ANNUAL REPORT

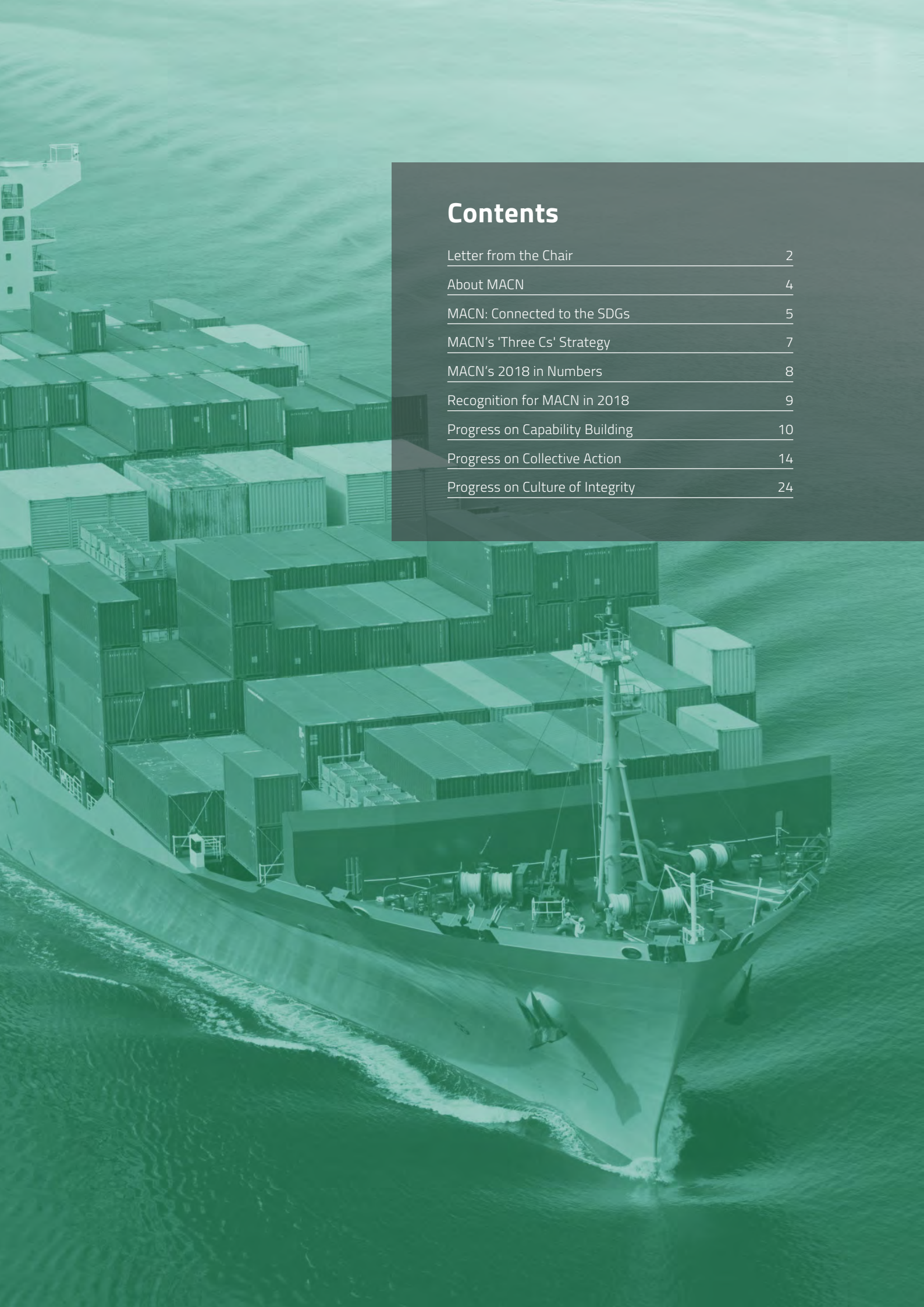
Maritime Anti-Corruption Network

2018 Annual Report

MACN
Maritime Anti-Corruption Network

BSR®

JUNE 2019



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Letter from the Chair

Dear colleagues and friends,

After more than a year as Chair of the Maritime Anti-Corruption Network (MACN), two things are very clear to me. First, the growth and momentum of our Network gives us an unprecedented opportunity to progress in the battle to eliminate corruption in the maritime industry. Second, the need for action is high: our seafarers continue to face unacceptable risks in numerous regions.

There has been a lot to celebrate in 2018. Our growth to over 100 members makes us a clear leader in private-sector anti-corruption collaborations, and our collective actions have gone from strength to strength. As an example, following the implementation of new regulations in Argentina as a result of our collective action, reports of corrupt demands in Argentine port calls to MACN's anonymous incident reporting system have dropped by 90 percent.

That's a big result that we should all be proud of. But we also continue to hear accounts from our seafarers—either directly or through our shared reporting system—of harassment and threats as they try to complete routine port calls. In our social media campaign last December, we shared some of these stories:

- "If facilitation is not paid we are threatened with detention or no port clearance."
- "Cases of extortion, harassment, and threats of violence are frequent events."
- "In many places the customs officers always try to find defects and threaten us with penalties. They waste a lot of time checking and harassing the crew."

Changing the attitudes that create these situations is hard work. We, as a Network, have the numbers to make a difference and we have seen this year that our efforts are directly benefiting seafarers. As one put it:

- "There were a few initial attempts while we passed through, but after a documented and polite denial it was clear that the vessel was part of MACN and no more questions were asked."

These stories inspire me and remind me of what we can achieve. However, effective action requires consistent engagement from us as companies and from our partners around the world. We must keep pushing: contributing ideas and reports, coordinating our activities, working with our internal teams.

I call on all of us to maintain our commitment to work with and for each other. Let's all work together in 2019 to bring us even closer to our goal of a maritime industry free of corruption, and together we will create a safer environment for all of our crews.

With warm regards,

John Sypnowich, The CSL Group Inc. and Chair of MACN

MACN

The Maritime Anti-Corruption Network (MACN)

is a global business network that provides a unique forum for businesses to contribute to the elimination of corrupt practices in the maritime industry. MACN is composed of vessel-owning companies and others in the maritime industry, including cargo owners and service providers.

About MACN

Who We Are

MACN was established in 2011 as an industry-led collective action initiative, to stamp out corruption in the maritime industry and to promote inclusive trade. With over 100 companies across the maritime industry, MACN's members now represent 30 percent of total global tonnage and close to 80 percent of the global container capacity, playing a key role in ocean transport. MACN has become one of the preeminent examples of an industry-led collective action network taking tangible steps to eliminate corruption across the wider supply chain. By working in partnership with the industry, governments, and civil society, we have been successful in addressing corruption risks through country-specific actions in locations as diverse as Nigeria, Indonesia, Egypt, India, and Argentina.

MACN's initiatives have been welcomed by stakeholders and have resulted in tangible outcomes such as the removal of trade barriers, strengthened governance frameworks, and substantially reduced levels of corruption in maritime trade.

Our Vision

A maritime industry free of corruption that enables fair trade to the benefit of society at large.

Our Mission

To work towards the elimination of all forms of maritime corruption by: raising awareness of the challenges faced; implementing the MACN Anti-Corruption Principles and co-developing and sharing best practices; collaborating with governments, non-governmental organizations, and civil society to identify and mitigate the root causes of corruption; and creating a culture of integrity within the maritime community.

MACN Governance

MACN is an initiative under BSR (www.bsr.org), a global business network focused on sustainability. BSR (hereafter referred to as "MACN Secretariat") provides the Secretariat function for MACN.

The MACN secretariat is responsible for progressing MACN's strategic workplans (including our 2020 strategy), ensuring good governance, and managing MACN's "day-to-day" work, including with its members, third parties, and funders. MACN's activities are overseen by the MACN Steering Committee, with active participation of the full MACN membership.

MACN: Connected to the SDGs

By engaging in public-private and cross-industry partnerships, conducting capacity building in the maritime sector, and tackling trade barriers, MACN's activities align closely with the United Nations' Sustainable Development Goals (SDGs)—the definitive, internationally-recognized framework for sustainable development through to 2030.

This alignment allows MACN to track and communicate its progress in a manner that resonates with governments, businesses, funding bodies, and local and international stakeholders. Member companies can also connect with their own stakeholders by reporting on how their participation in MACN contributes to progress on the SDGs.

In 2017, MACN mapped its impact and links to the implementation of the SDGs. During 2018, MACN's contributions to the SDGs became increasingly evident through its various activities —please see page 12 for details of progress on our Collective Action program.

Through the nature of its operations, MACN is a good example of SDG 17 (Partnerships for the Goals), while tackling corruption has a strong alignment to SDG 16 (Peace, Justice and Strong Institutions).

Further, at a macro level, corruption in the maritime sector constitutes a non-tariff trade barrier that is driving up trade costs and impeding economic and social development, particularly in developing countries where trade costs are the highest.

Expanding opportunities for low and middle-income countries to participate in trade by reducing corruption in the maritime supply chain is essential to further integrate these countries into global value chains and attract much-needed capital, technology, and know-how.

At a micro level, we have created a better work environment for seafarers sailing some of the trade lanes where MACN has taken actions, for example in the Suez Canal where MACN has successfully implemented a "Say No" collective action campaign.

SUSTAINABLE DEVELOPMENT GOALS

PARTNERSHIPS

SDG 17 | MACN works in collaboration with industry players, governments, and international bodies to tackle corruption.

PROMOTING RESPONSIBLE PRACTICES

SDG 16 | MACN brings a unique business understanding of the drivers of corruption and can act as a catalyst for change. MACN works to eliminate opportunities for corruption in ports.

CREATING A SUSTAINABLE FUTURE FOR THE GLOBAL ECONOMY

SDG 2 | MACN strengthens access to food markets by improving port operations.

SDG 8 | MACN helps local business to develop by making export and import procedures easier in ports and by being present in challenging locations.

SDG 9 | MACN supports implementation of new systems to reduce trade barriers e.g. system upgrades for customs.

MACN's 'Three Cs' Strategy

MACN's work is organized under three key pillars that guide our 2017-2020 Strategy: Collective Action, Capability Building, and Culture of Integrity. Guided by these focus areas, members engage at both the industry and country level.

MACN runs two full group "in-person" meetings every year (in Panama City and London in 2018). These meetings serve as an important forum to actively share best-practice, develop group cohesiveness, and move the Network forward on key decision points.

Capability Building:

Providing Industry-Leading Innovative Solutions to Members

In order for ship Captains, crew, and other private sector actors to be able to say no to corrupt demands, they must feel supported by strong corporate policies and procedures. MACN provides a safe forum for engagement through which members can share challenges and best-practice, and collectively assess areas of improvement in their internal procedures and approaches.

To further support these efforts, MACN also develops shared methodologies, tools, frameworks, trainings, and campaigns, helping each member company to strengthen its internal approach to tackling corruption.

Collective Action:

Driving and Leading Change in the Operating Environment

Even if all companies have internal guidelines and regulations against unethical practices, integrity challenges will continue to exist in the operating environment if the root causes of corruption go unaddressed. Collective Action is an important tool to help the private sector take proactive steps to tackle corruption, with companies joining forces and engaging governments and civil society.
In MACN's collective action projects, member companies unite with stakeholders including governments, port authorities, and NGOs, to undertake root cause analyses and implement collective action to tackle corruption in ports and across the maritime supply chain.

The essence of the MACN collective action approach is that successful, lasting changes in the operating environment will take effect only if they are enabled, supported, and beneficial to key stakeholders. Through collective action, MACN members work in partnership with local authorities to develop solutions that are both beneficial to all and realistic to implement. MACN also recognizes that these collective actions can have a positive impact well beyond our own industry – due to the volume of world trade that passes through ports.

Culture of Integrity:

Being a Recognized Contributor to Integrity Standards in the Industry and Society

Culture of Integrity is an attempt not just to generate change for specific stakeholders (e.g. Captains or port authorities) in specific corruption hot-spots, but to drive fundamental change in deep-seated attitudes regarding corruption. Successfully building a culture of integrity creates a permanent trend towards the eradication of facilitation demands.

While it is vital to address corporate capacity to reject corrupt demands, MACN members recognize that culture governs the success of achieving deep-seated changes. To achieve its vision of a maritime industry free of corruption, MACN must reach out beyond its membership and stakeholders to actors across the maritime industry and encourage sector-wide alignment on anti-corruption thinking.

MACN in 2018

27,000+
ANONYMOUS REPORTS OF CORRUPT DEMANDS RECEIVED

1,000+
PORT & GOVERNMENT OFFICIALS TRAINED IN NIGERIA

109
MACN MEMBERS

90%
DECREASE IN REPORTED INCIDENTS IN ARGENTINA

1
PAPER ON CORRUPTION SUBMITTED TO THE IMO

2
INTERNATIONAL AWARD RECOGNITIONS

Recognition for MACN in 2018

SAFETY4SEA AWARD

MACN was delighted to be awarded the SAFETY4SEA Sustainability Award, sponsored by UMAR. The winners of 2018's awards were announced in a ceremony which took place at the Yacht Club of Greece. The awards focus exclusively on initiatives and individuals who foster Safety Excellence & Sustainable Shipping, following a combination of open-nomination and audience voting.

Presenting the award Mr. Thrasos Tsangarides, Group CEO, UMAR, said: "The Maritime Anti-Corruption Network understands that our economic and technological growth often come at a cost. Ethical business practices are being tested and corruption is a major problem that costs trillions in bribes every year. It distorts competition, deters the free market and delays further development of social and economic growth. The answer to this centuries-old problem lies in developing corporate cultures with strong business values that understand that ethical behaviour and transparency actually add competitive advantages to organisations while enabling more trustworthy business relationships and lower costs."

Accepting the award on behalf of MACN, Mr. Dimitris Balamatsias, DPA & HSQE Manager, Neptune Lines, stated: "Corruption is a real threat to the people who work on our ships and it damages our business and reputation. Shipping is not alone in facing this enormous problem, a problem that is too-often excused as being too hard to solve: 'it is the way things have always been done'. However, in the fight against corruption the shipping industry has shown unparalleled leadership. The Maritime Anti-Corruption Network is now over 100 members strong. We have shown that shipping companies – working together – can be more effective in fighting corruption than any regulation or press exposé."

HIGH COMMENDATION FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) AT THE SEATRADE AWARDS 2018.

MACN was also delighted to be awarded a High Commendation for Corporate Social Responsibility (CSR) at the Seatrade Awards 2018. The Seatrade awards, which have been running for 30 years, recognize excellence and innovation across the maritime industry. MACN's Director, Cecilia Muller Torbrand, and MACN Chair John Sypnowich, received the award in London.

Progress on Capability Building

THE MACN ANTI-CORRUPTION PRINCIPLES

A key part of MACN's role is to provide our members with practical and useable tools both to meet compliance requirements and to prepare staff and crew to resist unlawful demands. These tools are developed under MACN's 7 Principles:

1. Compliance Program Requirements
2. Proportionate Procedures
3. Risk Assessment
4. Training & Communications
5. Monitoring & Internal Controls
6. Reporting, Discipline & Incentives
7. Due Diligence

STRENGTHENING PEER DIALOGUE

By engaging a wide range of maritime companies and facilitating industry discussion on specific needs or issues, MACN can more effectively execute its strategy. MACN has therefore developed industry-specific working groups to strengthen peer-to-peer dialogue and address the challenges of corruption. The purpose of the working groups is to develop consistent integrity standards defined in MACN's anti-corruption principles.

The working groups allow members to share their success stories and lessons learned from the implementation of anti-corruption compliance programs. All industry working groups made significant progress on their annual workplans in 2018, with the development and production of many useful tools to support frontline efforts.

Some activities from the working groups included:

- Best-practice sharing on how to implement compliance programs.
- Best-practice sharing to address corruption in hot-spot locations.
- Collaboration to develop tools that align practices on ethical conduct.
- Inviting experts to speak about specific challenges, such as the risks associated with cash onboard, next steps with the ISO standard, and how to design a useful due diligence program.
- Continuation of the dialogue with relevant. industry associations.
- A 27 percent increase in member participation rates in 2018 working groups.

DEVELOPING FIT-FOR-PURPOSE ANTI-CORRUPTION TOOLS

During 2018, MACN completed the revision of tools under the first of seven MACN principles. MACN also began developing a compliance roadmap, which will focus on helping members to implement anti-corruption compliance programs and increasing staff understanding of all elements of anti-corruption. This work will be finalized in 2019.

In 2018, MACN formalized the working group activities and developed tools for members to implement into their compliance company programs. Some of the activities included:

- Risk assessments for local office implementation, evaluating the integrity stand in their company
- Best-practice on countries, including country specific guides for hot spot locations
- Frontline material for Captains and Agents (available in different languages)
- Tools to escalate to government and embassy-level when companies face corrupt demands in specific ports
- A new self-assessment tool to evaluate the membership's performance on anti-corruption compliance implementation

GROUP MEETINGS

MACN held its first meeting of 2018 in Panama City. Experts from the region were invited to share their insights on the good progress MACN is making in Argentina, as well as on developments in Brazil following recent massive bribery investigations. We were also honored to have the Panama Canal Authorities at our meeting to present and discuss the Canal. At this meeting MACN also kicked off the development of its collective action strategy.

This first meeting in Latin America speaks to the global reach of MACN. We serve as a platform for global conversations and people join with different cultural and professional backgrounds, giving MACN a membership base with vast expertise and experience. This is one of our strengths, and one which enables us to work together to design sustainable solutions across the globe.

The Fall meeting in London was MACN's biggest ever meeting. Attendees included local experts from Nigeria and Argentina. The UK Serious Fraud Office and Foreign Commonwealth Office also provided insights on how the UK authorities are supporting business as well as how they investigate potential bribery offences. Members shared the great successes they have had in fighting corruption globally and leading businesses such as Unilever attended as guest speakers to share perspectives on how conglomerates are tackling corruption.

The meeting covered due diligence, incentives, third party commissions, risks associated with cash onboard, and the pros and cons of the ISO anti-bribery standard. In addition, MACN's new collective action strategy was signed off.

NO SMOKING
PROTECT THE ENVIRONMENT

Progress on Collective Action

The collective actions that MACN has implemented have proven to be an impactful, effective, and cost-efficient way to promote trade and transparency and to drive private-sector leadership on combating corruption in ports.

The following MACN collective action projects in Nigeria, Argentina, Indonesia, and Egypt illustrate the activities and the results achieved. In 2018, MACN also started to map a collective action initiative with the government of India and has gained support for the project from local Indian stakeholders.

COLLECTIVE ACTION METHODOLOGY AND STRATEGY

During the Spring 2018 Member Meeting, MACN undertook an exercise to identify MACN's geographical priorities for the coming 3-5 years. Based on members' feedback, the MACN Secretariat conducted research to further assess the feasibility for MACN to successfully eliminate and mitigate corruption in the countries identified by the membership. The second part of the assessment focused on identifying countries where MACN can drive change in partnership with local stakeholders, assessing local political commitments to the anti-corruption agenda.

The result of the analysis was a list of priority countries of most relevance to MACN members, and an assessment of MACN's chances of successfully tackling the challenges faced by members in each country. The full assessment will guide MACN's collective action workstream going forward.

The relevant countries have been prioritized under Tier 1 and Tier 2. MACN will proactively define work plans and seek to engage Tier 1 countries, while Tier 2 countries will be approached on a more opportunistic basis. Tier 1 countries include: Angola, Argentina, Brazil, China, Egypt, India, Indonesia, Malaysia, Nigeria, Russia, and Ukraine.

1 INDONESIA

Start date: 2015

Focus: Create more transparency on public tariffs and make them more accessible and available to the industry. Provide receipts for payments made and specify the legal basis for demand being made. In the longer term, we would like to see a digital clearance system implemented by the government.

Challenge:

The industry continues to see frequent corrupt demands in Indonesia. Requests for gifts and cash payments are common across all ports and are requested without providing any fee schedule. Clearance processes in Indonesian ports are paper based and depend on interactions with several officials. The industry faces challenges understanding the legal basis for demands being made and it is difficult to get official receipts or documentation for payments provided by officials.

What We Did:

From 2015 to 2017, MACN completed a project in partnership with UK FCO and local partner Kemitraan on improving cargo clearance in Indonesia's largest container port. The project resulted in an improved container tracking system in the Jakarta International Container Terminal (JICT) that allows business to track containers and their movement in the terminal in a transparent manner. MACN has communicated these changes to the industry through an industry brief explaining the new system. The brief covered how to track containers in the port and has been shared with MACN members and relevant chambers of commerce in Jakarta, with a view to raising awareness of the new system.

Progress:

MACN is currently re-scoping its engagement in Indonesia and is working with members and local stakeholders to scope a collective action initiative that would be formalized after the presidential elections in Indonesia in 2019.

2 SUEZ CANAL, EGYPT

Start date: 2015

Focus: Tackle facilitation demands during Suez Canal transits by implementing a collective "Say No" campaign.

Challenge: The Suez Canal has been a consistent hot-spot for corruption, with Captains facing regular demands for facilitation payments for passage. Incident data has further confirmed that that transits can be challenging and associated with safety hazards to both crew and vessel when pilots do not cooperate. To tackle challenges like this MACN launched a "Say No" campaign for the Suez Canal on International Anti-Corruption Day in 2015.

What We Did: The campaign was a true collective effort, with MACN member companies agreeing to reject demands by using a coordinated zero tolerance policy, communication material, and an onboard communication toolkit for Captains developed by MACN.

Progress: Since the launch in 2015, MACN has assessed the impact of the campaign by surveying members and by collecting incident data. The situation has improved every year, and the campaign is expanding across the industry.

Feedback continues to be positive and shows that companies taking part in the campaign are transiting Suez without any delays or issues. Demands for cigarettes have decreased dramatically, or have been eliminated, while threats to the safety of both crew and vessel have also decreased significantly.

The campaign demonstrates that when acting collectively, MACN has significant commercial leverage to incentivize both public and private sector players to address corruption, ultimately resulting in tangible improvements in the operating environment for crew, front line staff, and local stakeholders.

Captain of an MACN Member company:

"My company has offered me full support whenever I was facing difficulties with the authorities. After a documented and polite denial, it was clear that vessel is part of the anti-corruption campaign and no more questions were asked by the local authorities. The MACN tool has been very helpful in reporting data."

Overall results:

- Frequency of demands has decreased and it is a sustainable improvement
- Companies of all sizes are successful in saying no
- Companies across industry segments are successful in saying no
- Nationality of crew is not a barrier to being successful
- Captains find it easier to refuse demands
- Pilots are less aggressive and more forthcoming
- Increased participation in the campaign from MACN members

3 ARGENTINA

Start date: 2014

Focus: Redrafting regulations for approval of a vessel's holds or tanks for the loading of agricultural products, and developing a new IT system for processing and registering hold/tank inspections.

Challenge:

Shipping companies operating in Argentina faced challenges in connection with the inspections of holds and tanks, customs declarations, and on-board inspection practices. Data from MACN member companies highlighted a systemic issue with demands for payment for unclean grain holds, including cases of extortion.

Partner:

Governance Latam—a local law firm and well-recognized integrity champion.

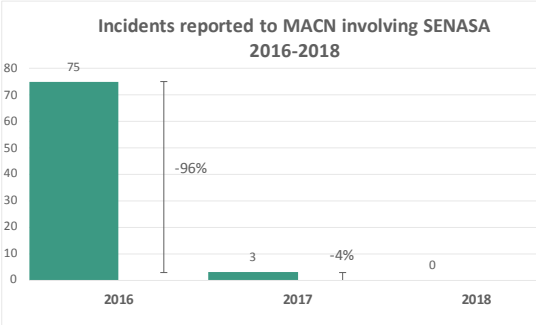
What We Did:

MACN and Governance Latam conducted a fact-finding mission to fully understand the nature of the problem before building a strong coalition of local and global stakeholders. Together, this coalition developed and agreed on key principles for a new governance framework that would improve operating practices and the integrity of the vessel inspection process.

The new regulatory framework entered into force on 1 November, 2017 for a one-year pilot period. After evaluating the pilot, the local authorities decided to make the new system permanent in late 2018. MACN's support and the incident data provided by MACN members have been key drivers behind this decision.

Progress:

In 2018, corruption incidents in Argentina decreased **by more than 90 percent** according to MACN data submitted through our anonymous incident reporting mechanism.



This has been driven, in part, by high-level support for the new regulatory framework from the national authorities, as well as by commitment from the maritime industry to stamp out previous corrupt practices. The collective action has been covered widely in the Argentine media and received recognition by several prominent local and international stakeholders. In 2018, MACN also continued to train public officials, private surveyors, and agents on the new regulation as part of the project funding received from Orient Fonden.

Governance Latam Partner Fernando Basch noted the vital role of the National Service of Health and Agri-Food Quality (Senasa):

"The rapid fall in corruption incidents is a direct consequence of the leadership and regulatory changes Senasa was able to put in place. The 2017 redrafting and clarification of regulations for approval of a vessel's holds or tanks for the loading of agricultural products greatly improved operating practices for the vessel inspection process. This also allowed us to develop comprehensive training for public and private stakeholders to further reinforce the required change in behavior."

Christian Cunha, Director at Senasa and Head of Supervisors, noted that as a result of the project there are no grey zones – the vessel is either approved or refused based on clear criteria.

John Sypnowich, Chair of MACN noted that the shipping community was providing a best-practice template to fight corruption:

"MACN's Argentina project should be seen by the international community as an exemplary case of public-private collective action against corruption. The results we have achieved, in a relatively short time-frame, set the benchmark for future collective actions."

4 NIGERIA

Start date: 2012

Focus: Face-to-face integrity training, harmonizing operational procedures in ports, and establishing grievance mechanisms.

Partner:

The Convention on Business Integrity

What We Did:

MACN launched its first collective action project in Nigeria in partnership with the UN Development Program (UNDP) in 2012. The project was developed on a multi-stakeholder approach, involving both the private and public sector. Guided by UNDP's risk assessment methodology, a comprehensive risk assessment was conducted to identify specific forms of corruption, underlying drivers, and actions to address root causes across six ports. Since 2013, MACN has been working with local stakeholders from the private and public sector to implement the actions identified in the assessment. The project has received high-level support from the Nigerian Presidency, firstly through the approval of the harmonized port call and vessel clearance procedures and, secondly, through the Vice-president's participation in the launch event of the Port Service Support Portal and Grievance Mechanism.

Progress:

In 2018, MACN further pushed for the implementation of the harmonized port and vessel clearance procedures by engaging both the international maritime community and local authorities in Nigeria.

Part of the engagement has included awareness training, and in 2018 MACN reached our goal of training over 1,000 government officials in the ports of Lagos (Apapa), Lagos (Tin Can), Calabar, Onne, and Port-Harcourt. MACN's integrity training program has been welcomed and received high ratings from public and private sector stakeholders (for example, 90 percent of attendees reported that this exercise was useful or relevant for their work). The training covered integrity, corruption prevention, the rationale behind the new harmonized procedures in the port and vessel clearance procedures, and the Grievance Mechanism.

Despite this progress, Nigeria is still a challenging country to call and MACN is working with the government and the industry to further raise awareness and incentivize adoption of new procedures and tools. MACN has actively escalated challenges to the government, and there are members who have successfully used the Grievance Mechanism to report corrupt demands and successfully resolve such situations. Creating sustainable change in the operating environment will be a key focus in 2019, and in order to achieve this and increase the impact of our work, MACN is seeking external funding to scale up our work in the country.

Soji Apampa, Convention on Business Integrity:

"In 2018, we managed to prove that the changes in Nigeria are real – the authorities do want to deal with challenges faced by shippers. However, transparent response and consequence management continue to elude us and this is an area we shall focus on in 2019."

Mrs. Ene Ogenyi, Nigeria Shippers Council:

"The SOPs represent a great start. If the agencies abide by the timeliness and review regularly to ensure all functions are captured, then it will truly lead to greater efficiency and effectiveness of our ports. This is our vision."

The Vice President of Nigeria, Prof. Yemi Osinbajo SAN has been a keen supporter of MACN's work in Nigeria and a champion of port sector integrity reform:

"Anytime that a public servant is an obstacle to anyone seeking approval or license, he or she attacks the Nigerian economy and its future... Every time we create obstacles for doing business, we attack our prosperity as a nation, we also attack the future because the young people simply will not be able to find accommodation to do the sort of things that they need to do after being educated."

4 INDIA

Start date: 2018

Focus: In recent years, the Indian Government has made anti-corruption measures a priority.

This has been as shown by the ratification of the United Nations Convention against Corruption, the introduction of e-governance systems in public authorities, new legislation targeting bribery in public administration, and (most recently) a demonetization scheme targeting the parallel economy.

One of the key ambitions of the Government of India is to improve the national business climate in their Ease of Doing Business plan. MACN's proposals and ideas for strengthening integrity at ports are timely and align closely with the priorities of the Government.

Challenge:

From 2016 to 2018, 562 corrupt demands have been reported at Indian ports through MACN's Anonymous Incident Reporting Mechanism. The data show that requests for small in-kind payments (for example cigarettes, alcohol, and soft drinks) are frequently made. Rejecting such demands leads to threats of delays of the vessel and threats of fines for alleged non-compliance. Some vessels have also reported denial of shore passes for the crew. Further, problems are reported relating to the burdensome documentation processes.

Partners:

Indian Shipowners Association (INSA); Maritime Association of Nationwide Shipping Agencies (MANSA); Indian Customs and Central Excise; The Government of India; The Directorate General of Shipping; Indian Private Ports and Terminals Association (IPPTA); Indian Ports Association (IPA); the Danish Embassy; the Norwegian Consulate General; The World Customs Association; United Nations Global Compact (UNGC) Network India; The Container Shipping Lines Association (CSLA); FILA.

What We Are Doing:

MACN has built momentum in India to strengthen integrity in Indian ports. The Ministry of Transport, the Directorate General of Shipping, Indian Customs, the World Customs Organisation, and embassies and local stakeholders such as the Indian National Shipowners Association are engaged in joint efforts to reduce the impact of corruption in the short term and, in the longer term, completely eliminate integrity issues and bottlenecks to trade during port operations. In 2018, MACN prepared for the campaign by visiting India and engaging all relevant stakeholders to secure their approval for a collective action initiative. We also surveyed members and local business on the challenges they face in order to develop a documented baseline. Further, we agreed to start a project in the Mumbai region and we co-designed a targeted approach.

Anil Devil, CEO of Indian Shipowners Association:

"The Prime Minister of India has been extremely vocal in his effort to improve the business climate and the eradication of corruption is his stated goal. We at INSA are happy to be working with MACN and to gain from their experience in strengthening the integrity of ports and other sectors in the Indian maritime space."

Progress on Culture of Integrity

One of MACN's strategic priorities is to engage organizations, associations, governments, and civil society in the fight against corruption. By engaging with other industry organizations, the shipping industry can gain support to tackle corruption and raise awareness of the challenges we all face.

In 2017, MACN initiated a cross-industry working group together with the International Chamber of Shipping (ICS), with the ambition of attracting industry organizations and associations to collaborate and address key corruption issues in the shipping industry. In 2018 the working group continued to raise awareness of maritime corruption. The members of the working group include; ICS, Intertanko (MACN member), ITF, BIMCO, IAPH, IFSMA, IHMA, IBIA, Intermanager, IMPA, ICHCA, International Group of P&I Clubs, FONASBA, the Nautical Institute, CLIA, IPTA, Cardiff University, WMU, ISOA.

CALL TO ACTION TO TACKLE MARITIME CORRUPTION

Together with leading maritime associations as members of the cross-industry working group, MACN submitted the first paper on maritime corruption to the International Maritime Organization (IMO) – the UN's specialized regulatory agency for shipping. The submission was sponsored by 12 non-governmental organizations, and the paper was submitted to the IMO's Facilitation Committee in June 2018 (FAL 42/16/3). The submission was supported by a presentation to IMO delegates from MACN and ICS.

The submission highlighted that shipping companies can be adversely affected by the improper use of the wide discretionary powers held by some port officials. It also highlighted the difficulties of planning ahead when requirements for port entry are not transparent or are deliberately misapplied. It was also noted that port authorities and other personnel should not have the power to interpret regulations as they choose in order to invent a violation, and this should not be the intent of the application of maritime legislation. Corrupt practices have far reaching consequences that, as well as being detrimental to shipping operations and port communities, can lead to seriously damaging effects on trade and investment, which in turn can have a negative effect on social and economic development. The submission was well received by delegates and the Committee agreed that corruption had a significant impact on the image of the maritime industry and ports, on the facilitation of maritime traffic, and on the security of port operations.

The IMO Facilitation Committee requested the that the IMO Secretariat provide advice on a possible way forward to address this problem and invited Member States and international organizations to submit documents to the next FAL meeting with suggested actions.

Chris Oliver,
Nautical Director at ICS:

"ICS continues to play a leading role in the Maritime Anti-Corruption Network (MACN) Cross Industry Working Group. ICS will continue to work with MACN to address the issue of maritime corruption with the regulators to put a stop to such practices."

Subsequently, at the end of 2018, ICS supported MACN in preparing a submission to the next FAL meeting, taking place in 2019. The paper was co-sponsored by six Member States and 14 NGOs, proposing a new output in the agenda of the FAL Committee to address the issue of maritime corruption through an amendment to the FAL Convention and the development of IMO Guidelines and/or a Code of Best Practice.

MACN RECOGNIZED AS INDUSTRY EXPERTS

House Of Lords

In June, MACN had the honor of sharing its perspective on how the UK Bribery Act has affected maritime transportation in front of the House of Lords.

Lecturing At WMU

From 9-10 August, the 3rd Annual Maritime Business Integrity and Corruption Awareness (CORA) Seminar was held at the World Maritime University (WMU). During the 2018 Seminar, over 80 WMU students worked through challenging, real-life, scenarios that required moderation of conflicting interests and that tested human judgment and values. The course was based on MACN's Port Officials Toolkit, first developed in Nigeria to train over 1,000 officials. The CORA Seminar was conducted by Dr Aref Fakhry, WMU Associate Professor and MACN Director Cecilia Müller Torbrand was a co-lecturer for the seminar.

Presentations at conferences and increased outreach

MACN spoke at several major conferences this year, including the OECD Global Anti-Corruption and Integrity Forum in Paris, and an event on "Breaking the Corruption Chain" at the Institute of Chartered Shipping in Rotterdam.

MACN also increased its industry profile by visiting ship owners and managers in the UK, U.S., Greece, and Cyprus. Additionally, the team attended a range of industry conferences such as the Seatrade Conference and the CMA Shipping Conference.

We engaged with other organizations to support integrity throughout the maritime value chain by speaking about integrity and collective action at the International Bunker Industry Association Annual Conference.

On UN International Anti-Corruption Day (9 December 2018), MACN coordinated a campaign on social media to raise awareness of the impact of MACN's work and the consequences of maritime corruption by collecting and sharing strong statements from seafarers across the globe.

Dr Cleopatra Doumbia-Henry, President, World Maritime University :

"Corruption has detrimental effects on the efficiency and reputation of the maritime industry and WMU is committed to anti-corruption education. For this year's CORA course, WMU partnered with MACN and the cooperation between MACN and WMU enabled the participants to get practical and academic knowledge to the damaging effects of corruption. The course has enhanced the awareness of students on this important issue"

If you would like more information about how to join MACN, please reach out to the MACN secretariat: macn@bsr.org.

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