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Swiss Agency for Development
and Cooperation SDC

The SDC's **Anti-Corruption** Guidance



Executive summary

Corruption diverts massive amounts of money and resources away from the investments and programmes that are critically needed to meet the Sustainable Development Goals (SDGs) and to alleviate poverty worldwide. Switzerland's international cooperation has a zero tolerance for corruption policy and stands strong in its commitment to forcefully fight corruption internationally, through its support to multiple initiatives and competence centres as well as in its work with partner countries, where it not only supports specific anti-corruption programmes but also incorporates anti-corruption measures into all of its thematic areas.

The SDC's anti-corruption guidance draws from SDC's long-standing experience of working in this field as well as on state-of-the-art understandings about what corruption is, why it happens and what are effective approaches to combat it. In its strategic approach to corruption SDC recognises that corruption is highly context dependent in its manifestations as well as in the factors that cause it, and therefore emphasises that developing effective anti-corruption initiatives requires careful assessment of each case and a tailored approach. In this guidance SDC recognises that corruption tends to be a systemic problem associated with political mechanisms to contest for and exercise power as well as with functional practices to cope where resources are scarce.

Recognising the complexities involved in combating corruption, SDC has adopted a **Four Pillar approach** that is context-sensitive, targeted to address the root causes of corruption, mainstreamed across thematic areas, and conducive to harnessing activities and promoting dialogue through a coordinated approach towards all relevant stakeholders:

1. **Understanding corruption:** A thorough appreciation of each context, recognising that corruption is often not only prevalent but also deep rooted, is fundamental.
2. **Supporting strategic interventions against corruption:** A strategic intervention is one considered to have combating corruption as its primary objective and is targeted to address real problems (relevant), incorporates thinking and working politically (feasible), mitigates risk and is mindful of unintended consequences (does no harm), and is adaptive and open to innovation (promoting sustainability).
3. **Systematic integration of anti-corruption:** Incorporating corruption prevention measures in programming decisions across all thematic domains strengthens the effectiveness of SDC's efforts and safeguards investments in essential services.
4. **Strong coordination and dialogue:** SDC cultivates strong relationships with other development partners and relevant stakeholders in its partner countries, identifying common goals and exercising collective voice and coordinated actions. In addition, SDC supports coordinated actions and initiatives at an international level.

SDC, alongside other bilateral and multilateral partners, recognises that it is crucial to maintain and further develop its commitment to the fight against corruption, including in contexts that are not particularly conducive to achieving significant gains in control of corruption outcomes – whether due to an absence of political will or other challenges. SDC will continue to build capacity of key stakeholders, strengthen systems of integrity and accountability, taking into account the opportunities and challenges that each context presents while acknowledging risks and developing adaptive management measures and mitigating strategies.

Content

Introduction	5
Corruption: what is it, why does it occur and what can be done about it?	6
Definitions of 'corruption' and common manifestations	6
Categories of drivers of corruption and anti-corruption responses	7
Corruption, sustainable development and the anti-corruption global architecture	8
Why is corruption a priority topic for the international community?	8
The global architecture to fight corruption	10
Switzerland's engagement in anti-corruption efforts in international cooperation	11
Support to global anti-corruption initiatives	11
Support to the global fight against illicit financial flows	11
Supporting multilateral anti-corruption efforts and strategic partnerships	11
Supporting anti-corruption efforts in partner countries	12
SDC's internal compliance systems and procedures to safeguard Swiss taxpayers' funds	12
Three-Lines-of-Defence model at SDC/FDFA	13
Chapter 4. The Four Pillar anti-corruption approach of SDC	14
Pillar 1: Understanding corruption	14
Pillar 2: Supporting strategic interventions against corruption	15
Pillar 3: Systematic integration of anti-corruption in all sectors	16
Pillar 4: Strong coordination and dialogue and strategic alliances	17
Risks and challenges	18
Chapter 5. Implementation	19
Whole-of-government approach	19
Principles and modalities	19
Resources and capacities	19
Responsibilities within SDC for the implementation of the new guidance	19
Annex	20
Annex 1: Frequently occurring modalities of corruption	20
Annex 2: Identifying drivers of corruption and corresponding anti-corruption response	21
Annex 3: SDC's internal compliance systems and procedures to safeguard Swiss taxpayers' funds	22

Introduction

Combating corruption is a priority topic in the international agenda with good reason. Corruption hinders sustainable and inclusive economic growth, feeds inequalities and undermines justice and peace. Evidence about the role of transnational networks in laundering the proceeds of corruption highlights the fact that the fight against corruption is a globally shared responsibility.

SDC is highly aware of the perils of corruption and is committed to playing an active role in international efforts to prevent and combat crimes of corruption. SDC also recognises that the fight against corruption is an essential element in the quest to strengthening governance systems and to achieving sustainable and inclusive economic and social development in its partner countries. Furthermore, corruption generates risks to SDC's projects and programmes, compromising their effectiveness and risking the mishandling and misuse of Swiss aid funds. Combating corruption is consistent with the advancement of the thematic priorities and the pursuit of the strategic objectives of Switzerland's International Cooperation Strategy 2021–24 and the 2030 Agenda for Sustainable Development, in particular SDG 16 on Peace, Justice and Strong Institutions.¹

The purpose of this document is to lay out SDC's approach to understanding corruption and to set out guidance to support the development of evidence-based and effective anti-corruption policy and programming decisions. This SDC guidance is a revision of the 2006 SDC Strategy on Fighting Corruption and is aligned with and complementary to the [Federal Council's Anti-Corruption Strategy 2021–24](#). It complements other SDC guidance documents that address governance topics (please refer to the SDC's Guidance on Governance). As such, the SDC's Anti-Corruption Guidance represents a key element in SDC's governance policy. Anti-corruption is one of the central dimensions in the governance domain, alongside accountability, transparency and effectiveness.

This anti-corruption guidance is directed at SDC staff and its implementing partners. It also serves to inform other stakeholders and the interested public about SDC's understandings and approaches to combating corruption. Operational Guidelines accompany this document and provide details on how to apply SDC's anti-corruption approach for making programming decisions in practice.

The guidance draws on SDC's long-standing experience working in this field as well as on state-of-the-art understandings about what corruption is, why it happens and what are effective approaches to combat it. Chapter 1 presents definitions, summarises the current understanding about drivers of corruption and discusses major anti-corruption approaches. Chapter 2 lays out the reasons why the fight against corruption is a priority topic on the international development agenda and Chapter 3 describes how Switzerland and SDC articulate their positions and activities in the global fight against corruption. Chapter 4 presents SDC's anti-corruption approach, a central tenet of which is that corruption is an essentially context-dependent phenomenon that requires careful assessment and an anti-corruption response that is tailored to each case. It discusses risks and challenges inherent in working within this thematic area. Chapter 5 deals with the implementation of SDC's anti-corruption approach. It describes resources and responsibilities within SDC for the implementation of the new guidance.

¹ SDG 16 includes a dedicated target on combating corruption (SDG 16.5).

Chapter 1.

Corruption: what is it, why does it occur and what can be done about it?

Definitions of ‘corruption’ and common manifestations

‘Corruption’ is a broad concept that is used to refer to actions that, according to Transparency International’s definition, involve ‘the abuse of entrusted power for private gain’. The United Nations Convention against Corruption (UNCAC) has a broad concept of corruption. A such, it covers many different forms of corruption in the public sector, such as bribery, trading in influence and abuse of functions, but also various acts of corruption in the private sector.² Corruption should be understood as an umbrella term that brings together many different types of illicit behaviour. A clear understanding of typologies of corruption and its manifestations is therefore important in order to comprehend the spectrum of actions that can possibly be classified under this term.

For analytical purposes, acts of corruption can be categorised into three types according to the kinds of actors involved, the amounts of money involved and the context in which corruption occurs. These three types are: petty corruption, grand corruption and political corruption.³

Petty corruption refers to acts of corruption that occur in the interactions between low- and mid-level public officials and citizens, often in relation to the provision of public services. Petty corruption, which is also sometimes labelled as administrative or bureaucratic corruption, can serve different purposes such as facilitating quicker access to public goods and services, obtaining benefits to which one is not entitled, or avoiding a sanction. While it often involves the exchange of money, petty corruption can also involve other material goods or non-monetary favours such as those involving sexual acts. Petty corruption particularly affects the quality and accessibility of essential public services such as health, education, justice, and social programmes. In practice, this means that petty corruption tends to inordinately affect low-income and other vulnerable groups. However, petty corruption also can significantly affect other groups, such as small- and medium-sized enterprises, when it is encountered in the course of issuing business permits and licences, during transportation and customs clearances, or tax collection, to mention a few examples.

Grand corruption refers to rent-seeking actions by high-level politicians, public servants and business people. It typically involves the mishandling of large amounts of public funds. Grand corruption has a significant impact on the performance of state institutions, affecting citizens both individually and collectively. Grand corruption leads to a depletion of public coffers, for instance by overpricing public

contracts. It can also lead to the distortion of public investments; for example, when contracts for roads are issued in areas where a road is not necessary or not the highest priority, or when the best bid is not procured. It has also been known to lead to substandard quality of public works which can eventually have fatal consequences, beyond the monetary loss. Another well-known consequence of grand corruption is the plundering of natural resources and the misappropriation of other national assets for private gain. Grand corruption often stems out of collusive ploys orchestrated by powerful public and private actors.

Political corruption refers to the misuse of public authority to manipulate policies, institutions and rules of procedure in pursuit of illegitimate private goals, such as sustaining power, status and wealth of high-level decision makers and their close associates. Examples of political corruption include the manipulation of election processes through vote buying, voter intimidation, using public force to demobilise opposition groups, and accepting informal campaign donations from particular business groups in exchange for undue advantages, such as preferential access to sizable government contracts. Political corruption often takes the form of patronage and clientelistic networks that disregard criteria of merit, diversity and aptitude in the hiring of civil servants. Political corruption can lead to state capture, which is a situation where the government systematically favours the members of a corrupt network. Under such circumstances, the perpetrators of corrupt activities are effectively protected from scrutiny and being held accountable.

While a **categorisation into typologies** can be helpful in understanding the scope of what corruption can be, it is equally important to understand that each of these three categories can manifest themselves in a multiplicity of forms and across all sectors. And they are also often connected; in particular, when it comes to grand corruption and political corruption, or when petty corruption is employed in the context of large-scale election manipulation as part of a larger political corruption scheme. **In fact, corruption is often an integral feature of larger governance systems** and should be comprehended as such rather than as a mere blight on an otherwise healthy governance system, where it can be ‘fought’ by simply toughening the legal ‘enforcement tools’.

² Although private corruption is not specifically addressed in this document, SDC is aware of this problem and regularly addresses it with its partners in the projects and programmes it supports.

³ Some of the most common ways in which corruption takes place are illustrated in Annex 1. These are indicative in nature.

Categories of drivers of corruption and anti-corruption responses

The ways in which corruption manifests itself are manifold, and they vary in their prevalence, mechanisms and impacts across different contexts.

There are four categories of drivers of corruption,⁴ each of which require a particular type of anti-corruption response:

1. **Problems linked to formal rules and incentives:** Corruption emerges because of problems with the formal rules that dictate how public servants should undertake their duties. The problems might be in the rules themselves or in their implementation, but in either case public servants lack the right incentives to perform their duties with abidance to the rules.

Anti-corruption responses to problems arising from this type of corruption typically involve reforms to laws and regulations, capacity building of law enforcement institutions and measures to improve accountability of public officials.

2. **Collective action problems:** Corruption arises when everyone assumes that everyone else will behave corruptly. Such contexts are characterised by mistrust of authority and fellow citizens and the belief that there is lack of political will to enforce the anti-corruption laws and associated measures to detect and punish corruption.

Anti-corruption responses to problems arising from this type of corruption include initiatives that raise awareness about the shared costs of corruption, as well as setting up mechanisms – such as integrity pacts, reporting channels or hotlines – to build trust among key stakeholder groups and to help restore the credibility of government, particularly in relation to high-risk processes such as public procurement.

3. **Behavioural drivers:** This category of problems stems from the recognition that often decisions and behaviours are heavily influenced by aspects of sociality, shared stereotypes, ideologies and automatic reactions to certain stimuli. In some cases, certain forms of corruption – such as bribery and favouritism – are linked to social norms of reciprocity and solidarity, to stereotypes about the behaviours of particular groups or to mental biases that work to justify unethical behaviour. For example, in contexts where respect and social standing are linked to acquiring wealth regardless of the source of it, corruption tends to be socially condoned and even expected.

Anti-corruption practice can be informed by behavioural insights through recognising and working with social norms and other factors that may generate a degree of social acceptability of corruption.

4. **Functionality of corruption:** Corruption can be resorted to and become entrenched because it provides solutions to pressing problems. It can help win elections that would otherwise be lost by colluding with wealthy campaign financiers and by embezzling public funds with the purpose of vote buying. Giving bribes and using personal connections often helps to gain access to essential services, scarce resources or job opportunities. Patronage and clientelistic networks are means to redistribute resources and can be extremely effective to nurture and mobilise political support.

Anti-corruption practitioners need to understand the functions that corruption plays for those involved and try to include measures that provide alternative solutions or tackle the roots of the problem as part of a comprehensive anti-corruption programme. Given the complexity of many root problems that give rise to corruption as a short-term solution, anti-corruption strategies to tackle these problems require longer timelines and comprise multi-pronged approaches.

Several drivers are often simultaneously involved in generating the observed problems of corruption. However, it is important to identify as many of the different factors that are at play in each particular case in order to tailor and fine-tune the anti-corruption response.⁵

⁴ On these typologies see for example: Persson, Rothstein and Teorell (2013); Marquette and Peiffer (2015); and Baez-Camargo (2017).

⁵ See Annex 2: The alignment between types of drivers of corruption, indicative examples of how problems of corruption may manifest for each type of driver and corresponding anti-corruption approaches. The SDC Operational Guide provides a comprehensive (although not exhaustive) overview of the types of anti-corruption interventions that are adequate in different scenarios according to the corruption drivers at hand.

Chapter 2.

Corruption, sustainable development and the anti-corruption global architecture

Why is corruption a priority topic for the international community?

Corruption is a high-priority theme in the international development arena with good reason. According to the International Monetary Fund, curbing corruption could generate about \$1 trillion in tax revenues annually across the world, which is nearly twice as much is needed to help 49 low-income countries achieve the SDGs by the 2030 deadline.⁶ Although corruption is difficult to measure, these figures are indicative of the magnitude of this problem.

Tackling corruption is therefore an unquestionably important element in the efforts to promote sustainable development and its financing and to alleviate poverty, which are key goals of SDC's work. This section outlines the reasons why fighting corruption is an essential aspect in pursuing the goals and priorities that span across SDC's thematic areas.

Corruption exacerbates poverty

Succinctly, corruption represents a major obstacle to development and poverty alleviation. In many countries, but especially in less developed contexts where large numbers of people live under the poverty line, the implementation of social programmes and the delivery of services essential to meet basic needs are impeded when the state is affected by corruption. Therefore, the protection of scarce public resources and their effective and efficient allocation should be a priority of the utmost importance to break the role corruption plays in generating and perpetuating poverty traps, which are extremely hard to escape from. Corruption diverts public resources from the state, enabling narrow private interests to seriously compromise the ability of public institutions to protect citizens by providing security, public goods and a social safety net.

Corruption impacts the collection of taxes and other sources of government revenue, leads to the diversion of public funds and affects the quality of government spending. It reduces the availability, accessibility and quality of social services and public goods. Underperforming health and education systems, public insecurity and unequal treatment under the law disproportionately impact the poor, who find it harder to cope with the lack of social protections. Insufficient budget allocations compound resource scarcity in key institutions and result in public social services that are understaffed and overwhelmed, thus fuelling corruption risks at the point of contact between providers and users, again at the expense of the poorest who are excluded when bribery and favouritism are required in order to access services.

Corruption hinders sustainable and inclusive economic growth

The state remains the key actor that sets the rules for promoting a business environment that encourages entrepreneurship, attracts investment and generates employment opportunities. Therefore, corruption also generates high macroeconomic costs as it distorts markets, reduces legal certainty and thus severely impedes the development of policies and strategies that can support sustainable and equitable economic growth.

The theft of public funds not only reduces the resources available to invest in public works that are essential to promote economic development but also gives rise to an environment where rent-seeking behaviours overpower productive investment incentives. Corrupt collusive deals between political and business elites generate huge risks in public procurement, natural resource management and drive away potential investors who, by adhering to a high level of integrity, would have little chance of succeeding in an uneven and unjust playing field.

In addition, high levels of corruption in a country are typically accompanied by high levels of money laundering and other forms of financial crime and illegal activities, such as smuggling and various forms of trafficking. Such adverse circumstances result in the financial institutions being disadvantaged when it comes to accessing the international financial markets (including loans), which can increase the cost of doing business in that country. In the worst cases it leads to financial exclusion, which ultimately has a terrible effect on the poorest in society who inordinately suffer from the macroeconomic consequences.

Corruption goes hand in hand with human rights violations

Corruption subverts the rule of law and compromises the exercise of political rights and civil liberties because, where corruption is present, arbitrary decisions undermine the principles of equality and universalism that should prevail in the public sphere.

When laws are ignored or applied selectively, not only is the freedom to articulate a political voice weakened but the protection of human rights is compromised and, more often than not, impunity becomes normalised. Rules that only work for a privileged few generate inequalities that disproportionately impact women as well as ethnic, religious and other minorities and exacerbate their vulnerability to fall victim to corruption.

Bribery allows abusive businesses to evade inspections and ignore legal protections against child labour and unsafe working conditions. Corruption in the security sector and justice system enables criminals to act with impunity and it denies victims' access to justice.

⁶ See: '[Corruption costs \\$1 trillion in tax revenue globally: IMF](#)' (Reuters).

Increasing awareness about the prevalence of sexual corruption and femicides demonstrates that abuse of power, and the impunity that comes with it, also often involves a gender dimension that renders women vulnerable to numerous manifestations of violence.

Corruption has a gendered impact

While gender has been part of development programming for many years, not many anti-corruption interventions have explicitly considered the importance of looking at corruption and anti-corruption through a gender lens.⁷ Corruption disproportionately affects women, who represent a high proportion of the world's poor. As primary family caretakers, women often encounter bribery when accessing public services. Bribery may be exacerbated by gender stereotypes and roles resulting in women falling prey to demands for sexual favours by abusive officials.

Programmes that improve regulation and increase formalisation may inadvertently do harm to low-income women by squeezing them out of their livelihoods in the informal sector. Gender differences in literacy, self-confidence and access to technology, knowledge and skills can also greatly affect the uptake and effectiveness of anti-corruption tools such as complaints mechanisms, social audits and participatory budgeting.

Corruption undermines democracy

The impacts of corruption penetrate the social fabric deeply and affect the foundations of the state and the essential social contract, eating away at the legitimacy of the state and eroding public trust in democratic institutions. The numerous popular movements and uprisings around the world that have surfaced to protest against corruption highlight the importance globally that people confer regarding the demand for accountability from duty bearers. Such movements demonstrate that the fight against corruption can be a catalyst for change and can help reinvigorate the civic space.

However, one cannot underestimate the pernicious impacts of corruption on the social and political fabric. Widespread corruption feeds the impression that government is not responsive to the people, while judicial systems are compromised and corrupt elites act with impunity. Corruption and the injustices it generates fuel resentment, cynicism and disillusionment in democratic processes among citizens and increase the appeal of populist, radical and authoritarian voices. In turn, authoritarian regressions, long-term instability and insecurity negatively impact efforts to alleviate poverty.

Corruption facilitates violence and crime

There is evidence indicating that corruption fuels unrest, instability and, in some cases, conflict. In contexts where it is systemic, corruption generates local, regional and global security threats because it promotes a viable environment in which insurgent or terrorist groups can grow and disseminate their radical ideologies and goals. Furthermore, when anti-corruption champions are vio-

lently silenced, as in the case of attacks against – and even murder of – journalists, judges and human rights defenders, the impunity around those crimes increases the sentiment by all actors that violence is a legitimate avenue to stop anti-corruption initiatives. Such violence also intimidates the public who, under such circumstances, will naturally fear denouncing abuse.

Finally, instability and insecurity provide a cover and opportunity for criminal actors to engage in organised crime and trafficking of humans, firearms, drugs, wildlife, etc. The impact of corruption is vast and extends past local, national, regional and continental boundaries. It is indeed global as it is local.

Corruption compromises public sector governance and performance

Governance is the political process through which public authority is created and exercised. When public authority roles and responsibilities are hijacked by private interests, the state becomes dysfunctional and, in extreme cases, formal public institutions come to represent little more than a hollow façade behind which rent-seeking actions and the plundering of public resources aim to be concealed.

Corruption affects in numerous ways the management of public affairs and undermines the exercise of legitimate authority, which are essential elements associated with good governance. The principles of good governance espoused by SDC – namely Transparency, Accountability, Participation, Rule of Law, Effectiveness and Equality – are all compromised when corruption is conspicuous.

Corruption impacts the allocation of resources, the execution of budgets and both the quality and accessibility of public services as well as the basic functions of the public administration, the legislature and the judicial system. Thus, while one of the central tenets of SDC's vision of good governance is that public systems are able to perform and deliver in a manner that leaves no one behind, in contexts where corruption is rampant the opposite occurs and access to services, resources and goods comes to hinge exclusively on personal favours and arbitrary decisions.

Corruption in humanitarian aid subverts assistance to the most vulnerable

Corruption in relation to humanitarian assistance is particularly damaging as it deprives the most vulnerable among poor people of essential life-saving resources. Moreover, in situations of conflict, deficiencies in the delivery of assistance due to corruption tend to generate mistrust and can worsen the conflict.

Relief aid is delivered under challenging circumstances, in the midst of conflict or in the immediate aftermath of natural disasters, when national and local capacities have been damaged and are overstretched. To make things worse, corruption and weak institutions often characterise the situation in a country even prior to the emergency. The injection of large amounts of aid resources and the pressure to disburse aid rapidly can increase opportunities for abuse of power and may lead both to the diversion of aid resources and to

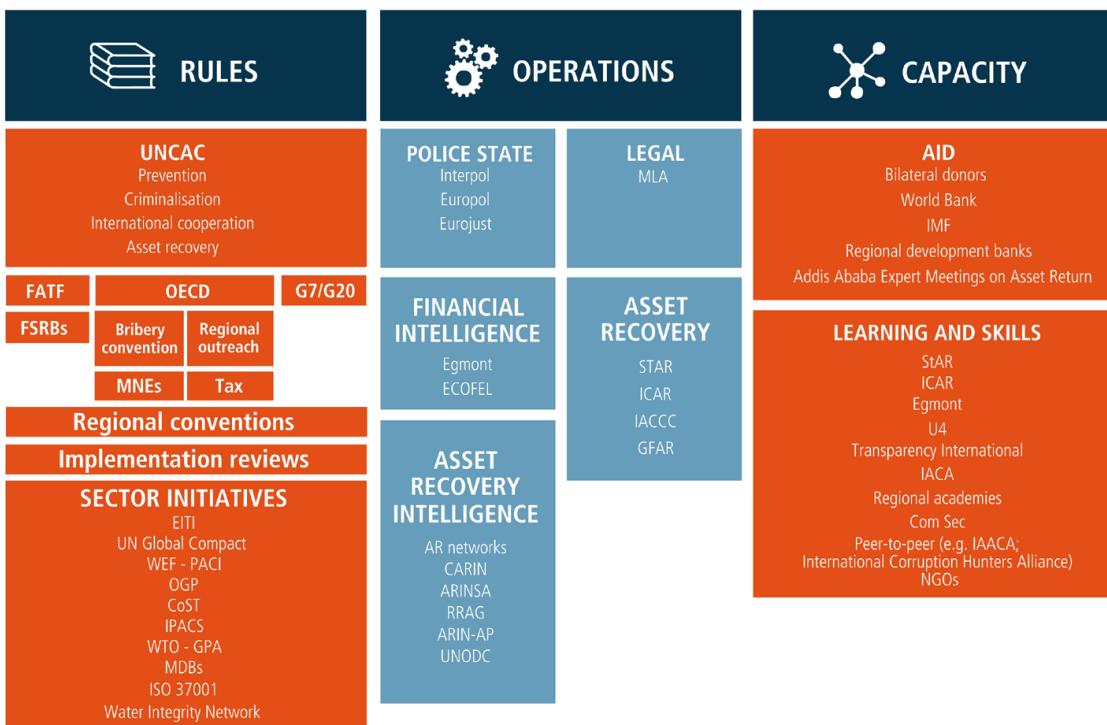
⁷ See: [The Time is Now – Addressing the Gender Dimensions of Corruption](#), UNODC, 2020.

an increase of the already existing high levels of corruption. During recent years, several efforts have been initiated to increase transparency and to adopt a proactive approach towards anti-corruption within international humanitarian assistance.

The global architecture to fight corruption

Fighting corruption is a cornerstone of the 2030 Agenda for Sustainable Development. Goal 16 on Peace, Justice and Strong Institutions is aimed at providing access to justice for all and building effective, accountable and inclusive institutions at all levels. This overarching aspiration correctly identifies the fight against corruption as a necessary component in achieving progress. Furthermore, there is a growing recognition that fighting corruption is not only important to achieve progress in SDG 16; it is also crucial to attaining progress in all the other goals. When corruption thrives, efforts to improve the welfare of the poor are limited.

Global initiatives to fight corruption have resulted in the development of multiple legal anti-corruption frameworks including international conventions such as the United Nations Convention Against Corruption (UNCAC) and the OECD Anti-Bribery Convention; regional instruments such as the Organization of American States' (OAS) Inter-American Convention Against Corruption; the Group of States against Corruption (GRECO) review process that covers the Council of Europe Criminal and Civil Law Conventions against Corruption; and the African Union Convention on Preventing and Combating Corruption (AUCPCC). In addition, there are private sector-driven international sector-specific initiatives to fight corruption such as the Extractive Industries Transparency Initiative (EITI), the Wolfsberg Group in banking and the Maritime Anti-Corruption Network (MACN). Besides the emphasis on rules and standards, the international anti-corruption architecture also involves different modalities of operations targeting illicit transnational financial flows and building capacity and knowledge. The chart below⁸ helps to illustrate the need to support a more comprehensive approach to anti-corruption and to contribute to a more coherent global response.



⁸ Source: Adapted from Phil Mason, [Twenty Years with Anti-corruption Part 3](https://www.u4.no/publications/twenty-years-with-anti-corruption-part-3), U4 Anti-Corruption Resource Centre Practitioner Experience Note. <https://www.u4.no/publications/twenty-years-with-anti-corruption-part-3>

Chapter 3.

Switzerland's engagement in anti-corruption efforts in international cooperation

Switzerland's international cooperation makes anti-corruption a priority in all fields of activity. Combating corruption is consistent with the advancement of the thematic priorities and the pursuit of the strategic objectives of Switzerland's International Cooperation Strategy 2021-2024. This is reflected in a strong Swiss presence and activity at the international level, and in Swiss development cooperation and humanitarian aid in partner countries as well as internally in the importance given to ensuring rigorous controls are in place to safeguard Swiss taxpayers' money.

The Swiss anti-corruption engagement is based on two perspectives: the development perspective aiming to reduce corruption globally and in partner countries, and the risk perspective to avoid corruption in SDC-funded programmes and within SDC offices.

Support to global anti-corruption initiatives

Switzerland is a signatory to several key international legal instruments. These include:

- OECD Convention on the fight against the bribery of foreign public officers in international business transactions
- Council of Europe Criminal Law Convention on Corruption
- United Nations Convention Against Corruption (UNCAC)

In all international fora and initiatives where it partakes, Switzerland forcefully supports anti-corruption initiatives and the implementation of international laws and good governance standards. This includes support for peer review mechanisms that identify good practices as well as implementation gaps and challenges, and that also issue recommendations and promote follow-up. Also, mindful that the responsibility for preventing international corruption starts at home, the State Secretariat for Economic Affairs (SECO) promotes awareness-raising efforts highlighting the effects of corruption on business and issues guidance for Swiss companies operating abroad so that they can be familiar with the applicable regulations of the Swiss criminal law and on what to do in cases of corruption.⁹ SECO also proposes tools that help Swiss companies in their efforts to prevent corruption.

Support to the global fight against illicit financial flows

Illicit financial flows (IFFs) are commonly described as the movement of money across borders that is illegal in its source (e.g. corruption, smuggling), its transfer (e.g. tax evasion) or its use (e.g. terrorist financing). Illicit corrupt gains and other proceeds of crime are often hidden away in financial institutions, financial centres and tax havens across the globe. In adopting the 2030 Agenda for Sustainable Development and the 2015 Addis Ababa Action Agenda for financing sustainable development, Switzerland has joined the international community in acknowledging the scale of IFFs, their particular adverse impact on developing countries, and the need to take collective measures to substantially reduce them (SDG Target 16.4.1).

The Swiss Federal Council has on numerous occasions reaffirmed its commitment to combating IFFs, both internationally and within Switzerland. In line with international discussions on the topic, it recognises not only the importance of the national legal framework in curtailing inflows of undesirable funds but also the significant role of international cooperation on the ground. Thus, for instance, in the field of Asset Recovery, Switzerland has returned more than USD 2 billion stemming from grand corruption.

Through their programmes and projects, SDC and SECO focus on five priority areas of action to combat IFFs:¹⁰

- Minimising the risk of IFFs in the commodities sector
- Improving access to financial services and remittances
- Combating tax evasion and aggressive tax avoidance practices
- Combating transnational corruption and money laundering
- Recovering and returning illicitly acquired assets stemming from corruption and money laundering

⁹ Preventing Corruption, Information for Swiss companies operating abroad, State Secretariat for Economic Affairs (SECO), 3rd edition, 2017.

¹⁰ Flux financiers déloyaux et illicites en provenance des pays en développement. Champs d'action actuels et futurs et instruments de la politique de développement de la Suisse. Rapport complémentaire de la Direction du développement et de la coopération (DDC) du Secrétariat d'Etat à l'économie (SECO) – Économie et développement (ED), Commission de politique extérieure du Conseil national, 27.03.2018.

Supporting multilateral anti-corruption efforts and strategic partnerships

Switzerland, through SDC, has established partnerships with the Stolen Asset Recovery Initiative ‘StAR’ of the World Bank and the UN Office on Drugs and Crime, with the OECD Development Assistance Committee (DAC) anti-corruption task team, as well as with the International Centre for Asset Recovery (ICAR) of the Basel Institute on Governance. These partnerships reflect the high level of Swiss commitment.

At the World Bank, Switzerland supports both a strong operational focus on strengthening governance and accountable institutions in client countries – one of five priority themes of the International Development Association (IDA) – and the strict application and continuous refinement of the World Bank’s high fiduciary standards and anti-corruption instruments for its own projects. Switzerland (through SECO) supports efforts under the World Bank’s GovTech partnership to digitise public services, rendering them more effective and accountable.

With regard to the UN Development System (UNDS; i.e. UNDP, UNICEF, UNFPA, UNWOMEN), Switzerland promotes common approaches of the UN agencies (‘common chapters’), with governance issues at the forefront. SDC also supports the strategic strengthening of the UN – World Bank partnerships, both on global and country level. Within that, SDG 16 is a priority (inclusive, just and peaceful societies/strong institutions and governance systems).

Support to international competence centres specialised in the fight against corruption, such as Transparency International and the U4 Anti-Corruption Resource Centre, underscores SDC’s commitment to the anti-corruption movement and to promote the production of actionable resources for anti-corruption practitioners globally. SDC is also committed to fostering integrity and fighting corruption in connection to global priority areas for sustainable development as evidenced by its support to the Water Integrity Network, which combines global advocacy, regional networks and local action to promote increased transparency and integrity in the water sector, and to the Natural Governance Resource Institute (NRGI) that focuses on corruption risks in the extractive sector.

Supporting anti-corruption efforts in partner countries

SDC has extensive experience in applying anti-corruption principles in its cooperation with partner countries. SDC uses a two-pronged approach to address corruption in the countries where it works: firstly, supporting specific anti-corruption programmes and secondly, incorporating anti-corruption measures into other thematic areas of work.

In the case of the former, country offices have a track record of supporting a broad range of activities. The spectrum ranges from direct, law enforcement-centred capacity building to anti-corruption authorities in investigations, prosecutions and asset recovery, to more indirect, nuanced approaches, for example targeting social norms associated with corruption through edutainment campaigns.

SDC country offices have also supported advocacy efforts to reform key legislation, for instance to align domestic laws to UNCAC. Other initiatives aim at fostering demand for good governance and accountability by empowering civil society and communities to raise their voice and stand up against corruption, as well as strengthening independent media to play its role as the Fourth estate. The programming in this thematic area reflects a high level of strategic engagement with local partners that have the potential to trigger change and are interested in achieving impact. Such strategic engagement varies considerably from context to context but has included work with partners as diverse as NGOs, journalists, judges, parliamentarians and law enforcement authorities.

As a transversal theme, SDC’s sectoral programmes have incorporated an anti-corruption dimension to their activities in order to safeguard programme achievements and as support to sustainability of impacts by increasing transparency and accountability on sectors such as health, education and local government.

SDC’s anti-corruption approach emphasises both determination and pragmatism

No country where SDC is active has yet achieved zero corruption, nor are any countries likely to do so anytime soon. However, and although the outcomes and impact of particular anti-corruption activities are, for the most part, inherently difficult to measure, SDC recognises that it is crucial to maintain the commitment to the fight against corruption. Even when the context may not be particularly conducive to achieving significant gains in control of corruption outcomes – whether due to an absence of political will or other challenges – by continuing to build capacity of key stakeholders and strengthening systems of integrity and accountability the foundations are put in place, which may be built upon when circumstances change and windows of opportunity arise. This all points to the need to pursue anti-corruption activities strategically, taking into account the opportunities and challenges that each context presents while acknowledging risks and developing commensurate mitigating strategies.

SDC's internal compliance systems and procedures to safeguard Swiss taxpayers' funds

The SDC/FDFA has a zero tolerance policy¹¹ on corruption and is determined to ensure a high level of integrity in all its areas of activity, whether internally within the organisation or externally with its numerous partners.

It is particularly committed to ensuring a legal, orderly, efficient, effective and economic use of the public funds it has been entrusted with. The SDC will systematically assess the risk of corruption in all projects and programmes and contractually commit partner organisations to taking preventive measures.

To put this policy into practice, SDC implements a Three-Lines-of-Defence model for control of corruption and prevention of irregularities. Responsibilities, controls, supervision and trainings/advice are based on laws, FDFA directives and process descriptions.¹² Responsibilities are divided according to functions between operational management and specialised units in charge of internal governance, internal control systems (ICS), compliance and audits.

Three-Lines-of-Defence model at SDC/FDFA

1st defence line	2nd defence line	3rd defence line	External examination
<p>Operational units through:</p> <ul style="list-style-type: none">› Internal process-related and risk management controls› Management controls	<ul style="list-style-type: none">› Contracts, Procurement, Compliance Division› Legal Services› Internal Control System Unit› Quality Assurance (incl. Risk Management)	<ul style="list-style-type: none">› Internal Audit	<ul style="list-style-type: none">› Swiss Federal Audit Office› External examination of PCM-activities

¹¹ In this context, a zero tolerance policy signals a principled stance against corruption to stakeholders both inside and outside the institution. A zero tolerance policy does not mean, however, that SDC automatically stops any cooperation or working in countries where corruption exists. Instead, it means that the SDC is responding proactively to any indication of irregularities or corruption by investigating and taking appropriate measures and penalties. Where possible, SDC will build upon the existing instruments of its partner organisations. Equally important and part of a zero tolerance policy is to establish a strong risk management system for the prevention of corruption. (See also the U4 Policy Brief '[Donors and "Zero Tolerance for Corruption": From Principle to Practice](#)' (2014). <https://www.cmi.no/publications/file/5042-donors-and-zero-tolerance-for-corruption>)

¹² i.e. Codes of Conduct, 'Concept of Irregularity: Definition' and 'Conflict of Interest Guidelines'. For a full outline of Three-Lines-of-Defence, see Annex 3.

Chapter 4. The Four Pillar anti-corruption approach of SDC

SDC's anti-corruption approach is comprised of four pillars:

- 1. Understanding corruption**
- 2. Supporting strategic interventions against corruption**
- 3. Systematic integration of anti-corruption in all sectors**
- 4. Strong coordination and dialogue and strategic alliances**

Pillar 1: Understanding corruption

Defining corruption, identifying common forms of corruption and understanding the different drivers of corruption provide a foundation for approaching this complex and multi-dimensional problem. Clearly corruption can happen at all levels and in any sector but how and where it actually happens varies greatly from context to context.

A prerequisite for designing effective responses that respect the 'do no harm' principle and reduce the risk for SDC of fuelling and even driving corruption for lack of knowledge is that **anti-corruption work must always begin with a robust analysis of the problems at hand and of the context in which they arise**. Such analysis recognises that corruption cannot be tackled as a technical problem alone but is a complex multifaceted phenomenon.

A first task in the assessment is to identify and understand the most prevalent and damaging forms in which corruption manifests in the context or sector of interest. Following the concepts presented in Chapter 1, this means examining what are the **prevailing types and modalities of corruption** that detract from advancing the objectives of Switzerland's International Cooperation Strategy 2021–24 and attaining the sustainable development and poverty alleviation goals in the respective country.

Secondly, the context assessment seeks to uncover what are **the underlying factors that are contributing to the observed corruption patterns**. As laid out in SDC's Guidance on Governance, adopting a systemic perspective to understand the context means taking account of institutions and structures, processes, actors and their interplay. Therefore, the assessment looks at the driving forces, often deeply rooted in political, social and economic systems, for example:

- It is important to recognise that **corruption often involves power relations** and is highly political. A firm understanding of the political economy is therefore essential.
- Corruption is frequently strongly **embedded in widely shared social norms**, which compete with and even override legal frameworks and formally mandated roles and the responsibilities of duty bearers.

The example of Tanzania:

In response to a window of opportunity (2015) to address corruption in Tanzania, SDC embarked on a multi-pronged, 'explicit' Anti-Corruption Support Programme, which incorporated current theories on tackling corruption, in particular current insights on social norms, informal networks and opportunities for engagement informed by political economy analyses. The programme's components combined support to both the repression and prevention of corruption, and provided technical assistance to the Prevention and Combating Corruption Bureau (PCCB), as well as an integrity campaign that sought to incorporate the latest thinking on how to address social norms that drive corruption.

SDC uses a number of analytical tools to undertake an in-depth context assessment that can yield information about the nature of the drivers of corruption. The Operational Guide on anti-corruption provides a detailed list of references and sources as well as indications on how to conduct a country or a sector corruption risk assessment and how to translate the findings into an appropriate anti-corruption response.¹³

Points to consider when assessing the context and drivers of corruption:

- › The sums involved in grand corruption schemes have a devastating impact on overall state performance. However, it would be a mistake to discount the importance of tackling petty corruption given that even the small sums transacted can represent a significant proportion of household available income and that the impact is not purely financial.
- › In real world situations, corruption problems are often the result of the convergence of more than one corruption driver. Identifying different drivers when evaluating a particular situation or problem is therefore a key element in the context assessment.
- › An effective anti-corruption response needs to be multi-pronged (holistic) and adaptive, recognising that it may not be possible to completely grasp all the angles of a problem upfront and that contexts are dynamic and evolving.

¹³ It includes instruments such as SDC's Political Economy Analysis (PEA) approach, guidelines for SDC media assistance, U4 Anti-Corruption Resource Centre's guide to using corruption measurement and analysis tools for development programming, UNCAC Reviews and Transparency International's National Integrity System Assessments.

Pillar 2: Supporting strategic interventions against corruption

Because countries – and even regions within countries – are different, there cannot be a common template for SDC anti-corruption programmes. Strategic anti-corruption programming decisions are made based on the context assessment and involve identifying the best suited interventions that tackle the identified drivers of corruption at play.

The SDC aims at supporting strategic interventions to prevent, control and reduce corruption. A strategic intervention is one considered to have combating corruption as its primary objective and is targeted to (a) address real problems (**relevant**), (b) incorporates thinking and working politically (**feasible**), (c) mitigates risk and is mindful of unintended consequences (**do no harm**), and (d) is adaptive and open to innovation (**promoting sustainability**).

a) Addressing real problems: identifying those areas and topics where anti-corruption can have the most impact

An overarching goal that shall underpin strategic thinking about anti-corruption work and the definition of specific programmes and interventions is the alleviation of need and poverty. This points to the necessity of **approaching anti-corruption programming with a view to targeting the types and manifestations of corruption that give rise to serious impediments** to development and that most severely affect the welfare of people. **Identifying the relevant areas for anti-corruption programming will often involve assessing the trade-offs** between aiming for high-level/high-stakes interventions (e.g. to tackle grand corruption) and lower level/low-hanging fruit interventions (e.g. to tackle certain forms of petty corruption) in terms of likelihood of success versus impact if successful.

b) Thinking and working politically: identifying what is feasible given local power dynamics

Understanding the political economy of the context is a precondition to making decisions about the anti-corruption approaches that are not only relevant – in the sense that they tackle important problems – but also have a reasonably good likelihood of success. **Thinking and working politically involves recognising the inherently political nature of governance and anti-corruption work. It involves taking into account power dynamics** which can help towards identifying local ‘champions’ to engage with, as well as a better understanding of the types of incentives that can work best with local authorities. Considering local political realities is also crucial in order to be realistic about what can be achieved. **Thinking and working politically brings to the fore that effective anti-corruption programming does not take place in a static context** but also involves keeping track of trends and seizing opportunities to advance anti-corruption goals as they may arise.

The example of Kosovo

In a long-term holistic effort, SDC supports one of the only programmes in Kosovo directly focused on addressing corruption. Support to Anti-Corruption Efforts in Kosovo (SAEK) is working in a phased approach, based on sequenced system-wide interventions across a range of target institutions to develop both political will for reform as well as investigative and prosecutorial capacities, including on asset recovery, and regulatory laws and institutions.

c) Doing no harm: taking into account risks and awareness about unintended consequences

Strategic anti-corruption programming involves being aware of possible trade-offs and unintended consequences of particular interventions. **Doing no harm works hand in hand with an understanding of the political context in order to anticipate and avoid situations that may put innocent people in the line of danger.** The risk is particularly high when working in contexts where, rather than the rule of law, a situation better characterised as ‘rule by law’ applies, where laws become an instrument of power and are neither fairly nor predictably applied. Therefore, doing no harm necessitates careful consideration of unintended consequences and developing risk mitigation strategies as part of the programming process. Doing no harm also involves considering when and how development cooperation may exacerbate corruption and other risks. **Fragile contexts and emergency situations present particular challenges** and require fine-tuning the risk appetite for corruption incidents.

d) Sustainability: working with the grain to innovate and promote adaptability

Universal standards – most prominently the United Nations Convention against Corruption (UNCAC) – lay a broad and solid framework for strategic anti-corruption cooperation.

While promoting international standards and approaches is often important and even critical to create an adequate foundation to strengthen state anti-corruption capabilities, developing and testing new approaches with adequate M&E processes and indicators and an adaptive programming approach can help to increase effectiveness and to position SDC as a thought leader and innovator.

SDC supports the development of novel approaches that aim to ‘work with the grain’, taking into consideration and harnessing existing norms and practices and working with trusted actors such as traditional authorities or informal community leaders. This requires being open about developing approaches that are innovative and uniquely tailored to the socio-cultural context. As some interven-

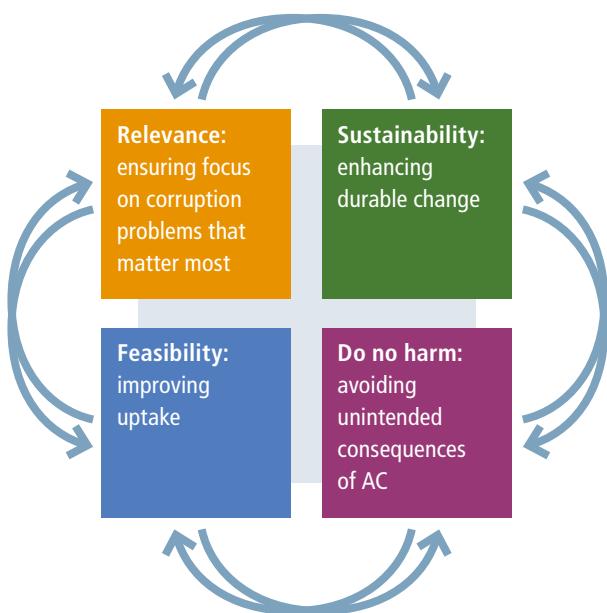
tions will not succeed, it is crucial to record lessons learned but also to be ready to embrace an adaptive programming methodology that allows scale-up of those initiatives that are showing results and a phasing-out of those that are not. Practitioners need to hold firm to their vision but flex their methods.¹⁴

The key is to remain open to **developing original anti-corruption approaches rather than simply resorting to strategies and reforms that are considered 'best practice'** but may not be feasible or relevant for the context where they are intended to be implemented.

Points to consider when developing strategic anti-corruption interventions:

- › Pay close attention to the context, aiming to advance gains where change is relevant, feasible, risk mitigating and sustainable.
- › Set realistic expectations about the pace of change, and be prepared for the long haul, as progress is not likely to occur at a steady, linear pace and setbacks must be expected.
- › Short of large-scale systemic shocks, which rarely occur, steps toward dismantling systems of corruption are more likely to come through the addition of modest incremental gains.

Support Strategic Interventions against corruption:



Pillar 3: Systematic integration of anti-corruption in all sectors

Anti-corruption in SDC, as a part of its governance approach, should be mainstreamed into programming decisions across all thematic domains. Systemic analysis and approaches that form the backbone of SDC's governance engagement are privileged. It includes SDC's commitment to apply good governance principles such as rule of law, transparency, accountability, efficiency and effectiveness in all its operations. It also means creating linkages and fostering synergies with other governance topics and interventions such as support to decentralisation reforms, data systems and e-governance, oversight and accountability mechanisms, citizen's participation and social accountability. Sectoral programmes in areas other than governance can benefit from adding new components or adaptations aimed at preventing corruption from derailing their objectives. The goal is to ensure that projects and programmes, even if they are not directly focusing on corruption, are designed so that they improve the conditions in each specific context to prevent and reduce corruption.

Some sectoral activities may have an 'implicit' or indirect anti-corruption angle. A citizen monitoring programme that supports accountability of public health workers may contribute to protecting investments in primary health care, while strengthening the key governance principles of participation and accountability and simultaneously reducing the opportunity space for corrupt behaviours. Thus, introducing an anti-corruption element can generate many positive spillover effects in other thematic areas of SDC. Preferably, **defining such anti-corruption-specific outcomes for sectoral programmes** will include explicit anti-corruption objectives, expected results and/or activity.

The example of Ukraine

Swiss support (SDC and SECO) to Ukraine is an example for the systematic and successful integration of anti-corruption across its support to different priority sectors. Switzerland provides support to a country-wide, large-scale digitalisation process in support of decentralisation reform. Digitalisation of key public services, such as claiming pensions and social benefits, has removed the need for interaction between the public and rent-seeking officials, thus reducing the amount of bribes that citizens have to pay to access payments and services. And Swiss support to energy efficiency has successfully worked with home-owner associations to develop their capacity to demand transparent, accountable and non-corrupt services from city administrations to run multi-owner apartment blocks.

Adopting an anti-corruption perspective can also be conducive to harnessing synergies in addressing other priority topics of SDC. There is an increased awareness that some forms of corruption that have not been sufficiently accounted for in the past are in fact more prevalent than assumed and are particularly pernicious. An example of these is the use of sex as a currency of corruption, and in particular the extortion of sexual favours – also known as 'sextortion'. The fact that the victims of such actions are

¹⁴ Quote from: *Twenty Years with Anti-corruption Part 10*. <https://www.u4.no/publications/twenty-years-with-anti-corruption-part-10>

often doubly affected with the consequences of shame and stigma and will likely be especially reticent to report such acts of corruption demonstrates the relevance of ensuring that a gender lens informs anti-corruption programming. **Opportunities to add a gender dimension to anti-corruption initiatives** shall therefore be grasped whenever possible, for instance by developing gender- and culture-sensitive corruption reporting mechanisms to promote the protection and empowerment of women.

Points to consider when integrating anti-corruption in other sectors:

- › Identifying risks: in which ways does corruption threaten achieving the programme's objectives?
- › Which anti-corruption contributions and measures are already in the portfolio and which other contributions and measures can be strategic, timely and feasible to add?
- › Corruption risks and assumptions about corruption risks should be considered and clearly indicated when developing a theory of change for all programmes.
- › An anti-corruption component may increase the sustainability of an existing sectorial programme by enhancing the transparency and accountability of duty bearers.
- › Identifying and supporting anti-corruption champions in the sector can be an effective way to advance anti-corruption measures.

Pillar 4: Strong coordination and dialogue and strategic alliances

Dialogue at the right levels focusing on anti-corruption requires a willingness to take certain calculated risks and to speak with a unified voice together with other donors and stakeholders. Whenever possible, anti-corruption dialogue should refer to and build upon existing commitments of the local government, such as its obligations under international treaties, the results of peer reviews, or a national anti-corruption strategy. The UNCAC implementation review process, in particular, offers significant entry points and opportunities for cooperation. Its outcome can also serve as a reference for donor coordination.¹⁵

The actions required to address grand corruption are politically highly sensitive, which means that acting collectively offers clear advantages. Joint donor action can provide an important lever on a government when a common front is presented expecting decisive action to fulfil anti-corruption commitments and backing it up with credible consequences for inaction and incentives for compliance. This approach involves **developing strategies based on the identified interests of high-level decision makers to raise the stakes for inaction rather than relying on an assumed political will**. By working collectively on the basis of concrete incentives and pressure points that can be jointly harnessed, development partners can credibly and effectively shift the terms of engagement to propel serious anti-corruption measures being adopted. Moreover, in order to sharpen the analysis, keep it updated and avoid duplication of efforts, robust routines for sharing information and learning from each other's experiences should be encouraged amongst development partners.

The example of Bangladesh

The Building Integrity Blocks for Effective Change (BIBEC) programme, implemented by Transparency International Bangladesh (TIB), is supported through a pool-funding arrangement of SDC and three other donors (Danida, DFID/FCDO and Sida). The goal of BIBEC is to promote a more enabling environment for reducing corruption by authorising TIB to advocate for reforms in laws, policies, processes, practices and oversight for improving governance in targeted institutions and sectors; and to raise citizens' demands for good governance and to strengthen their capacity to challenge corruption. The long-term pool funding provides predictability and stability for TIB and a forum to discuss and coordinate priorities and strategic directions as well as to convey joint political messages to the government and institutions.

¹⁵ The country review reports contain country-specific recommendations, as accepted by the government concerned, and can be found at: <https://www.unodc.org/unodc/en/corruption/country-profile/index.html>

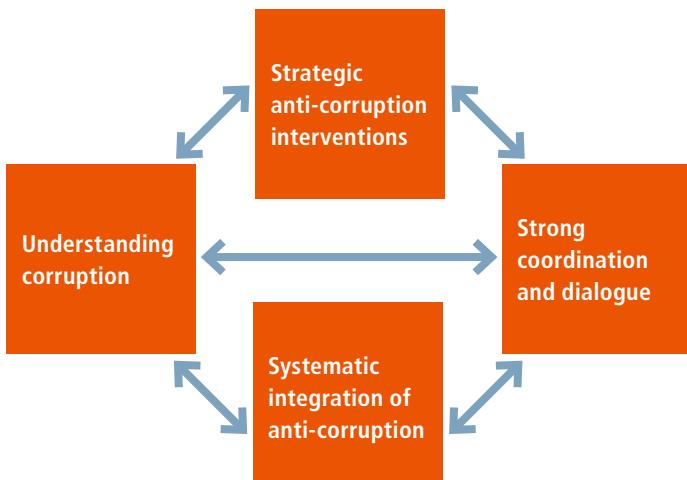
Political dialogue with local authorities and other development partners shall be a constant endeavour at Swiss Representations. SDC efforts might reinforce donor coordination structures through building alliances, multilateral and joint funding mechanisms, joint programming at country/sector levels and information sharing/joint dialogue mechanisms.

Anti-corruption programming shall also promote the engagement of and coordination with the FDFA's Political Directorate and other Swiss actors (e.g. other agencies within the Swiss administration) at programme, management and political levels, including through policy dialogue, donor coordination, and policy alignment, supporting a whole-of-government approach (WoGA).

For building strategic alliances consider:

- › Who to engage with (for example tackling petty corruption can be achieved by working with management level, by engaging users of public services, by supporting CSOs working in the sector, by working with law enforcement to improve detection capabilities, etc.)
- › Identifying synergies with other programmes and donors. This can ensure that the impact of resources and effort allocated by SDC programmes is optimised.
- › Pursuing direct dialogue or generating indirect pressure on duty bearers to adopt and support anti-corruption measures.
- › Aligning programmes with national anti-corruption strategies and other official approaches in place that are credible and where there is significant indication that there is political will to implement and enforce such policies.

The Four Pillars are complementary and mutually reinforcing



The Four Pillar approach to anti-corruption represents a comprehensive and coherent approach to programming. It bases decisions on evidence from each context to tailor strategic anti-corruption measures and fully mainstream corruption prevention measures

in sector work. Anti-corruption initiatives are in turn supported by effective and regular coordination and dialogue with relevant stakeholders to optimise the learning process, harness synergies and contribute to enabling a policy environment that is conducive to achieving successful outcomes in the fight against corruption. The figure below visualises the interconnections and mutually reinforcing dynamics between the four pillars.

Risks and challenges

SDC works in contexts that are challenging for many reasons including high levels of poverty, weak institutions, environmental dangers, a history of conflict and corruption on a massive scale. While it is precisely for those reasons that in such contexts development assistance is particularly needed, it also means that there are risks associated with providing that assistance. For each country office and programme of work, a thorough risk assessment shall be undertaken, red flags identified and corresponding mitigation measures put in place.

One of the main risks involves working in contexts where political will to tackle corruption is lacking. Experience indicates that in many instances where reforms are adopted to improve the anti-corruption response, they are not properly implemented. While resource constraints and lack of capacity are frequently blamed for such implementation gaps, often there is also a lack of commitment – many times stemming from the power relations behind or from the responsible authorities. In such situations, continuing to support initiatives that have very little chance of having any effect is not only an inefficient use of aid funds, but also runs the risk of endorsing uncommitted political actors. Further, such actors can adopt new laws and reforms without any intention of enforcing them but can nevertheless point to the adoption of those reforms as evidence of their commitment to the fight against corruption.

As already stated, anti-corruption prioritising and programming decisions need to be taken with an awareness of the broader context and this encompasses recognising that there might be trade-offs involved in pursuing different goals in development cooperation. An example refers to the challenges to working in certain countries where authoritarianism has been on the rise. Some of the cases where significant strides in the fight against corruption have been achieved are authoritarian regimes that take strong-handed anti-corruption measures in order to gain popular support and legitimise their power, while discrediting political opponents or persecuting dissidents. In such contexts, law enforcement activities entail a high risk of incurring human rights violations – whether deliberately or inadvertently. Even when certain authoritarian regimes might be committed to fighting corruption, SDC must consider the overall risks of anti-corruption efforts on being instrumentalised for political aims.

Chapter 5. Implementation

Resources and capacities

- The SDC ensures that anti-corruption know-how and experience is available and shared throughout SDC and with its partners. In particular, SDC invests in strengthening the capacity for governance and political economy analysis and the translation of the analysis into strategic anti-corruption programming.
- The SDC allocates adequate resources to work on anti-corruption and designs internal management procedures and cooperation modalities that adhere to the principles of good governance.
- The SDC invests in strategic partnerships for promoting state-of-the-art expertise, research and expert dialogue on SDC's anti-corruption efforts.

Whole-of-government approach

Within the Swiss administration, SDC is responsible for the coordination of Switzerland's international cooperation and humanitarian aid. It is the centre of competence for Swiss development and humanitarian aid.

Coordination mechanisms are in place within the Federal Department for Foreign Affairs (FDFA) as well as with other units of the federal administration to ensure strategic coherence and complementarity of interventions, both for bilateral and multilateral actions, in particular with the State Secretariat for Economic Affairs (SECO).

In partner countries, Country Programmes ensure coherence of the various Swiss interventions through integrated Embassies and Cooperation Offices and coordination with other donors.

Principles and modalities

- As a guiding principle, SDC takes the context as a starting point for any anti-corruption intervention and conducts thorough and continuous context analysis, integrating key aspects of governance, conflict sensitivity, gender equality and 'leave no one behind' principles.
- SDC ensures a continuous and careful context monitoring throughout programme cycles and looks for ways of flexibly adapting its programmes.
- SDC's anti-corruption interventions are aligned with international commitments as well as with relevant national strategies and policies. It includes governance considerations when choosing partners and implementing institutions.
- SDC is aware of the long-term nature of governance and anti-corruption processes and engages, with its partners, in a long-term perspective of change but in a way that allows for short-term wins, and iterative and continuous learning and adaptation.
- SDC is committed to respect good governance in its own institutional governance as well as those of its implementing partners. This also includes the SDC's internal compliance and risk management systems to control corruption and prevent irregularities.

Responsibilities within SDC for the implementation of the new guidance

SDC Directorate is monitoring the guidance, steering its implementation and cooperating with other entities within the Swiss government, with a view to ensure policy coherence and a whole-of-government approach towards topics and partners.

SDC's operational Divisions are responsible for designing and implementing anti-corruption programmes when appropriate and required and ensures that corruption issues are included in the policy/political dialogue.

SDC's Divisions in charge of institutional partnerships with multilateral and global partners are responsible for contributing to better integration of corruption challenges by international institutions.

SDC Thematic Unit Governance is responsible for advancing the conceptual foundations on anti-corruption as part of its wider governance work. It is providing advice and support to SDC operational staff concerning anti-corruption efforts in partner countries and is promoting capacity building and horizontal learning on proven operational practice across the organisation.

FDFA/SDC Competence Centre for Contracts and Procurement/Compliance Office, Legal Services and ICS Unit are responsible for the internal compliance systems and procedures to safeguard Swiss taxpayers' funds. The compliance office can be contacted for any questions in relation to internal corruption. Any indication of irregularity or corruption has to be reported. (e-mail:;internet: <https://www.eda.admin.ch/eda/fr/dfae/dfae/organisation-dfae/secretarat-general/korruption-veruntreuung-und-missbrauch-melden-das-compliance.html>.)

Annex

Annex 1: Frequently occurring modalities of corruption

Modalities of corruption	Description
Active bribery	The offering, promising or giving (directly or indirectly) to a public official of any undue advantage (of monetary or non-monetary value) in order that the official will act, or refrain from acting, in the exercise of his/her official duties.
Passive bribery	The solicitation or acceptance (directly or indirectly) by a public official of any undue advantage (of monetary or non-monetary value) in order that the official will act, or refrain from acting, in the exercise of his/her official duties.
Embezzlement	To steal, misdirect or misappropriate funds or assets placed in one's trust or under one's control.
Favouritism	The practice of duty bearers to give unfair benefits to one person or group on the basis of particularistic traits such as kinship, ethnicity, religion or region of origin.
Facilitation payment	A payment made to secure or expedite the performance of a routine or necessary action to which the payer has a legal or other entitlement.
Extortion	The act of impairing, harming or threatening to impair or harm, directly or indirectly.
Kickback	A bribe paid after the act for an undue favour or service, for example after unduly awarding a contract by tampering with a public tender process.
Sexual corruption	The practice of people in positions of authority seeking to extort sexual favours in exchange for something within their power to grant or withhold; also known as 'sextortion'.

Annex 2: Identifying drivers of corruption and corresponding anti-corruption response

Indicative examples are:

Corruption drivers	Manifestation	Anti-corruption indicative prescriptions
Problems linked to formal rules and incentives	Inadequate or weakly enforced legal and regulatory framework	Support legal reforms to comply with UNCAC Capacity building to the investigation and prosecution functions of oversight and law enforcement agencies
	Weak formal accountability mechanisms	Support and capacity building to watchdog institutions Complaint management mechanisms and whistle-blower protections Social accountability performance monitoring mechanisms Support to the independent media
Collective action problems	Lack of incentives to resist or stand up against corruption because everybody is assumed to be corrupt	Integrity pacts High-level reporting mechanisms Social media campaigns to reveal the real preferences of citizens
Behavioural drivers	Social norms reinforce the acceptability of corruption	Peer-led interventions where important social figures promote behavioural change Media 'edutainment' that disseminate stories and illustrative examples that challenge conventional wisdoms of corruption
Functionality of corruption	Bribery and favouritism are used to access services	Focus on targeting resource and organisational bottlenecks to improve service delivery

Annex 3: SDC's internal compliance systems and procedures to safeguard Swiss taxpayers' funds

The SDC/FDFA has a zero tolerance policy on corruption and is determined to ensure a high level of integrity in all its areas of activity, whether internally within the organisation or externally with its numerous partners. It is particularly committed to ensuring a legal, orderly, efficient, effective and economic use of the public funds it has been entrusted with.

To put this policy into practice, SDC implements a Three-Lines-of-Defence model for control of corruption and prevention of irregularities. Responsibilities, controls, supervision and trainings/advice are based on laws, FDFA directives and process descriptions. Responsibilities are divided according to functions between operational management and specialised units in charge of internal governance, internal control systems (ICS), compliance and audits.

Three-Lines-of-Defence Model at SDC/FDFA

1st defence line	2nd defence line	3rd defence line	External examination
Operational units through: › Internal process-related and risk management controls › Management controls	› Contracts, Procurement, Compliance Division › Legal Services › Internal Control System Unit › Quality Assurance (incl. Risk Management)	› Internal Audit	› Swiss Federal Audit Office › External examination of PCM-activities

First line: operational management

Trained and competent staff have ownership, responsibility and accountability for assessing, controlling, mitigating and monitoring risks and report on a yearly basis. Guided by applicable laws and internal directives and regulations, the Codes of Conduct, Conflict of Interest Guidelines, the document 'Concept of Irregularity: Definition' on the one hand and process descriptions on the other hand, operational staff and management apply in their activities different control measures, i.e. segregation of duties, four-eyes principle and financial competences.

Within the Project Cycle Management (PCM) of the International Cooperation, WTO tenders, partner and project risk assessments, close monitoring with budget controls, field visits and participation at steering committees and external project audits are carried out or organised and monitored by the operational staff. Particular importance is given to the instrument PRA (Partner Risk Assessment), which is a standard SDC institutional requirement in order to minimise risks and to 'get to know' the partner. A detailed risk assessment of the main contextual, programmatic and institutional risk of the planned intervention is mandatory for projects with an SDC share of CHF 1 million and above.

Second line: risk management and compliance

Specialised units within the internal governance monitor and facilitate the implementation of risk management practices and corruption prevention procedures and policies. Preventive procurement and contracting controls and detective financial controls are carried out by competence centres. Automated systematic controls are provided by the IT system. The Compliance Office supports and monitors the follow-up of reported irregularities and acts as an internal reporting body, where staff shall report offences, including acts of a criminal nature and other irregularities. The Compliance Office conducts administrative investigations, while Legal Services conducts disciplinary investigations. Reports may also be submitted to the Swiss Federal Audit Office, which is the supreme financial supervisory body of the Swiss Confederation.

SDC also puts much emphasis on capacity building of its staff. Compulsory anti-corruption and fraud prevention trainings, as well as technical trainings on procurement (tender, etc.) and contracts are provided. There are also mandatory trainings on the operational and financial aspects of PCM/risk management. The programme officers learn about their role and responsibilities on financial aspects in the PCM cycle and on the prevention of irregularities. They know the main instruments and concepts and are able to initiate appropriate measures in risk prevention and to fulfil their role effectively. Financial staff and the management of the representation also attend these trainings.

Third line: internal audit

Through a risk-based approach and investigations, the internal audit function of the FDFA provides a proactive and independent view on the policies, procedures and their implementation. The internal audit function reports directly to the respective FDFA directorate and the Secretary General.

External examinations

An external audit firm mandated by the SDC audit committee examines on a yearly basis the compliance of rules and regulations of PCM and the Internal Control System regarding the Transfer Credit of International Cooperation departments (IC) at Swiss Representations with an IC component abroad. The Swiss Federal Audit Office carries out independent audits at headquarters and representations abroad.

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