

## The United Nation Convention Against Corruption and Income and Asset Declaration

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*The United Nations Convention against Corruption (UNCAC) requires States Parties to consider establishing policies requiring officials to reveal “to appropriate authorities . . . their outside activities, employment, investments, assets and substantial gifts or benefits” (Article 8, UNCAC). The World Bank has advised a number of countries on whether an income and asset disclosure program is an appropriate response to the corruption issues they face, and if so, what type of program they should establish. Assistance has ranged from advice on drafting legislation and furnishing model disclosure forms to providing financial and technical support to an agency created to administer the program. In drawing on this experience and studies under way by several Bank units, this paper describes the issues policymakers should weigh in deciding whether to adopt a financial disclosure law, and if so, what provisions it should contain.*

### 1. Should Public Officials Disclose their Finances?

Although international experience suggests that a financial disclosure regime can be an important element in an anti-corruption program, there are drawbacks to requiring public servants to disclose their finances. How the trade-offs should be weighed varies from country to country, and, in deciding whether the advantages outweigh the disadvantages, policymakers would want to evaluate them against the backdrop of their own country's history, law, and political traditions.

### 1.1 Advantages

Mandating that officials divulge information about their finances may reduce corruption in several ways. Disclosure enables a public employee's wealth to be monitored. If periodic disclosures show an unusual increase in assets or extravagant expenditures, the employee can be asked for an explanation. In addition, when managers know what assets an employee owns – interests in firms, real estate, and so forth – they can determine when the employee's participation in a decision may be colored by personal interests, and thus when he or she should be excluded from the decision-making process.

Financial disclosure cannot stop those determined to accept bribes, award themselves public contracts, or otherwise loot the public purse. What it can do is deter the less determined, those tempted to steal from the public but fearful that their wrongdoing might later be revealed. It can also help honest employees by reminding them and their managers when they should abstain from participating in a decision because it could affect their interests. Finally, it can bolster confidence in government by reassuring citizens that conflicts of interest are being policed and public employees' finances scrutinized.

Financial disclosure laws are an important tool for law enforcement. When suspicions about an individual are raised, investigators can review the person's income and asset disclosure statement. Is it consistent with bank account records and what one can observe of the person's lifestyle? Or is there a significant discrepancy between what the disclosure reveals and the way the person is living? Prosecuting and convicting corrupt officials is also easier when there is a financial disclosure law. Almost all such laws make it a crime to file a false declaration. By doing so, the law creates a new, easily provable offense directly associated with corrupt conduct.

### 1.2 Disadvantages

Forcing public servants to declare their income and assets is not cost free. There is first the administrative burden it puts on government.

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Personnel must be assigned to review and maintain disclosure forms and train filers in how to comply. The greater the number required to file, the greater the administrative cost.

A much greater cost is the effect it can have on citizens' willingness to enter government service. When financial disclosure laws were introduced by several American states in the 1960s, many legislators and executive branch employees resigned rather than reveal details of their personal finances. In 2005 several judges quit the bench when Romania required them to publicly disclose their finances.

The impact that disclosure could have on the composition of the national legislature was a major issue during the recent German debate on legislation requiring members of parliament (MPs) to disclose. Opponents contended that it would discourage small business owners, lawyers, and other independent professionals from running for parliament. Disclosure would embarrass this group, especially by revealing, in a society with egalitarian norms, just how wealthy they were. Some might also be reluctant to serve for fear the disclosures would reveal details of their business or professional practice from which competitors could benefit. While Germany's constitutional court ruled by the narrowest of margins that the potential impact of the legislation on an individual's willingness to run for office does not give rise to constitutional concerns, the debate about the impact of such legislation continues.

### **1.3 Weighing the Advantages against the Disadvantages**

Decision-makers may want to ask if qualified individuals in their country would refuse to become state ministers out of a reluctance to reveal their wealth. Would those for whom disclosure was not a concern differ in some key aspects from those not willing to disclose? Opponents in Germany argued that parliament would become less representative as only those with modest wealth, civil servants, teachers, and social workers would seek election.

The most significant drawback to financial disclosure is neither the administrative cost nor its impact on the recruitment of public servants. Rather, it is the invasion of privacy that results. Although the violation is greater when the disclosure is made public, disclosure to a government agency also infringes privacy rights. What policymakers have to decide is whether the interests that disclosure advances outweigh the violation of privacy rights.

Lawmakers are divided on whether officials' right to privacy outweighs the public interest in disclosure. A 2006 World Bank study, reproduced in section 5, found that, of the 148 countries where the Bank works, 42, or 30 per cent, require no disclosure. In the remaining 106 one-third require public disclosure and two-thirds mandate disclosure only to a government agency.

In at least four countries – Chile, Germany, Romania, and the United States – the trade-off between privacy rights and the public benefit has been the subject of litigation in national courts. With one exception, the courts have ruled that constitutionally protected privacy rights are not infringed by financial disclosure legislation. The exception was a 1970 decision by the Supreme Court of the state of California holding that a California law which required officials to reveal information unrelated to their work was an unconstitutional invasion of their privacy. However, in all other decisions that the Bank has located on the question, courts have ruled that the interests served by the public disclosure of an official's finances outweigh the official's right to privacy.

In each of these cases the court was not writing on a blank slate. Rather, the starting point was a scale tipped sharply in favor of disclosure. In each, the law being challenged had been approved by two other branches of government: the legislature which had passed it and the executive that had promulgated or approved it. Thus in each case, two branches of government had already determined that the public interest in disclosure outweighed the public officials'

privacy interest; in democracies, courts accord a determination by the two elected branches of government great respect.

In several countries proponents of disclosure dismissed the privacy issue saying that individuals could choose whether to enter public service and if they chose to do so, a part of the price they paid was waiving their right to privacy. How much weight should be given to this argument will depend upon local conditions. If, thanks to an underdeveloped private sector, government employment is highly desirable, it may carry less force.

Probably the main reason why international experience is of so little use in resolving the privacy question is that the value put on privacy and indeed what the term “privacy” itself means varies across nations and cultures. Even among the industrialized countries of the West, significant differences exist. Whereas in the United States the names of individuals charged with a crime are always made public, in many European countries they are not on privacy grounds. European laws governing electronic databases are much more protective of individuals’ privacy than corresponding American laws, and in Europe libel and slander laws are more protective of officials’ private lives than those in the United States. In the United States the courts have interpreted the right to privacy mainly in terms of the protections afforded reproductive issues or marital relations. Financial information has been given far less protection.

## **2. If Disclosure is Mandated, Should It be Public or Non-Public?**

Disclosure can be either confidential or public. Confidential disclosures are made to an anti-corruption agency, supreme audit bureau, or other government entity. A public disclosure law requires that the receiving agency publish the disclosure form – in the media or on the Internet – or otherwise allow the public to see it. In the United States those wishing to view the

disclosure forms of a senator must visit a special office in person, show identification, and sign in.

An effective confidential disclosure regime demands that the agency administering it be politically neutral and that it enjoy the confidence of the citizens. These are difficult conditions to meet in many countries. Thanks to the loss of confidence in the American government as a result of the Watergate scandal in the early 1970s, senior officials of the federal government, previously required to disclose their finances to their employing agency, were required to make them public. More recently, an East Asian country had a program requiring members of parliament to disclose their income and assets to an office in the legislature. Although the office was non-partisan, it was common knowledge that its director manipulated the program: leaking details of the opposition members’ finances but overlooking the ruling party members’ failure to file. This manipulation cost the program its credibility, and an all-party coalition subsequently approved legislation requiring the disclosures to be made public.

Public disclosure enables civil society and the media to help enforce the program. In 2003 a Philippine reporter used the publicly available forms filed under a newly enacted financial disclosure law to check the lifestyles of mid-level managers of the national tax agency. She compared what was reported about the value of homes, the number of cars owned, and so forth with what real estate and automobile registries showed and what neighbors said about how the managers lived. Many had significantly understated the value of their homes or lied about the number of cars they owned. On the day that her story appeared, two managers resigned and several more were placed on administrative leave.

Some commentators commend public disclosure as a signal of a government’s commitment to conduct business transparently. If the government is willing to make public the personal finances of senior officials, it becomes much harder for mid-level personnel to hide

behind claims of secrecy when processing requests under right-to-information laws or otherwise denying citizens access to information to which they are entitled.

Two objections against public disclosure are raised. The first, heard in states where crime and violence are a continuing concern, is that if criminals know that an official is wealthy, they are more likely to kidnap him or her or a family member for ransom. For this reason, Colombia and Haiti have both declined to require that financial disclosures be public. The second is the privacy issue reviewed above. Whatever the infringement on an official's right to privacy by disclosing information about his or her wealth to a government entity, the infringement is that much greater when the disclosure is made public.

### 3. Compromises between Public and Non – Public Disclosure



A number of governments have found a middle ground between public and non-public disclosure. In the United States only senior government officials – cabinet secretaries and deputy secretaries, other individuals appointed by the president, and senior civil servants – are required to disclose publicly. The remaining 90

per cent of those who must disclose their income and assets do so only to officials of the agency where they are employed.

Another variation is to disclose some information publicly and keep the remainder confidential. Members of the Canadian Parliament submit detailed financial disclosure statements, listing even credit card debts in excess of C\$ 10,000. The parliamentary commissioner for ethics then publishes a summary of the statement online, which shows the MP's holdings but not the value of these holdings.

A third variation is found in Bolivia. Executive branch officials make a comprehensive declaration of income, assets, and debts to the Comptroller General, but only the totals are published. Figure 1 furnishes an example: the public declaration form for President Juan Evo Morales Ayma in 2008. Four entries appear: total assets (bienes), total debts (deudas), the net of the two (patrimonio neto), and a fourth line for income from rental property (rentas). Under Bolivian law, a citizen can request the complete form if he or she shows a need for it. This is a recent provision, and its limits have yet to be tested.

**Figure 1. Financial Disclosure Form of the Bolivian President**


**CONTRALORIA GENERAL DE LA REPUBLICA**  
 Gerencia de Declaraciones Juradas de Bienes y Rentas
 

**EXTRACTO DE LA DECLARACION JURADA DE BIENES Y RENTAS**

DATOS GENERALES DEL DECLARANTE		
Identificación del declarante	Nro. Doc.: 2763595	Expedido en: ORURO
Apellidos: MORALES AYMA	Nombres: JUAN EVO	
RESUMEN DE LA DECLARACION JURADA DE BIENES Y RENTAS		
<b>1</b> Total "BIENES" (Activos)	Bs	1127000
<b>2</b> Total "DEUDAS" (Pasivos)	- Bs	240000
<b>3</b> PATRIMONIO NETO (Total "BIENES" menos Total "DEUDAS")	= Bs	887000
<b>4</b> TOTAL "RENTAS"	Bs	244530
Fecha de presentación de la declaración: 21/01/2006		

#### 4. Administering a Disclosure Law

If policymakers do decide to enact financial disclosure legislation, they will want to specify how it should be administered. This requires decisions on four questions:

- (1) Who should be required to disclose?
- (2) What information should be disclosed?
- (3) How often should disclosure be made?
- (4) What agency would administer a disclosure program?

In making these decisions, they will in turn want to bear in mind three issues:

- (1) The filing burden;
- (2) The extent to which officials' privacy should be invaded;
- (3) Government's capacity to use the information disclosed.

##### 4.1 Who Should be Required to Disclose?

At a minimum, any financial disclosure law should cover ministers, ambassadors, the top grade of the civil service, and senior management in state-owned enterprises. These individuals possess significant decision-making authority and are therefore likely to find themselves in situations where their personal financial interests could be affected by the decisions they are asked to make. They are also likely to have discretionary power to allocate substantial sums of money, which would give them the opportunity to profit from corrupt acts.

How much deeper into the executive branch or state-owned enterprises should a disclosure law reach is a matter of judgment that would depend on several factors. How much discretion do individuals at the lower levels exercise over the allocation of public funds? How

much decision-making authority do they have? What opportunities do they have to commit corrupt acts? While even junior employees may engage in petty corruption, is it likely that an income and asset disclosure program would catch those taking small bribes? Is that likelihood enough to justify making thousands of persons take the time and trouble to divulge their assets, outside income, gifts, and other details of their financial lives? Will the public be that more reassured that the government is serious about combating corruption if junior-level employees must file?

More often than not, policymakers tend to overreach, requiring far too many lower-level personnel to disclose. In Mongolia, over 43,000 civil servants must make an annual disclosure, and in Kenya all of the approximately 675,000 civil servants are required to submit an annual declaration showing their income and assets. Observers of the long experience with financial disclosure in the United States, where many state governments have required disclosure since the early 1960s and the federal government since 1965, agree that too many junior personnel are required to disclose. Over 250,000 employees of the federal government must file a declaration annually, and in the state of California even supervising lifeguards at public beaches are required to file a statement of economic interests.

The political dynamic driving enactment of a financial disclosure regime often explains the overreach. Acting against the backdrop of a recent, highly publicized scandal, with public concern at a peak, policymakers compete with one another to show how "tough" they can be on corruption. If one proposes to cover the top two levels of the civil service, another will raise the ante by proposing the top four. The answering bid will be the top six and so on until, as in California, even lifeguards must reveal details of their personal finances.



One way to reduce the number of employees required to disclose-without compromising the objectives of disclosure-is to focus not on civil service grade or pay level when defining coverage but on the type of risk that the job entails. Not all employees at the same grade or pay level will have the same exposure to potentially compromising situations. Individuals involved in public contracting or tax and customs collections are obvious examples of higher risk categories of employee. In resource-rich countries those responsible for setting or administering policy are in another such category. A 2006 Jordanian law requires that all members of tender committees of government, military, or state-owned enterprises disclose. A recent Haitian law covers all officials with the power to authorize expenditures. In addition to senior officials, the Ghanaian law reaches accountants and internal auditors of any rank or pay grade.

There is no consensus among countries on whether an official should be required to disclose a spouse's income and assets when declaring his or hers. Of the 32 states with disclosure programs that responded to a 2002 the United Nations survey, 17 reported that spouses' income and assets had to be reported.

Proponents of spousal disclosure argue that a husband and wife's financial affairs are so closely intertwined that separation is artificial. A second argument is that, if the spouse's finances are excluded, evasion of the law is made that much easier, for stock certificates and property can be registered in the spouse's name. On the other side are concerns about invading the spouse's privacy.

No matter how many officeholders are covered by a law, implementation should be introduced gradually to ensure that administrative arrangements are in place to manage the required submissions. Upon passage of the law, tens of thousands of public servants in both Uganda and Argentina were required to file financial declarations. The agencies administering the programs were unprepared to handle such a deluge; the forms went unexamined, and the

programs were quickly discredited.

When initially enacted, disclosure programs typically covered only executive branch officials; however, the international trend is to expand them to include parliamentarians and judges as well. A 2008 World Bank survey found that over 100 countries require some form of disclosure by legislators. Of the 21 countries that responded to a 2007 survey of European Union members, 18 require legislators to disclose and 10 require judges to do so.

#### **4.2 What Information Should be Disclosed?**

The information that should be disclosed under a comprehensive law is as follows: income from all sources, assets, positions in for-profit or non-profit firms, debts owed, gifts received, and any reimbursement for travel or other expenditures from non-official sources. Disclosure of these items provides a complete picture of an individual's personal finances.

To reduce the filing burden on those covered by the law, many countries do not require the disclosure of assets, debts, gifts, or reimbursements below a certain amount. Canadian parliamentarian need list only assets greater than C\$ 10,000. In the United States federal officials are required to disclose a gift only when the total received from a single source exceeds \$285 in a calendar year. Setting a reasonable threshold reduces the burden on filers without loss of any significant information. Given Canada's GDP per capita and the level of government salaries, it strains belief to think that a gift of C\$10,000 would influence the decisions of a member of parliament.

The purpose of financial disclosure legislation is to determine whether the actual value of assets, income, debts, gifts, and reimbursements needs to be revealed or not.

**Conflict of Interest Monitoring.** When the sole purpose is to alert employees and their managers to potential conflicts of interest, asset values need not be revealed.

The financial disclosure system governing members of the British House of Commons is an example of one, the purpose of which is to police conflicts of interest. Members must reveal their ownership interests in a firm when it exceeds 15 per cent of the outstanding shares or when the value of their interest is more than the annual salary of parliamentarians – slightly less than the equivalent of US\$ 95,000 in 2009. If they have to disclose interest in a firm, they must provide a brief description of the firm's business as well.

MPs must also disclose any directorships, whether paid or unpaid, any source of income from employment or a profession and gifts from any source. There is an exemption if the income or gift is worth less than 1 per cent of their salary, which currently amounts to the equivalent of US\$ 949 per year. Although they do not have to furnish information about their personal residence, they must disclose any real property that they own worth more than their annual salary. The rules of the House also contain a catchall provision. Any "relevant interest," not otherwise required to be disclosed, which provides information "which might reasonably be thought by others to influence [a Member's] actions, speeches, or votes in Parliament" must also be shown on their disclosure form.

Figure 2 below reprints the disclosure form that had been filed by British Member of Parliament Anthony Baldry. It shows that he is a director in seven different companies, including as chairman of a company in the natural resource business in Sierra Leone and one exploring for oil in Central Asia. He has stock in nine companies with the "(a)" indicating that his holdings exceed 15 per cent of the outstanding shares and the "(b)" that he owns more than the equivalent of US\$ 95,000 in shares.

**Figure 2. Financial Disclosure Form of Anthony Baldry, MP**

<p><b>1. Remunerated directorships</b></p> <p>Chairman (non-executive), Red Eagle Resources <u>PLC</u>; investing in agriculture and natural resources in <u>Sierra Leone</u>.  Chairman (non-executive), Westminster Oil Limited; a <u>BVI</u> registered company, development of oil licenses and exploration.  <u>West African</u> Investments Ltd; investing in infrastructure and natural resource projects in Sierra Leone and elsewhere in West Africa.</p> <p>Halcyon Oil Limited; a <u>Hong Kong</u> registered company focusing on oil exploration and discovery projects in <u>Central Asia</u>.</p> <p>Partner Capital Ltd (non-executive); an <u>FSA</u> regulated equity fund.</p> <p>Master mailer Holdings plc; development of stationery and stationery products.</p> <p>Deputy Chairman, Woburn Energy plc; <u>AIM</u> listed company specialising in oil exploration and recovery.</p> <p><b>2. Remunerated employment, office, profession etc</b></p> <p>Practicing barrister, arbitrator and mediator.</p> <p>Executive Partner in Diamond Film Partnership; a <u>UK</u> partnership promoting UK film and television production rights.</p> <p>Chairman of the <u>Advisory Committee</u> of Curve Capital Ventures Ltd; a sector neutral investment company that predominantly invests in India, China and Africa and advises companies on strategic growth and global expansion.</p>
<p><b>4. Sponsorship or financial or material support</b></p> <p>I employ a research assistant who receives some funding direct from the Lighting Industry Federation, solely in connection with work that she does in support of the Associate All-Party Lighting Group.</p> <p><b>8. Land and Property</b></p> <p>A cottage in Oxfordshire.</p> <p><b>9. Registrable shareholdings</b></p> <p>(a) Red Eagle Resources PLC  (a) Carbon Registry Services Ltd.  (a) West African Investments Ltd.  (a) Halcyon Oil Limited  (b) 3DM PLC  (b) SPDG plc  (b) Petro quest Ltd (owns shares in Westminster Oil Limited)  (b) Master mailer plc; supplier of secure stationery  (b) Woburn Energy plc.</p> <p><b>10. Miscellaneous and unremunerated interests</b></p> <p>Shareholding of below registrable value in Carbon Registry Services Ltd.</p>

**Wealth Monitoring.** When the aim of the disclosure regime is to monitor changes in employees' wealth, the law must require that the actual value of each asset and gift received and the amount of any income earned from outside activities be provided as well.

Hong Kong was the first jurisdiction to use financial disclosure to monitor employee wealth. A 1990 law required public servants periodically to file a statement showing the value of their assets. If the anti-corruption agency detects a significant increase, it can demand that the employee explain the change. Failure to provide a satisfactory one constitutes the offense of "illicit enrichment."

Although public employees may occasionally reveal information pointing to illegal activity, rarely do those embezzling public funds, accepting bribes or otherwise enriching themselves through corrupt activities disclose that their assets are increasing as a result. When the law requires that the value of assets be divulged, understating the value of land, buildings, shares or other assets that the employee owns must be made a crime. As noted above, falsifying a disclosure is a much easier crime to prove than the underlying corruption, particularly when bribery is involved. There are usually no witnesses when a bribe is passed, and even when there are, a causal link between the receipt of the bribe and an official action must be demonstrated. By contrast, showing that an employee failed to accurately report the value of his or her assets is a straightforward matter.

Figure 3 is an example of a disclosure form showing asset values. It is an excerpt from the 2007 financial disclosure of Indonesian President Susilo Bambang Yudhoyono. The first part lists the real property (*harta tidak bergerak*) that the President owns; the second part, the two automobiles or moveable property (*harta bergerak*) that he owns. The value in rupiahs of each item, on the first day of the reporting period (July 23, 2001) and the last day (May 10, 2004) appears in the two columns to the right.

Item A(4), for instance, is a house worth 1.3 billion rupiahs (approximately US\$ 130,000) and B(a)(1) is a 1994 Honda Accord automobile that he estimated to be worth US\$ 11,000.

**Figure 3. Excerpt from President Bambang yudoyono's Financial Disclosure Report for 2006**

KPK		
Status Laporan		
	23 Juli 2001	10 Mei 2004
<b>II. DATA HARTA</b>		
<b>A. HARTA TIDAK BERGERAK (TANAH DAN BANGUNAN)</b>	Rp. 1.245.504.000	Rp. 1.245.504.000
1. Tanah seluas 950 m2, di Kabupaten BOGOR, yang berasal dari HASIL SENDIRI, perolehan tahun 1999	Rp. 45.600.000	Rp. 45.600.000
2. Tanah seluas 1.000 m2, di Kabupaten BOGOR, yang berasal dari HASIL SENDIRI, perolehan tahun 1999	Rp. 48.000.000	Rp. 48.000.000
3. Tanah seluas 1.000 m2, di Kabupaten BOGOR, yang berasal dari HASIL SENDIRI, perolehan tahun 1999	Rp. 48.000.000	Rp. 48.000.000
4. Tanah & Bangunan seluas 3.186 m2 & 900 m2, di Kabupaten BOGOR, yang berasal dari HASIL SENDIRI, perolehan tahun 1996	Rp. 1.103.904.000	Rp. 1.103.904.000
<b>B. HARTA BERGERAK</b>		
<b>a. ALAT TRANSPORTASI DAN MESIN LAINNYA</b>	Rp. 567.000.000	Rp. 567.000.000
1. MOBIL, merk HONDA ACCORD, tahun pembuatan 1994, yang berasal dari HASIL SENDIRI, perolehan tahun 1994	Rp. 110.000.000	Rp. 110.000.000
2. MOTOR, merk SUZUKI TORNADO, tahun pembuatan 1997, yang berasal dari HIBAH, perolehan tahun 1997	Rp. 7.000.000	Rp. 7.000.000

### 4.3 How Frequently Should Disclosure be Made?

Although the provisions governing how frequently a financial disclosure statement must be submitted vary, three patterns can be discerned. Probably the most common is the one requiring that the submission be made periodically, annually, or, as in the case of the new Jordanian law, biennially. Less common are laws that are event driven. Filers must update their submission whenever there is a "significant" change in their holdings. A third pattern, found in several African states, requires officials to make a disclosure upon entering the government and a second upon leaving.



Periodic reporting is most often associated with public disclosure, while the other two are almost always found when the filings are non-public. Some laws are a combination of one or more variety. In Kenya, covered officials must file annually as well as upon entering and leaving government. In Algeria, reporting officials must not only update their forms whenever there is a significant change in their finances but also file annually.

If policymakers do decide to enact a financial disclosure law, the question of how often to require disclosures will turn on a series of practical questions. How frequently do people enter and leave government service? How long do they stay in service? If most civil servants remain with the government for life, requiring that they file every two years may be enough, particularly when the cost to the government and the individual of more frequent filings is taken into account. For ministers or those who enter and leave government on short-term assignments, the biennial requirement could be supplemented by requiring a submission upon leaving government.

#### **4.4 How Should a Disclosure Program be Administered?**

There is great diversity in the administrative arrangements for income and asset disclosure programs. Some countries have established an independent agency to manage their program while others have assigned responsibility to a civil service commission or other personnel agency. Some divide the different administrative tasks among different entities; others do not.

One of the few areas where a pattern is discernable is in the administration of programs covering parliamentarians or judges. The legislature or judiciary almost always manages these programs separately from those covering executive branch staff. The reason given is the need to maintain the separation of powers. Legislators and judges fear that, if they are subject to an agency outside their control, it

could compromise their independence. Arrangements for legislatures and courts are usually fairly simple because there are so few employees involved. The judiciary will typically have an office in the judicial council or other governing body to oversee judges' submissions. Legislatures will typically assign responsibility to an ethics committee or an office within the leadership.

As a result of the recent uproar over the abuse of expense accounts in the United Kingdom, an independent entity has been proposed to administer all parliamentary ethics laws. Many observers of parliaments have long recommended such a step but few parliaments have been willing to take it. Whether the controversy in the United Kingdom will provoke a rethinking of this position by other legislatures remains to be seen.

Because they have so many employees, agencies responsible for executive branch disclosure usually have the most complex structure. Administration of a financial disclosure program requires that five discrete tasks be performed as follows:

- (1) Form management (receipt and review of submission/omissions; notification of non-filers);
- (2) Training and counseling on compliance;
- (3) Review with the employee to determine conflicts of interest;
- (4) Verification of submissions;
- (5) Investigation and prosecution of violators.

A common pattern is for the first three of the five tasks identified to be handled by a single agency. Managing the receipt of the disclosure forms and helping employees to obey the law are compliance functions, whereas the last two

involve law enforcement. While several countries combine compliance with enforcement, this may not be the best solution. Compliance personnel want those with questions to come forward and seek answers. If compliance officers are housed in the same agency as enforcement staff, some employees may be reluctant to discuss possible conflicts of interest or questions about what they must disclose out of fear that they would be turned over to the enforcement wing. Recruitment can also be more complicated if the agency is hiring both compliance and enforcement staff. Separating compliance from enforcement can also prevent duplication and overlap, and thus bureaucratic turf wars, with police and prosecution agencies.

The United States federal government separates compliance personnel from enforcement staff. The Office of Government Ethics is responsible for compliance. It receives the forms of those required to make public declarations and ensures that they are properly completed. Personnel from the office also counsel filers on possible conflict-of-interest situations and how they can be managed. Enforcement is left to the public prosecutor for criminal offenses and to administrative agencies for lesser transgressions.

A slight variation on this model is used in Argentina and Madagascar. In these countries the anti-corruption agencies perform not only the first three tasks but some verification as well. The Argentine agency checks filings against land and vehicle registries. Its counterpart in Madagascar compares filings with tax records. Until recently, the Argentine office posted the names of non-filers or those whose declarations appeared to be inaccurate. This was the office's way of pressuring the judiciary to pursue cases.

These offices do not extend their oversight beyond this "passive" form of verification. They do not review bank records, put suspects under surveillance, or otherwise actively seek to verify their financial disclosures. This work is left to the public prosecutor.

## 5. Conclusion

An income and asset disclosure program can be a useful tool for combating corruption, but it must be designed and administered with the particular circumstances of the country in mind. Developed and developing countries have rich experience with these programs upon which reformers can draw when establishing a program or revising an existing one. Policymakers contemplating adoption of such a program or revisions to an existing program will want to examine these experiences carefully.

## Appendix

### Income and Asset Disclosure in Countries and Areas that are World Bank Clients

In order to provide an overview of the types of income and asset disclosure requirements in countries and areas around the world, the following breakdowns of those that are clients of the World Bank may be useful.

			Disclosure required (106)		Disclosure not required (42)	
		Public (33)		Non-public (73)		
East Asia/Oceania	Indonesia	Philippines	China	Papua New Guinea	Cambodia	Micronesia
	Marshall Islands	Thailand	Malaysia	Solomon Islands	Fiji	Myanmar
	Mongolia	Viet Nam	Palau	Vanuatu	Kiribati	Samoa
					Lao People's Democratic Republic	Timor Leste
					Tonga	
Eastern Europe/ Central Asia	Albania	Lithuania	Armenia	Macedonia	Estonia	Turkmenistan
	Bulgaria	Montenegro	Azerbaijan	Poland	Tajikistan	Uzbekistan
	Croatia	Moldova	Belarus	Serbia		
	Kyrgyzstan	Romania	Bosnia and Herzegovina	Slovak Republic		
	Latvia	Russian Federation	Kazakhstan	Turkey		
		Ukraine				
Latin America	Argentina	Chile	Antigua/ Barbuda	Haiti	Barbados	Suriname
	Belize	Jamaica	Colombia	Honduras		St. Vincent and the Grenadines
	Bolivia	Nicaragua	Costa Rica	Mexico		
	Brazil	Paraguay	Dominica	Panama		
			Dominican Republic	Peru		
			Ecuador	St Kitts/Nevis		
			El Salvador	St Lucia		
			Grenada	Trinidad and Tobago		
			Guyana	Uruguay		
			Guatemala	Venezuela		
Middle East/ North Africa	Iraq		Algeria	Morocco	Djibouti	Libya
			Egypt	Tunisia		Syria
			Iran (Islamic Republic of)	West Bank/Gaza		Yemen
			Jordan			
			Lebanon			
South Asia			Bangladesh	Pakistan	Afghanistan	Maldives
	Bhutan		India	Sri Lanka		
			Nepal			
Africa	Cape Verde	Sao Tome/Principe	Benin	Malawi	Angola	Mauritius
	Central Africa Republic	South Africa	Burkina Faso	Mali	Botswana	Mauritania
	Liberia		Burundi	Mozambique	Comoros	Senegal
			Cameroon	Namibia	Cote d'Ivoire	Seychelles
			Chad	Niger	Eritrea	Sierra Leone
			Democratic Republic of the Congo	Nigeria	Ethiopia	Somalia
			Equatorial Guinea	Rwanda	Gabon	Sudan
			Gambia	Rep. of Congo	Guinea	Swaziland
			Ghana	Tanzania	Guinea	Togo
			Kenya	Uganda	Bissau	Zimbabwe
			Madagascar	Zambia	Lesotho	

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