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Source / Izvornik: **Press releases, 2018, 11, 1 - 4**

Journal article, Published version

Rad u časopisu, Objavljena verzija rada (izdavačev PDF)

<https://doi.org/10.3326/pr.2018.102>

Permanent link / Trajna poveznica: <https://um.nsk.hr/um:nbn:hr:242:766383>

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Download date / Datum preuzimanja: **2024-07-16**



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PRESS RELEASES

National budget transparency: public access to budget information remains limited despite slight improvement

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The International Budget Partnership (IBP), a non-profit Washington-based organisation, on January 30, released the Open Budget Index 2017. Croatia scored 57 out of a possible 100, thus ranking among countries with limited online access to national budget information. Despite the slight improvement over the country's 2015 Index score, there is an urgent need to upgrade the quality and accessibility of online national budget information.

The Open Budget Index (OBI) is the only independent, internationally comparative indicator of the quality and amount of online national budget information, used for the periodic measuring of the central government (national) budget¹ transparency. The OBI 2017 is the result of the sixth round of IBP's Survey (the previous rounds were carried out in 2006, 2008, 2010, 2012 and 2015).

The national budget transparency is important because, through its budget, the government influences the lives of all citizens. The timely publication of high-quality key budget documents enables citizens, as well as experts, to analyse them and participate, in an informed way, in the budget process, harmonizing their wishes and needs with the Government's goals. And this is exactly what the open budget index measures: the extent to which an ordinary citizen can access timely, understandable and adequate national budget information online.

The Survey has been conducted by IBP, which has compiled an Open Budget Questionnaire (hereinafter: Questionnaire) based on internationally accepted criteria. The Questionnaire is completed by experts from 115 countries who are independent of their governments and political parties. Their responses are based on documented evidence and objective criteria, and are peer-reviewed by other independent experts. Moreover, the responding countries' finance ministries have been invited to comment on the Questionnaire responses. Apart from the national budget transparency, the Survey also covers opportunities for citizens to participate in the national budget process² and the roles of budget oversight institutions (i.e. the Parliament and State Audit Office, SAO).

¹ The central government budget includes all budget and extra-budgetary users of the national budget. For more details, please, visit [Ministry of Finance](#).

² That is the preparation, adoption, implementation and oversight of the budget. The main participants in these activities are: the Ministry of Finance, budget and extra-budgetary users, the Parliament, Government and SAO.

Budget transparency

The Open Budget Index is compiled on the basis of 109 questions from the Questionnaire, exploring whether government authorities publish online eight key budget documents in a timely manner, and whether the information provided to the public is understandable and adequate.

The OBI 2017 was calculated on the basis of budget documents for 2015, 2016 and 2017³ and the scores range from 0 to 100. The highest scores were achieved in South Africa, New Zealand, Sweden, Norway and Georgia, and the lowest in Yemen, Venezuela, Qatar, Niger, Lesotho and Equatorial Guinea (graph 1). The average Index value (42) means that, in the surveyed countries, citizens have access to as little as 42% (on average) of requested information on government revenues and expenditures. A slight decline has been observed in average global transparency scores compared to the 2015 Index average of 45.

Croatia's OBI 2017 score is 57, up four points from 2015. While comfortably exceeding the global average, this score indicates that the information made available to Croatian citizens is still inadequate for effective oversight of national budget spending. Ranking 34th on the list, Croatia belongs to countries with 'limited public access to budget information'.

Croatia's OBI scores in the period from 2006 to 2017 were 42, 59, 57, 61, 53 and 57, respectively (graph 2)⁴. A number of improvements have been observed relative to the previous round of the Survey, mainly relating to additional information in the 2017 Budget Proposal (e.g. the inclusion of a detailed presentation of expenditures according to functional classification and the revenue/expenditure data for the previous two years).

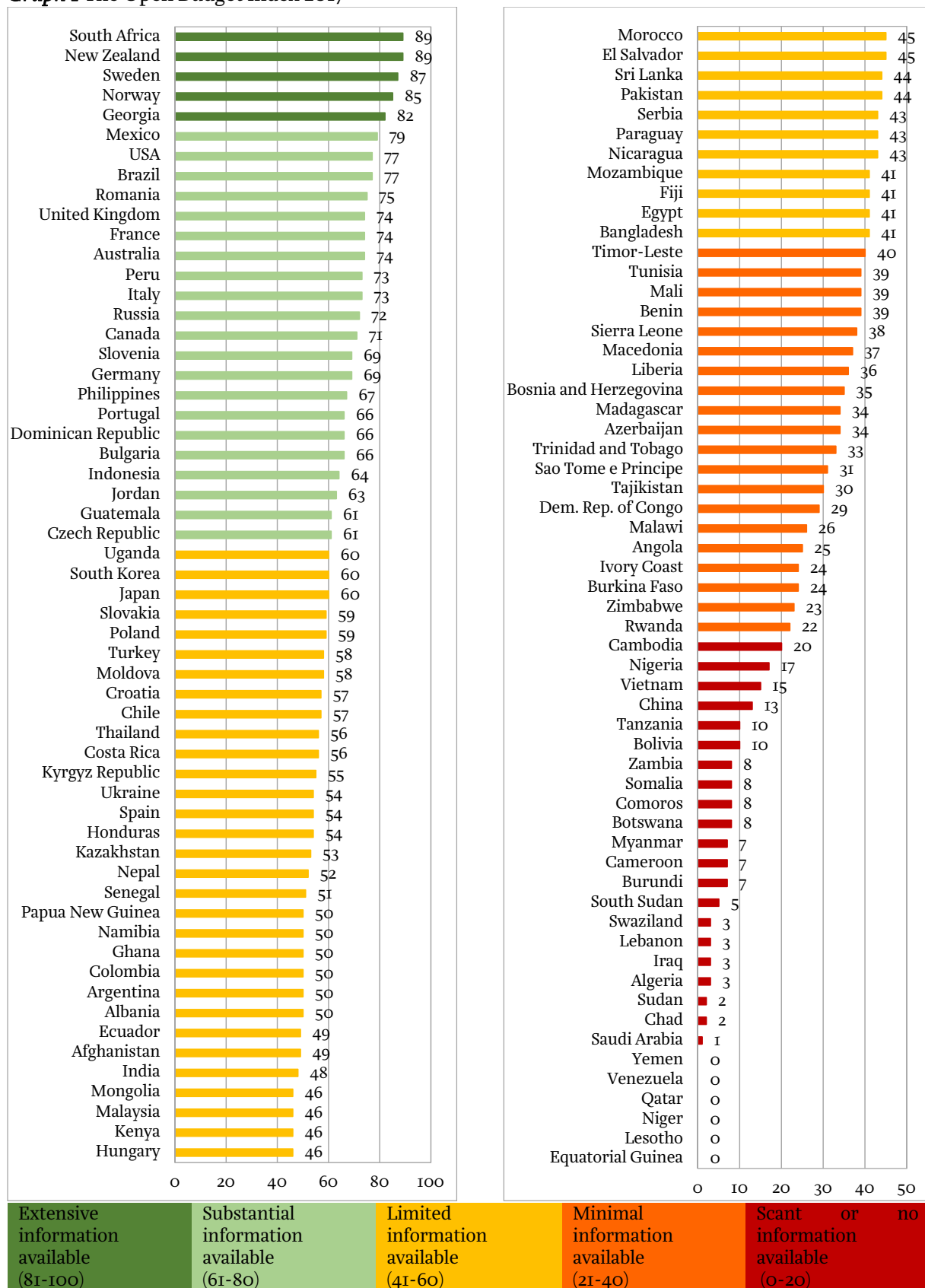
Major deterioration from the previous rounds of the Survey relates to the **Guidelines for Drafting the 2017 National Budget** which were published only ten days before submitting the Budget Proposal to Parliament. Given the minimum period of one month between the publication of those two documents, as specified in the best international practices, it has been concluded that the Government failed to give the interested public enough time to analyse the Guidelines. Therefore, due to their late publishing, the Guidelines have not been taken into account. As there were no problems with the timely publishing of that document in the previous rounds of the Survey, the delay in publishing the Guidelines was the main reason why the improvement in the country's score in this round of the Survey was not greater.

Even though the Government regularly publishes the **Mid-Year Report on the Execution of the Republic of Croatia's Budget**, for many years now, that document has not included revised data on the planned amounts (of revenues, expenditures and debt) for the current and the next two budget years. Hence, even it does not satisfy the evaluation requirements under this survey and is considered as not published.

³ The analysis covered the latest available documents published for the period ending 31 December 2016, i.e. the fiscal and economic policy guidelines, budget proposal, enacted budget, citizens budget, monthly reviews, mid-year and year-end budget reports on budget execution and audit report. For more details on the methodology see **IBP**.

⁴ For more details on the previous rounds of the Survey, see press releases Nos. **8**, **26**, **47** and **85**.

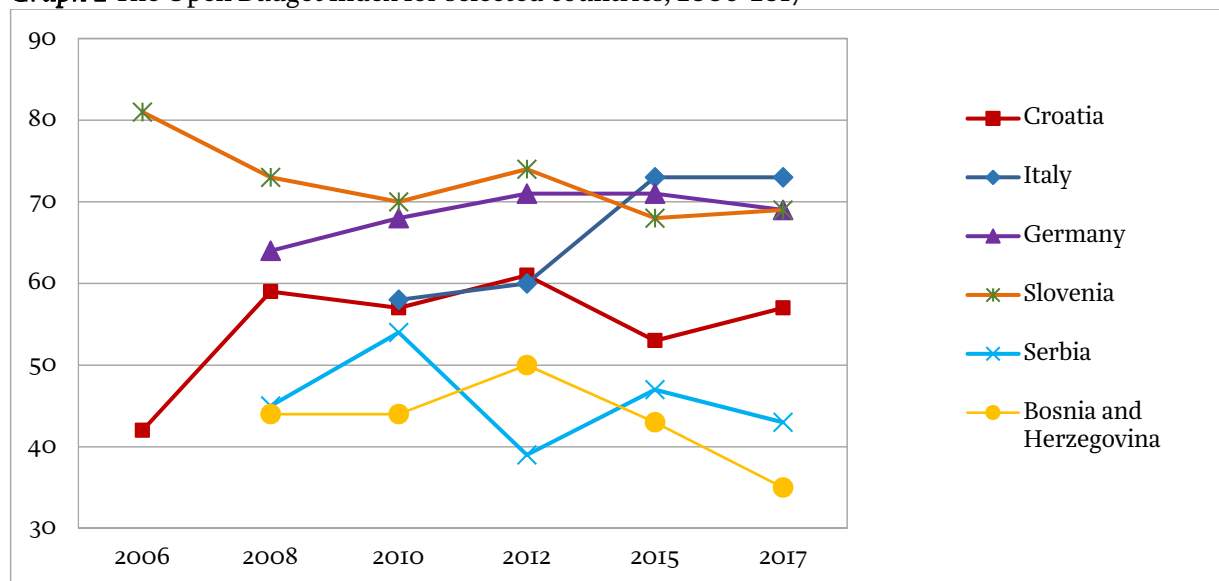
Graph 1 The Open Budget Index 2017



Source: *IBP (2018)*

Note: The column colours represent groups of countries according to OBI scores, as defined by IBP.

Graph 2 The Open Budget Index for selected countries, 2006-2017



Source: *IBP (2018)*

Opportunities for the public to engage in the budget process and the roles of Parliament and the SAO in budget oversight

Effective public finance governance additionally requires public participation and strong national budget oversight institutions. Therefore, the Questionnaire assesses the level of opportunities for citizens' participation in the national budget process, provided by the executive, legislature and SAO. It has been found that the Parliament, through its committees, provides the most public participation opportunities (50 out of 100), while considerably less opportunities are offered by the SAO (33 out of 100) and the executive (15 out of 100). The SAO should, among other things, establish formal mechanisms for the public to participate in audits (e.g. as witnesses) and the executive should provide more effective formal mechanisms for establishing what citizens, especially the more vulnerable and, usually, underrepresented groups, think about the national budget proposal and its implementation.

The Questionnaire also measures the adequacy of the national budget oversight. The results show that the SAO provides adequate budget oversight (89 out of 100), whereas the oversight provided by Parliament is limited (43 out of 100). It is therefore recommended that budget proposals be provided to MPs at least two months before the start of the budget year and that a specialized parliamentary budget office be set up to assist the MPs.

Key recommendations for improving the national budget transparency

In order to strengthen public finance governance, the Government and Ministry of Finance should implement at least the following key recommendations:

- publish key budget documents in a timely manner;
- ensure that the data on government's financial assets (the list of the assets and their evaluation) and non-financial assets (the list of the assets by category) are included in the national budget proposal;
- ensure that information on tax expenditures for the budget year (along with explanations of the main purposes of each expenditure, indication of target groups and lost income estimates) is included in the national budget proposal; and
- publish comprehensive mid-year report on budget execution, prepared in accordance with the guidelines issued by relevant international organisations (OECD and IMF).