



17 June 2009

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## Conflicts of interest

### Introduction

1. The ILO is committed to ensuring that all ILO officials perform their functions in a completely transparent and impartial manner. In accordance with the provisions of Office directive, *Ethics in the Office*, IGDS No. 76 (Version 1) of 17 June 2009; <sup>1</sup>all officials are required to identify and declare potential conflicts of interest.
2. The purpose of this Guideline is to assist officials to identify circumstances which may give rise to potential conflicts of interest and to provide guidance on the procedures to be followed to avoid such conflicts of interest. This Guideline should be read in conjunction with:
  - (a) Article 9 of the Constitution of the ILO;
  - (b) ILO Financial Rules and Regulations;
  - (c) Circular No. 667, Series 6, of 26 April 2007 entitled *Register of Financial Interests*; <sup>2</sup>
  - (d) Office directive, *Rules governing outside activities and occupations*, IGDS Number 71 (Version 1) of 17 June 2009; <sup>3</sup>
  - (e) Standards of Conduct for the International Civil Service (2001); <sup>4</sup> and
  - (f) Principles of Conduct for Staff of the International Labour Office. <sup>5</sup>

### Ethical standards

3. All ILO activities should be conducted in accordance with the highest standards of integrity, honesty, transparency, independence and openness. These standards should guide any decision-making about potential conflicts of interest.
4. It is not possible to specify rules or provide specific guidance to cover all circumstances and situations. However, you are expected to know, understand and

<sup>1</sup> [www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds\\_002273.pdf](http://www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds_002273.pdf)

<sup>2</sup> [www.ilo.org/intranet/edmsp1/igds/groups/circulars/documents/ilogovernance/edms\\_001906.pdf](http://www.ilo.org/intranet/edmsp1/igds/groups/circulars/documents/ilogovernance/edms_001906.pdf).

<sup>3</sup> [www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds\\_002274.pdf](http://www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds_002274.pdf).

<sup>4</sup> <http://icsc.un.org/resources/pdfs/general/standardse.pdf>.

<sup>5</sup> [www.ilo.org/public/english/ethics/download/principles.pdf](http://www.ilo.org/public/english/ethics/download/principles.pdf).

follow the rules and procedures noted in paragraph 1 above. Relevant guidance may also be found in professional rules of conduct or codes of practice applying to members of a specific profession.

### **What is a conflict of interest?**

5. A potential conflict of interest can arise where an official's personal relationships or position in external entities can compromise or be seen to compromise objectivity and impartiality in the discharge of official duties for the ILO (e.g. roles, activities or participation in bodies or groups dealing with ILO matters and activities, close personal ties with constituents or ILO oversight bodies, etc.). Financial interests of officials as a result of family and personal relationships, gifts, benefits and hospitality received from outside sources, as well as through other business interests such as partnerships and family businesses, are also considered to be one of the main causes of conflict of interest in a public administration.
6. A conflict of interest arises when you have a real, potential or perceived direct or indirect competing interest with the role, function or activities of the ILO. This competing interest may result in you, or someone related to you or entities in which you have an interest, being in a position to benefit from the circumstances, or in the Office not being able to achieve a result which would be in its best interests, or both.
7. A conflict of interest exists when your other private interests or activities create an incentive for you to act in a way that may not be in the best interests of the Office, such as participating in a tendering process when a bid has been submitted by a business owned by a close relative. In this example, a conflict exists between the official's interests in supporting a close relative and securing the best possible purchasing agreement for the ILO.

### **What are some examples of interests which may conflict with those of the Office?**

8. A conflict of interest can arise in a wide range of circumstances. It may be financial or non-financial, personal or professional, commercial or not-for-profit. It may relate to a potential advantage to the official or a third party or a disadvantage to the Office. It may concern you directly, or another person or organisation with whom you are associated.
9. The following are some examples of other interests which may result in a conflict of interest:
  - holding a public office;
  - being an employee, adviser, director, or partner of another business or organization;
  - pursuing a business opportunity;
  - having an outside professional or legal obligation with a contractor of the ILO;
  - owning shares or some other investment or asset in a supplier;
  - having received a gift, hospitality or other benefit from an individual or entity which you must impartially assess;
  - owing a debt to a candidate for employment or potential supplier;

- holding or expressing views that may indicate prejudice or predetermination in a decision, for example participation in an interview panel or in the selection of a supplier; or
- being a relative or close friend of someone who has one of these interests or who could otherwise be personally affected by a decision of the Office.

### **How do I know if a family member is considered to be “close”?**

10. In the course of your official duties, it is essential that you avoid any suggestion of nepotism or favouritism in your dealings with colleagues, suppliers or other contacts. This applies to all work-related activities, but particularly to the key areas of recruitment, tenders, external collaborator contracts and performance management.
11. Considering the interests of relatives requires careful judgement. In general, the ILO defines close family members as a spouse, a civil union partner or a de facto partner, parent or child, the interests of any relative who lives with you (or is otherwise dependent on the other) must be treated as being effectively the same as your interest. For other relatives, it will depend on the closeness of the relationship and the degree to which your decision or activity could directly or significantly affect them.
12. A relationship may be considered close because of the directness of the blood or marriage link, or because of the amount of association. There are no precise rules on this because these questions involve matters of degree. But it is usually wise not to participate in a decision if relatives are directly affected or involved.
13. Some cultures have a broad concept of who is regarded as a family member or relative. The same general principles apply.

### **Who is considered a “close” friend?**

14. Questions of judgement and degree also arise when considering friends and other associates. Simply being acquainted with someone, or having worked with them, or having had official dealings with them, should not usually create any problem. However, a long-standing or close association or very recent dealings may do so.
15. Close and long-standing relationships (personal as well as professional) are likely to create strong perceptions of interest. You should ensure that your actions can withstand close scrutiny, which includes avoiding both the appearance and the reality of any conflict of interest.

### **What should I do if I have a conflicting interest?**

16. An essential first step is to declare to your immediate supervisor any private interests/activities which may impact on your capacity to carry out your official duties. A reasonable test of which interests/activities you should disclose is whether or not your involvement in that matter or activity would be regarded as inappropriate or embarrassing to you or to the Office if it were made public.

## **What should I do if I am aware of a conflict of interest that I am not directly involved with?**

17. You should also report to your responsible chief, or, in the case that the he or she is involved in the matter, to the appropriate authorities, such as the higher level chief, the Treasurer and Financial Comptroller, the Mediator or the Chief Internal Auditor, or other senior manager, as appropriate, any conflicts of interest which you observe or otherwise know to exist, even though you may not be directly involved in the matter. This is without prejudice to your duty to report any wrongdoing. The Ethics Officer is also available to provide advice on the situation and the appropriate course of action.

## **Do I need to report a conflict of interest even if I think it does not harm or undermine the Office in any way?**

18. Yes. The matter is not determined by your subjective judgement of what is in the best interests of the Office. Avoiding conflicts of interest also involves considering public perception – what would an objective outside observer reasonably perceive? Often, what needs to be avoided is the adverse perception that could arise from the overlapping interests.
19. Sometimes there may be a perception of a conflict of interest where the interests are close, but do not actually overlap. It may still be necessary to take some steps to manage these situations, because the perception of a conflict of interest can damage your professional reputation, the Office's reputation or constituents' trust in it.

## **There are no universal rules!**

20. There are no comprehensive rules for identifying and avoiding conflicts of interest that apply to all situations and circumstances. Whether or not a conflict of interest may exist should be considered on a case-by-case basis. Whether or not the existence of a specific interest creates a problem may only be determined when examined in the context of your role as an official or a particular matter before the Office.
21. In considering whether or not a conflict of interest may exist, you should always focus on the links between your interest or activity and the particular matter (e.g. the question, decision, project, or activity) that is being considered or carried out by the Office.
22. Moreover, Office units, departments and external offices operate in different circumstances, so potentially different conflicts may arise. Also, certain types of functions may give rise to conflicts of interest that would not arise for others, e.g. a function that directly affects the legal rights, interests, and obligations of staff or a decision to grant a specific benefit or impose a sanction.

## Concluding provisions

23. This guidance is not exhaustive and compliance requires not just knowledge and understanding of the rules and procedures but also the exercise of judgement and common sense on your part. Further assistance on the identification and avoidance of conflicts of interest can be obtained by contacting the Ethics Officer ([ethics@ilo.org](mailto:ethics@ilo.org)).

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