

The Open Gov Guide

2024

Open
Government
Partnership





Anti-Corruption

Using Italy's OpenCoesione platform, over 25,000 young people have joined efforts to monitor public spending, an important accountability mechanism that can help increase competition for public contracts. Pictured: Alessandra Costarella and her classmates.

Company Beneficial Ownership

Beneficial ownership transparency involves collecting and disclosing information about the real human beings who own and control companies and other corporate vehicles. Collecting and publicly disclosing company beneficial ownership data can help reveal money laundering, conflicts of interest, improperly awarded government contracts, and tax evasion. Beyond corruption, knowing who ultimately owns or benefits from a company can also help to identify responsibility for other violations of law, such as environment or labor rules.

Open Gov Challenge

Anti-Corruption

With OGP's [2023-2028 Strategy](#), OGP members are set to work toward a number of aspirational thematic reforms through the [Open Gov Challenge](#). This section of the *Open Gov Guide* addresses Anti-Corruption.

Challenge prompt: Develop or strengthen a whole-of-government anti-corruption strategy or roadmap.

Where strategies or roadmaps exist, improve policy, implementation and interoperability (including through OGP) across the areas below:

- Beneficial ownership
- Open contracting
- Political finance and asset and interest disclosure
- Lobbying
- Extractive industry transparency

Key Terms

- **Anonymously owned company:** An anonymously owned company keeps the identity of its beneficial owner hidden, which can facilitate the movement of illicit funds across borders.
- **Beneficial owner:** A beneficial owner is the individual (or group of individuals) who ultimately owns, controls, or benefits from a company or any other form of legal vehicle, such as trusts or partnerships. This chapter will specifically focus on company beneficial owners. The [five common types](#) of corporate vehicles used to hide beneficial owners are private foundations, foreign law trusts, domestic law trusts, companies, and partnerships. Importantly, the beneficial owner of a company can be different from the legal owner.
- **Beneficial ownership register:** A beneficial ownership register is a database that holds information related to the beneficial owners of companies and/or other legal vehicles. It may be linked to an existing company registry or may be stand-alone.
- **Legal owner:** A legal owner is the person or entity with immediate and formal ownership. In the case of complex and opaque corporate structures, legal owners are often other companies or are “nominee” individuals with little or no actual control.
- **Shell company:** Shell companies do not have active business operations or employees—they are primarily used to hold or move assets. When anonymously owned, this legal structure can be used to illegally hide the proceeds of crime or corruption.

The Evidence

[Company beneficial ownership](#) transparency has several benefits.

- When made public, company beneficial ownership data has been used to uncover hidden wealth that is taxable or connected to illegal activities by [exposing](#) the beneficiaries of anonymously owned companies.
- Governments, [banks](#), and financial institutions can use company beneficial ownership data to prevent fraud or identify misreporting to meet due diligence and risk management requirements.
- Company beneficial ownership data can provide the missing piece to fight money laundering when combined with data on [real estate](#) and [land ownership](#). The same is true for [public procurement](#) data.
- Governments have used this data to strengthen tax collection by limiting tax evasion and recovering [unpaid taxes and penalties](#).

Reform Guidance

Recommended Reforms

The recommendations below represent reforms that national and local governments, representatives of civil society organizations, and others can consider for their action plans and the [Open Gov Challenge](#). The reforms are categorized according to OGP's principal values: transparency, civic participation, and public accountability. Reforms should be adapted to fit the domestic context, and involve and coordinate with other levels and branches of government.

Reforms across policy areas are also tagged by the estimated degree of difficulty in implementation. Though progress is often not linear, the recommendations have been categorized using these labels to give the reader a sense of how different reforms can work together to raise the ambition of open government approaches.

- **Foundational:** This tag is used for reforms that are the essential building blocks of a policy area. “Foundational” does not mean low ambition or low impact. These recommendations often establish basic legal and institutional structures.
- **Intermediate:** This tag is used for reforms that are more complex and often involve more coordination and outreach, such as with the public, between branches, agencies, and levels of government, or between countries.
- **Advanced:** This tag is used for reforms that close important loopholes to make existing work more effective and impactful. They are often about linking multiple databases or ensuring that oversight authorities can receive complaints from members of the public.

TRANSPARENCY

- Create laws and regulations:** Draft and implement legislation and regulations that mandate the collection and publication of company beneficial ownership information, particularly through a [central register](#).
 - [Work with](#) civil society, the private sector, data users, and other key actors to [set the parameters](#) of this legislation, especially if taking a phased approach by focusing on a [specific](#) industry or companies bidding for public procurement.
 - Consider including specific definitions for different kinds of beneficial ownership. Beyond company beneficial ownership, multiple legal vehicles (such as [trusts](#)) are used to disguise beneficial owners. The OGP Support Unit's *Global Report* [provides](#) additional details on how to address risks associated with non-company beneficial ownership.
 - Targeting specific industries is especially relevant for extractive industries such as [mining](#). The Extractive Industries Transparency Initiative (EITI) [highlights](#) how company beneficial ownership transparency applies in oil, gas, and mining. EITI also requires member countries to ensure extractive industry companies disclose their beneficial owners in its [standard](#). [Indonesia](#)'s efforts to disclose beneficial ownership data in this sector provides an example.

Transparency

Civic Participation

Public Accountability

Legislature

Foundational

COMPANY BENEFICIAL OWNERSHIP

- Create clear reporting requirements, such as specifying clear thresholds for defining company beneficial ownership and mandating regular updates.
 - Consider the following strategies to ensure clarity: adopt a clear definition of beneficial ownership in law, specify how and when beneficial ownership should be disclosed, and ensure all changes to beneficial ownership information are reported.
- Include provisions for maintaining and funding the central register in the law to ensure it remains functional over time.
- Make information publicly available. Ensure that the legal framework requires that beneficial ownership data is [publicly available](#) and free of charge.
 - Adopt clear regulations on who should have access to which data based on the public interest. Make publicly available a subset of information on company beneficial ownership that is sufficient for users to understand and make use of the data. The fields of information that are made publicly available should be sufficient for users to analyze and use the data, but certain fields (like a home address) may typically be excluded from the public dataset and only made available to certain authorities (such as law enforcement and financial institutions). Open Ownership provides details on how to balance privacy and public interest in this [long read](#).
- Collect and publish high-quality data:** Data should be of high quality, including validated identifying information on the company beneficial owners (name and address) and the nature and size of the interest they hold in a company. Successful examples of countries that have published such data include [Armenia](#), [Nigeria](#), [Ukraine](#), and the [United Kingdom](#).
 - Transparency
 - Executive
 - Intermediate
- Make data interoperable:** Use common identifiers across datasets related to beneficial ownership to ensure that data in different databases can be used together, which increases accountability. Interoperable data is crucial to identify corruption (such as money laundering), rights violations (such as harmful labor practices), and other illegal activities (such as polluting the environment).
 - Transparency
 - Executive
 - Legislature
 - Intermediate
 - Implement an international standard to allow for cross-country comparison, such as the [Beneficial Ownership Data Standard](#) (BODS) created by [Open Ownership](#).
 - Make company beneficial ownership data [interoperable](#) with other datasets, such as those related to [public procurement](#), political finance, and [lobbying](#).

CIVIC PARTICIPATION

- Conduct training and awareness raising:** Provide tailored training for different actors, including government officials (such as law enforcement officials, prosecutors, and judges) and members of the public (such as civil society organizations and journalists). This is necessary to create a baseline understanding of what company beneficial ownership data is, why it matters, and how to use it to combat corruption, rights violations, and other issues.
- Consult with data users:** Consult those using the data (especially researchers and journalists) in an advisory capacity to ensure data is useful and usable.
- Train government and non-government actors on data use:** Provide training for public officials and non-government actors (such as CSOs, journalists, and researchers) on how to interpret and use company beneficial ownership data to prevent and detect corruption, fraud, and other illegal activities.

Civic Participation

Executive

Intermediate

Civic Participation

Executive

Legislature

Intermediate

Civic Participation

Executive

Intermediate

PUBLIC ACCOUNTABILITY

- Validate and verify data:** Improve data accuracy by validating data at the point of submission, [verifying](#) information (including making use of other government data sources) and forwarding suspicious cases for investigation.
 - Create avenues for civil society to provide feedback on the accuracy and reliability of the data. This can include applying data analytics to find patterns, identify anomalies and red flags, and create alerts.
- Update data screening requirements:** Require the use of beneficial ownership data in central registers for due diligence reporting.
 - Newer requirements related to data screening apply to screening public contract recipients and license applications for extractive industries, as well as vetting whether [corporate owners of real estate](#) are following disclosure requirements.
 - Anti-money laundering regulations, like “know-your-customer” verification processes for [financial and non-financial entities](#) that can enable corruption, are another example. Specifically, the Financial Action Task Force and [other experts](#) have begun to argue that regulating enabling activities—such as preparing taxes, selling real estate, managing wealth and investment portfolios, and providing legal services to create shell companies—is more effective than regulating professions.
- Enforce sanctions for non-compliance:** Establish and enforce sanctions for making false or incomplete data submissions, and empower watchdog organizations and other public agencies (such as procurement offices) to trigger corrections and investigations.

Civic Participation

Public Accountability

Executive

Intermediate

Public Accountability

Legislature

Intermediate

Civic Participation

Public Accountability

Executive

Legislature

Advanced

Examples of Reforms from OGP and Beyond

The following examples are commitments previously made within or beyond OGP that demonstrate elements of the recommendations made above. OGP commitments related to beneficial ownership transparency tend to be more ambitious than commitments in other areas. OGP encourages ambition over time, with several countries implementing subsequent commitments on beneficial ownership across their action plans.

- **Armenia Public Beneficial Ownership Register:** [Published](#) the company beneficial owners of all sectors in a [public register](#) that streamlines data entry and automatically verifies and cross-checks submissions. Also [committed](#) to making company beneficial ownership data interoperable with public procurement data.
- **Canada Commitment to Create a Public Beneficial Ownership Register:** [Committed](#) to implementing a public, searchable database for federally regulated corporations, which provinces and territories can agree to join.
- **Ecuador Commitment to Create a Public Beneficial Ownership Register:** [Committed](#) to training public officials on beneficial ownership transparency, analyzing current levels of transparency related to beneficial ownership, and implementing a public register in line with Open Ownership's [BODS](#).
- **Indonesia Extractive Industries Beneficial Ownership Register:** [Created](#) a public beneficial ownership [registry](#), the first of its kind in Southeast Asia. Also [committed](#) to improving the verification and use of beneficial ownership data by government agencies.
- **Portugal Public Beneficial Ownership Register:** Created a public [beneficial ownership register](#) in 2019 and [committed](#) to strengthening the register. This includes following the [BODS](#), launching an awareness campaign, and linking the register to other publicly available data.
- **New Zealand Commitment to Create a Public Beneficial Ownership Register:** [Committed](#) to passing legislation to mandate the registration of the beneficial owners of corporations and limited partnerships, to which the public will have partial access.
- **Nigeria Public Beneficial Ownership Register:** [Published](#) company beneficial ownership data in a free, public [register](#) according to Open Ownership's [BODS](#). The portal is searchable by entity name, entity number, or an individual's name, and users can view the historical information of a company's beneficial owners.
- **Ukraine Public Beneficial Ownership Register:** [Launched](#) the world's first public beneficial ownership register, and then became the first OGP member to [commit](#) to improving the verification of beneficial ownership information by [integrating](#) its register in Open Ownership's global register.
- **United Kingdom Public Beneficial Ownership Register:** [Created](#) a beneficial ownership [register](#) of those with significant control over UK-registered companies. Civil society, journalists, and banks accessed the register [more than ten billion times](#) from 2020–2021.

BEYOND OGP ACTION PLANS

- **Brazil Beneficial Ownership Information Linked to Tax Registration:** [Requires](#) that all legal entities provide information on their legal and beneficial owners in the company register as part of their registration with the federal tax agency. This includes foreign companies investing in the country.
- **Denmark Public Beneficial Ownership Register Linked to Financial Crimes:** [Created](#) a free, publicly accessible beneficial ownership [register](#) that [automatically](#) cross-checks beneficial owners, directors, and shareholders against other national databases. Also [built](#) an automated system connecting the register with suspicious transaction reports.
- **Slovak Republic Public Beneficial Ownership Register for Procurement:** [Created](#) outside of the OGP process, civil society used the company beneficial ownership register to uncover networks of public contracts won by a small group of beneficial owners.
- **Zambia Beneficial Ownership Register for Financial Crimes:** [Launched](#) a beneficial ownership register that the Financial Intelligence Center uses to identify discrepancies in ownership information during investigations, especially related to mining equipment transactions.

Active OGP Partners

The following organizations have recently worked on this issue in the context of OGP at the national or international level. They may have additional insights on the topic. Please note that this list is not exhaustive. If you are interested in national-level initiatives, please contact research@opengovpartnership.org.

- [Brookings Institution](#)
- [Extractive Industries Transparency Initiative \(EITI\)](#)
- [Financial Action Task Force \(FATF\)](#)
- [Natural Resource Governance Institute \(NRGI\)](#)
- [Open Contracting Partnership](#)
- [Open Ownership](#)
- [Organisation for Economic Cooperation and Development \(OECD\)](#)
- [Publish What You Pay](#)
- [Tax Justice Network](#)
- [The B Team](#)
- [Transparency International](#)

Benchmarking Data

The [OGP 2023-2028 Strategy](#) sets out the [Open Gov Challenge](#) and aims to provide clear benchmarks for performance through reliable data.

While benchmarks for individual countries and *Open Gov Guide* recommendations are not yet integrated, for this chapter, interested individuals may rely on the following data sets:

- The **Tax Justice Network's** [Financial Secrecy Index](#) publishes comprehensive data on rules and practices around financial system transparency, with an eye toward money laundering and aggressive tax avoidance.
- In collaboration with the **OGP Support Unit, Open Ownership, and Transparency International**, the **Data for Development Network's** Global Data Barometer collects information on whether company beneficial ownership is available in open formats. Visualizations of this data are available on the [OGP website](#).
- OGP commitments on this topic can be found on the [Data Dashboard](#).

Guidance and Standards

While the list below is not exhaustive, it aims to provide a range of recommendations, standards, and analysis to guide reform in this policy area.

- The 2022 **OGP Support Unit** report [Broken Links: Open Data to Advance Accountability and Combat Corruption](#) includes a chapter on company beneficial ownership data and the need for interoperability with other key political data. Similarly, the *Global Report* offers recommendations and case studies in the “Beneficial Ownership” [chapter](#), with a focus on legal entities beyond companies.
 - The OGP Support Unit also offers several platforms for countries to share knowledge and practices on this topic, such as the [Beneficial Ownership Leadership Group](#) and the [Beneficial Ownership Community of Practice in Latin America](#). The Beneficial Ownership Leadership Group [principles](#) are another useful resource.
 - Originating from the 2021 Summit for Democracy, the US government, the OGP Support Unit, and the Brookings Institution are also co-leading the multi-stakeholder [Financial Transparency and Integrity](#) cohort to prevent corruption and exploitation in the global financial system.
- The **Financial Action Task Force Recommendations** (most recently updated in February 2023, at the time of writing) provide a framework to combat money laundering and terrorism financing, including specific recommendations on beneficial ownership of legal persons (including companies) and legal arrangements (such as trusts) ([Recommendations 24 and 25](#)).

COMPANY BENEFICIAL OWNERSHIP

- Created by **Open Ownership**, the [BODS](#) provides a structured data format and guidance for collecting, sharing, and using data on beneficial ownership. It enables combining and analyzing beneficial ownership data from different companies within and across countries. Open Ownership also has a [guide](#) on how to implement beneficial ownership transparency reforms, as well as the [Open Ownership Principles](#), which list the key policy and technical aspects required for impactful reform.
 - For gender-specific data recommendations, Open Ownership [analyzed](#) the interaction between gender and beneficial ownership transparency to examine the “range of potential benefits, limitations, and risks of collecting and using sex-disaggregated beneficial ownership data for gender equality policies and initiatives.”
 - Open Ownership also provides regular updates to its technical guidance on other vehicles used to obscure beneficial owners. For example, the organization published a [guide](#) in October 2023 on using reliable identifiers for corporate vehicles beyond companies.
- The **International Monetary Fund** created a [guide](#) on beneficial ownership transparency that covers practical strategies on how to use beneficial ownership data to combat money laundering, corruption, and tax evasion, including a focus on the relationship between this topic and public procurement.
- The **Open Data Charter**, with **OpenData**, **Africa Open Data Network**, **Global Integrity**, and **Iniciativa Latinoamericana de Datos Abiertos**, collaborated on a [tool](#) to create anti-corruption commitments for OGP action plans, which includes recommendations related to beneficial ownership.
- Similarly, **Transparency International** created a [set of recommendations](#) on how to incorporate both beneficial ownership transparency reforms and [gender-sensitive](#) anti-corruption measures in OGP action plans.
- **EITI** created the [EITI Standard](#) that countries must implement to be considered a member of the initiative. [Requirement 2.5](#) specifically describes the necessity of disclosing beneficial ownership information.
- The **Tax Justice Network** updated its [comprehensive account](#) of the legal and beneficial ownership frameworks in 2022, which maps registers across 141 countries.