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**Statement by Mr. Herrera and Ms. Bustillo on Review of the Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance
(Preliminary)
Executive Board Meeting
April 4, 2023**

We thank staff for the comprehensive report, annexes, and background papers, as well as the outreach to our Office. We welcome the Review of the Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance and reiterate our support to the objectives of the Framework. The in-depth stocktaking shows the Framework has promoted more systematic, candid, effective, and evenhanded Fund engagement with member countries on governance vulnerabilities, including corruption. We broadly agree with the thrust of the proposals identifying opportunities for strengthening implementation in line with the objectives of the 2018 Framework and would like to offer the following comments.

We welcome the systematic assessment of governance weaknesses and corruption vulnerabilities across all Fund members. The centralized process, involving all area and various functional departments, remains key to assessing the nature and severity of governance weaknesses and corruption vulnerabilities across all state functions. We welcome the relaunching of updated governance assessments for the whole membership as it will allow a better understanding of challenges and guide Fund efforts to better assist member countries in addressing vulnerabilities.

Analysis and advice should remain focused on the most pressing macro critical vulnerabilities and in the Fund's areas of expertise. Moreover, where the Fund does not have a comparative advantage, continued efforts at leveraging the expertise of international organizations, including the World Bank, the United Nations, and regional development are needed to improve the adequacy of policy advice and recommendations.

On evenhandedness. Staff states that a majority of national authorities consider Fund engagement to be evenhanded, though with uneven recommendations on governance and treatment across the membership. To this end, we call on staff for continued efforts at improving evenhandedness in surveillance, financial support, and capacity development.

Securing country ownership remains key to the effectiveness of Fund engagement. Staff identifies lack of ownership and vested interests as key obstacles to implementing the Framework. Given the inherent complexity of these issues, prioritizing reforms and increased efforts at fostering country-owned reforms are needed. This will require sound engagement and constructive dialogue with country authorities mindful of political realities.

We welcome the Fund's capacity building efforts. As the survey notes, capacity development has been delivered in many areas to help strengthen governance across the six state functions. It is encouraging that authorities acknowledge CD to be timely and useful. We encourage staff to continue strengthening this aspect of the Framework as it is important in enhancing traction on governance and corruption issues. *We would appreciate staff's comments on proposals to expand CD support through enhanced field presence.*

Finally, we support the idea of an interim update in two to three years.