



**IACC HIGH-LEVEL SEGMENT
MONITORING MECHANISM
UK 2018-2020**

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EXECUTIVE SUMMARY

SUMMARY OF FINDINGS

Total number of commitments made at the 18th IACC	6
Total number of commitments selected for monitoring	4

Current level of progress in commitment implementation	
Number of fulfilled commitments	0
Number of partially fulfilled commitments	4
Number of commitments not fulfilled/dropped	0

KEY CHALLENGES TO COMMITMENT IMPLEMENTATION

Britain's preparations for leaving the European Union (EU), an unexpected UK parliamentary general election and the Covid-19 pandemic have all provided substantial headwinds against progress to meet these commitments, due to a substantial reduction in the amount of government and parliamentary time left to dedicate to other issues

The government has redeployed large numbers of civil servants, dedicated a substantial amount of ministerial attention and spent a great deal of parliamentary time on these matters. While hard to quantify, this inevitably reduced the capacity of the executive and legislature to consider and make progress in many of the commitments made in 2018.

An unscheduled general election in December 2019 added further disruption to proceedings, especially those that require parliamentary time, and saw new ministerial appointments, including those with an anti-corruption brief. Then, by March 2020, the COVID-19 pandemic shifted the government's focus to the emergency response, including further redeployments within the civil service and parliamentary time for debate and emergency legislation.

KEY OPPORTUNITIES TO ACCELERATE COMMITMENT IMPLEMENTATION

The government has at its disposal a growing volume of evidence and solutions to many of the issues addressed in the commitments it made at the 2018 IACC. Years of consultation and

preparations leave the government poised to legislate for improved corporate transparency in the UK and over its property market – a key destination for corrupt wealth. All of its major offshore financial centres have now signed up to a roadmap towards public beneficial ownership registers – a major breakthrough that should be acknowledged as such. Additionally, the Law Commission is providing some clear blueprints for improving the legal mechanisms through which corrupt activity can be checked.

In 2021, the UK will hold the rotating presidency of the G7 group of countries, which presents an opportunity to encourage international progress on relevant shared concerns of these developed economies, such as the flows of illicit finance through major financial centres. The cross-departmental integrated review of foreign, defence, security and development policy provides a critical opportunity to align efforts towards a whole-of-government approach to Britain's internationally focused anti-corruption initiatives. To this end, the recent merger of the Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO) has the potential to coordinate the application of both diplomacy and development expertise. As the UK emerges as an independent trading nation, there is also an opportunity to raise standards through world-leading anti-corruption provisions in new free trade agreements.

KEY RECOMMENDATIONS

1. **An integrated review:** efforts to tackle corruption should be mainstreamed in all activities intended to enhance Britain's contribution to the world, from strengthening the country's defence and security capabilities, to enabling development and economic security, as well as increasing trust in trade and international finance.
2. **Beneficial ownership:** the UK government should legislate at the earliest opportunity to empower the company registrar, Companies House, to verify the data it receives and support investigations into suspicious activity. This legislation should also deliver on the government's commitment to introduce a public register of the beneficial owners of overseas companies that own or buy property in the UK to prevent the property market being used to launder the proceeds of corruption and other crimes.
3. **Resources:** anti-corruption efforts and reforms across government should be adequately and sustainably resourced, with a central focus on strong coordination across government departments.
4. **Domestic corruption:** evidence gathering on UK corruption should be completed and the findings published. The government should make timely reform of the misconduct in public office offence after the Law Commission publishes its report and proposals for change.
5. **Corporate liability:** ministers should task the Law Commission, as a priority, with reviewing the UK's outdated and inadequate corporate liability laws.

INTRODUCTION

The 18th IACC in Copenhagen featured a series of high-level meetings among countries in the Organisation for Economic Co-operation and Development (OECD) and non-OECD countries as well as international and regional organisations. As part of these meetings, participants made a set of statements on the steps that each intends to take to make progress in the field of anti-corruption, based on existing commitments, such as Open Government Partnership (OGP) action plans, 2016 London Anti-Corruption Summit pledges, United Nations Convention against Corruption (UNCAC), OECD instruments, Sustainable Development Goals (SDGs), etc.¹ Participants at the high-level meetings agreed to establish a follow-up mechanism engaging all stakeholders (including governments, international and regional organisations, companies and civil society) in monitoring the implementation of these commitments.

The aims of the follow-up mechanisms are to:

- assess the level of progress towards the implementation of the commitments
- provide further analysis on, and complement, other reporting mechanisms
- focus on the qualitative nature of the commitments rather than quantitative scoring or ranking
- provide insights into what has and has not worked and why
- provide insights into the opportunities and challenges for implementation as a basis for understanding where technical support should be targeted

This report aims to capture the context and conditions under which the commitments are being implemented as well as recording progress in the implementation of the commitments. It provides further analysis on, and complements, other reporting mechanisms, rather than duplicates them.

This report presents the results of the first round of monitoring for the UK.

The report contains the following sections:

1. Filtering of commitments: presents the results of selecting the UK's commitments based on an assessment of their level of specificity and measurability, and hence the feasibility of monitoring each one of them.
2. Analysis of the UK context: presents a brief analysis of the extent to which the commitments overall are considered pertinent to the country context.
3. Progress in implementing the commitment: presents the level of progress of the commitments selected for monitoring as well as the challenges and opportunities for implementation.
4. Recommendations: presents the key recommendations to accelerate the implementation of commitments.

¹ 18th IACC high level segment commitments, <https://iaccseries.org/18th-iacc/18th-iacc-high-level-segment-commitments/>

FILTERING OF COMMITMENTS

In total, the UK made six identifiable commitments at the 18th IACC in 2018. Of these, we are able to monitor four commitments based on their level of specificity and measurability.

COMMITMENT 1: “Brexit – as we plan for the UK’s departure from the European Union we will prioritise strengthening mechanisms for international cooperation, continue to work with partners to boost global efforts to tackle corruption and develop the opportunities our new status provides.”

IS THE COMMITMENT SPECIFIC?

NO

We do not view this commitment as specific because it does not target a concrete and sufficiently narrow policy area or initiative. It is not clear which mechanism for international cooperation the UK wants to strengthen, what global efforts the UK will boost with partners, and which new opportunities will arise from the UK’s exit from the EU, other than perhaps an independent sanctions policy.

IS THE COMMITMENT MEASURABLE?

NO

This commitment may refer to two thematic areas.

Firstly, it could refer to the introduction of Magnitsky-style sanctions,² which the UK can now impose against those responsible for serious human rights abuses independently of the EU. It is important to notice here that, unlike the Magnitsky sanctions introduced by US and Canada, the UK only targets human rights abusers, not the corrupt. The foreign secretary, Dominic Raab, stated the UK’s intent to introduce these sanctions during his opening remarks at a UK-Canada relationship conference in January 2020.³ On 6 July 2020, the UK government introduced its first designations under its newly independent sanctions regime, which applies to 49 individuals and organisations.⁴

Secondly, this commitment could also refer to international trade agreements the UK is negotiating and may come into force after December 2020,⁵ the date that marks the end of the transition period for the UK’s exit from the EU. Specifically, the UK’s priority is to launch negotiations with the EU, the US, Australia, New Zealand and Japan, as well as considering joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).⁶ Including explicit references to anti-corruption and transparency measures, “such as explicit references to international anti-corruption conventions, commitments to criminalise active and

² Smith, B and Dawson, J., *Magnitsky Legislation in the UK*, 13 July 2020, <https://commonslibrary.parliament.uk/research-briefings/cbp-8374/>

³ *Foreign Secretary’s speech at a press conference with the Canadian Foreign Ministry*, 9 January 2020, <https://www.gov.uk/government/speeches/foreign-secretary-speech-uk-canada>

⁴ *UK Announces First Sanctions Under New Global Human Rights Regime*, 7 July 2020, <https://www.gov.uk/government/news/uk-announces-first-sanctions-under-new-global-human-rights-regime>

⁵ *The UK’s Trade Agreements*, <https://www.gov.uk/government/collections/the-uks-trade-agreements#trade-negotiations-the-uk-is-prioritising>

⁶ *UK Announces First Sanctions Under New Global Human Rights Regime*, 7 July 2020, <https://www.gov.uk/government/news/uk-announces-first-sanctions-under-new-global-human-rights-regime>

passive bribery, non-criminal sanctions for firms where they are not subject to criminal liability, and whistleblower protection” is a widely recognised way to effectively counter corruption nationally and internationally.⁷

We do not consider either of these commitments to be measurable because they neither outline specific actions the UK will undertake nor specify identifiable indicators of progress.

**HAS THE COMMITMENT
BEEN SELECTED FOR
MONITORING?**

NO

COMMITMENT 2: “Prosperity – continuing to raise international standards for business integrity and improving our service offer to UK businesses that wish to abide by our laws and conduct clean business in challenging markets. We will harness our newly launched Prosperity Fund Global Anti-Corruption programme to promote change.”

**IS THE COMMITMENT
SPECIFIC?**

YES

This commitment is specific in that it indicates a thematic area, business integrity and a policy instrument: the Prosperity Fund. This commitment can be split into four parts. The first relates to business integrity and providing advice and resources to mitigate corruption risks for UK businesses entering or operating in challenging markets. The second relates to the UK’s implementation of the OECD Anti-Bribery Convention. The third relates to harnessing the Foreign, Commonwealth and Development Office (FCDO) Prosperity Fund Global Anti-Corruption Programme. The fourth relates to the inclusion of anti-corruption provisions in prospective free trade agreements (FTAs).

**IS THE COMMITMENT
MEASURABLE?**

YES

During the initial review, the first part of the commitment was deemed to be difficult to measure because it does not identify clear, assessable actions. However, after feedback from the UK government, we were able to assess progress towards this commitment through a project called the Business Integrity Initiative from DFID’s I-ACT programme, which serves as a measurable instrument.⁸

After further input from the UK Joint Anti-Corruption Unit (JACU), it was suggested that, in addition to the above, we also factor in the participation of the UK in the OECD Working Group on Bribery. We will use Transparency International’s 2020 Exporting Corruption report⁹ to assess the implementation of the OECD Anti-Bribery Convention.

The Prosperity Fund Global Anti-Corruption Programme¹⁰ is measurable because it has dedicated thematic areas, a clear structure, output indicators, and a monitoring evaluation and learning (MEL) framework.

⁷ Jenkins, M., *Anti-Corruption and Transparency Provisions in Trade Agreements*, 20 July 2018, <https://knowledgehub.transparency.org/helpdesk/anti-corruption-and-transparency-provisions-in-trade-agreements>

⁸ For more information on DFID’s Business Integrity Initiative, see the [Dev Tracker documents tab](#), specifically the annual review 2.

⁹ Transparency International, *Exporting Corruption – Progress Report 2020: Assessing Enforcement of the OECD Anti-Bribery Convention*, 2020, <https://www.transparency.org/en/projects/exporting-corruption>

¹⁰ Gov.UK, *Global Anti-Corruption Programme: The Prosperity Fund*, <https://www.gov.uk/government/publications/global-anti-corruption-programme>

Finally, we will monitor the international trade agreements the UK is negotiating and may come into force after December 2020,¹¹ the date that marks the end of the transition period for the UK's exit from the EU. In the public consultations carried out by the UK government for each agreement, civil society has put forward a number of provisions as priorities for the UK to include in its FTAs to counter corruption.¹² For this part of the commitment, we will measure the UK's performance in terms of whether and how these recommended provisions are in fact included in any subsequent FTA. The specific recommendations will be discussed in more detail in the monitoring section of this report, specifically in the recommendations paragraph.

HAS THE COMMITMENT BEEN SELECTED FOR MONITORING? YES

COMMITMENT 3: “Illicit finance and beneficial ownership transparency – ensuring that the UK’s financial sector, and those in the overseas territories and Crown dependencies, are hostile to illicit finances. There will be a strong focus on delivery of commitments, working closely with private sector and international partners. We will work with partners to promote international action, especially on tackling illicit finance.”

IS THE COMMITMENT SPECIFIC? YES

This commitment is specific enough for monitoring and it can be split into two parts. The first covers the effective implementation of public beneficial ownership registers in the UK, the UK's overseas territories¹³ and the Crown dependencies.¹⁴ The second part refers to tackling illicit finance. The first part of this commitment is specific enough because it tackles the thematic area of beneficial ownership across clearly-defined geographical boundaries. The second part of the commitment on illicit finance is specific enough as a thematic area.

IS THE COMMITMENT MEASURABLE? YES

Our assessment is that the first part of the commitment is linked to five measurable commitments to increase beneficial ownership transparency both in the UK and its offshore financial centres:

1. Beneficial ownership transparency for overseas companies holding UK property, which the UK government committed to at the 2016 London Anti-Corruption Summit.¹⁵

¹¹ Gov.UK, *The UK's Trade Agreements*, <https://www.gov.uk/government/collections/the-uks-trade-agreements#trade-negotiations-the-uk-is-prioritising>

¹² These will be developed in more detail in the recommendation sections below.

¹³ UK Parliament, *Publicly Accessible Registers of Company Beneficial Ownership in the British Overseas Territories – Statement Made on 15 July 2020*

¹⁴ States of Guernsey, *Joint Commitment by Guernsey, Jersey and the Isle of Man Registers of Beneficial Ownership of Companies*, June 2019, <https://www.gov.gg/CHttpHandler.ashx?id=119716&p=0>

¹⁵ Department for Business, Energy & Industrial Strategy, *Corporate Transparency and Register Reform: Government Response to the Consultation on Options to Enhance the Role of Companies House and Increase the Transparency of UK Corporate Entities*, September 2020, p.17, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/522749/United_Kingdom.pdf

2. Reform of Companies House in the UK, which the UK government has committed to reform as soon as parliamentary time allows.¹⁶
3. Public beneficial ownership registers for companies incorporated in the UK's Overseas Territories (OTs). The Sanctions and Anti-Money Laundering Act 2018 (SAMLA) requires the UK government provide all reasonable assistance to the OTs to introduce public beneficial ownership registers. If the OTs fail to introduce public beneficial ownership registers by 31 December 2020, SAMLA requires the UK government to prepare a draft Order in Council requiring the OTs to introduce registers.¹⁷ Nine OTs have committed to introduce public registers, which the UK government expects to be implemented by the end of 2023.^{18,19}
4. Public beneficial ownership registers for companies incorporated in the Crown Dependencies (CDs), which the governments of these jurisdictions have committed to introducing by the end of 2023.²⁰
5. The Global Ownership Campaign²¹ launched by John Penrose at the 2018 IACC in Copenhagen has gained support from a dozen countries, and it has been extended to the UK OTs and CDs. As stated in the year 2 update of the Anti-Corruption Strategy, the UK government plans to convene the second meeting of the Beneficial Ownership Leadership Group in 2020.

Progress on the second half of the commitment related to illicit finance could cover three areas:

1. Commitment 2.21 of the UK Anti-Corruption Strategy, which pledged to increase the analytical capability of the Joint Money Laundering Intelligence Taskforce.
2. Commitment 2.22 of the UK Anti-Corruption Strategy, which pledges to work with others to establish or enhance public private intelligence sharing partnerships, including through membership of the Financial Action Task Force (FATF).
3. Commitment 2.11 of the UK Anti-Corruption Strategy, which pledges to work with partners to ensure the International Anti-Corruption Coordination Centre (IACCC) is a valued and effective resource for law enforcement.

None of these three commitments are measurable.

**HAS THE COMMITMENT
BEEN SELECTED FOR
MONITORING?**

YES

COMMITMENT 4: “Anti-corruption evidence base – we will continue to strengthen our understanding of the corruption threat and of the effectiveness of interventions. In a context of constrained resources this will inform prioritisation and resourcing decisions.”

**IS THE COMMITMENT
SPECIFIC?**

YES

¹⁶Corporate Transparency and Register Report, 18 September 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/522749/United_Kingdom.pdf

¹⁷ UK Sanctions and Anti-Money Laundering Act 2018
<https://www.legislation.gov.uk/ukpga/2018/13/section/51/enacted>

¹⁸ UK Parliament, *Publicly Accessible Registers of Company Beneficial Ownership in the British Overseas Territories – Statement Made on 15 July 2020*

¹⁹ Government of the Virgin Islands, *BVI Premier Reiterates Territory's Commitment To An Appropriate Framework For Publicly Accessible Registers*, <https://bvi.gov.vg/media-centre/bvi-premier-reiterates-territory-s-commitment-appropriate-framework-publicly-accessible>

²⁰ Joint commitment by Guernsey, Jersey and the Isle of Man registers of beneficial ownership of companies, June 2019, <https://www.gov.gg/CHttpHandler.ashx?id=119716&p=0>

²¹ John Penrose MP, the Prime Minister's Anti-Corruption Champion launched the Global Beneficial Ownership Campaign to “promote open and free registers of company beneficial ownership as a global norm”. For more details, see the case study on page 18 of the UK Anti-Corruption Strategy, [year 2 update](#).

This commitment does not focus on a thematic area, project or policy instrument. Corruption risks and threats are numerous and this commitment does not provide a clear focus on any of them. Neither does it provide a geographical boundary for this research. However, there might be an advantage to a broad remit that leaves open opportunities to address such a multifaceted issue.

IS THE COMMITMENT MEASURABLE?

YES

Our assessment is that this commitment could be related to area 4.1 of the UK's Anti-Corruption Strategy, which aims to improve the UK government's understanding of corruption.²² This somewhat abstract ambition can be made more tangible with reference to the 11 activities listed in this area in the strategy rubric from 7.1 to 7.11. With reference to activity 7.1 specifically, progress in this commitment could be monitored by looking at whether the government commissions behavioural science studies to improve its understanding of the drivers of corruption, and whether the findings of these studies actually inform policy. To gauge progress towards activity 7.2, monitoring efforts could also review the annual National Crime Agency's national strategic assessment of serious and organised crime²³ and whether the recommendations from these assessments are implemented. Progress could also be measured by checking completion of activity 7.4, which covers the commitment to develop a new initiative to provide a reporting mechanism for allegations of bribery and corruption, which was being considered by the Home Office in the last strategy update. Additionally, as stated in activity 7.5, monitoring could extend to researching the implementation of the Open Data Charter and the Anti-Corruption Open Up Guide by the UK, which forms part of the OGP national plan 2018-2020. These are just some examples of how this commitment will be measured against the UK Anti-Corruption Strategy area 4.1 utilising activities agreed to from 7.1 to 7.11. The second annual update of the UK Anti-Corruption Strategy notes: "in the longer term we hope to utilise information from across government and law enforcement to collect administrative data to potentially add to these indicators and enhance the evidence base on corruption".²⁴ Assessing the way the UK begins to systematically collect and publish administrative data on corruption will be used to measure this commitment; for example, by: collecting and publishing data on the number of investigations under relevant legislation such as the UK Bribery Act; the number of serious and organised crime disruptions related to bribery and corruption; the number of successful convictions; the number of unsuccessful prosecutions (and reasons for failure); the number and value of fines. This would help the UK develop a better understanding of the corruption threat.

This commitment could also include monitoring the implementation of the Mobilising Data for Anti-Corruption (MoDAC)²⁵ programme in Ghana, Nigeria, Kenya and Tanzania to ensure that it strengthens collaboration between law enforcement, the private sector, civil society and media to improve the quality and use of data in corruption cases, as stated in activity 7.6. Similarly, as outlined in activity 7.10, it would also monitor the implementation and effectiveness of the DFID

²² HM Government, *UK National Anti-Corruption Strategy*, 2017, p. 65

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

²³ UK National Crime Agency, *National Strategic Assessment of Serious and Organised Crime*, 2019,

<https://nationalcrimeagency.gov.uk/who-we-are/publications/296-national-strategic-assessment-of-serious-organised-crime-2019/file>

²⁴ HM Government, *UK National Anti-Corruption Strategy*, 2017, p. 44 of the year 2 update

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

²⁵ UKAid, *Mobilising Data for Anti-Corruption*, 11 February 2020, <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300291>

Anti-Corruption Evidence Programme,²⁶ including work to explore the impact of beneficial ownership measures, new forms of commodity-based money laundering, trade and procurement.

HAS THE COMMITMENT BEEN SELECTED FOR MONITORING? YES

COMMITMENT 5: “Insider threat – we are committed to securing a more joined up and strategic approach to tackling corrupt insiders in critical domestic public sectors (prisons, borders, policing, defence and local government). This is another area where the analysis of the problem and the evidence base for how to tackle it need to be further developed.”

IS THE COMMITMENT SPECIFIC? YES

This commitment is specific as it focuses on tackling the insider threat in selected domestic sectors, specifically in prisons, borders, policing, defence and local government. Monitoring of this commitment would focus on the UK’s response to this corruption threat in these sectors, which is narrow enough despite not concentrating on specific areas of corruption.

The focus of TI-UK’s monitoring of this commitment would be: i) on how successful the UK is in improving its “joined up” approach to tackling insider threat; and perhaps ii) whether the government is able, as a result, to improve its knowledge of insider threat. TI-UK is, however, not in a position to effectively assess the actual level of corruption threat in these sectors.

IS THE COMMITMENT MEASURABLE? YES

The section of the Anti-Corruption Strategy²⁷ entitled “reduce the insider threat in high risk domestic sectors” includes specific mechanisms and thematic areas that are measurable. Specifically, from point 1.1 to point 1.11, this commitment is divided in two sub-categories²⁸:

1. **Goal 1 on reducing the government’s vulnerability to corrupt insiders in four critical sectors (borders, prisons and probation, policing and defence) is measurable** by assessing the Anti-Corruption Strategy for prisons and probation in England and Wales as well as ensuring that there is better intelligence sharing and training of Her Majesty’s Prison and Probation Service (HMPPS). A good proxy to monitor reduced government’s vulnerability to corruption would be through ensuring that the police barred list is up-to-date and up-to-standard along with the national register on police chief officers’ pay and rewards, gifts, hospitality and second interests. Improvements in police whistleblowers’ protection and the reform of the Independent Police Complaints Commission (now the Independent Office for Police Conduct) would also represent progress on this commitment. Moreover, the strategy pledges the establishment of a new independent team that would report to the permanent secretary in the Ministry of Defence responsible for checking the vulnerability posed by corrupt

²⁶ DFID anti-corruption evidence programme, 15 March 2020. <https://devtracker.fcdo.gov.uk/projects/GB-1-203752>

²⁷ See pp.31-34 of the national anti-corruption strategy section entitled *Reduce the Insider Threat in High Risk Domestic Sectors*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902020/6.6451_Anti-Corruption_Strategy_Year_2_Update.pdf

²⁸ See sections 1.1 to 1.11 on pp. 45 to page 47 of the anti-corruption strategy year 2 update for more detail https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902020/6.6451_Anti-Corruption_Strategy_Year_2_Update.pdf

employees in the defence sector. Its creation and efficient functioning would represent progress.

2. **Goal 2 on increased awareness of the insider threat across sectors** is measurable by checking domestic collaboration among key actors, including the Centre for the Protection of National Infrastructure (CPNI)²⁹ and the National Cyber Security Centre³⁰. Further progress could be monitored by ascertaining whether the findings of the Law Commission review of misconduct in public office³¹ were considered by the UK government, which would be evidenced by its public response to the Commission's report. This review is due to be published by the end of 2020, and the time of this assessment has not yet been released. Additionally, as explained in the Anti-Corruption Strategy year 2 update, CPNI "has developed a new assessment model to benchmark current good practice, identify gaps and challenges and develop programmes for personnel security to reduce risk". While the main guide on reducing the insider risk seems dated to 2016³², the CPNI is working to produce sector tailored guides on this model. For instance, they recently developed a guide to recognise terrorist threats.³³ Finally, reviewing the results of the government's report on fraud and corruption risks in local government's procurement³⁴ would be another way to measure this.

HAS THE COMMITMENT BEEN SELECTED FOR MONITORING?

YES

COMMITMENT 6: "Development partnerships – We remain firmly committed to strengthening the international architecture for tackling corruption and illicit finance. We will also support partner countries to improve transparency and better fight corruption and organised crime."

IS THE COMMITMENT SPECIFIC?

NO

This commitment is not specific enough. While it does focus on the thematic area of illicit finance, it uses words that are too generic, such as "strengthening", which is not descriptive enough of the actions that will be taken to achieve the pledge. In fact, the commitment does not identify a particular mechanism or element of the international architecture that should be strengthened. Overall, the commitment is very broad, which makes it challenging to monitor progress.

IS THE COMMITMENT MEASURABLE?

NO

²⁹ Centre for the Protection of National Infrastructure (CPNI), *Cyber Security*, no date, <https://www.cpni.gov.uk/cyber-security>

³⁰ National Cyber Security Centre, *What We Do*, <https://www.ncsc.gov.uk/section/about-ncsc/what-we-do>

³¹ Law Commission, *Review of Misconduct in Public Office*, 5 September 2016,

³² CPNI, *Reducing Insider Risk*, no date, <https://www.cpni.gov.uk/reducing-insider-risk>

³³ CPNI, *Recognising Terrorist Threats*, no date, <https://www.cpni.gov.uk/system/files/documents/b8/40/CPNI%20-%20Threat%20Recognition%20Guide%20-%20WEBv2.pdf>

³⁴ Ministry of Housing, Community and Local Government of the UK, *Local Government Procurement: Fraud and Corruption Risk Review*, 8 June 2020, <https://www.gov.uk/government/publications/local-government-procurement-fraud-and-corruption-risk-review>

Points 6.1 to 9.11 of the UK Anti-Corruption Strategy could relate to this commitment.³⁵ These can be divided into two sub-thematic areas:

1. **Reducing levels of corruption in partner countries by sharing UK expertise** through the International Centre for Excellence. This initiative is not yet public but it is funded from the UK Aid package to “stop dirty money in its tracks”³⁶ and recover millions of pounds from corruption and return them to developing countries.
2. **Collaboration with other countries to counter corruption and illicit finance** through a variety of forums, such as the G7, G20, OGP, Extractive Industries Transparency Initiative, the Common Reporting Standard, FATF, Global Forum, Global Forum’s Africa Initiative, Open Ownership Register and other initiatives to strengthen beneficial ownership transparency and open contracting.

This commitment could be narrowed and made somewhat more measurable with additional information from the UK government. At present, however, the number of potential initiatives and thematic areas are too large, which makes it difficult not only to monitor progress but to decide what impact and success look like.

HAS THE COMMITMENT
BEEN SELECTED FOR
MONITORING?

NO

³⁵ HM Government, UK National Anti-Corruption Strategy, 2017, pp. 59 to 69p
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

³⁶ HM Government, *New UK Aid Package Will “Stop Dirty Money in Its Tracks” and Recover Millions of Pounds for Developing Countries*, 30 August 2018, <https://www.gov.uk/government/news/new-uk-aid-package-will-stop-dirty-money-in-its-tracks-and-recover-millions-of-pounds-for-developing-countries>

COUNTRY CONTEXT

[Transparency International UK's research into corruption in the UK](#) shows that the abuse of entrusted power for private gain is a real cause for concern despite its relatively high annual scores in the global Corruption Perceptions Index.³⁷ Areas of particular concern are: corruption in politics, the UK's role as a safe haven for dirty money and corruption risks in the public sector.

The UK government has made positive moves to tackle corruption over the last decade. Significant milestones include the Bribery Act 2010, the 2016 Anti-Corruption Summit, the publication of the 2017-2022 UK Anti-Corruption Strategy and the introduction of the Criminal Finances Act, which gave greater powers to law enforcement to acts against corrupt assets based in the UK.

However, there are also areas where the UK has fallen short. Action on political corruption issues has not been sufficient to meet the risk they pose. Corruption risks in planning, procurement and the National Health Service (NHS) need greater recognition. And there are also many outstanding commitments to reduce the UK's role in global money laundering that are yet to be implemented effectively; for example, reform of Companies House and reform of the UK's antiquated corporate liability laws. While commitments made in 2018 stated the government's intent to make progress on many of these issues, our recommendations highlight where it should be bolder and quicker at addressing its shortfalls to date.

Political context

An early general election in 2019 – Westminster's third in five years – saw the third prime minister in three years and the suspension of Parliament. A focus on delivering Brexit has left less time for other issues, such as corruption, to be debated and legislated on. More recently, a global pandemic has disrupted government, Parliament and civil society alike, providing substantial headwinds against progress to meet the government's outstanding anti-corruption commitments.

The six IACC commitments are guided by the UK's Anti-Corruption Strategy from 2017 to 2022.³⁸ The UK government has also committed to providing an update every year to provide transparent progress on each of the strategy's 134 commitments. To date, the government has published two annual updates,³⁹ which can be viewed online. Both updates include a commitment tracker, which gives a welcome overview of the government's self-assessment of progress against the 2017-2022 Strategy commitments. The Joint Anti-Corruption Unit introduced a new monitoring framework in the year 2 update, 'Indicators of Corruption'. It is encouraging to see that the UK is keen to go further than just publishing its own appraisal of its progress in implementing the activities in the strategy.⁴⁰ Indeed, the indicators listed in Annex A of the strategy help to provide a more rounded view of progress by referring to third party measurements. The UK government has appointed an anti-corruption champion, John Penrose

³⁷ Transparency International, *Corruption Perceptions Index*, 2019, <https://www.transparency.org/en/cpi>

³⁸ HM Government, *UK National Anti-Corruption Strategy*, 2017, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

³⁹ See here for the [year 1](#) update and here for the [year 2](#) update

⁴⁰ HM Government, *UK Anti-Corruption Strategy 2017-2022 year 2 update*, p35

MP,⁴¹ who is tasked with the strategy's delivery alongside Security Minister James Brokenshire.⁴² These appointments are supported by the Joint Anti-Corruption Unit, a dedicated team within the Home Office which coordinates anti-corruption activity across government and delivery of the strategy's commitments.

Money in politics

The corrosive influence of big money continues to undermine the integrity of the UK's political system. Large political contributions are openly solicited in return for political access,⁴³ potential influence⁴⁴ and almost certainly positions of public office and titles of recognition.⁴⁵ Leaving this unchallenged exposes our democracy to manipulation by outside interests and casts doubt about whether our politicians are consistently acting in the public interest.

Unlimited political contributions, combined with opaque lobbying and inequitable access to decision makers, leaves policy open to "capture" by private interests at the expense of the public good. This affects trust in our institutions, with evidence from Transparency International's last Global Corruption Barometer⁴⁶ showing that 76 per cent of the public think wealthy individuals are influencing government to benefit their own interests.

These weak checks on undue influence also leave our democracy exposed to interference by foreign, malign actors. TI-UK's report *In Whose Interest?*⁴⁷ lays bare how parliamentarians are – either consciously or unwittingly – helping to launder the reputations of corrupt and repressive regimes, such as those in Azerbaijan, Russia and Bahrain. This activity persists because of deficiencies in our legislatures' codes of conduct, the opacity of parliamentarians' financial interests and a culture of impunity within the UK Parliament.

The government engages with international forums that review the UK's arrangements for addressing corruption in politics and governance, including the Council of Europe Group of States against Corruption (GRECO) and UN Convention against Corruption (UNCAC) mutual evaluation processes. The government considers proposals from these evaluations, which can result in policy reviews. For example, in response to a recommendation from GRECO's fifth evaluation review, the government has committed to undertaking post-legislative scrutiny of the register of consultants lobbying by the end of 2020.⁴⁸ More broadly, the government established a Defending Democracy programme in July 2019, which seeks to address concerns about foreign interference in domestic politics.⁴⁹ However, we are awaiting evidence of how these have translated into tangible policy and legislative change.

In particular, the government does not appear to have applied the GRECO and UNCAC recommendations on the independence and powers of the Independent Adviser on Ministerial

⁴¹ Anti-corruption champion of the UK, [John Penrose MP](#)

⁴² Minister for Security, [The Rt Hon James Brokenshire MP](#)

⁴³ Open Democracy, *Revealed: The Elite Dining Club Behind £130m+ Donations to the Tories*, 22 November 2019, <https://www.opendemocracy.net/en/dark-money-investigations/revealed-the-elite-dining-club-behind-130m-donations-to-the-tories/>

⁴⁴ BBC, *Westferry Planning Row: Jenrick Texted Property Developer, Documents Show*, 25 June 2020, <https://www.bbc.co.uk/news/uk-politics-53172995>

⁴⁵ Mell, A., Radford, S. and Thevoz, S.A., *Is There a Market for Peerages? Can Donations Buy You a British Peerage? A Study in the Link Between Party Political Funding and Peerage Nominations, 2005-14*, March 2015

⁴⁶ Transparency International, *Global Corruption Barometer*, 2019

⁴⁷ TI-UK, *In Whose Interest? Analysing How Corrupt and Repressive Regimes Seek Influence and Legitimacy through Engagement with UK Parliamentarians*, 2018

⁴⁸ Letter from Chloe Smith MP to Mr Gianluca Esposito, executive secretary of GRECO Secretariat, 24 July 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903767/Letter_of_24_July_from_Chloe_Smith_to_Gianluca_Esposito.pdf

⁴⁹ Gov.UK, *Update on Tackling Intimidation in Public Life*, 5 November 2019, <https://www.gov.uk/government/speeches/update-on-tackling-intimidation-in-public-life>

Interests.⁵⁰ Successive governments have also failed to implement their proposals on strengthening oversight of the revolving door between the public and private sectors.⁵¹ This inertia suggests that, despite substantive engagement at official level, ministers lack the political will to deliver on key reforms.

The UK as a safe haven for illicit finance

The UK is a hub for dirty money from around the world. This money is obtained from criminal activity such as bribery, theft of state funds and misuse of public office. It is acquired with the aid of companies incorporated in the UK⁵² and in its offshore financial centres⁵³. It is invested into luxury UK property,⁵⁴ and used to buy access to prestigious institutions⁵⁵ and privileged lifestyles.⁵⁶ The scale of dirty money entering the UK is unknown, but experts estimate it is likely to be in excess of tens of billions of pounds annually. At the centre of the UK's problem are professionals who help corrupt people launder their money and reputations. This goes further than just banks, lawyers and accountants. It touches institutions such as schools, universities, charities and even Parliament. These organisations may unwittingly provide a veneer of legitimacy to those who have stolen from their people. TI-UK research has identified 600 UK firms and institutions that have facilitated money laundering, often unwittingly.⁵⁷

Anonymous companies, where the true owner is hidden, make it difficult for the police and others to detect the origins of their illicit wealth. The UK is failing to prevent companies registered here being used by money launderers. The secrecy afforded by UK companies – and those registered in the UK's offshore financial centres – is facilitating economic crime on a global scale. TI-UK research found 929 UK shell companies implicated in 89 corruption and money laundering cases.⁵⁸

The UK has become a safe haven for corrupt individuals and their assets. Sectors such as the property market provide fertile ground to bury suspicious wealth. Our investigations have identified over £5 billion of suspicious assets in the UK,⁵⁹ yet a limited amount is seized and returned by the authorities.

It is also virtually impossible to prosecute large corporate entities for money laundering, fraud or other economic crimes in the UK. Prosecutors are hamstrung by rules that 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 wrongdoing goes unpunished.⁶⁰ The government has

⁵⁰ GRECO, *Fifth Evaluation Round: Evaluation Report: United Kingdom*, May 2018, p.33 paragraph 134 <https://rm.coe.int/fifth-evaluation-round-preventing-corruption-and-promoting-integrity-i/168088ea4c>; UNODC, *Country Review Report of the United Kingdom of Great Britain and Northern Ireland: Review Cycle II (Chapter II and V)*, November 2020, p.15 paragraph 2.3 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935066/Country_Review_Report_of_the_United_Kingdom.pdf

⁵¹ GRECO, *Fifth Evaluation Round* p.30 paragraph 121; UNODC, *Country Review Report* p.15 paragraph 2.3

⁵² TI-UK, *Hiding in Plain Sight: How UK Companies Are Used to Launder Corrupt Wealth*, 2017

⁵³ TI-UK, *The Cost of Secrecy: The Role Played by Companies Registered in the UK's Overseas Territories in Money Laundering and Corruption*, 2018

⁵⁴ TI-UK, *Faulty Towers: Understanding the Impact of Overseas Corruption on the London Property Market*, 2017

⁵⁵ TI-UK, *At Your Service – Investigating How UK Businesses and Institutions Help Corrupt Individuals and Regimes*, 2019

⁵⁶ TI-UK, *At Your Service: Investigating How UK Businesses and Institutions Help Corrupt Individuals and Regimes Launder Their Money and Reputations*, 2019

⁵⁷ Ibid

⁵⁸ Transparency International UK, *At Your Service*, October 2019, p.20

https://www.transparency.org.uk/sites/default/files/pdf/publications/TIUK_AtYourService_WEB.pdf

⁵⁹ Transparency International UK, *At Your Service*, October 2019, p.25

https://www.transparency.org.uk/sites/default/files/pdf/publications/TIUK_AtYourService_WEB.pdf

⁶⁰ See recommendation 4 to “Hold Corporates Accountable for Economic Crimes” of the UK *Fighting Corruption Manifesto* or recommendation 7 calling for a corporate liability reform in the *At Your Service* report.

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.

Public sector integrity

The public sector plays a crucial role in UK society. It represents local communities and provides essential services, such as healthcare, policing and housing. These institutions must serve the greater good, but they are vulnerable to abuse that puts private interests before people. Without the right policies, procedures and culture, the risks of public sector corruption increases significantly. TI-UK research has identified corruption vulnerabilities in a number of areas, such as local government, healthcare and procurement.

Local authorities in England lack the procedures and policies to mitigate against the risks of corruption in planning and development decisions. In our assessment of 50 planning authorities (15 per cent of all planning authorities in England), where we scored their standards for controlling corruption out of 100, none scored greater than 55. TI-UK's recent report, *Permission Accomplished*,⁶¹ identified key corruption risks related to councillors' involvement in major planning decisions, including bribery and excessive gifts and hospitality, secretive lobbying, conflicts of interest, abuse of the revolving door and weak oversight.

Reforms to NHS governance have fragmented procurement oversight and have left serious gaps in checks and balances on those responsible for making decisions on contracts and expenditure. These aspects, combined with the vast sums of money involved (in excess of £9 billion a year spent directly on private sector providers alone⁶²), have created a system ripe for exploitation. Corrupt decision-making puts patients' lives at risk; for example, directly through the purchase of low quality goods and services and indirectly through draining public sector resources.

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. While Crown Commercial Services⁶³ is publishing timely, standardised open data via Contracts Finder and using the international best practice Open Contracting Data Standard,⁶⁴ information is far from complete and often lacks key information to make meaningful analysis possible. Regulations, such as those to exclude corrupt bidders from public contracting, remain woefully unused.

⁶¹ TI-UK, [Permission Accomplished](#): *Assessing Corruption Risks in Local Government Planning*, 2020

⁶² This is a conservative figure, and the amounts could be as high as 25 per cent of the total NHS spending: The King's Fund, [Is the NHS Being Privatised](#), 17 October 2019

⁶³ [The Crown Commercial Services](#) UK's procurement portal

⁶⁴ [Open Contracting Data Standards](#) (OCDS)

PROGRESS ON COMMITMENT IMPLEMENTATION

COMMITMENT NAME: “Prosperity – continuing to raise international standards for business integrity and improving our service offer to UK businesses that wish to abide by our laws and conduct clean business in challenging markets. We will harness our newly launched Prosperity Fund Global Anti-Corruption programme to promote change.”

THEMATIC AREA: business integrity, international cooperation and support

COMMITMENT TIMEFRAME: 2017-2022, as included in the UK Anti-Corruption Strategy

COMMITMENT SOURCE: the commitment is included in the UK Anti-Corruption Strategy in full

Current level of progress in commitment implementation

Fulfilled

Partially fulfilled

X

Not fulfilled/dropped

To assess the commitment on prosperity, we examined the Business Integrity Initiative, the OECD Working Group on Bribery and the implementation of the OECD Anti-Bribery Convention, the Prosperity Fund and free trade agreements (FTAs).

1. The Business Integrity Initiative

In August 2018, the prime minister announced an initiative to strengthen support to UK companies so that they can operate with integrity in challenging markets. The Business Integrity Initiative (BII) is a joint programme between the Foreign Commonwealth and Development Office (FCDO) and the Department for International Trade (DIT) and designed to provide practical guidance to help companies overcome barriers to doing business in frontier markets. This includes guidance on dealing with requests for bribes and human rights issues in supply chains, with tailored support offered to SMEs. The Business Integrity Initiative is delivering Priority Area 5 – improve the business environment globally – of the UK Anti-Corruption Strategy⁶⁵ and specifically delivering objective 5.11 under Goal 3 – Increased investment with integrity by UK companies in challenging overseas markets.

The creation of a new Business Integrity Hub to provide cross-governmental coordination and provide a designated mechanism for companies looking for support on business integrity. According to the government, the hub is now fully staffed, and guidance services are available on compliance, prevention and collective actions for SMEs. While the initiative lacks an official website, a review of the initiative as part of the review of the FCDO I-ACT programme has been recently published.⁶⁶ The review of the pilot has been carried out by internal and external evaluators.

⁶⁵ HM Government, UK National Anti-Corruption Strategy, 2017, p. 44 of the year 2 update https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf_year_1_update_and_year_2_update

⁶⁶ Annual Review 2020 – International Action Against Corruption

Beginning work on three pilot countries in Kenya,⁶⁷ Pakistan⁶⁸ and Mexico,⁶⁹ designed to increase the systematised business integrity offer from UK missions.

- **Kenya** – the Kenya pilot⁷⁰ is delivered through a collaboration between the British Chamber of Commerce of Kenya, the FCDO and the DIT. The initiative tests how the UK government may be best suited to support international businesses venturing into the Kenyan market by addressing integrity challenges, including corruption, bribery and human rights. The structured approach to identifying integrity challenges used workshops, webinars and peer-to-peer interactions to further collaborations between Kenya and international businesses. Specifically, peer-to-peer learning through the creation of a peer-to-peer forum in Kenya was rated as having had high impact. Twenty-five businesses participated and report improved understanding of risks and mitigation measures and being exposed to new business opportunities.⁷¹ In addition to the above, group training sessions were carried out. These were attended by 250 businesses in Kenya and Pakistan. Participants “demonstrated increased awareness of issues and between 50 and 80 per cent of attendees report their intention to implement measures within their organisation to improve business integrity”⁷². This pillar was rated as having had medium impact. Three market specific webinars for exporters and investors were carried out in Kenya and Pakistan with between 25 and 80 attendees per webinar. In Kenya, the review reports evidence of improved knowledge of the issues, and improved corporate governance. In addition, they have piloted a Business Integrity Guide, an e-learning module, including a series of short courses (five to ten minutes) on the Kenyan business environment, governance, people and challenges. According to the review of the pilot, the page was viewed 1,584 times in 18 months and 120 businesses registered to the e-learning module as of June 2020. The e-learning module was rated as high impact, and some of the users have reported their intention to use the material for internal training purposes, including one user that has already mandated this training material for their staff.⁷³ Finally, 27 companies in Kenya have been registered into white lists/integrity index, so have undergone vetting and screening processes.⁷⁴
- **Mexico** – the Mexico pilot, Integridad Corporativa,⁷⁵ is delivered through a collaboration between UNDP, the British Embassy in Mexico, the FCDO and DIT. The project goal is to strengthen SMEs to identify and curb corruption risks in Mexico. This pilot has a number of outputs,⁷⁶ such as a corporate integrity virtual course and guidance to SMEs on whistleblowing protection, guidance on creating a policy for receiving gifts, hospitality and donations, and establishing a code of ethics. According to the latest review, the web pages were accessed 1,750 times.⁷⁷
- **Pakistan** – in Pakistan, the initiative is delivered through a collaboration between the British Deputy High Commission of Karachi, DFID and FCO (now FCDO) and DIT.

In addition, practical information on integrity considerations when doing business overseas is available on [great.gov.uk](https://www.great.gov.uk), DIT’s digital platform. According to the UK Anti-Corruption

⁶⁷ Business Integrity Initiative [Kenya](#) through the British Chamber of Commerce

⁶⁸ The only information available on the Pakistan Business Integrity Initiative come from [the job vacancy for the 12-month pilot manager role](#), which was advertised in 2018 with start date of 1 February 2019.

⁶⁹ The only information available on the Mexico Business Integrity Initiative come from [the job vacancy for the 12-month pilot manager role](#), which was advertised in the second half of 2019 with start date in June 2019.

⁷⁰ Notes and contact details are available from the Business Integrity Initiative [Kenya](#) webinar hosted by the British Chamber of Commerce of Kenya in November 2019

⁷¹ United Nations Special Session on Anti-Corruption planned for 2021

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Integridad Corporativa, *About Us*, <https://integridad.corporativa.org.mx/en/about-us>

⁷⁶ Integridad Corporativa, *Corporate Integrity Toolkit*, no date

⁷⁷ United Nations Special Session on Anti-Corruption planned for 2021

Strategy updates,⁷⁸ DFID, DIT, FCO, UK Export Finance (UKEF) and Serious Fraud Office (SFO) have also improved the language on their respective websites to be more coherent and to emphasise the benefits of business integrity, as well as the risks of corruption.

In 2019, three more actions were taken to further implement the BII. Firstly, an awareness raising campaign was launched to offer the Business Integrity Consultancy Service,⁷⁹ which provides five days of tailored, match-funded guidance for SMEs from a consultant specialised in anti-corruption and the protection of human rights when trading with developing and emerging markets. According to the latest review of the pilot, 14 UK businesses have applied for the service, and 7 or 8 out of these rated the service as good or excellent.⁸⁰ All of them report having made changes in the form of designing an ethical sourcing system or an anti-bribery policy, yet it is not clear at this stage what the impact has been on commercial advantage or disadvantage.⁸¹ Nevertheless, as noted in the 2020 review, “the BII is not on track to meet its end of programme target of 70 SMEs as the Hub only received 14 applications to its consultancy service”.⁸² Secondly, a collective action challenge fund⁸³ was created to support business-focused collective action initiatives to reduce corruption and promote human rights, and improve the investment climate in emerging markets and developing countries. The fund was allocated £250,000 to be distributed to three projects running for 12 months from December 2019. According to the latest review, the fund has supported businesses in Uganda, Ghana and Kenya. The interim results show that CoST Uganda reports that 122 public infrastructure projects with value of over US\$34 million were disclosed in line with infrastructure Data Standards and Open Contracting for Infrastructure Data Standards, while 125 more private sector organisations are demanding reforms on fair business practices. In Kenya and Ghana, the fund supported the Institute of Business Ethics that reports 86 companies were trained on supply chain ethics and compliance framework.⁸⁴ Finally, according to the UK Anti-Corruption Strategy year 2 update, the BII was supported by the creation of an expert panel co-chaired by the PM’s anti-corruption champion and the director of the Institute of Export.⁸⁵ The panel is intended to represent a cross-section of professionals from the government, private sector and third sector, and ensures the BII remains relevant to business needs.

The three country projects and hub were pilot projects, and the funding was limited. Currently, it is not clear what the impact of the hub and the respective country projects have been, whether the number of businesses trading with these partners has increased, whether they have set up the anti-corruption measures advised and how many (if any) businesses have taken advantage of the consultancy and/or of the collective action fund. The fund and consultancy services webpages are no longer available online. A call for a consultant to monitor and evaluate the pilot in Pakistan⁸⁶ was disseminated, yet findings have not been published. The BII is part of the I-ACT programme, and information can also be accessed by visiting the project’s page on the Dev Tracker⁸⁷ to download the reports;

⁷⁸ HM Government, UK National Anti-Corruption Strategy, 2017, p. [year 1 update](#) or p. 24 of the [year 2 update](#) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

⁷⁹ [Business Integrity Consultancy Service](#)

⁸⁰ Annual Review 2020 – International Action Against Corruption.

⁸¹ Ibid.

⁸² Ibid.

⁸³ IMC, *New DFID Fund to Support Collective Action Initiatives*, 2 September 2019, <https://www.imcworldwide.com/news/new-dfid-fund-to-support-collective-action-initiatives/>

⁸⁴ Annual Review 2020 – International Action Against Corruption.

⁸⁵ HM Government, UK National Anti-Corruption Strategy, 2017, p. 24 of the [year 2 update](#) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

⁸⁶ Business Integrity Initiative, *Terms of Reference for the Monitoring and Evaluation of the Business Integrity Initiative Pilot Activities In Pakistan*,

<https://aidstream.org/files/documents/220-TORs-for-BII-Pakistan-Pilot-Monitoring-20200130080141.docx>

⁸⁷ Business Integrity Initiative page on [DevTracker](#)

however, the information in the annual reviews section does not add much to what is already mentioned in this document.

2. OECD Anti-Bribery Convention

As noted in the latest version of the Exporting Corruption Report,⁸⁸ in the period 2016-2019, the United Kingdom opened 36 investigations, commenced six cases and concluded 12 cases with sanctions. In May 2018, the House of Lords' scrutiny committee reviewed implementation of the Bribery Act 2010 and published its report in March 2019.⁸⁹ It counselled against legalising facilitation payments and reserved judgement on whether there was merit in introducing vicarious liability for bribery offences.⁹⁰ (See also the points mentioned below.) In May 2019, the UK government published its response to the report, which welcomed the committee's work and noted many of its recommendations for change.⁹¹ In 2018, the National Economic Crime Centre (NECC) was established within the National Crime Agency (NCA) to coordinate the UK response to economic crime, including the strategic oversight of bribery cases. The NECC contains officers or representatives from seven key law enforcement agencies and government departments.⁹² The International Anti-Corruption Coordination Centre (IACCC) – an international initiative launched in July 2017 and hosted by the NCA – has reported on progress in nine grand corruption cases and the identification of 227 suspicious bank accounts across 15 different jurisdictions.⁹³

The SFO publishes statistics on opened investigations, cases commenced and cases concluded in its annual report.⁹⁴ Scotland's procurator fiscal publishes separate statistics on bribery cases and enforcement.⁹⁵ UK authorities do not routinely publish mutual legal assistance (MLA) statistics, except in response to freedom of information requests.⁹⁶ In such cases, the data released covers all MLA requests, not only those regarding foreign bribery. The UK Central Authority was due to introduce a new case management system in April 2019, which should allow for more accurate measurement of the time taken to respond to foreign bribery related MLA requests.⁹⁷ See the Transparency International Exporting Corruption 2020 report for more detail.

The UK is part of the OECD Working Group on Bribery (WGB), which involves periodic reviews of participants' progress against the group's recommendations for change.⁹⁸ In their latest report on the UK, published in 2019,⁹⁹ the working group reported that the UK has fully implemented 16 recommendations, partially implemented 18 recommendations, and not implemented 10 recommendations. Most notably, the UK is yet to implement the working group's recommendation on ensuring the independence of bribery investigations by law enforcement agencies.¹⁰⁰ The OECD working group states that the UK has addressed a number of key Phase 4 recommendations, notably asserting the SFO's continued role as an

⁸⁸ Transparency International, [Exporting Corruption 2020](#), 2020, UK assessment from pp. 117 to 120

⁸⁹ House of Lords, *The Bribery Act 2010: Post-Legislative Scrutiny*, 14 March 2019

⁹⁰ House of Lords, *The Bribery Act 2010: Post-Legislative Scrutiny*, 14 March 2019, p.44 para 146 and p.32 para 109.

⁹¹ UK Ministry of Justice, *Government Response to the House of Lords Select Committee on the Bribery Act 2010*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800930/govt-response-hol-select-committee-bribery-act-2010.pdf

⁹² The National Crime Agency, Serious Fraud Office, Financial Conduct Authority, City of London Police, HM Revenue and Customs, Crown Prosecution Service and the Home Office.

⁹³ It is not yet clear how many of these cases relate to the scope of this report, [NCA Internal Anti-Corruption Coordination Centre](#)

⁹⁴ Serious Fraud Office (SFO) [Annual reports and accounts](#)

⁹⁵ Crown Office and Procurator Fiscal Service, [Bribery Act 2010](#). For 2018 data for Scotland and Northern Ireland, see Ministry of Justice, [Bribery Act 2010: Post Legislative Scrutiny Memorandum](#), June 2018

⁹⁶ Such data is only released when it would not breach the confidentiality of any individual request. The most recent dataset available is for MLA requests between January 2012 and December 2013, published subject to a May 2014 freedom of information request, [Incoming Mutual Legal Assistance \(MLA\) 2012 & 2013](#)

⁹⁷ OECD, [Implementing the OECD Anti-Bribery Convention, Phase 4 Two-Year Follow-up Report: United Kingdom](#), p.9, March 2019. This has yet to occur and as of 26 May 2020, the reasons for the delay are unknown.

⁹⁸ *Ibid.*

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.* Recommendations 7(a), 7(c) and 7(d)

investigator and prosecutor of foreign bribery cases, generally enhancing the capacity for the enforcement of foreign bribery and related offences, as well as better engagement with the private sector. The OECD WGB has also commended the SFO for “exemplary” publishing of information about concluded foreign bribery cases on its website.

As mentioned in the Transparency International Exporting Corruption 2020 report, there are still a number of inadequacies in the legal framework and in the enforcement system. For example, while the Bribery Act 2010 continues to provide a sound legal basis for prosecuting foreign bribery by both natural and legal persons, we have identified two legal aspects that could be improved. The defence of adequate procedures has only been tested recently by the courts and is still largely defined by guidance;¹⁰¹ and a longstanding issue regarding corporate liability in the UK¹⁰² inhibits the successful prosecution of large multi-nationals for substantive bribery offences. Moreover, the core purpose of the deferred prosecution agreement (DPA) regime is to incentivise the exposure and self-reporting of corporate wrongdoing. The failure to differentiate penalty discounts for those companies that self-report and cooperate and those that only start cooperating once under investigation seriously reduces the incentive for companies to self-report their wrongdoing in the first place, calling into question the use of DPAs. The UK has not yet complied with the fifth EU anti-money laundering directive requirement that the details of trust beneficiaries be made available to those with a “legitimate interest” – a term disputed between civil society and the government.¹⁰³

- 3. Trade Agreements:** With its exit from the EU, the UK is in the process of negotiating a number of free trade agreements. The UK is prioritising agreements with the EU, Australia, the United States, New Zealand and Japan.¹⁰⁴ The UK government has conducted consultations with various stakeholders to inform the agreements and negotiations. The government has also established the Strategic Trade Advisory Group,¹⁰⁵ chaired by the Ministry of Trade Policy at the Department for International Trade (DIT). The group was created with the intention of facilitating dialogue with a number of stakeholders; it meets quarterly and it publishes summaries of meeting discussions.¹⁰⁶ Summaries of two discussions have been published so far, and they include also a list of attendees, although the minutes are quite generic, and it appears as if the inclusion of anti-corruption and transparency measures were not discussed. The Ministry of Trade’s statement to the UK Parliament setting out the UK’s priority in negotiating new trade agreements included two points related to anti-corruption measures.¹⁰⁷

Sustainability

The government will maintain and seek to advance the UK’s world-leading environmental, labour and anti-corruption standards, including to support domestic climate ambition and UK low carbon industries, technology and innovation.

Government procurement

¹⁰¹ Ibid. p. 26, paragraph 57

¹⁰² The “identification doctrine”, defined by case law, holds that for a company to be guilty of bribery it must be established that someone who can be described as its “directing mind and will” was involved in committing the bribery. It is very difficult to prosecute large companies for substantive bribery offences (as opposed to the lesser crime of failure to prevent bribery) as it requires evidence that a very senior person was complicit in the illegal activity. The principle can incentivise senior members of a corporation to turn a blind eye to criminal acts committed by its representatives, insulating the company (and themselves) from liability. The result is an unfair situation in which the “low-hanging fruit” of small companies, with simpler corporate structures, are more easily targeted.

¹⁰³ [The consultation](#) on the Fifth EU Anti-Money Laundering Directive was conducted between January and February 2020. Gov.UK, [Technical Consultation: Fifth Money Laundering Directive and Trust Registration Service](#), 15 July 2020

¹⁰⁴ *The UK’s trade agreements*, <https://www.gov.uk/government/collections/the-uks-trade-agreements#trade-negotiations-the-uk-is-prioritising>

¹⁰⁵ Gov.UK, [The Strategic Trade Advisory Group](#)

¹⁰⁶ DIT, [Strategic Trade Advisory Group, Summaries of Meeting Discussions](#), 27 September 2019

¹⁰⁷ UK Parliament, [Free Trade Agreements with the Rest of the World – Statement Made on 6 February 2020](#)

To maximise access for UK companies to government procurement opportunities at US federal and state level, the UK will seek additional market access outcomes that go beyond the level set in the World Trade Organization Agreement on Government Procurement.

In the UK-US trade negotiations, anti-corruption is listed as one of the areas that was discussed;¹⁰⁸ however, the final text of the agreements is not yet available, which makes it hard to assess the robustness of the measures that will be included.¹⁰⁹

In the UK-Australia trade negotiations, one of Australia's objectives is to establish best practice, standard-setting approaches to transparency and anti-corruption that support the rules-based international trading system.¹¹⁰ Similarly, anti-corruption and transparency are also part of the UK's strategic approach in negotiating this agreement.¹¹¹ In addition, many NGOs and private sector stakeholders mention transparency in general and in public procurement in particular as priorities.¹¹² Yet, as the final text is not yet public, it is difficult to understand whether the provisions included will be satisfactory. The current draft wording available includes the following provisions:

Transparency

Ensure world class levels of transparency between the UK and Australia, particularly with regards to the publication of measures (such as laws and regulations) affecting trade and investment, public consultation and the right of appropriate review of these measures.

Commit, subject to the UK's compliance with its data protection legislation, to prompt and open information sharing between the UK and Australia by setting up regular data sharing to support understanding of the usage and effectiveness of the agreement.

Anti-corruption

Secure provisions that address the trade-distorting effects of corruption on global trade and fair competition to help maintain the UK's high standards in this area.

Ensure appropriate mechanisms for the implementation, monitoring and dispute resolution of anti-corruption provisions.¹¹³

The same paragraphs are also included in the UK-New Zealand trade negotiations strategic approach.¹¹⁴ The public consultations for the UK-New Zealand trade agreement make many mentions of transparency and parliamentary scrutiny, and there is also a specific mention from the business community on the need to include anti-corruption, bribery and fraud measures.¹¹⁵ There is now an ongoing call for evidence on the UK-New Zealand trade negotiations.¹¹⁶ Yet, as the final text is not public, it is unknown whether the provisions included will satisfactorily respect the results of the consultation.

¹⁰⁸ UK Parliament. [Negotiations on the UK's Future Trading Relationships with the US: Update – statement made 30 June 2020](#)

¹⁰⁹ DIT. [Negotiations on the UK's Future Trading Relationships with the US: Update](#), 12 August 2020

¹¹⁰ Australia Government, Dept. of Foreign Affairs and Trade, [Australia-UK FTA Negotiating Aims and Approach](#), no date

¹¹¹ DIT, [UK-Australia Trade Negotiations Strategic Approach](#), 17 July 2020

¹¹² DIT, [Public Consultation on Trade Negotiations with Australia](#), 18 July 2019

¹¹³ Ibid

¹¹⁴ DIT, [UK-New Zealand FTA Strategic Approach](#), no date

¹¹⁵ [Public Consultations](#) on trade negotiations with New Zealand

¹¹⁶ DIT, [Call for Evidence – UK-New Zealand Trade Negotiation Inquiry](#), 18 July 2019

The UK-Japan trade agreement is the first major post-Brexit trade deal secured by the UK. Anti-Corruption is mentioned here as follows:

Article 17.9 – Anti-Corruption

The Parties affirm their resolve to eliminate bribery and corruption in international trade and investment. Recognising the need to build integrity within both the public and private sectors and that each sector has complementary responsibilities in this regard, the Parties affirm their adherence to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, done at Paris on 17 December 1997, and the United Nations Convention against Corruption, adopted at New York on 31 October 2003¹¹⁷.

It is still too early to say how effective the full breadth of trade agreements negotiated by the UK will be in tackling corruption.

4. Prosperity Fund:

As noted in the year 2 update of the UK Anti-Corruption Strategy, the Prosperity Fund Global Anti-Corruption Programme (GACP) is deploying £45m over five years (2017-2022) to promote inclusive sustainable growth and increase global prosperity through tackling corruption. The Prosperity Fund uses overseas development aid funds, and it is delivered by the Foreign, Commonwealth & Development Office (FCDO).¹¹⁸ The programme consists of nine projects delivered bilaterally, regionally and globally. The bilateral investment, which is 30 per cent of the budget, is allocated to five out of the 12 Prosperity Fund priority countries; Colombia,¹¹⁹ Indonesia, Malaysia, Mexico¹²⁰ and South Africa. It is made up of nine inter-connected projects that will help target countries and regions to:

- invest in introducing new policies, laws and regulations as well as strengthening existing ones
- increase transparency across the public sector, on beneficial ownership and procurement systems
- strengthen the ability to investigate and recover stolen assets, raise awareness of the causes and impacts of corruption, including upon gender and inclusion
- identify, apply and disseminate good practice approaches¹²¹

The programme directly delivers on a number of strategy commitments and commitments made at the 2016 London Anti-Corruption Summit.¹²² From the last [annual review in November 2019](#), eight of the nine projects in the programme have been mobilised and are delivering outputs, and one is being scoped. The Mexico programme was scored with an A in the annual review, and the programme has a strand on anti-corruption and the rule of law.¹²³ The Colombia programme received £25.5 million over five years, and the annual

¹¹⁷ Gov.UK, *Agreement between the United Kingdom of Great Britain and Northern Ireland and Japan for a Comprehensive Economic Partnership*, 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929181/CS_Japan_1.2020_UK_Japan_Agreement_Comprehensive_Economic_Partnership_v1.pdf

¹¹⁸ GOV.UK, *Global Anti-Corruption Programme: the Prosperity Fund*, <https://www.gov.uk/government/publications/global-anti-corruption-programme>

¹¹⁹ FCDO, *UK Prosperity Fund for Colombia*, 26 March 2020, <https://www.gov.uk/government/publications/colombia-prosperity-programme>

¹²⁰ FCDO, *Prosperity Fund Mexico Programme*, 26 March 2020, <https://www.gov.uk/government/publications/prosperity-fund-mexico-programme>

¹²¹ HM Government, *UK National Anti-Corruption Strategy*, 2017, p. [year 1 update](#) or p. 29 of the [year 2 update](#) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

¹²² Ibid.

¹²³ FCDO, *Prosperity Fund Mexico Programme*, 26 March 2020, <https://www.gov.uk/government/publications/prosperity-fund-mexico-programme>

review 2019-2020 scored the programme with an A; however, this does not have a strand dedicated to anti-corruption.¹²⁴ Further information is also available when searching the Prosperity Fund in the DevTracker.¹²⁵

Challenges to effective commitment implementation

Prosperity fund – an overriding risk to the successful delivery of the programme and the main determining factor in achieving the intended outcomes and impact is the political will of the partner governments to implement reform, address corruption, repatriate stolen assets and charge those that have embezzled state funds.¹²⁶ The programme’s approach is sufficiently aware of this, but will need to be kept under continuous review. Another challenge is that the information is scattered and not easily retrieved, so it is often difficult to understand the annual progress and impact.

Opportunities to accelerate commitment implementation

Business Integrity Initiative – The BII should increase on marketing and engagement activities, identifying where SMEs go to find information and ensuring that government information sources for SMEs provide the guidance they need. Additionally, it is critical to expand private sector engagement through peer-to-peer learning opportunities and networks.

Prosperity fund – as identified in the 2019 annual review,¹²⁷ there are opportunities to implement lessons learned. This includes recommendations for realising and better capitalising on synergies across Prosperity Fund projects, between projects in the GACP, within countries of operation, and across the Prosperity Fund’s bilateral and thematic programmes. With a varied and complex programme, this will be an ongoing challenge, but there are specific examples from projects such as the OECD, GDS, BenOwn and UNODC, which should be addressed.

Trade agreements – overseas markets where corruption is endemic are challenging operational environments for British businesses. When contracts are routinely won through nepotism and bribery, corruption in any country’s public sector closes those markets to law-abiding British firms, becoming a barrier to shared prosperity through trade.

Research shows that corruption is detrimental to international trade and business.¹²⁸ The PwC Global Economic Crime Survey 2020 has found that 39 per cent of UK respondents lost an opportunity to a competitor who they believed paid a bribe.¹²⁹ Transparency International’s Exporting Corruption report shows that, of the world’s 47 leading global exporters, 34 countries have limited, little or no anti-bribery enforcement.¹³⁰ As Britain embarks on a new chapter as an independent trading nation, the government should promote adherence to the OECD Anti-Bribery Convention with trading partners. This is not merely a normative argument, the evidence shows that corruption is bad for business.¹³¹ Indeed, HM Government has recently made the case that a

¹²⁴ FCDO, *UK Prosperity Fund for Colombia*, 26 March 2020, <https://www.gov.uk/government/publications/colombia-prosperity-programme>

¹²⁵ Development Tracker, *Global Anti-Corruption Programme*, no date, <https://devtracker.dfid.gov.uk/projects/GB-GOV-3-PF-ACO-921/documents>

¹²⁶ UK Government, *Prosperity Fund Annual Report 2018/2019*, September 2019

¹²⁷ UK Government, *Prosperity Fund Annual Report 2018/2019*, September 2019

¹²⁸ Transparency International Anti-Corruption Helpdesk, *The Relationship between Business Integrity and Commercial Success*, 2018

¹²⁹ PwC, *Global Economic Crime Survey 2020*, 2020

¹³⁰ Transparency International, *Exporting Corruption 2020*, 2020

¹³¹ Jenkins, M. *The Relationship between Business Integrity and Commercial Success*, Transparency International Anti-Corruption Helpdesk, 2018,

<https://knowledgehub.transparency.org/helpdesk/the-relationship-between-business-integrity-and-commercial-success>

reduction in global corruption, combined with lower barriers for business and stronger corruption penalties can “improve the business environment, improve investment in public services and enhance UK soft power”.¹³²

Being able to design new trade agreements with a number of partners is an opportunity for the UK to include new, innovative anti-corruption requirements that could improve its reputation as a trading partner and take on a leading role in anti-corruption worldwide. In UK government consultations, many stakeholders mention the need to align and adhere to the WTO transparency standards; however, “the global trade system overseen by the WTO regime has limited purview over so-called ‘deep provisions’ in trade agreements, such as governance issues”.¹³³ There are more and better ways to include anti-corruption measures via trade agreements, which we will mention in the recommendations section.

Recommendations

Anti-bribery recommendations – our main recommendations are as follows, also to be found in the Exporting Corruption Report 2020¹³⁴:

- Publish court sentencing remarks and judgements for cases of economic crime, including bribery.
- Task the Law Commission to review the UK’s outdated and inadequate corporate liability laws on a priority basis.
- Broaden corporate criminal liability beyond failure to prevent foreign bribery and tax evasion.
- Provide greater support and education on the UK Bribery Act for small and medium-sized enterprises.
- Ensure that DPAs are used only in cases of strong public interest, with utmost transparency, and as a means to encourage self-reporting by others in the future.
- Ensure the NCA, Crown Prosecution Service and SFO principles for compensation of victims are incorporated into the use of DPAs.
- Strengthen mechanisms to determine whether companies convicted of bribery should be debarred from public contracts.
- Ensure that the SFO’s role as the principal actor for enforcing foreign bribery offences is maintained and consolidated.
- Continue to support the timely introduction of public beneficial ownership registers in the UK’s Overseas Territories and Crown Dependencies.
- Closely monitor the impact of Brexit on the UK’s foreign bribery enforcement, particularly in relation to international cooperation arrangements with EU countries.

Prosperity fund: the 2019 annual review identified a number of recommendations to be achieved by March and April 2020,¹³⁵ such as revising and updating the theory of change and the value for money of each project. However, it is not possible to address whether these have been taken on board and implemented as the information is not public at the time of this monitoring exercise. The fund should take on board the recommendations from the external evaluation/annual review, and also increase transparency to ensure that the information is available more regularly and to a wider audience.

¹³² HM Government, [Prosperity Fund Business Case](#): Global Anti-Corruption Programme, December 2019

¹³³ Jenkins, M., *Anti-Corruption and Transparency Provisions in Trade Agreements*, Transparency International Anti-Corruption Helpdesk, 20 July 2018

¹³⁴ Transparency International, [Exporting Corruption 2020](#), 2020, UK assessment from pp. 117 to 120

¹³⁵ UK Government, [Prosperity Fund Annual Report 2018/2019](#), September 2019

International trade agreements: to build prosperity at home and abroad, Britain’s trade policies should seek to level the playing field for law-abiding businesses by raising anti-corruption standards globally. To do so, the government should:

- **Ensure their trade partners are also held to the same international anti-corruption standards.** The UK can hold their partners to these standards by requiring them to ratify international anti-corruption conventions to secure trade deals. For example, provisions could require state parties to ratify the United Nations Convention against Corruption (UNCAC) and the Organisation for Economic Co-operation and Development’s Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention).
- **Ensure that their trade partners address corruption in their own jurisdictions and in international forums.** State partners should be required to adopt or maintain legislation that criminalises corruption, ensures appropriate penalties, and encourages whistleblower protection. For example, we recommend that the UK leverages its influence to secure open contracting initiatives that level the playing the field for law-abiding businesses to win contracts.
- **Enshrine anti-corruption and transparency provisions into new free trade agreements.** Britain should seek to raise and promote best practices globally in its new free trade agreements by including specific anti-corruption provisions. This will support law-abiding British businesses trading in new markets and would follow best practice in key existing free trade agreements, such as the Trans-Pacific Partnership¹³⁶
- **Require procurement transparency from private and state partners, in line with the Open Business Principles for private procurement transparency.**¹³⁷

COMMITMENT NAME: “Illicit Finance – ensuring that the UK’s financial sector, and those in the Overseas Territories and Crown Dependencies, are hostile to illicit finances. There will be a strong focus on delivery of commitments, working closely with private sector and international partners.”

THEMATIC AREA: fiscal integrity

COMMITMENT TIMEFRAME: 2017-2022 as included in the UK Anti-Corruption Strategy

COMMITMENT SOURCE: this commitment is included in full in the UK Anti-Corruption Strategy, the Sanctions and Money Laundering Act, and the government’s consultation on Companies House reform. Specifically, it covers improvements to the UK’s public register of beneficial ownership,¹³⁸ supporting the Crown Dependencies and Britain’s Overseas Territories’ implementation of the UNCAC and public beneficial ownership registers, and introducing transparency over the ownership of overseas companies holding UK property.¹³⁹

Current level of progress in commitment implementation

Fulfilled

¹³⁶ CPTPP, [Transparency and Anti-corruption, Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#), chapter 26, 2018

¹³⁷ Transparency International UK, [Open Business: Principles and Guidance for Anti-Corruption Corporate Transparency](#), 2020

¹³⁸ Transparency International UK, [Public Register of Beneficial Ownership](#) commitment on the UK national anti-corruption pledge tracker made at the 2016 London Anti-Corruption Summit

¹³⁹ Transparency International UK, [Property Ownership](#) commitment on the UK national anti-corruption pledge tracker made at the 2016 London Anti-Corruption Summit

Partially fulfilled

X

Not fulfilled/dropped

It is common for corrupt individuals to use a global web of anonymous companies, trusts and other legal entities situated across multiple jurisdictions to transfer and hide their illicitly sourced funds. These structures shroud the identity of the individuals who own and control companies and other legal entities. Illicit money is laundered through the UK, and then used to fund luxury lifestyles.¹⁴⁰

Layers of secrecy facilitated by opaque company ownership prevent effective investigations by police and hinder due diligence checks by those working in sectors such as the property market. This means that UK assets can be acquired anonymously and anti-money laundering checks can be bypassed with relative ease. Public registers of the real owners of companies – the beneficial owners – have been a central recommendation in the fight against corruption, money laundering and corporate secrecy.

The UK's public register of beneficial ownership came into effect at the end of June 2016, and was the first of its kind in the G20. In 2018, the UK launched a global campaign to make public registers of beneficial ownership a global norm, and in 2019 it launched a public consultation¹⁴¹ on reforms to Companies House¹⁴² to ensure the data held in the UK's register is verified and accurate. In September 2020, the UK government announced welcome reforms, including introducing identity verification checks for all directors, people with significant control and those filing information on behalf of a company.

There is a clear correlation between corruption cases and the use of the **secretive corporate vehicles based in the UK's Overseas Territories and Crown Dependencies**.¹⁴³ Transparency about the beneficial owners of these companies is an important part of the solution to tackling the laundering of corrupt and illicit funds. The UK government is required by law to provide assistance to the overseas territories in making this transition to public registers of beneficial ownership. In October 2019, the government of the Cayman Islands committed to introducing a public beneficial ownership register.¹⁴⁴ In September 2020, the British Virgin Islands joined the other major financial centres in the Overseas Territories in committing to introduce public beneficial ownership registers.¹⁴⁵ In June 2019, the Crown Dependencies committed jointly to voluntarily introduce central public registers of beneficial ownership for companies based in their jurisdictions within 12 months of an EU review into their implementation across member states. However, the commitment is unclear about when exactly these registers will be made available to the public. The latest development is that the UK government has stated to "consider that the end of 2023 is a reasonable deadline for the introduction of such registers".¹⁴⁶ Except for Gibraltar, at the time of this assessment, none of the OTs or CDs has implemented public beneficial ownership registers.¹⁴⁷

¹⁴⁰ Transparency International UK, [At Your Service: Investigating How UK Businesses and Institutions Help Corrupt Individuals and Regimes Launder Their Money and Reputations](#), 2019

¹⁴¹ UK Parliament, [Companies: Registration - Question for Department for Business, Energy and Industrial Strategy](#), 17 June 2020

¹⁴² Gov.UK, [Companies House](#), UK's companies register

¹⁴³ TI-UK, [At Your Service: Investigating How UK Businesses and Institutions Help Corrupt Individuals and Regimes Launder Their Money and Reputations](#), 2019

¹⁴⁴ Cayman Island Government Office UK, Cayman Island Statement, July 2020, <https://www.cigouk.ky/beneficial-ownership/>

¹⁴⁵ TI-UK, [British Virgin Island Join UK Overseas Jurisdictions in Public Company Ownership](#) Commitment, 20 September 2020

¹⁴⁶ UK Parliament, [Publicly accessible registers of company beneficial ownership in the British Overseas Territories](#), 15 July 2020

¹⁴⁷ Gibraltar register: <https://ubosearch.egov.gi/Login?ReturnUrl=%2f>

The UK's property market is a prime destination for corrupt individuals and other criminals to launder their stolen wealth. Using anonymous shell companies registered overseas, these individuals can purchase luxury property in the UK with the proceeds of their crimes and away from the prying eyes of businesses, politicians, law enforcement and the wider public. This enables them to enjoy their ill-gotten gains with impunity, and use much-needed housing as their own personal safety-deposit box. The government's bill for a publicly accessible register of the true owners of overseas companies that buy or own UK property is a vital piece of anti-corruption legislation, and should be made law at the earliest possible opportunity. This would make it easier for the private sector to identify suspicious transactions and money laundering risk in the property market. The Registration of Overseas Entities Bill should be laid before Parliament at the earliest possible opportunity.

Beneficial Ownership Campaign – In the year 1 update of the UK Anti-Corruption Strategy, John Penrose MP, the Prime Minister's Anti-Corruption Champion launched a campaign to promote open and free registers of company beneficial ownership as a global norm. In May 2019, at the Open Government Partnership Summit, he co-chaired the inaugural meeting of the Beneficial Ownership Leadership Group and proposed a draft set of Beneficial Ownership Transparency Disclosure Principles, which would commit participating countries to develop open and free-to-access registers of company beneficial ownership information by 2023, based on minimum technical standards. This campaign was also presented at the 2018 International Anti-Corruption Conference.¹⁴⁸

To date, a dozen countries have expressed an interest in signing these principles, yet only five countries have officially signed up. Despite the UK government's support for Open Ownership in establishing a Beneficial Ownership Leadership Group¹⁴⁹ the UK has not yet joined. In the Anti-Corruption Strategy year 2 update, the government reiterates that in the second-half of 2020, "together with civil society partners, including the OECD Global Forum, and the Financial Action Task Force, the UK plans to convene the second meeting of the leadership group and encourage countries around the world to sign up to the Open Ownership Register".¹⁵⁰ Further, the strategy update stressed that the "UK will continue to work internationally to encourage jurisdictions to make progress on company beneficial ownership transparency, even where their ambition is lower than a fully open and free-to-access register".¹⁵¹ While we hope to see these developments progress, as of October when this research was being finalised, the second meeting has not yet happened.

UNCAC¹⁵² has been extended to the Crown Dependencies, together with two of the UK's 14 Overseas Territories: the British Virgin Islands and Bermuda.

Although all of these commitments are in progress, none are yet complete.

Challenges to effective commitment implementation

As stated in the previous section, one of the main challenges is the lack of parliamentary time to implement the much-needed legislation and policy to fight illicit financial flows through the

¹⁴⁸ Penrose, J., [Canada Backs Anti-Corruption Campaign Launched by John Penrose](#), blog post, 1 June 2019

¹⁴⁹ Open Ownership, [Beneficial Ownership Leadership Group](#), no date

¹⁵⁰ HM Government, *UK National Anti-Corruption Strategy*, 2017, p. 18 of the [year 2 update](#) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

¹⁵¹ *Ibid.*

¹⁵² Conference of the States Parties to the United Nations Convention against Corruption, [Review of Implementation of the United Nations Convention against Corruption – Tenth Session of the Implementation Review Group](#), 20 March 2019

UK. The business of government and Parliament has been slowed because of the dual disruptions of Brexit and the COVID-19 pandemic.

Opportunities to accelerate commitment implementation

The G7 next year will represent an opportunity for the UK, hosting the Summit, to reiterate its leadership in fighting illicit finance, and being a leader of beneficial ownership transparency. This year, the UK already has the opportunity to send this message by joining the Beneficial Ownership Leadership Group.

Recommendations

Support public corporate transparency of company ownership in the UK's offshore financial centres by ensuring that they set up beneficial ownership registers by 2023 at the latest.

Introduce transparency over overseas companies holding UK property. The government should introduce the Registration of Overseas Entities Bill in Parliament at the earliest possible opportunity.

Companies House reform proposals, as announced by the government, should be tabled at the earliest possible opportunity. New powers for Companies House will be most effective if they are coupled with the introduction of transparency over the true owners of overseas companies holding UK property.

Beneficial ownership transparency is fundamental to good financial regulation. The UK government has been a global champion in this area. **We urge the UK to keep demonstrating its international leadership by joining the Beneficial Ownership Leadership Group and prioritising beneficial ownership transparency and tackling illicit finance at the upcoming G7 meetings.**

COMMITMENT NAME: Anti-corruption evidence base - we will continue to strengthen our understanding of the corruption threat and of the effectiveness of interventions. In a context of constrained resources, this will inform prioritisation and resourcing decisions.

THEMATIC AREA: legislative and institutional framework

COMMITMENT TIMEFRAME: 2017-2022 as included in the UK Anti-Corruption Strategy

COMMITMENT SOURCE: this commitment is included in full in the UK Anti-Corruption Strategy.

Current level of progress in commitment implementation

Fulfilled

Partially fulfilled

X

Not fulfilled/dropped

The Fourth IACC commitment on strengthening the evidence base of anti-corruption is clearly discussed in the UK Anti-Corruption Strategy commitments from points 7.1 to 7.11.

After reviewing these points in the strategy, we have identified some measurable outputs and mechanisms to monitor the implementation of this commitment:

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 impact.
2. Use behavioural science to understand what drives corruption.
3. 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.¹⁵³
4. Improve how corruption is reported in national crime statistics.¹⁵⁴
5. Launch a new initiative to provide a reporting mechanism for allegations of bribery and corruption.
6. Work with four countries to implement a new “mobilising data for anti-corruption” programme,¹⁵⁵ which will strengthen collaboration between law enforcement, private sector, civil society and the media to improve the quality and use of data in corruption cases.
7. Partner with the IMF by providing funding for three years from 2017.
8. Commission new research under the DFID Anti-Corruption Evidence Programme,¹⁵⁶ including work to explore the impact of beneficial ownership measures, new forms of commodity-based money laundering, and trade and procurement.

As well as commitments 7.6¹⁵⁷ and 7.10,¹⁵⁸ both being delivered under the DFID Anti-Corruption Evidence Programme,¹⁵⁹ the following are the most recent government publications that can be used by the UK government to build an evidence base to better understand the corruption threat:

- the [NCA's National Strategic Assessment 2020](#),¹⁶⁰ which includes details of corruption threats (undertaken through an internal annual corruption assessment)
- Office of National Statistics data on corruption reports and allegations¹⁶¹
- earlier in the 2020, the government published the [MHCLG review of fraud and corruption risks in local government procurement](#)¹⁶²
- the government commissioned the Royal United Services Institute corruption report¹⁶³
- Transparency International UK has also been informed that the UK government participated in the development of a G20 anti-corruption measurement work stream for the Italian presidency and supported the University of Sussex in its work on an academic roundtable with the Saudi G20 presidency

¹⁵³ NCA, [National Strategic Assessment of Serious Organised Crime](#), 2019

¹⁵⁴ Home Office, [Counting Rules for Recorded Crime](#), 4 July 2013, <https://www.gov.uk/government/publications/counting-rules-for-recorded-crime>

¹⁵⁵ Development Tracker, [Mobilising Data for Anti-Corruption \(MoDAC\)](#), <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300291>

¹⁵⁶ ACE, [Global Integrity Anti-Corruption Evidence \(GI-ACE\)](#), <https://ace.globalintegrity.org/>

¹⁵⁷ 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.

¹⁵⁸ 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.

¹⁵⁹ Development Tracker, [Mobilising Data for Anti-Corruption \(MoDAC\)](#), <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300291>

¹⁶⁰ NCA, [National Strategic Assessment of Serious and Organised Crime 2020](#), no date, <https://www.nationalcrimeagency.gov.uk/news/nsa2020>

¹⁶¹ ONS, [Crime in England and Wales: Year Ending June 2020](#), table F9

¹⁶² Local Government Association, [Review into the Risks of Fraud and Corruption in Local Government Procurement](#), no date, <https://www.local.gov.uk/review-risks-fraud-and-corruption-local-government-procurement>

¹⁶³ RUSI, [What's in a Name? Corruption and Fraud in the UK](#), 17 June 2019, <https://rusi.org/publication/occasional-papers/whats-name-corruption-and-fraud-uk>

- Transparency international UK has also been asked to comment on the Economic Crime Business Survey, which will be published in early 2021

The government engages with international forums that review the UK's arrangements for addressing corruption in politics and governance, including GRECO and UNCAC mutual evaluation processes. The government considers proposals from these evaluations, which can result in policy reviews. For example, in response to a recommendation from GRECO's fifth evaluation review, the government has committed to undertaking post-legislative scrutiny of the register of consultants lobbying by the end of 2020.¹⁶⁴ More broadly, it established a Defending Democracy in July 2019, which seeks to address concerns about foreign interference in domestic politics.¹⁶⁵ However, we are awaiting evidence of how these have translated into tangible policy and legislative change.

In particular, the government does not appear to have applied the GRECO and UNCAC recommendations considering the independence and powers of the Independent Adviser on Ministerial Interests.¹⁶⁶ Successive governments have also failed to implement their proposals on strengthening oversight of the revolving door between the public and private sectors.¹⁶⁷ This inertia suggests that, despite substantive engagement at official level, ministers lack the political will to deliver on key reforms. As of the time of this review, the Anti-Corruption Strategy Update recorded many of these commitments – for example points 7.1 and 7.3 – as ongoing. Similarly, we know of research, such as the Economic Crime Business Survey, which remain unpublished, therefore we cannot say it is complete.

Challenges to effective commitment implementation

Despite numerous scandals in recent years, there is a reluctance from successive governments to assess the corruption risks within the UK political system. Instead of learning from recent cases and consulting on proposed reforms to reduce the risk of their reoccurrence, policy leadership has been ceded to the Committee on Standards in Public Life (CSPL) and, to an extent, the opposition and civil society organisations. Politically, even recognising there is a problem has proved difficult.

We sense securing cross-departmental input into a whole-of-government understanding of corruption has proved challenging for the JACU. It is not clear whether this is a result of this team moving from the Cabinet Office to the Home Office, or other competing priorities within government, but this is an obstacle to gaining a clear overview of the domestic threat.

Opportunities to accelerate commitment implementation

¹⁶⁴ Letter from Chloe Smith MP to Mr Gianluca Esposito, executive secretary of GRECO Secretariat, 24 July 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903767/Letter_of_24_July_from_Chloe_Smith_to_Gianluca_Esposito.pdf

¹⁶⁵ Gov.UK, *Update on Tackling Intimidation in Public Life*, 5 November 2019, <https://www.gov.uk/government/speeches/update-on-tackling-intimidation-in-public-life>

¹⁶⁶ GRECO, *Fifth Evaluation Round: Evaluation Report: United Kingdom* (May 2018) p.33 paragraph 134 <https://rm.coe.int/fifth-evaluation-round-preventing-corruption-and-promoting-integrity-i/168088ea4c>; UNODC, *Country Review Report of the United Kingdom of Great Britain and Northern Ireland: Review Cycle II (Chapter II and V)* (November 2020) p.15 paragraph 2.3 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935066/Country_Review_Report_of_the_United_Kingdom.pdf

¹⁶⁷ GRECO, *Fifth Evaluation Round* p.30 paragraph 121; UNODC, *Country Review Report* p.15 paragraph 2.3

There is a growing body of evidence produced by academia, the CSPL and civil society organisations about the domestic corruption threat, including political corruption. Similarly, these external stakeholders could deepen and widen the evidence already collected by government were these studies made publicly available.

Recommendations

We recommend that results of the government’s research to date are made public as soon as reasonably possible to help catalyse further research by stakeholders outside of government into the domestic corruption threat.

COMMITMENT NAME: “Insider Threat – we are committed to securing a more joined up and strategic approach to tackling corrupt insiders in critical domestic public sectors (prisons, borders, policing, defence and local government). This is another area where the analysis of the problem and the evidence base for how to tackle it needs to be further developed.”

THEMATIC AREA: law enforcement

COMMITMENT TIMEFRAME: 2017-2022 as included in the UK Anti-Corruption Strategy

COMMITMENT SOURCE: this commitment is included in full in the UK Anti-Corruption Strategy. It is also represented in an OGP commitment concerning local government, called local transparency.¹⁶⁸

Current level of progress in commitment implementation

Fulfilled

Partially fulfilled

X

Not fulfilled/dropped

The commitment on the insider threat refers to commitments from 1.1 to 1.11 of the UK Anti-Corruption Strategy but also relates to commitments on local government scattered throughout the strategy (such as 3.1; 3.5; 3.6; 4.1; 4.11 mainly focused on fraud and procurement). It is specifically divided into prisons, police, defence, borders and local government.

Prisons: in December 2018, the HM Prison and Probation Service¹⁶⁹ (HMPPS) developed an internal anti-corruption strategy for prisons and probation, which secured full funding as part of the recently announced £100m investment in prison security. According to the strategy update, this investment will support the agency’s efforts to tackle the insider threat by increasing their capability to protect staff from being drawn into corruption. The strategy will also support a review of recruitment and vetting procedures so that these processes are not exploited by criminals. The final processes of vetting and inducting staff should be completed by the end of March 2021. As a

¹⁶⁸ Dept. for Digital, Culture, Media and Sport, *UK National Action Plan for Open Government 2019-2021*, OGP Commitment 8, Local Transparency, 12 June 2019, <https://www.gov.uk/government/publications/uk-national-action-plan-for-open-government-2019-2021/uk-national-action-plan-for-open-government-2019-2021#com8>

¹⁶⁹ HM Prison Service homepage, <https://www.gov.uk/government/organisations/hm-prison-service>
National Probation Service homepage, <https://www.gov.uk/government/organisations/national-probation-service>
HM Prison and Probation Service homepage <https://www.gov.uk/government/organisations/her-majestys-prison-and-probation-service>

direct result of this recruitment HMPPS are now in a position to design and pilot the 'Prevent' offer as part of the 4 'P' Strategy¹⁷⁰.

In addition, HMPPS launched a counter corruption unit in April, alongside a communications campaign to encourage prisons and probation staff to report suspected corruption and wrongdoing. New memorandums of understanding to improve collaboration and intelligence sharing have also been agreed between the HMPPS and the National Police Chiefs' Council and the National Crime Agency. Much of the detail regarding the above is unpublished, so it is hard to verify the information that was provided as part of the UK Anti-Corruption Strategy updates for years 1 and 2.

Police: 43 police units have been assessed since the launch of the Anti-Corruption Strategy in 2017. Yet a year-by-year breakdown is not available, so it is unclear which assessments have been carried out when. The Strategy's year 2 update states that "initial findings have focused on the capacity of counter-corruption units, backlogs in ensuring baseline vetting for all staff and the patchy quality of forces' strategic threat assessments of corruption".¹⁷¹ Two-thirds of all the police stations have been assessed, and the last batch will be assessed in 2020. The annual, all-force inspections (PEEL assessments) are online.¹⁷²

In the Anti-Corruption Strategy year 2 update, the government notes that "due to pressures on parliamentary time, it was not possible in 2019 to implement relevant provisions of the Policing and Crime Act 2017. This has meant a delay in implementing a number of strategy commitments on policing".¹⁷³ However, the relevant regulations were laid before in Parliament in early 2020,¹⁷⁴ and so these commitments have now been implemented. They will be reported on in detail in the year 3 update of the UK Anti-Corruption Strategy.

Defence: for the defence sector, the government reports in the UK National Anti-Corruption Strategy Year 2 update that:

The government has revised the terms and conditions of the Strategic Crime Intelligence Forum to increase collaboration between the Ministry of Defence Police and partner agencies, national law enforcement and other policy partners. The forum meets bi-monthly to exchange, and apply, intelligence reporting and lessons learned. The government has also developed a short awareness film, which explains why some defence material is attractive to criminals and terrorist groups and the key roles individuals can take in denying them access to such materials. The government has also established regular checks and audits to ensure that such material is properly accounted for and discrepancies are investigated by a dedicated independent team. The government has increased the effectiveness and efficiency of insider threat investigations within MOD by providing the team focused on detecting insider threats better access to data and analysis.¹⁷⁵

¹⁷⁰ Prevent is supposedly the last P of the 4Ps strategy <https://www.justiceinspectorates.gov.uk/hmicfrs/glossary/4p/>

¹⁷¹ HM Government, UK National Anti-Corruption Strategy, 2017, p. 13 of the year 2 update https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

¹⁷² Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, assessments of police and fire stations, <https://www.justiceinspectorates.gov.uk/hmicfrs/>

¹⁷³ Ibid

¹⁷⁴ UK Statutory Instruments, The Policing and Crime Act 2017 (Commencement No. 10 and Transitional and Saving Provisions) Regulations 2020, 23 January 2020, <https://www.legislation.gov.uk/uksi/2020/5/made> and HM Inspectors PEEL Assessments 2018/2019, <https://www.justiceinspectorates.gov.uk/hmicfrs/peel-assessments/peel-2018/>

¹⁷⁵ HM Government, UK National Anti-Corruption Strategy, 2017, p. 13 of the year 2 update https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf

There is not much information online about the Strategic Crime Intelligence Forum or the film that was produced. The data may not be available to the public for security reasons, yet this prevents us from assessing whether the actions taken by the government have actually improved the understanding of the insider threat in the defence sector.

Borders: the government reports that:

They have been increasing their focus on the ports through better training of personnel, and better use of technology for detecting threat and information sharing¹⁷⁶. They are also piloting initiatives to deny, detect and deter hostile or criminal insider activity at a variety of ports.¹⁷⁷

There is not much information online about the training provided to personnel at the UK ports. The data is not be available to the public for security reasons, yet this prevents us from assessing whether the actions taken by the government have actually improved the understanding of the insider threat in the borders sector.

The UK is also a signatory to the World Customs Organization (WCO)¹⁷⁸ Arusha Declaration on governance and integrity¹⁷⁹ and provides updates to the WCO on progress against the Arusha Declaration measures. The UK government has informed TI-UK that they provide updates, although we have been unable to independently verify this using public information.

Local government: in the summer of 2019, the government completed a review into the risks of fraud and corruption in local government procurement. Over 80 councils were represented at seven workshops, and 145 responses were received, as well as over 25 case studies and a number of examples of best practice in the local government sector. Relevant departments are discussing the review's findings, and the results were published in June 2020.¹⁸⁰

Overall, there is evidence that the government is making progress in this commitment; however, in the absence of more detailed information about its work to date on prisons, policing, borders and defence, we cannot conclude it is fulfilled.

Challenges to effective commitment implementation

Borders, police and prisons – given the lack of transparency surrounding the implementation of these parts of the commitment, it is difficult to assess any challenges faced.

Local government – local authorities in England are now solely responsible for the conduct and standards of their councillors, and their standards committees are no longer supported by a national regulator. While the Localism Act 2011 still requires English local authorities to produce codes of conduct and provides minimum standards regarding the declaration and management of financial interests, the absence of a standardised and nationwide approach has led to a wide variety of practice. The Local Government Association (LGA) and its Planning Advisory Service (PAS) have produced guidance to advise councils on good practice standards

¹⁷⁶ And also through the protective security regime at airports and ports overseen by the Department for Transport.

¹⁷⁷ Ibid

¹⁷⁸ WCO Europe Region member administrations, <https://rocb-europe.org/member-administrations>

¹⁷⁹ WCO News, *WCO Revised Arusha Declaration: Putting Integrity Back in the Spotlight*, 2020, <https://mag.wcoomd.org/magazine/wco-news-91-february-2020/wco-revised-arusha-declaration-putting-integrity-back-in-the-spotlight/>

¹⁸⁰ Ministry of Housing, Communities and Local Government, *Review into the Risks of Fraud and Corruption in Local Government Procurement*, June 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/890748/Fraud_and_corruption_risks_in_local_government_procurement_FINAL.pdf

in planning contexts. However, these are not mandatory requirements and local authorities in England are not obliged to comply with them. This means that there are a number of corruption risks that arise from the lack of mandatory procedures in the way councillors engage external stakeholders, in the way they declare (more often fail to declare) conflicts of interest, and generally their conduct, for instance, in the transparency (or lack of) in recording donations.

Opportunities to accelerate commitment implementation

Defence: the government is undertaking an integrated review of foreign, defence, security and development policy. This is an opportunity to further streamline anti-corruption efforts throughout the government's defence, security, development and foreign policies.

Local government: local authorities in England have the power to review and improve their safeguards against corruption by councillors and staff, which are contained in policies, protocols and guidance. For example, on top of existing statutory offences, such as a bribery, councils can tighten their codes of conduct and planning protocols to help address risks around the exchange of gifts and hospitality for favourable decisions. Councils usually have a standards committee, which tend to be responsible for reviewing their codes of conduct periodically. These periodic reviews are an opportunity to reflect on recent evidence published by government and TI-UK, and implement any recommendations arising from this research.

Recommendations

Borders, police, prisons and defence: government should provide more detailed information on its delivery of work regarding these critical sectors.

Local government:¹⁸¹ to help reduce the risk of corruption in the planning process, we recommend that local authorities:

- Minute and publish all meetings with developers and their agents for major developments.
- Prohibit those involved in making planning decisions from accepting gifts and hospitality that risk undermining the integrity of the planning process.
- Increase transparency over gifts and hospitality.
- Improve the management of councillors' financial interests.
- Prohibit all councillors from undertaking lobbying or advisory work related to their duties on behalf of clients.
- Manage the revolving door between the elective office and private business.
- Provide clear guidance and boundaries for councillors so they can better understand what is and is not acceptable behaviour.
- Increase transparency over investigations and enforcement action

We also recommend that the UK government legislate to provide a meaningful deterrent for serious breaches of the code of conduct by re-introducing the power for councils to suspend councillors for particularly egregious misconduct, with a right to appeal.

¹⁸¹ TI-UK, [Permission Accomplished: Assessing Corruption Risks in Local Government Planning](#), July 2020. This, our latest local government report, contains all our recommendations.

RECOMMENDATIONS

International leadership against corruption:

- In light of the UK government's integrated review of foreign policy, security and development, efforts to tackle corruption should be mainstreamed in all activities intended to enhance Britain's contribution to the world, from strengthening the country's defence and security capabilities, to enabling development and economic security, as well as increasing trust in trade and international finance. Britain's new trade policies should seek to level the playing field for law-abiding businesses by including transparency and anti-corruption measures in new free trade agreements.
- The UK's Prosperity Fund should take on board the recommendations from the latest external evaluation/annual review,¹⁸² and also increase transparency to ensure that the information is available more regularly and to a wider audience.

Building the evidence base for corruption in the UK and the interventions to address it:

- The results of government's domestic corruption research to date should be made public to help catalyse further research by stakeholders outside of government into the domestic corruption threat. The government should provide more detailed information on its delivery of work regarding its designated critical sectors: borders, police, prisons and defence.
- The government should make timely reform to tackle the misconduct in public office offence after the Law Commission publishes its report and proposals for change. The Law Commission should be tasked by ministers to review the UK's outdated and inadequate corporate liability laws, as a priority.
- Local authorities should implement the recommendations included in TI-UK's report entitled *Permission Accomplished*.¹⁸³

Equipping and resourcing public institutions and law enforcement to pursue corruption:

- The UK government should legislate at the earliest opportunity to empower the company registrar, Companies House, to verify the data it receives and support investigations into suspicious activity. This legislation should also deliver on the government's commitment to introduce a public register of the beneficial owners of overseas companies that own or buy property in the UK.
- The government should implement the recommendations made in Transparency International's report on enforcing laws to prevent foreign bribery, *Exporting Corruption Report 2020*.¹⁸⁴
- Anti-corruption efforts and reforms across government should be adequately and sustainably resourced, with a central focus for strong coordination across government departments.

¹⁸² UK Government, [Prosperity Fund Annual Report 2018/2019](#), September 2019

¹⁸³ TI-UK, [Permission Accomplished: Assessing Corruption Risks in Local Government Planning](#), July 2020

¹⁸⁴ Transparency International, [Exporting Corruption 2020](#), 2020

ANNEX 1: EXTERNAL ENGAGEMENTS

We gave the UK government the opportunity to comment on our findings, and engaged with other UK NGOs, such as Open Ownership.

Contact us!

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Engage

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