

FISCAL FRAMEWORK IN SLOVAKIA: searching for synergies between rules and institutions

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Key messages

- ✱ Rules and independent institutions are complements
- ✱ Broad support via long discussions with all parliamentary parties
- ✱ No normative elements
- ✱ Financing via the central bank

New fiscal framework

Council

Debt limit

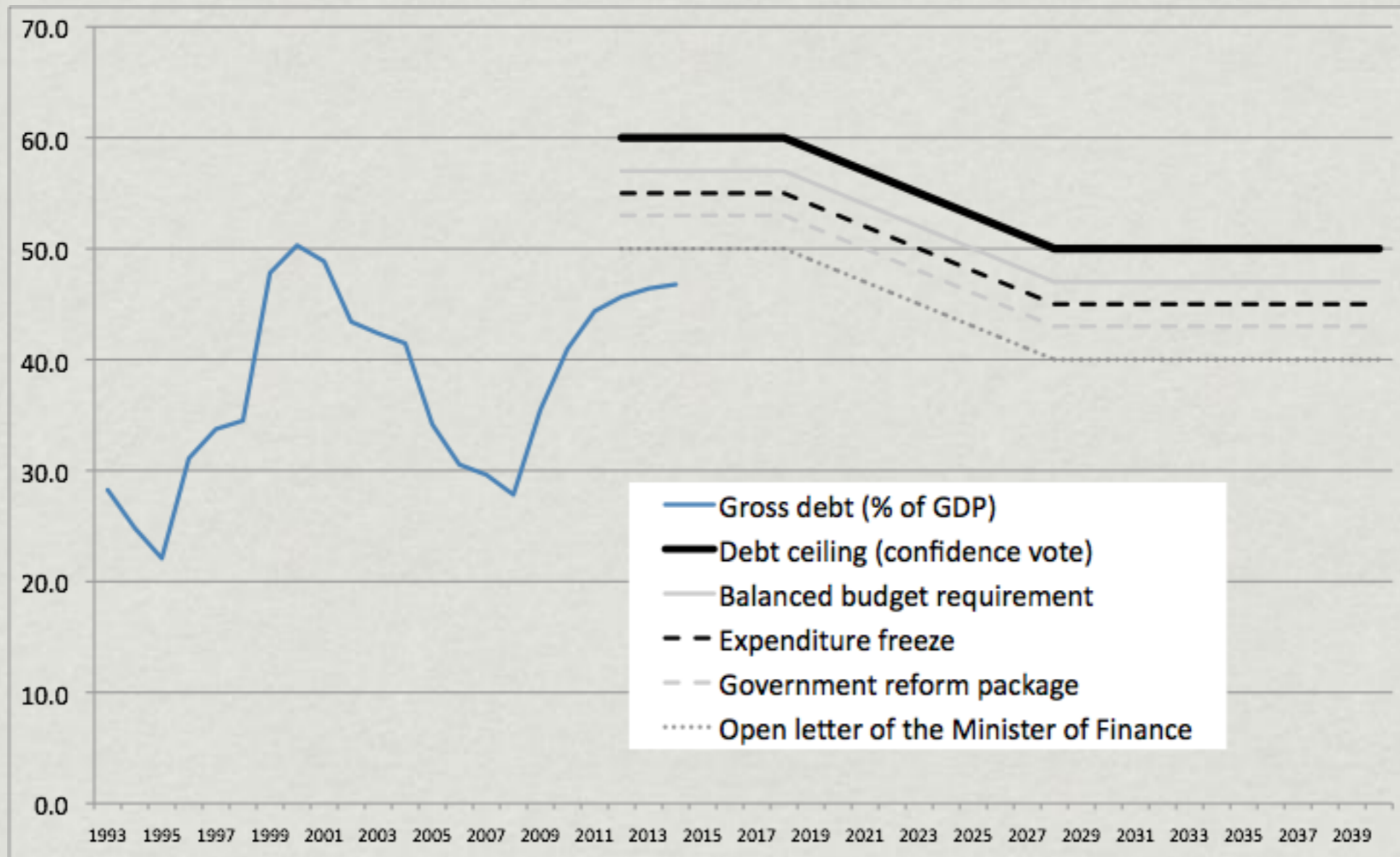
**Expen-
diture
ceilings**

**Rules for
munici-
palities**

**Rules for
transpa-
rency**

Net worth

Constitutional debt limit



Bottom-up approach

- * NBS working paper as a starting point in December 2009
- * Discussions with relevant political parties before elections in June 2010
- * Government Program Manifesto in August 2010
- * Parliamentary Expert Committee in 2011
- * Draft legislation in September 2011 (signed by one MP from each political party)
- * Constitutional Fiscal Responsibility Act approved in December 2011 (for 146 from 147 MPs)

Basic set-up of the Council

- * Three members, 7-year non-renewable term
- * Nominations: government (constitutional majority for approval), president and governor (simple majority)
- * Professional staff (15 to 20 analysts)
- * Independent financing via the central bank
- * No normative roles

Responsibilities of the Council

- * Long-term sustainability report
- * Yearly assessment of budgetary outcomes: compliance with fiscal rules and rules for transparency (debt limit, expenditure ceilings, rules for municipalities, methodological issues, etc.)
- * Fiscal impact assessment
- * Ex-post and ex-ante monitoring and assessment of fiscal indicators (recommendations, reports, etc.)

Few observations

- * No explicit roles in macroeconomic or budget forecasting (credibility issues)
- * Constitutional support for all Council members is required for the first time
- * Benchmark for public finance methodology (long-term sustainability, no policy change scenario, one-offs, inter-temporal net worth, cyclical components, etc.)
- * At least one foreign member is expected

Thank you for your attention!