

Fiscal, Financial and Corporate Transparencyⁱ

Problem to be addressed

Problem statement: Citizens and civil society raised the need for increased transparency and accountability around the management of public funds during the COVID-19 pandemic and the need to incentivize the private sector to be more transparent about their ultimate owners.

Background: This is one of the most important but also one of the most challenging open government policy areas in that it requires time and persistence. While progress has been made through various past commitments, open contracting data, beneficial ownership transparency, and fiscal transparency remain key to an open government, especially when it comes to the management of COVID-19 response and recovery programs, the management of public funds and how the government counters the risks of corruption. Civil society also raised the issue of the privatization of democratic accountability through procurement of technologyⁱⁱ and software where non-state actors are increasingly dictating how certain technologies will affect citizens.

For additional information on what we heard from Canadians and Civil Society, as well as on international best practices, please read this thematic backgrounder.

Commitment Title

1. Fiscal, Financial and Corporate Transparency

Lead Department(s)

Innovation, Science and Economic Development
Finance Canada
Treasury Board of Canada Secretariat

Milestones and Indicators^{iiiivvvi}

1. **Milestone: Pursuant to the Budget 2021 commitment the Government of Canada will engage technical resources to lay the groundwork for the implementation of a publicly accessible corporate registry by 2025.**

Indicators

- 1.1. The Government receives technical and operational feasibility studies and is equipped with the necessary information to prepare legislation for a made-in-Canada approach to beneficial ownership disclosure, that balances the need for accurate and up-to-date

data on the individuals who own and control corporations with appropriate safeguards for the privacy and competitiveness of Canadian entrepreneurs. (by December 2022)

2. Milestone: Engage federal, provincial and territorial partners to support coordinated implementation and a harmonized approach to ultimate beneficial ownership. Indicators

2.1 Alignment with provinces and territories is crucial for the success and benefits of a publicly accessible registry of beneficial ownership. ISED and Finance Canada will continue to engage in discussions on beneficial ownership transparency with provincial and territorial counterparts including with regards to the technical and operational feasibility studies, and to share up-to-date considerations and international developments. (By December 2022).^{vii}

3. Milestone: Monitor the strategic management of procurement of technology and software within the Government of Canada.

3.1 Subject to data availability, release the aggregate details of applications used by the Government of Canada.

3.2 Work towards developing policy instruments around the ethical use of information technology in the Government of Canada.^{viii}

ⁱ Posted by Camille de Lellis on 08/12/2021 at 11:16am

After reviewing the document, we acknowledge that the concerns raised are relevant and it is extremely urgent that appropriate solutions be found. On July 22 and 23, 2021, and then on July 26 and 27, 2021, we had to provide training on the consequences of gold fraud on the development of Burkina Faso. We were applauded at the end of the training, despite the harsh words of Burkina Faso thieves, grave robbers of our country's development. Note that the participants really did not have the information they needed to avoid fraud and, as a result, participating in tax evasion. The aim here is to strengthen the public's capacity in terms of fiscal transparency. And this goes beyond training, through public information and education campaigns that loudly and publicly denounce those who promote corruption and tax evasion. When we pointed out the role of the artisanal mining sites population, who sell their gold at counters that are not approved by the state, in the development of terrorism in Burkina Faso, the whole room remained silent. This was information that they did not have. Hence the same concern for information and education. Take the following example: With respect to COVID-19, the newspapers are constantly reporting on "deals regarding COVID-19 funds." This information is recent, since it appeared in a bimonthly magazine from August 1 to 14, 2021. Who is responsible for this situation? Private newspapers and radio stations report cases of fraud, corruption, and money laundering; for example, in its June 18-20, 2021, issue, a local private newspaper in Burkina Faso reported on money laundering by a politician; in the newspaper dated June 6, 2021, it emerged that "the head of the CNSS (National Social Security Fund) DG was on the chopping block of the CGTB (General Confederation of Burkina Workers)"; another newspaper dated August 1, 2021, carried a front-page headline reporting "two (2) billion CFA Francs to the SONABHY (National Society of Burkinabe Hydrocarbons)"; finally, to just quote that, the owner of CIMFASO (a Burkina Faso cement company) in this month of August, made the front-page headlines for the embezzlement and laundering of twelve (12) billion CFA Francs. This is what we have discovered through the newspapers. What about the news we do not hear about? No, enough is enough. And we support Canadian taxpayers who hold their government to account on issues such as where does our money go, what do they do with our money, and where is the evidence that our money has been used properly and for the right cause. In a nutshell, all governments and financial institutions that help poor countries like Burkina Faso must be able to establish draconian conditions for granting aid if they really want to help these countries. We also do not understand why Western governments accept the repatriation of capital to tax havens in their countries at the expense of the efforts of their taxpayers and the poor. More than ever, it is up to Western countries to fight against tax havens while imposing a mechanism for accountability and traceability of the expenditure of funds allocated to poor countries, in line with the targeted and achieved objectives. This is the only way to come "clean" with taxpayers and the beneficiaries of development aid. A simple, very small-scale example: when we were in charge of the education program, we wanted to achieve results that focused on the success of girls in the five bilingual schools. We had the support of financial partner OXFAM Burkina, who gave us the sum of eight (8) million CFA Francs for completing the exam preparation sub-project. In order to prevent embezzlement on schools sites, against all odds, we brought the mayor at the time on board. We asked him to use his partnership with the FM radio stations to inform the communities of the five villages benefiting from the project about the activities in these schools and that parents make sure that the funds allocated to each school were used on a daily basis as intended. The parents, happy with the consideration given to them by the mayor and the program official, have played their part perfectly. Course results: 97% overall success and 90% to 100% success for girls in four schools. The information campaign cost me zero CFA Francs. Consequently, it is possible to involve the public in the management of public funds by quickly establishing a communication and information system about their use and where every cent spent is accounted for. Long-winded speeches and parades during international meetings achieve very little. But, let us start by fighting against the tax havens accommodated by Western countries.

ⁱⁱ Posted by crown-genocide on 08/04/2021 at 6:01pm

The Truth and Reconciliation Commission reports are clear. The express intent of residential school system was to "civilize" Indigenous children and assimilate them into society.

ⁱⁱⁱ Posted by Xiaoming Guo on 07/30/2021 at 3:13pm

Should have a sustainability indicator to show if the budget for economic development really increased the government revenue without increasing the tax burden of citizens, especially a deficit policy really grow our economy.

^{iv} Posted by James Cohen, Transparency International Canada on 08/16/2021 at 5:11pm

Recommend adding: Innovation, Science and Economic Development Canada commits to including civil society, union, journalist, academic, and law enforcement representatives in consultations as part of the technical study on a publicly accessible beneficial ownership registry due by the end of 2022. Civil society, unions, journalists, and academics, have a large interest in a publicly accessible registry of beneficial ownership, and have technical insights to provide on how such a registry may be established.

^v Posted by James Cohen, Transparency International Canada on 08/16/2021 at 5:12pm

Recommend adding: Innovation, Science and Economic Development Canada commits to 'publicly accessible' meaning that some data fields in a beneficial ownership registry will be accessible to all members of the public, including outside of Canada, cost-free in an easy to search format. It is important that as much of a beneficial ownership registry be open to public access as possible so that the registry may be an effective deterrent to money laundering, and to improve the ability to identify those who would still try to misuse Canada's economy for illicit financial flows.

^{vi} Posted by James Cohen, Transparency International Canada on 08/16/2021 at 5:13pm

Recommend adding: Treasury Board Secretariat commits to Canada joining the Beneficial Ownership Leadership Group as part of Open Government Partnership global network. Canada has an opportunity to learn from peers about their experiences establishing publicly accessible beneficial ownership registries, and build on lessons learned in establishing a Canadian registry. The platform can also provide Canada a foreign policy platform to lead from in encouraging other countries to adopt a publicly accessible beneficial ownership registry.

^{vii} Posted by James Cohen, Transparency International Canada on 08/16/2021 at 5:13pm

Recommend adding: Finance Canada commits to establishing an agreement with provincial and territorial counterparts to develop a harmonized pan-Canadian publicly accessible registry of ultimate beneficial ownership. Alignment with provinces and territories is crucial for the success and benefits of a publicly accessible registry of beneficial ownership. In a lead up to ISED's delivery of recommendations on establishing a publicly accessible beneficial ownership registry, Finance Canada will continue discussions on beneficial ownership transparency with its provincial and territorial counterparts to share up-to-date considerations such a registry and have an agreement ready for coordination by 2023.

^{viii} Posted by James Cohen, Transparency International Canada on 08/16/2021 at 5:15pm

Require beneficial ownership due diligence on all federal procurement, licenses, permits, and grants. Originally, under the Proceeds of Crime (Money Launder) Terrorist Finance Act (PCMLTFA), only Canada's financial and insurance sectors were required to conduct beneficial ownership due diligence on customers. As of June 1, 2021 amendments to the PCMLTFA now require all designated non-financial businesses and professions (DNFBPS) must also conduct beneficial ownership due diligence. A natural extension of beneficial ownership due diligence is the federal government as the largest procurer in the country and the issuer of license, permits, and grants to critical resources.