BENEFICIAL OWNERSHIP TRANSPARENCY: CASE STUDY
UKRAINE LAUNCHES PUBLIC BO REGISTRY

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 2014-2015, Ukraine's Members of Parliament voted in favor of legislation enabling the creation and publication of beneficial ownership data. The data became publicly accessible as open data in 2017 through the Ministry of Justice. Importantly, public procurement reform and the availability of a database through which 'politically exposed persons' are required to declare their assets accompanied this beneficial ownership transparency (BOT) outcome.

WHO CONTRIBUTED TO THE OUTCOME?

TAI FUNDERS
International Renaissance Foundation (part of OSF), OSF, Luminate, FDCO (DFID)

GRANTEE PARTNERS
- Transparency International Ukraine
- AnTAC
- Open Ownership
- Open Contracting Partnership
- Open Up Ukraine Against Corruption

HOW WAS THE OUTCOME ACHIEVED?

The widespread public unrest during Ukraine's Dignity Revolution in 2014 was an important driver for the Ukrainian government's commitment to a beneficial ownership register. The public pressure to take fundamental actions to mitigate corruption and lack of transparency lent momentum to funders, such as OSF's national member foundation, the International Renaissance Foundation (IRF) and grantee partners to push for integration of BO data into an existing database for legal entities in Ukraine.

Civil society organizations, such as the Anti-Corruption Center (AnTAC) and Transparency International's Ukraine National Chapter, undertook agenda setting during Ukraine's Dignity Revolution. They researched the highly technical nature of BOT Registries. While the Registry was available before 2017, the Ministry of Justice became the sponsor of the BOT Registry data as of that year. Open Ownership provided important technical and legal design and implementation advice to the Ministry of Justice which became the sponsor of BOT Registry data from 2017 onwards. Ukrainian civil society organizations, such as AnTAC and Open Up Ukraine (supported by Open Ownership), advocated to improve the data structure of the registry, including higher quality data, accessibility, searchability, and verification mechanisms.

Civil society organizations developed cross-sector and cross-industry partnerships, encouraging the finance industry to spearhead a 'vertical' registry in the banking sector first. Given the banking sector's vulnerability to corrupt ownership practices, the National Bank of Ukraine started requiring all banks to disclose their real owners, showcasing that BOT could be done.

Geopolitical considerations, such as the politically sensitive role of Russian oligarchs in Ukraine's economy, solidified the rallying cry for broad based public support for BOT. Grantee partners also addressed misaligned incentive systems. For example, the business model of a State-Owned Enterprise (SOE) under the Ministry of Justice had previously depended on selling full datasets on corporate ownership data to interested private sector companies. This, together with the fact that such data also was available for a price on the black market, had to be rectified.

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

LOCAL EVENTS & OPPORTUNITIES
- Broad-based 2014 citizen mobilization as part of the Ukraine's Dignity Revolution
- Public sentiment critical of foreign company investors from Russia

MEDIA COVERAGE
- Grantee partners built relationships with investigative journalists to exchange breaking news related to corruption and BO information, influence narratives, educate the media, and to participate in media interviews.

ROLE OF CIVIL SOCIETY
- CSOs engaged in research, advocacy, agenda setting.
- Convening by grantee partners such as the B-team's conference allowed the Ministry of Justice to further expand its cooperation with Open Ownership on technical design and implementation specifications for the BOT data, as well as other cross-sector collaboration.
- Sustained pressure and advocacy from Ukrainian civil society, such as AnTAC, Open Up Ukraine, TI Ukraine, and Together Against Corruption was crucial.

INDIVIDUAL CHAMPIONS
- Ukraine's Minister of Justice
- Ukraine's open data community within civil society and private sector data users

CROSS-SECTOR MOTIVATIONS
- The broader public and public sector were very invested in lessening corruption

GLOBAL STANDARDS AND NORMS
- IMF and EU conditionalities for grants and loans that refer to the presence of BOT

BIGGEST BARRIERS TO PROGRESS

- On its own, BOT registries have clear limitations: registries have to be combined with corollary strategies focused on asset declaration requirements for "politically exposed persons" and public procurement reforms.
- Lack of clarity: Ukraine's Registry data lacked a definition of 'beneficial owner' that allowed for proper verification. As one grantee partner noted, *"A BOT law without verification of data does not lead to ultimate intentions and does not provide the intended outcomes."*

DIRECT FUNDING OUTCOMES

- Grantee partners have had to undertake research, technical analysis, report writing and advocacy over a longer period, from 2014 onwards. Without sustained project and core support by funders (OSF, IRF, DFID/FCDO and Luminate) over that length of time, this result would not have been achieved.
- OSF support for the adjacent measure of developing an asset declaration database for politically exposed persons worked out to be mutually reinforcing in terms of the impact of the two reforms.
- The flexibility of funding sources was appreciated, with a specific mention of Luminate's flexibility.

ADDITIONAL OR UINTENDED OUTCOMES

- By implementing adjacent reforms such as the asset declaration requirement for politically exposed persons, as well as public procurement reform, parallel to the BOT Registry set up and improvements, the policy outcome became more meaningful.

SIGNIFICANCE OF OUTCOME

Ukraine had early success for beneficial ownership transparency in 2015, ahead of the 2016 UK Summit, despite the challenging governance context that the country posed (its history of sustained corruption and lack of transparency). Even though the initial availability of beneficial ownership data was far from perfect, that was improved in subsequent legislative work. Importantly, this victory was accompanied by the establishment of important corollary victories: a database for declaration of assets owned by 'politically exposed persons' (public officials, parliamentarians and politicians), as well as public procurement reform.

BIGGEST LESSON LEARNED

Beneficial ownership registries must be combined with corollary strategies focused on asset declaration requirements for "Politically Exposed Persons" and public procurement reforms to achieve the most impact.