

OPEN BUDGET INDEX SCORE
— OUT OF 100 —

81-100 Extensive

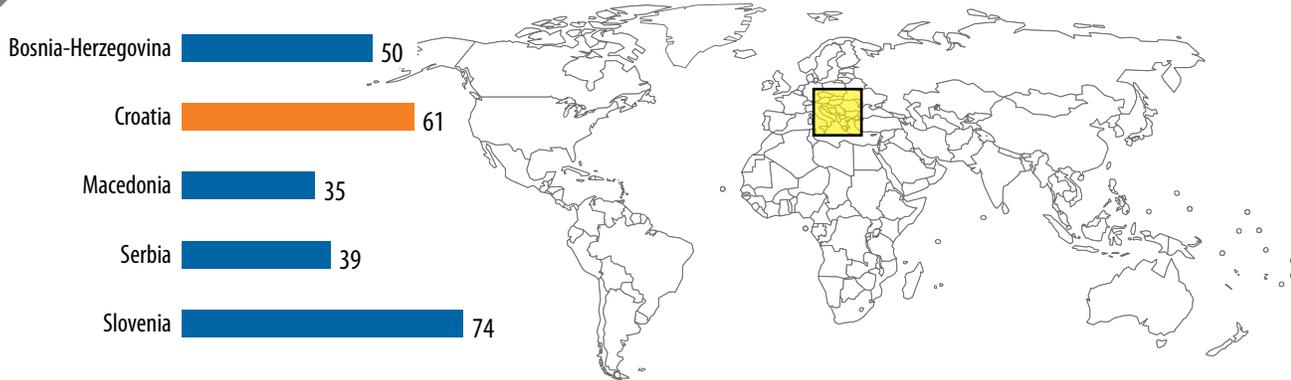
61-80 Substantial

41-60 Some

21-40 Minimal

0-20 Scant or None

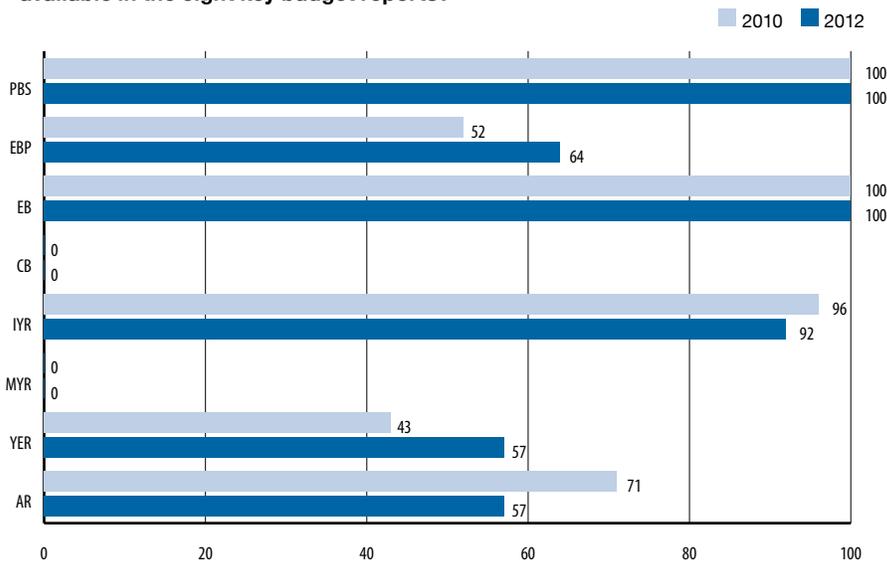
How does Croatia compare to its neighbors in the Balkans?



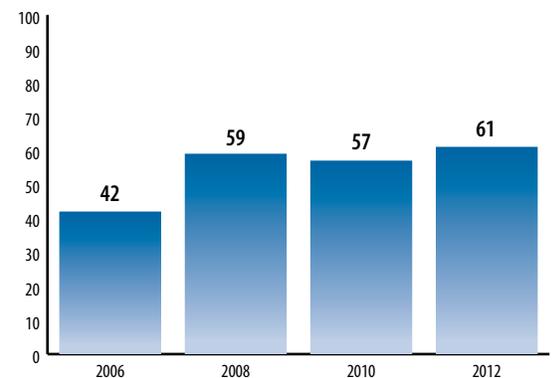
What are each of the eight key budget documents, and does the public have access to them?

Document	Description of Document	Publication Status
PBS	Pre-Budget Statement: Provides information that links government policies and budgets and typically sets forth the broad parameters that will define the budget proposal that is presented to the legislature.	Published
EBP	Executive's Budget Proposal: Presents the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action.	Published
EB	Enacted Budget: The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt.	Published
CB	Citizens Budget: A nontechnical presentation to enable broad public understanding of a government's plans for raising revenues and spending public funds in order to achieve policy goals.	Not Produced
IYR	In-Year Reports: Periodic (monthly or quarterly) measures of the trends in actual revenues, expenditures, and debt, which allow for comparisons with the budget figures and adjustments.	Published
MYR	Mid-Year Review: An overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies.	Not Produced
YER	Year-End Report: Information comparing the actual budget execution relative to the Enacted Budget.	Published
AR	Audit Report: Independent evaluation of the government's accounts by the country's supreme audit institution. It typically assesses whether the executive has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation.	Published

From Zero to 100: Has Croatia increased the amount of information it makes available in the eight key budget reports?



OBI scores over four Surveys



Open Budget Index

The **Open Budget Survey** assesses whether the central government in each country surveyed makes eight key budget documents available to the public, as well as whether the data contained in these documents is comprehensive, timely, and useful. The Survey uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations, such as the International Monetary Fund (IMF), the Organization for Economic

Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

The scores on 95 of the 125 Open Budget Survey questions are used to calculate objective scores and rankings of each surveyed country's relative transparency. These composite scores constitute the Open Budget Index (OBI), the world's only independent and comparative measure of budget transparency.

Croatia's score is 61 out of 100, which is much higher than the average score of 43 for all the 100 countries surveyed. Croatia scores higher than its neighbors Bosnia-Herzegovina, Macedonia, and Serbia but lower than Slovenia. Croatia's score indicates that the government provides the public with significant information on the national government's budget and financial activities during the course of the budget year. This makes it possible for citizens to hold the government accountable for its management of the public's money.

Croatia's OBI 2012 score of 61 is four points higher than its score of 57 on the OBI 2010.

The Open Budget Index is composed of subscores for each of the eight key budget documents assessed in the Survey. These subscores represent the average of the scores received on a set of questions in the Survey that measure the public availability of and amount of information in the documents. The subscores are comparable across all of the countries included in the Survey.

Recommendations

Croatia's score on the Open Budget Index increased since the last round of the Open Budget Survey, which is an encouraging development and for which the government is congratulated. Croatia's score of 61 out of 100 on the Open Budget Index 2012 is good, but the government of Croatia has the potential to further expand budget transparency by introducing a number of short-term and medium-term measures, some of which can be achieved at almost no cost to the government.

The International Budget Partnership recommends that Croatia undertake the following steps to improve budget transparency:

- Produce and publish a Citizens Budget and Mid-Year Review (detailed guidance on the contents of these documents can be found in these guidebooks: <http://bit.ly/QGzHv8> and <http://bit.ly/QGzFmJ>). As per the Open Budget Survey 2012, 26 countries publish a Citizens Budget, but no country in the Balkans region produces such a docu-

ment; 29 countries publish a Mid-Year Review, including Croatia's neighbors Serbia and Slovenia. Links to the budget documents published by these countries can be accessed from the IBP's website <http://bit.ly/P8NPOV>.

- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information on the following areas:
 - expenditures for the budget year and prior budget years, using functional classification of data (see questions 2 and 19 of the Open Budget Questionnaire);
 - total debt outstanding for the budget year and previous year and the composition of government debt, such as interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic or external debt (see questions 11, 13, and 33-34 of the Open Budget Questionnaire);
 - different macroeconomic assumptions used in developing the budget (see questions 14-15 of the Open Budget Questionnaire);
 - linking the budget to the government's stated policy goals for the budget year and future years, including nonfinancial information and performance indicators in all expenditure programs, and including information intended to benefit directly the country's most impoverished populations (see questions 16-17, 50-53, and 55 of the Open Budget Questionnaire);
 - quasi-fiscal activities, financial and nonfinancial assets, expenditure arrears, contingent and future liabilities, and tax expenditures (see questions 38-43 and 45 of the Open Budget Questionnaire); and
 - the executive adheres to its timetable for the preparation and release of the budget (see question 58 of the Open Budget Questionnaire).
- Increase the comprehensiveness of In-Year Reports by including information on debt composition, such as interest rates on the debt, maturity profile of the debt, and currency denomination of the debt (see question 71 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Year-End Report by including explanations of differences between original macroeconomic forecast, original nonfinancial information, original performance indicators, and enacted levels of funds intended to benefit the poor in the country and their actual outcomes (see question 82-85 of the Open Budget Questionnaire).
- Improve the quality of the Audit Report by publishing public audits six months after the end of the fiscal year, publishing audit reports on

extra-budgetary funds, and publishing reports listing actions taken by the executive to address audit recommendations (see questions 87, 91, and 95 of the Open Budget Questionnaire).

Strength of Legislatures and Supreme Audit Institutions in Budget Oversight

The Open Budget Survey examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAIs). These institutions play a critical role — often enshrined in national constitutions — in planning and overseeing the implementation of national budgets.

The Open Budget Survey assesses whether legislatures provide effective budget oversight by measuring performance on 11 indicators, including: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, time available to discuss and approve the budget, legal authority to amend the budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports.

The Open Budget Survey assesses whether supreme audit institutions are empowered to provide effective budget oversight by using the following four indicators: authority to remove the head of the supreme audit institution, legal power to audit public finances, financial resources available, and availability of skilled audit personnel.

Recommendations

Although the overall legislative and supreme audit institution oversight in Croatia is strong, the Open Budget Survey 2012 finds that this can be further strengthened by the following actions:

- The legislature should have a specialized budget research office to assist it with budget analysis and have a formal pre-budget policy debate prior to the tabling of the Executive's Budget Proposal; the executive should consult with members of the legislature as part of its process of determining budget priorities (see questions 59 and 97-98 of the Open Budget Questionnaire).
- Empower the supreme audit institution by the following actions: the SAI should have skilled staff designated to undertake audits of the central government agencies that handle the security sector (see question 94 of the Open Budget Questionnaire).

Croatia is among the leaders in Central & Eastern Europe on budget oversight and engagement

Country	Legislative Strength	SAI Strength	Public Engagement
Bosnia-Herzegovina	Moderate	Strong	Weak
Croatia	Strong	Strong	Moderate
Macedonia	Moderate	Strong	Weak
Serbia	Moderate	Strong	Weak
Slovenia	Strong	Strong	Moderate

Strong: average score above 66 of 100; **Moderate:** average score between 34 and 66; **Weak:** average score below 34

Opportunities for Public Participation

Research and advocacy experience of civil society over the past 15 years has demonstrated that transparency by itself is insufficient for improving governance. Transparency along with opportunities for public participation in budgeting can maximize the positive outcomes associated with open budgeting. Therefore, the Open Budget Survey assesses opportunities available to the public to participate in national budget decision-making processes. Such opportunities can be provided throughout the budget cycle by the executive, legislature, and supreme audit institution.

Based on these indicators, the Open Budget Survey 2012 finds that there are moderate opportunities for public participation in the budget process in Croatia.

Recommendations

The International Budget Partnership recommends that Croatia expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 114-118, 123, and 125 in the Open Budget Questionnaire).

Croatia provides spaces for public participation but still has room to improve

Requirement	Finding
Process Followed Before Consultation	
Formal requirement for public participation (Q114)	Exists but is weak
Articulation of purposes for public participation (Q115)	Does not exist
Communication by the SAI of audit findings beyond publication of audit reports (Q124)	Exists and is strong
Process of Consultation	
Mechanisms developed by the executive for participation during budget planning (Q116)	Does not exist
Public hearings in the legislature on macroeconomic budget framework (Q119)	Exists but could be improved
Public hearings in the legislature on individual agency budgets (Q120)	Exists but could be improved
Opportunities in the legislature for testimonials by the public during budget hearings (Q121)	Exists but could be improved
Mechanisms developed by the executive for participation during budget execution (Q117)	Does not exist
Mechanisms developed by the SAI for participation in audit agenda (Q123)	Exists but is weak
Process Followed After Consultation	
Feedback by the executive on use of inputs provided by the public (Q118)	Does not exist
Release by the legislature of reports on budget hearings (Q122)	Exists but could be improved
Feedback by the SAI on use of inputs provided by the public (Q125)	Does not exist

Description of Survey, Methodology, Reliability, and Researcher Contact Information

The Open Budget Survey is a fact-based research instrument that uses easily observable phenomena to assess what occurs in practice. The research conclusions are typically supported by citations and comments, including reference to a budget document, a law, or other public document; a public statement by a government official; or comments from a face-to-face interview with a government official or other knowledgeable party. The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by two anonymous experts who also have no association with government. In addition, the IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results. The entire research process for 2012 took over 18 months between July 2011 and December 2012 and involved approximately 400 experts.

The Open Budget Survey provides a reliable source of data on national budget transparency practices for governments, development practitioners, the media, and citizens. Current users of the Survey results include the Open Government Partnership, Collaborative Africa Budget Reform Initiative, INTOSAI, the World Bank in its Worldwide Governance Indicators, and a number of bilateral aid agencies and international and regional multilateral bodies. The publication of the Open Budget Survey 2012 has reinforced the Survey's preeminent position as a global data repository on budget transparency, participation, and accountability.

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The Croatian government has provided its comments on the draft Open Budget Questionnaire results for the country.