

Integrity in IMF COVID-19 financing: Did countries deliver on their procurement & beneficial ownership transparency commitments?

Summary report, April 2021

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Executive summary

As economic crises followed the spread of the COVID-19 pandemic in the early months of 2020, many governments appealed to the International Monetary Fund (IMF) for financial support. The IMF released funds under emergency financing instruments like the Rapid Credit Facility (RCF). These involved only limited conditionality.¹

Governments were asked to make commitments to a range of policies and safeguards before disbursement. These commitments included plans to introduce elements of procurement and beneficial ownership transparency.

Between January and March 2021, Oxford Insights conducted research for Open Contracting Partnership and Open Ownership to ask:

- How ambitious were countries' commitments on procurement transparency and beneficial ownership?
- How thoroughly were those commitments implemented?
- What can the IMF do to support better implementation now and to improve the process in the future?

While our findings largely focus on the IMF's approach and governmental responses during the pandemic, many of our recommendations have a significance beyond emergency financing agreements. We hope that they will inform the IMF's practices across all its negotiations and funding packages in future.

¹ See www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/08/Rapid-Credit-Facility and <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/19/55/Rapid-Financing-Instrument>

Key findings

1. Most governments made progress on publishing details of their emergency procurement, meeting the broad spirit of the IMF commitments.
2. However, many of our research partners said that the publication of emergency contracts was not a direct consequence of the IMF commitments. It often followed from sustained advocacy by local and international civil society, existing technical support to civil servants (including from OCP) and/or where a culture of procurement data disclosure existed before the pandemic.
3. The existence of the IMF commitments provided government officials with additional incentives and leverage to improve emergency procurement transparency.
4. The IMF commitment process was more influential in the sphere of beneficial ownership than open contracting: in four countries, it led to improvements on beneficial ownership, demonstrating the agenda-setting power of the IMF commitments in new areas.
5. That said, where countries published data on the beneficial owners of emergency suppliers, this was low in quality and quantity.
6. The commitments themselves should have been more specific and ambitious: governments are capable of more than what the wording captured. Emphasising, for example, rapid publication and standardised open data would have helped the pandemic response.

Recommendations

We recommend that:

1. In the future, commitments need to have stronger, more specific and more consistent wording on usability, publication format, regularity and location. They need to take into account how people in the country access and use the information to improve the emergency response.
2. The IMF should invest in sustained follow-up on implementation that incentivises and encourages meaningful, lasting reform. Convening multi-stakeholder groups with a clear role for civil society is a good way to do this. This is not a call for conditionality per se but for better follow up that benefits government and citizens.
3. The IMF should foster best practice by providing governments with clear technical guidance, resources and lessons from open contracting and open ownership reforms around the world, including support for peer learning.
4. The IMF should ensure that it has a consistent definition of beneficial ownership to which commitment-holders should refer.
5. The IMF should consider how to better incentivise data disclosure, which will also benefit its own economic surveillance.

Introduction

As economic crises followed the spread of the COVID-19 pandemic in the early months of 2020, many governments appealed to the International Monetary Fund for financial support. At the time of writing, the IMF has disbursed over \$100 billion USD around the world.² Whilst this funding is urgently needed, emergency buying brings heightened risks of corruption and financial mismanagement.³

Much of this support was distributed through two financing mechanisms, the Rapid Credit Facility and the Rapid Financing Instrument, which do not impose strong conditions on governments before funds are released. This is for good reason: speed in disbursing funds was crucial so that governments could confidently procure medical equipment. Nevertheless, quick disbursement also made it a challenge to put safeguards in place against graft and leaks in the fiscal pipeline.

Governments - in most cases via their finance ministries and central banks - were therefore asked to commit to a range of policies in letters of intent (LOIs) to the IMF as a precursor to receiving the funds. In a new exercise for the IMF, countries were asked to ensure transparency in their pandemic-related spending by implementing measures on publishing information on emergency procurement, including details of beneficial owners of suppliers.

At a minimum, this would involve proactively publishing the details of contracts awarded during the pandemic, including the names of suppliers and details of their beneficial owners. For example, the Ugandan government said that:

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 UGANDA INTERNATIONAL MONETARY FUND COVID-19 expenditures, together with the names of awarded companies and their beneficial owners.⁴

2 See: www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker#ftn

3 See: www.open-contracting.org/2020/10/23/open-contracting-lessons-from-the-covid-19-pandemic/, for example.

4 See Uganda's letter of intent here: www.imf.org/~/-/media/Files/Publications/CR/2020/English/1UGAEA2020001.ashx

The connection between procurement transparency and beneficial ownership information is crucial: with information on suppliers and contract values, it is possible to reach conclusions on where contracts are being concentrated and whether the government is getting value for money. Without beneficial ownership information, however, it is much more difficult to determine any possible conflicts of interest, whether companies connected to powerful people (i.e. within government) are the ones winning the contracts, or ensure questionable or unreliable suppliers are not re-engaged under another name. It is very important, therefore, that the IMF took this opportunity to explicitly link procurement and beneficial ownership transparency in their discussions with governments.⁵

Now that the world is over a year into the pandemic, it is important to ask how well governments met these commitments, and how ambitious they were in the first place. Between January and March 2021, the Open Contracting Partnership and Open Ownership partnered with Oxford Insights, researchers and government officials in eleven countries to answer these questions. We spoke to stakeholders in:

- Afghanistan;
- Bolivia;
- Ecuador;
- Honduras;
- Malawi;
- Moldova;
- Nepal;
- Nigeria;
- the Kyrgyz Republic;
- South Africa; and
- Uganda.

Broadly, we asked:

- How ambitious are each country's commitments?
- How thoroughly have their commitments been implemented?
- What are the blockers to implementation?
- How timely, accurate, and complete is the information that has been published and what is its quality level?
- How strong are the accountability mechanisms when false or inaccurate information is supplied?
- How are stakeholders using published information, and which sectors are they in?

Here, we present our findings and recommendations. It is important to be aware that while the specific scope of this work was to examine commitments made during an emergency, many of the recommendations can also be applied to the wider practice of IMF commitments and progress in open contracting and beneficial ownership.

⁵ See *Open Ownership*, 'Beneficial Ownership Information in Procurement', March 2021: www.openownership.org/uploads/OO%20BO%20Data%20in%20Procurement.pdf

Summary of findings

1. Most governments made progress on publishing details of their emergency procurement, meeting the broad spirit of the IMF commitments.

With varying degrees of quality, granularity and regularity, these governments have published information on their pandemic-related contracting included as structured, machine-readable open contracting data:

- Afghanistan, where information is available through the new [AETS portal](#) with a COVID-19-specific tag.⁶
- Bolivia, where the procurement authority does not publish any open data, but does publish basic contracting information which can be searched manually on the [SICOES website](#).
- Ecuador, where a specific open data portal for emergency contracting, [Datos Abiertos](#), was created at the beginning of the pandemic. Data is available in the [Open Data Contracting Standard \(OCDS\)](#): a crucial goal for governments seeking to allow in-depth monitoring of their procurement.
- Honduras, where contracting data is published in a number of different locations, including an [Institute for Access to Public Information portal](#), Honduras' central [Open Contracting Portal](#).
- Malawi, where an [Excel](#) file containing COVID-19 contract awards is available for download;
- Moldova, where contracting information is published in line with OCDS on [M.tender](#) and healthcare procurement information is published on [tender](#).

[health](#), a joint government-civil society initiative;

- Nigeria, where the Bureau of Public Procurement have a dedicated COVID-19 contracts [web page](#);
- the Kyrgyz Republic, where almost all government contracts are available through the [Zakupi](#) portal in OCDS format, though there is no COVID-19-specific tag;
- South Africa, where government have created a [dashboard](#) displaying information on coronavirus-related contracts;
- Uganda, where government-wide contract awards are available on the [Government Procurement Portal](#), though there is no COVID-19-specific tag for emergency contracts.

Broadly, all these countries can be said to have met the spirit of the IMF commitments on emergency procurement. However we could not find the quarterly reports including information on pandemic-related procurement that the Nepali government had committed to publish.

Some procurement departments also circulated new regulations to emphasise procuring entities' transparency responsibilities at the start of the pandemic. Based on our interviews, these did not seem to be driven by the IMF requirements but for domestic accountability reasons.

For example, in Malawi, the Public Procurement & Disposal of Assets Authority mandated that government entities publish contract award details on the PPDA website within five days of the contract being signed.⁷ In Nigeria we saw that the Bureau

6 Link: <https://tenders.ageops.net/en/covid19-project-list>

7 See PPDA circular: www.ppda.mw/wp-content/uploads/2020/04/PPDA-CIRCULAR-APRIL-2020-COVID-190001.pdf, p.2.

for Public Procurement also requests that entities pass on details of COVID-19 contracts within five days of contract award.⁸ Both these requirements seem to set out more specific and stringent publication requirements than stated in the countries' procurement laws.⁹

2. However, many of our research partners said that the publication of emergency contracts was not a direct consequence of the IMF commitments. It often followed from sustained advocacy by local and international civil society, existing technical support to civil servants (including from OCP) and/or where a culture of procurement data disclosure existed before the pandemic.

Our research partners cited factors other than the IMF commitments as stronger influences on procurement agencies and finance ministries working quickly to disclose pandemic-related contracts.

In some cases this was because of clear direction-setting from political leadership and on-going reforms to improve procurement transparency. For instance, in Afghanistan, a presidential instruction called for cross-government transparency. There was also an active memorandum of understanding with Open Contracting Partnership and Integrity Watch Afghanistan to publish open data on procurement.¹⁰ Here, we also heard that the IMF commitment had not been extensively communicated throughout

the Afghan government, yet the National Procurement Authority still created one of the more progressive pandemic-specific portals considered in this report based on its existing collaborations in this area.

Similarly, in Nigeria, we heard that the Bureau of Public Procurement, the implementing body, was not consulted on the IMF commitment. Their decision to create a specific page for pandemic-related contracts was a consequence of discussions with civil society, while the circular mandating transparency during the emergency was strongly influenced by the World Bank. In both cases, it appears that commitment holders (finance ministries) did not follow up with the agencies best suited to implement the commitments.

In Ecuador, progress on publishing emergency procurement information can be attributed to the procurement authority's (SERCOP) commitment to transparency, rather than to the IMF commitments. A decision was taken early on in the pandemic by the head of SERCOP to commit to publishing all contracts in an open format.¹¹ The result of this was the publication of COVID-19 contracts in the Open Contracting Data Standard (OCDS) on the Datos Abiertos portal.¹² However, the creation of Datos Abiertos was well underway when the commitments were signed. SERCOP was an active participant in OCP's Lift impact accelerator program where a lot of the technical work was done, pivoting to the pandemic as it struck the country.¹³

The fact that some countries committed to already-existing plans is not necessarily something to be concerned about. By adding an IMF commitment to existing plans, a government is providing itself with an additional test to which it will be held

8 See BPP guidelines: www.bpp.gov.ng/wp-content/uploads/2020/05/BPP-Guideline-on-COVID-19-Procurements.pdf, p.4.

9 Interview with research partners in Nigeria, February 2021. See: https://goprs.unodc.org/documents/Public_Procurement_Act_2007.pdf and www.ppda.mw/wp-content/uploads/2019/11/public_procurement_and_asset_disposal_act.pdf

10 Interviews with research partners in Afghanistan, January-February 2021.

11 See OCP's December 2020 story: www.open-contracting.org/2020/12/20/how-covid-19-and-collective-intelligence-transformed-procurement-risks-into-opportunities-for-transparency-in-ecuador/

12 Datos Abiertos portal: <https://datosabiertos.compraspublicas.gob.ec/>

13 See here for a summary of SERCOP's work with the OCP Lift programme: www.open-contracting.org/2020/12/20/how-covid-19-and-collective-intelligence-transformed-procurement-risks-into-opportunities-for-transparency-in-ecuador/

accountable. Whether or not a commitment was implemented is more important than whether it was a new policy or not. But where governments are already strong performers on open contracting, the IMF may be missing a chance to set out more ambitious pathways towards deepening and sustaining existing reforms.

We also saw that in some cases civil society organisations (CSOs) were not aware of the commitments. In Afghanistan, for example, a CSO which actively monitors government expenditure did not know that the Ministry of Finance had actually met their IMF commitment. This was because the report disclosing data was not linked on any of the usual data disclosure portals, including those on the Finance Ministry's website.

It is important to emphasise here how helpful civil society can be when it comes to ensuring a government meets transparency goals. Across most of the countries in which we conducted research, we found that the governments who did best on procurement transparency were those who had strong track records of contracting data publication before the pandemic. In these places (Nigeria, Afghanistan, the Kyrgyz Republic, Ecuador and Moldova, for example) existing cultures of transparency are strongly supported by collaborative relationships between procurement agencies and CSOs.

In Nigeria and Afghanistan, interviewees told us that discussions with and encouragement from CSOs were among the most important factors in their decision to publish information on pandemic-related contracts. Moldova also provides an example of how civil society has been able to push for transparency during the COVID-19 pandemic: here, medical procurement information was made available on a new e-procurement system after pressure from civil society.¹⁴

As we recommend below, the IMF should encourage governments to embrace civil society involvement to help them meet their commitments.

3. The existence of the IMF commitments provided government officials with additional incentives and leverage to improve emergency procurement transparency.

While the IMF commitments may not have been the main drivers of change in all cases, they still had an influence on emergency procurement practices and policies during the pandemic.

In Afghanistan, we heard that procurement agencies began publishing emergency contracts without knowing that they were meeting IMF commitments as a consequence; a similar situation arose in Nigeria. However, interviewees still said that the IMF contributed to the imperative to publish, in a broader sense. At the highest levels of government, we heard that having a clearly written commitment to an international donor helps to drive the political will.

Similarly, in Ecuador, the publication of COVID-19 contracts was not directly influenced by the IMF commitments process. SERCOP had already worked to create the Datos Abiertos portal before the commitments were made. Nonetheless, one research partner did emphasise that the IMF commitments 'gave further political force' to existing reforms.¹⁵

¹⁴ Medical procurement data in Moldova is now available on tender.health

¹⁵ Interview with research partners in Ecuador, February 2021.

4. The IMF commitments process was more influential in the sphere of beneficial ownership than open contracting: in four countries, it led to improvements on beneficial ownership, demonstrating the agenda-setting power of the IMF commitments in new areas.

The IMF largely smoothed the path for existing policies and reforms on open contracting, but in some cases it had a starker impact on policies and reforms related to beneficial ownership. The IMF's impact here was due to the fact that they explicitly made beneficial ownership a priority in their negotiations with governments, though the contexts differed in each country. This demonstrates the agenda- and priority-setting power of IMF commitments in policy areas that are newer or under-developed for both government and civil society.

In the Kyrgyz Republic, we heard that the IMF treated beneficial ownership disclosure as a very high priority during discussions on the emergency commitments. As a result of this, an amendment to the Kyrgyz procurement law was made in December 2020. This mandated that buyers publish information on suppliers' beneficial owners on the public procurement portal.¹⁶ The new law is now being implemented.

In Ecuador, the commitment to publish beneficial ownership data on the SERCOP website has not yet been met. However,

the IMF still appears to have had some influence here, as SERCOP issued a new resolution in September 2020 that allows the procurement agency to collect beneficial ownership information directly from suppliers at the offer stage.¹⁷ Stakeholders emphasised that whilst the procurement agency had already been planning these reforms, the IMF commitment helped to push forward the change.¹⁸ One research partner also emphasised that the IMF commitments helped to put beneficial ownership 'on the radar' of civil society in Ecuador.¹⁹

In Afghanistan, we found that the National Procurement Authority issued a circular in September 2020 mandating that bidders submit information about their beneficial owners.²⁰ This met a Prior Action required for disbursement of funds under Afghanistan's application to the IMF under the Extended Credit Facility.²¹ Interviewees suggested that the IMF saw this as an urgent issue: they were concerned that a planned regulation on beneficial ownership within the Ministry of Industry and Commerce was taking too long to implement, and that it was a priority to get some information published as soon as possible.²²

Finally, in Moldova, interviewees highlighted new legislation mandating companies to declare beneficial ownership data to the procurement authorities, directly attributing this progress to the IMF commitments.²³

However, there are still issues with the quality of beneficial ownership data in Moldova, which are explored further below.

16 <http://cbd.minjust.gov.kg/act/view/ru-ru/111125?cl=ru-ru>, Article 51.

17 See SERCOP's September 2020 resolution here: https://portal.compraspublicas.gob.ec/sercop/wp-content/uploads/2020/09/RE_SERCOP_2020_0110.pdf

18 Interview with research partners in Ecuador, March 2021.

19 *Ibid.*

20 See https://twitter.com/npa_aop/status/1311240352469315584?s=20. The circular is available in Dari here: <https://ageops.net/da/documents/circulars/71> and in English here: <https://cms.npa.gov.af/files/Documents/NPACirculars/1602054686-73.pdf>

21 See www.imf.org/en/Publications/CR/Issues/2020/11/13/Islamic-Republic-of-Afghanistan-Request-for-a-42-Month-Arrangement-Under-the-Extended-Credit-49888

22 We understand that this regulation has now been approved by the Cabinet and is in the process of being implemented.

23 Interview with research partners in Moldova, January and February 2021. For Moldova's updated beneficial ownership legislation see this decree from July 2020: www.legis.md/cautare/getResults?doc_id=122147&lang=ro See also this decree from November 2020 which introduces a definition of beneficial ownership on the Single European Procurement Document: www.legis.md/cautare/getResults?doc_id=124193&lang=ro

5. That said, where countries published data on the beneficial owners of emergency suppliers, this was low in quality and quantity.

Despite these examples of progress on beneficial ownership, few governments in the scope of this report have met the wording of their emergency commitments to publish data on the beneficial ownership of suppliers in a sense that clearly meets an internationally-accepted definition of the term.²⁴ Where there is a beneficial ownership data field, the quality and detail of the data disclosed is often limited.

In Afghanistan we found that while the requirement to publish beneficial ownership information is very new and adjustments will take time, buying agencies currently upload PDF scans of paper forms. None of those we have examined use the downloadable form the government offers, which sets out a solid definition of *beneficial owner*.²⁵ Similarly, in Malawi and South Africa, data on COVID-19 contract contains a field for a 'beneficial owner' but it appears that only the names of single shareholders or company owners/directors are captured here.²⁶

6. The commitments themselves should have been more specific and ambitious: governments are capable of more than what the wording captured, including. Emphasising, for example, rapid publication and standardised open data would have helped the pandemic response.

The language of many governments' commitments is broad and does not hold them to particularly ambitious programmes of reform. This is especially the case for procurement transparency commitments. We are, of course, aware that commitments had to be negotiated very rapidly, and we acknowledge that governments would have followed guidelines set out by IMF teams surrounding the wording of commitments. Our comments here are made in the spirit of going even further in future to encourage more comprehensive reforms and improvements.

Bolivia's commitments serve as a good illustration of this trend. The government committed to adhering '*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.*'²⁷ The lack of specificity in this commitment meant that the government could continue to publish contract information on SICOES as before - without publishing downloadable open data which is of use to civil society - and technically still meet its obligations to the IMF.

Afghanistan, too, only commits to '*publishing quarterly reports on pandemic-related spending, including procurement contracts and the beneficial ownership of companies awarded those contracts.*'²⁸ A more ambitious emergency commitment should have emphasised AGEOPS as the preferred portal for publishing COVID-19-related contracts data and committed to disclosing data in OCDS. It could also have encouraged outreach to CSOs and journalists to highlight the commitments and to set up spaces for feedback on data quality and utility.²⁹

24 See, for example: www.openownership.org/uploads/definitions-briefing.pdf

25 This form can be found by downloading the Excel file here: <https://ageops.net/da/documents/circulars/71>

26 See www.ppda.mw/covid-19-reports/ and <http://ocpo.treasury.gov.za/COVID19/Pages/Reporting-Dashboard.aspx>; interview with research partners in South Africa, February 2021; similar findings were discovered in Moldova and Bolivia.

27 See Bolivia's Letter of Intent to the IMF here: www.imf.org/-/media/Files/Publications/CR/2020/English/1BOLEA2020001.ashx

28 See Afghanistan's Letter of Intent to the IMF here: www.imf.org/en/Publications/CR/Issues/2020/04/30/Islamic-Republic-of-Afghanistan-Request-for-Disbursement-Under-the-Rapid-Credit-Facility-49386

29 See <https://tenders.ageops.net/en/procurement-process> for the AGEOPS portal

Most countries in this research broadly followed this trend. As outlined in our recommendations below, introducing standard language that emphasises, for example, data quality and usability, or civil society consultation, would allow governments to set a higher bar for implementation, and give procurement authorities more clarity surrounding the changes they are expected to make to meet the commitments.

It was also not always clear what particular terms referred to in a commitment's wording. A case in point is 'ex-post validation,' a phrase used in many commitments. South Africa and Uganda, for example, stated that they would conduct audits of COVID-19 spending, which would include 'ex-post validation of delivery.'³⁰ The Kyrgyz Republic, however, stated that they would '*publish ex-post validation of delivery along with the name of awarded companies and their beneficial owner(s) for all public procurement contracts.*'³¹ From our interviews it seemed that the 'ex-post' element was understood here as referring to releasing data on the *implementation* phase of the contracting process. A glossary of terms and standard language would therefore be helpful for all parties.³²

With this said, we also found that buyers or procurement authorities may not have sufficient capacity to respond to additional transparency requirements. We are aware

that publishing additional information is not straightforward and numerous interviewees reported concerns around their capacity to implement commitments.

For example, we believe that a lot of COVID-19 contracting is happening at the provincial level in Afghanistan, where authorities have very little experience proactively disclosing data. Moreover, across the country, there are problems with expensive internet and electricity shortages. In the Kyrgyz Republic, the Public Procurement Department have had their mandate and responsibilities increased as a result of the government implementing the IMF commitment, but have no additional budget with which to hire new staff or web developers. In Uganda, one research partner said limited resources, including the lack of an e-government procurement platform, have left the government unable to fully implement their commitments.³³

Taking into account all of these reports, there is clearly a widespread need for governments to allocate additional resources to support improved data publication, supported with IMF funds if possible. We therefore recommend that a commitment regarding allocating resources to relevant government departments is included as standard in any commitments on open contracting and beneficial ownership.

30 See Uganda's Letter of Intent to the IMF here: www.imf.org/en/Publications/CR/Issues/2020/05/14/Uganda-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-Staff-Report-49427; See South Africa's Letter of Intent to the IMF here: www.imf.org/en/Publications/CR/Issues/2020/07/28/South-Africa-Request-for-Purchase-Under-the-Rapid-Financing-Instrument-Press-Release-Staff-49612

31 See Kyrgyz Republic's Letter of Intent to the IMF here: www.imf.org/en/Publications/CR/Issues/2020/05/12/Kyrgyz-Republic-Request-for-Purchase-Under-the-Rapid-Financing-Instrument-and-Disbursement-49408

32 For an example glossary, see: https://standard.open-contracting.org/latest/en/getting_started/contracting_process/

33 Interviews with research partners, February 2021.

Recommendations to the IMF

1. In the future, commitments need to have stronger, more specific and more consistent wording on usability, publication format, regularity and location. They need to take into account how people in the country access and use the information to improve the emergency response.

Where the IMF suggests wording on commitments to governments, or maintains standard guidelines, we argue that this needs to be more ambitious. Nearly all the governments we considered here were capable of more on procurement transparency and beneficial ownership than their commitments implied. The IMF should work with OCP and Open Ownership to develop their guidance, but as a starting-point, we suggest the following minimum requirements:

- **Usability:** governments should state that they will work with observers and CSOs to understand which data fields are most useful for analysis of the government's contracting (for example, unit prices; consistent descriptions of items purchased; delivery schedules) and clearly communicate these requirements to buyers;
- **Format:** if a government is already publishing according to Open Contracting Data Standard (OCDS) or the Beneficial Ownership Data Standard (BODS) then emergency disclosure should follow the same format. As a minimum, governments should commit to publishing in CSV in emergencies. Non-emergency commitments should set OCDS or BODS as longer-term goals.
- **Regularity and timeliness:** commitments should set out schedules for data publication;

- **Location:** data should be collected and published in a single location, clearly signposted on, for example, a finance ministry's website. Where possible, it should be published in well-known portals already used to disclose data.

More advanced commitments - especially for commitments that have longer time-frames than in emergencies - should include plans to allocate additional resources to support data disclosure to answer concerns that procurement agencies will be given more responsibilities without the capacity to implement them. Governments might also lay out how they plan to oversee and incentivise departments to release high-quality data, including sanctions for poor performance.

To support this, the IMF should publish a glossary clarifying the meaning of key terms in open contracting and beneficial ownership commitments. This is especially important in the case of beneficial ownership, where the relative novelty of the field means that many of the key concepts are ambiguous for government officials and CSOs.

Finally, commitments should be co-created as much as is possible in an emergency. In some cases, we noted that procurement authorities had not been consulted when finance ministries made commitments. CSOs, too, had been working with procurement authorities to encourage emergency data disclosure, but were not included as observers as the IMF negotiated commitments with governments. A small time investment to further understand the local context of data disclosure and use will significantly strengthen the commitments. Co-creation during *non-emergency* financing, meanwhile, should be carefully planned and treated as a high priority.

2. The IMF should invest in sustained follow-up on implementation that incentivises and encourages meaningful, lasting reform. Convening multi-stakeholder groups with a clear role for civil society is a good way to do this. This is not a call for conditionality per se but for better follow up that benefits government and citizens.

Even where commitments are broad, follow-up with governments is crucial. As we noted above, in some cases, both procurement departments and local CSOs were not aware of their government's commitments to the IMF, restricting the commitments' influence and urgency. The IMF should therefore help foster spaces for updates on implementation from finance ministries and procurement authorities.

Civil society organisations and international agencies should also be invited to participate as observers who can track implementation and report on the quality and utility of the data that is being disclosed. We found that where there are strong relationships between CSOs and procurement agencies, procurement officials regularly heard about how data is being used and know where to focus their improvements. The IMF should therefore identify those CSOs who are capable of engaging with government in each country and help provide them with the tools to do so.

Multi-stakeholder groups also provide the opportunity to build networks of transparency champions across government, and help mitigate against stagnation and regression during political changes. We found that elections and political instability were key barriers to implementation in certain countries, particularly when it came

to commitments with longer timeframes. In Ecuador, one of our research partners expressed concern that an audit planned for mid-2021 could be threatened by upcoming elections taking place in April.³⁴ Then in the Kyrgyz Republic protests ousted the prime minister in October 2020. While we also heard that an upcoming constitutional referendum and parliamentary elections may distract the government from implementing the new legislation on open contracting and beneficial ownership.³⁵

The IMF should look to quickly engage with newly elected governments to remind them of their commitments, adjust them - if needed - and encourage further progress by demonstrating their usefulness and importance. This needs to go alongside working with local CSOs and other interested parties to keep them aware of changes and help them monitor progress.

Without further follow-up by the IMF and other organisations there is a risk that any reforms introduced in the past year will be superficial: the IMF has to beware of *box-ticking* exercises. Research partners in Afghanistan and the Kyrgyz Republic mentioned this in relation to beneficial ownership in particular. They voiced concerns over whether new requirements to publish suppliers' beneficial owners would have any significant impact on patronage networks in each country. In many countries, including these two, there is widespread local knowledge of which politicians, political parties and officials control large local companies. To capture this knowledge in official data disclosures will be a huge challenge: it will require radical political change, one interviewee said.³⁶

Kleptocratic political economies are sustained by complex incentives and relationships. While the scope of this report did not allow us to fully touch on this issue, we do recommend that at a minimum the

34 Interview with research partner in Bolivia, January 2021.

35 See www.bbc.com/news/world-asia-55613552; interviews with research partners in the Kyrgyz Republic, February 2021

36 Interview with research partner, February 2021.

IMF follows up and monitors governments' deployment of the concept of beneficial ownership. Again, involving CSOs in this monitoring by introducing them to resources provided by international transparency advocates and encouraging them to promote best practice will be invaluable.

Another *box-ticking* risk is that countries have published one set of COVID-19-related data within a few months of the IMF commitment, but have then not followed up with regular publication. In Afghanistan, the Ministry of Finance has published only one 'quarterly report' including contracting information, in October 2020.³⁷ Malawi, too, seems to have published a single Excel file without follow up.³⁸

Transparency on COVID-19 purchasing should be seen as a springboard to further reform, rather than a one-off event. CSOs can help push procurement agencies to continue to publish at regular intervals. When good relationships are established, as we have seen, CSOs can actually help incentivise governments to publish as well as help the IMF more easily follow up on commitments that have been made.

3. The IMF should foster best practice by providing governments with clear technical guidance, resources and lessons from open contracting and open ownership reforms around the world, including support for peer learning.

Governments need to be persuaded that pushing forward successful open contracting and open ownership reforms is indeed possible, even in challenging political environments. To counter the unproductive narrative that change in these areas is sim-

ply *too difficult*, the IMF should publish best practice resources, drawing upon a range of international case studies and peer learning opportunities. Importantly, these resources should be available in local languages, and in an open access format, so that governments and CSOs alike can use them to inspire their agendas for reform.

For example, the IMF could point to already established best practice playbooks such as those created by Open Ownership, the Open Contracting Partnership,³⁹ the OECD and other best practice organisations. This will provide governments with practical advice about publishing data, how to improve data quality, and how to encourage the use of data. Working with international organisations already operating in these spaces will be crucial to ensuring the use of common language and concepts.

To accompany these resources, the IMF also needs to help procurement authorities working towards implementing commitments access tailored support. This is especially the case when governments make commitments swiftly, without necessarily consulting implementing agencies, and so there is a mismatch between those agencies' resources and responsibilities. We acknowledge that IMF teams responsible for promoting commitments on open contracting and beneficial ownership may themselves have limited capacity to offer tailored advice. But they retain the scope to help connect governments with other organisations, such as Open Contracting Partners, Open Ownership, World Bank, and the OECD - as well as local CSOs - to ensure that procurement authorities on a local and national level are given the technical support they need. This should be seen as an integral part of follow-up to any commitments, emergency or otherwise.

37 See Afghanistan's quarterly report here: <https://mof.gov.af/sites/default/files/2020-10/Covid-19%20Quarterly%20Expenditure%20Report%20%283%29.pdf>

38 See Malawi's quarterly report here: www.ppda.mw/covid-19-reports/

39 See, for example, the Open Contracting Partnership playbook: https://docs.google.com/document/d/1Y_sYOqUfdRdn-U6P8-aJFqWw9LaTNbbIPS0oJtmskCQ/edit

4. The IMF should ensure that it has a consistent definition of beneficial ownership to which commitment-holders should refer.

As we have described above, some countries in this research are seemingly citing single directors or legal owners as suppliers' beneficial owners rather than naming any indirect owners or controllers. This indicates that there is a lack of proper understanding of what beneficial ownership actually means. Malawi's PPDA, for example, names a 'beneficial owner' and a 'shareholder', both of whom are often the same person.⁴⁰ No information about the nature or extent of ownership or control is included.

Given the relative low maturity of beneficial ownership data disclosure across the world, such cases are perhaps to be expected. As more countries begin to disclose beneficial ownership data, however, the risk of ambiguity around the nature of any disclosed owners will grow. If the IMF regularly begins to include requirements on beneficial ownership transparency in its financing packages, it will need to understand how to match up local data systems and practices with international best practices and standard definitions. Open Ownership can provide extensive resources here,⁴¹ but we recommend that they are also directly consulted during negotiations where possible.

5. The IMF should consider how to better incentivise data disclosure, which will also benefit its own economic surveillance.

In Nepal, interviewees commented that their government's commitment was likely seen by authorities as a broad statement of

allegiance to the principles of transparency and accountability. That is, it lacked measures that would actually result in departments publishing data.⁴² This fed into a wider theme across our research: in many places, open contracting data disclosure is a legal requirement, but there are few sanctions that are applied in practice when departments do not publish. In response to this, interviewees touched on a range of ways to positively encourage publication. These include:

- publicising departments' disclosure rates to highlight good and bad performers (*if* such competition is deemed productive);
- publicising governments' performance as a whole, possibly in the form of global indices (though caution is required here: there is a risk that indices can be *gamed* without encouraging meaningful reforms, or create unnecessary competition between countries);
- tying the ability to progress along the procurement process to publishing data from previous stages: for example, by releasing treasury funds for payments only when the details of the contract have been disclosed;
- crafting narratives about open contracting and beneficial ownership transparency that help assuage politicians' and officials' fears that data disclosures will only be used to punish them by CSOs and journalists. Leaders can use transparency to demonstrate the good work they are doing and optimise the delivery of public works, goods and services to make the most of public funds. Moreover, seeing global examples of success along with other countries' learnings will positively encourage reform (see recommendation 5 for more detail).⁴³

Not all of these suggestions will be possible when commitments are being negoti-

40 See the report on COVID-19 procurement awards here: www.pdda.mw/covid-19-reports

41 See, for example, www.openownership.org/principles/ and <https://www.openownership.org/uploads/definitions-briefing.pdf>

42 Interview with research partners in Nepal, February 2021.

43 Interviewees in South Africa, for example, requested this kind of information: they wanted to learn from other countries' experiences.

ated during an emergency. Nevertheless, helping governments develop such mechanisms should be an important element of the IMF's follow-up work. For non-emergency financing mechanisms, more time can be taken to design these incentive structures. We therefore recommend that these areas are a focus during non-emergency times, so they are in place when an urgent situation does arise. This will allow the IMF to leverage previous work that has been done in these across beneficial ownership and open contracting.

Conclusion

To some degree, most governments met their commitments to the IMF where these touched on requirements to publish information about the recipients of emergency contracts. While the actual influence of the commitments themselves was often limited, in some cases the negotiations with the IMF likely contributed to a sense of urgency in publishing COVID-19 contracting data. Both open contracting and beneficial owners are relatively new areas for the IMF, and the commitments we have examined had to be negotiated and agreed in very short timeframes. This all implies that future efforts incorporating the recommendations set out here will mark further positive steps forward.

On beneficial ownership, in four cases, the IMF was more directly impactful in encouraging improved data disclosure, though clear guidance is needed on what constitutes beneficial owners. Standardised data is also crucial. There are large risks attached to publishing open contracting data without disclosing final beneficial owners. If citizens and CSOs are able to see that certain companies are winning big government contracts, governments may end up reducing the overall size of these contracts. But this does not by itself challenge conflicts of interest. As the beneficial ownership environment is less mature globally than that of open contracting, there is arguably more of an imperative for the IMF to help shape governments' future actions, before habits become institutionalised and policy windows close.

The progress we have tracked here is to be applauded, supported, and deepened. The IMF also needs to look forward to future negotiations and reforms. To avoid the *box-ticking* exercises that some interviewees warned us against, future procurement transparency and beneficial ownership reforms need to be backed up with unambiguous language, committed follow-up and high ambition.

Methodology

Due to a short timeframe and narrow scope for this research, we adopted a globally collaborative approach to data collection:

- 1) Interviews with Open Contracting Partnership country managers.** Firstly, we asked managers what they knew about commitment implementation and identified partners in each country to help with data collection. To keep the scope narrow, we sought to reach out to one governmental team and one CSO in each country.⁴⁴
- 2) Questionnaires completed by country partners.** We then designed and shared a questionnaire with country partners, clearly laying out relevant IMF commitments, and asking what progress had been made against each. We also asked for any documentary evidence to support each claim.
- 3) Interviews with country partners.** Finally, we conducted interviews with country partners to fill out any missing pieces of information and to add narrative depth to our analysis. We also sought to test our emerging recommendations with interviewees to determine if they were suitable within the country's political environment.

Limitations, bias and incompleteness risks, and mitigation

The most significant limitation we faced concerned our small sample size. For the most part, we partnered with just one government team and one CSO team in each country. This meant that we could not reasonably expect to reach a saturation point in our data collection, wherein additional interviews offer no new information.

To an extent we were able to mitigate against the limitations of a small sample by focussing on verifiable facts and events, such as the publication of data or new legislation. However, we also relied on narrative judgements to help identify obstacles and design our recommendations, meaning that we have had to take care to contextualise interviewees' statements and consider alternative interpretations of the *fact pattern*. Where possible, we have worked to verify our findings through desk research and follow-up with research partners.

⁴⁴ Despite outreach, we were unable to carry out formal interviews with government officials in Honduras, Bolivia and Malawi. To mitigate the impact this had on our findings, we carried out extra desk research on these countries, focussing on verifiable events.

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