Dear colleagues and friends,

2020 was set to be a milestone year, the start of a decisive decade, as we are now ten years from when the world needs to meet its objectives laid out in the Sustainable Development Goal (SDGs). Instead, 2020 took off in a different direction and the world embarked on a fight against a pandemic and the resulting financial crisis – challenges our modern world has not ever experienced on this scale. In the shipping industry, we are used to dealing with business disruption and crisis and many members provided prompt feedback on how they had quickly been able to adjust to the new way of working.

For MACN, the growth and momentum of our Network continues. We see this in member webinars, active engagement in the tools we are developing, and in the calls with new companies who are interesting in joining. This gives us a strong foundation to build on as we continue to make progress to eliminate corruption in the maritime industry. The need for action has only increased: our seafarers continue to face risks in numerous regions and the authorities are looking for greater transparency and compliance.

There has been a lot to celebrate in 2019. Our growth to over 130 members demonstrates our leadership in private-sector anti-corruption collaboration, and our collective actions have matured in how they are carried out and made sustainable. As an example, in Nigeria we see cases of corrupt demands and unjustified fines being solved with the cooperation of the government and a willingness to change. This is a milestone no one thought we could achieve when we started MACN and is a result we can share with pride.

We also have invested in the development of MACN tools, such as taking the first steps towards a global port integrity index based on the 38,000 incidents we have in our anonymous reporting system, and we have partnered with Vidoetel/Seagull in the development of MACN’s new eLearning platform. We secured our first two multi-year grants for our collective action program from the Danish Government (DANIDA) and the Siemens Integrity Initiative and we continue to get positive feedback from frontline staff on how MACN has helped them fight corruption.

In October 2019, MACN members signed off on our 2025 strategy. The strategy defines MACN’s 2025 journey, with an emphasis on our Members’ commitment to combating corruption globally. This will see MACN focusing on supply chains and highlighting safer courses of action for our captains and crews. This strategy also establishes MACN’s collaborative approach model as a measure for success.

Even in this time of challenge, we hope you can take a moment to reflect on the success of MACN and the role all of our members have played. Let’s remain strong in 2020 as a network – only together we can create a better working environment for everyone in our industry and the many communities we serve.

With warm regards,

MACN Steering Committee

John Sypnowich, Chair, MACN
About MACN

The Maritime Anti-Corruption Network (MACN) provides a unique forum for businesses to contribute to the elimination of corruption in the maritime industry. MACN is composed of vessel-owning companies and others in the maritime industry, including cargo owners and service providers. MACN was established in 2011 as an industry-led collective action initiative. With a membership of over 130 companies, MACN has a strong industry voice, and has become one of the preeminent examples of an industry-led collective action network taking tangible steps to eliminate corruption. By working in partnership with the industry, governments, and civil society, we have successfully addressed corruption risks through country-specific actions in locations such as Nigeria, Indonesia, Egypt, India, Ukraine, and Argentina. MACN’s initiatives have been welcomed by stakeholders and have resulted in tangible outcomes such as the removal of trade barriers, strengthened governance frameworks, and substantially reduced levels of corruption in maritime trade.

Our Vision

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

Our Mission

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

MACN is an initiative under BSR (www.bsr.org), a global business network focused on sustainability. BSR (referred to as "MACN Secretariat") provides the Secretariat function for MACN. The MACN secretariat is responsible for progressing MACN’s strategic workplans (including our 2020 strategy), ensuring good governance, and managing MACN’s day-to-day work, with its members, third parties, and funders. MACN’s activities are overseen by the MACN Steering Committee, with active participation of the full MACN membership.
MACN: Connected to the SDGs

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

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

MACN is a good example of SDG 17 (Partnerships for the Goals), while tackling corruption has a strong alignment to SDG 16 (Peace, Justice and Strong Institutions). Further, at a macro level, corruption in the maritime sector constitutes a non-tariff trade barrier that is driving up trade costs and impeding economic and social development, particularly in developing countries where trade costs are the highest. Expanding opportunities for low and middle-income countries to participate in trade by reducing corruption in the maritime supply chain is essential to further integrate these countries into global value chains and attract much-needed capital, technology, and know-how.
PARTNERSHIPS

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

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

CREATING A SUSTAINABLE FUTURE FOR THE GLOBAL ECONOMY

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

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

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

In 2019, MACN’s new strategy was agreed. Our strategy reflects the changing business environment where anti-corruption regulations are tightening; there is increased scrutiny from customers, peers, investors, and regulators; and there is increasing pressure on businesses to operate with integrity globally. The business landscape is formed by:

- Increased demand for transparency and good social practice
- Anti-corruption laws are ever tightening
- Government instability may lead to increased corruption risks
- Trade patterns may change to more challenging locations
- Increased commercial pressure to do the right thing

Today, companies must ‘walk the talk’ and implement practical and sustainable solutions to address and combat corruption. MACN has a unique value proposition for the maritime industry and is well aligned with global regulatory requirements, as well as supporting conduct that is expected of business.

The 2025 strategy will strengthen our core activities, articulate MACN’s value proposition, and increase our role and presence in the maritime industry.

The strategy defines MACN’s 2025 journey with an emphasis on member companies’ commitment to combating corruption globally. MACN’s in-country activities and collaborative approach model continue to be aligned with a safer course of action for Captains and frontline crew. MACN aims to increase its role in international forums for trade and economic development. We will focus on continued strategic growth, which means not only growth in membership size, but, importantly, geographical and sector diversity. Increasing Member engagement and anti-corruption capability building will continue as key objectives.

Our ambition is that by 2025, MACN is the largest and most efficient integrity initiative in terms of industry participation and global outreach, whilst remaining devoted to unlocking trade obstacles and stimulating social economic development. To achieve this ambition, our high-level activities will be:

1. Capturing corruption risks across the supply chain.
2. Supporting industry maturity of integrity enforcement.
3. Strengthening MACN’s activities with the U.N. Sustainable Development Goals.
4. Articulating MACN’s link to social economic growth through active participation in global dialogues.

Setting MACN’s Direction

To comply with the summary objectives of the strategy process MACN will focus on:

- **MACN’s Global Recognition** – MACN aims to become the largest, most effective, anti-corruption collective action globally, in terms of private sector engagement and in-country work.
- **MACN’s Footprint** – MACN resolves to address corruption risks beyond port operations, whilst continuing to focus on MACN’s Tier 1 countries (defined in MACN’s Collective Action Strategy).
- **MACN’s Member Portfolio** – MACN members will hold 50% of the world’s tonnage, and MACN will have membership representation in the top ten largest shipping nations (by tonnage).
- **MACN’s Service Aims** – MACN has an advanced and professional pool of compliance tools, providing companies with an unrivalled compliance roadmap. MACN has cultivated a recognized port integrity index, applying data to enhance its prominence.
Strategy Going Forward

- **MACN retains its mission and vision** – the membership concluded that these continue to be relevant and critical for MACN’s journey ahead.
- **MACN maintains a focus on three strategic pillars**: Capability Building, Collective Action, and Collaboration. Since MACN’s inception we have worked to support the industry as well as to work in country to create sustainable changes. We have, through this approach, had outstanding outcomes and MACN is recognized for being a solution driven initiative which we shall continue to build on.
- **MACN remains a Network**, thus peer dialogue, working groups, and best practice sharing will remain essential to our core.
- **MACN continues to focus on industry dialogue**. We believe the dialogue, exchange, engagement, and interactions between peers in MACN is essential for success.
- **MACN continues to focus on communication and awareness raising**. We believe there is more work to do to raise awareness of maritime corruption, by sharing relevant information, results, and outcomes.

What has changed:

- **MACN’s Culture of integrity has changed to Collaboration** – Collaboration is been more clearly defined, focusing on building, and strengthening partnerships to ensure that MACN remains strong outside its direct sphere of influence.
- **Greater use of MACN’s improved compliance tools**. We will continue to focus on building a strong compliance roadmap for the membership - that is suitable for both companies who are just starting their journey as well as industry leaders.
- **Stronger communication on the cost of corruption and a compliance program** - We will focus on communication targeting the benefits of MACN’s membership through cost comparisons and internal arguments.
- **Greater focus on the entire supply chain** – We will focus on undertaking a risk assessment for corruption going beyond port operations and involving relevant maritime service providers.
- **Focus on the voice of frontline staff/support** – Where relevant, supporting the frontline will be MACN’s focus, which includes innovative and new pilots.
- **Rethinking our organizational model** - during the timeframe of the strategy, we will reevaluate our resources, framework, and structure to fit a globally growing initiative.
- **Eliminate Members categories** – there will be only one category of Members in the Network.

External outreach and growth:

In addition to our strategy priorities, growth of MACN’s membership will have a significant role in MACN’s strategy. We will grow membership by increasing communication efforts, boosting compliance tool development, putting forward the compelling business case for MACN and showing the concrete ways in which MACN has reduced corruption. The strategy for recruitment will have added three work streams:

- **Supply chain encouragement** – Encourage existing MACN Members to engage their respective supply chains and business partners to join MACN and support the principles and initiatives of MACN.
- **Industry dialogue** - Increase direct dialogue with members and ensure MACN features prominently in shipping nations.
- **Through MACN’s collaboration framework**, work with industry body representatives and regulators to raise awareness of corruption challenges and to promote MACN as model for success.
MACN’s 2019 in Numbers

38,000
Over 38,000 anonymous incidents of corrupt demands received globally (all time, since 2011)
6,736 in 2019

1,365
Ports captured in MACN’s anonymous database

3
Round table events conducted across Nigeria gathering over 200 local participants

130
Members

25%
Member growth

Largest members meeting to date with 160 participants

MACN secured external multi-year funding for MACN collective action program in West Africa

1
New submission to the IMO on maritime corruption

In Argentina, MACN maintained the decrease in reported incidents

2 new collective actions piloted in India and Ukraine

8 MACN member cases were successfully resolved using the Grievance Reporting Mechanism launched in Nigeria
Presentations at Conferences and Increased Outreach

MACN participated in high-profile events throughout the year. We were invited as a speaker to the World Economic Forum ‘Partnering Against Corruption Initiative’ and presented to the Eighth Session of the Conference of the States Parties to the United Nations Convention Against Corruption together with one of our members. MACN also increased its local presence by visiting ship owners and attending industry events such as the Grain and Maritime Days in Odessa, Ukraine.

We engaged with other organizations to support integrity throughout the maritime value chain by speaking about integrity and collective action at the 45th General Assembly of the International Federation of Ship Masters Association (IFMSA) held in Helsinki, Finland. Steering Committee member Capt. Brendon Hawley, presented at The Royal Norwegian Embassy in Tokyo, Japan on collaborative initiatives as part of driving anti-corruption solutions in ports and terminals around the world.

MACN was invited to present our collective action program for the World Customs Organization, representing Custom Authorities worldwide. At the event, MACN announced our collective action campaign in India.

On UN International Anti-Corruption Day (9 December 2019), MACN published a blog reflecting on our results and why it is important to work as an industry to combat these challenges:

www.bsr.org/en/our-insights/blog-view/if-corruption-is-a-cancer-how-to-cure-it-international-anti-corruption-day

As part of the Danida project, MACN organised three country wide round table events in Nigeria. The events were organised together with MACN’s local partner The Convention on Business Integrity (CBI) and close to 400 participants attended. These back-to-back events in 2019 has increased the awareness of the broader work carried out by MACN/CBI and the project objectives.

"Multiple collective action efforts are moving in the right direction, but without more emphasis on creating synergies and alignment on shared priorities, impact will likely remain limited. Fighting corruption and building greater trust and integrity requires a collaborative platform that facilitates a systemic approach. The focus of such a platform should be solving problems and capturing opportunities that lie at the intersection of multiple industries, stakeholders and intellectual disciplines. The MACN is an excellent example of a sectorial initiative initiated and driven by key industry players that proves that collective action accelerates and amplifies actions against corruption even in very challenging environments. It is, thus, a model that can inspire replication in other sectors."

Pedro G. Gómez Pensado, Head of the Partnership Against Corruption Initiative (PACI)
Progress on Capability Building

MACN ANTI-CORRUPTION PRINCIPLES

A key part of MACN’s role is to provide our members with practical and useable tools both to meet compliance requirements and to prepare staff and crew to resist corrupt demands. These tools are guided by the following principles:

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

By engaging a wide range of maritime companies and facilitating industry discussion on specific needs or issues, MACN can more effectively execute its strategy. MACN organizes subject-specific working groups which are facilitated by an assigned member lead and the MACN Secretariat.

The purpose of the working groups is to develop consistent integrity standards defined in MACN’s anti-corruption principles or engage in country specific issues. The working groups allow members to share their success stories and lessons learned from the implementation of anti-corruption compliance programs. MACN’s working groups made progress in 2019, including:

- Best-practice sharing on how to implement compliance programs for example for the chartered fleet.
- Best-practice sharing to address corruption in hot-spot locations and MACN finalized more in county guides to support members.
- Solution focused discussions for example how to reduce cash onboard.

DEVELOPING FIT FOR PURPOSE ANTI-CORRUPTION TOOLS

During 2019, MACN completed the revision of tools under the MACN 7 Principles. We also began developing a compliance roadmap, and the members decided to invest in a new member platform for 2020. In 2019, MACN formalized the working group activities and developed tools for members to implement into their compliance company programs. Some of the activities included:

- Thanks to the generous contribution from the TK Foundation, MACN kicked off the work to develop a new MACN anti-corruption eLearning.
- The membership started to brainstorm on how to define a maritime compliance standard.
- The membership started to map a community platform for third party risk management.

GROUP MEETINGS

MACN held its Spring meeting in Shanghai for over 110 participants. Experts were invited to share their insights on national anti-corruption laws and how to conduct ethical business in China and on potential compliance risks with the Belt and Road Initiative. The MACN membership started to develop a new eLearning platform and a process to improve members’ ability to conduct due diligence in the maritime value chain by thinking through what a community platform could look like.

The Fall meeting in London was MACN’s largest-ever meeting. MACN welcomed over 160 participants to this meeting, including local experts and senior government officials from Nigeria, India, and Argentina. The meeting covered a mix of plenary sessions and working group activities. MACN’s 2025 strategy was approved and the membership endorsed the work for the coming five years. MACN’s membership approved new appointments to the Steering Committee and the MACN membership supported the Steering Committee’s decision to remove the Associate and Regular Membership categories.
An essential element of the DANIDA project is to enable cross learnings between the public and private sector on tackling bribes, facilitation payments and other forms of corruption in ports globally. The London meeting was also a key milestone for MACN, enabling us to advance the multi-stakeholder approach by inviting government officials to take active part in promoting public-private sector and inter-industry dialogue on tackling corruption in ports globally.

In conjunction with our final 2019-members meeting, MACN hosted a pre-conference workshop with select stakeholders from MACN program countries to take stock of the current practices, challenges, and successes of Collective Action programs. We also identified best practice methodologies to take forward. Practitioners and experts involved in MACN’s projects in Argentina, India, and Nigeria shared their experiences, approaches, and tools in implementing anti-corruption projects in ports worldwide.

At this workshop, through a facilitated discussion and knowledge-sharing format, the group identified key learnings and practices around three critical success factors when developing collective action initiatives, namely stakeholder engagement, ownership creation, and operational tools, which could be replicated and scaled in other contexts.

This workshop was the first of a regular series of collective action workshops MACN plans to host every year.
Progress on Collective Action

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

The work is structured by MACN’s collective action strategy and priority countries which were signed off by the members in 2018. The relevant countries have been prioritized under Tier 1 and Tier 2. MACN will proactively define work plans and seek to engage in Tier 1 countries, while Tier 2 countries will be approached on a more opportunistic basis. Tier 1 countries include: Angola, Argentina, Brazil, China, Egypt, India, Indonesia, Malaysia, Nigeria, Russia, and Ukraine. The relevance of the countries may be revisited based on member growth and priorities by the membership.
**SUEZ CANAL, EGYPT**

Start date: 2015

**Focus:** Tackle corrupt demands during Suez Canal transits by implementing a collective “Say No” campaign.

**Challenge:**

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

**What We Did:**

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

**Progress:** Since the launch in 2015, MACN has continuously assessed the impact of the campaign by surveying members and by collecting incident data. The situation has improved every year, and the campaign is expanding across the industry and also to local partners e.g. agents. Feedback continues to be positive and shows that companies taking part in the campaign are transiting Suez without any delays or issues. Demands for cigarettes have decreased dramatically, or have been eliminated, while threats to the safety of both crew and vessel have also decreased significantly. However, in 2019, the number of incidents has increased slightly compared to 2018. MACN will closely monitor this development and engage with relevant stakeholders as appropriate. Overall, the campaign in the Suez Canal demonstrates that when acting collectively, MACN has significant commercial leverage to incentivize both public and private sector players to address corruption, ultimately resulting in tangible improvements in the operating environment for crew, front line staff, and local stakeholders.

**Suez Canal: Number of incidents by month and year**

Suez Canal: Summary of the 2019 results

- Captains find it easier to refuse demands
- Companies of all sizes and across industry segments are successful in saying no
- Increased participation in the campaign from MACN members

Suez Canal demonstrates that when acting collectively, MACN has significant commercial leverage to incentivize both public and private sector players to address corruption, ultimately resulting in tangible improvements in the operating environment for crew, front line staff, and local stakeholders.
“I have crossed Suez Canal twice since MACN’s Say No campaign was introduced, and it’s much easier to resist now as more companies are participating in the anti-corruption campaign”

Captain MACN Member company
2 Argentina

Start date: 2014

Focus: Engaging other private stakeholders, both local and global, and the Government, to agree and implement a solution to the identified systemic corruption issue. Redrafting regulations for approval of a vessel’s holds or tanks for the loading of agricultural products, developing a new IT system for processing and registering hold/tank inspections, and developing awareness raising, training, and monitoring activities.

Challenge:

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

Partner: Bruchou, Fernández Madero & Lombardi - a full-service firm in Argentina with recognized experience in governance, transparency, and compliance.

What We Did:

MACN and Bruchou conducted a fact-finding mission to fully understand the nature of the problem before building a strong coalition of local and global stakeholders. Together, this coalition developed and agreed on key principles for a new governance framework that would improve operating practices and the integrity of the vessel inspection process. After three years of public-private collective action efforts, a modernizing, integrity-driven regulatory reform was adopted in 2017 by Argentina’s phytosanitary control authority (SENASA). The new regulatory framework modernized the inspections system in line with international standards, balancing the government’s responsibility to ensure the cleanliness of vessels exporting agricultural products with the necessary conditions for integrity in the context of foreign trade relations. This regulation went live on November 1, 2017 for a testing period of one year, and has been later confirmed as a regular process. MACN’s collective action initiative and the incident data provided by MACN members have been key drivers behind this decision.

Progress:

In 2019, MACN’s data shows that the low level of corruption incidents remain and that commitment from the industry and local stakeholder still is strong to follow and enforce the new regulation. In 2018, survey data from members and external stakeholders demonstrated a 90% drop in incidents involving SENASA. This trend remains, and in 2019 not a single incident related to SENASA has been reported (Graph 1).

Graph 1. Argentina | Incidents involving SENASA

In addition, the drop in large cash payments has been maintained compared to 2018, with one incident involving a large cash payment reported in 2019 (Graph 2). As such, MACN’s anonymous incident data confirm MACN’s success in curbing systemic corruption involving cash payments during holds inspections.

Graph 2. Argentina | Incidents involving large cash payments (>150 USD)
The momentum of the collective action initiative has been maintained through frequent engagement and coordination with both national authorities and local and international industry players part of the collective action alliance. Through ongoing and effective dialogue with stakeholders, MACN has actively contributed to escalating, resolving and supporting stakeholders to follow and enforce the new procedures.

MACN was also happy to welcome key stakeholders from Argentine Vegetable Oil Industry Chamber and the Center of Grains Exporters, to MACN’s member meeting, to share learnings and success stories from the Collective Action in Argentina with stakeholders from MACN’s other collective action countries.

Bruchou Partner Fernando Basch noted “The cross-sector agreement we reached to enhance integrity measures and fight corruption has shown results, measured by both the MACN incident-reporting tool and the local stakeholders’ feedback along these years. Now it is crucial to keep our collective action efforts, renewing commitment to public-private cooperation to attempt achieving a sustainable cultural change.”

“Through MACN’s Collective Action Initiative in Argentina, we have been able to dramatically reduce corrupt demands related to holds inspections. In 2019 we have been successful in maintaining the low corruption environment and sustain the progress achieved. This shows that MACNs collective action methodology works.”

Fernando Verzieria, Tramps Division at Marítima Heinlein S.A, MACN member
Focus: MACN, through the DANIDA project support, is deepening its current engagement in Nigeria. The immediate objective is to improve the business climate and reduce corruption in the port and maritime sector in Nigeria and targeted neighbouring countries, and to raise awareness on how maritime corruption is impeding growth and development through the launch of a Global Port Integrity Index. The long-term goal of the project is to contribute to increased investment, employment, and wider prosperity in Nigeria and targeted neighbouring countries.

Challenge: MACN identified Nigeria as one of the most challenging countries to do business, with corrupt demands posing a major risk to member companies, and with cases of extortion, harassment, and threats of violence. Moreover, regulations and procedures in ports were lacking in detail and consistency, giving authorities wide discretionary powers. There was low awareness and use of the new port call and vessel clearance procedures and guidelines, and the grievance mechanism launched by the Nigerian authorities. There were concerns regarding retaliation risk. Government officials report that ethical behaviour is not rewarded in Government institutions at all levels. Therefore, it was identified that MACN and the government must work further to raise awareness and incentivize adoption of new procedures and tools to achieve impact.

Partner: The Convention on Business Integrity

What We Did: MACN launched its first collective action project in Nigeria in partnership with the UN Development Program (UNDP) in 2012. The project was developed on a multi-stakeholder approach, involving both the private and public sector. Guided by UNDP’s risk assessment methodology, a comprehensive risk assessment was conducted to identify specific forms of corruption, underlying drivers, and actions to address root causes across six ports. Since 2013, MACN has been working with local stakeholders from the private and public sector to implement the actions identified in the assessment. The project has received high-level support from the Nigerian Presidency, firstly through the approval of the harmonized port call and vessel clearance procedures and, secondly, through the Vice-president’s participation in the launch event of the Port Service Support Portal and Grievance Mechanism. In 2019 MACN secured funding from DANIDA for a four-year Collective Action project. Thereby deepening its current engagement in Nigeria and targeted neighbouring countries.
"The Nigerian Port Industry’s service delivery has improved tremendously due to the partnership between the Nigerian Shippers’ Council, the Maritime Anti-Corruption Network (MACN), The Convention on Business Integrity (CBI), and the Independent Corrupt Practices and Other Related Offences (ICPC). By working with MACN, and participation at their annual members meeting and Collective Action Workshop, we were able to identify current challenges and corrupt practices in the maritime supply chain. Through our collective efforts we have seen a reduction in cases of corrupt practices reported by MACN members, and the timely resolution of disputes without any backlash. We encourage MACN members to make use of both the port SOP’s in Nigeria and the Grievance Reporting System via the Port Service Support Portal (PSSP)."

Mr. Moses Olayemi Fadipe - Nigerian Shippers’ Council
neighbouring countries to improve the business climate, reduce corruption, raise awareness on how maritime corruption is impeding growth and development through the launch of a Global Port Integrity Index.

Progress:

1. MACN/CI has secured high-level political support for the DANIDA project.

MACN and CI conducted an advocacy visit to His Excellency, the Vice-President of Nigeria to underscore the need for the government to name a lead agency/agencies Independent Corrupt Practices Commission (ICPC) and Nigerian Shippers Council (NSC) for enforcing the Standard Operating Procedures that have been developed. The Vice-President of Nigeria is the Chairperson for the Port Steering Committee who in 2016 launched the online Port Service Support Portal (PSSP), which hosts the consolidated set of Standard Operating Procedures (SOPs) for all ports and terminals in Nigeria and the Grievance Reporting Mechanism (GRM). This endorsement from the leadership is vital to the project as this helps us to better engage the respective government agencies in promoting awareness and working with the project objectives.

2. MACN/CI has established an effective, representative project steering committee.

The committee is made up of the Head of the Complaints Unit of the Nigerian Shippers Council (NSC), another member of NSC Management, The Independent Corrupt Practices Commission (ICPC - Nigeria’s Anti-Corruption Commission), The Technical Unit on Government Anti-Corruption Research (TUGAR), The Lagos Chamber of Commerce & Industry (LCCI), CI and MACN. This group steers the project through quarterly meetings.

3. MACN/CI has strengthened the dialogue between the maritime industry and Nigerian authorities on integrity issues.

MACN/CI organised three country-wide roundtable events, attended by 367 participants in total and enabled senior Nigerian government officials to attend MACN the annual Members’ meeting in London. These back-to-back events, within a short period of time, has increased the awareness of the broader work carried out by MACN/CI and the project objectives.

4. MACN/CI has strengthened the dialogue with the Nigerian Shippers Council (NSC).

Project Steering Committee Members:

- The Nigerian Shippers Council is the economic regulatory of the Nigerian ports and terminals and conducts investigations to service delivery challenges in ports and terminals.

- The Independent Corrupt Practices Commission (ICPC), a government agency that is vested with the responsibilities of investigation and prosecution of corrupt offenders.

- The Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) is a research, monitoring and evaluation unit, a government initiative to design country specific strategies to monitor and evaluate anticorruption and other governance initiatives, and to implement corrective actions as needed.

- The Lagos Chamber of Commerce & Industry (LCCI) is a private sector group in Nigeria that through public policy advocacy and facilitation promotes development of services and observance of highest standard of business ethics.
NSC is the economic regulator of Nigerian ports and terminals, which is the government agency that hosts the PSSP. Following our engagement with NSC, an additional 7 members have been added to NSC’s Complaint’s Unit, working on the changes needed to PSSP and jointly publishing activities on social media. This clearly shows commitment, ownership and investment through resources towards this project by the NSC.

5. MACN members are beginning to use the GRM via PSSP and/or other means.

In total 8 cases were registered, and resolution provided. This indicates growth in trust by the private sector (MACN members) towards the public sector system of the PSSP. Through the work of the project steering committee, we have also identified private sector challenges to using the PSSP (keeping more from using it) and frustrations in trying to support the private sector on the part of the Nigeria Shippers Council which we hope to work through with all parties in 2020.

“As a major tanker Owner with vessel sizes ranging from MR’s to VLCC’s, we make extensive calls to West African ports with heightened frequency to Nigeria. Our partnership with MACN has made a significant impact in ensuring these calls are made as smoothly as possible. When an issue outside of the norm has arisen, MACN’s local support (specifically, The Convention on Business Integrity and the Nigerian Shipper’s Council) are immediately available to both Owner/Master for assistance. The follow-up via the Grievance Reporting Mechanism setup by the Nigerian Shipper’s Council further allows our organization to track the status of our grievance(s) to full closure.”

Timothy J. Morris, Ridgebury Tankers, MACN member

Nigeria: Number of incidents by month and year
**INDIA**

Start date: 2018

**Focus:** In recent years, the Indian Government has made anti-corruption measures a priority, as shown by the ratification of the United Nations Convention against Corruption, the introduction of e-governance systems in public authorities, new legislation targeting bribery in public administration, and (most recently) a demonetization scheme targeting the parallel economy. One of the key ambitions of the Government of India is to improve the national business climate in their Ease of Doing Business plan. MACN’s proposals and ideas for strengthening integrity at ports are timely and align closely with the priorities of the Government.

**Challenge:**

From 2016 to 2019, 975 corrupt demands have been reported at Indian ports through MACN’s Anonymous Incident Reporting Mechanism. While in 2019, incident reports have increased by 60%, the nature of these incidents remains the same. Overall, the data show that requests for small in-kind payments (for example cigarettes, alcohol, and soft drinks) are frequently made. Rejecting such demands leads to threats of delays of the vessel and threats of fines for alleged non-compliance. Some vessels have also reported denial of shore passes for the crew. Further, problems are reported relating to the burdensome documentation processes.

**Partners:**

Indian Shipowners Association (INSA); Maritime Association of Nationwide Shipping Agencies (MANGSA); Indian Customs and Central Excise; The Government of India; The Directorate General of Shipping; Indian Private Ports and Terminals Association (IPPTA); Indian Ports Association (IPA); the Danish Embassy; the Norwegian Consulate General; the World Customs Association; United Nations Global Compact (UNGC) Network India; The Container Shipping Lines Association (CSLA); the Federation Of Indian Logistics Associations (FILA).
What We Are Doing:

MACN has built momentum in India to strengthen integrity in Indian ports and in 2019 MACN announced the launch of a groundbreaking Port Integrity Campaign in India. The campaign, which aims to reduce and (in the long term) eliminate integrity issues and bottlenecks to trade during operations in Indian ports, is a collective action of MACN, the Government of India, international organizations, and local industry stakeholders. The pilot of the campaign took place in Mumbai ports (MbPT and JNPT) and was tested for six months.

The pilot campaign was successful and MACN aims to expand the program to other Indian ports. The Port Integrity Campaign has been made possible by strong commitment from the Indian Government to work with the private sector and to address integrity issues in Indian ports.

“We are committed to ensuring that vessels calling port in India do not face unnecessary obstacles or illicit demands. Tackling these issues is good for the shipping industry, for port workers, and for India as a trade destination. We are pleased to be joining forces with MACN and other stakeholders to implement concrete actions with the potential for real impact.”

The Ministry of Shipping, India

“The pilot project helped us to understand the process and demonstrate the methods which would help us achieve our goals. The Indian government’s engagement in the project enabled a partnership and a dialogue, both which are instrumental as we expand the campaign.”

Anil Devli, CEO, Indian National Shipowners’ Association

India: Number of incidents by month and year

![Number of incidents by month and year graph](image-url)
INDONESIA
Start date: 2015

Focus:
1. Improve transparency of vessel clearance processes in Indonesia’s largest port. Create more transparency on public tariffs and make them more accessible and available to the industry.
2. Promote a digital clearance system to be implemented by the government.

Challenge:
The industry continues to see frequent corrupt demands in Indonesia. Requests for gifts and cash payments are common across all ports and are requested without providing any fee schedule. Clearance processes in Indonesian ports are paper-based and depend on interactions with several officials. For the individual Captain, it is difficult to understand operating procedures and regulations that apply, whether fees are legitimate, and how to best resist and escalate corrupt incidents. Overall, MACN’s data indicates that there is a culture to “grease the wheels” across the maritime sector in Indonesia. Low levels of integrity culture requires collective action in order to break the corruption circle and to raise the standards of business integrity across the sector. Indonesia is a good example of a market where it is difficult for a company to fight corruption single-handedly and where collective action is key tool to fight corruption.

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

**Progress:**

MACN is relaunching a collective action initiative in Indonesia focusing on improving transparency of vessel clearance process in Indonesia’s largest port, Tanjung Priok. MACN plans to deploy our tested collective action methodologies in partnership with local and international stakeholders from the maritime industry and government authorities in Indonesia. During the Spring 2019 meeting, MACN gauged member interest in launching a campaign and collected insights on key challenges that members face during port calls, including difficulties faced in relation to the port tariff structure in Indonesia ports. MACN also began the search for a local collective action partner, engaging with relevant stakeholders such as local law firms. In 2020, MACN will continue to engage with local stakeholders as well as look to develop more practical guidance for members calling Indonesian ports.

**Indonesia: Number of incidents by month and year**

![Indonesia: Number of incidents by month and year chart](chart.png)
“As a long-standing member of MACN, Ben Line promotes compliance with anti-corruption laws and the elimination of corrupt practices. We support MACN’s collective action efforts in Asia and see this as an important way for the industry to reduce and stamp out corruption in the maritime sector.”

Matthew Soloman, Ben Line Agencies, MACN member
UKRAINE

Start date: 2019

Focus:

1. Improve transparency and integrity of various port proceedings and inspections of the vessels in the ports of Ukraine.

2. Conduct an initial integrity risk assessment of port-related challenges, identify and establish contact with main local and international stakeholders in Ukraine.

3. Develop integrity tools for the industry.

Challenge:

Corruption is a key challenge for many businesses operating in the country and is considered a widespread issue. Survey results from MACN members show that Ukraine is perceived as one of the most challenging countries in the Black Sea region. The shipping industry, in particular the dry bulk sector, faces frequent challenges in connection to documentation and on-board practices (e.g. waste disposal, ballast water discharge). Port authorities such as customs, Port State Control, and environmental authorities are the main government representatives engaged in corrupt demands from vessels. For example, a common challenge is environmental authorities issuing illicit environmental fees during inspections. The majority of the incidents in MACN’s anonymous reporting mechanisms are reported in the ports of Yuzhny, Odesa, Mykolaiv (Nikolaev), and Chornomorsk (Illyichevsk). Illicit large cash demands are very common during vessel clearance, and Ukraine is ranked second among the countries where such demands occur. Rejecting demands, which can be up to USD 10,000, can result in delays, disruption, and even threats to crew safety.

In recent years, Ukraine has made great efforts to tackle corruption on the regulatory side. To improve the business climate and attract foreign investment the government has established several anti-corruption bodies, such as the National Anti-Corruption Bureau of Ukraine, Specialized Anti-Corruption Prosecutor’s Office, and the National Agency on Corruption Prevention of Ukraine. However, the regulatory framework in the maritime sector is not sufficiently enforced and companies continue to face such corrupt demands. Nevertheless, port traffic and the tonnage being handled in Ukrainian ports has increased steadily over the past years. In 2018–2019, Ukrainian ports handled over 160 million tons of inbound cargo, and increase of 18.4%. Exports have increased by over 22%.
"As an industry led initiative, MACN has the knowledge, experience, and ability to speak as one voice directly to Governments and stakeholders. This approach can drive change, especially in some challenging parts of the world. One such example is Ukraine where, a few years back, NORDEN decided to avoid calling at local ports due to repeated corrupt demands in the form of large cash payments by public officials (e.g. Port State Control, and cargo surveyors).

The newly funded MACN Collective Action initiative in Ukraine is one which all MACN members can benefit from. Success in Ukraine will strengthen our efforts in rejecting corrupt demands almost worldwide. Further, if MACN can demonstrate another successful collective action, we can also demonstrate to non-MACN members how important it is to join the network and support our global fight against corruption."

Ms. Lillian Frøhling Hansen, NORDEN, MACN member
What We Did:

MACN carried out an initial mapping of potential local stakeholders in Ukraine in 2019. We carried out a survey and interviews with our members to better identify all the challenges faced by their vessels. Together with a local law firm we have prepared a Memorandum that addresses the procedure and challenges of ballast water inspection in Ukraine, which was updated accordingly with the legislative changes and is available on the members' SharePoint website.

In late 2019, MACN, in cooperation with The Federation of National Associations of Ship Brokers and Agents and International Group of P&I, we sent a joint letter to the Minister of Energy and Environment Protection and to the Minister of Infrastructure to highlight the issues of inspection of ships’ segregated ballast tanks by Ukrainian government ecological inspection officials. This included a request to engage in dialogue with the Authorities.

Progress:

In 2019 MACN secured funding from maritime foundations e.g. the Lauritzen Foundation for a MACN co-funded Collective Action pilot project in Ukraine for a period of 12 months to be executed in 2020.

The pilot project will:
1. Develop Integrity Tools
2. Establish Help Desk and Best Practice Sharing Forum
3. Engage with Local Stakeholders and conduct an initial risk assessment of the port-related challenges

Ukraine: Number of incidents by month and year
Progress on Collaboration

(Former Culture of Integrity pillar)

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

In 2017, MACN initiated a cross-industry working group together with the International Chamber of Shipping (ICS), with the ambition of attracting industry organizations and associations to collaborate and address key corruption issues in the shipping industry. In 2018, MACN, together with leading maritime associations, started to engage the IMO on the consequences and risks facing the maritime industry in relation to maritime corruption. An IMO submission was sponsored by 12 NGO’s and submitted to the IMO’s Facilitation Committee in June 2018 (FAL 42/16/3). The submission was supported by a presentation to IMO delegates from MACN and ICS. In 2019 the working group continued to raise awareness of maritime corruption.

Maritime corruption formally on the IMO agenda

In 2019, IMO showed huge support for MACN’s work by agreeing to include maritime corruption as a regular work item on its agenda. A paper on the topic of maritime corruption was presented by the Marshall Islands with many countries and international organizations expressing their endorsement of a proposal to develop guidelines to assist all stakeholders in embracing and implementing anti-corruption practices and procedures at the 43rd meeting of the Facilitation Committee (FAL). The IMO will now work on a Guidance document to address maritime corruption. This is expected to be completed by 2021. Danish Shipping welcomed the support from the international community for this initiative.

MACN welcomed the IMO efforts to address maritime corruption as a regular work item. MACN’s Executive MACN also welcomed the support from member states and organizations who submitted the proposal in 2019: Liberia, Marshall Islands, Norway, United Kingdom, United States, Vanuatu, ICS, IAPH, BIMCO, ICHCA, IMPA, IFSMA, INTERTANKO, InterManager, IPTA, IHMA, IBIA, FONASBA, ITF and NI.

“We have a long-standing commitment to stamping out maritime corruption. Thanks to the targeted efforts of MACN, we have seen tangible change in locations such as the Suez Canal, where facilitation payments have decreased considerably. With the IMO’s 174 member states working together on this agenda, we will stand even stronger in the fight against maritime corruption. Putting maritime anti-corruption on the IMO agenda marks a significant milestone for the maritime community as a whole.”
Anne H. Steffensen, Director General and CEO at Danish Shipping

“It is important for the industry to have maritime corruption recognized as a problem by the IMO in its role as the international regulator for shipping. Issues such as the wide discretionary powers held by some port officials have the potential to impact all ship owners, managers, and operators. The requirements for port entry too often lack transparency, are deliberately misapplied, or widely interpreted for private gain.”
Cecilia Müller Torbrand, Executive Director MACN
MACN STRENGTHENED ITS PARTNERSHIP WORK

In 2019, MACN signed an MOU with World Maritime University providing, inter alia, collaboration in the delivery of training and educational packages.

For the fourth consecutive year, the World Maritime University (WMU) delivered its seminal Maritime Business Integrity and Corruption Awareness (CORA) Seminar. The idea behind the development of the Seminar came as a direct response to the maritime industry’s needs for Corporate Social Responsibility, and Sustainable Development Goal 16.

The one-day Seminar aims to instill appreciation of the role and impact of bribery and facilitation payments in port and the ways the industry and official bodies are addressing this problem. Through real-life examples shared by industry speakers, WMU students learned about tactical and managerial tools that could be used to effect change in the industry. The seminar was co-lectured by MACN’s Executive Director, Cecilia Müller Torbrand MACN member. WMU also sits in the Cross Industry Working Group on Tackling Corruption in the Maritime Sector, initiated by MACN and ICS in 2017.

“The World Maritime University (WMU) and the Maritime Anti-Corruption Network (MACN) signed a Memorandum of Understanding (MOU) in July 2019 to inform, educate and raise awareness of the nefarious impact of corruption – whether petty or large-scale – on the maritime industry and its governance. The MOU recognizes and consolidates the important contribution that MACN has made to WMU’s seminal Maritime Business Integrity and Corruption Awareness (CORA) course over the years. As the IMO’s apex educational arm, WMU will continue to promote and profile anti-corruption measures and tools in the maritime industry through a gamut of training, research, and advocacy endeavors.”

Dr Cleopatra Doumbia-Henry, President, World Maritime University
Joining MACN

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

Current MACN Members

ADNOC Logistics & Services
AET UK Limited
Anglo American Shipping Pte Ltd
Anglo-Eastern Ship Management Ltd
Anthony Veder Group N.V.
Ardmore Shipping Limited
Avance Gas Holding Ltd
Ben Line Agencies Ltd.
Bernhard Schulte Shipmanagement (HK) Ltd Partnership
BHP
BP International Limited
BP Shipping Limited
Bunker Holding A/S
BW Maritime
Cargill, Incorporated
Chartering and Shipping Services SA
Chemiere Marketing Limited
Clipper Bulk A/S
CMA CGM
Columbia Shipmanagement Ltd
COSCO SHIPPING Lines Co., Ltd
D/S Norden
DA-Desk
DEEP BLUE SHIP AGENCY S.A.S.
Eagle Bulk Shipping Inc.
Enesel Limited
Epic Ship Management Pte. Ltd.
Evergas
Fednav Limited
Frontline Ltd.
G2 Ocean A5
Gearbulk Pool Ltd
Glencore International AG
Global LNG
Golar LNG
Golden Ocean Group Limited
Grieg Star
Gulf Agency Company Ltd
Hafnia Tankers
Hapag-Lloyd AG
Hoegh Autoliners Management A/S
Hoegh LNG A5
Hull Blyth Group
Hyundai Merchant Marine Co., Ltd.
Inchcape Shipping Services
INDEPENDENT SHIP AGENTS S.A.
International Seaways, Inc.
Intership Navigation Co. Ltd.
J. Lauritzen
J.P. Morgan Asset Management UK Ltd.
Jebsens Maritime, Inc
Kawasaki Kisen Kaisha Ltd
Klaaveness AS
Knutsen OAS Shipping AS
Kongsberg Gruppen ASA
Kristian Gerhard Jebsen Skipsrederi AS
LETH SUEZ TRANSIT LTD. AS.
Liberian Registry
Maersk A/S
Maersk Tankers
Mammoet Holding BV
Maritima Heinlein S.A.
Masterbulk A/S
Mercuria Energy Group Ltd
MF Shipping Group
MINIMARINE Shipmanagement GmbH & Co. KG
MISC Berhad
Mitsui O.S.K. Lines, Ltd.
MOL Nordic Tankers
Monjasa A/S
MPC Container Ships ASA
MSC Mediterranean Shipping Company S.A.
MUR Shipping Holdings BV
Naviera Ultralav Ltd
Neptune Lines Shipping
Nippon Yusen Kabushiki Kaisha (NYK Line)
Noatum Maritime Holdings, S.L.U.
Norsk Hydro ASA
Norvic Shipping International Ltd.
Oceanic Marine Management Limited
Odfjell Management A5
Offen Group
OMA Group West Africa
OOCL (usa), Inc
OSM Maritime Group
Pacific Basin Shipping HK Ltd
Pacific Carriers Limited
Republic of the Marshall Islands
Maritime Administrator
Ridgebury Management LLC
Rio Tinto Shipping (Asia) PTE Ltd.
Rocktree Logistics PTE LTD
RWE Supply & Trading
S5 Agency World Ltd
Scorpio Tankers Inc.
Seaspan Corporation
Seatrans A5
SERVICE MANAGEMENT S.A.
Shell International Trading and Shipping Company Limited (STASCO)
Sole Shipping SA adviser Limited
Solvang ASA
STARK SHIPPING
Stena Bulk AB
Suddent Armateurs
Switzer A/S
SwiftBulk LLC
Synergy Marine (Europe) A/S
Taylor Maritime (HK) Limited
Teekay Corporation
The Britania Steam Ship Insurance Association Limited
The China Navigation Co. Pte. Ltd
The CSL Group Inc./Le Groupe CSL Inc.
The National Shipping Company of Saudi Arabia (BAHRI)
The Standard Club UK Ltd
Thome Singapore Holdings PTE. LTD.
TORM A/S
Unifeeder A/S
Union Maritime
Utkilen
Vroon B.V.
V Ships
Wallem Services Limited
Wallenius Marine AB
Wallenius Wilhelmsen Ocean A5
Waterfront Maritime Services DMCC
WBL Logistic Solutions (Pytsa Group SA)
Western Bulk Management A5
Wilhelmsen Ship Management
Wilhelmsen Ships Services A5
World Fuel Services
Yara International ASA
Yusuf Bin Ahmed Kanoo Company Limited
ZEBORN Ship Management GmbH & Cie. KG
Zim Integrated Shipping Services Ltd.