

Improving Budget Transparency to Achieve Effective and Sustainable Governance

Tatjana Stanimirović

University of Ljubljana, Faculty of Public Administration, Slovenia

tatjana.stanimirovic@fu.uni-lj.si

<https://orcid.org/0000-0003-4528-8725>

Received: 19. 8. 2022

Revised: 1. 11. 2022

Accepted: 7. 11. 2022

Published: 28. 11. 2022

ABSTRACT

Purpose: The sustainable development concept implies the involvement of citizens in the budgetary process. Since the Covid-19 pandemic and its consequences have confirmed the importance of citizens' involvement also in the future, the purpose of the paper is to assess the level of interest in budgetary issues as well as the reasons for budget transparency stagnation as reported for Slovenia by the Open Budget Index (OBI).

Design/methodology/approach: The study relies on a combination of desk research and survey carried out among employees directly or indirectly connected to public finance issues in public sector organisations. The statistical analysis is based on 251 fully completed surveys.

Findings: The results confirm the lack of political will as the main obstacle to budget transparency and the stagnation reported by the Open Budget Index for the past years, suggesting that the stronger the interest in budget transparency expressed by the respondents, the more likely they see political will as an important barrier.

Academic contribution to the field: The findings of the paper contribute to the isolation and potential further development of the factors that influence the transparency of the central budget.

Originality: The paper is a pioneer attempt to study central budget transparency in Slovenia, offering results that can be compared to other EU countries.

Keywords: transparency, budget, accountability, barriers

JEL: H83

1 Introduction

Started under the New Public Management (NPM) framework but continuing also under public value management (PVM) concept, public administrations were being required to be more efficient, to provide more transparency to citizens, to create an operative framework, which facilitates competitiveness, and to enhance greater information and participation in public life for all social agents (Perez et al., 2010). Transparency has been recognized as one of the most important characteristics in public sector management. The government transparency presents the right of access to government information, which is the precondition for accountability and democratic participation (Osborne, 2010). It is also an essential factor for citizen involvement in political decisions (Bertot et al., 2010). Consequently, governments should pursue the increasing citizens' involvement and enhancing accountability by improving accessibility and transparency (Rodríguez Bolívar et al., 2015). The effective governance, among other areas, refers to budget transparency.

Budgetary information has traditionally played a relevant role to achieve accountability in governments since financial information is supposed to be most important for policy objectives reconciliation and implementation (OECD, 2002). That specific information should have a significant impact on financial sustainability, which is linked to government solvency in terms of the governments' ability to meet the costs of current and future debt with future revenues (EU, 2012).

Not just as the phenomena themselves, the budgetary transparency has been measured and evaluated systematically for the last couple of decades; based on extensive questionnaires and diagnostic tools to examine the budgetary transparency (IMF, 2007; OECD, 2002). The International Monetary Fund issued the budget transparency recommendations in the Code of Good Practices on Transparency in Monetary and Financial Policies, 1999. Later it developed it in the Code of Good Practices on Fiscal Transparency (IMF, 2007) and in 2019 updated it in The Fiscal Transparency Code (IMF, 2019). Accordingly, fiscal transparency is identified as "comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances". It covers four pillars, namely fiscal reporting, fiscal forecasting and budgeting, fiscal risk analysis and management, and resource revenue management. In the perspectives of public finance management, it underlines certain recommendations on how to raise transparency of public funds (Molotok, 2020).

The higher level of budgetary transparency means more sophisticated governance management, which reflects in enhanced government responsibilities, providing vital information to the public and reduction of corruption (Cimpoerua and Cimpoeru, 2015). One of the most widespread tools for budgetary transparency measurement is the Open Budgetary Index (OBI). The Center on Budget and Policy Priorities (CBPP) and the International Budget Partnership (IBP) collaborate with civil society around the world in order to use the budgetary analysis and acts as a tool to improve the efficiency of public funds

governance (Heald, 2012). Based on the evidence available to the public on how the country manages its public finances, the index (OBI) for each country is calculated and countries are ranked (Renzio and Masud, 2011).

Transparency as a concept has entered government agendas and acquired social importance in the last couple of decades (Bessette, 2001; Hood, 2006). It has multiple meanings, as well as multiple rationales, purposes, and applications. In our context, transparency presents the opening of the internal organizational processes and decisions to third parties, whether or not these third parties are involved in the organization. The unknown background of political options is exposed as one of the main reasons for growing initiatives and discussion about greater transparency in public administration, since the electorate is incapable of punishing politicians involved with corruption and other forms of illegal conduct (Zuccolotto and Teixeira, 2014). The Universal Declaration of Human Rights (Article 19), which presents the heart of the modern processes of accountability and the legitimization of public authorities, defines transparency as “a non-negotiable right to know”. In conditions where transparency is equalized with organizational methods and processes, the complete reversibility of information exchanges between the general public and public sector organizations is enabled. This reversibility is at the heart of the current transparency concept due to the fact that it makes the great movement from historical absolute privilege and the discretionary use of information to a system where privilege is the exception (Pasquier and Villeneuve, 2007). According to Kosack and Fung (2014) there are four distinct varieties of transparency: (a) freedom of information; (b) information asymmetries, which presents need for responsible corporate behaviour; (c) disclosure to improve public services and financial disclosures of corporations; and (d) product safety disclosures.

There are several definitions of transparency, joined by term “information accessibility” as a common element. Budget transparency is defined as the clarity, reliability, frequency, timeliness, and relevance of public fiscal reporting and the openness to the public of the government’s fiscal policy-making process (IMF, 2012). Since budgets illustrate how public resources are used, budget transparency is promoted to facilitate policy analysis and to enhance accountability (IMF, 2019). There are several methods and research approaches for measurement of budget transparency. Blondal (2003) dissected the term on three components: a) the systematic and timely release of budget data; b) an effective role for the legislature; and c) an effective role for civil society.

The professional and scientific interest for the fiscal (budget) transparency has emerged in the last couple of decades, starting with the Asian crisis in the late 1990s and continuing with the Greece financial crisis, which threatened to splinter the Eurozone (Rios et al., 2016; Alt, 2019). The starting point is therefore the key role that budget transparency plays in the credibility of governments’ policies. An emerging body of literature witnesses the benefits of transparency for economic and governance outcomes, emphasizing that more transparent public finances are also characterized by better fiscal performance, lower sover-

eign borrowing costs, and lower levels of corruption (Renzio and Masud, 2011). Budget transparency is proven to facilitate accountability, contribute to the quality of governance and democracy, and promote public participation (Carliz, 2013). Improved fiscal transparency results in more trust in government (Heald and Hodges, 2020). Alt and Lassen (2006) and Alesina et al. (1999) have examined the impact of fiscal transparency on debt and deficits of 19 OECD countries. The study revealed that countries with lower transparency issued more debt, and increasing transparency led to the reduction in deficit financing cost. Kolstad and Wiig (2009) have emphasized the insufficiency of transparency to realize the positive outcomes with which it has been associated. It turned out that access to information is only the first step, while people need the ability to process and act on it, and the incentives to do so are also important. Additionally, the paper highlights the institutional capacity to reveal the benefits of transparency, pointing out mechanisms to punish corrupt public officials.

There are several factors, which have influenced the significance of the budget transparency concept; the pressures from 'above' reflect in increased interest by international financial institutions, while pressures from 'below' have emerged from the number of civil-society organizations. One of the best known, the International Budget Partnership (IBP), formed in 1997, has formed the Open Budget Index (OBI), which is widespread methodology for the promotion of budget transparency. It collaborates with civil-society groups around the world to undertake budget analysis and advocacy, using three pillars (transparency, public participation, and budget oversight) to sum up the final score.

Focusing mainly on the transparency pillar of OBI, the literature review has revealed that there are some papers exposing transparency as an important component of good governance and institutional quality, potentially resulting in economic growth and welfare as well as improvement of accountability and public trust in governments (Kaufman and Kraay, 2008; Manes Rossi et al., 2018). It has been proved that transparency can influence the improvement of governance efficiency (Piotrowsky 2007). Accordingly, it is interesting to explore which indicators are significantly important to explain transparency and consequently, which barriers prevent the budgetary transparency improvement. Some studies (Khagram et al., 2013; Ríos et al., 2013; Ríos et al., 2016) reveal the influence of politics as general expression for the term political conditions (electoral competition, political ideology, political rights, electoral cycle, and incumbents' ideology, etc.) Even more, there are some studies (Carlitz et al., 2009; Wehner and De Renzio, 2013) that have focused on budget transparency measured by OBI and revealed that economic and political factors (democracy development, free and fair elections, income level) are positively related to budget transparency, while foreign aid and natural resources are factors that influence budget transparency negatively.

Besides politics that has been proved as an important factor or barrier for the budget transparency, the citizens' interest in public money handling seems to be an important factor, although the level of knowledge differs among citizens and countries (Citro, 2021). In this context, the newest studies introduced

even term “citizen-centric budgeting and reporting” as the process in which awareness of taxes imposed, resources spent and changes to the provision of services of ordinary citizens increased (Manes-Rossi et al., 2020, Anessi-Pessina et al., 2020). Connected to citizens’ perception of budget transparency, the influence of the internet and formal education of citizens increase the budget transparency (Rios et al., 2016; Rios et al., 2013), although full disclosure of all relevant fiscal information does not necessarily mean that citizens know if they are getting a good deal for their money (Sedmihradská, 2015). Additionally, the internet and web-based tools can improve openness and transparency in terms of online budget transparency, although this “online transparency” seems to be in the initial phase of research (Ott et al., 2019).

Exposing the problem of potential incompatibility of the “access to budget information” and “access to good public funds governance”, the intertwining principal-agent theory seems unavoidable. This theory problematizes the relationship between citizens (principal) and politicians (agents), exposing the self-oriented objectives of the politicians as the main motivation, instead of the interests for the citizens’ welfare. Those interests are presented as re-election, career building, income increase, etc. (Ferejohn, 1986; Ott et al., 2019).

Among 117 governments assessed in the Open Budget Survey 2019, four out of five failed to reach the minimum threshold for adequate budget transparency and oversight, and even fewer provided opportunities for the public to participate in shaping budget policies or monitoring their implementation. The observation of the Slovenian decreasing budget transparency position in the period from 2008 till 2019 has been the motivation for the paper. Through the content (questions) of OBI survey and index trend research in the last years, our study has focused on the barriers that prevented the implementation of the recommendations provided by the OBI assessment report. Since the Slovenian ranking has not been improved significantly in the last few years, the main aim of the paper was to research the Slovenian OBI timeline (adding some interesting comparisons) and to isolate and evaluate the most important barriers to government budget transparency. Using the methodology of survey questionnaire, our research is focused on two research questions. Firstly, what was the trend of Slovenian OBI changing in the period from 2008 till 2019 and secondly, which barriers are significantly important to explain recommendations for OBI improvement.

The first chapter presents the introduction into the topic, while the second chapter focuses mainly on literature review. The third is dedicated to the methodological specifics and the results of the study. In the last chapter the discussion and conclusion are presented.

2 Methodology

The selection of the research method was adapted to the particularities of the research problem (Patton, 1990; Yin, 2009), also considering the specifics of the research topic. For the first research question, desk research has been

used, focusing mainly on the International Budget Partnership (IBP) webpage and some other important resources. The Open Budget Survey (OBS) is the world's only independent, comparative, and fact-based research instrument that uses internationally accepted criteria. It is divided into three parts, which assess: a) public access to central government budget information (budget transparency); b) formal opportunities for the public to participate in the national budget process (public participation); and c) the role of budget oversight institutions such as the legislature and auditor in the budget process (budget oversight). Since the research was primarily interested in budget transparency, the two other parts were abandoned. The budget transparency part measures public access to information on how the central government raises and spends public resources. The main objective is to assess the online availability, timeliness, and comprehensiveness of eight key budget documents using 109 equally weighted indicators and scoring each country on a scale of 0 to 100.

Due to the specifics of the topic, the second research question has been explored based on a survey. Since the knowledge and interest in the budget transparency topic has turned to be an important determinant of the perception of budgetary transparency (Citro, 2021; Jones and Pendlebury, 2004), these two determinants have been incorporated in the research framework. Using the factors of knowledge and interest in the topic, the survey population has been formed. Since Slovenia is small country, the idea has been to include the population (not just the sample) to obtain results as reliable as possible. On this basis, the list of potential respondents has been compiled, collecting the email addresses according to two double strategies. Firstly, the contacts (email addresses) from the professional public (experts from Ministry of Finance, auditors from Supreme Audit Institution, universities' professors, specialists in non-governmental organizations, etc.) have been collected from web pages, and secondly, contacting the persons from the list for further recommendation, the list of contacts has expanded. This contact has been done by email, explaining the idea and the requirements that potential respondents should have. The final list of email addresses, which presents our population, included 481 email addresses of potential respondents. The survey has been distributed to the population of 481 individuals, while the response rate has been 52,18%.

The conceptual framework of our study leans on the up-to-date studies (Ott et al., 2019; Khagram et al., 2013; Ríos et al., 2013; Rios et al., 2016; Carlitz et al., 2009; Wehner and De Renzio, 2013; Sedmihradska, 2015), which have confirmed the political factor as one of the most important in budget transparency assessment. Additionally, and based on the interview with the state secretary at the Ministry of Finance, which oversaw the evaluation of the OBI survey for 2019, the main purpose of which was to detect and/or verify the main barriers, political will and two other barriers have been isolated. The interview has exposed the mistakes of the professional services of the Ministry of Finance, often caused due to lack of time/short deadlines. Both detected factors in our qualitatively supported research, have been, although modestly, considered in the previous studies (except Mikesell and Mullins, 2011; Ott

et al., 2010; Heald, 2012). In this first phase, the main barriers (political will, mistakes of professional and short deadlines) influencing the budget transparency as the inhibitory factor were determined.

Secondly, the preparation phase has been continued with the pilot survey, which has tested the comprehensibility and comprehensiveness of the study. The survey consisted of the introductory part, in which the purpose and objectives of the study have been explained. There were also some questions about the general experiences of the respondents with the possibilities to get information about Slovenian public finance on the internet or any other way. One of the questions has verified the interest in public finance in connection with transparency of the survey respondents. The main part of the questionnaire has focused on the evaluation of the barriers (negative indicators) that influence the ranking of Slovenia. The survey questions in this part were constructed with the main objective to evaluate, on a five-point scale: (a) completely disagree, b) not agree, c) neither agree or disagree, d) agree and e) completely agree) the respondents' perception on barriers that prevented the recommendations that were given in the last OBI assessment:

- Slovenia should publish its draft budget online in a timely manner;
- all interested parties (e.g., non-governmental organizations, vulnerable groups, associations) should have the right to participate in the discussion of the Finance Committee in the National Assembly about the draft budget and annual accounts for the previous year are discussed and,
- the public should be more involved in the budget preparation process (participation in the parliamentary session when discussing the draft budget and final accounts).

How often do you think or discuss about the government spending?

Since OBI measures the budget transparency through online availability, timeliness, and comprehensiveness of eight key budget documents, the main idea of the second part (second research question) has been to evaluate the perception of budget transparency from the public point of view. The research design has been conceptualized as assessment of three constructs of transparency. In our research framework, those three constructs were taken from the OBI assessment for year 2019, in which they are presented as recommendations (independent variables). On the other side, according to the literature review (Khagram *et al.*, 2013; Ríos *et al.*, 2013) and our research design (interview), the dependant variable was determined as: a) the political will, b) the mistakes and inconsistencies of the professional services of Ministry of Finance, c) too short deadlines, and d) public disinterest.

In this manner, our empirical part of the research has been built on the following two hypotheses:

1. The professional public perceives the politics as the most significant barrier for OBI recommendations implementation in Slovenia.

2. There are significant differences in the perception of the professional public of budget transparency regarding the barriers and different recommendations.

The results were obtained through the intensive process of the survey response collection, including several reminders. All these procedures have resulted in 251 fully resolved surveys.

The statistical analysis has proceeded in five stages:

- data was collected, classified and presented according to barriers (political will, the mistakes and inconsistencies of the professional services of Ministry of Finance, too short deadlines and public disinterest) for all three recommendations together;
- for each barrier, the % of scores of respondents for each recommendation was calculated as frequencies and presented;
- comparison of average scores for each barrier (and separately for recommendation) has been prepared as descriptive statistics;
- according to the general assumption that normal distribution of variables and homogeneity of variance has been confirmed; one-way ANOVA was used to confirm different perception on OBI improvement regarding four different barriers on three different recommendations;
- correlation analysis (using Pearson's correlation coefficient) was used to check which barriers regarding recommendations significantly correlate.

3 Results

The first part of our research has focused on the timeline of Slovenian OBI changes in the period between 2008 and 2019. In the first part of OBI measurement, the budget transparency is assessed based on the online availability, timeliness, and comprehensiveness of Pre-Budget Statement, Executive's Budget Proposal, Enacted Budget, Citizens Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report. The results are presented in Table 1.

Table 1. The scores and the ranking of Slovenia in the period 2008–2019 based on OBI

Year	Scores	Ranking	Pre-Budget Statement	Executive's Budget Proposal	Enacted Budget	Citizens Budget	In-Year Reports	Mid-year Review	Year-End Report	Audit Report
2008	74	9/85			Unavailable data					
2010	70	11/94	Not Produced	Available	Available	Not Produced	Available	Available	Available	Available
2012	74	11/100	Available	Available	Available	Not Produced	Available	Available	Available	Available
2015	68	15/102	Not Produced	Available	Available	Not Produced	Available	Available	Available	Available
2017	69	17/115	Late or not published online	Available	Available	Available	Available	Available	Available	Available
2019	68	22/117	Late or not published online	Available	Available	Available	Available	Available	Available	Available

Source: Own, based on International -Budget Partnership (IBP) webpage, 2022

The results in Table 1 reveal that Slovenian OBI has decreased from 2008 till 2019. Slovenia was ranked 9th in 2008 but finished in the 22nd place in 2019. The Pre-Budget Statement is the document causing most problems, which was prepared in 2012 for the first time but was omitted in 2015. In 2017 and 2019, it was published late or it was not published online. Citizen budget as the simpler and less technical version of the government's Executive's Budget Proposal or the Enacted Budget, designed to convey key information to the public, was also produced in 2017 for the first time.

In the second part of our research, the survey methodology was used. The results have revealed that 90% of respondents think or discuss about the government spending (58.40% from time to time, 31.60% regularly), while only 10% never or rarely consider or discuss how the government spends budget funds. This result confirms that our study is based on respondents (population) who are interested in the topic, while the classification on the list of potential respondents (done in the preparation phase considering the professional position) proved the appropriate level of knowledge.

In the next step, all three barriers detected in the literature review phase and in the interview with the Ministry of Finance representative were tested, adding the control barrier (public disinterest). Since recommendations have been given with the objective to improve Slovenian budget transparency (index), our analysis has joined the recommendation according to barriers. The results of the analyses are presented in Table 2.

		Recommendation 1	Recommendation 2	Recommendation 3
Political will	1-I completely disagree	5.71%	6.17%	6.22%
	2-I do not agree	6.94%	9.47%	7.47%
	3-I do neither agree or disagree	13.47%	18.52%	19.09%
	4-I agree	35.92%	27.57%	24.48%
	5-I completely agree	37.96%	38.27%	42.74%
Mistakes	1-I completely disagree	17.14%	25.31%	20.34%
	2-I do not agree	22.04%	19.50%	23.31%
	3-I do neither agree or disagree	35.51%	34.02%	32.63%
	4-I agree	17.55%	13.69%	14.41%
	5-I completely agree	7.76%	7.47%	9.32%
Too short deadlines	1-I completely disagree	6.20%	13.75%	10.08%
	2-I do not agree	21.90%	15.83%	20.17%
	3-I do neither agree or disagree	33.88%	36.67%	33.61%
	4-I agree	23.55%	22.92%	22.69%
	5-I completely agree	14.46%	10.83%	13.45%
Public not interested	1-I completely disagree	23.65%	27.78%	24.03%
	2-I do not agree	18.67%	21.79%	22.75%
	3-I do neither agree or disagree	22.41%	22.65%	22.75%
	4-I agree	26.97%	19.23%	22.32%
	5-I completely agree	8.30%	8.55%	8.15%

Source: Own, 2021

Table 3. The significance of the differences for variables interest for public spending and barriers assessment according to recommendation (R)

	R1_political will	R1_mistakes	R1_deadlines	R1_public not interested	R2_political will	R2_mistakes	R2_deadlines	R2_public not interested	R3_political will	R3_mistakes	R3_deadlines	R4_public not interested	Interest for public spending
N	245	245	242	241	243	241	240	234	241	236	238	233	250
	5	5	8	9	7	9	10	16	9	14	12	17	0
Mean	3.93	2.77	3.18	2.78	3.82	2.59	3.01	2.59	3.9	2.69	3.09	2.68	3.2
Std. Deviation	1.143	1.159	1.119	1.3	1.215	1.215	1.173	1.305	1.214	1.214	1.169	1.281	0.663
Variance	1.307	1.343	1.253	1.691	1.477	1.477	1.376	1.702	1.473	1.474	1.367	1.642	0.439
Skewness	-1.082	0.098	-0.007	-0.001	-0.812	0.235	-0.134	0.27	-0.907	0.238	-0.053	0.162	-0.656
Std. Error of Skewness	0.156	0.156	0.156	0.157	0.156	0.157	0.157	0.159	0.157	0.158	0.158	0.159	0.154
Kurtosis	0.457	-0.709	-0.731	-1.218	-0.307	-0.811	-0.684	-1.1	-0.131	-0.767	-0.748	-1.124	1.022
Std. Error of Kurtosis	0.31	0.31	0.312	0.312	0.311	0.312	0.313	0.317	0.312	0.316	0.314	0.318	0.307

Source: Own, 2022

Referring to the first, and theoretically most exposed barrier of “political will”, it has turned out that between 65.84% and 73.88% of respondents (completely) agree that the lack of political will is the main obstacle for Slovenian OBI ranking improvement. On the other side, the mistakes, or inconsistencies of the professional services of the Ministry of Finance have been assessed as less important, between 21.16% and 25.31% (depends on the recommendation), while 33.75% to 38.01% (depends of recommendation) of respondents perceive the short deadlines as the barrier for budget transparency (OBI) improvement in Slovenia.

Comparison of scores for different barriers (see Table 3) for all three recommendations has revealed that the barrier “lack of political will” has reached the highest average scores within all three recommendations (see 3.93 for Recommendation 1, 3.82 for Recommendation 2 and 3.9 for Recommendation 3). Based on this result it can be concluded that political will is perceived as the most influential barrier regardless of recommendation. The barrier of “the mistakes or inconsistencies of professional services of the Ministry of Finance” and “public is not interested in such topics” has been estimated similarly, both getting low scores. There are significant differences in assessment of different barriers, but not among recommendations, although recommendation 2 has been assessed with slightly lower average scores than the other two recommendations.

Since the study objective has been to research the barriers that prevented the Slovenian budget transparency improvement, the test (one-way ANOVA) was used to check if there are any significant differences in barriers (according to recommendations averages) and interest in public finance spending as the independent variable. At first, general assumptions of ANOVA were approved, resulting in normal distribution of variables (skewness and kurtosis within range -2.2) and homogeneity of variance, as variances are similar for each group (Table 4).

It has been found out that there are significant differences in barriers depending on interest of respondents for public funds spending (Table 4), except for Recommendation 3, for which there are no significant differences for “Too short deadlines” and “Public is not interested in such a topic” and interest for public spending. All other barriers turned to have significant differences in assessment of interest for public spending. In general, the interest for public spending most often shows significant differences in assessing barriers that prevented budget transparency (recommendation implementation). The null hypothesis of ANOVA is that there is no difference among group means and significance of <0.1 allows us to reject the null hypothesis.

Table 4. The significant differences in barriers according to recommendation

		Sum of Squares	df	Mean Square	F	Sig.
R1_political will /interest for public spending	Between Groups	38.355	3	12.785	10.981	0
	Within Groups	280.6	241	1.164		
	Total	318.955	244			
R1_mistakes /interest for public spending	Between Groups	9.858	3	3.286	2.491	0.061
	Within Groups	317.881	241	1.319		
	Total	327.739	244			
R1_deadlines/ interest for public spending	Between Groups	13.653	3	4.551	3.756	0.012
	Within Groups	288.347	238	1.212		
	Total	302	241			
R1_public not interested/ interest for public spending	Between Groups	13.668	3	4.556	2.753	0.043
	Within Groups	392.232	237	1.655		
	Total	405.9	240			
R2_political will /interest for public spending	Between Groups	37.821	3	12.607	9.428	0
	Within Groups	319.57	239	1.337		
	Total	357.391	242			
R2_mistakes /interest for public spending	Between Groups	16.602	3	5.534	3.881	0.01
	Within Groups	337.904	237	1.426		
	Total	354.506	240			
R2_deadlines /interest for public spending	Between Groups	13.504	3	4.501	3.368	0.019
	Within Groups	315.459	236	1.337		
	Total	328.963	239			
R2_public not interested/ interest for public spending	Between Groups	13.475	3	4.492	2.696	0.047
	Within Groups	383.14	230	1.666		
	Total	396.615	233			
R3_political will/interest for public spending	Between Groups	43.806	3	14.602	11.17	0
	Within Groups	309.804	237	1.307		
	Total	353.61	240			
R3_mistakes /interest for public spending	Between Groups	16.826	3	5.609	3.948	0.009
	Within Groups	329.593	232	1.421		
	Total	346.419	235			
R3_deadlines / interest for public spending	Between Groups	6.917	3	2.306	1.702	0.167
	Within Groups	317.049	234	1.355		
	Total	323.966	237			
R3_public is not interested in such a topic/ interest for public spending	Between Groups	6.713	3	2.238	1.37	0.253
	Within Groups	374.146	229	1.634		
	Total	380.858	232			

Source: Own, 2021

Table 5. The correlations of barriers that prevented OBI recommendations implementation and interest for public funds spending

Correlations	R1_political will	R1_mistakes	R1_deadlines	R1_public not interested	R2_political will	R2_mistakes	R2_deadlines	R2_public not interested	P3_political will	P3_mistakes	P3_deadlines	P3_public not interested	q1_interest for public spending
R1_political will	1	.351**	.269**	0.01	.648**	.269**	.226**	-0.038	.598**	.287**	.210**	0.061	.178**
R1_mistakes	.351**	1	.221**	.141*	.312**	.710**	.171**	0.075	.354**	.723**	.196**	0.112	.209**
R1_deadlines	.269**	.221**	1	.183**	.244**	.166*	.446**	0.107	.215**	.233**	.495**	0.074	.144*
R1_public not interested	0.01	.141*	.183**	1	-0.001	0.074	.134*	.631**	0.047	0.09	.173**	.628**	-0.003
R2_political will	.648**	.312**	.244**	-0.001	1	.304**	.304**	-.168*	.725**	.321**	.282*	0.006	.174**
R2_mistakes	.269**	.710**	.166*	0.074	.304**	1	.353**	0.053	.321**	.817**	.336**	0.119	-0.084
R2_deadlines	.226**	.171**	.446**	.134*	.227**	.353**	1	.272**	.157*	.283**	.737**	.182**	.105
R2_public not interested	-0.038	0.075	0.107	.631**	-.168*	0.053	.272**	1	-0.063	0.101	.160*	.664**	0.105
P3_political will	.598**	.354**	.215**	0.047	.725**	.321**	-.157*	-0.063	1	.415**	.265**	0.084	.209**
P3_mistakes	.287**	.723**	.233**	0.09	.288**	.817**	.283**	0.101	.415**	1	.374**	0.13	-0.06
P3_deadlines	.210**	.196**	.495**	.173**	.282*	.336**	.737**	.160*	.265**	.374**	1	.260**	0.056
P3_public not interested	0.061	0.112	0.074	.628**	0.006	0.119	.182**	.664**	0.084	0.13	.260**	1	-0.053
q1_interest for public spending	.178**	-0.022	.144*	-0.003	.174**	-0.084	0.105	-0.041	.209**	-0.06	0.056	-0.053	1

Correlation is significant at the 0.01 level (2-tailed).

Correlation is significant at the 0.05 level (2-tailed).

Source: Own, 2021

Based on the insight about statistical significance of differences, the idea was to test the correlation between interest for budget transparency (public finance) and barriers (as inhibitory factors) for recommendation implementation (as a measure for budget transparency). Table 5 reveals the correlations of interest for budget transparency and barriers. There is a pattern of stronger correlations between the same barrier (for different recommendation) (R1_a correlates with R2_a with Pearson's Coefficient 0.648 and R1_a with R3_a with 0.598, etc.). That means that the respondents, who assessed political will as a stronger barrier for recommendation 1 (R1_a) are most likely to assess political will as a stronger barrier for recommendation 2 and 3 as well. The same barrier, political will (for three different recommendations), has significant correlations with the interest of the respondent for budget transparency. Finally, the stronger the interest in budget transparency respondents express, the more likely is that they assess the barrier of political will as important, while the recommendations do not play an important role, as all three variables "political will barrier" has significant and positive correlation to interest for public spending (q1).

4 Discussion

Government budget decisions have an impact on well-being of its people. Consequently, it is crucial that governments inform and engage the public on these vital decisions. Social reformers promote the idea that a high score of OBI is the main incentive to influence policymakers to adopt policies optimizing public finances. This optimization might reflect in enhanced government responsibilities, providing vital information to the public and reduction of corruption (Cimpoerua and Cimpoeru, 2015, Anessi-Pessina et al., 2020). The lack of a sufficient level of budgetary transparency might be a consequence of poor public interest consideration, which impedes the people's realization of their own democratic aspirations and freedoms. Our survey-based research of Slovenian budget transparency has revealed the general conclusion: the lack of political will is the main obstacle for the budget transparency part of OBI index stagnation in the last years. Even more, reconsidering the barrier "too short deadlines" into one that might be influenced/changed by politics (political will), it is clear that accountability for the budgetary (non)transparency should be focused on government. Similar findings about the influence of the legal and political system on budgetary transparency have been revealed in several studies, like Rios *et al*, 2016; Wehner and De Renzio, 2013, that challenges our further research of the topic. The lack of political interest might be the result of several factors: from intentionally overlooked to those that are the result of neglecting an area.

On the other side, our results also confirmed that the stronger interest in budget transparency respondents express, the more likely is that they assess the barrier of political will as important barrier, what can be interpreted good knowledge of interested respondents in the area. In truth, the lack of political will in Slovenia is supported by lack of awareness and activity of other actors in

this area. The public (not just experts') awareness of the importance of transparent budget spending needs to be built systematically to result in becoming a part of the day-to-day and established perception of politics' work and public spending. Once the technical-administrative conditions for OBI are met, which is easier to implement, it is necessary to include this part as one of the most important factors in public policy perception, with active participation and efforts of all actors within Slovenian society. By the way, the author is deeply convinced that the expansion of the survey on the general public would affect the results in the sense that the share of those who are not at all interested in the topic would increase significantly, while the respondents would not be able to determine the factors that decisively affect OBI assessment.

Re-examination of the Open Budget Survey Questionnaire results for Slovenia for 2019 led us to the conclusion that there were some omissions done in the assessment procedure. Namely, the "Citizens' budget" has been reduced on two pages and published in daily newspapers, while also the new website (<https://proracun.gov.si>) has been introduced to display budget expenses for the last 10 years. This additional re-examination has revealed that there were several activities undertaken in the budgetary procedure, which positively affect transparency. Since countries of all sorts (developed and developing) have expressed interest in the potential of transparency to improve governance (Kosack and Fung, 2014), the differences can be observed as far as possibilities are concerned. While countries at the earlier stage of economic and social development are facing current day-to-day problems, highly developed countries can provide better conditions for transparency and accountability. In this context, the experience from the past budgetary cycle procedures has shown that the tense legal deadlines prevented meetings with representatives of NGOs and various associations on consultation to improve transparency and public participation in the preparation of the budget. The fact is that line ministries, including the Ministry of Finance, hold meetings with representatives of various associations, non-governmental organizations, vulnerable and other interest groups to discuss the possibilities of financing their activities, but the fact is that minutes are not published online, what has influenced the OBI assessment.

Finally, our research has set the path for further development of this very important thematic. Our findings would suggest the exploration of factors (constructs) for each developed barrier regardless of recommendation in further research attempts.

5 Conclusion

The public in Slovenia can already influence the budget transparency – both through interest groups and through the political parties elected, as each party advocates a programme with priorities that emphasize individual segments of public spending. Since in Slovenia a significant part of public finances also runs through the local level of the state (municipalities), which are by definition closer to the people, participatory budgeting, i.e. direct influence of peo-

ple on the selection of projects and programmes financed from public funds are easier to implement at the municipal level. In Slovenia, there are quite a few examples of good practice in this area.

All of the above mentioned does not mean that there are no opportunities for the improvement of the budget transparency, but just that a critical position should be taken as far as the OBI index as the measurement tool is concerned. As any other benchmark, the index is the result of the scoring based on the human resource evaluation, that might influence the objectivity.

The main factor prohibiting greater budget transparency in Slovenia seems to be the lack of political will. However, with the instruments and technology in place as well as growing peer pressure in the budgetary transparency field, the OBI index assessment for the next period should be improved.

References

- Alesina, A. et al. (1999). Budget institutions and fiscal performance in Latin America. *Journal of development Economics*, 59(2), pp. 253–273. [https://doi.org/10.1016/S0304-3878\(99\)00012-7](https://doi.org/10.1016/S0304-3878(99)00012-7)
- Alt, J. E. (2019). Twenty years of transparency research. *Public Sector Economics*, 43(1), pp. 5–13.
- Alt, J.E. and Lassen, D.D. (2006). Fiscal transparency, political parties, and debt in OECD countries. *European Economic Review*, 50(6), pp. 1403–1439.
- Anessi-Pessina, E. et al. (2020). Reconsidering public budgeting after the COVID-19 outbreak: key lessons and future challenges. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), pp. 1069–3367.
- Bertot, J.C., Jaeger, P.T. and Grimes, J.M. (2010). Using ICTs to create a culture of transparency: E-government and social media as openness and anti-corruption tools for societies. *Government Information Quarterly*, 27(3), pp. 264–271.
- Bessette, J.M. (2001). Accountability: Political. In N.J. Smelser and P.B. Baltes, (eds.), *International Encyclopedia of the Social & Behavioral Sciences*, Elsevier: Amsterdam, pp. 38–41.
- Blondal, J. (2003). Budget reform in OECD member countries: Common trends. In *Reglas macrofiscales, sostenibilidad y procedimientos presupuestarios: documentos presentados en el XV Seminario Regional de Política Fiscal-LC/L. 1948-P*, pp. 57–85.
- Carlitz, R. (2013). Improving transparency and accountability in the budget process: An assessment of recent initiatives. *Development Policy Review*, 31, pp. 49–67.
- Carlitz, R., De Renzio, P., Krafchik, W. et al. (2009). Budget transparency around the world: Results from the 2008 Open Budget Survey. *OECD Journal on Budgeting*, 9(2). pp. 81–97.
- Cimpoeru, M.V. and Cimpoeru, V. (2015). Budgetary transparency – an improving factor for corruption control and economic performance. *Procedia Economics and Finance*, 27, pp. 579–586.
- Citro, F., Cuadrado-Ballesteros, B. and Bisogno, M. (2021). Explaining budget transparency through political factors. *International Review of Administrative Sciences*, 87(1), pp. 115–134.
- European Union. (2012). Stability and growth pact. At http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm, accessed 20 July 2022.
- Ferejohn, J. (1986). Incumbent Performance and Electoral Control. *Public Choice*, 50(1), pp. 5–25.
- Heald, D. (2012). Why is transparency about public expenditure so elusive? *International Review of Administrative Sciences*, 78(1), pp. 30–49.
- Heald, D., and Hodges, R. (2020). The accounting, budgeting and fiscal impact of COVID-19 on the United Kingdom. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), pp. 1096–3367.
- Hood, C. (2006). Transparency in historical perspective. In C. Hood and D., (eds.), *Transparency: The Key to Better Governance?* Oxford University Press: New York, pp. 3–23.

- International Monetary Fund (2007). Code of Good Practices on Fiscal Transparency. At <<https://www.imf.org/external/np/fad/trans/code.htm>>, accessed 30 June 2021.
- International Monetary Fund (2012). Fiscal Transparency, Accountability, and Risk. At <<https://www.imf.org/external/np/pp/eng/2012/080712.pdf>>, accessed 30 May 2021.
- International Monetary Fund (2019). The Fiscal Transparency Code. At <<https://www.imf.org/external/np/fad/trans/Code2019.pdf>>, accessed 15 June 2021.
- Jones, R. and Pendlebury, M. (2004). A theory of the published accounts of local authorities. *Financial Accountability & Management*, 20(3), pp. 305–325.
- Kaufmann, D. and Kraay, A. (2008). Governance indicators: where are we, where should we be going? *The World Bank Research Observer*, 23(1), pp. 1–30.
- Khagram, S., Fung, A. and De Renzio, P. (eds.) (2013). *Open Budgets: The Political Economy of Transparency, Participation, and Accountability*. Brookings Institution Press: Washington, DC.
- Kolstad, I. and Wiig, A. (2009). Is transparency the key to reducing corruption in resource-rich countries? *World development*, 37(3), pp. 521–532.
- Kosack, S., and Fung, A. (2014). Does Transparency Improve Governance? *The Annual Review of Political Science*, 17(1), pp. 65–87.
- Mačkić, V. and Bronić, M. (2019). Political stubbornness and online local budget transparency in Croatia. *Zbornik Radova Ekonomski Fakultet u Rijeka*, 37(2), pp. 553–585.
- Manes Rossi, F., Brusca, I. and Aversano, N. (2018). Financial sustainability as a driver for transparency and e-democracy: a comparative study in Italian and Spanish local governments. *International Journal of Public Administration*, 41(1), pp. 22–33.
- Manes-Rossi, F., Aversano, N. and Tartaglia Polcini, P. (2020). Popular reporting: learning from the US experience. *Journal of Public Budgeting, Accounting and Financial Management*, 32(1), pp. 92–113. <https://doi.org/10.1108/JPBAFM-01-2019-0013>
- Molotok, I.F. (2020). Bibliometric and Trend Analysis of Budget Transparency. *Business Ethics and Leadership*, 2(2). [https://doi.org/10.21272/bel.4\(2\).116-122.2020](https://doi.org/10.21272/bel.4(2).116-122.2020)
- OECD (2002). OECD Best Practices for Budget Transparency. At <<https://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>>, accessed 20 June 2021.
- Osborne, S.P. (2010). Delivering Public Services: Time for a new theory? *Public Management Review*, 12(1), pp. 1–10.
- Ott, K. et al. (2010). Measuring local, units' transparency and accountability: the Croatian open local budget index. Working paper. Project Report, Institute for Public Finance.
- Ott, K. et al. (2019). Determinants of online local budget transparency in Croatia and Slovenia. *Central European Public Administration Review*, 17(2), pp. 167–188.
- Pasquier, M. and Villeneuve, J.P. (2007). Organizational barriers to transparency: A typology and analysis of organizational behaviour tending to prevent or restrict access to information. *International Review of Administrative Sciences*, 73(1), pp. 147–162.

- Patton, E. and Appelbaum, S.H. (2003). The case for case studies in management research. *Management research news*, 26(5), pp. 60–71. <https://doi.org/10.1108/01409170310783484>
- Pérez, M.D.C.C., Bolívar, M.P.R., and Hernández, A.M.L. (2010). Transparency and E-government in developing countries: The case of latin-american municipalities. In *Citizens and e-government: Evaluating policy and management*, pp. 158–183.
- Renzio, P. and Masud, H. (2011). Measuring and Promoting Budget Transparency: The Open Budget Index as a Research and Advocacy Tool. *An International Journal of Policy, Administration, and Institutions*, 24(3), pp. 607–616.
- Ríos, A.M., Benito, B. and Bastida, F. (2013). Determinants of central government budget disclosure: An international comparative analysis. *Journal of Comparative Policy Analysis*, 15(3), pp. 235–254.
- Ríos, A. M., Bastida, F. and Benito, B. (2016). Budget transparency and legislative budgetary oversight: An international approach. *The American Review of Public Administration*, 46(5), pp. 546–568.
- Rodríguez B. et al. (2015). Online budget transparency in OECD member countries and administrative culture. *Administration & Society*, 47(8), pp. 943–982.
- Sedmíhradská, L. (2015). Budget transparency in Czech local government. *Procedia Economics and Finance*, 25(1), pp. 598–606.
- Wehner, J. and De Renzio, P. (2013). Citizens, legislators, and executive disclosure: The political determinants of fiscal transparency. *World Development*, 41, pp. 96–108.
- Zuccolotto, R. and Teixeira, M. (2014). Budgetary Transparency and democracy: The effectiveness of control institutions. *International Business Research*, 7(6), p. 83.
- Yin, R.K. (2017). *Case study research and applications: Design and methods*. Sage publications.