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Budget transparency in Croatian counties, cities and municipalities (November 2017 - March 2018)¹

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The overall average level of budget transparency in Croatian counties, cities and municipalities, measured by the number of budget documents published on their respective official websites, stands at 3.52 (out of a possible 5). The number of budget documents published has grown year by year in all types of local government units, averaging 4.9 in counties, 4 in cities and 3.3 in municipalities in this research cycle. For the first time, there are no cities without at least one budget document published, or municipalities without an official website. However, despite the improvements in average results achieved, differences among individual local units, notably municipalities, are still huge. A large number of cities and the bulk of municipalities will have to intensify their efforts to comply with their legal obligations and recommendations of the Ministry of Finance in this respect. While the publishing of budget documents does not in itself guarantee absolute transparency, it should still be prescribed and encouraged, because it is the first step towards achieving higher transparency levels necessary for citizens' participation in the budget process. More detailed results for all counties, cities and municipalities are given later in the text and are available on an interactive map and in an Excel table format.

Year after year, the Institute of Public Finance (IPF) conducts analyses of budget transparency in Croatian counties, cities and municipalities. This article presents the results of the latest analysis covering the period from November 2017 to end-March 2018.²

Budget transparency implies having an insight into complete, accurate, timely and understandable budget information. Publishing budgets in a transparent manner enables citizens to affect the efficiency of public funds collection and the supply of public goods and services, to demand more accountability from the Government and local government authorities³ and, consequently, to reduce opportunities for corruption.

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² The results for previous cycles were published in the articles by Ott, Bronić and Petrušić (2013, 2014 and 2015), as well as by Ott, Bronić, Petrušić and Stanić (2016 and 2017).

³ 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.

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

- 2016 year-end report;
- 2017 mid-year report;
- 2018 budget proposal;
- 2018 enacted budget;
- 2018 citizens budget.⁴

The aim of the study is to establish the quantity of budget documents published on the local government units' official websites, without any detailed analysis of their contents. Of course, the publication of five budget documents on a local government unit's website implies neither the absolute budget transparency of that unit, nor the absolute budget-related accountability of its authorities. Nevertheless, the publication of such documents does show that local government units at least comply with the Budget Act and Act on the Right of Access to Information, as well as with the Ministry of Finance recommendations. Moreover, it is the first step towards greater budget transparency, as a prerequisite for active citizens' participation in taking decisions on the collection and spending of local funds, as well as the supervision of accountability of local government authorities.

The overall average budget transparency in local government units, measured by the number of published budget documents, has improved year by year, and almost doubled over the last four research cycles, growing from an average of 1.8 to 3.52 published documents. For the first time, there is not a single city without at least one budget document published, or a single municipality without an official website. However, there are still quite a lot of non-transparent local government units. As many as 25 municipalities failed to publish a single budget document, whereas 41 municipalities and two cities (Trilj and Vrgorac) published only one such document each (Table D1). Moreover, 193 local government units (26 cities and 167 municipalities) did not even comply with the law, i.e. they failed to publish all three legally required documents, whereas another 366 of them ignored the Ministry of Finance's instructions to publish both additional documents.

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 Koprivnica-Križevci and Karlovac counties; the least transparent are the Split-Dalmatia, Osijek-Baranja, Vukovar-Srijem and Zadar counties. By types of local government units, the average transparency scores for counties, cities and municipalities are 'excellent' (4.9), 'very good' (4) and 'good' (3.3) respectively. Of course, we are talking about average scores here, but there are sharp differences, notably among municipalities, with the scores ranging from zero to five. There are also pronounced differences in excellence, so that five budget documents are published by as much as 85% of counties and 42% of cities, but only 25% of municipalities.

A comparison with the previous research cycle shows that 44% of all local government units published the same number of documents, and 16 % of them even less (mainly one or two documents less). Only the municipality of Motovun published as many as three documents less than in the previous cycle.

However, it is encouraging that 16% of local government units maintained the top level of budget transparency, and that almost 40% of them published more documents than in the previous research cycle. In the municipalities of Dugopolje, Posedarje, Rugvica and Svetvinčenat, the number of published documents even jumped from zero to five, and in Dugi Rat, Dvor, Kraljevec na Sutli, Lovinac and Šolta

⁴ From 6 November to 22 December 2017, the authors examined the publication of the 2016 year-end and 2017 mid-year reports, and from 5 February to 27 March 2018, the publication of the 2018 budget proposals, enacted budgets and citizens budgets. Before that, on 4 October 2017, an e-mail message was sent to all local government units, informing them of the time and manner of examining their respective websites.

from zero to four. The cities of Pleternica and Vodnjan, as well as the municipality of Vela Luka stand out for having published all five documents (one in the previous research cycle). Another good news is that, for the first time (and finally), there is not a single city without at least one budget document published.

The progress is even more remarkable if the findings for 2018 are set side by side with those for 2015. While in 2015, only one municipality (Viškovo), five counties and fifteen cities published five budget documents, in the current year, this was true for as many as 107 municipalities, 17 counties and 54 cities. In 2015, there were as many as 18 cities and 148 municipalities with not a single budget document published, while in 2018, this was the case in "only" 25 municipalities.

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

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 order to comply with the principle of transparency, Article 12 of the **Budget Act** provides that local government units should 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 parts of their respective 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 statements should also be published on the local government units' official websites.

Moreover, the **Ministry of Finance explains in detail, on its official website**, the application of the transparency principle, recommending that, to improve communication with citizens, local government units should publish budget proposals and enacted budgets on their respective official websites, while citizens guides may be printed and/or posted on the websites. In order to facilitate that task, the Ministry of Finance has published a **single format for citizens guides** to be produced along with the local government units' budgets. The Ministry also recommends that any materials related to the budgets and their amendments should be published in a format suitable for further processing (Word or Excel).

BASIC RESEARCH RULES

According to the rules of this research⁵, 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 it is 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 2018 budget') on the local government unit's website to this particular document, or the official gazette in which it

⁵ For a detailed description, see Ott, Bronić and Petrušić (2015).

can be found⁶. Otherwise, the document is not deemed to be published on the local government unit's website. Such a decision has been taken in response to frequently inadequate searchability of the official gazettes.

- *Mid-year and year-end reports* – if they are published on a local government unit's website under the said 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 the 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 reports are recognised, even if they contain only the specific parts and not the 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, while budget revenues and receipts, as well as deficit or surplus are left out. Where local units publish only the general parts of the budgets, without including the specific parts, the analysed documents are not recognized due to inadequately detailed data.

Although some local government units may have subsequently published some or all budget documents, this analysis only considers the documents available on the local government units' websites during the observed research periods, i.e. on the days when the websites were examined. Subsequently published documents are deemed not to be published. The observation periods for local government units have already been set generously, as the websites were assessed well after the preparation deadlines for budget documents⁷. In this context, 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 had been published, but this 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

Graph 1 and Graph D1 (p. 13) show uneven levels of budget transparency in Croatian local government units and, particularly, sharp differences between counties and municipalities.

Counties lead with an average score of 4.9, which means that they published 4.9 out of five budget documents on average. According to graph D1a, only three counties (Koprivnica-Križevci, Virovitica-Podravina and Vukovar-Srijem) published four budget documents each, while the rest of them published all five.

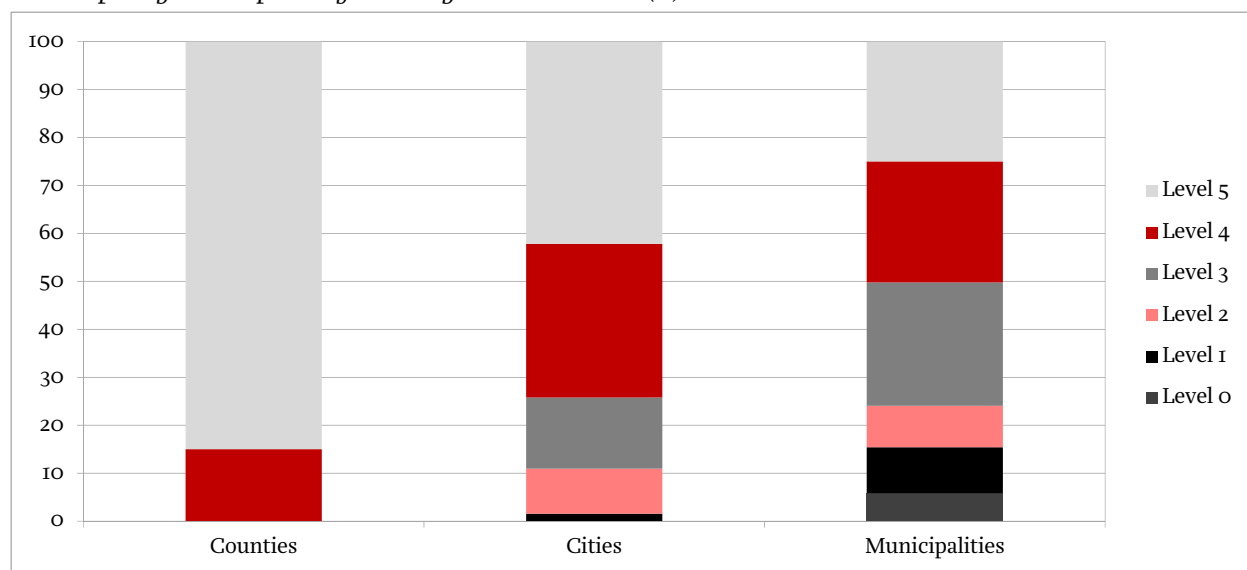
Although lower than that in counties, the average level of budget transparency in cities is also very good (4). However, despite the high number of top-ranking cities (54) (table D1), there is still a great percentage difference between the cities and counties with five published budget documents (42% vs. 85%). The most transparent cities on average are located in the Krapina-Zagorje (5), Istria (4.9) and Karlovac (4.8) counties, and the least transparent in the Vukovar-Srijem (2.8), Lička-Senjska and Osijek-Baranja (both 3.3) counties (Graph D1b).

⁶ 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.

⁷ For example, the executive body was supposed to submit the 2017 mid-year report to the representative body by 15 September 2017, and the assessment of the local government units' websites started as late as 6 November 2017.

Graph 1

Levels of budget transparency in local government units (%)



Source: The authors.

In terms of average budget transparency, municipalities are lagging behind both counties and cities. However, they finally exceeded the score of 3 (3.3). The percentage of municipalities with zero published budget documents dropped from 9% to 6%, whereas the percentage of top-ranking ones picked up from 16% to 25% (table D1). Viewed by counties, the highest-ranking municipalities in terms of transparency are in the Koprivnica-Križevci and Požega-Slavonia counties (4.4), followed by the Primorje-Gorski Kotar County (4.2), and the lowest-ranking in the Split-Dalmatia (1.9), Osijek-Baranja (2.6) and Varaždin (2.9) counties (graph D1c).

In terms of the overall average budget transparency in local government units within a county (graph D1d)⁸, leaders are the Primorje-Gorski Kotar, Koprivnica-Križevci and Karlovac counties (4.3 each). The least transparent are the Split-Dalmatia (2.4), Osijek-Baranja (2.7) and Vukovar-Srijem (3.1) counties.

To clarify the differences among graphs D1a to D1d, it should be noted that while the Split-Dalmatia and Osijek-Baranja counties are both highly transparent (with top scores achieved), the municipalities in their respective territories are extremely non-transparent (with average scores between 1.9 and 2.6 respectively). As a result, the overall average transparency in those counties is low (2.4 and 2.7 respectively).

ACCESSIBILITY OF BUDGET DOCUMENTS

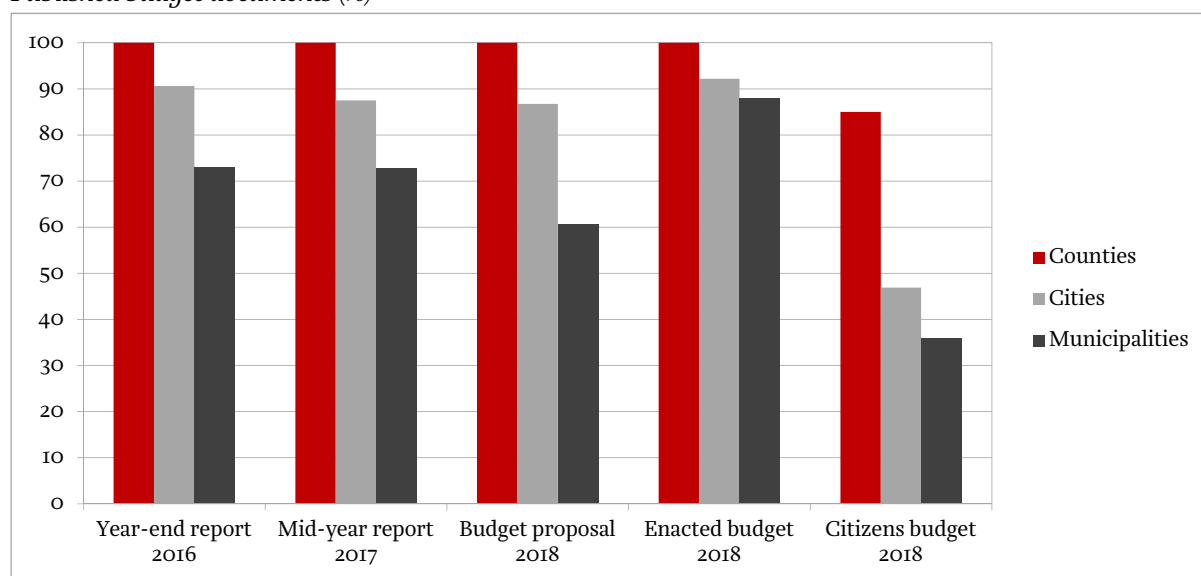
As shown in graph 2, the most accessible to citizens were budget documents in counties. Seventeen counties published all five documents and only the Koprivnica-Križevci, Virovitica-Podravina and Vukovar-Srijem counties failed to publish citizens budgets.

Cities lagged behind counties. However, over 90% of them published enacted budgets and year-end reports, and slightly below 90% published mid-year reports and budget proposals. Regrettably, citizens budgets were published by less than half of cities (47%).

⁸ 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.

Municipalities mainly published enacted budgets (88%) and, to a much lesser extent, year-end and mid-year reports (73%) and budget proposals (61%). Regrettably only 36% of municipalities published citizens budgets.

Despite the growing number of published budget documents, there is still concern over the fact that municipalities are much less inclined to publish budget proposals than enacted budgets, so that almost 40% of them fail to publish budget proposals. Moreover, even if budget proposals are published, it is not done at the time of their submission by the executive body to the representative body. Citizens are thus deprived of the opportunity to participate in the next year's budget planning. In addition, citizens often cannot participate in the budget process because they simply do not understand it, which is due to, among other things, the fact that some counties, over half of cities and almost two thirds of municipalities fail to publish citizens budgets.

Also inadequate is the publication of reports necessary for public monitoring of the collection and spending of budget funds. Counties deserve commendation for publishing all relevant reports, while the mid-year and year-end reports are unavailable to citizens in about 15% of cities and almost 40% of municipalities.

Despite the Act on the Right of Access to Information and the Budget Act (see Box), providing that all local government units should publish enacted budgets, year-end reports and mid-year reports on their official websites, as well as 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. By contrast, a great number of cities and municipalities still have to make a lot of effort to comply at least with the said legal obligations, if not with the Ministry of Finance's recommendations.

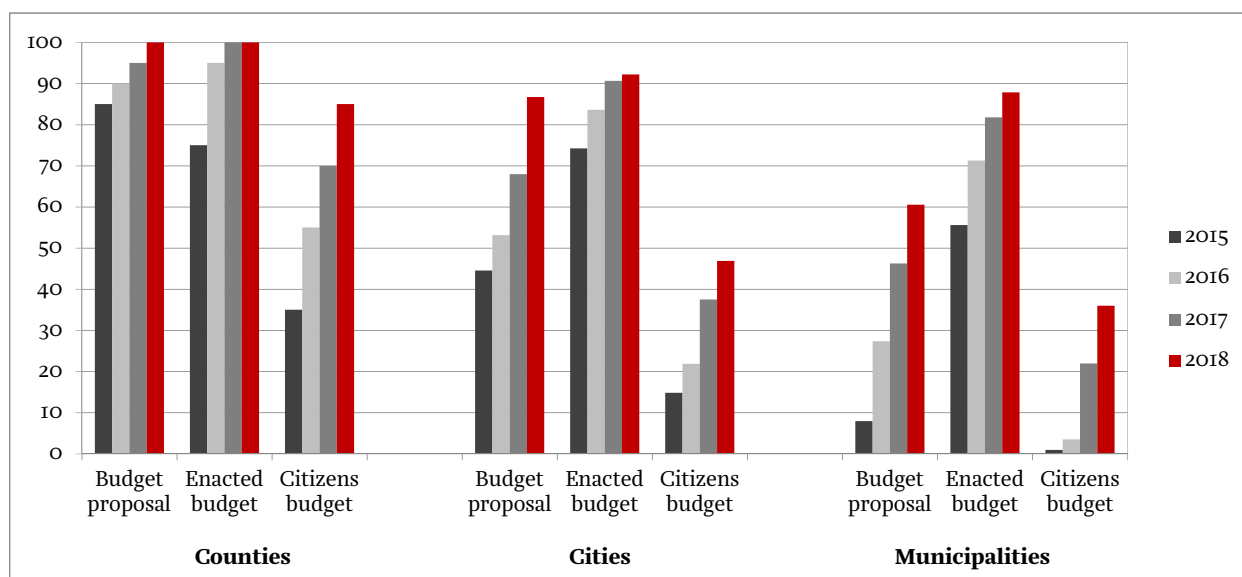
Notwithstanding improvements when it comes to the completeness of documents published by local government units, many of them, especially municipalities, still publish documents that are less complete than required by the Budget Act. Therefore, less than a fourth of municipalities published complete budget proposals, a little less than two thirds of them published complete enacted budgets and only slightly over a tenth of them published comprehensive year-end and mid-year reports. The situation with cities was better, but about one third of them still have not published comprehensive budget proposals and year-end and mid-year reports, and almost a fifth failed to publish complete enacted budgets. Counties performed much better: all of them published complete budget proposals, all (except the Koprivnica-Križevci County) published complete enacted budgets, and 16 of them detailed year-end and mid-year reports.

BUDGET TRANSPARENCY STEADILY IMPROVING

Graph 3 shows continuous improvement in budget transparency during four research cycles: the number of budget documents published by all types of local government units has grown year after year. The progress made from 2015 to 2018 is particularly noticeable in the publishing of citizens budgets (counties improved from 35% to 85%, cities from 15% to 47% and municipalities from less than 1% to 36%). In contrast to 2015, when only one municipality (Viškovo) published a citizens budget, as many as 154 municipalities can boast such an achievement in the current year. Municipalities also made the most remarkable progress in publishing budget proposals during the said four cycles: the percentage of such municipalities shot up from below 8% to over 60%.

Graph 3

*Budget documents published from 2015 to 2018 (%)**



*The figures for earlier years were taken from the previous research cycles: Ott, Bronić and Petrušić (2015) and Ott, Bronić, Petrušić and Stanić (2016; 2017).

Source: The authors.

Local government units that certainly deserve to be commended for publishing all five required documents in all research cycles so far include the counties of: Krapina-Zagorje, Šibenik-Knin, Varaždin and Zadar, and the following cities: Buzet, Koprivnica, Opatija, Osijek, Pazin, Pula, Rijeka, Slavonski Brod, Vodice and Zagreb. However, there are local government units with not a single budget document published during all the previous research cycles. They include the municipalities of: Dicmo, Gorjani, Klenovnik, Lokvičići, Podravska Moslavina, Pojezerje, Prgomet, Proložac, Punitovci, Stankovci, Sućuraj and Zrinski Topolovac. As many as five of these twelve municipalities belong to the Split-Dalmatia County.

BUDGET TRANSPARENCY, POPULATION AND BUDGET REVENUES

Of the top fifty local government units with the highest total budget revenues raised in 2016, only three (Vinkovci, Omiš and Solin) published less than four budget documents. The same applies to the top fifty local government units by population, where only Vinkovci, Solin, Sinj and Petrinja published less than four documents. However, in terms of per capita revenues raised in 2016, of the top fifteen municipalities, only Baška and Omišalj published five budget documents. Milna, with almost HRK 11,000 per capita revenue failed to publish a single document; Bol (over HRK 11,000) and Karlobag (over HRK 10,000) published only one document each, whereas Sutivan (over HRK 15,000), Motovun (over HRK 14,000), as well as Kolan and Smokvica (about HRK 11,000 each) only published two budget documents each. By contrast, a relatively great number of municipalities with per capita revenues in 2016 below HRK 1,500

published five budget documents (Maruševac, Mače, Čaglin, Vidovec, Vratišinec and Sveti Ivan Žabno). Interestingly, all these „poor” but top-ranked units are located in the Continental Croatia, and none of them in the Adriatic Croatia. Some municipalities published all five budget documents, despite the low populations (below one thousand inhabitants), e.g. Ribnik (400), Grožnjan (685), Dekanovec (741), Tkon (796) and Kamanje (828). However, of about eighty municipalities with a population of over 4,000 each, only three (Seget, Podbablje and Preko) failed to publish at least one budget document.

Five budget documents were published by almost half of cities with per capita revenues below HR 2,500, even by Pregrada and Ivanec with per capita revenues below HRK 2,000. In contrast to this, of about thirty cities with per capita revenues exceeding HRK 5,000 in 2016, only Obrovac, Biograd na Moru, Nin and Omiš published less than four documents. The smallest cities with five budget documents published were Vrljika (below 2,000 inhabitants), Klanjec and Cres (below 3,000 inhabitants each). Of the largest twenty cities (above 25,000 inhabitants each), only Vinkovci and Solin published less than four budget documents. The worst performers among cities (with only one document published) were Trilj and Vrgorac (about 8,500 and 5,700 inhabitants respectively).

While there are sparsely populated cities and municipalities with low per capita budget revenues that are highly transparent, it is obvious that more densely populated and 'better-off' local government units, especially cities, are more likely to publish a larger number of budget documents.

QUALITY OF BUDGET INFORMATION TO CITIZENS

Almost all counties have well-designed and easy-to-navigate official websites. The latter particularly relates to the Split-Dalmatia, Istria and Dubrovnik-Neretva counties. All of them, except the Koprivnica-Križevci, Virovitica-Podravina and Vukovar-Srijem counties, publish citizens budgets. The **Zadar County** deserves to be singled out for providing citizens, for many years, with a general guide through the budget, together with well laid-out 'budgets in a nutshell', attached to each budget document and any amendments to the budget, as well as 'reports in a nutshell', attached to each mid-year and year-end report.

There are more and more cities with excellently designed and easy-to-navigate websites, e.g. Bakar, Benkovac, Buje, Duga Resa, Grubišno Polje, Jastrebarsko, Koprivnica, Krapina, Krk, Novalja, Novigrad, Ozalj, Požega, Pula, Rab, Rovinj, Split, Šibenik, Umag, Vodnjan and Zagreb.

Some cities have gone a step further. Rijeka offers its citizens the so-called **e-consultations**, an e-form to assess the current budget and submit their own substantiated proposals and projects for the next fiscal year, **participatory budgeting**, an opportunity to participate in budget planning and formulation through small community service campaigns and local partnership projects, as well as an educational budget game **Proračun(ajme)**. The citizens of **Slavonski Brod** are offered an opportunity to participate in budget creation by indicating projects and activities they wish to be realized in the next budget year. Osijek runs a special website (**Čist račun**), showing the inflows into and outflows from the city's budget. Through its website **Pazi(n), proračun**, Pazin provides an opportunity for its citizens to actively participate in the city's budget process, offering the 2018 budget visualization, a chance to participate in the 2019 budget formulation and to join discussions on the budget forum. Also worth noting, is Pleternica, which has been criticized for years, but improved dramatically, so that it not only publishes five budget documents but also offers an easy-to-navigate website (**javni poziv za sudjelovanje u kreiranju proračuna**) and on-line consulting (**e-savjetovanje**) on proposed budget documents. However, there are also cities that seem to deliberately make it difficult for citizens to access budget documents. For example, getting to the city budget link on the website of **Beli Manastir** requires a lot of intuition and countless clicks (e.g. on: homepage/city administration and organization/right of access to information/information publishing), but when you finally get to the link you cannot open it because it is not functional.

The number of municipalities with very well-designed and easy-to-navigate websites is increasing (Bizovac, Cernik, Kamanje, Kneževi Vinogradi, Konavle, Kostrena, Nuštar, Radoboj, Stara Gradiška and Tuhelj). Nevertheless, there are far more municipalities with extremely poor websites, e.g. Cista Provo, Čeminac, Dicmo, Donji Lapac, Ervenik, Gorjani, Gornji Mihaljevec, Klenovnik, Lokvičići, Lovreć, Mi Ina, Nova Rača, Novigrad, Podbablje, Podravska Moslavina, Pojezerje, Poveljana, Preko, Prgomet, Proložac, Seget, Stankovci, Sućuraj, Šestanovac, Municipality of Vinodol, Zadvarje, Zmijavci, Zrinski Topolovac and Župa Dubrovačka.

Finally, there is not a single municipality in Croatia without the official website. Even **Zažablje** has a very attractive website, with three budget documents published on it. It is to be hoped that Zažablje will continue maintaining the website, that it will publish five budget documents in the next research cycle and, perhaps set a good example for other municipalities in its neighbourhood. These are Cista Provo, Lokvičići, Lovreć, Pojezerje, Podbablje, Proložac, Runovići, Sućuraj, Šestanovac, Zadvarje and Zmijavci, that have also long been at the bottom of the transparency scale.

Another boost to the quality of information is the use of various common platforms, applications, data visualisations, etc. For example, the project called **Otvoreni proračun** (open budget), created by the Croatian County Association, aims at opening and visualization of county budgets, as well as comparing budget and economic indicators for the purpose of stimulating competition and improving productivity and efficiency of county administration. The application called **Vizualizacija proračuna** (budget visualization), introduced by the Association of Cities, offers simple interactive budget visualizations for all cities, counties and municipalities, showing what the taxpayers' money was spent on in the period 2010-2015. Some cities and municipalities use the application **Proračuni općina i gradova** (the budgets of municipalities and cities) for explaining the budgets and enabling citizens to participate in their formulation.

There is a continuous improvement in the local government units' budget transparency in terms of the research rules, so that more and more units publish all the required budget documents. Yet it should be borne in mind that this study requires only the bare minimum of transparency, i.e. the only thing necessary for a local government unit to be considered transparent is that it publishes five budget documents. The rules are particularly lenient when it comes to the citizens guide, so that any simplified form of a budget document meant for citizens is recognized. However, local government units should be aware that publishing such documents is only the first step towards real budget transparency that will enable citizens' participation in the budget process. It is noteworthy that, even among the units publishing five budget documents, very few make these documents available in the machine-readable form, or make sure that the citizens budgets really serve their purpose. A drastic example in this context is the municipality of Bebrina, where the citizens budget is a pure copy-paste of the last year's budget guide for Brodski Stupnik (even the name of the municipality has not been corrected!). Moreover, many local government units often have problems with invalid links, poorly-designed or empty websites, menus that cannot be opened, slow website loading, poorly scanned documents that cannot be read or searched, undated documents (with no clear indication of whether it is a budget proposal or an enacted budget), volatility of the website content (e.g. some documents that had been available during the research, disappeared from the websites at the time of writing this article).

CONCLUSIONS

The overall average level of budget transparency in local government units, measured by the number of budget documents (the 2016 year-end report, the 2017 mid-year report, as well as the 2018 budget proposal, enacted budget and citizens budget), published on the local government units' respective websites in the period from November 2017 to March 2018, stood at 3.52 (out of a possible 5). This was a perceptible improvement from the previous three research cycles, when it stood at 1.8, 2.4 and 3.1 respectively.

All local government units recorded increases in the number of all types of published budget documents; some of them even reported remarkable improvements. The municipalities of Dugopolje, Posedarje, Rugvica and Svetvinčenat jumped from zero to five published budget documents, whereas the municipality of Vela Luka and the cities of Pleternica and Vodnjan jumped from one to five published documents. Dugi Rat, Dvor, Kraljevec na Sutli, Lovinac and Šolta each published four documents more than in the previous cycle. It is worth noting that Gospić, the last year's worst performer, published three budget documents in the current cycle; Imotski and Valpovo two each, and Vrgorac (finally) one budget document. Therefore, for the first time, there was not a single city without at least one budget document published. However, despite the progress made, transparency levels were again very uneven, with as many as 25 municipalities having published no budget documents at all, including Milna, one of leaders in per capita budget revenues (table D1).

In terms of the average budget transparency in all local government units in a county, the top performer was the Primorje-Gorski Kotar County, followed by the Koprivnica-Križevci and Karlovac County. The least transparent were the Split-Dalmatia and Osijek-Baranja counties (graph D1d). By type of local government units, the following conclusions can be drawn:

- Counties are very transparent (4.9 on average); as many as 17 of them published five budget documents. Only the Koprivnica-Križevci, Virovitica-Podravina and Vukovar-Srijem counties published four documents each (graph D1a).
- Cities are rated as 'very good' (4 on average). The most transparent of them are located in the Krapina-Zagorje, Istria and Karlovac counties, and the least transparent in the Vukovar-Srijem, Lika-Senj and Osijek-Baranja counties (graph D1b).
- Municipalities (3.3 on average) still lag behind both counties and cities. However, there are sharp differences among them: the most transparent municipalities (over 4 on average) are in the Koprivnica-Križevci, Požega-Slavonija, Primorje-Gorski Kotar and Karlovac counties, and the least transparent in the Split-Dalmatia (below 2 on average), Osijek-Baranja, Varaždin and Dubrovnik-Neretva counties (below 3 on average each), see graph D1c.

Despite improvements, on average, in all types of local government units, reflected in larger quantities of all types of budget documents published, only counties fully comply with the law, i.e. all of them publish enacted budgets and year-end and mid-year reports. By contrast, a fair number of cities and still a lot of municipalities should intensify their efforts at least to comply with their legal obligations and, even more so, to act on the recommendations of the Ministry of Finance, i.e. publish budget proposals and citizens budgets.

As in previous years, prominence should be given to the most transparent local government units that are scarcely populated (Ribnik, Grožnjan, Dekanovec, Tkon and Kamanje) or have low per capita budget revenues (Maruševac, Mače, Čaglin, Vidovec, Vratišinec and Sveti Ivan Žabno).

Moreover, it should again be pointed out that almost all counties, a great number of cities and increasingly many municipalities have excellently designed, well-organized and easy-to-navigate websites, and that, for the first time, there is not a single municipality without an official website. On the other hand, there are still too many cities, and especially municipalities, with intolerably poor, hard-to-navigate and disorganized websites, or websites offering almost no content at all.

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

RECOMMENDATIONS

Year after year, the Institute of Public Finance has repeated numerous recommendations to improve local budget transparency ⁹. Although most of them have never been accepted, budget transparency in Croatian local government units has increased steadily, in terms of the criteria set out in this study, i.e. the number of budget documents published by local government units has gone up.

While the publication of all five required budget documents does not, of course, guarantee absolute transparency, it can be considered the first step towards higher budget transparency levels that would enable citizens' participation in the budget process. To this end, the following key recommendations are offered to:

Local government units:

- Unless they already publish budget documents, they should start publishing at least the legally prescribed documents, and, if possible, the documents recommended by the Ministry of Finance.
- If they only publish some of the required documents, they should be aware how important the documents that they do not publish, e.g. the budget proposal, year-end report and citizens budget, are for understanding the budget cycle and citizens' participation in the budget process.
- If they still publish the documents in an untimely manner, they should be aware that all budget documents must be published at the time of their submission by the executive body to the representative body (except for the enacted budget, which is published only after being voted on by the representative body). Only in that way can the public be informed on their contents and influence their adoption.
- Unless they have already implemented the Ministry of Finance's recommendation, which is rarely the case, they should start publishing all budget documents in a machine-readable format.

Counties:

- Given the already high levels of transparency achieved, in terms of the criteria set out in this study, counties should encourage and support local government units in their respective territories, especially those that are small and poor, in achieving higher levels of transparency.

Government:

- In order to comply with the European Commission's recommendations under the European Semester¹⁰, the Government should „reinforce the budget framework” and „adopt new fiscal responsibility and budget acts”, which would be a good opportunity for it to effectively regulate the issues of budget transparency and citizens' participation in local budgets (but also the national budget).
- Since the legal obligation to publish specific budget documents on the local units' official websites already exists, and that penalties have been imposed on both local government units and persons responsible for their non-disclosure, it is necessary to supervise the compliance with the obligations and impose penalties for non-compliance.
- In accordance with the European Commission's recommendations, the Government should address the issue of „the fragmentation and functional distribution of competences of sub-national units”. This is again an opportunity to determine whether there is sufficient justification for the existence of those local government units that have long been unable to ensure the minimum statutory level of budget transparency, and would be unable to pay the fines imposed for non-compliance with the relevant legal obligations.

⁹ See Ott, Bronić and Petrušić (2013; 2014; 2015), and Ott, Bronić, Petrušić and Stanić (2016; 2017).

¹⁰ Ott (2018).

The public (citizens), the media, civil society organizations, entrepreneurs, political parties, independent politicians, etc.:

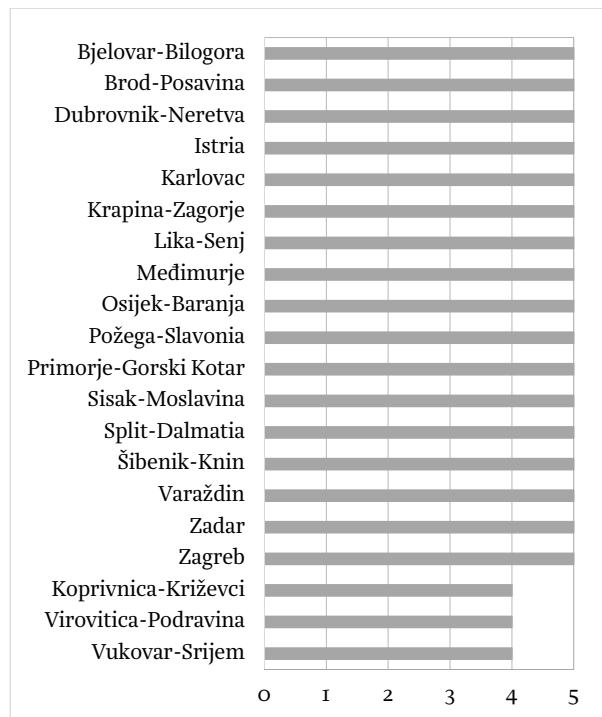
- Given the multitude of information already offered by many local government units, the public should show interest in the budget, get informed about it and participate in the budget process. Despite the complexity of local budgets, there are so many budget guides, applications and visualizations available in quite a number of local government units that make it possible to influence budget decisions and demand responsible behaviour from the authorities. Similarly, in local government units with no or inadequate supply of budget documents, the public should point to examples of more transparent local government units and call for greater budget transparency. After all, the public can also demand from the Government to follow the Commission's recommendations and deal with the problem of „the fragmentation and functional distribution of competences of sub-national units”.

ANNEX

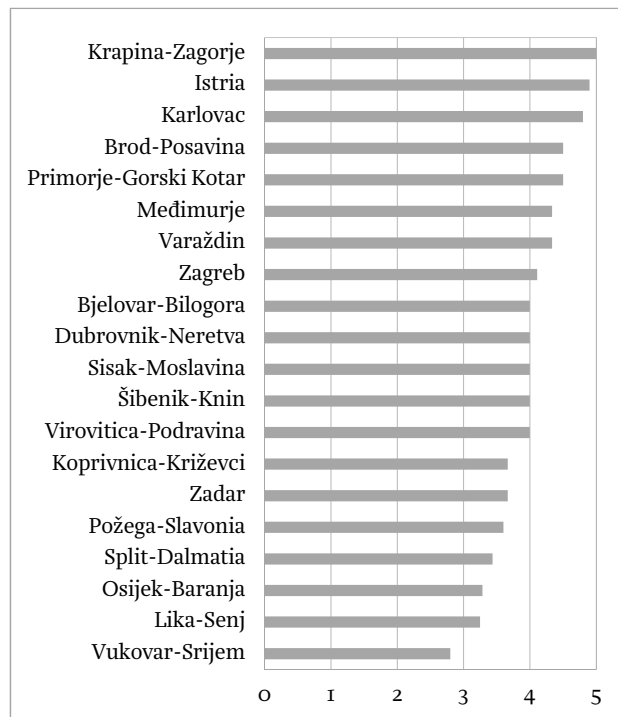
Graph D1

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

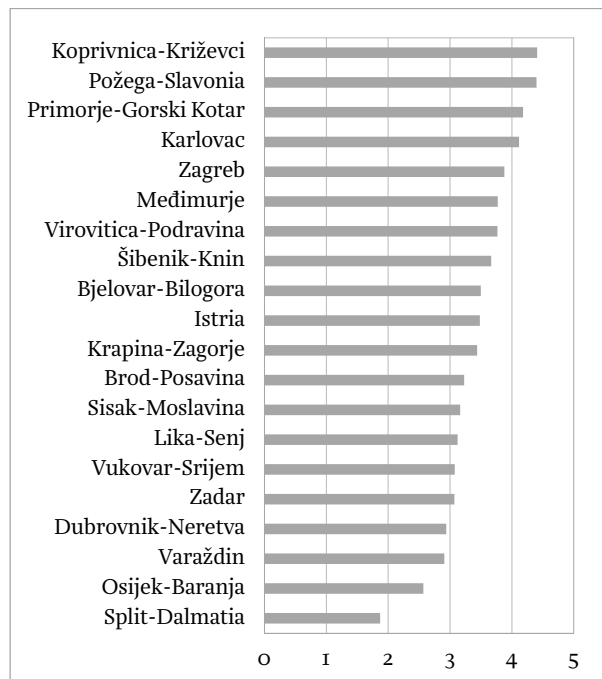
D1a Levels of transparency in counties



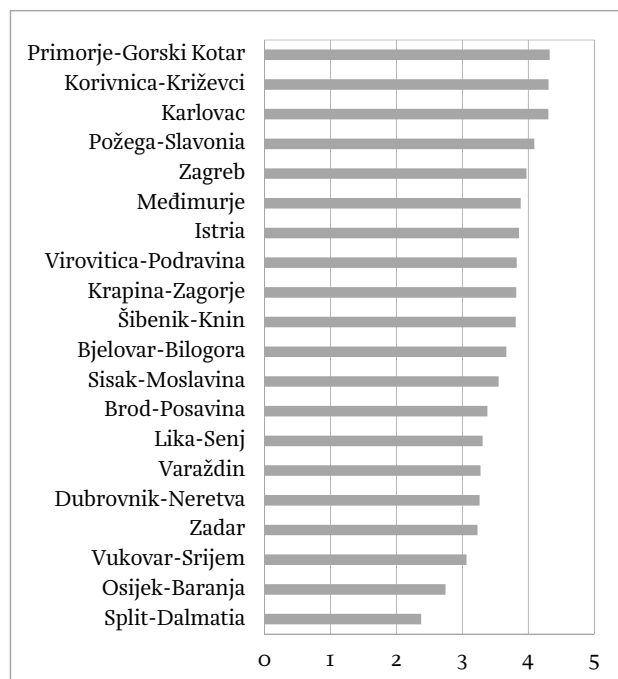
D1b Average level of transparency in cities (by county)



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

Source: The authors.

Table D1

Levels of budget transparency in Croatian counties, cities and municipalities (by number of documents published)

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