

Why Sustainable Public Utilities Are A Security Issue

Event Transcript:

Expert Panel

Featuring:

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MIDDLE EAST
PROGRAM

Jon Alterman:

If you would stay with us, we have a panel. I can't tell you just how enthusiastic I am about the panel we have lined up for you. It's rare that when you set up a panel, you have all of your first-choice people, and this is a panel that is all of my first-choice people. We'll start with Melani Cammett. She's the Clarence Dillon Professor of International Affairs in the Harvard University Department of Government and the chair of the Harvard Academy for International and Area Studies. She specializes in the politics of development and identity politics in the Middle East. She teaches graduate and undergraduate courses on comparative politics, development, and Middle East politics. She also consults for development policy organizations. She's the author of *Compassionate Communalism: Welfare and Sectarianism in Lebanon* and co-author of the current edition of the classic text, *A Political Economy of the Middle East*—the first edition of which sits on my bookshelf behind me.

Franck Bousquet joined the International Monetary Fund (IMF) in March and is the deputy director leading the Fund's efforts to strengthen engagement with fragile and conflict-affected states. Prior to joining the IMF, Franck was senior director for the World Bank's Fragility, Conflict and Violence (FCV) Group. He led the development of the Bank Group's first strategy for fragility, conflict, and violence. He has several years of leadership experience working on fragile and conflict-affected states—including significant work on resilience and reconstruction issues in earlier roles as director in the World Bank's Middle East, North Africa region, and as a sector manager in bank, urban and social development sectors in Africa. Prior to joining the World Bank, Frank held roles in the public and private sectors focused on water utilities, transport, and finance and capital markets.

Tessa Terpstra is deputy director at the Dutch ministry of foreign affairs, where she helps manage ties with almost 100 embassies and 40 international organizations in the Netherlands. But the reason we have her and the reason we are lucky to have her is that in March, she concluded a five-year tour as the first ever MENA regional envoy for water and energy security for the Dutch foreign ministry based in Amman. She's been directly engaged in activities and policy dialogue on resource efficiency and climate change with governments, private sectors, civil society, and donors in the Arab region. So I think what we have assembled is a remarkable array of wisdom that goes from the theoretical to the financial, to the practical and applied on the ground with everybody, with experience that overlaps in all those things. So, I'm really looking forward to the discussion.

Melani, we'll start with you. You've done a lot of work on service delivery in divided societies. I wonder if you might talk about how the public utilities that we talk about in our report relate what you've learned about human services in your work and also address where trust fits into this whole thing.

Melani Cammett:

Great. Thank you so much for inviting me. I'm really honored to be part of this panel and to have had the opportunity to read this important report. I should mention, we'll have to make sure we get the new edition of *A Political Economy of Middle East*

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on your bookshelf soon. Let me just say that I agree that the focus on these sectoral issues—power, water, sanitation, disposable waste—is unusual for a think tank to undertake, but I could not agree more that it's absolutely vital and that you've put your finger on the most important issues. In fact, when I teach my classes at Harvard, the students are often attracted to issues related to political violence and war and conflict, but the fact of the matter is these issues are the most important issues in the region. As you rightly point out, they are not unrelated to conflict and violence as well. They are certainly the most important issues to people's everyday lives, so I think they're vital to address. And as you also point out, they are particularly important in a region that had the greatest level of improvement in social outcomes in the post-World War II era of all global regions. I mean, if you look at the decline in infant mortality in the Middle East in a global comparative perspective—from the 1950s until a couple of decades ago—it was the steepest decline, and that's indicative of a broader set of social outcomes. Imagine that this is now a region facing stagnation and profound problems with public service delivery. It's all the more jarring in the context of a history of rapid improvements. The other thing that I think is worth pointing out and that's also emphasized in this report is that we now have multiple countries in the region that are in chronic states of conflict, to the point where organizations like the IMF and World Bank have added new categories called “conflict states” in their reports on the Middle East, and we're doing the same in our new edition of *A Political Economy of the Middle East* because you simply can't understand the political economy of the region without looking at the effect of conflict and violence on economic and social outcomes—not to mention politics. It's really refreshing to see this report on these important issues, especially on the question of environmental

sustainability, which for some strange reason has received very little scholarly attention in research on the Middle East, and, in fact, in political science research in general, not just on the Middle East, which I think is gradually starting to change.

I appreciate the political economy analysis that is central in the case studies here. Some examples are the politics of access to water in Jordan. The report points out that larger, more well-connected farmers disproportionately have access to water resources while smaller farmers are struggling. Informal and formal power-sharing along sectarian lines in Lebanon has stymied efficient solutions in favor of arrangements that give stakeholders a cut in the gains of public goods provision, and this has been a central theme of my own research. I think one of the larger issues that I find valuable here is that your report exposes that purely technical solutions are just inadequate. You just cannot fix problems without attention to the politics around resource distribution allocation. It doesn't matter how much human capital and expertise you have—it's not going to work without the attention to the political context. There are some happy stories in this report, which are useful and valuable. I'm always struggling to give my students happy stories, so I'm definitely going to cite this report and talk about renewable solar energy provision in this southern

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Lebanese town of Qabrikha or some of the other examples.

But it's really hard to find these positive examples, and they're qualified as well because they seem to hit these ceilings where it's hard to scale them up or sustain them because of the lack of funds and obstacles from existing stakeholders and so forth. So, even the happy stories hit some in-built limits there. But one thing I want to say that comes through in your report that I think is very critical in both academic and policy research is that we need to pay attention to context. So, this is a big debate in academic research: increasingly social scientists rely on experimental evidence on randomized controlled trials as the gold standard for policy analysis and impact assessment, and this approach does a really great job of identifying the causal impact of an intervention or of a program or a policy but oftentimes does not really pay sufficient attention to the ways in which local contexts affect the way an intervention actually operates on the ground and potentially limits the generalize ability of a policy or a program.

So, I think the very detailed sort of local analysis that you bring to the fore are very important here. So, in the few minutes that I have remaining, I want to make a few comments about how this fits in with some work that I've been doing and some questions that I want to raise coming out of this report. You actually referenced a paper that I wrote with my colleagues Ishac Diwan and Irina Vartanova in an article that was published in *Democratization* last year. We look at people's sense of economic security, personal safety, and security, and we look at how that's correlated with commitment to democracy and trust—political trust, in particular. We find that it really tracks closely with a perception of security, and not just at the individual level—at the macro level, too—a sense of whether the country is

doing well or not. And this is really important because there's lots of debates about whether Arabs and Muslims are committed to democracy. I don't put much stock in those debates. I think our findings and the findings

of many other studies show that it's not the right question to ask. The fact of the matter is that people are committed to democracy when they think it delivers for them. So the case at Tunisia is disturbing because economic security really dropped after the revolution, even as political freedoms opened up, and people are questioning their commitment to democracy. They're wondering: what is this delivering for us? And at a minimum, this shows that the preference for democracy and political trust are not fixed cultural attributes, but they shift rapidly in the face of perceived insecurity, and this is disturbing for a whole variety of reasons.

I've also done a lot of work on the politics of service delivery in Lebanon in particular, and looking at how sectarian actors, political parties and movements have deployed the provision of welfare goods as part of their political strategies. And in recent work with a graduate student in my department, Aytuğ Şaşmaz, we published a paper looking at the delivery of services by actors that are affiliated with different religious communities, and we find that people think they're getting better services when they go to a provider from their own community. And there's some evidence that they actually do get better—slightly better—services when they go to a provider from their own community. In part, we think we find a little bit of tentative evidence that this is because the networks of trust are more articulated within the same confessional community, so it's easier to monitor the provider and the provider feels that they're

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they've been around for a long time—but across the region because states are failing to deliver. So, we see a lot of NGOs, not to mention the for-profit private sector, which is very much on the rise, the problem is it's out of reach for most people, and this is not necessarily a bad thing, but when you have a welfare regime or public service delivery systems that are dominated by non-state providers, you really need capable states to regulate them to ensure efficiency and equity. And that is not necessarily what's going on in many states in the region.

The final thing I want to raise here is it sort of calls into question one of the core arguments that you make in this report, or at least invites further research on this. So, one of the arguments that I think is very inspirational about this report is that providing sustainable, transparent public services is a way to rebuild trust. And I wonder whether we should be cautious about this claim and whether we should question if people create sustainable solutions to public goods provision, at least in the near term. And I'll tell you why I'm wondering about that. First of all, I have a recent project with some co-authors where we did a survey experiment in Lebanon, looking at preferences for political candidates who

more accountable—they're going to be held more accountable to members of their own community.

So, what your report highlights and what some of my own work has highlighted is that non-state providers are on the rise, not just in Lebanon—where

delivered—who promised to do different things. And we found that most people really didn't care about programmatic policies. They really cared about access to jobs. Didn't matter if it was through clientelist channels, any channels—just access to jobs. That was actually more important than sanitation for them and waste management. And you can understand this because this is what people need in their immediate lives, and then they can worry about the larger macroeconomic and structural environment. And the other thing I wanted to ask is: are the effects of climate change really visible to people? You know, climate change is sort of a slow boil. It's not like a dichotomous light switch where suddenly everyone is aware of this.

And I think the report even acknowledges this when, in the discussion of the power sector in Tunisia, there's some reference to the fact that entrepreneurs have found it difficult to convince local communities of the benefits of renewables. We know that it's hard for people to see in the longer term, especially when they're in a state of financial economic insecurity, so I think the report raises important points and potentially plausible arguments about how sustainable solutions can build trust. But I think there's a missing step in the middle that invites further research about under which conditions people become aware of the benefits of sustainable provision and how this can be promoted. What are the kinds of interventions that can be done to raise public awareness of the benefits of sustainable public service delivery that will then lead to that final step of more

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sustainable provision and greater trust in government and non-state providers that are offering these goods in a sustainable way? This strikes me as an important research frontier that's of interest—both to academics and to policy as well. I'll stop there. Thank you.

Jon Alterman:

Franck, you've read the report. You've listened to Melani with a political science perspective and really helpful insights, but you come to this as a banker. How do you think about some of the things we've talked about and how do you think about banking in societies where the overwhelming thing that's happening isn't economic—it's political? And how do you think about the banking piece, the economic piece, in the midst of profound political insecurity?

Franck Bousquet:

Thanks, Jon. I think the whole point is that you need to cut sideways. Provisions of water services, sanitation, power is not just a technical matter. If you are not looking at the political economy aspect, if you are not incorporating the drivers of fragility, you are not going to actually address the issue, which is not just about providing water. It's about providing it in a sustainable manner, financially speaking; secondly, in an equitable manner, so that you are not going to exacerbate drivers of fragility—you are going also to help building trust. And I agree with the point of Melani, it's also questions of raising awareness—it's not as direct as we may think, but the whole point—and I think the report is fantastic in this regard—is actually to show that provision in those three countries of water, sanitation, power is not just a technical issue. This is actually a much bigger again: it's a way of building trust and reaching out communities and increasing the accountability potentially, or doing the opposite, of institutions to provide

services, which is really the presence of the state at the end of the day. So, just stepping back a little bit from the report, which I really enjoy, I think it's a question as you can see the trend over the past few years that many international financial institutions (IFIs) agree and realize that the importance is not only to bring more financing, but it's also to be much more aware about the issue of state. For instance, there is no security without development; there is no development without security. You see many important actors that are working in the Sahel in partnership with peacekeeping with the UN, just because if you don't have this space in terms of security, you're not going to provide different services where it's the most needed. We are going to focus in Bangui. We're going to focus in Bamako when, in fact, the whole point is to help state regain the legitimacy and build trust where it has been lost for many years. And that's why you can see the emergence of many of the non-state actors that General McKenzie mentioned. I think this whole point means what? It means that, more and more, it's about scaling up support to those countries that are impacted by fragility, conflict, and violence. Is it needed? Big time. Especially with Covid-19, those countries see significant increase in poverty. They see significant increases in inflation and debt. They have been the most impacted by the recent pandemic. You have to not just scale up financing—you have to do it a way that is tailored.

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You have to do it in a way that takes into account the root cause of fragility and political economy and embraces this whole point about partnership. Now, on partnership, you're going to hear it. It's a buzz word. Everybody likes to partner with everybody. The only thing is that in those countries impacted by fragility and conflict, partnership with organization that are different mandates is essential. Otherwise, it's more questionable from the more financing in area where it's not necessarily always more impactful. Working, for instance—if you look at what has been done by some of the IFIs—it's actually working with humanitarian actors, so they can be intervening in an area where they were not necessarily present in a very insecure environment. It's also working with organization that brings intelligence, or knowledge, on a specific area, like UNHCR on the refugee crisis. This whole point about boundaries doesn't make sense anymore more when we look at intervening with certain groups in fragile and conflicting states. It's about humility, and it's

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about recognizing that to have more impact, you will need exactly—like General McKenzie mentioned—to address development issues, address drivers of fragility, address grievances before it becomes too late and becomes a humanitarian or security issue. Let me stop here.

Jon Alterman:

Thank you very much. And then, Tessa, well, now you have an advantage of sitting in your beautiful office in the Hague. But you spent a lot of time going out and visiting projects and visiting people who are trying to do things on the ground, time after time. What's the piece that's missing that people need to know? You've spent five years looking at these kinds of projects, looking at what makes implementation successful and unsuccessful. What do we need to know that we haven't been paying attention to?

Tessa Terpstra:

Talking about what I see missing, I think the report does a great job at looking at context. I think that's incredibly important, and political economy is very, very strong in the report, looking at distribution of wealth, resources, power relations, which indeed are very clearly visible on the ground. The fact that the government is unable to enforce or close down illegal wells, for instance, in Jordan, which have been dug by rich farmers, large farmers who are also part of Parliament and make it very, very difficult for governments—and you see this in other countries as well in the region—to actually have an equitable division of resources. What we've been trying to do as the Dutch government with partners in the region is to actually try to look at the layer in between the larger, more abstract, international policy dialogues of the IFIs or the research that's been done by international donors with large programs. We've tried to actually make that translate to what's happening on the ground. What is that political economy and which perspectives need to be combined to actually break down those silos? I'll give you an example. I'll give the example of Jordan because I can pinpoint the different perspectives that need to be taken into account there. Looking at

Jordan and the water scarcity in Jordan, they say it's in the top three or four water scarce countries in the region. And as you rightfully say in your report, it's also the vegetable basket—or at least it is in the Jordan Valley, with its hydro cultures of different heights. It has a lot of agriculture. The country doesn't have enough water, so, what we're trying to do in Jordan is work with one of the water companies—the Yarmouk Water Company—to provide water in the north and look at how to optimize their wastewater treatment so that it can be reused in agriculture. At the same time, you have to work with the farmers to actually introduce technology that helps them grow crops that are bringing a lot of income and to grow crops with less water. You combine the water with the hydroponics, but you also need people who are actually able to run—as water operators—these different wastewater utilities. So, we established a wastewater center for training and education. You also have to work with the government and work with IFIs, like Franck and others, to help the government set in place the right policies to actually work on taxation and a more equitable resource division. You also need data because you have to know where the water is being used. You have to know about

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illegal wells and about efficiency in agriculture. You need remote sensing programs. And I think there's a big potential in the region for a younger generation that's actually tech savvy—that really wants to work on these projects. There's quite a lot of startups that are out there in

Lebanon with the recycling of waste. The renewable energy has a lot of startups as well. So, I think there's a growing ecosystem of people who actually want to tackle these challenges that we see, and that's where the future-oriented job market has a place as well. So, I think it's important to really make the connection between those different layers of what we would like to do as international community, the research that we have, and look on what's happening on the ground. And there's quite a lot going on. I haven't heard yet the whole green recovery, Building Back Better agenda that the international financial institutions have now, post-pandemic. And I think there's a big opportunity there to actually try to link the local traction of what's happening in a positive sense with the larger aid packages that are coming to the Middle East.

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Jon Alterman:

Thank you, that's very helpful. Again, I'll remind the audience that if you have questions, there's an "ask a question" button on the event page that you're watching the event from. It seems to me, just to pick up on a theme that that was common in all of your presentations, there's sort of a level between the central government and international donors, and individual consumers. And oftentimes, that's a warlord, it's a tribal leader, it's some mediating power authority who relies on the ability to allocate resources as the source of authority. How do we think about that? I mean, is that a group of

people we have to co-op? Is it a group of people we have to suppress? How do we think about that problem? Because there are mediating institutions between a central government which often can't do it by itself, and individuals who can't get what they need. So, I think all of you touched on it, and all of you have insights into it, so I don't want to presume one or another of you should start. I'm interested in what you all have to say. But you're very polite. Nobody wants—

Melani Cammett:

Yeah, I mean, this is a really important point, and there's actually an enormous literature in political science on this mediator, across the globe. In Latin America, there's a ton of research on political brokers who mediate between citizens and political parties, and actually don't necessarily stick to one party in their career. They sort of move, depending on the best opportunity with different parties. I know that's the case in Brazil, for example. You know, tribal chiefs, a lot of people have written about this in sub-Saharan Africa, and of course we have many different forms of mediators in Middle Eastern contexts. There are what they call the electoral keys in Lebanon and other contexts, who are basically the local actors who deliver the votes. And in some contexts, tribal leaders and so forth. So, these are realities of the political terrain, and I don't think they can be suppressed or ignored because they will simply not make the program or policy get implemented properly if their interests are violated, and they do have leverage in their positions. So, the question is aligning incentives and ensuring that they are delivering and are being held accountable and so forth, which is going to look different from place to place. So, I think it's correct to say there is this category of actor out there that is quite consequential, but they're certainly not going anywhere, and I think they need to be accounted for and

incorporated into solutions, until there's a totally different type of system in place, which is not easy to just bring about.

Tessa Terpstra:

Yeah. May I say something about this? I think it really depends on who the leaders are in a community. You need to try to work with those who are willing to work with outsiders and can set an example that others can work with them as well. Working with larger farmers, for instance, it's important to work with those who have a sustainable model of production that others can come and see. You need to have a demonstration of function that others can follow up on. You need, for instance, people installing or making use of renewable energy, and you need other others seeing that this actually works and want to follow it. You have to make use of those types of people as examples to others.

Franck Bousquet:

Local norms and the local contexts of use are extremely important—which also means that we should be very careful to not have a single bullet trying to solve issues of countries or regions that have completely different challenges. Therefore, again, my point about tailoring the assistance ingredient from international commercial assistance institutions for the

Local norms and the local contexts of use are extremely important—which also means that we should be very careful to not have a single bullet trying to solve issues of countries or regions that have completely different challenges.

specific situation. More and more, you can see those MBBs and IFIs are now carrying out the people risk resilient assessment. They are looking at the fragility assessment, which really brings the political echo that Melani mentioned. That was not the case 10 years ago. Why? Because we realized that without factoring this mode of delivering services and looking at the political economy, not only nationally but locally, you are going to miss out tremendously on the provisions and the financing. I think that this is clearly a trend, and I think we should work on it. That also means that unless you partner with other organization that have different skills, different mandates, it's going to be very difficult to have an impact on those situations.

Jon Alterman:

Right. But that gets to the point that Melani was making in her presentation, that you sort of embed the current dysfunctional political system and keep things fragile because the people who are either the electoral keys, or the people who are the communal leaders who control resources, and who deprive people of resources in order to obtain concessions. by reinforcing the layer and co-opting it, rather than trying to use some of these tools to diminish its power, you perpetuate the political environments that perpetuate the economic dysfunction. I mean, there might not be another way to do it, but it seems to me that—maybe I injected this in what I heard from Tessa—that there are some opportunities to work directly with communities in ways that minimize and subvert, in some ways, folks who just essentially represent a tax, and empower communities to do things more directly their own benefit. Is it wrong to hope that it promotes more change?

Melani Cammett:

If I could jump in here. I think your report and other examples in the region suggest one pathway out of this equilibrium, and I'm not saying that this is the only way, but it does strike me that there is something potentially powerful when people at the local level organize together and demand accountability from local officials. And there is simultaneously some kind of technical solution like solar power, right? Which delivers an alternative mode of energy provision that gives them something to organize around concretely, rather than some abstract principle of accountability, right? And I think this can make changes at the margin. And even though Lebanon is in a really, just incomprehensibly difficult situation right now—with, I don't know if we call it a triple or quadruple crisis at this point—there are also these incredible instances of popular mobilization going on. There's of course, countervailing mobilization. It's complicated. Policies are complicated. Invested stakeholders don't give up easily their privileges, as we can see from what's going on in Lebanon. But I think that is one pathway that is not clear. You can't predict the future. But it does bring about incremental change, and who knows if that can multiply up and bring about more fundamental systemic change.

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Frank Bousquet:

The whole point about those fragility assessments, or risk assessments, is not precisely to exacerbate the grievances but actually to address them and build resilience. The whole point is precisely to better understand the political economy and the distributional impact of specific policies so

that when you are going to push for some reform, you understand who's going to benefit at the end of the day and what that means in terms of addressing those horizontal or geographic inequalities. The whole point is to have a good understanding about how services are being provided. You cannot, obviously, copy-paste a model—whether it's centralized or decentralized—from one country to another one, but it doesn't mean that you are going to try to just replicate what is going on. You're going to address, under the authority at the national or local level, some of those grievances as part of the service provision. So, I think that's the whole point.

Jon Alterman:

Tessa, let me ask you a diplomatic question because governments like to deal with government counterparts. I think host governments like to know what's going on within their borders, and yet a lot of what you did as a donor was to work directly with individuals—with communities. How do you see the impetus for being the catalyst for change, with Frank's assessment that you've got to deal

with the hand you're dealt, and you have to deal with the power structure that exists? I mean, how did you see that manifesting on the ground, and how did you work with it?

Tessa Terpstra:

That's a very good question. Of course, we can't run the country, and we shouldn't. I think that what works best is to show what could work. So, you need to provide suggestions, give demonstrations, give expertise, and build on questions asked by government entities. Like, "Look, we have a problem here. Could you help us solve it?" And then we would sort of unravel the whole complexity of what I was saying earlier: that you need to look at education, you need to look at jobs, you need to look at the resources, you need to look at a tax system, you need to look at the enforcement data, etc. So, it's the whole package that you would discuss with a government.

But the Dutch work with private sector a lot. We like to show governments that actually working on a business climate and helping the private sector develop is to the benefit of the governments. And ideally,

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governments would be setting the standards—or rules and regulations—for private sector to flourish. Because that would provide jobs and help people have an income and get these services. So it's—I was going to say simple, but of course, it's not simple. But it could work. This is something that you could try, and we'll help you set it up, and if you like it, we can scale it up and get the financial institutions to come in and replicate scale-up while looking at local context.

So, it's a going back and forth between government, government entities, and the other parts of society that you simply need to get going to be part of this solution and have governments actually realize that they need these parts of society.

Jon Alterman:

So, let me ask Melani and Franck what I think might be an even harder question, which is: how do you maximize the demonstration effects of your successes? I mean, in some ways, I think Tessa can come in and say, "We know what works. This model worked." And maybe it works in a small place in Jordan. Maybe it works in a small place in Lebanon. But in your experience, what makes communities look at other communities and say, "I want some of that, and I can do some of that?" And you can have the virtuous circle that gets created by something in their own country that has been demonstrated to work. How do you inspire people? How do you get people to make the change, to embrace those sorts of things, to catalyze precisely the kinds of changes we're talking about in this report? Franck, why don't you go first?

Franck Bousquet:

So, it's difficult. I mean, there is obviously aligning the incentive—I think it was mentioned, I don't know if it was Tessa or Melani who mentioned it—which I think it's very important because at the end of the day, we want to make sure that you have a good enough understanding of the situation today, but also presenting the options if nothing is done. If option A or option B are being favored, here's what's going to happen. That's one aspect. It's really understanding, again, what are the different options? The whole link was the public awareness, communication. So important. We often skip, I think, this area of

focus by just presenting technical solutions and not trying to understand what the impact will be on the different stakeholders and who will be winning or losing from reforms or from different investment programs. Sharing knowledge and sharing experience—south-to-south experience—is actually very powerful because I do believe that in many cases it's better appreciated and better welcomed than trying to impose some model that may not be working at all. And therefore, trying to find the relevant experience, whether it's at a community level, local level, regional level, or national level, that would make the most sense. And having those countries or utilities that have experienced this change, this reform, trying to show what are their own challenge and why they decided to implement those reforms is extremely powerful—very much more powerful than trying to show a business model that works well in France or the UK and Denmark. I think having the own local leaders, having the only, what is managers explaining, in my case, here is what we have to do, there is a discussion we had with union with the impact on price. At the end of the day, we see an improvement of services, but what were really the issue that we face and how did we go about it? This is extremely powerful. You want to be involved in different reforms of the Congo elsewhere. I can tell you that a whole pro-sharing mortgage exchange with other similar environment is

much more powerful than trying just to impose or show a model that may not work at all. So, I think it's trying first to understand the issue, the incentive, who benefits, going way beyond the technical aspects, but of course, are crucial and probably the simplest aspects of the whole reform agenda. And then try, again, to promote change. At the end of the day, it has to be led and it has to be decided by the locals with national goals. I think it's important today for them to be in the driving seat at the end of the day.

Jon Alterman:

Thank you. Melani?

Melani Cammett:

Yeah, I would agree with that. I'm struggling to think of examples or research that's relevant here, but it seems logical that locally relevant examples matter the most, and that's often how diffusion occurs, when an actor thinks that an event that occurred elsewhere is relevant to their own circumstance. I think there are multiple levels at which new approaches could be adopted. One could be at the more grassroots level, where community activists learn of and implement or advocate for something they've heard about through other channels, and certainly social media can help with this. People are more and more savvy with social media, and I think that could change the dynamics of local-level development as well, and I'm sure it has. It's just that I haven't heard

There are multiple levels at which new approaches could be adopted.

of research on this, but I'm sure that exists. And then, of course, top-down implementation of change, but that runs into the issue of whether there is a national level or

provincial level person with authority who has an interest in bringing about change. And often that is not the case for all the reasons you enumerate in this report. Obviously, leaders matter, and there are exceptional leaders. I personally have never fully subscribed to the leadership model of development and change, only because I'm quite sure there is a fair distribution of effective leaders in many different communities. The question is: are they able to act on their good intentions, whatever they might be?

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And so you can have the most wonderful people that truly are committed to development and equity in their communities, but they may not be able to do anything about it, given the existing set of constraints and interests around them. I do think we ultimately have to think of this interplay between elites and grassroots mobilization to think about how processes of change occur.

Jon Alterman:

Thank you. And there also is this broader problem in social science research of scalability and how, if you have a very good pilot project, how you replicate it, partly in different contexts, partly with different leadership in different environments, and that has certainly been confounding and I think is going to stay confounding, I'm afraid. We have a number of

questions. Again, I want to encourage the audience to ask questions if they have them. We have one from the *North Africa Journal* who asks: how can governments facing substantial unrest like Algeria, Tunisia, Libya, and others prioritize the concept of sustainability when there's so much public discontent? How do you inject the issue of sustainability when people just want jobs, just want any power now, yesterday? How should we think about that?

Tessa Terpstra:

Well, by making sure that it's not a goal in and of itself, but it's going for sustainable jobs. It's going for services that also happen to be sustainable. So, by turning it around and addressing the needs that are very valid to have jobs, to have services, to have safety. I mean, if there's a war going on or people have to flee because of a drought, then it's simply not possible to look at sustainability per se. But if you manage to incorporate it into a solution that they need in any case, then it is possible. For instance, people starting to have their own domestic agriculture in refugee camps, for instance, or giving them a solar power so they can run a small business. So, it's about making sure that it's part of the solution to the challenges that they're facing.

Jon Alterman:

So that sounds almost like it's in the donor responsibility to try to promote, to try to ensure, that outside assistance is sustainable. Franck, I'm sure you've thought a lot about that. I'm sure you've also thought a lot about the challenge that if people keep looking to donors for the assistance, you don't actually build domestic wherewithal, you have a reliance on external support. I mean, how does the IMF, how did the Bank, when you were leading efforts there, how do you think about that, that problem of getting the donor in the catalyzing

position, but not in the handicapping because people just become dependent on donor if you're trying to introduce sustainability?

Franck Bousquet:

Okay. I think this is quite important. I mean, that's the whole point of actually having countries in the driver's seat. I think I mentioned that obviously the leaders of a project could be local actors, but for the IFI, it's very important that you ensure that, at the end of the day, they are going to support reforms that are owned, decided because otherwise this will not be sustainable. And I think we have a number of experiences, good and bad, that showed that. So, I think it's very important like you rightly said. I mean, the catalyzing support of trying to respect the country ownership and making sure that at the end of the day, you are not going to increase this reliance on external aid, or you are not going to see reforms that are being driven by the factors that are not free own and decided at a national and local level. Otherwise, you're clearly not promoting sustainability, and you could actually further exacerbate some issues. So, I think this is quite important. I mean, that's why you have all the engagement with our country partnership— which by the way, is not only looking at how it's being led and decided by the national authorities, but also how it is well coordinated between all the actors so that you don't have duplication of influence. The whole point about the harmonization of aid and cooperation, ensuring that you have national platforms that are being

The harmonization of aid and cooperation, ensuring that you have national platforms that are being led by country themselves, is actually essential.

led by country themselves, is actually essential in this regard.

Jon Alterman:

Thank you. We have a question from Christian Knutson from Jacobs about the role of the private sector in this, we've talked a lot about

The governments should be the enablers, but not the initiators, or the runners, of sustainability.

government programs and international financial institutions. What's the role of the private sector in promoting sustainable utilities in your touch?

Tessa Terpstra:

I think the private sector is key. In what I've seen in the Middle East—or at least in the countries I've been working in—the private sector is the driver of change much more than the government. So, the governments should be, in my view, the enablers, but not the initiators, or the runners, of sustainability. I mean if they are, that would be great, but at least to be enablers, to enable the private sector to work on this, and you see this happening in renewable energy, for instance, it's much easier to have a recollection of revenue with electricity than with water, for instance, and waste it's difficult because you need a whole chain of supplying enough ways to actually make it cost effective is quite complicated. But in the energy field, it's definitely possible for private sector to thrive.

Jon Alterman:

Thank you. Karim Elgendy, who is a member of our working group asks about the role of cities and if there are different answers to these questions, different dynamics, in urban

environments versus rural environments. I think a lot of us think about a lot of these things on rural scale because it's more approachable. Do cities work differently when it comes to these kinds of services, and do they require different kinds of solutions, or is it just a matter of scale? Melani, you're nodding, so I'm thinking you have an answer.

Melani Cammett:

Yeah, I've been doing some work on the political factors that shape the quality of service delivery in Lebanon, particularly focusing on primary health care, and there's definitely distinct rural and urban dynamics in part because there are more providers and more density of providers in urban areas, so people have more choice. You see this around election times when you have the discretionary allocation of access to benefits and cash handouts. Some urban areas tend to be more competitive with more efforts to buy votes or buy turnout. So, it's a very distinct political dynamic than in rural areas where you have fewer providers. There might only be one provider that's accessible within a certain geographic area. So that alone is one reason why things are different and then a whole variety of other reasons why urban environments are distinct in terms of meeting your basic needs and so forth. I mean, it's interesting: usually we think of mega cities in the Global South, and there're huge problems with infrastructure and sanitation and waste and so forth. But in some ways as you're report acknowledges, cities like Beirut, for example, have access to more hours per day of power than rural outlying area. So, I think it sort of depends on the sector as well.

Jon Alterman:

We have a question from somebody named Shelby at USAID about governments providing

economic incentives for more sustainable solutions. How can governments make environmental decisions as economical as possible? Franck, I think that's probably up your alley.

Franck Bousquet:

Yeah. Coming again back to this, I think the point is that every actor has a key role. I think the states are secure in terms of regulation and providing the right set of policies—pricing, in this regard. Just coming back in terms of the rural versus urban, in many cases, the lack of scale is going to have a direct impact on the type of investment and the type of provision of services. Many private sector operators may not be interested to invest because there is no market in the rural area. Therefore, it's going to require different types of provisions of services, engaging communities, lower investment. So, I think the whole point about the scale and the nature of the investment in market is going to have a direct impact, obviously, on the way the services will be provided. But now, the role of the government, looking at incentives, the way of ensuring that the standards are actually being followed, whether it's about social or environmental standards, is extremely important.

I think this has been mentioned before, but again, every actor has a key role to play. The private sector has a huge role to play in terms of creating jobs. This is not about the state-owned enterprises (SOEs) or state or region. It's about the private sector. It does pay to bring the technology that is not necessarily available in a specific country now—status, as another set of incentives and regulations that is, of course, so important to provide a framework in which private operators are inclined to work.

Jon Alterman:

And Tessa, as you work to get governments on board, what did you find was the most effective argument or most effective instrument to get governments interested in supporting environmental sustainability, and what things had you thought would obviously work and just didn't work in practice?

Tessa Terpstra:

Yeah, thanks. So, it works if you can show that there are jobs—jobs in the sustainability sector, green jobs. That's key because just as much as there are popular demands, there are also pressures on governments. So, showing that there are jobs works. I would have thought that showing illegal water use is something to shut down would be an easy one, and it turns out to be the toughest. We have set up a remote sensing program that's really impressive. It covers the whole of Africa, and the Middle East and North Africa—at least up to Iran—showing water productivity, or the use of water in agriculture. And you'd think that this can be used to see where more water is being used, so they can actually see where illegal wells are. Still, it's very difficult for governments to actually use that information, to do something about law enforcement, so that turns out to be really difficult. I wanted to say something about governments. We haven't talked about subsidies, but this is something that's really, really important next to the enabling environmental regulations. Subsidies—on energy, fuel, bread, and water—is something that's highly politically sensitive and something

Subsidies—on energy, fuel, bread, and water—is something that's highly politically sensitive and something that really needs to be worked on.

that really needs to be worked on. Governments know that, and the more we help—and I think this is something for the IFIs as well—to help countries and governments actually have a social safety net. So, to use a fiscal system to cut down on these subsidies, but to have social safety nets for vulnerable parts of the society is something that we really need to look at more, I think.

Jon Alterman:

Thank you. So final question, we just got someone from somebody Claudia Maria Clem in Germany who asks whether—it is going to be a question for Franck—there's an opportunity to build a more transparent financial system with a completely digital banking system dedicated to sustainability? Should we be thinking about a separate financing mechanism that operates with blockchain that provides things directly? Should we build that infrastructure to promote sustainability? Is that an idea that excites you or an idea that raises your eyebrows and causes worry?

Franck Bousquet:

Well, now my worry, in a sense, is that this goes way beyond my scope of expertise. So, unless you're a digital payment expert; I am not. I do believe there is huge potential obviously, and you can see many organizations, recently, at the same time, we have some safeguards and some questions to put it in place. I'm not going to comment more because it goes way beyond my focus now. You know, in terms of digital currency, in terms of leveraging technology, you can also try to ensure that some countries are linked to it are not actually benefiting from it—even if they are in this situation that we are covering in terms of fragile and conflict states. I don't know if some of my colleagues here on the panel are digital payment experts.

Jon Alterman:

I think the issue was, was more, sort of, creating a whole different financing mechanism.

Franck Bousquet:

I know, I mean again, I'm not sure exactly about the opportunity that is being presented. It will not solve the issue that, at the end of the day, those countries that are impacted as we discussed today, by fragility and conflict, they need significant support. So, whether it's about rent or

Whether it's about rent or concessional financing, the support has to be provided at a scale which is so significant that it requires cooperation from the whole international community.

concessional financing, the support has to be provided at a scale which is so significant that it requires cooperation from the whole international community. The methods are another topic that we could further leverage to help them beat fraud by providing assistance, but I think it really doesn't help. It doesn't solve the issue, which is precisely that, to come back to the topic of this conference, of this event, that you need many partners that are scaling up on their end: security actors, development actors, international financial institutions, CSO, humanitarian actors, and that cannot just be provided by a single organization, whether it's about bringing the intelligence on the ground, whether it's about making sure that you have security to provide support, water, energy, whether it's about ensuring that you are going to provide development aid by addressing grievances all that requires significant support

and scale of supports, the ways it's going to be delivered.

Jon Alterman:

I have learned so much in not only the last 90 minutes, but especially the last 60 minutes. I am really grateful to Melani, Franck, and Tessa for sharing your wisdom and your experience. I'm grateful to you for reading Sustainable States. I encourage you to read it if you haven't. Thanks

to General McKenzie and his team for joining us. Thank you for joining us. And on behalf of my co-authors Natasha Hall and Will Todman, thank you very much for joining us today. We look forward to seeing you all again soon. Have a great day. Thanks.

Tessa Terpstra:

Thank you.