



The World Bank

WEST BANK AND GAZA

IMPROVING GOVERNANCE AND REDUCING CORRUPTION

Executive Summary

Overview

In the past decade, the Palestinian Authority (PA) has worked to strengthen economic governance¹ and combat corruption, both essential to sustained economic growth and improved delivery of public services. This report finds the PA has made significant progress in its public institutions, establishing a strong governance environment in many critical areas. But it also identifies areas where reforms are underway but incomplete or, in some areas, not yet under consideration.

Major reforms have been put in place to strengthen the PA's public financial management (PFM) systems and better manage its equity holdings, two crucial components in the public finance sector. In other important areas, such as public procurement, public sector employment, regulation of the private sector, and the work of anti-corruption institutions, reforms are underway but have not been fully implemented.

While the PA is to be credited for the advances it has made to strengthen governance since its inception in 1994, reforms are needed in a number of important areas, namely management of state land assets, transparency in licensing and business rights, and public access to government information. The PA should jump-start reform efforts in these areas, while solidifying recent achievements and continuing to make progress on reform efforts currently underway.

Consistent with the improvements in Palestinian government institutions are the report's survey results, showing that public sector corruption is not viewed as among the most serious problems facing Palestinians. Moreover, while previous surveys have documented perceptions of corruption in the West Bank and Gaza (WB&G), this study compares perceptions with actual experience. The results show that very few Palestinians experienced corruption when accessing public services. However, perceptions of corruption with respect to these same services are relatively high.

Methodology of the report

This analysis relies on an understanding of the relationship between good economic governance, public service delivery, and corruption. Studies show a direct correlation between weak governance systems and the quality of public service delivery. Weak governance systems, in turn, provide an opportunity for corruption.

The report does not attempt to investigate specific corruption activities or quantify the economic costs of corruption in WB&G. Its purpose is to provide a comprehensive look at the current state of economic governance in the PA. It is the first report to comprehensively assess governance reforms, ascertain citizens' and officials' actual experiences with corruption in the delivery of public services, identify institutional strengths, and highlight systematic governance weaknesses which could lead to corruption.

Despite the high-profile this issue commands very little analytical work has been done to date. This report fills that gap. Through surveys, case studies, and assessments of legal and institutional frameworks, the report uses both quantitative and qualitative methods. The work includes:

- Two surveys conducted in early 2010; one surveyed Palestinian households and the other Palestinian public officials. The household survey measured the difference between perception and experience, and helped understand weaknesses in the delivery of public services. The public officials' survey was conducted to understand institution-specific manifestations of corruption. While the household survey was conducted in WB&G, the public officials' survey covered only the West Bank as it was not possible to carry out the work in Gaza. The surveys were conducted by AMAN Coalition (the Palestinian chapter of Transparency International) and the Palestinian Central Bureau of Statistics.
- Findings from the World Bank's 2007 Investment Climate Assessment (ICA). This information was used to better understand private sector views on corruption.
- A look at the evolution of governance systems in key areas since the inception of the PA. These areas include public sector services (judicial, health, education), public/private sector relationship, and public sector management (financial management, employment and personnel

management, procurement).

- Five case studies to further illustrate governance challenges in certain sectors. These cases were not chosen at random, but were selected based on discussions with a number of knowledgeable Palestinian business, civic and political leaders, and because they represent sectors where many developing countries experience difficulty. We looked at telecommunications, management of import quotas, management of equity holdings, governance of the Petroleum Commission and management of state land.
- An assessment of the legal and institutional framework to combat corruption in the WB&G. This assessment was conducted through surveys and primary research. We examined the strengths and weaknesses of the current legal framework, the institutions responsible for anti-corruption-related activity, and identified outstanding challenges and gaps. The assessment of the legal framework was based on a review of the existing laws and regulations in WB&G pertaining to corruption. The institutional assessment was based on in-depth interviews with all relevant institutions, as well as the household and public officials' experiences with these institutions as documented in the surveys.

Key Findings

Like many young governments in developing countries, the PA has experienced varying degrees of success in establishing good governance frameworks. During much of the first decade of the PA, government systems were fragmented, informal and gave considerable discretion to the office of the president and political leaders. While discretionary control of public funds provided flexibility to the PA leadership, it resulted in wasteful expenditure and leakages of public funds. This led to a great deal of public dissatisfaction with the PA, raising questions about the government's ability to deliver basic services. The PA has undertaken substantial reform efforts to redress these weaknesses.

Where reforms work

The analysis finds that over the past decade, in most Palestinian public institutions, reform efforts have improved economic governance. The most successful reform efforts have come in three areas: management of public finances, government equity holdings, and reform of the petroleum commission.

Public Financial Management

The quality of public financial management is one of the most important components of any good governance assessment. The PA took a major step forward in this area when it consolidated government revenues in the treasury, leading to a number of improvements in expenditure control. This recently was supplemented by developments in the accounting systems that facilitate more robust and timely reporting of government finances.

Reforms in PFM have been somewhat protracted due to two factors; first, the difficulty new governments often have when developing new institutions and, second, various political situations. During the second intifada, which began in 2000, the deteriorating economic situation further weakened governance arrangements. This sparked a round of improvements from 2002 through 2006. Many of these reforms were undone after the election of Hamas in 2006, when donors decided not to channel funds through the budget system. Instead, parallel financing systems were established. This undermined a major achievement of earlier reform efforts; consolidation and management of financial inflows in a transparent manner.

Following the formation of a caretaker government in July 2007, financial inflows were reconsolidated and some of the earlier initiatives completed and extended. Separate control of Gaza raised new challenges, given that some units of the Ministry of Finance were located in Gaza. The PA addressed this issue by establishing new units in Ramallah. As a result of these reforms, considerable progress has been made addressing the core public financial management issues – especially expenditure control, accounting and reporting. The preparation and audit of the 2008 financial accounts was a major milestone in this respect. While lack of a functioning Legislative Council to provide financial oversight is a major limitation, this is a broader political issue. Further reforms are planned to improve the current governance arrangements. These include steps to increase the transparency of the budget, and build on the experience with the audit of the 2008 accounts to further strengthen the accounting and auditing functions.

Management of equity holdings

Equally notable is the PA's work to improve management of its equity holdings at home and abroad. During the late 1990s and early 2000s, the fund managing these holdings lacked transparency and accountability in both management and financial practice, leading to serious governance weaknesses. Managed by the economic adviser to President Arafat and valued at \$345 million, the fund was not audited, its legal standing was unclear, and its finances unavailable even to Palestinian Legislative Council (PLC) members. In addition, its considerable profits were channeled outside the PA budget.

In 2002, a major push was made to reform this system by establishing the Palestinian Investment Fund (PIF). One of the case studies conducted during the course of our research showed that reforms made in the creation and development of the PIF went a long way toward improving accountability and transparency.

The PIF is now financially and administratively independent, with guidelines for regular disclosure of PIF activity and audited financial statements. It is governed by a 7-member board of directors from the private sector and a 30-member General Assembly from the private sector and civil society. Both are appointed by the President for three-year terms. Internal financial reports and investment details are now published on the PIF website.

The case study specifically credits reforms such as independent external and internal auditing, more stringent financial disclosure and conflict of interest rules for board members. However, there is no direct accountability to the PA or the PLC. This is an area that should be revised and formalized in legislation. Consideration should also be given to the role of the PIF as a development agency, as in a small economy the operations of this public fund could quickly dominate and crowd out the development of the private sector.

Petroleum Commission

The Palestinian petroleum commission, established in 1994 as the monopoly supplier of petroleum products in WB&G, was granted exclusive rights to channel and sell petroleum products in the WB&G, and also was mandated to regulate the sector.

Reform of the petroleum commission has been a largely positive development, initially controlling the commission's cash flows and, more recently, improving broader financial management arrangements.

Change, however, was slow in coming, according to the case study conducted in our report. While the Paris Protocol provided the framework for the supply of petroleum to WB&G and set consumer pricing within the region, it did not provide any reference for governing this challenging sector. In 1997, three years after the commission was established, the PLC tried to regulate operations in the sector through new legislation, but the bill was never signed into law. Consequently, the commission operated without a legal or regulatory framework, and was not subject to oversight by external audit or

the PLC. This led to financial mismanagement, serious complaints from customers, and exploitive practices in the sector.

The PA launched a series of reforms to address the commission's poor governance performance. In 2003 the PA put the commission and its accounts under the supervision of the Ministry of Finance, changed management, and conducted a full audit of all transactions.

While these steps eliminated monopolistic pricing regimes, increased sales, and dramatically reduced the PA's commercial engagement in final distribution, i.e. fuel stations, they did not bring order to the commission's financial systems. No audits were conducted between 2004 and 2008, and a 2008 audit revealed a number of significant weaknesses.

Since then, the commission has implemented another round of reforms to address outstanding financial issues, and progress has been made. In 2009, the PA undertook a number of measures, such as establishing a new commercial accounting section in the MoF system and conducting regular bank reconciliations. Control of the commission's bank accounts was transferred to the MoF treasury. Reform measures need to continue along this path. In particular, the PA needs to provide specific reports on the financial performance of the commission, establish a more transparent procurement process for purchases of fuel, and a clear governance framework.

Where reforms are underway

Reforms are underway in other areas necessary for an overall good governance framework. The PA has made progress with initiatives in public procurement, public employment, regulation of the private sector, and establishing an institutional and legal framework for anti-corruption activities.

Public procurement

Public procurement is the area of government activity most vulnerable to abuse, involving large, discrete transactions that can be skewed toward a particular supplier. Government procurement processes must be robust, demanding transparency and fair competition.

Our assessment found PA procurement procedures to be reasonably well organized, a conclusion supported by results from the public officials' survey and the 2007 ICA which surveyed private sector businesses. More than 87 percent of those surveyed believed procurement procedures were transparent in their institution. Likewise, more than 95 percent disagreed when asked if bribes influenced contracting procedures, while 75 percent disagreed when asked if personal or family connections played a role. One factor contributing to this finding was that until 2008 almost all development expenditures in the PA were financed by donors, which brought some order to the procurement process from donors who had their own procurement procedures, guidelines and mechanisms.

However, a number of weaknesses with the procurement function have been documented in earlier assessments. In particular, there is no routine reporting of procurement activities and no external body with specific responsibility to investigate complaints by bidders on the procurement process.

The PA concurs with these assessments and is in the process of developing a national procurement policy and enacting a robust procurement law. The importance of implementing these reforms cannot be overstated.

Public Employment

Effective government requires a sound public sector employment strategy, which guides the size and skill-mix of the workforce. Unfortunately, public sector employment can also be used as a political tool by governments, as a source of patronage to garner support. In WB&G, public employment was historically used as a tool to address political and social objectives. While a nascent PA required sizeable recruitment in the initial years, political and economic pressures also led to unsustainable public sector hiring and a steeply rising wage bill.

The main governance concern with the growth in employment has been that hiring and promotion were used to provide benefits to individuals with personal connections to public officials or those linked to political parties. This was apparent in the early period of the PA where employment was used to reward those with links to the PLO, but is also viewed as a key factor in the large growth of employment in 2005 prior to the elections, and in the growth under the subsequent government in 2006 and 2007.

Since 2003, the PA has initiated a number of reforms to improve the legislative framework and administrative procedures through which the civil service is managed, and these have slowly taken effect. The most significant development in the way staff are recruited and managed was the adoption of Civil Service Law No. 4 in July 2005. The new law made the process more routine and transparent, and also introduced a system of multiple approvals to stem unauthorized appointments. Controls were also introduced to provide assurance on the veracity of the payroll. In particular, cash based payments to security personnel were eliminated. However, the security payroll remained outside the control of the MoF, and it was only in 2008 that separate databases for the civil and security sector payroll were consolidated.

The results of the public officials' survey support the view that the PA reforms have improved governance in the area of public employment. The household survey revealed that public employment is still perceived to be the most problematic area of all public services – particularly with respect to the use of personal or family connections (wasta). However, the actual experience reflected a much lower incidence of problems.

While the reforms generally decreased the scope for discretionary hiring, more remains to be done. The PA is developing a new Civil Service Law and this should further increase the controls on hiring and promotion – and clarify the role of Ministers in senior civil service appointments. Additionally, the PA should embed in the security sector the same improved recruitment and promotion procedures adopted in the general civil service. A recent development is the introduction of security checks for all recruitment, which creates new opportunities to influence hiring. The PA should review this practice and, if it is to continue, develop procedures to improve the transparency of the process.

Public-Private Sector Interface

Perception of corruption as a constraint to doing business has been on a downward trend since the 1990s. The PA and private sector associations backing anti-corruption reforms should be given due credit, particularly in light of the fact that many more experienced governments struggle to develop effective governance arrangements for regulating the activities of the private sector.

The study finds that the vast majority of firms in WB&G do not make extra-legal payments to public officials for routine business services, and that WB&G ranks very well when compared to other countries in the region on indicators of petty corruption in the business environment.

It also finds that the PA has made improvements in sectors of the economy that have monopolistic features. A case study of the telecommunications sector (see inset) presents the positive steps the PA has made to improve regulation of the sector but also illustrates the need for the PA to complete building independent, transparent, and effective regulatory frameworks.

Considering the regulation of business more generally, the PA should complete work on the draft competition law prepared a few years ago. Developing this law and establishing a competition authority would promote a level playing field for private sector players.

Telecommunications Sector

The telecommunications sector – with its rapidly changing technology, monopolistic features, and large start-up costs – has presented challenges for the PA. It is a difficult sector to manage and an area where governments around the world struggle to find the appropriate regulatory balance. These challenges are further exacerbated by a risky and uncertain political environment that discourages investors in WB&G. In view of these risks, in 1996 the PA provided the first operator with a statutory monopoly. While the monopoly on mobile communications ended in 2001, in practice it continued until 2009 (excluding unauthorized Israeli operators.) The dominance of one operator in the market and the absence of a strong regulator created the potential for “state capture” and a risk that a level playing field for other private sector players would not be achieved. In recent years the government has opened up the market by awarding more licenses and undertaking new initiatives to attract telecommunications providers. Recent entrants into the telecommunications and IT markets helped reduce the dominance of the incumbent provider. To strengthen the regulatory regime, a new telecommunications law was passed in 2009 to create an independent regulatory body. However, the law has not been put into effect. Our report suggests that while progress is being made, governance of this sector could be markedly improved by establishing the independent regulator set out in the telecommunications law. The sector still suffers from weak regulation, in part due to insufficient technical capacity and lack of consistent and transparent licensing rules.

Anti-corruption initiatives – legal and institutional framework

Strong legal and institutional frameworks are the cornerstones for successful anti-corruption efforts. When the PA was established, it inherited a complex, divergent legal system resulting from a century of occupation by various political powers.

The PA has worked to harmonize existing laws, and has set forth a number of new initiatives to strengthen the legal framework for fighting corruption. These include the 2005 Illicit Gains Law, and the 2007 Anti-Money Laundering Law. On the institutional side, the Attorney General's office centralized anti-corruption and economic crime efforts, and the PLC established a complaints bureau to handle complaints from the public on a range of matters including corruption.

Despite these efforts, the legal and institutional arrangements remained fragmented. Moreover, the surveys found that neither Palestinian public officials nor households had faith in the willingness of the government to prosecute corruption cases or enforce rulings. This has made Palestinians reluctant to report corrupt activities.

In view of this history, the 2010 anti-corruption law establishing the Anti-Corruption Commission (ACC) and the Corruption Crimes Court is a major milestone. It broadens the range of offenses defined as corruption and makes the ACC clearly responsible for public information on corruption, and for investigating and prosecuting corrupt activities. The ACC has started functioning and has developed internal regulations, established a dedicated court for corruption cases, and initiated investigations of a number of complaints - some of which have been sent to court.

While this is a significant development, the PA needs to ensure that the commission is able to meet its mandate. Agencies that multi-function as police, regulators, educators and policy advisors are often ineffective, according to several studies designed to measure the efficiency of anti-corruption efforts. Careful consideration needs to be given to the short-term priorities of the ACC. As it stands, its mandate is very broad and the ACC risks trying to do too much too soon. The PA also must establish mechanisms to monitor the extent to which its institutions are effective and fulfill their anti-corruption responsibilities. This is particularly important given that the survey findings reflect limited confidence in the PA's enforcement activity.

Finally, while these initiatives represent important steps, more needs to be done to strengthen both the legal and institutional frameworks. Asset disclosure provisions in the anti-corruption law, which the ACC is mandated to implement, can be improved by requiring more frequent disclosure, verification, and specific sanctions for non-compliance. Establishing effective relationships between the ACC and bodies such as the government auditor and the Attorney General's office also remains a priority.

Where reform is needed

The study identifies some important areas of economic governance where reform has either stalled or not yet been considered, and where the PA needs to increase activity. Three key areas in this respect are land management, transparency in licensing and other services managed by the PA, and access to public information as an element of the anti-corruption legal framework.

Land management

While governance of public financial assets such as equity holdings have improved greatly, as noted earlier, governance arrangements for physical assets such as land remain weak.

Land is particularly important in this region, given its scarcity due to land confiscations, restrictions on movement and access, and limits on its use in area C. Despite its importance, land management has historically suffered from a wide variety of weaknesses. State land was disposed in a non-transparent manner, with little regard for strategic considerations, and no clear criteria for decision-making or monitoring of land use. In both West Bank and Gaza there were a number of problematic practices, including discretionary allocation of land to influential PLO/ PA officials, unauthorized swaps between state and private land, and illegal encroachment and utilization of state land for construction or agriculture.

For a number of years, the PA has worked on a land administration reform agenda to strengthen the legal, regulatory and institutional frameworks governing state land. But the case study reveals minimal progress and a number of remaining problems in this area, including:

- Absence of a clear policy framework for land management and allocation;
- Absence of a comprehensive land registry;
- Limited institutional capacity;
- Limited accountability for managing state land;
- Limited access to information on state land management and allocation; and
- Lack of a systematic approach to restitution of state land

The PA's major work on land management, the 2008 National Land Policy Framework, provides a sound basis for reform. While some initiatives to improve land management were undertaken, these need to be institutionalized. Considerable policy work has been completed in this area, but it has yet to be confirmed and implemented.

Management of Import Quotas

The 1994 customs union agreement with the GoI gave the PA the right to manage import quotas on a small quantity of products. The PA manages these quotas by allocating import licenses to insure they do not exceed the Israeli-mandated maximum. Although the value of these quotas is small in relation to the overall economy, the administration of the program needs to be more transparent. Under the current process, businesses submit applications to the Ministry of National Economy (MoNE). The chief concern surrounding the process is a lack of transparency: the criteria for deciding allocations are unclear, and there is no systematic disclosure of decisions. It is difficult for businesses to get information as to why they were rejected, and no formal appeals process exists. There are several features that constitute good practice for allocating licenses and other rights. These involve the ready provision of information on the process, policies and procedures for assessment by the regulator, and documentation of decisions with a clear appeals process. The private sector in WB&G would benefit from such clarity and documentation not only within PA entities, but also Israeli bodies that have jurisdiction over administrative procedures affecting Palestinian business activity.

Transparency in Licensing and Other Services

There are a number of areas where the PA is responsible for managing and allocating rights which have value to private sector companies. These encompass services across many sectors of the economy, and include provisions such as incentives/tax breaks, allocation of import quotas, and awarding of operational licenses for fuel stations. Absence of transparency over procedures and outcomes for some services managed by the PA creates the potential for preferential treatment based on extra-legal means. The report examined several areas of activity, including the management of import quotas (see inset), to illustrate the nature of the challenges and the reforms the PA should make.

Access to Information

Giving citizens and public officials access to information is one of the most powerful and efficient tools for fighting corruption. Information on how government decisions are made and who makes them is vital to promoting accountability.

It is extremely difficult, if not impossible, for Palestinians to access government information that should be readily available to citizens. There is currently no law in the WB&G that mandates public access to official information. This is a serious weakness. "Sunshine" laws bring government activity "into the light;" they discourage corruption and encourage participation by citizens and community groups. Sunshine laws can also instill confidence in government, proving that the government is indeed working for its constituents. In cases where the release of information can harm security or the national interest, clear exceptions can be made.

Many countries have introduced laws to provide citizens with access to public information. In general, these laws meet two objectives: first, they require information held by public bodies to be accessible to the public, subject to clear, comprehensive, harm-based exceptions and second, they set out clear procedures to manage requests for information by citizens, providing the right to a judicial review when the government refuses to release the information.

In WB&G, the concept of releasing government information is not well understood. While the enactment of a Freedom of Information law remains a long term goal, in the short term there needs to be an effort to build familiarity with the concept - both within the PA and society generally. This is an initiative where the PA and civil society could usefully cooperate.

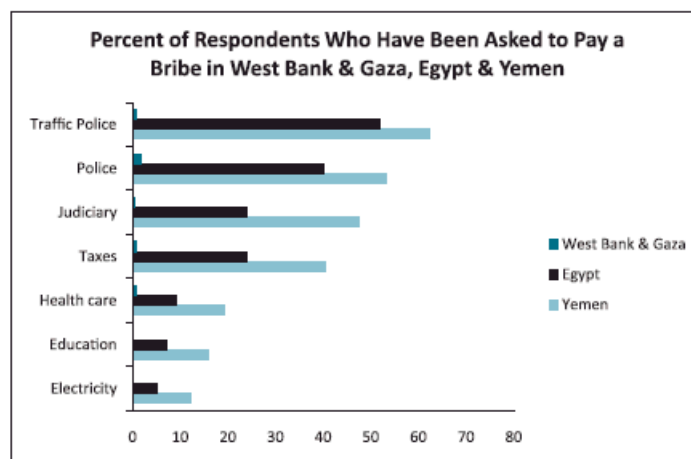
Palestinian views on governance/corruption

A number of interesting findings come from the survey work conducted in the course of this report. Consistent with the World Bank's assessment of PA reforms and improvements, the surveys found that for most public services relatively few Palestinians have actually experienced corruption, and it is not considered one of the most serious problems they face.

In the surveys, which looked for indications of corruption in 23 public services, use of *wasta* stood out as the most common form of perceived corruption. *Wasta* is thought to be particularly problematic when accessing public employment, health services abroad and social services. However, actual experience with *wasta* was relatively low. For example, while 80 percent of those surveyed believed people receive preferential treatment in public employment based on their status or connections, only 15 percent said they actually used their personal connections. When accessing health referrals abroad, 23 percent reported using *wasta*.

Compared to *wasta*, very few respondents perceived bribery as a problem in the public service sector. Even fewer actually experienced bribery. Apart from customs, where the bribery incidence was 5 percent, for all other services less than 2 percent actually used a bribe to access centrally provided public services. As is shown in Figure 1 the experience of bribery for various public services is much lower than in comparable countries, such as Egypt or Yemen.

Figure 1: Regional Comparison: experience of bribes for services



According to the survey, Palestinian public officials also believed that all manifestations of corruption in the public sector have decreased over the past four years. Of the five categories of corruption presented to the respondents, large scale corruption is perceived to be the least prevalent while, again, the use of personal and family connections was thought to be the most prevalent. Interestingly, those surveyed also believed the use of personal or family connections had declined more significantly than any other category of corruption.

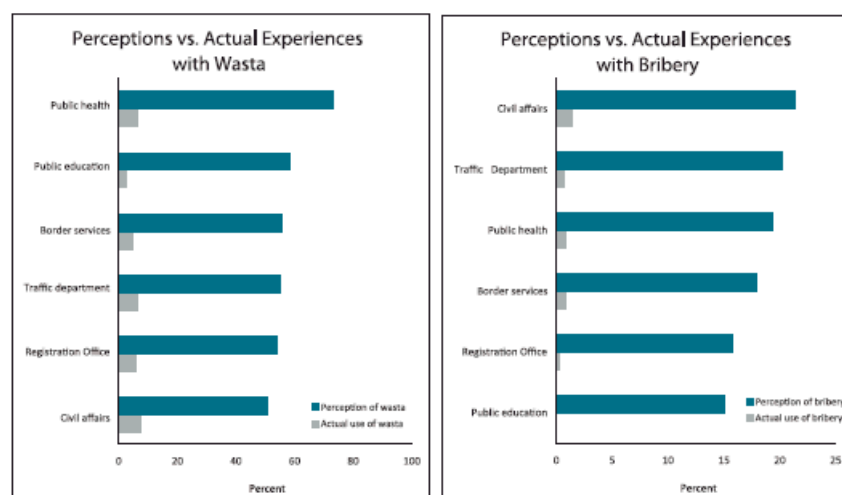
The report also considered the views of the Palestinian private sector. Perception of corruption as a constraint to doing business has been on a downward trend. This can be attributed in part to a number of important reforms the PA made to improve the way in which public-private sector relations are governed. Both the PA and private sector associations backing anti-corruption reforms should be given due credit, particularly in light of the fact that many governments far more sophisticated than theirs struggle to develop effective governance arrangements between the public and private sector.

The vast majority of firms in WB&G do not make extra-legal payments to public officials for routine business services. Out of 401 firms interviewed in the World Bank's 2007 Investment Climate Survey (ICS), 87 percent indicated that no gifts or payments were made to public officials to "get things done" in regard to customs, taxes, licenses, regulations and services. In fact, WB&G ranks top among countries in the region. Only 2 percent of businesses in the WB&G indicated that bribes were expected in the course of tax inspections, compared to 67 percent in Yemen, 61 percent in Syria and 19 percent in Lebanon.

Where perception is greater than reality

The surveys found a large discrepancy between perceptions and actual experiences. Survey respondents were asked identical questions on perceptions of the need for bribery as well as *wasta*, and their actual experiences with each for major public services. The survey shows that the perception of corruption (sometimes or most of the time) was much higher than actual experience for the vast majority of public services (see Figure 2).

Figure 2: Perceptions versus actual experience of bribery and *wasta* in services



Note: The figure shows the findings for the six services that were most frequently accessed by those surveyed.

First, there may be a "lag effect," where perceptions of corruption are based on past practices and do not fully reflect reforms and changes in the system. The delayed impact of reforms is a finding of corruption studies in other regions. Second, there may also be socio-economic conditions at play. Citizens depend on public sector resources, whether employment or public services. If they don't have jobs or receive inadequate public services, they might well believe the government is corrupt and they don't have the right family/political connections. In reality, high demand and lack of resources could be preventing their employment and/or access to public services. Hence, poor economic conditions could adversely influence perceptions concerning the prevalence of corruption in government.

Finally, there could be a more general dissatisfaction with government performance and its willingness to punish official corruption. Perceptions of

corruption can be high when citizens have little faith in the integrity of institutions responsible for fighting corruption and protecting those who report it. In WB&G, the majority of corruption cases involving senior-level public officials were never prosecuted. According to our survey data, Palestinians overwhelmingly believed that public and political figures have implicit immunity and can engage in acts of corruption without repercussions.

Generally, the survey data points to a range of ways in which service delivery might be improved. It also highlights high levels of perceived corruption, which should be of concern to the PA.

Three key messages can be taken from the study. First, the PA has made significant strides to improve economic governance over the past decade. Second, reform efforts have achieved varying degrees of success and the PA needs to prioritize and address the ongoing challenges. Finally, the PA should take a more proactive approach to investigating and prosecuting corruption, as well as communicating its anti-corruption activities to build public confidence in government accountability.

¹ The term “governance” is used in a number of different ways which are beyond the scope of this report. We have used the term “economic governance” to refer more specifically to the management of public finances, functioning of core public institutions, and regulation of economic activities. For the remainder of the report the term governance is used to refer to “economic governance.”

[Complete document in PDF format](#) (Requires [Acrobat Reader](#))