Local Leadership and the Voluntary Provision of Public Goods in Bolivia

Researchers:

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Sector(s): Political Economy and Governance

Location: Rio Grande-Valles Crucel̀±os Region of Bolivia

Sample: 52 communities

Initiative(s): Agricultural Technology Adoption Initiative (ATAI)

Target group: Politicians and electoral candidates Rural population

Outcome of interest: Charitable giving Social service delivery

Intervention type: Information

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Partner organization(s): Harvard University Sustainability Science Program (SSP), Fundación Natura Bolivia

Individuals often lack incentives to pay for public goods, and in many developing countries, governments also fail to provide them. Researchers used a randomized evaluation to test how local leaders influence the voluntary provision of public goods. They solicited contributions for environmental education books, which all members of the community would be able to access, and varied whether leaders made public contributions. They found that when elected community leaders were asked to set an example, they increased the amount they gave and induced followers to contribute more as well.

Policy issue

Governments commonly provide goods and services, such as mosquito control, fire protection, roadways, and libraries, which are intended to benefit the general public. However, in many developing countries, these goods and services are undersupplied because governments do not have the capacity or finances to provide and maintain them.

An alternative is to encourage the voluntary provision of public goods, which would allow grassroots funding for goods and services that regional or national governments do not supply. Theory suggests that individuals lack incentives to pay for public goods because others can “free-ride” off of their investment. Local leaders may be able to increase voluntary contributions towards public goods by setting an example that other community members follow. The leaders' actions may increase contributions through several mechanisms. It may signal that the public good is valuable to the community, which would increase contributions from individuals who lack information about its value. It may also associate contributing with high social status, inducing contributions from followers who want to improve their social status. In cultures that place an emphasis on reciprocity, the leaders' example may create the expectation that others donate as well. Nevertheless, there is little empirical evidence on the effect that leaders have on the voluntary provision of public goods.

Context of the evaluation

In Bolivia, independent social and political units called Organizaciones Territoriales de Base (OTBs) are responsible for local administration. Each OTB has a president, elected by majority vote, who serves as a formal authority. The OTB president takes charge of requesting funds, developing local projects, interacting with outsiders, and organizing collective works. There are few political parties, and presidents do not actively seek election. Rather, they view their service as an important community duty but find it costly in terms of time and effort.

This study took place in the rural Rio Grande-Valles Cruceños region, where soil erosion resulting from intense agricultural practices is a salient issue. Many households in the region believe that children (and adults) should know more about environmental protection. Information about environmental sustainability is a public good. Once an individual has information about sustainable practices, he can share it with his neighbors at no extra cost, but it is difficult to access this information in rural areas, which means it is likely to be undersupplied.



An OTB president explains public good provision in Bolivia.

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Details of the intervention

Researchers tested the effect of local leadership on the voluntary provision of a public good, in this case environmental education books for local schools. All community members can access books at the school and readers are likely to share what they learn. In partnership with Fundación Natura Bolivia, researchers organized public meetings to solicit contributions to buy the books in 52 OTBs.

Researchers invited 12 households in each community four to seven days before the meeting. Prospective participants were told that they could earn up to 45 Bs. (US$6.50): 35 Bs. for completing a questionnaire and an additional 10 Bs. for attending the full meeting. Participants were informed that the school would receive one book for every 10 Bs. collected at the end of the meeting. The meetings took 90-120 minutes, and 580 individuals participated in 104 meetings.

The meetings took one of three forms:

1. No leader: Individuals were asked to make private contributions to the book fund.
2. Authority leader: The OTB president made a public contribution before the others. This tested the effect of leadership by a formal authority figure.
3. Random leader: A randomly selected individual made a public contribution before the other attendees contributed. This allowed researchers to test the effect of an example contribution made by someone with no official authority.

Each OTB was randomly assigned to receive two of the three meeting types, which occurred simultaneously.

Furthermore, researchers varied the amount of information available to meeting attendees. In all treatment groups, half the participants, always including the leader if there was one, were randomly given the opportunity to inspect the environmental education book before deciding how much to contribute.

Results and policy lessons

Researchers found that the example set by local leaders increased contributions toward the purchase of environmental education books. On average, total donations were 9 Bs. higher in sessions with an authority leader than in sessions with no leader. Part of this effect was due to the fact that leaders increased their own contributions when they had to make the amount public. Authority leaders who gave more than 10 Bs. increased the likelihood that followers also gave more than 10 Bs. by 15 percentage points, from a base of 38 percent. Authority leaders could also have a negative effect on voluntary contributions: those who gave less than 10 Bs. decreased the likelihood of followers giving more than 10 Bs. by 18 percentage points. Informed participants, those who were given the opportunity to inspect the book before making a contribution, and uninformed participants, those who did not inspect the book, both contributed more when authority leaders made high contributions. Authority leaders did not have a significant negative influence over informed followers when they made low contributions.

Randomly selected leaders also increased their own contributions when asked to lead by example, but they had little effect on followers' contributions. High contributions from random leaders only increased the contributions of uninformed followers. Random leaders were more influential when they resembled authority leaders in terms of gender, education, wealth, participation in community meetings, and trust in NGOs.

By showing that authority figures can lead by example, even when they lack the ability to monitor, sanction, or coerce community members, this study adds to the body of evidence indicating that local authorities play an important role in community development outcomes. These results suggest that community-based projects, including those that seek to increase the supply of public goods, may increase their odds of success if they engage existing community leaders.

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