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Ref#: IACA-2015-ER-0088-12

12 November 2015

Your Excellency,

In my capacity as the Executive Secretary of the Assembly of Parties (AoP) to the International Anti-Corruption Academy (IACA), I have the honour to re-extend our invitation for the fourth session of the Assembly, which will take place in Vienna, Austria, from 9 to 11 December 2015, at the Vienna International Centre (VIC). In the framework of the event, we also invite you to a social evening on 10 December at the seat of IACA in Laxenburg/Vienna. With this communication, I would like to submit and share additional information **on the organization's Budget Proposal 2016** as well as on alternative ways of funding.

As outlined in the formal invitation letter Ref#: IACA-2015-ER-0088-01 of 24 June 2015, the Assembly serves as the forum for Parties to consult on the overall policy of the organization and on other matters of interest. As with previous sessions of the AoP and as approved by the (extended) Bureau, the General Discussion will start with a High-Level Segment at the beginning of the session so that representatives of ministerial (and/or higher/equal) rank have an opportunity to address the conference, afford guidance for its deliberations, and set the political direction for the work of the organization. Parties and observers are therefore encouraged to be represented at the highest possible political level and include in their delegations policymakers and experts on the issues to be covered by the Assembly.

The second session of the Assembly of Parties, by Resolution AOP2-Res-1, unanimously adopted the **Work Programme 2014 - 2016 and Budget 2014 sequ.** The Resolution emphasizes that **only with a suitable general budget, which serves as the organization's main financial resource**, can it continue to build up and carry out its daily operations and implement the Work Programme. However, it is recalled that the actual general budget provision for the last two years did not - to a high extent - meet the requirements set out in the budgets unanimously adopted by the Assembly of Parties.

The Budget Proposal 2016, attached, was prepared in line with the **Financial Framework of IACA**, adopted by the Provisional Commission and endorsed by the first session of the Assembly of Parties, as well as with the aforementioned Work Programme 2014 - 2016, adopted by the second session of the Assembly of Parties through Resolution AOP2-Res-1.

IACA's **budget for the year 2016** should be seen as one which allows for the further **development of the organization's capacities** in line with its declared mandate and the Strategic Objectives (as unanimously adopted by Resolution AOP2-Res-1), while not compromising the integrity of its values and constituency.

The Board of Governors, at its recent meeting on 8 October 2015, intensively discussed **the very challenging financial situation of IACA's general budget and the lack of reliable financial ownership** by most Member States. Although the Board is fully aware of the fact that the actual general budget provision for the last two years did not by far meet the requirements set out in the budgets unanimously adopted by the Assembly, it is also understood that the general budget forms the core financial mechanism needed for the continued realization of the Work Programme 2014 - 2016, the further advancement and growth of the organization, and the overall enhancement of its profile as an international centre of excellence.

In line with Article VI para 2 (f) of the ***Agreement for the Establishment of IACA as an International Organization*** (the Agreement), the Board thus submits the attached Budget Proposal 2016 to the Assembly for consideration and adoption. The amounts provided in this budget are based on the unanimously approved figures from the previous budget year, i.e. 2015 (Resolution AOP3-Res-2) adjusted (and rounded) by a general inflation factor of 2%.

In Resolution AOP2-Res-1 of the second session of IACA's Assembly of Parties, convened in Bangkok, Thailand, alternative ways of fundraising, outlined in Strategic Objective Four, were adopted unanimously.

They include:

- (a) [...] **opening positions of IACA's faculty for endowed professorships and other staff**, permanently paid for by endowment(s). Endowed professorships and/or faculty staff **would relieve IACA's operating budget and would** allow to recruit top professionals from other institutions;
- (b) [...] **organizing joint donor conferences in accordance with Article XI.4. of the IACA Agreement**;
- (c) [...] **proposing possible modalities for drawing funds on the basis of the "let crime pay" principle**, also exemplified under Article 62.2.(c) of the UNCAC. In this respect, IACA would create a funding mechanism, under which states, in accordance with their domestic **legislation and the provisions of the UNCAC, are invited to pledge and contribute "a percentage of the money or of the corresponding value of proceeds of crime or property confiscated in accordance with the provisions of the UNCAC"**;
- (d) [...] **providing neutral ground and upon consensus of the parties concerned, IACA could** offer a clearing and facilitating position in guiding penalties and settlements (between one body and another)<sup>1</sup>. In other words, the organization could be instrumental in consulting how such penalties and settlement money is handled in accordance with international rules and frameworks, and at the same time offer its services if parts of such money are allocated to finance anti-corruption initiatives and trainings at IACA or elsewhere.

Further to these alternative ways of fundraising stipulated under Strategic Objective Four of the Work Programme 2014 - 2016, and as additionally called for by Resolution AOP3-Res-4 of the third session of IACA's Assembly of Parties, convened in Baku, Azerbaijan, the Board of Governors, together with the Dean **and the Chairman of IACA's International Senior Advisory Board**, worked on proposals on Additional Alternative Ways of Funding.

The following additional proposals for funding are herewith forwarded to IACA's constituency for consideration:

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<sup>1</sup>This shall not include the role of an arbitrator, adjudicator, judge, or referee for the Academy.

- ✚ The establishment of a Member State-owned ***Open-ended Working-Group on Additional Resources***, to meet between AoP sessions, consult with relevant organs of the organization, and report to the AoP on issues of general budget allocation.
- ✚ This ***Open-ended Working-Group on Additional Resources*** may also discuss and elaborate on the most effective and efficient ways to implement already adopted (considerations of) alternative ways of funding (such as the ones outlined in Strategic Objective Four of Resolution AOP2-Res-1).
- ✚ (Additionally/alternatively) The establishment of a Member State-owned ***Fundraising Committee***, to meet between AoP sessions, consult with relevant organs of the organization, and report to the AoP on issues of (alternative ways of) fundraising.
- ✚ The establishment of an ***Endowment Fund*** in order to, e.g., support specific, e.g., research projects, acknowledging and furthering the efforts of the Academy as an international organization and independent centre of anti-corruption scientific research aimed at bridging the knowledge gaps and reinforcing the practice of combating corruption (see, *inter alia*, Resolution AOP2-Res-3).
- ✚ Support ***IACA's Scholarship Fund***, which was successfully established in order to allow participants from Least Developed Countries (LDCs), **in line with IACA's** relevant policies, to partake in IACA's programmes and activities by, e.g., covering tuition fees and/or other expenses that come along with such participation.
- ✚ Support and promote, in like-wise cases, the ***Settlement Model*** as was first established by relevant authorities in the case of the Siemens Integrity Initiative. This initiative is part of the World Bank-Siemens comprehensive settlement. Launched in 2009 and with a total volume of 100 million USD, the company supports organizations and projects which are dedicated to fighting corruption and fraud through collective action, education, and training. The World Bank (and other development banks) has (have) the audit rights over the use of all these funds. IACA is one of the most successful applicants and beneficiaries under this initiative.
- ✚ Invite and encourage Member States to support ***Joint Projects*** of IACA with the United Nations Office on Drugs and Crime (UNODC) and, in this context, e.g., further the dissemination of knowledge on corruption and combating it.

One of the agenda items foreseen for the fourth session of the Assembly of Parties is the election of the Board of Governors, in line with Article V, paragraph 3, of the Agreement. Six places are up for election, as five Board members will end their first regular term of three years in 2015 (re-election is possible for one additional term of six years, if the AoP wishes to do so) and one member has resigned due to professional reasons. In accordance with Article VI of the Agreement, the members of the Board of Governors shall serve in their ***individual capacity*** and be elected for a six-year term, taking into account their qualifications and experience.

In line with the Agreement and, in particular, referring to Resolution AOP1-Res-2 of 29 November 2012, the principle of equitable and stable geographical diversity shall be observed. Parties are kindly requested to provide information on nominations to the **Executive Secretary of IACA's** AoP at the earliest convenience. It is also recalled that during previous sessions, the Assembly wished to be provided with comprehensive CVs of the individuals running for Board membership. These individuals should also be prepared to present themselves ***in persona*** to the Assembly.

On a final note, we would like to invite volunteering Parties to nominate candidates to serve in the Independent External Audit of IACA as current position(s) will become vacant

by the end of this year. Pursuant to the *Resolution on the Independent External Audit of IACA* as well as Resolutions AOP1-Res-3 and AOP2-Res-4, the external auditors shall *“be chosen from senior members of national Supreme Audit Institutions or other suitable institutions of volunteering Parties”*. The Board of Governors is called to appoint the independent external auditors for a three-year term on the basis of nominations/proposals by volunteering Parties.

The secretariat would be pleased to receive candidatures for this important and prestigious auditing function and also answer any queries that may arise. At the same time, we would like to extend our appreciation and gratitude to Austria, Indonesia, and the Russian Federation, which have already nominated candidates in the past.

Let me invite you to regularly consult the Assembly of Parties section of IACA's website for updates and to download relevant documents ([www.iaca.int/governance/assembly-of-parties.html](http://www.iaca.int/governance/assembly-of-parties.html)).

Please accept, Your Excellency, my sincere appreciation for your support as well as the assurances of my highest and most distinguished consideration,

With kind regards,  


Attachement: Budget Proposal 2016