

Independent fiscal institutions: Promoting transparency and accountability early in the COVID-19 crisis

For many OECD countries, the scale of emergency spending to support households and businesses early in the pandemic was the largest in peacetime history. At the same time, national legislatures, which would normally be responsible for scrutinising fiscal responses, faced operational constraints and health-related shutdowns, with some governments enacting emergency protocols to bypass them completely. Independent fiscal institutions (IFIs) stepped up to provide vital analysis for policy makers and those who hold them accountable, playing a crucial role in supporting sound fiscal policy in the face of these challenges. For many IFIs, most of which were established following the global financial crisis, this was their first real test.

IFIs in the OECD's Network of Parliamentary Budget Officials and Independent Fiscal Institutions took three main actions during the early months of the crisis (Table 5.8). First, 33 of the 35 national IFIs in the network (94%) published rapid analyses of the economic and budgetary impact of the pandemic. This included independent checks of government planning assumptions (22 out of 35, 63%), drafting self-initiated briefing notes (21 out of 35, 60%), preparing economic and fiscal scenario analyses (17 out of 35, 49%), updating forecasts of the economy and public finances in real time (14 out of 35, 40%), and fulfilling requests for analysis from committees and individual legislators (10 out of 35, 29%). In many cases, IFIs were the only source of analysis, with governments either focused on fast responses or reluctant to publish analyses given the uncertainty of a rapidly evolving situation. Second, 16 out of 35 (46%) IFIs in the OECD's network have a role in monitoring or authorising the activation of escape clauses to suspend fiscal rules. By mid-May, they had made public pronouncements on escape clauses to allow flexible responses to the pandemic. Third, IFIs also have a role in costing emergency legislation, either in an official capacity, upon request by legislators, or as self-initiated scrutiny of official figures. All IFIs in the network with such a role (14 out of 35, 40%) performed it during the first months of the crisis to help governments and legislatures come to terms with the magnitude of policy responses.

In addition to these activities, all the IFIs fulfilled their main responsibility of promoting transparency and accountability throughout the crisis. They supported legislatures by calling attention to executive overreach and urging them to find digital ways to hold committee meetings. They also drew attention to missing information in government plans and in some cases went as far as publishing their own interactive summaries of government announcements where governments had failed to do so (OECD, 2020a).

As governments start introducing policies to repair their battered economies and return their budgets to their

medium-term strategic objectives, IFIs will continue to play a critical role in supporting the policy debate, identifying risks to the public finances and assisting governments and legislatures in their efforts to keep public finances on a sustainable path.

Methodology and definitions

The data were collected by desk research from March to 20 May 2020 and verified through the OECD's Network of Parliamentary Budget Officials and Independent Fiscal Institutions. The dataset includes 35 national-level institutions representing all 29 OECD countries in the network, along with Brazil (as a key partner of the OECD with an IFI) and the European Fiscal Board (the IFI of the European Commission). Several countries divide responsibilities between two institutions (Austria, Belgium, Finland, Greece, Ireland and the Netherlands). The full dataset also includes sub-national IFIs, which are excluded here.

IFIs provide non-partisan oversight and analysis of fiscal policy and budget performance. They include fiscal councils, fiscal planning bureaus and parliamentary budget offices that have been established with a high degree of operational independence from the executive and legislature.

Further reading

OECD (2020a), "Independent fiscal institutions: Promoting fiscal transparency and accountability during the Coronavirus (COVID-19) pandemic", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/d853f8be-en>.

OECD (2020b), "Legislative budget oversight of emergency responses: Experiences during the coronavirus (COVID-19) pandemic", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/ba4f2ab5-en>.

Figure notes

5.8. Brazil's IFI and the European Fiscal Board, an independent advisory body of the European Commission, are shown in the table but are not included in the totals. The following IFIs reported work was underway but not yet published as of 20 May 2020: Germany (assessments of government planning assumptions); Australia and Portugal (economic and fiscal scenario analysis); Greece's Council and Portugal (economic and fiscal forecasts in real time); and Germany and Iceland (monitoring activation and implementation of escape clauses).

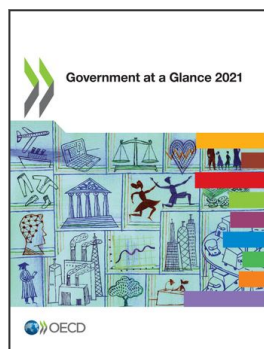
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5.8. IFI actions during the early months of the COVID-19 crisis, up to 20 May 2020

	Assessments of government planning assumptions	Providing rapid analysis			Requests from committees/legislators	Monitoring activation and implementation of escape clauses	Costing emergency legislation
		Self-initiated briefing notes	Economic and fiscal scenario analysis	Economic and fiscal forecasts in real time			
Australia		✓			✓		
Austria – Council	✓	✓	✓	✓		✓	✓
Austria – PBO	✓	✓	✓	✓			✓
Belgium – Council	✓					✓	
Belgium – Planning Bureau		✓	✓	✓			
Canada	✓	✓	✓		✓		✓
Chile	✓	✓	✓	✓			
Czech		✓	✓			✓	✓
Denmark		✓	✓	✓			
Estonia	✓						
Finland – Audit Office	✓	✓			✓	✓	
Finland – Council	✓						
France	✓					✓	
Germany							
Greece – PBO			✓	✓			✓
Greece – Council	✓	✓	✓			✓	
Hungary	✓					✓	
Iceland					✓		
Ireland – Council	✓		✓			✓	
Ireland – PBO		✓			✓		✓
Italy	✓	✓	✓	✓	✓	✓	✓
Korea	✓	✓	✓	✓	✓		✓
Latvia	✓	✓			✓	✓	
Lithuania	✓			✓		✓	
Luxembourg							
Mexico		✓			✓		✓
Netherlands – Planning Bureau		✓	✓	✓			✓
Netherlands – Council	✓						
Portugal	✓	✓				✓	
Slovak		✓	✓	✓		✓	✓
Slovenia	✓		✓			✓	✓
Spain	✓	✓	✓	✓		✓	
Sweden	✓						
UK	✓	✓	✓	✓		✓	✓
US		✓		✓	✓		✓
OECD IFIs Total	22	21	17	14	10	16	14
Brazil		✓	✓	✓	✓	✓	✓
European Fiscal Board		✓					

Source: OECD (2020), “Independent fiscal institutions: Promoting fiscal transparency and accountability during the Coronavirus (COVID-19) pandemic”, <https://doi.org/10.1787/d853f8be-en>.

StatLink  <https://doi.org/10.1787/888934257926>



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