

Annual Report 2014

**Making a Difference: A Five-Year Review**

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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 the office at ext. 39665, visit our office in HQ2 4A-112 or send us an email at [ethics@imf.org](mailto: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.come/imf.jsp](http://www.integrity-helpline.come/imf.jsp).

## Making a Difference: A Five-Year Review

Over the past five years the Fund's ethics program has been strengthened to reflect the highest ethical standards and to incorporate best practices to ensure that we meet those standards. Since joining the Fund it has been my primary mission to address staff concerns about harassment, bullying and workplace fairness in a meaningful way. The preventative measures we have put in place to raise awareness and deal firmly with these issues are designed to put a stop to their occurrence in the future. As discussed below, over the past five years, the Ethics Office has found individuals in five investigations to have engaged in harassing behavior that violates the Fund's policy. In each of these cases, the individuals involved were held accountable for their wrongful behavior. Trust cannot be built in a single day; it takes time and a sustained effort. By pursuing these and similar cases, and holding violators accountable, this institution has demonstrated a strong commitment to nurturing a culture of trust.



**Updating the Standards of Conduct: Harassment, Discrimination, and Retaliation** – In collaboration with representatives of the Legal and Human Resources Departments, the Fund's standards of conduct have been updated to clarify Fund policies governing harassment and discrimination, develop a stand-alone policy to protect staff from retaliation, create a new policy on close personal relationships, and consolidate and reflect changes made to the Fund's investigative procedures. More recently the office worked with HRD and LEG in response to both internal and external concerns about perception of conflicts of interest to preclude staff at A15 and above from taking leave without pay in the interest of the Fund to work for private sector financial institutions. In addition, the office worked with HRD, LEG, and other stakeholders to leverage HRD's existing *My Enquiry* system to automate the external activity review and approval processes. The office is working with HRD and LEG to revise the Fund's policy on external activities to clarify and comport with the recent changes made to automate the approval process and plans similarly to draft and submit a revised policy on the acceptance of gifts.

**Outreach and Awareness Campaigns: Anti-Harassment, Core Values, and Integrity Hotline** – As a first step, the Ethics Office created a website to serve as a one-stop avenue for obtaining relevant ethics information, including a summary of key ethics issues, applicable rules and policies, ethics challenges, and contact information. This website is updated regularly with new, useful information and discussion of timely ethics topics. The office also embarked on an awareness campaign to actively promote the **Integrity Hotline**, which is a primary means through which allegations of misconduct can be reported by members of the public and by staff seeking anonymity. An **Anti-Harassment** awareness campaign using brochures and posters to educate staff and managers on the importance of taking action to address inappropriate workplace behavior also has been implemented. More recently, the office launched an awareness campaign to promote the Fund's **Core Values** of Integrity, Respect, Impartiality and Honesty. The Ethics Office has expanded its outreach to include hosting open-house gatherings such as "I ♥ Ethics" to allow interested staff to meet informally with the Ethics Office staff and learn more about the role of the office, test their knowledge of the Fund's ethics rules, and challenge the Ethics Office staff by asking their own questions.

**Investigations Brochure** – In 2014, the Ethics Office published a new stand-alone brochure designed to communicate effectively the investigative process at the Fund to complainants, witnesses and subjects of complaints. The brochure provides an overview of the investigative process and answers frequently asked questions.

**Mandatory Ethics Training: Anti-Harassment and Retaliation** – Management approved mandatory ethics training for all staff in 2011, with the Managing Director serving as the first beneficiary of this initiative. The training covered all key ethics issues with a focus on preventing harassment

and retaliation and was completed in phases over a three-year period. On-line training was offered to all staff with more than 1000 HQ-based employees and almost all local employees availing themselves of this feature. To date, this office has trained more than 4000 Fund employees, including all staff, long-term contractals and local employees. In addition, members of the Executive Board and their staff have received ethics training on a voluntary basis. While the Ethics Office continues to offer ninety minutes of in-person ethics training to new staff at HQ every month (Phase III of Mandatory Ethics Training), the Ethics Office began development of the next round of Mandatory Ethics Training for all Fund staff, to launch in 2015.

**“Giving Voice to Values”** – Following the results of the 2013 staff survey, several departments requested specialized training to educate staff on how to prevent bullying and harassment. As part of this training, the office introduced a new approach, “Giving Voice to Values” (GVV), authored by Mary C. Gentile, a professor at Babson College. The GVV approach assumes that people want to act when confronted with unethical conduct but recognizes that there are pressures not to act. Using case studies, staff are asked to think about how to effectively address workplace behavior that is clearly objectionable. Key GVV steps include anticipating situations, developing strategies, scripting and practicing a response, and developing arguments to overcome rationalizations for not taking action. The GVV approach will be integrated into the next cycle of mandatory ethics training scheduled to begin in 2015.

**Financial Disclosure Program** – The Financial Disclosure program has been enhanced with the introduction of electronic filing under a program administered by an independent third party who serves as External Compliance Advisor. Further, the requirement to report has been extended to include A15 level staff in area departments, COM, LEG, MCM and SPR, in addition to all B-level staff and designated A-level staff within TGS, FIN and INV. The Framework on financial disclosure and financial conflicts of interest has also been revised to introduce new reporting requirements, an exemption for diversified investment funds, and other streamlining improvements.

**Advice: Trends and Observations** – Since 2010 requests to the Ethics Office for advice have more than doubled. The following key ethics issue areas have increased notably in this time period. Inquiries regarding **Harassment** rose dramatically in 2012, and then declined slightly in 2013 and 2014. The dramatic rise in 2012 may have been in response to the Fund’s focus on harassment and bullying in mandatory ethics training for staff starting in 2012 and the implementation of a stronger anti-harassment policy in GAO No. 33 in 2011. The slight decline in 2013 and 2014 may have been due to the availability of and an increased focus on alternative resources for informal dispute resolution.

Requests for advice about **External Activities** increased significantly over the last five years and doubled between 2013 and 2014. The most common inquiries involved serving as officer, trustee, advisor, or board member of a public or private organization, teaching or making a presentation, and refereeing or publishing (e.g., journal articles or blogs). This increase in interest might be attributable to greater outreach and awareness about the topic *via* training of staff and the doubling of leave without pay slots starting in mid-2012.

Requests for guidance about **Financial Conflicts of Interest** increased in the past two years. With 2014 being the second year of the Framework on Financial Disclosure and Financial Conflicts of Interest, this increase demonstrates the importance of having a comprehensive framework in place.

The level of interest in **Gifts** remained somewhat steady over several years, although this office did see a spike in queries regarding the acceptance of gifts in 2014. This increase included inquiries about honors and decorations and whether Fund employees may accept gifts and invitations from vendors and other outside parties, including offers to reimburse travel expenses.

**Investigations: Outcomes and Accountability** – Since 2010, the Ethics Office has submitted 57 Reports of Investigation to HRD and/or Management resulting in findings of violations of Fund rules by 37 individuals. Of these 37 individuals, four of which were B-level staff and 33 of which were A-level staff or contractual employees both in the field and at headquarters:

- Five were terminated
- Four separated from the Fund in lieu of termination
- Five separated from the Fund prior to the completion of the disciplinary process
- Six received salary reductions or were ineligible for promotions or merit increases
- Six received written reprimands
- Five were counseled to maintain proper records in accordance with the G5 Code of Conduct
- Three were determined not to have engaged in misconduct due to mitigating circumstances
- Three are awaiting administrative or disciplinary action at the time this Report was issued

The five individuals terminated were determined to have engaged in theft of Fund property (2), misuse of education allowances and falsification of certifications (1), misuse of tax allowances and falsification of certifications (1), and harassment (1).

**Harassment** – In separate investigations involving harassment, one individual was terminated, three individuals received salary reductions or were ineligible for promotions or merit increases and one individual separated from the Fund prior to the completion of the disciplinary process.

**Unauthorized Disclosure of Nonpublic Information** – In each of the past five years the Ethics Office has investigated a number of allegations concerning unauthorized release of non-public information to persons outside the Fund, often resulting in disclosure to the press. These investigations resulted in findings of violations of Fund rules by seven individuals. Three separated from the Fund prior to the completion of the disciplinary process; one received a salary reduction and temporary reassignment; one received no disciplinary action due to mitigating circumstances; and two are awaiting administrative and/or disciplinary action at the time this Report was issued.

#### **False Certifications and Misuse of Fund Benefits and Other Resources**

– In each of the past five years the Ethics Office has investigated a number of allegations concerning false certifications and misuse of Fund benefits and other resources. These investigations resulted in findings of violations of Fund rules in ten cases, involving nine individuals. One individual was terminated for misusing tax allowances and submitting false certifications. Three individuals who misused tax allowances and submitted false certifications were separated from the Fund in lieu of termination and were barred from future employment with the Fund. One individual who misused education allowances and submitted false certifications was terminated. Another individual who misused education allowances received a written reprimand and later, based on a separate finding of misuse of education allowances and submission of false certifications, was separated in lieu of termination, as well as barred from future Fund employment. In certain cases, the Fund has sought and received restitution for misuse of education allowances. In another case of misuse of education allowances no disciplinary action was taken due to a technical violation. Finally, two other individuals were terminated for theft of Fund property.

These violations indicate that we need to continue robust training in the area of harassment and to increase training focused on the Fund's restrictions on disclosure of nonpublic information and misuse of Fund benefits and other resources.

#### **Accountability by the Numbers: 2010 to present**

37

Reports of Investigation resulting in findings of violations of Fund standards of conduct

5

Terminations for violations of Fund standards of conduct

5

Violations of Fund standards of conduct on harassment

7

Violations of Fund standards of conduct on unauthorized disclosure of nonpublic information

10

Violations of Fund standards of conduct on false certification and misuse of Fund benefits and other resources

### **Integrity Hotline: Trends and Observations**

Since 2010, the second full year of the Hotline's operation, the Ethics Office has engaged in the Integrity Hotline Awareness Campaign to ensure staff are familiar with this reporting mechanism for alleged misconduct or ethical concerns. Having the option of anonymous or confidential reporting through the Hotline is of great value for individuals who may feel uncertain about how or whether to raise a concern or make a complaint. At the same time, some staff who initially report a concern to or raise a question with the Hotline do choose to later approach the Ethics Office directly. In this way, the Hotline can serve a valuable role as a kind of "gateway" for those seeking information or advice.

Over the past five years there has been consistent growth in the number of reports made to the Integrity Hotline, growing from 140 calls and web reports received in 2010, to 328 calls and web reports received in 2014. While members of the public constitute the majority of callers making use of the Integrity Hotline, we note that the majority of Hotline reports relate to fraudulent email scams. At the same time, the Hotline is regularly accessed by both staff and members of the public to report substantive allegations of possible misconduct. At 16, the number of Substantive Allegations received in 2014 – which are the reports of greatest concern – is consistent with the number received in the prior four years. In the majority of cases involving Substantive Allegations over the past five years, the Ethics Office has closed the cases as unsubstantiated after reviewing all available information. However, some cases have resulted in investigations conducted by the Ethics Office.

It should be noted that Hotline Reports comprise only one part, albeit an important part, of the Fund's ethics program. These numbers should be considered in that context. It also should be noted that Hotline Reports are tracked separately from allegations and advisory matters reported directly or indirectly to the Ethics Office.

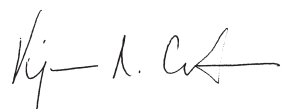
### **Conclusion**

In conclusion, the ethics agenda over the last five years has been a demanding one but the commitment of the institution as a whole has resulted in an ethics culture reflective of the high standards on which the Fund's reputation rests. In the future, the ethics advisory function will be separated from the ethics investigative function. Its success will depend on adequate resources being allocated in the future to support these two functions and a commitment to professional staffing comparable to that which supports the ethics function in other international organizations.

Five years ago I was escorted to a new office on the fifth floor of the HQ1 to begin my tenure as the Fund's Ethics Advisor. There, I met Rebecca Mills who has served this office with dedication and distinction since 2003. None of the many initiatives undertaken by this office since that time could have been accomplished without her invaluable contributions and those made by Laura Nelson, Patrick Gottry, Jose Luis Martinez and Dale Birdoff. I am deeply grateful to each of them for their tireless efforts and support.

My five-year term has now drawn to a close. I am proud to have been a part of the endeavor to strengthen and enhance the Fund's ethics program and am confident that with sufficient resources and continued support from Management and staff the momentum, energy and commitment to excellence will be sustained going forward.

Virginia R. Canter



Ethics Advisor  
International Monetary Fund



**Integrity** – “Day by day, your choices, your thoughts, your actions fashion the person you become. Your integrity determines your destiny.”

—Heraclitus



## 2014 Activities and Operations

The following section provides 2014 data illustrating the range of ethics issues on which the Ethics Office was contacted directly for advice and about allegations of possible misconduct. All of the matters brought to the attention of the Ethics Office are responded to and many are resolved through advisory consultations. Others require investigative action.

The tables and charts in this section assist the Ethics Office and Management in identifying issues that may require targeted attention. Revised again this year, the tables for Advice and Allegations by Category now show a four-year review of data in order to give a more comprehensive picture. Information in this section should be viewed in conjunction with the Integrity Hotline statistics reported in Section 2 of this Report, which also includes a multi-year review of data. Taken together, the information provides helpful indicators of how programs designed to develop greater awareness of and adherence to the Fund's ethical standards are being used, as well as indicators of their effectiveness.





## Categories of Advice and Allegations

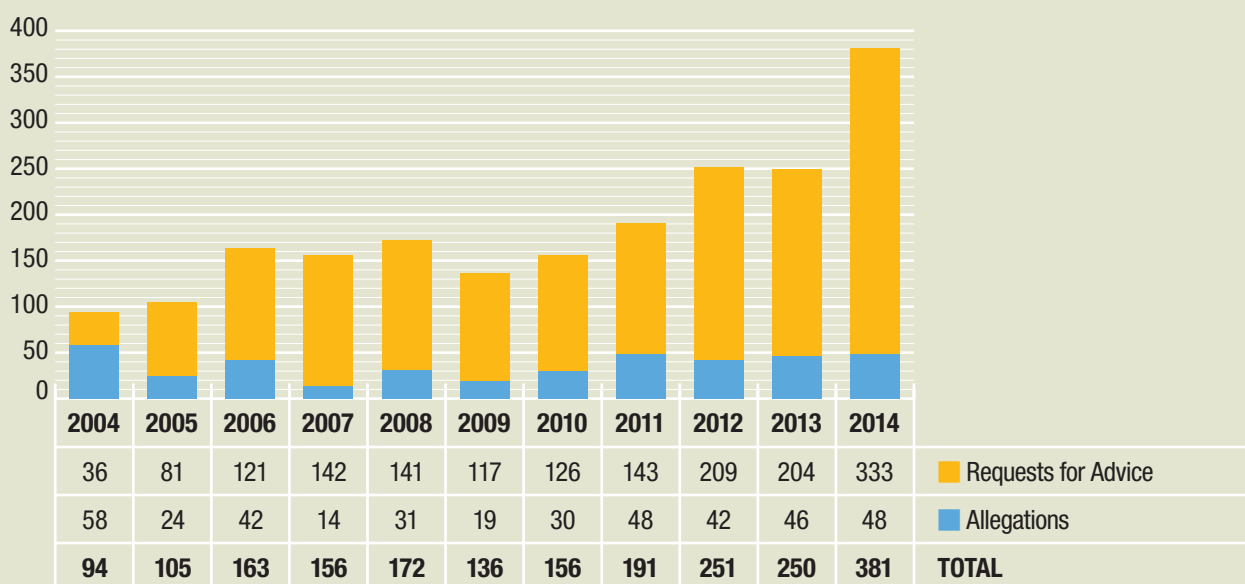
Conflicts of Interest	Workplace Fairness
Obligations as an International Civil Servant	Discrimination
Financial Conflicts of Interest	Harassment
Personal Conflicts of Interest	Retaliation
Gifts	Unfair Preferential Treatment/Bias
Political Activities	
Post-Fund Employment	
External Activities	
Resources & Information	External Compliance
Publications & Public Statements	Household Obligations ( <i>e.g.</i> G4/G5, taxes and domestic relations disputes)
Misuse of Resources & Non-Public Info	

## Caseload: Advice and Allegations

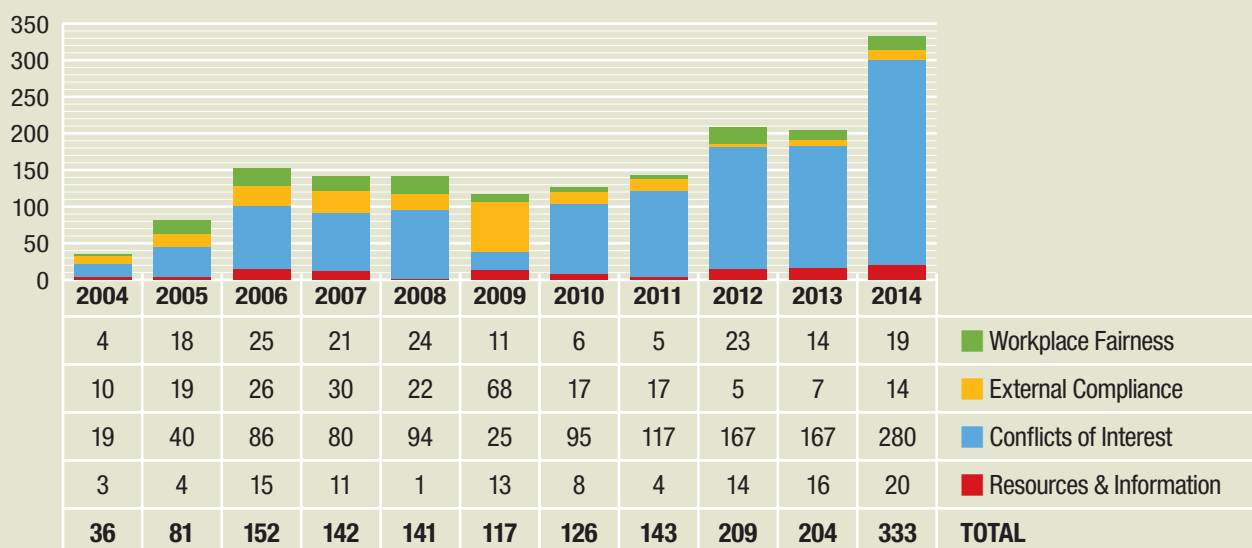
The Advice and Allegations categories correspond to the twelve Key Ethics Issues of primary concern to the Fund. Detailed guidance on these issues, as well as on other ethics issues, can be found on the Ethics Office website under “Key Ethics Issues.” The information provided on the Ethics Office website includes links to relevant provisions of the Fund’s Code of Conduct, GAOs, Staff Bulletins and Policy Statements, as well as helpful intranet articles and other resources.

The Ethics Office responded to a total of 381 cases in calendar year 2014. Of these cases, 333 were requests for advice and 48 pertained to allegations of misconduct. The total number of cases for 2014 has increased significantly from the 250 cases received in calendar year 2013. This may indicate staff have a heightened awareness of potential ethics issues, in addition to being aware of the Ethics Office as a resource.

### ETO Work Load 2004–2014



## Advisory Matters by Topic Groups 2004–2014



## Advisory Cases

In 2014 the Ethics Office received 333 requests for advice, compared with 204 in 2013. Requests for guidance on External Activities (which included requests for leave without pay) rose dramatically this year, and these requests constituted almost half of all requests in 2014. Other areas seeing a significant increase were Obligations as an International Civil Servant, Financial Conflicts of Interest and Gifts. The Ethics Office also saw an increase in requests for advice about Household Obligations, Political Activities and Misuse of Resources and Non-Public Information. After issuing and implementing the new policy on nationality conflicts of interest in 2012 and 2013, this year saw a decline in requests for guidance about Personal Conflicts of Interest.

Requests for advice concerning Harassment, Discrimination, Retaliation and Unfair Preferential Treatment/Bias remained essentially at the same level as in 2013.

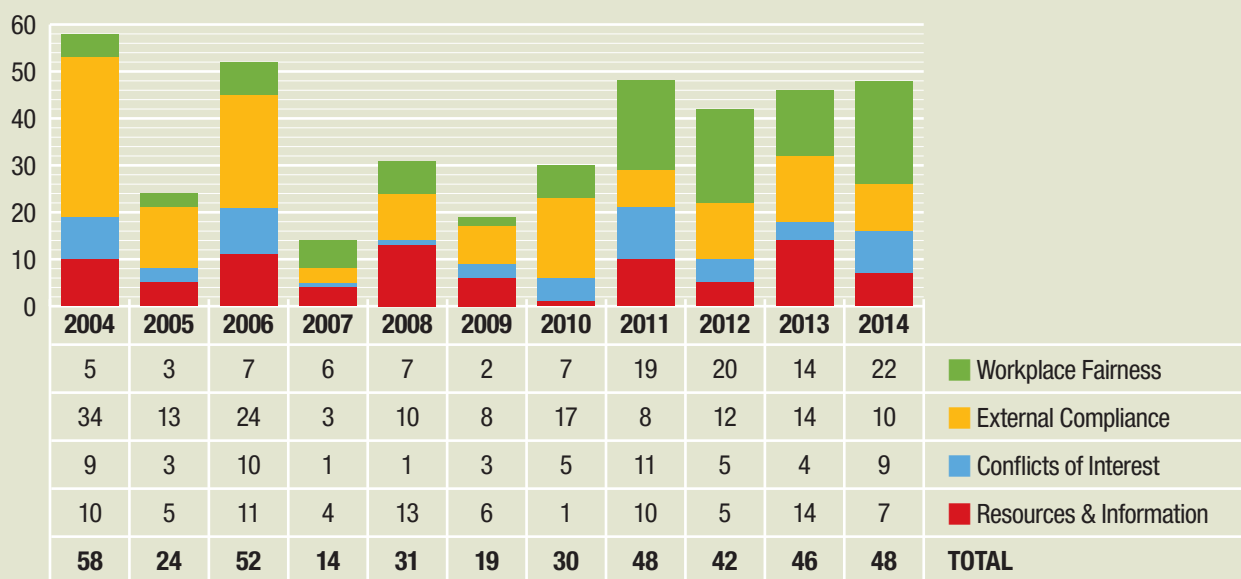
Advice	2011	2012	2013	2014
Obligations as an International Civil Servant	1	1	4	21
Financial Conflicts of Interest	7	6	16	29
Personal Conflicts of Interest	19	31	29	14
Gifts	25	36	22	32
Political Activities	1	5	0	5
Post-Fund Employment	2	6	9	12
External Activities	52	82	87	167
Publications & Public Statements	2	2	4	4
Misuse of Resources & Non-Public Information	13	12	12	16
Discrimination	0	1	0	1
Harassment	5	20	13	15
Household Obligations	16	5	7	14
Retaliation*	N/A	0	1	2
Unfair Preferential Treatment/Bias*	N/A	2	0	1
<b>TOTAL</b>	<b>143</b>	<b>209</b>	<b>204</b>	<b>333</b>

\* Retaliation and Unfair Preferential Treatment/Bias were added as separate categories in 2012.

## Allegations

Forty-eight allegations of misconduct were received in 2014 compared with 46 in 2013. Harassment constituted the subject of most allegations received in 2014 and is likely due to a perception that harassing conduct, when encountered, needs to be reviewed independently and addressed as a form of ethical misconduct. Allegations involving financial conflicts of interest increased significantly. This increase is likely due to implementation of the new Financial Disclosure Framework. The number of allegations in the categories previously receiving the most allegations – Misuse of Resources and Non-Public Information and Household Obligations – declined in 2014.

### Allegations by Topic Groups 2004–2014



Allegations	2011	2012	2013	2014
Obligations as an International Civil Servant	0	3	2	1
Financial Conflicts of Interest*	6	0	0	8
Personal Conflicts of Interest	2	2	0	0
Gifts	0	0	0	0
Political Activities	0	0	0	0
Post-Fund Employment	0	0	0	0
External Activities	0	0	1	0
Publications & Public Statements	0	0	2	0
Misuse of Resources and Non-Public Information	11	5	14	7
Discrimination	2	0	1	1
Harassment	19	17	10	18
Household Obligations	8	12	14	10
Retaliation**	N/A	1	2	1
Unfair Preferential Treatment/Bias**	N/A	2	0	2
<b>TOTAL</b>	<b>48</b>	<b>42</b>	<b>46</b>	<b>48</b>

\* Two of the eight matters for 2014 were received in December 2013, and for administrative purposes were opened in 2014.

\*\* Retaliation and Unfair Preferential Treatment/Bias were added as separate categories in 2012.

## Preliminary Inquiries, Investigations and Outcomes

The Ethics Office carefully reviews all allegations of misconduct. If warranted the Ethics Office conducts a preliminary inquiry and, if there is a credible basis to do so, seeks authorization to investigate from either HRD in cases involving A-level staff or OMD for B-level staff. In other cases, HRD or OMD may ask the Ethics Office to initiate a preliminary inquiry or investigation. All investigations are guided by the principles of confidentiality, due process, impartiality, and protection from retaliation. The Ethics Office does not make decisions regarding disciplinary action. The Ethics Office submits Reports of Investigation to the Director of HRD or to the Managing Director who decides whether any disciplinary measures should be taken. For an overview of the Ethics Office's investigative process, see chart on Page 13.

All Fund staff are held to the highest standards of ethical conduct. In 2014, the Ethics Office submitted 12 Reports of Investigation to HRD and/or Management resulting in findings of violations of Fund rules by seven individuals, and in 2015 to date, the Ethics Office submitted seven additional Reports of Investigation resulting in findings of violations of Fund rules by three other individuals. Of these ten individuals who were found to have violated Fund rules, one was a B-level staff member and nine were A-level staff or contractual employees both in the field and at headquarters.

### Preliminary Inquiries, Investigations and Outcomes by Topic Groups\* 2014



Resources & Information	Conflicts of Interest	External Compliance	Workplace Fairness	
1	1	2	15	Dismissed / Withdrawn / Closed for Insufficient Evidence
2	8	3	5	Informal Resolution
			1	Pending
3		1	1	Unsubstantiated
1		4		Substantiated
<b>7</b>	<b>9</b>	<b>10</b>	<b>22</b>	<b>TOTAL</b>

\* Some of the investigations fell under more than one category. If so, they were listed under the primary allegation.

**Pending from Prior Years**

Eleven preliminary inquiries and three investigations were pending from prior years. Nine of the 11 pending preliminary inquiries were dismissed, withdrawn or closed for insufficient evidence. Two of the 11 pending preliminary inquiries resulted in investigations involving allegations against multiple individuals and the issuance of four separate Reports of Investigation. Two Reports of Investigation concerning A-level staff members determined that allegations of unauthorized disclosure of nonpublic information were substantiated and resulted in findings of violations of Fund rules: both staff members were awaiting administrative and/or disciplinary action at the time this Report was issued. One Report of Investigation concerning an A-level staff member determined that allegations of unauthorized disclosure of nonpublic information were unsubstantiated. One Report of Investigation concerning an A-level staff member determined that allegations of unauthorized disclosure of nonpublic information and harassment were unsubstantiated.

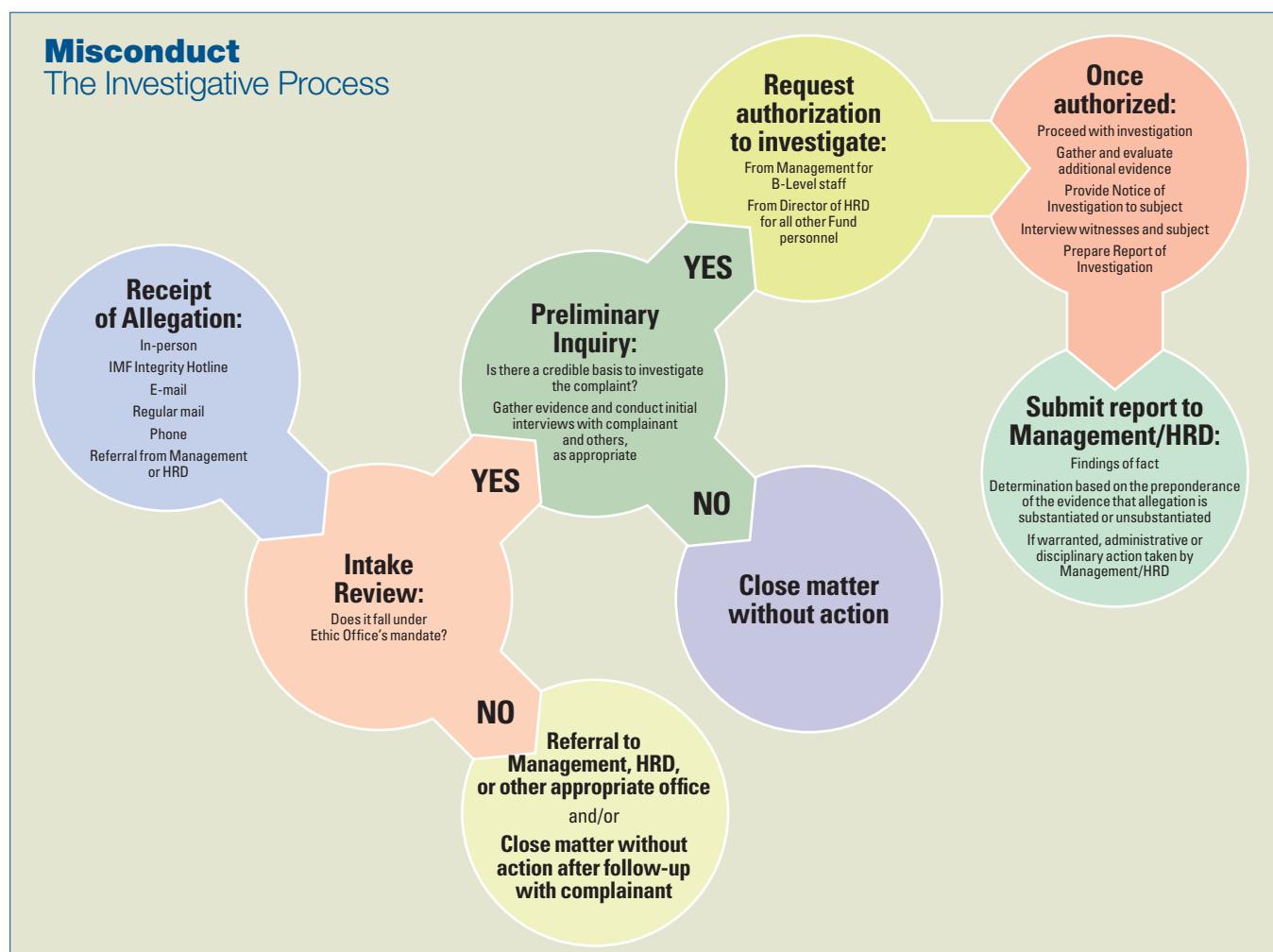
Of the three pending investigations from prior years, two resulted in findings of violations of Fund rules: one A-level staff member received a written reprimand in a case involving misuse of resources; and one B-level staff member was barred from promotion for three years in a case involving harassment. The third investigation involved allegations against multiple individuals and the issuance of two separate Reports of Investigation. One Report of Investigation concerning a B-level staff member determined that allegations of perpetuating a hostile work environment and abuse of authority were unsubstantiated. One Report of Investigation concerning a contractual employee determined that allegations of improperly influencing the Subordinate Assessment of Managers (SAM) were substantiated; the contractual employee separated from the Fund prior to the completion of the disciplinary process.

**2014**

Forty-eight allegations were received in 2014 which resulted in 39 preliminary inquiries and nine investigations of staff misconduct. Of the 39 preliminary inquiries, nineteen were dismissed, withdrawn or closed for insufficient evidence; eighteen were closed based on informal resolution; two were closed based on a determination that the allegations were unsubstantiated.

Of the nine investigations, three were closed based on a determination that the allegations were unsubstantiated; five resulted in findings of violations of Fund rules; and one was pending at the time this Report was issued. With regard to the five investigations resulting in findings of violations of Fund rules: four A-level staff members separated from the Fund prior to the completion of the disciplinary process and were barred from future employment in three cases involving unsatisfied tax obligations and falsely certified tax allowances and one case involving falsely certified education allowances; and one contractual employee is awaiting administrative and/or disciplinary action in a case involving domestic violence.





The Investigative process is guided by the principles of:

**Confidentiality.** Consultations with the Ethics Office about filing a formal complaint are treated with strict confidentiality. Information will not be shared outside of the Ethics Office unless there is an indication that a staff member may have engaged in past misconduct or there is a safety issue, which may need to be disclosed on a need-to-know basis.

**Due Process.** Investigations are conducted in a fair and timely manner taking into account the rights of the parties involved and the need to protect the integrity of the investigative process. To ensure accurate records, formal interviews with complainants, subjects and witnesses are recorded.

**Impartiality.** The Ethics Office objectively gathers and considers all relevant facts and reaches and communicates conclusions that are free from conflict of interest, bias and prejudice.

**Protection from Retaliation.** All participants in the investigative process are reminded that retaliation is prohibited under the Fund's Retaliation Policy (GAO No. 33, Annex 6). Speaking up, reporting suspected misconduct, raising ethical concerns, and participating in formal and informal dispute resolution are all protected activities.



## Something to Think About

### LEAVE WITHOUT PAY

Staff are encouraged to consult with the Ethics Office early when considering applying for Leave Without Pay in the Interest of the Fund or other external mobility programs. Consultation as early as possible is key to being able to address possible conflicts of interest that may arise and to ensure adequate safeguards – including recusal and being screened off from nonpublic information – can be put in place in a timely manner. As discussed in Section 3 of this Report, 2014 saw the re-introduction of a ban on leave without pay assignments to the private financial sector for staff at the A15 level and above. Regardless of where the external assignment would take place, conflicts of interest may arise in a variety of ways. These include but are not limited to an overlap in a staff member's Fund duties and duties at the sponsoring organization; a staff member's access to and use of non-public information in carrying out their Fund duties; and the staff member's public visibility in their Fund role and role while on leave without pay.

### POST-FUND EMPLOYMENT

Staff who are considering employment opportunities with government authorities or private financial institutions are encouraged to consult with the Ethics Office as early as possible in the process so an appropriate cooling off period can be established. Negotiating for employment may give rise to conflict of interest issues, depending on staff's work assignment, and may need to be disclosed. Staff are required to notify the Fund as soon as a formal offer of employment is received from any public or private institution whose financial interest may be affected by the work of the Fund (see Staff Bulletin 06/4 on "Conflicts of Interest – Post-Fund Employment"). This notification form will then be reviewed for potential conflicts of interest. While a 30-day cooling off period is the minimum notice required, this period may be increased from 30 up to 90 days when the Director of HRD has determined that a conflict of interest or the appearance of a conflict of interest exists between the staff member's official duties and the prospective employment. A more extensive cooling off period is likely to be imposed for Department heads and other senior officials who have greater access to non-public information and in cases where there is an overlap in the staff member's Fund duties and their duties for the prospective employer.

### EXTERNAL ACTIVITIES

The definition of an external activity is deliberately broad. It includes activities such as teaching, delivering speeches, lectures or presentations, publishing (e.g., articles, blogs), translating, providing advisory or consulting services (e.g., refereeing), owning or operating a business, among others. It does not include authorized activities carried out as part of one's official duties. HRD has leveraged the *My Enquiry* system to automate the external activity request and approval processes and, as a result, these processes have been streamlined and simplified. Fund staff and long-term contractual employees are encouraged to consult with the Ethics Office or HRD regarding their external activities as early as possible to address conflicts of interest or other issues. If the proposed activity involves a public statement or publication, Fund staff and long-term contractuales should also consult with COM to obtain appropriate clearance.

**Respect** – “It is not our purpose to become each other; it is to recognize each other, to learn to see the other and honor him for what he is: each the other’s opposite and complement.”

—Herman Hesse, *Narcissus and Goldmund*

Section

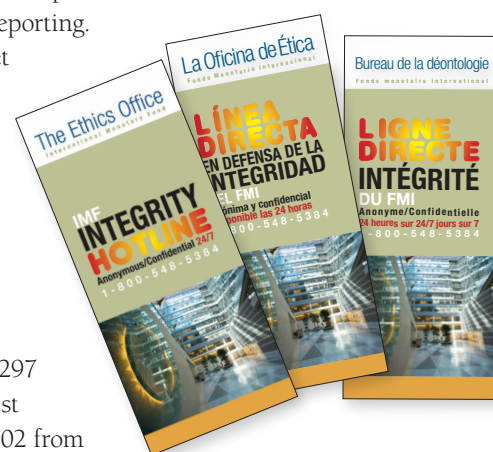
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## Report on the Integrity Hotline

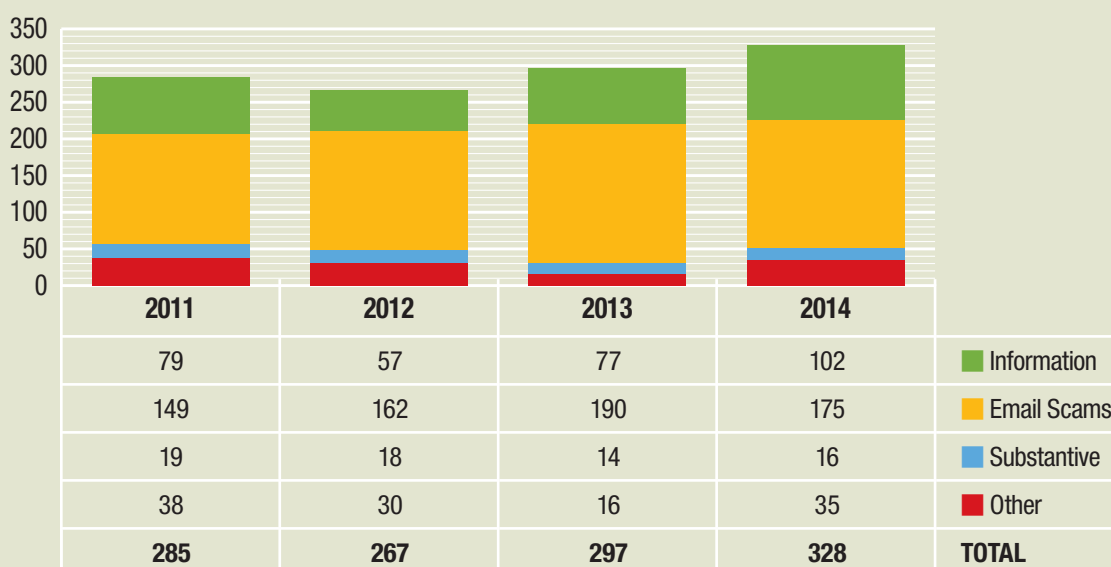
Since its inception in 2008, the Integrity Hotline has been an instrumental part of the Fund’s ethics program. The Integrity Hotline provides any person the means to report allegations of possible misconduct or to raise concerns through confidential or completely anonymous reporting. It is available 24/7 through a toll-free number in North America or via the Internet anywhere in the world.

Since 2010, the second full year of the Hotline’s operation, the Ethics Office has engaged in the Integrity Hotline Awareness Campaign to ensure staff are familiar with it as an available reporting mechanism. Promoting awareness of the Fund’s strong policy against retaliation is included in this campaign. Protection from any form of retaliation adds to the usefulness and desirability of the Integrity Hotline as an option for speaking up.

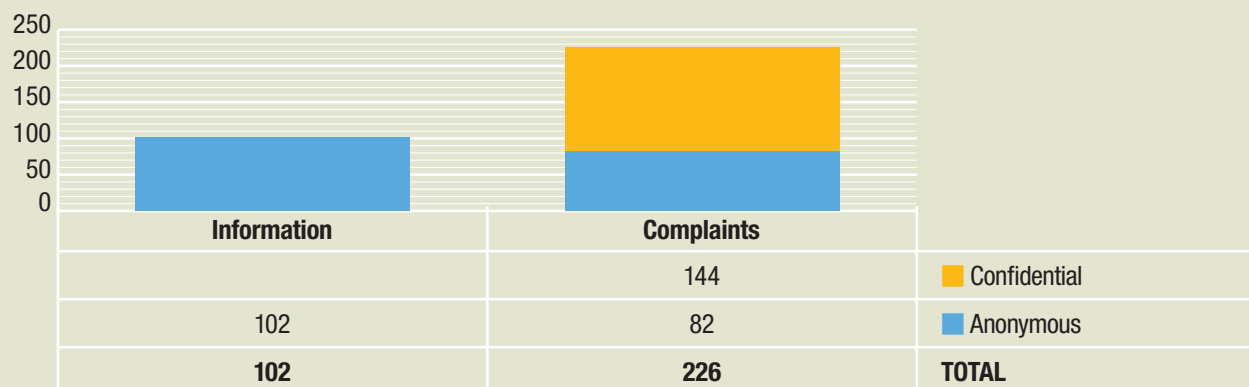
In 2014 there was a total of 328 reports received via the Integrity Hotline versus 297 received in 2013, or a 10.4% increase in the number of reports overall. The biggest increases came in two categories: Requests for Information, which increased to 102 from 77 received in 2013; and “Other”, which increased to 35 from 16 received in 2013. The number of reports of Alleged Email Scams decreased, to 175 from 190 in 2013. Substantive Allegations increased slightly to 16, compared to 14 for 2013. The consistent number of Substantive Allegations over the past four years may indicate the Hotline continues to be used by those concerned about possible misconduct at the Fund.



### Hotline Activity 2011–2014



## Hotline Activity 2014



## Outreach

The Ethics Office continued to promote the Integrity Hotline in 2014 through the prominent placement and distribution of posters and brochures, including electronic posters, and highlighted discussions during mandatory training sessions and intranet articles. These efforts, begun in 2010, will continue in 2015.

The Integrity Hotline Awareness Campaign continued throughout 2014 to ensure staff are familiar with this reporting mechanism for alleged misconduct. The Hotline's distinctive logo is displayed on all Ethics Office publications, posters, brochures, including the new brochure on the Investigative Process, as well as on the Fund's intranet and the internet sites.

The Integrity Hotline brochure is available in English, Spanish and French versions and distributed widely at headquarters, including at the mandatory G4/G5 orientation sessions, as well as to overseas offices.

The Integrity Hotline receives targeted attention during Mandatory Ethics Training, which is offered once a month for new HQ staff. The Integrity Hotline also is promoted during briefings for Resident Representatives, new staff onboarding sessions, long-term expert orientations and other outreach efforts, including customized training for requesting departments.

Looking ahead, the Integrity Hotline will receive attention during revised Mandatory Ethics Training, which will take place during 2015 for all Fund staff.

## 2014 Hotline Activity

In 2014, 328 calls or web reports were made to the Integrity Hotline. The independent external vendor that manages the Hotline, Navex Global, initially categorizes calls and web reports as (1) information referrals or (2) initial reports. These calls and web reports are then separated by the Ethics Office into the following categories: Requests for Information or Complaints, which includes Alleged Email Scams, Substantive Allegations or "Other" reports, for those which do not fall under another category. Calls and web reports are made either on a confidential basis (i.e. contain identifying information for the person making the report) or an anonymous basis. It should be noted that Integrity Hotline reports are tracked separately from allegations and advisory matters that are reported directly to the Ethics Office.

One hundred and two requests for information and 226 complaints were received in 2014, as compared with 77 requests for information and 220 complaints in 2013. Requests for information constituted 31% of the reports received in 2014, while complaints constituted 69% of the reports received in 2014.

Breaking it down further, alleged email scams—which use the Fund’s name to appear authentic—continue to constitute the majority of reports received over the past five years. One hundred seventy-five email scams were received in 2014 and comprised 53.4% of all reports, although this represents a 7.9% decrease in email scams received over the 190 email scams received in 2013. There is no way for the Fund to prevent scammers from using the Fund’s name. Instead, the Fund warns the public against such scams with a press release posted on its external website as well as information on the Integrity Hotline website. All of the reports of email scams came from persons outside the Fund.

The reports of greatest concern are substantive allegations. Sixteen substantive allegations were received in 2014, comprising 4.9% of all reports. These allegations pertained to a range of issues including alleged Misuse of Resources and Non-Public Information (5); Unfair Preferential Treatment/Bias (3); Harassment (3); Obligations as an International Civil Servant (3); and Household Obligations (2). After careful review and follow up, all of these matters were closed due to informal resolution, no finding of ethical misconduct, referral to another office, the caller’s request that no action be taken or insufficient information. Two matters pending from 2013 were subsequently closed in 2014 due to no finding of ethical misconduct and insufficient evidence.

In addition, 35 reports in the “Other” category were received, comprising 10.7% of all reports in 2014, compared with 16 received during 2013. All calls were responded to and when applicable referred to the appropriate office. Ten of these calls did not relate to the Fund or the work of the Fund. Nineteen calls pertained to revaluing or controlling the release or exchange of currency. The remaining calls included questions about Fund data for two countries; an internal country matter; contact information for the Ethics Office; personal contact information for Fund staff, which is not provided pursuant to Fund policy; and other matters not under the jurisdiction of the Ethics Office.

In 2015 the Ethics Office will continue to promote the Integrity Hotline, including through Mandatory Ethics Training. The office welcomes suggestions as to its usefulness and functionality.

Substantive Reports to the Hotline	2011	2012	2013	2014
Obligations as an International Civil Servant	1	2	2	3
Financial Conflicts of Interest	0	0	0	0
Personal Conflicts of Interest	1	3	0	0
Gifts	0	0	0	0
Political Activities	0	0	0	0
Post-Fund Employment	0	0	0	0
External Activities	1	0	0	0
Publications & Public Statements	0	0	0	0
Misuse of Resources & Non-Public Information	5	2	2	5
Discrimination	4	1	0	0
Harassment	5	4	4	3
Household Obligations (G4/G5 and taxes)	2	3	0	2
Retaliation*	N/A	0	0	0
Unfair Preferential Treatment/Bias*	N/A	0	6	3
<b>TOTAL</b>	<b>19</b>	<b>15</b>	<b>14</b>	<b>16</b>

\*“Retaliation” and “Unfair Preferential Treatment/Bias” were added as separate categories in 2012.

## Section

## 3

**Impartiality** — “He who knows only his side of the case knows little of that.”

—John Stuart Mill  
On Liberty

## Major Developments

The major developments of the Ethics Office in 2014 underscored the importance of bringing the Fund’s core values to life and making a difference in the choices made by staff every day.

### “Giving Voice to Values”

In June 2014 the Ethics Office hosted a training workshop with Professor Mary C. Gentile, author of “Giving Voice to Values” (GVV), for all SPMs, ASPMs and OMIs. As discussed herein, GVV is an innovative approach to values-driven leadership. The Ethics Office incorporated GVV in departmental trainings held in 2014 in response to concerns about bullying and harassment arising out of staff survey results and otherwise. GVV also will be incorporated into the next round of Mandatory Ethics Training to begin in 2015. To this end, workshop follow-up meetings with SPMs were held to explore possible case studies for use in the Mandatory Ethics Training.

### Leave Without Pay

At the request of Management, the Ethics Office carried out a review in 2014, in consultation with HRD and LEG, of current Leave Without Pay policies, including criteria for these external assignments and safeguards to address actual and apparent conflicts of interest. Assignments to private sector financial institutions were deemed for certain senior staff to raise an inherent conflict of interest that could not be outweighed by any business interest of the Fund. In November 2014, Management put in place a ban on leave without pay assignments to the private financial sector for staff at the A15 level and above, based on recommendations coming out of this review. This change in policy brings into alignment other Fund policies addressing conflicts of interest, including the Fund’s Financial Disclosure Framework, discussed below, and Guidance on Assignments of Nationals to Work on Their Own Countries.

### Investigations Brochure

In 2014 a new stand-alone brochure was published to communicate and illustrate the investigative process at the Fund, as set forth in GAO No. 33. The brochure addresses possible questions and concerns that may arise for staff involved in the investigative process, whether as a complainant, witness or subject of a complaint, in an easy-to-use, FAQ format. It also includes a chart on the investigative process.



## Standards of Conduct

This year, the Ethics Office worked with HRD, LEG, and other stakeholders to leverage HRD's existing *My Enquiry* system to automate the external activity review and approval processes. The office is working with HRD and LEG to revise the Fund's policy on external activities to clarify and comport with the recent changes made to automate the approval process and plans to similarly draft and submit a revised policy on the acceptance of gifts.

## Ethics Office Open House

The Ethics Office has continued to engage in outreach activities by hosting the second annual "I ♥ Ethics" open-house gathering to allow interested staff to learn more about the role of the office, test their knowledge of the Fund's ethics rules, and challenge the Ethics Office staff by asking their own questions.



## Ethics Website Updates

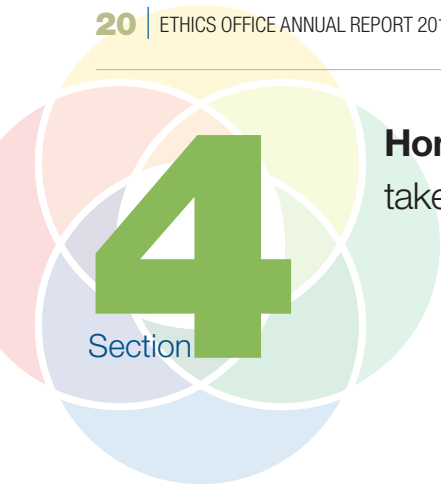
The Ethics Office website continues to play an important role in the Fund's ethics program. Updates to the Home page have continued and include the "Ethics Challenge", notices about important upcoming events and information about the Fund's Core Values. The Training page contains all the PowerPoint presentations that are used during the various ethics training sessions, including the Mandatory Ethics Training for all new staff. New policies have been updated on relevant pages and ethics-related articles are listed under the Training page. Additional content is planned, including more "Ethics Challenge" features and a new Resources section to include links to various ethics related books and articles

## Financial Disclosure

2014 was the second year of the Fund's Framework on Financial Disclosure and Financial Conflicts of Interest, revised effective May 2014. Since its inception in 2013, the Framework serves to strengthen the Fund's financial disclosure program overall by providing an easy-to-reference document to help staff better understand and meet their obligations. It includes clear guidance on avoiding conflicts of interest in one's personal financial transactions.

2014 also was the second year of electronic filing of annual disclosure reports of personal financial information by certain staff at the A15 level in area departments, COM, LEG, MCM and SPR, in addition to all B-level staff and A-level staff in TGS, FIN and INV, as identified by each respective department. Collection of this information was further streamlined through electronic filing and analysis carried out by the Fund's External Compliance Advisor, KPMG LLP. Additional guidance was provided to staff in the form of guidance notes on discretionary accounts and other assets, including those of a spouse, registered domestic partner or dependent.





# 4

Section

**Honesty** — “The simple step of a courageous individual is not to take part in the lie. One word of truth outweighs the world.”

—Alexander Solzhenitsyn  
1970 Nobel Lecture in Literature

## Going Forward

While the ethics advisory function will be separated from the ethics investigative function in the future, the ethics program will endeavor to sustain the momentum, energy and commitment to excellence that have become its hallmarks. Priority activities for 2015 will include the following:

**Standards of Conduct.** For the past five years the Ethics Office has been engaged in a review, including streamlining and consolidation, of the Fund’s Standards of Conduct, working closely with LEG and HRD. Remaining provisions relating to this will be drafted and submitted in 2015, including those relating to Personal Conflicts of Interest; Use and Disclosure of Non-Public Information; Press, Public Statements and Publications; Obligations of International Civil Servants; Use of Fund Resources; and Gifts.

**2015 Training.** In 2011 Management authorized Mandatory Ethics Training for all Fund employees for the first time. That training was implemented Fund-wide beginning in 2012, and is required to be offered every three years. Accordingly, the Ethics Office will begin the next cycle of Mandatory Ethics Training in 2015 with a focus on harassment, due to continuing staff concerns about harassment, including intimidation and bullying. Training in 2015 will incorporate GVV techniques to encourage staff to “speak up” at the earliest opportunity when confronted with bullying or other offensive conduct. Training for managers will promote the use of preventative measures to thwart harassment.

**Post-Fund Employment: Additional Guidance.** While existing policies address restrictions that apply to Fund staff when seeking other employment, additional guidance is needed to clarify these policies. That guidance will address safeguards to address conflicts of interest and financial disclosure when staff separate from the Fund.

**Peers for a Respectful Workplace Program.** The Ethics Office looks forward in 2015 to working with the Mediator and other Fund offices to help implement the Peers for a Respectful Workplace (PRW) Program on a pilot basis. From drafting training materials to training PRWs on ethics issues, the office is encouraged by the introduction of the PRW program to address workplace fairness and other issues facing Fund staff.

**Ethics Office Website and Other Outreach.** The Ethics Office Website will be supplemented with additional FAQs and guidance, including on post-Fund employment, to help staff better understand the rules that apply to them. In addition, a new section will be added to the website with links to books, articles and other resources of interest, including “Giving Voice to Values.” Copies of many of these resources also will be available in hard copy upon request to the Ethics Office. The office also will continue to be available for department-specific training requests and other outreach.

As always, the Ethics Office welcomes your feedback and suggestions to keep the ethics program at the Fund as useful, meaningful and effective as possible.



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



**Integrity Hotline**  
By telephone (within North America)  
1-800-548-5384  
  
Via the web anywhere in the world  
<http://www.integrity-helpline.com/imf.jsp>  
  
**The Ethics Office**  
202-623-9665  
[ethics@imf.org](mailto:ethics@imf.org)  
  
Visit the Ethics website at  
<http://www-intranet.imf.org/sites/ethics>