



Extractive Industries
Transparency Initiative

Anti-corruption training

Licensing, contracts, and beneficial ownership disclosure



Septiembre, 2022

The global standard for the good governance
of oil, gas and mineral resources.

What we will be discussing today

- I. Data to strengthen anti-corruption efforts: licenses
- II. The use of license data in identifying corruption risks.
- III. Beneficial ownership data: an essential element to address corruption
- IV. The use of beneficial ownership data in identifying corruption risks.

These sessions are possible due to the generous support from



I. Data to strengthen anticorruption: licenses

- Legal framework and legal regime

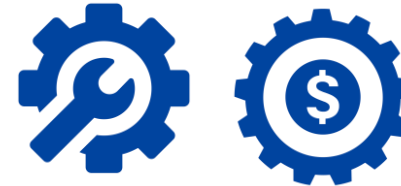


Legal and fiscal framework and reforms

- Contract and license allocation process



Process of awarding or transferring licenses



Technical and financial criteria



Information about the recipients



Any deviations

■ Register of licenses



License holders



- Coordinates



- Date of application
- Date of award
- Duration of the license

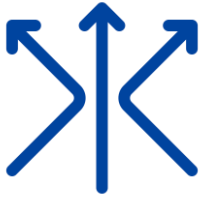


- Commodity that is being produced

Red flags that could be identified with these data

Preferential deals with the government

- A company's business suddenly takes off or falls apart when the government changes hands, suggesting its hidden owner's political connections were key to its success.
- A company wins a government contract or license for which it does not seem qualified based on its track record, age, or relatively unknown, inexperienced managers and shareholders.
- A company receives a contract, license or other favor—for example, a tax holiday or import duty waiver—that officials in the awarding government typically hand out as patronage.
- An unqualified indigenous company with unclear ties to officials receives a government contract or license purportedly in the interest of complying with the country's "local content" laws or policies.
- A company signs a deal at a discounted price or on a single-source basis, outside normal competitive auction or procurement processes.
- The government does not publicize the deal



The use of data in identifying corruption risks

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II. Beneficial ownership data: an essential element to address corruption



Open registry of beneficial owners of the corporate entity(ies)

- that apply for or hold a participating interest in exploration or production

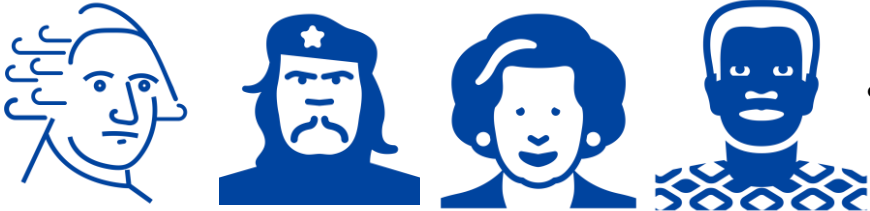


- Country of origin



- Country of residence

d) Information about the identity of the beneficial owner should include the name of the beneficial owner, the nationality, and the country of residence, as well as identifying any politically exposed persons.



- Politically exposed person

Approaches in identifying risks

Red flags indicating Concealed Beneficial Owners

Source: *Owning Up: Options for Disclosing the Identities of Beneficial Owners of Extractive Companies*, Sayne, Westenberg, and Shafal (2015, 9)

Talk in the market

- Rumors circulate that a firm is actually a particular person's company, despite appearances, or is “inked” or “close to” a PEP.
- A news story, NGO report, or court case makes similar claims.
- Industry insiders or officials will not discuss who owns a company.
- A little-known person, company, or network of companies keeps cropping up in different deals, suggesting that one beneficial owner has stakes in all of them

Red flags indicating Concealed Beneficial Owners

Noncompliance with industry rules and standards not sanctioned by the government

The government does not sanction the company for following types of noncompliance:

- A company fails to file required paperwork.
- A company routinely breaks operational regulations.
- A company never performs its contractual obligations in full, or walks away from an unfinished, over-budget project.
- Underpayment or nonassessment of taxes and/or fees.

Suspect commercial relationships

- A company engages in high-value transactions with little obvious commercial justification

The use of **beneficial ownership data** in identifying corruption risks

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