

**COMBATING OVERSEAS CORRUPTION:
UK ACTION PLAN FOR 2007/08 – INTERIM PROGRESS REPORT**

Combating money laundering and recovering stolen assets

Under the 2006 / 07 Action Plan, the Metropolitan Police Service established the Proceeds of Corruption Unit to combat money laundering by Politically Exposed Persons. It is a unit of 12 officers, part-funded by DFID, that has initially focused on Nigeria where it has developed an effective working relationship with the Economic and Financial Crimes Commission. The Metropolitan Police Service has £49m of Nigerian assets under restraint. £1.5 million of cash has been returned to date, including proceeds from the sale of a flat; Joyce Oyebanjo, a UK citizen is one of two people convicted for money laundering. She helped Joshua Dariye, a former Nigerian State Governor, launder £1.4 million through her bank accounts and was sentenced to three years in prison.

- 1) Implement fully the Third EU Money Laundering Directive by December 2007 (Progress Achieved). Work with the EU Committee on the Prevention of Money Laundering and Terrorist Financing to promote full implementation within the EU (Ongoing). Respond to recommendations by the FATF evaluation of UK Anti-Money Laundering controls (Progress Achieved). Develop proposals by June 2008 to enhance intelligence and prioritise action against threats more effectively (Ongoing).**

The UK has implemented the Third EU Money Laundering Directive through new Regulations which came into force in mid-December. This covers many of the recommendations of the FATF Mutual Evaluation Report.

- 2) Issue a response by January 2008 to the consultation on the Asset Recovery Action Plan, in which the Government has put forward measures and requested the public's proposals to meet the UK's wider objectives on recovering the proceeds of crime (Ongoing). Get agreement on these measures by summer 2008. Improve the UK's ability to build intelligence packages on Politically Exposed Persons following the merger of the Assets Recovery Agency and Serious Organised Crime Agency by April 2008 (Ongoing).**

Over 70 responses have been received to the now-closed consultation on the Asset Recovery Action Plan which supports the aim of doubling proceeds recovered from all crime to £250m in 2009/10. The Home Office is drafting a summary of responses and considering next steps. Although there were no submissions on corruption specifically, the general responses on asset recovery together with the action plan will potentially impact on all crime, including corruption. The Plan restated HMG's commitment to repatriate corruptly acquired funds

where the victim State can be identified. A Home Office response will be published in the first quarter of this year.

SOCA's merger with the Assets Recovery Agency on 1 April will bring together the Assets Recovery Agency's skills in recovering the proceeds of crime and their existing exclusive powers of civil recovery, and build on existing SOCA structures to prioritise and act on corruption intelligence. Other provisions in the recent Serious Crime Act on recovering the proceeds of crime and the new Serious Crime Prevention Order will be introduced in April.

SOCA has coordinated regular intelligence meetings between the International Corruption Group partners to increase the effectiveness of financial intelligence submitted by the regulated sector.

- 3) In line with our G8 commitment, deny entry to the UK of those individuals considered to be involved in corruption and whose presence in the UK is not considered conducive to the public good (Progress Achieved). Use tools for offender management and crime prevention, including Serious Crime Prevention Orders and Financial Reporting Orders, to monitor the assets of individuals convicted of corruption and deter criminal activities in the UK's financial systems (Ongoing).**

The Border and Immigration Agency has been working closely with FCO on the exclusion of high profile corrupt individuals from Kenya. The Home Secretary has personally excluded six Kenyans, including four former Ministers, on the basis of their involvement in corruption. This is in line with our G8 commitment to consider the denial of safe havens to individuals found guilty of corruption. There are possibly others that have corruption-connections but this is not immediately obvious - for example, in the case of Zimbabwe, exclusions have tended to be based on land seizures and other abuses of power, all linked with connections to the regime.

Investigating and prosecuting bribery overseas

Under the 2006 / 07 Action Plan, the City of London Police established the Overseas Anti-Corruption Unit to investigate foreign bribery by UK businesses and nationals. The unit of 10 officers, funded by DFID, will be increased to 12 with additional funding from the Department for Business, Enterprise and Regulatory Reform. It currently has a caseload of 21 enquiries of which 12 are joint investigations with the Serious Fraud Office and the other 9 are in development or await vetting. The unit has also been developing working relationships with counterpart organisations in other countries, including in the US and the EU, and has been working with civil society stakeholders, including Transparency International.

4) Support the Law Commission's review into the bribery law and facilitate their steps to build consensus among stakeholders, with a view to legislation, following their publication of a Consultation Paper expected in autumn 2007 (Progress Achieved).

HMG has provided continued support for the Law Commission's review into the bribery law. The Law Commission has prioritised this review as requested and this is on schedule. They published a consultation paper on their proposals on 29 November and the Ministry of Justice hosted a conference to discuss the proposals on 17 December. The Law Commission consultation will close on 20 March and their report and draft Bill is expected in the autumn.

5) Facilitate a review by the Council of Europe's Group of States against Corruption (GRECO), to be published in December 2007, of the compliance of the UK's corruption law with the requirements in the Council of Europe's Criminal Law Convention on Corruption and other Council of Europe legal instruments on corruption (Progress Achieved). Ensure recommendations are fed into the bribery law reform process.

HMG hosted the in-country evaluation of the UK's corruption law by the Council of Europe's anti-corruption monitoring body, GRECO, in October. A constructive draft report was subsequently discussed at the GRECO Plenary in December. The report itself should be adopted in February.

6) Exclude suppliers convicted of fraud and bribery from the tendering procedures within the EU. Continue to work with the European Commission to gain a clearer understanding of how Article 45 of the current European Public Procurement Directive is being applied by Member States. Undertake analysis of how to achieve a workable and uniform application of the Directive by March 2008 to inform discussions. Assess the need to revise UK guidance (Ongoing).

The Public Procurement Directive, which covers service, supplies and works contracts, together with a separate Directive on utilities, was implemented in the UK on 31 January 2006. These Directives included a new mandatory exclusion for suppliers participating in tendering for public procurement contracts, if convicted of specific fraud and bribery offences. At the time of implementation, a guidance note was posted on the OGC website to assist purchasing authorities and suppliers. Following further consultations, OGC is now revising their guidance note. The revision will be cleared by the Commission and posted on OGC's website by 31 March 2008.

7) Ensure optimal preparation for and cooperation with the OECD phase 2bis review to evaluate the UK's anti-bribery framework, including the expert visit to the UK before March 2008 (Ongoing).

Advance the review of the OECD's anti-bribery instruments through expert participation in advisory groups on criminalisation and prevention from June 2007 (Ongoing).

Preparations for the OECD Phase 2bis Review are in hand. Officials have met to review progress on addressing those Phase 2 recommendations identified by the OECD Working Group on Bribery as either "not implemented" or "partially implemented". We have received the preparatory questionnaire from the OECD. The Phase 2bis examiners' visit is scheduled for 1-3 April 2008. Officials are working closely with the OECD Secretariat on preparations for this.

8) Prepare legislation to extend Serious Fraud Office powers to compel the production of documents and explanations of them (under section 2 of the Criminal Justice Act 1987) to the vetting stage for overseas bribery cases. Identify a suitable legislative vehicle to put this before Parliament.

Extension of Serious Fraud Office powers included in Criminal Justice and Immigration Bill. This legislative vehicle is currently before Parliament and the Government hopes to obtain Royal Assent by Summer 2008.

Promoting responsible business conduct in developing countries

9) Encourage all resource rich countries to implement EITI; provide political, technical and financial support to help 15 countries achieve candidate status and 5 of these to achieve compliant status by July 2008 (Progress Achieved). Explore opportunities to encourage China and other emerging economies to support EITI (Ongoing).

There has been remarkable progress on the Extractive Industries Transparency Initiative (EITI). 15 countries have been assessed by the EITI Board as fully meeting the criteria for implementing EITI. A further 9 will be assessed in due course. Full EITI reports have been produced by 8 countries. The G8 endorsed the Initiative Heiligendamm in 2007 and all the major oil and gas and mining companies have announced their support. An independent Secretariat, based in Oslo, now has overall responsibility for the promotion and management of EITI, with funding principles for the management costs agreed on a multi-stakeholder basis. The UK continues to provide political and financial support. It has contributed almost US\$ 6.5 million to the EITI multi-donor trust fund. The UK will continue to support EITI through DFID's membership on the EITI Board and Trust Fund Management Committee.

10) Increase transparency and accountability in the procurement and supply of medicines. Form an international stakeholder forum, agree principles and launch 4 - 5 country pilots for the

Medicines Transparency Alliance (MeTA) by December 2007 (Progress Achieved). Review results of pilots from second half of 2008 and assess feasibility of wider roll-out of MeTA.

The Medicines Transparency Alliance (MeTA) will look at each stage of the medicines supply chain and seek full disclosure of prices of medicines. MeTA will be launched in London in May 2008. The Initiative will be piloted in Uganda, Peru, Philippines, Ghana, Zambia, Jordan and Kyrgyz Republic. In the last year DFID has worked with a wide range of developing country governments, WHO, the World Bank, NGOs, pharmaceutical companies, donors, academics and others to develop the MeTA proposal. Scoping studies have taken place in Ghana, Uganda, Peru, the Philippines and Jordan. The Secretary of State for International Development hosted a stakeholder meeting at the Royal Society in April 2007 and there was widespread support for the initiative.

11) Increase transparency and accountability in procurement in the construction sector. Form an international stakeholder group, agree principles and launch 4 – 5 country pilots for the Construction Sector Transparency (CoST) initiative by December 2007, including the UK (Progress Achieved). Review results of pilots from second half of 2009 and assess feasibility of wider roll-out of CoST.

The UK is seeking to increase transparency and accountability in the Construction Sector. In the last year we have drawn on a multi-stakeholder steering group of industry, government, civil society and international organisations and case studies in Vietnam, Ghana, Tanzania and the UK to inform the design of the Construction Sector Transparency (CoST) initiative. The inaugural international stakeholder conference was held in London on 20 June 2007 and was hosted by the Secretary of State for International Development. The initiative will now be piloted in Zambia, Ghana, Philippines UK, and Tanzania, and will be launched in Tanzania on the 21st & 22nd May 2008.

12) UK to provide political and technical support, together with NATO and Transparency International to develop programme of 'Building Integrity in the Defence and Security Sector'. Design a training module for NATO Allies and Partners by December 2007 (Progress Achieved).

The UK has supported the initiative of 'Building Integrity in Defence Establishments' under the Euro-Atlantic Partnership Council. The aim is to offer Partners assistance in improving transparency and reducing corruption within their defence establishments. Ambassadors formally agreed in November 2007 to develop three distinct elements:

- a foundation course on building integrity; addressing building national education and training capacity (e.g. train the trainer, mobile training teams);
- compendium on best practice, to be developed as part of the education syllabus; and
- a self-assessment tool, made available on request to nations, which may be followed by an expert visit and development of a tailored programme to be reflected in the appropriate NATO Partnership for Peace programme.

The UK has taken ownership of the first element and has been working with partner countries to take these elements forward and. The UK Defence Academy is currently developing the course (and with that in mind became a Partnership for Peace Training and Education Centre in November 2007).

13) Raise awareness: of the risks of international bribery and corruption and the UK legal framework with priority target groups including British companies operating overseas, front-line British officials, professional organisations and the judiciary; of the OECD Guidelines for Multinational Enterprises and the role and activities of the National Contact Point; of the private sector's obligations under the new money laundering regulations targeting trade associations and other stakeholders through conferences and seminars and providing practical guidance.

We brief the International Chambers of Commerce on a regular basis on anti corruption issues. Newly appointed Sector Specialists in UK Trade & Investment were briefed on the government's anti-corruption work and corporate social responsibility matters as part of their induction. We participated in an awareness raising roadshow on the OECD Guidelines for Multinational Enterprises and our National Contact Point arrangements, speaking to a range of UK businesses. The result of this work has been a 50% increase in the number of cases submitted to the National Contact Point in 2007. We have also improved our processes for handling complaints, and set standards for our stakeholders.

Supporting international efforts to fight corruption.

14) Use the UK's Financial Action Task Force (FATF) presidency in 2007-08 to refocus the FATF so that it actively identifies and tackles global anti-money laundering vulnerabilities (Progress Achieved). Develop proposals to improve the levels of compliance with international anti-money laundering standards in low capacity countries (Progress Achieved).

Good progress continues to be made against the UK's Presidency objectives. The UK has secured agreement in principle to increase the FATF surveillance of emerging trends and threats. We have also

developed proposals to assist low capacity countries in implementing FATF standards.

- 15) Push for the 2nd UNCAC Conference of Parties in January 2008 to advance the implementation of UNCAC (Progress Achieved). Inform working groups on technical assistance, asset recovery and review mechanisms by:**
- **Participating in the piloting of the review mechanisms including a self-assessment of the 8 UNCAC provisions by October 2007 (Ongoing).**
 - **Providing political, financial and technical support to global asset recovery initiatives under the umbrella of UNCAC including the International Centre for Asset Recovery (ICAR), Interpol and the Stolen Asset Recovery (StAR) Initiative (Progress Achieved). Identify and support one major asset recovery case to develop collaboration between the initiatives (Ongoing).**
 - **Improving the effectiveness and coherence of UK anti-corruption technical assistance abroad. Agree principles of engagement and establish a co-ordination mechanism by November 2007. Monitor activities in priority countries and use experience to inform international approaches to technical assistance under UNCAC (Progress Achieved).**

The second Conference of States Parties (CoSP) to the UN Convention against Corruption (UNCAC) took place in January 2008. There was UK sponsorship for strong civil society representation at the Conference and DFID sponsored a media forum to impart skills and experience to journalists in developing countries when covering cases of corruption. The Conference was a stepping stone towards more substantive decisions in Qatar in November 2009. There was a commitment to actions leading to the adoption of a formal review mechanism for implementation at the third CoSP. The UK is one of 16 countries participating in a pilot of different review mechanisms to inform this work. The UK is undergoing a review by Austria and Greece and will in turn undertake a review of Tanzania and Indonesia's implementation of the UNCAC.

The UK has been a major supporter of UNCAC and has provided financial and diplomatic support to the UNODC Secretariat to establish working groups to pursue solutions to the difficult problems of implementation. The UK has also provided training and financial support to developing world signatories to enable them to meet the requirements of the Convention. In 2008, the FCO supported 10 countries on UNCAC activities through the Global Opportunities Fund with more than £500,000 to train prosecutors and investigators in Commonwealth countries. DFID has provided £150,000 to the Stolen Asset Recovery Initiative, £180,000 to the International Centre for Asset Recovery and £400,000 to UNODC to take forward implementation of the Convention.

The UK is also undertaking efforts to improve the effectiveness and coherence of its anti-corruption technical assistance abroad. The Justice Assistance Network (JAN) was established to achieve a sustainable impact in supporting locally owned capacity development in countries and in thematic areas which are international priorities for the UK. It has become a successful tool to co-ordinate, facilitate and develop information sharing across a network of 22 government departments and agencies and the wider justice sector. In October 2007 the JAN endorsed the creation of an Anti-Corruption Sub-Group and agreed to prioritise the Network's efforts on this theme. In November more than 45 members of the JAN from more than 20 institutions attended presentations by the Serious Fraud Office (SFO), DFID Kenya and the Metropolitan Police on the challenge of corruption and successful approaches to building capacity.

16) Support Crown Dependencies by reviewing their legislation to confirm it will support the extension of the UNCAC and OECD Conventions. Undertake the process to extend the Conventions by the end of 2007 (Ongoing). Identify with the Crown Dependencies other areas where the UK can offer support.

Work is on track for the extension of UNCAC, the OECD Bribery Convention and the Council of Europe Criminal Law Convention on Corruption to the Crown Dependencies by the end of the first quarter of 2008.

17) Help UK Overseas Territories to put into practice relevant international agreements, such as the UNCAC and the OECD bribery convention, and measures equivalent to the EU directives on money laundering. Where requested, review whether legislation will support the extension of the UNCAC and OECD conventions and, where necessary, draft legislation to bring about compliance with each convention (Ongoing).

All the Overseas Territories have requested the extension of UNCAC. At their request, a legislative audit of the Cayman Islands, the Turks and Caicos Islands, Montserrat, Anguilla and the Falklands, is being undertaken to assess whether their legislation is compliant with the terms of UNCAC.

Cabinet Office