

The Impact of the COVID-19 Pandemic on Local Self-Government Units in the Republic of North Macedonia

Kuzey Makedonya Cumhuriyeti'ndeki Yerel Özerk Yönetim Birimleri Üzerinde Covid-19 Pandemisinin Etkisi

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Abstract

The COVID-19 pandemic has caused significant changes in the functioning of global society. These changes have required quick and effective responses from international institutions, nation and state administrations, individual regions, and municipalities, as well as from individual citizens at the same time. The COVID-19 pandemic required timely responses from all the administrative apparatuses of nation states, including the Republic of North Macedonia. This implies a reaction at the central and local levels. Local self-government units acting within their competences have been active components in overcoming the challenges imposed by the pandemic. The purpose of this paper is to determine the impact the COVID-19 pandemic has had on local self-government units in the Republic of North Macedonia. The paper includes an overview of the constitutional and legal framework that governs the position of local self-government units in the country's political system and provides an analysis of the consequences the pandemic caused at the central level with a special emphasis on the challenges faced by the municipalities in North Macedonia. The primary focus of the paper is how local units have responded to managing the pandemic. The paper provides an overview of the crisis management system that the municipalities built during the course of the COVID-19 pandemic and the economic, financial, and budgetary repercussions. The end of the paper synthesizes the conclusions regarding the effects that the pandemic has had on the functioning of the Macedonian local government units and gives recommendations for overcoming the diagnosed shortcomings the pandemic has brought to the surface.

Keywords

Local Self-Government • Republic of North Macedonia • COVID 19 Pandemic • Crisis Management

Öz

COVID 19 salgını, küresel toplumun işleyişinde önemli değişikliklere neden olmuştur. Bu değişiklikler, uluslararası kurumlardan, ulusal devlet yönetimlerinden, bireysel bölgelerden ve belediyelerden olduğu kadar vatandaşlardan da hızlı ve etkili bir tepki verilmesini gerektirmiştir. COVID 19 salgını, Kuzey Makedonya Cumhuriyeti de dahil olmak üzere ulus devletlerin tüm idari birimleri tarafından zamanında yanıt verilmesi ihtiyacını ortaya çıkarmıştır. Bu, merkezi ve yerel düzeyde bir tepki anlamına gelmektedir. Yetkileri dahilinde hareket eden yerel özerk yönetim birimleri, pandeminin dayattığı zorlukların üstesinden gelmede aktif bir rol oynamaktadır. Bu makalenin amacı, COVID 19 salgınının Kuzey Makedonya Cumhuriyeti'ndeki yerel özerk yönetimler üzerindeki etkisini belirlemektir. Bu makale, ülkenin siyasi sistemindeki yerel özerk yönetimlerin konumunu belirleyen anayasal ve hukuki çerçeveye genel bir bakış sunmaktadır.

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Ayrıca Kuzey Makedonya'daki belediyelerin karşılaştığı zorluklara özel bir vurgu yaparak, salgının merkezi düzeyde neden olduğu sonuçların bir analizini içermektedir. Makalenin birincil odak noktası, yerel birimlerin pandemi yönetiminde nasıl tepki verdiği'dir. Makale, belediyelerin COVID 19 salgını sürecinde oluşturdukları kriz yönetim sistemine ve ekonomik-mali ve bütçesel yansımalarına genel bir bakış sunmaktadır. Makalenin sonuç kısmında, pandeminin Makedon yerel yönetim birimlerinin işleyişi üzerindeki etkileri hakkında sonuçlar sentezlenmekte ve pandeminin ortaya çıkardığı teşhis edilmiş eksikliklerin giderilmesi için önerilerde bulunmaktadır.

Anahtar Kelimeler

Yerel Özerk Yönetim • Kuzey Makedonya Cumhuriyeti • COVID 19 Pandemisi • Kriz Yönetimi

Introduction

The COVID-19 pandemic introduced a new situation characterized primarily by health impacts followed by economic, social, political, and legal impacts on the functioning of social order. This implies dealing with multidimensional consequences. Nation states organized their functions to provide an effective response aimed at preventing the negative consequences resulting from the pandemic. The overall health and administrative capacities of these states have been aimed at protecting citizens' safety and health and guaranteeing the sustainability of economic continuity.

The COVID-19 pandemic created new conditions that imposed a new way of functioning primarily regarding citizens' everyday life followed by business entities, administrative bodies, and institutions; hence, the functioning of local authorities were no exception to this situation. The local government units (i.e., municipalities) were at the forefront in preventing the virus and protecting citizens (Organisation for Economic Co-operation and Development (OECD, 2020a, p. 2). Municipalities witnessed the health, social, and financial difficulties while trying to respond to citizens' urgent needs and simultaneously ensuring continuity in providing citizens with services in crisis situations. Local public administrations had to face new realities in a period of uncertainty, such as social and physical distancing, while still providing services to citizens (Clement et al., 2022). The pandemic also emphasized the role local self-governments have as the form of governance that is closest to citizens and best positioned to respond to their specific challenges (Гарванлиева Андонова, et al, 2020, p. 8).

Globally and nationally, ways were sought to mitigate the negative health, economic, and social effects through more or less ambitious fiscal packages and economic measures, as well as the adoption and implementation of new legal acts. The Republic of North Macedonia was no exception to this situation. Newly created challenges involving corresponding risks were diagnosed at all levels of government. The COVID-19 crisis caused significant consequences in the functioning of public administration. In line with this, the pandemic tested the resilience of local public administrations in maintaining operations during difficult times (Sakurai & Chughtai, 2020, p. 586).

The pandemic caused relatively high damage to citizens as well as to the administrative and economic capacities in North Macedonia. Although authorities have taken measures to mitigate the pandemic's negative effects, the mid- and long-term impacts of the pandemic will largely depend on the existing socioeconomic vulnerability of Macedonian society (OECD, 2021).

Bearing in mind the challenge faced by local self-governments in the Republic of North Macedonia, the purpose of this paper is to provide an assessment of the scope

and depth of the impact COVID-19 has had on municipalities and their administrative and financial capacities. The focus is on how they managed the crisis, including the measures taken during the crisis response phase in North Macedonia, as well as the challenges expected from other shortcomings and processes. The paper uses a methodological approach that aims to perform a qualitative analysis of the state of the local government units in North Macedonia during the pandemic period and the degree to which they utilized their competences and capacities. The paper notes the perceived shortcomings and within the conclusions provides recommendations regarding how the local self-government units should develop with regard to health conditions and economic and social crises.

1. Constitutional and Legal Framework of the Local Self-Government in the Republic of North Macedonia

One of the fundamental features of any democratic society as well as an indicator of the degree of its development is citizens being guaranteed the right to decide directly or through their representatives on matters of importance in the community in which they live. This is why all democratic societies strive to recognize this right in their highest legal acts and to ensure this right is realized through these acts by providing adequate guarantees. Hence, the importance of the existence of local self-government is not only in relation to democratic processes but also in relation to the efficiency of solving local issues, for which local self-government units themselves understandably have an advantage in relation to the central government, which is obliged to manage the entire state territory and unable to have the same focus as a local government (Силјановска-Давкова et al., 2020, pp. 46–47). For multi-ethnic societies such as in North Macedonia, the existence of a local self-government with representatives of the ethnic communities is particularly important, especially for smaller communities that will be able to not only realize their needs but also demonstrate their individualities through their representatives.

The Constitution of the Republic of North Macedonia (hereafter simply referred to as “the Constitution”) provides local self-government as one of the fundamental values of the constitutional order in the country (Constitution, 1991, Art. , Para. 1, In 9). Section V of the Constitution is fully devoted to local self-government. This legal framework contains a series of fundamental principles that are the starting point for the lower normative development at the level of law (Шкарик, 2009, p. 466). The basic characteristic of local self-government in the Republic of North Macedonia is the existence of a single-level system of local self-government. Municipalities are the units of local self-government, with the city of Skopje having a combined system of local government as a mixture of municipalities and a city with wider competence primarily due to being the capital and largest city (Китевски et al., 2005, pp. 5–6). In

addition to the section of the Constitution in which local self-government is specifically regulated, the Constitution also contains other provisions related to this and the realization of certain constitutional freedoms and rights within its framework. In line with this is Amendment V of the Constitution, which regulates the use of languages in local self-government units in which at least 20% of the citizens speak an official language other than the Macedonian language. The language other than Macedonian that is spoken by at least 20% of the inhabitants of a local self-government unit can be used in the bodies of that local self-government unit for communications with the citizens of that body, or other bodies and public enterprises of the local self-government units, as well as for designating the infrastructure of facilities within the local self-government unit (Силјановска-Давкова et al., 2020, p. 339).

According to the Constitution, local self-government is governed by a law that is adopted by a two-thirds majority of the total number of deputies. The scope and method of regulation is left to the will of the legislator who has to compile the legal norms while respecting the constitutional framework. The legislator has complete freedom in regulating issues related to local self-governments (Силјановска-Давкова et al., 2020, p. 272). The functioning of local self-government takes place within the legal framework contained in several laws: The Law on Local Self-Government, the Law on the City of Skopje, the Law on Financing Local Self-Government Units, the Law on Inter-Municipal Cooperation, and the Law on Territorial Organization of Local Self-Government in the Republic of North Macedonia.

The Law on Local Self-Government regulates the issue of the competences of municipalities, the direct participation of citizens in decision-making, the organization and work of municipal bodies, municipal administration, the acts adopted by the council and the mayor, the property of the municipality, supervision over the work of municipal bodies, dissolution of the council of a municipality, the mechanisms of cooperation between the authorities of the municipality and the Government of the Republic of North Macedonia, the protection of local self-governments, determining the official language(s) in a municipality, as well as other issues of importance for local self-government units (Law on Local Self-Government, 2002, Art. 1).

According to the Law on Local Self-Government (2002, Art. 3), the units of local self-government are the municipalities, which are legal entities, and their competences are exercised by bodies elected directly by the citizens. The City of Skopje is a special unit of the local self-government in which the common needs and interests of the citizens are fulfilled, arising from the character of the City of Skopje, as the capital of the Republic. The provisions of this law also apply to the City of Skopje as a separate local self-government unit unless otherwise regulated by the Law on the City of Skopje (Art. 4).

The municipality regulates the exercise of its competences with the statute and other regulations (Law on Local Self-Government, 2002, Art. 7, Para. 1). The general competences of the municipalities are in accordance with the principle of subsidiarity, according to which the municipalities have the right to carry out works in their territory that are of public interest and local importance, that have not been excluded from their competences, and that do not fall within the competences of state authorities. Municipalities independently and within the framework of the law organize and perform the works that are of public interest and local importance and are responsible for how their entrusted duties are performed (Силјановска-Давкова et al., 2020, p. 281). According to the Law on Local Self-Government's list of municipalities' competences, municipalities are competent for performing the following tasks: urban (urban and rural) planning, issuing approval for the construction of buildings of local importance as determined by law, arranging spaces, and arranging land under construction; protecting the environment and nature; local economic development; communal activities; culture; sports and recreation; social protection and the protection of children; education; health care; carrying out preparations and undertaking measures for protecting and rescuing citizens and material goods from military destruction, natural disasters and other accidents as well as from the consequences caused by these things; fire protection carried out by territorial firefighting units; supervising over the performance of the tasks under its authority and other tasks determined by law (as cited in Китевски et al., 2005, pp. 11–14).

Despite the independence with regard to the performance of competences, the Constitution and the Law on Local Self-Government also provide for supervision over municipal operations. This supervision covers supervision over the legality, control, and development of material and financial operations. In relation to the performance of delegated competences, the Law provides supervision over legality and efficiency.

2. COVID-19 Pandemic and Its Effects on Local Self-Government in the Republic of North Macedonia

North Macedonia is characterized by a small open economy and is therefore particularly exposed to great influence from global economic and social flows. The negative impacts of the pandemic had the hardest hit on the most vulnerable groups: the poor and the unemployed who make up a large portion of the population. Building post-pandemic resilient conditions depends on the strength and capacity institutions have for designing and implementing measures, as well as on the public decision making process and the efficiency of public administration (OECD, 2021).

The COVID-19 pandemic has had a unique impact and great uncertainty on all sectors and regions in the world, including North Macedonia. When analyzed globally as well as nationally, the COVID-19 crisis is seen to have had a strong territorial

dimension with significant political implications for managing its consequences (Maher et al., 2020, p. 644). The regional and local impact of the crisis is highly asymmetric across countries. Some local units, especially the more vulnerable ones, were harder hit than others. Certain vulnerable populations were also more affected. The impact of the crisis showed variable intensity with regard to different local units. Differentiating factors include the exposure of local units to economic activities and fluctuations and, of course, to their natural specialization (OECD, 2020b, p. 7). The regional aspect of the pandemic in terms of the Macedonian framework meant a higher number of infected people in the city of Skopje and certain municipalities with larger populations compared to the other smaller municipalities. Local measures were taken even at the beginning of the pandemic. Quick and drastic measures were taken to prevent the spread of the virus as a sensible and pragmatic choice once the pandemic began to spread. The first preventive measures in North Macedonia were introduced on March 10 and 11, and a quarantine was introduced on March 13, 2020 that covered only two municipalities: Debar and Centar Župa (Jеmбовска et al., 2020, p. 6). During the pandemic, the local units (i.e., municipalities) were responsible for critical aspects of the containment measures, health care, social services, economic development, and public investment and placed them on the front line of crisis management. Because such responsibilities are divided between different levels of government, coordinated efforts were critical (OECD, 2020a, pp. 4–5).

In many countries like North Macedonia, the local government units (i.e., the municipalities and the city of Skopje) were not well prepared for a pandemic due to underestimating the risk of an epidemic breaking out, the lack of crisis management plans for pandemics, the lack of basic medical equipment, and especially the low public expenditures and investments in health care (i.e., hospitals; OECD, 2020a, p. 11). The COVID-19 pandemic has had short-term and long-term effects on local and regional development, as well as on the functioning and financial independence of the local government in the Republic of North Macedonia. The big risk is that current local government responses have focused only on the short term. Long-term priorities must be included in emergency response measures in order to strengthen the resilience of local socioeconomic systems. This paper will go on to consider separately the financial impact of the pandemic on local units and their capacities regarding crisis management.

2.1 The Role of Local Self-Governments in the Crisis Management System During the COVID-19 Pandemic

The COVID-19 pandemic affected the Republic of North Macedonia shortly after the infectious disease COVID-19 was declared as a health emergency on January 30, 2020. The first case was registered on February 26, and the first death was registered

on March 23, 2020 (Поповски, 2021, p. 19). Following global practices and guidelines, the response to the pandemic was established at the beginning of 2020 by activating the crisis management system and declaring a state of crisis in part of the country's territory.

The Constitution of the Republic of North Macedonia defines the terms state of war and state of emergency but not state of crisis. The declaration of a state of crisis and the crisis management system are defined by the Law on Crisis Management. The crisis management system and the institutional setup for declaring a state of crisis at the Republic level are complex. The crisis management system has been organized and implemented for the purpose of preventing, providing early warning of, and handling crises that pose a risk to goods, the health and life of people and animals and that are caused by natural disasters and epidemics or other risks and dangers that directly threaten the constitutional order and security of the Republic of North Macedonia or any part of it for which no conditions exist for declaring a state of war or emergency (Law on Crisis Management, 2005, Art. 1, Para. 2). The bodies that make up the crisis management system are the Steering Committee, the Assessment Group and the Crisis Management Center. The Steering Committee is the government body for coordinating and managing the crisis management system. The second body, the Assessment Group, is another government body that constantly assesses the risks and dangers to the security of the Republic and proposes measures and activities for their prevention, early warning and crisis management. The third body, the Crisis Management Center, is an independent body of the state administration that ensures continuity in interdepartmental and international cooperation, consultation, and coordination regarding crisis management; it creates and updates the unique assessment of risks and hazards, proposes measures, and provides full support to the Steering Committee and the Assessment Group. The headquarters of the Crisis Management Center is in Skopje, and regional crisis management centers have been established in 35 other municipalities (Лембовска et al., 2020, p. 10).

The municipalities and the city of Skopje have within their competences the obligations to look after their own needs for the purpose of effective prevention and early warning of a potential crisis situation, to assess the risks and dangers at the local level, to determine the needs, and to plan resources. When dealing with crises, the municipalities and the city of Skopje monitor the situations, actions, and phenomena that can lead to the emergence of a crisis in the areas covered individually by the municipalities and the city of Skopje, assess the threat of risks and dangers regarding the occurrence of a crisis situation in the areas covered individually by the municipalities and the city of Skopje, adopt programs for revitalizing the municipalities and the city of Skopje after the crisis has been eliminated, implement the government's decisions regarding crisis management in the covered individually by the municipalities and

the city of Skopje, and decide on the amount of funds to be given to crisis management from the budgets of the municipalities and the city of Skopje. The regional crisis management centers prepare the assessments of the threats that risks and dangers pose for the occurrence of a crisis situation. In dealing with a crisis, the mayors of the municipalities and the city of Skopje ensure the coordination of the participants in the crisis management system at the local level (Law on Crisis Management, 2005, Art. 5).

The COVID-19 pandemic additionally forced the crisis management system to activate the protection and rescue system that functions in accordance with the Law on Protection and Rescue. Protection and rescue represent a process related to planning, financing, coordinating, and mitigating the consequences, as well as to preparing and responding to natural and technological disasters (Law on Protection and Rescue 2004, Art. 3, Para. 2). Epidemics involving infectious diseases are specifically mentioned in the Law. Articles 34, 35, and 36 of this Law regulate the division of responsibilities in accordance with the provisions of the Law on Local Self-Government, with responsibilities and obligations namely being assigned to municipalities in relation to protection and rescue.

The COVID-19 pandemic has affected all sectors at the local level, including crisis management, protection, and rescue namely for reducing the risks of disasters. Although coordinating the response to the health crisis was realized centrally, the local self-government units had key roles in implementing the immediate response in the area of their municipalities, both by taking response measures and by implementing preventive measures that had rarely been implemented before then (Zilincikova & Stofkova, 2021, pp. 3–4). The system both at the national and local levels had obviously encountered a new and unknown pandemic situation and so had to apply many segments of learning on the go, both in regard to adopting and implementing measures in different municipalities. At the professional-operational level, municipal and regional crisis headquarters were activated in a timely manner and were constantly in session throughout the response and early recovery periods of the pandemic, coordinating the responses, ensuring prevention, and establishing the foundations for a resilient recovery. From the aspects of implementing the existing competencies and coordinating, communicating, and cooperating with the subjects of the crisis management system, the response at the local level can be concluded to have been timely, efficient, and effective and to have included the principle of transparency (Поповски, 2021, pp. 22–23).

As the biggest crisis to have happened in modern times on Macedonian territory and globally, the COVID-19 pandemic negatively affected the functioning of the municipalities and the realization of their responsibilities. The most prominent aspect

was the impact on the delivery of services to citizens, which is closely related to the competences defined in the Law on Local Self-Government. The delivery of communal services was carried out without interruptions and with an increased volume of activities by taking into account the fact that public communal companies were the main resources at the local level for responding to the pandemic. The scope of their responsibilities included such things as disinfecting public areas, institutions, and roads and disposing of communal garbage (Popovski et al., 2020, pp. 49–50). Education during the pandemic took place online during the 2021-2022 academic year with certain exceptions and managed to maintain the necessary level for realizing the educational process (pp. 52–53). In terms of realizing social services for citizens as an addition to the usual services that municipalities delivered under normal conditions, the hiring of volunteers to deliver humanitarian packages and medicine to vulnerable groups of citizens, as well as to persons in quarantine, isolation, or persons afflicted with the disease was particularly noticeable (pp. 50–51). Protection and rescue were realized within the framework of the comprehensive response to the crisis through existing structures, while the health aspect was realized through the priority that was placed on responding to the health crisis by redirecting all available resources and funds. Environmental protection was realized within the municipalities' existing obligations. Urban planning was maintained, and local economic development saw a reduction in the volume of implemented projects, due both to the pandemic and to the prioritization given to responding to the crisis and redistributing funds. On the other hand, services (i.e., cultural, sports, recreation) were seen to have also been put on hold for longer periods of time due to the intensity of the pandemic, the need for physical distancing, and the lack of protocols (p. 50).

2.2 Financial Implications of the COVID-19 Pandemic on Local Government

When dealing with the impact the COVID-19 pandemic had on the functioning of local units and how they carried out their responsibilities, the financial and fiscal components of the implemented activities are the ones most often considered. The COVID-19 pandemic further emphasized the needs to ensure the local government units' greater financial independence from the central government, to define all the additional activities that municipalities had to carry out without an established competence, and to provide funds for their implementation. This was especially expressed with regard to economic support, as the central government adopted measures that directly reflected on the financial inflows of the municipalities, and the pandemic also led to a decrease in the inflow of income to the local units. In principle, the municipalities had set aside their own funds for disinfecting public areas, supporting the local population in dealing with the crisis (especially social cases), investing in equipment, and providing the appropriate services for smoothly conducting online education (3EJIC, 2021, p. 3). Despite these additional financial costs, the

municipalities received no support for practically any of the initial three sets of measures the government of the Republic of North Macedonia had adopted for dealing with the crisis. Only the fourth set of financial measures, which was also undertaken at the central level, determined a change in calculating the basis for financing the local self-government units (OECD, 2021).

Local units' own revenues were the one most affected by the pandemic conditions. The financial impact of COVID-19 did not exceed municipal budgets in the Republic of North Macedonia, with the greatest impact being the reduction in their own individual income. This downward trend regarding the municipalities' own incomes, which depend most greatly on their economic activity, is expected to continue. The decreased income has been caused by reduced income collected from property taxes, taxes from specific services, and taxes from performing activities. In addition, the occurrence of significantly decreased capital expenditures is also understandable. If the trend regarding budgets is maintained at a cumulative level, the municipalities can expect to face lower revenues as well as lower expenses due to the reductions in both capital investments and current expenses (Гарванлиева Андонова et al., 2020, p. 5).

The municipalities in North Macedonia are heavily dependent on transfers from the central government, with these accounting for more than 60% of the municipalities' total revenues. The intergovernmental transfer system has addressed the changes in local government revenue caused by the COVID-19 pandemic by intervening in the distribution of value-added tax transfers. The intervention was carried out by enacting a decree on the distribution of transfers from value-added tax for 2021. With this decree, the reductions expected from these transfers did not occur, and thus a significant change in absolute value compared to the value in the current year became impossible. The local units' expectations regarding expenditures on the budget mostly relate to a reduction in total expenditures. The biggest increase in expenses is observed to have occurred in the expenses intended for municipalities' public enterprises as a result of their reduced incomes accompanied simultaneously by an increased volume of provided services. The municipalities in North Macedonia mostly do not carry out quick analyses of the financial implications on local finances and show a weak connection among strategic plans, financial plans, and emergency responses as well as operational strategies regarding risk management (CEA, 2020, p. 8). However, one should also take into account that the continuation of the intensity of the crisis and the uncertainty surrounding its end, as well as the appearance of an energy crisis, will be able to further deteriorate the financial aspects of the municipalities' works.

3. Diagnosed Challenges for Local Self-Government Units in the Republic of North Macedonia as a Result of the COVID-19 Pandemic

When analyzing the impact the COVID-19 pandemic has had on the local

self-government units, the first challenge that municipalities faced as these units was the insufficient involvement of the strategic, development, program, and planning documents that had been assessed at the local level. In line with this, distinguishing the preparation of these assessments from the municipalities themselves is particularly important because the documents had been prepared at the central level, whereas the councils of the municipalities only adopted them. In this way, the municipalities may not have felt full ownership of the documents, and in most cases they had not been used enough as tools for reducing disaster risks in the strategic and development programs or in areas controlled by the municipalities for making decisions based on the information related to understanding the risks (Поповски, 2021, pp. 27–28). The need for strategic planning in the field of local-level crisis management has been increasingly pronounced in the context of modern risks and threats and complex crises and disasters that are predicted to become more frequent and to have greater intensity in the period after COVID-19. The Republic of North Macedonia has not had much experience with crises or disasters of this kind, and thus building a strategic approach is needed with regard to preventing, mitigating, responding to, and recovering from crises and disasters using a multi-hazard, multi-risk, and multi-sector approach. In this context, following the Sendai Framework for Disaster Risk Reduction is particularly important, as it clearly states that disaster risk reduction is a task for the entire society (United Nations, 2015, p. 13).

Risk assessment is one of the fundamental documents that should ensure that the needs and interests of all citizens, including the most vulnerable, are taken into account and properly addressed so that no one is left behind. (United Nations Development Programme [UNDP], 2018). This document should provide integrated assessments from all competent state authorities about the risks and threats within their jurisdictions. The goal is to enable planned, timely, efficient, and coordinated decision-making and adoption of the necessary guidelines, measures, and activities within the crisis management system at the national and local levels. However, this document is not available to the public. The Law on Crisis Management provides municipalities and the city of Skopje with the obligation to produce such an assessment individually (Law on Crisis Management, 2005, Art. 45). However, the deadline by which institutions should adopt these documents is not foreseen, nor do they have an obligation to update them regularly (Лембовска et al., 2020, p. 15).

The provisions in the Law on Crisis Management stipulate that municipalities at the regional level should establish regional crisis management headquarters, while the Law on Protection and Rescue stipulates that each municipality should establish protection and rescue headquarters; in the case of the response to the pandemic, a large number of municipalities formed municipal crisis headquarters for dealing with COVID-19. However, the legal texts are noted to not comprehensively define the

competences of the headquarters nor to identify the nature of their decisions (i.e., whether they have a mandatory or advisory nature). From the aspect of a practical application, one can notice the lack of financial, material, and technical resources for their work, especially in smaller municipalities (Поповски, 2021, p. 28). The Macedonian legal framework and legal acts date from the time before the Sendai Framework, as well as other global documents for achieving sustainable development, had been adopted in 2015. When adopting new acts or amending and supplementing existing ones, modern trends regarding disaster risk reduction should be integrated that reflect the goals and priorities of the Sendai Framework and sustainable development, and these should also take into account the systemic significance of risk and complex disasters and ensure that pandemic risks and health crises are more properly included. This pandemic crisis has been an opportunity to start a comprehensive process of updating the legal framework, and the main characteristic of resilience involves transforming the system after evaluating the events and ways to respond in order to build a more resilient system.

Crisis management is underfunded in the municipalities' budgets. No separate items are found regarding crisis management in these budgets; however, anticipated expenses can be identified for certain related activities in the sections on prevention, crisis handling, and revitalization. An additional complication involves fund allocation, because this is mostly addressed in terms of after the event, during the response, or during early recovery (Гарванлиева Андонова et al., 2020, p. 51).

Despite of the insufficient budget opportunities, the municipalities in the Republic of North Macedonia still proceeded to take measures. These measures had not just a pronounced financial and fiscal character but also a social component. The local implications of the COVID-19 pandemic showed a high degree of heterogeneity due to the large disparities in the degree of economic development among the individual regions. Such differences can be concluded to a certain extent to have determined the direction and intensity of the measures the municipalities in the individual regions had taken. The heterogeneous character of the municipalities is reflected in the different demographic structures and economic development levels, as well as the significant differences in the labor market. Meanwhile, municipalities also noted significant differences in their fiscal capacities for being able to deal with the challenges caused by the COVID-19 pandemic. Most of the measures taken within the local self-government units were partial in nature. The absence of a systematic approach on how to create measures within the local self-government units was evident in how the local authorities had carried out individual types of measures. The fact that the COVID-19 pandemic was primarily treated as an external shock when creating the measures show how the municipalities had deviated from a balanced approach between optimal economics and protecting the public health, which also represents

an additional burden for the makers of economic policies at the local level. The low level of synchronicity in the creation of the measures that was observed both in the municipalities themselves as well as among them also adds an additional dose of complexity regarding implementing and analyzing the effects of the measures. This results from the large disproportions that are present in development among the individual municipalities, the different material, financial, and personnel capacities of the individual municipalities, as well as the different intensities at which the municipalities were exposed to the COVID-19 pandemic (Бојана Мијовиќ Христовска et al., 2021, pp. 67, 78–79).

The municipalities' ability to deal with the pandemic conditions was made more difficult as a result of the need to decentralize central competencies and establish new competencies in order for municipalities to have all the mechanisms, resources, and capacities needed for prevention, response, and resilient recovery. All of which should be followed by the provision and transfer of adequate financial and human resources. Only in this way can the municipalities be efficient and effective in implementing a prevention plan and responding in a timely manner to the risks in their area. The pandemic conditions showed that some municipalities had efficiently and effectively organized a multisectoral response to the pandemic, even before the robust national mechanism was launched (Поповски, 2021, p. 29). In the context of local competencies and the limited resources and capacities of the largest number of municipalities, one important segment involves inter-municipal cooperation, in addition to the sustainable financing of measures and activities to strengthen resilience. In terms of inter-municipal cooperation, most cases involved fulfilling the minimum obligations regarding the implementation of joint competences, measures, and activities. When considering the fact that dangers do not recognize municipal borders, the portion of inter-municipal cooperation needs to be expanded based on the profiled dangers and the estimated risks for certain municipalities, both in terms of shared competences as well as in terms of the resources required for prevention, preparedness, response, and recovery. The existing frameworks for cooperation between municipalities had neither been formalized nor institutionalized (Китевски et al., 2005, pp. 135–136). Local self-government units being the first entities to prevent crises and the first to respond to changes therefore requires that they be provided with a legal and institutional framework for being able to fully realize their obligations by further decentralizing the responsibilities of crisis management and disaster risk reduction.

Conclusion

The COVID-19 pandemic represents a new systemic risk for countries and local units around the globe. This study has qualitatively and quantitatively evaluated the local-level impacts from COVID-19 in the Republic of North Macedonia in terms of

the resilience of the municipalities and communities, which were on the front line dealing with the pandemic. The study has been able to conclude COVID-19 to have had strong consequences in terms of local finances, with increased expenditures and decreased revenues, new costs to deal with, and the depletion of existing reserves. The delivery of services to citizens is also seen to have been severely affected. Some municipalities were seen to have increased the volume of the services they delivered in the Republic of North Macedonia during the pandemic, some of these doing so digitally, while other municipalities had reduced their services.

The Macedonian crisis management system at the local level generally managed to adapt in a timely manner and continue to function under the new conditions through the organization of professional and operational bodies, by delivering measures and activities for responding to the pandemic, by providing communication and public information to citizens, and by assisting and supporting the most vulnerable. The COVID-19 pandemic has revealed significant legal gaps that need to be overcome by adopting an appropriate legal framework for a state of emergency where clear definitions are provided regarding institutions' roles and responsibilities, the decision-making process, supervision, and control, among other things. Taking steps forward in the medium- and long-term regarding reforms to the crisis management system would be even more significant. The Republic of North Macedonia should also include within the framework of the crisis management system information on coordinating the municipalities and making sure they are fully involved in the early warning and assessment of risks and dangers through clearly defined obligations and responsibilities in order to create strategies and policies for developing local resilience.

From a financial point of view, greater decentralization in the country needs to be insisted upon by analyzing all the pillars (i.e., analyzing the allocation of competencies, income, expenditures, transfers and borrowing). Local units should improve communication with taxpayers and work toward improving tax behavior as a principle of good tax administration. The COVID-19 pandemic showed that the municipalities had not significantly used the budget reserves planned for emergency situations such as an epidemic. In line with this, strategic plans need to be connected with the financial portions of the budgets.

Intermunicipal cooperation and exchanges of opinions, ideas, and practices should be mandatory, even in cases involving a widespread pandemic, and municipalities should improve and redesign their own procedures for consulting with the involved parties. The crisis the COVID-19 pandemic has caused and any crisis in the future cannot be taken as an excuse to bypass this particularly important element while making policies and decisions.

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