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**Conference room paper submitted by the Regional
Anti-Corruption Initiative (RAI): The International Treaty
for the Verification of Asset Declarations****

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The International Treaty for the Verification of Asset Declarations

This Treaty will for the first time ever enable countries to exchange data cross-border for the verification of assets disclosed in one country, but located in another country.



Why this Treaty?

Asset declarations are one of the major tools for preventing and detecting illicit enrichment and conflicts of interest among public officials. Therefore, the vast majority of countries of this world have an asset declaration system in place.

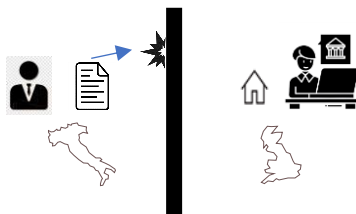
Countries usually require public officials to declare not only domestic, but also foreign income and assets. Where this is not the case yet, international monitoring bodies, such as UNCAC Peer Review or GRECO, recommended doing so. Thus, a public official owning for example real estate abroad will have to declare this in his home country:



How to verify the information about the foreign real estate? The information can usually be found only in a registry of the country where the asset is located:



Almost all state databases across the world are not publicly searchable by names, not to mention even various language barriers. This leaves the anti-corruption bodies checking the veracity of asset declarations with a huge gap: They can basically check only data on domestic income and assets, but close to zero databases abroad. And corrupt public officials hiding their wealth abroad get away with their cheating. They profit from a completely unnecessary information barrier existing until today between all countries of this world:



Other avenues do not work: Verifying asset declarations is not a criminal procedure, but a preventive measure. Thus, international conventions on criminal cooperation do not apply. Similarly, the verification of an asset declaration is not a tax case. So existing mechanisms on cooperating globally on exchanging administrative tax data do not work. As a result, all countries of this world cooperate on criminal and tax matters based on numerous multilateral treaties, but no such mechanism exists even only between two countries for verifying asset declarations:



Countries with a cooperation mechanism for criminal and tax matters (marked in blue): > 190

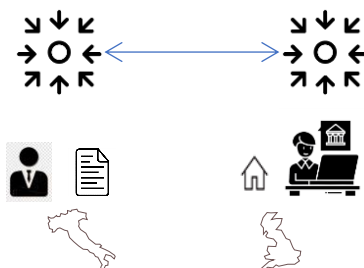


Countries with a cooperation mechanism for verifying asset declarations (marked in blue): 0

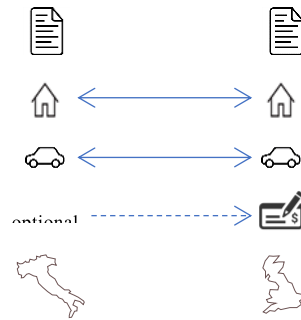
This creates a scandalous gap: While asset declarations are one of the most important tools in fighting corruption, until recently, nothing had been done to enable international cooperation. The Treaty intends to close this gap. Three countries signed the Treaty in March 2021, and after ratification of the signatures, it will enter into force.

How will the future data exchange work?

Each member state will designate a focal point. In case one member state needs foreign data for verifying an asset declaration, its focal point will contact the foreign focal point, which will provide the data using its domestic network:



As a basic rule, integrity bodies of two member states may exchange data if both integrity bodies use the same category of data for their verification purposes. Integrity bodies can also provide additional data, which only the requesting member state uses for the verification of declarations:



Requests for data can target a specific official, following a lead to relevant data abroad. Requests can also address certain patterns of hidden assets. For example, public officials might tend to invest in real estate of another member state. In all these cases, the Treaty provides a legal basis for member states to cross-check data contained in asset declarations and real estate cadastres.

Member states have the right to decline a request for data under various grounds such as legality or impossibility. They are obliged to adhere to the confidentiality standards of the supplying member state.






All of this are mechanisms well-proven in practice under the international “Convention on Mutual Administrative Assistance in Tax Matters”, developed jointly by the Council of Europe and the OECD in 1988. The wording of the Treaty is by and large based on this Convention.

Who can join the Treaty?

Any country of this world can join the Treaty. This is done in line with international practice by signature or accession. The European Union has a privileged status and can join the Treaty as a block. This will by one simple step facilitate data exchange with 27 countries, including many important destinations for hiding assets:



Which international standards support the Treaty?

	<p>The UNCAC promotes “international cooperation [...] in civil and administrative matters relating to corruption” (Art. 43 paragraph 1).</p>	
	<p>The wording of the Treaty is by and large based on the “Convention on Mutual Administrative Assistance in Tax Matters”, developed jointly by the Council of Europe and the OECD in 1988.</p>	 <p>COUNCIL OF EUROPE CONSEIL DE L'EUROPE</p>
<p>In 2015, the European Court of Human Rights approved an instrument for international administrative exchange for tax verification purposes, including even banking data (Application no. 28601/11).</p>		 <p>EUROPEAN COURT OF HUMAN RIGHTS</p>
	<p>The EU General Data Protection Regulation foresees in its Art. 48 to respond to a “decision of an administrative authority of a third country” and “to transfer or disclose personal data [...] if based on an international agreement, such as a mutual legal assistance treaty”.</p>	

Who calls for such a Treaty?

<p>Resolution 6/4 of the sixth Conference of the States Parties to the UNCAC (November 2015) invites State Parties “to consider the possibility of concluding [...] treaties [...] on [...] administrative matters relating to corruption, including international cooperation”.</p>	
	<p>The Summit of heads from EU member states and Western Balkans governments held in Trieste in 2017 encouraged “Western Balkans Governments [...] to endorse and adopt [the] Regional Anti-Corruption Initiative’s International Treaty on Data Exchange on Asset Disclosure and Conflict of Interest”.</p>
<p>The UNODC “Global Expert Group Meeting on Corruption involving Vast Quantities of Assets” reached the following Recommendation 2 in 2019 on “asset disclosure and verification”: “International cooperation for asset verification should be strengthened, such as by exploring the possibility of entering into bilateral, regional or multilateral arrangements or instruments.”</p>	

	<p>During the Consultation Process in Preparation of the UN General Assembly Special Session against Corruption 2021, the UNCAC Coalition recommended the International Treaty on Exchange of Data for the Verification of Asset Declarations as an example of good practice.</p>	
	<p>Technical assistance projects, such as by the Council of Europe or the OECD have issued recommendations to countries in and outside Europe to join the Treaty.</p>	
<p>Asset declarations “systems can be a powerful tool [...] especially when combined with [...] country adherence to the International Treaty on Exchange of Data for the Verification of Asset Declarations” (Transparency International, Addressing corruption as a driver of democratic decline, Positions towards Summit for Democracy 2021).</p>		
<p>Experts working for important anticorruption stakeholders provided input to the Treaty, including the Basel Institute of Governance, the European Commission, the Regional Cooperation Council, UNODC, UNDP and the World Bank). One of the two negotiation rounds took place at the International Anti-Corruption Academy.</p>		

Where do I find more information?

A webpage dedicated to the Treaty provides the text of the Treaty and explanatory notes. Texts are available in six languages, and translation into more languages is in progress (<https://raisee.org/regional-data-exchange-on-asset-disclosure-and-conflict-of-interest/>).