

The Ethics Office

INTERNATIONAL MONETARY FUND

Annual Report
2011

Ethics Applied



The Fund: Ethics Applied

“The reputation of a thousand years may be determined by the conduct of one hour.” — *Japanese Proverb*



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Mission Statement

The Ethics Office provides independent ethics advice to the Fund and its staff; promotes ethical awareness through outreach and training; and conducts preliminary inquiries and investigations into allegations of unethical behavior and misconduct.

The office is headed by the Ethics Advisor who reports directly to the Managing Director under a limited term appointment not to exceed five years.

Information disclosed by staff to the Ethics Office will be handled confidentially unless it involves possible past misconduct or raises a potential threat of physical harm. In such cases, information may be disclosed to other IMF officials on a need-to-know basis.

If you have an ethics question, please contact this office at ext. 39665, visit our office in HQ1-05-548 or send us an email at ethics@imf.org. You may also seek advice or report concerns about potential misconduct to the Ethics Office anonymously via the Integrity Hotline at 1-800-548-5384 or www.integrity-helpline.com/imf.jsp.

Ethics Applied

The application of the Fund's core ethical values in our daily lives is fundamental to our success as an organization. These values—integrity, impartiality and honesty—have been crucial to the Fund's reputation as a respected overseer of the international monetary system. They have helped position the Fund to meet the extraordinary challenges posed by today's economic environment.

The Fund's ethical framework provides a solid foundation of rules and policies—guiding principles intended to assist us in carrying out our obligations as international civil servants. However, such principles mean little unless they are thoughtfully and consistently applied.

The Ethics Office, through its function as a primary advisor and resource on ethics matters, and through its outreach programs, strives to ensure all staff have the knowledge needed to seamlessly incorporate the Fund's ethical standards into their everyday decision-making. Making the right ethical choice is not always easy. We frequently awake to headlines about a respected institution in trouble because an executive or employee has acted irresponsibly or failed to speak up when a situation indicated wrongdoing. The Fund itself was not immune to such media attention in 2011. The ethics program is aimed at providing each of us with the guidelines and confidence to make the right choices and to take action when necessary.

To carry out this mission, the Ethics Office, in 2011, expanded existing programs and launched new initiatives to provide: information about the Integrity Hotline; outreach to raise awareness about recognizing, preventing and reporting harassment; Mandatory Ethics Training; and contributions to a working group effort that reviewed the Standards of Conduct. That review resulted in a revised and consolidated GAO No. 33, the principle GAO governing staff conduct.

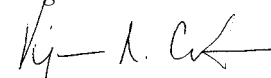
One of these initiatives, the Harassment Awareness Campaign, highlighted ways to recognize and respond to harassment—skills essential to ensuring it is neither repeated nor tolerated. Posters, brochures and a specific harassment component of the ethics training program reinforced the Fund's unequivocal position against any form of abusive behavior. Although the Ethics Office was actively engaged in ethics training in 2010, the pace accelerated in 2011 in response to Management's decision that a Mandatory Ethics Training Program be developed and implemented. Training was provided to 482 senior level staff through the first phase of that initiative which ran from October to December 2011. Training for all other Fund staff began in January 2012.

All these efforts, as well as the many hours the Ethics Office dedicates to providing advice and, in some cases, conducting inquiries and investigations, support and build upon the Fund's ethics culture.

2012 marks the beginning of my third year as the Fund's Ethics Advisor. While there is more to be done, the Fund has made significant strides to bolster a greater understanding of and adherence to the Fund's ethical standards. It is a tribute to the integrity of the Fund and its staff that it is looked to for guidance during this period of global economic uncertainty and is truly a reflection of ethics well applied.

My staff and I enjoyed working with you in 2011 and look forward to meeting the challenges of 2012 together.

Virginia R. Canter



Ethics Advisor

International Monetary Fund



Section

2011 Activities and Operations

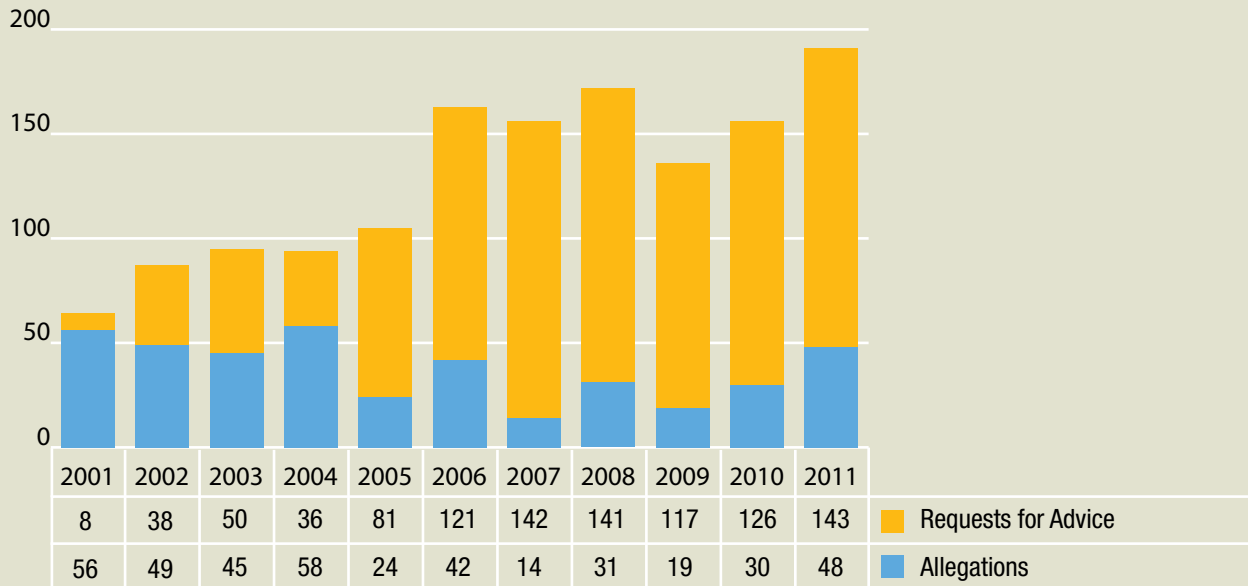
The following section provides 2011 data illustrating the range of ethics issues on which the Ethics Office was contacted directly for advice and about allegations of possible misconduct.

The tables and charts in this section assist the Ethics Office and Management in identifying issues that may require targeted attention. This data should also be viewed in conjunction with the Integrity Hotline statistics reported in Section 2 of this Report. Taken together, the information provides helpful indicators of staff and the public's awareness of the Fund's ethics and integrity program.

Categories of Advice and Allegations

Conflicts of Interest	Workplace Fairness
<ul style="list-style-type: none"> Obligations as an International Civil Servant Financial Conflicts of Interest Personal Conflicts of Interest Gifts Political Activities Post-Fund Employment External Activities 	<ul style="list-style-type: none"> Discrimination Harassment
Resources & Information	External Compliance
<ul style="list-style-type: none"> Publications & Public Statements Misuse of Resources & Non-Public Info 	<ul style="list-style-type: none"> Household Obligations (G4/G5 and taxes)

ETO Work Load – 2001 to 2011



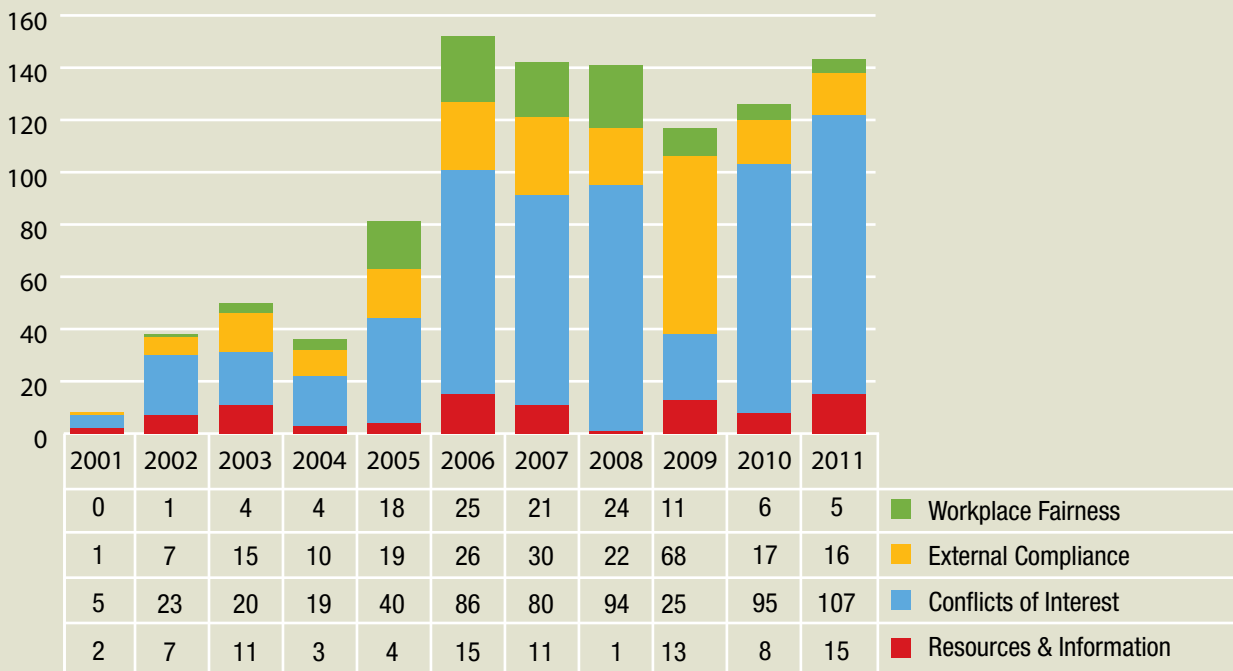
Caseload: Advice and Allegations

The Advice and Allegations categories correspond to the 12 Key Ethics Issues of primary concern to the Fund. These issues are explained in detail on the Ethics Office's website.

The Ethics Office responded to a total of 191 cases in calendar year 2011. Of these cases, 143 were requests for advice and 48 pertained to allegations of misconduct. These figures represent an increase of 23% over the 156 cases received in calendar year 2010. The increase in the number of 2011 cases may partly be attributed to outreach activities, such as the Integrity Hotline Awareness Campaign, expanded training and the Harassment Awareness Campaign, which the Ethics Office has initiated during the past two years.

We view the increase in referrals as a welcome sign that staff have become more sensitized to the importance of addressing ethics issues and are less afraid to speak up when confronted with potential misconduct.

Advisory Matters by Topic Groups – 2001 to 2011

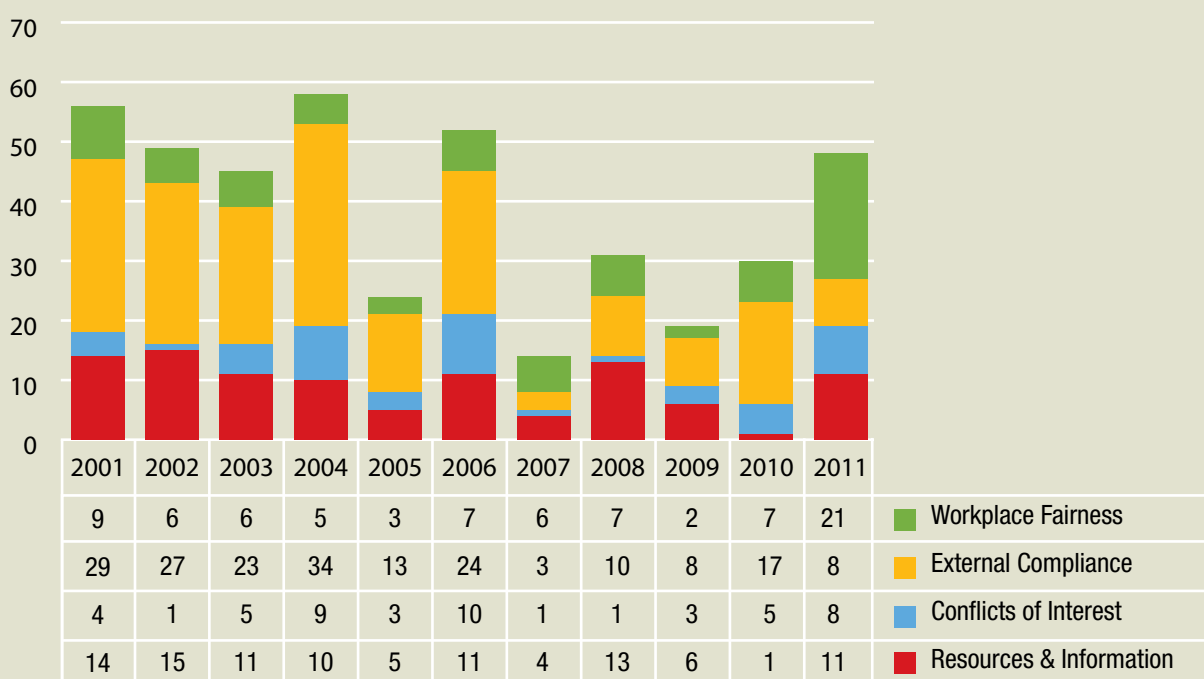


Advisory Cases

The 143 requests for advice represent an increase over the 126 requests received in 2010 and are more in line with those received in 2007 and 2008. This increase is likely due to the fact that the Ethics Advisor was appointed after a six-month vacancy in that position in 2009. In 2010, the Ethics Office began an extensive, multi-pronged program of outreach and ethics awareness. Since 2009 the number of requests has risen steadily.

Advice	
Obligations as an International Civil Servant	1
Financial Conflicts of Interest	7
Personal Conflicts of Interest	19
Gifts	25
Political Activities	1
Post-Fund Employment	2
External Activities	52
Publications & Public Statements	2
Misuse of Resources & Non-Public Information	13
Discrimination	0
Harassment	5
Household Obligations (G4/G5 and taxes)	16
TOTAL	143

Allegations by Topic Groups – 2001 to 2011

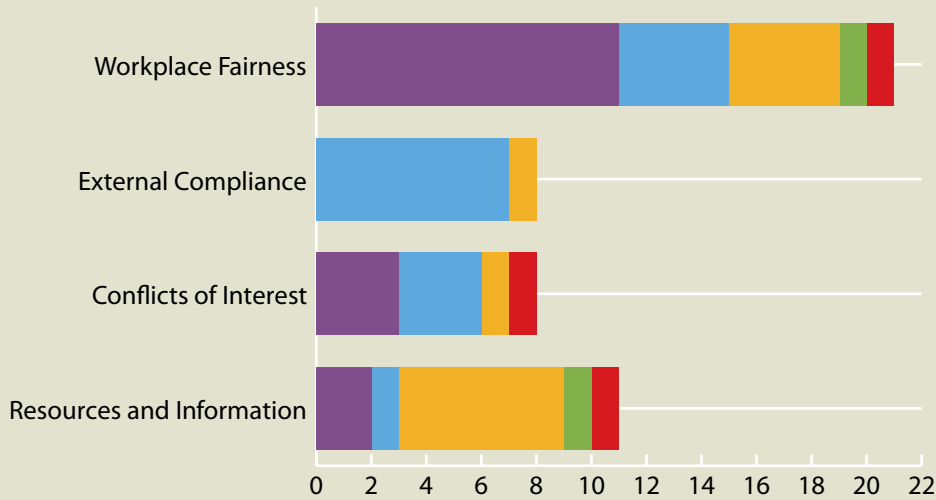


Allegations

Forty-eight allegations of misconduct were received in 2011 which was a marked increase over the 30 received in 2010. Harassment, misuse of resources and non-public information and household obligations constituted the subjects of most allegations. The increase in allegations is also likely due to the appointment of an Ethics Advisor and a multi-pronged outreach effort.

Allegations	
Obligations as an International Civil Servant	0
Financial Conflicts of Interest	6
Personal Conflicts of Interest	2
Gifts	0
Political Activities	0
Post-Fund Employment	0
External Activities	0
Publications & Public Statements	0
Misuse of Resources & Non-Public Information	11
Discrimination	2
Harassment	19
Household Obligations (G4/G5 and taxes)	8
TOTAL	48

Investigation Outcomes by Topic Groups – 2011*



	Resources & Information	Conflicts of Interest	External Compliance	Workplace Fairness
Dismissed/Withdrawn/Closed for Insufficient Evidence	2	3		11
Informal Resolution	1	3	7	4
Pending	6	1	1	4
No Misconduct	1			1
Misconduct Found	1	1		1

*If an investigation fell under more than one category, the matter was listed under the primary allegation.

Investigations and Outcomes

The Ethics Advisor carefully reviews all allegations of misconduct. If warranted, the Ethics Advisor makes a preliminary report to either HRD in cases involving A-level staff or to OMD for matters relating to B-level staff. Direction from HRD or OMD may then be received to investigate. Investigations are guided by the principles of thoroughness, fairness, confidentiality and freedom from retaliation in order to provide due process to all stakeholders.

Of the 48 allegations, 12 matters were pending at the time the 2011 Report was issued. Two matters resulted in a finding of no misconduct, 16 were dismissed, withdrawn or closed for insufficient evidence and 15 matters were informally resolved.

Four of the allegations resulted in investigations in 2011. Three of these resulted in a finding of misconduct. The Ethics Office submits its Reports of Investigation to the Director, HRD, or to the Managing Director, depending on the grade of the staff involved. Reports of Investigation include findings of fact and conclusions based on a preponderance of the evidence. Management determines whether any disciplinary measures should be taken. The Ethics Advisor does not make decisions regarding whether or not to take disciplinary action.

The three pending matters from 2010 resulted in a finding of misconduct. Two cases resulted in termination of employment, one due to a finding of harassment and the other due to a finding of theft.

“In any moment of decision, the best thing you can do is the right thing. The worst thing you can do is nothing.”

—Theodore Roosevelt

Section 2

Report on the Integrity Hotline



The Integrity Hotline, established in June 2008, has become a valuable tool for reporting concerns. The number of reports received in 2011 via the Integrity Hotline increased 104% over those received in 2010. Launched in June of 2008, its easy accessibility—anyone may use it anonymously and securely 24/7 through a toll-free number or via the Internet—makes it a fast, discreet way to report possible allegations

of misconduct. Global Compliance, an independent company with extensive hotline experience, manages the Integrity Hotline. Consistent with best practices being widely adopted by public and private organizations around the globe, the Hotline is designed to fully protect employees from any form of retaliation.

The significant rise in Hotline reports received in 2011 may be partly attributable to outreach by the Ethics Office which began in the fall of 2009 and has continued to date. The Hotline Oversight Committee has been a helpful partner in this effort, providing guidance to help ensure the Hotline's efficient and effective operation and the promotion of its reporting features. Implementation of the Committee's recommendations may have been a contributing factor in the increased use of the Hotline. The many hours spent by the Ethics Office, the Oversight Committee and others refining the Hotline program underscore the importance the Fund places on accountability and transparency.

Expanded Outreach

Posters, brochures, a distinctive logo and Intranet articles highlighted the Hotline Awareness Campaign in 2010. These promotional efforts continued and expanded throughout 2011.

- Intranet visibility was increased by working with EXR to more prominently feature the Hotline logo on the Intranet and by providing additional links to the Integrity Hotline page such as placing a link on the new external Corporate Responsibility Sheet.
- Information about the Integrity Hotline was also included in the Harassment Awareness Campaign, which was initiated by the Ethics Office in 2011. The Hotline logo was featured prominently on harassment awareness posters and brochures.
- Ethics training, which is now mandatory for all Fund staff, includes discussion of the Integrity Hotline as a key resource for reporting misconduct or raising concerns.



- The Integrity Hotline brochure was translated into French and Spanish and consideration is being given as to how best to present the translation, e.g. as a supplement to the English brochure or as a stand-alone brochure.

Enhanced Hotline Operations

Information regarding email scams that use the Fund's name to appear legitimate has been placed more prominently on the Hotline website. In addition, Global Compliance is carefully monitoring reports regarding email scams to help determine how best to categorize them.

Benchmarking

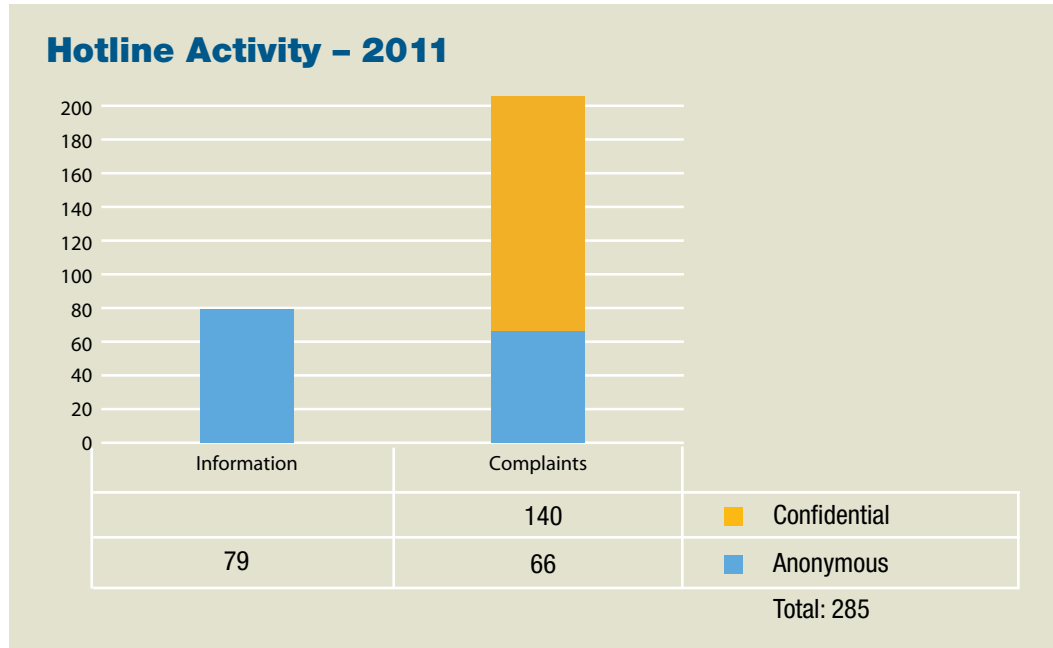
As reported in 2010, the Ethics Office began a benchmarking exercise of Hotline usage at comparable organizations. Additional organizations were contacted in 2011 and a presentation was made by the Ethics Advisor to the Ethics Network for Multilateral Organizations (ENMO) (formerly referred to as the United Nations-International Financial Institutions (UN-IFI) network). The Fund's Integrity Hotline program compared favorably with other comparable organizations.

2011 Hotline Activity

In 2011, 285 calls or web reports were made to the Hotline. Calls and web reports to the Hotline are initially categorized as either (1) information referrals or (2) initial reports. These contacts are then separated by the Ethics Office into the following categories: Requests for Information, Email Scams, Substantive Allegations or Other. Global Compliance also records whether the call or web report is confidential (i.e. contains identifying information about the caller) or anonymous. Hotline reports are tracked separately from allegations and advisory matters that are reported directly to the Ethics Office, as noted in Section 1 of this report.

In 2011, there were 79 requests for information and 206 complaints, as compared with 49 requests for information and 91 complaints received in 2010. Breaking it down further, alleged email scams continue to constitute the majority of complaints. One hundred forty-nine email scam allegations were received and comprised 52% of all Hotline Reports—a slight proportionate decrease over 2010 in which email scams represented 60% of all reports received. All of the reports of email scams came from persons outside the Fund. Although there is no way to prevent scammers from using the Fund's name, the Fund has posted

Substantive Reports to the Hotline	
Obligations as an International Civil Servant	1
Financial Conflicts of Interest	0
Personal Conflicts of Interest	1
Gifts	0
Political Activities	0
Post-Fund Employment	0
External Activities	1
Publications & Public Statements	0
Misuse of Resources & Non-Public Information	5
Discrimination	4
Harassment	5
Household Obligations (G4/G5 and taxes)	2
TOTAL	19



a warning to the public about such scams on its external website as well as information on the Integrity Hotline web page.

Of particular interest in the complaint category are the 19 substantive allegations received in 2011—a significant increase over the six received in 2010. The allegations pertain to a range of issues including alleged harassment, discrimination, a G5 dispute, retaliation, disclosure of confidential information, substance abuse, misuse of Fund resources, fraud, personal conflicts of interest, domestic abuse, and unfair employment practices. Two of these allegations merited investigation. The first resulted in a finding of a technical violation of the G5 Code of Conduct. The second, involving retaliation, verbal harassment and a hostile work environment, is still under investigation. The remaining 17 allegations were closed due to insufficient information, informal resolution, no finding of ethical misconduct or referral to another office.

In addition, 38 reports in the Other category were also received. Some inquiries were outside of the Ethics Office's jurisdiction and were referred to the Chair of the Board's Ethics Committee. Other inquiries covered a broad range of subjects from questions about currency exchange rates to comments regarding protests in Athens. These inquiries did not raise issues under the Fund's Standards of Conduct, although, the Ethics Office responded to each of these inquiries and/or referred them to the appropriate office.

The Ethics Office will continue to actively promote the Integrity Hotline. Suggestions and ideas about how to further enhance the Hotline are encouraged.

Section 3

Major Developments

The Fund's role in helping to foster and maintain financial stability around the globe demands much of its employees. Standards governing staff conduct at the Fund must and do match these high expectations. The Ethics Office strives to continually fine-tune a supportive infrastructure to help ensure staff understands and meets these standards.

2011 was no exception. In addition to the continual promotion of the Integrity Hotline, the Ethics Office stressed the importance of recognizing, preventing and reporting harassment, expanded ethics training and spearheaded an effort to revise key rules governing staff conduct.

At a Town Hall meeting on June 24, 2011 led by Ms. Nemat Shafik, Deputy Managing Director, the Ethics Advisor and the Director, HRD, reviewed the new and revised policies governing Standards of Conduct such as harassment, retaliation, close personal relationships and disciplinary procedures, which are discussed in detail below.



Fund Ethics Website: Key Ethics Issues
<http://www-intranet.imf.org/sites/ethics/ethicsissues/Pages/default.aspx>

Harassment Awareness Campaign

A campaign to foster greater awareness of harassment was launched in September 2011. Hard copies of posters and brochures were distributed throughout Fund Headquarters and offices around the world. Digital posters are on view on the Intranet and on Headquarters monitors. Along with recognizing harassment, the awareness campaign focuses on educating staff and managers on the importance of taking action when it appears to be occurring. Harassment can take many forms, including bullying, intimidation and sexual harassment. Tackling these difficult problems head-on is not easy. Ways to approach these situations and resources available to Fund staff, whether a victim of harassment or witness to it, are thoroughly discussed during ethics training sessions.



Mandatory Ethics Training

Mandatory Ethics Training for all Fund employees, with a focus on harassment and the Integrity Hotline, was approved by Management on June 30, 2011. This training is being implemented in phases beginning with Phase I for key personnel and will be required every three years.

- Under Phase I, in-person training was provided to Department Directors, B-level staff and Mission Chiefs, between October and December 2011. There were 482 senior level staff trained during this period. The Managing Director, the First DMD and the three DMDs also received training in individual sessions with the Ethics Advisor.
- Separate arrangements were made to provide in-person training to Res Reps. In addition to individual briefings for all newly appointed Res Reps, training was provided in 2011 at the Res Rep retreats for AFR, EUR and MCD.
- The 2012 training schedule for all remaining staff is included in the next Chapter of this report, “Going Forward”.

Training for local staff at Technical Assistance Centers continued in 2011. This training helps to ensure that local staff is aware of and has an understanding of how to access the Ethics Office and the Integrity Hotline. In this regard, the offices of CARTAC, AFRITAC East and South, METAC and CEF Kuwait each received training.

Prior to the implementation of the Mandatory Ethics Training Program, training was provided in 2011 during G4/ G5 Orientations, New Staff Orientations and Fundamentals of Management.



Revised Standards of Conduct

As reported in the 2010 Annual Report, an interdepartmental working group co-chaired by HRD and the Ethics Office, reviewed the Fund's Standards of Conduct. As a result, a revised GAO No. 33 now contains a consolidation of rules governing staff conduct and new and/or clarified policies on harassment, discrimination, retaliation and close personal relationships.

Annex II of the revised GAO, for example, sets forth policies and guidance regarding harassment and illustrates the working group's efforts to more clearly articulate Fund policies. The Annex is broken out into headings that easily guide the reader through questions most likely to arise. An introduction concisely spelling out basic behavioral expectations of Fund staff prefaces the Harassment chapter which is broken out into sections such as: What is Harassment?, Conduct That Would Not Be Considered Harassment, Harassment on Mission and the Role of the Fund.

Disciplinary procedures were correspondingly updated to conform to the resulting changes. Amendments to disciplinary procedures now permit greater flexibility, clarify the respective authority of Director, HRD, and of other Department Directors and include rules for preliminary inquiries.

Staff may now find procedures for conducting investigations comprehensively contained in GAO No. 33 instead of searching for them in several different documents. New safeguards are in place, which ensure oversight of the investigative function and provide clear opportunities for input for a staff member under investigation.

As importantly, the section on the policy relating to retaliation is clear and unequivocal. Retaliation against Fund staff who report misconduct or participate as a witness in an ethics investigation or a grievance is considered misconduct itself and is also subject to disciplinary measures. Furthermore, any such adverse decision based on retaliation would be invalid.

Close personal relationships of an intimate nature between a supervisor/manager and a subordinate are addressed in a new policy contained in Annex 1 of GAO No. 33. The policy seeks to avoid conflicts of interest or the appearance of conflicts of interests that can arise when staff members develop such relationships. The policy also includes a consultative reporting requirement.

The Terms of Reference for the Ethics Advisor have been updated and issued simultaneously with the revised GAO to give staff a better understanding of the Ethics Advisor's role. This clarity is expected to be particularly helpful to staff seeking advice or who are interested in knowing more about the investigative process and actions the office is authorized to carry out.

Finally, on November 11, 2011, Management approved more explicit and detailed guidance to ensure consistent application of the existing policy generally precluding staff from working on countries of which they are a national.

Additional policies are under review and are discussed in this report's next Chapter, "Going Forward," including reviews of the Fund's Financial Disclosure reporting system and grievance system, as well as on responding to domestic violence. The revised GAO No. 33, Guidance on Assignments of Nationals to Work on Their Own Countries and Terms of Reference are posted on the Intranet and accessible on the HRD and ETO websites.

4

Section

Going Forward

The Ethics program for 2012 will continue an active outreach program through awareness campaigns, mandatory training and a review of additional rules governing staff conduct. Specifically, the 2012 ethics agenda will focus on:

- The Integrity Hotline and the Harassment Awareness Campaign will continue to be promoted through posters, brochures, articles and focused discussions in training sessions.
- Mandatory Ethics Training, which began in the fall of 2011, will continue with Phase II for remaining Fund staff. In-person sessions are being held twice a month from January through June 2012. An on-line training course has been designed and will be made available to staff as an alternative to in-person training. Training for procurement personnel will take place in February 2012 and separate arrangements are being made to train contract administration staff in the spring. Beginning in July 2012, Phase III will provide an in-person ethics orientation to all new Fund staff.
- Standards of Conduct. The Fund's Financial Disclosure reporting process is currently under review. A domestic violence prevention protocol is under development. HRD and LEG have undertaken a review of the grievance process with input from the Ethics Office amongst others.
- A follow-up harassment focus group survey is being developed to drill down on comments received from the 2010 survey in which 17% of Fund staff noted they had been subjected to harassment or had witnessed such behavior.

As always, the Ethics Office welcomes your feedback and suggestions regarding any of our programs.



The Fund's Core Ethical Values

Integrity

We do what is right for our members, our communities, the Fund, and each other. We make hard decisions and tough choices. We do not compromise our values.

Impartiality

We are objective, neutral, and impartial in providing advice and in discharging our professional obligations. Our professional judgment is not influenced by partisan politics or outside authorities. We are responsible to our members and earn their trust and confidence every day.

Honesty

We tell the truth. We are straightforward in our actions and honest in our relationships. When we say we will do something, we follow through and honor our commitments.



The Fund: Ethics Applied

“It is our choices that show what we truly are,
far more than our abilities.” —*J.K. Rowling*

Strong Leadership
Up-to-date Code of Conduct
Clear Guidance
Accessible Resources
Effective Training

IMF
**INTEGRITY
HOTLINE**
Anonymous/Confidential 24/7
1-800-548-5384

Aware of possible misconduct?
Take action! Contact the Integrity Hotline.

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