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# Budget transparency in Croatian counties, cities and municipalities (November 2016-March 2017)<sup>1</sup>

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*The overall average level of budget transparency in Croatian local government units, measured by the number of budget documents published on their respective official websites, has improved year by year. In the current research cycle, it averages 3.1 (the maximum rank is 5), with counties already being very transparent (4.6 on average), cities fairly good (3.7 on average), but municipalities still inadequately transparent (2.8 on average). Despite the relatively solid averages, there are too many extremely non-transparent local government units. Four cities (Gospić, Imotski, Valpovo and Vrgorac) and as many as 39 municipalities have not published a single budget document that we were searching for, and another seven cities and 50 municipalities have published only one such document each. As in previous years, the most transparent local government units include very sparsely populated ones, such as Ribnik and Dekanovec, and local government units with low per capita income (e.g. Jarmina and Đelekovec). On the other hand, among the least transparent local government units there are units with very high total and per capita budget revenues (e.g. Sutivan, Šolta, Dugopolje and Bol). Detailed results for all counties, cities and municipalities are given later in the text and are also available on the interactive map and in the Excel table.*

The Institute of Public Finance (IPF) has analysed budget transparency in Croatian counties, cities and municipalities year after year. This article presents the results of the latest analysis covering the period November 2016-March 2017.<sup>2</sup>

Budget transparency implies having an insight into complete, accurate, timely and understandable budget information. Publishing budgets in a transparent manner allows citizens to contribute to the more efficient collection of public funds and supply of public goods and services, to increase accountability of the Government and local government authorities and thus to reduce opportunities for corruption.

For the purposes of this research, budget transparency is measured by the number of key budget documents published on the official websites of Croatian local government units<sup>3</sup> which, in this research cycle, include the following:

<sup>1</sup> This research was funded by Croatian Science Foundation under the project IP-2014-09-3008.

<sup>2</sup> The results for previous cycles were published in the articles by Ott, Bronić and Petrušić (2013, 2014 and 2015), as well as the article by Ott, Bronić, Petrušić and Stanić (2016).

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

- 2015 year-end report;
- 2016 mid-year report;
- 2017 budget proposal;
- 2017 enacted budget; and
- 2017 citizens budget.<sup>4</sup>

The aim of the research was to establish the quantity of budget documents published on the local government units' official websites, without detailed analysis of their contents. Naturally, the publication of all five budget documents on a local government unit's website implies neither the absolute budget transparency of that unit nor the absolute accountability of its authorities. However, the publication of the documents at least shows compliance with the Budget Act and Act on the Right of Access to Information, and it is the first step towards full budget transparency, as a necessary prerequisite for active citizens' participation in making decisions about the collection and spending of local funds.

The overall average budget transparency in local government units, measured by the number of published budget documents, has improved year by year, growing from 1.8 in the first, to 2.4 in the second and 3.1 in the current research cycles. However, the number of non-transparent local government units is still excessive. Four cities (Gospić, Imotski, Valpovo and Vrgorac) and as many as 39 municipalities have not published a single document, whereas another seven cities (Beli Manastir, Kutjevo, Otok, Petrinja, Pleternica, Senj and Vodnjan) and no less than 50 municipalities have published only one document each (see table D1).

As regards the average level of transparency for all local government units within a county, the leader is the Primorje-Gorski Kotar County, followed by the Karlovac County; the least transparent are the Split-Dalmatia, Lika-Senj, Zadar and Osijek-Baranja counties. By types of local government units, counties are very transparent on average (4.6); the average transparency level in cities is relatively satisfactory (3.7), but that in municipalities is still unsatisfactory (2.8).

Around 30% of all local government units published the same number of documents as in the previous research cycle, and 13% of them even less. In the current cycle, only one local government unit (the municipality of Lovinac) published as many as 3 documents less than in the previous cycle.

Nevertheless, it is encouraging that a considerable number of local government units, i.e. 10 counties, 21 cities and 5 municipalities, maintained the highest level of budget transparency, notably the municipalities of Kistanje, Konavle, Kostrena, Radoboj and Sveti Križ Začretje. Almost half of total local government units published more documents than in the previous research cycle, whereas in four municipalities (Fužine, Gornja Stubica, Marija Bistrica and Tučepi), the number of published documents jumped from zero (in both of the previous cycles) to as many as five. Some cities (Ilok, Oroslavje, Sveti Ivan Zelina and Vinkovci) and municipalities (Bilje, Brckovljani, Cerna, Draž, Dubravica, Đurmanec, Gornja Rijeka, Klinča Sela, Lokve, Lopar, Malinska-Dubašnica, Sibinj, Velika Pisanica and Veliko Trojstvo) also deserve to be commended for publishing four documents more than in the previous cycle.

Below is an explanation of the basic research rules and the analysis results by type of local government unit and type of document published. Also examined are trends in budget transparency and the accessibility of specific documents. A comparison is drawn between the levels of transparency and local government units' populations and budget revenues, and the quality of online budget information to citizens is discussed. The article ends with conclusions and recommendations.

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<sup>4</sup> The publication of the 2015 year-end and 2016 mid-year reports was examined from 2 November to 22 December 2016, and the publication of the 2017 budget proposals, enacted budgets and citizens budgets from 1 February to 26 March 2017. Before that, i.e. on 10 October 2016, an e-mail message was sent to all local government units, informing them of the time and manner of examining their respective websites. Some local government units requested additional explanations in this respect, while others did not even know what a citizens budget was!

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, work reports, financial reports and other relevant documents relating to their respective scopes of activity, 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 the execution of the budget, financial plan or another relevant document.

In compliance with the principle of transparency, Article 12 of the [Budget Act](#) provides that local government units shall publish, in the official gazettes, their respective budgets and budget projections, decisions on interim financing, amendments to the budgets, as well as the general and specific part of their year-end and mid-year reports. The said article further provides that the mid-year and year-end reports, as well as the annual financial reports shall also be published on the local government units' official websites.

Moreover, [the Ministry of Finance, on its official website](#), further explains the application of the transparency principle, recommending that, to improve communication with citizens, local government units should publish budget proposals on their respective official websites, while citizens guides could be printed and/or posted on the websites. In order to facilitate that task, the Ministry of Finance has also published a [single format for citizens guides](#) to be produced along with the local government units' budgets.

## BASIC RESEARCH RULES

The same rules were applied in all research cycles<sup>5</sup>. 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, or if there is a clearly stated direct link to a website containing that document.
- *Enacted budget* – if published on a local government unit's website or if there is a clearly stated direct link to a website containing that document. If published in a local government unit's official gazette, it is deemed to be published only if there is a clearly stated direct link (e.g. 'the 2017 budget') on the local government unit's website to this particular document, or the official gazette in which it can be found<sup>6</sup>. 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 official gazettes.
- *Mid-year and year-end reports* – if published on a local government unit's website under those titles, or as proposals for (drafts of) mid-year/year-end budget reports, as part of materials for a meeting, or if there is a clearly stated direct link to the websites containing such documents. If published in a local government unit's official gazette, they are deemed to be published only if there is a clearly stated direct link (e.g. 'the 2016 mid-year report') on the local government 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, has been published on a local government unit's website (e.g. budgets in a nutshell, presentations, guides or brochures), or if there is a clearly stated direct link to the websites containing such documents.

For the purposes of this project, budget proposals, enacted budgets (including decisions on interim financing) and mid-year and year-end budget reports are recognised even if they contain only the specific

<sup>5</sup> A detailed description is given in Ott, Bronić and Petrušić (2013).

<sup>6</sup> For local government units with no enacted budgets, the same applies to the decision on interim financing, provided that it contains at least the specific part.

parts and no general parts. However, local government units should be aware that this is by no means considered good practice, because such documents only show expenditures and outlays, but not budget revenues and receipts nor deficit or surplus.

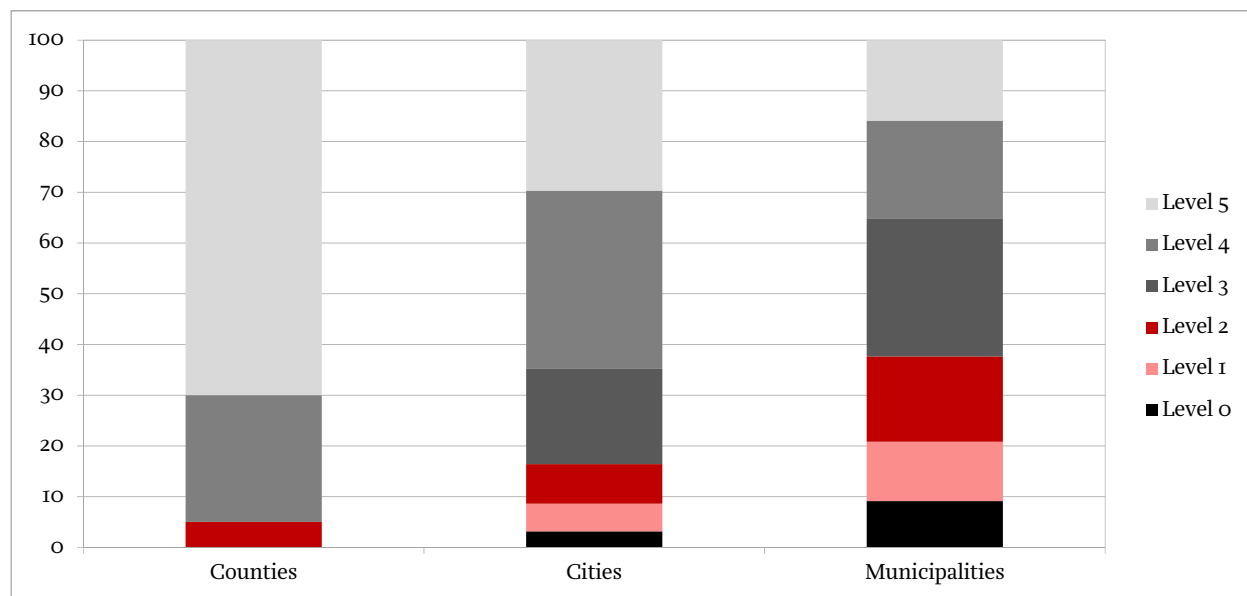
Although some local government units may have subsequently published some or all budget documents, this analysis only considers the documents that were available on the local government units' websites in the observed research periods, i.e. on the days when the websites were examined. The subsequently published documents are deemed not to be published<sup>7</sup>. The observed periods for local government units were already set generously, as the websites were assessed well after the preparation deadlines for budget documents<sup>8</sup>. At this point, it should be noted that timeliness is one of the key features of budget transparency, because, without timely information, citizens cannot participate in the budget processes. Of course, there is always a possibility that the researchers could not find the needed documents, even though they were published, but this only means that the documents were not prominently displayed on the local government units' websites and that citizens would also have had difficulties in finding them.

### BUDGET TRANSPARENCY IN LOCAL GOVERNMENT UNITS

Graphs 1 and Table D1 (see p. 12) show a very uneven and unsatisfactory level of budget transparency in Croatian local government units.

#### Graph 1

Level of budget transparency in local government units (%)



Source: The authors.

Counties are by far the best, with an average level of budget transparency of 4.6, which means that they published 4.6 out of five budget documents on average. According to graph D1a, as many as 14 counties published all five documents; five counties published four documents, and only the Požega-Slavonia County published as little as two documents.

<sup>7</sup> For example, at the time of research, the municipality of Lokvičići did not even have an official website, but it was found during a subsequent inspection outside the research period (on 6 April 2017), together with the municipality's 2017 enacted budget.

<sup>8</sup> For example, the executive body was supposed to submit the 2016 mid-year report to the representative body by 15 September 2016, and the assessment of the local government units' websites started as late as 2 November 2016.

Although lower than that in counties, the average level of budget transparency in cities is almost 'very good' (3.7). Given 38 top-ranking cities (see Table D1), there is also a great percentage difference between cities and counties with five published documents (30% vs. 70%). The most transparent cities on average are located in the Krapina-Zagorje (4.6) and Brod-Posavina (4.5) counties. The least transparent cities are in the Lika-Senj (1.8), Požega-Slavonia (2.2) and Osijek-Baranja (2.6) counties (see graph D1b).

The average transparency in municipalities is still unsatisfactory (2.8). However, unlike in the previous research cycle, when almost a fifth of municipalities failed to publish a single document, there were only 9% of such municipalities in the current cycle. Significant progress was also made in the number of municipalities publishing all five documents: from only one (Viškovo) in the first research cycle to eight (Bizovac, Kistanje, Konavle, Kostrena, Lovran, Orehovica, Radoboj and Sveti Križ Začretje) in the second and as many as 68 in the third cycle (see table D1). The highest-ranking municipalities in terms of transparency were in the Primorje-Gorski Kotar (4), Karlovac (3.7) and Koprivnica-Križevci (3.6) counties, and by far the lowest-ranking in the Split-Dalmatia (1.5), Zadar (2.2) and Dubrovnik-Neretva (2.3) counties (see graph D1c).

In terms of the overall average budget transparency for all local government units within a county (graph D1d)<sup>9</sup>, the leader is the Primorje-Gorski Kotar County (4.2), followed by the Karlovac (3.9) and Koprivnica-Križevci (3.6) counties. The Split-Dalmatia County sticks out as the least transparent county (2), followed by the Lika-Senj, Zadar and Osijek-Baranja counties (about 2.5 each).

To clarify the difference among graphs D1a to D1d, it should be noted that while, for example, the Zadar County is distinctly transparent (5) and has an excellent website and citizens budgets produced with each budget document, the municipalities in its territory are distinctly non-transparent (2.2 on average), so that the overall average level of transparency in the Zadar County is low (2.5). A similar situation is found in the Lika-Senj County (5), which has a low overall average level of transparency (2.5), owing to extremely low transparency rankings of the cities in its territory (1.8 on average).

## **ACCESSIBILITY OF BUDGET DOCUMENTS**

As shown in graph 2, the most accessible to citizens were budget documents in counties. All counties published year-end reports and enacted budgets; all of them, except the Požega-Slavonia County, published mid-year reports and budget proposals. However, as many as six counties failed to publish citizens budgets.

Cities lagged behind the counties, publishing fewer documents in percentage terms. The most frequently published were enacted budgets (91%), year-end and mid-year reports (88% and 82% respectively) and budget proposals (68%). Regretfully, as little as 38% of cities published citizens budgets.

Municipalities mostly published enacted budgets (82%) and, to a much lesser extent, year-end and mid-year reports (69% and 65% respectively). It is a pity that only less than half of municipalities published budget proposals and barely a fifth of them citizens budgets.

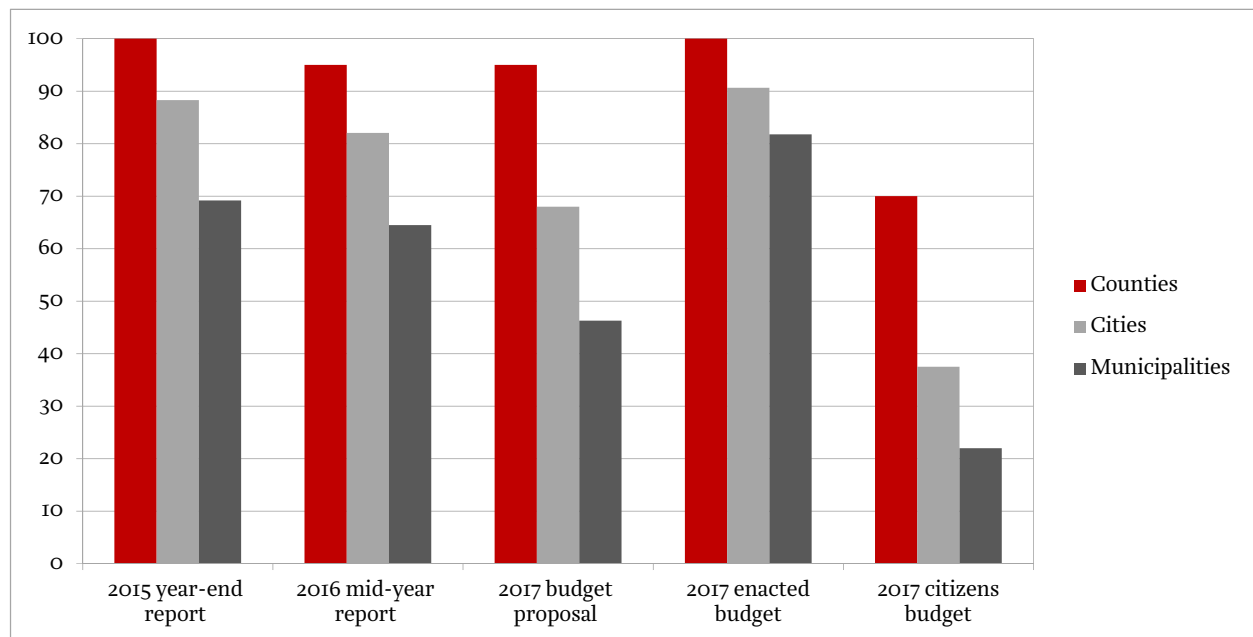
It is worrying that both cities and municipalities are much less inclined to publish budget proposals than enacted budgets (cities: 68% vs. 91% and municipalities: 46% vs. 82%). Moreover, even if budget proposals are published, it is often done in an untimely manner, i.e. not at the time when they are submitted by the executive body to the representative body. Citizens are thus put before a 'fait accompli' and therefore unable to participate in the next year's budget planning.

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

## Graph 2

### Published budget documents (%)



Source: The authors.

Regretfully, budget execution reports are still published scarcely and in an untimely manner: 12% of cities and 31% of municipalities failed to publish year-end reports, whereas 18% of cities and 35% of municipalities failed to publish mid-year reports. And it is exactly these reports that are necessary for the public monitoring of the collection and spending of budget funds.

Despite the Act on the Right of Access to Information and the Budget Act, providing that all local government units should publish enacted budgets, year-end reports and mid-year reports on their official websites, and the Ministry of Finance's recommendation that they should also publish their respective budget proposals and citizens budgets, graph 2 shows that only counties fully comply with the legislation when it comes to enacted budgets and year-end reports, but not when it comes to mid-year reports (e.g. the Požega-Slavonia County). However, cities and (especially) municipalities are still far from complying with those legal requirements.

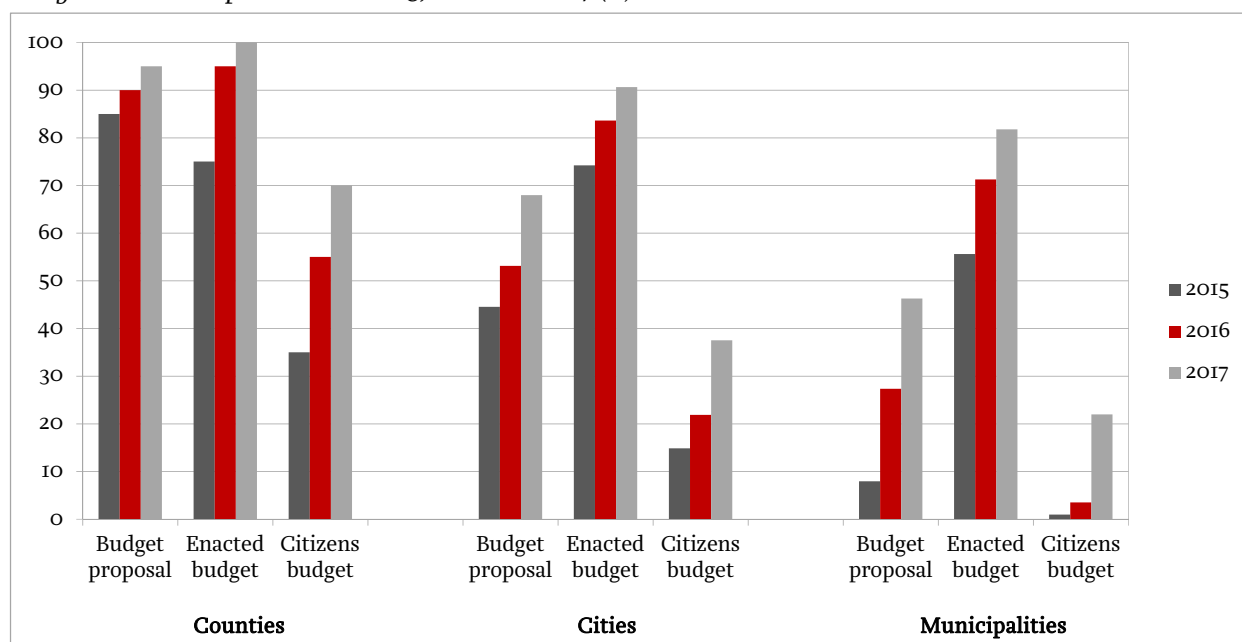
It is worth noting here that only less than a fifth of municipalities published complete budget proposals (including the general and specific parts and development programme plans), while only slightly over half of municipalities published complete enacted budgets. The municipality of Gračiče sets a good example, when it comes to both **budget proposals** and **enacted budgets**. Similarly, there are very few published complete year-end and mid-year reports, including everything required under Article 108 of the Budget Act (especially the reports on borrowing). A positive example in this context is the municipality of **Hlebine**.

### BUDGET TRANSPARENCY STEADILY IMPROVING

Graph 3 shows major improvements in the three budget transparency research cycles: the number of budget documents published by all types of local government units has grown year after year. The number of counties publishing citizens guides doubled, the number of such cities rose two-and-a-half times and the number of municipalities picked up from four (Kamanje, Krnjak, Viškovo and Višnjan) to as many as 94. Municipalities again made the biggest progress in publishing budget proposals: from 8% in 2015 to 46% in 2017.

### Graph 3

Budget documents published in 2015, 2016 and 2017 (%)\*



\*Data for 2015 and 2016 were taken from the previous research cycles conducted by Ott, Bronić and Petrušić (2015), and Ott, Bronić, Petrušić and Stanić (2016).

Source: The authors.

### TRANSPARENCY, POPULATION AND BUDGET REVENUES OF LOCAL GOVERNMENT UNITS

Despite a lack of any econometric analysis of budget transparency determinants in this article, it can be easily observed that of the top fifty local government units with the highest total budget revenues raised in 2015, only three, i.e. the cities of Varaždin and Sisak, and the Požega-Slavonia County, published less than four budget documents. The same applies to the top forty local government units by population. However, no regularity is observable if local government units are classified by per capita budget revenues raised in 2015.

For example, some municipalities with the highest per capita budget revenues raised in 2015, such as Sutivan (over HRK 16,000), as well as Šolta, Dugopolje and Bol (over HRK 9,000 each) failed to publish a single document. By contrast, the municipalities of Jarmina, Đelekovec, Gornja Rijeka, Martijanec, Sveti Križ Začretje and Vratušinec, with below HRK 1,500 per capita budget revenues each, raised in 2015, published all five budget documents. Population does not seem to be decisive either: the municipalities of Ribnik and Dekanovec, with populations of 475 and 774 respectively, published all five documents, whereas Čepin (over 11,000) and Rugvica and Dugi Rat (over 7,000 each) did not publish a single document.

Some of the cities with relatively low per capita budget revenues raised in 2015, such as Pregrada, Ivanec, Duga Resa, Ozalj and Lepoglava (below HRK 2,000 each) also published all five budget documents. By contrast, Gospić, with over HRK 4,500 per capita budget revenues, did not publish a single relevant document, and Vodnjan (over HRK 6,500) published only one such document. The smallest cities with all five budget documents published were Cres and Klanjec (below 3,000 inhabitants each). In contrast to this, cities with over 10,000 (Gospić, Valpovo and Imotski) or over 6,500 inhabitants (Vrgorac) failed to publish a single document. Another bad example is Petrinja, a city with a population of almost 25,000 and only one published budget document.



This research cycle again shows that the size and budget revenues of local government units are not necessarily crucial for their budget transparency. Some of the most transparent local government units have either small populations or very low per capita budget revenues, or even both. In contrast to them, there are local government units with substantial budget revenues, both in total and per capita terms, where transparency still remains a low priority.

## QUALITY OF BUDGET INFORMATION TO CITIZENS

With some rare exceptions, almost all counties have well-designed and easy-to-navigate official websites, and most of them publish citizens budgets. The Zadar County even publishes such citizens budgets along with each budget document.

There are many cities with well-designed and easy-to-navigate websites, e.g. Bjelovar, Crikvenica, Duga Resa, Koprivnica, Krapina, Orahovica, Osijek (**Čist račun osječki proračun**), Ozalj, Poreč, Pregrada, Rab, Samobor, Sisak, Slavonski Brod, Umag and Zabok. More and more cities, such as **Buzet, Krk, Mali Lošinj, Pazin** and **Rijeka**, organise various budgeting activities (public consultations, offering citizens an opportunity to participate in budget creation, forum discussions, etc.). Regretfully, however, there are also cities failing to provide even the basic budget documents on their websites.

Most of the municipalities with all five budget documents published also have well-designed websites, but there are also municipalities with good and easily searchable websites which do not belong to 'transparency leaders', e.g. Bizovac, Brckovljani, Bukovlje, Jakovlje, Jasenice, Kolan, Ravna Gora and Sibinj. Similarly, municipalities which publish at least some budget documents (and not only those with zero budget documents published) include a fair number of those with poorly designed and user-unfriendly websites (e.g. Čađavica, Drenje, Galovac, Jagodnjak, Konjščina, Lišane Ostrovičke, Nerežišća, Oriovac and Zemunik Donji). Fortunately, the number of local government units with no official websites has declined year after year, so that the only municipality currently without a website is Zažablje.

There is increased use of various common platforms, applications, data visualisations, etc. Counties, for example, use the so-called **Otvoreni proračun** (Open budget), created by the Croatian County Association, offering: a visualization of county budgets by budget classifications, basic information and possibilities for more sophisticated analyses, budget documents in a machine-readable form, citizens budgets and various services for county employees and budget users. Some cities and municipalities use the application **www.proracun.hr** for better understanding of the budget. It includes a guide to the budget and offers a possibility for budget search, as well as information on budget counselling. The website of the Association of Cities offers a **visualization of expenditure by functional classification for all counties, cities and municipalities** for the period 2010-2015. All this helps in understanding local governments' budgets and encouraging citizens to participate in the budget processes, assuming, of course, that the relevant, clearly stated direct links to these visualisations are available on the local government units' official websites.

However, attention should again be drawn to some recurring problems with the local government units' website navigation, such as: a huge number of invalid links, slow or inoperative search machines, websites without menus, or existing menus that either cannot be opened or are opened but in empty pages, slow document upload, budget proposals without the general or specific parts, budget documents that exist but cannot be found, inaccurate document titles, Rar documents (which some citizens are probably unable to open), incomplete or unreadable documents (e.g. **2015 year-end report of the City of Lastovo**, the copy of which is so poor that it is not readable), undated documents, poor website layout or even false document posting dates. A special problem is the volatility of the content, or the changing of links, so that, at the time of writing this article, some documents that had been available on certain links at the time of research were either moved to other links or completely removed.

## THE VIEWS OF LOCAL GOVERNMENT UNIT EMPLOYEES ON BUDGET TRANSPARENCY

It is worth highlighting the following findings of the budget transparency survey conducted in 2016 among the county, city and municipality employees directly involved in budgeting:<sup>10</sup>

It is encouraging that:

- a large percentage of respondents are willing to publish information in order to bring the budget closer to citizens;
- only a negligible percentage of respondents believe that the local government units' executives should not encourage the public to intensify the use of budget information and participation in budgeting;
- employees track visitors to website budget information sources;
- they expect more technical support from central government in order to improve transparency;
- they desire fiscal decentralisation.

It is worrying, however, that:

- only a negligible percentage of respondents consider the amount of budget information available on their respective websites to be inadequate;
- only a small percentage of respondents believe that the executives should encourage the public to intensify the use of budget information and participation in budgeting, while a large percentage of respondents are indecisive about whether or not the executives should do so;
- the respondents, especially those in cities and municipalities, complain about being overloaded with administrative tasks, indicating shortages of resources and staff and difficulties in hiring IT specialists;
- Some of the respondents do not believe the desired fiscal decentralisation will ever happen.

## CONCLUSIONS

The overall average level of budget transparency in local government units, measured by the number of budget documents (the 2015 year-end report and 2016 mid-year report, as well as the 2017 budget proposal, enacted budget and citizens budget), published on the local government units' respective websites in the period from November 2016 to March 2017, stood at 3.1 (the maximum rank was 5). This was an improvement relative to the two previous research cycles, when it stood at 1.8 and 2.4 in the first and second cycles respectively.

It is encouraging that almost half of local government units published more documents than in the previous research cycle: the number of published documents in as many as four municipalities (Fužine, Gornja Stubica, Marija Bistrica and Tučepi) jumped from zero (in both of the previous cycles) to five in the current cycle; four cities (Ilok, Oroslavje, Sveti Ivan Zelina and Vinkovci) and a fair number of municipalities published four budget documents more than in the previous research cycle. However, transparency levels were again very uneven, with four cities (Gospić, Imotski, Valpovo and Vrgorac) and 39 municipalities having published no budget documents at all (see table D1).

In terms of the overall average budget transparency for all local government units in a county, the leader was the Primorje-Gorski Kotar County, followed by the Karlovac County. The least transparent were the Split-Dalmatia, Lika-Senj, Zadar and Osijek-Baranja counties. The following conclusions can be drawn by type of local government units:

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<sup>10</sup> For details of the survey and its findings, see Ott and Bronić (2017).

- Counties were very transparent (4.6 on average); as many as 14 of them published all five budget documents. Only the Požega-Slavonia County lagged behind markedly, with only two documents published.
- The budget transparency level in cities was relatively satisfactory (3.7 on average); the most transparent on average were cities in the Krapina-Zagorje and Brod-Posavina counties, whereas the least transparent were cities in the Lika-Senj, Požega-Slavonia and Osijek-Baranja counties.
- Transparency in municipalities continued to be inadequate (2.8 on average). The most transparent were municipalities in the Primorje-Gorski Kotar County and the least in the Split-Dalmatia, Zadar and Dubrovnik-Neretva counties. However, a considerable improvement was perceived here: while only one municipality (Viškovo) published all five documents in the first research cycle, eight of them did so in the second, and as many as 68 in the third cycle (see table D1).

Despite a continuous increase in budget documents published in all types of local government units, it is worrying that the number of published enacted budgets exceeds that of budget proposals, and that published year-end and mid-year reports, and especially citizens budgets are scarce. Without these documents citizens cannot participate in budget planning or monitor the collection and spending of budget funds.

It is worth noting that, as in previous years, the most transparent local government units include very scarcely populated ones (e.g. Ribnik and Dekanovec), as well as those with low per capita budget revenues (e.g. Jarmina and Đelekovec). On the other hand, the least transparent local government units include those with very large total and per capita budget revenues (e.g. Sutivan, Šolta, Dugopolje and Bol).

Almost all counties, a certain number of cities and few municipalities can boast with well-designed and laid out and easy-to-navigate websites. However, there are numerous local units with really poor websites, offering almost no content, or disorganized websites. There is also a municipality of Zažablje with no website at all.

For more details about budget transparency in all counties, cities and municipalities, see [the interactive map](#) and [the Excel table](#).

## RECOMMENDATIONS

All previous analyses of budget transparency of Croatian local government units, carried out by the Institute of Public Finance, ended with lots of recommendations, most of which were repeated year after year. Therefore, we highlight only the most important ones:<sup>11</sup>

*It is urgent to legally prescribe the obligation to publish five complete key budget documents on the local government units' websites, in a timely manner and in compliance with the forms laid down by the Ministry of Finance, and to impose severe penalties for non-compliance with this obligation.* The five key budget documents include: budget proposal, enacted budget, citizens budget and mid-year and year-end reports on budget execution.

Since the legal obligation to publish certain budget documents has existed, but has not been complied with by a large number of local government units, as shown in this analysis, it is obviously necessary to *supervise the implementation of the regulations and impose penalties for their violation*. However, given the experience so far, one should not rely too much on such supervision and punishments for those responsible for non-compliance with the regulations. Therefore, the following might be recommendable in the long run:

<sup>11</sup> For more recommendations, see Ott, Bronić and Petrušić (2013, 2014 and 2015), and Ott, Bronić, Petrušić and Stanić (2016).

Given their already high levels of budget transparency, *counties should use their influence over the cities and municipalities* in their respective territories, with a view to reaching the highest possible level of overall average transparency not only in those counties, but in the country as a whole.

*The Association of Cities and the Association of Municipalities should follow the example of the County Association* in promoting and supporting budget transparency in their respective members. Moreover, *less transparent cities and municipalities themselves should look up to the more transparent ones.*

The general public itself, i.e. citizens, the media, civil society organisations, entrepreneurs, political parties, independent politicians etc., should *call for greater budget transparency where it is currently inadequate, and use every available legal opportunity to get informed and participate in the budget process* in those units where this is already possible.

Without budget transparency, i.e. complete, clear, understandable and timely budget information, the public cannot participate in budgeting, and without public participation it will be difficult to reach a consensus on the necessary reforms. Without the consensus, the reforms cannot be expected to succeed.

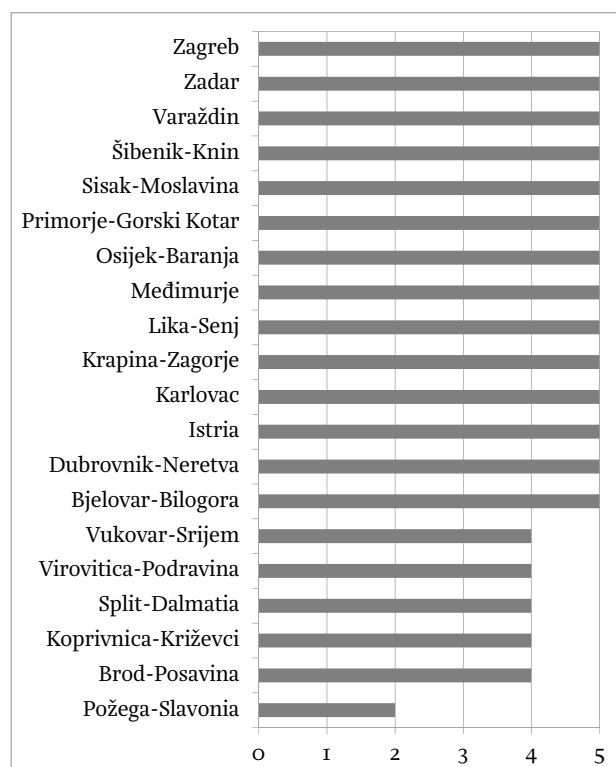
**Table D1***Level of budget transparency in counties, cities and municipalities (by number of documents published)*

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

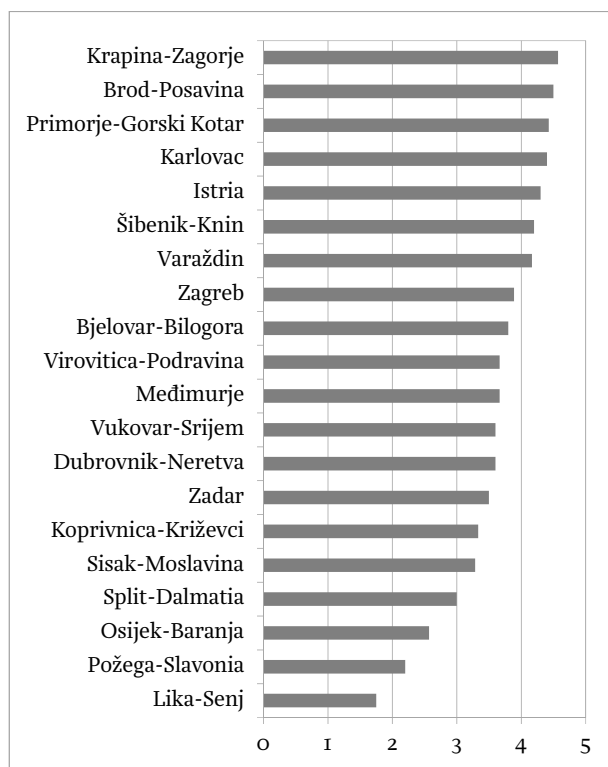
## Graph D1

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

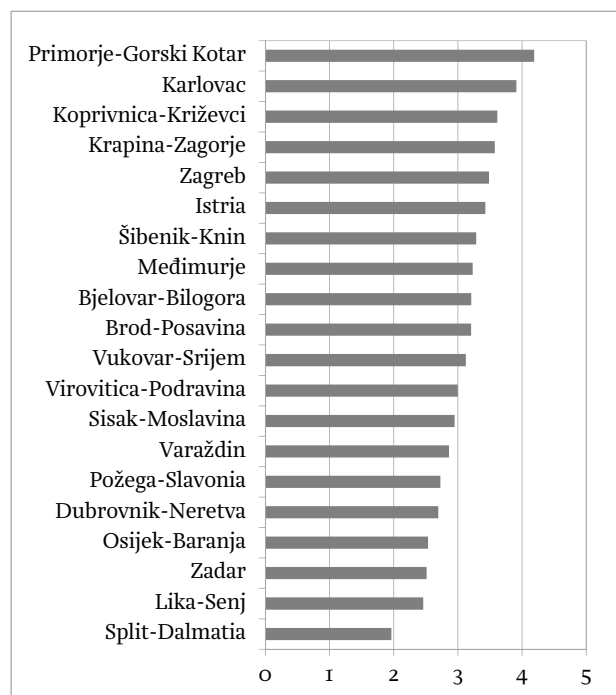
D1a Level of transparency in counties



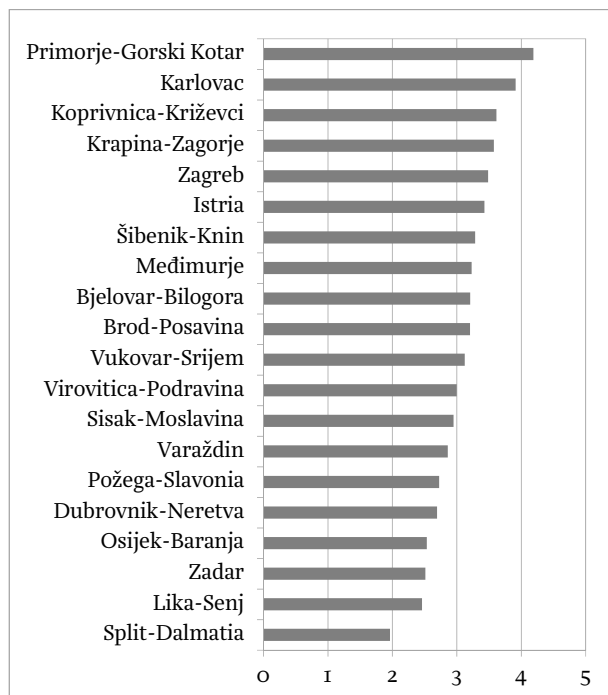
D1b Average level of transparency in cities (by county)



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 the cities and municipalities located in that county, divided by the total number of local government units in the county, including the county itself.

Source: The authors.