

Original Paper

Is Participatory Budgeting Understood Enough by Citizens in Terms of Being Reachable for Them?

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Abstract

This study focuses mainly on participatory budgeting issues, citizen budget education; informing citizens about public investments/projects; community needs; employee performance; the quality of public services provided. The above issues, and especially the relationship between local leaders and citizens, are a good indicator to assess how local governance and citizens are moving in the same direction and to what extent is this inverse fulfillment of expectation. This relationship is expressed in terms of an unclear and incomplete perception of the ratio between what citizens pay in the form of local taxes and public services provided by the Municipality. This fact, mainly related to the expectations of citizens from local government for the use/management of the local budget, highlights the gap between the two parties involved in this process. It is evident the lack of a budgetary education from citizens and the need to orient and clarify citizens on this process, the importance it has for direct involvement of citizens and prioritization of community needs. The article concludes: in order to bring local government closer to citizens and the community, aiming at maximizing the fulfillment of the principle of “subsidiary” of local self-government, the Participatory Budgeting process should be done more inclusive and accessible to citizens.

Keywords

participatory budget, budget education, civil inclusion, decision making-responsibility, public accountability, government evaluation

1. Introduction

The idea for the realization of this study was first started by the fact that 2019 is an election year for local elections in Albania and what we have noticed and ascertained during our participation as citizens, at the Public Hearing of the Mayor for Budget (Citizens Consultative Meetings). In order to distinguish if this process was politically oriented, in terms of an pre-electoral campaign that measures the support of citizens for the municipality and the political party or is an analytical process oriented toward results and improvement. These meetings have been structured in these directions: as a reflection of what has been done, as a consultative of the needs, requirements and priorities according to the citizens/community, and as controversial in the framework of drafting the next local budget project for next year. The second reason relates to our research interests as researchers on subjects concerned with the relation citizen-institution or the mechanism of citizen involvement in decision-making processes (local in this case) and the functioning of public accountability.

This study is a continuation of a series of previous studies that we have undertaken and that relate to the mission of local self-government (the Municipality in this case) *to ensure effective, efficient governance and at a level closer to citizens* (Note 1). Here we consider those areas of their activity, for which law no. 139/2015 “On Local Self-Government” charges with responsibility. and directly affect the quality of the governed and determine the governed-governed relationship. Although the attainment of these objectives is a legal obligation, it should not simply imply their fulfillment in the form of exercising competencies, but should be read in a wider plan. This is because this process implies a host of actors, factors and effects, having a political, economic or social character.

However, the study is the first of its kind in such a specific context (especially for one Municipality, of Vlore) and as specific as the subject: Budget Education and its necessity as a prerequisite for the realization of Participatory Budgeting, thus placing the emphasis especially in these two, beyond discussing how they help local government or maximize citizen participation. This process of Participatory Budgeting has occurred in all the other municipalities of Albania, almost at the same time and with the same structure. Although we agree that this relationship is cyclical and resembles a vicious circle where it is difficult to determine the start and end of causality, our focus was to establish participatory budgeting and budget education as primary goals to be realized rather than means to increase civic participation in public decision-making. So in this study, the latter will be a consequence. As we mentioned above, to understand how Participatory Budgeting works/applies to a particular municipality in Albania, it is necessary to know the origin of this process in our country. This is to understand the status of this process, whether it is legal obligation or not; what exactly are the local government units doing, and what is the role of citizens in this process. In order to investigate the last part, we felt the need to measure citizen perceptions (through a survey) on the Participatory Budgeting process and to identify those shortcomings of the process directly related to citizen engagement in Participatory Budgeting. At the conclusion of the study, our aim is that the participation and citizen involvement in participatory budgeting can be a process that comes naturally from citizens themselves,

without the mediation of various civil society links. This naturalness can only be achieved if the process of civic incitement and civic awareness is overcome, and passes to another more concrete stage, that of the (maximally) understanding of the Participatory Budgeting, its influence, its formation, implementation monitoring, evaluation and then judgment in a wider plan of local self-government.

2. Method

2.1 Study Methodology

This study aims to present an exploratory and comparative approach between the way Participatory Budgeting is understood by citizens, how this process is carried out by local institutions and what is emerging as a common need for both parties in this process making Participatory Budgeting even more constructive. Also, analysis of study indicators emphasizes the necessity of another process that should precede Participatory Budgeting or associate it, namely Citizen Budget Education. The study is specifically focused in Vlore, but also considering the national context, as this process is an obligation in all administrative units in Albania, and not a typical case, limited within a single municipality. The analysis of the findings of the study will combine both the legal and practical aspects of the subject in the study.

The methodology followed to carry out this study is a combination of primary and secondary data, analyzed by qualitative and quantitative methods. The first phase is that of research in the existing literature for the creation of the local background of this topic. This stage includes: determining the theoretical framework; what are the relevant legal arrangements and practices in our country; its applicative character; collecting and analyzing data from reports; published data on local investments and taxes, for the purpose of:

- Evidence of budget-spending ratio (Dealing with Claims of Citizen towards Local Government);
- Determining community and local needs and priorities;
- Local government capacity to meet community needs;
- Identifying the issues related to citizen information/informing on the local budget.

2.1.1 Observation and Testing through Questionnaire

To measure citizen's perception of Participatory Budgeting and Budget Education, we conducted a survey across the entire Vlore Municipality territory, namely in the 5 urban units and 4 Administrative Units (rural). The selected sample was in total 206 units, of which 150 in the city and 56 in the Administrative Units, reflecting the gender composition of the population in each unit. The sampling was casual and unidentified to ensure the anonymity of respondents, for less influencing responses.

For this reason, a questionnaire was designed with 25 questions, of which 5 were demographic questions and 20 others organized to measure the following indicators:

- Knowledge of citizens about the way of drafting, implementing and monitoring the Budget;
- The extent to which citizens think that the local budget is implemented;
- Who they think have made community investments (Municipality, Government, Foreigners or a

combination of them);

- Attitude/evaluation of the projects undertaken by the municipality;
- The quality of local services provided;
- Performance of administration officials;
- The importance of public hearings (how much?);
- How does it affect and how much it involves citizens, Participatory budgeting;
- Have the respondents been part of public hearings or not;
- The citizen informing about public hearings;
- Individual education/knowledge related to the budget process;
- Priority issues according to citizen;
- Projections of what should be included more in the budget for next year;
- Citizens involved as part of a common solution to community problems;
- Relationship with local taxes: regular tax payer or not;
- Taxes paid by citizens and their relationship with the expectations they have for public investment.

The final questionnaire had undergone to a pre-test examination to see whether it was clear/easy to understand for citizens, as the subject itself is specific and requires some prior information or knowledge. For the realization of Field Interviews, a group of 15 students was trained equally, and we personally engaged in conducting the process.

After the survey (with printed questionnaires) conducted, the completed questionnaires were checked to identify missing and corrected errors during completion. The data collected was submitted to an Excel database and SPSS program, subjected to statistical tests and descriptive tests. For each question it is obtained information on the frequency, so the percentage/frequency of respondents who have chosen an alternative compared to others. Crosstabs have also been crossed to investigate the causal relationship to the phenomenon we are studying, but these conclusions will not be part of this paper.

3. Result

Of all the indicators used in the study, here we will present the frequencies only for a part of them, namely those questions directly investigating the two main concepts, civic perception of how they define participatory budgeting and identifying the need for budget education.

1) For the question 1. How much information/knowledge do the citizens have, about how Municipality Budget is designed, implemented and monitored, citizens' responses are:

- most of them (38.1%) are not aware at **all**,
- while 25.2% of them have **little** knowledge;
- 22.3% have **some** knowledge;
- 5.4% have a **lot** of knowledge;
- 6.4% do not know how to answer that question;

2) For the question 2. How much do you think the Municipality Budget for 2018 has been

implemented?

- 28.7% of citizens interviewed think that the budget **has not been realized to a great extent**.
- 27.2% think **that less than half is realized**
- 17.8% think that **more than half of the budget is implemented**
- 5.4% think it has been **realized to a great extent**
- While 16.85 of them do not know the extent to which the budget has been realized.

The results of the two questions above show us that citizens tend to judge negatively the extent of local budget implementation, although their knowledge is very minimalistic in terms of local budget. The indicators confirm our assumption at the beginning of the study, for the existence of this discrepancy between the parties. In other words, Different perspectives for budgeting of citizens and municipality shows for a disconnection between them.

3) For the question 3. What do you think about public investments made in the city (So who has supported them), the answers were as follows:

- 17.3% of them think that P.I. are all done by the Government
- 16.3% of them think that P.I. are foreign investments
- 28.7% of them think that they were made by the Municipality in cooperation with the government
- 16.8% of them think that they were made by the Municipality in cooperation with foreigners
- 4.5% of them think that they were made by the all the Municipality

The results for this indicator show a consistency of citizens' perception of what the law actually provides as forms of financing local government units. They are optimistic indicators that point to a promising ground for participatory budgeting to be an even more effective process.

Regarding the instruments for the administration of public services (Article 33) and the finances of the local self-government units (Article 34), ... *local government units are financed from income from taxes, fees and other local revenues from transferred funds by central government and the funds directly attributable to them by dividing national taxes and levies, local borrowing, donations, and other resources provided by law (Article 34/3) (Note 2).*

4) For the question 9. How **important** citizens consider public hearings/public budget consultations?

- About 51% of the interviewed citizens consider the hearings **very** important,
- 19.8% **almost** important
- 15.8% **somehow** important
- 5.4% **less** important
- 2% not important **at all**

5) For the question 10. How does the Participatory Budgeting **affect** the citizens, by ...

- 23.8% of citizens think that participatory budgeting **informs** them of how the local revenues are managed and spent
- 18, 3% think that it encourages debate/discussion and exchange of ideas
- 17.3% think that it makes citizens actively involved in decision-making processes

- 23, 8% think it helps in defining common needs and priorities.
- The rest of the answers alternate between the above responses in more than one answer

6) **For the question 11.** Do you think that the Participatory Budgeting Process involves citizens by ...?

- 7, 9% think PB promotes participation and increases political and civic engagement in public affairs
- 18.8% think BP promotes accountability and accountability of executives
- 23, 3% think BP Increases the transparency and effectiveness of local government
- 12.4% think that BP aims at the inclusion and equality between citizens and marginalized groups
- 16, 8% think PB includes all of the above

Citizens have responsibilities, too. They should play an active role in making government more accountable by participating directly in the political process or through exercising stronger oversight (Note 3).

7) **For the question 12.** Were you part of the Public Hearing/Consultation for the Draft Budget of 2019?

- 21, 8% of citizens **have been** part
- 30, 7% of them, not because they **did not know** it was developing
- 7.4% of them do not, because they have no interest in that process
- 23.3% of them did not, because they **were not able** to participate
- 5% of them do not, as they **do not have much knowledge** of the budget
- 6.9% of them do not, because they have no faith in that process

Government must use performance as the basis for funding or changing programmers. Citizens would like to see greater focus on measuring and reporting outcomes.

8) **For the Question 13.** How citizens would prefer to be informed in order to be part of Public Hearing/Consultation?

- 30.7% prefer notifications to the municipal web site and to social networks
- 23.3% prefer “door to door” notifications
- 21.8% prefer notifications via TV and Local Radio
- 7.4% prefer phone notifications (calls and sms)
- 5% prefer notice from members of the Municipality Council
- 6.9% prefer notifications from different members of the community they reside

From the responses it appears that citizens prefer passive forms of notification, although the law also envisions citizen initiatives for information research. *Stakeholders and/or community representatives may, irrespective of the notification by the local self-government unit, come across to it and request information on the organization of such consultations (Note 4).* High levels are also the result of the citizens’ preference for “door to door” announcements, which means that citizens need to perceive the presence of local government even more through direct contact. In both cases, citizens consider themselves “hosts” of a service that should reach them, or at least a service which start from the government towards them, so like a one-way action.

9) For the question 14. How do you think the citizens need to be educated, informed, clarified, to better understand the Local Budget?

- 21.8% prefer regular and periodic meetings with residents by zone, **for the number of residents paying taxes** rated to the total number of residents of that area
- 18.8% prefer regular and periodic meetings with residents by area, **for the total value of investments made for the respective area**
- 19.8% - prefer regular and periodic meetings with residents by area, **for the total investment value needed for the respective area**
- 18, 8% - prefer regular and periodic meetings with residents by area, **for the total value of local taxes collected in that area.**
- 4% of them prefer all of the above alternatives

Budget experts' everywhere complain that citizens' seemingly unending appetite for more public services and benefits is not matched by a corresponding willingness to pay for them (Note 5). While citizens welcome spending that provides them with visible and immediate benefits, many see blind to the need for essential public goods and resist paying for them (Note 6). Since there are differences among the attitudes of the citizens and those of the government in confront of the local budget, as evidenced by the above citations and from the results of this question, we noticed that the indicators vary almost in the same values (18-20%) for those topics where the budget education should focus. So there is an immediate need for more civic education, and less importance on what aspects of BP would be are specifically taught. The small difference in % between alternatives indicates that the public tends to accept those services/investments that directly affect it but also need to be informed about the number of those who pay local taxes and their total value. Only in this way the citizens will be able to clearly understand what they can expect as they pay. The values attributed to this indicator confirm the gap of civic perception among the potential, the real and the desirable.

4. Discussion

It was expected that this civic engagement in Participatory Budgeting would be proportional to the extent to which citizens recognize this process and consider it necessary, whether for their involvement (as citizens) in public decision-making and the functioning of the public accountability. Meanwhile, the study found that citizens are "interested/concerned" to meet their demands and needs, considering this process to be just one way. So, they do not consider themselves properly as an integral part of this interactive/interchangeable process. These indicators lead to the conclusion that the participatory budgeting process, to be called fulfilled in its meaning and determination, should be exercised on an even more inclusive, qualitative and numerical basis for citizens. Even in those cases where this field is lacking or in part, there is a need for a citizen's budget education.

The purpose of this paper is precisely to highlight this need, the extent to which citizen's budget education is a necessity for the case study, but without going through the explanation of the

phenomenon (finding causes) or considering options how it may or should to be realized in the Municipality of Vlore. The latter are part of another paper that we are preparing.

At the end of our analysis, we think that Participatory Budgeting is really a process that must come naturally with civic interest, but as long as this process is sufficiently consolidated to co-initiate by citizens and local government, it is a priority cultivating such a culture/practice. And this can only be accelerated through another process, that of Citizen Budget Education. The main obligation to promote this is certainly the government and it is the one that has to approach the citizen/community to invite, orient and enrich it with all the tools needed to make its engagement in participatory budgeting more inclusive and equally constructive. In support of this conclusion, we would quote GFOA *recommends that governments encourage effective and well-implemented public engagement budget processes. This will enable the public to work with their government to help make useful budget decisions* (Note 7).

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Notes

Note 1. Law 139/2015 “On Local Self Government” (p. 2).

Note 2. Law 139/2015 “Local Self-Government” (p. 15).

Note 3. Engaging the public in national budgeting (p. 13).

Note 4. Directive Nr. 23, Date 30.7.2018 “On Standard Procedures for the Preparation of the Medium Term Budget Program of Local Self-Government Units” (p. 33).

Note 5. Engaging the public in national budgeting (p. 2).

Note 6. Engaging the public in national budgeting (p. 2).

Note 7. <http://www.gfoa.org/public-engagement-budget-process>