

## AUDIT

# Audit of activities to combat corruption and economic crime in partner countries

Swiss Agency for Development and Cooperation, and State Secretariat for Economic Affairs

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## KEY FACTS

Large-scale corruption is a major obstacle to development: officials who allow themselves to be corrupted or who divert public funds deprive the state of essential resources. Accordingly, the institutions in affected states are too weak to prevent or punish large-scale corruption. Combating corruption abroad is thus one of the objectives in Switzerland's International Cooperation Strategy 2021-2024<sup>10</sup> and the Federal Council's anti-corruption strategy.<sup>11</sup>

The Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO) implement the International Cooperation Strategy on the basis of projects in Switzerland's 41 partner countries. During the 2021 to 2024 strategy period, a total of 63 projects worth CHF 103 million were carried out in the anti-corruption subject area. Objectives are also implemented through participation in multilateral bodies and direct contributions to relevant civil and research institutions.

In its audit, the Swiss Federal Audit Office (SFAO) assessed the entire federal system for combating large-scale corruption abroad, and analysed the SDC's and SECO's activities in this regard.<sup>12</sup> The SFAO found that not enough focused attention is paid to this objective during projects aimed at combating corruption. The SFAO recognises the need for central management to be strengthened, for a set of operational objectives to be formulated, and for cooperation across the offices. For this to happen, the available knowledge needs to be better exploited and efficiency measurement needs to be improved in this subject area.

### Not enough focused attention, no operational objectives

International cooperation is based on opportunities. In other words, projects on the ground are set up according to the possibilities at the given location. The fight against corruption is also viewed as a transversal objective: it should be included in all projects where possible.

At the operational level, this means that there are fewer incentives to propose projects that focus on this topic. On the one hand, the opportunities for anti-corruption projects as such are rarer. On the other hand, transversality allows them to be integrated into projects with a different focus. The SFAO does not view this as appropriate: there is a risk that not enough activities are put in place and that they are performed where they can have the greatest impact. This is contrary to the objective of the overarching strategies.

In addition, the SFAO observed that neither the SDC nor SECO have formulated any objectives at operational level to combat large-scale corruption. Instead, the number and volume of activities are defined in a decentralised and bottom-up way on the basis of the project proposals. However, the absence of upstream objectives means that no statement can be made about whether and to what extent the overarching strategic objectives have been achieved.

Moreover, there is a lack of basic information for centralised management of the topic, and for reviewing operational objectives. At the time of the audit, it was only possible to provide ad hoc information on the number

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<sup>10</sup> International Cooperation Strategy 2021–2024; see sub-objective 10.

<sup>11</sup> The Federal Council's Anti-Corruption Strategy 2021–2024; see objective 11 measure 40.

<sup>12</sup> The International Cooperation Strategy and the Federal Council anti-corruption strategy also entrust the FDFA's Peace and Human Rights Division (PHRD) with implementation. However, the SFAO did not consider its inclusion as an auditee to be appropriate to the aspects under review, especially as this division focuses mainly on peacekeeping.

and financial volume of projects with an anti-corruption component in response to the SFAO's request. However, such information is not regularly collected or tracked.

The SFAO therefore recommends that the offices concerned pinpoint the fight against corruption as a standalone objective, and that they draw up operational objectives on the subject.

### **Weak cooperation and coordination between offices**

The topic of corruption is an unusual one for international cooperation in that it represents an objective for both the SDC and SECO. As a result, and despite the different skillset and geographic focus in each office, overlaps occur. However, potential synergies within a project at a shared location must be proactively created by the representations, which involves additional work. It can therefore not be guaranteed that potential synergies are exploited everywhere and in a cost-effective way. Finally, management across offices is also made more difficult by weak management of the topic in the offices themselves. Due to the lack of basic information, there is no overall view of activities across the offices. Coordination remains sporadic as a result. This hampers the definition of complementary activities based on a centralised overview.

The SFAO therefore recommends that the offices establish a framework for setting up projects with a common framework at operational level. Moreover, using the improvement in centralised management as a basis, the options should be explored for determining complementary and joint activities- not just in the external network but also in the central units.

### **Knowledge capitalisation without consequences**

The SFAO observed that the use of the skills available with regard to combating large-scale corruption is patchy. The level of knowledge on the subject varies from person to person. Personal networks and personal experience are the main sources of knowledge.

At institutional level, neither the SDC nor SECO capitalise on the available knowledge to any great extent. For example, no best practices or specific assistance for anti-corruption projects have been formulated that capitalise on experience gained. Country contexts are regarded as being so unique as to make comparisons impossible. Yet, owing to the shared topic, the SFAO sees great potential here, especially for the exchange of experience between the offices. The SFAO therefore recommends that knowledge on anti-corruption topics be better exploited and that activities be tailored to the results of such analyses.

### **Efficiency measurement is difficult**

The SFAO has observed that the design of anti-corruption projects often makes efficiency measurement impossible. Thus, either the impact of projects is implicitly assumed or no strong causal link between the project and its impact is established. In addition, the impact of measures will often only become evident in the long term. The SFAO notes that, consequently, it is difficult to judge whether the strategies have achieved their overall objective.

Project design should therefore be improved so that it can be evaluated in a meaningful way. For projects with longer horizons, there should also be the option of ex post evaluation. The results of this improved efficiency measurement should then be used to assess the achievement of the overarching strategic objectives.