

# REAL WORLD PRIORITIES

What are the current approaches and system weaknesses for successfully identifying the beneficial owner, preventing the laundering of the proceeds of corruption and aiding asset recovery?

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# The Beneficial Ownership Project

- Theme - International Architecture
  - Project led by Northumbria University and supported by the FCDO-funded Global Integrity Anti-Corruption Evidence (ACE) Programme:
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*on behalf of the project team*
  - Information:  
<https://ace.globalintegrity.org/projects/benowner/>
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# The Beneficial Ownership Project

- Research Question:
- Can improvements be made to the identification and tracking of Beneficial Ownership (BO) in Nigeria to increase the likelihood of recovering the proceeds of grand corruption?
- Employed mixed methods across a range of work packages
- Research Answer:
- A qualified 'yes' – the devil is in the detail!



# Nigeria Context

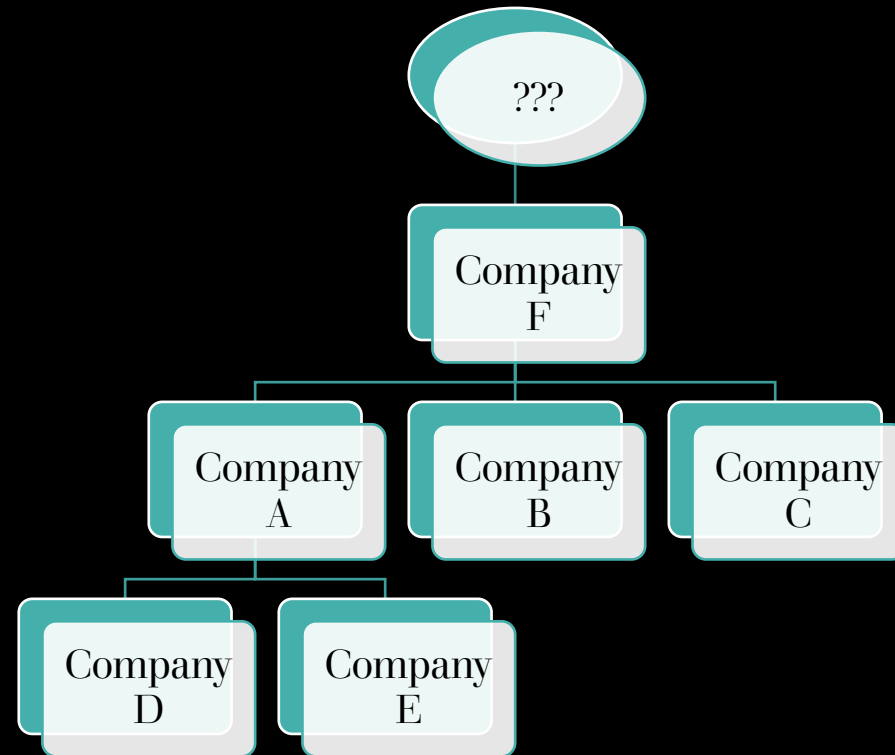


- Population of 200m and described as the “powerhouse” of West Africa (MER, 2008:9)
  - Only 40% of adult Nigerians have bank accounts
  - GDP highly dependent on oil – crude oil and petroleum account for 98% exports and 83% Federal Government Revenue (2018)
  - Largest single import is refined petroleum
  - Tax ratio one of the lowest globally at 5.9%
  - Evaluated as ‘weak’ for transparency and accountability by Africa Integrity Indicators
  - Described as ‘one of the world’s most complex corruption environments’ (Page, 2018:2)
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# Beneficial Ownership – The Basics

## Natural Person:

- With ultimate ownership or control; OR
- On behalf of whom a transaction is conducted; OR
- Who exercises ultimate effective control.



## Considering:

- Shares;
- Voting rights;
- Influence;
- Direct and indirect interests.

# BENEFICIAL OWNERSHIP: FATF RECOMMENDATIONS 24 AND 25



Countries should ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons that can be obtained or accessed in a timely fashion by competent authorities. Countries should consider measures to facilitate access to beneficial ownership and control information by financial institutions and DNFBPs undertaking the requirements set out in Recommendations 10 and 22.

Countries should ensure that there is adequate, accurate and timely information on express trusts, including information on the settlor, trustee and beneficiaries that can be obtained or accessed in a timely fashion by competent authorities. Countries should consider measures to facilitate access to beneficial ownership and control information by financial institutions and DNFBPs undertaking the requirements set out in Recommendations 10 and 22.

# Beneficial Ownership – The Latest

- FATF – public consultation regarding R24 amendments to “*strengthen the international standard*” to “*ensure greater transparency*”
  - HM Treasury - UK MLR 2017 amendments consultation to “*ensure that the UK continues to meet international standards, whilst also strengthening and ensuring clarity on how the AML regime operates*” – including extension of discrepancy reporting
  - HM Treasury – UK consultation to assess “*the overall effectiveness of the [regulatory and supervisory] regimes*”
  - US Corporate Transparency Act – establishing a (non-public) Beneficial Ownership Register
  - Nigeria – operational online Beneficial Ownership Register with 5% threshold
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# Beneficial Ownership Registers – Operational Challenges

Accuracy

Detail

Updates

Resourcing

Access

Complexity  
and  
Guidance

Information  
Source

Reporting  
Threshold

Utility

Accessibility

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# Beneficial Ownership and Nigeria

- Approaches:

*New Open Register*

*Based on NEITI*

*5% threshold*

*Held at CAC*

*Financial Penalties*

*Increased Transparency*

*FATF-compliant?*

- Weaknesses:

*Agency overlap*

*Resourcing*

*Accuracy?*

*Verification?*

*Transition from paper  
system*

*Complexity*

- Weaknesses:

*Compliance*

*Political will*

*Overseas links*

*Searchability*

*Too much, too soon?*

*Unique identifier?*

*Paywall*

# Recommendations

- Proper resourcing for cleaning historic data and verification of new data
  - Agency coordination, particularly with NEITI
  - PSC data still not populated so start with the largest shareholdings first
  - Consider amendment to AML/CFT Regulations (2013 s.13-16) to require the regulated sector to report discrepancies
  - Common identifiers
  - Public access to information
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Thank you for attending and we  
appreciate your feedback

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