Latvia
Fiscal discipline council
The Council and its activities
Outline of the presentation

1. General information
2. The Council and the Secretariat
3. Output and duties
The Council was established in 2014

• An independent collegial institution established to monitor compliance with the Fiscal discipline law (FDL) passed in 2013
• The Council is responsible for...
  • Monitoring compliance with FDL provisions during the preparation, execution and amendment of the state budget law and the medium-term budget framework
  • Preparing opinions and annual reports on fiscal discipline
# The Council according to OECD functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Yes</th>
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<tbody>
<tr>
<td>Normative analysis</td>
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<td>Forecast preparation</td>
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<td>Forecast assessment</td>
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<td>Long-term sustainability</td>
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<td>Optimality (the assessment of government budgetary and fiscal performance in relation to fiscal objectives and strategic priorities)</td>
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<td>Costing of measures</td>
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<td>Monitoring of fiscal rules</td>
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<td>Ex-post assessment</td>
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<td>Mandate beyond fiscal policy</td>
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IFI functions according to OECD

6-7 April 2017
### The Council according to OECD principles

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<thead>
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<tr>
<td>Local ownership</td>
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<td>Independence and non-partisanship</td>
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<td>Mandate</td>
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<td>External evaluation</td>
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*Principles for IFIs according to OECD*
The Council has access to necessary information and resources

• The FDL stipulates that the Council can request and receive all necessary and pertinent information from state institutions

• The Council currently has adequate financing to perform its duties
Members of the Council are approved by parliament

• The Latvian parliament (Saeima) approves Council members for a term of six years
• To ensure political independence, Council members are not allowed to hold positions in political parties
The Council has six members

• Three Council members are nominated by ten MPs, and three jointly by the Governor of the Bank of Latvia and the Minister of Finance

• Experts in economics and finance from all EU member states are eligible for membership
Current Council members

• **The Chairman:** Jānis Platais, expert on public financial management and government finance statistics

• **Deputy Chairman:** Ingars Erīņš, Chancellor and associate professor at Riga Technical University

• **The Council also includes:**
  • Andžs Ūbelis, expert on public financial management;
  • Martins Kazaks, Chief economist of Swedbank Latvia;
  • Morten Hansen, Head of Economics Department at Stockholm School of Economics in Riga, national of Denmark;
  • Ülo Kaasik, Vice president of the Bank of Estonia, national of Estonia.
The Council is assisted by the Secretariat

• The Secretariat consists of...
  • Dace Kalsone, head of agency
  • Elīna Veide, expert on macroeconomics
  • Emīls Ķīlis, expert on fiscal risks
  • Elīna Lucka, economist

• Annual budget in the amount of EUR 0.2 million
The Council prepares an annual surveillance report

- The report is submitted to the Cabinet of Ministers together with the draft annual budget & draft medium-term budget framework
- The report contains sections on (i) fiscal policy issues, (ii) the macroeconomic outlook and (iii) assessment of whether the draft budget is in compliance with numerical fiscal rules
The surveillance report also contains an assessment of the adequacy of the fiscal safety provision

• The government is responsible for preparing a statement containing all known sources of fiscal risk
• Based on the analysis, a fiscal safety provision is established
• The Council is required by law to assess whether the amount of the provision is sufficient to counter the impact of fiscal risks
As part of the European semester, the Council prepares an interim report on the Stability programme

• The Stability programme outlines the Government's medium-term policy each spring in preparation for the budget debate

• The Council's report presents an opinion on proposed policy measures and identifies issues that have to be addressed during the preparation of the budget
The Council prepares non-conformity reports if it finds that Cabinet decisions do not comply with the FDL

• If the Council detects infringements of the FDL or these become known to the Council, it prepares a non-conformity report
• The report (i) brings the attention of the Prime minister, Parliament, and the Finance minister to the non-conformity and (ii) makes recommendations for its rectification
The Council approved a communications strategy

- Inform and educate cooperation partners and target audiences to obtain their support in public debates for defending the principles of fiscal discipline;
- Strengthen the image of FDC by emphasising the competence and independence of the experts and strengthening the recognition of Council members;
- **Proactively** react to policy decisions, which could affect fiscal discipline.
Research priorities for 2017

• Fiscal Sustainability Report
• Public opinion survey on fiscal policy issues
  • Focus in 2017 – fiscal sustainability
Thank you for your attention!