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Budget transparency in Croatian counties, cities and municipalities (November 2018 – March 2019)¹

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The overall average level of budget transparency in Croatian counties, cities and municipalities, expressed as the number of budget documents published on their respective official websites, stands at 3.9 (out of a maximum of 5). The number of budget documents published has grown year by year, so that it now averages 4.9 for counties, 4.3 for cities and 3.8 for municipalities. However, despite the remarkable average results and encouraging trends, only counties (all of them) fully comply with the regulations. A relatively large number of cities and even more municipalities still fail to publish even the legally required budget documents, while an even larger number of cities and municipalities (including as many as three counties) do not follow the Ministry of Finance's recommendations. Although the publishing of budget documents does not in itself guarantee absolute transparency, it should be both prescribed and encouraged, as an effort towards higher transparency levels necessary for citizens' participation. As long as budget transparency is not adequately regulated and the relevant ministries fail to carry out effective oversight, citizens will largely depend on the local authorities' goodwill. As shown by improvements in budget transparency achieved so far, there really is a lot willingness in many local governments to act in that direction. It remains to be hoped that the relevant ministries will eventually succeed in regulating and controlling local governments in a more adequate way, that the local governments currently lagging behind will catch up with the more advanced ones and that citizens, associations, the media, union trades, political parties and independent politicians will finally start using the numerous existing budget transparency tools and mechanisms and engage constructively in budget processes. More detailed results for all counties, cities and municipalities are given later in the text and are additionally available on an interactive map and in an Excel table.

Year after year, the Institute of Public Finance conducts analyses of budget transparency in Croatian counties, cities and municipalities. This article presents the results of the latest analysis covering the period from early November 2018 to end-March 2019².

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² The results for previous research 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, 2017 and 2018).

Budget transparency implies providing an insight into complete, accurate, timely and understandable budget information. It enables citizens to participate and affect the efficiency of public funds collection and spending, to demand more accountability from the Government and local government authorities³ and, consequently, to reduce opportunities for corruption.

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 governments, which, in this research cycle, include the following:

- the 2017 year-end report;
- the 2018 mid-year report;
- the 2019 budget proposal;
- the 2019 enacted budget;
- the 2019 citizens budget⁴.

The aim of the study was to establish the quantity of budget documents published on the local governments' official websites, without any detailed analysis of their contents. Of course, the publication of all five budget documents on a local government's website implies neither the absolute budget transparency of that local government unit, nor the absolute budget-related accountability of its authorities. The publication of the required five documents is just a confirmation that the local government complies with the Budget Act, Act on the Right of Access to Information and the Ministry of Finance recommendations. This level of budget transparency can be considered the first step towards greater budget transparency and the first prerequisite for citizens to be acquainted with local budgets. Only citizens who are informed about the budget can participate in local budgeting, i.e. 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 governments, measured by the number of published key budget documents, has improved year by year. It more than doubled over the last five research cycles, growing from an average of 1.8 to 3.9 published documents. However, this remarkable average result conceals considerable differences in transparency among the local governments. As many as 15 municipalities still did not publish a single budget document, whereas 25 municipalities and one city (Otok) published only one such document each (Table D1). Moreover, 23% of local governments (17 cities and 115 municipalities) even failed to comply with the law, i.e. they have not published all three mandatory documents (enacted budget, mid-year report, year-end report), whereas 49% of them (55 cities, 222 municipalities and 3 counties) ignored the Ministry of Finance's recommendation to publish additional documents (budget proposal and citizens budget).

As regards the average level of transparency for all local governments within a county, the leader is the Primorje-Gorski Kotar County, followed by the Požega-Slavonija and Koprivnica-Križevci counties; the least transparent are the Split-Dalmatia, Vukovar-Srijem, Dubrovnik-Neretva and Zadar counties. By types of local governments, the average transparency scores for counties are 'excellent' (4.9), while cities and municipalities are 'very good' (4.3 and 3.8 respectively). These are, of course, average scores, 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 85% of counties, 51% of cities and 44% of municipalities.

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

⁴ From 15 November to 13 December 2018, the authors examined the publication of the 2017 year-end and 2018 mid-year reports, and from 4 February to 29 March 2019, the publication of the 2019 budget proposals, enacted budgets and citizens budgets. Before that, on 8 November 2018, an e-mail message was sent to all local governments, informing them of the time and manner of examining their respective websites.

A comparison with the previous research cycle shows that 47% of all local governments published the same number of documents, and 16% even less (mainly one or two documents less than previous year). Only the municipalities of Janjina and Severin published three, and Ferdinandovac and Vela Luka even four documents less than in the previous cycle.

It is encouraging that 26% of local governments maintained the top level of budget transparency, and that 37% of them published more documents than in the previous research cycle. The municipalities of Gornji Mihaljevec, Stankovci and Preko even jumped from zero to five published documents; the municipality of Podravska Moslavina from zero to four published documents and the municipalities of Breznica, Gunja, Kaštelir-Labinci, Petrijanec, Rešetari, Sopje, Tinjan, Trnava and Viškovci, and the city of Vrgorac published five documents each (one in the previous cycle).

The progress is even more noticeable if the findings for 2019 are compared with those for 2015. While in 2015, only one municipality (Viškovo), five counties and fifteen cities published all five budget documents, in the current year, this is true for as many as 187 municipalities, 65 cities and 17 counties. In 2015, there were as many as 18 cities and 148 municipalities without a single budget document published, while in the current cycle, this is the case with "only" 15 municipalities.

Below is an explanation of the basic research rules and the analysis results by type of local governments and type of documents published. Also explained are trends in budget transparency and the accessibility of specific documents, as well as the relationship between the levels of transparency and local governments' populations and budget revenues. Then follows a discussion of the quality of online budget information to citizens, and 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 governments 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 annual financial statements should also be published on the local governments' official websites.

Moreover, the **Ministry of Finance**, in its instructions for the preparation of the budgets of units of local and regional self-government, reiterates the need to comply with the principle of transparency for the purpose of more effective public resources management, as one of the top priorities of the Action Plan for the Implementation of the Open Government Partnership Initiative in the Republic of Croatia. The Ministry recommends that local governments should publish on their official websites:

- not only the budgets with projections, adopted by their respective representative bodies, but also budget proposals with projections, when submitted to the representative body by mayors, municipality heads or county prefects (i.e. no later than 15 November of the current year, as required by the Budget Act);
- proposals for mid-year and year-end reports on the execution of local budgets, when submitted to the representative body by mayors, municipality heads or county prefects;
- citizens budgets (the Ministry of Finance provides a single format for citizens budgets);
- any materials related to the budgets and their amendments, in a format suitable for further processing (Word or Excel) rather than in the PDF format.

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's website, either as a 'draft budget proposal', or as part of materials for a meeting, or there is a clearly stated direct link to a website containing that document.
- *Enacted budget* – if it is published on a local government's website, or if there is a clearly stated direct link to a website containing that document. If published in a local government's official gazette, it is deemed to be published only if there is a clearly stated direct link (e.g. 'the 2019 budget') on the local government's website to this particular document, or the official gazette in which it can be found⁶. Otherwise, the document is not deemed to be published on the local government'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's website under the said titles, or as 'proposals for' ('drafts of') a mid-year/year-end 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 2018 mid-year report') on the local government'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'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), mid-year and year-end reports are recognised, even if they contain only the specific parts and not the general parts. However, local governments 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 deficits or surpluses are left out. Where the analysed documents only contain the general parts of the budgets, without the specific parts, they are not recognized due to insufficiently detailed information on budget expenditures and outlays.

This analysis only considers the documents available on the local governments' websites during the observed research periods and on the days of searching the websites. Subsequently published documents are deemed not to be published. The observation periods for local governments have already been set generously, as the websites are assessed well after the legally prescribed 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 effectively participate in the budget processes. Of course, there is always a possibility that the researchers were unable to find the needed documents, even though they had been published, but this would only mean that the documents were not prominently displayed on the local governments' websites, so that citizens would also have had difficulties in finding them.

BUDGET TRANSPARENCY IN LOCAL GOVERNMENTS

As in previous years, graphs 1 and D1 (see p. 13) show uneven levels of budget transparency in local governments, and, particularly, sharp differences between counties and municipalities in this respect.

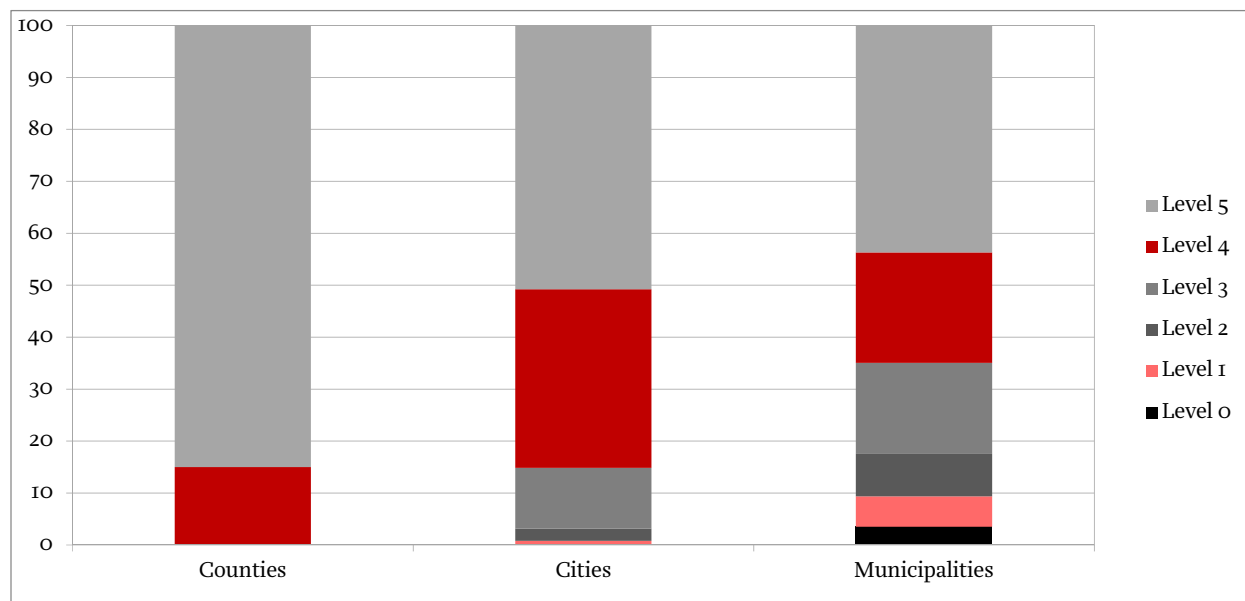
⁵ For a detailed description, see Ott, Bronić and Petrušić (2015).

⁶ For local governments 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 2018 mid-year report to the representative body by 15 September 2018, and the assessment of the local governments' websites started as late as 15 November 2018.

Graph 1

Levels of budget transparency in local governments (%)



Source: The authors

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, Lika-Senj and Vukovar-Srijem) published four instead of five budget documents.

The average level of budget transparency in cities is also very good (4.3). However, despite as many as 65 top-ranking cities (table D1), there is still a great percentage difference between the cities and counties with five published budget documents (51% vs. 85%). As shown in graph D1b, the most transparent cities on average are located in the Brod-Posavina (5), Istria (4.8) and Primorje-Gorski Kotar (4.7) counties, and the least transparent in the Vukovar-Srijem (3) and Zadar (3.5) counties.

In terms of average budget transparency, municipalities are almost 'very good' (3.8), but are still lagging behind both counties and cities. Nevertheless, the percentage of municipalities with not a single document published dropped (from 5.8% to 3.5%), while the percentage of those with all five documents published jumped from 25% to 44% (graph 1). Viewed by counties, the most transparent municipalities are in the Požega-Slavonia County (4.6), followed by the Koprivnica-Križevci and Primorje-Gorski Kotar counties (4.5 each), and the least transparent are located in the Split-Dalmatia (2.7) and Dubrovnik-Neretva (2.9) counties (graph D1c).

In terms of average budget transparency for all local governments within a county (graph D1d)⁸, leaders are the Primorje-Gorski Kotar (4.6), Požega-Slavonia (4.5) and Koprivnica-Križevci (4.4) counties. The least transparent are the Split-Dalmatia (3.1), Vukovar-Srijem (3.2), Dubrovnik-Neretva (3.3) and Zadar (3.4) counties.

To clarify differences among graphs D1a to D1d, it should be noted that, for example, the Split-Dalmatia and Dubrovnik-Neretva counties are both highly transparent (publishing all five documents), but the municipalities in their respective territories are among the least transparent (with average transparency scores of 2.7 and 2.9 respectively). As a result, the overall average transparency in those counties is among the lowest (3.1 and 3.3 respectively).

⁸ Calculated as the sum of the transparency level for a given county and for all cities and municipalities located therein, divided by the total number of local governments in that county, including the county itself.

ACCESSIBILITY OF BUDGET DOCUMENTS

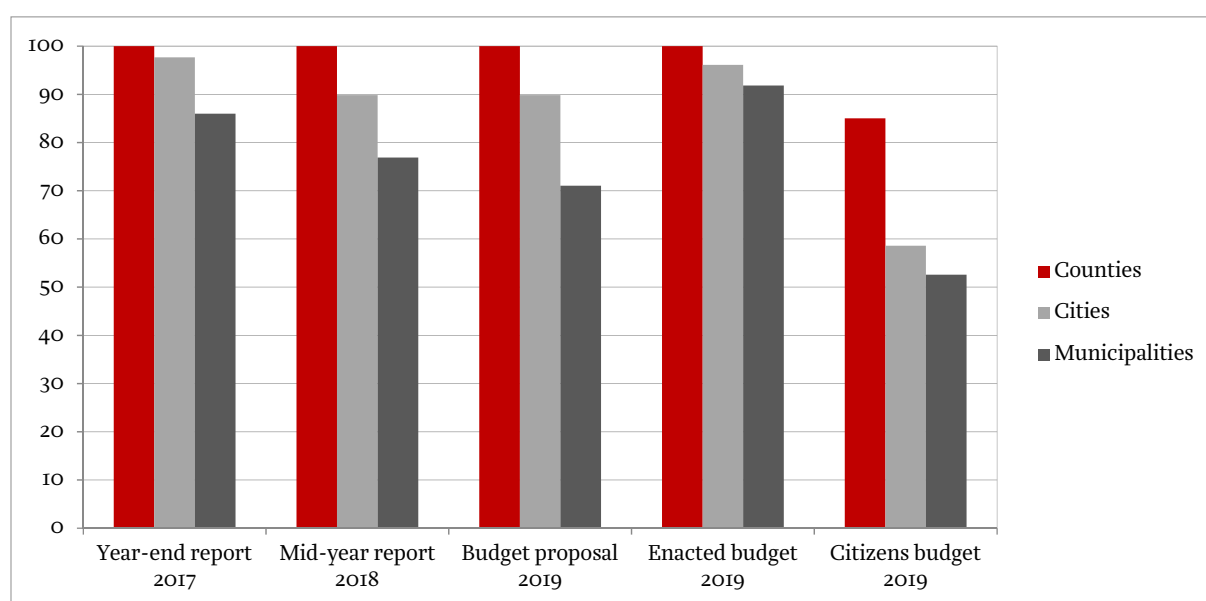
As shown in graph 2, the most accessible to citizens were budget documents in counties. Seventeen counties published all five documents, and only the Koprivnica-Križevci, Lika-Senj and Vukovar-Srijem counties failed to publish citizens budgets.

Cities lagged behind counties. However, almost all cities published year-end reports and enacted budgets, and nearly 90% of them published mid-year reports and budget proposals. Nevertheless, they lagged behind seriously in publishing citizens budgets (below 60%).

Municipalities mainly published enacted budgets (92%) and, to a slightly lesser extent, year-end and mid-year reports (86% and 77% respectively), as well as budget proposals (71%). Regrettably, only 53% of municipalities published citizens budgets.

Graph 2

Published budget documents (%)



Source: The authors

Despite steady growth in the number of published budget documents, municipalities continued to publish fewer budget proposals than enacted budgets, so that almost 30% of them even failed to publish budget proposals. Moreover, a large number of municipalities and cities failed to publish budget proposals at the time of their submission by the local executive body to the representative body. Citizens are thus deprived of the opportunity to participate in the next year's budget planning. In addition, nearly half of municipalities, over 40% of cities and even some counties failed to publish citizens budgets, which made it difficult for citizens to fully understand the budget and participate in the budget process.

A large number of local governments also failed to publish budget execution reports necessary for citizens to monitor the collection and spending of budget funds. Counties deserve commendation for publishing both year-end and mid-year reports, while almost one fourth of municipalities and 10% of cities still failed to make mid-year reports accessible to citizens. Year-end reports were inaccessible to citizens in 14% of municipalities and 2% of cities.

Despite the Act on the Right of Access to Information and the Budget Act (see Box), providing that all local governments 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 complied with

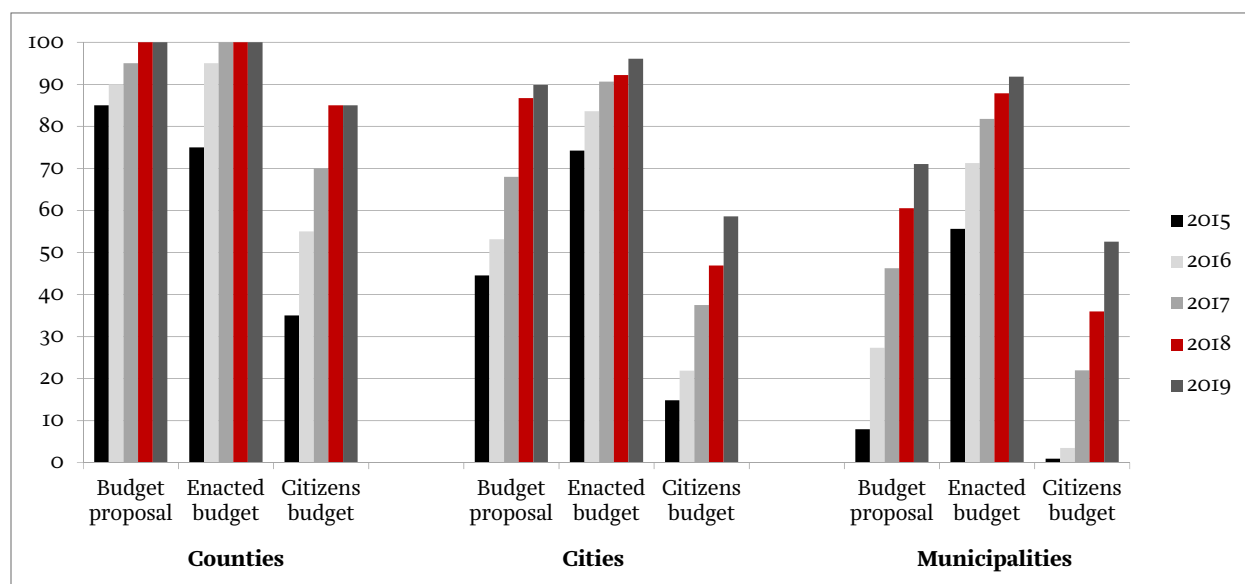
the legislation. A considerable number of municipalities and cities (including three counties) will have to make an effort to at least comply with the said legal requirements and follow the Ministry of Finance's recommendations.

BUDGET TRANSPARENCY STEADILY IMPROVING

Graph 3 shows continuous improvement in budget transparency during all five research cycles. The greatest progress in the period 2015-2019 was made in the publication of citizens budgets (counties improved from 35% to 85%, cities from below 15% to almost 60% and municipalities from below 1% to 53%). In contrast to 2015, when only one municipality (Viškovo) published a citizens budget, as many as 225 municipalities published that document in 2019. During the said five cycles, municipalities also made the most remarkable progress in publishing budget proposals: the percentage of such municipalities shot up from below 8% to over 70%. The substantial improvement from the beginning of the project is also shown on chart D1.

Graph 3

Budget documents published from 2015 to 2019 (%)



Source: The authors

Local governments deserving special commendation for publishing all five required documents in all research cycles so far include: only four counties (Krapina-Zagorje, Šibenik-Knin, Varaždin and Zadar) and only eight cities (Buzet, Osijek, Pazin, Pula, Rijeka, Slavonski Brod, Vodice and Zagreb) and, regrettably, no municipalities. Even more regrettably, there are seven municipalities with not a single budget document published during all five research cycles (Gorjani, Pojezerje, Prgomet, Proložac, Punitovci, Sućuraj and Zrinski Topolovac).

Compared with the previous research cycle (2018), the most remarkable improvement (from zero to five published documents) was seen in the municipalities of Gornji Mihaljevec, Preko and Stankovci (the last-mentioned municipality being the most pleasant surprise, given that it had not published a single document during all five research cycles, i.e. its score had always been zero). By contrast, the sharpest deterioration (from five to one published document) was reported by the municipalities of Vela Luka and Ferdinandovac. Counties and cities did not show such big oscillations.

BUDGET TRANSPARENCY, POPULATION AND BUDGET REVENUES

Of the top hundred local governments with the highest total budget revenues raised in 2018, only five - the municipality of Medulin and the cities of: Ogulin, Popovača, Novi Vinodolski and Slatina - published less than four budget documents each. The same applies to top hundred local governments by population, where only seven cities (Ogulin, Novi Marof, Slatina, Popovača, Belišće, Ploče and Donji Miholjac) published less than four documents.

However, in terms of per capita revenues raised in 2018, of the top fifteen (with revenues between HRK 12,600 and HRK 26,300), as many as six municipalities (Lastovo, Ervenik, Kolan, Lećevica, Karlobag and Bol) published less than four documents. By contrast, municipalities with per capita revenues below or about HRK 2,000 (Bedekovčina, Strahoninec, Sveti Juraj na Bregu, Vidovec, Maruševac, etc.) published all five documents. It is worth noting at this point, that 50 out of 52 top-ranked municipalities with per capita revenues below HRK 3,000 are located in the Continental Croatia, whereas only two (Jelenje and Karojba) belong to the Adriatic Croatia. Some sparsely populated municipalities published all five budget documents, e.g. the smallest Croatian municipality, Cijlpane (137 inhabitants), Ribnik (384 inhabitants), Grožnjan (676), Primorski Dolac (709) and a whole range of municipalities with a population below 1,000. However, of about 140 municipalities with a population exceeding 3,000, only one (Proložac) failed to publish at least one budget document.

Cities performed very well. Two out of thirty cities with per capita revenues below HRK 3,500 (Donji Miholjac and Novi Marof) published less than four budget documents, whereas the poorest among them, Duga Resa (HRK 2,385) and Oroslavlje (HRK 2,575) published all five documents. In contrast to this, out of the top forty cities with per capita revenues over HRK 6,000 the cities of Komiža, Nin, Novi Vinodolski, Obrovac, Pag and Stari Grad published less than four documents. The smallest cities with all five budget documents published included Cres (below 3,000 inhabitants) and Novalja (below 4,000 inhabitants). However, none of the cities with a population of over 13,000 published less than four documents. The worst performer on budget transparency, with only one document published, was Otok (below 5,500 inhabitants).

While there are sparsely populated cities and municipalities with low per capita budget revenues that are highly transparent, it can be concluded that more densely populated and 'better-off' local governments, are more likely to publish larger numbers of budget documents.

QUALITY OF BUDGET INFORMATION TO CITIZENS

Almost all counties have well-designed and easy-to-navigate official websites. This is partly due to the Croatian County Association's project called **Open Budget**. All counties, except the Koprivnica-Križevci, Lika-Senj and Vukovar-Srijem counties, published citizens budgets, as well. The **Šibenik-Knin, Istria and Zadar counties** stand out for their highly accessible and easy-to-navigate websites, with clearly stated key links on the homepages, e.g. to the open budget, budget documents, decisions on budget funds allocation, citizens budgets, consultations with the interested public, etc. The Zadar County, for example, has published citizens budgets attached to each budget documents ever since 2014.

The number of cities with easy-to-navigate demo-websites grows year after year. Some of the cities stand out, e.g., for their interestingly designed citizens budgets, documents presented in searchable formats, archives of documents preserved over a multi-year period, opportunities for citizen participation in budget processes, E-counselling on the budget, children's budgets, financial reports of the relevant budget users, and a wide range of other interesting budget-related information. Some cities even use shared applications, such as the **Proračuni općina i gradova** (Municipality and City Budgets), or **Rješenja za pametan grad** (Smart City Solutions). The following cities stand out for the quality of their websites: Bakar, Beli Manastir, Buje, Buzet, Crikvenica, Gospić, Grubišno Polje, Jastrebarsko, Kastav, Krk, Mali Lošinj, Metković, Nova Gradiška, Novska, Osijek, Pazin, Pleternica, Poreč, Požega, Rab, Rijeka, Rovinj, Samobor, Supetar, Umag, Vodnjan, Zabok and Zagreb.

Some cities have made an even greater progress when it comes to budget transparency. Rijeka, for example, offers its citizens an opportunity to participate in budget planning and formulation, the so-called participatory budgeting in the form of **small community actions, local partnerships and an educational budgeting game 'Proračun(ajme)**. Pazin is known for its project Pazi(n), Proračun! that has been going on for years now, and that offers citizens an opportunity to get informed on the current budget, participate in the formulation of the next year's budget and discussions on the budget forum. As a result, since May 2019, the city authorities and citizens of Pazin have jointly planned the 2020 budget, where citizens can independently choose the **small community actions to be run in 2020**. Moreover, Bjelovar has recently offered its citizens a very attractive application **Isplate iz proračuna** (Payments from the budget).

Also significant is the number of municipalities with very well-designed and easy-to-navigate websites. They include Bedekovčina, Bizovac, Bosiljevo, Dekanovec, Garčin, Gornji Kneginec, Grožnjan, Jelenje, Kamanje, Karojba, Konavle, Murter, Pitomača, Polača, Posedarje, Satnica Đakovačka, Semeljci, Tovarnik, Tribunj, Trnovec Bartolovečki, Viškovci and Viškovo. Municipalities publishing budget documents in Excel also deserve to be commended, namely Drenovci, Dugopolje, Ervenik, Garčin, Lišane Ostrovičke and Lokvičići (the municipality which has not published any budget documents for years and which now published one document, and in Excel!), Marijanci, Murter, Posedarje and Tribunj. The same applies to municipalities consulting with the public about the budget, e.g. Bedekovčina, Novigrad Podravski, Pićan and Rovišće. However, there are numerous municipalities with very poorly organized websites without search engines, without menus or with menus that cannot be opened, with documents scattered across the web pages, or incorrectly titled, or with scanned but unsearchable documents that are sometimes unreadable. Furthermore, some web pages load very slowly and, even if they can be opened, there are no documents on them (i.e. they are either missing completely, or can only be found indirectly via Google). There are also websites that can not open (e.g. those belonging to Zagvozd and Gornji Bogičevci). Bad examples in this context include, for example, Davor, Donji Lapac, Đurđenovac, Galovac, Gorjani, Orebić, Otok, Pakoštane, Pašman, Postira, Poveljana, Primorski Dolac, Punitovci, Seget, Sućuraj, Trpinja and Vinodolska općina. Also worth mentioning is Pojezerje, a municipality *without an official website*.

Although this study is not concerned with the quality of budget documents, the authors have identified some basic quality weaknesses of the documents. For example, the documents published by some municipalities are incomplete, i.e. they only contain either the general or the specific parts, but not both of them; the budgets published only relate to a single year and do not contain projections for the next two years; tables are published without the narratives; documents are undated, so that it is not clear whether they represent budget proposals or enacted budgets; the website posting dates are not indicated, so it is unclear whether the documents were published in time to serve the publication purpose; explanations offered as citizens budgets are inadequate, etc. A special problem is the volatility of the website content, i.e. posted documents are removed from the site too soon.

CONCLUSIONS

The average level of budget transparency for all Croatian counties, cities and municipalities, expressed as the number of budget documents (the 2017 year-end report, the 2018 mid-year report, as well as the 2019 budget proposal, enacted budget and citizens budget), published on the official websites from November 2018 to March 2019, stood at 3.9 (out of a maximum of 5). This was a marked improvement from the previous research cycles, when it stood at 1.8, 2.4, 3.1 and 3.5, respectively. The sharp differences between the first and last research cycles are clearly shown in chart D1.

All local governments recorded increases in all types of published budget documents, some of them even made substantial improvements. The municipalities of Gornji Mihaljevec, Preko and Stankovci thus jumped from zero to five published documents (Stankovci deserves special mention as it had published no budget documents before), and the municipality of Podravska Moslavina jumped from zero to four published documents. The municipalities of Breznica, Gunja, Kaštelir-Labinci, Petrijanec, Rešetari, Sopje,

Tinjan, Trnava and Viškovci and the city of Vrgorac each published all five budget documents in the current cycle (one in the previous cycle). For the second consecutive year, there is no city without at least one published document. Nevertheless, Otok continues to be the worst performer with only one published document, followed by Ilok, Novi Marof and Pag with two published documents each. Regrettably, there are still 15 municipalities without a single document published, namely Donji Lapac, Gorjani, Janjina, Pašman, Pojezerje, Poveljana, Prgomet and Privlaka (from the Vukovar-Srijem County), Proložac, Punitovci, Severin, Sućuraj, Viljevo, Zmijavci and Zrinski Topolovac. Among 25 municipalities with only two documents published is Karlobag, one of the richest municipalities with per capita revenues of almost HRK 13,000 (table D1).

In terms of average budget transparency for all local governments in a county, the best performers were the Primorje-Gorski Kotar, Požega-Slavonia and Koprivnica-Križevci counties, and the worst the Split-Dalmatia, Vukovar-Srijem, Dubrovnik-Neretva and Zadar counties (graph D1d). By type of local governments, the following conclusions can be drawn:

- Counties performed excellently (4.9 on average); as last year, 17 of them published all five budget documents. Only the Vukovar-Srijem, Lika-Senj and Koprivnica-Križevci, counties failed to publish citizens budgets (graph D1a).
- Cities were rated as 'very good' (4.3 on average). The most transparent of them on average were located in the Brod-Posavina (5 on average), Istria and Primorje-Gorski Kotar counties, and the least transparent in the Vukovar-Srijem and Zadar counties (graph D1b).
- While lagging behind both counties and cities, municipalities, with an average score of 3.8, were also almost 'very good'. However, there were sharp differences among them: the most transparent municipalities (with an average score of over 4.5) were in the Požega-Slavonija, Koprivnica-Križevci, and Primorje-Gorski Kotar counties and the least transparent (with an average score below or slightly above 3) in the Split-Dalmatia, Dubrovnik-Neretva, Vukovar-Srijem and Zadar counties.

Despite the remarkable average performance and encouraging trends, it should be emphasized that only counties fully comply with regulations, i.e. they publish enacted budgets, and year-end reports and mid-year reports. By contrast, a fair number of cities and even more municipalities fail to publish at least these, legally required documents. An even larger number of cities and municipalities (including three counties) do not follow the Ministry of Finance's recommendations, i.e. they do not publish budget proposals and citizens budgets.

Four counties (Krapina-Zagorje, Šibenik-Knin, Varaždin and Zadar) and eight cities (Buzet, Osijek, Pazin, Pula, Rijeka, Slavonski Brod, Vodice and Zagreb) deserve to be commended for having published five budget documents in each of the research cycles so far. Also noteworthy are seven municipalities that failed to publish a single document throughout the five cycles: Gorjani, Pojezerje, Prgomet, Proložac, Punitovci, Sućuraj and Zrinski Topolovac.

Prominence should also be given to the most transparent local governments with a population below 1,000 (Civljane, Dekanovec, Funtana, Grožnjan, Kamanje, Lovas, Lovinac, Primorski Dolac, Promina, Ribnik, Stara Gradiška and Tkon), cities with per capita revenues below HRK 2,600 (Duga Resa and Oroslavlje) and municipalities with per capita revenues below HRK 2,300 (Bedekovčina, Jakovlje, Mače, Maruševac, Pribislavec, Sibirj, Strahoninec, Sveti Ilija, Sveti Juraj na Bregu, Trnovec Bartolovečki, Tuhelj and Vidovec).

Despite considerable improvements in the design, layout and searchability of the websites of all counties, a large number of cities and most municipalities, there are still too many cities, and especially municipalities, with extremely poor, hard-to-navigate and out-of-date websites with almost no content. There is again a municipality (Pojezerje) without an official website.

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

RECOMMENDATIONS

Year after year, the Institute of Public Finance has repeated numerous recommendations to improve budget transparency in Croatian local governments⁹. While it cannot be said that these recommendations have been followed, the number of budget documents published by the local governments has grown steadily.

Moreover, the Institute has reiterated that the mere publication of even all five required budget documents does by no means guarantee absolute transparency, but that it can only be considered the first step towards higher levels of budget transparency to ensure citizens' participation in local budgeting. Given that a large number of local governments have already achieved at least the quantitative level of budget transparency (as shown in chart D1), by publishing the five key budget documents, it is time for budget transparency to be adequately defined in the Act on the Right of Access to Information, Budget Act and Fiscal Responsibility Act. In this context, everything that has so far been *recommended* to local governments by the Ministry of Finance should from now on be legally prescribed. It is crucial that the publication of all key budget documents on all local governments' websites be regulated by law. The documents should be published in a timely manner and in a machine-readable format. Only this would provide citizens with easy access to complete, accurate and understandable budget information. Finally, central government, i.e. the Ministry of Finance and Ministry of Administration, should check whether the local governments comply with all the legal requirements.

As long as these issues are not adequately regulated and the relevant ministries fail to exert effective controls, citizens will largely depend on the local authorities' good will. As shown by improvements in budget transparency achieved so far, there really is a lot of good will in many local governments to act in that direction. Consequently, local governments that are currently lagging behind in this respect could (and should) follow the examples of those that are far ahead of them. The Institute of Public Finance therefore recommends that they publish on their respective websites:

- All key budget documents, as they are all equally important, namely *budget proposals* (to enable citizens to influence future budgets), *enacted budgets* (to be able to control deviations from the plan during the year), *mid-year and year-end reports* (to monitor the collection and spending dynamics of budget resources) and *citizens budgets* (to make budget terms and documents understandable to citizens).
- Citizens budgets to accompany each budget document (budget proposal, enacted budget and all budget execution reports), in order to make these documents more understandable to citizens and to enable them to participate in all phases of the budget process. In doing so, the recommendation provided earlier in this study, that a citizens budget can be „any simplified form of the budget”, should now be ignored. Instead, citizens should be offered a high-quality guide that should be understandable and useful.
- All budget documents in a machine-readable format that can be easily navigated by citizens.
- Complete budget documents, always including both the general and specific parts, to give citizens an insight into the budgetary revenues and receipts, expenditures and outlays and deficit/surplus.
- Tables that are always accompanied by narratives with detailed explanations.
- All budget documents should be published in a timely manner, i.e. at the time of their submission by the executive body to the representative body. Only in this way, citizens will have enough time to get acquainted with the documents and participate in the budget process. The only exception is the enacted budget, which is published only after being approved by the representative body.

⁹ For numerous recommendations, see Ott, Bronić and Petrušić (2013, 2014 and 2015), and Ott, Bronić, Petrušić and Stanić (2016, 2017 and 2018).

Moreover, local governments should strive to improve the design of their websites, so that:

- key links, e.g. to budget documents, decisions on the allocation of budget funds, citizens budgets, information on consultations with the public, financial reports of local governments and local budget users, are readily available to citizens on the very homepages;
- there are high-quality search engines and efficient menus;
- documents are neatly and logically arranged, properly titled and provided with the issue and website posting dates;
- documents are machine-searchable and that no scanned documents are posted on the site;
- the websites are steady, which means that the documents posted on such websites will be permanently accessible.

Finally, of course, all local governments are expected to have their own official websites!

All the above mentioned is necessary for the final purpose, i.e. more intensive citizen involvement and public participation in budget processes. There are the already mentioned shining examples, like Rijeka and Pazin, that have made remarkable progress in participatory budgeting, but there are also small local governments that hold consultations with the public (e.g. Bedekovčina, Novigrad Podravski, Pićan, Rovišće, etc.), which shows that this is not an impossible mission.

However, not only the *supply of* but also the *demand for* budget transparency is necessary! Citizens, CSOs, trade unions, political parties and politicians are all expected to finally start using all budget-related novelties: visualizations, applications and participation opportunities already offered by numerous local governments, and to keep demanding additional useful information.

ANNEX

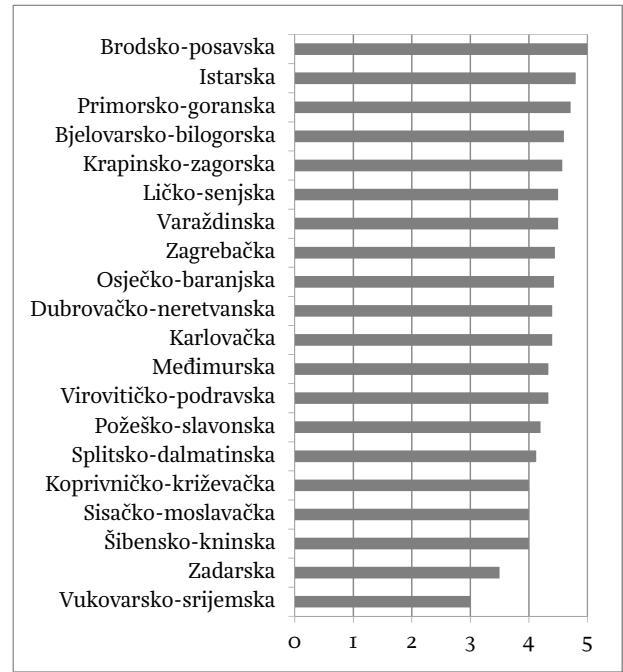
Graph D1

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

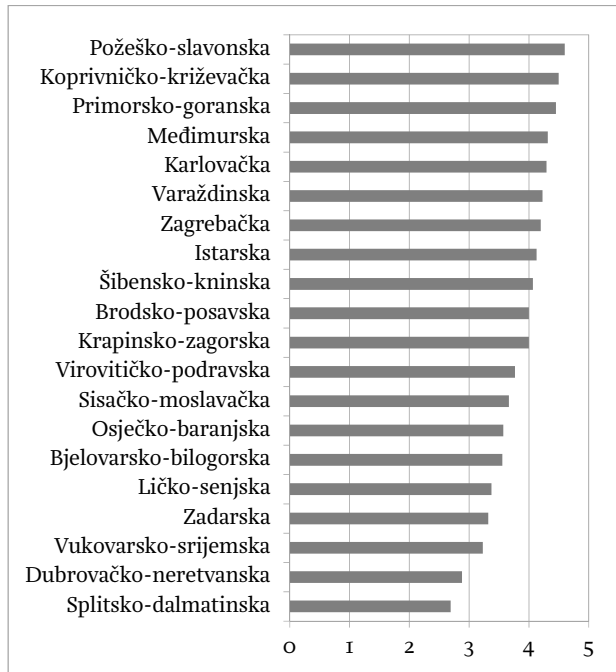
D1a Transparency in counties



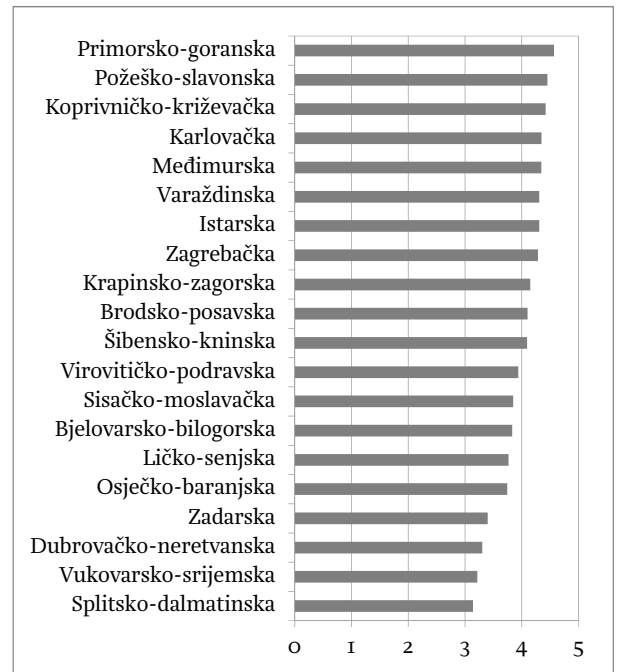
D1b Average level of transparency in cities (by county)



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 all the cities and municipalities located in that county, divided by the total number of local governments 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, alphabetically)

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

Chart D1

Levels of budget transparency in Croatian counties, cities and municipalities 2015 and 2019

