

# BENEFICIAL OWNERSHIP TRANSPARENCY: CASE STUDY

## UK'S PUBLIC REGISTRY & REQUIREMENT FOR OVERSEAS TERRITORIES

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 the Open Government Partnership's (OGP) 2018 Action Plan, the Chilean government committed to collaborating with public institutions and civil society organizations to co-create a proposal for a centralized beneficial ownership register (i.e., Commitment 11). Broadly, this commitment is an important part of a recent trend in Latin America toward increased commitments to BOT.*

### WHO CONTRIBUTED TO THE OUTCOME?

#### TAI FUNDERS

- OSF

#### GRANTEE PARTNERS

- Transparency International
- OGP
- Chile Transparente

In 2018, support from OGP and The Champion's Grant facilitated a set of discussions between key stakeholders in the country with the intention of exploring stakeholders' views and garnering support for a policy for the development of an open register for beneficial ownership. These discussions marked the first time that the public sector (i.e., tax and finances officers), CSOs (i.e., CT, OGP, OF), and members of the private sector, to explore options for increasing beneficial ownership in Chile. These discussions resulted in Commitment 11 in OGP's 4th National Action Plan.

Since the initial commitment, CT and OF have held more than 20 meetings with the Tax Agency, Anti-Money Laundering Agency, and Public Procurement Authority to develop a proposal for an open register, which has been subjected to a public consultation and is now being finalized. Likely due to his ties with the business sector, President Piñera has expressed interest in supporting beneficial ownership for a public procurement system but not for every company at the national level. Although a 2020 proposal in Chile's budget to take concrete administrative and legislative steps towards beneficial ownership did not pass, it has kept the issue front and center.

### HOW WAS THE OUTCOME ACHIEVED?

Following the 2016 London Anti-Corruption Summit, and the UK's creation of the PSC register, TI's Chilean chapter and local anti-corruption experts, Chile Transparente (CT) sought an alliance with Observatorio de Gasto Fiscal (OF) (who specializes in data analytics and economics) and launched efforts to convince the government, as well as the business and finance sectors that moving towards the creation of a national beneficial ownership register was important for Chile.

Although beneficial ownership had been a focus of the Anti-Money Laundering Agency it had not previously received the attention of the broader Chilean government. Through the creation of op-eds and academic papers, CT and OF raised the importance of beneficial ownership which prompted several early meetings with bank presidents, government ministers, and other stakeholders in civil society.

Given the uneven support for BOT across the business and finance sectors, as well as in the government, it is believed that proper beneficial ownership legislation will take a few years. However, the commitment signals a recent trend in Latin America towards increased commitments to beneficial ownership transparency.

## 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 beneficial ownership registry
- Lack of progress in Latin America

### LOCAL EVENTS & OPPORTUNITIES

- Rising concerns over income equality and drug trafficking
- Members of government aligned with beneficial ownership goals

### MEDIA COVERAGE

- CT and OF kept money launder and anti-corruption stories in the media

### ROLE OF CIVIL SOCIETY

- Two local CSOs (i.e., CT and OF) had been conducting research and keeping media anti-corruption and money laundering issues in the media
- Conducted and provided research to govt and banking sector
- OGP facilitated initial workshop where commitment started being discussed

### INDIVIDUAL CHAMPIONS

- Local OGP officer had relationships with the private sector and awareness of opportunities for collaboration in Chile

### CROSS-SECTOR MOTIVATIONS

- Beneficial ownership supported by Tax Agency, Anti-Money Laundering Agency, and Public Procurement Authority
- Discussions to develop more recent beneficial ownership legislation described as “collaboration” rather than “negotiation”

### GLOBAL STANDARDS AND NORMS

- Low CPI score suggests opportunities for beneficial ownership with Chilean government
- Anti-money laundering recommendations from FATF

## BIGGEST BARRIERS TO PROGRESS

- Current president, Sebastien Piñera, has ties with the private sector and limited interest in beneficial ownership legislation for every company at the national level
- Beneficial ownership had failed to gain traction with the business sector and parts of the finance sector
- Recent social and constitutional reforms may detract attention from beneficial ownership issues
- Chile's relatively low corruption designation puts it last in line for development grants and thus difficult to sustain campaign efforts

## DIRECT FUNDING OUTCOMES

- OSF played an indirect role in supporting this outcome - TI's support of OGP facilitated the convenings that produced the commitment
- Funding allowed CT to dedicate necessary space, time, and staff to BOT campaign instead of fundraising and consulting
- Several interviewees praised OSF's flexibility, responsiveness, and trust in grantee partners.
- OSF viewed as a thought leader for OGP and whose presence provided political capital to beneficial ownership work.

## ADDITIONAL OR UNINTENDED OUTCOMES

- Local CSOs more connected with and active in related governmental work
- Commitment 11 led to commitment for a bill of law, that is currently being discussed with Congress, the Treasury Office, and President.
- May have helped promote beneficial ownership norms in Latin America
- Increased expertise of multiple TI Chapter and broader transparency movement

## SIGNIFICANCE OF OUTCOME

**Commitment 11 raised awareness of beneficial ownership in Chile and represents the first steps towards developing a functioning beneficial ownership system within a few years. The passage of such a law would help make Chile more competitive in the market and would raise Chile's reputation as being able to meet the rising global standards of beneficial ownership disclosure and transparency.**

## BIGGEST LESSON LEARNED

**Commitment 11 was largely supported due to alignment on transparency concerns between civil and public sectors. However, beneficial ownership in Chile has yet to be endorsed by the private sector. While the role of private sector actors in supporting beneficial ownership implementation is not fully understood, Chile's designation as a low in corruption jurisdiction makes it challenging for CSOs to secure funding for campaign efforts (i.e., education, research, advocacy) to foster such private sector support.**