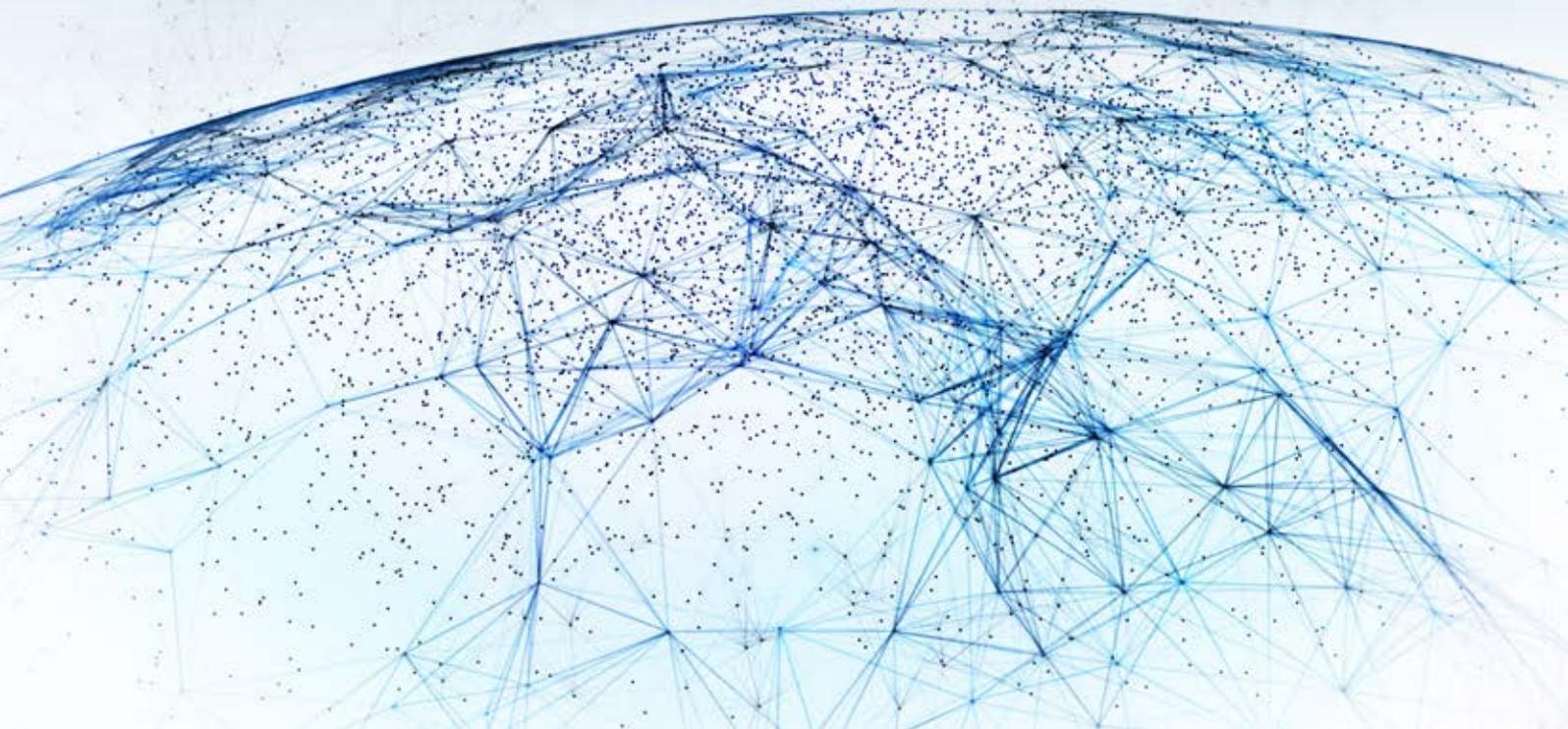




HM Government

# UNITED KINGDOM ANTI-CORRUPTION STRATEGY 2017-2022





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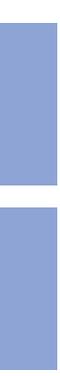
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# Foreword



Although the UK enjoys higher levels of integrity than many other countries, we are not immune from the effects of corruption. Stories of corruption can undermine confidence in our institutions and our business reputation more widely. Meanwhile, corruption overseas threatens our security and makes it harder for UK companies to compete for business. To secure our future prosperity, we must do all that we can to make sure that Britain remains one of the safest and cleanest places in the world to do business. Our security and prosperity are inextricably linked. As the UK prepares to leave the EU, we have an opportunity to leverage our reputation for integrity and fair play as we establish new trading relationships.

Since 2010 the UK has arguably done more than any country in the world to fight corruption. We have a strong legislative framework through the Bribery Act and now the Criminal Finances Act. We are the first G20 country to establish a public register of domestic company beneficial ownership, and the first G7 country to undergo an IMF fiscal transparency evaluation. In 2017 the OECD review of the UK's anti-bribery regime welcomed the UK's "strong anti-corruption drive" and concluded that the UK had made significant progress in fighting foreign bribery. Transparency International has stated that the UK is one of only four countries worldwide that actively enforces foreign bribery legislation, and ranks us in the top ten least corrupt countries in the world.

We are committed to continuing these efforts – in particular to ensuring that the UK's financial sector, and those in our Overseas Territories and Crown Dependencies, are hostile to illicit finances.

We recognise that tackling corruption requires collective international action by governments, business, and civil society. In 2016 we hosted the world's first leaders' Anti-Corruption Summit to galvanise a truly global response. In December 2017 we and the US co-hosted the first meeting of the Global Forum on Asset Recovery, focused on accelerating international asset recovery efforts. Going forward we will continue to champion international action.

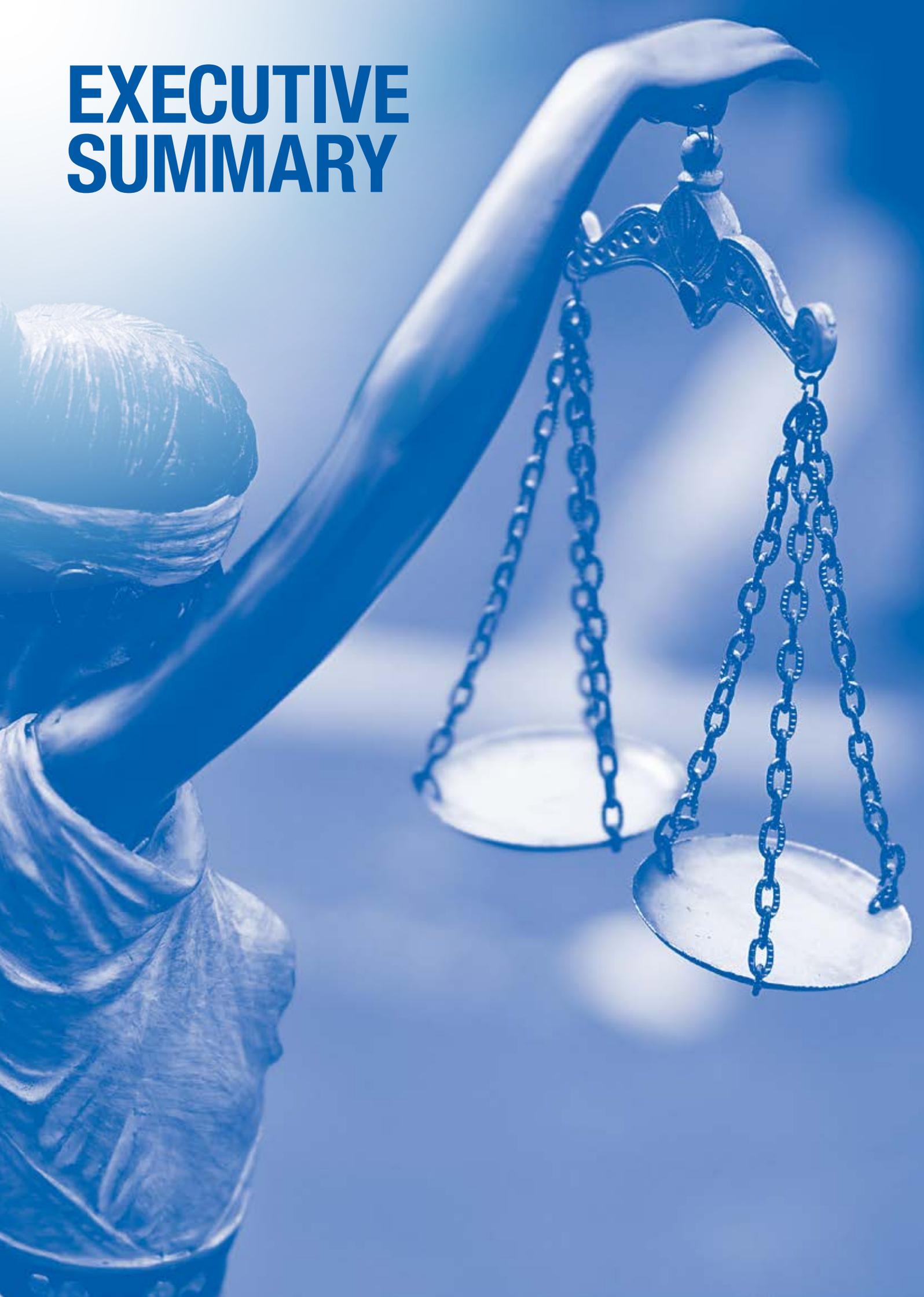
This strategy provides a framework to guide UK government anti-corruption policies and actions. It underpins this government's strengthened focus on economic crime. The Prime Minister's Anti-Corruption Champion, John Penrose MP, will challenge and support the government in implementing the strategy. He will also help to bolster UK efforts on organised crime and wider economic crime, and advocate for stronger international action against corruption.

The damaging influence of corruption cannot be stopped overnight. A sustained, shared effort however, as set out in this strategy, will help to build a fairer, safer society in the United Kingdom, and will safeguard our long-term prosperity.

A handwritten signature in black ink, appearing to read 'Amber Rudd'.

**The Rt Hon Amber Rudd MP**  
**Home Secretary**

# EXECUTIVE SUMMARY



This strategy sets out a vision of a safer, more prosperous and more confident future based on concerted UK action against corruption. It establishes an ambitious and long-term framework for tackling corruption. The strategy builds on the UK's 2014 'Anti-Corruption Plan' and the considerable work already being taken forward across government, in particular through the National Security Strategy, the Serious and Organised Crime Strategy, the Action Plan for Anti-Money Laundering and Counter-Terrorist Finance, and the Fighting Fraud and Corruption Locally Strategy.



### The challenge

Corruption threatens our national security and prosperity, both at home and overseas. Unchecked, it can erode public confidence in the domestic and international institutions that we all depend upon.



### Our vision

Our work to combat corruption will contribute towards three long-term outcomes:

- **reduced threat to our national security**, including from instability caused by corruption overseas
- **increased prosperity at home and abroad**, including for UK businesses
- **enhanced public confidence** in our domestic and international institutions

Tackling corruption is in the UK's national interest. It helps to keep us safe from threats to our safety and security, from organised crime, terrorism and illegal migration, and from 'insiders' who exploit their position or

access to an organisation's assets for malign purposes. The UK's reputation for integrity underpins our ability to boost trade and attract investment. This strategy sets out actions to strengthen this reputation and safeguard our longer term prosperity. Once implemented, the strategy will improve the business environment globally, including for UK companies, where corruption is often a barrier to open and competitive markets. The strategy will counter the insidious influence of corruption and will increase confidence that our institutions are fair and work for everyone. It will contribute to building a strong, confident Global Britain.



### Our priorities

The strategy identifies six priorities that will be the focus of our efforts to 2022:

1. Reduce the insider threat in high risk domestic sectors
2. Strengthen the integrity of the UK as an international financial centre
3. Promote integrity across the public and private sectors
4. Reduce corruption in public procurement and grants
5. Improve the business environment globally
6. Work with other countries to combat corruption

Figure i. sets out what we will do under each priority.

**Figure i.: The strategy priorities, goals and outcomes**

Priorities and goals	Measures of success
<b>Priority 1. Reduce the insider threat in high risk domestic sectors</b>	
<ul style="list-style-type: none"> <li>• Reduced vulnerability to corrupt insiders in four critical sectors (borders, prisons, policing and defence)</li> <li>• Increased awareness of the insider threat in higher risk sectors</li> </ul>	<ul style="list-style-type: none"> <li>• The opportunities for corrupt insiders to operate and exploit weaknesses are reduced in higher risk sectors</li> <li>• There is greater confidence in the integrity of key institutions and sectors</li> </ul>
<b>Priority 2. Strengthen the integrity of the UK as an international financial centre</b>	
<ul style="list-style-type: none"> <li>• Greater transparency over who owns and controls companies and other legal entities</li> <li>• Stronger law enforcement, prosecutorial and criminal justice action</li> <li>• Further enhanced anti-money laundering and counter-terrorist financing capability</li> <li>• Stronger public-private partnership, to share information and improve targeting of those who pose greatest risk</li> </ul>	<ul style="list-style-type: none"> <li>• The UK is more hostile to illicit finance, and citizens have more confidence in our institutions</li> <li>• The UK attracts high-quality foreign investment, safeguarding our long-term prosperity</li> </ul>
<b>Priority 3. Promote integrity across the public and private sectors</b>	
<ul style="list-style-type: none"> <li>• Greater public sector resilience against the threat of corruption</li> <li>• A more open government that is trusted by citizens, with robust protections for whistleblowers</li> <li>• Strengthened UK private sector integrity; and</li> <li>• Greater integrity in domestic and international sport</li> </ul>	<ul style="list-style-type: none"> <li>• UK public and private sector organisations are less prone to corruption and deliver better services</li> <li>• Citizens have more confidence that these organisations are serving their interests</li> </ul>
<b>Priority 4. Reduce corruption in public procurement and grants</b>	
<ul style="list-style-type: none"> <li>• Greater procurement transparency, enabling better identification and mitigation of corruption risks;</li> <li>• Strengthened awareness and capability within contracting authorities; and</li> <li>• Greater confidence in efficient and legitimate contract management</li> </ul>	<ul style="list-style-type: none"> <li>• Our public bodies avoid doing business with corrupt individuals and companies, making better use of taxpayers' money and delivering better services</li> <li>• Citizens have greater confidence in our institutions</li> </ul>



Priorities and goals	Measures of success
<b>Priority 5. Improve the business environment globally</b>	
<ul style="list-style-type: none"> <li>• Reduced impact of corruption on trade and investment internationally</li> <li>• Enhanced international development finance and export finance practices</li> <li>• Increased investment by UK companies in challenging overseas markets with integrity</li> <li>• Strengthened business-led collective action to reduce corruption</li> </ul>	<ul style="list-style-type: none"> <li>• International standards encourage open and competitive trade and investment</li> <li>• The business environment in selected countries is fairer and encourages investment</li> <li>• UK companies can compete on more even terms</li> </ul>
<b>Priority 6. Work with other countries to combat corruption</b>	
<ul style="list-style-type: none"> <li>• Enhanced international transparency, especially in beneficial ownership, extractives, public finance and contracting</li> <li>• Reduced levels of corruption in partner countries; and</li> <li>• Enhanced action to address corruption in fragile and conflict affected states</li> </ul>	<ul style="list-style-type: none"> <li>• Greater use of information to deter, identify, track and prosecute corruption</li> <li>• Countries can access more advice and support to address corruption</li> <li>• There is a stronger focus on the role of corruption in driving conflict and fragility</li> </ul>

This strategy focuses on preserving the security of the UK by making our borders, prisons, police and defence sectors more resilient against the threats from corruption. Corrupt activity by ‘insiders’ makes us vulnerable to terrorism, organised crime and other security threats. We will enhance our understanding of the threat and implement a strengthened response in key sectors, working with industry.

We will ensure that the UK as a financial centre, is hostile to illicit finance and has a world leading reputation based on its integrity. We will further enhance the UK’s anti-money laundering systems and ensure that professionals work with the financial sector to uphold higher standards. We will strengthen the ability of UK authorities to investigate and prosecute grand corruption and return assets, working with international partners.

We will put transparency at the heart of our approach to government. This will include continuing to champion the adoption of public registers of company beneficial ownership

and working with the UK’s Overseas Territories and Crown Dependencies to implement strengthened arrangements. It is our ambition to ensure all countries adopt public registers.

Media coverage of corruption in business, politics and sport shows the need to promote integrity across our public and private sectors. Action to design out corruption is also more cost effective than enforcement action against corrupt individuals. The strategy sets out a package of measures which, in the longer term, will make UK public and private sector organisations less prone to corruption and give citizens more confidence. Promoting open and transparent government will underpin our approach. As a core element of this, we will also strengthen our procurement processes to ensure public money is spent honestly and well.

The strategy makes a stronger commitment to promoting a fair and rules-based business environment globally, working directly with governments, international organisations and

business to raise standards, strengthen capacity and reduce opportunities for corrupt practices so that businesses can compete on even terms.

Real progress against corruption requires collective international action. As a core part of our diplomatic and development engagement we will encourage and support anti-corruption efforts by international partners in government, civil society and the private sector. We have made good progress on the commitments we made at the London Anti-Corruption Summit, and continue to honour our international obligations. We will support other countries to do the same.

### Our approaches

The strategy will be guided by four approaches, set out in 2.3. These are to:

- **Protect** against corruption, by building open and resilient organisations across the public and private sectors
- **Prevent** people from engaging in corruption, including strengthening professional integrity
- **Pursue** and punish the corrupt, strengthening the ability of law enforcement, criminal justice and oversight bodies to investigate, prosecute and sanction wrongdoers
- **Reduce** the impact of corruption where it takes place, including redress from injustice caused by corruption

This adapts the '4Ps' framework (Pursue, Prevent, Protect and Prepare) that the UK government uses to co-ordinate its work on counter-terrorism, serious and organised crime and anti-money laundering.

### Delivering the vision

As we work to deliver the vision we will:

1. **Improve our understanding of corruption** to address any weaknesses in the evidence base and to ensure that we effectively target our effort and resources
2. **Work together** with domestic and international partners, including civil society and the private sector
3. **Promote international standards and partnerships**, showing global leadership against corruption, supporting international agreements and partnering with others to tackle corruption

The Prime Minister's Anti-Corruption Champion will take responsibility for helping drive delivery of the strategy as well as representing the government's anti-corruption agenda in the UK and internationally.

A new Minister for Economic Crime in the Home Office will also have oversight of anti-corruption, while cross-departmental ministerial oversight of anti-corruption will continue. The Joint Anti-Corruption Unit (JACU) transferred to the Home Office in December 2017 to enable better co-ordination of domestic and international anti-corruption efforts and to promote stronger links between anti-corruption and other economic and organised crime. JACU will continue as a joint integrated unit, co-ordinating anti-corruption work across government, representing the UK at international anti-corruption fora and providing support to the Anti-Corruption Champion. It will also continue to be responsible for developing strong relationships with business, civil society and foreign governments.



# 1. THE CASE FOR ACTION



## 1.1. The threat

It is clear that corruption threatens our national security and prosperity, at home and overseas. It can also erode public confidence in our domestic and international institutions, if left unchecked. The threat is compounded by the fact that its full impact is often not well understood.

### Defining corruption



There is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other organisation), in return for payment or other reward. These features are captured in Transparency International's definition: "the misuse of entrusted power for personal gain."

The negative effects of corruption are far-reaching, affecting businesses and entire societies. The outcomes damage trust in government, the efficient use of public resources and national security.

There is no general criminal offence of corruption in the UK. Instead, laws define specific offences such as bribery, police corruption, misconduct in public office and more, as well as crimes often linked to corruption, such as fraud, tax evasion and money laundering. The public's perception of corruption may also include practices which, although technically legal, are widely judged to be unethical. This influences perceptions of UK and international anti-corruption efforts.

### National security

Corruption enables and amplifies many of the domestic and overseas threats identified by the National Security Council (NSC) in its National Security Risk Assessment. The NSC places the domestic and overseas risks the UK faces into three tiers, based on an assessment of likelihood and impact. Figure ii. on the next page shows examples of how corruption fuels and enables these security threats.

**"Corruption doesn't only undermine trust in governments and institutions. It distorts markets and destroys economic growth. It fuels instability and terrorism and keeps organised crime groups in business."**

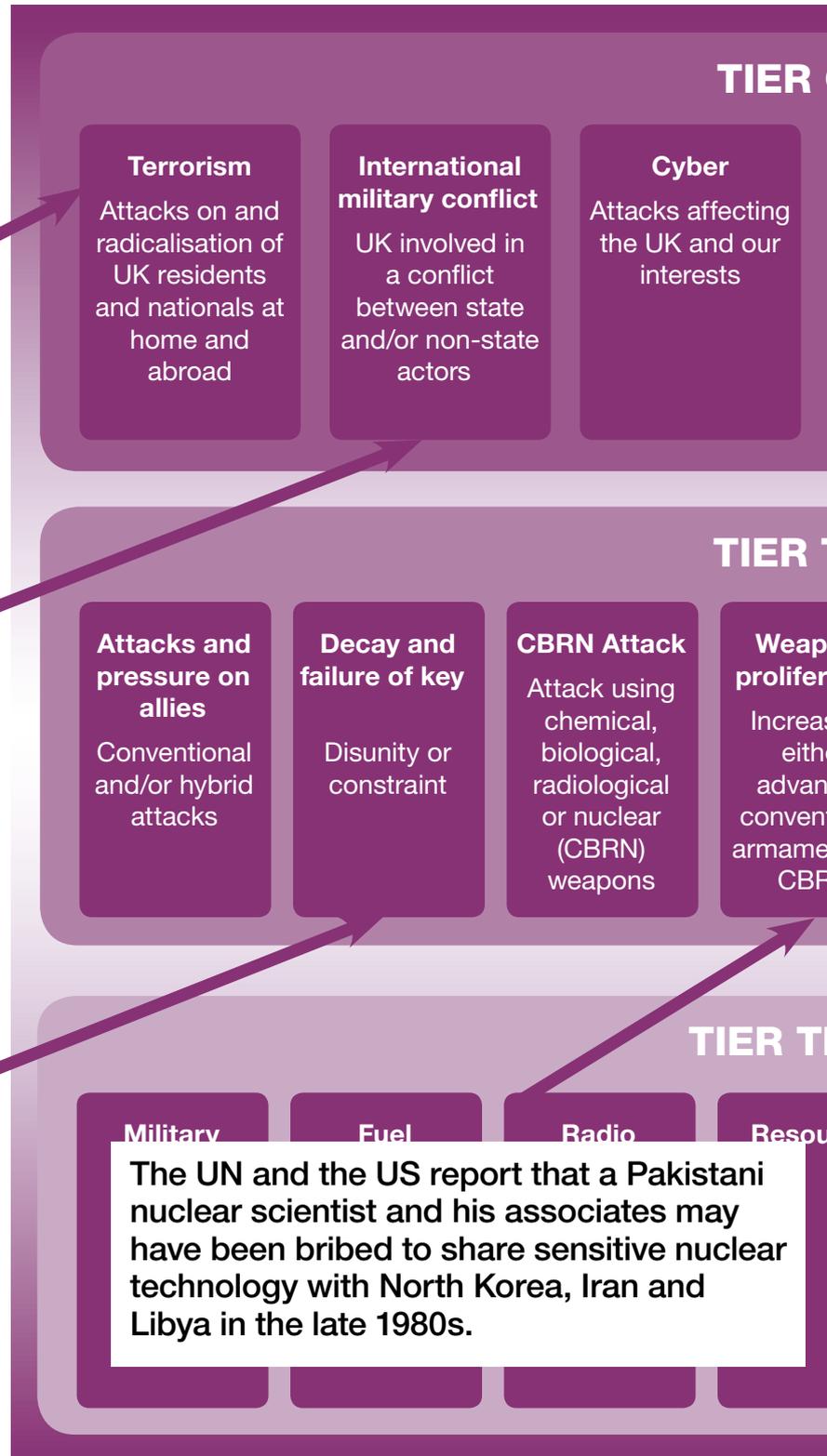
**– The Home Secretary  
10 November 2016**

The former Mayor of Venice was convicted in 2016 for embezzling funds earmarked for Venice's flood defences, putting the city at risk.

Daesh has used its control of oil fields to fund its terrorism. In 2015 it was receiving up to \$2 million per day from the sale of oil. Corruption and bribery have enabled the movement of oil out of Daesh controlled areas into the international market.

In Iraq the presence of 50,000 ghost workers in the Iraqi army left it incapable of halting the Daesh advance on Mosul.

In 2015 Nigeria's former Deputy National Security Adviser was arrested accused of stealing more than \$2.1 billion from the defence budget. This alleged theft weakened Nigeria's ability to maintain security and fight Boko Haram.



# Threats and corruption

In 2014 of embezzling more than €20 million  
 putting the safety of the city at risk.

## ONE

**Public health**  
 A major human health crisis

**Major natural hazards**  
 Events that need a national response (severe flooding)

**Instability overseas**  
 Major instability creating threats to the UK and our interests

The illicit natural resource trade in the Democratic Republic of Congo generates up to \$1.25 billion per annum. This finances more than 8,000 armed fighters that are destabilising the country.

## TWO

**Corruption**  
 Use in international events or UN

**Serious and organised crime**  
 Effect of organised crime

**Financial crisis**  
 Effect of international financial crisis

**Hostile foreign action**  
 Acts against the UK government or economic interests

A lack of trust in the public health system in Sierra Leone, partly caused by corruption and waste, hindered the response to the Ebola outbreak.

## THREE

Source: Public Weather Environ

Over a 15 month period airport workers allegedly enabled the passage of 100kg of cocaine through Heathrow airport. 12 individuals, including 3 baggage handlers were arrested in December 2016 over these allegations

The 2008 financial crisis was in part triggered by corruption in the US mortgage-backed securities market.

The UK government's **Strategic Defence and Security Review** identified corruption as a cause of conflict and instability, hollowing out the state institutions needed to tackle it. This can create the space for terrorist and criminal groups such as Daesh, Al Qaeda and Boko Haram to operate. Criminal networks rely on corruption to facilitate illegal migration, modern slavery, drug trafficking and the illegal trade in wildlife.<sup>1</sup>

The UK's role as a global financial centre is important to the country's prosperity but can also be exploited by criminals. The 2016 **National Strategic Assessment of Serious and Organised Crime** notes that the UK is one of the most attractive destinations for laundering the proceeds of grand corruption<sup>2</sup> and that professional enablers and intermediaries play a role in this. The National Crime Agency estimates up to £90 billion of illicit funds are laundered through the UK each year.<sup>3</sup> The UK's 2017 National Risk Assessment concluded this remains a significant threat.<sup>4</sup>

**"55% of CEOs polled in 83 countries reported being concerned about bribery and corruption as a business threat to growth prospects."**

**– PWC 2016 Annual Global CEO Survey**

## Corruption and the Arab Spring

With a population of only six million and annual oil revenues in 2010 of US \$32 billion, Libya should be a wealthy country. But most Libyans endure living conditions characteristic of a much poorer country. There are few jobs outside government and unemployment is estimated to be 30% or more. This is in part the legacy of grand corruption. Estimates of the net worth of Muammar Gaddafi at the time of his death range from several billion dollars to over \$200 billion. At least five major international corruption cases are being investigated and more than \$60 billion had already been identified and seized by banks in the United States, Germany, and the United Kingdom. But the true legacy of this kleptocracy is a state on the verge of collapse, characterised by violence and weak institutions.<sup>5</sup>

## Prosperity

Corruption impedes economic growth and investment, not just in the UK but with our trading partners and allies across the globe. Bribery committed internationally by UK entities has reputational, financial, political and social consequences.<sup>6</sup> Corruption can increase the cost of doing business for individual companies by as much as 10%, distorting markets and deterring trade and investment. Worldwide the cost of corruption is estimated to be more than 2% of global GDP (\$1.5 billion to \$2 trillion).<sup>7</sup> The World Bank estimates that over \$1 trillion is paid in bribes each year.

<sup>1</sup> Transparency International 2017 The Big Spin: Corruption and the growth of violent extremism.

<sup>2</sup> Grand corruption is the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society.

<sup>3</sup> NCA National Strategic Assessment for Serious and Organised Crime, September 2016

<sup>4</sup> HM Treasury, Home Office 2017 National risk assessment of money laundering and terrorist financing 2017

<sup>5</sup> Sources: BBC 20 Oct 2011 Gadaffi's quixotic and brutal rule; BBC 26 May 2011 Revealed: where Libya invests \$53 billion; G Dell 28 May 2014 Libya's top five corruption Scandals; LA Times 21 Oct 2011 As Libya takes stock

<sup>6</sup> NCA National Strategic Assessment for Serious and Organised Crime, September 2016

<sup>7</sup> IMF 2016 Corruption: Costs and Mitigating Strategies. A 2015 estimate, extrapolated from Kaufmann (2005)



In some countries the effects of corruption are especially profound. Criminal actors target or capture parts of the state for financial gain, while corrupt politicians, government officials, law enforcement officers, judges, business people and others take advantage of criminal opportunities. Crime and corruption have become an intrinsic part of some countries' public and business affairs. This can have a significant impact on their society, governance and economic growth, and implications for our national security and for our business interests.

Corruption is also a threat to poverty reduction. It can divert vital funds from essential services such as schools, roads and hospitals. The poorest – and most vulnerable groups such as children – are often hit the hardest.

### Building the public's confidence in strong and effective institutions

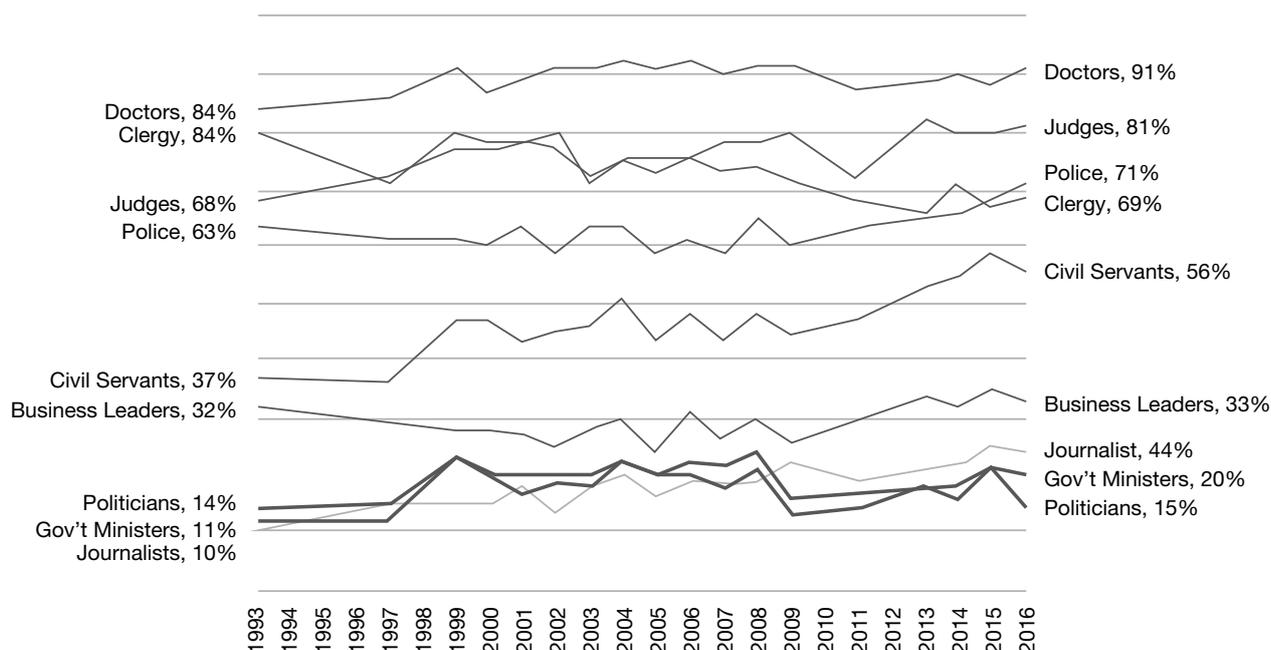
In order to deal with these threats to our security and prosperity, we need to maintain and strengthen confidence in the institutions upon which we all rely. Corruption has the potential to weaken critical state functions like our border controls and prison system – allowing criminality and corrupt insiders to operate unfettered, and to undermine our

attempts to reform individuals. Public trust is part of a state's mandate and licence to function effectively,<sup>8</sup> which is why corruption cannot go unchallenged – especially when trust levels can vary considerably across the state, as the polling below demonstrates.

High profile examples of corruption in business, politics or sport can generate the toxic idea that not everyone is playing by the same rules. It is similarly important to minimise risks where very large sums of public money are at stake too. In 2015/16, the UK public sector spent a total of £226 billion on procurement of goods and services, approximately a third of total spending.<sup>9</sup> These levels of expenditure require sound systems to guard against corruption on the part of purchasers and suppliers. If contractors do not provide the goods and services they have promised public confidence can be quickly lost.

That is why this strategy also addresses this broader challenge of maintaining public trust head on – because without it, specific actions to address each of the more tangible threats forms only half the answer to the corruption challenge.

Trust in Professions in the UK 1993-2016, who do you trust to tell the truth?



Source: Ipsos MORI Veracity Index, 1993-2016

<sup>8</sup> See, for example, Hough, M. et al. (2013) Attitudes to sentencing and trust in justice: exploring trends from the crime survey for England and Wales. Ministry of Justice analytical series, Ministry of Justice, London, UK.

<sup>9</sup> Her Majesty's Treasury 2016 Public Expenditure Statistical Analyses 2016

## 1.2 The opportunity

Tackling corruption is at the heart of the UK government's efforts to keep Britain safe, and to preserve the prosperity we enjoy. It also underpins the rules based international system and global prosperity. Open, fair and rules-based commerce fosters trust, certainty and investment and helps build an economy that works for everybody. A reputation for high standards and integrity attracts high-quality investment. It provides the certainty that allows investors to innovate and take risks, confident that their property rights will be respected and their ideas will not be stolen.

As the UK leaves the European Union, it is crucial to capitalise on the opportunities this will create. We need to work with partners to level up the playing field in new and fast-growing markets. We can also leverage the UK's reputation for integrity – and our strong reputation for enforcing robust anti-bribery legislation – to help UK business and industry to increase their global competitiveness.

International businesses polled in 2015 believe anti-corruption laws:

- improve the business environment (81%)
- deter corrupt competitors (64%)
- make it easier for good companies to operate in high risk markets (55%)

Source: Control Risk 2015 International business attitudes towards corruption.

## Corruption in business: costs and opportunities<sup>10</sup>

A number of companies have used bribery scandals as an opportunity to drive a new culture of integrity. This is how Siemens, Rolls-Royce, and Innospec Ltd. The financial impact of this can be very high. It is estimated that Siemens has spent nearly \$3 billion on bribery-related fines and costs since 2008, while Rolls Royce paid fines of £510 million after agreeing a Deferred Prosecution Agreement with the SFO this year. The reputational cost, while harder to measure, is no less significant. At its core this involves a loss of trust and confidence in the company affecting clients, business partners and the company's employees.



A number of companies have used bribery scandals as an opportunity to drive a new culture of integrity. This is how Siemens responded. It faced facts, accepted responsibility, retained experienced counsel to conduct thorough internal investigations, and implemented real reforms. This has been widely praised by anti-corruption and ethics experts, including the OECD, and the US federal authorities.

Increasingly, companies are seeing that a culture of integrity is critical to achieving sustainable growth. Consumers respond well to companies with strong values. A reputation for integrity makes it easier to operate, reducing friction with regulators, and strengthening staff morale. It also paves the way to enter new markets with confidence.

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<sup>10</sup> Sources: OECD Foreign Bribery Report 2014 An Analysis of the Crime of Bribery of Foreign Public Officials

It is vital that our financial centres and those of the UK's Overseas Territories and Crown Dependencies, which play such a key international role, work towards high standards of transparency and integrity, and become even more hostile environments for economic crimes such as fraud, bribery and money laundering. Transparency is an important tool to help prevent and detect corruption.

Addressing corruption builds confidence that our public and private institutions are fair, impartial and effective. When people can see our laws applied equally to everyone, no matter how influential, their belief and trust in our society is strengthened.

“It is essential for business to demonstrate leadership. To show that, in this globalised world, everyone is playing by the same rules, and that the benefits of economic success are there for all our citizens... That is why I have talked a great deal about our country delivering yet higher standards of corporate governance, to help make the UK the best place to invest of any major economy.”

– The Prime Minister,  
17 January 2017

## 1.3 Recent progress

The UK has taken action against corruption:

- Our legislative and regulatory framework is robust – the 2010 Bribery Act is internationally recognised, and the 2017 Criminal Finances Act ensures the UK is better able to tackle money laundering, corruption, tax evasion and terrorist financing. Transparency International has described these Acts as the most significant anti-corruption legislation for 30 years.<sup>11 12</sup>
- We have strengthened our law enforcement response, including by establishing the National Crime Agency in 2013 to disrupt and bring to justice those serious and organised criminals who present the highest risk to the UK. We are delivering results. We have successfully concluded 14 foreign bribery-related cases since March 2012, including landmark Serious Fraud Office (SFO) cases representing the first conviction of a company for foreign bribery after a contested trial, the first conviction of a company for failure to prevent bribery (under section 7 of the Bribery Act) and, following their introduction in 2014, the UK's first three Deferred Prosecution Agreements. We have used enforcement action in the UK as an opportunity to return money for the benefit of the people ultimately harmed by corruption. In one case the government of Kenya used returned money to purchase seven ambulances.
- The UK has led the beneficial ownership transparency agenda, starting with its G8 Presidency in 2013 and more recently, establishing a public register of company beneficial ownership – the first G20 country to do so. More than 50 jurisdictions have indicated their support for the UK-led initiative<sup>13</sup> for the systematic exchange of beneficial ownership information. This will make it harder to hide the proceeds of corruption. We stand by our commitment

<sup>11</sup> Transparency International 2017 UK Press Briefing: Unexplained Wealth Orders.

<sup>12</sup> Both these pieces of legislation have been passed in conjunction with the Devolved Administrations.

<sup>13</sup> In collaboration with the EU G5 grouping (UK, Germany, France, Italy and Spain).

at the 2016 International Anti-Corruption Summit to create a public register showing the beneficial owners of overseas legal entities which own or buy property in the UK, or participate in central government contracts. The call for evidence closed in May; responses are currently being analysed and a response will be published in due course.

- The 2016 arrangements with the UK's Overseas Territories<sup>14</sup> and Crown Dependencies represent a significant step in ensuring that our law enforcement agencies can investigate whether illicit money has been hidden in these financial centres. They committed (where such arrangements were not already in place) to establish central registers or similarly effective systems for collection of company beneficial ownership information and to provide UK law enforcement with timely access to that information. Effective implementation of these arrangements will help to put these jurisdictions ahead of other financial centres in terms of transparency and integrity.



## The London Anti-Corruption Summit



In May 2016 the UK hosted the London Anti-Corruption Summit, bringing together world leaders, civil society, businesses, sports bodies and international organisations to make tackling corruption a global priority. It was a significant milestone in international efforts against corruption, with over 600 specific commitments made by more than 40 countries and six major international organisations, alongside a Global Declaration Against Corruption announcing world leaders' shared ambition to expose corruption, pursue and punish the corrupt and support those affected by it, and drive out corruption wherever it exists.

Significant commitments have since been implemented. A new International Anti-Corruption Coordination Centre, supported by six countries and Interpol, was established in July 2017. This will co-ordinate law enforcement efforts to prosecute the corrupt and seize stolen assets. A new Global Forum on Asset Recovery took place in Washington in December 2017, initially focusing on progressing the recovery of assets stolen from Nigeria, Sri Lanka, Tunisia and Ukraine. This was hosted by the US and the UK, and supported by the G7, Switzerland, UN Office of Drugs and Crime (UNODC) and the World Bank.

Many individual countries have taken action to implement commitments from the summit. The progress made by Afghanistan, Ghana, Mexico, and Nigeria is described in Section 3.6.

<sup>14</sup> This relates to those Overseas Territories with financial centres.

The international trend is also broadly encouraging. Just 20 years ago in many countries, foreign bribery was treated as a tax-deductible expense. Today it is generally recognised as a crime. The UN Convention Against Corruption has been signed by 181 of

the 193 UN countries. The UN Sustainable Development Goals recognise, for the first time, the importance of tackling corruption and illicit financial flows for growth and development.

### International frameworks

*“We must uphold the institutions that enable the nations of the world to work together, and we must continue to promote international cooperation wherever we can.”*

The Prime Minister,  
19 January 2017

The fight against corruption is underpinned by international agreements and standards. The UK is strongly committed to implementing our commitments under the UN Convention Against Corruption (UNCAC), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the OECD Anti-Bribery Convention), the Council of Europe’s Group of States Against Corruption (GRECO) peer review mechanism and the Financial Action Task Force (FATF) standards on money laundering and terrorist financing.

The UK was peer reviewed under the OECD Anti-Bribery Convention in 2017. This review showed the UK’s strong performance in enforcing its laws on foreign bribery, and made a number of recommendations that they believed could strengthen this even further. The UK is undergoing peer reviews under the FATF, the Council of Europe Convention and UNCAC in the period 2017-18. We will consider their recommendations.

We will encourage other countries to fully implement the Anti-Bribery Convention, which is critical in ensuring a level playing field for business overseas. We will continue to work closely to support the UK’s Overseas Territories and Crown Dependencies in adopting and implementing these international standards where they have not already done so.

The G7 and G20 help provide international leadership on anti-corruption. The UK has been central to this, including through co-chairing the G20 Anti-Corruption Working Group in 2016, and negotiating an ambitious G20 Anti-Corruption Action Plan – which reflects priorities agreed at the London Anti-Corruption Summit.

A number of UK laws, regulations and co-operation arrangements pertinent to corruption are derived from European Union law. This includes legislation on anti-money laundering, company law and public procurement, as well as criminal justice and law enforcement cooperation mechanisms. When the UK leaves the European Union, the European Union Withdrawal Bill will convert existing EU law as it applies in the UK into domestic law. We will then update our laws, standards and co-operation arrangements to reflect new external relationships, as well as to maintain our capability to address corruption.



Technological advances are creating new ways of designing out, monitoring and investigating corruption and are leading to new forms of accountability. Events such as the release of the Panama Papers showed the UK’s readiness to respond decisively and quickly to these events. A multi-agency task force and Joint Financial Analysis Centre

(JFAC) were swiftly created to analyse information from the data leak. As of October 2017 JFAC had opened civil and criminal investigations into more than 66 individuals for suspected tax evasion.

## UK action against corruption

The SFO agreed its first ever Deferred Prosecution Agreement (DPA) with Standard Bank in November 2015. This included a financial sanction of \$33 million for the bank, from which the Tanzanian government received \$7 million in compensation.

The SFO had investigated the bank for its failure to prevent bribery by its Tanzanian sister company Stanbic Bank and two members of that bank's leadership. The two banks had agreed to raise \$600 million for the Tanzanian government on the international money markets. Tanzanian government officials only accepted the proposal after agreeing with Stanbic that a Tanzanian company called EGMA should receive a fee of \$6 million. The SFO could not identify any service that EGMA provided for this fee. There was no evidence of it offering advice, writing reports or attending meetings. However, one of EGMA's three shareholders had, until very recently, been the head of Tanzania's financial regulator and a second was a serving commissioner of Tanzania's

tax authority. As soon as EGMA's \$6 million fee was paid, it was withdrawn in cash.

Stanbic staff who had witnessed the cash withdrawals promptly raised their concerns with the head office of the Standard Bank group in South Africa. They, in turn, instructed lawyers who very quickly reported the problem to the SFO. Standard Bank cooperated fully with the SFO's independent investigation into the transaction, including into whether any of the London-based staff should be prosecuted. In the event, the SFO concluded on the evidence that this was a case of failing to prevent corruption by persons in Tanzania, agreed the DPA and secured the judge's approval to it on that basis. Close co-operation with the governments of the US and Tanzania was essential to securing a successful outcome. A subsequent investigation in Tanzania led to the arrest of the EGMA and Stanbic Bank parties on money laundering charges, and the UK continues to work with Tanzanian authorities to secure evidence for trial.



# 2. VISION





## 2.1 Vision

The Prime Minister has set out her plan to forge a global, outward-looking Britain that is respected around the world and is a stronger, fairer country where everyone plays by the same rules.

In tackling corruption head on we will help secure the Prime Minister’s ambition, forging a stronger society. On the world stage we will honour our commitments, including to developing countries, and will shape international actions to the benefit of us all.

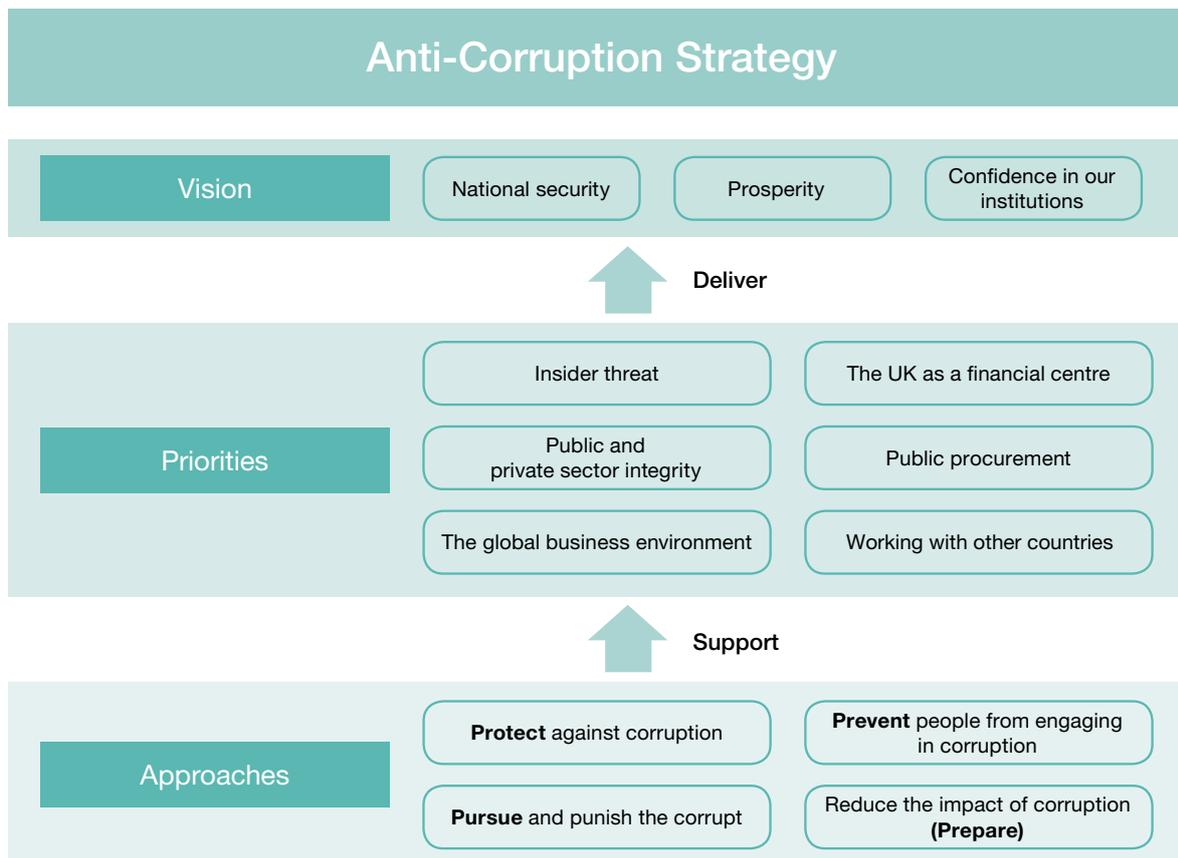
Our long-term vision is a safer, prosperous, confident Britain:

- **Fewer threats to our national security**, including from instability caused by corruption overseas. We will focus on corruption that enables or fuels national security threats, including when it is linked to terrorism, serious and organised crime, or instability overseas. We will work to address corruption that undermines development and poverty reduction.
- **Increased prosperity at home and abroad**, including for UK businesses.

We will focus on corruption that impedes international trade and investment and hinders our wider efforts to promote an economy that works for all. This action will build on our reputation as a leader in corporate governance, and further the UK’s appeal as a good place to do business.

- **Enhanced public confidence in our domestic and international institutions.** We will address the perception that there is one set of rules for some and another for everyone else. This includes strengthening the effectiveness of our institutions and the reputation of UK business, industry and our financial centres. We will ensure that taxpayers’ money and assets are not misused for personal financial gain, particularly where large sums or essential services for the most vulnerable in our communities are involved.

This vision will be achieved by focusing on six priorities up to 2022. For each of these areas of activity we will consider four ways of working or ‘approaches.’ This is shown in the diagram below.



## A strategy for the United Kingdom



Northern Ireland, Scotland and Wales have considerable levels of legislative, administrative and budgetary autonomy. This includes issues relevant to this strategy, civil and criminal justice, policing, prisons, local government and procurement by devolved public bodies. There is close working between the different administrations working on related areas. For example, while most aspects of policing and criminal law are devolved in Northern Ireland and Scotland, the UK government remains responsible for national security and counter-terrorism legislation. This requires regular and strong co-ordination. The Northern Ireland and Scottish governments have also worked closely with the UK government on the Criminal Finances Act in order to strengthen the Proceeds of Crime measures.

This strategy has the support of both the UK government and the Devolved Administrations. When specific strategy commitments only relate to the UK government, or to one or more of the Devolved Administrations, this is made clear. For example, some policing commitments relate to England and Wales only.

## 2.2 Selection of priorities

This strategy focuses on six priorities that will collectively deliver the vision. It recognises that addressing corruption requires a sustained commitment involving action at local, national and international levels. Broad, long-term measures to build a culture of integrity across the public and private sectors need to be combined with targeted action to counter specific and immediate threats.

We will focus on preserving the security of the UK by making our borders, prisons, police and defence sectors more resilient against the threats from corruption. Corrupt activity by ‘insiders’ makes us vulnerable to terrorism, organised crime and other security threats. We will enhance our understanding of the threat and implement a strengthened response in these sectors, working with industry.

We will ensure that the UK as a financial centre, is hostile to illicit finance and has a world-leading reputation based on its integrity. We will further strengthen the UK’s anti-money laundering systems and ensure that professionals working with the financial sector uphold higher standards. We will strengthen the ability of UK authorities to investigate and prosecute grand corruption and return assets, working with international partners.

Media coverage of corruption in business, politics and sport shows the need to promote integrity across our public and private sectors. Action to design out corruption is also more cost effective than enforcement action against the corrupt. The strategy sets out a package of measures which, in the longer term, will make UK public and private sector organisations less prone to corruption and give citizens more confidence. Promoting open and transparent government will underpin our approach. As a core element of this, we will also strengthen our procurement processes to ensure public money is spent honestly and efficiently. Public procurement and grants constitute a third of all public expenditure and are recognised as being a high risk area for corruption.

The strategy makes a stronger commitment to promoting a fair and rules-based business environment globally, working directly with governments, international organisations and business to raise standards, strengthen capacity and reduce opportunities for corrupt practices so that businesses can compete on even terms.

Real progress against corruption requires collective international action. As a core part of our diplomatic and development engagement we will encourage and support anti-corruption efforts by international partners in government, civil society and the private sector. We will drive an international revolution in transparency, opening up budgets, and supporting citizens and key organisations to use information and data to create stronger accountability. We will honour the commitments we have made internationally, including at the London Anti-Corruption Summit, and support other countries to do the same.

### Delivering the vision

As we work to deliver the vision **we will:**

#### **Improve our understanding of corruption.**

A targeted approach to tackling corruption requires a better understanding of the scale and impact of corruption on the UK, as well as the ability to measure the effectiveness of our anti-corruption efforts. A key challenge has been an incomplete picture of the corruption threat on different parts of our economy and institutions. While we believe our prioritisation is appropriate at the present time, we will track the decisions we have made and improve our implementation by building a stronger evidence base.

**Work together.** We will strengthen our co-operation with both the private sector and civil society, focusing especially on joint working to address shared priorities. Through this collaboration our efforts will be more effective.

**Promote international standards and partnerships.** We will continue to show global leadership against corruption, supporting international agreements such as the UN Convention Against Corruption and the OECD Anti-Bribery Convention, working through leadership bodies such as the G7 and G20 and partnering with others to strengthen the effectiveness of international institutions in helping countries tackle corruption.

## 2.3 Approaches

As we focus on six priorities we will adopt four ways of working, or ‘approaches’:

- **Protect** against corruption, by building open and resilient organisations across the public and private sectors. We will use transparency, technology, good organisational design and strong leadership to strengthen resilience against corruption risks, including the insider threat
- **Prevent** people from engaging in corruption, including strengthening professional integrity. We will promote professional standards and ethical personal behaviour in both the public and private sectors through training and education.
- **Pursue** and punish the corrupt. We will strengthen the ability of law enforcement, criminal justice and oversight bodies to disrupt, investigate, and prosecute wrongdoers, including those seeking to move, hide and use the proceeds of corruption, inside and across our borders. In particular we will focus on transparency, increasing the accessibility of information needed to investigate, prosecute and increase accountability.
- **Reduce** the impact of corruption where it takes place, including redress from injustice caused by corruption. We will help those affected by corruption, at home and abroad, for example through supporting international processes for asset return and compensation and we will support those who report corruption.

Some priorities will involve just one of these approaches, while others will involve all four. These elements align with the Four Ps framework (Pursue, Prevent, Protect and Prepare) used by the UK government to guide its efforts in tackling serious and organised crime, terrorism and modern slavery. This framework was used in the 2014 UK Anti-Corruption Plan, and we have developed it to meet the specific requirements of anti-corruption work.



# 3. PRIORITIES



## 3.1 Reduce the insider threat in high risk domestic sectors



Success will mean that:

- the opportunities for corrupt insiders to operate and exploit weaknesses are reduced in higher risk sectors
- there is greater confidence in the integrity of key institutions and sectors

Our long term goals are:

- reduced vulnerability to corrupt insiders in four critical sectors (borders, prisons and probation, policing and defence)
- increased awareness of the insider threat across sectors

An insider is a person who exploits their position, or access to an organisation's assets, for unauthorised purposes. Increasingly, criminals, terrorist groups, commercial competitors and others, when faced with strong and technology-based management systems, turn to insiders and perpetrate major crimes that cause significant financial, operational, reputational and personal damage. High-profile data security breaches illustrate the damage insiders can cause.

### Drugs, organised crime and insiders



In 2017 two ferry workers were convicted of conspiring to import Class A Drugs. Organised criminal groups in Liverpool recruited the men to import the drugs from the Netherlands. They would go ashore in Rotterdam to collect the drugs which were then concealed in bags or the high-visibility jackets they wore. The men abused their privileged access and knowledge to circumvent border security and controls.

Money was the incentive. One of the men and his wife deposited £140,000 in cash in three bank accounts over a six year period. For the organised criminal groups in Liverpool, the ferry workers were an essential 'insider' link in the chain which connects cocaine manufacturers in South America with street gangs involved in violence and exploitation on the streets of the UK.

The UK has responded, rolling out prevention and early detection measures to improve awareness of this threat and to ensure our organisations have the systems to detect it early and to punish wrongdoers. We are also ensuring there are sound laws that can be used to punish and deter. The Law Commission is reviewing the offence of Misconduct in Public Office to ensure it is clear and effective. Despite these actions, concern about the insider threat is real and growing, affecting both public and private organisations, including in the financial and technology sectors.

Our priority for public services is to focus our effort on critical sectors that present the greatest risks. These include UK borders, prisons, policing, the defence sector, and local government. UK border controls are vital in keeping us safe from threats to our national security. Corruption in prisons allows criminality to proliferate (including serious

organised crime) and thereby not only undermines safety and security in prisons but also our efforts to reform prisons and rehabilitate offenders. Corruption in policing<sup>15</sup> undermines the rule of law and public trust, particularly where police officers use their position to take advantage of vulnerable individuals. Insider activity in the defence sector can threaten our national security. Local government is also vulnerable to insider threats, given the scale and range of public services it provides. For local government see Section 3.3.

We will deliver this priority using all four strategic approaches, with a focus on **PREVENT** (strengthen professional integrity), **PURSUE** (strengthening the ability of law enforcement, criminal justice and oversight bodies to investigate, prosecute and sanction wrongdoers), and **PROTECT** (build resilient organisations).



Since the 2014 Anti-Corruption Plan, **we have:**

- Strengthened anti-corruption practices in the Home Office including: improving governance and assurance regimes to allow for a continual assessment of our border security processes; setting up networks of key leaders to identify and mitigate corruption risk; improving intelligence sharing and action; and rolling out awareness raising and reporting programmes for staff. These measures are helping to mitigate the insider threat.
- Introduced new measures to tackle corruption in prisons and probation in England and Wales. The National Offender Management Service (NOMS)<sup>16</sup> strengthened information sharing and joint action with law enforcement. Her Majesty's Prison and Probation Service (HMPPS) corruption prevention activity

now covers the National Probation Service and non-directly employed staff, and those convicted of carrying unauthorised items into prisons are now more likely to receive immediate custodial sentences.

- Created a new legislative offence of police corruption in England and Wales in the Criminal Justice and Courts Act 2015, with a maximum penalty of 14 years' imprisonment. We have also increased policing transparency and accountability, for example, through measures in the Policing and Crime Act 2017, and changes to the Police Conduct Regulations 2012. We have maintained a focus on this issue through two inspections by Her Majesty's Inspectorate of Constabulary.

**Goal 1. Reduced vulnerability to corrupt insiders in four critical sectors** (borders, prisons and probation, policing and defence). Our actions will introduce specific measures to prevent and protect against those seeking to abuse their position and/or exploit information and assets in the four sectors. Having a better understanding of this work across a range of sectors will also have applied collective effort to more efficiently reduce shared vulnerabilities. This will mean that opportunities for corrupt insiders to operate and exploit weaknesses are reduced or eliminated in these higher risk sectors.



To deliver this **we will:**

### **Borders**

- 1.1. Implement a comprehensive programme of work to understand, manage and mitigate the vulnerabilities that could be exploited by corrupt insiders at UK airports, maritime ports and international rail terminals (UK Ports). Work is ongoing to:
  - a. identify and manage the risks

<sup>15</sup> The Independent Police Complaints Commission reports 637 allegations of corruption and malpractice against the police in 2015-16 in England and Wales (1% of total allegations). Source: IPCC Statistics Bulletin

<sup>16</sup> In April 2017 NOMS was renamed Her Majesty's Prison and Probation Service (HMPPS)



- posed by insiders at UK Ports
- b. strengthen the whole of government response to the insider threat by bringing together key departments and agencies in a multi-faceted approach to tackling this threat
- c. improve the way information is shared and actioned amongst key partners
- d. work with commercial operators at UK Ports to improve physical security
- e. share best practice amongst both the public and private sectors working in the borders environment and to improve the security culture
- f. make better use of technology to detect and deter corrupt activity at UK Ports

### **Prisons and probation**

- 1.2. Develop a new anti-corruption strategy for prisons and probation in England and Wales in 2017, to ensure our aims and approach meet the nature of the current threat and will inform a range of future work to address vulnerabilities. Work is already being taken forward to:
  - a. improve training in HMPPS, to strengthen staff resilience and reduce risk
  - b. improve intelligence sharing capabilities between HMPPS and law enforcement so we are more effective in identifying corruptors in custody, and in taking action in response
  - c. continue to improve the way that we identify and counter the activities of corrupt staff and their criminal associates (for example, we are working to improve reporting of suspected corruption by raising awareness among staff in the National Probation Service, and Community Rehabilitation Companies)

### **Policing (in England and Wales)<sup>17</sup>**

- 1.3. Increase transparency and improve accountability in policing by:
  - a. implementing the provisions of Part 2 of the Policing and Crime Act 2017 during the next 18 months, notably to overhaul the police complaints and discipline systems
  - b. extending disciplinary proceedings to former police officers in serious misconduct cases and creating a new police barred list, including publication of details of officers who have been barred from policing to be delivered by end of 2017
  - c. publishing a national register on police Chief Officers' pay and rewards, gifts, hospitality and second interests to increase transparency and improve disclosure of additional interests
- 1.4. Publish by the end of 2017 new professional guidance and Codes of Practice on Vetting requirements for individuals serving in policing (College of Policing).
- 1.5. Strengthen protections for police whistleblowers by implementing reforms included in the Policing and Crime Act 2017 and amending regulations in 2019.
- 1.6. Implement the national strategy for preventing and addressing abuse of position by police personnel for sexual gain (National Police Chief's Council), and new College of Policing guidance on maintaining professional boundaries across all police forces throughout 2017/18.
- 1.7. Reform the Independent Police Complaints Commission, which will be known from 2018 as the Independent Office for Police Conduct (IOPC) through:
  - a. reformed corporate governance and a single line of accountability for investigations, enabling the organisation to deliver more investigations into serious allegations in January 2018

<sup>17</sup> Where appropriate, police forces that operate nationally (the British Transport Police, Civil Nuclear Constabulary and MOD Police).

- b. strengthened powers as part of the package delivered through the Policing and Crime Act to overhaul the police complaints and discipline systems



To deliver this **we will**:

## Defence

- 1.8. Undertake increased joint working between the Ministry of Defence, national law enforcement and police partners to further enhance co-ordination of intelligence-led operations against high priority corruption targets, in order to increase deterrence, disruption and detection.
- 1.9. Deliver a programme of work to address the vulnerability posed by corrupt employees in the defence sector to inform future policy and put in place appropriate measures to mitigate the threat. This will include:
  - a. ensuring staff are aware of the risks posed by corrupt insiders
  - b. sharing best practice and improving the security culture amongst staff
  - c. working with major stakeholders within the Ministry of Defence to improve the effectiveness of stock control and accounting systems used to manage sensitive items that are attractive to criminals and terrorist organisations
  - d. making better use of technology to track sensitive items
  - e. establishing a new team, responsible to the Permanent Secretary, to independently assure the processes for the through-life management and control of sensitive defence items

- 1.10. Provide good practice advice on personnel security and tackling the insider threat to organisations that comprise the critical national infrastructure. We will prioritise organisations based on the careful analysis of national security threats and will work closely with a range of partners including the relevant lead government departments, the Centre for the Protection of National Infrastructure (CPNI), and the National Cyber Security Centre.
- 1.11. Consider the findings of the Law Commission Review of the Misconduct in Public Office offence, when published, and set out a government response to the recommendations for reform of common law offence.

**Goal 2. Increased awareness of the insider threat across sectors.** We aim to ensure advice and tools are available to reduce these risks. In the public sector we will prioritise efforts in areas where there are national security implications, and reform the common law offence of misconduct in public office to ensure it is clear and effective.

### “It’s ok to say”

Launched in April 2017, this programme, developed by the Centre for the Protection of National Infrastructure, educates organisations and staff on the importance of reporting unusual workplace behaviour. It targets organisations that have a good level of personnel security maturity in developing mechanisms that encourage staff to report workplace concerns in the knowledge that they will be taken seriously, fairly investigated and appropriate action taken. This programme is being considered by a number of government departments as part of a wider effort to improve security culture, and reduce the vulnerability to insider threats.



## 3.2 Strengthen the integrity of the UK as an international financial centre



Success will mean that:

- the UK is more hostile to illicit finance, and citizens have more confidence in our institutions
- the UK attracts high-quality foreign investment, safeguarding our long-term prosperity.

Our long-term goals are:

- greater transparency over who owns and controls companies and other legal entities
- stronger law enforcement, prosecutorial and criminal justice action
- further enhanced anti-money laundering and counter-terrorist financing capability
- stronger public-private partnerships, to share information and improve targeting of those who pose greatest risk

The integrity of the UK as a global financial centre is essential to our international reputation and long-term prosperity. The UK is the world's largest centre for cross-border banking, accounting for 17% of the total value of international bank lending and 41% of foreign exchange trading.

The UK also attracts significant investment, ranking first in Europe for foreign direct investment projects in 2016. The vast majority of financial transactions through and within the UK are entirely legitimate, but some are linked to criminals seeking to launder illicit finance. The UK government and private sector have acted to make the UK more hostile to such activity. We have strong anti-money laundering and financial sector regulations and the UK's financial sector invests heavily to comply with them, by some estimates at a cost of up to £5 billion a year.<sup>18</sup> We investigate and prosecute corrupt activity vigorously where it is detected, whether in the UK or overseas, and are providing law enforcement and prosecution authorities with stronger powers and tools to bring to justice those who engage in money laundering and corrupt activity.

**“In an increasingly competitive international marketplace, the UK cannot afford to be seen as a haven for dirty money.”**

**– The Home Secretary,  
10 November 2016**

This is, however, a persistent and growing threat. In response, the UK will step up our efforts to combat economic crime, including money laundering, bribery and corruption and other offences. We will ensure there is more strategic oversight from across government that enables our agencies to prioritise activity better, drives performance and aligns funding and capability and we will strengthen law enforcement capabilities.

<sup>18</sup> UK Government, 2016, Action Plan for anti-money laundering and counter-terrorist finance

Action on this priority area will use all four approaches: **PROTECT** (build resilient organisations), **PREVENT** (strengthen professional integrity), **PURSUE** (and punish the corrupt) and **PREPARE** (redress injustice).



Since the 2014 Anti-Corruption Plan, **we have:**

- Established a public register of company beneficial ownership the People with Significant Control register in June 2016. The initial population of the register was completed in June 2017 and its scope has been expanded to cover Scottish Partnerships, Scottish Limited Partnerships and Unregistered Companies. This is giving enforcement agencies, civil society and the public the ability to trace ownership and track patterns of illicit finance.
- Established a register (held by HMRC) of the beneficial ownership of trusts which generate a UK tax consequence. This register was established in July 2017, with initial population scheduled to be completed by the end of January 2018. It is accessible to law enforcement authorities, enabling them to more readily draw connections between parties to relevant trusts.
- Established a cross-agency Panama Papers Taskforce that has improved the UK's understanding of the complex and opaque structures used to mask offshore tax evasion and economic crime. This included establishing a Joint Financial Analysis Centre, bringing together HMRC and law enforcement expertise to apply cutting-edge software tools and techniques to analysing the Panama Papers data. This has enabled the UK authorities to identify priorities for further investigation.
- Enacted the Criminal Finances Act in April 2017. This strengthens the UK's ability to tackle money laundering, corruption, tax evasion and terrorist financing.

**Goal 1. Greater transparency over who owns and controls companies and other legal entities** to improve trust in the UK as a place to do business and support both law enforcement in their investigations, and regulated firms in carrying out their customer due diligence. Basic and beneficial ownership information on UK corporates is accessible from Companies House as free and open data. Our world-leading approach to transparency of basic and beneficial ownership information of companies and other legal entities will be enhanced and extended through further action in the UK, and by supporting other jurisdictions to follow suit.

“If you're an accountant, a financial adviser or a middleman who helps people to avoid what they owe to society, we're coming after you too.”

– The Prime Minister, September 2016



To deliver this **we will:**

- 2.1. Ensure law enforcement can use the information contained in the new People with Significant Control (PSC) register and trusts-with-tax-consequences register effectively. We will strengthen channels for regular dialogue and feedback between law enforcement agencies and Companies House, the holders of the PSC register.
- 2.2. Publish a draft bill in this session of parliament for the establishment of a public register of beneficial ownership of overseas legal entities. It will require them to provide this information when they own or purchase property in the UK or are participating in central government contracts. It will identify, in a public and easily accessible way, the owners and

- controllers of overseas legal entities that own property in the UK, increasing transparency and trust in the UK property market and supporting law enforcement in their investigations.
- 2.3. Encourage others to establish similar beneficial ownership registers, and work with the UK's Overseas Territories and Crown Dependencies as they implement their commitments under the 2016 arrangements.
  - 2.4. Carry out a statutory review of the implementation of the 2016 bilateral company beneficial ownership arrangements with our Overseas Territories and Crown Dependencies for the period ending December 2018. This will assess whether the new arrangements have been effective – in particular whether they have resulted in improved law enforcement outcomes – and to consider if these need to be strengthened further.
  - 2.5. Continue to work with the OECD Global Forum, and the Financial Action Task Force on the implementation of international standards and the availability of beneficial ownership information in the domestic and cross-border context.

### The need for beneficial ownership transparency in London property



A Global Witness investigation found that a number of properties in central London to the value of £147 million were owned by a collection of anonymous companies linked to Rakhat Aliyev, the now deceased son-in-law of the President of Kazakhstan. Mr Aliyev held a number of posts in government, amassing great wealth. He was being investigated for money laundering in three EU countries and at the time of his death was facing murder charges in Austria.

The companies that own these properties and the people that manage them have denied that Mr Aliyev is or was the true owner, but have refused to identify the owner, citing reasons of confidentiality.<sup>19</sup> In this context, the government will establish a public register of beneficial ownership of overseas legal entities requiring them to provide this information when they own or purchase property in the UK or are participating in central government contracts.

### Goal 2. Stronger law enforcement, prosecutorial and criminal justice action.

The UK's overall response to economic crime – including money laundering, bribery and corruption and other offences – will be more robust. It will be underpinned by a new system of cross-government governance that ensures clear strategic priorities across government, law enforcement and prosecutors; a stronger drive on performance; and better alignment of funding and capability development across the different agencies involved in tackling economic crime. New law enforcement capabilities, utilising new powers in the Criminal Finances Act 2017, will combine expertise from

<sup>19</sup> Source: Global Witness 2015 Mystery on Baker Street

both government and the private sector, supported by enhanced intelligence, tasking and co-ordination, and investigations. Our actions will improve the ability of UK law enforcement agencies and prosecutors to tackle economic crime. Utilising the wider set of powers given to the Office of Financial Sanctions Implementation and UK law enforcement in the Policing & Crime Act 2017 to properly enforce financial sanctions will also signal that we are acting decisively to tackle offending behaviour, including misappropriation. Internationally, we aim to strengthen cooperation between law enforcement agencies and prosecutors to secure more prosecutions for bribery, grand corruption and the recovery of criminal assets.



To deliver this **we will**:

- 2.6. Establish a new Minister for Economic Crime in the Home Office.
- 2.7. Introduce a new Ministerial Economic Crime Strategic Board, chaired by the Home Secretary, to oversee strategic priorities, overall performance and align funding and capability development on economic crime.
- 2.8. Establish a National Economic Crime Centre, based in the National Crime Agency, with staff from across government and the private sector to: improve the intelligence picture on economic crime; task and coordinate the overall law enforcement response; and increase the UK's ability to investigate high-end economic crime.
- 2.9. Implement all key elements of the Criminal Finances Act, including Unexplained Wealth Orders, by the end of April 2018 (subject to parliamentary time).
- 2.10. Work with partners to strengthen cooperation with international partners on recovering criminal assets, building on the first meeting of the Global Forum for Asset Recovery in December 2017.
- 2.11. Work with partners to ensure the newly established International Anti-Corruption Co-ordination Centre becomes a valued and effective resource for law enforcement agencies investigating allegations of grand corruption.
- 2.12. Strengthen our ability to investigate tax evasion and other economic crime, using the multi-agency Joint Financial Analysis Centre to gather data, develop intelligence and conduct analysis.
- 2.13. Amend Schedule 3 of the Crime and Courts Act to add the SFO to the list of organisations the Director General of the NCA can directly task to investigate a case of economic crime.
- 2.14. Consider the findings of the Call For Evidence that in January 2017 proposed extending corporate criminal liability beyond bribery and tax evasion to wider economic crimes. If appropriate we will consult on how new offences might be introduced.
- 2.15. Continue to support the Office of Financial Sanctions Implementation (OFSI) in imposing monetary penalties for financial sanctions breaches, following the publication of guidance on how they will be used.
- 2.16. Increase industry and general public awareness of financial sanctions to prevent breaches; including awareness of industry's reporting obligations to OFSI.
- 2.17. Continue to assess the effectiveness of financial sanctions to prevent breaches, including awareness of industry's reporting obligations to OFSI.
- 2.18. Strengthen law enforcement capacity and capability by implementing an innovative counter bribery and corruption training programme from December 2017. The City of London Police Economic Crime Academy is already providing a new programme to develop investigators' skills in law enforcement agencies in the UK and overseas.

## The UK's Overseas Territories

A number of the Overseas Territories have significant and specialist financial sectors. For example, the Cayman Islands are recognised for their offshore banking, the British Virgin Islands for business registration, and Bermuda for insurance.

Those Overseas Territories with financial centres are committed to meeting international standards on tax transparency and regulation. The OECD Anti-Bribery Convention has been extended to the British Virgin Islands, Gibraltar and the Cayman Islands. Bermuda is currently seeking extension, while in the Turks and Caicos Islands legislation to enable extension was passed in April 2017. The Overseas Territories have committed to implementing FATF standards on anti-money laundering and counter-terrorist financing. The effectiveness of their regimes are being evaluated by the relevant FATF-style Regional Body (FSRB) as part of the Mutual Evaluation process, which aims to identify areas of weakness and make recommendations for further reform.

At the UK-OT Joint Ministerial Council in November 2016, UK Ministers and Territory leaders reiterated their mutual determination to continue to tackle corruption, fraud, money laundering, terrorist financing and financing of weapons

of mass destruction and to further enhance transparency and law enforcement co-operation within their financial services sectors. The UK government is working with these Overseas Territories to ensure that they prosper as centres for legitimate and transparent business.

In 2016, the governments of six Overseas Territories (BVI, the Cayman Islands, Gibraltar, the Turks and Caicos Islands, Bermuda and Anguilla) agreed to establish, where they have not already done so, central registers of company beneficial ownership information or similarly effective systems and to give UK law enforcement and tax authorities near real-time access to beneficial ownership information on corporate and legal entities incorporated in their jurisdictions on a reciprocal basis. Our ultimate aim is that public registers become the norm. If this were to happen, we would expect the Overseas Territories to follow suit.

The government will continue to work with these Overseas Territories to strengthen their beneficial ownership arrangements and, in addition to the assessments of progress already agreed, will conduct a statutory review of the effectiveness of the new arrangements for the period ending December 2018.



**Goal 3. Enhanced anti-money laundering (AML) and counter-terrorist financing capability.** UK actions will ensure that our regulations conform to the latest international standards, while reforms to the AML supervisory regime will ensure there is effective supervision of businesses that could facilitate money laundering.



To deliver this **we will:**

- 2.19. Work with supervisors to fully embed the new Money Laundering Regulations that were introduced in June 2017, which give effect to the revised FATF standards and transpose the 4th EU Money Laundering Directive. These regulations require firms to apply enhanced due diligence to all politically exposed persons (PEPs)<sup>20</sup> on a risk-sensitive basis, and are complemented by guidance published by the Financial Conduct Authority (FCA) in July 2017 which clarifies the risk-based approach that firms should take in their treatment of PEPs.
- 2.20. Create a new Office for Professional Body Anti-Money Laundering Supervision (OPBAS), hosted by the Financial Conduct Authority (FCA), to help and ensure that professional body AML supervisors implement their supervisory obligations to a consistently high standard, and work across the regime to share best practice and facilitate the flow of information with law enforcement. OPBAS will be fully operational by the beginning of 2018.

**Goal 4. Stronger public-private partnership, to share information and improve targeting of those who pose greatest risk.** The new provisions in the Criminal Finances Act, combined with existing initiatives, provide an opportunity to strengthen public-private partnership and information sharing. Reforms to the Suspicious Activity Reports regime will improve the feedback between law enforcement and reporters, focus effort on the highest risk and enhance the intelligence value of SARs.



To deliver this **we will:**

- 2.21. Increase the analytical capability of the Joint Money Laundering Intelligence Taskforce, and continue to expand its membership to include more banks and other financial services firms.
- 2.22. Continue to strengthen our response to international illicit financial flows and money laundering, working with other jurisdictions to encourage them to establish or enhance public-private information sharing partnerships, and to share best practice. We will also work together to improve information sharing between national public-private partnerships, including through the UK's membership of the FATF.
- 2.23. Build upon the success of the Joint Fraud Taskforce to tackle volume fraud. This includes improving the law enforcement response to fraud at the local, regional and national levels, including better utilisation of industry data to tackle the most prevalent fraudsters.
- 2.24. Reform the Suspicious Activity Reports regime, upgrading capabilities (including IT) and making the necessary legislative, operational and technical changes.

<sup>20</sup> A PEP is defined in the Money Laundering Regulations 2017 as "an individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official". Guidance published by the FCA in July 2017 provides more detail on which categories of person should be treated as PEPs.



2.25. Deliver prevention campaigns to professionals in the regulated sector to raise awareness of money laundering risks and the actions to mitigate them in 2017-18, in the context of our risk-based

and proportionate regulatory regime. We will report on the reach of these campaigns and their impact, for example self-reported behavioural shifts in response.

### The UK's Crown Dependencies

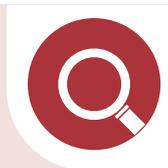
The Bailiwick of Guernsey, the Bailiwick of Jersey and the Isle of Man are the UK's Crown Dependencies. They have large financial sectors and a history of cooperation to ensure high standards of regulation and integrity.

The Crown Dependencies adhere to international standards. The OECD Anti-Bribery Convention and the UNCAC have been extended to each of the three Crown Dependencies; the UK will continue to work in co-operation with them to ensure adherence to these conventions. The Crown Dependencies are each active members of MONEYVAL, the European FATF-style regional body, and are committed to implementing FATF's global standards on anti-money laundering and counter-terrorist financing.

In 2016, the governments of the Crown Dependencies agreed to establish, where they have not already done so, central

registers of company beneficial ownership information or similarly effective systems and give UK law enforcement and tax authorities near real-time access to beneficial ownership information on corporate and legal entities incorporated in their jurisdictions on a reciprocal basis. These new arrangements came into effect on 30 June 2017. Our ultimate aim is that public registers become the norm. If this were to happen, we would expect the Crown Dependencies to follow suit.

These measures are intended to prevent the concealment of criminal activity through the abuse of 'shell' companies. The government will continue to work with the Crown Dependencies on their beneficial ownership arrangements and, in addition to the assessments of progress already agreed, will conduct a statutory review of their effectiveness for the period ending December 2018.



### 3.3 Promote integrity across the public and private sectors



Success will mean that:

- UK public and private sector organisations are less prone to corruption and deliver better services
- citizens have more confidence that these organisations are serving their interests

Our long term goals are:

- greater public sector resilience against the threat of corruption
- a more open government that is trusted by citizens, with robust protections for whistleblowers
- strengthened UK private sector of integrity
- greater integrity in domestic and international sport

Strong organisations have checks and balances that strengthen decision making and accountability. This reduces the risks of fraud and corruption. It builds trust in public institutions, and confidence throughout the business environment, underpinning investment and growth.

The UK is an established international leader in corporate governance. Our organisations have strong systems which facilitate effective management and control. For the private sector this includes the **Corporate Governance Code** for our largest listed companies as well as high standards for corporate reporting and audit, which encourage companies to have strong financial controls and make it harder to disguise illicit activity. Integrity across the private sector is also supported by the supervisory bodies of key professions, as set out in Section 3.2. The government is also promoting a culture of responsible business conduct, promoting and encouraging more businesses to adopt internationally recognised standards, such as the UN Global Compact and ISO 26000, and doing more to disseminate examples of good practice wherever we see it.

These systems, however, need to be regularly reviewed and strengthened, especially as the role of private sector organisations in public management continues to strengthen. For example, the government announced in August 2017 that it will bring forward measures to improve shareholder scrutiny of executive remuneration, strengthen the employee voice in boardrooms and develop higher standards of corporate governance in large private companies. The Financial Reporting Council will be consulting on reforms of the UK Corporate Governance Code shortly.

To ensure public confidence, providers of public services are expected to adhere to robust ethical standards, regardless of whether they are in the private, public or voluntary sectors. The current legal and policy framework provides a strong basis for addressing unethical behaviour. For example, providers of public services may be excluded from bidding for contracts not only where they have been convicted of a criminal offence, but also where it can be demonstrated that they have committed an act of professional misconduct. There are already established principles around propriety and ethical behaviour in government. Published codes of conduct set out the standards expected of

Ministers, special advisers and civil servants, and extensive transparency requirements also apply. Open government is a critical element of this, delivering transparency, accountability and responsiveness to the electorate. We will deliver this priority by focusing on **PROTECT** (building resilient organisations), and to a lesser extent through **PREVENT** (strengthening professional integrity). In addition, we expect that over the lifetime of the strategy stronger risk assessment, capability and transparency will lead to more prosecutions – **PURSUE** and punish the corrupt.



Since the 2014 Anti-Corruption Plan, **we have:**

- Provided unprecedented visibility on how the government spends money and increased investment in opening up government data. As part of this the UK became the first G7 country to be subject to an IMF Fiscal Transparency Evaluation. Overall, the IMF rated fiscal transparency practices in the UK very highly as compared to other countries.
- Championed the Open Government Partnership at home and abroad, co-designing with civil society our Third National Action Plan, to honour the UK government’s commitment to be the most transparent government in the world.
- Promoted ethical behaviour in public life, introducing a Statutory Register of lobbyists that has ensured transparency in the work of consultant lobbyists, and their engagement with ministers and permanent secretaries. A new Public Appointments Governance Code has defined the principles and responsibilities that govern public appointments. This reaffirms the validity of Lord Nolan’s Principles of public life and the fact that ministers are responsible and accountable to Parliament for public appointments. The government also introduced the requirement to publish

summary advice given by the Advisory Committee on business appointments to ministers, and by government departments to senior special advisers and senior civil servants leaving public service.

- Strengthened public sector accountability and capability, agreeing new bribery and corruption standards and an approach for assessing corruption risks. These standards require each central government department to develop a tailored response to the threat of bribery and corruption.
- Strengthened our anti-corruption defences in local government in England and Wales. We have made compliance with the local government transparency code mandatory for councils. We supported the publication of a **local government counter fraud and corruption strategy** which sets out priorities and actions that local government should take. We partnered with the Chartered Institute of Public Finance and Accountancy to establish a Counter Fraud Centre to provide tools and services to local authorities to tackle fraud and corruption. We have assessed the threat that organised crime poses to public procurement in local authorities in England and Wales, and circulated guidance to address this.
- Strengthened our whistleblower protections in health and education by introducing primary legislation<sup>21</sup> which includes powers to provide protection to whistleblowers making job applications in the health sector and children’s social care. Part of this is in response to Sir Robert Francis’ report ‘Freedom to Speak Up’, which highlighted concerns that having revealed wrongdoing in the NHS, individuals who lost their jobs struggled to get work elsewhere in their profession.

**Goal 1. Greater public sector resilience against the threat of corruption.** We aim to ensure that central government departments and agencies have the capability to prevent, detect, and investigate fraud and corruption within our public administration. Private sector

<sup>21</sup> Section 32 of the Children and Social Work Act 2017, and Section 149 of the Small Business Enterprise and Employment Act 2015

organisations providing public services will also adhere to the highest standards. There will be a strengthened, risk-based response to fraud and corruption in local government which makes better use of data and transparency, thereby enhancing public confidence in the integrity of our democratic institutions.



To deliver this **we will**:

- 3.1. In the next two years, establish a Counter-Fraud and Corruption Profession across the Civil Service, based on professional standards and competencies that include bribery and corruption.
- 3.2. Assign a senior lead in every central government department for bribery and corruption, who is a trained and qualified member of the Civil Service Counter Fraud Profession.
- 3.3. Include in the government's Counter Fraud Functional Standards counter corruption standards that all departments will follow.
- 3.4. Publish details of the amount of fraud and corruption detected every year in central government and, alongside this, the details of which departments are following the Counter Fraud and Corruption Functional Standards.
- 3.5. Encourage councils to take part in new joint investigative working arrangements between the Department for Work and Pensions and local authority investigators on benefit fraud and related local government frauds.
- 3.6. Introduce a number of pilot schemes at local government elections in 2018 (working with key partner organisations, including the Electoral Commission and the Association of Electoral Administrators), to test the impact of asking voters to present certain forms of photographic and non-photographic identification. This was a recommendation in Sir Eric Pickles 2016 review into electoral fraud.

### Improving local democracy – tackling electoral fraud and corruption

A Tower Hamlets election court judgment in 2015 saw the disqualification of the elected mayor for corrupt and illegal practices. This case highlights the risk of corruption distorting and undermining local democracy. It is clear that the risks do not stop at elections. Electoral fraud opens the door to other abuses of office around procurement, planning, licensing, fraud and other economic crime.

The Prime Minister's Anti-Corruption Champion at the time, Sir Eric Pickles, was asked by the government to consider what further changes were needed to make the electoral system more secure and transparent. His **report**, published in 2016, made 50 recommendations including:

- clamping down on postal vote 'harvesting' by political activists

- piloting some form of identification at polling stations
- action to tackle the links between electoral fraud and immigration fraud
- stronger checks and balances against municipal corruption

The government responded in January 2017, accepting most of the review's recommendations and setting out a package of robust actions to strengthen the UK's electoral processes. The measures are wide ranging, including preventing the intimidation and undue influence of voters, ending the dubious practice of postal vote harvesting, and piloting the use of ID in polling stations. They will reduce the risk of electoral fraud, ensure robust and ethical institutions, and enhance the integrity of local democracy.



**Goal 2. A more open government that is trusted by citizens, with robust protections for whistleblowers.** We will work to become the most open government in the world. The Nolan Principles of Public Life will continue to define the ethical standards we expect of public office holders. As a result the systems that govern public and business appointments, as well as those that govern lobbying, will remain effective and fit for purpose. It is also important that those who report corruption can do so without fear of reprisal, and that our whistleblowing provisions are widely understood.



To deliver this **we will:**

- 3.7. Implement a revised Freedom of Information Act Code of Practice in Spring 2018 (an Open Government Partnership UK National Action Plan commitment).
- 3.8. Actively engage with the 2017 Council of Europe Group of States against Corruption (GRECO) evaluation of the UK. We are the first country to undergo a GRECO evaluation on prevention of corruption in the highest levels of government and law enforcement agencies. We will use the findings to compare the UK's propriety and ethics standards against other countries and assess the mechanisms in UK law enforcement agencies to prevent internal corruption. The UK Government will publish GRECO's recommendations and details of the actions we take in response.
- 3.9. Review in 2017-18 the effectiveness of BEIS' Whistleblowing Guidance for Employers and Code of Practice. This aims to ensure that more employers follow good practice when responding to disclosures relating to whistleblowing.
- 3.10. Review in 2018/19 the recent changes to the whistleblowing framework, as introduced by the Enterprise and Regulatory Reform Act 2013.

- 3.11. Implement legislation to provide protection to whistleblowers making job applications in the health sector and in children's social care at the earliest opportunity.

### Case study – Strengthening whistleblower protections



The UK's legislative framework to protect whistleblowers includes a list of organisations and office-holders to which workers can make a disclosure in the public interest while retaining their employment protections. These are called Prescribed Persons. In 2016 commissioners appointed by the Secretary of State for Communities and Local Government to intervene in a local authority, were added to the Prescribed Persons List.

This followed a report by the Communities and Local Government Parliamentary Committee, which suggested that Tower Hamlets Council's failure to take whistleblowers seriously had played a part in the grants and procurement corruption experienced there. When Tower Hamlets Council was partially taken over by government-appointed commissioners in 2014, the commissioners were not on the Prescribed Persons List. As a result, those who reported any suspected or known wrongdoing to them did not receive the legal protection provided to whistle-blowers under employment law.

There is also now a requirement on all prescribed persons to report annually on the whistleblowing disclosures that they have received, and what has happened as a result.

**Goal 3. Strengthened UK private sector of integrity**, in which business and investment can be conducted with confidence, and public trust earned and maintained. A strengthened Corporate Governance Framework will encourage better management and systems of control. Higher levels of transparency over ownership will help people to know who they are doing business with.



To deliver this **we will**:

- 3.12. Investigate weaknesses in our business frameworks if they arise, and take action where necessary. For example, in March 2017 the government completed a call for evidence on the use of limited partnerships, in response to concerns that they may be vulnerable to misuse. The government is actively considering options and will announce next steps soon.
- 3.13. As the Financial Reporting Council updates its Guidance on the Strategic Report (incorporating changes arising from the UK implementation of the EU Directive on Non-financial reporting),<sup>22</sup> include guidance for disclosures on anti-corruption and bribery.
- 3.14. Publish the results of the government's review of the Security Industry Authority (SIA), to examine whether the SIA continues to meet the recognised principles of good corporate governance. The possible regulation of private investigators was included in the scope of the review.

### Tackling corruption in sport



Betting and sport have long gone hand in hand. However, recent high profile match-fixing scandals in cricket and tennis have dented confidence in the outcomes and integrity of sporting events. The scale of this illegal industry is considerable. In regions where gambling is strictly regulated, 'black market' gambling offers more attractive odds. The rewards for influencing the result of a sporting event are attractive for criminal syndicates.

In 2014, based on media reports, the NCA started an investigation into fraudulent betting on UK football matches involving attempts to fix either the half-time and full-time results, or specific events during the matches, for example the number of red/yellow cards issued. This involved an international crime syndicate based in South East Asia. The target matches were usually in the lower leagues where players are paid less and so are more susceptible to approaches that may earn them additional income.

Between June 2014 and April 2015 the UK authorities secured five convictions against two 'fixers', two professional footballers, and a players' agent. The sentences varied between 16 months and five years. All the convicted football players were banned from the professional game for life by the Football Association. The NCA worked closely with the Gambling Commission, Europol, the Football Association, the Union of European Football Associations and the International Federation of Association Football, and have assisted the Australian police on a similar sports corruption case.

<sup>22</sup> This action will be undertaken by the Financial Reporting Council. The directive requires that large businesses should include in their annual reports relevant disclosures on anti-corruption and bribery matters, when deemed material for shareholders in making an assessment of the development, performance and position of a company and the impact of its activity future prospects.

**Goal 4. Greater integrity in domestic and international sport.** It is vital that we can be confident in the integrity of our sporting bodies. This requires action to prevent and to deal robustly with corruption. Internationally our work with the Olympic Movement and the wider sporting family aims to enhance transparency and encourage a global culture of good governance.



To deliver this **we will:**

- 3.15. Implement the provisions in the Cross-Government Sport Strategy, Sporting Future, to protect the integrity of sport.
- 3.16. Undertake a tailored review of UK Anti-Doping to assess how it is placed to respond to future anti-doping challenges, and will report in 2018.
- 3.17. Sign the Council of Europe Convention on the Manipulation of Sports Competitions in 2018.
- 3.18. Continue to support the International Partnership Against Corruption in Sport, and host a meeting in 2018.

## Code for Sports Governance



Sport England and UK Sport published the new UK Code for Sports Governance on 31 October 2016. The code set out the levels of transparency, accountability and financial rigour required from sports bodies in receipt of exchequer and National Lottery funding from 1 April 2017.

The code applies to any organisation, regardless of size and sector, including national governing bodies of sport, clubs, charities and local authorities. The requirements are tiered and proportionate, expecting more of organisations that wish to seek larger public investment.

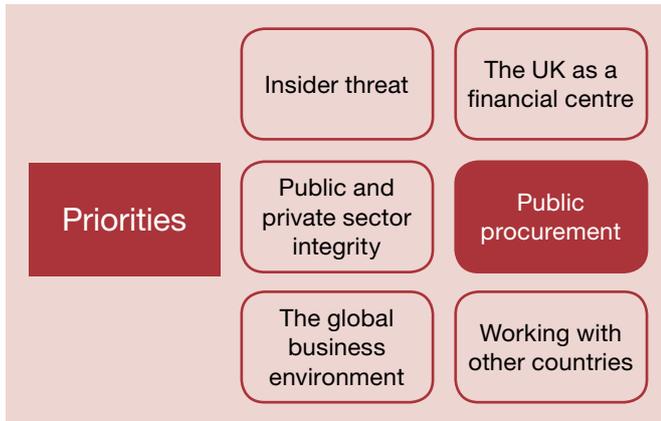
Since the code was launched in October 2016, Sport England and UK Sport have been working closely with sports National Governing Bodies (NGBs) to support them to achieve compliance, for example, through providing guidance on diversity action plans, legal support to check Article changes, and provision of template documents.

Earlier this year, Sport England and UK Sport worked with NGBs to develop bespoke Governance Action Plans which agreed the actions that sports would have to undertake to become compliant with the code by the 31 October 2017 deadline.

NGBs were asked to evidence completion of each action by the 31 October deadline. Sport England and UK Sport have been in regular contact with sports during the spring and summer of 2017 to discuss and monitor progress. In the run-up to the October deadline progress was heavily monitored with bodies reminded of the potential for loss of funding.

Post-October 2017 compliance will continue to be monitored, with sports encouraged to strive towards excellent governance and to continue to make any necessary changes within their organisations.

## 3.4 Reduce corruption in public procurement and grants



Success will mean that:

- our public bodies avoid doing business with corrupt individuals and companies, making better use of taxpayers' money and delivering better services
- citizens have greater confidence in our institutions

Our long term goals are:

- greater procurement transparency, enabling better identification and mitigation of corruption risks, market distortion and anti-competitive behaviour
- strengthened awareness and capability within contracting authorities
- greater confidence in efficient and legitimate contract management

Public sector procurement accounted for around a third of total government expenditure in 2016.<sup>23</sup> Grants represented a further £130 billion, equivalent to the UK's healthcare spending (£138 billion). This level of

expenditure, together with the levels of interaction between officials, business and other stakeholders, creates risks of corruption and fraud that need to be effectively managed, and explains why these sectors are a priority.

In the last six years the UK government has taken significant steps to strengthen its commercial capability, especially in procurement so that commercial activities deliver value for money and risks are managed effectively. We have strong systems in place to detect and tackle corruption, but the nature of this activity demands on-going effort to maintain our capability in both central and local government.

Work on this priority focuses on **PROTECT** (building resilient organisations), **PREVENT** (strengthening professional integrity), as well as to **PURSUE** and punish the corrupt.



Since the 2014 Anti-Corruption Plan, **we have:**

- Become the first G7 country to commit to applying the Open Contracting Data Standard (OCDS) in contracts administered by our central purchasing authority, the Crown Commercial Service. Since then we have gone even further by making all data on Contracts Finder available in the OCDS. This means that the whole process of awarding public sector contracts will be visible to the public for the first time. This will increase contracting transparency, and allow deeper analysis of contracting data by a wide range of users.
- Promoted open contracting internationally, jointly launching the Contracting 5 group<sup>24</sup> at the Open Government Partnership Summit in 2016 to provide leadership on using open data to improve public procurement and achieve better value for money. The countries in this group are

<sup>23</sup> Her Majesty's Treasury 2016 Public Expenditure Statistical Analyses 2016

<sup>24</sup> Colombia, France, Mexico, Ukraine and the UK are all founding members of the Contracting 5 Argentina joined in 2017.



implementing open contracting and are collectively working for a fairer and more competitive business environment, better goods and services and reduced corruption in public contracting.

- Strengthened central government commercial capability. This includes revising standards to ensure strong commercial behaviours and better value for money.
- Introduced policy and guidance on Open Book Contract Management (OBCM), a structured process for financial transparency between government and suppliers, through sharing data on costs, charges and performance to improve value for money and performance.
- Strengthened understanding among our suppliers of government standards and expectations. For example we are consulting on a new **supplier standard** for digital and technology service providers, which will help them to do business with government.
- Worked to ensure that local councils have robust governance and accountability processes, and to make local authorities more transparent – they must now publish procurement data quarterly, including details of every invitation to tender, contract and commissioned activity worth over £5,000.

**Goal 1. Greater procurement transparency, enabling better identification and mitigation of corruption risks.** Our work will promote an ‘open by default’ culture in public contracting at home and internationally. More public bodies, including local authorities, will fulfil their transparency obligations. Government grants will be subject to greater scrutiny and control leading to greater consistency, transparency and value for money. Higher risk areas will be a focus for action, starting with local government procurement.



To deliver this **we will**:

- 4.1. Undertake a review of procurement risks in local government by the end of 2018. This will be led by the Secretary of State for the Department of Communities and Local Government in collaboration with the Prime Minister’s Anti-Corruption Champion.
- 4.2. Take steps to ensure publication of contract award notices as required by the Public Contracts Regulations 2015. This will include the Crown Commercial Service formally reminding contracting authorities of their obligation to publish these in Contracts Finder and the Official Journal of the European Union by January 2018.
- 4.3. Work with international partners, through the Contracting 5 to establish a joint working group and implement a detailed work plan.
- 4.4. Explore ways to deliver a more collaborative approach in the Ministry of Defence’s supply chain, with the aim of entrenching a strong anti-corruption culture. This will include hosting a conference with key suppliers in 2017 to identify opportunities for closer anti-corruption working.

- 4.5. Use UK Government Digital expertise to support the digital transformation of government procurement services in four countries. These countries will draw on the UK's experience in establishing the Digital Market Place (an online platform that all public sector organisations can use to find and buy cloud-based services).
- Goal 2. Strengthened awareness and capability within contracting authorities.**  
Government bodies will have stronger awareness of corruption risks and more capability to detect and deter illegality. To support this there will be actions to promote the publication of data in a consistent format. Using non-proprietary unique identifiers in open data releases is an important step to enabling users of open data to authoritatively identify entities within and across data sets. This will support users to link different data sets together allowing for better analysis.
- 4.9. Encourage procurers to investigate and report possible cartels, measuring the number of leads received by CMA.
- 4.10. Undertake data analytics activity using Random Sampling exercises in some areas of government's commercial activities to actively look for the risk of fraud.
- 4.11. Encourage local authorities to make better use of the National Fraud Initiative data matching service and associated data matching tools, which enable the identification of potential fraud and corruption.
- 4.12. The Ministry of Defence will explore the use of anti-corruption data analytics to provide assessments across the whole life of the procurement cycle, utilising data-sharing approaches such as the National Fraud Initiative.



To deliver this **we will:**

- 4.6. Identify organisations and businesses under contract or receiving grants in open data releases using reusable unique identifiers, by default. We will do this by starting to use common data labels (termed unique identifiers). These already exist for many types of entity (for example, company number or charity number) and increasing their use will enable users of open data to identify entities within and across data sets.
- 4.7. Help procurers detect and deter illegal bid rigging by increasing the uptake of the Competition and Market Authority's (CMA) online training and guidance materials.
- 4.8. Promote use of the CMA's new tool that analyses bid data for signs of suspicious activity, measuring the level of uptake.

## 'Bid rigging' to manipulate tender processes<sup>25</sup>



In 2009 over 100 construction firms were fined a total of £129.5 million for bid-rigging on 199 tenders in the period 2000 - 2006, following a Competition Act investigation by the Office of Fair Trading (predecessor of the Competition and Markets Authority). Some of the bid-rigging took the form of 'cover pricing' agreeing with competitors to submit artificially high bids that are not intended to be successful. The projects affected included schools, hospitals and universities. The investigation was sparked by a complaint from an NHS auditor in Nottingham. It uncovered evidence of cover pricing in more than 4,000 tenders involving more than 1,000 companies.

In six instances the successful bidder had paid an agreed sum of money to the unsuccessful bidder (known as a 'compensation payment'). This was done by raising false invoices.

**Goal 3. Greater confidence in efficient and legitimate contract management.** Our actions will help public contracting authorities avoid doing business with corrupt individuals and companies. Contracting bodies will better understand the risks associated with corruption and measures to mitigate these risks.



To deliver this we will:

- 4.13. Trial the Crown Commercial Service, a new conviction check to complement existing provisions in the Public Contracts Regulations 2015 requiring proof that bidders don't have relevant convictions. This will inform executive decisions, and will start in December 2017.
- 4.14. Produce specific guidance to assist procurers to identify and tackle corruption. By February 2018 we will produce and disseminate guidance to government procurers on applying exclusions in the procurement process, managing conflicts of interest and whistleblowing. We will then work to embed this.
- 4.17. Oversee the effectiveness of the new NHS Counter Fraud Authority (established in November 2017).
- 4.16. Use the Crown Commercial Service's 'Mystery Shopper' function<sup>26</sup> to investigate cases of poor practice with the relevant contracting authority, and make specific recommendations for future action to help drive better behaviours and improve public sector purchasing.

<sup>25</sup> Source: Local Government Association 2015 Managing the risk of procurement fraud

<sup>26</sup> This service allows government suppliers and potential suppliers to raise concerns anonymously about possible poor public procurement practice.

## Preventing fraud and corruption in government grants

Each year the UK government administers approximately £130 billion of grants to benefit the UK public. It is important that these grants are managed in a fair, efficient and effective manner and that the risks of loss from fraud and corruption are minimised. The UK has taken steps to address the root causes of grant funding related risk.

- Launching the Government Grants Information System to facilitate the recording and reporting of grants information across government in a simple, standardised and scalable way. The database provides insight into grant spend, supports fraud and error detection, and improves transparency.
- Publishing open data about governments grants to the 360 Giving Standard<sup>28</sup> – to allow for greater scrutiny of grant making and to help the government identify areas of inefficiency or fraud throughout the grant-making process. In October, the government published scheme level data for £100 billion of grants and piloted the publication of award level data for two departments.

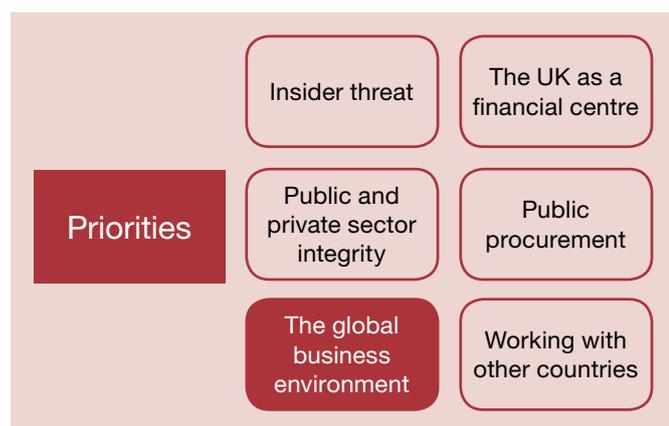
- Capacity building through the Grants Centre Of Expertise – an online portal of best practice guidance and training intended to build capability in grant making across government.
- Introducing Minimum Standards for Government Grants – underpinned by government guidance in Managing Public Money these standards aim to ensure transparency and consistency across government. Mechanisms are in place to ensure the standards are being met.
- A New Grants Advice Panel to provide expert advice and critical scrutiny to support departments in effective development for awarding of high risk grants.
- A Framework for Grants Administration Services to provide departments and other relevant organisations with access to pre-approved suppliers.

This work will result in better management of risk in grant funding and in time, will drive efficiency savings and reduce losses from fraud and error.



<sup>27</sup> The 360Giving Standard is a uniform and consistent way to describe data.

## 3.5 Improve the business environment globally



Success will mean that:

- international standards encourage open and competitive trade and investment
- the business environment in selected countries is fairer and encourages investment
- UK companies can compete on more even terms.

Our long term goals are:

- reduced impact of corruption on trade and investment internationally
- enhanced international development finance and export finance practices
- increased investment with integrity by UK companies in challenging overseas markets
- strengthened business-led collective action to reduce corruption

Corruption is a burden on business and can generate extra costs equivalent to those arising from tariffs.<sup>28</sup> 30% of companies polled in a 2015 international survey stated that they

had failed to win contracts where there was strong circumstantial evidence of bribery by the successful competitor.<sup>29</sup> Countries need to do more. 43 countries have signed the OECD Anti-Bribery Convention, yet the UK is assessed to be one of only four active enforcers of it.<sup>30</sup>

Allowing companies, including UK businesses, to compete on even terms, helps generate sustainable economic growth. Trading with integrity is crucial, not only because it underpins growth at home and abroad, but also because it helps to reduce the negative effects of globalization, including inequality. Integrity is essential in underpinning our reputation as a fair, rules-based society that attracts investment and allows people to trade freely.

<sup>28</sup> Firm-level data on informal payments from the 2010 World Bank Business Environment and Enterprise Performance Survey found that bribery can impose an additional tax on business representing as much as 10% of their sales (World Bank, 2014)

<sup>29</sup> Control Risk 2015 International Business Attitudes to Corruption Survey, 2014/2015

<sup>30</sup> Transparency International 2015 Assessing Enforcement of the OECD Convention on combatting foreign bribery

Action on this priority will focus on **PROTECT** (building resilient organisations). There will also be actions to **PREVENT** (strengthen professional integrity) and to **PREPARE** (redress injustice).



Since the 2014 Anti-Corruption Plan, **we have:**

- Supported more than 20 countries to strengthen their business environment. For example, in Rwanda our support has focused on 21 ‘Doing business reforms’ which has seen their rise from 150th most attractive business environment in the world in 2008 to 56th today, the second-most competitive business environment ranking in sub-Saharan Africa. Over the life of the UK’s support, these reforms have led to compliance cost savings of US\$17.6m for the private sector.
- Funded the World Bank’s Foreign Investment Advisory Service (FIAS) to promote good regulatory practice and specific reforms in the agribusiness sector. Over the period 2012–16 FIAS has helped bring about 331 investment climate reforms in 81 countries, saving an estimated \$208 million in compliance costs to the private sector.
- Strengthened the provision of anti-corruption advice for businesses by UK government staff working overseas. This included rolling out guidance and training about the Bribery Act 2010 as well as training on how to report allegations of corruption.
- Promoted the role of business and civil society on priority issues and at key fora, such as the London Anti-Corruption Summit, the G20 Anti-Corruption Working Group and the 2017 OECD Integrity Forum. This generated a constructive dialogue and led to the launch of UK and international business-led capacity building initiatives.

**Goal 1. Reduced impact of corruption on trade and investment internationally.** UK actions aim to secure strengthened business environments internationally and in selected markets. This will generate stronger trade and investment.



To deliver this **we will:**

- 5.1. Support other countries, bilaterally and at multilateral fora, to actively implement international Anti-corruption standards, especially the OECD Anti-Bribery Convention. We will offer support where appropriate to those countries wishing to accede to the convention (including technical assistance and capacity building support).
- 5.2. Support policy and principles being promoted by the G20 and the G7 that tackle corruption while eliminating market access barriers
- 5.3. Consider, as the UK develops its position as an independent trading nation, how transparency and anti-corruption can best be supported through our bilateral and regional trade dialogues and trading agreements.
- 5.4. Work in up to 35 countries to support ‘ease of doing business’ and trade facilitation reforms. This includes capacity building and technical assistance aimed at developing robust legislation and transparency standards, promotion of e-procurement platforms, reducing corruption at ports and border points. This will be delivered through UK government programmes, including through the Prosperity Fund, which makes £1.3 billion available over the next 5 years to promote economic growth in developing countries.

## The role of anti-corruption and transparency in trade agreements

Corruption is a significant barrier to international trade. It generates severe, deep-rooted inefficiencies that can be cost-equivalent to tariffs. For this reason regional and bilateral trade agreements increasingly include transparency obligations and anti-corruption provisions with the objective of fostering a level playing field and improving the efficiency and volume of trade of goods and services.

While the impact of such provisions is extremely difficult to measure, a recent OECD study estimated<sup>31</sup> that there is a positive relationship between transparency obligations and the level of trade. According to the study each additional transparency commitment negotiated in a regional trade agreement is associated with an increase in bilateral trade exceeding 1%.



Anti-corruption and transparency provisions in trade and investment agreements can take different forms. They range from clauses that refer to global anti-corruption conventions, through to mutual commitments to improve transparency in public procurement processes and customs procedures, as well as and other specific provisions aimed at enhancing the protection of foreign traders and investors.

These provisions usually build on the transparency obligations found in World Trade Organisation agreements and refer to the UNCAC standards and contain additional specifications. This has been the case in recent trade agreements concluded by countries such as Canada, Chile, Japan, South Korea and the United States. The United States, the European Union, Australia and New Zealand have been the most active in including such provisions in their trade agreements.

**Goal 2. Enhanced international development finance and export finance practices.** The CDC Group – the UK’s Development Finance Institution (DFI) – and UK Export Finance – the UK’s export credit agency – will lead international best practice, encouraging similar international institutions to adopt higher integrity standards. For CDC, this will focus on greater transparency and higher standards in the use of offshore jurisdictions. For UK Export Finance this will focus on applying to the fullest extent internationally-agreed standards in due diligence to deter bribery and corruption in export credits, while pressing for further strengthening of these standards.



To deliver this **we will**:

- 5.5. Review CDC’s tax policy annually to make sure that it keeps pace with evolving global standards and remains at the forefront of DFI practice. Under its existing tax policy, CDC will only invest in developing countries through jurisdictions that are committed to the implementation of the international standard for automatic exchange of information in tax matters (AEOI), as well as those that have been rated at least “largely compliant” under the Global Forum’s assessment of jurisdictions’ compliance with the international standard on exchange of information on request (EOIR). The latter will now include, in its next round of

<sup>31</sup> Lejárraga, I. and Shepherd, B. 2013 Quantitative Evidence on Transparency in Regional Trade Agreements

- jurisdictions' assessments, a requirement to maintain and exchange beneficial ownership information. CDC's tax policy includes a commitment to follow the Global Forum<sup>32</sup> standard as it evolves.
- 5.6. Publish more investment information and encourage other Development Finance Institutions to do the same (CDC).
  - 5.7. Ensure that investments are underpinned by world-class due diligence and business integrity practice through a strengthened and expanded CDC internal Business Integrity Unit.
  - 5.8. Continue to work with like-minded countries at the OECD Export Credit Group to promote higher standards of anti-bribery due diligence by OECD export credit agencies as part of a review expected to conclude in 2017 (UKEF).
  - 5.9. Establish a dedicated anti-bribery and corruption due diligence team within UKEF to further strengthen existing capability, and review present policies and procedures to identify any further areas for improvement.

**Goal 3. Increased investment by UK companies in challenging overseas markets,** as a result of UK government support and advice. We will work with businesses and civil society to strengthen the ability of UK companies to respond to new trade and investment opportunities. Our actions will mean that UK companies are better able to operate, and succeed, with integrity. Companies will have access to enhanced advice and support beyond the services and guidance already offered. This enhanced support will also promote compliance with the new measures to tackle modern slavery.



To deliver this **we will:**

- 5.10. Ensure that DIT communications, relevant campaigns and other economic

- diplomacy initiatives highlight the commercial and reputational advantage of trading with integrity.
- 5.11. Strengthen the support that is available to companies, building on the services and guidance already offered through government digital platforms. We will work with industry and trade associations to develop initiatives tailored to the needs of UK exporters, including small and medium enterprises and investors.
  - 5.12. Produce digital content for the GREAT.GOV.UK digital platform to ensure information on trading with integrity is available and tailored to exporters' needs
  - 5.13. As part of the ongoing Foreign and Commonwealth Office economic diplomacy and law enforcement efforts, provide training and resources that improve the awareness and understanding of corruption amongst UK embassy staff. This will include up-to-date guidance on how to report offences under the UK Bribery Act to law enforcement and guidance on how to promote standards of trade integrity.

<sup>32</sup> The Global Forum on Transparency and Exchange of Information for Tax Purposes.



#### Goal 4. Strengthened business-led collective action to reduce corruption.

Private sector anti-corruption action, including by SMEs and the non-financial professional services sector, will be more impactful as a result of UK government support and advice. This will include through actions set out in priority 3.6, for example on open procurement, extractives transparency and more.



To deliver this **we will:**

5.14. Contribute to increased inward investment by supporting business-led initiatives aimed at strengthening anti-corruption good practice/approaches, including initiatives that build on the Professional Services Leaders Statement in Support of the London Anti-Corruption Summit, such as those promoted by the Professionals against Corruption.

- 5.15. Support collective action, including promoting business-to-business initiatives, action to strengthen supply chains, or to increase transparency, including sponsoring relevant 'Business 20' initiatives at the G20 Anti-Corruption Working Group.
- 5.16. Work with industry bodies to facilitate the dissemination of the guidance for SMEs as highlighted in the OECD UK Phase 4 Review. This will also address the recommendations offered by the OECD in that review regarding sufficient dissemination of guidance on compliance procedures.
- 5.17. Work with UK business to identify and address specific corruption risks in target markets and sectors, including with reference to the priorities identified in the UK Industrial Strategy<sup>5.18</sup>. Encourage other countries to establish reporting mechanisms for high value tender processes, building on the experience of Colombia, Ukraine and Panama.

#### Modern slavery and corruption

On any given day there are an estimated 40 million people in slavery worldwide who have been trafficked, coerced or otherwise forced into labour, sexual exploitation, or domestic servitude. People in these vulnerable groups, including children, are too often treated like commodities and exploited for financial gain. Corruption facilitates slavery and other forms of exploitation at every stage – recruitment, trafficking, exploitation. Bribes are paid to local law enforcement and immigration officers and business owners or managers to move people or maintain the conditions for exploitation. Businesses face the risk of unwittingly supporting slavery and exploitation when they enter contracts with suppliers.

Eliminating corruption from business relationships and transactions is vital to reducing modern slavery and business has a crucial role to play.

The UK is acting at home and abroad to rid the world of modern slavery. Many of the

solutions are similar to those for tackling corruption – transparency, better business practices, effective law enforcement, and concerted international action. Businesses need practices that ensure high standards at all stages of the value chain or life cycle of business transactions domestically and internationally.

The UK's 2015 Modern Slavery Act focuses on the prevention and prosecution of modern slavery and the protection of victims. The Act also requires any large business operating in the UK to publish an annual statement setting out the steps it has taken to ensure that slavery is not taking place in its business and supply chains. This approach reflects that of the Bribery Act 2010, which incentivises businesses to implement adequate procedures to prevent bribery by those acting on their behalf. Progressive businesses are considering modern slavery and anti-corruption requirements together.



## 3.6 Work with other countries to combat corruption



Success will mean that:

- there is greater use of information to deter, identify, track and prosecute corruption
- countries can access more advice and support to address corruption
- there is a stronger focus on the role of corruption in driving conflict and fragility

Our long term goals are:

- enhanced international transparency, especially in beneficial ownership; extractives, public finance and contracting
- reduced levels of corruption in partner countries
- enhanced action to address corruption in fragile and conflict affected states

Although corruption is endemic in many countries, external support and pressure can promote change. This includes providing expert advice and guidance, collaborating across borders to tackle international networks of corrupt actors, and promoting international standards that guide progress as countries tackle corruption.

The UK has a strong track record of providing such support. Governance and anti-corruption are core elements of our diplomatic and development relationships. We have worked to raise standards internationally, promoting transparency in tax, beneficial ownership and extractives. The UK will support anti-corruption efforts by governments, the private sector and civil society.

Action on this priority area will use all of our approaches. There is greatest emphasis on **PROTECT** (build resilient organisations) and **PREVENT** (strengthen professional integrity). The balance of effort will vary across different countries.



Since the 2014 Anti-Corruption Plan, **we have:**

- Helped put effective, accountable and transparent institutions and justice at the heart of United Nations (UN) Sustainable Development Goals, securing for the first time international agreement among all UN member states that these are objectives of sustainable development. This includes agreement that the international community will work to substantially reduce corruption and bribery and strengthen the recovery and return of stolen assets.
- Strengthened the governance of oil, gas and minerals through our support to the Extractive Industries Transparency Initiative (EITI) since 2003, and introduced mandatory disclosure requirements for UK companies. The EITI is a global standard implemented by 51 countries (including the UK). UK support has delivered important results, such as helping the Ministry of

Finance in Nigeria recover underpayments of £2.4 billion.

- Countered tax evasion, facilitating the development of the Common Reporting Standard (CRS), an international standard for the automatic exchange of financial account information. Almost 50 jurisdictions began exchanges in September 2017 and more than 100 are committed to exchange by September 2018. The UK is also supporting developing countries to use these mechanisms to detect undeclared assets abroad, catch tax evaders and ensure people pay a fair share of tax.
- Provided dedicated funding to UK law enforcement agencies, like the National Crime Agency, to investigate money laundering and bribery affecting developing countries with links to the UK, and to prosecute those responsible. Since 2006 these corruption investigations have led to the confiscation of £8.4 million, the freezing of over £170 million, and the successful prosecution of 27 individuals and one company.

**Goal 1. Enhanced international transparency, especially in beneficial ownership, extractives, public finance and contracting.** UK action will make more information available and encourage its use, so that law enforcement, working with partners, can identify, track and prosecute corruption, and citizens can hold governments and companies to account.



To deliver this **we will:**

- 6.1. Enhance global standards of extractives transparency, including project-level reporting. We will continue to champion the EITI domestically, and will support developing countries to comply with the EITI Standard, including its requirement to include beneficial ownership

disclosure by 2020. Building on our early compliance with EU Accounting Directive requirements for mandatory extractives reporting in 2018 we will complete a post-implementation review of the 2014 Reports on Payments to Governments Regulations.

- 6.2. Work with like-minded partners to strengthen transparency in the sale by producer governments of oil, gas and minerals by the end of 2018 (an **Open Government Partnership UK National Action Plan** commitment).
- 6.3. Support 15 developing countries to make a measurable improvement in their level of fiscal transparency, accountability and citizen participation by 2020 (as measured by the Open Budget Survey scores).
- 6.4. Complete pilots in Ghana and Pakistan to introduce the Common Reporting Standard (CRS), the international standard for the automatic exchange of financial account information, and continue to support capacity building in developing countries through a dedicated unit in HMRC, through the Global Forum, and through the Global Forum's Africa Initiative.
- 6.5. Support 16 countries to implement more open contracting in public procurement by 2020. We will encourage more countries to commit to openness across the contracting cycle, from planning to tender, award, contract and implementation.
- 6.6. Support countries to implement their commitments on company beneficial ownership transparency – such as by establishing national beneficial ownership registers or by subscribing to the Open Ownership Register (a global register which the UK has already supported) in the period up to 2020.
- 6.7. Assist and encourage countries to implement a requirement for beneficial ownership disclosure in their public procurement, so that they have working systems in place by 2020.

## Taking forward commitments made at the London Anti-Corruption Summit

The Anti-Corruption Summit galvanised a number of important commitments from governments and multilateral organisations.

Following an ambitious set of commitments by President Ghani at the Summit, **Afghanistan** has established its flagship Anti-Corruption Justice Centre (ACJC). This brings together key elements of Afghanistan's police, prosecutors and judges to investigate, prosecute and adjudicate serious high-level corruption cases in an environment insulated from political and other interference. The ACJC has already prosecuted over twenty major corruption cases since its formation and is sending a strong signal to the Afghan people that high-level corruption will no longer be tolerated.

In October 2017 the President approved a National Anti-Corruption Strategy and inaugurated the Open Government Partnership Afghanistan Secretariat. This will launch and implement the country's Open Government Partnership national action plan.

In 2016 **Ghana** amended its Companies Act to include provision for the disclosure of beneficial ownership of companies and is working to strengthen these provisions in the new Companies Bill, which they hope to have passed by the end of 2017. The government announced in September, that it will work with OpenOwnership to build a public, open data register of beneficial

ownership information in preparation for the new law. The government elected in December 2016 remains committed to the commitments Ghana made at the London Anti-Corruption Summit, and is looking to establish a Special Prosecutor's Office to reform anti-corruption legislation to increase the sentence for corruption, as well as to improve transparency in public procurement and in the commodity market.

In 2017 **Mexico** strengthened its anti-corruption enforcement with the creation of a new National Anti-Corruption System, underpinned by legislation which drew on the UK's 2010 Bribery Act. In parallel, legal action has been taken against a number of former state governors accused of corruption. Mexico is also taking forward the commitments it made at the London Summit on beneficial ownership, the open contracting data standard, new anti-fraud and asset recovery mechanisms, and the use of digital platforms to tackle corruption. The UK has been working with Mexico on anti-corruption and criminal justice through the Prosperity Fund.

At the summit **Nigeria** committed to joining the Open Government Partnership and has since established a secretariat and set up a civil society-government Steering Committee which has developed a costed National Action Plan. This includes measures to enhance fiscal transparency and citizen's engagement in the fight against corruption.



**Goal 2. Reduced levels of corruption in partner countries, promoting stability and prosperity.** Strengthened UK action will provide political elites with greater incentives to tackle corruption and to strengthen their institutions. Countries that are committed to tackling corruption will have greater access to the support they need to take action, including to implement commitments made at the London Anti-Corruption Summit.



To deliver this **we will:**

- 6.8. Pilot a strengthened ‘whole of UK Government’ strategic approach to anti-corruption in selected countries by December 2018.
- 6.9. Develop new practitioner partnerships on institution integrity, sharing the best of the UK’s professional expertise and strong institutions with developing countries.
- 6.10. Publish our new principles governing compensation to overseas victims of corruption and other economic crime by December 2017, and apply these principles to all relevant cases. We will support countries to deliver their commitment to develop their own principles and continue to raise awareness internationally with the aim of achieving a consensus that overseas victims should benefit from the positive outcomes of bribery and corruption cases.

- 6.11. Provide funding to support the design and initial operations of a Centre of Excellence and Leadership under the Egmont Group, the global representative body of Financial Intelligence Units. The centre, to be operational by March 2018, will improve the ability of member countries to identify and address possible corruption and money laundering. This will help reduce the damage caused by losses of illicitly acquired funds from developing countries.
- 6.12. Support the initiative being led by UN Office on Drugs and Crime, Switzerland, and Ethiopia to agree international guidelines for the return of stolen assets.

## Illegal wildlife trade and corruption

The illegal wildlife trade (IWT), worth up to £17 billion a year, is the fourth most lucrative transnational crime after human trafficking, drugs and arms. It undermines state institutions and the rule of law. It relies on and exacerbates corruption, cultivating discontent and undermining security. Between 2009 and 2014 the Convention on International Trade in Endangered Species recorded seizures of 91 large shipments, totalling 159 tonnes of ivory, which represented the killing of at least 15,900 elephants. Such large-scale seizures suggest involvement of transnational organized criminal groups being facilitated by corruption. This can involve obtaining false permits, paying bribes at borders, or laundering the proceeds of crime through international financial centres.

Countering this illegal trade requires concerted multilateral and bilateral action – to raise awareness, eradicate markets, strengthen legal frameworks, fortify the law enforcement response and promote alternative livelihoods. Progress is being made. UN Resolutions recognise the links between IWT and corruption, and for the first time in 2015 the UN General Assembly called upon Member States “to prohibit, prevent and counter any form of corruption that facilitates illicit trafficking in wildlife and

wildlife products”. In 2017 the UK worked successfully with Germany’s G20 Presidency to agree a set of High Level Principles on Combating Corruption Related to the Illegal Trade in Wildlife and Wildlife Products.

The UK has led international efforts to tackle IWT, hosting the first international meeting in 2014 at which more than 40 governments agreed urgent co-ordinated action against the trade. The UK played a leading role in supporting follow-up at events in Botswana (2015) and Vietnam (2016) where the UK announced programmes to tackle IWT. These included: sharing expertise with Vietnamese customs enforcement; supporting co-operation between Chinese and African border forces; and providing support to the International Consortium for Combating Wildlife Crime (comprising CITES, Interpol, UN Office on Drugs and Crime, World Customs Union, World Bank) to strengthen criminal justice systems and co-ordinate support at national, regional and international levels. The London IWT Conference on 10-11 October 2018 will focus on tangible outcomes for implementation and delivery – in particular focusing on law enforcement, and tackling the corruption that facilitates IWT and creates insecurity.



**Goal 3. Enhanced action to address corruption in fragile and conflict affected states.** Corruption is a cause of conflict and instability. Our actions will enhance integrity in defence and security institutions, strengthening their capability to prevent and address corruption. This will target the drivers of corruption in these contexts, such as serious and organised crime. UK action will encourage stronger international action against corruption that is appropriate to the context and builds stability.



To deliver this **we will**:

6.13. Establish in the UK a Building Integrity Centre of Excellence to the NATO recognised standard by the end of March 2019 to help strengthen the understanding of how corruption and organised crime fuel instability and conflict through analysis and research that contributes to our work in priority countries. We will reflect this in future training and education programmes.

6.14. Promote greater defence sector transparency through domestic reform in up to four countries, as well as internationally, through support to Transparency International's Defence and Security programme.

6.15. Promote stronger capabilities to combat corruption in the defence and security sectors in five partner countries or regions by 2019 and support the development of regional Building Integrity centres of excellence in Jordan, Ukraine and Western Balkans.

### Building Integrity UK programme

There is a strong statistical link between peace and corruption. As the amount of corruption increases so peace reduces and insecurity increases.<sup>33</sup>

Through a range of interventions the Building Integrity UK (BI UK) programme seeks to reduce the risk of corruption by promoting and implementing the principles of integrity, transparency and accountability within the defence and security sector. BI UK delivers in excess of 14 NATO and European Security and Defence College certified courses per year, to approximately 450 middle to senior level defence and security sector officials, from over 40 nations.

BI UK has been delivering a bespoke programme to senior security sector officials in Afghanistan since 2014 and routinely provides subject matter expertise to the NATO BI programme. In 2017, BI UK provided the first BI workshop focusing on corruption and complex security

environments to NATO's Joint Warfare Centre in order to shape BI material for NATO exercises and within the brigades.

BI UK is also planning to further develop its internship programme offer to develop and build capacity for key individuals who have been identified as leading in a BI role and require a greater depth of understanding and material.

Building integrity in defence and security institutions requires cultural change and that takes time, but evidence of that change has already started to show through recovery of illicit funds in Ukraine, tighter application of procurement rules in Albania, and changes in attitude towards corruption amongst senior commanders in Afghanistan. The integration of counter corruption in NATO training is also evidence of a cultural shift in the preparation of NATO forces for operations.



<sup>33</sup> Institute for Economics and Peace 2015 'Peace and Corruption'

# 4. HOW WE WILL DELIVER THIS VISION





## 4.1 Improving our understanding of corruption

Effective implementation across all six priorities will be contingent on a sound understanding of corruption, effective partnerships and strong international engagement. This section sets out how these cross-cutting elements will be taken forward.

Data on the nature, scale and impact of corruption in the UK and overseas is patchy. By its nature, corruption tends to be invisible or hard to detect. The UK will work to strengthen our understanding of corruption and will encourage UK public institutions to use data and evidence to identify corruption risks and take targeted and proportionate measures against them.

### Applying behavioural sciences to anti-corruption<sup>34</sup>

Behavioural sciences focus on the psychological drivers and barriers that shape human behaviour. There is a large and growing body of evidence on how people decide to act in different contexts. Applying and rigorously testing these approaches in a number of public policy domains has led to significant gains in the UK and overseas, in areas such as crime prevention. Considering corruption through a behavioural sciences lens can give us different clues as to how to attack it. For example corrupt behaviour might be motivated by: a lack of trust in rivals (“everyone is doing it, so it’s ok for me to do it”); a lack of trust in ‘the system’; or even so-called ‘moral licensing’ (“my salary as a police officer does not reflect my efforts so it’s ok for me to accept a bribe”).

The UK government is supporting research partnering with the governments in

Colombia, Mexico and Argentina to test how behavioural economics approaches can contribute to:

- increasing the reporting of corruption in a large public sector body
- addressing corruption affecting the quality and quantity of school meals
- encouraging disclosure of beneficial ownership information by contractors

Preliminary results from this research suggest that there is a need to focus on specific behaviours and their underlying motivators; context matters – we are influenced by our environment and those around us; and more work is needed to strengthen the evidence base of what works.



<sup>34</sup> Source: The UK’s Behavioural Insights Team



To improve our understanding **we will:**

- 7.1. Provide a clearer picture of domestic corruption in specific areas by working with experts to expand and improve the evidence base on corruption and its impacts.
- 7.2. Review the corruption threat in relation to serious and organised crime as part of the annual NCA National Strategic Assessment of Serious and Organised Crime.
- 7.3. Improve how corruption is reported in national crime recording.
- 7.4. Launch a new initiative to provide a reporting mechanism for allegations of bribery and corruption.
- 7.5. Improve the quality and breadth of relevant anti-corruption related open data releases by government – this may include drawing on international open data projects such as the Open Data Charter Anti-Corruption Open Up Guide.
- 7.6. Work with four countries to implement a new ‘Mobilising data for anti-corruption’ programme – which will strengthen collaboration between law enforcement, private sector, civil society and media to improve the quality and use of data in corruption cases.
- 7.7. Strengthen UK reporting on UN Sustainable Development Goal targets 16.4 and 16.5 (which include commitments to reduce illegal financial flows and to reduce corruption and bribery).
- 7.8. Partner with the World Bank to help other countries measure and report their anti-corruption efforts for the UN Sustainable Development Goals.
- 7.9. Support further IMF research into the costs and effective ways of tackling corruption, by providing three years of funding from April 2017.

- 7.10. Commission new research under the DFID Anti-Corruption Evidence Programme, including work to explore the impact of beneficial ownership measures, new forms of commodity-based money laundering, and trade and procurement.
- 7.11. Support action research in four countries on how behavioural sciences approaches can be used to identify and stop corruption in supply chains and in public service.

## 4.2 Working together

Across government we will ensure that our efforts are joined up in the following ways:

- The Prime Minister’s Anti-Corruption Champion will take responsibility for helping drive delivery of the strategy as well as representing the government’s anti-corruption agenda in the UK and internationally.
- A new Minister for Economic Crime in the Home Office will also have oversight of anti-corruption and cross-departmental ministerial oversight of corruption will continue.
- The Joint Anti-Corruption Unit, which transferred to the Home Office in December 2017, will enable better co-ordination of domestic and international anti-corruption efforts and promote stronger links between anti-corruption and other economic and organised crime. JACU will continue as a joint integrated unit, coordinating anti-corruption work across government, representing the UK at international anti-corruption fora and providing support to the Anti-Corruption Champion. It will also continue to be responsible for maintaining strong relationships with business, civil society and foreign governments.

Many actors – civil society, the private sector, regulators and more – play a critical role in tackling corruption. Without close collaboration our efforts would be less effective. To this end we will embrace new partners and new technologies to stimulate change both at home and internationally. The Anti Corruption Champion will play an important role in enabling more proactive engagement with the private sector and civil society. We will especially do this where it helps to promote open and inclusive societies.

Engagement with domestic partners has to date been modelled on the success of initiatives like the Joint Money Laundering Intelligence Taskforce, and the Joint Fraud Taskforce (as described in section 3.2), by convening relevant stakeholders in pursuit of particular issues.

We will continue to adopt this type of approach whilst improving the range of expertise government draws on to develop and advise on policy, and making more of our unique convening power to improve our understanding of the threats we face.



As we work together **we will**:

- 8.1. Engage in regular, problem-focused policy dialogue with relevant stakeholders, using both formal and informal means.
- 8.2. Implement the commitments to strengthened public-private partnership and information sharing in anti-money laundering (set out in Section 3.2).
- 8.3. Honour our Open Government Partnership commitments through close collaboration with civil society and the private sector.
- 8.4. Strengthen outreach to companies to strengthen integrity in business (as set out in section 3.5).
- 8.5. Support civil society in developing countries to champion anti-corruption and accountability issues and to participate in relevant international fora, such as United Nations.
- 8.6. Engage with leading researchers, businesses and civil society to strengthen the linkages between evidence and policy (as set out in section 4.1).
- 8.7. Review options to develop and promote innovative approaches to combatting corruption and consider how to support this going forward.

## 4.3 Promote international standards and partnerships

The UK will support the strengthening and implementation of key international governance and anti-corruption agreements (including the UN Convention Against Corruption, the Sustainable Development Goals and the OECD Anti-Bribery Convention) at global and regional levels, working closely with willing partners. We will continue to raise anti-corruption issues at relevant international meetings, such as the G7 and the G20. The UK will continue to support international organisations as they undertake more proactive anti-corruption programming and promote standards and good practice to strengthen their impact.

## Open Government Partnership



The Open Government Partnership supports governments and civil society in its 75 member countries to make governments more open, accountable, and responsive to citizens. In its first five years, member countries made over 3,000 commitments for reform. What makes the partnership unique is the joint role of governments and civil society in developing and implementing reforms. This means civil society can more easily hold governments to account, independent monitors can track governments' progress in implementing their commitments, and peers can learn from each other in their own countries and across borders.

For anti-corruption, over 50 of the country commitments made at the London Summit have now been embedded into open government implementation plans being supported and monitored by OGP. This includes 15 countries implementing beneficial ownership transparency reforms and the 23 countries implementing open contracting reforms through OGP.

The UK is a founding member of the partnership. As well as working to implement our domestic commitments, the UK is working within the partnership to ensure that tackling corruption is a priority for other member countries. After the London Anti-Corruption Summit in May 2016, many member countries are working to include commitments from the summit into their National Action Plans, ensuring that progress on implementing them can be monitored by civil society.

The UK will work with international partners to deliver on commitments made at the London Anti-Corruption Summit. We will support the UN to promote international and country level action. The UK will continue to work with the Open Government Partnership to promote open and accountable government, which is key to preventing and detecting corruption. We will ensure a focus on anti-corruption, and encourage other countries to include anti-corruption commitments in their Open Government National Action Plans.



As we engage internationally **we will:**

### International standards

- 9.1. Actively engage in 2017/18 with the formal reviews of the UK under the UN Convention Against Corruption, the Council of Europe<sup>35</sup>, and the Financial Action Task Force.
- 9.2. Work with successive G20 Anti-Corruption Working Group co-Chairs and G7 Presidencies to support G7 and G20 anti-corruption work streams, including on public and private sector integrity, beneficial ownership, multilateral initiatives and capacity building.
- 9.3. Work through the G20 to encourage participation in the International Partnership Against Corruption in Sport.
- 9.4. Increase the number of anti-corruption commitments in Open Government Partnership national action plans working through the OGP's Anti-Corruption Working Group.
- 9.5. Consider the findings of the OECD Phase 4 evaluation on the UK's implementation of the OECD Anti-Bribery Convention. In particular:
  - HMRC will review its approach to bribery and corruption, taking appropriate action on the recommendations of the OECD Phase 4 Review

- where appropriate the UK will work in collaboration with the Overseas Territories and the Crown Dependencies to review the extension, and implementation of, the OECD Anti-Bribery Convention and the UN Convention Against Corruption (UNCAC)
- the Scottish government has noted the comments made in relation to the settlement of foreign bribery cases through civil settlements and will consider further the suggestion that a scheme of deferred prosecution agreements (DPAs) be introduced

### International organisations

- 9.6. Promote the implementation of the UNCAC by supporting the UN Action Plans agreed at the successful UK funded regional meetings in East Africa and South East Asia.
- 9.7. Work with the World Bank to support at least one-third of International Development Association countries to operationalise commitments made as part of their Open Government Partnership agenda – including providing technical assistance and capacity building to enable open contracting and/or beneficial ownership disclosures, where appropriate.
- 9.8. Support the International Monetary Fund to complete a comprehensive review of its governance guidance for staff by end 2017, and to issue updated guidance by mid-2018.
- 9.9. Work through the UN, Commonwealth, G20, and others to highlight the links between corruption and the Illegal Wildlife Trade as a global concern.
- 9.10. Support the Commonwealth Secretariat to promote anti-corruption amongst its membership including at the 2018 Commonwealth Summit meeting in London.
- 9.11. Strengthen the capacity of the OECD to support members and developing countries to meet international standards on anti-corruption.

## 4.4 Monitoring and reporting on progress

This strategy sets out practical actions that will be undertaken during the period up to 2022. The Inter-Ministerial Group will review progress and guide the UK's overall efforts, using internal performance benchmarks developed by the Joint Anti-Corruption Unit.



As we monitor implementation **we will:**

- 10.1. Publish progress updates on the GOV. UK website.
- 10.2. Provide an annual written update to parliament on progress made under the UK Anti-Corruption Strategy, thereby giving it the opportunity to scrutinise our anti-corruption work.

# 5. CONCLUSION



This strategy sets out the need for concerted action against corruption, to ensure that the people of the UK, and those abroad, are safer and have greater confidence in our institutions, both public and private. The strategy also highlights the extent to which integrity underpins the UK's reputation as a fair, open, rule-based society. This reputation is central to our longer term prosperity at home and abroad.

Corruption is, by its nature, very broad. Many crimes involve corrupt acts and corruption underpins a range of global threats; serious and organised crime, modern slavery, terrorism and more. This presents challenges and opportunities. Taking a wide perspective, as this strategy has, shows why we need a concerted, sustained and joined up effort to combat corruption

This strategy has also deliberately sought to define a set of narrower priorities that will

be the focus of targeted effort and resourcing in the lifetime of this Parliament. By making these hard choices we will help deliver a stronger, fairer country that works for everyone. We will regularly review our performance against these priorities and will adapt our approach, including as new challenges emerge.

This strategy recognises that corruption does not respect national or organisational boundaries. To counter it we need strong partnerships involving governments, the private sector and civil society at local and global levels. The strategy has set out our partnership approach and priorities.

Corruption is a shared challenge for us all. Addressing this challenge will allow us to forge a fairer, safer and more prosperous future for ourselves and for the wider world.

