



INTERNATIONAL MONETARY FUND
WASHINGTON, D.C. 20431

Facsimile Number
1-202-623-4661

September 25, 2019

Dear Ms. Kristalina Georgieva:

The Executive Board of the International Monetary Fund, on September 25, 2019, selected you to serve as Managing Director for a period of five years commencing on October 1, 2019. In accordance with our agreement, we are writing this letter to you to confirm our understandings.

1. Your duties as Managing Director of the International Monetary Fund will be those at present or in the future set forth in the Articles of Agreement and supplemented by the By-Laws and Resolutions adopted by the Board of Governors and by the Rules and Regulations and decisions adopted by the Executive Board.
2. As Managing Director, you are expected to observe the highest standards of ethical conduct, consistent with the values of integrity, impartiality and discretion. You shall strive to avoid even the appearance of impropriety in your conduct. In the performance of your duties as Managing Director, you have an exclusive duty of loyalty to the Fund and shall avoid any conflict of interest or the appearance of such a conflict. Subject to the provisions of this agreement, you shall observe the standards of conduct applicable to staff members of the Fund, as may be amended from time to time, and you shall participate in the ethics training program provided by the Fund's Ethics Advisor that is required for all Fund staff. Moreover, the following shall apply:
 - (a) It is understood that you have resigned from any public or private position that you may have held. It is further understood that you will not, without the approval of the Executive Board, apply for or accept any public or private employment or position, whether or not you would receive any compensation for such employment or position, or engage in any business activity.

- (b) You may manage your private investments and those of members of your immediate family to the extent that the management of those investments does not involve the operation of a business or create a conflict of interest, or the appearance of such a conflict, with the performance of your duties. You shall provide the annual financial certification and disclosure required of senior (B-level) staff members.
- (c) In view of the international character of your position, it is expected that, in respect of services rendered during your tenure with the Fund, you will not accept any gift, fee or favor from any government or from any authority external to the Fund. In addition, you will not accept any honor, decoration or award during your tenure with the Fund without the approval of the Executive Board, which shall only be given in circumstances where the acceptance of an honor, decoration or award would not give rise to an actual or perceived conflict of interest.
- (d) While you may be a member of a political party and contribute funds to the party or to individual candidates, you will not, in your personal capacity, attend political party meetings, assume any leadership role within a political party, or otherwise engage in partisan political activity, as this would not be compatible with your duties as Managing Director of the Fund.
- (e) For a period of two years following the end of your service as Managing Director you shall recuse yourself from involvement in or influence on matters related to the dealings between your future employer and the Fund, except where such future employer is a member country or another intergovernmental organization.

If you need clarification regarding the meaning of the above requirements or their application in a particular circumstance, you should consult with the Executive Board.

- 3. (a) Your salary as Managing Director of the Fund shall be \$524,970, per annum. As explained in Section 14(b) of the By-Laws, this salary shall be net of income taxes.

- (b) You will receive an allowance in the aggregate amount of \$93,970 per annum, similarly net of any income taxes, payable in equal monthly installments, without any certification or justification by you, to enable you to maintain, in the interests of the Fund, a scale of living appropriate to your position as Managing Director and to the Fund's need for representation. In addition, you will be reimbursed for reasonable expenses actually incurred for entertainment directly related to the business of the Fund.
 - (c) The Fund will reimburse you per diem at the rate applicable to Executive Directors plus reasonable vouchered expenses not covered by the per diem, including all hotel expenses, incurred by you for travel in the interest of the Fund. Such expenses shall include travel and hotel expenses of your spouse/partner in attending Annual Meetings of the Board of Governors held outside the Washington, D.C. area, and in accompanying you on official travel in circumstances where this is in the interest of the Fund.
 - (d) Both your salary and your representation allowance will be adjusted on July 1 of each year beginning in 2020 by the percentage increase in the Washington metropolitan-area Consumer Price Index for the twelve months ending the preceding May.¹
4. (a) (i) You will participate in the Staff Retirement Plan on the same basis as staff members, with effect from the date of your appointment.
- (ii) In addition to the pension which you will receive under the Staff Retirement Plan, you will receive, as from the commencement of this pension and continuing for the duration of your life, an annual retirement supplement equal in amount to a percentage of the total pension payments you receive each year on account of your participation in the Staff Retirement Plan (your “base pension”), determined according to the number of completed years of service. The retirement supplement shall be 10 percent of the value of your base pension upon completion of a first year of service and shall accrue in equal additional increments of 10 percent of the value of your base pension benefit for each further year of completed service up to four years. The retirement supplement shall increase to 70 percent of the value of the base pension upon completion of a fifth year of service, and thereafter accrue in equal additional increments of 6 percent of value of the base pension for each additional year of completed service up to a maximum of

¹ The U.S. Bureau of Labor Statistics Regional (Washington-Arlington-Alexandria DC-VA-MD-WV) Consumer Price Index for all Urban Consumers, or its equivalent replacement.

(continued...)

100 percent.² The rates for partial years of service shall be interpolated on a pro-rata basis.

- (iii) This retirement supplement will be payable in equal monthly installments along with the monthly payments from the Staff Retirement Plan. Should you elect either to receive a withdrawal benefit or to commute a portion of your pension under the Staff Retirement Plan, you will receive at the same time a retirement supplement equal in amount to the applicable percentage of such withdrawal benefit or commutation, determined according to paragraph 4(a)(ii). In addition, any other elections or options selected by you that apply to benefits under the Staff Retirement Plan will likewise apply to the retirement supplement.
- (b) Should you predecease your spouse/partner after leaving the Fund, the Fund will pay to your spouse/partner for the duration of your spouse/partner's life and to your children an annual retirement supplement equal to a percentage of the pension payments and children's benefits they will receive each year under Sections 4.10 and 4.9(c) of the Staff Retirement Plan, determined according to the length of your service as indicated in paragraph 4(a)(ii).
- (c) In the event of your retirement due to disability or of your death during your period of service as Managing Director, the Fund will pay to your surviving spouse/partner for the duration of your spouse/partner's life and children an annual supplemental retirement allowance, equal in amount to 100 percent of the pension payments and children's benefits they will receive each year under Sections 4.9 and 4.10, respectively, of the Staff Retirement Plan.

5. You will be entitled to a reasonable vacation, and in matters of personnel policy, including home leave, benefits equivalent to those applying to the Executive Directors shall, except as otherwise provided, be applicable to you (without regard to any transitional rules currently applying to Executive Directors). Your travel on official Fund business and upon your appointment and separation (as well as that of any family members eligible for such travel) shall be in first class. Financial arrangements equivalent to those prescribed in the Staff Handbook at General Administrative Order No. 6, Chapter 6.04 shall be available to you.

² If you are selected to serve a third or subsequent term (i.e., beyond 10 years), then the applicable percentage rate shall be subject to a decision by the Executive Board that will be reflected in your renewal contract for that third or subsequent term, with an expected reduction in the applicable percentage rate. However, the overall amount of the benefit shall not be reduced to an amount below the 100% of the pension that would have been payable if you had ended your service at the conclusion of its tenth year.

6. (a) It is our understanding that, although you have been appointed for a term of five years, the Executive Board shall be free to terminate your connection with the Fund at any time. Should you desire to resign, you will give the Fund three months' advance notice of your decision. The Executive Board may, in its sole discretion, waive all or part of this three-month period.
- (b) At the end of your term or terms of service, or if your service is terminated by the Executive Board after at least two years of service, or if you resign after having served for at least two years, you will be paid a separation allowance equal to a percentage of the salary paid to you during your last year of service, according to the length of your service, as indicated in the table in Annex I. The amount of the separation allowance will be reduced by the amount, if any, of the retirement supplement paid for the period covering the first year following your separation from service. The separation allowance will be further reduced by the amount of any non-taxable income, and by two-thirds of any taxable income, you receive from regular and continuous employment³ of not less than six months' duration, during the year following the end of your service. All payments will be subject to any necessary adjustments, including recovery for overpayments, at the end of the first year. The separation allowance would be net of income tax in the same manner as your salary.
7. As the Fund's overall effectiveness requires a close working relationship between management and the Executive Board, you will participate, on an annual basis, in a confidential and informal performance feedback process between yourself and Executive Directors and, through you, feedback on the performance of the Deputy Managing Directors.
8. Upon your acceptance of the understandings set forth in this letter, this letter will be publicly disclosed by the Fund.

³ Regular and continuous employment refers to full- or part-time performance of services other than on an "ad hoc" or sporadic basis; for example, services performed for a specified number of days or hours per week would be regular, whereas consultantships, directorships, lectures or similar services performed on an "as-needed" basis would not. Continuous employment of not less than six months' duration means uninterrupted employment or series of commitments of at least six months during a reference year.

Your acceptance of the understandings set out in this letter will constitute the agreement between you and the Fund

Sincerely yours,

Alexei Mozhin

Accepted:

September ____, 2019

ANNEX I

The rates per year of completed service indicated below will be applied in calculating the separation allowance set out in paragraph 6(b). The indicated rates will be applied against the total salary paid to you during your last year of Fund employment. The rates for partial years of service will be interpolated on a pro-rated basis.

| Years of Completed Service as Managing Director | Applicable Percentage Rate |
|--|----------------------------|
| 1 or less | 0% |
| 2 | 50% |
| 3 | 60% |
| 4 | 70% |
| 5 | 80% |
| 6 | 84% |
| 7 | 88% |
| 8 | 92% |
| 9 | 96% |
| 10 | 100% |