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GRAY/23/4384

April 3, 2023

**Statement by Mr. Zhang, Mr. Bai, and Mr. Liu on Review of the Implementation of the
2018 Framework for Enhanced Fund Engagement on Governance
(Preliminary)
Executive Board Meeting 23/26
April 4, 2023**

We thank staff for the comprehensive report and welcome staff's findings that Fund engagement with member countries on governance and corruption has been broadly systematic, candid, effective, and evenhanded. The stocktaking has demonstrated the positive impact that the adoption of the "2018 Framework" has made on the Fund's efforts to promote sound governance. The review has also identified areas for further improvement. We broadly agree with staff's proposal for strengthening the implementation of the "2018 Framework" and would like to offer the following points for emphasis.

First, the issue of evenhandedness remains a concern for us. Despite the statement that much of the analysis suggests, and most stakeholders agree, that the Fund's engagement on governance has been broadly evenhanded, some Directors have observed that the Fund has unproportionately paid more attention to governance issues in low-income and emerging members than in advanced members. Additionally, we have also noted with concern that governance has been cited as the primary reason to delay or block some members' program requests, while programs of some other members with similar governance issues have proceeded with unprecedented speed. We caution that evenhandedness is the key for maintaining member countries' trust in the Fund and crucial for the Fund to deliver its mandate as the core of the global financial safety-net. When handling delicate issues such as governance and corruption, the Fund should be especially cautious and strictly follow the principle of evenhandedness.

Second, we believe that country ownership is crucial to achieving sustained improvements in governance. Governance problems have strong economic implications, yet the causes of governance problems seldom dwell only in the economic realm and more than likely have roots related to political and social factors. Given the complex nature of the

governance problem, addressing governance related issues and achieving lasting improvements require a strong commitment from the authorities. Therefore, we echo staff in stressing that building up country ownership will play a critical role to make a tangible impact on the members' governance. It is crucial for the Fund to recognize that governance reforms driven by the authorities' own initiative will have the best chance to succeed.

Third, we encourage the Fund to focus on its main areas of expertise. As stated above, governance issues extend well beyond the economic realm, and the Fund should refrain from carrying out comprehensive analysis, but instead, leverage its intellectual power to focus on areas where it has traditional advantages, such as monetary, fiscal, and financial supervisory policies. In particular, it deserves to point out that as anti-corruption is not the area in which the Fund has strong expertise or clear mandates, the Fund should avoid deep involvement in anti-corruption related issues and should not set anti-corruption related conditions for its programs.

Last but not the least, we support the Fund to further enhance its collaborations with other international organizations to enhance member countries' governance. Synergy should be established among international organizations to forge joint force to assist members in improving governance in a comprehensive manner. At the same time, each organization should contribute by leveraging its unique strengths and advantages and avoid duplication of efforts. The Fund should ensure its resources are used for its intended purposes.

To conclude, we support the completion of this review and anticipate that the implementation of the "2018 Framework" will be further strengthened at the next stage.