

# COVID-19 and participatory budgeting in North Macedonia and Slovakia

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**Abstract**

*The practice of fostering citizen participation in public finance-related decision-making at local government level in North Macedonia and Slovakia has backslid during COVID-19. Since COVID-19 prompted a worldwide lockdown, governments were forced to introduce emergencies and/or develop “new” participation methods. The paper aims to explore the impact of COVID-19 on citizens’ participation in financial decision-making using participatory budgeting among the local self-governments in North Macedonia and Slovakia and identify possible COVID-19-specific and general barriers to such participation, considering the particular context of the two countries.*

*Keywords: COVID-19 pandemic, participatory budgeting, local self-government*

**1 INTRODUCTION**

Participation is often emphasised as an instrument for solving the democratic deficit and low public trust in institutions that gain the power to regulate the life of a society (Špaček, 2017). Local self-governments seek to be as open as possible by introducing various features that enable the citizens to engage in public (financial) decision-making beyond the scope of legally defined tools. Such tools include official municipal websites, municipal newspapers or newsletters, public consultations, opinion polls or surveys, etc. The methods and tools of participation that are becoming quite prevalent are participatory planning, participatory budgeting, co-creation and co-production, use of social networks or social media, Internet forums, applications for various incentives and reporting suggestions for improving the work of municipalities (Mikušová Meričková, Nemeč and Svidroňová, 2015; Špaček, 2017; Vitálišová et al., 2017). Juza (2019) points out that one of the necessary conditions for the sustainability of contemporary democracies is political and civic involvement. Recently, the concept of civic involvement has been expanding: several typical or traditional tools have undergone a process of “modernisation” (e.g., from petition to e-petition). On the other hand, there are also completely new ways of involving individuals as well as groups (communities) in the community or local decision-making processes (civic involvement).

Citizen-centric budgeting (i.e., participatory budgeting) and reporting can raise citizens’ awareness of the taxation system and sources spent on the provision of local public services (Manes-Rossi, Aversano and Tartaglia Polcini, 2020). These tools can also enable a better-informed participation in public debates, consultations and other interactions with local public administration (Cohen, Mamakou and Karatzimas, 2017). Consequently, public sector organisations, should seize the opportunity to create or improve specific tools (e.g., popular reports) and processes (e.g., participatory budgeting) that can offer opportunities for a dialogue with citizens through financial and nonfinancial disclosure (Anessi-Pessina et al., 2020). In this paper, we focus on participatory budgeting (PB) as one of the methods or tools to increase citizen participation in financial decision-making. Participatory budgeting is a concept that strengthens the democratic nature of public

budgeting thanks to the direct involvement of citizens in local budgetary processes. Participatory budgeting arrived in the Central and Eastern Europe region relatively late, more than 20 years after its origin in Porto Alegre, Brazil. It has quickly grown in popularity and has become one of the tools for citizen participation with a rather specific characteristic: participatory budgeting involves citizens in the centre of financial decision-making, enabling them to participate in the public budgets of the local self-governments and influence fiscal transparency.

The COVID-19 pandemic has brought unexpected challenges for the whole of society including the public sector, local self-governments and the process of participatory budgeting. This was the main motivation for researching how COVID-19 impacted participation mechanisms in North Macedonia and Slovakia given the fact that both these Eastern Europe countries have a similar communist past, have undergone many public administration reforms and in both countries, local government is trying to get closer to the citizens by various participatory mechanisms. The objective of this paper is to explore the barriers to participatory budgeting in general and the impact of COVID-19 on participatory budgeting among the local self-government units in North Macedonia and Slovakia.

After a brief introduction about participatory methods and participatory budgeting, the following section deals with participatory budgeting during COVID-19. The research question and methods are defined in the Research methodology, followed by the Results and discussion section where the findings are presented and discussed in relation to those of other studies. In the Conclusion, the main findings are recapitulated and the limitations of the research are summarised.

## 2 PARTICIPATORY BUDGETING DURING COVID-19

Participatory budgeting started in Porto Alegre, Brazil, thanks to the efforts of the Brazilian Workers' Party in the late 1980s. Considered the first step from representative democracy to direct democracy, PB has been referred to as a case of a radical democratisation of democracy. It was a practice whereby previously marginalised people from poor neighbourhoods could discuss with the municipality how part of its budget should be spent (De Vries, Nemeč and Špaček, 2022). The main aim was for this to have redistributive effects with more significant public investment in poor neighbourhoods, which would likely lead to an overall increase in human development in the city (Abers, 2000; Avritzer, 2006; Baiocchi, Heller and Silva, 2008). However, instead of its contribution to social justice or the quality of local democracy, adopters of participatory budgeting in Europe have often preferred to understand it as a tool supporting the efficient allocation of public resources, a tool enhancing political accountability, or a tool supporting sustainable governance (Balážová et al., 2022). The essence of PB, i.e. the reallocation of a significant portion of municipal resources through genuine deliberation with previously marginalised groups, has lost importance compared to achieving effects that were initially considered secondary (De Vries, Nemeč and Špaček, 2022).

The PB process may not involve actual devolution of budget-related powers; the process may not involve marginalised groups; the amount of money at stake may be different, and the reallocation of funds is irrelevant. All of the above may vary, resulting in six possible forms of PB: democratic participation, democratic proximity, participatory modernisation, multi-stakeholder participation, neo-corporatism and community development (Sintomer et al., 2013). Models of participatory budgeting in Europe vary considerably (Krenjova and Raudla, 2013; Sintomer et al., 2013); however, all models allow citizens to participate in forming the local budget either directly or in a mediated way by various representatives (non-governmental organisations or local initiatives within communities).

There is a plethora of studies and papers on COVID-19, including how the pandemic influenced participatory budgeting in various countries. In Brazil, where PB originated, COVID-19 obstructed the conduct of processes because of the imposition of restrictions on the mechanism. However, there is no majority perception about the cancellation of the processes during the pandemic or the impacts after the crisis (Maciel, Costa and Catapan, 2022). Research into Nepal identified no apparent mechanism in the PB processes to ensure that the citizens' proposals are expressed and genuinely reflected in decisions; another aspect is that the participation of the population was not perceived as necessary by local leaders (Bhusal, 2020).

In the context of Central and Eastern Europe, Cho, Jérôme and Maurice (2021) observed in France some cases in which there was a rise in PB in local communities, as some local self-government units continued with PB. On the other hand, some of them noted a drop in submitted projects. In other cases, some PB initiatives were postponed or cancelled. In contrast, another group of local self-governments in France introduced or even amplified the PB initiatives. Burkšienė, Burbulytė-Tsiskarishvili and Dvorak (2022) look at the impact of mayors on PB in Lithuania during COVID-19. The results show the impact of mayors' social and personal backgrounds on PB resilience. However, political affiliation, interactions with the council and administrative and political skills are supportive factors during difficult periods or crises. Their contribution suggests that mayors alone cannot ensure the resilience of PB in the face of funding shortages during crisis periods such as COVID-19. Romanian local self-governments rarely use PB, this tool being well established mostly in cities with large academic communities (Cluj-Napoca, Timișoara, and Brașov). Because of COVID-19, most of the PB processes were suspended, but there were some that have been digitalised and implemented entirely online (Boc and Lazăr, 2022).

Turning now to the V4 countries<sup>1</sup>, the continuous growth of participatory budgets in local self-governments in Poland, the Czech Republic and Slovakia have been significantly disrupted by the outbreak of COVID-19 in 2020. For example, in

<sup>1</sup> V4 refers to the Visegrad countries of the Czech Republic, Hungary, Poland and Slovakia.

Poland some criticism from local self-governments was observed after the COVID-19 outbreak. Polish municipalities with district (powiat) status are obliged to apply participatory budgeting. In particular, this status is enjoyed by 66 municipalities, the main representatives of which demanded a change in the law. Their arguments concerned the negative consequences of the COVID-19 crisis, which were reflected in reduced tax revenues for local self-government. They thought that in a time of crisis, introduction of participatory budgets was an economic burden. However, an amendment to the law concerning the abolition of the obligation of participatory budgets for a given category of towns did not find parliamentary support (Baranowski, 2020). In the Czech Republic, based on data published by the non-governmental organisation Agora CE, almost 2/3 of the participatory budgets were carried on, while voting was changed to an online form (Kukučková and Poláchová, 2021). The participatory budgeting in V4 countries is the least developed in Hungary with PB starting only in 2016, with less than 0.5% of local self-governments using this tool. Due to COVID-19, citizens could present their proposals only online (Demnet, 2021). Slovakia is quite well documented regarding the impact of the pandemic on PB (see for example Bardovič and Gašparík, 2021; Klimovský, Nemeč and Bouckaert, 2021; Mikuš, Brix and Šmatlánek, 2021; Buček, 2022). However, these papers focus on the barriers imposed by the global pandemic of COVID-19 on participatory budgeting, not in general as our research does. Moreover, to our knowledge and based on literature review, there have been no studies on PB in North Macedonia published.

### 3 RESEARCH METHODOLOGY

The objective of this paper is to explore the barriers to participatory budgeting in general and the impact of COVID-19 on participatory budgeting among the local self-governments in North Macedonia and Slovakia.

We formulated the following research questions:

- RQ1: What are the general barriers to participatory budgeting in North Macedonia and Slovakia?
- RQ2: What were the barriers to participatory budgeting in the context of COVID-19 in North Macedonia and Slovakia and how have they influenced the current situation?

The research sample consists of all 59 Slovak and 49 North Macedonian local self-governments that have implemented PB that is still running. The analysis covers the period from 2018 (pre-COVID-19) to 2022 (post-COVID-19). The data were collected by a qualitative analysis of websites and publicly available documents on participatory budgets, monitoring the work of local self-governments and participatory budgeting, including discussion forums on these websites and other related social networks, where citizens expressed their satisfaction, or the lack of it, with the participatory budgeting in the municipalities. Based on this analysis we found several barriers mentioned on the websites and social networks. To verify their validity, we approached experts from academia and practice on PB

with a short structured interview; the list of interviewees is in table 1. The interviewee selection was based on targeted and direct approach to relevant representatives who have been directly involved in the process of participatory budgeting at the relevant level of government and academia. The interviews were based on structured and concise questions on the barriers to PB in general and to PB in COVID-19 period. The interviews were conducted either in person or via online platforms (MS Teams, Zoom) and the average length of the interview was around 45 minutes. The interviews were recorded with the consent of the interviewees providing full anonymization during the analysis process.

**TABLE 1***List of interviewees*

<b>Participant\Country</b>	<b>Slovakia</b>	<b>North Macedonia</b>
Local government	1	5
Central government	1	0
Coordinator/facilitator of PB	1	1
Academia experts	3	2

*Source: Authors.*

Furthermore, we used a comparative analysis of the selected countries. It is a well-established view in the social sciences that such an analysis should be variable-based. However, even in some social sciences, research is case-oriented; it focuses on detailed descriptions of a few instances of a phenomenon. Comparative analysis responds to the need to expand the spatial scope and depth of information (Della Porta, 2008). The primary method is the case study, classified as a qualitative research method (Allgozzine and Hancock, 2006). The case study is a qualitative method because it perfectly fulfils the primary aim of qualitative research – as it examines phenomena in depth in their actual context, especially when the boundaries between the phenomenon and its context are unclear (Yin, 2009). Through the case studies, we will point out the barriers to participatory budgeting in general and barriers further brought in by COVID-19.

#### **4 RESULTS AND DISCUSSION**

On the one hand the limitations that the pandemic imposed on the implementation of PB were primarily and directly induced by the pandemic-caused restrictions, by states of emergency, and lockdowns, affecting people's movements and gatherings and limiting the possibility for this direct participatory democracy mechanism. On the other hand, the pandemic allowed the local self-governments some budget-related leeway and room for discretionary authority and varied interpretations. These have changed the forms and tools of communication with the citizens, often reflected in full suspension and/or cancellation of PB, causing an immediate negative impact that also has a potential for continued consequences in the post-crisis period. The already existing barriers to PB further intensified during the COVID-19. In the following text we present the results in a form of case studies.

#### 4.1 CASE 1: PARTICIPATORY BUDGETING IN SLOVAKIA

Slovakia is a democratic country in Central and Eastern Europe established in 1993 with population of 5,449,270 as of 31 December 2021 and area of 49,035 km<sup>2</sup>. The system of local self-government in Slovakia is characterised by relative fragmentation: two-thirds of the 2,890 municipalities are very small with populations of fewer than 1,000 inhabitants. Local self-government comprises two central bodies, the mayor and the local council, with the mayor's position being stronger but balanced by the council's decision-making powers. Thanks to some central governments' decentralisation approach in the past, local self-governments are strong in terms of their competences. However, their capacities remain limited in many cases (Klimovský and Nemeč, 2021).

There is no legal definition of PB obligation for municipalities to implement it. The first initiatives were a bottom-up process – PB was started by a local NGO and the work of volunteers (Džinić, Murray Svidroňová and Markowska-Bzducha, 2016). The three municipalities that implemented participatory budgeting were the city of Bratislava in 2011, followed in 2013 by the town of Ružomberok and the city of Banská Bystrica in 2014. At present, local self-governments in Slovakia are historically the “most open” to civic participation in deciding on sections of the budget. According to Transparency International Slovakia, a participatory budget was used by 17 of the 100 largest municipalities in 2018. It can be noted that since then, the total number of local self-governments offering participatory budgeting to their citizens has grown significantly to 59 municipalities in 2022 (Murray Svidroňová and Klimovský, 2022).

However, the unexpected COVID-19 pandemic became a real turning point. The pandemic period caused shortfalls in income tax yield, representing a substantial part of the local self-government budget in Slovakia. These shortfalls meant the local self-governments' total revenues dropped, while new expenditures occurred. The level of uncertainty has become too high from the point of view of the decision-makers, and various governmental restrictions have significantly limited the options for active public participation since February/March 2020. Under these conditions, most local self-governments with PB have temporarily suspended or cancelled the participatory budgeting processes altogether. In addition, some of those meant to have been introduced in 2020 have never begun (Murray Svidroňová and Klimovský, 2022). Since there are no central laws in Slovakia regulating participatory budgeting, each local self-government was able to react to pandemic situation as it wished.

Research by Bardovič and Gašparík (2021) indicates that a numerous and heterogeneous group of local self-governments decided to suspend participatory budgeting implementation in 2020. Some local self-governments decided to suspend participatory budgeting processes altogether without implementation in 2020. Other local self-governments implemented it at least until the project approval phase. Within the second group, there are three other sub-groups. The first



subgroup consists of those local self-governments that, thanks to their participatory budgeting model, did not face any of the challenges posed by the period of restricted meetings, as they did not foresee any public meetings (forums). The second subgroup is represented by those local self-governments that anticipated public meetings but had a timetable for implementation in place before the pandemic (especially at the beginning of the year). That is, there were no barriers to implementing this phase of participatory budgeting. Finally, the third subgroup comprises those local self-governments that had counted on meetings and active citizen participation but needed more time to hold them before the first constraints (Bardovič and Gašparik, 2021). The authors (*ibid*) also focused on PB enablers, which can be characterised as follows:

- The existence and use of online tools – mainly using the “wellgiving.sk” platform, which enables implementing almost the entire process from project submission to voting. However, in many cases, other online tools were used for voting. Facebook has played a vital role in promoting participatory budgeting, and some forums have been held as live-streamed meetings through this social media.
- Easing of anti-pandemic restrictions in the summer of 2020 – although this factor is outside the control of local self-governments and, as such, could not be directly influenced. All they could do was to act promptly, and several did.
- A two-year cycle – instead of one year, the whole PB process took two years from project submission to project implementation. However, it represents a solution that can potentially shift the obstacles in PB process into the future.

#### 4.2 CASE 2: PARTICIPATORY BUDGETING IN NORTH MACEDONIA

The Republic of North Macedonia (RNM) is a parliamentary democracy that declared its independence in 1991 after the disintegration of Yugoslavia (with a resident population of 1,836,713 as of the 2021 Census, on an area of 25,713 km<sup>2</sup>). North Macedonia has a one-tier subnational government system, consisting of 80 municipalities plus one city, Skopje, as a separate local self-government unit (LSGU) composed of ten municipalities. Each of the LSGUs is a part of one of the eight statistical planning regions.

The system of local self-government of North Macedonia is characterised by fragmentation and symmetry in service provision, making it hard to serve the citizens effectively. North Macedonia’s average LSGU has a relatively high average number of inhabitants, with a high concentration of citizens in the capital city, with a population of over half a million. Almost half of the municipalities are populated with between 5,000 and 10,000 inhabitants. Local self-governments consist of two central bodies, mayors and local councils. The mayor has the executive role, and the council is the representative body of the citizens, both elected through direct local elections.

Citizen participation through a formal institutionalised PB process is not legally prescribed for the LSGUs in North Macedonia. Nonetheless, the beginnings of PB at a local level in North Macedonia were initiated in 2006 and continued on an



on-and-off basis via the support and facilitation of the international donor community. Starting from 2006, and with a decade-long support programme, pioneered and funded by the Swiss Agency for Development and Cooperation, some sixty LSGUs went through the donor-supported process of learning and practising PB via the community forums tool (Hadzi-Vasileva et al., 2017). In the period following, various international donor community projects, predominantly implemented through the support of civil society, have also supported the implementation of participatory decision-making processes at a local level. Some LSGUs have accepted and endorsed the process of organising community budget forums. Some have amended their Statutes by including the community forum as a form of citizen inclusion in local decision-making and continued the practice regularly without external donor support. Other LSGUs have abandoned the practice once the donor support has ceased or else it is done on an ad-hoc basis.

Currently, according to the Center for Economic Analyses (CEA) monitoring, PB activities, among the local self-governments in North Macedonia, are still predominantly operating on an ad-hoc basis. However, they are encouraged when there is external support, with tendencies for institutionalisation and growing practical implementation. Namely, some form of PB process and tools were used in 2019 by 30% of the LSGUs, and in 2021 60% of the LSGUs implemented them. There is no clear designation of a model or a unified process or the tools used; thus, PB takes different forms, such as community forums, citizen parliaments, survey-based suggestion collection, and local community gatherings. Some may be categorised as merely informative presentation sessions on the budget without any real substantial inclusion or citizen consultation. However, others might not be locally referred to as activities for PB and may feature more intense participation procedures. For these reasons, it is a challenge to make the comparison possible, given that the data are predominantly based on the information provided by the LSGUs.

The COVID-19 pandemic has become a real hindrance to the widening of the PB process, and quite the opposite has been a downwards turning point. The pandemic period caused shortfalls, especially in own-source revenues among the LSGUs in North Macedonia, which, although they are highly dependent on the central budget transfers (the block grants from central government contribute to over half of the total revenues of the local self-governments in North Macedonia), has had an adverse effect (Garvanlieva Andonova, Nikolov and Petrovska, 2020). That mostly means that the total revenues of the local self-governments dropped, and the capital expenditure plans were downsized and relocated towards new unplanned COVID-19-induced expenditures.

More importantly, the numerous restrictions from the government have considerably limited the possibilities for active citizens' participation since March 2020. Most local self-governments cancelled any processes altogether, especially any PB activities, due to the public sector office work in North Macedonia being

considerably reduced by the stay-at-home policies. Local self-governments mainly chose to suspend communication with the citizens for joint decision-making, with the excuse of the need for timely preparation and adoption of budget documents (Government of RNM, 2020).

Nevertheless, the modalities for participation have been limited and primarily quasi-participatory methods and tools in the form of online meetings, online questionnaires, surveys and suggestion collection, or solely informative online sessions have been used.

### 4.3 BARRIERS TO PARTICIPATORY BUDGETING IN SLOVAKIA AND NORTH MACEDONIA

#### 4.3.1 BARRIERS TO PARTICIPATORY BUDGETING IN GENERAL

General barriers of the PB process that lead to putting the citizens on the side lines of public policy and finance decisions that cannot be solely attributed to COVID-19, but may be related to institutional set-up, planning, power imbalance, and others are:

- **The socio-political environment** – as already mentioned, PB is neither regulatorily binding nor institutionalised. In North Macedonia, the administrative practice shows that processes such as PB depend on there being an obligation in a regulatory framework. When not enshrined in a legal document, there is no perception of something to be done, and thus it depends on the local authority's political will and determination. The most frequent response from the public administration as to why information and data are not available to the public is that the specific document, data, their preparation or disclosure are not required by law. Therefore, PB is also still occurring on an ad-hoc and voluntary basis and lacks consistency. Furthermore, the lack of a standardised process explicitly determining the features of what PB needs to cover results in inconsistent understanding and differences between informative and consultative and deliberative and decision-making PB. A Slovak expert from academia stated that "PB is still an underappreciated tool that is not understood, especially in local governments. They do not know its possibilities and impacts. They take it as a burden – they have more work to do with the process as well as approved activities during the year and then have to maintain them. Civil society likes to get involved, but after years it can burn out due to lack of interest and under-appreciation of self-government." The most likely suitable area for intervention is the Statute of the LSGUs, where citizen-direct decision-making processes can be further defined. For example, there is a Charter of Good Participatory Budgeting in Slovakia (Klimovský and Hrabínová, 2021), but this is non-binding and contains some principles or recommendations for municipalities. On the other hand, making PB binding by law might lead to the politicisation of PB, i.e. PB would become another tool for politicians to pursue their will (an example can be seen with the politicization of the science around vaccines, which might lead to decisions that directly increase the rates and harms of diseases, with potentially deadly consequences).

- **Insufficient political will** – PB involves power being shared between local officials and citizens. The PB process, complete with features for deliberation and practical voice and say in the decision-making of the budget allocation, can be perceived as a threat to the powers of the local politicians. Therefore, it is necessary to endorse the PB process for the political authorities to undergo periodical induction courses to clearly lay down the importance and benefits of PB and the role and responsibilities of each stakeholder in the process. In Slovakia, PB started as a bottom-up process. However, later on, the local politicians and mayors, or both, have adopted PB implementation as a strategy to increase their popularity among citizens (see, for example, Murray Svidroňová and Klimovský, 2022). According to a member of the Municipal Council, Municipality Center, North Macedonia: “The primary barrier [in participative budgeting] is the lack of will on the part of the Mayor and administration to continue with Budget consultation practices. We [Council Members] have not seen the draft programs, nor have we been consulted on the Budget [for 2023], while soon it will be up for adoption. While announced only a day in advance and presented as a consultative process [this year] the Mayor organized what can be described as a ‘political party forum’. There is no trace of any kind of participatory process where at least the Council Members would be included, let alone the citizens.”
- **Voluntary membership to the local communities’ councils** (called “mesni zaednici” in Macedonia and “koordináčné rady” in Slovakia) – direct citizen and local community representative participation in PB is driven by primarily volunteer-based representatives who take on the responsibility and commitment, starting from the designing and collecting of ideas, to presenting and advocating them in front of the councils. Voluntary membership in representing the local communities does not guarantee participation, commitment and perseverance. However, when considered together with the often lack of accountability of the PB process, it is another factor that disincentivises volunteer involvement and diminishes citizens’ confidence in their local community representatives. It is worth noting that the voluntary councils are often time-consuming and challenging to participate at the meetings during the daytime due to conflicting working hours (Craig et al., 2005). As a local government representative from Slovakia pointed out: “Local and regional governments should allocate sufficient personnel and financial capacities for the coordination of participatory budgets, regular monitoring and evaluation to create an environment for cooperation with civil society, which can continue, i.e. to make PB sustainable one cannot and should not count only on the volunteers.” The LSGUs in North Macedonia face capacity limitations and also depend on central budget transfers and have low fiscal autonomy. Therefore, the municipalities have limited capacities and spending possibilities to take on investments and execute the citizens’ proposals as defined by a proper participatory process.
- **Missing accountability and feedback loop** – an accountability step rarely follows PB processes. More precisely, even after the consultation, gathering of

ideas, and proposals are completed, the citizens rarely get any official feedback on which proposed projects have been adopted, implemented, or rejected with good reasons. PB processes can be described as linear rather than cyclical, as the evaluation and feedback are missing from the loop. The lack of follow-up can result in reactance associated with disappointment when a suggestion is not included in the budget programmes leading to a disincentive for further participation and distrust in the overall process. Moreover, there is practically no data on the cost of PB on the part of local governments. Usually, the PB process is distributed among various municipality employees, and the costs are “hidden” among other agendas. Therefore, it is difficult, if not impossible, to tell how efficient and effective PB is, leading to lower accountability. According to the facilitator and implementer of PB processes in RNM: “Both the citizens and the local authorities consider the consultative tools listed by law (referendum, citizen’s initiative and citizen gathering) to be complex, and thus are rarely properly used, but only in a simplified form. Nevertheless, the municipalities can develop their own citizen participation mechanisms, regrettably often not adequately planned with resources or time for a proper PB process. Often a single budget public discussion is considered sufficient, and abiding solely by the [Mayor’s] political election programs is considered enough for accountability. Such ‘pro forma’ citizen engagement consequently results in a lack of citizen interest.” However, in Slovakia, some improvements were noted regarding accountability and mutual trust: “In Banská Bystrica, cooperation was initially low, or associated with mistrust (which is understandable, given the lack of previous experience, but also the setting of the ‘culture’ of communication with citizens). Later, however, the relationship gradually changed, and although it is still not ideal, it can be said that the level of trust and cooperation is higher” (local coordinator of PB).

- **Lack of citizen interest** and weak administrative capacities – citizens’ interest is a decisive component affecting the sustainability of the PB process. Assuming there is political will and it does not pose a barrier to PB, the citizens’ capacities and the administrative capacities might become a barrier. If the local administration’s skills are deficient, then the initiation and practice of PB may be challenging. Furthermore, when there is a lack of capacity within civil society due to an insufficient knowledge of technical budget documents and the PB process, in addition to awareness of their rights and obligations in decision-making, lack of transparency and thus trust, then a lack of interest may become a barrier. According to an administrative officer in the Municipality of Kavadarci, North Macedonia: “The municipal administration should be more active in reaching out and mobilizing citizens’ active participation [in the PB process]. Furthermore, they [administration] should invest efforts in increasing the awareness of the citizens of their rights to have a voice in the budget preparation.”
- Furthermore, in Slovakia, there has been a long-term challenge in promoting PB better among the citizens and choosing which channels to use to include various categories (e.g., senior citizens, minorities, and others). “We do not

know how to capture and involve groups of the population/citizens, such as the homeless, Roma, or other socially and health-disadvantaged citizens, and so they do not learn about the participatory budget, do not participate in it, whether as submitters of proposals/projects that would solve their situation and also do not participate in the decision-making process on proposals/projects (voting). And if so, then in a very small number”, said a coordinator of PB at municipality of Banská Bystrica, Slovakia.

#### 4.3.2 BARRIERS TO PARTICIPATORY BUDGETING TRIGGERED BY COVID-19

In North Macedonia, as in other countries, the COVID-19 pandemic had an adverse effect on the PB process at the local government level. Firstly, the restrictions caused by declaring states of emergency and the lockdowns entirely disabled the possibility for face-to-face consultations and budget planning processes. This was reflected in a significant drop in the PB sessions planned by the local self-governments in 2020. There have been instances however, when there have been attempts to digitally organise the planning process via online sessions or collection of citizens’ suggestions via online surveying. According to a representative Department Head of the Municipality of Gazi Baba, North Macedonia: “There is a need [for the local governments] to establish digital and mobile platforms for interaction with the citizens. We are in the process of development of a digital application and expect improvement of the situation. Greater digitalisation will greatly strengthen all procedures and services in the municipality including participatory budgeting, which is especially necessary in extraordinary circumstances such as COVID-19, and consequently ensure greater accountability.”

The local self-governments had to pass through an adjustment period to be able to function digitally. In most instances, the local self-governments were not prepared to undertake the process efficiently and effectively during the pandemic due to limitations in technical and human capacities. Moreover, in Slovakia, there is a general distrust of online voting (Bardovič, 2021). Indeed, online voting can shuffle the cards and change election outcomes, as e-voters are mostly citizens who identify themselves as irregular voters or abstainers, i.e. citizens on the margins of political participation (Chevallier, 2009). This problem with voting could go hand in hand with the assumption that online voting reduces the quality of decision-making in the PB process, as online voters would not usually attend any discussion forums, discuss project proposals or vote. In most cases, even when there was an established practice of PB consultation processes with the citizens, at the peak of the pandemic, most often, they were either entirely suspended and cancelled or partially organised online.

It is important to reiterate that the PB process among the local self-governments in Slovakia and North Macedonia is not legally binding, and there is no institutionalised and standardised process encompassing all PB features. Furthermore, it was the donor community that drove previous PB initiatives in North Macedonia. Therefore, it is expected for PB to drop significantly without the external motivator and

facilitator in a crisis situation. According to a representative from the Department Head of the Municipality of Bitola, North Macedonia: “The PB process first needs to be understood [by the executive] as necessary, despite being a non-obligatory process, and to be liberated from the political structure pressures, which subsequently directly affect the local governance and management performance.”

We assume that, in line with the findings of other authors, there is also a degree of resistance among public administration and that when there is no regulatory obligation or political will, a particular process will be dropped (e.g. Amsler, 2016; Yang and Pandey, 2011; Zepic, Dapp and Krcmar, 2017). Moreover, the digital transformation of the public sector is another process in which North Macedonia is lagging due to, among other reasons, limited technical and human capacities.

It seems that COVID-19 has been intensifying the existing general barriers to PB as the municipalities have limited capacities and spending possibilities to take on investments and execute the citizens’ proposals as defined by a proper participatory process, the budgetary restrictions. In addition, decreased unplanned local expenditure on COVID-19 further reduced the availability of funds for implementing the citizens’ proposals and their prioritisation. According to an expert and facilitator of PB forums in North Macedonia: “COVID-19 has revealed that the local governments are not ready or equipped for digital PB. Most of the municipalities did not seize the opportunity to develop and make use of digital approaches, platforms and tools. Some [municipalities] made attempts via simplified digital tools; however, due to a process inadequacy, and lack of digital skills, the results were compromised and not credible.”

In Slovakia, there is a high degree of autonomy over a relatively small share of revenue; thus, the central budget transfers do not play an important role in local self-governments either continuing or dropping PB during the pandemic.

Considering that COVID-19 is a phenomenon not encountered previously, the barriers and effects of the pandemic on the PB processes are a relatively unexplored area, especially since it is specific to a defined geographic area. Some authors have considered the aspect of COVID-19 by analysing its barriers, effects, and consequences on PB. Our results are in line with their findings and with the literature review. Recent papers indicated that changes to PB processes during the COVID-19 were diversified between suspension, cancellation, and continuity with reduction. Moreover, some papers have started to explore whether the changes in PB caused by the pandemic are permanent. In the case of Poland, Poplawski (2020) discusses new contact-free democracy models driven by digitalisation, vitiated, however, by the pertinent digital exclusion barriers for groups of citizens, as well as the administration’s resistance to change. In Portugal, Maciel, Costa and Catapan (2022) explore the administrative perception of the PB process in COVID-19, and conclude that there has been an overall negative impact; however, whether the impact will persist in the future is not conclusive.



## 5 CONCLUSION

This paper explored the impact of COVID-19 on citizens' participation in financial decision-making among the local governments in North Macedonia and Slovakia and identified possible general barriers to participation and those specific to the COVID-19 effect, considering the particular context of the two countries.

Regarding the participatory budgeting, at the beginning in Slovakia (2011), the civil sector/NGOs served as initiators and local self-governments as followers of this process. However, this position is steadily shifting towards the dominance of local self-governments and the marginalisation of the role of civil society. In North Macedonia, the first participatory budgets were initiated in 2006 and continued on an on-and-off basis with the support and facilitation of the international donor community, predominantly implemented through the help of civil society. Some local self-governments have regularly accepted and continued the practice regularly without external donor support. In contrast, others have abandoned the practice once donor support has ceased or it is continued on an ad-hoc basis.

In both countries, PB faced enormous challenges during COVID-19. In both countries, it has managed to survive even though the local self-governments found themselves unprepared to undertake the process efficiently and effectively during the pandemic, primarily due to limited technical and personnel capacities. In North Macedonia, there were a few attempts to organise the planning process digitally via online sessions or collecting citizens' suggestions via online surveys. In Slovakia, several local self-governments opted for online discussions and online voting. In general, online voting is considered to reduce the quality of decision-making in the PB process. For example, some local self-governments rather changed the one-year cycle for implementing PB projects to a two-year cycle so they could use the intervals in which there were no strict lockdowns for citizens to be able to meet, discuss, vote and implement the projects.

Regardless of COVID-19, general barriers to PB had already existed, and the pandemic seemed to intensify them. One such barrier is that PB is neither regulatorily binding nor institutionalised. Meanwhile in North Macedonia this step is considered vital in strengthening the sustainability of PB; in Slovakia, there is a slight worry that making PB legally binding might lead to the politicisation of the process. Still, both countries may find it beneficial to introduce rules for participatory budgeting in local self-government statutes or individual statutes approved by the local self-governments and make them publicly available.

Slovak and North Macedonian PB processes rely heavily on volunteer-based representatives from the ranks of citizens to organise discussion forums, collect ideas, support the preparation of project proposals, and the like. On the local self-government side, the process of PB is usually distributed among various municipality employees and the costs are "hidden" among other items. In addition, there needs to be a coordinator or other official responsible for the PB process, as the lack of

such a role will often lead to infrequent feedback for citizens concerning which proposed projects have been adopted, implemented, or justifiably rejected.

One of the limits of our research is that we focus only on two countries. Exploring other countries' barriers to PB and participation is an area for possible future research, which could broaden possible solutions to such barriers. Future research also might focus on other participation mechanisms and not just PB.

### **Disclosure statement**

The authors declare that there is no conflict of interest.

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