

Annual Report 2016



5 FOREWORD

8 WHERE WE WORKED IN 2016

10 WORKING WITH THE PUBLIC SECTOR

11 INTERNATIONAL CENTRE FOR ASSET RECOVERY

- 12 Encouraging sustainability and building long-term relationships
- 13 Leveraging IT and digital development to support asset recovery
- 15 Key elements to working with partner countries are trust and building relationships

20 DIVISION FOR PUBLIC GOVERNANCE

- 20 Informal governance and corruption
- 20 Corruption, social norms and behaviours in East Africa
- 21 Supporting social accountability in the land of the Thunder Dragon

24 WORKING WITH THE PRIVATE SECTOR

25 INTERNATIONAL CENTRE FOR COLLECTIVE ACTION

- 26 2nd anti-corruption Collective Action conference: moving from the aspirational to the concrete
- 27 Meinhard Remberg: my experience at the second anti-corruption Collective Action conference

29 DIVISION FOR CORPORATE GOVERNANCE AND COMPLIANCE

- 30 Advising companies on implementing Anti-Corruption Compliance Management Systems

33 GENERAL INFORMATION

34 KNOWLEDGE PRODUCTS

36 TEAM AND FOUNDATION BOARD

38 PARTNERS

39 FUNDING

40 FINANCIAL STATEMENT

42 STAY IN TOUCH

Foreword

We look back on an eventful year during which we have been able to advance our multifaceted and integrated efforts to promote good governance and combat financial crimes with our partners around the world.

A highlight was the second international conference on anti-corruption Collective Action, where almost 200 practitioners from businesses, government, civil society and academia explored how to strengthen and indeed provide evidence for effectiveness of Collective Action as an anti-corruption tool. The great diversity of participants allowed for a very animated discussion around why Collective Action initiatives seem to work in some circumstances and not in others, pointing to the urgent need to avoid “copy-pasting” initiatives and instead taking great care to make them responsive to local context and particularities of concerned business sectors. This is a critical piece of research for the Basel Institute hosted B20 Anti-Corruption Collective Action Hub (www.collective-action.com) and we look forward to taking this evolving consciousness forward in 2017 and 2018 together with our key partners from the Collective Action community.

The topic of context sensitivity to enhance effectiveness of anti-corruption interventions is also at the heart of research conducted by the Public Governance Division. We are excited about initial findings from our two main research projects, funded by the British Academy and the East Africa Research Fund respectively. These initiatives focus on the roles of social norms and informal practices in shaping corrupt behaviour, and as a consequence anti-corruption interventions, building on a set of comparative case studies in East Africa and Central Asia. With these research projects, the Basel Institute has also been able to considerably expand its network of associated and partner research institutions, both in the Global South and Global North. Findings from both projects and their respective policy implications will be published in 2017, and we look forward to sharing these with you.

Our Peru office, established in 2015, is working intensively with authorities at central and subnational level to strengthen public financial management and increase transparency and integrity in the public administration. In 2016, we were particularly delighted to see some of the programme’s practice-oriented methodology of work, developed to strengthen the budget cycle in regional and local governments, being replicated by the central government for a nationwide application.

Peru has also continued to be a priority country for the work of our International Centre for Asset Recovery (ICAR). In this slow but ever so important work of asset recovery, we were able to celebrate some breakthrough achievements. Notably, we managed to obtain final confiscation orders in a number of cases supported by ICAR, and we are now assisting with the discussions around the return and eventually end use of these assets. We are proud of all our partner countries and institutions who have shown great fervour in 2016 in keeping up their part of the bargain with sometimes significantly increased domestic enforcement action. This success in international asset recovery heavily depends on partnership. We therefore continue to support international policy initiatives geared toward facilitating cooperation, such as the Lausanne Guidelines for Efficient Asset Recovery, and hope to see more financial centres joining such efforts. Last but not least, through ICAR’s intensified capacity building programme, our community of alumni has grown and become much more active, thereby contributing to spreading our core message that going after the money is still, and more so than ever, the most important tool to ensure that anti-corruption law enforcement has a real impact.

It makes us proud and is extremely inspiring to work with our likeminded partners from government, academia, businesses and civil society around the world and to see them succeed in their endeavours despite the continuously hostile environment in which anti-corruption organisations sometimes operate.

We are grateful for your relentless engagement and your undivided trust, which is at the core of our cooperation and achievements, and we are excited about taking our joint efforts continuously forward in 2017 and beyond.

PROF MARK PIETH
PRESIDENT OF THE
BASEL INSTITUTE ON GOVERNANCE

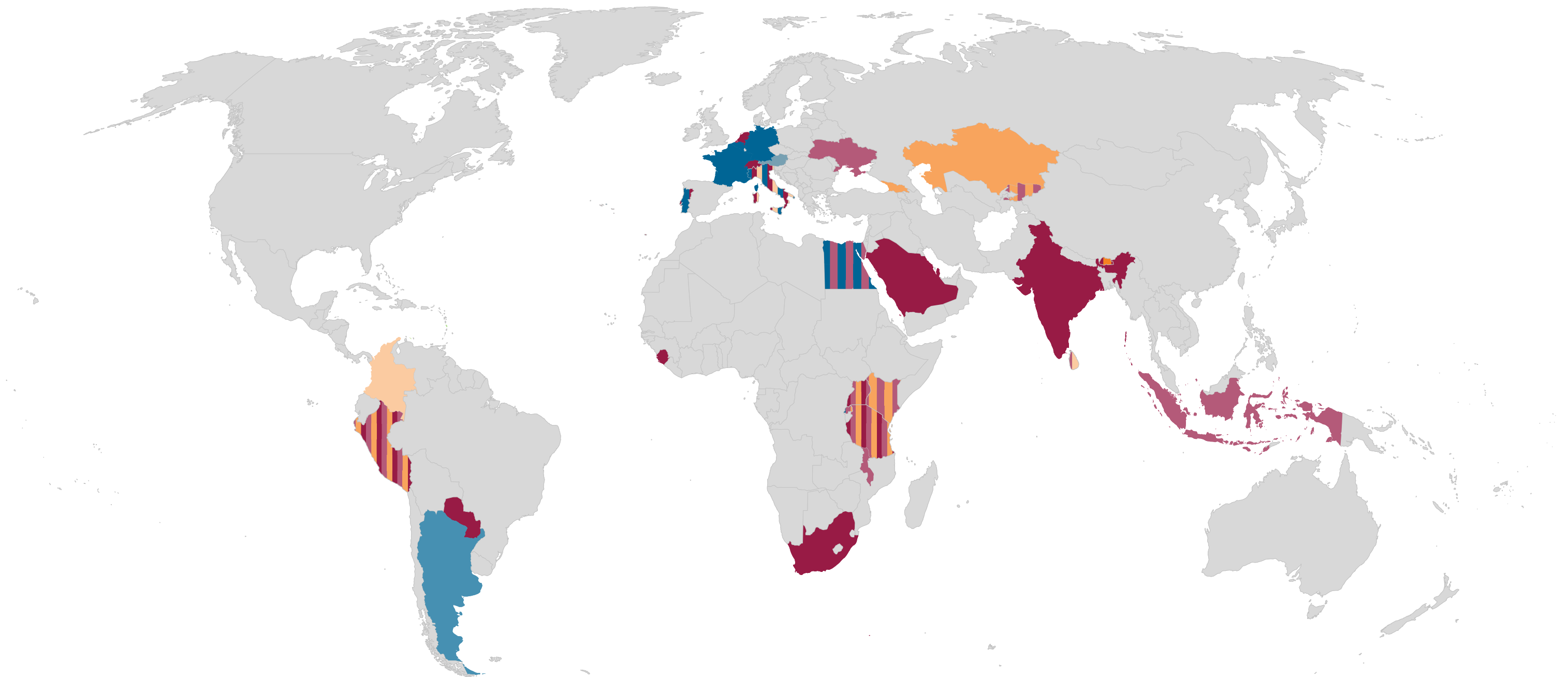


GRETTA FENNER
MANAGING DIRECTOR
BASEL INSTITUTE ON GOVERNANCE





Where we worked in 2016



International Centre for Asset Recovery

- Trainings
- Technical assistance

Public Governance

- Training & technical assistance
- Research

Corporate Governance

Technical advice

International Centre for Collective Action

- Initiatives
- High level reporting mechanisms
- Training

Working with the public sector

International Centre for Asset Recovery

The eruption of large-scale corruption and money laundering cases during 2016 has shown that we are still far from rooting out corruption. Very significant sums of money continue to be stolen each year from countries that struggle from lack of resources to sustain a meaningful development path. At the same time, the fact that these cases have been detected and are pro-actively investigated shows that there is continuous and indeed growing energy in this field. That being said, in most countries the investigation and legal techniques required to not only jail the criminals but to also recover their assets are still little understood. And with the criminals becoming more sophisticated every day, even experienced law enforcement agencies need to learn and adapt. ICAR's support therefore remains as critical as ever.

In its ten years of existence, ICAR has evolved and grown quite significantly. To ensure that we continue to reach maximum effectiveness and impact, ICAR in 2015/2016 underwent a donor mandated external review. The conclusion of this review has been published and rates ICAR's performance as "highly satisfactory", a rating of which we are very proud. A particular strength of our institution highlighted by the external reviewers is our ability and readiness to act swiftly and to continuously adjust and adapt our operational strategy and structure to emerging needs of our partners. In this context the review in particular applauded the inclusion of new operational strategies in case work, such as the use of in-country embedded experts in a growing number of partner countries. The report also finds much value for ICAR in the cooperation it often seeks with other divisions of the Basel Institute as well as likeminded external partners.

The external review was timed so that it would coincide with the completion, in 2016, of ICAR's third operational phase (2014-2016). Looking back, we see this phase as one of maturing and expansion both in terms of types of operational activities and geographical reach. The demand for hands-on technical assistance in the investigation and prosecution of concrete corruption and money laundering cases, and for the facilitation of international cooperation

in legal and judicial matters, has grown dramatically during these years, and in 2016 maybe more so than ever. We take this to mean that our operational strategy meets the needs and demands of our countries, and that the institution has developed a solid and global reputation as the go-to place for independent and practice-oriented quality expertise in asset recovery.

During 2016 in particular, ICAR's work of training and hands-on case based capacity building has shown significant long-term impact. With our support, we were able to facilitate the return of more than USD 20 million to two of our partner countries. In one of our partner countries, we have seen an increase by multiple thousand percentages of the conviction rate in just two years. Peru and the Kyrgyz Republic, with ICAR's help, have seen their first ever-international corruption investigations resulting in final confiscation orders. In other partner countries, we have achieved a strong re-orientation of the investigation practice toward financial investigation. In one country in Africa, this has resulted in 2016 in the first ever prosecution for illicit enrichment, a landmark achievement in that country's fight against corruption.

Furthermore, ICAR has continued in 2016 to play a key role in a number of major global policy initiatives by making substantial and repeated contributions to international discussions about good practices for the return and end use of stolen assets. In this context, we are particularly proud of having initiated the first international Working Group on Money Laundering with Digital Currency, together with Interpol and Europol. Our continued partnership with the Swiss Government and the Stolen Asset Recovery Initiative (StAR) of the World Bank and UNODC to enhance efficiency of asset recovery through the Lausanne process is also of particular and indeed very practical value for our partner countries. And finally, we were glad to have continued intensifying in 2016 our partnership with the Egmont Group to strengthen the capacity of Financial Intelligence Units (FIUs) in the recovery of stolen assets and the fight against money laundering.

For the years to come, ICAR will continue and further expand its support for affected countries through its existing portfolio of activities and assistance services. This will be guided by the new operational strategy 2017-20, which was

developed on the back of the findings of the external review and extensive consultations with our partner countries and donors.

TRAINING

Encouraging sustainability and building long-term relationships

Sophisticated and complex financial crimes span the globe and impact all countries in one form or another. Tackling these crimes from an enforcement perspective involves following the trail of the money and tracking down the criminals. In most cases this is a technically challenging, lengthy and costly process and involves many jurisdictions. A range of specialised legal, financial accounting, analytical and investigation skills are required without which it will be almost impossible to track down the criminals and their assets. Typically these skills are still rare even in comparatively advanced countries.

This is where the ICAR training programme comes in, with one of its key ingredients being that they are delivered by practitioners for practitioners and use a training method that relies principally on practical work, with only very limited theoretical content. Using this practice oriented approach, 2016 saw a considerable expansion of the ICAR training portfolio, which now includes eight bespoke on-site training modules and a growing number of complementary e-learning modules. Thematically these range from training in financial investigations and asset recovery, financial interviewing and the investigation of virtual currency to topics such as investigating cases involving offshore jurisdictions and mutual legal assistance. For these trainings to be sustainable, our practice oriented approach is essential, as is the fact that the training is carefully tailor-made to the jurisdiction where they are delivered. In order for the training content to leave a lasting impact in practice, it is critical that trainees learn how to apply their own laws, within their own institutional and procedural context, rather than model legislation or so-called “best practice laws”.

The ICAR training division continuously seeks to establish long-term relations with its partner countries and beneficiary agencies to further strengthen the sustainability of its intervention, and to embed the learning content locally. This is done not only through participants who will apply it in their daily work, but by training selected local experts to continue delivering our trainings beyond the intervention period of ICAR. In this spirit, in 2016 ICAR initiated two long-term Train-the-Trainer (TTT) programmes, in Tanzania and Uganda. These TTT programmes are primarily effective and meaningful for comparatively large jurisdictions, as the level of exposure of ICAR trained trainers after the completion of the TTT programme needs to be sufficiently high for the trainers to keep up their training skills and knowledge. If such a context is given these TTT programmes are an excellent way of strengthening the sustainability of an intervention and, over time, reducing the costs and need for external



Train-the-trainer programme, Uganda

input, making partner agencies more self-sustained in their capacity building efforts.

The experience in Uganda also illustrated how long-term training interventions benefit sustainability as they can be implemented in combination with other forms of ICAR asset recovery capacity building, notably case work and institutional and legal development support, as is the case in the context of ICAR's support to the DFID funded programme Strengthening Uganda's Anti Corruption and Accountability Regime. Through this multi-pronged approach, a continuous exchange with trainees, including long-term or ad hoc advice on their attempts to apply training content to real cases, is possible. Furthermore, a form of alumni network can be established, which continues to motivate trainers and trainees to keep up the momentum. A testimony to the motivational nature of the ICAR training programme comes from one of the ICAR trained trainers in Uganda, who confirmed that although he had not yet had an opportunity

to conduct training using the ICAR methodology, "on my own I am trying to build up my knowledge on the subject so that I can become the best trainer that I can be."



Train-the-trainer programme, Uganda

DIGITAL AND TECHNOLOGICAL DEVELOPMENT

Leveraging IT and digital development to support asset recovery

The rapid and far-reaching digitalization of our personal and professional lives is a phenomenon that we can hardly circumvent or dismiss. With this awareness, and in cooperation with its partners around the world, the Basel Institute dedicates substantial in-house resources to monitoring technological trends and assessing how these impact on or may be leveraged to enhance the Institute's multiple strands of interventions to counter corruption and recover stolen assets.

In the context of asset recovery, over the years we have observed and experienced first hand how innovation in digital development can have both positive and negative impacts. On the one hand, analytical tools, smart open source research and digital forensics, to name just a few, can help law enforcement when tracing assets and collecting



James Anderson, Head of INTERPOL's Anti-Corruption and Financial Crimes unit; Manuel Navarrete Paniagua, Head of Europol's European Counter Terrorism Centre; Federico Paesano, Senior Financial Investigation Specialist of the Basel Institute (from right to left)

evidence. At the same time, it is increasingly evident that certain digital developments involuntarily help criminals to better hide stolen assets. Acknowledging and managing this juxtaposition, we consistently seek to reflect technological advancement in our diverse operational mandates and in our interaction with partner countries.

A major achievement in 2016 in this regard was the creation of the first ever international Working Group on Money Laundering with Digital Currency. The Basel Institute together with Europol and Interpol spearheads this initiative with the aim to support practitioners, regulators and policy makers to deal with the challenges posed by the growing risk that digital currency may be misused for the commission or concealing of financial crimes. This work further led to the development of two specialized training products to help practitioners learn about particularities of investigating financial crimes involving digital currencies; one of these is designed for in-person delivery and the other as a self-paced e-learning module. This is an example of part-digitalization of training content which will continue in the coming years, with a view to complementing the in-person trainings and to make specialized training content accessible to a wider audience.

ICAR also regularly offers on-the-job introduction to advanced IT supported investigation tools such as digital forensics as part of our coaching in partner countries in the context of specific investigations. In the same vein, we encourage and assist partner countries in making more systematic use of technology solutions to better handle case management, case flow and case documentation, whilst being mindful of recommending affordable and easy-to-use tools for such purposes.

In all this, it is a challenge to cope with the balancing act between the temptation to use the most advanced technological solution and the desire to ensure that our recommendations are feasible, affordable and indeed sustainable. From experience we know and are aware that any progressive style intervention with just a minute touch of modern flair involving either IT and/or digital solutions

must always err on the side of caution; it typically presumes a certain level of pre-existing IT maturity and capacity in the concerned partner agency, and the lack thereof may otherwise only stand in the way of any real and lasting capacity enhancing impact for that partner country. This seeming dichotomy remains a continuous operational challenge for the Basel Institute; yet we firmly and convincingly embrace it because digital innovation is here to stay and is part of the future, including for corruption, against corruption and in support of asset recovery.



Advanced Operational Analysis on-site training, Uganda

WORKING AS AN EMBEDDED ASSET RECOVERY EXPERT

Key elements to working with partner countries are trust and building relationships

What exactly is “asset recovery” and what does it involve?

In its simplest form, the recovery of stolen assets is about recovering public funds that have been misappropriated. The assets that we are chasing in our work have typically been misappropriated through corruption by a public official or politician – in other words, by the very people that have been entrusted to manage and safeguard those assets.

Procurement in particular is a major channel through which public funds are diverted, sometimes by means of inflated or single source contracts for goods and services that are either never supplied or supplied at an inferior quantity or quality. In many such public procurement processes we see companies which have only recently been established, have no background in the profession prescribed, or are owned by friends and family of the public official overseeing or having an influence over the procurement process. Invariably in such contexts money changes hands, and the person who receives that money – illegally – will end up investing it or placing it into a bank account. It may be invested in real estate, stocks and shares, vehicles, private aircraft or even cattle. The



Photo by futureatlas.com / CC BY

more distance is put between the initial theft, the corrupt official and bribe payer and the eventual location of the asset, the more difficult it is to recover the asset. To do just that requires a set of particular skills and a strong international network, which are the two things that ICAR has and that make it unique. And this is exactly, what we - ICAR - are offering to our partner countries, so that we can assist these countries to recover the money that was stolen from them and return it to them for meaningful public investments into development-oriented projects.

What does a typical day look like for an asset recovery specialist in the field?

There is no such thing as a typical day really. It might start with a breakfast meeting with the Head of a foreign mission to discuss either bilateral cooperation between Kenya and the concerned jurisdiction in a particular case, or the development of a long-term framework for bilateral cooperation in legal matters. Dealing with draft requests for international assistance that have been sent through for review might be another task. Depending on the complexity, this might take a couple of hours or a week. One such request that I have worked on a lot took many months as it was necessary to start from scratch and track down, analyse and include a huge amount of material, quite complex in nature, as well as incorporating scenarios that few jurisdictions have yet encountered. On another day, I will meet with one of the intelligence teams who are developing an operation and want some advice on the analysis they have been putting together. Several times a week I will meet with the Deputy and Assistant Directors who head the various departments at the Ethics and Anti-Corruption Commission (EACC); they might need verbal guidance or something in writing in order to advise the way forward on a particular investigation. Later in the afternoon there may be a meeting with the prosecutors from the Office of the Director of Public Prosecutions to discuss the progress on a particular case. Sometimes there might be a dinner meeting with law enforcement colleagues from other countries, visiting delegations or NGOs.

Where do you see the advantage of being an in-country expert compared to a HQ-based expert who flies in and out of a country?

I have been in both types of positions. The key elements to working with partner countries are trust and building relationships. Working in this field necessitates being part diplomat, part police officer, part teacher and part life coach. Being able to judge when I should keep my opinion to myself and when to be forthcoming is a key skill to being fully accepted. It is a balancing act between needing to stay on the outside and being accepted as an insider or “one of them”.

As a fly-in-fly-out specialist – these typically work in several countries in parallel – you do the best you can on what is available to you within the time allowed; you are likely to face certain hurdles. Sometimes the people you need to meet are not around. Sometimes you find that since your last visit much of what you have advised should be done has still not been done or completed. Its not all that unusual for that report you spent weeks writing, setting out an inspirational case strategy, to be gathering dust exactly where you left it. This is not necessarily a badly intended act but more often the result of an understaffed agency working under enormous public pressure with limited capacity to prioritise and work in a systematic way. From having worked in law enforcement for

almost twenty years, I know of the pressure when a high profile matter is suddenly dropped in your lap; it is like a hurricane, and everything else suddenly falls on the backburner, and sometimes it never comes back off that backburner. The agencies we work with are almost constantly under such hurricanes.

I find that as an in-country specialist I am in a better position to monitor whether my advice and recommendations are being taken on board. My ideal scenario is when I hear my own advice reiterated by managers when giving their staff instructions. I meet regularly with staff, be it investigators, the CEO or the chairman of the EACC. I am asked to guide them on matters of strategy and tactics. They have seen for their own eyes what a different perspective can bring. As investigations start to move in the right direction, evidence comes in from overseas, other jurisdictions are asking to work with the agency and money is repatriated, the value of an embedded specialist becomes clear in a tangible way.

Could you tell us about an asset recovery success story where you felt you have made a contribution?

The authorities from the Bailiwick of Jersey, a self governing dependency of the British Crown, initiated an investigation in respect of a company registered in that jurisdiction, the beneficial owners of which two senior public officials who had at some point in time been at the helm of power supply in Kenya. The Jersey investigation identified sufficient evidence to request the extradition of the two Kenyan nationals, a process that is on-going at the time of this interview. During the process, accounts in Jersey relating to the company had been frozen, containing approximately GBP 3.6 million.

The Jersey authorities, after careful consideration of legal options, decided to charge the Jersey registered company as a corporate entity. The directors of that company ended up pleading guilty – although no personal liability was attributed to them – and subsequently a confiscation order was granted in respect of the funds that were held in the company’s accounts. On March 2017 Jersey and Kenya signed an asset sharing agreement relating to GBP 3 million that will soon be repatriated to Kenya.

ICAR’s role involved communications on both sides when sometimes progress was slow or misunderstandings had cropped up, and bringing in the right people to forge a way forward. It’s a huge success for both countries and one of the most innovative projects I have been involved with.



Ambulance purchased with recovered assets

2016 AT A GLANCE

Training

- Four national training programmes in Financial Investigation and Asset Recovery: India, Paraguay, Tanzania, and Uganda
- Regional training programme in Financial Investigation and Asset Recovery to national law enforcement authorities of the Eastern and Southern African Region: Botswana, Burundi, Djibouti, Ethiopia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Nigeria, South Sudan, Swaziland, Tanzania, and Uganda
- Institutional awareness raising seminar in Financial Investigation and Asset Recovery to investigators and prosecutors of the International Criminal Court in The Hague
- Total outreach of ICAR's training programmes: more than 370 investigators, prosecutors and other practitioners in financial investigation and asset recovery
- Follow the Money workshop in Basel for investigative journalists and national judicial authorities; organised and delivered in partnership with two Romanian non-profit organisations, the Journalism Development Network (JDN) and the RISE Project
- New specialised training programme Advanced On-site Operational Analysis, piloted for the Financial Intelligence Unit of Peru
- Two new specialised training modules: Interviewing Skills for Financial Investigators, and Money Laundering Using Bitcoin

E-learning and IT tools

- Release of 5th edition of the Basel Anti-Money Laundering Index; increasing use of the FATF Mutual Evaluation Reports; 40 per cent rise in subscriptions for fee-based Expert Edition: 160 subscribers from the public and private sector by the end of 2016
- Launch of new e-learning course on Operational Analysis, in partnership with the Egmont Group of Financial Intelligence Units and on Investigate Virtual Currencies
- Creation of database solution for storing and accessing information from large cash transaction records and suspicious transaction reports for the Financial Intelligence Agency of Uganda

Casework and technical assistance

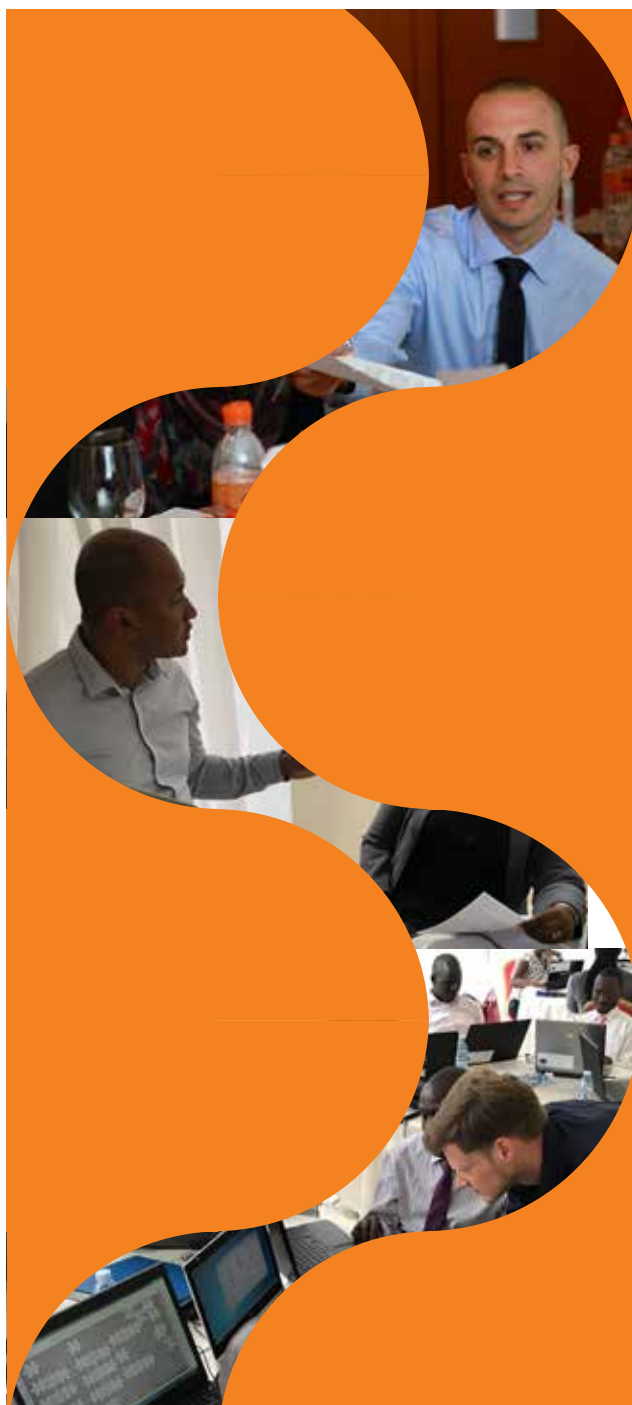
- Case specific support to 11 partner countries in East Africa, South America, the Middle East, Central and South East Asia and Eastern Europe; technical assistance, strategic advice and guidance on a total of 73 cases, representing a total value of USD 833 million in suspected or frozen assets
- Development, review, analysis and/or enhancement of asset recovery and related anti-corruption or AML/CTF legislation and related institutional reforms to Bulgaria, Moldova, Romania, and Ukraine

Global policy

- Study on states' decision-making for the management of returned assets, commissioned and funded by the Swiss Federal Department for Foreign Affairs
- On-going participation, in partnership with the Government of Switzerland and the WorldBank/UNODC Stolen Asset Recovery Initiative (StAR) in the Lausanne process in relation to the development of guidelines for efficient asset recovery

Peru country office

- Regular support of and advice to the Attorney General of Peru, leading to Peru's Resolution No. 4314 – 2015, which establishes the National Asset Recovery Office (ONRA)
- Provision of assistance to ONRA in the development of an operational methodology, including a tentative overall work plan
- Continuous legal guidance and support to the Attorney General's office on specific asset recovery case work with international dimensions
- Assistance to ICAR's training team: delivery of country-specific training programme in Financial Investigation and Asset Recovery for Peruvian law enforcement and other relevant authorities



Division for Public Governance

The year 2016 for the Public Governance team began with the launch of two long-term multi-centre research projects led by the Basel Institute on Governance (see text box for details). With these projects, we seek to explore the informal norms and practices that drive corrupt behaviours. Both projects are strongly comparative in nature, with research designs spanning countries in East Africa, Central Asia and the Caucasus, and ultimately aim at translating research findings into recommendations and advice for context-sensitive anti-corruption interventions.

Field research activities in Georgia, Kazakhstan, Kenya, Kyrgyzstan, Rwanda, Tanzania and Uganda have begun to yield fascinating findings. The evidence throws light into what lies underneath the lack of effectiveness of anti-corruption strategies based on reforms to formal laws and institutions. Most notably, the research is uncovering veritable informal governance regimes, where unwritten but nonetheless widely recognized rules and norms of conduct strongly shape the actions of political elites, influential business actors as well as ordinary citizens.

Such informal practices realize a de-facto redistribution of public resources in favour of some groups at the detriment of others and as such are closely associated with high levels of corruption. Furthermore, the prevalence and entrenched nature of these informal practices stem from their functionality: they help authoritarian regimes to stay in

power, complicit business interests reap significant financial rewards and average citizens gain access to jobs, resources and preferential access to public services.

We are excited that the evidence we are collecting will make a valuable contribution to practitioners, supporting the development of innovative anti-corruption strategies designed specifically to address the factors that drive corrupt behaviours in a context sensitive manner.

During 2016 we also continued to harness the lessons we have learned from our past research activities into the delivery of technical assistance projects. Our consultancies included a mandate from the Swiss Development Cooperation to support social accountability in Bhutan (next page). Also noteworthy was the collaborative project between the Basel Institute and the International Bar Association (IBA). This was undertaken under the umbrella of the IBA's Judicial Integrity Initiative and culminated with the publication of a report entitled Judicial Systems and Corruption, which details the findings of a survey on corrupt practices in the judicial systems around the world.

We look back at 2016 as a year of intense work, strengthening collaborative ties with trusted colleagues and building new partnerships, conducive to furthering our goal of supporting the fight against corruption through innovative and evidence-based approaches.

RESEARCH PROJECT I

Informal Governance and Corruption

The project Informal Governance and Corruption - Transcending the Principal-Agent and Collective Action Paradigms is funded by the joint UK Department for International Development (DFID) and British Academy Anti-Corruption Evidence Programme. For more information visit www.britac.ac.uk/anti-corruption and www.britac.ac.uk/node/4660

RESEARCH PROJECT II

Corruption, Social Norms and Behaviours in East Africa

The project Corruption, Social Norms and Behaviours in East Africa is funded by the East Africa Research Fund of the DFID. For more information about the EARF and the project please visit www.earesearchfund.org and www.earesearchfund.org/research-corruption-social-norms-and-behaviors-east-africa

TECHNICAL ASSISTANCE TO BHUTAN

Supporting social accountability in the land of the Thunder Dragon

Citizen participation in local governance is considered to be an important means to promote democratic governance practices. As such, interest in promoting social accountability¹ initiatives in Bhutan's young democracy has increased significantly in recent years. This has led to the implementation of a number of pilot projects spearheaded by the Bhutanese Anti-Corruption Commission in partnership with a broad range of local and international stakeholders. In this context, several significant challenges to effective social accountability in Bhutan have been identified, and most strikingly so far only limited participation on the part of citizens in collaborative governance processes.

Taking these considerations into account, the Swiss Agency for Development and Cooperation (SDC) contracted the Basel Institute on Governance to provide advice to social accountability activities in Bhutan during the summer of 2016. In this context, the Institute's Head of Public Governance visited four districts to meet with local government officials and citizens. The objective of the meetings was to better understand the views of local actors on the challenges and opportunities to incorporating a social accountability approach to their day-to-day activities. The fieldwork culminated with a multi-stakeholder workshop facilitated by the Basel Institute, which brought together the key national actors invested in advancing the implementation of an agenda for social accountability in Bhutan.

Insights from the exchanges with local actors revealed that where the experiences with social accountability schemes was positive, it typically involved projects around



Social accountability workshop, Bhutan

strengthening understanding of and oversight over public works and services that were immediately relevant for the livelihoods of the communities. Less positive experiences were reported from exposure to certain internationally rather well established social accountability tools – such as community score cards and social audits. These tools for example foresee that citizens would call local officials to account on the basis of identified shortcomings in the provision of public services. Such approaches appear to clash with the communities' shared social norms and values that emphasise harmony, empathy and a deep concern with not hurting the feelings of others. Overall, the field visits underscored the centrality of nurturing better communication channels and habits between communities and their local governments.

The subsequent discussions during the multi-stakeholder workshop supported the view that promoting social accountability in Bhutan requires an approach that is context-sensitive and responsive to the needs and expectations of citizens and local government actors. Therefore, adoption of particular social accountability instruments should be driven from the bottom up and an outcome of effective dialogue. Only in this manner can the effectiveness of social accountability be enhanced, the potential for unintended outcomes avoided and ownership and sustainability promoted.

¹ The term social accountability refers to the broad range of actions and mechanisms that citizens can engage in to hold the state (represented by public officials and service providers) to account, as well as actions on the part of government, civil society, media and other societal actors that promote or facilitate these efforts (World Bank 2006, 5)

2016 AT A GLANCE

Research

- Launch of British Academy (BA) funded research project on Informal Governance and Corruption: Transcending the Principal-Agent and Collective Action Paradigms as part of the BA's Anti-Corruption Evidence Programme. Aim: deliver evidence-based insights for the development of innovative anti-corruption strategies. Initial field research in Georgia, Kazakhstan, Kenya, Kyrgyzstan, Rwanda, Tanzania and Uganda
- Launch of research project on Corruption, Social Norms and Behaviours in East Africa, funded by the East Africa Research Fund. Methodology: Systematic literature review on behavioural factors and their impact on attitudes towards petty corruption, development of comparative research plans and initial field research in Rwanda, Tanzania and Uganda
- Research support towards ICAR's policy project entitled Decision making processes in Asset Return: The Cases of Kazakhstan, Nigeria, the Philippines and Peru, providing insights into the decision making processes on the part of key actors during emblematic cases of asset recovery with a view to developing international guidelines for the return of assets
- Technical support to the Institute's SECO funded project in Peru on transparency and accountability of public funds managed by subnational entities, through an initial proposal development for the creation of social accountability programmes to be implemented at subnational governmental levels

Teaching

- Spring course on Sustainability and Health Governance as part of the Masters Programme on Life Science of the University of Basel's Law Faculty

Peru country office

- Technical assistance aimed at strengthening the capacities of 11 Subnational Governments (SNGs) in Public Finance Management (PFM), and in the development of their main planning tools, based on the budgeting guidelines approved by the Peruvian Congress in 2015
- Training programmes in budget planning and budget programming, with focus on workflow process
- Technical guidance to define specific objectives of the SNGs' Institutional Strategic Plans, and coordination with relevant governing bodies administering management tools, in particular the Ministry of Economy and Finance and the National Centre for Strategic Planning

Technical assistance

- Bhutan: Social accountability assessment of the potential for citizen participatory programmes at the subnational level and facilitation of multi-stakeholder workshop to share and discuss assessment findings; commissioned and funded by the Swiss Agency for Development and Cooperation
- Judicial Integrity Initiative: Research and report on Typologies of Corruption in the Judiciary, including worldwide survey, in-country consultations, interviews and desk review; co-financed with the International Bar Association



Working with the private sector

International Centre for Collective Action

The year 2016 has again seen numerous corporate bribery scandals erupt around the globe, from 1MDB to Petrobras and Odebrecht in Latin America. Law enforcement is more active than ever, with fines reaching up to hundreds of millions of US dollars. This shows that companies are clearly still faced with enormous challenges to contain corruption in their business practices. To assist companies and other concerned stakeholders in enhancing their ability to reduce the risk of corruption through Collective Action remains as important as ever for us.

The International Centre for Collective Action (ICCA) continues to make meaningful impact in the three objectives that remain cornerstones of the Siemens Integrity Initiative funded B20 Collective Action Hub: support to the policy and academic discourse; offering networking and knowledge-sharing opportunities among stakeholders; and direct facilitation of Collective Action initiatives. While each of these areas constitutes an important component in the fight against corruption, it is the facilitation of concrete Collective Action initiatives that holds the greatest potential, yet also the greatest challenge for achieving impact. It has great potential because when truly business-driven, it is typically designed so that those chiefly concerned with implementing it – businesses – believe in it and are able to implement it in a meaningful and sincere way. But this same characteristic can also be the source of particular challenges should motivation among stakeholders falter, trust become compromised or external factors jeopardize an initiative. In these circumstances even the best facilitators can struggle to ensure that an initiative remains focused and bears tangible results.

In view of this, we were particularly proud in 2016 to publicly announce the ICCA's work with the Metals Technology Industry (MTI) Initiative. The MTI initiative brings together the three leading companies in the metals technology industry and its creation has been accompanied by the ICCA acting as the chair and facilitator since its inception in 2013. The group has since worked intensely together to develop and improve their anti-corruption programmes and continuously build and strengthen a level playing field in their sector. The

work of this group sends out a strong signal to the whole industry, and indeed beyond.

Another point we are recognizing is that Collective Action initiatives are generally much more difficult to sustain than to get started – although even getting them started is a difficult endeavour. Collective Action initiatives require continued and dedicated facilitation from an independent third party, as well as continued and dedicated work from the companies themselves to ensure the initiative's cohesion and momentum. The MTI's public announcement prompted another company in the metals technology sector to apply to join the group. We are pleased to note that the ICCA's expertise as a facilitator is increasingly recognized, with several requests from other industries to examine the possibility of starting similar initiatives in their sectors.

Another Collective Action related highlight of 2016 was the ICCA's second international conference, this year dedicated to questions of evidence, experience and impact. The event brought together nearly 200 participants from the private sector, government, international organisations, academia and civil society to discuss the latest developments in research and practice on anti-corruption Collective Action. The ambitious conference programme and the engaged audience participation helped to further the case of Collective Action as an anti-corruption tool, while acknowledging that there remains work to be done. We at the ICCA agree with international anti-corruption conventions and declarations by governments and the private sector that Collective Action is a recommended good practice to reduce corruption risks for all stakeholders and that it can lead to a healthier and more levelled playing field for business. We are, however, also aware of the difficulties that were discussed at the Conference (see page 26); yet we remain convinced that when truly committed to making a change such challenges can be overcome. The ICCA will continue to lobby for more and more meaningful Collective Action and will support all interested parties to use Collective Action as a powerful tool to prevent corruption and strengthen business integrity in the interest of sustainable business growth.

2ND INTERNATIONAL COLLECTIVE ACTION CONFERENCE: EVIDENCE, EXPERIENCE AND IMPACT

Moving from the aspirational to the concrete – a short review

The international conference on Collective Action: Evidence, Experience and Impact took place in Basel at the end of October 2016. It was the second time that the International Centre for Collective Action (ICCA) has hosted such an event as part of its mandate as the B20 Anti-Corruption Collective Action Hub.

The rather original environment in which the conference was held – a former printing press dating back to the 15th century – may have contributed to what was generally acknowledged to be a particularly stimulating and engaging event, and of course was also a testimony to the fact that businesses are at the heart of Collective Action. The event, which brought together experts and practitioners from all around the globe was buzzing with animated exchanges and honest assessments of success and failures. Interviews, panels, a series of quick interviews on novel academic papers and smaller group discussions challenged long-held assumptions and ended with a direct call for the public and private sectors to get more engaged in a pro-active approach to Collective Action. A growing number of corporates joined the Siemens Integrity Initiative this year to sponsor the event – notably EY, the Wolfsberg Group and Bureau van Dijk – which is a testimony to the growing recognition of Collective Action as an important anti-corruption tool.

Emerging clearly from these discussions was the fact that while Collective Action can still be described as a young (and promising) method to combat corruption, it is slowly reaching the stage where it must more explicitly deliver on the promise. In simple terms, just because something is called a Collective Action does not mean that its stakeholders are effectively acting collectively. To maintain and strengthen the credibility and future of this anti-corruption approach, we need to establish solid evidence. In practice Collective Action is not an easy avenue to take; it needs a leader to get the initiative off the ground, and that requires courage

and vision. Other market players may perceive such an engagement as an admission of guilt regardless of whether this is true or not. For Collective Action to have a meaningful impact, stakeholders have to be willing to go beyond an expression of intent and to commit to a long-term and sustained approach. This may eventually require them to change or refrain from existing practices, which in turn may mean they lose certain markets, while hopefully gaining new ones over time.

What was readily apparent from the conference is that no single concept or model of Collective Action can be prescribed. Initiatives require a thorough understanding of the political economy in which they operate, and academic research can provide insight into how to maximize the chances for success of an initiative. This year's conference marked another step in the process of "moving Collective Action from the aspirational to the concrete", as Professor Mark Pieth, President of the Basel Institute's Foundation Board, stated in his closing remarks.



Collective Action Conference, 20 - 21 October 2016, Basel

MEINHARD REMBERG, EXECUTIVE VICE PRESIDENT OF SMS GMBH

My experience at the second international anti-corruption Collective Action conference

I had the honor to participate in the international expert conference on Collective Action: Evidence, Experience and Impact that the Basel Institute on Governance organised on 20 and 21 October 2016. The event was extremely well attended and superbly organised. I was particularly impressed with the wide array and diversity of topics addressed by the many renowned experts that spoke on panels and workshops, and the interdisciplinary approach of many of these presentations. I was also pleasantly surprised by the international flair of the conference, with participants and experts from all around the world. In that sense, the event gave me an excellent opportunity to expand my professional network and to meet interesting personalities.

Being a great supporter of anti-corruption Collective Action myself, it was good to see at the conference that the concept of Collective Action in its many shapes and forms is increasingly gaining acceptance.

We all know very well that great things only happen when there is joint action and effort. The conference however also showcased that someone needs to take the lead and to guide and oversee such collective endeavours. In my view the Basel Institute on Governance under the leadership of Prof Mark Pieth has stood the test in taking on just that kind of role.

Attending the October conference in Basel I was confirmed by the value of pursuing cooperation between the Basel Institute on Governance and the German Institute for Compliance (Deutsches Institute für Compliance – DICO), where I serve as Executive Board member, with a view to making the concept of Collective Action more accessible to national and international audiences, for example through joint events or other collaborative initiatives. I am delighted to say that in the meantime, this plan has become a reality. The two organisations signed an official co-operation agreement on 20 June 2017, on the occasion of the DICO FORUM Compliance 2017.

I wish the Basel Institute on Governance continued success with the planning and organisation of future events, as they positively and pleasantly stand out from the exchangeable variety of many other compliance events these days.



Meinhard Remberg, Dipl.-Kfm. (Master of Business Administration), is the Executive Vice President of SMS GmbH and in charge of Compliance, Internal Auditing and Taxes. He has worked in various functions of the SMS group for more than 25 years. Since 2013 he has been one of the board members of DICO (Deutsches Institut für Compliance e.V.). Meinhard Remberg is the author of several subject-based articles and co-editor of the Corporate Compliance Zeitschrift (CCZ).

2016 AT A GLANCE

B20 Collective Action Hub on Anti-Corruption

- Development and maintenance of the B20 Collective Action Hub on Anti-Corruption with regular updates of new initiatives, publications, and other news outputs; inviting experts in ethics and compliance issues as guest authors to ICCA Blog
- Fostering partnerships with national and regional Centres of Excellence, e.g. Turkish Integrity Center of Excellence, to maintain a global community of practice

High Level Reporting Mechanisms (HLRM)

- Government of Panama and Basel Institute jointly launched first ever HLRM in Panama in the context of procurement of medical equipment and construction of Social Insurance Fund
- Government of Colombia entered new phase in its HLRM initiative, encompassing infrastructure projects of the National Infrastructure Agency
- HLRM analysis paper (in Portuguese): *Novos Horizontes no Combate a Corrupção: O Mecanismo de Denúncia de Alto Nível (HLRM)* published in cooperation with OECD

Collective Action initiatives

- Facilitation of a new Collective Action initiative by leading companies in the Metals Technology Industry
- Appointment of the Basel Institute as Integrity Monitor to facilitate transparency and accountability in the procurement of Global Fund financed mosquito nets
- Collaborative private-sector driven research into innovative e-governance tools to promote transparency and reduce bribery; mandated by GlaxoSmithKline (GSK) and carried out in collaboration with Deloitte, BonelliErede, academics, the World Bank and WEF PACI

Research, promotion and events

- International conference on “Collective Action: Evidence, Experience and Impact”, held in Basel from 20-21 October 2016; 200 participants from the private sector, government, international organisations, academia and civil society from around the world
- Call for Papers in the above mentioned conference, resulting in submission of some 20 high quality papers on Collective Action, published by the B20 Hub
- Compilation of a study on Transparency International’s Integrity Pact on public procurement, a pioneering form of Collective Action
- Facilitator of the Business 20 Anti-Corruption Task Force (B20 ACTF) together with the World Economic Forum’s Partnering Against Corruption Initiative (PACI) with on-going aim to contribute to the global policy agenda on anti-corruption Collective Action
- Establishment of advisory committees by four UN Global Compact (UNGC) Local Networks (Brazil, Japan, Kenya and Nigeria) to promote global outreach of anti-corruption Collective Action among stakeholders in their respective countries

Division for Corporate Governance and Compliance

Ensuring that corporate anti-bribery programmes are adequately designed and effectively implemented continues to be a challenge for companies from around the world and of all sizes and types. One area in particular appears to be an evergreen issue, namely how much anti-corruption due diligence is “enough” and who needs to be covered by such tests and to what degree. These are not necessarily new challenges for our clients. But it is increasingly clear that the pressure is on the rise for them to demonstrate the adequacy of their due diligence procedures and to document their effective implementation. Whilst a risk-based approach will always remain key to any due diligence programme, we observe a tendency to expect an ever-broadening interpretation of companies’ risks, and in practice this means costs for compliance programmes are increasing.

2016 has seen much debate about developments on beneficial ownership registries, including what that may mean for companies’ due diligence obligations. This is a topic that is particularly high on the agenda of the G20 and the B20 and its Anti-Corruption Task Force of which the Basel Institute is a member. It was also prominently supported at the international Anti-Corruption Summit hosted by then UK Prime Minister David Cameron in London in May 2016. Much remains to be clarified in terms of how these registries should be accessible and to whom, but there is no doubt that they will contribute to better and more transparent information about corporate structures, and as such will help with due diligence procedures and practices.

To help our clients in this challenging endeavour, the Basel Institute is in the process of developing a cost efficient and easy-to-use digital tool that can be used to assist with third party due diligence. Business Open Intelligence was first presented – and made it into the finishers – in the context of the Citi4Integrity Challenge and, as its name implies, relies on advanced, multilingual and financial crime targeted analysis of open source information. Currently being tested by partner companies – and others are welcome to join the test phase – we expect its full launch in early 2018. We are confident that with this technological innovation, and with our continued practice of working with companies on

tailor-made, lean and cost efficient solutions that meet their particular needs and risk exposure, we will enable more companies, including smaller and lesser resourced ones, to fully meet their compliance obligations and contribute to overall global efforts to prevent and combat corruption.

2016 AT A GLANCE

Corporate advisory services

- Advising six medium-sized and multinational enterprises in devising and implementing client-specific compliance programmes or components of such programmes

Teaching

- Co-organising and co-facilitating a training course on “Leadership, Corruption and Security” in partnership with the Geneva Centre for Security Policy (GCSP)
- Kick-off for developing three different training modules on compliance and corporate governance, to be delivered at universities and with dedicated training institutions, including in Switzerland and in Asia

Other

- Participation at various types of compliance and anti-corruption conferences and seminars in Switzerland and abroad; delivering speeches and participation in expert panels to raise the profile of the Institute’s tailor-made services
-

INTERVIEW WITH GEMMA AIOLFI, HEAD OF COMPLIANCE, CORPORATE GOVERNANCE AND COLLECTIVE ACTION AT THE BASEL INSTITUTE

Advising companies on implementing Anti-Corruption Compliance Management Systems*

Based on your own experiences, what are the biggest hurdles in implementing anti-corruption measures in companies?

The biggest hurdles still include implementing anti-corruption programmes and policies into far-flung operations, joint ventures and third parties. All of them may be far away from headquarters where anti-corruption policies and programmes are developed. When a new policy or procedure is being devised, the drafting and consultation process can be critical. It may be necessary to include subject matter experts that understand the business beyond headquarters.

Another major issue can be wavering or withdrawal of support for a company's anti-corruption programme by the highest levels of the company, in particular the CEO and Board members. Without their support, an anti-corruption programme will not succeed, and the chances of it being implemented beyond headquarter will be even more difficult.

What are the differences between small and large companies regarding the status quo of anti-corruption management?

Exporting firms that are small or medium-sized are often confronted with the same corruption risks as multinationals. For example, when Customs officers solicit bribes or facilitation payments for the release of goods they do not necessarily distinguish between companies based on their size.

Much of the publicly available guidance on anti-corruption compliance programmes is geared at multinationals. Even the toolkits that profess to be aimed at SMEs are often of limited practical help. Many SMEs that export have signed up to their (large) customer's code of conduct or supplier's code because they are obliged to do so or in order to obtain the contract. However, SMEs that have actively addressed their bribery risks are still relatively few and far between.

Large companies range between those that have mature anti-corruption programmes and those that are still in the early stages of development. Regardless of the stage of their programme, many large companies wrestle with keeping their staff trainings fresh and interesting.

A challenge for both SMEs and large companies is the growing number of third parties subject to anti-corruption due diligence and how best to address it. Although, for SMEs the resources are likely to be a determining factor as to what can be done in practice.

How does the digitalization of trade and financial flows influence the progress of decreasing corruption?

Digitalization of trade and financial flows can contribute to reducing the risk of corruption, but it needs to be accompanied by other measures. Institutional reforms, legal and regulatory amendments are all still needed to ensure that e-tools and solutions can have the necessary effects of making trade more efficient and reducing opportunities for bribes. For example, e-procurement may reduce bribe opportunities but research indicates it does not eliminate them entirely. Systemic issues such as a corrupt or ineffective judiciary will still need to be addressed, even where e-solutions are implemented.

People of different cultures can have a different understanding of corrupt behavior. While some judge a certain behavior as corrupt, others do not. How do you treat this issue in your trainings?

In the countries and cultures that I've ever come across, corruption is regarded as repugnant and illegal, so corrupt behaviour is not acceptable, neither small scale petty bribery nor on a grand scale by political elites. That said, some behaviours are treated differently depending on the country, such as identifying actual and perceived conflicts of interest in business relationships. In some cultures helping friends and family in business is regarded as a duty, so conflicts are not recognised as such. In these situations it may take tact and careful explanations as to what is acceptable, but corporate trainings should not shy away from developing open exchanges between employees as to what occurs in reality, and how behaviours may need to be altered to ensure best practices in anti-corruption are observed.

* Reprinted courtesy of the B20 news center



Ms Gemma Aiolfi is Head of Compliance, Corporate Governance and Collective Action at the Basel Institute on Governance.

Prior to joining the Basel Institute she was Legal Counsel to the Integrity Department and the internal Office of Special Investigations at ABB AG in Oerlikon Zurich, where she advised on internal corruption allegations in connection with the US Deferred Prosecution Agreement. Ms. Aiolfi was also Global Head of Anti-Corruption at UBS AG in Zurich, where she worked in the Group Money Laundering Prevention Unit. Whilst employed by the OECD's Working Group on Bribery in International Business Transactions she was seconded to work at the University of Basel, where she helped to establish the Basel Institute on Governance and worked with the Chairman of the OECD Working Group, Professor Mark Pieth.

General information

Knowledge products

The Basel Institute regularly publishes different types of knowledge products with the intent to share insights from our research work and our anti-corruption and governance practice in partner countries and in the private sector. Our publications range from handbooks and academic working papers to commissioned studies and contributory articles to other organisations' books and publications. In 2016, the Basel Institute's knowledge products included:

BASEL INSTITUTE ON GOVERNANCE 

EU Grant Agreement number: 290529
Project acronym: ANTICORAP
Project title: Anti-Corruption Policies Revitalised

Work Package: WP4, The anthropological study of corruption practices and ideas
Title of deliverable: D4.2 Full data set prepared for integration with other WPs

OLD REGIME HABITS DIE HARD:
CHALLENGES TO PARTICIPATORY GOVERNANCE IN POST-AUTHORITARIAN MEXICO

Authors: Claudia Baez Cervera (Basel Institute on Governance)
Rodrigo Moya-Ramos (CI Culebraz de México)

Due date of deliverable: 28 February 2015
Actual submission date: 28 February 2015

Organisation name of lead beneficiary for this deliverable: University of Bergamo, Italy

Project co-funded by the European Commission within the Seventh Framework Programme		
Dissemination Level		
PU	Public	5
PP	Restricted to other programme participants (including the Commission Services)	
PE	Restricted to a group identified by the consortium (including the Commission Services)	
CE	Confidential, only for members of the consortium (including the Commission Services)	

The information and views set out in this publication are those of the author(s) only and do not reflect any collective opinion of the ANTICORAP consortium, nor do they reflect the official opinion of the European Commission. Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use which might be made of the following information.

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**RASTREO DE
ACTIVOS
ILEGALES**

UNA GUÍA PARA OPERADORES

BASEL INSTITUTE ON GOVERNANCE
INTERNATIONAL CENTRE FOR ASSET RECOVERY

Regulatory & Compliance: Collective Action

Collective action to tackle corruption

An important factor for success in anti-corruption collective action is that it should be a business-driven endeavour.

Building a strong coalition with civil society puts business on the front foot.

Collective action

Collective action is a key element in the fight against corruption. It involves a group of individuals or organisations working together to achieve a common goal. This can be done in a variety of ways, including through the formation of a coalition, the establishment of a network, or the creation of a new organisation.

**ПОЗІВІК
НЕЗАКОННО
ОТРИМАНИХ
АКТИВІВ**

практичний посібник

БЕРЛІНСЬКИЙ ІНСТИТУТ УПРАВЛІННЯ
МІЖНАРОДНИЙ ЦЕНТР З ПЕРСОНАЛЬНИХ АКТИВІВ

Handbook

Monteith, Ch., P. Atkinson, Rastreo de Activos Ilegales - Una guía para Operadores (Basel Institute on Governance/International Centre for Asset Recovery, 2016)

Monteith, Ch., P. Atkinson, Розшук незаконно отриманих активів - практичний посібник (Basel Institute on Governance/International Centre for Asset Recovery, 2016)

Commissioned studies

Aiolfi, G., Judicial Systems and Corruption (Basel Institute on Governance, International Bar Association, 2016)

Stiglitz, J. E., Pieth, M., Overcoming the Shadow Economy (Friedrich Ebert Stiftung, Berlin 2016)

Working papers

Betz, K., Pieth M., Globale Finanzflüsse und nachhaltige Entwicklung (Basel Institute on Governance, Working Paper No 21, 2016)

Contributory articles

Baez Camargo, C., R. Megchún Rivera, Old Regime Habits Die Hard: Challenges to Participatory Governance in Post-Authoritarian Mexico in Torsello, D., Corruption in Public Administration - An Ethnographic Approach (Edgar Elgar Publishing 2016)

Baez Camargo, C., R. Richard Faustine, Between Condemnation and Resignation: A Study on Attitudes towards Corruption in Tanzania in Torsello, D., Corruption in Public Administration - An Ethnographic Approach (Edgar Elgar Publishing 2016)

Nero, W., Collective Action to tackle corruption (Ethical Boardroom, 2016)

Press releases

February 2016: Government of Kenya to recover GBP 3.6 million from Jersey

July 2016: The Basel Institute releases Fifth Edition of the 2016 Basel Anti-Money Laundering Index

September 2016: Basel Institute, Europol and Interpol establish Working Group on Money Laundering with Digital Currencies

September 2016: Bad ratings for Austria - critical FATF assessment of Austria's anti-money laundering system

October 2016: The Basel Institute appointed Integrity Monitor for Mosquito Net Procurement

Team and Foundation Board

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Foundation board

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Prof Dr Anne Peters, Vice President
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Prof Dr Till Förster
Prof Dr Lukas Handschin
Prof Dr Anton Schnyder
Christoph Tschumi

Partners

The Basel Institute partners with a wide range of public and private institutions in the development and execution of its programme of work. We are thankful for these partners' many insights and expertise as well as for their continued support and commitment to the work of the Institute throughout 2016. We look forward to collaborating with them in the future.

ANTICORRP (EU research consortium)
 Asset Recovery Inter-Agency Network of Southern Africa – ARINSA
 Banking, Insurance and Investments Supervisory Authority Peru
 B20 Anti-Corruption Task Force
 Catholic University Peru
 Egmont Group of Financial Intelligence Units
 ESAN University Peru
 Ethics and Compliance Switzerland – ECS
 Europol
 Fairtrade International
 Global Forum on Asset Recovery – GFAR
 Global Forum on Law, Justice and Development – LJD
 International Anti-Corruption Academy – IACA
 International Forum on Business Ethical Conduct – IFBEC
 Interpol
 Makerere University Uganda
 National Anti-Corruption Commission Thailand
 Organisation for Economic Co-operation and Development – OECD
 Organisation for Security and Cooperation in Europe – OSCE
 Peruvian Judiciary (Poder Judicial de la República del Perú)
 PLADES (Programa Laboral de Desarrollo) Peru
 Protestant Institute of Arts and Social Sciences Rwanda
 Siemens Integrity Initiative
 State Financial Intelligence Service Kyrgyz Republic
 Ministry of Justice Romania
 Swiss Agency for Development and Cooperation – SDC

Swiss Federal Department of Foreign Affairs/Directorate for Public International Law – FDFA DIL
 Swiss State Secretariat for Economic Affairs – SECO
 Thai Institute of Directors
 Thailand Private Sector Coalition Against Corruption
 TRACE International
 Transparency International – TI
 U4 Anti-Corruption Resource Center
 United Nations Crime Prevention and Criminal Justice Programme Network – PNI
 United Nations Office for Drugs and Crime – UNODC
 UNODC/World Bank Stolen Asset Recovery Initiative – StAR
 United Nations Interregional Crime and Justice Institution – UNICRI
 United Nations Global Compact – UNGC
 Universidad de San Andrés Argentina
 University of Basel Switzerland
 University of Western Cape South Africa
 Wolfsberg Group
 World Economic Forum (WEF) Partnering Against Corruption Initiative – PACI
 World Bank

Because of the highly sensitive nature of ICAR's casework assistance, partner agencies and countries of ICAR's casework team are not published.

Funding

In 2016 the Basel Institute operated on an annual budget of CHF 7.4 million.

The funding sources for the Basel Institute's annual operations vary. On the one hand we receive substantial core financing from bilateral aid agencies and private institutions. These are specifically earmarked for our operations of the International Centre for Asset Recovery (ICAR) and the International Centre for Collective Action (ICCA), as well as for our technical assistance programme in Public Finance Management (PFM) in Peru, where we also operate a country office. The Principality of Liechtenstein, the Swiss Agency for Development and Cooperation and the United Kingdom Department for International Development provide such core contributions to ICAR; the Siemens Integrity Initiative to the ICCA; and the Swiss State Secretariat for Economic Affairs to the Institute's PFM programme in Peru.

In 2016 the Basel Institute was awarded two research grants from the British Academy and from the East Africa Research Fund, respectively. These grants are supporting specific long term research projects of the Institute's Public Governance division.

In addition, the Basel Institute regularly generates income from advisory services. Any surplus assets generated from such work is channelled into supporting the Basel Institute's research activities as well as its various technical assistance programmes in developing countries.

The Basel Institute also receives direct project-specific financing from a number of development and corporate partners for the provision of technical assistance. The latter source of funding includes substantial project-specific funding from ICAR's core donors' country offices in Kenya, Malawi, Tanzania and Ukraine towards country-specific multi-year programmes. The total amount of funds generated through these additional means make up more than 50% of the Basel Institute's total annual budget.

We remain thankful to our committed donors and partners for their on-going financial and in-kind support to our various anti-corruption and good governance activities. Through their continuous engagement with the Basel Institute, they show their dedication to our collective efforts to eradicate corruption and promote good governance worldwide. We look forward to working with many of you again in the future.

Financial statement

Balance sheet

Assets (in CHF)	31 Dec 2015	31 Dec 2016
Liquid assets	936'993.09	1'780'826.02
Trade-Receivables	2'168'275.99	545'524.58
Other-Receivables	152'934.52	392'086.00
Accrued income and prepaid expenses	316'867.55	1'399'057.98
<i>Total current assets</i>	<i>3'575'071.15</i>	<i>4'117'494.58</i>
Office furniture and IT equipment	23'906.18	26'060.86
Financial assets	34'027.40	44'647.34
<i>Total fixed assets</i>	<i>57'933.58</i>	<i>70'708.20</i>
Total assets	3'633'004.73	4'188'202.78
Liabilities (in CHF)		
Trade-payables	234'383.34	121'860.91
Advance-payments	1'415'101.10	2'126'281.83
Other payables	163'248.19	121'770.04
Accrued liabilities and deferred expenses	281'156.63	310'587.51
<i>Total current liabilities</i>	<i>2'093'889.26</i>	<i>2'680'500.29</i>
Restricted funds (ICAR)	983'701.84	848'884.33
<i>Total restricted funds</i>	<i>983'701.84</i>	<i>848'884.33</i>
Paid-in capital	20'000.00	20'000.00
Unrestricted capital (GOV)	528'518.72	535'413.63
Annual result	6'894.91	103'404.53
<i>Total capital of the organisation</i>	<i>555'413.63</i>	<i>658'818.16</i>
Total liabilities	3'633'004.73	4'188'202.78

Statement of operations

Income and expenditure (in CHF)	2015	2016
Contributions	2'586'131.00	2'479'393.13
Project income (fees)	2'710'746.11	3'979'757.92
Reimbursed expenses	535'839.09	920'578.77
<i>Total operating income</i>	<i>5'832'716.20</i>	<i>7'379'729.82</i>
Project expenditure	-5'248'100.21	-6'545'079.99
Administrative expenditure	-800'281.60	-826'756.29
<i>Total operating expenditure</i>	<i>-6'048'381.81</i>	<i>-7'371'836.28</i>
<i>Operating surplus (-deficit)</i>	<i>-215'665.61</i>	<i>7'893.54</i>
Net financial income	-23'345.95	-39'492.42
Net extraordinary income	11'918.26	185.90
Change of restricted funds	233'988.21	134'817.51
Annual result	6'894.91	103'404.53

Note: The aforementioned balance sheet and statement of operations form part of the Basel Institute's 2016 financial statement. The 2016 financial statement was audited by Abelia Wirtschaftsprüfung und Beratung AG, in accordance with Swiss GAAP ARR, the Swiss law as well as the Charter of the Foundation and its regulations. The Board of the Foundation approved the 2016 financial statement on 24 March 2017.

Stay in touch

Websites

Basel Institute on Governance
www.baselgovernance.org

B20 Collective Action Hub
www.collective-action.com

Asset Recovery Forum
forum.assetrecovery.org

Basel AML Index
index.baselgovernance.org

Guide to the Role of CSOs in Asset Recovery
cso.assetrecovery.org

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