Summary for non-specialists
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National fiscal governance reforms across EU Member States.

Analysis of the information contained in the 2009-2010 Stability and Convergence Programmes

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Following the invitation contained in the October 2009 Council Conclusions, a majority of Member States included in their respective 2009-2010 Stability and Convergence Programmes (SCPs) information related to the reform of domestic fiscal frameworks. Specifically, 21 EU countries reported recent and/or future changes to be implemented in the next years. However, detailed information on the scope of these measures and/or an implementation calendar was only provided in 10 cases.

By type of measure, changes to the existing budgetary procedures were the most frequent policy initiatives and were foreseen by 19 Member States. As for reforms related to numerical fiscal rules, they were envisaged in 13 SCPs, and the amendment of MTBFs or the introduction of new frameworks was reported by 10 countries. Finally, policy initiatives in relation to independent institutions were limited to 3 Member States.

Most measures targeting the upgrading of the existing budgetary procedures were related to transparency issues, programme and performance budgeting and monitoring mechanisms. By contrast, those elements of the budget process most conducive to fiscal discipline (i.e. the centralisation of the budget process and top-down budgeting) were hardly addressed.

The announced reforms of fiscal rules were for the most part based on the introduction of 19 new rules, while only 2 countries announced the reform of existing rules. 8 of these new rules establish constraints on expenditure developments while new budget balance and debt rules amounted to 6 and 5, respectively. No new revenue rules were announced in this year's SCPs.

Changes to MTBFs consisted of both the reform of the existing frameworks and the introduction of new ones (4 and 6 Member States respectively). Three countries not having in place a MTBF in 2008 introduced a new framework. Overall, the total number of MTBFs currently amounts to 25.

The resort to independent fiscal institutions was by far the less frequent policy initiative according to the updated programmes. In only 2 Member States the introduction of such bodies acting in the field of fiscal policy was announced.

Similarly to the previous round of the SCPs, the draft Council Opinions on the 2009-2010 SCPs continued to show a majority of policy invitations targeting the improvement of the prevailing budgetary procedures. However, there has been now a significant increase in recommendations requesting a reinforcement of monitoring and enforcement mechanisms of fiscal targets. In addition, the sum of those policy invitations more directly linked to fiscal discipline (i.e. rules, monitoring and enforcement procedures and the overseeing of spending developments) represents by far the main area of the 2010 policy invitations.

In spite of the significant number of recent or announced reforms of domestic fiscal frameworks, compliance in relation to the previous year's policy invitations is rather limited (i.e. policy invitations by the Council in the context of the 2008-2009 SCPs). Only in 7 cases measures contained in the 2009-2010 SCPs follow (at least partly) last year’s invitations.

To conclude, the Macro Financial Assessments of the programmes are somewhat mixed with respect the measures included in the SCPs of 11 Member States. By contrast, the evaluation of the recently implemented or envisaged measures is rather positive in other 11 EU countries. However, the Commission considers that supplementary policy initiatives would be needed with a view to effectively strengthening fiscal governance. Finally, only in 5 Member States, the existing frameworks do not seem to present major weaknesses.