

# Local Budget Transparency: Building Public Trust and Civic Engagement from the Ground Up

Mihaela Bronić



Institute of  
Public Finance

[www.ijf.hr](http://www.ijf.hr)

Trust in Public Finance: Perceptions vs. Practice (CEF - CIPFA Conference)  
June 2025, Zagreb

---

# Contents

1. What is local budget transparency (LBT)?
2. Why is LBT important?
3. How is LBT measured?
4. Research results
5. Behind the numbers: Who's lagging and why?
6. Transparency is not enough!
7. Recommendations for building trust and civic engagement



# 1. What is local budget transparency (LBT)?

Access to:

- **complete,**
- **accurate,**
- **timely** and
- **understandable** budget information of LGU (counties, cities, and municipalities).

Includes published budget plans, reports, and citizen-friendly summaries.

## 2. Why is LBT important?

- Citizens often perceive **budgeting** as **opaque** and **inaccessible**.
- **Participation in budgeting process** remains **low**.
- Even when citizens participate **feedback is limited**.
- Growing **distrust in public institutions** and governance in Croatia and EU (Eurobarometer, 2024).
- Transparency → Public participation → Trust
- **Local governments** are closest to citizens — **vital trust-building opportunity**.

## 2. Why is LBT important?

LBT provides citizens with information on **collecting and spending** local budget funds. It can influence:

- collection of public funds;
- **financial/debt manag.;**
- **budget credibility;**
- **corruption;**
- **communication** /w citizens and the local authorities,
- **LG accountability;**
- **trust** in LG.





### 3. How was the level of LBT measured?

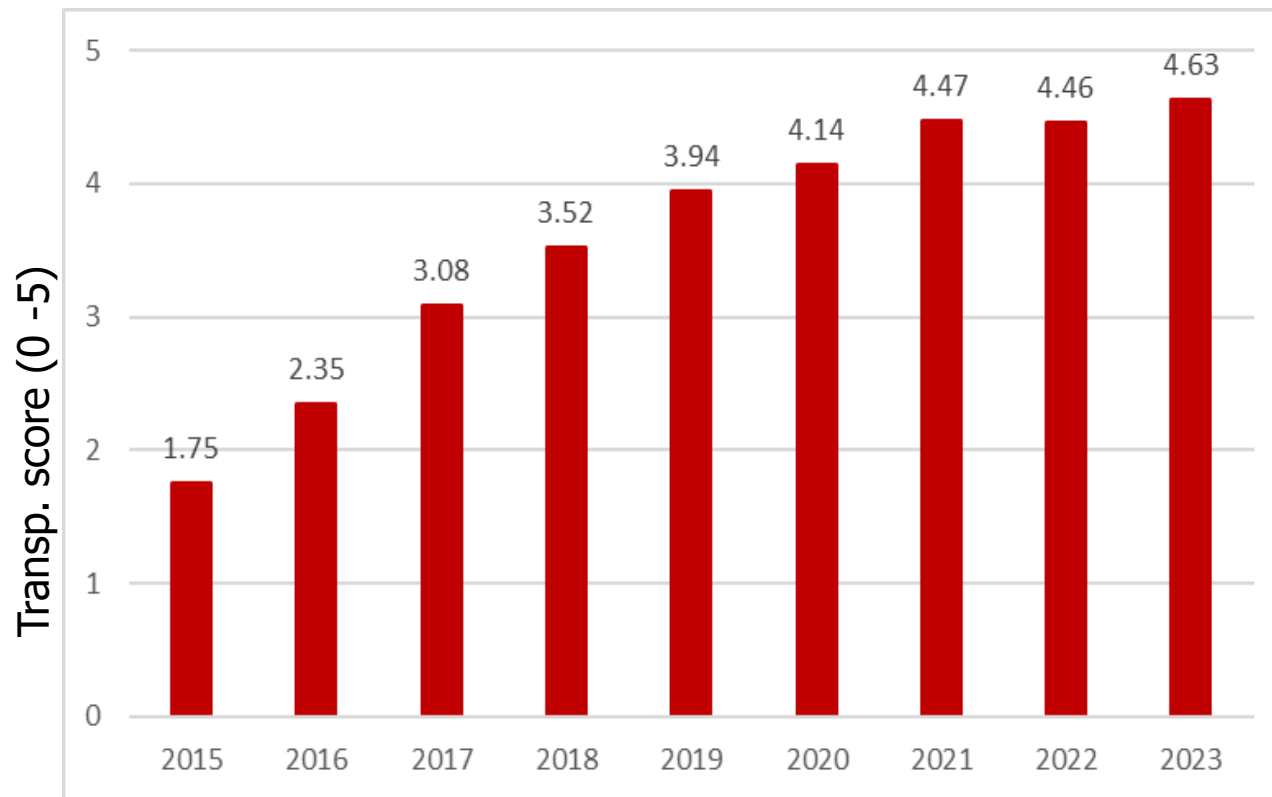
Since 2015 annually by the number of **key local budget documents** published on the official websites of **all Croatian LGU**.

In the last research cycle (2023) we were searching for:

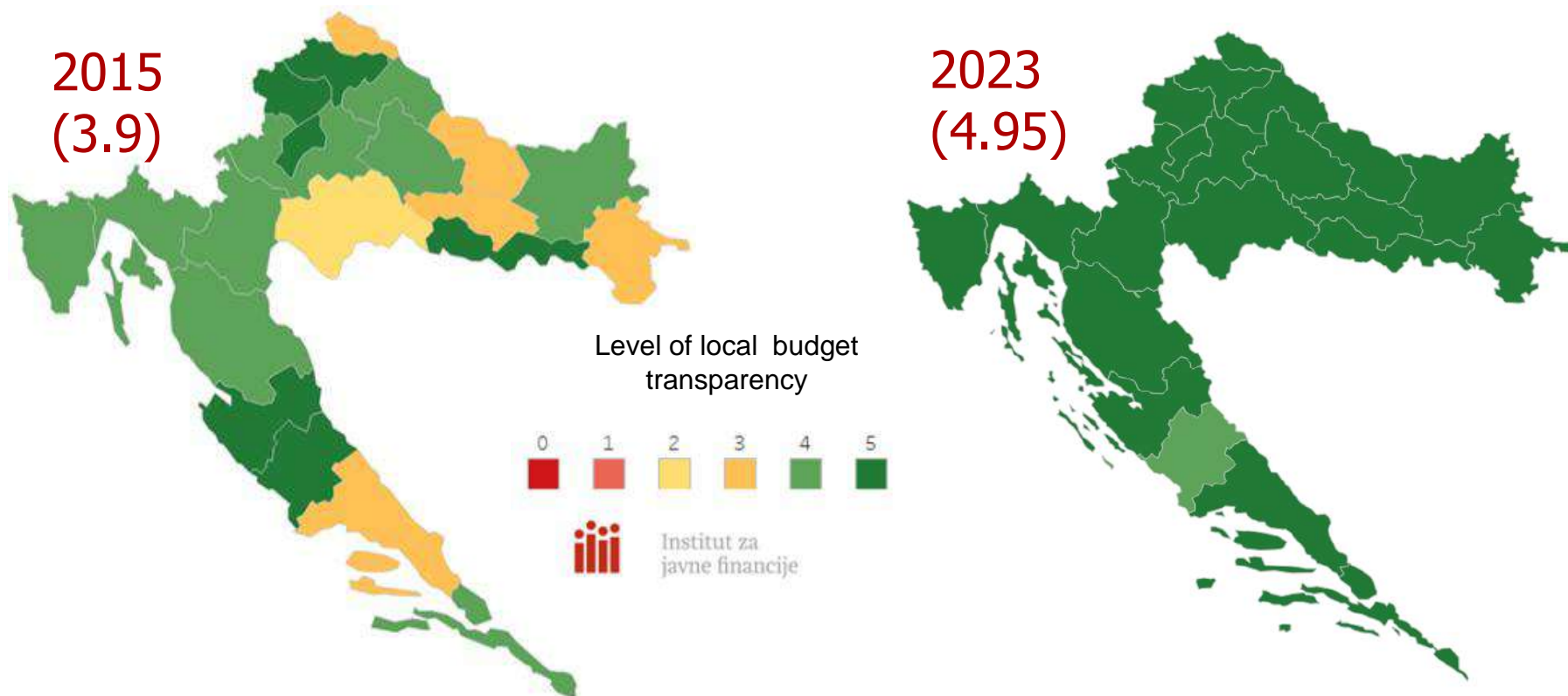
1. 2021 year-end report;
2. 2022 mid-year report;
3. 2023 budget proposal;
4. 2023 enacted budget; and
5. 2023 citizens budget.

## 4. Results: From Opacity to Openness

### Croatia – average LBT level, all LGU (2015 – 2023)



## 4. Results: Counties are excellent



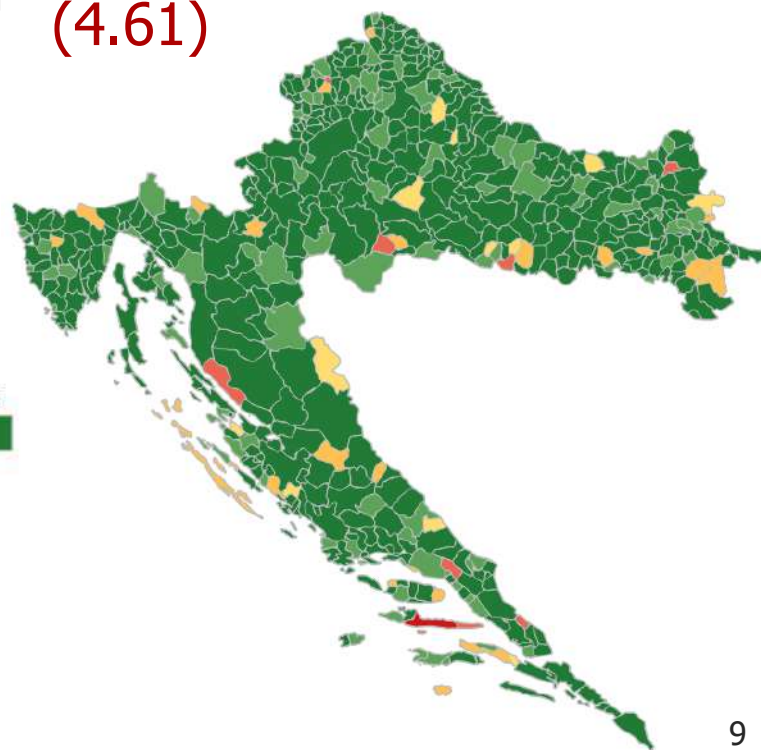
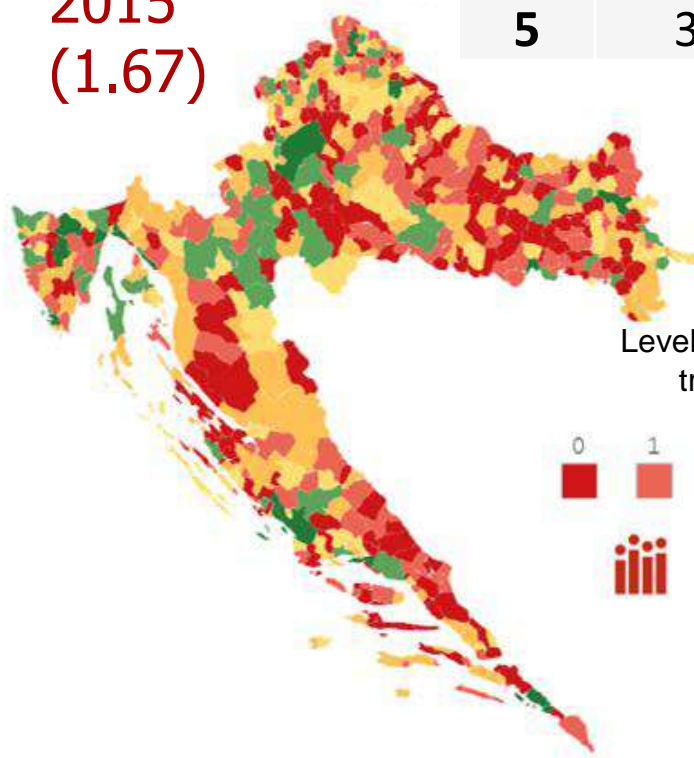


... and cities and municipalities have tremendously improved...

in %	2015	2023
0	30	0.002
5	3	76

2015  
(1.67)

2023  
(4.61)



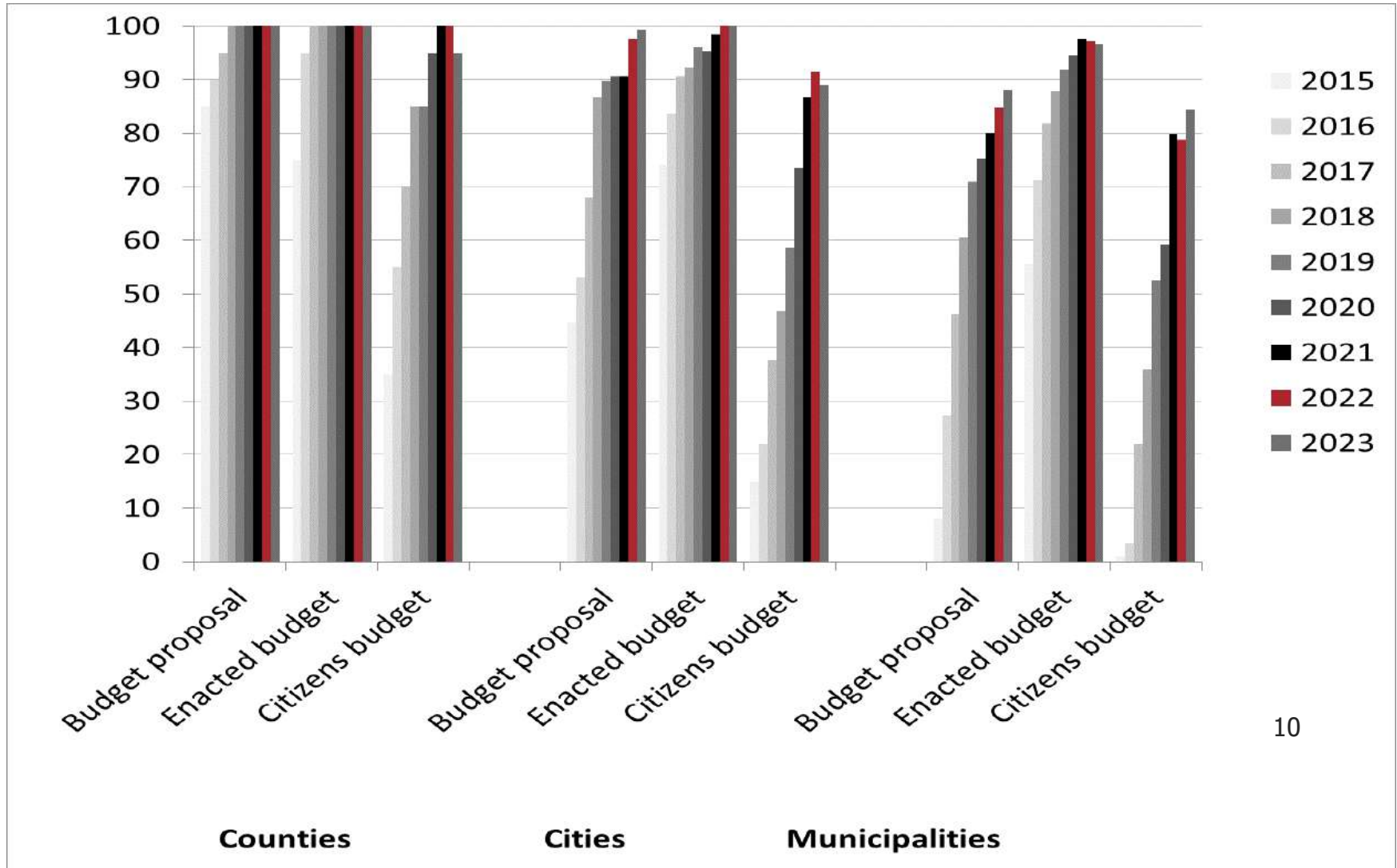
Level of local budget transparency



Institut za  
javne financije

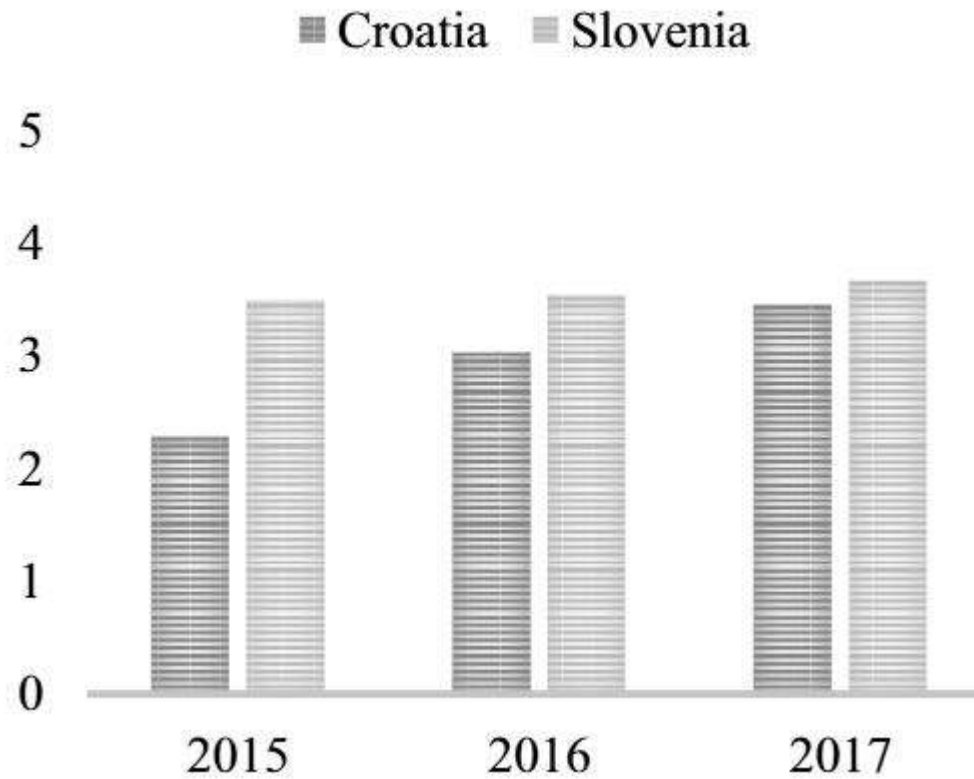
## 4. Research results

*Budget documents published during the period 2015- 2023 (%)*



## 4. Research results

*Local governments' average level of BT, 2015 - 2017*



## 5. Behind the Numbers: Who's Lagging?

- **Some** LGUs still **publish fewer documents than required by law.**
- **In the last research cycle:**
  - **One municipality** have not published a single budget document that we were searching for.
  - **Eight municipalities** published only one budget document.
  - **One county, 13 cities and 51 municipalities** have published less budget documents than in the previous research cycle.

## 5. Behind the Numbers: Who's Lagging and Why?

- **Determinants of LBT in Croatia:**
  - population size,
  - unemployment rate,
  - residents' income per capita,
  - LG' administrative capacity,
  - LG' fiscal capacity per capita,
  - political competition,
  - women's representation in local politics.
- Enforcement and penalties are inconsistent or missing.<sup>13</sup>

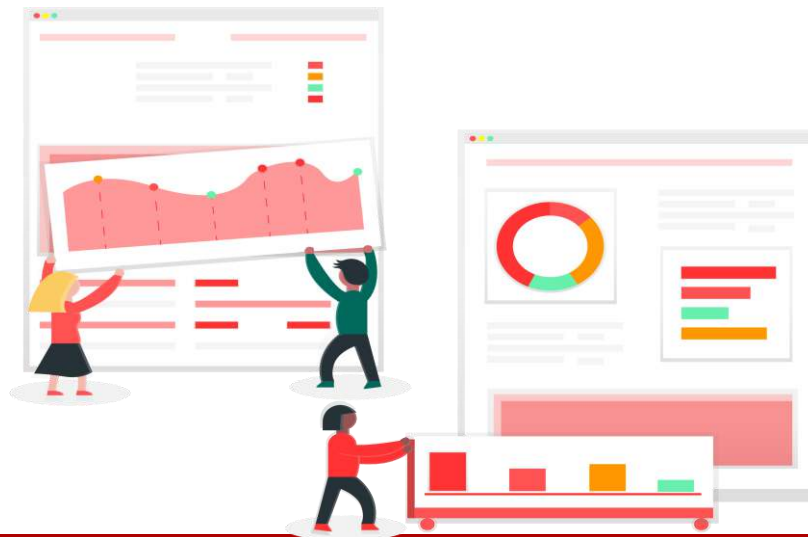
## 6. Transparency is not enough!

- LBT → **a process** that should be continuously monitored, evaluated, and upgraded
- **Transparency is not enough!**
  - Transparency without realistic budgets erodes public trust – **importance of budget credibility**
  - **greater participation** of citizens, media, trade unions, politicians, and scientists should be encouraged



## 6. Transparency is not enough! : The role of budget credibility

- Budget credibility = meeting revenue and expenditure targets as planned.
- Citizens expect budgets passed by representative bodies to be implemented faithfully.
- Credibility failures reduce accountability and service delivery.



## 6. Transparency is not enough! : The role of budget credibility

Recent research on Budget credibility in Croatian and Slovenian local units in 2023 ([Prijaković, 2025.](#))

- Croatian LGUs show greater budget deviations than Slovenian counterparts.
  - Slovenian units plan their budgets more accurately – especially tax revenues, total revenues and operating expenditures
  - Croatian units have larger deviations - especially expenditures on non-financial assets, operating revenues and total expenditures.
- Frequent deviations are common in small, low-capacity municipalities, especially before elections.
- Best practices: disclose causes and future corrections in execution reports.



## 7. Recommendations for building trust

### **Government and MoF should:**

- legally prescribe the obligation to publish five complete **key local budget documents** on the LGU' websites, in a **timely** manner and in compliance with the **forms** laid down by the Ministry of Finance, and to impose **penalties** for non-compliance;
- point to the importance of BT with its **own example of timely publication of key state budget documents**;
- **promote peer learning**: less transparent units should learn from leaders;
- **ensure realistic budget planning**, especially pre-elections;
- **strengthen oversight** and publish independent assessments of **budget credibility**;
- **support small LGUs** with technical and financial assistance. 17

## 7. Recommendations for building trust – the role of public participation

### **Government, MoF and LGUs should:**

- encourage civil society, journalists, and academia to join the process;
- **support citizens' participation in the budget process and budget literacy:**
  - citizens need context and clarity — not just data (citizens budgets, budget visualizations, budget literacy programs)
  - use participatory budgeting.
- The general public itself should **call for greater LBT** where it is currently inadequate, and use every available opportunity to get informed and **participate** in the local budget process where this is already possible

# Thank you!

## **Thank you for the support**



This work was supported by the Croatian Science Foundation (CSF) under Grant (IP-2014-09-3008) and Grant (IP-2019-04-8360). Opinions, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the CSF.