Beneficial Ownership Transparency in Nigeria

A complementary strategy for mitigating state capture in Nigeria
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Definition of Key Terms

**Beneficial Ownership (BO):** A beneficial owner can be described as someone who enjoys the benefits of ownership of a property, despite the title of the property being in another name. The identities of these beneficial owners are hidden from the public and government authorities for a variety of reasons.

**Beneficial Ownership Data Standards (BODS):** The Beneficial Ownership Data Standards (BODS) is an open standard by Open Ownership which provides a structured data format, along with guidance for collecting, sharing and using data on beneficial ownership. The BODS enables beneficial ownership transparency by providing a solid conceptual and practical framework for collecting and publishing beneficial ownership data, resulting in data that is easily reused and of higher quality.

**Code of Conduct Bureau (CCB):** The Code of Conduct Bureau (CCB) is a frontier agency formed by the Federal Government of Nigeria to fight against corruption. Its main purpose is the check and curb practices of corruption in the public service of Nigeria.

**Extractives Industry Transparency Initiative (EITI):** The Extractive Industries Transparency Initiative (EITI) supports improved governance and transparency in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining activities.

**Financial Action Task Force (FATF):** The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog. It is an inter-governmental policymaking body whose purpose is to establish international standards and to develop and promote policies, both at national and international levels, to combat money laundering and the financing of terrorism.

**Illicit Financial Flows (IFF):** Illicit Financial Flows (IFFs) are illegal
movements of money or capital from one country to another for various reasons. IFFs can be defined as funds illegally earned, transferred or utilised within a country and across international borders. It could also be money legally earned but moved wrongfully.

**Nigeria Extractives Industry Transparency Initiative (NEITI):** The Nigeria Extractive Industries Transparency Initiative (NEITI) is the national chapter of the global Extractive Industries Transparency Initiative (EITI) mandated by law (The NEITI Act 2007) to promote transparency and accountability in the management of Nigeria’s oil, gas and mining revenues.

**Nigerian Financial Intelligence Unit (NFIU):** The Nigerian Financial Intelligence Unit (NFIU) is the central national agency responsible for the receipt of disclosures from reporting organisations, the analysis of these disclosures and the production of intelligence for dissemination to competent authorities. The NFIU is an autonomous unit domiciled within the Central Bank of Nigeria and the central coordinating body for the country’s Anti-Money Laundering, Counter-Terrorist Financing and Counter-Proliferation Financing (AML/CFT/CPF) framework.

**Opportunity Cost:** Opportunity Cost represents the potential benefits an individual, investor, or business misses out on when choosing one alternative over another. Because opportunity costs are unseen by definition, they can be easily overlooked.

**Open Extractives Programme (OEP):** The Opening Extractives Programme is a global programme that advances beneficial ownership transparency. It aims to make a dramatic and sustainable difference in the level of publicly available information on the individuals who own and control extractive companies. The Opening Extractives Programme is an initiative of the Extractive Industries Transparency Initiative (EITI) and Open Ownership.

**Open Ownership (OO):** Open Ownership (OO) works with governments,
companies and civil societies to create effective beneficial ownership disclosure regimes. The Open Ownership Principles set the gold standard for effective beneficial ownership disclosure. These principles are designed to support the government in implementing beneficial ownership transparency and guide international institutions, civil society and private sector actors in understanding and advocating for effective reforms.

**Politically Exposed Person (PEP):** A Politically Exposed Person (PEP) is someone who is susceptible to being involved in corruption or bribery through their political position or influence.

**Reforms:** Reforms consist of changes and improvements to the law, social system, or institutions.

**State Capture:** State Capture refers to a situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation’s policies, legal environment and economy to benefit their own private interests.¹

¹ https://www.transparency.org/files/content/corruptionqas/State_capture_an_overview_2014.pdf
## Acronyms

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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>API</td>
<td>Application Programming Interfaces</td>
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<td>BO</td>
<td>Beneficial Ownership</td>
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<td>BODS</td>
<td>Beneficial Ownership Data Standard</td>
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<tr>
<td>CAC</td>
<td>Corporate Affairs Commission</td>
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<td>CAMA</td>
<td>Companies and Allied Matters</td>
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<td>CCB</td>
<td>Code of Conduct Bureau</td>
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<tr>
<td>CRUD</td>
<td>Create, Replace, Update and Delete</td>
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<td>CTRs</td>
<td>Currency Transaction Reports</td>
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<td>DPR</td>
<td>Department of Petroleum Resources</td>
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<td>EFCC</td>
<td>Economic and Financial Crimes Commission</td>
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<td>EITI</td>
<td>Extractives Industry Transparency Initiative</td>
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<td>FATF</td>
<td>Financial Action Task Force</td>
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<td>FIUs</td>
<td>Financial Intelligence Units</td>
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<td>KYC</td>
<td>Know Your Customer</td>
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<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>NDDC</td>
<td>Niger Delta Development Commission</td>
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<td>NEITI</td>
<td>Nigerian Extractives Industry Transparency Initiative</td>
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<td>OEP</td>
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<td>OGP</td>
<td>Open Government Partnership</td>
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<td>OO</td>
<td>Open Ownership</td>
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<td>PEP</td>
<td>Politically Exposed Person</td>
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<td>SCUML</td>
<td>Special Control Unit against Money Laundering</td>
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<td>STRs</td>
<td>Suspicious Transaction Reports</td>
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<td>UWO</td>
<td>Unexplained Wealth Order</td>
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Executive Summary
Over the years, politically exposed persons have conspired with vested interests to capture public resources in Nigeria by significantly influencing the country’s decision-making processes for their private enrichment; this form of political corruption is referred to as “State capture”. State capture limits what is available for lifting nearly 80 million Nigerians out of poverty or for closing the infrastructure deficit in the country, which is estimated to require an annual investment of $100 billion² or for closing the 17 million housing deficit, which is estimated to require $3.7 billion per annum.

One of the ways through which the spoils of State capture are carted away by vested interests is through anonymous or hidden ownership of company structures which could be exploited during licensing process for natural resources. Companies with hidden ownership can also be used to exploit public wealth through their involvement in the public procurement process. Captured public resources could make their way out of Nigeria as illicit financial flows, especially to foreign tax havens. State capture and the resultant illicit financial flows pose a serious risk to Nigeria as it

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Over the years, politically exposed persons have conspired with vested interests to capture public resources in Nigeria by significantly influencing the country’s decision-making processes for their private enrichment; this form of political corruption is referred to as "State capture." State capture limits what is available for lifting nearly 80 million Nigerians out of poverty or for closing the infrastructure deficit in the country, which is estimated to require an annual investment of $100 billion or for closing the 17 million housing deficit, which is estimated to require $3.7 billion per annum. One of the ways through which the spoils of State capture are carted away by vested interests is through anonymous or hidden ownership of company structures which could be exploited during licensing processes for natural resources. Companies with hidden ownership can also be used to exploit public wealth through their involvement in the public procurement process. Captured public resources could make their way out of Nigeria as illicit financial flows, especially to foreign tax havens. State capture and the resultant illicit financial flows pose a serious risk to Nigeria as it has significant potential to be used in secretly funding insurgencies, terrorism, economic sabotage or whatever the priorities of vested interests may be at any point in time.

This report introduces the reader to the concept of beneficial ownership, the gravity of the problem of state capture and how beneficial ownership structures can prevent state capture. It starts off with an introduction, and next, the potential impact and benefits of beneficial ownership transparency are discussed through the use of case studies. Five (5) short case studies of state capture and corruption are presented, and the role of beneficial ownership transparency as a strategy for mitigating the recurrence of similar instances is highlighted. Three of these cases focus on state capture in Nigeria, while the remaining two highlight how national and international actions are necessary to mitigate state capture, even with the use of beneficial ownership transparency as a strategy.

Some progress has been made in the use of beneficial ownership transparency as a strategy to curb corruption and state capture in Nigeria, but more work needs to be done, and quickly too. This report continues by conducting an assessment of the current state of play in the use of beneficial ownership strategies to curb corruption and state capture. We utilized Nigeria’s compliance with all nine (9) Open Ownership Principles as a base for evaluating the progress in the use of beneficial ownership transparency.
Background
State capture is a form of systemic corruption in which private interests influence the decision-making process of a nation or state for their own priorities, which could include, but is not limited to, enriching themselves at the expense of the quality of life of citizens. In Nigeria, State capture is a serious affliction that has brought under-development to Nigerians, especially in the regions where exploitation of these resources contributes largely to the country’s revenue. Nigeria has earned N83 trillion from crude oil in the last 37 years, but its citizens' standard of living has barely improved; abandoned and substandard public projects and poor service delivery across the length and breadth of Nigeria are often precipitated by state capture of public resources.

The Niger Delta region, the heart of Nigeria’s extractive industry, has been significantly hit by state capture. Many of the region’s leaders in charge of benefits transfer schemes for oil-producing communities have captured such benefits for their own enrichments. Beyond the 13% Oil Revenue Derivation benefits transfer scheme and the Niger Delta Development Commission (NDDC) created in 1999 by former Nigeria
President Olusegun Obasanjo, the region has had at least five other benefits transfer schemes since 1960; all of which were plagued by corruption and state capture by private interests. The NDDC, like its predecessor, the Oil Mineral Producing Area Development Commission (OMPDAEC), is no different. A forensic audit revealed that NDDC operates about 362 bank accounts, and of the total N6 trillion that was given to the commission between 2001 and 2019, a total of 13,777 contracts were awarded. Unfortunately, a lot of these contracts have been abandoned and the benefits captured by vested interests.3

**How can Nigeria put an end to the cycle of corruption and state capture of public resources?** One of the best strategies is to prevent it from happening in the first place. The prevailing strategy in Nigeria relies on allowing corruption to happen and then conducting audits which are often derailed by powerful vested interests benefiting from state capture.

The loopholes that allow state capture to flourish indicate that the country’s resources are being plundered by private individuals across the federal, state and local government levels by hundreds of decision-makers and their private-sector conspirators. On May 16, 2022, the Accountant General of the Federation of Nigeria, Mr Ahmed Idris, was arrested by the Economic and Financial Crimes Commission (EFCC) in connection with the diversion of public funds and money laundering activities to the tune of N80billion4 diverted from the 13 per cent derivation

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Nigeria exports $27.73 billion worth of petroleum products annually while fighting internal insurgencies in its Niger Delta region—where extraction of the nation’s crude oil takes place.

Funds meant for payment to eight oil-producing states. The funds were laundered through real estate investments in Abuja and Kano, in which Mr Ahmed Idris is the ultimate beneficial owner. The arrest and prosecution of Mr Ahmed would ideally be good news for accountability actors, but this is Nigeria.

In the first quarter of 2022, two former state governors, ex-Governor Joshua Dariye of Plateau and ex-Governor Jolly Nyame of Taraba, were sentenced to jail by Nigeria’s court, and the sentence was upheld by the nation’s apex court. However, despite the public outcry, both former governors were pardoned by Nigeria’s President, Muhammadu Buhari. Mr Abdulaziz Yari, a former governor of Zamfara State, was equally arrested for allegedly conspiring with the Accountant General of the Federation of Nigeria, Mr Ahmed Idris. Mr Abdulaziz Yari is also being investigated for N22bn fraud in the Subsidy Reinvestment and Empowerment Program (SURE-P).

But do we have to wait till funds are stolen before taking action? What are the proactive options available?

One option to mitigate state capture is through the full implementation of a beneficial ownership transparency strategy, which we discuss in this report. Beneficial ownership transparency proactively raises red flags to the public and anti-corruption agencies before the diversion of funds takes place. Anonymously owned companies facilitate grand corruption and laundering of

The proceeds of corruption; they can also enable other harmful flows, including tax evasion, organised crime and terrorist financing. These flows, and the corporate structures which facilitate them, are international, operating across borders, therefore local policymakers and civil society need to realise that a transnational effort is required to address these issues.

Nigeria exports $27.73 billion worth of petroleum products annually while fighting internal insurgencies in its Niger Delta region—where extraction of the nation’s crude oil takes place—and in its Northern region, which is rich in solid minerals. For such a country with a documented history of its highest leadership pilfering natural resource wealth through hidden company ownership, there are clear motivations for civil society to advocate for the full implementation of the current beneficial ownership transparency strategies to reverse the tide.

In this report, we present a framework for proactive action on beneficial ownership transparency, which has definitely seen a growing interest on both local and international scenes.

1.1 Objectives of the study

The objective of this report is to assess the state of play of beneficial ownership transparency and its role in mitigating state capture of natural resource wealth in Nigeria. The report will explore progress in the implementation of a beneficial ownership transparency strategy, gaps and opportunities for action. An assessment of beneficial ownership transparency would be conducted at the federal level; the reason for this approach is that a central beneficial ownership transparency strategy in Nigeria is being implemented by the federal government.

2 State Capture and the Use of Hidden Company Ownership
2.1 Global Perspectives on Beneficial Ownership Transparency

Global trends in beneficial ownership transparency are rapidly evolving. One emerging picture is that sector-specific beneficial ownership disclosure requirements have primarily been aimed at local or national levels, while regional and international efforts have been broader and non-sector-specific.

The beneficial ownership transparency agenda has gained significant momentum over the past decade. In 2014, G20 leaders adopted the ‘High-Level Principles on Beneficial Ownership Transparency’ (G20 2014). These were built upon the 2012 Financial Action Task Force (FATF) Recommendations (the global standard for anti-money laundering) and the 2013 G8 action plan principles to prevent the misuse of companies and legal arrangements.

Although significant progress has been made at the international policy level to recognise the problems linked to beneficial ownership secrecy, progress in the implementation of beneficial ownership
A natural person who directly controls or benefits from an oil asset, license, lease or entity (except for publicly listed companies and wholly-owned subsidiaries) is regarded as a beneficial owner.

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2.1.2 What is Beneficial Ownership Transparency?

Beneficial ownership transparency strategy refers to policies and legislative pieces aimed at detecting, deterring

2.1.1 Who is a Beneficial Owner?

Looking at more specific commitments made by countries to establish beneficial ownership registers, there are some signs of progress, but the pace of transparency is slow, given the urgency of the issue.

registrants is uneven, with many countries failing to meet their commitments. In fact, Transparency International’s analysis has shown that there are significant weaknesses in terms of ensuring transparency of beneficial ownership across the global network of Financial Action Task Force (FATF) countries. As the global standard-setter on anti-money laundering, the FATF is the only international body with the mandate to bring all countries up to speed.

The identities of these beneficial owners are hidden from the public and government authorities for a variety of reasons.


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and, in some cases, penalizing corruption, conflict of interest, terrorism/insurgent financing and other forms of wrongdoings that occur due to the activities of beneficial owners. Central to these types of policies are central databases or registers called “Beneficial Ownership Registers”, which collate information about the beneficial owner for use by law enforcement agencies, government agencies, the private sector and, in some jurisdictions, the public. Beneficial ownership transparency cannot exist in isolation. They need to work in tandem with other systems, conflict of interest laws and policies, seamless, automated interconnectivity between agencies that collect, update, verify and preserve identity and transaction records within and outside the extractives value chain, and integration with global beneficial ownership databases.

For example, for it to be effective in detecting procurement transactions involving politically exposed persons, important databases like the asset declaration database of the Code of Conduct Bureau (CCB) need to be digitized and seamlessly interconnected to the beneficial ownership register database.
In this segment, we present three short case studies from Nigeria that highlight instances of state capture that may have been prevented if a beneficial ownership transparency policy had been in place.

**2.2 Can Beneficial Ownership Transparency Mitigate State Capture?**

In this segment, we present three short case studies from Nigeria that highlight instances of state capture that may have been prevented if a beneficial ownership transparency policy had been in place. We also present two non-Nigerian case studies that demonstrate the potency of beneficial ownership transparency in reducing the ease with which politically exposed persons can abuse public privilege to benefit themselves and their families. The selected cases in Nigeria are some of the biggest examples of state capture of oil wealth in the country. The two international cases are discussed simply to highlight how Politically Exposed Persons can be involved in state capture and the role of transnational cooperation and complementary legislation in developed countries to help mitigate state capture.

**2.2.1 Case studies: How Beneficial Ownership Transparency Might Have Helped.**

**Case 1: Loss of $18m due to actions of politically exposed person**

Nigeria awarded a lucrative oil prospecting license, OPL 245, to a corporation called Malabu Oil and Gas Limited in April 1998. Unknown to the citizens, the individual awarding the oil prospecting license, the then Petroleum Minister, Dan Etete, was also a beneficial owner of Malabu Oil and Gas Limited. Dan Etete, alongside Hassan Adamu, Nigeria’s former ambassador to the United States, used pseudonyms to register their ownership of Malabu Oil and Gas Limited. Hassan Adamu held 20% through his proxy pseudonym. Ultimately, Dan Etete, using the influence of his office, ensured that Malabu Oil and Gas Limited paid only $2 million out of the $20 million legally required by the state, translating to a loss of $18m to Nigeria. However, if the individuals and companies used as fronts are not legally required to report him as the ultimate beneficial owner of the asset or his family.

Unfortunately, Politically Exposed Persons in the agency have often times ensured that oil revenue delivers benefits in oil-rich communities. The Niger Delta Development Commission (NDDC) is an agency set up to manage the benefits of complying with Open Ownership Principle six, which makes it easier for governments to verify and preserve identity and asset databases. This helps to deter money laundering, terrorist financing and other forms of corruption by people who deliberately hide their ownership or control of extractive companies.

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the Nigerian government. With a functioning beneficial ownership register/database, this transaction would have been flagged and potentially stopped.

**How Would Beneficial Ownership Transparency Have Helped?**

Beneficial ownership transparency may have helped draw the attention of civil society and the authorities to the potential fraud perpetrated using Malabu Oil and Gas Limited early before the sale of a license to the company was completed. However, if this scam is repeated today, the current beneficial ownership database held by the Corporate Affairs Commission (CAC) and Nigeria Extractives Industry Transparency Initiative (NEITI) still have significant limitations due to weak Data Verification/Know Your Customer (KYC) processes for data submitted to the beneficial owners register and data submitted generally to the Corporate Affairs Commission (CAC). Dan Etete and his conspirators used a pseudonym when registering Malabu Oil and Gas Limited. If no checks are in place to verify the identities of the pseudonyms prior to registration, the beneficial ownership register would not be of much help.

This case study highlights the importance of complying with data verification best practices which is the Open Ownership Principle seven (7) in the implementation of a beneficial ownership transparency strategy. Also, this data in the beneficial ownership register should be structured and interoperable, so it can be integrated into other processes. In this case study, the oil prospecting licensing process needs to be integrated with (a.) the country and global beneficial ownership register; and (b.) the Code of Conduct Bureau database of all political office holders and their assets.

**Case 2: The Ibori Case**

James Ibori served two terms as governor of the oil-rich Delta State in Nigeria. At Southwark Crown Court in the United Kingdom, Ibori was convicted of 10 counts of fraud worth nearly £50m and was sentenced to 13 years jail term in 2012. The prosecutors alleged that Ibori had embezzled $165m by inflating contracts for infrastructure projects in Delta State, including for a sports stadium, schools and hospitals. Ibori was also a key figure benefitting from the fraudulent sale of shares owned by Delta State in one of the biggest telecom operating companies in Nigeria, V-Mobile (now...
Airtel). On the advice of a former Goldman Sachs investment banker, Ibori used four companies registered in Guernsey to channel funds used in acquiring a private jet, properties and luxury cars in his name and the names of his wife, sister and mistresses.

How Would Beneficial Ownership Transparency Have Helped?

For beneficial ownership transparency strategies to play a role in preventing this type of state capture case study, Nigeria needs to:

• Introduce and implement sanctions for non-compliance with beneficial ownership transparency requirements (with legal backing). As seen in the case study above, James Ibori used other individuals as fronts to acquire assets with public funds while he remained the ultimate beneficial owner. However, if the individuals and companies used as fronts are not legally required to report him as the ultimate beneficial owner of the asset or company, it would be difficult to prevent this form of state capture. This is a key benefit of fully implementing recommendations in Open Ownership Principle nine, which deals with sanctions and enforcement.

• Use structured data in its beneficial ownership transparency database to enable integration with other identity and asset databases (including vehicle asset registration database, land asset registration database, Aircraft, Luxury boat registrations, Code of Conduct Bureau asset register for politicians and civil servants, etc) across the country. This would ensure that it is easier to flag politically exposed persons as beneficial owners when they receive benefits from unexplained wealth or other assets. This provides the appropriate authorities with intelligence to take further action. This is one of the benefits of complying with Open Ownership Principle six, which makes recommendations on structured data.

Case 3: State Capture

The Niger Delta Development Commission (NDDC) is an agency set up to ensure that oil revenue delivers benefits in oil-rich communities. Unfortunately, Politically Exposed Persons in the agency have often times captured its revenue for their personal enrichment. A typical example is a former director at the NDDC, Tuoyo Omatsuli, who, together with Don Parker

Properties Limited and Francis Momoh and Building Associates Limited, was first arraigned before Justice Saliu Saidu in November 2018 for money laundering. There were re-arraigned in 2020 at the Federal High Court in Lagos on an amended forty-five counts charge bordering on conspiracy and money laundering amounting to N3.6bn. The Economic and Financial Crimes Commission (EFCC) alleged that they conspired to disguise the illegal origin of the N3.6bn “being proceeds of unlawful activity, to wit corruption and gratification”. It was alleged that the N3.6bn was a bribe received by Omatsuli from Starline Consultancy Services Limited, a firm engaged by the NDDC to help it recover its statutory three per cent annual budget of oil and gas producing companies in the Niger Delta. This case is still ongoing between EFCC and the accused.

How Would Beneficial Ownership Transparency Have Helped?

For the type of state capture highlighted in this case study, Nigeria would have to ensure its beneficial ownership transparency database is compatible with the public procurement process in the NDDC and the rest of the federal and subnational governments. Maintaining structured data is an Open Ownership recommended best practice (Principle six) and could, in conjunction with modified public contract prequalification requirements discussed below, mitigate state capture.

Prequalification requirements for the award of public contracts through the procurement process should be modified to ensure automated checks in the beneficial ownership transparency register are carried out to detect the presence of companies owned by politically exposed persons in public contract bids or the presence of companies providing benefits to politically exposed persons either as direct contractors or subcontractors, affiliates or vendors of the main company bidding for a contract. As seen in this case study, the corporate vehicle used to transfer the benefits to Tuoyo Omatsuli, a former director was a subcontractor to the main company that got the NDDC contract—a layer of abstraction created to prevent detection. Furthermore, automated post-completion checks should also be carried out at the completion of each public contract and up to 5 years after awarding contracts. In this case study, the ‘spoils’ of state capture were disbursed to the vested interests after contract completion.
2.2.2 Case studies: The Role of Transnational Cooperation and Complementary Legislation in Developed Countries

Case 1: Argentina: The Wind Farm Scandals

Although in Nigeria, we have seen instances of theft of natural resource wealth that could have been prevented with the implementation of a beneficial ownership transparency strategy, this example highlights how the introduction of such strategies including a functional Beneficial Ownership register in one country—Luxembourg—led to the probe of a politically exposed person—Mauricio Macri—in another. Such probes deter or weaken the ease with which politically exposed persons can abuse public privilege to benefit themselves and their families. Nigeria has laws that prohibit political office holders and civil servants from unduly benefiting from public contracting processes, however without the existence of a functional beneficial ownership register integrated into the country’s public procurement process at the federal and subnational levels, there is no way to tell when political office holders actually have equity in companies participating in the contracting process.

Mauricio Macri, Argentina’s President from 2015 to 2019, has been in the spotlight for alleged fraud in deals involving wind farms in the South American country. The ongoing probe into the scandal moved forward in February 2021 as a result of the data retrieved from Luxembourg’s beneficial ownership register.

Before Macri’s mandate, Argentinian authorities granted a Spanish company a concession to build and operate four wind farms in Argentina. Five years later, only one of these farms was operational. Sideco, a large business group belonging to Macri’s family, had equity stakes in Sidsel S.A. and Sideli S.A, two companies that facilitated and benefitted from the wind farm deals. Owing to mandatory disclosure of corporate ownership in the European Union region, Macri’s brother—a politically exposed person—was adjudged to have used a company registered in Luxembourg—a top secrecy jurisdiction—Rainbow Finance, to acquire equity stakes in Sidsel S.A. and Sideli S.A. Indebted, the Spanish company sold off its concessions to two companies—Sidsel S.A. and Sideli S.A—which, according to reports by the local media in 2018, were linked to Macri’s family. It was later revealed by journalists that Macri owned equity stakes in two companies, Sidsel S.A. and
Sideli S.A, that facilitated and benefitted from the wind farm deals.

**Case 2: Azerbaijan: Unexplained Wealth**

This particular case study presents an interesting approach the Nigerian government could adopt. The United Kingdom devices a means to combat a rising trend of foreigners who own assets in the UK on behalf of an ultimate beneficial owner(s) unwilling to disclose his or her identity, especially if the asset is a proceed of corruption or crime. Such a foreigner protecting the ill-gotten asset of an ultimate beneficial owner would have to forfeit that asset under the “Unexplained Wealth Order”. Introducing a similar approach in Nigeria would add an additional layer of pressure on politically exposed persons to minimise their propensity to steal natural resource wealth for private asset acquisition by proxy while they remain the ultimate beneficial owner. The knowledge that such assets would be forfeited to the government would be a fair deterrent.

In 2018, the United Kingdom introduced a new regulation—Unexplained Wealth Order (UWO)—to better enforce control over assets held by foreigners that could be connected to criminal activities. Under this regulation, if a person cannot explain the source of their wealth, the courts can fast-track the seizure of their assets, regardless of whether a predicate crime has been proven. The first UWO applied in the UK was issued to Zamira Hajiyeva, married to Jahangir Hajiyev, the former chairman of the International Bank of Azerbaijan, currently serving a 15-year prison sentence in Azerbaijan for abusing his position.

Mrs Hajiyeva lived a very luxurious life in the UK that could hardly be afforded by her family’s officially declared income. British authorities issued two UWOs against her after identifying Zamira Hajiyeva as the beneficiary of two luxurious properties acquired through secretive and complex beneficial ownership structures. The information available in the UK beneficial ownership register helped investigators to link her to one of the properties. Beneficial ownership data also helped investigators to provide the court with evidence suggesting that Zamira’s husband is registered as the beneficiary of a company that used a US$42.5 million loan to buy a Gulfstream jet, further
indicating that the couple had a pattern of spending that seemed above their known source of income. Hajiyeva challenged the orders, but her motions were dismissed by the High Court in London.
3 The Opportunity Cost of State Capture
Nigeria lost $582bn to corruption in the past 61 years, a significant component of this loss may have happened through the involvement of vested interests and politically exposed persons in the public procurement process of the country. The existence of a beneficial ownership register would have helped raise red flags for many about the corruption risk posed by the involvement of politically exposed persons in the procurement process long before the process is completed and the public funds are lost.

The existence of a beneficial ownership database helps to strengthen transparency and raise preemptive red flags to prevent the legitimate financial and legal infrastructure from being used to disguise corruption and tax evasion and prevent the laundering of the proceeds of corruption, aid asset recovery, especially by politically exposed persons. On the other hand, protecting anonymity can enable wrongdoers in Nigeria to hide behind a chain of companies often registered in multiple jurisdictions, deter investment and make it harder to curb corruption while worsening the quality of life of Nigerians who diverted funds would have helped improve.

A fallout of the continued absence of a robust beneficial ownership disclosure framework is that vested interests and corrupt individuals would continue to corrupt Nigeria's electoral process with money, in some cases, investing their personal funds into their election campaigns that their salaries would never be able to realise throughout their stay in public office if they win the elections. This situation has made Nigeria's elections a "do-or-die" affair, often leading to violence and death of voters as various candidates scheme to get into office. The deduction from this is simple; there are glaring loopholes to pilfer public funds for private enrichment without detection despite civil service rules forbidding such practices. The absence of a robust beneficial ownership disclosure framework is a missing link that would provide the necessary intelligence to help complement civil service rules by red flagging the involvement of politically exposed persons or other criminals in public procurement and licensing processes.
Beneficial Ownership Transparency Strategy in Nigeria: progress, gaps, opportunities.
Beneficial ownership disclosures, used effectively, enable the government to expose and proactively stop corruption and nepotism in the oil license acquisition and public procurement process. Of course, there are gaps in the implementation of beneficial ownership transparency strategy in Nigeria’s public finance value chain, however, there has been progress recorded over the years, and there are still more opportunities for sustainable implementation. This segment discusses the progress so far, the gaps and the opportunities.

4.1 Progress

There has been some progress in implementing beneficial ownership transparency strategies in Nigeria, with the country becoming the first African country to successfully publish a publicly available beneficial ownership register in 2019, focused on the extractives sector, including information on licensing data. Some government agencies actively working for these strategies include the Nigeria Extractive Industry Transparency Initiative (NEITI), which is also working in collaboration with government agencies.

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17. https://eiti.org/beneficial-ownership
agencies like the Nigerian Financial Intelligence Unit (NFIU) to share information and data to check fraud and other financial misconduct in Nigeria’s extractive sector operations while the Corporate Affairs Commission (CAC) worked with NEITI towards the creation of a beneficial ownership register as part of the commitment made by the federal government through the Open Government Partnership, OGP.

4.1.1 Progress by the Nigeria Extractive Industries Transparency Initiative (NEITI)

NEITI in Nigeria has worked towards implementing best practices for beneficial ownership transparency that enable data disclosure and collection in line with Open Ownership Principles. However, some more work needs to be done in implementing best practices that encourage sanctions and enforcement of relevant beneficial ownership disclosure policies to improve compliance levels. There is also a need to make the EITI Beneficial Ownership register for the extractive sector compatible and easily accessible by other government agencies via Application Programming Interfaces for smooth integration into processes.

In 2016, the public disclosure of beneficial ownership information became a requirement in the Extractive Industries Transparency Initiative (EITI), an international standard for extractive sector transparency developed jointly by governments, civil society, and companies and implemented by national multi-stakeholder groups in more than fifty countries. By
2020, EITI countries must request, and companies that apply for or hold extractive licenses or contracts in such countries must disclose beneficial ownership information. The EITI Standard also requires that these disclosures identify any beneficial owners who are government officials or their close associates—referred to as politically exposed persons (PEPs).

Nigerian Extractive Industries Transparency Initiative (NEITI), in partnership with the Department of Petroleum Resources (DPR), made some commendable efforts in bringing the beneficial ownership register on board, they both developed the beneficial ownership register template. The Beneficial Ownership register can be accessed by the public here www.bo.neiti.gov.ng. This register consists of 56 companies in the extractives industries and has been built using data from EITI reporting and other government registers (EITI 2019), although this register is currently limited to the extractives sector. Engagements with civil society and the Open Government Partnership, OGP played an important role in driving progress towards a public register. Nigeria faced a lot of challenges, including resistance from some parliamentarians and resource constraints.

The beneficial ownership declaration form developed by the EITI includes fields for disclosing whether any beneficial owners are politically exposed
persons (PEPs), including information about the public office position and role or other reasons like designation and the dates of holding office. Besides asking companies to voluntarily disclose information on their ownership structure, including any politically exposed persons going forward, NEITI has also put into effect a mechanism that would enable it to capture ownership of divested wells, license holders, leaseholders and companies bidding for extractive industry contracts.19

Nigeria has taken the UK register of People of Significant Control PSC, as its model but introduced a lower reporting threshold of 5% instead of the 25% reporting threshold of the UK and requires the disclosure of the precise level of ownership or control (rather than the bands used in the UK register). Nigeria will also require listed companies to disclose their shareholders (over the 5% threshold).20

4.1.2 Progress by the Corporate Affairs Commission, CAC.

The Corporate Affairs Commission, CAC worked with NEITI towards the creation of a beneficial ownership register as part of the commitment made by the federal government through the Open Government Partnership, OGP. The re-enacted Companies and Allied Matters (CAMA) Act 2020 has been passed into law, and it provides for mandatory disclosure of persons of significant control. The CAC is the agency responsible for giving effect to the provision of this new law. Since the 3rd of January this year, an electronic register that covers all aspects of the registration, which includes the disclosure of beneficial ownership, has been deployed by CAC, and the

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19. https://eiti.org/beneficial-ownership
collection and disclosure of beneficial ownership information have started.

4.1.3 Progress by the Nigerian Financial Intelligence Unit, NFIU

The Nigerian Financial Intelligence Unit, NFIU is the central national agency responsible for the receipt of disclosures from reporting organisations, the analysis of these disclosures and the production of intelligence for dissemination to competent authorities. The NFIU is a member of the Egmont Group of Financial Intelligence Units (FIUs). The Egmont Group is a global body responsible for setting standards on best practices for FIUs and is made up of more than 206 FIUs from more than 206 jurisdictions.

The NFIU receives and analyses financial data consisting of currency transaction reports (CTRs) and suspicious transaction reports (STRs) and disseminates the information to domestic law enforcement authorities and other FIUs.

The lack of beneficial ownership information enhances money laundering by disguising the identity of suspected criminals. The NFIU and NEITI recently signed a Memorandum of Understanding (MoU) to share information and data to check fraud and other financial misconduct in Nigeria’s extractive sector operations. The essence of the collaboration is to provide information and data that will aid the investigation into infractions that border on criminality in Nigeria’s extractive sector.21

4.1.4 The Open Extractives

Programme (OEP) in Nigeria

The Open Ownership (OO) and the Extractive Industries Transparency Initiative (EITI) recently launched the Open Extractives Programme (OEP), a global programme that aims to make a transformational impact in the amount of publicly available information on the owners of extractive companies. It will transform the availability and use of beneficial ownership data to tackle corruption and mismanagement in the extractive sector. The OEP will provide participating countries with sustained support to implement beneficial ownership transparency strategies and catalyse the use of this data to support better governance of natural resources.

Support can be focused on the extractive sector or extended to the economy as a whole. The scope of support will be agreed upon with each government based on their needs and, if successful, can potentially be extended for up to five years.

As stated by Nigeria’s current Minister of State for Budget and National Planning, Prince Clem Agba, the OEP is an opportunity for country-peer-learning and knowledge sharing, which would be useful to broaden NEITI’s ability to implement the EITI principles, especially beneficial ownership principles. The programme will help to fight corruption and money laundering in the extractive sector more effectively.

Nigeria is among the first nine countries that showed interest in piloting the OEP, the other countries included in this pilot are Argentina, Ghana, Indonesia, Liberia, Mexico, Mongolia, Philippines and Zambia.

4.1.5 Progress by the Economic and Financial Crimes Commission, EFCC

In March 2021, the EFCC directed...
beneficial ownership transparency in Nigeria. The opportunities.

For sustainable implementation.

are gaps in the implementation of beneficial ownership transparency recorded over the years, and finance value chain, however, the EITI includes fields for disclosure of persons of significant control. The CAC is the agency responsible for setting standards for beneficial ownership information. However, the Nigerian legislation lacks a mechanism that would enable it to share information and other government registers using data from EITI reporting. All bank executives to declare their assets by June 1, 2021. This directive is in line with the Bank Employees (Declaration of Assets) Act of 1986, which was enacted to ensure adequate measures in sanitising the nation’s financial system. This will help block some loopholes being exploited by unscrupulous players in the sector to undermine the Nigerian economy through money laundering and illicit financial flows.

**Section 1 of the Act states, “Every employee of a bank shall, within fourteen days of the commencement of this Act, make a full disclosure of all his assets.”**

NEITI is also working with the EFCC to unravel the real owners of assets in the oil and gas industry. The collaboration would make the identities of persons or entities who bid for, operate or invest in extractive assets and their level of ownership public. The Memorandum of Understanding will strengthen the partnership and cooperation between the two agencies in the fight against corruption. The EFCC has also been working to strengthen its Special Control Unit against Money Laundering (SCUML) in order to checkmate the activities of non-designated financial institutions so as to reduce money laundering crimes in the country.

4.2 The Gaps

Nigeria has a long way to go before being able to show significant progress in beneficial ownership transparency. However, the initiation of beneficial ownership transparency makes Nigeria a relevant illustration of how strategies that are politically and technically challenging can be introduced by leveraging international commitments and policy platforms and by building on existing institutional frameworks.

According to the OGP, in Nigeria, often names cited as beneficial

owners are not the real owners, and Nigerian legislation lacks a mechanism to verify the accuracy of the information provided, nor are there sanctions for falsifying information. However, the introduction of the new Companies and Allied Matters Act, CAMA 2020, which provides for mandatory disclosure of persons of significant control, has provided legal backing to ensure accurate beneficial ownership information is reported. This Act states that an electronic register that covers all aspects of the registration, including the disclosure of beneficial ownership, will be deployed by CAC.

In the following segment, we conduct a rapid assessment of the state of play of beneficial ownership transparency in Nigeria at the federal level.

### 4.2.1 Rapid Assessment of Beneficial Ownership Transparency in Nigeria

We adopt a 3-part methodology for this assessment that involved identifying a set of best practices for beneficial ownership transparency, conducting qualitative assessments based on performance based on the identified principles and Key Informant Interviews with state and non-state actors to get feedback on the state of play of beneficial ownership transparency in Nigeria. The framework identified has been used in conducting a rapid assessment of beneficial ownership transparency in the United Kingdom.

<table>
<thead>
<tr>
<th>Principles</th>
<th>Summary</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>OO Principle 1</td>
<td>Robust Definition</td>
<td>These principles enable Data Disclosure, and Collection</td>
</tr>
<tr>
<td>OO Principle 2</td>
<td>Comprehensive Coverage</td>
<td>These principles will facilitate Data Availability, and Accessibility</td>
</tr>
<tr>
<td>OO Principle 3</td>
<td>Sufficient Detail</td>
<td></td>
</tr>
<tr>
<td>OO Principle 4</td>
<td>Central Register</td>
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<tr>
<td>OO Principle 5</td>
<td>Public Access</td>
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<tr>
<td>OO Principle 6</td>
<td>Structured Data</td>
<td></td>
</tr>
<tr>
<td>OO Principle 7</td>
<td>Verification</td>
<td></td>
</tr>
<tr>
<td>OO Principle 8</td>
<td>Up-to-Date and Auditable</td>
<td>These principles will improve Data Quality and Reliability</td>
</tr>
<tr>
<td>OO Principle 9</td>
<td>Sanctions &amp; Enforcement</td>
<td></td>
</tr>
</tbody>
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Rapid Assessment of Beneficial Ownership Transparency in Nigeria

Progress in beneficial ownership transparency in Nigeria was assessed using the criteria described in the rapid assessment matrix below and appropriate labels and scores were assigned to Nigeria’s performance in each aspect of beneficial ownership transparency. This scoring in the draft report would be validated by stakeholders before the final report is published.

Rapid Assessment Matrix

<table>
<thead>
<tr>
<th>Score</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Label</td>
<td>Full</td>
<td>Partial</td>
<td>Poor</td>
</tr>
<tr>
<td>Criteria</td>
<td>The progress of the country in this aspect of beneficial ownership implementation fully meets the Open Ownership Principles</td>
<td>The progress of the country in this aspect of beneficial ownership implementation aligns with the Open Ownership Principles and meets some of the provisions, but significant loopholes remain</td>
<td>The progress of the country in this aspect of beneficial ownership implementation is not meeting the broader objectives of the open ownership Principles</td>
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</table>

Table 2.2: Outcome of Rapid Assessment of Beneficial Ownership Transparency in Nigeria

<table>
<thead>
<tr>
<th>Principles</th>
<th>Summary</th>
<th>Policy Thrust</th>
<th>Nigeria’s Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Good</td>
</tr>
<tr>
<td>OO Principle 1</td>
<td>Robust Definition</td>
<td>Beneficial ownership should be clearly and robustly defined in law, with low thresholds used to determine when ownership and control are disclosed.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 2</td>
<td>Comprehensive Coverage</td>
<td>Disclosure should comprehensively cover all relevant types of legal entities and natural persons.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 3</td>
<td>Sufficient Detail</td>
<td>Beneficial ownership disclosures should contain sufficient detail to allow users to understand and use the data.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 4</td>
<td>Central Register</td>
<td>Data should be collated in a central register.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 5</td>
<td>Public Access</td>
<td>Data should be accessible to the public.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 6</td>
<td>Structured Data</td>
<td>Data should be structured and interoperable.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 7</td>
<td>Verification</td>
<td>Measures should be taken to verify the data.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 8</td>
<td>Up-to-Date and Auditable</td>
<td>Data should be kept up to date and historical records maintained.</td>
<td>✓</td>
</tr>
<tr>
<td>OO Principle 9</td>
<td>Sanctions &amp; Enforcement</td>
<td>Adequate sanctions and enforcement should exist for non-compliance.</td>
<td>✓</td>
</tr>
</tbody>
</table>
Robust Definition: Nigeria has a clearly defined definition of beneficial ownership as well as a threshold for disclosure of beneficial owners set between 0% to 5%. This means that companies are required to publish their real owners.  

Comprehensive Coverage: Beneficial ownership disclosure in Nigeria covers all types of entities, though the focus is more on the extractive sector.

Sufficient Detail: Nigeria’s beneficial ownership register has details regarding the movers and shakers of the extractive industry, especially politically exposed persons (PEPs), sadly data on the age and status of these persons are not available on the website.

Central Register: There is an existence of a central beneficial ownership register in Nigeria, this central register is housed by the Corporate Affairs Commission (CAC). This register contains basic information like the name of the company, address and registration number.

Public Access: The beneficial ownership register is available to the public, and anyone can assess it for personal use.

Structured Data: The available data in Nigeria’s beneficial ownership register needs to be properly structured in a format that will make it very easy to be interpreted.

Verification: Several gaps, such as inconsistencies in the information held by different government agencies and missing information on identities of beneficial owners where legal owners were listed instead, exist in Nigeria’s beneficial ownership register. There should be stronger measures to investigate the data provided, verify outdated information and allow stakeholders to raise suspicions of false information.

A typical example is the case of Oby Ezekwesili and Japheth Omojuwa, where Omojuwa listed Ezekwesili as a Director in his company—Alpha Reach Limited—which Ezekwesili claimed was done without her knowledge. The CAC also makes use of the Know-Your-Customer (KYC) principle when filling out their forms. Adequate information is required, which makes it easier to unveil the persons behind the companies. This process helps in putting a check on money laundering activities.

Up-to-Date and Auditable: The current beneficial ownership register seems not to be up-to-date, this is a result of a lack of enforcement from the government. Fortunately, with the passage of CAMA 2020 by the CAC, there will be significant changes in the data provided by stakeholders. A typical example is the current beneficial ownership register, some data are outdated and need to be updated.

Sanctions & Enforcement: The Corporate Affairs Commission (CAC) recently made the disclosure of beneficial owners by companies to be mandatory, this came after the Companies and Allied Matters Act (CAMA) 2020 was re-enacted.
persons behind the companies.33 This process helps in putting a check on money laundering activities.

**Up-to-Date and Auditable:** The current beneficial ownership register seems not to be up-to-date, this is a result of a lack of enforcement from the government. Fortunately, with the passage of CAMA 2020 by the CAC, there will be significant changes in the data provided by stakeholders. A typical example is the current beneficial ownership register, some data are outdated and need to be updated.34

**Sanctions & Enforcement:** The Corporate Affairs Commission (CAC) recently made the disclosure of beneficial owners by companies to be mandatory, this came after the Companies and Allied Matters Act (CAMA) 2020 was re-enacted.35

4.3 Opportunities

There is an opportunity for stakeholders to leverage the prevailing momentum for beneficial ownership transparency heralding the passage of the beneficial ownership clause in the Companies and Allied Matters Act (CAMA) to ensure Nigeria complies with Open Ownership Principles 6, 7 and 8. CAMA provides legal backing for beneficial ownership data collection, but there is a need for regulations to ensure that the beneficial ownership data held by different government agencies are held in a well-structured and interoperable format as required by Open Ownership Principle 6, “Structured Data”. Regulations should also require that beneficial ownership databases held by different government agencies across all levels of government (e.g. those held separately by NEITI, NFIU and CAC) are integrated via appropriate Application Programming Interfaces (APIs). One way to achieve this would be to adopt the Beneficial Ownership Data Standard (BODS) for publishing data in machine-readable formats recommended by Open Ownership. This standard has recently been adopted by the United Kingdom36 and other countries across the world.

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33. https://guardian.ng/business-services/re-need-for-a-revamped-cac-for-competitiveness-the-true-position/
34. https://bo.neiti.gov.ng/og_search
Open Ownership Principle 7, “Verification” for data submitted needs to be backed by adequate regulation and processes across government, as well as Principle 8, which requires beneficial ownership databases to be “Up-to-Date and Auditable”. This would hold significant benefits for raising red flags across the public procurement spectrum at the federal and state levels and inform early action by anti-corruption agencies to prevent the theft of public funds. Also, on a sector-by-sector basis, the extractive sector (especially oil licensing) provides a great opportunity for the government to generate revenues for the development of the country, however, natural resource governance in Nigeria is very weak as a result of vested interests in the extractive sector, especially among politically exposed persons, put into effect a mechanism to capture ownership of divested wells, license holders, leaseholders and companies bidding for extractive industry contracts.

Furthermore, opportunities exist to leverage the global attention to financial secrecy scandals like those revealed in the Pandora and Panama Papers to build local momentum to close down possibilities for politically exposed persons to hide money in financial havens; data leaks like those in Pandora and Panama papers alone would not end corruption. Those efforts have to be matched with better rules and enforcement in countries where the money is generated, which is why compliance with all Open Ownership best practices for beneficial ownership transparency is so important more than ever. Masking the ultimate beneficial owners of extractive companies, and indeed all other corporate entities, can make it harder to curb corruption, a cankerworm ravaging the fabric of the Nigerian society.

Conclusion
With respect to beneficial ownership transparency, Nigeria has made some progress between 2016 till date, but there are still many miles to go to achieve the standards for beneficial ownership transparency recommended by Open Ownership to make beneficial ownership an effective tool for deterring corruption. With the passage of the Companies and Allied Matters Act, CAMA to give legal backing to beneficial ownership reporting requirements, a window of opportunity exists for stakeholders to leverage that momentum to collaborate with key government agencies to ensure full implementation of best practices recommended in the Open Ownership Principles.

From the case studies presented, there is a need for stakeholders to prioritise compliance with three (3) Open Ownership principles 6, 7 and 9, which deal with Structured data, Verification and Sanctions and Enforcement, respectively. In these three principles, Nigeria performed poorly in principles 6 and 9 while it has partial compliance in principle 7.

From our assessment of the state of play of beneficial ownership transparency in Nigeria, the country (at the federal level) currently has full compliance status in only 2 of the 9 global beneficial ownership principles; it has partial compliance in 4 of the 9 principles and has a poor performance in the remaining 3 of the 9 principles (this includes principles 6 and 7 which stand out as priorities from the case studies discussed.

Clearly, there is still more work to be done to ensure Nigeria has full compliance across all 9 principles.

6 Recommendations
Collect and Store Structured Data: For beneficial ownership and contract transparency frameworks to play their role in providing adequate intelligence for raising red flags on suspicious transactions, relevant data needs to be collected and published in an open data, machine-readable format with a clear data schema to facilitate sharing and use. Governments should undertake full, proactive contract publication. Information should only be redacted on the grounds of commercial sensitivity where a clear case has been made that it is in the public interest to redact more than the public interest to publish such information. For beneficial ownership disclosure, the Beneficial Ownership Data Standard (BODS) should be adopted and backed by regulation. This will help in compliance with the Open Ownership Principle 6.

Sanctions and Enforcement: It is not enough to have adequate legal frameworks and mechanisms for beneficial ownership disclosure and contract transparency, the government needs to ensure that there are adequate sanctions and enforcement regimes. This is one area (Open Ownership Principle 9) where Nigeria scored poorly in the assessment of its beneficial ownership transparency strategies. Civil Society Organizations, in collaboration with industry, policymakers, citizens, and other stakeholders, should collaboratively come up with a robust system of sanctions, including legal, financial and reputational risks that should apply for non-compliance by companies and beneficial owners in order to act as an effective deterrent to criminals.

Verification Mechanisms: Data available in the beneficial ownership database for raising red flags on suspicious transactions is only as good as the accuracy of the information in the database. In this light, the government of Nigeria needs to make more efforts in the area of verification of beneficial ownership data submitted to the beneficial ownership database. Adequate due diligence and Know-Your-Customer protocols need to be introduced. This would help the government comply with the best practices in Open Ownership Principle 7, which provides recommendations for data verification of beneficial ownership data.

Integration in the Licensing and Procurement Process: We recommend the integration of the nation’s beneficial ownership register into the prequalification and other due diligence processes in the country’s public procurement value chain. Similar integration should also be done in the prequalification processes for the award of upstream and downstream extractive licenses in the petroleum industry. These checks would help detect the presence of politically exposed persons in bidding companies and limit their access to public resources.

Auditable Database: The government should ensure that CRUD (Create, Replace, Update and Delete) operations in the beneficial ownership database are adequately documented and that the central beneficial ownership database held by the Corporate Affairs Commission, CAC is up-to-date and fully integrated with other beneficial ownership databases held by different agencies prior to the legal backing given to the CAC. The government should also ensure that all changes to company structure after beneficial ownership data has been reported to the country’s beneficial ownership database should be immediately communicated to the CAC to ensure its database is updated.

Skills Mapping and Capacity Building: In order to ensure the longer-term management of the beneficial ownership regime, a cross-departmental skills mapping should be conducted across all levels of government to identify skills gaps and provide capacity building for civil servants in relevant MDAs.

Encourage Decision-makers to Act Through Trust-building: Assurances of rights to personal data protection and safeguards from political witch-hunting or weaponization of data will go a long way in order to provide the balance between the need to fight crime and the need to protect individuals who may face risks associated with this public register.