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**Statement by Mr. El Qorchi and Mr. Badsı 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 set of reports on the review of the implementation of the 2018 Framework for enhanced Fund engagement on governance, aimed at promoting more systematic, effective, candid, and evenhanded engagement with member countries in terms of corruption of macro critical dimensions and governance vulnerabilities that allow room of corruption. This review is critical and timely, as the global economy is still navigating through the scarring of the COVID-19 and other significant shocks, compounded by high uncertainty. We welcome the progress achieved so far under the 2018 Framework and **support the staff proposals on the need to further improve the implementation of the Framework. Improvements should particularly aim at supporting systematic and evenhandedness objectives, achieving candid and substantive discussions, and enhancing the effectiveness of the engagement.**

The newly established approach, geared towards achieving a credible systematic assessment of governance and corruption vulnerabilities through a centralized process is a key accomplishment. We note positively that both stakeholders and Staff have agreed on the fact that the Fund engagement has become more candid as pictured in Box 1, notably on vulnerabilities related to the corruption, the rule of law, and the regulatory framework and governance. We also note with satisfaction that Fund engagement has gained more effectiveness and **support the staff's proposals aimed at closely monitoring the implementation of specific recommendations made in the context of bilateral surveillance.** We recognize that the task ahead remains daunting. Implementing the 2018 Framework is arduous considering the importance of the existing impediments, including the lack of ownership, vested interests, and capacity constraints. We are of the view that staff advice and recommendations should be adequately tailored to country circumstances to

enable them to gain traction. *As Fund engagement has become more effective, will Fund staff continue to rely on third-party indicators to assess concepts such as quality of governance?*

We believe that the outcomes achieved following the adoption of the 2018 Framework with regard to conditionality in Fund-supported Programs have been mixed. We welcome Fund CD efforts, which have helped in addressing governance weaknesses, especially in fiscal governance, central bank governance, financial sector oversight, and AML/CFT. However, much still needs to be done in these areas, including responding positively to **the authorities' request for more Fund technical assistance**. To buttress the 2018 Framework and support its effectiveness, it is highly recommended to draw on the experiences of other organizations along with the contribution of the CSO.

Although the Fund's engagement has been assessed as broadly evenhanded by staff, we would have liked to see more enthusiasm by volunteering countries for an assessment of transnational aspects of corruption in the context of Article IV consultation.

Considering the broad scope of risks related to a potential failure to engage on the governance process, ensuring sustained progress towards Fund engagement on governance under the 2018 Framework is paramount. Lastly, we support the Staff's proposed measures aimed at strengthening the implementation of the Framework.