

Basel Institute on Governance: Annual report 2007

Approved by the Board of the Basel Institute on Governance on 7 March 2008.

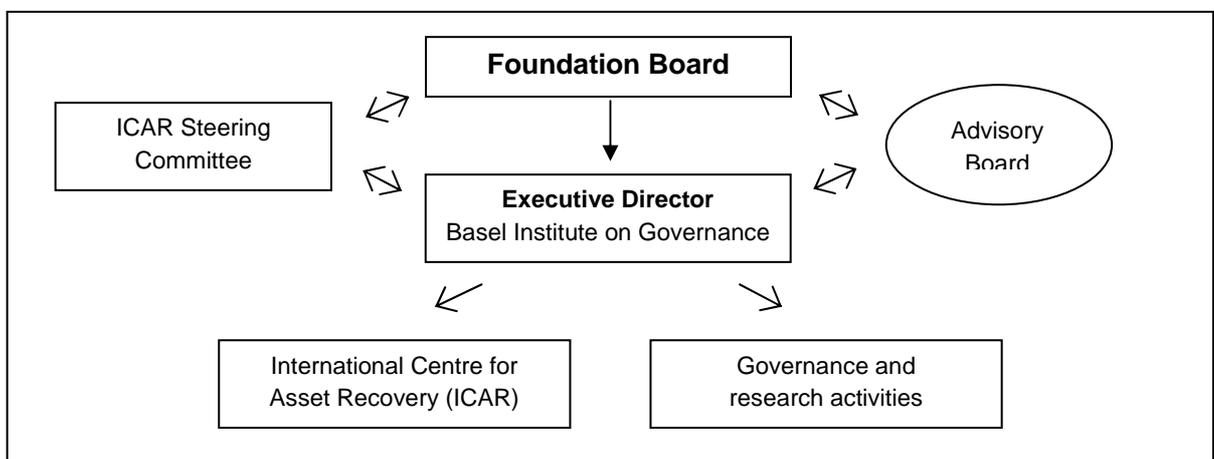
The year 2007 was marked on the one hand by the start of the operational phase of the International Centre for Asset Recovery (ICAR) and, consequently, by a considerable increase in the total number of staff employed by the Institute. On the other hand, the Institute succeeded in winning an exceptionally high number of consulting mandates in the fields of corporate and public governance. Consequently, the year 2007 again saw a remarkable increase in activities, including smaller consulting projects and research papers, brownbag lunches and other types of events, numerous public appearances of Institute staff, a growing network of partners, and a generally increased recognition of the Institute in Switzerland and internationally.

I. Structural and personnel issues

1. Structure of the Institute

With the departure of the former Director of ICAR, Jack D. Smith, and despite a number of potentially interesting dossiers received from candidates for this post, the Foundation Board decided to unite the management function of ICAR with the overall management of the Institute and to strengthen the secondary level of management responsibilities over time. Consequently, starting on 1 July 2007, the ICAR management was resumed by the Director of the Institute, Gretta Fenner. Furthermore, in the same Board meeting, the Board agreed on the structure of the institute as illustrated herewith:

Basel Institute on Governance



2. Team

Due to a substantial increase in activities, a considerable number of new staff was hired and joined the Institute during 2007:

- Zhanna Kozhamberdiyeva, PhD student and legal expert, joined on 1 February 2007.
- Kaspar Fischer (Switzerland, 80%), IT expert, joined on 22 March 2007
- Alan Bacarese (UK, 100%), Sr. Asset Recovery Specialist on secondment from UK Crown Prosecution Service, joined on 1 May 2007
- Mirella Mahlstein (Switzerland, 20%), Research Assistant, joined on 1 July 2007
- Tom Lasich (US, 100%), Sr Asset Recovery Specialist, joined on 5 July 2007
- Annette Frey (Switzerland, 40%), Research assistant ICAR, from 1 July to 31 August 2007
- Keila Häusler (Brazil, 20-30%), Research assistant ICAR, joined on 1 October 2007
- Yara Esquivel Soto (Costa Rica, 100%), Asset Recovery Specialist, joined on 1 October 2007
- Peter Huppertz (Germany, 60%), IT and e-learning expert, joined on 1 October 2007
- Matthias Wilde (Switzerland, 50%), Administration and Project Assistance, joined on 15 October 2007

Furthermore, for 2008, the Institute succeeded in hiring Daniel Thelesklaf at 40% (increasing to 70% and more during 2008) to start with ICAR as Sr Asset Recovery Specialist on 1 January 2008, and in selecting a new PhD student for ICAR to prepare a PhD thesis under the supervision of Prof Anne Peters starting on 1 March 2008, to replace Zhanna Kozhamberdiyeva who will complete her PhD thesis in early 2008.

The Institute also continues to rely on external senior advisors for selected projects, in particular in the area of corporate anti-bribery compliance.

II. Projects and activities 2007

1. Corporate Governance

In the field of corporate governance, the Institute focused chiefly on the acquisition and implementation of consulting mandates in the private sector, with particular attention to supporting corporations in developing comprehensive and functional internal anti-bribery compliance systems, as well as on the continuation of the Institute's involvement in a number of key private sector industry standards against corruption and money laundering.

Anti-bribery compliance systems (consulting mandates)

- Conclusion (in November 2007) of a 1.5 year consulting mandate with an internationally operating **oil company**. Mandate consisted in supporting the company in the development and implementation of a comprehensive internal anti-bribery prevention and control system, including the drafting of policies and rules, the consultation with key company stakeholder groups (internal), and the provision of training.
- Signed contract with major, internationally operating corporation in the **pharmaceutical sector** for the on-going provision of ad hoc advice in the implementation of new or the revision of existing

- internal anti-bribery policies and procedures. Regular consultation has taken place throughout 2007 in the framework of this contract.
- New consulting mandate acquired with Panalpina, an internationally operating Swiss based **freight forwarding corporation**, for the support towards establishing and implementing comprehensive internal anti-bribery policies, rules and processes. Project ongoing (cf. Media section).
- Small consulting mandate in the **F&B sector**, to assist the company in developing an internal whistleblower protection system.
- Cooperation with **World Conservation Union IUCN** envisaged in 2008, for the implementation of the IUCN internal Code of Conduct.

Industry standards

Wolfsberg Group

The Wolfsberg Group jointly with the Basel Institute on Governance and Transparency International in Spring 2007 has publicly issued the **Wolfsberg Statement against Corruption** (www.wolfsberg-principles.com/statement_against_corruption.html) which had previously been approved for submission to the member bank's Boards at the Winter meeting of the Wolfsberg Group on 12 and 13 December 2006 in Berlin. Even after this Statement has been completed, and including at the insistence of the Basel Institute on Governance's representatives in the Wolfsberg Group, the issue of corruption remains on the Group's ongoing work programme.

In December a **joint Wolfsberg Group FATF Typologies meeting** took place in London which included a corruption work stream that was jointly chaired by Philippe de Koster from the Belgian FIU and Hans-Peter Bauer for the Basel Institute. Participants included regulators, international organisations, law enforcement and police officers as well as anti-money laundering specialists from the banking sector. Whilst it was generally recognised that it is difficult to define specific banking transactions as indicators for corruption related activities, the group managed to define a number of areas that would be worth while to pursue further. Special attention should be given to the identification, the role and the monitoring of intermediaries. As the OECD is already doing work in this area, Philippe de Koster suggested inviting Mark Pieth to the next meeting.

As a further related activity, at the suggestion of the Basel Institute on Governance, the Group has invited a representative of the **UN Office on Drugs and Crime**, the custodian of the recently enacted UN Convention against Corruption (UNCAC), to present the UNCAC and the on-going process in various areas of interest to the Group during the Winter meeting in Zurich. As a consequence, the Wolfsberg Group has been invited to participate and speak at the forthcoming 2nd UNCAC Conference of States Parties, to be held in late January in Bali, Indonesia.

To improve the implementation of FATF Special Recommendation VII for the fight against the Financing of Terrorism, the Group has worked closely with international regulators and SWIFT to develop an **enhanced message type for cover payments** that will improve the transparency in the international flow of money.

Hans-Peter Bauer has represented the Basel Institute on Governance in the Wolfsberg Group at the Group's Spring, Autumn and Winter meetings (the latter jointly with Gretta Fenner), and has also attended, together with Mark Pieth and Gretta Fenner, the Wolfsberg Forum in May/June 2007 in Wolfsberg, Switzerland.

World Economic Forum Partnering Against Corruption Initiative

The Institute continues to support and actively promote and facilitate the work of the World Economic Forum Partnering Against Corruption Initiative (PACI), both through Mark Pieth's membership in the Board of the Initiative and Gretta Fenner's membership in the Initiative's Task Force. The Institute was represented at the Annual Meeting of the World Economic Forum in Davos in January 2007, during which the world's four big accounting firms could be won to sign up to and actively participate in the Initiative.

The Initiative's Task Force has undergone an important development from a primarily process and self-management oriented institution to an extremely lively forum for experience sharing and dialogue on implementation of anti-bribery principles in practice. This has been acknowledged by member firms as being the real value added of PACI. Work on further developing the three step implementation mechanism is also ongoing, and efforts are being made to ensure that signatory companies fulfil their commitment by means of actual implementation measures within their firms on the one hand, and participation in PACI activities and reporting procedures on the other hand.

Finally, efforts are being made to further strengthen cooperation with the other key private sector anti-corruption initiatives, ie the ICC Standards on Extortion and Bribery, the TI Business Principles and the UN Global Compact, and with other key public anti-corruption institutions such as the OECD Working Group on Bribery and the UN Office on Drugs and Crime as the custodians of the OECD Anti-Bribery Convention and the UN Convention against Corruption, respectively.

Work on new industry standards

- A **new country specific anti-bribery initiative** has been initiated in the course of 2007 and is likely to be launched publicly in 2008, with a particular focus on a country that is known to be particularly prone to corruption on the one hand and on the other hand is highly relevant in relation to international trade and foreign investment.
- New and promising attempt towards the re-establishment of an **industry initiative in the powers sector** made in second half of 2007
- Initial discussion of industry standard in **logistics/freight forwarding industry**
- Initial discussion of **industry standard / governance principles for the NGO sector** in cooperation with a major international NGO coalition

2. Public Governance

- **UN Convention against Corruption compliance review/gap analysis of Bangladesh**, in cooperation with the BRAC University Centre for Governance Studies and funded by GTZ (on-going into 2008).
- **UN Convention against Corruption compliance review/gap analysis of Kenya**, in cooperation with the Kenya Anti-Corruption Commission (KACC) and funded by GTZ (on-going into 2008).
- Organisation of **Belgrade 2007 Transparency Days**, at request of and funded by the Embassy of Switzerland in Serbia.
- Development of **anti-corruption training concept for GtZ Mauretania**.

- Drafting of **country study Indonesia on “national anti-corruption strategies”** (effectiveness, hindering and triggering forces, scope etc.) mandated by U4 and funded by the GTZ as part of a comparative study on the implementation of Article 5 of UNCAC.
- Participation in **ICAR fact-finding missions to Indonesia and Tanzania**, to support ICAR team and to explore additional (non-asset recovery) areas of collaboration with respective local counterparts
- Exploratory mission to **Business Keepers Monitoring System (BKMS) offices** in Berlin to evaluate usefulness of BKSM for Indonesian whistleblower system (mandated by GTZ), project proposal under evaluation in Indonesia.
- Development of **training session for public officials from Lithuania**, in cooperation with the Lithuanian Centre of Economic Training), to take place in Vilnius in February 2008.
- Organisation, at request of Govt. of Indonesia, of **2-day regional seminar on Asset Recovery and MLA in Asia and the Pacific** (Bali, Indonesia, 5-7 September 2007), with funding from GtZ and UNODC.
- Submitted **various offers for anti-corruption reform programmes** (e.g. Burkina Faso/UNDP, Bangladesh/UNDP, Bhutan/Helvetas, Bhutan/UNDP, Tanzania/Finland, Africa/AFDB-OECD)
- Provided **comments on UNCAC technical guidance document**

3. Global Governance and Research

- 1-day expert workshop, organised by Basel Institute on Governance and Swiss Tropical Institute (December 2007) with contributions by researchers from South Africa and the Kyrgyz Republic, to review and finalise the new submission of a joint 3-year research project on **“Governance of Essential Health Care Systems”**.
- **Research paper on corruption and human rights in the context of National Integrity Systems**, mandated and funded by the International Council on Human Rights Policy (ICHRP); a revised version of this paper is to be published in an edited volume by the Kennedy School of Government.
- First draft of working paper on **Trade, Corruption and Human Rights** jointly with and funded by the World Trade Institute. Final draft to be completed in first half 2008.
- Submission for funding to various donors of applied research project on **„Governance and Conflict – Lessons learnt from multistakeholder initiatives”**, developed jointly with Swisspeace (funding decisions awaited)
- **The role of local governance in promoting/hindering full enjoyment of the rights by affected populations**, research proposal submitted for funding to various donors jointly with Human Solutions Consulting (funding decisions awaited).

4. Asset Recovery

Launched in mid-2006 with substantial seed funding from the Swiss Agency for Development and Cooperation (SDC) and the Principality of Liechtenstein, the Institute’s International Centre for Asset Recovery (ICAR) experienced an intense period of start up activities and operations in 2007. The Centre focused on launching its pilot asset recovery training programs, building national and international partnership arrangements to heighten its profile and expand its network of partners and experts, as well as on mobilizing both human and financial resources to allow it to implement its mandate through 2008 and onward. Key activities in 2007 included the following:

Trainings

The ICAR developed and implemented **four asset recovery training programs** in four countries:

- **Indonesia:** Intermediate asset tracing, recovery and repatriation training for the Corruption Eradication Commission (KPK) and the Attorney General's Office, Jakarta, September 2007
- **Bangladesh:** Mutual Legal Assistance and Asset Recovery Capacity Building (Operationalising UNCAC Chapter V) for the Bangladesh Asset Recovery Task Force (Part I, a training workshop series), Dhaka, November 2007
- **Brazil:** Investigative Techniques, Case Management and Data Analysis to Combat Money Laundering and the Financing of Terrorism, for judges and prosecutors from the various states of Brazil, co-sponsored together with the Brazilian Ministry of Justice and the United Nations Interregional Crime and Justice Research Institute, (Brasilia, November 2007)
- **Tanzania:** Mutual Legal Assistance and Asset Recovery Capacity Building (Operationalising UNCAC Chapter V) for the Prevention of Corruption Bureau, Dar Es Salam, December 2007

The development and implementation of these training programs involved assessment missions and country-specific research to integrate domestic laws and legal procedures into the training programme. Furthermore, where requested and to ensure that the trainings were of particularly high relevance to ongoing cases, ICAR involved a number of external experts from various key financial centres (Singapore, Malaysia, United Kingdom, Nigeria, and Switzerland) in the trainings. On average, 20 participants attended each training event.

ICAR is further developing **follow-up assistance and mentoring components** for the participants and partner institutions of these trainings. These may include legal drafting assistance, case coaching or follow-up trainings. Furthermore, a number of requests for trainings from countries in **Latin America and Africa** were received and will be evaluated in the first quarter of 2008.

Finally, the ICAR at the invitation of UNODC contributed to the training workshop on "Non-conviction based forfeiture systems and the management and control of assets pre- and post confiscation", organized by UNODC in cooperation with the Nigerian Economic and Financial Crimes Commission (Nigeria, November 2007)

Case assistance

ICAR has received a number of requests for strategic case advice both in the context of training activities as well as independently from other projects. The ICAR is actively engaged in accompanying the relevant authorities in a selected number of cases, after having carefully analyzed the respective requests. The case assistance activities are likely to be intensified in the course of 2008, as more evidence and case activity in all these cases is to be expected. The ICAR further advises the Swiss NGO coalition on the return of Duvalier funds to Haiti in technical matters.

Asset Recovery Knowledge Center

Important resources were invested during 2007 in the development of **ICAR's online Knowledge Centre for Asset Recovery** which, by the end of 2007, consisted of several prototype functions and contained a

satisfactory amount of information, in particular a number of “country profiles” ready for its official launch at the Second Conference of States Parties (COSP) to the UNCAC (Bali, January 2008).

Once launched at the COSP, the Knowledge Center becomes accessible to the public free of charge and through a self-serve web portal (www.assetrecovery.org). The aim of this hub is to provide a research and case relevant assistance facility on asset recovery, by housing relevant international treaties, bilateral agreements and domestic laws relevant to MLA and asset recovery and related fields such as anti-money laundering. It also provides case analysis and secondary literature, as well as an extensive database of contacts of relevant authorities in most countries around the world.

Other asset recovery projects

- Assisted the **Kenyan Anti-Corruption Commission (KACC)** to assess and determine asset recovery capacity gaps in the framework of the Basel Institute on Governance’s mandate to assist the KACC in analyzing Kenya’s compliance with the UN Convention against Corruption under its five chapters. First assessment mission in November 2007. Project to be continued in 2008.
- Commenced work with **Transparency International-UK** to compile a report on the UK’s performance on prosecuting overseas corruption and asset recovery (November 2007). Project to be continued in 2008.

5. Conferences and other public events

- **Combating Fraud and Corruption in the European Union** (1-2 February 2007, Trier, Germany). Co-organised with the European Academy of Law, and funded by the European Anti-Fraud Office OLAF.
- **The Role of Nonstate Actors in Standard Setting** (8-9 February 2007, Basel, Switzerland). International academic research conference with approximately 120 participants from Switzerland, Europe, Northern America, Africa and Asia.
- **Two Asset Recovery Donors meetings** (March and May 2007, Basel, Switzerland).
- Expert Workshop on **“Implementing the Asset Recovery Provisions of the UN Convention against Corruption”** (15-16 May 2007, Basel, Switzerland). Organised jointly with the UN Office on Drugs and Crime.
- **Brownbag Lunch** with Dr. Jillian Clare Cohen, Assistant Professor at the Leslie Dan Faculty of Pharmacy, University of Toronto (21 May 2007, Basel), on **“Good Governance in the Pharmaceutical System: Why it is a Matter of Life and Death?”**.
- **Brownbag Lunch** with Guy Dehn, Director of Public Concerns at Work (11 September 2007, Basel), on **“Whistleblower protection: the experience of the United Kingdom”**.
- **Awareness raising and policy consultation meeting on whistleblowing**, organised for the Swiss Federal Administration, to support current legal drafting process on the subject. Guest expert: Guy Dehn, Public Concerns at Work (11 September 2007, Bern, Switzerland).
- **Conference on Accounting, Auditing and Compliance in Corporate Groups** (8 November 2007, Zurich, Switzerland). Organised by the Europa Institute of the Zurich University and Prof Lukas Handschin from the University of Basel/Basel Institute on Governance, in cooperation with the Basel Institute on Governance.
- **Protection of EU and Swiss Financial Interests – Challenges for law enforcement and the financial industry** (10-11 December 2007, Basel, Switzerland). Co-organised with the European Academy of Law, and funded by the European Anti-Fraud Office OLAF.

6. International relations and networking

Partnerships:

- In June 2007, the Basel Institute on Governance signed a **Memorandum of Understanding (MOU)** with the **UN Office for Drugs and Crime (UNODC)** which outlines areas of cooperation, roles and responsibilities in the implementation of the UN Convention against Corruption (UNCAC); as a consequence, the Basel Institute on Governance has become an associate member of the UN Crime Prevention and Criminal Justice Programme Network (PNI) and attended its first PNI meeting in Turin, Italy, in December 2007.
- The Basel Institute is also collaborating actively with other international organisations involved in fostering governance, combating corruption and promoting the recovery of stolen assets, such as the **World Bank, UNICRI, the African Development Bank, the OECD, the Asian Development Bank, Interpol, etc.** Details for these collaborations are contained in this report's individual project descriptions.

Participation in conferences, public appearances:

- Presentation on corporate anti-bribery compliance and whistleblowing in a public workshop organised by **Deloitte&Touche** (April 2007)
- Two presentations to **Novo Norsk Middle East** in April and May 2007 in Athens, Greece, on corruption and development, and on whistleblowing protection, respectively.
- ICAR, in cooperation with the Swiss Attorney General's Office, gave a general presentation on "The role of Switzerland in asset recovery" for an **Indonesian delegation** consisting of middle-ranking officials from various Indonesian public offices involved in the prosecution of corruption and asset recovery, including the Ministry of Justice, Ministry of Foreign Affairs, Police Department. Swiss public official from (Basel, June 2007)
- Participated in **public panel discussion on corruption prevention in SMEs**, organised by Sustainability Forum Zurich (June 2007)
- Participated in and presented ICAR at the **Corruption Hunter Network** of the Norwegian Agency for Development (NORAD) in Norway (June 2007)
- Attended the First and Second Conference of the **International Association of Anti-Corruption Authorities (IAACA)** in China (June 2007) and in Bali (October 2007).
- Participated in and spoke at the **ICHRP Review meeting on Corruption and Human Rights** (July 2007, Geneva, Switzerland)
- Attended the meetings of the **three Open-Ended UNCAC Working Groups** on Monitoring, Implementation and Asset Recovery (August and October 2007, respectively).
- Participated as expert in the **GRECO evaluation of Switzerland**, at the invitation of seco (18 September 2008).
- Participated in and spoke at the **WHO Expert Group meeting on Good Governance in Medicines** (September 2007, Geneva, Switzerland)
- Participated in and presented ICAR at the **UNDP Regional Conference on Corruption and Money Laundering**, "Strengthening the Rule of Law in Arab States – Project on Modernization of Public Prosecution Offices" (October 2007, Egypt)
- ICAR hosted the visit of, and gave a general presentation about ICAR, to the **Indonesian Asset Recovery Task Force** consisting of select inter-departmental delegates from the Attorney General's

- Office, the Department of Foreign Affairs and the Department of Law and Human Rights (Basel, November 2007)
- Presentation on "The same benchmarks apply to all: **Accountability, oversight and regulation in the not-for-profit sector**", at the occasion of the sixth Symposium of the Swiss Health Cooperation (Schweizerische Gesundheitszusammenarbeit) on 6 November 2007, in Berne, Switzerland.
- Participated in public panel discussion organised by Ernst&Young on the recovery of stolen assets (26 September 2007, London, UK)
- Participated in and presented the Institute at the 12th Plenary Session of the **International Scientific and Professional Council of the United Nations Crime Prevention and Criminal Justice Programme (ISPAC)** and the **ISPAC Annual Conference 2007** on "The evolving challenge of identity-related crime: Addressing fraud and the criminal misuse and falsification of identity" (29-30 November and 30 November-2 December 2007, respectively, Courmayeur, Italy).

7. Publications and Media

Publications:

- **Verhaltensregeln für die Verwaltung von Vorsorgeeinrichtungen**, by Mark Pieth, -Peter Bauer, Lukas Handschin, HansAndreas Müller, and Gretta Fenner, Basel Institute on Governance Working Paper 03, February 2007.
- **The international dimensions of judicial accountability**. By Zora Ledergerber, Gretta Fenner, Mark Pieth, in: Global Corruption Report 2007 (Corruption in Judicial Systems), Cambridge University Press/Transparency International, 2007 (www.transparency.org).
- **Einfach schweigen?** By Zora Ledergerber, in: *Wir Kaufleute – Monatszeitschrift des Kaufmännischen Verbands Zürich* (01/07).
- **U4 Brief on Asset Recovery**. By Guillermo Jorge, Mark Pieth and Jack D. Smith, at request of U4 Anti-Corruption Resource Centre (www.u4.no).
- Preparation of **edited volume on "Recovering Stolen Assets"** (Pieth, Basel Institute on Governance, ed.), will be published by Peter Lang AG in January 2008.
- Preparation of **edited volume on the "Role of Non-State Actors in Standard Setting"** (Fenner, Förster, Koechlin u Peters, eds.), submitted to Cambridge University Press for evaluation.
- Preparation of **co-publication with Asian Development Bank and OECD on mutual legal assistance and asset recovery** (conference proceedings from Bali regional Asia-Pacific conference), will be published by ADB in first half 2008.

Media reports, newspaper articles etc. about the Institute and its activities:

- **Regeln macht der Staat, oder? Wie sich Banken oder die Holzindustrie selbst regulieren** | Basler Zeitung | Saturday, 10 February 2007 | page 33.
- **"Korruption wurde gefördert" - Zertifizierung erhöht "ethisches Kapital" von Firmen** | Basler Zeitung | Saturday, 10 February 2007 | page 33.
- **Korruption kostet Leben** | Basler Zeitung | Tuesday, 22 May 2007 | page 31.
- **Potentatengelder als Reputationsrisiko für den Finanzplatz Schweiz - Drohendes Debakel im Fall Duvalier** | by Mark Pieth | NZZ | Tuesday, 06 June 2007 | page 27.
- **Schweiz tut sich schwer mit Diktatoren-Geldern** | SR DRS Echo der Zeit | Monday 26 June 2007 | Radio | Summary: Die Gefahr ist gross, dass die Millionenvermögen der Diktatoren Duvalier und

Mobutu aus Haiti und Kongo in der Schweiz nicht weggeschafft werden. Denn ihre Länder haben keine Rechtshilfesuche gestellt. Damit könnten die Diktatoren und ihre Familien das unrechtmässig erworbene Geld behalten. Wie lässt sich das verhindern? Markus Mugglin im Gespräch mit dem Basler Strafrechtsprofessor Mark Pieth.

- **Whistleblowers inch towards more protection** (Switzerland) | Swissinfo | 28 June 2007.
- **Global OK needed for missing assets** | Jakarta Post | 6 September 2007.
- Participation at **Transparency International press conference** at the occasion of the launch of the 2007 Corruption Perception Index (26 September 2007, London, UK)
- **Kontakte, Zusammenarbeit Konferenz | Betrügerisches Milliardenkarussell | Zollbetrug in der Schweiz** | Basler Zeitung | 10 December 2007.
- **Kampf den transnationalen Steuerdelikten - Was vom Betrugsbekämpfungsvertrag Schweiz-EU zu erwarten ist** | NZZ | 12 December 2007.
- **Schweiz will Umsetzung der bilateralen Verträge** | Basler Zeitung | 12 December 2007.

8. Fundraising

Governance

Little progress was made in terms of expanding the basis for seed funding for the Governance activities of the Institute. However, major project contributions for conferences were received from OLAF, the GtZ and the US State Department/UNODC. The Institute further succeeded in raising smaller project related sponsoring contributions from a variety of institutions, including (in alphabetical order), Bank Sarasin & Cie. AG; BIZ Stiftung; British Council Switzerland; Gregory Bruch and Akita Adkins, Foley & Lardner, USA; Lucinda Low, Steptoe & Johnson LLP, USA; NCCR Trade Regulation; Schweizerische Akademie der Geistes- und Sozialwissenschaften (SAGW); Swiss Directorate of Public International Law; Swiss National Foundation; and UBS AG.

Asset Recovery

In May 2007, the ICAR acquired a third donor, the UK Department for International Development (DFID), to fund the secondment of an anti-corruption specialist (Alan Bacarese) from the Crown Prosecution Service (CPS) to the ICAR for three years. This acquisition met the condition of the SDC, as stated in its Memorandum of Understanding with the ICAR, that ICAR obtain a third donor by the end of June 2007 before SDC could confirm its funding support through 2010. The core donors of ICAR now include the SDC, the Principality of Liechtenstein, and the United Kingdom.

Furthermore, the ICAR was able to attract project funding from the GTZ and the African Development Bank, and to establish a funding partnership with the World Bank, to fund specific training programmes in Indonesia, Tanzania and Bangladesh in 2007.

III. 2008 Outlook

1. Governance and Research

- The Institute must continue to actively seek **additional seed funding** for its governance activities, in order to be able to further strengthen its research activities as well as programmes under the heading of "industry standards".
- In the area of anti-money laundering and CFT, the Institute will cooperate with the Financial Integrity Network Switzerland for the organisation of the second international seminar on Combating the Financing of Terrorism, to be held in Davos in October 2008. Furthermore, the Institute is likely to be awarded a number of consulting mandates on anti-money laundering in the first half of 2008. It will consequently consider expanding its capacity in this particular field including, if possible, by establishing a small specialist team within the Basel Institute.
- In 2008, at least two major **conferences** are being planned, namely on 29 February 2008, in cooperation with SWISSCHAM-AFRICA, UNIDA and the University of Basel, the conference "OHADA – lutte contre la corruption", held at the law faculty of the University of Basel; and on 10-11 April 2008, the third conference in the Institute's series of health/pharma sector conferences. The 2008 conference in this series will deal with the issue of "Philanthropy in Health – Governance and Effectiveness Criteria", and receives the support from the Swiss Tropical Institute, Bank Sarasin & Cie. AG and UBS AG.
Furthermore, the Institute considers organising a number of smaller or at least one larger conference on a topic in the field of corporate anti-bribery compliance, towards the end of 2008. Finally, the Institute will in 2008 again cooperate with the European Academy of Law in the organisation of a European conference on the fight against corruption and international cooperation.
- In the area of **research**, the 3-year research project on Health Sector Governance, developed jointly with the Swiss Tropical Institute, will be submitted to the SNF for funding; furthermore, a number of smaller research projects are expected to receive funding in 2008, e.g. in the area of corruption & human rights, corruption & trade, and multistakeholder initiatives in peace processes.
- The Institute will further continue to increase its capacity in terms of **consulting mandates in corporate and public governance**. The minimal goal for 2008 in this respect is to execute at least as many mandates as in 2007, and ideally to increase the volume by a minimum of 25 percent.
- Furthermore, in the area of corporate governance, the Institute will continue to participate actively in existing **anti-corruption and anti-money laundering multi-stakeholder initiatives**, in particular the Wolfsberg Group and the World Economic Forum Partnering against Corruption Initiative. In addition, at least two or three additional industry-specific and country-specific anti-corruption and business transparency initiatives are likely to be launched in the course of 2008.
- For 2008, the Institute shall publish at least **one book and 3-4 working papers**.

2. Asset Recovery

In 2008, the ICAR will continue to build upon its activities and projects launched in 2007, in particular focusing on follow-up training activities, acquiring and implementing new asset recovery training mandates as well as case assistance work.

Trainings, Case assistance & other related projects:

- Development and implementation of asset recovery training programs (3-5 training programs). These will include follow-up training elements to the trainings already provided in 2007 (Indonesia, Tanzania, Bangladesh and Brazil) as well as new training programs, possibly for countries like Madagascar, Nigeria, Nepal and the Kyrgyz Republic who have approached the ICAR in 2007 with expressions of interest in asset recovery capacity building assistance. The ICAR will follow up with these two specific countries in early 2008 as well as other countries as appropriate.
- Follow up and continue the ICAR's existing case assistance projects, and reach out to other potential countries as adequate.
- Continue to work with the Kenyan Anti-Corruption Commission to develop an asset recovery capacity building project (in coordination with the Institute's Gap Analysis project for Kenya).
- In cooperation with Transparency International (UK), continue compiling a report on the UK's performance on prosecuting overseas corruption and asset recovery
- With relevant stakeholders and interested partners (Transparency International), devise and launch a new project which shall aim to analyze the roles and responsibilities of civil society in asset recovery and to promote these functions of civil society through appropriate channels and forums (possibly through regional seminars or as add-on components to ICAR's general asset recovery training programmes)

Conference / meetings

- Host at least one donors' coordination meeting in 2008, to follow up on previous such donors meetings held in March and May 2007.
- Cooperate with the Government of Switzerland in the organisation of the Lausanne IV expert meeting on asset recovery

Knowledge Center/IT:

- Continue the development, testing and full application of the Online Knowledge Center for Asset Recovery. In particular, continue the research, collection and uploading of relevant information including country profiles, contact information, case summaries and analysis.
- Devise "case management tools and systems for asset recovery" for countries requesting such assistance (Tanzania, Indonesia).

Partnerships/Networking/Public Relations:

- Continue networking with key stakeholders within the national and international anti-corruption community and establishing partnership arrangements for the effective, consistent and transparent implementation of asset recovery initiatives (World Bank, Interpol, development banks, foundations, accounting firms)
- Actively seek and participate in asset recovery and related forums, conferences, workshops and other events to continue raising the ICAR's profile as well as expanding the ICAR's network of experts, partners and information sources.
- Participate in the sessions of the three Working Groups of the UN Convention against Corruption (UNCAC) and prepare for the Second Conference of States Parties to be held in January 2008 in Indonesia.

- Coordinate donor meetings either in Basel or elsewhere, to ensure that the resource mobilisation momentum for asset recovery generated at the meetings in 2007 is maintained.
- Plan the next asset recovery expert seminar (Lausanne IV) in cooperation with the Swiss Government.

Fundraising:

ICAR will continue to vigorously conduct fundraising activities in order to seek additional core funding as well as project-specific funding to implement its foreseen operations through 2010. The Centre will approach governments, foundations, large private enterprises, as well as development agencies and banks (including their local or regional offices). The ICAR will also continue organising donor meetings for asset recovery to ensure that current and potential donors are aware of the funding challenges and to establish mechanisms and strategies for effective resource mobilisation for asset recovery.



Mark Pieth
Chairman of the Board



Gretta Fenner
Executive Director

Basel, 7 March 2008