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Defeating corruption is fundamental to achieving a world of peace, prosperity, equality and dignity



Gretta Fenner
Managing Director



Mark Pieth
President

When the year 2021 ended, we were cautiously breathing a sigh of relief. It seemed that the pandemic was starting to get under control in a growing number of countries, and that we could turn our full attention again to the other pandemic, corruption.

Little did we know that not even two months would pass until the world would be stunned by another earthquake. One that would fundamentally shake our belief in principles which are so central to our work, and indeed everyone's life.

Of course this is not the first time that international law and convention is trampled on, or that global governance seems to have lost its meaning. But wars are not something you compare or rank in levels of horror. War is always wrong.

Our first and foremost hope is that the military aggression in Ukraine ceases, that the killing and destruction stops, and that Ukrainian territorial integrity is preserved. The impact of the war is of course felt worst in Ukraine, but also across the entire world. And as is so often the case, the most vulnerable societies suffer the most, be it from global food and energy insecurity, from redirected development aid, or from the impacts on geopolitical stability.

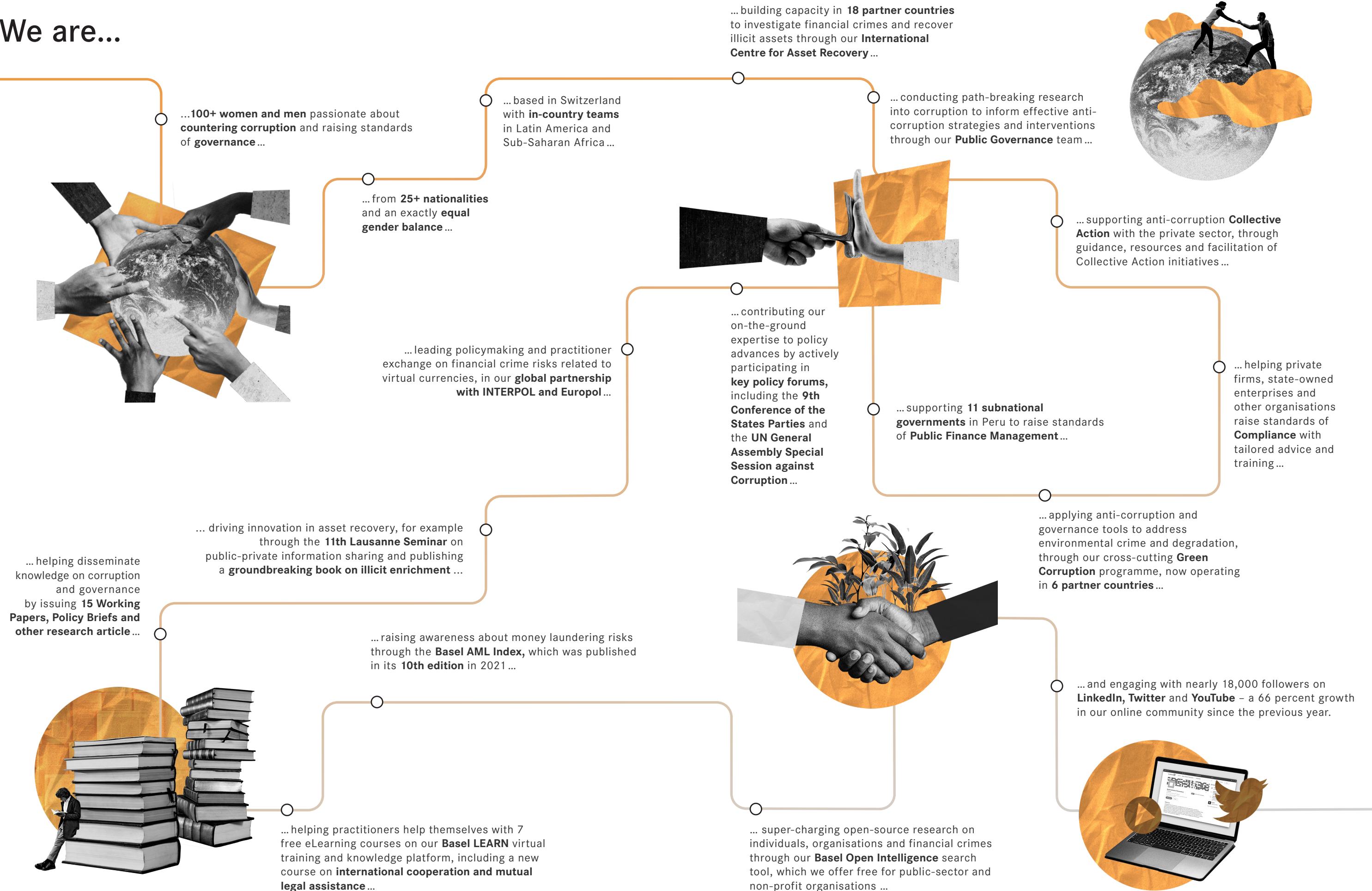
Importantly, we cannot and should not ignore what this war is teaching us about corruption. It has never been more obvious that corruption is a fundamental threat to our societies, to national and international security, and to every citizen.

Corruption is not “just” an illegal means to do business or beef up a public servant's salary. Corruption is a strategic weapon, used to buy geopolitical influence, to capture entire economies and to subjugate people. This corruption is often very subtle, employed strategically over a prolonged period of time. The links between money and effect are often so convoluted and remote that they are hard to see or prove.

If so many people had to die, had to flee, had to lose everything they ever owned, in Ukraine and in the many other corruption-driven wars, at least let us make sure that the world finally wakes up to this reality and starts acting for good. No more wilful blindness or tacit complicity; no more impunity in exchange for trade or political loyalty; and no more dominance of national interests over global goods.

At the Basel Institute, we are more committed than ever to do our part in what must be a global war – the only war that is ever justified – against corruption. We count on you, our donors, our partners, to work with us and pass the message on: that defeating corruption is fundamental to achieving a world of peace, prosperity, equality and dignity.

We are...



“Tell me and I forget... involve me and I LEARN”

There is an old saying: that knowledge is the only thing that grows when it is shared. Yet those who would most benefit from the skills and knowledge to fight financial crime are too often excluded from opportunities to learn – by high fees, time constraints or simply geography. Not so at the Basel Institute.

We are leveraging technology to expand access to crucial skills and knowledge among all those who might benefit, from all corners of the world.

Over 12,000 users were enrolled on one or more free eLearning courses on our Basel LEARN virtual learning and knowledge platform at the end of 2021 – a 300 percent increase since its launch the previous year.

Those completing the courses – and proudly sharing their certificates with employers and colleagues on social media – come from 198 jurisdictions and a broad range of backgrounds, including financial analysts, investigators and prosecutors in anti-corruption and related public institutions, anti-money laundering and compliance officers in private firms, and policy-makers in international organisations and government departments.

“Tell me and I forget...

...teach me and I may remember, involve me and I learn.” This simple concept, attributed to US Founding Father Benjamin Franklin, underlies our team’s interactive, game-like approach to eLearning.

For example, in our newly launched course on international cooperation and mutual legal assistance (MLA), users place themselves in the shoes of an investigator in the Anti-Corruption Agency of the fictional United Republic of Sothole. Immediately, they are immersed in a simulated investigation into a public official suspected of taking bribes in relation to a passport procurement contract. By investigating the official, “Daniel Regnard”, users learn to gather open-source information, request information through informal channels, and draft effective MLA requests to gather evidence from abroad.

These skills are vital to a successful investigation and prosecution in most corruption and money laundering cases, which often cross borders. Being able to practise them as part of the investigation helps users to internalise and apply them in their day-to-day work.

The new module joins other popular courses on intelligence gathering and operational analysis, financial analysis using Excel, visualising cases and flows of money, conducting source and application of funds analysis and terrorist financing. Many take place in the United Republic of Sothole and other jurisdictions in Basel LEARN’s fictional universe.

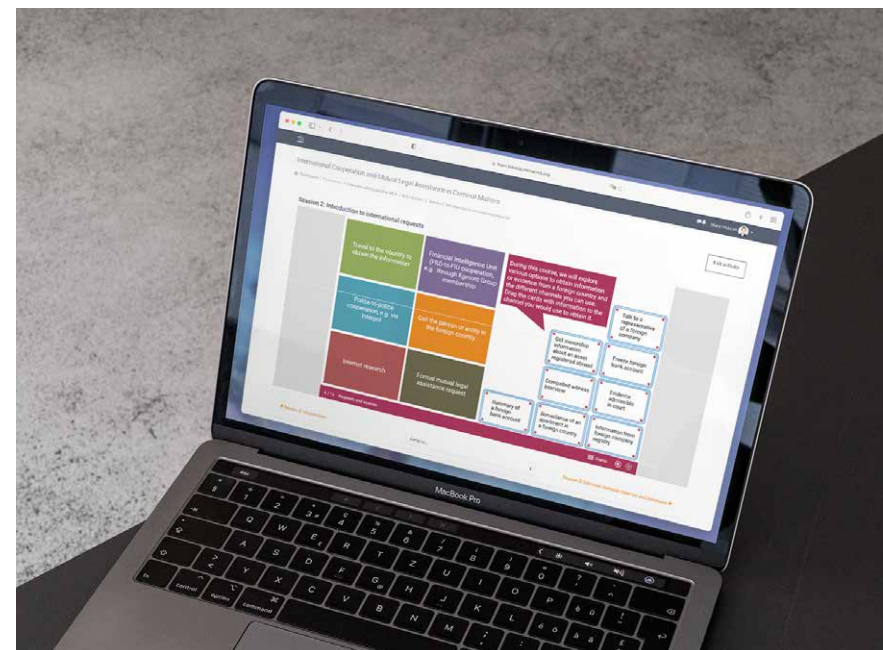
“I liked the fact that it is practical and a student can gain practical skills as he or she progresses on their learning journey.”

“The course challenges students’ thinking and invites them to pay attention to details in how they approach tasks, something I appreciated.”

“I liked that the learning was based around a fictional case study. The interaction kept me engaged.”

“It was useful to be able to draft a mutual legal assistance request as part of the course and to get the feel of what is required in real life.”

– Feedback from LEARNers



Launched in 2021, our new course on international cooperation and MLA places users in the shoes of an anti-corruption officer investigating a case of procurement corruption.



Leveraging social media for learning

Modern technologies are also helping to extend knowledge and learning opportunities to thousands of public officials across Peru.

Our Lima-based Public Finance Management (PFM) team has been leveraging social media and the programme’s Aula GFP learning platform to host virtual seminars and webinars on transparent and accountable PFM. Many are receiving tens of thousands of views.

For example, sessions on administrative systems for planning, budgeting and procurement were viewed 27,000 times in 2021 alone. Ten seminars organised by the PFM Experts Network, which the programme incubated and continues to support, received 28,000 views and 12,000 interactions on Facebook. The Programme also distributed on Facebook a set of 40 videos on how implement an internal control system in a public institution.

The training modules and seminars are primarily developed to support the 11 subnational governments benefiting from the Swiss SECO-funded programme. Yet the power of the internet and social media is allowing the learning benefits to extend and multiply to officials all over the country and even the region.

Visit
learn.baselgovernance.org
and start learning today!

Driving accountability for anti-money laundering commitments

We have noticed an encouraging new trend in how government leaders are responding to the Basel AML Index – our flagship tool for assessing money laundering and terrorist financing (ML/TF) risks in jurisdictions around the world.

Interior and Finance Ministers, current and former Central Bankers, and even a President referred publicly to the Basel AML Index following the release of the [10th annual Public Edition and report](#) in September 2021. In their speeches and meetings, they position resilience against money laundering threats as aspirational and acknowledge that countering ML/TF is an important issue for citizens.

High-level support is coming from government leaders in countries across the world and risk spectrum.

In Lithuania, for example, the Minister of Finance referred to the country's ranking in the Basel AML Index to support the country's “ambition to become a European centre of excellence for AML.”

Bahrain's Interior Minister emphasised that its “Basel AML Index ranking reflects Bahrain's commitment [to AML/CFT].” At the same meeting, the Kingdom's Director of Financial Intelligence “stressed the department's keenness on bolstering Bahrain's regional and international role in combating money laundering and drying up terror financing.”

Helping citizens hold leaders to account

These are important statements, but equally important is that civil society continues to hold politicians to account for their commitments.

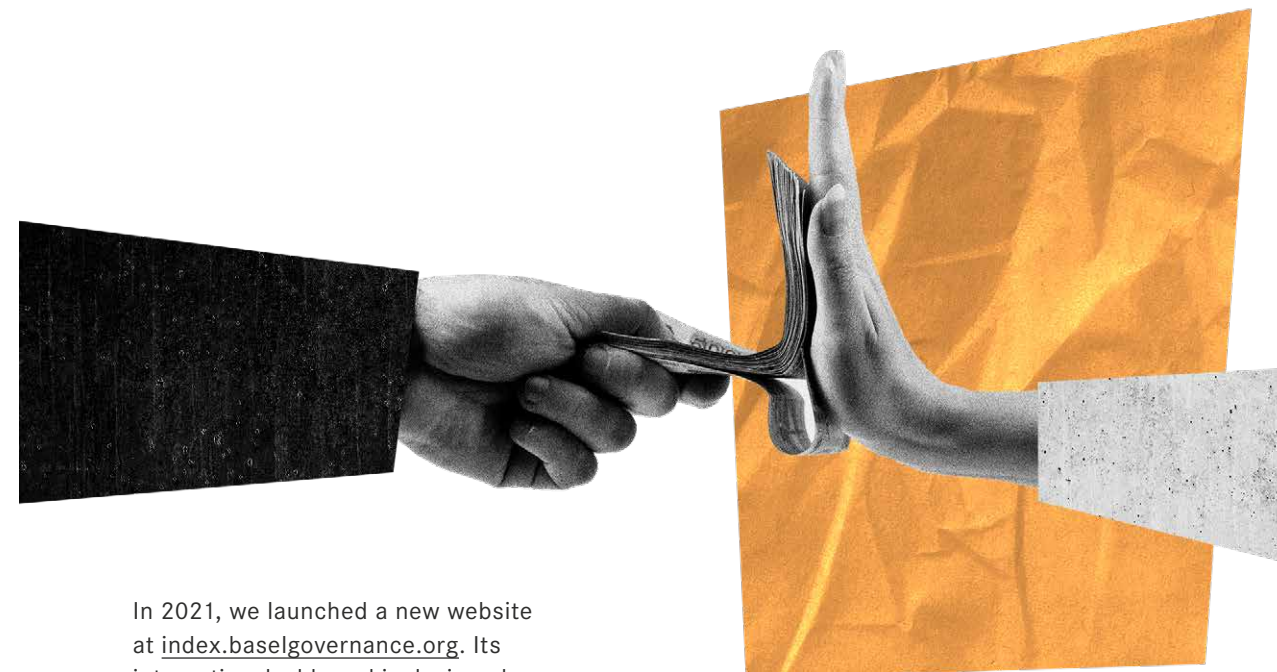
Here too, we have seen how civil society organisations and journalists around the world have used the 2021 Basel AML Index not only to question their politicians about their country's ranking compared to its neighbours, but to explore the reasons behind it.

Often, their reports flagged some of the global issues that we focused on this year: beneficial ownership transparency, stronger supervision of non-financial professions, harmonised regulation for the virtual assets industry, and more emphasis on preventive measures.

Thoughtful media reporting, along with the tireless work of organisations campaigning on these key topics, contributes to raising public awareness of ML/TF issues and their governments' responses. This is critical in driving real action and lasting change. We are happy to be contributing our data and insights to the conversation.

New web platform – cutting through the complexity

Assessing ML/TF risks at the jurisdiction level is challenging for researchers as well as compliance officers and risk managers at financial institutions and other institutions subject to AML/CFT regulations. The Basel AML Index Expert Edition provides a useful tool to cut through the complexity.



In 2021, we launched a new website at index.baselgovernance.org. Its interactive dashboard is designed to help users quickly identify which factors are contributing to a jurisdiction's overall money laundering risk level, including the strength of the regulatory AML/CFT framework, corruption levels, financial transparency, public transparency and accountability, and political rights/rule of law.

Users can view and filter individual scores under the 17 Basel AML Index indicators, which include FATF Mutual Evaluation Reports, Transparency International's Corruption Perceptions Index, and the Financial Secrecy Index of the Tax Justice Network.

At the click of a button, details of a jurisdiction's performance appear much more clearly together with a visualisation of the key data.

Free for most, useful for all

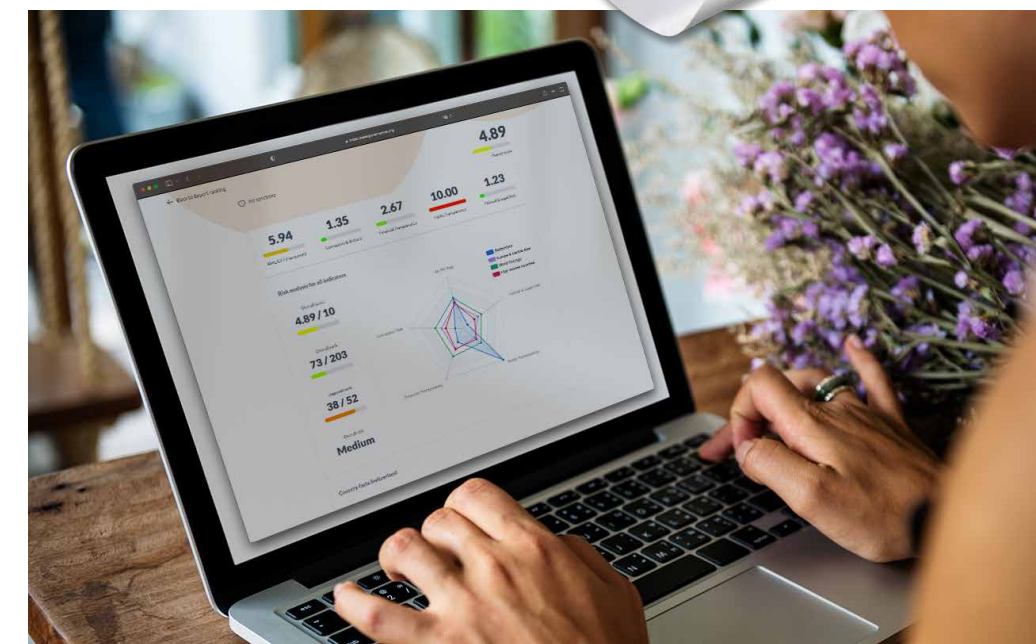
Financial supervisors are discovering how useful the Expert Edition can be: several authorities in 2021 confirmed their intention to adopt the Basel AML Index as a performance indicator and apply the Expert Edition as a benchmarking tool for country risk assessments.

Subscription to the Basel AML Index Expert Edition is free for all public-sector, international, non-

profit and academic organisations, plus investigative journalists. Financial institutions and other firms are asked to pay a reasonable subscription fee.

Also free for those outside the private sector is the Expert Edition Plus option. This includes a detailed written and calculative analysis of FATF evaluations, plus special reports – newly updated in 2021 – on money laundering risks in Jersey, Guernsey, Isle of Man, Gibraltar and the Cayman Islands.

Visit
index.baselgovernance.org
to explore our global data on money laundering risks!



When anti-corruption Collective Action becomes business as usual

Anti-corruption Collective Action, a cornerstone of the Basel Institute's mission for nearly 20 years, is now widely acknowledged as an effective approach to stimulate and facilitate public-private and other multi-stakeholder collaboration on corruption and governance issues. But until recently, implementation of Collective Action tools and initiatives has been piecemeal, with some governments, companies and civil society organisations further ahead than others by far.

Our Collective Action team has been working hard to help Collective Action achieve its potential by becoming part of mainstream business integrity and compliance. In 2021, with the primary support of the Siemens Integrity Initiative, our Collective Action team celebrated several step changes in efforts to promote Collective Action approaches and tools as a standard part of corporate compliance programmes and national anti-corruption strategies.

Setting high global standards – UNGASS and the OECD

The OECD's endorsement of anti-corruption Collective Action in its revised 2021 Anti-Bribery Recommendation is the first time that this approach has been explicitly and formally recommended in a key international standard addressing bribery.

The endorsement, which follows input by our Collective Action team during the public consultation, is hugely significant in terms of holding governments accountable for their commitments to reduce corruption by working collaboratively with the private sector. Importantly, the Recommendation also provides inspiration and guidance for both OECD member and non-member countries, and for companies faced with bribery risks when operating abroad.

Also for the first time, 193 UN Member States have committed to support private-sector engagement through Collective Action and public-private partnerships in the Political Declaration following the Special Session of the UN General Assembly Against Corruption (UNGASS 2021). The inclusion followed an UNGASS side event on building efficient public-private partnerships, which the Basel Institute co-organised with Swiss Federal Department of Foreign Affairs.

“One of the goals of the Swiss strategy is to ensure that companies with honest business practices do not find themselves at a competitive disadvantage on international markets. We are determined to support companies that invest in compliance and do business with integrity.”

As a State Party to the UNCAC, we are supposed to promote the use of good commercial practices among businesses, and between businesses and the State. I would argue that Collective Action is indeed a good practice – not just because it is undertaken for all the right reasons, but also because it works.”

H.E. Ambassador Stefan Estermann,
Head of the Prosperity and Sustainability Division at the Swiss FDFA, in his opening remarks to the UNGASS 2021 side event.



Business on board – B20 Italy

We were proud to serve as Network Partner to the B20 Integrity and Compliance Taskforce under Italy's G20 Presidency. The resulting Policy Paper included Collective Action as a tool to address corruption risks throughout almost all its recommendations. This is significant, as the B20 process offers a space for leadership and collaborative dialogue on corruption risks faced by businesses and the communities they serve, both within and beyond the G20 group of nations.

To further support the effectiveness and continuity of the B20 process on anti-corruption, in 2021 we developed a dedicated online resource to capture how the B20 has dealt with anti-corruption, compliance and integrity issues over the last decade.

Engaging Corruption Prevention Authorities

Another encouraging sign that Collective Action is becoming business as usual is its inclusion in a growing number of national anti-corruption strategies. This is vital to ensure active and sustainable engagement of the private sector in the fight against corruption.

Our team has been working with the Network of Corruption Prevention Authorities (NCPA) to develop members' understanding of Collective Action and ways that governments can work with the private sector to prevent corruption. A “living” guidance document, including examples of initiatives and best practices from several member countries, is being co-developed to help raise awareness and increase uptake of Collective Action at the country level.

COMING UP

4th Collective Action Conference & Awards

Making Collective Action part of business as usual will be at the heart of the 4th International Collective Action Conference, to be held in person at the University of Basel on 30 June – 1 July 2022.

The conference will bring together leading figures from the public and private sectors and international, academic and non-profit organisations. Through panels and breakout groups, the participants will explore how to mainstream Collective Action to achieve a clean, fair and sustainable business environment for all.

The 2022 conference will include an awards ceremony for our inaugural Anti-corruption Collective Action Awards. The awards celebrate organisations and initiatives that showcase outstanding results, emerging best practices and innovation in the field of anti-corruption Collective Action. A public vote will take place in the run-up to the conference.



Find the agenda, speakers, registration form and awards submission at:
baselgovernance.org/ICAC2022

Ensuring corruption doesn't pay: expanding the asset recovery toolbox

All around the world, prosecutors urgently need more tools to ensure that corrupt officials, their facilitators and other criminals cannot enjoy the proceeds of their crimes. Non-conviction based forfeiture (NCBF) laws are one such tool, and a strong focus of our International Centre for Asset Recovery (ICAR) in 2021.

A critical complement to other asset recovery mechanisms, NCBF laws allow courts to confiscate assets of a criminal nature, even where no conviction of an individual has been obtained in relation to criminal conduct.

A standout example in 2021 is the landmark judgement issued by the Peruvian authorities under the country's NCBF law (*Extinción de dominio* in Spanish), to whose drafting and enactment ICAR contributed in 2018. The case involves the confiscation of USD 1.5 million stashed in Mexico by a corrupt Army General who died in 2015 in a Brazilian seaside resort. The successful judgement is a testimony to the perseverance and commitment of individuals in the Peruvian government and justice system, including NCBF specialists at our partner agencies that ICAR has trained and mentored over the years.

With continued support from the Swiss State Secretariat for Economic Affairs (SECO) and ICAR core donors, our Peru-based team developed another four specialised training programmes on *extinción de dominio* and delivered them to 125 prosecutors in 2021. The ongoing training is part of the country's ICAR-supported rollout of a national NCBF system.

Sharing knowledge and best practices

To further extend knowledge and inspire other jurisdictions to develop, implement and make good use of NCBF laws, ICAR launched an Asset Recovery Knowledge Community for Latin America in July 2021. The community is fast becoming the main vehicle for best practice exchange on NCBF in the region. It brings together over 80 senior prosecutors, investigators, judges, academics and other stakeholders from 15 Spanish-speaking countries through learning events, technical brainstorming sessions and an active WhatsApp chat group.

ICAR teams launched similar knowledge communities for Sub-Saharan Africa and the Lusophone world under an ambitious project funded by the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the US Department of State. The project aims to help authorities in Angola, Brazil, Chile, Cabo Verde, Colombia, Kenya, Mozambique, Sierra Leone, Timor-Leste and Zambia to develop and implement effective, appropriate NCBF legislation.



At a regional workshop in Kenya in November 2021, anti-corruption investigators and prosecutors compared notes on their experiences in developing and implementing NCBF laws. This included the Kenyan Ethics and Anti-Corruption Commission (EACC). With ICAR support, the EACC pursued NCBF cases with a recovery potential of USD 20 million in 2021.



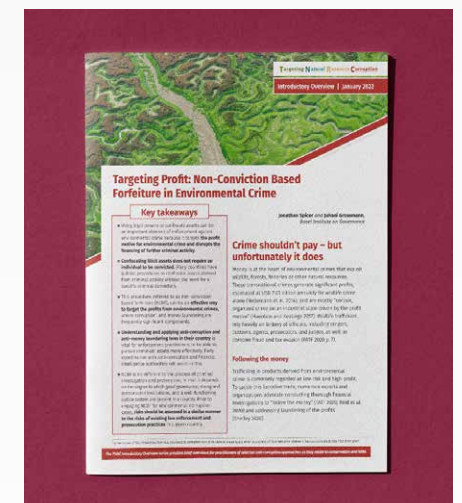
Anti-corruption investigators and prosecutors from Kenya, Sierra Leone and Zambia joined our ICAR experts on 16–18 November to share experiences of NCBF laws in their countries.

Could NCBF laws help protect our planet?

Environmental criminals and their corrupt facilitators get rich by destroying our planet and its natural resources. Using legal powers to confiscate their assets can be an important element of enforcement against environmental crime. It targets the profit motive and also disrupts the financing of further criminal activity.

As part of our Green Corruption team's work with the USAID-funded Targeting Natural Resource Corruption (TNRC) consortium, we developed an introductory overview of asset recovery tools to tackle environmental crime and corruption.

The publication explains why and how assets can be recovered even where a criminal conviction is not possible – as is often the case in environmental crimes.



Drafting effective NCBF legislation

In 2021, the Attorney General of Mozambique constituted a working group including two ICAR experts to draft civil confiscation legislation. If adopted and instituted, it will be a major step forward for Mozambique's ability to recover the proceeds of corruption and other crimes. It would also make Mozambique the first Portuguese-speaking jurisdiction in the world to have such an NCBF mechanism.

Illicit enrichment laws: an under-used tool to target unexplained wealth

June 2021 saw the publication of our first open-access book. *Illicit Enrichment: A Guide to Laws Targeting Unexplained Wealth* by Andrew Dornbierer explores the rapid growth of illicit enrichment legislation around the world and its use to target corruption and recover illicitly obtained assets.

Illicit enrichment (or unexplained wealth) laws allow investigators and prosecutors to recover assets from people who enjoy an amount of wealth that can't be explained by their lawful income. Uniquely, these laws do not require proof that any criminal action has taken place before they can be applied. If a court is satisfied that the legitimate sources of certain assets have not been established, then these assets can be confiscated.

Despite the fact that these types of laws have been recommended by the UNCAC and other regional treaties for almost 20 years, national efforts to introduce them often spark a polarised reaction. Some raise concerns that these laws unfairly flip the burden of proof onto a person to explain the legal sources of their wealth. When these laws have been challenged in court, however, the vast majority of judges have ruled that illicit enrichment laws are in fact compatible with established legal rights, such as the presumption of innocence.

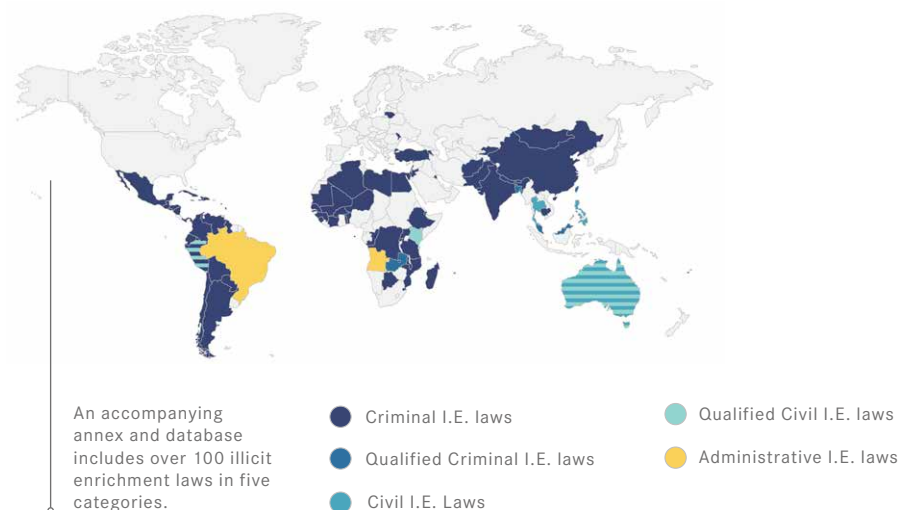
Controversies aside, the number of countries that have brought in laws to target illicit enrichment in the last two decades has increased exponentially, particularly in Central America, South America and Africa. Even now, legislators in many other countries are debating whether or not these types of laws would assist their anti-corruption efforts.

“Andrew Dornbierer's and the Basel Institute's work on Illicit Enrichment is an important contribution to the international effort of detecting, sanctioning and eventually preventing corruption and other financial crimes by ‘going after the money’. The book's practical guidance on asset recovery in more than 100 jurisdictions is an invaluable tool for practitioners from both the private and public sectors and academics alike.”

Sandra Comesaña of Hengeler Mueller.
Hengeler Mueller regularly advises international clients in various matters involving complex questions of multi-jurisdictional asset recovery, both on its own and together especially with the members of its Best Friends network of Europe's leading independent law firms.

Available to read and download at illicitenrichment.baselgovernance.org, this book provides an in-depth overview of how these laws have been drafted and applied throughout the world to target corruption and proceeds of crime. It analyses how

investigators and prosecutors have actually managed to establish that someone controls “unexplained” wealth, and how courts have reasoned that these types of laws are fair and proportional mechanisms, particularly in the context of combating corruption.



Our ICAR training team builds capacity through intensive, hands-on workshops tailored to the local context – such as in this multi-agency training workshop in Malawi.



“We consider that laws on illicit enrichment are one of the most effective weapons against the misdeeds that go unpunished. These laws have proven to be useful more than once and their advancement has a potential that is only desirable to develop.”

Jeffrey Connor and Marc Hassberger of Chabrier Avocats.
Chabrier Avocats is a leading Swiss law firm focused on complex domestic and cross-jurisdictional issues such as commodities matters, financial or commercial disputes and white-collar crimes.



Spanish and French translations were underway in 2021, with pro-bono support from Hengeler Mueller (for Spanish) and Chabrier Avocats (for French) to ensure accuracy and quality.

For more on Source and Application analysis, see our 2021 Quick Guide to analysing a suspect's financial affairs in a corruption case or take our free eLearning course on [Basel LEARN](#).

Building capacity to pursue illicit enrichment cases

Kenya's Ethics and Anti-Corruption Commission (EACC) has seen multiple successes in its use of civil unexplained wealth legislation, with a [landmark victory](#) against a former Chief Accountant at the Kenyan Treasury in 2021.

Phillip Kagucia, Deputy Director and Head of Asset Recovery at the EACC, was the first lawyer in Kenya to successfully prosecute a civil suit for the forfeiture of unexplained wealth. Reflecting on his personal experience, he expressed his gratitude to ICAR's Training Team for starting him down that path:

“As a young investigator at the EACC, I was very fortunate to go through a Financial Investigations and Asset Recovery training programme conducted by the ICAR Training Team in 2012. It is no coincidence that soon afterwards the quality of investigations improved and, within no time, we began enjoying success in asset recovery.

Part of the reason we were ultimately successful was due to our ability to provide an alternative method of financial analysis (Source and Application) after the initial method (Bank Deposits) failed to persuade the court. This case crystallised the ingredients for forfeiture of unexplained assets in Kenya. It opened the way for law enforcement agencies to recover assets that are the proceeds of corruption and other crimes.”

The experience shows the power of ICAR's training concept to deliver impact over time. Equipping investigators, prosecutors and judges with the practical skills they need to implement their country's anti-corruption legislation – and cooperate internationally when cases cross borders – can result in the State enjoying stronger institutional capacity to recover assets further down the line.

Raising awareness of corruption risks in development programming

Many development agencies and staff operating on the ground in partner countries are all too aware of the risks of corruption undermining their work. This can take many forms, some more subtle than others. The art of anticipating those risks, mitigating them effectively and engaging at an early stage with the compliance officer at headquarters can be decisive.

Assessing the context for new projects and actively applying lessons learned are ongoing processes. A training session that the Basel Institute tailored for the Economic Cooperation and Development Division of SECO in 2021 highlighted these processes, giving the 84 participants the chance to actively apply them in practice.

Our cross-divisional team of Compliance, Collective Action and Green Corruption specialists created a scenario-based exercise that was entirely online. The technology used allowed a highly interactive approach and enabled in-country staff to join with the head office team in a way that would not have been possible had the meeting been held in person.

The scenario revolved around a fictional country that was a composite of various countries where SECO Economic Cooperation and Development works. The participants were in charge of implementing a project to help former rebels in a remote region to become cocoa farmers. Divided into two groups working in parallel during the online sessions, the participants had to address a range of integrity issues that evolved as the exercise developed. This required quick thinking and a good understanding of the agency's tools and integrity policies.

Through the resulting lively debate, the participants examined the reality of the facts in the scenario, what effective project implementation means and how to achieve this in line with the agency's accountability procedures and rules.

The organiser commented:

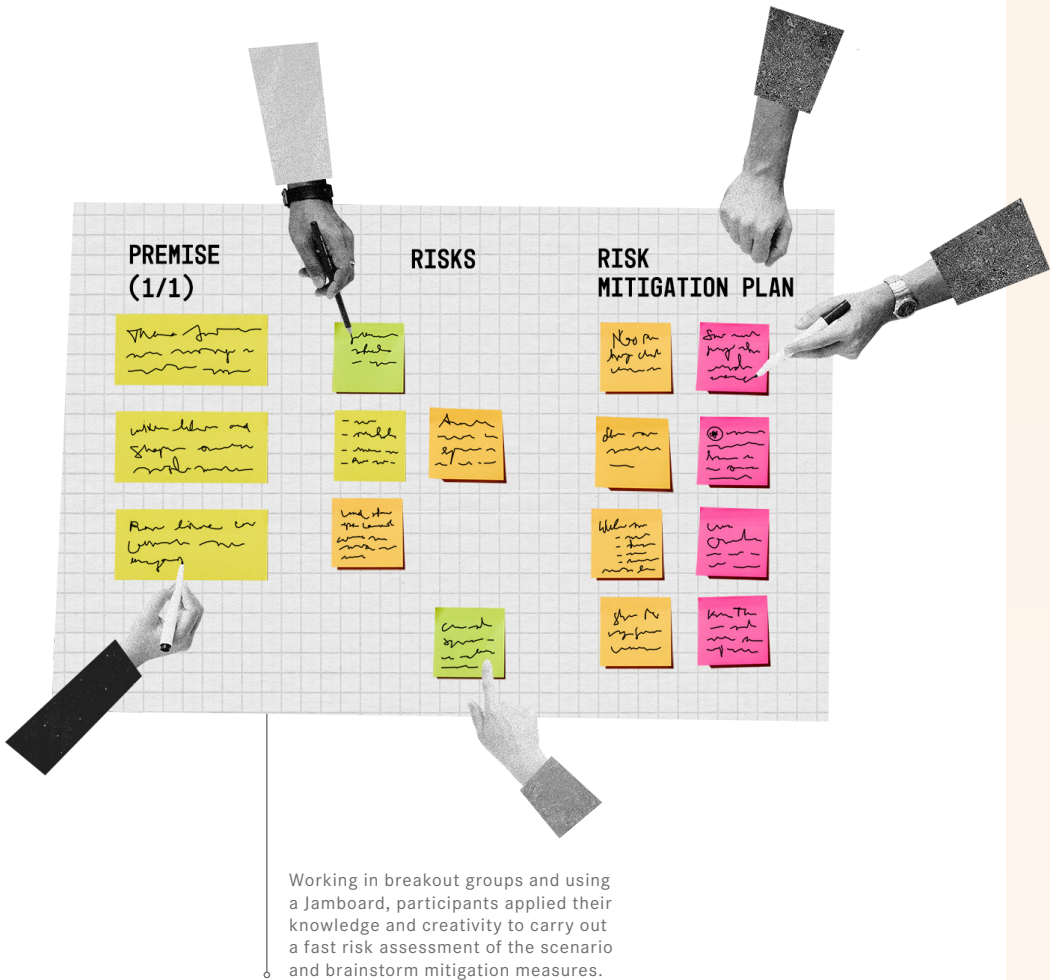
“In the preparation of this training, the Basel Institute team maintained a very close exchange with our team and, in particular, our compliance and risk manager, seeking to best address the training demands of our operational staff.

With their pragmatic approach, open ears for our needs and versatile experiences from different countries and settings, the team was able to deliver five highly interactive half-day trainings to our division staff.

The trainings received very positive feedback. The Basel Institute managed to skilfully integrate risks, possible irregularities and “grey area” challenges that can surface in project implementation into a captivating fictitious project, with several unexpected twists.”

The training approach illustrates how corruption risk assessments require specific technical skills and understanding based on evidence.

As with all our training courses, we take great care that they mirror the real world and real-world challenges that practitioners or compliance officers face. These include political turbulence, time pressures and imperfect data.



Supporting development agencies with strategic guidelines and political economy assessments

Addressing integrity and corruption risks that threaten development programming requires a strategic and evidence-based approach. This starts with a robust diagnosis of the major corruption issues hindering sustainable development in a particular context. Practitioners also need to understand the underlying drivers of those problems – from social norms of "well-intentioned" gift giving to the destructive impacts of state capture.

Our Public Governance team regularly develops tailored and targeted political economy analyses to support our own programmes and those of development agency partners in understanding specific drivers of corruption in a particular context. In 2021, a special focus was the political economy context of wildlife crime investigations and prosecutions (see page 22).

Building on years of experience working to help practitioners design and implement more effective anti-corruption interventions, our Public Governance team also led the development of strategic anti-corruption guidelines for a development agency in 2021. Launched as part of the agency's endeavour to strengthen its work in the governance domain, the guidelines aim to help development practitioners to design anti-corruption interventions that are relevant, feasible, sustainable and mindful of risks or unintended consequences.



Improving lives through efficient public finance management

The ultimate aim of all of the Basel Institute's work is to improve the lives of citizens. Nowhere is the connection between our technical assistance and citizens' welfare clearer than in Peru, where we implement an ambitious multi-year programme to support 11 subnational governments in improving their public finance management (PFM).

Funded by the Swiss State Secretariat for Economic Affairs (SECO), the Subnational PFM Programme or Programa GFP Subnacional focuses on improving the essential systems that enable local and regional governments to provide basic services to citizens, for example in education or health. Key administrative systems in this regard relate to procurement, investments, budgeting and tax collection, plus the implementation of internal control systems to protect services from abuse.

From tax collection to road bridges

The results are already having a direct and tangible positive effect on people's lives. Take municipal tax collection, which was a major focus of our technical assistance in 2021. Efficient collection of taxes increases the resources available for local services and infrastructure, such as schools, hospitals and ambulances.

With the Programme's support, all five municipal governments increased their property tax collection in 2021. They surpassed their goals by an average of nearly 25 percent and gained a 100 percent score from the Ministry of Economy and Finance for their effective management and administration of property taxes.

What does this mean for citizens?

For example: The municipality of Tarapoto not only achieved a five-year record in its tax collection but also improved its administrative processes for managing public works projects. As a result, it was able to construct a new bridge connecting two major districts. Completed well within the timeline and due to be inaugurated in early 2022, the "Cuzco" bridge will enable residents to travel more efficiently, boost commerce between the two areas and enable children to reach the local school quickly and safely.

Tarapoto's public officials appreciated the hands-on support of our PFM consultants – some based locally, others travelling between regions – and the efficient coordination with the central Government Ministry:

“Thanks to the support and ongoing coordination with the Programa GFP, we have improved our municipal tax collection... which gives us more resources to serve the needs of our citizens. The fact that the experts are locally based allowed them to tailor training to our needs. I am sure this contributed to our achievements in revenue collection.”

Carlos Documet, Head of Tax Administration Service, Tarapoto

“Thank you Ambassador [of Switzerland] for all the support through the Programa GFP. Tarapoto is a city ready for a great future. Although it will not be easy, with the support of international cooperation like yours... we are sure that we will be able to achieve it.”

Tedy del Águila, Mayor of Tarapoto



Vaccines, school books, waste management

In 2021, improved efficiency of PFM in regional governments served by the Programme translated directly into more vaccines for citizens and the provision of school books and other educational materials to children. At the municipal level, waste management improved substantially: all five local governments surpassed the Ministry's targets with an average score of 99 percent.

These basic services were prioritised by our partners as being crucial to citizens' welfare, alongside a prioritised investment portfolio consisting of 47 public works and procurement projects in the health, education, sanitation and transport sectors. Our partner governments achieved an average score of around 80 percent for the financial execution of their implemented projects, easily hitting Ministry targets. This is well above the national average.

The Mayor of San Martín discusses progress and future goals in urban infrastructure with the Swiss Ambassador and Directors of the SECO Swiss Cooperation and Subnational PFM Programme. The Programme's activities support this urban planning, in line with national efforts to address gaps in health and education.



Our specialists in public investment and procurement provide on-site technical assistance to residents of the municipality of Abancay and regional government of Apurímac, with a focus on health and education.

Internal controls boosts efficiency

To better safeguard these prioritised services and investments, the Programme also supported the subnational partner governments in designing and implementing dedicated internal control systems. By the end of 2021, regional governments had already implemented 62 percent of measures in their internal control action plans; for local governments the figure was 88 percent. Thanks in part to smart approaches to capacity building (see page 9), officials trained in internal controls and public integrity rated their satisfaction level 4.4 out of 5.

Beyond the figures, the efficient use of scarce resources is making a tangible difference to citizens' lives. The result enables our partner governments not only to build bridges, hospitals and schools, but to build trust among the population that public resources are being spent wisely and transparently.

Recovering public funds and fighting economic crime

Working together with ICAR, one strand of the Programa GFP supports the implementation of a nationwide system for *extinción de dominio*. This is a form of non-conviction based confiscation law (see page 16) that enables the justice system to recover illicitly obtained money even where a criminal conviction is not possible.

Our asset recovery experts provided technical assistance to the Specialised Prosecutor's Office in 13 key cases during 2021. It is expected that the Peruvian State will obtain a favourable ruling in early 2022 for the recovery of several million dollars, joining previous recoveries obtained under the *extinción de dominio* law.

Aside from the money and its potential to be invested in sustainable development projects, such achievements demonstrate Peru's growing capacity to recover assets stolen from the public purse by economic criminals.

Building bridges between conservation and (anti-) corruption

Our fast-growing Green Corruption programme seeks to apply anti-corruption and asset recovery tools to reduce environmental degradation resulting from crimes like illegal wildlife trade, logging, mining and fishing. The devil is in the detail: which tools are appropriate for which situations, and how best to wield them? Their application must be based on evidence and mutual understanding between anti-corruption and conservation policymakers and practitioners, who are on the front lines of protecting our planet from such crimes.

A central pillar of the programme's strategy in 2021 was therefore to rigorously probe how corruption and other financial crimes, like money laundering, facilitate environmental crime and make it lucrative. For this, we drew on expertise both from across the Institute and our growing global network of partners. Among these are the world's foremost conservation organisations, including WWF, TRAFFIC and Freeland, and public-sector environmental agencies responsible for enforcing laws to protect wildlife and other natural resources.

Working collaboratively, our Green Corruption and Public Governance colleagues conducted a sweeping set of field and desk research exploring the symbiotic relationship between corruption and environmental crime.

Core funding from the Principality of Liechtenstein allowed us to extend our research, technical assistance and public engagement beyond dedicated project outputs. We were able to incubate the seeds of potentially fruitful programmes on sustainable rubber, intelligence-led action against illegal fishing, and more.

In Peru, Uganda and Malawi, the teams collaborated in conducting targeted sector-level political economy analyses in support of corruption risk assessments targeting investigations and prosecutions of wildlife crimes. The idea – and experience – is that a detailed analysis of the political economic context can help practitioners better understand the drivers of relevant corruption risks, spot windows of opportunity, design feasible and sustainable mitigation measures, and highlight strategically important stakeholders. The pilot continues with the support of the USAID-funded Targeting Natural Resource Corruption (TNRC) project, under which much of our other research is taking place.

In Indonesia, we sought to illuminate how corruption affects efforts to combine economic development with sustainable use of natural resources – a common challenge for emerging economies and us all. Together with Lembaga Survei Indonesia and with the support of the USAID CEGAH programme, we ran a national public opinion survey comprising telephone surveys of 2,580 respondents plus 30 face-to-face interviews with private-sector representatives. The results reveal what we call the “green corruption paradox”: that despite being deeply concerned about both corruption and environmental degradation and understanding the links between the two, people can push these concerns aside in favour of development when times are hard.

Could interventions focused on social norms and behaviours be an appropriate response to contradictory beliefs about corruption and the environment? An extensive study during 2021 brought together the Public Governance team's track record in innovating in behavioural anti-corruption approaches and wildlife NGO TRAFFIC's experience with behavioural approaches to prevent illegal wildlife trade (IWT). The study discerns entry points for applying behavioural insights to address the corruption that enables IWT.

Following the money with partner agencies in Africa and Latin America

Our Green Corruption team reinforced their financial investigations and asset recovery support in Uganda and extended it to Peru and Bolivia in 2021, thanks to two new grants from the UK Department for Environment, Food & Rural Affairs (DEFRA) through the IWT Challenge Fund. Working hand in hand with their peers in partner agencies responsible for combating environmental crimes, our five long-term advisors will help build capacity to trace, seize and recover the ill-gotten financial assets of environmental criminals.

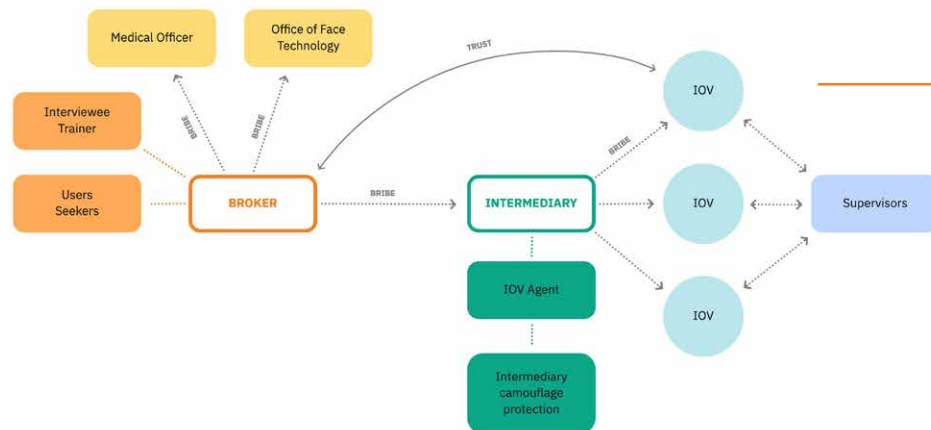
Supporting government agencies in “following the money” to target environmental crimes is a key pillar of the Green Corruption strategy. It is modelled on and supported by our ICAR field engagements across Latin America, Sub-Saharan Africa and Central Europe.

For an instant introduction to green corruption, see our 2021 Corrupting the Environment webinar series with the OECD – available on [YouTube](#) or as [PDFs](#) and [audio recordings](#).

A similar behavioural approach underlies research arising from a major two-year PMI Impact-funded project that helped kick-start our Green Corruption programme in 2019. As part of this project, the Public Governance team has provided guidance on how to develop and frame effective messages in interventions to reduce the social acceptability of IWT in Uganda. The guidance will be relevant to practitioners globally seeking new ways to engage communities in addressing environmental crimes and degradation.

Creating connections, solving problems: research on informal networks and (anti) corruption

When business people and ordinary citizens invest time and money in building informal networks with each other and public officials, their aim is often to solve problems – common problems like obtaining a land use permit in a heavily bureaucratic system, or accessing business opportunities that are informally reserved for well-connected bidders. Such networks are problematic because they are often based on the exchange of bribes and other forms of corruption.



What can we learn from studying how these informal networks function, and the problems they solve for the individuals and companies involved? And how can we use those findings to make anti-corruption interventions more effective?

Our Public Governance team published the results of an extensive research project on informal networks and corruption in Tanzania and Uganda in 2021. Building on our previous research on informal governance across seven countries, it is one of two projects that our team has led under the UK Aid-funded Global Integrity Anti-Corruption Evidence Programme (GI-ACE) for the last two years.

Building networks to “get things done”

In collaboration with local research partners and a colleague at the University of Basel, our team

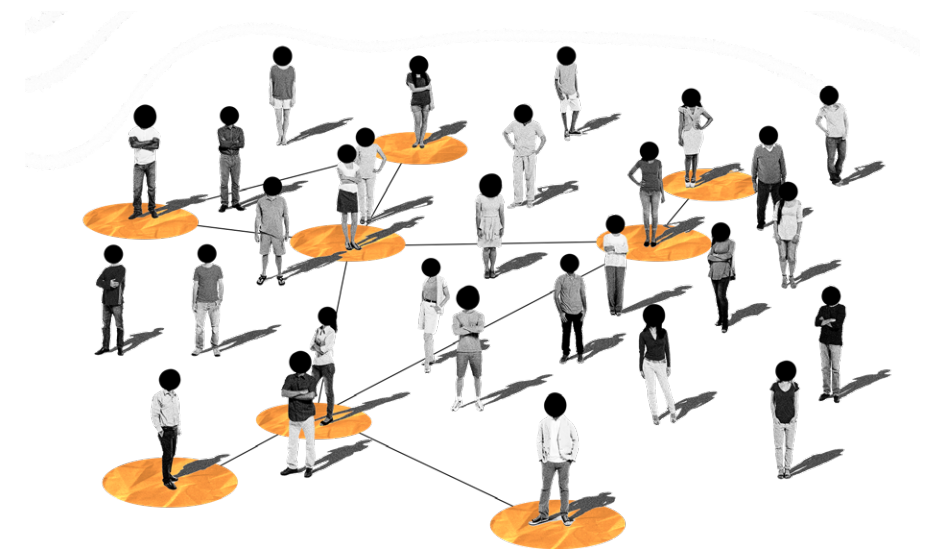
developed 10 short case studies that illustrate how Tanzanian and Ugandan citizens and business people invest significant efforts in building informal social networks. They do this to overcome shortcomings in public service delivery and to access business opportunities – in other words, to “get things done”.

Importantly, informal networks may go beyond friends and acquaintances. In many cases, citizens and business people must use “brokers” – individuals with existing strong connections with relevant public officials – to act as door openers. The research shows how monetary bribes and associated benefits are essential to developing informal networks, especially in societies with strong norms around reciprocity and gift giving. In turn, these networks enable and perpetuate corruption in public service delivery and in public procurement processes.

How to obtain a driving licence without taking a test

The 10 real case studies accompanying the research report illustrate how corrupt behaviour takes place according to unwritten rules and through informal social networks that connect the public and private sectors. The first Ugandan case study, visualised on the left page, shows how brokers are able to provide a special service for those prepared to pay: an official driving licence without taking the examination, passing the eyesight test or experiencing the delays associated with the “standard” bureaucratic procedure.

The visualisation shows how the brokers activate their informal network to pay the relevant bribes while ensuring “anonymity and protection” for all. Notably, the interviewee claimed that those who attempt to obtain a licence the honest way risk being deliberately and unfairly failed.



Connecting research and practice

This project exemplifies our Public Governance team’s aim to connect corruption research with anti-corruption practice. Detailed desk and field research, interviews, focus group discussions and pilot interventions uncover crucial – and often surprising – evidence and insights on how corruption really works in different contexts. These help policymakers and practitioners to design sustainable, feasible and pragmatic ways to reduce corruption and improve governance in their own sectors.

In this case, one strand of the research triggered a collaboration with our private-sector specialists to distil lessons for anti-corruption practitioners seeking to engage with the private sector through Collective Action.

Lessons for Collective Action: solve problems the transparent way

Like informal networks, Collective Action initiatives also typically create networks of private and public sector actors. But here, the goals and actions are positive and transparent. They may include raising standards of integrity and fair business in a specific industry sector or geographical area.

Developed jointly by the teams, the resulting Policy Brief shows how focusing on problem-solving – not moralising – can create stronger incentives for companies to engage in Collective Action initiatives.

If such initiatives can offer an efficient, transparent and “clean” alternative to bribery and corrupt deals, more of the right stakeholders will come to the table and trust will grow.

Understanding corruption as a networked phenomenon

The above examples illustrate a larger issue that our Public Governance team has uncovered and researched extensively through the years – that corruption can take place because of the collusive and coordinated actions of informal networks. Part of that research has used social network analysis approaches to, for example, illuminate the grand corruption and money laundering scheme involving former Peruvian President Alejandro Toledo and construction company Odebrecht. Moving from research to practice, the Public Governance team is also piloting behavioural interventions that work through informal networks to address social norms of corruption.

Find more of our team’s cross-cutting and groundbreaking research on corruption at:
baselgovernance.org/publications

Shifting the spotlight: bringing front-line experience to global policy dialogue

There is often a divide between those on the front lines of fighting financial crime – investigators, prosecutors, compliance officers, civil society activists – and those speaking at international policy forums. We help to bridge that divide, bringing our hands-on experience from the field to inform policy debate in a range of sectors. Snapshots from 2021:



#OECDIntegrity 2021: Enhancing integrity during crises

Building on our Public Governance team's research on social norms and behavioural approaches to preventing corruption, our Knowledge Partner event at the OECD Global Anti-Corruption & Integrity Forum explored how to enhance integrity during crises – like the global pandemic.

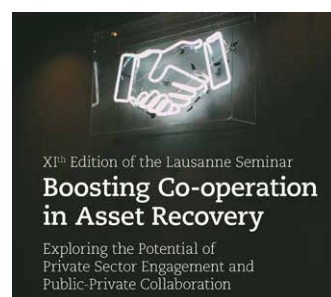
The panel explored how practitioners could tailor approaches to strengthen integrity during an emergency response to counter recurrent social norms and informal practices.

Lausanne Seminar XI: Public-private collaboration for asset recovery

How can law enforcement agencies, financial intelligence units and private financial institutions such as banks work better together to identify, freeze and confiscate criminal assets? What opportunities and challenges are there for public-private collaboration for asset recovery, and what can we learn from emerging models such as financial information-sharing partnerships?

These questions were central to the 11th Lausanne Seminar held on 2–3 September 2021. The invitation-only event gathered 150+ international asset recovery practitioners and policy makers, plus prominent individuals from the private sector who are leading efforts to improve public-private collaboration for financial information sharing.

The Lausanne Seminars are an initiative of the Swiss Federal Department of Foreign Affairs – Directorate of International Law, organised jointly with our International Centre for Asset Recovery and the Stolen Asset Recovery Initiative of the World Bank and UNODC. This year's event also benefited from the support of RUSI's Future of Financial Intelligence Sharing research programme.



UNGASS 2021: Turning anti-corruption commitments into action

At the Special Session of the UN General Assembly against Corruption Against Corruption, our virtual side event on Recovering stolen assets through non-conviction based forfeiture brought together expert speakers from both requesting and requested States. What can we learn from actual cases of NCBF around the world? What should States consider when introducing NCBF legislation? How can it be applied more effectively and what challenges stand in the way?

Co-organised with the Swiss Federal Department of Foreign Affairs, our second side event on Collective Action: Building Efficient Public-Private Partnerships (see page 12) sought to inspire, enlighten and engage participants on the scope and possibilities of anti-corruption Collective Action.



Corrupting the Environment webinar series

Co-organised by our Green Corruption team and the OECD, our monthly Corrupting the Environment webinar series saw seven in-depth virtual discussions in the first half of 2021.

The series brought together leading voices from the public and private sectors, academia and civil society. In lively panel discussions, they explored critical trends and shared recommendations for addressing the corruption that is destroying our planet and people's opportunities for sustainable development.

The collected insights on illicit trade, mineral supply chain transparency, follow-the-money approaches, behavioural insights, online sales and waste management help to unite the anti-corruption and natural resource communities in their understanding and efforts.



CoSP 9: Protecting anti-corruption prosecutors and our planet from attacks

Special events at the Conference of the States Parties to the UN Convention Against Corruption (UNCAC) are a chance to put a spotlight on critical issues that need debate and attention in the policy sphere.

Co-organised with Norway on behalf of the Corruption Hunter Network, our side event on Anti-corruption prosecutors under attack revealed, through personal stories, how prosecutors are threatened, exposed to undue influence or hindered by abusive defence strategies.

Our Green Corruption team's event on environmental corruption as a roadblock to reaching the SDGs asked: What is being done to trace illicit financial flows that facilitate environmental crime? And what about the illegally obtained profits derived from it?



5CRC: Emerging trends in crypto crime and money laundering

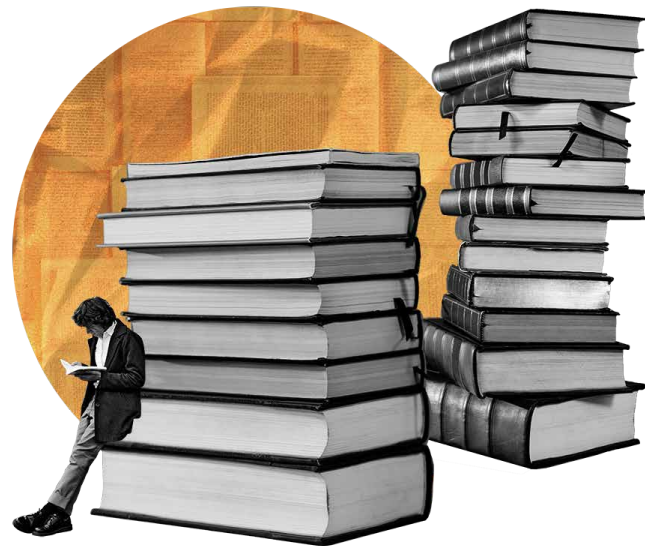
The 5th Global Conference on Criminal Finances and Cryptocurrencies gathered thousands of participants from the public and private sectors to exchange knowledge on virtual assets-based money laundering and related risks in the crypto sphere.

The conclusion: fast and cooperative action by governments, law enforcement, regulators and the private sector is essential to tackle the risks and keep this dynamic industry safe for all.

Co-organised by the Basel Institute on Governance, INTERPOL and Europol, the conference took place virtually on 7–8 December 2021.



Publications



Books

This book results from a deep and detailed research project and is freely available to all on Basel LEARN. See page 16 for further details.

Dornbierer, Andrew. 2021. *Illicit Enrichment: A Guide to Laws Targeting Unexplained Wealth*. Basel: Basel Institute on Governance

Dornbierer, Andrew. 2021. *Enriquecimiento ilícito: Una guía sobre las leyes que abordan los activos de procedencia inexplicable – Introducción y primera parte*. Basel: Basel Institute on Governance

Full Spanish and French versions of *Illicit Enrichment* are forthcoming in 2022.

Working Papers

Our Working Paper series covers the latest research and thinking on key topics relating to anti-corruption and asset recovery, anti-money laundering, anti-corruption compliance and Collective Action, public governance and green corruption.

Hans, Vanessa, Scarlet Wannenwetsch, and Gemma Aiolfi. 2021. “Local certification through Collective Action: an innovative approach to anti-corruption compliance and due diligence.” Working Paper 34, Basel Institute on Governance

Costa, Jacopo. 2021. “Social network analysis applied to illegal wildlife trade between East Africa and Southeast Asia.” Working Paper 35, Basel Institute on Governance

Costa, Jacopo. 2021. “Revealing the networks behind corruption and money laundering schemes: an analysis of the Toledo–Odebrecht case using social network analysis and network ethnography.” Working Paper 36, Basel Institute on Governance

Grossmann, Juhani, Rizka Halida, and Taradhinta Suryandari. 2021. “The Green Corruption paradox: Natural resource management and environmental corruption in Indonesia.” Working Paper 37, Basel Institute on Governance

Policy Briefs

Our Policy Brief series distils insights from anti-corruption research into practical guidance for policymakers and practitioners.

Costa, Jacopo. 2021. “Bringing intelligence and social network analysis together to fight illegal wildlife trade.” Policy Brief 6, Basel Institute on Governance

Kassa, Saba, Jacopo Costa, Robert Lugolobi, and Claudia Baez Camargo. 2021. “Reducing the social acceptability of wildlife trafficking through behaviour change interventions.” Policy Brief 7, Basel Institute on Governance

Baez Camargo, Claudia, Jacopo Costa, Vanessa Hans, Lucy Koechlin, and Scarlet Wannenwetsch. 2021. “It takes a network to defeat a network – What Collective Action practitioners can learn from research into corrupt networks.” Policy Brief 8, Basel Institute on Governance

Selected reports, case studies and journal articles

This selection of publications illustrates the varied ways in which we seek to share our hands-on experience with practitioners and policymakers.

Baez Camargo, Claudia, Jacopo Costa, and Lucy Koechlin. 2021. “Informal networks as investment in East Africa.” Global Integrity Anti-Corruption Evidence Programme (GI-ACE). Short case studies from Tanzania and Uganda complement the extensive research report.

Green Corruption at the Basel Institute on Governance. 2021. “Wildlife crime - understanding risks, avenues for action.” A four-part series on wildlife and financial crime and corruption, also available as an interactive learning resource on Basel LEARN.

Dutot, Caroline. 2021. “Hout Bay and the illegal lobster trade: a case study in recovering illicit proceeds of IUU fishing and wildlife trafficking.” Basel Institute on Governance

International Centre for Asset Recovery, Swiss Federal Department of Foreign Affairs, Stolen Asset Recovery Initiative (StAR). 2021. “Boosting Co-operation in Asset Recovery: Exploring the Potential of Private Sector Engagement and Public-Private Collaboration.” A joint report emerging from the 11th Lausanne Seminar on Asset Recovery.

Kassa, Saba, Jacopo Costa, Robert Lugolobi, and Claudia Baez Camargo. 2021. “The role of informal networks in promoting illegal wildlife trade: a qualitative analysis from Uganda.” Trends in Organized Crime

Solórzano, Oscar. 2021. “Case study: The Nun – Confiscating assets of the Shining Path terrorist organisation.” Basel Institute on Governance. Also available in Spanish.

Stahl, Cosimo. 2021. “Gendered corruption: Initial insights into sextortion and double bribery affecting female businesswomen in Malawi.” Basel Institute on Governance

Quick Guides

Our Quick Guide series offers brief introductions to crucial topics on preventing and combating corruption and improving standards of governance, many in English, French, Spanish and Portuguese. **New in 2021:**

Strategic anti-corruption guidelines for development agencies

Analysing a suspect’s financial affairs in a corruption case

Illicit enrichment (updated)

Cryptocurrencies and money laundering investigations (updated)



All publications are freely available: baselgovernance.org/publications

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Funding and partnerships

In 2021, the annual budget (*Total operating income*) of the Basel Institute on Governance was CHF 10.8 million (EUR 10.5 million / USD 11.4 million). Approximately 29 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 & 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.

In addition, the Principality of Liechtenstein provides vital core funding to our Green Corruption programme.

Other development and corporate partners fund some 30+ 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 all our partners from around the world, to whom 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.



A special thanks to those who have supported our work with substantial financial contributions over the last years:



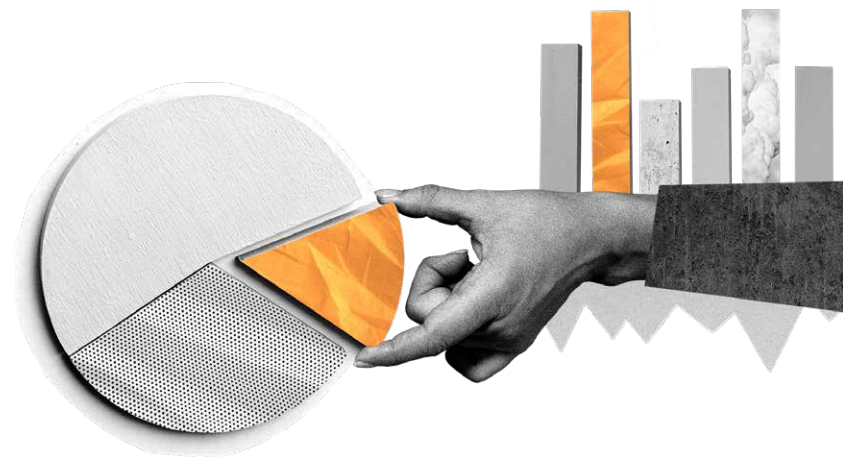
Our gratitude to the country offices and embassies of the above institutions and all others who have funded research and technical assistance projects in 2021, including:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Global Integrity Anti-Corruption Evidence Programme
KBA-Notasys Integrity Fund of Koenig & Bauer
IWT Challenge Fund
Norges Bank Investment Management (NBIM)
PMI Impact
Targeting Natural Resource Corruption (TNRC)
UK Home Office
USAID

And our thanks to those for whom we act as Secretariat for the continued trust and fruitful partnership:

Ethics and Compliance Switzerland
International Academy of Financial Crime Litigators
The Wolfsberg Group





Financial statement

Balance sheet

| ASSETS (IN CHF) | 31 DEC 2021 | 31 DEC 2020 |
|-------------------------------------|---------------------|---------------------|
| Liquid assets | 3,620,985.17 | 3,196,912.10 |
| Trade-receivables | 970,341.36 | 116,789.48 |
| Other receivables | 171,950.06 | 221,240.25 |
| Accrued income and prepaid expenses | 997,243.18 | 1,097,719.24 |
| Total current assets | 5,760,519.77 | 4,632,661.07 |
| Office furniture and IT equipment | 5,848.41 | 11,518.50 |
| Financial assets | 44,687.10 | 44,686.35 |
| Total fixed assets | 50,535.51 | 56,204.85 |
| Total assets | 5,811,055.28 | 4,688,865.92 |

| LIABILITIES (IN CHF) | 31 DEC 2021 | 31 DEC 2020 |
|--|---------------------|---------------------|
| Trade-payables | 150,302.67 | 144,347.90 |
| Advance payments | 2,172,414.01 | 1,454,624.73 |
| Other payables | 93,942.83 | 142,731.19 |
| Accrued liabilities and deferred expenses | 446,726.78 | 204,148.41 |
| Total current liabilities | 2,863,386.29 | 1,945,852.23 |
| Restricted funds (ICAR) | 1,987,976.17 | 1,952,758.21 |
| Total restricted funds | 1,987,976.17 | 1,952,758.21 |
| Total liabilities | 4,851,362.46 | 3,898,610.44 |
| Paid-in capital | 20,000.00 | 20,000.00 |
| Unrestricted capital (GOV) | 720,255.48 | 773,968.64 |
| Annual result | 219,437.34 | - 3,713.16 |
| Total capital of the organisation | 959,692.82 | 790,255.48 |
| Total liabilities & capital of the organisation | 5,811,055.28 | 4,688,865.92 |

Statement of operations




| INCOME AND EXPENDITURE (IN CHF) | 2021 | 2020 |
|--------------------------------------|------------------------|------------------------|
| Contributions | 3,113,327.08 | 3,111,666.33 |
| Overhead recovery | 398,229.27 | 371,197.76 |
| Project income (fees) | 5,657,745.53 | 5,419,714.69 |
| Reimbursed expenses | 1,606,205.27 | 1,239,593.42 |
| Total operating income | 10,775,507.15 | 10,142,172.20 |
| Project expenditure | - 9,112,111.50 | - 8,677,953.10 |
| Administrative expenditure | - 1,430,749.37 | - 1,457,317.30 |
| Total operating expenditure | - 10,542,860.87 | - 10,135,270.40 |
| Operating surplus (- deficit) | 232,646.28 | 6,901.80 |
| Net financial income | - 27,990.98 | - 28,585.38 |
| Change of restricted funds | 35,217.96 | 32,029.58 |
| Change of unrestricted funds | - 50,000.00 | - 50,000.00 |
| Annual result | 191,446.36 | - 3,713.16 |

Note: The aforementioned balance sheet and statement of operations form part of the Basel Institute's Financial Statement 2021, 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 2021 on 01 April 2022.







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Collective Action

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