



EU INDEPENDENT FISCAL INSTITUTIONS

BUILDING BRIDGES: THE ROLE AND IMPACT OF THE EU IFI_s NETWORK

WORLD BANK CONFERENCE: FISCAL RULES AND FISCAL COUNCILS IN THE WESTERN BALKANS,
DECEMBER 18TH-20TH, VIENNA, AUSTRIA

AGENDA

Who we are

- Mission
- Values and principles
- Short history
- Organization of the Network
- IFIs' typology and structural characteristics

What we do

- Outputs and impact
- Challenges
- *Building bridges...*

Who we are

Mission

- **The Network is a voluntary and inclusive institution, open to all independent fiscal oversight bodies operating in the EU.**
- **It provides a platform to exchange views, expertise and pool resources in areas of common concern.**

Who we are

Values and principles

- committed to build ***strong and transparent relationship among its members***;
- should ***support the objectives*** of its members;
- present the ***agreed position*** of its members;
- uphold the ***independence*** of the network and its members;
- all members must have ***equal rights*** within the network and be able ***to voice their opinions*** without further repercussions;
- committed to ensure that all its members benefit from minimum standards, including in terms of ***resources, access to good and timely information, safeguards to independence*** and ***the possibility to make public assessment at their own initiative***.

Who we are

Short history

- Formally established on the 11th of September 2015, on the 3rd informal meeting of EU IFIs held in Bratislava (Slovakia).
- The Agreement has already been signed by 23 independent fiscal institutions from different European countries
- In the present there are 32 independent fiscal institutions from 28 European countries (including UK).

Organization of the Network

Leadership

- Led by a chair and two deputy chairs
- Must belong to different IFIs and considerations to gender and geographic diversity
- Leadership terms last two years and are renewable maximum once

Secretariat

- Supported in collaboration with Centre of European Policy Studies (CEPS)

Editorial board

- Composed of 8 members from different IFIs, covering old and new EU members, euro and non-euro zone members
- In charge with the review of the draft versions of EFM and other papers (position papers, policy papers, research papers etc)

Organization of the Network

Leadership



Chair: **Richard van ZWOL**

State Council at the Netherlands Council of State- Raad van State



Vice-Chair: **Esther GORDO MORA**

Director of the Economic Analysis Division of the Spanish Independent Fiscal authority for Fiscal responsibility.



Vice-Chair: **Sebastian-Bogdan CĂPRARU**

Member of the Romanian Fiscal Council

Secretariat



Farzaneh Shamsfakhr

Coordinator for the Network of EU IFIs



Beatriz Pozo Pérez

Events and membership coordinator

IFIs' typology and structural characteristics

32 independent fiscal institutions from **28 European countries** (including UK)

EU IFIs are very **heterogeneous** in terms of their characteristics:

Institutional model – all types

- **Fiscal councils** – independent institutions operate on the basis of Fiscal Responsibility Laws which guarantee their independence (e.g. Bulgaria, Croatia, Cyprus, Germany, Greece, Hungary, Ireland, Malta, Portugal, Romania, Slovakia, Sweden);
- IFIs that are formally under the executive or legislative leadership of the political system, with a well-defined mandate and strict guarantees of independence from the *parliamentary bodies* of which they are an integral part (known as **Parliamentary Budget Offices**) (e.g. Greece, Italy and UK)
- IFIs associated with other independent institutions such as **central banks** (e.g. Austria - Fiscal Advisory Council - FISK, Estonia) and **audit institutions** (e.g. Finland, France, and Lithuania)
- **independent research institutes** that provides policy relevant economic analyses and projections (e.g. the Netherlands, Slovenia).

Some countries have **two entities** acting as IFIs

Country	Name of the IFI	Year	Term of office (years)	Renewal of mandate	Personnel	
					Board	Staff
<i>Austria</i>	Fiscal Advisory Council (FISK)	1970	6	Unlimited	15	6
<i>Belgium</i>	High Council of Finance (HRF/CSF) ³	1936	5	Unlimited	24	15
	Federal Planning Bureau	1994	9	Unlimited	1	90
<i>Bulgaria</i>	Fiscal Council	2015	6	n.a.	5	n.a.
<i>Czech Republic</i>	Czech Fiscal Council (CFC)	2018	6	Once	3	8
<i>Cyprus</i>	Fiscal Council of Cyprus	2014	6	Once	3	3-6
<i>Croatia</i>	Fiscal Policy Committy	2013	5	Unlimited	7	n.a.
<i>Denmark</i>	Danish Economic Council	1962	Up to 6	Unlimited	21	30
<i>Estonia</i>	Fiscal Council of Estonia	2014	5	Unlimited	5	1,5
<i>Finland</i>	National Audit Office of Finland	2013	Permanent employees	n/a		4
	Finnish Economic Policy Council (EPC)	2014	5	Unlimited	5	2
<i>France</i>	High Council of Public Finance (HCFP)	2013	5	Once	11	2,5
<i>Germany</i>	Independent Advisory Board to the Stability Council	2013	5	Unlimited	8	1
<i>Greece</i>	Hellenic Fiscal Council	2015	5	Cannot be renewed	4	13
	Parliamentary Budget Office	2011	5	Once	5	11
<i>Hungary</i>	Fiscal Council	2011	6	Unlimited	2	3
<i>Ireland</i>	Irish Fiscal Advisory Council (IFAC)	2011	4	Once	5	6
<i>Italy</i>	Parliamentary Budget Office (PBO)	2014	6	Cannot be renewed	3	24
<i>Latvia</i>	Fiscal Discipline Council	2014	6	Once	6	4
<i>Lithuania</i>	Budget Policy Monitoring Department – National Audit Office of Lithuania (BPMD)	2015	5	Once		7
<i>Luxembourg</i>	National Council of Public Finances (CNFP)	2014	4	Unlimited	7	2
<i>Netherlands</i>	Netherlands Bureau for Economic Policy Analysis (CPB)	1945	7	Once		117
	Raad van State	2014	99	-	5	16
<i>Malta</i>	Fiscal Advisory Council	2014	4	Once	3	4
<i>Portugal</i>	Portuguese Public Finance Council (CFP)	2012	7	Once	5	18
<i>Romania</i>	Fiscal Council of Romania	2010	9	Cannot be renewed	5	20
<i>Slovakia</i>	Council for Budget Responsibility (CBR)	2012	7	Cannot be renewed	3	15-20
<i>Slovenia</i>	Slovenian Fiscal Council	2017	5	Once	3	4
	Institute of Macroeconomic Analysis and Development	1975	2	n.a.	n.a.	n.a.
<i>Spain</i>	Independent Authority of Fiscal Responsibility	2014	6	Cannot be renewed		35
<i>Sweden</i>	Swedish Fiscal Policy Council (FPC)	2007	3	Once	6	5
<i>United Kingdom</i>	Office for Budget Responsibility (OBR)	2010	5	Once	2	22

IFIs' typology and structural characteristics

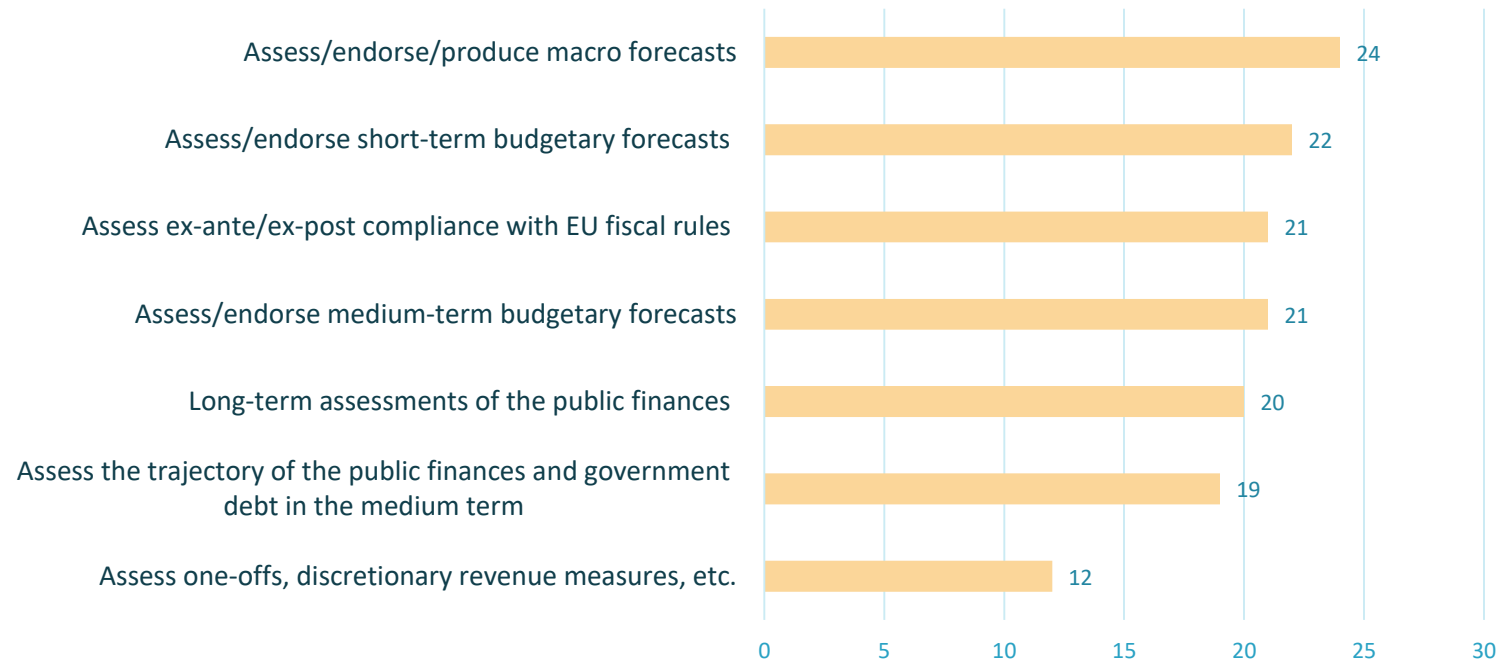
Governance

- **terms of mandate**, which may be limited to a number of years or involve permanent employees (min 3y Sweden – max 9y Romania)
- **renewal of mandates**, they may be unlimited, renewed only once or cannot be renewed
- **size of the board** and of the **technical staff** also differs
- **mechanism for appointing board members**: who appoints and where the members come from

IFIs' typology and structural characteristics

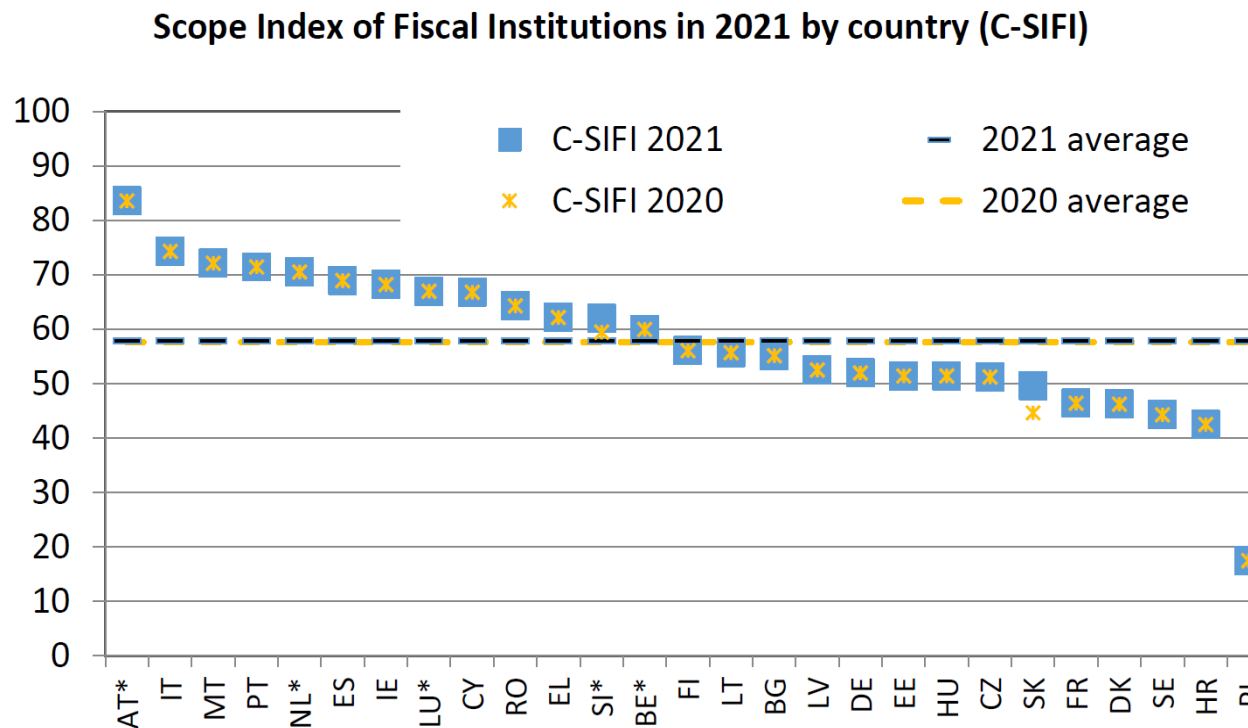
Tasks – differ from IFIs to IFIs

Main tasks undertaken by IFIs



IFIs' typology and structural characteristics

Scope Index of Fiscal Institutions (SIFI) of European Commission - aims to measure the breadth of tasks covered by IFIs



What we do

Outputs

- European Fiscal Monitor;
- Policy papers;
- Network's official letters and position papers;
- Research papers;
- Events;
- Peer-2-peer seminars and workshops;
- Working groups;
- Surveys within the Network;
- Other news.

What we do

European Fiscal Monitor

- report oriented publication;
- twice a year in accordance with European semester (winter and summer edition);
- involves contributions from individual European IFIs on:
 - the main latest developments and challenges in the economies;
 - public finances and fiscal frameworks of EU member states;
 - fiscal policies pursued by member states etc.



What we do

Network's official letters and position papers

- reflecting members' **common positions** on issues relating to the European governance of public finances and other topic related to members' **common concerns** on public finances' and economic governance's issues.
- output of ad-hoc working groups or the leadership in collaboration with the secretariat



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EU IFI Network statement



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EU Economic Governance Proposal Reform:

Issues and Insights from EU IFIs



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**Medium-Term Budgetary Frameworks:
A Key Factor for Effective Public Financial Management
and Fiscal Sustainability**

*A Statement
by the Network of EU Independent Fiscal Institutions*

the EU Economic Governance Reforms



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Strengthening the role of EU national IFIs:

Minimum standards and mandates

31 May 2018

What we do

Research papers and policy papers

- **topic** of this publication should be focused on particular aspects related to *IFIs design, tasks, effectiveness, economic governance framework or any other areas of common interest of IFIs*
- published on the Network's **Publication web page section**, in the **Working Papers Series** and/or **presented to conferences**
- **purpose**: to *emerge preoccupation on the topics described above, promoting in a broad way the importance of IFIs, their institutional awareness and to stimulate debate.*



What we do

Research papers and policy papers



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The Network of EU Independent Fiscal Institutions

Contribution to the EFB Annual Conference

26 February 2021



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The capacity of national IFIs to play an enhanced role in the EU's fiscal governance

The Network of EU Independent Fiscal Institutions:

Contribution to the EFB Annual Conference 2023

The public debt outlook in the EMU post Covid: A key challenge for the EU fiscal framework

*Working in the same or different directions? Assessing the relationship
between EU and domestic fiscal frameworks*



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The Network of EU Independent Fiscal Institutions

Contribution to the EFB Annual Conference 2022

Assessing the fiscal policy impact of the climate transition



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Testing output gaps

An Independent Fiscal Institutions' guide

What we do

Peer-2-peer seminars and workshops

e.g.

- *The fiscal implications of climate change: modelling approaches*
- *the Joint Research Centre EUROMOD and EDGE-M3 models*
- *Developing a long-term sustainability fiscal model*
- *Public Spending Evaluation*
- *Integrating climate into economic modelling etc.*

What we do

Working groups

e.g.

- *IFIs' Effectiveness*
- *Common position on the second best option for IFIs*
- *The EU Economic Governance Review*
- *Output Gap etc.*

What we do

Communication channels

- on-line and in person meetings;
- surveys;
- peer-2-peer seminars;
- working group progress meetings;
- website and email correspondence;
- news from members newsletter;
- social media - X (Twitter) and LinkedIn;
- presentations etc

Challenges

Achieving minimum standards and mandates

Minimum standards at the EU level for the institutional design of IFIs:

- would support developing the **effectiveness of IFIs**
- would help all countries to have benefits of **sound fiscal governance**
- ensure that all institutions can deliver the proposed extension of the minimum mandates and support a **wider role** of national IFIs in the fiscal governance at the EU level

The main minimum standards refer to:

- Sufficient **resources** to carry out their mandates
- Adequate safeguards to their **independence**
- Good and timely **access to information**
- The possibility to **make public** their assessments

Challenges

Achieving minimum standards and mandates

Position papers and notes

- *Minimum Standards and Strengthening the Mandates of national IFIs (2022)*
- *Strengthening the role of national IFIs at EU level (2022)*
- *Statement on Reinforcing and Protecting IFIs (2019)*
- *Defining and Enforcing Minimum Standards for Independent Fiscal Institutions (2016)*

Research paper

Do institutional aspects shape the effectiveness of independent fiscal institutions?

- examines which *institutional aspects (minimum standards)* are associated with IFI effectiveness in the matter of *compliance with EU fiscal rules*
- the dataset comprises 30 IFIs in 26 EU member countries, obtained from a *survey* of members of the Network of EU IFIs in spring 2022.

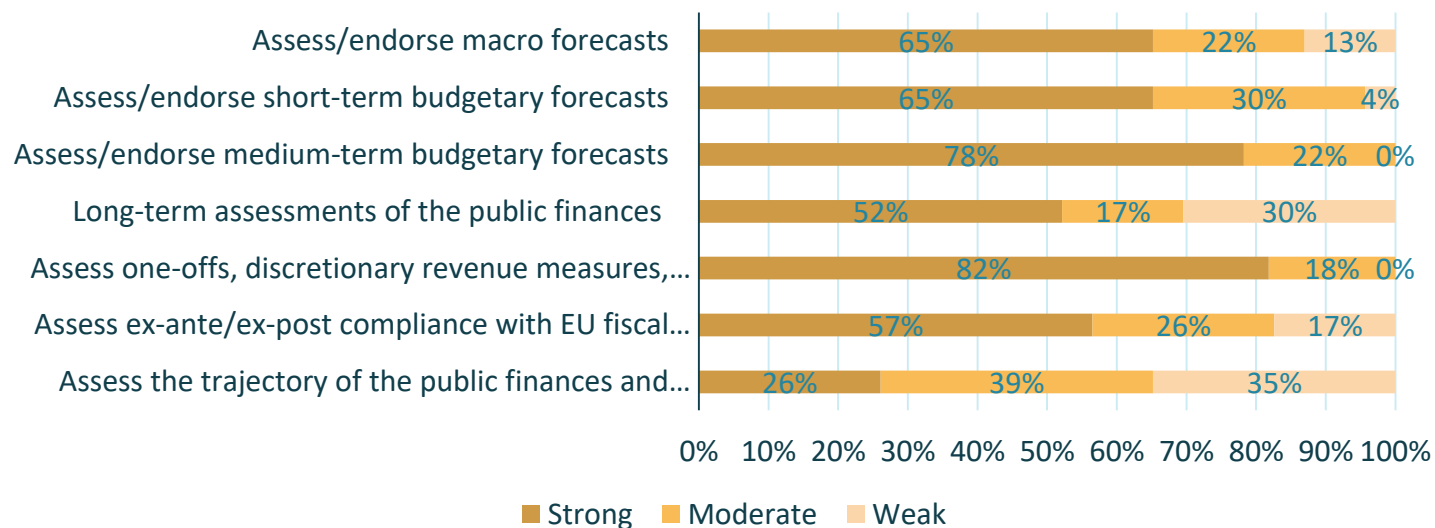
Challenges

IFIs' current capacity to carry out a range of tasks and play an enhanced role in the future

Paper: The capacity of national IFIs to play an enhanced role in the EU's fiscal governance

This figure is based on the survey responses of 29 IFIs from 25 EU countries. The category 'strong' includes IFIs that reported having sufficient or complete capacity, and the category 'weak' includes all IFIs that reported having minor or no capacity to carry out the proposed tasks.

IFIs capacity by type of task



Challenges

Facing the proposals of EGR regarding the extension of IFIs' tasks

amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States

Article 8 (4)

Member States shall ensure that the IFIs have the following tasks:

- (a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;
- (b) producing debt sustainability assessments underlying the government's medium-term planning or endorsing those provided by the budgetary authorities;
- (c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;
- (d) monitoring compliance with country-specific numerical fiscal rules in accordance with Article 6;
- (e) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;
- (f) conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;

Challenges

Facing the proposals of EGR regarding the extension of IFIs' tasks

amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States Article 8 (4)

- For some IFIs, the proposed changes would build on their **existing activities** and may require only modest changes and a moderate increases in resources;
- However, in some countries, institutional frameworks would need to be significantly strengthened to bring all IFIs up to the level of EU best practice and allow them to fulfil their potential in the context of the EU fiscal framework - many of tasks **exceeding the current mandates and competences** of IFIs;
- It is very difficult to correlate the **timing for implement the new fiscal rules** starting with 2024 and for **bringing to the same denominator the mandates of IFIs**, including the new tasks assigned - it would require about two years for being *transposed into the national legislation* of all the Member States

Building bridges between institutions and people





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THANK YOU VERY MUCH!



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