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June 25, 2020

PROGRESS IN IMPLEMENTING THE FRAMEWORK FOR ENHANCED FUND ENGAGEMENT ON GOVERNANCE

EXECUTIVE SUMMARY

This paper provides an interim update on implementation of the [2018 Framework for Enhanced Fund Engagement on Governance](#). This update is in advance of a comprehensive formal review of the Framework scheduled for mid-2021.

This interim update finds that implementation of the Framework is well underway. Specifically: (i) a new centralized process to systematically analyze governance and corruption vulnerabilities for all Fund members—a core aspect of the Framework—has been put in place; (ii) text mining analysis indicates that governance-related terms in staff reports have increased by more than four-fold relative to the average over 2008-17, with such references rising across all types of countries and becoming more correlated with governance weaknesses, though such word counts are unable to assess changes in the quality or traction of staff’s advice; (iii) more qualitative analysis suggests that the Framework has supported deeper discussions on governance and anti-corruption issues in Article IV reports, often in accompanying Selected Issues papers or detailed annexes on governance issues; (iv) Fund-supported programs have leveraged the Framework to design specific conditionality related to governance and anti-corruption reforms, with governance improvements now being a core objective of many programs; (v) technical assistance and training to assist countries in strengthening governance and anti-corruption efforts is being stepped up, including governance diagnostic missions, which undertake detailed analysis of governance weaknesses and propose prioritized solutions; (vi) much work is being done to produce analytical work, outreach to the public and civil society, and collaborate with other international organizations on governance issues; and (vii) so far 10 advanced economies have participated in the voluntary assessment of their efforts to stem transnational corruption by effectively criminalizing the bribery of foreign officials and preventing the concealment of the proceeds of corruption in their countries.

Continued efforts are needed to support the Framework’s implementation. Key challenges include ensuring sustained engagement by the Fund, building further ownership and efforts by country authorities, supporting country teams in these complex discussions, and filling data gaps. Securing additional volunteers for the assessment of transnational aspects of corruption will also be essential.

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BACKGROUND

1. This background paper provides an informal update to brief the Board on implementation of the [2018 Framework for Enhanced Fund Engagement on Governance](#) (“the Framework”). The paper first briefly summarizes the key objectives of the Framework, followed by an overview of its current implementation. The paper then presents examples of how the Framework has affected staff’s engagement on governance and anti-corruption issues in the context of surveillance, programs, and capacity development (CD).

2. Experience over the past decades has underscored the critical impact that governance issues can have on the Fund’s work. The Fund works to promote global economic stability, help member countries achieve strong and sustainable growth, and reduce poverty. Poor governance and corruption clearly undermine these objectives and so addressing these issues is critical to the Fund’s mandate.

3. The 2018 Framework provides for more systematic, candid, and evenhanded engagement with member countries regarding governance and corruption vulnerabilities. The Framework was developed on the basis of a stocktaking of the [1997 governance policy](#), which was discussed by the Executive Board in a [2017 staff paper](#) (Annex I). The stocktaking found that, while the Fund had made considerable progress in implementing the 1997 policy, there remained significant scope to strengthen Fund engagement on governance and corruption issues. Specifically, the 2018 Framework was adopted to:

- **Promote more systematic and consistent assessments of the nature and severity of governance and corruption vulnerabilities.** Under the Framework, these assessments focus on six state functions: (i) fiscal governance; (ii) financial sector oversight; (iii) central bank governance and operations; (iv) market regulation; (v) rule of law; and (vi) anti-money laundering and combating the financing of terrorism (AML/CFT). In addition, the assessments examine the design and effectiveness of a country’s anti-corruption framework.
- **Guide policy advice and CD support where Fund engagement is warranted.** The Framework calls for tailored, concrete, and granular advice to reduce vulnerabilities in the six state functions. Advice may also include specific anti-corruption measures if warranted by the member’s circumstances. Such advice is to be given in the context of early, close, and frank consultation with member authorities.
- **Address the transnational aspects of corruption.** The Framework goes beyond examining domestic corruption by promoting measures to prevent (i) the bribery of foreign public officials (“supply-side of corruption”) and (ii) private actors from providing services that facilitate cross-border concealment of the proceeds of corruption. Irrespective of whether a member experiences systemic domestic corruption itself, the Fund urges members to volunteer to have their systems assessed with respect to these transnational aspects.

4. A formal review of the Framework is scheduled for mid-2021. The review will comprehensively assess progress toward promoting more systematic, effective, candid, and evenhanded engagement with member countries on macro-critical governance vulnerabilities—the overall goal of the Framework.

IMPLEMENTATION OF THE FRAMEWORK

A. Centralized Institutional Process

5. A centralized process has been put in place for the systematic assessment of governance and corruption vulnerabilities for all 189 Fund members. This process—led by a cross-departmental working group of senior IMF staff—identifies which, if any, of the six state functions listed above warrant in-depth discussion with the authorities.¹ The process also analyzes whether the anti-corruption framework warrants discussion. Using this analysis, the working group is charged with establishing the broad scope of governance and corruption areas to be covered for each country in its Article IV consultations and on the broad timing of such coverage within a three-year timespan, taking into account competing priorities. The identification of governance weaknesses also feeds into the design of conditionality in Fund-supported programs. A principal aim of this process is to promote evenhanded treatment of members in both surveillance and programs.

6. The centralized assessments rely on both quantitative and qualitative inputs.² To the extent possible, the assessments are based on information already obtained by functional and area departments in the context of existing Fund activities, including discussions with the authorities.³ Where warranted and especially in areas that are not typically within the core expertise of Fund staff, assessments are also based on information provided by other institutions, especially the World Bank, whose staff are periodically consulted (Section IV). The [policy on use of third-party indicators](#) (TPIs) guides the use of TPIs, which complement the analysis of Fund staff and other international organizations such as the World Bank. Centralized assessments have now been conducted at least once for all Fund members.

7. Following the centralized assessment process, departments collaborate to enhance the specificity and effectiveness of staff advice on governance issues. In many cases, this

¹ The working group is chaired by FAD, LEG, and SPR. Area departments, FIN, and MCM are active participants in the working group.

² The assessments are undertaken in full collaboration among departments. SPR covers market regulation; LEG covers rule of law; AML-CFT, and anti-corruption measures; FAD covers fiscal governance; and MCM covers financial sector oversight and—in coordination with FIN—central bank governance and operations. Country teams, based on their knowledge on each country, also contribute to the assessments.

³ For instance, where a safeguards assessment has been conducted at a member country's central bank, its findings and recommendations provide useful input for the broader governance and corruption work. Additionally, assessments by the IMF, World Bank, the Financial Action Task Force (FATF), and regional FATF-style bodies provide insight on AML/CFT vulnerabilities.

includes an interdepartmental brainstorming session on governance issues in a country. These sessions are designed to support country teams by delving further into possible policy advice and measures, context, prioritization, and strategy, taking into account existing frameworks for surveillance and Fund-supported programs.⁴ In preparation for surveillance and program missions, more than 50 brainstorming meetings on governance with the participation of functional departments and, in many cases, World Bank staff have taken place so far.

8. Area departments have also established internal processes to support the framework's implementation. Area departments have had to invest time familiarizing themselves with the requirements of the new framework and organizing themselves internally to implement the policy. To that end, departments have instituted new processes. For example, AFR has developed an internal note to guide its teams, established an AFR Governance Group that collects experiences and guides country teams, and has regularly discussed governance and anti-corruption issues during senior staff meetings. MCD has also established a governance working group.

9. As implementation of the Framework was reaching steady state before the crisis, the increase in governance-related work was estimated at \$6 million per year.⁵ The initial phase covered the development of toolkits and analytical frameworks, as well as learning by doing for both country teams and supporting functional departments. With this work now part of the mainstream work for the full membership, costs have shifted from development toward full implementation. These costs have been partially covered through budgetary resources to functional departments (\$2.4 million in FY20 and \$1.9 million in FY21 in gross terms), with the rest absorbed through reallocations and prioritization in functional and area departments. Anti-corruption CD work is targeted to increase from 1.1 percent of total CD delivery in FY19 to 1.8 percent of total in FY23, or around \$4½-5 million in total. The current crisis and the Fund's provision of emergency financing have further highlighted the importance of governance issues and the need for these issues to be firmly embedded in core activities.

B. Coverage of Governance and Corruption Issues in Staff Reports

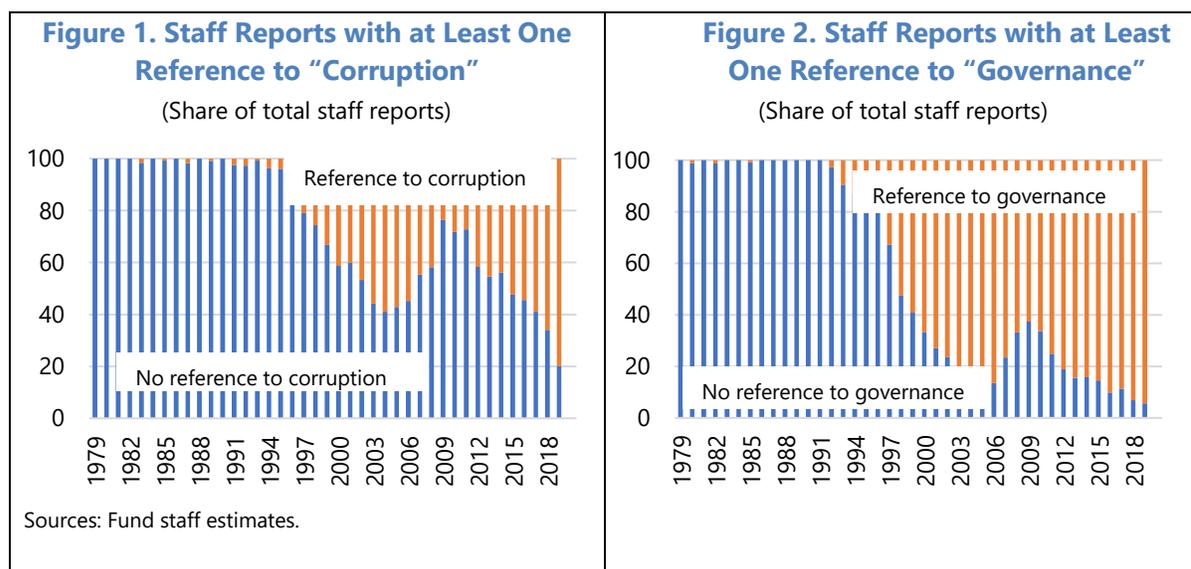
10. Text mining analysis provides some indication of how the Framework has affected staff reports, though such an exercise has limitations. Staff undertook a text mining analysis to examine the overall trends in references to "corruption," "governance," and "bribery" in Fund staff reports. This approach is for illustrative purposes and does not capture changes in the

⁴ Governance vulnerabilities are included in surveillance if they are found to significantly affect a member's present or prospective balance of payments or domestic stability. If so, the specificity and timing of inclusion of governance issues is guided by the nature and perceived urgency of the weakness. Reforms to address governance vulnerabilities and corruption risks are included as conditionality in Fund-supported programs when they are of critical importance for achieving the goals of the member's program.

⁵ Based on a FY19 survey of country teams and relevant functional departments, covering only staff time, and excluding follow-up CD. An update of spending on governance issues by country teams will be provided in the FY20 outturn paper.

quality and specificity of Fund engagement and advice on governance issues (for this, see the country examples in Annexes II–IV).⁶ Such analysis also provides no indication of whether staff’s analysis on governance issues is gaining traction and, if so, whether staff’s recommended policies are actually reducing corruption—issues for which it is too early to reach any clear conclusion, given time lags between the provision of advice and implementation, the even longer lags between implementation of measures and the effect on governance and corruption, and the imprecision in measuring such improvements.

11. That said, the text mining exercise does suggest that discussion of governance and corruption issues has become more common and more candid under the Framework (Figures 1-4). For example, governance-related references more than doubled in Fund staff reports in the 18 months following the Board’s approval of the Framework in April 2018, compared with the level in 2017.⁷ In 2019, such references were over four times more frequent than the average over the decade preceding the Framework’s adoption (Figure 3), with at least 80 percent of staff reports having at least one reference to “corruption” (Figure 1).



12. Governance-related terms have increased, on average, in all country groups by level of development, program/surveillance activity, area department, and level of perceived corruption (Figures 3-4). On average, the increases have been similar for surveillance and

⁶ The text mining exercise only covers terms typically used for governance and corruption issues, without covering other terms related to the six state functions (e.g., “related-party” and “regulatory capture” in relation to financial sector oversight, or “beneficial owner” and “politically exposed persons” in relation to AML/CFT).

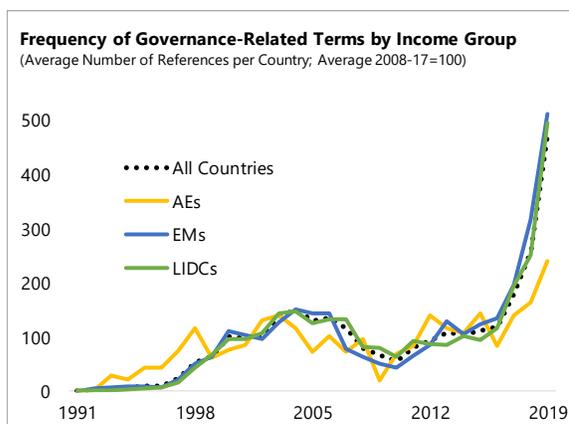
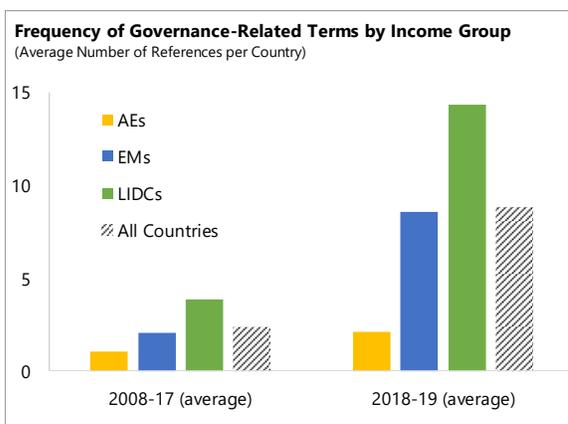
⁷ The analysis follows a similar methodology to the 2017 paper and covers 9,185 staff reports over the period 1979–2019 (including selected issues papers). The frequency is defined as the number of times a governance-related term (“governance,” “corruption,” and “bribery”) appears in a given staff report (main body, staff appraisal, and annexes), normalized by the number of total words of the staff reports. Selected Issues papers are included as part of surveillance reports. See IMF (2019, 2019a) for more details on the methodology. The decline in the frequency of governance-related terms around the global financial crisis may be explained by a shift in focus in Article IV consultations towards crisis-related issues.

program staff reports. Given the high correlation between income levels and governance weaknesses, references to governance-related terms are the highest and have increased the most in absolute terms in staff reports for low- and middle-income countries. However, such references have also increased substantially (more than doubled) for advanced economies. Reflecting differences in country composition, such references have increased substantially in AFR and MCD, but also picked up noticeably in APD, EUR, and WHD.

Figure 3. Governance-Related Terms in IMF Staff Reports—Income Groups and Activity

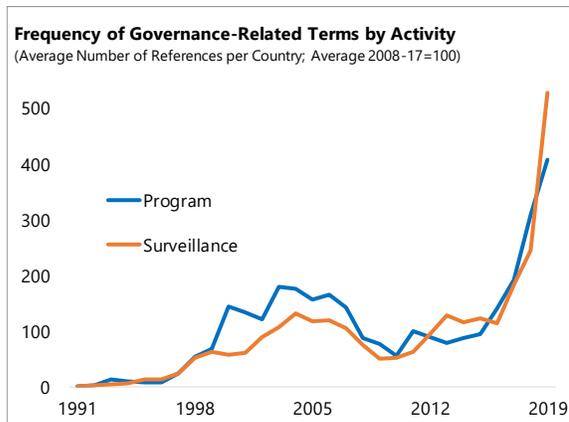
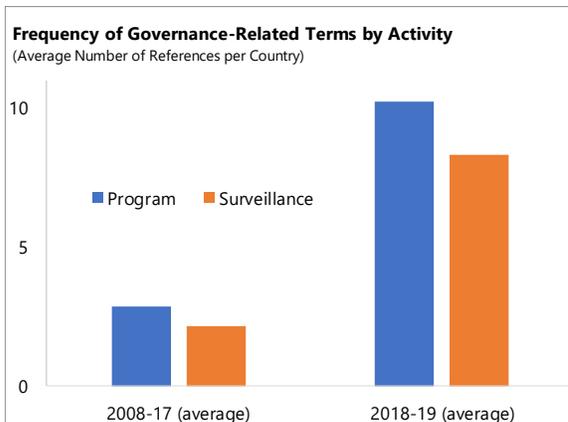
References to governance-related terms have increased in all country groups by level of development ...

...with relatively large increases in staff reports on LIDCs and EMs.



Surveillance and program staff reports saw similarly sized increases...

...as both types of reports have followed similar trends over time.



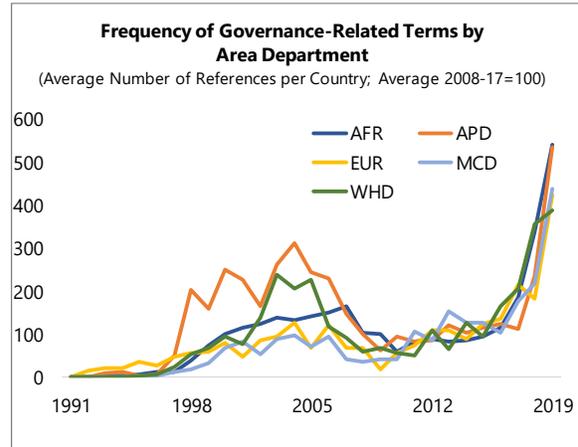
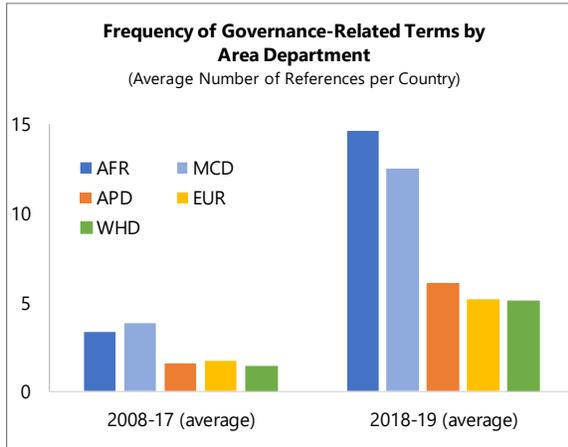
Source: Fund staff calculations.

Note: Governance-related terms refer to "corruption," "governance," and "bribery." The normalized frequency counts the number of governance-related terms in IMF staff reports issued to the Executive Board over the period 1991–2019. The normalized frequency adjusts for the length of staff reports. Selected Issues papers are classified as surveillance staff reports.

Figure 4. Governance-Related Terms in IMF Staff Reports—Area Departments and Control of Corruption Indicator

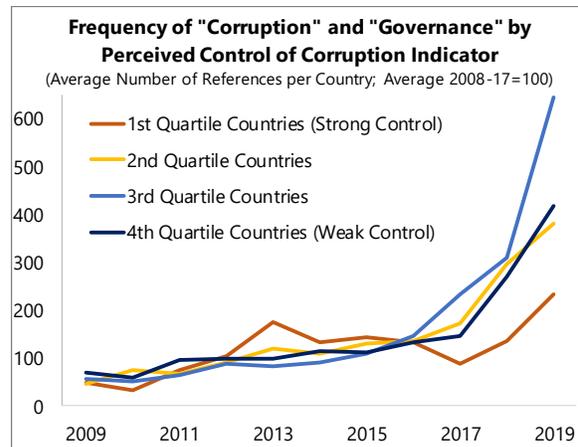
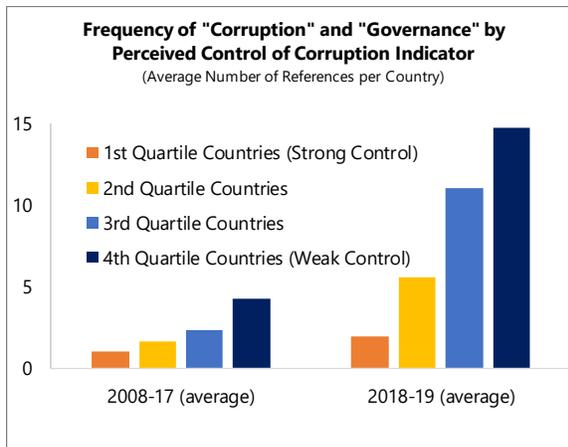
The absolute number of references to governance-related terms has increased most in AFR and MCD, reflecting differences in country compositions.

However, the increase in references has been broadly similar across departments in percentage terms, with remarkably similar historical patterns.



Countries with the weakest control of perceived corruption tend to have more governance-related references in Fund staff reports...

...though discussions on governance vulnerabilities also intensified significantly in countries where perceptions of corruption are less pronounced.



Sources: Worldwide Governance Indicators (WGI) Control of Corruption Indicator and Fund staff calculations.

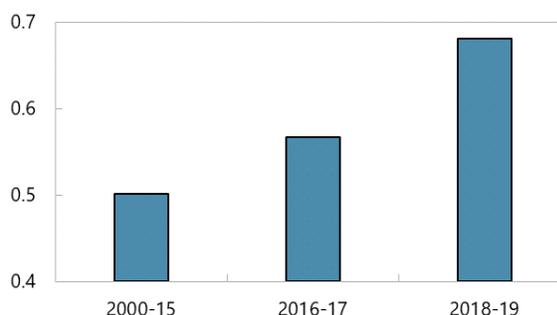
Note: Governance-related terms refer to "corruption," "governance," and "bribery." The normalized frequency counts the number of governance-related terms in IMF staff reports issued to the Executive Board over the period 1991–2019. The normalized frequency adjusts for the length of staff reports. Selected Issues papers are classified as surveillance staff reports. Control of Corruption quartiles are based on countries' average score over the period 2005–18; first quartile countries have the lowest level of perceived corruption and fourth quartile countries have the highest.

13. The frequency of governance-related terms in staff reports correlates with perceived corruption more strongly than in the past. An important aspect of evenhandedness highlighted by the 2017 stocktaking was ensuring that the coverage of governance and corruption vulnerabilities should be commensurate for similarly situated countries. Preliminary evidence reported in Figure 5 suggests that coverage of governance-related issues in staff reports is more closely associated with publicly available measures of perceived control of corruption than prior to 2018.

14. The text mining results are a preliminary indication of how the Framework has affected staff reports. The results suggest that discussions with member countries on governance and corruption issues have become more candid and increased across the Fund's membership, with the degree of coverage more closely correlated with the level of perceived governance weaknesses.

Figure 5. Correlation Between Perceived Corruption and Governance-Related Terms in Staff Reports

(Correlation coefficient) 1/



Sources: WGI and Fund staff calculations.

1/ Correlations are calculated annually and based on two variables: (i) a rescaled version of the WGI's Control of Corruption Indicator, with 0 (100) indicating the lowest (highest) level of perceived corruption and (ii) the logarithm of countries' normalized frequency count of the words "corruption" and "governance" in staff reports. A correlation coefficient can take values between 0 and 1.

STAFF ENGAGEMENT ON GOVERNANCE AND CORRUPTION ISSUES

A. Surveillance

Domestic Aspects of Corruption

15. The Framework has supported deeper and more candid discussions with the authorities and in staff reports.⁸ Fund engagement on governance issues in surveillance is guided by the degree of these issues' current or potential impact on macroeconomic performance and on the ability of the government to credibly pursue policies aimed at external viability and sustainable

⁸ These efforts have been recognized by major CSOs. For example, Transparency International (TI) made a presentation during the 2019 Spring Meetings on the Fund's work on governance and posted a blog entitled "[The trillion dollar question: the IMF and anti-corruption one year on.](#)" TI recognized the Fund's strides in this area, based on increased use of words such as "corruption" in IMF staff reports.

growth.⁹ Severe governance weaknesses are judged macroeconomically critical, based on the centralized assessments that rely on both quantitative and qualitative inputs (as discussed above). Based on identified governance vulnerabilities and the nature and severity of corruption, country teams are undertaking more in-depth discussions on these issues in Article IV consultations and proposing more concrete governance and anti-corruption recommendations. The modalities of staff's engagement vary depending on the significance of the vulnerabilities. In many cases, discussions in staff reports are supported by Selected Issues Papers (SIPs) and Annexes that cover governance and corruption in-depth.¹⁰ The papers often analyze the link between corruption and macroeconomic outcome (e.g., Madagascar, Moldova, and Nigeria). Some area departments are also deepening their cross-country analysis to identify the issues most relevant to countries in their region and to partner with country authorities on how best to strengthen governance and fight corruption (Box 3). Support to country teams is often offered by functional departments through HQ-based backstopping or participation in missions.¹¹

16. The coverage of governance vulnerabilities is tailored to the assessed weaknesses for each country. Annex II provides some examples of how governance discussions have been incorporated into surveillance under the Framework.¹² Governance vulnerabilities discussed in staff reports include fiscal governance (e.g., Bulgaria, Djibouti, Malaysia, and South Africa), central bank governance and operations (e.g., Liberia and Mozambique), financial sector oversight (e.g., Cambodia, India, and Zimbabwe) market regulation (e.g., Nigeria and South Africa), contract enforcement and property rights (e.g., Djibouti), AML/CFT (e.g., Djibouti, Malta, and Malaysia), and the anti-corruption framework (e.g., Bulgaria, Malaysia, and Mexico). Many staff reports and SIPs included a comprehensive discussion of several of the state functions and anti-corruption measures (e.g., Moldova).

⁹ As called for by the 2012 Integrated Surveillance Decision, governance weaknesses should be addressed when they are sufficiently severe to “significantly influence present or prospective balance of payments and domestic stability.”

¹⁰ SIPs or Article IV staff report annexes on governance issues since mid-2018 were produced for the following countries: Afghanistan, Angola, Armenia, Azerbaijan, Benin, Bolivia, Bulgaria, Cameroon, the CEMAC region, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, Core d'Ivoire, Djibouti, Eswatini, Gabon, Guatemala, Guyana, Iraq, Kazakhstan, Kosovo, Lebanon, Liberia, Madagascar, Malaysia, Mongolia, Mozambique, Niger, Nigeria, Panama, Russia, Serbia, South Africa, Tanzania, Togo, Uganda, Vietnam, Zambia, and Zimbabwe.

¹¹ Functional departments have provided field support for country teams on governance-related issues. FAD, for instance, often provides support for country teams to address various fiscal governance issues (e.g., revenue administration, public financial management). LEG has provided field support on governance and corruption issues for more than 22 Article IV consultation missions since the Framework's adoption. It also provided HQ support to all AIVs and programs missions. LEG has been providing support on AML/CFT and, to some extent, anti-corruption issues since 2011, but—although challenging in the beginning given the limited resources as well as the relative novelty and complexity of these areas of expertise—has recently upgraded support to teams on anti-corruption and rule of law issues (i.e., property rights and contract enforcement) in a more systematic way. STA's efforts on IMF data dissemination standards also enhance data transparency and governance. FIN's safeguard assessment covers central bank governance arrangements, with high interlinkages with governance and corruption issues. MCM provided support on financial sector oversight issues. RES has been helping several country teams apply the model-based toolkit that it developed for the analysis of governance reform.

¹² These country cases are for illustrative purposes.

Transnational Aspects of Corruption: Supply-Side and Concealment Issues

17. An assessment of the framework to prevent supply-side corruption and cross-border concealment has been covered in the Article IV consultations of some advanced economies.

Given the importance of the “supply-side” and “concealment” issues, the Fund has been urging members—irrespective of whether they experience systemic domestic corruption themselves—to voluntarily agree to have their systems assessed by the Fund in the context of surveillance, both with respect to their anti-bribery frameworks and those aspects of their AML/CFT frameworks that seek to curb concealment of the proceeds of corruption by foreign officials. Ten countries have volunteered to be assessed thus far.¹³ The Article IV staff reports for these countries, published between 2018 and 2020, addressed: (i) foreign-bribery issues for France, Germany, and Japan;¹⁴ (ii) AML issues for the United States; and (iii) both areas for Switzerland, Canada, the Czech Republic, and the United Kingdom (Annex III). The discussion of these issues is conducted in close consultation with the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF), drawing on: (i) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and (ii) the FATF AML/CFT standards relevant to the facilitation of corruption and the concealment of its proceeds. With respect to bribery, to the extent the member is a signatory to the OECD Anti-Bribery Convention, the Fund’s assessment would be based on that Convention, in particular on the monitoring conducted by the OECD. With respect to all other members, the Fund’s assessment would be based on the peer review under the United Nations Convention Against Corruption (UNCAC). The focus on transnational aspects of corruption recognizes that corruption is a global problem that must be tackled on all fronts. The coverage of transnational aspects of corruption also supports the goal of evenhandedness across the membership.

B. Use of Fund Resources

18. Fund-supported programs are leveraging the 2018 Framework in their design.

Consistent with the Guidelines on Conditionality, governance-related conditionality has been included when governance vulnerabilities are critical to achieving the goals of the member’s program. The inclusion of governance-related conditionality is further reinforced by the possible reputational risks to the Fund if the topic is avoided in cases in which it is macro-critical. Support to country teams is often offered by functional departments through HQ-based backstopping, participation in missions, and technical assistance (TA). More specifically:

- Several new programs have brought the fight against corruption to the forefront of their core objectives (Angola, Central African Republic, Equatorial Guinea, Honduras, Liberia, Mali, Pakistan, Rep. of Congo, Sierra Leone, and Ukraine). Further, specific corruption-related measures in one or more of the state functions has featured explicitly in conditionality in these programs as structural benchmarks and/or prior actions (Annex IV). Authorities in several countries, including

¹³ G7 countries, Austria, the Czech Republic, and Switzerland.

¹⁴ In both 2018 and 2019 Article IVs.

the Central African Republic, Equatorial Guinea, Honduras, Rep. of Congo, and Mozambique, also requested governance diagnostic assessments ahead of program discussions. Input from these diagnostics, which provide in-depth assessments on governance vulnerabilities and reform recommendations, has aided program design.

- In existing programs where addressing governance and corruption issues is critical for achieving the goals of the program, the application of the Framework ensured that more specific and concrete conditionality and advice were integrated into programs (e.g., Guinea structural benchmarks on the asset declaration system for senior public officials; Malawi structural benchmarks on enhancing the central bank's independence; other examples in Annex IV).
- Governance and anti-corruption-related measures have also featured as policy commitments made by the authorities in MEFPs as part of a wider package of measures seen as supporting the attainment of program goals (e.g., Cameroon in relation to the application of principles under the Extractive Industries Transparency Initiative and enhancing the AML/CFT framework in relation to measures related to politically exposed persons (PEPs) and beneficial ownership).

19. For the Fund's emergency financing to address the COVID-19 shocks, enhanced governance measures are being sought, while considering the urgent need for quick disbursements. IMF emergency financing is provided in upfront, outright disbursements. So, while there is much less scope for attaching traditional conditions, staff has been taking steps to ensure that IMF financing is not misused:

- First, staff is assessing which public financial management, anti-corruption, and AML measures we can ask members to put in place that will not unduly delay urgently needed disbursements. Specific commitments are tailored to country-specific circumstances, but normally include measures such as audits and transparency in procuring goods and services (Box 1). Some variation of these commitments has been included for the large majority of countries receiving emergency IMF assistance related to the COVID-19 crisis (Annex V). Cases where these commitments have not appeared explicitly in LOIs usually reflect staff's assessment that the country has relatively strong governance frameworks and hence the priority for policy discussions and LOI commitments was in other areas. In addition, there are a few cases that were finalized early in the crisis before a more uniform approach was in place. In such cases, staff expects to follow-up on these issues in the context of these countries' further program or surveillance engagement with the Fund.
- Second, all countries receiving emergency financing must commit to undertaking a "[Safeguards Assessment](#)" (unless such an assessment has already recently occurred). These assessments provide reasonable assurance to the IMF that a central bank's framework of governance, reporting, and controls is adequate to manage resources, including IMF disbursements. Where there are shortcomings, IMF staff make time-bound recommendations and closely monitor their implementation.

- Third, where severe governance vulnerabilities are identified, governance-related prior actions have also been employed, including on central bank safeguards, procurement transparency, and key PFM measures.
- Fourth, many of the countries receiving emergency assistance related to COVID-19 either already have existing multi-year IMF financing arrangements or will be seeking such arrangements soon. These multi-year arrangements are better-suited than emergency financing to addressing the longer-term structural issues that underpin poor governance and corruption. In this context, staff will continue to include governance and anti-corruption measures in these programs as part of the ongoing implementation of the Framework.

Box 1. Key Commitments Under IMF Emergency Financing

The COVID-19 outbreak further highlights the importance of addressing corruption vulnerabilities.

Governments around the world are seeking to respond to emergency-response needs posed by the outbreak in a timely fashion. 1/ Such catastrophes, however, often create opportunities for corruption, as evidenced in past experiences. Specifically, sudden increases in public expenditures could increase rent-seeking opportunities for public officials. 2/ Crises may also hamper the effectiveness of control agencies due to emerging volume of crimes (often associated with crises), unavailable funding, or cumbersome access to information. This suggests the need to ensure appropriate control and oversight over emergency spending.

In the Fund’s emergency financing related to COVID-19, two governance measures are commonly committed in the authorities’ Letter of Intent. The first measure is to undertake and publish on the government’s website an audit of crisis-related spending. In most cases, these audits will be conducted by the country’s supreme audit institution. This approach maximizes synergies by leveraging the existing institutional framework and also supports these institutions. In some cases, however, the audit will be conducted by a third-party auditor outside the government, especially if the supreme audit institution is considered to have inadequate capacity or insufficient independence to conduct such an audit. The second measure is to publish crisis-related procurement contracts on the government’s website, including identifying the companies awarded the contract and their beneficial owners, as well as recording ex-post validation of delivery of the services and products specified in the contract. Country teams regularly consult with World Bank governance practice experts on procurement to tailor this commitment to country-specific circumstances, taking appropriate account of existing laws and frameworks. One or both of these commitments has been included in the vast majority of emergency financing for countries previously assessed to have significant corruption risks or governance vulnerabilities (Annex V).

1/ See the following notes in the Special Series on COVID-19 available on imf.org: “Preparing Public Financial Management Systems for Emergency Response Challenges;” “Budget Execution Controls to Mitigate Corruption Risk in Pandemic Spending;” and “Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses.”

2/ Historically, several episodes of expenditure ramping-up in response to crises have been associated with financial scandals (Ebola epidemic in DRC 2019, security crisis in Mali 2010 and 2015, 2010 earthquake funds, Petrocaribe funds). During the 2014–2016 Ebola outbreak in West Africa, financial irregularities were found in 37 percent of US\$8 million of government spending funded by the Ebola Trust Fund in Liberia.

C. Capacity Development

20. CD has been a key element of the Framework in supporting Fund members and has been focused both on ex-ante (diagnostics) and ex-post (implementation) aspects. To support

recommendations provided in surveillance and programs, CD for country authorities is being stepped up. The prioritization of CD at the institutional level is discussed in the Committee on Capacity Building (CCB). Since FY19, the CCB has identified anti-corruption as a growth area. The prioritization of CD interventions is discussed in the context of the Resource Allocation Plan, and engagement varies depending on country demand, as well as the governance and corruption vulnerabilities identified in surveillance and lending programs.^{15 16}

21. Enhanced CD activities in various areas (e.g., central bank governance and operations, financial sector oversight, fiscal governance, and AML/CFT) help address governance weaknesses.¹⁷ CD on fiscal governance, among other issues, support fiscal transparency and improve public financial management. For Honduras, for instance, following the governance diagnostic mission (June 2019), FAD has been delivering remote CD on PFM (to address trust funds' vulnerabilities to corruption). Central bank CD focuses on strengthening central bank independence, decision-making, internal organization, and internal controls for operations, as well as the adoption and implementation of accounting standards and reporting. Some recent cases in which such missions have had meaningful outcomes include Djibouti and Kosovo, which identified central bank governance vulnerabilities.¹⁸ Such efforts are further complemented by UFR-related assessments of central bank safeguards led by FIN with assistance from LEG. The demand for technical assistance on strengthening the governance of supervisory authorities of banks has also significantly increased.¹⁹ The Fund has also a comprehensive CD program to assist members in strengthening their AML/CFT frameworks.²⁰

22. Staff has also conducted governance diagnostic missions to help identify governance weaknesses in depth and discuss potential reform measures. In response to requests by country authorities, teams consisting of staff from relevant functional departments have thus far conducted ten joint diagnostic missions on governance and corruption, for the most part in a program context.²¹ These diagnostics consist of a "deep dive" that examine vulnerabilities to corruption with

¹⁵ LEG is currently developing a proposal for CD that could be supported by donor funding in the areas of anti-corruption frameworks, rule of law, and legal aspects of fiscal and central bank governance.

¹⁶ Staff's analytical work suggests that anti-corruption efforts have a sustained positive macroeconomic impact when paired with meaningful institutional strengthening, as proxied by capacity development efforts (WP/18/195).

¹⁷ Provided by MCM, FAD, and LEG, respectively.

¹⁸ CD by MCM is provided through long-term experts, peripatetic short-term experts, and Financial Sector Stability Reviews (FSSR) as well as some 20 CD missions per year on central bank governance issues.

¹⁹ Financial Sector Stability Reviews (FSSRs) helped identify financial sector oversight weaknesses in various countries (e.g., Bangladesh, Cambodia, Djibouti, the Gambia, Guinea, Nicaragua, Paraguay, Sri Lanka, and Zimbabwe) and follow-up targeted technical assistance was provided, including on related-party lending (e.g., Afghanistan, Ukraine, Moldova, and Azerbaijan). Recently, AFRITAC South held a regional seminar on corporate governance issues in the banking sector.

²⁰ Since 2014, CD has been provided to some 58 recipient countries in all area departments.

²¹ Those ten countries are Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Honduras,

(continued)

more granularity and set out a strategy of engagement to tackle these issues in a prioritized manner. In most cases, the country authorities have published the key results of the diagnostics, either in their own report (informed by the diagnostic) or through the disclosure of an IMF TA report.²²

23. All diagnostic missions and reports have sought important inputs from local stakeholders and other IFIs. Analysis of staff reports and program documents (e.g., Republic of Congo) suggests that the diagnostic reports provided a major contribution to program design and the reforms undertaken by the authorities. In some cases, reforms recommended by staff as part of the diagnostic assessment were implemented even prior to the conclusion of program discussions, suggesting strong ownership of the reforms by the authorities.

Box 2. Virtual CD During the COVID-19 Crisis

The demand for IMF governance-related diagnostics and CD has slowed during the COVID-19 crisis. While overall CD delivery has slowed in response, there has been continued demand from some member countries for governance diagnostics and TA to support the implementation of lending conditionality.

Through various modalities, staff has been providing virtual CD. For instance, LEG provided virtual CD to:

- i) Equatorial Guinea to support the drafting of a comprehensive anti-corruption law in line with the UNCAC requirements; 1/ and ii) Pakistan to assist in enhancing its AML/CFT framework and meeting its FATF action plan. In Sierra Leone, virtual support was provided on good practices in setting up a fund for earmarked COVID-19 revenue and spending. In Georgia, virtual support was provided on the implementation of revised accounting and reporting instructions as well as oversight and management of fiscal risks emanating from state-owned enterprises and public-private partnerships. For Honduras, following a governance diagnostic mission (June 2019), FAD has been delivering remote CD on PFM, including to address the vulnerabilities trust funds to corruption. Furthermore, preparatory work to enable virtual governance diagnostics is being undertaken in HQ.

1/ The adoption of the anti-corruption law is a structural benchmark under Equatorial Guinea's EFF-supported program.

D. Analytical Work and Strategic Communications

24. Implementation of the framework has been supported by diverse analytical work on governance issues. This analytical work has featured in Fund flagship publications such as the Fiscal Monitor, departmental papers prepared by area departments on regional governance issues, and

Guinea-Bissau, Mozambique, Republic of Congo, Paraguay, Peru, and Zimbabwe. The governance diagnostic missions are a cross-department exercise (with FAD and LEG), in some cases with participation by MCM, FIN, the (World Bank, and/or the InterAmerican Development Bank. Safeguard assessments provided input to diagnostic missions either through direct participation (e.g., Zimbabwe) or coordination with diagnostic teams on specific input to deliverables (e.g., Democratic Republic of Congo).

²² Publication of a governance diagnostic report or the authorities' governance strategy is encouraged, as it is a visible symbol of ownership by the authorities and allows civil society and other stakeholders to monitor government implementation of the strategy. Thus far, the reports for Republic of Congo, Equatorial Guinea, Mozambique, and Central African Republic have been published.

various working papers by individual staff members.²³ Staff is also developing comprehensive internal notes on key substantive anti-corruption areas related to the Framework—such as anti-corruption agencies, UNCAC requirements, rule of law, and financial asset disclosure by public officials—to provide more detailed guidance on discussions with country authorities. Finally, a Fund-wide knowledge exchange website that includes good practices in implementing the Framework and relevant case studies is being set up to assist country teams in their work on governance.

25. A comprehensive program of outreach and communications has played a vital role in implementing the Framework, with a goal of building understanding of and buy-in for the Fund’s role in this area. Outreach activities have included speeches by management, flagship events and presentations, bilateral meetings with key stakeholders, and regular updates of relevant factsheets.²⁴ Fund management has made several speeches at various high-level events to highlight the importance of addressing governance and corruption. High-level seminars have been organized at the Annual and Spring Meetings, complemented with bilateral meetings with country delegations, parliamentarians, and civil society, including youth, academics, and journalists (Box 3). In addition, Fund blogposts have discussed the challenges, impact, and specific aspects of corruption.

26. Engagement with civil society organizations (CSOs) is being enhanced. CSOs serve as valuable interlocutors at the country level, providing insight on the governance and anticorruption framework, and as a key partner supporting Fund policy recommendations, such as in the case of anti-corruption reforms in Ukraine. Fund staff have met with various CSOs for all governance diagnostics missions and often consult with them for surveillance and program missions. IMF Resident Representatives also routinely engage with CSOs in their countries. In addition, COM has organized periodic roundtables with a diverse group of CSOs. Furthermore, some CSOs, such as Transparency International and Human Rights Watch, have decided to provide external assessments of Fund actions on governance-related issues. Some CSOs have noted, however, that some political regimes impose severe constraints on their operations and regret that such constraints are outside the purview of the Fund. In general, the overall feedback from CSOs is that they are pleased that the Fund has stepped up its coverage of governance and corruption issues in surveillance and lending, but that more can be done to further strengthen evenhandedness of coverage and collaboration with CSOs. Management and staff have maintained an active dialogue with a number of CSOs during the COVID-19 crisis to help respond to governance challenges associated with the Fund’s emergency financing.

27. Fund staff is reaching out to promote work on finding solutions for specific problems. For example, an [Anti-Corruption Challenge](#) was launched with a one-day event at the iLab during the 2019 Annual Meetings, attracting a sizable audience and over 120 proposals to tackle corruption from other IFIs, country authorities, and CSOs, many of which are promising and innovative. Eight

²³ For example, [Finance & Development - September 2019 - Hidden Corners of the Global Economy](#), and several Working Papers on governance and corruption including: (i) [Measurement and Macro-Relevance of Corruption: A Big Data Approach. August 2018](#); (ii) [A Governance Dividend for Sub-Saharan Africa? January 2019](#); and (iii) [Macro-Fiscal Gains from Anti-Corruption Reforms in the Republic of Congo, June 2019](#). See also Box 3.

²⁴ [IMF and Good Governance: How the IMF is Promoting Transparent and Accountable Use of COVID-19 Financial Assistance](#).

teams were selected to move forward to the next stages of the challenge. With the support of the Swiss authorities, seed funding has been provided to the teams to develop their proposals, which will be presented during the 2020 Annual Meetings.

Box 3. Selected Analytical Work and Outreach	
Analytical Work	<p>IMF Blog on Corruption in Latin America: A Way Forward, September 2017.</p> <p>Regional Economic Outlook, Reforming the Judiciary: Learning from the Experience of Central, Eastern, and Southeastern Europe, EUR, November 2017</p> <p>IMF Fiscal Monitor, Curbing Corruption, April 2019. The chapter assesses the fiscal costs of corruption and explores practices and institutions in the fiscal area that reduce opportunities and incentives for corruption.</p> <p>World Economic Outlook, Reigniting Growth in Emerging Market and Low-Income Economies: What Role for Structural Reforms?, Chapter 3, October 2019. The chapter finds that governance reforms boost growth; it also finds that gains from other reforms tend to be larger when governance is strong.</p> <p>Reassessing the Role of State-Owned Enterprises in Central, Eastern and Southeastern Europe, EUR, June 2019.</p> <p>IMF Fiscal Monitor, State-Owned Enterprises: The Other Government, April 2020. The chapter focuses on how to use state-owned enterprises (SOE) wisely and improve their performance, while managing the challenges and risks.</p> <p>Improving Fiscal Transparency to Raise Government Efficiency and Reduce Corruption Vulnerabilities in Central, Eastern, and Southeastern Europe, EUR, May 2020.</p> <p>IMF Special Series on Fiscal Policies to Respond to Covid-19, Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses and Budget Execution Controls to Mitigate Corruption Risk in Pandemic Spending, May 2020.</p> <p>Supporting Better Economic Governance and Anti-Corruption Efforts in the Middle East, North Africa, and Central Asia, MCD in collaboration with FIN and LEG, forthcoming.</p>
High Level Seminars, Events, and Other Outreach	<p>Fiscal Forum on "Corruption and Public Sector Governance", opened by the Managing Director during the Spring Meetings in April 2018.</p> <p>Transparency International and the IMF: IMF anti-corruption efforts were presented in an interview with the Managing Director during the 2019 Spring Meetings.</p> <p>Roundtable on "Supporting Anti-Corruption Efforts Through Better Economic Governance in the Middle East, North African, and Central Asia", February 19, 2020, Marrakesh, Morocco, with the participation of the Managing Director.</p> <p>"Combating Emergency Finance Abuse: A Discussion with CSOs," event organized by the Africa Training Institute in coordination with LEG/FAD/COM, planned for July 2020.</p> <p>Transparency International interview with the Managing Director and related matter.</p> <p>Factsheet on How the IMF is Promoting Transparent and Accountable Use of COVID-19 Financial Assistance.</p>

COLLABORATION WITH OTHER INTERNATIONAL INSTITUTIONS

28. Collaboration with the World Bank plays a key role in the implementation of the Framework, with Fund staff relying on World Bank expertise in important governance areas (e.g., SOEs and procurement). World Bank staff provides important input to IMF country engagements. Input is gathered at multiple stages and across different levels, supporting the assessment of the nature and severity of governance vulnerabilities, including corruption, and the prioritization of areas of work in each member country:

- Periodic meetings between World Bank and Fund staff have been established to identify and discuss areas of governance and corruption vulnerability by country.
- Fund staff integrates the analysis, reports, and advice of Bank staff (e.g., country policy and institutional assessment (CPIA), *Doing Business* reports, procurement and PPP reports, and expertise on SOEs) into its assessments, especially in areas in which the Bank has more expertise.
- World Bank regional and technical staff usually attend brainstorming sessions on governance issues held in preparation for Article IV consultations or program missions, supporting the prioritization of areas of engagement in a specific country.
- World Bank staff contribute materials and relevant background information for governance diagnostics and have participated in some of the missions, often covering public procurement.²⁵ The World Bank is a partner in the Anti-Corruption Challenge.
- World Bank collaboration with the Fund raises the influence and traction of the governance agenda. Collaboration between the two institutions focuses on improving the quality, traction, and efficiency of both institutions and the value they provide to their membership in dealing with governance vulnerabilities and corruption issues.

29. The Fund is also increasingly collaborating with other international organizations:

- **United Nations Office on Drugs and Crimes (UNODC):** UNODC is vested with the overall substantive and implementation responsibilities and functions relating to the UNCAC.²⁶ The UNODC (i) acts as Secretariat to the Conference of the States Parties; (ii) supports the Implementation Review Mechanism (IRM)—the mandatory peer-review process for all States Parties to the Convention aimed at assessing compliance with its requirements; and (iii) delivers

²⁵ Staff of the Inter-American Development Bank participated in one governance diagnostic mission.

²⁶ The UNCAC is the only legally binding universal anti-corruption instrument. All but a few of United Nations Member States are parties to the Convention. The Convention's far-reaching approach and the mandatory character of many of its provisions make it a unique tool for developing a comprehensive response to a global problem. The Convention covers five main areas: preventive measures, criminalization and law enforcement, international cooperation, asset recovery, and TA and information exchange.

TA. Coverage of anti-corruption issues in Article IV, program, and diagnostic reports benefits from UNODC inputs. Fund staff regularly draws on UNODC staff expertise and their country reports produced under the IRM. Fund staff also regularly reaches out to UNODC experts on the ground—for example, in Mali and Ecuador, to gather their input and support at the country level. UNODC collaboration with the IMF leverages the relevance of the UNCAC to improving domestic anti-corruption frameworks and its timely implementation by Member States.

- **OECD:** The OECD Anti-Bribery Convention establishes legally binding standards to criminalize bribery of foreign public officials in international business transactions and provides for a host of related measures that make this effective. It is the first and only international anti-corruption instrument focused on the “supply-side” of corruption.²⁷ The OECD Working Group on Bribery (WGB) members adopted in April 2019 internal guidance that detailed the rules of engagement for Fund coverage of the supply-side of corruption in surveillance, which relies on the OECD’s monitoring mechanism. The OECD WGB materials are the basis for coverage of this topic in Fund Article IV reports. This guidance allows the Fund to rely on OECD expertise and WGB assessment reports in this area and prevents duplication of efforts. OECD collaboration with the Fund helps the WGB reach a broader audience and follows up on their recommendations through Article IV policy advice.
- **FATF:** The FATF mutual evaluation reports identify weaknesses in the legal and institutional framework of jurisdictions that could facilitate the concealment of the proceeds of corruption of foreign officials (e.g., areas examined include measures for PEPs, beneficial ownership information of legal persons and arrangements, enforcement, and international cooperation). The Fund works closely with the FATF on the coverage of concealment issues in Article IVs. The Fund’s assessments on concealment issues are based on the FATF AML/CFT standard. FATF collaboration with the Fund allows FATF to reinforce FATF standards and recommendations.
- **Financial Stability Board and other standards setters:** Fund staff coordinate with those bodies that developed comprehensive tools related to financial sector oversight (e.g., Corporate Governance Principle for Banks and Core Principles for Effective Banking Supervision).

30. More broadly, the Framework has been welcomed by the international community and has revitalized the Fund’s participation in key global anti-corruption fora. Fund staff now regularly attend and contribute to the G20 Anti-Corruption Working Group, the OECD-Development Assistance Committee’s Anti-Corruption Task Team meetings, and the World Economic Forum Partnering Against Corruption Initiative (PACI) events. Staff is also aiming to expand contact with regional bodies, such as the Group of States Against Corruption (GRECO) of the Council of Europe, and with regional development banks.

²⁷ The Convention establishes an open-ended, peer-driven monitoring mechanism to ensure the implementation of the international obligations that countries have taken on under the Convention. This monitoring is carried out by the OECD Working Group on Bribery. The country monitoring reports contain recommendations formed from rigorous examinations of each country.

REMAINING CHALLENGES AND NEXT STEPS

31. Continued efforts are needed to support the Framework’s implementation. The following challenges are expected to feature in the near future:

- **Ensuring sustained engagement by the Fund:** In most cases, progress on strengthening governance and anti-corruption efforts is expected to be gradual and require persistent effort. The governance workstream will thus require continued dedication of resources from area and functional departments and sustained efforts over an extended period of time to be successful, as envisaged under the Framework. This will also require the continued commitment by the Board and management that governance and anti-corruption issues are a priority for the Fund.
- **Given the entrenched weaknesses, ownership and sustained efforts are required by country authorities to enhance good governance and fight corruption:** Governance and corruption remain sensitive topics. In many countries, it can be difficult to discuss the issues and foster political will. Based on experiences thus far, country teams have indicated that they tend to achieve better engagement with the authorities by:
 - Continuing to explain the rationale for staff positions and recommending practical, granular, and operational solutions by (i) providing comparisons with peer countries and sharing their experiences; (ii) providing analysis on the benefits of lower corruption for macroeconomic performance; and (iii) following-up on implementation of past recommendations.
 - Engaging the authorities early in the process (e.g., during staff visits), including through their Executive Directors, and identifying and working with champions for reform among senior government officials.
 - Explaining that the country is not being singled out; governance assessments are done for all 189 members, including on transnational aspects for several advanced economies.
 - Being mindful about political economy and timing issues. Where possible, sequencing discussions in stages has worked well in some cases. It is important to allow the authorities to digest the discussions and to provide their feedback, and to balance legal and institutional reform with efforts to improve implementation.
 - Conducting outreach and communications to relevant stakeholders. In some countries, CSOs raised concerns about the Fund’s role and the limited impact of its governance and anti-corruption engagement. In such cases, CSOs generally appreciated the continuous engagement by staff to discuss their governance-related concerns and leverage their role in engaging governments on those reforms.
 - Building on the authorities’ priority reform areas and highlighting achievements and progress in staff reports, as appropriate, and underlining any slowing or backtracking of reforms.
 - In circumstances where the authorities did not engage effectively with staff on governance-related issues, staff clearly indicated such lack of traction in the staff report and engaged in early discussions of these issues for the next surveillance cycle.

- **Supporting country teams:** On missions, country teams may not always feel equipped to discuss technical issues, such as on anti-corruption frameworks, rule of law, financial sector oversight, and AML/CFT. Consequently, functional departments will need to continue to support country teams to discuss such issues, as envisaged under the framework, through HQ-based brainstorming sessions, in-field mission support for surveillance and UFR, and governance diagnostic missions. More generally, maintaining strong expertise and institutional knowledge management and continuing to provide regular in-reach and training to staff will be essential to effectively implement the policy in the long term. Staff continues to develop a knowledge exchange website for this area and to organize periodic in-reach sessions to area departments.
- **Filling data gaps:** Data coverage and staff knowledge of governance issues differs across countries. Where there has been previous technical assistance, a safeguards assessment, FSAP or FSSR, AML/CFT assessments, or a governance diagnostic, staff will have more data and knowledge. In other cases, it is important to leverage the work of other international organizations, such as the World Bank on procurement and SOEs. Information from local stakeholders and country-specific micro data should also be sought and incorporated where appropriate. Several initiatives aim at further filling data gaps: (i) staff is doing some analytical work on data issues; APD, for example, has published a working paper on the use of big data to assess the macro impact of corruption; (ii) there is ongoing work on further understanding corruption risks in the context of upcoming policy papers on informality and illicit financial flows; and (iii) one of the areas encompassed by the Fund's ongoing Anti-Corruption Challenge is the topic of measurement of corruption risks.
- **Securing additional volunteers for assessing the transnational aspects of corruption based on OECD and FATF assessment reports:** Although staff has been strongly encouraging members to volunteer for the coverage of supply-side and concealment issues, only G7 countries, Austria, the Czech Republic, and Switzerland so far volunteered to undergo such assessments. Further volunteers are needed to strengthen the Fund's contribution to highlighting the important problem of transnational facilitation of corruption and to advancing reforms and solutions in this area.
- **Tracking authorities' commitments under rapid instruments:** Monitoring the implementation of commitments by the authorities benefiting from RFI/RCFs during the Covid-19 crisis will require enhanced engagement from country teams. Failure to implement those commitments may lead to further governance and anti-corruption-related conditionalities under upcoming programs and/or relevant policy advice discussed through surveillance.

32. A comprehensive, in-depth stocktaking of the experience with the 2018 Framework is planned in the context of the formal review of the Framework scheduled for mid-2021. This review is expected to be a consultative process covering the implementation of the framework across the membership. The review will assess progress toward promoting more systematic, effective, candid, and evenhanded engagement with member countries on macro-critical governance vulnerabilities—the overall goal of the Framework.

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Annex I. Review of 1997 Governance Policy—Key Findings of the 2017 Stocktaking

- 1. In the 2017 stocktaking exercise, the Executive Board found that there had been considerable progress in implementing the 1997 Governance Policy.** However, the Board also emphasized that there were important weaknesses under the policy that highlighted significant scope to strengthen Fund engagement on governance and corruption issues. The weaknesses included the following.
- 2. First, insufficient transparency in Fund engagement.** IMF staff were often hesitant to even use the word “corruption”. Staff diagnosis and policy recommendations were frequently shrouded in euphemisms and sometimes superficial. While the use of indirect and coded language might have helped address sensitivities, heavy reliance on euphemisms sometimes clouded staff’s analysis and policy recommendations. The stocktaking concluded that there was significant room for staff to be more direct and explicit in discussing corruption-related issues.
- 3. Second, there were problems with assessing the threshold issue of the scale of corruption and its macroeconomic impact.** Although the 1997 policy called for staff to engage members on corruption if its impact was assessed as having significant macroeconomic implications in the short-to-medium-term, the review found that staff had difficulty determining a threshold for engagement. The review called for the Fund to develop a consistent and systematic method for assessing the nature, sources, extent, transmission channels, time horizon, and impact of corruption in a country, including by developing guidance on the use of TPIs.
- 4. Third, coverage of corruption issues was not evenhanded across the Fund’s membership.** The stocktaking raised questions about the evenhandedness of the Fund’s engagement on corruption issues, in the sense of treating similarly situated countries in a similar manner. The review found that the variation in treatment of corruption issues across countries with high levels of corruption was usually not clearly explained by reference to specific country circumstances. In general, staff focused more on developing countries and less on advanced economies; more on those that needed Fund lending and less on those that did not; and more on domestic corruption (the demand-side) and less on the transnational aspects (supply-side and cross-border concealment). In particular, coverage was less under surveillance compared to lending. In surveillance, analysis and advice on corruption issues was often generic in substance and episodic in frequency, which gave the impression that weak governance was an occasional event, even where other information pointed to a more endemic problem. By contrast, in program cases, when conditionality was applied on corruption issues, it generally appeared to be well justified and streamlined. However, even in program cases, the review found wide variation in coverage among countries that seemed to have similar levels of corruption.
- 5. Fourth, there was no systematic collaboration with other institutions.** The review found that Fund staff could have collaborated better with other international institutions to leverage their expertise and minimize duplication of efforts.

Annex II. Selected Surveillance Cases of Coverage of Governance and Corruption Issues

1. **Bulgaria (2019 Article IV and accompanying SIP):** The reports highlighted the risk of corruption and organized crime, as well as governance vulnerabilities related to the anti-corruption framework and fiscal governance. The team recommended: (i) implementing the new anticorruption framework by, among other measures, enhancing the verification of asset declarations, improving the management of the new unified anti-corruption agency, and building a track record and transparent reporting of corruption cases; (ii) improving governance in the utilization of public resources; and (iii) strengthening the frameworks for SOE management. The authorities agreed with the thrust of recommendations, while pointing out the limitations of public perceptions, since it takes a long time for perceptions to change even after reforms are implemented.

2. **Djibouti (2019 Article IV and accompanying SIP):** Governance vulnerabilities were mostly related to: i) *fiscal governance*, particularly public procurement, cash management, and management and oversight of SOEs; (ii) a complex *regulatory framework* and weak *contract enforcement*; (iii) ineffective *AML/CFT* and *anti-corruption* frameworks, and (iv) corporate governance requirements under *financial sector oversight*. Policy advice focused on: (i) improving *fiscal governance*, including by strengthening the public procurement framework; improving cash management by adopting the treasury single account; expanding the coverage of SOE audits; and accelerating preparation of SOE performance contracts; (ii) ensuring that the *regulatory framework* fosters a level playing field, in particular in relation to *contract enforcement*, including by increasing the capacity of the judiciary, strengthening case management tools, and publishing judgments; and (iii) enhancing the effectiveness of the *AML/CFT* and *anti-corruption* frameworks by, among other measures, implementing reforms related to PEPs, companies' beneficial ownership information, and asset declarations for senior public officials and by bolstering domestic cooperation between the financial intelligence unit and the anti-corruption agency.

3. **Malaysia (2019 Article IV):** The report identified weaknesses in fiscal governance (off-budget spending, weaknesses in managing large infrastructure projects, and fiscal transparency), AML/CFT, and in the anti-corruption framework. The team recommended: (i) on fiscal governance, passing legislative reforms to improve the public investment management framework and financial oversight of SOEs; (ii) on AML/CFT, extending the asset declaration coverage of high-level public officials; improving its mechanisms for verification, sanctions, and public access; and identifying measures to implement beneficial ownership requirements; and (iii) on the anti-corruption framework, passing legislative reforms to ensure the independence of the anti-corruption commission and to cover freedom of information, political financing, and declaration of assets. With the 2020 Article IV consultation, the team recognized the progress in governance reforms, including legislative initiatives currently underway on procurement reform, freedom of information, and independence of anti-corruption institutions. The team also commended the launching of a National Anti-Corruption Plan (NACP) in January 2019 that introduces asset declaration as an administrative requirement for certain high-level officials and strengthens good corporate governance, including for SOEs.

4. Mexico (2019 Article IV): The report covered corruption, money laundering, financial sector oversight, and rule-of-law vulnerabilities. In the fiscal area, centralizing and digitalizing public procurement processes would help reduce corruption risks. Further discussions on anti-corruption focused on a broad range of measures to implement existing anti-corruption constitutional reforms (e.g., appointing constitutionally mandated anti-corruption judges and prosecutors, implementing asset declaration and other transparency measures) in line with international conventions. With respect to AML/CFT, the team provided recommendations to improve the effectiveness of other AML/CFT authorities (e.g., through interagency performance agreements) and pushed for reforms to enhance transparency of beneficial ownership (to tackle a major method for domestic corruption and money laundering). Strengthening the rule of law was discussed in the context of the security situation (e.g., on the need to train and protect staff of judicial institutions and law enforcement) and in relation to also improving the effectiveness of administrative and civil courts that protect property and contractual rights. On financial sector oversight, the report recommends enhancing definitions of “related party” and increasing the operational independence and budget autonomy of financial-sector supervisors.

5. Nigeria (2019 Article IV): The report identified that corruption has a substantive impact on macroeconomic outcomes, especially in the petroleum sector, and is a key concern for the Nigerian population and authorities. Vulnerabilities to corruption emerge from the lack of a clear accountability framework. Political capture has immobilized efforts to reform the governance of the oil sector (e.g., the draft Petroleum Industry Governance Bill is now 20 years old). The authorities—being aware of these challenges—have designed an Economic Recovery and Growth Plan (ERGP) to accelerate anti-corruption efforts. The 2019 Article IV staff report emphasized that making greater use of technology in tax administration, putting in place an automated interface between the tax agency and the Treasury Single Account, and removing tax exemptions and customs duty waivers would help reduce corruption vulnerabilities. Policy recommendations in the SIP included (i) reforming the legal and institutional framework to improve public sector accountability, especially in the extractive industry (e.g., disclosing all contracts that generate revenue and all extractive industry remittances to the Federation Account); (ii) ensuring transparency (e.g., on beneficial ownership); (iii) addressing the risks posed by PEPs and reinforcing the asset declaration regime, including for senior executives of SOEs; and (iv) strengthening AML/CFT supervision, especially as regards the private sector’s implementation of its obligations related to PEPs. The report also emphasized that governance reforms to strengthen tax administration, procurement, market regulation, central bank governance, FX policies, and financial sector oversight would further reduce vulnerabilities to corruption.

Annex III. Selected Cases of Coverage of Transnational Corruption in Article IV Consultations

United Kingdom—2018 Article IV Covered Concealment and Supply-side Issues

- Corporate transparency continues improving. Measures to verify beneficial ownership information of the U.K. companies in the publicly available People with Significant Control (PSC) register are being developed and implemented.
- Anti-foreign bribery enforcement has strengthened in recent years. The positive assessment is due to legislative reforms, such as deferred prosecution agreements and the effective approach taken by the Serious Fraud Office (SFO) to investigate and resolve cases. Channels for whistleblowing and detection capabilities have also improved, including through enhanced intelligence analysis by the SFO. Individuals and companies have been found criminally liable, civil remedies have been applied, and administrative sanctions have been imposed.
- The U.K. authorities' commitment to supporting British Overseas Territories (BOTs) in establishing public registers of beneficial ownership of companies is welcome. The agreements allowing the rapid exchange of information of companies registered in Crown Dependencies and BOTs should be extended to cover trusts.
- The United Kingdom should build on the current work to enhance the effectiveness of enforcement. Efforts should focus on: (i) maintaining the role of the SFO in foreign bribery cases; (ii) further improving interagency cooperation and safeguarding the independence of investigations and prosecutions; (iii) improving law enforcement coordination between England, Wales, and Scotland and improving Scotland's enforcement capacity; (iv) enhancing the U.K.'s AML reporting framework to improve detection of foreign bribery; (v) strengthening engagement with the CDBOT regarding detection and enforcement; and (vi) conducting a comprehensive review of Her Majesty's Revenues and Customs capacity to detect and report foreign bribery.

United States—2019 Article IV Covered Concealment Issues

- The United States is substantially effective at investigating and prosecuting money laundering and cooperating with other jurisdictions over corruption proceeds in the United States. The authorities understand that the United States is often a desirable destination for the proceeds of foreign predicate offenses, including corruption. The Department of Justice has a dedicated Kleptocracy Asset Recovery Initiative which focuses on recovering the proceeds of foreign official corruption. Since 2010, it has restrained US\$2.8 billion in assets and repatriated over US\$150 million to countries affected by corruption.
- In December 2017, the United States issued an Executive Order declaring a national emergency with respect to, among other things, corruption around the world and providing for the

imposition of sanctions on actors engaged in corrupt activities, which resulted in 66 corruption-related designations as of May 16, 2019.

- The measures currently in place to prevent the abuse of companies are inadequate, and the lack of readily accessible beneficial ownership information about companies means that the U.S. authorities are unlikely to undertake a resource-intensive investigation on behalf of a foreign counterpart unless the case is of a high priority.
- The United States only complies partially with preventive requirements for regulated firms regarding the identification and verification of beneficial ownership for customers and PEPs.
- Major improvements are needed to make lawyers, accountants, and trust and company service providers subject to customer due diligence and suspicious transaction reporting obligations, even though some ML/TF risks faced by lawyers and accountants may be partially mitigated by cash reporting obligations, as well as by strong professional entry and continuing ethical requirements.
- Action is also needed to address money laundering risks in high-end real estate, where real estate agents are not subject to comprehensive AML/CFT requirements and where nonbank mortgage lenders and originators have limited awareness of obligations, especially with regard to PEPs.

Annex IV. Examples of Fund-Supported Programs with Governance and Anti-Corruption Conditionality

1. **Republic of Congo:** The three-year ECF-supported program (approved in July 2019) has an emphasis on structural reforms to strengthen governance, transparency, and anti-corruption efforts. Prior to approval of the program, the authorities already took a series of reform steps to improve transparency and governance in the oil sector (including through mandatory publication of the audited financial statements of the state-owned oil company on an annual basis) and passed laws establishing a new anti-corruption commission, a new transparency commission, and asset declaration requirements for senior officials. Four prior actions were set on transparency and governance. These included submission to Parliament of three reports (on oil-backed borrowing, oil-financed infrastructure, and public investment spending) as well as publication of KPMG reports reconciling oil exports with state oil revenue. As structural benchmarks, the program includes the adoption of implementing decrees to operationalize the new anti-corruption commission and the transparency commission and submission to Parliament of a new anti-corruption law designed to ensure full compliance with Congo's obligations under the UNCAC.

2. **Honduras:** A two-year SBA/SCF-supported program for Honduras incorporates structural reforms to improve governance as a critical pillar to foster inclusive growth. At the request of the Honduran authorities, a governance diagnostic mission was conducted at the outset of the program to identify cross-cutting governance issues and prepare a roadmap for reforms. Based on its findings, the program includes structural benchmarks in the areas of (i) fiscal governance (e.g., the creation of new PPP unit in the Treasury; the implementation of an enhanced procurement platform; and key legal reforms to the procurement law); (ii) the AML/CFT framework (e.g., upgrading the identification of beneficial owners, including through the creation of a centralized register); and (iii) the country's overall anti-corruption apparatus (e.g., improving public officials' asset declaration system). These reforms complement ongoing efforts on public finance management, revenue administration, the public electricity company, and the reduction of red tape. Furthermore, supported by recent Fund TA, the authorities drafted a new central bank charter, and institutional reforms identified in the Fund safeguards assessments of the central bank are underway.

3. **Pakistan:** The three-year EFF for Pakistan (approved in July 2019) highlighted the need to prioritize strengthening the effectiveness of the country's anti-corruption institutions as well as improving the governance, transparency, and efficiency of state-owned enterprises (SOEs) as well as central bank governance. Capacities of law enforcement agencies to conduct financial investigations continue to be upgraded. Efforts are underway to establish a publicly available asset declaration system for high-level public officials, complete the second review cycle of the implementation of the UNCAC, and conduct a domestic assessment of the framework for anti-corruption institutions. Improving mechanisms for international cooperation are also supporting the authorities' activities in identifying assets owned by Pakistani citizens located abroad and recovering stolen assets. With technical assistance from the IMF, a new SOE law is being prepared that would define the rationale for state ownership, ensure SOE operations are grounded on commercial footing, and regulate oversight and ownership arrangements (end-September 2020 structural benchmark). At the same

time, a triage of all SOEs is also expected to be finalized, which would identify those that would be maintained under state management, subject to privatization, or liquidated (end-September 2020 structural benchmark). In the interim, the authorities continue to advance the privatization and audits of selected SOEs. To strengthen the State Bank of Pakistan (SBP)'s autonomy, governance, and mandate in line with the recommendations of IMF safeguards assessment, the SBP Act is being amended.

4. Moldova: The EFF/ECF-supported program included various actions to strengthen governance. The reviews described the comprehensive reforms, which rehabilitated the banking system and strengthened financial sector governance, among other reforms. Specific progress included securing bank shareholder transparency via fitness and probity of bank owners, improving supervisory and regulatory frameworks, and unwinding bank related-party exposures. The program also included measures to safeguard central bank independence; enforce the rule of law; strengthen supervisory and regulatory frameworks, particularly those governing the non-bank financial sector and SOEs; and strengthen the AML/CFT and anti-corruption frameworks.

5. Sri Lanka: While a three year EFF-supported program was approved in June 2016 (prior to the implementation of the enhanced governance framework), the subsequent program reviews discussed ways to address governance weaknesses. In the area of fiscal governance, structural benchmarks to support stringent SOE governance (e.g., Cabinet to approve a resolution strategy for Sri Lankan Airlines and record the fiscal cost of non-commercial obligations (including subsidies) for SOEs in the central government budget) were partially implemented. Furthermore, the authorities have been working to enhance fiscal transparency by compiling fiscal statistics in accordance with the 2014 Government Finance Statistics Manual (GFSM) with support from IMF TA. The MEFP for the fifth and sixth review laid out the government's efforts to strengthen the anti-corruption framework and combat bribery. Cabinet also approved the National Action Plan for Combating Bribery and Corruption. The plan envisages (i) prevention measures; (ii) value-based education and community engagement; (iii) institutional strengthening of Sri Lanka's anti-corruption commission and other law enforcement agencies; and (iv) law and policy reforms to strengthen anti-corruption efforts and compliance with international obligations. The authorities also amended the bribery act in July 2018 and established new courts to try bribery and corruption cases. To ensure removal from FATF's grey list, the MEFP laid out steps to enhance implementation of AML/CFT measures. The program also included a commitment to adopt the new Central Bank Act, which would establish a sound legal and institutional infrastructure for the implementation of flexible inflation targeting and strengthen the central bank's governance, accountability, and transparency frameworks.

Annex V. COVID-19 Related Emergency Financing—Letter of Intent (LOI) Commitments for Governance Safeguards¹

Country	Type	Commitment
Afghanistan	RCF	“We will do our utmost to ensure effectiveness and strong governance in implementing crisis-mitigation measures. To ensure full transparency, we commit to publishing quarterly reports on pandemic-related spending, including procurement contracts and the beneficial ownership of companies awarded those contracts. We will undertake audits of selected spending, to be performed by the Supreme Audit Office in line with our legislative framework and publish the audit reports by end-December. In addition, as per standard practice, select donor-financed programs and projects will be audited by external auditors approved by donors.”
Bahamas	RFI	“We will adhere to best practices in procurement and contract awards related to the pandemic, ensuring transparency and ease of tracking of COVID-19 expenditures in the budget. We have recently re-established the Audit Committee to strengthen implementation of recommendations by internal and external audits. The Auditor General is empowered to undertake regular audits of public procurement. We will publish procurement contracts of crisis mitigation spending, including beneficial ownership information of companies awarded procurement contracts, report quarterly on COVID-19 mitigation spending, and such spending will be audited by the Auditor General in accordance with international best practice within 9 months of the end of the fiscal year, and auditing results will be published on the government’s website. We will also ask the Auditor General to quantify the revenue losses that are directly associated with the COVID-19 pandemic. [...] We intend to finalize the Public Procurement Law—which will modernize our procurement system and bring it in line with international best practice—by end-June this year. We also plan to submit the Public Financial Management Bill and the Public Debt Management Bill to Parliament by end-2020.”
Bangladesh	RFI	“We are committed to ensuring that crisis resources are used transparently and effectively. Toward that end, we will ensure that

¹ This list includes governance safeguards in LOIs for COVID-19-related rapid instruments (RCFs and RFIs) sent to the Board as of June 10, 2020, excluding (i) the commitment to undertake a central bank safeguards assessment, which is required in all cases, and (ii) governance-related prior actions, which were included in several cases. The full list of approved rapid instruments can be found [here](#). For the reasons outlined in paragraph 17 of the background paper (e.g., early cases and/or cases with somewhat lower corruption risks), governance-related commitments have been added in all of these RFI/RCFs except in the following: Albania, Bosnia and Herzegovina, Cabo Verde, Cote D'Ivoire, Dominica, Ghana, Kosovo, Madagascar, North Macedonia, Panama, Senegal, and St. Lucia.

Country	Type	Commitment
		applicants for COVID-19 related contracts provide their beneficial ownership information to the government and that this information is appropriately recorded and made available to audit authorities and will publish online (i) an audit of COVID-19 related expenditures and other government subsidized programs by the Office of the Comptroller and Auditor General within 12 months and (ii) crisis-related public procurement contracts and related documents, including the names of the companies awarded the contract and ex-post validation of delivery. We will seek to adopt reforms to allow publication of beneficial ownership information of companies awarded public procurement contracts as soon as feasible."
Bolivia	RFI	"...we commit to adhere to best practices in procuring and awarding contracts related to the pandemic (including by publishing regularly documentation on procurement contracts on the government's website, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owners) as well as publishing an external independent audit report on virus-related expenditures once the crisis is over."
Burkina Faso	RCF	"The government also commits to a transparent and accountable use of the funds disbursed under the RCF, including by enhancing transparency of health-related expenditures."
Cameroon	RCF	"We will ensure that the financial assistance received is used for the intended purposes, in strict compliance with the provisions of the Law on the Code for Transparency and Good Governance in Public Finance Management in Cameroon and the Law on the Financial Regime for the Government and Other Public Entities, all adopted in July 2018. For this purpose, the funds linked to COVID-19 will be subject to the strict application of the budgetary procedures and controls provided for by the above Laws. In addition, we commit to issue a semi-annual report on COVID-19 related spending and to commission an independent audit of this spending at the end of the 2020 fiscal year and publish the results. We also commit to publishing documents relating to the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts on COVID-19 related expenditures. In the meantime, such COVID-19 related expenditures are being incorporated in a supplementary budget in preparation and expected to be presented to the Parliament in June 2020."

Country	Type	Commitment
Central African Republic	RCF	“...we will ensure that the additional external financing we are receiving is used effectively to address crisis-related needs and will undertake an independent audit of the crisis-mitigation spending after the crisis abates, whose results we will publish.”
Chad	RCF	“We also undertake, under Decree N ° 0374 of March 24, 2020 creating a special allocation account entitled “Special Fund for the fight against the Coronavirus” to keep separate accounts for COVID-19 expenses and provide separate reporting for the transparent management and in accordance with the best budget management practices to which we have always adhered.”
Comoros	RCF/RFI	“We concur with Fund staff that strengthening institutions and promoting good governance, transparency and accountability, and tackling corruption are crucial for inclusive and sustainable growth. We are keen to ensure that the best possible use will be made of the funds provided by the IMF and to that effect, we will enhance mechanisms of reporting and controls for the disbursement of funds, building on recommendations of IMF-provided capacity building on government accounting of recent years. We commit to report quarterly on the spending of these funds and to commission an independent and robust third-party audit of this spending in about a year’s time and publish its results. The Government will also publish regularly on its website dedicated to public procurement documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s). The Government expects that this website will be operational within six months. The Government will start publishing the information on its general website in case the website dedicated to procurement should become operational only with a delay.”
Costa Rica	RFI	“We are also committed to using the RFI resources transparently and through established governance mechanisms, including ex-post accountability and controls, to ensure the funds are used to address the Covid-19 related shocks.”
Democratic Republic of Congo	RCF	“The proper use of those resources will be guaranteed through the implementation of our public financial management legislation, but also through the publication of budget execution figures contained in the treasury plan on a monthly basis to enhance financial transparency. Moreover, we commit to publish online all COVID-19 related procurement contracts that exceed US\$12,000 and, for the contracts

Country	Type	Commitment
		<p>exceeding USD 1 million, to disclose the beneficial ownership information of contracted companies. We will also undertake a monthly internal audit as well as a specific audit of COVID-19 related expenditures as part of the annual control of audit of the Audit Court, which should be published. To ensure resource revenue transparency and in line with commitments with the EITI of which DRC is a member, a presidential ordinance will be signed confirming the appointment of the National EITI Coordinator approved by the Council of Ministers on March 13. In addition, the monthly payments of the operating allowance of the DRC EITI will resume to allow the resumption of its work. Furthermore, the government's commitment to fight against corruption in DRC is shown by the recent issuance of a decree establishing an anti-corruption agency and also by the intention to publish and implement an anti-corruption action plan based on ongoing governance and safeguards assessments."</p>
Djibouti	RCF	<p>"To foster transparency of accounting and management of resources, we will outline the new measures in a supplementary budget expected to be submitted to Parliament in May. We are also committed to continuing to adhere to the best fiscal management practices and to ensuring that the best possible use is made of the resources provided by the IMF and our other partners. To do so, we will (i) publish on the Ministry of Budget's website, once they are signed, procurement contracts of COVID-19 expenditures in excess of US\$100,000 as well as the beneficial ownership of the selected companies, and (ii) commission an independent ex-post audit of COVID-19-related spending in about a year's time and publish the results."</p>
Dominican Republic	RFI	<p>"... we commit to adhere to best practices in procuring and awarding contracts related to the pandemic as well as publishing an externally audited report on virus-related expenditures once the crisis is over. "</p>
Ecuador	RFI	<p>"We remain committed to implementing strong control, reporting, and transparency requirements concerning public sector finance statistics and crisis-related government spending. Ecuador will continue to comply with the Fund's safeguards policies. We are committed to the highest level of governance to help safeguard the resources committed to fight the pandemic, including (i) by regularly publishing on the government's website (SERCOP) COVID-19-related public procurement contracts and related documents, including the names of the awarded companies and their beneficial owners, and ex-post validation of delivery, as well as information on all other COVID-19 related spending; and (ii) by</p>

Country	Type	Commitment
		undertaking an independent audit of COVID-19-related spending by the Office of the Comptroller General by mid-2021 and publishing the results. Any additional spending and or initiatives to combat the pandemic will be subject to similar assurances.”
Egypt	RFI	“In the interest of transparency and accountability, we will continue to track and report all crisis-related spending, including through our various fiscal documents published throughout the budget cycle in line with international best practices. We intend to publish all crisis-related spending in a consolidated manner on the ministry of finance web site and we will publish government procurement plans and awarded companies and information on beneficial ownership in accordance with the applicable law. As is customary, the State Audit Authority will audit crisis-mitigating inflows and spending including ex-post validation of delivery and publish the results after the end of the fiscal year in line with our constitutional mandate.”
El Salvador	RFI	<p>“We remain committed to strengthen competitiveness by improving the business environment, reduce public debt, combat corruption, and strengthen the financial supervision and regulatory framework, and the governance and AML/CFT frameworks.”</p> <p>The staff report also notes that the president assigned the International Commission Against Impunity in El Salvador (CICIES) to inspect the COVID-19 emergency funds and nominated a Committee in Charge and Accountable for Administering the Fund.</p>
Ethiopia	RFI	“We commit to a transparent and accountable delivery of policy measures to respond to COVID-19 health and economic challenges and to effectively mitigate corruption concerns. Targeted measures will include (i) publishing all public contracts related to the COVID-19 response, using open and competitive bidding and strictly limiting the use of emergency non-competitive processes to the extent possible; (ii) publishing online eligibility criteria and budgeted limits for the various relief measures as soon as they are adopted; (iii) channeling donor funding through the budget with full transparency on its utilization; (iv) frequent monitoring of spending on crisis mitigation measures at the end of each month for the duration of the crisis; and (v) making information on how emergency relief funds are spent available to internal auditors

Country	Type	Commitment
		and, as soon as practicable, to independent auditors to conduct ex-post audits over COVID-19 related spending and revenue collection.”
Gabon	RFI	“The government will continue to publish information on revenue and expenditure performance on a regular basis, and to provide a separate reporting mechanism for COVID-19 expenditures in order to assure transparent accounting of all the funding received to combat the pandemic. We commit to report quarterly on the spending of emergency funds and to commission an independent, third-party audit of this spending within six months of disbursement and publish the results. The published results will include the full text of all related procurement contracts, along with the beneficial ownership information for the companies receiving those contracts.”
Gambia	RCF	“We will ensure full transparency and proper budget procedure with regard to the use of emergency assistance, including the procurement and contracting of crisis-related purchases. In the current circumstances, we use the provisions under the Public Finance Act that allow us to proceed with spending reallocations within the existing budget and create a temporary fund (within the treasury single account) through which the additional emergency spending could be channeled, subject to clearly established allocation criteria and reporting requirements. Once the situation normalizes and the total fiscal cost of addressing COVID-19 can be assessed, we will proceed with the preparation of a comprehensive supplementary budget and a full audit of the emergency spending. This will safeguard budget transparency and ensure that all the 2020 priorities are appropriated and paid for in 2020 to the extent of the financing available. This will also prevent creating undue spending pressures in the 2021 budget.”
Grenada	RCF	“We concur with Fund staff that strengthening institutions and promoting good governance, transparency and accountability, and tackling corruption are crucial for inclusive and sustainable growth. We are keen to ensure that the best possible use will be made of the funds provided by the IMF. As envisioned in the supplementary 2020 budget, resources received from the development partners will be earmarked for specific COVID-19-related expenses. Accurate and timely information will be provided to the public with regard to that use.”
Guatemala	RFI	“To ensure the transparent and effective use of resources, we commit to publish: (i) quarterly reports of COVID-19 related expenditures on the website of the Ministry of Public Finance and all related signed

Country	Type	Commitment
		procurement contracts (www.guatecompras.gt), including the names of awarded companies and the name(s) of their beneficial owner(s) as well as an ex-post validation of delivery; and (ii) the audit report by an independent external auditor of RFI-financed spending no later than six months after the end of the fiscal year.”
Guinea	RFI	“We are committed to ensure the appropriate use and monitoring of resources to respond to the COVID-19 emergency. We have strengthened our public financial management and anti-corruption framework under the ECF arrangement. Furthermore, we are creating a budgetary fund that will account for all earmarked external and domestic resources to address the pandemic. Furthermore, we have established a dedicated account, as part of the Treasury Single Account at the central bank, to receive and disburse COVID-19 funds. We will publish monthly reports on the execution of COVID-19 related spending and the inspectorate-general for finance will conduct timely ex-post control of high-risk expenditures, with the involvement of civil society. We will publish online, on the websites of the Ministry of Economy and Finance and the Ministry of Budget, all awarded procurement contracts for COVID-19 related projects, including the names of entities and their beneficial owners. Furthermore, the Court of Accounts will conduct a full audit of COVID-19 spending (including ex-post validation of goods and services procured), which will be also published online by June 2021.”
Haiti	RCF	“We [...] intend to strengthen efforts to combat corruption and advance governance reforms, notably through more comprehensive, transparent and tightly managed budget processes and improved reporting systems, both at the ministry of economy and finance and the central bank. In this respect, we will immediately strengthen standard budget reporting by better documenting the different phases of execution of public spending of COVID-19 resources, through the preparation of monthly budget execution reports of all COVID-19 expenditures. We will then move to expand such reforms to the rest of the budget under an SMP and eventually a successor Fund-supported program. We will also undertake a thorough ex post financial and operational audit of all COVID-19 related operations. These efforts will contribute to strengthening accountability and transparency in public finance management and also help us draw useful conclusions on ways to build a better social safety net and boost emergency response capability.”

Country	Type	Commitment
Jamaica	RFI	"We will continue to adhere to best practices in procurement and contract awards related to the pandemic, ensuring transparency and ease of tracking of COVID-19 expenditures in the budget. Key information on procurement contracts, including beneficial ownership information of awarded companies, will be publicly available. Moreover, the authorities will request that the Auditor General's Department undertakes and publishes an ex-post audit of COVID-related spending."
Jordan	RFI	"In the spirit of good governance and transparency, we will: (i) create specific budget lines to facilitate tracking and reporting the released funds and the incurred expenditures; (ii) link the fund to the TSA; (iii) publish on the government website procurement plans, notices and awarded contracts, including beneficial ownership of awarded entities, for the emergency responses; and (iv) undertake ex-post audits of all crisis-mitigating inflows and spending by Jordan's Audit Bureau, and publish the results within 6 months from the end of the fiscal year."
Kenya	RCF	"We recognize the importance of safeguarding IMF and other financial assistance resources to ensure that such assistance is used for the very urgent purpose of resolving the current crisis. With that in mind, we commit to post-crisis auditing by our independent audit office of samples of crisis-related expenditures and publication of the results. More generally, we are strongly committed to ensuring effective and transparent use of public funds. To this end, we are working to strengthen our institutions and our capacity to detect illicit enrichment and to address conflict of interest in line with international best practices and Fund advice."
Kyrgyz Republic	RFI/RCF	"To ensure the quality of this additional spending in the health sector, we commit to subject the procurement of urgently needed medical supplies to an ex-post audit by the Audit Chamber, of which the results will be published on the website of the Ministry of Finance."
Kyrgyz Republic (2nd RFI/RCF)	RFI/RCF	"To address the economic and health consequences caused by the COVID-19 crisis, we are implementing the broad set of measures that we outlined in the March 2020 Letter of Intent. In addition, we will increase procurement transparency to ensure that the aid received is efficiently spent on addressing the crisis. To ensure the quality of emergency spending in the health and other sectors, we commit to subject all procurement of urgently needed supplies to an ex-post audit by the Audit Chamber, of which the results will be published on the website of the Ministry of Finance. In addition, we will publish documentation on all

Country	Type	Commitment
		<p>direct procurement and bidding documents for competitive procurement, including those of state-owned enterprises and joint stock companies with state shares of more than 50 percent and their subsidiaries, on the Public Procurement portal. We will take the necessary measures within the government’s prerogative to publish ex-post validation of delivery along with the name of awarded companies and their beneficial owner(s) for all public procurement contracts. We will ensure that the Independent Complaints Review Commission on procurement has sufficient means to operate by including its fees on the list of government payable services.”</p>
Liberia	RCF	<p>“Given the need for transparency and accountability in the use of resources, we commit to having the General Audit Commission conduct a post-crisis audit of all the crisis response spending within a year of the approval of the RCF disbursement. This action will not only ensure that the crisis spending is not wasted but will also provide lessons that will be needed to further strengthen our existing systems to effectively respond to crisis situations as well as public sector spending more broadly in the post-crisis period. For transparency, we will publish the results of the audit online within two weeks of its finalization. We will also publish on the government’s website all procurement contracts paid from the budget in the remainder of FY2020 and all of FY2021 above a value of US\$200,000 for goods, above US\$400,000 for works, and above US\$100,000 for services, along with the names of the companies awarded the contract, their beneficial owners, and validation of delivery of the goods and services specified in the contracts.”</p>
Malawi	RCF	<p>“We will ensure that all government spending to manage and contain the impact of the COVID-19 pandemic is transparent and efficient. In line with our existing practices, we will regularly publish procurement documentation (including tenders, bids, and names of awarded companies, products or services procured and their costs) on the Public Procurement and Disposal of Assets (PPDA) website—this applies to all competitive bids and direct procurement by all Ministries, Agencies and Departments (MDAs). To ensure enhanced transparency and accountability, we will also publish on the PPDA website the names of the beneficial owners of the awarded companies and the results of a thorough ex-post validation of delivery; we will publish (on the Ministry of Finance website and in the press) quarterly statements on commitments and payments of COVID-19 related activities (in all MDAs);</p>

Country	Type	Commitment
		and we will specify COVID-19 related costs in our published monthly salary report (costs of hiring additional medical staff, risk allowances) as well as in our budget funding and cash management analysis. The National Audit Office will submit quarterly audits of COVID-19 related spending (across all MDAs) to the Minister of Finance (for submission to Cabinet) and, once the pandemic abates, will publish and submit to Parliament a comprehensive audit of COVID-19-related spending (across all MDAs and ADMARC).”
Maldives	RCF	“... we remain committed to working closely with the Fund to ensure that fiscal reporting and transparency meet the latest international standards and best practices, improving our fiscal responsibility framework, as well as strengthening the operation and risk supervision of state-owned enterprises. [...] We are committed to ensuring maximum effectiveness of the COVID-19 measures by targeted assistance programs and strong governance and transparency in their implementation.”
Mali	RCF	“In line with our commitment to strengthening institutions and promoting good governance, we are keen to ensure that the best possible use will be made of the funds provided by the developmental partners, the international finance institutions, the private sector and Malian citizens and, to that effect, we will enhance mechanisms of reporting and controls for the disbursement of funds. We commit to report quarterly on the spending of these funds and to commission an independent and robust third-party audit of this spending in about a year’s time and publish its results. The Government will also publish regularly on its website documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s).”
Mauritania	RCF	“We will maintain all spending on-budget and make sure to track, account for, and report in a transparent manner the resources deployed for emergency response. To avoid any misappropriation of funds, we will carefully control emergency spending and will publish information on the ministry of finance’s website regarding public procurement contracts related to crisis mitigation, the names of the awarded companies and their beneficial owners, and ex-post validation of delivery. We will ask the Court of Accounts to audit emergency spending once the crisis abates and to publish its results.”

Country	Type	Commitment
Moldova	RFI/RCF	"We are committed to implementing strong control, audit, reporting, and transparency requirements with regards to crisis-related government spending, including by publishing information on associated public procurement and beneficial owners of companies contracting with the government as well as continuing to enforce the AML framework and asset declaration regime. We will subject all crisis-mitigation spending to a dedicated audit by the Court of Accounts Chamber and commit to making the audit report public."
Mongolia	RFI	"The government will continue to publish information on revenue and expenditure performance on a regular basis. Especially, the government will provide a separate reporting mechanism for those Covid-19 expenditures outlined in the table below. To this end, we will publish quarterly reports on these Covid-19 expenditures on the website of the Ministry of Finance (MOF) and commission an independent third-party audit of this spending within six months of disbursement and publish the results on the website of the MOF. The published results will include the full text of all related procurement contracts, including the names of the awarded companies and their beneficial owners, and an ex-post validation of delivery."
Montenegro	RFI	"To promote transparency and good governance, the State Audit Institution of Montenegro will audit crisis-mitigating spending (which will include ex-post validation of delivery of goods and services) and publish the results online within 12 months of the end of the fiscal year, in accordance with our laws. We will also publish online all public procurement plans, notices, and awarded contracts for crisis-mitigation spending in a timely manner, including the names of the entities awarded contracts and their beneficial owners. [...] To operationalize the strongest possible risk-based AML framework, we have adopted a new AML/CFT law with new guidelines for banks on AML/CFT."
Mozambique	RCF	"We are committed to reforms to strengthen governance, transparency and accountability in line with recommendations of the Government's diagnostic report published in August 2019. Also, we will undertake an independent audit of crisis-mitigation spending and related procurement processes once the crisis abates and will publish its results. We will also publish on the government's website large public procurement contracts related to crisis mitigation, the names of the awarded companies, their beneficial owners, and ex-post validation of delivery."

Country	Type	Commitment
Myanmar	RCF/RFI	“Regarding Anti Money Laundering and Combatting the Financing of Terrorism, we will continue to work with the Asia Pacific Group on the agreed time bound remedial Action Plan to remove Myanmar from its enhanced monitoring list. [...] In addition to our continuous efforts to strengthen the effectiveness of the anti-corruption and governance frameworks, we are committed to ensuring that crisis resources are used transparently and effectively. Toward that end, we will publish on the MOPFI website (i) quarterly reports on all COVID-19 related expenditure; (ii) the results of a targeted audit of COVID-19 related expenditures by the Office of the Auditor General for Myanmar (OAGM) within 6 months of the end of the fiscal year; (iii) information on procurement contracts on COVID-19 related expenditure within 3 months of being signed above Kyat 100 million, including the names of the companies awarded and their beneficial owners, the specific nature of the goods or services procured, price per unit, and the overall contract amount; and, (iv) reports of ex post validation of delivery related to (iii). The ADB will also assist us in publishing CERP progress reports.”
Nepal	RCF	“We recognize the importance of good governance, transparency and accountability, and tackling corruption and related money laundering. We commit to ensure that the funds provided by the IMF will be effectively used to safeguard public health, save lives, support livelihoods, and support the economic recovery. To that effect, we will put in place transparent and accountable reporting mechanisms and controls for public purchases and contracting processes. In this regard, we commit to report quarterly on the spending of these funds and to commission an independent audit by the Office of Auditor General of Nepal of COVID-19 related spending in about a year’s time. We will publish the quarterly reports and audit results on the website of the implementing agencies. We will also publish on the implementing agency website large public procurement documentation together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s). All COVID-19 related expenditures will be allocated and executed using existing public financial management processes and within legislated frameworks. The allocation details will be made public on the Ministry of Finance website.”

Country	Type	Commitment
Niger	RCF	“The government will refrain from crisis measures that would permanently damage the revenue base, maintain fiscal transparency by enshrining fiscal crisis measures in a supplementary budget, centralize the costing and the keeping count of crisis measures at the Ministry of Finance, recognizes the importance of ensuring that financial assistance received is used for its intended purposes, and accelerate the implementation of reforms for better access to credit and stronger social protection, which are now more urgent than ever.”
Nigeria	RFI	“Our anti-corruption efforts will continue unabated. We will strengthen the role of the Federal Audit Board in combating corruption and are committed to strengthening the asset-declaration framework and fully implementing the risk-based approach to AML/CFT supervision while ensuring the transparency of beneficial ownership of legal persons. We fully recognize the importance of ensuring that financial assistance received is used for intended purposes. To that end, we will (i) create specific budget lines to facilitate the tracking and reporting of emergency response expenditures and report funds released and expenditures incurred monthly on the transparency portal (http://opentreasury.gov.ng/); (ii) publish procurement plans, procurement notices for all the emergency response activities—including the name of awarded companies and of beneficial owners—on the Bureau of Public procurement website; and (iii) publish no later than three to six months after the end of the fiscal year the report of an independent audit into the emergency response expenditures and related procurement process, which will be conducted by the Auditor General of the Federation—who will be provided the resources necessary and will consult with external/third party auditors.”
Pakistan	RFI	“To ensure the quality of the additional spending in the health sector, we commit to subject the procurement of urgently needed medical supplies to an ex-post audit by the Auditor General of Pakistan, the results of which will be published on the website of the Ministry of Finance. [...] We will continue to strengthen governance by enhancing the effectiveness of anti-corruption and AML/CFT frameworks.”
Papua New Guinea	RCF	“Under recently implemented emergency COVID-19 directions, the government’s State of Emergency Controller posts details of all procurements awarded on the government procurement website (http://www.procurement.gov.pg/) within a week of procurement, including the names of the entities awarded the contract and their

Country	Type	Commitment
		beneficial owners, the specific nature of the goods or services procured, their price per unit, and the overall contract amount, as well as reports of ex-post validation of delivery. The relevant information through May 11 has been posted on May 18 (prior action). Additionally, the Government has recently ensured that COVID-19 expenditure reports are presented to the Budget Management Committee on a weekly basis with the first report circulated on May 18 (prior action). A consolidated report will be submitted to the National Executive Council and published within three months of the end of the emergency. The government further commits to commission and publish an audit, conducted by a reputable independent auditor, of COVID-related spending within a year of the end of the emergency [...]"
Paraguay	RFI	"A recent mission by the IMF and IDB has helped us assess vulnerabilities to corruption. We will use the findings of the mission to develop a strategy to combat corruption and improve governance."
Rwanda (2 nd RCF)	RCF	"We are also committed to effective and transparent use of public funds, including funds from the RCF. We will carry out transparency of procurement in accordance with the Law Governing Public Procurement and our E-procurement system. The E-Procurement system provides publicly available information [Hyperlink in text: http://umucyo.gov.rw/index.do] on all awarded government contracts, including the name of companies that participated in the tender, each initial bid, the name and price of the winning bid, the total amount of the contract, and the delivery period. Moreover, following our Law on State Finances and Property 2013 (Organic Budget Law), the Office of the Auditor General, whose independence is enshrined in the constitution and law, will audit all government expenditures and procurement tenders, including those linked to the pandemic, and publish the outcome."
Samoa	RCF	"Overall, we are committed to ensuring maximum effectiveness of our policy response to COVID-19 by targeted assistance programs, involving strong governance and transparency in their implementation."
Sao Tome and Principe	RCF	"We will ensure proper monitoring of all expenditure relating to the pandemic and improve transparency in public procurement. The government will ensure adequate control of total pandemic-related expenses and adopt measures by end-April 2020 to ensure better transparency and publicity regarding public procurement, particularly by publishing on the website of Ministry of Finance (MOF) or through

Country	Type	Commitment
		announcements on other media (i) public procurement contracts, once signed, that require prior authorization from the Court of Accounts as per the Organic Law (no. 11/2019) and the ex-post validation of delivery of the contracts and (ii) monthly COVID-19 related expenditure. The crisis mitigation measures described in paragraphs 5-7 have been authorized by the parliament, and a revised budget consistent with the above policies will be submitted to parliament when conditions allow, at the latest by end-July. The government will also conduct an independent audit of spending after the crisis abates and publish the results to confirm that funds were used for their intended purpose."
Seychelles	RFI	"We are [...] committed to ensure transparency of the COVID-19 related emergency fiscal spending and will submit monthly reports of the emergency spending on wage subsidies, health, and social spending to Finance Public Accounts Committee (FPAC) of the National Assembly. These reports will be made public within three months. Furthermore, we will undertake an independent audit of emergency spending and related procurement processes and publish its results."
Sierra Leone	RCF	"In addition to ongoing reforms to strengthen our AML/CFT and anti-corruption frameworks, we will be putting in place strong and targeted measures. More precisely, we are introducing mechanisms for regular monitoring and reporting on the use of funds. Our Anti-Corruption Commission launched the COVID-19 Response Transparency Taskforce to ensure integrity, accountability and transparency in the use and management of funds. The Government also established a COVID-19 account to focus on delivering effectively our emergency response. In this regard, we have already begun regular reporting on the use of these emergency funds. We intend to further refine the coverage of these reports, and follow best practices in the management, reporting, and oversight of these accounts with the benefit of ongoing TA from IMF's Fiscal Affairs Department and AFRITAC West 2. In addition, the Audit Service Sierra Leone will audit the management of the COVID-19 Fund and COVID-19 response, and publish its report online, within 12 months of the end of the fiscal year as required under the Constitution and laws of Sierra Leone, including the PFM Act 2016. Finally, we also plan to publish on the Government's website large public procurement contracts related to crisis mitigation, the names of the companies awarded contracts, their beneficial owners, and ex-post validation of delivery."

Country	Type	Commitment
Solomon Islands²	RCF/RFI	“We recognize the importance of good governance, transparency and accountability, and tackling corruption and related money laundering. We commit to ensure that the funds provided by the IMF will be effectively used to maintain macroeconomic stability, thus safeguarding public health, saving lives, and supporting livelihoods and the economic recovery. Towards that end, we will publish on the Ministry of Finance and Treasury’s website: (i) results of an audit by the Solomon Islands Office of the Auditor General of COVID-19 related expenditures before December 2021; and (ii) documentation on crisis-related public procurement, including the nature of the goods or services procured, the contract amounts, the names of the entities awarded the contract and their beneficial owners, followed by documentation on ex-post validation of delivery.”
St. Vincent & the Grenadines	RCF	“We commit to publish procurement documentation including information on the beneficial owners of the companies that receive crisis-related procurement contracts, to report monthly on COVID-related expenditures, and to undertake a full ex-post financial and operational audit of COVID-19 spending at the time of the annual audit.”
Tajikistan	RCF	“The Government is committed to enhancing governance and ensuring transparency and accountability in this process. We will ensure any funds provided for addressing the impacts of COVID-19 will be put to best possible use. We have created a high-level Inter-agency Task Force, chaired by Deputy Prime Minister and comprised of Ministries of Health, Transport, Foreign Affairs, National Security, and other government agencies. The Task Force has launched an action plan to respond to COVID-19, including through border and sanitary control, quarantine, and treatment facilities. The Task Force will guide spending decisions, and the usual budgetary procedures and controls will apply. We will prepare quarterly reports on the spending of emergency funds and publish the results on the external website of the Ministry of Finance. In addition, to ensure quality of this additional spending, we will subject the health spending, including procurement of urgently needed medical supplies, and social spending to ex-post audits by the Chamber of Accounts and ex-post validation of deliveries in a year’s time, which will also be published on the external website of the Ministry of Finance. The

² Although the emergency financing is for balance of payments support, the authorities also committed to a Central Bank safeguard assessment.

Country	Type	Commitment
		government will also improve the transparency of its procurement processes in line with international best practices.”
Tunisia	RFI	“[...] we will [...] enforce the rule of law and advance in the fight against corruption and improve public services especially in the areas of education, health, and digitization.”
Uganda	RCF	“To foster transparency of accounting and management of resources, we will provide a separate reporting mechanism for COVID-19 expenditures in the context of our Program Based Budgeting that will allow for clear tracking of the support received by partners. UDB will also report on the use of the funds received. We are also committed to continuing to adhere to the best fiscal management practices and to ensuring that the best possible use is made of the funds provided by the IMF, and we commit to anti-corruption safeguards. To that effect, we commit to (i) publishing, once they are signed, documentation on the government’s website of large procurement contracts—defined as contracts above Ush500 million for works contracts, and above Ush200 million for goods and services—of COVID-19 expenditures, together with the names of awarded companies and their beneficial owners and (ii) undertaking an independent audit of COVID-19 expenditures in about a year’s time, which will include an ex-post validation of delivery of the large procurement contracts, and publishing the results.”
Uzbekistan	RFI/RCF	“As part of Uzbekistan’s five priorities for development, we aim to improve governance and public management. The government is also committed to combating corruption and improving the efficiency of its anti-corruption efforts, including by increasing the accountability and transparency of government. To ensure transparent and effective use of resources deployed for COVID-19 shocks, we will: (i) appropriate COVID-19 emergency measures through the Anti-Crisis Fund; (ii) publish reports of COVID-19 related expenditures on a monthly basis on the Ministry of Finance website (www.mf.uz); (iii) publish on the Ministry of Finance website (www.mf.uz) COVID-19 related signed public procurement contracts and related documents, including the names of companies awarded those contracts and ex-post validation of delivery and will continue to improve our procurement framework expeditiously in line with international best practice, including by publishing information on beneficial owners; and (iv) ensure the Financial Control Department of the Ministry of Finance includes all COVID-19 related expenditures in its forthcoming inspections. The Chamber of Accounts will conduct an ex-

Country	Type	Commitment
		post audit of COVID-19 expenditures and related procurement processes to ensure funds are spent in accordance with their purpose and procurement regulations and will publish the audit report no later than six months after the end of the fiscal year as part of the regular audit of the 2020 State Budget Report."