I. ABSTRACT

The BBL presented key findings of MENA regional flagship report. The BBL focused on understanding the importance of citizens’ trust in improving service delivery and dynamics of their mutual impact on each other, and suggested how learning from sub-regional variation can improve our ability to tackle service delivery, performance and accountability issues. Roby Senderowitsch, Program Manager of Global Partnership for Social Accountability, welcomed and introduced participants. He stressed the importance of the topic for the BBL; he emphasized that trust is a crucial element of development policy and lack of trust can increase transaction costs reducing overall productivity. Mario Marcel, Senior Director of Governance Global Practice at the World Bank provided opening remarks and reiterated the significance of citizens’ trust on government for development and public policy. He congratulated multiple sponsors of the event -- GPSA, Governance Global Practice, Education Global Practice and Health, Nutrition and Population Global Practice – in demonstrating dialogue across practices.
II. KEY TAKE-AWAY MESSAGES

• It is essential to recognize the importance of trust in development and public policy. First, the success of almost all development policies depends on behavior change and how citizens react to these polices, which in turn mirror their trust in the government. Second, lack of trust has significant negative implications in the form of huge transaction costs.
• Lack of trust in the government can put a country in the ‘cycle of poor performance;’ Citizens who perceive government’s performance as poor tend to trust government less. When citizens don’t trust the government, they tend not to engage with the government or complain of poor performance. In the absence of complaints from the citizens, government has no incentive to reform its institutions for better performance.
• Analysis of causes and forms of variations in sub-national performance can provide valuable lessons for designing development interventions. Comparative case studies are perhaps the best method for this purpose.

The BBL presentation and discussion afterwards focused on various topics including: the importance of the concept of trust in development policy; the importance of analyzing subnational variance in designing interventions; dynamics of relationship between trust and service provision and how they have created a ‘cycle of poor performance in MENA;’ and implications of these issues on operationalizing concept of trust and voice for equitable and effective service delivery.

III. Trust – An essential ingredients for development policy

In the last few years citizens’ trust has become important topic for governance and public policy. The importance of trust is recognized when we observe that the success of almost all development policies depends on behavior change, and how citizens react to these polices. Citizens’ reactions in turn mirror their trust in the government.

Another way of looking at the importance of trust is to look at the costs of mistrust. Transaction costs are much higher for doing any business or transaction when there is lack of trust.

Despite recognizing the importance of trust there is limited understanding of it; assessing the level of trust on institutions at a certain time, how it changes over time and especially how it relates to service delivery are areas that require further thought and operationalization into policies and interventions. While policies and interventions that seek to build trust are time consuming they are essential and can be made more functional when instrumentalized through service delivery. Addressing this issue in fragile and conflict-affected environments is particularly challenging. However, in these environments costs of ignoring issues of trust can be extremely high, while potential advantages are high as well.

Subnational Variance – Lessons to be learnt
While there has been improvement in some human rights indicators such as infant mortality and female primary school completion, huge gaps still remain in quality of essential services such as education and health. There is
lack of inputs (such as medicines in hospitals and text books in schools) as well as of accountability (such as teacher absenteeism, inability of doctors to follow care protocols).

Despite these poor numbers, the presentation pointed out that there is sub-national variation on performance indicators across region. Doctor’s absenteeism varies enormously within Morocco and health facility absenteeism varies within Yemen. Michael Woolcock stressed that we need to analyze this variation across performance to understand the dynamics of service delivery better. By learning sources and forms of variability we can learn what works better in what context.

However, Woolcock also warned against using these cases of success as best practices. He cautioned that contexts vary enormously and “In the presence of so much variation it is unlikely that there is one single principle that is applicable to all situations.” More than anything these variations should provide the source of inspiration. Woolcock likened learning from variation to the case of medicine; there is no single best practice and every patient is treated according to her own symptoms, while at the same time cases can be instructive about general conditions and how to treat other patients.

There is methodological complication in analyzing sub-regional data. Most datasets are nationally representative and not designed to analyze within country variation. Moreover, we can keep pushing the unit of analysis downward (from region to country to provinces/states to districts to cities to facilities). Woolcock suggested that in this scenario, perhaps, the best method is the case studies. The MENA flagship also carried out four case studies in spirit of crystalizing lessons for understanding issues of service delivery.

III. Cycle of performance – Trust and service delivery

Ellen Lust agreed that there is a lot of subnational variation in MENA. However, she argued that there is also a commonality across countries in MENA region-- the absence of voice in social contracts. The phenomenon of feedback from the citizens on state’s performance and state’s engagement with the citizens has been absent from state-society relationship. This lack of state-society interaction has affected the configuration of political institutions as well as administrative structure. Institutions are weak and captured, and performance is lacking. This is the case despite the relative abundance of resources in MENA.

In unpacking this puzzle, we uncover the importance of citizens' trust. MENA has been caught in the cycle of poor performance because of lack of trust. Briefly stated the cycle works as follows: Poor performance has reduced the level of trust people have in their government, which has further discouraged them from engaging with the government, thereby reinforcing the ineffective administrative structure.

Professor Lust highlighted findings from a number of survey studies from MENA countries that showed that citizens’ perception of government performance affected their level of trust in the government. For example, individuals who report being satisfied with the quality of education and health services tend to have more trust in the government. Similarly, individuals who think that government processes are fair and just also tend to be more trustful of the government. In MENA countries, however, citizens tend to perceive government performance as poor, which breeds low level of trust in the government. This low level of trust defines the way citizens engage with the state. When citizens do not trust the government to provide services they instead go
through intermediaries to access state services (for example through bribes). While going through intermediaries is a dominant strategy for citizens (as intermediation makes it more likely that they would access state services), it reinforces the ineffective administrative structure. When citizens do not complain against poor performance of the government, government institutions do not have an incentive to reform. In fact, intermediaries or ‘patrons’ have an incentive to reinforce the system as it gives them power. These dynamics, according to Professor Lust, have kept MENA in a low level equilibrium.

In order to improve accountability, overall performance of administrative institutions and consequently service delivery it is critical to break this cycle. Professor Lust was hopeful that after Arab Spring transitions are taking place in MENA and experiences of these movements are reshaping the relationship between citizens and state at least in the short run. The challenge is to harvest these dynamics that can help these countries to break this cycle.

During the discussion, participants also indicated another factor that can influence behavior of public officials and in turn performance of government institutions i.e. social norms. Social obligations, professional standards, and social norms sometimes can also sometimes impact behavior of public officials in addition to incentives created by institutional structure.

**IV. IMPLICATIONS FOR BANK ENGAGEMENT – OPERATIONALING THE CONCEPT OF VOICE AND TRUST**

Key implication of these observations for Bank (and other international development organizations) engagement in MENA to improve service delivery is that the development practitioners need to work seriously in operationalizing the concepts of voice and trust. These efforts to improve trust can be made at two levels. First, is to try to build a stronger social contract between public servants, citizens and providers. This can be done by strengthening performance management systems and supporting key accountability institutions such as courts and ombudsman. Sub-regional variation can be key to providing insights in this process. Second, we can empower communities and local leaders to find best-fit solutions, where reforms should aim at inspiring trust and empowering citizens to act. While these are long-term solutions and will take patience and time to take root, in the meantime we should also try to capture quick wins by making small improvements observable to citizens to win their trust (e.g. by holding public awareness campaigns on citizen rights and service delivery standards and expand opportunities for citizen engagement).