The role of national fiscal bodies - State of play - April 2018

This briefing provides an overview of the role played by independent national fiscal bodies in the preparations of forthcoming budgets of EU Member States.

The objective of the analysis is twofold:
1) to give an overview of the current set-up and functioning of these independent fiscal bodies based on the most recent assessments by the European Commission (the latest being of February 2018).
2) to give an overview of the extent to which the Stability or Convergence Programmes and the Draft Budgetary Plans contain information about the involvement of independent national fiscal bodies in the preparation of these programmes/plans.

The current legal framework

In accordance with the EU legal framework for budgetary surveillance (Article 121 TFEU and relevant secondary law), Member States of the Euro Area submit to the European Commission Stability Programmes (SP) during the spring and Draft Budgetary Plans (DBP) during the autumn, while non-Euro Area Member States only submit Convergence Programmes (CP) during the spring. The aim of the annual submission and assessment of these Stability and Convergence Programmes (SCP) and DBP is to ensure a smooth functioning of the EU fiscal framework on the basis of regularly updated data on the national budgetary situations and plans. In order to enhance the reliability of the underlying forecast figures used by the Member States, the EU legal bases requires that the macro-economic forecasts of the SCP and DBP are to be produced or endorsed by independent bodies.

There are currently four legal bases stipulating that Member States should have independent fiscal bodies in place:

1. **EU Directive 2011/85** (part of the “6-pack”), which is applicable to all EU Member States (except the UK), stipulates (Art. 4 of the Regulation) that the national “macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. (...)”. Furthermore, the Directive stipulates (in the recitals and Art. 6) that that national budgetary frameworks should be based on fiscal rules and that the effective and timely monitoring of compliance with the rules shall be based on reliable and independent analysis carried
The role of national fiscal bodies - State of play - April 2018

out by independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States.

2 The amended EU Regulation 1466/97 governing the preventive arm of the Stability and Growth Pact stipulates that the SP (or the CP) shall be based on the most likely macrofiscal scenario or on a more prudent scenario and that the macroeconomic and budgetary forecasts shall be compared with the most updated European Commission forecasts “and, if appropriate, those of other independent bodies”.

3 EU Regulation 473/2013 (part of the “2-pack”) stipulates that euro area Member States (1) should have in place independent bodies which produce or endorse national medium-term fiscal plans and draft budgets as well as their underpinning macroeconomic forecasts and (2) they should indicate whether those fiscal plans were produced or endorsed by independent fiscal bodies or not. In accordance with the same Regulation, the independent bodies shall be endowed with functional autonomy vis-à-vis the budgetary authorities of a Member State. The principles on the tasks and status of the monitoring institutions are included in recital 15 of the Regulation.

4 The intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG) stipulates the existence of independent fiscal institutions monitoring compliance with national fiscal rules.

Box: Potential revisions of the framework

On 6 December 2017, the European Commission made a proposal for a Council Directive in order to integrate the substance of the “Fiscal Compact” of the TSCG into the Union’s legal framework; the proposal consolidates national independent bodies as key institutions to promote responsible fiscal policies at the national level. At the time, the contracting parties of the TSCG agreed to seek integration of the core provisions of the TSCG into Union law at most within five years of the date of its entry into force, i.e. by 1 January 2018.

In a statement of February 2018, the EU Network of independent fiscal bodies “welcomes the fact that this Proposal introduces new obligations to Member States with respect to national independent fiscal institutions. In particular, according to the Proposal, Member States become obliged to ensure national independent fiscal institution’s effectively (and not only de iure) meet a set of minimum conditions to be able to effectively perform their tasks. The conditions spelled out in the Proposal seem mostly adequate but should be complemented with a clearer definition of minimum standards and an effective system for their safeguarding.” The network also requests that “independent fiscal institutions should also have complete, real-time and stable access to all information relevant for the fulfilment of their mandates, at no cost and in an accessible way. This should be clearly stated in national and EU legislation, and be enforceable. In particular, independent fiscal institutions independent fiscal institutions should be given the same right to information in its fields of activity at the national level as members of parliaments, central banks or as the Courts of Audit.

(...) The Network is of the view that the Proposal should also envisage a specific and recurrent monitoring process at the EU level to verify periodically that Member States are effectively complying with these obligations. An EU institution with operative capacity should be tasked with this regular monitoring role.”
Sources used for the country-specific assessment

The country specific screening of the role played by national fiscal councils presented in this document (see annex overleaf) is based on 2017/2018 country specific assessments by the Commission and on the information provided by the Member States themselves in their SCP and DBP (only for Euro Area Member States) since 2016.

1) The most recent Commission’s assessments as included in the:
   - The “Country reports” published under the 2018 and 2017 European Semester Cycles; and
   - Fiscal Compact country assessments of 2017, as foreseen by Art. 8(1) of the TSCG. The TSCG does not require updates of these assessments.

The screening of the Commission’s assessments includes the available country specific information on resources and access to information by each independent fiscal body (such as concrete information on its allocated budget and the size and skills of its staff), which indicates its capacity to properly discharge its specific tasks (see left column in the country specific annex); such information has mainly been published in the Fiscal Compact country assessments, while the European Semester “Country Reports”, which are done on an annual basis, contain more general information on the state of the national fiscal framework and its recent developments.

2) Information on the involvement of independent fiscal bodies in the preparation of the macro-economic forecasts as provided by the Member States themselves in the 2016 / 2017 SCP and 2017 / 2018 DBP (see right column in the annex of this document).

In those cases where the SCP and DBP do not provide information on whether the macro-economic forecasts have been approved or endorsed by independent bodies (euro area Member States) or compared with the most updated forecasts from the Commission or independent fiscal bodies (non-euro area Member States), the screening is supplemented by any information available on websites of the respective independent bodies.

However, it is worth noting that the above screenings of available information does not as such provide substantial information on the actual effectiveness of a given fiscal body.

Summary of the findings

The use of independent forecasts

1 DBP: a clear majority of euro area Member States (15 out of 18) have used in their 2018 and 2017 DBP2 macro-economic forecasts prepared or endorsed by independent fiscal bodies; exceptions being for the 2018 DBP Germany1 and Finland2 and for the 2017 DBP Germany, Finland and Lithuania.

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1 See footnote 3 above.
2 See footnote 4 above.
SP: a clear majority of euro area Member States (16 out of 18) have used in their 2016 and 2017 SP macro-economic forecasts prepared or endorsed by independent fiscal bodies; the exceptions being Germany and Finland.

Only two out of nine non-euro area Member States have compared their macro-economic forecasts used in their 2016/2017 CP with those of the Commission or of another independent fiscal body (exceptions being the Czech Republic and the United Kingdom). In the other non-Euro Area Member States, the required comparison was not conducted in 2016 and/or 2017.

However, it may be noted that some independent bodies have endorsed the macro-economic forecasts of the SCP/DBP, while expressing concerns on some specific calculations. These few cases include:

1. France: in its opinion on the 2018 DBP, the French independent fiscal body mentioned that in 2017 and 2018 the structural budgetary adjustment would be inferior to the minimum required by European fiscal rule; furthermore, it criticised in its opinion on the 2017 SP, that the output gap of France is artificially high and therefore leading to a minimisation of the consolidation efforts of public finances; it insisted that the next programme should be based on a more realistic output gap.

2. Austria: in its opinion on the 2017 SP, the Austrian independent body assessed a possible significant breach of the spending rule and a slight deviation from the structural budget objective for 2018, which would imply that, in spring 2019, the Commission may use the early warning mechanism under the preventive arm of the SGP.

3. Portugal: in its opinion on the 2017 SP, the Portuguese independent body expressed specific concerns regarding the official forecasts on investments and net exports.

4. Latvia: in its opinion on the 2017 SP, the Latvian independent body expressed concerns that government expenditure is increasing more rapidly than the economic growth potential.

A further result of the overleaf screening is that the independent bodies mentioned in the Commission assessments are for six Member States different from those which produced or endorsed the macro-economic forecasts of the 2016/2017 SCP and 2017/2018 DBP: Austria, Belgium, Luxembourg, the Netherlands, Slovenia and Slovakia. It can be concluded that these countries have several independent bodies.

Note that there may be some differences in this document to the findings in the Commission publication on “Independent Fiscal institutions in the EU Member States: The early years” (László Jankovics and Monika Sherwood, Discussion paper 067, July 2017).

3 Greece, as a programme country, was exempted from submitting a SP, so that only 18 Member States submitted a SP.

4 In Germany, the official macroeconomic forecasts have been produced by the Inter-departmental Macroeconomic Forecasting Group under the direction of the Federal Ministry for Economic Affairs and Energy, without being submitted for a formal endorsement by an independent body. However, a legal amendment, addressing this deficiency, is in the process of parliamentary adoption (see p. 6 of this briefing).

5 In Finland, the head of the department responsible for the forecasting has the final say on the macroeconomic projections and cannot be overruled by the Minister of Finance (Law No 79/2015).

6 Note also that the EU Network of independent fiscal bodies mentions in a statement of February 2018 that “Experience shows that functional autonomy of independent fiscal institions has been at times limited by information and/or resources constraints (…)”.

7 These differences are due to the fact that the data sources for the present briefing are the 2017/2018 Country Reports, the 2016/2017 SCP and 2017/2018 DBP and the official websites of the independent bodies, while the sources of the Commission are a fiscal governance/rules database (the last update was in 2015), surveys
Capacity of the independent bodies

The information provided in the above-mentioned Commission assessments indicates that the implementation of the relevant legal framework and the actual capacities of these independent fiscal bodies are heterogeneous throughout Europe:

- **Poland** was - as per February 2018 - the only TSCG Member States that had no fully fledged and operational independent fiscal council in place. Poland has even not adopted a legal basis establishing a dedicated fiscal council or assigned such a role to an existing body. Two countries have set up their independent fiscal body since early 2017: Slovenia and the Czech Republic: The fiscal council of Slovenia was formally set up in March 2017 and has been active since then. On the Czech Republic, the 2018 European Semester country report mentions that is being currently set up, that the members of the council were appointed in January 2018 and that the body should soon become operational.

- Concrete information on actual own staff numbers or budgets is often not provided, making it is unclear how a proper functioning of independent work can be ensured. If such concrete information is provided, the resources are often rather limited, which raises questions over whether independent work can be carried out in a thorough and comprehensive manner. This is the case for at least the following nine Member States: Belgium, Croatia, Greece, Hungary, Luxembourg, Finland, Sweden, Germany and Estonia.

- There is frequent contracting-out of technical expertise in a number of Member States, potentially to compensate for a shortage of permanent staff, e.g. in Estonia, France, Latvia, Lithuania and Bulgaria.

- Eleven Member States have independent fiscal bodies that seem to be better equipped (in terms of staff numbers and/or budget): France, Ireland, Italy, Malta, the
Netherlands, Spain, Slovakia, Austria, Portugal, Denmark and the UK. This does however not prejudge a more comprehensive analysis on the real effectiveness of these institutions.

- The national legal framework in Spain significantly restricts the scope of information to which the Spanish monitoring institution can have access, and there are insufficient legal safeguards to ensure functional autonomy of the Belgian monitoring institution.10

- The information on independent fiscal bodies is particularly scarce in the 2018 European Semester country reports. They include positive statements or progress regarding the work of the bodies of Germany, Malta, Luxembourg and Sweden and concerns regarding Belgium, Bulgaria, Croatia, Hungary, Sweden and Finland; hence, the statements on Sweden were mixed.

For further country specific information, please see the annex overleaf.

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10 Also the July 2017 Commission publication Independent Fiscal institutions in the EU Member States: The early years identifies that independent have uneven access to information; the most problematic areas being statistics on the non-central sub-sectors, information on and costing of planned new measures, and EU fiscal surveillance issues (the latter concerning both national and EU institutions).
## Annex: Country specific screening of national fiscal bodies: Selected information

<table>
<thead>
<tr>
<th>Member State</th>
<th>2018 and 2017 Commission (COM) assessments:</th>
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<td>- February 2018 (European Semester country reports)</td>
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<td>- February 2017 (Fiscal Compact country reports and European Semester country reports)</td>
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### Information provided by the Member States in their
- 2018 DBP,
- 2017 SCP, 2017 DBP, and
- 2016 SCP
(and in some cases - when indicated - by the independent bodies themselves)

### EURO AREA MEMBER STATES

**Belgium**

**2018 European Semester country report**

« Implementation of the 2013 cooperation agreement has been poor . In 2017 as in 2015 and 2016, the federal government, regions and communities did not achieve an agreement to formally commit to the fiscal trajectory proposed by the High Council of Finance. This lack of internal cooperation and burden sharing undermines the viability of the country’s overall trajectory towards its MTO as laid down in the Stability Programme. » (p. 17)

«The federal government has announced steps to reinforce the autonomy of the High Council of Finance and the independence of its members. The adoption of the necessary amendments (including to the Royal Decree of 3 April 2006 on the High Council of Finance) requires prior consultation with the federated entities. The calendar for consultation and adoption has however not been communicated. » (p.19)

**2017 European Semester country report**

« Both in 2015 and in 2016, the federal governments, the regions and communities did not achieve an agreement to formally commit to the fiscal trajectory proposed by the High Council of Finance. This lack of internal cooperation and burden sharing undermines the viability of the country’s overall trajectory towards its MTO as laid down in the Stability Programme. A task force has been created to remedy the factors that prevented an agreement in the run-up to past Stability Programmes. However, the obstacles appear to be rather political than technical. » (p. 17).

**2017 Fiscal Compact country report**

« The Belgian monitoring institution is the High Council of finance (HCF-PB). (...) Overall, the set-up of the HCF-PB is compliant with the requirements set in Article 3(2) of the TSCG (...). The HCF-PB is grounded in law and its mandate includes the tasks prescribed by the Fiscal Compact and the common principles. Whereas the legal framework includes insufficient safeguards for

**2018 DBP**

No English version of the DBP is available at the time of publication of this overview. However, the French version states that the macroeconomic parameters, used by the Federal government in its 2018 DBP, have been established by the Federal Planning Bureau at the request of the National Accounts Institute («Les paramètres macroéconomiques ont été élaborés par le Bureau fédéral du Plan à la demande de l’Institut des Comptes nationaux») (p.4).

**2017 SP**

No English version of the SP is available. However, the French version gives the same message as in the previous years, which is that the budgetary trajectory of the SP is based on mid-term forecasts of Federal Planning Bureau: «La trajectoire budgétaire du présent programme de stabilité est basée sur une préfiguration des perspectives économiques à moyen terme pour la période 2017-2022 du Bureau fédéral du Plan, réalisée en mars 2017» (p.7).

**2017 DBP**

No English version of the DBP is available. The French version states that the macroeconomic parameters have been established by the Federal Planning Bureau (p. 9).

**2016 SP**

No English version of the SP is available. However, the French version gives the same message as in the previous years, which is that the budgetary trajectory of the SP is based on mid-term forecasts of Federal Planning Bureau (p. 10).

**Comment of EGOV:** While the independent body mentioned by the Fiscal Compact country report and the European Semester country report for Belgium is the High Council for Finance, the
**functional autonomy**, the Belgian authorities have formally committed to amend the 2006 Royal Decree with a view to strengthening the independence of the High Council of Finance and its members. (...) While **provisions concerning the appropriate resourcing** of the High Council of Finance and its capacity to communicate are **lacking**, the Belgian authorities have also formally committed to address those issues by amending the 2006 Royal Decree. Finally, access to information is grounded in provisions only with reference to the information High Council of Finance needs to assess the progress of the correction; nevertheless, the Belgian authorities have formally committed to explore ways to ensure a broader access to information by means of an existing protocol. » (p. 7).

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### Germany

#### 2018 European Semester country report

« The Commission’s Opinion on Germany’s DBP for 2017 (...) noted that there is still no procedure to have an independent body produce or endorse the macroeconomic forecast, as stipulated in Regulation (EU) No 473/2013. The German legislator adopted a law that defines the process for the preparation of macroeconomic forecasts by the government and the process for their endorsement by an independent body. The law came into effect on 4 July 2017. In September 2017, the ordinance governing the appointment of an independent body ("Vorausschätzungsverordnung") was published. In accordance with Regulation (EU) No 473/2013, the "Gemeinschaftsdiagnose", an **association of several economic research institutes, is appointed as an independent body** tasked with assessing and confirming the forecast released by the Federal Government. The ordinance will **come into effect on 1 July 2018**. As regards the compliance with the upper limit on the general government structural deficit of 0.5 % of nominal GDP, the Advisory Board of the Stability Council provides a favourable assessment in its report of December 2017. » (p. 22).

#### 2018 DBP

The **2018 DBP** does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections (p. 4). The **Independent Advisory Board** does also not provide information on whether it produced or endorsed the DBP.

#### 2017 SP

The **2017 SP** does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. However, the SP informs that the federal government has presented a law which «provides for all three of the federal government’s forecasts (the annual, spring and autumn projections) to be reviewed and endorsed by an independent body yet to be determined. The macroeconomic benchmark figures of the SP are to be included in this review. The federal government’s aim is for parliament to make a decision on this before the end of the current legislative term» (p. 15). The **Independent Advisory Board** does also not provide information on whether it produced or endorsed the SP.

#### 2017 DBP

The **2017 DBP** does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. The **Independent Advisory Board** does not provide information on whether it produced or endorsed the DBP.

### 2016/2017 SPs and 2017/2018 DBP

2016/2017 SPs and 2017/2018 DBP state that the independent body which was involved in the production of their macro-economic forecasts was the **Federal Planning Bureau**. It can be concluded that Belgium has two independent bodies.
2016 SP

The 2016 SP does not include a reference that the macroeconomic forecasts have been approved or produced by an independent fiscal body. It contains only the following statements in relation to this issue: « In its opinion (dated 15 June 2015) on Germany’s most recent SP, the Economic and Financial Affairs Council noted that the macroeconomic scenario underpinning Germany’s budget projections had not been endorsed by an independent body. In this connection, the European Commission pointed out the need for adjustments to be made in formally transposing Regulation (EU) No 473/2013 (…); however, it found absolutely no fault in the federal government’s projections. The federal government is currently reviewing options for making a suitable adjustment. This is taking place in consultation with European Commission authorities» (p. 14).

The Independent Advisory Board does not also provide information on whether it produced or endorsed the SP.

2018 European Semester country report

The country report does not include an assessment of the work of the Fiscal Council. It only mentions its tasks: «The Fiscal Council (http://www.eelarvenoukogu.ee) assesses the macroeconomic and public finance forecasts used for budgetary planning and monitors the Federal government's adherence to the budgetary rules. » (p. 11).

2017 Fiscal Compact country report

The Estonian monitoring institution is the Fiscal Council. (...) Mandate: The Fiscal Council’s general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. The Fiscal Council is responsible for:

- (…) Resources and access to information: The Fiscal Compact Implementation Act (Article 2(7)(1)) requires functioning costs to be shared equally between the Federation and the Länder. On that basis, the Advisory Board is currently provided a budget capped at EUR 100 000 per year that is primarily used for funding academic staff members and external experts. An additional amount of up to EUR 40 000 is reserved for covering travel expenses. (...) Overall, the set-up of the German monitoring institution complies with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Advisory Board’s endowment with resources and access to information are in place. » (p. 3-9).

2016 SP

The 2016 SP does not include a reference that the macroeconomic forecasts have been approved or produced by an independent fiscal body. It contains only the following statements in relation to this issue: « In its opinion (dated 15 June 2015) on Germany’s most recent SP, the Economic and Financial Affairs Council noted that the macroeconomic scenario underpinning Germany’s budget projections had not been endorsed by an independent body. In this connection, the European Commission pointed out the need for adjustments to be made in formally transposing Regulation (EU) No 473/2013 (…); however, it found absolutely no fault in the federal government’s projections. The federal government is currently reviewing options for making a suitable adjustment. This is taking place in consultation with European Commission authorities» (p. 14).

The Independent Advisory Board does not also provide information on whether it produced or endorsed the SP.

2018 DBP

The DBP states that «the draft law on the state budget of the Republic of Estonia for 2018 is based on the summer economic forecast of the Ministry of Finance, which was released on September 13, 2017» (p. 4). Furthermore, the DBP contains a summary (p. 9 - 10) of the opinion of the Fiscal Council which assesses that «the forecast of the Ministry of Finance is accurate enough in its description of the future development of the Estonian economy» and that the Ministry of Finance’s forecast for tax revenues in 2018 is too optimistic.

2017 SP

The SP (not available in English at the time of publication of this overview) informs (on p. 16 - last paragraph) that the Fiscal Council publishes on 26 April 2017 on its website the opinion on the spring macroeconomic and finance forecast of the Ministry of Finance. The Fiscal council opinion states: «In summary the main indicators in the spring forecast of the Ministry of Finance for 2017-2018 are in line with the predictions of other forecasters and the Fiscal Council finds that changes from earlier forecasts are justified» (p. 7).

2017 DBP

The DBP contains a summary (p. 9 - 10) of the opinion of the Fiscal Council which assesses (p. 7)
monitoring compliance with national fiscal rules (...) and for assessing economic forecasts underlying Estonia’s economic policy. (...) Resources and access to information: According to Article 42 of the Bank of Estonia Act, the Fiscal Council is entitled to receive, from any ministry or any institution in the government sector or from the Bank of Estonia, the information which it needs for the performance of its tasks (...) in line with the Statute, the Fiscal Council gets assistance in its technical tasks from a secretary who is an employee of the Bank of Estonia and, with the agreement of the Governor of the Bank of Estonia, the Fiscal Council can use other employees temporarily if necessary for its work. Currently, the work of the Fiscal Council is supported by two economists from the Bank of Estonia, one of whom also performs the tasks of the secretary of the Fiscal Council. (...) Overall, the set-up of the Estonian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy (...) Adequate provisions on the Fiscal Council’s endowment with resources and access to information are in place. » (p. 3-4)
members of a local authority (...) **Resources and access to information:** The IFAC is financed from the Central Fund, over which the government has limited discretion (...) The FRA 2012 provided a **budget of EUR 800 000 for IFAC in its first year** of operation, **to be subsequently indexed yearly** (...) To secure access to information, there is a general clause whereby the IFAC has all powers necessary to the performance of its functions (...) **Overall,** the set-up of the Irish monitoring institution **complies with the TSCG requirements** and the common principles. (...) The legal framework includes appropriate safeguards for functional autonomy (...) Adequate provisions on IFAC’s endowment with resources and access to information are in place. » (p. 4-5).

### Greece

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<th>2018 European Semester country report</th>
<th>2018 DBP</th>
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<tr>
<td>There is no <strong>2018 European Semester Country report on Greece</strong>, since the country is subject to a macro-economic adjustment programme and therefore to other surveillance procedures than those pertaining to the European Semester.</td>
<td>Greece is subject to a stability support programme and therefore exempted from submitting a DBP, in accordance with the <strong>Regulation 473/2013</strong>, Article 13.</td>
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<td>« The Greek monitoring institution is the <strong>Hellenic Fiscal Council</strong> (HFC) (...) The Law No 4270 on Fiscal Management and Supervision Principles (the LFM) established the HFC as a detached public legal entity. (...) <strong>Mandate:</strong> The HFC is entrusted with a broad-based mandate, including most notably the monitoring of compliance with national fiscal rules and the evaluation of the macroeconomic forecasts used for budgetary planning. The tasks prescribed by the TSCG and the common principles are enshrined in the mandate. The HFC’s opinion must be considered by the Ministry of Finance when it contemplates activating the correction mechanism for the structural balanced-budget rule. (...) Pursuant to Article 2 of the LFM, the HFC enjoys operational autonomy and administrative and financial independence. (...) <strong>Resources and access to information:</strong> As to resource adequacy, Article 13 of the LFM states that the amount of the State grant is determined by the public estimate of a cost-based budget prepared by the HFC Board. (...) Article 8(2) of the LFM lays down a <strong>ceiling of 20 persons for staffing.</strong> Barring specific legislative confidentiality requirements, all public authorities and public law entities must provide the HFC with any information required. (...) <strong>Overall,</strong> the set-up of the Greek monitoring institution <strong>is compliant with the TSCG requirements</strong> and common principles. (...) The legal framework stipulates appropriate safeguards for functional autonomy. (...)</td>
<td>Greece is subject to a macroeconomic adjustment programme and therefore exempted from presenting a DBP.</td>
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<td>Spain</td>
<td>2018 European Semester country report</td>
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<td>The country report does not include an assessment of the work of the independent fiscal body. It only mentions that the body assessed compliance with the regional deficit target for 2017. (p. 28-29).</td>
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| 2017 European Semester country report |
| «Spain has (...) improved its fiscal framework.» The 2012 Stability Law, as amended, the creation of an independent fiscal institution in 2013 and improvements made in the reporting of budgetary execution are cases in point. However, the assessments accompanying the Country Specific Recommendations have frequently noted that there is scope for a more automatic implementation of the Stability Law’s preventive and corrective mechanisms.» (p. 9). |

| 2017 Fiscal Compact country report |
| «The Spanish monitoring institution is the Independent Authority for Fiscal Responsibility (AIReF) (...) Mandate: The AIReF’s mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. (...) The institutional and operational independence of the AIReF is explicitly established by the Organic Law 6/2013 (...) Resources and access to information: (...) The AIReF is funded through a specific levy on the rest of the public administration, as well as through fees if a specific administration requests a study from the AIReF. (...) In 2014, the AIReF’s revenues amounted to EUR 4.1 million. (...) Article 4(2) of the AIReF-OL aims at securing an appropriate access to information for the AIReF. It states inter alia that the relevant authorities have to provide the economic and financial information required by the AIReF which are necessary to carry out its tasks. However, the Organic Statute of AIReF approved by the Royal Decree 215/2014 and the ministerial decision HAP/1287/2015 qualify that access to information by introducing a number of exceptions (...) it can be concluded that some of the exceptions introduced by legislation subsequent to the AIReF-OL leave the possibility to unduly narrow down the scope of information (i.e. documents and data) to which the AIReF can have access, thereby potentially affecting the latter’s capacity to properly discharge its specific tasks. (...) Overall, (...) the set-up of the AIReF will be compliant with the requirements set in Article 3(2) of the TSCG and in the common principles if and when the set of provisions regulating access to information for the AIReF are brought fully in line with the common principles. (...) The legal framework includes appropriate safeguards for functional |

| 2018 DBP |
| No English version of the DBP is available at the time of publication of this overview. The Spanish version states that the macroeconomic scenario described in the 2018 DBP forms the basis of the Budget Plan for 2018 and is endorsed by the Independent Fiscal Responsibility Authority (AIReF) (p. 5). In its opinion on the DBP, AIReF endorses the macroeconomic forecast used in the DBP, including a significant downward correction for 2018 due to the political and institutional uncertainty in Catalonia. |

| 2017 SP |
| «The Independent Authority for Fiscal Responsibility (AIReF) endorses the macroeconomic projections of this Stability Programme, based on the exogenous assumptions and the defined policies» (p. 5). |

| 2017 DBP |
| No English version of the DBP is available at the time of publication of this overview. However, the independent body AIReF states in its opinion on the DBP that it «deems the Government macroeconomic scenario accompanying the 2017 DBP to be prudent overall.» |

| 2016 SP |
| No English version of the SP is available at the time of publication of this overview. The Spanish version indicates that the «Independent Authority for Fiscal Responsibility» approves the macroeconomic projections of the Spanish SP: «La Autoridad Independiente de Responsabilidad Fiscal (AIReF) avala las previsiones macroeconómicas de esta Actualización sobre la base de los supuestos exógenos en los que se sustenta y de las sendas fiscales asociadas. El Gobierno toma nota de las recomendaciones recibidas en relación con el objeto del informe» (p. 5). |
autonomy. (...) Adequate provisions on the AIReF's endowment with resources are in place. » (p. 5 - 8).

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<th>2018 European Semester country report</th>
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<td><strong>No mention of the independent fiscal body</strong> in the 2018 European Semester country report.</td>
<td>« The fiscal framework has been strengthened in the last few years, although weaknesses still remain. Since the founding in 2012, the High Council of Public Finances (HCPF) (16), the systematic positive bias in the macroeconomic forecasts underpinning the draft budget has disappeared. In September 2016, the HCPF issued a more critical opinion than in previous years on the macroeconomic scenario underpinning the 2017 draft budgetary plan (Haut Conseil des Finances Publiques, 2016). There is no formal mechanism in place to reconcile divergent views between the HCPF and the Ministry of Finance, and in the that case, the Ministry of Finance did not adjust the macroeconomic scenario underpinning the 2017 DBP following the HCPF's opinion. » (p. 25).</td>
<td>«The Directorate General of the Treasury prepares macroeconomic forecasts and compiles public finance forecasts. (...) These forecasts were submitted to the High Council on Public Finances («Haut Conseil des finances publiques», HCFP) for its opinion. (...) This opinion is attached to the draft budgetary plan submitted to Parliament, and made public by the HCFP at the same time. The Constitutional Council has ruled that opinions issued by the HCFP shall be taken into consideration when assessing whether the texts submitted for its review are sincere» (p. 40). The opinion of the HCFP (available in French only) includes that the macroeconomic scenario of the DBP is prudent for 2017 and reasonable for 2018. It also states that the structural adjustment would be low in 2017 and 2018 and inferior to the minimum required by European fiscal rules.</td>
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<td><strong>2017 Fiscal Compact country report</strong></td>
<td>« The French monitoring institution is the High Council for Public Finances (HCPF) (...) Mandate: The HCPF's mandate covers the tasks foreseen by the Fiscal Compact and the common principles. The HCPF is tasked with identifying at least once per year (basing itself on the draft budget bill) any significant deviation from the multi-annual budgetary objectives, set in line with the balanced-budget rule. (...) Resources and access to information: The HCPF is financed by the general State budget under a dedicated line ('programme 340'). The HCPF has a secretariat of five staff and may draw on its budget for the provision of external expertise. The HCPF can call qualified personnel from the government in the area of public finances to testify. The government is obliged by law to reply to the HCPF's requests for information. (...) Overall, the set-up of the French monitoring institution is compliant with the TSCG requirements and common principles (...) The monitoring institution has been grounded in law and equipped with appropriate safeguards as to its functional autonomy. (...) Adequate provisions on the HCPF's endowment with resources and access to information are in place. » (p. 5 - 6).</td>
<td>«The High Council on Public Finances, the High Council for Public Finances, or the HCFP, issues an opinion on the macroeconomic forecasts used in the SP and that this opinion has been attached to the SP which was submitted to the European Commission in April 2017 (p. 74). The opinion of the High Council (available in French only) declares that the growth forecasts of the SP remain plausible even though some activity indicators were disappointing in the recent years; it also states that the forecasts on wages and inflation are plausible; however, it insists again that the estimated gap between real and potential output is not realistic; it is of the opinion that the structural deficit has been reduced artificially (by assuming a very high output gap), which leads to a minimisation of consolidation efforts for the public finances; it insists that the next programme needs to be based on a more realistic output gap by taking into account the estimates of other institutions.</td>
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| **2017 SP** | No English version available at the time of publication of this overview. The French version states that the HCFP has publicly issued an opinion on the macroeconomic forecasts used in the SP and that this opinion has been attached to the SP which was submitted to the European Commission in April 2017 (p. 74). The opinion of the High Council (available in French only) declares that the growth forecasts of the SP remain plausible even though some activity indicators were disappointing in the recent years; it also states that the forecasts on wages and inflation are plausible; however, it insists again that the estimated gap between real and potential output is not realistic; it is of the opinion that the structural deficit has been reduced artificially (by assuming a very high output gap), which leads to a minimisation of consolidation efforts for the public finances; it insists that the next programme needs to be based on a more realistic output gap by taking into account the estimates of other institutions. | «The Directorate General of the Treasury prepares macroeconomic forecasts and compiles public finance forecasts. (...) The HCFP issues an opinion on all of these matters. This opinion is then attached to the draft budgetary plan submitted to Parliament and made public by the HCFP at the same time. The Constitutional Council upheld the principle that the opinions of the HCFP are among the items that it considers when assessing the accuracy of the legislation brought before it» (p. 31). The opinion of...
The High Council of Public Finance (HCPF) states that the macroeconomic forecast underlying the Draft Budgetary Plan (DBP) is slightly more optimistic than the «Consensus Forecasts» and the forecasts of IMF and OECD.

2016 SP

«The High Council of Public Finance published its opinion on the macroeconomic forecasts underlying the Stability Programme for 2016 to 2019 on 13 April 2016. This opinion will be appended to the Stability Programme when it is submitted to the Council of the European Union and to the European Commission at the end of April 2016» (p. 84). The opinion can be found on the HCPF’s website.

2016 SP

«In full compliance with European regulations, the macroeconomic forecasts in this Draft Budgetary Plan were submitted for validation to the Parliamentary Budget Office (UPB). UPB has already endorsed the government’s macroeconomic forecasts under the policy scenario for 2017 and 2018 contained in the September update to the SP 2017 (Update of the EFD 2017)» (p. 10).

2017 SP

«It should also be noted that the official forecast does not significantly differ from the consensus, including in light of the validation by the Parliamentary Budget Office.» (p. 2).

2017 DBP

«In full compliance with European regulations, the macroeconomic forecasts in this Draft Budgetary Plan were submitted for validation to the Parliamentary Budget Office (UPB). UPB has already endorsed the government’s macroeconomic forecasts under the policy scenario for 2016 and 2017» (p. 8).

2016 DBP

«In full compliance with European regulations, the macroeconomic forecasts in this Draft Budgetary Plan were submitted for validation to the Parliamentary Budget Office (UPB). UPB has already endorsed the government’s macroeconomic forecasts under the policy scenario for 2016 and 2017» (p. 8).

2017 Fiscal Compact country report

«The Italian monitoring institution is the Parliamentary Budget Office (PBO) (...). Mandate: Law 243/2012 (...) assigns to the PBO a number of broadly-defined functions concerning economic and financial analyses. Among those functions, the PBO performs analyses, verifications and assessments regarding compliance with budgetary rules, the activation and use of the corrective mechanism, and deviations from objectives arising from the exceptional circumstances referred to in Law 243/2012. (...) Resources and access to information: Law 243/2012 (Article 19) provides an authorisation of EUR 3 million per year in favour of each Parliamentary Chamber for the expenditure necessary for the functioning of the PBO. (...) Within the limits of its budget, the PBO manages autonomously the expenditure for its functioning. By law the support staff is capped initially to 30 and ultimately to 40. (...) According to Law 243/2012 (Article 18(6)), all government entities, public authorities and entities that belong to public holdings must ensure the PBO’s access to public information.»

2018 European Semester country report

The country report does not include an assessment of the work of Parliamentary Budget Office (PBO). It only mentions the following piece of information PBO has produced: «For instance, the fiscal effort targeted for 2018 by the 2017 Stability Programme was revised downward; the simplified tax regime (IRI) originally planned for 2017 by the 2017 budget was postponed to 2018; and the spending cuts to be attained by the regions under past provisions were systematically revised.» (p. 25).

2017 European Semester country report

The 2017 European Semester Country report on Italy does not include any information on the Parliamentary Budget Office (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) beyond describing it as “fully operational” (p. 26).

2017 Fiscal Compact country report

«The Italian monitoring institution is the PBO (...). Mandate: Law 243/2012 (...) assigns to the PBO a number of broadly-defined functions concerning economic and financial analyses. Among those functions, the PBO performs analyses, verifications and assessments regarding compliance with budgetary rules, the activation and use of the corrective mechanism, and deviations from objectives arising from the exceptional circumstances referred to in Law 243/2012. (...) Resources and access to information: Law 243/2012 (Article 19) provides an authorisation of EUR 3 million per year in favour of each Parliamentary Chamber for the expenditure necessary for the functioning of the PBO. (...) Within the limits of its budget, the PBO manages autonomously the expenditure for its functioning. By law the support staff is capped initially to 30 and ultimately to 40. (...) According to Law 243/2012 (Article 18(6)), all government entities, public authorities and entities that belong to public holdings must ensure the PBO’s access to public information.»
to all databases regarding economic or public finance issues, in order to allow the PBO to carry out its institutional tasks. (...) Overall, the set-up of the Italian monitoring institution is compliant with the TSGC requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the PBO’s endowment with resources and access to information are in place.» (p. 5 - 6).

2018 European Semester country report

The country report does not mention the Fiscal Council but instead talks in general about the reformed budgetary framework. The framework is expected to be fully implemented in 2018. (p. 25-26).

2017 European Semester country report

« The budgetary framework has been reformed and should be fully implemented as of 2018. Beyond laying down the key blocks of the domestic fiscal framework, such as the independent Fiscal Council, the 2014 Fiscal Responsibility and FRBFL has introduced a more strategic approach to budget preparation, notably based on project evaluation and more rigorous selection processes. It also set out procedures improving the monitoring of fiscal risks stemming from guarantees, payment arrears and state owned enterprises. The FRBFL secondary legislation was adopted by the House of Representatives in 2016, setting out procedures for budget preparation, within-year budgetary adjustments, and the responsibilities of commitment control officers. Practical steps remain necessary to make the budgetary framework fully functional, such as new implementation circulars and upgrades of IT systems. The budgetary framework is expected to be fully implemented as of January 2018. » (p. 22 - 23).

2017 Fiscal Compact country report

« The Cypriot monitoring institution is the Fiscal Council. (...) mandate: (...) According to Article 19 of the Fiscal Responsibility and Budget Framework Law of 21 February 2014 (FRBFL), the Fiscal Council is entrusted inter alia with the monitoring of compliance with national numerical fiscal rules (including the structural balanced budget rule). (...) resources and access to information: In terms of dedicated human resources, between three and six staff positions can be filled. Funding for the Fiscal Council comes from the general budget; Article 32(2) lays down that the budget “adequately reflects the staffing and resources proposed by the President of the Council, as provided for in the annual plan for the performance of the Council’s duties”. As to access to information, the Fiscal Council may request all the necessary information from any government entity. A definition of the core information needed for the Fiscal Council to discharge its tasks is laid down in Article 30(2) of the FRBFL, the non-communication of which may constitute an offence. (...) Overall, the set-up of the Cypriot monitoring institution

2018 DBP

«The macroeconomic projections underlying the budgetary outcomes have been endorsed by the Fiscal Council» (p. 5).

2017 SP

«The macroeconomic and fiscal forecasts underlying this Programme have been submitted to the Fiscal Council for endorsement and the Council concluded that the headline GDP and budget balance figures as forecast by the Ministry of Finance are considered realistic for the programming period under consideration» (p. 6).

2017 DBP

«The macroeconomic projections underlying the budgetary outcomes have been endorsed by the Fiscal Council» (p. 5).

2016 SP

«... The above Law (Law of 2014 (N. 20 (I) / 2014) also provides for the establishment and operation of an independent Fiscal Council, which assesses the macroeconomic forecasts and monitors compliance with fiscal rules in the preparation and execution of the budget» (p. 7).

«The macroeconomic and budgetary forecasts of the government are evaluated by the Fiscal Council (hereby the Council), an independent public body, established in 2014 according to the provisions of the FRBSL» (p. 51).
is compliant with the TSCG requirements and common principles. (...) The legal framework stipulates appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 4-5).

2018 European Semester country report
The country report states on the work of the Fiscal Discipline Council: « The fiscal framework is followed in broad terms when setting out fiscal policy, but is not always rigorous. Budgetary targets are set on the basis of the fiscal rules established in the Law on fiscal discipline and are monitored by the independent Fiscal Discipline Council, which also endorses the macroeconomic forecasts used for budgetary planning. The authorities' adherence to the national fiscal rules is somewhat weakened by the planned suspension of the ‘fiscal security reserve’ in 2019. Moreover, the Fiscal Discipline Council has issued seven irregularity reports on specific issues in 2017, indicating occasions when decisions by the budgetary authorities (e.g. on re-allocation of budgetary resources) appeared to be in conflict with the Law on fiscal discipline. » (p. 15).

2017 European Semester country report
« A well-defined fiscal framework provides the basis for fiscal policy. The budgetary targets are set in accordance with the fiscal rules and monitored by the independent Fiscal Discipline Council, which also endorses the macroeconomic forecasts used for budgetary planning. The 2017 budget target for the first time includes the fiscal security reserve, as required by the Fiscal Discipline Law. » (p. 12-13).

2017 Fiscal Compact country report
« The Latvian monitoring institution is the Fiscal Discipline Council (FDC). (...) Mandate: The FDC's general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. The FDC has been assigned the duties of monitoring compliance with fiscal rules (including the structural balanced-budget rule), issuing an opinion on the degree of permissible deviation from the balanced budget rule during severe economic downturn, and preparing regular fiscal discipline monitoring reports and, in case of breach of the FDL, of irregularity reports. (...) Resources and access to information: Beside its (six) members (appointed by the Parliament), the FDC has a Secretary and a supporting team of experts (currently three); in addition, the FDC may employ experts based on procedures foreseen by the public procurement legislation. (...) Overall, the set-up of the Latvian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for

2018 DBP
« Macroeconomic indicators' forecasts are confirmed by the Bank of Latvia and MoE by signing an agreement protocol, and were approved by the Council of Fiscal Discipline on August 4, 2017. During the process of development of the medium-term macroeconomic growth scenario, MoF held consultations with experts from the International Monetary Fund and EC. Macroeconomic indicators' forecasts were used as the source for the medium-term budgetary framework 2018-2020. The macroeconomic growth scenario is based on EC technical assumptions of the Spring 2017 forecast regarding oil price developments and economic development of Latvia's trade partners» (p. 5).

2017 SP
The 2017 SP is not available in English at the time of publication of this overview. The Latvian version does not mention that the macro-economic forecasts have been endorsed by the Fiscal Discipline Council or another «independent body». However, the Fiscal Discipline Council mentions on its website that has endorsed the macroeconomic forecasts used in the SP; it also issued concerns that government expenditure is increasing more rapidly than the economic growth potential.

2017 DBP
« Macroeconomic indicators' forecasts were approved by the Fiscal Discipline Council on June 10, 2016» (p. 4).

2016 SP
« The updated macroeconomic forecasts have been presented also to the Fiscal Discipline Council, which has approved the medium-term forecasts of Latvian economy» (p. 12).
«Fiscal Discipline Council which became operational in 2014 is responsible for monitoring of the implementation of the fiscal discipline rules both in the planning and execution process of the budget» (p. 71).
Adequate provisions on the FDC’s endowment with resources and access to information are in place. « (p. 4 - 6) of 2017 European Semester Country report).

### Lithuania

**2018 European Semester country report**
The country report does not mention or assess the National Audit Office (NAO) in the context of an independent fiscal body tasked with assessing the compliance of the general government budgets with national fiscal rules and with producing or endorsing macroeconomic forecasts of the government used in the context of budgetary planning. It mentions other work of the NAO and discusses the overall further development of the fiscal framework and taking steps to upgrade its medium-term budgetary planning system. « (p. 12 - 13).

**2017 European Semester country report**
Budgetary reporting does not yet allow for fully effective and complete assessment of general government budgets vis-à-vis national fiscal rules. The national audit office has been tasked with assessing the compliance of the general government budgets with national fiscal rules. Although the national fiscal rules have been in place for two budgetary cycles already, implementing provisions for the assessment process are lacking. Notably, the absence of adequate reporting standards and designation of reporting responsibilities make the assessment process cumbersome and inefficient. Furthermore, at the level of municipalities, the reports come too late for an ex ante assessment. « (p. 13).

**2017 Fiscal Compact country report**
The Lithuanian monitoring institution is the NAO, which implements the related functions via its Budget Policy Monitoring Department (BPMD). (...) Mandate: The broadly delineated mandate of the monitoring institution covers the tasks foreseen by the Fiscal Compact and the common principles. (...) Resources and access to information: The budget of the NAO includes a separate budget line for the performance of the monitoring institution function, which is used only for this purpose. The BPMD is composed of seven staff members, including the Director. As from April 2016, two foreign experts support the work of the BPMD, in particular by providing methodological advice. As regards access to information, the Constitutional Law (Article 9) gives the monitoring institution a right to receive from State and municipal bodies all relevant information which is necessary to perform its functions. (...) Overall, the set-up of the Lithuanian monitoring institution is compliant with the TSCG requirements and common principles in light of the clarifications provided by the national authorities on the competence requirements for the head of the monitoring institution.

**2018 DBP**
The 2018 DBP states that the Lithuanian economic development scenario for 2017-2020 was developed by the Ministry of Finance and approved by the Budget Policy Monitoring Authority (p. 4). The NAO of Lithuania does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the DBP.

**2017 SP**
«On 29 March 2017, the NAO submitted Conclusion No BP-1 «On the Approval of the Economic Development Scenario», stating that «the scenario drafted by the Ministry of Finance of the Republic of Lithuania is based on the selected and identified assumptions, supported by the existing statistics, and in line with economic regularities. The fiscal institution approves the economic development scenario for 2017-2020, published on the website of the Ministry of Finance of the Republic of Lithuania on 20 March 2017» (p. 5).

**2017 DBP**
The 2017 DBP does not include information about any involvement of the National Audit Office (or on any other independent fiscal body) in charge of producing or endorsing macroeconomic forecasts of the government. The NAO does also not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the DBP.

**2016 SP**
«The National Audit Office (hereinafter referred to as the National Audit Office) has been entrusted as of 1 January 2015 with the function of monitoring budget policy. The NAO submitted Conclusion No Y-5 of 30 March 2016 regarding the Approval of the Economic Development Scenario» (p. 4).
The role of national fiscal bodies - State of play - April 2018

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<td>«The substance of the fiscal policy dialogue between the government and National Council of Public Finances (NCPF) is promising. Albeit no legal provisions oblige the government to comply with the recommendations of the NCPF or explain publicly any departures from them, the authorities formally committed to release their reactions to the NCPF’s opinions and findings, also to ensure full respect with the Fiscal Compact (European Commission, 2017b). In the Memorandum of Understanding concluded in October 2017 (Ministry of Finance, 2017b), the government undertook to respond publicly within a deadline of two months. The NCPF noted in the latest public finance assessment (CNFP, 2017), that the government’s information has improved, as agreed in the Memorandum of Understanding, although the level of detail could be strengthened.» (p. 18).</td>
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|            | The design of Luxembourg’s national fiscal framework has improved recently, as it became more aligned with European regulation. A structural balanced budget rule was introduced with the adoption of the Law of 12 July 2014. This was also done with a view to transposing the requirements of the 2011 Council Directive on budgetary frameworks and the Fiscal Compact » (p. 18). |

|            | The Luxembourgish monitoring institution is the NCPF. (...) Mandate: The NCPF is entrusted with the general surveillance of the application of fiscal rules (including the structural balanced-budget rule) and the correction mechanism related to the structural balanced-budget rule (...) Beyond the TSCG-related tasks, the NCPF’s mandate also encompasses an evaluation of the official macroeconomic and budgetary forecasts (...) Resources and access to information: The NCPF is financed from the State budget (in Luxembourg the financing of all public institutions is included in the budget and has to be voted by Parliament with the budget bills). (...) The NCPF members are assisted by a permanent secretariat. While there are no legal provisions establishing the size of the secretariat, according to the Luxembourgish authorities the resources will progressively be scaled up in order to allow the NCPF to fulfil all its tasks adequately. (...) Article 7(5) of the LCGPF confers upon the NCPF the right to require the hearing of representatives from any entity of the public administration in the area of public finances, statistics or economic forecasting to acquire

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<td>« The establishment of a «National Fiscal Council» charged with independently verifying compliance with budgetary rules and the application of the automatic correction mechanism» has been created by a law of 12 July 2014 (p. 34).</td>
<td>«The present DBP is based on macroeconomic forecasts independently produced by the Luxembourg Institute of Statistics and Economic Studies (STATEC) and it draws upon the fiscal objectives presented in the draft 2018 State budget as tabled to parliament on 11 October 2017» (p. 2). According to the Commission, STATEC can be considered as an independent body (see p. 21 of Commission publication on independent bodies). The NCPF does not provide information on its website about any involvement in the 2018 DBP.</td>
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<td>The SP is not available in English at the time of publication of this overview. The French version does not include information about any involvement of the National Council of Public Finances in the production or endorsement of the underlying macroeconomic and/or budgetary projections. It does however mention that the SP is based on independent macroeconomic forecasts produced by the STATEC (p. 2). The NCPF does not provide information on its website about any involvement in the 2017 SP.</td>
<td>The 2017 DBP does not include information about any involvement of the National Council of Public Finances in the production or endorsement of the underlying macroeconomic/budgetary projections. It does however state: «In accordance with article 3, paragraph 4 of Regulation 473/2013, this DBP plan is based on independent macroeconomic forecasts, to the extent that they are produced by STATEC» (p. 2). The NCPF informs on its website that it was not involved in the production of the macro-economic forecasts of the DBP and that it did not do an own forecast.</td>
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<td>The 2017 DBP does not include information about any involvement of the National Council of Public Finances in the production or endorsement of the underlying macroeconomic/budgetary projections. It does however state: «In accordance with article 3, paragraph 4 of Regulation 473/2013, this DBP plan is based on independent macroeconomic forecasts, to the extent that they are produced by STATEC» (p. 2). The NCPF informs on its website that it was not involved in the production of the macro-economic forecasts of the DBP and that it did not do an own forecast.</td>
<td>«The establishment of a «National Fiscal Council» charged with independently verifying compliance with budgetary rules and the application of the automatic correction mechanism» has been created by a law of 12 July 2014 (p. 34).</td>
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Overall, the set-up of the Luxembourgish monitoring institution is compliant with the TSCG requirements and common principles. The legal framework includes appropriate safeguards for functional autonomy. Adequate provisions on the NCPF’s endowment with resources and access to information are in place. 

On independent macroeconomic forecasts produced by the Luxembourg Institute of Statistics and Economic Studies (STATEC). It can be concluded that Luxembourg has two independent bodies.

The country report does not assess the work of the Dutch independent fiscal bodies, but elaborates their tasks and what they have been working on: « -- The main characteristics of this multi-annual trend-based fiscal framework include: (i) the use of independently derived macroeconomic assumptions; (ii) the use of inflation-adjusted expenditure ceilings, which are predetermined and cover the government’s entire term of office; (iii) the use of automatic stabilisers on the revenue side, and (iv) a well-defined budgetary process for decision-making and the clear distribution of responsibilities, including the tasks of the Bureau for Economic Policy Analysis (CPB) and the Council of State (Advisory Division). The CPB carries out the independent fiscal forecast while the Council of State is tasked with monitoring compliance with numerical fiscal rules. Moreover, the commitment to comply with EU fiscal rules is embedded in the legal framework of the Netherlands. »

« The Netherlands has a well-established fiscal framework that serves as a good practice example (Ayuso i Casals, 2012; and European Commission, 2010). (...) Compliance with the numerical fiscal rule is monitored by the Advisory Division of the Council of State. (...) Despite its good track record, the Netherlands is exploring how its national fiscal framework could be further improved. A dedicated advisory group of high-level civil servants has reviewed the framework ahead of the 2017 elections. »

« The Dutch monitoring institution is the Advisory Division of the Council of State (CoS-AD). (...) Mandate: (...) A Special Committee for Budget Supervision (SCBS) chaired by the Vice-President of the CoS was established in 2015 within the CoS-AD (...) Its role is to prepare the assessments related to budget laws, which implicitly include the TSCG-related assessments. These assessments are then endorsed by the State Councillors of the CoS-AD in full composition. (...)»

The 2018 DBP repeatedly mentions that the source for the macro-economic forecasts used is the CPB (p. 3-4).

«Unless indicated otherwise, the figures used in this report are based on the most recent economic projection by CPB Netherlands Bureau for Economic Policy Analysis (CPB), the Central Economic Plan (CEP) published on 24 March 2017. The figures for 2016 in respect of public finances which are also reported in the April Notification to the European Commission, have been adjusted as a result of actual figures reported by Statistics Netherlands on 24 March»

The 2017 DBP repeatedly mentions that the source for the macro-economic forecasts used is the CPB.
**Resources and access to information:** The SCBS is composed of State Councillors and State Councillors in extraordinary service, who are assisted in their activity by dedicated staff. The Dutch authorities have indicated that, in light of the CoS' new function as national monitoring institution for the purposes of the Fiscal Compact, the CoS-AD has been reinforced with three State Councillors in extraordinary service with specialist knowledge and expertise in the field of economics and public finance, who have been assigned to the SCBS. The resources available for the mandate related to the Fiscal Compact have to be considered in the context of the division of responsibilities between the CoS-AD and the Dutch Bureau for Economic Policy Analysis (CPB), as established in the LSPF. The CPB is institutionally attached to the Ministry of Economic Affairs but enjoys operational independence guaranteed by law. The CPB is mandated by law to provide *inter alia* the calculation of the structural budget balance to be used by the CoS-AD for its assessments. (…) The Memorandum of Understanding signed between the CoS-AD and the CPB adds that the CoS-AD can request economic analyses and reports from the CPB in order to carry out its assessment mandate. It should be noted that CPB has a separate sector which focuses on public finances and which employs a nearly 35 full-time equivalent staff. The total annual budget of the CoS amounts to EUR 60 million. (…) Articles 23-25 of the CoS Act secure a broad access by the CoS-AD to information it requires. (…) Overall, the set-up of the Dutch monitoring institution is compliant with the TSCG requirements and the common principles. (…) Adequate provisions and institutional arrangements concerning the CoS-AD’s endowment with resources and access to information are in place. » (p. 4-7).

2018 European Semester country report
There is no mention of the Fiscal Advisory Council (FAC), the Austrian Institute for Economic Research (WIFO) or any other independent fiscal body in the 2018 country report. The report addresses however the issue of the too complex fiscal framework of Austria (p. 15).

2017 European Semester country report
The 2017 European Semester Country report on Austria does not include any information on the Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).

2017 Fiscal Compact country report
« The Austrian monitoring institution is the Fiscal Advisory Council (FAC). (...) Mandate: Law No 149/2013 produced the forecasts of the 2016/2017 SPs and the 2017 DBP.

2018 DBP
No English version of the DBP is available at the time of publication of this overview. The German language version mentions the Fiscal Advisory Council as an independent body which plays a key role in the budgetary surveillance of the budgetary discipline in the federal government, in the states and in the municipalities (p. 19). It also states that it is «based on the data of the most recent revision of the national accounts (ESVG 2010) of Statistik Austria (STAT), as well as own calculations and assessments of the Federal Ministry of Finance (BMF), and uses the Economic Forecast of the Austrian Institute for Economic Research (WIFO) from 29 September 2017» (p. 3). The WIFO is an independent economic research institute.

2017 SP
(Article 5) endows the FAC with the responsibilities envisaged for independent fiscal institutions in the Fiscal Compact, Council Directive 2011/85 and Regulation (EU) No 473/2013 (with the exception of producing/endorsing macroeconomic forecasts used for budgetary planning). (...) Resources and access to information: The costs of the functioning of the FAC are borne by the Central Bank, which also provides the necessary staff and materials. Its bureau consists of six employees. Law No 149/2013 (Article 14) obliges any entity within the general government sector to provide upon request any information necessary for the FAC to fulfil its duties. (...) Overall, the set-up of the Austrian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the FAC’s endowment with resources and access to information are in place. » (p. 5 - 6).

The 2017 DBP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. However, the Fiscal Advisory Council has published its opinion on the 2017 SP on its own website. According to this opinion (p. 2), «both the stability program update as well as the Fiscal Advisory Council’s forecast are based on the WIFO outlook of March 2017». Thus, the underlying macroeconomic forecast of the SP has been endorsed by the Fiscal Council. However, the Council assesses (p. 1) that its spring 2017 forecast yields for 2018 «a «significant» breach of the spending rule and a slight deviation from the structural budget objective (subject to application of the unusual event clause). ...

2017 SP

The 2017 SP states that the programme is based on the medium-term economic forecasts by the Austrian Institute of Economic Research (WIFO) as of March 2016 and on calculations and judgements of the Federal Ministry of Finance (p.3).

COMMENTS BY EGOV: The screening of the Fiscal Compact Country report, the 2017 European Semester Country report and the 2016/2017 SCPs and 2017/2018 DBP for Austria show that the tasks prescribed by the EU legislation have been entrusted to two different independent bodies: The Fiscal Advisory Council (FAC) and the Austrian Institute for Economic Research (WIFO).

2018 DBP

Section 9 of the 2018 DBP details the Portuguese Public Finance Council opinion (however, no English version of this section is available at the time of publication of this overview).

2018 SP

There is no mention of the Public Finance Council in the 2018 European Semester Country Report on Portugal.

The 2018 European Semester Country report on Portugal does not include any information on the Fiscal Advisory Council (or on any other independent...
2017 Fiscal Compact country report

The Portuguese monitoring institution is the Public Finance Council (PFC) (...) Mandate: (...) In the light of the broad responsibilities entrusted by law to the PFC, its mandate is considered to provide the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. (...) Resources and access to information: The PFC is financed by appropriations from the State budget. Article 27(3) of the PFC Statutes provides that State budget appropriations for the PFC can only be reduced in duly justified exceptional circumstances. According to the PFC Statutes (Article 26(1)), the PFC is endowed with the staff required for carrying out its tasks (18 staff members in 2015). Employee recruitment and selection procedures are set in internal regulations. The Statutes also establishes the PFC’s access to all the economic and financial information necessary to accomplish its mission; all public entities are required to timely supply such information as well as additional clarifications requested to them (Article 8(1)). (...) Overall, the set-up of the Portuguese monitoring institution is compliant with the TSCG requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the PFC’s endowment with resources and access to information are in place. » (p. 4-6).

2017 DBP

Section 9 of the DBP details the Portuguese Public Finance Council opinion (however, no English version of this section is available at the time of publication of this overview).

2016 SP

No English version of the SP is available at the time of publication of this overview. The SP refers to an opinion of the Public Finances Council on the macroeconomic projections of the SP (p. 59). The opinion is available on the website of the Public Finances Council; it assesses that the programmed structural balance development does not match that laid down in the SGP and that it does not ensure compliance with the minimum annual structural adjustment in any of the years covered by the programme.
2018 European Semester country report

« In 2017, the members of the Fiscal Council were appointed and the new institution has rapidly become operational. In July 2015, the Slovenian parliament passed the Fiscal Rules Act, providing the legal basis for the establishment of a Fiscal Council that will, among other things, monitor compliance with fiscal rules. However, the members of the Slovenian Fiscal Council were only appointed in March 2017. The 2018 draft budget was the first to be assessed by the Council. In its assessment published on 19 October 2017, the Fiscal Council warned that the draft budget for 2018 was only partially compliant with the fiscal rules and called on the government to take additional measures. The legislation to transpose the EU Budgetary Frameworks Directive was adopted. » (p. 19).

2018 DBP

«The budget proposal is based on the Autumn 2017 Macroeconomic Forecast made by the Institute of Macroeconomic Analysis (IMAD) » (p. 4).

2017 SP

«The Government of the Republic of Slovenia uses macroeconomic assessments and Institute of Macroeconomic Analysis and Development forecasts to prepare annual target scenarios in the Stability Programme» (p. 5). The Institute of Macroeconomic Analysis and Development is an independent fiscal body (see p. 34 of Commission publication). The Fiscal Council mentions on its website that it checked and approved the SP in April 2017. In addition, it calls for a stronger fiscal effort.

2017 DBP

«The macroeconomic projection for the DBP (IMAD Autumn Forecast 2016) is based on late-August 16 forecasts by international institutions» (p. 5).

2016 SP

«The macro-economic projections in the Stability Programme are taken from the Spring Forecast of Economic Trends 2016 (Institute of Macroeconomic Analysis and Development, March 2016) » (p. 4). The Institute of Macroeconomic Analysis and Development is an independent fiscal body (see p. 34 of Commission publication).

COMMENTS BY EGOV: While the COM report under Art. 8 of TSCG (p. 4 - 5) states that the Fiscal Council is the independent fiscal body in accordance with the TSCG, the 2017 SP and DBP mention that another independent body (the Institute of Macroeconomic Analysis and Development) prepared the macroeconomic forecasts used in these budgetary plans. It can be concluded that Slovenia has several independent fiscal bodies.
<table>
<thead>
<tr>
<th>Year</th>
<th>Document Type</th>
<th>Relevant Information</th>
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<tbody>
<tr>
<td>2018 European Semester country report</td>
<td>There is no mention of the Council for Budget Responsibility (CBR), or any other independent fiscal body, in the 2018 European Semester Country Report on Slovakia.</td>
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<tr>
<td>2017 European Semester country report</td>
<td>The 2017 European Semester Country report on Slovakia does not include any information on the Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).</td>
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<tr>
<td>2017 Fiscal Compact country report</td>
<td>* The Slovak monitoring institution is the CBR (...) Mandate: Article 30a (2) and (4) of Act No 523/2004 confers upon the CBR the specific responsibilities required under the Fiscal Compact and the common principles. (...) Resources and access to information: The CBR is financed from the budget of the central bank, which in turn can request reimbursement from the Ministry of Finance. Its budget in 2015 amounted to EUR 1.3 million. The CBR has a secretariat which employs 13 experts in economics and budgetary matters assisted by four employees responsible for administrative tasks. Any entity within the general government sector is obliged by law to provide information requested by the CBR. (...) Overall, the set-up of the Slovak monitoring institution is compliant with the TSCG requirements and common principles (...) The CBR has been grounded in a constitutional law and equipped with appropriate safeguards as to its functional autonomy. (...) Adequate provisions on the CBR's endowment with resources and access to information are in place. <em>(p. 4 - 5)</em></td>
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<tr>
<td>2018 DBP</td>
<td>No English version of the DBP is available at the time of publication of this overview. The Slovak language version of the DBP does not include information about any involvement of the Council for Budget Responsibility (CBR) in the production or endorsement of the underlying macroeconomic projections. However, it reiterates the part from the 2017 DBP (see below) about the advisory committees established under the constitutional Fiscal Responsibility Act (Act No. 493/2011) (p. 13). The CBR does also not inform that it produced or endorsed the macroeconomic forecasts of the DBP.</td>
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<tr>
<td>2017 SP</td>
<td>«The expenditure and revenue estimates of the General Government Fiscal Plan as well as the price and cost adjustments are based on the independent forecast of the Ministry of Finance’s Economics Department» <em>(p. 50)</em>. The CBR does not indicate that it approved or endorsed the macroeconomic forecasts of the SP; it only <em>states ex post</em> (after publication of the SP) that they are realistic.</td>
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<td>2017 DBP</td>
<td>Albeit the DBP does not inform about the involvement the CBR in the preparation or endorsement of the macroeconomic forecasts underpinning the DBP, it includes the following information: «The Macroeconomic Forecasting Committee (MFC) and the Tax Revenue Forecasting Committee (TRFC) were established under the constitutional Fiscal Responsibility Act (Act No. 493/2011) as advisory bodies to the Minister of Finance. The role of the committees is to attain greater transparency, objectiveness and quality of macroeconomic and tax revenue forecasts. Both committees prepare their forecasts at least twice a year, by 15 February and 30 June of the current fiscal year (...). In addition to the Ministry of Finance officials, the committees consist of representatives of institutions independent from the government (NBS, Slovak Academy of Sciences, Infostat, and private banks). Members of the Macroeconomic Forecasting Committee assess the Ministry of Finance’s macroeconomic forecast using the terms conservative, optimistic or realistic. The Ministry of Finance’s tax revenue forecast is assessed by members of the TRFC by submitting their own forecasts; their assessment is calculated automatically, based on a deviation between the two. A Ministry of Finance’s forecast is accepted as committee forecast if a simple majority of members grade the forecast as conservative or realistic. In the absence of such grading, the Ministry of Finance of the Slovak Republic is required to redraft its forecast and submit it to the Committee for re-assessment. The procedure is repeated until the (...) forecast is accepted as the Committee’s forecast» <em>(p. 13)</em></td>
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Furthermore, an evaluation of November 2016 of the CBR on government budget proposal for 2017-201p includes: «the Macroeconomic and tax revenue forecasts were approved by competent independent committees. In order to reinforce transparency, it would be beneficial if the Tax Revenue Forecasting Committee assessed all the revenues that are considered taxes under the ESA2010 methodology. This has become all the more important in light of the fact that the previously unbudgeted social contributions to special schemes of the armed forces and police corps are now included in the budget proposal.»

2016 SP

No English version of the SP is available at the time of publication of this overview. However, the CBR assesses (on its own website) the macro-economic forecasts as realistic.

COMMENTS BY EGOV: The screening of the Fiscal Compact Country report, the 2017 European Semester Country report and the 2016/2017 SP and 2017/2018 DBP for Slovakia show that the tasks prescribed by the EU legislation have been entrusted to several different independent bodies: The Council for Budget Responsibility (CBR), the Macroeconomic Forecasting Committee (MFC) and the Tax Revenue Forecasting Committee (TRFC).
### Finland

#### 2018 European Semester country report
- Finland is the only euro area country where the macroeconomic forecasts underpinning the budgetary planning are prepared by the Ministry of Finance. The management of the Economics Department of the Ministry is separated from the Budget Department and according to the law adopted in spring 2015, the Economics Department is independent in its forecasting activities. However, in the 2017 stability programme the macroeconomic projections for 2018-2020 were based on the ‘development according to the targets of the government programme’. Thus, it appeared that instead of proposing concrete measures enabling the government to achieve its fiscal targets, the macroeconomic scenario underlying the stability programme was calibrated so that the government’s fiscal targets were met. This raised questions about the realistic and unbiased nature of the macroeconomic scenario, and thus the compliance of the latter with the Two-Pack Regulation (15) to prepare medium-term fiscal plans on the basis of independent macroeconomic forecasts. » (p. 17).

#### 2017 European Semester country report
- The National Audit Office has been entrusted with the responsibilities of the Fiscal Council while the Ministry of Finance remains responsible for forecasting. The National Audit Office monitors the implementation of the fiscal rules, in particular the compliance with the medium-term budgetary objective. The macroeconomic forecasts underlying the stability programme and the draft annual budget are prepared by the Department of Economics within the Ministry of Finance. Finland is the only euro area Member State that has designated a Ministry of Finance department as the independent forecast producer referred to in the two pack. » (p. 17).

#### 2017 Fiscal Compact country report
- The Finnish monitoring institution is the National Audit Office (NAO). (...) **Mandate:** The NAO’s general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. Even before the TSCG ratification by Finland, the NAO had been assessing the observance of national fiscal policy rules and their effectivenss. (...) **Resources and access to information:** Section 3 of NAO’s Rules of procedure states that NAO must allocate in its personnel and budget plan adequate personnel and other resources to the PFPAD for fiscal policy evaluation and assessment. Within the overall NAO budget, a specific item has been assigned to the PFPAD for fiscal policy evaluation. As regards the access to information, the Constitution itself (Section 90) guarantees NAO’s right to receive all information and documents necessary for the performance of its duties from public authorities and other entities that are subject to its control. (...) **Overall**, the set-up of the Finnish monitoring

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### 2018 DBP
- The **DBP** does not include information about any involvement of the NAO or any other independent body in the production or endorsement of the underlying macroeconomic projections. In this respect, it mentions: «The macro forecasts is based on the views of experts, the Ministry of Finance DSGE model (...), a short-term factor model and various partial models» (p. 20). It is unclear from which institution the mentioned experts come. It informs that that macro-economic forecast was prepared in the Economics Department of the Ministry of Finance; it claims in this respect that the «forecast is independent and its formal independence is based on the so-called FIPO Act (Act on the Implementation of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (EMU), the implementation of Treaty provisions of a legislative nature as well as the amendment of the Act on requirements concerning multi-annual budgetary frameworks, 79/2015) » (p. 11).

#### 2017 SP
- The 2017 SP does not include a reference that the budgetary and macroeconomic forecasts have been approved or produced by the national Audit Office or any other independent fiscal body. In this respect, it mentions only: «The figures in the Stability Programme’s tables are actual data with respect to 2016, while 2017 data are based on the independent forecast of the Economics Department of the Ministry of Finance, and data for 2018–2019 on development according to the targets of the Government Programmes» (p. 59). The **NAO** does not provide information on whether it produced or endorsed the macro-economic forecasts of the SP.

#### 2017 DBP
- The **2017 DBP** does not include information about any involvement of the NAO in the production or endorsement of the underlying macroeconomic projections. It does however state in general terms that the Draft Budgetary Plan forecast, which was also the basis for the preparation of the Budget Proposal, has been prepared in the Economics Department of the Ministry of Finance (p. 16).
- The **NAO** does not provide information on whether it produced or endorsed the macro-economic forecasts of the DBP.

#### 2016 SP
- The 2016 SP does not include a reference that the budgetary and macroeconomic forecasts have been approved or produced by an independent fiscal body. It contains only the following statements in relation to this issue «The Ministry of Finance’s macroeconomic forecast is prepared independently in the Ministry’s Economics Department (869/2012, Section 2 a)» (p. 4).
The institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy, although provisions establishing a fixed term for the Deputy Auditor General coordinating the PFPAD are lacking. (...) Adequate provisions on the NAO and PFPAD's endowment with resources and access to information are in place. » (p. 4 - 6).

The NAO does not provide information on whether it produced or endorsed the macro-economic forecasts of the SP.

### NON EURO-AREA MEMBER STATES

#### Bulgaria

**2018 European Semester country report**

« The Bulgarian Fiscal Council has expanded its activities, but there are number of constraints on its effective functioning. Based on its broad mandate, the Council has started to publish its monitoring reports on the annual and medium-term fiscal plans and on budgetary execution and compliance with the Public Finance Act. However, the Council still faces significant challenges in performing its core tasks, mainly due to the limited resources available. Recent attempts by the Council to increase its financial autonomy did not receive the necessary support from the government and the Parliament. However, in February 2018 the Parliament adopted a legislative amendment that increases the Council’s staff from three to five experts. » (p. 23).

**2017 European Semester country report**

« With the establishment of the Fiscal Council, the framework for fiscal governance is mostly complete. The members of the Fiscal Council were appointed by Parliament at the end of 2015 and the Council became operational in the first half of 2016. Its mandate includes monitoring compliance with national and EU fiscal rules, preparing and publishing opinions on official macroeconomic forecasts and budgetary plans, and supervising the automatic correction mechanism. (...) The Fiscal Council has already published a number of opinions and recommendations. These include the opinion and recommendations on the 2015-2018 Convergence Programme and on the 2017 draft budget. However, the absence of financial autonomy and the limited human resources may constrain the Fiscal Council’s operational capacity. » (p. 20).

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**2017 CP**

«This Convergence Programme is based on the macroeconomic forecast for the period 2017-2020, made with the medium-term macroeconomic model of the Ministry of Finance under the assumptions for the key indicators for the external environment as of mid-March 2017 provided by the International Monetary Fund, the World Bank, the European Commission and the Bulgarian Ministry of Finance» (p. 7). It derives from this statement that only for key indicators for the external environment data from independent bodies have been used.

**2016 CP**

«In view of maintaining sustainable public finances, increasing the quality of the official macroeconomic and budgetary forecasts, and strengthening the public awareness with respect to the fiscal governance of the country, a Fiscal Council was set up in 2015. It performs the functions of an independent fiscal monitoring body within the meaning of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States. The establishment of the Fiscal Council is provided for by the Law on Fiscal Council and Automatic Correction Mechanisms adopted by the National Assembly on 8 April 2015 and promulgated in State Gazette on 21 April 2015. (...) The Fiscal Council is expected to present its first opinions on the spring macroeconomic forecast of the Minister of Finance and the medium term budgetary framework within the first stage of the 2017 budgetary procedures» (p. 69). It derives from this statement that the Fiscal Council was not involved in the 2016 CP.
already published a number of opinions and recommendations. These include the opinion and recommendations on the 2015-2018 Convergence Programme and on the 2017 draft budget. However, the absence of financial autonomy and the limited human resources may constrain the Fiscal Council's operational capacity. » (p. 20).

2017 Fiscal Compact country report
« The Bulgarian monitoring institution is the Fiscal Council. (...) Mandate: Article 6 of the LFCCM confers on the Fiscal Council the tasks foreseen by the TSCG and the common principles. Thus, the Fiscal Council must prepare a reasoned opinion on the existence of a significant deviation as defined in Article 23(3) of the LPF. The Fiscal Council must also issue a reasoned opinion on the corrective plan and its implementation. Finally, it must draft a reasoned opinion on the existence of exceptional circumstances as defined in Article 24(3) of the LPF. (...) Resources and access to information: The Fiscal Council is financed through the budget of the Parliament, with the necessary funds earmarked under a separate budget heading. The Fiscal Council benefits from the organisational and technical support of a three-person expert staff, recruited from the Parliament's administration in accordance with the competence requirements decided by the Fiscal Council. The Fiscal Council’s right to request and receive information from State bodies is grounded in the LFCCM (Article 6(4) of the LFCCM). (...) Overall, the set-up of the Bulgarian monitoring institution is compliant with the TSCG requirements and common principles. The legal framework (...) includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 4 - 5).
The independent fiscal institution — the National Budgetary Council — is being currently set up. Albeit with a yearly delay after the law entered into force, the members of the council were appointed in January 2018 and should soon become operational. It will mainly evaluate compliance with fiscal rules. The Committee on Budgetary Forecast has yet to be created. It should assess the robustness of macroeconomic and fiscal forecasts underlying the budgetary process, prepared by the Ministry of Finance.

Coordination of the fiscal and budgetary policy objectives among general government bodies remains one of the weaknesses of the national fiscal framework. (...) The Czech Republic has not yet fully implemented Council Directive 2011/85/EU on the requirements for the budgetary framework. In particular, internal checks on and independent audits of some public accounting systems are lacking. The transposing deadline expired at the end of 2013. » (p. 15)

The fiscal framework in the Czech Republic has been evaluated among the weakest in the EU. (...) The Czech Republic does not have a fully-fledged independent fiscal council with responsibility for assessing compliance with fiscal rules and strengthening the transparency and credibility of public finances. The transparency of budget execution has been significantly affected by uneven drawdown of EU funds over time. (...) The fiscal responsibility law, which was approved in January 2017, aims to address the identified shortcomings. The main features of the adopted legislative package were already outlined in the 2016 country report. Moreover, a new expert panel will be set up to evaluate macroeconomic and revenue forecasts used for budgetary planning, with members representing independent institutions producing forecasts and nominated by the fiscal council. The most important aspects of the reform were originally supposed to be enshrined in a constitutional law, which was meant to strengthen effectiveness and stability. However, the parliament opted for an ordinary law. » (p. 15 - 16).

There is no Fiscal Compact report for the Czech Republic, since the country is not a contracting party of the TSCG.
The role of national fiscal bodies - State of play - April 2018

2018 European Semester country report
The country report does not assess the work of the Danish Economic Council, but elaborates its tasks: « The ‘comply-or-explain’ clause adopted on 27 December 2016 complements the existing fiscal framework. The Fiscal Council is mandated to assess and validate the draft budgets. If it finds that the budget could lead to deviation from the medium-term objective, the new amendment requires the Finance Minister to bring it in line with the medium-term objective or explain why he/she assesses the situation differently. » (p. 16).

2017 European Semester country report
« Compliance with the national fiscal rules is being monitored by the Danish Economic Council (DORS). As a part of the 2012 Budget Law, DORS, an independent institution, was designated 'fiscal watchdog', and is monitoring the long-term sustainability of public finances, the medium-term development of the budget balance and whether the expenditure ceilings are complied with, and whether these are in line with the medium-term fiscal objective » (p. 16).

2017 Fiscal Compact country report
« The Danish monitoring institution is the Danish Economic Council (DEC). (...) Mandate: (...) Whereas the tasks foreseen by the Fiscal Compact and the common principles are not explicitly stated in the law, the DEC’s general mandate provides the necessary basis for carrying them out, as also confirmed by the Danish authorities. (...) Resources and access to information: The DEC is financed by a one-year binding appropriation on the fiscal bill financed by tax revenues. While Law No 583 does not contain provisions about DEC’s access to information, the annotations to Article 1 of Law No 583 state that access to resources and data necessary for the DEC to carry out its mandate will be ensured; the Danish authorities have confirmed that the annotation is followed through by ongoing dialogue between the Ministry of Finance and the DEC. A Secretariat employing 20-25 economists assists the chairmanship in preparing its reports. Overall, the set-up of the Danish monitoring institution is compliant with the TSCG requirements and common principles (...) The DEC is grounded in law and is endowed with appropriate safeguards as to its functional autonomy. (...) The DEC’s endowment with resources and its access to information are properly secured. » (p. 4 - 6).

2017 CP
The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. Reference is made to the role of the Danish Economic Council «The Danish Economic Council continually (annually) assesses long-term fiscal sustainability and the medium-term development in the budget balance, and further that the expenditure ceilings are complied with and aligned with the medium-term fiscal objectives» (p. 74). However, the website of the Danish Economic Council does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the CP.

2016 CP
The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. Reference is made to the role of the Danish Economic Council «The Danish Economic Council continually (annually) assesses long-term fiscal sustainability and the medium-term development in the budget balance, and further that the expenditure ceilings are complied with and aligned with the medium-term fiscal objectives» (p. 84). However, the website of the Danish Economic Council does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the CP.
### Croatia

**2018 European Semester country report**

"The long overdue adoption of new Fiscal Responsibility and Budget acts has again been delayed. The national budgetary framework remains underdeveloped. The transparency of fiscal policy suffers from the non-systematic use of sensitivity analyses in budgetary planning and a lack of methodological publications and ex-post evaluations of the official forecasts. The design of the national numerical fiscal rule remains flawed, as no consequences are defined for noncompliance. The domestic medium-term budgetary framework is only indicative for annual fiscal planning and the role of the Fiscal Policy Commission remains weak. Croatia has initiated the ratification of the Treaty on Stability, Coordination and Governance. In the context of Croatia’s announced intention to introduce the Euro, in January 2018 the Parliament adopted legislation whereby Croatia became a signatory to the Treaty on Stability, Coordination and Governance. Croatia is exercising its right of exemption from the Fiscal Compact provisions (such as the stipulation of the structural budget balance rule monitored by an independent institution) of the Treaty until Eurozone accession." (p. 20).

**2017 European Semester country report**

"Croatia has made limited progress in reinforcing numerical fiscal rules and strengthening the Fiscal Policy Commission, as well as improving budgetary planning and strengthening the multi-annual budgetary framework." (p. 1; see also p. 11, 20 and 56).

**2017 Fiscal Compact country report**

There is no Fiscal Compact report for Croatia, since the country is not a contracting party of the TSCG.

### Hungary

**2018 European Semester country report**

"The authorities recently adjusted their domestic regulation to ensure compliance with the budgetary frameworks directive. In autumn 2017, amendments were adopted to the Public Finance and the Economic Stability Acts. These legislative improvements have taken place, most notably, in the following areas: (i) reinforcing the domestic budget balance rules by clarifying their binding effect and ensuring their monitoring by the Fiscal Council for the entire budgetary process; and (ii) enhancing the multi-annual perspective of budgetary planning by the systematic use of a nopholicy change scenario as a 2017 CP

The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. The website of the Hungarian Fiscal Policy Committee does not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP.

**2016 CP**

The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. The website of the Hungarian Fiscal Policy Committee does not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP.

**COMMENT BY EGOV:** While the European Commission speaks about a Fiscal Policy Commission, the English version of the 2016 CP of Croatia speaks about a Fiscal Policy Committee. In fact, the same independent fiscal body is meant by these different translations.
numerical benchmark. Despite these steps, most of the gaps in the fiscal governance system identified in previous Country Reports do not appear to be resolved. Those include the limited role of the medium-term budgetary framework in fiscal policy decisions and the imbalance between the analytical remit of the Fiscal Council and its strong veto competence. » (p. 15).

2017 European Semester country report

The role of the Fiscal Council in scrutinizing and shaping fiscal policies remains weak. The Fiscal Council has continued to increase the number of published external studies. However, this has not been sufficient to ensure a strong analytical basis commensurate with the Council's uniquely strong constitutional veto power over the budget. The Fiscal Council focuses rather narrowly on the budget bill and its amendments, whereas there have been several examples of significant fiscal decisions and policy initiatives outside the annual budget cycle. This highlights the importance of systematically evaluating fiscal policies throughout the entire year. » (p. 17).

2017 Fiscal Compact country report

There is no Fiscal Compact report for Hungary, since the country is not formally bound by the Fiscal Compact (despite the fact that it is a Contracting Party of the TSCG). However, the website of the Fiscal Council indicates that it endorsed the underlying macroeconomic forecasts of the CP.

2018 European Semester country report

Poland is the only EU Member State without a fiscal council. Such councils are watchdogs for monitoring fiscal policy. Their remit significantly differs across countries, but usually includes assessing macroeconomic and budgetary forecasts, assessing compliance with fiscal rules and analysis of long-term sustainability of public finances. Fiscal councils are important because they help inform the public about the key challenges of fiscal policy and public finances. Poland has no plans to set up a fully-fledged fiscal council. Some of the typical tasks of fiscal councils are being carried out by several bodies in Poland, but this fragmented set-up weakens their impact. » (p. 17).

2017 European Semester country report

The Polish fiscal framework lacks a fully-fledged, independent fiscal council. Currently Poland remains the only EU country that has not adopted a legal basis establishing a dedicated fiscal council or assigned such a role to an existing body. Some of the typical tasks of fiscal councils are being carried out by

2017 CP

The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body (see p. 53). No website for a Polish Fiscal Council could be found.

2016 CP

The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body (see p. 5). No website for a Polish Fiscal Council could be found.
various institutions, but they are scattered and some are not covered. As a result, amendments to the fiscal framework or fiscal implications of important policy measures go largely unnoticed even though they have significant consequences for public finances » (p. 19).

**2017 Fiscal Compact country report**

There is no Fiscal Compact report for Poland, since the country is not formally bound by the Fiscal Compact (despite the fact that it is a Contracting Party of the TSCG).

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**Romania**

**2018 European Semester country report**

In the 2018 country report, there is no mention of the Fiscal Council. Instead a general assessment according to which the the national fiscal framework has not been respected. » (p. 19)

**2017 European Semester country report**

« The fiscal framework is sound, but lacks enforcement. The fiscal rules, which are contained in the fiscal responsibility law, are well designed. However, the 2016 budget law was non-compliant as the deficit ceiling of RON 20.9 billion breached the medium-term budgetary objective of a structural deficit of 1 % of GDP. The Romanian Fiscal Council had assessed the draft 2016 budget as "a deliberate and large deviation from all fiscal rules". Additionally, the first budget amendment (from August) broke the rule prohibiting increases in personnel expenditure during the fiscal year, while the second amendment (from November) broke the rule prohibiting increases of the primary deficit during the fiscal year. » (p. 15).

**2017 Fiscal Compact country report**

« The Romanian monitoring institution is the Fiscal Council. (...) Mandate: The codified LFBR confers upon the Fiscal Council the specific responsibilities required under the TSCG and the common principles. (...) Resources and access to information: Article 60(1) of the codified LFBR provides that the Fiscal Council sets its own budget, which is an annex to the budget of the Romanian Academy, its host institution. The technical secretariat is organized within the Romanian Academy according to rules established by the Fiscal Council and may not exceed ten employees (currently, it employs seven experts in economic and budgetary issues and two administrative staff). Access to information and

**2017 CP**

The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. The website of the Fiscal Council does not include an opinion on the 2017 CP.

**2016 CP**

«The Fiscal Council was created pursuant to the same fiscal and budgetary accountability law, as a standalone authority which helps with the consolidation of the fiscal and budgetary accountability in Romania, the improvement of the fiscal and budgetary transparency and the promotion of the public finance sustainability. The Fiscal Council has a large range of attributions, such as: evaluate macroeconomic projections...» (p. 43).

However, the website of the Fiscal Council does not include an opinion on the 2016 CP.
documents is grounded in law (Article 54 of the codified LFBR), and clear deadlines and consequences in case of non-delivery are foreseen. (...) Overall, the set-up of the Romanian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 4 - 5).

2018 European Semester country report
« The Fiscal Policy Council (Finanspolitiska rådet) has received a stronger mandate. It has a more prominent role in assessing compliance with the rules and is tasked with the regular evaluation of the government's economic forecasts. The nomination procedure for the Council's members has been amended. So far, members have been elected at the discretion of the Council itself. Following a broad political agreement, this process will be replaced on 1 July 2018 by a selection process steered by a nomination committee. This committee will include the Chair and Deputy Chair of the Riksdag’s Finance Committee, as well as senior officials knowledgeable in the field of e.g. economic policy or statistics. The inclusion of elected representatives in the nomination procedure for the Fiscal Policy Council was officially motivated by the desire to give the independent body more democratic legitimacy and increase its responsibilities and diversity. However, former and current members of the Council have opposed this change because it may actually decrease the members’ autonomy now that their selection will be more political. » (p. 18).

2017 European Semester country report
« Building on its strong institutional set-up and extensive track record of fiscal soundness, the authorities recently announced some fiscal governance reform (...) The reform proposes to complement the reduction of the surplus target with additional amendments to the framework. These include a new debt anchor, a reinforcement of the role and the independence of the Fiscal Policy Council (Finanspolitiska rådet), and regular comprehensive reviews. (...) The Fiscal Policy Council will be reinforced by (i) assigning to it a more prominent role in the monitoring of the surplus target; (ii) making the nomination procedure of the Council's members more independent; and (iii) mandating the Council with the regular evaluation of the official macro-fiscal forecasts. » (p. 17 - 18).

2017 Fiscal Compact country report
There is no Fiscal Compact report for Sweden, since the country is not formally bound by the Fiscal Compact.
Sources: Own screening of the 2017 and 2018 European Semester country reports, the fiscal compact country assessments, the 2016 and 2017 SCP, the 2017 and 2018 DBP and the individual websites of the independent bodies (see consolidated weblinks on EU network and German independent body websites).

Note: A list of the national independent bodies which is consistent with the ones included in this table has been provided by the Commission in its publication on “Public Finances in EMU 2017” (pp 196-197).