



EFFECTIVE ASSET DECLARATION SYSTEMS

International Conference – Asset Declarations Unification, Digitalisation, Control

9-10 December 2024 – Legionowo, Poland



Which OECD instruments cover asset and interest declarations?



What is the evidence?



What should an effective declaration system look like?

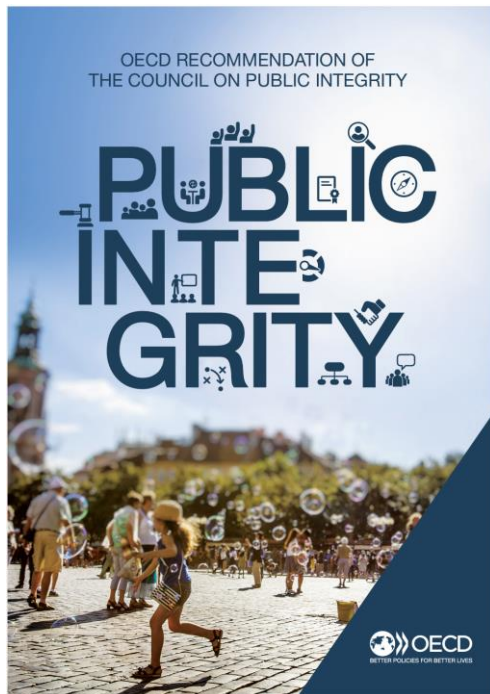


How does the OECD support countries?



OECD Standards covering asset declarations

2017 – OECD Recommendation on Public Integrity



Shift from ad hoc integrity policies to a comprehensive, risk-based approach, cultivating a culture of integrity across society



System

Having a system in place to reduce opportunities for corrupt behaviour



Culture

Changing a culture to make corruption unacceptable socially



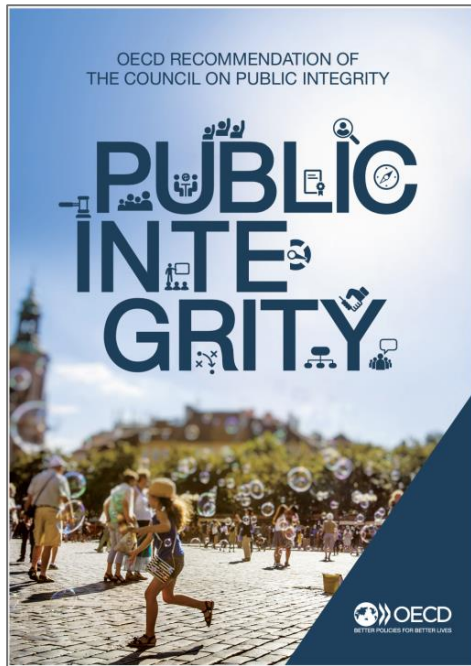
Accountability

Making people accountable for their actions



OECD instruments covering asset and interest declarations

2017 – OECD Recommendation on Public Integrity



A coherent and comprehensive integrity **SYSTEM**



Commitment



Responsibilities



Strategy



Standards

A **CULTURE** of Public Integrity



Whole of society



Leadership



Merit based



Capacity building



Openness

Effective **ACCOUNTABILITY**



Risk management



Enforcement



Oversight



Participation

Safeguards

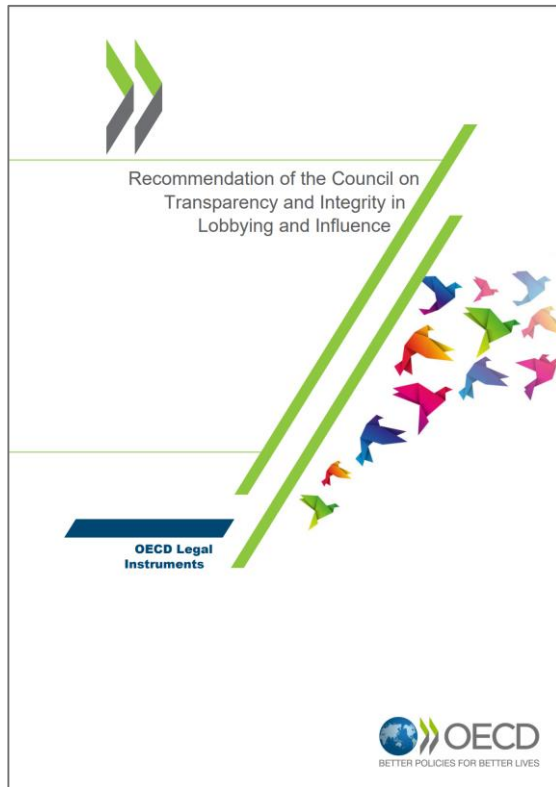
Asset declarations are crucial, but are not the only tool to support comprehensive anti-corruption and public integrity strategy

- Conflict of interest (incl. asset declarations)
- Lobbying
- Political finance
- Open government



OECD instruments covering asset and interest declarations

2024 – OECD Recommendation on Transparency and Integrity in Lobbying and Influence

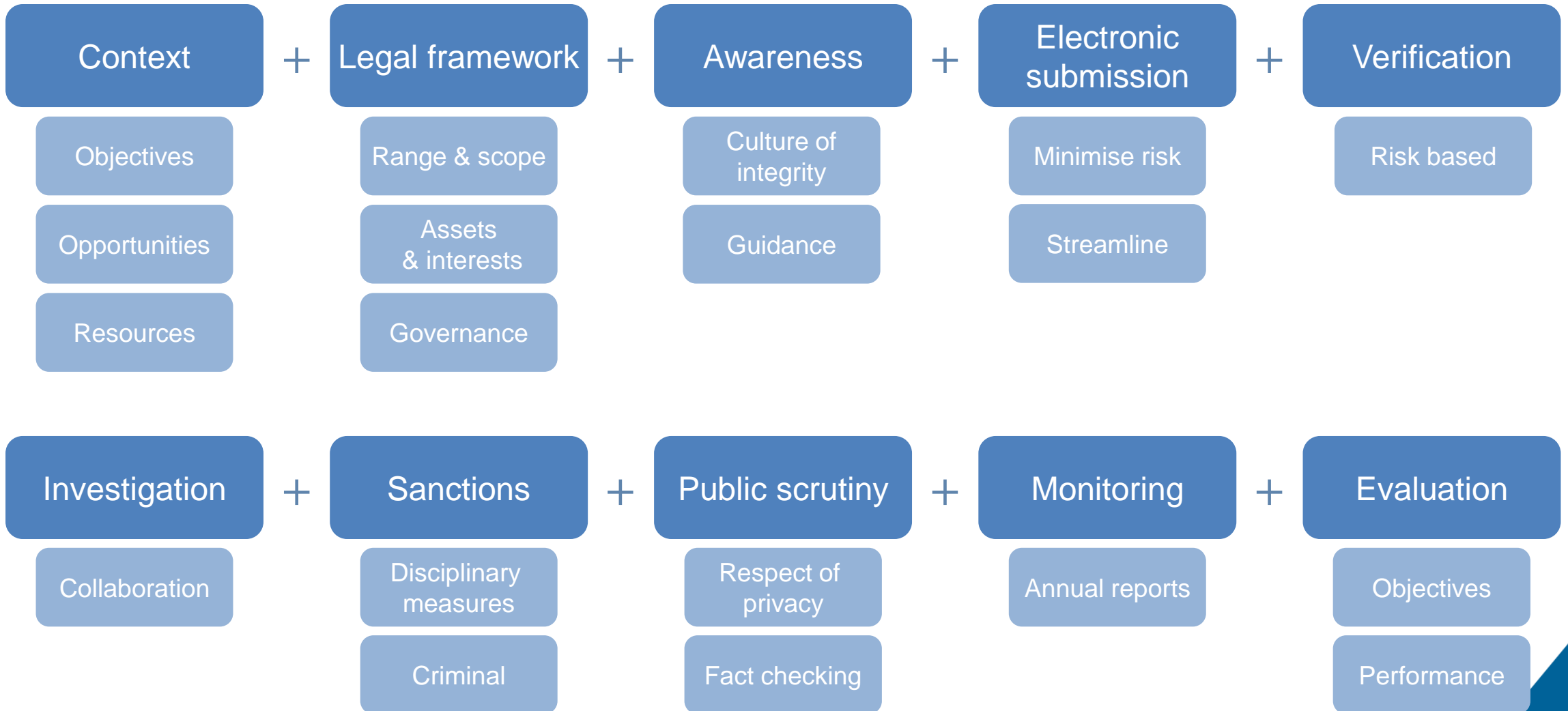


2024 update to 2010 recommendation

- Ad-hoc declarations of interests and assets for advisory and expert groups
 - Ex: experts on parliamentary committees



What legislation should look like?





Evidence

OECD Public Integrity Indicators

The OECD Public Integrity Indicators establish a new benchmark for government resilience to corruption risks and for strengthening public integrity. Based on primary data sources and validated by countries, the indicators help bolster global efforts against corruption by providing actionable data. The portal currently features data on the quality of public integrity and anti-corruption strategies.

Explore the data

The banner features a circular data visualization with a central 'OECD Average' and 'Country' label, surrounded by a network of lines and dots representing various indicators.



OECD Public Integrity Indicators

Measure country performance on anti-corruption safeguards, including interest declarations (under conflict of interest indicator)

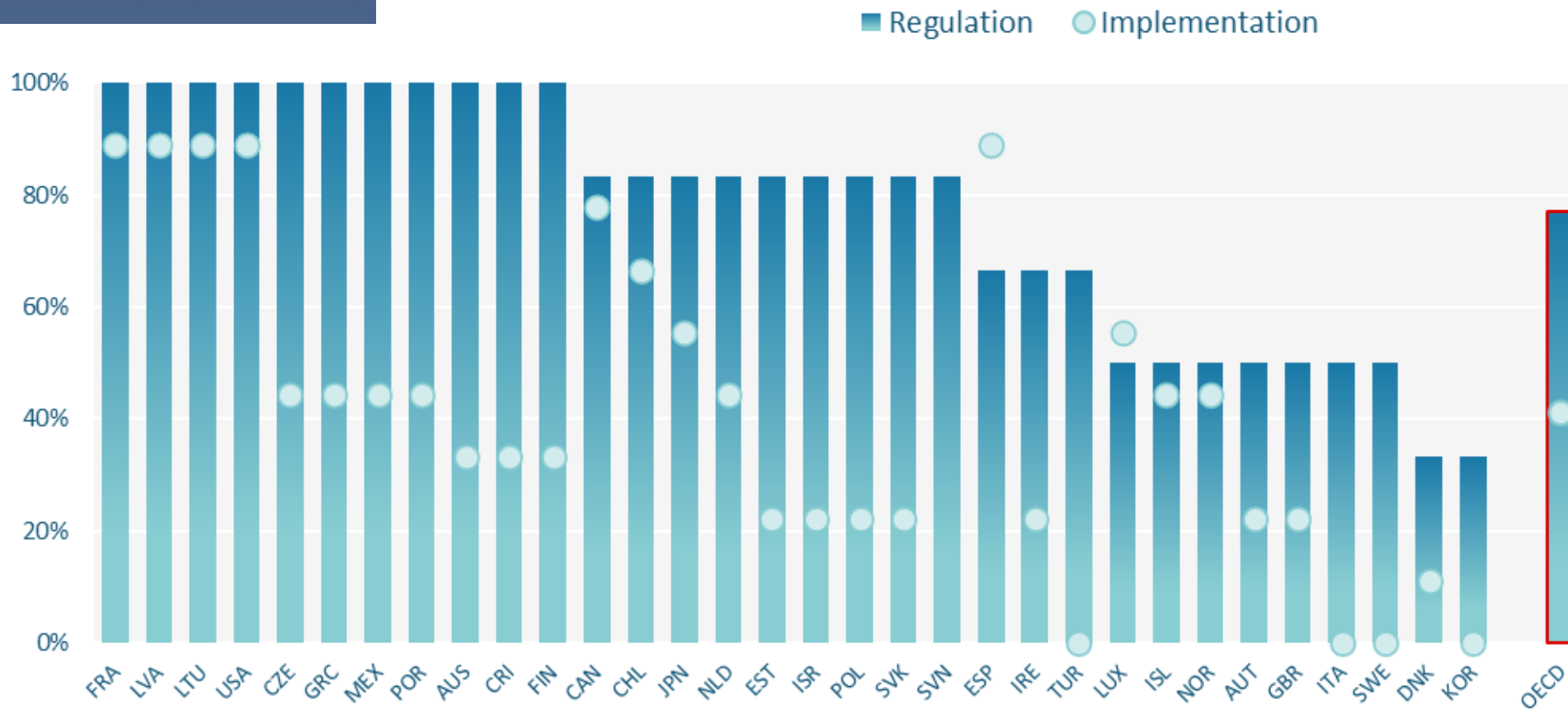
- Regulations – 6 criteria
 - Range of public officials that must disclose interests
 - Sanctions are proportional to the offence
- Practice – 9 criteria
 - Verification and declaration rates
 - Recommendations issued to resolve conflict of interest



Evidence



Performance of interest declaration systems across OECD countries





Evidence

● Regulations – 6 criteria

- 1 Any **member of the Government** must submit an interest declaration, as a minimum upon entry and any renewal or change in public office.
- 2 Any **member of the parliament** must submit an interest declaration, as a minimum upon entry and any renewal or change in public office.
- 3 Any **member of the highest bodies of the judiciary** must submit an interest declaration, as a minimum upon entry and any renewal or change in public office.
- 4 Any newly appointed or reappointed **top-tier civil servant** of the executive branch must submit an interest declaration.
- 5 Any **public employee in a high-risk position** must submit an interest declaration, as a minimum upon entry and any renewal or change in public office.
- 6 **Sanctions** for breaches of conflict-of-interest provisions are defined and **proportional** to the severity of the offence.



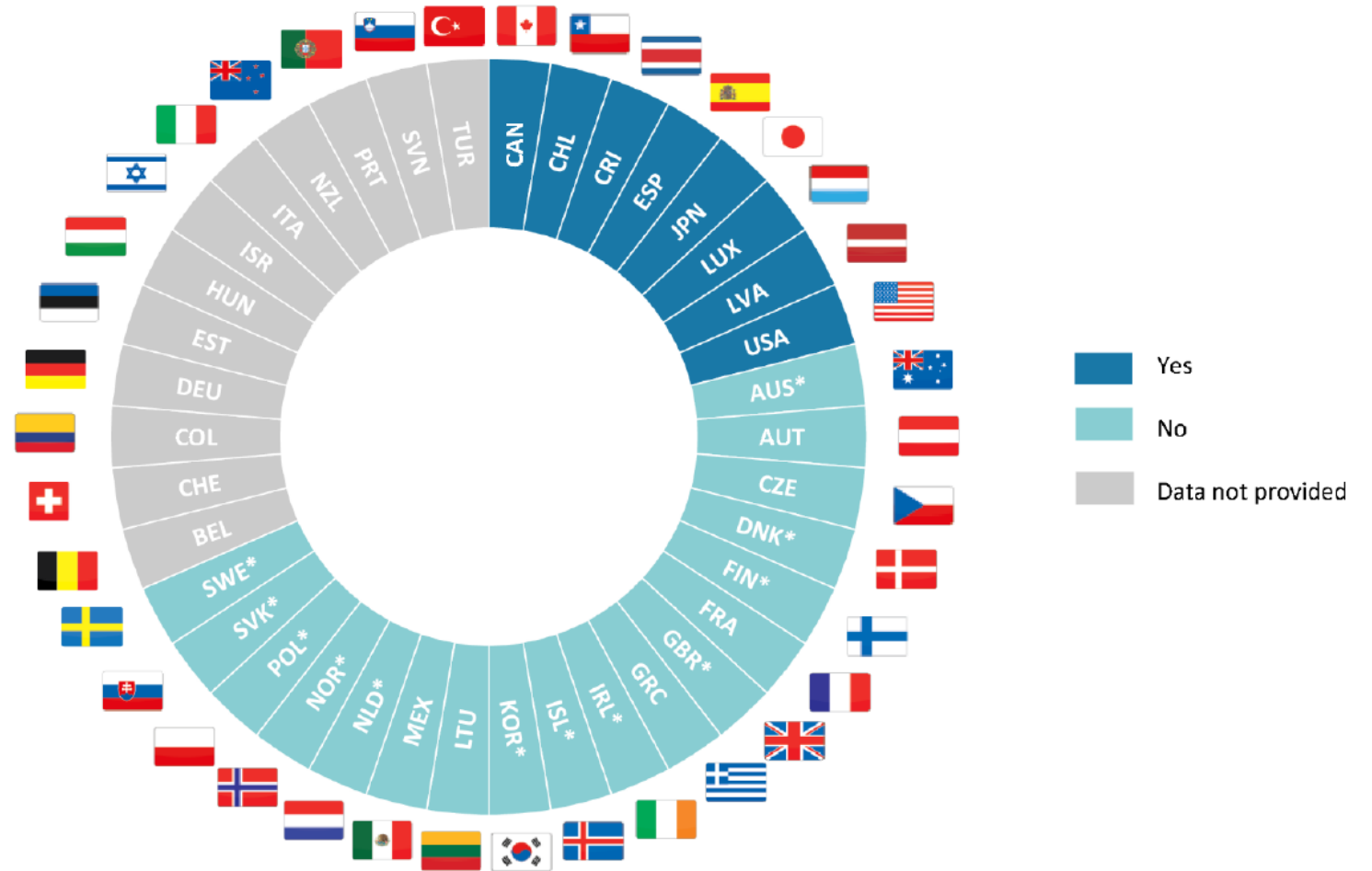
● Practice – 9 criteria

- 1 The submission rate of interest declarations from **members of the Government** is 100% for the past six years.
- 2 The submission rate of interest declarations from **members of parliament** is at least 90% for the past six years.
- 3 The submission rate of interest declarations from **members of the highest bodies of the judiciary** is at least 80% for the past four years.
- 4 The submission rate of mandatory interest declarations from newly appointed or reappointed **top-tier civil servants** of the executive branch is at least 80% for the past four years.
- 5 All declarations are submitted **electronically**.
- 6 Declarations to be **verified** are selected according a **risk-based** approach.
- 7 **At least 60% of declarations** filed during the latest two full calendar years were **verified** by the responsible authority.
- 8 A range of **sanctions has been issued** during the past three years in cases of non-compliance with disclosure obligations, non-management or non-resolution of a conflict-of-interest situation.
- 9 The responsible authority has issued **recommendations for resolution** within 12 months for all cases of conflict of interest detected for the past three years.



Evidence

Few countries verified at least 60% of asset and interest declarations



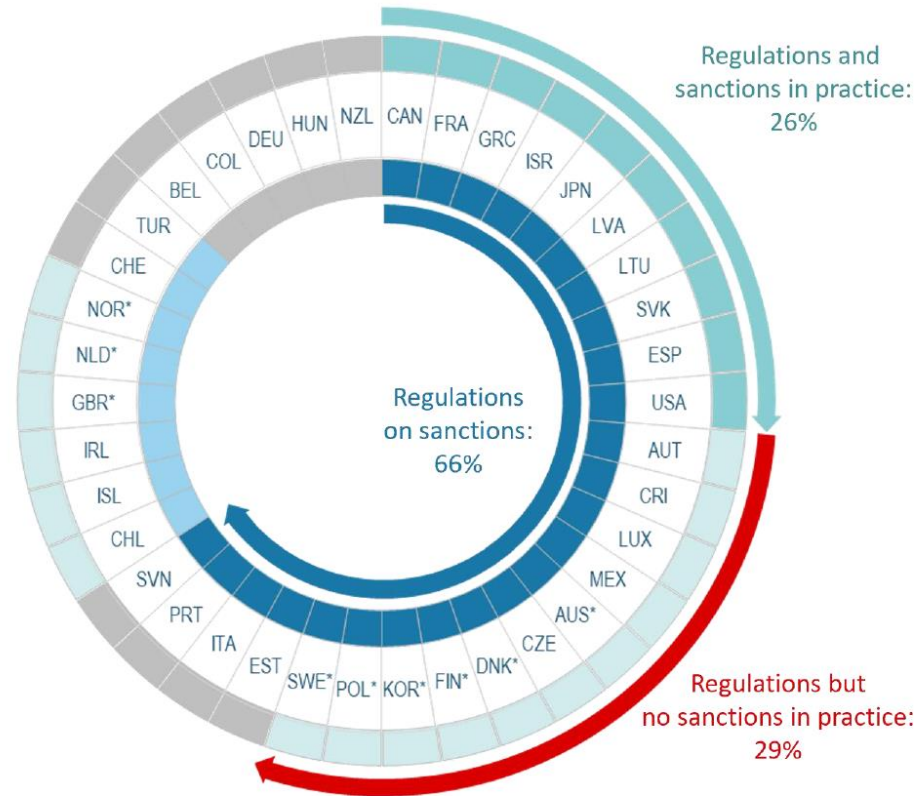
Note: Data based on criterion values for "At least 60% of declarations filed during the latest two full calendar years were verified by the responsible authority." Countries marked with an asterisk (*) do not fulfil the criterion as they do not have centralised data on the verification rates.

Source: OECD (2024^[7]), OECD Public Integrity Indicators Database.



Evidence

Sanctions for breaches of conflict of interest violations are not always implemented



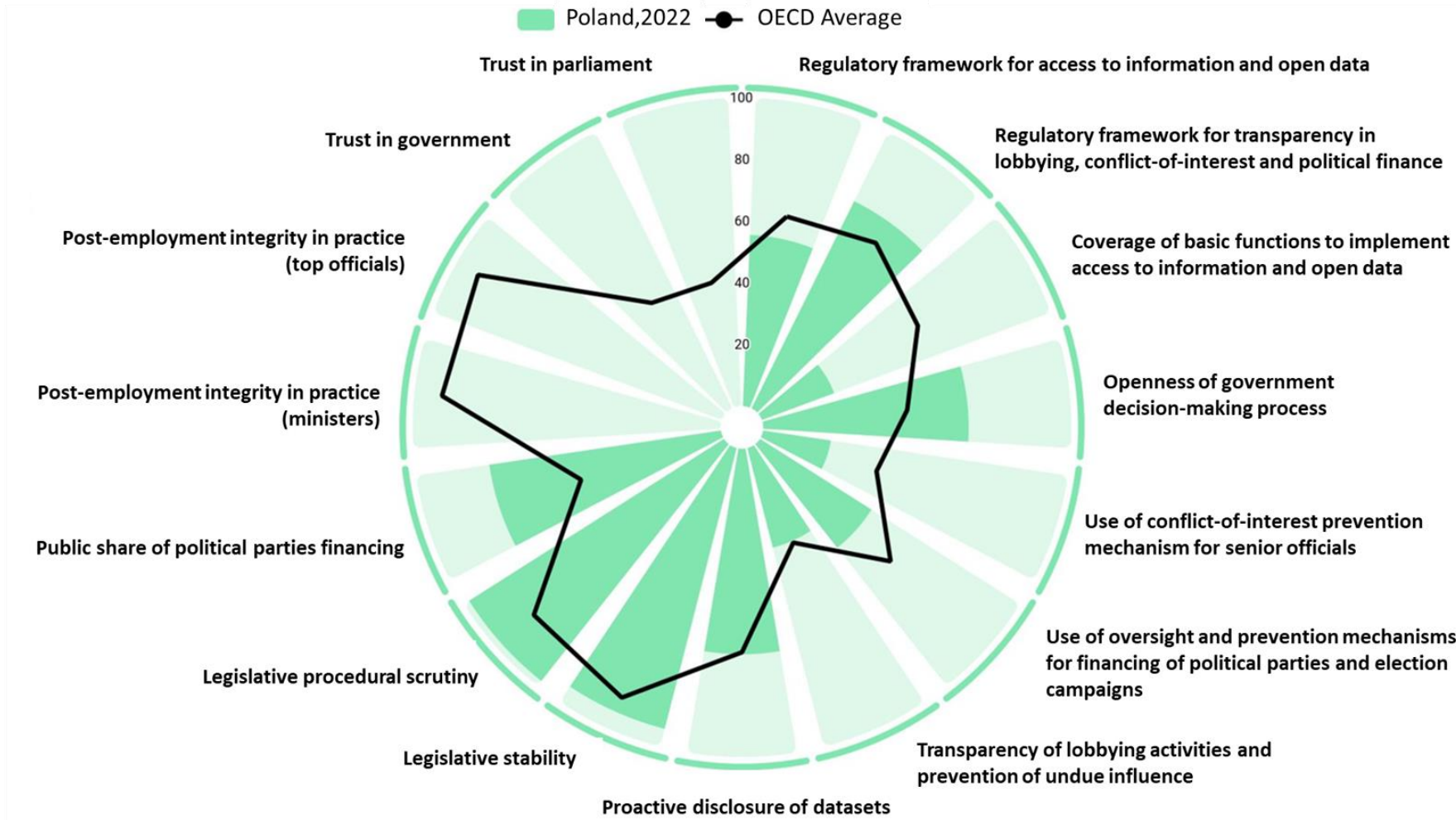
Note: Countries marked with an asterisk (*) do not have centralised data on implementation of sanctions and are therefore not able to provide evidence that the criterion is met. Data for regulations are based on country values for the criterion "Sanctions for breaches of conflict-of-interest provisions are defined and proportional to the severity of the offence." Data for sanctions in practice are based on country values for the criterion "A range of sanctions has been issued during the past three years in cases of non-compliance with disclosure obligations, non-management or non-resolution of a conflict-of-interest situation."

How to read: Example 1: Canada has adopted regulations on sanctions for breaches of conflict-of-interest violations and has implemented sanctions in practice. Example 2: Austria has adopted regulations on sanctions for breaches of conflict-of-interest violations but has not implemented sanctions in practice.

Source: OECD (2024^[7]), OECD Public Integrity Indicators Database.



Evidence





Effective declarations systems

Scope and coverage of declarations

Submission process for asset and interest declarations

Monitoring compliance with declaration regulations

Verification of asset and interest declarations

Sanctions

Evaluation of the declaration system



Scope and declarants

As real control of assets regardless of the nominal owner, and the use of assets, may show hidden ownership or lifestyle that do not commensurate with the official's position or income

- Limiting the number of - less declarants but better review
 - Review of family members and former business partners
 - Review of lifestyle patterns
 - Review of financial information and checking possible red flags with the FIU
- Catalogue of assets
 - Cryptocurrencies
 - Assets abroad
 - Disclosure of beneficial ownership of assets should therefore extend to all types of tangible or intangible property and income.



What a form should look like? Should this be in the law?

- Clear dates, for example on when a property was bought, as this would help in contrasting information on a later stage and understanding patrimonial increases over time.
- Disclosure of all types of income as well as gifts and sponsored travel, including disclosure of the identification details of the legal entity or individual who was the source of the income, gift, or sponsored travel.
- Disclosure of national and foreign bank accounts and safe deposits boxes (vaults) to which the declarant or family members have access, even if formally opened by another person.
- Blind trusts, as these are often channels used to evade tax as well as launder proceeds of corruption.
- Loans given or received, including to/from private individual



Verification algorithms to identify red flags

Analysis of financial information against market value: Stocks that should be pricier or assets that are declared at a lower absolute numerical threshold.

Outstanding disparities between years: Do incoming and outgoing financial flows balance over the duration of several years (separately for the public official and for the entire family)?

Drop in wealth: total amount of savings drops by at least XX % and at least XX € while at the same time the value of all other assets and loans granted to third parties remains the same (or with only little deviation).

Logical relation between items: determine a threshold that detects combinations of fields that in reality can usually not work (e.g. reporting income from business, but not reporting ownership of business).



External sources as red flags

Although these sources are not part of the declaration nor its information in other government databases, it can be useful to analyse whether enhanced due diligence is required

Media review: journalist and civil society analyse publicly available asset declarations against other information provided to them by whistleblowers or journalists in other jurisdictions.

Secondary employment: compiling and updating a list of these secondary employments and rank them by level of risk. This would allow them to determine which officials are at higher risks and therefore which declarations to consider in further detail.

Information provided by partnering organisations (law enforcement agencies): Review together high-risk areas and share information when “red flags” are triggered.



Increase awareness amongst declarants of the importance of asset declarations and use IT to help the declarant

Pre-Population Tool: filer to “pre-populate” a financial disclosure report with data from a prior new entrant or annual report.



Filer Wizards: use wizards to prompt filers to provide information they might otherwise forget to report in an initial submission.



For example, if the filer lists a position outside the government, the system may walk the filer with questions focused on the types of income and assets associated with that position. This eliminates the risk that the filer will forget to supply some information later, as it happened with paper forms.



Auto Complete: in the US they have programmed the names of over 13 000 financial interests. The asset name autocomplete feature suggests possible matches for entries as a filer is typing. Another auto-complete feature will help filers with more complex holdings.



Asset Declarations vs. Interest Declarations

Asset declarations



Cover pecuniary interests

Reveal inconsistencies and significant variances over successive years
→ post-factum verification of unjustified wealth and illicit enrichment

Verified at specific and pre-determined intervals

Interest declarations



Cover both pecuniary and non-pecuniary interests

Report, manage, and prevent conflicts of interest
→ preventive tool

Reviewed in an ad hoc manner, providing flexibility as a preventive tool

While asset declarations focus on identifying illicit wealth post-factum, interest declarations are proactive in preventing conflicts of interest.



OECD country support

OECD Public Integrity Country Reviews



Assessment of public integrity management policies and recommendations for improvement

- Whole of government
- Focus on specific functions or process

Ex: Public Integrity in Malta (2023)

Recommendations for asset declarations:

- broaden the scope of asset and interest declarations
- streamline submission process
- set up a risk-based review process
- strengthen sanctions for non-compliance

Forthcoming Latvia, Greece, Uzbekistan, forthcoming: Romania & Thailand



Thank you