

The role of national fiscal bodies

State of play (November 2017)

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

The objective of the analysis is twofold:

1) to give an overview of the extent to which the Stability or Convergence Programmes and the Draft Budgetary Plans contain information about the involvement of independent national fiscal bodies in the preparation of these programmes/plans; and

2) to give an overview of the current set-up and role of these independent fiscal bodies based on the most recent assessments by the European Commission.

The current legal framework

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

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

- 1 [EU Directive 2011/85](#) (part of the “6-pack”), which is applicable to all EU Member States (except the UK), stipulates (Art. 4 of the Regulation) that the national “*macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. (...)*”. Furthermore, the Directive stipulates (in the recitals and Art. 6) that 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.

- 2 The amended [EU Regulation 1466/97](#) governing the preventive arm of the Stability and Growth Pact stipulates that the Stability Programme (or the Convergence Programmes) 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 (COM) forecasts “*and, if appropriate, those of other independent bodies*”.
- 3 [EU Regulation 473/2013](#) (part of the “2-pack”) stipulates that euro area Member States (1) should have in place independent bodies which produce or endorse national medium-term fiscal plans and draft budgets as well as their underpinning macroeconomic forecasts and (2) they should indicate whether those fiscal plans were produced or endorsed by independent fiscal bodies or not. In accordance with the same Regulation, the independent bodies shall be endowed with functional autonomy vis-à-vis the budgetary authorities of a Member State. The principles on the tasks and status of the monitoring institutions are included in recital 15 of the Regulation.
- 4 [The intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union](#) stipulates the existence of independent fiscal institutions monitoring compliance with national fiscal rules.

Sources used for the country-specific assessment

The country specific screening of the role played by national fiscal councils analysed in this document (see annex overleaf) is based on the following documents:

- 1) The Commission’s assessments from February 2017 as included in the:
 - [Country specific assessments](#) (Country reports) under the 2017 European Semester; and
 - [Fiscal Compact country assessments](#), which contain country specific information on the mandate, functional autonomy and resources of independent fiscal bodies.

The screening of the Commission’s assessments focuses on **resources and access to information of each independent fiscal body** (such as concrete information on its allocated budget and the size and skills of its staff), which indicates its capacity to properly discharge its specific tasks (see left column in the country specific annex). However, it is worth noting that such information does not substitute a qualitative assessment of the actual effectiveness of a given fiscal body.

- 2) Information on the involvement of independent fiscal bodies in the preparation of **the macro-economic forecasts as provided by the Member States themselves** in the [2016 / 2017](#) SCP and [2017 / 2018](#) DBP (see right column in the annex of this document). In those cases where the SCP and DBP do not provide information on whether the macro-economic forecasts have been approved or endorsed by independent bodies (euro area Member States) or compared with the most updated forecasts from the Commission or independent fiscal bodies (non-euro area Member States), the screening is supplemented by any information available on websites of the respective independent bodies.

Summary of the findings¹

The use on independent forecast

- 1 DBP: a clear majority of euro area Member States (15 out of 18) have used in their 2018 and 2017 DBP² macro-economic forecasts prepared or endorsed by independent fiscal bodies; exceptions being for the 2018 DBP Germany² and Finland³ and for the 2017 DBP Germany, Finland and Lithuania.
- 2 SP: a clear majority of euro area Member States (16 out of 18) have used in their 2016 and 2017 SP⁴ macro-economic forecasts prepared or endorsed by independent fiscal bodies; the exceptions being Germany⁵ and Finland⁶.
- 3 Only two out of nine non-euro area Member States have compared their macro-economic forecasts used in their 2016/2017 CP with those of the Commission or of another independent fiscal body (exceptions being the Czech Republic and the United Kingdom). In the other non-Euro Area Member States, the required comparison was not conducted in 2016 and/or 2017

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

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

¹ Note that there may be some differences to the Commission publication "[Independent Fiscal institutions in the EU Member States: The early years](#)" (László Jankovics and Monika Sherwood, Discussion paper 067, July 2017), due to the fact that the data sources for the present briefing are the 2016/2017 SCPs and 2017 DBPs and the official websites of the independent bodies, while the sources of the Commission are a fiscal governance/rules database (the last update was in 2015), surveys of the network of national independent bodies carried out in 2015 and 2016, the Commission's report on the transposition of the Fiscal Compact, websites of national independent bodies and information obtained from national independent bodies. Furthermore, the scope of both papers differ. The Commission paper looks more into the various aspects of the roles and functions of the independent bodies, while the current paper focuses on the specific aspect of the involvement of independent bodies regarding the macro-economic forecasts of the 2016 SCPs and 2017 DBPs.

² See footnote 3 above.

³ See footnote 4 above.

⁴ Greece, as a programme country, was exempted from submitting a SP, so that only 18 Member States submitted a SP.

⁵ In Germany, the official macroeconomic forecasts have been produced by the Inter-departmental Macroeconomic Forecasting Group under the direction of the Federal Ministry for Economic Affairs and Energy, without being submitted for a formal endorsement by an independent body. However, a legal amendment, addressing this deficiency, is in the process of parliamentary adoption (see p. 6 of this briefing).

⁶ In Finland, the head of the department responsible for the forecasting has the final say on the macroeconomic projections and cannot be overruled by the Minister of Finance (Law No 79/2015).

- 2 Austria: in its opinion on the 2017 SP, the Austrian independent body assessed a possible significant breach of the spending rule and a slight deviation from the structural budget objective for 2018, which would imply that, in spring 2019, the Commission may use the early warning mechanism under the preventive arm of the SGP.
- 3 Portugal: in its opinion on the 2017 SP, the Portuguese independent body expressed specific concerns regarding the official forecasts on investments and net exports.
- 4 Latvia: in its opinion on the 2017 SP, the Latvian independent body expressed concerns that government expenditure is increasing more rapidly than the economic growth potential.

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

Capacity of the independent bodies

The information provided in the above-mentioned Commission assessments (Country reports from February 2017) indicates that the implementation of the relevant legal framework and the actual capacities of these independent fiscal bodies are heterogeneous throughout Europe:

- **The Czech Republic, Poland and Slovenia** did - as per February 2017 - not have fully fledged and operational independent fiscal council in place. Poland had even not adopted a legal basis establishing a dedicated fiscal council or assigned such a role to an existing body. However, the [fiscal council of Slovenia](#) was formally set up in March 2017 and has been active since then.
- **Concrete information on actual own staff numbers or budgets is often not provided**, making it is unclear how a proper functioning of independent work can be ensured. If such concrete information is provided, the **resources are often rather limited**, which raises questions over whether independent work can be carried out in a thorough and comprehensive manner⁷. This is the case for at least the **following nine Member States**: Belgium⁸, Croatia, Greece, Hungary, Luxembourg, Finland, Sweden, Germany and Estonia.

⁷ According to the Commission publication [Independent Fiscal institutions in the EU Member States: The early years" \(July 2017\)](#), the average 2016 budget was 1,6 million (median budget 0,7 million) for the independent fiscal councils. The institutions in Belgium (Federal Planning Bureau), Spain, Italy, Netherlands and United Kingdom were assessed to have the largest budgets. As regards staff, most institutions employ less than 10 persons. In more general terms, the Commission publication concludes that Member States have retained significant freedom in terms of the set-up, the mandate, the resources of the respective independent fiscal bodies, as long as the general requirements set out in EU law is respected.

⁸ Belgium has two independent bodies: The High Council of Finance and the Federal planning Bureau. While the High Council of Finance is assessed to have lacking provisions concerning the appropriate resourcing (see page 5 of this briefing), the Federal Planning Bureau is assessed in the Commission publication [Independent Fiscal institutions in the EU Member States: The early years"](#) to have one of the largest budgets of independent bodies in the EU.

- There is frequent **contracting-out of technical expertise** in a number of Member States, potentially to compensate for a shortage of permanent staff, e.g. in Estonia, France, Latvia, Lithuania and Bulgaria.
- **Eleven Member States have independent fiscal bodies that seem to be better equipped** (in terms of staff numbers and/or budget): France, Ireland, Italy, Malta, the Netherlands, Spain, Slovakia, Austria, Portugal, Denmark and the UK. This does however not prejudge a more comprehensive analysis on the real effectiveness of these institutions.
- The national legal framework in Spain significantly **restricts the scope of information** to which the Spanish monitoring institution can have access, and there are insufficient **legal safeguards to ensure functional autonomy** of the Belgian monitoring institution.⁹

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

⁹ Also the July 2017 Commission publication [Independent Fiscal institutions in the EU Member States: The early years](#), identifies that independent have uneven access to information; the most problematic areas being statistics on the non-central sub-sectors, information on and costing of planned new measures, and EU fiscal surveillance issues (the latter concerning both national and EU institutions).

Annex: Country specific screening of national fiscal bodies: Selected information

Member State	COM assessments (February 2017) (Fiscal Compact country reports European Semester country reports)	Information provided by the Member States in their 2018 DBP , 2017 SCP , 2017 DBP , and 2016 SCP (and in some cases - when indicated - by the independent bodies themselves)
EURO AREA MEMBER STATES		
Belgium	<p>« The Belgian monitoring institution is the High Council of Finance (HCF-PB). (...) Overall, the set-up of the HCF-PB is compliant with the requirements set in Article 3(2) of the TSCG (...) The HCF-PB is grounded in law and its mandate includes the tasks prescribed by the Fiscal Compact and the common principles. Whereas the legal framework includes insufficient safeguards for functional autonomy, the Belgian authorities have formally committed to amend the 2006 Royal Decree with a view to strengthening the independence of the High Council of Finance and its members. (...) While provisions concerning the appropriate resourcing of the High Council of Finance and its capacity to communicate are lacking, the Belgian authorities have also formally committed to address those issues by amending the 2006 Royal Decree. Finally, access to information is grounded in provisions only with reference to the information High Council of Finance needs to assess the progress of the correction; nevertheless, the Belgian authorities have formally committed to explore ways to ensure a broader access to information by means of an existing protocol. » (p. 7 of COM report under Art. 8 of TSCG).</p> <p>« Both in 2015 and in 2016, the federal governments, the regions and communities did not achieve an agreement to formally commit to the fiscal trajectory proposed by the High Council of Finance. This lack of internal cooperation and burden sharing undermines the viability of the country's overall trajectory towards its MTO as laid down in the Stability Programme. A task force has been created to remedy the factors that prevented an agreement in the run-up to past Stability Programmes. However, the obstacles appear to be rather political than technical. » (p. 17 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>No English version of the DBP is available at the time of publication of this overview. However, the French version states that the macroeconomic parameters, used by the Federal government in its 2018 DBP, have been established by the Federal Planning Bureau at the request of the National Accounts Institute («Les paramètres macroéconomiques ont été élaborés par le Bureau fédéral du Plan à la demande de l'Institut des Comptes nationaux») (p.4).</p> <p>2017 SP</p> <p>No English version of the SP is available. However, the French version gives the same message as in the previous years, which is that the budgetary trajectory of the SP is based on mid-term forecasts of Federal Planning Bureau: «La trajectoire budgétaire du présent programme de stabilité est basée sur une préfiguration des perspectives économiques à moyen terme pour la période 2017-2022 du Bureau fédéral du Plan, réalisée en mars 2017» (p. 7).</p> <p>2017 DBP</p> <p>No English version of the DBP is available. The French version states that the macroeconomic parameters have been established by the Federal Planning Bureau (p. 4).</p> <p>2016 SP</p> <p>No English version of the SP is available. However, the French version gives the same message as in the previous years, which is that the budgetary trajectory of the SP is based on mid-term forecasts of Federal Planning Bureau (p. 10).</p> <p>Comment of EGOV: While the independent body mentioned by the Fiscal Compact country report and the European Semester country report for Belgium is the High Council for Finance, the 2016/2017 SPs and 2017/2018 DBP state that the independent body which was involved in the production of their macro-economic forecasts was the Federal Planning Bureau. It can be concluded that Belgium has two independent bodies.</p>

<p>Germany</p>	<p>«The German monitoring institution is the Independent Advisory Board to the Stability Council (Advisory Board). (...) Mandate: (...) The Stability Council, with the support of the Independent Advisory Board, monitors compliance with the balanced-budget rule twice a year. (...) The Advisory Board is grounded in law (...) <i>Through a chain of legal references which has been confirmed by the German authorities (Section 7 of the Stability Council Act; Section 51(2) of the Budgetary Principles Act and Article 3(2) of the TSCG), the Advisory Board has been entrusted a broad-based mandate which covers the tasks foreseen by the Fiscal Compact and the common principles (...)</i> Resources and access to information: The Fiscal Compact Implementation Act (Article 2(7)(1)) requires functioning costs to be shared in equal parts by the Federation and the <i>Länder</i>. On that basis, the Advisory Board is currently provided a budget capped at EUR 100 000 per year that is primarily used for funding academic staff members and external experts. An additional amount of up to EUR 40 000 is reserved for covering travel expenses. (...) Overall, the set-up of the German monitoring institution complies with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Advisory Board's endowment with resources and access to information are in place. » (p. 3-6 of COM report under Art. 8 of TSCG).</p> <p>« <i>The COM Opinion on Germany's Draft Budgetary Plans for 2015 and 2016 (European Commission, 2016c), among others, has pointed out that no independent body in charge of producing or endorsing macroeconomic forecasts has been put in place within the meaning of Regulation (EU) No 473/2013. In response, the Federal Government has adopted a draft law that defines the preparation and endorsement process for macroeconomic forecasts. It will be complemented by implementing provisions appointing the institution responsible for the forecast endorsement.</i> » (p. 22 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>The 2018 DBP does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections (p. 4). The Independent Advisory Board does also not provide information on whether it produced or endorsed the DBP.</p> <p>2017 SP</p> <p>The 2017 SP does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. However, the SP informs that the federal government has presented a law which «provides for all three of the federal government's forecasts (the annual, spring and autumn projections) to be reviewed and endorsed by an independent body yet to be determined. The macroeconomic benchmark figures of the SP are to be included in this review. The federal government's aim is for parliament to make a decision on this before the end of the current legislative term» (p. 15).</p> <p>The Independent Advisory Board does also not provide information on whether it produced or endorsed the SP.</p> <p>2017 DBP</p> <p>The 2017 DBP does not include information about any involvement of the Advisory Board (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. The Independent Advisory Board does not provide information on whether it produced or endorsed the DBP.</p> <p>2016 SP</p> <p>The 2016 SP does not include a reference that the macroeconomic forecasts have been approved or produced by an independent fiscal body. It contains only the following statements in relation to this issue: «In its opinion (dated 15 June 2015) on Germany's most recent SP, the Economic and Financial Affairs Council noted that the macroeconomic scenario underpinning Germany's budget projections had not been endorsed by an independent body. In this connection, the European Commission pointed out the need for adjustments to be made in formally transposing Regulation (EU) No 473/2013 (...); however, it found absolutely no fault in the federal government's projections. The federal government is currently reviewing options</p>
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		<p>for making a suitable adjustment. This is taking place in consultation with European Commission authorities» (p. 14). The Independent Advisory Board does also not provide information on whether it produced or endorsed the SP.</p>
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<p>Estonia</p>	<p>«The Estonian monitoring institution is the Fiscal Council. (...) Mandate: The Fiscal Council's general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. The Fiscal Council is responsible for monitoring compliance with national fiscal rules (...) and for assessing economic forecasts underlying Estonia's economic policy. (...) Resources and access to information: According to Article 42 of the Bank of Estonia Act, the Fiscal Council is entitled to receive, from any ministry or any institution in the government sector or from the Bank of Estonia, the information which it needs for the performance of its tasks (...) In line with the Statute, the Fiscal Council gets assistance in its technical tasks from a secretary who is an employee of the Bank of Estonia and, with the agreement of the Governor of the Bank of Estonia, the Fiscal Council can use other employees temporarily if necessary for its work. Currently, the work of the Fiscal Council is supported by two economists from the Bank of Estonia, one of whom also performs the tasks of the secretary of the Fiscal Council. (...) Overall, the set-up of the Estonian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 3 - 4 of COM report under Art. 8 of TSCG).</p> <p>« An independent Fiscal Council is fully operational, but practical experience has revealed some procedural shortcomings in the current operational setup. The mandate of the Fiscal Council is to assess the economic forecasts that serve as a base for Estonian fiscal policy and to observe whether the national fiscal rules are followed. In its September 2016 opinion, the Fiscal Council pointed to a procedural issue in the assessment of the forecasts: the current operational setup does not ensure that the Fiscal Council's opinion reaches the government before it approves the draft budget for the next year. This was notably the case with the 2017 draft budget, due to some delays in the usual state budget preparation schedule. » (p. 14 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>The DBP states that «the draft law on the state budget of the Republic of Estonia for 2018 is based on the summer economic forecast of the Ministry of Finance, which was released on September 13, 2017» (p. 4). Furthermore, the DBP contains a summary (p. 9 - 10) of the opinion of the Fiscal Council which assesses that «the forecast of the Ministry of Finance is accurate enough in its description of the future development of the Estonian economy» and that the Ministry of Finance's forecast for tax revenues in 2018 is too optimistic.</p> <p>2017 SP</p> <p>The SP (not available in English at the time of publication of this overview) informs (on p. 16 - last paragraph) that the Fiscal Council publishes on 26 April 2017 on its website the opinion on the spring macroeconomic and finance forecast of the Ministry of Finance. The Fiscal council opinion states: «In summary the main indicators in the spring forecast of the Ministry of Finance for 2017-2018 are in line with the predictions of other forecasters and the Fiscal Council finds that changes from earlier forecasts are justified» (p. 7).</p> <p>2017 DBP</p> <p>The DBP contains a summary (p. 9 - 10) of the opinion of the Fiscal Council which assesses (p. 7) that «overall the summer forecast 2016 of the Ministry of Finance gives an adequate picture of the outlook for the Estonian economy, and so is a suitable base to use for preparing the state budget for next year».</p> <p>2016 SP</p> <p>«Regarding the economic forecast of the Ministry of Finance from spring 2016, the Fiscal Council states that despite the spring forecast of the Ministry of Finance is similar to other forecasts, the Fiscal Council's opinion is that the forecast is based on rather optimistic assumptions. The Fiscal Council is also of the opinion that the future tax revenue will more likely amount to a possible under-receipt. That is why the Fiscal Council recommends the Government to set a slight surplus target for the structural budgetary position for all the years of the forecast period» (p. 2).</p>
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Ireland	<p>«The Irish monitoring institution is the Irish Fiscal Advisory Council (IFAC) (...) Mandate: The mandate assigned by the Fiscal Responsibility Act (FRA) 2012 includes the assessment of official forecasts, the appropriateness of the government fiscal stance, and – in relation to the TSCG requirements - , the monitoring of the structural balanced-budget rule. In particular, the IFAC is required to monitor and assess at least once a year i) the existence and termination of exceptional circumstances; ii) the compliance of the budget position with the budget balance rule; iii) the appropriateness of the correction plan proposed by government; iv) the proper implementation of that correction plan. (...) The FRA 2012 sets out that the IFAC is independent in the performance of its functions (...) The members cannot be candidates or elected members of the Irish Parliament or the European Parliament, nor can they be members of a local authority (...) Resources and access to information: The IFAC is financed from the Central Fund, over which the government has limited discretion (...) The FRA 2012 provided a budget of EUR 800 000 for IFAC in its first year of operation, to be subsequently indexed yearly (...) To secure access to information, there is a general clause whereby the IFAC has all powers necessary to the performance of its functions (...) Overall, the set-up of the Irish monitoring institution complies with the TSCG requirements and the common principles. (...) The legal framework includes appropriate safeguards for functional autonomy (...) Adequate provisions on IFAC's endowment with resources and access to information are in place. » (p. 4-5 of COM report under Art. 8 of TSCG). The 2017 European Semester Country report on Ireland does not include any information on the Irish Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).</p>	<p>2018 DBP</p> <p>«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 29th September 2017» (p. 2).</p> <p>2017 SP</p> <p>«The macroeconomic forecasts contained herein were endorsed by the Irish Fiscal Advisory Council on 4 April 2017» (p. i).</p> <p>2017 DBP</p> <p>«The macroeconomic forecasts contained in this document were produced by the Department of Finance and subsequently endorsed by the Irish Fiscal Advisory Council on 6th October 2016» (p. 2).</p> <p>2016 SP</p> <p>«The macroeconomic forecasts contained herein were endorsed by the Irish Fiscal Advisory Council on 20 April 2016» (p. i).</p>
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<p>Greece</p>	<p>« The Greek monitoring institution is the Hellenic Fiscal Council (HFC) (...) The Law No 4270 on Fiscal Management and Supervision Principles (the LFM) established the HFC as a detached public legal entity. (...) Mandate: The HFC is entrusted with a broad-based mandate, including most notably the monitoring of compliance with national fiscal rules and the evaluation of the macroeconomic forecasts used for budgetary planning. The tasks prescribed by the TSCG and the common principles are enshrined in the mandate. The HFC's opinion must be considered by the Ministry of Finance when it contemplates activating the correction mechanism for the structural balanced-budget rule. (...) Pursuant to Article 2 of the LFM, the HFC enjoys operational autonomy and administrative and financial independence. (...) Resources and access to information: As to resource adequacy, Article 13 of the LFM states that the amount of the State grant is determined by the public estimate of a cost-based budget prepared by the HFC Board. (...) Article 8(2) of the LFM lays down a ceiling of 20 persons for staffing. Barring specific legislative confidentiality requirements, all public authorities and public law entities must provide the HFC with any information required. (...) Overall, the set-up of the Greek monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework stipulates appropriate safeguards for functional autonomy. (...) Adequate provisions on the HFC's endowment with resources and access to information are in place. » (p. 4-5 of COM report under Art. 8 of TSCG).</p> <p>There is no 2017 European Semester Country report on Greece, since the country is subject to a macro-economic adjustment programme and therefore to other surveillance procedures than those pertaining to the European Semester.</p>	<p>2018 DBP</p> <p>Greece is subject to a stability support programme and therefore exempted from submitting a DBP, in accordance with the Regulation 473/2013, Article 13.</p> <p>2017 SP</p> <p>Greece is subject to a macroeconomic adjustment programme and therefore exempted from submitting a SP.</p> <p>2017 DBP</p> <p>Greece is subject to a macroeconomic adjustment programme and therefore exempted from presenting a DBP.</p> <p>2016 SP</p> <p>Greece is subject to a macroeconomic adjustment programme and therefore exempted from submitting a SP.</p>
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Spain	<p>«The Spanish monitoring institution is the Independent Authority for Fiscal Responsibility (AIReF) (...) Mandate: The AIReF's mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. (...) The institutional and operational independence of the AIReF is explicitly established by the Organic Law 6/2013 (...) Resources and access to information: (...) The AIReF is funded through a specific levy on the rest of the public administration, as well as through fees if a specific administration requests a study from the AIReF. (...) In 2014, the AIReF's revenues amounted to EUR 4.1 million. (...) Article 4(2) of the AIReF-OL aims at securing an appropriate access to information for the AIReF. It states inter alia that the relevant authorities have to provide the economic and financial information required by the AIReF which are necessary to carry out its tasks. However, the Organic Statute of AIReF approved by the Royal Decree 215/2014 and the ministerial decision HAP/1287/2015 qualify that access to information by introducing a number of exceptions (...) it can be concluded that some of the exceptions introduced by legislation subsequent to the AIReF-OL leave the possibility to unduly narrow down the scope of information (i.e. documents and data) to which the AIReF can have access, thereby potentially affecting the latter's capacity to properly discharge its specific tasks. (...) Overall, (...) the set-up of the AIReF will be compliant with the requirements set in Article 3(2) of the TSCG and in the common principles if and when the set of provisions regulating access to information for the AIReF are brought fully in line with the common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the AIReF's endowment with resources are in place.» (p. 5 - 8 of COM report under Art. 8 of TSCG).</p> <p>« Spain has (...) improved its fiscal framework. The 2012 Stability Law, as amended, the creation of an independent fiscal institution in 2013 and improvements made in the reporting of budgetary execution are cases in point. However, the assessments accompanying the Country Specific Recommendations have frequently noted that there is scope for a more automatic implementation of the Stability Law's preventive and corrective mechanisms.» (p. 9 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>No English version of the DBP is available at the time of publication of this overview. The Spanish version states that the macroeconomic scenario described in the 2018 DBP forms the basis of the Budget Plan for 2018 and is endorsed by the Independent Fiscal Responsibility Authority (AIReF) (p. 5). In its opinion on the DBP, AIReF endorses the macroeconomic forecast used in the DBP, including a significant downward correction for 2018 due to the political and institutional uncertainty in Catalonia.</p> <p>2017 SP</p> <p>«The Independent Authority for Fiscal Responsibility (AIReF) endorses the macroeconomic projections of this Stability Programme, based on the exogenous assumptions and the defined policies» (p. 5).</p> <p>2017 DBP</p> <p>No English version of the DBP is available at the time of publication of this overview. However, the independent body AIReF states in its opinion on the DBP that it «deems the Government macroeconomic scenario accompanying the 2017 DBP to be prudent overall.»</p> <p>2016 SP</p> <p>No English version of the SP is available at the time of publication of this overview. The Spanish version indicates that the «Independent Authority for Fiscal Responsibility» approves the macroeconomic projections of the Spanish SP: «La Autoridad Independiente de Responsabilidad Fiscal (AIReF) avala las previsiones macroeconómicas de esta Actualización sobre la base de los supuestos exógenos en los que se sustenta y de las sendas fiscales asociadas. El Gobierno toma nota de las recomendaciones recibidas en relación con el objeto del informe» (p. 5).</p>
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<p>France</p>	<p>« The French monitoring institution is the High Council for Public Finances (HCPF) (...) Mandate: The HCPF's mandate covers the tasks foreseen by the Fiscal Compact and the common principles. The HCPF is tasked with identifying at least once per year (basing itself on the draft budget bill) any significant deviation from the multi-annual budgetary objectives, set in line with the balanced-budget rule (...) Resources and access to information: The HCPF is financed by the general State budget under a dedicated line (<i>programme 340</i>). The HCPF has a secretariat of five staff and may draw on its budget for the provision of external expertise. The HCPF can call qualified personnel from the government in the area of public finances to testify. The government is obliged by law to reply to the HCPF's requests for information. (...) Overall, the set-up of the French monitoring institution is compliant with the TSCG requirements and common principles (...) The monitoring institution has been grounded in law and equipped with appropriate safeguards as to its functional autonomy. (...) Adequate provisions on the HCPF's endowment with resources and access to information are in place. » (p. 5 - 6 of COM report under Art. 8 of TSCG).</p> <p>« The fiscal framework has been strengthened in the last few years, although weaknesses still remain. Since the founding in 2012, the High Council of Public Finances (HCPF) (16), the systematic positive bias in the macroeconomic forecasts underpinning the draft budgets has disappeared. In September 2016, the HCPF issued a more critical opinion than in previous years on the macroeconomic scenario underpinning the 2017 draft budgetary plan (Haut Conseil des Finances Publiques, 2016). There is no formal mechanism in place to reconcile divergent views between the HCPF and the Ministry of Finance, and in the that case, the Ministry of Finance did not adjust the macroeconomic scenario underpinning the 2017 DBP following the HCPF's opinion . » (p. 25 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>«The Directorate General of the Treasury prepares macroeconomic forecasts and compiles public finance forecasts. (...)These forecasts were submitted to the High Council on Public Finances («Haut Conseil des finances publiques», HCFP) for its opinion. (...) This opinion is attached to the draft budgetary plan submitted to Parliament, and made public by the HCFP at the same time. The Constitutional Council has ruled that opinions issued by the HCFP shall be taken into consideration when assessing whether the texts submitted for its review are sincere» (p. 40). The opinion of the HCFP (available in French only) includes that the macroeconomic scenario of the DBP is prudent for 2017 and reasonable for 2018. It also states that the structural adjustment would be low in 2017 and 2018 and inferior to the minimum required by European fiscal rules.</p> <p>2017 SP</p> <p>No English version available at the time of publication of this overview. The French version states that the HCFP has publicly issued an opinion on the macroeconomic forecasts used in the SP and that this opinion has been attached to the SP which was submitted to the European Commission in April 2017 (p. 74). The opinion of the High Council (available in French only) declares that the growth forecasts of the SP remain plausible even though some activity indicators were disappointing in the recent years; it also states that the forecasts on wages and inflation are plausible; however, it insists again that the estimated gap between real and potential output is not realistic; it is of the opinion that the structural deficit has been reduced artificially (by assuming a very high output gap), which leads to a minimisation of consolidation efforts for the public finances; it insists that the next programme needs to be based on a more realistic output gap by taking into account the estimates of other institutions.</p> <p>2017 DBP</p> <p>«The Directorate General of the Treasury prepares macroeconomic forecasts and compiles public finance forecasts. (...) The HCFP issues an opinion on all of these matters. This opinion is then attached to the draft budgetary plan submitted to Parliament and made public by the HCFP at the same time. The Constitutional Council upheld the principle that the opinions of the HCFP are among the items that it considers when assessing the accuracy of the legislation brought before it» (p. 31). The opinion of the HCFP states that the macroeconomic forecast underlying the DBP is slightly more optimistic than the «Consensus Forecasts» and the forecasts of IMF and OECD.</p>
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		<p>2016 SP</p> <p>«The High Council of Public Finance published its opinion on the macroeconomic forecasts underlying the Stability Programme for 2016 to 2019 on 13 April 2016. This opinion will be appended to the Stability Programme when it is submitted to the Council of the European Union and to the European Commission at the end of April 2016» (p. 84). The opinion can be found on the HCPF's website.</p>
Italy	<p>«The Italian monitoring institution is the Parliamentary Budget Office (PBO) (...) Mandate: Law 243/2012 (...) assigns to the PBO a number of broadly-defined functions concerning economic and financial analyses. Among those functions, the PBO performs analyses, verifications and assessments regarding compliance with budgetary rules, the activation and use of the corrective mechanism, and deviations from objectives arising from the exceptional circumstances referred to in Law 243/2012. (...) Resources and access to information: Law 243/2012 (Article 19) provides an authorisation of EUR 3 million per year in favour of each Parliamentary Chamber for the expenditure necessary for the functioning of the PBO. (...) Within the limits of its budget, the PBO manages autonomously the expenditure for its functioning. By law the support staff is capped initially to 30 and ultimately to 40. (...) According to Law 243/2012 (Article 18(6)), all government entities, public authorities and entities that belong to public holdings must ensure the PBO's access to all databases regarding economic or public finance issues, in order to allow the PBO to carry out its institutional tasks. (...) Overall, the set-up of the Italian monitoring institution is compliant with the TSCG requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the PBO's endowment with resources and access to information are in place.» (p. 5 - 6 of COM report under Art. 8 of TSCG).</p> <p>The 2017 European Semester Country report on Italy does not include any information on the Parliamentary Budget Office (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) beyond describing it as "fully operational" (p. 26).</p>	<p>2018 DBP</p> <p>«In full compliance with European regulations, the macroeconomic forecasts in this Draft Budgetary Plan were submitted for validation to the Parliamentary Budget Office (UPB). UPB has already endorsed the government's macroeconomic forecasts under the policy scenario for 2017 and 2018 contained in the September update to the SP 2017 (<i>Update of the EFD 2017</i>)» (p. 10).</p> <p>2017 SP</p> <p>«It should also be noted that the official forecast does not significantly differ from the consensus, including in light of the validation by the Parliamentary Budget Office.» (p. 2).</p> <p>2017 DBP</p> <p>«In full compliance with European regulations, the macroeconomic forecasts in this Draft Budgetary Plan were submitted for validation to the Parliamentary Budget Office (UPB). UPB has already endorsed the government's macroeconomic forecasts under the policy scenario for 2016 and 2017» (p. 8).</p> <p>2016 SP</p> <p>The SP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body.</p> <p>However, the PBO has published on its website the following information: «The Board of the PBO hereby validates the 2016-2019 macroeconomic policy forecasts published in the 2016 Economic and Financial Document as they fall within the range deemed acceptable based upon currently available information.»</p>

<p>Cyprus</p>	<p>« The Cypriot monitoring institution is the Fiscal Council. (...) Mandate: (...) According to Article 19 of the Fiscal Responsibility and Budget Framework Law of 21 February 2014 (FRBFL), the Fiscal Council is entrusted <i>inter alia</i> with the monitoring of compliance with national numerical fiscal rules (including the structural balanced budget rule). (...) Resources and access to information: In terms of dedicated human resources, between three and six staff positions can be filled. Funding for the Fiscal Council comes from the general budget; Article 32(2) lays down that the budget "adequately reflects the staffing and resources proposed by the President of the Council, as provided for in the annual plan for the performance of the Council's duties". As to access to information, the Fiscal Council may request all the necessary information from any government entity. A definition of the core information needed for the Fiscal Council to discharge its tasks is laid down in Article 30(2) of the FRBFL, the non-communication of which may constitute an offence. (...) Overall, the set-up of the Cypriot monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework stipulates appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 4-5 of COM report under Art. 8 of TSCG).</p> <p>« The budgetary framework has been reformed and should be fully implemented as of 2018. Beyond laying down the key blocks of the domestic fiscal framework, such as the independent Fiscal Council, the 2014 Fiscal Responsibility and FRBFL has introduced a more strategic approach to budget preparation, notably based on project evaluation and more rigorous selection processes. It also set out procedures improving the monitoring of fiscal risks stemming from guarantees, payment arrears and state owned enterprises. The FRBFL secondary legislation was adopted by the House of Representatives in 2016, setting out procedures for budget preparation, within-year budgetary adjustments, and the responsibilities of commitment control officers. Practical steps remain necessary to make the budgetary framework fully functional, such as new implementation circulars and upgrades of IT systems. The budgetary framework is expected to be fully implemented as of January 2018. » (p. 22 - 23 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>«The macroeconomic projections underlying the budgetary outcomes have been endorsed by the Fiscal Council» (p. 5).</p> <p>2017 SP</p> <p>«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).</p> <p>2017 DBP</p> <p>«The macroeconomic projections underlying the budgetary outcomes have been endorsed by the Fiscal Council» (p. 5).</p> <p>2016 SP</p> <p>«... The above Law (Law of 2014 (N. 20 (I) / 2014) also provides for the establishment and operation of an independent Fiscal Council, which assesses the macroeconomic forecasts and monitors compliance with fiscal rules in the preparation and execution of the budget» (p. 7).</p> <p>«The macroeconomic and budgetary forecasts of the government are evaluated by the Fiscal Council (hereby the Council), an independent public body, established in 2014 according to the provisions of the FRBSL» (p. 51).</p>
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Latvia	<p>«The Latvian monitoring institution is the Fiscal Discipline Council (FDC). (...) Mandate: The FDC's general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. The FDC has been assigned the duties of monitoring compliance with fiscal rules (including the structural balanced-budget rule), issuing an opinion on the degree of permissible deviation from the balanced budget rule during severe economic downturn, and preparing regular fiscal discipline monitoring reports and, in case of breach of the FDL, of irregularity reports. (...) Resources and access to information: Beside its (six) members (appointed by the Parliament), the FDC has a Secretary and a supporting team of experts (currently three); in addition, the FDC may employ experts based on procedures foreseen by the public procurement legislation. (...) Overall, the set-up of the Latvian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the FDC's endowment with resources and access to information are in place. » (p. 4 - 6 of COM report under Art. 8 of TSCG).</p> <p>« A well-defined fiscal framework provides the basis for fiscal policy. The budgetary targets are set in accordance with the fiscal rules and monitored by the independent Fiscal Discipline Council, which also endorses the macroeconomic forecasts used for budgetary planning. The 2017 budget target for the first time includes the fiscal security reserve, as required by the Fiscal Discipline Law. » (p. 12 - 13 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>«Macroeconomic indicators' forecasts are confirmed by the Bank of Latvia and MoE by signing an agreement protocol, and were approved by the Council of Fiscal Discipline on August 4, 2017. During the process of development of the medium-term macroeconomic growth scenario, MoF held consultations with experts from the International Monetary Fund and EC. Macroeconomic indicators' forecasts were used as the source for the medium-term budgetary framework 2018-2020. The macroeconomic growth scenario is based on EC technical assumptions of the Spring 2017 forecast regarding oil price developments and economic development of Latvia's trade partners» (p. 5).</p> <p>2017 SP</p> <p>The 2017 SP is not available in English at the time of publication of this overview. The Latvian version does not mention that the macro-economic forecasts have been endorsed by the Fiscal Discipline Council or another «independent body». However, the Fiscal Discipline Council mentions on its website that has endorsed the macroeconomic forecasts used in the SP; it also issued concerns that government expenditure is increasing more rapidly than the economic growth potential.</p> <p>2017 DBP</p> <p>«Macroeconomic indicators' forecasts were approved by the Fiscal Discipline Council on June 10, 2016» (p. 4).</p> <p>2016 SP</p> <p>«The updated macroeconomic forecasts have been presented also to the Fiscal Discipline Council, which has approved the medium-term forecasts of Latvian economy» (p. 12).</p> <p>«Fiscal Discipline Council which became operational in 2014 is responsible for monitoring of the implementation of the fiscal discipline rules both in the planning and execution process of the budget» (p. 71).</p>
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<p>Lithuania</p>	<p>« The Lithuanian monitoring institution is the National Audit Office (NAO), which implements the related functions <i>via</i> its Budget Policy Monitoring Department (BPMD). (...) Mandate: The broadly delineated mandate of the monitoring institution covers the tasks foreseen by the Fiscal Compact and the common principles. (...) Resources and access to information: The budget of the NAO includes a separate budget line for the performance of the monitoring institution function, which is used only for this purpose. The BPMD is composed of seven staff members, including the Director. As from April 2016, two foreign experts support the work of the BPMD, in particular by providing methodological advice. As regards access to information, the Constitutional Law (Article 9) gives the monitoring institution a right to receive from State and municipal bodies all relevant information which is necessary to perform its functions. (...) Overall, the set-up of the Lithuanian monitoring institution is compliant with the TSCG requirements and common principles in light of the clarifications provided by the national authorities on the competence requirements for the head of the monitoring institution. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions and institutional arrangements concerning the NAO and BPMD's endowment with resources and access to information are in place. » (p. 5 - 6 of COM report under Art. 8 of TSCG).</p> <p>« Budgetary reporting does not yet allow for fully effective and complete assessment of general government budgets vis-à-vis national fiscal rules. The national audit office has been tasked with assessing the compliance of the general government budgets with national fiscal rules. Although the national fiscal rules have been in place for two budgetary cycles already, implementing provisions for the assessment process are lacking. Notably, the absence of adequate reporting standards and designation of reporting responsibilities make the assessment process cumbersome and inefficient. Furthermore, at the level of municipalities, the reports come too late for an <i>ex ante</i> assessment. » (p. 13 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>The 2018 DBP states that the Lithuanian economic development scenario for 2017-2020 was developed by the Ministry of Finance and approved by the Budget Policy Monitoring Authority (p. 4). The National Audit Office of Lithuania does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the DBP.</p> <p>2017 SP</p> <p>«On 29 March 2017, the NAO submitted Conclusion No BP-1 «On the Approval of the Economic Development Scenario», stating that «the scenario drafted by the Ministry of Finance of the Republic of Lithuania is based on the selected and identified assumptions, supported by the existing statistics, and in line with economic regularities. The fiscal institution approves the economic development scenario for 2017-2020, published on the website of the Ministry of Finance of the Republic of Lithuania on 20 March 2017» (p. 5).</p> <p>2017 DBP</p> <p>The 2017 DBP does not include information about any involvement of the National Audit Office (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. The NAO does also not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the DBP.</p> <p>2016 SP</p> <p>«The National Audit Office (hereinafter referred to as the National Audit Office) has been entrusted as of 1 January 2015 with the function of monitoring budget policy. The NAO submitted Conclusion No Y-5 of 30 March 2016 regarding the Approval of the Economic Development Scenario» (p. 4).</p>
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Luxembourg	<p>« The Luxembourgish monitoring institution is the National Council of Public Finances (NCPF). (...) Mandate: The NCPF is entrusted with the general surveillance of the application of fiscal rules (including the structural balanced-budget rule) and the correction mechanism related to the structural balanced-budget rule (...) Beyond the TSCG-related tasks, the NCPF's mandate also encompasses an evaluation of the official macroeconomic and budgetary forecasts (...) Resources and access to information: The NCPF is financed from the State budget (in Luxembourg the financing of all public institutions is included in the budget and has to be voted by Parliament with the budget bills). (...) The NCPF members are assisted by a permanent secretariat. While there are no legal provisions establishing the size of the secretariat, according to the Luxembourgish authorities the resources will progressively be scaled up in order to allow the NCPF to fulfil all its tasks adequately. (...) Article 7(5) of the LCGPF confers upon the NCPF the right to require the hearing of representatives from any entity of the public administration in the area of public finances, statistics or economic forecasting to acquire the information necessary to exercise its duties. (...) Overall, the set-up of the Luxembourgish monitoring institution is compliant with the TSCG requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. Adequate provisions on the NCPF's endowment with resources and access to information are in place. » (p. 4-5 of COM report under Art. 8 of TSCG).</p> <p>« The design of Luxembourg's national fiscal framework has improved recently, as it became more aligned with European regulation. A structural balanced budget rule was introduced with the adoption of the Law of 12 July 2014. This was also done with a view to transposing the requirements of the 2011 Council Directive on budgetary frameworks and the Fiscal Compact » (p. 18 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>«The present DBP is based on macroeconomic forecasts independently produced by the Luxembourg Institute of Statistics and Economic Studies (STATEC) and it draws upon the fiscal objectives presented in the draft 2018 State budget as tabled to parliament on 11 October 2017» (p. 2). According to the Commission, STATEC can be considered as an independent body (see p. 21 of Commission publication on independent bodies). The NCPF does not provide information on its website about any involvement in the 2018 DBP.</p> <p>2017 SP</p> <p>The SP is not available in English at the time of publication of this overview. The French version does not include information about any involvement of the National Council of Public Finances in the production or endorsement of the underlying macroeconomic and/or budgetary projections. It does however mention that the SP is based on independent macroeconomic forecasts produced by the STATEC (p. 2). The NCPF does not provide information on its website about any involvement in the 2017 SP.</p> <p>2017 DBP</p> <p>The 2017 DBP does not include information about any involvement of the National Council of Public Finances in the production or endorsement of the underlying macroeconomic/budgetary projections. It does however state: «In accordance with article 3, paragraph 4 of Regulation 473/2013, this DBP plan is based on independent macroeconomic forecasts, to the extent that they are produced by STATEC» (p. 2). The NCPF informs on its website that it was not involved in the production of the macro-economic forecasts of the DBP and that it did not do an own forecast.</p> <p>2016 SP</p> <p>«The establishment of a «National Fiscal Council» charged with independently verifying compliance with budgetary rules and the application of the automatic correction mechanism» has been created by a law of 12 July 2014 (p. 34).</p> <p>COMMENTS BY EGOV: While the COM report under Art. 8 of TSCG (p. 4-5) states that the NCPF is the independent fiscal body in accordance with the TSCG, the 2017 SP and DBP state that they are based on independent macroeconomic forecasts produced by the Luxembourg Institute of Statistics and Economic Studies (STATEC). It can be concluded that Luxembourg has two independent bodies.</p>
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<p>Malta</p>	<p>« The Maltese monitoring institution is the Fiscal Advisory Council (FAC). (...) Mandate: The mandate of the FAC encompasses the tasks foreseen by the Fiscal Compact and the common principles i.e. the provision of assessments of the occurrence of circumstances warranting the activation of the correction mechanism associated with the structural balanced budget rule, of whether the correction is proceeding in accordance with the plan, and of whether exceptional circumstances exist or have ceased to exist. (...) Resources and access to information: The FAC is financed from the State budget. The FAC's budget for the first full year of its operation amounted to EUR 250 000. The FAC is supported by a bureau staffed with employees whose number is determined by the FAC itself (currently five employees). The FAC is entitled to request any information necessary to fulfil its mandate from any public entity. (...) Overall, the set-up of the Maltese monitoring institution is compliant with the TSCG requirements and common principles. Pursuant to the FRA, the FAC is endowed with functional autonomy. Its mandate contains the tasks prescribed by the TSCG and the common principles. The comply-or-explain principle is explicitly provided for in the law. Adequate provisions on the FAC's endowment with resources and access to information are in place. » (p. 4 - 5 of COM report under Art. 8 of TSCG).</p> <p>The 2017 European Semester Country report on Malta does not include any information on the Parliamentary Budget Office (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).</p>	<p>2018 DBP</p> <p>The 2018 DBP of Malta explicitly states that «the macroeconomic forecasts underlying this Plan and the 2018 Budget have been endorsed by the Malta Fiscal Advisory Council» (p. 4). In its Assessment of the Macroeconomic Forecasts - Draft Budgetary Plan 2018 , MFAC «positively notes that MFIN's outlook for the economy, over both 2017 and 2018, although being somewhat more positive, is roughly in line with the forecasts presented by other institutions (...)» (p. 30).</p> <p>2017 SP</p> <p>«Judging by the latest forecasts for Malta published by other independent institutions, the Ministry for Finance (MFIN's) forecasts are considered prudent and the upside risks are deemed to be stronger than the downside risks» (p. 16).</p> <p>2017 DBP</p> <p>The 2017 DBP of Malta does not include information about any involvement of the Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government) in the production or endorsement of the underlying macroeconomic projections. However, the Fiscal Advisory Council has published its opinion that it endorses the macroeconomic forecasts of the government underlying the 2017 DBP.</p> <p>2016 SP</p> <p>«Procedures are now established for the independent assessment of macroeconomic and fiscal forecasts and the independent monitoring of compliance with fiscal rules» (p. 75).</p> <p>«The Malta Fiscal Advisory Council (MFAC) was formally established on 1st January 2015 through the publication of Government notice number 33, published in the Government gazette on 16th January 2015» (p. 77).</p>
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Netherlands	<p>« The Dutch monitoring institution is the Advisory Division of the Council of State (CoS-AD). (...) Mandate: (...) A Special Committee for Budget Supervision (SCBS) chaired by the Vice-President of the CoS was established in 2015 within the CoS-AD (...) Its role is to prepare the assessments related to budget laws, which implicitly include the TSCG-related assessments. These assessments are then endorsed by the State Councillors of the CoS-AD in full composition. (...)</p> <p>Resources and access to information: The SCBS is composed of State Councillors and State Councillors in extraordinary service, who are assisted in their activity by dedicated staff. The Dutch authorities have indicated that, in light of the CoS' new function as national monitoring institution for the purposes of the Fiscal Compact, the CoS-AD has been reinforced with three State Councillors in extraordinary service with specialist knowledge and expertise in the field of economics and public finance, who have been assigned to the SCBS. The resources available for the mandate related to the Fiscal Compact have to be considered in the context of the division of responsibilities between the CoS-AD and the Dutch Bureau for Economic Policy Analysis (CPB), as established in the LSPF. The CPB is institutionally attached to the Ministry of Economic Affairs but enjoys operational independence guaranteed by law. The CPB is mandated by law to provide <i>inter alia</i> the calculation of the structural budget balance to be used by the CoS-AD for its assessments (...) The Memorandum of Understanding signed between the CoS-AD and the CPB adds that the CoS-AD can request economic analyses and reports from the CPB in order to carry out its assessment mandate. It should be noted that CPB has a separate sector which focuses on public finances and which (...) employs a nearly 35 full-time equivalent staff. The total annual budget of the CoS amounts to EUR 60 million (...) Articles 23- 25 of the CoS Act secure a broad access by the CoS-AD to information it requires. (...)</p> <p>Overall, the set-up of the Dutch monitoring institution is compliant with the TSCG requirements and the common principles (...) The legal and institutional framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions and institutional arrangements concerning the CoS-AD's endowment with resources and access to information are in place. » (p. 4 - 7 of COM report under Art. 8 of TSCG).</p> <p>« The Netherlands has a well-established fiscal framework that serves as a good practice example (Ayuso i Casals, 2012; and European Commission, 2010). (...) Compliance with the numerical fiscal rule is monitored by the Advisory Division of the Council of State. (...) Despite its good track record, the Netherlands is exploring how its national fiscal framework could be further improved. A dedicated advisory group of high-level civil servants has reviewed the framework ahead of the 2017 elections. » (p. 22 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>The 2018 DBP repeatedly mentions that the source for the macro-economic forecasts used is the CPB (p. 3-4).</p> <p>2017 SP</p> <p>«Unless indicated otherwise, the figures used in this report are based on the most recent economic projection by CPB Netherlands Bureau for Economic Policy Analysis (CPB), the Central Economic Plan (CEP) published on 24 March 2017. The figures for 2016 in respect of public finances which are also reported in the April Notification to the European Commission, have been adjusted as a result of actual figures reported by Statistics Netherlands on 24 March» (p. 2).</p> <p>2017 DBP</p> <p>The 2017 DBP repeatedly mentions that the source for the macro-economic forecasts used is the CPB.</p> <p>2016 SP</p> <p>«Unless indicated otherwise, the figures used in this report are based on the Central Economic Plan (CEP), the most recent economic projections by the Netherlands Bureau of Policy Analysis (CPB) published on 21 March 2016» (p. 2).</p> <p>«(...) the fulfilment of independent budgetary supervision in the Netherlands, in which the CPB and the Council of State (Raad van State, RvS) play a prominent role. In addition, the recommendation of the National Advisory Group on budgetary principles, which is expected before the summer of 2016, is also addressed» (p. 23).</p> <p>COMMENTS BY EGOV: The screening of the Fiscal Compact Country report, the 2017 European Semester Country report and the 2016/2017 SP and 2017/2018 DBP for the Netherlands show that the tasks prescribed by the EU legislation have been entrusted 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 2016/2017 SPs and the 2017 DBP.</p>
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<p>Austria</p>	<p>« The Austrian monitoring institution is the Fiscal Advisory Council (FAC). (...) Mandate: Law No 149/2013 (Article 5) endows the FAC with the responsibilities envisaged for independent fiscal institutions in the Fiscal Compact, Council Directive 2011/85 and Regulation (EU) No 473/2013 (with the exception of producing/endorsing macroeconomic forecasts used for budgetary planning). (...) Resources and access to information: The costs of the functioning of the FAC are borne by the Central Bank, which also provides the necessary staff and materials. Its bureau consists of six employees. Law No 149/2013 (Article 14) obliges any entity within the general government sector to provide upon request any information necessary for the FAC to fulfil its duties. (...) Overall, the set-up of the Austrian monitoring institution is compliant with the TSCG requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the FAC's endowment with resources and access to information are in place. » (p. 5 - 6 of COM report under Art. 8 of TSCG).</p> <p>The 2017 European Semester Country report on Austria does not include any information on the Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).</p>	<p>2018 DBP</p> <p>No English version of the DBP is available at the time of publication of this overview. The German language version mentions the Fiscal Advisory Council as an independent body which plays a key role in the budgetary surveillance of the budgetary discipline in the federal government, in the states and in the municipalities (p. 19). It also states that it is «based on the data of the most recent revision of the national accounts (ESVG 2010) of Statistik Austria (STAT), as well as own calculations and assessments of the Federal Ministry of Finance (BMF), and uses the Economic Forecast of the Austrian Institute for Economic Research (WIFO) from 29 September 2017» (p. 1). The WIFO is an independent economic research institute.</p> <p>2017 SP</p> <p>The 2017 DBP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. However, the Fiscal Advisory Council has published its opinion on the 2017 SP on its own website. According to this opinion (p. 2), «both the stability program update as well as the Fiscal Advisory Council's forecast are based on the WIFO outlook of March 2017». Thus, the underlying macroeconomic forecast of the SP has been endorsed by the Fiscal Council. However, the Council assesses (p. 1) that its spring 2017 forecast yields for 2018 «a «significant» breach of the spending rule and a slight deviation from the structural budget objective (subject to application of the unusual event clause). ... The spring forecast of the Fiscal Advisory Council would imply that in the spring of 2019 the European Commission may use the early warning mechanism under the preventive arm of the SGP («significant deviation procedure») for 2018, given that from today's perspective both the structural deficit and the government spending increase exceed the respective reference values. »</p> <p>2017 DBP</p> <p>The 2017 DBP states: «This programme is based on national accounts data (ESA 2010) from Statistics Austria (STAT), own calculations and assessments by the Federal Ministry of Finance (BMF), as well as the economic forecast by the Austrian Institute of Economic Research (WIFO) of September 29th, 2016» (p. 1). The WIFO is an independent economic research institute.</p> <p>2016 SP</p> <p>The 2016 SP states that the programme is based on the medium-term economic forecasts by the Austrian Institute of Economic Research (WIFO) as of March 2016 and on calculations and judgements of the Federal Ministry of Finance (p.3).</p>
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<p style="text-align: center;">Portugal</p>	<p>« The Portuguese monitoring institution is the Public Finance Council (PFC) (...) Mandate: (...) In the light of the broad responsibilities entrusted by law to the PFC, its mandate is considered to provide the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. (...) Resources and access to information: The PFC is financed by appropriations from the State budget. Article 27(3) of the PFC Statutes provides that State budget appropriations for the PFC can only be reduced in duly justified exceptional circumstances. According to the PFC Statutes (Article 26(1)), the PFC is endowed with the staff required for carrying out its tasks (18 staff members in 2015). Employee recruitment and selection procedures are set in internal regulations. The Statutes also establishes the PFC's access to all the economic and financial information necessary to accomplish its mission; all public entities are required to timely supply such information as well as additional clarifications requested to them (Article 8(1)). (...) Overall, the set-up of the Portuguese monitoring institution is compliant with the TSCG requirements and common principles (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the PFC's endowment with resources and access to information are in place. » (p. 4 - 6 of COM report under Art. 8 of TSCG).</p> <p>The 2017 European Semester Country report on Portugal does not include any information on the Fiscal Advisory Council (or on any other independent fiscal body in charge of producing or endorsing macroeconomic forecasts of the government).</p>	<p>2018 DBP</p> <p>Section 9 of the 2018 DBP details the Portuguese Public Finance Council opinion (however, no English version of this section is available at the time of publication of this overview).</p> <p>2017 SP</p> <p>No English version of the SP is available at the time of publication of this overview. The Portuguese version (see annex 2) includes an opinion of the Public Finances Council on the macroeconomic projections of the SP is available on the website of the Public Finances Council; according to this opinion: the forecasts for 2017 are perceived as likely, while the official forecast for private consumption can even be considered prudent; regarding the forecasts for the period from 2018 to 2021, the incomplete specification of measures supporting the reorientation of Gross Fixed Capital Formation and the moderation of private consumption relative to disposable income, suggests a risk for the growth composition, on which sustainability depends; there are also risks regarding the positive contribution of net exports throughout the forecast horizon.</p> <p>2017 DBP</p> <p>Section 9 of the DBP details the Portuguese Public Finance Council opinion (however, no English version of this section is available at the time of publication of this overview).</p> <p>2016 SP</p> <p>No English version of the SP is available at the time of publication of this overview. The SP refers to an opinion of the Public Finances Council on the macroeconomic projections of the SP (p. 59). The opinion is available on the website of the Public Finances Council; it assesses that the programmed structural balance development does not match that laid down in the SGP and that it does not ensure compliance with the minimum annual structural adjustment in any of the years covered by the programme.</p>

<p>Slovenia</p>	<p>« The Slovenian monitoring institution is the Fiscal Council. (...) The Fiscal Rule Act (FRA) provides for the establishment of the Fiscal Council as an independent State authority charged with the responsibility for monitoring the respect of fiscal rules, including the new structural balanced-budget rule. According to the FRA, the Fiscal Council is to consist of three members, supported in their work by a team of experts. However, the members have not been appointed to date, after several unsuccessful attempts. As a consequence, Slovenia has failed to put in place the independent monitoring institution required by the TSCG as part of the national correction mechanism for the structural balanced-budget rule. (...) Overall, the set-up of the Slovenian monitoring institution does not comply with the TSCG requirements and common principles to the extent that its members have not yet been appointed. (...) The national provisions adopted by Slovenia will be compliant with the requirements set in Article 3(2) of the TSCG and in the common principles if and when the members of the monitoring institution are appointed. » (p. 4 - 5 of COM report under Art. 8 of TSCG).</p> <p>« The establishment of the Fiscal Council has been further delayed. The implementation of the Fiscal Rules Act (passed by the Parliament in July 2015) will be overseen by the Fiscal Council. This is an independent state authority with three members, who are experts in the fields of macroeconomics or public finances. The Fiscal Council members should be proposed by the government and a two-thirds majority of the Parliament is required to confirm their appointment. After three unsuccessful procedures to appoint members, the government will have to restart an open call for applicants to find members of the Fiscal Council. Hence, the establishment of the Fiscal Council has been further delayed. Given the delays experienced to date and the need to operationalise the Fiscal Council, this timeline may jeopardise the Council's ability to provide its opinion on the 2017 Stability Programme. » (p. 25 of 2017 European Semester Country report).</p>	<p>2018 DBP</p> <p>«The budget proposal is based on the Autumn 2017 Macroeconomic Forecast made by the Institute of Macroeconomic Analysis (IMAD)» (p. 4).</p> <p>2017 SP</p> <p>«The Government of the Republic of Slovenia uses macroeconomic assessments and Institute of Macroeconomic Analysis and Development forecasts to prepare annual target scenarios in the Stability Programme» (p. 5). The Institute of Macroeconomic Analysis and Development is an independent fiscal body (see p. 34 of Commission publication). The Fiscal Council mentions on its website that it checked and approved the SP in April 2017. In addition, it calls for a stronger fiscal effort.</p> <p>2017 DBP</p> <p>«The macroeconomic projection for the DBP (IMAD Autumn Forecast 2016) is based on late-August 16 forecasts by international institutions» (p. 5).</p> <p>2016 SP</p> <p>«The macro-economic projections in the Stability Programme are taken from the Spring Forecast of Economic Trends 2016 (Institute of Macroeconomic Analysis and Development, March 2016)» (p. 4). The Institute of Macroeconomic Analysis and Development is an independent fiscal body (see p. 34 of Commission publication).</p> <p>COMMENTS BY EGOV: While the COM report under Art. 8 of TSCG (p. 4 - 5) states that the Fiscal Council is the independent fiscal body in accordance with the TSCG, the 2017 SP and DBP mention that another independent body (the Institute of Macroeconomic Analysis and Development) prepared the macro-economic forecasts used in these budgetary plans. It can be concluded that Slovenia has several independent fiscal bodies.</p>
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« The Slovak monitoring institution is the [Council for Budget Responsibility](#) (CBR). (...) **Mandate:** Article 30a (2) and (4) of Act No 523/2004 confers upon the CBR the specific responsibilities required under the Fiscal Compact and the common principles. (...) **Resources and access to information:** The CBR is financed from the budget of the central bank, which in turn can request reimbursement from the Ministry of Finance. Its budget in 2015 amounted to **EUR 1.3 million**. The CBR has a secretariat which employs **13 experts in economics and budgetary matters assisted by four employees responsible for administrative tasks**. Any entity within the general government sector is obliged by law to provide information requested by the CBR. (...) **Overall,** the set-up of the Slovak monitoring institution **is compliant with the TSCG requirements** and common principles (...) The CBR has been grounded in a constitutional law and equipped with appropriate safeguards as to its functional autonomy. (...) Adequate provisions on the CBR's endowment with resources and access to information are in place. » ([pp. 4 - 5](#) of COM report under Art. 8 of TSCG).

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

2018 DBP

No English version of the DBP is available at the time of publication of this overview. The [Slovak language version](#) of the DBP does not include information about any involvement of the Council for Budget Responsibility (CBR) in the production or endorsement of the underlying macroeconomic projections. However, it reiterates the part from the 2017 DBP (see below) about the advisory committees established under the constitutional Fiscal Responsibility Act (Act No. 493/2011) ([p. 13](#)). The [CBR](#) does also not inform that it produced or endorsed the macroeconomic forecasts of the DBP.

2017 SP

«The expenditure and revenue estimates of the General Government Fiscal Plan as well as the price and cost adjustments are based on the independent forecast of the Ministry of Finance's Economics Department» ([p. 50](#)). The **CBR** does not indicate that it approved or endorsed the macroeconomic forecasts of the SP; it only [states ex post](#) (after publication of the SP) that they are realistic.

2017 DBP

Albeit the [DBP](#) does not inform about the involvement the CBR in the preparation or endorsement of the macroeconomic forecasts underpinning the DBP, it includes the following information: «The Macroeconomic Forecasting Committee (MFC) and the Tax Revenue Forecasting Committee (TRFC) were established under the constitutional Fiscal Responsibility Act (Act No. 493/2011) as advisory bodies to the Minister of Finance. The role of the committees is to attain greater transparency, objectiveness and quality of macroeconomic and tax revenue forecasts. Both committees prepare their forecasts at least twice a year, by 15 February and 30 June of the current fiscal year (...).

In addition to the Ministry of Finance officials, the committees consist of representatives of institutions independent from the government (NBS, Slovak Academy of Sciences, Infostat, and private banks). Members of the Macroeconomic Forecasting Committee assess the Ministry of Finance's macroeconomic forecast using the terms *conservative*, *optimistic* or *realistic*. The Ministry of Finance's tax revenue forecast is assessed by members of the TRFC by submitting their own forecasts; their assessment is calculated automatically, based on a deviation between the two. A Ministry of Finance's forecast is accepted as committee forecast if a simple majority of members grade the forecast as conservative or realistic. In the absence of such grading, the Ministry of Finance of the Slovak Republic is required to redraft its forecast and submit it to the Committee for re-assessment.

	<p>The procedure is repeated until the (...) forecast is accepted as the Committee's forecast» (p. 13). Furthermore, an evaluation of November 2016 of the CBR on government budget proposal for 2017-201p includes: «the Macroeconomic and tax revenue forecasts were approved by competent independent committees. In order to reinforce transparency, it would be beneficial if the Tax Revenue Forecasting Committee assessed all the revenues that are considered taxes under the ESA2010 methodology. This has become all the more important in light of the fact that the previously unbudgeted social contributions to special schemes of the armed forces and police corps are now included in the budget proposal.»</p> <p>2016 SP</p> <p>No English version of the SP is available at the time of publication of this overview. However, the CBR assesses (on its own website) the macro-economic forecasts as realistic.</p> <p>COMMENTS BY EGOV: The screening of the Fiscal Compact Country report, the 2017 European Semester Country report and the 2016/2017 SP and 2017/2018 DBP for Slovakia show that the tasks prescribed by the EU legislation have been entrusted to several different independent bodies: The Council for Budget Responsibility (CBR), the Macroeconomic Forecasting Committee (MFC) and the Tax Revenue Forecasting Committee (TRFC).</p>
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« The Finnish monitoring institution is the [National Audit Office](#) (NAO). (...) **Mandate:** The NAO's general mandate provides the necessary basis for carrying out the tasks foreseen by the Fiscal Compact and the common principles. Even before the TSCG ratification by Finland, the NAO had been assessing the observance of national fiscal policy rules and their effectiveness. (...) **Resources and access to information:** Section 3 of NAO's Rules of procedure states that NAO must allocate in its personnel and budget plan adequate personnel and other resources to the PFPAD for fiscal policy evaluation and assessment. Within the overall NAO budget, a specific item has been assigned to the PFPAD for fiscal policy evaluation. As regards the access to information, the Constitution itself (Section 90) guarantees NAO's right to receive all information and documents necessary for the performance of its duties from public authorities and other entities that are subject to its control. (...) **Overall,** the set-up of the Finnish monitoring institution **is compliant with the TSCG requirements** and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy, although provisions establishing a fixed term for the Deputy Auditor General coordinating the PFPAD are lacking. (...) Adequate provisions on the NAO and PFPAD's endowment with resources and access to information are in place. » (p. 4 - 6 of COM report under Art. 8 of TSCG).

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

2018 DBP

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

2017 SP

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

2017 DBP

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

2016 SP

The 2016 SP does not include a reference that the budgetary and macroeconomic forecasts have been approved or produced by an independent fiscal body. It contains only the following statements in relation to this issue «The Ministry of Finance's macroeconomic forecast is prepared

		<p>independently in the Ministry's Economics Department (869/2012, Section 2 a)» (p. 4). The NAO does not provide information on whether it produced or endorsed the macro-economic forecasts of the SP.</p>
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NON- EURO AREA MEMBER STATES

Bulgaria

« The Bulgarian monitoring institution is the [Fiscal Council](#). (...) **Mandate:** Article 6 of the LFCCM confers on the Fiscal Council the tasks foreseen by the TSCG and the common principles. Thus, the Fiscal Council must prepare a reasoned opinion on the existence of a significant deviation as defined in Article 23(3) of the LPF. The Fiscal Council must also issue a reasoned opinion on the corrective plan and its implementation. Finally, it must draft a reasoned opinion on the existence of exceptional circumstances as defined in Article 24(3) of the LPF. (...) **Resources and access to information:** The Fiscal Council is financed through the budget of the Parliament, with the necessary funds earmarked under a separate budget heading. The Fiscal Council benefits from the organisational and technical support of a **three-person expert staff**, recruited from the Parliament's administration in accordance with the competence requirements decided by the Fiscal Council. The Fiscal Council's right to request and receive information from State bodies is grounded in the LFCCM (Article 6(4) of the LFCCM). (...) **Overall**, the set-up of the Bulgarian monitoring institution **is compliant with the TSCG requirements** and common principles. The legal framework (...) includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » ([p. 4 - 5](#) of COM report under Art. 8 of TSCG).

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

2017 CP

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

2016 CP

«In view of maintaining sustainable public finances, increasing the quality of the official macroeconomic and budgetary forecasts, and strengthening the public awareness with respect to the fiscal governance of the country, a Fiscal Council was set up in 2015. It performs the functions of an independent fiscal monitoring body within the meaning of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States. The establishment of the Fiscal Council is provided for by the Law on Fiscal Council and Automatic Correction Mechanisms adopted by the National Assembly on 8 April 2015 and promulgated in State Gazette on 21 April 2015. (...) **The Fiscal Council is expected to present its first opinions on the spring macroeconomic forecast of the Minister of Finance and the medium term budgetary framework within the first stage of the 2017 budgetary procedure**» ([p. 69](#)). It derives from this statement that the Fiscal Council was not involved in the 2016 CP.

<p>Czech Republic</p>	<p>There is no Fiscal Compact report for the Czech Republic, since the country is not a contracting party of the TSCG.</p> <p>« The fiscal framework in the Czech Republic has been evaluated among the weakest in the EU. (...) The Czech Republic does not have a fully-fledged independent fiscal council with responsibility for assessing compliance with fiscal rules and strengthening the transparency and credibility of public finances. The transparency of budget execution has been significantly affected by uneven drawdown of EU funds over time. (...) The fiscal responsibility law, which was approved in January 2017, aims to address the identified shortcomings. The main features of the adopted legislative package were already outlined in the <i>2016 country report</i>. Moreover, a new expert panel will be set up to evaluate macroeconomic and revenue forecasts used for budgetary planning, with members representing independent institutions producing forecasts and nominated by the fiscal council. The most important aspects of the reform were originally supposed to be enshrined in a constitutional law, which was meant to strengthen effectiveness and stability. However, the parliament opted for an ordinary law. » (p. 15 - 16 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>«Based on the external evaluation of government-independent experts, it is possible to consider the CP macroeconomic scenario as realistic» (p. 25).</p> <p>2016 CP</p> <p>« As an independent expert body working in the area of fiscal and budgetary policy, a National Budgetary Council will be established (hereinafter referred to as the “Council”). Among other tasks, the Council will evaluate whether or not the numerical fiscal rules have been met» (p. 38).</p> <p>«The macroeconomic scenario of the Convergence Programme of the CR is based on the April Macroeconomic Forecast of the MF CR (2016a). Its verification by an independent panel of experts and comparison with other forecasts is provided in Chapter 4» (p. 5).</p>
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Denmark	<p>« The Danish monitoring institution is the Danish Economic Council (DEC). (...) Mandate: (...) Whereas the tasks foreseen by the Fiscal Compact and the common principles are not explicitly stated in the law, the DEC's general mandate provides the necessary basis for carrying them out, as also confirmed by the Danish authorities. (...) Resources and access to information: The DEC is financed by a one-year binding appropriation on the fiscal bill financed by tax revenues. While Law No 583 does not contain provisions about DEC's access to information, the annotations to Article 1 of Law No 583 state that access to resources and data necessary for the DEC to carry out its mandate will be ensured; the Danish authorities have confirmed that the annotation is followed through by ongoing dialogue between the Ministry of Finance and the DEC. A Secretariat employing 20-25 economists assists the chairmanship in preparing its reports. Overall, the set-up of the Danish monitoring institution is compliant with the TSCG requirements and common principles (...) The DEC is grounded in law and is endowed with appropriate safeguards as to its functional autonomy. (...) The DEC's endowment with resources and its access to information are properly secured. » (p. 4 - 6 of COM report under Art. 8 of TSCG).</p> <p>« Compliance with the national fiscal rules is being monitored by the Danish Economic Council (DORS). As a part of the 2012 Budget Law, DORS, an independent institution, was designated 'fiscal watchdog', and is monitoring the long-term sustainability of public finances, the medium-term development of the budget balance and whether the expenditure ceilings are complied with, and whether these are in line with the medium-term fiscal objective » (p. 16 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. Reference is made to the role of the Danish Economic Council «The Danish Economic Council continually (annually) assesses long-term fiscal sustainability and the medium-term development in the budget balance, and further that the expenditure ceilings are complied with and aligned with the medium-term fiscal objectives» (p. 74). However, the website of the Danish Economic Council does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the CP.</p> <p>2016 CP</p> <p>The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body.</p> <p>Reference is made to the role of the Danish Economic Council «The Danish Economic Council continually (annually) assesses long-term fiscal sustainability and the medium-term development in the budget balance, and further that the expenditure ceilings are complied with and aligned with the medium-term fiscal objectives» (p. 84). However, the website of the Danish Economic Council does not provide information on whether it approved or endorsed the underlying macroeconomic forecasts of the CP.</p>
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<p>Croatia</p>	<p>There is no Fiscal Compact report for Croatia, since the country is not a contracting party of the TSCG.</p> <p>« Croatia has made limited progress in reinforcing numerical fiscal rules and strengthening the Fiscal Policy Commission, as well as improving budgetary planning and strengthening the multi-annual budgetary framework» (page 1 - see also pp 11, 20 and 56 - of 2017 European Semester Country report)</p>	<p>2017 CP</p> <p>The CP (no English version available at the time of the publication of this overview) does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. The website of the Croatian Fiscal Policy Committee does not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP. Actually the CP states that the Ministry of Finance is currently working on a new law in order to ensure independence as well as strengthen Croatian Fiscal Policy Committee.</p> <p>2016 CP</p> <p>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 Croatian Fiscal Policy Committee does not indicate that it approved or endorsed the underlying macroeconomic forecasts of the CP.</p> <p>COMMENT BY EGOV: While the European Commission speaks about a Fiscal Policy Commission, the English version of the 2016 CP of Croatia speaks about a Fiscal Policy Committee. In fact, the same independent fiscal body is meant by these different translations.</p>
<p>Hungary</p>	<p>There is no Fiscal Compact report for Hungary, since the country is not formally bound by the Fiscal Compact (despite the fact that it is a Contracting Party of the TSCG).</p> <p>« The role of the Fiscal Council in scrutinizing and shaping fiscal policies remains weak. The Fiscal Council has continued to increase the number of published external studies. However, this has not been sufficient to ensure a strong analytical basis commensurate with the Council's uniquely strong constitutional veto power over the budget. The Fiscal Council focuses rather narrowly on the budget bill and its amendments, whereas there have been several examples of significant fiscal decisions and policy initiatives outside the annual budget cycle. This highlights the importance of systematically evaluating fiscal policies throughout the entire year. » (p. 17 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>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.</p> <p>2016 CP</p> <p>The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body. However, the website of the Fiscal Council indicates that it endorsed the underlying macroeconomic forecasts of the CP.</p>

Poland	<p>There is no Fiscal Compact report for Poland, since the country is not formally bound by the Fiscal Compact (despite the fact that it is a Contracting Party of the TSCG).</p> <p>« The Polish fiscal framework lacks a fully-fledged, independent fiscal council. Currently Poland remains the only EU country that has not adopted a legal basis establishing a dedicated fiscal council or assigned such a role to an existing body. Some of the typical tasks of fiscal councils are being carried out by various institutions, but they are scattered and some are not covered. As a result, amendments to the fiscal framework or fiscal implications of important policy measures go largely unnoticed even though they have significant consequences for public finances » (p. 19 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body (see p. 53). No website for a Polish Fiscal Council could be found.</p> <p>2016 CP</p> <p>The CP does not include a reference that the underlying macroeconomic forecasts have been approved or produced by an independent fiscal body (see p. 5). No website for a Polish Fiscal Council could be found.</p>
	Romania	<p>« The Romanian monitoring institution is the Fiscal Council. (...) Mandate: The codified LFBR confers upon the Fiscal Council the specific responsibilities required under the TSCG and the common principles. (...) Resources and access to information: Article 60(1) of the codified LFBR provides that the Fiscal Council sets its own budget, which is an annex to the budget of the Romanian Academy, its host institution. The technical secretariat is organized within the Romanian Academy according to rules established by the Fiscal Council and may not exceed ten employees (currently, it employs seven experts in economic and budgetary issues and two administrative staff). Access to information and documents is grounded in law (Article 54 of the codified LFBR), and clear deadlines and consequences in case of non-delivery are foreseen. (...) Overall, the set-up of the Romanian monitoring institution is compliant with the TSCG requirements and common principles. (...) The legal framework includes appropriate safeguards for functional autonomy. (...) Adequate provisions on the Fiscal Council's endowment with resources and access to information are in place. » (p. 4 - 5 of COM report under Art. 8 of TSCG).</p> <p>« The fiscal framework is sound, but lacks enforcement. The fiscal rules, which are contained in the fiscal responsibility law, are well designed. However, the 2016 budget law was non-compliant as the deficit ceiling of RON 20.9 billion breached the medium-term budgetary objective of a structural deficit of 1 % of GDP. The Romanian Fiscal Council had assessed the draft 2016 budget as "a deliberate and large deviation from all fiscal rules". Additionally, the first budget amendment (from August) broke the rule prohibiting increases in personnel expenditure during the fiscal year, while the second amendment (from November) broke the rule prohibiting increases of the primary deficit during the fiscal year. » (p. 15 of 2017 European Semester Country report).</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Sweden</p>	<p>There is no Fiscal Compact report for Sweden, since the country is not formally bound by the Fiscal Compact (despite the fact that it is a Contracting Party of the TSCG).</p> <p>« Building on its strong institutional set-up and extensive track record of fiscal soundness, the authorities recently announced some fiscal governance reform (...) The reform proposes to complement the reduction of the surplus target with additional amendments to the framework. These include a new debt anchor, a reinforcement of the role and the independence of the Fiscal Policy Council (Finanspolitiska rådet), and regular comprehensive reviews. (...) The Fiscal Policy Council will be reinforced by (i) assigning to it a more prominent role in the monitoring of the surplus target; (ii) making the nomination procedure of the Council's members more independent; and (iii) mandating the Council with the regular evaluation of the official macro-fiscal forecasts. » (p. 17 - 18 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>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.</p> <p>2016 CP</p> <p>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.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">United Kingdom</p>	<p>There is no Fiscal Compact report for the UK, since the country is not a contracting party of the TSCG.</p> <p>« The UK fiscal framework is solid, helped by the role of independent authorities. The Office for Budgetary Responsibility (OBR) was set up in May 2010. It produces official economic and fiscal forecasts, and assesses the government's performance against fiscal targets. Since 2010, these targets have been revised a number of times, including in 2016. Such frequent revisions reduce the ability of economic agents to predict the medium-term basis of fiscal policy. » (p. 15 of 2017 European Semester Country report).</p>	<p>2017 CP</p> <p>«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 which is set out in Chapter 5. The forecasts set out in the Convergence Programme are from the OBR's March 2017 Economic and fiscal outlook, which was published alongside Budget 2017» (p. 5).</p> <p>2016 CP</p> <p>«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 which is set out in Chapter 5. The forecasts set out in the Convergence Programme are from the OBR's March 2016 Economic and fiscal outlook, which was published alongside Budget 2016» (p. 5).</p>

Sources: Own screening of the [country specific assessments under the 2017 European Semester](#), the [fiscal compact country assessments](#), the [2016](#) and [2017](#) SCP, the [2017](#) and [2018](#) DBP and the individual websites of the independent bodies (see consolidated weblinks on [EU network](#) and [German independent body](#) websites).

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