



BENEFICIAL OWNERSHIP:

**TACKLING HIDDEN
COMPANY OWNERSHIP
IN GHANA**

WHAT IS BENEFICIAL OWNERSHIP?



“LEGAL OWNERS” are persons or companies listed in a company’s corporate registration, licenses or contracts as direct owners.

VS



Persons who exercise significant influence over and receive profits from a company who are not its legal owners are referred to as **“BENEFICIAL OWNERS.”** A company cannot itself be a beneficial owner.

Keeping the identities of beneficial owners secret can enable illegal activities.



TAX EVASION



SMUGGLING



ARMED CONFLICT



DRUG TRADE

BENEFICIAL OWNERSHIP AND EITI

Ahead of the May 2016 U.K. Anti-Corruption Summit, GHEITI organized two national stakeholder consultations, one for state actors and the other for non-state actors, to fashion a roadmap to establishing a beneficial ownership disclosure regime in Ghana.

The consultations yielded a consensus that the scope of beneficial ownership disclosure should be expanded beyond extractives and applied to all companies registered in Ghana, in view of Ghana's commitment under the FATF standard.

The Companies' Act of 1963 was identified as the most appropriate instrument for providing a legal basis for company ownership disclosure in Ghana. The act was coincidentally under review at that time. A new bill expected to replace the existing Companies' Act had been submitted to Parliament, providing a timely opportunity for GHEITI and stakeholders to advocate amendments to the draft legislation.

However, due to time constraints, and the huge amount of work the bill required generally, an amendment to the existing law under a certificate of urgency was deemed a more strategic way of securing in good time the enabling legislation for beneficial ownership disclosure in Ghana.

GHANA EITI TIMELINE

2012

A peer review undertaken by the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) revealed the Ghanaian government's lack of progress in establishing a beneficial ownership disclosure regime in Ghana, despite the country's commitment to do so (under the Financial Action Task Force [FATF] standard). Ghana consequently faced limited sanctions, and was given until its next peer review in 2016 to demonstrate progress.

2012-2016

Not much progress was made. But Ghana EITI (GHEITI) began to build the needed momentum for the beneficial ownership transparency agenda in the country by working together with stakeholders to identify the necessary legal amendments.

April 2016

The Panama Papers are released. Until this point, none of Ghana's laws provided for disclosure of beneficial ownership, making it easier for company owners to hide their identities. But the leak of the papers, along with rising global efforts to address issues related to corruption and tax evasion, created intense pressure on Ghana's to act on the issue of corporate ownership transparency.

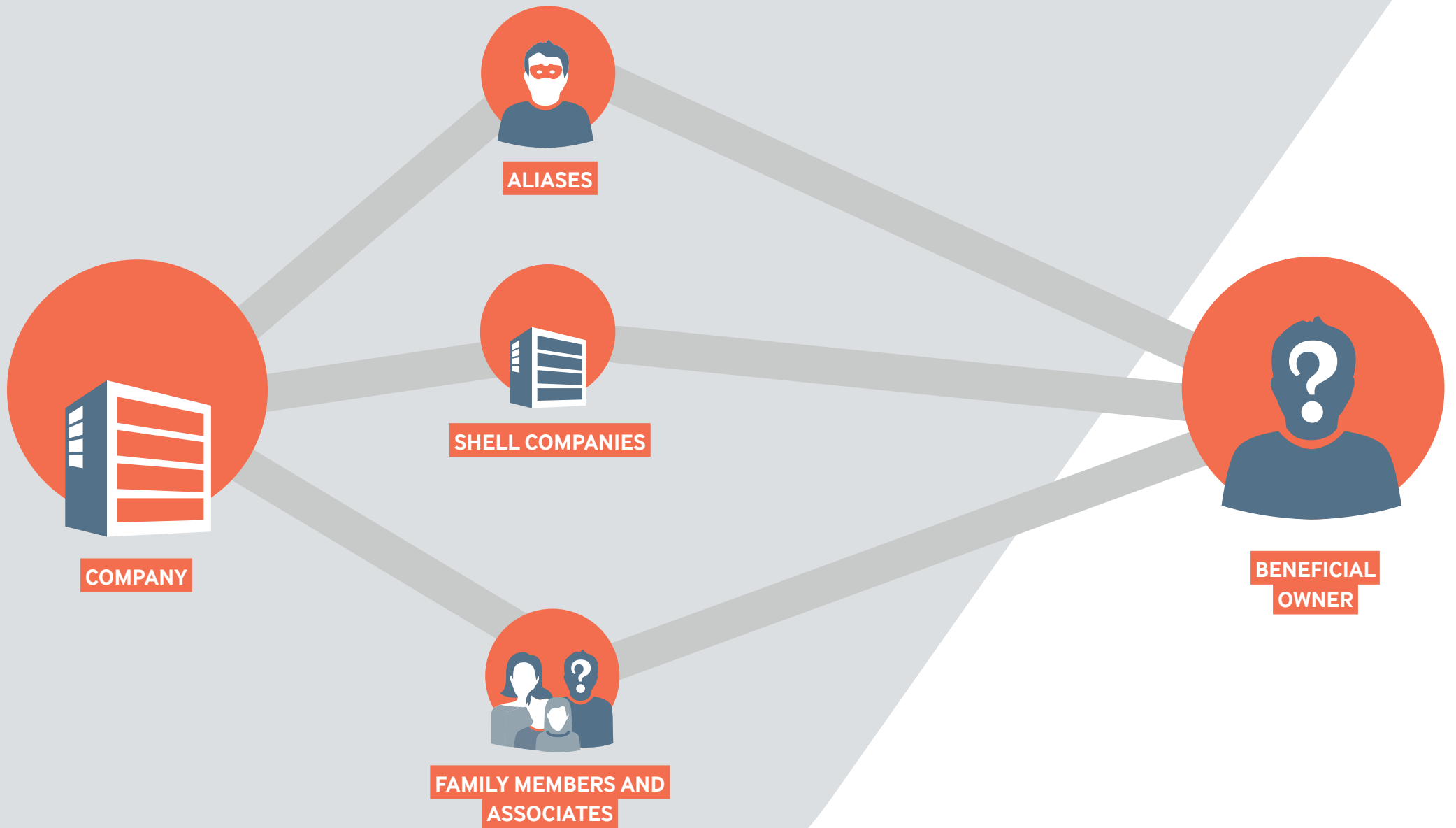
May 2016

The Ghanaian government's statement at the U.K. Anti-Corruption Summit provided the needed impetus for beneficial ownership disclosure to gain increased support across political factions in the country.

August 2016

The Company Act of 1963 was amended, paving the way for implementation of a beneficial ownership disclosure regime in Ghana. The law mandates that the country's registrar-general collect ownership information and maintain the beneficial ownership register.

HOW DO COMPANIES HIDE BENEFICIAL OWNERSHIP?





FAMILY MEMBERS AND ASSOCIATES

A “trust” is a relationship where one person holds property for the benefit of another. Family members, business associates or friends may stand in for beneficial owners.



SHELL COMPANIES

“Shell companies” are used to hold assets or serve as a vehicle for business transactions. These companies may obscure the beneficial owners of a business.



ALIASES

Beneficial owners may hide their interests by registering under false names, or “aliases,” if there is no means to confirm the owners’ identity.



POLITICALLY EXPOSED PERSONS (PEPs)

These are individuals entrusted with prominent public functions. To avoid the abuse of this role - through bribery, money laundering, or other means - it is especially important to disclose PEPs’ business activities.

NEXT STEPS

- Develop an implementation framework with clear timelines. Ghana must develop an implementation framework with clear timelines to ensure that beneficial ownership disclosure stays on course, and work to meet the EITI 2020 deadline for operationalizing beneficial ownership disclosure regimes.
- Establish assurance processes for confirming information. Data collectors should have access to relevant documents in order to conduct random investigations and deeper audits of companies where concerns have been raised.
- Publish information in an open data format. Information should be publicly available without restrictions on access. It can be linked to the registrar-general's main beneficial ownership register, and ideally to a global register of beneficial ownership. Government agencies can also incorporate beneficial ownership information into license registries, cadasters and EITI reports.
- Commit to improving extractive sector governance. Stakeholders should combine beneficial ownership data with other public resources to strengthen due diligence and oversight.
- Build citizens' capacity to use beneficial ownership data for their civic engagements around anticorruption and corporate accountability.



The Ghana Extractive Industry Transparency Initiative (GHEITI) is part of the global EITI process aimed at following due process and achieving transparency in payments by extractive companies to governments and government-linked entities.

For more information visit
www.gheiti.gov.gh



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