EU Network against Corruption
Workshop on Asset Declaration Systems - Concept Note

The declaration of assets by politicians, public officials, and politically exposed persons has been a cornerstone of anti-corruption policies for many years.[1] A well-functioning asset declaration mechanism is seen as a crucial tool for improving transparency, holding decision-makers accountable, and preventing corruption. Specifically, it helps public sector leaders in preventing and addressing conflicts of interest within their organisations. Asset declarations gained wider recognition and prominence as a corruption prevention tool in the late 1990s and became a key element of the accession requirements for new European Union (EU) Member States in 2004 and 2007.[2]

Asset declaration mechanisms provide oversight of the finances of designated politicians and public officials alike. This oversight fosters public trust in the political establishment and public institutions.[3] Asset declaration systems can be deployed as a multi-purpose tool to highlight potential conflicts of interest, detect unjustified assets, prevent the abuse of public office for private gain, and enhance the integrity of public service.[4] In an increasingly interconnected world, successful monitoring of asset declarations requires effective cooperation between different authorities. Many corrupt officials spend their wealth abroad by buying property, owning businesses, or depositing money in foreign bank accounts. They then omit to declare such foreign assets, even though most reporting systems require the declaration of assets held abroad. Hiding this wealth is relatively easy as it is not easy for the competent authorities to verify whether the declaring officials have assets abroad.[5]

Since 2020, the European Commission has closely monitored asset declaration systems in the annual Rule of Law Reports. All EU Member States, have rules in place to ensure that public sector officials are subject to asset and interest disclosure obligations. However, there are some variations in the scope, transparency, and accessibility of the disclosed information, as well as in the level and effectiveness of verification and enforcement measures.[6] Some of the recommendations to specific Member States – introduced as of 2022 – focus specifically on asset declaration systems. In total, 19 recommendations related to asset declarations have been made to EU Member States in 2022 and 2023, ranging from legislation and increasing the personal scope, to effective monitoring, verification, and enforcement. In 2024, for the first time, the Commission undertook a data collection exercise on asset declaration as part of the Justice Scoreboard.

There is not necessarily one ideal asset declarations system as each system has to be seen in its national context, where it operates within a particular culture of integrity and alongside other measures to prevent corruption. For instance, some systems aim to identify and address possible conflicts of interest, while other systems are designed to also identify potential cases of illicit enrichment of public officials disclosing income, business, and other interests, assets, securities, and liabilities.[7]

Yet, there are some international standards[8] on what elements would be the building blocks of a well-functioning asset declaration system, such as a comprehensive scope of which officials are covered and what assets are to be declared. Moreover, international standards emphasise the importance of a

[1] World Bank (2012). Using Asset Disclosure for Identifying Politically Exposed Persons (Rossi, Pop, Clementucci, and Sawaqed), from link.
[2] Ibid.
[3] Organization for Economic Co-Operation and Development (2011). Asset Declarations for Public Officials. A Tool to Prevent Corruption. Retrieved on 16 February 2024, from link.
[4] Kotlyar, D., and Pop, L. (2020). Chapter 8: Asset and Interest Declarations. In World Bank, Enhancing Government Effectiveness and Transparency: The Fight Against Corruption Retrieved on 30 April 2024, from link.
[5] OECD, Asset Declarations for Public Officials – A Tool to Prevent Corruption (2011). Retrieved on 30 April 2024 from link.
[6] European Commission (2023). Rule of Law Report The rule of law situation in the European Union. COM/2023/800 final. Retrieved on 17 May from link
[7] Diaz Crego, M. (2023). A comparative analysis of financial disclosure obligations on members of parliaments. European Parliamentary Research Service. Retrieved on 6 June from link
[8] UNODC and UNICRI (2009). Technical Guide to the United Nations Convention Against Corruption. Retrieved on 6 June from link; GRECO (2018). Systems for interest and asset disclosure: GRECO's standards and practice. Retrieved on 6 June from link

reliable system of control in the hands of supervisors with sufficient resources and expertise, and of dissuasive penalties for those who do not comply with the rules in force.

This workshop aims to provide an opportunity for stakeholders to exchange experiences on the functioning, effectiveness, and challenges of asset declaration frameworks in EU Member States. During four sessions, a mixed group of experts from academia, civil society, and the public and private sectors will discuss the utility of asset declaration frameworks. A full agenda is attached to this concept note. Overall, four sessions are planned:

1. The development in the field of asset declarations in EU Member States;
2. The challenges in monitoring and verifying asset declarations, in particular abroad
3. The possibilities for technology to help with monitoring asset declarations;
4. The effectiveness of current asset declaration policies and systems.

1. An overview of the development in the field of asset declarations in EU Member States, in particular the role of supervisory bodies

International standards for asset declaration frameworks have been set by the Council of Europe's Group of States against Corruption (GRECO) and the OECD.[9] GRECO's recommendations cover various aspects such as the material and personal scope of disclosure, public access to declarations, and monitoring and enforcement. The OECD Recommendation on Public Integrity, while not directly addressing asset declarations, advocates for a comprehensive, risk-based approach to promoting a culture of integrity throughout society. Public integrity, as defined by the OECD, involves the consistent alignment with and adherence to shared ethical values, principles, and norms that prioritise the public interest over private interests in the public sector. A robust public integrity system, which includes setting high standards of conduct for public officials, is central to the OECD's framework.[10] In addition, asset and income declarations by public officials have been included into the global standard set by the United Nations Convention against Corruption (UNCAC), adopted in 2003. Article 8(5) of UNCAC encourages States Parties to establish measures and systems for public officials to declare their outside activities, employment, investments, assets, and significant gifts or benefits that may lead to conflicts of interest.

Against this background, Valts Kalnins, co-author of the OECD study "Asset Declarations for Public Officials: A Tool to Prevent Corruption," will discuss the evolution of asset declaration practices over the years, covering legal and institutional aspects as well as subjects, scope, public disclosure requirements, and evaluation of disclosure systems. Following this, Korneel De Schamp and Heiðrún Sigurðardóttir from the European Commission will present findings from the Commission's data collection in the framework of the 2024 Justice Scoreboard. This presentation will analyse the similarities and differences among Member States and provide an overview of the personal and material scope of national frameworks regarding asset declarations and the mechanisms in place for transparency, verification, and enforcement. Subsequently, Raphaël Kergueno from Transparency International EU will offer an analysis of the functioning and effectiveness of the European Parliament's asset declaration system. Finally, Jeanne Ollivier from the French High Authority for Transparency in Public Life will provide insights from supervisory bodies and discuss the role of the European Network for Public Ethics, highlighting how Member States exchange best practices and experiences in the field of asset declarations.

2. The challenges in monitoring and verifying asset declarations, in particular abroad

The verification of asset declarations can pose challenges in international cases, as competent authorities may have difficulties in accessing data held outside their immediate remit.[11] When assets are located in foreign jurisdictions, the domestic monitoring bodies may lack the means or legal authority to access relevant data. The ability to obtain this information depends heavily on international cooperation and the specific protocols for information exchange, which vary widely between countries. Different countries have their own procedures and regulations for asset declaration, making it complicated to establish a uniform approach to cross-border asset monitoring.

To address this issue, there are several measures that can be taken by the verification agencies, such as: increasing the technical expertise of their staff by providing training on the available open source information and the use of foreign jurisdictions' registers; establishing a legal mandate and the technical capacity of the verification agency to obtain and use information from foreign property registers for verification purposes; establishing

relations and signing information exchange agreements with verification agencies in other jurisdictions, especially in neighbouring countries where declarants often acquire or hold assets; and joining and supporting regional initiatives for the exchange of information on public officials' assets and interests.[12]

Against this background, the second session of the workshop will address the issue of assets held abroad, which poses a significant challenge to the monit of asset declarations. The presentations will also explore the potential for international cooperation in detecting irregularities in asset declarations across borders. Ute Stiegel from the European Commission will introduce tools at EU level that aid the verification of assets abroad. This will be followed by Ma**rijana Križančić** from the Croatian Commission for Conflict of Interest who will speak about collaboration with foreign peer agencies in order to obtain information on assets registered or held abroad. Her intervention will be complemented by Ilze Znotina, the former head of the Latvian financial intelligence unit, who will present how the financial intelligence unit (FIU) can support anti-corruption bodies and other supervisory bodies in monitoring assets held abroad, in particular in detecting asset declaration irregularities, including foreign politically exposed persons. Finally, Desislava Gotskova of the Regional Anti-Corruption Initiative, will speak about their efforts to facilitate the development of the International Treaty on the Exchange of Data for the Verification of Asset Declarations. The basis for the treaty are UNCAC Article 43 (promoting "international cooperation [..] in civil and administrative matters relating to corruption") and Resolution 6/4 of the Sixth Conference of the States Parties to the UNCAC of 2015 ("to consider the possibility of concluding [...] treaties [...] on [...] administrative matters relating to corruption, including international cooperation").[13] The Regional Anti-Corruption Initiative will present the Treaty.

3.	The possibilities for technology to help with monitoring asset declarations

Reliance on paper-based systems can lead to inefficiencies, increased risk of error, and difficulties in data analysis and cross-referencing.[14] Technological solutions are increasingly being deployed to tackle challenges in verifying asset declarations, bringing efficiency and transparency to the process. One prominent approach is the establishment of a centralised electronic platform for asset declarations.[15] Such a platform serves as a unified repository where officials can submit their asset declarations electronically, allowing for streamlined data collection and management. By centralising this information, authorities can more easily access, monitor, and verify declarations, reducing the likelihood of errors and omissions.[16] In addition, electronic systems are being implemented to provide automatic integrity warnings.[17] These platforms employ sophisticated algorithms and data analytics to cross-check submitted information against various databases and detect discrepancies or anomalies.[18] By comparing data from various sources, such as tax records, property registries, and banking information, authorities can more effectively identify inconsistencies and potential red flags to prevent fraud and ensure compliance with regulatory requirements.[19]

Overall, the adoption of these technological solutions can represent a step forward in the verification of asset declarations, promoting integrity, accountability, and transparency in financial and governance systems. Therefore, during the third session, Martynas Endrijaitis from the Lithuanian State Tax Inspectorate will elaborate on the use of technology from the perspective of a supervisory body. He will explain the electronic declaration, the centralisation of tax services and an example of how artificial intelligence is used in the Lithuanian tax administration. The presentation will focus on the lessons that can be learned for other supervisory bodies. Afterwards, Tilmann Hoppe, an independent researcher in the field of anti-corruption, will outline the history of applying technological solutions in asset declaration systems, how asset declarations link to privacy, and the methods to set up a red flag system for automated risk analysis of asset declarations. Finally, Vitezslav Titl, Assistant Professor of Law & Economics at Utrecht University will present how machine learning can be used by public institutions to improve the identification of politically connected firms with potentially large conflicts of interest. This includes political donations by the firm, having members of the management boards who have donated to a political party, and having members of the management board who have run for political office[20].

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[12] World Bank (2019) Asset Declarations. Retrieved on 10 June from link
[13] UNODC (2021). The International Treaty for the Verification of Asset Declarations. Retrieved on 17 May from link
[14] Transparency International (2020). Recommendations On Asset And Interest Declarations For OGP Action Plans. Retrieved on 10 June from link
15 Center for the Study of Democracy (2022) Asset Declarations As A Corruption Prevention And Risk Assessment Instrument. Retrieved on 10 June from link
16 Transparency International (2020). Recommendations On Asset And Interest Declarations For OGP Action Plans. Retrieved on 10 June from link
[17] Center for the Study of Democracy (2022) Asset Declarations As A Corruption Prevention And Risk Assessment Instrument. Retrieved on 10 June from link
[18] Kotlyar, D., Pop, L. (2019) E-filing Asset Declarations : Benefits and Challenges. Washington, Stolen Asset Recovery Initiative. Retrieved on 10 June from link
[19] Center for the Study of Democracy (2022) Asset Declarations As A Corruption Prevention And Risk Assessment Instrument. Retrieved on 10 June from link
[20] Vitezslav Titl et al., (2024). Identifying Politically Connected Firms: A Machine Learning Approach. Oxford Bulletin of Economics and Statistics, Department of Economics, University of Oxford, vol. 86(1), pages 137-155, February. Retrieved on 3 May from link

4.   The effectiveness of current asset declaration policies and systems and ways to measure success.

It is important to explore the various elements contributing to the effectiveness of current asset declaration systems and policies, as well as how to measure the impact of asset declarations in preventing corruption and determine their success. To measure the anti-corruption effect of asset declarations and evaluate their success, it is crucial to set clear metrics and indicators. These might include the number of discrepancies or undeclared assets detected, the number of investigations initiated based on asset declarations, and public perception surveys on the integrity of public officials. Additionally, studies tracking changes in compliance rates, the frequency and severity of corruption cases, and overall trust in public institutions can provide valuable insights into the system's effectiveness over time.

For this reason, the final session starts with a presentation by Jean-Francois Leruste from the OECD. He will focus on the view of an international standard setter on what an asset declaration system needs to look like to be effective. After this, Andrea di Nicola from the Centre of Crime and Security Sciences of the University of Trento will then provide an academic perspective on innovative tools to assess and improve the effectiveness of national asset and interest disclosure systems.[21]

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[21] Centre of Crime and Security Sciences of the Universities of Trento and of Verona (2024). Project qAID Kick-off meeting. Retrieved on 6 June from link