Does Citizen Participation in Budget Allocation Increase Trust in Government?

Providing detailed information about citizen involvement and budget allocation has a positive effect on citizen opinion regarding the actions of local government and on trust in politicians.

Citizen participation in and dissemination of such programs can improve budget allocation both directly and through their impact on trust.

Since participation in these programs is low and self-selection may occur, their impact may be limited without informational campaigns.

CONTEXT

Developing countries see not only low levels of investment and spending on public goods, but also high inefficiency in spending, both a cause and a consequence of low levels of trust. When this happens, citizens pare back their demands for public goods (particularly goods with long-term benefits that require believing promises) in favor of short-term policies like subsidies and transfers. One public policy innovation has been to introduce participatory budgeting programs that enable citizens to express their preferences directly, and the effectiveness of such programs should be examined.

PROJECT

The program examined is Buenos Aires Elige (Buenos Aires Chooses), in which participants propose the initiatives to be funded and vote for their favorites. According to the experiment design, the 1,500 respondents were randomly assigned to two different informational treatments and a control group. The treatment received by group 1 described the program generally, while treatment 2 provided more detailed information. Treatment and control subjects were then asked questions concerning: i) their overall evaluation of the city government’s performance, ii) trust in local government members and politicians, and iii) the value of citizen participation.
Providing detailed information on the participation initiative and the budget allocation did have an impact on citizen perception of the actions of local government and trust in politicians. In particular, as shown in the figure, providing detailed information on the program increased—although not significantly—the generally positive evaluation of the city government’s performance by about 0.07 standard deviations (SDs); the perception of the government as receptive increased by 0.11 SDs; and the perception of the government as honest and transparent increased by 0.15 SDs. Treatment group 1, given only general information, experienced no effects on the perception of government trustworthiness. In contrast, for those who received detailed information on the program, the effect was 0.12 SDs higher than the group that received no information. The study shows that being part of the treatment group improved perceptions of local government reliability by 4 percentage points (pp)—a 7.8 percent increase relative to the control mean.

The results show that previously held opinions about the government’s capacity, prior but limited knowledge of the initiative, and opinion about the community’s ability to solve collective action problems play important roles in how people update their perception of the government. Treatment effects were greatest for individuals with previously more negative views of local government capacity, and for those who had only heard of the initiative or its website. Those effects were also higher among those who believe in the ability of their communities to solve collective action problems.

Many countries have incorporated participatory programs, particularly regarding budget allocation, among their regular practices to engage the citizenry in policymaking. These initiatives can increase trust in government by providing citizens more information about government actions, and they can increase legitimacy by reducing representation problems. It should be noted, however, that since participation in these programs is low and self-selection may occur, their direct impact may be limited. Providing information about the existence of these programs and their actual effects, however, may increase their impact. This experiment shows that it is possible to have a positive impact on citizen perceptions of the response capacity, transparency, and trustworthiness of local government when citizens are provided with detailed information on a mechanism that encourages their participation in decision-making. Therefore, combining participatory programs and extensive information campaigns about those participatory programs and their effects can increase citizen participation, social cohesion, and political trust. Once combined with information campaigns, participatory initiatives could have a direct positive effect through allocations (now citizens decide where money is spent) and an indirect effect by impacting trust, countering political disillusionment, and improving people’s perceptions of the quality of democracy. In short, investments in these programs could pay off.

This study has also been published as an IDB Working Paper.
Department of Research and Chief Economist

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