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FINAL REPORT ON BUDGET HEARINGS
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In order to increase and improve the communication between the local government and the citizens and to involve the citizens in the work of the municipality the CP team of the LGRP assisted the municipalities in organizing public hearings on the municipal budget. This was done following last year's hearing organised in one pilot city (Kumanovo) and within the context of creating a responsible, more effective and accountable local government.

In fact, public hearings are an important tool of local government. Events such as these establish trust between the people and local government, which is important for creating a stable democracy.

In Macedonia the budget hearings took place in 12 selected municipalities – Saraj, Debar, Prilep, Bitola, Suto Orizari, Karpos, Kavadarci, Kocani, Kumanovo, Gostivar, Kriva Palanka and Miravci.

The public hearing on the budgets of the municipality usually took place in the town halls of the municipalities. In all 11 cases prior to the event brochures explaining the revenues and expenditures of the municipal budget as well as the funds (for construction of roads, communal fund etc.) were distributed to the citizens of the municipality preparing them for the hearing. Additionally, the brochures included information on the functions of the units of local self-government. Where necessary, the brochures were bi-lingual (Macedonian, Albanian, Romani) spreading in this way the message of bringing communities closer. In some of them was also announced the date, time and place of the hearing while other municipalities chose to additionally print posters.

Preceding the hearings, many of the Mayors appeared in the local media (TV, radio, newspapers) and used this opportunity to promote and discuss the idea of public hearings on the municipal budget.

The proof that the idea was embraced by the local authorities is seen in the fact that all hearings had their own local variations and developed differently. In some municipalities the hearings were preceded by meetings held with the presidents of the neighbourhood units (Debar, Bitola, Kumanovo) which were subsequently taken to the units for further discussion and the results summed up and presented subsequently. Many of the mayors held one central public debate. A few of them (Kavadarci) organised the hearing in a way that they invited all the budget users such as neighbourhood units, councillors, public enterprises, companies, schools, NGOs, cultural associations etc. as well as users of social benefit to the budget hearing of the municipality and presented ways how these groups could utilize it. In Miravci, the Mayor organised a hearing on municipal issues, laying out the 10 (ten) strategic aims of the municipality among which are effort to supply clean and healthy water for drinking, construction of a sewage system, reconstruction of the electricity supply network and restarting some of the previously existing local factories.

In most of the municipalities the hearings were usually moderated by the finance officers or the council chairpersons. In many cases the managers of the various funds were also present and prepared to give explanations to citizens who had queries regarding their scope of work.

The mayors used the hearings to stress the necessity and importance of having such public debates on issues that are of significance to the citizens in the municipality. They also pointed out that such meetings enable exchange of experience and ideas for resolving the common problems of the municipality, as well as the opportunity for planning future joint activities.

The mayors, many of them using visual presentation, explained thoroughly the revenues and expenditures of the budget of their municipality and the budget of the various funds. Some of them educated the citizens on the way the budget is prepared in order to be approved by the Ministry of Finance.

Most of the municipalities have a very limited amount of funds, however they are all searching for alternative sources of funding mostly through grants. Many of these projects were presented to the citizens. Yet, many of the mayors pointed out that the municipality and the citizens cannot seek money from donors without being ready to invest something themselves.

The points raised by the mayors were followed by a debate among the citizens. Many of the citizens discussed the criteria for dispersion of funds and posed questions regarding the decision making process as well as the monitoring and control. For example in Debar, the citizens wanted to know why the money had been invested in reconstructing the road to the Debar lake instead of cleaning the town, while in Saraj the citizens asked

why the funds were used for building a new school in Grcec instead of enlarging the old one in Krusista.

Furthermore many other issues were discussed relating to finances. The citizens talked about corruption, political divisions and other issues that could pose a problem to distribution of finances. It was pointed out that many of the municipalities such as Debar and Kriva Palanka boast a number of natural resources, which have been taken by the state so that the municipality does not profit from them.

Often raised was the problem with the law limiting the funds of the municipalities as well as the impossibility to present bigger expenditures than the budget allows.

In this regard were mentioned the adopted Law on Local Government and the new Law on Finances that is being prepared. The mayors explicated the new competencies of the municipalities, however their voices were united in the statement that without a good law on finance the new competencies of the units of local government would be difficult to manage. They also expressed their pledges in the lobbying for more realistic criteria within the new Law on Finance, which would determine the municipal budgets and for the VAT and accesse to be calculated as municipal tax contribution.

For many citizens the debate was an opportunity to express the various problems and needs of the area, which they live in such as a need for water supply system in Matka in the Saraj municipality, the finances for terminating the construction of the water factory in Kocani, reconstruction of certain roads in Karpos, Gostivar, Kavadarci, Suto Orizari etc.

Many topics were discussed relating to the needs of the neighbourhood units and it was stressed that in many municipalities they lack offices. Additionally, presidents of the neighbourhood units expressed the idea that the distribution of funds could be carried out through the neighbourhood units and that sometimes not much money is needed to solve a problem. Additionally, they wanted to know more about the ownership of the property of the neighbourhood units. In Bitola, for example, much of this property is devastated and the neighbourhood units cannot use it or rent it since it is now municipality property. It is important to note that by working through the neighbourhood units the municipality increases its transparency. The debate continued with the presidents expressing interest in the possibility of the municipality to fund certain projects submitted by the neighbourhood units.

Additionally, the future collecting of local taxes was discussed in terms of resources and possibilities to do this.

Many other points were raised such as the usurpation of land, the possibility of bringing the law limiting the municipal revenues in front of the Constitutional Court as unconstitutional, possibility for poorest municipalities to become exempt from certain taxes toward the state, difficulties of the public revenue office in collecting taxes etc.

All the mayors stated that the public debate is a model that should be accepted and used by the citizens in order to participate in creating the financial plan of the municipality and controlling where and how their tax denars are spent. As a result the majority of mayors promised to continue with hearings in the future and to widely publicise the municipal council sessions, which are open for the public.

The hearings ended in a positive atmosphere with the conclusion that such debates are not only welcome, but also necessary for the transparent and successful functioning of the units of local self-government.