



Preconditions for Effective Fiscal Rules – Reliable Data

Fiscal Rules and Fiscal
Councils — Strengthening Fiscal Governance in the Western Balkans

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Eurostat D.1 Excessive deficit procedure, methodology and GFS

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Main issues covered

- Fiscal rules
- Legal background
- Monitoring of fiscal rules
- The role of Eurostat & Excessive Deficit Procedure statistics / government finance statistics
- Assessing EDP/GFS statistics

Fiscal rules

- Devices to ensure fiscal discipline;
- Maastricht treaty (common in EU MS);
- Numerical fiscal rules refer to specific quantitative targets, for example the initial Maastricht criteria
 - Deficit/surplus (less than 3% GDP)
 - Debt (less than 60% GDP)

Legal background

- **Treaty on the Functioning of the EU (TFEU 2012, Maastricht Treaty 1992), in particular Article 126 and Protocol No 12 on EDP annexed to the TFEU**
- **Council Regulation (EC) No 479/2009** on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, amended by Regulation (EU) No 679/2010 and Regulation (EU) No 220/2014
- **Regulation (EU) No 549/2013** on the European system of national and regional accounts in the European Union (**ESA 2010**), notably amended by Regulation (EU) No 2023/734

Legal background - six pack (2011)

- **Council Regulation (EU) No 1177/2011** amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure
- **Regulation (EU) No 1176/2011** on the prevention and correction of macroeconomic imbalances
- **Regulation (EU) No 1175/2011** amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies
- **Regulation (EU) No 1174/2011** on enforcement measures to correct excessive macroeconomic imbalances in the euro area
- **Regulation (EU) No 1173/2011** on the effective enforcement of budgetary surveillance in the euro area
- **Council Directive 2011/85/EU** on requirements for budgetary frameworks of the Member States

Legal background - Two pack

- **Regulation (EU) No 473/2013** on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area
- **Regulation (EU) No 472/2013** on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability

→ **EDP and GFS in Europe based on legislation**

→ **Covers quality aspects & enforcement of these**

→ **Makes the link between historical (statistical) and planned data**

→ **Effective precondition for fiscal rules**

What statistical data is needed to monitor the fiscal rules?

- Reliable data
- Accurate data
- Exhaustive data
- Independent data
- Timely data
- **Transparency** / publishable data
- **Common definition of data** – for historical, planned and forecast data (ref. six-pack / two-pack)
 - **Comparability between countries**
 - **Common fiscal rules**

Why is EDP and GFS needed?

Playing a key role in EU economic monitoring

- **EDP**

- Stability and Growth Pact – fiscal discipline with a common currency
- Data needs for verification of data

- **GFS**

- Fiscal analysis and forecasts of DG ECFIN, ECB, national use → consistent with verified EDP data
- Fiscal analysis of other international organisations (OECD, IMF) → data sharing

→ Both based on ESA 2010, but underpinned by different but complementary legislation.

→ Two ways of looking at the same thing.

→ In Europe: **integrated fiscal and macroeconomic analysis framework.**

What are the main methodological issues needed for harmonisation?

- **Sector classification** of general government (notably market/non-market test)
- **Time of recording** (application of general accrual principle, generally differs from public accounting)
- **Financial transactions** (no impact on deficit) **versus non-financial transactions** (impact)
- **Special or innovative transactions**
- **Exhaustiveness, coherence and accuracy** of data (revisions, growth rates)

What is the role of Eurostat Dir D? (1)

- Twice per year (before 1 April / before 1 October) Dir D receives **the EDP notification data** on behalf of the Commission
- Within 3 weeks, Eurostat **assesses the quality of the actual fiscal data reported** (controls, certifies, issues reservations or (exceptional) amends/changes data)
- No role beyond verification of data, nor for planned data
- **News release on government deficit and debt** published on Eurostat website, other publications (statistics explained page)
- Report to Economic and Financial Committee and European Parliament

What is the role of Eurostat Dir D? (2)

- GFS tables (NA accounts data for the general government sector, structure of government debt)
- Contingent liabilities and non-performing loans
- Questionnaire on public corporations
- Questionnaire on taxes and social contributions
- EDP inventory

→ **Complete set of data for verification & analysis**

What is the role of Eurostat Dir D? (3)

- Report to EFC;
- On a regular basis Eurostat receives data related to government sector on behalf of the European Commission on a quarterly and annual basis (**ESA tables 2, 9 + NTL , 11, 25, 27 and 28**);
- ESA GFS data should be consistent with EDP data; GFS is needed for forecasting ...
- News releases on quarterly deficit and debt – published on Eurostat website;
- Contributions to other publications (QFAGG manual, COFOG manual, QNFAGG manual).

EDP data

- **EDP tables** (actual data for 4 years and planned data):
 - EDP table 1:** synthetic table on government surplus/deficit, debt, interest/GFCF
 - EDP tables 2:** transition between national definition of government balance and the surplus/deficit of each government subsector
 - EDP tables 3:** stock flow adjustment from surplus/deficit to change in debt level
 - EDP table 4:** stock of trade credits
- **Questionnaire relating to EDP tables** (13 tables): details on revisions of deficit and debt, breakdown of financial transactions in WB, adjustments for sector delimitation, breakdowns of other accounts receivable/ payable, taxes and social contributions, transactions with the EU, military equipment expenditure, central government claims, government guarantees, debt cancellations, capital injections into public corporations, super-dividends and privatisations, public-private partnerships, sale and leaseback operations, rerouting transactions
- **Supplementary tables for government interventions to support financial institutions**
- **Questionnaires** on taxes and social contributions, on public corporations, contingent liabilities (December)
- **GFS data** according to the **ESA tables transmission ...**

GFS tables / ESA 2010 Transmission Programme

Code	Subject	Annual/ Quarterly	Deadline t + months (days)	Period
2	Main aggregates of general government and its subsectors	A	T+3/T+9	1995 onwards
9 & NTL	Detailed tax and social contribution revenue including the list of national taxes and social contributions according to national classification	A	T+9	1995 onwards
11	General government expenditure by function (COFOG)	A	T+11	1995 onwards
25	Non-financial accounts of general government	Q	T+3	2002Q1 onwards
27	Financial accounts and balance sheets of general government	Q	85 days/T+3	1999Q1 onwards
28	General government gross debt (Maastricht debt)	Q	T+3	2000Q1 onwards
28A	General government gross debt (Maastricht debt) structure	A	100 days/283 days	Previous 4 reference years

Assessing EDP/GFS data

- Eurostat is using similar tools/methods for all MSs:
 - Permanent dialogue with the National Statistical Institute (NSI) & other statistical authorities
 - Eurostat technical visits (action points follow up)
 - Assessment of quality of EDP notifications
 - EDP inventory (methods, procedures and sources, list of government units)
 - Related questionnaires (e.g. on taxes and social contributions, public corporations)
 - ESA GFS tables assessment / consistency checks → transmission reports

Enlargement countries: contributions to various DGs reports (DG ECFIN, DG NEAR)

- **Progress report on the action plan on economic, monetary and financial statistics for the Western Balkans and Türkiye**
- **Economic Reform Programmes of candidate countries and potential candidates**

Publication and use GFS data collected from the Western Balkans countries and Türkiye

- **Priority indicators** are requested by DG NEAR to produce the Statistical annexes to the annual country reports (the Enlargement Package), which are key Commission analysis and recommendations for the region.
 - For general government
 - Deficit/surplus
 - Gross debt
 - Total revenue
 - Total expenditure
 - Gross fixed capital formation

What we expect? (from enlargement countries)

- Statistical independence
 - Usually data is compiled and transmitted by National Statistical Office
- Transparency on fiscal data
 - Vis a vis Eurostat and vis a vis users of the data
 - ✗ No GFS data for ME;
 - ✗ AL, MK, RS (partly) still labelled “experimental” and “non-publishable” or “confidential”;
 - ? TR, BA, XK*, RS (T28) → potential to (partially) publish once technical issues solved.
- Gradual development of GFS/EDP data with a goal of reaching the quality standards of EU Member States
 - For current reference periods, this is of particular importance

EDP notifications provided by WBT (October 2023)

	Reporting from	EDP tables	Questionnaire relating to the EDP tables	Explanatory notes
BA	Ad-hoc in 2014-2017, regular since 2019	2019-2022, no planned data Partially completed tables 2, tables 3 completed, AF.81L and GNI reported in table 4	1, 2 and 3	-
ME	Since 2014 on an irregular basis. No transmission after November 2021	No current reporting Only table 1 was reported		
MK	Since 2016	2019-2022, planned data for debt & P.51g Partially completed tables 2, tables 3 and 4 completed	Partially 3 and 5	Provided in April 2023
AL	Since 2014	2019-2022, planned data for B.9 in T1 Tables 2 and 3 completed, AF.81L and GNI reported in table 4	1, 3, 4 and 5 (2019-2022)	Provided in April 2023
RS	Since 2015	2019-2022, planned data for B.9 (S.1311) Partially filled in tables 2, tables 3 and 4 completed	1, 2.1, 3, 4 (partially), 5 (from 2005), 8, 9.1. 9.2, 9.4, 10.1 (partially) and 10.2	Provided in April 2023
TR	Since 2016 (initially one notification annually), semi-annual EDP reporting since 2022	2019-2022, planned data for debt Tables 2 and 3 completed, GNI reported in table 4	1, 2.1, 2.2, 3 and partially 10.1	Provided since 2023
XK*	Since 2020	2018-2022, no planned data Partially filled-in table 2B and 3A, no data in table 4	-	-

Other relevant (EDP) documents provided

	Questionnaire on taxes and social contributions	Questionnaire on government controlled units	Bridge table between public accounts and national accounts	EDP inventory (IPA 2019 deliverable)	List of government units	
					Provided to Eurostat	Published on (national) website
BA	-	-	YES	YES	YES	YES
ME	-	-	-	-	-	-
MD	-	-	-	-	-	-
MK	-	In 2021 only	In 2015 (to be updated)	YES	YES (link to list)	YES
AL	-	YES	YES	YES	YES	YES
RS	YES	YES	YES	YES	YES	YES
TR	YES	-	-	YES	YES	YES
UA	-	-	-	-	-	-
GE	-	-	-	-	-	-
XK*	-	-	YES	YES	YES	YES

Transmitted GFS tables, enlargement countries

Country	Table 2	Table 9 & NTL	Table 11	Table 25	Table 27	Table 28
Bosnia and Herzegovina	2015-2022	2017-2022	-	2020Q1-2020Q4	2020Q1-2021Q4	2000Q1-2022Q4
Montenegro	-	-	-	-	-	-
Moldova	-	-	-	-	-	-
Albania	2017-2022	2017-2022	2017-2022	2017Q1-2023Q2	2017Q1-2022Q4	2017Q1-2022Q4
North Macedonia	2011-2021	2011-2021	-	2017Q1-2018Q4	-	-
Republic of Serbia	2013-2022	2005-2022	-	2013Q1-2023Q2	-	2014Q1-2023Q2
Türkiye	2009-2022	2009-2022	-	2015Q1-2022Q4	2015Q1-2023Q2	-
Ukraine	-	-	-	-	-	-
Georgia	-	-	-	-	-	-
Kosovo*	2015-2022	2015(17)-2022	2015-2022	2015Q1-2022Q4	2021Q1-2021Q4	2018Q1-2021Q4

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Thank you for your attention!

Any questions?

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Background – Maastricht debt and PSD

Maastricht debt

General government

Face value

Debt instruments AF.2 *deposits*, AF.3 *debt securities*,
AF.4 *loans*

Supplemented by data on contingent liabilities and
stock of trade credit liabilities AF.81L

Public sector debt

Public sector, i.e. general government +
public corporations

Nominal value

All debt instruments (AF.12 *SDR
allocations*, AF.2, AF.3, AF.4, AF.6
*insurance, pensions and standardised
guarantees*, AF.8 *other accounts payable*)