

Annual Report 2020

2020



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Foreword

We must revive the global social contract to fight the pandemic of corruption



Gretta Fenner
Managing Director



Mark Pieth
President

While medical research has been quick to develop protection against Covid-19, another pandemic continues to rampage humankind and our attempts at stopping it continue to fall short.

We are talking about the widespread disease of corruption, which has become deeply rooted in our societies, and which plagues our communities, their social cohesion and economic wellbeing. It leaps effortlessly between public officials and businesses regardless of political colour, nationality or sector, helped by professional middlemen and rule-free blind spots where dirty money can go on holiday.

This has never been more apparent than when the two pandemics met. Initial research seems to indicate that corruption levels rose to even higher levels during the pandemic. It might also be that seeing its deadly consequences from closer quarters made it more visible. What is certain is

that more people are seeing through the corruption fog. Political protests and toppled governments around the world show that more people are upset about it, and that is a good development.

Those of us who work in the light can only fight a threat that is seen. The ophthalmologists in this case are the many individuals, the journalists, civil society activists, researchers and law enforcement officials who, courageously and often at great risk, are standing up to corruption and dragging it into the daylight. This is a tremendous help for our work, and we hope that our effort helps them.

But many of these anti-corruption heroes still fight a lonely battle. What's more, they are faced with the overwhelming resources and power of the grand transnational corrupt networks that, collectively, stifle sustainable development and undermine the economic and social wellbeing of our societies. To amplify the work of the many

courageous people and organisations, nation states, global enterprises and governance bodies should be coming together. But instead, what we see and what is of major concern is an increasing breakdown of global solidarity and a return of increasingly divisive and at best nationalistic domestic and global politics.

So we urge politicians and business leaders to revitalise the global social contract – which is competently guided by the Sustainable Development Goals – by showing true and courageous leadership that disregards geographical, social, economic or other borders.

But before we are misinterpreted: We are not waiting for another global leaders' declaration; there are plenty of those. We are waiting for these key stakeholders to really do what they preach. And in doing so, to ask more of themselves and of each other than ever before. This means not

just meeting but going beyond the requirements of international treaties and standards.

Those who risk their lives to fight corruption, and those who lose their lives because of corruption, every day, in every corner of the world, deserve at least that.

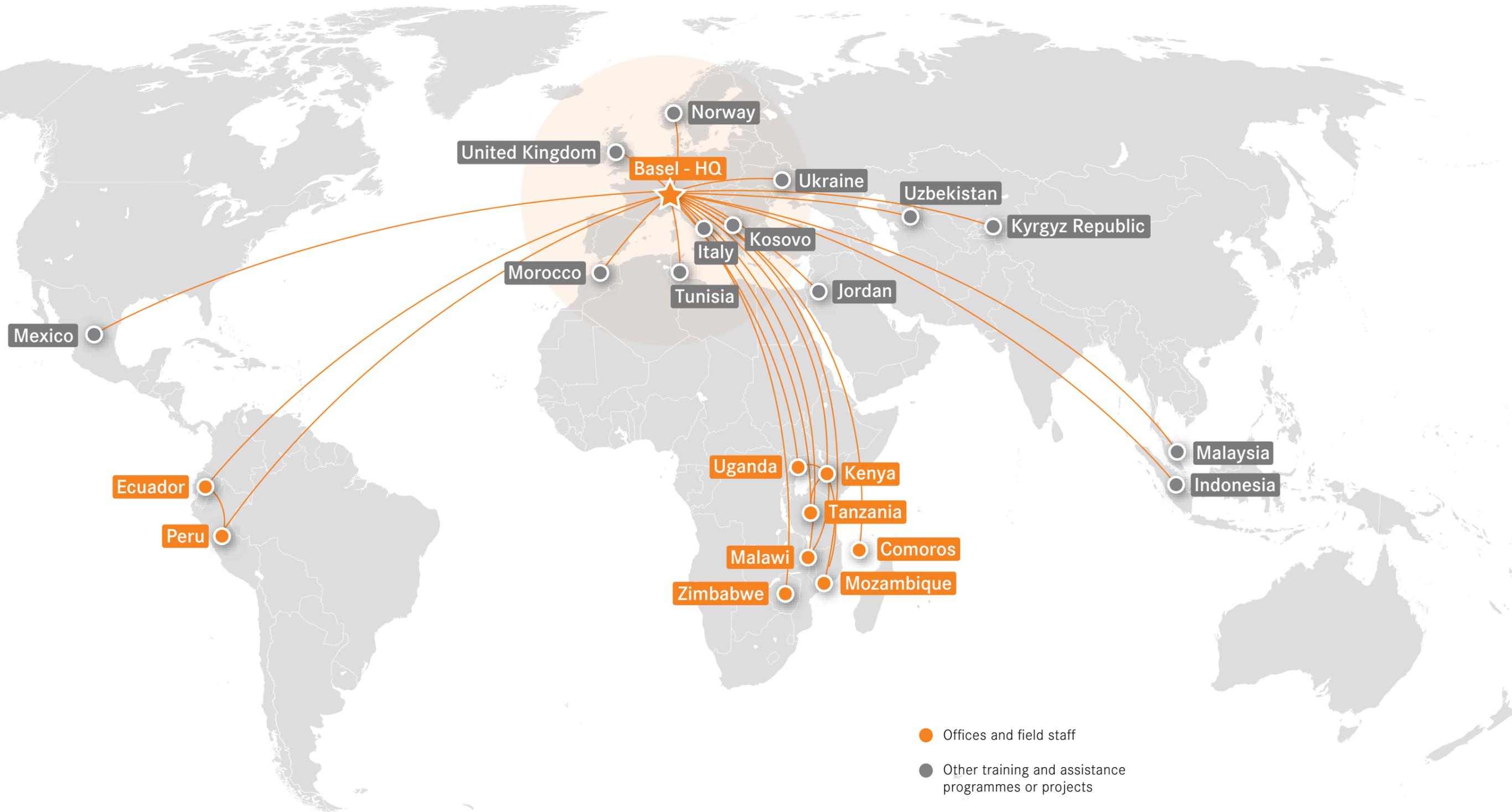
So, as we rightly celebrate the healthcare workers and other providers of essential services that are helping their fellow citizens get through the Covid-19 pandemic, let us also celebrate – and actively support – those individuals who resist, stand up and fight against corruption.

We have done our best to do just that throughout last year, and we will continue on this mission, hopefully with more backing from true leadership, for the good of everyone in this world.

Facts and figures



Where we work



Asset Recovery

During this final year of our 2017 – 2020 operational strategy on asset recovery, our International Centre for Asset Recovery (ICAR) team continued to work with our tested method of building asset recovery capacity through case-based mentoring combined with training and legal and institutional reform advice. Overall, programmes have substantially gained in depth and increasingly integrated more actors from across the asset recovery value chain, allowing us to see notable recoveries, legislative innovation and better inter-agency cooperation in many of our partner countries.

Our in-house investigation and prosecution experts work hand-in-hand with around 20 specialised law enforcement and prosecution authorities in Sub-Saharan Africa, Latin America, Eastern Europe and Central Asia. We have been able to foster the use of new or underused legislation, for example on illicit enrichment and non-conviction based forfeiture, and much more strategic cooperation at the domestic and international levels.

The Covid-19 pandemic hit many of our partner countries very badly. The economic hardship and health crisis have added to the already numerous other hurdles with which their anti-corruption actors are faced on a day-to-day basis. In light of this, it is particularly remarkable that we were able to celebrate some notable recoveries in 2020, that we have seen new laws being passed and new practices tested. Much of this is thanks to the unwavering drive of committed individuals in these organisations, as well as of course in our team.

Perhaps the one good thing that has come out of the pandemic for some of our countries has been that it has never been easier to demonstrate the value of asset recovery. When stolen assets can be invested to strengthen the Covid-19 response,

as some countries have done, then the value of a committed anti-corruption drive becomes tangible. We hope that this continues to translate into long-term visions for anti-corruption and asset recovery, fostering the in-flow of hard cash through recoveries, but also the long-term effects of asset recovery in deterring corruption and strengthening the criminal justice system.

None of the above would be possible without the generous core funding which we have received from Jersey, Liechtenstein, Norway, Switzerland and the UK, and the grants from the UK Foreign, Commonwealth and Development Office (FCDO), the Swiss Agency for Development and Cooperation (SDC), the German Agency for International Cooperation (GIZ) and the US State Department funding a range of multi-year projects in our partner countries.

See
www.baselgovernance.org/asset-recovery

HIGHLIGHTS

- 1 Contributed to 5 freezing orders, 21 confiscation orders and **25 convictions** across 6 jurisdictions.
- 2 Advised on **78 active cases** in 9 partner countries.
- 3 Celebrated Kenya's recovery of over USD 100 million in 2020 – a **300 percent increase** on the previous year – and conviction of a former Member of Parliament.
- 4 Oversaw a **landmark plea bargain** in Tanzania in the UK's first Deferred Prosecution Agreement.
- 5 Supported the **first ever use** of Malawi's non-conviction based confiscation law.
- 6 Assisted with the implementation of Peru's national system for asset recovery through non-conviction based forfeiture, including a **USD 8.5 million recovery** linked to corrupt arms dealing.
- 7 Developed adapted versions of our flagship **training programmes** for virtual delivery; 450 anti-corruption officials were trained in 2020.
- 8 Provided **34 workshops** on legislative changes or particular skills such as intelligence-informed investigations.
- 9 Continued to contribute our hands-on experience to **international policy forums** including the UN General Assembly Special Session against Corruption, UNCAC Working Group on Asset Recovery and Global Forum on Illicit Financial Flows and Sustainable Development.
- 10 Helped develop Malawi's new **National Multi-Agency Law Enforcement Strategy**, which promises to significantly enhance inter-agency cooperation.
- 11 Assisted in developing the new **Asset Recovery Office** in Mozambique and related Asset Recovery Bill.
- 12 Started a new multi-jurisdiction programme to support countries in implementing **non-conviction based forfeiture legislation** as an important additional tool to recover stolen assets.

Innovating asset recovery

Non-conviction based forfeiture emerges as a promising tool to recover stolen assets

2020 saw encouraging progress in the use of non-conviction based forfeiture (NCBF) mechanisms in our partner countries. NCBF can open the door to recovering illicit assets when a criminal conviction – which is typically required in traditional asset forfeiture – is not possible. It is therefore key to unlocking the countless corruption and money laundering cases where the wrongdoer has died or fled the jurisdiction, or is immune from prosecution.

Not many countries already have or are using this legal tool. But we are proud that some have started using it successfully in recent years.

“Non-conviction based forfeiture is key to unlocking corruption and money laundering cases where the wrongdoer has died or fled the jurisdiction, or is immune from prosecution.”

Our partners in Malawi, for example, achieved their first ever confiscation order using an NCBF procedure in 2020, following its introduction in the Financial Crimes Act of 2017. Our Lilongwe-based ICAR team provided guidance on the case, which involves around USD 160,000 stolen from the Reserve Bank of Malawi and sets important legal precedents.

Peru, whose NCBF legislation *Extinción de dominio* is being rolled out through a specialised system of tribunals with close ICAR assistance, successfully

applied the law to confiscate USD 8.5 million related to a corrupt arms deal. The money had been frozen in a Swiss bank account since 2004; without NCBF, it is unlikely to have been recovered.

The same goes for another successful case in which a million dollars, intended to finance the Shining Path terrorist organisation and held in a bank account since 1990, are being recovered using an NCBF procedure.

Our experience in these and other partner countries tells us that to fulfil the potential of NCBF in the fight against corruption, money laundering and terrorist financing, two things are critical:

First, more countries need to adopt and implement this type of legislation, in line with both the UN Convention Against Corruption (UNCAC) and



“The Nun” case study reveals how a non-conviction based forfeiture strategy has enabled Peru to confiscate funds held in a Swiss bank account since 1990 that were linked to terrorist financing.

Financial Action Task Force (FATF) recommendations. NCBF is a critical tool in any country’s legal arsenal to combat corruption and recover stolen assets. It is also generally faster and more efficient than traditional proceedings, since a lower standard of proof is required. We hope the initial successes of our partner countries will provide some inspiration and lessons learned to speed up the global adoption of NCBF legislation.

Second, requested States – in which the money is stashed – must live up to their commitment under the UNCAC to afford victim States mutual legal assistance “to the fullest extent possible”.

This means proactive cooperation to recognise the validity of NCBF laws and procedures in victim States. Recent cases involving Peruvian confiscation orders executed in Switzerland and Luxembourg, two countries that do not have equivalent laws but do recognise the legal principles, have demonstrated that this proactive cooperation is both possible and beneficial to all sides.

New in 2020

Learning to detect and prevent the use of virtual assets for illicit activities

Since 2014, when we began exploring the implications of cryptocurrencies for efforts to prevent and combat money laundering with our partners at INTERPOL and Europol, the use of virtual assets for both legitimate and illicit purposes has exploded.

The fast spread of cryptocurrencies, while bearing great potential to provide an affordable, fast and international payment system to millions of unbanked people worldwide, also presents real risks to the integrity of the global financial system. It is becoming clear that neither the public nor the private sector will be able to tackle these alone.

This is why we are happy to see interest from a broad set of institutions in our new four-session virtual course on Cryptocurrencies and Anti-Money Laundering (AML) Compliance.

“The use of cryptocurrencies is an example of the ever-evolving tactics employed by criminals to frustrate financial investigations and launder illicit assets.”

Launched in December 2020, this is the first ICAR instructor-led training course open to the public at large and is based on an intensive training programme on Money Laundering using Cryptocurrency that we provide to anti-corruption institutions in partner countries. In this public version, law enforcement officials work together with professionals in AML compliance and FinTech/RegTech fields, as well

as policymakers and investigative journalists, to unravel a simulated money laundering investigation involving cryptocurrencies and follow the transactions through the blockchain. The variety of expertise helps participants to understand each other's challenges – and the topic – better.

What's at stake? A lot. The apparent anonymity and invisibility that cryptocurrencies offer is attracting more and more criminals and money launderers. Cryptocurrencies have characteristics that can confound the efforts of financial institutions and law enforcement authorities – or at least those lacking the required knowledge and skills – to detect and investigate financial crimes.

Although the main cryptocurrency exchanges apply due diligence procedures, there exist other options to purchase cryptocurrencies that allow individuals to fly under the regulatory radar.

Fortunately, cryptocurrency is not as anonymous as many people imagine. The intrinsic characteristics of blockchain technology, coupled with an



understanding of users' habits and sophisticated investigative techniques, can make identification and tracing possible.

With the right knowledge and skills, those in the public and private sectors responsible for protecting against money laundering threats can gain the upper hand.

As course leader Federico Paesano explains:

“The public and freely accessible ledger of every cryptocurrency transaction ever conducted allows these financial flows to be traced in a way that would never have been possible before.”

And since cryptocurrencies are global, it is possible to access information without some of the barriers of international cooperation that can impede cross-border investigations and information gathering.”

During the four-day course, participants investigate a case of money laundering using cryptocurrencies by tracing transactions through the blockchain.

Dates and details at:
www.baselgovernance.org/crypto-AML-training

Peru, Switzerland and Luxembourg signed a trilateral agreement on 14 December 2020 governing the return of illicitly acquired assets to Peru.



Our ICAR training team delivered the signature Financial Investigations and Asset Recovery training programme to judges and prosecutors in Comoros in February 2020. Shortly afterwards, most ICAR training programmes switched to virtual delivery due to the pandemic restrictions.



Among the new partnerships agreed in 2020, we signed a cooperation agreement with the Office of the Chief Prosecutor of Kosovo in September. Our ICAR trainers were able to deliver their Financial Investigations and Asset Recovery programme on-site in February, and look forward to helping build capacity for asset recovery in Kosovo over the next years



The second phase of our long-term assistance programme in Tanzania launched in 2020.

Testimonial

A multidisciplinary Asset Recovery Office in Mozambique

Mozambique's new asset recovery law, *Regime Jurídico Especial de Perda Alargada de Bens e Recuperação de Activos*, was developed during 2020 (and enacted in January 2021). Our ICAR team in Mozambique supported the Office of the Attorney General in its contributions to the legislative drafting process for this very important piece of legislation. The new law significantly extends Mozambique's capability to recover illicit assets.

Among the many important aspects of this law is the creation of an Asset Recovery Office within the Attorney General's Office. This will formalise the work of the multidisciplinary asset recovery team that our ICAR experts have helped build over the last two years.

By bringing together representatives from different law enforcement agencies with other key government agencies such as land or vehicle registration and tax to work collaboratively on asset recovery cases, this type of multidisciplinary approach or office is widely considered to be good practice. When set up the right way and supported with adequate resources and political will, it can significantly speed up the tracing of stolen assets.

Over time, these teams are able to build in-depth specialist capacity and help overcome hurdles to inter-agency cooperation. That way, countries equipped with structures that allow for this multi-agency cooperation stand a much greater chance of fighting corruption and recovering stolen assets.

Gloria Adamo, Mozambique's Deputy Attorney General, comments about the new Asset Recovery Office:

A multidisciplinary approach is becoming increasingly vital in the fight against crime, especially organised and transnational crime. Mozambique has enshrined this concept in its new asset recovery law, which creates a multidisciplinary Asset Recovery Office. Headed by a Public Prosecutor, it is composed of criminal investigators from the National Criminal Investigation Service, analysts from the Financial Information Office, and technical experts from the Tax Authority and the Registry and Notaries.

New structures for collaboration and innovative approaches to investigation and evidence gathering increase the effectiveness of the fight against crime, especially for complex cases such as money laundering that are often hard to prove. They make it possible to recover stolen assets and demonstrate that crime does not pay.

ICAR, through its embedded experts, has provided valuable and rewarding technical assistance to prosecutors, judges and investigators. Together we have established best practices for new approaches in criminal and financial investigation, empowering our efforts to recover assets and fight crime.

Asset Recovery

Looking ahead

“ Our new four-year strategy to 2024, agreed in collaboration with our core donor group, continues our dynamic efforts over the last 15 years and adds four new priorities.

First, expanding our support to other public institutions at all points along the asset recovery process, and building stronger links between them. We call this the “chain-linked approach”, recognising that the complex and multifaceted asset recovery chain is only as strong as its weakest link.

Second, increasing economies of scale and value for money by strengthening our regional presence, especially in Latin America and in East and Southern Africa.

Third, looking outwards to grow our global impact, including by strengthening our ties with financial centres, emerging and developed economies, and regional asset recovery networks.

Lastly, our new strategy also places a strong focus on collective learning and driving change – by translating our on-the-ground experience into knowledge that can influence asset recovery policy in other countries and globally, and thereby achieve a multiplier effect beyond the reach of ICAR’s own programmes.”



Iker Lekuona
Head of Programmes ICAR

Public Governance

Our Public Governance team digs deep to uncover the root causes of corruption, recognising that these can vary and change depending on context, social norms and behavioural expectations.

In 2020, new insights drawing on behavioural science and network analysis have helped to illuminate social norms and informal governance mechanisms that still often remain hidden from much anti-corruption theory (see page 24).

These research findings are used to test, inform and guide the development of hands-on anti-corruption interventions, for example in the Tanzanian health system or among communities in Uganda at risk of being co-opted into the illegal wildlife trade.

The team also supports practitioners and donors in our partner countries with training, political economy analysis and other technical assistance to make sure that integrity interventions work in practice, not only in theory. Taking a heavily multidisciplinary approach, our researchers and governance specialists have been supporting corruption prevention activities by Malawi's Anti-Corruption Bureau, complementing the enforcement and private sector-focused work of our team and partners in Lilongwe.

This type of analysis and understanding is especially valuable when it provides a strong backbone to projects in emerging areas of corruption prevention, where less research and experience exist. The team's deep and nuanced analysis of political economic factors relevant to addressing environmental crimes

has, for instance, helped to inform our Green Corruption team's strategic efforts in 2020 across East and Southern Africa.

With thanks to our project donors in 2020: the Global Integrity Anti-Corruption Evidence Programme (GI-ACE), UK Foreign, Commonwealth and Development Office (FCDO), Swiss Agency for Development and Cooperation (SDC) and PMI Impact.

See
[baselgovernance.org/
public-governance](https://baselgovernance.org/public-governance)

HIGHLIGHTS

1

Built a solid research framework for a pilot **behavioural intervention** to address bribery and favouritism in the Tanzanian health sector.

2

Worked with partners in Kyrgyzstan, Tanzania and Uganda to understand how **informal networks** can be leveraged for better anti-corruption outcomes.

3

Analysed data from **field research and social network analysis** into wildlife trafficking in Uganda to support law enforcement, policymakers and conservationists in designing more effective interventions against illegal wildlife trade.

4

Supported the programming of our anti-corruption and asset recovery work in Malawi with a **political economy assessment** and by developing a rigorous monitoring and evaluation framework.

5

Led drafting of new **Anti-Corruption Strategic Guidelines** for the Swiss Agency for Development and Cooperation.

6

Shared **anti-corruption knowledge** with students and practitioners at the University of Basel, International Anti-Corruption Conference and other relevant forums.

A shift in perspective

Innovating anti-corruption research and practice by focusing on networks, not just individuals

Why are many countries still struggling with high levels of corruption in spite of having all the right laws, rules and institutions in place? Because powerful networks have much to lose from integrity and ethics. What's more, our research shows that high levels of corruption are rarely the result of individual behaviour – some isolated rotten apples transgressing the formal legal order. Rather, corruption more frequently springs from well-articulated and resilient informal networks, and these are hard to break.

For citizens, building informal networks of strong personal connections can help them to gain access to public services or career opportunities. For example, research shows that citizens resort to bribery not only to solve immediate problems (e.g. get medical treatment), but also to expand and cultivate social networks over a longer period. The bribe is not intended as a one-off transaction; rather, it is about building useful relationships, for instance with a health worker.

For political elites, networks can help win and maintain political power. Cultivating informal networks helps to reward supporters, sanction dissidents and demobilise opponents, thus promoting regime survival. During elections, links to business interests can be mobilised to finance campaign costs. Patronage networks can be activated to secure votes.

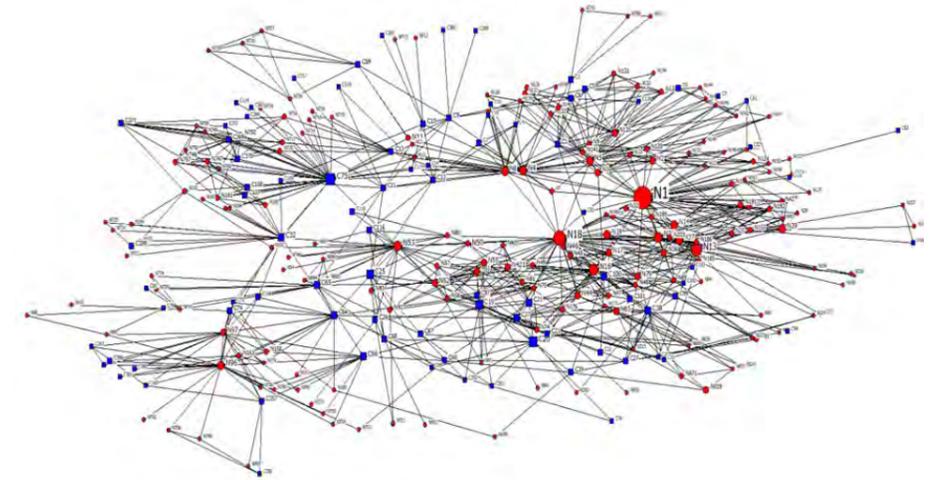
For business people, informal networks involving powerful political figures provide access to profitable government contracts, “special” tax exemptions and other financial benefits. Sometimes entrepreneurs build their networks by sponsoring aspiring politicians who, when successful, are obliged to use their decision-making authority to look after the interests of their benefactors.

Against this background, a guiding question for us during 2020 was:

“**What does anti-corruption practice look like if we shift the unit of analysis from individuals to networks?**”

This shift in focus, from individuals making rational decisions in isolation to dynamic informal networks shaped by social norms, has involved a variety of approaches and activities. We have

Social network analysis techniques can generate important insights into how networks of individuals and entities facilitate grand corruption and money laundering schemes. This network represents the transnational corruption scheme between Odebrecht and disgraced former Peruvian President Alejandro Toledo.



Give Back Our Future! The Role of Youth, Social Norms and Powerful Activism in the Fight Against Corruption

THEATER MODE

Public Governance Specialist Saba Kassa spoke at the International Anti-Corruption Conference in December 2020 on the role of youth in the fight against corruption. The panel was organised by GIZ.

worked with colleagues to design interventions that harness social networks to promote anti-corruption messages encouraging changes in attitudes and behaviour. We have applied social network analysis to a variety of cases, from illegal wildlife trade in East Africa to grand corruption schemes in Latin America. The insights have allowed us to dissect how criminal networks operate and distil actionable findings for law enforcement authorities.

During 2020 we also began to develop a framework for practitioners to identify the types of informal networks that operate at different levels and are linked to different types of corruption. This framework will be accompanied by guidance on developing network-focused anti-corruption interventions. Look out for these in 2021.

Public Governance

Looking ahead

“As we look forward to 2021 and beyond, the work of the Public Governance team continues to be guided by the ambition to innovate and generate actionable insights for anti-corruption practitioners.

We strive to establish new collaborations, deepen existing ones and explore how our tools and approaches can be applied to achieve the kind of tangible results we wish to see across different geographic and thematic areas.

We will continue to ground our work in rigorous research and methodologies to ensure our projects deliver outputs that are tailored to context and make the best use of available resources. Above all, we want our research to contribute to addressing the huge challenges that corruption poses to fighting poverty and inequality.”



Claudia Baez Camargo
Head of Public Governance

Testimonial

Designing evidence-based anti-corruption measures in Uganda

The end-of-programme event of the UK's East Africa Research Fund (EARF) was an occasion to reflect on how anti-corruption research evidence is informing practical interventions on the ground.

George Bamugemereire, Deputy Inspector General of the Government of Uganda (2012–2021), spoke lucidly about the value of our research project exploring corruption-related attitudes, social norms and behaviours in the region:

“In our efforts to tackle corruption in Uganda, we have been trying to understand citizens' attitudes towards low-level corruption and what fuels this kind of corruption in our country. The Basel Institute's research came in handy because it addressed these questions head on.

The findings indicated that in Uganda, there are two types of corruption. One is outright bribery. This form of corruption hurts citizens. Citizens give bribes grudgingly. They give them because they have no choice. This is particularly manifested when police, traffic police and other service providers demand to be paid against the citizen's will.

But the research indicates another interesting trend. That citizens sometimes pay bribes because they feel sorry for the service providers, particularly providers of essential services, and wish to help them by supplementing their incomes. This became clear in respect of health workers, or sometimes cashiers and others who receive very low salaries. For us, that was a very important finding.

Collective Action

Our Collective Action team helps companies and multi-stakeholder groups to develop, implement and sustain Collective Action initiatives to promote business integrity and tackle shared corruption challenges.

At the heart of Collective Action – and the initiatives that prove successful, many of which we have helped to facilitate and guide over the years – are trust and relationships between different stakeholders. This is a particularly tough challenge to recreate virtually during a pandemic. Nevertheless, thanks to our strong network among practitioners and business leaders, we achieved significant progress in our strategic priorities in 2020.

Key among these is bringing Collective Action into mainstream anti-corruption compliance practice. What does this mean? In essence, the concept of anti-corruption Collective Action has existed since the mid-1990s. Its tools enable the private sector to engage with peers, government, civil society and other stakeholders to address systemic corruption. It also fosters fair competition, transparency and a level playing field. Yet despite its clear benefits to businesses, governments and citizens, uptake has been piecemeal and optional for companies.

To achieve its true potential, we believe Collective Action needs to become a compliance norm – in other words, included by default in companies' compliance programmes as a risk mitigation tool to analyse and address persistent problems of corruption. This is why we have been engaging with international and national policymakers and standard-setters, helping them to integrate Collective

Action recommendations into the documents that guide companies' compliance strategies.

In addition, our active engagement with practitioners and professionals, including through a series of peer learning workshops, is helping us to bolster the evidence base for specific tools and to innovate to further drive this novel approach into the future.

You can find the resources and research we produced during 2020 on the B20 Collective Action Hub, a global go-to centre for guidance and evidence on anti-corruption Collective Action that we have hosted since 2013 (see page 32).

With thanks to our project donors in 2020: the Siemens Integrity Initiative, KBA-NotaSys Integrity Fund, UK Foreign, Commonwealth and Development Office (FCDO) and PMI Impact.

See
[baselgovernance.org/
collective-action](https://baselgovernance.org/collective-action)

HIGHLIGHTS

1

Enhanced the **B20 Collective Action Hub** with new research and resources on Integrity Pacts and local certification initiatives.

2

Launched a series of private-sector roundtables to identify synergies in **human rights** and anti-corruption compliance.

3

Worked with the OECD to promote the **High Level Reporting Mechanism** in five new countries, as well as to promote the **Compliance without Borders** initiative for state-owned enterprises as part of the OECD's Trust in Business initiative.

4

Hosted a **peer learning workshop** series for 37 Collective Action practitioners from 22 countries.

5

Provided **guidance** to multiple new and mature Collective Action initiatives around the world.

6

Activated our strategy to promote Collective Action as a **compliance norm**, including via fruitful engagement with the B20 Integrity & Compliance Taskforce, UNGASS, Southern African Development Community, Network of Corruption Prevention Authorities and UN Global Compact.

7

Worked with stakeholders in the construction sector in Malawi to address **corruption in public procurement** through Collective Action.

Collective Action in practice

Reporting on anti-corruption compliance effectiveness: greater transparency helps all involved

During 2020 we facilitated the development by several companies of a guidance note with a set of indicators that companies may wish to consider when reporting on the effectiveness of their anti-corruption efforts. This initiative of

highlights the important role that good governance plays in anti-corruption compliance programmes.

By making these indicators publicly available, potential investors are better informed about what companies

“ It was motivating to see the working group members learning from each other and exchanging opinions about best practices. The discussions were open and didn't shy away from challenges – which was impressive because the work was accomplished in just seven months. We hope this inspires companies across other industries, and will be the start of ongoing collective efforts to enhance this important aspect of anti-corruption compliance management systems.”

- Vanessa Hans, Private Sector Specialist

Norges Bank Investment Management, one of the world's largest investors, follows an earlier recommendation that companies should disclose how they measure the effectiveness of their anti-corruption programmes to external stakeholders. The motivation of an investor to support this work

are doing in practice to ensure assets are not dissipated through bribery. This can include transparency of information about board involvement in oversight, communication around anti-corruption, robust internal controls, constructive incentives, and so on.

Such voluntary disclosures help to build trust with external stakeholders, mitigate reputational risk and identify best integrity compliance practices. They also help to create momentum in sharing more information about anti-corruption compliance, where there is still reluctance to publish policies and Codes.

Private-sector firms that engage in greater transparency will not only attract interest from investors: this approach can also help law enforcement to



assess the robustness of a company's compliance programme, and inspire other companies as they develop their anti-corruption programmes.

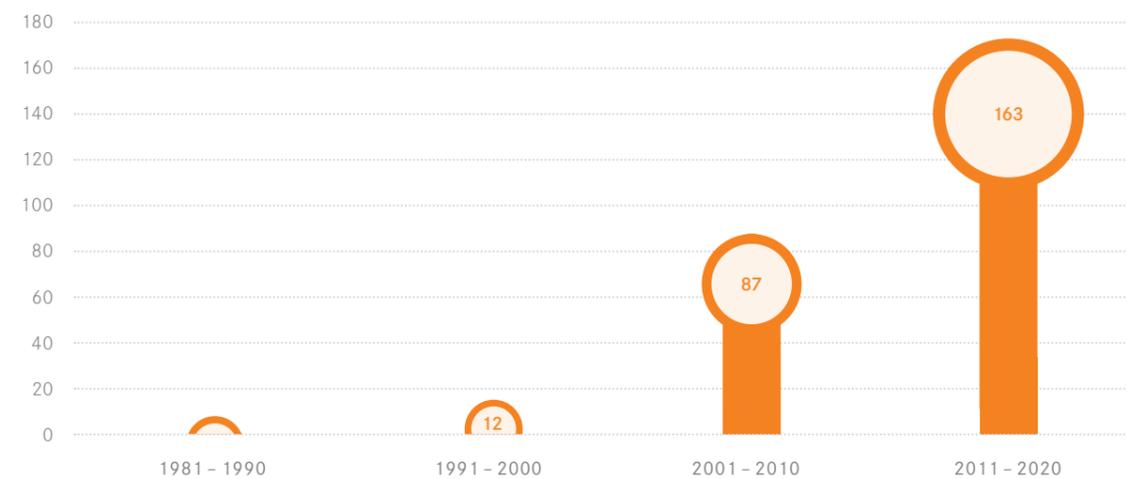
The project demonstrates how Collective Action creates a safe space to engage in frank discussions and innovation which is amplified by the collective experience of all participating companies. Covering culture, risk management, third parties, compliance functions and oversight, the guidance note and indicators are relevant to a wide range of industries. With constructive engagement fostered by the

facilitator, the outcome was positive for all involved, and has encouraged the participants to continue the discussions around implementation of the more ambitious indicators and measuring effectiveness.

B20 Collective Action Hub

The B20 Collective Action Hub is the first port of call for information, guidance and inspiration on anti-corruption Collective Action. Its collection of resources are aimed at practitioners, business leaders and compliance officers, and policymakers.

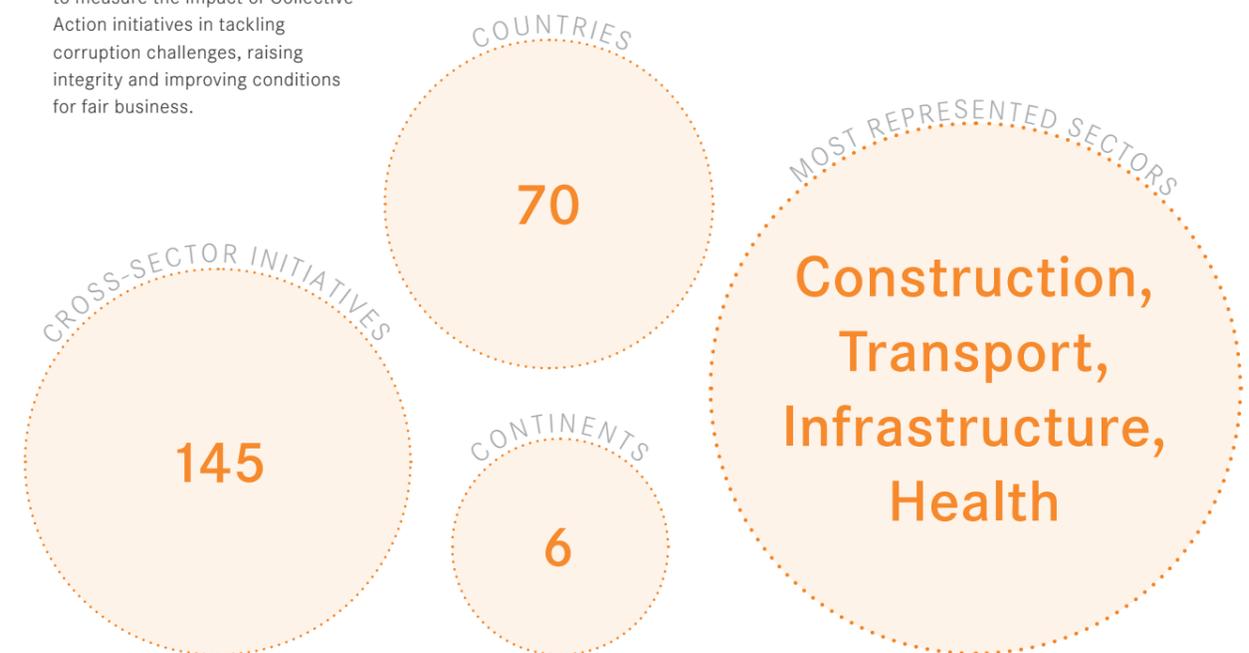
- A database of 280+ initiatives from 70 countries, providing opportunities to connect with existing initiatives and to learn from different approaches around the world
- 200+ specialised publications, including working papers produced by the Basel Institute team and other organisations leading the call for Collective Action
- Comprehensive mini-sites on Integrity Pacts, the High Level Reporting Mechanism, local certification schemes and other private sector-focused integrity tools, providing interested parties with a concise yet comprehensive understanding of the topic and avenues for action
- Opportunities to learn from peers and participate in online workshops and at our [4th Collective Action Conference](#) in Basel on 30 June – 1 July 2022



Expansion of Collective Action over time, shown by the number of new initiatives launched each decade according to data from the B20 Hub



As part of our peer learning workshop series in 2020, we gathered practitioners from all corners of the globe to discuss how to measure the impact of Collective Action initiatives in tackling corruption challenges, raising integrity and improving conditions for fair business.



The B20 Hub is supported by the Siemens Integrity Initiative. Visit collective-action.com and stay up to date via: [FightBribery](#) and [Collective Action at the Basel Institute](#)

Testimonial

Integrity Pacts: a resource for practitioners

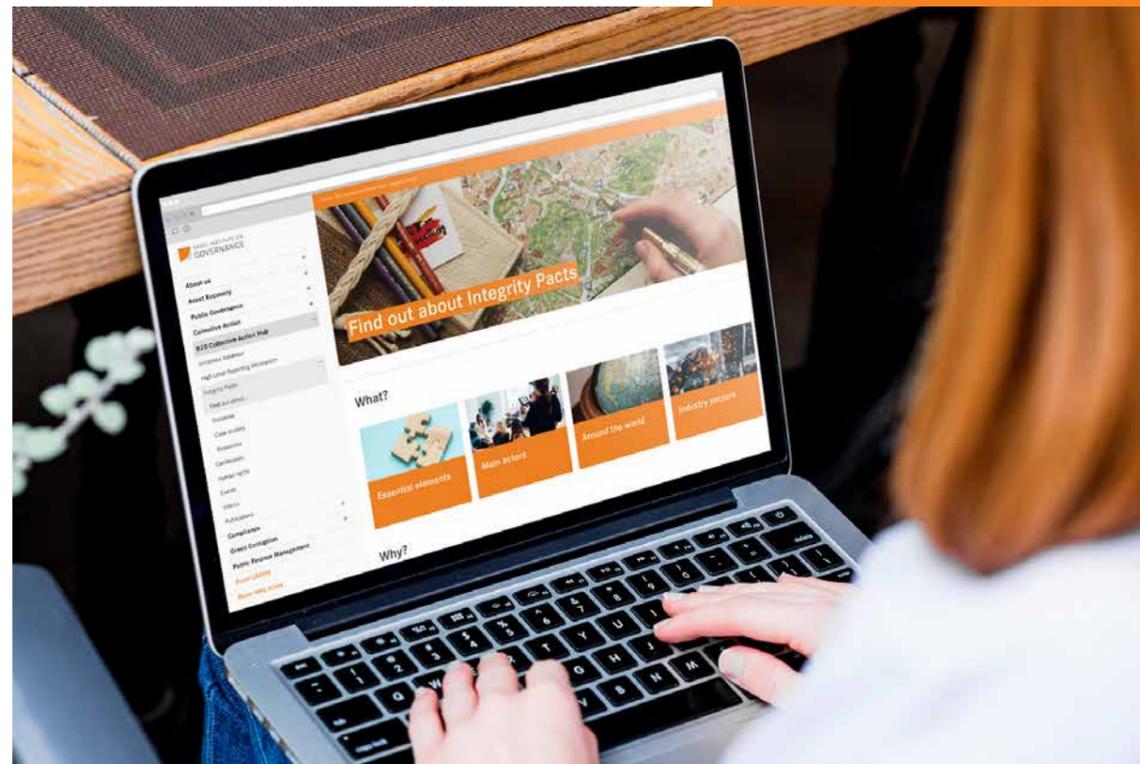
Integrity Pacts are a flexible tool that can help make public procurement fairer and more transparent, as well as reduce the risk of corruption. In 2020, our Collective Action team created and published a unique new resource to make information on this tool better available to more practitioners.

Since Transparency International pioneered the concept in the 1990s, Integrity Pacts have been used in hundreds of procurement projects in at least 32 countries across a wide range of sectors. This is because, when applied in a way that is sensitive to context and is supported by political will, they have proven to have real benefits, namely:

- Increasing trust in public procurement among governments, businesses and citizens
- Increasing competition by levelling the playing field
- Reducing the costs of procurement and contract implementation
- Preventing delays in the tender cycle or project implementation

The need for all four of these aspects could not have been clearer in the context of the pandemic, which has seen widespread allegations of corruption and fraud in healthcare-related procurement.

Located on the B20 Collective Action Hub, the online resource provides practical and accessible insights into the what, why and how of Integrity Pacts, along with a database and case studies that demonstrate the benefits that Integrity Pacts can bring to procurement processes, even if they “fail”.



Ivan Zupan, Programme Lead Integrity Pacts at Transparency International, commented:

Presenting three decades of experience with the implementation of Integrity Pacts is far from easy.

The Integrity Pacts resource on the B20 Collective Action Hub is an important first attempt at gathering examples, successes and challenges with the implementation of this civic monitoring tool across the globe.

In addition, the website provides relevant information and material for companies, contracting authorities and civil society organisations interested in this important form of Collective Action.

See
integritypacts.baselgovernance.org

The development of the new Integrity Pacts resource was supported by the KBA-NotaSys Integrity Fund.

Collective Action

Looking ahead

“ Thanks to the sustained efforts of many of our partners, forward-thinking companies and investors are increasingly recognising the benefits of Collective Action as a pragmatic way to address shared corruption challenges.

To achieve truly transformative and sustainable change, Collective Action now needs to be embedded in everyday compliance systems around the world. That is why a strong focus of our work in 2021 will be on ensuring that national and international standards on anti-corruption recommend Collective Action in its many forms.

We look forward to enhancing our support to practitioners and companies through our facilitation services, our training, our participation in policy forums such as the B20 process, and our continuing enhancement of the B20 Collective Action Hub.”



Vanessa Hans
Private Sector Specialist

Compliance and Corporate Governance

Our team of compliance advisors helps organisations to develop, improve and implement effective anti-corruption programmes, strengthen governance systems and manage bribery- and corruption-related crises.

The Covid-19 pandemic put companies and compliance officers under immense stress in 2020. Yet in our compliance and corporate governance work – which we have been pursuing for almost 20 years with organisations of all types, sizes and sectors around the world – we see that firms with a strong culture of integrity and anti-corruption are proving their resilience in the face of the continued challenges.

One challenge for compliance officers of large firms in 2020 was their inability to travel, which made it difficult for them to support local offices and engage directly with their supply chains. Our advice in these cases was to keep core integrity principles in mind and to adapt the rest – for example, by hiring trusted local lawyers to act as the company’s eyes, ears and support mechanisms on the ground.

We adapted too, making greater use of virtual technologies to provide compliance advice and to engage with company leaders to develop and adjust anti-corruption programmes and action

plans to deal with the new realities of business during a pandemic. This includes using the open-source research capabilities of Basel Open Intelligence (see page 68) as part of a mandate to perform anti-corruption due diligence prior to a client’s acquisition of a company tainted by a corruption scandal.

Find out more about our compliance guidance and training at:
baselgovernance.org/compliance

HIGHLIGHTS

1

Provided several SMEs with **tailored guidance** on anti-corruption compliance and bribery prevention under the UK’s Business Integrity Initiative.

2

Developed an **Anti-Corruption Action Plan** for a state-owned enterprise (SOE) in Tunisia under an EBRD advisory mandate and started work on a similar mandate for another SOE in the Middle East.

3

Delivered tailored **compliance training** to senior managers, including at several SOEs and public agencies in Uzbekistan.

Compliance without Borders

Corruption and competition in SOEs – two sides of a coin?

A fifth of the world's largest companies are state-owned, many operating much like private firms in strategic sectors such as energy and mining. Many SOEs are located in countries with high corruption risks. Resourced in part through taxpayers' money, they are under great public pressure to demonstrate transparency and clean business practices.

This makes it even more imperative for SOEs to develop and implement strong anti-corruption compliance programmes in line with the authoritative OECD guidance on corporate governance in SOEs. This is something we have helped several SOEs to do over the years, including in 2020 in Tunisia, Jordan and Uzbekistan.

There is an additional factor. In some countries, SOEs are the monopolistic providers of key goods and public services. They may even assume the role of regulator, overseeing the sector in which they are also operating.

It is clear then that antitrust and anti-corruption risks go hand in hand and compliance measures need to be robust in both areas. SOEs risk being accused of a range of unfair business practices, ranging from institutionalised conflicts of interest to soliciting bribes and orchestrating kick-back schemes with the private sector.

Such activities are all variations of corrupt behaviours. Just think of bid rigging, collusion and price fixing

in public procurement – like SOEs bidding for an infrastructure project and a related government agency conducting the tendering process.

Antitrust measures for SOEs can only be fully effective when embedded in wider and deeper compliance programmes. These programmes must not only demonstrate full compliance with external and internal laws and regulations on corruption and bribery, but also nurture values such as integrity, ethical behaviour, transparency and fairness.

This means, for example, conducting company-wide risk assessments that focus on both corruption and competition risks. There are synergies in compliance and legal functions too, as well as in monitoring and training.

Our joint [Compliance without Borders](#) project with the OECD's Trust in Business initiative foresees short-term secondments of experienced compliance officers to SOEs. The aim is to help build compliance capacity to deal with a wide range of such risks.

Compliance and Corporate Governance

Looking ahead

“ In the field of anti-corruption compliance, something we actively promote and hope to see more in 2021 is collaboration between companies and other stakeholders working through Collective Action.

Anti-corruption Collective Action offers clear opportunities to address compliance issues of common interest, such as clean procurement or efficient third-party due diligence, in a cost-effective and pragmatic way. Engagement in Collective Action is also increasingly being seen – not least by investors – as a marker of integrity in itself.

As we take up new corporate advisory mandates in 2021, for both corporate clients and two multilateral development banks, our focus will continue to be on finding practical, robust and sustainable solutions to thorny compliance issues for all stakeholders.”



Gemma Aiolfi
Head of Compliance, Corporate
Governance and Collective Action

Green Corruption

How to stop criminals profiting from crimes that destroy our environment and increase the risks of pandemic disease?

This question is at the heart of our recently re-positioned programme on Green Corruption. The programme leverages the Institute's expertise in financial investigations, asset recovery, compliance and corruption prevention to support the global fight against environmental crimes.

Building on our successful pilot project on illegal wildlife trade, our multidisciplinary Green Corruption team tackles corruption, money laundering and related financial crimes and governance failures that facilitate environmental crimes – including illegal logging, fishing and mining – and make these felonies lucrative.

Our work involves collaboration with public, private and conservation partners across the world.

With thanks to our project donors in 2020: The Royal Foundation of The Duke and Duchess of Cambridge, the Elephant Crisis Fund and PMI Impact.

Learn more at
[baselgovernance.org/
green-corruption](https://baselgovernance.org/green-corruption)

HIGHLIGHTS

- 1 Published **5 research papers** on the drivers, facilitators, risks and organised crime elements behind illegal wildlife trade in Uganda.
- 2 Conducted in-depth financial analysis on **27 major cross-border cases**, yielding fresh leads and insights to strengthen future investigations.
- 3 Mentored and conducted formal **training with 6 wildlife agencies** to build capacity for financial investigations and cooperation.
- 4 As operators of the **Information Sharing System** of the United for Wildlife Financial and Transport Taskforces, issued 40 alerts and bulletins to **150+** member organisations.
- 5 Contributed expertise to an **introductory wildlife crime course** for compliance officers by ACAMS and WWF; 2,300+ participants enrolled in the first 3 months.
- 6 Together with the OECD, launched the **Corrupting the Environment** series of virtual dialogues on environmental crime, illicit trade and corruption.

An evolving programme

A year of transition and testing what works

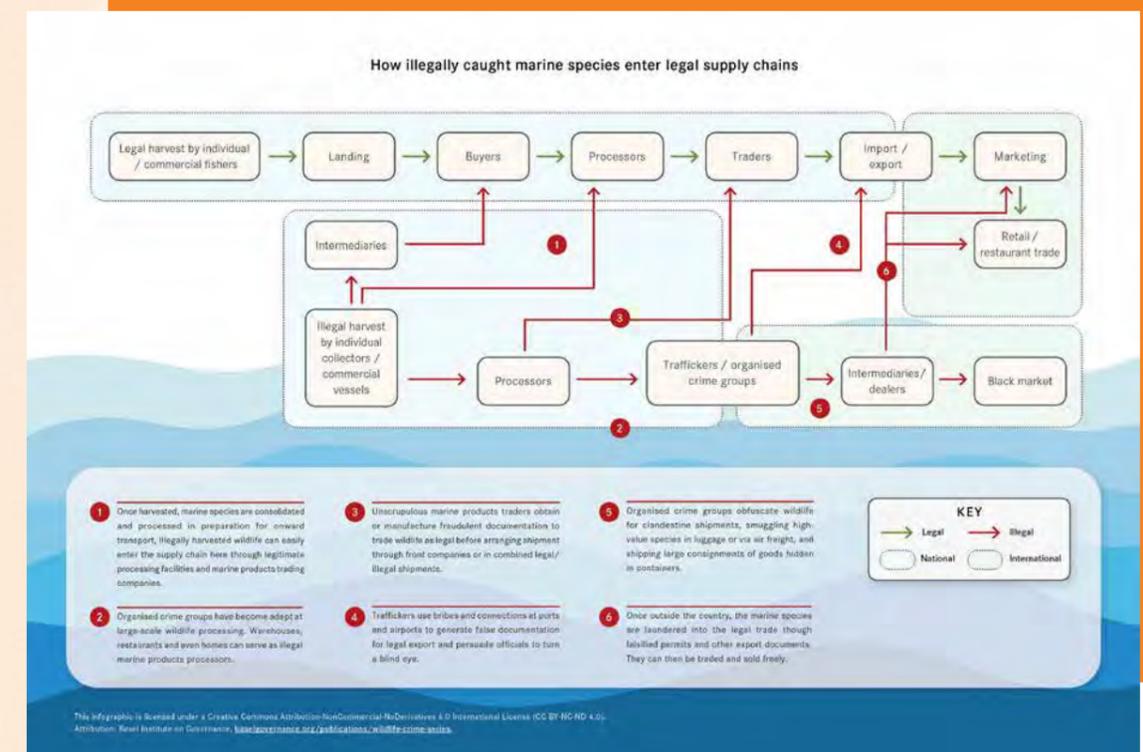
2020 was a year of transition in the Green Corruption (formerly Illegal Wildlife Trade, or IWT) programme. Its repositioning as “Green Corruption” reflects a shift towards increasingly leveraging in-house and Institute-specific expertise against the environmental crimes that are the scourges of our planet. A multi-year strategy developed in the second half of the year provides a solid base for sustainable growth. But strategising was by far not all that 2020 held.

The Information Sharing System that we operated for United for Wildlife, an initiative of The Royal Foundation aimed at catalysing private-sector action against illegal wildlife trade, grew into a formidable operation in terms of both quality and scale. The arrival of an additional analyst supported the development of 40 analytical digests of key issues of concern, custom-made for financial institutions and transport companies to include current trends and red flags. These were distributed monthly to an audience of over 1,300 professionals.

With the arrival of Covid-19 travel restrictions, the team augmented these written products with monthly live explainer briefings that allowed Taskforce members to ask questions about how these findings could be applied to their due diligence systems. At the end of the year we handed over the baton to another organisation, which aligned with the refocusing towards wider environmental crime and core in-house expertise.

We also scaled up the investigative and research elements of the programme. Financial investigators based in Kenya and Uganda remained in place throughout the pandemic, significantly boosting our local partners’ practice of following the money in wildlife investigations.

Our applied research expertise was put to good use analysing the behavioural drivers and norms that lead people to engage in wildlife poaching and trafficking. Finally, our novel application of social network analysis to an IWT organised crime group demonstrated the deep potential of this tool for criminal investigations. It was immediately picked up by the team’s investigators to develop their partner agencies’ cases.



Our Green Corruption team have been mapping out how corruption facilitates illegal wildlife trade and the “laundering” of illegal animals and animal products into legal supply chains. This infographic is part of a four-part series on wildlife crime risks funded by PMI Impact.

Corrupting the Environment

Following the money to address environmental crimes

A joint initiative of our Green Corruption team and the OECD, our Corrupting the Environment webinar series explores the intersection between environmental degradation, financial crime and illicit trade. Each monthly event brings together thought leaders among government, private industry and civil society on a different aspect of this triangle.

Speaking at the launch event on International Anti-Corruption Day in December 2020, **Mark Pieth, President of the Basel Institute on Governance**, explained:

Corruption devastates entire societies, destroys natural environments, endangers wildlife and biodiversity, and undermines sustainable and equitable development. It should not be treated merely as a footnote of criminal law or an aspect of unfair competition.

The logic behind the Basel Institute's Green Corruption programme is to follow the money trail and target the corruption and other forms of financial crime that facilitate environmental degradation.

Topics in 2021 spotlight crucial issues for environmental protection, such as the illegal trade in wildlife – online and offline – mining and waste dumping. As well as exploring criminal trends, the panels seek to highlight practical tools and solutions, including how financial investigations can help investigators “follow the money” from

environmental crimes and how conservationists can apply behavioural insights to change perceptions of environmental crimes.

See www.baselgovernance.org/corruptingtheenvironment for all session summaries and videos.



An all-star panel launched our Corrupting the Environment series, which continued into 2021 with monthly events on different topics.

Green Corruption

Looking ahead

“ 2021 is full of opportunities to further boost the fight against environmental crime through a financial crime lens. As the world continues to struggle with the fall-out from zoonotic disease and climate change, it has become much less necessary to convince stakeholders to engage – a welcome change.

Against this backdrop, we are excited to have solidified our joint case work with law enforcement, forged crucial partnerships with some of the world’s leading conservation groups and national law enforcement agencies, and launched programmes which will allow us to rigorously test the effectiveness of different anti-corruption tools against environmental crimes. When confirmed, the idea is to fine-tune, roll them out and scale them up to contribute our share to saving the environment.”



Juhani Grossmann
Team Leader, Green Corruption
programme

Public Finance Management

Our multi-year programme to strengthen Public Finance Management (PFM) in 11 regions and municipalities of Peru launched its second phase in 2020.

This four-year extension follows the recommendation of an independent review of the programme's efforts to enhance the capacity of Peruvian subnational authorities to plan, implement and execute budgets and to increase standards of integrity and transparency in doing so.

The pandemic, which hit Peru badly in terms of both health and economic impacts, has only highlighted the direct connection between high standards of public finance management, the critical role of basic public services and the wellbeing and prosperity of the population. It put a spotlight on the relevance of our mentoring support to subnational government bodies on topics such as budget planning, administrative systems and internal controls, as well as our facilitation of coordination between local and regional governments and relevant national government departments.

All of these aspects directly support the provision of healthcare and social services to the people, and we were happy that we could continue to provide them – albeit mostly virtually and in adapted form.

The training team in particular developed innovative ways to build the skills and knowledge of public officials across the country. Using social media and communications technologies that took account of levels of internet and computer access in Peru

(see page 52), we were able to reach thousands of officials with peer learning opportunities, intensive workshops and virtual seminars.

Many thanks to the Swiss State Secretariat for Economic Affairs (SECO) for funding this ambitious programme since 2015.

See
[baselgovernance.org/
public-finance-peru](https://baselgovernance.org/public-finance-peru) or
gfpsubnacional.pe

HIGHLIGHTS

1

Developed an **innovative training concept** using social media that was showcased at Peru's National Innovation Week.

2

Trained **5,000+ public officials** across Peru in various PFM elements, overcoming significant challenges of home working and internet availability.

3

Launched a series of **virtual seminars** on planning, budgeting and procurement that were viewed over 17,000 times in 2020 alone.

4

Developed **seven videos** on how to implement an internal control system in an institution; these were viewed over **2,000 times** on Facebook alone during 2020.

5

Continued support to the **Public Finance Management Experts Network**, which hosted 29 virtual seminars on Facebook receiving more than 78,000 views and 17,500 interactions.

Innovation in training

An agile training approach to overcome Covid-19 challenges

High-quality capacity building has been a pillar of our programme since day one. Until the pandemic triggered widespread disruption and restrictions on office working and travel, our teams travelled the country holding workshops with large numbers of public officials in person, and mentoring them on the job.

Bringing specialists in training and technology together with technical experts in PFM, we quickly developed a training concept that has largely enabled us to overcome the coronavirus restrictions and issues with access to the internet and computers.

Our strategy involved four stages:

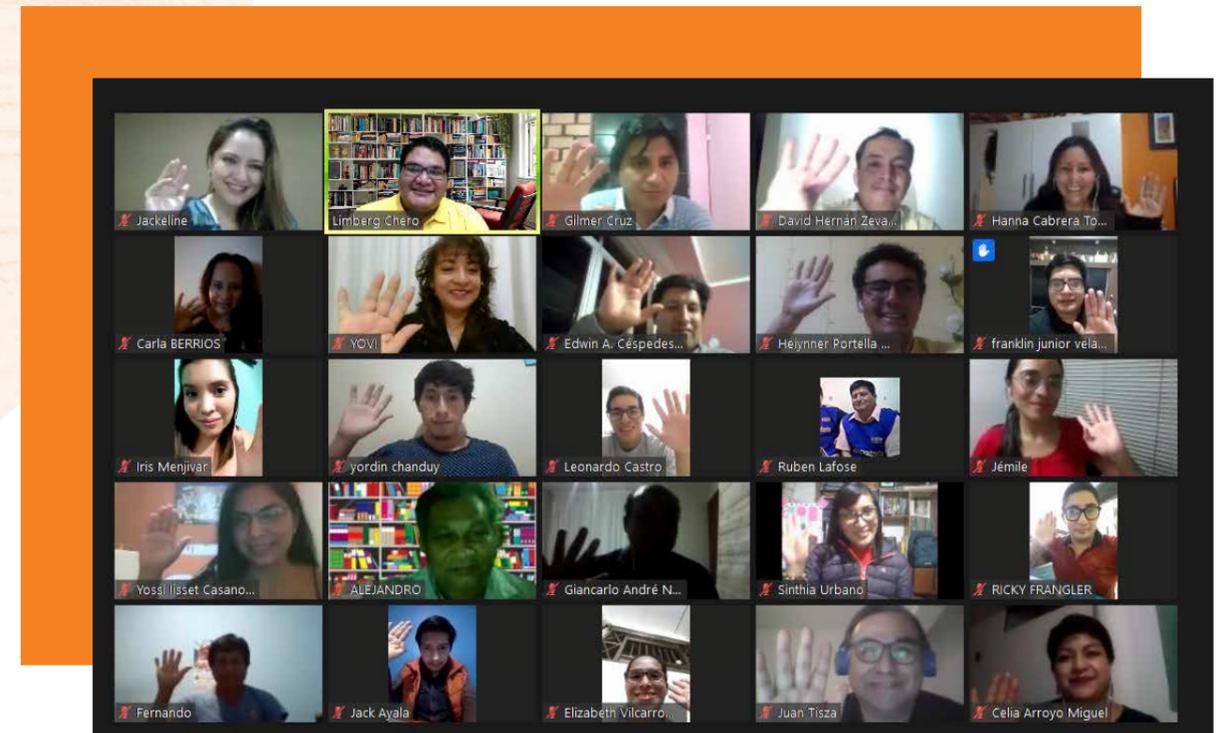
- First, we developed a self-paced virtual course that could be accessed by learners using free data offers from Facebook and WhatsApp. More than 1,000 officials completed the course.
- Second, we conducted live seminars on Facebook with opportunities for audience interaction. These reached over 5,000 people.
- Third, thanks to the voluntary support of members of the PFM Experts Network, we jointly held a series of educational events and interviews via Facebook that reached tens of thousands of people.

- The fourth element involved training members of our technical assistance teams to expand our capacity building efforts via social networks. These massive training events reached more than 40,000 people and benefited from the participation of the Peruvian Ministry of the Economy and Finance, National Centre for Strategic Planning, Ministry of Education and Ministry of Health.

Even we were surprised at the demand and appreciation for our virtual training. A particular highlight was the ability to expand the benefits beyond our 11 target subnational governments with no additional cost or effort. In fact, we saw that several people were attending from other countries in the region.

We will take our experiences forward in 2021 and continue to facilitate innovative learning practices through online tools, peer-to-peer networks and train-the-trainer initiatives.

Some of the 770 public officials across Peru who took our virtual seven-week course in April to improve their PFM skills.



Our virtual training concept enabled us to continue building capacity despite strict pandemic-related restrictions on travel and working.



Testimonial

A fruitful collaboration between Peru and Switzerland

Speaking at the [virtual launch](#) of the Programme's second phase in December 2020, leaders of the beneficiary subnational governments expressed their appreciation:



The agreement between Switzerland and the Region of San Martín that enabled the implementation of the PFM Programme has helped to improve our indicators and our standards of well-being.

– Pedro Bogarin Vargas, Governor, Region of San Martín

We have an action plan that will be supported by the PFM Programme, which will allow for a new phase of technical assistance and higher levels of efficiency and transparency.

– José Ruiz Vega, Mayor, Provincial Municipality of Trujillo, Department of La Libertad

Thank you for all the support you have been providing to strengthen the capacities of civil servants in the Region of La Libertad.

– Manuel Llempén Coronel, Governor, Region of La Libertad

Public Finance Management

Looking ahead

“As we continue to implement the second phase of the programme, we are keeping our eyes firmly on the main objective agreed with our partners and our donor: strengthening the management of public finances across the targeted subnational governments. This will promote transparency and better allocation of public resources, thus contributing to better provision of basic services such as education, health and sanitation.

We will build on the sustained efforts of our team over the years to promote deeper dialogue and the long-term sustainability of PFM reforms. In particular, we will be supporting our counterparts in optimising processes for managing capital expenditure and prioritised basic services, property tax collection, as well as internal controls and public integrity.

A second component, drawing on the expertise of the Basel Institute's International Centre for Asset Recovery, is extending efforts to build capacity to recover public assets that have been stolen from subnational governments. We hope any funds recovered can be reinvested in Peru's sustainable development and post-pandemic recovery – and that they can serve as a deterrent to future corruption.”



Carlos Vargas
Programme Director, Public
Finance Management, Peru

Basel AML Index

2020 saw the 9th annual release of our flagship index of money laundering risk: the Basel AML Index. The Basel AML Index is an independent annual ranking that assesses the risk of money laundering and terrorist financing in countries around the world.

This year, we added two new indicators to the methodology, which now draws on 16 indicators in five categories.

The first new indicator, from the World Economic Forum, measures judicial independence – crucial to a country’s genuine and concerted anti-money laundering and counter financing of terrorism (AML/CFT) efforts.

The second is the US Trafficking in Persons report on countries’ efforts to combat human trafficking, which is one of the fastest growing and most profitable sources of income for organised crime.

The Basel AML Index is developed and maintained by our **International Centre for Asset Recovery (ICAR)**.

Visit index.baselgovernance.org to view the Public Edition and request an Expert Edition demo account

141

countries (Public Edition)

203

countries (Expert Edition)

730

subscribers

3

editions: Public, Expert, Expert Plus

13,000 +

report downloads following July 2020 release

Published annually since

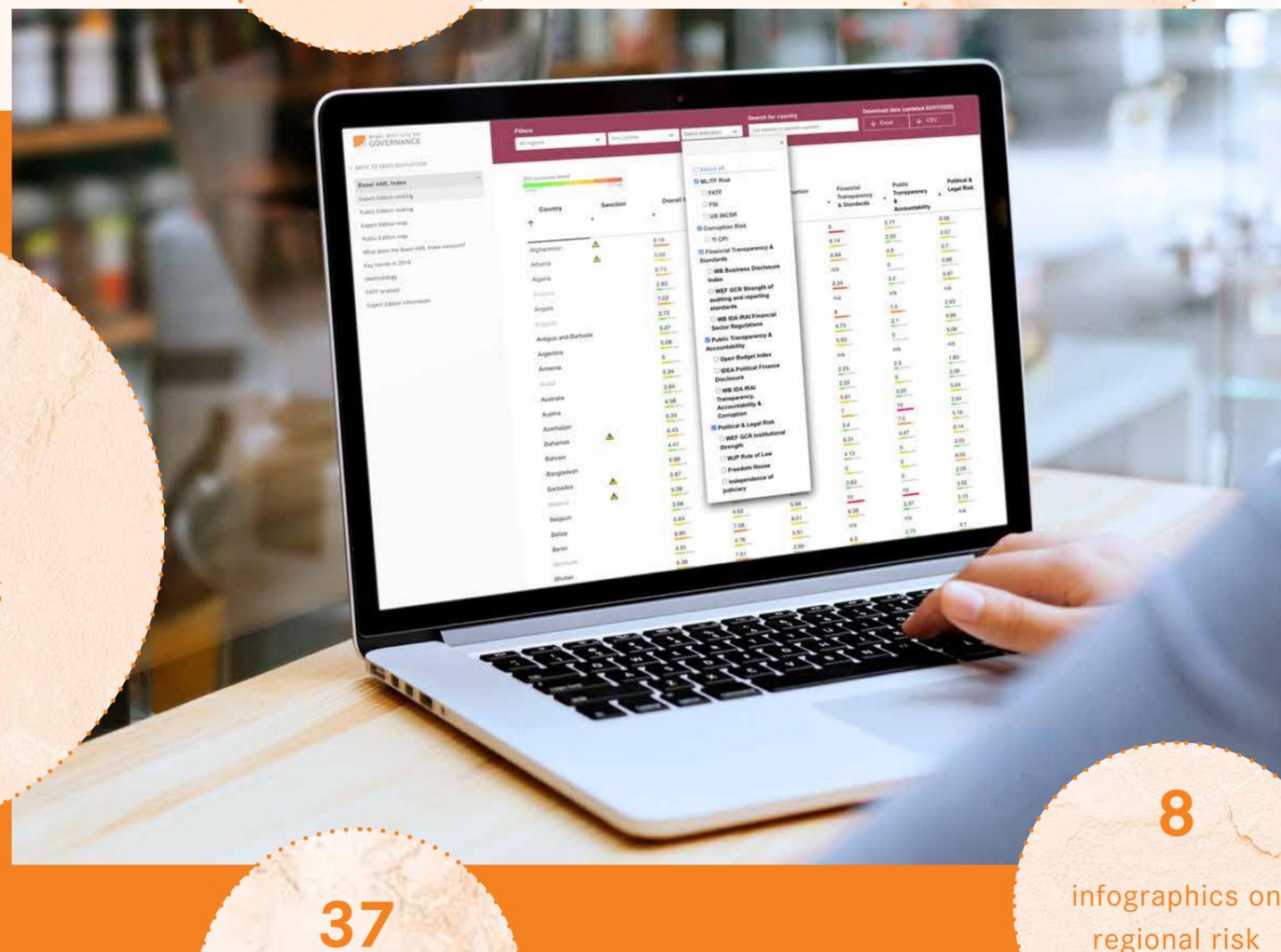
2012

37

countries with media articles

8

infographics on regional risk profiles



Money laundering trends in 2020

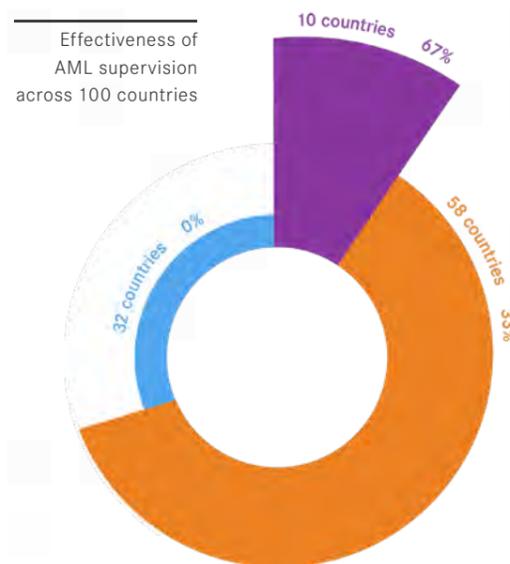
What makes AML supervision weak in so many countries?

The most interesting findings in the Basel AML Index are typically not about which countries go up or down the rankings each year, even if that is the focus of most media articles. Rather, the detailed analysis of data relevant to money laundering risk that goes into creating the index often reveals curious or concerning trends.

In 2020, among other trends, we noted serious systemic failings in the quality of AML supervision almost everywhere. A third of countries assessed with the latest Financial Action Task Force (FATF) methodology score zero for the effectiveness of their supervisory bodies and measures designed to safeguard financial systems from abuse. Scores for technical compliance with FATF standards for supervision are mediocre or poor. Scandals even in “safe” countries, such as Germany’s Wirecard debacle, simply reinforce these findings.

Financial supervision is a major factor affecting money laundering risk and resilience. An analysis of FATF data on supervision revealed five factors contributing to the ineffectiveness of supervisory bodies:

- Limited powers to sanction non-compliance
- Limited resources, including staff and tools
- Risk-based approach is not applied: supervision does not match the risks and size of the financial centre
- Poor coordination between authorities working in silos
- Insufficient guidance on ML/TF risks provided to reporting entities



Of course, the exact reasons and remedies vary greatly by country – but there is some serious low-hanging fruit.

Thanks to its reputation and stringent methodology, the Basel AML Index provides a strong basis to promote global awareness of money laundering and terrorist financing risks and failings. Effective AML/CFT systems, around the world and in financial centres in particular, are critical to preventing and detecting money laundering and to freezing suspicious assets while investigations are carried out.

Testimonial

Basel AML Index as a data source

The Basel AML Index is proving a valuable data source for other indices of governance and financial transparency.

- New indices that integrated Basel AML Index data into their methodologies in 2020 are the Swiss Finance Institute’s [Global Financial Regulation, Transparency and Compliance Index](#) and the European Commission’s [Transitions Performance Index](#).
- The European Commission recommends the use of the Basel AML Index in its methodology for identifying high-risk third countries for money laundering.
- The Wolfsberg Group, a Collective Action of 13 global banks that sets AML/CFT standards for the global financial industry, includes the Basel AML Index in its [FAQs on country risk assessment](#).

To support the widespread use of the Basel AML Index and its data, we offer unlimited free access to the Expert Edition for all public, non-profit and academic organisations. See index.baselgovernance.org.

A leading index of money-laundering risk

– The Economist, 22 August 2020

Basel LEARN

In July 2020 we launched our new online learning platform, Basel LEARN. In just a few months, it has taken off with all cylinders blazing. The platform hosts the Basel Institute's free eLearning courses, which were upgraded to the latest technology during 2020, plus a growing set of practical resources aimed at boosting the skills and knowledge of anti-corruption practitioners.

The user-friendly platform is also used for virtual delivery of instructor-led training, including several of ICAR's flagship training programmes that could not take place in person due to the pandemic.

9 instructor-led courses delivered in 2020

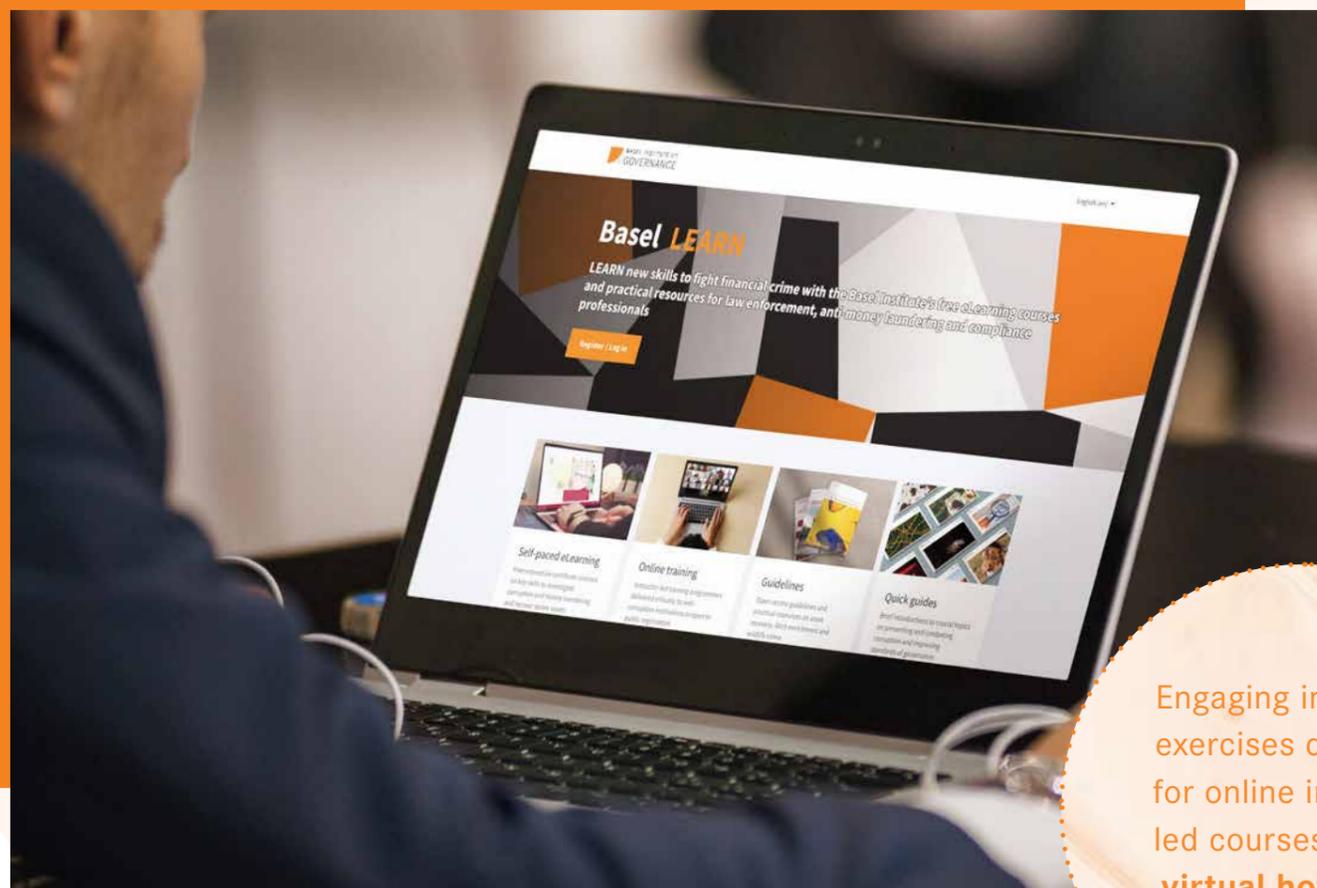
New eLearning course on **Terrorist Financing** launched in collaboration with the Egmont Group

22+ guides to anti-corruption and asset recovery topics in various languages

Popular self-paced courses on Operational Analysis, Financial Analysis using Excel, Visualising Cases and Flows of Money, and the Source and Application of Funds method

Visit learn.baselgovernance.org, register and start learning!

3,000+ users by December 2020



Engaging interactive exercises developed for online instructor-led courses, such as **virtual hotel room searches**

A silver lining

The role of virtual training during and beyond the pandemic

With the Covid-19 lockdowns came a sudden switch to online learning for almost everyone – from millions of schoolchildren to the investigators, prosecutors and other regular participants of our ICAR training programmes.

By combining video conferencing with our Basel LEARN platform, we were quickly able to deliver adapted versions of our flagship training courses to anti-corruption practitioners all over the world. Despite the challenges of online training with participants in low-tech and low-bandwidth settings, and of replicating complex team exercises in a virtual space, the feedback has been extremely encouraging.

It is true that the personal interaction and energy at the core of an effective in-person course are hard to replicate online. But our virtual learning platform does open up interesting possibilities to expand the skills and knowledge of more practitioners in the fight against financial crime.

First, it is simpler and more cost-effective to arrange regional workshops, or workshops in places to which travel is difficult or dangerous. It is also easier to bring in specialists for short sessions on particular topics.

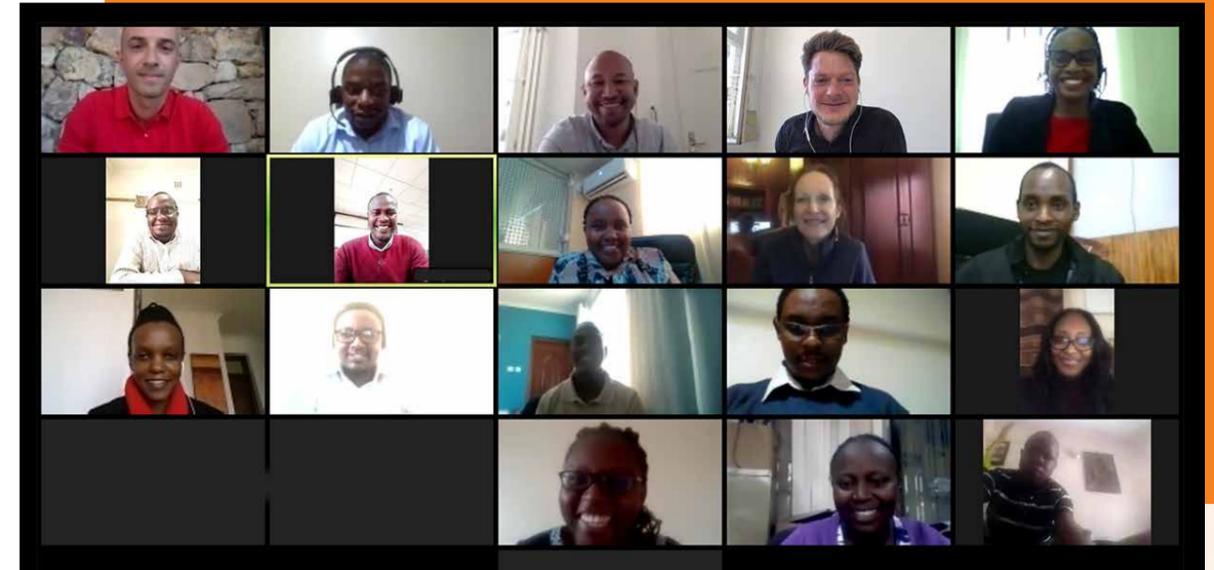
For participants, both our virtual instructor-led courses and our eLearning courses minimise time away from work and family. The ability to record

workshops, including transcripts, means that participants who miss a session can catch up. We have also noticed that shy participants may feel more comfortable speaking up via the chat function.

Even before the temporary switch to virtual training for our ICAR courses, we had already deployed – with great success – an Advanced Operational Analysis course that blends on-site training with eLearning. In-person training can benefit a lot from elements like polls or short interactive tasks such as searching for information in fake company registers during a simulated corruption investigation. Participants say they enjoy the game-like approach.

What's more, graded assignments can foster active participation and allow the trainers to better assess the engagement and progress of each participant.

Thanks to Basel LEARN, we were able to not just continue to build the capacity of anti-corruption practitioners worldwide, but expand our possibilities to do this smarter and better even in our post-pandemic future.



Our Advanced Operational Analysis course in December 2020 brought together 20 investigators and financial intelligence analysts from 10 African countries. The training was provided at the request of the Commonwealth Africa Anti-Corruption Centre (CAACC).



During the pandemic, our training team worked hard to deliver courses virtually via Basel LEARN – a challenge given the interactive and hands-on nature of our training programmes.

Basel Open Intelligence

Investigators, compliance officers and others who wish to spot and analyse potential links between individuals, companies and criminal activities have a new tool at their disposal: Basel Open Intelligence (BOI).

BOI is a user-friendly online tool that scans open-source media and databases of politically exposed persons, sanctions and other relevant information for financial crime investigations, compliance and due diligence.

It became fully operational in 2020 with ongoing upgrades including a multilingual interface, custom keyword files and enhanced functions for creating custom reports.

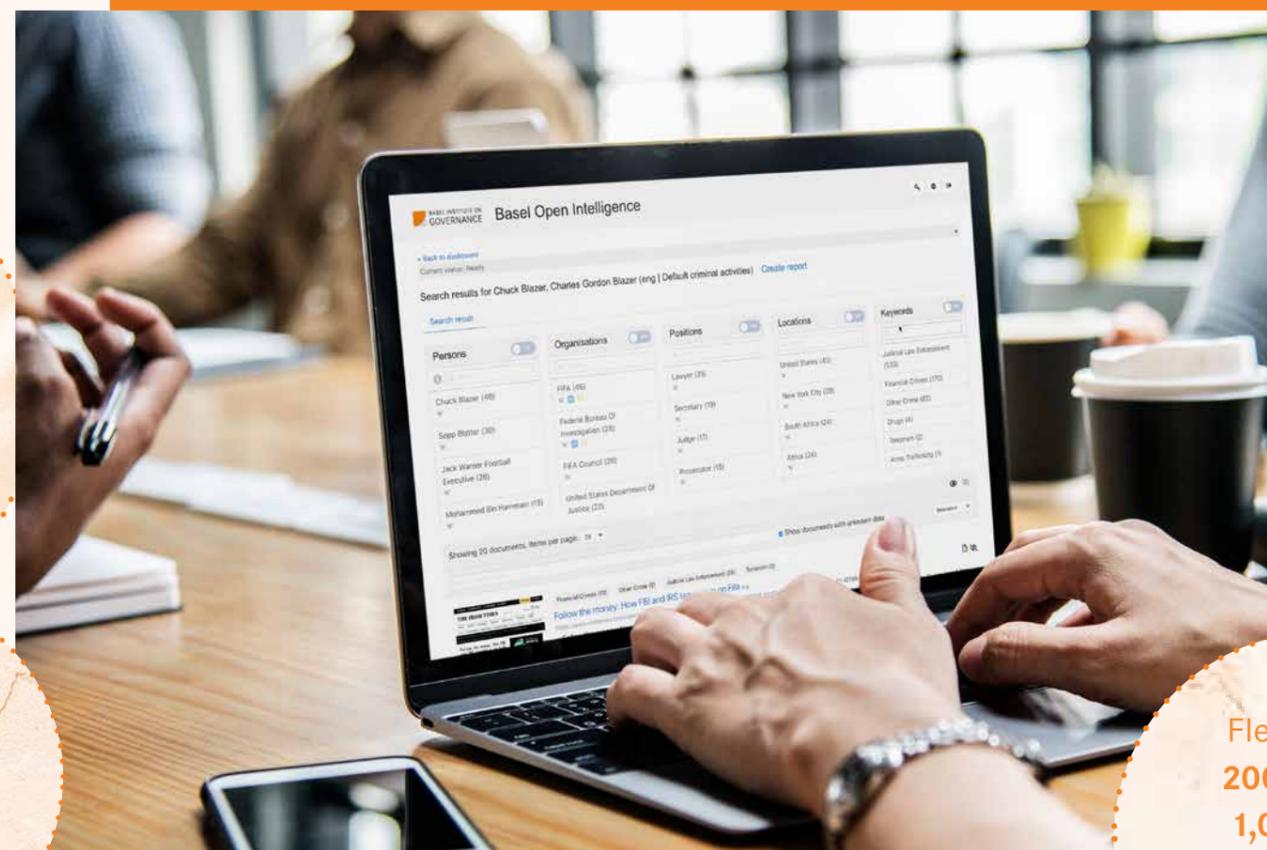
Find out more and request a free demo account at: baselgovernance.org/boi

2,000 free searches per year available for public-sector and non-profit organisations in developing countries

Searches 10 open-source databases and sanctions lists

8 languages searched with 1 click, with optional automatic translation of documents found

200+ keywords on financial crime, terrorist financing and human/wildlife trafficking



Flexible 100, 200, 500 and 1,000 credit search packages for unlimited users

Open-source intelligence

How lockdown opened up new possibilities for compliance and corruption investigations

As countries locked down to prevent the spread of Covid-19, law enforcement officers found themselves challenged to conduct physical searches and interview witnesses. Many of our partner agencies introduced shift work or remote working, drastically cutting the time and resources available for investigations.

A silver lining in this difficult situation has been greater use of open-source intelligence to explore leads and gather evidence.

Basel Open Intelligence is designed to make it easy for investigators to identify potential links between suspects, companies and criminal activities. One-click searches of open-source media and databases help to identify priority areas at the start of an investigation, speed up systematic intelligence gathering and build comprehensive profiles of suspects, locations, corporate links and wider networks.

Several of our partner agencies, as well as three additional financial intelligence units, took advantage of our offer of 2,000 free searches per year for public organisations in countries eligible for official development assistance.

In the private sector, the situation with squeezed time and resources due to Covid-19 was similar. Compliance departments and law firms seeking to screen employees, clients and third parties for

potential corruption risks found BOI to be a user-friendly, efficient and highly cost-effective tool to achieve this.

Some commented that BOI has hugely cut the time needed to conduct this research, store the evidence and record it in a report – allowing them to concentrate on other more pressing needs.

To help encourage this trend and widen access to those with fewer resources, we are now offering half-price search packages for BOI to SMEs and non-profit organisations, as well as public-sector organisations.

Until now I've been doing this research on my new clients manually, so BOI will save me a lot of time.

Being able to search automatically in multiple languages really helps expand the information you can find. Even though I only speak English!

It's amazing what information you can find hidden online about a suspect with the help of a smart search tool.

Publications

Working papers and policy briefs

- Hans, Vanessa, Scarlet Wannewetsch, and Gemma Aiolfi. 2020. **Local certification through Collective Action: an innovative approach to anti-corruption compliance and due diligence.** Working Paper 34, Basel Institute on Governance
- Kassa, Saba, Jacopo Costa, Robert Lugolobi, and Claudia Baez Camargo. 2020. **A worm’s-eye view of wildlife trafficking in Uganda – the path of least resistance.** Working Paper 33, Basel Institute on Governance
- Kassa, Saba, Jacopo Costa, Robert Lugolobi, and Claudia Baez Camargo. 2020. **Curbing wildlife trafficking in Uganda: lessons for practitioners.** Policy Brief 5, Basel Institute on Governance
- Baez Camargo, Claudia, Paul Bukuluki, Richard Sambaiga, Tharcisse Gatwa, Saba Kassa, and Cosimo Stahl. 2020. **“Petty corruption in the public sector: A comparative study of three East African countries through a behavioural lens”.** *African Studies*, 79:2, 232-249, doi: 10.1080/00020184.2020.1803729
- Costa, Jacopo. 2020. **Social network analysis in the fight against illegal wildlife trade.** Basel Institute on Governance
- Costa, Jacopo. 2020. **Preliminary report: Examining wildlife trafficking networks in East Africa through the lens of social network analysis.** Basel Institute on Governance

Selected research reports, books and journal articles

- Aiolfi, Gemma. 2020. **Anti-Corruption Compliance: A Guide for Small and Mid-Sized Organizations.** Cheltenham: Edward Elgar Publishing
- Aiolfi, Gemma, Kyle Forness, and Monica Guy. 2020. **Mainstreaming Collective Action: Establishing a baseline.** Basel Institute on Governance
- Jacobs, Eelco, and Claudia Baez Camargo. 2020. **“Local health governance in Tajikistan: accountability and power relations at the district level”.** *International Journal for Equity in Health* 19, 30.
- Ismailbekova, Aksana, and Gulzat Baialieva. 2020. **E-informality: smartphones as a new regulatory space for informal exchange of formal resources.** Basel Institute on Governance



Quick guides

- Solórzano, Oscar, and Stefan Mbiyavanga. 2020. **“La recuperación de los activos Venezolanos en Suiza”.** In: *Estrategias jurídicas para la recuperación de activos venezolanos producto de la corrupción* 73-107, Transparencia Venezuela
- Wannewetsch, Scarlet. 2020. **The G20’s responsiveness to B20 anti-corruption recommendations 2010–2017. Part I: Baseline report.** Basel Institute on Governance
- Wannewetsch, Scarlet. 2020. **Collective Action against illegal wildlife trade: Engaging freight forwarders and logistics providers.** Basel Institute on Governance

All quick guides are now available on the Basel LEARN platform as well as in PDF format. Several are available in French, Spanish and Portuguese. New quick guides published in 2020:

- [Financial investigations and asset recovery](#)
- [Offshore structures and beneficial ownership](#)
- [Following the money](#)
- [Open-source intelligence](#)
- [Mobile money and financial crime](#)
- [Gold laundering](#)

Publications

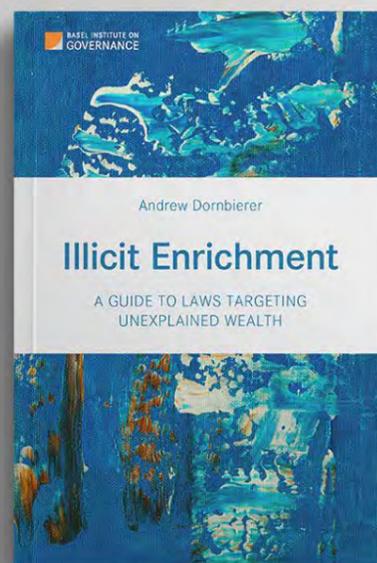
Illicit Enrichment: forthcoming in 2021

During 2020, Asset Recovery Specialist Andrew Dornbierer has been buried deep in research for a new book that the Basel Institute will publish in spring 2021. *Illicit Enrichment: A Guide to Laws Targeting Unexplained Wealth* provides a comprehensive guide to illicit enrichment laws, which exist in various forms around the world and have proven a powerful tool to target the proceeds of corruption and other crimes.

The book covers both criminal and civil-based laws from around the world that focus on the recovery of unexplained wealth. It is a project of our International Centre for Asset Recovery and benefited in 2020 from research support from the NYU School of Law.

The book will be freely available in open-access format as an e-book and PDF download on Basel LEARN, as well as in hard copy format via Amazon. It is accompanied by a database of relevant laws from 103 jurisdictions and a step-by-step guide to the source and application analysis of funds method to support illicit enrichment cases in court.

illicitenrichment.baselgovernance.org



Our team

In order to successfully carry out our mission and to support our partners worldwide, we rely greatly on the expertise, dedication and creativity of our staff. We welcomed 13 new staff members to our headquarters and field offices in 2020, bringing the total to 55. In Peru, a dedicated local team of 33 implements our Subnational Public Finance Management programme. Please see our website for the latest information and contact details.

Management group

Gretta Fenner
Managing Director



Gemma Aiolfi
Head of Compliance and Collective Action



Phyllis Atkinson
Head of Training ICAR



Claudia Baez-Camargo
Head of Governance Research



Juhani Grossmann
Team Leader, Green Corruption



Iker Lekuona
Head of Programmes ICAR



Andrea Poelling
Head of Operations



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Kateryna Boguslavska Project Manager Basel AML Index
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Hoa Truong IT and eLearning Developer
Tim Wittig Senior IWT Specialist

Senior advisors

Hans-Peter Bauer Senior Advisor Financial Crime
Tom Lasich Senior Asset Recovery Advisor
Rudolf Wyss Senior Asset Recovery Advisor

Funding and partnerships

As seen in our 2020 financial statement (see overleaf), the annual budget (Total operating income) of the Basel Institute on Governance was CHF 10.1 million (EUR 9.2 million / USD 11.2 million). Approximately 30 percent of this is core financing (Contributions), with the remainder made up of project- and country-programme specific funding (Project income, Reimbursed expenses, Overhead recovery).

We are grateful to the Bailiwick of Jersey, the Principality of Liechtenstein, the Norwegian Agency for Development Cooperation (Norad), the Swiss Agency for Development and Cooperation (SDC) and the UK Foreign, Commonwealth and Development Office (FCDO) for providing continued core funding for our International Centre for Asset Recovery (ICAR), and in many cases also additional country-specific programme funding.

Other development and corporate partners fund some 20+ specific projects, including technical assistance and applied research.

As a non-profit organisation, any surplus funds from advisory services and projects are used to support our research and technical assistance initiatives in partner countries.

While finance is of course essential to the success of our programmes, so too is the dedication and steady encouragement of other partners from around the world, to which we wish to express our sincere appreciation. Without their dedication to our joint efforts we would not be able to pursue our mission: to eradicate corruption and promote good governance globally.

Financial statement

Balance sheet

ASSETS (IN CHF)	31 DEC 2020	31 DEC 2019
Liquid assets	3,196,912.10	3,229,496.25
Trade-receivables	116,789.48	1,234,961.21
Other receivables	221,240.25	133,628.16
Accrued income and prepaid expenses	1,097,719.24	485,816.32
Total current assets	4,632,661.07	5,083,901.94
Office furniture and IT equipment	11,518.50	14,083.19
Financial assets	44,686.35	44,681.55
Total fixed assets	56,204.85	58,764.74
TOTAL ASSETS	4,688,865.92	5,142,666.68
LIABILITIES (IN CHF)	31 DEC 2020	31 DEC 2019
Trade-payables	144,347.90	176,146.14
Advance payments	1,454,624.73	1,737,429.73
Other payables	142,731.19	151,365.53
Accrued liabilities and deferred expenses	204,148.41	313,028.01
Total current liabilities	1,945,852.23	2,377,969.41
Restricted funds (ICAR)	1,952,758.21	1,920,728.63
Total restricted funds	1,952,758.21	1,920,728.63
Total liabilities	3,898,610.44	4,298,698.04
Paid-in capital	20,000.00	20,000.00
Unrestricted capital (GOV)	773,968.64	706,310.06
Annual result	-3,713.16	117,658.58
Total capital of the organisation	790,255.48	843,968.64
TOTAL LIABILITIES & CAPITAL OF THE ORGANISATION	4,688,865.92	5,142,666.68

Statement of operations

INCOME AND EXPENDITURE (IN CHF)	2020	2019
Contributions	3,111,666.33	2,700,197.11
Overhead recovery	371,197.76	416,857.93
Project income (fees)	5,419,714.69	5,472,137.57
Reimbursed expenses	1,239,593.42	2,228,834.30
Total operating income	10,142,172.20	10,818,026.91
Project expenditure	-8,677,953.10	-9,195,391.86
Administrative expenditure	1,457,317.30	-1,056,904.39
Total operating expenditure	-10,135,270.40	-10,252,296.25
OPERATING SURPLUS (- DEFICIT)	6,901.80	565,730.66
Net financial income	-28,585.38	4,381.63
Net extraordinary income		
Change of restricted funds	32,029.58	502,453.71
Change of unrestricted funds	-50,000.00	-50,000.00
ANNUAL RESULT	-3,713.16	117,658.58

The aforementioned balance sheet and statement of operations form part of the Basel Institute's Financial Statement 2020, which was audited by BDO AG, in accordance with Swiss GAAP ARR, Swiss law and the Charter of the Foundation and its regulations. The Foundation Board of the Basel Institute approved the Financial Statement 2020 on 30 April 2021.

Stay in touch

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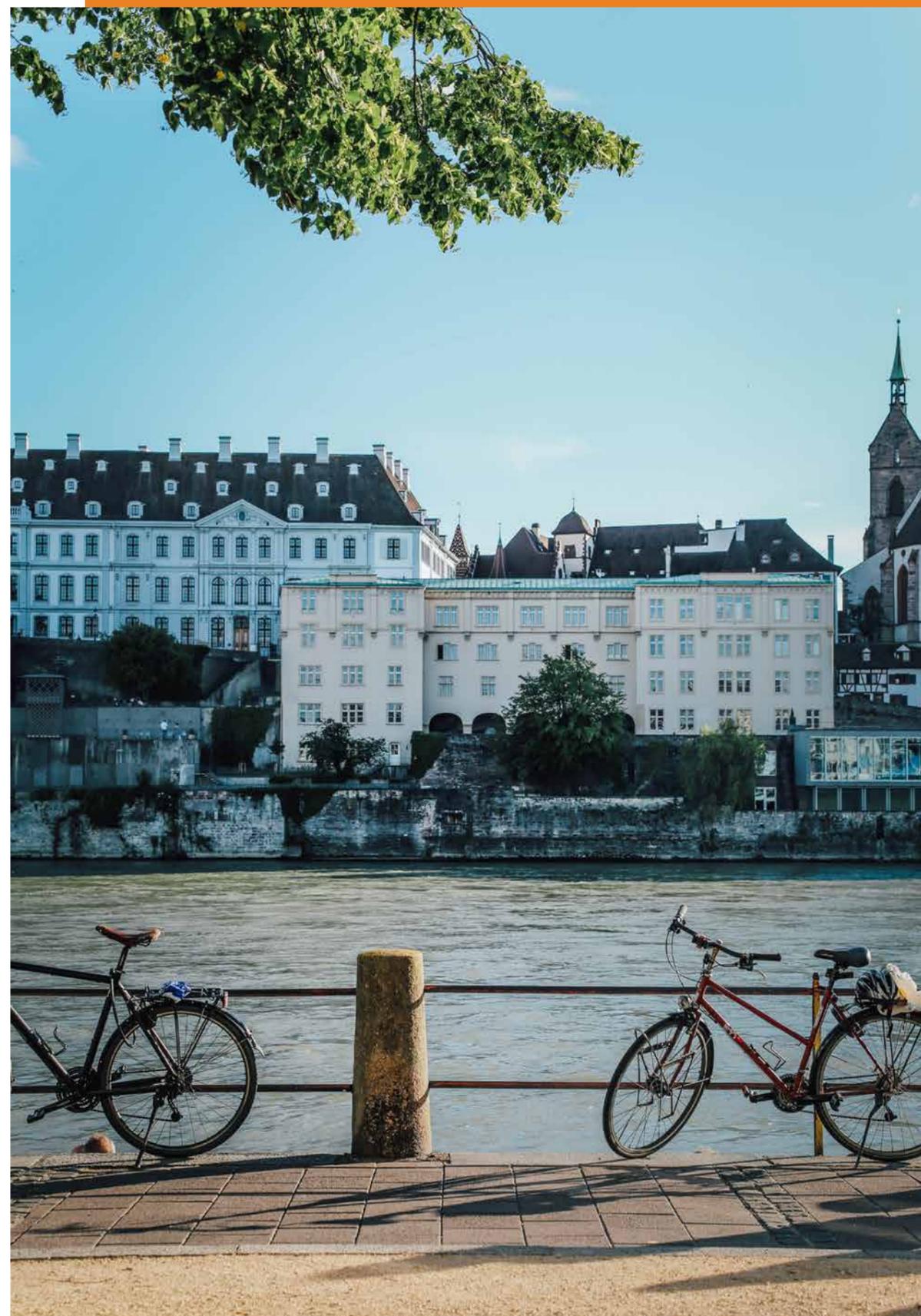
International Centre for Asset Recovery

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With thanks to our key donors and funders in 2020

