

Ministry of Finance, Croatia

**PROGRESSING FROM BUDGET
TRANSPARENCY TO ACCESSIBILITY TO
PARTICIPATION
- Croatian experience -**

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1. INTRODUCTION

- ◆ In past fifteen years significant moves were made regarding budget transparency and citizen's participation in budgetary processes
- ◆ The number of measures were taken in order to increase transparency and citizen participation in fiscal and budgetary processes
 - ◆ mainly due to the accession to the EU and the Partnership for Open Government
- ◆ Demands by the European Union, OECD, IMF and World Bank are
 - ◆ To encourage transparency of the public sector, government accountability and citizen's participation
 - ◆ To increase the satisfaction and trust of citizens and
 - ◆ To achieve a better balance between the aspirations of citizens and the possibility of the government to implement more efficient fiscal and budgetary policies

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2. TRANSPARENCY

- ◆ How is transparency principle set out in the laws?
- ◆ What are the consequences of Croatia joining the Open Government Partnership?
- ◆ What were conclusions after The Open Budget Survey was conducted?
- ◆ Transparency means that all relevant information on strategy, assessments and policy decisions as well as procedures are provided to the general public in an open, clear and timely manner

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Historical development of the transparency principle

- ◆ Transparency principle on a budgetary level was introduced in Budget act 2003 (Official Gazette (hereinafter: OG), No. 96/03)
 - article 4. paragraph 2.: “Budget preparation and budget execution are based on the principles of legality, efficiency, effectiveness and transparency.”

- ◆ More accurate definition was given in Budget Act 2008 (Og, No. 87/08, 136/12 and 15/15)
 - article 4. “The budget shall be adopted and executed in compliance with the principles of budget unity and accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.”
 - article 12. “The budget shall be adopted and executed in accordance with the principle of transparency.”

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Historical development of the transparency principle

- The budget, budget projections and budget amendments as well as any decision on interim financing shall be published in the OJ or the official journal of each local and regional government
- Semi-annual and annual budget execution reports and semi-annual and annual financial plan execution reports by extra-budgetary users shall be posted on the internet site of the Croatian Government or the internet sites of local and regional governments
- The general and special parts of semi-annual and annual reports on budget execution and the general and special parts of semi-annual and annual reports on the execution of financial plans by extra-budgetary users shall be published in the OJ or the official journal of each local and regional government

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Last amendments of the Budget Act from 2015

- ◆ the following obligation was introduced :
 - local and regional governments and budget users and extra-budgetary users are obliged to post their **annual financial statements on their internet sites** not later *than eight days after the date of their submission*
 - if the budget users and extra-budgetary users do not have their own internet sites they are obliged to post the financial statements on the internet sites of their responsible institutions at the heading level of state budget organizational classification or their responsible local or regional governments not later than eight days after the date of their submission

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Croatia's membership in Open Government Partnership

- ◆ By joining the global Open Government Partnership initiative in September 2011, **Croatia accepted the obligation to draft its National Action Plans** and present it to other countries, members of the initiative, at the annual conferences

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Open Government Partnership (OGP)

- ◆ A multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance
- ◆ OGP is overseen by a steering committee of governments and civil society organizations that together guide the on-going development and direction of OGP, maintaining the highest standards for the initiative and ensuring its long-term sustainability
- ◆ To become a member of OGP, participating countries must
 - embrace a high-level Open Government Declaration
 - deliver a **country action plan** developed with public consultation and
 - commit to independent reporting on their progress going forward

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Participation during the making of Action Plans

- ◆ During drafting the Action Plan public discussions are organized in order to provide information and advice but also to encourage more active participation of civil society and interested members of the public
- ◆ The discussions are usually focused on main achievements and challenges in strengthening the openness of public authority bodies
- ◆ Civil society organizations have the opportunity to equally participate in all stages of development of the Action plans
- ◆ **This approach aims to encourage transparency and openness of public authority bodies and involve citizens and civil society in shaping public policy**

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OGP in Croatia

- ◆ Priority challenge in the last period and in Croatia's Action Plans was to have **more efficient public resource management**
- ◆ Special attention was given to **strengthening fiscal transparency – to be more open towards**
 - the public concerning the structure and functions of authorities fiscal policy objectives,
 - **public sector account and projections**
 - **unhindered access to reliable, comprehensive, timely, comprehensible and internationally comparable information about the Government activities**

In order to enable both the electorate and the financial markets to accurately assess the financial position, actual expenses and benefits that the Government activities yield including their present and future economic and social implications

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OGP in Croatia

- ◆ 9 public authority bodies responsible for the implementation of the activities under measures envisaged by the OGP Action Plan
- ◆ almost 80 percent of the activities is being carried out by
 - The Ministry of Finance – **responsible for fiscal transparency**
 - Ministry of Administration – responsible for access to information and the use of information technology
 - Government Office for Cooperation with NGOs is responsible for 6 activities – responsible for initiatives dealing with citizens and citizen participation.

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OGP in Croatia - fiscal transparency

- ◆ According to the review of progress in implementation **significant progress was made in the past period concerning fiscal transparency**
- ◆ **Overview of the state budget execution by suppliers**
 - publicly available service (application) of the state budget execution by which the users can easily see payments made from the state budget to the specific supplier (using the supplier's personal identification number - OIB)
 - publicly searchable database of payments made from the state budget's single account in accordance with the prescribed budget classifications

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Publicly searchable database



REPUBLIKA HRVATSKA
MINISTARSTVO FINACIJA
DRŽAVNA RIZNICA

Katančićeva 5
10000 Zagreb, Hrvatska
Telefon: (01) 4591-333

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Pregled izvršenja državnog proračuna po dobavljačima za proračunsku godinu

OIB

Proračunska godina

Prepišite niz

Na ovoj stranici mogu se pretraživati podaci o izvršenim plaćanjima iz državnog proračuna po dobavljačima.

Jedinstveni parametri pretraživanja su OIB dobavljača i oznaka godine.

Nije moguć uvid u plaćanja po dobavljaču za ona plaćanja koja se krajnjem dobavljaču doznakačavaju preko posebnih (pod)računa jedinstvenog računa riznice (npr. Isplate potčaja poljoprivrednicima).


Navedeni (pod)računi otvoreni su za potrebe izvršavanja državnog proračuna velikom broju dobavljača u istom datumu dospijeca i dnevno se svode na nulu.

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Publicly searchable database – example



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Pregled izvršenja državnog proračuna po dobavljačima za proračunsku godinu

Naziv dobavljača: HRVATSKA RADIOTELEVIZIJA javno podu zeće
OIB: 68419124305
Proračunska godina: 2015
Ukupni iznos: 5.407.717,39 kn

ŠIFRA RAZDJELA	NAZIV RAZDJELA	IZNOS
256	DRŽAVNI ZAVOD ZA RADIOLOŠKU I NUKLEARNU SIGURNOST	2.560,00
250	AGENCIJA ZA ZAŠTITU OSOBNIH PODATAKA	1.280,00
196	DRŽAVNA KOMISIJA ZA KONTROLU POSTUPAKA JAVNE NABAVE	320,00
185	DRŽAVNI URED ZA REVIZIJU	9.680,00
160	DRŽAVNI ZAVOD ZA STATISTIKU	1.920,00
123	PRAVOBRANITELJ ZA OSOBE S INVALIDITETOM	640,00
122	PRAVOBRANITELJICA ZA RAVNOPRAVNOST SPOLOVA	960,00
121	PRAVOBRANITELJ ZA DJECU	3.840,00
120	URED PUČKOG PRAVOBRANITELJA	1.920,00
110	MINISTARSTVO PRAVOSUĐA	13.600,00

39 zapisa pronađeno, prikazani 1 do 10.
 [Prvi/Prethodni] 1,2,3,4 [Sljedeći / Posljednji] 15



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OGP in Croatia - fiscal transparency

- ◆ **Citizen's guides** about key budget documents are being prepared and published on the web pages of the Ministry of finance – abstracts that are simple and understandable to citizens for key budget documents:
 - Guidelines for Economic and Fiscal Policy,
 - the proposed state budget and projections,
 - budget and projections adopted by the Croatian Parliament,
 - semi-annual and annual state budget execution

OGP in Croatia - fiscal transparency

- ◆ monthly reports on the execution of the state budget are being timely published according to the national methodology chart of accounts and GFS methodology - GFS 2001
- ◆ reports on the Budget Execution, Monthly Statistical Reviews of the Ministry of Finance and the annual reports of the Ministry of Finance are being timely published on the web pages of the Ministry of finance
- ◆ Annual budget execution report is being timely published in accordance with the time limits provided in the Budget Act

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State budget: The Open Budget Survey, 2006.–12.

- ◆ only independent, comparative, and regular measure of budget transparency, participation, and oversight in the world
- ◆ culmination of analyses conducted by a global network of hundreds of researchers over a two-year period for 100 states
- ◆ measures three aspects of how governments are managing public finances:
 - ◆ Budget transparency – the amount, level of detail, and timeliness of budget information governments are making publically available
 - ◆ Budget participation – the opportunities governments are providing to civil society and the general public to engage in decisions about how public resources are raised and spent
 - ◆ Budget oversight – the capacity and authority of formal institutions (such as legislatures and supreme audit institutions) to understand and influence how public resources are being raised and spent

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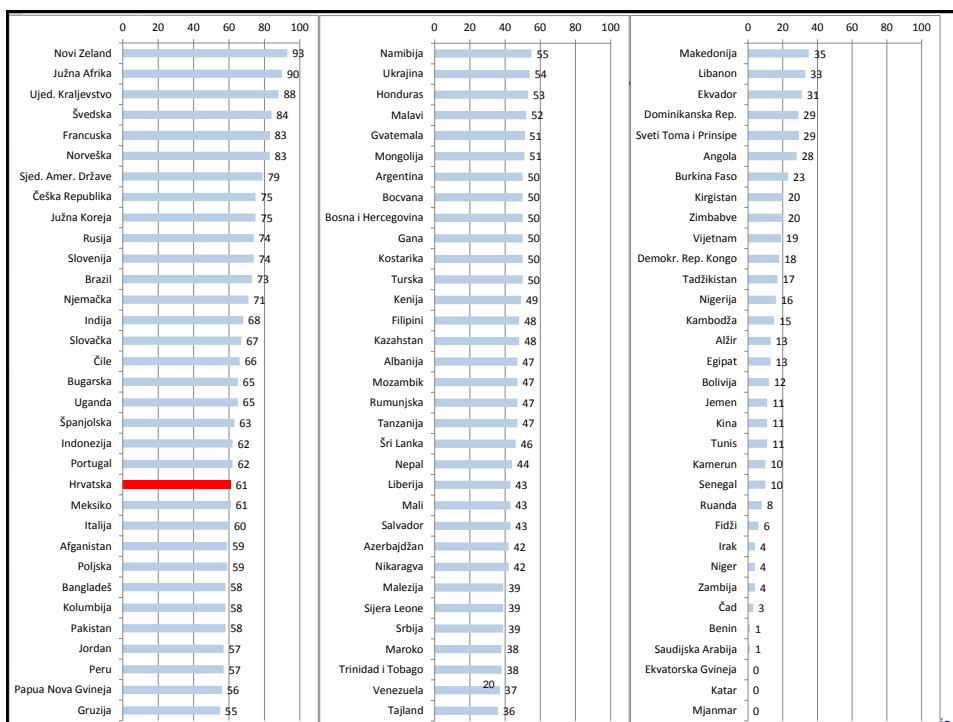
State budget: The Open Budget Survey, 2006.–12.

- ◆ At the time of joining OGP, Croatia was considered to have provided **significant information on public budget expenditures**
 - ◆ 61 out of 100 points
 - received a ranking of 2 out of the possible 2 points for making public key budget documents
 - a 2 of 2 for having an access to information law,
 - a 4 of 4 in the rankings on Asset Disclosure for Senior Officials based on full presentation of assets of senior elected officials and civil servants
 - a score of 8.24 out of a possible 10 on the Economist Intelligence Unit's Democracy Index Civil Liberties subscore
 - ◆ International Budget Partnership, Open Budget Survey, available at <http://bit.ly/IHUVrK>
 - ◆ Croatia country report available at <http://bit.ly/1f1hc2w/>

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3. PARTICIPIATIVE BUDGETING

- ◆ During the last few years much more was done regarding transparency than in the field of participative budgeting
- ◆ The unusual thing is that participative budgeting is actually more developed on the local level
- ◆ **State level:**
 - external experts in the Finance and Central Budget Committee
 - open discussion during the law making process

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Participation at the state level

- ◆ external experts in the Finance and Central Budget Committee:
 - external experts are participating in the work of Finance and Central Budget Committee of the Croatian Parliament
 - although they don't have the voting right they have a great influence during committee discussions introducing new ideas and constructive critics
- ◆ currently approximately 90 % of the state budget is based on fiscal effect of the laws and by law regulations
- ◆ participation is enhanced by the obligation of conducting open discussion about every law draft – though process of the Regulatory impact assessment

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Participation during the law making process

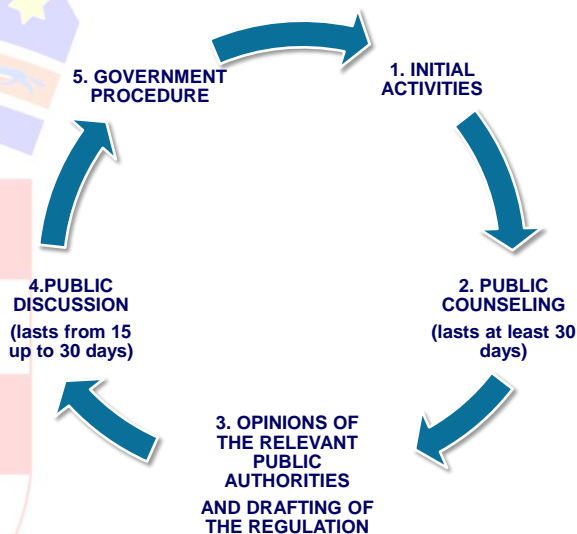
- ◆ citizens, civil society organizations and business community is included in the law making process through open discussion during the
 - PUBLIC CONSULTATION: lasts at least 30 days during which public exposures of matter that is the subject of consultation are being held
 - round tables on the specific theme
 - meetings with focus group stakeholders
 - PUBLIC DISCUSSION: lasts from 15 up to 30 days, more focused on the content of the law draft
- ◆ Upon completion of the consultations:
 - obligation is to inform the interested public about received opinions and explain which remarks have been accepted and which were not and why not!

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Law making process



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Participation at the local level

- ◆ Significant progress!
- ◆ development of the online applications aimed to:
 - educate citizens on how does one prepare budget according to the present laws and by law regulations and what is included
 - inform citizens about the items and the amounts of the current budget
 - enable citizens to participate in creating a budget (by choosing the projects which are planned for the following periods)
 - plan and make budget based on the expressed needs and suggestions of citizens (showing how do the changes influence planned projects)

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Local level developments – example City of Rijeka

PRORAČUNAJME!

složite proračun Grada Rijeke

UVOD

ODABERILIJ

IGRA

IZVJEŠTAJ

Riječki proračun u još jednoj kriznoj godini bilježi smanjenje prihoda i rashoda.

Riječki proračun za 2015. godinu donesen je u uvjetima još uvijek prisutne opće gospodarske krize, ali i u specifičnim okolnostima izmjene Zakona o porezu na dohodak kojom su jedinice lokalne samouprave ostale uskraćene za približno 1.8 milijardi kuna, a kompenzacijske mjere koje je država predložila iznose ukupno 395 milijuna kuna.

Povezano s time, u rječkom proračunu za 2015. trebalo je nadoknaditi 57 milijuna kuna, koliko je bilo evidentno da će nedostajati zbog izmjena Zakona o porezu na dohodak.

Prije svega, smanjene su plaće zaposlenika gradske uprave, točnije koeficijenti plaća pa je tako gradonačelnički koeficijent smanjen za 14,18 posto, koeficijent plaća zamjenika za 13,85 posto, a koeficijenti plaća ostalih službenika i namještenika gradske uprave i proračunskih korisnika od 1,94 posto do 13,85 posto. Najniže plaće u gradskoj upravi i kod proračunskih korisnika smanjene su u najmanjem postotku, a sve više plaće u većim postotcima. Smanjene su i naknade gradskim vijećnicima te članovima odbora i

O igri proračunavanja

Igra pred vama ima edukativni karakter i u njoj ćete vidjeti na koje su sve stavke raspoređeni proračunski izdaci u 2015. godini, kakva je njihova struktura i što pojedine stavke znače. Drugim riječima, u pojednostavljenom prikazu donosimo vam popis i opis različitih područja i djelatnosti koje se financiraju iz proračuna Grada Rijeke.

S popisa projekata kojih nema u ovogodišnjem proračunu ili se u njemu nalaze tek djelomično s manjim iznosima, vi ćete, u prvom koraku igre, odabrati one koji su po vama najvažniji (do iznosa od 60 milijuna kuna). Za svaki odabrani projekt u proračunu treba pronaći ili osigurati sredstva za njegovu realizaciju. Ta sredstva možete namaknuti, odnosno uštedjeti povećanjem visine komunalne naknade ili preraspodjelom iznosa na postojećim stavkama proračuna ili kombinacijom jednog i drugog.

Povećanje komunalne naknade pojednostavljeno predstavlja direktnu naplatu od građana, ali taj ćete im novac vratiti kroz vrijednost i važnost projekta koji želite realizirati. Preraspodjela znači da ćete na nekim postojećim stavkama proračuna morati smaniti izdatke kako biste ta sredstva prebacili na onaj koji

Započnite s odabirom projekata

Nakon pročitanih uputstava započnite igranje pritiskom na **ODABERILIJ** u gornjem desnom kutu.



Za najbolje igranje preporučuje se korištenje preglednika novije generacije (Mozilla Firefox, Google Chrome, Internet Explorer, Apple Safari).



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Participative part: Citizens can choose among offered projects which are not in the current budget.

PRORAČUNAJME!

složite proračun Grada Rijeke

IZNOVA
ODABERI CILJ
IGRA
IZVJEŠTAJ

KOMUNALNA INFRASTRUKTURA I RADOVI

STANOGRADNJA

JAVNI PRUJEVOZ

- + Uvođenje brze gradske željeznice 50
- + Izgradnja žičare Školjić - Trsat 35

UREDENJE GRADA

ODGOJ I ŠKOLSTVO

SOCIJALNA SKRB I ZDRAVSTVO

KULTURA

SPORT I TEHNIČKA KULTURA

PODUZETNIŠTVO, INFORMATIZACIJA I RAZVOJ

Izabrani projekti:

- ✗ Izgradnja žičare Školjić - Trsat 35

Izgradnja žičare Školjić - Trsat

Izgradnja ove žičare predstavljala bi turističku atrakciju i novu ponudu turistima koji dolaze u Rijeku i čije je neizostavno odredište upravo Trsat, a budući da bi žičaru koristili i sami građani ona bi ubrzala prijevoz na relaciji centar grada – Trsat te rasteretila autobusne linije koje voze na Trsat. Procjena troškova izgradnje žičare iznosi 70 milijuna kuna, ali je prema dinamici izgradnje realno da će se trošak rasporediti na dvije

Izabrano projekata: 1

Vrijednost (maks. 60): 35.00

Exercise: Lowering the proposed budget or increasing taxes citizens are ensuring necessary recourses for the specific project. Alert mechanism goes on if allocated recourses in the ongoing budget are decreased.

PRORAČUNAJME!

složite proračun Grada Rijeke

IZNOVA
ODABERI CILJ
IGRA
IZVJEŠTAJ

Prihodi	Alarm	Povuci za izmjenu postotka	Iznos
KOMUNALNA NAKNADA	0%	<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	0.00
Rashodi			
JAVNI PRUJEVOZ	0%	<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	26.16
STANOGRADNJA I POSLOVNI PROSTORI	-11%	<div style="width: 11%; height: 10px; background-color: #ccc;"></div>	35.23
1. Izgradnja stanova (Rujevica, Drenova, Martinkovac, Hostov breg)		<div style="width: 33%; height: 10px; background-color: #ccc;"></div>	11.08
2. Održavanje, kupnja i rekonstrukcije poslovnih prostora		<div style="width: 60%; height: 10px; background-color: #ccc;"></div>	21.80
3. Održavanje stambenih prostora		<div style="width: 17%; height: 10px; background-color: #ccc;"></div>	1.63
4. Rad Agencije za društveno poticanu stanogradnju		<div style="width: 2%; height: 10px; background-color: #ccc;"></div>	0.72
IZGRADNJA KOMUNALNE INFRASTRUKTURE	0%	<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	72.52
KOMUNALNI RADOVI	0%	<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	91.28
ODGOJ I ŠKOLSTVO	0%	<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	103.52

Alarm:

Smanjili ste sredstva za održavanje poslovnih prostora pa zakupci otkazuju zakup jer su nezadovoljni.

Kupni proračun: 794.45

Uštedeno (cilj 35.00): 4.35

Participative part of the exercise

- ◆ At the annual level about 7,000 page views of the game are recorded
- ◆ About 1,500 citizens played the game until the end
- ◆ The application provides statistics which includes:
 - percentage dialling certain proposed projects (list of the most commonly chosen projects)
 - percentage reduction of the ongoing budgetary items (list of the most common savings)
- ◆ Project proposals are delivered to the mail address and collected
- ◆ **At the beginning of the planning process and drafting the new budget the mayor and heads of city departments receive specified statistics and a list of the projects proposed in the game**
- ◆ **Incentive is to develop the same kind of a budget exercise on the state level**

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4. LEARNED LESSONS AND RECOMENDATIONS

- ◆ During the last few years much more was done regarding transparency than in the field of participative budgeting
- ◆ Among the many barriers to greater public participation, the following stand out:
 - lack of political will
 - lack of organizational and professional opportunities of the public administration
 - lack of interest and lack of information of the citizens
 - lack of non-governmental organizations specialized for the fiscal/budgetary transparency and citizen participation

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Recommendations and future plans

- ◆ Citizens generally do not analyze budgets because:
 - budget documents are not available to them,
 - they do not understand the information in budgets and /
o
 - they do not have enough time for analysis of the budgets
- ◆ Budgets are less transparent to the citizens at the lower levels of government!

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Recommendations and future plans

- ◆ GOVERNMENT should:
 - establish appropriate mechanisms widely available for public involvement in the process of preparation and execution of the state budget
 - achieve closer cooperation with the Community of the regions and Association of cities and municipalities in order to urge their members to a greater budget transparency
 - try to reduce changes of the laws, regulations and classifications

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Recommendations and future plans

◆ EXECUTIVE BODIES should

- inform citizens how their money is spent
- publish the most important budget documents on its website (timely, accurate and understandable to ordinary citizens, for several years, and in one place)
- have a direct link from the front page to the budget documents
- ensure more time for the citizens to analyze the budget encourage citizens to deal with budgets (ask for their opinion and then respect it more)

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Recommendations and future plans

◆ PARLIAMENTS AND CITIZENS should

- require complete, accurate, understandable and time appropriate disclosure of all relevant budgetary documents from the executive authorities
- carefully and thoroughly study the budget documents discuss the budget and try to have an effect on it stress out more the executive bodies accountability
- educate themselves about the budget and budgetary processes

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Recommendations and future plans

- ◆ RESEARCHERS AND MEDIA should be
 - more involved in analyzing of the budget
 - indicate
 - the importance budget transparency
 - problems encountered during the budget analysis
 - how to improve budget transparency

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QUESTIONS ???

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