

What is the UK Anti-Corruption Forum?

The Anti-Corruption Forum is an alliance of UK business associations, professional institutions, civil society organisations and companies with interests in the domestic and international infrastructure, construction and engineering sectors. The purpose of the Forum is to promote industry-led actions which can help to eliminate corruption. The members of the Forum believe that corruption can only be eliminated if governments, banks, business and professional associations, and companies working in these sectors co-operate in the development and implementation of effective anti-corruption actions.

International News

Africa

Finance chiefs commit to transparency on investment

African members of the International Monetary Fund in August pledged greater transparency in their dealings with investors. African finance ministers and central bankers issued the draft statement after meetings with the IMF and World Bank on the role of non-traditional donors, of which China is by far the largest. The statement said that “African governors urged African countries to commit to ensure transparency in the negotiation of the financing agreements and in the use of resources, and make information on loans and grants from all sources available”. The declaration in Mauritania is intended to be a set of guidelines for African countries in their agreements with China and other so-called ‘non-traditional’ sources of finance. The declaration is intended in particular to result in greater transparency in relation to arrangements where infrastructure projects are constructed, or loans granted, in return for oil and gas supplies or mining concessions.

Africa

gTKP governance workshop in Yaounde, Cameroon

The global Transport Knowledge Partnership (gTKP) is organising an Africa region workshop on the theme “Mobilising civil society to improve governance in transport” in Yaounde, Cameroon, from 23 to 25 September 2008. Further details can be found in the Governance pages of the gTKP website (www.gtkp.com) in the current activities section. A similar workshop for Asia was held in Manila in June.

Bangladesh

Foreign minister sentenced to 13 years jail for corruption

Former foreign minister, Morshed Khan, believed to be in hiding in Singapore, was sentenced in absentia during August, to 13 years in jail for corruption. More than a dozen former ministers, law-makers and their family members have been sentenced to between five and 20 years in jail by the fast-track anti-corruption courts set up by the military-backed government. Bangladesh has been under emergency rule since January 2007, when elections were cancelled after months of violence over claims of vote-rigging. An army-backed government took power and launched a crackdown on corruption a month later. Two former prime ministers, Khaleda Zia of the BNP and Sheikh Hasina Wajed of the Awami League, have been detained as part of the crackdown.

China

Inquiry into school collapses in China earthquake

The parents of children killed in school collapses in the May 2008 Chinese earthquake are stepping up pressure on local officials they believe are responsible for sub-standard building work. Thousands of pupils were killed in the earthquake when schools collapsed, while many commercial and residential buildings adjacent to the schools remained largely intact. Local authorities in Sichuan Province have promised to investigate construction standards at the wrecked buildings. The education ministry has also said it will assess the safety of local schools and “severely punish” anyone found to have cut corners.

Special announcement

Anti-Corruption Workshop “Corporate Anti-Corruption Actions”

The Forum is holding an anti-corruption workshop in London on 17 October 2008 entitled “Corporate Anti-Corruption Actions”. The Workshop will examine: gifts, hospitality and facilitation payments; due diligence; internal monitoring and whistle blowing; and crisis management. The purpose of the Workshop will be to exchange ideas on how best to deal at corporate level with some of the key challenges in this area.

Forum members and non-members are welcome.

The Programme and Registration Form are available at: <http://www.anticorruptionforum.org.uk/acf/news/>

Italy
MPs approve immunity law

In July, Italy's parliament approved a controversial immunity bill put forward by Prime Minister Silvio Berlusconi's government. The bill was passed by 171 votes to 128 by the Senate. The lower house backed the measure earlier last month. The bill grants immunity to the incumbents of Italy's four highest state posts – the president, the prime minister and the speakers of both houses of parliament. Critics say it is tailor-made for Berlusconi, who faces a corruption trial. The bill's supporters have argued that the amendment is needed to allow top state officials to focus on doing their jobs without legal distraction. Berlusconi currently faces a corruption case in Milan. He also faces prosecution in Rome for alleged collusion between his Mediaset network and state broadcaster, Rai. Berlusconi claims that he has attended 2,500 court hearings, had 587 police visits and spent some €174 million in legal fees since entering the political scene 14 years ago.

Nigeria
Ninth ex-governor charged with embezzlement

Nigeria charged a former state governor in August, with corruption and money laundering. Boni Haruna, who ran north-east Adamawa State for eight years, is the ninth governor who served during the term of former president Olusegun Obasanjo to face corruption charges. Current President Umaru Yar'Adua came to power last year, pledging zero tolerance for corruption. Nigeria's 36 state governors have powers over millions of dollars of public funds and immunity from criminal prosecution while in office. The Economic and Financial Crimes Commission (EFCC), Nigeria's anti-corruption police, accused Haruna of stealing naira 93 million (US\$790,000) between 1999 and 2007 when he served as governor.

Siemens
Corruption investigations and prosecutions continue

Siemens is currently dealing with a major corruption scandal that has led to investigations in several countries and prompted the resignation of its chairman and chief executive. Siemens, which has co-operated with prosecutors and instituted an internal investigation, has allegedly found €1.3 billion of unclear payments made from 2000 to 2006. The company has apparently put the total costs incurred by the scandal at €1.9 billion: a figure that also includes expenses such as back tax payments and advisory fees.

Siemens plans to sue two former CEOs and nine other ex-executives for alleged supervisory failings in relation to the scandal. Siemens said it would base its claim for damages on "breaches of their organisational and supervisory duties" relating to illegal business practices and payments between 2003 and 2006.

Germany: A former Siemens unit manager was convicted in July 2008 by a German court and received a two-year suspended sentence and a €108,000 fine. He co-operated with prosecutors and admitted that he organised a system to conceal bribes.

USA: Siemens is being investigated by the U.S. Department of Justice and the Securities and Exchange Commission.

Norway: Norway's economic crime police in July ordered a Siemens unit to pay a kroner 2 million (US\$400,000) fine for alleged corruption in defence contracts.

Greece: Prosecutors in Greece have filed charges of bribery and money laundering in a corruption investigation looking into deals between the Greek state and Siemens. An official in the prosecutor's office said the criminal charges concerned transactions related to security systems for the 2004 Athens Olympics and purchases by Greece's largest telecom company, OTE, in the late 1990s.

South Korea
Amnesty granted to convicted business leaders

South Korea announced a sweeping amnesty in August for convicted business leaders, citing a need to reinvigorate the economy. The aim is "to help strengthen national unity and provide momentum for business leaders and all the people to make joint efforts to reinvigorate the economy and create new jobs", the presidential Blue House said in a statement. The pardons granted by President Lee Myung-Bak include 74 leading business people.

South Korea
Anti-corruption body gives whistle-blowers reward

The Korean Anti-Corruption and Civil Rights Commission pays whistleblowers rewards for reporting corruption cases involving public officials. Since inception of the programme, the commission has collected US\$900,000 in misappropriated government funds, and has paid whistleblowers US\$132,000 in rewards.

Spain
Police arrest 20 in Costa del Sol corruption probe

Spanish police arrested 20 people on the Costa del Sol in June, including a mayor and a tax official, as part of a corruption case in Estepona near Malaga. Allegations concern the reclassification of public land that was sold at below market rates. Spain's southern coast has been a breeding ground for town hall corruption. In many cases, local government officials have taken bribes from holiday home developers to reclassify public land. Hundreds of cases of corruption connected to the construction industry have come to light in the last three years, with several town mayors and officials being arrested on charges of taking kickbacks from builders during the country's long construction boom. The most prominent case concerned a US\$3 billion property fraud run from Marbella town hall. So many councillors in Marbella faced corruption allegations that the government dissolved the council and installed a caretaker committee.

Taiwan
Former minister jailed for corruption

In July, Taiwan's High Court sentenced a former vice interior minister to 12 years and eight months in prison for corruption. The court found Yen Wan-chin guilty of taking a bribe of Taiwan dollars 1.2 million (US\$39,500) in connection with a cable car construction project in suburban Taipei in 2006. The case is the latest of a series of corruption scandals implicating top officials in the former DPP government. Five former DPP ministers, including ex-justice minister Morley Shih and former education minister Tu Cheng-sheng, were indicted on corruption charges in July. Former president Chen Shui-bian and his wife are on trial for corruption and forgery after allegedly embezzling Taiwan dollars 14.8 million from state funds.

USA
Willbros pays US\$32.3 million in bribe settlements

Energy contractor Willbros Group agreed in May to pay US\$32.3 million to settle US investigations into undisclosed bribes to officials in Nigeria and Ecuador. Willbros, which is based in Houston, settled cases with the Securities and Exchange Commission (SEC) and the Department of Justice involving violations of the U.S. Foreign Corrupt Practices Act. The SEC alleged that the company and four former employees paid more than US\$6 million in bribes to obtain

significant contracts, and that the Nigerian payments resulted in net profits of nearly US\$9 million for the company. Willbros agreed to pay US\$22 million to settle the Justice Department's criminal case, and US\$10.3 million to close the SEC's civil lawsuit. In settling with the Justice Department, Willbros entered into an agreement to avoid prosecution. Under the deferred prosecution agreement, Willbros and a subsidiary, Willbros International, will have three years to ensure compliance, and will appoint an independent compliance monitor.

Zambia Head of mining company jailed for corruption

A Zambian court in August jailed the former head of the country's copper mining conglomerate ZCCM for two years with hard labour, for corruption relating to the privatisation of copper mines. Francis Kaunda, who headed the Zambia Consolidated Copper Mines (ZCCM), a conglomerate that controlled copper and cobalt mines before privatisation in 2000, was jailed together with prominent local businessman Faustin Kabwe. Zambian President Levy Mwanawasa had previously accused former president Frederick Chiluba and former senior officials of bungling the sale of the copper and cobalt mines, saying some copper mines were sold too cheaply. Mwanawasa's accusations were backed by a World Bank report which highlighted "grave irregularities" in the sale of the mines. In 2002, Mwanawasa launched an anti-corruption crackdown, targeting his predecessor Chiluba and former senior officials who served in the former president's administration.

Construction Sector Transparency Initiative CoST stakeholder meeting

A CoST stakeholder meeting took place in London on 21 and 22 August 2008. The objective of the meeting was to consult all key stakeholders on major decisions affecting the scope, international arrangements, policy priorities and immediate next steps for CoST. The meeting was attended by representatives from the five pilot countries, Tanzania, Zambia, Vietnam, Philippines and the UK. The objective of CoST is to increase transparency in the construction sector. The initiative is promoted by the UK Department for International Development and the World Bank.

Global Ernst & Young tenth global fraud survey

In May, Ernst & Young published its tenth global fraud survey. The survey found that illegal business practices, such as bribery, are still being used by organisations to secure or retain business, despite the rise in international anti-corruption legislation and law enforcement. The survey, which interviewed 1,186 business leaders in large organisations across 33 countries, showed that 23% of respondents admitted that their organisation had been approached to pay a bribe in order to retain or win business in the last two years. 18% said they had lost business to a competitor as a result of them paying a bribe. Some 13% of all UK respondents said that their organisation had experienced at least one incident of bribery or corruption in the last two years, compared to 6% in Germany and 6% in France. The global average was 24% – highlighting the increased risks of doing business outside Western Europe. 11% of UK respondents admitted that their organisation had been asked to pay a bribe to retain or win business in the last two years, compared with 16% in Germany and 10% in France. 6% of UK and French respondents and 4% of German went on to say they had lost out on business to a competitor that had paid a bribe.

The survey is available at:

<http://www.ey.com/global/content.nsf/International/AABS - RAS - FIDS - 10th Global Fraud Survey>

Global ICC global standard on whistle-blowing

The International Chambers of Commerce has issued the first global standard on the creation of whistle-blowing programmes. The guidelines take into account the different cultural and legal environments that have inhibited a universal standard in the past. According to a 2007 study by KPMG, 25% of the incidents of fraud uncovered among 360 incidents analysed came to light thanks to a whistle-blowing system put into place by companies. Nevertheless, internal fraud reporting systems are not widespread throughout the world. An Ernst & Young survey of 13 European countries in 2007 showed that only 33% of the company respondents said they had a hot line for employees to report incidents of possible fraud.

The guidelines are available from:

[http://www.iccwbo.org/uploadedFiles/ICC%20Guidelines%20Whistleblowing%20%20as%20adopted%204_08\(2\).pdf](http://www.iccwbo.org/uploadedFiles/ICC%20Guidelines%20Whistleblowing%20%20as%20adopted%204_08(2).pdf)

ICC/TI/UNG/WEF "Clean Business is Good Business – The Business Case against Corruption"

The International Chamber of Commerce, Transparency International, the United Nations Global Compact and the World Economic Forum Partnering Against Corruption Initiative (PACI) have published "Clean Business is Good Business – the Business Case against Corruption". It is available from:

<http://www.weforum.org/pdf/paci/BusinessCaseAgainstCorruption.pdf>

UN Global Compact 630 companies delisted

The United Nations Global Compact Office has removed a total of 630 companies from its list of participants for failure to communicate progress on governance. The delisting policy was first implemented in January 2008, when 394 companies were removed from the participant list. Since then, an additional 236 companies have been delisted – bringing to 630 the total number of companies delisted since the policy was implemented. Companies that have been delisted are based all over the world, with almost an equal balance between the developing and industrialised countries.

The Global Compact is a voluntary initiative that seeks to advance universal principles on human rights, labour, environment and anti-corruption through the active engagement of the corporate community, in co-operation with civil society and representatives of organised labour. Despite the many companies removed from the participant list, the overall number of participants continues to rise. During the first half of 2008, 701 new companies have joined the Compact, increasing the total business participants to 4,619.

UN Global Compact Third meeting of the Working Group on the 10th Principle

The third meeting of the Global Compact Working Group on the 10th (Anti-Corruption) Principle took place at the United Nations Office in Vienna in June. The meeting brought together business participants from 13 countries, with representatives of civil society, labour, business associations, Global Compact Local Networks, and international organisations. The Working Group discussed implementation and reporting challenges related to the 10th Principle and identified a set of concrete ideas to provide practical guidance to companies. Participants stressed the importance of reviewing and better promoting existing tools, sharing lessons learned, improving and implementing reporting mechanisms, and creating practical incentives for business engagement.

**World Bank Institute
Governance Indicators for 1996–2007**

The World Bank Institute has published “Governance Matters VII: Governance Indicators for 1996–2007.” This report provides aggregate and individual governance indicators for 212 countries and territories over the period 1996–2007, for six dimensions of governance: Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption. The aggregate

indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The individual data sources underlying the aggregate indicators are drawn from a diverse variety of survey institutes, think tanks, non-governmental organizations, and international organisations.

The six aggregate indicators and the underlying data sources can be viewed at:

http://info.worldbank.org/governance/wgi/sc_country.asp

UK News

U.S. authorities subpoena BAE executives

United States authorities in May issued a series of subpoenas to senior executives of BAE. The U.S. Department of Justice is investigating BAE over alleged corruption charges during the 1980s and 1990s relating to the £43 billion al-Yamamah fighter plane deal.

**House of Lords rules that SFO was lawful in halting
BAE arms corruption inquiry**

The English High Court had ruled in April 2008 that the UK Serious Fraud Office (SFO) had acted unlawfully in dropping an investigation into alleged bribery in relation to the £43 billion Al-Yamamah arms deal between BAE Systems and Saudi Arabia. The corruption inquiry was dropped by the SFO in late 2006 after the UK Government apparently received threats from the Saudi Arabian Government that it would withhold co-operation on critical issues of anti-terrorism unless the inquiry was dropped. The SFO appealed the High Court’s decision to the House of Lords. In July 2008, the House of Lords overturned the High Court decision. The House of Lords ruled that the SFO had acted lawfully in stopping the inquiry.

Oil industry executives jailed for price fixing

Three UK oil industry executives were jailed for between 30 months and three years in the UK’s first criminal cartel prosecution brought by the Office of Fair Trading. They were also disqualified from serving as corporate directors for between five and seven years. The worldwide cartel concerned the supply of flexible marine hoses which are used to transport oil between tankers and storage facilities. The OFT estimated that the cartel resulted in price increases of at least 15%. The three executives were arrested while attending a cartel meeting in Houston, Texas, which was secretly taped by US officials. The executives were originally charged in the USA, but as part of their plea bargain arrangements with the US authorities, were permitted to return to the UK, and plead guilty in the UK courts, so that they could serve their prison sentences in the UK.

First UK overseas bribery conviction

Neils Tobiasen, managing director of the British security company, The CBRN Team, pleaded guilty in a UK Court in August to bribing Ugandan officials. This is the first conviction under a 2001 UK law that explicitly makes it an offence to bribe foreign public officials.

Forum News

Forum Workshop – 17 October 2008

The Forum will hold a one day anti-corruption Workshop in London on 17 October 2008, entitled “**Corporate Anti-Corruption Actions**”. The Workshop will be divided into four consecutive sessions: 1. Gifts, hospitality and facilitation payments; 2. Due diligence; 3. Internal monitoring and whistle blowing; and 4. Crisis management. Each session will commence with a panel discussion on the topic, led by senior and experienced industry representatives. The topic will then be thrown open for floor discussion. The purpose of the Workshop will be to exchange ideas on how best to deal at corporate level with some of the key challenges in this area. The Workshop will be held under the Chatham House Rule to enable free exchange of ideas and experiences. Forum members and non-members are welcome. The Programme and Registration Form are available at:

<http://www.anticorruptionforum.org.uk/acf/news/>

Meetings: UK Government and Forum

Members of the Forum met representatives of the UK Government in June. The purposes of the meeting were: 1. For the UK Government to understand better the views of UK business on corruption issues; 2. For the Forum to understand better the actions being taken by UK Government; and 3. To agree how best to co-operate in the future with a view to identifying key anti-corruption issues and actions.

Matters discussed included revisions to UK bribery law, debarment, facilitation payments, corruption prevention on overseas aid, greater transparency, incentives for ethical behaviour, and anti-corruption support for business from overseas embassies. A series of follow up meetings between the Forum and Government on specific issues was agreed. The first follow up meeting took place in July. The next is scheduled for September.

Membership of the UK Anti-Corruption Forum

For information on how to join the Forum, either visit the website or contact the Co-ordinator (see addresses below).

Information on the UK Anti-Corruption Forum

For information on the Forum, either visit the website:

www.anticorruptionforum.org.uk

Or contact Neill Stansbury, Forum Co-ordinator, at

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