

IMPROVING THE CONFLICT OF INTEREST REGULATORY FRAMEWORK IN ALBANIA

Tirana, 31 October, 2014

It is a pleasure for me to welcome you to today's conference on behalf of the Rule of Law Program South East Europe of the Konrad Adenauer Foundation on the topic of "Challenges to Managing Conflict of Interest in Albania".

I would like to express my thanks to our project partner the Institute for Democracy and Mediation and to all those who have done the research and written the study that will be presented today.

Let me start with a few facts about the organization I work for. Konrad Adenauer Foundation is a German nonprofit NGO which is affiliated to the Christian Democratic Movement. We stand for the Christian Democratic values of freedom, solidarity and justice.

(...)

A conflict of interest is a set of circumstances that creates a risk that professional judgement or actions regarding a primary interest will be unduly influenced by a secondary interest. Primary interest refers to the principal goals of the profession or activity, such as the protection of clients, the health of patients, the integrity of research, and the duties of public office. Secondary interest includes not only financial gain but also such motives as the desire for professional advancement and the wish to do favors for family or friends but they usually focus on financial relationships. More generally conflicts of interest can be defined as any situation in which an individual or corporation, either private or governmental, is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit.

The most common forms of conflicts of interest are:

- Self-dealing in which an official who controls an organization causes it to enter into a transaction with the official, or with another organization that benefits the official. The official is on both sides of the "deal".
- Outside employment, in which the interests of one job contradict another.
- Family interests, in which a spouse, child, or other close relative is employed or applies for employment or where goods or services are purchased from such a relative or a firm controlled by a relative.
- Gifts from friends who also do business with the person receiving the gifts.
- Pump and dump, in which a stock broker who owns a security artificially inflates the price by "upgrading" it or by spreading rumors, sells the security and adds short position, then "downgrades" the security or spreads negative rumors to push the price down.

Regulating conflict of interest in government is one of the aims of political ethics. Political officials are expected to put service to the public and their constituents ahead of their personal interests. There is probably no country in the world in which this functions perfectly well. Therefore conflict of interest remains a major matter of public concern.

Albania started to address the conflict of interest by legal and institutional means in the early 2000s. In 2003 the law on the declaration and control of assets of public and elected officials was adopted by parlia-

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ment and in 2005 the law on prevention of conflicts of interest. Both laws were amended several times.

Albania also set up an institution the mandate of which is to pursue the implementation of the two laws, the High Inspectorate of Declaration and Audit of Assets and Conflict of Interest.

In the context of this project both the legislative and policy framework and institutional setting and mechanisms set in place for the implementation and the level of implementation and practice in terms of both legal and institutional setting in the sphere of preventing conflict of interest were assessed.

The findings of the study will be presented by the next speaker so I will refrain from making too many remarks about its content. But I consider this study extremely helpful because it does not only provide a comprehensive analysis of the legal and institutional framework in Albania and shows up shortcomings and deficits that need to be addressed in the future but also comes up with several concrete proposals to improve the current situation.

In South East Europe many good laws have been passed in recent years and many institutions have been set up to implement these laws. But it is a general conclusion that there are implementation shortcomings due to lack of political will which also very often results in understaffing and insufficient financial allocation of the institutions that were set up.

It is therefore extremely important that civil society monitors existing problems and puts pressure on political stakeholders to solve them. Fortunately Albania has professional NGOs like the Institute for Democracy and Mediation which work effectively in this direction and therefore have our full support.

Since the 24th June 2014 Albania has been an official candidate country of the European Union. That is a big success for the country and reflects an appreciation of all the efforts that have been made in this country in many regards, also in regard of developing the rule of law. I think we all agree that these efforts were not made because the EU demanded them but because they were and are in the interest of the Albanian people.

Let me once again thank all those who contributed to the success of this project. The Rule of Law Program South East Europe of

the Konrad Adenauer Foundation looks forward to cooperating with you in the future.