



# Project Information Document/ Identification/Concept Stage (PID)

---

Concept Stage | Date Prepared/Updated: 03-Mar-2020 | Report No: PIDC208407



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P173108		Low	Nigeria - Beneficial Ownership Transparency (BOT)
Region	Country	Date PID Prepared	Estimated Date of Approval
AFRICA	Nigeria	03-Mar-2020	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	The Corporate Affairs Commission (CAC)	OGP Secretariat (Ministry of Justice)	

Public Disclosure Copy

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	0.50
<b>Total Financing</b>	0.50
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	0.50
Governance Partnership Facility	0.50

**B. Introduction and Context**

Country Context

The 2015 elections marked, for the first time in Nigeria’s history, a peaceful democratic transfer of power between two political parties, but the new administration faced a rapidly deteriorating macroeconomic environment. Gross domestic product (GDP) growth fell from 6.3 percent in 2014 to 2.7 percent in 2015, and to –1.6 percent in 2016, bringing Nigeria’s first full-year of recession in 25 years. In 2016, global oil prices reached a 13-year low and oil production was severely constrained by vandalism and militant attacks in the



Niger Delta. While the oil sector represents only 8.3 percent of total GDP, it provides the majority of foreign exchange earnings and three-quarters of government revenues.

The Nigerian economy emerged from the recession with GDP growth of 0.8 percent in 2017. The recovery was driven by higher oil prices and production. Agriculture and non-oil industry grew by 3.4 percent and 0.6 percent, respectively. Services, which account for over half of GDP, continued to contract (-0.9 percent). Unemployment increased in 2017 to 18.8 percent of the labor force, with a further 21.2 percent underemployed in Q3. Inflation remained at just below 16 percent, despite monetary tightening from the Central Bank of Nigeria (CBN). The parallel exchange rate premium in relation to the official exchange rate remains stable at just under 20 percent. Total government revenues have performed below expectations as oil revenues have remained below pre-crisis levels and non-oil revenues have largely stagnated in the absence of significant tax reforms, leading to a larger fiscal deficit. The recovery is expected to be slow and largely oil-driven, with real GDP growth just over 2 percent in the World Bank's medium-term baseline growth scenario.

Nigeria has experienced a reduction in poverty in recent years, but with considerable variation across geographic areas and demographic groups due to entrenched inequalities. After 2004, the poverty rate in Nigeria fell by almost half in urban areas, but barely declined in rural areas, where 50 percent of the population is currently living below the poverty line. Moreover, while the total number of poor in the south declined by almost 6 million, it increased by almost 7 million in the north. Conflict and the recent recession have now led to a net increase in poverty. The percentage of people living below the US\$1.9 purchasing power parity poverty line increased from 46.8 percent to about 48.4 percent in 2016 according to projections based on the 2010 Nigerian Living Standards Survey.

The Government launched the National Economic Recovery and Growth Plan for the period 2017–2020 in March 2017. The Economic Recovery and Growth Plan sets out to restore macroeconomic stability in the short term and to undertake structural reforms, infrastructure investments and social sector programs to diversify the economy and set it on a path of sustained inclusive growth over the medium to long term. It highlights 'investing in Nigerians' as one of three broad strategic objectives to achieve the vision of inclusive growth for Nigeria.

#### Sectoral and Institutional Context

The Nigerian Government has committed to implementing Beneficial Ownership Disclosure in line with its Open Government Partnership (OGP), Extractive Industry Transparency Initiative (EITI) and Financial Action Task Force (FATF) commitments. The Corporate Affairs Commission (CAC), as the sole Company Registry in Nigeria, has been tasked with responsibility for designing and implementing a Beneficial Ownership Disclosure framework.

Realizing that there is presently no legal requirement for Beneficial Ownership Disclosure under any of the existing laws in Nigeria, the CAC in collaboration with other stakeholders has sponsored the Draft Bill for the Repeal and Re-enactment of the Companies and Allied Matters Act. The Bill, which has been passed by the



Senate and House of Representatives and is awaiting the assent of the President, has made elaborate provisions for Beneficial Ownership Disclosure using the United Kingdom's concept of Persons with Significant Control (PSC), albeit with a lower threshold (5% for shares and voting rights as opposed to a 25% threshold in the United Kingdom).

However, in the event that the President declines to assent to the Bill, the Honourable Minister of Industry, Trade & Investment will issue regulations that will require disclosure of Persons with Significant Control as part of the requirements for Annual Returns by companies registered with the CAC. The CAC has already designed the relevant forms with the support and assistance of Open Ownership.

The CAC will be responsible for receiving and publishing information on Beneficial Ownership using established open data formats in line with the OGP and EITI initiatives. In addition, the CAC will continue to receive data in paper formats as well. Every eligible registered company will be obliged to file details on Persons with Significant Control with the CAC within a specified period after receipt of such information from the PSC. The CAC will publish the information after it is satisfied that the information is consistent with its requirements. Such information will then be accessible by all relevant Security Agencies and the general public using the set open data formats. In line with the various commitments mentioned above, information on Beneficial Ownership will be available to the public at no cost.

Public registers of Beneficial Ownership (BO) are a thematic anti-corruption priority. Over 20 countries have so far made commitments on Beneficial Ownership Transparency (BOT) in OGP Action Plans—some to implement or explore public registers, and others to implement BOT in public contracting or extractives. OGP can also foster cross-agency buy-in and alignment on BOT in individual member countries, for example for EITI countries to implement their BO roadmaps. For example, Nigeria, Mongolia, Ukraine, and others have used their OGP action plans to further the implementation of the EITI data standard. There is potential to build on this approach to continue to convene governments and national and international civil society organizations working on extending BOT to share lessons and provide peer support for implementation going forward.

Nigeria has had a limited form of Beneficial Ownership Disclosure (BOD) since 1990, intended to tackle concentration of ownership of publicly listed companies. Shareholders in public companies already have an obligation to disclose their ownership to companies and the capacity in which they are holding the shares. Nigeria also made an explicit commitment at the London Anti-Corruption Summit to introduce a public central register. Accordingly, the National Assembly is considering reforms to company law, including the introduction of a centralized public BO register. Engagement with civil society and OGP have played an important role in driving progress towards a public register. The Corporate Affairs Commission has engaged closely with other government agencies, the National Assembly, business and civil society as part of the process of building support for a public central register.



Relationship to CPF

The project is fully aligned with the World Bank Group’s Country Partnership Strategy (FY14–FY19) and aligned with regional strategic and government priorities. As per the CPF, the WBG will continue TA support on Open Government and Open Data to the Federal Government and targeted states. The aim of this support is to enable greater citizen participation and improve transparency and collaboration, including via various ICT platforms.

**C. Project Development Objective(s)**

Proposed Development Objective(s)

To improve corporate transparency through implementation of beneficial ownership disclosure in public procurement in Nigeria.

Key Results

1. Increased disclosure among registered entities in the new Electronic Beneficial Ownership Register Portal (**eBORP**).
2. Streamlining of all post-incorporation filings by companies for the purpose of achieving the global principles of disclosure, accessibility, and retrieval, and related transparency objectives.

**D. Preliminary Description**

Activities/Components

**Project Components**

- **Component 1: Policy framework development** (review of international best practice, identification of stakeholders, user consultations, identification of regulatory reforms needed). The policy framework will encompass beneficial ownership disclosure requirements and processes and data formats/standards, as well as compliance and verification considerations, interoperability with other government systems and scalability. Evidence of success for this component would be published analysis of all the above areas to support civil society and business awareness of the reforms and the underlying evidence base.
- **Component 2: Beneficial Ownership system and process enhancements.** Development of the Electronic Beneficial Ownership Register Portal (eBORP), a data management framework, and a business process re-engineering plan (design and construction of the online portal and the processes for operating it, definition of internal and external use cases, training of internal staff and external users, system performance monitoring indicators, etc.)
- **Component 3: Communication, awareness, and engagement strategy development and delivery.** Raising awareness of the reforms both internally within Government and externally with business and

Public Disclosure Copy



civil society will be crucial to success. A key measure of success for this work will be the volume of correct filings within the deadlines set for disclosure by the CAC. (Note: some internal Government awareness metrics could be built in.)

- **Component 4: Knowledge management and capacity building:** Gather and document use-cases for the policy and data framework based on Open Ownership's globally recognized scoping methodology. The use-cases identified should result in documented processes that can be actioned by CAC staff on a sustainable basis followed by training for CAC staff on BO concepts and business processes.

Public Disclosure Copy

**Environmental and Social Standards Relevance**

**E. Relevant Standards**

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Not Currently Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

**Legal Operational Policies**

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	



Summary of Screening of Environmental and Social Risks and Impacts

The envisaged environmental and social impacts of the project will be generally positive. Environmental and social risks are expected to be low and their mitigation will be guided by national and local laws and procedures . Construction or civil works are not envisaged in this project.

**CONTACT POINT**

**World Bank**

Contact : Stephen R. Davenport Title : Senior Governance Specialist  
Telephone No : 5220+82590 / Email :

Contact : Alexandra M. Habershon Title : Senior Governance Specialist  
Telephone No : 473-1473 Email :

Contact : Gokuldas Pai Title : Operations Analyst  
Telephone No : 458-5713 Email :

**Borrower/Client/Recipient**

Borrower : The Corporate Affairs Commission (CAC)  
Contact : Alhaji Abubakar Title : Registrar-General  
Telephone No : 222-222-2222 Email : abubakarag@yahoo.com

**Implementing Agencies**

Implementing Agency : OGP Secretariat (Ministry of Justice)  
Contact : Stanley Achonu Title : Advisor  
Telephone No : 2349094784831 Email : stanleyachonu@gmail.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

Public Disclosure Copy