Each year, more OGP members are committing to disclose beneficial ownership [more frequently](#) in their action plans. Consequently, beneficial ownership transparency is one of OGP’s fastest-growing areas for action. Altogether, one-third of OGP national members have made 52 total beneficial ownership commitments since OGP was established in 2011.¹ According to OGP’s Independent

About OGP and this series

In 2011, government leaders and civil society advocates came together to create a unique partnership—one that combines these powerful forces to promote transparent, participatory, inclusive and accountable governance. As the Open Government Partnership (OGP) completes 10 years, this series of thematic snapshots provide a glimpse how policy areas have advanced, as accelerated by the OGP platform and a growing global community of reformers in governments, civil society, business, media and international organizations.



Reporting Mechanism (IRM), which tracks progress of participating members, beneficial ownership commitments tend to have higher ambition than the average OGP commitment but weaker early results.²

How OGP Supports Beneficial Ownership Transparency

Arguably, OGP was the origin of the recent push for public beneficial ownership transparency. In 2013, during OGP's Global Summit in London, then Prime Minister David Cameron announced that the UK would be launching a public [register](#). This was subsequently included in their OGP action plan and became the [first-ever commitment for a public, open register in OGP](#). The strong advocacy campaign led by civil society organizations such as Global Witness, Transparency International UK, and the ONE Campaign was key to the inclusion of beneficial ownership transparency in the UK's action plan. The London OGP Summit provided the action-forcing moment for the announcement.

The UK's public register has been open and free of charge since 2016, and is now accessed more than 20,000 times a day, recording more than two billion data searches in just the first two years.

Activists and journalists have used it to uncover wrongdoing, including exposing: a number of senior politicians, 76 people on the U.S. sanctions list, and hundreds of others who are barred from owning UK companies, but were previously still able to do so because of the anonymity that was possible.

Adoption beyond the UK

OGP countries were among the earliest adopters of policies to advance beneficial ownership transparency. Every year, more and more members continue to use their action plans to advance these reforms. In total, 33 countries have made OGP commitments to strengthen beneficial ownership transparency. For example, in Kenya, companies bidding for public contracts must enter their beneficial ownership into a public database. [Latvia](#) made information on beneficial owners of companies publicly available, free of charge, and in open data format. More recently, [Liberia](#) committed to building an open, public, and machine-readable online register, consistent with international best practice. In its latest action plan, [Indonesia](#) committed to explicitly leveraging beneficial ownership transparency to optimise tax revenues for its response to the COVID-19 pandemic.

A Multistakeholder Approach that Works

The OGP platform provides a multistakeholder approach that works better than go-it-alone reforms. The hallmarks of the OGP approach to beneficial ownership transparency include government-civil society collaboration, opportunities for technical support and finance, and linking beneficial ownership transparency to corruption-prone sectors such as extractives industries and government procurement.

The unique format of action plan co-creation brings together political leaders, civil society, business, activists, and policy experts. Working together, these stakeholders can

create commitments with the right focus that fit the needs of the national context.

- In [Chile](#), reformers chose to focus on companies that do business with the state or that receive state subsidies.
- Co-creation in [Mexico](#) resulted in a commitment to better monitor trusts, with reformers currently working on a draft law.
- In the case of Nigeria, business representatives, including those on Nigeria's OGP multistakeholder forum, were instrumental to forging cross-sector coalitions that promoted the need for this legislation to be passed in parliament. President Buhari signed the landmark Companies and Allied Matters Act into law as part of Nigeria's [commitment](#) to OGP in 2020.

The OGP process has also provided civil society partners with invaluable entry points for collaborative action and opportunities for financing implementation efforts. Partners including Natural Resource Governance Institute, OpenOwnership, Tax Justice Network, and Transparency International, among others have provided timely support to OGP members linked to their own advocacy efforts. The OGP Support Unit and Steering Committee, in collaboration with strategic partners, continue to facilitate political, technical, and financial support for several of these reforms. For example, In Armenia, which is advancing implementation on an open and public register through its OGP commitment, the OGP Support Unit helped mobilize funding from the European Union and linked domestic reformers to partners providing technical assistance, while galvanizing high-level political support for a cross-sector register. Armenia and Nigeria were also among the beneficiaries of OGP's Multi-Donor Trust Fund, which is directly supporting the implementation of Nigeria's central public register on Beneficial Ownership. Through the Multi-Donor Trust Fund, OGP has also supported partners such as OpenOwnership to provide cross-country learning support to OGP members.

National OGP multistakeholder forums provide a space to convene cross-agency engagement to shift from a single-sector focus to a cross-sector reform. Nearly half of all OGP beneficial ownership commitments are explicitly linked to either contracting or licensing of extractives. Several members have leveraged OGP action plans to translate their beneficial ownership pledges under other multilateral mechanisms, such as the Extractive Industries Transparency Initiative (EITI) into national policy action. [Sierra Leone](#) committed to strengthening beneficial ownership disclosure and exposing conflicts of interests among politically exposed persons. In [Mongolia](#), the government committed to building a legal environment for transparency of beneficial owners and the creation of a public access beneficial ownership register. In their latest action plan, the [Philippines](#) committed to establishing a public beneficial ownership register, as part of a broader commitment on EITI implementation.

Iteration Encourages Ambition

The way OGP works seeks to encourage greater ambition over time. Because action plans are short (two years), they encourage experimentation and allow for correction. Since they are co-created between government and civil society and evaluated by the

IRM, this should encourage them to become increasingly ambitious and realistic. The government of [Ukraine](#) first committed to an open registry and then became the first OGP country to commit to improving the verification of beneficial ownership information by integrating its register in OpenOwnership's global register. Ukraine now spearheads a second surge on audits and verification. The [Slovak Republic](#) will build on beneficial ownership reforms in the country's previous action plan by being the first country to commit to full implementation of the [Beneficial Ownership Transparency Disclosure Principles](#). (More details of the commitment are found [here](#), and its early impact is highlighted in this video, [Finding the Real Beneficiary](#).)

Cross-Country Learning and Emerging Norms

OGP provides a unique space for [dialogue](#) and learning among implementers working on beneficial ownership transparency. The [Beneficial Ownership Leadership Group](#), initiated by the UK and co-convened by OGP, OpenOwnership, Transparency International, and The B Team, seeks to advance principles for central public registers through OGP and complementary platforms. The group comprises Armenia, Kenya, Latvia, Mexico, Norway, the Slovak Republic, and the UK. They are working together to build a new global norm of accessible beneficial ownership information that is linked across borders by 2023.

These efforts to build coalitions of implementers are also advanced through regional and sub-regional learning networks to better link these global conversations to concrete country-focused dialogue. In the Americas, an [informal regional community of practice](#) provided reformers with a space to troubleshoot challenges, connect to relevant implementation agencies, and link to technical and funding partners. Similar communities of practice have recently launched in the Western Balkans and Eastern Partnership sub-regions, showing the growing appetite for learning on this issue. OGP is also uniquely positioned to convene cross-regional learning, pairing political and technical levels, for countries at similar points in the trajectory of the reform.

Recently, major markets that were not covered by beneficial ownership rules are beginning to close the gap. While these new efforts haven't yet made it into OGP action plans, they still represent important steps forward by OGP members. Notably, the United States Congress passed the National Defence Authorisation Act in 2020, which included important corporate transparency reforms, including requiring companies to register beneficial ownership with public authorities. More recently the [Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest](#) launched by the Biden Administration highlights robust implementation of the law. Additionally, Canada committed to a public register as part of its 2021 budget announcement.

Looking Ahead

The [OGP Global Report](#) suggests four key issues that countries can address in second generation reforms:

- **Strengthen the disclosure requirements.** Reinforcing underlying legal and regulatory requirements for disclosure of different types of ownership across various legal vehicles is fundamental to more effective, transparent processes.
- **Improve the interoperability of information.** Applying common standards such as the Beneficial Ownership Data Standard and linking ownership information with other policy areas can help to track money and assets across sectors and jurisdictions.
- **Verify registered information.** Open beneficial ownership data, coupled with strong verification systems, ensures data is accurate and usable.
- **Engage citizens in monitoring and accountability.** Informal and formal channels for accountability enable citizens to actively use ownership data to uncover networks of corruption.

For additional information please visit the beneficial ownership page on the OGP website: <https://www.opengovpartnership.org/policy-area/beneficial-ownership/>

References

1 Commitment data analyzes all commitments through the 2020 action plan cycle.

2 A commitment is deemed to have early results by the IRM if it's given a star (potentially transformative and complete) or a major or outstanding "did it open government" assessment. In other words, the commitment showed substantial progress in making government more open, participatory, or responsive by the end of two years of implementation.