



Session Report

Please know you may design the structure of this report to better suit the session. It's important to capture the key outcomes and solutions proposed for the future.

Session Title: Beneficial Ownership: Where do we go from here?

Date & Time: Thursday 08.12.2022, 5:00 pm – 7:30 pm GMT -5

Report prepared by: Maria Cecilia Alvarez Bollea and Francesco De Simone, Interamerican Development Bank (IDB)

Moderated by: Roberto de Michele, Division Chief, Interamerican Development Bank (IDB)

Panellists:

- Andrés Hernández – Transparency International (TI) Colombia
- Andres Knobel - Beneficial Ownership lead researcher, Tax Justice Network
- Alexander Malden - Research Officer, Financial Integrity Group, International Monetary Fund (IMF)
- Robin Sykes - Senior counsel, Legal Department, International Monetary Fund (IMF)

Share the thematic focus of the session, it's purpose and corruption risks?

Beneficial ownership is one of the key issues of current anti-corruption theory and practice. With several important developments taking place in recent months, key stakeholders reflect on where BO is going.

Summary of panellists' contributions & discussion points (please be as detailed as possible)

IMF, in their lending operations, require governance commitments, including on beneficial ownership.

IMF extends technical assistance on anti-corruption and AML, including beneficial ownership.

December, 2022, IMF launched “Unmasking control: A Guide to Beneficial Ownership Transparency”. Includes revised Recommendation N. 24. Tool that the IMF uses for technical assistance, also by practitioners, implementing beneficial ownership frameworks.

Andrés Knobel - Beneficial Ownership lead researcher, Tax Justice Network: Map of countries with beneficial ownership registration laws.

Countries are choosing different options to register beneficial owners. That is logic. Most of them are choosing the commercial register (44%).

The best authority to administer the registry is the commercial. You have an incentive to register because otherwise you can't operate the company.

Most countries follow the FATF definition on beneficial ownership. Many countries are using the ownership, voting rights, or benefits criteria.

Interaction between legal and beneficial ownership transparency.

Andrés Hernández - Transparency International (TI) Colombia: How is Colombia doing on beneficial ownership? The registration of beneficial owners is managed by the tax authority. The tax authority automatically identifies all this information as confidential “reserved” information.

In Colombia there is a closed/private register, not open to the public, and the law states which are the authorities that can access to the information. There are challenges related to the institutional design of the register. The deadline to provide the information on beneficial ownership was December 2022, but this was not possible, there was not enough time, they gave an extension.

It is difficult that in the near future the tax authority has the complete information on beneficial owners.

There is no clear national strategy on the importance of beneficial ownership information.

Colombia is not the only country that had to amend their legislation to move the calendar forward to comply with the requirement of identification of beneficial ownership information. It is better to have a long-term approach.

Importance of the Court of Justice ruling. The ruling only affects BO registries, not commercial registries.

IMF: they had interest from several member states on guidance on beneficial ownership, specially on the implementation of beneficial ownership registries. There

is a huge gap on the implementation. They have seen relevant progress on compliance but important challenges on implementation.

Small jurisdictions have the challenge of very small groups working on this matter.

The moment you leave a loophole, someone is going to exploit it.

The IMF encourages countries to meet the standards, including R. 24 revisions.

Relation between beneficial ownership and de-risking.

Importance of the EITI requirements on beneficial ownership. There are certain challenges.

Also, international standards are different: FATF, Global Forum, EITI.

Main outcomes of session (include quotes/highlights and interesting questions from the floor)

What is the best alternative to implement a beneficial ownership registry? Is the public register better than the private one?

Are multilateral banks going to include these provisions as conditions for lending?

These reforms do not happen overnight, they take time. Structural reforms are needed, legal framework, as well as institutional capacity building.

Concern on compliance exhaustion; countries need to comply with IMF requirements, FATF mutual Evaluations and OECD Global Forum Standards on fiscal transparency. IMF tries to prevent the duplication of tasks from countries.

If we don't make it right and take advantage of this opportunity, nobody is going to care about the beneficial ownership register.

Key recommendations for the future and concrete follow-up actions

There is a huge gap on the implementation. They have seen relevant progress on compliance but important challenges on implementation.

Countries need to work hard on the implementation.

What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

The toolkit presented by the IMF represents an opportunity to accelerate technical assistance by donors to countries in this area.

Is there a specific call to action to key stakeholders, such as governments, businesses, funders, civil society, young people, journalists or any other stakeholder that should be noted?

Please specify if relevant.

Importance of civil society getting involved in the topic of beneficial ownership transparency.

Rapporteur's name and date submitted

Maria Cecilia Alvarez Bollea and Francesco De Simone, 12.12.2022