

# Basel Institute on Governance

Annual Report 2011





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## Structure and Organisation

### Management

The Institute's management was led by Daniel Thelesklaf as the Executive Director with responsibility for the International Centre for Asset Recovery (ICAR) and the Public Governance Division, and by Damian Heller, Director with responsibility for the operations of the Corporate Governance and Compliance Division. Mr Thelesklaf left the Institute in November 2011. In December 2011, the Institute appointed Ms Gretta Fenner Zinkernagel as its new Managing Director and Director for ICAR, and Dr Jan Richter as Director for Public Governance. The three operational divisions of the Institute are supported logistically and administratively by the Resources and Operational Support Division of the Institute, which is headed by Ms Andrea Poelling.

### Board

The Institute's Board is composed of the following members:

- Dr Marco Balmelli
- Dr Hans-Peter Bauer
- Dr Thomas Christ
- Prof Dr Till Förster
- Prof Dr Lukas Handschin
- Prof Dr Anne Peters (Vice-President)
- Prof Mark Pieth (President)
- Prof Dr Anton Schnyder

### Team

The Institute continues to employ a team of experts from a wide variety of countries (Brazil, Germany, Italy, Mexico, the Netherlands, South Africa, Switzerland, Togo, the United Kingdom and the United States). Team members have rich practical and academic experience and expertise and cover a broad range of disciplines such as criminology, business, international public and tax law, political sciences, economics, international relations, development, conflict management, human rights, and IT. In addition to its permanent staff, the Institute continued to engage a number of young professionals as interns in the development and implementation of various projects on a temporary basis. Interns in 2011 included: Alicia Oberhäuser, Lucia Scharpf, Georg Schmidgen, Carolyn Moser and Jasmin Raith. The Institute also continued to involve a number of external experts from within its continuously expanding network of peers and professionals, in particular on projects in the areas of Corporate Governance and Compliance, as well as Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT).

Three team members of ICAR – Alan Bacarese, Head of Legal and Case Consultancy, Mark Van Thiel, Senior Financial Intelligence Unit Expert, and Daniel Thelesklaf, Executive Director/Director of ICAR – left the Institute in 2011. The Institute has entered into an agreement with Alan Bacarese's new employer, a London based law firm,

which allows the Institute to continue to draw upon the expertise of Alan in his capacity as Senior Asset Recovery Consultant on a project-for-project basis. The recruitment process for the position of Head of Legal and Case Consultancy was launched in the second half of 2011 and the position will be filled in the first half of 2012.

## Public Governance

### Anti-corruption and governance advisory services

Throughout the year the Public Governance Division carried out different projects in the **Middle East North Africa (MENA)** region as part of a cooperation framework agreement with the World Bank concluded in 2010. In **Morocco**, experts of the Institute reviewed the current Moroccan justice system and conducted a detailed analysis of court performance measurement and management; this project will continue into 2012. The Institute also offered analytical support regarding reform projects in the field of access to information. In **Tunisia**, staff provided technical assistance to the authorities with regard to existing and future legislation dealing, amongst others, with conflicts of interest and access to information.

The Public Governance Division was further mandated to compile the **Global Integrity report 2011 on Germany**. The final report, comprising more than 300 “in law” and “in practice” indicators, will be published by Global Integrity in early 2012.

At the request of the Ministry of Justice of Armenia, and funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Institute provided assistance to the Armenian Ministry of Justice and other relevant public bodies of **Armenia** in the development of a sound methodology for conducting an anti-corruption assessment of public laws. These services involved deskwork, research as well as on-site technical and capacity building assistance through workshops, discussions and meetings with public officials.

Supported by the United Nations Development Programme (UNDP), the Institute assisted the national authorities in **Mongolia and in Vietnam** in conducting a self-assessment of their anti-corruption capacities and their compliance with the UN Convention against Corruption (UNCAC).

In May 2011, in cooperation with and funded by the U4 Anti-Corruption Resource Centre, the Institute contributed to the development and delivery of a training workshop on the UNCAC in **Zambia**. Aim of the training workshop was to raise local stakeholders’ awareness about the Convention, its implementation review process and possibilities to use and support the Convention for advancing local anti-corruption reforms. For **U4’s three-week online training course focusing on the UNCAC**, the Institute developed and delivered the course programme and reader on Chapters III, IV and V of the UNCAC.

In the context of the Institute’s research programme on governance and health systems, the Institute in May 2011 was mandated by the Swedish International Development Cooperation Agency (SIDA) in Kampala, **Uganda**, to conduct a corruption risk assessment of the Ugandan public sector medicine chain.

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## Research

The Institute's interdisciplinary research programme on "**Governance of Health Systems**" in 2011 saw the completion of a 3-year research project that was implemented in close cooperation with the Swiss Tropical and Public Health Institute and was funded by the Swiss National Science Foundation (SNF). In this last year of the project, the research team developed an analytical framework to assess the governance of health systems and tested it in Tanzania and Tajikistan. The findings from this field research were published in a Basel Institute on Governance Working Paper (see page 18 "Publications") and presented on a number of occasions, including at the Conference "Emancipation and Creativity - Comparative Perspectives on Political Order and Governance in Africa and Beyond" in Leuenberg, Germany, in January 2011, and at the joint British International Studies Association (BISA) and German Political Science Association (DVPW) International Relations Conference at St Andrews, Scotland, in December 2011.

The Public Governance Division initiated research into the effects of and possible solution to **conflicts of interest of members of government in the MENA region**. The findings from this research were presented at an international seminar on corruption and conflicts of interest held at the University of Sciences Po in Paris, France.

Finally, the Institute collaborated with the U4 Anti-Corruption Resource Centre on a research paper that resulted in the publication of a paper that analysed the positive impacts that can be derived from **Financial Intelligence Units and Anti-Corruption Commissions working together with the goal of fighting corruption**.

## Corporate Governance and Compliance

### Compliance advisory services

The Corporate Governance Division of the Institute co-authored an expert report on FIFA's governance, which was published in September 2011. Subsequently, after the publication of the report, Prof Mark Pieth was appointed Chairman of the Independent Governance Committee (IGC) to supervise the reform of the **Fédération Internationale de Football Association (FIFA)**. At the same time, the Corporate Governance division of the Institute was assigned the role of the Secretariat of IGC, supporting the IGC in all aspects of its work. The goal of the IGC is to oversee the creation and implementation of effective structures and controls so that FIFA and its members act with integrity and that confidence is restored amongst all FIFA stakeholders, including fans and the wider public.

Experts of the Corporate Governance division successfully completed a three-year project for a major European bank where they helped to establish a new anti-corruption system and to refocus the compliance organisation. For the past 18 months it acted as a compliance monitor for the group-wide rollout and implementation of the policies and procedures at the request of the European Bank for Reconstruction and Development (EBRD). EBRD commended the Basel Institute's important role in the successful implementation of the project.

The Corporate Governance Division continued its mandate to **support the establishment of an effective com-**

pliance programme of a leading international services group, which specialises in the area of industry, real estate and infrastructure. This mandate was acquired in early 2010 and will continue in 2012, with a focus on implementing the Institute's recommendations.

The Institute developed a **specific framework for assessing and benchmarking the anti-corruption elements of a company's overall compliance program**. It subsequently applied this new framework tool within the context of a larger project, which it carried out for a global courier, express and parcel company. This same project also involved the task of developing and providing recommendations with regard to the UK Bribery Act.

## Collective action initiatives

The Institute worked on several collective action initiatives with dedicated funding received in January 2011 from the **Siemens Integrity Initiative**:

An important milestone was reached in the **High-Level-Reporting Mechanism**. This mechanism, which resulted from the collective action initiative in the power systems industry and has been expanded to include additional industries, aims at providing an effective tool to address solicitation. This initiative has been adopted as part of the official recommendations in the final report of the B20/G20 summit in November 2011 in Cannes. Once the respective countries implement this mechanism, it will help tackle the problem of corruption from the demand side. A first pilot project is planned in 2012.

In a separate collective action initiative, several companies are negotiating a **framework agreement** to serve as an umbrella for collective action projects in selected high-risk geographies and for regional collective action initiatives. This collective action initiative originated in the "large drives industry" and has been expanded to the energy sector.

In the **Desertec Initiative**, the Institute has contributed to the drafting of a compliance code, which was subsequently discussed with major shareholders at the last Desertec shareholder meeting in September.

Representatives of the Institute, Siemens Vietnam, as well as other companies and organisations joined the Steering Board of the **Reform and Modernization of Vietnam Customs Initiative**, which is coordinated by the World Economic Forum/PACI. As the responsible parties for the Initiative's Transparency Track, the Institute and TNT Express have developed an action plan and monitoring mechanism to stop facilitation payments in the express carriers industry in Vietnam by 2017. The initiative also aims to include additional stakeholders from industry, civil society and international organisations.

The **airport logistics and postal solutions industry** has been identified as a new area for collective action. The new initiative will be the first project under the work stream "mobility" that has been identified as one of the main work streams in a kick-off meeting between Siemens and the Institute.



## International Centre for Asset Recovery (ICAR)

Guided by its Business Plan 2011-2013 which was adopted by the Board in July 2010, the ICAR Team developed and implemented a series of asset recovery training programmes, provided legal and case consultancy services to national authorities and developed practical tools to support these authorities in efforts to repatriate stolen assets.



### Trainings and capacity building

In summary, ICAR in 2011 developed and carried out a total of nine (9) interactive and participant-based asset recovery / financial investigation training programmes to audiences representing 17 countries in Africa, Asia, Eastern Europe and the MENA region; completed the last phase of a full-fledged train-the-trainer programme in Africa; and contributed substantially to asset recovery and AML/CFT trainings organised by such other organisations as the EU Anti-Fraud Office OLAF, IMF and the Council of Europe. Further trainings were provided in the course of a series of case consultancy assignments in an African country, as part of the coaching approach taken to advising the country in developing and implementing an investigation strategy for a series of high-profile cases.



The teams delivering these trainings were composed of experienced prosecutors, mutual legal assistance experts and investigators. In total, ICAR in these trainings trained 493 law enforcement officials from FIUs, investigative bodies, prosecutorial authorities and members of the judiciary.

#### *Interactive financial investigation, AML and asset recovery trainings:*



The signature training of ICAR, in financial investigation and asset recovery, offered as basic or advanced training, consists of a practical, computer-based exercise tailor-made to the concerned country's legal and institutional framework as pertinent to asset recovery. It takes participants through the investigation of a simulated corruption case involving both money laundering and asset recovery elements. This hands-on exercise is interspersed with formal lectures provided by the Institute's experts to guide participants through the different steps of analysis, investigation and evidence collection, MLA drafting etc. In 2011, the following trainings of this type were conceptualised and delivered:



**Armenia (January-April 2011), in collaboration with the IMF:**

- The Institute performed a scoping mission to Baku to assist in the preparation of a six-day country-specific training programme in respect of money laundering and asset recovery in Azerbaijan in March/April 2011. Aim: Enhance the capacity of key law enforcement agencies in analysing, investigating and prosecuting international corruption and related money laundering cases in Armenia, and in handling international legal assistance requests and to more effectively cooperating with foreign jurisdictions to repatriate stolen assets. Participants: 20 investigators of the Ministry of Taxes, and the General Prosecutors' Office, as well as prosecutors, judges and representatives of the Financial Monetary Service (FMS).

**Azerbaijan (February-March 2011), in collaboration with the IMF and the Prosecutors' School of Armenia:**

- ICAR conducted a scoping mission to inform the development and delivery of the subsequent six-day country-specific training programme. Aim: Strengthen the participants' capacity to investigate money laundering and pursue the recovery of stolen asset. Participants: 20 investigators (National Security Department of the Police and the General Department of the Police against Organised Crime), prosecutors, judges and representatives of the Financial Monitoring Centre (FMC).

**Cameroon (September-December 2011, training delivered in January 2012)**

- The Institute's experts conducted a scoping mission to prepare the delivery (in January 2012) of a targeted training in financial investigation, mutual legal assistance and the recovery of stolen assets. Aim of the scoping mission: To determine the training needs of the relevant Cameroonian authorities. Counterparts in Cameroon: Key law enforcement agencies involved in the fight against corruption and money laundering, including the Ministry of Justice, Prosecutors General of Yaoundé and Douala, Representatives of the ANIF (FIU) and CONAC (NAAC), Inspectors of the Judicial Police, State Auditors.

**Georgia (January 2011):**

- ICAR experts conducted a Financial Investigations and Asset Recovery Training Programme as a follow up to an earlier training delivered in March 2010. Aim: Enhance the capacity of Georgia's key law enforcement agencies to analyse, investigate and prosecute international bribery cases. Participants: A total of 18 investigators, prosecutors and representatives of the Financial Monitoring Service and the Financial Police.

**Israel (November 2011), in cooperation with the Financial Enforcement Unit of the Israel Ministry of Justice:**

- The Israel Ministry of Justice invited ICAR to conduct a five-day, country-specific training programme in respect of money laundering and asset recovery. Aim: To enhance the capacity of key law enforcement agencies in the tracing and recovery of stolen assets, more particularly in respect of cases involving money laundering and related predicate offences such as corruption. It also covered aspects relevant to cooperation with foreign jurisdictions in repatriating assets stashed abroad. Participants: 26 investigators (police, tax authority, securities authority), prosecutors from the State Attorney's Office and representatives of the Israel Money Laundering and Terror Financing Prohibition Authority (IMPA).

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**Kyrgyz Republic (May – July 2011), in cooperation with the IMF, the Swiss State Secretariat for Economic Affairs (SECO) in the Kyrgyz Republic and the Kyrgyz State Financial Intelligence Service (SFIS):**

- ICAR conducted a preparatory mission to the Kyrgyz Republic for the purpose of preparing a six-day, country-specific training programme in respect of money laundering and asset recovery. Aim: Enhance the capacity of key law enforcement agencies in analysing, investigating and prosecuting international corruption and related money laundering cases in Kyrgyzstan. Participants: 29 investigators from the National Security Committee, the Financial Police Service, the Service for Drug Control and Ministry of Internal Affairs, as well as prosecutors, judges and representatives of the SFIS and the Kyrgyz National Bank.

**Liberia (April 2011), with funding from USAID, organised in Basel, Switzerland:**

- ICAR experts delivered a two-week Advanced Financial Investigation Training. Participants: 11 representatives from the Liberian Anti-Corruption Commission (LACC) and the National Bank of the Kyrgyz Republic. Aim: Develop capacity in collecting, preserving and presenting evidence (crime scene processing); conducting mock trials; applying surveillance, interview and interrogation techniques, as well as developing and conducting a corruption and financial investigation case.

**MENA countries (October 2011), held in Syracuse, Italy, in cooperation with the Istituto Superiore Internazionale di Scienze Criminali (ISISC):**

- In response to the Arab Spring events in the MENA region in early 2011, ICAR had the opportunity to organize and carry out a training workshop on financial investigations and asset recovery for countries in the MENA region. Aim: To enhance the capacity of law enforcement agencies from the MENA region to investigate and prosecute money laundering and corruption, and to recover stolen assets, and enhance their staff's ability to handle international legal assistance requests and to more effectively cooperating with foreign jurisdictions to repatriate stolen assets. Participants: 18 representatives of financial intelligence units and investigators/prosecutors from Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

**Ukraine (November 2011), in cooperation with the International Monetary Fund (IMF), ICAR and the State Financial Monitoring Service (SFMS) of Ukraine:**

- ICAR conducted a 6-day, country-specific training programme in respect of money laundering and asset tracing as a follow up to earlier, similar training programmes delivered in the Ukraine in 2009. Aim: To enhance the capacity of key law enforcement agencies in analysing, investigating and prosecuting international corruption and related money laundering cases in Ukraine as well as to assist the authorities of Ukraine in enhancing their staff's ability to handle international legal assistance requests and to more effectively cooperating with foreign jurisdictions to repatriate stolen assets. Participants: 20 investigators from the Ministry of Internal Affairs, Security Service and the State Tax Service as well as prosecutors and representatives for the SFMS.

**Zambia (January/February 2011):**

- At the request of the Zambian FIU and Ministry of Finance, ICAR's AML experts conducted a series of five 3-day trainings, with 25 participants each. Aim: To strengthen the relevant institutions' and individuals' ca-

capacity in anti-money laundering and combating of terrorist financing. Participants: Representatives of the financial sector and members from law enforcement authorities.

### *Train-the-trainer modules*

In addition, ICAR also further developed its curriculum for train-the-trainer modules to be delivered to our partner countries. In 2011, such training was provided as follows:

**Albania (January - May 2011), in cooperation with and funded by the Council of Europe's Project Against Corruption in Albania (PACA):**

- The Institute conducted a scoping mission and needs assessment to inform the Train-the-Trainers Programme in Financial Investigation and Asset Recovery, composed of three separate trainings over three months. Aim: Support the Albanian School of Magistrates (SoM) and the Police Formation Center (PFC) in enhancing their capacities to detect and investigate corruption related offences, money laundering and financing of terrorism related offences, to track proceeds from crime and to train selected Albanian experts in professional training techniques and the delivery of subsequent similar training courses in Albania. Participants: 37 investigators, prosecutors and judges from the SoM and Albanian State Police, and 9 trainer candidates who were selected during the first training. These trainers will subsequently provide training for the Albanian School of Magistrate and the Albanian State Police Formation Centre.

**Nigeria (last phase: December 2011)**

- The final phase of a 3-year partnership between ICAR and UNODC that aimed to support the Economic and Financial Crimes Commission (EFCC) and the Nigerian Judiciary to enhance good governance and counter the incidence of fraud and corruption, was delivered in December 2011 in Port Harcourt, Nigeria. The train-the-trainer module was selected for Nigeria with a view to create training sustainability by training local experts to become national trainers for corruption investigation and asset recovery capacity building in Nigeria. In December 2011, three judges, one prosecutor and one investigator were awarded the designation of "Certified Trainer for Corruption Casework Programmes" following the delivery of a highly successful program. Each of these



new trainers has substantial practical experience, demonstrated a high degree of proficiency and effectively utilized the unique ICAR training methodology. Earlier phases of this 6-phase train-the-trainer programme, which in total trained over 100 judges, investigators and prosecutors in financial investigation, mutual legal assistance and asset recovery, included a detailed scoping mission, multiple training sessions and mentoring of the new trainers.

#### *Other training engagements:*

##### **EU Anti-Fraud Office (OLAF) Training (Palestine):**

- Together with the Head of Operations for the European Union Anti-Fraud Office (OLAF), one of ICAR experts participated in an anti-corruption training to 15 Palestinian public prosecutors and 11 judges during separate training sessions. The training covered international standards in investigation, “red flag” indicators for corruption cases and follow up measures, such as asset recovery, and confiscation of items. The two 2-day workshops formed part of a larger anti-corruption and money laundering training programme that EUPOL COPPS is running to enhance the capacity of the judiciary and the prosecution to deal with these types of criminal cases.

##### **Senegal (late 2011)**

- Co-organised by the Swiss Embassy in Dakar, UNODC and the Groupe Intergouvernemental d’Action contre le Blanchiment d’Argent en Afrique de l’Ouest (GIABA), and financed by the Swiss Federal Department for Foreign Affairs (Division for Security and Crisis Management). The assignment involved research and analysis on the weaknesses of GIABA based on the Mutual Evaluation Reports of the Financial Action Task Force (FATF), as well as preparing a particular module on the issue of Customer Due Diligence with politically exposed persons.

## **Legal and case consultancy**

ICAR provided assistance to a number of partner countries (countries A-E below) **in the design and implementation of strategies for the investigation and prosecution of specific corruption cases** with an international angle. Assistance in this regard also included facilitating cooperation and the establishment of formal and informal channels of communication between requesting states and requested states in a context of mutual legal assistance in asset recovery processes. In addition, it assisted countries in the **development, review, analysis and enhancement of asset recovery and related anti-corruption legislation and institutional reforms** related to these topics.

In 2011, case specific assistance was provided in the following scenarios:

- Country A: In close cooperation with and funded by the UK Department for International Development (DFID), ICAR continued to provide investigative assistance and legal advice to the authorities of this country on a number of cases of corruption in the context of development aid and in relation to grand corruption cases arising out of on-going investigations into allegations of corruption at a major international meeting in 2007.

As a result of the implementation of the case investigation strategies that ICAR has developed with the relevant authorities of this country in 2011, a number of high-profile arrests were executed and related legal proceedings were prepared.

- **Country B:** In response to a direct request from the country B's anti-corruption commission, ICAR provided forensic investigation advice as well as legal advice to support their investigations of cases involving allegations of high-level, large-scale corruption in the public administration. Due to changes in the commission at the end of 2011, the project was delayed. ICAR hopes to continue with this important work in 2012.
- **Country C:** After a popular uprising and a subsequent regime change, ICAR was invited to join a delegation of the Swiss Government to meet with the competent authorities, including key representatives from the Financial Intelligence Unit, to discuss the return of assets belonging to the former regime. Shortly after this mission, ICAR negotiated a Letter of Engagement with the FIU of this country with the main intent that ICAR may advise the authorities in the tracing and recovering of stolen assets. It is expected that this assistance may be provided in the course of 2012.
- **Country D:** Since 2006, the Institute has regularly engaged with this country on anti-corruption and anti-money laundering projects, including by providing a training in 2011. With the regime overthrown in 2010, a series of MLA requests were submitted by country D to various countries requesting that the assets of individuals related to the old regime be frozen. The requests had to be turned down as they did not meet certain technical criteria and were deemed "fishing expeditions". ICAR was asked to provide assistance in tracing and locating the allegedly stolen assets that had been illegally withdrawn from the country, and thereafter to support their law enforcement authorities in requesting mutual legal assistance from countries concerned and to recover the allegedly stolen assets.
- **Country E:** After a popular uprising and subsequent regime overthrow in this country, there was an immediate public concern about the allegedly stolen assets of members of the former regime. As part of Switzerland's reaction to the situation, the Swiss Ministry of Foreign Affairs requested ICAR to assist a local non-for-profit organisation of country C with the implementation of a workshop for the purpose of sharing ICAR's expertise and legal advice on how asset tracing and asset recovery processes are best pursued. In response to this request, ICAR carried out a scoping mission to this country to meet with the organisation and to discuss both their ideas and needs in this regard. ICAR intends to follow up on this activity in 2012.

ICAR further assisted in the following cases with efforts to strengthen countries' legal and institutional frameworks to investigate and prosecute international corruption cases and successfully tracing and repatriating stolen assets:

- **Azerbaijan:** Pursuant to conducting an anti-money laundering and asset recovery training programme funded by the International Monetary Fund (IMF) in Azerbaijan in April 2011 (see above), and again at the request of the IMF, the Institute conducted an analysis of the Azerbaijani AML/CFT legal framework and made recommendations to the authorities with regard to laws and regulations that could be amended to comply more fully with the FATF standards.
- **Mozambique:** Funded by USAID and the UK Department for International Development (DFID) through their

SPEED programme, ICAR conducted a detailed analysis of the anti-corruption legislative package (approved by the Council of Ministers and tabled in Parliament) against international and regional obligations and commitments, such as the UNCAC, SADC and AU Protocols as well as against current best practice in the field of fighting corruption, improving accountability and enhancing transparency.

- **Mauritius:** In February 2011, in response to a direct request from the Office of the Director of Public Prosecutions of Mauritius, ICAR reviewed and conducted an analysis of the Asset Recovery Bill of Mauritius, benchmarking it with international and regional standards.
- **Maldives:** In close cooperation with, and funded by the World Bank Stolen Asset Recovery Initiative (StAR), ICAR provided technical assistance and advice to the relevant authorities on the Maldives to better assess its own readiness, capabilities and the quality of their overall legal, operational and institutional framework in undertaking international cooperation and asset recovery efforts.
- **Rwanda:** As part of its collaboration project with the National Public Prosecution Authority (NPPA), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) requested ICAR to carry out an onsite mission to Rwanda to analyse the strengths and weaknesses of the legal instruments in place used in combating crimes of economic and financial character, especially the “law on corruption and related crimes” and the “draft law on stolen asset recovery” and to suggest a way forward. The assignment also included an analysis of a practicable framework of collaboration between relevant institutions on the issue of stolen asset recovery initiatives and procedures, notably between the Ministry of Justice, Office of Ombudsman, and National Public Prosecution Authority and Rwanda National Police, and the development of recommendations for its implementation.
- **Serbia:** The ICAR’s experts assisted the Council of Europe with a needs assessment for its Project against Money Laundering and Terrorist Financing in Serbia (MOLI-Serbia) during a series of bilateral meetings and workshops in Belgrade, Serbia. In this context, the experts also reviewed and updated information concerning the status of all beneficiary institutions and advised on the updating of the project’s log frame.

## IT tools and services

**IT Consultancy:** Under the auspices of the Council of Europe, the ICAR IT team conducted a needs assessment for the Financial Investigative Unit and the Directorate for the Management of Seized and Confiscated Assets in Serbia. The team analysed the processes and the IT infrastructure of the two agencies and examined the required interactions with external bodies such as the Serbian Business Register and Ministry of Telecommunications. The output of the mission was a report with detailed software and hardware equipment requirements and recommendations on process improvements.

**Asset Recovery Intelligence System (ARIS):** With the participation of the Egmont Group of Financial Intelligence Units, ICAR has built a software tool to assist FIU analysts in screening persons and companies that appear in Suspicious Activity Reports. ARIS uses semantic technologies to search the public Internet and commercial news databases for traces of corruption linked to suspicious entities. In 2011, the development of ARIS was completed and the first version was installed in the FIUs of 4 countries in Europe and Asia, with more deployments in the

pipeline. The Institute presented ARIS during the Operational and IT Working Groups at the 19<sup>th</sup> Egmont Plenary in Yerevan, Armenia, and provided ICT assistance in the area of Open-Sources Intelligence (OSINT) to several FIUs and other agencies.

**Asset Recovery Knowledge Center (ARKC) and Asset Recovery Experts Network (AREN):** ICAR is currently discussing and analysing how to best combine its Asset Recovery Expert Network (AREN) with its Asset Recovery Knowledge Centre to create a more user-friendly website platform for more effectively accessing relevant information on asset recovery and for connecting experts and practitioners working in this particular anti-corruption field. An initial project idea has been elaborated and proposed in the ICAR Business Plan for 2011-2013 where the idea is currently referred to as the *Asset Recovery Forum*. The IT team will continue to work towards this merger in 2012.

**Asset Recovery Training Toolkit:** The Institute's IT Team is developing an Asset Recovery Training Toolkit that provides a computer-based environment to manage, conduct and assess ICAR's capacity building training programme. The toolkit is the logical next step in the development of ICAR training programmes since these are already strongly computer-based. To this end, it established a computer-based environment that provides both the trainees and the trainers with a comprehensive, systemized and user-friendly interface for managing and applying the various content elements of the ICAR training programme.

**IT Training:** In October 2011, the IT team joined the ICAR training team in Syracuse, Italy, for a regional training programme for law enforcement representatives of countries from the MENA region (see paragraph above on projects in MENA Countries). The IT team provided training on the use of IT technology and open source information in an asset tracing investigation. This first-time integration of such an IT module into ICAR's standard training programme sparked great interest among trainees. As a result, future asset recovery trainings will be enriched by a module that focuses on relevant IT related topics such as, notably: 1) the use of IT tools for effectively conducting an investigation, i.e. for analysing financial transactions and for visualising a case; 2) the protection of the investigator's IT environment, i.e. encryption of data and communication as well as anonymous information gathering via the Internet; and, 3) the use of open source information avail-



able on the Internet in the conduct of an investigation, i.e. the use of databases, like company registries, phone-books, etc. for collecting information about persons or companies involved in a case. The development of this additional training module is in its early stages and will be continued in 2012.

**Basel AML Index:** The Institute started the development of an anti-money laundering country risk ranking, the Basel AML Index, to be launched in the first half of 2012. The Basel AML Index assists in analysing country risks regarding money laundering/terrorism financing. The Basel AML Index uses a composite methodology by aggregating and synthesizing relevant public sources and third party data, which look at countries' anti-money laundering (AML) and counter-terrorism financing (CTF) laws, financial regulations, political disclosure and other related factors such as corruption and political risk. As such, it is expected to be a useful tool to financial institutions and other stakeholders such as researchers, journalists, policy makers and regulators. The index is expected to be launched in April/May 2012.

## Conferences

Jointly with the Law Faculty of the University of Basel, the Institute held an international and interdisciplinary Conference on "Generics and Biosimilars: Affordable medicine or restraint to innovation?" in Basel, Switzerland, on 20 May 2011. The Conference explored the current and future roles of pharmaceuticals in healthcare. The main focus was on the role that biosimilars and generics play in the health care system of the future – in the West as well as in transnational and developing countries. Legal and industry experts addressed the question of what drives innovation. The panellists looked in detail at the role of the individual researcher, the entrepreneur and the legal framework necessary to sustain and protect innovation.

## Publications

### Books

**Tracing Stolen Assets** - A practitioner's handbook (Russian translation). ICAR: Basel 2011.

Pieth, M. **Anti-Korruptions Compliance**, Praxisleitfaden für Unternehmen. Dike Verlag, Zürich 2011.

Pieth, M. **Harmonising Anti-Corruption Compliance**; The OECD Good Practice Guidance 2010. Dike Verlag, Zürich 2011.

Thelesklaf, D., P. Gomes Pereira (eds.). **Non-State Actors in Asset Recovery**. Peter Lang Verlag, Bern 2011.

### Working paper series

#### Working Paper No 10

Baez-Camargo, C. **Accountability for better healthcare provision: A framework and guidelines to define, un-**

derstand and assess accountability in health systems. Basel Institute on Governance, 2011.

#### Working Paper No 11

Baez-Camargo, C. and E. Jacobs. **A framework to assess governance of health systems in low income countries.** Basel Institute on Governance, 2011

#### Working Paper No 12

Christ, T. and C. von Selle. **Basel Art Trade Guidelines – Intermediary report of a self-regulation initiative.** Basel Institute on Governance, 2011

## Brochures

**Development Assistance, Asset Recovery and Money Laundering: Making the Connection.** Basel Institute on Governance 2011.

**Capacity Building in Asset Recovery.** Basel Institute on Governance 2011.

## Articles

Jacobs, E. **Basic Public Services and Informal Power: An Analytical Framework for Sector Governance.** In: Informal relations from democratic representation to corruption. Case studies from Central and Eastern Europe. Changing Europe book series. Stuttgart: Ibidem Publishers, 2011.

Mikkelsen Lopez, I., K. Wyss and D. de Savigny, **An approach to addressing governance from a health system framework perspective.** BMC International Health and Human Rights 11:13, 2011.

## Partnerships

The Basel Institute on Governance remains a member, partner and/or regular guest of various international forums, including:

- Egmont Group
- NORAD Hunters Network
- OECD DAC Govnet
- UNODC Intergovernmental Working Groups (on asset recovery and technical assistance)
- Wolfsberg Group
- World Economic Forum (WEF) Partnering Against Corruption Initiative (PACI)

The Institute continues to maintain existing and seek new partnership arrangements with key organisations of the global effort to promote good governance and fight corruption. In 2011, the Institute signed a Memorandum of Understanding with the National Anti-Corruption Commission of Thailand for the purpose of enhancing the sharing of anti-corruption knowledge and expertise between the two Parties and other stakeholders. In addition,

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the Institute has existing partnership agreements with the following institutions:

- International Anti-Corruption Academy (since 2010).
- Interpol (since 2009)
- United Nations Interregional Crime and Justice Research Institute (since 2008)
- United Nations Office on Drugs and Crime (UNODC) (since 2007)

On several occasions in 2011, the Institute engaged with these partners either on projects, at expert meetings, at international conferences or on other topical assignments.

The Institute also continued to actively engage in a number of relevant international and regional forums, workshops, conferences and other related events with the intent to continuously build and strengthen partnerships, expand its network of experts and raise the awareness of the importance of governance, anti-corruption and asset recovery among key players of the international community.

## Funding and Fundraising

In 2011, the Principality of Liechtenstein, the Swiss Agency for Development and Cooperation (SDC) and the UK Department for International Development (DFID) continued to provide core funding support to ICAR. SDC agreed, at the end of 2010 and on the basis of ICAR's new Business Plan for 2011 – 2013, to provide continued funding for a renewed period of three years commencing January 2011. In mid 2011, the Institute also succeeded in negotiating a new Accountable Grant Arrangement with DFID. This Grant Arrangement provides core funding to ICAR for a renewed period of four years commencing April 2011.

In early 2011, the Institute hosted its annual meeting of core donors to provide an update on ICAR and Institute activities and plans, to ensure awareness of the funding challenges and to establish mechanisms and strategies for effective resource mobilisation in the future.

The Principality of Liechtenstein in 2011 also provided core funding to the Institute's Public Governance Division.

In addition, the Institute successfully acquired project-specific funding support for a variety of its projects from a number of organisations such as the Council of Europe, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Global Integrity, the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), the Swiss State Secretariat for Economic Affairs (SECO), Transparency International, U4, the United Nations Development Programme (UNDP), UNODC and the World Bank.

With the aim to seek additional core funding for the Institute, the Institute throughout 2011 sought and established new contacts with potential donors for the future. This effort remains a continuous challenge and will be further pursued in 2012.



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