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Executive summary

Review of fiscal and budgetary actions in 2020

- **The Covid-19 crisis has had an adverse effect on European economies.** Based on the most recent forecast from autumn 2020, Independent Fiscal Institutions (IFIs) anticipated real GDP to have dropped by about 6% on average in 2020.
- Due to a **wide range of adopted fiscal measures and automatic stabilisers**, general government deficits were expected to reach an average of 8% of GDP in 2020.
- National governments adopted major budgetary and fiscal actions in 2020. **According to national IFIs, concerns remain** about the degree of government transparency, compliance with national fiscal frameworks and the need to foresee the consolidation path.

Outlook for public finances in 2021

- **European economies are expected to make a partial recovery from the Covid-19 crisis in 2021.** According to autumn 2020 forecasts, they are projected to grow by an average of around 4% in 2021.
- Covid-19 related **fiscal measures and automatic stabilisers are expected to continue to have a significant impact on government deficits** in 2021. General government deficits are expected to reach an average of 6% of GDP in 2021.
- Some national IFIs with competences on fiscal stance **raised concerns about 2021 budgets**, notably regarding over-optimistic underlying macroeconomic forecasts, the absence of medium-term forecasts and continued large-scale public spending.

Impact of Covid-19 fiscal response to public deficits

- The 27 countries covered in this report introduced over 1,000 budgetary measures to counter the effects of the pandemic in 2020 and/or 2021. The size of the **fiscal measures amounted to 5% of GDP in 2020 and 2% of GDP in 2021**. The fiscal stimulus will further increase in 2021, when new measures are adopted or current support measures are extended.
- In general, national IFIs deem the **fiscal response to Covid-19 to be appropriate**. Nevertheless, there are several concerns over the limited transparency on quantifications and classification of the adopted measures, the absence of viability requirements in measures targeting non-financial corporations, and other issues.

Impact on IFI activities

- **The Covid-19 crisis continues to have a large impact on the activities of national IFIs.** The main challenges national that IFIs face in executing their tasks include: i) large uncertainty about the pandemic and political decisions, ii) lack of government transparency, iii) lack of clarity on fiscal measures and escape clauses, and iv) insufficient resources.

Foreword

Covid-19 has had a major economic and budgetary impact on European countries. Economies shrank rapidly in 2020 and the recovery remains incomplete. Governments have responded with large-scale spending measures, particularly to support employment and household incomes, as well as allowing automatic stabilisers to operate. EU countries have agreed to put in place a Recovery and Resilience Facility to support public investment and reforms, notably in green and digital.

While this has resulted in a sharp increase in public deficits, the approach to supporting the economy in the face of Covid-19 is broadly considered as effective. Budget figures have further deteriorated in some countries since the beginning of 2021 because their governments have taken additional spending measures in the first months of the year. The public health situation should improve, and medium-term issues around recovery and fiscal sustainability will come to the fore in an environment where interest rates remain low.

Nevertheless, Independent Fiscal Institutions (IFIs) have raised some concerns about how the crisis has been handled to date, including the way in which some budgetary procedures were set aside, as well as a lack of medium- and long-term fiscal plans. It will be important for national governments and parliaments to address these issues as the economy recovers.

Transparency and independence are essential to support effective fiscal surveillance. Looking ahead, greater clarity is needed on the EU fiscal requirements and framework that will apply from 2022.

Independent assessment of public finances by IFIs will remain essential. The Recovery and Resilience Plans currently under preparation by member states, who have been advised by the European Commission to consult the IFIs and other independent institutions on these plans, provide an opportunity to enhance the role of IFIs in national frameworks.

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Table of Contents

Executive summary	2
Foreword	3
1 Introduction	5
2 Review of fiscal and budgetary actions in 2020	6
2.1 <i>Development of key indicators</i>	6
2.2 <i>Assessment by IFIs</i>	6
3 Outlook for public finances in 2021	8
3.1 <i>Economic growth</i>	8
3.2 <i>Public balances</i>	8
3.3 <i>Public debt</i>	9
3.4 <i>Assessment by IFIs</i>	10
4 Impact of Covid-19 fiscal response on public deficits	11
4.1 <i>Fiscal response across countries</i>	11
4.2 <i>Fiscal response by instruments and beneficiaries</i>	12
4.3 <i>Assessment by IFIs</i>	14
5 Impact on activities of IFIs	16
Annex - Country factsheets	18

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The analysis and views expressed do not necessarily represent the positions of individual members of the Network.

1 Introduction

Twelve months after the start of the first Covid-19 lockdowns, European economies remain severely affected. The health and economic crises led to unprecedented declines in GDP and deterioration of the budget position in 2020. The projected real GDP dropped on average by 6% in 2020 and public deficits reached an average of 8% of GDP.¹

The budget deterioration was due to a large range of fiscal measures taken to address the health crisis and limit the adverse impact on the economy, as well as automatic stabilisers. In the 27 countries² covered by this European Fiscal Monitor (EFM), policy measures cost on average about 5% of GDP in 2020.

All EU Independent Fiscal Institutions (IFIs) report that their economies are expected to recover in 2021.³ However, the anticipated average real GDP growth is 4%. This is a less strong recovery than forecasted last summer, primarily due to both the pandemic and related measures lasting longer than originally expected. The European economies, based on these projections, are expected to return to their pre-pandemic level by mid-2022 or later.

The number of new fiscal measures have slowed in the past six months since the last EFM in September,⁴ but their cost⁵ as a share of GDP remains substantial. Based on the estimates of fiscal measures already adopted for 2021, their impact on public deficit is likely to be half compared to 2020, reaching about 2% of GDP. Short-time work schemes and income support measures remain – as in 2020 – the two largest categories of fiscal expenditure. Covid-related health care expenditure will also remain substantial in 2021.

There is still significant uncertainty in the 2021 projections, including the pace of the vaccination rollout and effectiveness of the various vaccines against the current and new variants of the virus. Further adjustments to GDP projections and pandemic-related fiscal measures can be expected during 2021.

This EFM gives an overview of the activities of 32 IFIs, and fiscal measures adopted in 26 EU member states and the UK. The monitor is based on a survey among EU IFIs conducted in January and February 2021, and is largely based on information in autumn 2020 government budgets.⁶

IFIs are independently mandated by national governments to: i) monitor compliance with national and EU fiscal rules, ii) produce or endorse macroeconomic and in several cases budgetary forecasts, and/or iii) advise national governments on fiscal policies. This puts them in a good position to assess public finances at national level.

¹ Averages are the unweighted average of EU IFI Network members.

² AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PT, RO, SE, SI, SK, UK.

³ These and other macroeconomic indicators reported by the EU IFIs in this paper are mostly based on autumn 2020 budgets.

⁴ European Network of EU IFIs (2020), [European Fiscal Monitor September 2020](#).

⁵ Fiscal stimulus is measured as a first-round effect in general government (ESA2010) terms. Liquidity measures such as tax deferrals, loans and guarantees are excluded.

⁶ European Network of EU IFIs (2021), [Survey of European Independent Fiscal Institutions](#), February 2021.

2 Review of fiscal and budgetary actions in 2020

2.1 Development of key indicators

Almost all IFIs⁷ assess the soundness of macroeconomic and fiscal projections underlying official budgets. Depending on their mandate, IFIs either produce official projections, endorse the projections prepared by the government or assess the government's projections. Some IFIs also produce their own forecasts to endorse or assess the official projections.

The majority of forecasts were most recently updated in late 2020 when the national budgets for 2021 were being prepared. According to the latest figures provided by the national IFIs⁸ for 26 EU member states and the UK, all of the countries experienced a significant contraction in 2020. The average decline in GDP was around 6%, but there were large differences across countries. France, Greece, Italy, Spain and the UK were estimated to have recorded the largest declines in GDP, reaching between 10% and 11%.⁹ In turn, the smallest declines were expected in Bulgaria, Finland, Hungary and Lithuania, ranging between 2% and 3%. For the remaining countries, the estimated fall in GDP ranged from 4% to 9%.¹⁰

Fiscal responses to Covid-19 (see Chapter 4), together with automatic stabilisers, had a very large impact on government balances in 2020. According to figures reported by the IFIs, all 27 countries experienced average public deficits of about 8% of GDP in 2020. The UK reported the largest public deficit, reaching 19% of GDP in 2020. Six other countries¹¹ anticipated public deficits of 10% or more. In contrast, Denmark and Hungary were expected to have the smallest public deficits, at around 4% of GDP. All euro area countries exceeded the public deficit ceiling of 3% of GDP in the Maastricht Treaty, however without triggering any sanctions due to the pandemic.

The economic decline and large public deficits were also reflected in the increase in the government debt ratio, as a result of both the shortfall of GDP and higher nominal debt. In fact, the public debt of a further three countries¹² crossed the 60% of GDP debt ceiling in the Maastricht Treaty during 2020. This means that at the end of 2020, at least 13 countries¹³ had government debt levels above the 60% debt ceiling. Greece recorded the highest debt-to-GDP ratio, with a level above 200% of GDP. Additionally, in seven countries¹⁴ public debt was above 100% of GDP.

2.2 Assessment by IFIs

According to the national IFIs, most governments (20 out of 22 countries)¹⁵ took appropriate fiscal and budgetary actions in 2020 in the face of the pandemic. Fiscal policy played a countercyclical role and helped

⁷ For the Netherlands this is done by the Bureau for Economic Policy Analysis (CPB) for the Council of State.

⁸ Produced, endorsed or assessed, as per the mandate.

⁹ Since these forecasts were released, some national statistical offices have provided first estimates for 2020 that are generally better than expected (e.g. FR, IT).

¹⁰ Ireland was the only economy that recorded a positive GDP growth (+3%) in 2020 due to substantial multinational activities. Corrected for this, the Irish economy shrank by about 7% in terms of modified GNI.

¹¹ AT, BE, EL, ES, IE, IT.

¹² DE, FI, SK.

¹³ AT, BE, CY, DE, EL, ES, FI, HU, IE, IT, PT, SK, UK.

¹⁴ BE, CY, ES, IE, IT, PT, UK.

¹⁵ National IFIs from five countries did not report a view as this is outside their mandate, or for other reasons.

to address the epidemic and its economic consequences. Nevertheless, in two countries national IFIs deemed the fiscal and budgetary actions too restrictive.

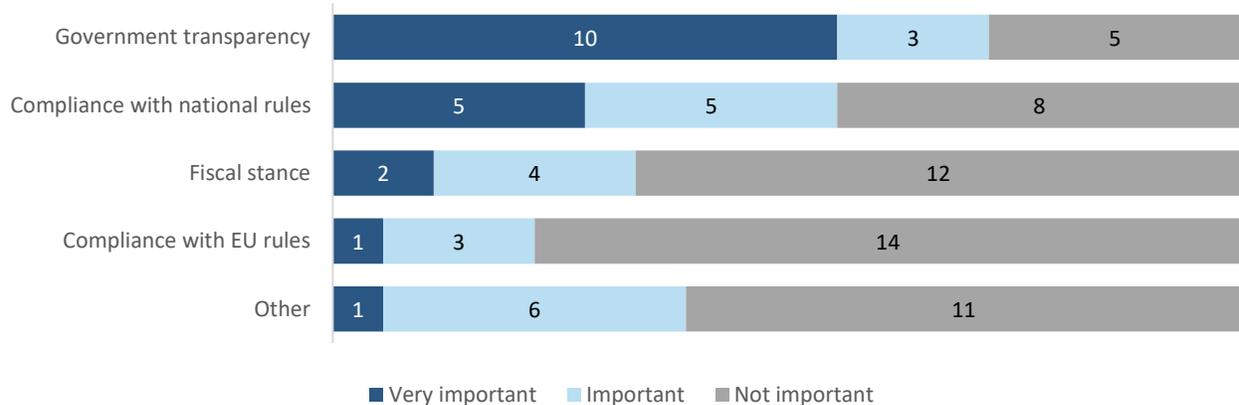
While national IFIs were broadly supportive of the fiscal and budgetary actions of the governments in their countries in 2020, the majority raised one or more concerns about the fiscal policy measures (see Figure 1). The limited government transparency on design, public deficit impact and take-up rate of adopted measures was the most common concern. This was deemed “important” or “very important” by 13 national IFIs participating in the survey.

Compliance with fiscal rules, traditionally a key concern, remained an important concern, despite the activation of fiscal escape clauses at national and EU level. A number of national IFIs raised concerns about their governments skipping legislative steps in the adoption of fiscal measures. In most cases, these concerned national fiscal rules (10 out of 32 national IFIs raised concerns about this), but in some instances it also concerned EU fiscal rules (4 out of 32).

Moreover, although most national IFIs with competences on fiscal stance deemed the fiscal stance adopted by their governments to be appropriate for economic and budgetary stability in 2020, the IFIs of six countries considered that the adopted fiscal stance was too expansionary.

Seven national IFIs raised other concerns about fiscal policy in 2020. These covered the applicability of fiscal policy legislation in the exceptional circumstances, as well as the need to foresee the consolidation path and return to the medium-term objectives.

Figure 1. Concerns raised by the IFIs about fiscal policy in 2020 (number of respondents)



Note: The IFIs were asked “Did you raise any concerns about the fiscal policy in your country in 2020?”. A total of 18 out of 32 respondents indicated that they had raised one or more concerns.

Source: The Network of EU Independent Fiscal Institutions (2021).

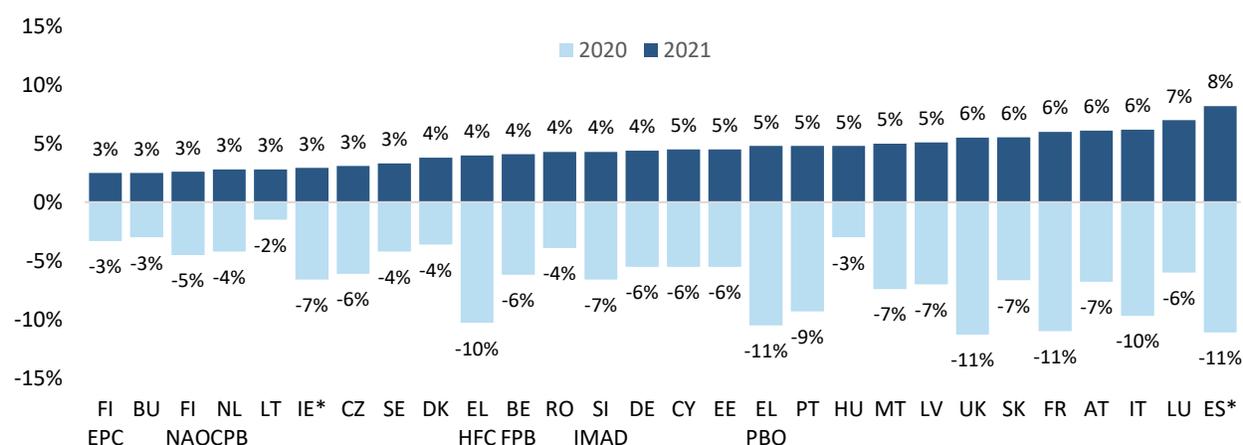
3 Outlook for public finances in 2021

Real GDP growth, general government balance and gross public debt on Maastricht basis are key indicators used by IFIs to assess the outlook for public finances. IFIs produce or assess these projections in the context of the budget endorsement or assessment.

3.1 Economic growth

In most countries, strong growth is expected for 2021, but this is unlikely to offset the decline in 2020 (see Figure 2). Only Denmark, Hungary, Lithuania, Luxembourg and Romania are expected to reach their pre-pandemic levels this year. According to the most recent official forecasts, average GDP in the 27 countries is expected to grow by around 4% in 2021, compared to a decline of 6% in 2020. The highest growth is projected for Spain (8%) and Luxembourg (7%), followed by five countries¹⁶ with an expected economic growth of 6%. The expected real GDP growth for the remaining countries ranges between 3% and 5%.

Figure 2. Projected real GDP growth (% of GDP)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs, in line with their mandates. The figures for Ireland relate to GNI rather than GDP. The figures for Spain are based on the medium of the three prepared scenarios.

Source: The Network of EU Independent Fiscal Institutions (2021).

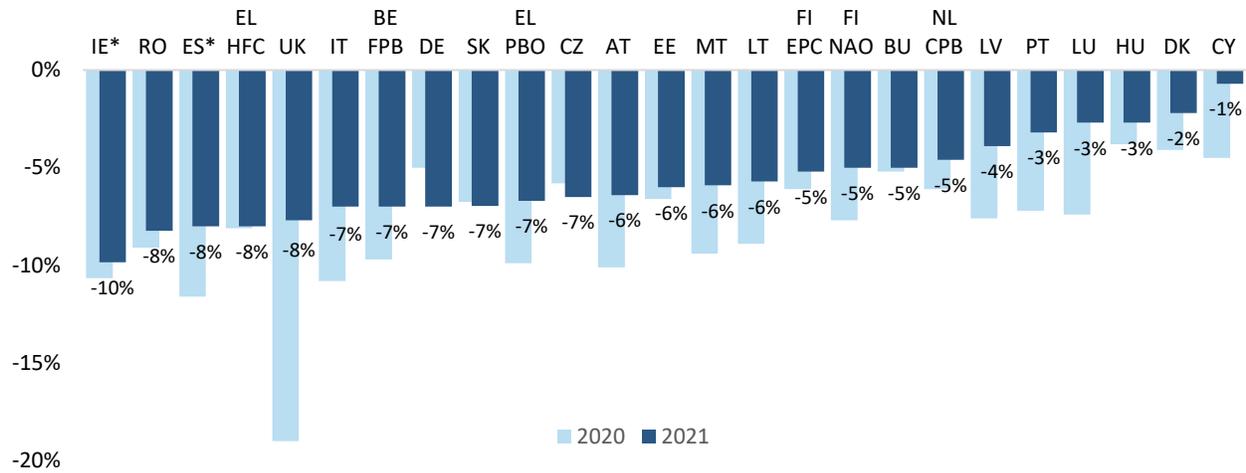
3.2 Public balances

Automatic stabilisers and Covid-19 related fiscal measures will also have a significant impact on government budgets in 2021 (see Figure 3). As in 2020, all 27 governments are projected to report a deficit. However, the average public deficit is anticipated to decrease from 8% of GDP in 2020 to 6% of GDP in 2021. The public deficits in nearly all of the EU member states are expected to exceed the 3% public deficit ceiling in the Maastricht Treaty. Ireland is projected to have the largest public deficit (about 10% of GNI) in 2021, reflecting large contingencies in the budget and the former assumption of a 'no deal' Brexit. In Greece, Spain, Romania and the UK, the public deficit is expected to be around 8%. Most countries are expected to have public deficits ranging between 4% and 7%. According to the latest projections, Cyprus, Denmark,

¹⁶ AT, FR, IT, SK, UK.

Hungary and Luxembourg are the only four countries with public deficits below the 3% ceiling in the Maastricht Treaty.

Figure 3. Projected general government balance (% of GDP)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs in line with their mandates. The figures for Ireland relate to GNI rather than GDP. The figures for Spain are based on the medium of the three prepared scenarios.

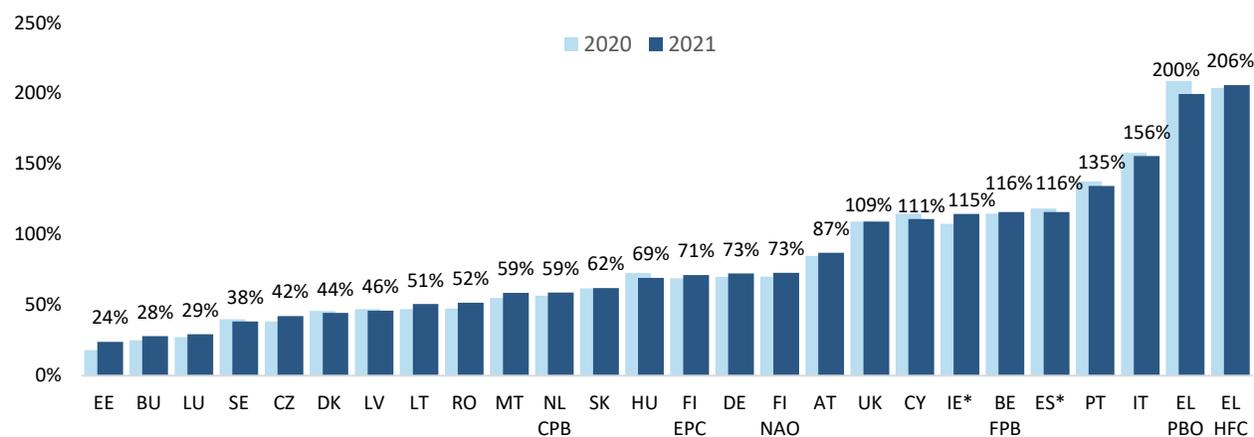
Source: The Network of EU Independent Fiscal Institutions (2021).

3.3 Public debt

The fiscal expansion in response to Covid-19 has had a large impact on public debt (see Figure 4). Despite the projected public deficits in all countries, there are about 11 countries¹⁷ for which IFIs expect a decrease in the public debt-to-GDP ratio in 2021. This decrease is mostly due to the expected economic recovery increasing the GDP. The largest decreases in the debt-to-GDP ratio are expected in Greece (-9%) and Cyprus (-4%). In the other nine countries the debt level is expected to decrease by between 1 and 3 percentage points. In the remaining countries, the debt level is expected to increase or remain stable. The largest increases in the debt-to-GDP ratio are expected in Romania (+9%), Ireland (+7%) and Estonia (+6%).

¹⁷ BE, CY, DE, DK, EL, ES, HU, IT, LV, PT, SE.

Figure 4. Projected gross public debt on Maastricht basis (% of GDP)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs, in line with their mandates. The figures for Ireland relate to GNI rather than GDP. The figures for Spain are based on the medium of the three prepared scenarios.

Source: The Network of EU Independent Fiscal Institutions (2021).

3.4 Assessment by IFIs

Most national IFIs with competences on fiscal stance¹⁸ generally consider the budgets covering the 2021 fiscal year as broadly satisfactory. The large majority of the budgets adopted by the national parliaments are considered realistic, consistent with the current macroeconomic conditions, and generally effective in reducing the economic downturn.

Nevertheless, many IFIs have concerns about the underlying macroeconomic forecasts, planning for long-term fiscal sustainability and institutional aspects. More specifically, 19 out of 32 national IFIs¹⁹ have some concerns about 2021 budgets. These mostly relate to: i) over-optimistic underlying macroeconomic forecasts, ii) the absence of medium-term forecasts, iii) insufficient consolidation efforts, iv) a lack of transparency during the adoption process, and v) violation of mandatory legislative steps.

Almost all national IFIs raised concerns about the continued high level of public spending. Covid-19 spending is lasting longer than expected, and economic recovery is slower than initially anticipated.

¹⁸ At the end of February 2021, 16 out of 32 IFIs had completed their assessment of the 2021 budget. Nine more will complete the assessment later this year. The remaining nine IFIs do not have a mandate or do not plan to assess the budget.

¹⁹ Fourteen of these national IFIs have completed their assessment of the 2021 budget, while others are still in the process of assessing it.

4 Impact of Covid-19 fiscal response on public deficits

4.1 Fiscal response across countries

The 27 countries covered by this report have introduced over a thousand budgetary measures to counter the effects of the pandemic in 2020 and 2021, in addition to allowing automatic stabilisers to work. The main objective of measures adopted in 2020 was to reduce the economic impact of the crisis and avoid funding shortages of non-financial corporations, while the measures adopted more recently for 2021 also target national health care sectors to ensure timely vaccine rollout.

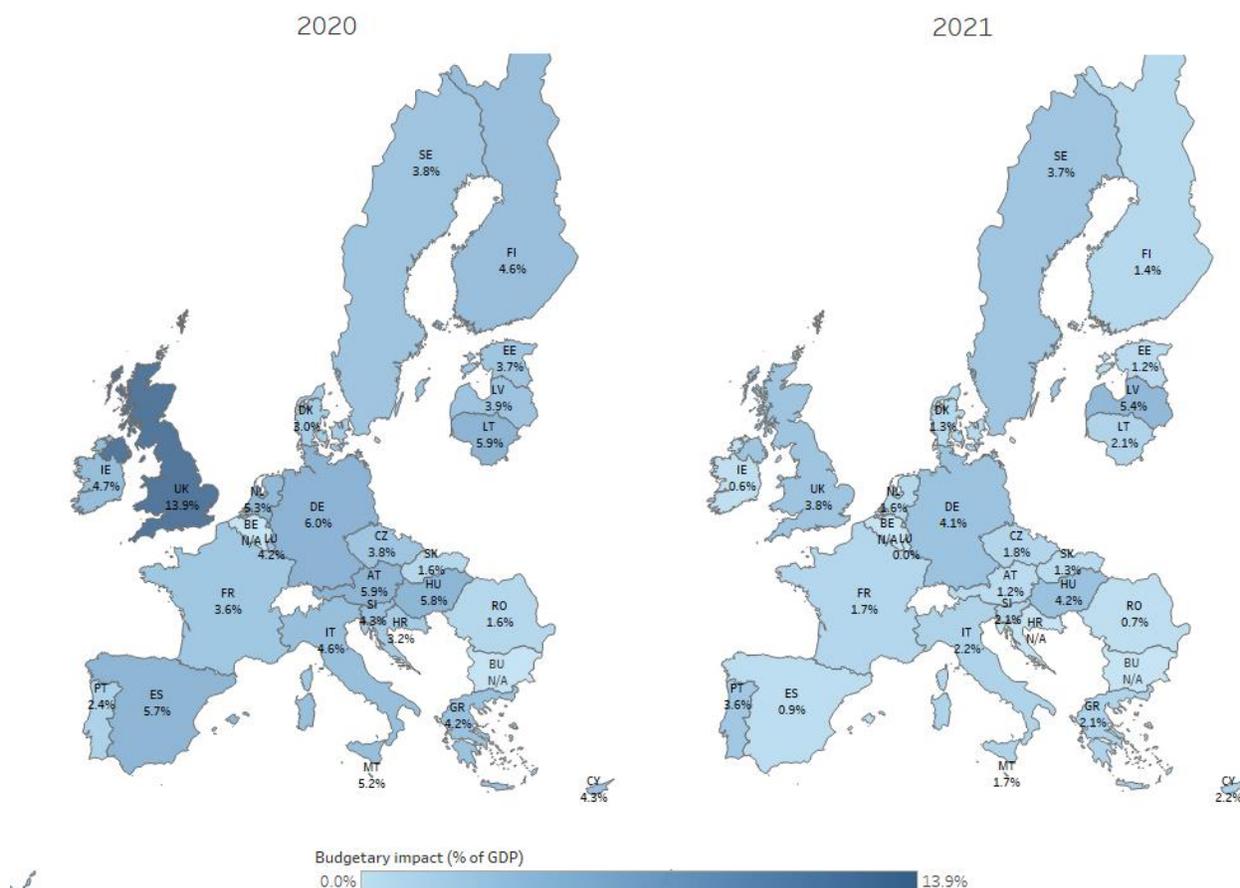
The size of the adopted fiscal response is significant in terms of GDP (see Figure 5). On average, the cost of the adopted discretionary fiscal stimulus²⁰ amounted to 4.7% of GDP in 2020. The cost of the adopted discretionary fiscal stimulus in 2021 amounts to less than half of this, or 2% of GDP on average. This might still increase if new measures are adopted or current support measures are extended.

There are substantial differences between countries. In 2020, the UK had the largest relative amount of discretionary measures in place (about 14% of GDP). Germany (6%), Austria (6%), Hungary (6%), Lithuania (6%), Spain (6%), the Netherlands (5%) and Malta (5%) are the seven other countries that spent more than 5% of GDP in 2020. The fiscal stimulus in Slovakia (2%), Romania (2%), Portugal (2%) and Denmark (3%) had the smallest impact on the budget in 2020.

For 2021, the costs of Covid-related income support measures are expected to be lower than in 2020. Latvia is projected to see the highest cost of fiscal stimulus in response to Covid-19 in 2021 (about 5% of GDP). As at March 2021, there are no other countries where fiscal stimulus is expected to impact public deficit by more than 5% of GDP. Germany (4%), Hungary (4%), the UK (4%), Sweden (4%) and Portugal (4%) are the five countries expected to have the largest fiscal stimulus in 2021 after Latvia. Should the epidemiological situation deteriorate, governments may well need to provide further fiscal stimulus.

²⁰ Measures with a direct negative impact on public deficits, such as public spending, revenue measures and mixed spending and revenue measures.

Figure 5. Size of adopted Covid-19 related fiscal measures by country and by year (% of GDP)



Note: The figure above shows the total size of adopted discretionary fiscal stimulus in 2020 and 2021. Fiscal stimulus is measured as a first-round effect in general government (ESA2010) terms. The figures for Ireland relate to GNI rather than GDP. Source: The Network of EU Independent Fiscal Institutions (2021).

4.2 Fiscal response by instruments and beneficiaries

Most of the adopted fiscal measures with an impact on public deficit are public spending measures (about 6% of GDP) and foregone revenues (1%) (see Figure 6). The remaining measures have negligible costs – about 0.3% of GDP on average.

Non-financial corporations are the largest direct beneficiaries of the fiscal measures, benefiting from support measures with a size equivalent to about 2% of GDP over 2020-21. Although most of these measures aim to provide subsidies and grants to companies severely hit by the Covid-19 crisis, some may indirectly benefit households.²¹

Households are the second largest group of beneficiaries, receiving about 2% of GDP via the Covid-19 measures. Moreover, there are substantial measures (about 2% of GDP) targeting several categories of

²¹ In several countries employment support measures target companies and the self-employed, despite households being the ultimate beneficiaries.

beneficiaries at once. The remaining measures target general governments (0.6%), non-profit institutions serving households (0.5%) and financial institutions (less than 0.1%).

Figure 6. Cumulative size of fiscal measures by main instrument and beneficiaries (% of GDP)

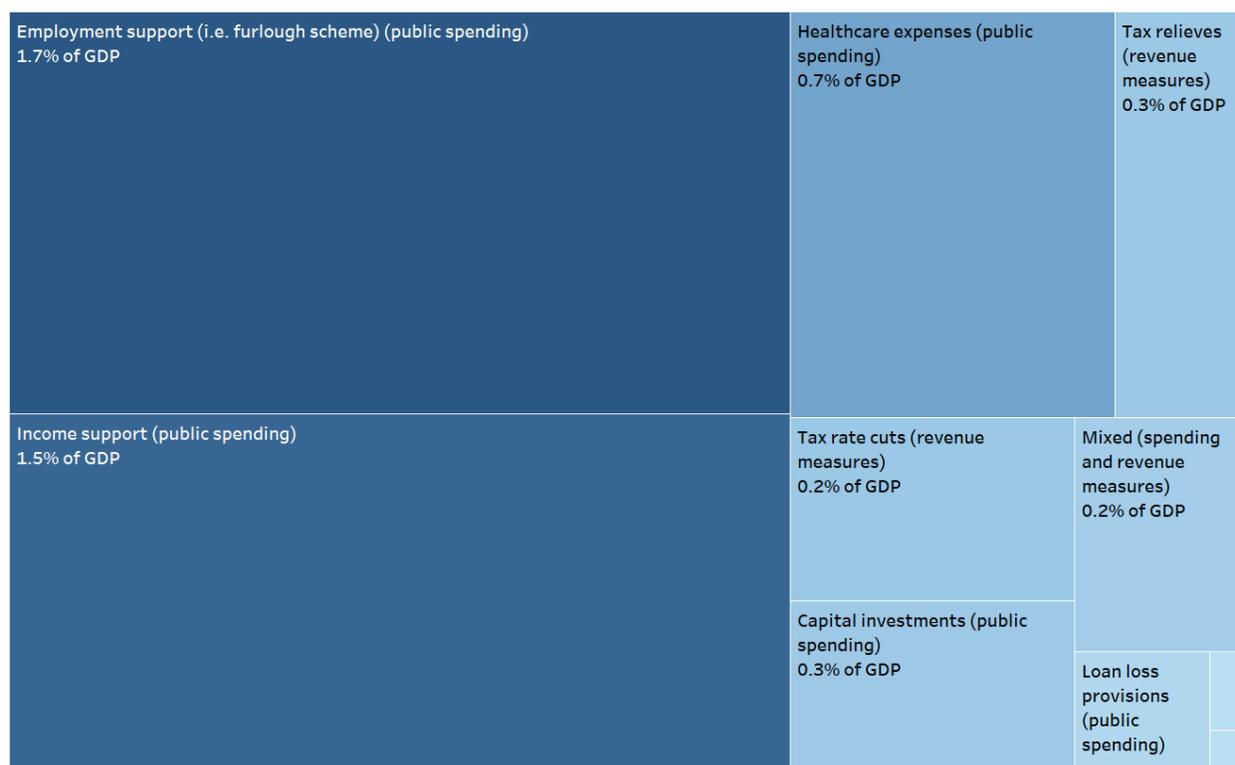


Note: Fiscal measures are measured as a first-round effect in general government (ESA2010) terms in 2020 and 2021. Only discretionary fiscal measures are included. The figures were rounded up to the first decimal.

Source: The Network of EU Independent Fiscal Institutions (2021).

Looking at the adopted instruments in detail (see Figure 7), employment support measures (about 1.7% of GDP) and income support to households and enterprises (1.5%) have the largest total impact on public deficit in 2020-21. Additionally, governments adopted an average of about 0.7% of GDP of health care sector support, and fully or partially foregone taxes for about 0.5% of GDP. Capital investment is expected to cost on average about 0.3% of GDP. Some governments have also adopted measures that simultaneously impact public spending and revenues; these measures are expected to cost about 0.2% of GDP. Other measures have an average total public deficit impact of less than 0.1% of GDP.

Figure 7. Total amount of fiscal measures by instrument – in detail (% of GDP)



Note: Fiscal measures are measured as a first-round effect in general government (ESA2010) terms in 2020 and 2021. Only discretionary fiscal measures are included. Figures are rounded up to the first decimal.

Source: The Network of EU Independent Fiscal Institutions (2021).

Additionally, all 27 countries have adopted liquidity measures such as guarantees and loans. These measures aim to facilitate the access of companies and the self-employed to working capital. In most countries, liquidity measures were not projected to impact public deficits in 2020 and 2021. However, some risk remains that these guarantees will be called upon if the economic crisis has a greater impact on the longer-term viability of many businesses in the future.

4.3 Assessment by IFIs

Most national IFIs (19 out of 27)²² consider the fiscal response to Covid-19 appropriate. The fiscal stimulus adopted in 2020 was deemed robust, well targeted and generally effective in supporting the national economies. As at March 2021, the response envisaged for the 2021 budget is considered somewhat modest, but still contributing to limiting the economic impact of the pandemic. Additional fiscal stimulus could be adopted later in 2021 should the situation require.

However, national IFIs expressed some concerns related to specific aspects of the measures, including: i) absence of objective and disaggregated quantifications and classification of the adopted measures, ii) absence of viability requirements in measures targeting non-financial corporations, iii) overlap between

²² Five national IFIs did not report a view as this is outside their mandate or due to other reasons.

measures, resulting in excessive support to some recipients, iv) significant delays in implementation, and v) excessive bureaucracy.

National IFIs in five countries deem the fiscal response to Covid-19 excessive because of the large size of the fiscal stimulus, measures with an unclear link to Covid-19, and a surge in permanent public spending. In two countries the fiscal response to Covid-19 was deemed inadequate by national IFIs.²³

Importantly, almost all national IFIs are concerned about substantial measures that are not Covid-19 related, but form part of the ad hoc spending and revenue measures in response to Covid-19. Information provided by some national IFIs indicate that these measures can have a public deficit impact of up to 3% of GDP. According to the IFIs, governments should refrain from adopting (permanent) measures that are not related to the pandemic as part of the response to Covid-19.

²³ A further six IFIs did not report a view as this is outside their mandate, or due to other reasons.

5 Impact on activities of IFIs

The Covid-19 crisis continues to have a large impact on the activities of national IFIs. The majority of them (25 out of 32)²⁴ faced “important” or “very important” challenges in executing their tasks in 2020 (see Figure 8). The four main challenges are outlined below.

First, there was a high level of uncertainty about the pandemic and regarding political decisions about social restrictions (21 out of 32).²⁵ Some national IFIs addressed this uncertainty using additional analytical tools (e.g. fan charts and scenario analyses) and new data types (e.g. high frequency data), and/or modified their approaches to build in the interplay between the Covid-19 virus, social restrictions and macroeconomic conditions.

Second, the lack of government transparency (19 out of 32)²⁶ formed an important obstacle. Many national IFIs requested information from their governments, but did not receive this information, or received it with major delays. Access to up-to-date information on fiscal measures, adopted measures, the fiscal situation and outlook are crucial for IFIs to fulfil their role in fiscal surveillance. Better data-sharing arrangements are required to improve the exchange of information between IFIs and national governments.

Third, there was a lack of clarity (14 out of 32)²⁷ from governments about measures taken, and around the general escape clause. Clarity on the interpretation, implementation and operationalisation of the general escape clause could be enhanced by both national governments and the EU.

Fourth, insufficient resources formed a significant challenge for some national IFIs (7 out of 32).²⁸ There are large differences in the resources available to IFIs across EU Member States. An increased workload has raised the pressure on all national IFIs, but especially on those that already had limited resources before the Covid-19 outbreak.

National IFIs also indicated several other important obstacles, including a lack of cooperation by the government, limited information on upcoming Recovery and Resilience Plans (RRPs) and organisational challenges due to a shift to teleworking.

²⁴ AT, BE HCF, BU, CZ, DE, DK, EL HFC, EL PBO, ES, FR, HR, IE, IT, LT, LU, MT, NL CPB, NL RVS, PT, RO, SE, SI IMAD, SK, UK.

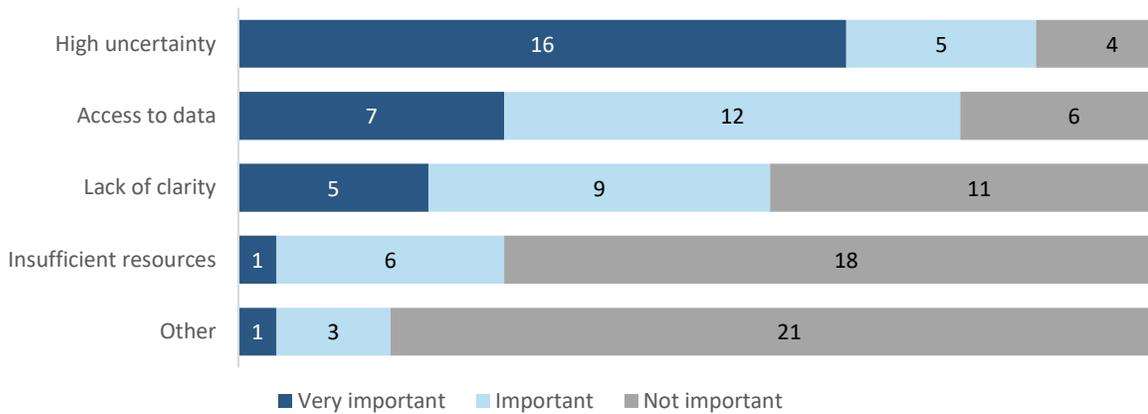
²⁵ Important: BE HCF, BU, EL HFC, HR, MT. Very important: AT, DE, DK, ES, IE, IT, LT, NL CPB, NL RVS, PT, RO, SE, SI IMAD, SI SFC, SK, UK.

²⁶ Important: DE, EL HFC, ES, FR, LU, NL CPB, NL RVS, RO, SI IMAD, SI SFC, SK, UK. Very important: AT, BE HCF, BU, IE, IT, LT, PT.

²⁷ Important: AT, DE, DK, IT, LT, NL RVS, PT, SI IMAD, SK. Very important: CZ, ES, IE, RO, SI SFC.

²⁸ Important: EL PBO, IE, LT, RO, SI IMAD, UK. Very important: HR.

Figure 8. Challenges faced by IFIs in the execution of their work in 2020 (number of respondents indicating one or more challenges)



Note: The IFIs were asked “Did you face any important challenges in the execution of your work in 2020?”. 25 out of 32 respondents replied positively.

Source: The Network of EU Independent Fiscal Institutions (2021).

All EU member states are now in the process of drafting their national RRP. So far, six national IFIs²⁹ have been mandated to assess them. Three national IFIs (BE FPB, NL CPB and SI IMAD) will assess the macroeconomic impact of the measures included in their national RRP, two IFIs (CZ and IE) plan to assess the budgetary forecasts and fiscal stance as per their mandate, and one IFI (LV) has been officially invited by its government to evaluate the costs of measures included in the national RRP. In one case (IT), the IFI has been asked by the parliament to provide a testimony on the draft RRP.

²⁹ BE FPB, CZ, IE, LV, NL CPB, SI IMAD.

Annex - Country factsheets

NOTE

Country factsheets provide a concise and comprehensive overview of the key fiscal indicators and fiscal response to the Covid-19 outbreak, based on information provided by individual IFIs. Key macroeconomic indicators were produced (officially or internally) or assessed (with or without endorsement) by the IFIs in line with their mandates. The factsheets show: i) projected GDP growth in 2020 and 2021, ii) general government deficit and gross public debt on Maastricht basis for 2020 and 2021 compared to the reference values specified in the Maastricht Treaty, iii) the size of the adopted fiscal stimulus in response to Covid-19 in 2020 and 2021, and iv) the total amount of fiscal stimulus measures in response to Covid-19. The total costs of measures in response to Covid-19 cover the impact in 2020 and 2021. Only significant measures (costing more than 0.05% of GDP) are included.



Austria

Fiskalrat Austrian Fiscal Advisory Council

Projected GDP growth (%)

2020 -8%

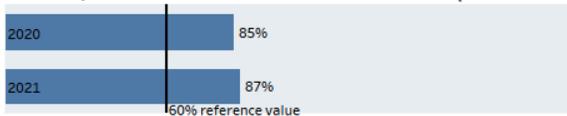
2021 +3%



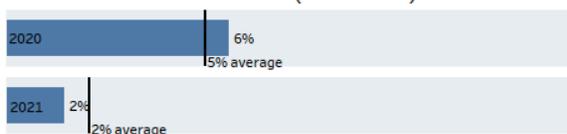
General government deficit (% of GDP)



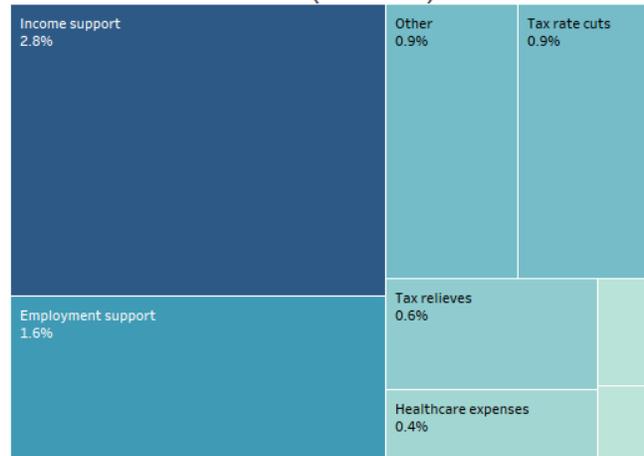
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Belgium

Federal Planning Bureau

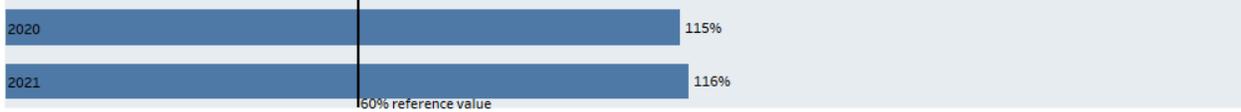
Projected GDP growth (%)

2020 -6% 
 2021 +4%

General government deficit (% of GDP)



Gross public debt on Maastricht basis (% of GDP)



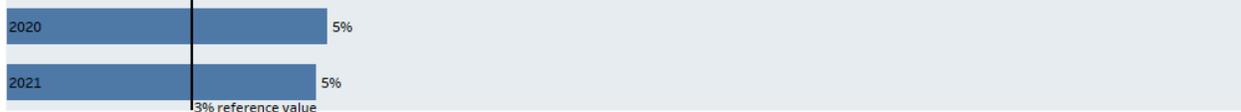
Bulgaria

Fiscal Council of Bulgaria

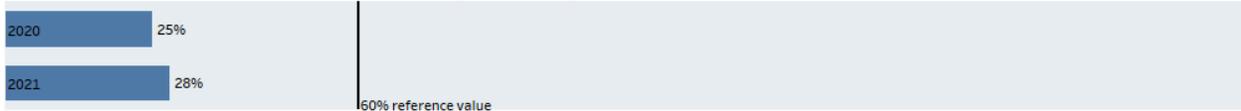
Projected GDP growth (%)

2020 -3% 
 2021 +3%

General government deficit (% of GDP)



Gross public debt on Maastricht basis (% of GDP)





Croatia

Fiscal Policy Commission

Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



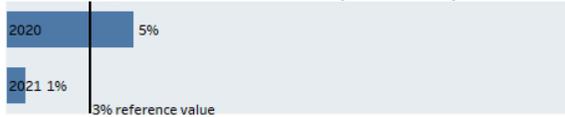
Cyprus

Cyprus Fiscal Council

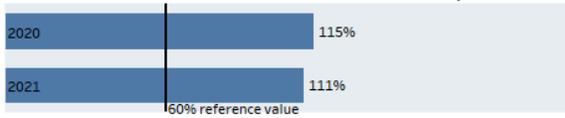
Projected GDP growth (%)



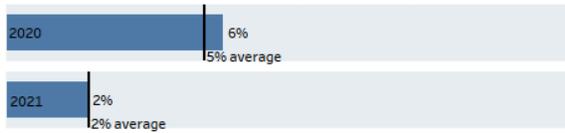
General government deficit (% of GDP)



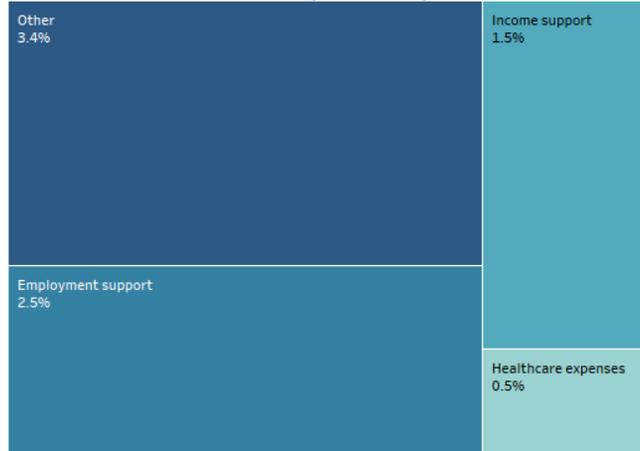
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





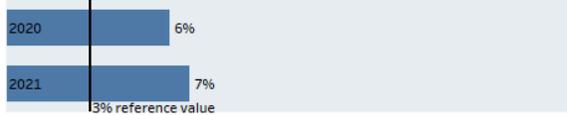
Czechia

Czech National Fiscal Council

Projected GDP growth (%)

2020 -6% 
 2021 +3%

General government deficit (% of GDP)



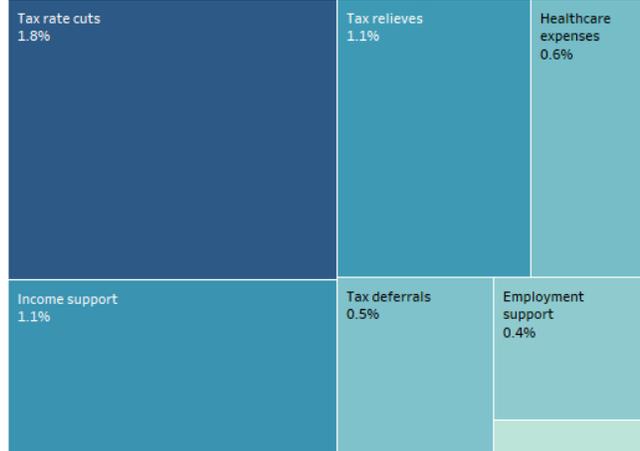
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



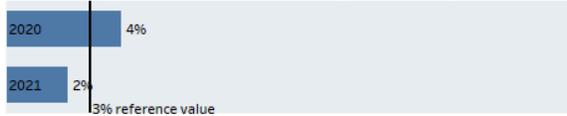
Denmark

Danish Economic Council

Projected GDP growth (%)

2020 -4% 
 2021 +4%

General government deficit (% of GDP)



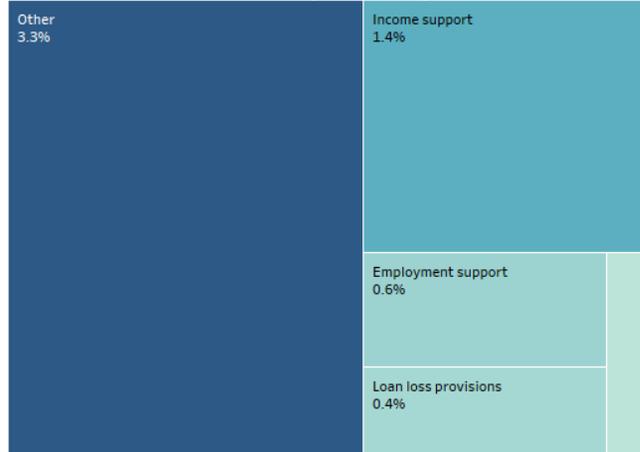
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Estonia

Estonian Fiscal Council

Projected GDP growth (%)

2020 -6%

2021 +5%



General government deficit (% of GDP)



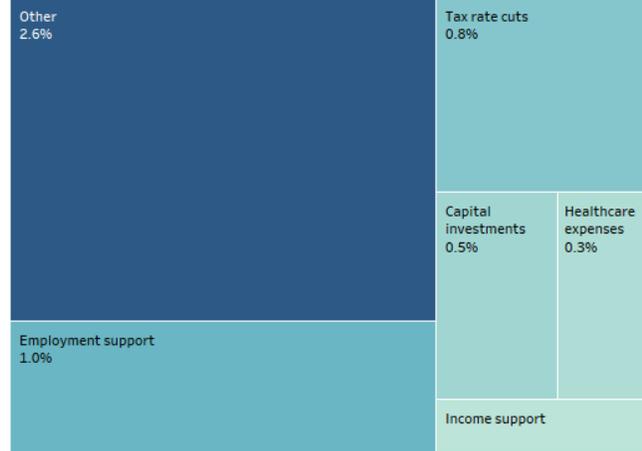
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Finland

Economic Policy Council

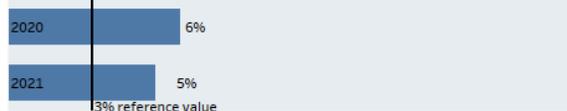
Projected GDP growth (%)

2020 -3%

2021 +3%



General government deficit (% of GDP)



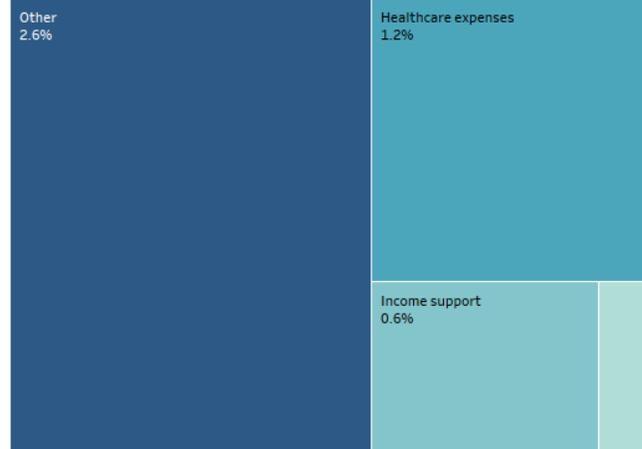
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Finland

Finnish National Audit Office

Projected GDP growth (%)

2020 -5% 
 2021 +3%

General government deficit (% of GDP)



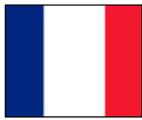
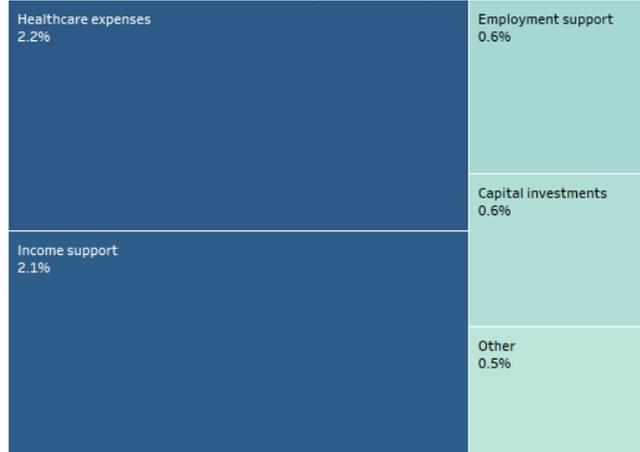
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



France

High Council of Public Finances

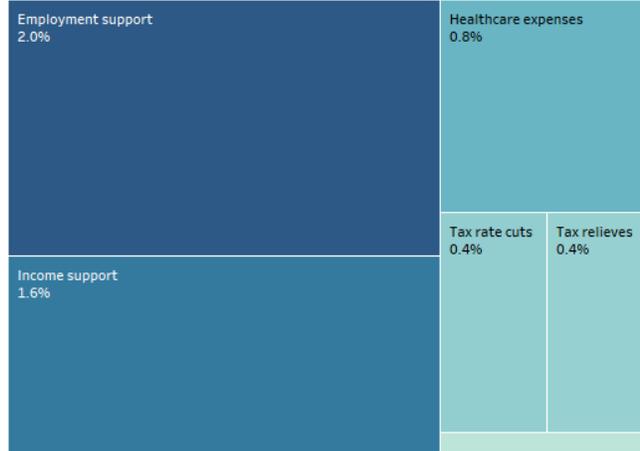
Projected GDP growth (%)

2020 -11% 
 2021 +6%

Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Germany

Advisory Board of the Stability Council

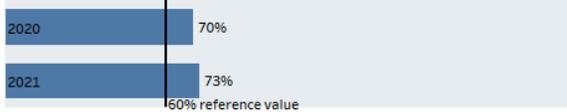
Projected GDP growth (%)

2020 -6% 
 2021 +4%

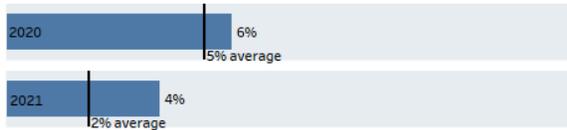
General government deficit (% of GDP)



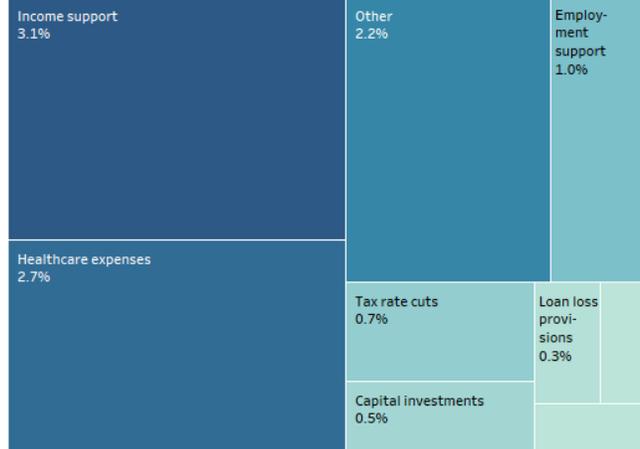
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Greece

Hellenic Fiscal Council

Projected GDP growth (%)

2020 -10% 
 2021 +4%

General government deficit (% of GDP)



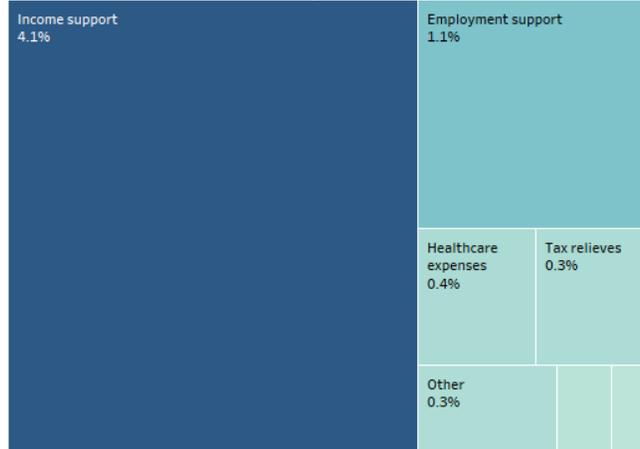
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Greece

Parliamentary Budget Office

Projected GDP growth (%)

2020 -11% 
 2021 +5%

General government deficit (% of GDP)



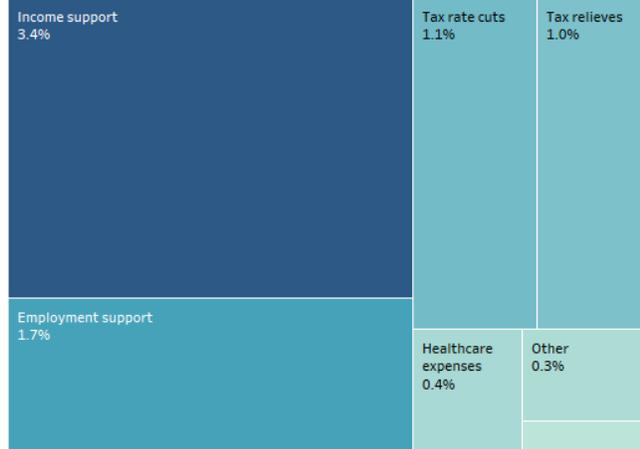
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



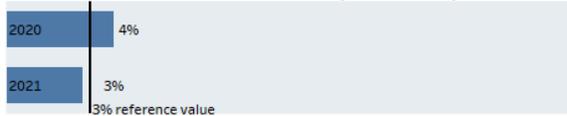
Hungary

Fiscal Council of Hungary

Projected GDP growth (%)

2020 -3% 
 2021 +5%

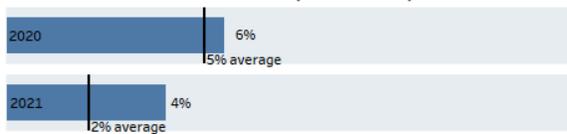
General government deficit (% of GDP)



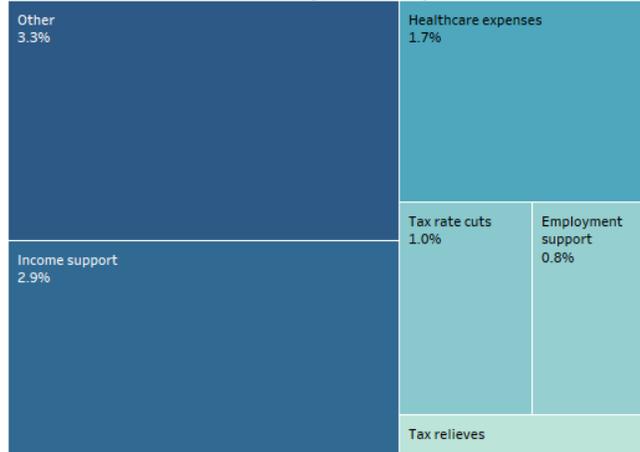
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





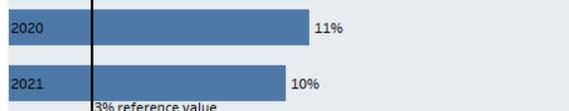
Ireland

Irish Fiscal Advisory Council

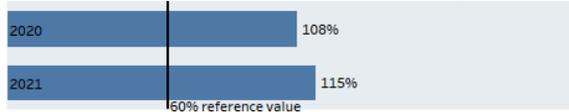
Projected GDP growth (%)

2020 -7% 
 2021 +3%

General government deficit (% of GDP)



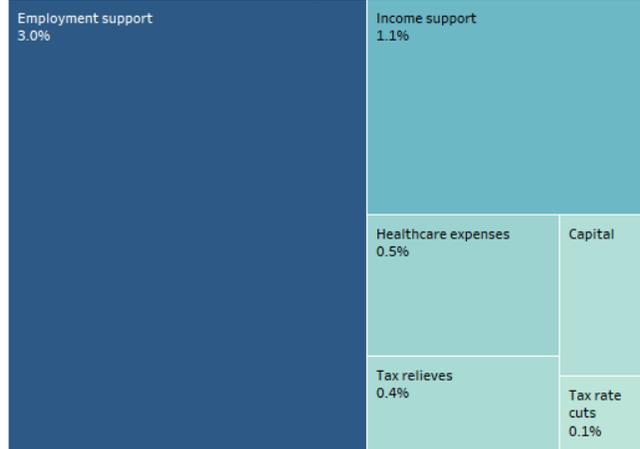
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Italy

Italian Parliamentary Budget Office

Projected GDP growth (%)

2020 -10% 
 2021 +6%

General government deficit (% of GDP)



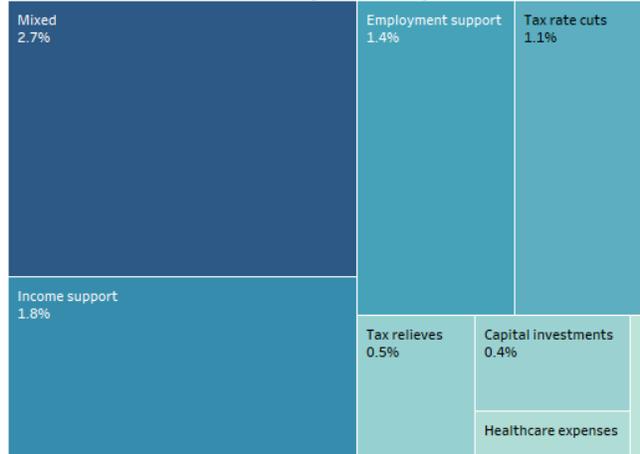
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Latvia

Fiscal Discipline Council

Projected GDP growth (%)

2020 -7% 
 2021 +5%

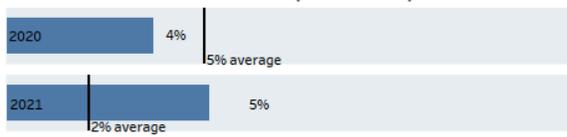
General government deficit (% of GDP)



Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Lithuania

Lithuanian National Audit Office

Projected GDP growth (%)

2020 -2% 
 2021 +3%

General government deficit (% of GDP)



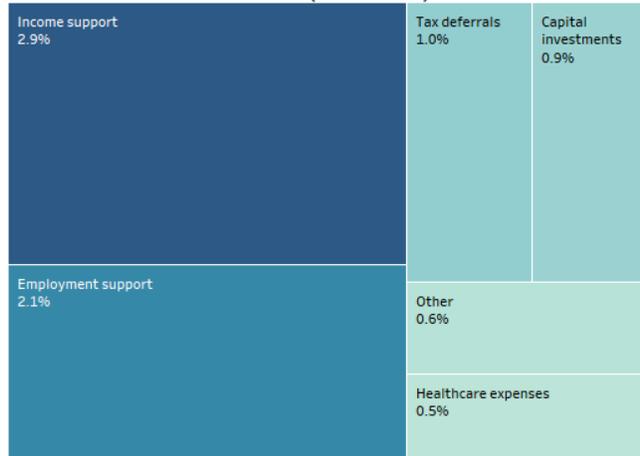
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Luxembourg

National Council of Public Finances

Projected GDP growth (%)

2020 -6% 
 2021 +7%

General government deficit (% of GDP)



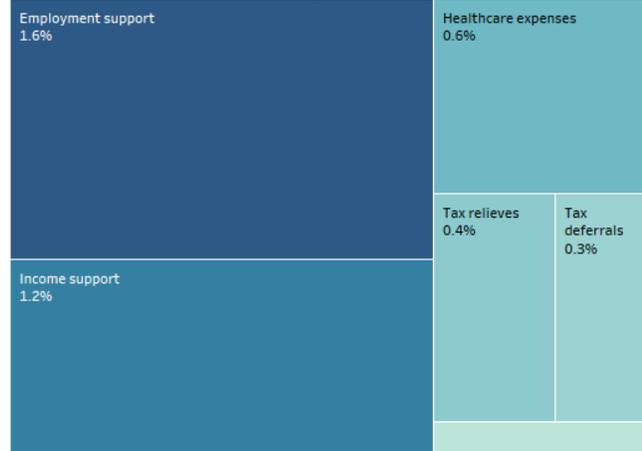
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Malta

Malta Fiscal Advisory Council

Projected GDP growth (%)

2020 -7% 
 2021 +5%

General government deficit (% of GDP)



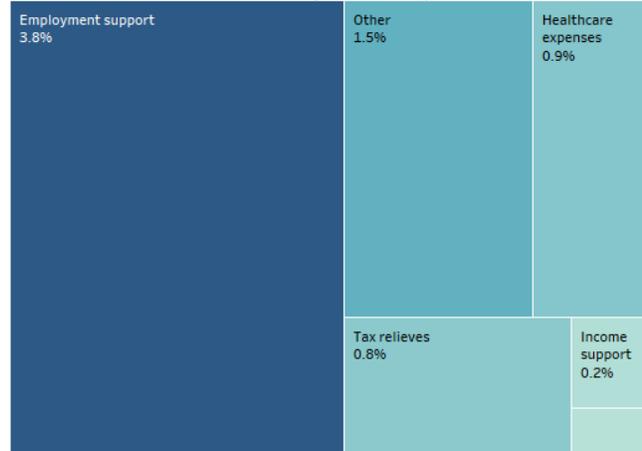
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





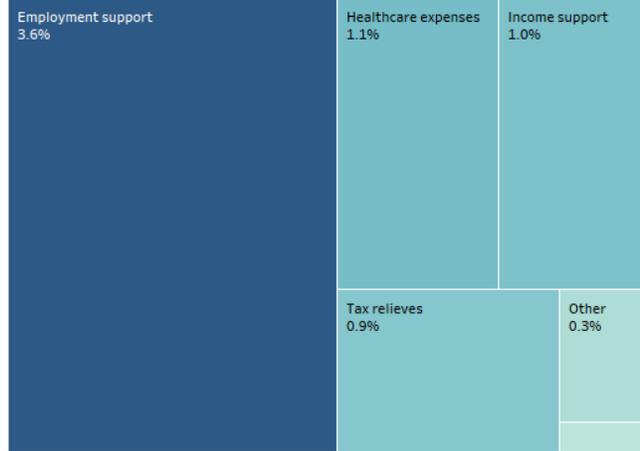
The Netherlands

Council of State

Covid-19 fiscal stimulus (% of GDP)



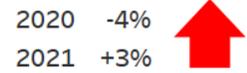
Covid-19 fiscal measures (% of GDP)



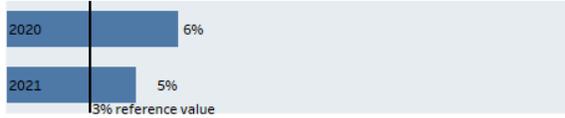
The Netherlands

CPB Netherlands Bureau for Economic Policy Analysis

Projected GDP growth (%)



General government deficit (% of GDP)



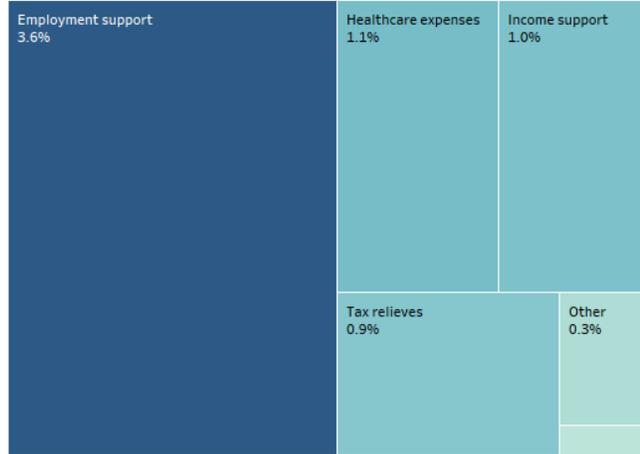
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Portugal

Portuguese Public Finance Council

Projected GDP growth (%)

2020 -9% 
2021 +5%

General government deficit (% of GDP)



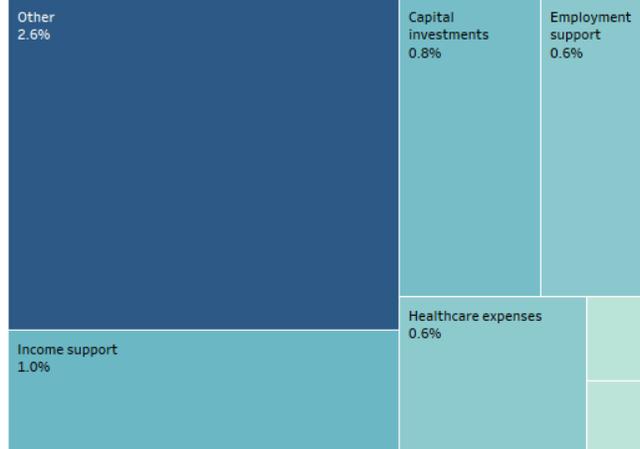
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Romania

Romanian Fiscal Council

Projected GDP growth (%)

2020 -4% 
2021 +4%

General government deficit (% of GDP)



Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Slovakia

Council for Budget Responsibility

Projected GDP growth (%)

2020 -7% 
 2021 +6%

General government deficit (% of GDP)



Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



Slovenia

Institute of Macroeconomic Analysis and Development

Projected GDP growth (%)

2020 -7% 
 2021 +4%

Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Slovenia

Slovenian Fiscal Council

Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



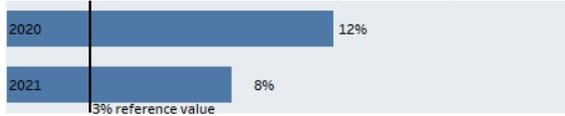
Spain

Independent Authority for Fiscal Responsibility

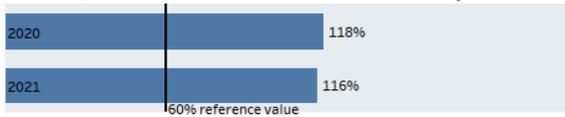
Projected GDP growth (%)

2020 -11% 
 2021 +8%

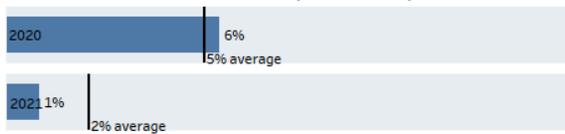
General government deficit (% of GDP)



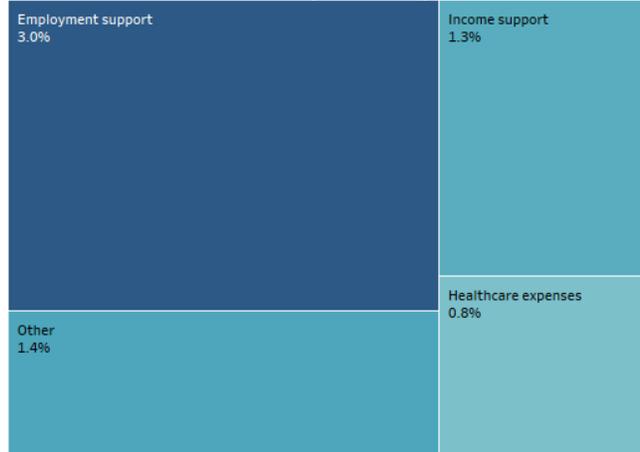
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)





Sweden

Swedish Fiscal Policy Council

Projected GDP growth (%)

2020 -4% 
2021 +3%

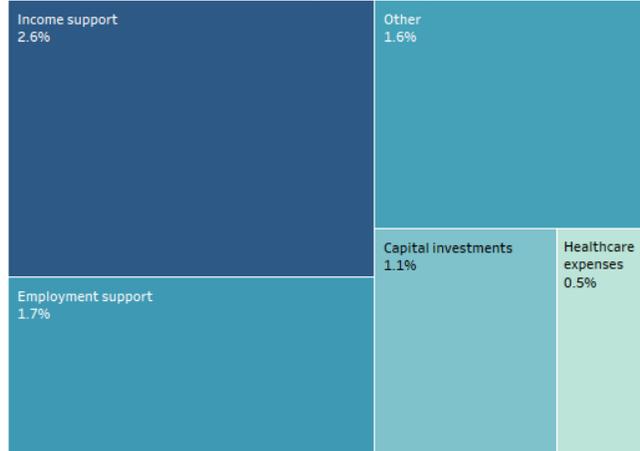
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



The United Kingdom

Office for Budget Responsibility

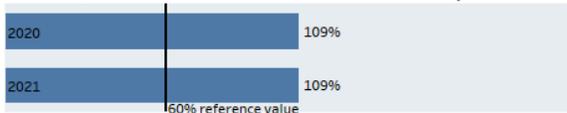
Projected GDP growth (%)

2020 -11% 
2021 +6%

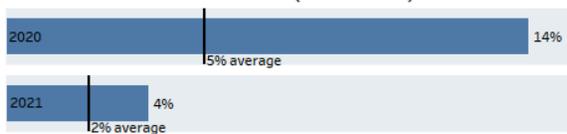
General government deficit (% of GDP)



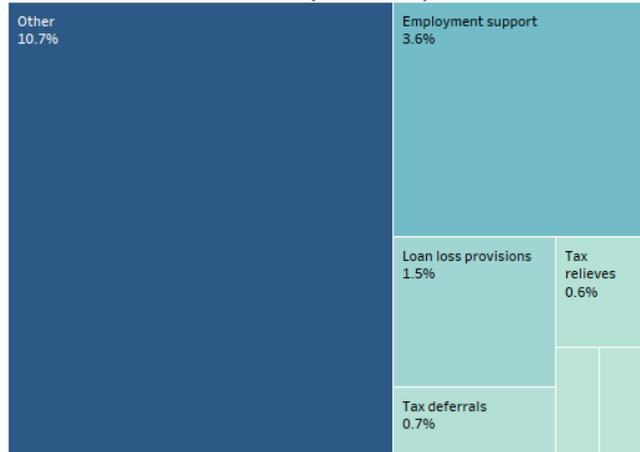
Gross public debt on Maastricht basis (% of GDP)



Covid-19 fiscal stimulus (% of GDP)



Covid-19 fiscal measures (% of GDP)



The Network of EU Independent Fiscal Institutions

The Network is composed of 32 Independent Fiscal Institutions representing 26 EU countries and the UK. It is a voluntary and inclusive institution, open to all independent fiscal oversight bodies operating in the EU. It provides a platform to exchange views and expertise and to pool resources in areas of common concern. The Network supports the efforts to review and reinforce the EU fiscal framework, seeking to better exploit the synergies between rules and institutions, as well as between different levels of administration, whilst respecting the principle of subsidiarity and enhancing local ownership and accountability.

For further information, visit the website: www.euifis.eu



**EU INDEPENDENT
FISCAL INSTITUTIONS**