

**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

Cancels & replaces the same document of 11 April 2013

**TRUST IN GOVERNMENT
ASSESSING THE EVIDENCE, UNDERSTANDING THE POLICIES**

47th Session of the Public Governance Committee

25-26 April 2013
OECD Conference Centre
Paris, France

This paper informs the Public Governance Committee Symposium discussion: "Trust in Government for Better Policy Outcomes". It is complemented by an annex which presents exploratory results and methodological considerations for measuring trust in government [GOV/PGC(2013)1/ANN1].

This paper is also complemented by a background paper on "Investing in Trust: Leveraging Institutions for Policy Making" [GOV/PGC(2013)2].

Delegates are invited to:

- *COMMENT on the analysis, the measurement challenges and the role of public governance levers;*
- *SHARE experiences, in particular on policy challenges and lessons learned for restoring trust;*
- *PROVIDE guidance and directions for taking this agenda forward as indicated in the conclusion*

Stéphane Jacobzone, tel. +33-1 45 24 85 56, email: stephane.jacobzone@oecd.org

JT03338203

Complete document available on OLIS in its original format

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

TRUST IN GOVERNMENT ASSESSING THE EVIDENCE, UNDERSTANDING THE POLICIES

1. Effective governance is a key to restoring trust in institutions and fostering the confidence needed for a robust economic recovery. Good governance is needed to articulate and implement bold responses to the challenges posed by weak economic growth, labour market problems, inequality and lack of opportunities for young people. This paper provides a first comprehensive analysis of the issue of trust, its challenge for governments and its relations to public governance policy levers. It looks at how trust can be defined, at what measures are currently available and how that measurement can be improved, and provides a summary of policy levers to strengthen trust in institutions.

2. The analysis is a preliminary exploration of a subject that has recently become a crucial issue for many governments. It confirms some of the assumptions about the decline in trust between citizens and key public and private institutions in a majority of countries, and particularly in those that were most adversely affected since the onset of the crisis. The paper shows, on the one hand, that it is essential to be able to measure trust, and presents some of the available evidence. It highlights that the techniques available today are not always satisfactory to inform evidence based policy making. The paper explores the many drivers of trust, and identifies a number of ways that public governance can be improved in order to ensure a reliable fair, open, inclusive and responsive public sector. At the same time, it also highlights many gaps in the understanding of public trust that will need to be addressed if policymakers are to respond effectively to the expectations of citizens and other stakeholders.

3. The paper analyses trust and its policy implications for governments in the current context, highlighting key policy dimensions for action by governments seeking to investing in trust: *reliability*, as the ability of governments to minimise uncertainty in the economic, social and political environment of their citizens, and act in a consistent and predictable manner; *responsiveness*, or the provision of accessible, efficient and citizen-oriented public services that effectively address the needs and expectations of tax payers; *openness and inclusiveness*, as a systemic, comprehensive approach to institutionalizing a two way communication with stakeholders, whereby relevant, usable information is provided, and interaction is fostered as a means to improve transparency, accountability and engagement; and *integrity*, as the alignment of government and public institutions with broader principles and standards of conduct that contribute to safeguarding the public interest while mitigating the risk of corruption.

4. This paper will serve to inform discussions at the PGC Symposium. Subsequently, **discussions during the upcoming OECD Week, where trust will be prominently debated at the MCM and OECD Forum, will also help to frame future work in this area. The analysis of trust is a core aspect of the OECD New Approaches to Economic Challenges (NAEC)** [See [C\(2013\)45](#)], and governance challenges are receiving a high priority in the **Secretary General's Strategic Orientations for 2013** and beyond ([C\(2013\)32/REV1](#)). A forward looking agenda on trust in government would aim to identify the main measures to restore trust in government and confidence in public institutions and explore how OECD can help governments to implement reforms to restore trust and increase transparency.

5. In the conclusion, the paper highlights a few key areas for the way forward, with a few areas for action:

- **Building the evidence base** – assessing the robustness of existing methodologies to measure trust in government and key institutions, and develop new metrics that are more policy focused,
- **Strengthening capacity for strategic foresight, helping to manage complex challenges in a context of uncertainty and risk**
- **Open government – inclusive and responsive policy making**
- **Strengthening integrity and ensuring fairness in policy making.**

6. An agenda on trust has to acknowledge the full institutional, political and social dimension, and to address policy and decision making processes for inclusive policy making. This would include analysing the role of non-government actors (business, civil society, political parties, etc.) and the influence that they exert on policy and on political actors. This would offer a better understanding of the broader context under which policy decisions can be exposed to undue influence of money and vested interests. These aspects are explored in further detail in a complementary background paper [[GOV/PGC\(2013\)2](#)]. This additional paper helps to systematise knowledge in areas that have been already explored by the OECD, such as lobbying, conflict of interest and consultation and offers an opportunity to close the remaining gaps in others, such as political financing, parliamentary work and social media.

7. Delegates are invited to

- COMMENT on the analysis, the measurement challenges and the role of public governance levers
- SHARE experiences, in particular on policy challenges and lessons learned for restoring trust;
- PROVIDE guidance and directions for taking this agenda forward as indicated in the conclusion

TABLE OF CONTENTS

INTRODUCTION	6
WHY DOES TRUST IN INSTITUTIONS MATTER? WHY TODAY?	8
Trust: a core political and institutional element	8
Trust is key for economic and social outcomes in today's context.....	8
Trust takes time to be established but can be lost quickly, particularly after a crisis.....	9
MEASURING TRUST IN GOVERNMENT: THE NEED FOR AN EVIDENCE BASE	10
Preliminary exploratory results	10
Overall Trends in trust in government	10
Trust in public services	12
Correlations with other economic or institutional variables	13
The need for further analysis	13
BUILDING THE FOUNDATIONS OF TRUST: WHAT ARE THE PUBLIC GOVERNANCE LEVERS?.....	15
Building a framework for understanding the policy levers of trust.....	15
Reliability of Government.....	17
Strategic capacity in centres of government	18
The role of sound fiscal management	19
Clear rules, trust and the rule of law	20
Risk and crisis management	21
Responsive government	22
Open and inclusive government	24
Access to information and open data policies	28
Budget transparency	30
Promoting inclusive values in the civil service	30
Integrity	31
Managing conflict of interest: assuring decision-making in the public interest	31
Lobbying as a way of informing public decision-making: Balancing benefits and risks	32
Financing Democracy: squaring the circle of trust, transparency, and public interest	33
CONCLUSION: THE WAY FORWARD	34
REFERENCES	36
Figures	
Figure 1. Level of Confidence in government, early-mid 1990s and mid 2000s	10
Figure 2. Confidence in national government, change between 2007 and 2011 (Gallup World Poll).	11
Figure 3. Confidence in government in 2007 and 2011 (Gallup World Poll)	12
Figure 4. Confidence in different segments of government, OECD average, 2011	13
Boxes	
Box 1. A definition of trust: Trust in What and in Whom?	7
Box 2. Poland: the challenges of analysing trust, and the interplay of economic, institutional and governance factors.....	16
Box 3. The Canadian Citizens First 5.....	23
Box 4. The "Barometer of public services"— France	24
Box 5. Open Government.....	25
Box 6. Iceland: trust, the banking crisis and inclusive policy making	26
Box 7. MENA-OECD Open Government Project	27
Box 8. Sweden: Openness and institutional frameworks that helped weather the financial crisis.....	29

*“The world urgently needs to rebuild trust in leaders, in governance systems and among countries if the international community is to shape new models and collaborative approaches to solve global challenges”, political leaders and policy experts stressed in the closing session of the **World Economic Forum’s Summit on the Global Agenda 2011**. The global economic crisis and the financial turmoil in Europe have tested the relationships among nations and the trust of citizens in their governments.*

“I see a real breakdown of the sense of trust among countries.” **Robin Niblett, Director of Chatham House, United Kingdom**

“Declining trust is a dangerous proposition. It leads to increased costs of government services, declining likelihood of success for any reform agenda, and declining performance of the market system, therefore affecting the wealth of all citizens and, in return, the ability to share the wealth.”
Jocelyne Bourgon, former Ambassador of Canada to the OECD

“The crisis is calling for a redefinition of the balance between the state and markets, and for new instruments to boost citizens' trust in both.” **Angel Gurría, Secretary-General**

INTRODUCTION

8. Strengthening trust in government has been one of the key instrumental priorities of the Public Governance Committee, following the 2005 Ministerial Meeting held in Rotterdam and the 2010 Ministerial meeting held in Venice. In the meantime, the Committee did step up its policy agenda in relation to these issues. It launched a two year project on "Open and Inclusive Policy Making", resulting in a publication on public engagement for better policy and services in 2009. It supported governments to empower citizens and civil society to take on greater responsibility and build partnerships with the public sector, through the "Call for innovative and Open Government", (OECD, 2011) developed in the context of the 2010 Venice Ministerial. It explored the scope for experimenting through innovation in public service delivery, (OECD, 2011) and built the framework to mainstream the results through an Observatory of Public Sector Innovation. It also increased the scope of its policy agenda on integrity in the public sector, with a new recommendation on public sector procurement in 2008, and Principles for Transparency and Integrity in Lobbying in 2010. This has driven an agenda to help governments deliver results, modernise their public sectors, strengthen integrity and communicate these changes to the public.

9. Building trust in public institutions and policy processes is crucial, and never more so than in the present context where trust has been damaged in many countries hit by the crisis. The Strategic Orientations Note by the Secretary-General ([C\(2013\)32/REV1](#)) states that "*The crisis has highlighted the need to restore confidence in markets, governments and businesses. Crisis-related and urgently needed structural reforms require strong political leadership and a foundation of trust among citizens to be successful.*" The New Approaches to Economic Challenges (NAEC) acknowledges that "*institutions matter*", and that rebuilding institutional frameworks will require investing in public governance, institutions, processes and policy responses to help governments deliver.

10. Two years after the worst economic crisis in recent history, countries are still grasping with a difficult economic and social context, and the pressures on trust have been widening, in a broader context of increasing inequalities and rising unemployment in a number of countries. Against this backdrop, this paper is addressing the following issues: How are countries addressing the need for restoring trust? How can trust in government be measured and understood? What are the broad governance and policy implications? Where are the policy options for governments confronted with the challenges of implementing difficult reforms? How can government mobilise public governance policy levers?

11. The concept of trust is a matter of perception (Box 1) which reflects complex interpersonal, social and political constructs (Blind, 2006). A rich academic literature has analysed trust in government, both from a theoretical as well as an empirical background. At a broad level, trust has two main components:

- Political Trust, when citizens appraise government and its institutions. This includes:
 - Macro level or organisational trust, which is diffuse and system based
 - Institution-based trust
- Social Trust. This is the general citizens' confidence in their social community. Civic engagement in a community and interpersonal trust contribute to overall social trust (Putnam 2000). Social trust contributes to building social capital, which has been identified as a key component of well-being, and is important from a development perspective.¹ A lack of social capital can lead to social groups being unable to achieve a welfare enhancing equilibrium. This implies a sort of an extended version of the prisoner's dilemma, when widespread corruption, social disputes, or civic unrest can have a negative impact on solving social dilemma (Rothstein 2005).

1. See Halpern (2010) and Fafchamps M. (2006).

12. Trust in government depends on the *congruence* between citizens' (and businesses) *preferences* – their interpretation of what is right and fair and what is unfair - *and the perceived actual functioning of government* (Bouckaert and van de Walle, 2003). As citizens' and businesses' preferences are not homogenous, trust is subject to a multi-criteria appreciation. This requires mapping the preferences of citizens and businesses, and comparing these to actual perceptions of the functioning of government. As this does not relate to the *actual performance* of government but the *perceived performance of government*, the drivers of citizens'/businesses perceptions besides governmental performance need to be identified as well. Still, from an outcome-based perspective, trust and satisfaction matter, as they ultimately reflect the satisfaction of citizens and businesses as stakeholders and clients.

Box 1. A definition of trust: trust in what and in whom?

Trust in government represents confidence in the actions of government to do what is right and perceived to be fair (Easton, 1965). For presentational and clarity purposes, this report will use the word "Trust" to qualify this perception. At a general level, trust means holding a positive perception of the actions of an individual or an organisation: it is thus a subjective phenomenon. Therefore, it is important to identify trust in government by whom. A first important group consists of citizens and their organisations, including civil society organisations; and a second group of businesses and their organisations. Citizens matter first and foremost as voters in a democratic context. Together with businesses, they are also taxpayers and clients of public services. The trust of government employees in their own government is also a crucial, but often overlooked aspect of trust in government.²

13. The issue of trust in government is addressed by several streams of analysis, including applied behavioural sciences, sociology, but also political science and economics. While trust does not lend itself to a single definition, it broadly corresponds to the confidence in the actions of government. Still, while significant levels of trust are certainly positive for policy making and well-being, it would be wrong to assume that the highest levels of trust are always the most desirable policy outcome. In a democratic policy debate, a capacity for critical analysis helps to maintain a dynamic and healthy policy debate.

2 See Sobiech (2012), with a report on the European Social Dialogue Committee.

WHY DOES TRUST IN INSTITUTIONS MATTER? WHY TODAY?

Trust: a core political and institutional element

14. **Trust in government is one of the most important foundations upon which the legitimacy and sustainability of political systems** are built. Trust is also *essential for social cohesion and well-being* as it affects *government's ability to govern* and enables government to act without having to resort to coercion (Blind 2006, Gamson, 1968). Consequently it is an efficient means of *lowering transaction costs* in any social, economic and political relationship (Fukuyama, 1995). A high level of trust in government increases the *efficiency* and *effectiveness* of government operations. For example, research on public sector innovation shows that developing new and collaborative forms of public service delivery depends on levels of trust between various actors, rather than on rule-based initiatives.

15. **Core levels of trust are necessary for the fair and effective functioning of institutions** – such as adherence to the *rule of law*, the provision of basic public services and infrastructure. The *rule of law* and the *judiciary* are particularly important as their proper functioning is a key driver of perceptions of trust in many national or cross national studies.³ Perceptions also matter for business investment decisions, and therefore trust, as a reflection of functioning institutions, is a necessary ingredient to spur *economic growth*.

Trust is key for economic and social outcomes in today's context

16. Trust is particularly important for policymakers today because the difficulty in tackling economic and social challenges is hurting confidence in government and institutions. The crisis left the legacy of concern that governments are not able to effectively regulate markets today, as well as that business exerts an undue influence over public policy and that distribution of burdens and rewards across society is skewed. The crisis is adding to a number of structural factors that have been weakening the relationship between government and citizens in many countries. The challenge of maintaining trust is complicated due to the difficulty of governments in addressing the changes raised by a faster and more diversified flow of information across society. Together these suggest a more complex environment for governments with respect to maintaining the confidence of stakeholders.

17. From a general perspective, trust is key for a number of economic and social outcomes:

18. **Trust in institutions influences individual behaviour in ways that support desired policy outcomes.** This may range from rather narrowly defined policies and programmes (vaccination campaigns, preschool education, conditional cash transfers) to broader policy agendas and reforms (innovation, environment, social security). Trust is important because many public programmes create the opportunity for free riding and opportunistic behaviour. These problems increase in proportion to the public good component of a policy. Trust reduces the risk of such behaviour to the extent that people are prepared to sacrifice some immediate benefits if they have positive expectations of the longer-term outcome of public policies, either at a personal level (pensions) or by contributing to the common good (redistribution).

19. **Trust in institutions improves compliance with rules and regulations and reduces the cost of enforcement.** Rules and regulations are never perfect or complete enough to eliminate abuse. Their effectiveness depends on the extent to which people see them as fair and legitimate enough to outweigh the benefits of non-compliance. This is a particularly important for regulations where the gap between the cost

3. See Bjornskov (2012), Beugelsdijk (2006).

of compliance and personal benefits is large and where control is more difficult. Taxation is an example of the first while traffic regulations are an example of the second.

20. **Trust in institutions may contribute to an increase interpersonal trust, or "social capital"** by enforcing the values of truth-telling, promise-keeping, fairness and solidarity. A central claim of institutional economics is that interpersonal trust reduces the transaction costs of doing business across the economy, raising productivity and competitiveness.

21. **Trust in institutions helps to increase confidence in the economy** by facilitating economic decisions, such as on investment and consumption that foster economic growth. Trust in institutions as well as interpersonal trust may reduce the perception of risks linked to decisions ranging from the consumption of durables to job mobility, worker hiring and investment. This in turn, supports economic growth and extends the planning horizon of economic agents, increasing economic dynamism.

22. **Trust in institutions may help governments to implement structural reforms with long term benefits** by allowing political actors to co-operate in building sustainable solutions to complex economic and social problems. Many reforms involve sacrificing short-term satisfaction for longer-term gains and will require broader social and political consensus to be effective and sustainable. In a high-trust environment, such reforms can not only be properly implemented, but sustained long enough to bear their fruits. This gives a longer time frame for policy decisions. In a low-trust climate, citizens will prioritise immediate, appropriable and partial benefits, and will induce politicians to seek short-term and opportunistic gains through free-riding and populist attitudes.

Trust takes time to be established but can be lost quickly, particularly after a crisis

23. "Trust comes on foot and leaves on horseback". This proverb which was quoted by Minister Pechthold in Rotterdam exemplifies the issue of trust: it matters the most when it is gone. Trust in government is especially critical in *crisis situations*, such as natural disasters, economic crisis or political unrest which focuses attention on the core functions of public governance. The capacity of governments to manage crises and to implement successful exit strategies is often a condition for their survival and for their re-election. In the aftermath of major disasters, lack of trust may hamper emergency and recovery procedures causing great harm to society and damaging government's capacity to act.

24. This is why, in the current economic environment, where countries are facing diverse situations but where many are still coping with the consequences of the largest economic and financial crisis in recent history, trust is therefore coming to the forefront of the policy debates again. This raises the question as to whether trust in government is declining or not, and what governments can do to support trust.

MEASURING TRUST IN GOVERNMENT: THE NEED FOR AN EVIDENCE BASE

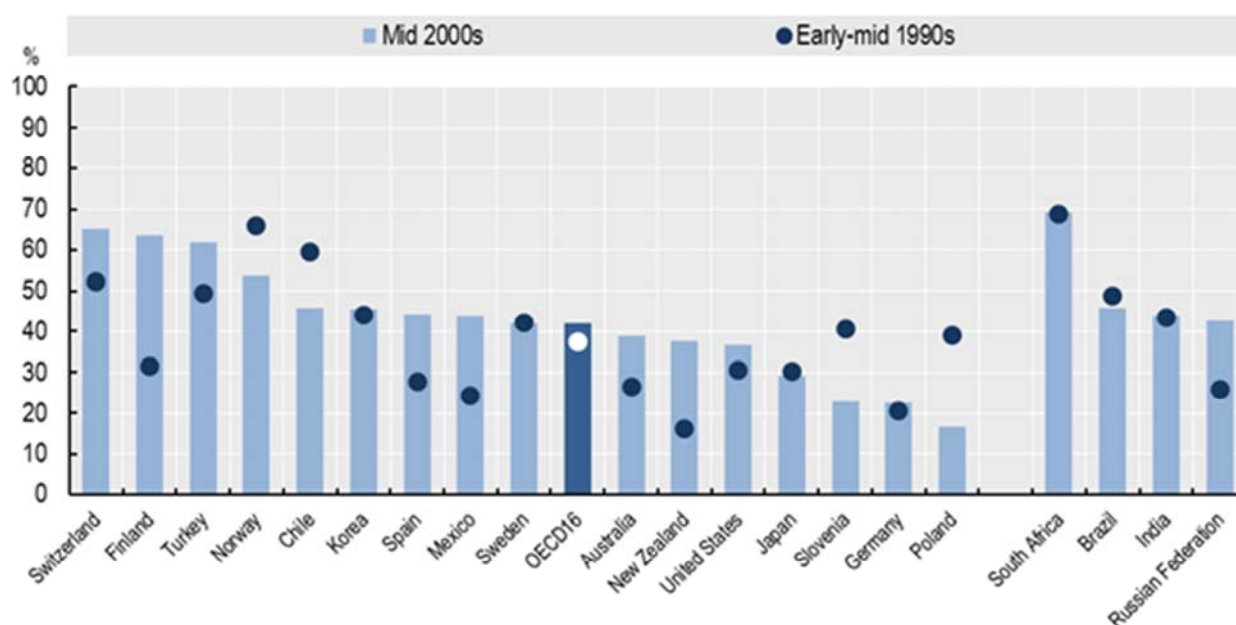
Preliminary exploratory results

25. Trust is a matter of perception and its measurement is fraught with many challenges. This is true at national level, and even more so at the international level. Several international surveys exist for measuring citizens' trust in and perceptions of government, but they differ in the type of action or institution that they measure raising comparability issues (Cf Table on the overview of surveys providing country perception indicators on trust in government in [GOV/PGC\(2013\)1/ANN1](#)). Differences in the major surveys raise comparability issues. The main surveys used for the analysis were Gallup, Euro barometer and Edelman. Gallup and the Euro barometer tend to be correlated, and to a lesser extent with Edelman.

Overall trends in trust in government

26. The analysis presents preliminary exploratory results with the first trends on trust in government over time comparing data from the early-mid-1990s to the mid- 2000s based on the World Values Survey (see Figure 1). This is the only available survey that collected comparative data across OECD countries during this time period. However data is not available for all OECD countries and for those countries where it is available it might refer to different years (see Figure A.2 in [GOV/PGC\(2013\)1/ANN1](#)). Comparative data is available altogether for 20 countries, from which 16 are OECD countries. In the pre-crisis period, levels of trust in government tended to increase with a 4.6 % average increase in confidence in government from the mid-1990s to the mid-2000s for the 16 OECD countries for which data are available (Figure 1).

Figure 1. Level of Confidence in government, early-mid 1990s and mid 2000s



Notes: % of "a great deal" and "quite a lot" to the question: For each one, could you tell me how much confidence you have in government: is it a great deal of confidence, quite a lot of confidence, not very much confidence or none at all?
Data points for each country are provided in table below/in Annex.

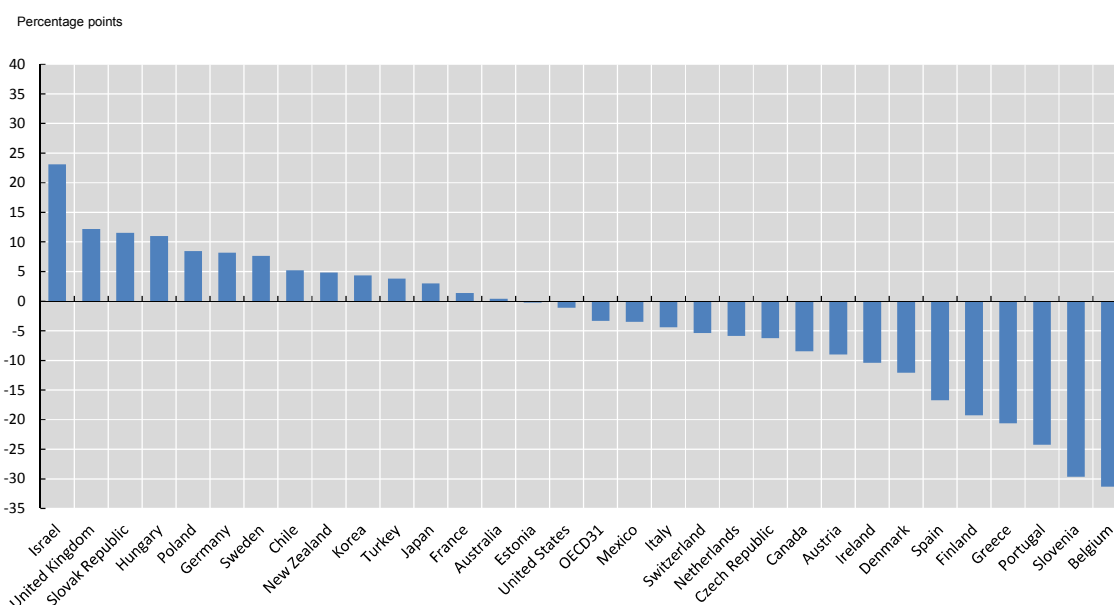
Source: World Values Survey

27. In order to understand the impact of the fiscal and economic crisis that started in 2008, the analysis presents confidence in government is compared between 2007 and 2011 (the last year data is available) using Gallup World Poll data. For this period data for 31 OECD countries, 4 enhanced engagement countries and Russia is available, however for several countries data is not for 2005 or 2011. Here the analysis focuses on the responses to one single question in the survey, asking about respondent's confidence in the national government (Figure 2).

28. From 2007 to 2011, the share of respondents expressing confidence in national government in 31 OECD countries has declined on average by 3 percentage points from 44 % to 41%. This average decrease, although relatively small, masks large variation: 13 of the 31 countries reported an increase in confidence, 2 remaining at the same level, and 16 reporting a loss of confidence from 2007 to 2011. Even more significant drops in trust occurred in countries facing either a political fiscal or economic crisis. In other countries, however, confidence in government actually increased, notably in Israel, the United Kingdom, the Slovak Republic, Hungary, Poland, Germany Sweden and Chile. The first figure below is presenting the changes between 2007 and 2011 and the second an overview of the levels in 2007 and 2011.

Figure 2. Confidence in national government, change between 2007 and 2011 (Gallup World Poll).

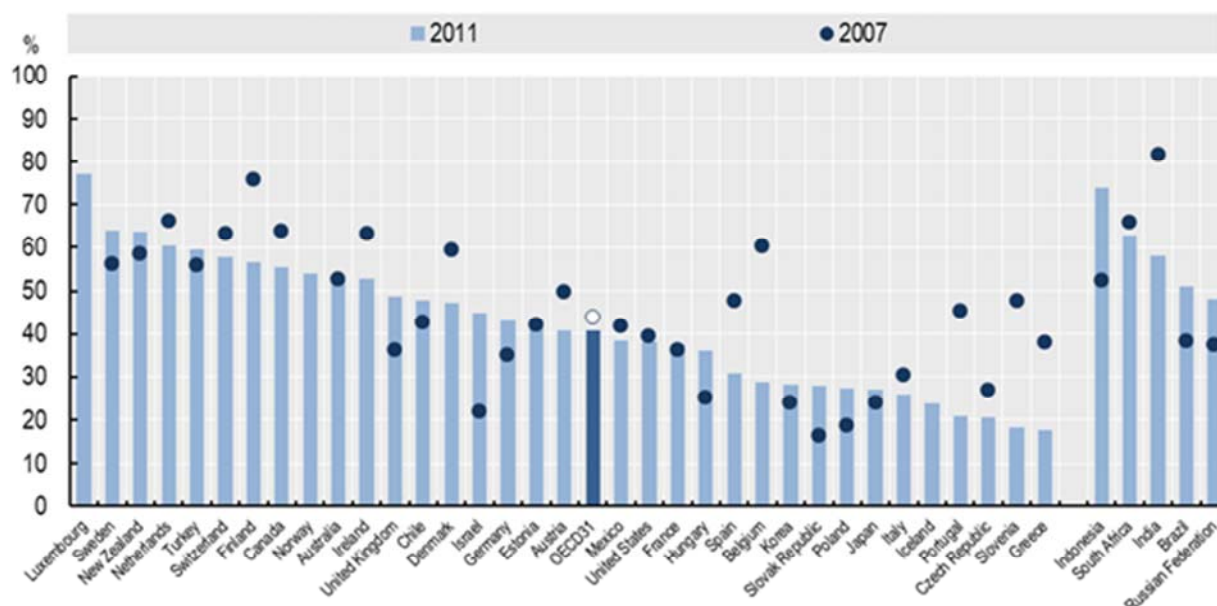
% of "tend to trust" to question: do you have confidence in the national government?



Notes: % of respondents who answered 'yes' to the question: "in this country, do you have confidence in National government?" 2006 data instead of 2007 for Austria, Finland, France, Ireland, Norway, Portugal, Slovak Republic, Slovenia and Switzerland. 2010 data instead of 2011 for Chile, Israel, Japan, and Brazil. 2009 data instead of 2011 for Switzerland. 2008 data instead of 2011 for Iceland and Norway.

Source: World Gallup Poll

Figure 3. Confidence in government in 2007 and 2011 (Gallup World Poll)



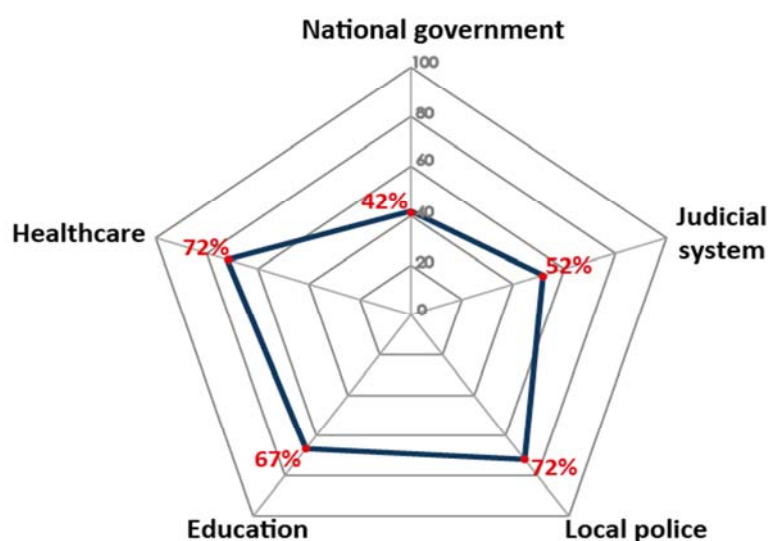
Notes: % of respondents who answered 'yes' to the question: "in this country, do you have confidence in National government?" 2006 data instead of 2007 for Austria, Finland, France, Ireland, Norway, Portugal, Slovak Republic, Slovenia and Switzerland. 2010 data instead of 2011 for Chile, Israel, Japan, and Brazil. 2009 data instead of 2011 for Switzerland. 2008 data instead of 2011 for Iceland and Norway.

Source: World Gallup Poll

Trust in public services

29. The interpretation of the results above remains subject to caution. It is hard to decipher which institutions respondents consider when they are asked about their confidence in national government. In the Gallup survey confidence - or satisfaction - in various public services are asked as well. This is used to present more detailed average confidence levels for health care, education, local police, the judicial system and national government in Figure 4. In 2011 on average in the OECD countries confidence was the highest in health care and the local police (both 72%) followed by education (67%), the judicial system (52%) and the least in national government (42%). This reflects the fact that people have more trust in concrete public services than in the notion of national government, which is abstract and far from their daily experiences.

Figure 4. Confidence in different segments of government, OECD average, 2011



Note: Confidence in national government: % of respondents who answered 'yes' to the question: "in this country, do you have confidence in National government?" Confidence in judicial system: % of "yes" to question: In this country, do you have confidence in each of the following, or not? How about Judicial system and courts? Confidence in local police: % of "yes" to question: In the city or area where you live, do you have confidence in the local police force, or not? Education system: % of "satisfied" to the question: In the city or area where you live, are you satisfied or dissatisfied with the educational system or the schools? Healthcare: % of "satisfied" to the question: In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care? 2010 data instead of 2011 for Chile, Israel, Japan, and Brazil. 2009 data instead of 2011 for Switzerland. 2008 data instead of 2011 for Iceland and Norway.

Source: World Gallup Survey

Correlations with other economic or institutional variables

30. The analysis presents some correlations between economic variables and trust in government. Some mild correlations exist with changes in real GDP. Some clearer correlations are shown in terms of the links between perception of corruption, and perception of trust. The analysis also relates confidence in government to confidence in private sector institutions such as financial institutions, the media, or political parties. In general, trust in financial institutions is 8 percentage points higher than trust in government, but this does not hold for all countries. In those countries severely affected by the financial crisis, or hit by financial turmoil in the recent past, trust in financial institutions and banks is lower than trust in government. Trust in government is on a par with trust in the media, but confidence in the media is higher than in government in those countries hardest hit by the fiscal crisis, as well as in Chile and Mexico. Finally, trust in political parties appears to be always below that in government, but has been changing less than trust in government.

The need for further analysis

31. Trust being a matter of perception, it is inherently difficult to measure at the level of government as a whole. Consequently the representativeness of the perception surveys used to measure trust in government is extremely important, as well as the wording of the questions, the scales attached to them, their sequencing and a common understanding internationally of the key terms used. It is also crucial to

gain an understanding of what influences people's perceptions besides the actual performance of government.

32. Surveys differ in terms of their frequency of collecting data, country coverage, respondents, sampling methodology, wording of questions and response categories (scales) attached to those questions. None of the existing surveys cover all OECD countries for an extended period of time, making it difficult to gain a thorough understanding how citizens' trust in government is evolving over time and what influences citizens' trust in government across OECD countries and beyond.

33. There is a need for further and more comprehensive measurement that would encompass the major areas of government interventions according to the main categories of the system of national accounts.

34. The results from the current surveys also show that when people are asked about their confidence or trust in national government they actually evaluate leadership. However, government is about political leadership but also about performing public services and good public governance. Therefore further work may be required to explore in more depth the relationships between trust in government and elements of government performance. The goal would be to draw conclusions that could help to separate the influence of cultural and idiosyncratic factors, and identify areas where government action can make a difference.

BUILDING THE FOUNDATIONS OF TRUST: WHAT ARE THE PUBLIC GOVERNANCE LEVERS?

Building a framework for understanding the policy levers of trust

35. Trust in government is a multifaceted and based on a mix of economic, social and political interactions between citizens and government. While it is clear that a deep economic crisis or disaster can quickly undermine trust in government, analysing the dynamics of trust and its underlying parameters is more complex. Citizens are sensitive not only to the content and outcome of policies, but also to how they are designed and implemented and fit with broader standards of behaviour. It is not only the **what** of policies that matters, but the **how**, **for whom** and **with whom**.

36. In broader terms, and to help the discussion, trust can be influenced by:

- Economic and social policy outcomes: economic prospects, availability of jobs, actual levels of inequality against perceived acceptable standards
- Public governance and institutional frameworks. These may include some meta dimensions, such as the rule of law, as well as more specific public governance dimensions. This includes a set of specific dimensions:
 - *Reliability*: the ability of governments to minimise uncertainty in the economic, social and political environment of their citizens, and act in a consistent and predictable manner;
 - *Responsiveness*: the provision of accessible, efficient and citizen-oriented public services that effectively address the needs and expectations of tax payers
 - *Fairness* of public policy making processes: the ability of offering public policy making processes and decisions that are understood as being fair and meeting locally accepted standards.
 - *Openness and inclusiveness*: a systemic, comprehensive approach to institutionalizing a two way communication with stakeholders, whereby relevant, usable information is provided, and interaction is fostered as a means to improve transparency, accountability and engagement;
 - *Integrity*: the alignment of government and public institutions with broader principles and standards of conduct that contribute to safeguarding the public interest while mitigating the risk of corruption

37. This calls for consideration for a range of economic and governance questions. A broad empirical literature,⁴ discusses the relationships between trust in government and economic, social and governance parameters. While there is more or less a consensus on the range of drivers involved, the evidence is conflicting on the magnitude of their influence, and the depth of their reciprocal relationship with trust. A general finding is that trust and most of its drivers are interlinked and self-fulfilling, and therefore complementary in their relationship to public governance and economic development.⁵ A second difficulty is the fact that "trust" is inherently difficult to measure, and that many of the available measures may correspond to "proxies" of some sort, translating some form of short term perception or appreciation in the government, which can in some ways differ from the long term underlying trust in countries' institutions [see [GOV/PGC\(2013\)1/ANN1](#)]. The experience of specific countries which underwent significant economic and institutional transitions in recent years, including in Western and Eastern Europe, also

4 See References provided in this report.

5. For example, a recent study finds that economic globalisation tends to constrain government's choice set of feasible policies, impeding responsiveness to the median voter, and may have trust lowering effects, particularly among individuals with no interest in politics or low educational levels. (Fisher 2012).

provides a wealth of empirical results on the interplay of economic, political and institutional factors in driving trust (Gyorffi, 2013).

38. Generally, trust in government is higher in countries with low corruption, few political scandals, low crime rates, and with better-educated and ethnically-homogeneous populations (See Annex). However, as citizens become more educated and more connected through the Web, expectations of government performance change. These changes in expectations are significantly stronger drivers in the erosion of political support than real government performance (Dalton, 2005). Furthermore, citizens' trust towards government is influenced differently depending on whether they have a positive or negative experience with service delivery. A negative experience has a much stronger impact on trust in government than a positive one. Targeting public policies towards dissatisfied citizens may therefore have a stronger impact on trust in government (Kampen et al., 2006). In some cases, countries can be exposed to a range of economic, institutional and governance factors, and some of the results of the measurement analysis can also yield slightly mixed results, as is illustrated by Poland, which apparently is one of the countries where levels of trust increased in recent years, and which enjoys a positive economic outlook, but where some of the domestic evidence points to this as being a main domestic policy challenge (Box 2).

Box 2. Poland: the challenges of analysing trust, and the interplay of economic, institutional and governance factors

The case of Poland highlights the difficulties of the analysis of trust, and the mix of political, governance as well as economic consideration. The evidence on trust shows mixed results:

National data on citizens' attitudes toward the state shows that in 2008 "(...) positive effects prevail: a significant majority of respondents feels respect toward (63%) and likes (58%) the state; for almost one-half the population surveyed (48%) the state is a source of peace and security, and inspires trust. Only for 12% of respondents, the Polish state was a source of anxiety, while a further 10% disliked it." (Wnuk-Lipiński and Bukowska, 2008, in Zawicki et al., 2012). Since then, despite still generally high levels of trust in the state and in the private sphere, trust in the public sphere seems to have been eroded— a situation similar to countries across the OECD and beyond. More recent national results show significant losses in levels of trust, including the government (by about 25%), television (20%), Parliament (about 18%), the press (about 17%), courts of law (about 15%), political parties (about 14%) and also the European Union, local governments and organised labour (13% each) (Zaufanie społeczne, 2010, in Zawicki et al., 2012).

The recent OECD Governance reviews shows that, while formal rules and institutions in the constitution promote consultation with a variety of stakeholders, in practice the quality of consultation varies across and within ministries and there appears to be an implementation gap (OECD 2013). Despite apparently strong provisions (OECD 2011a), It could be hypothesized that a lack of streamlined approaches for external consultations and inclusiveness of stakeholders could influence trends in trust between government and civil society. "Poland 2030" notes that trust in the state is one of Poland's key development challenges (Board of Strategic Advisors to the Prime Minister, 2009). Poles' trust in public institutions as measured through their political and civic participation falls considerably below the OECD average (OECD, 2011b). Increasing communication and citizen understanding of these tools could contribute to meaningful input to service delivery and policy development, improved functioning of formal consultation processes, and in turn higher levels of trust and confidence in government.

Yet, the international data shown in the paper (Figure 1) provide a different picture, with a significant loss in trust between the mid 1990s until the mid 2000s, when Poland seems to have some of the comparatively lower levels of trust/. On the other hand, Poland is one of the few countries where trust has increased between 2007 and 2011, and significantly, according to the Gallup data, which could also be hypothetically linked to the fact that the country is one of the few European countries that has successfully weathered the 2008 crisis, maintaining a relatively high economic growth rate in Europe.

Sources: OECD Public Governance Review Poland: Implementing Strategic-State Capacity *Forthcoming* 2013. Wnuk-Lipiński and Bukowska (2008), in Zawicki et al. (2012). Zaufanie społeczne (2010), in Zawicki et al. (2012). See also analysis in Gyorffi (2013) pp 167-173.

OECD (2011a), Regulatory Policy and Governance: Supporting Economic Growth and Serving the Public Interest, OECD Publishing, doi: 10.1787/9789264116573-en OECD (2011b).

39. A discussion on the broader relationship between economic outcomes and trust may fall beyond the scope of this paper, prepared in the context of the Public Governance Committee. It will be no surprise that negative perceptions of the economy, high unemployment, high government debt, low and unequal incomes, and institutions insufficiently protecting competitive markets may all lead to a decline in trust in government. Conversely, improved economic prospects, perceptions of economic prosperity and stability, availability of well-paid jobs, contribute to increasing trust in government. The following discussion will focus on specific dimensions of public governance which can be actionable, and through which countries can amend their public governance framework with a view towards strengthening trust. Some of them depend still on the economic context: the quality and level of public services will be dependent on the overall level of economic resources and the relative GDP level. Still, for a given level of wealth, the quality and provision of public services can be influenced by good public management and well-designed incentives. In addition, the issue of fairness is subject to local standards and values that may also be outside of the scope of central policies and reforms from a public governance perspective. While it will be briefly mentioned in relation to the discussion of public services and the role of the judicial system, two other documents presented to the Committee examine some of the dimensions of fairness in terms of the affordability of some public services (Exploratory chapter of GaaG 2013 on Quality of Public Services – [GOV/PGC\(2013\)8](#)). Fairness is also explored in relation to integrity and fair access to decision making processes in the background paper ([GOV/PGC\(2013\)2](#)).

40. However, it is of interest to note that a strong reciprocal relationship exists between trust in government and economic development. As a result, public governance policies and processes can have a direct impact on long term economic and social outcomes. For example, as discussed earlier, trust in government reduces transaction costs, risk and uncertainty (Schmidt 2003, Noteboom 2007).

41. Social capital, when defined as the interpersonal trust of citizens, has a positive impact on economic growth to the same extent as human capital and education and ultimately on trust in government (Whiteley, 2000). An increase in trust among people increases total factor productivity, improving economic progress (Dasgupta, 2009). Low trust in government reduces the willingness to invest in the economy (Zak, 2001). As interpersonal trust is a significant driver of economic growth, policy makers may wish to focus on policies raising interpersonal trust as a way to stimulate economic growth. The most effective policies at raising interpersonal trust are freedom of association, redistributive transfers and education as they strengthen the rule of law, reduce inequality and facilitate interpersonal understanding, all of which raise trust in government (Knack, 2002).

Reliability of government

42. Governments in their steering and political function have an implicit obligation to minimise uncertainty in the economic, social and political environment of their citizens. This is particularly true with respect to external events over which citizens have limited or no control, such as disasters or economic crises. This in turn implies (i) that the State acts as the careful steward of the public interest, and (ii) that its actions are consistent and predictable. The crisis and recent disasters were a severe test of the ability of governments to play this important “stewardship” role, raising a number of important questions that have implications for trust in government:

- Is the government able to identify challenges and assess risks for society? And does the government have mechanisms to mitigate such risks?
- Are the strategies of public bodies aligned to a more general strategy that takes into account challenges and risks?
- Does the public service have the competencies to deliver on institutional commitments, including prudent financial management?

43. Answering these questions requires government action on a number of fronts, from Centres of Government and budgeting officials as well as the capacity to develop strategic foresight to manage risks.

Strategic capacity in centres of government

44. Despite being a key function of the Centre of Government, long-term planning and risk management overall may have received insufficient attention in recent years. The crisis demonstrated that governments were ill-prepared to react to rapidly occurring and overlapping crises – on the one hand, they had too little evidence and analysis and, on the other, too little agility and flexibility in the organisation of responses and reallocation of resources. Recent meetings of the Centres of Government (CoG) network highlighted the limited resources at hand within government to ensure that policymaking is “reliable” – i.e., predictable, coherent and effective. Weaknesses vary from country to country – in some cases, strategic foresight units were poorly resourced or had been closed; in others, long-term strategic plans were not well connected to budgeting and therefore had little impact on resource allocation. Ownership by line ministries of whole of government strategic goals was often weak, and political economy factors sometimes worked against selling a long-term strategy to legislatures, particularly in a period of economic and social pressure. As a result, government action has too often been seen as disjointed and *ad hoc*, lacking a clear “narrative” and the capacity to “make sense” of complex issues or crises.

45. The discussions at the meetings of Senior Officials from Centres of Government stressed, however, that senior echelons in government now recognise the need to pursue a more ***strategic approach to policy formulation and implementation***. More concretely, (i) this strategic vision is to be led from the Centre and co-ordinated across the whole of government, and (ii) the capacity of the Centre to play this role needs to be strengthened. Improving strategic policy co-ordination requires action across several inter-related dimensions:

- ensuring that the government’s deliberations on strategic priorities take place with the benefit of a robust assessment of the overall economic, political and social situation and approaching pressures;
- linking the budget preparation process with strategic priorities;
- harmonising strategic priorities with other strategic documents of the government, such as key policy and reform strategies;
- verifying that ministry work plans reflect the government’s strategic priorities.

46. In addition to strengthening these processes at the centre, silos across government that lead to incoherent policies also need to be reduced. While systems for developing policy and drafting regulations still emphasise the role of line ministries in identifying issues that require a government response, the use of inter-ministerial task forces with pooled resources for complex policy objectives (climate change, ageing) is more common. This helps to generate clearer messaging on key topics.

47. Reliability ultimately depends on the ability of the public service to implement policy. Reliable policymaking requires developing a long-term vision for the public sector that goes beyond short-term cuts and lays the foundation for the kind of civil service needed to fulfil this vision. This vision includes strengthened planning functions and spending reviews or similar actions to identify core activities. The second element is improvement of central-level monitoring, including specialised evaluation units and more regular reporting by departments on progress in implementation. A third element is greater consultation and a stronger focus on user satisfaction and feedback, (see section below on open and inclusive government).

The role of sound fiscal management

48. Sound fiscal management is also a key parameter for restoring trust. In a sense, it implies repairing the budget contract between citizens and the State: the budget can be viewed as a contract that establishes rights, obligations and expectations; assigns roles and stabilises relationships among participants; promotes continuity in policies and allocations from one budget cycle to the next; and reduces both the volume of decisions and the intensity of conflict. The idea of a budget as a contract is not new, but has renewed salience in post-crisis countries. The Great Recession has impaired both explicit and implicit budget contracts in many OECD countries, compelling the most impacted ones to abandon established policies and to seek political support for sustainable revenue and expenditure policies. Countries that have escaped financial destabilisation may nevertheless have to reconsider existing budget policies in order to cope with the financial burdens of ageing populations.

49. All budget contracts share several characteristics that need to be given consideration to repair relations between citizens and government.

- **The issue of long-term sustainability, away from short-term fixes.** In the aftermath of the crisis, fiscally stressed countries have been tempted or pressured to make immediate policy changes that help stabilise public finances. While it is necessary to correct short-term imbalances, restoring trust is best facilitated by policy changes that can be sustained over a generation or longer. Bookkeeping tricks that defer expenditures or rely on one-off revenues will not restore budget balance or political confidence. False or temporary savings that compel a government to rewrite its budget contracts every few years will seed even more distrust among citizens who lack confidence that commitments and promises will survive the next political or economic cycle.
- **Integrating downstream costs when they initiate or expand programmes.** The natural inclination of politicians is to use budgets to expand services or benefits. The process itself invites spending units to bid for additional resources and for the government to give them some fraction of what they requested. During boom times, social groups and the media take it for granted that the budget will be a platform for programme expansion. Even when austerity is the order of the day, governments try to make some room in the budget for policy initiatives. They seek “sweeteners” that soften the cutbacks and enable them to claim that the government is doing good things and being responsive to citizen needs
- **Reducing exposure to financial and social risks.** Shifting large risks to governments helped boost economic output and personal well-being in OECD countries during the good times. But long before the Great Recession, fiscal experts and social planners had warned that governments were overextended and would not be able to fully honour their financial commitments when populations age and escalating pension and health care obligations come due. The recession has hastened the day of reckoning in fiscally stressed countries, but other OECD countries are certain to feel the brunt of demographic and fiscal trends unless they act to shift some risks and costs off their books to families, households and enterprises.

The remedy applied by a few innovative countries is to have recipients share in the financial cost of “good news” such as improved health care and longer life. Health services and longevity are the two main drivers of unsustainable budget trends; any government intent on stabilising its fiscal future will have to deal with one or both of these factors. Countries that are currently in sound fiscal condition do not have to apply shock therapy to consolidate public finances. They can legislate changes in pension and health policies that have quite small effects at the start but cumulate to large savings 2-3 decades ahead. After all, advances in medical care and age expectancy inch ahead slowly; their large budgetary impacts are felt over time, not all at once.

- **Ensuring close link between resources and results.** Repairing budget contracts is inextricably linked to restoring public trust. There is no clear evidence that low trust scores are due to mal-performance by government; the rise of individualism is the most prominent factor, though not the only one. Nevertheless, perceptions of performance take their toll in citizen attitudes and may have a greater impact than actual performance, especially with respect to critical public services such as education and health care. Budget procedures can make a contribution to aligning perceived and actual performance by explicitly linking the amounts allocated to the results produced or expected. Most performance-based budgets treat resources and results as separate entries that have no bearing on one another. These types of performance budgets do not disclose changes in results that would ensue from spending more or less, or from reallocating funds from one activity to other activities. Constructing a true performance budget requires major changes in information, costing and measurement systems. Reformatting budget documents to show workload or output data does not suffice; the key difference is to accurately inform citizens of how spending options or choices affect the services they receive from the government.

50. In this end, the misalignment of expectations and capacity that has damaged budget contracts and citizen perceptions over the recent period, particularly at a time of strained public resources. Dampening expectations is a difficult challenge in democratic societies that have been led to expect progressive improvement in economic well-being and government-financed benefits over time. Rewriting budget contracts is only one of the adjustments needed to restore public trust by bringing citizen expectations and government capacity into balance. Changes in private and social structures and relationships may also be necessary, along with political reforms that make governments more accessible and transparent.

Clear rules, trust and the rule of law

51. While the issue of the rule of law may have broader implications, the general reliability of government actions also depends on the trust in the way that rules are being prepared and on how they are being enforced. The governance angles that are brought here may also fall under the purview of the Regulatory Policy Committee, but they need to be presented in the context of the discussion of trust. Clear and sound regulatory frameworks are essential for trust, and they need to be supported by a general respect for the rule of law. This was highlighted over the recent period, as the financial and economic crisis highlighted serious regulatory failures, be they related to poor articulation of regulation across borders, limited enforcement of rules or regulatory capture. The crisis reawakened debate on the role of the state as a regulator in the economy, and on how and where it should intervene to achieve which objectives.

52. In the aftermath of the crisis, the issue of how better regulation/regulatory frameworks can help restore trust while guarding against regulatory failure has to be addressed. Identifying opportunities for promoting growth through the application of regulatory policy and reform remains, however, a challenging task. In the recent decades, part of the regulatory reforms, in terms of governance, had involved setting up independent regulators at arms' length from government, in order to increase regulatory certainty, reduce the risk of capture and the regulatory risk, to offer better opportunities for long term investment. There is therefore a need to address the issue of the regulatory governance frameworks under which these regulators operate, and whether these frameworks are appropriate to strengthen and restore trust.

53. Another related issue, is more linked to the impact of a well-functioning judiciary system on the rule of law, and its general impact on other public institutions. The judicial system makes trust in other public institutions possible by providing safeguards against possible misbehaviour by other institutions. Thus trustworthy judiciaries build reservoirs of legitimacy for other institutions and allow for the consolidation of the rule of law (Levasseur, 2002). Absence of confidence in judiciaries can contribute to instability (Haynie, 1994). Therefore, trust in the judicial system matters as well. Courts depend on the

goodwill of the citizenry to remain viable. The legitimacy derived from public support is particularly important to judicial institutions, because they possess “neither the purse nor the sword” to enforce their decisions. In relation to criminal justice, legitimacy is important to justify its authority in determining the law, governing through the use of coercive force, and punishing those who act illegally. Still, the impact of the judicial system in terms of the reliability of public institutions depends on its perceived legitimacy. This depends on perceptions of the justice system, in the context of national settings for accountability, transparency, democratic principles and the prevention of corruption. (see *infra*).

54. Some perception data would tend to support some correlation between trust in government and trust in judicial institutions. A variety of factors has been identified. Procedural justice is important, as it essentially implies an opportunity to be heard before a neutral and detached judge in an efficient and respectful manner. Efforts to make courts more accessible, fair in terms of procedures and decisions, and representative of the broader society can have impact on the court confidence levels. Importantly, this is found to differentiate the courts from other branches of power in securing the public’s trust and confidence, particularly that courts are viewed as making decisions through consistent, fair and evidence-based processes and explaining the reasoning behind their decisions. As such any improvements that can be made in the efficiency, fairness and accessibility of courts are likely to generate positive dividends in terms of trust and confidence. Finally, diversity in courts (both in terms of gender and ethnicity), in particular at the local level, has an impact on the levels of confidence in courts. The more representative courts are of the society they serve, the higher the level of confidence in judges and fairness of decisions and courts processes. This may also apply to the police.

Risk and crisis management

55. One of the most important responsibilities of any government is to ensure the security and safety of its citizens and territorial integrity of the nation, including protecting the institutions that sustain confidence, good governance, and prosperity. This implies pro-active efforts both to mitigate known risks (derived from all-hazards or threats - man-made, environmental or social) and to prepare for the unknown. Given the wide range of hazards and threats facing a country -- fires, floods, earthquakes, hurricanes, pandemics and terrorist attacks-- governments face difficult trade-offs about where to invest limited resources to prevent civil contingencies and improve capabilities to handle those that do occur. Disasters have widespread impacts, causing not only harm and damage to lives, buildings and infrastructure, but also impairing economic activity, with potential knock-on effects across economic sectors and across borders.

56. Therefore, the level of trust a government enjoys is highly dependent on its capacity for managing risks. Such a capacity includes steering and leadership, proactive identifying the risk of future disasters, and managing crises when they occur. Awareness of the importance of crisis management in¹ government and the private sector has risen dramatically in recent years as major shocks have, arguably, become more common and more destructive, at least in terms of economic losses. The issue of how governments prepare for such events has broadened from a national or regional public policy concern to a global challenge. The concept of “global shocks”⁶ describes the cascading of risks in health, climate, social or financial systems that touch many countries simultaneously. The global interconnectedness of OECD and global partner economies could make these global shocks more likely to happen.

57. The issue is then for governments to develop comprehensive and well-articulated strategies for risk management. The challenge is to transform "hazards", and the "unknown" into quantifiable risks, that can be measured, identified, for which prevention measures can be put in place. Risk management policy entails a full risk management cycle, from risk assessment and identification, prevention, to crisis management, including early warning systems and drills, as well as the post disaster and recovery phase. As highlighted above, the discussions at the CoG highlighted the somewhat *ad hoc* and fuzzy attribution of

6 See OECD (2011) on Future Global Shocks.

risk management functions at the centre of government. Still, in many countries governments have developed programmes towards risk management, sometimes in centres of government, sometimes in more technical ministries entrusted with broader co-ordination function.

58. Good governance in managing risks requires strategic focus, inter-agency co-ordination, a commitment to the protection of fundamental rights, tools to ensure cost-effectiveness, policies for accountability and the capacity to respond and adapt to any novel challenges. Therefore, governments need to prioritise and co-ordinate responses and resources across several fronts at once. The strained situation of public finances may radically alter the long term perspectives, with a need to better identify and manage contingent liabilities, as governments find it increasingly difficult to play the implicit role of insurer of last resort. A challenge for governments remains where to invest limited resources to achieve highest value.

59. In this context, a key feature of recent strategic development is the rising interest for National Risk Assessment, as a comprehensive tool for identifying, quantifying and prioritising risks. Many OECD countries have developed and implemented strategic frameworks for the management of large scale risks and/ or national security and safety (as distinct from and in addition to national defence). Several countries have found national risk assessments to be an effective tool to draw the attention of senior level policy makers in broad brush strokes to the relative likelihood and impacts of different types of disruptive events. Over the past decade several countries have developed, or are in the process of developing, national risk assessments.⁷ Such an approach may be used to formulate appropriate emergency management plans, and improve the efficiency of investments to develop and maintain generic capabilities to manage emergency situations. They may also be used as an evidence base to fortify risk communication tools that realign the public's perception of risks. The results of national risk assessment can be used for a variety of emergency management and planning functions. These uses can include capability-based planning, informing investment and/or funding decisions, increasing an understanding of risk in a population and the development of emergency management plans, to name but a few.

Responsive government

60. Trust in government also depends on the perceptions by citizens when receiving public services. The interaction between citizens and the state happens on an everyday basis, and is a crucial factor of trust in government. In this context, and under tight fiscal constraints and growing expectations⁸, governments are increasingly engaging with citizens to ensure quality, responsiveness and ultimately trust in public services. Governments are also exploring how improved service delivery can boost confidence and trust in the public sector. While causal links between public service delivery and citizen trust and confidence in government are difficult to pinpoint directly,⁹ recent country studies have shown a relationship between citizens' experience with government services – including employee and citizen engagement in co-design, co-production, co-evaluation as well as delivery of public services – and trust and confidence in governments. One common finding of studies in Canada, France and the UK, is that trust in government tends to be higher at the local level, and that citizens tend to trust government, when they perceive it as a service provider. (Citizens First, 5 2008; Kim and Lee, 2012).

7 See OECD (2009) Innovation in Country Risk Management. Government ability to communicate freely may be hampered by the need to withhold critical information, for instance to protect potential targets and prevent malevolent actions. Disaster situations provide fertile ground for disinformation and rumour. People respond to disasters in a rational and responsible manner when official sources are credible and trusted. This is why in most cases the head of state takes a strong personal role, and therefore depends on his staff for advice and support in the area of public relations. The Centre of Government has a role in bringing together the risk and crisis management side with the public information side in order to ensure that communications are informed but also appropriate. www.oecd.org/dataoecd/33/18/42226946.pdf

8 See Dalton, R. 'The social transformation of Trust in Government' International Review of Sociology Vol 15. No 1, pp 133-154

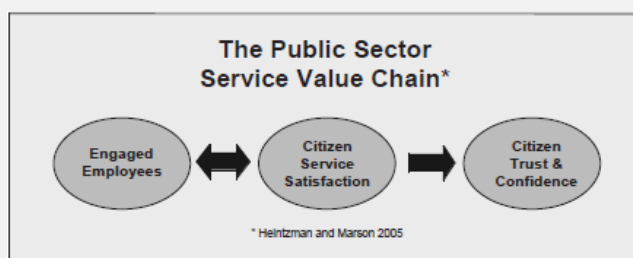
9. Bouckaert and Van de Walle (2003).

61. Still, this is far from a simple one to one relationship: trust is a complex and multifaceted concept wherein public service outcomes play just one role among other factors such as political parties, economic climate, levels of education and social policies. The differentiation between ‘macro-performance’ i.e. the role government plays in providing broad public goods, and ‘micro-performance’ i.e. the way government agencies increase or decrease the satisfaction of citizens through the quality of service delivery, can help to clarify the notion of performance-based confidence in public institutions (Bouckaert et al., 2002). Public service delivery, and thus citizen satisfaction, differs from sector to sector and furthermore some public agencies may not be associated in citizen’s minds with government (Van de Walle, 2002).

Box 3. The Canadian Citizens First 5

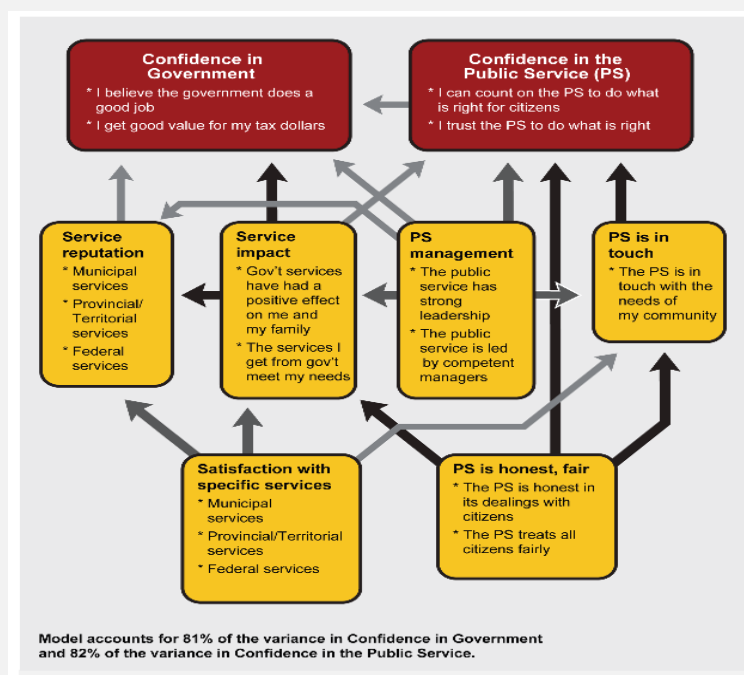
This Canadian Study, known as Citizens First (CF5, 2008) links interaction between engaged public service employees with citizens’ satisfaction (in a two way relationship), and in turn client satisfaction with citizen trust in government – as expressed in the Public Sector Service Value Chain (PC SVC).

The Public Sector Service Value Chain



In the context of this study, good (public) service contributes to confidence; however differentiates between confidence in the public service and confidence in government (see below). The four direct drivers outlined in below have an impact on either citizens' confidence in government or citizens' confidence in the public service or both. The two indirect drivers largely impact the four direct drivers, rather than confidence itself. Importantly, satisfaction with specific services is believed to influence views on service reputation, the impact services have on citizens and whether the public service is in touch with their community. Thus, higher ratings of citizens’ experiences with government services affect these three variables positively, in turn increasing confidence in the public sector.

Drivers of Confidence



62. Given its direct relevance to public governance interventions, a number of countries have sought to further understand the link between public sector service quality and trust in government, such as Canada. (Box 3). On a micro-level, drivers of service satisfaction in services that involve staff, emphasise timeliness of service delivery and staff engagement vis a vis clients (knowledgeable staff who “go the extra mile”) as key factors of citizen satisfaction with government services (Heintzman Marson, 2005, 2009; Citizen First 5, 2008) Similar results were obtained in Italy in the “Show your Face” Initiative (*Mettiamoci la faccia*), with an initiative launched by the Ministry for Public Administration and Innovation in 2009, found that waiting time followed by a low level of employee professionalism were most frequently cited by respondents citizens when dissatisfied with public service experiences (OECD, 2011). Thus, the responsiveness of public services, in terms of timeliness and staff engagement variables, is expected to affect citizens’ service satisfaction – in turn influencing confidence in the public service and government.

63. The main implications of the Canadian and other findings above suggest improving service delivery responsiveness can improve not only satisfaction in the quality of services themselves, but also confidence in the public sector and government (by contributing to three out of the four main drivers). Taking advantage of innovative methods and ICT channels to improve both policy design and service delivery can also make a real impact on trust. Still, this is subject to asymmetrical psychological effects: The impact of a negative experience on trust is much more pronounced than the effect of a positive one Kampen et al. (2006).

64. Creating more efficient and responsive public services also means understanding citizens’ needs and involving them in the production and design process.¹⁰ Involving citizens in the evaluation and design of public services through innovative tools can increase transparency, improve quality and build trust. Many countries such as Finland and France (Box 4) have begun to use barometers in order allowing citizens to evaluate their experience with public services.

Box 4. The “Barometer of public services”– France

The Barometer is an innovative tool in assessing the quality of public services from a user perspective. It retains key variables such as response times to written requests, emails and phone calls. But it broadens the scope of assessment by using indicators that relate to specific “life events” of public service users (e.g. “I need urgent medical help”) and to the existence of formal complaint mechanisms. Quality in these areas is measured using both “objective” indicators of performance (e.g. response times) and “subjective” indicators of user satisfaction (through surveys conducted with a representative sample of the population that has had contact with the public administration in connection with life events analysed by the Barometer. Although the barometer started only recently, it has the potential of becoming a good practice for gauging user satisfaction, creating transparency and building citizens’ trust. (OECD, 2012).

65. Focusing on the key drivers of public service satisfaction, including elements such as engaged (or responsive) public servants, can help build citizens’ trust in government. Nonetheless, further research into the Public Sector Service Value Chain (PS SVC) and the link between public service satisfaction and trust in government would help. Finally, public service satisfaction also depends on macro-elements such as the overall functioning of the real economy. The level and quality of public services depend very much on how much the state can afford. This is a challenge in tight fiscal times, as it needs to be considered in the context of the framing conditions for sound fiscal management highlighted above.

Open and inclusive government

66. In a broad sense, open government policies, including citizen engagement, access to information and broader open government can be leveraged to increase trust. It is rationally expected that more transparent government policies, procedures and institutions will bolster trust. More open and inclusive

¹⁰ See OECD (2012) report on coproduction.

policy making processes help to ensure that policies are better informed and will better match citizens' needs.¹¹ In general, policy-makers in OECD countries and beyond broadly agree that facilitating the participation of citizens might enhance democratic engagement, build trust in government and harness productive forms of responsibility, including in the delivery of public services. At the first 2005 Public Governance Ministerial Meeting, open government was defined as the transparency of government actions, the accessibility of government services and information, and the responsiveness of government to new ideas, demands and needs. More recent approaches to Open Government discussed by the Public Governance Committee have highlighted a more comprehensive perspective, drawing on a range of transparency, integrity and openness policies (Box 5).

67. Previous OECD work on public governance shows that OECD countries have put forward a number of mechanisms to support open and inclusive government, from access to information, to consultation processes, to full-fledged open government policies. At the heart of these efforts is the goal of increasing citizens' trust: 61% of OECD countries report trust to be their main goals when investing in openness and engagement of citizens, with others including strengthening social cohesion, raising awareness or increasing citizens' scrutiny (OECD, 2009).

Box 5. Open Government

OECD countries are increasingly embedding their transparency and openness policies in broader open government frameworks. The objective of such frameworks is to adopt a systematic approach to promoting openness within the public sector rather than ad hoc initiatives by specific public entities. An open government is one that is:

- a) providing access to easily understandable information about its structure and functioning,
- b) promoting the use of this information by stakeholders (e.g. analyse and compare data by having access to customised data, uploading information),
- c) fostering the interaction between users of information on one hand and government entities on the other hand.

This innovative approach aims at promoting trust in government and creating new business opportunities for the private sector. At the international level, countries have subscribed to the "Open Government Partnership", which creates an official platform for commitment and exchange [See [GOV/PGC\(2012\)9](#)]. **Open government encompasses the following major governance principles:**

- **Transparency:** The actions of government should be exposed to public scrutiny and challenge.
- **Accountability:** Those entrusted with particular public responsibilities should be obligated to present an account of, and answers for their actions. Increasingly the public is holding government accountable not only for their actions but also for their performance.
- **Integrity:** Those acting in the name of government should do so for the public good, in an ethical way, avoiding any conflict of interest.
- **Engagement:** Members of society – both citizens and businesses and their organisations – should have opportunities to participate in government activities, including policymaking and service delivery.
- **Ownership of public information:** Public data belongs to the public and the government holds it in trust. People should therefore be allowed access to data unless there is an overriding policy or privacy objection.
- **Equal Access:** Individuals should enjoy consistent treatment in terms of access to government authorities and public services.

For more detail see New Developments in Open Government [[GOV/PGC\(2012\)9](#)].

68. While the intrinsic value of participation is beyond doubt, the business case is still to be made, as the impact of Open Government policies has not always been systematically assessed. Nonetheless, the process itself is important, and the credibility of the process of policy formation and of the actors participating in it has been demonstrated to have an impact on the predictability and enforcement of public

11 Kim, Soonhee. (2010). And Kweit, Mary Grisez, and Robert W. Kweit. (2007).

policies, which in turn strengthens their impact. More work, and more opportunities for the exchange of practical experience is required, not only to identify and learn from successful experiences and failures, but to better assess their impact on stated objectives and broader policy goals.

69. For example, in Mexico, civil society organisations have used the 2002 Access to Information Law to obtain information that has helped identify poor or ineffective policies, wasteful or abusive public spending, or corruption. In Iceland, after the 2008 crisis, citizens were actively taking part in drafting the new (crowd-sourced) constitutional bill of Iceland (Box 6). The United States federal government launched in 2009 a citizen oriented monitoring tool to accompany the execution of the American Recovery and Reinvestment Act (www.recovery.gov) and facilitate (i) greater accountability and transparency and (ii) reporting of suspected fraud, waste, or abuse related to stimulus funds. From February 2009 to December 31, 2012, the Inspector General has reported 4 210 complaints of wrongdoing associated with Recovery funds to the Recovery Board. 2 114 of these have triggered open investigations. In Sweden, a culture of transparency and consultation helped to implement the structural reforms needed to overcome the mid 1990s crisis, which in turn provided a strong base for weathering the 2008 financial crisis (Box 8).

70. Given the fact that in many countries, trust has been deeply shaken as a result of the crisis, the evaluation of these and many other open and inclusive policy making initiatives would help inform the design of cost effective and useful initiatives, and assess their impact on broader goals, including trust. In addition, it would help address an additional gap in trust that hampers full institutionalisation of open and inclusive policy making: when asked to indicate the main reasons to why citizens do not want to participate in policymaking, the second most common reason was citizens' low levels of trust in how governments would use their input (OECD, 2009).¹² Building trust is a long and arduous process, which requires a two way relationship between citizens and governments, and a mutual acquisition of trust. The results of the previous OECD work on Open and Inclusive policy making showed that less than half a fifth of the countries evaluated all their initiatives in this area, and less than a quarter more than 50 %. This highlights of the open and inclusive policy making initiatives

Box 6. Iceland: trust, the banking crisis and inclusive policy making

Iceland's banking crisis in 2008 had an extreme impact on confidence in government and financial institutions ([GOV/PGC\(2013\)1/ANN1](#)). This was due to a lack of prudential regulation in the pre-crisis context, which allowed for excessive risk taking. Such governance failures, as exemplified by a fall in confidence in other countries affected by the financial and sovereign debt crisis (Gyorfii 2013), can have a large impact on citizens' trust in government. Thus, in the re-building of institutions after the crisis, the President of Iceland recognised "...this was not just a financial crisis, but also a profound political, democratic and even a judicial crisis. Wide-ranging reforms in all these areas were needed in order to rebuild the confidence of the nation so the people could move together through the crisis towards a new road of recovery" (President Ólafur Ragnar Grímsson, Meeting of OECD Ambassadors, OECD Paris, 27 February 2013). The government has made wide efforts to include citizens and stakeholders in government decisions and reforms – including crowd sourcing the new constitutional bill (Gylfason 2012). In addition, the government used direct democracy to consult with citizens on whether the state should guarantee depositors in the privately own failed bank *Landsbanki*. Improving government responsiveness to citizens' preferences, including through regulatory responses to protect citizens in their everyday life, can aid in increasing citizens' confidence in government.

Notes: OECD (2009) Iceland: the Financial and Economic Crisis. *Economics department working paper No. 725* www.oecd.org/iceland/a-clean-energy-economy-lessons-from-iceland.htm

Gylfason, T. (2012) From Collapse to Constitution: The Case of Iceland. CESifo Working Paper Series No. 3770. Available at: <https://notendur.hi.is/~gylfason/Economic%20Role%20of%20Constitutions%2016.pdf>

12 OECD (2009). Focus on citizens: Public engagement for better policy and services. Paris: OECD Publishing. p. 49

71. In addition, a full institutionalisation of openness and inclusiveness is facing regulatory and implementation challenges, as highlighted by the issue of access to information, which remains partly incomplete in a number of countries, even those that have implemented access to information laws (See *infra*). Countries reported mixed progress when assessing the impact of the OECD guidance for information, consultation and active participation in policy making. Overall, governments appear to be saying: “we have established rights, we have active citizens and a commitment to engage them in policy making but we face challenges of resources, time and lack of evaluation”. The results are far from straightforward. This is also particularly true at a time when the social media have deeply impacted the speed, dynamic and potential for communication in recent years. As a result, the dynamics of participation and citizen engagement, and their underlying principles, have changed dramatically in recent years. This has for example had significant policy implications in the context of the Arab Spring, and is currently being addressed in the context of the OECD MENA Governance Programme (Box 7).

Box 7. MENA-OECD Open Government Project

In the context of a G8 mandate through the Deauville Partnership, a **MENA-OECD Open Government Project** has been established to support Jordan, Libya, Morocco and Tunisia to implement public sector reforms inspired by the principles of good governance and open government, with a view to join the Open Government Partnership (OGP). Working with other donors and development actors, the OECD has paid particular attention to the political and institutional developments in beneficiary countries, so as to align activities to national reform agendas. The Project was made possible thanks to the financial support granted by the US Middle East Partnership Initiative (MEPI), the German Federal Foreign Office and the UK Foreign Office.

In particular, the project is:

1. Helping **Morocco** and **Tunisia** to become full members of OGP by supporting their current reform process with policy recommendations based on an assessment of their legal, institutional and policy gaps.
 - Progress has already been achieved in **Tunisia** in the areas of integrity and the fight against corruption with recommendations on how to improve the national Audit Systems, Risk Management, Conflict of Interest, Declaration of Assets and the Code of Conduct of the Civil Service. It is also providing advice in the area of public finance, based on the *OECD Best Practices for Budget Transparency*.
 - In **Morocco**, the OECD is also helping support a more transparent budgeting process, and working with the Central Agency for Corruption Prevention and the Ombudsman to review their functional capacities and mandate to help carry out their newly-defined constitutional mandates, manage their institutions efficiently and effectively, provide quality services to Moroccan citizens and engage and consult with them. In the area of citizens' engagement. The OECD is supporting the development of a new Access to Information law and helping in the definition and implementation of participatory mechanisms to include citizens in the national policy making and rule making cycles.
2. Assisting **Jordan** in the implementation of its OGP Action Plan. The OECD is currently providing policy advice and technical assistance to key Jordanian stakeholders through capacity building seminars, policy dialogue and exchange of good practices that build on the OECD networks of peer policy makers and practitioners. The current focus, as requested by Jordanian authorities, is on making reform happen and citizens' engagement.
3. Forging strategic alliances with key development partners (i.e. UNDP and OECD member countries' embassies and co-operation offices) to support building administrative capacities in **Libya** which suffers from extreme institutional weakness and lack of capacity at the political level of the central government.

Several other countries from the **MENA region, Latin America, Sub-Saharan Africa** and **Southeast Asia** have asked OECD support to draft or implement policies in various areas of Open Government. These new collaborations are expected to start in the second part of 2013.

72. While the expectations around transparency and its relationship with trust remain a matter of political traditions, and require participation from an active and engaged civil society, open government initiatives are receiving traction in an increasing number of member and non-member countries. Not only are countries moving forward with the implementation of open government policies, but these efforts have resulted in an international movement, the Open Government Partnership in which 19 OECD member countries have country commitments. The extent to which its full potential is achieved will depend on how

this broad concept is implemented. The cultural acceptance of transparency and openness within the public sector is not easy to achieve and takes time to implement. In addition, despite a commitment to openness, senior policy leaders will still need "safe spaces" to allow open government deliberations and an opportunity to build commitment and to take decisions.

73. While the principles behind open government are laudable, it will be important to assess the real scope and impact of the concept to inform policymaking. For example, in some cases, "Open Government" has been used to refer to the use of technologies for disclosure of public sector information, rather than improving accountability or inclusiveness. There is therefore a need for a more unified framework defining the scope of open government, facilitating access to best-practice models and evaluating current initiatives to extract lessons learned and a better understanding of the relevant costs and benefits.

Access to information and open data policies

74. Access to information and open data policies are key pillars for promoting open government. Freedom of information laws (FOI) - also referred to as access to information laws - represent the early stage of those policies. These have been supported by a "Right to Information" movement which promotes access to information from a human rights perspective. These laws contribute to strengthening transparency, enhancing government accountability and promoting informed participation in policy making, which are recognised as key preconditions to increase public trust. All but one of the countries responding to the OECD 2010 Open Government Survey appeared to have FOI legislation/regulations.

75. However, the results remain partial. while in OECD countries Access to Information Laws presume a principle of maximum disclosure of information, *i.e.* the information held by the state is in principle available to the public, the scope of these laws varies considerably and the role and impact of exemptions needs better understanding (*e.g.* class tests and harm tests are common ways to exempt information). (OECD, 2011). Additionally, in most OECD countries Access to Information Laws extend vertically to all levels of government, but only half of them extend horizontally to all branches of central government (legislative, judicial and executive) while the inclusion of private entities managing public funds, such as those contracted by the government to provide services to citizens, remains uneven.¹³

76. A second phase in access to information corresponds to the Open Government Data (OGD) movement, which uses predominantly social and economic arguments to encourage the opening up of government data. The release of data into the public domain can not only contribute to increased government openness, but also benefit society by creating conditions for more inclusive service delivery and more participatory processes. Supporters of OGD also argue that it can stimulate the economy by allowing the possibility for third parties (*e.g.* individuals, private enterprises, civil society organisations) to create added value, with new products and services using public data. These movements differ in some respect. Right to information advocates emphasise access to qualitative as well as quantitative information, which is often stored in the form of documents, whereas Open Government Data advocates focus on data that is already held in government databases and can be easily re-used to create added value. While the right to information movement has put an emphasis on the obligation of public bodies to respond to requests for information, the open government data movement emphasises the proactive release of large volumes of information in formats and under conditions that permit re-use (OECD, 2013 *forthcoming*).

77. The argument for Open Government Data is that the lack of OGD is correlated with opportunities for corruption: the absence of data in the public domain would allow public servants to engage in corrupted behaviour with impunity. OGD can indeed be a powerful force for public accountability by making existing data easier to analyse, process and combine, thus allowing a new level of public scrutiny. This could have the potential for raising the level of public trust and the perceived responsiveness of

government actions. The Open Government Declaration¹⁴ identifies the use of ICTs and new technologies – including mobile platforms, social media networks and platforms, and cloud computing – to spur data sharing. This would promote political accountability, blurring the distinction between the technology of open data and the politics of open government. Therefore, by making public organisations more open both internally and externally, and by fostering collaboration across and within public agencies and departments (OECD, 2013 *forthcoming*), OGD can facilitate the development of social trust (Ostrom, 2008). A trustworthy environment and climate within public administrations in turn serves to stimulate mutually beneficial collaborations and partnerships. Increasing OGD, however, needs to be balanced with protections against criminal exploitation and the misuse of individual data.

Box 8. Sweden: Openness and institutional frameworks that helped weather the financial crisis

Sweden has enjoyed high levels of trust in government in recent years, with an increase between 2007 and 2011, according to the cross national Gallup dataset (See Figure 2 and 3). More detailed national data from Statistics Sweden show that confidence in Swedish politicians actually dropped from 1988 until 1998, but that it has significantly rebounded since.

Degree of confidence in Swedish politician 1988-2010. Percent

	In 1988	In 1991	In 1994	In 1998	In 2002	In 2006	In 2010
Very much confidence	3	2	1	1	2	3	5
Quite a lot of confidence	41	36	35	30	39	46	56
Pretty little confidence	44	50	50	51	46	39	31
Very little confidence	11	11	13	17	12	10	6
Do not know / do not answer	1	1	1	1	2	2	2
Total	100	100	100	100	100	100	100
Number of interviewees	2528	2613	2534	2101	2624	3111	2735

Source: Statistics Sweden

Following the economic crisis of the early 1990s, Sweden embarked on a number of governance and macroeconomic reforms to restore growth, balance public finances and improve unemployment. This included budget processes, targets for inflation, the pension system and taxation. The mid 1990s crisis triggered a wide range of other policy responses such as regulatory reform, privatisation and increased electoral periods. In terms of budgeting process, the structural reforms were supported by principles of budgetary transparency, as "*The system relies on a high degree of fiscal transparency that provides the basis for a well-informed policy debate, thus raising the reputation costs for the government of deviating from its targets*" (Calmfors 2012). Sweden's culture of transparency in consultation and the quality of government information produced were analysed as instrumental in helping to restore confidence in government (OECD 2007).

Analysts attribute the lessons learned and institutions invoked during the 1990s economic crisis to Sweden's fair weathering of the current financial crisis and sound macroeconomic conditions (the OECD 2011 Economic Survey notes that "Sweden has weathered the recent global financial and economic crisis well thanks to strong economic institutions and fundamentals, not least a sound fiscal position". As depicted in the table below, confidence in Swedish politicians was affected by the first financial crisis in the early 1990s however trust actually increased during the most recent financial crisis.

Sources: OECD (2011), "Executive summary", in OECD Economic Surveys: Sweden 2011, OECD Publishing; Calmfors, Lars (2012): www.voxeu.org/article/what-can-europe-learn-sweden-four-lessons-fiscal-discipline

14 Open Government Declaration, Open Government Partnership (September 2011), www.opengovernmentpartnership.org/sites/www.opengovernmentpartnership.org/files/page_files/OGP_Declaration.pdf, signed by the United States and seven other countries in September 2011.

78. Finally, it is important to acknowledge that increased transparency does not automatically drive greater accountability. A government can be open, in the sense of being transparent, even if it does not embrace new technology and a government can provide open data and still remain deeply opaque and unaccountable (Robinson, Yu, 2012). Making public sector data available can improve service delivery and citizens' quality of life, while having little impact on political accountability and public trust. It is important that OGD initiatives not be relegated to the realm of technical projects, but be embedded in the broader discussions and strategies that aim to foster openness and inclusiveness of governments to foster public trust.

Budget transparency

79. The budget is a government's single most important policy document, where policy objectives are reconciled and implemented in concrete terms. In the context of the OECD Best Practices on Budget Transparency, it is defined as the full disclosure of all relevant fiscal information in a timely and systematic manner. For example, budget transparency helped implement a well informed policy debate in Sweden, and supported structural reforms (Box 8 above). However, while publishing budget data is an important step for increasing transparency, challenges remain as to how to ensure that the data is comprehensible and digestible for citizens and their representatives in the legislature: it is unlikely that "dumping" large amounts of raw budget data online will increase trust but pulling together data to create cohesive stories that increase the knowledge of citizens and other stakeholders on how money is being spent could do so.

80. This implies establishing processes for cleaning and preparing data; developing tools such as calculators or visualisation tools that allow the public to more easily explore and understand the budget in greater detail; and designing web platforms for publishing that seriously consider user experience. Where data is less accessible, other actors such as data journalists or independent institutions undertaking budget analysis may act as filters for the public. The New York Times federal budget visualisation, WallStats Death and Taxes poster, or the Guardian's visualisation on government spending by department are examples of popular visualisations on public spending. Early on the United States Congressional Budget Office established a rule of being clear and concise in presenting reports. In practice this was defined as "the subway test" – could a Member of Congress grasp the essence of the CBO analysis in the time it takes to ride the subway between the House or Senate office buildings and the Capitol?

81. So for budget transparency to achieve results, it is important that it be conveyed in words that can be understood and can attract citizens' attention. Otherwise, as for other public sector management reforms, there is a cynical possibility that it is this implication of the ever present need for large scale reform as a way that is particularly attractive to those inside government, and consultants, whose careers are furthered by it, but would not necessarily deliver results to the people. (Premfors 1998, World Bank, Results, Performance Budgeting and Trust in Government 2010).

Promoting inclusive values in the civil service

82. As noted earlier, it is not always a simple matter to achieve cultural acceptance of transparency and openness as part of the everyday working method of the public service, and so addressing civil service values is another key way to improve transparency and inclusiveness.

83. A first area is to emphasise adherence to openness and transparency as criteria for recruitment. Recruitment systems that are based on merit contribute to the image of government as competent, fair and impartial. Countries with more career-based systems can ensure merit-based entry into the public service through the use of competitive examinations that reflect objective, impartial criteria for becoming a public employee. Alternatively, countries with more open, position-based systems can highlight transparency in

the recruitment and selection process by publishing all vacancies and using panel interviews to hire the most qualified applicants (OECD, 2011). A government that is trusted by its citizens can attract a highly educated and motivated workforce, which in turn can increase citizens' levels of trust in the public administration. This is important as fiscal consolidation measures that lead to reduced employment opportunities, both in the public and private sectors, can affect trust as countries that suffered higher increases in unemployment experienced greater losses in public confidence in government institutions (Stevenson 2011).

84. A second area concerns civil service and public sector values which need to be actively developed and promoted to foster trust. Public service values — the values embedded in the public service culture which guide the behaviour of civil servants — are among the defining features of a democratic society. They include the traditions of integrity, impartiality, legality, probity and merit, securing the continuity of the public service; and guaranteeing the legality of decisions and respect for the rule of law. Well-defined values that sustain consistency in government practices are essential to maintaining trust in government. The following section will focus in further detail on the issues related to integrity and codes of conduct.

85. Broadening the scope of public service core values can improve the responsiveness and flexibility of the public service. As traditional values such as integrity and political neutrality have become ingrained in the public service, countries are also promoting additional values such as diversity, user-orientation, increased individual responsibility, and a focus on policy outcomes. Public organisations need to strike a balance between these newer values and more traditional ones, as a single-minded focus on results may not garner public trust. Van Ryzin (2011) suggests that “trust in people and institutions of authority often depends more on process (such as fairness and equity) than on outcomes.”

Integrity

86. Integrity is a crucial determinant of trust: comparative evidence shows a high correlation between trust in politicians, both from the business community and citizens, and the perception of corruption. Integrity tools and mechanisms, aimed at preventing corruption and fostering high standards of behaviour, help to reinforce the credibility and legitimacy of the actors involved in policy decision making, safeguarding the public interest and restoring a sense of fairness of policy decisions. Policy tools addressing high-risk areas at the intersection of the public and private sectors, including effective management of conflict of interests, high standards of behaviour in the public sector, and adequate lobbying and political finance regulation, can be leveraged to limit undue influence and build safeguards to protect the public interest (see [GOV/PGC\(2013\)2](#) for further detail).

Managing conflict of interest: assuring decision-making in the public interest

87. Defining an effective policy approach to dealing with conflict of interest is essential to the political, administrative and legal structure of a country's public life. The OECD Guidelines for Managing Conflict of Interest in the Public Sector adopted by the OECD Council in 2003 provide a modern approach to conflict-of-interest policy which seeks to strike a balance, by:

- Identifying risks to the integrity of public organisations and public officials.
- Prohibiting specific unacceptable forms of private interest.
- Making public organisations and individual officials aware of the circumstances in which conflicts can arise.
- Ensuring that effective procedures are deployed for the identification, disclosure, management, and promotion of the appropriate resolution of conflict-of-interest situations.

88. The majority of OECD countries have policies to manage conflict of interest according to the OECD Survey on Conflict of Interest (2012). At the institutional level, 76% of OECD countries have a

central function responsible for the development and maintenance of the conflict-of-interest policies, rules or procedures. Great importance is provided in most OECD countries to raising awareness and understanding of the policies surrounding potential conflict of interest. For example, in 97% of OECD countries, the conflict of interest policy is disseminated to public officials taking office and/or when they take on a new post. Some limitations remain. While disclosure of private interests by public officials is a common practice, information is only partially made available to the public in the majority of the OECD countries. This is in part due to the importance assigned to privacy concerns. Regarding effective implementation, only 24% of OECD countries employ diagnostic tools, such as surveys, statistical data, and cost-benefit analysis, to measure the impact of the policy, rules and procedures to monitor the effective management of conflict of interest¹⁵. Measuring compliance also remains a challenge, and while in the majority of OECD countries sanctions are foreseen in the event of a conflict-of-interest violation, there is no data available on how sanctions are applied. Likewise, information on disclosures by decision makers in the three branches of government is only partially made available to the public.

89. In addition, the “revolving door” phenomenon, involving an increased movement of staff between the public and private sectors, has raised concerns over pre and post-public employment conditions and its negative effects on trust in the public sector. Such issues of impropriety (i.e. the misuse of “insider information”, position and contacts) have led more and more countries to modernise arrangements to effectively prevent and manage conflict of interest in pre and post-public employment. To balance conflicting interests, many countries have established standards or principles in order to ensure integrity in present or post-public officials. For example, a “cooling-off” period exists in many OECD countries, where public servants must limit their interaction with their former organisation for a given length of time. The *OECD Post-Public Employment Principles* and the *Post-Public Employment Good Practice Framework* can act as a reference points for policy-makers to gauge their current or future post-public employment frameworks.

Lobbying as a way of informing public decision-making: Balancing benefits and risks

90. Private interests seeking to influence government decisions, legislation or the award of contracts, known as lobbying, is part of the policy-making processes in modern democracies. Lobbying can contribute to good decision making and improve governments’ understanding of policy issues by providing valuable insights and data as part of open consultation processes. Yet, lobbying can also lead to unfair advantages for vocal vested interests if the process is opaque and standards are lax. The interests of the community are at risk when negotiations are carried out behind closed doors. Moreover, informed voices have argued that recent economic crises were caused, partly, by the influence of specific interests on government decision-making.¹⁶

91. The evidence shows a rising number of lobbyists and their annual spending. For example, almost 5 000 lobbyists are registered at the European Commission and Parliament and there are an estimated 15 000 lobbyists active in Brussels. In the United States lobbying spending more than doubled between 1998 and 2011, increasing from USD 1.44 billion to USD 3.30 billion. In view of the downside risks of lobbying and the impressive mobilisation of private resources, public pressure is rising worldwide to put lobbying regulations on the political agenda.

92. In view of the downside risks of lobbying and the impressive mobilisation of private resources, public pressure is rising worldwide to put lobbying regulations on the political agenda. In this regard, the

15 Data is missing for the Czech Republic, Greece, Israel, the Netherlands United Kingdom.

16 For example, an IMF working paper published in 2009 links intensive lobbying by the financial, insurance and real estate industries in the United States with high-risk lending practices. The paper concludes that “the prevention of future crises might require weakening political influence of the financial industry or closer monitoring of lobbying activities to understand the incentives behind better.”

2010 OECD Principles for Transparency and Integrity in Lobbying provide guidance to decision-makers on how to promote good governance in lobbying. The report on progress in their implementation will help guide future efforts to promote a level playing field by businesses, public officials and lobbyists.

Financing democracy: squaring the circle of trust, transparency, and public interest

93. Money is a necessary component of the democratic processes, enabling elections for representation and facilitating democratic competition. However, in the absence of adequate and effective regulation, money in politics has the potential for undermining democracy itself in some cases. Unequal access to funding for instance, could jeopardize the fairness of the electoral process and could distort the playing field between political parties or candidates. Important donations have the potential for endangering the independence of political parties and candidates as they might be expected to “return the favour” when they take office. Tied with intensive lobbying, money in politics can even facilitate a bias in important decisions. As a result, the general interest might be lost, and the state captured by specific and vested interests.

94. This issue has been identified in the international arena and some concrete initiatives were adopted over a decade ago. This includes the Council of Europe 2003 Recommendation on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (hereinafter, the 2003 Recommendation), the Venice Commission 2001 Guidelines on the Financing of Political Parties and the 2004 United Nations Convention against Corruption (UNCAC). These lay down key principles to be taken into account when regulating political finance. This was matched in some countries with national regulations aiming to promote fair competition between political parties and or candidates by i) balancing sources of funding, ii) introducing bans and limits on certain types of donations, iii) limiting spending during elections, iv) introducing reporting and transparency requirements, v) defining monitoring and enforcement mechanisms of political finance regulations.

95. Regardless of the particular mechanisms chosen, democratic countries face similar risks when addressing money in politics. Weaknesses in enforcement, such as under declaration of contributions or expenditures, as well as inadequate capacity of electoral management bodies, and common loopholes in regulations, such as third party financing or in kind contributions to override controls, highlight that further work to identify good practices and lessons learned to provide comparative evidence and guidance for developing effective framework for transparency and accountability in the realm of political finance is still needed¹⁷.

17 Group of States against corruption (GRECO) Third Round Evaluations were launched in 2007 it focuses on two themes the incrimination of corruption and transparency of party funding, they can be found on www.coe.int/t/dghl/monitoring/greco/evaluations/round3/ReportsRound3_en.asp.

CONCLUSION: THE WAY FORWARD

96. Against a background of increasing unemployment and widening inequalities, demands from citizens and business are high, but confidence that government can deliver remains often too low to support the implementation of necessary reforms. Without trust in government, public support for ambitious, innovative policies is difficult to mobilise, particularly where short-term sacrifices are involved and where long-term gains are less tangible. Therefore, investing in trust represents an investment in the future with a broad strategy which could support the implementation of reforms and help strengthen the recovery.

97. In the current context after the financial crisis, this may require a broader understanding of the role of institutions for trust in government, and greater attention to decision making processes. Ensuring that policy making processes as a whole are aligned with the public interest requires openness and citizen engagement, but it may also require more for safeguarding integrity, including curbing undue influence of private interests in broader fields of public policy making. This may require further conceptual underpinnings, better understanding of supporting institutional arrangements, and implementation and evaluation assessment efforts. A specific complementary report develops this analysis for the high risk areas and provides a framework for more integrated approaches in the area [[GOV/PGC\(2013\)2](#)].

98. This report has analysed the conceptual frameworks for trust, collected some of the available empirical evidence and discussed, from a governance perspective, the policy levers that could be mobilised. It identifies several areas for action which are presented below:

i) Building the evidence base on trust in government: While this report presents preliminary exploratory results and scrutinises existing methodologies, it reveals a wealth of data, which can only be partly exploited for the purpose of assessing and understanding the impact of policies. A fuller understanding may require further analysis and research.

- What are the right measures? What are the methods for measuring trust in institutions that would yield maximum returns in terms of comparability and policy relevance, while still allowing for differences in culture and history across countries?
- How to ensure that existing metrics can meet OECD standards in terms of policy relevance, quality? More concrete work could help explore the impact of policy measures such as budget transparency, open government, integrity, regulatory compliance, rule of law and public sector efficiency. This could be complemented by case studies.

ii) Strengthening capacity for strategic foresight, helping to manage complex challenges in a context of uncertainty and risk. Trust depends on how governments deal with the big issues and their ability to provide reliable, competent and legitimate responses. This requires a capacity for understanding and preventing known adverse events, but also for identifying the unknown – the so-called ‘Black Swan’ events – which have the capacity for social, economic and human disruption. This would help governments meet their implicit social contractual obligation to minimise uncertainty in the economic, social and political environment of their citizens, and offer visibility for businesses and investment decisions, particularly with respect to external events over which the latter have limited or no control. The crisis and other major recent events were a severe test of the ability of governments to play this important “stewardship” role, raising questions that have implications for trust in government.

These include:

- Are governments well prepared to identify challenges and assess risks for society? And does the government have mechanisms to mitigate such risks?
- Are the strategies of governments aligned to a more general strategy that takes into account challenges and risks?
- How does the public service ensure the competencies to deliver on institutional commitments, including prudent financial management preparing for contingencies, forward looking human resources management, etc.?

Addressing these issues may require addressing the capacity for strategic foresight, increasing the capacity to tackle complex multi-sectoral issues that cut across the structure of government; planning for long-term change, and strengthening risk assessment and management. The analysis would focus on the capacity and organisational requirements needed to manage change and maintain public support.

iii). Open government – inclusive and responsive policymaking. The OECD could strengthen its overall framework for open government to support policy design and implementation. This would facilitate co-operation with the Open Government Partnership to help promote openness and transparency for effective public governance from a global perspective. The OECD could contribute through a focus on conceptual, methodological and practical issues, including the drivers of open government, impact assessment, consultation processes and indicators. The work on consultation could be undertaken in co-operation with the Regulatory Policy Committee.

- What is the impact of current open government efforts?
- How can the synergies be exploited and maximised?

iv). Strengthening integrity and ensuring fairness in policy making. The OECD could step up its efforts to ensure that existing OECD guidelines and instruments are integrated at country level, including on conflict of interest, lobbying, pre- and post- public employment. The results of the OECD progress report on the implementation of the OECD Principles for Transparency and Integrity in Lobbying will provide additional insights on how to restore citizens' trust in the public decision making process. This would also help countries to pursue a comprehensive approach to integrity and transparency in government, in close co-operation with professional communities and international networks. This would also increase the functionality of its tools to better respond at country challenges

- How can the state keep its steering capacity and remain the guardian of the general interest?

A comprehensive agenda on trust has to fully acknowledge the institutional dimension, and to address policy and decision making processes for inclusive policy making. This would include analysing the role of non government actors (business, civil society, political parties, etc.) and the influence that they exert on policy. This would offer a better understanding of the broader context under which policy decisions can be exposed to undue influence of vested interests. This initiative would systematise knowledge in areas that have been already explored by the OECD, such as lobbying, conflict of interest and consultation and would offer an opportunity to close the remaining gaps in others, such as political financing, parliamentary work and social media.

REFERENCES

- Aghion P., Y. Algan, P. Cahuc, A. Shleifer (2010), "Regulation and Distrust", *Quarterly Journal of Economics*, pp. 1015-1049.
- Algan Y., P. Cahuc (2013), "Trust Institutions and Economic Development", *Handbook of Economic Growth*, vol. 1A-2013.
- Beugelsdijk S. (2006), "A note on the theory and measurement of trust in explaining differences in economic growth.", *Cambridge Journal of Economics*, vol. 30, pp. 371-387.
- Bjornskov C. (2012), "How does social trust affect economic growth", *Southern Economic Journal*, 78(4) pp. 1346-1368.
- Bjornskov C. Mannemar Sondereskov (2012), "Is Social Capital a good Concept?" *Soci Indic Res*, Springer, DOI 10.1007/s11205-012-0199-1.
- Blind P. (2006), "Building Trust in Government in the Twenty First Century: Review of Literature and Emerging Issues", UNDESA Submission to the 7th Global Forum on Reinventing Government, building trust in government, 26-29 June 2007 Vienna, Austria.
- Bouckaert G. (2012), "Trust and public administration", *Administration*. 60(1): pp. 91-115
- Bouckaert G. (2012), "Reforming for Performance and Trust. Some reflections", *Journal of Public Administration and Policy*, Vol. 1, pp. 367 – 384.
- Choi S.O. Kim S. (2012), "An Exploratory Model of Antecedents and Consequences of Public Trust in Government", Korea University Mimeo.
- Dalton R. (2005), "The Social Transformation of Trust in Government", *International Review of Sociology*, 15,1, pp. 133-154. Routledge.
- Dasgupta P. (2009), "A Matter of Trust: Social Capital and Economic Development", Annual Bank Conference on Development Economics (ABCDE), Seoul, June.
- Elgin C. Garcia M. (2011), "Public Trust, Taxes and the Informal Sector", Bogazici University, Istanbul.
- Fafchamps M. (2006), "Development and Social capital", *Journal of Development Studies*, 42, 7, pp. 1180-1198.
- Fisher J. AV (2012) Globalisation and Political Trust, University of Bern, World Trade Institute. mimeo.
- Gylfason, T. (2012), "From Collapse to Constitution: The Case of Iceland", CESifo Working Paper Series No. 3770, <https://notendur.hi.is/~gylfason/Economic%20Role%20of%20Constitutions%2016.pdf>
- Gyorffy D. (2007), "Political Trust and the Success of Fiscal Consolidations", TIGER Working Paper Series n°101. Warsaw.
- Gyorffy D. (2013), "Institutional Trust and Public Policy, lessons from the History of the Euro", Central University Press, Budapest-New York.
- Halpern D. (2010) *The Hidden Wealth of Nations*, Polity Press
- Heintzman R. and B. Marson (2005), "People, Service and Trust: is there a public sector service value Chain?" *International Review of Administrative Sciences*.
- Institute for Citizen-Centred Service (2008), "Citizensfirst5", www.iccs-isac.org.
- Jansson G. (2011) Local Values and e-Government, continuity and change in public administration. Thesis n0 FiF-a100, Linköping University, Sweden.

- Kampen J., S. Van de Walle and G. Bouckaert (2006), “Assessing the Relation between Satisfaction with Public Service Delivery and Trust in Government, the impact of the predisposition of citizens toward government on evaluations of its performance”, *Public Performance and Management Review*, 29, 4, pp. 387-404.
- Kim S. and Lee J. (2012), “E-participation, Transparency and trust in Local Government”, *Public Administration Review*, 72, 6, pp. 819-828.
- Kim S. (2010) “Public Trust in Government in Japan and South Korea: Does the Rise of Critical Citizens Matter?”, *Public Administration Review* 70(5), pp.801–810.
- Knack S. and P. Keefer (1997), “Does Social Capital have an Economic Payoff? A Cross-Country investigation?”, *Quarterly Journal of Economics*.
- Kweit, M.G., and R.W. Kweit (2007), “Participation, Perception of Participation, and Citizen Support”, *American Politics Research* 35(3), pp.407–425.
- Marson B. and R. Heintzman (2009), “From Research to Results, a Decade of Results-Based Service Improvement in Canada”, Institute of Public Administration of Canada.
- Newton K. and P. Norris (1999), *Confidence in Public Institutions: Faith Culture or Performance*, Kennedy School of Government, Harvard University.
- Noteboom B. (2007), “Social Capital, Institutions and Trust”, *Review of Social Economy*, LXV, 1, March.
- OECD (2013 forthcoming), Working Paper “*Open Government Data: Towards empirical analysis of open government data initiatives*”.
- OECD (2012), *OECD Public Governance Reviews: France: An international perspective on the General Review of Public Policies*, OECD Public Governance Reviews, OECD Publishing. doi: 10.1787/9789264167612-en
- OECD (2011), *Government at a Glance 2011*, OECD Publishing. doi: 10.1787/gov_glance-2011-en
- OECD (2011), *The Call for Innovative and Open Government: An Overview of Country Initiatives*, OECD Publishing. doi: 10.1787/9789264107052-en
- OECD (2011), *Together for Better Public Services: Partnering with Citizens and Civil Society*, OECD Public Governance Reviews, OECD Publishing. doi: 10.1787/9789264118843-en
- OECD (2009), *Focus on Citizens: Public Engagement for Better Policy and Services*, OECD Studies on Public Engagement, OECD Publishing. doi: 10.1787/9789264048874-en
- Oomsels P., T. Im, G. Bouckaert, G. Porumbescu (2012), "Trust is good but control is always better? The relationship between institutionalised control and administrative trust in a cultural framework", *IIAS Study Group Workshop on Trust in Public Administration and Citizen Attitudes*. 11-12 December 2012. Seoul, South Korea.
- Oomsels P. and G. Bouckaert (2012) “Managing trust in public organisations: A consolidated approach and its contradictions”, *International Research Society for Public Management*. Rome, Italy, 11-13 April 2012.
- Peters G. and J. Pierre (1998), “Governance Without Government? Rethinking Public Administration”, *Journal of Public Administration, Research and Theory*, 8(1998):2, pp.223-243.
- Putnam R. (1993), *Making Democracy Work: Civic Traditions in Modern Italy*. June.
- Putnam R. (2000), *Bowling Alone: the Collapse and Revival of American Community*.
- Reeskens T. (2012), “But Who are Those "Most People" that can be Trusted? Evaluating the radius of Trust across 29 European Societies”, *Soci Indic Res*, Springer, DOI 10.1007/s11205-012-0169-7.

- Robins B.G. (2012), "Institutional Quality and Generalised Trust: a Non recursive Causal Model", *Soci Indic Res*, Springer, DOI 10.1007/s11205-011-9838-1.
- Robinson, D. and H.Yu (2012), "The New Ambiguity of Open Government", *UCLA Law Review Discourse*.
- Roth F., N (2009), "Who can be trusted after the financial crisis?", *CEPS working Paper n° 322*, November, www.ceps.eu.
- Roth F., F. Nowak-Lehman, T. Otter (2011), "Has the financial crisis shattered citizens' trust in national and European governmental institutions? Evidence from the EU Member States, 1999-2010", www.ceps.eu.
- Rothsein B. (2005) *Social Traps and the Problem of Trust*. Cambridge University Press.
- Sobiech R. (2012), "Image and Attractivity of Central Government Administrations, A report for European Social Dialogue committee in Central Government Administrations", University of Warway.
- Stevenson B. (2011), *Trust in Public Institutions over the Business Cycle*, Federal Reserve Bank of San Francisco, Working paper 2011-11.
- UK Government Office for Science (2013), "Future Identities. Changing Identities in the UK: the next 10 years".
- Uslaner E. (2010), "Trust and the Economic Crisis of 2008", *Corporate Reputation Review*, vol. 13, no. N2, pp. 110-123.
- Van de Walle (2002), "Public Service Performance and Trust in Government: the problem of causality", Annual Conference of the European Group of Public Administration. Postdam, September.
- Zak P.J. and S. Knack (2001), "Trust and Growth", *The Economic Journal*, vol. 111, pp. 295-321.
- Wenzel J.P., S. Bowler and D.J. Lanouen (2003), "The Sources Of Public Confidence In State Courts: Experience and Institutions" *American Politics Research* 2003, vol. 3, no. 2, pp: 191-211.
- Kelleher C.A. and J. Wolak (2003), "Explaining Public Confidence in the Branches of State Government", *American Politics Research*, vol. 31: 191, pp: 707-720.
- Rottman D. (1998), "On Public Trust and Confidence: Does Experience with the Courts Promote or Diminish It?", *Court Review* - Winter 1998, pp: 14-22.
- Warren R.K. (2000), "Public Trust and Procedural Justice," *Court Review* - Fall 2000, pp: 13-16.
- Canadian Judicial Council (2004), "Ethical Principles for Judges".
- Benesh S.C. and S.E. Howell S.E (2001), "Confidence in the Courts: A Comparison of Users and Non-Users", *Behavioural Science and the Law*, vol. 19(2), pp. 199-214.
- Stevenson, B. and J. Wolfers (2011), "Trust in Public Institutions over the Business Cycle," *NBER Working Paper*, no. 16891, March.
- OECD (2011), "Trends in Strategic Human Resource Management in Government: Findings from the 2010 Survey on Strategic Human Resources Management in Central/Federal Governments of OECD Countries" [[GOV/PGC/PEM\(2011\)2/FINAL](#)].
- Van Ryzin, G., (2011), "Outcomes, Process, and Trust of Civil Servants," *Journal of Public Administration Research and Theory*, 21 (4), pp. 745-760.
-