

FIGHTING CORRUPTION

A MANIFESTO AGAINST CORRUPTION FROM THE BOND ANTI-CORRUPTION GROUP

Corruption undermines security, prosperity, democracy and confidence in public institutions. Left unchecked, it can have devastating effects on citizens' quality of life at home and overseas. These effects, including poverty and inequality, hit the most vulnerable people hardest.

From undue influence and conflicts of interest, to opaque public contracts and dirty money in our economy, corruption in the UK is real, and there is an urgent need to address it through public policy and leadership.

Promoting integrity in business, building trusted institutions, and restoring faith in democracy – both at home and overseas – requires cross-party commitment.

The Bond Anti-Corruption Group is a coalition of British NGOs who, through their work, witness the devastating effects of corruption on society. The Group has the following core members: Article 19, Global Witness, the International State Crime Initiative, the Natural Resource Governance Institute, the Open Contracting Partnership, Oxfam, Publish What You Pay UK, Rights and Accountability in Development, Spotlight on Corruption, Sussex Centre for the Study of Corruption, The Sentry, and Transparency International UK.

We are calling on all political parties to join the fight against corruption and commit to taking bold steps to end corruption in the UK and overseas.

HERE'S HOW:

END THE UK'S ROLE AS A SAFE HAVEN FOR DIRTY MONEY

DELIVER THE ECONOMIC CRIME PLAN

CLEAN UP UK POLITICS AND BREAK THE GRIP OF VESTED INTERESTS

HOLD CORPORATES ACCOUNTABLE FOR ECONOMIC CRIMES

DRIVE TRANSPARENCY IN THE NATURAL RESOURCES SECTOR

ENABLE PUBLIC SCRUTINY AND ACCESS TO INFORMATION

OPEN UP AND MONITOR PUBLIC CONTRACTS

DEVELOP THE EVIDENCE BASE

SUPPORT TRANSPARENCY IN THE UK'S SECRECY JURISDICTIONS

LEAD THE GLOBAL FIGHT AGAINST CORRUPTION

END THE UK'S ROLE AS A SAFE HAVEN FOR DIRTY MONEY

Corrupt money – wealth stolen from state budgets or extorted via bribes – continues to find its way into the UK. Some estimates suggest the scale of dirty money being laundered here could be in the order of hundreds of billions of pounds annually.

Too often, UK property and UK-registered companies and trusts are used as vehicles for this dirty money. Anti-corruption groups have identified 176 properties worth £4.4 billion in the UK that have been bought with suspicious wealth and over

87,000 properties in England and Wales owned by anonymous companies registered in tax havens.

UK companies, and companies that use the City of London to raise capital, repeatedly feature in global corruption and banking scandals and laundromats.

This dirty money doesn't come into the UK of its own accord. Professionals, including bankers, lawyers and accountants, facilitate the movement of illicit money at every stage of the money laundering cycle.

The Government must close loopholes available to money launderers to prevent the UK being used as a safe haven for the corrupt.

Key recommendations

- Reveal the real owners of companies and trusts that own or buy **UK property**.
- Place a duty on **Companies House** to verify company ownership data and enforce sanctions on those who break the rules.
- Open up the **Trusts Register** to journalists and other experts who have a legitimate interest.
- Raise the **standards** required of professionals in all sectors who are on 'the front line' in our defence against dirty money.

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DELIVER THE ECONOMIC CRIME PLAN

Over the past five years Government has put a lot of emphasis on the creation of Public Private Partnerships as a way of tackling economic crime. This includes the creation of the Joint Money Laundering Intelligence Taskforce (JMLIT), the Joint Fraud Taskforce, and more recently, the National Economic Crime Centre (NECC) and the Economic Crime Strategic Board (ECSB).

However, the Government has put little new resource towards tackling economic crime and little thought into ensuring that these Public Private Partnerships avoid conflicts of interest, respect the operational independence of law enforcement agencies, and are properly accountable and transparent.

Tackling economic crime will require significant **new** public resource and commitment to a genuine multi-stakeholder approach.

Key recommendations

- Deliver the **Economic Crime Plan** and the UK's other commitments on illicit finance, including those made at the London Anti-Corruption Summit.
- Produce a comprehensive **needs analysis** for the next Spending Review – in full consultation with relevant partners – for new public investment into economic crime enforcement.
- Commit substantial **new resources** to fighting economic crime.
- Establish clear **accountability and transparency** arrangements for economic crime governance, and commission an independent review of the suitability of Public Private Partnerships for tackling economic crime.

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CLEAN UP POLITICS AND BREAK THE GRIP OF VESTED INTERESTS

There is growing evidence that corrupt actors and repressive regimes are seeking to undermine and distort democratic institutions in other countries across the world.

The UK is not immune. Concerns about interference in the EU Referendum and recent revelations about the practices of firms like Cambridge Analytica and Aggregate IQ have put this in the spotlight. Whilst certain of the methods of disruption are new, some of them have sought to exploit long-standing loopholes in the UK's democratic defences.

At the same time, successive corruption scandals within Westminster and its perceived capture by powerful vested interests has severely damaged confidence in our democratic system and contributed to increasing political polarisation. These weaknesses have been exploited by foreign governments seeking influence over Parliament and UK political parties.

The UK's democratic defences must be brought into the 21st century to protect British democracy from undue influence and regain the trust of citizens.

Key recommendations

- Reform **political party funding** rules to protect British democracy against the corrupting influence of big money.
- Bring **digital campaigning** into the open and create rules fit to govern 21st century electioneering.
- Give the Electoral Commission the resources and firepower to **sanction breaches** in political financing.
- **Reform ACOBA to stop abuse of the revolving door** between public office and private industry.
- Develop a statutory framework to better deal with **conflicts of interest** and abuse of power in government.
- Make **more information** available about how policy decisions are being made and improve quality and timeliness of information about who ministers are meeting.

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HOLD CORPORATES ACCOUNTABLE FOR ECONOMIC CRIMES

It is virtually impossible to prosecute large corporates for money laundering, fraud or other economic crimes in the UK. Prosecutors are hamstrung by rules which require them to prove there is board-level intent to commit an offence.

This means that all too often large corporations are 'too big to jail' and wrong-doing goes unpunished.

The Government itself has recognised that current corporate liability laws make corporations hard to prosecute. Other experts, including the Law Commission and prosecutors, have long argued that these rules seriously disadvantage small and medium sized enterprises (SMEs) and foster poor corporate governance.

The Government should urgently reform the UK's corporate liability laws to protect the UK's reputation, financial markets and long-term security.

Key recommendations

- Publish the long-awaited consultation response on the introduction of a new offence for companies that **fail to prevent** economic crime.
- Task the Law Commission to review the wider **corporate liability** framework in the UK to ensure it is consistent, fair and a driver of good corporate governance.

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DRIVE TRANSPARENCY IN THE NATURAL RESOURCES SECTOR

Most developing countries and emerging economies that are rich in non-renewable natural resources such as oil, gas and minerals experience the 'paradox of plenty' or 'resource curse' of poverty and poor development outcomes. These countries' natural resources sectors are usually prone to corruption and financial mismanagement.

The UK Government has shown leadership in promoting reforms to address the global resource curse by supporting and implementing the Extractive Industries Transparency Initiative (EITI) and championing mandatory payments-to-

governments reporting by extractive companies under EU law since 2016. By far the largest number of oil, gas and mining companies reporting their payments to governments in the EU are UK-incorporated and/or have shares traded on the London Stock Exchange.

However, with only 52 countries implementing the EITI, and extractives transparency laws still not implemented in the United States and lacking in key jurisdictions such as Australia, major efforts are needed to secure a truly global extractives transparency standard.

The UK Government should drive greater **transparency** and **accountability** in the extractive industries.

Key recommendations

- Strengthen the UK's capacity to monitor and enforce extractive companies' compliance with **mandatory reporting requirements** under the Reports on Payments to Governments Regulations 2014.
- Ensure that under UK law extractive companies report payments to governments for the purchase of producer states' publicly owned oil, gas and minerals (so-called "**commodity trading**") and champion this change at the international level.
- Support the strengthening of **EITI reporting requirements** internationally – including in relation to gender, social and environmental disclosure and carbon risk – and ensure that the UK EITI is validated as fully meeting all EITI requirements.
- Renew efforts to **encourage** international partner countries to join the EITI and to introduce mandatory reporting laws.

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ENABLE PUBLIC SCRUTINY AND ACCESS TO INFORMATION

Transparency and openness are key to identifying and reducing corruption risk. The UK is in many ways a leader in this space, but there are three crucial areas for improvement:

Firstly, the Freedom of Information Act (2000) gives a broad right of access to information held by public authorities. However, the Freedom of Information Act does not apply to the National Crime Agency, nor does it apply to records held by private organisations which conduct public functions, such as private prisons.

Secondly, although the UK has been a leader in promoting Open Contracting, a significant amount of public procurement data is not easily accessible to the public.

Finally, although guidance for media and courts is available to enable better access to justice data in the UK, information about court listings must be improved and all judgements and sentencing remarks should be made available in a public, free to access database.

As a leader in transparency, the UK ought to raise the bar with an **ambitious agenda for freedom of information and open access to data in the public interest.**

Key recommendations

- Revise the **Freedom of Information Act** to ensure that the National Crime Agency and other bodies with law enforcement powers are covered, as well as records held by private bodies that are conducting public functions.
- Require that **public contracts** are published in full and in a timely fashion.
- Commit to improving **court listing data** and delivering a public, free-to-access **database** of judgements and sentencing remarks.
- Assign a central government department responsible for ensuring compliance with agreed transparency requirements.

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OPEN UP AND MONITOR PUBLIC CONTRACTS

The UK has committed to implement Open Contracting standards and open up public contracts, but government data on public contracts is still not timely, responsive or detailed. In the wake of Carillion and Seaferry contract scandals, there is an opportunity to rethink and plan systematic reforms to how the UK does public procurement.

While the Crown Commercial Services is publishing timely standardised open data via Contracts Finder and using the international best practice Open Contracting Data Standard, information is far from complete and often lacks key information to make meaningful analysis possible. The Government must take meaningful action to open up government

spending, require accountability from large contractors and transform the culture of tick-box compliance in the public sector.

Regulations to exclude corrupt bidders from public contracting remain woefully unused, and the Crown Commercial Service guidance to public contracting authorities on exclusion has significant inadequacies.

Meanwhile, the Government has yet to publish the results of a trial it conducted which checked whether contractors have been convicted for corruption.

To put commitments into action, the Government should establish first-class fair, effective and transparent public procurement processes that put the needs of citizens first.

Key recommendations

- Require all local government and NHS trusts' spending to be published in accordance with the **Open Contracting Data Standard**.
- Link **beneficial ownership information** from the UK Persons of Significant Control register to Contracts Finder and regional portals.
- Require management contractors to publish **sub-contracts**, and for these to be subject to Freedom of Information requests.
- Use **unique, open identifiers** across all government spending to make it easier to monitor for red flags.
- Develop a **national database** of convictions of legal entities as well as a national intelligence database for public authorities to use to check the suitability of contractors, and implement robust checks on potential suppliers.

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DEVELOP THE EVIDENCE BASE

Better evidence is vital to provide an accurate assessment of corruption in the UK, and to reinforce and refine our strategic priorities for countering economic crime.

There is a lack of detailed information and analysis on corruption within the UK, and there are no reliable measures of the scale of UK corruption or the proceeds of corruption being laundered here.

There are a range of estimates of this kind of activity, including from government, law enforcement, civil society and academia – however, these estimates vary widely. Moreover, few public sector bodies or institutions take responsibility for anti-corruption assessments or risk management in the way the Government expects of companies in the private sector.

The Government should take steps to improve the understanding and analysis of corruption in the UK, including corruption in public services, as well as the proceeds of corruption and the UK's corruption footprint overseas.

Key recommendations

- **Collate and publish more information** from within existing government resources to facilitate scrutiny of corruption in the UK.
- Commit to examining and publishing information on the **origins, destinations and volume** of illicit flows channelled through the UK as well as the Overseas Territories and Crown Dependencies.
- Assign assessment and reporting responsibilities to **key institutions and public bodies**, such as the UK's Financial Intelligence Unit.
- Develop and institutionalise a rigorous and replicable **method for assessing corruption and the proceeds of corruption the UK**. This should also facilitate measurement of the impact of corruption on UK public services and public confidence, as well as on developing countries.
- Extend the UK Government's Anti-Corruption Evidence programme, or develop a similar initiative, to **widen the evidence base** about what works in addressing the forms of corruption most relevant to the UK.

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SUPPORT TRANSPARENCY IN THE UK'S SECRECY JURISDICTIONS

The current financial system makes it simple to hide, move, and launder suspect funds around the world. The corrupt can very quickly and easily set up layer upon layer of paper companies, crossing borders and jurisdictions to make it almost impossible for law enforcement to track down the real person behind the money. Corrupt politicians, tax evaders, terrorists, drug gangs, fraudsters and other criminals are all able to cover their tracks in this way.

Over 50% of the companies revealed by the Panama Papers leak were registered in the British Virgin Islands. Since then, the Paradise Papers and the slew of 'laundromats' exposed by investigative journalists have all revealed how instrumental tax havens in the 'British family' are to dodgy deals.

There is clear evidence in corruption cases of the use of secretive corporate vehicles based in the British Overseas Territories and Crown Dependencies.

The Government must **support** the Overseas Territories and Crown Dependencies to publish their registers of companies and trusts at the earliest possible opportunity.

Key recommendations

- Provide financial and technical support to the Overseas Territories and Crown Dependencies to enable them to introduce **public registers** of the real owners of companies registered in these jurisdictions and update Parliament regularly on progress.
- Set out **public and time-bound plans** for achieving the implementation of public and free to use registers with open, accurate data in the Overseas Territories and Crown Dependencies.

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LEAD THE GLOBAL FIGHT AGAINST CORRUPTION

Markets affected by corruption cannot ultimately be sustainable, prosperous, and secure. There is wide consensus on the corrosive impacts of corruption on income equality, human development, and economic growth for countries at all stages of development, and the overwhelming majority of research shows that corruption is detrimental to international trade and business.

To maximise sustainable growth and reduce poverty, the UK's trade and development policies should be designed with the aim of levelling the playing field for legitimate businesses and raising global

anti-corruption standards. These should be thought of not as add-ons, but as essential conditions for a healthy market.

Additionally the UK's leadership on the anti-corruption agenda, started in 2016 with the London Anti-Corruption Summit, must continue. It must demonstrate this leadership by delivering on its own anti-corruption commitments, implementing the compensation principles for victims of overseas corruption and continuing to drive the global campaign for beneficial ownership transparency.

The UK should continue to lead the way in the global fight against corruption, including by sharing best practice and enshrining anti-corruption and transparency provisions into all future trade deals.

Key recommendations

- Ensure that all future trade agreements **uphold and enforce** anti-corruption standards worldwide, and promote doing **business with integrity**.
- Continue to **campaign globally** for an end to anonymous company ownership, and **share best practice** with other jurisdictions as part of the global Beneficial Ownership Leadership Group.
- Fully implement the **compensation principles to identify and compensate overseas victims** of economic crime.

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