



***Information Updates KISHPNI-IU-FEB-2022
(Maritime Anti-Corruption Network-MACN-2022 Decade Report)***

Whilst it is a bitter fact to admit that there are many ports in the world where you cannot go unless agree to pay bribes to various parties & the numerous corruption cases reported all around the world, one might be interested to have an overall picture of what is going on.

The Loss Prevention process will be greatly assisted by depicting as much data & possible preventive measures as possible. The following has been extracted from the report presented by the Maritime Anti-Corruption Network –MACN through their Decade Report.

This Maritime Anti-Corruption Network (MACN) report showcases corruption incidents reported by the maritime industry since the inception of the anonymous incident reporting system in 2013. Although MACN's anonymous incident reporting system was launched in 2013, reports of incidents involving corrupt bribes or other corrupt demands date back to 2011. The report highlights regional and temporal trends and features further analysis of top ports. The report also helps to emphasize the importance of MACN's incident reporting system, demonstrating the value of the data to MACN members and other stakeholders in the maritime industry.



The Maritime Anti-Corruption Network (MACN) works towards the elimination of corrupt practices in the maritime industry.

A key component of MACN's work is its anonymous incident reporting system. This system allows maritime stakeholders to submit reports on corrupt demands they have been subjected to during port calls. To date, the reporting system has captured over 45,000 incidents in 1,195 ports across 149 countries. It is a global reporting system which has been recognized by international organizations such as the International Maritime Organization (IMO), United Nations Development Program, Baltic and International Maritime Council (BIMCO), and the International Chamber of Shipping (ICS).

Announcing that our expertise have taken greatest care for indubitability of the material in this document, Providing guidelines & notices, Permitting the usage of the info & data in training, familiarization and any other possible and legitimate loss prevention activities; KishPNI accepts no Liabilities or claims whatsoever arising from or related to the inadequate use or improper interpretation of the delivered knowledge, advising all recipients to Endeavor the essential Due Diligence in carrying out their management & operational activities upon and through which, KishPNI club is providing support & assistance.

Incident Data at a Glance



**Total number
of countries
reported**
149



Most common demands*
Cigarettes 64.5%
Soda Drinks 9.4%
Sundries 6.7%



**Total number of
Ports Reported**
1,195



**Top year
for reported
incidents**



**Most common
implied consequence***
Delay of vessel
74.5%



**Total number of
Incidents Reported**
+45,000



Most common actor*
Port Authorities
23.4%

What are the limitations of the incident data and how can we shed more light on these?

The MACN data is unique and valuable for MACN members and the shipping industry and community more broadly. It does however have several known limitations, which MACN seeks to remedy or correct with future complementary initiatives. For example:

- The incident data has been reported anonymously and therefore cannot be verified.
- It cannot be interpreted from the data where the reports come from (company/country) and therefore whether there might be any bias in the data.
- The sample of entries is neither complete nor is it likely to be representative of all global shipping corrupt activity.
- The data does not tell us whether the bribe was ultimately paid and whether any implied consequences were enacted.
- It also does not tell us if the seafarer reported the corruption event to any official complaint mechanism, should one exist at the port.
- The data does not take into consideration port size and trade and traffic volume of ports.

What explains the peak in incident data in 2017?

2017 is the year that most incidents were reported through MACN's incident reporting system.

While it may be intuitive to conclude that corruption was especially rampant across the world's ports that year, this conclusion simplifies the complex situation on the ground. One possible explanation of the peak in incidents that year is that the MACN Secretariat conducted increased communication and awareness raising efforts, e.g. through member webinars, to encourage familiarity with and reporting through the incident system. In addition, the reporting form was simplified in 2017 to facilitate incident reporting for users of the system. Although MACN's incident reporting system gives a useful indication of where corrupt demands are common, it is important to contextualize this data to make accurate assumptions.

Chart 1: Incidents over Time (2011-2020)



Chart 2: Incidents during COVID-19 Pandemic

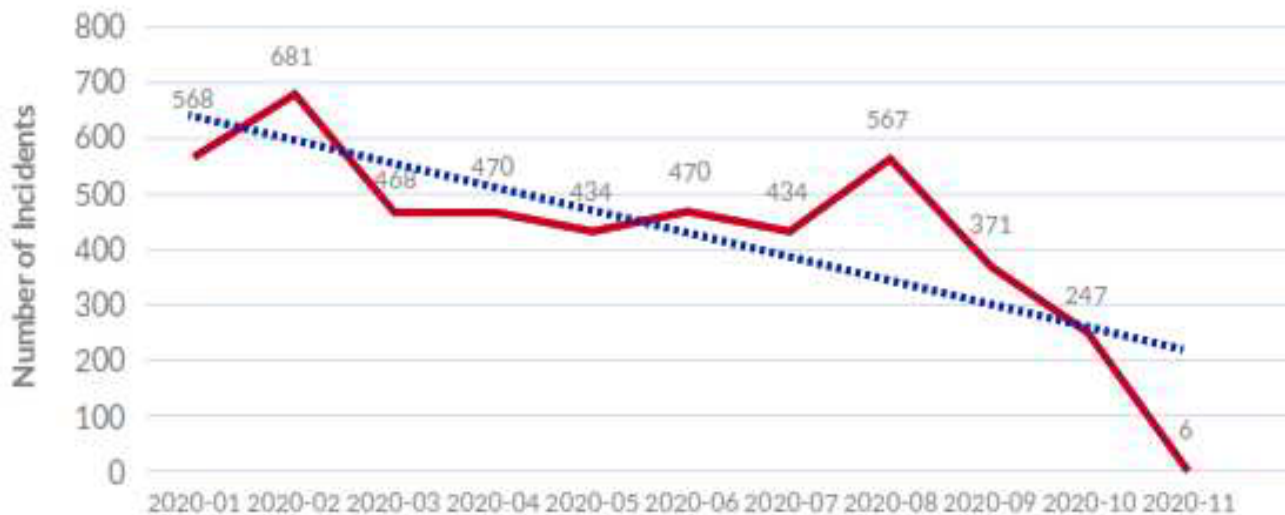


Table 1: Percentage of Incidents by Region

#	Region	% Incidents	# Countries in Region
1	East Asia and Pacific	40,8%	32
2	Middle East and North Africa	20,1%	18
3	Europe and Central Asia	12,5%	32
4	Sub-Saharan Africa	9,7%	29
5	Latin America and the Caribbean	9,2%	32
6	South Asia	6,4%	4
7	North America	1,3%	2

Announcing that our expertise have taken greatest care for indubitability of the material in this document, Providing guidelines & notices, Permitting the usage of the info & data in training, familiarization and any other possible and legitimate loss prevention activities; KishPNI accepts no Liabilities or claims whatsoever arising from or related to the inadequate use or improper interpretation of the delivered knowledge, advising all recipients to Endeavor the essential Due Diligence in carrying out their management & operational activities upon and through which, KishPNI club is providing support & assistance.

Table 2: Top 20 Ports

#	Port	Country	Total # of Incidents at Port	Top Demand	Top Types of Actors	Trendline (2018-2020)
1	Suez Canal	Egypt	1795	Cigarettes (1626)	Pilot (565)	↑
2	Tanjung Priok, Jakarta	Indonesia	1462	Cigarettes (1070)	Pilot (236)	↓
3	Alexandria (El Iskandariya)	Egypt	1001	Cigarettes (755)	Pilot (204)	↓
4	Panjang	Indonesia	747	Cigarettes (469)	Pilot (112)	↑
5	Apapa Port, Lagos	Nigeria	700	Cigarettes (217)	Port Authorities (151)	↓
6	Augusta	Italy	664	Cigarettes (581)	Customs (197)	↓
7	Port Klang	Malaysia	633	Cigarettes (539)	Port agent (252)	↓
8	Haiphong	Vietnam	611	Cigarettes (523)	Pilot (188)	↓
9	Port Said	Egypt	577	Small cash payment (454)	Port Authorities (485)	↓
10	Chittagong	Bangladesh	516	Cigarettes (362)	Port Authorities (118)	↓
11	Shanghai	China	439	Cigarettes (328)	Port Authorities (137)	↓
12	Qingdao	China	395	Cigarettes (311)	Port agent (106)	↓
13	Rades	Tunisia	376	Cigarettes (292)	Customs (116)	↓
14	Laem Chabang	Thailand	356	Cigarettes (271)	Port agent (113)	↑
15	Skikda (ex Philippeville)	Algeria	355	Cigarettes (259)	Customs (95)	↓
16	Dakar	Senegal	353	Cigarettes (148)	Customs (78)	↓
17	Alger (Algiers)	Algeria	344	Cigarettes (290)	Customs (73)	↓
18	Lae	Papua New Guinea	340	Soda Drinks (112)	Port Authorities (107)	↓
19	Colombo	Sri Lanka	337	Cigarettes (18)	Port Authorities (19)	↑
20	Belawan, Sumatra	Indonesia	334	Cigarettes (264)	Port Authorities (87)	↓

Announcing that our expertise have taken greatest care for indubitability of the material in this document, Providing guidelines & notices, Permitting the usage of the info & data in training, familiarization and any other possible and legitimate loss prevention activities; KishPNI accepts no Liabilities or claims whatsoever arising from or related to the inadequate use or improper interpretation of the delivered knowledge, advising all recipients to Endeavor the essential Due Diligence in carrying out their management & operational activities upon and through which, KishPNI club is providing support & assistance.

Types of demands:

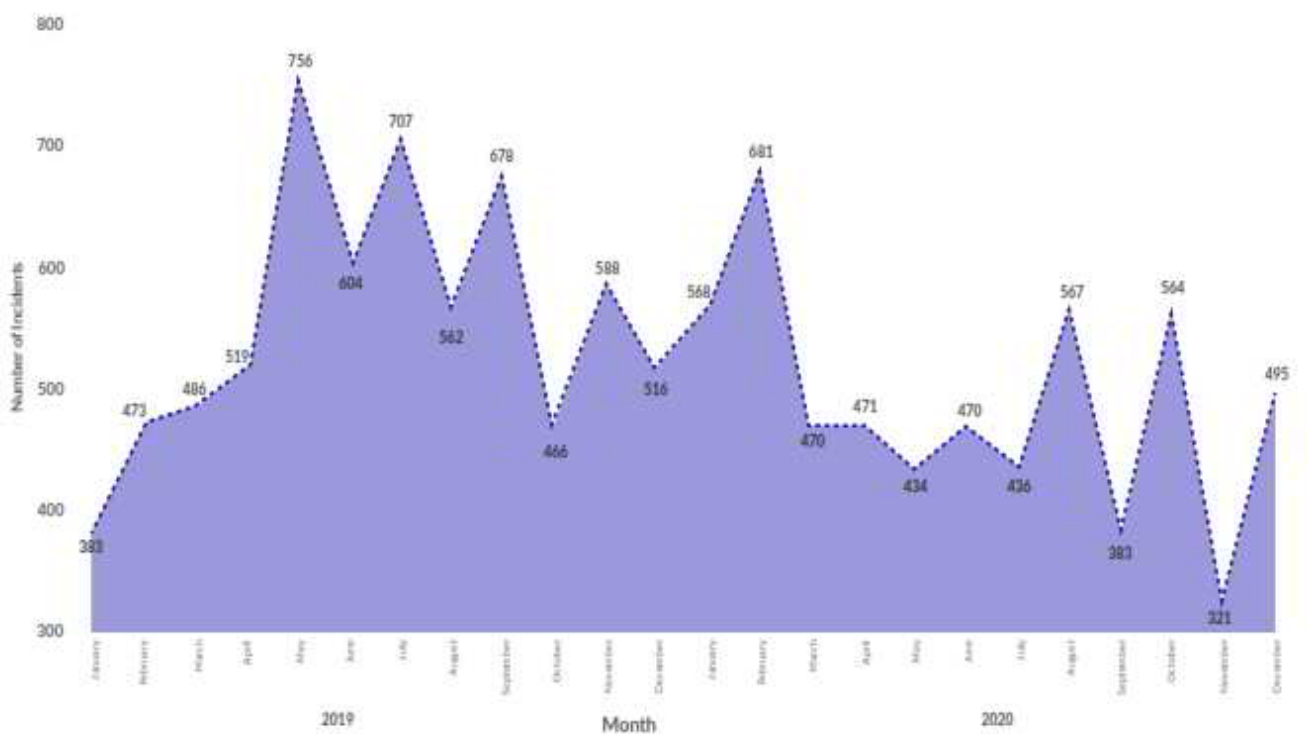
Cigarettes (71.1%) are the most common type of demand made across most of the hot spot ports reported through MACN's incident reporting system (Annex 1, Chart 1). Alcohol is the second most common type of demand, accounting for 8.1% of all incidents across these 20 ports. Large cash payments (> USD 150) are relatively uncommon, accounting for 1.4% of all incidents.

Types of actors:

Overall, a total of 22 different types of actors have been involved in corrupt demands, with the most commonly reported actors to demand bribes being port authorities (20.9%), pilots (16.5%), customs (12.7%), and port agents (8.2%).

It is critical to note that the nature of MACN's incident data does not reflect the issue of collusion, i.e. it does not tell us who initiated the demand or whether multiple actors were involved in a single demand. MACN members have anecdotally reported collusion between different actors, but this type of demand can not be substantiated by the data.

Number of incidents, 2019-2020



Seven Lessons Learned from Establishing a Global Reporting System:

Throughout the journey to develop, refine, and launch the anonymous incident-reporting platform, MACN has learned the following key lessons, which have helped MACN to evolve both the platform and, more broadly, the organization:



1. Involve industry stakeholders and partners: Engaging relevant stakeholders when developing a reporting system is critical to building a credible, robust, and trustworthy mechanism. Lack of accurate and reliable data on corrupt demands across ports was an issue raised by several actors across the maritime industry.

Consequently, this challenge had to be resolved through engagement with a variety of stakeholders. Initially, MACN worked with individuals holding relevant roles within member companies including seafarers, lawyers, and operational teams, to understand how and what data was already being reported at the company-level and which inputs were critical for MACN's reporting system to be a success. Once launched, MACN engaged with external stakeholders to sensitize them about the system and share selected outputs. A cross-sector approach to stakeholder engagement helps identify critical inputs and is a key factor in establishing trust with different actors.



2. Create and align stakeholder interests: A reporting system is only useful if it aligns the interests of disparate stakeholders. While MACN members use the system to report corrupt demands that ultimately drive improvements in the port and compliance environment, benefits to local stakeholders such as port authorities or local government may be less obvious at first. However, maritime corruption results in significant risks not only to businesses and society at large, but also to the attractiveness of ports as corruption negatively impacts a country's ease of doing business. MACN's data can be a useful tool in pointing to corruption challenges and, as a result, helping local actors to learn about and address systemic corruption in an effort to improve trade facilitation. As such, successful reporting mechanisms create a win-win solution for a wide set of Stakeholders, benefitting both individual players but also the broader industry and operating environment.

3. Define and communicate objectives: When developing a reporting system, it is crucial to define and communicate the intended use and outcomes of the data reported. Being upfront about the limitations of the data is also important. Understanding what type of data is collected and how it will be used increases stakeholder trust. For MACN, this success factor was critically important given that the data collected may be sensitive to users of the system. For example, MACN decided not to collect personal information and make reporting anonymous while ensuring that necessary information is collected to drive improvements in the operating environment. Keeping MACN's mission in mind when building and communicating about the incident system helped with positioning and uptake.

4. Consider anonymity of reporting: MACN's reporting system does not capture who reported an incident. Rather, the focus is on the context surrounding the incident itself. Similar to whistleblowing hotlines, anonymous reporting can be limited in its usefulness and ability to drive action. Furthermore, it is more difficult to verify the data as the identity of the reporter is unknown. However, anonymity encourages broad uptake of the system, and collectively, incident reports point to common and systemic challenges by different reporters. While there are benefits to, and downsides of both anonymous and open reporting systems, it is critical to understand the implications of both options when building a reporting system.

5. Simplify reporting: In order to encourage use of a reporting system, reporting must be simple and questions meaningful. It is crucial to distinguish between data that needs to be reported to drive relevant action and data that is nice to have to provide additional context. Over time, MACN has continuously worked to refine its reporting questionnaires to strike the right balance between ease of reporting and usefulness of the data. We have found that allowing users to report through a simple electronic reporting form is useful. However, companies with more mature internal reporting systems may prefer to collect and report data by submitting Excel spreadsheets to report multiple incidents at once. Understanding the needs and capabilities of reporters helps inform the types of questions and tools needed in a successful reporting system.

Announcing that our expertise have taken greatest care for indubitability of the material in this document, Providing guidelines & notices, Permitting the usage of the info & data in training, familiarization and any other possible and legitimate loss prevention activities; KishPNI accepts no Liabilities or claims whatsoever arising from or related to the inadequate use or improper interpretation of the delivered knowledge, advising all recipients to Endeavor the essential Due Diligence in carrying out their management & operational activities upon and through which, KishPNI club is providing support & assistance.



6. Ensure good governance: Another critical factor in building a successful reporting system is to ensure good governance of the reporting system and its data. The MACN Secretariat is responsible for collecting, reviewing, hosting, and analyzing the data, and has an important role in ensuring that the data used is in the best interest of its members and the overall MACN objectives. MACN ensures that the data is collected anonymously and that it is stored in a secure location. This includes continuous vetting of data collection tools and data storage providers in dialogue with the membership and external legal and information security advisors. MACN also provides clear guidelines to business on what should and should not be reported and screens the data to ensure that the guidelines are followed. Good governance ensures credibility and trust in the system and also gives stakeholders a helpful point of contact when faced with challenges or questions about the reporting system.

7. Drive action and impact: Finally, a successful reporting system should yield outputs that are used to drive action and impact. In the case of MACN, the incident reports inform and drive MACN's collective action efforts, help members improve their compliance programs, encourage improvements in the overall trade environment, and enable peer learning and dialogue with external stakeholders. While MACN shares statistics and reports based on reported incidents with its membership and select stakeholders, it is critical to tailor and contextualize this data to different audiences to ensure it is not misused or misinterpreted.

The above were only for those who may need some guidelines in case they are willing to report.

Information to report	Information NOT to report
<ul style="list-style-type: none">✓ Date of incident✓ Country and port✓ Nature of demand✓ Stakeholder/actor making the demand✓ Stated or implied consequences✓ Recommended actions✓ Type of vessel✓ Size of company	<ul style="list-style-type: none">✗ Names of individual people or companies✗ Any incriminating information (i.e. whether a demand has been paid)

Announcing that our expertise have taken greatest care for indubitability of the material in this document, Providing guidelines & notices, Permitting the usage of the info & data in training, familiarization and any other possible and legitimate loss prevention activities; KishPNI accepts no Liabilities or claims whatsoever arising from or related to the inadequate use or improper interpretation of the delivered knowledge, advising all recipients to Endeavor the essential Due Diligence in carrying out their management & operational activities upon and through which, KishPNI club is providing support & assistance.