

Shaping Political Trust Through Participatory Governance in Latin America

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Abstract*

This paper critically assesses research that examines the link between participatory institutions and political trust in the context of developing countries, with a focus on Latin America. A significant limitation in the systematic accumulation of knowledge in this field is inattention to identifying a clear causal chain through which citizen participation shapes political, economic, and attitudinal outcomes such as political trust. This is particularly important in the Latin American case where constitutionally stated objectives of participatory governance include the improvement of citizen welfare *as well as* strengthening of political trust in public institutions. Future work should concentrate in providing clear and testable models of the complex relationship between participatory mechanisms, policy, governance, and trust, with particular attention to what mediates and moderates this relationship. Additionally, empirical work done of the Latin America case should move away from a predominantly case-study based and macro-level perspective in the study of participatory institutions to micro-level studies from the citizen's point of view. A new frontier for the study of participatory governance in Latin America lies in understanding how citizens' experiences with and expectations of participatory institutions as well as the policy outcomes delivered by these institutions shape political trust.

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I. Introduction

More than three decades ago, social scientists believed that participatory mechanisms were going to transform distributive politics from the bottom-up. Participatory mechanisms are characterized by involving citizens in the decision-making process of developmental projects either through deliberation about, voting on, or monitoring of the allocation of resources within their communities.

Supporters of participatory democracy believed that participatory mechanisms would have three main positive outcomes: (i) they would make economic policy more efficient by faithfully reflecting the needs of beneficiaries, (ii) would strengthen governance or accountability mechanisms by allowing citizens to demand better services and monitor public spending, and finally, (iii) would eventually lead to an increased trust in government.

Most scholars would agree that participation is linked to at least one of the three outcomes described above. However, less is known about the mechanisms or causal models that dictate these relationships, in particular the relationship between participation and trust. Can the act of participating in the public sphere directly increase trust in government, or must participation change policy before it affects political attitudes? Is trust a necessary condition for economic and political development, or are efficient policies and better governance needed to build trust? If citizen participation shapes policy without improving the quality of governance, should we still expect trust to increase?

This review will critically discuss the theoretical debates that link citizen participation and trust in the context of developing countries, focusing on how political trust has been discussed across studies of all three outcomes described above. It is important to note, however, that most of the current evidence is unevenly distributed across these three main outcomes and uses a wide, and mostly incomparable, variety of methodologies. For example, there is a vast literature on the effect of citizen participation on policy efficacy, including many review pieces and meta-analyses of existing evidence on the topic. There is also a long-standing literature linking economic development and interpersonal, social, and political trust. While there is a burgeoning literature linking citizen participation and accountability, there is little rigorous and comparable empirical work that links participatory mechanisms and trust. In fact, most of the empirical evidence of the relationship between participation and trust comes from studies whose primary outcomes are economic and behavioral.

Given these conditions, there are three main objectives of this review. First, drawing on existing literature on political theory and political economy, I will delineate the different theoretical models underlying most of the work on participatory governance that explicitly or implicitly links

participation and political attitudes (including, but not limiting to, trust). Second, I will discuss the variation of participatory institutions and suggest commonalities that could make them comparable for future study. Third, I will review the empirical literature on participatory governance institutions in Latin America and provide important limitations and areas of opportunity for future work.

II. Models of Trust, Participation, and Good Governance

There are many different causal models that relate political participation and the three main outcomes described before: policy, governance, and trust. Still, most scholars today would agree that political trust¹, at least to some extent, is shaped by political participation and is related to quality of governance. This first part will briefly discuss the intellectual history behind these diverse theoretical frameworks surrounding participatory governance. Then, I will propose a simple framework to understand the diversity based on common underlying assumptions of current empirical work. Finally, I will delineate some warnings and recommendation for the design of future empirical work on the effect of participation on political trust.

Varieties of Causal Models on Participatory Governance

The relationship between trust and good governance has long been a topic of debate between a tradition of scholars who argue that trust is a consequence of good governance and another tradition that claims trust is a necessary condition for good governance. The first school of thought going back to Hobbes' Leviathan is premised on the idea that, after agreeing to some social contract, only those rulers capable of enforcing the contract effectively and fairly can earn the trust of their subjects. In contrast, the second school argues that rulers need citizen compliance to rule effectively and compliance is more readily available when citizens trust government action (for a discussion see: Hardin 2002).

Differing causal relationships between participation and governance are also debated between those who claim political participation influences public policy through elections and those who argue that policy outcomes shape the interests that motivate electoral mobilization and

¹ Throughout this paper will use the term trust to refer to political trust to differentiate between related concepts such as social trust (referring to trust to fellow citizens), reciprocity or interpersonal trust (trust involved in personal relationships or commercial transactions). I will understand political trust as the degree to which citizens trust or have confidence in public institutions doing what is right (for a discussion see: Citrin and Stoker 2018, and the American National Election Survey module on trust).

participation. Specifically, the first model argues that policy follows citizens' preferences revealed through the act of voting (Downs 1957; Meltzer and Richard 1981), while the second claims that policy is the product of complex interactions between organized interests (Mettler and Soss 2004; Schattschneider 1935; Skocpol 1992). For the latter group of scholars, elections have a limited role in determining policy. However, once policy is implemented, citizens gain the incentives to defend and protect their policy gains through active political participation (for a summary of this debate see: Hacker and Pierson 2014).

Finally, a large body of empirical work mostly in economics and political economy, has studied the effect of citizen engagement and social trust, especially as components of social capital, on public goods and services (Knack and Keefer 1997; Olken 2010; Stiglitz 1985; Woolcock and Narayan 2000). A considerable number of empirical studies in this area has made it possible to draw several conclusions. The effectiveness of participatory institutions that engage citizens in the policy-making process has been found to have mostly small and highly conditional effects on reducing poverty, improving health, education, and basic infrastructure. Most meta-analyses attribute these disappointing results to a poor understanding of the political mechanisms that regulate the policy-making process such as elite capture, distributive politics, or lack of credible commitment from local governments to implement policy (White, Menon, and Waddington 2018). Others argue that lack of knowledge of existing social institutions coupled with overly ambitious institutions that aim to cultivate social capital are unrealistic and often insufficient to lead to relevant change (Gaventa and Barrett 2012).

These mixed findings and conflicting models suggest we need to revisit the underlying models and assumptions that researchers make when linking participation, good governance, and trust. Focusing on work that explicit or implicitly discusses the relationship between participatory institutions and political trust, some conceptual similarities suggest two general causal models that are summarized below and detailed in the next two sections.

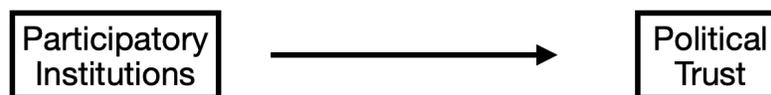
A first model describes a direct relationship between participatory institutions and political trust (among other political attitudes). The main theoretical claim is that, through the experience of political participation, individuals *learn* how to become better citizens, more cooperative and trusting of government even before policy is enacted (Brady, Verba, and Schlozman 1995; Olken 2010; Tyler 2006). Theories of deliberative democracy and participatory democracy often make a similar claim, contending that active participation in the public arena positively impacts citizen engagement, demand for accountability and democratic citizenship (Evans 1996; Fung and Wright 2001; Habermas 1991; Pateman 1970). Many of these scholars embrace a causal bidirectionality between participation and trust by introducing the idea of “policy feedback-loop”,

where participation in public processes, like elections or bureaucracies, shape political attitudes and civic skills which can then feedback and influence future policy (Campbell 2003; Mettler and Soss 2004).

A second model argues that trust is influenced by observable outcomes or changes in governance. This model describes what can be called an indirect relationship. The empirical work classified under this category considers economic and political development as primary outcomes and views political attitudes and behavior, such as trust, as secondary or tangential outcomes that are shaped by these primary outcomes (e.g. Banerjee et al. 2010). Although the relationship between participation and trust is not always made explicit, this theoretical model underlies most of the current empirical work in economics and political economy that studies participatory institutions. Mostly, this claim is found in the normative arguments used to motivate the use of participatory institutions. These claims follow from the belief that greater participation has also the power to harness social capital, empower citizens, or build trust (e.g. World Bank 2004). These motivations suggest a complex causal model that involves the relationship between outcomes of participation and trust.²

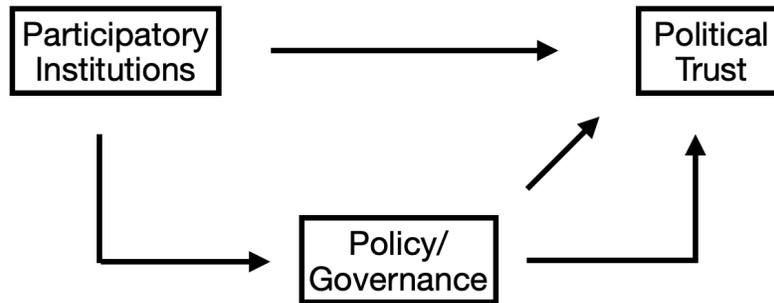
Figures 1 and 2 present the different theoretical models. The main difference is the addition of additional node that may indicate one or several mediating variable(s) in **Error! Reference source not found.** Importantly, the difficulty that arises when including additional mediating or moderating variables is in assessing the direct or unmediated effect of participatory institutions on political trust, as I will discuss in the next sections.

Figure 1. Direct Relationship between Participation and Trust



² Clearly, there is work that does not draw on these normative motivations and argues that participatory institutions solve clear market failures without addressing or discussing any political attitudes. However, the focus of this review is to concentrate on the relationship between participation and trust. Thus, I will not make a special distinction.

Figure 2. Indirect Relationship between Participation and Trust



Direct Avenue: Does Participation shape Political Trust?

Scholars of participatory democracy have long argued that participation in local political institutions and procedures, is an important training ground for political competence (Almond and Verba 1965: 145). Fung and Wright (2001) claim that under the right circumstances, ordinary citizens who engage in participatory mechanisms can become empowered, expand their political knowledge, and ultimately gain trust in public institutions, all of which are important factors in building democratic citizenship. Often implied, although not necessarily systematically discussed, this literature claims that greater citizen involvement and stronger democratic citizenship would bring about better governance and developmental outcomes.

Participating in politics can be experienced very differently, either because people have different types of interactions, different expectations or are in a minority that is not being represented. For instance, Tom Tyler argues that public trust is a direct consequence the perceived fairness experienced when interacting with the government institutions (Tyler 2001). Even before policy decisions are decided or implemented, effective civic engagement with public institutions can increase trust and legitimacy of the institutional process (Lind and Tyler 1988). Similarly, in a qualitative study of the US welfare state, Joe Soss argues that engaging with the state’s bureaucracy can “(...) teach individuals about politics, provide them with new skills and change their orientations toward political involvement” (Soss 2002, 10).

Citizens also have varying expectations about the quality and fairness of bureaucratic processes, which turn out to be crucial moderators in building trust. For example, a study by Frye and Borisova (2019) estimates the relative effect on political attitudes of both the Russian 2011 fraudulent elections and the six-day post-electoral protests. Using data from a survey fielded

throughout one month that spanned both events,³ the authors find that trust in government institutions remains unchanged after the controversial elections, likely because voters' expected elections to be fraudulent. In contrast, trust significantly increases after the protests, which were unexpectedly sanctioned by the government.⁴

In a similar vein, we might expect different outcomes conditional on pre-existing beliefs and social norms. Van der Windt, Humphreys, and de la Sierra (2018) use data from a field experiment conducted in 662 villages in the Democratic Republic of Congo. The intervention was designed to mandate gender parity of participation in half of the villages' local councils, which were randomly selected. The authors find no significant effect of gender parity on empowering women. In contrast, a similar intervention in 500 villages in Afghanistan conducted by Beath, Christia, and Enikolopov (2013) finds that mandatory gender quotas in local government councils can have some positive impact on the socialization of women into political activities and positively change attitudes towards female involvement in public decision-making processes. A potential explanation for these diverging results is that women in these countries have different social norms and expectations about female participation. In Afghanistan, women are systematically restricted from decision-making positions whereas in the DRC, women and men were already participating in mostly equal numbers.

Furthermore, those who take part in participatory mechanisms are often very different from those who do not partake. Participants are rarely representative of the broader population. Thus, if participatory institutions shape trust directly, it is likely that not everyone experiences it the same. This self-selection into participatory mechanisms begs the question: does participatory only affect those who participate, or can they influence the larger population? Can these mechanisms have spillover effects on non-participants?

Michels (2011) surveys the evidence available on the impact of institutions such as referenda, participatory policymaking, as well as deliberative consultations and forums across 120 high income countries in countries in Europe, North America, and Australasia. Interestingly, 85% of the studies measured participants' opinion of the political decisions reached during the interventions and their evaluation of the process (Michels, 2011: 284). Perhaps unsurprisingly,

³ The authors argue that the timing of those interviewed right after the election and right after the protest is plausibly orthogonal to attitudes towards government. They compare the group interviewed before the elections to those interviewed right after the elections and those interviewed after the electoral protests.

⁴ Although not directly related to the topic at hand, an important and growing literature in political science is exploring the conditional effects of citizens' expectations of government on political participation. Jessica Gottlieb (2016) demonstrated that providing citizens with accurate information about the state's obligations caused citizens to be more likely to punish bad performance and challenge local authorities. Many others have focused on the conditions under which providing citizens with public information affects political participation (see: Arias et al. 2019; Boas, Hidalgo, and Melo 2019; Dunning et al. 2019; Gottlieb 2016; Marshall 2019)

Michels finds that those who took active part in the participatory experiments are likely to positively evaluate the process and the decisions reached, however responses were significantly more negative or unchanged among individuals were not allowed or able to participate.

Since the first participatory experiments, scholars have warned about the risks of participatory institutions failing to be inclusive, not representing communities, falling prey to corrupt political interests, or requiring strong institutional settings to operate effectively (Abers 2000; Fung 2003). Yet the hope remained that the benefits to citizen empowerment would outweigh the potential costs. The bulk of evidence for this claim comes from a variety of qualitative case studies, many of them on the Brazilian Participatory Budget (PB) project in Porto Alegre, which have little generalizability and rendered sometimes contradictory findings.⁵ Similarly, correlational studies struggle with establishing a clear causal relationship, and interview data is drawn from non-systematic samples of participants, advocates, and beneficiaries of participatory institutions.⁶

Besides the methodology, an important empirical challenge with many of these studies is that they focus on outcomes internal to the process of participating. In some cases, citizen empowerment is loosely measured as the quality or success with which citizens engage in public scenarios, which seems more like a key driver of the participatory institutions' success and not an outcome of participation. For example, Avritzer (2009) studies four Brazilian cities that have implemented participatory budgets and other participatory institutions, and concludes that "civically demanding" institutions such as these require a robust "civil society" to work. In other words, a robust and empowered civil society seems more of a condition for participatory institutions to succeed than an outcome of these institutions.

An important contribution in understanding the direct effects of participatory institutions on political attitudes and behavior is economist Benjamin Olken's experimental study on direct democracy in 49 Indonesian villages (Olken 2010). The intervention consisted in randomly allocating villages to either a system in which they choose development projects via a plebiscite or one where village representatives decided in more restrictive decision-making processes. While the type of project selected did not significantly differ between treatment and control conditions, the author finds that attitudes towards the process, such as satisfaction, fairness and

⁵ The Porto Alegre experiment will be explained in more detail in the next section.

⁶ For example, a wealth of studies that have focused on the famous Porto Alegre Participatory Budget (PB) case have argued participatory institutions can increase political learning, citizen deliberation among other political behaviors and attitudes (Avritzer 2009; Baiocchi 2005; Souza 2001). However, the empirical evidence presented in much of these studies is limited one or only a few case studies where participatory institutions have been established, without any comparison groups that could help determine if these changes are plausibly due to these institutions or other pre-existing traits.

representativeness of the populations' wishes significantly improved in the villages that decided through a plebiscite. This study suggests that participation can *directly* influence political attitudes and behaviors, even when if other policy outcomes remain unchanged.

A wave of experimental evaluations followed suit and included political variables of interest such as citizen engagement, political knowledge. Rao, Ananthpur, and Malik (2017) evaluate a citizen training and facilitation in India and although they find no effect of participatory institutions on policy outcomes, subsequent qualitative data collection shows some positive changes in approval of government and broad based political participation. Fiala and Premand (2017) conduct a randomized control trial of a social accountability initiative⁷—perhaps one the few experimental studies that directly includes outcomes on trust in local and central government—and find that the initiative negatively affects trust in local governments, but slightly increased overall trust in the central government.

However, most of the more systematic work centers on policy and governance outcomes. As I will discuss in the next section, the possibility that participatory institutions can change policy outcomes opens a whole new set of questions: are attitudinal outcomes a consequence of policy change or do they happen independently through participation? Are attitudes affected differently when policy has negative vs positive consequences on welfare? Are there spillover effects onto other political attitudes?

Indirect Avenue: Does Participation shape Outcomes that Build Trust?

If the intellectual history of the direct avenue is rooted in theories of participation and deliberative democracy, the literature reviewed in this section draws mostly work in positive political economy. Participatory institutions in economics and public policy studies appeared as a solution to inefficient policy implementation and lack of incentives for central public providers to deliver adequate goods and services to citizens (Stiglitz 2002; Treisman 2007; World Bank 2004).

Particularly in the context of decentralized governments, dysfunctions in policy design and implementation are thought to be borne out of information and power asymmetries between central and local governments (eg. Stiglitz 1985, 1989). Moreover, especially in young democracies, the electoral incentives are often less conducive to correcting these dysfunctions,

⁷ The intervention consisted of a six-day training program in a sample of 895 villages that was designed to teach citizens to identify and report mismanagement of a largescale community-driven development program being implemented in the communities.

often leading to vote-buying and clientelist distributive practices as well as the corrupt misuse of public resources (Keefer 2007; Keefer and Khemani 2003).

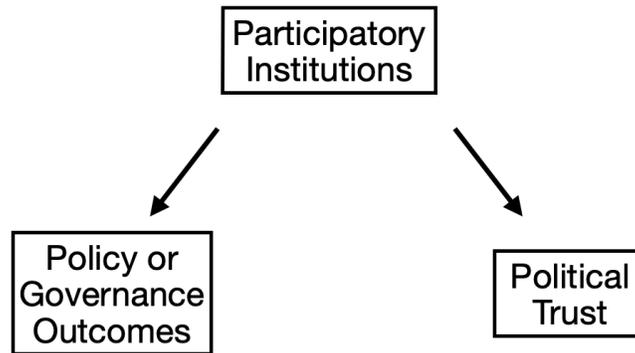
Thus, participatory mechanisms became a popular solution to correct market inefficiencies in policy implementation because they were thought to help assuage the information asymmetries between citizens and their governments by determining demand for public policy from the beneficiaries directly (Woolcock and Narayan 2000). It was argued that the involvement of policy beneficiaries would provide a more cost effective, decentralized and demand driven allocation of resources (Devarajan and Reinikka 2003). Instead of the traditionally supply-driven approach where a central government plans and implements policy, the demand driven approach was decentralized and thought to be more sensitive to citizen needs, avoid misuse and leakage of funds, increase accountability and thwart corruption (for a critical discussion on these points, see: Tandler 2000).

The main normative justification, not unlike the literature reviewed thus far, was that demand-driven decision-making could additionally harness civic capacity and strengthen the social capital needed for communities to better articulate demands and hold their governments to account (Fukuyama 1995; de Sousa Santos 1998). However, to achieve these normatively desirable goals, participatory institutions needed to promote better governance and improve economic outcomes. Together, positive economic and governance outcomes would reestablish citizens' political self-efficacy and create better citizenship, all of which were thought to increase trust in government (World Bank 2003).

Across this literature, the relationship between participation and trust is not always explicitly stated or modeled. When discussed, it is either thought of as an implication of policy and government change in the long run or as a byproduct of other primary outcomes such as policy or governance change. Theoretically, this difference affects our ability to understand the mechanisms through which participation influences trust (Figures 3 and 4).

Figure 3 shows a direct causal model chain that links participation and political trust, and, although participatory mechanisms shape other outcomes, these are discussed separately or as simultaneously occurring. In contrast, Figure 4 shows that indirect models also claim that participatory institutions shape a variety of outcomes, one of which is political trust. However, unlike the direct avenue, participation may *also* shape political trust through a different pathway, represented by the dashed arrow in Figure 4.

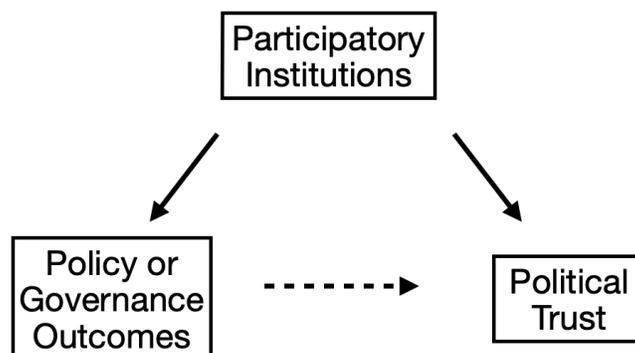
Figure 3. Direct Casual Relationship: Participation and Political Trust



Importantly, the implication of the causal back-door depicted in Figure 4, or the dashed arrow, is that it makes it impossible to identify the causal relationship between participatory institutions and political trust. Is participation affecting trust directly or is it affecting some outcome that then shapes trust? If both are true: how much of the changes in trust are due to observable outcomes of participation vs participation itself?

There are two ways to identify the relationship between participation and trust in this scenario. First one requires the researcher to condition on policy or governance outcomes affected by participation, that is, calculate the effect of participation on trust within fixed outcomes. A second way would require assuming there is no direct relationship between participatory institutions and trust (only relationship is through the outcomes that participatory institutions shape). In practice, most empirical work, either explicit or implicitly assumes the latter condition, yet this does not seem like a realistic assumption given most studies' normative motivations.

Figure 4. Indirect Casual Relationship: Participation and Political Trust



Unfortunately, there is little evidence that supports the idea that participatory institutions shape policy or governance outcomes. A vast literature that uses randomized control trials or quasi-experimental—most of which is summarized in a great number of literature reviews and several meta-analyses— report mixed results.⁸ Participatory mechanisms had either null effects (e.g. Freire, Galdino, and Mignozzetti 2020; Lieberman, Posner, and Tsai 2014; van der Windt, Humphreys, and de la Sierra 2018) or modest and conditional effects on socioeconomic outcomes such as poverty, health, education and basic infrastructure outcomes (Banerjee et al. 2010; Björkman and Svensson 2009; Magaloni, Díaz-Cayeros, and Euler 2019; Newman et al. 2002; Paxson and Schady 2002; Pradhan and Rawlings 2002).⁹

Although effect sizes on public goods outcomes are small, there is variation in the effects across both across type of intervention and public good outcome. For example, the review piece by White et al. (2018) argue that community driven development projects can improve existing basic infrastructure, especially regarding water supply, yet have a null effect on health, social cohesion, or income outcomes. In contrast, in their multi-method meta-analysis, Stevenson et al (2019) find that citizen engagement programs have little impact on most welfare indicators, except for a moderate positive impact on health and income as well as a relatively larger impact on citizen engagement (.10 and .23 standard deviations respectively on average. Yet given the considerable variation in the types of interventions, estimating an overall effect of participation across contexts is largely speculative (Lynch et al. 2013).

Sadly, despite more than three decades of experimentation in economics and political economy, the evidence on the effect of participatory institutions on policy outcomes is tentative, at best. Most of the null or small effects found in the literature are attributed to the political aspect of participatory governance mechanisms: poor facilitation of the processes, failure to motivate constant participation from the community, decisions favoring privileged local elites, inequality of voice within those who participated, lack of government responsiveness or low expectations of success (Abers 2000; Abraham and Platteau 2004; Rao and Ibáñez 2005).

⁸ See Fung (2011); Gaventa and Barrett (2012); Gaventa and McGee 2(013); Lynch et al. (2013); Mansuri and Rao (2013); Michels (2011); Stevenson et al. (2019); White, Menon, and Waddington (2018).

⁹ It is important to note that most of these studies were evaluating the effect of the development project as a whole, of which the participatory aspect was a part. An exception is (Banerjee et al. 2010) who study the impact of local Indian school committees intended to supervise and oversee educational performance. The intervention varied the degree of encouragement to participate in these existing participatory institutions from providing information about the function of the committees, invite a community to an educational assessment of students and finally involving community members in a demonstration of a class. All were meant to show the communities the need to make use of this participatory institution. They find none of these encouragements to have any impact on attendance to a committee or educational outcomes.

What does the mixed results tell us about participation and political trust? Interestingly, a review piece written by John Gaventa and Rosemary McGee candidly states that “(...) much of the current evidence [on transparency and accountability initiatives] relies on untested normative assumptions and under-specified relationships between mechanisms and outcomes. Much of the empirical work reviewed is based on poorly articulated, normatively inspired mixes, that draw unevenly from the concepts of transparency, accountability, good governance and empowerment” (Gaventa and McGee 2013: S11). Other critical reviewers, like Mansuri and Rao (2013) similarly warn against stating overly ambitious expectations that participatory mechanisms would repair civil society or harness social cohesion. Claims about how participatory institutions shape all sorts of normatively attractive concepts like social cohesion, trust, cooperation, or empowerment require a much better understanding of local structures and contexts.

This review agrees with these criticisms. Randomized experiments that do not take into consideration the back door that links policy and governance to trust are *not* very informative about the relationship between participation and trust. To make a connection between participatory institutions, development/governance and trust, research designs should not hand-wave the relationship between policy output and political attitudes. Instead, research designs should clearly understand why the direct effects of participation on policy are inconsistent and or insignificant is paramount¹⁰ and be specific about their causal chains to develop adequate hypotheses and tests for both the impact of participatory institutions on development, governance and political attitudes.

Conclusions

Regardless of the methodologies, future empirical work that studies the relationship between participation and trust must explicitly state their causal model and its assumptions. Variables that mediate the relationship between participation and trust, such as policy or governance outcomes, can limit what we can say about the effect of participation on trust if not incorporated properly into future research designs.

The discussion presented in this first part cannot establish which theoretical model is correct or better supported by existing evidence for two reasons. First, political trust as an

¹⁰ Defendants of participatory institutions have provided conditions that increase the likelihood of positive effects, such as increasing scale of the intervention (Pogrebinschi and Ryan 2018), obtaining government buy-in, giving citizens ‘teeth’ to confront the authorities (Fox 2015), or ways to avoid elite capture. A common criticism of participatory institutions is their susceptibility to be captured by a few powerful individuals (Mansuri and Rao 2004) or worse, disrupt social hierarchies that have served some beneficial purpose but were poorly understood by researchers and practitioners before implementation (White, Menon, and Waddington 2018). See also (Fox 1997)

outcome of participation is rarely systematically measured, rendering accumulation of knowledge almost impossible. Second, a considerable part of the literature has only normatively alluded or indirectly referred to the ways in which participatory democracy builds trust.

Furthermore, directly evaluating and comparing these bodies of work is difficult due to the immense variety in methodologies. The evidence that participation affects political trust in a direct way is concentrated in unique case studies analyzed through a variety of qualitative and quantitative methods that makes them hardly comparable. On the other hand, the literature that alludes to this relationship in an indirect way has not been able to find significant and consistent results that the first link in the causal chain exists (i.e., the effect of participation on policy). However, three general lessons can be extracted from the qualities and shortcomings of each body of research.

- **Mediating variables matter.** Experimental and observational empirical designs that aim to study the link between participation and trust should develop a clear theoretical causal chain that thoughtfully incorporates mediating variables that can be affected by political participation and shape political attitudes such as trust. The lack of consensus and enormous variation that exists in the type of participatory interventions, local contexts and findings further stresses the need for developing clear theories that lead to methodologically rigorous tests.
- **Conceptual commensurability is essential.** If we aim to accumulate knowledge, then the operationalization of concepts such as participatory institutions, trust, and other outcomes of interest should follow some agreed standard. That is, clearly defining the concept trying to be measured: trust in government, social trust, interpersonal trust or related concepts like legitimacy or social capital. There is a considerable amount of theoretical work that has attempted to categorize participatory institutions, some of which will be discussed in the next section. Likewise, clear comparison groups need to be defined, across methodologies.
- **Understanding institutional- and individual-level heterogeneity.** There is considerable variation in the institutional design of participatory mechanisms, yet as illustrated in the previous sections, how citizens *experience* and what they *expect* of participatory institution can also vary considerably. Clearly identifying and stating the variables that are expected to condition or moderate the relationship between participation and at the research design stage is fundamental.

In sum, the state of the literature can be characterized as vast but uncoordinated. Without a clear theoretical framework, context validated and consistent measurements and well-designed methodology, empirical work runs the risk of failing to capture meaningful and comparable results.

III. Types of Participatory Mechanisms

Participatory mechanisms vary widely across context but most of these differences can be categorized as variations in institutional design or in their underlying incentive structure. Following Fung (2006), participatory mechanisms can be described by their institutional design along three dimensions: who participates, how participants communicate and make decisions and how discussions turn into policy. However, like any political phenomenon, participatory mechanisms are also characterized by the underlying incentive structures of the main actors: stakeholders, funders, and implementers. In this second part, I will present a useful framework for thinking about comparability of participatory institutions that will be particularly useful for achieving conceptual commensurability and understanding heterogeneity, two important aspects discussed in part I of this paper.

Variation in Institutional Design: Input, Process, and Output

Archon Fung (2006), discusses three main dimensions that constitute “the space in which any particular mechanism of participation can be located” (2006: 66). These are defined by three questions: who participates, how they participate and what policy changes can be achieved through the process. In other words, institutional design refers to the characteristics that define the input, process, and outcome of participatory mechanisms.

The input of a participatory institutions refer to how the participants are selected, also called understood as their degree of inclusiveness (Stevenson et al. 2019). Participation may be restricted or open to all. However, as previously discussed, when processes are open to the public, self-selection of participants may become a serious problem and create highly unrepresentative groups (Michels 2011).

The process varies mainly by the extent of effort required of participants. Sometimes participants are meant to be mere spectators, they may be asked to express preferences or be trained to develop preferences based on new information or deliberation. Alternatively, they may be asked to bargain or negotiate for themselves or others, or they may be asked to convey expertise to a specialized topic during that informs policy (Fung 2006: 69). The process also varies

in the way participants experience the process, sometimes participatory institutions are experienced collectively and other times individually. For example, some participatory institutions encourage collective participation, like deliberative councils, participatory budgeting, and community-based monitoring (Björkman and Svensson 2009). Other institutions are designed to be experienced individually, like public consultations, secret ballot referenda, filing a petition or request or anonymous feedback on public services through SMS texting as in Grossman, Michelitch, and Santamaria (2016) or a combination of public and private like the intervention in Olken (2007) which consisted of holding monitoring meetings but then allowing for anonymous feedback individually.

Finally, participatory institutions vary in the extent to which the decisions reached, or the output, are enforceable, can influence policy or can impact community life. Not “having teeth” to demand government enforcement is often noted as a weakness of direct participation and collective decision-making processes. Having sufficient community resources to continue a neighborhood council is also an important institutional design feature that determines success in participatory experiments (Fox 2015; Gaventa and McGee 2013).¹¹

Variation in Incentive Structures: Stakeholders, Funders, and Implementers

As was briefly discussed, many scholars have attributed the failure of participatory mechanisms to a misunderstanding of the local political context. Common causes of failure like elite capture or poor implementation call for a better understanding of the incentive structures behind participatory mechanisms. Who ensures that the participatory institutions function well? Who are actors that would most likely benefit/lose from the success/failure of the initiative? For example, the types of checks and accountability mechanisms established during the implementation of a project can inhibit or allow for initiatives to be captured by some interested elite. Concretely, there are three important aspects to consider: who are the main stakeholders, who funds and who implements participatory mechanisms.

A participatory institution can be useful as a governance tool, like deliberative surveys determine how policy is decided, citizen initiatives or participatory budgeting may determine how

¹¹ Several review pieces have attempted to delimit the range of participatory institutions understudy. For example, Gaventa and McGee (2013) review what they call Transparency and Accountability Initiatives (TAI) which they consider to be initiatives designed to improve transparency, government responsiveness, access to information and mechanisms to hold governments or other service providers to account. Alternatively, Stevenson et al. (2019) study ‘citizen engagement’ programs but focus on the mechanisms (or processes) that allow citizen engagement: through the participation of citizens, inclusion of marginalized groups, demand for transparency or freedom of information, and promotion of accountability from governments and service providers, or PITA mechanisms.

resources are allocated, and community-based monitoring and evaluation may serve as a way for governments to know what is working and what is not. Most of these are organized or coordinated directly with some official actor or government.

Alternatively, participatory mechanisms can be privately initiated, autonomous or community organized and independent of the state, with a purpose closer to providing collective benefits to a specific group. These can consist of neighborhood councils or workshops led by civil society members that motivate citizens to participate in deliberations, provide strategies to demand better services or that provide civic education relevant to public administration. Many of these are coordinated by NGOs, private associations, or other non-official actors.

These contrasting examples highlight the importance of identifying the stakeholders in any participatory experiment. Stakeholders can be understood as anyone who has an interest in the participatory institution's success. By design, many participatory mechanisms aim to improve the life of citizens through the improvement of public goods and services provided by the state, but the state and citizens are not the only actors, nor are they unitary. For instance, improving services to citizens may benefit a national administration seeking reelection yet may not be the main concern of a local government that faces serious budgetary or administrative constraints. Other times, those who will most benefit from a successful initiative are the non-governmental or civil society organizations whose funding and future may depend on delivering positive results. Clearly, each of these different set of actors has very different incentive structures.

Another factor to consider is who funds the initiative. Some participatory institutions are funded wholly by the state because they are already part of the legal framework. For example, those mechanisms that are part of the electoral system like public consultation, revocation of mandate, or referendum. Alternatively, international aid organizations, like the World Bank, are important funders of these and other types of initiatives (World Bank 2004). Furthermore, there is a plethora of private foundations that have invested considerable resources in building and evaluating participatory mechanisms like the Bill and Melinda Gates Foundation or Open Society as well as some public agencies like the United States Agency for International Development (USAID) or equivalents in other countries that also fund similar projects.

Who implements policy is also important, and it is not always the same as the actor that funds an intervention, in particular the incentive structures of both funders and implementers of these interventions will matter to the success and sustainability of the participatory mechanism. Implementing arrangements can also vary widely. These initiatives may be organized, implemented, or supervised by bureaucrats, state employees, community leaders, civil society

organization or a combination. Other initiatives are a product of collaboration between state and non-state actors.

Example: Participatory Budgeting in Porto Alegre, Brazil

The participatory budget experiment in Porto Alegre was extremely influential in popularizing participatory institutions across the world. Yet it is also a unique case produced by a confluence of legal, political, and structural circumstances. First, the introduction of PB was possible due to a constitutional change in 1988 that followed a twenty-year military dictatorship. This constitutional change expanded opportunities and spaces for political engagement such as popular initiatives, civic associations and popular participation in some health and social security policies. Second, these new openings were eagerly applied at the local level. Most notably, the Partido dos Trabalhadores (PT) had its first major electoral success in 1988 when it won several mayor Brazilian cities, including Porto Alegre (Abers 2000; de Sousa Santos 1998). PT was eager to create a strong constituency, and participatory democracy was compatible with their left-leaning ideology. Finally, Porto Alegre had old and prominent civil society organizations with long associative tradition that welcomed and facilitated the introduction of participatory budgeting (Avritzer 2006).

The Porto Alegre PB had three main stated objectives: redistribution of wealth, social justice amidst a highly unequal society, and to reinstate confidence in the political system. The institutional design underwent many discussions and variations. From those who wanted a process of direct deliberation of by established neighborhood association leaders to the PT who advocated for a city-wide council composed of new delegates who would be locally elected. While the first model would involve a council made up of existing local elites, the second model would potentially allow for new members to run as delegates. The end product was a compromise between many different proposals that incorporated both the demands of existing civil society organizations (Avritzer 2006) as well those by the local PT (Baiocchi 2005).

Most evaluations of the Porto Alegre experiment have been positive, significant improvements in sewage and water infrastructure, as well as increases in budgets for education and health. However, after two decades, the image of consensus and democratic success sketched by scholars of Brazil have been subjected to further scrutiny. Especially local NGOs and grassroots organizations argue that this decade long experiment is no longer inclusive and is slowly giving in to political interests of local elites (Chavez 2008).

In sum, both the resulting institutional design and the political incentives of the main stakeholders matter to how PB function and the kind of political and economic impacts. This example also illustrates that we need to better understand the incentive structures behind these initiatives, as well as how they might change given a different political panorama.

Conclusions

This second part has briefly delineated a simple framework consisting of two main components of participatory institutions: their institutional design and the underlying incentive structure. Understanding the institutional design and incentive structure of participatory institutions is relevant in all contexts but is particularly important when the outcomes of interests are political. On the one hand, understanding the institutional design participatory mechanisms can provide important insight into relevant heterogeneity that can moderate the effect of participation on political attitudes. For example, varying institutional designs produce different kinds of experiences as well as varying expectations individuals hold about the process. On the other hand, understanding the political incentives that drive the main stakeholders of participatory governance will likely influence political attitudes and behavior. Therefore, mapping incentive structures can be useful in understanding mediating variables that determine the effect of participation on political trust.

As discussed in the first part of this paper, this causal chain can quickly become intractable. Clearly defining the political and economic incentives that drive participatory mechanisms is not only important to interpret any study. Given the large heterogeneity contexts and designs across studies, accurate descriptions of participatory governance mechanisms are essential in any attempt to generalize and aggregate findings to other contexts.

IV. Participatory Governance in Latin America

Research on participatory interventions in Latin America is incredibly vast and varied. Most of the empirical research consists of case studies, a large percentage of which is drawn from a few success stories, most notably from the participatory budget experiment conducted in Porto Alegre Brazil in the late 90s. Similar to the literature elsewhere, most of the focus of these studies has been on understanding if participatory institutions improve economic and governance outcomes.

However, in contrast to how participatory institutions were introduced to other developing areas, institutions introduced in Latin America followed constitutional changes as in participatory

governance and expanding political rights that followed a series of military dictatorships, hegemonic party systems and political unrest that characterized the region from the 1950s through the 1980s. For this reason, most of the literature in Latin America claims that participatory institutions shape both policy outcomes and political attitudes. However, in line with the discussion in the first part of this paper, most of the empirical work that follows an indirect model has failed to assess the mediating effect of policy outcomes on trust. Except for a few recent papers, arguments that follow a direct relationship between participation and trust, mostly rely on anecdotal and case study evidence.

In this final part, I will briefly review the history of participatory governance in Latin America, highlighting the theoretical claims and the existing evidence to support them. Then I will briefly discuss the difficulty in aggregating existing empirical work and the challenges for external validity in many recent studies. Finally, I will provide a few important topics of interest and areas of opportunity for future research.

History of Participatory Governance in Latin America

Latin America's economic model was predominantly based on import substitution industrialization (ISI), a centrally planned industrial policy that was notable from the 1950s until the 1980s. During the 1980s–1990s, an early participatory budgeting institution called “Social Funds” became immensely popular in Latin America. These funds were designed with a participatory element that allowed community members to deliberate directly on how to assign resources from developmental projects.

Believed to serve as an antidote against the potentially devastating effects that the decades' neoliberal reforms would have on the poor (Lustig 1997), by the end of the 1990s nearly half of Latin American countries had some form of Social Fund supported by international funders (IADB and World Bank composing the largest contributors). Ultimately, the economic and political objectives of Social Funds became top in most development banks' agendas: building a decentralized, demand-driven, low-cost and fast-disbursing fund to alleviate poverty (Tendler 2000).

The transition into free market economy along with the third wave of democratization in the region during the 1980s and 1990s also played a key role in the increase of participatory mechanisms. The Latin American political landscape was changing in favor of a Left that had embraced democratic practices. Participatory governance created a unique opportunity for left-wing political parties seeking policies that devolve decision making power to the people and could

potentially help legitimize their governments (Booth and Seligson 2009; Hiskey and Seligson 2003; Rhodes-Purdy 2015).

Unique to Latin America, most of these participatory mechanisms quickly became a source of great potential for new political elites that were building constituencies across countries that were new to democratic politics. Often, these innovations took the form of legal or constitutional reform that allowed local political elites, like the Brazilian Worker's Party (PT) in Porto Alegre, to introduce new and popular policies like the participatory budget or the neighborhood councils in Uruguay introduced by *Frente Amplio* party in the 1990s (Goldfrank 2011). Across Latin America, a succession of constitutional reforms in the 1980s allowed local governments to incorporate participatory mechanisms like citizen audiences, public health councils or consultations with citizen experts and, more recently, e-governance.¹²

Empirical Work on the Determinants of Participatory Governance Success

A large body of empirical work in applied economics conducted during the late 1990s used survey data to evaluate the effectiveness of social funds across the continent (Newman et al. 2002; Paxson and Schady 2002; Pradhan and Rawlings 2002; World Bank 2003). In line with findings elsewhere, the evaluations showed modest and conditional effects on the main economic outcomes of interest. The culprit of the failure was identified as the political aspect of participatory governance mechanisms. Poor facilitation of the processes, failure to motivate constant participation from the community, decisions favoring privileged local elites,¹³ inequality of voice within those who participated as well as limited information and citizens' say on the options for action were among some of the aspects that widely varied across contexts (Abraham and Platteau 2004; Rao and Ibáñez 2005).

Understanding local power dynamics gained importance for the next generation of scholars. Rebecca Abers (2000) presents the first systematic case study of the Porto Alegre participatory budget experiment in Brazil. In it, she establishes three main sets of problems that

¹² For example, the 1983 Mexican constitutional reform expanded the municipal jurisdiction allowed for a wave of local reforms to incorporate local participation. Similar constitutional reforms and amendments introduced a variety of participatory mechanisms ranging from neighborhood councils, participatory budgeting, community tribunals, supervisory councils, local referenda, across the region such as: Argentina (1994), Bolivia (2009), Brazil (1988), Chile (1980), Colombia (1991), Costa Rica (2002), Ecuador (2008), El Salvador (1982), Guatemala (1993), Venezuela (1999), Peru (1993), Montevideo, Uruguay (1993), Buenos Aires, Argentina (1996), among others (for a review see Welp (2015)).

¹³ An exception to this general belief is found in Bolivia, where authors Emmerich Davies and Tuliá Falletti find that there is no class bias local civic engagement, they argue that poor people are more motivated to participate when the benefit can assuage their need (Davies and Falletti 2017).

have obstructed participatory institutions' success in the region: inadequate implementation, inequality in participation and elite capture. Work in political science quickly identified other political factors that enable or hinder the prevalence of these issues, such as degree of decentralization, party and electoral politics, citizen state relations, political discourse among many others.

However, there is little consensus on the political factors that obstruct the good outcomes or whether the lack of good outcomes is impeding the creation of the political factors needed for success. This discussion that resonates with some of the theoretical debates discussed in previous sections.

An important limitation in the empirical literature is that it draws heavily on a small number of country cases. Although broad consensus on certain findings exists (Nylen 2011), often studies of the same case yield contradictory findings. Benjamin Goldfrank (2011) for example, studies three cases to illustrate the two conditions that determine success: high degree of decentralization of resources and authority and weak resistance from local opposition political parties. Porto Alegre, Brazil is the example of success because Brazil's decentralized system allowed cities to implement these mechanisms and the PT faced little to no local opposition. The second case is Montevideo in Uruguay, classified as only partly successful because although the government had decentralized resources and authority, the country faced strong local opposition to participatory institutions. Finally, Caracas, Venezuela is an example of the most restrictive design and least successful case, resulting from highly centralized authority and strong opposition parties. In contrast, Pascal Lupien (2018) argues that Venezuela represents the most radical example of participatory democracy and qualifies its success differently. His two other cases, Ecuador, and Chile, represent more restrictive and pragmatic approaches with more limited degrees of success and impact. Using data from a convenience sample of 200 individuals, Lupien argues that well implemented participatory mechanisms can improve services, spillover into more positive evaluations of democracy and increase sense of self efficacy.

Some studies that collect systematic data still do not address threats to inference such as self-selection into participatory institutions, time-invariant, and time-varying confounders, such that the same data can produce radically different results when the sample is slightly altered. For example, Boulding and Wampler (2010) collect data from 220 large cities in Brazil between 1991-2000 to assess whether having implemented participatory budget affects measures of wellbeing and budget assignment. In a subsequent study Touchton and Wampler (2014) use data from a slightly larger sample that includes the previous 220 cities plus 33 between the years 1989–2008.

The former study finds no significant correlation between PB on wellbeing while the second one finds a positive correlation.¹⁴

An important effort to clearly establish an causal model of political participation, policy and political trust is Cameron, Hershberg, and Sharpe (2012). The editors take the idea of voice (Hirschman 1970), notoriously absent in previous studies, to identify the impact of participatory institutions political behavior outcomes, such as: cooperation between relevant actors, inequality or lack of inclusion in participatory programs, elite capture and accountability, responsiveness and transparency. With a survey of cases that vary in region, political regime and types of participatory institutions, the studies in this edited volume advance this literature by trying to understand how new participatory institutions interact with existing political structures to produce the variety of outcomes we observe.

For example, the book addresses the potential for participatory institutions to amplify communities' existing unequal power dynamics (Chapter 4, 8 and 9), participatory institutions may play a strategic political role to bypass local opposition actors (Chapter 6) or be coopted when civil society is weak and there is little political competition (Chapter 2). However, the book lacks a convincing overarching theory on how participatory institutions shape citizens' voice and their voices' impact on their political spheres.

This shortcomings can be in part explained by the fact that only a handful of studies reviewed use systematic quantitative or qualitative data that directly assesses the citizens participating in these institutions but instead infer individual level outcomes by studying collective outcomes (Selee and Peruzzotti 2009; Silva and Cleuren 2009). An interesting example of this contradiction is Montambeault (Chapter 5 in Cameron, Hershberg, and Sharpe 2012). The author discusses the important idea of participatory democracy as school for democracy—a space in which citizens can learn to become better democrats—yet the empirical data in the chapter is drawn from interviews to delegates of participatory budget committees that do not seem to see themselves as community members, but rather as government representatives (2012: 114).

Although this work has introduced some important insights that explained the mixed and negative results that econometric evaluations produced a decade earlier, the works also reflect a broader pattern in recent the literature of participatory institutions in Latin America: the great diversity of case studies and methodologies. This variation seriously obstructs systematic comparisons and more profound discussions about the generalizability of the findings.

¹⁴ Other studies focus narrowly on studying participatory institutions in the provision of health (Falleti and Cunial 2018; Mayka 2019; Rich 2019), local infrastructure programs (Nishikawa 2012), water supply (Abers and Keck 2013; Herrera 2017), education sector (Altschuler and Corrales 2012), among others.

Perhaps more importantly, these case studies are usually studied in isolation and without a proper comparison group to assess the effect of these institutions against a counterfactual case. Aside from few exceptions, even in internally valid studies, external validity is not sufficiently discussed which becomes highly relevant given the highly contextual nature of these interventions.¹⁵

Future Research in Latin America: To experiment or not to experiment?

Work in the Latin America, perhaps more so than work in other contexts, is incredibly detailed and comprehensive. Interestingly, in contrast to work done elsewhere, there is very little experimental evidence on any of the topics discussed so far. One main issue with the evidence available is the difficulty in clearly attributing causality due to a common lack of a clearly defined control group.

In relation to what was discussed in the conclusion of Part I of this paper, research in Latin America has provided an immense amount of detail on potential mediating institutions and actors that affect the relationship between participation and policy, governance, and trust. Additionally, because many countries have constitutionally mandated many of these mechanisms are comparable cross countries while holding relatively constant many sources of heterogeneity. The logical next step would be to design research that can address the problems of reverse causality and limited generalizability of results. However, before conducting any type of experimental or quasi-experimental design that could ameliorate some of the methodological concerns, work on participatory governance in LA as elsewhere must address two main issues.

First, because most of the constitutionally stated objectives of participatory mechanisms include the strengthening of political trust *as well as* economic betterment, the causal models that dictate the relationship between participation and trust must be more nuanced and clearly differentiating the impact of participatory institutions and policy outcomes on trust. Moreover, whereas attention to contextual detail has provided crucial insights into the political and social structures that underly participatory governance, it has also made causal models unclear and comparisons across countries much more difficult.

Second, empirical work in Latin America rarely showcases how citizens experience, understand and benefit from these interventions. The lack of the citizen perspective in most of the studies conducted in the region, hinders a better understanding of outcomes like political trust,

¹⁵ Touchton and Wampler 2015 discuss how their findings would generalize to other areas of the country (Brazil) with similar urbanization and population density

usually understood at the individual level. Most of the insights about what citizens think come from a macro-level perspective obtained through selected interviews to local elites, administrative data, or legal documents. Although almost all the references consulted sustained the idea that participatory institutions strengthen citizen empowerment, fewer than a handful provide data from citizens.

A better understanding on how citizens experience participatory institutions may provide new insights into what works. As discussed previously, it is crucial to understand citizens' prior beliefs and expectations about the ability of their governments to efficiently respond to their needs; their knowledge about existing mechanisms of participation and their previous experiences engaging with government and participating politically are still important moderators of the success of participatory governance.¹⁶

The next frontier for the study of participatory governance in Latin America lies in understanding how different citizens' experiences with participatory institutions and their processes shape individuals' beliefs, attitudes, and behaviors. This represents an important empirical gap in the literature that needs to be filled by comparable case studies that clearly present causal models on the relationship between participatory institutions and political attitudes and that are methodologically rigorous, both qualitatively and quantitatively. New studies should also aim to use comparable set of methodologies and measurements to estimate the effect of participatory institutions on behaviors such as political trust, government support, confidence in the public sphere, attitudes and expectations about public goods and services, electoral political participation as well as engagement with government.

¹⁶ There are a few studies that take this perspective. For example, Nishikawa (2012) uses an original survey conducted in the state of Baja California, Mexico to assess the extent to which citizens who actively participated in the production of a public good can transmit important lessons and skills to citizens that can later be used to formulate community and individual claims to the government. Nishikawa finds that there is a strong correlation between higher levels of participation with measures of 'sense of community', retrospective evaluations on the economy and general support for the government. This research is suggestive of interesting and perhaps counterintuitive relationships between experiences of participation and political behavior. Yet they are still far from adjudicating any causal relationship between participatory governance and individual level behavior.

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