

# BENEFICIAL OWNERSHIP TRANSPARENCY: CASE STUDY

## EITI BOARD APPROVES BO STANDARD REQUIREMENT

This case study is part of a retrospective evaluation sponsored by [TAI](#) to assess the roles and contributions of TAI funder members & grantee partners in achieving select policy outcomes advancing global beneficial ownership transparency (BOT) from 2016-2021. See full report for insights across outcomes.

### WHAT WAS THE OUTCOME?



*In 2016, the Extractive Industries Transparency Initiative (EITI) Board approved a standard requirement for all member countries of the EITI to ensure that companies applying for or holding a participating interest in an oil, gas, or mining license contract disclose their beneficial owner. While the standard was approved in 2016, EITI members have to either create a public beneficial ownership (BO) register or include beneficial ownership information in their (public) EITI reporting by 2020.*

### WHO CONTRIBUTED TO THE OUTCOME?

#### TAI FUNDERS

OSF, Hewlett, Luminate, Ford, FDCO (DFID)

#### GRANTEE PARTNERS

- European Network on Debt and Development (Eurodad)
- Global Witness
- Natural Resource Governance Institute
- NEITI Secretariat Nigeria
- ONE Campaign
- Open Corporates
- Oxfam
- Oxfam America
- Publish What You Pay
- Transparency International

During this time, there was an increased commitment to transparency by governments, such as the UK and Ukraine, against the backdrop of escalating anti-corruption and tax justice movements worldwide.

The standard for beneficial ownership was first introduced to the EITI board in 2013 as a response to the critical evaluation, but did not translate into a clear commitment until 2016. Over the years leading up to the commitment, civil society organizations produced technical briefings, commissioned research, and publicized investigative journalism to increase awareness of the implications of beneficial ownership opacity in the extractive sector. Civil society leaders within EITI built relationships with individual champions across constituencies to form alliances and build consensus. Key moments of converting unlikely allies (e.g., the EITI representative from the Democratic Republic of Congo) were noted as critical moments to cultivate a “coalition of the willing” and change opinions. The combination of cross-constituent alliances, strategic coalitions of civil society organizations with complementary strengths and technical expertise, a conscientious effort to bring in community voices, growing evidence, increased global pressure, and supportive EITI leadership resulted in consensus for the EITI standard in 2016. All member countries were given a deadline to engage multi-stakeholder groups and submit an actionable roadmap of how they would meet the requirement by 2020.

### HOW WAS THE OUTCOME ACHIEVED?

In 2011-2012, a critical evaluation of EITI concluded that demanding revenue transparency fell short of achieving full transparency of the extractive industry’s value chain. The evaluation findings were accepted by all constituents of the EITI ranging from governments, to businesses, and civil society. Civil society organizations and coalitions, such as Publish What You Pay, Open Government Partnership, Global Witness, Natural Resource Governance Institute (known as Revenue Watch at the time), OpenOil, and OpenCorporates, among others stepped up as leaders to advocate for beneficial ownership transparency (BOT) as part of the broader movement for open and accountable management of natural and public resources.

## MOST CRITICAL ENABLING FACTORS

### GLOBAL EVENTS WITH LOCAL IMPLICATIONS

- Global movement towards anti-corruption and tax justice
- UK's G8 leadership and launch of public BO registry
- Dignity Revolution in Ukraine

### LOCAL EVENTS & OPPORTUNITIES

- Pilot countries demonstrated that it is possible to enact BOT policies (not necessarily enough time to demonstrate success).

### MEDIA COVERAGE

- Coverage of the Panama Papers validated EITI decision (which occurred right before they were released).

### ROLE OF CIVIL SOCIETY

- Technical experts from CSOs produced a mix of quantitative and qualitative evidence to generate broad support.
- Global Witness provided investigative stories, while NNGI focused on technical implementation through pilot initiatives and legal expertise.
- Publish What You Pay led a strategic coalition of CSOs and amplified community voices.

### INDIVIDUAL CHAMPIONS

- BOT advocates from CSOs sat on the EITI Board.
- Identified a “coalition of the willing” by cultivating cross-sector champions to build consensus.

### CROSS-SECTOR MOTIVATIONS

- Civil society constituents formed unlikely alliances across governments, businesses, and Secretariat using different leverage points (e.g., private sector interested in understanding BO of sub-contractors, public sector interested in contract transparency)

### GLOBAL STANDARDS AND NORMS

- PWYP's Vision 20/20 focused on campaigning for transparency and accountability along the whole value chain
- Incremental steps led to bigger change (e.g., first, BOT was just incentivized before it became a requirement)
- Launch of Open Government Partnership
- Peer pressure and competition cultivated through the EITI country road map development

## BIGGEST BARRIERS TO PROGRESS

- Building consensus in a multi-stakeholder initiative was challenging, requiring strategy and patience.
- The widespread momentum for BO registers did not take into account the specific governance problems in local contexts.
- Countries were pushed to build registers across all industries. Some grantee partners felt it would have been more effective to customize plans and focus on the most vulnerable industries (e.g., extractives)
- Lack of coordinated plan to support implementation
- Countries may be hiding behind technical capacity constraints to avoid full implementation
- Challenges with differing legal frameworks across countries

## DIRECT FUNDING OUTCOMES

- Grantee partners noted that donors contributed to building the field of beneficial ownership in civil society, mobilizing coordination to achieve the EITI standard requirement.
- Core funding allowed groups like Global Witness and NNGI to pursue long-term global reform efforts and to undertake timely, relevant interventions in dynamic country circumstances (both of which are essential for complex issues like BOT)
- Grantee partners emphasized the importance of long-term funding from donors, which was highly unusual compared to other civil society campaigns

## ADDITIONAL OR UNINTENDED OUTCOMES

- EITI requirement helped push forward the 5<sup>th</sup> Anti-Money Laundering Directive in the EU
- Built an evidence base for future legislation in other contexts
- Most BO reforms have included significantly more than just policy change, including CSO and government capacity development, increased multi-stakeholder dialogue on corruption risks, stronger regulations, and increased academic research and media analysis of corruption risks linked to hidden beneficial ownership.

## SIGNIFICANCE OF OUTCOME

**The EITI standard, required to be met by 2020, expanded beneficial ownership transparency for companies working in extractives sectors in 53 countries. The requirement mandated all member countries to develop roadmaps for either public registers or information included in EITI reports. EITI requirements have sparked reform in 20 countries now working on establishing public registers. BOT is regarded as one of the most legally complex issues that EITI has taken on, and grantee partners attribute the success of the outcome to the strategic coordination among civil society organizations, which is heavily enabled by long-term commitment from donors.**

## BIGGEST LESSON LEARNED

**In a multi-stakeholder initiative like EITI, consensus was necessary to pass the requirement. Coordinated civil society coalitions leveraged technical expertise and evidence to build a “coalition of the willing” (strong allies across constituencies) and persuade others. Smaller, incremental changes were necessary to demonstrate early successes (e.g., pilot initiatives) before building consensus for a standard requirement. However, the downside to widespread consensus is the lack of customized solutions across different contexts.**