

Delivering beneficial ownership disclosure



Technical assistance and expert advice

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The beneficial ownership challenge

The Extractive Industries Transparency Initiative (EITI) is setting international best practice in beneficial ownership disclosure, but many countries are struggling to implement their commitments.

If they can overcome their difficulties – such as poor understanding of the meaning of beneficial ownership or the need to amend legislation – the benefits are considerable.

Business ownership disclosure under EITI means that the identity of the owners of companies bidding for and investing in oil, gas and mining has to be made public.

In doing so, an economy increases its attractiveness to investors because it signals a more open, lower risk business environment and allows companies to know who they are doing business with. It reduces the risk of conflicts of interest and corrupt behaviour. Implementation also allows countries to meet other international obligations under the Financial Action Task Force or OECD's Global Forum.

As a network of experts on beneficial ownership disclosure, we help countries meet the challenges of beneficial ownership disclosure. We bring together public policy, financial and legal expertise and have specific experience of beneficial ownership disclosure in Africa.

We are independent of any government, civil society organisation or EITI supporting company. There is no conflict of interest between the work we undertake and the provision of our consultancy services.

Meeting your EITI beneficial ownership requirements

We can help you:

- Understand the requirements' meaning and explain them to your stakeholders so they support implementation
- Implement your roadmap and make it fit for purpose, ensuring you meet the compliance deadline of 1 January 2020
- Define beneficial ownership for your needs and in line with international best practice, so you achieve a robust definition that meets EITI requirements
- Design a beneficial ownership reporting template with user-friendly guidance notes – collecting all the information and reducing the reporting burden
- Review existing laws, regulations and processes to identify gaps and propose amendments
- Draft legislative amendments to ensure beneficial ownership implementation meets the EITI requirements and international best practice.

Expertise and experience

Our track record of work on EITI implementation and beneficial ownership implementation includes recent projects in Ethiopia and Ghana. Our network is now helping an EITI implementing country ensure its beneficial ownership disclosure meets the standard. We are also supporting Azerbaijan to introduce a public beneficial ownership registry for its extractive sector.

Together, we possess:

- Over 50 years of combined operational experience in the international extractives sector, working in tax, external affairs and legal functions for major multi-nationals
- Extensive experience engaging on EITI-related matters with governments, industry and civil society at working levels and the most senior levels
- Experience of projects where revenue transparency was a critical issue in Africa, Asia, South America and the Middle East
- Over 20 years' experience interpreting and applying tax law as it applies to corporates, including six years looking at tax transparency laws at a domestic and EU level
- Experience of reviewing, commenting on and proposing amendments to tax and transparency legislation.

Michael Barron represented industry on the UK EITI MSG and was involved in discussion with the British government on implementing a beneficial ownership regime.

Sam Bekoe has more than 10 years' experience advising on EITI issues in Africa and South America.

As a lawyer **Julian Hicks** has spent more than 20 years working for major oil and gas companies and engaging on transparency issues.

With 12 years' specific knowledge of tax regimes applicable to the extractives sector, **Tim Law** has experience of collating, validating and publishing country-by-country tax data for a global diversified mining group.



Case study: Beneficial ownership in Ethiopia

Providing support to Ethiopia EITI

Ethiopia EITI met the requirement for developing a roadmap for beneficial ownership disclosure by December 2016. However, the EITI International Secretariat identified weaknesses in it and offered budgetary support to the Ethiopia EITI MSG. Ethiopia EITI also faced resistance from some extractive companies in the country about the need to report beneficial ownership information.

Solution

Michael Barron and Tim Law won a competitive tender to provide support to Ethiopia EITI, including advising the country's EITI secretariat around implementing EITI beneficial ownership requirements.

In March 2017, we produced a scoping study for beneficial ownership reporting requirements in Ethiopia, including:

- Reviewing the existing Ethiopia EITI roadmap and the EITI report which included beneficial ownership disclosure
- Assessing existing and proposed legislation around beneficial ownership reporting and providing comments
- Interviewing stakeholders from Ethiopia's government, civil society and industry
- Benchmarking Ethiopia against best practice in beneficial ownership disclosure
- Conducting a workshop in Addis Ababa attended by companies in scope for reporting and civil society representatives.

Outcome

We produced two well-received reports: the scoping study and a review of Ethiopia EITI's roadmap, available at: <https://eiti.org/document/ethiopia-beneficial-ownership-scoping-study>.

Ethiopia EITI was able to address the weaknesses in its roadmap. The companies in scope for reporting also understood the advantages of beneficial ownership and their obligations under the EITI requirements.



EITI BENEFICIAL OWNERSHIP

A workshop for Ethiopia
March 2017



Case study: Ghana commodity trading transparency

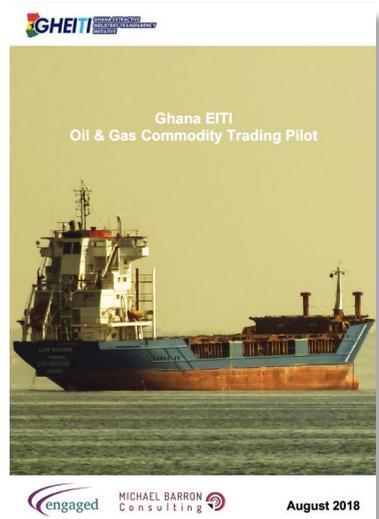
Piloting improved transparency in oil sales

Ghana EITI took part in an EITI pilot project to improve the transparency of oil sales in the country. It concerned the state oil company GNPC's sale of its share of oil production. Ghana EITI needed to appoint independent consultants to carry out the project.

Solution

Michael Barron, Sam Bekoe and Tim Law won a competitive tender to undertake the pilot project, including:

- Reviewing the reporting template that Ghana EITI had developed for the project
- Collecting oil sales data covering 2015-17 from GNPC, the oil buying companies, the customs authority and the state's oil fund
- Reconciling the data collected, identifying discrepancies and resolving them
- Collecting contextual information on oil sales in Ghana including the process that GNPC uses to award contracts to oil buyers
- Obtaining beneficial ownership information on the oil buyers
- Interviewing stakeholders including GNPC, the customs authority, the state oil fund, civil society, companies and EITI MSG
- Conducting workshops in Accra to present initial and final findings and collect feedback.



Outcome

We produced a report on everything we found and our recommendations on establishing a permanent reporting regime and expanding the scope of reporting. Available at: <https://eiti.org/document/report-on-ghana-eiti-oil-gas-commodity-trading-pilot>

The EITI MSG liked the report, which demonstrated that it was feasible to undertake a reconciliation process on oil sales data and improve transparency. The few discrepancies we found in the data were minor. The reconciliation process showed there were no systemic faults in the oil sales process.

The network



Michael Barron

Oil and gas transparency expert

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Michael Barron is an independent consultant with more than 10 years' experience of extractive industry transparency and over 20 years' experience of working with the international oil and gas sector. He has worked both as an employee of BG Group, a FTSE 100 oil and gas company, and as a consultant. From 2008-14, Michael led BG's engagement with EITI and the wider agenda of extractive industry transparency. He also led an internal company review on the position to adopt regarding revenue transparency after which BG placed its support for EITI at the heart of its approach.

Michael advised senior management and country teams in EITI implementing countries, including Myanmar, Kazakhstan, Norway, Tanzania and the UK. Managing the relationship with EITI resulted in BG writing to the British Prime Minister to encourage the UK's EITI candidacy. Michael was one of three industry representatives on the UK's EITI MSG.

Under Michael's leadership, BG Group also advocated for EITI candidacy in countries with little previous interaction with EITI, such as Thailand. Michael has in the past two years undertaken beneficial ownership related projects in Ethiopia, Ghana and Azerbaijan. He is currently helping an EITI implementing country to meet the EITI beneficial ownership requirements and providing consultancy to the British government.



Samuel Bekoe

Extractive industry governance expert

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Samuel Bekoe is an extractive sector governance expert, specialising in policy and regulatory analysis, EITI, beneficial ownership, fiscal regime, revenue management, and corruption. He has international experience as a researcher and a programme management consultant, advising on donor projects in Africa and in South America.

As a trained environmental and development economist, Samuel's research has focused on money laundering, terrorist financing and corruption risks along the extractive value chain in Ghana. He has also worked with Ghana, Nigeria, Tanzania and Zambia on developing beneficial ownership disclosure, commodity trading transparency, extractive sector capacity building, design of EITI law, and general advice on extractive governance and EITI implementation.

Samuel works as the accountability workstream lead at Ghana Oil and Gas for Inclusive Growth (GOGIG), a DFID funded project that seeks to achieve inclusive economic growth and poverty reduction through effective management of Ghana's oil and gas sector. He also worked with the Natural Resource Governance Institute as an Anglophone Africa regional associate where he managed programmes as a joint member of the Governance and Africa teams. Samuel also worked as an Overseas Development Institute fellow in Guyana.



Julian Hicks

Extractive industry legal expert

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Julian Hicks is an English qualified lawyer and independent consultant with more than 20 years' experience across all aspects of the international oil and gas sector. He has acted for premium listed UK companies, including holding senior legal positions in Royal Dutch Shell for over 12 years.

Julian has significant practical international experience, having had primary legal responsibility for delivering various world-class projects including the Triton development in the North Sea, the Sakhalin II LNG project in Russia and the Basra Gas Co project in Iraq.

Julian has significant experience of both the practical aspects of revenue transparency issues, but also as a senior representative interacting with governments and regulators. From 2007-2013, Julian was Shell's associate general counsel for the Middle East and North Africa. He was responsible for regional operations, including EITI and national initiatives in Iraq and other countries listed as at high risk of corruption in the Transparency International Corruption Perceptions Index.

Julian now acts as an independent consultant advising at board level on ethical and governance issues, including those relating to ownership transparency.



Tim Law

Mining tax and transparency expert

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Tim Law is a qualified chartered accountant and independent tax consultant with 25 years' tax experience, including 12 years responsible for tax transparency with the global mining company Anglo American plc.

From 2002-14, Tim led the company's efforts on revenue transparency, including collating tax payment data across countries in Africa, Asia, Europe, and Latin America. Tim validated and published the data and worked alongside senior management and external stakeholders. He was responsible for external engagement with civil society and tax policy makers in various jurisdictions, including in Africa, Europe and Latin America.

Tim is recognised as a leading expert in tax transparency by industry representatives and policy makers, and frequently meets with national governments, the EU and the OECD. Tim also retains a constructive and positive relationship with the civil society community. Engaged Consulting was a winner in the Tolley's Taxation Awards for Best Independent Consulting Firm in 2017.

As a network, we have access to a global group of experts with backgrounds in government, industry, civil society and academia. These experts have direct practical experience engaging with EITI, especially on beneficial ownership disclosure.

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