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# **ASSET DECLARATIONS AS A CORRUPTION PREVENTION AND RISK ASSESSMENT INSTRUMENT**

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Implemented by:



Government  
Transparency  
Institute



# Asset declarations are strong, but currently under-used instrument

- Need to investigate the lifestyle of PEPs, beyond what is officially declared
- Some PEPs, as well as other categories of civil servants, are not obliged to declare assets
- PEPs hide wealth by giving it to family members, or transferring money abroad



DECLARATION

PROGRAM

Mr./Mrs/Miss \_\_\_\_\_  
for study

ention \_\_\_\_\_  
udy \_\_\_\_\_

for training in \_\_\_\_\_

# Not all family members are declared and checked

	Spouses	Cohabitants	Adult children	Non-adult children	Parents	Siblings	Brothers / sisters-in-law	Other extended family	Friends or associates
AL	V	V	V	X	X**	X	X	X	X
BG	V	V	X	V	X	X	X	X	X
BiH***	V	X	V	V	X	X	X	X	X
HR	V	V	X	V	X	X	X	X	X
HU	V	V	V*	V*	V	X	X	X	X
MNT	V	V	V*	V*	X	X	X	X	X
MKD	V	V	V	V	V	V	V*	V*	X
RO	V	V	X	V	V	X	X	X	X
RS****	V	V	X	V*	V	X	X	X	X

\* Only if living in the same household \*\* In Albania parents declare assets if the subject is part of the justice system or upon request of the Inspector General.

\*\*\* In BiH, the scope of people covered by asset declarations is extended to household members to whom the declarant has legal maintenance obligation. Conflict of interest restrictions and checks usually cover a wider range of related persons. \*\*\*\* In Serbia, public officials are obliged by law to notify the Anti-corruption Agency of all "connected persons", however in practice these are not always declared and checked.

# The declared information is rarely all-encompassing

## What is NOT (always) declared:

- **assets in legal entities** (in Hungary and North Macedonia only shares are declared)
- **loans from private individuals** (Hungary)
- **gifts received by the immediate family** (although Croatia, Romania, and Hungary require the declaration of gifts over a certain amount; North Macedonia has a Gift Catalogue – rarely used)
- **movable assets such as jewelry** (Bulgaria)

*Spouses and cohabitants are not obliged to inform their respective partners of the assets they own (Bulgaria and Croatia)*



# Lack of comprehensive lifestyle audits

- in some countries, the procedure is **limited to checking that the declaration is not submitted empty**
- **lack of human resources** able to perform in-depth checks and cross-checks in multiple registers at national level and abroad
- **large number of persons obliged to declare assets** (e.g. about 300 000 in Romania)
- Albania, BiH, and Hungary report that the checks are performed **once every few years or if there is a signal for irregularity**

The **checking procedure** should be based on:

- a random sample undergoing detailed check / audit (e.g. 5% or 10%);
- checks of priority/risk groups;
- checks triggered by anonymous signals from third parties.



# Limited capacity of the checking authorities

**20 - 300**

- number of employees at checking institutions

**4 - 45**

- officials directly responsible for checking asset declarations

**8% - 20%**

- share of persons checked by relevant authority through a detailed check

**6 - 30**

- persons checked in detail by one inspector

**12%**

- persons submitted with a delay or failed to submit

## Limited data availability

Country	Download options
<b>AL</b>	Asset declaration register does not exist online, there is a possibility to submit an official request for information
<b>HU</b>	Case-by case, in PDF format (hand-written photocopy)
<b>RO</b>	Case-by-case, in PDF format (hand-written photocopies up to 2021, machine-readable since 2022)
<b>HR</b>	Case-by-case, in XML, JSON and PDF formats
<b>BG</b> <b>BiH</b> <b>MNT</b> <b>MKD</b> <b>RS</b>	Case-by-case, in XML format

Source: CSD.

In North Macedonia asset declarations are not submitted annually, but upon taking and leaving office, and ad hoc if change in occurs.



# Checks should be triggered by anonymous signals

Country	Checking institution	Could the signal be anonymous?
AL	High Inspectorate of Declaration and Control of Assets and Conflict of Interest (HIDAACI)	Could be anonymous (according to the law)
BG	Commission for Anti-Corruption and Illegal Assets Forfeiture (CACIAF)	Not anonymous
BiH	Central Election Commission of Bosnia and Herzegovina	Could be anonymous (if sent via mail)
HR	Conflict of Interest Commission	Could be anonymous (initials needed)
HU	Committee on Immunity, Incompatibility and Mandate Control (CIIMC)	Anonymous form can be submitted only to the Ombudsman
MN	Agency for Prevention of Corruption	Could be anonymous
MKD	State Commission for Prevention of Corruption	Not anonymous
RO	National Integrity Agency	Not anonymous, however the Agency can trigger ex-officio investigations
RS	Anti-Corruption Agency	Could be anonymous





# Loopholes in the verification and checking procedures



personal  
assessment



how  
someone obtained  
property **before taking  
office**

**removed from public  
registers**



# Need of inter-connection of multiple registers

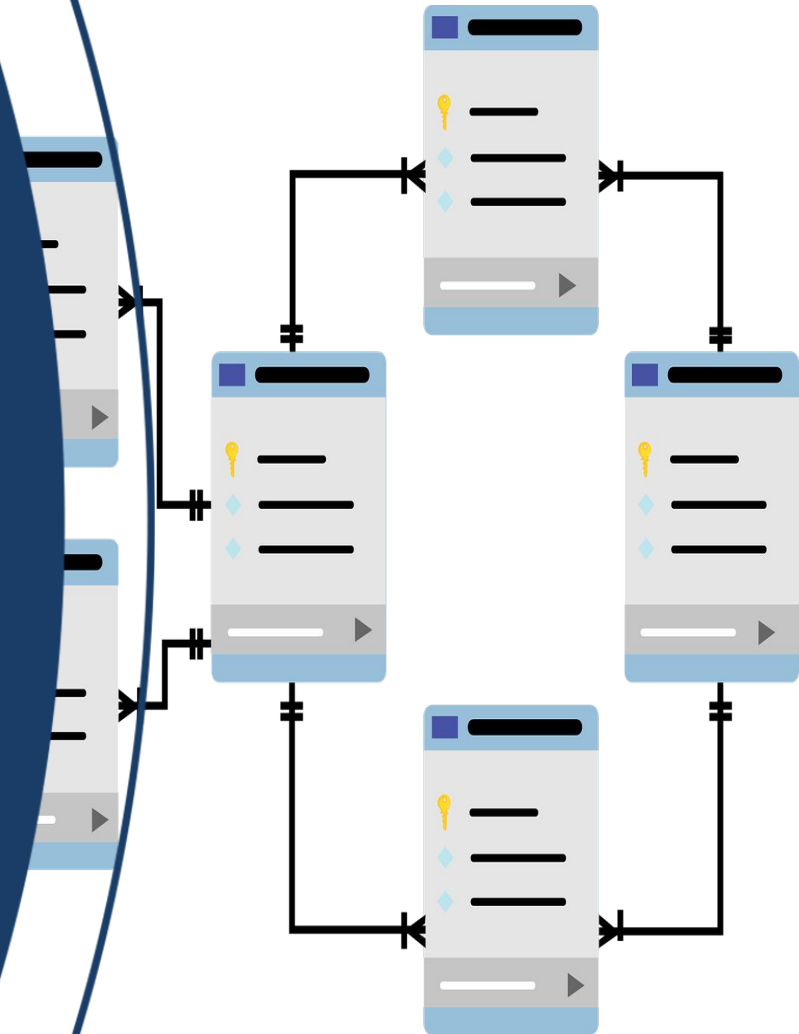
## Inter-connecting national registers in two stages:

- 1) physical persons register, business register, property register
- 2) tax, social security, land register, motor vehicles register, stocks and securities, patents and licenses registry, customs, court registries, party finance database, etc.

*\*If possible, databases of professional bodies and bank accounts should also be included or a procedure for information requests should be established.*

## Next steps:

- Set up **electronic platforms** for performing cross-checks and detecting corruption risks and patterns of abuses.
- Enforce the **International Treaty on Exchange of Data for the Verification of Asset Declarations**



# Risk indicators for checking asset declarations

## Job-related

(e.g. high-risk political position)

## Company-related

(e.g. business/companies abroad)

## Family-related

(e.g. missing or suspiciously large amounts related to family members)

## Discrepancies of Declared Data

(compared to external databases or previous declarations)

## General Risk Indicators

(e.g. impossible relations between fields)

## Flagged by the Public Eye

(e.g. media reports or public/anonymous complaints)

## Personal Wealth

Real Estate

Property & Assets

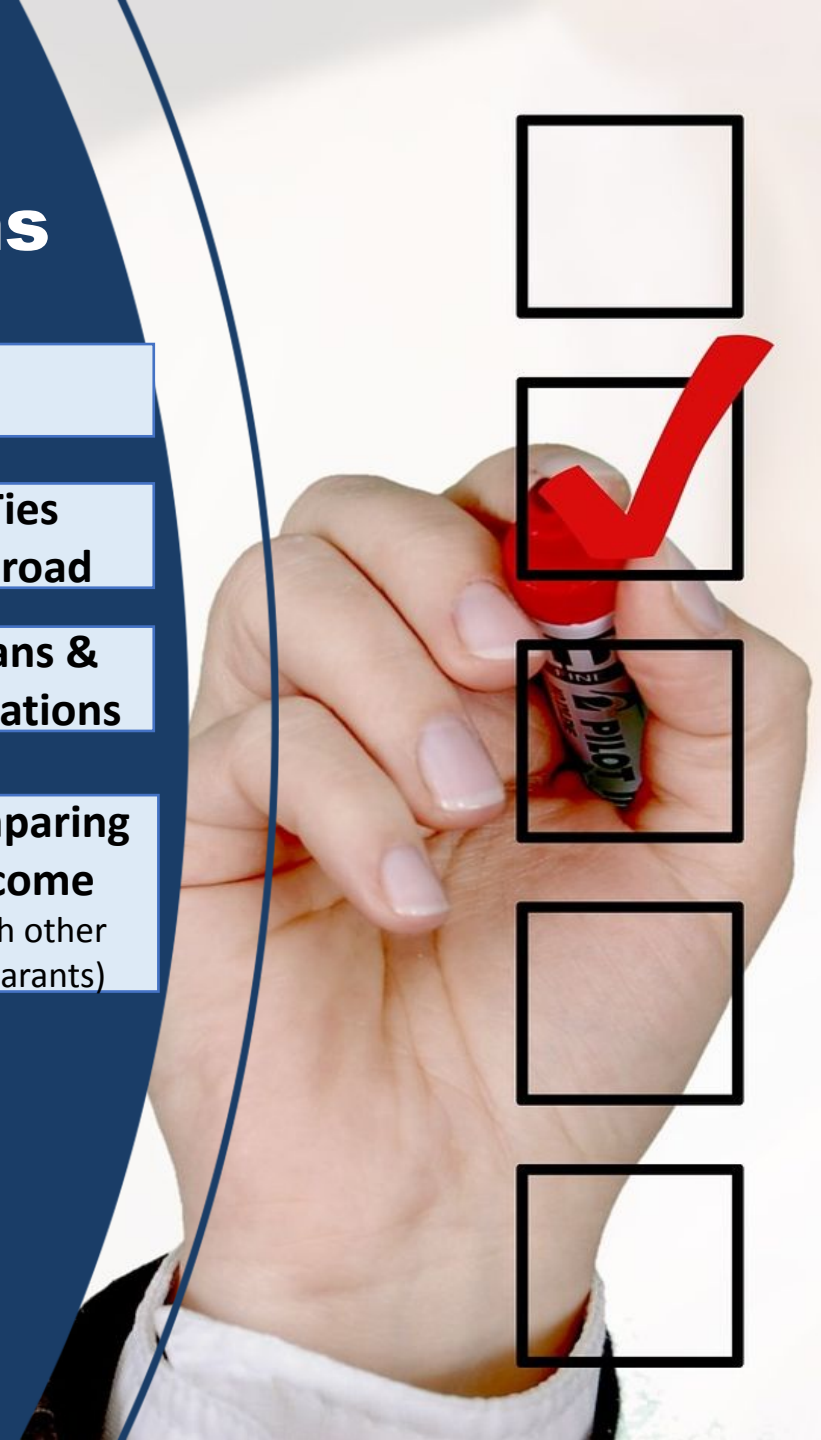
Income & Gifts

Banking

Ties Abroad

Loans & Donations

Comparing income  
(with other declarants)



# Size and severity of sanctions do not deter law violations

- **EUR 200 - EUR 1,000 average fine** for late or non-submission
  - usually EUR 150 in BiH
  - usually EUR 300 - 500 in North Macedonia
  - usually EUR 10 - 400 in Romania
- **PEPs do not face dismissal** if they do not submit the declarations (in all countries except Croatia, Serbia, and Hungary)
- **Increased fines for consecutive non-compliance** applicable **only in Bulgaria**

*Still, criminal charges could lead to imprisonment and confiscation of illegally acquired property.*



# PEPs find a way to avoid (severe) punishment

- **Omitting to declare assets**, or under-evaluating the declared assets
- **Influencing the authorities** to drop the investigation/prosecution and/or to replace the penalty with a looser sanction
- **Retroactively changing the asset declaration's document**, so that the irregularity no longer exists on paper
- **Changing the legislation** so that certain types of public officials (or their relatives) are not obliged to declare assets, company or family relations

**Example:** The Principle of Opportunity in Serbia: avoiding fines and prison by funding charity organizations



# The way forward

- setting up a **dedicated body or department** focused on performing detailed checks
- improving the **legal base** in terms of asset disclosure
- collecting all asset declarations in one **single database / unified website**
- establishing machine-readable **public procurement and corporate databases, databases of sanctioned legal and physical persons**
- establishing procedures for tracing transactions with **crypto currencies**
- **inter-connecting public registers**
- introducing **data-driven analysis** of asset declarations
- **efficient punishment** of law infringements



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# Thank You!

<https://seldi.net/tag/r2g4p/>  
[www.csd.bg](http://www.csd.bg)

Thank You