

Role of Municipal Council in Increasing Citizen Participation at the Local Budget Process

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ABSTRACT

The paper explores the role of the municipal councilors in the budget process in the Republic of Macedonia as well as their role in motivating citizen participation in the budgetary process in the Republic of Macedonia. We demonstrate that municipalities in the Republic of Macedonia employ various forms of participatory mechanisms in the process of public policies and budgets according to their context. There are vivid dissimilarities in terms of opportunities and scope of citizen participation as well as discrepancies of councilors capacity to facilitate this process when cross-matching information and data derived from small rural and bigger urban municipalities. It is evident that very little has been accomplished in terms of defining uniformed processes and developing systems related to the relations between councilors and local community. We identify barriers that are impediment to a genuine involvement of the councilors as mediators between the Mayor and the community in the local budgeting process. We argue that any policy intervention in this dimension ought to be tailor-made, hence every municipality has its specific features that ought to be taken into account when designing an intervention to address shortcomings of the processes and the systems.

Keywords: councilors, citizen participation, budget process, local units, Republic of Macedonia

JEL: H72

1 Introduction

This paper strives to explore the processes and the established systems of municipalities in employing citizen participation and the capacity of the councilors to facilitate this process. More specifically, it focuses on the dynamics of relations of the councilors with the local community and municipal administration in the budget process. Exploring the budgetary process it most vividly exemplifies the major functions of the councilors, decision making (approval of the budget), oversight (control of spending) and representation (to serve as voice of the local community). Moreover, it explores endogenous and exogenous factors that influence the position of the councilors with adherence to the principle of voice and citizen participation in the budget process on the local level in the Republic of Macedonia.

We explore and identify similar patterns and differences of approach in the municipalities in terms of opportunity for citizen participation in the budgetary process and the level of ownership that councilors have in the budget process, taking to account different socio-political and demographical contexts of municipalities in the Republic of Macedonia.

The paper is divided into three major parts; the first part dwells on the theoretical framework on effective citizen participation and the impact of city councilors on citizen participation at the municipal level. The second part of the paper deals with the function and role of the municipal council in budgetary process at the local level. This section examines budgetary process in general, the role of the councilors in the budget process as well as for citizen participation in the decision making process and the legislative framework for citizen participation in the budget cycle process. The last section presents empirical findings of field research at six municipalities and the conclusions.

2 Theoretical Framework – Citizen Participation in the Budget Process

In this part of the article we will dwell on the work of the scholars of ‘citizen participation’ in the budgetary process. When analyzing the literature on citizen participation there are certain features that are *condicio sine qua non* for the mechanism of budget participation.

Ebdon and Franklin (2006) developed an interesting typology of elements and variables that are important in unfolding and explaining the mechanism of citizen participation in the budget process in terms of its adoption, process design, mechanisms, goals, and outcomes. According to these scholars three commonly reported variables (independent variables) are important for structuring budget participation: (1) the governmental environment, (2) the design of the process, (3) the mechanisms used to elicit participation. The fourth element (a common dependent variable) represents the goals and outcomes desired from participation in budgetary decision making.

- a) The governmental environment encompasses variables such as: the structure and form of government, political culture, legal requirements, population size and diversity as variables the budget process.
- b) The design of the process encompasses variables such as: type of budget allocations (program or earmarked funds, operating, capital) participants (selection method, numbers, representativeness), sincere preferences/willingness to pay.
- c) The mechanisms to elicit participation can be public meetings, focus groups, budget forums, simulations, advisory committees, surveys.
- d) The goals and the outcomes imply capacity building of the participants about the budget, support for budget proposals, gathering inputs for decision making, changing resource allocation and enhancing the trust of the community.

The second dimension which deserves attention is the relation between local government and citizen participation as a cornerstone of our analysis. There is an ambiguity of theoretical approaches regarding the linkage and correlation between the local government and citizen participation. The debate at this level focuses mainly on the dichotomy between council managers versus strong mayor. According to the scholars researching citizen participation, the most important variable for the civic engagement is the form of government (Greenstone & Peterson, 1971; Streib, 1992). Ebdon and Franklin (2006) support the view that the form of government makes a difference in participatory budgeting adoption in the way that 'the council-manager form of government appears to be more likely to solicit input'.

Similarly, Kweit and Kweit (1981) argue that communities with the council-manager form of government, due to the fact that they employ a full-time professional, are more likely to seek citizen input. Nalbandian (1991) stresses that cities with a council-manager form of government are more prone to stimulate citizen participation. According to Greenstone and Peterson (1971) council-manager cities have more citizen participation than strong-mayor cities, because information necessary to mobilize and empower citizens is often withheld by the mayor. Yang and Callahan (2005) argue that council-manager governments are more likely to adopt involvement mechanisms such as public hearings, community meetings, and citizen surveys; but they do not differ from other governments with regard to citizen involvement in strategic decision making, management, and service delivery.

On a contrary, Wang (2001) does not find evidence of such a correlation, regardless of the dimensions of participation. Cole (1974) goes even further arguing that council-manager governments have less participation. Marlowe and Portillo (2006) assume that city managers are important for citizen participation in local governments because if they 'do not view participation as adding value to budget decision processes', they may discount it or even discourage it. Political culture may also be an important variable

in the environment's influence on budget participation because the history of participation is a fairly good predictor of the forms that participation will take (Kweit & Kweit, 1981).

Miller and Evers (2002) suggest that the government must want to seek participation as much as the participants want to give it, and citizens are less likely to participate if the political environment is not positive and accepting of input. Using Elazar's political culture typology, Ebdon (2002) found differences in the use of budget participation methods in cities with varying political cultures. Northern moralistic cities generally have greater use of participation, followed by southern cities with traditional cultures, with the least participation in individualistic cities in the central part of the country.

In addition, legal budget requirements on local governments (such as public hearings) may either enhance or constrain participation. In the case of Macedonia we argue that in addition to the above mentioned variables political institutions are an important one. A contrary to the bottom-up approach which emphasizes cultural and other societal factors (culture), institutionalist scholars adopt a 'top-down' approach and postulate that key characteristics of the country's political context are crucial in shaping civic engagement. Here, two strands can be distinguished. Firstly, there are approaches, grounded on historical institutionalism, which emphasize path-dependent relationships between key processes and structures of a country's history (such as the constellation of social forces, particularly organized religion, or the emergence of different types of welfare regimes) and the size and shape of contemporary civil society (Salamon & Anheier, 1996). Secondly, other studies suggest that features of the current political environment, such as the quality of democracy, effectiveness of the state, extent of rule of law and other factors of a democratic governance system, provide important enabling conditions for the growth of civil society (Hadenaius & Uggla, 1996). Population size and heterogeneity may also affect the participation environment. Participation has been found to be more prominent in larger cities (Wang, 2001; O'Toole, Marshall, & Grewe, 1996; Ebdon, 2000). Protasel (1988) argues that larger cities are more heterogeneous, which might lead to increased political conflict because of varying group demands. Citizens in bigger cities might desire increased access to decision makers (Nalbandian, 1991).

Even though all of the variables mentioned are important, this article focuses on municipality councils as agents for eliciting citizen participation in the budgetary process.

3 Function and Role of the Council, Budget and Budgeting Process at Local Level

3.1 Role of Council

This part of the paper explores the function and the role of the Municipal Councils in the Republic of Macedonia in general and specifically the entry points for interposition by the Councilors and citizens in the process of the budget cycle.

The Municipal Council has a significant role in the public policy process. The councilors are mediators between the citizens and the municipality administration. In this manner they have a responsibility to participate in the work of the Council through active involvement in discussions on local issues, submitting proposals on solutions for local problems, and, by posing questions to the Mayor.

They can propose initiatives in the frame of the Council's responsibilities. In other words, Councilors may undertake initiatives (in accordance with Law on Local Self-Government) to amend the proposed regulations, propose regulations for those matters under municipal jurisdiction and may present their own ideas and initiatives with regard to municipality competencies. Related, as a body composed of citizens' representatives, the Municipal Council is charged with the responsibility to:

- enact the statute of the municipality and other regulations;
- adopt the municipal budget and the annual balance sheet of the municipality;
- determine the amount of the own resources of revenues for financing the municipality within the frameworks determined by law;
- establish public agencies within the competence of the municipality and supervise their work;
- appoint members of the managing boards of the public agencies established by it;
- adopt work programmes and financial programmes for financing public agencies established by the municipality;
- adopt the budget execution report and the annual balance sheet of the municipality;
- decide on issuing permits for the performance of public interest activities in accordance with law;
- adopt the reports on the operation and the annual balance sheet of public agencies established by the municipality;
- dispose of the municipal property;
- elect the head of the regional unit of the Ministry of Interior Affairs in the municipality in accordance with law;

- review and adopt the annual report on public safety on the territory of the municipality which is submitted to the Minister of Interior Affairs and the Public Attorney;
- give recommendations to the head of the regional unit of the Ministry of Interior Affairs in the sphere of public safety and traffic safety; and
- perform other activities determined by law.¹

In order to carry out those responsibilities it is crucial to have councils which possess the capacity and the skills and competences to perform the three functions: decision making, representing and overseeing the work of the local self-government. All these functions in one or another feature are vividly reflected in the budgeting process.

Related, the councilors have a particularly important role because:

- They have the possibility to influence the priorities that are financed;
- Overseeing the way how budget funds are spent;
- Overseeing the spending made by the municipal administration and the other budget beneficiaries.

In that light, a very important dimension is knowledge and competences of a councilor about the budget and the budgeting process, as a *condicio sine qua non* for active involvement of the councilors at all stages of the budgeting process.

3.2 Budgetary Process and Entry Point for Participation

The budget of the municipality is a declaration on the values and priorities of the local self-government. The analysis of the budget reveals the priorities of the local self-government. Planning the budgeting and fiscal techniques are the key elements in maintaining the fiscal integrity and are significant for all levels of government, including the local government. This is particularly important for preserving the confidence of the citizens who have entrusted them to spend their money. In accordance with the Law on Budgets, the budget of the municipality represents an annual plan in line with the Law on Budgets, the budget of the self-government unit is an annual plan of incomes, other inflows and approved funds and it includes the basic budget, subsidy budget, donation budget, borrowings budget and self-funding activity budget.²

The local government is supposed to have a realistic budget, i.e. a system of planned financial activities. The basic elements of such a system are: a realistic basis, analytical approach, defining of options and informing about the options, complete coverage of the expenditures and incomes, powerful mechanisms for monitoring and control, etc. Planning incomes should match the needs of the local self-government units. In recent practice, budget planning which

1 Article 36, The Law on Local Self-Government (Official Gazette of R. Macedonia, nr. 5/2002)

2 Law on Budgets (Official Gazette of the Republic of Macedonia, no. 64/05, 4/08, 103/08, 156/09, 95/10, 180/11 and 171/12)

covers several years is more a practice of the central government, but is becoming regular practice of the local self-government.

a) Process

Based on the Law on Local Self-Government and the Law on Financing Local Self-Government Units, the budget for the coming year is adopted by the Municipal Council, as proposed by the mayor, by 31 December of the current year at the latest. If the Municipal Council, due to any reason, fails to adopt the budget within the envisaged deadline, it is obliged to adopt a Decision for Temporary Financing and Financial Plan for its implementation during the first quarter of the year. The Municipal Budget is produced in compliance to the Law on Budgets and following guidelines provided by the Finance Minister. It has to be balanced, that is, in balance between revenues and expenditures and disbursements, by planning necessary funds to finance all activities. The municipality is obliged to, within 15 days following the budget adoption; send it to the Finance Minister for monitoring of the acknowledged total public spending in the country. When adopting the budget, the Municipal Council is bound to adopt a Budget Execution Decision. It is important to emphasize that the budget funds should be spent per allocation, as per defined amounts. The budgeting is a process of planning and executing municipality's revenues as per set priorities to satisfy the needs and obligations. The process shall start by 30 September at the latest, which is a timeframe until when the Finance Minister shares a Circular, informing the municipalities of the basic macroeconomic indicators, main instructions to prepare the budget, the subsidies for the municipality to be transferred from the Budget of the Republic of Macedonia, as well as the revenues from other sources. The budgeting is unfolded into stages, within deadlines set by the budget calendar, as adopted by the Municipal Council. The mayor shall share the main instructions to produce the budget, with the budget beneficiaries. Afterwards, the budget beneficiaries shall submit their financial plans to the mayor and he/she shall submit the budget-proposal to the Municipal Council.

Should, during the fiscal year, revenues and expenditures fail to follow the plan, the mayor shall propose to the Council budget amendments and supplements (reallocation). The mayor is responsible of the budget execution. A budgeted reserve is planned to finance unplanned or not sufficiently planned expenditures in the budget. All budget beneficiaries shall submit to the mayor monthly reports on executing their financial plans and the mayor shall submit quarterly reports on the budget execution to the Municipal Council and the Finance Ministry. The Municipal Council shall adopt final balance sheet on the previous year of the budget, following a mayor's proposal and after the expiry of the fiscal year and by 15 March at the latest, shall submit it to the Ministry of Finance by 31 March at the latest. The Municipal Council shall adopt annual report, consisted of:

- Final Balance Sheet;
- Report on funds, liabilities and sources of funds and their value;
- Report on the implementation of investment programs, allocation, capital and block subsidies and subsidies for transferred competences; and
- Report by the responsible accountant assuring the accuracy and faithfulness of the final balance sheet.

b) Relevant Municipal Council Committees

Two council committees have significant role in the budget process: The Finance and Budget Committee which is responsible for oversight and review of the budgetary cycle and the Committee for Equal Opportunities for Women and Men which has power to review the budget programs from gender budgeting perspective.³

c) Citizen participation

Legislative framework in the area of local self-government stipulates the right of the direct participation of citizens in the decision-making process in the municipality.

Accordingly, citizens directly take part in the decision-making regarding matters of local importance through citizen initiatives, citizen meetings, referendums, in a manner and procedure defined by the Law.⁴ The financial costs of direct citizen participation in the decision-making are covered by the municipal budget.

Moreover, the Law stipulates specific citizen participation mechanisms such as: citizen initiatives according the citizens' right to propose to the Council adoption of a specific legal act or resolve a specific matter which is municipality responsibility. The Council is obliged to discuss proposals of citizen initiatives if they are supported by at least 10% of municipal voters of the community affected by the given matter.⁵ In addition, the Law stipulates the right of referendum, public forums, surveys, complaints and proposals as additional mechanisms in decision making process.

The citizen participation in the budgeting process is a very important part of the process. In the budget process, the capacity of the local authority is normatively assessed in implementing the good governance principles such as: transparency, accountability, responsibility, participation and consensus-orientation, rule of law, equity and inclusiveness. Through the budget process citizens participate in the process of setting the priorities and monitoring and implementation. At the same budget the local authorities verify and legitimize policies and enhance citizens' trust.

³ Article 14, paragraph 6, The Law on Equal Opportunities for Women and Men (Official Gazette of RM, nr.6/2012)

⁴ Article 25, The Law on Local Self-Government (Official Gazette of R. Macedonia, no. 5/2002)

⁵ Article 26, The Law on Local Self-Government (Official Gazette of R. Macedonia, no. 5/2002)

Citizen participation process is activated by submitting previous reporting on the budget to all stakeholders, with a pledge to share their opinions. Then, by organizing public forums on: draft budget in rural and urban neighborhoods, meeting with civic associations, institutions from the area of education, social protection, culture, sports. On the completion of the public debate and entailment of useful proposals in the text, the budget proposal is further submitted to the Council for adoption. In the recent years, considerable number of municipalities are organizing community forums on the budget planning process with the support from the international donor community primarily by Swiss Development Agency (SDA).

3.3 Hypotheses

Theoretical ramifications discussed in the paper are tested in the municipalities in the Republic of Macedonia in terms of assessing the role of Councilors (as citizen representatives, decision makers) in eliciting citizen participation.

It is evident that the Councilors can have a tremendous impact on citizen participation because they are a link between citizens and the Mayor and municipality administration.

We are interested to test the following research questions:

- What is the role of municipal councilors in budget process?
- If municipality councilors have knowledge and competence and skills, will budget process have more input and will the process be more open to citizen involvement?
- If the councilors have access/logistics/support to implement proper mechanisms of communication with citizens, will municipalities be more open to citizen involvement in the budget process?

Municipal councilor's knowledge, competence and skills can be indicated by their professional education, participation in professional associations, and professional experience. Professional education is an important component of professionalism because it is supposed to enrich person with professional skills and professional ethics. Having in mind that the contemporary models of governance taught in higher education institutions focus on good governance principles, we are inclined to propose that municipality council education would increase their willingness, skills and the capacity to promote citizen participation in the budget process.

Thus we are testing the following:

H1. Councilors knowledge, competence and skills are positively correlated with the municipality approaches regarding citizen involvement in the budget process.

In addition we assume that networking is the crucial factor for sharing good practices and multiplying these practices in different municipalities across the political and demographic scope.

H2. Networks of Municipality councilors are positively associated with the municipal adoption of citizen involvement in the budget process.

Councilors' inability or ability is affected by their institutional authority and political environment. Institutional authority or autonomy refers to the legitimate power that one exercises within the organization. There are voices that argue that limited powers of the Municipal Council in comparison with Mayor in terms of powers have ramification on the perception of citizens in viewing Councilors as formidable actors that can push the agenda of the citizens.

H3. Councilors (statutory authority) is positively associated with the municipality's adoption of citizen involvement in the budget process.

Councilor's authority and their ability in the position is significantly influenced by the local political environment – whether the local politics is rational, healthy and easy to deal with, and whether there is political stability.

H4. Political stability is positively associated with the municipality's adoption of citizen involvement in the budget process.

Endogenous factors which are correlated with the organizational culture and the institutional capacity to support, promote and carry out civic engagement are crucial for promotion of civic engagement in the budget process. If the municipal administration does not have the capacity to utilize the tools of transparency during the budgetary cycle, to utilize ICT to inform citizens, then the civic engagement is not real proposition.

H5. Administrative capacity and the organizational culture of municipal administration are positively correlated with citizen involvement in citizen in the budgetary process.

3.4 Methodology

a) Semi-structured interview

The primary data source was gathered by semi-structured interview that was designed for a broader project. The instrument of semi-structured interview was conducted with representatives of municipality councils and municipality administration in six municipalities in the Republic of Macedonia. In order to triangulate data from variety of sources and actors for the purpose of the analysis the semi-structured interview was conducted with the following institutional actors in the Municipality:

- Chairperson of the municipality council
- Chairperson of the committee for budget of the Municipal Council

- Chairperson of the committee for equal opportunities of the Municipal Council
- Chairperson of the committee for inter-ethnic relations
- Office of finance and budget

Involved municipalities in the assessment are representation of the landscape of the Macedonian municipalities. We assessed small rural municipalities (Gradsko, Bogovinje and Bogdanci) councilors and big urban municipalities (Gostivar, Gevgelija and Kisela Voda). A total of 30 interviews were conducted in November 2015 – December 2015.

b) Observation

Information and data from semi-structured interviews were validated with observation of the municipal web portals. Observation in the context of this assessment is crucial for methodological triangulation and validation of information acquired with the semi-structure interviews. Related to this analysis, observation was a useful tool to validate the data acquired from the interviews and compare to the information received from the municipalities and validate via observation of the municipality web pages in terms of accessibility of information that would imply adherence of the municipality to the promotion and respect of principles of transparency, voice, participation and accountability in the budgeting process of local service delivery. Observation of the municipality web portal was carried out immediately after obtaining data from semi-structured interviews (November–December, 2015).

4 Findings Based on the Field Research in Six Municipalities

In this part of the paper we will focus on the findings in the six municipalities encompassed in the study. The main pillars of interest were the established processes and systems in the municipality in terms:

- Involvement of councilors and citizens on Budget preparation and Budget approval;
- Information (lack) and transparency (lack of) on the issue of capital budgeting by the councilors;
- Accountability to the citizens and the councilors regarding the Service delivery (reporting to the municipality councilors, citizen satisfaction surveys etc);
- Accountability to the council and general public on Public Procurement;
- Existence and accountability of the complaint mechanisms;
- Council communication with the public.

Table 1 explains the abovementioned dimensions comparatively in the municipalities encompassed in the study.

Table 1: Process and system in the municipalities

Guiding Questions	Municipalities					
	M1	M2	M3	M4	M5	M6
Involvement of councilors on Budget preparation and Budget approval						
	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (Orientation toward consensus)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (Orientation toward consensus)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)
Barriers for councilor input						
	Lack of skills and knowledge, capacity of municipal administration	Lack of skills and knowledge	Lack of skills and knowledge	Lack of skills and knowledge (politisation of the process)	Lack of skills and knowledge, capacity of municipality administration	Lack of skills and knowledge
Involvement of citizens						
Information Consultation Involvement in the decision making	Information in programing phase	Information in programing phase neighborhood units no input after	Consultation prior to programing phase no input after	Consultation prior to programing and after programing no input after	Ad hoc information	Consultation at programing phase via neighborhood units
Transparency*						
Publication of budget proposal on the Web	Yes	X	X	X	X	X
Publication of the yearly report on the Web	X	X	X	X	X	X
Publication of semest reports on the Web	X	X	X	X	X	X
Account to the citizens and the councilors regarding the Service delivery (reporting to the municipality councilors, citizen satisfaction surveys etc)**						
	Non existent	Non existent	Non existent	Non existent	Non existent	Non existent
Account to the council and general public on Public Procurement***						
	Non existent	Non existent	Non existent	Non existent	Non existent	Non existent
Existence and accountability of the complaint mechanisms						
	Non-existent	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public
Council communication with the public****						
	Not satisfactory	Not satisfactory		Not satisfactory	Not satisfactory	Satisfactory
Need for training and networking						
	Yes	Yes	Yes	Yes	Yes	Yes

Notes

- M1 Municipality Brvenica is in the north-west part of Macedonia. The municipality has been independent since 1996 and includes 10 villages along the Suva Gora Mountain. The population is ethnically mixed with 15,855 inhabitants on a territory of 164.3 km². The council consists of 15 councilors from 5 different political parties.
- M2 The Municipality of Bogdanci is in the southern part of the Republic of Macedonia with a population of 8,707 (monoethnic) covering an area of 114.54 km². The Council consists of 11 councilors from two political parties.
- M3 Municipality Gevgelija is in the most southern part of the Republic of Macedonia, covering an area of 485 km². The population is 22,988, out of which about 15,685 citizens live in the municipal center, the town of Gevgelija. The Council consists of 19 councilors from two political parties.
- M4 Municipality Gostivar is in the north-west part of the Republic of Macedonia. It covers an area of 513.39 km² and has a population of 81,042 (ethnically mixed). The council consists of 31 councilors representing from 6 political parties.
- M5 Municipality Gradsko is in the Tikvesh Valey bordering Lozovo to the north, Shtip to north-east, Negotino to the east, Rosoman to the south, Chashka to the south, Rosoman to the south and Velse to the north-west. According to the last census, Gradsko Municipality has a population of 3,760 (ethically mixed) on an area of 236.19 km². The Council consists of 9 councilors from two political parties.

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- M6 Municipality Kisela Voda covers an area of 46.86 km² and is located in the south-east part of Skopje Valley. It borders with Centar Municipality and the newly established municipalities of Aerodrom, Studenichani and Sopište. Based on data from the last census the population is 58,216 out of which 91.2% Macedonian. On the territory of the municipality there are 13 local communities to meet the needs of the population. The council consists of 23 councilors from three political parties.
- * These reports are published in the Official Gazette of the Municipality. This model is falling short of transparency due to the fact that entry and finding the document by the model is more complicated compared with attaching it in the web page of the municipality.
 - ** Existence of accountability mechanisms such as citizen surveys, citizen cads, minimum standard of services and reporting the data to the Council members.
 - *** Reports to the municipality council, publication of the public procurement planning documents in the municipality web-page.
 - **** Assessment of the communication with citizen derived from the following indicators: perception of the councilors that have optimal communication with citizens, information on the web page about council members (email, telephone contact), assignment of office for councilors to meet constituency, assignment of days to meet constituency, visit of neighborhood units to explain the budget proposal to the local community.

It ought to be underlined that the citizen participation was measured solely by the responses from the municipal counselors and office of budget and finance of the municipality.

H1 confirmed. Councilor's knowledge, competence and skills are positively correlated with the municipality approaches regarding citizen involvement in the budget process. Councilors do not understand the budget and thus are not confident to discuss this matter with their constituency. Interviewed councilors stressed that lack of knowledge, competences and skills of the councilors on the budget technics and budget components are crucial impediments for more comprehensive input and thus have a clear ramification on citizen involvement. Moreover, they were quite outspoken about the need for obligatory orientation trainings at the beginning of the mandate of the councilor.

H2 Confirmed. Networks of Municipality councilors are positively associated with the municipal adoption of citizen involvement in the budget process.

Professional networking is seen crucial for councilors to get access to training, best practices, opportunities, and socialization. It is interesting that professional association of Mayors and sectorial professional of municipal administration (finance, ICT, economic development) have been established via Association of Local Self Government Units. Unfortunately, until now there is no initiatives that would bring together Councilors from different municipalities that serve in the same committees.

H3 is partially supported by empirical evidence. Councilors statutory authority is positively associated with the municipality's adoption of citizen involvement in the budget process.

There are no legal obstacles that hinder genuine involvement of Councilors in initiating citizen involvement. However, the lack of funds (municipality is not covering the travel expenses), logistical support are a result of the statutory authority. In majority of the municipalities there is no office for the councilors where the Council members could meet the citizens and representatives of the local community. Majority of the municipality web sites does not provide CV or contact information of municipal councilors.

H4 rejected. Political stability is positively associated with the municipality's adoption of citizen involvement in the budget process.

A contrary to our presumption, citizen involvement in any way is not correlated with the political stability in terms of existence majority, minority or coalitions of parties that make the Council. In our case easy and stable local politics is not in a positive correlation with citizen participation. Identical grievances and issues concerns were raised from councilors across the ideological and party lines.

H5 confirmed. Administrative and institutional capacity and the organizational culture of municipal administration are positively correlated with citizen involvement in the budgetary process.

Involvement of the council in the process of budget preparation is not satisfactory due to the lack of infrastructure, logistics, funds, lack of motivation of the administration to undertake these activities with the public and last but not the least the perception of the public that the person of power in the municipality is not the Councilor but the Mayor. Urban municipalities with more administrative capacity have trained human capital to undertake these mechanisms, while in the smaller municipalities the process is often outsourced to expertise outside of municipality.

In addition, demographics, population size are correlated with citizen involvement. Formal models of engagement (neighborhood units, forum of municipality and budget forums) are tools utilized in bigger municipalities. However, a shortcoming of the research is that it did not assess who is involved in these mechanisms, is there a genuine involvement of the variety of segments of the local population or is the process monopolized by specific interest groups.

ICT and interactive web-portals are tools used more comprehensively in bigger municipalities than in smaller municipalities who lack capacity and human resources to regularly maintain their web portal. On the other hand, a comparative advantage of the smaller municipalities is at least at political level to strive for consensus between political parties, which is the result of being part of smaller community and smaller councils.

5 Conclusions

Municipalities in the Republic of Macedonia employ various forms of participatory mechanisms in the process of public policies and budgets according to their ecology. For some municipalities this process is uniform and established on existing legislation, and for the others this process is a result of the specific context and characteristics of the municipality and often it is an outcome of the ad hoc solutions which are consequence of incentives from the donor community (budget forums).

There are vivid dissimilarities in the implementation of the underlying principles of good governance such as transparency, voice and accountability, when cross-matching information and data derived from small rural and bigger urban municipalities. The smaller municipalities such as Brvenica and Gradsko evidently lack municipal administration capacity and thus insufficiently use ICT, i.e. web portals to increase the level of information, consultation and active participation of the citizens in the public policy process in general, and in the budget process in particular.

Thus, any policy intervention in this dimension ought to be tailor-made hence every municipality has its specific features that ought to be taken into account when designing an intervention to address the abovementioned shortcomings of the processes and the systems.

An obvious discrepancy between municipalities is noted in terms of regular updating of the web sites with the important internal municipality documents such as: Statutes, Rules of Procedures, Budget proposal, Budget, Quarterly reports, Balance sheets, Annual reports etc.). According to the councilors this state of affairs is a result of the fact that citizens do not show interest for these information and data on the web site of the municipality, but also the result of the lack of personnel in the municipalities to respond to this trend of communication with the citizens. Other studies researches verify this findings. These findings are supported by other research according to which 38% of the municipalities in the Republic of Macedonia have no employees or ICT-related job position (Memeti & Kreci, 2016).

It is evident that very little has been accomplished in terms of defining the processes and developing systems related to accountability and responsibility of the municipality, the municipal administration the Council towards the local community. There are endogenous and exogenous factors that contribute to the situation. It seems that there are pivotal barriers for performing their function of decision makes, mediators and oversight of the policies at local level. Majority of the interviewed councilors believe that they do not have sufficient knowledge, competence and skills regarding the budgeting process for a more substantial role in the budget cycle. Some councilors argue that the councilors themselves are also to blame due to the lack of interest for proactive approach in creating linkage with their constituency.

Having in mind the heterogeneity of the councilors in terms of the education status (formal education) there is a need for holistic approach for bridging the gap in terms of education, competences and skill through obligatory orientation trainings regarding the powers and responsibilities of the councilors at the beginning of the mandate of the councilor.

In parallel, councilors argue that they are excluded by the citizens themselves from any meaningful involvement of addressing the community needs. This situation is a result of the perception of the citizens that it is more expedient

to communicate with the Mayor than with the councilors when resolving their problems in question. Majority of the municipalities have no assigned offices for the councilors where they can meet representatives of the local community.

There are voices from interviewed institutional actors that argue that the process of identifying priorities is unnecessary. Because the Mayor gets the citizens' trust with the election process for a political platform any citizen involvement is costly endeavor in terms of finance and time.

For the process of comprehensive overseeing councilors need to have access to analytical reports on financial management submitted from the internal auditors of the municipality (legal and statutory requirement). Half of the interviewed municipalities did not have internal audit office or assigned internal auditor. Any proposition that implies adherence to the principle of accountability without the establishment of the internal audit mechanisms is proposition that is deemed to fail from the beginning. Municipality councilors should insist on finding opportunities to install this key mechanism for the accountability and prerequisite for rational decision making process. Thus, an obvious approach to overcome the deficiency would be to utilize the instrument of inter-municipal cooperation through which internal auditors of one municipality could perform internal audits in other municipalities.

More emphasis ought to be given to professional networking of the Councilors (sectorial association by serving comities) to improve access to training, best practices and exchange experience.

Although this study was carefully designed and vigorously applied in the units of analysis, we are aware of its limitations. First, the sample population of 6 municipalities from 81 municipalities is relatively small. In addition, since both methodological instruments (semi-structure interviews and observation) were realized by the authors themselves, a certain degree of subjectivity in interpretation can be found when analyzing findings of the methodological instruments.

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POVZETEK

1.01 Izvirni znanstveni članek

Vloga občinskega sveta pri povečanju državljske participacije v lokalnem proračunskem procesu

Avtorja članka razpravljata o mehanizmih državljske participacije in vlogi občinskih svetnikov pri spodbujanju državljske participacije v proračunskem procesu v Republiki Makedoniji. Sklicujeta se na številne strokovnjake, ki so raziskovali te odnose, osvetlita pa tudi dejstvo, da so se predhodne raziskave osredotočale predvsem na enosmerne korelacije med svetniki in državljsko participacijo. Nasprotno ta članek preizprašuje oziroma se osredotoča na vprašanje vzročnosti in povezanosti zmožnosti svetnikov ter odnosov moči med njimi z obstojem ustreznih mehanizmov za spodbujanje državljske participacije v proračunskem procesu.

Da bi proučila vzročnost, avtorja preizkusita naslednjo hipotezo/vprašanje: ali so znanja, kompetence in veščine svetnikov pozitivno povezani s tem, kako občina pristopa k vključevanju državljanov v proračunski proces, in kakšna je vloga mrež občinskih svetnikov pri občinskem vpeljevanju vključenosti državljanov v proračunski proces. Trdita, da je oblast svetnikov (zakonska oblast) pozitivno povezana z občinskim vpeljevanjem vključenosti državljanov v proračunski proces in da je politična stabilnost pozitivno povezana z občinskim vpeljevanjem vključenosti državljanov v proračunski proces. Nazadnje predvidita, da sta upravna zmogljivost in organizacijska kultura občinske uprave pozitivno povezani z vključenostjo državljanov v proračunski proces.

Zasnova raziskave je bila izvedena z dvema metodološkima instrumentoma, ki sta zajemala polstrukturirana in odprta vprašanja (30 intervjujev z občinskimi uslužbenci in odločevalci), da bi ocenili v občinah vzpostavljene procese in sisteme za vključitev državljske participacije v proračunski proces, vlogo občinskih svetnikov in zmožnosti za njihovo celovito vključenost v uporabo mehanizmov za državljsko participacijo ter spremljanje spletnih portalov šestih občin, da bi potrdili podatke in ugotovitve iz polstrukturiranega intervjuja.

Avtorja sta po pričakovanjih ugotovila, da obstaja pozitivna korelacija med veščinami in kompetencami na področju proračunskih tehnik ter mreženjem za pristno vključenost državljanov. Iz predstavljenih rezultatov je razvidno, da politična stabilnost glede obstoja večinskih in manjšinskih koalicij v svetu ni povezana z izvajanjem mehanizmov državljske participacije. Raziskava razkriva, da priprava proračuna ni zadovoljiva zaradi pomanjkanja infrastrukture, logistike, sredstev, motivacije uprave za lotevanje teh dejavnosti ali javnosti za komuniciranje in nenazadnje zaradi dojemanja javnosti,

da oseba na oblasti v občini ni svetnik, ampak župan. Poleg tega sta demografija in velikost prebivalstva povezani z vključenostjo državljanov. Formalni modeli vključevanja (enote v soseskah, občinski forum in proračunski forumi) so orodja, ki jih uporabljajo večje občine. IKT in interaktivni spletni portali so orodja, ki se celoviteje uporabljajo v večjih občinah kot pa v manjših, ki nimajo zmogljivosti in človeških virov za redno vzdrževanje svojega spletnega portala. Tako je primerljiva prednost manjših občin vsaj na politični ravni prizadevanje za konsenz med političnimi strankami, kar je posledica vključenosti v manjše skupnosti in manjše svete.

Avtorja trdita, da obstajajo bistvene razlike pri izvajanju instrumentov državljanske participacije v občinah in uporabi IKT v proračunskem procesu. Tako bi morale biti politično posredovanje s tega vidika posebej prilagojeno; vsaka občina ima posebne lastnosti, ki bi jih bilo treba upoštevati pri snovanju intervencije za naslavljanje zgornjih pomanjkljivosti procesov in sistemov.

Članek prinaša pomembne posledice na področju politike v makedonskem kontekstu, saj daje zanimive in posebej prilagojene politične rešitve za povečanje zmožnosti svetnikov ter uvajanje mehanizmov državljanske participacije v proračunskem procesu na občinski ravni.