

**EXECUTIVE
BOARD
MEETING**

SM/23/86

April 3, 2023

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance—Annexes**

Board Action: Provides background to SM/23/66—Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance

Tentative Board Date: **Tuesday, April 4, 2023**

Additional Information: The attached report on the Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance—Annexes, is being reissued to replace SM/23/67 (3/9/23) in which the correct version of Table 3, was inadvertently omitted owing to an Administrative Error.

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REVIEW OF IMPLEMENTATION OF THE 2018 FRAMEWORK FOR ENHANCED FUND ENGAGEMENT ON GOVERNANCE—ANNEXES

EXECUTIVE SUMMARY

This background note provides additional information to support the Review of the Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance (the “main paper”). It presents survey results and additional areas of analysis.

- **Section I: Governance-Related Conditionality in Fund-Supported Programs.** Provides more detail about governance-related conditionality in Fund-supported programs.
- **Section II: Coverage of Governance and Corruption Issues in IMF Staff Reports – A Text Analysis Approach.** Summarizes results from text analysis of governance and corruption coverage in IMF staff reports.
- **Section III: Survey Responses from National Authorities.** Discusses the results of the survey of country authorities of IMF membership to shed light on their views on governance and corruption issues in relation to the Fund operations (surveillance, lending, and capacity development (CD)).
- **Section IV: Survey Responses from IMF Country Teams.** Discusses the results of the survey of IMF country teams to shed light on their views on governance and corruption issues in relation to the Fund operations (surveillance, lending, and CD).
- **Section V: Consultations with Civil Society Organizations.** Discusses the results of the public consultation that the IMF has conducted with stakeholders to share their views on the implementation of the Framework.
- **Section VI: Case Studies for 40 Countries.** Highlights main findings of case studies of 40 countries (same countries as for the 2017 case study).

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Glossary

AEs	Advanced Economies
AFR	African Department
AML	Anti-Money Laundering
APD	Asia & Pacific Department
CD	Capacity Development
CFT	Combating the Financing of Terrorism
CSOs	Civil Society Organizations
EMs	Emerging Markets
EMDEs	Emerging Markets and Development Economies
EUR	European Department
FAD	Fiscal Affairs Department
FATF	Financial Action Task Force
FCS	Fragile and Conflict-affected States
FDs	Functional Departments
GAC	Governance and Anti-Corruption
IDA	International Development Association
IFIs	International Financial Institutes
IMF	International Monetary Fund
LICs	Low Income Countries
LIDCs	Low Income Developing Countries
LOI	Letter of Intent
MCD	Middle East & Central Asia Department
MONA	Monitoring of Fund Arrangements
ML	Money Laundering
PIMA	Public Investment Management Assessment
PFM	Public Financial Management
PRGT	Poverty Reduction and Growth Trust
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SOEs	State Own Enterprises

UCT	Upper Credit Tranche
UNCAC	United Nations Convention Against Corruption
WB	The World Bank
WEO	World Economic Outlook
WGI	World Governance Indicator
WHD	Western Hemisphere Department

GOVERNANCE-RELATED CONDITIONALITY IN FUND-SUPPORTED PROGRAMS¹

This section provides more detail about governance-related conditionality in Fund-supported programs. Data are drawn from the Fund's Monitoring of Fund Arrangements (MONA) database of program conditionality, which is publicly available.²

A. Methodology

1. The MONA database was searched for governance-related structural conditionality (prior actions and structural benchmarks) in Fund-supported programs over the three years before the 2018 Framework (2015–17) and the three years following its adoption (2019–21). These conditions were then classified into the six state functions (and anti-corruption frameworks), and the average compliance rate (“fully met” structural benchmarks) for each state function was calculated. Information on each Fund-supported program’s specific goals was also retrieved.³ Program goals of improving fiscal revenue and expenditure policy or public expenditure management (including measures related to expenditure control) were mapped to fiscal governance; financial sector reform to financial sector governance; central bank reform to central bank governance; and governance (anti-corruption laws, excl. public expenditure control) to anti-corruption frameworks.

B. Findings

2. Program Goals. Comparing pre- and post-Framework periods, there was a small decrease in the share of programs whose specific goals included fiscal and financial sector reforms but substantial increases in programs whose goals included central bank reforms and improving anti-corruption frameworks (Table 1).

3. Conditionality. In aggregate, following the adoption of the 2018 Framework, governance-related prior actions (in proportion to all prior actions) and governance-related structural benchmarks (in proportion to all structural benchmarks) rose from 21.2 to 29.0 percent, and from 30.6 to 37.8 percent, respectively (Table 2). The bulk of governance-related conditionality pertains to

¹ Prepared by Thomas Augsten, drawing on analysis undertaken by Diva Singh and Khamza Sharifzoda (all SPR).

² See <https://www.imf.org/external/np/pdr/mona/index.aspx>.

³ Programs typically have several goals from the following list: (i) macroeconomic stability; (ii) external stability; (iii) economic growth; (iv) poverty reduction; (v) fiscal revenue and expenditure policy; (vi) public expenditure management, including measures related to expenditure control; (vii) monetary policy; (viii) exchange rate policy; (ix) central bank reform; (x) financial sector reform; (xi) trade policy; (xii) pro-growth policies; (xiii) social sectors; (xiv) enterprise restructuring and privatization; (xv) governance (anti-corruption laws, excl. public expenditure control); see *MONA Report—Labels and Descriptions*, available at <https://www.imf.org/external/np/pdr/mona/Arrangements.aspx>.

fiscal governance, anti-corruption frameworks, and central bank governance and operations; the fewest concern is the rule of law.

4. Program Goals-Conditionality Alignment. Even prior to the adoption of the 2018 Framework, and consistent with the 2002 Conditionality Guidelines, there was a high degree of alignment between the inclusion of governance-related conditionality and the specific goals of the Fund-supported programs (Table 3).

5. Application of Conditionality. Beyond the broad alignment between the application of conditionality and the program's goals, conditionality is applied, to varying degrees, according to identified governance vulnerabilities. Thus, in around 60 percent of cases where fiscal governance is identified as vulnerable to corruption, there is at least one program condition (Figure 1). Similarly, in about 40 percent of identified vulnerabilities in central bank operations or anti-corruption frameworks, conditionality is applied. At the low end is the rule of law, where in only about 10 percent of cases is there conditionality. On average, conditionality is applied in some 30 percent of cases of identified vulnerabilities.

6. Compliance. Compliance rates for governance-related structural benchmarks are comparable to other structural benchmarks on average. However, there are compliance rate differences across state functions, with Anti-Corruption, Rule of Law, and AML/CFT showing noticeably lower compliance rates (Table 4) and (Figure 2).

Table 1. Number of Programs and Share of Program Objectives

	Number of Programs	Share of Program Objectives			
		Fiscal	Financial Sector	Central Bank	Governance
1st Period (2015-2017)	45	98%	91%	44%	33%
2nd Period (2019-2021)	42	88%	83%	50%	76%

Sources: MONA database; and staff estimates.

Table 2. Prior Actions and Structural Benchmarks by State Function – Before (2015-17) and After (2019-21) the Framework Introduction

Sources: MONA database; and staff estimates.

	1st Period (2015-17)				2nd Period (2019-21)			
	Total SBs	In % of Total SBs	Total PAs	In % of Total PAs	Total SBs	In % of Total SBs	Total PAs	In % of Total PAs
Fiscal Governance	285	19.6%	30	10.4%	252	22.0%	28	14%
Central Bank Governance and Operations	27	1.9%	7	2.4%	41	3.6%	14	7%
Financial Sector Oversight	41	2.8%	12	4.2%	32	2.8%	5	2%
Regulatory Framework	26	1.8%	5	1.7%	32	2.8%	2	1%
Corruption	25	1.7%	2	0.7%	42	3.7%	1	0%
AML/CFT	19	1.3%	2	0.7%	21	1.8%	1	0%
Rule of Law	22	1.5%	3	1.0%	14	1.2%	8	4%
Total Governance SBs and PAs	445	30.6%	61	21.2%	434	37.8%	59	29%

Table 3. Structural Benchmarks in Programs with Specified Objectives – Before (2015-17) and After (2019-21) the Framework Introduction

(Share of all governance conditionality in respective area)

	Before Framework (2015-17)	After Framework (2019-21)
Fiscal	100	100
Financial Sector	100	100
Central Bank	93	100
Governance	91	100

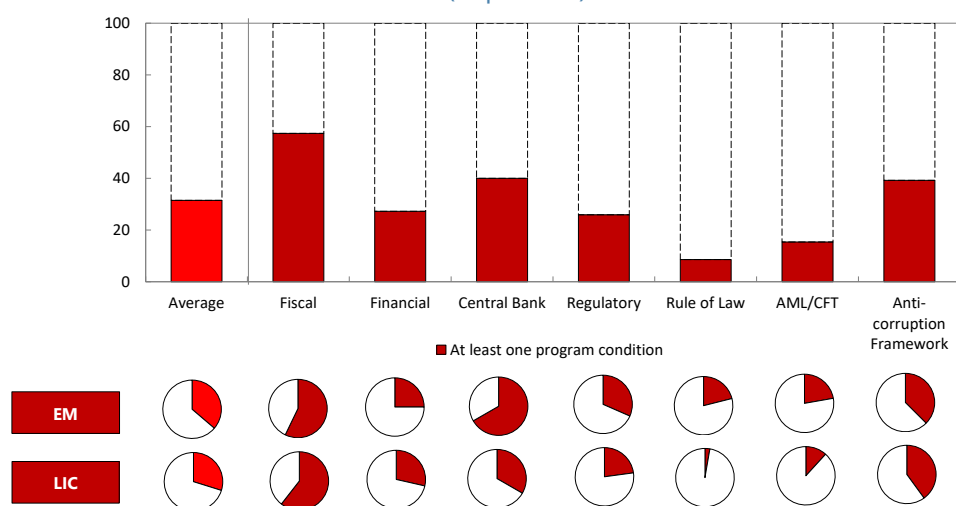
Sources: MONA database; and staff estimates.

Table 4. ‘Fully Met’ Structural Benchmarks by State Function – Before (2015-17) and After (2019-21) the Framework Introduction

	Compliance Rates	
	1st Period (2015-2017)	2nd Period (2019-21)
Fiscal Governance	52%	50%
Central Bank Governance and Operations	48%	46%
Financial Sector Oversight	41%	40%
Regulatory Framework	35%	42%
Corruption	36%	22%
AML/CFT	29%	35%
Rule of Law	18%	10%
Average Across Governance SBs	47%	44%
Average Across All SBs	49%	47%

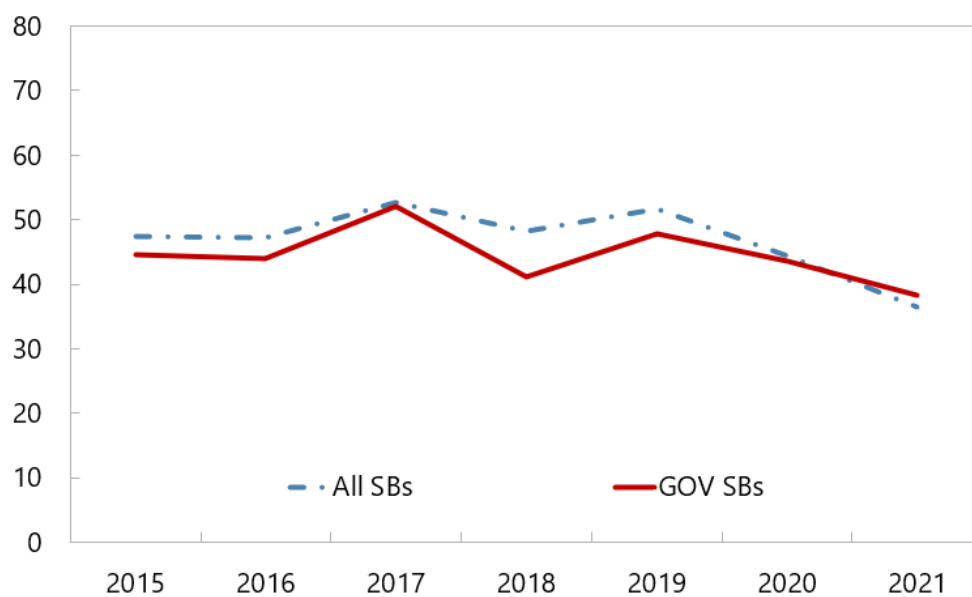
Sources: MONA database; and staff estimates.

Figure 1. Program Conditionality in Countries with Identified Vulnerabilities, 2019-21
(in percent)



Sources: MONA database; and staff estimates.

Figure 2. 'Fully Met' Structural Benchmarks, 2015-21
(in percent)



Sources: MONA database; and staff estimates.

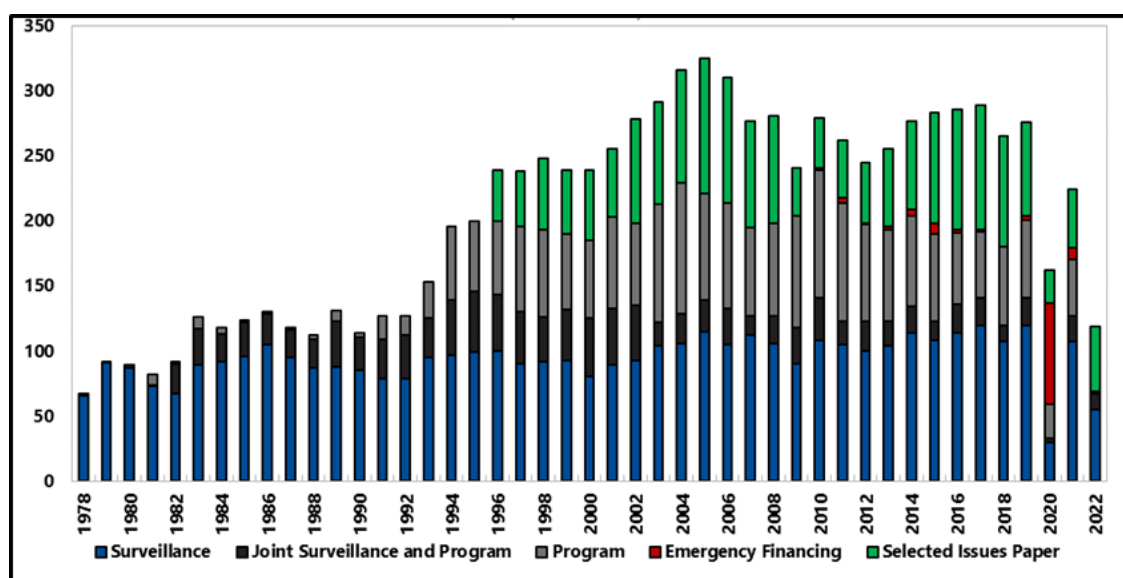
COVERAGE OF GOVERNANCE AND CORRUPTION ISSUES IN IMF STAFF REPORTS – A TEXT ANALYSIS APPROACH¹

This section summarizes results from text analysis of governance and corruption coverage in IMF staff reports. Data are drawn from the IMF's institutional Text Analytics Database covering staff reports from 1979 to present. Correlations are using information from the Worldwide Governance Indicators.²

A. Methodology

1. Text analysis was performed across more than 9,000 staff reports from 1979 through August 2022. Documents cover bilateral surveillance (Article IV and Selected Issues Papers) and lending (Fund arrangement requests and reviews, including emergency financing reports) (Figure 1).

Figure 1. Staff Reports Analyzed – by Year and Type



Sources: IMF Text Analytics database; and staff estimates.

- The text of the staff reports was mined for the terms "governance" and "corruption." Search terms specific to any of the six state functions were not queried. Where relevant, the analysis distinguishes between the three years (2015–17) prior to and the three years (2019–2021)

¹ Prepared by Thomas Augsten, drawing on analysis undertaken by Dan Zheng (all SPR).

² D. Kaufmann (Natural Resource Governance Institute and Brookings Institution) and A. Kraay (World Bank), available at: <https://info.worldbank.org/governance/wgi/>.

following the 2018 Framework; the transition year, 2018, was excluded (Table 1). The raw word count (the number of times the word appears in the main body, the staff appraisal, or the annexes) was normalized by assuming a standard document length of 10,000 words.

Table 1. Staff Reports Analyzed

	2015	2016	2017	2019	2020	2021
<i>By Document Type</i>						
Total	282	285	288	276	162	223
Surveillance	207	228	236	213	58	171
Article IV	108	114	120	120	30	106
SIP	84	92	95	72	25	45
Joint	15	22	21	21	3	20
Lending	75	57	52	63	104	52
GRA	22	16	14	14	3	14
PRGT	45	39	37	46	23	29
EF	8	2	1	3	78	9
<i>By Income Level</i>						
Total	282	285	288	276	162	223
Advanced Economies	62	60	68	56	17	54
Emerging Markets	125	138	136	115	60	103
Low Income Countries	95	87	84	105	85	66

Sources: IMF Text Analytics database; and staff estimates.

- Machine-based text analysis cannot be as granular as an in-depth human reading of documents but has the key advantage of efficiently processing large numbers of documents, allowing analysis of longer-term trends. By the same token, it is important not to overinterpret year-to-year variations in the data but to focus on the larger trends.

B. Findings

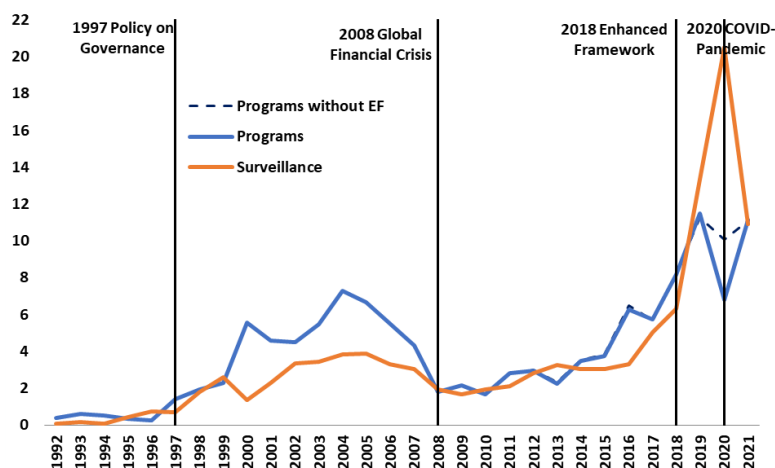
2. Frequency: Usage of governance-related terms ('governance' and 'corruption') increased in both surveillance and program documents following the adoption of the 1997 policy, then declined before rising sharply (especially in surveillance documents) following the introduction of the 2018 Framework (Figure 2).

3. Type of Documents and Income Groups: Increased usage of governance-related terms was both in surveillance and programs and across the membership, with little difference across income groups (Figure 3).

4. Correlation with Perceived Corruption: The frequency of governance-related terms in staff reports correlated more closely with perceived level of corruption after the introduction of the 2018 Framework - both in surveillance and programs. (Figure 4). Relatedly, the *change* (increase) in the use of the word 'corruption' in staff reports following the adoption of the Framework is strongly correlated with the country's perceived level of corruption. (Figure 5).

5. No Systematic Bias: Controlling for perceived corruption, dummy variables for income groups and geographical region (proxied by area departments) are statistically insignificant in the post-Framework period, indicating the absence of any systematic income-level or geographical region biases (Table 2).

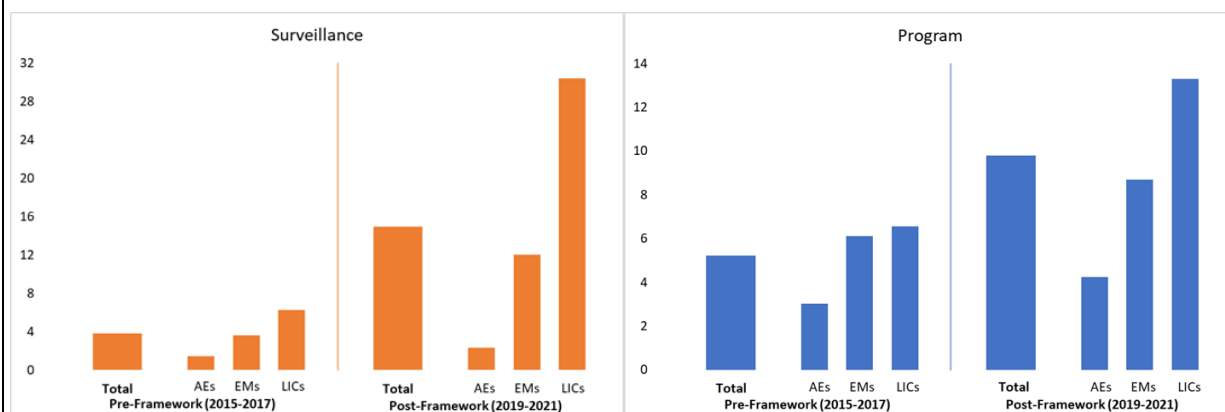
Figure 2. Average Frequency of Either ‘Corruption’ or ‘Governance’



Sources: IMF Text Analytics database; and staff estimates.

Notes: Frequency normalized to hypothetical document length of 10,000 words. Programs include emergency financing. The average number of references each year is calculated as average of each country's annual average references across country documents.

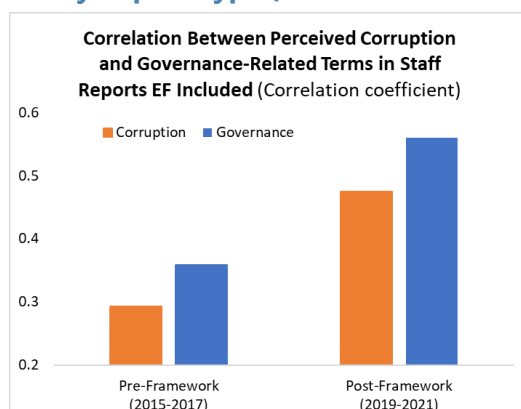
Figure 3. Average Frequency of Governance-Related Terms by Income Group and Report Category



Sources: IMF Text Analytics database; and staff estimates.

Notes: Frequency normalized to hypothetical document length of 10,000 words. Programs include emergency financing. The average number of references each year is calculated as average of each country's annual average references across country documents.

Figure 4. Correlation Between Perceived Corruption and Governance-Related Terms in Staff Reports by Report Type (Correlation Coefficient)



Sources: IMF Text Analytics database; and staff estimates.

Notes: Frequency normalized to hypothetical document length of 10,000 words. Programs include emergency financing. Correlations are calculated over the 3-year period and based on two variables, a reversed version of the WGI's Control of Corruption Indicator, with 0 (100) indicating the weakest (strongest) level perceived corruption, and the logarithm of countries' normalized frequency of count of specific term(s).

Figure 5. Frequency Change of the Term 'Corruption' after Framework Introduction, in Correlation with the Perceived Level of Corruption

<i>All Staff Reports</i>					<i>Surveillance Staff Report</i>				
	Full Sample delta	AE only delta	EM only delta	LIC only delta		Full Sample delta	AE only delta	EM only delta	LIC only delta
corruption index	0.852*** (25.64)	0.856*** (10.20)	0.893*** (19.91)	0.843*** (11.59)	corruption index	0.886*** (23.03)	0.853*** (10.18)	0.918*** (30.72)	0.919*** (10.48)
_cons	-0.579* (-2.09)	-0.0994 (-0.87)	-0.882* (-2.35)	-0.688 (-0.90)	_cons	-0.850* (-2.20)	-0.0971 (-0.85)	-0.831** (-3.19)	-1.877 (-1.52)
N	179	37	79	63	N	173	37	77	59
rss	1454.133	12.759	512.759	911.564	rss	2935.152	12.720	244.624	2615.839
r2	0.788	0.748	0.837	0.688	r2	0.756	0.748	0.926	0.658

<i>Program Staff Reports</i>			
	Full Sample delta	EM only delta	LIC only delta
corruption index	0.456*** (4.18)	0.613* (2.67)	0.392** (2.87)
_cons	0.548 (0.86)	-0.301 (-0.28)	1.051 (1.17)
N	41	15	25
rss	257.890	77.317	174.138
r2	0.310	0.353	0.264

Sources: IMF Text Analytics database; and staff estimates.

Notes: Delta frequency = $\beta_0 + \beta_1 \times \text{Corruption Index}$, where delta frequency is the difference between pre-framework (2015-17) and post-framework (2019-21) period average frequency of the keyword 'corruption' by country. 'Corruption Index' is defined as (1-three-year average of a country's WGI Control of Corruption Index between 2019 and 2021); inversion of the original WGI CoC Index yields values between 0 (perception of low level of corruption) and 1 (perception of high level of corruption). For regressions with program document data only, there are not enough advanced economies that received a program and hence the variable was omitted.; t-statistics in parentheses; * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table 2. Word Frequency Based on Perceived Level of Corruption

[illegible]

SURVEY RESPONSES FROM NATIONAL AUTHORITIES¹

This section provides detailed results from the country authorities' survey responses, which sought to bring out authorities' views on governance and corruption issues in relation to the Fund operations (surveillance, lending, and capacity development). Sixty-five countries—slightly more than one-third of the Fund membership—have responded to the survey.

While the interpretation of the results should be very cautious because of the limited number of samples and their distribution across groups, on average, the responses from the survey are in line with the ones from the IMF Country Teams (see Section IV in this Background note): Fund engagement on governance issues is more candid, effective, and even-handed under the 2018 framework.

1. As one of the major inputs to assess the progress of the implementation of the 2018 governance framework, IMF staff conducted a survey to country authorities. Slightly more than 1/3 of Fund membership have submitted the survey responses (see Appendix I for the list of countries that have responded to the survey). While the submission rate is much lower than that of the country team, it is higher than the survey conducted in the context of the 2017 paper, 20 percent.² Nevertheless, caution is required in interpreting the results from the survey of country authorities, particularly the breakdown by income groups, since the submitted responses are skewed to AEs and European countries, with only a handful of submissions from LICs.

2. Country authorities have seen candid, open, and direct dialogue with the IMF on macro-critical governance and anti-corruption issues under the 2018 framework (Q1). Country authorities' perceptions on candor are aligned with country circumstances, including their perceived governance and corruption vulnerabilities, measured by World Governance Indicator (WGI) score. Discussions with IMF staff on governance and corruption issues were mostly presented in formal country documents and were deemed by the authorities to have adequately reflected their views (Q2, Q3).

3. Country authorities' perceptions are somewhat supportive of even-handedness in addressing macro-critical governance and anti-corruption issues across IMF member countries (Q5). About half of the responses support even-handedness, while about 40 percent of responses are neutral, and 6 percent are negative on even-handedness. Since most national authorities are unlikely to be familiar with the governance weaknesses—and the Fund's engagement—in other countries, such agnosticism is perhaps to be expected. Nevertheless, the share of supportive views in countries with high perceived governance and corruption vulnerabilities looks smaller than other groups (well below 50 percent).

¹ Prepared by Hassan Adan and Miyoko Asai (both FAD).

² "The Role of the Fund in Governance Issues - Review of the Guidance Note – Preliminary Considerations – Background Notes."

4. **Country authorities assess that the engagement has been effective under the 2018 framework (Q6).** The authorities see that IMF staff provided tailored, concrete, and granular policy advice and guidance on governance and corruption issues, in line with country circumstances. The majority is also of the view that the IMF's involvement in governance and corruption issues has a positive impact on their countries (Q8). This may suggest enhanced traction of IMF staff policy advice under the framework.
5. **Country authorities view IMF CD provisions as timely and useful (Q7).** Especially, LICs countries with Fund UCT arrangements or high perceived governance and corruption vulnerabilities appreciated Fund's CD.
6. **Country authorities identified the Anti-corruption framework and AML/CFT, followed by PFM (excluding SOEs), financial sector oversight, and the rule of law as the most important reform recommendations (Q9).** In general, authorities point to a lack of political ownership or consensus and capacity constraints as key factors preventing effective implementation, although its interpretation should be very careful because of the very small number of samples (Q10). Especially, some responses pointed out that even when relevant laws were passed, necessary political prioritization or commitment for implementation was often inadequate.
7. **Country authorities see financial sector oversight, AML/CFT, and fiscal governance as areas where further enhanced engagement is needed (Q12).** In addition, governance diagnostics and anti-corruption show relatively higher need of enhanced engagement, especially in EMs and LICs, and countries with UCT arrangements or high perceived governance and corruption vulnerabilities.
8. **Considering the possible modalities of further enhanced engagement, country authorities rank increasing CD and training on governance and anti-corruption framework favorably (Q13).** They are followed by further conduct and publication of governance diagnostics. While many countries did not respond, responses on how to facilitate volunteering to the assessment of transnational aspects of corruption indicate the importance of increasing awareness of the assessment (Q11).
9. **Going forward, the Fund policy advice should be guided by the diagnosis of wide-ranging governance vulnerabilities while being specific and tailored to member countries' circumstances and implementation capacity (Q14).** Specific suggestions for the IMF to improve the quality and impact of its engagement on governance and corruption issues were fragmented but can be summarized into two broad categories: providing more expertise and guidance to mainstream governance and corruption issues in the Fund's core activities when macro-critical; and expanding the scope of the governance and corruption framework.
10. **Appendix II provides more detailed information on the survey responses.**

Appendix I. List of Countries that Submitted Survey Responses

AFR (8)	Botswana	MCD (9)	Lithuania
	Cabo Verde		Malta
	Eswatini		Moldova
	Namibia		North Macedonia
	Nigeria		Norway
	South Africa		Portugal
	Zambia		Russian Federation
	Zimbabwe		San Marino
APD (9)	Australia		Slovenia
	Fiji		Sweden
	India		Switzerland
	Japan		Ukraine
	Korea		United Kingdom
	New Zealand		Azerbaijan
	Philippines		Georgia
	Solomon Islands		Iraq
EUR (29)	Timor-Leste		Kyrgyz Republic
	Albania	WHD (10)	Lebanon
	Andorra		Morocco
	Austria		Oman
	Belarus		Somalia
	Belgium		United Arab Emirates
	Bosnia and Herzegovina		Bolivia
	Croatia		Brazil
	Czech Republic		Canada
	Estonia		Dominican Republic
	France		Ecuador
	Germany		Nicaragua
	Iceland		Panama
	Ireland		Peru
	Israel		Suriname
	Italy		United States
	Latvia		

Appendix II. Summary of the Survey for Country Authorities

Sample Collection Time: August–December 2022

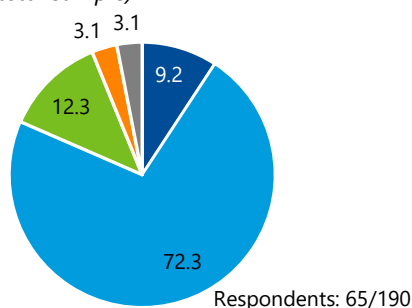
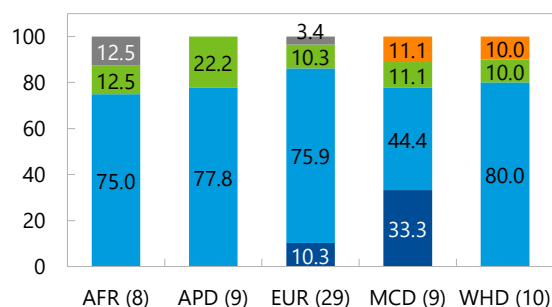
Definition of Groups

- **Sample includes 65 responses (out of 190 membership).** By income levels (AEs are WEO basis, LICs are based on PRGT eligible countries and EMs are the rest), 27 AEs, 29 EMs, and 9 LICs. By departments, 8 from AFR, 9 from APD, 29 from EUR, 9 from MCD, and 10 from WHD. In the 2017 survey, the shares of AEs and EUR were 42 percent and 45 percent, respectively.
- **13 of the responses had at least one UCT arrangement during the survey period (2018–summer 2022),** where UCT arrangements include ECF, EFF, FCL, PLL, SBA, SCF, PCI and PSI (not including emergency arrangements like RCF, RFI).
- **FCS (8 countries) is based on the World Bank’s list of Fragile and Conflict-affected Situations.** Countries listed as such in FY2019 to FY2022 are counted as FCS.
- **World Governance Indicator (WGI):** This is used for a proxy of perceived vulnerabilities of governance and corruption. The quartiles of countries’ three-year average (2019–21) of **control of corruption scores** are used to divide the sample into four groups.

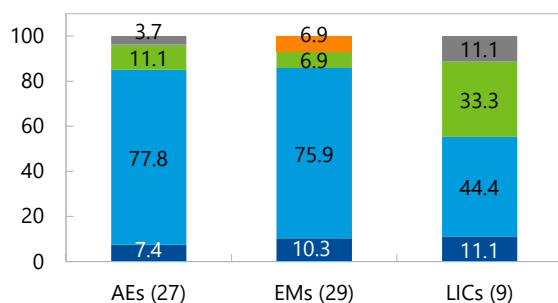
Question 1. *Following the 2018 Framework, macro-critical governance and anti-corruption issues have been addressed candidly, with clear and direct language (e.g., corruption vulnerabilities, governance weakness) in discussions between your country authorities and the IMF.*

Summary

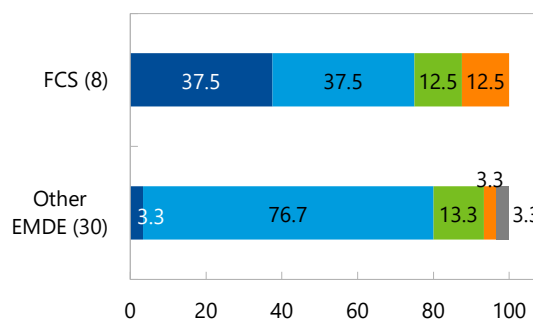
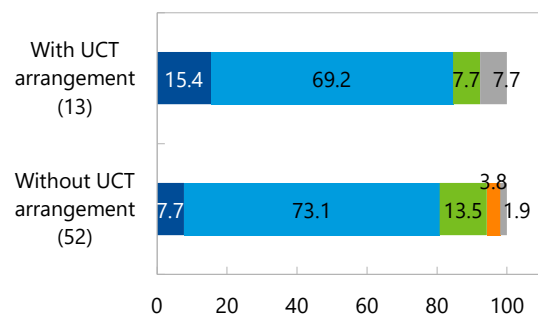
- **Country authorities have seen candid, open and direct dialogue with IMF staff on macro-critical governance and anti-corruption issues as envisaged under the 2018 framework.** This is implied by the large share, over 80 percent, of supportive responses.
- **Country authorities’ perceptions on candidness seem to be aligned with country circumstances, including their perceived governance and corruption vulnerabilities, proxied by WGI score.** Supportive views show more than 2/3 shares in most of the groups. It is noteworthy that “strongly agree” responses show relatively large shares in FCS, countries with UCT programs or with high perceived governance and corruption vulnerabilities.

Figure 1. Question 1 Results*Overall**(in percent of total sample)**By Region**(in percent of total sample)*

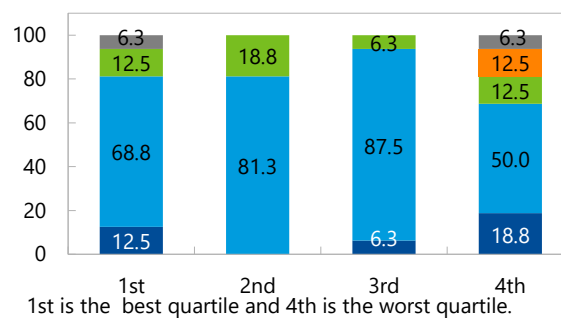
■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ No response provided

*By Income Level**(in percent of total sample)*

■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ No response provided

*By Fragility Status**(EMED Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)*

■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ No response provided

*By WGI Score**(in percent of total sample)*

Source: Country authorities survey.

Question 2. In what form, if any, have you had direct discussions with the IMF on governance and corruption issues?

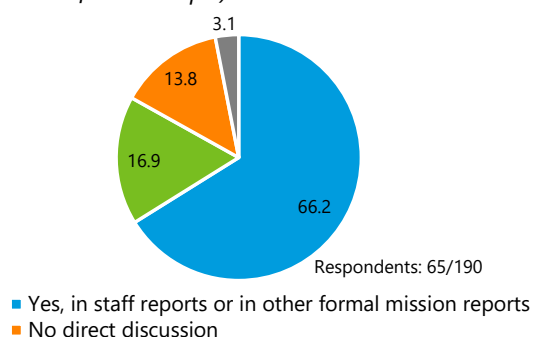
Summary

- **Country authorities' discussions with IMF staff on governance and corruption issues were mostly presented in formal country documents** (e.g., Article IV staff reports).
- **Shares of candid discussions included in formal mission reports were broadly similar across groups**, though FCS had a higher share. About 1/5 of AEs and LICs had no direct discussions, while EMs and those with UCT arrangement had a higher share of discussions outside of country documents.

Figure 2. Question 2 Results

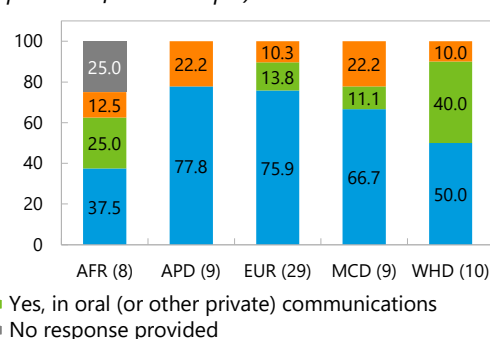
Overall

(in percent of total sample)



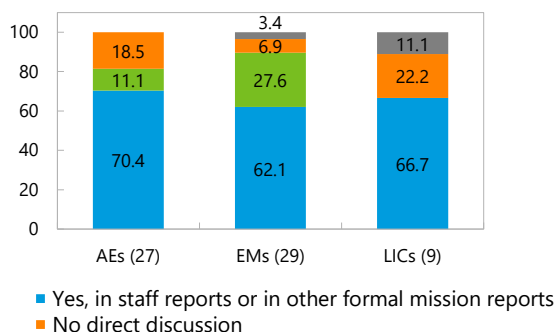
By Region

(in percent of total sample)



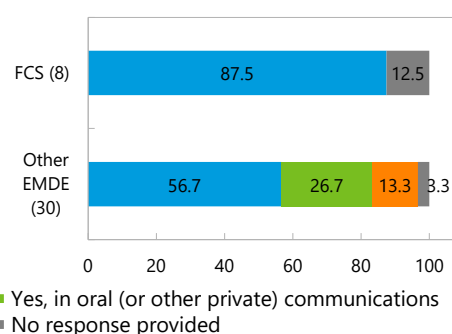
By Income Level

(in percent of total sample)



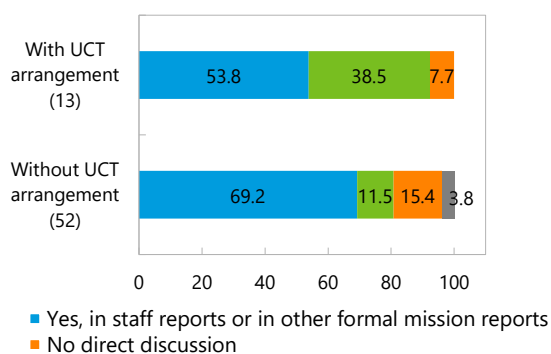
By Fragility Status

(EMDE Countries in percent of total sample)



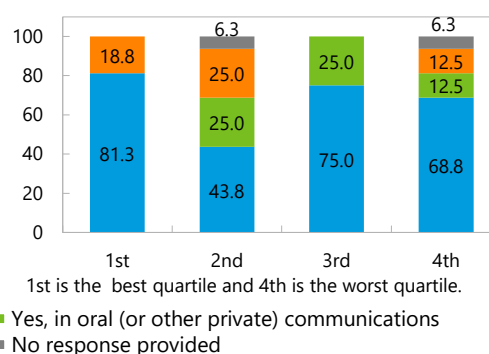
By Countries with UCT Arrangements

(in percent of total sample)



By WGI Score

(in percent of total sample)



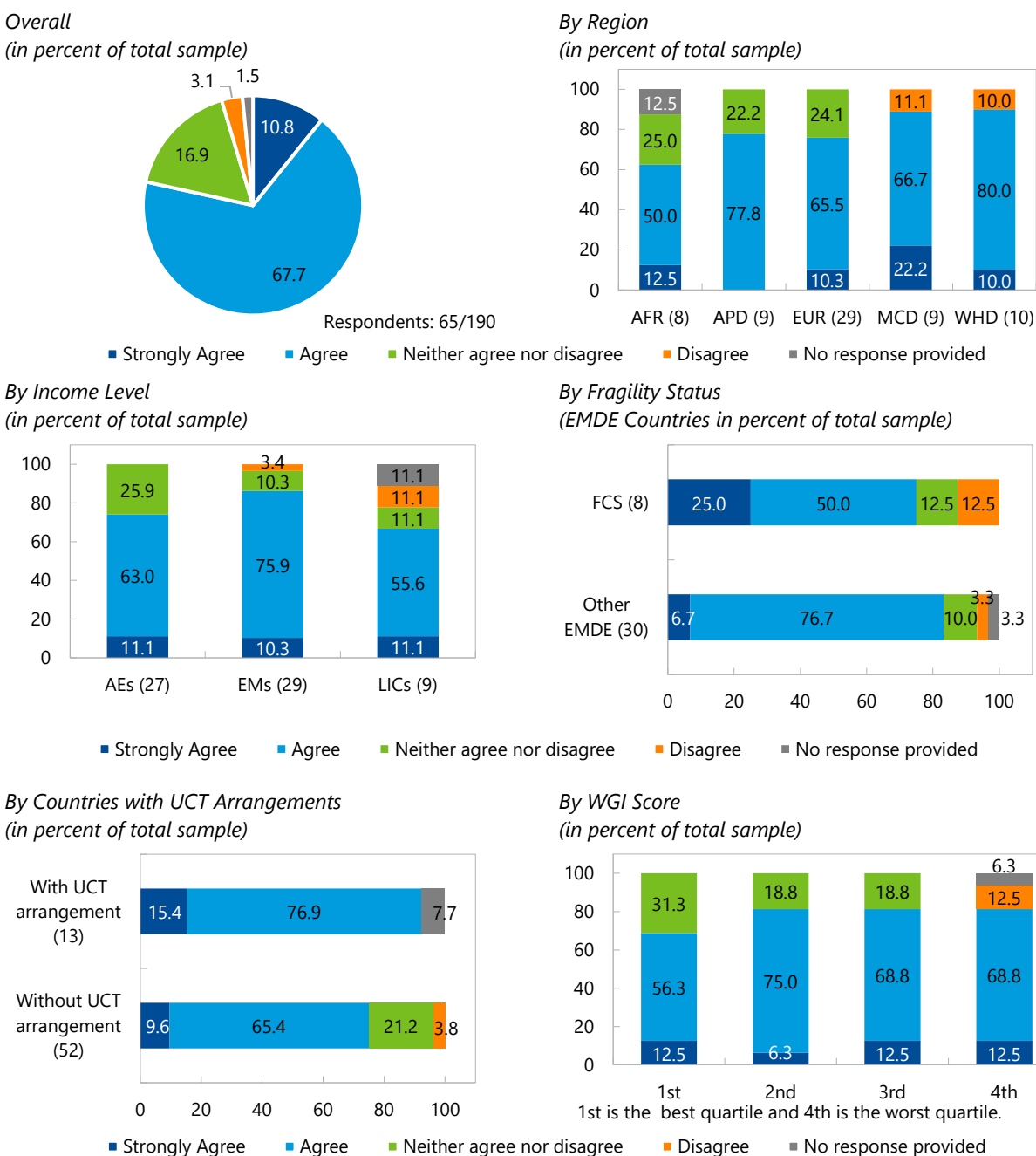
Source: Country authorities survey.

Question 3. Has the coverage of governance and anti-corruption in the IMF staff report been appropriate and adequately reflected your (your authorities') views?

Summary

- Over ¾ of responses see that the coverage of governance and anti-corruption in the IMF staff report has been appropriate and adequately reflected views of country authorities.

Figure 3. Question 3 Results



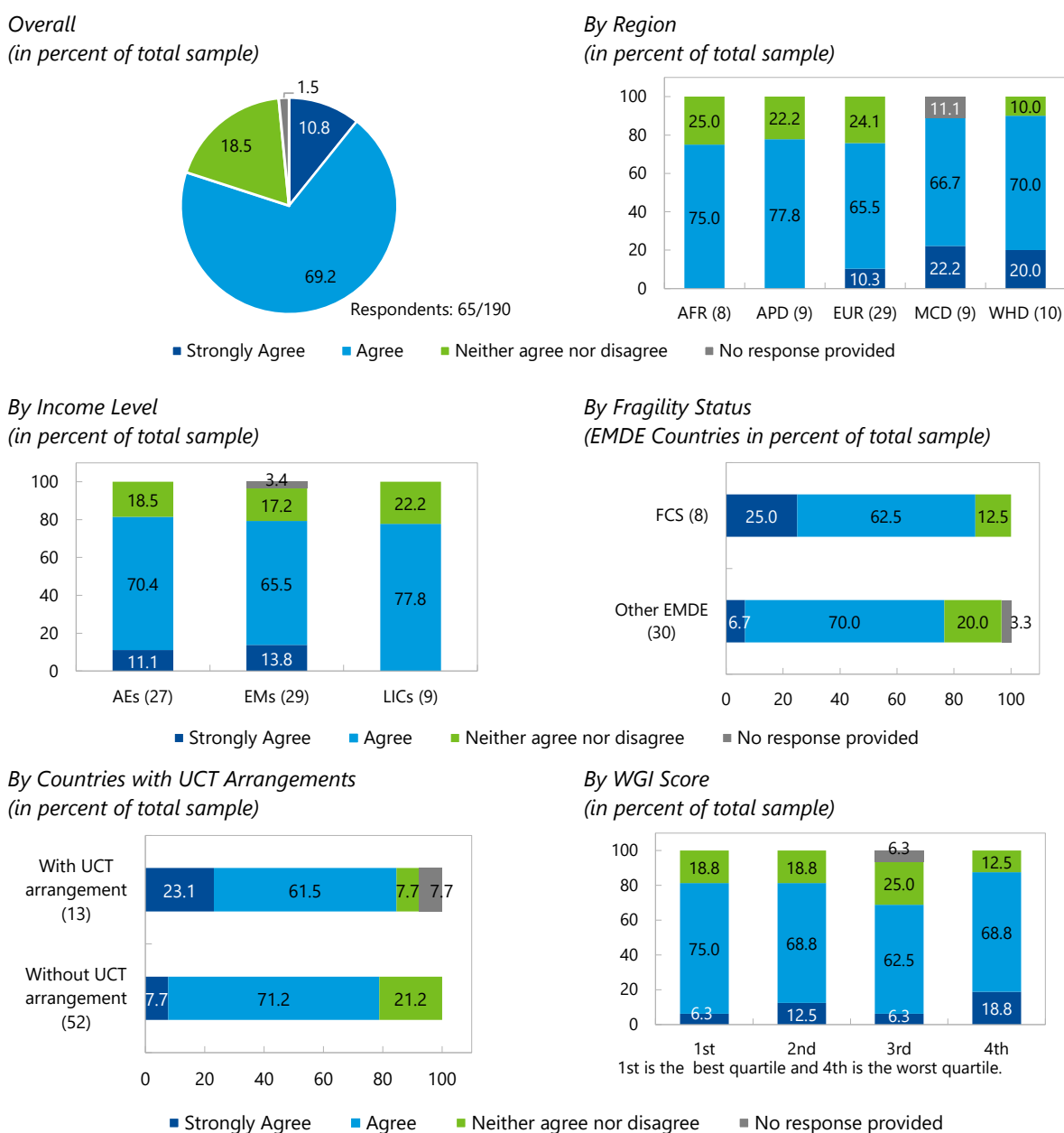
Source: Country authorities survey.

Question 4. Discussions with IMF staff on governance and anti-corruption allowed your country authorities to share their views on the issues raised?

Summary

- **Country authorities supported that their views have been shared with IMF staff.** No country authorities have responded as “disagree.”
- **FCS and countries with UCT program show large shares of “strongly agree,”** implying intensive two-way discussions between IMF staff and country authorities in these groups.

Figure 4. Question 4 Results



Source: Country authorities survey.

Question 5. *Following the 2018 Framework, based on what you know about coverage in your and other countries, macro-critical governance and anti-corruptions issues have been addressed across IMF member countries in an even-handed manner. (Even-handedness means treating similarly situated countries in a similar manner.)*

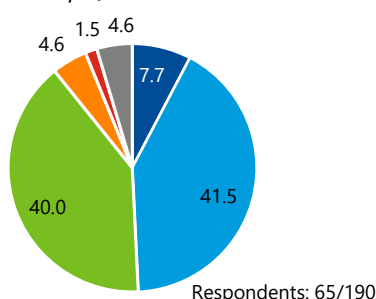
Summary

- **About half of responses support even-handedness, while about 40 percent of responses are neutral and 6 percent are negative on even-handedness.**
- **Supportive view in countries with high perceived governance and corruption vulnerabilities looks smaller than other groups—only 1/3 of the responses supported even-handedness.**

Figure 5. Question 5 Results

Overall

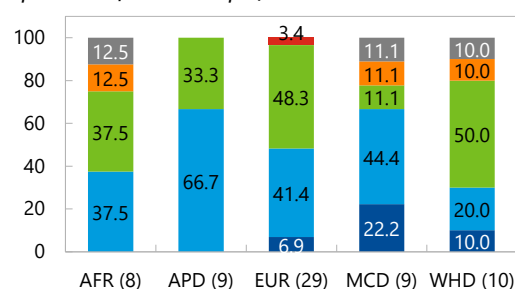
(in percent of total sample)



■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree ■ No response provided

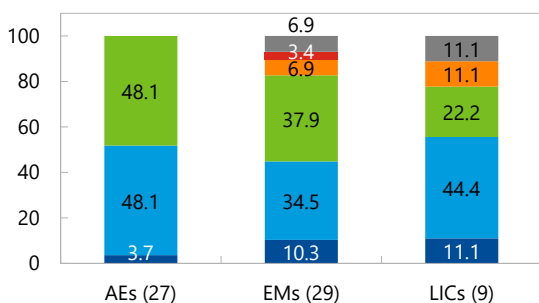
By Region

(in percent of total sample)



By Income Level

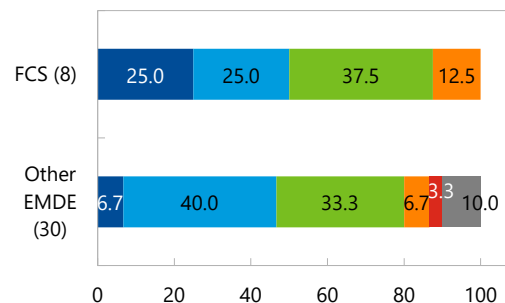
(in percent of total sample)



■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree ■ No response provided

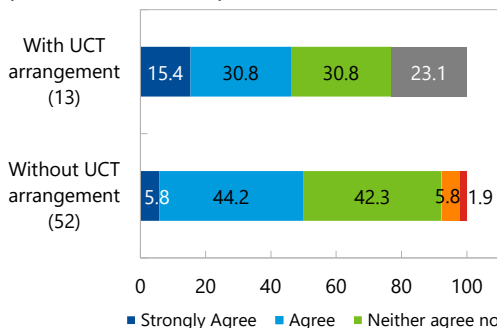
By Fragility Status

(EMDE Countries in percent of total sample)



By Countries with UCT Arrangements

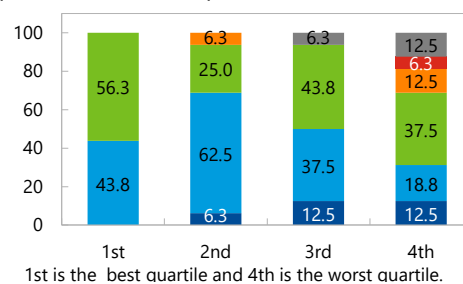
(in percent of total sample)



■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree ■ No response provided

By WGI Score

(in percent of total sample)



1st is the best quartile and 4th is the worst quartile.

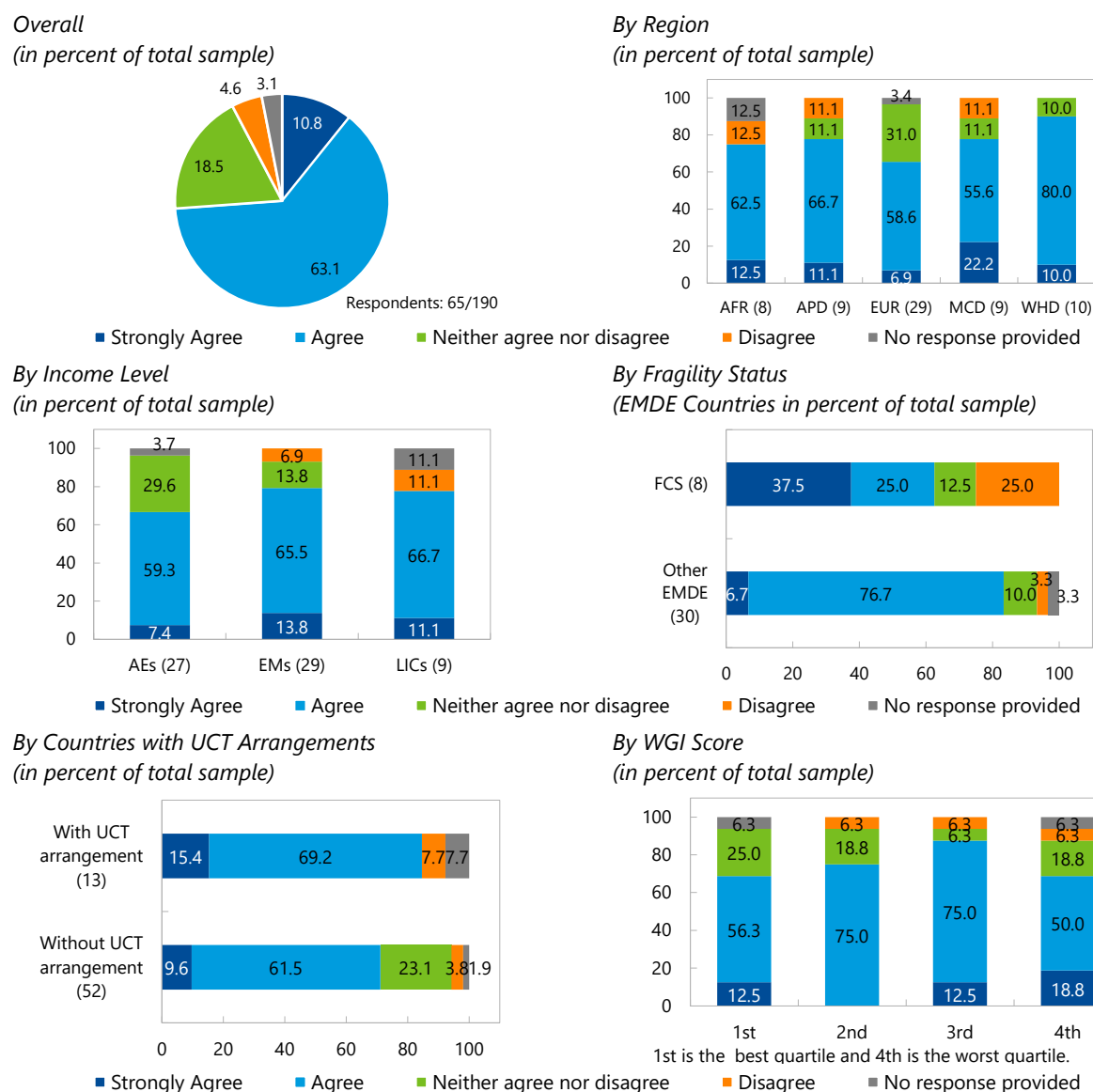
Source: Country authorities survey.

Question 6. Following the 2018 Framework, the IMF (country team and/or capacity development) has provided tailored, concrete, and granular policy advice and guidance on governance and anti-corruption issues.

Summary

- Country authorities assess that IMF staff provided tailored, concrete, and granular policy advice and guidance on governance and anti-corruption issues, reflecting country circumstances.** Overall, about $\frac{3}{4}$ of responses support this view, with similar shares across groups, though the shares of “strongly agree” somewhat tends to be larger in FCS and countries with high perceived governance and corruption vulnerabilities.

Figure 6. Question 6 Results



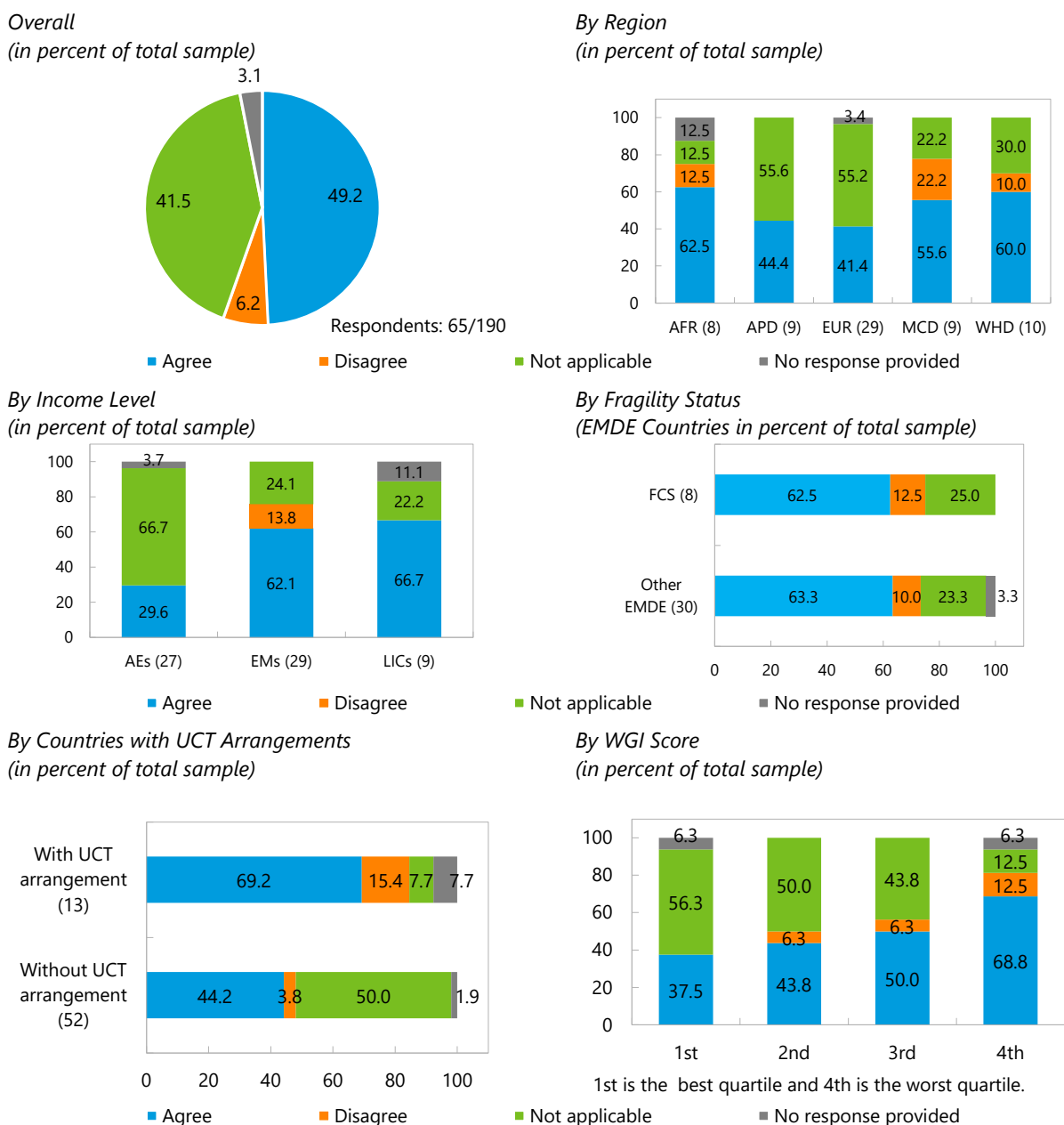
Source: Country authorities survey.

Question 7. IMF staff provided timely and useful CD to support the implementation of governance and anti-corruption policy advice?

Summary

- **On average, country authorities view IMF CD provisions as timely and useful.** Especially, LICs, countries with UCT arrangements or high perceived governance and corruption vulnerabilities appreciated Fund staff's policy advice. Large share of "not applicable" responses mainly reflects responses from AEs.

Figure 7. Question 7 Results



Source: Country authorities survey.

Question 8. Do you think that the IMF's involvement in governance and anti-corruption issues has a positive impact on your country? (Contributed to discussions in your country, promoted reforms, provided valuable input to your agenda, etc.)

Summary

- **70 percent of responses show favorable views on the impact of IMF's involvement in governance and anti-corruption issues.** This may suggest enhanced traction of IMF staff's policy advice under the framework.
- **The responses do not show substantial difference across groups, except higher supportive share in UCT arrangement cases.** This may indicate more policy traction under Fund's program.

Figure 8. Question 8 Results

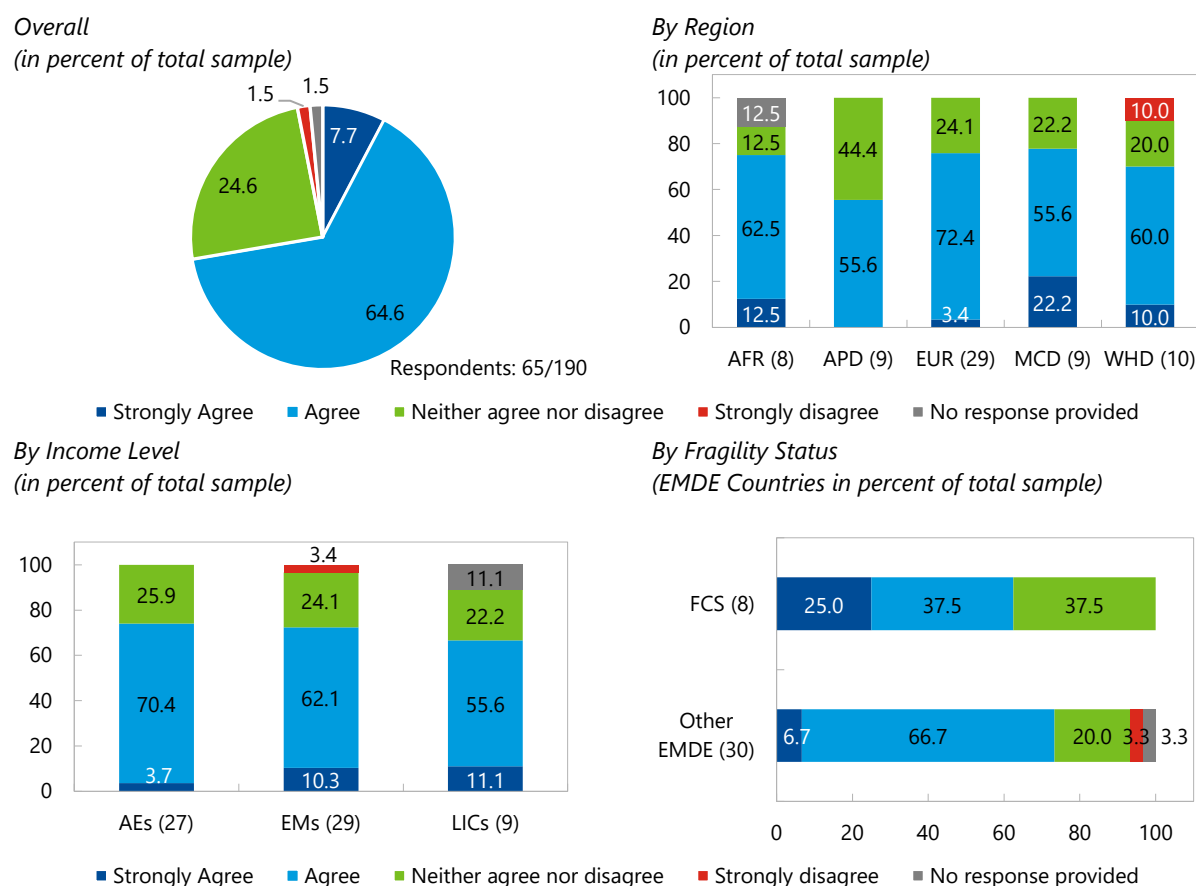
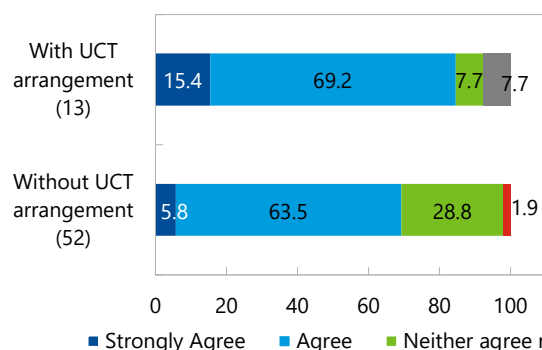
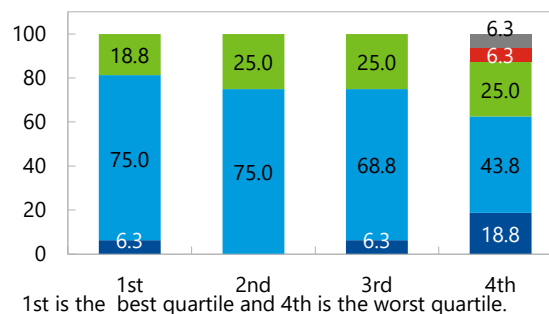


Figure 8. Question 8 Results (Concluded)

*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



1st is the best quartile and 4th is the worst quartile.

Source: Country authorities survey.

Question 9. Please list what you consider to be the most important reform recommendations (up to three reforms) that the IMF country team has provided to your authorities with regard to governance and anti-corruption issues during the past four years. Please explain why you deem they were important (traction, ownership, outcome, etc.). If no recommendations were provided, please write "None".

	Overall	Income level			Fragile status		UCT arrangement		WGI score			
		AEs	EMs	LICs	FCS	Other EMDEs	With UCT arrangement	Without UCT arrangement	1st quartile	2nd quartile	3rd quartile	4th quartile
Fiscal governance	33.6%	25.7%	34.2%	47.1%	33.3%	37.7%	19.2%	37.4%	25.0%	31.6%	47.2%	22.9%
PFM (excluding SOEs)	11.0%	5.7%	11.8%	17.1%	13.3%	12.6%	4.8%	12.8%	5.0%	11.8%	14.2%	10.4%
Revenue administration	6.2%	8.6%	3.5%	12.8%	10.0%	3.8%	4.8%	6.4%	5.0%	11.8%	9.4%	6.2%
Procurement	4.1%	8.6%	2.4%	4.3%	3.3%	2.5%	2.4%	4.6%	10.0%	3.9%	7.1%	2.1%
Fiscal transparency	2.7%	2.9%	2.4%	4.3%	3.3%	2.5%	2.4%	2.7%	5.0%	0.0%	4.7%	2.1%
SOEs	4.1%	0.0%	7.1%	0.0%	0.0%	7.5%	0.0%	5.5%	0.0%	3.9%	4.7%	2.1%
Other fiscal governance	5.5%	0.0%	7.1%	8.6%	3.3%	8.8%	4.8%	5.5%	0.0%	0.0%	7.1%	0.0%
Financial sector oversight	9.6%	20.0%	6.8%	0.0%	0.0%	7.2%	0.0%	12.1%	25.0%	10.5%	8.3%	2.9%
Central bank governance and operations	8.8%	11.4%	8.2%	5.9%	4.8%	8.7%	23.1%	5.1%	5.0%	10.5%	5.6%	8.6%
Anti corruption	20.8%	14.3%	23.3%	23.5%	33.3%	20.3%	30.8%	18.2%	20.0%	15.8%	16.7%	34.3%
AML/CFT	17.6%	22.9%	17.8%	5.9%	14.3%	15.9%	11.5%	19.2%	20.0%	15.8%	16.7%	20.0%
Market regulation	1.6%	2.9%	0.0%	5.9%	0.0%	1.4%	3.8%	1.0%	0.0%	5.3%	2.8%	0.0%
Rule of law	4.0%	0.0%	4.1%	11.8%	9.5%	4.3%	3.8%	4.0%	0.0%	0.0%	2.8%	5.7%
Other	4.0%	2.9%	5.5%	0.0%	4.8%	4.3%	7.7%	3.0%	5.0%	10.5%	0.0%	5.7%

Summary

- **Over 40 country authorities provided specific responses.**
- **The most important reform recommendations include anti-corruption and AML/CFT**, followed by PFM (excluding SOEs), financial sector oversight, and central bank governance and operations, although the sum of fiscal governance shows the largest shares in most groups.
- **LICs, FCS and countries with high perceived governance and corruption vulnerabilities ranked anti-corruption relatively high**, while AEs had a higher share of responses of financial sector oversight.

Examples of Specific Recommendations

Anti-Corruption

- Strengthening the anti-corruption framework by implementing existing legislation, including by the appointment of an independent, sufficiently empowered and resourced anti-corruption commission.
- Enactment of the anti-corruption legislation, approved by the National Assembly, including measures to ensure that acts of corruption are criminalized in line with Articles of the United Nations Convention Against Corruption.

Strengthening the identification and verification of beneficial ownership requirements for actors and politically exposed persons.

- Maintaining prevention and transparency efforts to mitigate corruption risks, including further strengthening the frameworks for asset disclosures, lobbying and whistleblower protection.

AML/CFT

- Enhancing the effectiveness of AML/CFT Framework in line with Financial Action Task Force standards.
- Enhancing AML/CFT risk management and compliance by strengthening supervision, ensuring accurate beneficial ownership information, improving preventive measures, reporting, and enhancing enforcement.
- Enhancing AML/CFT supervision by increasing the frequency of targeted and thematic inspections and improving the risk-based approach and tools for AML/CFT risk assessments.
- Ensuring inter-agency coordination on AML/CFT with adequate resources for all agencies involved.
- Enhancing and leveraging AML measures and enforcement efforts to detect and disrupt foreign proceeds of corruption from entering and/or being laundered in the respective country.

Fiscal Governance

- Strengthening the fiscal framework and transparency.
- Extending the coverage of government operations to public corporations that pose a significant risk to public finances and publishing public financial assets and their evolution.
- Implementing Public Investment Management (PIMA) recommendations.
- Tackling tax evasion and committing (and attaching high priority) to tax expenditure reduction.
- Improving governance of SOEs.
- Streamlining project approvals and assurances and regularly publishing reports on project procurement processes and on contracts for major public investments.
- Reviewing the duties of the public procurement agency.

Question 10. *Please indicate whether these recommendations were implemented, mentioning the factors that made this possible, or explaining the constraints on implementation (for example, recommendation not actionable, lack of political will, lack of traction, lack of capacity, etc.)*

Summary

- **About 10 responses elaborated on specific constraints on implementation of IMF's governance and anti-corruption recommendations.** They referred to a lack of political ownership or consensus and capacity constraints as key impeding factors. Also, some responses pointed out that even when relevant laws were passed, necessary political prioritization or commitment for implementation were often inadequate.

Examples of Constraints on Implementation

Lack of Political Ownership or Consensus

- Most of the recommendations were either implemented or duly addressed in the updates to the Anti-corruption Plan. Some of them are subject to legislative changes, which require further debate in Congress and political will to push forward the bills of law that were submitted.
- Some of the recommendations were aligned with program conditionalities and other recommendations have been addressed and added to the National Anti-Corruption Strategy. Yet, recommendations regarding legislations are yet to be implemented due to political instability and election delays.

- The AML/CFT and the conflict-of-Interest draft laws are under revision of the National Assembly. The revision period is extended due to the political situation in the National Assembly.
- Most of the laws adopted in recent years to address governance and anti-corruption issues have not been implemented yet. Political integrity and political will are needed to enforce these legislations.

Capacity Constraints

- The implementation of identified governance recommendations is undergoing, though capacity constraints and other priorities may impact progress.
- Recommendations in the field of internal public financial control and auditing could not move forward due to low staffing.

Question 11. *To strengthen the global fight against corruption, the 2018 Framework includes the voluntary assessment of transnational aspects of corruption (supply and/or facilitation) in Surveillance. If your country has not yet volunteered, what considerations would facilitate your country's volunteering to the assessment of transnational aspects of corruption in Surveillance?"*

Summary

- **A small handful of country authorities provided specific responses** on considerations that would facilitate volunteering to the assessment of transnational aspects of corruption in Surveillance.
- **Some responses show unawareness of the assessment.** Some others indicated that governance diagnostic tools and instruments for the prevention of risks in addition to adequate resources and capacity building would further facilitate such assessments.

Question 12. *Please indicate the areas of governance where further enhanced engagement with the IMF is needed in your country (select "Yes" if an area applies and add text if needed).*

Summary

- **Authorities identified financial sector oversight, AML/CFT and fiscal governance as areas of governance where further enhanced engagement is needed.** This largely reflects appetite from EMs, LICs, FCS, countries with UCT arrangements or high governance and corruption vulnerabilities.
- In addition, **governance diagnostics and anti-corruption show relatively higher need of enhanced engagement**, especially in EMs and LICs, and countries with UCT program or high perceived governance and corruption vulnerabilities. **Market regulation** was also identified as an area in which engagement should be enhanced by LIC with UCT program or high perceived governance and corruption vulnerabilities.

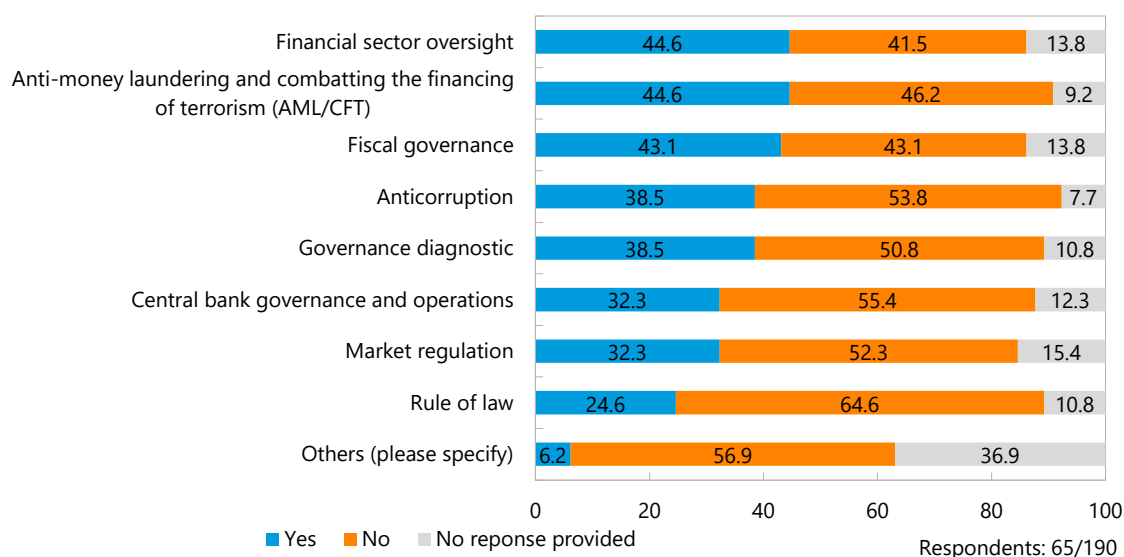
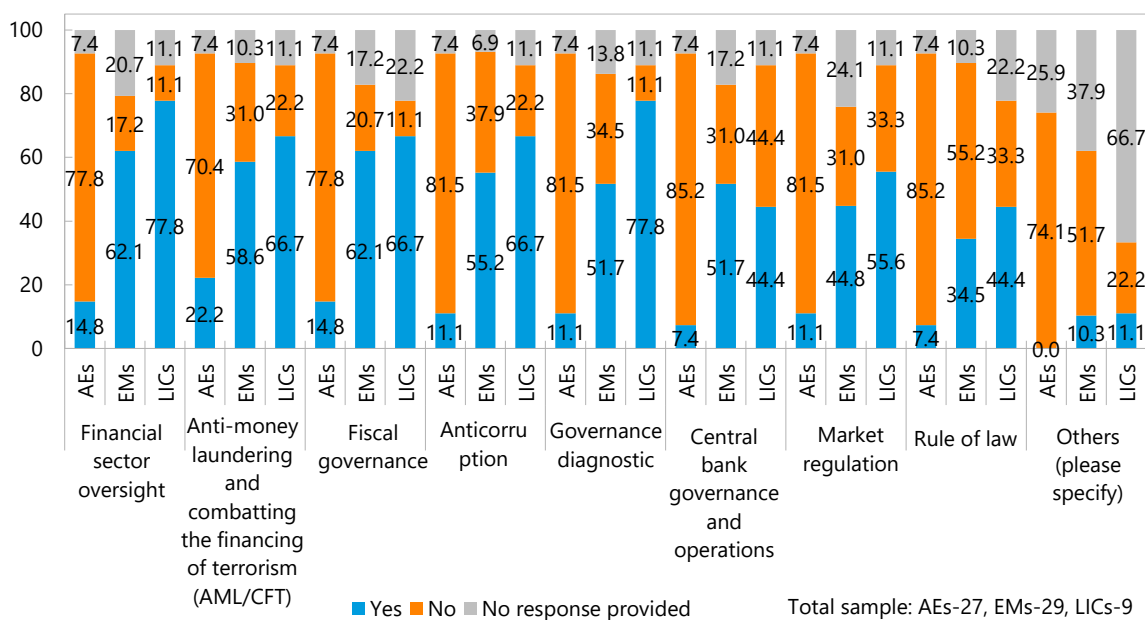
Figure 9. Question 12 Results*Overall**(in percent of total sample)**By Income Group**(in percent of total sample)*

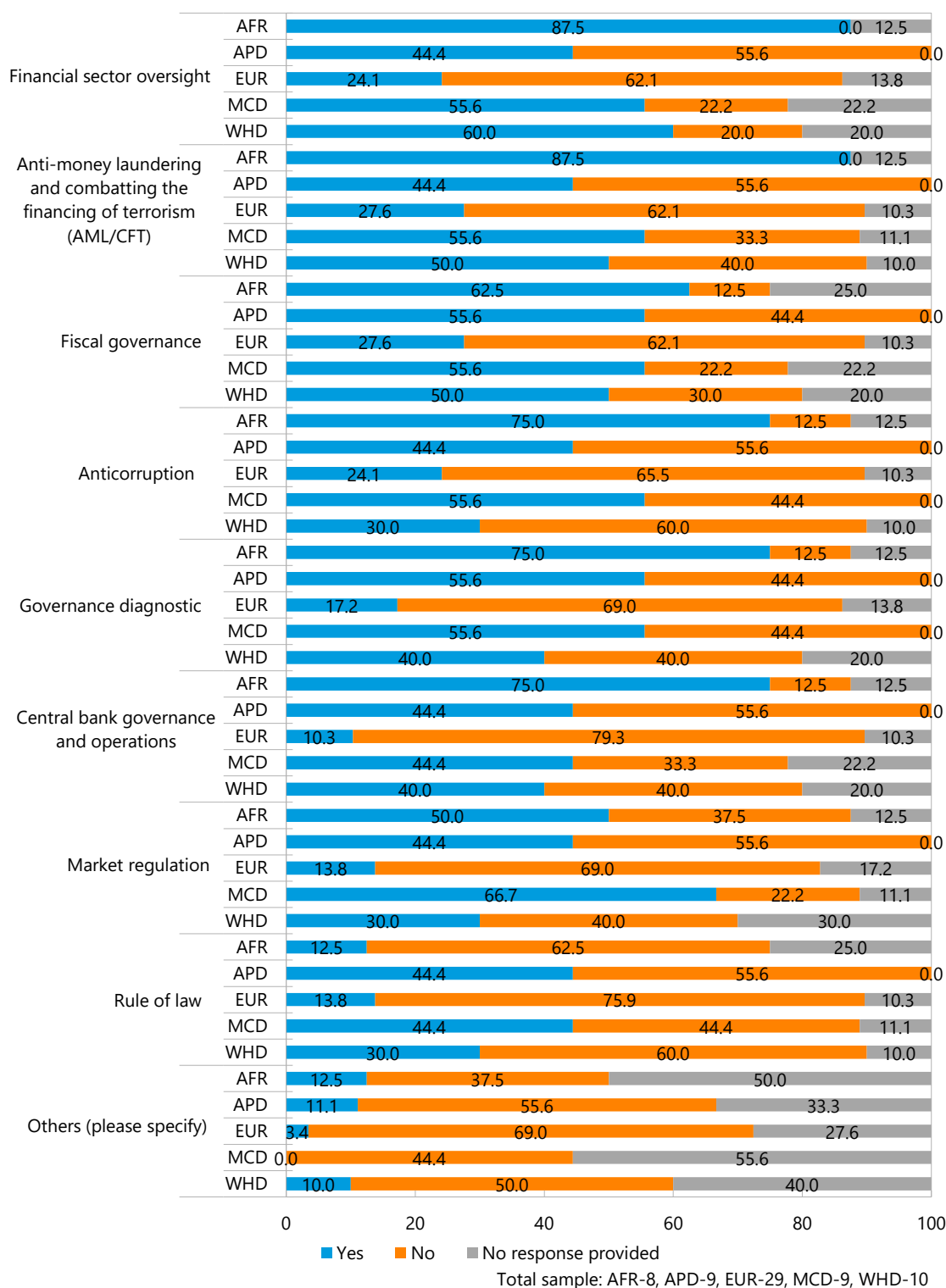
Figure 9. Question 12 Results (Continued)*By Region**(in percent of total sample)*

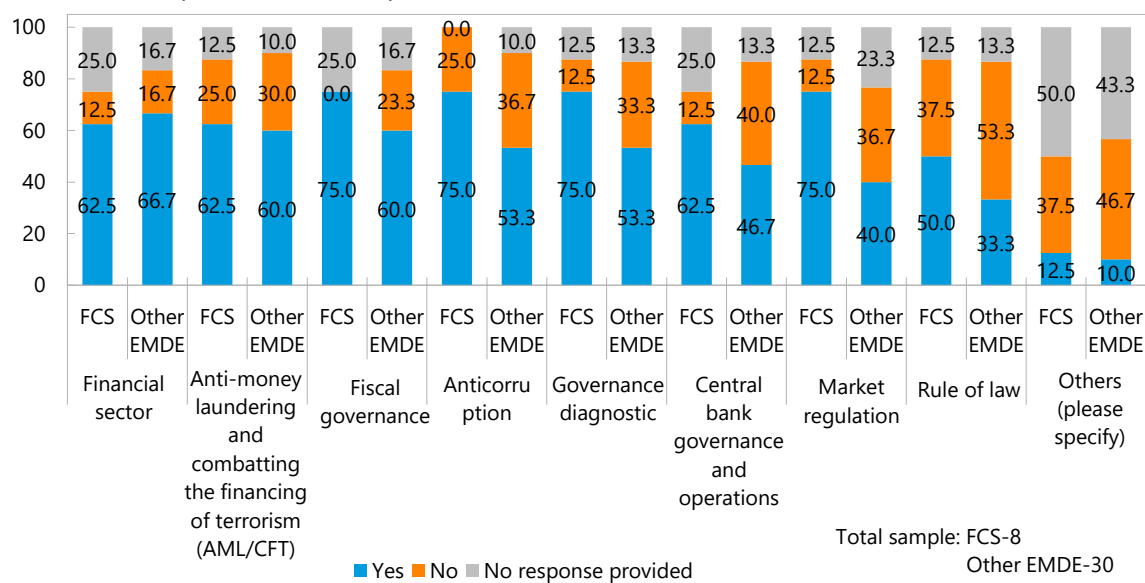
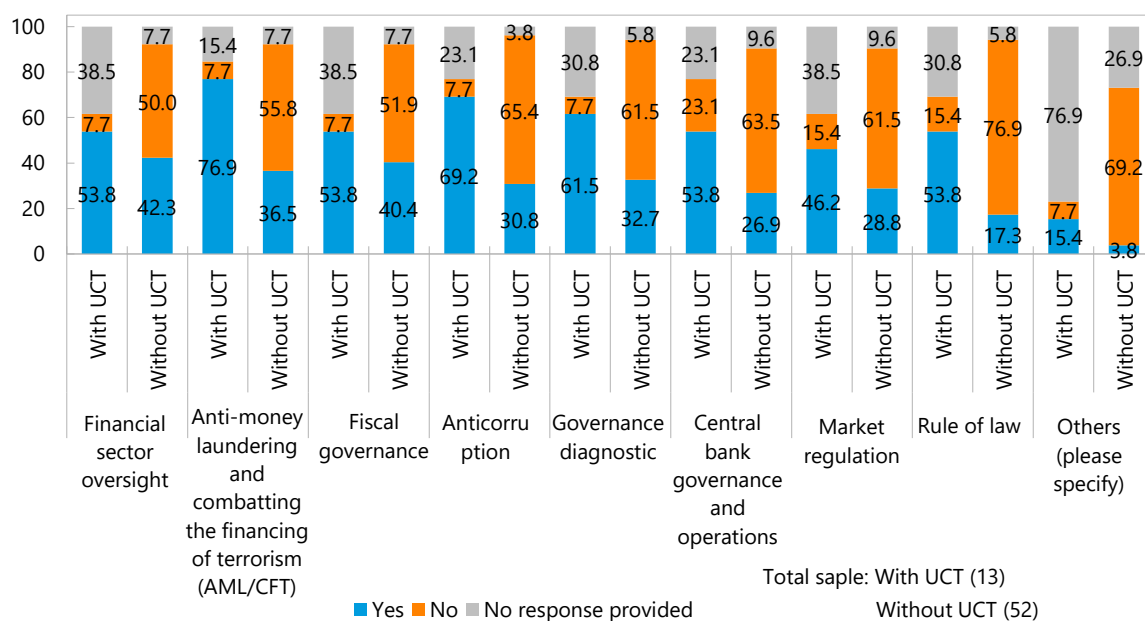
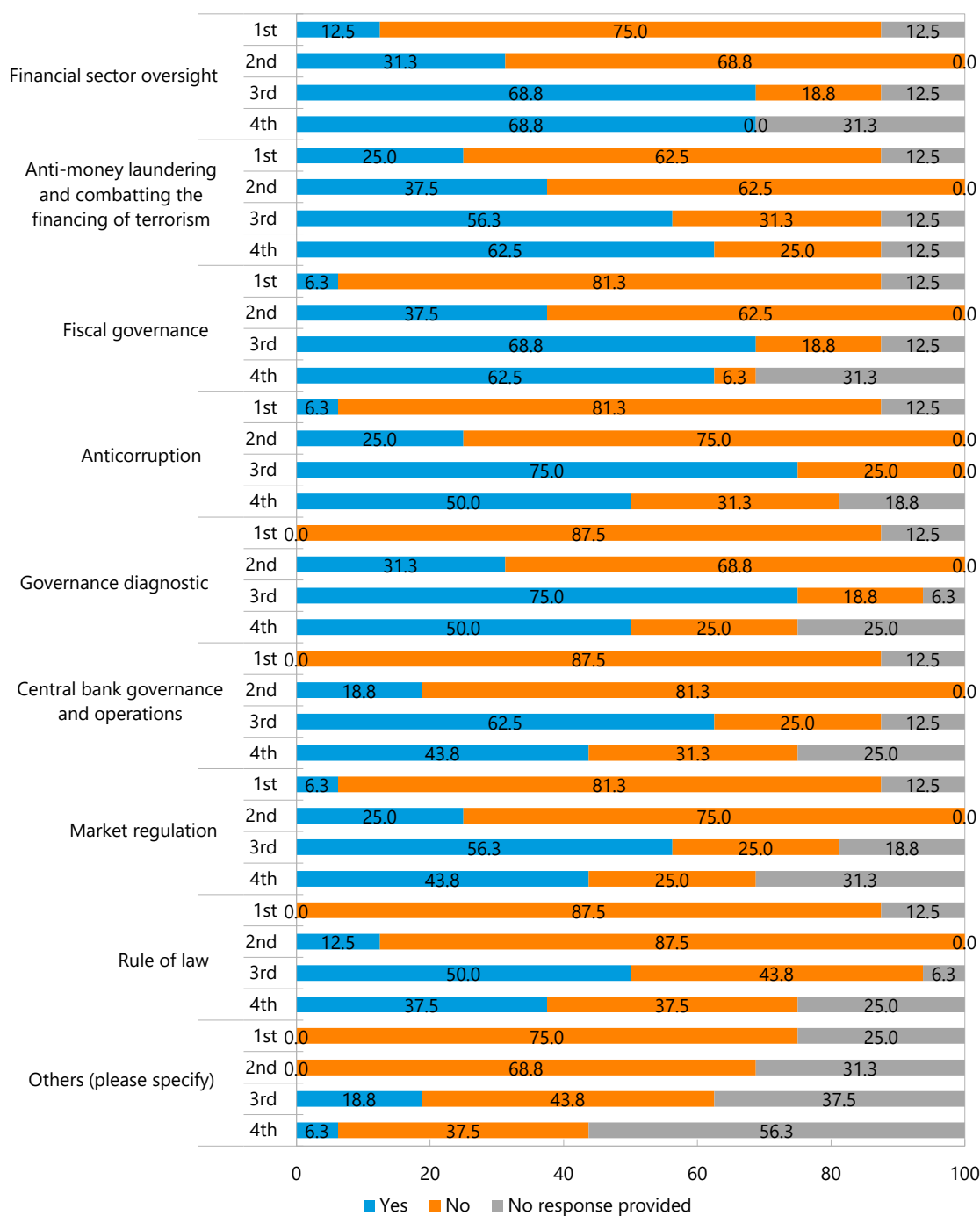
Figure 9. Question 12 Results (Continued)*By Fragility Status**(EMDE Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)*

Figure 9. Question 12 Results (Concluded)*By WGI Score**(in percent of total sample)*

Source: Country authority survey.

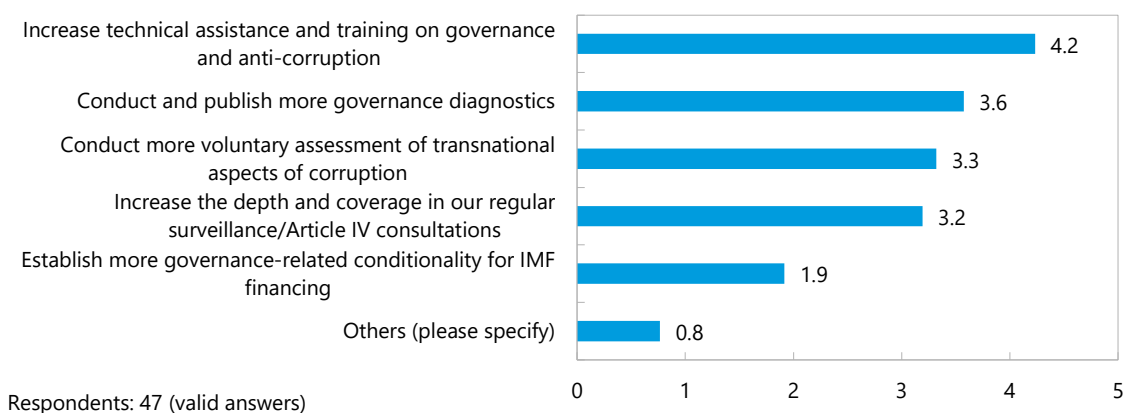
Question 13. *In terms of the possible modalities of further enhanced engagement, please rank the following areas where the IMF could further engage with your authorities in governance and anti-corruption issues.*

Summary

- **Authorities ranked increasing technical assistance and training on governance and anti-corruption by IMF favorably.** This was followed by further conduct and publication of governance diagnostics and conduct of more voluntary assessment of transnational aspects of corruption.

Figure 10. Question 13 Results

Overall Ranking



The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Overall: Issues Ranked as 1st and 2nd Priority

(in percent of total sample)

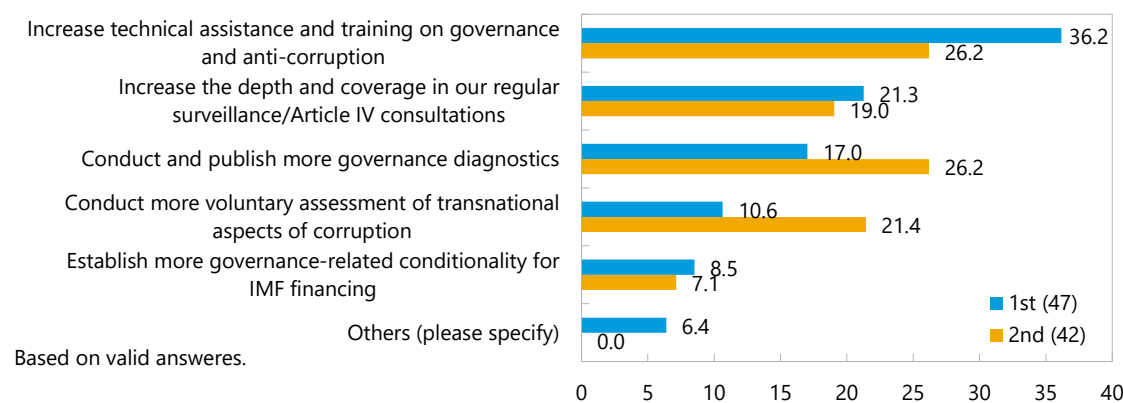
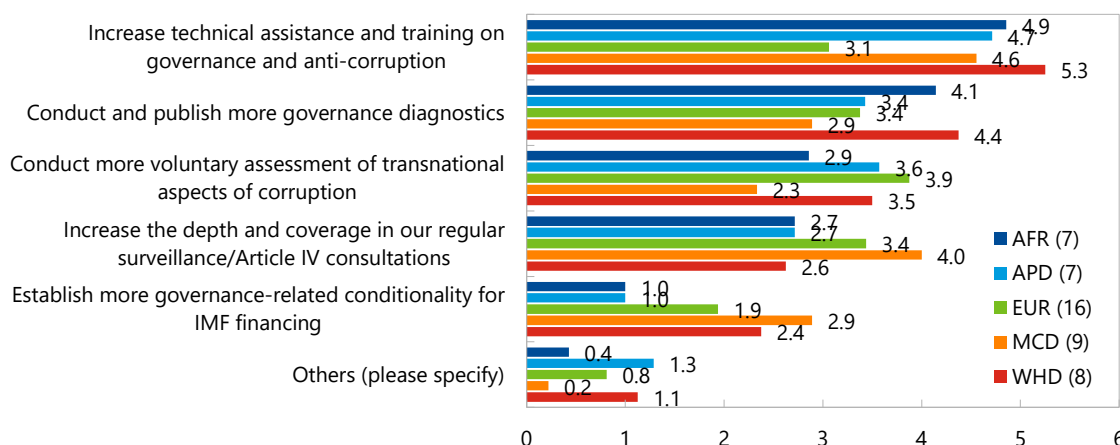


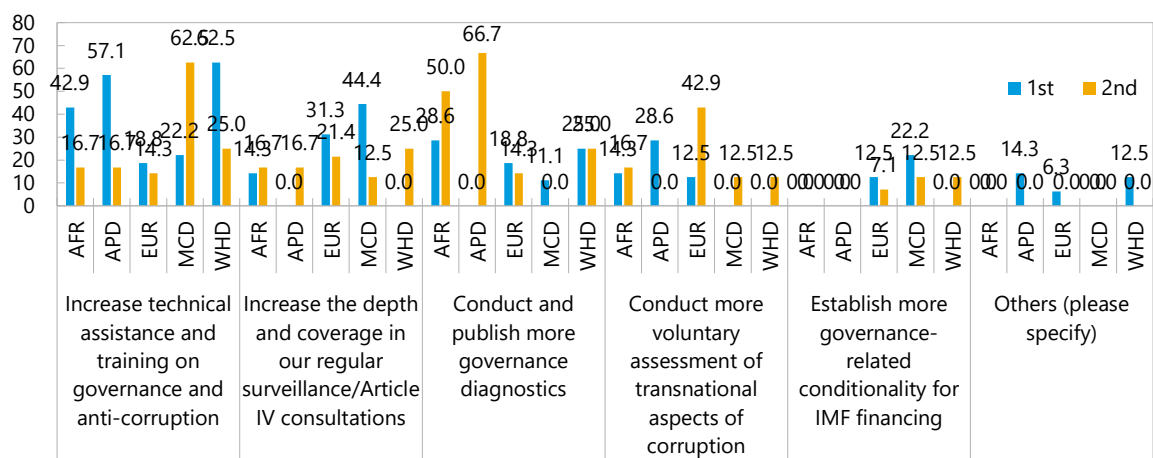
Figure 10. Question 13 Results (Continued)

Ranking by Regions

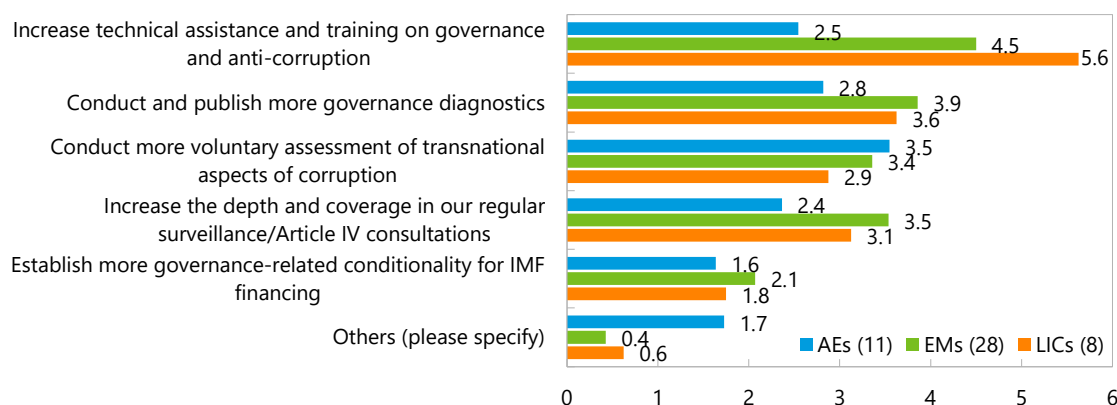


The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

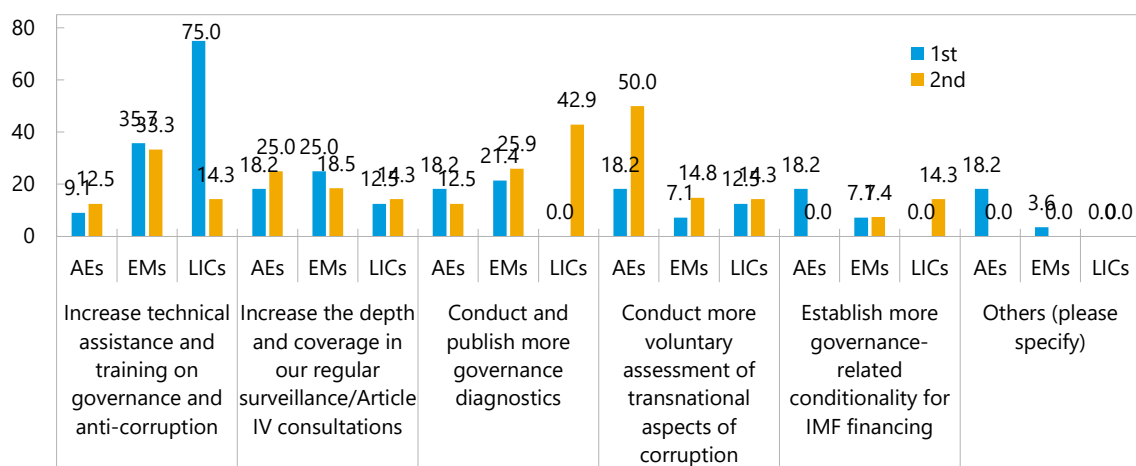
By Regions: Issues Ranked as 1st and 2nd Priority (in percent of total sample)



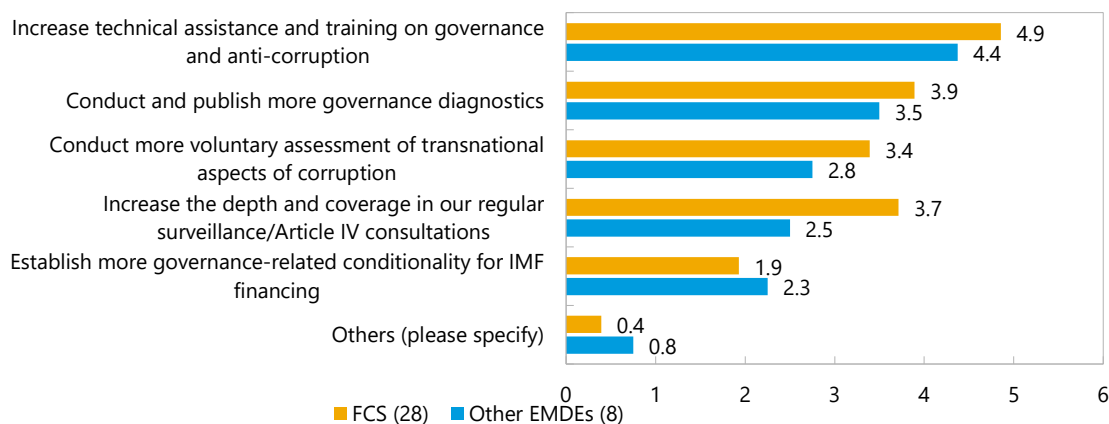
Sample size: AFR: 1st-7, 2nd-6; APD: 1st-7, 2nd-6; EUR: 1st-16, 2nd-14; MCD: 1st-9, 2nd-8; WHD: 1st-8, 2nd-8

Figure 10. Question 13 Results (Continued)*By Income Level**(in percent of total sample)*

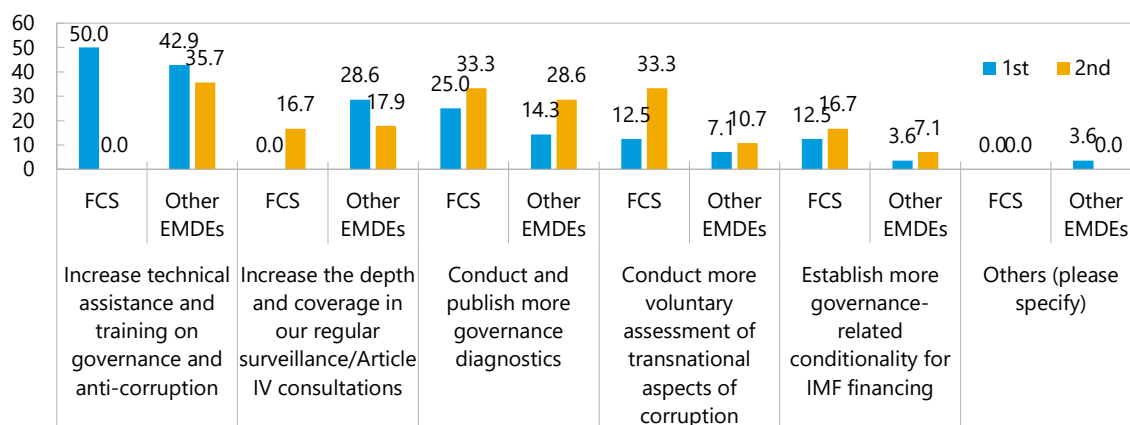
The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

*By Income Level: Issues Ranked as 1st and 2nd Priority**(in percent of total sample)*

Sample size: AEs, 1st-11; 2nd-8; EMs, 1st-28; 2nd-27; LICDs, 1st-8; 2nd-7

Figure 10. Question 13 Results (Continued)*By Fragility Status**(EMDE Countries in percent of total sample)*

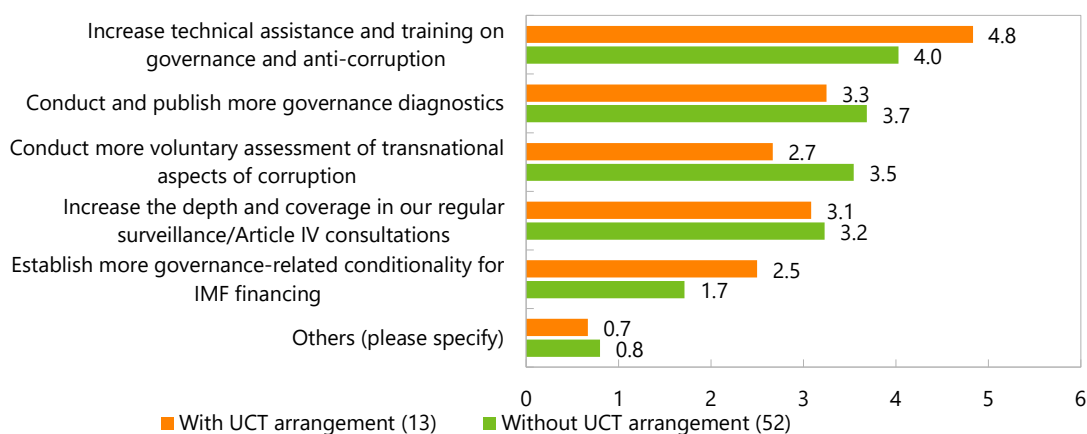
The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

By Fragility Status: Issues Ranked as 1st and 2 Priority

Sample size: FCS: 1st-8, 2nd-6; Other EMDEs: 1st-28, 2nd-28

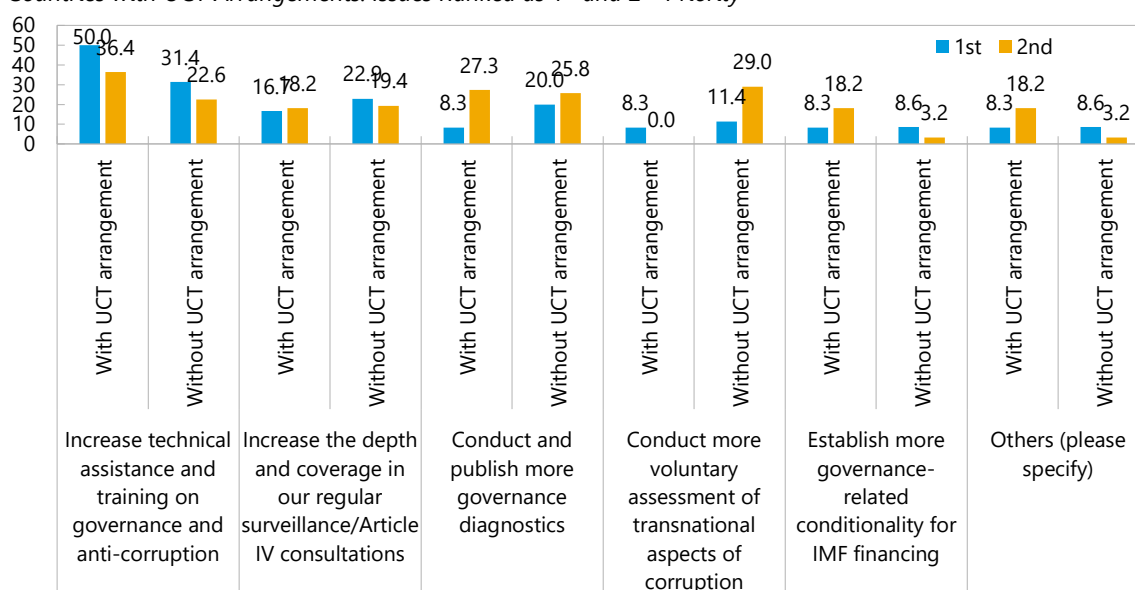
Figure 10. Question 13 Results (Continued)

*By Countries with UCT Arrangements
(in percent of total sample)*

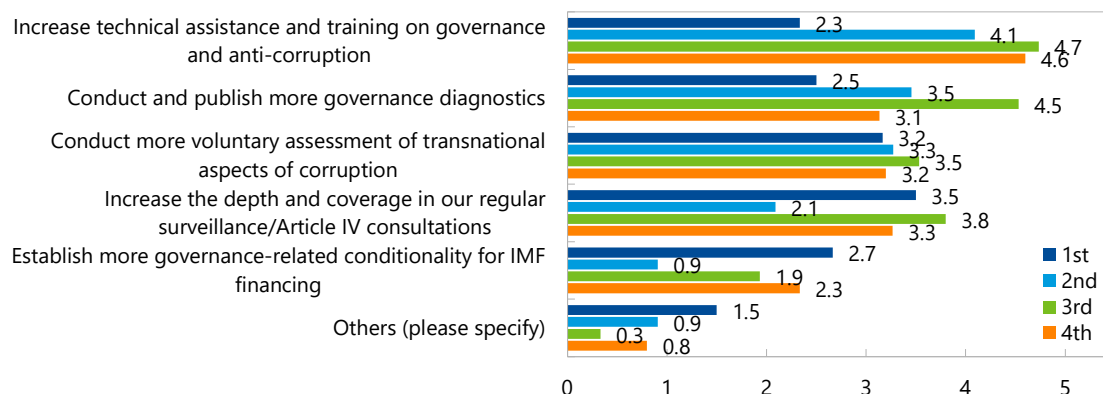


The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

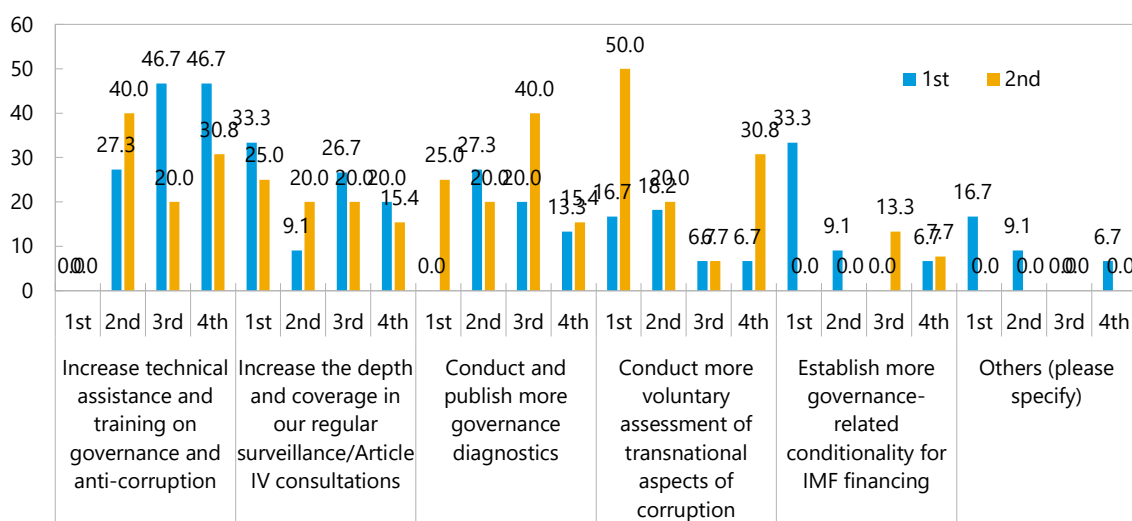
By Countries with UCT Arrangements: Issues Ranked as 1st and 2nd Priority



Sample size: With UCT arrangement 1st-12, 2nd-11; Without UCT arrangement 1st-35, 2nd-31

Figure 10. Question 13 Results (Concluded)*By WGI Score**(EMDE Countries in percent of total sample)*

The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

By WGI Score: Issues Ranked as 1st and 2nd Priority

Sample size: 1st 1st-6, 2nd-4; 2nd 1st-11, 2nd-10; 3rd 1st-15, 2nd-15; 4th 1st-15, 2nd-13

Source: Country authority survey.

Question 14. *Is there anything you would recommend for the IMF to improve the quality and impact of its engagement on governance and anti-corruption issues?*

Summary

- **16 responses provided suggestions on the general implementation of the framework.**
- **Providing a tailored approach accounting for country specific circumstances, providing more expertise and guidance to mainstream governance and anti-corruption issues in the IMF's core activities when macro-critical** and expanding the scope of the governance and anti-corruption framework to include emerging issues are top 3 responses.

Specific Recommendations

Even-handedness and Tailoring/Country Specific Engagement

- The most important aspect of the IMF's engagement with countries on governance and anti-corruption issues is even-handedness. The main challenge for the Fund is overcoming the predominant views on a particular country's governance assessment as per the board's geopolitical balance.
- The engagement should be tailored to country-specific circumstances and institutions.

Mainstreaming of Governance and Anti-Corruption Issues in the Fund's Core Activities when Macro-Critical, Including:

- Enhanced coverage of governance and anti-corruption issues during regular surveillance/program missions. This could include creation of instruments to measure and to evaluate corruption and its impacts in several dimensions (economic, social, political etc.) and additional guidance for mission teams regarding when it may/may not be appropriate for staff to issue waivers for governance-related conditionality to bring this practice in line with that of other macro-fiscal program targets.
- Country Engagement Strategies in FCS should candidly discuss governance vulnerabilities and how to best address them. This could involve close collaboration with other institutions to exploit synergies and to avoid duplication.
- Stronger focus on technical assistance provisions and wider training on governance and anti-corruption issues. This could include increased technical assistance training to financial sector supervising authorities on governance and anti-corruption and AML/CFT effectiveness as well as coverage of fiscal transparency evaluations (FTEs) and public investment management assessments (PIMAs). While wider training and outreach in the form of face-to-face workshops, corruption risks information sharing sessions and study visits could be used to build institutional capacity.

Expansion of the Scope of the Governance and Anti-Corruption Framework to Include:

- Governance reforms supporting climate adaptation and mitigation.
- Gender issues, for example, how the framework can incorporate the IMF's new gender strategy.
- Comprehensive analysis of offshore financial centers and tax havens, including risks to financial integrity.
- Analysis of political barriers and incentives for reform, for example, how corruption fits into the political settlement of the country, and short- and long-term risks to macro-stability.
- Deeper engagement with authorities and political leaders in addition to direct engagement with anti-corruption agencies, for example on issues such as regulatory capture and lobbying activities that have substantial impact on the legislative, regulatory, and supervisory environment.

SURVEY RESPONSES FROM IMF COUNTRY TEAMS¹

This section provides detailed results from the IMF country teams' survey responses, which sought to bring out country teams' views on governance and corruption issues in relation to the Fund operations (surveillance, lending, and CD). Hundred and sixty country teams (see Appendix I) have responded to the survey. Overall, the results of the survey support that implementation of the 2018 Framework is well underway: the framework has provided more effective, candid, and evenhanded engagement with member countries on macro-critical governance and corruption vulnerabilities.

- 1. IMF staff have broadly provided candid and granular policy advice to address governance and corruption vulnerabilities (Q.1, 2).** The survey results show strong engagement across country team workstreams (program and surveillance), various regions, and income groups, with the large majority taking place through clear and direct discussions in formal country documents (particularly in Low Income Countries (LICs) and countries with Upper Credit Tranche (UCT) arrangements).
- 2. Country teams' perceptions are somewhat supportive of even-handedness in addressing macro-critical governance and anti-corruption issues across IMF member countries (Q.3).** While around half of the respondents are neutral, the share of supporting even-handedness is much larger than that of negative responses. Nevertheless, some heterogeneity in views emerged across country groups. Notably, country teams of LICs, UCT arrangements, and with high perceived governance and corruption vulnerabilities expressed a more negative view on even-handedness. Further follow up with country teams regarding the negative views expressed on even-handedness highlights reasons for their negative views, including: too much emphasis being placed on governance and anti-corruption aspects compared to others, uneven recommendations/conditionality being imposed in comparable contexts, a need for further discussing governance weaknesses in Advanced Economies (AEs).
- 3. The effectiveness of Fund engagement has been enhanced through the provision of tailored and concrete policy advice (Q.4).** Over 80 percent of the responses expressed a positive view of the impact of the Fund's involvement to members (particularly in LICs and Fragile and Conflict-affected States (FCS)), indicating enhanced traction of policy advice (Q.6).
- 4. Key reform recommendations provided by country teams have been anti-corruption, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT), and Public Financial Management (PFM) (excluding State Own Enterprises (SOEs)), followed by fiscal transparency and central bank governance and operations (Q.7).** These are in line with the areas where further enhanced engagement is needed (Q.9) and the top three areas in conditionality of UCT arrangements (fiscal governance, anti-corruption framework, and central bank governance and operations) (Q.5). However, there is some heterogeneity across different country groups. For

¹ Prepared by Marwa Alnasaa and Miyoko Asai (both FAD).

example, we observe a higher share of PFM and anti-corruption driven by LICs, FCS, and countries with UCT programs or high perceived governance and corruption vulnerabilities, while the higher share of AML/CFT is driven by AEs, Emerging Markets (EMs) and LICs without UCT arrangements, and countries with low perceived governance and corruption vulnerabilities.

5. Capacity constraints and vested interests were dominant impeding factors for members to implement the recommendations, followed by lack of ownership/commitment (Q.8). However, these factors become less relevant in the context of UCT arrangements compared to surveillance, which could indicate more traction of policy advice in Fund programs.

6. Given the above, country teams expressed that increasing technical assistance and training has been identified as the most preferred modality of further enhanced engagement, followed by more governance diagnostics, increasing the depth and coverage of surveillance, transnational aspects, and more governance related conditionality (Q.15).

7. Country teams have received appropriate support from functional departments (FDs) in a timely manner (Q.16,17). Country teams for AEs and EMs benefited from traditional types of support from functional departments (e.g., review process, bilateral consultation), while a majority of country teams for LICs also acknowledged a new modality of enhanced support, including interdepartmental brainstorming sessions and governance diagnostic missions.

8. Country teams indicated the need for further support from functional departments (Q.18,19). Overall, fiscal governance, AML/CFT, and anti-corruption are the top three areas where further functional department support is needed. More specific requests from some country teams (41 responses) would be actionable without any changes in the Fund's policies or framework; many of them revolved around allocating/prioritizing more resources and providing more governance and anti-corruption related expertise and guidance.

9. Under the framework, interaction and collaboration with other stakeholders has been enhanced (Q.11-14). For collaboration with other International Financial Institutions (IFIs) (including the World Bank (WB)) and donors, more than a half of LICs and countries with UCT programs or high perceived governance and corruption vulnerabilities supported enhanced cooperation. Most EMs (eligible for WB lending) and LICs have some interaction with the WB. However, some country teams raised concerns on collaboration with IFIs and the WB, including a lack of coordination on related CD in the field, and delayed response times for feedback on Governance and Anti-corruption (GAC) areas. With regards to interaction with civil society (CSOs), the majority of LICs, FCS, and countries with UCT programs or high perceived governance vulnerabilities indicated some interaction (Q.10). However, a lack of free and independent press and CSOs seemed to undermine the effectiveness of interaction (Q.11).

10. Appendix II provides more detailed information on the survey responses.

Appendix I. List of Country Teams that Submitted Survey Responses

Region	Country Name	Region	Country Name
AFR 31	Angola	APD	Lao P.D.R.
	Botswana		Macao
	Burkina Faso		Malaysia
	Cabo Verde		Maldives
	Cameroon		Marshall Islands
	Chad		Mongolia
	Côte d'Ivoire		Nauru
	Democratic Republic of the Congo		Nepal
	Equatorial Guinea		New Zealand
	Eswatini		Philippines
	Ethiopia		Samoa
	Guinea		Singapore
	Guinea-Bissau		Solomon Islands
	Kenya		Sri Lanka
	Lesotho		Thailand
	Liberia		Timor-Leste
	Madagascar		Tonga
	Malawi		Tuvalu
	Mauritius		Vanuatu
	Niger	EUR 42	Albania
	Nigeria		Andorra
	Republic of Congo		Austria
	Senegal		Belarus
	Sierra Leone		Belgium
	South Africa		Bosnia and Herzegovina
	South Sudan		Bulgaria
	The Gambia		Croatia
	Togo		Czech Republic
	Uganda		Denmark
	Zambia		Estonia
	Zimbabwe		Finland
APD 27	Australia		Germany
	Bangladesh		Greece
	Cambodia		Hungary
	China		Ireland
	Fiji		Israel
	Hong Kong SAR		Italy
	Indonesia		Kosovo
	Korea		Latvia

Region	Country Name	Region	Country Name
EUR	Lithuania		Qatar
	Luxembourg		Saudi Arabia
	Malta		Somalia
	Moldova		Sudan
	Montenegro		Tajikistan
	North Macedonia		Tunisia
	Norway		Turkmenistan
	Poland		United Arab Emirates
	Portugal		Uzbekistan
	Romania		West Bank & Gaza
	Russian Federation		Yemen
	San Marino	WHD 29	Antigua and Barbuda
	Serbia		Aruba
	Slovak Republic		Barbados
	Slovenia		Belize
	Spain		Bolivia
	Sweden		Brazil
	Switzerland		Canada
	The Netherlands		Colombia
	Turkey		Costa Rica
	Ukraine		Curacao
	United Kingdom		Dominica
MCD 31	Afghanistan		Dominican Republic
	Algeria		El Salvador
	Armenia		Grenada
	Azerbaijan		Guatemala
	Bahrain		Guyana
	Djibouti		Haiti
	Egypt		Honduras
	Georgia		Jamaica
	Iran		Mexico
	Iraq		Nicaragua
	Jordan		Panama
	Kazakhstan		Paraguay
	Kuwait		Peru
	Kyrgyz Republic		St. Maarten
	Lebanon		St. Vincent and the Grenadines
	Libya		The Bahamas
	Mauritania		Trinidad and Tobago
	Morocco		Uruguay
	Oman		
	Pakistan		

Appendix II. Summary of the Survey for Country Teams

Sample Collection Time: Summer 2022 (July–September), follow-up and clarification sought during October–November 2022

Definitions of Groups

- Sample includes 160 responses (out of 190), where some country teams (16) have provided only partial responses. By income levels (World Economic Outlook (WEO) basis), 33 AEs, 75 EMs, and 52 LICs. By departments, 31 from African Department (AFR), 27 from Asia & Pacific Department (APD), 42 from European Department (EUR), 31 from Middle East & Central Asia Department (MCD), and 29 from Western Hemisphere Department (WHD). The sample includes 2 cases that did not have any engagement with the Fund country teams during 2018–22. The table below suggests little bias in the sample.

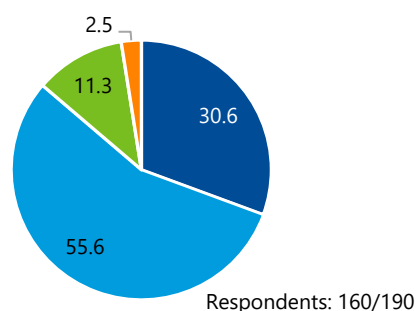
	Income levels			Regions				
	AEs	EMs	LICs	AFR	APD	EUR	MCD	WHD
All (in GAT exercise)	19.4%	45.4%	35.2%	23.0%	18.9%	23.0%	16.3%	18.9%
Sample in this draft	20.6%	46.9%	32.5%	19.4%	16.9%	26.3%	19.4%	18.1%

- 51 of the responses had at least one UCT arrangement during the survey period (2018–summer 2022), where UCT arrangements include Extended Credit Facility (ECF), Extended Fund Facility (EFF), Flexible Credit Line (FCL), Precautionary Liquidity Line Arrangement (PLL), Stand-By Arrangement (SBA), Standby Credit Facility (SCF), Policy Coordination Instrument (PCI) and Policy Support Instrument (PSI) (not including emergency arrangements like Rapid Credit Facility (RCF), and Rapid Financing Instrument (RFI)).
- FCS (33 countries) is based on the World Bank’s list of Fragile and Conflict-affected Situations. Countries listed as such in FY2019 to FY2022 are counted as FCS.
- WGI: the quartiles of countries’ three-year average (2019–21) of *control of corruption* scores are used to divide the sample with the WGI score into four groups.

Question 1. *Following the 2018 Framework, macro-critical governance and anti-corruption issues have been addressed candidly, with clear and direct language (e.g., corruption vulnerabilities, governance weakness) in discussions with the authorities of the country for which you are, or have been, IMF mission chief.*

Summary

- **IMF staff have engaged in candid, open and direct dialogue with country authorities on macro-critical governance and anti-corruption issues under the 2018 framework**, as implied by the large share, over $\frac{3}{4}$, of *strongly agree* and *agree*.
- **Perceptions on candidness are aligned with country circumstances, including their perceived governance and corruption vulnerabilities.** All groups show supportive views as majority, but supportive responses tend to be high in LICs, and countries with UCT arrangements.

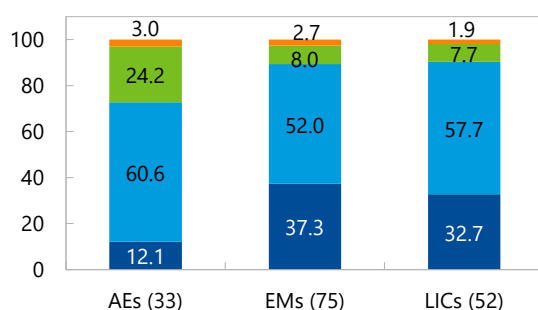
Figure 1. Question 1 Results*Overall**(in percent of total sample)*

■ Strongly Agree

■ Agree

■ Neither agree nor disagree

■ Disagree

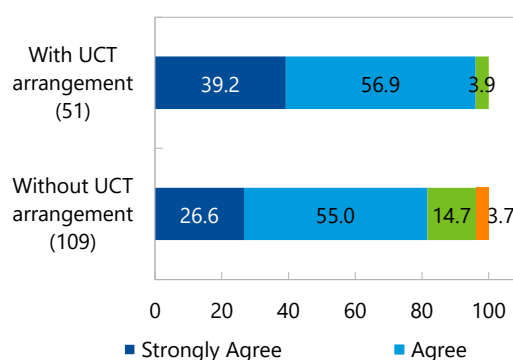
*By income level**(in percent of total sample)*

■ Strongly Agree

■ Agree

■ Neither agree nor disagree

■ Disagree

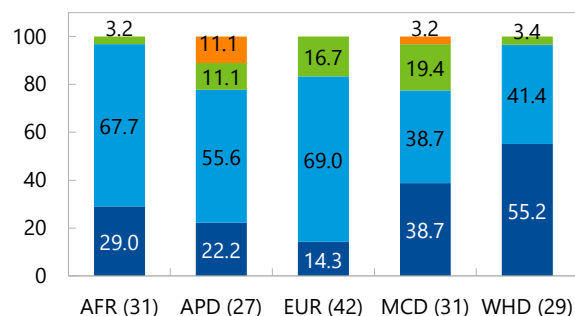
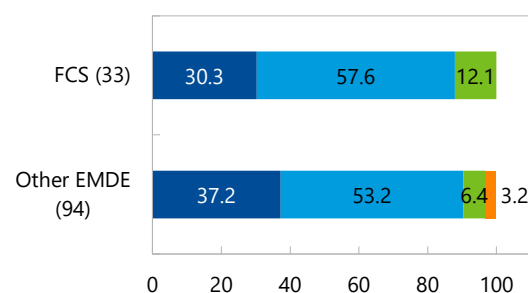
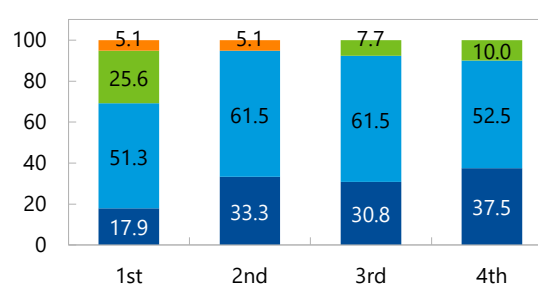
*By countries with UCT arrangements**(in percent of total sample)*

■ Strongly Agree

■ Agree

■ Neither agree nor disagree

■ Disagree

*By region**(in percent of total sample)**By fragility status**(EMED Countries in percent of total sample)**By WGI score**(in percent of total sample)*

1st is the best quartile and 4th is the worst quartile.

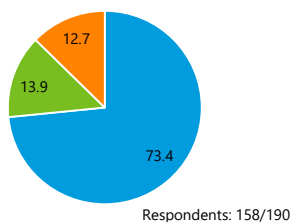
■ Neither agree nor disagree

■ Disagree

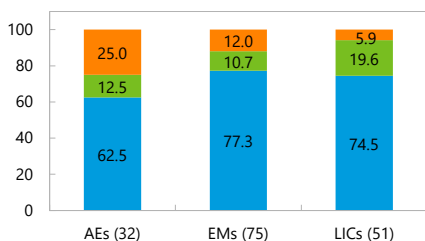
Source: Country team survey.

Question 2. *In what form, if any, have you had direct discussions with the authorities on corruption issues?***Summary**

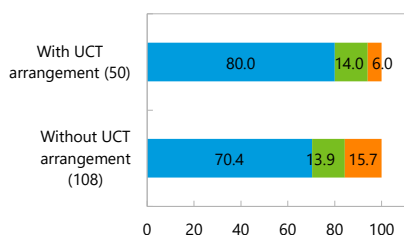
- **The majority of the candid discussions were included in formal documents.** This implies a written record of those discussions and, in the cases where the documents are published, the possibility of domestic and international stakeholders to be aware of these discussions. A small share of holding discussions privately reinforces candidness and transparency in these discussions.
- **Direct discussions seem to be less prevalent in AEs, non-UCT, and low perceived governance and corruption vulnerabilities** (the share of no direct discussion in FCS, very similar to non-FCS EMDEs, is mainly driven by countries with no or very little interaction with the Fund).

Figure 2. Question 2 Results**Overall***(in percent of total sample)*

- Yes, in staff reports or in other formal mission reports
- No direct discussion

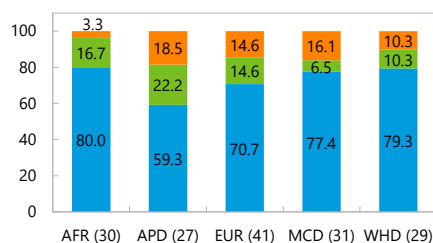
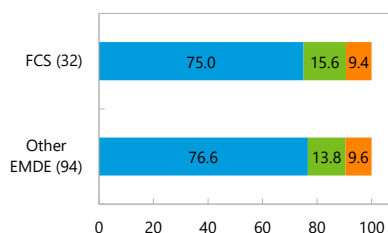
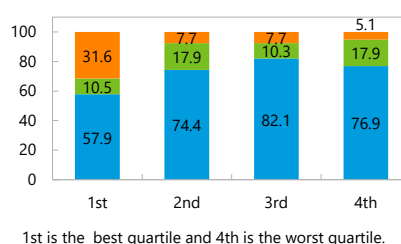
By Income Level*(in percent of total sample)*

- Yes, in staff reports or in other formal mission reports
- No direct discussion

By Countries with UCT Arrangements*(in percent of total sample)*

- Yes, in staff reports or in other formal mission reports
- No direct discussion

Source: Country team survey.

By region*(in percent of total sample)***By Fragility Status***(EMDE Countries in percent of total sample)***By WGI Score***(in percent of total sample)*

- Yes, in staff reports or in other formal mission reports
- Yes, in oral (or other private) communications

Question 3. *Following the 2018 Framework, based on what you know about coverage in your and other countries, macro-critical governance and anti-corruptions issues have been addressed across IMF member countries in an even-handed manner. (Even-handedness means treating similarly situated countries in a similar manner.)*

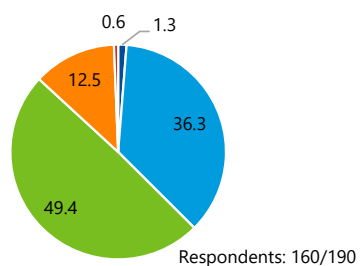
Summary

- On average, while neutral responses (half) prevent a supportive view on even-handedness from becoming a majority, **the share of supportive views (about 36 percent) surpasses that of negative views (about 13 percent) by a wide margin** (The large percentage of neutral responses may suggest that country teams do not have strong views on even-handedness, or that they do not have enough information to assess it).
- Aggregated numbers may mask heterogeneity in views.** Notably, a negative view on even-handedness tends to be relatively large in LICs, UCT programs and high perceived governance and corruption vulnerabilities.
- Some country teams that responded as “Disagree/Strongly disagree” have highlighted reasons for the negative views.** First, their responses largely reflect the teams’ views. Key issues raised by teams include too much emphasis being placed on governance and anti-corruption aspects compared to others, uneven recommendations and conditionality being imposed in comparable contexts, and a need to further discuss governance weaknesses in advanced economies.

Figure 3. Question 3 Results

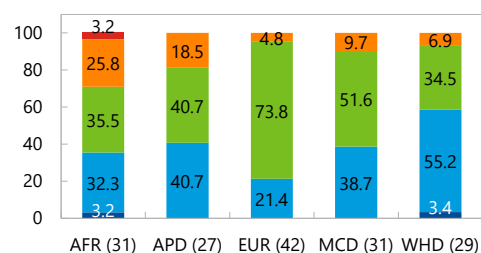
Overall

(in percent of total sample)



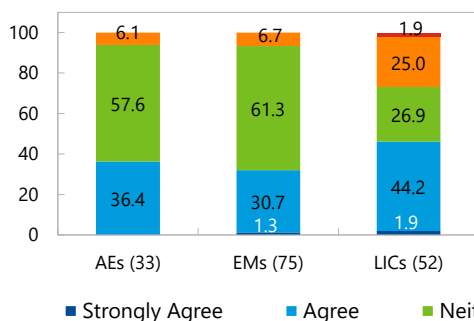
By Region

(in percent of total sample)



By Income Level

(in percent of total sample)



By Fragility Status

(EMED Countries in percent of total sample)

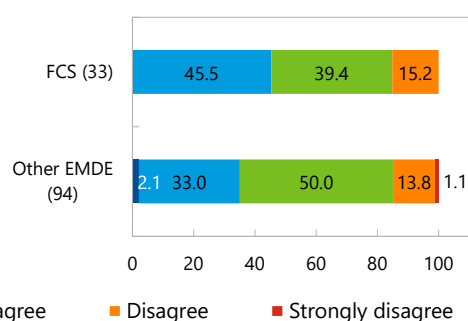
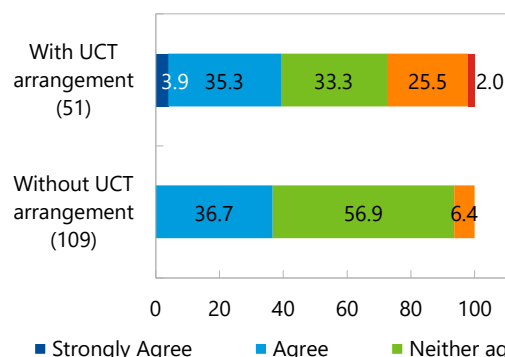
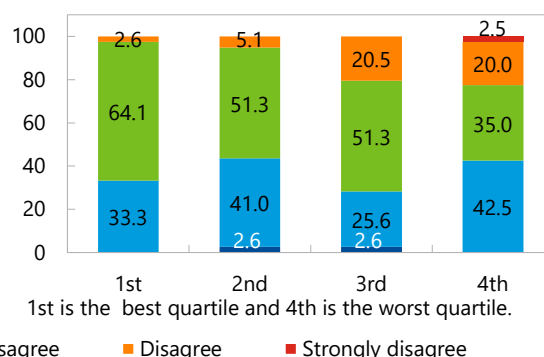


Figure 3. Question 3 Results (Concluded)

*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



Source: Country team survey.

Question 4. *Following the 2018 Framework, your (area department, country) team (and its predecessors since 2018) has provided tailored, concrete, and granular policy advice and guidance on governance and anti-corruption issues.*

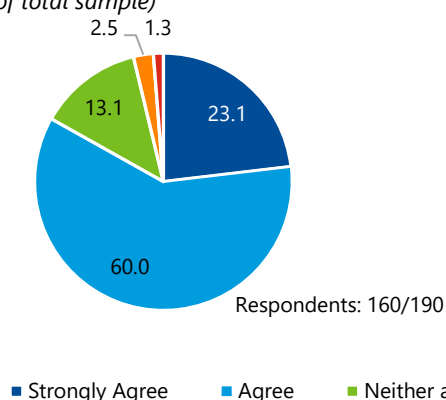
Summary

- **IMF staff have provided tailored, concrete, and granular policy advice and guidance on governance and anti-corruption issues, reflecting country circumstances.** Over 80 percent responses support this view, with similar patterns across groups.
- **This trend is particularly clear for LICs, and FCS:** they show *stronger* agreement with tailored, concrete, and granular policy advice than other groups.

Figure 4. Question 4 Results

Overall

(in percent of total sample)



By Region

(in percent of total sample)

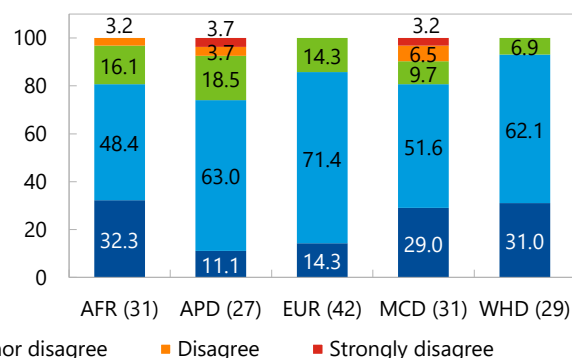
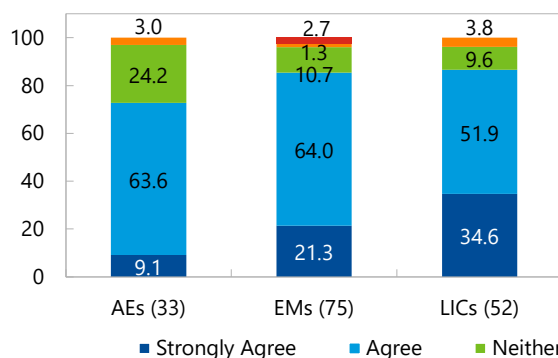
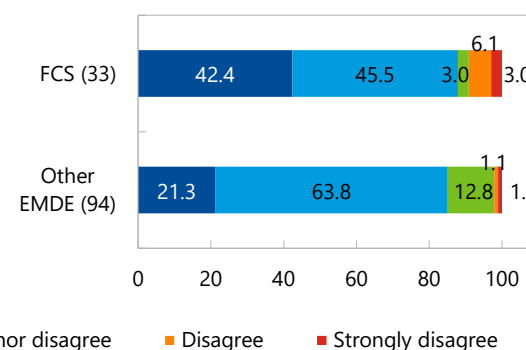
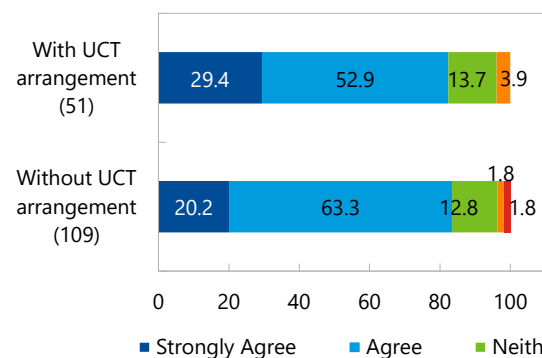
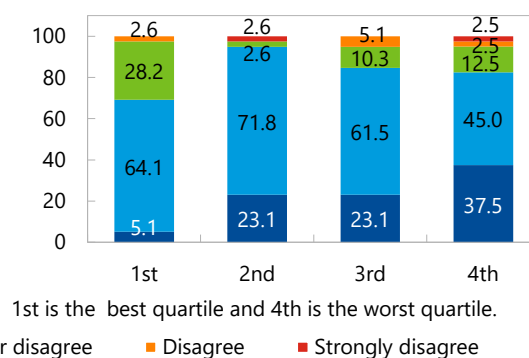


Figure 4. Question 4 Results (Concluded)*By Income Level**(in percent of total sample)**By Fragility Status**(EMED Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)**By WGI Score**(in percent of total sample)*

Source: Country team survey.

Question 5. Please indicate the areas, if any, where program conditionality (prior actions and structural benchmarks) has been set to address governance weaknesses and/or corruption risks since the adoption of the Framework in mid-2018. (Please note this question is not intended to cover emergency lending commitments in LOIs)

Summary

- **Fiscal governance, anti-corruption, central bank governance and operations, and financial sector oversight are areas in which majority of UCT programs have imposed conditionality overall.**
- **However, we see some heterogeneity across groups.** The majority of programs for LICs, FCS, and countries with high perceived governance and corruption vulnerabilities had conditionality on AML/CFT and rule of law too, where their shares are higher than or much closer to that of financial sector oversight and central bank governance and operations.

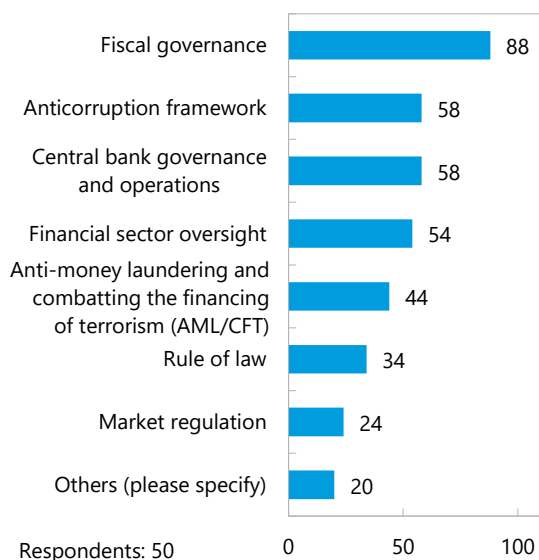
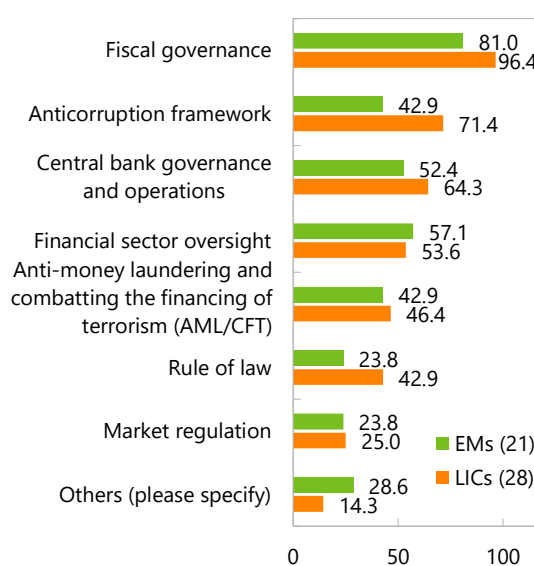
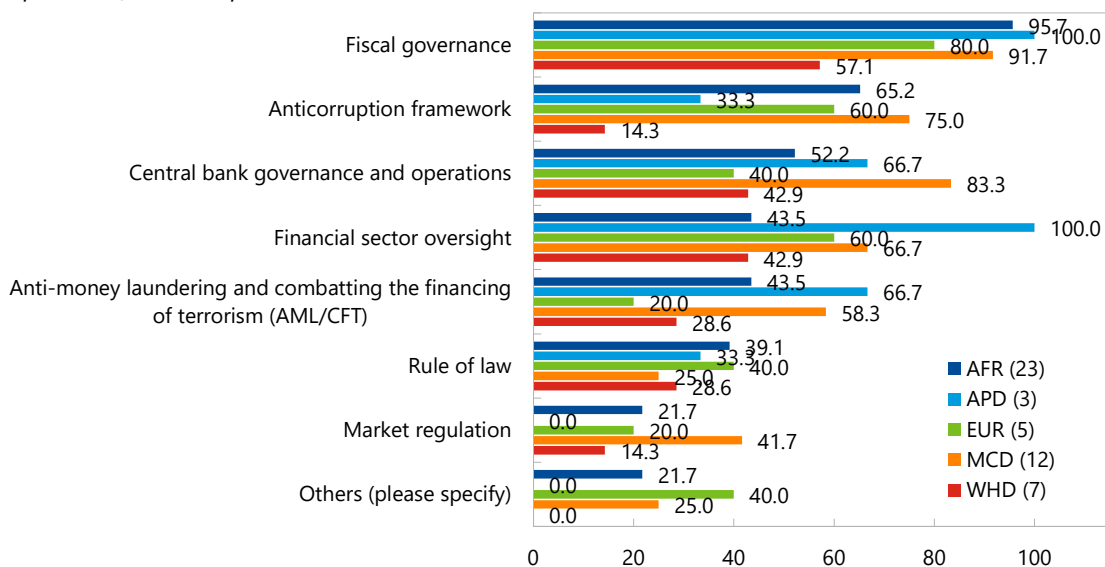
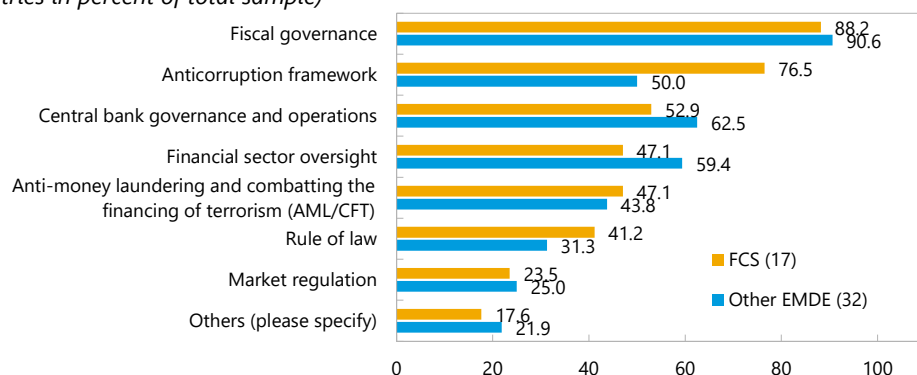
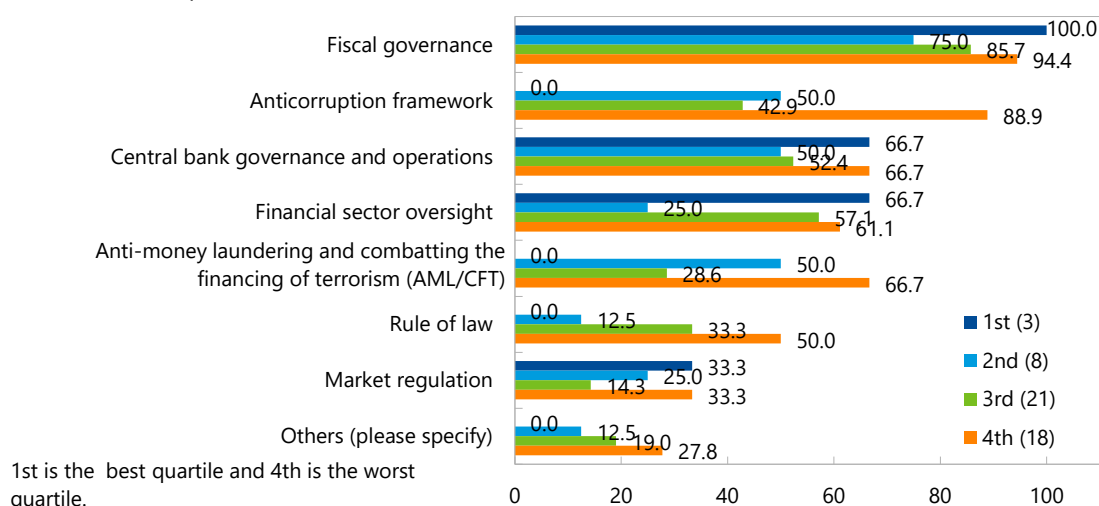
Figure 5. Question 5 Results**Overall***(in percent of total sample)***By Income Level***(in percent of total sample)***By Region***(in percent of total sample)*

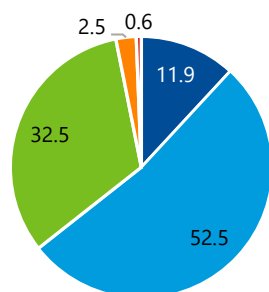
Figure 5. Question 5 Results (Concluded)*By Fragility Status**(EMED Countries in percent of total sample)**By WGI Score**(in percent of total sample)*

Source: Country team survey.

Question 6. Do you think that the Fund's involvement in governance and anti-corruption issues has a positive impact on your country?

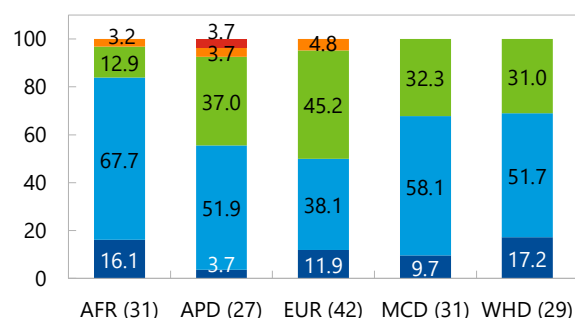
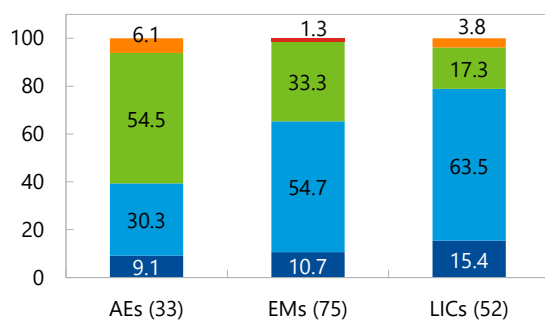
Summary

- **Favorable responses on the impact (and thus traction of policy advice).** 2/3 of responses showed a positive view on the impact of the Fund's involvement in governance and anti-corruption issues, while only few express disagreements.
- **Traction of policy advice from IMF staff looks stronger for LICs and UCT arrangements.**

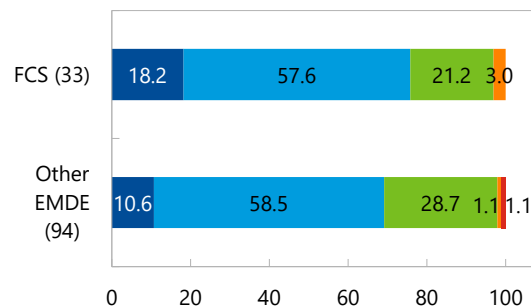
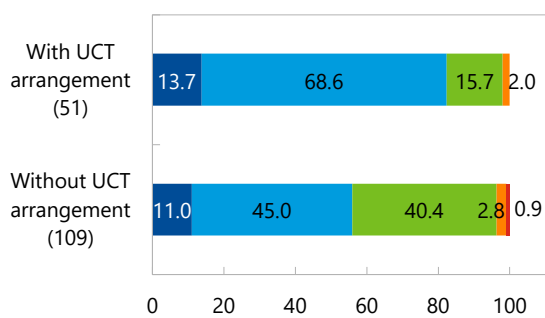
Figure 6. Question 6 Results*Overall**(in percent of total sample)*

Respondents: 160/190

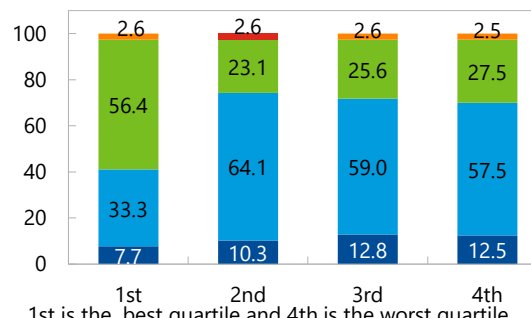
■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

*By Income Level**(in percent of total sample)**By Income Level**(in percent of total sample)*

■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

*By Fragility Status**(EMED Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)*

■ Strongly Agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

*By WGI Score**(in percent of total sample)*

1st is the best quartile and 4th is the worst quartile.

Source: Country team survey.

Question 7. Please list what you consider to be the most important reform recommendations (up to three reforms) that the team has provided to the authorities with regard to governance and anti-corruption issues during the past four years. Please explain why you deem they were important (traction, ownership, outcome, etc.).

Summary

- The most important reform recommendations included **AML/CFT, Anti-corruption, and PFM (excluding SOEs), followed by fiscal transparency and central bank governance and operations.**
- **The higher shares of anti-corruption and PFM were driven by LICs and countries with UCT programs.** In contrast, the higher share of AML/CFT was driven by AEs and countries with surveillance and low perceived governance and corruption vulnerabilities.

	Overall	Income level			Fragile status		UCT arrangement		WGI score			
		AEs	EMs	LICs	FCS	Other EMDEs	With UCT arrangement	Without UCT arrangement	1st quartile	2nd quartile	3rd quartile	4th quartile
Fiscal governance	37.0%	20.0%	38.0%	42.4%	37.0%	41.0%	37.4%	36.7%	33.3%	37.9%	38.0%	38.4%
<i>PFM (excluding SOEs)</i>	10.5%	7.1%	9.0%	14.1%	13.8%	9.9%	15.0%	8.2%	9.2%	11.4%	9.7%	11.1%
<i>Revenue administration</i>	4.1%	3.5%	4.5%	3.5%	3.4%	4.5%	1.7%	5.3%	3.4%	2.9%	6.5%	3.9%
<i>Procurement</i>	6.0%	3.5%	7.1%	5.3%	5.2%	7.0%	4.6%	6.8%	2.3%	7.1%	8.1%	5.9%
<i>Fiscal transparency</i>	9.0%	2.4%	7.9%	13.5%	10.3%	10.2%	10.4%	8.2%	6.9%	7.1%	10.5%	11.1%
<i>SOEs</i>	4.9%	3.5%	6.4%	2.9%	2.6%	6.1%	3.5%	5.6%	9.2%	6.4%	2.4%	3.3%
<i>Other fiscal governance</i>	2.5%	0.0%	3.0%	2.9%	1.7%	3.2%	2.3%	2.6%	2.3%	2.9%	0.8%	3.3%
Financial sector oversight	4.8%	8.3%	3.8%	4.6%	4.3%	3.8%	5.2%	4.5%	6.7%	2.9%	3.7%	4.8%
Central bank governance and operations	6.4%	1.7%	5.8%	9.3%	7.6%	7.3%	9.0%	4.9%	6.7%	3.9%	8.3%	7.2%
Anti corruption	19.6%	15.0%	20.7%	19.9%	28.3%	17.2%	23.2%	17.4%	9.3%	17.5%	20.4%	26.4%
AML/CFT	23.2%	46.7%	21.2%	16.6%	17.4%	19.9%	18.1%	26.1%	37.3%	26.2%	18.5%	16.0%
Market regulation	4.5%	6.7%	4.8%	3.3%	3.3%	4.6%	3.2%	5.3%	2.7%	7.8%	5.6%	2.4%
Rule of law	4.1%	1.7%	5.3%	3.3%	1.1%	5.7%	3.2%	4.5%	4.0%	2.9%	4.6%	4.8%
Other	0.5%	0.0%	0.5%	0.7%	1.1%	0.4%	0.6%	0.4%	0.0%	1.0%	0.9%	0.0%

- **Specific reform measures are presented below.**

Specific Measures Recommended by Country Teams

Fiscal Governance

Public Financial Management (excluding SOEs)

- Improve fiscal governance (spending outcomes, procurement system) through the forthcoming fiscal responsibility act (FRA).
- Improve fiscal governance: 1) in revenue and spending outcomes through improvements in tax administration efficiency and public procurement, and 2) strengthening SOE oversight, including by establishing a specialized unit to strengthen financial oversight of major SOEs.
- Improve fiscal transparency, including reporting the Government's obligations under PPPs.
- Improving fiscal transparency and mitigating fiscal risks (e.g., creation of database of sovereign guarantees, placing a ceiling on PPPs contracted, transitioning to TSA).
- Improve public financial management, expenditure efficiency, and fiscal transparency, including expediting the publication of audited financial statements of the public sector, conducting public investment management assessment, and amending the fiscal responsibility framework.
- Strengthen the public procurement and tax incentives transparency legal frameworks.
- Strengthening Budgetary Framework and expenditure controls.

- Addressing weaknesses in public procurement and SOE operations, including approving a new procurement legislation to reduce widespread corruption and promoting public investment efficiency.
- Enhance fiscal governance including public procurement and enhance overall PFM including establishing a Treasury Single Account (TSA).
- Strengthen public investment management methodology to improve project appraisal, selection and management as well as introducing stronger oversight and reporting requirements by the Ministry of Finance.
- The completion and publication of an ex-post compliance audit of COVID-19 expenses by a reputable international auditing firm.
- Continuation of audits (including special audits on COVID-related spending) by the Auditor General.
- Modernization efforts in the General Direction of Revenues and Customs (important for fiscal transparency and discipline and tightened control over public accounts).
- Reinforce government oversight and control capacities, especially by investing in IT and digital solutions (revenue, expenditure, public investment, procurement) to enable faster controls and limit human intervention.
- Further improve public investment framework and spending procedures based on the 2017 PIMA recommendations.
- Strengthen the fiscal framework to broaden institutional coverage and develop a Medium-Term Fiscal Framework (MTFF)
- Strengthen control of budget execution and improve the effectiveness of public investment.
- Establishing strong oversight of pandemic-related assistance programs.
- Comprehensive monitoring of the financial situation and performance of SOEs.
- Improving fiscal governance in the areas: monitoring of the use of public funds; procurement; stronger management of core tax functions, better oversight of tax administration.
- Enhance internal controls and audits of COVID spending, both at the level of the Ministry of Finance, through a high-level inter-ministerial committee, and through a dedicated audit by the court of auditors.
- The implementation of the PIMA recommendations to further enhance long-term planning and project implementation. Further enhancing transparency, better defining priorities, and improving the management of fiscal risks.
- Improve project appraisal, selection and implementation as well as medium-term capital budget allocation. Implementation of PIMA recommendations.
- Strengthen fiscal governance including by enhancing transparency in procurement process and SOEs, while taking steps to enhance government efficiency.
- Continued fiscal governance reforms: Strengthening expenditure control and domestic revenue mobilization.
- Introducing effective and transparent systems for procurement, project management and oversight, and ex-post assessments would reduce costs and waste and improve investment quality and governance.
- Preparation and adoption of the manual for the selection and appraisal of public investment projects to improve public investment efficiency and transparency.

- Ensure ministries, provinces, and spending agencies register all purchase orders and other financial commitments in the IFMIS.
- Incorporating trust funds into budgetary processes.
- New budget law to strengthen public financial management and facilitate fiscal sustainability via better budget planning and enhanced transparency.
- Identify all bank accounts of public entities with own revenues in order to determine the accounts to be closed to strengthen the single treasury account approach to public spending.
- Introducing regulations to sanction unauthorized spending commitments.

Revenue Administration

- Improve fiscal governance: 1) in revenue and spending outcomes through improvements in tax administration efficiency and public procurement, and 2) strengthening SOE oversight, including by establishing a specialized unit to strengthen financial oversight of major SOEs.
- Reduce smuggling and informality through better customs enforcement and tax reforms.
- Modernizing tax and customs administration, including the establishment of a large taxpayer unit, strengthening petroleum import control, and the introduction of e-tax filing.
- Strengthen tax administration to reduce tax evasion and potential corruption.
- Governance reforms in tax administration and compliance, government procurement, and product market regulation to reduce corruption risks.
- Improving fiscal governance in the areas: monitoring of the use of public funds; procurement; stronger management of core tax functions, better oversight of tax administration.
- A new customs law streamlining customs procedures. Its implementation is allowing a major reduction in time-to-release imports and is expected to facilitate trade and reduce opportunities for corruption.
- Strengthen internal controls of services offered by the revenue authority.
- Address weaknesses in tax administration reform (e.g., tax dispute resolution and ease of paying tax)
- Strengthening the governance of oil receipts.

Procurement

- Council of Ministers to adopt legislation on public procurement in line with EU recommendations.
- Implement a new centralized system for public procurement, to reduce fiscal waste and counter vulnerabilities to corruption.
- On procurement: to publish the list of beneficial owners.
- Strengthen the public procurement and tax incentives transparency legal frameworks.
- Strengthening public procurement system and introducing electronic bidding system.
- Enhance fiscal governance including public procurement and enhance overall PFM including establishing a Treasury Single Account (TSA).
- Strengthen procurement by limiting direct contracting outside the normal procedures and strictly define the scope for relaxing standard procurement under emergency situation.
- Publish all procurement contracts, winning bids, and the names of the beneficial owners of companies chosen.

- Improving transparency of procurement process.
- Procurement reform. It included the launch of an e-procurement website and enactment of executive regulations to the new procurement law.
- Efforts should be made to include beneficial owner information of companies awarded public contracts and limit arbitrary direct contracting.
- Implement the Procurement Administration Act.
- Publication of public procurement and the upcoming publication of beneficial owners.
- Publication of Financial Statements and Procurement Contracts of the National Covid Response Center.
- Improvements to the procurement framework.
- Transparent procurement policies (publish on external webpage, make documents available).
- Introducing effective and transparent systems for procurement, project management and oversight, and ex-post assessments would reduce costs and waste and improve investment quality and governance.
- Improve the procurement system (e.g., implement e-procurement) and further strengthen fiscal transparency.
- Advance the reform of the public procurement framework and publish beneficial ownership information.
- Strengthening centralized procurement to promote cost savings and transparency, while tackling conflicts of interest and abuse.

Fiscal Transparency

- Enhance fiscal transparency across the public sector, through timely publication of draft budget laws, budget execution reports (including in-year) and information on public investment projects and off-budget operations.
- Improve fiscal transparency, including reporting the Government's obligations under PPPs.
- Increase transparency of fiscal accounts, including by publishing more detailed budget documents.
- Publish information on COVID-related procurement contracts and COVID-related government spending.
- Institutional and Financial Independence of the Audit Service.
- Fiscal transparency including in extractive industries.
- Recommendations to improve fiscal governance have focused on COVID-19 spending transparency, beneficial ownership reporting, and SOE transparency. Publication of 3 non-financial SOE's financial statement under IFRS standards. Commitments to enhance fiscal transparency and accountability (e.g., a sound framework for managing public purchases, collection/publication of beneficial ownership information for awarded contracts and a COVID-19 spending portal).
- Further enhancing transparency around fiscal actions, including land sales, to support anti-corruption efforts.
- Actions to improve transparency in extractive industries.
- Publish summary information on all procurement contracts related to the Program to support farmers.

- Strengthen fiscal governance standards: - Ensure careful monitoring and transparency of COVID-related transactions and reduce efficiency gaps in the public expenditure process.
- Improvements in fiscal governance (revenue mobilization and spending efficiency, timely publication of budget documents, increased financial transparency and monitoring of parastatals).
- Publish findings and recommendations of the audit of the spending of the CF disbursement.
- Publish all awarded procurement contracts for COVID-19 spending and complete and publish their full ex-post audit.
- Publishing the reports on the use of COVID-19 public funds with information.
- Publication of audit on COVID-related spending.
- Reforms to improve fiscal governance of SOEs, particularly better management and transparency of key SOEs.
- A website with complete, searchable list of all PEs including comprehensive financial statements, audits and organizational information in line with IMF staff recommendations.
- Introducing effective and transparent systems for procurement, project management and oversight, and ex-post assessments would reduce costs and waste and improve investment quality and governance.

State Owned Enterprises

- Strengthening SOE governance in line with international best practice. This entails, among other things, a clear separation of ownership and supervisory functions, specification of financial and policy objectives and performance criteria, greater autonomy in operational decisions while minimizing fiscal risks, introduction of legal requirements for independent audit, and publication of key financial and other information.
- Improve SOE Governance and Oversight.
- Publication of an SOE report providing details on financial statements and governance arrangements at state-owned companies (including military-owned companies).
- Enhanced monitoring of performance of public enterprises.
- Adopting a new SOE governance strategy.
- Abandoning the non-constrained aspect of budget management of the SOE.
- Minimize the opportunities for misuse of valuable public resources by SOEs, which are inefficient and poorly managed.
- Enforce effectively the SOE governance framework.
- Create a website with complete, searchable list of all PEs including comprehensive financial statements, audits and organizational information.
- Formulate and implement a comprehensive SOE reform strategy that aligns SOE governance with best international practices.

Other Fiscal Governance

- Aligning new mining contracts with the Mining Code to limit discretion in mining contracts.
- The elimination of price controls on retail fuels.
- Implement national digital ID.

- Improve systems for pension and public wage determination.
- Undertake a systemic reform of the civil service system, to reduce overlaps and fragmentation between separate branches of the government, clarify the career path of civil servants, enable more systematic workforce planning, and reduce the potential for patronage and clientelism in the public sector.
- Incorporating governance-related measures in climate investment programs.
- Accountability of expenditures given to district level officials.

Financial Sector Oversight

- Privatization of the state-owned banks that have been used for quasi-fiscal spending.
- Strengthening the structure of financial sector oversight.
- Adopt an instruction on administrative sanctions applicable to banks.
- Strengthening the autonomy and governance of financial sector authorities.
- Amend the bank secrecy laws to reduce vulnerability to corruption.
- Give the central bank oversight over credit bureaus and introduce regulation to strengthen bank corporate governance in line with Basel principles.
- Enhance oversight of central bank audit functions.
- The central bank should be granted legal powers of direction to facilitate fulfilment of its financial stability mandate.
- Incorporating the Bank Resolution Framework into the Banking Law.
- Modernize the insolvency framework.
- Continue to enhance risk-based supervision of banks.
- Improving transparency of key state-owned banks.
- Reform Banking Acts to Strengthen Governance of the Financial System and Corporate Governance of State own Banks.
- Develop effective prudential regulation and supervision of the financial system to promote health of the financial institutions and improve financial intermediation.
- Enhance financial sector governance, including strengthening supervision/resolution systems and implementing specific measures related to central bank governance.
- Strengthening AML implementation within banking sector supervision.

Central Bank Governance

- Prepare and publish pro forma central bank financial statements for 2019 in accordance with IFRS international accounting standards.
- The central bank act should be overhauled to enhance central bank independence.
- Amend the central bank Law, the Law on Banks' Activity, and procedural codes to strengthen: (i) the bank shareholder removal framework; (ii) monetary compensation regime; and (iii) safeguards to the bank's autonomy and accountability.
- The State Bank Act, which improved the governance and independence of the central bank through ensuring stronger capital, more secure tenure and explicit qualification criteria for senior officials, and greater clarity of the Bank's mandate.

- Enhance the Central Bank's operational independence.
- Central bank act: Board structure; Financial Policy Remit; functional, institutional, and personal autonomy.
- Strengthen central bank independence, by reinforcing the legal framework to prevent monetary financing, and reserving any public communication on its policies and instruments exclusively to the central bank.
- Amend central bank law to establish independent oversight process and enhance transparency and accountability mechanisms.
- Audit and publish financial statements of the central bank from FY2022/23 and onwards.
- Preparing a medium-term exit strategy to phase out the central bank involvement in non-core central bank activities (i.e., development lending and subsidiaries).
- Reforms to CB law to safeguard the central bank's autonomy and provide for independent oversight.
- Strengthen central bank governance by follow up with Safeguard Assessment recommendations.
- Improvements to central bank governance and autonomy in line with recommendations of Safeguards Assessment.

Anti-Corruption

- Enhance asset declaration system for high level public officials.
- Ensuring the accuracy of ownership information in the public registry (i) authorities should prioritize efforts to pursue foreign bribery cases; (ii) ensure the availability of adequate analytical resources to investigate foreign bribery and strengthen the independence of the prosecution and enhance whistleblower protections; (iii) make better use of AML/CFT framework to detect incidences of foreign bribery.
- Submit the Anti-Corruption Bill to parliament.
- The anti-corruption legal and institutional framework needs to be upgraded and the implementation enhanced in line with international standards and best practices.
- Introduction of whistleblower protection.
- Complete systematic digitalization of all current year asset declarations in machine-readable format and publish the declarations of government officials on the website.
- Establishment of the Commissions on Anti-Corruption and Transparency.
- Strengthening anti-foreign bribery legal framework and ensure its effective implementation.
- Supporting the authorities' development of anti-corruption strategy and strengthening anti-corruption framework based on their annual business surveys.
- Full and consistent implementation of anti-corruption law.
- Passage of a new Anti-corruption Committee Act that gives prosecutorial power to the agency.
- Amending the procurement law for vaccines to ensure that immunity for public health related issues is not granted to people that have abused public funds.
- Congressional approval of an anti-corruption law in line with international obligations under the UNCAC.

- Continue to strengthen the anti-money laundering and anti-corruption frameworks (e.g., beneficial ownership regime, compliance to AML/CFT preventive measures).
- Strengthening asset declaration regime for senior officials.
- Transition to a universal asset declaration regime.
- Publication of the assets declaration of high-ranking public officials.
- Incorporating recommendations made by the Council of Europe’s Group of States against corruption (GRECO).
- Online publication of asset declaration by members of the parliament and government.
- Efforts should be made to include beneficial owner information of companies awarded public contracts and limit arbitrary direct contracting.
- Establish a robust anti-corruption framework by (a) improving the understanding of corruption risks among public officials and the private sector, (b) updating related policies and strategies, and (c) enhancing dialogue and institutional coordination for increased prevention, investigation, and prosecution of cases would help to fight corruption.
- The establishment of an independent anti-corruption commission and appointment of commissioners.
- Ratify the United Nations Convention Against Corruption and develop an anti-corruption strategy.
- Regulations ensuring the collection and publication of information on the beneficial owners related to large procurement contracts. This began with a measure around COVID-related procurement and has now been generalized. The increased transparency incentivizes the awarding of procurement contracts on an independent basis.
- Regulation allowing the government to: (i) collect beneficial ownership information of legal persons bidding on central government procurement contracts; and (ii) publish on the website of the Ministry of Finance and Budget the full text of these contracts along with the names and nationalities of the beneficial owners of the awarded legal persons.
- Enhance enforcements against corruption offenses, for example by introducing criminal liability of legal entities for acts of corruption.
- Introducing a system to detect and prevent conflict of interests for public officials in line with international best practices, as well as implementing a strong institutional framework and good practices and processes.
- Comprehensive review of the anti-corruption framework, including the National Accountability Bureau and reform of the asset declaration system for high-level public officials.
- Ensure adequate resources for broader anti-corruption efforts, including the National Risk Assessment.
- Protect the independence of, and ensure a stable operating framework for, anti-corruption and AML/CFT institutions.
- Publish the IMF Governance Diagnostic Assessment and use the recommendations to inform the governance and anti-corruption strategy going forward.

AML/CFT

- Complete the FATF action plan.
- Strengthen risk-based AML-CFT supervision.
- Strengthen the regulatory and supervisor framework of AML/CFT.

- The authorities are encouraged to take additional steps with respect to the analysis and dissemination of financial intelligence, terrorist financing investigations, and implementation of effective targeted financial sanctions regime.
- Continue to strengthen and reform the AML-CFT framework through legislative and supervisory actions including to limit the risks in the Fintech sector. Enhance capacity of AML/CFT supervisors in line with the ML/TF risks.
- Mobilizing the AML/CFT framework to fight tax evasion.
- Completion of the AML/CFT national risk assessment.
- Authorities should monitor risks associated with the real estate sector. Strengthening the AML/CFT framework can help address laundering of proceeds of foreign acts of corruption.
- Strengthen the AML/CFT regulatory and supervisory framework for the gaming industry.
- Continue to enhance the effectiveness of the AML/CFT framework by focusing on addressing high risks areas identified in the National Risk Assessment including beneficial owners and domestically politically exposed persons.
- Maintain AML/CFT frameworks up to date to keep up with evolving financial sector.
- Strengthen AML/CFT related to financial sector, including on tax transparency and exchange of information.
- Improving the AML/CFT framework for combating corruption, including with respect to politically exposed persons, beneficial ownership, and the criminal justice system.
- Protect the independence of, and ensure a stable operating framework for, anti-corruption and AML/CFT institutions

Rule of Law

- Raising the effectiveness of Judiciary and strengthening protection of property rights.
- Staff encouraged the authorities to ensure that laws are easily accessible and consistent and that their enforcement transparent, equitable, and efficient. Staff also underscored that the reliability and predictability in the substance of the law, the process used to apply the law, and the behavior of officials entrusted with responsibility for applying the law are important to attract FDI.
- To strengthen regulatory management practices through improving the transparency of rulemaking, increasing public consultation, and conducting impact assessments of proposed regulations alongside an ex-post review of regulations to assess whether they achieved their policy objectives.
- Improve property rights.
- Improve the efficiency of judicial system.
- Improve the system for protection of property rights, including with legislative and institutional reforms.

Market Regulation

- Further strengthening governance, especially in SOEs, and moving to more market-based and transparent frameworks will reduce vulnerabilities to corruption.
- Product market reforms.
- Overall Management State-Owned Enterprises.
- Bring GREs within the scope of competition laws.

- Improve the business environment for investors, including to reduce barriers for foreign investors. The authorities removed restrictions on foreign ownership of public companies.
- Introduction of the rules-based FX intervention policy to limit discretion in interventions and increase foreign exchange market transparency.
- Improve market neutrality and competition (including by implementing a reform of SOEs).
- Improve incentives for private investment.
- Ease the process to register property and businesses using digital technologies, which would enhance growth.

Question 8. Please note whether these recommendations were implemented, noting the factors that made this possible, or explaining the constraints on implementation (for example, recommendation not actionable, lack of political will, lack of traction, lack of capacity, etc.)

Summary

- **Capacity constraints and vested interests have dominated the impeding factors in implementing governance recommendations, followed by lack of ownership/commitment.** This trend is mainly driven by EMs and LICs (but it is interesting 22 percent of AEs answered capacity as one of the constraints).
- **Sizeable LICs, FCS and countries with high perceived governance and corruption vulnerabilities pointed to capture of legislature and judiciary too.**
- **Responses with UCT programs tend to show a lower percentage than non-UCT**, suggesting Fund programs have somewhat helped members implement reforms to address governance and corruption vulnerabilities.
- For meaningful (optional) written comments (15 responses), **half (8) indicate political instability and fragility as the reason**, followed by capacity/technical constraints (2), and political will/police capture (2).

Figure 7. Question 8 Results

Overall

(in percent of total sample)

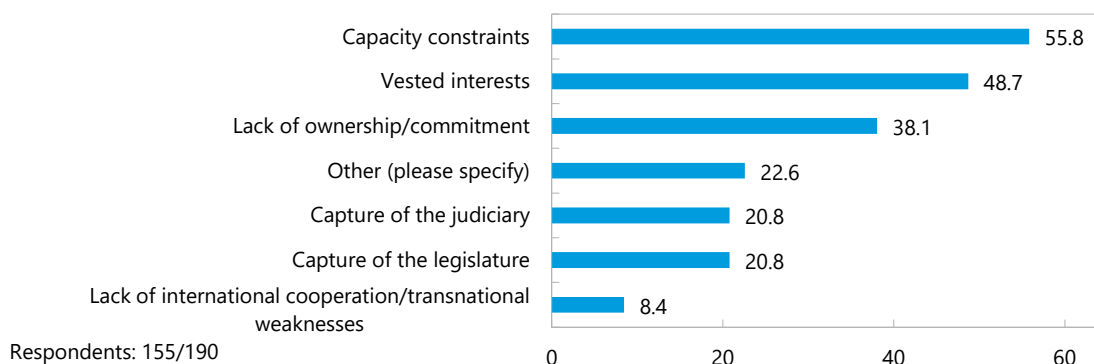


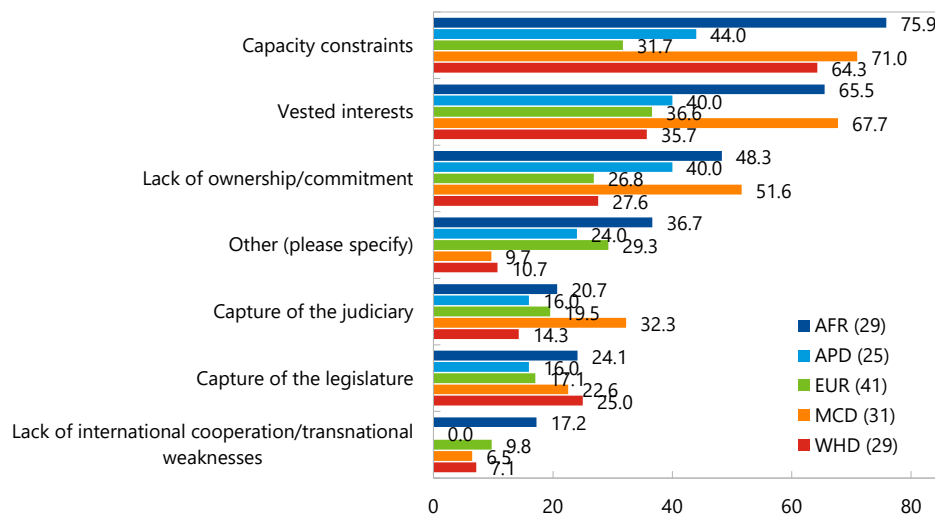
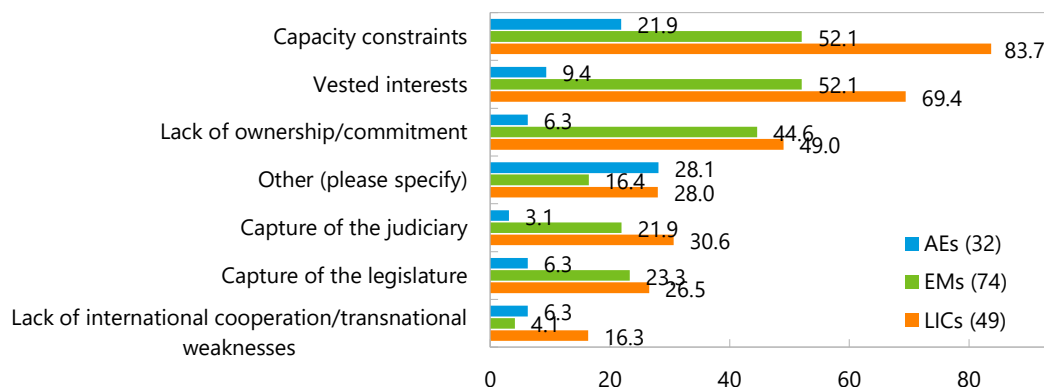
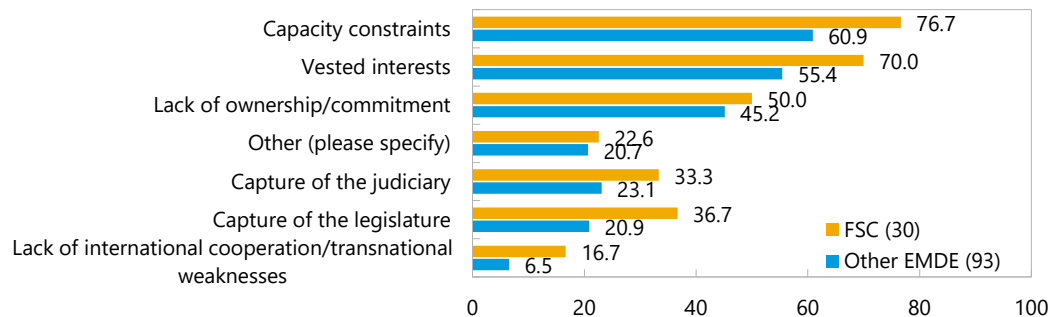
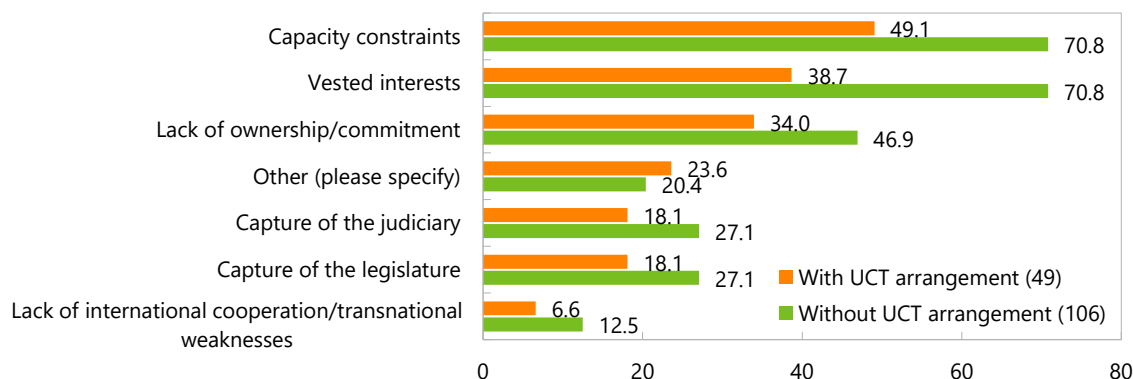
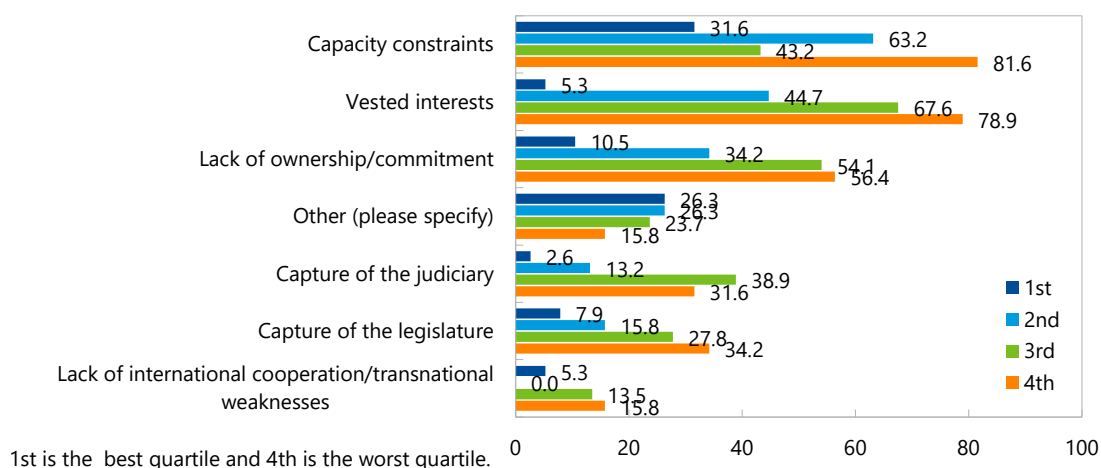
Figure 7. Question 8 Results (Continued)
By Region
(in percent of total sample)

By Income Level
(in percent of total sample)

By Fragility Status
(EMED Countries in percent of total sample)


Figure 7. Question 8 Results (Concluded)

*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



Source: Country team survey.

Question 9. Please indicate the areas of governance where further enhanced engagement is needed in the country for which you are the mission chief.

Summary

- **The majority of mission chiefs saw more enhanced engagement is needed on fiscal governance and AML/CFT, followed by anti-corruption and financial sector oversight.** This seems to be a departure from the backward-looking perspective on conditionality set so far (Q.5) that shows high shares of financial sector oversight and central bank governance, but quite in line with Q.7 that assesses the most important recommendations.
- In addition, **LICs, FCS, and countries with high perceived governance and corruption vulnerabilities show stronger demand for rule of law, and financial sector oversight.**
- The responses suggest **the need to continue reallocating resources** to these areas to meet increasing demand.

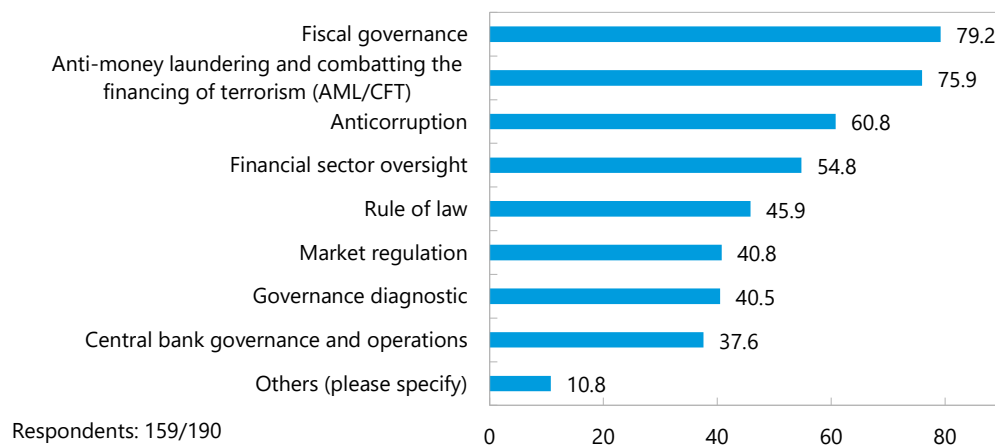
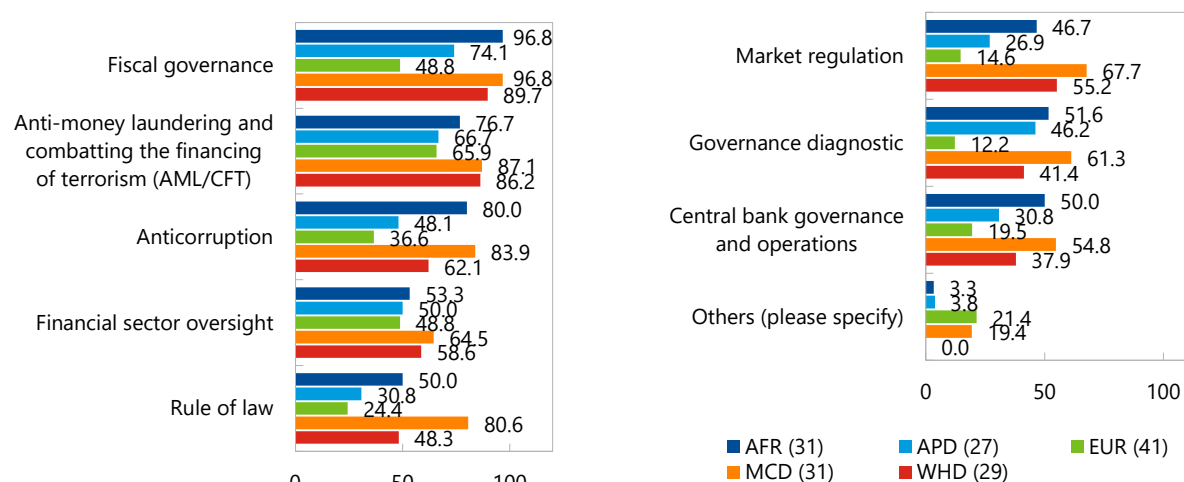
Figure 8. Question 9 Results**Overall***(in percent of total sample)***By Region***(in percent of total sample)*

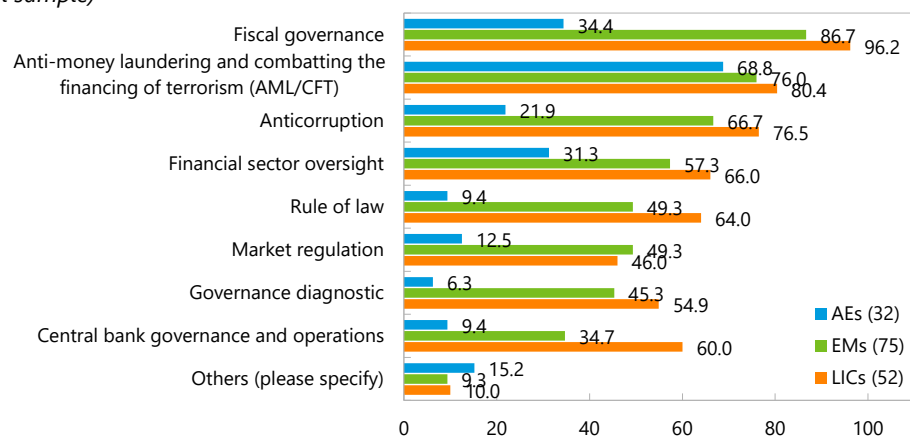
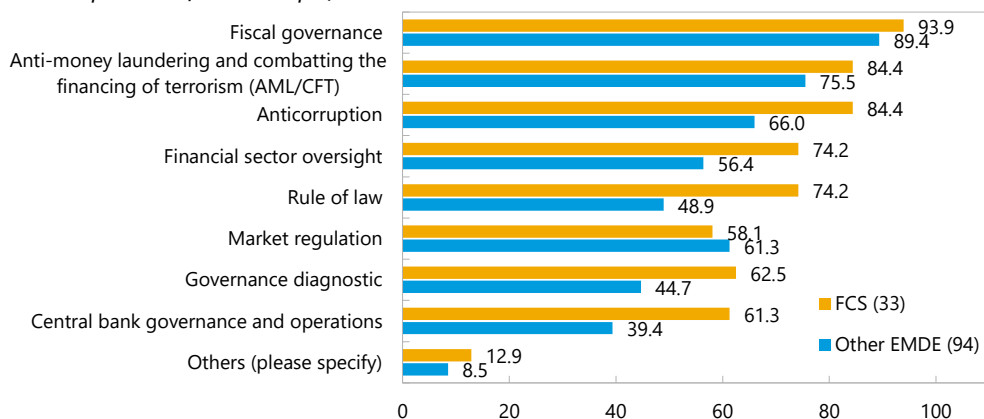
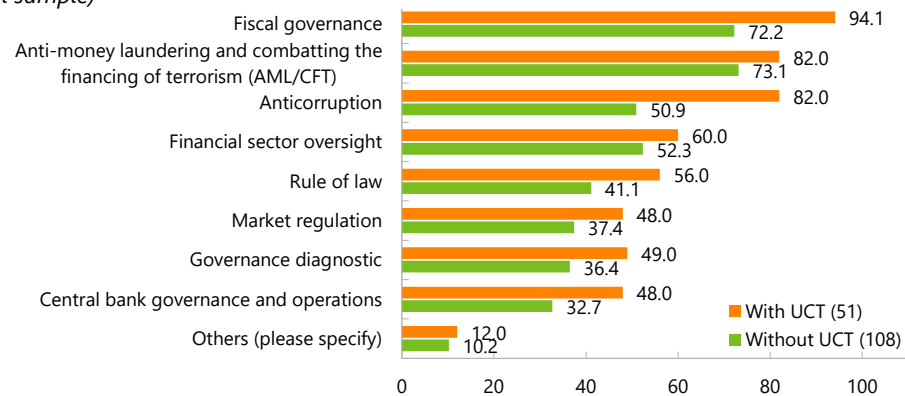
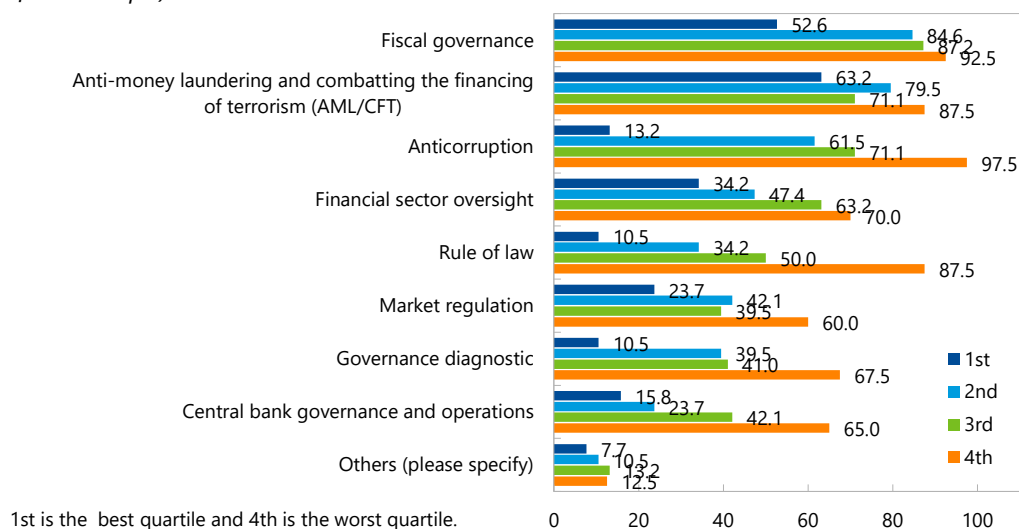
Figure 8. Question 9 Results (Continued)*By Income Level**(in percent of total sample)**By Fragility Status**(EMED Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)*

Figure 8. Question 9 Results (Concluded)*By WGI Score**(in percent of total sample)*

Source: Country team survey.

Question 10. *The country team has engaged with civil society in the areas of governance and anti-corruption reforms.*

Summary

- **Overall, country teams have had some engagement, even if it is small, with civil society:** with 43 percent of the sample answering some or extensive interaction (but extensive engagement is only 9 percent), and 30 percent "a little."
- Nevertheless, **some groups (LICs, countries with UCT programs and high perceived governance and corruption vulnerabilities) show more engagement than others.** They appear to overlap with groups that show positive responses on more candid and tailored approach.

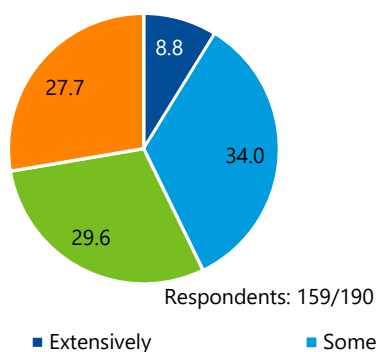
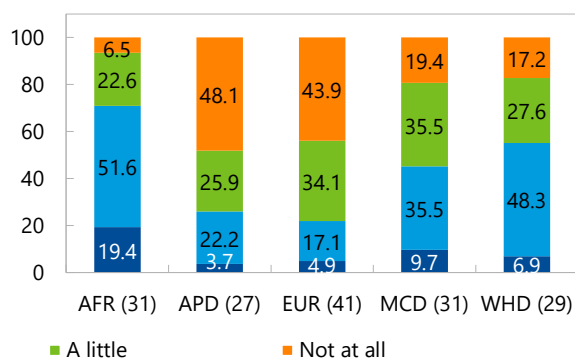
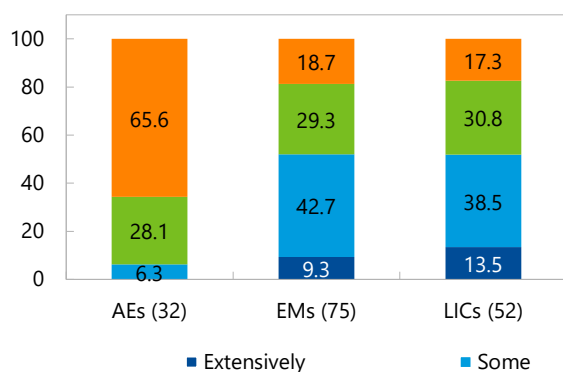
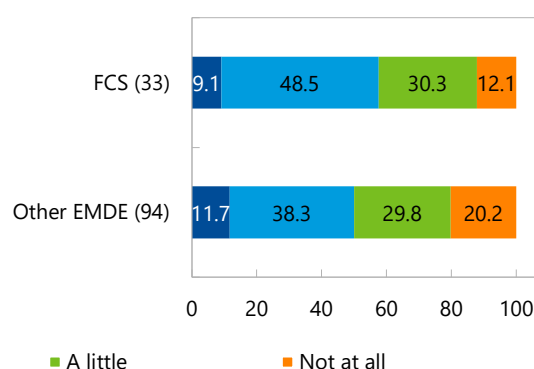
Figure 9. Question 10 Results*Overall**(in percent of total sample)**By Region**(in percent of total sample)*

Figure 9. Question 10 Results (Concluded)

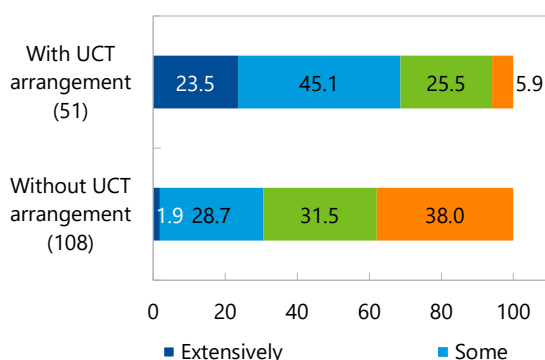
*By Income Level
(in percent of total sample)*



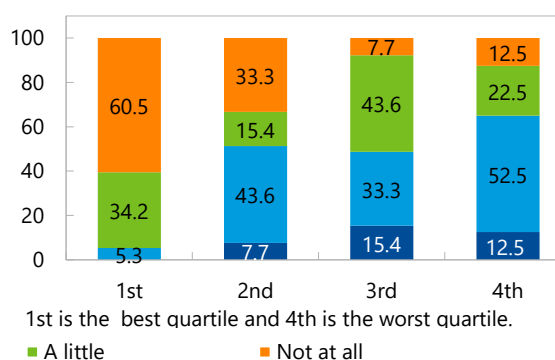
*By Fragility Status
(EMED Countries in percent of total sample)*



*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



Source: Country team survey.

Question 11 (Optional). Please add any comments you deem relevant. For example, please note if civil society and the media can work freely in the country for which you are the mission chief. Do any local or global civil society organizations provide value added to your team, for example, by providing information or monitoring the implementation of IMF recommended reforms in the area of governance and anti-corruption.

Summary (based on 51 responses)

- **While caution is needed in interpretation, the responses seem to confirm challenges in getting useful information and insights from CSOs in a country with limited freedom of the press and CSO activities.**
- About 65 percent of meaningful responses are from countries with free and independent press and CSOs, while about 35 percent are from no free or underdeveloped/limited capacity press and CSOs.
- 27 responses (of which, 24 is from EMs and LICs) explicitly refer to their useful discussions and exchanges of views with CSOs.

Question 12. Under the 2018 Framework, cooperation with other multilateral organizations and/or donors on governance/corruption issues has been enhanced.

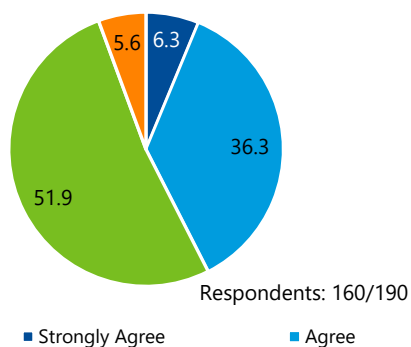
Summary

- Overall, while neutral responses (52 percent) prevent a supportive view on enhancing cooperation with multilateral organizations and donors under the framework, **the share of supportive view (43 percent) well surpasses that of a negative view (6 percent).**
- However, like other questions, there is wide heterogeneity across groups. For example, in **FCS, and countries with UCT programs and/or high perceived governance and corruption vulnerabilities, the majority supported the view that cooperation was enhanced under the framework.**
- Relatively large share of neutral view seems to reflect responses from AEs.

Figure 10. Question 12 Results

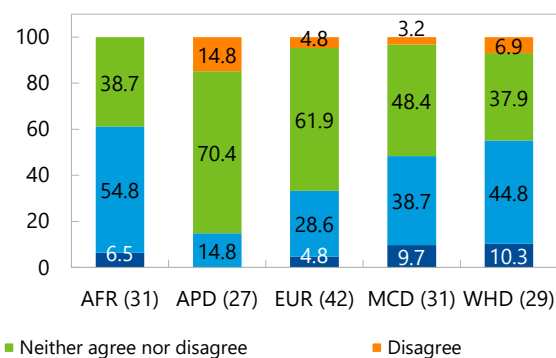
Overall

(in percent of total sample)



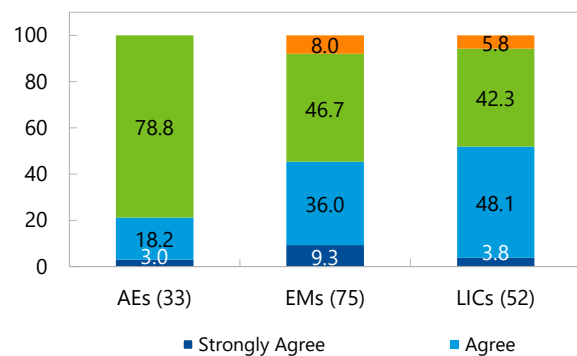
By Region

(in percent of total sample)



By Income Level

(in percent of total sample)



By Fragility Status

(EMED Countries in percent of total sample)

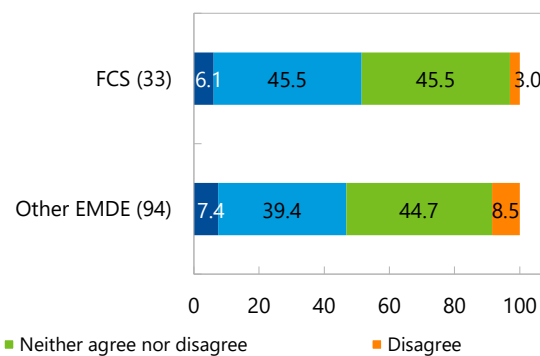
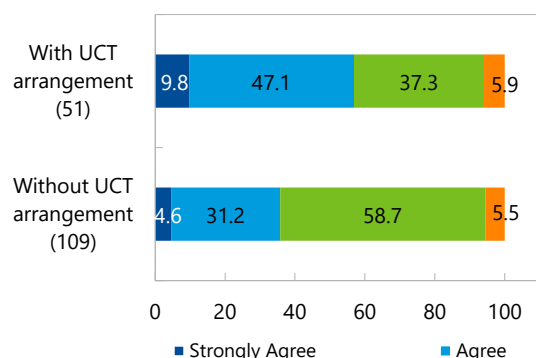
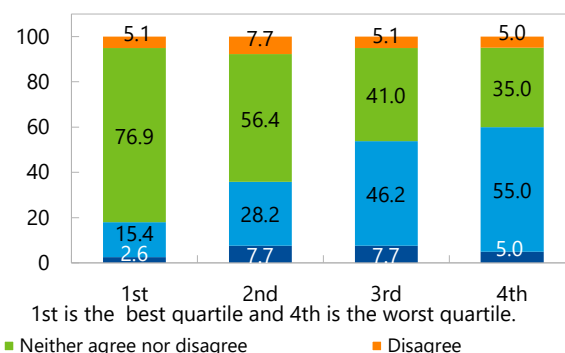


Figure 10. Question 12 Results (Concluded)

*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



Source: Country team survey.

Question 13 (Optional). *Please add any comments you deem relevant. For example, are there any particular topics where collaboration with other IFIs has been useful to, or problematic for, your team.*

Summary (based on 48 responses)

- **While interpretation should be cautious, favorable assessment on the effectiveness of collaboration well surpassed negative assessment.**
- Out of the responses, 47 percent (**22 responses**) **explicitly mentioned useful and good collaboration with IFIs, while about 11 percent (5 responses) expressed negative views**—they referred to costs and challenges to coordinate with IFIs and non-timely responses from IFIs (see below).
- 25 responses provided specific areas of collaboration. Nearly a 52 percent of them related to **fiscal (of which, nearly a third cases were on procurement)**, followed by **corruption** (21 percent) and **AML/CFT** (14 percent).
- Country teams flagged the need for: (i) better aligning understanding and expectations around cooperation/coordination with other IFIs in Governance and Anti-Corruption (GAC) issues, (ii) coordinating better in terms of CD/TA on GAC issues, and (iii) acknowledging that it may remain difficult to ensure effective cooperation on GAC issues due to potential differing priorities/interests among IFIs and international stakeholders.

Negative Views on Collaboration (total 5 responses)

- The disconnect between the Board's expectations, internal guidance, and the situation on the ground makes much of the work on governance in the surveillance context clumsy and lessens traction. Similarly, it's fine for the Board to opine about collaboration, but the cost of collaboration is so high as to be prohibitive in many country cases.
- While all-important IFIs agree on main vulnerabilities to corruption, there is a high degree of overlapping in terms of CD on fiscal governance and lack of coordination of governance related CD delivery in the field.
- While engagement and information sharing has been enhanced, it continues to prove very difficult to reach common ground on governance issues given the interests of different international stakeholders.

Question 14. How frequently do you consult with the World Bank on governance and anti-corruption issues? (With countries classified as IDA, IBRD and Blend lending categories by World Bank Group)

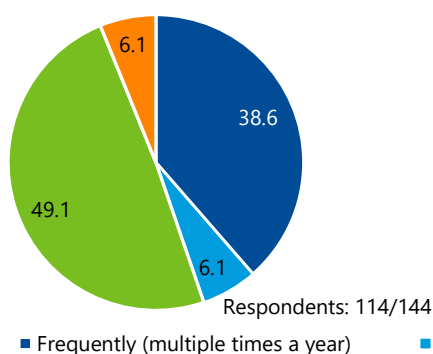
Summary

- **This assessment uses only responses from IDA, IBRD and Blend lending categories countries** (based on the WB Country and Lending Groups: <http://databank.worldbank.org/data/download/site-content/CLASS.xlsx>).
- **Almost all (94 percent) country teams have some form of consultation with the WB.**
- **Majority of LICs, FCS, and countries high perceived governance and corruption vulnerabilities have frequent consultation with the WB**, while slightly less than a half of UCT program countries have frequent consultation too.

Figure 11. Question 14 Results

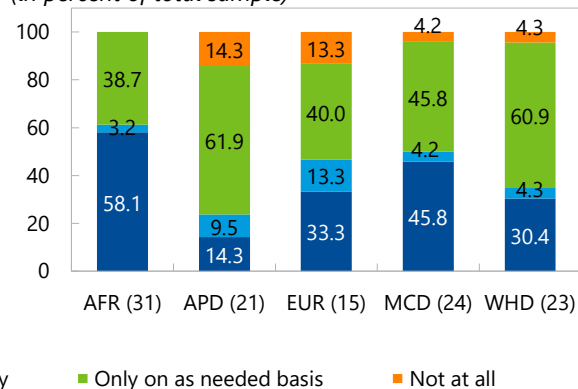
Overall

(in percent of total sample)



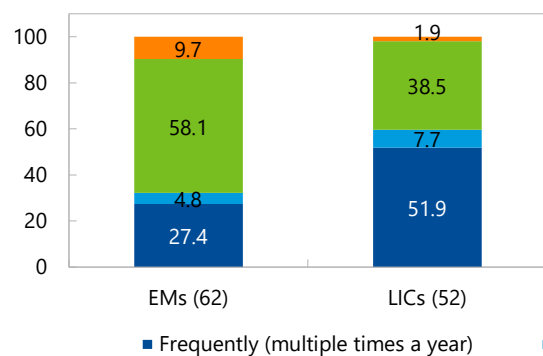
By Region

(in percent of total sample)



By Income Level

(in percent of total sample)



By Fragility Status

(EMED Countries in percent of total sample)

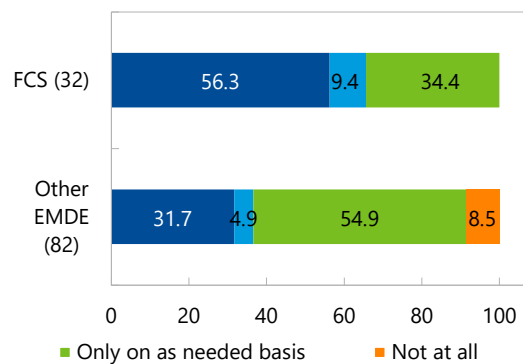
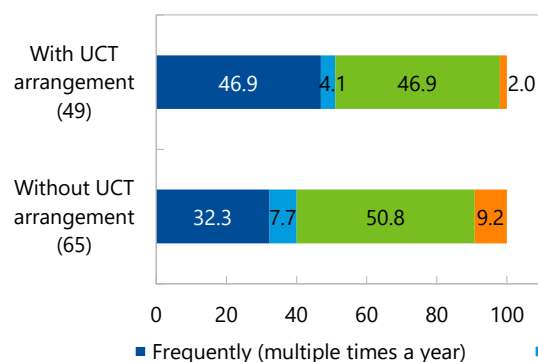
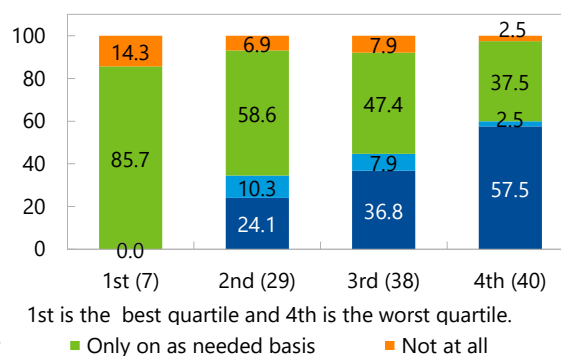


Figure 11. Question 14 Results (Concluded)

*By Countries with UCT Arrangements
(in percent of total sample)*



*By WGI Score
(in percent of total sample)*



Source: Country team survey.

Note: The samples are countries eligible for the World Bank's IDA, Blend, and IBRD lending.

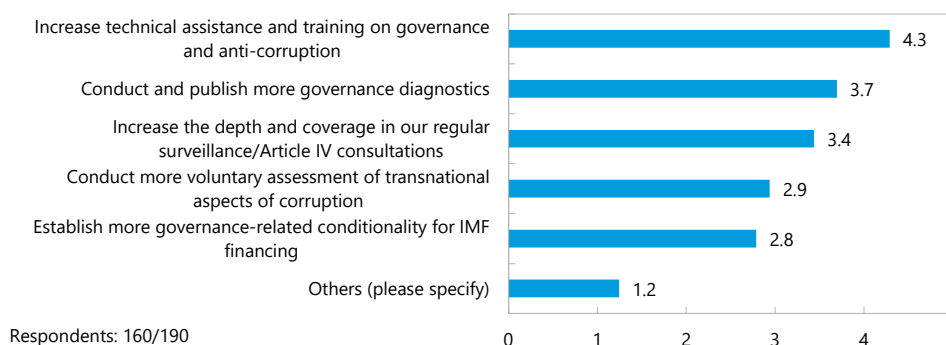
Question 15. *In terms of the possible modalities of further enhanced engagement, please rank the following areas where the Fund could further engage with member countries in governance and anti-corruption issues.*

Summary

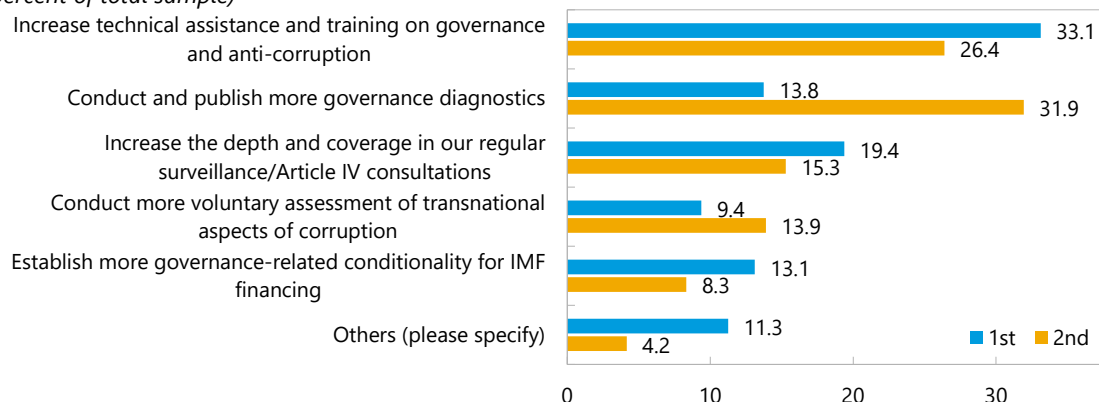
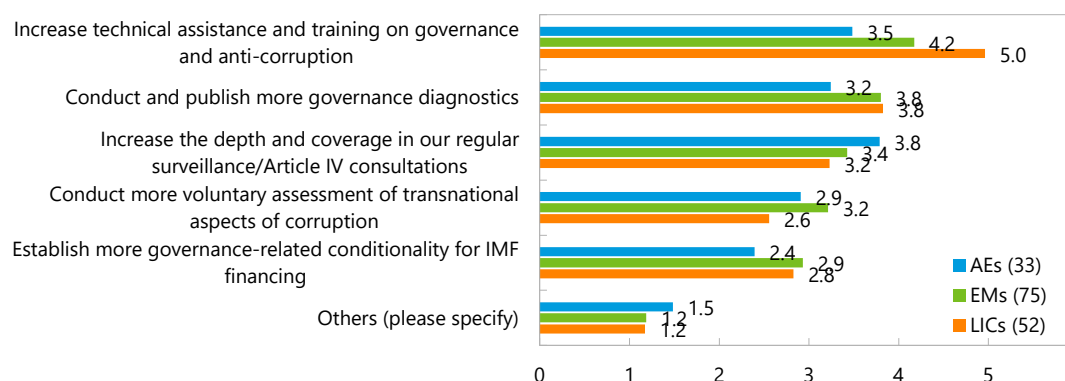
- **Increasing technical assistance and training has been identified as the most preferred modality**, followed by more governance diagnostics, increasing the depth and coverage of surveillance, transnational aspects, and more governance related conditionality. "Others" pointed to enhancing collaboration with other institutions (IFIs, UN and civil society), and increasing in-house expertise on governance and anti-corruption issues (including more resources and wider knowledge sharing).
- The observations are consistent with responses in other questions (especially Q. 8) —**capacity is one of the key constraints in implementing Fund recommendations on governance**. Relatively low score of program conditionality (except FCS and the worst perceived governance and corruption vulnerabilities) may imply that the Fund has already effectively engaged in this area.

Figure 12. Question 15 Results

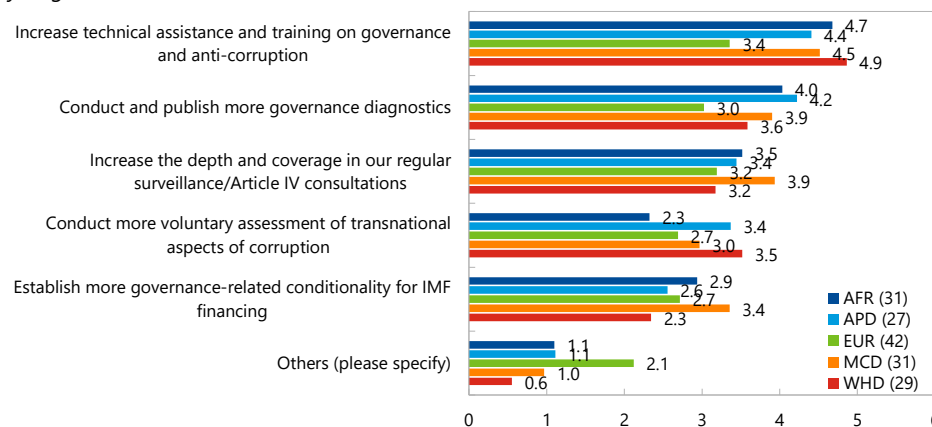
Overall Ranking



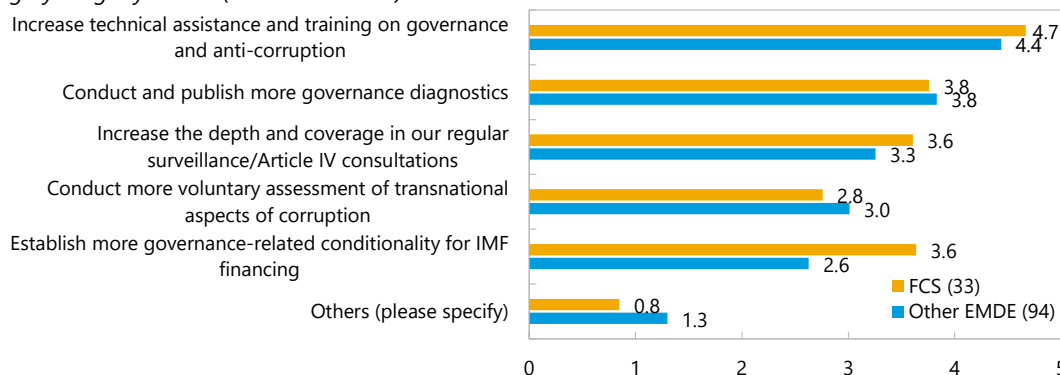
The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Figure 12. Question 15 Results (Continued)*Overall: Issues Ranked as 1st and 2nd Priority**(in percent of total sample)**Ranking by Income Levels*

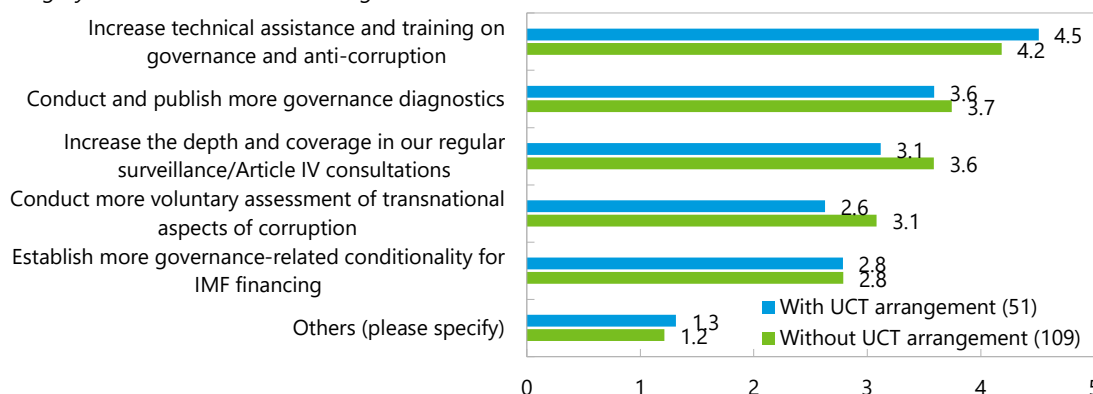
The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Ranking by Regions

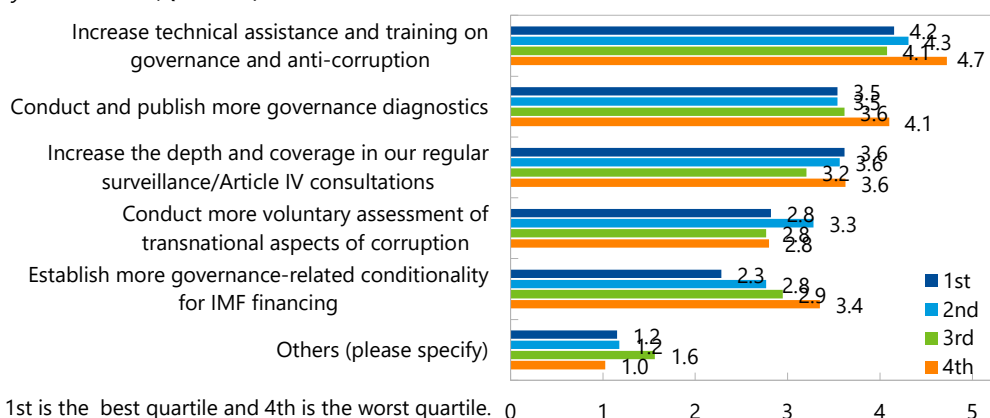
The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Figure 12. Question 15 Results (Concluded)**Ranking by Fragility Status (EMDE Countries)**

The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Ranking by Countries with UCT Arrangements

The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Ranking by WGI Scores (Quartiles)

1st is the best quartile and 4th is the worst quartile.

The questionnaire asked respondents to rank the items and not all respondents ranked all items. This result shows the average point weighted by ranking, ranked in 1st – 6 points, 2nd – 5 points, 3rd – 4 points, 4th – 3 points, 5th – 2 points, 6th – 1 point and not ranked – 0 point.

Source: Country team survey.

Question 16. *The country team received appropriate support from functional departments when needed/requested.*

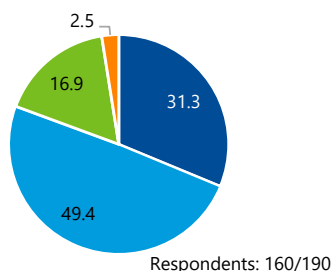
Summary

- Overall, country teams have received support from functional departments in a timely manner.

Figure 13. Question 16 Results

Overall

(in percent of total sample)



Strongly Agree

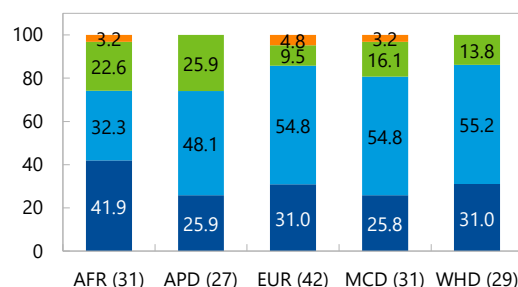
Agree

Neither agree nor disagree

Disagree

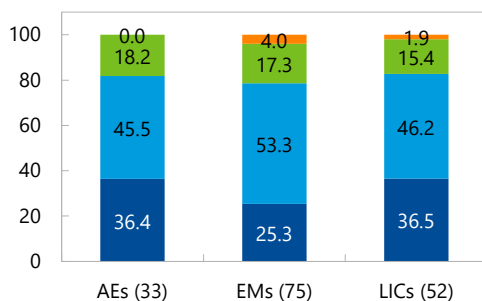
By Region

(in percent of total sample)



By Income Level

(in percent of total sample)

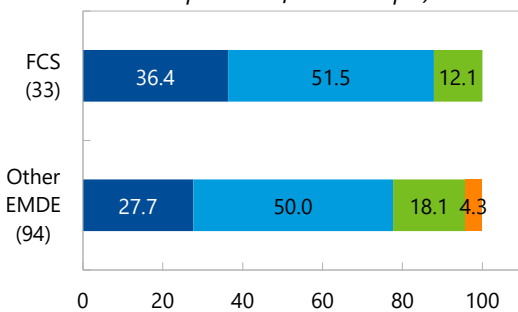


Strongly Agree

Agree

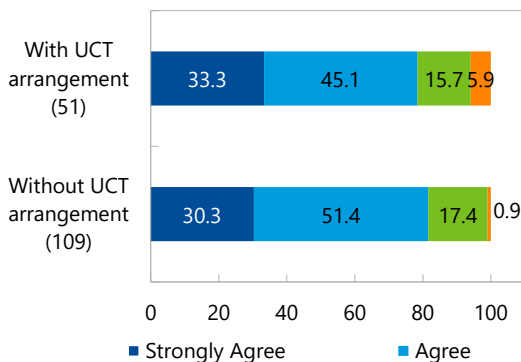
By Fragility Status

(EMED Countries in percent of total sample)



By Countries with UCT Arrangements

(in percent of total sample)

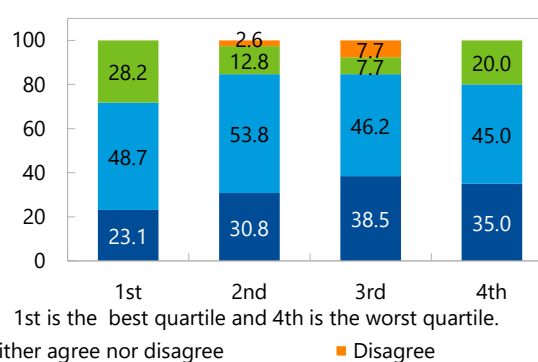


Strongly Agree

Agree

By WGI Score

(in percent of total sample)



1st is the best quartile and 4th is the worst quartile.

Neither agree nor disagree

Disagree

Source: Country team survey.

Question 17. Please indicate the modality or modalities of engagement with FDs through which you received helpful support.

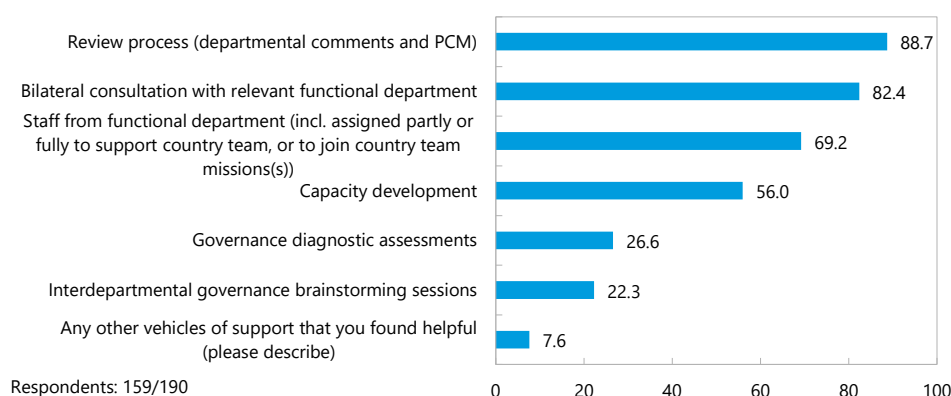
Summary

- Functional department support took various forms, the top three modes appreciated by IMF country teams were **reviews, bilateral consultations, and (full or part-time) participation in country teams**. On the other hand, support for governance diagnostic missions and interdepartmental brain storming sessions are far less appreciated (a low share of “Yes” for governance diagnostics may reflect the small number of governance diagnostics so far relative to the number of responses).
- LICs, FCS, and countries with UCT programs and/or high perceived governance and corruption vulnerabilities also appreciated more deeply involved and tailored support from functional departments**, including CD, governance diagnostics and interdepartmental brain storming meetings.

Figure 14. Question 17 Results

Overall

(in percent of total sample)



By Region

(in percent of total sample)

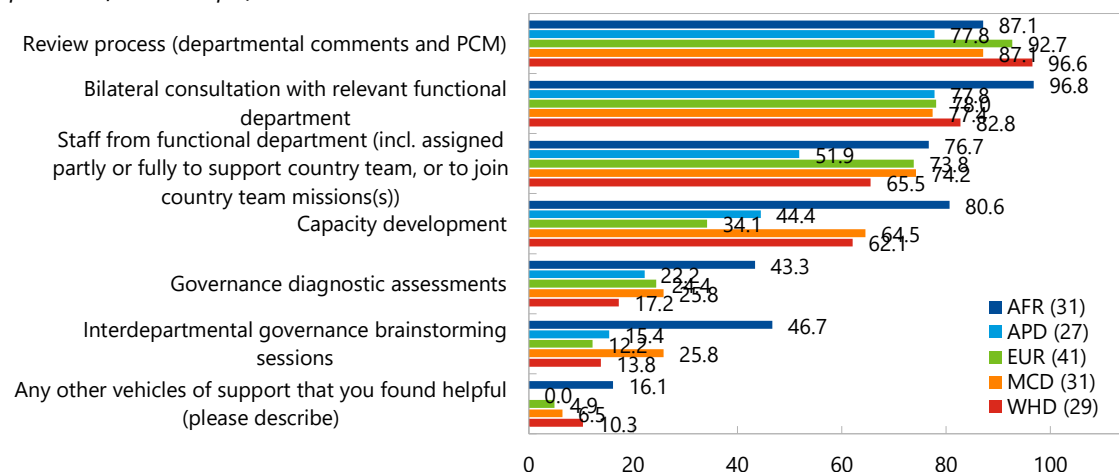
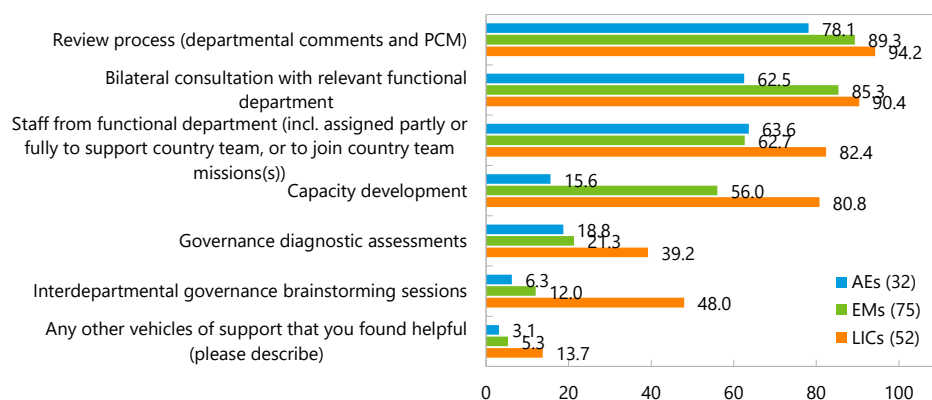
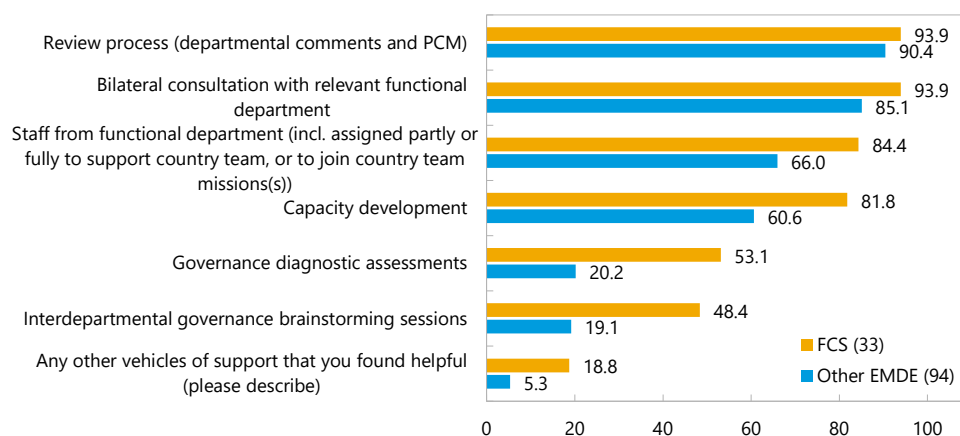


Figure 14. Question 17 Results (Continued)

By Income Level
(in percent of total sample)



By Fragility Status
(EMED Countries in percent of total sample)



By Countries with UCT Arrangements
(in percent of total sample)

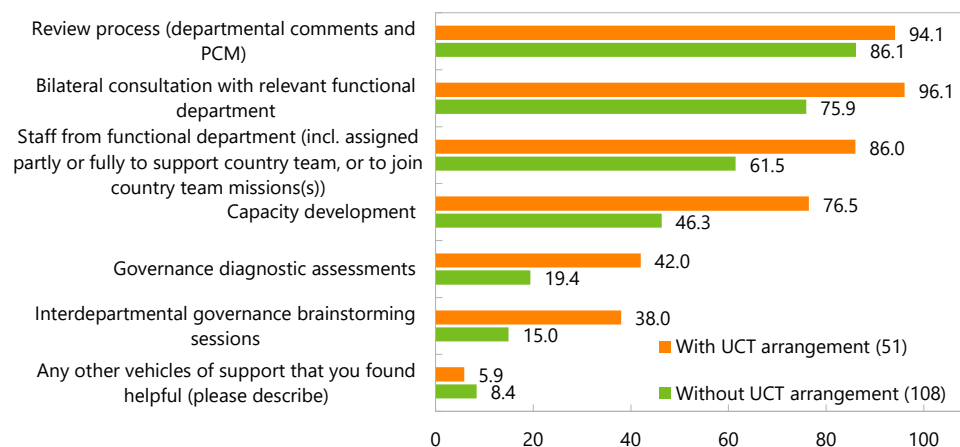
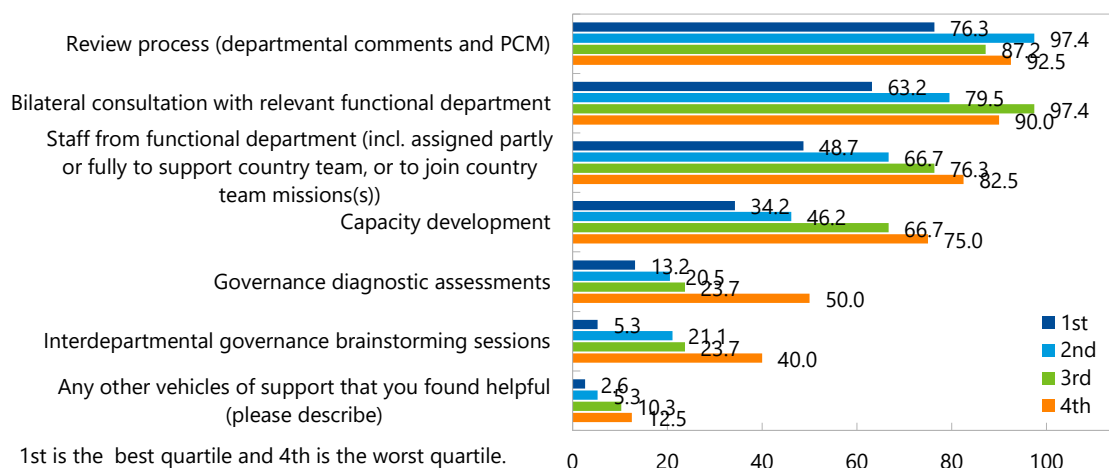


Figure 14. Question 17 Results (Concluded)

By WGI Score

(in percent of total sample)



Source: Country team survey.

Question 18. Please let us know in which areas you would deem useful to have more engagement of functional department staff?

Summary

- **The responses align with Q.9** (areas where further enhanced engagement is needed).
- **Only 5 percent of responses said engagement is appropriate**, confirming demand for more.

Figure 15. Question 18 Results

Overall

(in percent of total sample)

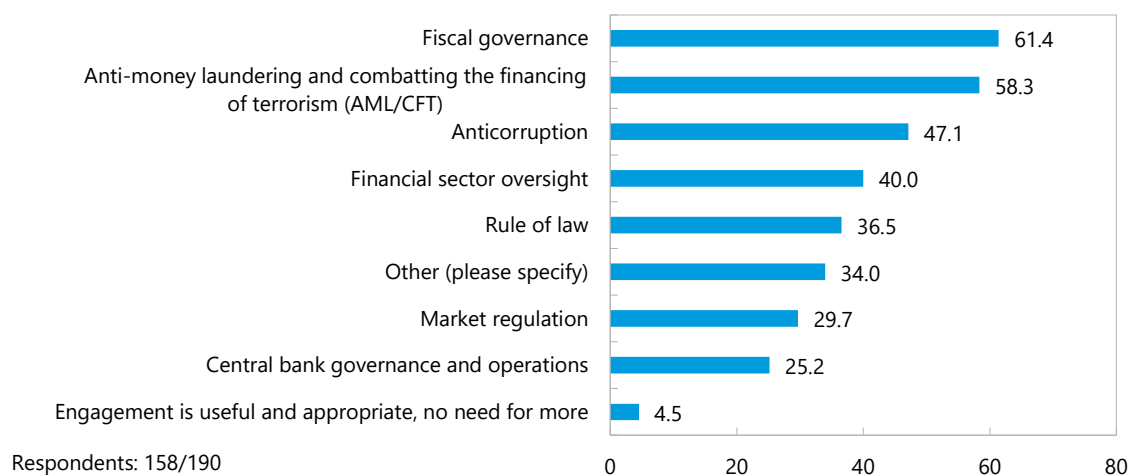


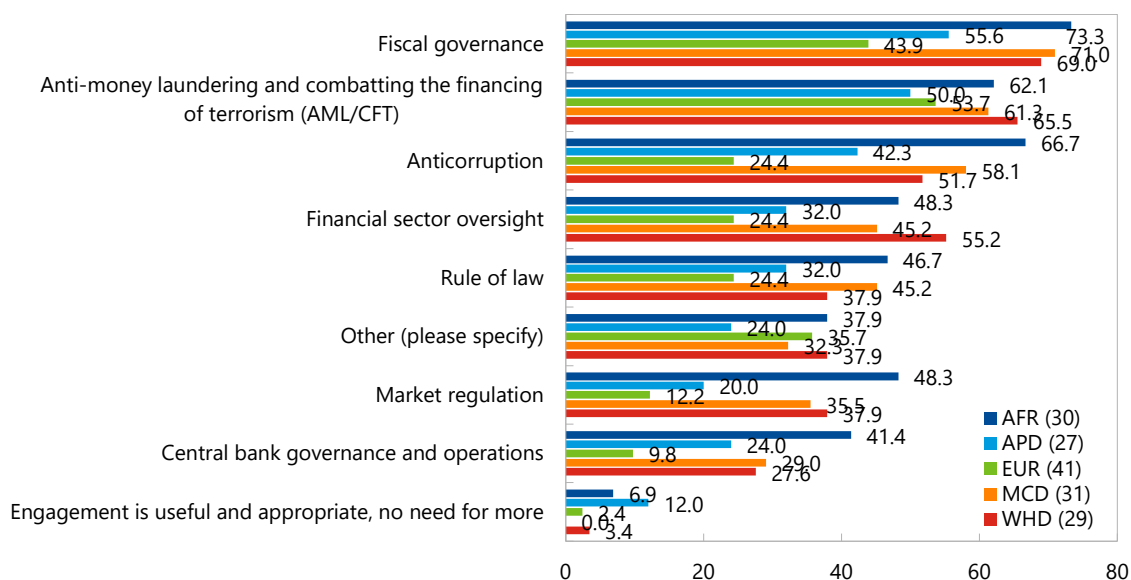
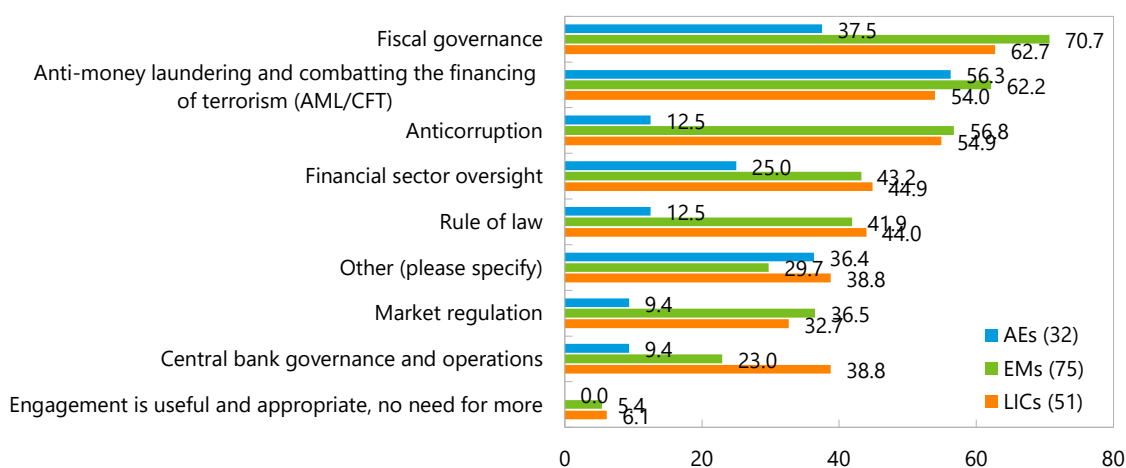
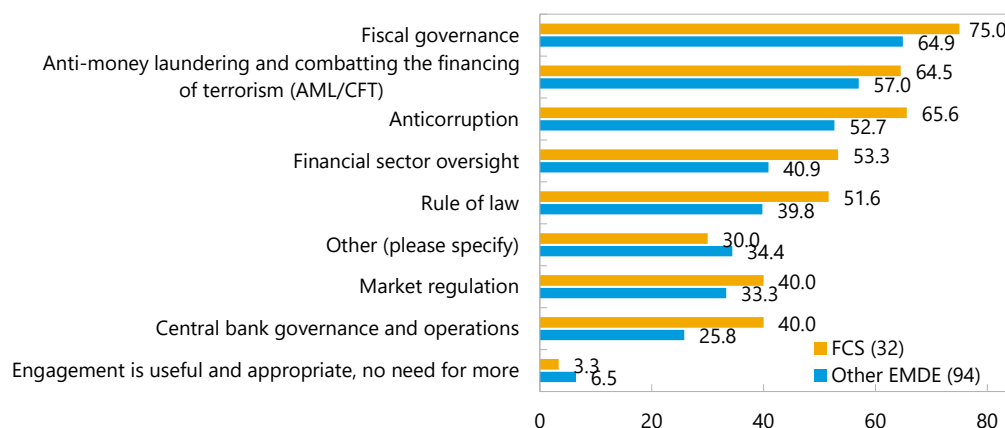
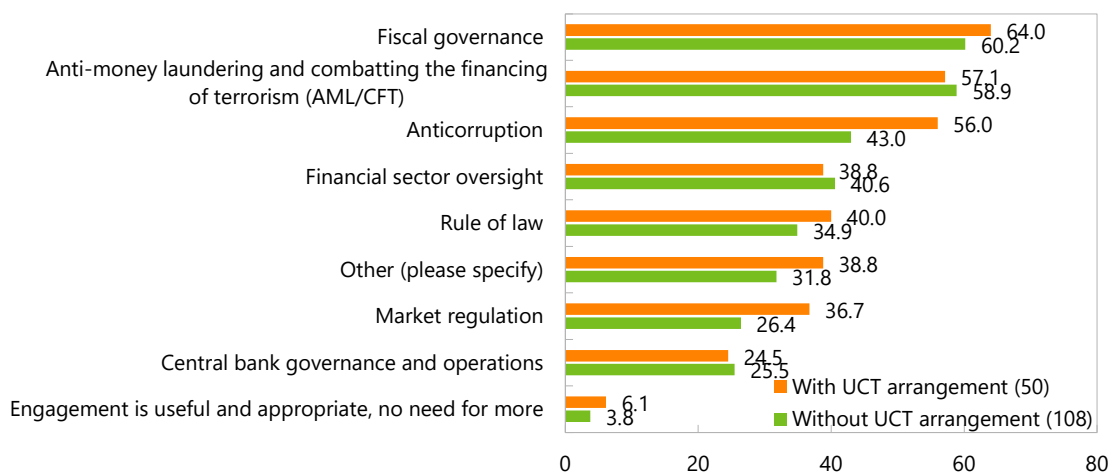
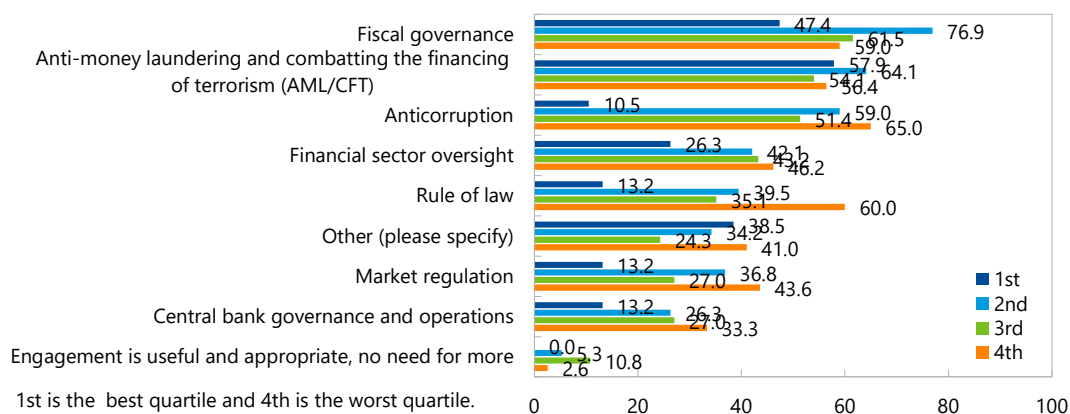
Figure 15. Question 18 Results (Continued)*By Region**(in percent of total sample)**By Income Level**(in percent of total sample)*

Figure 15. Question 18 Results (Concluded)*By Fragility Status**(EMED Countries in percent of total sample)**By Countries with UCT Arrangements**(in percent of total sample)**By WGI Score**(in percent of total sample)*

1st is the best quartile and 4th is the worst quartile.

Source: Country team survey.

Question 19. Please let us know in which areas you would deem useful to have more engagement of functional department staff?

Summary (based on 50 meaningful responses, allowing responses to fall in multiple categories)

- While interpretation of the results should be very cautious, responses show large demand for **more advice/guidance based on functional departments' (FD) expertise** (24 percent), **more resources and prioritization** (25 percent), and **more tailored and country specific advice** (19 percent), followed by others (16 percent), more focus on Fund core expertise (7 percent), and consistent policy advice to keep even-handedness (9 percent).
- **Notwithstanding the caveat on interpretation of results, ¾ of the responses could be addressed without a change to the Fund's policies or frameworks**, while 6 percent can be implemented with some change to Fund policies or frameworks, and 6 percent are likely to require actions beyond that.
- There are a several interesting comments, which are provided below.

Categories that Responses are Classified (allowing falling in multiple categories) and specific responses to be mentioned)

- *More resources and prioritization* (both ADs and FDs).
- *Provide more advice/guidance based on FD's expertise*: for example, providing good practices, good coordination with WB/IFIs, delivering more CD (missions and LTXs) and training etc.
- *More tailored and country specific advice*: for example, systematic application of the framework to each member, discuss and work through strategies to help countries address comprehensive corruption etc.
- *Focus on Fund core expertise*.
- *More use of governance diagnostic assessment*.
- *Keep consistency in policy advice to keep even-handedness*: for example, a systematic review of governance issues together with FAD/MCM/LEG ahead of missions, discussing governance weaknesses in AEs to avoid perceptions of lack of even-handedness, and systematic application of the framework etc.
- *Acknowledge limitations*: for example, (i) Crafting comprehensive strategies to address corruption goes beyond laws and institutions and gets to the big societal decision that must be made: where to draw the line between amnesty and enforcement in order to be both credible and politically acceptable. (ii) It is hard to reduce corruption without accountability, strong and free medias, and the effective and appropriately working judiciary. (iii) The ability for the Fund to have an impact on governance and anti-corruption is very much dependent on the government's appetite for reform. (iv) The Fund needs to take stock of its engagement on governance and develop lessons on how to engage more effectively with members on critical issues, including better understanding on the scope of the Fund's authority, how to engage with domestic stakeholders, clarity on what is macro-critical, and improved training of staff involved on these issues.
- *Others*: for example, (i) More use of the Regional CD Centers in the Fund's governance work including outreach. (ii) Need of reflecting on whether our most immediate counterparts, officials at the MoF and the central bank, are the interlocutors with whom to discuss issues of governance and whether the Article IV is the appropriate vehicle of this advice (e.g., country teams have no visibility, interaction, or traction with the authorities in the agencies that oversee critical governance and anti-corruption issues). (iii) Greater focus on implementation rather than just framework improvements. (iv) Need of taking stock of its engagement on governance and develop lessons on how to engage more effectively with members on critical issues, including better understanding on the scope of the Fund's authority.
- **Policy or framework change needed examples include**: (i) making governance diagnostics mandatory like safeguards assessments for programs, (ii) having dedicated staff for governance issues (on full time

basis) as area department/country teams are stretched, (iii) update/improve governance framework to better measure/diagnose it.

- **Examples likely need actions beyond the above** include: (i) reflect on/reconsider main authority counterparts with whom the Fund should discuss governance and anti-corruption issues (e.g., MOF and CBs may not be appropriate interlocutors); (ii) Discuss and work through strategies to help countries address comprehensive corruption, going beyond laws and institutions (e.g., where to draw the line between amnesty and enforcement), (iii) greater focus on implementation aspects (beyond framework improvements).

CONSULTATIONS WITH CIVIL SOCIETY ORGANIZATIONS¹

A. Introduction

1. **The IMF is reviewing the implementation of the 2018 Framework for Enhanced Engagement on Governance.** The Framework is designed to promote more systematic, effective, and candid engagement with member countries regarding governance vulnerabilities, including corruption. The review aims to assess the implementation of the Governance Framework over the past five years, based on the candidness, effectiveness and evenhandedness of IMF engagement and policy advice. It also provides an opportunity to improve implementation.
2. **In advance of this formal review, the IMF published an Interim Update in 2020.** This interim report recognized that civil society organizations (CSOs)² play a key role, providing insight on country-specific governance and anti-corruption policies, and as a key partner supporting IMF policy advice in the context of surveillance and Fund-supported programs. The interim update also highlighted that engagement with CSOs has been enhanced through more active and periodic consultations for surveillance and program missions, including in governance diagnostic assessments and during the COVID-19 crisis to help respond to governance challenges associated with IMF's emergency financing.
3. **As part of the ongoing review, the IMF invited stakeholders to share their views on the implementation of the Framework through a two-phase consultation process.** Phase I consisted of an online public consultation³ that took place from July 26 to October 19, 2022. Phase II took place in December 2022 and consisted of in-person and virtual follow up meetings with CSOs (December 5th and 19th respectively). These meetings focused on sharing key inputs received through the online consultation, discussing the preliminary findings, and seeking further insights on some of the issues raised and recommendations proposed.
4. **This report offers an overview of the findings from the consultation process.** It is divided in two main sections: one focused on the findings from the Phase I public consultation and the second focused on the findings from the Phase II in-person and virtual follow up meetings.
5. **Below is a summary of the main take-aways from the overall consultation.**

¹ Prepared by Ivana Rossi, Paula Zarazinski, Bonolo Namethe, Jaison Vega Laiton (all LEG), Emilia Berazategui (COM).

² For the IMF definition of CSO, please see [2015 Guidelines on the IMF Staff Engagement with Civil Society Organizations](#); [2015 Guidelines on the IMF Staff Engagement with Civil Society Organizations](#)

³ The consultation as well as its background note are available at: <https://www.imf.org/en/Topics/governance-and-anti-corruption/governance-framework-consultation>.

Key Takeaways from Public Consultation

- Overall, CSOs had a positive view on the implementation of the 2018 Framework, while encouraging more engagement with civil society.
- A majority of CSOs recognized the IMF engagement has been more candid, effective, and evenhanded since the implementation of the 2018 Framework.
- CSOs believe the IMF provided more specific, concrete, and actionable policy advice to member countries since implementation of the 2018 Framework.
- CSOs called for more channels of engagement and participation, particularly at the national level.
- Further engagement could include expanding the breadth of civil society organizations consulted, ensuring more regular/periodic consultations, and increased opportunities for dialogue during IMF missions to countries.
- CSOs shared that further engagement with the IMF should also include coverage of IMF's mandate and work on governance and anti-corruption, to allow CSOs to better partner in monitoring implementation of policy advice and conditionalities. Similarly, they encouraged the development of specific policies to protect CSOs operating in a shrinking civic space context.
- CSOs also called for greater publicity and transparency of IMF's work related to governance and anti-corruption, including on implementation of the Framework, and urged the IMF to use more conditionalities in these areas. IMF's efforts around beneficial ownership transparency and COVID-19 audits were highlighted as successes.

B. Phase I: Public Consultation

Surveys Received and Type of Respondents

6. A total of 59 responses to the online public consultation⁴ were received, 10 of which were found to be unrelated to the 2018 Governance Framework or irrelevant to review its implementation. The analysis below focuses on 49 responses comprising the following types of respondents:

- Eight responses from international CSOs working on governance, anti-corruption, environmental and human rights issues.
- Twenty-six responses from domestic CSOs from 20 countries, representing five different regions. 11 of these organizations (approximately 42 percent of the domestic respondents) have

⁴ The public consultation was available on-line between July 26 and October 19, 2022. The consultation was disseminated using IMF media (e.g., twitter) and outreach to organizations. The consultation followed the same methodology as past consultations and open exchanges on this area of work. (See [2016 public consultations](#)) and on other topics (e.g., [Fragile and Conflict-Affected States \(FCS\) Strategy Consultation](#); [A Proposed Strategy for Mainstreaming Gender at the IMF](#)). The governance public consultation in 2016 received 8 responses, showing an important increase in participation in 2022.

objectives directly related to governance and anti-corruption. The rest of the domestic CSOs specialize in different topics such as: human rights, inequality, social, economic, and environmental justice, HIV/AIDS, development, trade unions, energy security, legislative advocacy, education, peace, and youth.

- Fifteen responses received from individuals, ranging from academics, officials at financial institutions, lawyers, journalists, and other persons, from a total of 13 countries representing five regions.

Main Findings From Online Public Consultation

- **For more than two thirds of respondents, IMF engagement has been more candid, effective, and evenhanded since the implementation of the 2018 Framework.** There were no negative responses from CSOs to this question, only from some individual respondents.
- **More than two thirds of respondents agree that the IMF provided more specific, concrete, and actionable policy advice to member countries since implementation of the 2018 Framework.** The level of positive response raised above three quarters for CSOs. Positive examples mention IMF's work on beneficial ownership, including in the context of COVID-19 financing, AML/CFT, anti-corruption, judicial reform, and anti-corruption courts. Additionally, there is a trend across negative and positive responses highlighting the need for monitoring and effective implementation of policy advice, which some respondents indicate can be facilitated by CSOs.
- **Views on IMF's engagement with civil society organizations on governance and anti-corruption are more mixed.** Two thirds of respondents agree that it has improved since implementation of the 2018 Framework, but almost half of the respondents consider that it did not improve enough or did not improve. There is an overarching request to enhance CSOs engagement including through greater publicity and transparency of IMF's work, more channels for engagement and participation, and capacity building on anti-corruption issues. Some CSOs called for being more closely involved at the time of scoping for governance diagnostics, and of drafting and monitoring governance related-conditionalities. They also called for greater transparency of IMF's policies and procedures regarding CSO engagement (including to safeguard against reprisal).
- **CSOs provided feedback on how to improve IMF's work on governance and anti-corruption moving forward.** Notably, they suggested:
 - Expanding work to additional topical areas and/or deepening engagement in issues such as political capture, rule of law, the judiciary, beneficial ownership, AML/CFT, audits, market regulation, natural resources governance, and transparency - including in relation to debt and procurement.
 - More use of conditions on governance-related measures in the context of lending. Some also recommended further monitoring and assessing implementation of governance and

anti-corruption measures and studying the impact of IMF's overall conditionality on governance and corruption.

- A number of CSOs noted the importance of training countries officials and leveraging technology.
- One CSO provided recommendations of measures to be implemented by member countries across the six state functions and on anti-corruption.

7. Appendix I provides detailed findings on the Public Online Consultation.

C. Phase II: In-Person and Virtual Follow Up Meetings

Detailed Findings – In-Person and Virtual Follow Up Meetings

8. With the objective of sharing key inputs received during the first phase of the consultation and seek further insights, the IMF organized follow up meetings with CSOs in December 2022. On December 4th, an in-person meeting took place at the IMF headquarters with participation from seven CSOs. On December 19th, a virtual meeting took place with participation from eight CSOs. Fund staff opened both meetings with an overview of the public consultation process and preliminary findings, followed by a discussion on the IMF's engagement with CSOs on governance and anti-corruption and on the implementation of the 2018 Framework for Enhanced Engagement on Governance. Below is a summary of main points captured in both meetings by topic.

IMF's Engagement with CSOs

9. CSOs expressed the need for the IMF to work towards promoting:

- More channels of engagement and participation for CSOs, in particular at the national level and in the design of policies. CSOs urged the IMF to facilitate regular engagement with a broader pool of CSOs at the international, national, and local level and some also suggested engagement with the private sector. To facilitate the engagement, CSOs suggested for the IMF to update more regularly the implementation of governance measures in COVID-19-related spending and publish said information in open data format. Other suggestions include publication of technical assistance reports and engagement with CSOs in audit processes, including in real time audits and to ensure more timely publication of audit results.
- Enhanced discussions on IMF's mandate and its work on anti-corruption and anti-corruption issues in general, so that CSOs can be better equipped to monitor the implementation of policy advice and anti-corruption conditionality.
- Mechanisms for protection of CSOs the IMF consults with and speak up against corruption, particularly for those located in countries with a shrinking civic space. CSOs encouraged anti-retaliation policies and the creation of an ombudsman office or independent accountability mechanism.

10. In addition, CSOs welcomed the two-phase consultation approach and encouraged the IMF to replicate it in future consultations.

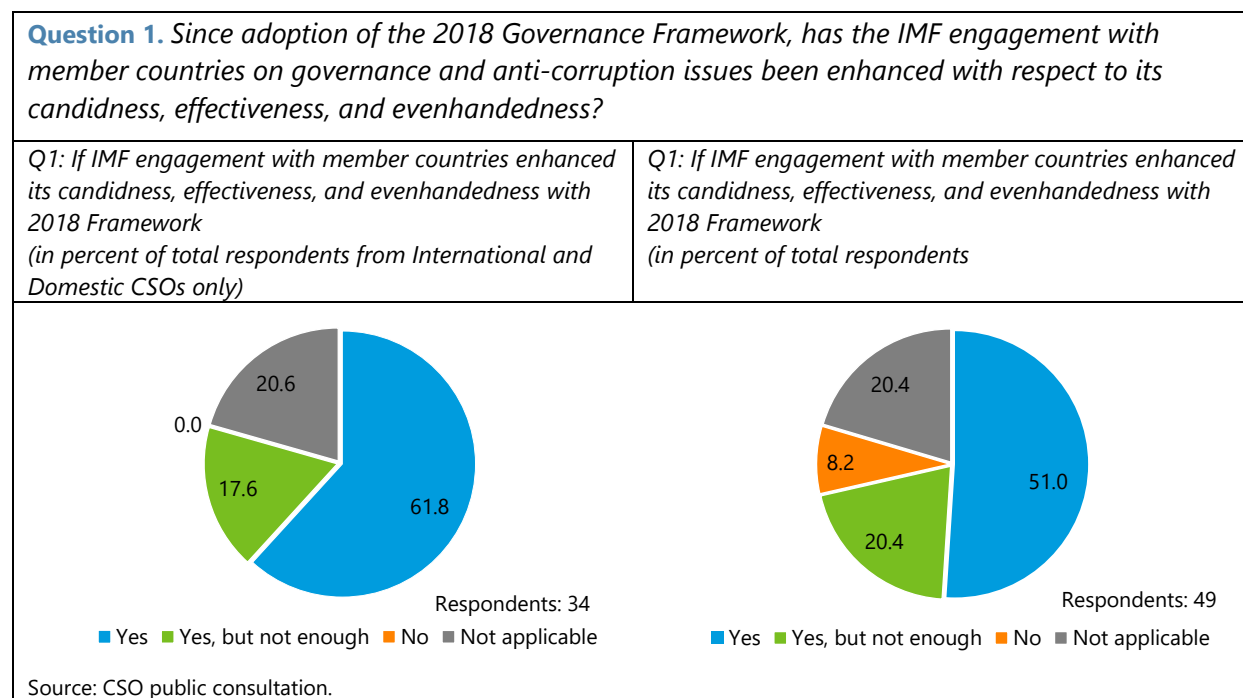
Implementation of the 2018 Framework for Enhanced Engagement on Governance

11. The main feedback received by CSOs can be summarized as follows:

- CSOs welcomed IMF's efforts, particularly on COVID-19 audits and beneficial ownership transparency and encouraged greater publicity and transparency of IMF's work related to governance and anti-corruption.
- Some CSOs, in particular those working at the national level, urged the IMF to increase the number of governance and anti-corruption related conditionality in Fund-supported programs, including publication of beneficial ownership information on key risk areas such as public procurement, extractives, forestry, and fishing.
- A call for the IMF to include lobbying and integrity among the areas of policy advice considered in its country work.

Appendix I. Detailed Findings – Public Online Consultation

The findings below are based on the analysis of the 49 valid responses received for each question in the public consultation. For open-ended questions, we summarized all responses, identified common themes and trends and, when possible, grouped responses to facilitate visualization. In addition to the aggregate responses, key input received is also highlighted.



Main Observations:

- Over 71 percent of respondents agree that the IMF engagement with member countries on governance and anti-corruption issues has been enhanced with respect to its candidness, effectiveness, and evenhandedness since the implementation of the 2018 Framework. From these, 20 percent agrees but considers that more is still needed. The positive trend is reaffirmed by the fact that CSOs had no negative responses.
- While the answers received were overall positive, very few explicitly referred to candidness, effectiveness, and evenhandedness in their written comments (open ended portion of the question), with the exception of four CSO respondents. In a few instances, responses shared frustration with regards to the current level of corruption in their respective countries.

Key Observations Received from CSOs Include:

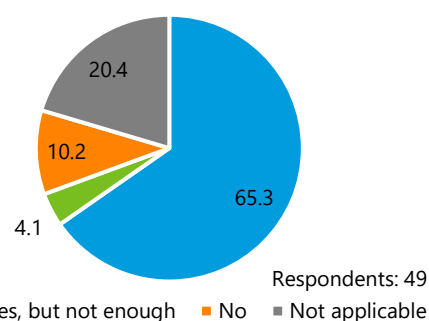
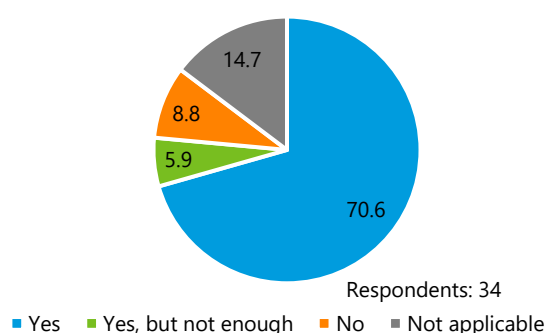
- A number CSOs note that governance diagnostic assessments and general technical assistance on key state functions are useful tools to help identify specific governance reforms and improve effectiveness. They also noted that more governance and transparency related conditionalities are needed.

- CSOs of two countries with IMF-supported programs expressed satisfaction on the coverage and outcomes. One respondent provided a detailed response based on analysis of Article IV reports stating that treatment of countries is impartial (evenhanded), but effectiveness is more difficult to assess.
- One domestic CSO respondent highlighted that increasing communication with civil society will help improve candidness.
- One international CSO questioned the consistency in the engagement and recommended a systematic and coherent methodology to assess and engage with countries on governance and anti-corruption issues. Another international CSO also questioned the "real-life" impact of Fund-supported governance and anti-corruption reforms and calls for more transparency of IMF's policies and procedures and discussions with countries in order to form an opinion about candidness, effectiveness, and evenhandedness. (e.g., on beneficial ownership and on illicit financial flows).

Question 2. *In your view, has the IMF provided more specific, concrete, and actionable policy advice on governance and anti-corruption to member countries since 2018?*

Q2: If the IMF provided more specific, concrete, and actionable policy advice on governance and anti-corruption to member countries since 2018 (in present of total responses from International and Domestic CSOs only)

Q2: If the IMF provided more specific, concrete, and actionable policy advice on governance and anti-corruption to member countries since 2018 (in percent of total respondents)



Source: CSO public consultation.

Main Observations:

- Sixty-nine percent of respondents agree that the IMF provided more specific, concrete, and actionable policy advice on governance and anti-corruption to member countries since implementation of the 2018 Governance Framework. Seventy-six percent of CSOs responded positively, showing an overall positive trend. Positive feedback on specific advice was given in areas such as AML/CFT, anti-corruption, judicial reform, and anti-corruption court.
- Regarding negative responses, five respondents (three CSOs and two individuals) answered that the IMF has not provided more specific, concrete, and actionable policy advice. There is a trend

across negative and some positive responses highlighting the need for monitoring and effective implementation of policy advice, which some respondents indicate can be facilitated by CSOs.

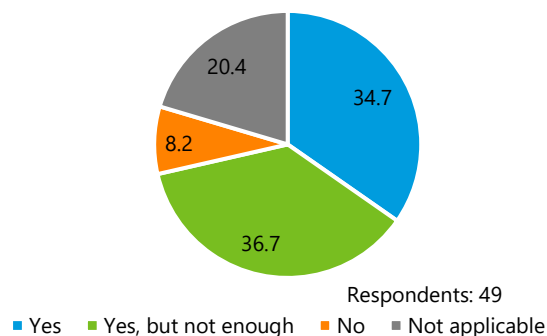
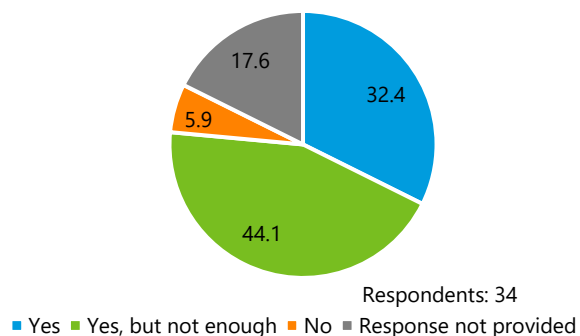
Key Observations Received from CSOs Include:

- Three CSOs noted IMF's work positively on beneficial ownership including in the context of COVID-19 financing. One of them sharing specific research conducted on the lessons learned from IMF's engagement in IMF financing and another calling for monitoring of implementation of commitments.
- One domestic CSO provided a comprehensive answer asking for: (a) more concrete advice regarding the rule of law, (b) a standardized analysis model to allow the governance and anti-corruption coverage in Article IV reports to be contrasted in a clear and organized manners across countries, (c) inclusion of corruption as an independent element in Risk Assessment Matrixes, (d) more uniformity in the coverage of governance and anti-corruption topics across reports, and (d) a clear general evaluation protocol under each of the key state functions that is used consistently to inform recommendations made by IMF. "Without a general framework, we cannot evaluate the effectiveness of recommendations because we do not have parameters to compare."
- Another domestic CSO highlighted the importance of greater data transparency, audits, and addressing monopolies.
- As mentioned above, several respondents highlighted the importance of follow up to ensure implementation of anti-corruption measures.

Question 3. *Has the IMF engagement with civil society organizations (CSOs) on governance and anti-corruption issues improved since 2018? How could this engagement be further enhanced?*

Q3: If IMF engagement with civil society organizations (CSOs) on governance and anti-corruption issues improved since 2018 (in percent of total responses from International and Domestic CSOs only)

Q3: If IMF engagement with civil society organizations (CSOs) on governance and anti-corruption issues improved since 2018 (in percent of total respondents)



Source: CSO public consultation.

Main Observations:

- Over 70 percent of respondents agree that IMF's engagement with civil society organizations on governance and anti-corruption issues has improved since implementation of the 2018 Framework. However, from these, a higher percentage considers that engagement with civil society has improved but not enough (44 percent).
- It is important to note that none of the international CSOs provided a negative response, and some offered concrete advice on how to improve civil society engagement, including calling for more efforts to protect civic space.

Key Observations from CSOs:

- CSOs noted that engagement with CSOs can be enhanced through a variety of efforts, including greater publicity and transparency of IMF's work, more channels for engagement and participation, and capacity building on anti-corruption issues.
- One international CSO working on procurement transparency offered very detailed recommendations to improve civil society engagement, including: (i) Facilitate more consistent engagement with civil society across countries, (b) build awareness and understanding of the role civil society can play in helping the IMF achieve its mission, (ii) Include civil society early when drafting governance-related conditionalities, (iii) Publish relevant documents in a timely manner so civil society can hold governments accountable, (iv) Urge governments to publish anti-corruption strategies and implementation plans that are part of programs, (v) Encourage governments to create multistakeholder consultation mechanisms to inform policy making and corruption monitoring.
- An anti-corruption CSO called for a systematic consultation process with civil society in the context of government diagnostic assessments to allow the IMF to get a more comprehensive understanding of country-specific governance and anti-corruption issues. Two CSOs recommended greater transparency of IMF's policies and procedures with regard to CSO engagement.
- One international CSO recommended the development of a clear policy to facilitate more comprehensive engagement with CSOs on anti-corruption, while also calling for more efforts to protect civic space, including by issuing statements and guidelines against reprisals and attacks. Finally, another CSO noted that engagement should be wider in scope to include collaboration on Illicit Financial Flows and improved efforts to monitor implementation of beneficial ownership transparency.

Question 4. *How should the IMF strengthen its engagement in key areas of governance and anti-corruption?*

Key Observations from CSOs:

- International CSOs noted the importance of increasing transparency of discussions between the IMF and member states and participation of non-state actors in IMF's policies and work and recommended using current international standards and frameworks, for example from FATF, UNCAC, and UNSDG to identify priority areas and inform recommendations that are provided to countries.
- Some CSOs stressed the need for more engagement with domestic CSOs, including to monitor and assess implementation of governance and anti-corruption measures. A respondent also suggested capacity building of government officials to provide open and accessible data.
- Some CSOs also highlighted rule of law in their responses, recommending a broader scope of IMF's rule of law work to include judicial reform. Other CSOs highlighted the need for a more structured and participatory process to engage with CSOs, which is also another key element noted across survey answers, and the importance of actively monitoring financial sector oversight and fiscal governance.
- One international CSO suggested that progress on governance-related measures should be treated as a condition for further loans and financial support. Similarly, one CSO focused on taxation noted transparency commitments such as beneficial ownership and publication of contracts should be treated as a condition for financing and asked the IMF to play a more significant role in sharing data for research. Another CSO focused on procurement transparency recommended targeting public procurement vulnerabilities more systematically.
- A humanitarian CSO recommended considering political capture more directly in policy making to ensure IMF is not inadvertently deepening inequality and contributing to political capture. They also recommend the implementation of social impact assessments of IMF interventions and referred to the framework they developed for that purpose. A CSO expressed positive views on program conditionality, particularly related to budget transparency, social accountability, fiscal justice, and civic space.
- One CSO called for the establishment of an accountability mechanism to receive complaints and mitigate and address impact of IMF's interventions. Other individual responses include recommendations to (i) support AML/CFT Committees and implementation of national anti-corruption strategies, (ii) use governance and anti-corruption commitments more firmly as a condition for IMF financing, (iii) promote greater publicity of governance and anti-corruption measures and use of quantitative metrics by countries and IMF assessment teams, and (iv) establish a governance and anti-corruption network with members of civil society and other experts who can contribute to these questions.

Question 5. *Do you have any other views or suggestions on the IMF's work on governance and anti-corruption issues that you would like to share?*

- Domestic CSOs shared several suggestions on IMF's work on governance and anti-corruption. They mostly focused on engagement with civil society, including (i) build capacity of and provide

CSOs with pool of experts to answer specific questions on governance and anti-corruption, (ii) have more frequent meetings and establish formal channels of communication and a clear methodology to engage with CSOs, (iii) engage CSOs in the accountability process, including by supporting them to monitor implementation of policy advice, and finally (iv) consider CSOs as partners to advance IMF recommendations.

- An accountability mechanism or Ombudsperson's office to receive complaints and queries about IMF's work was recommended across all answers by both domestic and international CSOs. They also recommend improving internal policies related to lobbying integrity to tackle the issue of revolving door from officials moving from the IMF to the private sector.
- One CSO recommended the adoption of clear and effective policies to guide staff in negotiations related to governance and anti-corruption.
- One international CSO asked for promotion of responsible PFM through lending and engaging with civil society in establishing and monitoring implementation of governance commitments. Another international CSO also called for more efficient AML and beneficial ownership policies, while offering to test them in pilot countries.
- An international humanitarian CSO stressed the importance of debt transparency and recommended focus on parliamentary oversight and approval of loans, including capacity building of legislators to play their oversight role effectively. They also called for the promotion of transparency tools, particularly in the context of natural resources governance, including publication of country-by-country reporting of profits, taxes, and related party payments by multinational companies, extractive industry payments-to-government reporting, beneficial ownership and extractive industry contract disclosures, public financial modes, and transparency around audits.
- One domestic CSO highlighted the importance of creating incentives for countries to improve the rule of law and the development and adoption of a rule of law rank.
- One domestic CSO also asked for more conditionalities on open contracts and open data indicating they are the main drivers of reform.

CASE STUDIES FOR 40 COUNTRIES¹

A. Summary of 40 Case Studies – Article IV

Sample: Same 40 countries as for the 2017 case study – See Appendix I below. 37 countries had an Article IV Consultation discussed by the Executive Board since the adoption of the enhanced governance framework in April 2018 until end-December 2022. Mali, Libya and Ukraine did not have Article IV consultation during the period. (8 AEs, 14 EMs, 15 LIDCs).

Key observations

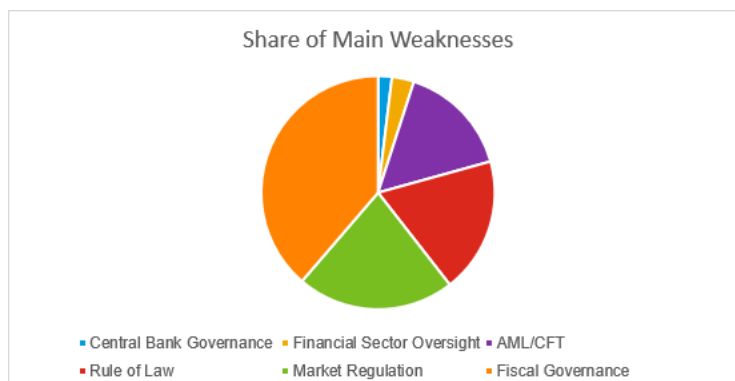
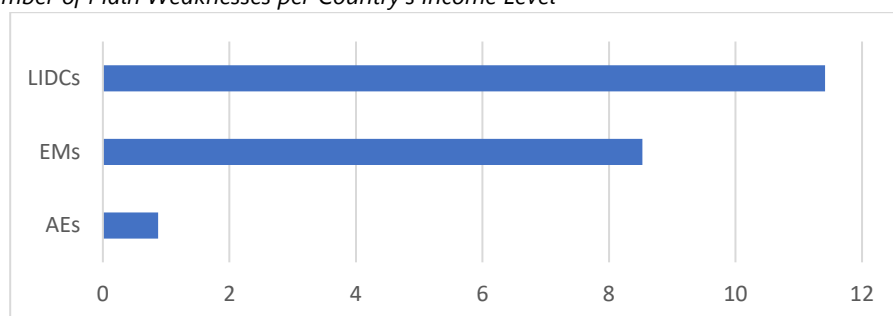
- The centralized assessment identifies severe or high-level corruption for 75 percent of the countries in the sample. The percentage is 12 percent for advanced economies, 94 percent for emerging markets and 100 percent for LIDCs.
- Most of the governance weaknesses associated to corruption identified by the centralized process relate to fiscal governance, market regulation and rule of law. Governance weaknesses related to central bank governance and operations, and financial sector oversight are identified in only 14 and 22 percent of the countries in the sample, respectively.
- Revenue outcomes and procurement are the most common weaknesses by sub-areas of state function. For LIDCs, the most common weaknesses by sub-areas are contract enforcement and property rights.
- In 100 percent of the cases where severe or high levels of corruption have been identified, they have been candidly discussed in Article IV consultations.
- Overall, discussions have been most candid regarding weaknesses related to AML/CFT, central bank governance, rule of law and fiscal governance. An explicit linkage to corruption vulnerabilities was only made in 9 percent of the instances where market regulation weaknesses have been identified.
- The level of candidness for each state function varies by income level. For EMs, discussions have been most candid on AML/CFT, central bank governance, fiscal governance and the rule of law. For LIDCs, discussions have been most candid on financial sector oversight, AML/CFT and central bank governance.
- The level of candidness also varies significantly by sub-areas. Candid discussions occurred in more than 60 percent of the cases for AML (entity transparency, preventive measures, criminal justice), fiscal transparency, and procurement. There have been no candid discussions when weaknesses had been identified in relation to exchange restrictions, imports licensing, trade facilitation or public engagement in rule making.
- Overall, the implementation of the policy is very satisfactory regarding the coverage of corruption vulnerabilities, AML/CFT, and central bank governance weaknesses where candid and substantive discussions with specific policy advice take place in 89, 80, and 60 percent of the cases respectively.
- Coverage is very low for market regulation (2 percent), and around 40 percent for the other state functions. At the sub-area level, beyond AML/CFT, the level of implementation of the policy is above 40 percent for fiscal transparency, property rights, PFM controls, investor protection, and procurement.
- The level of implementation of the policy is better for LIDCs (52 percent) compared to EMs and AEs, with 37 and 14 percent implementation respectively. For LIDCs, all state functions, except for market regulation have a rate of implementation above 45 percent. financial sector oversight, AML/CFT and central bank governance have an implementation rate of 100, 88 and 67 percent respectively.

¹ Prepared by Nusula Nassuna, Bonolo Namethe, Jaison Vega Laiton, Ivana Rossi (All LEG).

B. Characteristics of the Sample - Identification of Main Weaknesses

1. Based on the centralized process, main weaknesses have been identified regarding corruption, two state functions (central bank governance and operations, and financial sector oversight) and sub-areas for the four other state functions. Table 1 identifies the number of main weaknesses identified for the 37 countries with Article IV staff reports, by state function and sub-area.

Table 1. Identification of Main Weaknesses				
Area of weakness	Number of weaknesses - 37 countries	Number of weaknesses 8 AEs	Number of weaknesses 17 EMs	Number of weaknesses 12 LIDCs
Corruption	28	0	16	12
Rule of Law	49	1	18	30
Investor Protection	13	0	6	7
Contracts	18	1	5	12
Property Rights	18	0	7	11
AML/CFT	41	1	23	17
Preventive measures	13	0	9	4
Entity transparency	13	1	7	5
Criminal justice	12	0	6	6
International Cooperation	3	0	1	2
Fiscal Governance	101	4	51	46
Revenue Outcomes	22	2	12	8
Revenue Institutions	12	1	4	7
Spending Outcomes	12	0	7	5
Procurement	19	1	9	9
Fiscal Transparency	18	0	10	8
PFM Controls	18	0	9	9
Market regulation	57	1	30	26
Ease of Doing Business	17	0	7	10
Public engagement	9	0	4	5
Product market regulation	9	1	5	3
Trade facilitation	9	0	5	4
Imports licensing	5	0	5	0
Exchange restrictions	8	0	4	4
Central Bank Governance	5	0	2	3
Financial Sector Oversight	8	0	1	3
Total Main Weaknesses	289	7	145	137
Source: Staff analysis of 37 countries Article IV staff reports				

Figure 1. Weaknesses*Share of Main Weaknesses**Main Weaknesses by Sub-Area**Average Number of Main Weaknesses per Country's Income Level*

Sources: Staff analysis of 37 countries Article IV staff reports.

C. Candid Discussions

2. For each country in the sample, it has been analyzed if – when identified as weaknesses – corruption has been discussed and governance vulnerabilities have expressly been linked to corruption (i.e., if any of the staff report in the period over consideration discussed governance weaknesses in relation to specific weaknesses with explicit linkages to corruption vulnerabilities).

Table 2. Candid Discussions

Area of weakness	37 countries	8 AEs	17 EMs	12 LIDCs
Percentage of candid discussions where weakness identified				
Corruption	100	-	100	100
Rule of Law	49	0	44	53
Investor Protection	46	-	33	57
Contracts	44	0	60	42
Property Rights	56	-	43	64
AML/CFT	85	0	83	94
Preventive measures	92	-	89	100
Entity transparency	92	0	100	100
Criminal justice	83	-	67	100
International Cooperation	33	-	0	50
Fiscal Governance	52	25	47	61
Revenue Outcomes	32	0	25	50
Revenue Institutions	58	0	75	57
Spending Outcomes	50	-	57	40
Procurement	68	100	67	67
Fiscal Transparency	61	-	50	75
PFM Controls	50	-	33	67
Market regulation	11	100	7	12
Ease of Doing Business	24	-	29	20
Public engagement	0	-	0	0
Product market regulation	11	100	0	0
Trade facilitation	11	-	0	25
Imports licensing	0	-	0	-
Exchange restrictions	0	-	0	0
Central Bank Governance	60	-	50	67
Financial Sector Oversight	38	-	27	100
Total Main Weaknesses	48	-	25	55

Source: staff analysis of 37 countries Article IV staff reports.

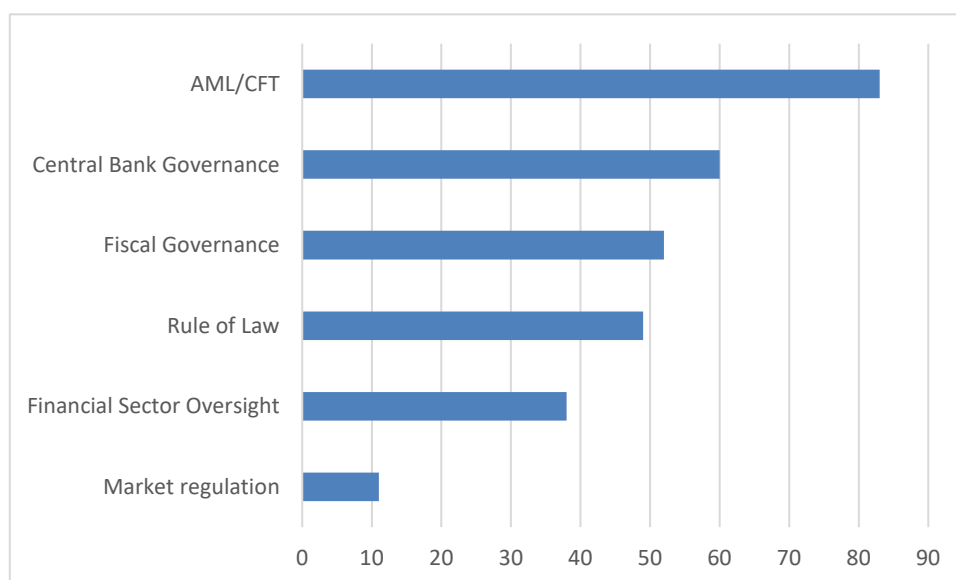
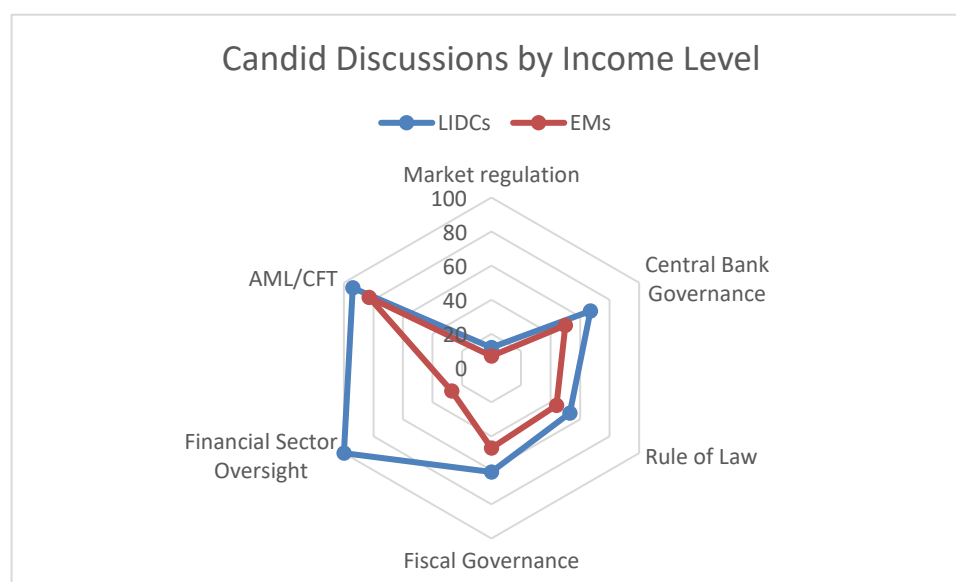
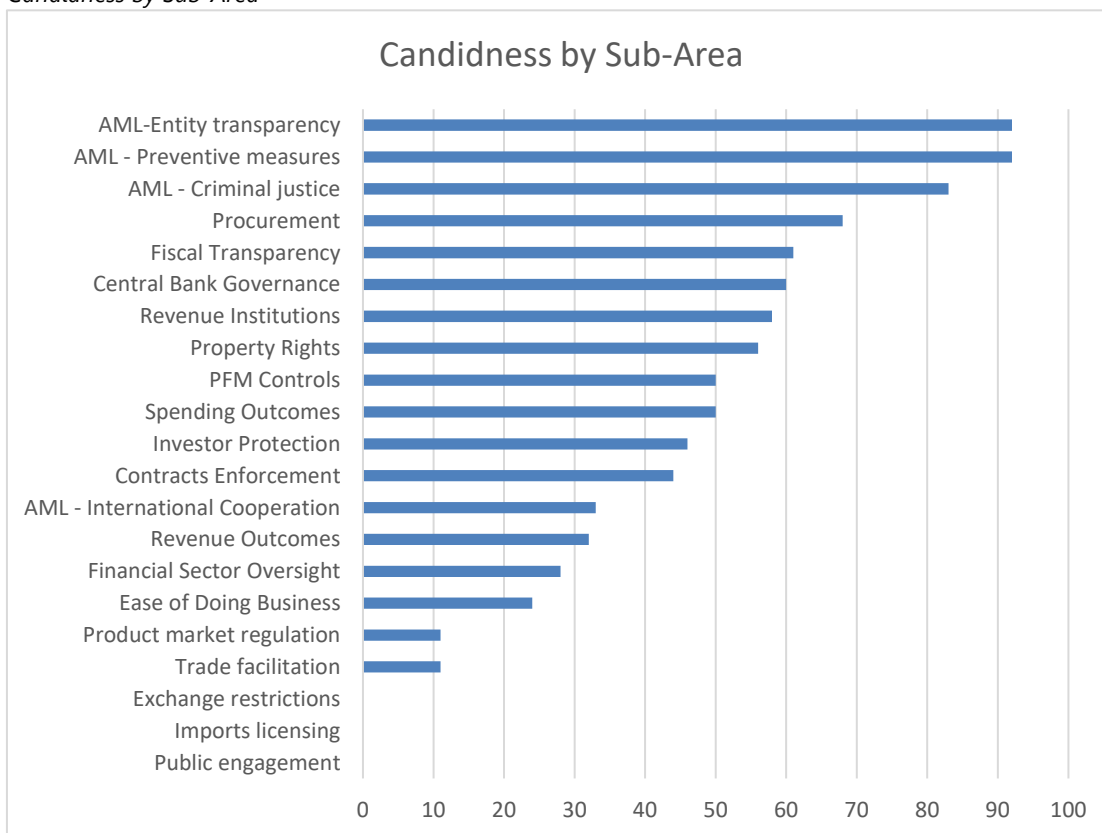
Figure 2. Candid Discussions*Candid Discussion by State Function all Countries (in percent)**Candid Discussions by Income Level*

Figure 2. Candid Discussions (Concluded)*Candidness by Sub-Area*

Source: Staff analysis of 37 countries Article IV staff report.

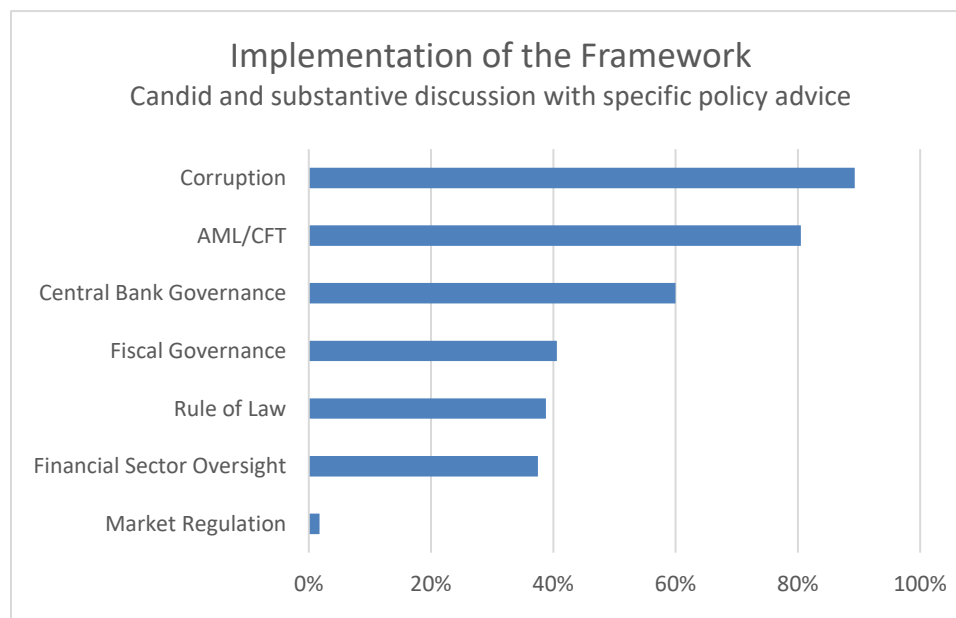
Table 3. Candid and Substantive Discussion with Specific Policy Advice

Area of weakness	37 countries	8 AEs	17 EMs	12 LIDCs
Percentage of compliance where weakness identified				
Corruption	89	-	81	100
Rule of Law	39	0	27	47
Investor Protection	38	-	16	57
Contracts	33	0	40	33
Property Rights	44	-	29	54
AML/CFT	80	0	78	88
Preventive measures	85	-	78	100
Entity transparency	92	0	100	100
Criminal justice	75	-	67	83
International Cooperation	33	-	0	50
Fiscal Governance	41	25	31	52
Revenue Outcomes	27	0	25	38
Revenue Institutions	33	0	25	42
Spending Outcomes	33	-	43	20
Procurement	47	100	33	55
Fiscal Transparency	56	-	40	75
PFM Controls	44	-	22	66
Market regulation	2	0	0	4
Ease of Doing Business	6	-	0	10
Public engagement	0	-	0	0
Product market regulation	0	0	0	0
Trade facilitation	0	-	0	0
Imports licensing	0	-	0	-
Exchange restrictions	0	-	0	0
Central Bank Governance	60	0	50	67
Financial Sector Oversight	38	0	0	100
Total Main Weaknesses	43	14	37	52

Source: Staff analysis of 37 countries Article IV staff reports

Figure 3. Implementation of the Framework

Candid and Substantive Discussion with Specific Policy Advice



Source: Staff analysis of 37 countries Article IV staff reports.

Appendix I. Country Sample

Table 1. Country Sample for Document Review ^{1/}

	Low-income developing countries ^{2/}	Emerging market economies	Advanced economies
AFR	Cameroon, Congo, DR, Kenya, Mali, Nigeria, Uganda, Zimbabwe	South Africa	
APD	Bangladesh, Cambodia, Papua New Guinea	China, Indonesia, Mongolia	Japan, Korea
EUR		Russia, Turkey, Ukraine	France, Greece, Italy, Portugal, Spain
MCD	Afghanistan, Kyrgyz Republic	Egypt, Georgia, Kazakhstan, Libya, Iraq, Tunisia	
WHD	Haiti, Honduras	Brazil, Bolivia, Mexico, Paraguay, Peru	United States

1/ Countries in bold had Fund program engagement during the period 2018-2022.

2/ The low-income developing countries (LIDCs) are a group of 40 countries based on the classification made in October 2022 in the Fiscal Monitor. Low-income developing countries have per capita income levels below a certain threshold (set at \$2,700, as of 2016, as measured by the World Bank Atlas method), structural features consistent with limited development and structural transformation, and external financial relationships insufficiently open for the countries to be considered emerging market economies.