

**Public Consultation on Review of the IMF’s 2018 Framework for  
Enhanced Engagement on Governance**  
July 2022

**BACKGROUND NOTE**

**Consultation Background Note for the Review of the IMF’s 2018 Framework for Enhanced Engagement on Governance**

**2018 Governance Framework.** In 2018, the IMF adopted the [Framework for Enhanced Engagement](#) on Governance (“2018 Governance Framework”), which supplements the [1997 Guidance Note on the Role of the Fund in Governance Issues](#) and draws from the [2017 Review of the Guidance Note – Preliminary Considerations](#). The Framework aims to promote more systematic, effective, and candid engagement with IMF member countries regarding governance vulnerabilities, including corruption, that are judged to be critical for macroeconomic performance.

The 2018 Governance Framework consists of four key elements: (a) systemically assessing the nature and severity of governance weaknesses—including corruption—for all IMF member countries; (b) guiding the assessment of the macroeconomic implications of governance vulnerabilities; (c) providing policy advice in circumstances when it is critical for macroeconomic performance and IMF engagement is justified; and (d) preventing private actors from offering bribes or providing services that facilitate concealment of corruption proceeds. To this end, key functions conducted by the state that are most relevant to macroeconomic performance were identified, namely: fiscal governance; financial sector oversight; central bank governance and operations; quality of market regulation; rule of law; and anti-money laundering and countering the financing of terrorism. The assessment of severity of governance vulnerabilities also includes an examination of the severity of corruption (i.e., abuse of public office for private gain), given its pernicious impact on a member’s ability to achieve sustainable, inclusive growth.

Critical to the implementation of the 2018 Governance Framework is strong collaboration with civil society organizations. The emphasis on stakeholder engagement draws on the valuable feedback received during past consultations and open exchanges on this area of work. (See 2016 [public consultations](#) and [Background Note](#) accompanying the 2017 Review of the Guidance Note – Preliminary Considerations).

In approving the 2018 Governance Framework, the IMF Executive Board also decided to periodically review its implementation. In advance of this formal review, the IMF published an [Interim Update](#) in 2020, which included the following recommendations: ensuring sustained IMF engagement on governance and anti-corruption issues, encouraging greater country ownership of relevant reforms, and securing additional country volunteers (aside from the G7 countries) for assessing transnational aspects of corruption.

**Review of the 2018 Governance Framework.** The IMF Board will formally review the implementation of the 2018 Governance Framework in 2023. This Review aims to look at the degree of candor, effectiveness, and evenhandedness (e.g., equitable treatment of similarly-situated countries)

of the IMF's engagement on governance and anti-corruption issues during the last five years, as well as opportunities to improve implementation, including those highlighted in the 2020 Interim Update.

As part of the Review, IMF staff will conduct consultations with country authorities, international organizations, and civil society organizations. Background papers exploring key governance and anti-corruption issues will also be developed, including on emergency situations (e.g., COVID-19), climate change, fragile and conflict states, supreme audit institutions, and the rule of law.

**Stakeholder Engagement.** The IMF values stakeholder engagement on its policies. Therefore, a public consultation will be conducted to gather external views on the IMF's implementation of the 2018 Governance Framework. Through surveys and consultation meetings, global and local stakeholders will be encouraged to share their valuable perspectives and suggestions with IMF staff. The inputs to the public consultation will be documented, summarized, and considered as part of the final Review.

To provide additional context for the 2018 Governance Framework and its implementation at a country level for purposes of the public consultation for the Review, below are links to some useful resources:

*IMF Governance and Anti-Corruption.* General information on the IMF's Governance and Anti-Corruption work is available [here](#), including on individual country Governance Diagnostic Assessments as well as on Governance and Accountability during the COVID-19 Crisis.

*IMF Country Surveillance.* Specific country information arising from IMF surveillance exercises are available [here](#).

*IMF-Supported Programs.* The IMF's <https://www.imf.org/external/np/pdr/mona/index.aspx> tracks structural conditionalities in country specific IMF-supported arrangements, including on governance and anti-corruption.