

Beneficial Ownership Transparency

The Role of the Private Sector

By Michael Barron, Justine Davila and Tim Law

What is beneficial ownership?

The real people who ultimately own a company

Or

Ownership traced back to a recognised stock exchange

Or

A government ministry or other state body

Refers to ownership or control



Towards a global norm

Legal persons and legal arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments. (Financial Action Task Force (FATF) Intermediate Outcome 5)

Public registers of beneficial ownership are effective tools because they facilitate the work of domestic and international law enforcement, as well as civil society and the media, by guaranteeing free and immediate access to data. (Transparency International. Promise to Practice 2017)

*...our ultimate aim is that public registers become the norm
(UK Anti-Corruption Strategy 2017-22)*

In the past five years a global norm has emerged around beneficial ownership transparency.... (B20 Integrity and Compliance. Argentina 2018)

The business case

**Know who you are doing business with:
suppliers, contractors, partners and
competitors**

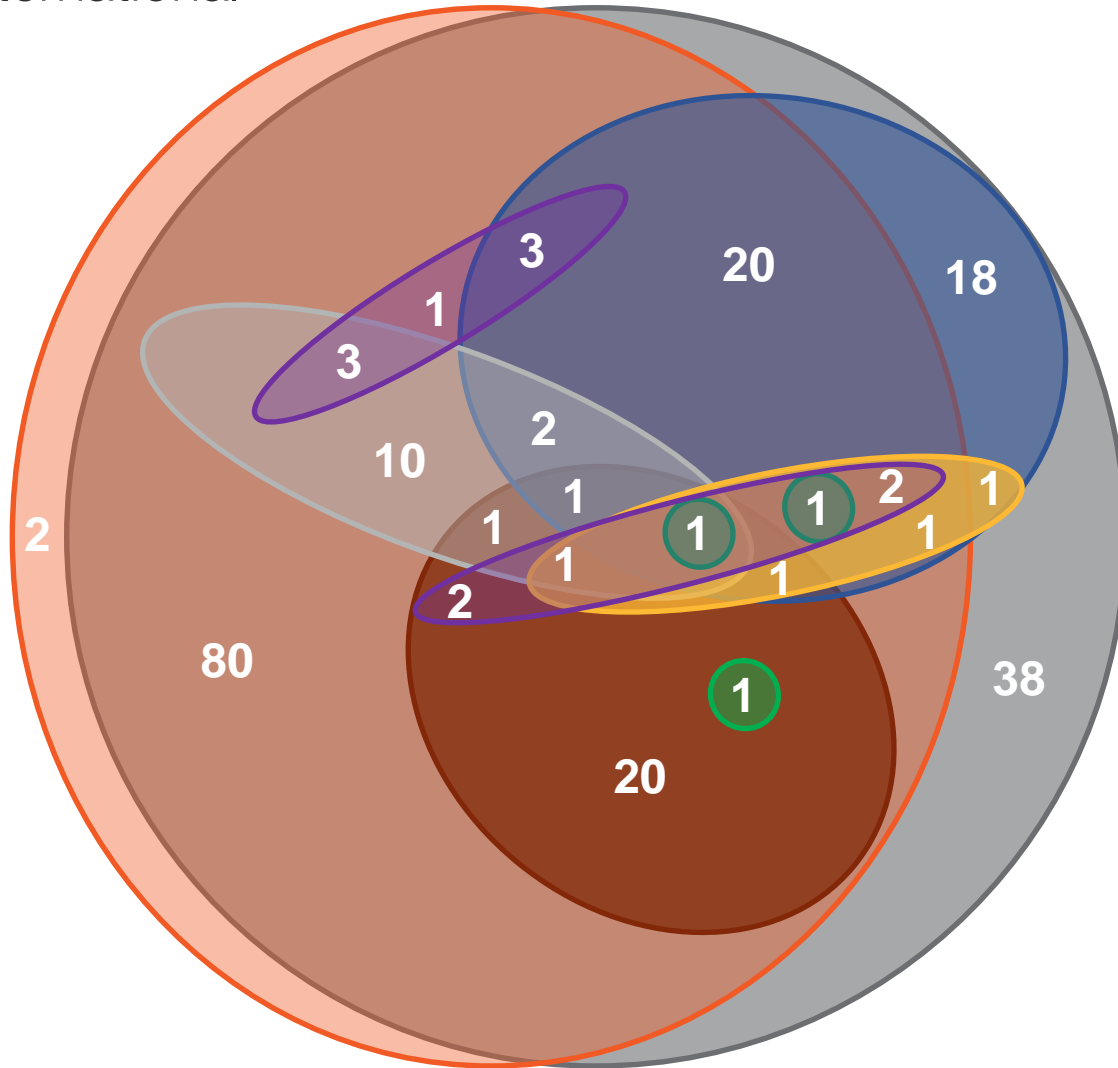
**Contribute to a more open business
environment**

**Contribute towards a level playing field
for procurement**

Understand risks in your supply chain

**Avoid conflicts of interest, corruption,
fraud and other crimes**





Number indicates number of countries

Beneficial Ownership Disclosure



Financial Action Task Force (FATF) 2012	
OECD Global Forum 2015	
G20 2014	

Beneficial Ownership Transparency

Extractive Industries Transparency Initiative (EITI) 2016	
London 2016 commitments	
European Union (EU) by 2020	
Operational Central Public Registers in 2018	
Open Government Partnership commitments 2016	

Kenya's commitment

“We will publish a central public register of company beneficial ownership information operating in the Republic of Kenya”



**Government of Kenya
Open Government Partnership (OGP)
National Action Plan III
2018 – 2020**

Our project: the role of the private sector

Follow up to report, "Towards a Global Norm of Beneficial Ownership Transparency"

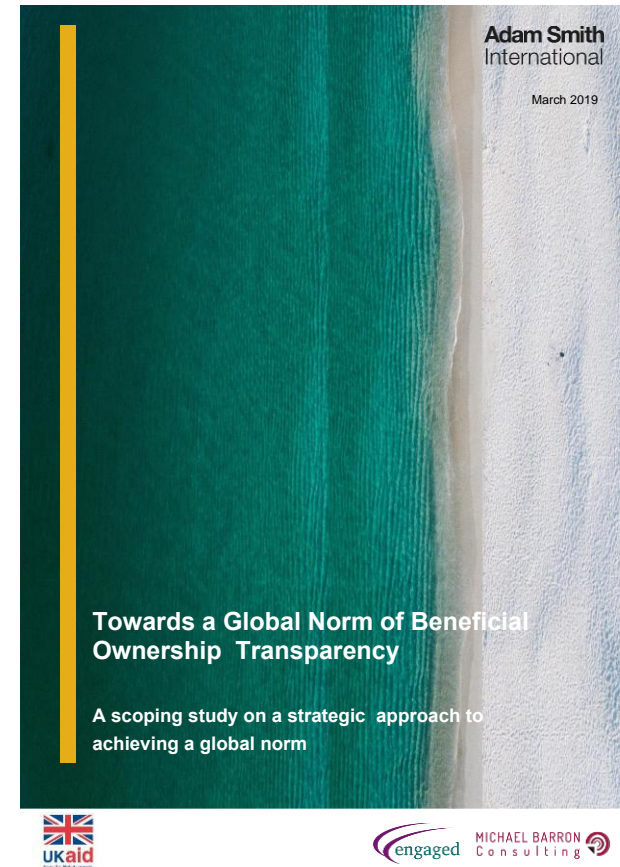
Mapping private sector stakeholders across sectors, geographies and ownership types

The business case for using beneficial ownership: knowing who you do business with

Draft Charter for companies to show commitment

Political economy analysis: what can help and hinder BOT

Delivery due in March 2020



Initial findings

AML regulations provide a driver for many sectors, not just finance, e.g. across the EU

Growing social scrutiny of companies increasing demand for transparency

Companies, e.g. SMEs, use public registers as part of due diligence on business partners and to reduce transaction risks

Growing appreciation of benefits of access to reliable beneficial ownership information

Low level of understanding of beneficial ownership and benefits to companies

Some SMEs concerned about cost of compliance

Companies have to expend considerable resources to collect and verify beneficial ownership information

Roundtable discussion

To what extent are you aware of measures that the Government of Kenya taken to date to implement its commitment?

What experience have private sector companies had to date in using beneficial ownership information to reduce business risks?

What benefits can companies gain from using beneficial ownership information in a strategic and systematic way in their decision-making processes?

To what extent, do companies consider beneficial ownership information contributes to improving the business environment?

To what extent, do companies consider beneficial ownership information contributes to reducing corruption and combatting fraud, conflicts of interest and other financial crimes?

What obstacles block access to reliable beneficial ownership information?

What impact could a charter make on your approach?

Thank you for your participation

If you want to discuss further, we are in Nairobi for another 24 hours or contact us by e-mail

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