



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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FISCAL DISCIPLINE COUNCIL OPERATIONAL
STRATEGY 2019-2021

Riga, 2018

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INTRODUCTION

"Fiscal discipline council operational strategy 2019-2021" (hereafter – strategy) is a medium-term policy planning document that has been developed in accordance with the requirements set out in the Cabinet of Ministers' 28 April 2015 Instruction No 3 on "Procedure how institution's operational strategy is developed, reviewed and post assessed"¹.

The strategy has been developed to ensure the efficient fulfilment of the tasks and functions listed in the Fiscal discipline law (hereafter – FDL), as well as the goals defined in the Council's planning documents. The task of the strategy is to promote the involvement of all Council members and employees in achieving the goals set.

The Strategy outlines the Council's mandate, vision, mission, values and strategic priorities to ensure that the Council fully participates in the development of independent fiscal institutions in the European Union (hereafter – EU), and at the same time, to encourage the provision of fiscal discipline in Latvia. The strategy covers activities and their goals, tasks, results and output quantities for 2019-2021, in which the Council plans and organises work, taking into account the amount of funding available and the time period covered by the strategy.

Based on the medium-term priorities listed in the strategy, an annual work plan is devised. The plan contains information about concrete tasks for achieving the strategic goals.

The long-term strategy of the Council is forward-looking and pro-active, despite the conservative nature of its mandate, as specified in the FDL.

¹ Cabinet of Ministers' 28 April 2015 Instruction No 3 on "Procedure how institution's operational strategy is developed, reviewed and post assessed". Available in Latvian: <https://likumi.lv/ta/id/273909-kartiba-kada-izstrada-un-aktualize-institucijas-darbibas-strategiju-un-noverte-tas-ieviesanu>, accessed on 30.05.2018.

ABBREVIATIONS

Council	Fiscal Discipline Council
CSB	Central Statistical Bureau
EC	European Commission
EU	European Union
FDL	Fiscal Discipline Law
FSR	Fiscal Security Reserve
IFI	Independent Fiscal Institution
SP	Stability Programme
Surveillance Report	Fiscal Discipline Surveillance Report
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MoW	Ministry of Welfare
MTBF	Medium-Term Budget Framework
GDP	Gross Domestic Product
OECD	Organization for Economic Cooperation and Development
SSIA	State Social Insurance Agency
SRS	State Revenue Service

1 THE COUNCIL'S VISION, MISSION, VALUES AND PRIORITIES

According to the FDL² (FDL Chapter III Monitoring of fiscal discipline), the Council is an independent collegial institution that has been established to monitor compliance with the FDL. The Council's core competence is related to the assessment of fiscal discipline, fiscal policy and issues related to macroeconomic developments.

VISION:

A general government budget, which is cyclically balanced and contributes to sustainable national development, macroeconomic stability, responsible borrowing, without increasing the debt burden on future generations, and possessing the ability to respond adequately to an adverse impact of external factors on the economy.

MISSION:

To provide an independent and professional opinion on the government's fiscal and economic policy objectives and their achievement, taking into account the sustainability of public finances, the general government budget balance and expenditure ceilings in accordance with conditions of the business cycle. The Council also assesses whether fiscal policy is consistent with the objectives of sustainable development by analysing the annual state budget and MTBF during their preparation, execution and result evaluation phase; this also includes an assessment of economic forecasts and assumptions.

VALUES:

Responsibility	Transparency	Knowledge-sharing	Co-operation
<i>We provide honest daily assessments</i>	<i>We promote transparency of budget planning and implementation</i>	<i>We provide research in the fields of fiscal policy and fiscal discipline</i>	<i>We are open to public discussions and conversations with all members of society on issues pertaining to fiscal discipline</i>

PRIORITIES FOR 2019-2021:

- to achieve a balanced budget over the economic cycle and a sustainable public debt policy that is responsible to future generations; **continued from the previous period (2016-2018)**;
- to improve public understanding of fiscal rules, as defined in law, and their role in the implementation of responsible and sustainable fiscal policy; **continued from the previous period (2016-2018)**;
- to improve the assessment of fiscal numerical rules, including time-series analysis to facilitate the discussion with the MoF; **new**;
- to promote the creation of the state's worth balances, incl. the contingent liabilities from the future pension obligations by taking into account the best international practice; **new**;
- the Council's external (peer) review; **moved from the previous period (2016-2018)**.

² Fiscal discipline law, enforced since 06.03.2013. Available: <http://fiscalcouncil.lv/files/uploaded/E2316-FiscalDisciplineLaw.pdf>, accessed on 30.05.2018.

PRIORITIES FOR 2016-2018:

- to achieve a balanced budget over the economic cycle and a sustainable public debt policy that is responsible to future generations; **not achieved and will be continued in the next period (2019-2021);**
- to improve public understanding of fiscal rules, as defined in law, and their role in the implementation of responsible and sustainable fiscal policy; **partially achieved, will be continued in the next period (2019-2021);**
- to encourage discussion on an adequate tax burden and its equitable distribution in the interests of the sustainable development of the state; **achieved, discussion organised;**
- the Council's self-assessment **performed** and external (peer) review **will be organised in the next period (2019-2021).**

2 THE COUNCIL'S MANDATE

According to the FDL and MoU³, the Council is responsible for:

- monitoring compliance with FDL provisions in the state budget and the MTBFL during their preparation, execution, and amendment;
- verifying whether the fiscal balance and the expenditure growth provisions have been properly applied, including an independent assessment of the potential GDP and nominal GDP, and the calculation of the structural balance;
- supervising the observance of FDL provisions in the implementation of state budget law, conformity of total fiscal indicators of the consolidated budget of local governments and budgets of derived public persons with the forecasted values.
- preparing opinions regarding major permitted departures from the balance condition during a severe economic downturn;
- preparing an opinion on whether the FSR is set at an appropriate level to counter extant fiscal risks;
- preparing a surveillance report on fiscal discipline and, if necessary, a non-conformity report;
- preparing and submitting to the Saeima and the government opinions regarding issues of fiscal policy and macroeconomic development if they pertain to compliance with the terms set out in the FDL;
- endorsing the MoF macroeconomic forecasts twice a year – while preparing the SP, and the annual state budget and while preparing the MTBF;
- preparing interim report (opinion) on SP;
- assessing and analysing the sustainability of fiscal policy for the purposes of preparing the reports stipulated by the FDL.

³ Memorandum of Understanding, available:

http://fiscalcouncil.lv/files/uploaded/FDP_1_09_281_20160208_MoU_FDC_MoF.pdf, accessed on: 30.05.2018.

3 THE COUNCIL'S CO-OPERATION

3.1 CO-OPERATION IN LATVIA

The Council organises its co-operation in Latvia in accordance with its areas of competence. Article 28 Part 9.2 of the FDL stipulates that the Council has the right to request and receive from other state institutions information that is necessary to carry out the tasks that have been assigned to the Council.

The Council's main partner in developing and implementing responsible fiscal policy is the MoF. The Council also closely co-operates with the Bank of Latvia and other state institutions to carry out its functions.

The main sources of information for the fulfilment of the Council's duties are data from the CSB, the Treasury, the SRS, the MoF, the Financial and Capital Market Commission, and the Bank of Latvia.

3.2 INTERNATIONAL CO-OPERATION

The Council's international co-operation mainly includes other IFIs and the EC. Co-operation has largely focused on building a shared understanding of the EU Stability and Growth Pact⁴, as well as the implementation of the Fiscal Compact⁵.

Independent fiscal institutions organise their co-operation at an informal level, which is mostly co-ordinated by the presiding IFI, as well as at a more formal level that is co-ordinated by the EC's Ecfm directorate. On 11 September 2015 an agreement was concluded among IFIs, thus legally strengthening the existing informal co-operation model.

On 19 October 2016 there was established an independent advisory European Fiscal Board⁶, which continues the development of unified principles in the field of fiscal discipline.

The Council does not envisage active international co-operation during the period covered by the Strategy.

⁴ Stability and Growth Pact. Available: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/stability-and-growth-pact_en, accessed on 30.05.2018.

⁵ Fiscal Compact, enforced on 02.03.2012. Available: http://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=LEGISSUM:1403_3&from=EN, accessed on 30.05.2018.

⁶ On European Fiscal Board. Available: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/european-fiscal-board-efb_en, accessed on 30.05.2018.

4. THE COUNCIL'S FUNCTIONS IN THE CONTEXT OF OTHER IFIs

4.1 IFI FUNCTIONS ACCORDING TO OECD

	Yes	No
Normative analysis		✗
Forecast preparation		✗
Forecast assessment	✗	
Long-term sustainability		✗
Optimality (the assessment of government budgetary and fiscal performance in relation to fiscal objectives and strategic priorities)		✗
Costing of measures		✗
Monitoring of fiscal rules	✗	
Ex-post analysis	✗	
Mandate beyond fiscal policy	✗	

4.1 Table. IFI functions according to OECD

4.2 IFI FUNCTIONS ACCORDING TO THE EC

	Yes	No
Monitoring of fiscal policy and fiscal rules	✗	
Policy costing		✗
Macroeconomic forecasting		✗
Analysis of long-run sustainability of public finances	✗	
Promotion of fiscal transparency	✗	
Normative recommendations on fiscal policy		✗

4.2 Table. IFI functions according to the EC

Self-assessments given in matrixes above (Table 4.1 and Table 4.2) were made on 3 September 2018; these self-assessments will be updated during the annual review of the Council's strategy.


5 PRIMARY GOALS AND ACTIVITIES OF THE COUNCIL

According to the Council's mandate, the Council has three primary goals: (1) to ensure that the annual state budget and MTBF law are drafted in conformity with the principles stipulated in the FDL, (2) to ensure that the annual state budget is executed in conformity with FDL stipulations, as well as (3) to supervise the correction mechanisms of the minimum planned structural balance of the general government budget. Achievement of the listed primary goals is ensured through the activities of the Council.


Primary goal	Activities for achievement of the primary goal
1. To ensure that the annual state budget law and MTBF law are drafted in conformity with FDL stipulations.	<ul style="list-style-type: none"> • Endorsement of macroeconomic forecasts • Numerical fiscal rules evaluation • Assessment of fiscal risks <hr/> <ul style="list-style-type: none"> • Research – fulfilled in accordance with the Council's annual plans and priorities.
2. To ensure that the annual state budget is executed in conformity with FDL stipulations.	<ul style="list-style-type: none"> • Monitoring the execution of budget plans • Monitoring the execution of the state budget law and the MTBF law • Monitoring "Funds for unforeseen events"
3. Supervision of the correction mechanism of minimum planned structural balance of the general government budget.	<ul style="list-style-type: none"> • MTBF law execution assessment

Each activity is described in more detail below; research topics are elaborated in Section 6 of the Strategy.


5.1 ACTIVITY: NUMERICAL FISCAL RULES EVALUATION

 Activity: Numerical fiscal rules evaluation				
<p>Description:</p> <p>FDL is based on four numerical fiscal rules – (1) balance, (2) expenditure, (3) continuity and (4) debt rules.</p> <p>Maximally permissible state budget expenditure is calculated by all methods, and the rule that provides the most stringent result is chosen.</p> <p>In 2014, the Council performed an audit of the MoF fiscal rules calculus (excluding the debt rule) for the first time.</p> <p>In the following period it is necessary to ensure:</p> <ul style="list-style-type: none"> • Perform a time-series analysis of numerical fiscal rules, thus allowing for a more critical evaluation of the proposed changes by the MoF between calculation periods. 				
<p>Goal: to assign state budget expenditure ceilings that provide for a fiscal policy that is adjusted to the economic cycle in the medium term.</p>				
<p>Results:</p> <ul style="list-style-type: none"> • A counter-cyclically planned state budget, thus ensuring sustainability; • The principles for calculating maximum state budget expenditure ceilings are publicly available and explained. 				
Result	Output	Quantity		
		2019	2020	2021
Assessed and independently calculated numerical fiscal rules in accordance with the FDL and EU Law.	Calculation of maximally permissible state budget expenditure in the preparation of the state budget and MTBF	2	2	2
<p>Main tasks:</p> <ul style="list-style-type: none"> • Develop a transparent and elaborate description of the methodology. • Improvements to data exchange with the MoF • Extensive analysis of the information received at the EC independent fiscal institutions working group 				
<p>Other institutions: MoF, EC</p>				


5.2 ACTIVITY: ASSESSMENT OF FISCAL RISKS

 Activity: Assessment of fiscal risks				
<p>Description:</p> <p>In accordance with Article 28 of the FDL, the Council prepares an opinion on whether the FSR is set at an appropriate level to counter current, local fiscal risks. The Declaration of Fiscal Risks is prepared annually since 2014. In accordance with the requirements of the FDL, it is attached to the draft MTBF law. In order to assess the appropriateness of the fiscal security reserve, the Council reviews the analysis provided in the Declaration of Fiscal Risks, considers the credibility of the assumptions and the amount allocated to the fiscal security reserve. Suggestions are provided to improve the assessment and identification of fiscal risks.</p> <p>In the following period it is necessary to ensure:</p> <ul style="list-style-type: none"> To promote the development of fiscal risks' qualifications with the aim of being able to quantify all those risks that are potentially quantifiable or quantifiable as evidence of international practice. 				
<p>Goal: The identification of fiscal risks and the creation of an appropriate security buffer for when macroeconomic and fiscal indicators deviate from the established objective.</p>				
<p>Results:</p> <ul style="list-style-type: none"> Timely identification of fiscal risks Assessment of the amount allocated to the fiscal security reserve 				
Result	Output	Quantity		
		2019	2020	2021
Independent assessment of the Declaration of Fiscal Risks	Independent assessment of the FSR	1	1	1
<p>Main tasks:</p> <ul style="list-style-type: none"> Analyse the Declaration of Fiscal Risks Identify potential sources of risk for the state budget Independent assessment of the FSR Analyse fiscal risk quantification international practice 				
<p>Other institutions: MoF, Treasury, MoW, SSIA, state-owned enterprises.</p>				


5.3 ACTIVITY: ENDORSEMENT OF MACROECONOMIC FORECASTS

 Activity: Endorsement of macroeconomic forecasts				
<p>Description:</p> <p>As stipulated in the FDL, the Council must perform an independent assessment of potential GDP and nominal GDP, as well as endorse macroeconomic forecasts that are used as the basis for drafting the annual state budget is one of the Council's duties.</p> <p>In 2016 the Council with the MoF concluded the MoU, which defines the macroeconomic forecasting framework, incl. data collection conditions for a broad range of economic development indicators for Latvia.</p> <p>In the following period it is necessary to ensure:</p> <ul style="list-style-type: none"> Facilitate reduction of the macroeconomic forecasts biases. 				
<p>Goals: (1) the provision of an independent opinion on macroeconomic projections developed by the MoF, which are used as basis for drafting an annual state budget and medium term budget framework, and (2) the provision of an independent opinion about the economy's position in the business cycle and an independent assessment of the output gap.</p>				
<p>Results:</p> <ul style="list-style-type: none"> Macroeconomic projections developed by the MoF that are used as a basis for drafting annual state budget and MTBF are critically assessed, risks are identified and, if necessary, recommendations are provided; An independent opinion about the economy's position in the business cycle and an assessment of the output gap. 				
Result	Output	Quantity		
		2019	2020	2021
Independent assessment of macroeconomic projections	Number of assessments	2	2	2
Independent assessment of output gap	Number of assessments	2	2	2
<p>Main tasks:</p> <ul style="list-style-type: none"> Development and maintenance of the macroeconomic forecasting framework; Regular monitoring and analysis of information and data on factors impacting macroeconomic development of the state; Strengthening co-operation with the relevant public institutions (e.g. MoF, CSB). 				
<p>Institutions involved: MoF, CSB</p>				


5.4 ACTIVITY: MONITORING THE EXECUTION OF BUDGET PLANS

 Activity: Monitoring the execution of budget plans				
<p>Description:</p> <p>In order to ensure that the responsibilities of the Council listed in Article 28 of the FDL are met and deviations from budget revenue and expenditure plans are identified in a timely manner, monthly data published by the SRS and the State Treasury are analysed and compiled in an Excel spreadsheet. The results are published on the Council's home page.</p> <p>In the following period it is necessary to ensure:</p> <ul style="list-style-type: none"> • Compilation of cumulative data. 				
<p>Goal: Monitoring the execution of, and deviations from, budget revenue and expenditure plans.</p>				
<p>Policy:</p> <ul style="list-style-type: none"> • Publicly available data and data visualisations on monthly execution of revenue and expenditure plans • Timely identification of deviations • Assessment of revenue and expenditure forecasts 				
Result	Output	Quantity		
		2019	2020	2021
Budget plans have been monitored.	SRS monthly data on state budget revenue, compared to the plan	12	12	12
	State Treasury monthly data on state budget expenditure, compared to the plan	12	12	12
	Quarterly analytical report on state budget revenue and expenditure	4	4	4
<p>Main tasks:</p> <ul style="list-style-type: none"> • Compile monthly data published by the SRS and the Treasury • Monitor the execution of revenue and expenditure plans 				
<p>Other institutions: MoF and Treasury</p>				


5.5 ACTIVITY: MONITORING THE EXECUTION OF THE STATE BUDGET LAW AND MTBF LAW

 Activity: Monitoring the execution of the state budget law and the MTBF law				
Description: <p>In accordance with Article 9 of the FDL, the Council monitors the adoption of laws and regulations with an impact on the budget. In order to carry out this task, the fiscal impact of agenda items of the meeting of the Cabinet of Ministers on the state budget law and the MTBF law is identified and analysed. If a violation of the law is identified or becomes known, the Council prepares a non-conformity report containing recommendations for rectifying the non-conformity in question.</p>				
Goal: Monitor the execution of the state budget law and the MTBF law.				
Policy: <ul style="list-style-type: none"> • Independent monitoring of budget execution • Contribution to a disciplined execution of the state budget law and MTBF law. 				
Result	Output	Quantity		
		2019	2020	2021
Monitoring of Cabinet decisions	Weekly summary of main Cabinet decisions pertaining to fiscal discipline and economic development	52	52	52
Main tasks: <ul style="list-style-type: none"> • Analysis of agenda items (Cabinet of Ministers, Saeima) 				
Other institutions: Cabinet of Ministers, Saeima				

5.6 ACTIVITY: MONITORING "FUNDS FOR UNFORESEEN EVENTS"

 Activity: Monitoring "Funds for unforeseen events"				
Description: The budget programme "Funds for Unforeseen Events" (hereafter – FUE) is intended for unplanned expenditures resulting from for the elimination of the consequences of catastrophes and natural disasters, the compensation of losses caused thereby, if there is a failure to comply with contractual obligations and a fine or interest payment is charged from the partner, and other unforeseen events and measures significant at the national level.				
Goal: Monitors the allocation of funds from "Funds for unforeseen events"				
Policy: <ul style="list-style-type: none"> • Independent monitoring of budget execution • Contribution to a disciplined execution of the state budget law and MTBF law. 				
Result	Output	Quantity		
		2019	2020	2021
Monitoring of "Funds for unforeseen events"	Quarterly report on the allocation fo funds from "Funds for unforeseen events"	4	4	4
Main tasks: <ul style="list-style-type: none"> • Analysis of agenda items (Cabinet of Ministers, Saeima) 				
Other institutions: Cabinet of Ministers, Saeima				

5.7 ACTIVITY: MTBF LAW EXECUTION ASSESSMENT

 Activity: MTBF law execution assessment				
Description: <p>According to Article 11 of the FDL, the Council supervises the implementation of the minimum planned general government structural balance. The Council determines if the accrued difference is the basis for triggering the correction mechanism for the next cycle of the MTBF by assessing the annually submitted calculations by the MoF of the difference between the actual general government structural balance and the minimum planned general government structural balance; this also includes an assessment of the output gap.</p>				
Goal: Supervise the implementation of the minimum planned general government structural balance correction mechanism assessment.				
Results: <ul style="list-style-type: none"> • State budget execution deviations are corrected in subsequent budgets so as to reduce deficit pressure on public debt; • The minimum planned general government structural balance deviations are publicly available. 				
Result	Output	Quantity		
		2019	2020	2021
An assessment of the minimum planned general government structural balance deviation in accordance with the FDL	Calculation of the minimum planned general government structural balance deviation.	1	1	1
Main tasks: <ul style="list-style-type: none"> • Ensure MTBF law performance monitoring. • Create the core principles for the assessment of the output gap at the end of the year. 				
Other institutions: MoF, CSB				

6 ENSURING THE WORK OF THE COUNCIL

6.1 THE ORGANISATIONAL STRUCTURE OF THE COUNCIL

In 2014-2015, the Council consists of six Council members and Council secretary. To strengthen the Council's capacity, in 2016-2018 the Council will consist of six Council members, and the number of secretariat employees in direct subordination to the Council is increased to four. From 2019 to 2021, the structure of the Council remains unchanged.

Council members are approved by Saeima in accordance with the FDL. On 19 December 2013, in accordance with Article 22 of the FDL and Part 9 of the Transitional provisions Saeima approved six Council members. For a six-year period: Janis Platais, former advisor to the Finance Minister on public financial management issues; Ingars Erins, Vice-Chancellor of the Riga Technical University and Ulo Kaasik, vice president of the Bank of Estonia. For a three-year period: Inesis Feiferis, Chairman of the Credit Union's associations; Martins Kazaks, chief economist of Swedbank in Latvia and Morten Hansen, Head of Economics Department Stockholm School of Economics. On 23 April 2015, Inesis Feiferis resigned from the Council. On 3 September 2015, Andzs Ubelis, an expert on public financial management, was approved as a Council member for a six-year period.

In accordance with Article 26 of the FDL, in its first meeting on 25 February 2014 the Council elected its Chairman – Janis Platais, and Deputy Chairman – Ingars Erins.

On 29 May 2015 Council approved its procedural regulations and established two working groups – (1) Potential and nominal gross domestic product assessment working group, Martins Kazaks was approved as the Head of the working group, and Morten Hansen and Ulo Kaasik were approved as group members; (2) Fiscal safety reserve assessment working group – Janis Platais is Head of the working group, and, as of 1 December 2015, there are two group members – Ingars Erins and Andzs Ubelis.

On 1 December 2015 the Council renewed its operational procedure aiming to establish the Council Secretariat.

The Council's secretariat provides support functions for the Council.

- The Council's secretary is responsible for the assessment of numerical fiscal rules and is the administrative head of the Council.
- The Council's macroeconomics expert develops macroeconomic forecasts and assesses state macroeconomic forecasts and output gap.
- The Council's fiscal risks expert assesses the fiscal security reserve and conducts research on fiscal risks.
- The Council's economist works as the assistant to Council secretary in analytical and administrative tasks.

6.2 THE COUNCIL'S AUDIT PRINCIPLES

6.2.1 INTERNAL AUDIT SYSTEM

The Council's internal audit system is based on risk management and benefit management plans

that improve the Council's process of assigning and reaching objectives. On 30 June 2015 the first version of said plans was approved. The risks management and benefit management plans are reviewed yearly in December.

6.2.2 SELF-ASSESSMENT AND PEER-TO-PEER ASSESSMENT

One of the most important audit principles is self-assessment according to OECD principles, that has been managed on 2 February 2016⁷, and peer-to-peer assessment by another institution. The latter is planned to take place within the next three years (in 2021).

6.3 THE COUNCIL SECRETARIAT

All Council secretariat employees have higher education (in economics – 3 employees; in law – 1 employee). Three employees have master's degrees and one employee has doctoral degree.

The Council secretariat regularly improves their capacity by attending appropriate seminars. Based on the needs identified in the employee's annual assessment, priority educational requirements are met with the financial resources of the Council. Council employees regularly improve their capacity at the Joint Vienna Institute and at other institutes in Latvia and abroad.

The Council's internal communication system is sufficient, as work is organised within three openly joined rooms. Continuous access to documents and materials is ensured via an internet database also in an out-of-office space.

6.4 THE COUNCIL'S IT AND TECHNICAL FACILITIES

The Council work is based on modern IT solutions whose continuous functioning is ensured by the IT division of the Finance Management and Methodology Department of the MoF. The IT division also provides help-desk facilities for the secretariat in case of IT incidents.

The databases are provided by MS Office 365, which are continuously accessible online. To fully satisfy confidentiality requirements, MS Office 365 databases are run in a limited access regime.

The Council has a public website. Its maintenance is ensured by the website developer.

The Council's MS Office 365 and website environment comply with Information system security risk analysis regulations, and additional risk prevention measures have been taken.

6.5 COMMUNICATION STRATEGY IN ACCORDANCE WITH THE EUROPEAN SEMESTER

To ensure that the Council takes a more active part in the budget planning calendar, it is important to harmonise the co-operation process with other stakeholders of the budget planning and implementation process.

⁷ Fiscal discipline council self-assessment on Organisation for Economic Co-operation and Development guidelines for independent fiscal institutions, 09.02.2016. Available: http://fiscalcouncil.lv/files/uploaded/FDC_SelfAssessment.pdf, accessed on 30.05.2018.

A communication strategy that is synchronised with the schedule of the European semester is of crucial importance for such co-operation. On 2 September 2016 the Council communication strategy for 2017-2019⁸ was approved.

6.6 RESEARCH PRIORITIES

Every year the Council identifies the main themes that will be covered in the coming year.

6.6.1 YEAR 2019: IMPROVING THE QUALITY OF THE EXISTING MANDATE

Planned deliverable is time-series analysis of fiscal rules, quantification issues of fiscal risks and estimation of the macroeconomic forecast bias.

Follow-up: Output gap assessment model has been developed and used during the macroeconomic projections' endorsement in February and in June 2016.

6.6.2 YEAR 2020: STATE WORTH BALANCE ESTIMATION

Planned deliverable is an assessment of the state's total balance sheet, incl. pension commitments (contingent liabilities).

6.6.3 YEAR 2021: EXTERNAL EVALUATION OF THE COUNCIL

Planned deliverable is the peer-to-peer assessment by another institution.

7 THE COUNCIL'S BUDGET PROGRAMME

The Council is fully financed from the state budget.

It is planned that in 2019-2020 the Council will be financed in accordance the medium-term budget framework 2018-2020 in the Ministry of Finance budget sub-programme 29.00.00 "Ensuring the work of the Fiscal discipline council" in the amount of 196 563 euro.

8 MONITORING THE IMPLEMENTATION OF THE STRATEGY

In accordance with the legally stipulated procedure, a report on the implementation of the strategy will be prepared and included in the Council's annual public report. The Strategy will be reviewed and updated in accordance with the legally stipulated procedure.

⁸ Fiscal discipline council communication strategy for 2017-2019, 02.09.2016. Available in Latvian: http://fdp.gov.lv/files/uploaded/FDP_1_03_1180_20161005_Rikojums_komunikacijas_strategija_groz_2017_2019_Piel.pdf, accessed on 30.05.2018.