



# **A Decade of Reporting**

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Summarizing 10 years of key insights and trends from the Maritime Anti-Corruption Network's anonymous incident reporting system



**2011-2021**

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# About This 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.

## Acknowledgements

The MACN Secretariat would like to thank Julian Hoffmann Anton for his support on data analysis and visualization. Julian is an Urban Data Analyst who has developed data visualizations and reports for UNCTAD, GSMA and Grosvenor. He can be reached at [julian.hoffmann.anton@gmail.com](mailto:julian.hoffmann.anton@gmail.com). If you are interested in Julian's work, please consult his website: <https://www.julian-hoffmann-anton.com/>

The MACN Secretariat would like to thank Laura Uhlmann, Manager, BSR who heavily contributed to the drafting of this report and supported the MACN Secretariat between 2018-2021.

We are also grateful to all interviewees including MACN members, local partners, and compliance experts who provided their insights for the development of this report.

## Disclaimer

As you read this report, please keep in mind the following:

- This data has been reported through MACN's anonymous incident reporting system. While MACN checks the data for accuracy and ensures that no identifying information has been reported, individual incidents have not been verified by MACN or any other entity. As such, care should be taken when reporting and interpreting any of the data.
- The sample of entries is neither complete nor is it likely to be representative of all global shipping activity. The data does not specify whether a bribe was paid and whether the implied consequences were enacted.
- The data has been submitted by the person of whom the bribe was demanded. Stakeholders allegedly making corrupt demands have not been given the opportunity to respond or verify the data.

MACN's anonymous incident reporting system captures only corrupt demands and does not collect or store any form of payments or solicitation. The information provided in this report is a product of the Maritime Anti-Corruption Network (MACN) and is designed to provide information to MACN members and the maritime industry.

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# Executive Summary

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).

This anonymous incident reporting system is a critical element of MACN's strategy and supports its vision of a maritime industry free of corruption that enables fair trade for the benefit of society at large. The data is used to advance the three pillars of MACN's strategy – capacity building, collaboration, and collective action. MACN's incident reporting system not only helps improve corporate practices such as compliance management, but also encourages dialogue about shared integrity issues impacting the maritime industry. It drives MACN's collective action programs to ultimately strengthen the operating environment and port sector governance.

MACN's system is unique because the amount of data has advanced MACN's in-country work, and it has opened dialogues with governments and civil society. When data indicates that there is a systemic issue in a certain port, it can serve as a "door opener" to governments and government agencies to collaborate with MACN. The data is not intended to serve as evidence or to replace law enforcement but in several countries, it has triggered actions such as further investigations, gap assessments or integrity trainings. MACN cannot drive changes on its own. It is important to include both the demand (bribe-demanders) and supply (bribe-payers) side of corruption to fully eliminate it. The anonymous data helps the multi-stakeholder dialogue which is crucial in order to implement sustainable solutions.

MACN believes that it is critical to track reports of corrupt demands during port calls as they can result in significant delays to the vessel, increase costs, and often include threats to crew or vessel safety. Beyond the impact on individual companies and seafarers, corrupt demands also represent a significant cost to the broader trade environment, potentially resulting in a loss in business or tax revenue. More broadly the perpetuation of systemic corruption has severe costs

to society at large. Across the world's ports, demands most commonly requested are cigarettes, alcohol and cash demands. While multiple actors are reportedly involved in making corrupt demands, the consequence of rejecting demands is similar across the world's ports – delay of the vessel, which has knock-on detrimental effects. Data collected through MACN's anonymous incident reporting system illustrates relevant insights with regards to integrity challenges across ports across the world. The countries with the most reported incidents are located in East Asia & Pacific and Middle East & North Africa respectively. Incidents reported in these regions collectively represent around 61% of all reported incidents, pointing to both significant trade volumes in this region as well as potential port integrity challenges, among other factors.

In addition, MACN's data indicates that, despite significant membership growth, reported incidents have gradually declined since 2017 and have continued to fall during the ongoing COVID-19 pandemic most likely due to reduced interaction with port authorities and increased adoption of electronic systems for vessel clearance.

While MACN's incident reporting system has proven powerful to work towards its vision, MACN looks to further develop the system and leverage the wealth of its database in an effort to stamp out corruption across the world's ports. With this goal in mind, MACN looks to optimize its reporting system to allow for improved reporting and data visualization capabilities, e.g. to allow for real-time reporting by frontline staff. In addition, MACN, with external support from the Danish Ministry of Foreign Affairs, is also developing the first ever Global Port Integrity Platform (GPIP) – a platform measuring integrity in ports worldwide – which will draw upon MACN's incident data as well as other data sources to capture integrity and bribery risks at port level.





## About MACN

The Maritime Anti-Corruption Network (MACN) is a global business network that provides a unique forum for businesses to contribute to the elimination of corrupt practices in the maritime industry. MACN is composed of vessel-owning companies and others in the maritime industry, including cargo owners and service providers.

MACN was established in 2011 as an industry-led collective action initiative, with a goal of stamping out corruption in the maritime industry and promoting inclusive trade. With over 150 companies across the maritime industry, MACN has a strong industry voice, playing a key role in ocean transport. MACN has become one of the preeminent examples of an industry-led collective action network taking tangible steps to eliminate corruption across the wider supply chain. By working in partnership with the industry, governments, and civil society MACN has been successful in addressing corruption risks through country-specific actions in locations as diverse as Nigeria, Indonesia, Egypt, India, Ukraine, and Argentina. MACN's initiatives have been welcomed by stakeholders and have resulted in tangible outcomes such as the removal of trade barriers, strengthened governance frameworks, and substantially reduced corruption risks in maritime trade.

### Our Vision

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

### Our Mission

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

### MACN Governance

MACN is a mission driven non-for-profit legal entity, established as an Association in Denmark. The network is governed by a member-led Board and facilitated by the MACN Secretariat. The MACN Secretariat is responsible for progressing MACN's strategic workplans, ensuring good governance, and managing MACN's "day-to-day" work, including with its members, third parties, and funders.



## MACN's Anonymous Incident Reporting Mechanism

In 2013, MACN launched its anonymous incident reporting system, which enables maritime players to submit reports on corrupt demands they have faced during port calls. The outputs of the anonymous incident reporting mechanism allow members to learn from each other to potentially avoid similar incidents in their own operations. Use of the mechanism has significantly increased over the years, and to date, MACN has collected over 45,000 reports of corrupt demands globally.

This section explores the beginnings of the incident reporting systems, outlining key lessons learned from developing a database and reporting system for maritime corruption, and highlighting the impact of the system for MACN members and the industry at large.

### 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.

**Complementary data is therefore necessary to put this data in the appropriate context. MACN is in the process of developing a global ports integrity platform which seeks to showcase the incident data but also contextualize it and shed light on some of these identified limitations.**

## **From Humble Beginnings to Global Reporting System**

The idea to develop an anonymous incident reporting system was born out of broader discussions in the small but growing MACN membership in 2013. MACN members raised the need to adopt a more data-driven approach to understanding corruption risks and stressed the importance of data to mitigate risks and to develop collective solutions. Data collected through the platform was also intended to support MACN's collective action strategy, identifying ports and countries with a high reported risk of corruption during port calls, and to quantify the impact of MACN's collective action initiatives.

Initially members raised concerns about the development of the system, particularly around the use, sensitivity, and confidentiality of reported data. Some members were concerned that reporting (even if the reports were anonymous) would reflect negatively on their company or increase the risk of being implicated in legal actions. In addition, it was important to have a system that avoided "naming and shaming" actors allegedly involved in corrupt demands, but rather point to common challenges faced in an attempt to identify collective solutions and engage in stakeholder dialogue. Finally, members agreed that publishing this incident data beyond the MACN membership would potentially lead to a blame game, harming rather than supporting stakeholder engagement to collectively address maritime corruption challenges.

Stakeholder engagement was a critical success factor in assessing the feasibility of a reporting system. MACN emphasized that the data would not be used to prosecute actors allegedly involved in corrupt demands. Instead, it would be used to point to critical challenges that impede trade facilitation. MACN also engaged with legal and operations teams from the membership to gather feedback on the reporting capabilities and data use. MACN conducted legal reviews of the system and continues to invest in understanding technology solutions that are available to secure the anonymous part of the system.

The collected data was also integrated into MACN's in country work which focused on dialogue and collaboration rather "naming and shaming". When MACN launched the pilot of the Incident Reporting System in October 2013, promoting and encouraging its use was a critical success factor to

ensure widespread adoption. Throughout this process, MACN highlighted the role of the reporting system in framing MACN workstreams, helping identify priority countries for intervention, and enabling open member dialogue about common challenges faced in ports.

Today the tool is used by a wide range of companies, MACN members and non-members alike, to anonymously and securely report corrupt demands faced across the world's ports. Today, MACN's data is used to engage in dialogue with port authorities, local governments, and private-sector operators. Internally, the data collected drives MACN's in country work, helps MACN members to prepare for port calls, and supports industry adoption of a zero-tolerance approach to corrupt demands in ports. MACN's reporting system has captured over 45,000 incidents in 1,195 ports across 149 countries, making it a global reporting system which has been recognized by international organizations such as the International Maritime Organization (IMO), United Nations Development Programme, Baltic and International Maritime Council (BIMCO), and the International Chamber of Shipping (ICS).

MACN's reporting systems represents a key tool to foster collaboration by encouraging open dialogue amongst members and throughout the industry, based on data submitted through the system. This incident sharing helps raise industry awareness of integrity issues impacting the maritime industry.

## **Use of Incident Data**

Reporting is anonymous and non-attributable: It is not possible for anyone to identify who has submitted a report, and the report does not include details that would identify ships or individuals. The anonymous reporting mechanism is open to both MACN members as well as non-members.



## Outcomes of MACN's Reporting System

In the following section we have summarized the most significant outcomes of the reporting system based on interviews with MACN members, collective action partners, and other stakeholders.

### Identifying Corruption Risks And Hotspots

Incident data can be a powerful tool to identify ports that are particularly prone to corruption risks. Critically, the data shows not only where incidents took place, but also which actors were allegedly involved in the demand, what types of goods were demanded, and what types of consequences were threatened for rejecting corrupt demands. The aggregated data illustrates important trends of how incidents across ports have evolved over time. For example, while incidents of corruption involving surveyors demanding large cash payments in Argentine ports represented a significant risk prior to 2017, the number of incidents has declined steadily in part attributable to our collective action efforts in the country. Another example is the decrease in overall reported incidents in the wake of the COVID-19 pandemic (see Recent Trends: 2020 Data and Insights for

“MACN's incident reporting mechanism gives seafarers the opportunity to make their voices heard. It gives them the confidence that someone is listening to them and that, as a collective, MACN will work to address these challenges.

**Kevin Grant Leach-Smith, COO,  
Taylor Maritime Ltd.**

more details). While we can safely assume that the number of reports will grow in line with membership growth, it is critical to closely monitor the data and use it as an indication for potential or perceived corruption during port calls.

### Empowering Seafarers

MACN members often emphasize the importance of incident data in empowering seafarers. MACN members frequently use incident data provided on MACN's monthly or quarterly reports to prepare for port calls and alert seafarers of potential



In an ideal world, every seafarer has an app on their phone which allows them to report and review data in real time. There is a need to decentralize data collection and reporting, and technology can help with that.

**Mandeep Makkar, Manager and Martin Krafft,  
VP, Fleet Management, Fednav Limited.**

corruption risks based on historical MACN data. This data, along with the MACN country guides, can help seafarers prevent corrupt demands through advance preparation (e.g. ensuring accuracy of relevant documentation) or help circumvent certain ports that may be high risk. MACN's incident reporting also allows for seafarers to directly report any challenges faced in these ports, thereby making their voices heard.

### Supporting the Industry

While MACN does not provide for incident resolution services across all ports, we have worked to establish helpdesks in certain collective action countries such as Nigeria, Ukraine and Egypt to help seafarers access support in case of corrupt demands. In addition, the ability to report data anonymously allows for seafarers to share critical information without the fear of retaliation.



When we started engaging with authorities in Argentina, they wanted to see proof of corruption. We presented MACN's incident data and explained how the system worked. The data helped us establish legitimacy and develop a workplan to address the challenges we saw.

**Fernando Basch, Partner at Bruchou, Fernández Madero & Lombardi, Local partner for MACN collective action program in Argentina**

Despite these benefits to seafarers, MACN members also see opportunities for improvement when it comes to the use of the incident reporting system by seafarers. In most cases, the incident reporting system is used by corporate functions such as operations or legal and compliance departments who report incidents in bulk rather than seafarers directly.

### **Strengthening Compliance Programs And Zero-Tolerance Approaches**

MACN's incident data can also help members strengthen their internal processes and compliance program implementation. The data collected supports the activities of MACN's working groups and collective action programs, where members collaborate to develop tools and approaches to rejecting bribes or other corrupt demands. Adopting a zero-tolerance approach as a single company can be challenging and success may be limited. However, partnering with several industry peers to adopt zero-tolerance approaches is impactful. Understanding that industry peers face similar challenges encourages dialogue and peer learning, which can ultimately contribute to strengthening internal compliance programs, supported by a strong and unified industry voice.

### **Driving Collective Action And Stakeholder Engagement**

Finally, the data collected can be a valuable tool in stakeholder engagement. Incident data can be a helpful indicator of systemic corruption challenges which cannot be solved without partnership with port authorities or even government bodies. While the data only represents one factor in a broader discussion, it can help strengthen the voice of the industry and make the case for deeper engagement. MACN's collective action program is a good example of this. When interacting with public authorities, MACN's collective action partner, Bruchou, Fernández Madero & Lombardi, used MACN's incident data to demonstrate tangible evidence of reported corruption in Argentine ports. This data helped build legitimacy and resulted in a collaboration with relevant associations, agents, and government authorities, which agreed to further investigate and remediate the problem collectively. As such, the data represented a critical tool of initial engagement and helped deepen collective action on the ground. In Argentina following on from the MACN collective action program, MACN members noticed a 90% reduction of corrupt demands.



# Incident Data at a Glance



**Total number  
of countries  
reported**  
**149**



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



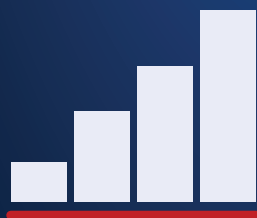
**Total number of  
Ports Reported**  
**1,195**



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



**Top year  
for reported  
incidents**



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



**Most common actor\***  
**Port Authorities**  
**23.4%**

\*% of incidents

# MACN's Incident Data

Although MACN's incident reporting system was launched in 2013, reports of incidents involving bribes or other corrupt demands date back to 2011. This chapter presents MACN's incident data by region, with a particular focus on trends over time.

## Incident Data over Time

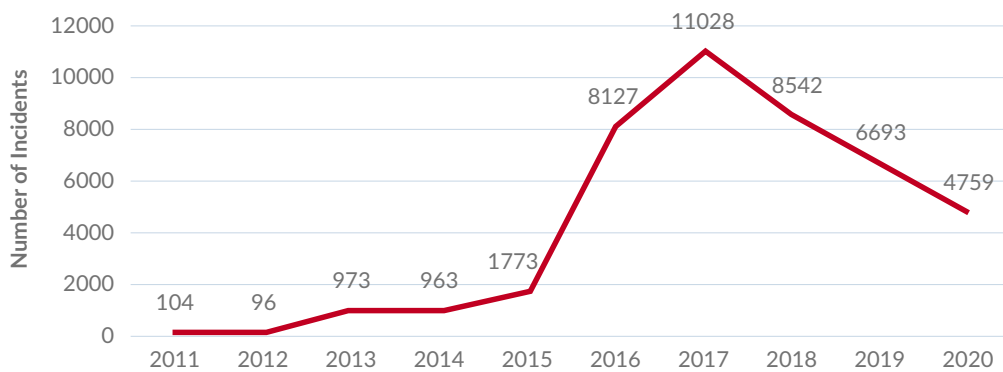
Since 2011, reported incidents have fluctuated peaking in 2017, where they accounted for more than a quarter of all reported incidents gathered (Chart 1). Since 2017, incidents have declined steadily and continued to decline with the onset of the ongoing COVID-19 pandemic in Q1 2020 (Chart 2). According to the MACN COVID-19 Survey 2020 (379 responses), the continued decrease in incidents during COVID-19 may be attributable to a reduction in officials visiting vessels during port calls as well as an increase in the use of electronic systems to submit relevant documentation for port calls.



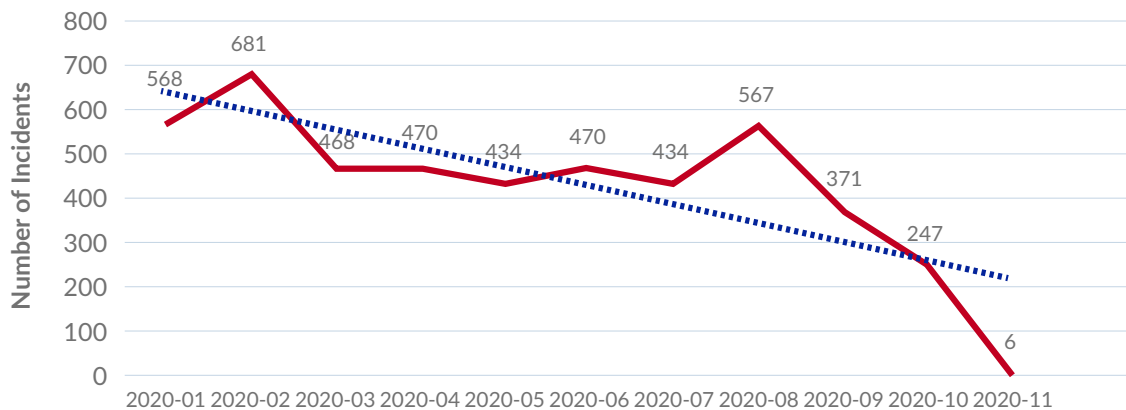
**What explains the peak in incident data in 2017?**

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**



## Incident Data by Region

The following section presents MACN incident data across seven different regions across the world, highlighting key trends. Regions are aligned with the World Bank regional and country classification<sup>1</sup>.

**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

<sup>1</sup> <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

## East Asia & Pacific

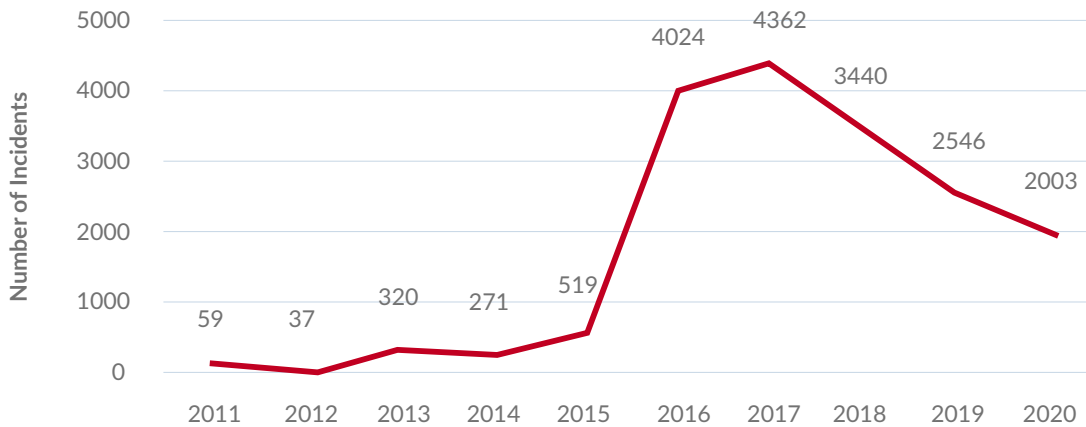
With 40.8% of all incidents, East Asia & Pacific is the region with the most reported incidents, according to MACN's database.

Between 2011-2016, incidents in East Asia & Pacific steadily increased and peaked in 2017, whereafter a decline in incidents was registered (Chart 3). This movement in reported incidents mirrors the tendencies of the incident data worldwide.

**Types of demands:** Incidents in the region most frequently involve demands for cigarettes (62.5%), followed by demands for soda drinks (11.4%), and alcohol (8.8%). Demands for small (< USD 150) and large (> USD 150) cash payments represent an insignificant percentage of demands (2.5%).

**Types of consequences:** Delay of vessel was indicated as the stated or implied consequence in two-thirds of all cases reported in East Asia & Pacific. Threats to safety of the vessel or crew represent less than 3% of all incidents in this region.

**Chart 3: East Asia & Pacific Incidents over time**





## Middle East & North Africa

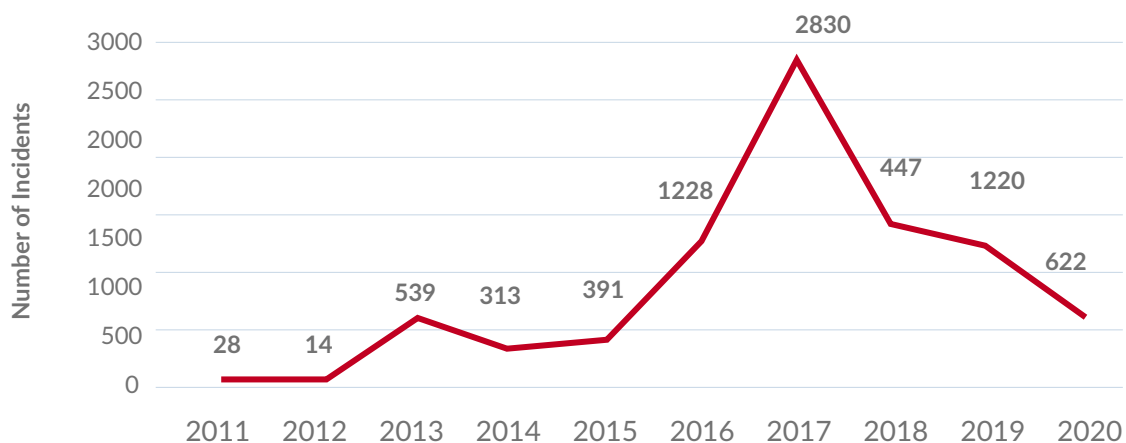
Between 2011 and 2020, one-fifth (20.1%) of all incidents reported through MACN's incident reporting system have occurred in Middle East & North Africa. This makes the region the second-largest region in terms of reported incidents, after East Asia & Pacific.

Incidents in Middle East & North Africa have steadily increased between 2011 to 2017, with a peak of reports in 2017 (Chart 4). The significant increase in incidents in this region in 2017 can be attributed to MACN's Say No Campaign in the region, among other factors. After 2017, incidents have declined steadily but continue to remain above 2015 levels.

**Types of demands:** Cigarettes represent the largest demand across ports in Middle East & North Africa at 73.2%, followed by small cash demands (< USD 150; 8.1%) and soda drinks (4.8%). Cash demands including large (> USD 150) and small (< USD 150) represent 9.5% of all incidents in this region.

**Types of consequences:** According to MACN's incident data, delay of vessel is the most reported consequence of rejecting corrupt demands at 84.4%. Threats to safety of the vessel account for 6.4% of all incidents in this region. However, incidents involving threats to the safety of the vessel have decreased since 2017 across ports in the region as a whole.

**Chart 4: Middle East & North Africa**

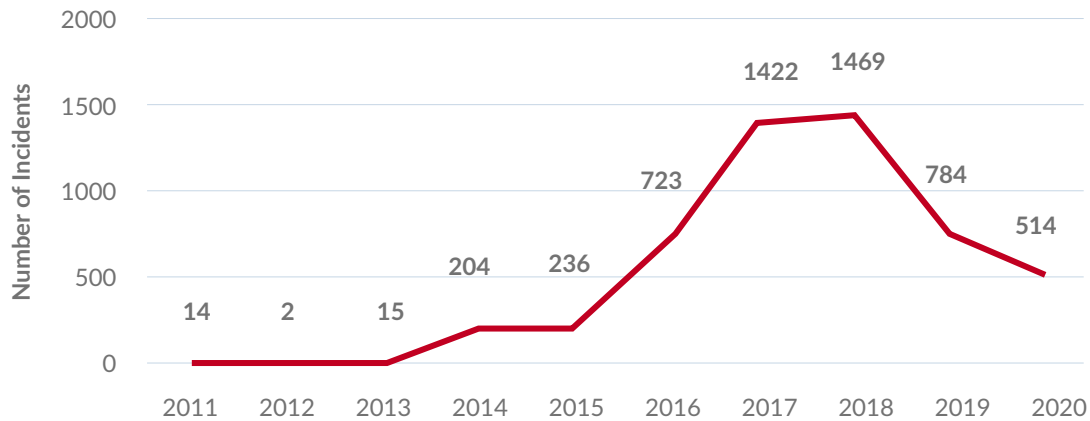


## Europe & Central Asia

Collectively, countries in Europe & Central Asia represent the third largest region in terms of reported incidents, with a total of 12.5% of all incidents reported through MACN's incident reporting system.

The number of incident reports in Europe & Central Asia was relatively low between 2011-2015 and increased in 2016 peaking in 2018. Since then, reports of corrupt demands in this region have steadily declined (Chart 5).

**Chart 5: Europe & Central Asia**



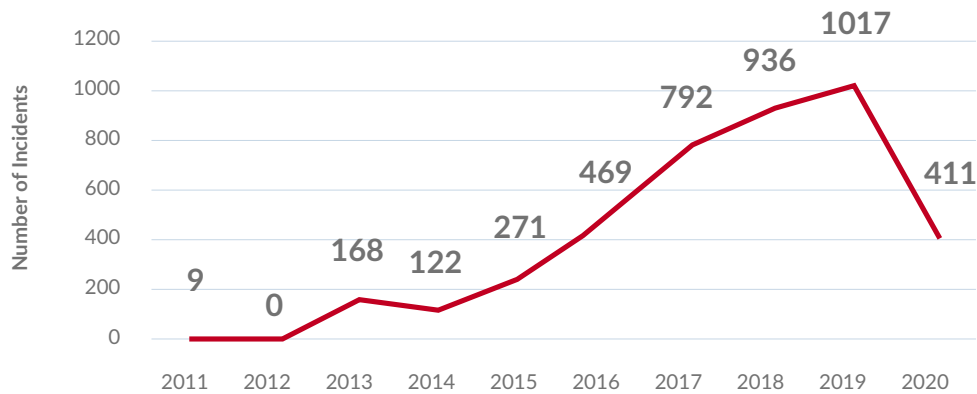
**Types of demands:** Demands for cigarettes account for 75% of all incidents reported in Europe & Central Asia. Large cash payments (> USD 150) represent the second most common demand with 7.6% of all reports in this region

**Types of consequences:** Delay of vessel was the most commonly reported type of stated or implied consequence, reported in 81.7% of all cases. While threats to safety of the vessel and crew and threats of imprisonment represent a minor percentage of all reported consequences of not fulfilling the demand (1.3%).

## Sub-Saharan Africa

Collectively, countries in Sub-Saharan Africa account for 9.7% of all incidents reported through MACN's incident reporting system. Incidents in Sub-Saharan Africa have steadily increased between 2011 to 2019, with a peak of reports in 2019 (Chart 6). However, in 2020, the number of incidents has significantly declined, likely given the impact of COVID-19 and an associated reduction in interactions with multiple actors in ports.

**Chart 6: Sub-Saharan Africa**



**Types of demands:** Cigarettes represent the most common type of demand reported across ports in Sub-Saharan Africa, accounting for 42.2% of incidents in the region. Demands for soda drinks (13.7%) and large cash payments (> USD 150; 13.4%) represent other common demands. Cash demands, including both large (> USD 150) and small (< USD 150) cash payments account for 15.4% of all incidents in the region. While demands for large cash payments were at an all-time high in 2019, they have decreased in 2020.

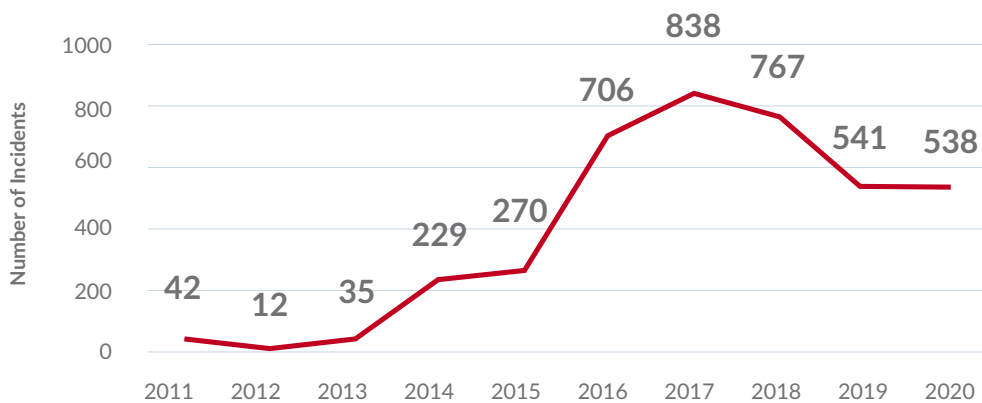
**Types of consequences:** In 77.4% of reported incidents, the stated or implied consequence of rejecting the demand is delay of vessel, followed by threats of fines for alleged non-compliance (12.5%). There are also some reported cases that are associated with a threat of physical violence for rejecting corrupt demands (3%).

## Latin America & Caribbean

Some 9.2% of all incidents reported through MACN's incident reporting system occur in Latin America & Caribbean, which represents a relatively small proportion of incidents given the large number of countries in this region.

Incidents increased steadily between 2011-2015, and more rapidly thereafter, resulting in a peak in 2017 (Chart 7). While incidents across most regions have decline in the wake of the COVID-19 pandemic, the numbers for 2019 and 2020 remain relatively stable.

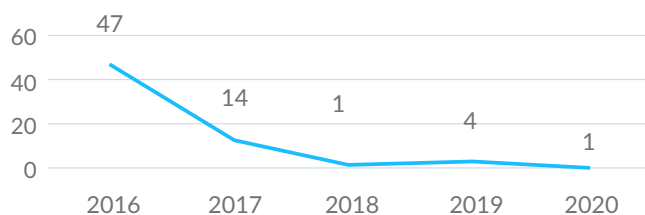
**Chart 7: Latin America & Caribbean**



**Types of demands:** Demands for cigarettes (51.4%) account for around half of all incidents reported in Latin America & Caribbean, followed by demands for sundries (12.6%) and soda drinks (10.2%). Cash demands account for a relatively small percentage of demands (7.8%), whereby large cash payments (> USD 150) are more common than small cash payments (< USD 150).

For example, since the establishment of the incident reporting system 69% of all large cash payments reported in Latin America & Caribbean region occurred in Argentina. With the introduction of the new inspection regime in Argentina since 2017 demands for large cash payments have drastically fallen and thereby currently represent a minor percentage of demands in the region. In 2020, MACN recorded only one incident involving large cash payments in Argentina (Chart 8).

**Chart 8: Argentina: Large Cash Payments Payments (> USD 150) 2016-2020**



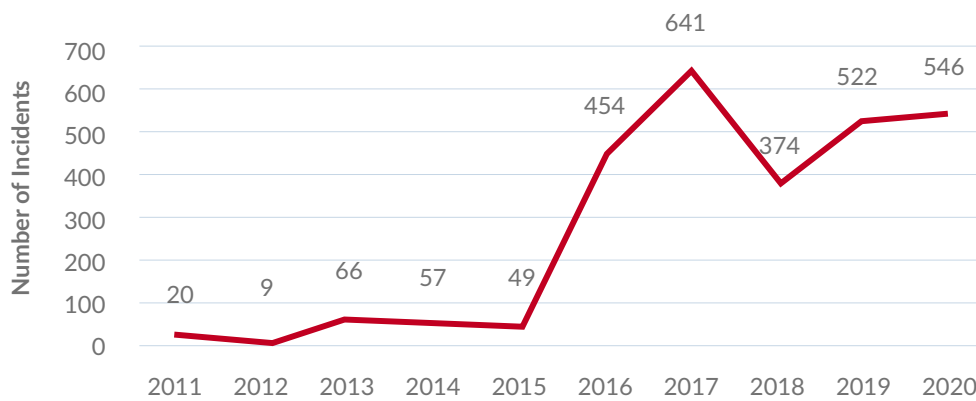
**Types of consequences:** Delay of vessels was reported as the consequence of not agreeing to corrupt demands in around 62.5% of all reported incidents in Latin America & Caribbean. Threats to safety of the vessel and crew represent less than 1% across the region.

## South Asia

Incidents in South Asia account for a total of 6.3% of all incidents reported through MACN's incident reporting system.

Between 2011-2015, the number of incidents reported in South Asia were relatively low but increased in 2016, before peaking in 2017. Since then, the number of incidents has fluctuated (Chart 9). It is critical to note that South Asia is the only region that has registered an increase in the number of incidents in 2020. Incidents across all other regions have decreased in light of the COVID-19 pandemic.

**Chart 9: South Asia**



**Types of demands:** Demands for cigarettes account for 65% of all incidents reported in the region, followed by sundries (10.8%), and soda drinks (6.2%). Cash demands, including both large (> USD 150) and small (< USD 150) cash demands account for 4.3% of all incidents reported in South Asia. However, the proportion of large cash payments has increased in 2020, three-fold compared to 2018 levels, which indicates an upward trend in large cash demands.

**Types of consequences:** Delay of vessel has been reported to be the most common stated or implied consequence of rejecting corrupt demands across ports in South Asia, representing around 77.7% of all incidents in the region. Safety of the vessel and crew are relatively uncommon, accounting for around 1.5% of all incidents.

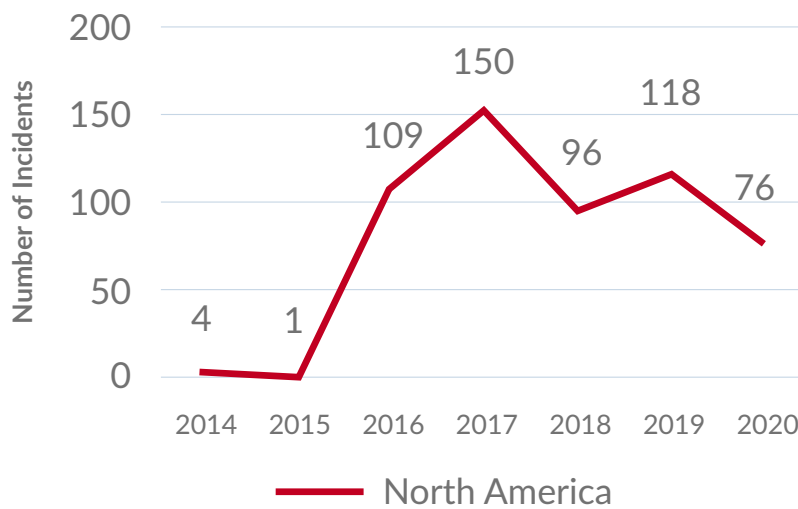


## North America

North America is the smallest region in terms of reported incidents, accounting for 1.3% of all incidents reported since the establishment of the MACN incident reporting system.

In contrast to other regions, incidents in North America were first reported in 2014. Incidents peaked in 2017 and have decreased since then (Chart 10).

**Chart 10: North America**



**Types of demands:** Demands for soda drinks are the most commonly reported demand (28.8%), followed by cigarettes (25.8%), and sundries (24.9%). Large cash payments (> USD 150) in North America account for less than 1% of all demands in the region.

**Types of consequences:** While the stated or implied consequences of rejecting corrupt demands are unknown in two-thirds of cases, delay of the vessel was reported in 27.8% of all cases in North America. Threats to the safety of the vessel or crew were negligible and represented less than 1% of all incidents in the region.








## Corruption Risk Hot Spots: Top 20 Ports

Table 2 shows an overview of the corruption risk hot spots by number of incidents reported through MACN's incident reporting system for the period 2011 to 2020. Collectively, incidents across these top 20 ports represent 28.6% of all incidents reported. The largest percentage of top 20 ports are located in East Asia & Pacific (41.4%), followed by Middle East & North Africa (37.1%), Sub-Saharan Africa (8.8%), South Asia (7.1%), and Europe & Central Asia (5.5%). None of the top 20 ports are in Latin America & Caribbean or North America.

It is important to note that while some of the busiest ports in the world are listed below, less busy ports also feature indicating that there are many other factors influencing levels of port corruption aside from port size, trade and traffic volume.

**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)	

**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%) (Annex 1, chart 2).

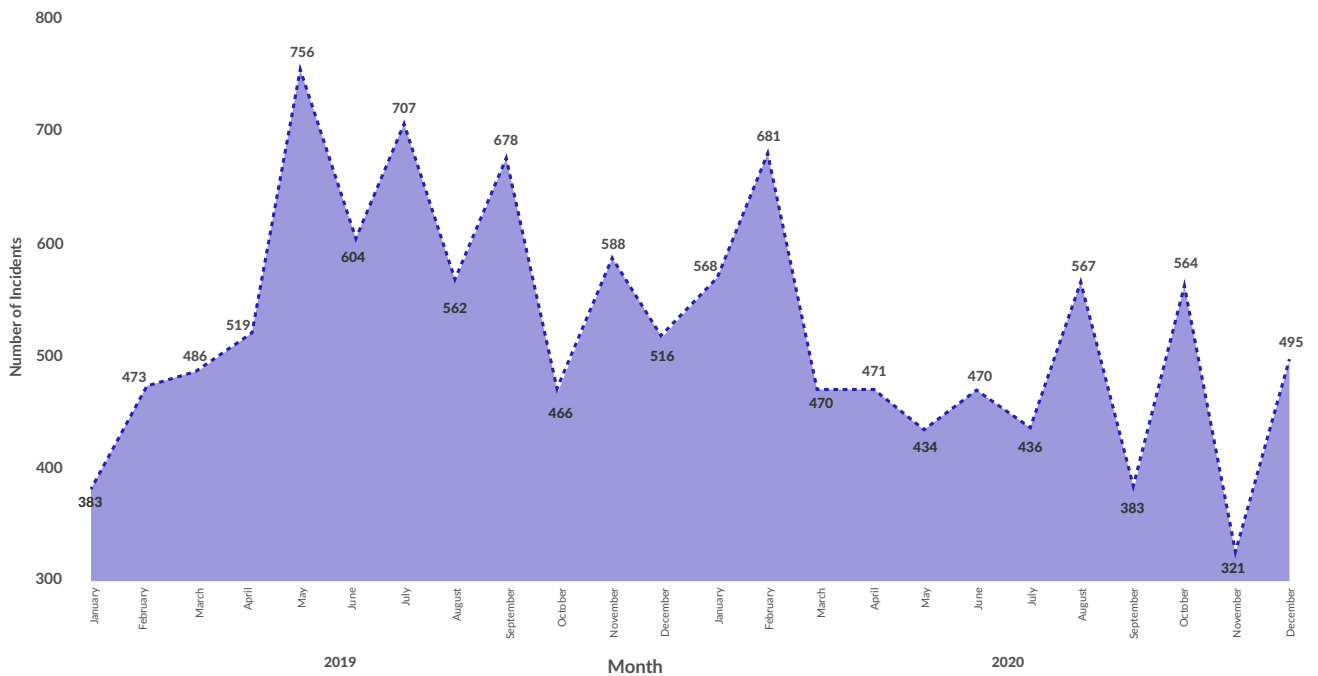
It is critical to note that the nature of MACN's incident data does not reflect the issue of collusion, i.e. it does not tell us who initiated the demand or whether multiple actors were involved in a single demand. MACN members have anecdotally reported collusion between different actors, but this type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

## Recent Trends: 2020 Data and Insights

With the exception of South Asia, the number of incidents across all regions has declined by around 30% in 2020 compared to 2019 (chart 11). In 2020, types of demands and actors have largely remained consistent with 2019 figures, while threats of fines for alleged non-compliance and threats of safety of the vessel have increased between 2-4 percentage points.

**Chart 11: Number of incidents, 2019-2020**

**Number of incidents, 2019-2020**



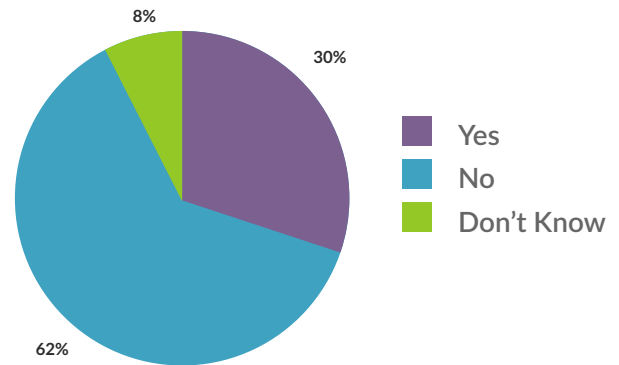
However, can 2020 data alone give an accurate indication of what lies ahead? Has the ongoing COVID-19 pandemic had a mitigating impact on corruption during port calls? The answer to this question may be more complex. Addressing the challenges of maritime corruption becomes even more important in these times of COVID-19 pandemic lockdowns, whilst seafarers/companies are operating vessels and providing much needed global logistics support. Therefore, MACN asked maritime stakeholders what corruption risks seafarers/operators in the frontline face during the COVID-19 outbreak, through an industry-wide survey (MACN COVID-19 Survey 2020). MACN collected both quantitative data through survey results (373 completed responses) and qualitative data by speaking to some of its members.

Some 62% indicated they did not face challenges of corrupt demands, while 30% continue to do so. Demands were made by top three actors namely customs, immigration and port health – all crucial government authorities engaged in vessel clearance procedures.

More than 50% of survey respondents reported witnessing new methods being used during vessel clearance. Vessel clearance and inspections were being carried out electronically without authorities visiting vessels. This clearly shows an uptick in the use of technology-based measures by various government authorities to ensure safe and smooth operations, thereby potentially reducing corruption risks by removing opportunities for corrupt demands. Survey data also showed an active role played by port agents by assisting master and crew during such clearance and inspection procedures.

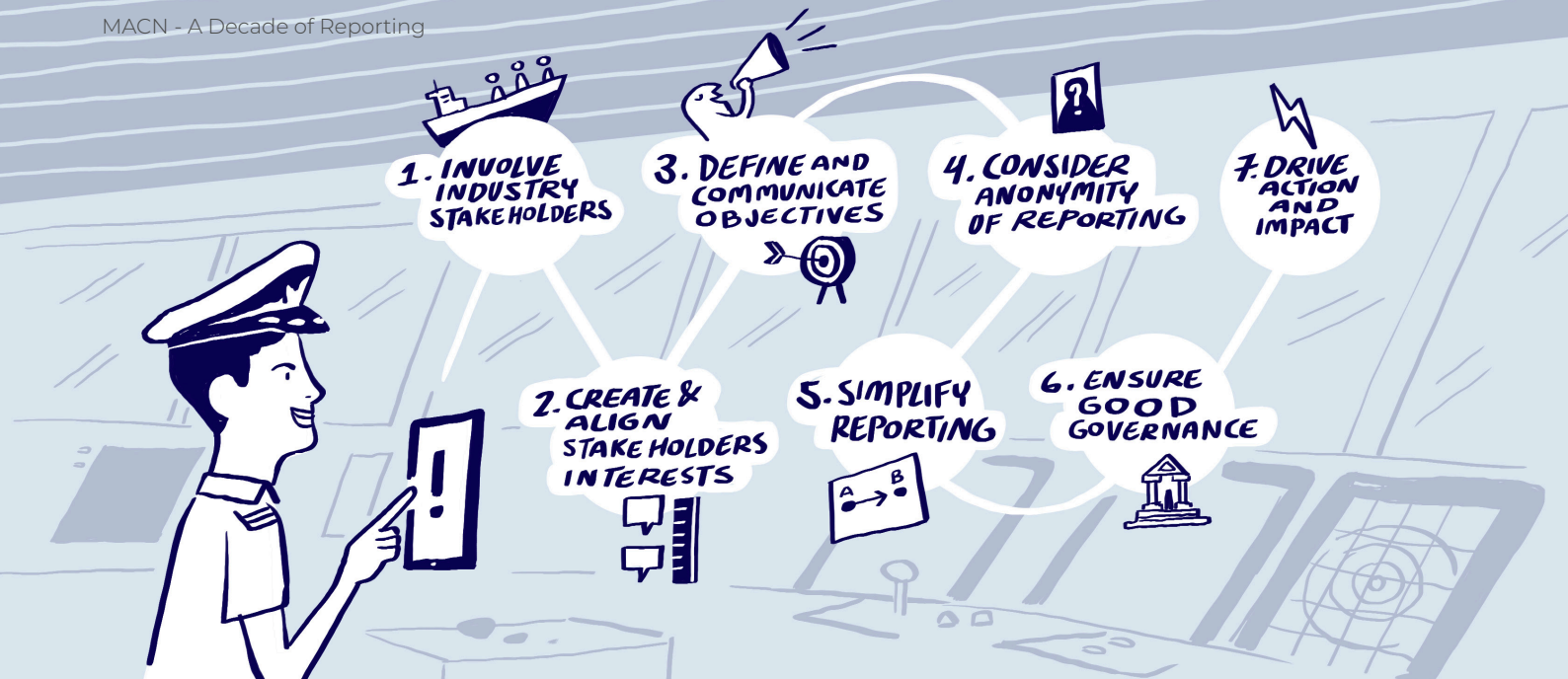
With increased ship/shore interface once the situation with COVID-19 returns to normal, there is a risk of an increase in bribes or other corrupt demands.

**Chart 12: Challenges during vessel clearance and/or Port State Control inspections**



**Q. We continue to face / hear of challenges during vessel clearance and/or port State Control inspections in ports/ terminals by government authorities.**





## 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. Our advice: 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

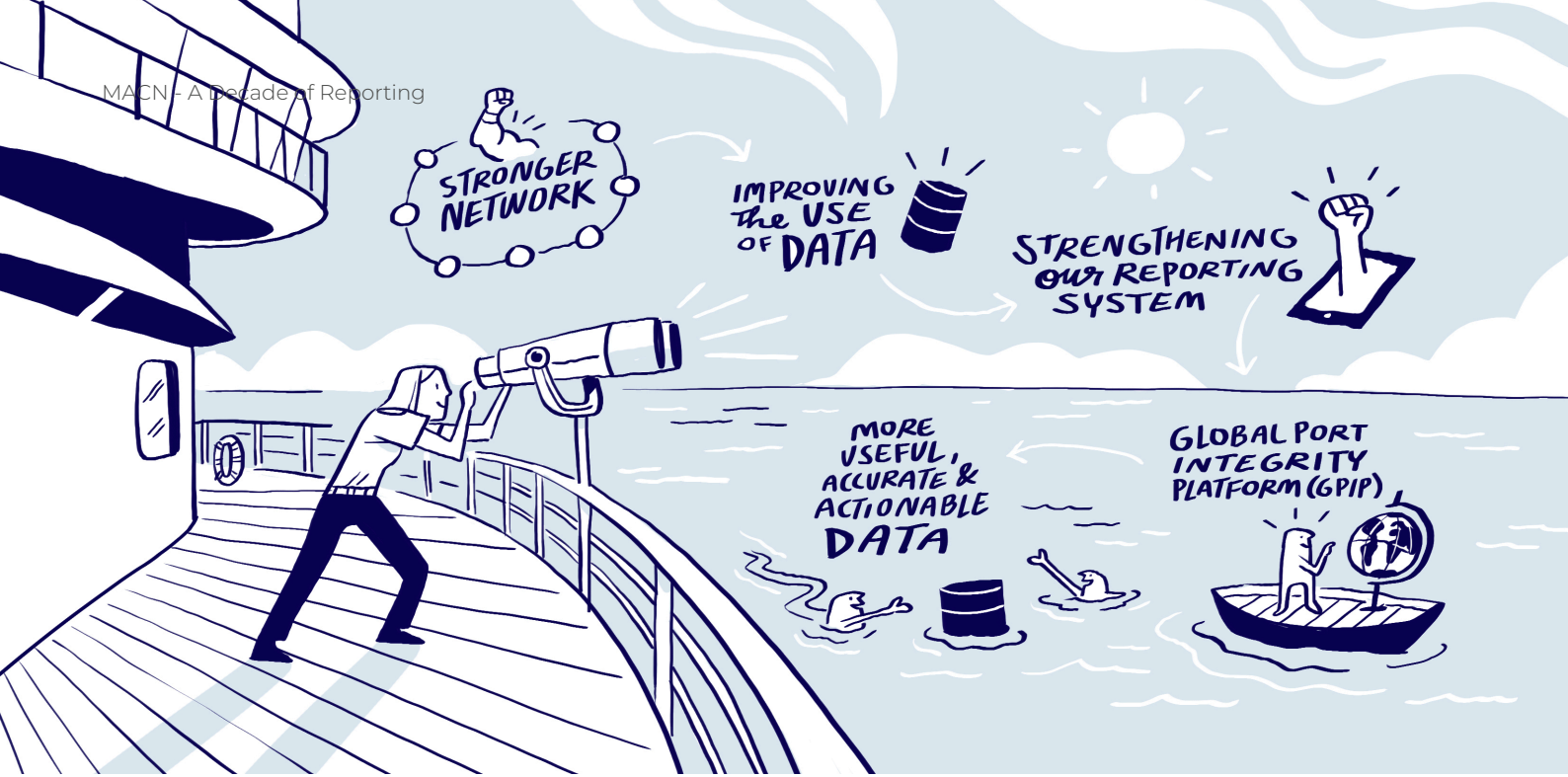


MACN's reporting mechanism is genuinely anonymous, and it is comforting for companies to know that they do not incriminate themselves when using the reporting system. At the same time, MACN's system delivers hard facts and statistics that can be used to make the business case for collective action."

**Gemma Aiolfi, Head of Compliance and Collective Action, Basel Institute for Governance**

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.
- 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.



## Looking Ahead

Since 2011, MACN's global membership has grown to become the largest collective action initiative in the maritime industry, now counting over 150 member companies, which collectively represent over 50% of the world's tonnage. This growth in membership has brought with it an increased adoption of MACN's anonymous incident reporting. However, our work does not stop here. MACN's vision is to further leverage extent of our industry access and the strength of our network to stamp out corruption across the world's ports. We are constantly seeking ways to make our data more useful, accurate, and actionable. The following chapter outlines our vision for the future of the incident reporting system.

### Strengthening Our Reporting System

MACN's anonymous incident reporting system is widely used by operators in the maritime sector, and there are several ways in which we are looking to develop reporting. In 2020, MACN engaged its members through a survey and interviews to identify opportunities to improve the reporting system. The survey's feedback<sup>2</sup> indicated that while the majority of respondents (92.5%) are aware of the reporting system, only around one-third use the system on a regular basis. In particular, members would like to see further improvements to enable ease of access to the reporting system, for example, by allowing frontline staff and Captains to report in real time using their mobile phones. One-third of survey participants would also like to see additional response options integrated in the survey.

To address member requests, MACN is working to roll out an optimized reporting system integrated into the MACN website. The objective of this improved system is to allow ease of reporting and data access capabilities. To further empower seafarers, it is critical to expand the functionalities of the reporting system to allow for real-time reporting using a mobile application. Ideally, seafarers would also have direct access to reported data to better support port call preparation. In addition, with the launch of MACN's new website, the reporting system is now available on mobile phones and can easily be accessed with lower bandwidth, to encourage real-time reporting. MACN has improved the reporting experience through the integration of additional data such as

<sup>2</sup> MACN member survey conducted in Q3-Q4 of 2020, total of 41 responses received.

the UN LOCODE system to streamline the list of ports. Given that employees across functions such as legal/compliance, operations, and health & safety most commonly use MACN's system to report incidents, MACN must look to further engage with its members in these functions for further input.

## **Improving The Use Of Our Data**

While collecting incident reports is critical to understand corruption risks during port calls, sharing the results of MACN's incident reporting system with members to inform decision-making and preparation for port calls is equally important. More than half of all survey respondents access the monthly, quarterly, or annual incident reports that MACN creates based on reported incident data. MACN's reports are used by members to understand and mitigate risks in certain ports, better prepare for port calls, strengthen zero-tolerance approaches, and to share internally with relevant colleagues to raise risk awareness. However, members also called for improving the accessibility of port-specific reports.

Making data available to MACN members is paramount to combat corruption across ports globally. To help members be better informed about corruption risks in ports, MACN has launched a new type of report available to all members. In November 2020 MACN started the "Top 5 ports" report outlining corruption risks across the five most reported ports during the previous month. Published monthly, the report outlines trends in these ports and notes which types of actors are most commonly involved in demands, what types of demands have been made, and what consequences were threatened for rejecting corrupt demands.

MACN is looking to make the incident data available to its members through country and port profiles, to help members understand corruption risks across the world and better prepare for port calls.

## **Developing The Global Port Integrity Platform (GPIP)**

With external support from the Danish Ministry of Foreign Affairs, MACN is taking incident data collection and reporting to the next level by developing the first ever Global Port Integrity Platform (GPIP) – a platform measuring integrity in ports worldwide. Currently, no international standard or systematic method of measuring integrity in ports exists. MACN has therefore engaged a broad group of stakeholders from the shipping industry, ports and terminals, industry associations, international organizations, civil society, and academia to develop indicators and criteria to capture integrity in ports. This work is currently underway and will be finalized in collaboration with key stakeholder groups.

The aim of GPIP is to clearly present key comparative information on ports' corruption and bribery risks and integrity potential and performance. It should serve MACN's purpose of encouraging collective action against corruption in the maritime sector and should open evidence-based conversations with both ports, authorities, and governments as well as other MACN stakeholders on reducing corruption risks and promoting integrity in ports. The platform will allow users to compare ports, identify areas of weakness and strengths, and sources of best practice for ports to improve their policies and practices.

By systematically measuring integrity over time, and across ports regionally and globally, the platform will – ideally - encourage more competition between ports. GPIP will also be a useful advocacy and investment tool for international donors, the private sector, investors, and any stakeholder with an interest in port sector and logistics reform and development, as it can help to highlight ports or governance reform areas that requires attention and investment. Finally, GPIP should be useful for the maritime industry as a tool that makes it easier for a Captain to assess risk and reject corrupt demands during port calls. It will put access to reporting and visualizing data directly into the hands of seafarers, operations teams, and other frontline maritime stakeholders making it easier to assess risks and reject corrupt demands during port calls—further empowering them to say no to corruption. The GPIP is currently being developed by MACN.

# Appendix

## How To Report

Companies, both MACN members and non-members looking to report incidents involving corrupt demands can do so [via MACN's website](#), using one of two options:

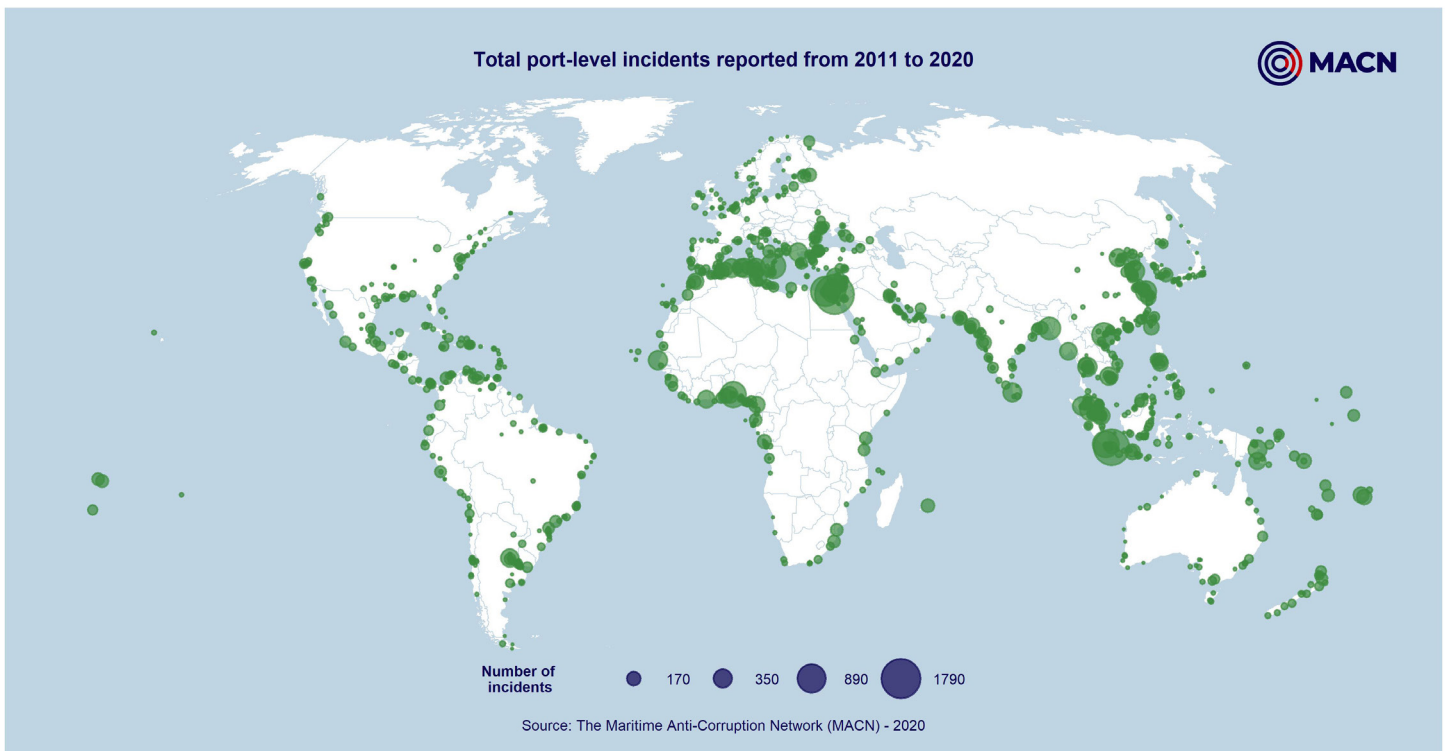
- **Single incidents:** For single incidents, companies can use a short online survey to report the incident.
- **Multiple incidents:** For multiple incidents occurring during several port calls, MACN has designed an Excel template, which can be downloaded, populated by relevant stakeholders within the company, and then uploaded on MACN's website via Box.com.

The following information is requested when reporting corrupt demands that occur during port calls:

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

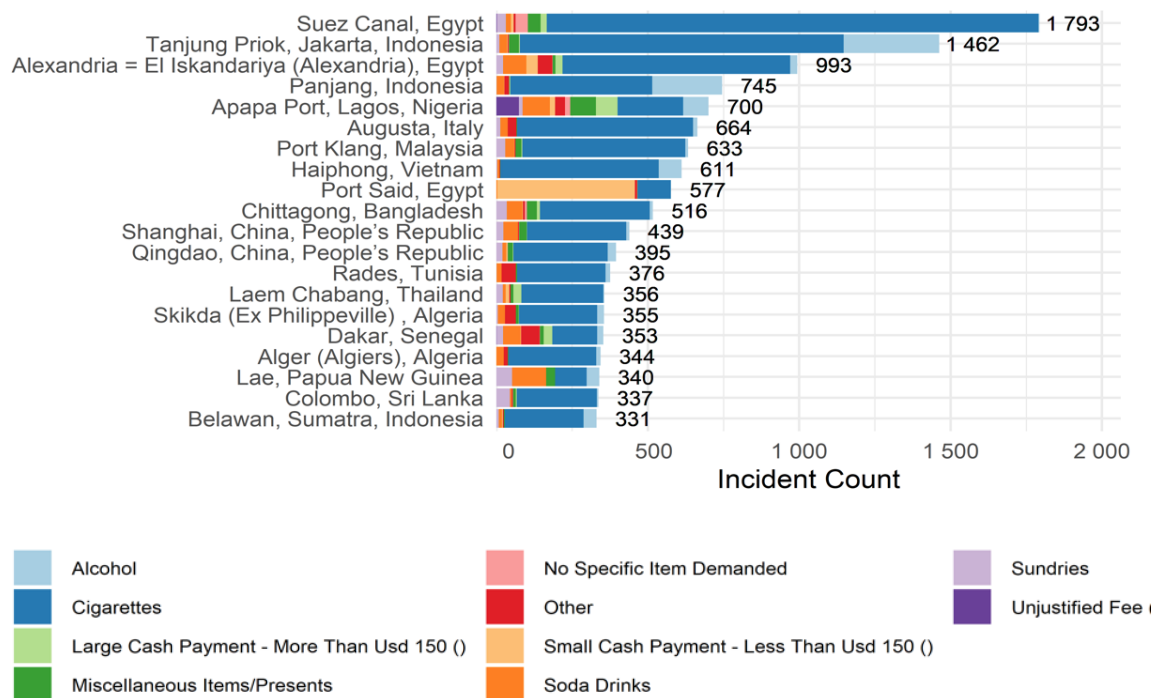
## Annex 1: Maps and Figures

### Map 1: Incidents across the World



### Chart 1: Types of Demands, Top 20 Ports 2011 - 2020

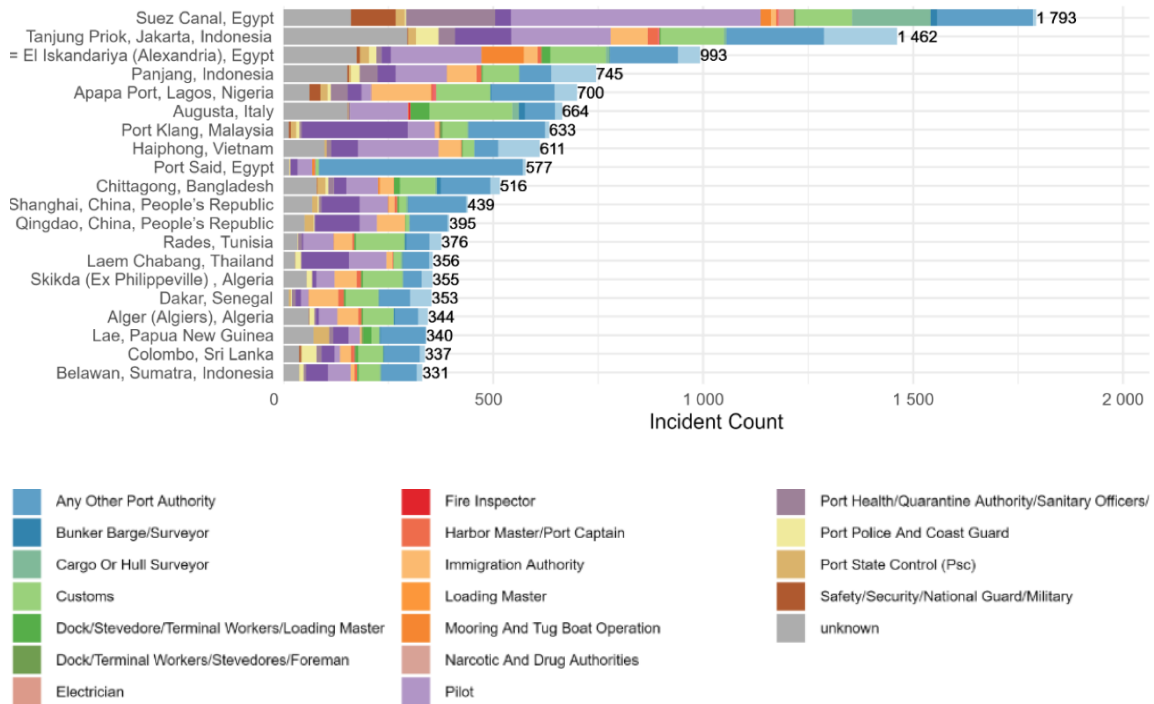
Ports: Top 20 by Incident Count  
2011 - 2020





## Chart 2: Types of actors, top 20 ports, 2011-2020

Ports: Top 20 by Incident Count and Actor  
2011 - 2020



Source: MACN 2020