



# **BENEFICIAL OWNERSHIP ROADMAP**

**DECEMBER 2016**

## I. INTRODUCTION

This roadmap is designed to guide Liberia's effort to fully implement the beneficial ownership disclosure requirements under the 2016 EITI Standard (Requirement 2.5). Drawing up this draft plan included bringing together other relevant public entities that receive information on shares and equity holdings of concessions and extractive companies, including share interest and other beneficial ownership information.

The development of this roadmap builds upon previous endeavors and utilizes, where applicable, existing information structure set up by the LEITI under the BO Pilot Phase, authorized by the International EITI and undertaken by twelve implementing countries, including Liberia in 2013. The Pilot Phase, for Liberia, was a necessary pace setter for this roadmap in quaranteeing the generation of a future successful LEITI BO disclosure mechanism, as it was characterized by extensive consultation amongst LEITI stakeholders, including government, private sector companies, civil society organizations and other international partners.

To further inform this roadmap and ensure that our effort did not stand alone or we do not replicate existing processes, the LEITI held consultative meetings in October and November of 2016 with the entities concerned based on their relevance to BO issues in Liberia, including their respective roles in granting licenses and other rights in the extractive sector. The entities concerned included the following:

1. Liberia Business Registry (LBR)
2. Liberia Revenue Authority (LRA)
3. Ministry of Finance and Development Planning (MFDP)
4. Ministry of Lands, Mines & Energy (MLME)
5. Ministry of Agriculture (MOA)
6. Forestry Development Authority (FDA)
7. National Oil Company of Liberia (NOCAL)
8. National Bureau of Concession (NBC)
9. National Investment Commission (NIC)
10. Financial Intelligence Unit (FIU)

The outcome of the meetings included assessment of the level of BO or companies' shares information with these entities, policy options for a collaborative framework for BO data collection, update and tracking across entities, BO reporting including options for mainstreaming BO information disclosure or requirement into existing filing processes.

## II. OBJECTIVE OF THE ROADMAP

The objective of this roadmap is to identify issues and framework that can be used to achieve or strengthen the implementation of the beneficial ownership requirement under the EITI Standard. Activities contained in the table below include a focus on partnership with other public entities to achieve our goal.

## III. APPROVED DEFINITION OF BENEFICIAL OWNER AND THRESHOLD DIMENSIONS

The MSG of the LEITI during the EITI 2015 Pilot Phase of beneficial ownership disclosure approved a working definition of beneficial owner for Liberia and set the threshold on what is to be disclosed. The approved definition defines a beneficial owner as “the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity”. This considered all of the elements of the EITI definition including that a beneficial owner: (a) is always a natural person and is never a company, (b) is the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity; and that (c) a beneficial owner is never minor child (under 18) or a person acting as a nominee, intermediary, custodian or agent on behalf of another person, or a person acting solely as an employee of a corporation or limited liability company and whose control over or economic benefits from the corporation or limited liability company derives solely from the employment status of that person.

The approved threshold during the Pilot Phase required disclosure of up to 5% beneficial ownership in companies operating in the agriculture, mining (only for those with MDAs) and the oil sectors; and up to 10% disclosure for companies in the forestry sector including companies holding other rights below MDA in the mining sector<sup>1</sup>. The percentage difference is due to these sectors' aggregate dollar value. And where none has the minimum required percentages indicated above, disclosure of the top five beneficial owners in the company. Concerning the disclosure of Politically Exposed Person(s) – PEPs, the MSG agreed to the identification of PEPs in disclosure to highlight any case of potential conflict of interest and corruption<sup>2</sup>. The approved template, used during the pilot phase, defines PEPs as individuals who are or have been entrusted domestically (or by a foreign country or international organization) with prominent public functions, for example Heads of State of government, senior politicians, government, judicial or military officials, senior executives of state owned corporations, important political party officials, excluding middle ranking or more junior individuals.

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<sup>1</sup> Establishing Materiality Threshold for Beneficiary Disclosure Ownership, 2014

<sup>2</sup> Multi-Stakeholders Group (MSG) Comments and Approval to the Beneficial Ownership Disclosure Inception Report, February 7, 2015

#### IV. OTHER NATIONAL REFORM PRIORITIES SUPPORTIVE OF BO DISCLOSURE IN LIBERIA

- Under Pillar II (Economic Transformation) on Mineral Development and Management of Liberia’s *Agenda for Transformation for Sustainable Development*, which is aimed at promoting sustainable, transparent and well-managed exploitation of Liberia’s mineral resources and an equitable distribution of the benefits among citizens, the Government of Liberia commits to following the rules of the LEITI to strengthen regulatory compliance and fiscal transparency.
- Liberia is a member of US-Africa Partnership on illicit finance and has developed a national action plan to combat illicit financial flow, pledging to adopt legislations to compel extractive companies to disclose their beneficial owners and make effective use of such information in connection with asset declaration, public procurement, tax compliance and illicit financial flows. This includes measures aimed at enhancing information flow and inter-agency coordination.

#### V. SCHEDULE OF IMPLEMENTATION OF RECOMMENDATIONS

ROADMAP RECOMMENDATION	OBJECTIVE	ACTIVITIES (CAPACITY BUILDING NEEDS, TECHNICAL ASSISTANCE)	RESPONSIBLE	TIME FRAME	FINANCIAL ASSISTANCE (COST AND FUNDING)
1. Consider links between BO and national reform priorities	To align/connect LEITI BO undertakings to the transparency and accountability objectives of Liberia’s Agenda for Transformation and other supporting national pro-disclosure and integrity initiatives/regulations/laws	i. Hold consultative meeting with the relevant M&As to support such alignment, i.e., understand what level on BO or ownership information they hold; what restructuring can	LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, etc.	January – June 2017	<ul style="list-style-type: none"> <li>• Government of Liberia funding</li> </ul>

		<p>be undertaken in support of meeting Liberia's obligations under the EITI framework; information sharing/exchange.</p> <p>ii. Conclude agreement with the relevant entities on embedding BO disclosure elements in existing filing systems.</p> <p>iii. Elevate BO issue at senior government level partnering with institutions of shared task</p> <p>iv. Support M&amp;As capacity needs where necessary to strengthen BO disclosure requirement.</p>			
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<p>2. Consider the institutional framework for BO disclosure</p>	<p>To consider the optimal institutional framework options by which BO data can be either tracked, reported or updated from across the multiple existing filing platforms. For example, oil companies are obliged to notify NOCAL of change in ownership under “farm-in” arrangements; LRA tracks entities beneficial owners with LBR and within corporate income tax returns, which filing LRA requires on a monthly or annually basis; the NBC is informed of transfer of shares/equity holdings of shareholders of concessions, and corporate ownership info is domiciled with NBC; and FIU serves to investigate suspected financial crimes.</p>	<p>Consultative meeting with relevant M&amp;As will consider Recommendation 2 as an option item for consideration. Subsequent meetings will further deliberate two things:</p> <ul style="list-style-type: none"> <li>• Which framework works best to achieve our BO disclosure goals to protect against potential conflict of interest, tax avoidance and evasion; etc.</li> <li>• Consider the optimal institutional framework for BO info updating, tracking or reporting</li> <li>• Resolve any obstacles in the way</li> </ul>	<p>i. LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, LCR, etc.</p> <p>i. Extractive Companies and CSOs</p>	<p>January – November 2017</p>	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>
<p>3. Beneficial ownership</p>	<p>To agree on an all-</p>	<p>i. BO definition was</p>	<p>LEITI in partnership</p>	<p>January – December</p>	<ul style="list-style-type: none"> <li>• Government of</li> </ul>

<p>definition</p>	<p>incorporating BO definition to be used for post BO pilot activities in Liberia.</p>	<p>agreed by the LEITI MSG during the pilot phase of BO Implementation in Liberia. However, the consultative meetings with stakeholders may advise where change (or expansion) is needed/possible including revising disclosure threshold where necessary.</p> <p>i. This will be complemented with a decision (to be reached by the MSG) on the materiality of companies to be included in the process. The materiality of companies in the reconciliation report may be considered for BO</p>	<p>with FIU, LRA, LBR, LCR, etc.</p>	<p>2017</p>	<p>Liberia Funding</p> <ul style="list-style-type: none"> <li>• Source possible funding from donor institutions</li> </ul>
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		disclosure.			
4.Reporting obligations for Politically Exposed Persons	To agree on an appropriate reporting obligation for PEPs	<p>i. Future consultative meeting with relevant M&amp;A s will discuss and advise if change to the existing requirement is necessary.</p> <p>ii. The LEITI in the BO pilot phase agreed on specific PEPs reporting obligations. Conversation with the concerned M&amp;As will inform whether to retain the pilot measures or revise them.</p>	LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, etc.	January – December 2017	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>
5.Level of detail to be disclosed	To assess and finalize the level of details necessary for disclosure of BO info.	i. The LEITI during the inception phase agreed on a list of detailed requirements to collect BO information. Further	i. LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, etc.	January – June 2018	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>

		<p>review will be carried out to strengthen any limitations.</p> <p>ii. Work with the concerned M&amp;As regarding the available information and make the necessary adjustments to the requirement list of details where possible including measure to ensure information is verified.</p>	<p>ii. Extractive Companies, CSOs and the media</p>		
6.Data collection	<p>i. To agree on the most suitable methodology for collecting BO data from across the many different institutional filing platforms.</p> <p>ii. To discuss and agree on whether existing data collection methods across ministries and agencies need enhancement or</p>	<p>i. Work with the concerned stakeholder institutions to consider and finalize on the optimal data collection method whether through mainstreaming data collection or requiring periodic data supplied.</p>	<p>LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, etc.</p> <p>Extractive Companies and CSOs</p>	January – December 2018	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>

	modification				
7. Assuring the accuracy of the data	To ensure that BO data provided by companies and individuals are certified and accurate	<p>ii. The LEITI MSG during the inception phase agreed on an assurance process for BO data certification. That assurance process included management sign-off with all of the necessary details. The process will be reviewed and where changes are recommended, improvement will be made.</p> <p>iii. The LEITI will work with other national anti-graft entities and civil society to ensure such data is corroborated and the exercise properly fulfilled</p>	LEITI in partnership with LBR, LRA, MoFDP, MLME, FDA, MoA, NOCAL, NBC, NIC, FIU, CSOs, etc.	January – December 2018	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>

8. Data Timeliness	To ensure that information contained in the BO register are current and relevant for use by the public and national institutions for decision making and other legal purposes.	<ul style="list-style-type: none"> <li>i. Ensure BO register is updated annually.</li> <li>ii. The LEITI will work with relevant agencies of government and extractive companies to ensure that BO info provided through existing filing systems are regularly filed; that requisite and regular trainings on data collection are provided to stakeholders.</li> </ul>	LEITI and other relevant Government agencies; and extractive companies who are required to file BO information	January – December 2018	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>
9. Data Accessibility	To ensure that BO information truly becomes an accountability tool through unrestricted access and usage by stakeholders	<ul style="list-style-type: none"> <li>i. BO information is made public online, and through other accessible means to the public without restrictions and /or hindrance.</li> <li>ii. Support and/or build CSOs capacity to use and</li> </ul>	LEITI Secretariat	June 2019	<ul style="list-style-type: none"> <li>• Government of Liberia Funding</li> <li>• Source possible funding from donor institutions</li> </ul>

		<p>popularize BO information.</p> <p>iii. LEITI Secretariat will print BO reports to be disseminated via its website, and through town hall meetings in hard copies for decision makers and the general public to scrutinize. CSOs will be included in the dissemination of said reports.</p>			
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**VI. OVERSIGHT, SUPPORT AND COMMUNICATIONS**

To ensure that all stakeholders remain supportive and involved throughout the implementation of this roadmap, a *Stakeholder Advisory Group* will be created comprising the most relevant entities mentioned above including other strategic groups from civil society. This advisory group will meet at different time intervals to review milestone, output and outcome and will serve the MSG their opinion and advice regarding implementation of activities in the roadmap. The MSG’s evaluation of the roadmap will be informed by the professional opinion of this advisory group. As a way to ensure the public is kept aware of the implementation of activities in this roadmap, the Secretariat will develop for the approval MSG, a communication strategy that will be implemented alongside the roadmap. The strategy will be developed by June 2017.