

NOTE VII. THE FUND'S ENGAGEMENT ON GOVERNANCE—CSO PERSPECTIVES¹

1. Staff prepared a survey questionnaire for Civil Society Organizations (CSOs) to seek their views on the Fund's involvement in governance/corruption issues.² Specifically, the questionnaire sought views on the nature, scope, and effectiveness of Fund engagement, usefulness of the governance indicators, evenhandedness, and the Fund's collaboration with other multilateral organizations/CSOs/stakeholders.

2. Responses were received from: global organizations (Global Financial Integrity, the Natural Resource Governance Institute, Oxfam International, and Transparency International), private entities (JGCC Investment and Finance and SICPA SA), and private individuals from Carnegie Endowment for International Peace and the University of Juba.

Main Findings:

- 3. Fund engagement is improving, but further progress is needed.**
- **The Fund is seen as having become more effective** in addressing governance and corruption by many (e.g., Fund's involvement in Ukraine). However, some do not agree and see the substance of the Fund's guidance note on governance as not yet fully reflected in its work.
 - **A wider perspective on corruption is needed.** The Fund should address corruption across a broad spectrum of public activities, targeting not only the Fund's member authority counterparts but also officials working in areas such as state-owned enterprises and regulatory bodies. Corruption is not limited to a transactional problem, but is also an operating principle linking the powerful public and private actors ("state capture"). The Fund should go beyond addressing public corruption and also tackle private sector corruption such as mis-invoicing and price transfers, which can cause huge losses to public revenues. Further, the discussion of deregulation should also take into account that the failure to regulate certain areas, such as quality and safety, can also feed into corruption.
 - **The Fund should be more forceful in promoting governance standards.** The Fund's standards on fiscal transparency have contributed to greater transparency, but such initiatives should be regular, mandatory, and published. The Fund's Tax Administration

¹ Prepared by Julianne Ams, Kyung Kwak (both LEG), and Jung Yeon Kim (SPR).

² The questionnaire and a briefing on the governance stocktaking were [posted](#) on the internet and advertised by COM through emails, Twitter and country representatives. The online consultation was open for seven weeks and garnered eight responses.

Diagnostic Assessment Tool is also useful, but it should be expanded to assess measures to collect excise duties.

- **Corruption should be tackled on a sustained, longer-term basis** given the slow process of identifying, tackling, and resolving corruption. It should be a more regular feature of surveillance and should be addressed across the full range of Fund activities—research to operations. Further work is needed to help identify, understand, and quantify the main forms and modalities of corruption for particular countries, and technical assistance should be provided to give country-specific, actionable advice.
- **The Fund could contribute more to improve the timeliness and transparency of fiscal/budgetary processes.** The Fund should focus on reducing corruption in key economic agencies such as customs and revenue authorities. More attention should be given to strengthening the control bodies such as Offices of the Auditor-General. Other areas for further attention include: independence of the judiciary and media; tracing and return of stolen funds; and scope to use new technologies to tackle corruption in the tax system.

4. **Current governance indicators are important but not sufficient.**

- Existing governance indicators are necessary but not sufficient.
- The Fund could add to existing measures of corruption by conducting research on how corruption works and what works to address it.
- Because corruption tends to morph from one country to another, the Fund should contribute to the discussion by preparing “subjective indicators” to indicate countries where corruption is endemic and provide specific TA to authorities on that basis. The existing governance indicators by the World Bank and Transparency International could serve as starting points.

5. **The Fund must continue to improve evenhandedness in the coverage of corruption/governance.**

- Valuable contributions on corruption in some countries (Angola, DR Congo, Republic of the Congo, Cameroon, Ghana) were recognized. However, some high-level cases (Nigeria) were also missed due to political sensitivities. Egypt, Mexico, the Balkans, and several Asian countries also suffered from the Fund’s failure to take a firm stand against corruption.
- Corruption issues should also be addressed more rigorously in developed countries.

6. Continued cooperation with other multilaterals and regular dialogue with CSOs are important.

- The Fund could place further emphasis on corruption where it has the strongest implications for an individual member's economy (e.g., budgetary procedures) and on other economies. Joint Fund/World Bank research in this area is could be useful.
- While Fund outreach to CSOs has improved, civil society involvement in anti-corruption efforts is crucial, and the Fund should continue regular meetings with CSOs.