

Engaging with the private sector to bolster the implementation of

Beneficial Ownership Transparency in Zambia

Introduction

Beneficial ownership (BO) transparency is the public disclosure of those natural persons who ultimately gain benefits from owning and controlling corporate vehicles. Making this information available is important for business, civil society and government alike to promote development, secure investments, reduce the impacts of fraud and corruption, and build trust. Worldwide, over 130 governments have committed to establishing central registers of BO information with 51 countries taking concrete steps to implement the BO policy directives.

Zambia has made important strides in establishing its own BO register with the Companies Act No.10 of 2017, mandating the Patents and Companies Registration Agency (PACRA) to collect the required information and keep a BO register. While PACRA has made significant progress in just a few years, there are open questions regarding the extent to which companies actually disclose their beneficial ownership, and the accuracy of the data collected.

Surprisingly little attention has been paid to the role the private sector can play in supporting and strengthening beneficial ownership transparency (BOT) in Zambia and in countries around the world. This could be because corporate registries often do not have the resources to engage with the business community to understand and highlight the benefits business can derive from BO registers.

To advance the implementation of BOT in Zambia, the Center for International Private Enterprise (CIPE), Transparency International Zambia (TI-Z), Open Ownership (OO), and the the Zambia Extractive Industries Transparency Initiative (ZEITI) and the Extractive Industries Transparency Initiative (EITI) — in coordination with the Patents and Companies Registration Agency (PACRA) — organized closed-door meetings to **engage with the private sector, listen to the views expressed, and glean insights about how to advance the conversation.**

What we've heard

Representatives from select industries within the business community expressed understanding about the legal requirement for BO disclosure and positive views about the potential of BO information to de-risk their transactions. They highlighted the need to help companies achieve higher levels of compliance by engaging more often, sharing more information, and clarifying the benefits business might derive from accurate information. Specifically, three clusters of recommendations emerged:

#1 — There is need for increased sensitisation of the business community, particularly those operating in remote areas, on existing legal requirements for BO disclosure, including the

processes and forms for submission of the BO declarations to authorities

- Prioritize clarity of information and the means and format through which information is presented in easy-to-understand language.
- Focus on the utility of undertaking more sensitization efforts on the BO disclosure process for small and medium-sized companies based outside Lusaka
- Realize the benefit of tailoring messages for specific target audiences i.e. rural communities in order to increase the reach of sensitization efforts
- Explore the potential utility of partnerships to share the responsibility for sensitization efforts between the regulator, business associations, and civil society including to help tailor information

#2 — There is a need to reframe the discussion on BOT requirements by highlighting the potential benefits business can derive from timely declaration of complete, up-to-date and accurate BO information.

- Explore the benefits of highlighting opportunities for small and medium-sized enterprises to use BO information to de-risk their operations
- Explore the benefit of highlighting the opportunities for larger companies and multinational business partners to use BO information to secure investments and trust
- Ensure business community is treated equally and fairly, with rules and regulations applying to all business partners, ensuring a level playing field for all

#3 — There is a need for clarity on how the data is used and shared with a strong desire for better interagency coordination

- Prioritize keeping registration processes as simple as possible and at a low cost, including by simplifying compliance requirements
- Improve interagency coordination to ensure business partners understand how the data is used and administered and how they benefit from better coordination
- Provide better opportunities for business partners to use the information for their due diligence purposes

What's next

The insights and recommendations gleaned through engagement with the business community complement the views held by the regulator and civil society and can serve as a springboard to advance the implementation of BO data collection in Zambia. We are pleased to discuss these findings in a high-level panel on the role the private sector can play in advancing beneficial ownership transparency on the sidelines of the Summit for Democracy 2023 and plan to build on the insights in our ongoing work on BOT in Zambia.

As a concrete next step, we look forward to coordinating with select stakeholders in the business community in addressing the recommendations, and working out how to bolster the implementation of BOT provisions to the benefit of citizens, the business community, the government of Zambia, and Zambia as a whole.