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IPF NOTES

Budget Transparency in Croatian Counties, Cities and Municipalities: November 2021–April 2022

**Mihaela Bronić, Marija Opačak, Katarina Ott, Miroslav Petrušić,
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The overall average level of budget transparency in Croatian counties, cities and municipalities – expressed as the number of key budget documents published on their respective websites, stands at 4.5 (out of a maximum 5). All counties published all five requested budget documents, cities published 4.7 documents on average, while municipalities scored an average score of 4.4. However, 19 cities and 92 municipalities still fail to publish the three documents required by law, while 14 cities and 124 municipalities fail to publish the two documents whose publication was recommended by the Ministry of Finance. Two municipalities failed to publish a single budget document. The mere publication of key budget documents can only be considered the first, but



nevertheless crucial step toward higher levels of budget transparency and public participation and the necessary prerequisite for getting the citizens acquainted with local budgeting processes. A summary of results for all counties, cities and municipalities is provided in the text below, while more detail is available in the form of an [interactive map](#) and an [Excel table](#).¹

For several years now, the Institute of Public Finance has been conducting analyses of budget transparency in counties, cities and municipalities. The present article summarises the results of the latest analysis conducted in the period November–December 2021 and February–April 2022.²

Budget transparency implies providing an insight into complete, accurate, timely and comprehensible information regarding the budget. This information enables citizens to participate and potentially impact the efficiency of collection and spending of public funds, to demand more accountability from the central and local

¹ This note is an outcome of the project “Does Transparency pay-off? The political and socio-economic impacts of local budget transparency in Croatia” (IP-2019-04-8360) financed by the Croatian Science Foundation (HRZZ). The work of doctoral student Simona Prijaković and postdoctoral researcher Marija Opačak is also financed by HRZZ. Opinions, findings, conclusions and recommendations are the authors’ own and do not necessarily reflect the views of HRZZ.

² Results of previous research were published in Ott, Bronić and Petrušić (2013, 2014, 2015), Ott, Bronić, Petrušić and Stanić (2016, 2017, 2018) and Ott, Bronić, Petrušić, Stanić and Prijaković (2019, 2020) and Bronić, Opačak, Ott, Petrušić and Stanić (2021). Since the results of this research are reported every year, the text of the present Note may, in some segments, overlap with the results published in previous years.

government authorities and, consequently, to reduce potential corruptive acts.³

For the purpose of this study, budget transparency is measured as the number of key budget documents *published on the official websites* of Croatian local government units.⁴

They include the following:

- the 2020 year-end budget execution report;
- the 2021 mid-year budget execution report;
- the 2022 budget proposal;
- the 2022 enacted budget;
- the 2022 citizens' budget.⁵

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

⁴ Principles of research were described in detail in Ott, Bronić, Petrušić, Stanić and Prijaković (2020).

⁵ In the period from 1 November to 31 December 2021, the authors examined whether the 2020 year-end and 2021 mid-year reports have been published, while from 1 February to 15 April 2022, they checked for the publication of 2022 budget proposals, enacted budgets and citizens' budgets. The present analysis only considers the documents available on the local government units' websites during the observed research periods and on the days the respective websites were searched. Subsequently published documents were not included in the analysis. If a document was retrieved from a certain location, the search was terminated. The condition of the document was assessed on the basis of the document retrieved first. It is possible that a more detailed document can be retrieved from a

The aim was to establish the quantity of key budget documents published on the local government units' websites, without going into a detailed analysis of their contents. The mere publication of these documents does not necessarily imply absolute budget transparency of these local government units or absolute budgetary accountability of their authorities; rather, it only verifies that they complied with the Budget Act, Act on the Right of Access to Information and the recommendations issued by the Ministry of Finance.⁶ This level of budget transparency can be considered only the first step toward greater budget transparency and the initial prerequisite for citizens to become acquainted with local budgets. Only citizens who are informed about the budget are able to participate constructively in local budgeting, i.e. in making decisions on the collection and spending of local funds as well as in supervising the accountability of local government authorities.

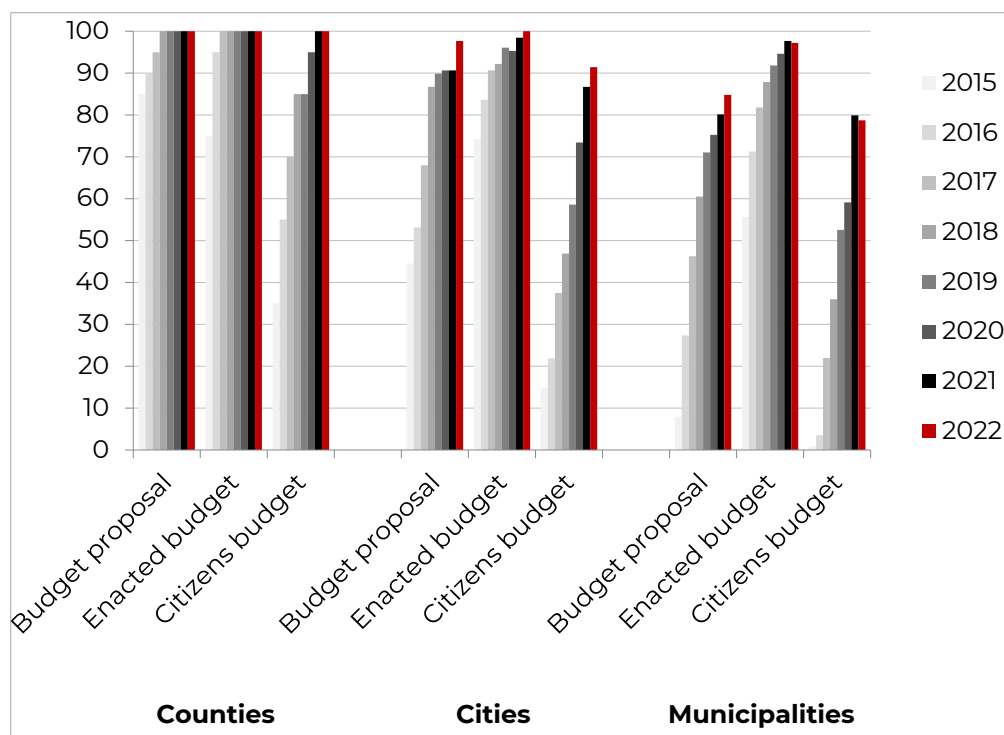
Between 2015 and 2022, the average budget transparency of all local units improved from 1.8 to 4.5. All types of local government units show progress with regard to all budget documents, as evidenced by the publication of the citizens' budget — in 2015, this document was

different location, but we feel that all locations should contain complete budget documents. It is possible that the researchers were unable to find the needed documents on a website, even though they had been published, but this would only mean that the citizens would also have difficulties finding the documents as they were not displayed prominently enough. On 24 September 2021, an e-mail was sent to all local government units, informing them of the time and manner in which their respective websites would be examined.

⁶ The legislative framework of budget transparency was described in Ott, Bronić, Petrušić, Stanić and Prijaković (2020).

published by only 1% of municipalities; in 2022 this rate stands at 79% (Graph 1).

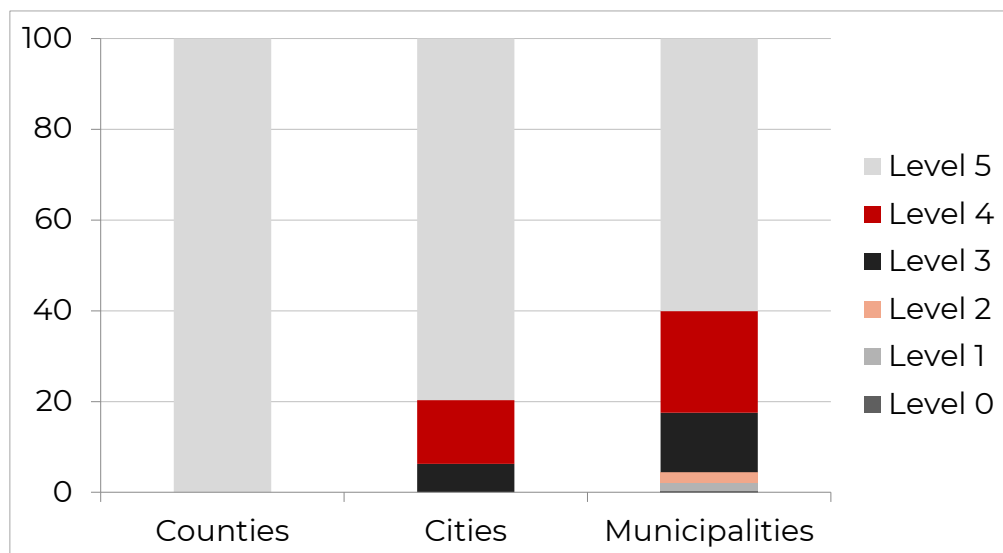
Graph 1. Selected budget documents published, 2015–2022 (in %)



Source: Authors

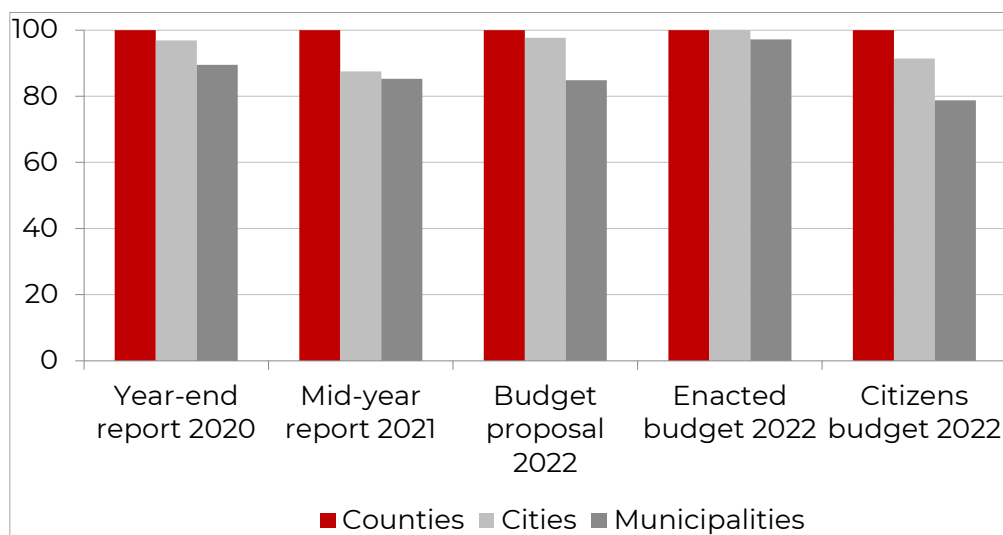
In the present cycle, all counties published all five budget documents, cities scored an average rate of 4.73, while municipalities' average score stands at 4.36 (Graphs 2 and 3). By way of comparison, in the previous cycle all counties achieved the same results (all five budget documents published), the average score of cities was 4.65, while municipalities scored an average of 4.39. In conclusion, municipalities are the only local government unit that recorded a slight drop in average budget transparency rates relative to the previous research cycle.

Graph 2. Level of budget transparency of local government units, November 2021–April 2022 (in %)



Source: Authors

Graph 3. Budget documents published, November 2021–April 2022 (in %)



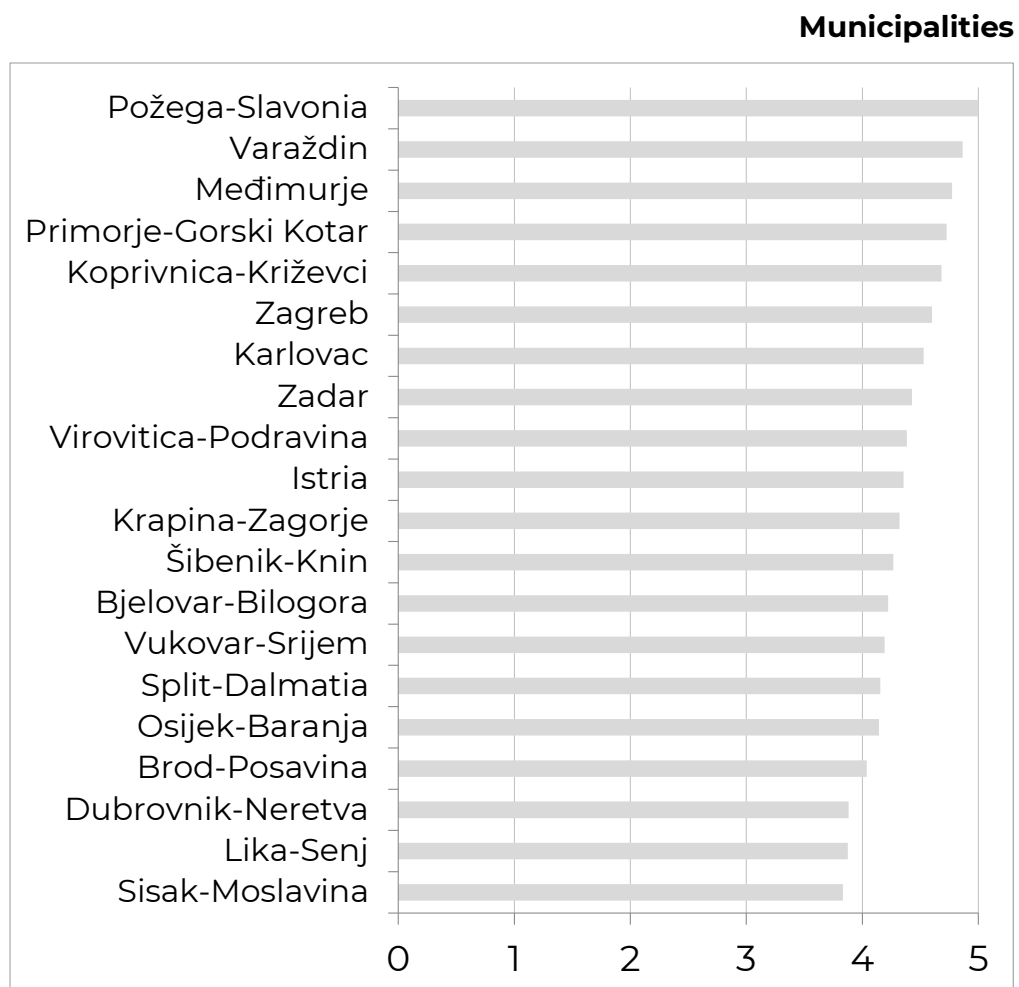
Source: Authors

The present research cycle unveiled two municipalities that failed to publish a single budget document (Karlobag and Kijevo), seven

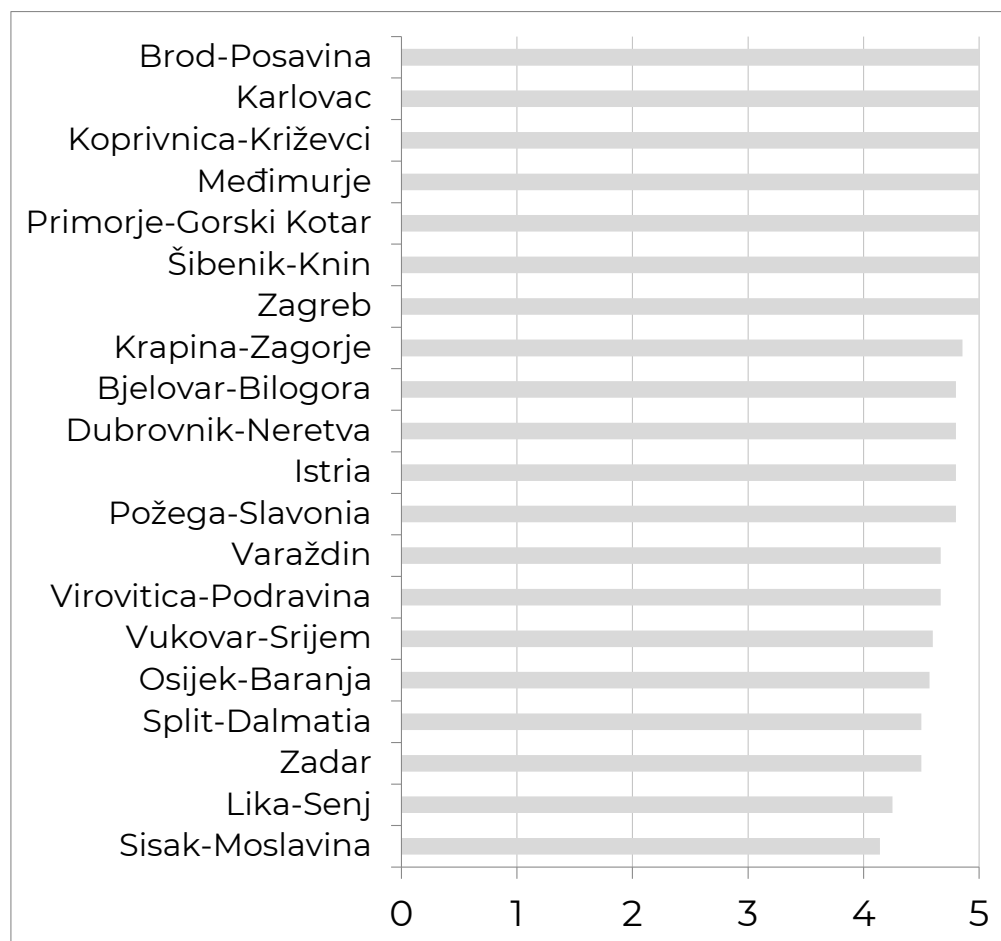
municipalities that published only one such document each and ten municipalities that published two budget documents each (Table 1). 15% of cities and 21% of municipalities still fail to publish the three legally required documents (mid-year and year-end budget execution reports and enacted budget).⁷ In addition, 11% of cities and 29% of municipalities ignored the Ministry of Finance's instructions to publish the budget proposal and citizens' budget.

⁷ Apart from the mid-year and year-end budget execution reports and enacted budget as the legally required budget documents, the new Budget Act made the publication of the Citizens' Budget mandatory as well as of 1 January 2022. Hence, for the next cycle of our research, the number of mandatory documents will rise to 4.

Graph 4. Average transparency of municipalities and cities (by county)

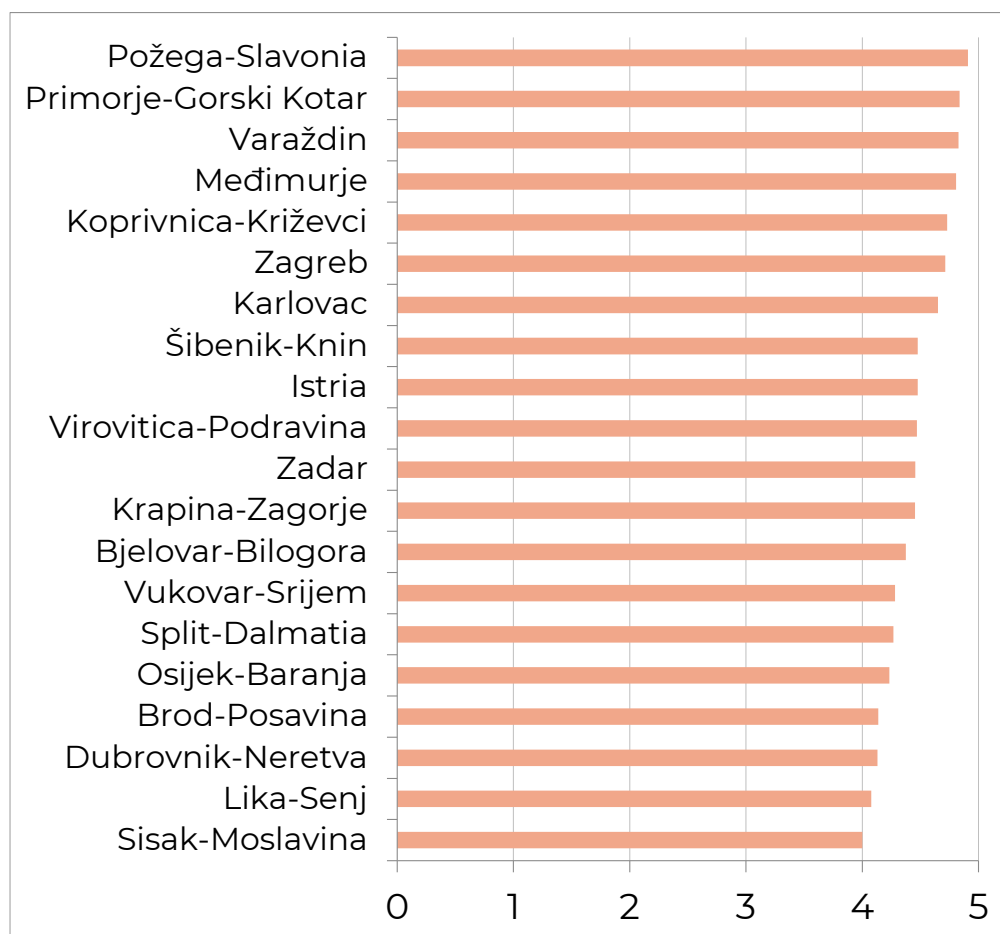


Cities



Source: Authors

The fewest number of budget documents was published by municipalities in the Sisak-Moslavina, Lika-Senj and Dubrovnik-Neretva counties (3.8 out of 5). All municipalities in the Požega-Slavonia County published all five key budget documents. The Sisak-Moslavina County also holds a negative record when it comes to cities as the cities in this county published the fewest average number of documents (4.1), while in seven counties all cities published all five documents (Brod-Posavina, Karlovac, Koprivnica-Križevci, Međimurje, Primorje-Gorski Kotar, Šibenik-Knin and Zagreb) (Graph 4).

Graph 5. Overall average transparency of counties*

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

Source: Authors

The leading counties with regard to average budget transparency for all local government units in their territory are Požega-Slavonia, Primorje-Gorski kotar, Varaždin and Međimurje counties, while the bottom positions are held by Sisak-Moslavina, Lika-Senj, Dubrovnik-Neretva and Brod-Posavina counties (Graph 5).

A comparison with the previous research cycle shows that 16% of local government units published more documents than in the previous cycle, 66% published the same number of documents, but 18% published less documents.

However, even with some local government units that do publish the required documents, there are problems with the documents themselves. The titles of the documents are often inconsistent or unclear, which makes it harder for the citizens to navigate through the documents. For instance, the City of Lipik uses two different names for a single document (**Execution Report** and **Annual Statement**). The Municipality of Podbablje publishes (what is most likely) the revision of its budget under the name “**2020 Budget Execution – Special Section**”. The Citizens’ Budget of the Municipality of **Tounj** makes no clear reference to the relevant year (2022 or 2021). Some local government units publish citizens’ budgets without a single figure for the relevant year. Such documents were not considered valid for the purpose of the research (e.g., the City of **Vis**, the municipalities of **Velika Kopanica** or **Slavonski Šamac**). The present research also examines whether the local government units publish their budget documents in their official gazettes. We found numerous deficiencies in this respect, too. Some gazettes have no search engine, or their search engines are so poor they are practically useless (e.g., the official gazettes of Sisak-Moslavina and Lika-Senj counties or the City of Orahovica).

Apart from the mere publication of budget documents, further improvements are necessary to increase citizens’ trust and involvement in budget processes. We commend the efforts of some local government units which already made steps in that direction. For instance, several programmes introduced by the City of Rijeka

some years ago enable its citizens to participate in the budget planning and adoption processes. The Municipality of Viškovo publishes its citizens' budget in printed form and delivers it to every household free of charge together with the municipality gazette. Viškovo is also the only municipality that scored 39 out of maximum 40 points in all eight research cycles, which has also been accomplished by a limited number of counties and cities.

Even though there are some counties and cities, even one municipality, that have kept their high transparency levels throughout the research, and even though average transparency has been on the rise over the years, the latest research cycle shows a stagnation or even a slight decrease of average transparency at municipality level, which is cause for concern. However, the largest cause for concern is the fact that a large number of local government units keep failing to abide by the law in terms of publishing documents they are legally required to make public.

Since budget transparency is a necessary, but not the only condition to ensure quality management of public funds, we hope that it will keep improving and that it will eventually lead to higher participation levels of citizens, media, unions, politicians, scientists. Conclusions and recommendations that might serve the purpose of both improving budget transparency and laying the foundation for potential reform of the fiscal and territorial arrangement of the country can be found in our previous analyses of budget transparency and will thus not be echoed here.⁸

⁸ See: Ott, Bronić, Petrušić, Stanić and Prijaković (2019).

**Table 1. Budget transparency of counties, cities and municipalities
(by number of published documents, in alphabetical order)**

LEVEL OF TRANSPARENCY	LOCAL GOVERNMENT UNITS
5	<p style="text-align: center;">COUNTIES</p> <p>Bjelovar-Bilogora, Brod-Posavina, Dubrovnik-Neretva, Istria, Karlovac, Koprivnica-Križevci, Krapina-Zagorje, Lika-Senj, Međimurje, Osijek-Baranja, Požega-Slavonia, Primorje-Gorski Kotar, Sisak-Moslavina, Split-Dalmatia, Šibenik-Knin, Varaždin, Virovitica-Podravina, Vukovar-Srijem, Zadar, Zagreb</p>
5	<p style="text-align: center;">CITIES</p> <p>Bakar, Beli Manastir, Belišće, Benkovac, Bjelovar, Buje, Buzet, Cres, Crikvenica, Čabar, Čakovec, Čazma, Delnice, Donja Stubica, Drniš, Dubrovnik, Duga Resa, Dugo Selo, Đurđevac, Garešnica, Glina, Gospić, Grubišno Polje, Hvar, Ilok, Imotski, Ivanec, Ivanić-Grad, Jastrebarsko, Karlovac, Kastav, Kaštela, Knin, Komiža, Koprivnica, Korčula, Kraljevica, Krapina, Križevci, Krk, Kutina, Labin, Lepoglava, Lipik, Ludbreg, Makarska, Mali Lošinj, Metković, Mursko Središće, Našice, Nin, Nova Gradiška, Novalja, Novi Vinodolski, Novigrad, Novska, Ogulin, Opatija, Orahovica, Oroslavje, Osijek, Otok (Vinkovci), Ozalj, Pakrac, Pazin, Pleternica, Ploče, Poreč, Požega, Pregrada, Prelog, Pula, Rab, Rijeka, Rovinj, Samobor, Skradin, Slavonski Brod, Slunj, Split, Supetar, Sveta Nedelja, Sveti Ivan Zelina, Šibenik, Trogir, Umag, Varaždin, Varaždinske Toplice, Velika Gorica, Virovitica, Vodice, Vrbovec, Vrbovsko, Vrgorac, Vrlika, Vukovar, Zabok, Zadar, Zagreb, Zaprešić, Zlatar, Županja</p>

LEVEL OF TRANSPARENCY	LOCAL GOVERNMENT UNITS
5	<p style="text-align: center;">MUNICIPALITIES</p> <p>Andrijaševci, Antunovac, Babina Greda, Bale, Barban, Baška, Bebrina, Bedekovčina, Bedenica, Belica, Beretinec, Bibinje, Bilice, Bilje, Biskupija, Bistra, Blato, Bol, Bosiljevo, Bošnjaci, Brdovec, Brestovac, Breznica, Breznički Hum, Brinje, Brodski Stupnik, Brtonigla, Cerna, Cerovlje, Cetingrad, Cista Provo, Civiljane, Crnac, Čačinci, Čađavica, Čaglin, Čavle, Čepin, Davor, Dekanovec, Desinić, Dežanovac, Domašinec, Donja Dubrava, Donja Voća, Donji Andrijevići, Donji Kraljevec, Donji Vidovec, Draganić, Draž, Drnje, Dubravica, Dubrovačko primorje, Dugopolje, Đelekovec, Đulovac, Đurđenovac, Đurmanec, Ernestinovo, Ferdinandovac, Funtana, Fužine, Galovac, Garčin, Goričan, Gornja Vrba, Gornji Kneginec, Gračac, Gračišće, Gradec, Gunja, Hercegovac, Hlebina, Hrašćina, Hrvace, Hum na Sutli, Ivankovo, Ivanska, Jagodnjak, Jakovlje, Jakšić, Jalžabet, Jasenice, Jasenovac, Jelenje, Kali, Kalinovac, Kalnik, Kamanje, Kaptol, Karojba, Kistanje, Klakar, Klana, Klenovnik, Klis, Kloštar Ivanić, Kloštar Podravski, Kolan, Konavle, Koprivnički Bregi, Kostrena, Koška, Kotoriba, Kravarsko, Križ, Kršan, Kukljica, Kumrovec, Lanišće, Lasinja, Legrad, Lekenik, Levanjska Varoš, Lipovljani, Lišane Ostrovičke, Lobar, Lokvičići, Lovas, Lovinac, Lovran, Lovreć, Luka, Lukač, Mače, Magadenovac, Mala Subotica, Mali Bukovec, Malinska-Dubašnica, Marčana, Marija Bistrica, Marija Gorica, Marina, Martijanec, Maruševac, Matulji, Mikleuš, Mljet, Molve, Mrkopalj, Murter, Nedelišće, Netretić, Nova Bukovica, Nova Kapela, Nova Rača, Novi Golubovec, Novigrad Podravski, Nuštar, Okrug, Omišalj, Oprtalj, Orehovica, Pašman, Perušić, Peteranec, Petrijanec, Pićan, Pirovac, Pisarovina, Pitomača, Plitvička Jezera, Podcrkavlje, Podgora, Podravske Sesvete, Podstrana, Podturen, Pokupsko, Popovac, Posedarje, Postira, Preko, Prgomet, Primorski Dolac, Privlaka (Vukovarsko-srijemska ž.), Promina, Pučišća, Punat, Radoboj, Rakovec, Rakovica, Rasinja, Raša, Ribnik, Rugvica, Runovići, Ružić, Saborsko, Satnica Đakovačka, Sibirj, Sirač, Skrad, Sopje, Sračinec, Stara Gradiška, Stari Jankovci, Stari Mikanovci, Starigrad,</p>

LEVEL OF TRANSPARENCY	LOCAL GOVERNMENT UNITS
5	<p style="text-align: center;">MUNICIPALITIES (CONT'D)</p> <p>Strahoninec, Strizivojna, Stubičke Toplice, Stupnik, Sukošan, Sunja, Sveta Marija, Sveti Đurđ, Sveti Filip i Jakov, Sveti Ilija, Sveti Ivan Žabno, Sveti Križ Začretje, Sveti Lovreč, Sveti Martin na Muri, Šenkovec, Šodolovci, Šolta, Štrigova, Tinjan, Tisno, Tkon, Tompojevci, Topusko, Tribunj, Trnava, Trnovec Bartolovečki, Trpanj, Tučepi, Tuhelj, Unešić, Vela Luka, Velika, Velika Ludina, Velika Trnovitica, Veliki Bukovec, Veliko Trojstvo, Vidovec, Vinica, Vinodolska općina, Vir, Visoko, Viškovo, Vižinada, Vladislavci, Vojnić, Vratašinec, Vrbanja, Vrbnik, Vrhovine, Vrpolje, Vuka, Zagorska Sela, Zagvozd, Zažablje, Zemunik Donji, Zmijavci, Žakanje, Žumberak, Župa dubrovačka</p>
4	<p style="text-align: center;">CITIES</p> <p>Biograd na Moru, Daruvar, Donji Miholjac, Đakovo, Klanjec, Kutjevo, Obrovac, Opuzen, Otočac, Pag, Popovača, Sisak, Slatina, Solin, Stari Grad, Trilj, Valpovo, Vis</p>
4	<p style="text-align: center;">MUNICIPALITIES</p> <p>Barilović, Baška Voda, Bednja, Berek, Bizovac, Brela, Brod Moravice, Budinščina, Cernik, Cestica, Dobrinj, Drenovci, Dubrava, Dugi Rat, Farkaševac, Generalski Stol, Gola, Gorjani, Gornja Rijeka, Gornja Stubica, Gradina, Gradište, Grožnjan, Gvozd, Jarmina, Josipdol, Kanfanar, Kapela, Kaštelir - Labinci, Kneževi Vinogradi, Končanica, Konjščina, Koprivnički Ivanec, Krapinske Toplice, Krašić, Krnjak, Kula Norinska, Ližnjan, Lokve, Lopar, Ljubešćica, Martinska Ves, Medulin, Milna, Mošćenička Draga, Muć, Nerežišća, Nijemci, Novigrad, Novo Virje, Okučani, Oriovac, Orle, Otok, Petlovac, Petrijevci, Podbablje, Podgorač, Polača, Poličnik, Preseka, Pribislavec, Primošten, Privlaka (Zadarska ž.), Pušća, Ravna Gora, Rešetari, Sali, Seget, Selnica, Semeljci, Sikirevci, Slavonski Šamac, Smokvica, Sokolovac, Sutivan, Sveta Nedelja, Sveti Juraj na Bregu, Sveti Petar Orehovec, Sveti Petar u Šumi, Svetvinčenat, Šandrovac, Špišić Bukovica, Štefanje, Tar-Vabriga, Trpinja, Udbina, Velika Pisanica, Veliko Trgovišće, Virje, Viškovci, Voćin, Vrsi, Zadvarje, Zlatar Bistrica, Žminj</p>

LEVEL OF TRANSPARENCY	LOCAL GOVERNMENT UNITS
3	<p style="text-align: center;">CITIES</p> <p>Hrvatska Kostajnica, Novi Marof, Omiš, Petrinja, Senj, Sinj, Vinkovci, Vodnjan</p>
3	<p style="text-align: center;">MUNICIPALITIES</p> <p>Bogdanovci, Borovo, Brckovljani, Bukovlje, Čeminac, Darda, Dicmo, Dragalić, Drenje, Erdut, Fažana, Feričanci, Gornji Mihaljevec, Gradac, Gundinci, Hrvatska Dubica, Jelsa, Jesenje, Klinča Sela, Kraljevec na Sutli, Lastovo, Lećevica, Lumbarda, Lupoglav, Marijanci, Markušica, Motovun, Negoslavci, Oprisavci, Orebić, Pakoštane, Plaški, Podravska Moslavina, Poveljana, Punitovci, Ražanac, Rogoznica, Rovišće, Selca, Severin, Slivno, Stankovci, Staro Petrovo Selo, Ston, Suhopolje, Škabrnja, Štitar, Tordinci, Tounj, Tovarnik, Velika Kopanica, Veliki Grđevac, Višnjan, Vođinci, Vrsar, Zrinski Topolovac</p>
2	<p style="text-align: center;">MUNICIPALITIES</p> <p>Donja Motičina, Donji Kukuruzari, Donji Lapac, Dvor, Ervenik, Gornji Bogičevci, Janjina, Mihovljan, Viljevo, Zdenci</p>
1	<p style="text-align: center;">MUNICIPALITIES</p> <p>Majur, Petrovsko, Pojezerje, Proložac, Sućuraj, Šestanovac, Vrbje</p>
0	<p style="text-align: center;">MUNICIPALITIES</p> <p>Karlobag, Kijevo</p>

Source: Authors