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IPF NOTES

Budget Transparency in Croatian Counties, Cities and Municipalities: November 2022–April 2023

**Mihaela Bronić, Katarina Ott, Miroslav Petrušić, Simona
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The average level of budget transparency in Croatian counties, cities and municipalities overall – expressed as the number of key budget documents published on their respective websites, stands at 4.6 (out of a maximum 5). The average score for counties stands at 5, while cities and municipalities published an average of 4.8 and 4.6 documents respectively. This is a very good result; however, there is still one municipality which has failed to publish any of the five required documents; one county, 19 cities and 98 municipalities failed to publish at least one of the four documents required by law; while one city and 51 municipalities failed to publish the document recommended by the Ministry of Finance. Having spent all these years researching local budget transparency and considering that the majority of local governments now publish all five key budget



documents – which was the ultimate objective of the research – we conclude this research in its present form (i.e. using the present methodology). Between 2015 and 2023, the average budget transparency of all local governments improved from 1.8 to 4.6 (out of a maximum 5), and we hope that it will keep improving, thus enabling citizens to better understand and participate more in the decision-making process regarding their local budgets. A summary of results 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 analysing the budget transparency in Croatian counties, cities and municipalities. The present article summarises the results of the analysis conducted in the period between November 2022 and April 2023.²

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 is also financed by HRZZ. Opinions, findings, conclusions and recommendations are the authors’ own and do not necessarily reflect the views of HRZZ. The authors are grateful to Lana Račić and Dominik Tišljarić for their assistance with data collection.

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), Bronić, Opačak, Ott, Petrušić and Stanić (2021) and Bronić, Opačak, Ott, Petrušić, Prijaković and Stanić (2022). Since the results of this research are reported on an annual basis, the text of the present Note may, in some segments, overlap with the results published in previous years.

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 Government and local 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 governments, which include the following:⁴

- the 2021 end-year budget execution report;
- the 2022 mid-year budget execution report;
- the 2023 budget proposal;
- the 2023 enacted budget;
- the 2023 citizens' budget.⁵

³ Irrespective of the formal distinction between the local and regional self-government, for the purpose of this article, the term "local governments" 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 2022 to 15 January 2023, the authors examined whether the 2021 end-year and 2022 mid-year reports have been published, while from 1 February to 18 April 2023, they checked for the publication of 2023 budget proposals, enacted budgets and citizens' budgets. The present analysis considers only the documents available on the local governments' websites during the observed research periods and on the days the respective websites were searched. Subsequently

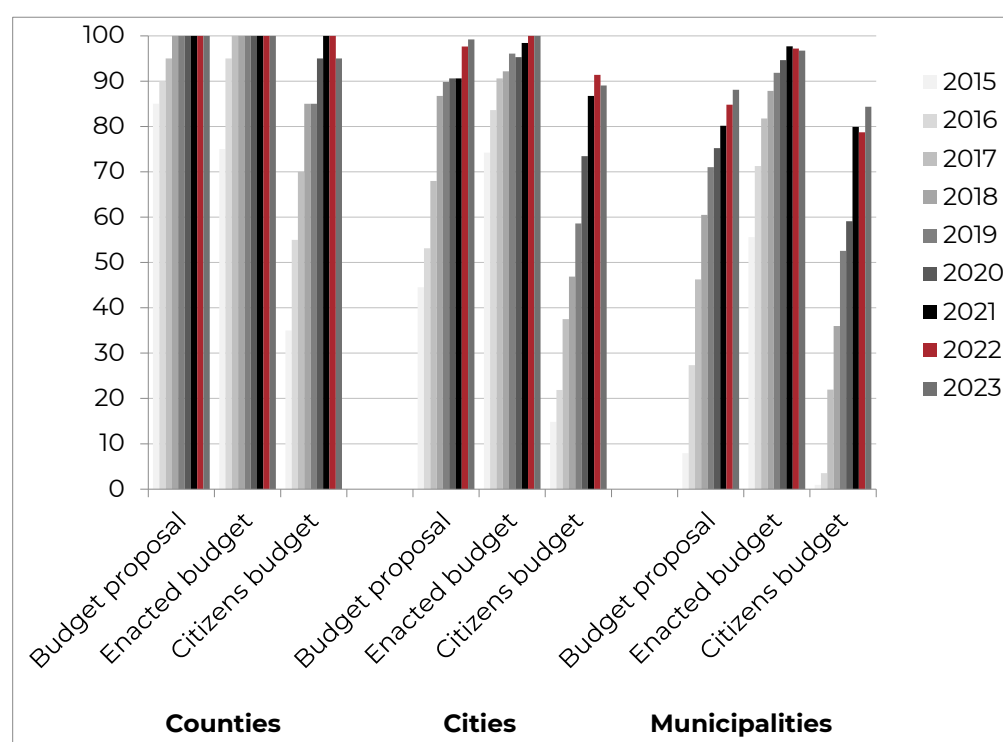
The aim was to establish the number of key budget documents published on the local governments' websites, without going into a detailed analysis of their content. The mere publication of these documents does not necessarily imply absolute budget transparency nor absolute budgetary accountability; rather, it only verifies the compliance with the Budget Act, Act on the Right of Access to Information and the recommendations issued by the Ministry of Finance.⁶ Even the high levels of budget transparency, measured in such way, can be considered only the first step toward greater budget transparency of local governments 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 processes, i.e. making decisions on the collection and spending of local funds as well as supervising the accountability of local government authorities.

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 different location, but we consider 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 4 October 2022, all local governments were notified via email 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) and Bronić, Opačak, Ott, Petrušić, Prijaković and Stanić (2022).

Between 2015 and 2023, the average budget transparency of all local governments improved from 1.8 to 4.6. All types of local governments show progress with regard to all budget documents, as best evidenced by the publication of the citizens' budget – in 2015, this document was published by only 1% of municipalities; in 2023 this rate stands at 84% (Graph 1).

Graph 1. Budget documents published, 2015-2023 (in %)

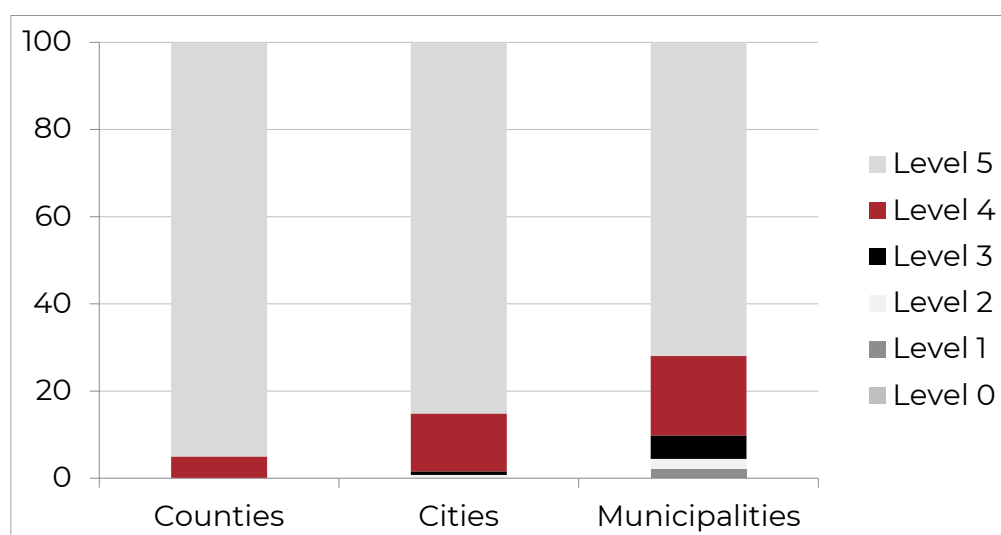


Source: Authors

In the present cycle, only one county failed to publish all five budget documents, cities scored an average rate of 4.83, while municipalities' average score stands at 4.56 (Graphs 2 and 3). By way of comparison, in the previous cycle all counties published all five budget documents, the average score of cities was 4.73, while municipalities scored an average of 4.36. In conclusion, only counties recorded a

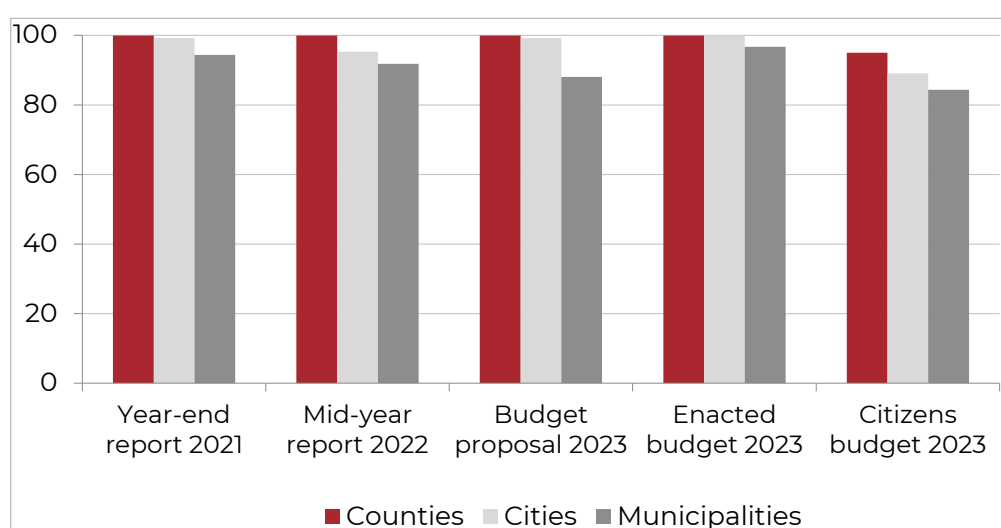
slight drop in average budget transparency rates relative to the previous research cycle.

**Graph 2. Level of budget transparency of local governments,
November 2022-April 2023 (in %)**



Source: Authors

**Graph 3. Budget documents published,
November 2022-April 2023 (in %)**



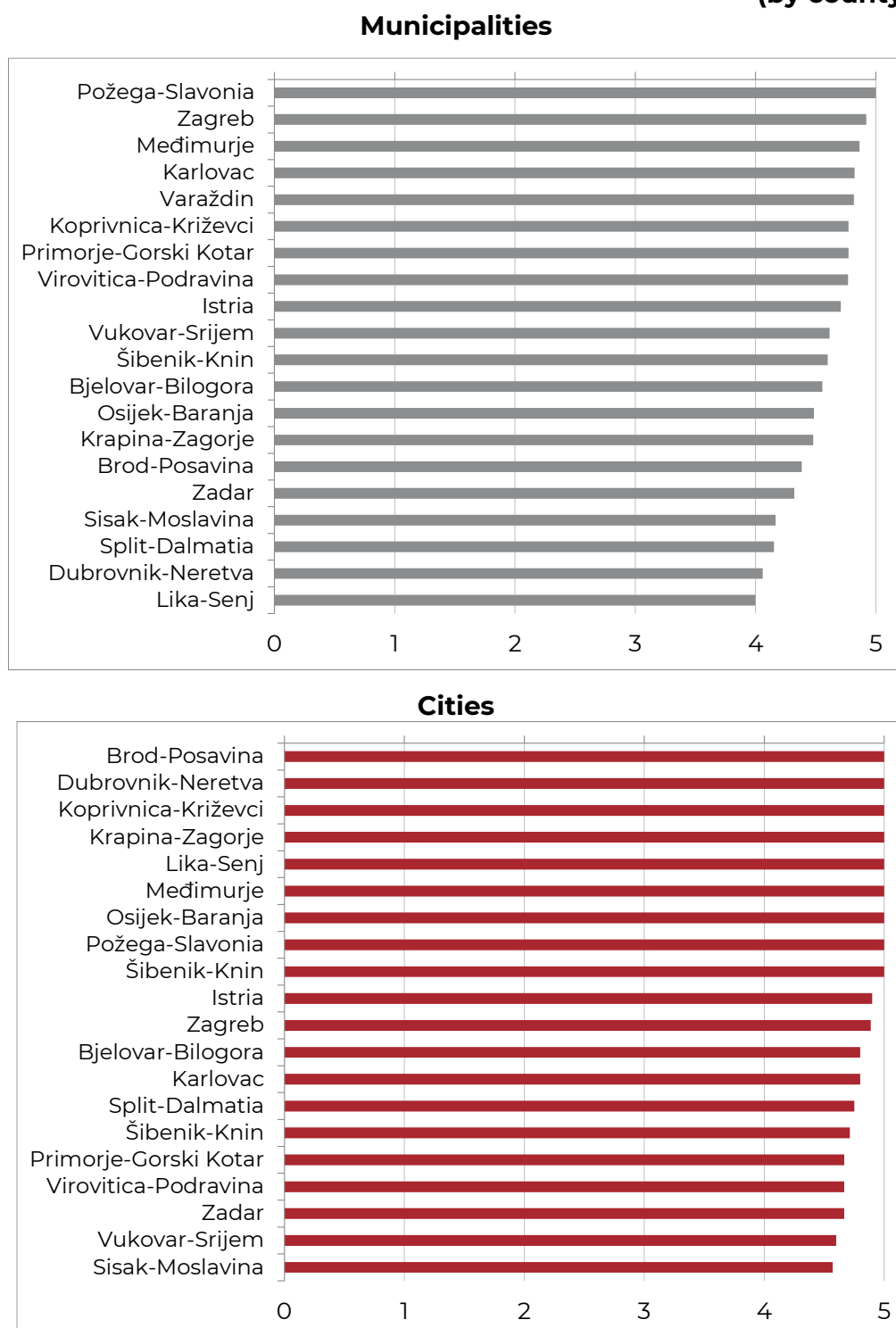
Source: Authors

In the present cycle, one municipality (Jelsa) failed to publish a single document, eight municipalities (Čeminac, Donji Kukuruzari, Karlobag, Novi Golubovec, Pojezerje, Sućuraj, Šestanovac and Vrbje) published only one of the five documents, while ten municipalities and one city published only two documents each (Table 1). One county, 15% of cities and 23% of municipalities still fail to publish the four legally required documents (mid-year and end-year budget execution reports, enacted budget and citizens' budget).⁷ In addition, 1% of cities and 12% of municipalities ignored the Ministry of Finance's instructions to publish the budget proposal.

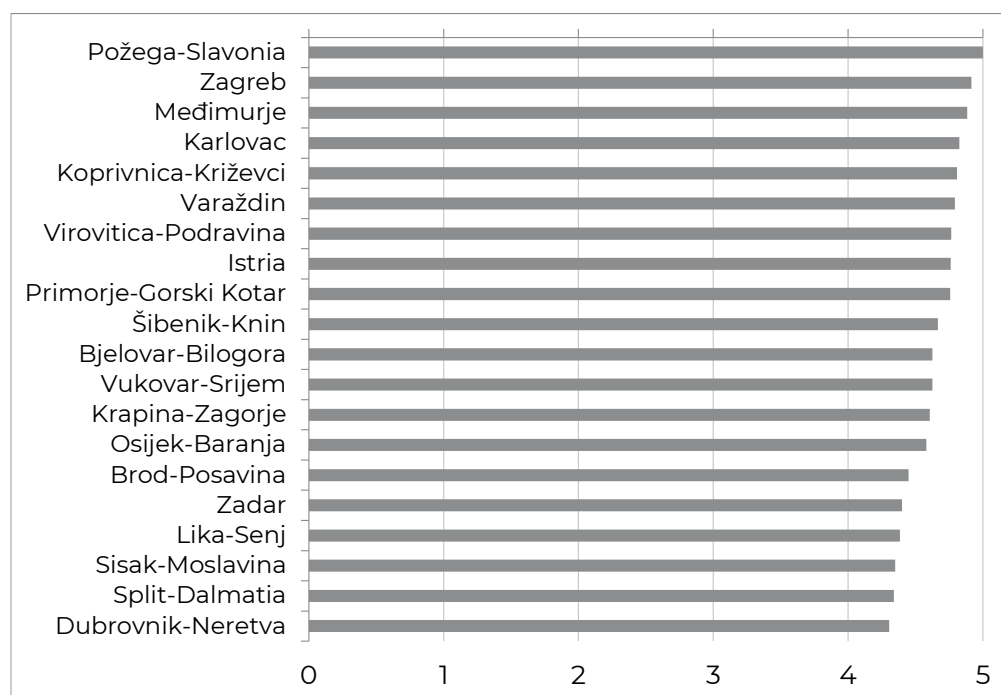
The fewest number of budget documents on average was published by municipalities in the Lika-Senj County (4 out of 5), while all municipalities of the Požega-Slavonia County published all five documents. Cities of Sisak-Moslavina County published the fewest average number of documents (4.57), while in eight counties (compared to seven in the previous cycle) all cities published all five documents (Brod-Posavina, Dubrovnik-Neretva, Koprivnica-Križevci, Krapina-Zagorje, Lika-Senj, Međimurje, Osijek-Baranja, Požega-Slavonia and Šibenik-Knin) (Graph 4).

⁷ One can only hope that the number of published documents will increase in the upcoming years as the new Budget Act (in force as of 1 January 2022) stipulates mandatory publication of the citizens' budget, in addition to the already mandatory budget documents – mid-year and end-year budget execution reports and enacted budget.

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



Source: Authors

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 governments in that county, including the county itself.*

Source: Authors

If we observe the average transparency rate of all local governments in a single county, Požega-Slavonia County comes out on top as all its cities and municipalities, including the county itself, published all five required documents. It is closely followed in average transparency by Zagreb, Međimurje and Karlovac counties, while the bottom positions of this list are held by Dubrovnik-Neretva, Split-Dalmatia, Sisak-Moslavina, Lika-Senj and Zadar counties (Graph 5).

A comparison with the previous research cycle shows that 24% of local governments published more documents than in the previous cycle, 65% published the same number, but 11% published fewer documents. The most improved local governments include Donja

Motičina, Kijevo, Petrovsko and Proložac. Each of them published three documents more than in the previous cycle. Some local governments recorded poorer results, e.g. the Municipality of Novi Golubovec published all five documents in the previous cycle, while in the present cycle it published only one.

Three counties (Krapina-Zagorje, Varaždin and Zadar) and seven cities (Buzet, Osijek, Pazin, Pula, Slavonski Brod, Vodice and Zagreb) deserve special praise for having published all five budget documents in each of the nine research cycles conducted so far. In the category of municipalities, such praise goes to the Municipality of Viškovo as in the previous nine research cycles it published all but one budget document.

Even though there are permanently transparent counties and cities, including one municipality, and even though the average transparency rate has been increasing year after year, the largest cause for concern is the fact that a large number of local governments keeps failing to abide by the law in terms of publishing documents they are legally required to make public. We should also point out that, even when local governments do publish the required documents, in many cases there are problems with the documents themselves. Some of the key budget documents are very hard to find (e.g. try to find this [City of Rab Citizens' Budget Guide](#)). Some local governments 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 municipalities of [Koprivnički Ivanec](#) or [Kapela](#)). However, one praiseworthy feature of numerous local governments, such as the previously mentioned Municipality of [Kapela](#), is that they present a part of their financial operations on their respective websites (e.g. their budget expenditures); however,

this cannot serve as replacement for publishing the citizens' budgets or budget proposal and enacted budget as the citizens should get a simple and clear (and timely) insight into the full budget document they wish to analyse (revenues, expenditures, deficit/surplus, debt and clarifications for each of these) and participate in its adoption. The opportunity to browse individual revenues and expenditures in some kind of an app is barely sufficient for this purpose. In addition, some of these apps lack basic information for a citizen to find his way around them easily. For instance, the [iTransparentnost](#) app does not explicitly state which currency it uses for visualising budget payments.

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 governments which already made steps in that direction. For example, in 2023 the City of Dubrovnik and Dubrovnik Development Agency (DURA), having implemented the project [Participatory budgeting in primary schools](#) for several years, launched the project [Participatory budgeting](#), whereby citizens will be able to propose projects worth up to EUR 120,000 per city district.

Having spent all these years researching local budget transparency and considering that the majority of local governments now publish all five key budget documents – which was the ultimate objective of the research – we conclude this research in its present form (i.e. using the present methodology). That means this was the final cycle of this research in its present form.

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 will eventually lead to higher participation levels of citizens, media, trade unions, politicians, scientists. Without participation, we can neither witness substantial improvement in both quantity and quality of local services provided as well as quality of local budget management. As concluded from the empirical research using the City of Dubrovnik⁸ as an example, participation can be further stimulated by civic education programmes, enhancing the role of civil society organizations, using independent and impartial media to inform the public, increasing citizens' trust in local government administration and political institutions and by the use of modern technologies.

Various other conclusions and recommendations that might be used to both improve budget transparency and inspire the long-awaited reform of the fiscal and territorial arrangement of the country can be found in our previous analyses and will thus not be echoed here.⁹

As has been highlighted on numerous occasions, making the five documents publicly available is merely a first step toward greater transparency and, ultimately, citizens' participation. We are therefore happy that our long research contributed to such a substantial increase in the number of documents published by the Croatian local governments. We are also happy, as well as grateful, to our colleagues dealing with the budgets and finances of numerous local

⁸ Šuman Tolić, M. (2023).

⁹ See: Ott, Bronić, Petrušić, Stanić and Prijaković (2019).

governments. The collaboration with them was excellent, and we learned so much in the process.¹⁰

¹⁰ We would like to thank the European Commission, the Croatian Cities' Association, Croatian County Association, Croatian Science Foundation and JANAF for their support.

Table 1. Transparency level of budgets of counties, cities and municipalities (by number of published documents, in alphabetical order)

LEVEL OF TRANSPARENCY	LOCAL GOVERNMENTS
5	<p>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, Varaždin, Virovitica-Podravina, Vukovar-Srijem, Zadar, Zagreb</p>
5	<p>CITIES</p> <p>Bakar, Beli Manastir, Belišće, Benkovac, Bjelovar, Buje, Buzet, Cres, Crikvenica, Čakovec, Čazma, Delnice, Donja Stubica, Donji Miholjac, Drniš, Dubrovnik, Duga Resa, Dugo Selo, Đakovo, Đurđevac, Garešnica, Glina, Gospić, Grubišno Polje, Hrvatska Kostajnica, Ilok, Imotski, Ivanec, Ivanić-Grad, Jastrebarsko, Karlovac, Kastav, Kaštela, Klanjec, Knin, Komiža, Koprivnica, Korčula, Kraljevica, Krapina, Križevci, Krk, Kutina, Kutjevo, Labin, Lepoglava, Lipik, Ludbreg, Makarska, Mali Lošinj, Metković, Mursko Središće, Našice, Nin, Nova Gradiška, Novalja, Novska, Obrovac, Ogulin, Opatija, Opuzen, Orahovica, Oroslovje, Osijek, Otočac, Ozalj, Pag, Pakrac, Pazin, Petrinja, Pleternica, Ploče, Poreč, Požega, Pregrada, Prelog, Pula, Rovinj, Samobor, Senj, Sisak, Skradin, Slatina, Slavonski Brod, Solin, Split, Stari Grad, Supetar, Sveta Nedelja, Sveti Ivan Zelina, Šibenik, Trilj, Trogir, Umag, Valpovo, Varaždinske Toplice, Velika Gorica, Vinkovci, Vodice, Vodnjan, Vrbovsko, Vrgorac, Vrljika, Vukovar, Zabok, Zagreb, Zaprešić, Zlatar, Županja</p>
5	<p>MUNICIPALITIES</p> <p>Andrijaševci, Antunovac, Babina Greda, Bale, Barban, Barilović, Baška, Bebrina, Bedekovčina, Bedenica, Belica, Berek, Beretinec, Bibinje, Bilice, Bilje, Biskupija, Bistra, Bizovac, Bogdanovci, Bol, Bosiljevo, Bošnjaci, Brckovljani, Brdovec, Brela, Brestovac, Breznica, Breznički Hum, Brinje, Brodski Stupnik, Brtonigla, Bukovlje, Cernik, Cerovlje, Cestica, Cetingrad, Cista Provo, Civiljane, Crnac, Čačinci, Čađavica, Čaglin, Čavle, Čepin, Darda, Davor, Dekanovec, Desinić, Dežanovac, Dobrinj, Domašinec, Donja Dubrava, Donja Motičina, Donja Voća, Donji Andrijević, Donji Kraljevec, Donji Vidovec, Draganić, Draž, Drenovci, Drenje, Drnje, Dubrava, Dubravica, Dubrovačko primorje, Dugopolje, Đelekovec, Đulovac, Đurđenovac, Đurmanec, Ernestinovo, Farkaševac, Ferdinandovac, Funtana, Fužine, Galovac, Gola, Goričan, Gorjani, Gornja Stubica, Gornja Vrba, Gornji Kneginec, Gračac, Gračišće, Gradac, Gradec, Gradina, Gradište, Grožnjan, Gundinci, Gunja, Gvozd, Hercegovac, Hlebine, Hrašćina, Hrvace, Hum na Sutli, Ivankovo, Jagodnjak, Jakovlje, Jakšić,</p>

5	<p>Jalžabet, Jarmina, Jasenice, Jasenovac, Jelenje, Josipdol, Kalinovac, Kalnik, Kamanje, Kaptol, Kaštelir - Labinci, Kistanje, Klakar, Klana, Klenovnik, Klis, Kloštar Ivanič, Kloštar Podravski, Kneževi Vinogradi, Kolan, Konavle, Končanica, Konjščina, Koprivnički Bregi, Kostrena, Koška, Kotoriba, Krašić, Kravarsko, Križ, Krnjak, Kršan, Kula Norinska, Kumrovec, Lasinja, Lečevica, Legrad, Lekenik, Levanjska Varoš, Lipovljani, Lišane Ostrovičke, Ližnjan, Lobar, Lokve, Lopar, Lovas, Lovinac, Lovran, Lovreč, Luka, Lukač, Lumbarda, Lupoglav, Ljubeščica, Mače, Magadenovac, Mala Subotica, Mali Bukovec, Malinska-Dubašnica, Marčana, Marija Bistrica, Marija Gorica, Marijanci, Marina, Maruševac, Matulji, Medulin, Mikleuš, Milna, Mljet, Molve, Motovun, Mrkopalj, Muć, Murter, Nedelišće, Netrečić, Nova Bukovica, Nova Kapela, Nova Rača, Novigrad, Novigrad Podravski, Novo Virje, Nuštar, Okučani, Omišalj, Opatlj, Orehovica, Oriovac, Orle, Pašman, Perušić, Petrijanec, Pićan, Pirovac, Pisarovina, Pitomača, Plaški, Podbablje, Podcrkavlje, Podravska Moslavina, Podravske Sesvete, Podturen, Pokupsko, Polača, Posedarje, Postira, Preseka, Prgomet, Pribislavec, Primorski Dolac, Promina, Pučišća, Punat, Punitovci, Pušća, Radoboj, Rakovec, Rakovica, Rasinja, Raša, Ravna Gora, Ražanac, Ribnik, Rogoznica, Rovišće, Rugvica, Runovići, Saborsko, Satnica Đakovačka, Selnica, Semeljci, Sibinj, Sikirevci, Sirač, Sopje, Stari Jankovci, Stari Mikanovci, Starigrad, Ston, Strahoninec, Stubičke Toplice, Sukošan, Sunja, Sveta Marija, Sveta Nedelja, Sveti Đurđ, Sveti Filip i Jakov, Sveti Ilija, Sveti Ivan Žabno, Sveti Juraj na Bregu, Sveti Lovreč, Sveti Petar u Šumi, Svetvinčenat, Šandrovac, Šenkovec, Škabrnja, Šodolovci, Šolta, Špišić Bukovica, Štefanje, Štitar, Štrigova, Tar-Vabriga, Tinjan, Tisno, Tkon, Tompojevci, Tovarnik, Tribunj, Trnava, Trnovec Bartolovečki, Tuhelj, Udbina, Unešić, Velika, Velika Kopanica, Velika Ludina, Velika Pisanica, Velika Trnovitica, Veliki Bukovec, Veliki Grđevac, Veliko Trojstvo, Vidovec, Vinica, Vinodolska općina, Virje, Viškovci, Viškovo, Vižinada, Vođinci, Vojnić, Vratušinec, Vrbanja, Vrhovine, Vrpole, Vuka, Zagorska Sela, Zagvozd, Zažablje, Zemunik Donji, Zlatar Bistrica, Zmijavci, Žakanje, Žumberak, Župa dubrovačka</p>
4	COUNTY Šibenik-Knin
4	CITIES Biograd na Moru, Čabar, Daruvar, Hvar, Novi Marof, Novi Vinodolski, Novigrad, Omiš, Rab, Rijeka, Sinj, Slunj, Varaždin, Virovitica, Vis, Vrbovec, Zadar
4	MUNICIPALITIES Baška Voda, Bednja, Blato, Budinščina, Cerna, Dicmo, Dragalić, Dvor, Fažana, Feričanci, Gornja Rijeka, Hrvatska Dubica, Ivanska, Jesenje, Kanfanar, Klinča Sela, Koprivnički Ivanec, Kraljevec na Sutli, Krapinske Toplice, Lokvičići, Markušica, Martijanec, Martinska Ves, Mošćenička Draga, Negoslavci, Nerežišća, Okrug, Oprisavci, Peteranec, Petlovac, Petrijevci,

4	Petrovsko, Plitvička Jezera, Podgora, Podgorač, Podstrana, Poličnik, Popovac, Povljana, Preko, Primošten, Privlaka, Privlaka (2), Proložac, Rešetari, Ružić, Seget, Skrad, Slavonski Šamac, Slivno, Smokvica, Sokolovac, Sračinec, Stara Gradiška, Stupnik, Suhopolje, Sveti Križ Začretje, Sveti Martin na Muri, Sveti Petar Orehovec, Topusko, Tordinci, Tounj, Trpanj, Trpinja, Tučepi, Vela Luka, Veliko Trgovišće, Vir, Visoko, Višnji, Vladislavci, Voćin, Vrbnik, Vrsar, Zadvarje, Zdenci, Zrinski Topolovac, Žminj
3	CITY Otok
3	MUNICIPALITIES Borovo, Brod Moravice, Dugi Rat, Ervenik, Garčin, Generalski Stol, Gornji Mihaljevec, Kali, Karojba, Kijevo, Kukljica, Lanišće, Lastovo, Majur, Mihovljan, Nijemci, Orebić, Pakoštane, Sali, Selca, Staro Petrovo Selo, Strizivojna, Sutivan
2	CITY Popovača
2	MUNICIPALITIES Donji Lapac, Erdut, Gornji Bogičevci, Janjina, Kapela, Otok, Severin, Stankovci, Viljevo, Vrsi
1	MUNICIPALITIES Čeminac, Donji Kukuruzari, Karlobag, Novi Golubovec, Pojezerje, Sućuraj, Šestanovac, Vrbje
0	MUNICIPALITY Jelsa

Source: Authors