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Building Back Better: The Role of Beneficial Ownership Transparency during A Crisis

Open Government Partnership held a series of webinar as a part of OGP's Open Response + Open Recovery campaign. On 5 November 2020, OGP held a webinar under the theme "Building Back Better: The Role of Beneficial Ownership Transparency during A Crisis." This webinar has invited six (6) speakers from different countries namely Prince Clem Agba as the Minister of State for Budget and National Planning, Nigeria; Lord Ahmad of Wimbledon as the Minister for South Asia and the Commonwealth, UK Foreign, Commonwealth & Development Office; Rustam Badasyan as the Minister of Justice, Armenia; Elisa de Anda Madrazo as the Vice-President of the Financial Action Task Force (FATF), Eduardo Bohorquez as the Executive Director, Transparencia Mexicana; and Ivana Rossi as the Financial Sector Expert, International Monetary Fund (IMF). Joe Powell, as the Deputy Chief Executive Officer of the Open Government Partnership, delivers an opening speech. He explains that Beneficial Ownership (BO) Reform is a critical note on the agenda of many countries. The transparency of BO continues to be the tool to fight financial crime. This webinar invites some speakers from different countries that are committed to BO Reform and provide a concrete example. In short, openness is essential to build back better.

The first speaker is Lord Ahmad of Wimbledon, who explains how BO Reform is currently more critical due to the presence of COVID-19 pandemic. The current condition has become an obstacle to have accountable procurement. Thus, to ensure accountability and transparency in every country, BO Reform needs to be prioritized. In this case, the UK government has become the forefront of transparency, although there are still more rooms of improvement. UK government has published a robust plan and regulations as well as given sanction to those who fail to comply. For instance, the government requires companies to publish their BO, and this regulation applies to companies in British Overseas Territories. In respond COVID-19, especially for the procurement of medical equipment, the UK government encourages the international campaign on BO transparency. UK government highlights the importance of international standards to prevent terrorist's financing and money laundering. Thus, in the UK, a new BO registry has been introduced. Finally, the role of media to support transparency is essential. In other words, media freedom should be encouraged, for many journalists have been attacked and killed while investigating.

Next, Rustam Badasyan describes how COVID-19 pandemic puts more challenges on every aspect of the government. The government of Armenia has drafted the National Action Plan on anti-corruption reform until 2022. In this regard, BO is an integral part of anti-corruption reform, so the government of Armenia has drafted legislative acts to fight money laundering. Currently, many shell companies are registered. To respond to this, the government of Armenia has an official website of public registry and drafted a new amendment to introduce the declaration of BO in all sectors. Also, there is a monitoring system to implement a minimum standard of BO declaration. However, there are challenges on transparency and accountability, which is large scale military aggression.

Prince Clem Agba explains that BO transparency is essential to Open Response + Open Recovery and fight for accelerating economy during a pandemic. However, this situation requires improvement to keep citizens' trust, such as having robust public engagement to disclose the procurement information. Moreover, the stimulus during the pandemic posts high risk. Thus, it is vital to mitigate such risk, especially risks related to emergency medical procurement. To ensure effective government, the Government of Nigeria has published emergency procurement guideline. At the end of every procurement process, all information should be made public. In this line, there is an open platform for all COVID 19 expenditure so that the information can be disclosed at most six months after procurement. Furthermore, the government of Nigeria has redesigned annual form, which requires the declaration of BO, especially in the extractive sector. The government of Nigeria will also join BO leadership group.

Eduardo Bohorquez describes the current situation in Mexico in which there is no common effort from government and CSO. Although Mexico is an early adopter to support the idea of BO leadership group as well as join forces with Transparency International, Mexico has struggled to have one concrete BO register in the National Action Plan. Currently, the fragmented efforts have not brought a common conversation so that many efforts are duplicated. Thus, one single conversation which includes all relevant stakeholders becomes an urgent issue to be addressed in Mexico.

Elisa de Anda Madrazo speaks on behalf of AFTF which has been fighting money laundering and assessing how 204 jurisdictions implement the regulation since 1989. Currently, these jurisdictions still face some crimes that bring illicit funds such as corruption and tax evasion. Although the jurisdictions are enforcing the law, there is no effective implementation. There should be some legal standards to respond to this. Therefore, AFTF assesses 11 areas of government to dissect the problems. After issuing guidance in 2014, AFTF still needs to work more to publish any document that can work well. So far, countries that are combining a multi-dimensional approach have given good results. During the pandemic, many companies have gone bankrupt and are taken by corrupted officials. Thus, countries must adapt to recover their economy, in which public and private sectors are taking part.

The last speaker is Ivana Rossi, who explains that the IMF has adopted policies to create a new way to tackle corruption. This effort is also a part of sustainable and inclusive economic growth. However, pandemic increases the level of criticality, for 70 countries have received emergency funds. At the same time, the states need to ensure it was appropriately used. They can spend as much as they need, but they must keep the receipt. As the government's safeguards, the IMF encourages countries to publish not only the contract but also information of BO publicly. As public financing is worsening, public resources should not be wasted. It can be done by having an open procurement. For many years, open procurement has only become a technical concept. Hopefully, the pandemic can accelerate these efforts so that open procurement can be promoted beyond technical concept. Revealing different potential benefits of open procurement will also encourage countries to implement this concept.

