



Study No. 28

TOWN HALL MEETINGS

A tool kit for including citizens in the process of participatory budgeting





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INTRODUCTION

The ideological approach of the local self-government is to serve the benefit of the citizens and to represent their interests and priorities. Therefore, the cooperation of the citizens and the local self-government is inevitable. The participation of the citizens as stakeholders in the municipality is based on their involvement in the decision-making process, which directly or indirectly affects their common life. This process is beneficial for both parties: Municipalities and citizens. Municipalities draw ideas and proposals for the implementation of projects in the municipalities from the citizens. Citizens, on the other hand, are influencing the decision on how budget money will be spent, in order to improve life in the local community. Participatory budgeting is just one thread in the whole process of civic participation. It is a process in which stakeholders are actively involved in the budget formation process. This includes residents, civil society organizations, the business sector, who on the same level with the local government discuss the priorities for spending municipal money, as well as their involvement in monitoring the process. In this way, the transparency and accountability of the Municipality towards the citizens grow, which results in the realization of projects that are priorities of the citizens. The first forms of local participatory budgeting in the country rely on the Community Forums program, which began in 2006, shortly after the first phase of the beginning of the decentralization process. After its completion, only a small number of municipalities continued to organize

meetings with citizens, in order to discuss the municipal budget, commonly called the civil parliament, civic gathering, public tribunes etc.

Therefore, the purpose of the intervention of the project “My Money, My Responsibility: Participatory Budgeting in Municipalities” is to increase the effectiveness of spending civil money in municipalities by involving local stakeholders in the process of forming the local budget. The intervention was realized in a period of three years, from 2017 to 2020 in 11 municipalities¹ in the Republic of Macedonia. The intervention includes a series of activities to strengthen the capacity of local stakeholders to be involved in the participatory budgeting process, producing methodology and manuals, awareness raising tools and awareness raising, promotional events, and centralized role in organized public discussions (Town Hall Meetings). In 2018 and 2019, a total of 12 Town Hall Meetings were organized in eight municipalities in the country, and in four municipalities Town Hall Meetings were organized in two consecutive years. Direct intervention of participatory budgeting was used as a tool to monitor the effects of this process on the quality of municipal budgets.

¹The municipalities that are part of the project “My money, my responsibility: participatory budgeting in municipalities” are Saraj, Gjorche Petrov, Staro Nagorichane, Kumanovo, Kriva Palanka, Negotino, Rosoman, Kavadarci, Krushevo, Krivogashani and Prilep. In three of them (Negotino, Kumanovo and Saraj) no Town Hall Meetings were organized because the Municipalities did not respond to the organization’s request.

In addition, the analysis provides a brief overview of the literature related to the participatory budgeting process and the map of stakeholders. Section 4 describes the methodology used. Part 5 analyzes the proposed projects, and part 6 provides an overview of the accepted projects for implementation. The last part concludes the analysis and gives recommendations.



1 Literature overview

For the first time, the International Monetary Fund adopted the Code of Good Practice for Fiscal Transparency, which sets out the basic rules of transparency for national public funding in 1998. The code has been refined over the years, resulting in the 2012 Fiscal Transparency Code (International Monetary Fund, 2019), which presents international standards applied for assessing transparency in the national budget system. In addition, 75 countries adopted the Open Government Declaration of 2011 and developed appropriate action plans, addressing local government budget issues and improving the fiscal transparency of the national and local budgets (Slukai et al. 2019).

The terms fiscal and budget transparency are often used as synonyms (Alt et al. 2006), but as Copts and Craig (1998) conclude, fiscal transparency is a broader concept than budget transparency. Citizens are demanding budget transparency in both the national and local budgets. Budget transparency is perceived as a tool for improving effectiveness and strengthening accountability (Hilde, 2003). According to Buck (2001), budget transparency increases the likelihood of corrupt or misguided decisions being made by the authorities. The more information the budget reveals, the less politicians can use it to achieve opportunistic goals (Benito and Bastida, 2009). Benito and Bastida's empirical study (2009) showed that there is a positive link between political turnout and

transparency, concluding that the more transparent the budget reports, the more citizens have a motive to vote. Regarding the aspect of adequacy and accountability, OECD (2003) defines budget transparency as the full disclosure of all relevant fiscal information, in a timely and systematic manner. On the other hand, Rubin (1996) argues that the full disclosure of all relevant fiscal information does not necessarily mean that citizens know whether they are getting a good deal for their money. He added that the availability of budget documents does not mean accountability in itself because this process is accompanied by the availability of public documents. Halahmi and Greling (2013) agree with this conclusion, stating that transparency is necessary, but not a sufficient condition for ensuring greater responsibility and accountability to the public. On the other hand, the study of Sedmihradski (2015) for the Czech Republic concluded that not all existing budget documents must be published in order to achieve transparency towards citizens, but should be invested in the process of understanding that transparency. Government or local government officials, thinking they are giving clear information about the budget and its management, are caught up in the way citizens perceive it, resulting in a problem of understanding (Rubin, 2000). Authorities provide adequate information to their citizens, but transparency is a two-way relationship

that requires an audience with the capacity to understand and act on it (Held, 2012). A recent study by Ott et al. (2019) concluded that the project “Local Budget via the Internet”, which was implemented in Croatia and Slovenia, gave positive results in the process of submitting appropriate information and overcoming the gap between the information provided by officials regarding budget transparency and understanding information from citizens.

De Rencio and Massoud (2011) used the Open Budget Index to measure budget information published by governments in 94 countries around the world and concluded that countries with lower incomes, weaker democratic institutions and greater dependence on foreign aid tend to be less transparent. The results of Sluhai and others (2019) are linked to these poor results for budget transparency for Ukraine, where findings show that with the decentralization process transparency of local self-government is declining. An additional shortage of local budget transparency has been developed by Ott et al. (2018), whose findings on Croatia point to the question of re-examining the capacity of local self-government, especially in smaller areas, which do not have the capacity to maintain basic standards for budget transparency and motivate citizens to seek, but also to motivate local self-government to offer greater budget transparency. Abon and Franklin (2006) discuss the possibilities for citizens to be involved

in the budgeting process by making proposals for both the draft budget and the draft report at the end of the year in writing or to personally participate in local government meetings and to give their proposals for projects that should be included in the budget. Participatory budgeting is one of the tools for improving budget transparency, especially in local self-government. But, as Ott et al. (2018) claim, without a sense of “ownership”, there is no incentive for citizens to actively participate in the budget process, so citizens should know that they are responsible for spending budget money.

Participatory budgeting (PB) is a relatively new approach to municipal budgeting, involving citizens in the process of creating and selecting projects that are most needed by the municipality. This concept places particular emphasis on bottom-up access, including citizens (and their first-hand information) to express their needs, propose projects, and vote for them (Samu, 2017). Through this, the citizens are better informed about the work of their municipality, and this process leads to more effective solution of their problems, more efficient work of the Municipality and greater transparency. The participatory budget refers to “circular subsidiarity”, which states that the state and society must work together permanently to achieve common interests through a relationship based on cooperation and partnership - with equal rights and responsibilities (Allegriti and Herzberg, 2004).

Participatory budgeting as a concept was first used in Porto Alegre, Brazil, in 1989 (World Bank, 2007). The tradition of participatory budgeting in Porto Alegre continues to this day, and, in recent years, 20 percent of Porto Alegre's budget has been allocated through participatory budgeting. Following its introduction in Porto Alegre, participatory budgeting has become a regular practice in another 1,500 cities around the world. According to Kabanés (2004), every year, under the influence of local elections and the demands of the local population, the number of cities in which participatory budgeting is implemented increases. Although there are many forms through which participatory budgeting is implemented, in general, the process is similar to the first example of Porto Alegre (Cabanés, 2004) and is implemented in accordance with the following steps:

1. The initiative for PB is taken over by the Municipality, offering the citizens part of the budget to be allocated for their needs / proposals / ideas;
2. The municipality organizes informative meetings with the citizens to inform them about the budget and the essential problems;
3. Participants negotiate resources by allocating them to public projects or social programs;
4. The mayor accepts the budget as determined by the participants.

In the Republic of Macedonia, the concept of participatory budgeting is being introduced for the first time as part of the Community Forum project, which was launched in 2006 by the Swiss Agency for Development and Cooperation as a tool for involving citizens in the decision-making process on municipal level. The concept actively lasted until 2016, in several cycles of implementation and included 59 municipalities. The municipalities include six of the eight municipalities that are part of this analysis: Prilep, Krushevo, Krivogashtani, Gjorche Petrov, Rosoman, Kavadarci, which means that the process of participatory budgeting is not completely unknown to local authorities and local residents in these municipalities. The municipalities of Kumanovo and Staro Nagorichane were not part of the Community Forum project, but their inclusion in other projects aimed at improving the transparency of the municipality and the local budget has been registered.

2 Stakeholders and their role

Different stakeholders are involved in the participatory budgeting process, and their motives and roles are often different. Key stakeholders are: local authorities (mayor, municipal council and municipal budget-building sectors), citizens, NGOs and the business sector.

The motives of the **local government** for participation in participatory budgeting are multiple: raising the transparency of the municipality, more even distribution of limited resources, strengthening political support from citizens in the municipality and inserting positive international practice in operations. The commitment and interest of the local government to get involved in the participatory budgeting process is perhaps a key driving force for the success of the process itself. Its role is to convene meetings to discuss the municipal budget, to present opportunities to citizens, to listen to ideas and proposals and, based on the proposals, to assess priorities and incorporate them into the budget.

Citizens have many motives to participate in this process. Through active participation, they get closer to creating a policy and can influence it, which increases their power. Second, access to information on how local money is spent is increased by obtaining direct information and presenting the budget for next year. In this way, the view of the budget as a “black box” is demystified. Third, it increases the knowledge and understanding of the process, the competencies of the municipality,

the possibilities for financing various projects, the priorities in the municipality, the role of each of the stakeholders. This understanding is just as important as the openness of the local government to organizing this process. The quality of the given proposals directly depends on this. Fourth, in addition to the previous point, the active participation of the citizens by giving proposals can affect the quality of the services and the goods that the municipality will offer. Hence, their role, besides actively participating in Town Hall Meetings, is to be informed about the process, the competencies of the municipality and to actively participate through properly specified proposals for services and goods, which come from previously identified needs.

NGOs have a double incentive to be active participants in this process. First, these events serve as a direct channel for representing their goals and target groups to the local government and thus influencing the incorporation of their goals into the local budget. This motive is important, especially for vulnerable categories of citizens and young people, who can act more effectively through association to achieve the goal. The second motive is to monitor the process and the effect of the process on the budget and the quality of services. In addition to these two motives and the role of active participants and observers, the role of NGOs is often to bridge the gaps and differences between different stakeholders. Thus, NGOs are in the

role of mediators and direct organizers of these events.

The **business sector** through participation in participatory budgeting is directly involved in giving priority to projects to be funded by the local budget. At the same time, it directly affects the reduction of corrupt practices, nepotism and clientelism by opening transparent discussions. Some of the representatives of the business sector are direct users of funds from the municipal budget, so by giving priority to projects and selection of projects to be financed from the budget, it increases the transparency of “cake sharing” and reduces the possibility of clientelism and corruption.

Although each side should be equally important, the impact is not equal. From the map of stakeholders and influence, in 11 municipalities involved, we identified that the perception of stakeholders is that in this process the central government and the mayor have the greatest influence (Figure 1), while citizens, civil society, business sector, media have the least power. This may be due to the polarized and politicized society, the insufficient implementation of such processes, which should raise the voice of those affected by the budget, but also the distrust that the processes can be affected and changes can be made.

PYRAMID OF POWER

in budgetary participation

D

Definition of budgetary participation:

Decision-making in the municipality through direct and personal engagement of citizens in the process of providing ideas and proposals for the manner in which public funds are to be allocated.



3 Methodology and data

The purpose of the monitoring analysis is to measure the effects of the participatory budgeting process conducted through public discussions (Town Hall Meetings) on the creation and quality of the municipal budget. The methodology used in this analysis includes:

1

Direct participatory budgeting intervention (organized public discussions - Town Hall Meetings)



2

Data collection - surveys with participants in public discussions (Town Hall Meetings), municipal budgets



3

Monitoring progress



4

Evaluation and evidence creation

The **direct intervention** was realized within the project “My Money, My Responsibility: Participatory Budgeting in the Municipalities”, which aims to involve local stakeholders in the process of forming the local budget in order to increase the effectiveness of spending civil money in municipalities. In parallel, the project expects to meet several specific goals, namely:

- Increased participation of local stakeholders including civil society, business community, citizens, local media in municipal budgeting processes.
- Increased awareness of local citizens about how spending municipal money affects their quality of life.
- Increased credibility and effectiveness of local government decisions related to spending public money.
- Increased public awareness of the need for transparency of the local budget and the manner of its preparation.

The intervention was realized in a period of three years, from 2017 to 2020 in 11 municipalities in the Republic of Macedonia. The intervention includes a series of activities to strengthen the capacity of local stakeholders to be involved in the participatory budgeting process, producing methodology and manuals, awareness raising tools and awareness raising, promotional events, and

centralized role in organized public discussions (Town Hall Meetings) in the municipalities involved in the project.

Town Hall Meetings, as a tool, are used to promote and strengthen the process of participatory budgeting in municipalities, and the emphasis is on citizen participation in budget formation, in order to create the best tailored budget in accordance with their needs. The benefits of introducing this activity in the regular practice of the Municipalities are multiple: promotion of their own transparency, improvement and strengthening of the annual programs of the Municipalities, strengthening of the cooperation with the local stakeholders and building partnership with them. And citizens, on the other hand, will be better informed about how their tax money is spent and at the same time get the opportunity to deliver their ideas and proposals on how to spend tax money, which are their priorities and which ultimately improves democracy in municipalities. The pilot project for organizing Town Hall Meetings started in 2018, when Town Hall Meetings were organized in four municipalities: Krushevo, Kavadarci, Kriva Palanka and Gyorche Petrov. In 2019, Town Hall Meetings were organized in eight municipalities: Gyorche Petrov, Staro Nagorichane, Kriva Palanka, Rosoman, Kavadarci, Krushevo, Krivogashtani and Prilep. In general, the Town Hall Meetings took place in the period October-December and had an open character,

which gave a chance to all interested persons to participate.

The second step of the methodology is data collection. During the events, information about the participants, the level of knowledge of the local budget and the process of participatory budgeting and a list of proposals for projects to be implemented with funds from the budget of their municipality were collected through a structured questionnaire. The second set of data collected is the budget of the municipalities that organized Town Hall Meetings.

The third step is to monitor progress, by producing evidence and documenting the budget analysis of the municipalities involved for 2019 and 2020, in order to examine whether or not the budget funds have been allocated for the proposed projects and whether they have been realized.

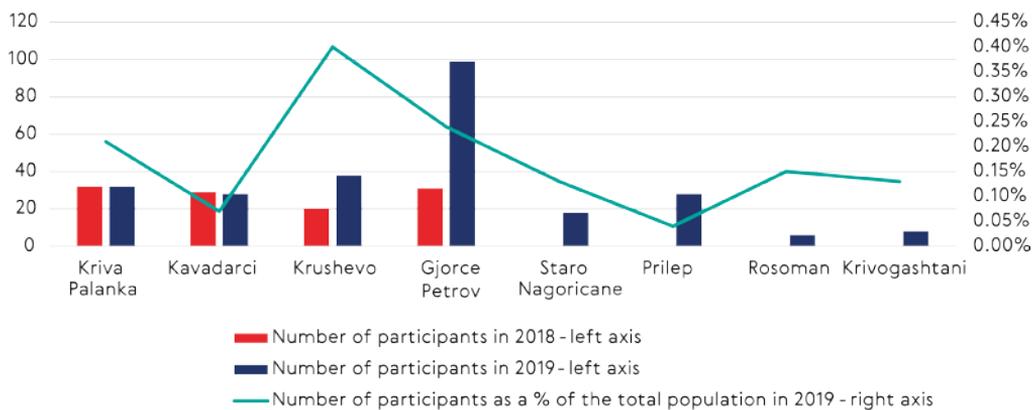
4 Town Hall Meetings

As stated, the organization of Town Hall Meetings began in 2018, when they were organized in four pilot municipalities: Krushevo, Kavadarci, Gjorche Petrov and Kriva Palanka. In the period from October to November 2018, three Town Hall Meetings were held in these municipalities, with the exception of Krushevo, where they were held in May 2018 due to the previously given opportunity to gather representatives of the Municipality, catering trade sector, NGO sector and citizens. The total number of people present at the Town Hall Meetings in 2018 was 112.

11 municipalities; thus, in 2019, Town Hall Meetings were organized in eight municipalities: Gjorche Petrov, Staro Nagoricane, Kriva Palanka, Rosoman, Kavadarci, Krushevo, Krivogashtani and Prilep, with the presence of 257 people.

Prior to the organization of the Town Hall Meetings in 2019, official invitations and requests for preparation and implementation of events were sent to all municipalities and their mayors, citing the cooperation memoranda signed by the municipalities with local organizations from the FISCASST network. Positive response was received from 8 out of

Chart 1: Number of participants in the Town Hall Meetings in 2018 and 2019



Source: Lists of Town Hall Meetings; State Statistical Office of RM

In absolute numbers, the largest number of people attended the Town Hall Meetings in the Municipality of Gjorche Petrov in 2019, a total of 99 people, and the least in the Municipality of Rosoman, only six people. However, if the presence of the citizens is analyzed according to the total number of residents in the municipalities, then the largest presence is in the Municipality of Krushevo, at the Town Hall Meetings in 2019, when 0.4 percent of the total population attended. However, from this point of view, the number of participants is very small and, on average, only 0.17 percent of the total population in the municipalities participated in the Town Hall Meetings, which may still indicate the low awareness and information of the locals about these events and for their importance on the possibility of improving life in the local community. Such situation, on the other hand, identifies a clear need for further strengthening of the participatory budgeting process and the role of stakeholders in strengthening the capacities, awareness and information about this process. On the other hand, emphasizing the need for greater engagement of municipalities to involve this process in regular practice in creating the budget.

All Town Hall Meetings were attended by representatives of the Municipality, representatives of the public municipal enterprises, the business sector, the non-governmental sector, the residents of the municipalities and

representatives of the FISCAST network. In five municipalities (Kriva Palanka, Rosoman, Krushevo, Gjorche Petrov and Prilep) the mayors also participated, personally addressing the issues and discussing the citizens' proposals. We identified a clear link between the involvement of mayors and the success of Town Hall Meetings. In municipalities where mayors are interested and open to change, and are directly involved in the process, the number of participants is higher and discussions are more dynamic. Probably, the perception that the mayor has the greatest power at the local level encourages the citizens to participate more actively if the mayor himself is present or if he calls on them to publicly participate in these events.

If a comparative analysis is made of the number of participants in the Town Hall Meetings in the four municipalities in which events were organized in the two years, the general conclusion is that the number of participants is increasing. This is a result of twice the number of participants in the Municipality of Krushevo and three times the number of participants in the Municipality of Gjorche Petrov. In the municipalities of Kavadarci and Kriva Palanka, the number of participants in both years is almost the same. This clearly indicates that for such processes it is necessary to repeat the organization of events and that they grow into a tradition.

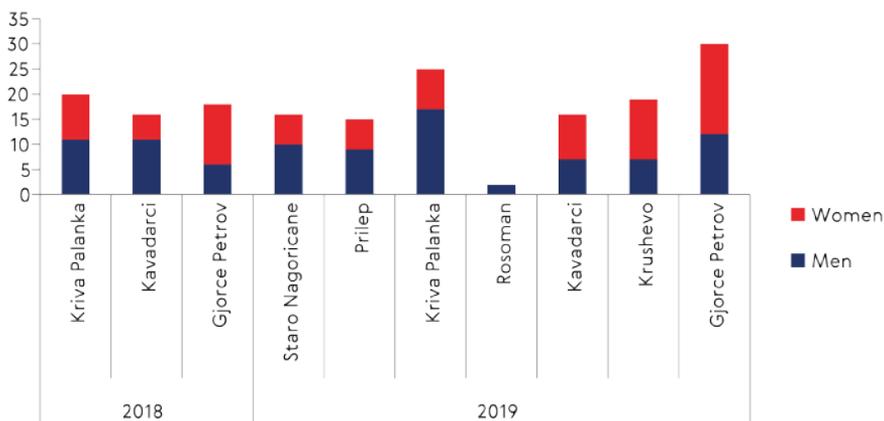
4.1 Demographic characteristics of the participants in Town Hall Meeting

In this part of the analysis, we review the demographic characteristics of participants in Town Hall Meetings by gender, age, education, and ethnicity. In doing so, we use the survey questionnaires as a source of data, which were disseminated to all those present at the organized events.² The participation of men is higher compared to the participation of women in both years, especially in rural municipalities (Rosoman and Staro Nagorichane) where the number of women participants is very small, which is probably an indicator of the mentality of residents in rural municipalities. However, there are differences between the municipalities, so the participation of women is higher in Gjorce Petrov, Krushevo and Kavadarci (Chart 2).

The national affiliation of the participants generally reflects the structure of the population in the municipalities in which the Town Hall Meetings were organized. 94.5 percent of the participants in the Town Hall Meetings in 2019 are Macedonians, and the Town Hall Meetings in Staro Nagorichane was attended by six Serbs, and in the Municipality of Krushevo one Vlach (Chart 3).

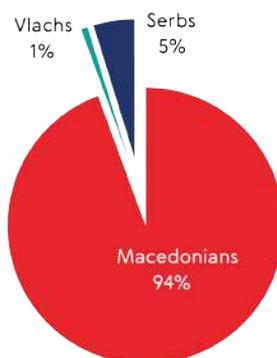
²Out of 112 participants in the Town Hall Meetings in 2018, only 58 filled out the survey questionnaire. In 2019, 125 out of 257 participants submitted a completed survey questionnaire.

Chart 2: Number of attendees at Town Hall Meetings in 2018 and 2019, by gender



Source: Survey questionnaires from the Town Hall Meetings

Chart 3: Number of participants by nationality

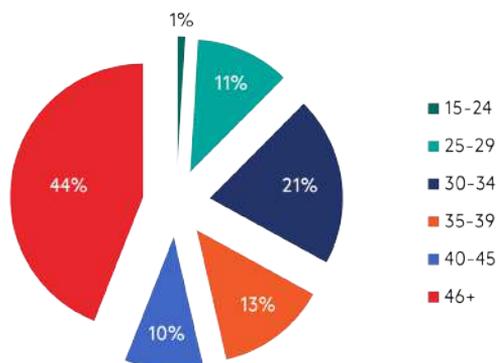


Source: Survey questionnaires from the Town Hall Meetings

The age analysis of the participants in the Town Hall Meetings shows that in both 2018 and 2019, most of the participants are over 46 years old. Individually, by municipality, persons over 46 years of age dominate the Town Hall Meetings, with the exception of the participants in the Municipality of Kriva Palanka, where one third of the participants are aged

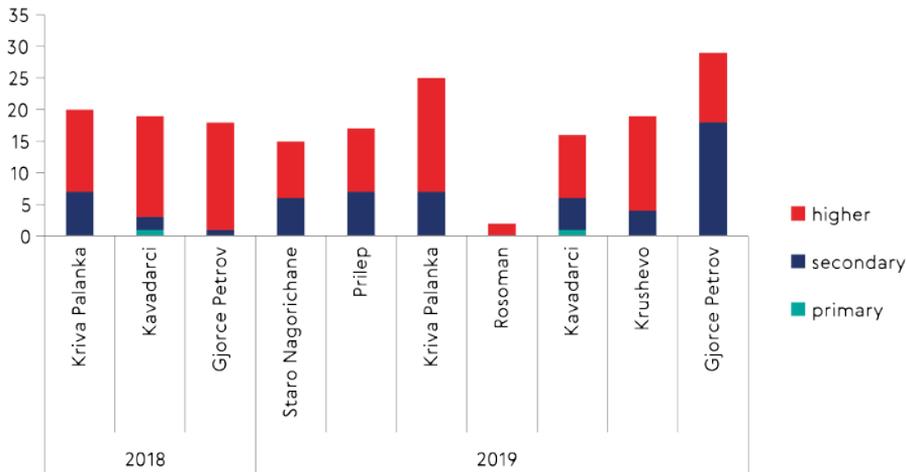
30-34 years. It is interesting that in both 2018 and 2019, only one person from the participants in the Town Hall Meetings was aged 15-24, which leads to the conclusion that young people have no interest in participating in these events, although they and their ideas should be key elements in the local budget formation process (Chart 4).

Chart 4: Number of participants in Town Hall Meetings, by age



Source: Survey questionnaires from the Town Hall Meetings

Chart 5: Number of participants according to the level of education



Source: Survey questionnaires from the Town Hall Meetings

Analyzed by the level of education, most of the participants have higher education. This is particularly evident in 2018, when 81 percent of participants had completed higher education and others had secondary education. In 2019, the difference between participants with secondary and higher education is reduced, so that 32 percent are with secondary education and 67 percent are with higher education. In both years, the number of participants with primary education is reduced to one person who participated in the Town Hall Meetings in the Municipality of Kavadarci (Chart 5). Such a structure may be due to higher awareness among highly educated people, greater awareness, networking in the municipality, but also greater self-confidence that they may affect the processes in the municipality.

5 Project-proposals by the participants in the Town Hall meetings

Organized Town Hall Meetings were used as a mechanism to increase citizen participation in the process of forming the municipal budget by giving specific proposals and priorities that would contribute to improving life in the local community. The proposed ideas during the events were discussed together with the representatives of the local self-government, and the proposals were submitted in the survey questionnaires. Thus, in 2018, a total of 72 proposals were submitted, and in the next 2019, 150 proposals were submitted for projects that should be included in the local community budget. Although the number of proposals doubled in 2019, the average number of proposals per municipality is almost the same, averaging 19 projects per municipality in both years. In general, the proposed projects must meet several criteria in order to be considered in the participatory budgeting process:

- Proposed projects must be within the competence of the municipality,
- Proposed projects should be concrete, and
- Proposed projects should include elements that are of interest to the majority of residents in the municipality.

However, some of the draft proposals submitted by the participants in the Town Hall Meetings did not meet the stated criteria. Namely, almost 20 percent of the total proposals were not under the jurisdiction of the local self-

government. Thus, for example, the participants in the Town Hall Meetings in the Municipality of Gjorche Petrov demanded reconstruction of sidewalks near the primary school, without knowing that this activity is under the jurisdiction of the City of Skopje and the local self-government of Gjorche Petrov cannot realize it. In addition, most of the projects, about 35 percent, were inaccurate, so it was difficult to include them in other project proposals. For example, a participant in the Town Hall Meeting in the Municipality of Kriva Palanka requested the construction of a museum without stating the area of operation of the requested museum, whether it is a museum of tobacco, a museum of wine, a museum of books etc. Also, proposals from several participants were noted, given as road infrastructure, without stating what is meant by that proposal: whether it is about the construction of new streets, reconstruction of existing streets; whether it is about road infrastructure in a specific settlement and / or a specific street etc. This result also indicates a lack of information and knowledge of the process of budget formation, the competencies of the municipality, as well as formulating proposals from the participants in the events. Thereby, the projects that do not meet the three criteria are omitted from further analysis, so out of the total of 150 proposals given in 2019, almost two thirds, or 99 proposals meet the three criteria and are subject to further analysis.

Table 1 gives examples of project proposals in accordance with the fulfillment of the prescribed criteria.

Projects-proposals given by participants in participatory budgeting events are categorized according to two criteria: deadline and area.

According to the deadline, the proposed projects can be classified as: current or short-term investments, mainly including costs for goods and services, assistance and subsidies; and capital investments expected to last more than a year. The categorization of the area to which the projects belong may vary and, unlike the classification by deadline, there is greater flexibility. According to the Law on Local Self-Government, in 2002, the list of competencies of the Municipality consists of 13 competencies, which include: urban planning, environmental protection, local economic development,

communal activities, sports, culture and recreation, social protection and child protection, education, health care, measures for protection of the citizens from military and natural disasters, fire protection, supervision over the performance of the activities within its competence and other matters determined by law. However, the list of competencies defined in this way is significantly disaggregated, which is not practical for the purposes of participatory budgeting and the number of proposed projects in the municipality. The literature identifies this problem, so Kabanel and Lipiec (2015) categorize the given proposals into four categories: 1. urbanism and infrastructure, 2. facilities and services provided by the municipality, 3. environment and 4. projects for social protection, education and culture. These are also dominant areas under the jurisdiction of municipalities, in

Table 1: Example of project proposals according to the fulfillment of criteria	
Project-proposals	
✓	Reconstruction of st. "Mancho Matak" in the settlement of Hrom
✓	Setting up baskets in the municipality for food and clothing donations
✓	Construction and building of a new kindergarten
✓	Building a pool
✓	Expansion of the parking space on Kliment Ohridski Street
✗	Building a museum
✗	Better education
✗	Road infrastructure
✗	Pollution
✗	Cultural and entertainment life in the municipality

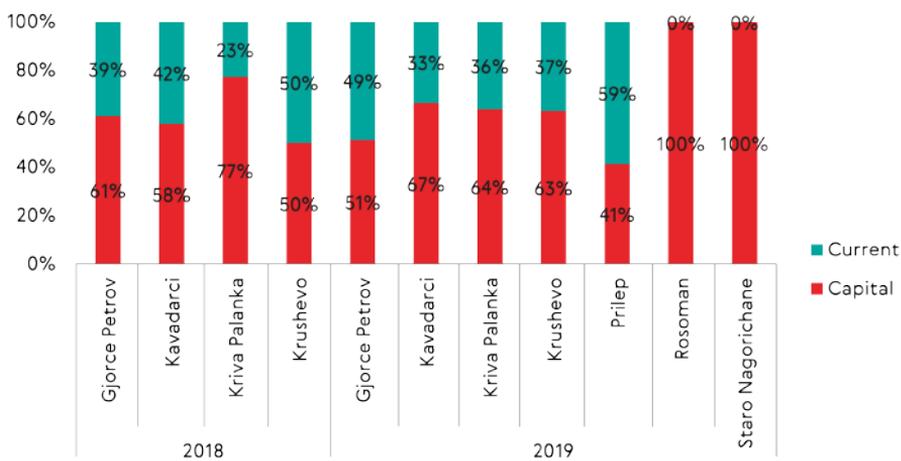
Source: Survey questionnaires from the Town Hall Meetings

accordance with the 2002 Law on Local Self-Government. Further analysis of the proposed projects will be done according to the two identified and defined classifications: deadline and area.

According to the deadline for the proposed projects, the results show that in both 2018 and 2019, about 60 percent of the proposed projects were focused on capital investments, and the remaining 40 percent of proposals required investments in current goods and services. Chart 6 shows the classification of project proposals by deadline for each municipality. Analyzing the municipalities individually, only at the Town Hall Meeting in the Municipality of Prilep more current than capital projects were proposed, while in the two rural municipalities, Rosoman and Staro Nagorichane, all proposed projects were aimed at capital investments. This may indicate that rural municipalities

have a greater and more pressing need for capital investments, so the required projects and potential allocation of funds to the Municipality are fully focused on capital investments. Such a situation may reflect the current level of development of the municipality. But at the same time, such results confirm that participatory budgeting can serve as a mechanism for identifying priorities in municipalities and accelerating development, especially in less developed municipalities. However, the results do not identify significant differences in the timing of project proposals between municipalities that have one or two Town Hall Meetings held in a row. Only in the Municipality of Kriva Palanka, the proposals for capital investments in 2019 decreased by 15 percentage points compared to 2018, at the expense of project proposals for current expenditures.

Chart 6: Proposed projects by deadline, by municipality



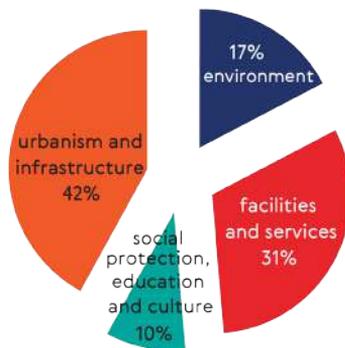
Source: Survey questionnaires from the Town Hall Meetings

The opposite trend was registered in the Municipality of Krushevo, where one half of the project proposals in 2018 were capital, and in 2019 the capital proposals amounted to 63 percent. This may indicate that the process of participatory budgeting and Town Hall Meetings is a long-term process and two years are not enough to make significant differences in terms of project deadlines. But it can also indicate that priorities and requirements do not change as often in terms of deadline.

Chart 7 shows the project-proposals classified by area. The results show that most of the proposed projects are in the field of urbanism and infrastructure (42 percent), followed by projects in the field of facilities and services offered by the municipality (31 percent), and projects in the field of environmental and social protection, education and culture participate with 10 percent - 20 percent. These results can be assessed as a realistic picture of the needs in

the municipalities and giving priority to the needs. At the municipal level, the categorization of projects in accordance with the area to which they belong, gives a colorful picture, given that there are significant differences in terms of the area of the proposed projects. The general conclusion is that in all municipalities, except in the Municipalities of Kavadarci and Prilep, project proposals in the field of urbanism and infrastructure prevail, especially in the Municipalities of Krushevo and Staro Nagorichane where 63.3 percent and 100 percent of the proposed projects, respectively, belong to this category. The analysis by municipalities shows that in the Municipality of Gyorche Petrov, in 2018 proposals for projects in the field of urbanism and infrastructure prevail, and in 2019 the structure of the proposed projects has changed. Namely, in 2019, there are requests for construction of facilities and services offered by the local self-government, such as reconstruction of municipal

Chart 7: Proposed projects by area, total



Source: Survey questionnaires from the Town Hall Meetings

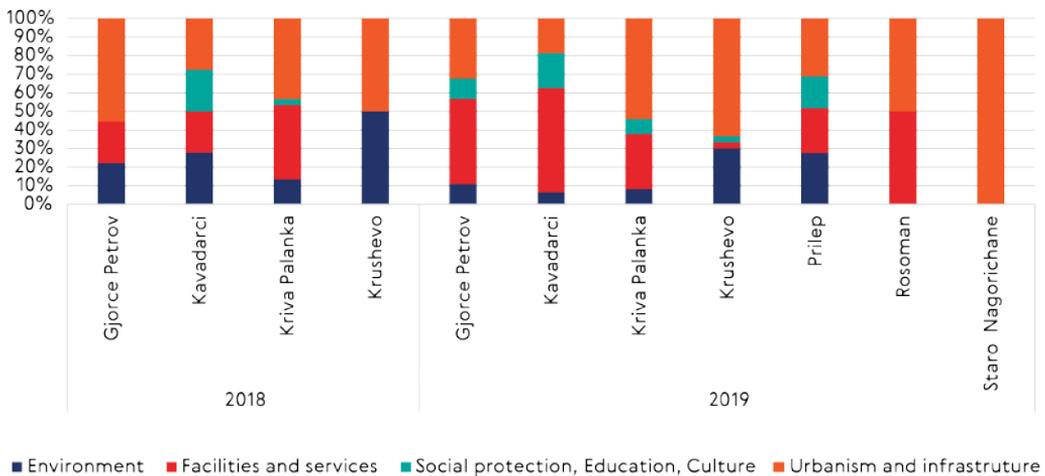
schools, new kindergartens, cinemas, pensioners' hall and the like. Proposed projects in the field of urbanism and infrastructure are aimed at the reconstruction of specific local streets, parks, parking spaces and pedestrian paths.

In Kavadarci, most of the project proposals refer to the construction of facilities in the municipality, more specifically the construction of kindergartens, market, aquapark etc. In the area of urbanism and infrastructure, some of the project proposals of the participants in the Town Hall Meetings in the Municipality of Kavadarci were aimed at better infrastructure and roads, without specifying specific details, and therefore are left out of further analysis. A small part of the projects are in the field of education, social protection and projects for youth, namely the opening of a youth

cultural center and the introduction of certification of appreciation for blood donors, and only one proposal for the construction of electric collectors belongs to the field environment.

At the Town Hall Meeting in Kriva Palanka in 2019, most of the project proposals from the participants are in the field of urbanism and infrastructure (56 percent), where as many as five participants requested reconstruction of Treshten Dol, and other proposals are aimed at reconstruction of local streets, construction of parking space, new housing units, multi-purpose playground and proposals for construction of the riverbed of the local river. In the area of facilities and services, projects for a home for the elderly, multi-storey garage, recreation center have been proposed. The smallest part of the projects is in the part of the environment, and

Chart 8: Proposed projects by area, by municipality



Source: Survey questionnaires from the Town Hall Meetings

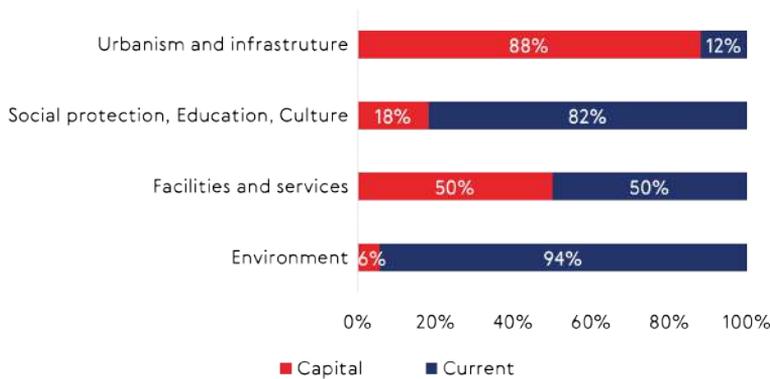
the participants are asking for the installation of bins for selected waste. In the Municipality of Krushevo, 63 percent of the proposed projects are in the area of urbanism and infrastructure, and most of them are unspecified and relate to the construction of streets and urbanization of the area. Others are proposals for the reconstruction of specific streets, a football field, the construction of a park in the Gumenje area, an adrenaline park etc. Thirty percent of the proposed projects are in the field of environment, and the participants submitted proposals for subsidies for inverter air conditioners, construction of a shelter center for animals, regulation of illegal landfills, etc. Only one project proposal is in the field of facilities and services and requires the construction of a facility for the paragliders of Mechkin Kamen.

At the Town Hall Meeting in Prilep,

in the areas of urbanism and infrastructure, environmental and social protection, education and youth is almost equal. Participants are proposing the construction of a new kindergarten, the provision of existing kindergartens, the construction of a youth cultural center, the renovation of sports halls in the municipality, the construction of an animal shelter, underground containers, scholarships for students, new bus lines etc.

In the two rural municipalities under analysis, Rosoman and Staro Nagorichane, the number of project proposals is very small, two and one, respectively. In addition, one of the project proposals in Rosoman is better infrastructure and since it does not meet the criteria for specificity, it is left out of the analysis. The other proposal requires an increase in the capacity of the Public Enterprise for Communal Activities Rosoman and, according to the area, belongs to the category of facilities and services under the

Chart 9. Proposed projects by deadline and area



Source: Survey questionnaires from the Town Hall Meetings

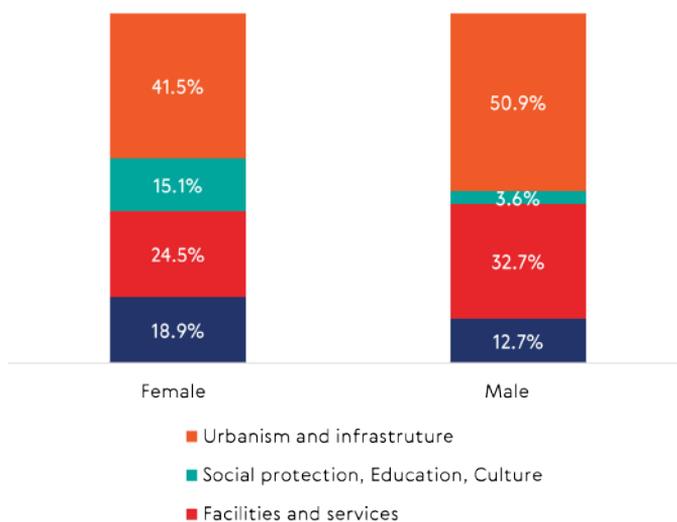
jurisdiction of the municipality. The only project proposed by the participants in the Town Hall Meetings in the Municipality of Staro Nagorichane is in the field of urbanization and infrastructure, for reconstruction of a local road in the neighborhood of Bardinovci.

The cross-sectional analysis of the project proposals, depending on their deadline and area (Chart 9), shows that almost all proposals for urbanization and infrastructure are capital, with a term of more than one year. Conversely, proposals in the areas of social, education and culture, such as the introduction of new social services in municipalities aimed at vulnerable citizens, scholarships for students and high school students, and grants to support the local civil society sector, are ongoing projects.

Also, the proposed environmental improvement projects are usually short-term and current expenditures are required for the installation of new bins and containers, animal shelters, regulation of illegal landfills and the like. The projects for facilities and services offered by the municipality are diverse; half of them require long-term investments to build new kindergartens, cinemas, swimming pools, nursing homes, etc., while ongoing projects involve improving street lighting, introducing a spider service, opening a food bank, and so on.

If we analyze the structure of the proposed projects in terms of gender of the participants, we will notice that there are differences in priorities (Chart 10). Women have five times more project proposals in

Chart 10: Proposed projects by area, by gender



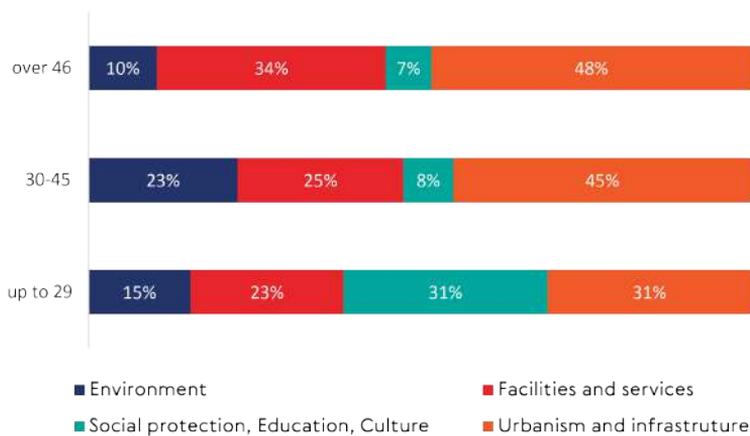
Source: Survey questionnaires from the Town Hall Meetings

social, education and culture than men. Given that social services are part of this area, this priority can be directly related to the dominant care and responsibilities of women for the home, children and the elderly. Also, mid-life project proposals are more present in the structure of proposals for women than for men. In contrast, project proposals in urbanism and infrastructure are ten percentage points higher for men than for women. Similarly, in the field of facilities and services, they are more common in men. Such differences can be used in the future for participatory budgeting to be used as a tool and mechanism for creating gender-based policies at the local level.

Similar to the analysis of priority areas according to the gender of the participants, there are differences in the proposed projects and according to their age. Chart 11 provides an

overview of the structure of project proposals by area, depending on the age of the person making the proposal. In each age category, most of the project proposals are in the categories of urbanism and infrastructure and facilities and services offered by the municipality. But also, in three of the four areas we can see a clear gradation in age-related priorities. Thus, the areas of social protection, education and culture and the environment are more important to the youngest, and in the proposed projects of participants under 29 participate with 31 percent and 23 percent, respectively, while for participants older than 46, these two areas have more than double the share. In contrast, 48 percent of participants over the age of 46 are in urban planning and infrastructure, while young people under the age of 29 are 31 percent, or 15 percentage points less. This only confirms that

Chart 11: Proposed projects by area, by age



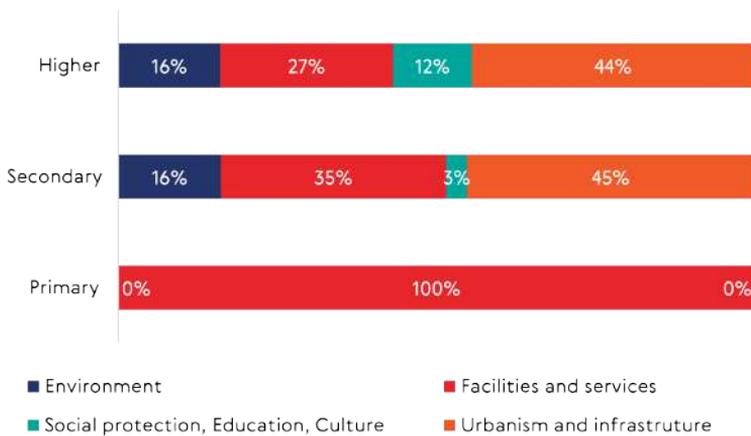
Source: Survey questionnaires from the Town Hall Meetings

different age groups have different needs, and the local government in creating the policy and budget of the municipality, in addition to the general priorities of the areas, should take care of equal satisfaction of the priorities of all age groups living in the municipality.

Similar to previous cross-sectional analyses, although there is a general consensus on priority areas, there are still some differences depending on the education of the participants who submitted the project proposals. Thus, for participants with primary education, projects for facilities and services are the only priority, while for participants with higher

and secondary education, there are significant differences in the field of social protection, education and culture. This area is more important for participants with higher education (12 percent) than for participants with secondary education (three percent). However, in both categories, environmental proposals are represented by an identical percentage. On the one hand, this may be due to the general awareness of the importance of environmental investments, but also of the greater need to visit cultural events and better educational services for people with higher education.

Chart 12: Proposed projects by area, by education



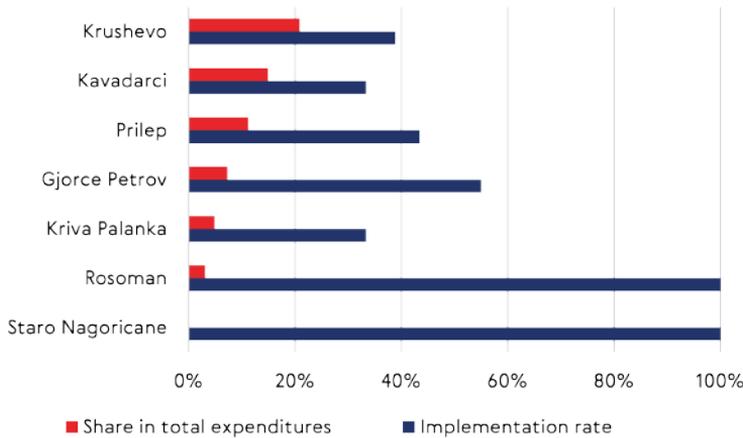
Source: Survey questionnaires from the Town Hall Meetings

6 Accepted project proposals

As mentioned above, the participants in the Town Hall Meetings had the opportunity to propose projects and ideas that should be incorporated into the municipal budget, in order to improve life in the local community. In order to analyze which of the proposed projects presented in the previous section were accepted by the municipal authorities and incorporated in the local budget for 2020, we made a documentary analysis of the budget for 2020 of all municipalities individually. The general conclusion is that the budget, as publicly announced, does not provide detailed information. For example, from the budget item reconstruction of road infrastructure it cannot be determined whether a certain street that was requested during the Town Hall Meetings is included. Therefore, the second step was to communicate with persons responsible for preparing the municipal budget, in order to obtain detailed information

on budget items. Additionally, in order to determine whether the accepted draft proposals are completely new, or were previously promised by the local authorities, an analysis of the election programs of the current mayors for the local elections in 2017 was made. The analysis shows that out of a total of 99 project proposals that meet the three criteria listed in section 3.2, a total of 45 projects have been accepted, which are included in the local budget for 2020, which means that 45 percent of the proposed projects have been accepted. Given that municipalities have limited resources, this acceptance rate can be considered a success. Chart 13 shows that the highest rate of accepted projects is in the rural municipalities of Staro Nagorichane and Rosoman, 100 percent, but if we take into account that in both municipalities only one project proposal was given, then this is not surprising. Of the

Chart 13: Rate of accepted projects for implementation and participation in total budget expenditures for 2020



Source: Survey questionnaires from the Town Hall Meetings

urban municipalities, where a number of project proposals were submitted, the highest rate of accepted projects was registered in the Municipality of Gjorche Petrov, 55 percent, and the lowest in the Municipalities of Kriva Palanka and Kavadarci - 33 percent. However, if we analyze the value of the accepted projects and the participation in the total expenditures of the municipalities, we will notice that the Municipality of Krushevo has the most allocated funds for proposed projects at Town Hall Meetings (21 percent), and the Municipality of Kavadarci has more than 10 percent (17 percent) and the Municipality of Prilep (11 percent), followed by the municipalities of Gjorche Petrov (seven percent), Kriva Palanka (five percent), and Rosoman (three percent). Although the rate of funds allocated from the budget for projects proposed in Town Hall Meetings has a wide range from three percent to 21 percent, it is still significant, especially that among the largest municipalities, Prilep and Kavadarci, this rate is among the highest. This result indicates that the process of participatory budgeting is a successful channel for identifying the priorities in the municipality, but also for influencing the formation of the municipal budget in accordance with the identified priorities.

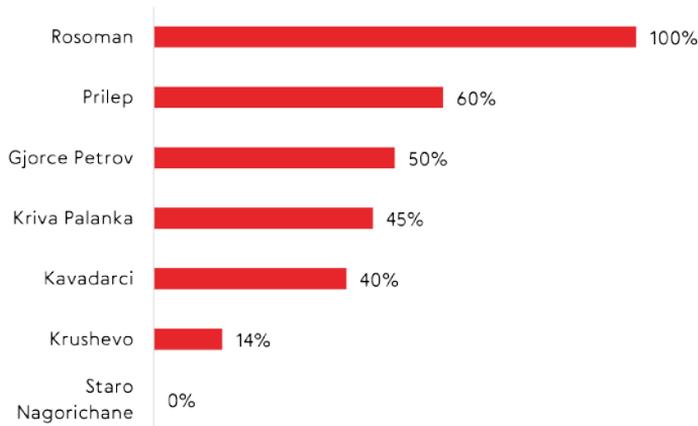
If the accepted draft proposals are compared with the election programs of the current mayors, the result shows that as many as 30 percent of them have already been promised

and planned by the local government (Chart 14). If we analyze each municipality, the analysis of the urban municipalities shows that as much as 60 percent of the accepted project proposals in the Municipality of Prilep have already been promised by the mayor in his pre-election program, and in the Municipalities Gjorche Petrov, Kavadarci and Kriva Palanka the participation in the accepted projects is 40 percent - 50 percent. In the Municipality of Krushevo, only one of the seven accepted project proposals was promised during the 2017 local elections, which means that as many as six accepted projects are completely new. The analysis of the election programs of the mayors of rural municipalities, Rosoman and Staro Nagorichane, showed that in Rosoman the only project proposal to increase the capacity of the public utility company was already promised by the mayor, while the proposal of the residents of Staro Nagorichane to build local road in the settlement of Bardinovci is a completely new proposal.

But such a result is to be expected given that mayors have been given the mandate to implement the program. At the same time, this analysis shows that Town Hall Meetings have served as a channel and a mechanism to remind local authorities of their promises and to motivate them for faster implementation.

In addition to the scope of accepted projects, the structure is also significant. Chart 15 presents the rate

Chart 14: Participation of promised projects from the election programs in the accepted projects

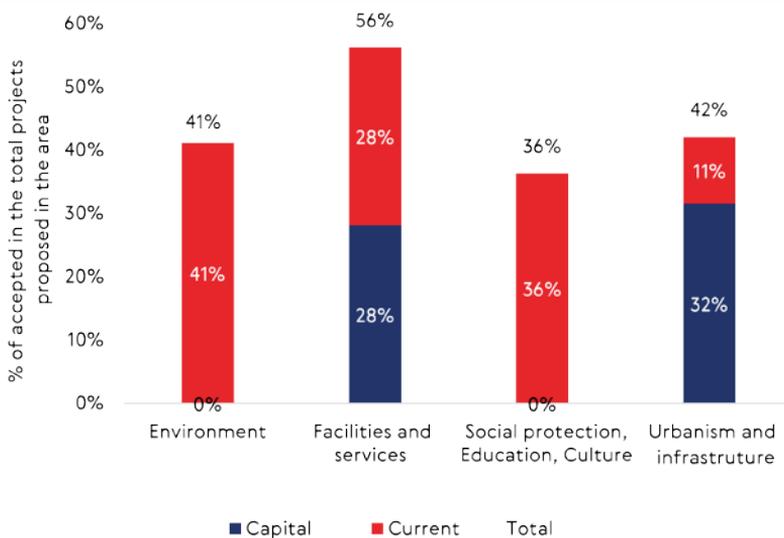


Source: Survey questionnaires from The Town Hall Meetings; Municipalities' budget for 2020; Election programs for the 2017 local elections

of accepted projects in terms of area and deadline. We can see that there is a balance of accepted projects from the aspects of the field, the rate of accepted projects ranges from 36 percent in social protection, education and culture to 56 percent in the field

of facilities and services. Regarding the deadline, except for the proposals in environment and social protection, education and culture, which were classified exclusively in current projects, in the field of facilities and services there is an ideal balance,

Chart 15: Rate of accepted projects by area and deadline



Source: Survey questionnaires from The Town Hall Meetings; Municipalities' budget for 2020

while in the field of urbanism and infrastructure there is a preference for capital projects, so 32 percent of the accepted projects in this area are capital projects, as opposed to 11 percent current projects.

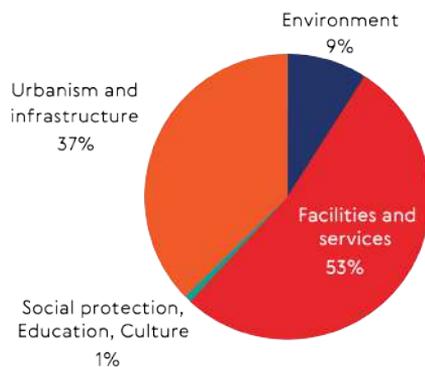
Although there is a balanced acceptance of project proposals by area, there are significant differences in terms of allocated funds for accepted projects. Ninety percent of the total funds allocated for accepted projects are allocated in two areas, facilities and services (53 percent) and urbanism and infrastructure (37 percent), and only nine percent in the environment and one percent in social protection, education and culture (Chart 16). This structure allocates all funds to only two priorities and almost completely ignores the priorities in the environment, social protection, education and culture. Additionally, the proposals in these areas were dominated by women and young

people, which, on the one hand, points to ignoring their priorities and, on the other hand, devalues their influence in the process of budget formation.

The general structure of implemented projects in some areas is reflected in the individual municipalities, with certain differences. Dominantly, the allocated funds are allocated in two areas, facilities and services and urbanism and infrastructure. In the total structure, they participate from 87 percent (in Kavadarci) to 100 percent (in Staro Nagorichane and Rosoman).

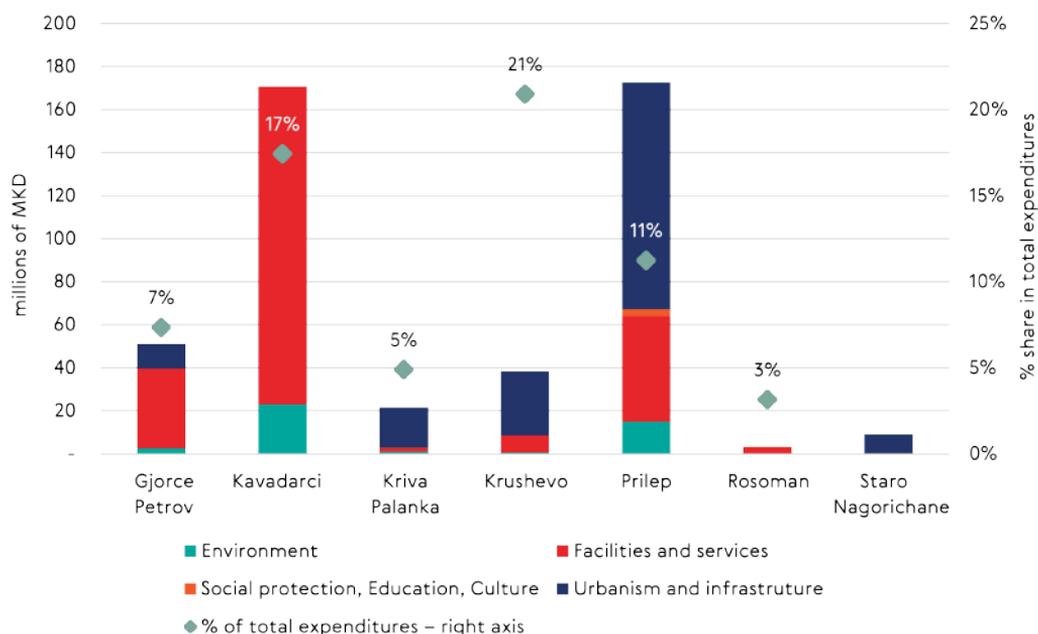
However, if we look at the detailed projects (Annex 1), we will notice that the selected projects in both areas are projects that are vital and can improve the quality of life or development of the municipality. In three municipalities (Gjorche Petrov, Kavadarci and Prilep) in the area of facilities and services, mainly projects are allocated in the construction of

Chart 16: Structure of accepted implementation projects, by value



Source: Survey questionnaires from The Town Hall Meetings; Municipalities' budget for 2020

Chart 17: Structure of accepted projects for implementation in the municipalities, in value in millions of denars and participation in total expenditures



Source: Municipalities' budget for 2020

kindergartens or to improve existing facilities, the Municipality of Kriva Palanka has provided funds for a nursing home for the elderly, while Gjorce Petrov to start construction of the new clinical center. These projects can improve the offer of social services in the municipalities and thus the quality of life, especially in two specific categories of citizens, children and the elderly. In this area, projects are often for the renovation of school gyms. In the area of urbanism and infrastructure, the projects are heterogeneous, most of them for reconstruction and repair of the streets in the municipalities, but also projects that can significantly improve the development of the municipality, such as allocated funds for gasification of the Municipality

of Krushevo or construction of local road in the Bradinovci neighborhood in Staro Nagorichane. It can be noticed that the smaller the budget of the municipality and the allocated funds for accepted projects, the greater the allocation of funds in these two areas. From the aspect of giving priority, such a structure is also expected, i.e. that most of the funds are to be invested in the most priority areas. For the smallest municipalities, 100 percent allocation of funds in one area may be justified, but complete neglect and non-investment in certain areas of the municipalities that have a larger budget in the long run may undermine the development of those areas or neglect the priorities of certain categories of citizens.

Such an example is the area of social protection, culture and education, where only two of the seven analyzed municipalities, Kriva Palanka and Prilep, allocated funds. The Municipality of Kriva Palanka has allocated funds for two innovative projects intended for the development of a social map and for the development of the service for living with support, while the Municipality of Prilep in projects for young people. In both cases, invested funds will contribute to improving the quality of life of two vulnerable categories. The Municipalities of Kavadarci⁴ and Gjorche Petrov⁵ even though they have a larger absolute budget, they do not have accepted projects in this area, while the Municipality of Krushevo has a modest absolute budget (third municipality according to the size from the bottom up), but has the largest relative allocations for projects. Five of the seven municipalities have been allocated for environmental projects and the projects are related to improving the conditions for waste disposal, planting greenery, and one of the important capital projects in this area is in the Municipality of Kavadarci, construction of a collector system on the river Luda Mara.

³The second largest municipality by absolute budget, out of the seven analyzed municipalities.

⁴The third ranked municipality by absolute budget, from the seven analyzed municipalities.

7 Conclusions and recommendations

Town Hall Meetings are a successful and unique way to strengthen civic participation in drafting the local government budget. Undoubtedly, they are a good opportunity for the municipality to show a high level of transparency and responsibility to the citizens because during the meetings the citizens review the budget of the municipality with specific figures and activities. Different stakeholders are involved in the participatory budgeting process, and their motives and roles are often different. Key stakeholders are local government (mayor, municipal council and municipal budget planning departments), citizens, NGOs and the business sector.

During the two years, 2018 and 2019, 12 Town Hall Meetings were organized in eight municipalities: Gjorche Petrov, Staro Nagorichane, Kriva Palanka, Rosoman, Kavadarci, Krushevo, Krivogastani and Prilep, with the presence of about 400 people or less than one percent from the population in the municipalities. This may indicate that there is still low level of information and awareness of local residents about these events and their importance on the possibility of improving life in the local community. It is positive that the number of participants in the second year is increasing and indicates that for such processes it is necessary to repeat the organization of events and that they grow into a tradition. Men, people with higher education and people over the age of 46 are more likely to

participate in the Town Hall Meetings. All stakeholders participated in these events. However, in the municipalities where the mayors have an interest and are open to change and are directly involved in the process, the number of participants is higher and the discussions are more dynamic. This confirms the conclusion that **to a large extent the success of this process depends on the openness and interest of key policy makers to consistently implement the participatory budgeting process.**

The data show that, apart from the fact that **the citizens are not sufficiently informed about the municipal budget, they do not fully know their rights to be involved in the budget preparation process.**

Even when they get involved, some of them do not know how to specify their project proposals, so they often remain unrealized or misunderstood. At the public discussions, more than 200 project proposals were proposed, with an average of 19 proposals per municipality. 60 percent of the proposed projects are aimed at capital investments, and the other 40 percent of proposals require investments in current goods and services. Most of the proposed projects are in the field of urbanism and infrastructure (42 percent), followed by projects in the field of facilities and services offered by the Municipality (31 percent), and projects in the field of environmental and social protection, education and culture participate with 10 percent - 20 percent. These results can be

assessed as a realistic picture of the needs in the municipalities and giving priority to the needs. However, there are differences in gender and age priorities. Thus, women have five times more project proposals in social protection, education and culture than men. Given that social services are part of this area, this priority can be directly linked to the dominant care and responsibilities of women for the home, children and the elderly. Also, this area is a higher priority for young people than for the elderly, so the share of project proposals in this area put forward by participants up to 29 years of age is 31 percent, while the share for participants older than 46 years is more than twice lower.

The analysis showed that the Town Hall Meetings are an excellent opportunity to identify priorities in the municipality, but also to put pressure on the local government to fulfill its pre-election promises. Forty-five percent of the proposed projects were accepted. Given that municipalities have limited resources, this acceptance rate can be considered as a success. Although the rate of allocated funds from the budget for projects proposed at public discussions has a wide range, from three percent to 21 percent, it is still significant, especially that among the largest municipalities, Prilep and Kavadarci, this rate is among the highest. This result indicates that the participatory budgeting process is a successful channel for identifying priorities in the municipality, but also for influencing

the planning of the municipal budget in accordance with the identified priorities. Ninety percent of the total allocated funds for accepted projects are allocated in two areas, facilities and services (53 percent) and urbanism and infrastructure (37 percent), and only nine percent in the environment and one percent in social protection, education and culture. This structure allocates all funds to only two priorities and almost completely ignores the priorities in the environment, social protection, education and culture. However, from the analysis of the detailed projects, we noticed that **the selected projects in both areas are projects that are vital and can improve the quality of life or development of the municipality.**

This analysis provides the following recommendations:

- For the local government:
 - o To incorporate the participatory budgeting process into their statute or other regulation in order to become a regular and mandatory procedure during the budgeting process;
 - o To organize annual public discussions (Town Hall Meetings) with all stakeholders in the municipality for identification and transparent selection of priorities. In addition, the meetings should be in accordance with the budget circular. Before preparation of the budget circulator to identify the needs, and then at the next meeting to vote on the priority projects and



finally to present the budget to all interested parties;

- o Calls and invitations for the Town Hall Meetings should be public, timely (at least three weeks before they are held) and the information should reach all populated local areas in the municipality;

- o The Mayor and the Council of the Municipality to take an active part in the implementation of the participatory budgeting;

- o Allocation of funds to the proposed projects to be balanced, in accordance with the general priorities, but also taking into account the priorities of the various groups and stakeholders;

- o The selected projects for implementation should be easily identified in the budget of the Municipality, and the budget should be timely, transparently and publicly announced;

• For the participants in the Town Hall Meetings:

- o To increase the capacities and skills for identification of priorities and articulation of the identified priorities in specific project proposals that are beneficial for the majority of the local population, and are under the competence of the local self-government.

- o To actively participate in the Town Hall Meetings, especially young people.

• For the monitoring entities of this process:

- o To collect data on the participants in the process and on the project proposals;

- o To monitor the process by collecting information on project proposals in terms of compliance with the given proposals, content, purpose and area and deadline;

- o To create evidence for the effectiveness and efficiency of the Town Hall Meetings on accepted project proposals and budget quality;

- o To take on the role of mediator between the local government and other stakeholders in the municipality, by initiating public discussions, moderating and raising awareness and informing the citizens.

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**ANNEX 1-Detailed list of accepted project-proposals for implementation,
in denars**

Municipality	Project-proposals	Budget in mkd
Gjorche Petrov	Construction of a new kindergarten	3,500,000
	Start of construction of the clinical center	3,500,000
	Larger parking space all over the municipality	2,000,000
	Expansion of the school in Hrom	2,000,000
	Reconstruction of st. "Mancho Matak" – Hrom	2,000,000
	st. "Radushka" - completion	5,000,000
	Upgraded traffic signalization	2,000,000
	Arrangement of the park in Hrom	500,000
	Improving street lighting in the municipality	28,041,000
	Planting new trees	2,100,000
	Set up baskets for donating clothes / food	500,000
Gjorche Petrov Total		51,141,000
Kavadarci	Kindergarten	58,000,000
	Construction of the Luda Mara collector system	23,000,000
	Construction of a green market	85,000,000
	Renovation and reconstruction of several sport gyms	
	Fencing – security of 5 kindergartens	3,246,605
	Renovation of wardrobes and sports fields	1,600,000
Kavadarci Total		170,846,605
Kriva Palanka	Asphalting the road through the new cemetery	14,596,000
	Living with support	60,000
	Construction of a multipurpose playground in Bolivichka Livada	600,000
	Construction of the regulation riverbed of Durachka Reka - 2 km	200,000
	Construction of a nursing home for the elderly	500,000
	Making a social map	150,000
	Complete technical documentation for the recreation center Kalin Kamen	1,176,000
	Purchase and installation of selected waste containers (paper, plastic, glass)	1,000,000
	arranging access to Stanechki Waterfalls	3,224,000
Kriva Palanka Total		21,506,000

Krushevo	Gasification	1,716,279
	Sewer systems in settlements	11,052,424
	Reconstruction of "Kiro Fetak", "Niko Doaga" streets	16,784,000
	Arranging a children's park in Gumenje	300,000
	Opening a shelter center for stray animals	100,000
	Financial support of sports	550,000
	Construction of a paragliding facility on Mechkin Kamen	7,974,759
Krushevo Total		38,477,462
Prilep	Free public transportation for high school and college students	
	Grants to support local NGOs	2,000,000
	A quay along the city river and a hiking trail along the quay	8,800,000
	Renovation of gyms	1,300,000
	Scholarships for high school students and college students from Prilep	1,300,000
	Providing kindergartens with a surveillance system	150,000
	Reconstruction of sidewalks with bekaton	96,500,000
	Construction of a kindergarten	45,000,000
	Introduction of professional supervision of construction works	2,500,000
	Purchase of new city buses	15,000,000
Prilep Total		172,550,000
Rosoman	Increasing the capacity of the Public Utility Company Rosoman by building its own premises, garage and procurement of connection machinery and equipment	3,340,000
Staro Nagorichane	Construction of a local road in the Bradinovci neighborhood	9,000,000
TOTAL		466,861,067



