

Enhancing public control of national finances

Budget watching in Croatia

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The Institute of Public Finance (IPF) believes that budgets are too important to be left to elected representatives. As taxpayers, citizens should also have a say in the distribution and management of public funds.

The Institute of Public Finance, an academic institution based in Zagreb, publishes regular newsletters which it distributes free of charge to members of parliament (MPs), parliamentary committees, ministries, agencies, media and NGOs. The newsletters are published to coincide with the passing or revision of budgets, or at key moments like the introduction of new tax rates, or in the lead up to elections or a change in government. The primary objective is to provide a professional and independent analysis of budget issues in order to facilitate informed discussions.

Attracting attention

The first newsletter (Jan 1999) explained why budget debates are so important and outlined the kinds of questions that MPs and members of the public should ask. It analysed in detail government revenue and expenditures, highlighting the fact that public spending was continually on the rise and that the tax burden was borne by the general public (consumption taxes accounted for over 70% of total income). IPF called on the government to provide clear information about the size and state of the economy and precise statistics about the external and internal debt, among many other pressing issues.

Right from the outset the newsletters were received enthusiastically by the public. Media coverage of the first newsletter was unprecedented. In the period 1999-2007, the institute published 27 newsletters, and there was a widespread expectation that IPF would provide a response to emerging financial issues even when the organisation was not able to do so.

Success

IPF has established itself as a non-partisan and trustworthy stakeholder, and an important player in national economic debates. As a domestic source of independent comments and recommendations, IPF is convinced that it has contributed to changes in the Croatian budget process. Gross domestic product estimates have become more relevant and internationally recognised, classifications and consolidations of the budget have improved, as have data on the public debt and on government spending.

Nevertheless, a budget watcher's life is not easy. Thanks to the legacy of non-democratic regimes, paternalistic and highly centralised states in the region, a majority of citizens are not fully aware of their rights, opportunities and obligations. Moreover, it is often difficult to gain access to financial data and budget watchers sometimes face open hostility.

Steps and Methodologies

In conclusion, the IPF has drawn up a number of useful tips for practitioners who want to engage in budget watching:

- Insist on clear provisions in relevant laws that guarantee permanent access by citizens to financial information as well as on the obligations of local governments to: (i) disseminate budget information, (ii) organise regular open sessions and special public hearings before adopting key decisions, (iii) publish income and expense statements and balance sheets, (iv) have a proactive approach to transparency, with information being made available in reports and on websites, (v) allocate sufficient human resources to processing information requests, and (vi) deal courteously with the public.
- Be engaged in all stages of the budget process. Communicate, ask questions, and give concrete suggestions to local governments; expand your working knowledge and ability to understand and compare local budgets.
- At the budget preparation stage, learn how (local) governments work and local services are provided. During the budget execution stage, monitor implementation and ask about results. At the financial reporting stage, make comments, insist on clarity, and compare the results with other local units so as to better understand the situation in your community as well as the country as a whole.
- Propose the establishment of a monitoring committee with representatives of relevant ministries, budget users, and citizens (NGOs, local government associations, media, etc.) and define its working plan.
- Try to produce a reader-friendly citizens' budget guide to enable ordinary people, politicians and the media to have a better grasp of the basics of the budget and the budget process.
- Finally, to make public finances in your community more public, join the worldwide community of budget watchers working together with the International Budget Project, which could enable you to share your experiences and learn from others.

Links

Institute of Public Finance (IPF) newsletters are available at [this website](#).

An example of a citizens' budget guide is available [here](#).

[International Budget Project \(IBP\)](#).

Further reading

K. Ott (ed.) (2006)

[*Making Public Finance Public: Sub-national Budget Watch in Croatia, Macedonia, and Ukraine*](#),
Local Government and Public Service Reform Initiative, Open Society Institute, Budapest.