IN-DEPTH ANALYSIS

European Parliament

The role of national fiscal bodies
State of play - April 2019

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 briefing is updated regularly.

The objective of the analysis is twofold:

1) to give an overview of the set-up and functioning of these independent fiscal bodies based on the most recent assessments by the European Commission (the latest being of Feburary 2019).

2) to give an overview of the extent to which the latest 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.

Summary of the findings

The relevant Commission assessments of 2018 and 2019 indicate that the **implementation of the EU legal framework** relating to independent fiscal institutions is overall well advanced throughout Europe. **All but one Member States of the Treaty on Stability, Cooperation and Governance (TSCG) have one or several operational independent fiscal councils in place,** the exception being Poland (consequently Poland has no member in the EU network on independent fiscal institutions). It seems that the fiscal councils are also operationally independent in the countries where they are formally attached to the government (Belgium, Luxembourg, Slovakia, Slovenia, the Netherlands and Finland).

Most recent developments identified in the **European Semester country reports of February 2019**

- Notably three countries have made recent progress on the set-up: (1): The autonomy of the High Council of Finance of **Belgium** has recently been reinforced; (2) in **Germany**, legislation ensuring that macroeconomic forecast underlying the budgetary projections of the government came into effect in the second half of 2018; (3) in the **Czech Republic**, the independent fiscal institution became operational in early 2018; (4) In **Sweden**, revised rules further strengthening the mandate of the independent Fiscal Policy Council to monitor fiscal rules and evaluate the official macro-forecasts came into force in 2019 and (5) in **Croatia**, the new Fiscal Responsibility Act is aimed mainly at reinforcing the set-up and mandate of the independent fiscal body.

  On the actual impact of the work of the independent fiscal bodies, the Commission 2019 country reports mention **some problems for Latvia and Luxembourg**: On Latvia they state that "*the apparent breaches*

Economic Governance Support Unit (EGOV)
Authors: J. Angerer and R. Segall
Directorate-General for Internal Policies
PE 634.386 - April 2019

EN

of the fiscal discipline law requirements are flagged by the independent Fiscal Discipline Council, but this has not yet led to policy change ". On Luxembourg, one independent fiscal body (National Council of Public Finances) issued recommendations on the macroeconomic scenario underlying the budgetary projections, which were however rejected by the Finance Ministry as it argued that the macroeconomic projections are developed by the other independent body (STATEC) and was therefore not in the area of competence of the National Council of Public Finances.[1]

The use of independent forecasts in the preparations of the **2019 Draft Budgetary Plans** (DBP):

- All euro area Member States have **independent fiscal bodies in place** producing or endorsing the macro-forecasts used by the governments in the DBP.

- In **six eurea area countries**, the forecasts were **produced** by the independant bodies: Belgium, Netherlands, Luxembourg, Austria, Slovenia and Finland. However, Belgium did not use the most recent forecast prepared by the independent body in its DBP and did therefore, according to the Commission, not fully comply with EU Regulation 473/2013.

- In **12 euro area countries**, the forecasts were **endorsed** by the independent bodies: Germany, Estonia, Ireland, Greece, Spain, France, Cyprus, Latvia, Lithuania, Malta, Portugal and Slovakia. Within this group of countries, the endorsements were often accompanied by some critical comments on the forecasts, notably in Estonia, Greece, France, Portugal and Slovakia.

- It is the **first time** that the official forecast of Germany has been endorsed by an independent body, since it was not in place before the previous DBP and the latest Stability Programme of Germany.

- The Italian independent body did not endorse the macro-economic forecast used in the revised 2019 DBP; it, however, endorsed the forecast used in the final budget law.

The use of independent forecasts in the preparations of the **2018 Stability Programmes** (SP):

- Nearly all euro area Member States have used macro-economic forecasts prepared or endorsed by independent fiscal bodies according to Commission assessments and existing legal national provisions, the only exception being Germany, where the independent body was not yet in place.[2] However, as for the preparation/endorsement of the forecasts underlying the 2019 DBP, the bodies preparing/endorsing the macro-economic forecasts of the 2018 SP, were formally attached to the government in Belgium, Luxembourg, Slovakia, Slovenia, the Netherlands and Finland. In Finland, the body was even located in the Ministry of Finance.[3]

- In **six eurea area countries**, the forecasts were **produced** by the independant bodies: Belgium, Netherlands, Luxembourg, Austria, Slovenia and Finland.

- In **11 euro area countries** the forecasts were **endorsed** by the independent bodies: Estonia, Ireland, Italy, Spain, France, Cyprus, Latvia, Lithuania, Malta, Portugal and Slovakia. Within this group of countries,

[1] Luxembourg has indeed two independent bodies: The Institute of Statistics and Economic Studies (STATEC), which produces the forecasts used in the Stability Programmes and the Draft Budgetary Plans of Luxembourg, and the National Council of Public Finances, which is responsible for the surveillance of the application of the fiscal rules

[2] In Germany, the official macroeconomic forecasts were 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, was in the process of parliamentary adoption (see p. 7 of this briefing).

[3] In Finland, the only euro area member where the independent body is located in the Ministry of Finance, 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).

the endorsements were often accompanied by some critical comments on the forecasts, notably in Estonia and Portugal.

- Since Greece was still under a programme, no SP was prepared by the country.

The use of independent forecasts in the preparations of the **2018 Convergence Programmes** (CP):

- Poland is the only EU Member State that has **not established** and does not have plans to establish an independent fiscal council.
- The UK is the only non-euro area Member State whose independent body has **produced** the macro-economic forecast used in its CP.
- In no single non-euro area Member State, the CP is entirely based on macroeconomic and budgetary forecasts which have been, in accordance with EU Directive 2011/85, *"compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. (...)"*. However, the Bulgarian CP contains at least "*assumptions about key indicators of the external environment provided by the International Monetary Fund, the World Bank, the European Commission and the Ministry of Finance of the Republic of Bulgaria, as of mid-March 2018*".

A further result of the screening (as presented in the overleaf annex) is that **Austria**, **Belgium**, **Luxembourg**, the **Netherlands**, **Slovenia** and **Slovakia** have several national independent bodies. The main division of tasks for each of these countries is that one body is responsble for producing/endorsing the macro-economic forecast underlying the Stability or Convergence Programme (SCP) or DBP while another body is responsible for the assessment of the national fiscal rules.

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

Sources used for the country-specific screening

The country specific screening of the role played by national fiscal councils presented in this document (see annex overleaf) is based on the recent Commission country reports of February 2019, information provided by the Member States themselves in their 2018 Stability or Convergence Programmes (SCP) and 2019 DBP and on the assessments by the Commission of these Member States' programmes.

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 in this document is supplemented by any information available on websites of the respective independent bodies.

However, it is worth noting that the below screening of available information does not as such provide substantial information on the **actual effectiveness of a given independent fiscal body**. Such information can only be based on in-depth country specific assessments containing judgemental elements (see e.g. country case studies on the UK and Slovakia published in the 2018 annual report of the European Fiscal Board) or on surveys based on the perceptions of the independent bodies themselves or from other stakeholders.

For other sources on the role and the work of independent fiscal bodies in the EU:

- European Commission paper (July 2017) on "Independent Fiscal institutions in the EU Member States: The early years" (László Jankovics and Monika Sherwood, Discussion paper 067)" which looks more into the various aspects of the roles and functions of the independent bodies;

- The 2018 annual report of the European Fiscal Board which analysed more in-depth the role independent fiscal bodies played in selected Member States in 2017.

- Publications of the EU network of independent fiscal bodies (see e.g. publications of January 2019 on "*Network Statement on the Need to Reinforce and Protect EU independent fiscal bodies*" and "*Good times are not used to build fiscal buffers*").

- A Commission database that aims to measure the breadth of tasks discharged by the bodies; it is based on information reported by the bodies themselves. The latest vintage of the index dates from March 2019 and refers to the years 2015-2017 (the first database vintage refers to the year 2013).

See also a screening of the SCP and DBP of the years 2016 and 2017 in a EGOV briefing of April 2018, which includes a summary of the "Fiscal Compact" implementatiion assessments of 2017 by the Commission (these assessments contained also data on resources and access to information by each independent fiscal body).

The current legal framework

In accordance with the EU legal framework (Article 121 TFEU and relevant secondary law) for the surveillance of Member States' budgetary policies), Member States of the Euro Area submit annually to the Commission their SP during the spring and their DBP during the autumn, while non-Euro Area Member States only submit their CP during the spring. The aim of the annual submission and assessment of these **Stability or 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, the EU legal bases require that the macro-economic forecasts used in the SCP and DBP are to be **produced or endorsed** by independent bodies.

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

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

- 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*".

- 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 TSCG stipulates the existence of independent fiscal institutions monitoring compliance with national fiscal rules.

Box: Potential revisions of the current legal framework on independent bodies in the EU

1. Review of the existing EU legislation on independent bodies

The amended EU Regulation 1466/97 (part of the so-called "6-pack") and EU Regulation 473/2013 (part of the so-called "2-pack") provide for a review (including possible proposals for amendements of the Regulations) by 14/12/2019. The reviews shall be submitted to the European Parliament and Council. In accordance with Art. 18 of EU Directive 2011/85, the Commission shall have published by 14 December 2018 a review of the suitability of this Directive. in February 2019, the Commission has announced that the review of the Directive will be done by the end of 2019 together with the "overall review" of the Regulations of the 6- and 2 -packs.

2. Integration of the substance of the "Fiscal Compact" into EU law

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. The integration has not yet been agreed upon by the European Parliament or the Council. Below is a summary of institutional statements and opinions issued since publication of the COM proposal:

2.1 EU Network of independent fiscal bodies

In a statement of February 2018, the network "*welcomes the fact that the* ***Commission 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 institutuion'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 instituions 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(...) 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."*

2.2 Opinion of the ECB

On 1 May 2018, the ECB issued an opinion on the Commission proposal. It welcomed the proposed Directive , but **considered necessary to make several amendments** to it, in order to further strengthen fiscal responsibility in the Member States, simplify the legal framework and ensure more effective implementation and enforcement of fiscal rules at Union and national level. On national independent fiscal bodies, the opinion supported the provisions of the proposed directive, which aim to strengthen the role of independent bodies by assigning them a mandate that goes beyond their existing tasks under Regulation (EU) No 473/2013. Therefore, it suggested that the proposed Directive should rather only expand the tasks attributed to these independent bodies.

Annex: Country-specific screening of national fiscal bodies: Selected information on their set-up and use

MS	2019 and 2018 Commission (COM) assessments: - February 2019 (2019 European Semester country reports) - November 2018 (analyses of the 2019 DBP) - May 2018 (assessments of the 2018 SCP)	Information provided by the Member States in their: - 2019 DBP, 2018 SP or CP (and in some cases - when indicated - by the independent bodies themselves)
	EURO AREA MEMBER STATES	
Belgium	**2019 European Semester country report** «**The autonomy of the High Council of Finance (HCF) has recently been reinforced**. The Royal Decree of 23 May 2018 boosted the independence of the Public Sector Borrowing Requirements section of the High Council (HCF-PB), which was appointed as the independent monitoring institution envisaged by the TSCG. The royal decree also provided the section with additional staff and ensured its capacity to communicate freely. The authorities also signed a protocol on the free exchange of information between the National Accounts Institute and the HCF-PB. Progress has also been achieved in formalising the 'comply or explain' principle, whereby the opinion of the HCF-PB would either be followed, or the government would explain why it departed from it. **Budgetary coordination is not sufficiently effective yet**, as the 2013 cooperation agreement has not been fully implemented. As described in the 2018 country report, Belgian federated entities and the federal government signed a cooperation agreement in 2013 to ensure effective budget coordination. In contrast with the practice of previous SP, when the Concertation Committee 'took note' of the fiscal trajectory, all levels of government approved the overall fiscal trajectory presented in the 2018 SP and supported the achievement of the fiscal targets by 2020 for all government levels. Although this approval added credibility to the overall trajectory, there was no formal agreement on the annual fiscal targets at each level of government. A lack of agreement on the targets at each level of government may undermine the viability of the overall trajectory towards the medium-term objective. In addition, this prevents the Public sector borrowing requirements section of the High Council of Finance from effectively monitoring compliance with these targets (see High Council of Finance, 2018, pp 13-14). » (p.23). **COM analysis of the 2019 DBP** « (...) Therefore, it appears that the macroeconomic scenario underlying the 2019 DBP **did not fully use the most recently available independently produced macroeconomic forecasts.** Belgium therefore **does not fully comply with the requirement of Regulation (EU) No 473/2013 that the draft budget has to be based on independently produced macroeconomic forecasts.**» (p.4) **COM assessment of the 2018 SP** «**The macroeconomic forecast underlying the SP has been prepared by the Federal Planning Bureau (FPB)**. The FPB is a well-established institution positioning itself as independent, **however formally attached to the government. As stipulated in the Law of 21 December**	**2019 DBP** No English version of the DBP is available at the time of publication of this overview. However, the French version states the the macroeconomic parameters, used by the Federal government in its 2019 DBP, have been established by the **Federal Planning Bureau** at the request of the National Accounts Institute («Les prévisions macroéconomiques pour les années 2018 et 2019 ont été estimées par le Bureau fédéral du Plan à la demande de l'Institut des Comptes nationaux)») (p.4). **2018 SP** No English version of the SP is available. The French version states that the budgetary forecasts of the SP are based on an assessment of the medium-term economic outlook for the 2018-2023 period by the **Federal Planning Bureau** («La trajectoire budgétaire du présent programme de stabilité se fonde sur une préfiguration des perspectives économiques à moyen terme pour la période 2018-2023 du Bureau fédéral du Plan, effectuée en mars 2018.») (pp.7-8). **Comment of EGOV**: Belgium has two independent bodies: The High Council of Finance is inter alia responsible to propose a fiscal trajectory and the Federal Planning Bureau is inter alia responsible for providing objective macro-economic forecasts for the budgetary planning of Belgium.

	1994, which constitutes the FPB in its current form, the Prime Minister and the Minister of Economic Affairs supervise the institution, while the federal government provides guidance on the FPB's proceedings. The Belgian Parliament and the Central Economic Council or the National Labour Council have the right to seek an evaluation by the FPB of the federal government's economic, social and environmental policies. In line with the federal government commitment to reinforce the autonomy of the national Fiscal Council and the independence of its members, **the imminent adoption of a Royal Decree is expected to strengthen the independence of the Public Borrowing Section of the High Council of Finance**.. » (p. 24)	

Germany	**2019 European Semester country report** «**For the first time the macroeconomic forecast underlying the budgetary projections is endorsed by an independent body**. In July 2018, the Regulation on the Economic Projections of the Federal Government ('Vorausschätzungsverordnung') came into effect. It names the Joint Economic Forecast Project Group, comprising the five leading German economic research institutes, as the independent body responsible for endorsing the macroeconomic forecast underlying the draft budgetary plans. **On 16 October 2018, the Joint Economic Forecast project group gave a favourable opinion endorsing the macroeconomic projections underlying the draft budgetary plan for 2019**. As regards the upper limit on the general government structural deficit of 0.5 % of nominal GDP, the Stability Council's Advisory Board assesses Germany as complying with the rules (in its report of December 2018).» (p.33). **COM analysis of the 2019 DBP** «According to the Regulation on the Economic Projections of the Federal Government (Vorausschätzungsverordnung) passed by the Ministry of the Economy and Energy in agreement with the Ministry of Finance and **effective from July 2018**, the Joint Economic Forecast project group has been named as the independent body in charge of assessing and endorsing the economic projections underlying the DBPs and the Stability Programmes within the meaning of the Law on the Economic Projections (Vorausschätzungsgesetz) codifying the procedure for producing the government's economic forecasts and within the meaning of Regulation (EU) No 473/2013. (...) **The Joint Economic Forecast project goup has endorsed the projection underlying the 2019 DBP on 16 October 2018** in a statement published on its website (gemeinschaftsdiagnose.de).» (p. 3) **COM assessment of the 2018 SP** «As pointed out in the COM Opinion on the 2018 no-policy-change DBP, there is **neither an independent body in charge of producing or endorsing macroeconomic forecasts, nor is there an endorsement procedure of forecasts involving an independent body within the meaning of Reg. (EU) No 473/2013**. This also holds for the macroeconomic scenario under-lying the Stability Programme, which is based on the federal government's macroeconomic forecast published in January 2018. To address this shortcoming, the federal government has enacted a law on the drafting of the federal government's macro-	**2019 DBP** «The 2019 DBP is based in particular on the following sources (...) : (...) Federal government autumn projection on macroeconomic developments, dated 11 October 2018, which was **endorsed by the Joint Economic Forecast group as an independent body** in accordance with the Forecasting Act and the Forecasting Ordinance» (p.7). **2018 SP** The 2018 SP does 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, it mentions: «Commencing in autumn 2018, the **Joint Economic Forecast Project Team**, as the independent institution designated for the purpose, will review all three of the federal government's projections (annual, spring and autumn projection) and comment accordingly.» (p. 17)

	economic forecasts (Vorausschätzungsgesetz) together with a related ordinance (Vorausschätzungsverordnung). This law codifies the current procedure of producing forecasts from autumn 2018 on, designating the Joint Economic Forecast Project Team, comprising leading economic research institutions, as the independent body for endorsing the government's forecast, including the macroeconomic benchmark figures of the SP.» (p. 14).	
Estonia	**2019 European Semester country report** **«Estonia's fiscal framework is based only on the budget balance rule (medium-term fiscal targets) in structural terms.** The exclusive focus on the structural balance rule for general government limits the importance and visibility of other relevant indicators. Most notably, expenditure rules or binding expenditure targets are not used, which reduces the framework's countercyclical properties. Accordingly, the currently relatively rapid growth in public expenditure in 2018 and 2019 is not assessed against any domestic expenditure constraint, such as an expenditure rule, ceiling or target. **To mitigate possible risks, a regular assessment of developments on the expenditure side of the budget would usefully inform the national budgetary process** (such an assessment could for example be done by the Fiscal Council (www.eelarvenoukogu.ee), which is an independent body assessing the macroeconomic and public finance forecasts used for budgetary planning and monitoring compliance with the domestic budgetary rules, as well as budgetary rules in the EU law).» (p. 16). **COM assessment of the 2019 DBP** «**The macroeconomic forecast underlying the DBP was prepared by the Fiscal Policy Department in the Ministry of Finance of Estonia and was endorsed by the Fiscal Council** (Eelarvenõukogu), which is an independent advisory body attached to the Bank of Estonia. (...) **The Fiscal Council considers that the Ministry's GDP forecast for 2018 and 2019 is plausible. The Fiscal Council also sees balanced risks to the tax revenues. However, the Fiscal Council considers the cyclical position of the Estonian economy to be better than that estimated by the Ministry of Finance**. (...).» (p.2) **COM assessment of the 2018 SP** « (...) On 26 April 2018, **the Fiscal Council** published its opinion on the macroeconomic and fiscal forecasts underlying the national budgetary strategy and the stability programme, as well as the opinion on the planned structural budget position. It **endorsed the GDP and inflation forecast of Ministry of Finance, considering it plausible, with risks broadly balanced**. However, the **Council considered that in 2017 the general government budget position was in a larger structural deficit (0.7% of GDP) than estimated by the Ministry of Finance (0.3% of GDP) and in breach of the fiscal target set when the budget was drawn up in 2016** (which at the time required a balanced structural position). Looking ahead, the Fiscal Council finds that the targets presented in the programme for 2019 and beyond are in line with the domestic fiscal rules, at face value. The Council's own estimate of the output gap is similar to that of the Ministry of Finance for 2018 and 2019 and does not lead to major differences in the estimate of the cyclical component of the budget10. However, **the Fiscal Council sees downside risks to the tax revenue outlook for 2018 and beyond, stemming from uncertainty due to various recent tax changes**. It also finds that the measures underpinning the targets (largely from 2019 onwards) are not well specified. Overall, the Fiscal Council considers that the measures underpinning the targets are not sufficient to ensure that the national structural balance target is met from 2019 onwards. » (p. 16).	**2019 DBP** The 2019 DBP states that «The Draft 2019 State Budget of the Republic of Estonia is based on the summer forecast of the Ministry of Finance, published on 11 September 2018.» (p. 4) Furthermore, the DBP contains a summary (pp.9-10) of the opinion of the Fiscal Council, which assesses that «The Fiscal Council finds that the summer forecast of the Ministry of Finance describes the outlook for economic growth and inflation in Estonia accurately enough and is in line with the forecasts of several other institutions» (p.3 of the opinion). it also raises concerns: «The Fiscal Council considers the cyclical position of the Estonian economy to be better than that estimated by the Ministry of Finance, and this means there are slightly different opinions on the structural fiscal position.» (p.9 of the opinion) **2018 SP** No English version of the SP is available. The Estonian version states that the the national fiscal strategy and the SP are based on the spring forecast of 2018 published by the Finance Ministry on 16 April. The assessment of the Ministry of Finance's economic forecast is provided by an independent Budget Council**.** (p.7). The Fiscal Councils published its opinion on its website, stating «Overall the Fiscal Council finds that the spring forecast 2018 of the Ministry of Finance describes the outlook for economic growth and inflation in Estonia accurately enough and is in line with the forecasts of other institutions**.**» (p.3)

Ireland	**2019 European Semester country report** «Public debt continues to fall, but remains significant. **As warned by the Irish Fiscal Advisory Council, the improvements in the primary budget balance have stalled since 2015, despite the favourable environment (Irish Fiscal Advisory Council, 2018).** Other metrics, like the interest-to-revenue ratio, at 7.6 % in 2017, highlight that debt remains high by EU standards (see Section 3). Contingent liabilities continued to decline. In Ireland, a major part of the guarantees is towards financial institutions. They fell to 0.5 % of GDP in 2017, from 1.9 % in 2016.» (p.23). **COM analysis of the 2019 DBP** «The macroeconomic forecast in Ireland's DBP for 2019 was prepared by the Department of Finance. The task of assessing and endorsing the macroeconomic forecast underpinning the draft budget was assigned to the **Irish Fiscal Advisory Council (IFAC), an independent statutory body** also mandated to independently provide an assessment of, and to publicly comment on, whether the government is meeting its own stated budgetary targets and objectives. **(...) It endorsed the set of macroeconomic projections underpinning the 2019 DBP for the years 2018 and 2019**, as within the range of appropriate forecasts» (p. 4). **COM assessment of 2018 SP** « (...) **The IFAC endorsed the set of macroeconomic forecasts underpinning the 2018 Stability Programme as being within the range of appropriate projections**. It has verified the Department of Finance's mechanical application of the adjusted Commonly Agreed Methodology to estimate trend supply-side variables. The letter of endorsement was signed on 10 April » (pp. 18/19).	**2019 DBP** «The Macroeconomic forecasts contained in this document were produced by the Department of Finance and subsequently **endorsed by the Irish Fiscal Advisory Council on the 02 of October 2018**.» (p.1) **2018 SP** «The macroeconomic forecasts contained herein were **endorsed by the Irish Fiscal Advisory Council on 10th April 2018**.» (p.i)

Greece	**2019 European Semester country report** **«Greece has established a rule-based comprehensive fiscal governance framework, in line with the relevant European legislation (Budgetary Frameworks Directive, Two-pack, and Fiscal Compact).** The country introduced a medium-term fiscal strategy and strengthened expenditure procedures and fiscal reporting to safeguard fiscal accountability. A structural budget balance rule was laid down coupled with an automatic correction mechanism and specific sectoral corrective mechanisms (i.e. local government, health care, extra-budgetary funds and State-owned businesses). **The Hellenic Fiscal Council has made major progress in rolling out its activities since it became operational in late 2015**. It has also published its mandatory semi-annual reports on the annual and medium-term fiscal plans and on compliance with domestic numerical rules.» (p.20). **COM analysis of the 2019 DBP** «The macroeconomic forecast underlying the DBP for 2019 was **assessed by the Hellenic Fiscal Council (HFC)**. The HFC concluded that the Ministry of Finance's forecast is within reach for 2018 and **considered the 2019 official growth projection as ambitious but conditionally achievable**. (...)» (p. 3). **COM analysis of the 2018 SP** There is no 2018 SP for Greece, since the country was still subject to a macro-economic adjustment programme and therefore to other surveillance procedures than those pertaining to the European Semester.	**2019 DBP** «The macroeconomic forecasts used (...) were endorsed by the Hellenic Fiscal Council» (p.3) **2018 SP** Greece was still subject to a macroeconomic adjustment programme and therefore exempted from submitting a DBP/SP, in accordance with Reg. 473/2013, Art 13.

Spain		
Spain	**2019 European Semester country report** «With support from the European Commission, the expenditure reviews, carried out by the Spanish Independent Authority for Fiscal Responsibility (AIReF) in 2018 and approved for 2019, have the potential to lead to improvements in the efficiency and effectiveness of public spending in selected areas. **Some provisions adopted through a Royal Decree in March 2018 further enhanced the functions and the role of the Independent Authority for Fiscal Responsibility (AIReF).** Spain's fiscal framework can be further strengthened, among other things, by pursuing a more automatic activation of measures to prevent and correct deviations from fiscal targets at the local level and by enhancing the contribution of the domestic spending rule to the sustainability of public spending (see European Commission 2018a, p.28-29, and European Commission 2018c).» (p. 32). **COM analysis of the 2019 DBP** «**The macroeconomic forecasts underpinning the 2019 DBP have been endorsed by Spain's independent fiscal institution –Autoridad Independiente de Responsabilidad Fiscal (AIReF)** in a report published on AIReF's website on 25 October 2018. AIReF's mandate is broad, thus allowing it to play a relevant role in Spain's budgetary processes. (...)» (p. 3). **COM assessment of 2018 SP** «The macroeconomic projections underpinning the SP **were endorsed on 28 of April 2018 by Spain's independent fiscal institution (AIReF).** AIReF deems the programme's macroeconomic scenario as "prudent" in the early years of the programme, and "probable" in the outer years, and the composition of growth as realistic. AIReF considers risks to the macroeconomic scenario to be balanced in the short term, and tilted to the downside in the medium term.» (p. 23).	**2019 DBP** No English version of the DBP is available. The Spanish version states that the macroeconomic scenario described in the 2019 DBP is endorsed by the **Independent Fiscal Responsibility Authority** (**AIReF**) (p.7). In its opinion on the DBP, **AIReF** states that it «considers that the macroeconomic scenario of the Government is prudent as a whole, taking into account the exogenous and political assumptions defined». **2018 SP** No English version of the SP is available. The Spanish version indicates that the **AIReF** endorses the macroeconomic forecasts, and states that the Government takes note of the recommendations received in relation to the purpose of the report (p.17). In its opinion on the 2018 SP, **AIReF** confirms the endorsement and that it «considers the Government's macroeconomic scenario to be prudent overall, taking into account the exogenous assumptions and defined policies.» (p.2)

France	**2019 European Semester country report** «**The French fiscal framework is complemented by expenditure rules and supervised by the independent monitoring institution, the High Council for Public Finances (HCPF).** Expenditure rules are in place at the state level and a cap on the growth of healthcare spending facilitates the respect of the social security spending targets. In addition, the public finance programming law provides indicative growth rates for expenditure by local governments. The French Court of Auditors issues reports on the situation and trends in public finances, including on state expenditure compared to the expenditure rules in force and an alert committee is in charge of monitoring the growth of healthcare expenditure. Enforcement is weaker at local government level and certain social security funds are less monitored. Established by the 2012 'Organic Law', the High Council for Public Finances plays a central role in the oversight of the fiscal strategy as it monitors the respect of the numerical fiscal targets and assesses compliance of the budgetary objectives set in the annual budgets with the objectives of the programming laws. Nonetheless, in case the public finance programming law is amended by Parliament, the assessment of the High Council for Public Finances is made against the new objectives set in the programming law, which is a structural weakness of the French fiscal framework. In case of departure from the targets, it can trigger the correction mechanism. **Finally, the High Council for Public Finances provides endorsement of the macroeconomic forecast underlying the budgetary documents**.» (p.32). **COM analysis of the 2019 DBP** « The High Council for Public Finances (HCPF), the independent monitoring body attached to the French Court of Auditors, adopted on 19 September an opinion on the macroeconomic forecasts underlying the DBP as well as on the underlying budgetary strategy. **(...) In its opinion, the HCPF considers that the macroeconomic scenario underpinning the DBP is credible for 2018 and plausible for 2019 regarding the projections for GDP growth, inflation, employment and salary mass.** The HCFP nevertheless flagged the growing uncertainty surrounding the external environment scenario. Moreover, the HCPF assesses the public finances scenario, pointing to the low level of the adjustment in both 2018 and 2019. (...)» (p. 3). **COM assessment of 2018 SP** «The HCPF, the independent monitoring body attached to the French Court of Auditors, released on 13 April an opinion on the macroeconomic forecasts underlying the Stability Programme. **In its opinion, the HCPF considers that the macroeconomic scenario underpinning the Stability Programme is plausible regarding the 2018 projections for GDP growth, as well as the forecast used for inflation, employment and salary mass. The HCFP also flagged that the GDP growth forecast for 2019 is within reach, while it is optimistic between 2020 and 2022 with economic growth consistently above its potential**. Moreover, the HCPF highlights the necessity to respect the objectives planned in terms of public expenditure reduction, which are a key condition to achieve the structural balance trajectory. As	**2019 DBP** «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. (...) The HCFP issues an opinion on all of these components. This opinion is attached to the DBP submitted to Parliament, and made public by the HCFP at the same time under the terms of the Constitutional Bylaw. 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.46) The opinion of the HCFP states that the macroeconomic forecast for 2018 is considered credible and that for 2019 plausible. Furthermore, it notes that «the structural adjustment presented for 2019 benefits from the fact that the raise of the fifth down payment of the corporate tax, limited to 2019 fiscal year, was not taken into account as a one-off measure. This questionable choice improves the structural adjustment presented by the Government by nearly 0.1 point of GDP in 2019.» **2018 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 at the end of April 2018 (p.66). The opinion of the HCFP is published on its website and deems that «For 2018, the HCFP considers that the sequence described in the macroeconomic scenario of the stability program for France is plausible, as are the employment, payroll and inflation forecasts. It considers the Government's growth forecast of 2.0 per cent to be realistic». However the HCFP has also some concerns, icnluding the following one: « For the following years, the High Council considers that the scenario adopted of actual growth remaining continuously above potential growth until 2022 is optimistic, given the assumptions made regarding higher interest rates and the consolidation of public finances» and that «the structural balance, which is not affected by the assumptions of actual growth, would remain negative throughout the period, while improving significantly.» (p.1)

	already noted by the HCFP in its opinion on the second amended budget law for the year 2017, the non-existent structural effort in 2017 and the very weak one in 2018 are at odds with the long way to go for bringing the structural balance back to the medium-term objective and the more favourable conditions for the realization of such an effort created by the improvement in the economic situation. » (p. 23).	

Italy	**2019 European Semester country report** There is no mention of the role of independent fiscal bodies in the **country report** . **COM analysis of the 2019 DBP** «(...) the **non-endorsement of the programme scenario, mentioned in the revised DBP**, took the form of two letters (dated 5 October and 14 October 2018, respectively) addressed to the Italian Minister of Economy and Finance and publicly available on the PBO's website. In its parliamentary hearing on the DEF update, the PBO noted that the growth outlook for 2019 was overly optimistic and subject to high downside risks. » (p. 2). **COM assessment of 2018 SP** «The **PBO has endorsed the trend macroeconomic scenario presented in the SP**. The endorsement took the form of a letter sent to the Minister of Finance on the 5th of April 2018. The Office indicated that the growth projections in the trend scenario are positioned in the higher part of the forecast range used for its assessment, in particular in 2019 and 2020. » (p. 21)	**2019 DBP** While the the Parliamentary Budget Office (**PBO) disagreed with** the macroeconomic forecasts for the year 2019 contained in the original DBP (« the growth rates for the key variables of economic activity and prices appear to be generally unrealistic by comparison with the projections of the PBO panel», see letter published on 13 October) and p.6 of DBP), it has **endorsed (with comments) the 2019 Budget Bill as amended by the Senate** (« the MEF forecast for 2019 is considered plausible, although presenting considerable risks of a downward revision. These risks are amplified if the forecasts for 2020 and 2021 are considered.», see PBO website). **2018 SP** The 2018 SP is not available in English. **The Italian version states that the new 2018-2021 macro-annual framework was validated by the PBO** on 29 March 2018 (p.3) On its webside, the PBO published a validation letter in which is noted «The PBO Council – having examined the trend forecasts for the years 2018-2021, updated on the basis of the new national accounts published by ISTAT and sent by the MEF to the PBO on 4 April last – confirms the endorsement communicated on 29 March, inasmuch as the forecasts are within an acceptable range in the light of the information currently available.» (p.0).

Cyprus	**2019 European Semester country report** «**A rigorous implementation of the budgetary framework is essential to contain risks of fiscal relaxation.** Currently, the focus is on implementing the secondary legislation of the Fiscal Responsibility and Budget System Law rigorously, in particular not exceeding the expenditure ceilings set in the medium-term budget framework. **Furthermore, in March 2018, the government approved a decision accompanying the Fiscal Responsibility and Budgetary Framework Law to fully transpose the Budgetary Frameworks Directive (EU 2011/85).** The adopted changes clarified the responsibilities for assessing the macroeconomic and budgetary forecasts so as to improve the transparency of public finances**. In particular, in its semi-annual reports the Fiscal Council is requested to compare the official macro-fiscal projections with the Commission's most recent forecasts, while the Ministry of Finance is responsible for explaining any significant differences between these projections.** The Fiscal Council's mandate on the ex-post evaluation of the accuracy of the government's macro-fiscal forecasts is set to cover at least four consecutive years.» (pp.26 - 27). **COM analysis of the 2019 DBP** «(...) On 12 September 2018, the Council **endorsed** the macroeconomic forecast accompanying the DBP for 2019 in a public letter, by concluding that the forecast as projected by the Ministry of Finance was within acceptable limits (...)» (p. 3). **COM assessment of 2018 SP** «The macroeconomic forecasts underlying the SP had been submitted to the independent Fiscal Council for endorsement. On 25 April 2018, **the Council concluded in a public letter to the Minister of Finance that the macroeconomic forecast underlying the SP was deemed to be sufficiently conservative**. More specifically, as stated in the SP, the Council concluded that the headline **GDP and budget balance figures as forecast by the Ministry of Finance were considered realistic** for the programming period under consideration. (...). » (p. 19).	**2019 DBP** «The macroeconomic projections underlying the budgetary outcomes have been endorsed by the Fiscal Council» (p.3). **2018 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).

Latvia	2019 European Semester country report	2019 DBP
	«**The fiscal framework is broadly followed, but expenditure limits are occasionally disregarded in budget implementation.** The budgetary planning is based on the fiscal rules set by the fiscal discipline law and takes into account the allowed deviations for implementing structural reforms. However, applying the national budgetary rules is problematic in two areas. Firstly, the Latvian authorities treat the transitional costs of the tax reform as one-off measures, while they are not recognised as such by the Commission because the adopted measures are deliberate policy actions. Secondly, authorities tend to reallocate expenditure from budgetary positions the fiscal discipline law allows to fluctuate, to expenditure positions fixed through pre-determined limits. **The apparent breaches of the fiscal discipline law requirements are flagged by the independent Fiscal Discipline Council, but this has not yet led to policy change.** Disregarding the expenditure limits has contributed to the recent rapid expenditure growth and undermines principles of fiscal prudence.» (p.19). **COM analysis of the 2019 DBP** «The macroeconomic forecast of the DBP was prepared by the Ministry of Finance and **endorsed by the Fiscal Discipline Council** on 10 October 2018 in a letter from the Fiscal Discipline Council to the Ministry of Finance, which is also published on the Council's website. (...) » (p. 3). **COM assessment of 2018 SP** « The macroeconomic forecast underlying the SP was **endorsed by the FDC** on 14 February 2018. The FDC considered the macroeconomic forecasts of the Ministry of Finance to be realistic, while highlighting that the price inflation and wage growth should be watched as an evidence of lower growth potential and widening positive output gap. » (p. 18).	«The forecasts have been approved by an agreement protocol with the Bank of Latvia and the Ministry of Economics. In the preparation of the forecasts, the MoF consulted experts from the International Monetary Fund and the EC. The Fiscal Discipline Council has endorsed the forecasts in October 15, 2018. Thus, the developed macroeconomic indicators were used as a basis for the development of the Latvian Medium-Term Budget Framework for 2019-2021.» (p.5) The opinion of the Fiscal Discipline Council concludes that «The Council endorses the macroeconomic forecasts to underpin the fiscal projections for the medium-term budgetary framework for 2018-2020.» (p.5) **2018 SP** «The updated medium–term forecasts of macroeconomic indicators have been presented also to the Fiscal Discipline Council, which has approved them on 14 February 2018.» (p.13). The FDC publishes its opinion on its website on the 14th of February, stating «The MoF macroeconomic forecast of real gross domestic product (hereafter – GDP) growth, nominal GDP growth, inflation and GDP deflator is largely in line with the forecasts of the European Commission (...), the International Monetary Fund and the Bank of Latvia's (hereafter – BoL)» (p.26) and endorses the MoF forecast.

Lithuania	**2019 European Semester country report** The section on fiscal frameworks does not mention the role of the Lithuanian independent fiscal body (**p. 19**). **COM analysis of the 2019 DBP** «The macroeconomic forecast underlying the DBP Plan for 2019 was prepared by the Ministry of Finance and published on its website on 12 September 2018. The macroeconomic scenario was reviewed by the National Audit Office of Lithuania which carries out the function of an independent fiscal institution via its Budget Policy Monitoring Department. On 20 September, the Budget Policy Monitoring Department issued a **positive opinion of the economic scenario and submitted it to the Parliament.** (...) » (p. 2). **COM assessment of 2018 SP** « On 27 March 2018, the **NAO presented its opinion5 to the Parliament endorsing the economic development scenario underpinning the 2018 SP**. The Ministry of Finance had published the economic development scenario on March 21. The **NOA assessed that the 2018 economic scenario was based on the recent available statistical data and did not contradict economic trends.** » (p. 15).	**2019 DBP** The 2019 DBP states that the economic development scenario for 2018-2021 was developed by the Ministry of Finance and approved by the Budget Policy Monitoring Authority (p.3). The **NAO** does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the DBP. **2018 SP** The SP states that the program of the Ministry of Finance for 2018-2021 is approved by the National Audit Office. In the SP is noted: « According to the National Audit Office's conclusion of 27 March 2018 on the economic development scenario "*the scenario drawn up by the Ministry of Finance is based on the selected and identified assumptions, on the existing statistics, and is in line with the economic regularities. The fiscal institution approves the economic development scenario for 2018-2021, published on the website of the Ministry of Finance of the Republic of Lithuania on 21 March 2018*".» (p.7)

Luxembourg		
Luxembourg	**2019 European Semester country report** «**The mandate of the National Council of Public Finances, Luxembourg's independent fiscal body, was broadened in 2017 to include the expost evaluation of macroeconomic and budgetary forecasts** (on December 15 2017, the budget law for 2018 amended the law of 12 July 2014 on the coordination and governance of public finances)**. The first such analysis by the Council was published in June 2018 and was based on 10 to 20 years-worth of forecast data (1996-2016).** The analysis covered projections for real growth, employment and unemployment, inflation and nominal general government balance. In its analysis, the Council identified a pessimistic bias in the projections for the budget balance and employment, leading to upward revisions in the years following their first publication. On an institutional note, the mandate of the members of the Council came to its end in November 2018 and the new composition is currently awaiting approval by Parliament. **The authorities provided their answer to the public finances evaluation formulated by the National Council of Public Finances.** In line with the Memorandum of Understanding concluded in October 2017, the Ministry of Finance provided a public response to the recommendations of the Council's report of June 2018 on the evaluation of public finances. **The public position was in apparent disagreement with the main Council's recommendation on the appropriateness of running budgetary surplusses beyond the Stability and Growth Pact benchmarks, in seek the long-term sustainability of public finances, and it refused the recommendations on the macroeconomic scenario underlying the budgetary projections, as it lays under the responsibility of the STATEC, which is an independent body**.» (pp. 21 -22). **COM analysis of the 2019 DBP** «The macroeconomic forecasts underlying the DBP have been **prepared by the Direction "Etudes, prévisions et recherche" of the national statistical office STATEC**, which also provided the methodology for the calculation of the output gap. STATEC is an autonomous entity placed under the authority of the Ministry of Economy » (p. 2). **COM assessment of 2018 SP** « The **macroeconomic forecast underlying the Stability Programme have been prepared by the Direction "Etudes, pre visions et recherche" of the national statistical office STATEC (...). STATEC is an autonomous entity placed under the authority of the Ministry of Economy**. Its mandate and organisation were revised by the law of 10 July 2011, which explicitly highlights STATEC's scientific and administrative independence, its ability to access to appropriate information to carry out its mandate and its capacity to communicate freely. Its director is appointed by the Grand-Duke. Its statutes contain provisions supporting independence of the institution as a body producing macroeconomic forecasts.» (p. 14).	**2019 DBP** «The update of budgetary projections for 2018 and 2019 was carried out under the auspices of the Ministry of Finance **and takes into account** the macroeconomic projections independently produced by STATEC» (p.2) The NCPF does not provide information on its website about any involvement in the 2019 DBP. **2018 SP** The SP gives no indication of any involvment of the National Council of Public Finance (CNFP). However, it states that «In accordance with European regulations, SGP budgetary forecasts are **based** on macroeconomic projections developed independently by STATEC» (p.4). However, the NCPF states on its website that the forecasts of STATEC are used in an incoherent manner and too optimistic compared to international organisations (pp. 4/5). **COMMENTS BY EGOV:** Luxembourg has two independent bodies: The Institute of Statistics and Economic Studies (STATEC), which produces the forecasts used in the SP and DBP of Luxembourg and the NCPF which is responsible for the surveillance of the application of the fiscal rules.

Malta	**2019 European Semester country report** «**The fiscal framework is robust and many fiscal transparency practices are sound.** Public finances have benefited from the strengthening of the fiscal framework due to the Fiscal Responsibility Act in 2014. **A key element has been the creation of Malta's Fiscal Advisory Council, which has been endowed with a broad mandate, and its contribution to the public debate on fiscal developments.** Fiscal reports now cover all general government entities and are published in a frequent and timely manner. Budget documentation provides a medium-term perspective to fiscal planning and clear fiscal policy objectives are embedded in legislation. The government discloses and assesses macroeconomic risks to the fiscal outlook and reports on risks to the government's debt portfolio e.g. in the Stability Programme and the Draft Budgetary Plans submitted to the European Commission. The National Audit Office, the Central Bank and the Treasury Department also report on these risks. These positive elements are also recognised by the International Monetary Fund's Fiscal Transparency Evaluation report for Malta (IMF, 2018) (The report found that Malta meets the standard of good or advanced-level practice on 21 out of 35 principles in the IMF's Fiscal Transparency Code, and basic practice on a further 12 principles). **While strong overall,** fiscal **transparency could be further improved**. As highlighted by the IMF, currently there is no fiscal report that provides a consolidated view of the performance of the public corporation sector and tax expenditures are not comprehensively reported. No full details are provided on the performance of different budget entities or on the revenue and expenditure of extrabudgetary units and of public investment projects. The discussion of risks to the fiscal forecast presented in various reports currently focusses on risks stemming from the macroeconomic environment. » (p.19) **COM analysis of the 2019 DBP** «**The macroeconomic projections underlying the DBP have been endorsed by the Malta Fiscal Advisory Council (MFAC), an independent fiscal council established with the Fiscal Responsibility Act**. The endorsement took the form of a letter addressed to the Minister of Finance and a report, published on the MFAC's website. According to the MFAC, the DBP's macroeconomic scenario is plausible. In particular, the MFAC considers the full set of macroeconomic forecasts for 2018 and 2019 prepared by the Ministry for Finance as part of the DBP to lie within its endorsable range. my » (p. 3). **COM assessment of 2018 SP** «**The economic growth projections underpinning the Stability Programme were endorsed by the MFAC**. The MFAC concluded that the projections appear cautious as they represent a gradual moderation compared to the growth recorded during the previous years. The balance of risks to GDP growth for the period 2018-2021 is assessed as neutral, with possible downside risks associated to the external sector likely to be compensated for by possible upside risks related to domestic demand. The forecasting process was deemed sound, well structured and detailed, taking into account the views of international organisations.(...) The MFAC is an independent body established in January 2015. Its mandate	**2019 DBP** «The targets contained in this Plan fulfill the legal requirements established by virtue of the Fiscal Responsibility Act. In addition, **the macroeconomic forecasts underlying this Plan and the 2019 Budget have been endorsed by the Malta Fiscal Advisory Council**. » (p.5) **2018 SP** « In the context of the requirements of the Fiscal Responsibility Act, **this Programme is being submitted to the Malta Fiscal Advisory Council for its endorsement** thus elevating it to the status of Malta's Medium Term Fiscal Plan. The Medium Term Fiscal Policy Strategy includes the expenditure priorities and the public investment programme highlighted in this chapter in order to fulfil the requirements of Article 15(7) of the Act. In the process of its assessment, the Malta Fiscal Advisory Council will carry out a fiscal risk assessment**. Once this is completed, the report of the Malta Fiscal Advisory Council will be considered by Government and will then be submitted to Parliament in conjunction with the Stability Programme**. » (p.8)

	includes endorsing the macroeconomic and fiscal projections of the government, assessing fiscal performance and assessing compliance of the fiscal stance with respect to the Fiscal Responsibility Act and the SGP. The government is obliged to consider the MFAC's opinion and if it does not accept it, the Minister of Finance is to explain the reasons for rejecting it before parliament within two months of receiving the opinion. » (pp. 18/19).	

Netherlands	**2019 European Semester country report** «**The Netherlands has a well-established fiscal framework.** Since the mid-nineties, the Netherlands has been conducting a trend-based fiscal policy with a strong multi-annual focus. The main characteristics of this multi-annual trendbased fiscal framework include: (i) the use of independently derived macroeconomic assumptions; (ii) the use of inflation-adjusted expenditure ceilings for the government's entire term; (iii) the use of automatic stabilisers on the revenue side, and (iv) a well-defined budgetary process for decision-making and clear distribution of responsibilities, including the tasks of independent fiscal institutions, the Bureau for Economic Policy Analysis and the Advisory Division of the Council of State. **The Bureau for Economic Policy Analysis carries out independent macro-economic and fiscal forecasts while the Advisory Division of the Council of State, as fiscal council, is tasked with monitoring compliance with numerical fiscal rules and a normative assessment of government finances.** The commitment to comply with EU fiscal rules is embedded in the legal framework of the Netherlands, in particular via the law on sustainable public finances (*Wet Houdbare Overheidsfinancien).*» (p. 24). **COM analysis of the 2019 DBP** «**The macroeconomic forecast underlying the DBP for 2019 was produced by the Netherlands Bureau for Economic Policy Analysis** (Centraal Planbureau, CPB). The government traditionally uses the CPB's macroeconomic forecast to present the budgetary and economic effects of planned measures. This established practice has been formalised in 2013 by virtue of the Law on the Sustainability of Public Finances (...).» (p. 2). **COM assessment of 2018 SP** «**The macroeconomic forecast underlying the SP was prepared by the CPB**. While the CPB is a government body, it enjoys complete **operational freedom, formally guaranteed by law**. The government traditionally uses the CPB's macroeconomic forecast to present the budgetary and economic effects of planned measures. This established practice has been formalised in 2013 by virtue of the Wet HOF.» (p. 14).	**2019 DBP** The 2019 DBP repeatedly mentions that the source for the macro-economic forecasts used is the CPB (pp. 3-4). **2018 SP** «Unless indicated otherwise, the figures used in this report are based on the most recent economic projection by CPB Netherlands Bureau of Policy Analysis (CPB), the Central Economic Plan (CEP) published on 22 March 2018» (p.2). **COMMENTS BY EGOV:** The tasks prescribed by the EU legislation have been entrusted in the Netherlands to two different independent bodies: The Advisory Division of the Council of State and the Bureau for Economic Policy Analysis; the latter has produced the forecasts of the 2018 SP and the 2019 DBP.

Austria		
	2019 European Semester country report The is no mention of the role of the Austrian independent fiscal bodies in the **country report**. **COM analysis of the 2019 DBP** «The DBP for 2019 submitted by Austria is **based on the macroeconomic forecast published by the Austrian Institute of Economic Research (WIFO)** on 15 October 2018. WIFO is a nonprofit association under Austrian law, recognised for high-quality economic research and realistic and unbiased forecasts. It is a long-standing practice in Austria that the Ministry of Finance bases its fiscal plans on the macroeconomic forecast that WIFO produces four times a year following an established, pre-announced calendar. » (p. 3). **COM assessment of 2018 SP** « **It is a long-standing practice in Austria that the Ministry of Finance bases its fiscal plans on the macroeconomic forecast that WIFO produces four times a year following an established, pre-announced calendar**. The main features of WIFO's forecasts are freely available to the public. » (p. 19).	**2019 DBP** «This document is drafted in accordance with the „Two Pack Code of Conduct“. It is based on (...) forecasts by the Austrian Institute of Economic Research (WIFO) from October 5th, 2018.» **2018 SP** No English version is avalable. The German version mentions that the task of observing budgetary targets abd give recommendations is entrusted to the independent Fiscal Advisory Council (FAC) (p.45). It also states that the SP is based on the medium-term economic forecasts by the Austrian Institute of Economic Research (WIFO) as of March 2018. (p.6). **COMMENTS BY EGOV:** The screening of the COM and Austrian documents shows 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).

Portugal	2019 European Semester country report	2019 DBP
	2019 European Semester country report There is no mention of the role of the Portuguese independent fiscal bodies in the **country report**. **COM analysis of the 2019 DBP** «The macroeconomic forecast underlying Portugal's DBP for 2019 has been prepared by the Department of Planning, Strategy, Evaluation and International Relations within the Ministry of Finance. **The Public Finance Council (Conselho das Finanças Públicas, CFP) assessed and endorsed the macroeconomic forecast**. (...) The CFP opinion concludes that the DBP macroeconomic scenario is plausible for 2018 but favourable for 2019, i.e. it cannot be considered the most probable or a most prudent scenario. This is due to certain downside risks to economic growth, particularly those related to the investment projections, which were also considered difficult to fully assess absent a timely provision of data to the CFP. » (p. 2). **COM assessment of 2018 SP** « **The macroeconomic forecasts underlying the SP have been endorsed by the Portuguese Fiscal Council** in an opinion attached to the programme. In the opinion, the **Council points to downside risks for the period 2019-2022**, in particular as regards the assumptions on the evolution of gross fixed capital formation and net external demand.» (p. 19).	**2019 DBP** The 2019 DBP does not include an account of the Public Finance Council's opinion. The opinion of the Public Finance Council (available in Portuguese only) published on its website states that «the Public Finance Council endorses, albeit with reservations, the macroeconomic forecasts underlying the Proposal of the State Budget for 2019» and notes that «Reservations to the forecasts for 2019 are mainly due to the lack of information requested and not provided in a timely manner to the PFC». **2018 SP** The English version of the SP does not inform whether the underlying macro-economic forecasts have been produced or endorsed by the PFC. However, the assessment of the PFC is available on the CFP website. In its conclusion, it states «...as a result of the assessment carried out, the Portuguese Public Finance Council endorses the macroeconomic forecasts underlying the 2018-2022 Stability Programme's draft» (p.1)

Slovenia	**2019 European Semester country report** «**The Fiscal Council warns of non-compliance with fiscal rules in the years 2018 to 2021.** The Fiscal Council assessed that most fiscal rules were respected in 2017 and that the fiscal policy was appropriate. However, after examining the 2018 stability programme drafted based on unchanged policies, it called on the government to take additional measures to avoid non-compliance with the fiscal rules in the years 2018 to 2021. According to the Fiscal Council, the coalition agreement fails to address adequately long-term risks to fiscal sustainability. The Fiscal Council warned in autumn 2018, and again in January 2019, that, if implemented as agreed, the fiscal policy of the new government would be pro-cyclical (Fiscal Council, 2018b; Fiscal Council, 2019).» (p.16). **COM analysis of the 2019 DBP** «**The macroeconomic scenario underpinning the DBP is the Autumn 2018 Forecast of Economic Trends produced by the Institute of Macroeconomic Analysis and Development (IMAD). IMAD is an independent government office, the management of which is responsible directly to the Prime Minister.**(...)» (p. 2). **COM assessment of 2018 SP** « **The macroeconomic scenario underpinning the SP is the Spring 2018 Forecast of Economic Trends produced by the Institute of Macroeconomic Analysis and Development (IMAD).** The independent status and tasks of IMAD arise from legislation. IMAD produces economic forecasts twice a year (in March and October) to underpin the SP in April and the DBP in autumn.» (p. 19).	**2019 DBP** «Government of the Republic of Slovenia took office on 13 August 2018. It was therefore not possible to adopt any policies and measures which would have an effect on 2019 budget. Due to this, no amendments to 2019 budget were made by the 1 October 2018. For this reason, the Government of the Republic of Slovenia is conveying to the European Commission the **DBP** based on no policy change in line with Regulation EU 473/2013. **When drawing up the aforementioned document** all the latest data on main Aggregates of the General Government for 2018 **were taken into account** (published by SURS on 25 September 2018), **the Autumn Forecast of Economic Trends 2018 by IMAD (published on 27 September 2018),** the new Operational Programme (INOP) for EU funds and data on budget outturn in the first eight months of 2018 at the level of government budget, Health fund, Pension fund and local level. The Government concluded that revison budget for 2019 will have to be adopted and with it also the new Draft budgetary plan which will be conveyed to the European Commission as well as to the Fiscal Council. Financial plans for Health fund, Pension fund and projections for munipicial budgets will also have to be amended.» (p.3) **2018 SP** «The Government of the Republic of Slovenia uses macroeconomic assessments and IMAD (Institute of Macroeconomic Analysis and Development) forecasts to prepare annual target scenarios in the Stability Programme» (p.3). **(**The Institute of Macroeconomic Analysis and Development is an independent fiscal body - see p. 34 of Commission publication). The Fiscal council states on its website that «Having examined the draft Stability Programme (SP 2018) for the 2018–2021 period, the Fiscal Council unfortunately needs to establish that the projected fiscal trends are not in compliance with fiscal rules» **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 2018 SP and 2019 DBP mention that another independent body (the Institute of Macroeconomic Analysis and Development) prepared the macro-economic forecasts used in these budgetary plans. It can be concluded that Slovenia has several independent fiscal bodies.

Slovakia	**2019 European Semester country report** There is no mention of the role of independent fiscal bodies in the **country report**. **COM analysis of the 2019 DBP** «Slovakia's DBP is based on the macroeconomic forecast published by the Institute for Financial Policy (IFP) of the Ministry of Finance in September and **endorsed by the Macroeconomic Forecasting Committee (MFC). The latter foresees that in its deliberations the MFC is independent and free from the government's influence.** According to the minutes published on the website of the IFP, the macroeconomic forecast underpinning the DBP was deemed "realistic" by four voting embers of the MFC and "optimistic" by two voting members at the meeting held on 12 September 2018. » (p. 3). **COM assessment of 2018 SP** « **The macroeconomic forecast underlying the SP was published by the Institute for Financial Policy (IFP) of the Ministry of Finance on 5 February 2018 and was endorsed as realistic by the Macroeconomic Forecasting Committee** at its meeting of 31 January 2018. The Macroeconomic Forecasting Committee was established by the Constitutional Act on Fiscal Responsibility as an advisory body to the Mister of Finance. According to the Committee's statutes, it is independent from the government's influence in its deliberations.» (p. 18).	**2019 DBP** No English version of the 2019 DBP is available at the time of publication of this overview. The Slovak language version does not state whether the macro-economic forecats underpinning the 2019 DBP have been produced or endorsed by an independent body. **2018 SP** There is no mention of the CBR in the 2018 SP. It only states that "After the January 2018 session of the Macroeconomic Forecasts Committee, most of its members assessed the medium-term macroeconomic forecast of the Ministry of Finance of the Slovak Republic as realistic, two members marked it as optimistic" (p.73) The CBR does not indicate that it approved or endorsed the macroeconomic forecasts of the SP. **COMMENTS BY EGOV:** The screening of the COM and Slovak documents shows 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).

<table>
<tr>
<td rowspan="1">Finland</td>
<td>
2019 European Semester country report

«Finland is the only euro area country where the macroeconomic forecast underpinning the budgetary planning is prepared by the Ministry of Finance. The management of the Economics Department and the Budget Department of the Ministry of Finance are separated and the Economics Department is independent in its forecasting activities. Questions about the realistic and unbiased nature of the Ministry's macroeconomic projections, that were raised in the 2017 stability programme (European Commission, 2018b), have not been present in the last surveillance cycle. However, the particular arrangement for macroeconomic forecasting underpinning the budgetary planning warrants regular surveillance to ensure that the separation and independence of both functions within one institution are preserved.» (p.19).

COM analysis of the 2019 DBP

«The macroeconomic forecast underpinning the budget has been prepared by the Economics department of 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 in the meaning of Regulation 473/2013 of the Two-pack. The management of the Economics department is separated from the Budget department and, according to the law adopted in spring 2015, the Economics department is independent in its forecasting activities.» (p. 2).

COM assessment of 2018 SP

« The macroeconomic forecasts underpinning the SP and national medium term fiscal plan in the meaning of the Regulation 473/2013 are produced by an independent forecaster, the Economics department of the Ministry of Finance. Finland is the only euro area country where the independent macroeconomic forecast is prepared by the Ministry of Finance, which is also responsible for the preparations of the central government annual budgets and the steering of general government finances. The management of the Economics department is separated from the Budget department and according to the law adopted in spring 2015, the Economics department is independent in its forecasting activities. Recently, the National Audit Office published a report on the macroeconomic forecasts used in the budget process, concluding that the forecasts by the Ministry of Finance are at least as good and unbiased as those of other national or international forecasters.» (p. 18).
</td>
<td>
2019 DBP

The 2019 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. It only mentions: «The DBP 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. 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, 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)
The NAO states on its website: « The forecasts by the Ministry of Finance that were used as the basis for the DBP cannot, according to observations made by the NAO, be considered unrealistic in the manner specified in the legislation.»

2018 SP

The 2018 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. It mentions only: «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 » (p.17).
The NAO's ex-post assessment deems that «Official macroeconomic forecasts for 2018–2020 are realistic» and «were found reliable» (p.39)
</td>
</tr>
</table>

NON EURO-AREA MEMBER STATES		
Bulgaria	**2019 European Semester country report** «**The Bulgarian Fiscal Council has made some progress in rolling out its activities.** Based on its broad mandate, the Council has established a system for releasing its mandatory monitoring reports on the annual and medium-term fiscal plans as well as on budgetary execution and compliance with all the numerical rules laid down in the Public Finance Act. With the recent strengthening of its staff, the analytical underpinning of its reports is expected to improve. Moreover, to bring the domestic fiscal framework into full compliance with the budgetary frameworks directive (Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States), the Fiscal Council's mandate was extended to encompass the regular and comprehensive ex post evaluations of the government's macroeconomic and fiscal forecast.» (p.25). **COM assessment of 2018 CP** «**The Fiscal Council was not involved in the endorsement or the ex-ante assessment of the macroeconomic scenario underpinning the Programme.**» (p. 16).	**2018 CP** «This Convergence Programme is based on the macroeconomic framework for the period 2018–2021, developed using the medium-term macroeconomic model of the Ministry of Finance with the **assumptions about key indicators of the external environment provided by the International Monetary Fund, the World Bank, the European Commission and the Ministry of Finance of the Republic of Bulgaria, as of mid-March 2018** » (p.7) «The opinions and the recommendations of the Council are an element of the conciliation procedure in the preparation of the basic budget documents.» (p.58) **It derives from these statements that only for key indicators for the external environment data from independent bodies have been used**.

Czech Republic	**2019 European Semester country report** «**The independent fiscal institution became operational in early 2018.** The main tasks of the Fiscal Council are the publication of an annual report on long-term sustainability and the evaluation of the fiscal framework. The Committee on Budgetary Forecast, composed of appointees from public and private organisations, also started assessing the macroeconomic and fiscal forecasts prepared by the government. The Parliament ratified the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union in December 2018. The key element of the treaty, the Fiscal Compact, is not binding for non-euro area countries and the government does not intend to adhere to it voluntarily. **Fiscal coordination among the various levels of general government remains low.** A third of the general government expenditure is autonomous and outside the state budget. The Fiscal Responsibility Law of January 2017 introduced a cap of 60 % of the 4-year average of revenues for local governments' debt. The Ministry of Finance will assess the compliance with the new debt management rule in 2019. The Czech Republic has not yet fully transposed Council Directive 2011/85/EU on the requirements for the budgetary framework. The deadline for the transposition was 31 December 2013. In particular, the Legal Act on Management and Control Systems in Public Administration has not been adopted yet.» (p.17). **COM assessment of 2018 CP** «**The National Budgetary Council is currently setting-up the Committee for budgetary forecasts**, **which will replace the previously used expert forecasting panel**. This Committee should evaluate the robustness of macroeconomic and fiscal forecasts underlying the budgetary process and will comprise experts from the main public and private sector institutions. Immediately after the Ministry of Finance releases the forecasts, the Committee should publish an assessment of the macroeconomic and budgetary projections**.** » (p. 16).	**2018 CP** «The members of the National Budgetary Council took office at the end of January 2018. However, the Committee for Budgetary Forecasts, whose members are approved by the government on proposal by the National Budgetary Council, was not selected as of the CP deadline. » (p.2). It is mentioned that the Committee for Budgetary Forecasts has been set up, and that «The committee will evaluate MF CR forecasts from 2018. » (p.35) However, the National Budgetary Council informs on its website that the members of the Committee for Budgetary Forecasts have been appointed: «The current Committee on Budgetary Forecast consists of ten members and includes leading Czech economists from the private, public and academic sectors. In April 2018, as the Chairman of the Committee was named the chief economist of UniCredit Bank, Pavel Sobíšek.»

Denmark	2019 European Semester country report	2018 CP
	«**The Economic Council is being relocated.** Since 2017, the Economic Council (DØRS) has held the role of national productivity board. The national productivity boards are objective, neutral and independent institutions that investigate productivity challenges, contributing to evidencebased policy making and boosting domestic ownership of structural reforms. **The Council also acts as the fiscal watchdog.** It is being relocated from Copenhagen to Horsens as part of the government's strategy to diversify public employment across the country. A satellite office of six employees will remain in Copenhagen. The move has resulted in a loss of employees. It has also resulted in the postponement of DØRS' biannual reports and the annual report of the productivity board. The new Horsens office opened on 2 January 2019. **The Economic Council's latest fiscal projections expect the government to comply with national fiscal rules in 2018.** Using the Ministry of Finance's own methodology for the structural deficit, The Economic Council (DØRS) projects a larger structural deficit than the Ministry of Finance's projection in 2018. This is primarily due to DØRS using a lower estimate of structural revenues from North Sea oil- and gas exploration than the ministry, as well as a different treatment of tax arrears. At -½ % of GDP, however, the structural deficit remains within the boundaries of the deficit limit as mandated by national law. DØRS also expects that the government will comply with the expenditure ceiling set for 2019 to 2022.» (p.17). **COM assessment of 2018 CP** **No information in the COM assessment on the inolvement of the independent body (Danish Council DØRS) in the preparation or endorsement of the government forecast. The COM assessment includes however:** « **Based on the information provided in the convergence programme, the past, planned and forecast fiscal performance in Denmark appears, as confirmed by the Fiscal Council (DØRS), to comply with the requirements of the applicable national numerical fiscal rules**» (p. 14).	The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body or that they have been compared the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. 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.78) 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.

Country	2019 European Semester country report / COM assessment of 2018 CP	2018 CP
Croatia	**2019 European Semester country report** «**Long delayed measures aimed at strengthening the fiscal framework are progressing.** In December 2018, the Parliament adopted the Fiscal Responsibility Act while the State Audit Office Act was passed for the second reading in January 2019. **The new Fiscal Responsibility Act is aimed mainly at reinforcing the set-up and mandate of the Fiscal Policy Commission and laying down numerical fiscal rules, including a structural budget balance rule**. The new State Audit Office Act aims to address the low implementation of its instructions and recommendations by introducing sanctioning mechanisms. It also increases the scope of the State Audit Office audits, including the Croatian National Bank. The Budget Act — aimed at specifying the short and mid-term budgetary framework at central and local level — is scheduled for adoption by the government in early 2019.» (p. 24). **COM assessment of 2018 CP** «**The Fiscal Policy Commission has not endorsed or assessed the medium-term macroeconomic scenario underpinning the Convergence Programme.**» (p. 16).	**2018 CP** No English version of the CP is available. The Croation version does not include a reference that the underlying macroeconomic forecasts have been approved/produced by an independent fiscal body, or that they have been compared the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. However it states that a Fiscal Accountability Law has been drafted, which aims to strengthens independence and extend the competence of the Fiscal Policy Commission. (p.47)
Hungary	**2019 European Semester country report** «**The mandate of the Fiscal Council has been extended by recent measures, but its analytical remit remains narrow.** In July 2018, the Economic Stability Act was amended, extending the Council's monitoring mandate to cover the domestic nominal and structural budget balance rules. This step means that the Fiscal Council is to check compliance with all national numerical rules, in line with the provisions of the Budgetary Frameworks Directive. Even before this legislative change, in June 2018, the Council had, for the first time, at its own initiative, issued an opinion on the 2017 budgetary execution, which included an ex post assessment of compliance with all domestic rules in force. Although these reforms are steps in the right direction, an imbalance persists between the narrow analytical remit of the Fiscal Council, in particular as regards fiscal issues outside the annual budget-making cycle, and its constitutionally enshrined veto right.» (p.20). **COM assessment of 2018 CP** « **The Fiscal Council has not been involved in the endorsement or assessment of the macroeconomic scenario underpinning the Programme.** » (p. 21).	**2018 CP** The CP does not include a reference that the underlying macroeconomic forecasts have been approved/produced by an independent fiscal body or that they have been compared the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. The website of the Fiscal Council does also not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP.

Poland	**2019 European Semester country report** «**Poland remains the only EU Member State with no fiscal council.** Several analyses show that fiscal councils can improve fiscal governance, especially if combined with fiscal rules. When fiscal councils are properly empowered and staffed, they appear to limit the deficit bias and contribute to better budget processes. Whereas the exact remit of fiscal councils varies between EU Member States, they fulfil an important role when informing the public on the main issues related to fiscal policy. Currently in Poland, some but not all of the functions usually assigned to fiscal councils are executed by several bodies, differing in terms of impact they can make. This scattered approach limits their potential influence on policymakers. Poland is the only EU Member State that has no plans to establish a fiscal council.» (p.23). **COM assessment of 2018 CP** « **Poland is the only EU Member State that has not established and does not have plans to establish an independent fiscal council. (...) Currently, the macroeconomic forecasts underpinning the Convergence Programme are produced by the government without the involvement of independent stakeholders (...).** » (p. 18).	**2018 CP** The CP does not include a reference that the underlying macroeconomic forecasts have been approved/produced by an independent fiscal body (see p. 36) or that they have been compared the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. No website for a Polish Fiscal Council could be found.

Romania	**2019 European Semester country report** «**As in previous years, the national fiscal framework has not been respected. According to the national Fiscal Council, the 2018 budget is in flagrant contradiction with the fiscal rules set up by the Fiscal Responsibility Law (Fiscal Council 2017).** In particular, the 2018 budget targeted a headline deficit of close to 3 % of GDP, which is inconsistent with the structural deficit rule. The 2018 budget amendment from September broke, among others, rules prohibiting increases: (i) of the nominal headline and primary deficit ceilings during the fiscal year; and (ii) in personnel expenditure and total government expenditure excluding EU funds during the fiscal year. The second 2018 budget amendment, published in November, also broke several national fiscal rules. The draft 2019 budget, approved by the government on 8 February, again broke multiple fiscal rules, including the structural deficit rule (Fiscal Council, 2019). Moreover, as in previous years, the authorities did not send an update of the medium-term fiscal strategy to Parliament by the statutory August deadline, thereby undermining its guiding role. Also, as in previous years, the authorities derogated from the requirement to sign a statement that the 2019 budget and the fiscal strategy respect the fiscal rules and principles of fiscal responsibility.» (pp.24-25). **COM assessment of 2018 CP** **No information in the COM assessment on the inolvement of the independent body (Fiscal Council) or that the macroeconomic forecasts underling the CP have** been compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. However, it includes: « **According to the national Fiscal Council, the 2017 budget "deviates deliberately and substantially from the fiscal rules imposed by both national laws and European treaties signed by Romania". Similarly, the 2018 budget "is in flagrant contradiction with the fiscal rules set up by the Fiscal Responsibility Law** » (p. 18).	**2018 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 2018 CP.

Sweden	**2019 European Semester country report** «In 2019, revised rules came into force in Sweden to further strengthen its fiscal framework. **The main improvements include the introduction of a new debt anchor and the strengthened mandate of the independent Fiscal Policy Council to monitor fiscal rules and evaluate the official macro-forecasts (European Commission, 2018a).** **Sweden adopted a fiscal framework already in 1997.** In response to the economic crisis in the early 1990s, Sweden introduced a comprehensive fiscal framework, with broad political support, which substantially contributed to its effectiveness. The core elements included the introduction of numerical rules: (i) three-year expenditure ceilings binding for the next two years, (ii) a general government surplus target and (iii) a balanced budget rule at the local level. In 2007 an independent Fiscal Policy Council was set-up to assess whether the government had achieved its fiscal and economic policy objectives, in particular long-term fiscal sustainability and consistency with the surplus target, the expenditure ceiling and the economy's cyclical position.» (p.21). **COM assessment of 2018 CP** « **The Fiscal Policy Council is currently not involved in the endorsement or assessment of the macroeconomic scenario underpinning the Convergence Programme.** However, in its 2017 annual report, it noted that the government forecasts had a systematic tendency to overestimate GDP growth and general government net lending. The Fiscal Policy Council report also signalled the non-compliance with the 1 % surplus target over the economic cycle. » (p. 14).	**2018 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 also not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP.

United Kingdom	**2019 European Semester country report** «While the current assessment of compliance with the fiscal targets is favourable, some downside risks could prevent the UK from complying with the fiscal rules in the medium term. **The OBR expects the government to meet all three fiscal targets. While the mid-2020s is beyond its forecast horizon, the OBR judges that meeting the fiscal objective could be challenging.** On the expenditure side, pressures due to an ageing population pose risks. Also the upcoming 'Spending Review' in 2019 could lead to higher medium-term expenditure plans, possibly further calling into question the medium-term fiscal objective of a balanced budget by the mid 2020s. » (p.19). **COM assessment of 2018 CP** « **The macroeconomic forecasts underpinning the Convergence Programme have been prepared by the Office for Budget Responsibility**» (p. 19).	**2018 CP** «The forecasts for the economy and public finances included in the UK's Convergence Programme are prepared by the independent Office for Budget Responsibility (OBR). Information on the OBR's mandate is set out in Chapter 4. The forecasts set out in the Convergence Programme are from the OBR's March 2018 Economic and fiscal outlook, which was published alongside Spring Statement 2018» (p.3)

Sources: Own screening of the 2018 SCP, the 2019 DBP, the COM assessments of the 2018 SCP, the COM analyses of the 2019 DBP, the COM country reports under the 2019 European Semester and the individual websites of the independent bodies (see consolidated weblinks on EU network and German independent body websites).