

Good practices in asset disclosure systems in G20 countries

Executive Summary

This draft paper prepared by the OECD and the World Bank aims to identify good practices in the design and implementation of asset disclosure systems in G20 countries, while providing the opportunity to learn from each other's experiences to improve the effectiveness of disclosure systems in the member countries and beyond. It does so irrespective of the objective(s) pursued with the asset disclosure systems in place - for example ensuring government decision making is not compromised by conflicts of interest and/or providing information and evidence for the detection and investigation of unexplained wealth variations (or illicit enrichment in those countries where it is criminalized) - and without prejudice to the protection of fundamental rights including Members' privacy protection rules and the principle of proportionality. This paper complements the document also prepared by the World Bank and the OECD summarizing the main features of the existing disclosures systems in G20 countries in light of the G20 High Level Principles on Asset Disclosure.

The data and analysis below are based on the review of practices in 18 G20 countries¹ that implement disclosure requirements, complemented with World Bank² and OECD³ global research on this topic.

Principle 1: Fair

The principle states that *"Disclosure requirements should be set forth clearly for the public official and for the general public and should be an integral component of laws, regulations and/or administrative guidelines, as appropriate, governing the conduct of public officials in order to establish shared expectations for accountability and transparency. Disclosure systems should be as comprehensive as necessary to combat corruption but should require only the submission of information reasonable and directly related to the implementation of laws, regulations, and administrative guidelines, as appropriate, governing the conduct of public officials."*

Some good practices that emerge with regards to the information to be requested from officials are:

- Requesting information that reflects the objectives of the disclosure system.
- Requesting information that is relevant and useful.
- Requesting information in a streamlined way, avoiding overly burdensome procedures for public officials.
- Providing a strong support mechanism to filers through for example websites, media, designated staff, telephone-hotlines, detailed guidelines and frequently asked questions attached to blank forms.

Principle 2: Transparent

Principle 2 of the High Level Principles deals with the transparency of disclosed information and states that *"Disclosed information should be made as widely available as possible, both within the government and to the general public, in order to facilitate accountability while still taking into consideration*

¹ Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, South Africa, Turkey, the United Kingdom, and the United States.

² www.worldbank.org/fpd/financialdisclosure/lawlibrary as well as the publications done under the StAR initiative: <http://star.worldbank.org/star/publication/public-office-private-interests>

³ <http://www.oecd.org/gov/ethics/managingconflictinterestinthepublicservice.htm>

reasonable concerns for personal and family safety and privacy and for the laws, administrative requirements and traditions of the Economy. Information about the overall administration of the disclosure system, including information about disclosure compliance rates and enforcement activities, should be made available to the public, in accordance with applicable law, regulation and/or administrative guidelines.”

Based on the experience of G20 countries, some good practices that emerge include:

- Favouring access to information.
- Tailoring public availability taking into consideration privacy, the country context, culture and concerns for personal and family safety, etc.
- Providing user-friendly access.
- Partnering with civil society, media and the public.

Principle 3: Targeted at senior leaders and those in at-risk positions

Principle 3 states that *“Disclosure should first be required of those in senior leadership positions and then, as capacity permits, of those in positions most influencing public trust or in positions having a greater risk of conflict of interest or potential corruption.”*

Based on the experience of G20 countries, the following trends emerge:

- Targeting high-level officials.
- Targeting at-risk positions.
- Targeting declarations to ensure a manageable number of filers.

Principle 4: Supported with adequate resources

Principle 4 of the High Level Principles deals with the implementation of the disclosure system and states that *“Disclosure system administrators should have sufficient authority, expertise, independence, and resources to carry out the purpose of the system as designed”.*

Based on the experience of G20 countries, the following trends and good practices emerge:

- Adapting implementation arrangements to needs and context.
- Adapting implementation arrangements to the disclosure system objective.
- Ensuring proper staffing and resources.
- Promoting constant capacity-building among asset disclosure practitioners.

Principle 5: Useful

Principle 5 of the High Level Principles states that *“Disclosed information should be readily available for use in preventing, detecting, investigating, imposing administrative remedies for and/or prosecuting corruption offenses regarding conflicts of interest, illicit enrichment, and /or other forms of corruption. Disclosure should be required on a consistent and periodic basis so that the information reflects reasonably current circumstances”.*

Among G-20 countries, several good practices emerge:

- Using a mix of approaches for identifying which declarations will be checked.
- Using a mix of approaches for verification.
- Incorporating technology to increase effectiveness.
- Ensuring information for verification is up to date.

- Complementing monitoring activities with the access to information.
- Carrying out advisory activities for effectively managing conflicts of interest.
- Information sharing among institutions.

Principle 6: Enforceable

Principle 6 of the High Level Principles deals with the enforcement of disclosure arrangements and states that *“Penalties and/or administrative sanctions for late submission of, failure to submit, and submitting false information on a required disclosure report should be effective, proportionate, and dissuasive”*.

Based on the experience of G20 countries, there are a number of good practices that emerge:

- Implementing a range of sanctions.
- Placing responsibility for applying sanctions on multiple institutions.

Good practices in asset disclosure systems in G20 countries

Background Note

Following up on the work undertaken on the contribution of asset disclosure systems to the fight against corruption, the G20 Anti-Corruption Action Plan for 2013-2014 states that members will follow-up by “building on the common principles adopted in Los Cabos for financial and asset disclosure systems for public officials, beginning, for the purpose of peer learning, by considering G20 countries current systems in light of these principles, and exchanging relevant experiences”.⁴ In order to pursue this objective, the ACWG asked the World Bank and the OECD to develop country summaries on G20 asset disclosure systems.⁵

Based on this, at its October 2013 meeting, the ACWG requested the World Bank and the OECD to identify draft good practices in the design and implementation of asset disclosure systems in G20 countries, while providing the opportunity to learn from each other’s experiences to improve the effectiveness of disclosure systems in the member countries and beyond. It does so irrespective of the objective(s) pursued with the asset disclosure systems in place - for example ensuring government decision making is not compromised by conflicts of interest and/or providing information and evidence for the detection and investigation of unexplained wealth variations (or illicit enrichment in those countries where it is criminalized) - and without prejudice to the protection of fundamental rights including Members’ privacy protection rules and the principle of proportionality. This paper complements the document also prepared by the World Bank and the OECD summarizing the main features of the existing disclosures systems in G20 countries in light of the High Level Principles on Asset Disclosure.

This exercise provides an opportunity for the G20 to lead by example and give further impetus to the international debate and momentum on disclosure. This is of particular significance as there are no international standards on disclosure by public officials and there is a growing demand for guidance on how to implement disclosure regulations, while taking advantage of lessons learned and experiences accumulated in this field.

The data and analysis below are based on the review of practices in 18 G20 countries⁶ that implement disclosure requirements, complemented with World Bank⁷ and OECD⁸ global research on this topic.

Principle 1: Fair

4

<http://www.uschamber.com/sites/default/files/international/files/G20%20draft%20renewed%20action%20plan%20Paris%20FINAL.pdf>

⁵ Please see Outcome 15 of the G20 ACWG Moscow meetings.

⁶ Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, South Africa, Turkey, the United Kingdom, and the United States.

⁷ www.worldbank.org/fpd/financialdisclosure/lawlibrary

⁸ <http://www.oecd.org/gov/ethics/managingconflictinterestinthepublicservice.htm>

Principle 1 of the G20 High Level Principles on Asset Disclosure focuses on the overall design and set up of the disclosure requirement. The principle states that *“Disclosure requirements should be set forth clearly for the public official and for the general public and should be an integral component of laws, regulations and/or administrative guidelines, as appropriate, governing the conduct of public officials in order to establish shared expectations for accountability and transparency. Disclosure systems should be as comprehensive as necessary to combat corruption but should require only the submission of information reasonable and directly related to the implementation of laws, regulations, and administrative guidelines, as appropriate, governing the conduct of public officials.”*

Setting clear requirements for officials combines a number of aspects; from clear and comprehensive legislation and guidelines, to effective strategies for reaching out to disclosing officials, providing support, and building capacity. Clear requirements also have to reflect the objectives of the disclosure system, such as detecting and managing conflicts of interest, preventing and detecting unexplained wealth variations, or both. Furthermore, requirements should also be clear to the general public, to ensure they also have an understanding of what the officials are required to report and what happens with that information.

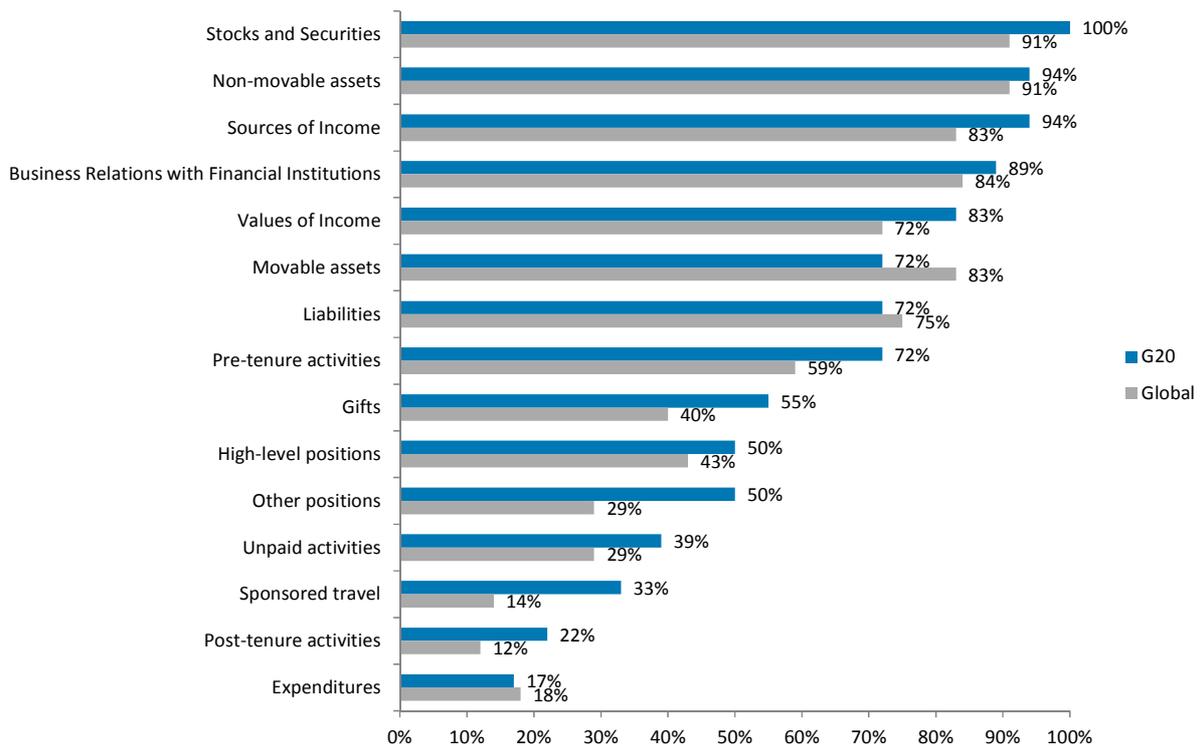
Another key aspect to consider under this principle is the type of information that public officials are required to disclose. The categories of information that an official may be required to declare vary from country to country depending on the objectives of disclosure system in that country and the laws, regulations, and administrative guidelines governing the conduct of public officials. The amount of information and the level of detail can also greatly differ. However, most declaration forms require a combination of the following categories of information: movable and non-movable assets, liabilities, financial and business interests, positions outside of office, and information on the sources and values of income⁹.

In this sense, G20 countries follow the global trend of having greater coverage of financial aspects such as non-movable assets rather than outside activities or business relationships that may create conflicts of interest. However, when compared to global figures (please see Figure 1 presenting global and G20 data¹⁰ on the categories of information covered in the disclosure requirements) G20 countries stand out for having broader coverage of both financial interests and outside activities and business relationships.

Figure 1. Categories of information covered in the disclosure requirements

⁹ Please note this list is not exhaustive.

¹⁰ The data presented is based on information from the 18 G20 countries that have asset disclosure systems in place, namely Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, South Africa, Turkey, the United Kingdom, and the United States.



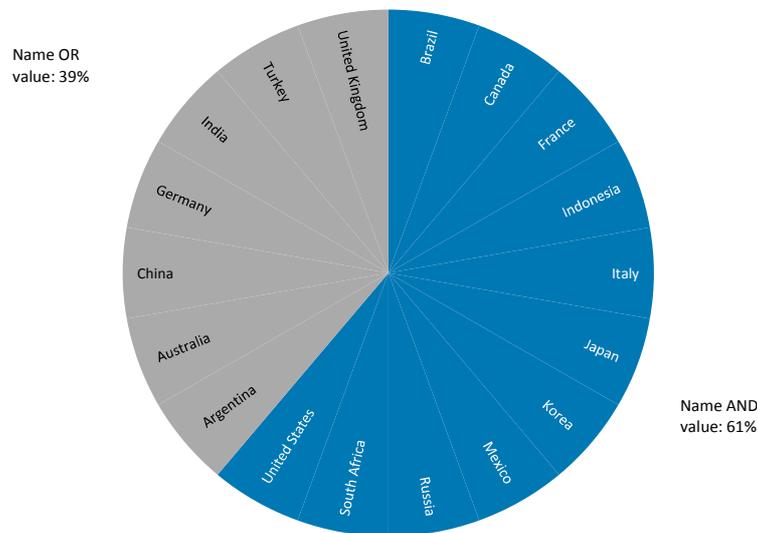
Source: World Bank analysis of 138 countries with disclosures systems.

Note: Please note that for G20, percentages are calculated only considering those countries that have a disclosure system.

For example, the disclosure system in China focuses mainly on the disclosure of financial elements but it also covers interests. Chinese officials are required to disclose real estate owned by themselves, their spouse and dependent children. The disclosure covers many categories of investments, such as securities, stocks, futures, and insurance policies taken by officials, spouses and dependent children. Investments by officials' spouses and dependent children in unlisted companies, enterprises and individual businesses also need to be disclosed. The categories of income that need to be disclosed are also comprehensive and include salary, all types of bonuses, allowances, subsidies and welfare benefits, remunerations from consulting services, lectures, reviewing manuscripts, etc.

Both at the global level and in G20 countries, there is great variation in the depth and breadth of disclosure requirements. For example, disclosing stocks and securities is required in 91% of the disclosure countries globally and in all G20 countries with disclosure requirements. However, only 61% of the G20 countries require both the name of the company in which the stocks are held and the value of the stocks (Figure 2). Some of the countries that required such comprehensive information on stocks are Indonesia, Italy, Korea and the US.

Figure 2. Disclosure of Stocks and Securities in G20 countries



Source: World Bank analysis of 138 countries with disclosures systems.

Note: Please note that for G20, percentages are calculated only considering those countries that have a disclosure system.

More broadly, some good practices that emerge with regards to the information to be requested from officials are:

- *Requesting information that reflects the objectives of the disclosure system.* For example, in Turkey, the financial disclosure form content has a strong focus on unexplained wealth variations, requesting financial information on income sources, investment and liabilities, and property details. The Brazilian system encompasses both illicit enrichment and conflict of interest. The tax form that is used for financial disclosure focuses on the financial information, requesting information on properties, investments and liabilities, and incomes, both in Brazil and abroad. Members of the legislative must submit additional conflict of interest forms, confirming they do not hold high-level positions in the media, and recuse from activities relevant to their public office.
- *Requesting information that is relevant and useful.* This means that the declaration form will require those categories of information that will better serve the purposes established for the disclosure system and that will facilitate achieving the application of the legislation. In other words, tailoring the information requested from the official to the specifics of each country's legislation.
- *Requesting information in a streamlined way, avoiding overly burdensome procedures for public officials.* This aspect is strongly related with the declaration form design and formatting, as well as the procedures for submission. In this sense some G20 countries such as Mexico and Argentina are using electronic filing of the declaration forms.
- *Providing a strong support mechanism to filers through for example websites, media, designated staff, telephone-hotlines, detailed guidelines and frequently asked questions attached to blank forms.* For example, in Brazil, the Comptroller General Office manages the disclosure system for federal public officials and its website provides information on who, what, when and how to disclose as well as the legal framework on the disclosure process. The Brazilian tax authorities also publish guidelines and information online for public officials completing the declarations. For the Chamber

of Deputies, there are three websites that provide guidance: the first covers who, when and how to declare; the second provides a list of documents deputies must complete before assuming public office; and the third is a guidance note on how to fill in the tax form used as the financial disclosure.

Principle 2: Transparent

Principle 2 of the High Level Principles deals with the transparency of disclosed information and states that *“Disclosed information should be made as widely available as possible, both within the government and to the general public, in order to facilitate accountability while still taking into consideration reasonable concerns for personal and family safety and privacy and for the laws, administrative requirements and traditions of the Economy. Information about the overall administration of the disclosure system, including information about disclosure compliance rates and enforcement activities, should be made available to the public, in accordance with applicable law, regulation and/or administrative guidelines.”*

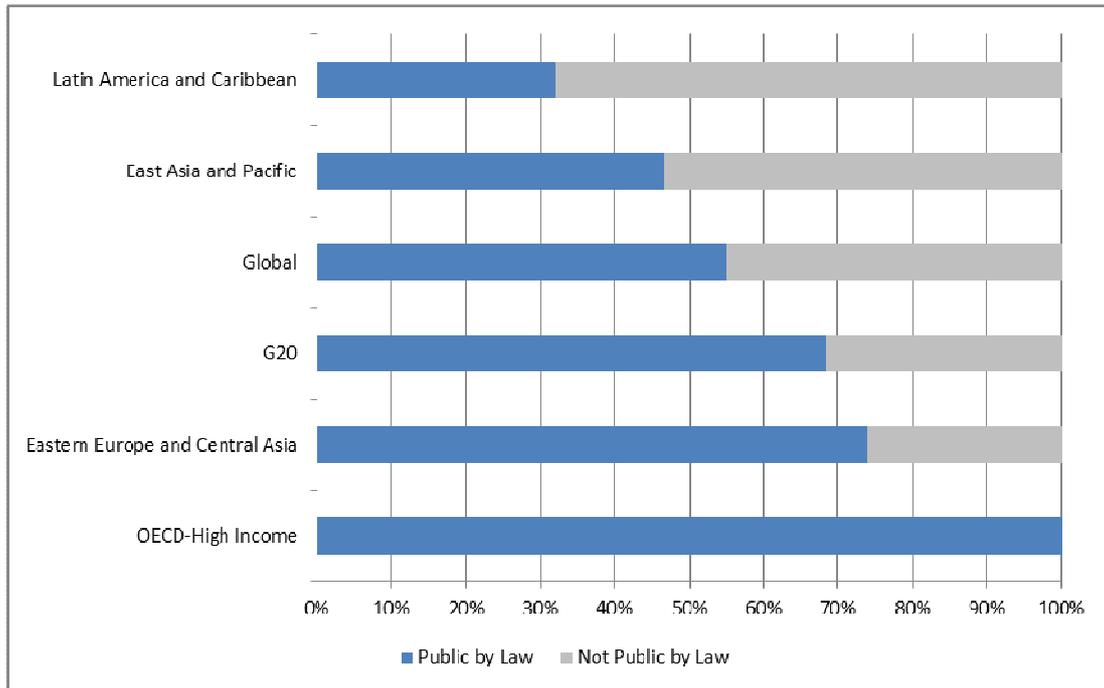
This principle addresses two sides of public access, on one side, the access to the information in the declaration forms; on the other, access to information on the functioning and management of the disclosure system. The former refers to information provided by public officials, the latter, to information produced by the agencies in charge implementing the disclosure system.

One of the key aspects to consider under this principle is the extent to which the general public will have access to the disclosed information; and the conditions and criteria for access. For example, is the information publicly available online/in print or upon request? If it is available upon request, does the request have to be submitted in a specific format, does it need the approval of a specific authority in order to proceed, or can information only be requested for specific purposes?

Out of the 18 countries with disclosure requirements, 13¹¹ grant some kind of public access to submitted disclosures. In this area, it is worth highlighting that G20 countries stand above the global average (Figure 3).

Figure 3. Public access to disclosed information

¹¹ Argentina, Australia, Canada, Germany, Indonesia, Italy, Japan, Korea, Mexico, Russian Federation, South Africa, the United Kingdom, and the United States.



Source: World Bank analysis of 138 countries with disclosures systems. Please note that for G20, percentages are calculated only considering those countries that have a disclosure system.

There are different approaches to providing access to the disclosed information, for instance: (i) granting access to a summary of the disclosed information, (ii) giving access to the full content but placing certain conditions for access, (iii) providing on-line access to all or part of the information in the submitted disclosures, or even different combinations of these and other options.

Based on the experience of G20 countries, some good practices that emerge include:

- Favouring access.* Most G20 countries show commitment to providing access to all or at least parts of the information provided by public officials in the disclosure forms. Based on the data above, G20 countries are increasingly making information in asset disclosures – particularly in relation to top decision-makers’ asset disclosures – available to the public. Argentina, Australia, Canada, Russian Federation, South Africa, UK, and the US are some of the G20 countries that favour access.
- Tailoring.* G20 experiences show that the methods for public access, and the information from the disclosures that the public can actually access, can be tailored taking into consideration privacy, the country context, culture and concerns for personal and family safety, etc. For example, in Mexico, all public officials automatically have their academic and work (but not personal) details centralized and published in an online database. However, in order to access further details, for example information on financial interests, the official must have previously given their consent on what information they want to share publicly. Members of the executive branch have their disclosures accessible on the Presidential Office website whilst members of the legislative, judiciary and the Electoral Commission must receive a written request from the public before deciding whether to grant full or partial access to the disclosure or not.

- *Facilitating access with user-friendliness perspective.* Civil society and the public can more easily help hold public officials accountable when the information in the disclosures can be accessed in a user-friendly way, preferably on-line. For example, in the United Kingdom, the public has access to the disclosure forms of the legislative branch, executive branch and certain public officials – for example senior officials, special Cabinet advisors, and those who work closely with members of the legislative branch such as assistants to Parliamentarians – online. For the legislative branch, there are two websites covering each of the Houses of Parliament and their staff. For the executive branch, there are three websites; one covering their disclosed interests, one publishing business expenses and hospitality received, and one declaring gifts, hospitality and meetings of the special Cabinet advisors. In addition to public officials and members of the executive and legislative branches, journalists that cover Parliamentary news also have their interests published online.
- *Having partners.* Civil society, media and the public can also complement and support the work of institutions auditing the content of disclosures by submitting complaints or even using the information to uncover unlawful situations.

An important aspect that countries must consider for providing information on the overall functioning of the disclosure system is the actual availability of that information. This information is critical to understand the impact of the system and provide decision-makers with information on the implementation. This could, for example, include information on compliance rates (e.g. if submissions were received on time, if the forms were correctly completed, etc.) and number of disclosures verified.

For example, in Indonesia, information on the functioning of the financial disclosure system – such as for example submission rates and investigations carried out annually – is published by the Anti-Corruption Clearing House (ACCH) web portal and managed by the Corruption Eradication Commission (KPK). The public can access and search this web portal; however, only KPK staff have access to the full search functions of the data portal. As an example of data that is available online, the site indicates that 170.730 forms were submitted in 2012, out of a total of 219.274 officials that were required to submit disclosures.¹²

This is an area where good practices are still in the making, and the G20 could lead by example; however a number of G20 countries are yet to provide this type of information to the public.

Principle 3: Targeted at senior leaders and those in at-risk positions

Principle 3 states that *“Disclosure should first be required of those in senior leadership positions and then, as capacity permits, of those in positions most influencing public trust or in positions having a greater risk of conflict of interest or potential corruption.”*

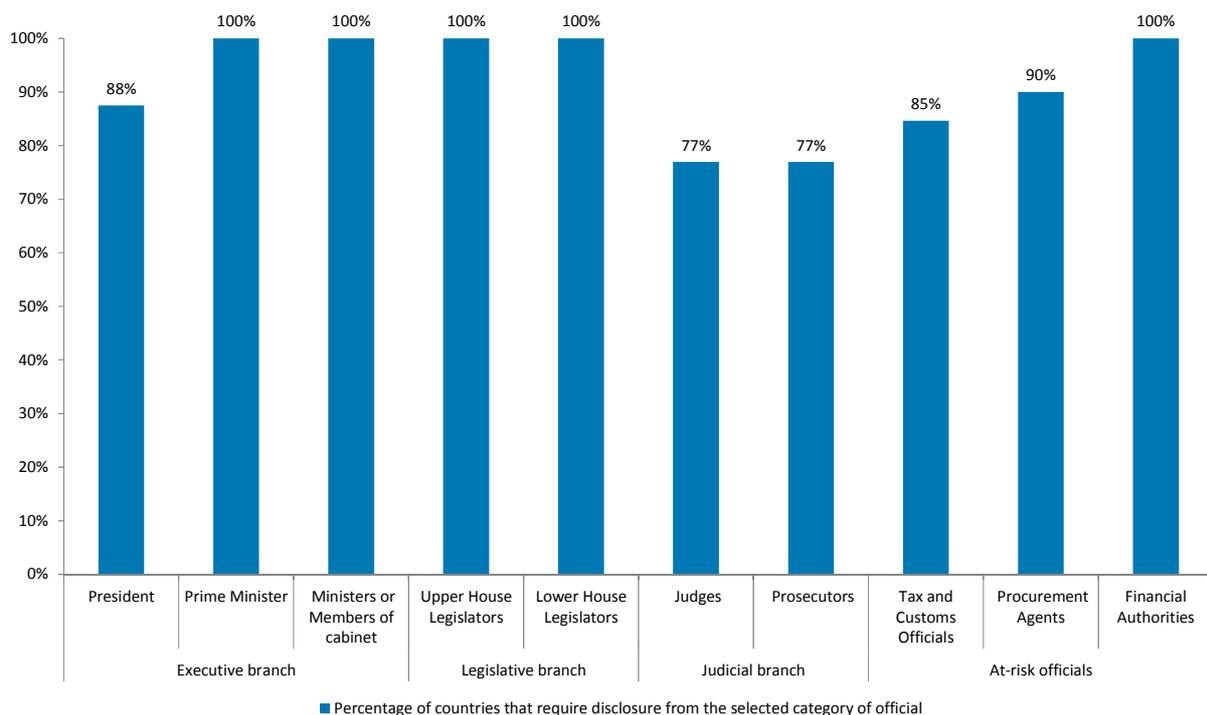
This principle deals with who is covered by the disclosure requirements and whether the requirements are tailored to specific positions or hierarchy. There is a wide spectrum of issues linked to this Principle, from the focus of the system, to which public officials are the most relevant to the objectives pursued,

¹² <http://acch.kpk.go.id/en/rekapitulasi-lhkpn>

to facilitating the efficient functioning of the system by ensuring the volume of declarations is manageable.

Global research shows there is a wide range of approaches, from asking all public servants to declare, to only focusing on certain echelons. However, most countries require those public officials that are at a high-level and others in high-risk positions to declare.¹³ As shown in Figure 4, this is the case for most G20 countries.

Figure 4. Disclosure by top decision-makers and officials at at-risk positions in 13 G20 countries



Source: OECD (2013). *Government at a Glance 2013*. OECD Publishing: Paris

Note: The percentages in the graph refers to the number of countries that require disclosure from selected top decision-makers and at-risk officials in Australia, Brazil, Canada, France, Germany, Italy, Japan, Korea, Mexico, Russia, Turkey, the United Kingdom, and the United States. For certain categories, such as for example the category “President”, the percentage is calculated based on the total number of countries that have a President, and not the total of 13 countries.

Japan targets high level officials of all branches of government and the sub-national level. For the legislative power, the requirement is extended to Members of the Diet of both the House of Representatives and the House of Councillors. Within the executive branch, the Prime Minister, Ministers of State, Parliamentary Senior Vice-Ministers, and Parliamentary Vice-Ministers disclose their assets and must also include information on their spouses and dependent children’s assets. Within the Judiciary, the focus is also on high-level officials such as the Prosecutor General, Deputy Prosecutor General, and Superintending Prosecutor. At the sub-national level, members of city assemblies, governors of prefectures and municipal mayors must declare. The legislation also requires other relevant public officials at the rank of deputy director or higher at the headquarters to quarterly submit

¹³ For more on this please see “Rossi et al., Using asset disclosure for identifying politically exposed persons, World Bank, 2012, page 14” and OECD (2013), *Government at a Glance 2013*, OECD Publishing: Paris, p. 144.

a report of gifts. Public officials at the rank of deputy director general or higher at the headquarters are additionally required to annually submit a report of income and a report of share dealings. The same disclosure requirement also applies to tax and custom officials, procurement agents and officials of the financial authorities.

In Italy, the legislation mandates that the Members of Parliament (MPs), Senators, the Prime Minister, Ministers and their deputies must disclose as well as sub-national government officials (such as members of regional and city councils). Other officials that are required to disclose include those regulating financial institutions, working in tax and customs, appointed by the executive, and heads of entities with at least 50% of the budget coming from public funds, in order to prevent conflict of interest and track illicit enrichment. Family members are not obliged to disclose, rather this is at the discretion of the public official.

Based on the experience of G20 countries, the following trends emerge:

- *Targeting high-level officials.* Many G20 countries' disclosure systems are targeted at senior leaders in the executive and legislative branches of government, e.g. ministers and Members of Parliament. In this sense, all G20 countries require Parliamentarians and ministers to disclose.
- *Targeting higher-risk positions.* G20 countries also take into consideration those in sensitive and at-risk positions, such as for example procurement officials, tax and customs officials, and officials in financial authorities. Members of courts of auditors/boards of central banks are required to disclose in approximately 9¹⁴ of the 18 G-20 countries. Heads/deputy heads of agencies such as tax administration, customs, police or anti-corruption as well as high-level officials of sub-national authorities (ex. governor, mayor) disclose in 11¹⁵ countries. Senior executives of state-owned companies disclose in 11¹⁶ G-20 countries.
- *Targeting declarations to ensure a manageable number of filers.* While there appears to be an overall concern with focusing on a manageable disclosure population, there is room for further refining the criteria determining the categories of officials subject to disclosure, as a number of systems in place in G20 countries have to manage a large number of filers. When reducing the number of filers is not an option, some countries may opt to have higher frequency of disclosure for higher level officials thus reducing the volume in certain cycles. Other countries, like Germany, have different declarations according to the position. For example, the type of information that is disclosed varies among the different categories of officials. MPs are required to declare their interests in a company or partnership if they hold 25 percent of the voting rights. The amount of income from any activity needs to be declared if it exceeds €1,000 within one month or €10,000 within one year. Gifts received as a guest or a host in connection with the mandate need to be declared and transferred to the Parliament if the value exceeds €200. In the case of civil servants, they disclose assets and interests in those cases where they find – within the context of a specific official task – that

¹⁴ Argentina, China, Indonesia, Italy, Korea, Mexico, Russia, South Africa and the United States.

¹⁵ Heads/deputy heads of agencies: Argentina, China, India, Indonesia, Japan, Korea, Mexico, Russia, South Africa, Turkey, and the United States. High-level officials of sub-national authorities: Canada, China, France, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, and South Africa.

¹⁶ Argentina, China, France, India, Indonesia, Italy, Korea, Mexico, Russia, USA and South Africa.

their obligations, private interests or interest of third parties might create a conflict of interest situation. In these cases, they inform the supervisor about the potential source of the conflict so that the supervisor can take adequate measures to manage the situation.

Principle 4: Supported with adequate resources

Principle 4 of the High Level Principles deals with the implementation of the disclosure system and states that *“Disclosure system administrators should have sufficient authority, expertise, independence, and resources to carry out the purpose of the system as designed”*.

Key aspects to consider under this principle are the type of agency or office that is in charge of managing the disclosures and the level of independence of the institution, as well as the institutional arrangements for handling the disclosure requirement. Furthermore, additional aspects to consider are the volume of disclosures handled per year and the corresponding amount of resources devoted to it in terms of, for example, staff, training of staff, guidance to filers, and data management technologies to assist in the submission, handling, analysis and review of disclosures.

G20 countries approach this issue with different institutional arrangements. For example, in Argentina, declarations are handled by different entities for each of the three branches of government; however, there are two agencies that play a central role for all: the Anticorruption Office and the Tax Administration Agency. The Anticorruption Office (AO) – which operates as an independent agency reporting to the Minister of Justice – exercises the receipt, maintenance and custody functions for the declarations of higher ranking officials of the executive branch. The AO checks the asset declarations to monitor the evolution of assets, detect incompatibilities, conflict of interest and illicit enrichment. The AO has dedicated staff for all the tasks assigned, from updating the register of filers to monitoring the content of disclosures. Once the disclosure form is submitted by the filer, the AFIP then forwards the disclosure data electronically to the Anticorruption Office so the latter can publish the disclosure data on its website. In addition, the filer must print two copies of the disclosure form and submit them to the personnel/human resources department where they work. Candidates for public office must submit the disclosure form directly to either the Anticorruption Office or the AFIP.

In Canada, the independent Office of the Conflict of Interest and Ethics Commissioner (which reports directly to Parliament) receives and verifies disclosures of MPs and public office holders. The Senate has its own Senate Ethics Officer who oversees the disclosure process. For all other civil servants, it is their ministry or agency which handles disclosures submitted. At a sub-national level, Canada’s provinces and territories have their own conflict of interest and ethics commissioners with their own disclosure mechanisms.

In the USA, within the legislative and judicial branches there are three Ethics Committees, each responsible for disclosures of Senators, Members of Congress and Federal Judges and their staffs, respectively. Disclosures within the executive branch are managed by a dedicated institution, the Office of Government Ethics (OGE), through a decentralized approach whereby approximately 5,000 full and part-time agency ethics officials, located among approximately 135 agencies, initially receive and review 350,000 confidential disclosures and 28,500 public disclosures. OGE conducts a second level review of the disclosures filed by Presidential appointees to Senate confirmed positions.

Based on the experience of G20 countries, the following trends and good practices emerge:

- *Adapting implementation arrangements to needs and context.* Among G20 countries, the choice of either centralizing or decentralizing tasks to different offices depends on the task in question and the country context. For the collection of disclosure forms and for providing guidance to filers, G20 countries generally decentralize this to different offices in each of the three branches of government (legislative, executive, and judiciary). However, when verifying the information submitted in the disclosures, a specialized – usually centralized – body with staff that have been specifically trained for conducting verifications emerges as a strong trend. Both in centralized and decentralized approaches, it is good practice to ensure specialized institutional capacity.
- *Adapting arrangements to the disclosure system objective.* Decentralizing advisory functions for conflict of interest purposes appears as a good practice, as it can be a way of keeping proximity to filers and understanding the specificities of the context the filers operate in. This is particularly true when complemented by specialized entities that can provide guidance and support to the staff handling such tasks across the public service. For example, in the USA, the Office of Government Ethics carries out a range of activities, from providing second level reviews of the disclosures, to educating and training ethics officials and public officials. In Canada, the Office of the Conflict of Interest and Ethics Commissioner advises MPs and public office holders on conflict of interest and disclosures. The Conflict of Interest and Ethics Commissioner also works with sub-national governments on conflict of interest.
- *Ensuring proper staffing and resources.* The management of asset declaration systems may not always require a large amount of staff; quantities will largely depend on the tasks assigned, the volume of declarations and the use of technology. In some countries, there is a limited amount of officials devoted to the management of the disclosure system and that have developed the specific skills. In high volume periods, these officials may receive support from other staff in the same agency or from other sectors that have been trained for that role. An effective disclosure system always requires the allocation of resources. This not only ensures proper management but also the possibility to implement innovative approaches to increase effectiveness.
- *Promoting constant capacity-building among asset disclosure practitioners.*

Principle 5: Useful

Principle 5 of the High Level Principles states that *“Disclosed information should be readily available for use in preventing, detecting, investigating, imposing administrative remedies for and/or prosecuting corruption offenses regarding conflicts of interest, illicit enrichment, and /or other forms of corruption. Disclosure should be required on a consistent and periodic basis so that the information reflects reasonably current circumstances”*.

Key aspects to consider under this principle are how often officials are required to disclose as well as what actions are taken to verify the accuracy of the information and identify actual or potential conflicts of interest. Additional aspects to consider include how often or under which circumstances checks of the information are performed, and if checks are done for all or a selection of the disclosures. Furthermore, a central aspect of this principle is the possibility of sharing information from declarations, when appropriate, with other relevant officials outside of the entity which is responsible for the declarations.

For example, sharing information with investigating and enforcement officials for assistance with proof of other crimes, or sharing with counsellors for conflict of interest purposes, or with those that may be in charge of applying administrative penalties, to name a few examples.

The experience of many disclosure systems has shown that it is important to strike a balance in terms of the frequency of disclosure. On the one hand, disclosure that occurs on a very frequent basis can become burdensome both for the filers and the institutions managing the system. On the other hand, having potentially large periods of time between disclosure cycles can hamper the usefulness of the information and threaten the effectiveness of the system.

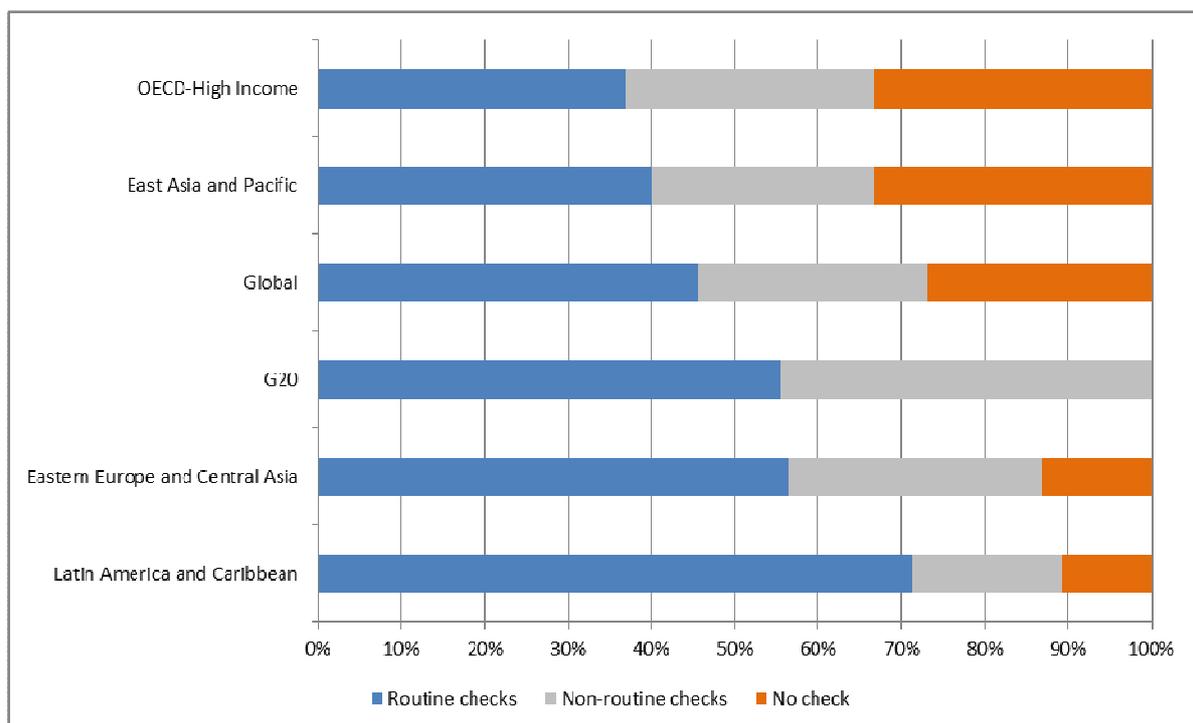
The approaches that countries adopt for monitoring or verifying the content of disclosures is very much dependent and heavily influenced by variables such as the objectives of the system, how the information is disclosed (electronically or in paper), size of the disclosure population, resource endowment (see also Principle 4), inter-agency cooperation arrangements, mandate of institutions carrying out verification (avenues for requesting and accessing information held by other entities), among others.

All of the G20 countries with disclosure systems have mechanisms in place for verifying or reviewing the content of the submitted declarations. However, 10¹⁷ of them verify/review the content of the forms on a routine basis, whereas the other 8¹⁸ countries only verify the content on an ad-hoc basis, for example upon complaint or through investigations (Figure 5). In South Africa, the Public Service Commission cross-checks on a routine basis the annual disclosures of senior public servants against numerous databases for conflict of interest and inconsistencies. Furthermore, the outside activities of an official listed in the disclosure form are assessed against the official's duties for possible incompatibility. Disclosures can be shared with public prosecutors and used in court as evidence in investigations.

Figure 5. Verification of disclosed information

¹⁷ Brazil, Canada, China, France, Indonesia, Italy, Japan, Korea, South Africa, and the United States.

¹⁸ Argentina, Australia, Germany, India, Mexico, Russia, Turkey, and the United Kingdom.



Source: World Bank analysis of 138 countries with disclosures systems. Please note that for G20, percentages are calculated only considering those countries that have a disclosure system.

Among G-20 countries, several good practices emerge:

- Performing some kind of screening or monitoring of the content of declarations.* Knowing that someone will take a look at the content of a declaration sends an important message to filers as it ensures their effort for complying with disclosure requirements are appreciated and that the information included is relevant and will not go unnoticed. In a system focused on conflicts of interest, ensuring that declarations are looked at provides the reviewer the possibility to spot and then counsel the official to help prevent a future conflict. In this way, screening all declarations provides a valuable opportunity for filers to receive guidance. In those systems where the focus is on monitoring unexplained wealth variations, screening may detect unintended filing mistakes, and deter filers from intentionally skipping information or including false statements.
- Using a mix of approaches for identifying which declarations will be checked.* In many countries, checking the content of all the declarations filed is not feasible, therefore, there are different approaches towards identifying the sample of declarations that will be checked for accuracy of the information filed. This could combine, for example, checking in depth a small sample of the highest risk officials and using a risk-based approach for selecting among the rest of the officials. Other factors such as (i) risk associated with certain positions and functions; (ii) red flags associated with variations of income, assets, etc. across time; (iii) complaints/information from public/media; (iv) information from other bodies is also useful for identification of the sample.

In Korea, there are approximately 266 ethics committees among government institutions and agencies which receive and verify the disclosure information. As an example, the Public Service

Ethics Committee has 120 staff who review approximately 45,000 disclosures annually. This relatively high number of disclosures can be reviewed because the Committees use technology to facilitate the qualitative and quantitative verification processes. Parts of the process are fully automated; for instance, the system allows for the comparison between data submitted in the disclosures with data from registries, such as for example registries of property, vehicles, and banks, almost in real time. The electronic system also calculates any differences in value taking into account fluctuations in the value of assets.

- *Using a mix of approaches for verification.* The different approaches might include: (i) comparing declarations across time to detect inconsistencies; (ii) cross-checking information with other databases and registries; (iii) lifestyle checks to ensure the official lives according to the declared means. Some countries choose one of these approaches while others make a combination of them.
- *Incorporating technology to increase effectiveness.* In some countries like Korea, the use of technology allows for the monitoring of a larger volume of declarations and cross-checking of the information with other databases.
- *Ensuring filing periodicity and that information for verification is up to date.* To increase the usefulness of the declared information, it is important to have declarations from the filer in different points of time such as upon taking office, during office and upon finalizing the mandate. In Australia, the system requires periodic submission which ensures that the declared information is up to date and comparable across time. For the legislative branch, disclosures are required upon entry into office and in case there are any alterations of those interests.
- *Complementing monitoring activities with the access to information.* Certain countries make disclosed information available to the public, allowing stakeholders to scrutinize the information submitted. In other countries, the disclosure agency makes the information available to other public agencies, such as the tax authority, the FIU, auditor general, etc. that may help find leads to irregularities.
- *Carrying out advisory activities for effectively managing conflicts of interest.* This type of activities aims to provide guidance and prevent the occurrence of conflict of interest situations as well as checking the information disclosed to identify conflict of interest violations. For example, the OGE in the US, analyses the declarations of high-level officials even before they take office to be able to advise on which financial interests and activities may be incompatible with or create potential conflicts of interest with fully carrying out the functions of the office and recommend ways of addressing the incompatibility/potential conflict.
- *Information sharing among institutions.* Proactively sharing with other entities the information that lead to imposing sanctions, for example, for non-compliance or for false statements in declarations, can promote the use of the information for the investigation and prosecution of corruption, tax crimes, etc.

Principle 6: Enforceable

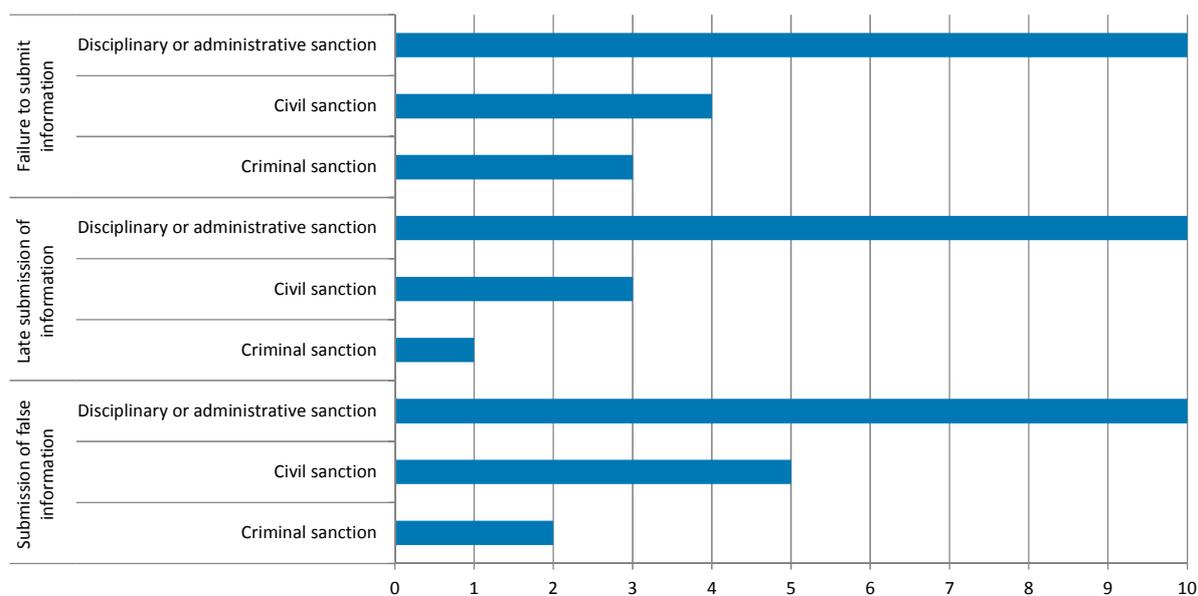
Principle 6 of the High Level Principles deals with the enforcement of disclosure arrangements and states that *“Penalties and/or administrative sanctions for late submission of, failure to submit, and submitting false information on a required disclosure report should be effective, proportionate, and dissuasive”*.

Sanctions need to be effective and deter public officials from not complying with disclosure requirements or submitting false information. To be effective, they generally need to be credible and proportional. These two aspects are closely interlinked. If a sanction implies a threat that is disproportionate to the offense, for example, imprisonment for late filing, then, in practice, it will most likely not be widely implemented and, therefore, it will become less credible and less effective. Also, if the sanction is indeed proportionate, for example an administrative fine for late filing, but enforcement is weak, this will end up affecting the credibility of the system and its effectiveness.

The key aspects to consider under this principle are not only if there are sanctions available for non-compliance with the disclosure requirement or for submitting false information, but also what these sanctions are, who is responsible for applying the sanctions, and what the procedures for the enforcement of sanctions are.

There is wide variation across the G20 with regards to the sanctions for failure to submit or submitting false information. The sanctions range from publishing the name of officials who have committed violations, suspension of pay for a limited amount of time, monetary penalties, issuing of warnings, dismissal from the position, dismissal with ban from public service for a defined number of years, dismissal with permanent ban from any public service employment, to imprisonment.

Figure 6. Sanctions for public officials in case of violations of the disclosure requirements in 10 G20 countries



Source: OECD (2013). *Government at a Glance 2013*. OECD Publishing: Paris

Note: Data refers to sanctions in place in Australia, Canada, France, Italy, Japan, Korea, Mexico, Turkey, the United Kingdom and the United States.

Based on the experience of G20 countries, there are a number of good practices that emerge:

- *Implementing a range of sanctions.* Not all violations related to the submission and content of disclosures require the same type of sanctioning. For example, the French Law 2013-906 of 11 October 2013 on the transparency of public life provides for a range of sanctions – administrative, civil and criminal – for non-compliance. If a député fails to declare a substantial part of his or her assets or interests, or provides false valuation of his or her assets, this shall be punished by three years' imprisonment and a € 45,000 fine. In addition, the député can also be banned on holding public office. If a declaration that has been filed is incomplete, or if the député has failed to respond to a request for clarification from the High Authority, this shall be punished by one year's imprisonment and a fine of € 15,000. In India, administrative sanctions are applied, typically temporary suspension from work (ranging between 3 days and 3 months) for non-submission or false information submitted on the disclosure form. In more serious cases, the official can be banned from public office for up to five years. In the Russian Federation, failure to submit disclosures as well as submitting false information is punished with disciplinary sanctions up to “dismissal with loss of trust”. After receiving a dismissal with loss of trust, the sanctioned official is not able to re-enter public service. In addition to any sanctions linked to failure to submit disclosures and submitting false information, the branches of the Prosecutor's Office can request to the court to confiscate the assets with regards to which there was no information provided, which would confirm their acquisition from legal sources. In Argentina, sanctions range from the publication of the list of non-compliant officials, to deductions in the salary, inability to re-enter public employment, and criminal penalties for non-filing and falsifying data.
- *Placing responsibility for applying sanctions on multiple institutions.* In order to ensure that sanctions are enforced, the range of options with regards to sanctions discussed above is reflected in the institutional approach towards follow-up mechanisms. Thus, in France the Constitutional Court decides on administrative sanctions, while the Public Prosecutors' Office handles the criminal cases. In India, the relevant branch of government determines the sanctions imposed. Non-compliance misdemeanours are handled on a case-by-case basis within the executive branch, while members of the legislative have their sanction determined by their peers in Parliament.