

# CONFLICT OF INTEREST (COI)



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**“ ANYONE WHO WANTS  
TO TACKLE CORRUPTION  
MUST BE WILLING TO GO  
ALL THE WAY. THERE ARE  
NO SHORTCUTS.**

**Oby Ezekwesili**



**TRANSPARENCY  
INTERNATIONAL**  
the global coalition against corruption

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# What is Conflict of Interest?

## Examples:



### NEPOTISM

Giving favors to relatives and close friends.



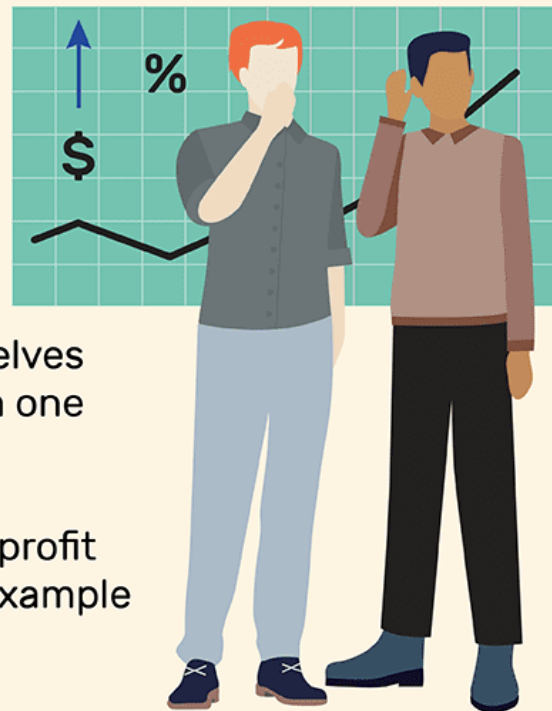
### SELF-DEALING

When someone acts in their own interest rather than the interest of the organization.

## When it is Illegal:

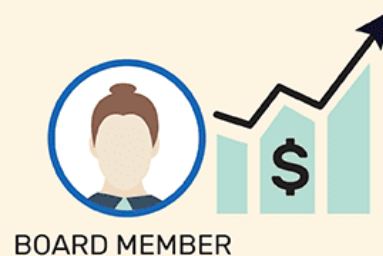
### PUBLIC SECTOR

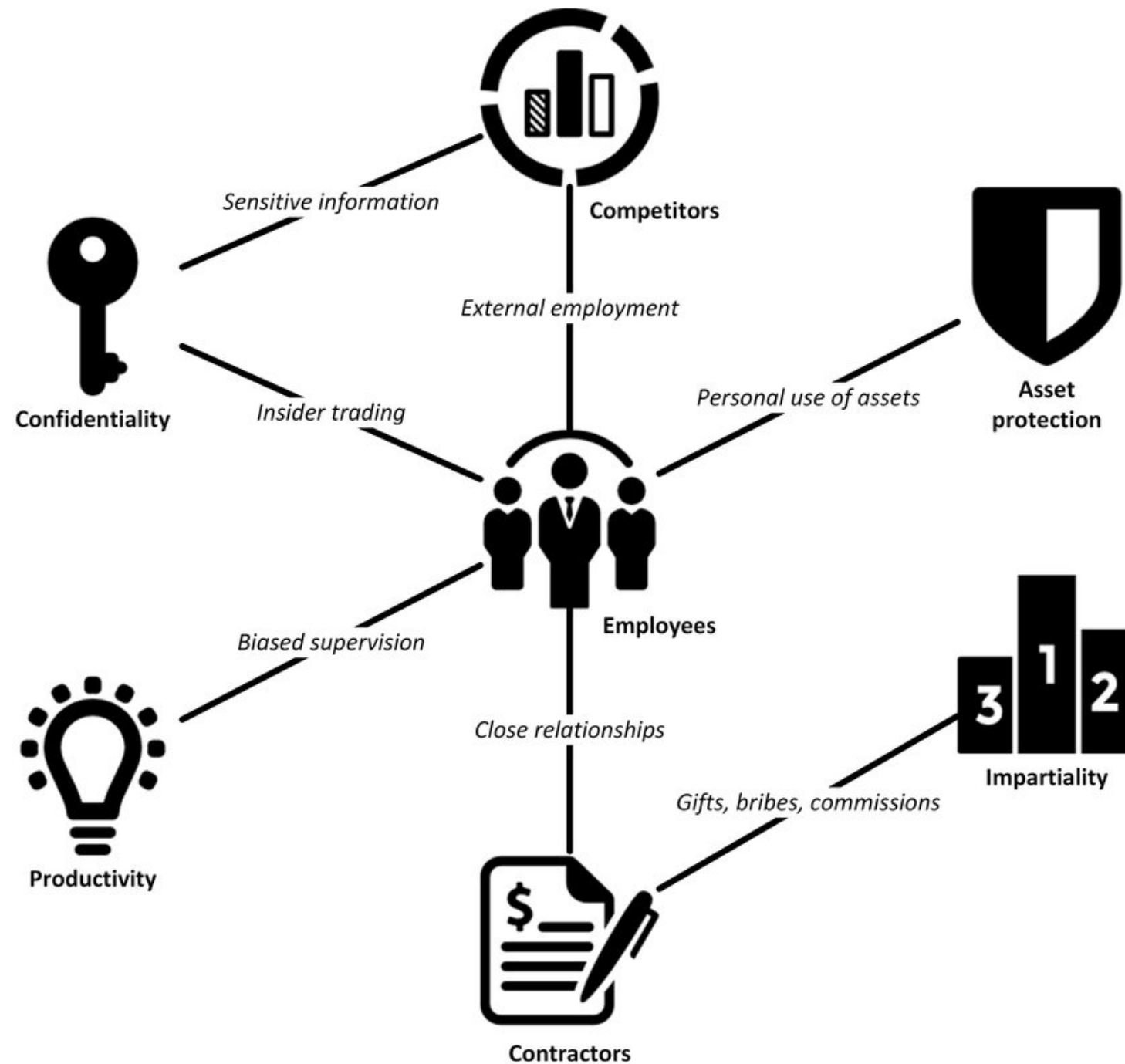
- Judges must recuse themselves if there is a relationship with one of the parties in a case.
- If the legislator attempts to profit from knowledge, this is an example of insider trading.



### PRIVATE BUSINESSES

If a company has proof that a board member profited from their role on the board, the board member can be taken to court.







# CONFLICT OF INTEREST (COI)

- Situation where **individual** or **entity** for which they work (*government, business, media outlet or CSO*)
- Confronted with **choosing** between duties and demands of position and own private interests



# WHY IT MATTERS

- Entities establish **policies** and **procedures**
- **Identify, monitor** and **manage** conflicts of interest
- Risk of **corruption** – **actual, potential** or **perceived**





# WHY REGULATE?

- Central tenet of public service - subordination of **personal interests** to **public interests**
- **Failure** to do so - underlying cause of **unethical** behaviour in public sector



# COI

- *“Public official has private or other interest such as to influence, or appear to **influence, impartial and objective performance of official duties**”*
- **Appearance** alone sufficient to damage institution's reputation
- Not evidence of **wrongdoing**
- Officials inherently occupy **multiple social roles**





# COI

- **Right measures** in place
- *Quickly detected and easily defused – voluntarily – before any **impropriety** take place*
- If situations not **identified promptly** and **managed adequately**
- **Opportunities** materialize for public officials to take advantage of position to pursue private advantage at expense of public interest



# REGULATING COI

- **Different forms**
- ***Legislation***
- ***Codes of conduct***
- ***Management guidelines***
- **3 Areas**



# 1. PROHIBITION: OFFICIALS PROHIBITED FROM

- ☐ Holding **another post** in different branch of government
- ☐ **Private sector employment** (including consulting)
- ☐ Any **ownership stake** in private legal entity conducting business with government
- ☐ Accepting **certain kinds of employment** within specified time period after leaving office



## 2. INTEREST DISCLOSURE

- Officials and members of government regularly **declare** past and present interests
- **Income** and **asset** disclosure
- **Financial assets** and **other interests**
- Include interests, holdings and liabilities of officials' **spouses** and **children**



### 3. RESOLUTION

- ☐ **Recusal**
- ☐ Divestment or **liquidation** of particular interest
- ☐ **Restriction** of official's access to sensitive information
- ☐ **Transfer** of public official to alternative duty
- ☐ **Resignation** of public official from conflicting private-capacity function



# OTHERS AREAS

- ☐ Procurement
- ☐ Revolving door
- ☐ Sharing confidential information and insider trading
- ☐ Nepotism and cronyism
- ☐ Private financial interests
- ☐ Fraud and bribery



**“ PEOPLE’S INDIFFERENCE  
IS THE BEST BREEDING  
GROUND FOR CORRUPTION  
TO GROW.**

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**Delia Ferreira Rubio**  
Chair of Transparency International.

