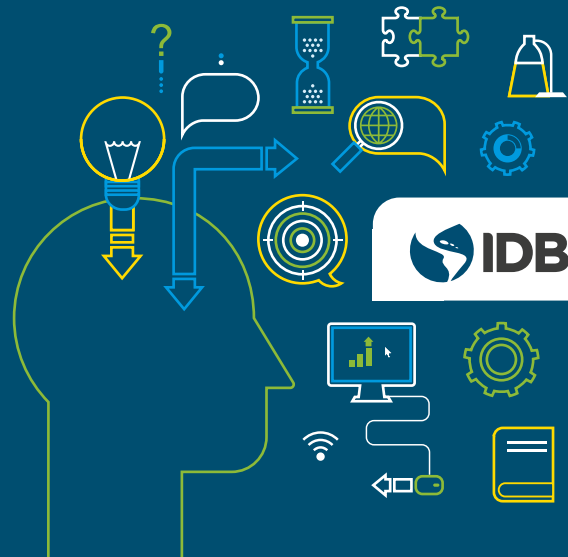


# Does Citizen Participation in Budget Allocation Increase Trust in Government?

N.º 79 | June 2024

Authors: Martín Ardanaz, Susana Otálvaro-Ramírez, and Carlos Scartascini.



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.



## RESULTS

**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.

### Key Concept

#### TRUST



The belief that others (including the government) will not act opportunistically.

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.



## POLICY IMPLICATIONS

**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.

### Key Concept

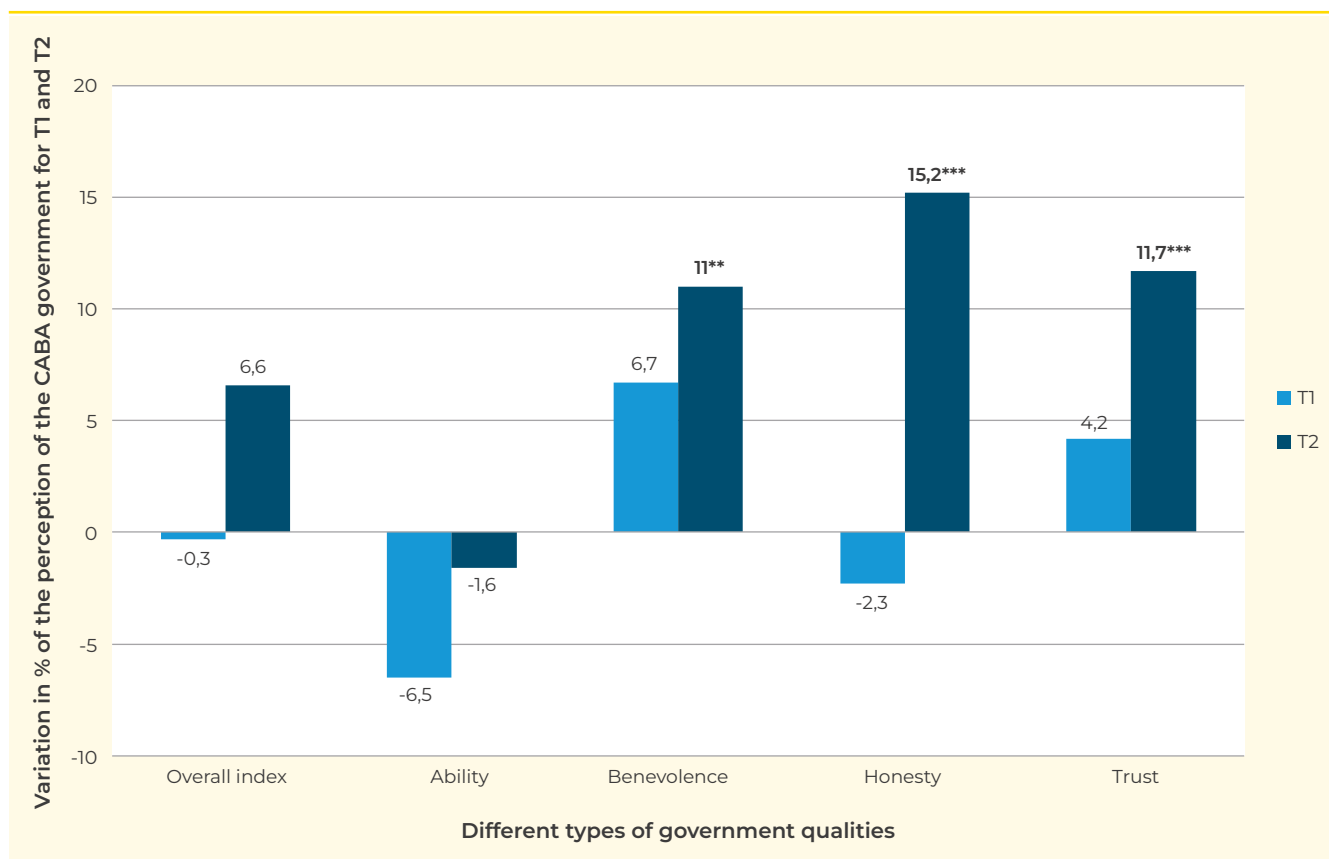
#### PARTICIPATORY BUDGETING PROGRAMS



Programs that provide tools for citizens to participate in decision-making on resource allocation, directly expressing their public policy preferences.



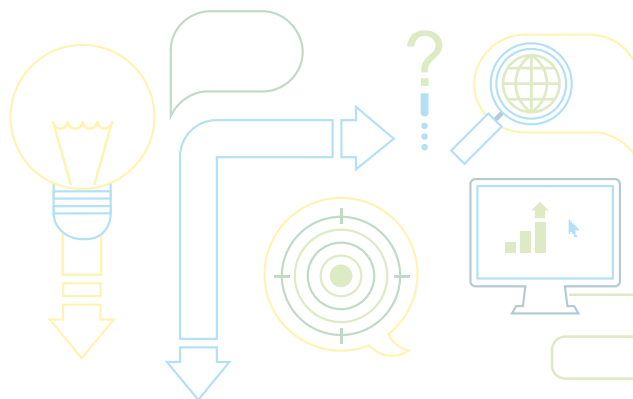
**FIGURE 1. Perceptions of City Government**



Note: \* p<0.10, \*\* p<0.05, \*\*\* p<0.01. T1: Treatment group 1. T2: Treatment group 2.

 **IDB RESEARCH ON TRUST**

This document is part of a series of studies and initiatives that the IDB has promoted to understand the importance of trust in economic growth and building citizenship.



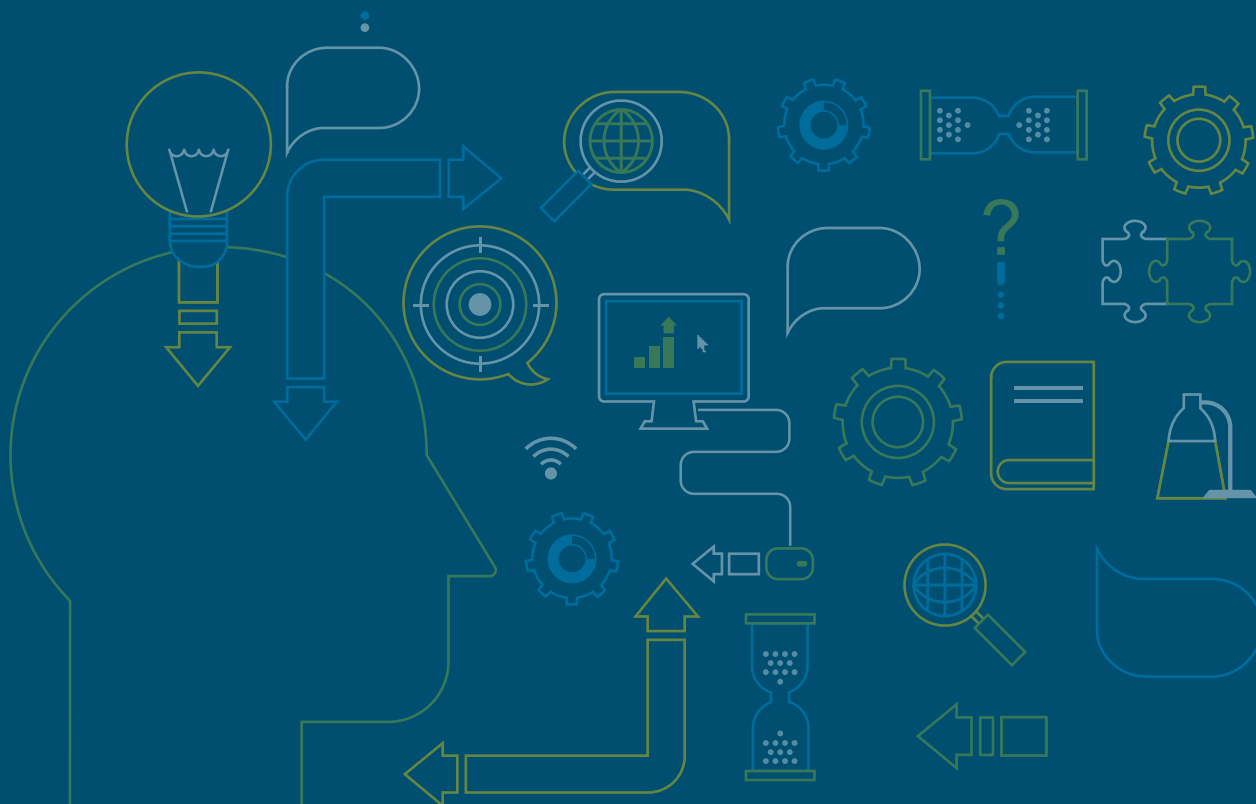
**FULL STUDY**

**Ardanaz, Martin, Susana Otálvaro-Ramírez, and Carlos Scartascini. 2023. “Does Information about Citizen Participation Initiatives Increase Political Trust?” *World Development* 162 (February): 106132.**

This study has also been published as an [IDB Working Paper](#).

## Department of Research and Chief Economist

The Department of Research and Chief Economist generates new ideas to enrich the knowledge base that supports the policy agenda of the Inter-American Development Bank (IDB) and its member countries for achieving sustainable and equitable development in the region. To maximize the impact of its research, the Research Department carries out activities that serve as inputs to other IDB departments, governments, the academic community and public opinion in the region.



Copyright © 2024 This work is subject to a Creative Commons license CC BY 3.0 IGO (<https://creativecommons.org/licenses/by/3.0/igo/legalcode>). The terms and conditions indicated in the URL link must be met and the respective recognition must be granted to the IDB.

Further to section 8 of the above license, any mediation relating to disputes arising under such license shall be conducted in accordance with the WIPO Mediation Rules. Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the United Nations Commission on International Trade Law (UNCITRAL) rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this license.

Note that the URL link includes terms and conditions that are an integral part of this license.

The opinions expressed in this work are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

