

Budget transparency in Croatian counties, cities and municipalities (November 2015 - March 2016)

Ott, Katarina; Bronić, Mihaela; Petrušić, Miroslav; Stanić, Branko

Source / Izvornik: **Newsletter : an occasional publication of the Institute of Public Finance, 2016, 18, 1 - 14**

Journal article, Published version

Rad u časopisu, Objavljena verzija rada (izdavačev PDF)

<https://doi.org/10.3326/nle.2016.107>

Permanent link / Trajna poveznica: <https://urn.nsk.hr/urn:nbn:hr:242:617870>

Rights / Prava: [Attribution-NonCommercial-NoDerivatives 4.0 International/Imenovanje-Nekomercijalno-Bez prerada 4.0 međunarodna](#)

Download date / Datum preuzimanja: **2025-03-10**



Repository / Repozitorij:

[Institute of Public Finance Repository](#)



Budget transparency in Croatian counties, cities and municipalities (November 2015 – March 2016)¹

KATARINA OTT, MIHAELA BRONIĆ, MIROSLAV PETRUŠIĆ, BRANKO STANIĆ

This paper presents the results of a budget transparency analysis for local government units in Croatia, measured by the number of key budget documents published on their respective official websites in the period November 2015-March 2016. The five key documents include: the 2014 year-end report, the 2015 mid-year report, as well as the 2016 budget proposal, enacted budget and citizens budget. The analysis takes into account only the documents available in the relevant period on the days of examining the official websites, while subsequently published documents are excluded. According to this methodology, the level of transparency can range between 0 and 5. Despite being unsatisfactory, the overall average level of budget transparency in local government units improved from 1.75 in the previous to 2.35 in the current research cycle. Counties are very transparent (4.3) on average, while cities are lagging behind (3.05) on average and municipalities are distinctly non-transparent (2.04 on average). Although as many as nine cities and almost a fifth of municipalities did not publish a single document, it is encouraging that: nearly half of all local government units published a larger number of budget documents than in the previous research cycle; that the most transparent local units also include relatively small and poor ones; and that some of the relatively small and poor municipalities have well-designed and easily searchable websites. The analysis results for all counties, cities and municipalities are presented below and can also be further examined on the interactive map.

The Institute of Public Finance (IPF) has analysed budget transparency in Croatian counties, cities and municipalities year after year. This article aims to present the results of the latest analysis covering the period November 2015-March 2016.²

Budget transparency enables citizens to obtain complete, accurate, timely and understandable budget information. It allows them to get informed and contribute to the more efficient collection of public funds and supply of public goods and services, thus increasing accountability of the Government and local government authorities³ and reducing opportunities for corruption.

¹ This work has been supported by Croatian Science Foundation under the project (IP-2014-09-3008).

² The results for previous cycles were published in the articles by Ott, Bronić and Petrušić (2013, 2014 and 2015).

³ Irrespective of the formal distinction among units of local and regional self-government, for the purposes of this article, the term "local government units" includes all 20 counties, 128 cities and 428 municipalities.

The IPF measures the local government units' budget transparency by the number of key budget documents published on the units' official websites. In this research cycle, they include the following:

- 2014 year-end report;
- 2015 mid-year report;
- 2016 budget proposal;
- 2016 enacted budget; and
- 2016 citizens budget.⁴

The intention was to establish the quantity of analysed budget documents and timeliness of their publishing on the local government units' official websites, as well as the quality of the websites.

Despite improvements in the overall average transparency of local government units' budgets (from 1.75 in the previous to 2.35 in the current research cycle), its level was still far from satisfactory. As many as nine cities and almost fifth of municipalities did not publish a single document, and nearly one fifth of all municipalities published only one relevant document.

As regards the average level of transparency for all local government units within a county, the leader was the Karlovac County, followed by the Primorje-Gorski Kotar, Istria and Šibenik-Knin counties. The least transparent were the Split-Dalmatia, Zadar and Osijek-Baranja counties. By types of local government units, on average the most transparent were counties (4.3); cities were significantly less transparent (3.05) and municipalities were generally non-transparent (2.04).

Regrettably, 37% of local government units published the same number of documents as in the previous research cycle and 15% of them even less. It is encouraging; however, that almost half of the total units published more documents than in the previous cycle. In some local units, the number of published documents jumped from zero to as many as five, while in others the situation deteriorated markedly.

According to Article 10 of the **Act on the Right of Access to Information**, public authorities are required to publish on their official websites, in an easily searchable manner and in a machine-readable form, among other things, annual plans, strategies, instructions, work reports, financial reports and other relevant documents relating to the scope of activity of the public authorities, as well as data on the sources of financing, the budget, financial plan or another relevant document showing the public authorities' revenues and expenditures, as well as data and reports on budget execution, financial plan or another relevant document.

In order to comply with the principle of transparency, Article 12 of the **Budget Act** provides that local government units shall publish, in the official gazette or on their respective websites, the budget and budget projections, a decision on interim financing, amendments to the budget, year-end and mid-year reports, as well as annual financial statements. For some of these documents, it is specified which parts of them must be published and by what deadlines.

Referring to the provisions of that Act, the Ministry of Finance, in its **Instructions for Drawing up the Budgets of Local Government Units**, further explains the application of the transparency principle, recommending that, along with their budget proposals, local government units should also compile citizens guides with a view to improving their communication with the public, which can be printed and/or posted on the websites. Through these guides they should provide citizens with simple information on the basic concepts of finance, content of the budget, available sources of financing and proposals for key medium-term programmes, projects and activities. To help local government units, the Ministry of Finance also published a **unique format for citizens guide** which should be produced with the local government units' budgets.

⁴ The publication of the 2014 year-end and 2015 mid-year reports respectively was examined from 3 November to 9 December 2015, and the publication of the budget proposal, enacted budget and citizens budget for 2016 from 1 February to 24 March 2016.

The following chapters explain the basic research rules and the analysis results by type of local government unit and by type of document published. They also examine the trend in budget transparency and availability of specific documents, drawing a comparison between the level of transparency and population and budget revenues of local government units, as well as the quality of budget information to citizens.

BASIC RESEARCH RULES

The same rules were applied in all research cycles⁵. A document is considered to be published if the following conditions are met:

- *Budget proposal* – if a document bearing this title is published on a local government unit's website, either as a 'draft budget proposal' or as part of materials for a meeting.
- *Enacted budget* – if published on a local unit's website. If published in a local unit's official gazette, it is deemed to be published only if there is a clearly stated direct link (e.g. '2016 budget') on the local unit's website to this particular document or the official gazette in which it can be found⁶. Otherwise, the document is not deemed to be published on the local government unit's website. Such a decision was taken in response to frequently inadequate searchability of the official gazettes.
- *Mid-year and year-end reports* – if published on a local unit's website under these titles, or as proposals for mid-year/year-end budget reports, either separately or as part of materials for a meeting. If published in a local unit's official gazette, they are deemed to be published only if there is a clearly stated direct link (e.g. '2015 mid-year report') on the local unit's website to these particular documents or the official gazette in which they can be found.
- *Citizens budget* – if any kind of simplified budget documents intended for citizens have been published on a local government unit's website (budgets in a nutshell, presentations, guides or brochures).

Although some local government units may have published some or all budget documents subsequently, this analysis only involved the documents that were available on the local government units' websites in the observed research periods, i.e. on the days when the websites were examined. For the purposes of this analysis, the subsequently published documents are deemed not to be published.⁷ The observed periods for local government units were already set generously, as the websites were assessed well after the deadlines for publishing the budget documents.⁸ Indeed, timeliness is an essential feature of budget transparency, because, without timely information, citizens cannot participate in the budget processes. There is, of course, a possibility that our researchers failed to find the needed documents, even though they were published, but this only means that citizens would also have had difficulties in finding them, because the documents were not prominently displayed on the local government units' websites.

⁵ A detailed description is provided in Ott, Bronić and Petrušić (2013).

⁶ For local units with no enacted budgets, the same applies to a decision on temporary financing, provided that it contains both general and specific provisions.

⁷ For example, a subsequent inspection, carried out after the research period, found that the last year's most successful municipality (Viškovo) published its 2015 mid-year report with a delay this year. As a result, according to the research rules, it ranked among municipalities with four published budget documents.

⁸ For example, the executive body was supposed to submit the 2014 year-end report to the representative body by 1 June 2015, and the assessment of the local government units' websites started in November 2015.

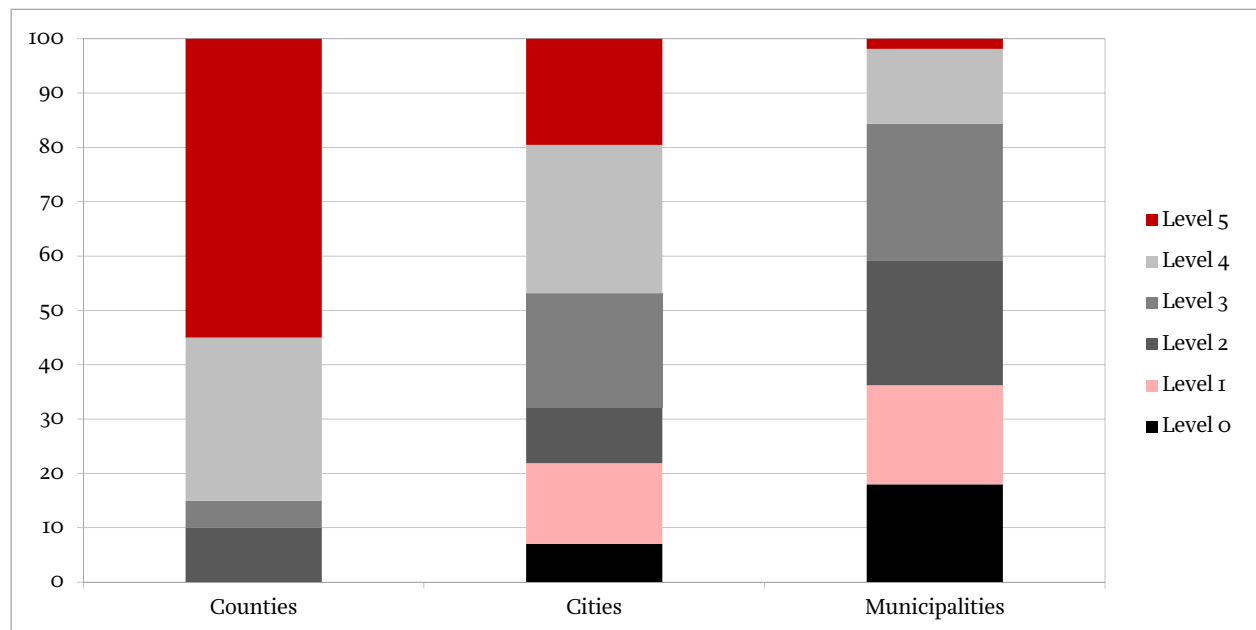
BUDGET TRANSPARENCY IN LOCAL GOVERNMENT UNITS

Graphs 1 and D1 (see p. 13) show a rather uneven and unsatisfactory level of budget transparency in local government units of the Republic of Croatia.

The highest-ranking were counties, with an average level of transparency of 4.3, which means that they published, on average, 4.3 out of five budget documents. According to graph D1a, as many as 11 counties published all five budget documents; six counties published four documents, whereas the Međimurje County lags behind with three, and Sisak-Moslavina and Požega-Slavonia counties with only two published budget documents.

Graph 1

Level of budget transparency in local government units (%)



Source: The authors.

The average level of budget transparency in cities was lower than that in counties (3.05 on average); only 25 out of 128 cities published all five budget documents (see table D1). The most transparent cities on average were in the Karlovac (4.6) and Koprivnica-Križevci (4) counties. The least transparent cities were located in the Osijek-Baranja (1.7) and Zadar (1.8) counties. Regrettably, there were as many as 9 cities with not a single budget document published (Beli Manastir, Ilok, Imotski, Kutjevo, Nin, Pleternica, Sveti Ivan Zelina, Vinkovci and Vrgorac).

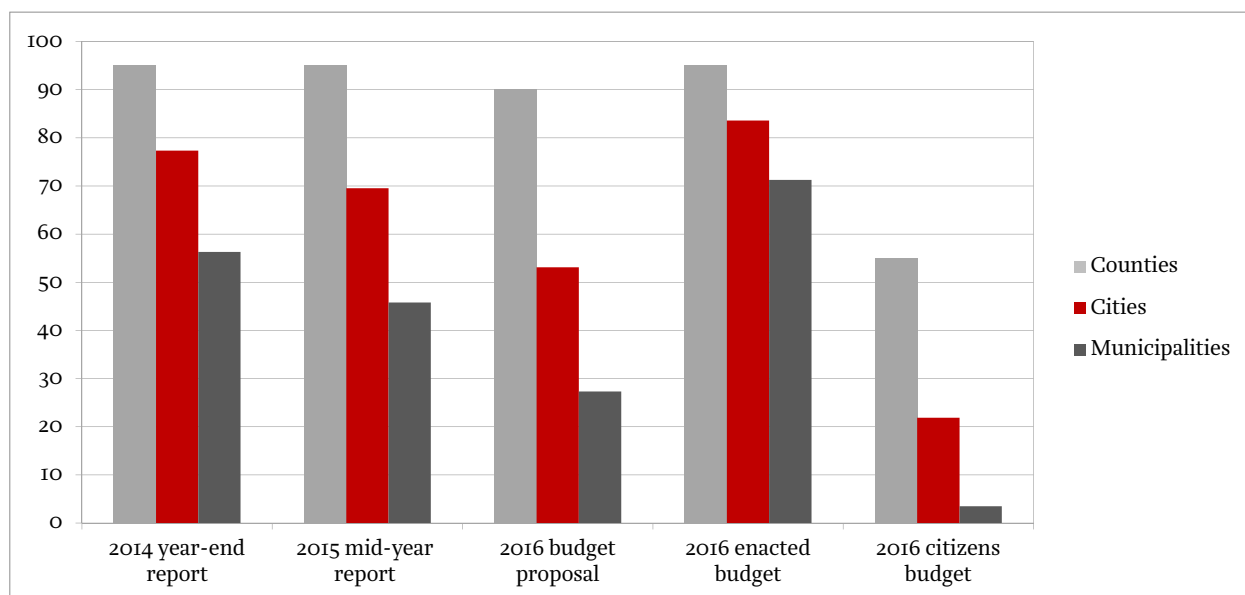
The average level of budget transparency in municipalities was indeed poor and barely satisfactory (2.04). Almost one fifth of all municipalities did not publish a single budget document, and one fifth of them published only one document. However, unlike in the previous research cycle, when only one municipality (Viškovo) had published all five documents, eight municipalities deserved commendation in the current cycle for publishing all five documents, namely Bizovac, Kistanje, Konavle, Kostrena, Lovran, Orehovica, Radoboj and Sveti Križ Začretje. Despite the generally low level of transparency, municipalities were the most transparent in the Karlovac County (2.9), followed by those in the Primorje-Gorski Kotar and Međimurje counties (2.7), and the least transparent in the Split-Dalmatia (1.1) and Bjelovar-Bilogora (1.4) counties.

In terms of the overall average budget transparency for all units within a county (graph D1d)⁹, the most transparent was the Karlovac County (3.3), followed by the Primorje-Gorski Kotar County (3.2). The least transparent were the Split-Dalmatia (1.6) and Zadar (1.7) counties. The Karlovac County deserves commendation as a leader in average budget transparency for all units in its territory, as well as in average budget transparency for cities, in both the current and the previous two research cycles.

AVAILABILITY OF BUDGET DOCUMENTS

As shown in graph 2, by far the most accessible to citizens were budget documents of counties. All counties except for the Požega-Slavonija County published the mid-year reports and all counties except for the Međimurje County published the year-end reports. Of all counties, only the Sisak-Moslavina and Požega-Slavonija counties failed to publish the budget proposals and only the Sisak-Moslavina County failed to publish the enacted budget. Despite the growth in the number of counties with published citizens budgets, almost half of counties still failed to publish them.

Graph 2
Published budget documents (%)



Source: The authors.

Cities were lagging behind the counties considerably, publishing less types of all documents (in percentage terms). The most published were enacted budgets (84%), followed by year-end and mid-year reports (77% and 70% respectively). Budget proposals were published by just over half of total cities and citizens budgets by only one fifth of them, i.e. the following 28 cities: Bakar, Bjelovar, Buje, Buzet, Cres, Crikvenica, Duga Resa, Ivanec, Karlovac, Kastav, Koprivnica, Križevci, Labin, Mali Lošinj, Opatija, Osijek, Ozalj, Pazin, Poreč, Pula, Rijeka, Slavonski Brod, Split, Šibenik, Vodice, Zadar, Zagreb and Županja.

Despite improvements, the availability of budget documents in municipalities continued to be low. The most published in municipalities were enacted budgets (71%), and year-end reports (56%), while mid-year reports were published by less than half, and budget proposals by only about one fourth of total municipalities. Especially serious was the situation with citizens budgets which were published by only 15 municipalities (3.5%). They deserve special mention here and include: Bizovac, Đelekovec, Gola,

⁹ Calculated as the sum of the levels of transparency for a given county and for all cities and municipalities located in that county, divided by the total number of units located in that county, including the county itself.

Kistanje, Konavle, Kostrena, Lovran, Mače, Nuštar, Orehovica, Pitomača, Radoboj, Starigrad, Sveti Križ Začretje and Viškovo.

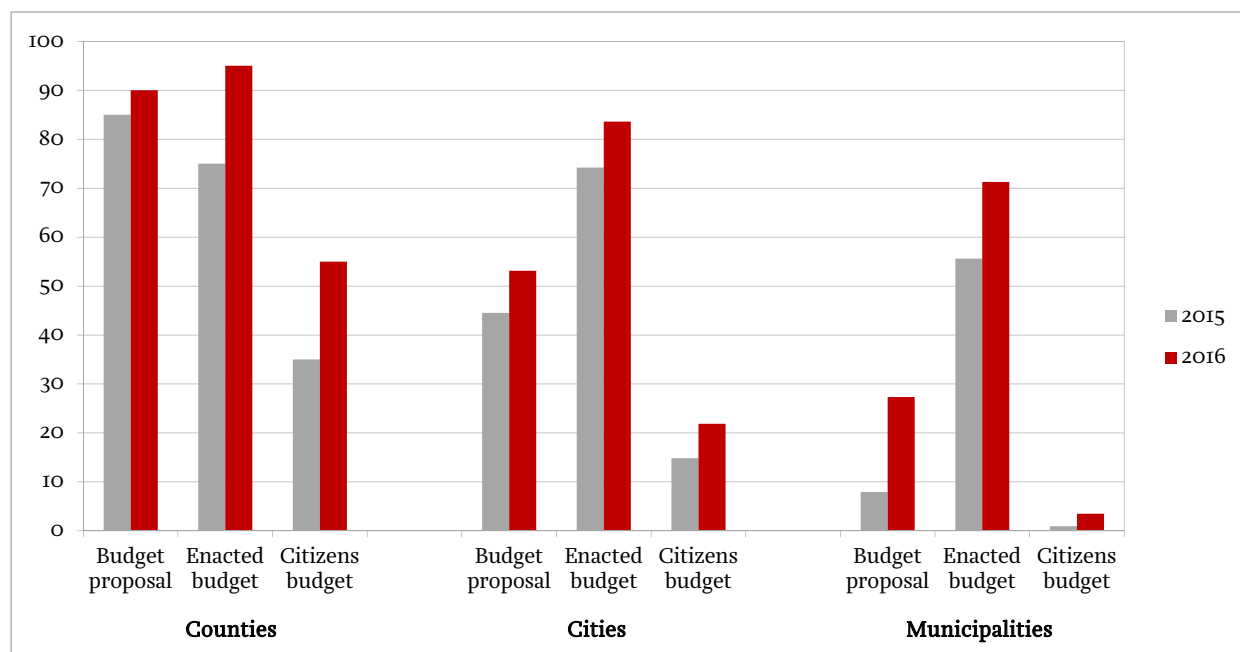
It is worrying that both cities and municipalities were much less inclined to publish budget proposals than enacted budgets (cities: 53% vs. 84%; municipalities: as little as 27% vs. 71%). When it comes to counties, that difference was almost negligible. This means that citizens were put before a ‘fait accompli’ and therefore unable to participate in the planning of the next year’s budget. Equally worrying – especially in the case of municipalities – was the scarce and untimely publishing of budget execution reports: only 56% of municipalities published the year-end reports and only 46% the mid-year reports. Without reports published in a timely manner citizens are unable to monitor budget execution, i.e. the collection and spending of budget funds.

BUDGET TRANSPARENCY STEADILY IMPROVING

Graph 3 is encouraging, as it suggests improvements in budget transparency compared with the previous research cycle: the number of budget proposals, enacted budgets and citizens budgets rose in all types of local government units. Despite the apparent surge in the number of published budget proposals and citizens budgets in *municipalities*, this was very little in percentage terms: only 27% of municipalities published budget proposals (as little as 8% last year), and only 3.5% of them citizens budgets (0.9% last year). When it comes to *cities*, the percentage of published documents grew moderately and about evenly. In *counties*, however, the percentages of published citizens budgets and enacted budgets rose markedly (from 35% to 55% and from 75% to 95% respectively).

Graph 3

Budget documents published in 2015 and 2016 (%)*



* The data on budget proposals, enacted budgets and citizens budgets for 2015 were taken from the previous cycle of this research (Ott, Bronić and Petrušić, 2015).

Source: The authors.

TRANSPARENCY, POPULATION AND BUDGET REVENUES OF LOCAL GOVERNMENT UNITS

The studies to follow will attempt to determine, in an econometric manner, the potential impact of various economic and socio-political variables on the level of transparency in local government units. However, even without any sophisticated analysis, it can be observed that also the most transparent local government units include units with total revenues and per capita revenues, as well as population, considerably below average. On the other hand, some local units with the highest total revenues and per capita revenues did not publish a single budget document.

Most of the top-ranking cities have a below-average population, and there are even very small towns (e.g. Cres, with less than three thousand, or Buzet and Ozalj, with less than seven thousand inhabitants each). There is also a relatively large number of cities which raised below-average, or even very low per capita revenues in 2014 (such as Ivanec, Duga Resa and Ozalj, with half of the average per capita revenues), and most of them also recorded very low total revenues (Ozalj, e.g., eight times less than the average, and Duga Resa and Ivanec about five times less than the average each¹⁰). On the other hand, all cities without a single budget document published have below-average populations (except for Vinkovci), total revenues and per capita revenues.

Orehovica stands out among the "top-ranking" municipalities, with a below-average population, and below-average per capita revenues and total revenues raised in 2014. Other top-ranking municipalities, in terms of per capita and total revenues considerably below the average for all municipalities, include Bizovac and Kistanje, whereas Sveti Križ Začretje has lower per capita revenues than the average for all municipalities. While most of the municipalities without a single budget document published are really small and poor, some of them are well-off, but stand out for their surprising non-transparency. Thus, some municipalities with the highest per capita revenues did not publish a single budget document. Sutivan, for example, ranks fifth, Bol sixth, Kolan seventh and Malinska-Dubašnica eleventh out of 428 Croatian municipalities (all four municipalities had per capita revenues over HRK 10,000, compared with, e.g. Sveti Križ Začretje and Bizovac with about HRK 1,600 each and Kistanje with about HRK 1,700 per capita. Šolta is also a surprise, ranking third in Croatia in per capita revenues, with only one budget document published.

The differences are less pronounced in counties: the Sisak-Moslavina County is somewhere in the middle of the average in terms of both population and total revenues raised in 2014. The Požega-Slavonija County, on the other hand, shares the lowest rank in transparency with the former county, but is the second-last in both population and total revenues. By contrast, the Lika-Senj County, having the smallest population and the lowest total revenues, still published all five budget documents.

Although our further analysis will probably show, as in the previous cycles, that there may be variables affecting budget transparency in all these numerous local government units, this brief overview of the most and least transparent units suggests that even the smallest and poorest of them can achieve maximum transparency, while for some wealthy units, unfortunately, transparency is far from being a priority.

QUALITY OF BUDGET INFORMATION TO CITIZENS

Despite the growth in the number of documents published by local government units and the fact that some of them also have excellent websites, the same problems have been going on for years: a large number of dead website links, slow or even inoperative search engines, slow loading times, oversized official gazettes and documents published in formats that are hard to search; and documents which

¹⁰ Data on the local government units' population and budget revenues in 2014 are available in Ott and Bronić, 2015.

cannot be found even if published. In short, navigation through most websites is difficult, even for skilled researchers, while for ordinary citizens, it is probably near to impossible.

Apart from publishing considerably more documents than cities and municipalities, most counties can boast of well-designed and easy-to-search official websites. Budget documents posted on these websites can normally be found quickly and easily. The **Istria County**, for example, offers its Budget in a Nutshell on the homepage, and the normal budget is also available in a machine-readable format (CSV). Similarly, the **Krapina-Zagorje County** makes available its budgets for several years past in a machine-readable format (Excel). By contrast, those interested in the budget documents of the **Sisak-Moslavina County** will face a challenging task.

Also, a relatively large number of cities have well-organised websites that can be quickly and easily searched (some of them even offer the budgets in a machine-readable format), with well-designed and often interesting citizens budgets. It would be difficult to list all of them, but some really deserve to be mentioned, e.g.: Duga Resa, Karlovac, Ozalj, Ivanec, Kastav, Opatija, Rijeka (with its online educational budgeting game **Proračun(ajme!)**), Slavonski Brod (which provides an opportunity to **participate in the creation of the city budget**), Zadar, Osijek (which even has a special website titled **čistračun**), Šibenik, Županja, Buzet, Labin, Pazin (with a special website titled **Pazi(n), proračun!**, offering budget visualisations and an opportunity to participate in the preparation of even the 2017 budget), Poreč, Pula (with an interactive visualisation titled **PROračun** (budget), allowing numerous analyses and quick responses to questions, and a webpage **for citizens to create the budget**) and Zagreb. Regretfully, there are also bad examples, such as Pleternica, with a website that does not offer a single budget document, or even official gazette.

Average budget transparency in municipalities is barely adequate, which is also true, on average, for their official websites. However, there are some excellent examples deserving a special mention. Particularly well-designed, clearly laid out and up-to-date websites were observed primarily in some municipalities which have published all five documents, such as Kostrena, Lovran, Bizovac, Kistanje, Konavle and Orehovica, but also some municipalities with not all required documents published, e.g. Pisarovina, Kamanje, Lasinja, Netretić, Rakovica, Hlebina, Đulovac, Baška, Viškovo, Pitomača and Jagodnjak.

Regretfully, the websites of some municipalities (e.g. Plaški, Pojezerje and Zažablje¹¹) could not be found during the search, while some were out of function or under construction. Information on some municipalities was only available on the relevant county's website. There were also dangerous websites infected with viruses, while many others either offered no budget information at all, or, if they did, the information was outdated (for example, the "latest" official gazettes dated from 2013). Moreover, there were many sites where it was almost impossible to find budget information, because they were laid out poorly, or the search machines were slow or even inoperative; there were no menus, or the menus could not be opened, or, if they could, there was no content behind the navigation bars.

Another problem is the volatility of the content, or links on the local units' websites. So, for example, the documents that were available on the links of some websites during the course of the research could not be found there any more at the time of writing this article, while such documents have been completely removed from some other websites.

¹¹ The municipality of Plaški has set up a website in the meantime, but the municipalities of Pojezerje and Zažablje had no official websites at the time of writing this article.

CONCLUSIONS

Despite improvements in the overall average budget transparency of local government units, measured by the number of budget documents (2014 year-end report, 2015 mid-year report, as well as the 2016 budget proposal, enacted budget and citizens budget) published on the local units' respective websites in the period from November 2015 to March 2016, its level is barely satisfactory. Namely, it improved from 1.75 in the previous to 2.35 in the current research cycle.

While as many as nine cities and almost one fifth of municipalities failed to publish a single budget document, and one fifth of total municipalities published only one document, it is encouraging that nearly half of all local government units published more documents compared with the previous research cycle. Regrettably, 37% of units published the same number of documents as in the previous research cycle and in 15% of them that number even declined. Nevertheless, two local units deserve commendation: the municipalities of Kostrena and Orehovica, for tremendously improving their scores, as the number of documents they published jumped from zero to five. Special mention also goes to the city of Sisak and municipalities of Bukovlje, Dekanovec, Konavle, Lovran, Pizarovina, Radoboj, Stara Gradiška and Tar-Vabriga, for publishing four documents more than in the previous cycle. While there were no dramatic deteriorations, as many as three documents less than in the previous research cycle were published by the municipalities of: Jelenje, Malinska-Dubašnica, Rasinja and Vela Luka, as well as the city of Našice.

When it comes to counties, the most transparent, as regards the average level of transparency for all local government units located in a county, are the Karlovac and Primorje-Gorski Kotar counties, and the least transparent include the Split-Dalmatia, Zadar, Osijek-Baranja and Bjelovar-Bilogora counties. The following conclusions can be drawn by type of local government units:

- Counties are very transparent (4.3 on average) and are improving from cycle to cycle: as many as 11 counties published all five budget documents. Only the Sisak-Moslavina and Požega-Slavonia counties are lagging behind significantly with two, and the Međimurje County with three published documents.
- Cities are generally less transparent than counties, with an average transparency score as low as 3.05. By far the most transparent on average are cities in the Karlovac County, while the cities in the Koprivnica-Križevci, Primorje-Gorski Kotar and Istria counties are also fairly transparent. Distinctly non-transparent on average are cities in the Osijek-Baranja and Zadar counties, as well as in the Vukovar-Srijem, Požega-Slavonia and Lika-Senj counties.
- Average transparency of municipalities is extremely low (2.04). The most transparent on average are municipalities in the Karlovac County, followed by those in the Međimurje and Primorje-Gorski Kotar counties. The lowest ranking county (in terms of the average level of transparency for all local government units located in a county) is the Split-Dalmatia County, followed by the Bjelovar-Bilogora, Zadar and Zagreb counties. However, while in the previous research cycle only one out of 428 municipalities published all five budget documents, in the observed cycle as many as eight municipalities can boast this, namely Bizovac, Kistanje, Konavle, Kostrena, Lovran, Orehovica, Radoboj and Sveti Križ Začretje.

It is worrying that local government units (with the exception of counties) continue to be less inclined to publish budget proposals than enacted budgets, so that citizens are put before a 'fait accompli' without an opportunity to participate in the planning of the next year's budgets. Equally worrying – especially in the case of municipalities – is the scarce and untimely publishing of mid-year and year-end reports, as this prevents citizens from monitoring the collection and spending of budget funds.

Despite common complaints of the shortage of funds, among the most transparent local government units there were units with total and per capita revenues, as well as populations markedly below the

average. On the other hand, some local units with the highest total and per capita revenues did not publish a single budget document.

A fair number of local government units can boast of their well-designed and laid out, and easily searchable websites that provide quick and easy access to budget documents, even in machine-readable formats. However, there are also municipalities with no websites at all, or with websites that are hard to navigate, even for skilled researchers, not to speak of ordinary citizens.

You can also visit the interactive map of budget transparency of all counties, cities and municipalities.

RECOMMENDATIONS

Contrary to the Act on the Right of Access to Information, Budget Act, instructions for drawing up the local government units' budgets, and the proposed format of citizens guides accompanying the budgets of local government units, a large number of local government units publish budget documents in an inadequate measure, which is even more true for citizens guides to the budget. Therefore, the Ministry of Finance, in co-ordination with the Ministry of Public Administration, should re-enforce those regulations, i.e. *clearly provide that all budget documents, including citizens budgets accompanying at least budget proposals, be published in a complete form no later than the time when submitted by the executive body to the representative body, and that enacted budgets be published at the time of enactment*. Only this would ensure citizens' participation in the budget processes. Moreover, it is necessary to *determine and enforce penalties for local government units' officials for non-compliance with these regulations*.

In order to provide the public with an insight into the local units' complete financial operations, the Ministry of Finance, in co-ordination with the Ministry of Public Administration, should also *determine and regulate the financial data publication for all legal entities in majority direct or indirect ownership of local government units, as well as institutions founded by the local units, unless these data are presented in the local units' budgets*.

The Ministry of Finance's website should necessarily contain an archive (as long as possible time series) of all local government units' balance sheets (such as the **existing archive** of their respective budgets:), as well as *an archive (with as long as possible time series) of income statements and balance sheets of all legal entities in majority direct or indirect ownership of local government units, as well as institutions founded by the local units, unless these data are presented in the local units' budgets*.

Transparency should not be merely a budget principle 'good to be followed', but a statutory obligation of all local government units, including central government. This is due to the fact that, according to the Open Budget Index 2015, calculated by the Washington-based Open Budget Partnership for about a hundred countries, the Croatia's central government budget transparency deteriorated in the last research cycle (**Bronić and Urban, 2015**). Therefore, to be persuasive in requiring from local government units to improve the transparency of their respective budgets, the *Ministry of Finance and Government should also increase the central government's budget transparency*, i.e. publish in a timely manner complete budget documents, including citizens guides, pertaining to each key budget document, from economic and fiscal policy guidelines to mid-year and year-end reports. This will show the local government units how important budget transparency is for the efficient and equitable collection and spending of public funds.

However, given that a considerable number of local government units are already very transparent even without the adequate budget transparency of the central government and without its coercion, *the local units lagging behind should look up to the highest-ranking ones, learn from their examples and adopt their best practices in budget transparency and citizens' participation in budgeting*.

As, according to this research, a fair number of local government units delayed the publication of the documents, *it is of vital importance that the local units' complete budget documents, including citizens budgets, are published at the time of their submission by the executive body to the representative body, and the enacted budgets at the time of their enactment.* This is the only way of providing citizens with timely information for their participation in the budget processes.

It is essential that absolutely all local government units have official websites, that they are well designed and that they provide easy access to budget documents.

The Croatian County Association, Association of Cities and Association of Municipalities could play a key role in promoting budget transparency and citizens' participation. They should raise the awareness of their members (counties, cities and municipalities) of the importance of budget transparency for improving communication with the public, promoting the accountability of local government authorities and boosting public confidence in how local funds are collected and spent.

Naturally, the general public itself, i.e. citizens, the media, civil society organisations, entrepreneurs, etc., should call for greater budget transparency in local government units where it is currently inadequate, and use every opportunity to get informed and participate in those units where this is already possible.

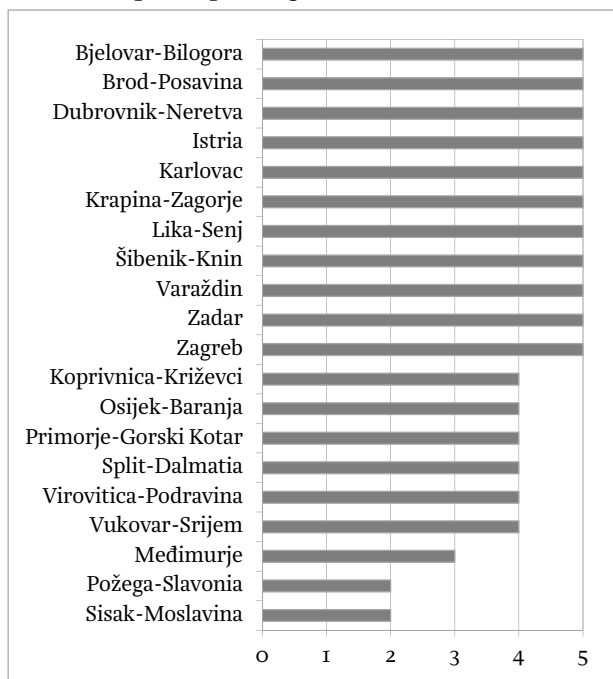
Given a series of previously published analyses, e.g. of **budget outturns**, **indebtedness**, or **the use of EU grants**, one should hope that this analysis of the local units' budget transparency will also be helpful in designing a reform of the country's territorial and fiscal organisation. For, reaching the necessary consensus of all interested parties on the implementation of such a reform requires public participation, and *the public can effectively participate only if they have access to complete and timely information on the budget and budget process, and if mechanisms are in place to enable such participation.*

ANNEX

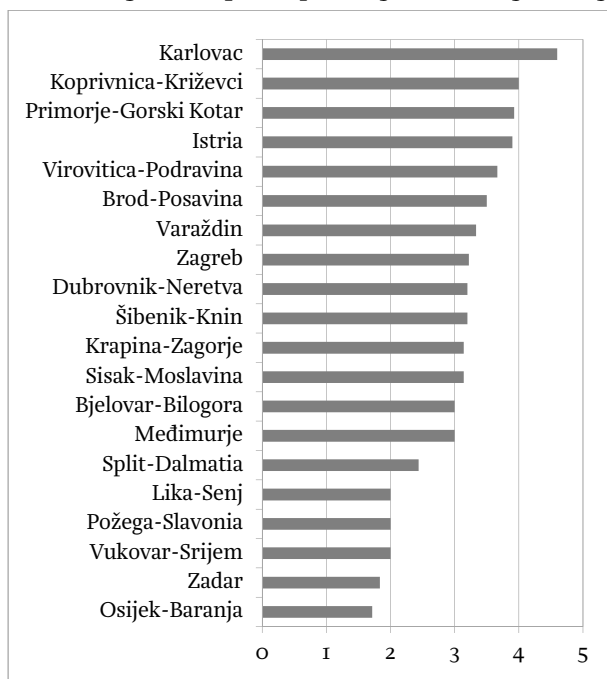
Graph D1

Budget transparency in local government units (by number of documents published)

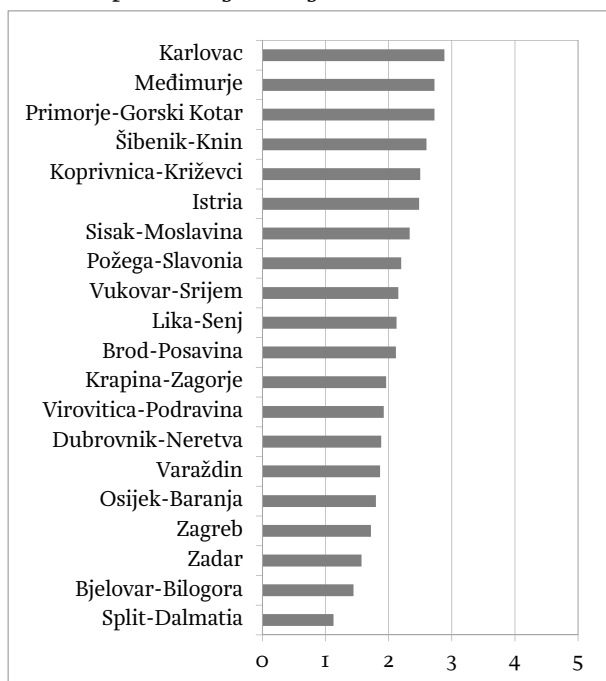
D1a Level of transparency in counties



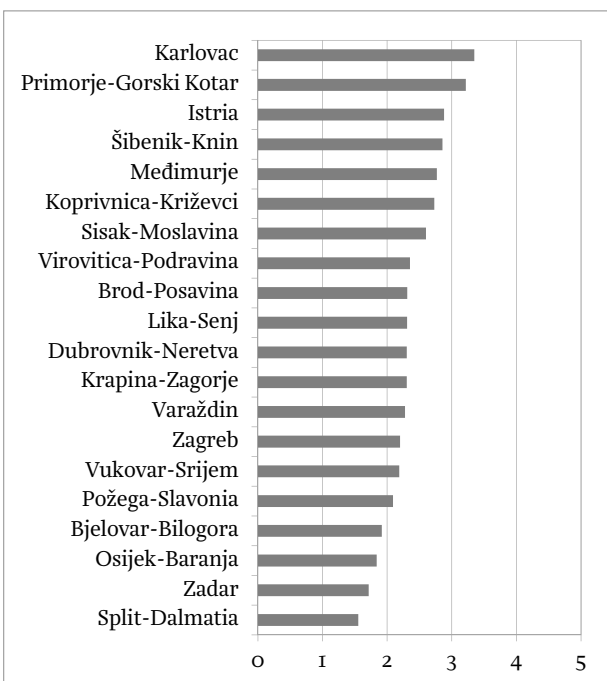
D1b Average level of transparency in cities (by county)



D1c Average level of transparency in municipalities (by county)



*D1d Overall average level of transparency in counties**



* The sum of the levels of transparency for a particular county and for all cities and municipalities located in that county, divided by the total number of units in the county, including the county itself.

Source: The authors.

Table D1*Level of budget transparency in counties, cities and municipalities (by number of documents published)*

Number of documents published	Local government units
5	Counties Bjelovar-Bilogora, Brod-Posavina, Dubrovnik-Neretva, Istria, Karlovac, Krapina-Zagorje, Lika-Senj, Šibenik-Knin, Varaždin, Zadar and Zagreb
	Cities Bjelovar, Buzet, Cres, Crikvenica, Duga Resa, Ivanec, Karlovac, Kastav, Koprivnica, Labin, Mali Lošinj, Opatija, Osijek, Ozalj, Pazin, Poreč, Pula, Rijeka, Slavonski Brod, Split, Šibenik, Vodice, Zadar, Zagreb and Županja
	Municipalities Bizovac, Kistanje, Konavle, Kostrena, Lovran, Orehovica, Radoboj and Sveti Križ Začretje
4	Counties Koprivnica-Križevci, Osijek-Baranja, Primorje-Gorski Kotar, Split-Dalmatia, Virovitica-Podravina and Vukovar-Srijem
	Cities Bakar, Buje, Čakovec, Delnice, Drniš, Dubrovnik, Garešnica, Glina, Hrvatska Kostajnica, Hvar, Ivanić-Grad, Jastrebarsko, Kaštela, Klanjec, Korčula, Križevci, Krk, Lepoglava, Lipik, Makarska, Novigrad, Ogulin, Orahovica, Pregrada, Rab, Sisak, Slunj, Sveta Nedelja, Trogir, Varaždin, Velika Gorica, Virovitica, Vukovar, Zaprešić and Zlatar
	Municipalities Antunovac, Babina Greda, Baška, Bebrina, Bedekovčina, Belica, Brodski Stupnik, Bukovlje, Dekanovec, Drnje, Đulovac, Fažana, Generalški Stol, Gračac, Gračišće, Grožnjan, Hlebina, Josipdol, Kali, Kalinovac, Kamanje, Kloštar Ivanić, Konjščina, Krapinske Toplice, Križ, Kršan, Legrad, Lipovljani, Martijanec, Matulji, Molve, Mošćenička Draga, Netretić, Okrug, Pirovac, Pisarovina, Pitomača, Privlaka, Punat, Rakovica, Raša, Ribnik, Ružić, Selca, Stara Gradiška, Stari Jankovci, Starigrad, Strahoninec, Stubičke Toplice, Sukošan, Sunja, Sveta Nedelja, Tar-Vabriga, Trpanj, Udbina, Vinodolska općina, Viškovo, Vrbnik and Vuka
3	Counties Međimurje
	Cities Daruvar, Donja Stubica, Donji Miholjac, Dugo Selo, Đurđevac, Komiža, Krapina, Kutina, Metković, Novi Vinodolski, Novska, Omiš, Opuzen, Pakrac, Petrinja, Požega, Prelog, Samobor, Senj, Slatina, Solin, Supetar, Umag, Varaždinske Toplice, Vrbovec, Vrbovsko and Zabok
	Municipalities Barban, Barilović, Beretinec, Bistra, Blato, Borovo, Brdovec, Brestovac, Breznički Hum, Brinje, Brtonigla, Cernik, Cestica, Cviljane, Crnac, Čadavica, Čavle, Desinić, Dobrinj, Donji Andrijević, Donji Kraljevec, Draganić, Drenovci, Đelekovec, Erdut, Ernestinovo, Ferdinandovac, Feričanci, Funtana, Garčin, Gola, Goričan, Gornja Vrba, Gornji Kneginec, Gornji Mihaljevec, Gradac, Gradina, Hercegovac, Hrvatska Dubica, Jagodnjak, Jarmina, Klakar, Klana, Koprivnički Bregi, Koška, Kotoriba, Krašić, Lasinja, Ližnjan, Lobor, Lovinac, Luka, Lukač, Lumbarda, Lupoglav, Ljubešćica, Mače, Mala Subotica, Mali Bukovec, Martinska Ves, Maruševec, Medulin, Motovun, Muć, Nijemci, Novo Virje, Nuštar, Omišalj, Perušić, Petrijevci, Pićan, Podcrkavlje, Podgorač, Podravske Sesvete, Podturen, Popovac, Primorski Dolac, Promina, Rakovec, Ravna Gora, Satnica Đakovačka, Seget, Sirač, Slavonski Šamac, Staro Petrovo Selo, Ston, Stupnik, Suhopolje, Sveta Marija, Sveti Filip i Jakov, Sveti Lovreč, Sveti Martin na Muri, Šodolovci, Štitar, Tompojevci, Topusko, Tounj, Tribunj, Trnovec Bartolovečki, Trpinja, Unešić, Velika, Vir, Vladislavci, Vođinci, Vojnić, Vrpolje and Žminj
2	Counties Požega-Slavonia and Sisak-Moslavina
	Cities Benkovac, Biograd na Moru, Grubišno Polje, Kraljevica, Ludbreg, Mursko Središće, Nova Gradiška, Novalja, Novi Marof, Otočac, Ploče, Rovinj and Stari Grad
	Municipalities Andrijaševci, Bale, Bednja, Berek, Biskupija, Bosiljevo, Brela, Brod Moravice, Buđinščina, Cetingrad, Čaglin, Dežanovac, Domašinec, Donja Dubrava, Donja Motičina, Donji Kukuruzari, Donji Vidovec, Dragalić, Drenje, Dubrava, Ervenik, Gradec, Gundinci, Gunja, Hum na Sutli, Jasenovac, Jesenje, Kalnik, Kanfanar, Kapela, Kaptol, Karolja, Kijevo, Klis, Kneževi Vinogradi, Končanica, Koprivnički Ivanec, Kravarsko, Krnjak, Kula Norinska, Lanišće, Lečevica, Lovas, Magadenovac, Majur, Marčana, Markušica, Mljet, Mrkopalj, Novigrad, Novigrad Podravski, Oprisavci, Oprtalj, Orebić, Peteranec, Petlovac, Podgora, Polača, Poličnik, Postira, Preko, Pribislavec, Primošten, Pušća, Rogoznica, Saborsko, Sali, Selnica, Semeljci, Skrad, Slivno, Smokvica, Sokolovac, Sračinec, Stari Mikanovci, Sveti Ivan Žabno, Sveti Juraj na Bregu, Sveti Petar Orehovec, Šandrovac, Šenkovec, Štrigova, Tisno, Tovarnik, Tuhelj, Velika Ludina, Veliki Grđevac, Veliko Trgovišće, Vidovec, Viljevo, Vinica, Virje, Vižinada, Voćin, Vratišinec, Vrbanja, Vrhovine, Zemunik Donji and Žakanje
1	Cities Belišće, Čabar, Čazma, Đakovo, Gospić, Knin, Našice, Obrovac, Oroslavje, Otok (Vinkovci), Pag, Popovača, Sinj, Skradin, Trilj, Valpovo, Vis, Vodnjan and Vrljica
	Municipalities Baška Voda, Bilice, Bogdanovci, Bošnjaci, Cerna, Cerovlje, Cista Provo, Čačinci, Čeminac, Davor, Donja Voća, Donji Lapac, Dubravica, Dubrovačko primorje, Dugopolje, Dvor, Đurmanec, Farkaševac, Galovac, Gornja Rijeka, Gradište, Gvozđ, Ivankovo, Ivanska, Jakšić, Janjina, Jelsa, Kukljica, Kumrovec, Lastovo, Lekenik, Lopar, Lovreč, Marija Gorica, Marijanci, Marina, Milna, Murter, Nedelišće, Negoslavci, Nova Bukovica, Okučani, Oriovac, Otok, Pakoštane, Petrijanec, Petrovsko, Plitvička Jezera, Podstrana, Pokupsko, Posedarje, Preseka, Privlaka (Vukovar-Srijem), Pučišća, Ražanac, Rešetari, Sikirevci, Sopje, Strizivojna, Sveti Đurd, Sveti Ilija, Sveti Petar u Šumi, Svetvinčenat, Šestanovac, Šolta, Tkon, Velika Pisanica, Velika Trnovitica, Veliki Bukovec, Veliko Trojstvo, Višnjan, Vrbje, Vrsar, Zadvarje, Zagvozd, Zdenci, Zlatar Bistrica and Župa dubrovačka
	Cities Beli Manastir, Ilok, Imotski, Kutjevo, Nin, Pleternica, Sveti Ivan Zelina, Vinkovci and Vrgorac
0	Municipalities Bedenica, Bibinje, Bilje, Bol, Brckovljani, Breznica, Čepin, Darda, Dicmo, Draž, Dugi Rat, Đurđenovac, Fužine, Gorjani, Gornja Stubica, Gornji Bogičevci, Hrašćina, Hrvace, Jakovlje, Jalžabet, Jasenice, Jelenje, Karlobag, Kaštelir-Labinci, Klenovnik, Klinča Sela, Kloštar Podravski, Kolan, Kraljevec na Sutli, Levnjska Varoš, Lišane Ostrovičke, Lokve, Lokvičići, Malinska-Dubašnica, Marija Bistrica, Mihovljan, Mikleuš, Nerežišća, Nova Kapela, Nova Rača, Novi Golubovec, Orle, Pašman, Plaški, Podbablje, Podravska Moslavina, Pojezerje, Povljana, Prgomet, Proložac, Punitovci, Rasinja, Rovišće, Rugvica, Runovići, Severin, Sibinj, Stankovci, Sućuraj, Sutivan, Škabrnja, Špišić Bukovica, Štefanje, Tinjan, Tordinci, Trnava, Tučepi, Vela Luka, Velika Kapanica, Visoko, Viškovci, Vrsi, Zagorska Sela, Zažablje, Zmijavci, Zrinski Topolovac and Žumberak

REFERENCES

- Bronić, M. and Urban, I., 2015. National budget transparency – deterioration in the quality and comprehensiveness of government revenue and expenditure information. **Press Release, No. 85.**
- Ott, K., Bronić, M. and Petrušić, M., 2013. Budget transparency in Croatian counties, cities and municipalities. **Newsletter, No. 81.**
- Ott, K., Bronić, M. and Petrušić, M., 2014. Budget transparency in Croatian counties, cities and municipalities in 2013/14. **Newsletter, No. 87.**
- Ott, K., Bronić, M. and Petrušić, M., 2015. Budget transparency in Croatian counties, cities and municipalities (November 2014 – March 2015). **Newsletter, No. 97.**