



## **Opening Extractives**

Unlocking the benefits  
of ownership data

### **Scoping Report**

# Beneficial Ownership Transparency in Liberia

The current regime and next steps

Author: Favour Ime

Editors: Karabo Rajuili, Louise Russell-Prywata, Nyashadzamwari Vera, Kathryn Davies

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Opening Extractives is an ambitious global programme aiming to transform the availability and use of beneficial ownership data for effective governance in the extractive sector. The programme is implemented jointly by the Extractive Industries Transparency Initiative (EITI) International Secretariat and Open Ownership (OO).

The Opening Extractives programme combines political and technical engagement to support countries implementing beneficial ownership reforms and to enable the use of the data by governments, civil society and companies over a five year period. It catalyses the use of this data to improve natural resource governance.

## Scoping Study

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## Acronym List

|               |  |
|---------------|--|
| <b>AEOI</b>   | Automatic Exchange of Information                        |
| <b>AML</b>    | Anti-money laundering                                    |
| <b>BO</b>     | Beneficial Ownership                                     |
| <b>BODS</b>   | Beneficial Ownership Data Standard                       |
| <b>CFT</b>    | Combatting the Financing of Terrorism                    |
| <b>CSO</b>    | Civil Society Organisations                              |
| <b>DFNBPs</b> | designated non-financial businesses and professions      |
| <b>DUBO</b>   | Disclosure of Ultimate Beneficial Ownership              |
| <b>EITI</b>   | Extractive Industries Transparency Initiative            |
| <b>FATF</b>   | Financial Action Task Force                              |
| <b>FIU</b>    | Financial Intelligence Unit                              |
| <b>FOIA</b>   | Freedom of Information Act                               |
| <b>LBR</b>    | Liberia Business Registry                                |
| <b>LEITI</b>  | Liberia Extractive Industries Transparency Initiative    |
| <b>LISCR</b>  | Liberia International Shipping Corporate Registry        |
| <b>LLC</b>    | Limited Liability Company                                |
| <b>LRA</b>    | Liberia Revenue Authority                                |
| <b>LPEPA</b>  | Liberia Petroleum (Exploration and Production) Act, 2014 |
| <b>LPRA</b>   | Liberia Petroleum Revenue Authority                      |
| <b>MDA</b>    | Mineral Development Agreement                            |
| <b>ML/TF</b>  | Money Laundering/Terrorism Financing                     |
| <b>MoJ</b>    | Ministry of Justice                                      |
| <b>MSG</b>    | Multi Stakeholder Group                                  |

|             |                               |
|-------------|-------------------------------|
| <b>OO</b>   | Open Ownership                |
| <b>PEPs</b> | Politically Exposed Persons   |
| <b>PLCs</b> | Publicly Listed Companies     |
| <b>SLPs</b> | Scottish Limited Partnerships |
| <b>SOEs</b> | State Owned Enterprises       |

## Executive Summary

This scoping assessment report examines the state of play of BO reforms in Liberia. It aims to identify specific gaps in beneficial ownership (BO) implementation and make context-specific recommendations on how Liberia can advance beneficial ownership reforms. The findings of the scoping study are not only useful in providing a clear picture of Liberia's BOT journey, but will enable Open Ownership (OO), as technical partner in the Opening Extractives programme (OE), to pinpoint priority areas where technical guidance is most needed, and provide tailored technical support throughout the implementation of the programme.

Using the nine principles of effective BO disclosure, we have conducted an assessment of the BO landscape in Liberia, and highlighted gaps that exist in its implementation. This will assist the Liberian government to prioritise its BO implementation efforts, and channel its resources towards activities that are necessary to establish an effective BO disclosure regime.

Our assessment of Liberia's BO state of play reveals that Liberia is an early implementer of BO reforms, and whilst the recently amended Associations Law creates a legal premise for implementing BO reforms, there are gaps in the legislative framework. To effectively address these gaps, Liberia should prioritise its efforts and resources on establishing a robust regulatory framework to address the identified gaps in the Associations Law and create an enabling regulatory environment for BO reforms to thrive.

An effective beneficial ownership regulation will be instrumental in:

- a) strengthening the definition of beneficial ownership;
- b) establishing thresholds for declaring entities and persons;
- c) expanding the obligation to keep up to date beneficial information records to an obligation to disclose such records to the Liberia Business Registry;
- d) prescribing the periods when disclosures should be made; and,
- e) specifying the information on the beneficial owners that should be collected and declared.

A BO regulation will also form a premise for the development of a user-friendly BO declaration form. In the following sections of this report, we will examine these gaps in Liberia's BO regime in more detail and make practical recommendations on how Liberia can advance its BO implementation.

## Methodology and Report Structure

This report contains our assessment of the beneficial ownership regime in Liberia and analyses current and planned reforms using the framework of the [Open Ownership principles](#). The OO nine Principles of Effective Beneficial Ownership Disclosure<sup>1</sup> provide a framework for implementing comprehensive beneficial ownership transparency (BOT) reforms, and assessing and improving existing disclosure regimes. They seek to generate actionable and usable data across the widest range of policy applications of BO data.

The Principles describe a range of policy, legal, systems, data, and technology characteristics that support publication of easy-to-use, accurate, and interoperable BO data. These Principles were developed through OO's work developing the Beneficial Ownership Data Standard (BODS) and supporting almost 40 countries to advance beneficial ownership transparency (BOT). The implementation of the Principles enables countries to meet and exceed relevant aspects of the EITI, FATF and other international standards for disclosure.

For each Principle, we have provided a short analysis of how Liberia's disclosure regime and plans for BOT reforms compares to the Principle identified. In our analysis, we have taken into consideration that Liberia is in the early stages of its journey to implementing BOT reforms. We highlight practical recommendations for how the country could further strengthen its policies and processes, and advance Liberia's BOT implementation during the first two years of the OE programme.

The information contained in this report was obtained from desktop research and comprehensive review of the available laws and regulations on beneficial ownership in Liberia. The specific laws and documents that formed the basis of our analysis are:

- The 1986 Constitution of the Republic of Liberia
- Freedom of Information Act 2010
- Title 5, Associations Law (as amended) April 2020
- [Regulations published by the Ministry of Foreign Affairs in furtherance of the Associations Law of Liberia](#)
- Petroleum (Exploration and Production) Act 2014
- [Disclosure of Ultimate Beneficial Ownership Regulation 2020 \(0003/LPRA/20\)](#)
- AML/CFT Regulations for Financial Institutions in Liberia
- Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs)
- Beneficial Ownership Roadmap 2016 by LEITI MSG

To validate the findings from our independent research, we undertook in-person consultation at the LEITI office in Monrovia, Liberia, with key stakeholders, including LEITI, the LBR, LRA, LPRA and the FIU (members of the OE Steering Committee). Members of the LEITI MSG made context-specific contributions to our findings, provided more information about the BO disclosure regime in Liberia and imminent plans for reform, and offered insights on the government's preferred approach on

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<sup>1</sup> [Principles for Effective Beneficial Ownership Disclosure](#) <Accessed 30 December 2022>

specific aspects of BO implementation. These consultation sessions took place on 14 and 15 April 2022; a schedule of the participants can be found on Page 34 of this report.



# Synopsis of Recommendations

Using the [Open Ownership Principles](#)

Liberia is at an early phase in its implementation of beneficial ownership reforms, the recommendations below are primarily tailored towards providing context-specific guidance on how Liberia can effectively implement BOT reforms over the next two years of the OE programme and make identifiable progress by 2023. The recommendations are also based on our understanding of the socio-economic, political and legal terrain in the country. For implementation purposes, we have prioritised the recommendations that we believe can and should be achieved within 12 months from the date of this report.

## Principle 1: Robust definitions

1. The definition of “beneficial owner” in the Associations Law needs to be expanded to provide clear guidance on how to identify qualifying beneficial owners by setting thresholds, and by providing a non-exhaustive list of examples of economic or control interests and mechanisms through which these interests can be maintained. This can be achieved with the use of BO regulations. **[Implementable within 12 months]**
2. Liberia should set low disclosure thresholds to ensure the disclosure of all relevant ownership and control, and a risk-based approach should be used to set lower thresholds for particular sectors. This should be specified in the Regulations. **[Implementable within 12 months]**
3. Liberia should give particular consideration to thresholds that apply to ownership by PEPs, with a clear definition used to determine what constitutes a PEP.

## Principle 2: Comprehensive coverage

4. Drafting of the planned economy-wide disclosure regulations should begin as soon as possible, and aim to cover the numerous gaps in the definition of a beneficial owner (highlighted on pages 14 to 17 ) **[Implementable within 12 months]**. Specifically, it should provide sufficient guidance on BO reporting obligations for entities (domestic, non-resident domestic and foreign corporations), including any exemptions to disclosure.

5. To ensure that the key agencies, particularly the LBR, prioritise and optimally deploy their limited financial and human resources, Liberia could adopt a phased approach to BO implementation. It could pilot the extractives register with domestic and non-resident domestic entities doing business in Liberia, and for all legal entities except trusts and foundations. **[Implementable within 12 months]**

## Principle 3: Sufficient detail

6. The BO declaration form which will eventually be used to build the user interface on Liberia's BO portal should require information that is sufficient to identify:
  - a. the entity that is the subject of ownership or control;
  - b. the natural persons with ownership or control in the entity; and,
  - c. how the natural person exercises this ownership or control.

Liberia could adopt a mixed-method approach, i.e. manual and online form, for this initial implementation period (1 to 2 years), and subsequently transition to a fully automated data collection process. **[Implementable within 12 months]**

7. Unique IDs (including country-level IDs) for people and entities should be collected and where appropriate, published. **[Implementable within 12 months]**

## Principle 4: Central Register

8. The LBR should develop, design and launch the centralised and public BO register it has planned for the extractives sector in 2022, and use learnings from the pilot register to subsequently progress implementation of a full-economy register. **[Implementable within 12 months]**

## Principle 5: Public access to a central register

9. In the development of its beneficial ownership web portal, Liberia should (where practically possible) allow public access to the beneficial ownership data collected. It can focus on only publishing data that is sufficient to disambiguate two beneficial owners.

## Principle 6: Structured data

10. Data published on the BO portal should be available in a structured and interoperable format, e.g. BODS, and Liberia should adopt the specific guidance in [the relational database design consideration document](#) published by the OE team. **[Implementable within 12 months]**

## Principle 7: Verified data

11. As the BO portal is being developed, plans should be created to address how the data will be verified, and what intergovernmental coordination is required to facilitate the verification of BO data submitted to the LBR.
12. In addition to the affidavit approach commonly used in Liberia, feedback mechanisms should be incorporated into the public register that allows all users to report suspected inaccuracies and protects the identities of users who report such discrepancies.

## Principle 8: Up-to-date and auditable

13. In addition to initial disclosure, the LBR should (in its BO regulations) require disclosing entities to update their BO disclosures within a prescribed period of becoming aware of

such a change, and on an annual basis when annual returns are filed. **[Implementable within 12 months]**

14. The LBR should retain and publish information regarding changes in a company's beneficial owners. A series of beneficial ownership declarations should contain a reproducible audit trail of changes made over time.

## Principle 9: Sanctions and enforcement

15. The planned BO regulations should specify sanctions (monetary and non-monetary) that are effective, proportionate and enforceable for non-compliance with disclosure requirements, including non-submission, late submission, incomplete submission, or false submission. **[Implementable within 12 months]**

# Beneficial Ownership Regime in Liberia

## Robust Definitions

### *OO Principle*

Beneficial ownership should be clearly and robustly defined in law, with sufficiently low thresholds set to ensure all relevant ownership and control interests are disclosed.

- Robust and clear definitions should state that a beneficial owner is a natural person.
- All forms of ownership and control should be covered and the definition should specify that ownership and control can be held directly and indirectly.
- There should be a single unified definition in primary legislation, with additional secondary legislation referring to this definition.
- Thresholds should be sufficiently low so as to ensure the disclosure of all relevant ownership and control and a risk-based approach should be used to set lower thresholds for particular sectors.
- Particular consideration should be given to thresholds that apply to ownership by PEPs, with a clear definition used to determine what constitutes a PEP

### *In-country assessment*

In Liberia, there are four definitions of a beneficial owner which are outlined variously in: the 2020 Associations Law of Liberia<sup>2</sup>, the 2020 Disclosure of Ultimate Beneficial Ownership Regulation (DUBO Regulation)<sup>3</sup>, the 2013 AML/CFT Regulations for Financial Institutions in Liberia<sup>4</sup> and the Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs).<sup>5</sup> While the definition in the Associations Law is targeted at all entities in Liberia registered at the LBR including trusts and foundations, the other three definitions are specific to companies within the extractives sector (oil and gas), financial institutions,<sup>6</sup> and designated non-financial businesses and professions, respectively. Our assessment of the four definitions reveals the common understanding that in Liberia, a beneficial owner is indeed a natural person that exercises ownership and control over an entity. Although only by implication, all definitions also suggest that ownership and control can be held directly or indirectly.

Another common and noteworthy trend is that the Associations Law and the DUBO Regulation also define key concepts and terms used in, or directly relevant to, their own definition of a beneficial owner to provide clarity and guidance on how a beneficial owner can be easily identified. For example, the Associations Law defines “ultimate effective control” and “ultimate ownership” to

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<sup>2</sup> Section 1.2 of the Associations Law on the definition of “beneficial owner”

<sup>3</sup> Regulation 3.0 of the 2020 Disclosure of Ultimate Beneficial Ownership Regulation

<sup>4</sup> Regulations 1.3.1 of the AML/CFT Regulation for Financial Institutions

<sup>5</sup> Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs) (Reference No: FIU/OR3APEP/10/2019)

<sup>6</sup> As defined in Section 15.1 of the Anti-Money Laundering and Terrorist Financing Act, 2012

provide guidance and clarity on what constitutes the ultimate control and ownership referred to in the definition of a beneficial owner. However, examples of the forms of ownership and control that exist, such as ownership of shares, control over voting rights, or the right to appoint members, were not provided.

Similarly, the DUBO Regulation defines “controlling person” and provides examples of how a controlling person can be identified in a partnership or a trust. A controlling person is defined as any natural person who directly or indirectly holds more than 25% of the shares or voting rights of an entity as a beneficial owner. Separately, within the context of explaining partnerships or similar arrangements, it explains a controlling person as a natural person who exercises direct or indirect ownership of the capital, profits or voting rights, or control over the management of the partnership or similar structure. This provides guidance on what forms of control disclosing entities should consider when identifying who a beneficial owner or a controlling person is.

In relation to threshold, the DUBO Regulation is the only legislation that prescribes a threshold for identifying a beneficial owner. Regulation 8.0 prescribes “*companies to disclose the details of individuals who own 5% shares or stock in the company*” which is consistent with international best practice, and recommendations for high-risk sectors such as the extractives industry. Low thresholds are crucial to ensure that most or all people with relevant BO and control interests are identified in disclosures. That said, it is important to highlight that although the intention of the draftsman is to set 5% as the disclosure threshold, the literal interpretation of Regulation 8.0 suggests that only “individuals who own 5% shares or stock” in a petroleum company should be disclosed. A clearer approach would be to specify that individuals who own **at least** 5% shares or stock, **votes, profits or assets** should be disclosed. Thus, the 5% should be qualified to include those who own more than 5% of the company and the subject of ownership should be expanded to include votes, profits or assets.

The definition in the Associations Law does not set a specific threshold for the disclosure of BO information. However, it is expected that the Registrar/Deputy Registrar<sup>7</sup> will exercise the powers in Section 1.10 of the Associations Law to make the comprehensive regulations necessary to give effect to the provisions of the Law on BO. To ensure that most or all people with relevant BO and control interests are identified in disclosures, it is recommended that governments should adopt a risk-based approach to determining thresholds. An example of a country that has adopted this approach is Ghana. In Ghana, the thresholds for BO disclosure are set thus: 5% for high-risk sectors including extractives, banking, insurance, and gaming, among others, 20% for all other sectors, a 5% threshold for foreign PEPs, and a mandatory disclosure for local PEPs. For ease of understanding, the four definitions from the four different laws are laid out in detail in the table below.

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<sup>7</sup> “Registrar” means the Minister of Foreign Affairs or a Deputy Registrar appointed by the Minister of Foreign Affairs with authority to register and regulate business associations in the Republic of Liberia - See Section 1.2 (s) of the Associations Law

Table 1: Examining the definitions of BO in Liberia

| Component of the definition     | Associations Law 2020 <sup>8</sup> | Disclosure of Ultimate Beneficial Ownership Regulation 2020 <sup>9</sup>  | AML/CFT Regulations for Financial Institutions in Liberia, 2013 <sup>10</sup> | Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs) | Multi Stakeholder Group of the LEITI <sup>11</sup>  |
|---------------------------------|------------------------------------|---|---|--|---|
| Natural person                  | Yes                                | Yes   | Yes   | Yes  | Yes   |
| Ownership and control interests | Yes                                | Yes   | Yes   | Yes  | Yes   |
| Indirect and direct interests   | Implied but not specified          | Yes   | Implied but not specified   | Implied but not specified  | Yes   |
| Disclosure threshold            | No                                 | “Companies are required to disclose the details of individuals who own 5% shares or stock in the company” <sup>12</sup> | No  | No   | 5% for companies in the agriculture, mining (only for those with MDAs) and oil sectors; and up to 10% for companies in the forestry sector, |

<sup>8</sup> Section 1.2 of The Associations Law

<sup>9</sup> Regulation 3.0 of the DUBO Regulation. The DUBO Regulation was made further to section 15.8 OF LPEPA which requires the LPRA to issue regulations as to the disclosure of BO information

<sup>10</sup> Regulations 1.3.1 of the AML/CFT Regulation for Financial Institutions

<sup>11</sup> LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>

<sup>12</sup> Regulation 8.0 of the DUBO Regulation

|                                       |   |   |  |    |   |
|---------------------------------------|---|---|--|----|---|
|                                       |   |   |  |    | including companies in the mining sector holding rights below MDAs. |
| Forms of economic or control interest | No  | "..(shares or voting rights)" <sup>13</sup> | "right to and/or benefits from assets, including an account or property" | No | No  |
| Mechanisms of holding interest        | "...such as control through relationships, financial power or contractual associations" | No  | No   | No | No  |

<sup>13</sup> Regulation 3.0 of the DUBO Regulation defines a "controlling person" as "...any natural person who holds directly or indirectly (eg. through a chain of entities) more than 25 percent of the shares or voting rights of an entity as a beneficial owner"



What is evident from our assessment of the above definitions is that some key best practice recommendations such as setting a low threshold, adopting a risk-based approach to determining thresholds, capturing how a beneficial owner can exercise ownership or control over an entity, and the mechanisms through which these interests can be held, are not included.

That said, the LEITI BO roadmap, developed out of learnings from the BO Pilot Phase in 2013, provides an indication of the MSGs approach to setting thresholds based on the aggregate dollar value of the sector.<sup>14</sup> During the BO Pilot Phase, the disclosure threshold was 5% for companies operating in agriculture, mining, and oil, and 10% for companies in the forestry sector (including companies holding other rights below a MDA in the mining sector). Additionally, the MSG agreed that, for BO disclosure, PEPs should be identified to highlight any case of potential conflict of interest and corruption.<sup>15</sup> Although the threshold was not expressly prescribed, the intention of the MSG was to capture all PEPs who are beneficial owners regardless of their percentage of ownership and/or control. This sector-specific approach to thresholds is exemplary of how Liberia can approach setting low thresholds during future reforms.

Thus, while the amendment of the Associations Law to create a legal basis for BO is no doubt a laudable step, more needs to be done to align the definition with international best practice recommendations. We note that the Regulations published by the Ministry of Foreign Affairs in furtherance of the Associations Law attempts to provide some clarification on the BO provisions in the primary legislation, however, the highlighted gaps persist. This much-needed alignment can be achieved through the publication of planned BO regulations.

### Recommendations

- 1. The definition of “beneficial owner” in the Associations Law needs to be expanded to provide clear guidance on how to identify qualifying beneficial owners by prescribing thresholds, and by providing a non-exhaustive list of examples of economic or control interests and mechanisms through which these interests can be maintained. This can be achieved with the use of BO regulations. [Implementable within 12 months]*
- 2. Liberia should set low disclosure thresholds to ensure the disclosure of all relevant ownership and control and a risk-based approach should be used to set these lower thresholds for particular sectors. [Implementable within 12 months]*
- 3. Liberia should give particular consideration to thresholds that apply to ownership by PEPs, with a clear definition used to determine what constitutes a PEP.*

It is common for jurisdictions to have more than one definition of beneficial ownership set by different government agencies. However, it is recommended for a jurisdiction to have a single and unified definition in a primary legislation, to which the other definitions in sector legislation can

<sup>14</sup> LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>

<sup>15</sup> LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>

refer. This is integral to setting a clear standard of what BO means and how a beneficial owner can be identified. Multiple definitions with multiple thresholds can create confusion, duplicate reporting obligations and create an opportunity for disclosing entities to cherry-pick their declarations and only comply with specific components of the definitions. Therefore, BO definitions in Liberia need to be harmonised as much as possible to ensure that there is a single and unified definition of what constitutes a beneficial owner consisting of a broad catch-all definition.

Also, given that the Associations Law does not define PEPs, it is important that a definition set in another law such as the Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs) is adopted to enable disclosing entities determine what constitutes a PEP. Having a comprehensive regulation on BO to clarify the gaps in the definition highlighted above will improve the efficacy of the definition. Given that the LBR is the implementing government agency for BO reforms in Liberia and is responsible for the “coordination and implementation of the processes of enterprise formalisation in Liberia”, the primary definition of a beneficial owner should be the definition in the Associations Law, which we recommend should be expanded through the planned BO regulation. In the development of the BO regulation, the LBR should utilise the BO roadmap published by the LEITI, which is valuable in providing a steer on how the MSG has approached implementation issues such as thresholds and the definition of PEPs.

## Comprehensive Coverage

### *OO Principle 2*

Disclosure of BO data should comprehensively cover all relevant types of legal entities and natural persons.

- All types of entities and arrangements through which a natural person can exercise ownership and control should be included in declarations.
- Particular consideration should be given to disclosure requirements for entities such as SOEs, and PLCs. Natural persons such as non-residents or foreigners should be included in declarations.
- Any exemptions from full declaration requirements should be clearly defined, justified and reassessed on an ongoing basis.

### *In-country assessment*

The beneficial ownership regime under the Associations Law is applicable to companies and entities that are registered and authorised to do business in the jurisdiction. The Associations Law specifies that “...the term beneficial owner shall be applicable to all forms of businesses incorporated and/or organized under the laws of Liberia or authorized to do business within the Republic of Liberia, inclusive of resident and non-resident corporations, foreign corporations authorized to do business in Liberia, limited liability companies, partnerships, limited partnerships,

*trusts, foundations, and other legal entities organized under the laws of Liberia or authorized to do business in Liberia*".<sup>16</sup>

However, while the structure of entities such as limited liability companies, partnerships and limited partnerships are generally straightforward, entities such as trusts and foundations have more complex structures and may require a more nuanced approach to establishing a BO disclosure regime. A clear example is the Liberia International Shipping Corporate Registry (LISCR), - [a US-based privately-owned but global-corporation](#) - which administers the Liberian Corporate Registry, pursuant to an act of law of the Liberian legislature, the Associations Law. The Liberian Corporate Registry then, through its parent LISCR Trust Company, provides the exclusive agent service to register all non-resident Liberian entities. This includes corporations, LLCs, General and Limited Partnerships, Private Foundations, Foreign Maritime Entities and Shelf Companies. The principal role of the registered agent is to receive filing instructions, issue annual invoices, and to provide a registered office address for receiving service of process and legal notices on an entity's behalf.

The 2020 amendment to the Associations Law has imposed new statutory and regulatory requirements for not only resident domestic entities but also non-resident Liberian entities which includes the requirement to keep up-to-date records of beneficial ownership information.<sup>17</sup> The law makes the statutory registered agent, which is the LISCR Trust Company, responsible for ensuring that its non-resident domestic business entities comply with these record-keeping obligations in Section 8.1.4 of the Associations Law, and make such information available and accessible to relevant competent authorities.

Hence the amendment to the association's law has brought the activities of the LISCR Trust Company and non-resident Liberian entities under the BO disclosure regime, which neatly closes the loophole which may have otherwise existed. However, from an implementation perspective, the question that immediately arises is how the LBR will collect BO information of non-resident Liberian entities. This ensures that its compliance efforts are not limited to domestic entities registered with the LBR, but also covers non-resident entities for which LISCR Trust Company acts as registered agent.

Statutory registered agents are also subject to AML standards and are mandatorily required to ensure that entities for which they act record ownership information annually, and are in full compliance with the law. Given that the law is fairly new, it may be premature to assess the LISCR Trust Company's compliance levels. However, as a starting point for compliance, the registration forms issued by the LISCR<sup>18</sup> - which currently makes the provision of ownership information optional - will have to be updated to capture legal and beneficial ownership information in order to comply with the law. Additionally, the LBR will have to create a system that will enable it to collect records of BO information kept by non-resident Liberian entities for publication on its planned BO Central Register.

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<sup>16</sup> Section 1.2 of the Associations Law on the definition of "beneficial owner"

<sup>17</sup> Section 3.1(1)(c) of the Associations Law

<sup>18</sup> Liberia Corporate Registry: Instructions & Model Forms

<<https://liberiancorporations.com/resources/instructions-model-forms/>> accessed on 22 March 2022

### UK case study on exemptions

The BO regime in the UK provides a clear example of the risks that come with exempting entities from BO disclosure.

*“When the UK started implementing BOT reforms and created its PSC Register, Scottish Limited Partnerships were exempt from making BO declarations. This created a loophole in the BO regime and made SLPs an infamous vehicle for IFFs and money laundering. This relatively obscure corporate form was used to move at least GBP 4 billion out of the former Soviet Union as part of the Russian Laundromat, one of the world’s biggest and most elaborate money-laundering schemes. In 2014, 20 SLPs were used to move over USD 1 billion from Moldovan banks. The UK government also registered a drastic increase in the number of SLPs registered in Scotland. It became manifestly clear that the UK government needed to bring SLPs under the BO regime. Amendments were made to the BO regime and in June 2017, SLPs were required to make BO disclosures and unsurprisingly, the rate of new SLPs being set up dropped by 80%, reaching its lowest level in seven years by the last quarter of 2017.”*

Source: [Early Impacts of Public Registers of Beneficial Ownership: United Kingdom](#).

In an attempt to provide clarity on some of the amendments made to the Associations Law, the Ministry of Foreign Affairs published Regulations for the purpose of clarifying, inter alia, the application of the term beneficial owner. The Regulation echoes the excerpted provision in Pages 17 and 18 above and emphasises that the intention of the legislature is for the beneficial ownership regime to apply to all entities operating in Liberia. That said, the BO regime under the Associations Law can be made more comprehensive through the use of the planned Regulations. It could specify that the BO regime applies to PLCs and SOEs, and provide sufficient clarity on how BO information should be disclosed, particularly for complex structures like Private Foundations.

### Recommendations

4. *Drafting of the planned economy-wide disclosure Regulations should begin as soon as possible and aim to cover the numerous gaps in the definition of a beneficial owner (highlighted on pages 14 to 17). Specifically, it should provide sufficient guidance on BO reporting obligations for entities (domestic, non-resident domestic and foreign corporations) including any exemptions to disclosure. **[Implementable within 12 months]***
5. *To ensure that the key agencies, particularly the LBR, prioritises and optimally deploys its limited financial and human resources, Liberia may adopt a phased approach to BO implementation by piloting the extractives register with domestic and non-resident domestic entities doing business in Liberia and with all entities save for trusts and foundations.*

The principle of Comprehensive Coverage primarily aims to ensure that there is, as much as practicably possible, little or no loophole through which BO disclosures can be avoided. The case study above clearly shows how the exemption of an entity from BO disclosure can pose significant risks to BO reforms. The preference would be for all entities and persons to be captured, however, there are peculiar instances where an entity or a person may have a legitimate and justifiable reason for being exempted from full BO disclosures. For example, listed companies are sometimes exempted from BO disclosure requirements if adequate and enforced BO disclosure requirements exist for the stock exchange(s) on which the declaring company is listed.<sup>19</sup> Such peculiarities are currently not contemplated in the Associations Law. Thus, in addition to paying attention to the applicability of the BO regime to PLCs and Entities, the planned BO regulations should provide sufficient guidance on any exemptions to BO disclosure.

From a more practical standpoint, we understand the difficulty and complexity involved with establishing an efficient BO disclosure regime for domestic and foreign corporations authorised to do business in Liberia and for entities such as limited liability companies, partnerships, limited partnerships, trusts, foundations, which have different corporate structures. To ensure that the key agencies, particularly the LBR, prioritise and deploy their limited financial and human resources optimally, Liberia may adopt a phased approach to BO implementation. It could pilot the extractives register with domestic and non-resident domestic entities doing business in Liberia, and with all entities save for trusts and foundations. Our consultation sessions with the LBR Steering Committee have revealed that this is an approach that the LBR is keen to explore.

## Sufficient Detail

### *OO Principle 3*

Beneficial ownership declarations should collect sufficient detail to allow users to understand and use the data.

- Key information sufficient to identify the beneficial owner, the declaring entity and the means through which ownership or control is held, should be collected.
- To facilitate compliance, information should be collected using online declaration forms which should be accompanied with clear guidance on how to fill the form.
- Clear identifiers should be assigned to natural persons, legal entities and arrangements to aid data utilisation and analysis.
- Where BO is held indirectly through multiple legal entities, sufficient information should be published to understand full ownership chains.

### *In-country assessment*

At the moment, the LBR has not published any BO declaration forms. The only form (publicly accessible) that contains a section for the collection of BO information is the [2020 Licensing Round Prequalification form](#). This is because the provision of BO information is a prerequisite for

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<sup>19</sup> Jack Lord and Kadie Armstrong, 'Beneficial Ownership Transparency and Listed Companies', 2020 <<https://www.openownership.org/uploads/oo-guidance-technical-note-beneficial-ownership-and-listed-companies-2020-09.pdf>> accessed 12 January 2022

oil and gas companies who wish to apply for a petroleum agreement in a bidding round.<sup>20</sup> However, the form<sup>21</sup> only requires the applying entity to provide the name and address of companies or individuals who own more than 5% voting or equity interest in the company applying for a licence. Information relating to the nature of the economic or control interest, the mechanisms through which such interests are held, and information relating to instances where beneficial ownership is held indirectly through a chain of entities are not included in the form. Evidently, there is a clear need for the LBR to develop BO declaration forms to collect sufficient information relating to the beneficial owner, the declaring entity, what form of control or ownership is exercised and the means through which such interests are held.

Our consultations with the key stakeholders such as the LBR Steering Committee and LEITI MSG reveal that a key priority activity for the LBR is to develop the forms before the end of the third quarter of 2022. The BO forms will contain information on the beneficial owners, entities and means through which ownership and control is held. In terms of how these forms will be distributed, we understand that the LBR will initially adopt a hybrid approach, with simultaneous use of paper-based and online forms, subsequently transitioning into a fully-automated online data collection process.

## Recommendations

6. *The BO declaration form which will eventually be used to build the user interface on Liberia's BO portal should require information that is sufficient to identify*
  - a. *the entity that is the subject of ownership or control;*
  - b. *the natural persons with ownership or control in the entity; and,*
  - c. *how the natural person exercises this ownership or control.*

*Liberia could adopt a mixed-method approach, i.e. manual and online form, for this initial implementation period (1 to 2 years), and subsequently transition to a fully automated data collection process. [Implementable within 12 months]*

7. *Unique IDs (including country-level IDs) for people and entities should be collected and where appropriate, published. [Implementable within 12 months]*

BO declaration forms that contain sufficient information should be created for the collection of BO data for companies within the extractives sector and other sectors. The BO declaration form should also be accompanied with a Data Submission Manual that will provide sufficient guidance on how to complete the declaration form. This will facilitate compliance amongst entities and individuals with reporting obligations. It is also important that in the course of developing these forms, key stakeholders including the companies who will be providing BO data are consulted. This

<sup>20</sup> Section 15.2d of the Liberia Petroleum (Exploration and Production) 2014

<sup>21</sup> See "Corporate Structure, Ownership" Page 4 of the [2020 Licensing Rounds Prequalification Form \(Page 4\)](#)

will ensure that the forms are user-friendly, and request information that the LBR can reasonably expect companies to have.<sup>22</sup>

Having sufficient data is also instrumental to the use of data. The data collated should be sufficient for data users such as CSOs, companies, and competent authorities (LBR, FIU, MoJ, LPRA etc) to meaningfully engage with and use for investigative, due diligence and other related purposes.

## Central Register

### OO Principle 4

BO data should be collated in a central register.

- [Research](#) shows that central (and public) registers are the easiest way to ensure timely access to beneficial ownership information to the widest number of actors fighting financial crime, including sharing information with international counterparts.

### In-country assessment

Currently, there is no central register in Liberia that hosts BO information. However, the Government of Liberia has mandated the LBR to work in concert with the LEITI, LPRA and other relevant government agencies to develop, design and establish a beneficial ownership register. The LBR is set to establish a BO register, first for the extractives sector and subsequently for the full economy. The LPRA has purchased software for the BO register and is working with the LBR and the LEITI to ensure that a BO register for the extractives sector is developed within the first year of the OE programme.

### Recommendation

8. *The LBR should develop, design and launch the centralised and public BO register it has planned for the extractives sector in 2022, and use learnings from the pilot register to subsequently progress implementation of a full-economy register. [Implementable within 12 months]*

The recently-amended FATF Recommendation 24 takes an important step towards requiring central beneficial ownership registers. It requires countries to ensure the availability of adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons, which can be obtained or accessed rapidly and efficiently by competent authorities, through either a register of beneficial ownership or an alternative mechanism. Evidently, collating BO data in a central register meets international best practice. To this end, the LBR should strengthen its efforts

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<sup>22</sup>Detailed guidance on how to execute effective consultation sessions can be found [here](#).

to develop, design and launch the planned centralised and public BO register, beginning with a pilot register for the extractive industry. This is a common approach adopted in a number of countries, including Nigeria and Armenia. Learning from the extractives pilot will be crucial to maximise the impact of Liberia's economy-wide disclosures.

## Public Access

### *OO Principle 5*

Sufficient data should be freely accessible to the public.

- The BO data in the central register should be accessible to the public without barriers such as access fee, registration or restriction to domestic access.
- The data made accessible to the public should be sufficient for users to understand and use the data.
- Where information about certain classes of persons (e.g. minors) or entities are exempt from publication, the exemption should be clearly defined and justified.
- Where data has been exempted from publication, the publicly available data should indicate that BO information is held by authorities but has been exempt from publication.

### *In-country assessment*

Research we have done revealed that Liberia does not have any privacy and data protection legislation, however, the right to privacy is entrenched in Article 16 of the 1986 Constitution of the Republic of Liberia. The respect for one's private life is indeed central to the notion of freedom and individual autonomy. It has been explained as "respect for a person's sexuality; **respect for private and confidential information – notably the storing and sharing of such information**; the right to not be subject to unlawful state surveillance; and the right to control the dissemination of information about one's private life..."<sup>23</sup> [emphasis ours]. We understand that privacy and security concerns are common arguments made against the public access to BO data, and implementing agencies are usually saddled with the responsibility of striking a fair balance between privacy and transparency. This was one of the concerns raised by the stakeholders during the consultation sessions.

While there is no blanket approach in resolving this conflict, it is generally recommended that the data collected and published by governments should be limited to data that is directly relevant to the national objectives of the government in question.<sup>24</sup> What is disclosed to the public can be a subset of the data that is collected and available to public authorities, provided that enough information is made publicly available to allow for meaningful oversight and transparency.<sup>25</sup> An implementing country can also mitigate potential negative effects of publication by implementing a

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<sup>23</sup> Aloysius Toe and Jean Conte, 'Applying Human Rights Principles to the Liberian Security Sector, Practical Guide for Legislators (2020) Geneva Centre for Security Sector Governance (DCAF), 20

<sup>24</sup> See Open Ownership's Policy Brief on [Making Beneficial Ownership Registers Public](#), May 2021

<sup>25</sup> Open Ownership, The B Team and Engine Room, 'Data Protection and Privacy in Beneficial Ownership Disclosure' <<https://www.openownership.org/uploads/oo-report-data-protection-and-privacy-2019-05.pdf>> accessed 10 January 2022



protection regime that allows for exemptions to publication in circumstances where someone is exposed to disproportionate risks.

In the Liberian context, the Freedom of Information Act (FOIA) creates a basis for the publication of data collected by government agencies. The FOIA is premised on Article 15(c) of the Constitution which guarantees the right to access to public information. The FOIA essentially outlines the regime and process whereby the public can exercise their right to request, receive, review, reproduce and retain records and documents held by public bodies. This right is specifically guaranteed in Section 3.2 of the FOIA. Although (at the time of publication), there is no BO register available to enable us to make relevant assessments on the principle of public access, currently, the LBR provides basic information on its online portal - the name of the business, registration number, date of registration and the address of business.

The provisions of the DUBOR also provide some insights on the Liberia Petroleum Revenue Authority (LPRA)'s approach to public access. Regulation 15.0 of the DUBOR provides that *"there shall be nothing confidential about the information received through the filing by companies as far as making such information publicly available and the need to promote transparency are concerned."* This is a clear indication that public access to information is embraced in Liberia, particularly within the extractives sector. Another provision of interest is Regulation 17.0 which creates an enabling environment for BO data to be freely shared across government entities on an Automatic Exchange of Information (AEOI) basis.

## Recommendation

9. *In the development of its beneficial ownership web portal, Liberia should (where practically possible) allow public access to the beneficial ownership data collected. It can focus on only publishing data that is sufficient to disambiguate two beneficial owners.*

Our recommendation on this principle mirrors the MSG's recommendation for BO information to be "made public online, and through other accessible means to the public without restrictions and /or hindrance."<sup>26</sup> The goal for this is to ensure that BO information becomes a true accountability tool, as unrestricted access and usage by stakeholders will support and build CSO's capacity to use and mainstream BO information. In line with the principle of data minimisation recommendations, the LBR should only collect data that is directly relevant to achieving its national objectives. Overall, the LBR should leverage its legislative-enabling environment to ensure that BO data is publicly available and accessible in a central register.

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<sup>26</sup> LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>

## Structured Data

### OO Principle 6

Data should be structured and interoperable.

- BO data should be available as structured data, with declarations conforming to a specified model or template.
- Data should be available digitally, including in a machine-readable format.
- Data should be available in bulk, as well as on a per-record basis, free of charge.

### In-country assessment

Liberia is still at an early stage of implementing BO reforms and at the date of this report, no BO register is available on which we can make the relevant assessments on the data collection format in which. However, the OE programme team will be providing specific technical support on the structure and interoperability of the data collected by the LBR as it creates a register. In the interim, it is worth highlighting that the real impact of BO data lies in its utility. The extent to which the public, CSOs, and competent government authorities can use the data will largely determine the efficacy of BOT reforms. Thus, it is paramount that BO data is available in a structured format which allows the data to be easily analysed and linked with other datasets. This enhances the data's ability to expose cross-border networks of illicit financial flows and support effective and timely due diligence.

### Recommendation

- 10. Data published on the BO portal should be available in a structured and interoperable format, e.g. BODS, and Liberia should adopt the specific guidance [in the relational database design consideration document](#) published by the OE team. **[Implementable within 12 months]***

It is imperative that the data intended to be included on the BO portal is published in a structured and interoperable format. During the development of the BO register, the LBR should adopt the specific guidance in [OOs database design consideration document which focuses](#) on the requirements for publishing data to meet the [Beneficial Ownership Data Standard \(BODS\)](#).

## Verification

### OO Principle 7

Measures should be taken to verify the data.

- When data is submitted, checks should be done to ensure that the data sets (on the beneficial owner, the entity and the ownership or control relationship between the beneficial owner and the entity) conform to known and expected patterns.
- Where possible, there should be intergovernmental coordination across other existing authoritative systems to cross-check the data sets.
- Submitted data should be pro-actively checked/reviewed to identify potential errors, inconsistencies or any anomalies in the data and disclosing entities should be required to update the data sets.
- Mechanisms should be in place to raise red flags, both by requiring entities (private and public) dealing with BO data to report discrepancies and by setting up systems to detect suspicious patterns.

### *In-country assessment*

One of the major concerns with the use of public registers is the accuracy of the data. For a BO register to have real impact, data users should be able to trust that the data in the BO register is a true and accurate representation of who truly owns or controls an entity at the time of submission. Therefore, as governments invest financial and human capital towards the development of a BO register, it is crucial that mechanisms and systems which will create a reasonable level of assurance that the BO data is reliable, are planned for and deployed. These checks can be deployed at different stages in a declaration system to ensure that the quality of data is high, and create the much-needed governmental and public confidence in the register.

Although the LBR is yet to launch the extractives sector BO register or publish BO regulations, we can glean insights from the LPRA's approach taken to verification in the DUBO Regulation. For the purpose of verification, Regulation 12 requires companies to execute a verified affidavit attesting to the adequacy, accuracy and correctness of the information provided. Liberia's current position in the formative stages of implementation of BO reforms presents an opportunity for the stakeholders to (a) consider what type of systems can be put in place to improve the quality of the data collected and disclosed, and (b) secure intergovernmental cooperation and integration with authoritative systems from the outset.

### *Recommendations*

- 11. As the BO portal is being developed, plans should be created to address how the data will be verified, and what intergovernmental coordination is required to facilitate the verification of BO data submitted to the LBR.*

**12.** *In addition to the affidavit approach commonly used in Liberia, feedback mechanisms should be incorporated into the public register that allows all users to report suspected inaccuracies and protects the identities of users who report such discrepancies.*

In the development of the planned BO register and regulations, systems should be put in place to ensure that the data published is reliable. These systems should include processes to (a) authenticate data collected and identify/remove data entry errors, (b) allow the public to report discrepancies between information held in the register and information that a person has obtained lawfully from other sources, and (c) allow cross-checking of data between authoritative data systems.

## Up-to-date and auditable

### *OO Principle 8*

Data should be kept up to date and historical records maintained.

- Initial registration and subsequent changes to BO should be legally required to be submitted in a timely manner, with information updated within a short, defined time period after changes occur.
- Disclosing entities should be required to confirm the accuracy of BO data on an annual basis and report any changes in BO data.
- An auditable record of the BO of companies should be available by dating declarations and storing and publishing historical records, including for dormant and dissolved companies.

### *In-country assessment*

Section 8.1.4 of the Associations Law requires every domestic and foreign corporation to keep a record of beneficial owners. However, it does not provide any timeline for keeping these records up to date. Interestingly, apart from the obligation to maintain record of shareholders, there is no provision that specifically requires companies to make BO disclosures to the LBR or update BO disclosures periodically.

That said, it is expected that the Regulations will create specific reporting obligations for entities and a timeline for compliance. The LBR should also incorporate the provision of BO information at the point of registration. Other West African countries implementing BO reforms such as Nigeria<sup>27</sup> and Ghana<sup>28</sup> require information on beneficial owners or persons with significant control at the

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<sup>27</sup> Form CAC 1.1, Companies Regulations, 2021

<<https://www.cac.gov.ng/wp-content/uploads/2021/01/COMPANIES-REGULATIONS-2021-published.pdf>>  
accessed 27 December 2021

<sup>28</sup> Section 13 (2) (m) of the Ghana Companies Act 2019

point of registration, and also set a deadline for the submission of BO information for already existing companies.

For example, in Nigeria, companies are required to, within one month of being aware, notify the Corporate Affairs Commission of new information or any change therein.<sup>29</sup> Under the DUBOR, companies within the petroleum sector are required to make disclosures when an entity is (a) seeking pre-qualification, (b) bidding for a petroleum right, (c) admitted as a new participant or operator in an already existing Petroleum Agreement and when there is an amendment in the Petroleum Agreement.<sup>30</sup>

### Recommendation

13. *In addition to initial disclosure, the LBR should (in its planned BO regulations) require disclosing entities to update their BO disclosures within a prescribed period of becoming aware of such a change, and on an annual basis when annual returns are filed. [Implementable within 12 months]*
14. *The LBR should retain and publish information regarding changes in a company's beneficial owners. A series of beneficial ownership declarations should contain a reproducible audit trail of changes made over time.*

Liberia should retain and publish information regarding changes in a company's beneficial owners. A series of beneficial ownership declarations should contain a reproducible audit trail of changes made over time. In drafting the planned regulations, companies should be required to make disclosures on an annual basis, and within a specified number of days where there are changes to the beneficial owners.

## Sanctions and enforcement

### OO Principle 9

Adequate sanctions and enforcement should exist for noncompliance.

- Effective, proportionate, dissuasive and enforceable sanctions should exist for noncompliance with disclosure requirements, including non-submission, late submission, incomplete submission or false submission.
- Sanctions should be applicable to the person making the declaration, the beneficial owner, registered officers of the company, and the declaring company.
- Sanctions should include both monetary and non-monetary penalties.

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<sup>29</sup> Section 119(2) of the Companies and Allied Matters Act, 2021

<sup>30</sup> Regulation 10, DUBO Regulation

- Relevant agencies should be empowered and resourced to enforce the provisions on sanctions.

### *In-country assessment*

Although there are currently no BO disclosure obligations mandated by the Associations Law or the LBR, the LBR has existing powers for sanctions and enforcement for noncompliance, due to existing provisions within the Associations Law. Such powers can be seen in Section 8.1(7), which prescribes a number of penalties for companies who fail to maintain records, including records of beneficial owners. Such penalties include a fine, withdrawal of the legal status of good standing, revocation of incorporation documents, or any combination of the penalties that the registrar may deem appropriate.

In the DUBO Regulation, the sanction for failure to disclose beneficial owners during the submission of a bid document, or anytime thereafter, is USD 5,000. Where a company makes a false declaration, the entity shall be disqualified from the bid round and shall lose its petroleum right (if the false declaration was discovered after the grant of the petroleum right).<sup>31</sup>

### *Recommendation*

**15.** *The planned BO regulations should specify sanctions (monetary and non-monetary) that are effective, proportionate and enforceable for non-compliance with disclosure requirements, including non-submission, late submission, incomplete submission, or false submission. [Implementable within 12 months]*

The LEITI sanctions regime provides precedent on how Liberia has approached sanctions and enforcement. In 2009, LEITI introduced a sanctions regime to address the failure or refusal of some companies to comply with reporting requirements. LEITI adopted a regime of progressive sanctions which ranges from a demand to comply, to legal action, and also incorporates fines capped at USD1,000.<sup>32</sup> However, there is no confirmed case where LEITI enforced these sanctions on a non-compliant entity.

In drafting the regulation, evidence of the efficacy of sanctions imposed by regulators such as the LBR, LPRA and similar government agencies should be examined, so as to determine what has worked in Liberia, and what sanctions and enforcement should be included in the new regulations.

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<sup>31</sup> Regulation 20 and 21, DUBO Regulation

<sup>32</sup> LEITI Regulation # 001/11/09: Enforcement of Compliance with LEITI Disclosure and Reporting Requirements

## Support from the Opening Extractives programme

The benefits of an effective BO regime in Liberia cannot be overstated and the recently published National Risk Assessment (NRA) report prepared by the FIU further proves the need for these reforms. The report examines the ML/TF threats and vulnerabilities prevalent across different sectors and identifies areas of weakness in its AML/CFT system which require targeted responses. In the NRA report, access to beneficial ownership information was declared to be “very low”, due to the lack of a system to verify information provided to the LBR, and a lack of regulation and procedures to govern the submission and access of BO information.

The NRA report recommends that the driving agency - the LBR - should work with other key implementing agencies and stakeholders to ensure that BO data is accessible to regulators and competent authorities. One common thread that can be drawn from the vulnerability maps in the report, and the ratings given to the banking, insurance and security sectors, and the OFIs and DNFBPs, is that the access to beneficial ownership information was consistently rated “low” to “very low”. The lack of systems to facilitate the availability and accessibility of BO information thus contributes to the overall high level of vulnerability in the financial sector.

Under the AML/CFT Regulation, financial institutions are required to “identify the natural persons who are beneficial owners of legal entities and/or natural persons”<sup>33</sup>, and obtain and maintain documentary records of those beneficial owners which own, control or influence the business decisions of the legal entity.<sup>34</sup> Financial institutions are also required to maintain current information and records relating to the customer and beneficial owners.<sup>35</sup> Where the LBR is able to establish a legal and regulatory framework to support the collection of BO data and its publication, compliance with the BO-related obligations of the AML/CFT Regulations will undoubtedly be made easier.

Under the OE programme, the implementing partners, Open Ownership and the EITI International Secretariat, will collaborate with LEITI, Open Government Partnership and local stakeholders to operationalise the BO register for the extractives sector (mining, forestry, agriculture, and oil and gas) within Liberia. Using our understanding of the gaps and opportunities for BO transparency reforms gained from this scoping study, Open Ownership will offer technical support which includes:

- guidance on the development of BO regulations to comprehensively cover the gaps highlighted in this report and meet the best practice recommendations of the Open Ownership Principles;
- guidance on software integration at the LBR and compliance with the Beneficial Ownership Data Standard (BODS);
- development of user-centred BO data collection forms and accompanying manuals;

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<sup>33</sup> Regulation 3.3 of the AML/CFT Regulations for Financial Institutions

<sup>34</sup> Regulation 3.1.4 of the AML/CFT Regulations for Financial Institutions

<sup>35</sup> Regulation 3.9 of the AML/CFT Regulations for Financial Institutions

- technical assistance on how to approach implementation issues such as public access, what effective sanctions could look like, privacy concerns and verification.



## Conclusion

Liberia's journey towards achieving commercial transparency and tackling illicit financial flows presents a multitude of opportunities, some of which were identified by the LEITI MSG and aptly captured in the BO roadmap published in 2016. The roadmap identified gaps in BO implementation and provided robust recommendations for advancing BOT reforms that covered establishing a BO definition, assessing and finalising the data fields necessary for BO disclosure, and establishing mechanisms for data collection and verification. While recommendations relating to establishing a BO definition have been implemented through the recent amendment to the Associations Law, other recommendations relating to creating a regulatory framework and systems for collecting, publishing and verifying BO data are yet to be implemented.

Liberia is at an early stage of implementing BO reforms, there is a lot of room for Liberia to learn from neighbouring countries with relatively similar socio-economic and political climates such as Ghana and Zambia, and larger countries in the region such as Nigeria, in the development of an effective BO regime. In terms of a legislative framework for BO reforms, although there are ample opportunities for the legislative framework to be strengthened, the Associations Law and Constitution and Freedom of Information Act work in concert to create an enabling environment for BO reforms to thrive. Finally, the recommendations suggested in the BO roadmap and the progress made by the LPRA in publishing the DUBOR is exemplary of the positive approach taken to complex concerns such as data protection and public access (see the analysis relating to principle 9).

From our consultation sessions with stakeholders, it is evident that the government agencies are committed to working collaboratively on BO reforms. For instance, there was a strong commitment to adopt and institutionalise the planned BO declaration forms and regulations to be established by the LBR. The agencies are also committed to exchanging information to facilitate the verification of BO data. This intergovernmental synergy will undoubtedly facilitate the advancement of BO implementation in Liberia.

The general consensus found among the key stakeholders and actors (LBR, LRA, FIU, LPRA and LEITI), from desktop research and from Open Ownership's engagement in-country is that the BO register will be hosted by the LBR. The LBR is responsible for the "coordination and implementation of the processes of enterprise formalisation in Liberia", and one of its key functions is the collation of comprehensive data at the point of registration and during annual filings made by companies. This places the LBR in a position to simply expand its data requirements to include BO information, and provide a comprehensive legislative and regulatory framework for BO disclosure which will guide other sector regulators and key implementers to follow their best practice over the coming years.

## Schedule of Stakeholders Consulted

| S/N   | Agencies/Organisations Represented           |
|---|--|
| <b><i>Consultation with the Multi-Stakeholder Group of the LEITI on 14 April 2022</i></b> |  |
| 1   | National Civil Society Council of Liberia    |
| 2   | Publish What You Pay                         |
| 3   | Liberia Labour Congress                      |
| 4   | Ministry of Justice                          |
| 5   | Mineral Civil Society Organizations          |
| 6   | Ministry of Agriculture                      |
| 7   | Ministry of Land, Mines and Energy           |
| 8   | Ministry of Finance and Development Planning |
| <b><i>Consultation with the Steering Committee on 15 April 2022</i></b>                   |  |
| 1   | Liberia Extractive Industry Initiative       |
| 2   | Liberia Extractive Industry Initiative       |
| 3   | Liberia Business Registry                    |
| 4   | Liberia Petroleum Regulatory Authority       |
| 5   | Liberia Revenue Authority                    |

## References

- 1 Please refer to [Principles for Effective Beneficial Ownership Disclosure](#) <Accessed 30 December 2022>
- 2 Section 1.2 of Title 5 - Associations Law, <https://liberiancorporations.com/wp-content/uploads/2020/07/Title-5-Associations-Law-as-amended-April-6-2020.pdf> <Accessed 30 December 2022>
- 3 Regulation 3.0 of the 2020 Disclosure of Ultimate Beneficial Ownership Regulation
- 4 Regulations 1.3.1 of the AML/CFT Regulation for Financial Institutions
- 5 Regulation on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (PEPs) (Reference No: FIU/OR3APEP/10/2019)
- 6 Section 15.1 of the Anti-Money Laundering and Terrorist Financing Act, 2012
- 7 Section 1.2(s) of Title 5 - Associations Law, <https://liberiancorporations.com/wp-content/uploads/2020/07/Title-5-Associations-Law-as-amended-April-6-2020.pdf> <Accessed 17 January 2022>
- 8 Section 1.2 of Title 5 - Associations Law, <https://liberiancorporations.com/wp-content/uploads/2020/07/Title-5-Associations-Law-as-amended-April-6-2020.pdf> <Accessed 30 December 2022>
- 9 Regulation 3.0 of the Disclosure of Ultimate Beneficial Owners Regulation. The DUBO Regulation was made further to section 15.8 OF LPEPA which requires the LPRA to issue regulations as to the disclosure of BO information
- 10 Regulation 1.3.1 of the AML/CFT Regulation for Financial Institutions
- 11 LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <Accessed 3 April 2022>
- 12 Regulation 8.0 of the Disclosure of Ultimate Beneficial Ownership Regulation
- 13 Regulation 3.0 of the DUBO Regulation defines a "controlling person" as "...any natural person who holds directly or indirectly (eg. through a chain of entities) more than 25 percent of the shares or voting rights of an entity as a beneficial owner"
- 14 LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>
- 15 LEITI Beneficial Ownership Roadmap, [https://eiti.org/files/documents/leiti\\_bo\\_roadmap.pdf](https://eiti.org/files/documents/leiti_bo_roadmap.pdf) <accessed on 3 April 2022>

- 16 Section 1.2 of Title 5 - Associations Law,  
<https://liberiancorporations.com/wp-content/uploads/2020/07/Title-5-Associations-Law-a-s-amended-April-6-2020.pdf> <Accessed 30 December 2022>
- 17 Section 3.1(1)(c) of Title 5 - Associations Law,  
<https://liberiancorporations.com/wp-content/uploads/2020/07/Title-5-Associations-Law-a-s-amended-April-6-2020.pdf> <Accessed 30 December 2022>
- 18 Liberia Corporate Registry: Instructions & Model Forms  
<<https://liberiancorporations.com/resources/instructions-model-forms/>> accessed on 22 March 2022
- 19 Jack Lord and Kadie Armstrong, *Beneficial Ownership Transparency and Listed Companies*, 2020,  
<https://www.openownership.org/uploads/oo-guidance-technical-note-beneficial-ownership-and-listed-companies-2020-09.pdf> <Accessed 12 January 2022>
- 20 Section 15.2(d) of the Liberia Petroleum (Exploration and Production) 2014
- 21 See “Corporate Structure, Ownership” Page 4 of the [2020 Licensing Rounds Prequalification Form](#)
- 22 Detailed guidance on how to execute effective consultation sessions can be found in [Open Ownership’s Effective Consultation Processes for Beneficial Ownership Transparency Reform](#) published June 2022
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## Opening Extractives

Unlocking the benefits  
of ownership data

May 2022