

CONFLICT OF INTEREST POLICY



Transparency Maldives, the National Chapter of Transparency International in The Maldives, is a non-partisan organization that promotes collaboration, awareness and undertakes other initiatives to improve governance and eliminate corruption from the daily lives of people. Transparency Maldives views corruption as a systemic issue and advocates for institutional changes that will punish and prevent corruption.



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Conflicts of interest themselves are not evidence of wrongdoing, however, if detected and addressed timely, it can prevent any impropriety and possible disrepute to an organization. Identifying and managing conflicts of interests is a key preventative measure to create a high ethical standard within an organization and its members, and safeguards the organization from being abused or misused for personal gain or purposes that deviate from the organization's legitimate purposes.

Measures to address conflicts of interest in an organization's operations can take the form of a separate conflict of interest policy, as behavioral standards on conflict of interest stipulated as part of the code of conduct, as specific management rules on conflict of interest or as provisions in employment agreements. Whichever format an organization chooses, it is important that guidelines are in place to identify conflicts of interest and ways to address them in order to ensure that instances of actual, potential and perceived conflicts of interest are addressed and opportunities for unethical or corrupt behavior is deterred. As such, the following are some best practice measures that organizations can undertake to regulate conflicts of interest, and mitigate and address such situations.

- Ensure specific layers of the organization such as the governing board members and top management are obliged to declare their past and present interests at the commencement of the term of service, as well as declare any additional interests regularly during their tenure.
- Ensure that the disclosure requirements include declaration of private interests such as business activities and employment, as well as financial interests. Organizations are encouraged to require senior officials to include and disclose the interests, holding and liabilities of spouses and children, in addition to declaration of their own interests.
- Establish clear procedures on how to address conflicts of interest situations including conditions and procedures for recusal from decision making or participation in discussions, restrictions on access to information, and complete withdrawal or transfer from a duty or position from a conflict of interest situation.
- Establish sanctioning or disciplinary action for failure to declare and manage conflicting interests.
- Additional conflict of interest mitigation measures organizations can adopt include restrictions on secondary employment, restrictions in hiring immediate family members, restrictions in procurement, and measures on revolving door.

Whilst it is impossible to address all possible conflicts of interest, the following conflict of interest policy template covers minimum standards on conflict of interest. Annex 2 provides a Dhivehi translation of the conflict of interest policy template.

Template: Conflict of interest policy

Guidance Note:

A conflict of interest policy should include the following:

- ▼ Definition of what constitutes a conflict of interest.
- ▼ Procedures for disclosing a conflict of interest to the appropriate leaders.
- ▼ A requirement that any individual with a conflict should not be present at or participate in deliberation or vote on the matter.
- ▼ Prohibition against any attempt by an individual to improperly influence the deliberation or voting on the matter related to a conflict.
- ▼ Requirement that the existence and resolution of the conflict of interest be documented in the organization's records.
- ▼ Procedures for disclosing, addressing, and documenting related transactions.

The following policy template sets minimum standards and individual conflict of interest policies can be expanded as required by the organization.

1. Introduction

This policy defines what constitutes conflict of interest, procedures for disclosing conflict of interest, procedures for managing and addressing conflict of interest.

1.1 Purpose:

The purpose of this policy is to protect the interests of (name of the organization) by:

- a.** Ensuring that governing board members, members and employees of (name of the organization) are aware and sensitive to potential conflicts of interest
- b.** Preventing the personal interest of the governing board members, members and employees and independent contractors from interfering with their duties to the organization
- c.** Avoiding any unethical financial, professional or other gain on the part of the individuals.
- d.** Providing guidance on how to avoid and address conflict of interest situations.

1.2 Definition:

For the purpose of this policy, a conflict of interest is any situation where a governing board member, general member or employee is confronted with a real conflict between choosing the duties and demands of their position and their own private interests. The conflict of interest could be potential as well, where a conflict of interest may arise in the future. Conflict of interest situations can also be a perceived conflict of interest.

1.3 Scope of application:

This policy is applicable to the governing board members, general members and employees of (name of the organization).

The “interests of any person associated with (name of the organization)” include the interests of any person with whom they have a close personal relationship, including their spouse, life partner, children, parents or siblings.

2. General Policy

2.1 Duty to disclose

Every person associated with (name of the organization) must avoid or manage any, real, potential or perceived conflict of interest (inter alia by refraining from any decision making or voting on matters subject to a potential conflict of interest), and have a duty to disclose any potential or actual conflict of interest which arises through his/her association with (name of the organization).

2.2 When and how to disclose

- a.** Governing board members and management officials shall declare all their financial and non-financial interests apart from those which could not potentially lead or be perceived as a conflict of interest.
- b.** Governing board members shall declare their financial and non-financial interests by filling a register of interest, at the beginning of their term of service.
- c.** Register of interest of the governing board shall be made available to members and the public.
- d.** Governing board members shall update the register of interest bi-annually.
- e.** In addition to annual disclosure, ad hoc declaration should be practiced when a situation arises.
- f.** Where there are personal safety risks or similar serious concerns regarding full publicity of the register of interest, parts or even the whole of the declaration should be submitted to the Chairperson/President of (name of the organization), and act upon it as appropriate, in confidence.

2.3 Process for managing potential Conflicts of Interest

- a.** Potential conflicts of interest should be identified and declared by the person in potential conflict, or reported by other members of the organization, as soon as they become aware of such potential conflict of interest.
- b.** Such disclosure or report should be made to the Chairperson, Secretary General or another suitable senior officer assigned to report and record this disclosure.
- c.** The evaluation of a potential conflict of interest must be made by the governing board and by uninvolved individuals or the organization's ethics committee. The evaluation may determine the absence of a conflict of interest, or it may lead to the conclusion that the individual should recuse him/herself from participating in the decision or activity with reference to the matter in conflict.
- d.** The Chairperson, and/or the respective Chief Executive is responsible for ensuring that all persons associated with the activities of (name of the organization) are made aware of the policy and procedures regarding conflict of interest.

2.4 Action on failure to disclose

- a.** If the governing board members reasonably believe a general member or staff member failed to disclose an existing or possible conflict of interest, the Chairperson or other members of the governing board shall inform the individual of the rationale for such belief and grant the individual an opportunity to explain the alleged failure to disclose the conflict of interest.
- b.** After hearing the individual's response and investigating further as warranted by the circumstances, the governing board may take appropriate disciplinary action as per the disciplinary rules of (name of the organization).

This conflict of interest policy should be made available to all members and staff associated with (name of the organization).