Establishment of an Independent Fiscal Institution in the Republic of Moldova

Technical assistance project of the Constituency Programme of the Dutch Ministry of Finance on request of the Ministry of Finance of the Republic of Moldova

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1. Executive Summary

As part of the Constituency Program of the Dutch Ministry of Finance, the Ministry of Finance of the Republic of Moldova requested to provide technical assistance on the establishment of a Fiscal Council in Moldova that meets requirements for Independent Fiscal Institutions (IFIs) under the European Fiscal Governance Framework. A technical assistance project team had meetings in Chisinau on 14 and 15 July 2025 with the relevant Moldovan stakeholders (Ministry of Finance, Ministry of Economic Development and Digitalization, Court of Accounts, National Bank of the Republic of Moldova, the World Bank, independent economic research institutes).

Possible Models

There is no one-size-fits-all institutional model for an IFI. The fiscal environment and the existing institutional landscape have led to very different organisational structures in the individual European countries when setting up IFIs.

Neither a Fiscal Council established within the Court of Accounts nor a Fiscal Council linked to the National Bank of Moldova are well aligned with the strategic positioning of these two institutions and would therefore be unlikely to gain widespread acceptance.

This leaves the two options that have already been considered in past assessments as the most feasible models for the establishment of an IFI meeting EU requirements in Moldova:

(1) A Parliamentary Budget Office (PBO) under the authority of the Parliament
(2) A Fiscal Council as a stand-alone autonomous institution.

A Parliamentary Budget Office (PBO) that also carries out the functions of an IFI is uncommon within the EU. Italy is the only example where the Parliamentary Budget Office performs the tasks required under EU regulations. Besides, the Italian PBO is not routinely involved in the day-to-day work of Parliament. In addition, the Moldovan Parliament has started a process within the framework of a two-year EU-Twinning Project to strengthen the capacities of the Moldovan Parliament and its role in the EU accession process. This process should not be complicated by additional requirements for the rapid establishment of an EU-compliant IFI within the Parliament itself.

Also, in view of the timeframe envisaged by the government, an IFI established as an autonomous independent Fiscal Council therefore appears to be the best option for Moldova. Such a model can allow a high degree of independence, the inclusion of a broader spectrum of opinions, the possibility of focusing the mandate more clearly, and the ability to make more specific recommendations to the government.

However, there should also be clear accountability of the IFI to Parliament (safeguarded through instruments like statutory regulation, budget approval, appointment of leadership, reporting requirements, testimony before the Committee for Economy, Budget and Finance).

Legal basis and mandate

The establishment of a Fiscal Council will require primary and secondary legislation. At least the elements considered as crucial by the EU Directive and the European Commission should be dealt with in the primary legislation. This is in particular the mandate, independence, appointment of members and leadership, required qualifications, access to information, public communication, and regular external evaluations. But also, beyond the necessary elements of the EU Directive, the Fiscal Council should have a clear legal framework that opens certain development opportunities beyond the initial phase.

Since only a relatively small institution is realistic in Moldova at this stage, the mandate of the Fiscal Council could initially be limited to the minimum requirements of EU Directive. The tasks and functions have to be mentioned explicitly in the legal mandate and include:

- ⇒ Assessment or endorsement of the macroeconomic forecast of the government
- ⇒ Monitoring compliance with country-specific numerical fiscal rules
- ⇒ Assessment of the consistency, coherence and effectiveness of the national budgetary framework
- ⇒ Participation in regular hearings and discussions at the national Parliament upon invitation

The mandate could gradually be expanded in the longer term to include additional activities that need to be addressed in Moldova's fiscal governance to strengthen professional oversight and increased transparency in the budgetary process. The legal mandate could therefore initially be defined more narrowly and gradually expanded, or it could be defined more broadly from the outset, with those areas identified that are to be treated as immediate priorities.

It is important to acknowledge that besides the establishment of a Fiscal Council there are other important areas in public financial management in Moldova that have to be addressed simultaneously. Some of these issues are closely linked with setting up the Fiscal Council. The establishment of the Fiscal Council offers an opportunity to reorganise and consolidate macroeconomic forecasting expertise, while improving coordination of the budget process, which in recent years has experienced delays.

Safeguarding independence

Independence is probably the most critical aspect when the IFI-tasks are to be assigned to the Fiscal Council. It is therefore crucial that particular attention is paid to safeguarding independence from the very beginning when setting up the Fiscal Council. According to the recitals in the EU Directive, IFIs should have a high degree of operational independence, the necessary resources to perform their tasks and extensive and timely access to necessary information. The OECD Principles consider independence of an IFI as a key prerequisite for its success. It must have full operational, financial, functional and organisational independence in the performance of its duties, assigned to it by law.

Leadership and resources

The procedures for appointing the leadership of an IFI are decisive for the perception of its independence, particularly at the start of its activities. Generally, a three steps procedure is recommended that includes open competition, selection and nomination of at least one or more candidates and confirmation of the selection by Parliament. The required qualifications of the leadership of the Fiscal Council should be made explicit in law. Fiscal Councils are generally characterised by a collective leadership. Giving the size of the country and the limited resources for Moldova a council of three members is a recommendable option. The Fiscal Council could consist of the Chairperson plus two external members on a part-time basis.

To assure financial independence and sustainability the Fiscal Council must be provided with the necessary financial resources through own budget appropriations and unrestricted disposal of these resources. Number of professional staff required for the Fiscal Council depends on the mandate and on the composition of the Council. In case of a narrow mandate a staff of at least 3 economists is recommended, supported by some administrative staff.

Involvement in budget process

The two significant events in the budgetary calendar are government's decision on the MTBF beginning of June and parliament's decision on the budget end of November. When those decisions are being prepared, the Fiscal Council must be provided with sufficient and timely information to allow the Council adequate time to make a well-founded assessment and report before the final decision.

Next steps

As a first step the Ministry of Finance should work out in coordination with relevant stakeholders and the European Commission a draft proposal describing positioning, mandate, leadership appointment, resources and involvement in the budgetary process, as a basis for a government decision in the beginning of 2026.

Secondly, the main features of the Fiscal Council should be integrated in primary law. This is in particular relevant for the mandate, independence, appointment of members and leadership, required qualifications, access to information, public communication, and regular external evaluations. The two possible options for this are a separate establishment law for the Fiscal Council or the integration into Moldova's Public Finance and Budgetary Fiscal Responsibility Law No. 181. Amendment of the primary legislation should be finalized in 2026, including parliamentary approval. The Council could be defined as an 'autonomous authority', including the budgetary procedure outlined in art 51^1 of Law No. 181.

Finally, details of the establishment and procedures of the Fiscal Council are to be defined in secondary legislation, e.g. a government decree establishing a Statute or Charter of the Fiscal Council. The secondary legislation should be finalized in 2027, to be able to start the setting up of the Fiscal Council in 2028.

2. Introduction

The Constituency Program of the Ministry of Finance of the Netherlands has been asked by the Ministry of Finance of the Republic of Moldova to provide technical assistance on the establishment of a Fiscal Council in Moldova. The technical assistance aims to support Moldovan decision makers in making a well-informed decision on the establishment of a Fiscal Council that fits the Moldovan context, is in line with the EU requirements, and takes into account the experiences of Fiscal Councils in Eastern Europe EU member states.

The National Action Plan for the Accession of the Republic of Moldova to the European Union for the years 2025-2027 (chapter 17, action 4) provides for the adoption of a draft law to amend the current legislation, which will include the necessary provisions for the establishment of a Fiscal Council.[1] Establishment is also part of the Economic Reform Programme 2025-2027 of the Ministry of Finance.[2] Such references for its establishment can also be found in the European Union Enlargement Report for the Republic of Moldova (Chapter 17).[3]

This technical assistance project builds on work done earlier initiated by the Ministry of Finance of the Republic of Moldova in 2017 and 2024.[4]

This technical assistance project is done by Helmut Berger (former Head of the Austrian Parliamentary Budget Office, Member of the Austrian Fiscal Council and Member of the Board of Auditors of the ESM), Johannes Hers (Public Finance consultant, former head of the Public Finance sector of the CPB Netherlands Bureau For Economic Policy Analysis and previously employed in the Dutch Ministry of Finance and the Dutch Authority for the Financial Markets), Melek Öncü (Head of the International Affairs Department of the National Academy for Finance and Economics of the Ministry of Finance of the Netherlands) and Wim Suyker (PFM expert, former Programme Manager Public Finance of CPB Netherlands Bureau For Economic Policy Analysis).

The technical assistance project team had meetings in Chisinau on 14 and 15 July 2025 with the relevant Moldovan stakeholders (Ministry of Finance, Ministry of Economic Development and Digitalization, Court of Accounts, National Bank of the Republic of Moldova, the World Bank, independent economic research institutes). The meetings aimed to deepen understanding of the Moldovan budgetary system (including macro-economic and budgetary forecasting) and to gather stakeholders' perspectives on the establishment of a Fiscal Council in Moldova. Before arriving in Chisinau, the team already had online meetings with the Ministry of Finance and the Ministry of Economic Development and Digitalization. In October and November, the team had online meetings with the EU Delegation in Moldova, with participants in the EU twinning project to strengthen the capacities of the Moldovan Parliament, and a meeting with the president and vice-president of the Committee for Economy, Budget and Finance of Parliament.

[1] Government of the Republic of Moldova (2023/2024), National Action Plan for Moldova's Accession to the EU. (link)
[2] Ministry of Finance of the Republic of Moldova (2025), Economic Reform Programme 2025-2027. (link)
[3] European Commission (2024), Moldova Report 2024. (link) ; European Commission (2025), Moldova Report 2025. (link)
[4] Ministry of Finance of the Republic of Moldova (2017), Report on a possible Fiscal Council for Moldova and options for its institutional setup. (link) ; Ministry of Finance of the Republic of Moldova (2024), Report on the establishment of a possible Fiscal Council for the Republic of Moldova and options for its establishment. (link)

Chapter 3 describes the context, the need to establish a Fiscal Council to meet EU accession requirements. Chapters 4 and 5 describe the EU requirements and OECD guidelines for Independent Fiscal Institutes. Chapter 6 provides a description of the models for IFI's. Chapter 5 provides a description of the models for IFI's that are observed in practice within EU member states. Chapter 7 presents the context of the fiscal policy landscape in Moldova. Chapter 8 gives the main findings of the technical assistance project team on the establishment of a Fiscal Council in Moldova. Annex I summarises the mandatory tasks and legal requirements of independent fiscal institutions (Fiscal Councils) of EU countries. Annex II gives an overview of the Fiscal Councils of Eastern European member states. Annex III tentatively provides required elements on legislation of an IFI in Moldova.

3. Fiscal Council as part of the European integration process

The European integration process is a core component of Moldova's development strategy. Moldova currently has no Fiscal Council or other Independent Fiscal Institution; however, the establishment of such an institution is required for accession to the European Union. Initial discussions on establishing a Fiscal Council date back to 2017, with the aim of aligning with the requirements for Independent Fiscal Institutions (IFIs) under the European Fiscal Governance Framework in force at the time. Together with experts from EU countries, preliminary options for its structure were developed. [5]

These considerations were initially set aside, but regained relevance when the Republic of Moldova was granted EU candidate status in 2022. To harmonize and align national legislation with the EU acquis, establishing an Independent Fiscal Institution has become one of the outstanding requirements for concluding negotiations on Chapter 17, covering economic and monetary policy, of an accession treaty.

Since the EU Fiscal Governance Framework has also been adapted in the meantime and the organizational requirements and tasks of the national Independent Fiscal Institutions have been formalized and expanded, the Moldovan Ministry of Finance updated the previous considerations in a 2024 report on the establishment of a possible Fiscal Council and updated them to the new European framework conditions.[6]

The National Action Plan for Moldova's EU Accession[7] and the Public Finance Management Development Strategy for the period 2023-2030[8] call for an analysis of the capacities and cost implications of establishing a Fiscal Council, as well as for adjustments to the legal framework and the adoption of a draft law providing for its establishment.

The Fiscal Council is expected to make a significant contribution to build trust in budgetary governance and provide incentives to maintain sufficient fiscal space to finance crisis responses when necessary. Furthermore, the successful establishment of an IFI in Moldova could stimulate public finance management reforms, enhance fiscal sustainability, and might raise public awareness of the importance of responsible fiscal policy.

4. Requirements for Independent Fiscal Institutions according to the European Fiscal Governance Framework

4.1 Institutional and organisational requirements

The Stability and Growth Pact is the legal framework (based on primary and secondary EU legislation) that seeks to ensure sustainable public finances in the interest of the stability of the Economic and Monetary Union[9]. Setting-up an IFI is an obligation for Euro area Member States

[5] Ministry of Finance of the Republic of Moldova (2017), Report on a possible Fiscal Council for Moldova and options for its institutional setup. (link)

[6] Ministry of Finance of the Republic of Moldova (2024), Report on the establishment of a possible Fiscal Council for the Republic of Moldova and options for its establishment. (link)

[7] Government of the Republic of Moldova (2023), National Action Plan for Moldova's Accession to the EU. (link)

[8] Ministry of Finance of the Republic of Moldova (2025), Economic Reform Programme 2025-2027. (link)

[9] The Stability and Growth Pact (SGP), adopted in 1997, is the European Union's framework for coordinating national fiscal policies to ensure sound public finances and stability within the eurozone. It

following from the Six-Pack[10] and Two-Pack[11] legislation. In April 2024 a revision of the European Union's Fiscal Governance Framework became effective, extending this obligation to all EU member states and providing for an enhanced role of Independent Fiscal Institutions.

The legislative package adopted consists of three parts:

- The Regulation (EU) 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 is a revision of the preventive arm of the EU fiscal rules. This regulation serves to build up a fiscal safety buffer in order to avoid non-compliance with fiscal rules.

- The Regulation (EU) 2024/1264 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure adapts parts of the corrective arm of the EU fiscal rules, which regulates the criteria for initiating and settling procedures for non-compliance with fiscal rules.

- The Council Directive (EU) 2024/1265 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States defines common minimum requirements for budgetary frameworks of member states. According to the amended Directive the establishment of independent fiscal institutions is mandatory for all EU Member States (including non-euro Member States).

The new governance framework is aiming to strengthen the role of the IFIs, especially in non-euro Member States. In particular the amended **Directive 2011/85/EU** sets out certain requirements and criteria for national IFIs and formalises their tasks.[12] It specifies their enhanced role in assessing compliance with the EU fiscal framework and providing advice on fiscal stances, representing a move towards greater fiscal oversight in order to foster budgetary discipline and to increase national ownership of EU fiscal rules.[13]

According to article 8a of the Council Directive (see Annex I), EU Member States have to establish IFIs by national laws, regulations or binding administrative provisions, that are structurally independent bodies or bodies endowed with functional autonomy vis-à-vis the budgetary authorities of the Member States. Their members shall be nominated and appointed in transparent procedures on the basis of their experience and competence in public finances,

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sets limits on government budget deficits (maximum 3% of GDP) and public debt (maximum 60% of GDP) for Member States.

[10] This package of six legislative measures adopted in 2011 significantly strengthened the Stability and Growth Pact. It enhanced the monitoring and enforcement of fiscal rules, introduced stricter mechanisms for addressing excessive budget deficits and public debt, and established tools to detect and correct macroeconomic imbalances. The six-pack regulation introduced the so-called European Semester as a framework for coordinating economic, budgetary, employment and social policy within the European Union.

[11] Building on the Stability and Growth Pact and the Six-Pack, these two regulations became effective in 2013 specifically aimed at the eurozone countries. They introduced a common budgetary timeline and required Member States to submit draft budgets to the European Commission, enabling closer oversight and coordination of fiscal policies.

[12] This also addressed some of the shortcomings in EU legislation on the design of IFIs that the European Court of Auditors had identified with regard to their degree of transparency, accountability and independence. (link)

[13] A recent discussion paper of the European Commission's Directorate-General for Economic and Financial Affairs analysed where IFIs in EU countries currently stand in relation to the relevant provisions of the amended Directive in the Revised EU Legal Framework. (link)

macroeconomics or budgetary management. To ensure their independence, IFIs may not take instructions from the budgetary authorities or from any other public or private body. They must also be equipped with adequate and stable resources to carry out their tasks in an effective manner.

In order to fulfil their tasks effectively, IFIs must have appropriate access to government information[14] and the capacity to communicate publicly and in a timely manner the results of their assessments. To verify their proper functioning IFIs should be subject to regular external evaluations by independent evaluators.

To increase their effectiveness, the so-called comply-or-explain principle is intended to ensure that Member States comply with the IFI assessments or publicly explain why they are not following them.

The existing **EU legislation for IFIs** only provides **limited specifications** for their institutional and organisational framework. European Union requirements acknowledge that there is **no one-size-fits-all approach** for IFIs and leave their design largely open. Those monitoring bodies should take into account the existing institutional setting and the administrative structure of the respective Member State. This is also recognised by the OECD Principles as local needs and the local institutional environment should determine options for the role and structure of an IFI. Member States may also establish more than one IFI as long as the responsibilities provided in EU legislation are clearly allocated and there is no overlap between them in terms of remit.

The fiscal environment and the existing institutional landscape have led to very **different organisational structures** of IFIs in the individual countries. These may vary depending on the size of a country, the available human resources and technical capacities, political or economic circumstances, and the mandates of already existing institutions. In many cases, existing institutions were also entrusted with additional tasks. This applies in particular to the responsibilities of independent bodies arising from EU legislation. The IFIs in the OECD and the European Union are therefore very heterogeneous in terms of size, governance, mandate, and resources. While some IFIs in the European Union have already existed for a long time, many were established only after the European legislation (Six-Pack and Two-Pack) came into force. In some countries, a singular institution fulfils the responsibilities, in others these are divided between two or more institutions. Today, IFIs exist in some form in all EU Member States and they cooperate closely in a network (EU-IFI network[15]).

4.2 Assigned tasks and functions

IFIs can be engaged in a broad range of different tasks and functions, but the following four **main tasks** need to be assigned to IFIs under the amended EU Council Directive 2011/85/EU:

- Producing, assessing or endorsing annual and multiannual macroeconomic forecasts;
- Monitoring compliance with country-specific numerical fiscal rules,

[14] Concerning access to information in accordance with experiences of Independent Fiscal Institutions in EU Member States it is preferable to have a legal arrangement and have at least a memorandum of understanding on this topic with the Ministry of Finance.
[15] The EU-IFI Network is a voluntary and inclusive institution, open to all independent fiscal oversight bodies operating in the EU. It provides a platform to exchange views, expertise and pool resources in areas of common concern. (link)

- Assessing the consistency, coherence and effectiveness of the national budgetary framework and
- Participation in regular hearings and discussions at the national Parliament upon invitation

To be compliant with the European Union's Fiscal Governance Framework the tasks that have to be assigned to an IFI in the respective Member State include:

Macroeconomic forecasting: IFIs may either produce or endorse the official macroeconomic forecasts underlying the government budget and the medium-term fiscal plans. The use of independent forecasts helps ensure an objective basis for budget preparation, avoiding the optimistic biases often present in government forecasts. In Member States where official forecasts underpinning budgetary planning are not produced by an IFI, they must be assessed or endorsed by an IFI before being incorporated into the budget.

Monitoring compliance with fiscal rules: Each Member State shall establish its specific numerical fiscal rules to effectively promote compliance with its obligations under the European Fiscal Governance Framework. The assessment of public finances and especially the effective and timely monitoring of compliance with fiscal rules is recognized as a core mission of an IFI as a fiscal watchdog. Based on reliable and independent analysis, IFIs review governments' annual or medium-term budget proposals. In some countries, IFIs also review the long-term sustainability of public finances and related risks, although this responsibility is not directly included in the minimum requirements of the EU directive. Assessments typically include judgment on whether the fiscal rules have been followed in the past or whether the projected budgetary developments are in accordance with requirements. IFIs may also produce or endorse budgetary forecasts which are mainly used as a numerical benchmark to assess the compliance of government's plans with fiscal rules.

Assessing the national budgetary framework: The assessment of the consistency, coherence and effectiveness of the national budgetary framework is a new task added under the amended Council Directive. As this exceeds the current tasks IFIs still need to develop appropriate standards and practices to fulfil this new obligation.

In addition, the two Regulations governing the preventive and corrective arm of the Stability and Growth Pact and the EU fiscal rules also provide for certain tasks for the IFIs. Member States may ask the relevant IFI to issue an opinion on the macroeconomic forecast and the macroeconomic assumptions underpinning the net expenditure path. Member States may also request the relevant national IFI to provide an assessment of compliance of the reported budgetary outturns data with the agreed net expenditure path and to analyse factors underlying a deviation from the net expenditure path.

Under the excessive deficit procedure , governments of Member States may invite the relevant IFI to produce a non-binding, separate report on the sufficiency of the measures taken and envisaged with respect to the targets.

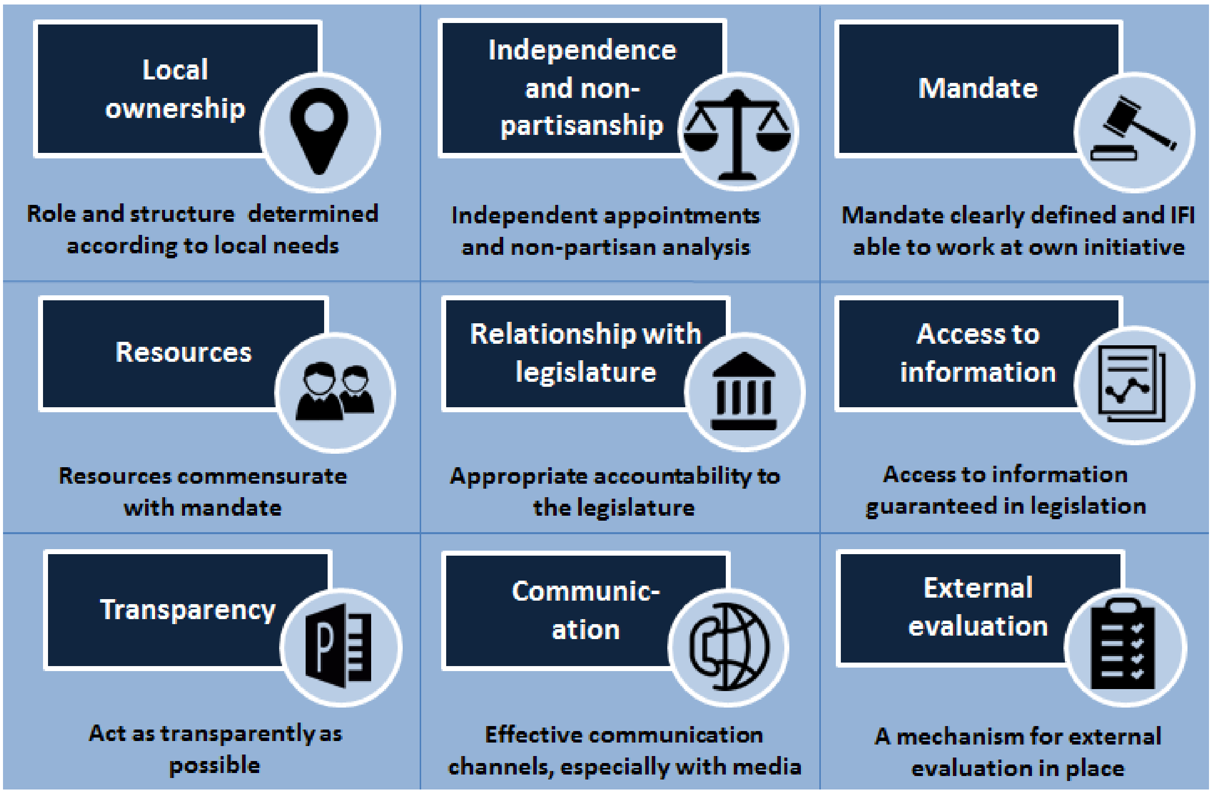
5. OECD Principles for Independent Fiscal Institutions

Independent Fiscal Institutions (IFIs) include institutions like **Independent Fiscal Councils** or **Parliamentary Budget Offices.** They have in common that they are publicly funded, independent bodies under the statutory authority of the legislature or the executive and provide non-partisan oversight and analysis of public sector finances and, in some cases, also advice on fiscal policy and performance. The set-up of these institutions shows a **substantial heterogeneity** in organisation, mandate, leadership, resources, independence, tasks, procedures, access to information and communication to Parliaments and to the public.

In order to define certain international acknowledged standards despite the existing heterogeneity among the IFIs, the **OECD Council** adopted in 2014 a **Recommendation on Principles for Independent Fiscal Institutions** that should create an enabling environment, secure the successful fulfilment of IFIs' tasks and ensure their long-term viability.[16] [17]Through its recommendation the OECD Council recognised the potential of IFIs to enhance fiscal discipline, to promote greater budget transparency and accountability, and to raise the quality of public debate on fiscal policy.

The OECD recommendation comprises **22 Principles** which are grouped under **nine broad headings.** The graph below illustrates the nine broad headings and describes the main content.[18]

Figure 1: OECD-Principles for Independent Fiscal Institutions



The OECD Principles seek to ensure the best possible fulfilment of tasks and to promote the core values of IFIs, in particular their independence, non-partisanship, transparency, accountability, high competence and the necessary access to information. Based on

[16] OECD (2014), Recommendation of the Council on Principles for Independent Fiscal Institutions. (link)
[17] In 2022, the OECD Council concluded there is no need to revise the Recommendation at this time. OECD (2025), Recommendation of the Council on Principles for Independent Fiscal Institutions. (link)
[18] OECD (2022), Report on the Implementation of the OECD Recommendation on Principles for Independent Fiscal Institutions. (link)

experiences and lessons learnt they intend to mitigate special challenges faced by IFIs, such as withholding information or funding, or delays in the leadership appointment process.

The OECD Principles serve as a commonly acknowledged reference model for the EU and the IMF and are used as a benchmark for good practice. The Report on the Implementation of the OECD Recommendation shows that the Council Recommendation has proven to be relevant and has been applied widely across adherents.[19] Where the Recommendation is not clearly implemented by legislation, some IFIs have adopted it themselves through their internal rules and standards.

6. Different models of Independent Fiscal Institutions in the European Union and OECD Countries

The models implemented for IFIs in practice differ considerably both in terms of the institutional aspects and the tasks assigned. This is recognised by the EU guidelines as well as by the OECD Principles as there are no strict requirements. More emphasis is put on local needs and ownership and the necessary synergies within the national fiscal policy institutional landscape.[20]

Despite the existing great heterogeneity current IFIs can be divided in four categories:[21]

(1) Fiscal Councils as stand-alone institutions: Fiscal Councils often have a collegial leadership structure with a specific role of the chair. They usually have supporting offices of different sizes with analysts and secretarial staff. Council members may be full-time or part-time experts or academics. They have no organic link with policymakers beyond the appointment procedure and accountability mechanisms. Council members may have an academic background or also reflect the country's institutional landscape. Establishment laws often include explicit guarantees on their independence and the independence of Council members. To provide adequate resources they may be attached to (e.g. by using their offices or staffing resources) the executive or other institutions like Central Banks while maintaining institutional independence.

(2) Legislative or Parliamentary Budget Offices: They fulfil IFI responsibilities while also serving the analytical and research needs of the legislature. They may be an integral part of the parliamentary administration with specific legal or statutory guarantees of independence. They can also be set up as autonomous and independent bodies under the umbrella of Parliament with specific regulations on the appointment of the head of the PBO or the members in case of collective leadership.

[19] OECD (2022), Report on the Implementation of the OECD Recommendation on Principles for Independent Fiscal Institutions. (link)

[20] An overview of the role and institutional set-up of IFIs (PBOs and Fiscal Councils) in EU countries and candidate EU countries is provided by Suyker, W. (2023), The institutional set-up of PBOs and Fiscal Councils in EU countries and candidate EU countries. (link)

[21] This categorisation can be found similarly in several literature sources: e.g. OECD (2022), Report on the Implementation of the OECD Recommendation on Principles for Independent Fiscal Institutions (link); International Monetary Fund (IMF) (2013), The Functions and Impacts of Fiscal Councils (link); Beetsma, R. at al, IMF (2018) Working Papers, Independent Fiscal Councils: Recent Trends and Performance (link)

(3) Supreme Audit Institutions (SAIs) entrusted with IFI responsibilities: This arrangement is less common and requires a clear institutional segregation of audit tasks. While the work of SAIs and PBOs or Fiscal Councils may overlap in some areas, including monitoring the budget execution or compliance with fiscal rules, and thus generates economies of scale, SAIs have other distinct roles such as performing audits of individual government entities. Fiscal councils, on the other hand, typically contribute to the planning and formulation of policies with a stronger emphasis on economic evaluation and analysis. To safeguard the effectiveness of both functions, it is essential to maintain a clear institutional separation between the ex-ante role of the IFI and the ex-post evaluation mandate of Supreme Audit Institutions.

(4) Other institutions such as independent Economic Research Institutes: In some countries, some individual IFI tasks are assigned to renowned economic research institutes, the independence of which is ensured by the funding arrangements and the modalities for appointing leadership. They usually have large research capacities and a broad range of tasks in economic analysis. In most cases, they are entrusted with the preparation of macroeconomic forecasts, which form the basis for the budget preparation.

Developments in the individual countries are very different and depend on the institutional environment and country specific needs. Where Parliaments are still in a weak position and have little technical capacity, the establishment of PBOs is being pursued more strongly and also supported by the international community. This is particularly the case in countries that are still lagging behind in terms of development and do not yet have well-developed institutions in fiscal policy. Strengthening Parliament's analytical skills in the budget process should also promote democratic development. However, there are also advanced economies with a long parliamentary tradition that have set up PBOs that function very effectively and fulfil all the necessary requirements of an IFI very successfully. Examples include the PBOs in Italy and Canada.

In the European Union, on the other hand, following the introduction of the Six-Pack and Two-Pack legislation, greater emphasis was placed on the establishment of Fiscal Councils, which, in addition to their assessment function, were also intended to support the government with appropriate recommendations. IFI-tasks were primarily assigned to Supreme Audit Institutions in countries that had only limited overall capacity for fiscal analyses and did not consider setting up an additional institution for resource reasons (e.g. Finland, Lithuania). In some countries, where this was already common practice before the introduction of the EU regulations, the preparation of macroeconomic forecasts for the budget preparation is carried out by independent economic research institutes. This is the case in Austria, Belgium and the Netherlands. In the new Member States, it is the case in Slovenia where the Institute of Macroeconomic Analysis and Development is responsible for the macro-economic forecast used for the government budget.

7. Fiscal Policy Institutional Landscape in Moldova

7.1 Institutional Challenges

With approximately 2.4 million inhabitants, Moldova is a relatively small country by European standards. The number of institutions and individuals dealing with fiscal policy is therefore limited. Gaps thus exist in particular in bodies that are organisationally and financially independent of the government. Parliament also has limited resources available for supporting and counselling MPs and also undertakes efforts to build up technical expertise.[22]

Moldova is also facing significant emigration, as well-educated young people have better earning opportunities in other European countries.[23] This affects the ability of public institutions in Moldova involved in fiscal policy to recruit sufficient qualified staff. In the discussions with the relevant Moldovan stakeholders, they consistently emphasised their very limited resources and the fact that numerous positions in their institutions are vacant and qualified candidates are hard to find. Young qualified graduates often leave the institutions again quite quickly after completing their training or internship. Low salaries in the public sector were mentioned as one of the main reasons for this.

7.2 Fiscal Policy Framework and Responsibilities

The fiscal policy responsibilities of the Government and Parliament and the budget process are governed by the Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014[24], that is the main organic budget law of Moldova and came into force in 2016. The Law on Local Public Finances No. 397/2003[25] governs budgeting on the local level. It was adopted in 2003 and amended later to be consistent with the Law on Public Finances. Other important legislation is the Law on public sector debt, state guarantees and state on-lending No. 419/2006[26] and some Sectorial Laws. The Secondary Framework includes Orders of the MoF providing methodological guidance on the preparation, approval and amendment of the budget[27] and instructions for budgeting on the local level.

With this budget legislation, Moldova has implemented modern budgetary arrangements with a medium-term budgetary framework, the introduction of performance-based budget planning, reforms in capital expenditure management, increased transparency and piloting spending reviews.

The Moldovan Budget is formulated within a rolling three-year Medium Term Budgetary Framework (MTBF) setting out the budgetary and fiscal policy objectives and determining the resources and expenditures of the National Public Budget and its components. The MTBF is the central fiscal planning tool and includes government's medium-term macroeconomic and fiscal forecasts and fiscal policy targets.[28] It defines the policy priorities, presents the macroeconomic variables influencing the budget, sets main budgetary aggregates and contains sector ceilings. The first year of the MTBF largely corresponds to next year's budget, the following years are indicative. The National Public Budget is defined as the State Budget, the State Social Insurance Budget, the Mandatory Health Insurance Fund and local authority budgets. The State Social

[22] In February 2025, the EU funded twinning project "Strengthening the Capacity of the Moldovan Parliament and Its Role in the EU Accession Process" was launched. See (link)
[23] International emigration has been the main cause of a fall in population in the past 9 years. See National Bureau of Statistics of the Republic of Moldova (2025), Population with habitual residence by gender, age group and territorial profile on 1 January 2025. (link).
[24] Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014: (link)
[25] The Law on Local Public Finances No. 397/2003: (link)
[26] Law on public sector debt, state guarantees and state on-lending No. 419/2006: (link)
[27] Order of the Minister of Finance no.124/2023: (link)
[28] The main elements of the MTBF comprise according to Article 48 of the Law on Public Finances and Budgetary Fiscal Responsibility the macroeconomic framework, the budgetary and fiscal policy, the macro-budgetary framework, and the expenditure framework.

Insurance Budget and the Mandatory Health Insurance Fund are two specific funds outside the State Budget.

The Constitution[29] provides that the Parliament approves the State Budget and the National Public Budget. The Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014[30] (article 54) provides in two readings and Government submitting both to Parliament.

The Ministry of Finance (MoF) is the central fiscal authority.[31] The main competences and responsibilities include establish and monitor the budget calendar, coordination of the budgetary process, establish and implement budgetary and fiscal policy, develop and submit the MTBF to government, and report on the execution of the budget. As the MoF has to ensure the sound management of the financial means of the component budgets of the National Public Budget, also the budgets beyond the State Budget are subject to its scrutiny.

The Central Public Authorities are responsible for budget planning, execution, accounting and reporting in the respective public authority and in the subordinated budget institutions.[32] The Ministry of Economic Development and Digitalization (MEDD) provides the macroeconomic forecasts for the MTBF and the National Public Budget, with the inflation forecast taken from the recent inflation report of the National Bank.

The Law on Public Finances provides for an annual ceiling of the national public budget deficit (deficit rule), excluding grants (around 1 % of revenues), of no more than 2.5% of GDP as a budgetary anchor.[33] This limit can be exceeded for investments that are financed externally, whereby these amounts are earmarked in the budget. There are also several escape clauses such as in case of economic decline, high inflation, and natural disaster. A debt rule, however, has not yet been introduced.

7.3 Budget process in brief

The fiscal year in Moldova runs from January to December and the budget preparation is divided into two parts.[34] The establishment of the MTBF in the first half of the year is followed by the annual budget process in the second half. Most of the political activities take place within the framework of the MTBF, less so during the successive annual budget preparation.

In January, the State Chancellery sets the policy objectives to be included in the MTBF. Then, the MTBF sectorial Group dealing with sectoral priorities, tax policy and tax forecasts is involved. Based on the first consultations, the MoF issues in February the MTBF Circular to the central public authorities as the basis for the medium-term expenditure framework, including top-down preliminary medium-term expenditure ceilings and policy priorities. Line ministries and other budget organisations must revise the baseline expenditure forecast and propose new policies based on priorities in their spending area.

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[29] Article 131 of the Constitution of the Republic of Moldova: (link)
[30] Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014: (link)
[31] Article 20 of the Law on Public Finances and Budgetary Fiscal Responsibility defines the role of the Ministry of Finance.
[32] Article 21 of the Law on Public Finances and Budgetary Fiscal Responsibility defines the role of the Central Public Authorities.
[33] The rules that are to be pursued by the budgetary-fiscal policy are defined in Article 15 of the Law on Public Finances and Budgetary Fiscal Responsibility.
[34] Article 47 of the Law on Public Finances and Budgetary Fiscal Responsibility provides the detailed Budget Calendar.

The macroeconomic forecasts are adjusted when more precise data is available and the fiscal framework is updated. In March/April follows the consolidation and an alignment resulting in the available fiscal space. Mid of May, the MoF submits the draft MTBF to the Government for its approval. Government must approve the MTBF by 1 June and submit it to Parliament for information purposes only. The MTBF contains the pre-budget fiscal policy statement and sectoral ceilings for the State Budget, local authorities' budget, the State Social Insurance Budget and the Mandatory Health Insurance Fund. After the MTBF is approved, a budget Circular is issued to guide the budget preparation process and to set ceilings for line ministries within which the budget should be presented.[35]

Till the end of summer line ministries and local authorities must submit their initial budget proposals to the MoF and the macroeconomic forecast is updated by the Ministry of Economic Development and Digitalization (MEDD) so that current developments can be incorporated into the budget. The budget draft should be available by end of September and approved by the Cabinet and forwarded to Parliament in mid-October for parliamentary approval. In Parliament two standing committees are responsible for budgetary matters. The Committee for Economy, Budget and Finance co-ordinates the consideration of draft budgets. The Standing Committee for Control of Public Finance is responsible for examining annual reports including the reports on the executed budgets. Parliament is expected to adopt the budget laws for the upcoming year end of November. Parliament can amend the draft budget but spending increases and tax cuts require consent of Government.

Most recently, however, the budget calendar and the decisions on the MTBF were delayed due to a longer and more intense coordination of envisaged policies and the budget was only adopted by Parliament in December.

7.4 Macroeconomic forecasting

In Moldova the macroeconomic forecasts for the MTBF and the budget are prepared by the Ministry of Economic Development and Digitalization (MEDD). In principle, two forecasts are provided per year. A preliminary forecast in February/March for the MTBF and an update including new data in July for the budget. These two forecasts submitted to the MoF for the budget preparation are published. However, due to many shocks and big changes, updates were necessary because the forecasts were not very accurate. Recently up to three forecasts were issued within a year to ensure that they are up to date. An additional forecast was prepared for example last year in autumn following consultations with IMF experts. The forecasts cover the current year and the next two years, i.e. in total three years.

The responsible unit within the Ministry consists of five positions, of which only three were filled until recently. Recently two graduates have been added to the team. Until recently only two employees worked on the macro forecast (previously eight people were involved). Time for further training, professional development or fundamental (model maintenance and development) work therefore is currently very limited.

The Ministry of Economic Development and Digitalization (MEDD) uses three main models. One is an Excel-based model, second is based on a World Bank macro-fiscal model that has been adjusted for Moldova, and a third model was developed by a German team for quarterly forecasts. Several small micromodels (e.g. for agriculture with climate data, for salaries, GDP nowcasting, leading economic indicator estimation etc.) are also available. The forecasts are

[35] Article 50 of the Law on Public Finances and Budgetary Fiscal Responsibility

usually optimistic. Political objectives and budgetary measures are taken into account, but risks are also considered. Forecast errors are analysed ex-post, but not published. In times of major crises, the models sometimes do not work properly and expert judgment is often required. As the EU integration process advances, its requirements have become increasingly complex, requiring the inclusion of two additional sectors: the labour market and the external sector. The development of suitable forecasting models for both sectors is still in progress, and the MEDD will be the institution responsible for their elaboration and implementation.

Given the expanding scope of responsibilities and considering that the Ministry will be responsible for coordinating the macroeconomic forecasting process, the current staff of 6 positions for the respective activities within the MEDD is no longer sufficient. Enhancing institutional capacity entails not only expanding the current staffing structure but also investing in targeted training and development.

MEDD uses data and input for the macroeconomic forecasts from various sources. Sector forecasts are produced by ministries such as the Ministry of Agriculture and Food Industry, the Ministry of Energy and the Ministry of Infrastructure and Regional Development. Data is also available for the Free Economic Zones and Industrial Parks under the responsibility of the MEDD. IMF and World Bank (Outlook) forecasts are also used (e.g. external prices and exchange rates for foreign trade forecast). For foreign trade (Balance of Payment) the National Bank produces statistics but no forecast. However, the National Bank prepares the forecast for inflation which is used by the MEDD in its forecast. There is also a Macroeconomic Working Group under the auspices of the Ministry of Finance consisting of 20 members, to which the draft forecast for the MTBF is presented for comment. Talks and discussions on the assumptions are also held with the World Bank, the European Commission and the Economic Research Institute (INCE) in Moldova.

The cooperation between the MEDD and the MoF was generally characterised as positive with a lot of information on economic development also exchanged informally. The MoF has pointed out, however, that resources in MEDD are limited and that there is no leading institution for the forecasts, and therefore also no uniform framework. The MoF also referred to possible synergies between the financial forecasts within its remit and the macroeconomic forecasts.

Overall, responsibility for forecasts is spread across various institutions, and greater concentration of forecasts would be preferable also in the view of the European Commission in order to ensure consistency and efficient pooling of scarce resources.

7.5 Court of Accounts

The Court of Accounts is Moldova's Supreme Audit Institution.[36] The role of the Court of Accounts in the budget process changed significantly. Until 2008 it was directly involved and verified the budget. However, since then the Court of Accounts adopted the International Standards for Supreme Audit Institutions. It is therefore no longer involved in the budget preparation process and only carries out ex-post audits. The Court of Accounts does not produce macroeconomic forecasts either. However, the audit of the annual financial statements may also include indirect criticism of the financial forecasts.

The vast majority of the Court of Accounts' resources are divided roughly equally between financial audits and compliance audits. Performance audits are currently still of minor

[36] Court of Accounts of the Republic of Moldova: (link)

importance. Its representatives have been very reluctant with respect to the suggestion to establish the Fiscal Council within the Court of Accounts, because neither sufficient resources nor the necessary very specific expertise are currently available. The Court of Accounts itself is currently struggling with considerable financial constraints to fulfil its responsibilities. In addition, a clear separation between the ex-ante activities of an IFI and the ex-post evaluation function of the Court of Accounts would be necessary, which has significant governance problems.

7.6 National Bank of Moldova

The National Bank of Moldova is the central bank of the Republic of Moldova,[37] being an autonomous public legal entity that sets and promotes the states' monetary and foreign exchange policy. The monetary policy framework of Moldova is associated with the direct annual inflation targeting regime, measured by the consumer price index.

The National Bank produces an annual Financial Stability Report and quarterly Inflation Reports that incorporate inflation forecasts for the eight-quarter horizon and the risks and uncertainties associated with this projection. Actual inflation is reported monthly. The quarterly inflation forecasts include some macro indicators, such as the output gap. Inflation and its components, as well as the output gap are published. Other macro indicators, based on available statistical data, are necessary for the consistency of the forecast, but are not published. However, there is no complete macro model available at the National Bank. There is good informal cooperation between the National Bank and the MoF as fiscal inputs affect inflation and vice versa. The National Bank also participates in the working group on the MTBF and its information is used for fiscal forecasts.

A joint Committee of the National Bank and the MoF, the State Security and Public Debt Committee, monitors the money market. The National Bank as the fiscal agent of the MoF is in charge of the management of primary and interbank secondary market of state securities issued in book-entry form on the domestic market.

In the Macroeconomic Analysis and Forecasts Department of the National Bank there are three units dealing with macroeconomic analyses and forecasts. These comprise a total of 16-18 staff, as the economic cycle is essential for the National Bank. Linking a Fiscal Council closely to the National Bank was viewed critically by its representatives for both resource and governance reasons, as there is a risk of mixing fiscal and monetary policy considerations.

7.7 Independent Think Tanks

In Moldova, several independent think tanks also deal with public finances, some of which produce their own economic forecasts or conduct research and analyses on economic developments, the budget, public financial management, and the European integration.

The National Institute for Economic Research (INCE)[38] is a publicly funded, independent research institution concerned with economic research and forecasting. INCE usually publishes two economic forecasts a year, including fiscal forecasts. INCE also conducts policy analyses at the request of ministries (e.g. VAT on agricultural products). As it is publicly funded, ministries usually do not finance individual projects. INCE sets its own priorities and allocates its own resources. The staffing level comprises around 50 full-time equivalents.

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[37] National Bank of Moldova: (link)
[38] National Institute for Economic Research (INCE): (link)

The **Institute for European Policy and Reform (IPRE)**[39] was established in March 2015 and is a non-partisan, non-profit organization and an independent research and analysis centre, founded by a team of national and international experts, former government officials, civil servants and career diplomats. IPRE is an independent think tank with 10 full-time employees, mainly concerned with research on systemic reforms, checks and balances, and participatory democracy, whereas economic research is not in the focus of its activities.

The **Expert-Group**[40] is an independent and politically neutral think tank specialized in economic and public policy research. Its core activities are economic analysis and forecasts, as well as independent research and consultancy in public policies. The Expert-Group offers a wide range of analytical products and services in various economic areas like investment, banking, macroeconomic analyses and forecasts, financial stability, public finance, financial markets, or economic sector analysis. Experts from Moldova and abroad, both affiliated and not affiliated to the institution, are involved in these projects.

7.8 International Organisations

Economic analyses, macroeconomic forecasts and budget preparation require cooperation and coordination with key international partners with offices in Moldova. The deficit on the Balance of Payments is mostly financed externally, as own sources are limited. Capital expenditure and the framework for investments are decisive for economic development and the Balance of Payments deficit is widely financed by the **International Monetary Fund** (IMF). Therefore, there is a lot of communication with the IMF team during the budget process. The relevant consultations must be awaited and the deadlines coordinated. The real anchor for budgetary stability is the agreement with the IMF. The IMF carries out its own forecasts and projections.

On forecasting the **World Bank** has been cooperating with the MEDD for many years. This cooperation started with now-casting and appropriate models were developed afterwards. Recently, the decision was taken to include the labour market and the external sector, as this was a requirement for the EU, and the incorporation of investments is brought forward. This is still work in progress. Microsimulation models on taxes and on self-employed were developed with the MoF. The World Bank carries out two rounds of projections each year and produces an economic update, which also includes a specific topic. In Moldova, it is involved especially in financing roads.

The **European Commission** (EC) is the key partner with regard to European integration. The EU supports socioeconomic development and reforms in Moldova, with financial and technical assistance. Cooperation with the EC thus is constantly increasing and its role is becoming more and more important due to the candidate status of Moldova. The EU is the largest provider of financial assistance to Moldova. In 2025 the European Parliament and the Council approved a 1.9 billion EUR Growth Plan for Moldova.[41] This funding shall be disbursed over the next three years and is expected to help mobilise investments in transport, energy, agriculture and irrigation as well as schools and hospitals.

EU assistance is based on conditionality and is linked to satisfactory progress in envisaged reforms. The European Commission's activities and assessments are therefore also crucial to

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[39] Institute for European Policy and Reform (IPRE): (link)
[40] Expert-Group: (link)
[41] Regulation (EU) 2025/535 of the European Parliament and of the Council of 18 March 2025 establishing the Reform and Growth Facility for the Republic of Moldova. (link)

the ongoing PFM reform, which includes the establishment of a Fiscal Council. The European Commission has allocated resources to the reform agenda of Moldova, but establishing a Fiscal Council is not part of this reform agenda.

8. Options for the Establishment of a Fiscal Council in Moldova

8.1 Basic Considerations and Requirements

A key objective for the establishment of the Fiscal Council in Moldova is that it meets the requirements of the European fiscal framework for an Independent Fiscal Institution. The Fiscal Council must therefore comply with the minimum requirements of EU Council Directive 2011/85/EU. This concerns both the mandate and the institutional requirements, in particular the legal basis and independence.

The key elements for an effective Fiscal Council are characterised by the following attributes:

1. Legal basis
2. Safeguards to independence
3. Clear mandate
4. Sufficient and qualified staff and resources
5. Formal engagement in the budgetary process
6. Good and timely access to information
7. High degree of transparency and accountability
8. Trust and credibility within the public
9. Visibility (right to publish and to address the public)
10. Protection against political pressure

When setting up a Fiscal Council, it has to be considered that recruiting the necessary qualified staff rapidly and paying them appropriately can pose a considerable challenge. Moldova lacks capacity in many sectors and macroeconomic forecasting in particular is often neglected, including in university teaching. So, it will be quite difficult to establish a fully functional institution with a broad mandate in the short term. The difficulties in getting qualified staff should be acknowledged, but this should not be a reason to delay the legal process to establish a Fiscal Council. The necessary legal basis can in any case be put in place in the short term (2026) so that the starting conditions for the Fiscal Council are clarified.

Independence is probably the most critical institutional aspect of an Independent Fiscal Institution. It is therefore crucial to ensure consistency with the EU Directive at this point. Particular attention has to be paid to safeguarding independence from the very beginning when setting up the Fiscal Council. Establishment laws often include explicit guarantees on independence and the independence of Council members. In addition to legal guarantees, however, the chairperson of the Fiscal Council will also be of crucial importance for the public perception of the council's independence and thus its long-term success.

With a view to possible models for the Fiscal Council, the initial options for its structure developed by the EU experts in 2017[42] and updated by the Moldovan Ministry of Finance to the new European framework conditions in 2024 formed a first starting point.[43] In discussions with the various stakeholders, the different relevant elements of a Fiscal Council were

[42] Report on a possible Fiscal Council for Moldova and options for its institutional setup. (link)
[43] Ministry of Finance of the Republic of Moldova (2024), Report on the establishment of a possible Fiscal Council for the Republic of Moldova and options for its establishment. (link)

comprehensively addressed: tasks and mandate, protection of independence, leadership and appointment, position of the Fiscal Council within public financial administration, staffing and remuneration, financing, and transparency.

8.2 Legal basis

The establishment of a Fiscal Council will require primary and secondary legislation. At least the elements considered as crucial by the EU Directive and the European Commission should be dealt with in the primary legislation. This is in particular the mandate, independence, appointment of members and leadership, required qualifications, access to information, public communication, and regular external evaluations. But also, beyond the necessary elements of the EU Directive, the Fiscal Council should have a clear legal framework that opens up certain development opportunities beyond the initial phase. The establishment law should take into account that it might not be feasible in the short term to set up a fiscal institution in Moldova that can fully perform all the needed functions.

Member states of the European Union often have their own laws governing the establishment of Independent Fiscal Institutions. Another option that could be suitable for Moldova would be to anchor it in the Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014,[44] as this law establishes the general legal framework governing public finances and fiscal responsibilities (see also Annex III).

If, on the other hand, an option is chosen that provides for a body within Parliament, then the Fiscal Council or a Parliamentary Budget Office would have to be incorporated into the rules governing the organisation of Parliament and its procedures, unless a separate law is envisaged.

Regardless of the particular choice made, the established regulations should ensure that IFI members and staff have unrestricted access to all relevant fiscal and economic data, as well as provide for the appropriate level of institutional funding to fulfil the foreseen tasks and guarantee professional independence.

8.3 Possible models for setting up an independent Fiscal Council in Moldova

As there is no one-size-fits-all institutional model for an IFI the fiscal environment and the existing institutional landscape have led to very different organisational structures in the individual European countries when setting up IFIs. Looking at the various models applied in the EU (especially in Eastern Europe; see Annex II) not all of them are equally suitable as examples for Moldova.

Based on the findings from interviews with stakeholders in Moldova, two models in particular that are applied in some smaller Eastern European countries appear to be not viable options in the Moldovan context. Neither a Fiscal Council established within the Court of Accounts nor a Fiscal Council linked to the National Bank of Moldova are well aligned with the strategic positioning of these two institutions and would therefore be unlikely to gain widespread acceptance.

This leaves the two options that have already been considered as the most feasible models for Moldova:

(3) A Parliamentary Budget Office (PBO) under the authority of the Parliament

[44] Law on Public Finances and Budgetary Fiscal Responsibility No. 181/2014: (link)

(4) A Fiscal Council as a stand-alone autonomous institution.

These two models will therefore be discussed in more detail, along with the arguments that could be put forward in favour of each solution.

Allocating IFI-tasks in Moldova to a **Parliamentary Budget Office** could have the following advantages in particular:

- Since Parliament also requires analytical and technical capacities to support MPs, synergies could be achieved. If Parliament invests in resources in any case, it could be less resource-intensive to have the IFI within Parliament.
- A well-equipped PBO fulfilling the requirements of an IFI with appropriate guarantees of independence enhances the role of Parliament and strengthens its position vis-à-vis the government, thereby promoting democratic developments.
- An IFI needs reporting lines to Parliament, and a PBO could be more closely aligned with the needs of MPs and be available regularly at their meetings, although organisational measures would be required to separate the advisory and confirmation functions.
- An independent institution within Parliament could be endowed with greater credibility in political discourse and would lead to a stronger identification of the Parliament with the requirements of fiscal sustainability and stability.

Actually, the Moldovan Parliament implements an EU-Twinning Project in partnership with the Parliaments of Greece, Romania, Hungary, Italy and Austria on strengthening the capacities of the Moldovan Parliament and its role in the EU accession process. The objectives are to improve capacities to analyse, draft and amend legislation in the context of EU approximation, to strengthen the parliamentary oversight function over Government and to optimize internal procedures of Parliament. The two-year project started in February 2025 and is scheduled to end in February 2027.

Linking the Independent Fiscal Institution to Parliament could generate some synergies. However, it is not an approach widely used in the EU. Italy is the only example where the Parliamentary Budget Office performs the tasks required under EU regulations, while it is not regularly involved in the day-to-day Parliamentary work. Although additional capacity for overview activities will most probably be required in Parliament, this process should not be complicated by additional requirements for the rapid establishment of an EU-compliant IFI within the Parliament itself. This also appears difficult in terms of the envisaged timeframe, as the Government is seeking shorter-term solutions with a view to the targeted EU accession process.

However, there should also be clear accountability of the IFI to Parliament. This accountability to Parliament can be safeguarded through several instruments (statutory regulation, budget approval, appointment and dismissal of leadership, reporting requirements, providing evidence before the Committee for Economy, Budget and Finance when requested).[45]

[45] An accountability to both the Government and Parliament could also be established. For example, the UK Office for Budget Responsibility (OBR) is accountable to the Chancellor of the Exchequer and to Parliament (primarily through the House of Commons Treasury Select Committee), and the OBR submits its reports to both the government and parliament, with members of the OBR required to testify before the

In view of the overall picture, an IFI acting as an autonomous independent Fiscal Council therefore appears to be the best option for Moldova. This does also not prejudice the later establishment of an advisory body for the budget process in Parliament, as there are good examples of synergies between these two bodies that strengthen parliamentary oversight.

There are therefore good reasons in Moldova to entrust a **Fiscal Council** as a stand-alone autonomous institution with the responsibilities of an IFI:

- The independence of an institution that is completely outside Parliament or the Executive could be better guaranteed.
- A Fiscal Council is usually a collegial body and can therefore cover a broader spectrum of opinions. This facilitates the involvement of academia and/or other economic think tanks in the assessment of public finances.
- The mandate of a fiscal council could initially be limited to the minimum requirements of EU regulations for resource reasons, but could gradually be expanded to include additional activities that need to be addressed in Moldova's fiscal governance.
- A Fiscal Council's spokesperson could communicate more directly and openly with the public and the media, as greater caution may be required in Parliament with regard to all political groups.
- A Fiscal Council could also provide the government with more intensive advice on specific fiscal issues, as long as this does not undermine its credibility and independence.
- For a Fiscal Council it could be easier to make appropriate recommendations to the government on the design of fiscal policy, provided that attention is paid to the separation of tasks in the context of the assurance function.

In the meetings with stakeholders, it became evident, that the envisaged Independent Fiscal Institution should bring added value to fiscal policy beyond the necessary formal confirmation functions. The MoF hopes to obtain from the Fiscal Council an objective, independent view through highly professional technical work. Faced with far-reaching political financing requests, the Fiscal Council could help to ensure fiscal stability. It was also emphasised, however, that the Fiscal Council should not be a government organisation. A change of government should have no influence on the management and activities of the Fiscal Council.

These reasons are in favour of establishing a Fiscal Council as an independent stand-alone autonomous institution. The independent regulators currently existing in Moldova, however, can probably only serve to a limited extent as a suitable model. Therefore, a largely new, separate model would have to be developed. A Fiscal Council with several members appointed by different stakeholders would be favourable in terms of independence. Although the Fiscal Council should not be based in Parliament itself, Parliament should play a significant role in appointing its members. Appointment by Parliament can increase impartiality, especially if the opposition is also involved.

Treasury Select Committee after each forecast is published. This dual accountability may help to ensure that both the executive and Parliament trust the OBR and have a stake in its continued success.

Although collegial membership is not obligatory for an IFI in the EU, there are advantages to have collegial leadership (a board) in fulfilling the mandated tasks. Collegial leadership is likely to enhance critical judgement and the quality of reports.[46] It is preferable to a single leadership as it also provides more guarantees to independence and impartiality. Collegial leadership is also the most common model for IFIs in the EU (see Annex II). The minimum size of collegial councils that is observed is three members, including the chairperson.

Giving the size of the country and the limited resources also for Moldova a council of three members is recommendable. The Fiscal Council could consist of the Chairperson plus two external members on a part-time basis.

8.4 Safeguarding independence

Independence is probably the most critical aspect if the IFI-tasks are to be assigned to the Fiscal Council. It is therefore crucial that particular attention is paid to safeguarding independence from the very beginning when setting up the Fiscal Council.

According to the recitals in the EU Directive, IFIs should have a high degree of operational independence, the necessary resources to perform their tasks and extensive and timely access to necessary information. Independence of IFIs is considered a key prerequisite for their success.[47] Certain characteristics derived from the OECD Principles and the provisions of the EU Directive are decisive for qualification as an independent body. It must have full operational, financial, functional and organisational independence in the performance of its duties and for the fulfilment of its purposes assigned to it by law.

The establishment of the Fiscal Council must therefore be based on a **legislative act** with well-defined tasks and guarantees of its independence.

The **mandate** has to be clearly specified including all the tasks mandatory under EU legislation as well as those tasks important for the future perspective of the Fiscal Council. A broad mandate from the beginning strengthens independence because it allows more flexibility. In this context the autonomy of the Fiscal Council to determine its own work program within the boundaries of its mandate is also highly relevant.

The **appointment of leadership** is of particular importance for independence and is therefore addressed in more detail in a separate section. Another building block for independence is that the **resources** available in the Fiscal Council must be commensurate with the mandate. Furthermore, most IFIs in EU Member States have full or at least some **autonomy in recruitment** decisions. In addition to human resources, adequate information technology resources are also required.

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[46] The literature on collegial leaderships (committees) is mostly on central banks. See for instance: Blinder A.S. and J. Morgan (2005), Are Two Heads Better Than One? Monetary Policy by Committee, Journal of Money, Credit, and Banking, Volume 37, Number 5, October 2005, pp. 798-811. (link) ; Rieder, K. (2022), Monetary policy decision-making by committee: Why, when and how it can work, European Journal of Political Economy, Volume 72. (link)

[47] EU network of Independent Fiscal Institutions, Do institutional aspects shape the effectiveness of Independent Fiscal Institutions?, Working Paper Series No. 1 (link); Beetsma, R. and Debrun X. (2018), Independent Fiscal Councils: Watchdogs or lapdogs? (link); Von Trapp, L. and S. Nicol (2018b), Measuring IFI Independence: A first pass using the OECD IFI Database, OECD (link)

Independence of the Fiscal Council should be safeguarded with adequate financial resources and a high degree of **financial autonomy** through own budget appropriations and unrestricted disposal of these resources. Its position will be strengthened by funding grounded in law. Such financial autonomy can be ensured, for instance, through a separate budget line in the general State Budget. Political or legal agreements that define and guarantee an adequate medium-term budget also contribute to the required independence.

Complete **functional and organisational independence** must, in any case, be ensured for the Fiscal Council in relation to the government. In case of a PBO it must also have functional and operational independence internally from the parliamentary administration and leading political representatives such as the Speaker/Chairperson of the Parliament or the Chairman of the Committee for Economy, Budget and Finance. Neither its leadership nor its staff may request or receive any instructions with regard to its expert judgement. This also means that the analyses and reports must not be subject to any prior approval procedures. Some form of legal protection against political pressure is here of particular importance.

The leadership of the Fiscal Council must also be **operationally independent** in its cooperation with parliamentary committees, MPs and their staff. This includes direct written and verbal communication with the political level. Regular attendance at committee meetings is of particular importance if required or requested by committee members. The opportunity to submit and present its opinions in Parliament enhances the reputation of the Fiscal Council and will enrich the parliamentary budget debate.

Finally, the independence of a Fiscal Council is ensured by acting as transparently and accountably as possible. IFIs in EU Member States have the possibilities to **communicate** effectively to the **public**. At the least, all products and analyses of the Fiscal Council have to be published on a separate website. As media coverage of its work is also crucial for acting independently, the Fiscal Council should furthermore be authorised to communicate actively to the media to explain its products and functions. Econometric analyses suggest that countries where Independent Fiscal Institutions have a higher media coverage tend to exhibit better fiscal outcomes.[48]

8.5 Mandate

Just like the institutional aspects, the tasks of IFIs differ significantly and are characterised by great heterogeneity. The mandates of IFIs in the European Union vary significantly from one member state to another and typically consist of all or some of the following tasks and activities:[49]

- Macroeconomic forecasting (production or endorsement)
- Budgetary forecasting (production or endorsement)
- Assessing of public finances
- Assessing of compliance with fiscal rules

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[48] IMF (2013), The Functions and Impacts of Fiscal Councils. (link); Network of EU IFIs, 2023) . EU Network of Independent Fiscal Institutions (2023), Do institutional aspects shape the effectiveness of Independent Fiscal Institutions?, Working Paper Series No. 1 (link).

[49] Beetsma, R. (2023), Strengths and weaknesses of independent advisory fiscal institutions in the EU economic governance framework, in-depth analysis requested by the ECON committee (link); Jankovics, L. and Sherwood, M. (2017), Independent Fiscal Institutions in the EU Member States: The Early Years, Discussion Paper 067. (link)

- Analysing budget execution
- Supporting of legislature in analysing the budget and other budget related documents
- Analysing alignment with fiscal policy goals for the current and future periods
- Policy costing by providing estimates of the budgetary impact of new policy initiatives
- Analysing long-term budgetary sustainability
- Promoting fiscal transparency
- Making recommendations on budgetary and fiscal policy
- Costing of election platforms

Only in exceptional cases the mandate of an IFI is that broad that it covers all mentioned tasks. Usually, they have a narrower mandate or in some cases the tasks are divided between multiple IFIs in the country. An overview is provided by the OECD IFI database and related OECD Papers[50] and by the IFI database of the European Commission[51]. But almost all IFIs contribute to monitoring compliance with national fiscal rules and/or macroeconomic forecasts for fiscal planning purposes.

The specific mandate and activities of a potential IFI in Moldova will need to be adapted to Moldova's needs. Since only a relatively small institution is realistic in Moldova at this stage, the mandate must be adapted to these circumstances. Moldova could follow and apply the practices established in some Eastern European countries that have successfully set up small IFIs in recent years. These small IFIs typically have a well-defined mandate.

For resource reasons the mandate of the Fiscal Council could initially be limited to the minimum requirements of EU Directive. The tasks and functions have to be mentioned explicitly in the legal mandate and include:

⇒ Assessment or endorsement of the macroeconomic forecast of the government
⇒ Monitoring compliance with country-specific numerical fiscal rules
⇒ Assessment of the consistency, coherence and effectiveness of the national budgetary framework
⇒ Participation in regular hearings and discussions at the national Parliament upon invitation

The mandate could gradually be expanded in the longer term to include additional activities that need to be addressed in Moldova's fiscal governance to strengthen professional oversight and increased transparency in the budgetary process. The final stage of the expansion will require additional qualifications and resources in the macroeconomic area in particular. A multi-step procedure could be envisaged for the expansion of the mandate of the Fiscal Council, whereby two basic approaches can be chosen. The mandate can either be defined very comprehensively by legislation from the outset and its implementation can be made dependent on the expansion of resources. Or the mandate can initially be defined more narrowly and only gradually be expanded by amending legislation as resources in the Fiscal Council increase. In practice, it has often proven easier to define the mandate more broadly at the outset and to make the

[50] OECD (2017), Designing effective Independent Fiscal Institutions (link); Von Trapp, L., Lienert, I. and Wehner, J. (2016), Principles for Independent Fiscal Institutions and case studies, OECD Journal on Budgeting, Volume 2015/2. (link)
[51] The European Commission updates its Fiscal Institutes Database annually. (link)

performance of lower priority tasks dependent on the development of resources. A gradual legislative expansion of the mandate is always associated with political uncertainties.

It is also important to acknowledge that besides the establishment of a Fiscal Council there are other important areas in public financial management in Moldova that have to be addressed simultaneously. Some of these issues are closely linked with the setting up of the Fiscal Council.

The set-up of the Fiscal Council can be an opportunity to reorganise the macroeconomic forecast the government uses to base its fiscal projection on. [52] However, to keep progress on the legal preparation of a Fiscal Council it is preferable to start the Fiscal Council with a narrow mandate (endorsing or assessing the macroeconomic forecast plus monitoring the fiscal rules) and not wait on the possible reorganisation. Maybe in a later stage the mandate can be extended with producing the macroeconomic forecast and/or policy costing. The primary legislation should directly enable such extension, and possibly already stipulate the date for this extension.

Another issue that must be taken into consideration is that Moldova's fiscal anchors need to be aligned with the requirements of the reformed EU financial framework. In particular, fiscal rules need to be expanded by introduction of a debt rule and establishment of the net expenditure path as a key indicator for managing public finances.

The establishment of a Fiscal Council is always linked to increased transparency in public finances. However, it is not enough to simply create an additional institution. Further measures to promote and enhance transparency must also be taken, which will enable the Fiscal Council to carry out its work efficiently in the first place and which increase public confidence in the reliability of fiscal information.

The responsibilities of IFIs in many European countries also include costing of new policies, regulatory impact assessment or costing of draft legislation. Even if the Fiscal Council's tasks will not initially cover this area, the importance of policy costing must also be fully recognised in Moldova. Adequate regulations and conditions must be put in place to ensure that the government provides the relevant documentation for new laws or reforms, enabling such analyses to be carried out. In many countries, the government itself must submit a regulatory impact assessment that can be evaluated by the IFI.

8.6 Appointment of leadership

The procedures for appointing the leadership of an IFI are decisive for the perception of its independence, particularly at the start of its activities. While Fiscal Councils are generally characterised by a collective leadership, by a collective decision-making body or a board, PBOs usually have monocratic leadership. The procedure for the appointment should in any case be regulated by law. To align with the EU Directive and OECD Principles, the required qualifications of the leadership of the Fiscal Council (the EU Directive mentions competence in public finances, macroeconomics or budgetary management) should be made explicit in law. The same holds for the criteria and process for dismissal of the leadership.

The process of appointing members of Fiscal Councils differs considerably between countries. Generally, a three steps procedure is recommended that includes open competition, selection and nomination of at least one or more candidates and confirmation of the selection by Parliament. The nomination of the leadership of the Fiscal Council shall be based on public

[52] See also OECD (2024), Budgeting in Moldova, (link)

announcement and open competition. The Chairman of the Fiscal Council and the other members of the Fiscal Council have to be nominated and appointed though transparent procedures on the basis of their experience and expertise in public finances, macroeconomics or budgetary management. Nomination rights for the members could be granted to reputable institutions or individuals like the Court of Accounts, the National Bank of Moldova, the Constitutional Court, the Committee for Economy, Budget and Finance or the government. The appointment should be made or confirmed by Parliament. Comparable nomination and approval procedures exist for EU Member States. Such a nomination procedure in Moldova would enhance the independence and external standing of the Fiscal Council.

The appointment should be effective for a fixed term and there should be regulations regarding a possible reappointment. Council members should be appointed for a period longer than the political cycle. International examples often provide for a five or six-year term and a one-time reappointment option. However, multiple reappointments are not ruled out in many cases. The members of the first Fiscal Council can be appointed for different duration to arrive at a staggered Council composition (e.g. one for 3 years, one for 5 years and one for 6 years, and after those 5 years for all members). The statutory provisions should also provide for certain incompatibilities for the leadership of the Council, in line with national practices. International good practices provide that the head/a board member of a Fiscal Council cannot be member of Parliament, or hold a senior official position in a political party or at a ministry.

Just as important as regulating the appointment of leadership are provisions for its dismissal under clear process and criteria. It serves to protect independence if this can only take place for certain reasons and in a procedure that provides for similar requirements as for the appointment (e.g. confirmation by a vote of the Committee for Economy, Budget and Finance*)*. Reasons justifying dismissal may include incapability through ill-health, stated misbehaviour (including bankruptcy and fraud) or significant conflict of interest.

8.7 Resources

Number of the staff depends on the mandate and on the composition of the Fiscal Council. Demanding tasks require an adequate number of highly qualified staff. The capacity to undertake high-quality analytical work would strengthen its independent role in the budgetary process. In case of a narrow mandate a staff of at least 3 economists is required, supported by some administrative staff. The remuneration of the staff should be competitive in the national context and make it attractive for economists with the required qualifications. This requires some discretionary flexibility with respect to staff pay.

Decisions on hiring of the Council staff should be the sole responsibility of the members of the Fiscal Council.

The Fiscal Council must be provided with the necessary financial resources for its activities. Financial independence requires a high degree of financial autonomy through own budget appropriations and unrestricted disposal of these resources. Such financial autonomy can be ensured, for instance, through a separate budget line in the general State Budget. Political or legal agreements that define and guarantee an adequate medium-term budget also contribute to the required independence.

8.8 Involvement in the budget process

A Fiscal Council should be independent in when and how to publish its assessments and endorsements of forecasts and monitoring of fiscal rules. But assessments and publications have to fit in the budgetary calendar.

The two significant events in the budgetary calendar are government's decision on the MTBF beginning of June and Parliament's decision on the budget end of November. When those decisions are being prepared, the Fiscal Council must be provided with sufficient and timely information to allow the Council sufficient time to make a well-founded assessment and report before the final decision.

In particular, thorough consideration of the MTBF is of central importance for the impact of the Fiscal Council, as the MTBF serves as the central fiscal planning instrument. It incorporates government's medium-term macroeconomic and fiscal forecasts, its fiscal policy targets and defines the policy priorities. In addition, it presents the macroeconomic variables influencing the budget, sets the main budgetary aggregates and establishes sector ceilings. Only with the capacity to conduct appropriate ex-ante analysis can the Fiscal Council meaningfully contribute to long-term budgetary stability and sustainability.

An effective IFI needs adequate reporting lines to Parliament and the opportunity for the leadership to participate in relevant meetings of parliamentary committees. The Fiscal Council should therefore submit its reports to both the Government and Parliament, and its leadership should testify and provide additional evidence when requested before the Committee for Economy, Budget and Finance after publishing its reports. This provides an important forum for ensuring that the Fiscal Council's reports gain the necessary authority. Additional to reports on endorsement of forecasts and reports monitoring the fiscal rules, the Fiscal Council should also send an annual report on its operations to Parliament.

8.9 Next Steps

As a first step the Ministry of Finance should work out in coordination with relevant stakeholders and the European Commission a draft proposal describing positioning, mandate, leadership appointment, resources and involvement in the budgetary process, as a basis for decision-making and submit the proposal to the government. Decision should be taken by the government in the beginning of 2026.

Secondly, the main features of the Fiscal Council should be integrated in primary law. Important elements that should find a place in primary law are the mandate, independence, appointment of members and leadership, required qualifications, access to information, budget, public communication, and regular external evaluations (see Annex III for a complete overview). The two possible options for this are a separate establishment law for the Fiscal Council or the integration into Moldova's Public Finance and Budgetary Fiscal Responsibility Law No. 181. [53] A separate establishment act offers the possibility of more detailed regulations. If the decision will be taken to amend the Law 181, the best place for such provisions would be the chapter II section 3 related to competencies and responsibilities. The current articles 21 and 25 could be amended.[54] The Fiscal Council could be positioned as an 'autonomous authority', including the

[53] (link)

[54] This is also proposed in Ministry of Finance of the Republic of Moldova (2017), Report on a possible Fiscal Council for Moldova and options for its institutional setup. (link)

budgetary procedure in correspondence with art 51[1] of Law No. 181. Amendment of the primary law should be finalized in 2026, including parliamentary approval.

Details of the establishment and procedures of the Fiscal Council are to be defined in secondary legislation, e.g. a government decree establishing a Statute or Charter of the Fiscal Council. This decree for establishing a Fiscal Council sets out operational arrangements not covered in primary law and does not need to pass Parliament. It could specify governance and internal organization (decision-making rules, codes of conduct), operational processes (work planning, access to information, quality assurance), and staffing arrangements ensuring professional independence. Financial management provisions define budget execution, procurement, and audit procedures. The decree could also establish communication and transparency rules for publications and stakeholder engagement, as well as mechanisms for monitoring and evaluation of the Council. Finally, it could include entry-into-force clauses. The secondary legislation should be finalized in 2027, to be able to start the setting up of the Fiscal Council in 2028. When operational, the Council could draw up a Memorandum of Understanding with the Ministry of Finance, governing timing and content of the flow of information between the Ministry and the Council.

9. Literature

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10. Annex I: Mandatory tasks and legal requirements of independent fiscal institutions of EU countries

Mandatory tasks

Fiscal councils (independent fiscal institutions) of non-euro Member States[55] and of EU accession countries have to undertake at least the following six tasks:[56]

(a) assessing or endorsing annual and multiannual macroeconomic forecasts;

(b) monitoring compliance with country-specific numerical fiscal rules;

(c) mandatory from May 2032 onwards: providing an opinion on the macroeconomic forecast and the assumptions underpinning the net expenditure path of the (revised) national medium-term fiscal-structural plan;

(d) assessing the consistency, coherence and effectiveness of the national budgetary framework;

(e) upon invitation: participating in regular hearings and discussions at the national Parliament;

(f) upon request: providing an assessment of the compliance of the budgetary outturns data (as reported in the annual progress report) with the net expenditure path as set by the Council.

The first two tasks are the most relevant ones and have to be done on a yearly or half-yearly basis. The fifth task is highly relevant to enhance the role of the fiscal council.

Member States may establish more than one independent fiscal institution. In such cases, the fiscal council does not have to perform the first task if another independent fiscal institution is officially responsible for producing the macroeconomic forecast used for the government budget. At the moment this is the case in Austria, Belgium, Netherlands and Slovenia.

Member states may assign other, non-mandatory tasks to the fiscal council, such as policy costing, long-term sustainability analysis, fiscal policy research, and broader economic research and analysis.

[55] Fiscal institutions in euro area Member States have additional mandatory tasks.

[56] Article 8a (5) of Council Directive (EU) 2024/1265 (link) Article 8a 5(c) refers to Articles 11, 15(3) and 23 of Regulation (EU) 2024/1263 (link) and Article 3(5) of Council Regulation (EC) No 1467/97 (link) The sixth task in on the basis of article 23.1 of Regulation (EU) 2024/1263 (link)

Legal requirements[57]

Independent fiscal institutions have to be established by national laws, regulations or binding administrative provisions.

Members of independent fiscal institutions have to be nominated and appointed though transparent procedures on the basis of their experience and expertise in public finances, macroeconomics or budgetary management.

Independent fiscal institutions:

- have to be independent, i.e. not take instructions from the budgetary authorities or from any other public or private body;
- have the capacity to communicate publicly about their assessments and opinions in a timely manner;
- have adequate and stable resources to carry out their tasks in an effective manner, including any type of analysis within their tasks;
- have adequate and timely access to the information needed to fulfil their tasks;
- are provided with sufficient time to prepare its opinion;
- be subject to regular external evaluations by independent evaluators.

Member States shall comply with the assessments of the fiscal councils or shall explain why they are not following them. That explanation shall be public and be presented within two months from the date of issuance of such assessments.

Complete text of article 8a of Council Directive (EU) 2024/1265 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States

1. Member States shall ensure that independent fiscal institutions are established by national laws, regulations or binding administrative provisions.

2. Member States may establish more than one independent fiscal institution.

3. Independent fiscal institutions shall be composed of members nominated and appointed on the basis of their experience and competence in public finances, macroeconomics or budgetary management, and by means of transparent procedures.

4. Independent fiscal institutions shall:

(a) not take instructions from the budgetary authorities of the Member State concerned or from any other public or private body;

(b) have the capacity to communicate publicly about their assessments and opinions in a timely manner;

(c) have adequate and stable resources to carry out their tasks in an effective manner, including any type of analysis within their tasks;

[57] Article 8a (1-4) and Article 8a (6) of Council Directive (EU) 2024/1265 (link)

(d) have adequate and timely access to the information needed to fulfil their tasks;

(e) be subject to regular external evaluations by independent evaluators.

5. Without prejudice to the tasks and functions attributed in accordance with Regulation (EU) No 473/2013 for Member States whose currency is the euro, all Member States shall ensure that the following tasks are undertaken by one of the independent fiscal institutions:

(a) producing, assessing or endorsing annual and multiannual macroeconomic forecasts;

(b) monitoring compliance with country-specific numerical fiscal rules unless performed by other bodies in accordance with Article 6;

(c) undertaking tasks in accordance with Articles 11, 15(3) and 23 of Regulation (EU) 2024/1263 and Article 3(5) of Council Regulation (EC) No 1467/97 (*);

(d) assessing the consistency, coherence and effectiveness of the national budgetary framework;

(e) upon invitation, participate in regular hearings and discussions at the national Parliament.

6. Independent fiscal institutions shall issue assessments in the context of the tasks referred to in point (a), (b), (c) or (d) of paragraph 5 of this Article without prejudice to the tasks and functions attributed in accordance with Regulation (EU) No 473/2013. Member States shall comply with those assessments or shall explain why they are not following them. That explanation shall be public and be presented within two months from the date of issuance of such assessments.

11. Annex II: Fiscal councils of Eastern European EU member states

All EU member states in Eastern Europe[58] have set up a Fiscal Council.[59] They were legally established between 2010 and 2018, with many major legal reforms between 2022 and 2024 (see table 1). In many member states the legal framework must be adjusted to align with the Directive on national budgetary frameworks amended in 2024.[60] In some non-euro member states, producing, assessing or endorsing annual and multiannual macroeconomic forecasts is not yet established as a compulsory task.

Table 1: Dates of establishment and major last reforms of Fiscal Councils of Eastern European EU member states

	Name in English	Date of legal establishment	Date of last major legal reform
Bulgaria	Fiscal Council of Bulgaria	11-NOV-15	12-FEB-19
Czech Republic	Czech Fiscal Council	25-JAN-18	01-JAN-24
Estonia	Fiscal Council	08-APR-14	
Croatia	Fiscal Policy Commission	18-DEC-13	31-DEC-23
Hungary	Fiscal Council of Hungary	01-JAN-12	22-DEC-23
Latvia	National Audit Office of Lithuania (Budget Monitoring Department)	01-JAN-15	19-SEP-23
Lithuania	Fiscal discipline council of the Republic of Latvia	01-JAN-14	
Poland	Polish Fiscal Council	01-FEB-25	
Romania	Fiscal Council	23-JUN-10	01-JAN-23
Slovenia	Fiscal Council	10-JUL-15	22-AUG-22
Slovakia	Council for Budget Responsibility	01-JUL-12	01-APR-22

[58] Poland is the last Member State to establish an Independent Fiscal Institution. After Parliamentary adoption of the law establishing the Polish Fiscal Council in December 2024, the law entered into force in February 2025, with the specification that the new body is set to start its operation on 1 January 2026. See Chapter 3.2 in European Fiscal Board (2025), Annual Report 2025. (link)
[59] European Commission (2024), Independent Fiscal Institutions database 2024, (link)
[60] Grevesmühl, O. (2025), Independent Fiscal Institutions in the Revised Legal Framework – State of Play, European Commission, European Economy, Discussion Paper 223, (link)

All Fiscal Councils are established by law (table 2). All councils have funding grounded in law, mostly through separate heading in the central government budget (table 3). Most councils have full financial autonomy while for some councils payments have to be approved by another institution.

Table 2: Type of law establishing Fiscal Councils of Eastern European EU member states

	Name in English	Type of law establishing Fiscal Council
Bulgaria	Fiscal Council of Bulgaria	Ordinary law
Czech Republic	Czech Fiscal Council	Ordinary law
Estonia	Fiscal Council	Ordinary law
Croatia	Fiscal Policy Commission	Ordinary law
Hungary	Fiscal Council of Hungary	Constitutional law
Lithuania	National Audit Office of Lithuania (Budget Monitoring Department)	Other - Constitutional and primary legislation
Latvia	Fiscal discipline council of the Republic of Latvia	Ordinary law
Poland	Polish Fiscal Council	Ordinary law
Romania	Fiscal Council	Ordinary law
Slovenia	Fiscal Council	Constitutional law
Slovakia	Council for Budget Responsibility	Constitutional law

Table 3: Funding of Fiscal Councils of Eastern European EU member states

	Name in English	Funding grounded in law?	Funding arrangements	Financial autonomy
Bulgaria	Fiscal Council of Bulgaria	Yes	Financed by budget of National Assembly, separate expenditure heading	Payments have to be approved by another institution
Czech Republic	Czech Fiscal Council	Yes	Separate budgetary unit of the state budget	Full autonomy
Estonia	Fiscal Council	Yes	Financed by Central Bank	Payments have to be approved by another institution
Croatia	Fiscal Policy Commission	Yes	State budget	Full autonomy
Hungary	Fiscal Council of Hungary	Yes	Covered by the Office of the National Assembly	De facto full autonomy
Lithuania	Budget Monitoring Department	Yes	National Audit Office financed by state budget	Part of National Audit Office
Latvia	Fiscal discipline council of the Republic of Latvia	Yes	Separate line in budget of the Ministry of Finance	Full autonomy
Poland	Polish Fiscal Council	Yes	Separate budget line	
Romania	Fiscal Council	Yes	Separate title in the budget of the Romanian Academy	Payments have to be approved by

				another institution
Slovenia	Fiscal Council	Yes	State budget	Full autonomy
Slovakia	Council for Budget Responsibility	Yes	Financed by Central Bank	Full autonomy

The Chairperson of the Council plays a key role in its functioning (table 4). He/she organizes council meetings and represents the Council. Most councils decide on adaption of decisions and release of opinions by simple majority. Most Boards of Fiscal Councils have 3 members and a staff of 3 to 5 persons (table 5).

Table 4: The role of the Chairperson of Fiscal Councils of Eastern European EU member states

	Name in English	Organising Council meetings	Representing the Council	Preparing annual work programme	Adoption of decisions and release of opinions
Bulgaria	Fiscal Council of Bulgaria	Yes	Yes	Yes	By simple majority
Czech Republic	Czech Fiscal Council	Yes	Yes		By qualified majority
Estonia	Fiscal Council	Yes	Yes		By simple majority
Croatia	Fiscal Policy Commission	Yes	Yes	Yes	By simple majority
Hungary	Fiscal Council of Hungary	Yes	Yes		By qualified majority
Lithuania	National Audit Office of Lithuania (Budget Monitoring Department)				Other
Latvia	Fiscal discipline council of the Republic of Latvia	Yes	Yes		Other
Poland	Polish Fiscal Council	Just set up (no information available yet)			
Romania	Fiscal Council	Yes	Yes	Yes (approval)	By simple majority
Slovenia	Fiscal Council	Yes	Yes		By simple majority
Slovakia	Council for Budget Responsibility	Yes	Yes		By consensus

Table 5: Size of Board and staff of Fiscal Councils of Eastern European EU member states

	Name in English	Size of Board	Size of staff (total)
Bulgaria	Fiscal Council of Bulgaria	5	2
Czech Republic	Czech Fiscal Council	3	12
Estonia	Fiscal Council	6	2
Croatia	Fiscal Policy Commission	7	2
Hungary	Fiscal Council of Hungary	3	5

Lithuania	National Audit Office of Lithuania (Budget Monitoring Department)	-	7
Latvia	Fiscal discipline council of the Republic of Latvia	6	3
Poland	Polish Fiscal Council	7	
Romania	Fiscal Council	5	5
Slovenia	Fiscal Council	3	4
Slovakia	Council for Budget Responsibility	3	27

In most cases members of the Fiscal Council are appointed by Parliament, often on a proposal by Government (table 6).[61] Selection procedure of council members is grounded in law and in most member states the board mandate is renewable (table 7)

Table 6: Appointment and selection of members of Fiscal Councils of Eastern European EU member states

	Name in English	Government	Parliament	Other
Bulgaria	Fiscal Council of Bulgaria	0	1	0
Czech Republic	Czech Fiscal Council	1	1	1
Estonia	Fiscal Council	0	0	1
Croatia	Fiscal Policy Commission	0	1	1
Hungary	Fiscal Council of Hungary	0	0	1
Lithuania	Budget Monitoring Department	0	1	0
Latvia	Fiscal discipline council of the Republic of Latvia	0	1	1
Poland	Polish Fiscal Council	1	1	1
Romania	Fiscal Council	0	1	1
Slovenia	Fiscal Council	1	1	0
Slovakia	Council for Budget Responsibility	1	1	1

Table 7: Selection Procedure of members of Fiscal Councils of Eastern European EU member states

	Name in English	Selection procedure grounded in law?	Board mandate renewable?	How often renewable?
Bulgaria	Fiscal Council of Bulgaria	Yes	Yes	Once
Czech Republic	Czech Fiscal Council	Yes	Yes	Once
Estonia	Fiscal Council	Yes	Yes	More than three times
Croatia	Fiscal Policy Commission	Yes	Yes	More than three times
Hungary	Fiscal Council of Hungary	Yes	Yes	More than three times
Lithuania	Budget Monitoring Department	No	No	-

[61] IMF (2022), Fiscal council dataset: The 2021 Update. (link)

Latvia	Fiscal discipline council of the Republic of Latvia	Yes	Yes	Once
Poland	Polish Fiscal Council	Yes	Yes	Once
Romania	Fiscal Council	Yes	No	-
Slovenia	Fiscal Council	Yes	Yes	Once
Slovakia	Council for Budget Responsibility	Yes	No	-

Fiscal Councils have autonomy in recruitment decisions. However, for many councils another institution sets restrictions on salaries paid, as they do for ministries (table 8). The Ministry of Finance or the Civil Service Ministry could set pay structure for ministries and other organizations like Fiscal Councils. They could also limit pay increases or could do the collective bargaining on pay increases from the employers side. [62]

Table 8: Selection of staff members of Fiscal Councils of Eastern European EU member states

	Name in English	Autonomy in staff recruitment	Selection procedure staff
Bulgaria	Fiscal Council of Bulgaria	Yes, but someone else sets restrictions on salaries	Following an interview and employed by the National Assembly.
Czech Republic	Czech Fiscal Council	Yes, but someone else sets restrictions on salaries	By Head of the Office of the Council
Estonia	Fiscal Council		On central bank's recruitment policy
Croatia	Fiscal Policy Commission	Yes, but someone else sets restrictions on salaries	Regular procedure for recruitment of civil servants.
Hungary	Fiscal Council of Hungary	Yes, but someone else sets restrictions on salaries	By Chairman of the Council
Lithuania	National Audit Office of Lithuania (Budget Monitoring Department)	Yes, without restrictions from someone outside the organisation.	On the basis of the Law on National Audit Office and the Labour Code
Latvia	Fiscal discipline council of the Republic of Latvia	Yes, without restrictions from someone outside the organisation.	In open competition, work interviews by Council members.
Poland	Polish Fiscal Council	Yes	By open competition
Romania	Fiscal Council	Yes, without restrictions from someone outside the organisation.	By open competition
Slovenia	Fiscal Council	Yes, without restrictions from someone outside the organisation.	Members of Fiscal Council are free to select and appoint up civil servants

[62] Sigma and OECD (2024), Salary systems in public administration and their reforms, Sigma Paper 71. (link)

Slovakia	Council for Budget Responsibility	Yes, without restrictions from someone outside the organisation.	By open competition

Many Councils receive support from other institutions beyond receiving required information (table 9).

Table 9: Support of other institutions to Fiscal Councils of Eastern European EU member states

	Name in English	Support from other institutions
Bulgaria	Fiscal Council of Bulgaria	Memorandum and Partnership agreements with Ministry of Finance, National Statistical Institute, etc.
Czech Republic	Czech Fiscal Council	None, except receiving data and information of Statistical Office, the Ministry of Finance etc.
Estonia	Fiscal Council	Central bank provides two economists and assistance with regard to the editing publications, website administration and in other organisational issues.
Croatia	Fiscal Policy Commission	Administrative and technical work is currently performed by General Affairs Service of Parliament
Hungary	Fiscal Council of Hungary	Parliament provides IT systems, communication services, integrated budget, HR,
Latvia	National Audit Office of Lithuania (Budget Monitoring Department)	National Audit Office provides IT systems, buildings, human resource management, communication services, budget integration.
Lithuania	Fiscal discipline council of the Republic of Latvia	"Ministry of Finance provides among others IT support.
Poland	Polish Fiscal Council	Just set up (no information available yet)
Romania	Fiscal Council	The host institution provides for head quarter, communication services, budget integration
Slovenia	Fiscal Council	Administrative-technical support is provided by the services of the Court of Audit.
Slovakia	Council for Budget Responsibility	

Most councils have limited tasks beyond tasks required by EU regulations (table 10).

Table 10: Other tasks of Fiscal Councils of Eastern European EU member states

	Name in English	Policy costing	Long-term sustainability analysis	Research papers	Budget transparency initiatives	Forecast evaluations
Bulgaria	Fiscal Council of Bulgaria					Yes
Czech Republic	Czech Fiscal Council	Some	Yes	Yes	Yes	
Estonia	Fiscal Council					
Croatia	Fiscal Policy Commission					
Hungary	Fiscal Council of Hungary					
Latvia	National Audit Office of Lithuania (Budget Monitoring Department)				Yes	Yes
Lithuania	Fiscal discipline council of the Republic of Latvia				Yes	Yes
Poland	Polish Fiscal Council	Just set up (no information available yet)				
Romania	Fiscal Council	Some		Yes		Yes
Slovenia	Fiscal Council	Yes	Yes		Yes	Yes
Slovakia	Council for Budget Responsibility	Yes	Yes	Yes	Yes	

Most councils have regular contacts with Parliament. (table 11)

Table 11: Contacts with Parliament of Fiscal Councils of Eastern European EU member states

	Name in English	Parliamentary agenda	Parliamentary hearings	Parliamentary questions
Bulgaria	Fiscal Council of Bulgaria	Yes, as part of broader debates on fiscal policy, either at plenary or committee meetings (for instance on the occasion of deliberations on the annual budget or presentation of the Stability/Convergence Programme)	Once	None
Czech Republic	Czech Fiscal Council	Yes, as specific agenda items at plenary meetings	2-3 times	1-3 times
Estonia	Fiscal Council	Yes, as specific agenda items at committee meetings	4-6 times	None
Croatia	Fiscal Policy Commission	Yes, as specific agenda items at committee meetings	4-6 times	None
Hungary	Fiscal Council of Hungary	Yes, as specific agenda items at plenary meetings	2-3 times	None
Latvia	Budget Monitoring Department	Yes, as part of broader debates on fiscal policy, either at plenary or committee meetings (for instance on the occasion of deliberations on the annual budget or presentation of the Stability/Convergence Programme), Yes, as specific agenda items at committee meetings	More than 6 times	1-3 times
Lithuania	Fiscal discipline council of the Republic of Latvia	Yes, as specific agenda items at committee meetings	None	None
Poland	Polish Fiscal Council	Just set up (no information available yet)		
Romania	Fiscal Council	Yes, as specific agenda items at committee meetings	None	More than 10 times
Slovenia	Fiscal Council	Yes, as part of broader debates on fiscal policy, either at plenary or committee meetings (for instance on the occasion of deliberations on the annual budget or presentation of the Stability/Convergence Programme)	4-6 times	None
Slovakia	Council for Budget Responsibility	Yes, as specific agenda items at committee meetings, Yes, as specific agenda items at plenary meetings	4-6 times	None

12. Annex III: Building blocks for primary and secondary legislation on a Fiscal Council in the Republic of Moldova

Legislation on a Fiscal Council is likely to be done by amendments on the 2014 Law of public finances and budgetary-fiscal responsibility Law No. 181.[63] The current article 25 could be amended.[64] Article 21 has also to be amended as the budgetary institutions are called subordinated, which does not fit for an independent Fiscal Council.

Some suggestions for building blocks for an amended article 25 and related secondary legislation are given below.

12.1 General Provisions

The Fiscal Council of the Republic of Moldova (hereinafter – Fiscal Council) is a legal entity of public law. It is an independent body for the analysis and monitoring of public finance developments and evaluation of compliance with the fiscal rules, with administrative and financial autonomy.

Explanatory note: first sentence is on the basis of the EU Directive concerning legal status, independence and tasks.

12.2 Objective

The objective of the Fiscal Council is to foster fiscal discipline, strengthen the credibility of public finances and to provide high quality financial, budgetary, economic and other type of analytical information to the Parliament of Moldova and the Government of Moldova.

The Fiscal Council shall act in accordance with the requirements for Independent Fiscal Institutions of non-euro EU Member States, more specifically Council Directive (EU) 2024/1265 (link)

The mission is accomplished with professionalism, political neutrality and effective communication.

Explanatory note: first part is on the basis of the EU Directive. The second part is on the basis of existing legislation for EU IFIs which has often a reference to relevant EU regulation. The third part is on the basis of the OECD Principles for Independent Fiscal Institutions.[65]

12.3 Independence

The Fiscal Council has full operational, financial, functional and organisational independence in the performance of its duties and for the fulfilment of its purposes assigned to by law. Neither its Leadership nor its personnel may request or receive any instructions from Government or any other public or private organisation, and also not from Parliament with regard to its expert judgement.

Explanatory note: The first sentence in on the basis of the EU Directive. The second sentence is directly based on the EU Directive with an amendment on the role of Parliament.

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[63] (link)

[64] This is also proposed in Ministry of Finance of the Republic of Moldova (2017), Report on a possible Fiscal Council for Moldova and options for its institutional setup. (link)

[65] (link)

12.4 Funding

The independence of the Fiscal Council and its capacity to fulfil its mission are guaranteed by adequate resources to fulfil the mandate through State budget appropriations.

Explanatory note: this is directly based on the EU Directive

12.5 Budget of the Fiscal Council

The submission of the budget of the following year of the Fiscal Council shall be ensured by Parliament.

Explanatory note: The building block is in line with the OECD Principles for Independent Fiscal Institutions and the EU Directive.

12.6 Tasks

In order to carry out its mission, the Fiscal Council shall fulfil the following tasks:

a) Assess or endorse the macroeconomic short-term and medium-term macro-economic projections adopted by the Government;

b) Monitor compliance with numerical fiscal rules or official budgetary targets.

c) Assessing the consistency, coherence and effectiveness of the national budgetary framework

Explanatory note: a is directly based on the EU Directive. The legal text may mention both assessing and endorsing, or it may be decided to mention only one of them, with obvious consequences for the task to be done. b is directly based on the EU Directive.

12.7 Reporting commitments

The tasks mentioned above shall lead to following additional reports.

a) Reports assessing or endorsing all macroeconomic short-term and medium-term projections adopted by the Government;

b) Monitoring reports on compliance with numerical fiscal rules or official budgetary targets on all three versions of the draft budget.

c) Report assessing the consistency, coherence and effectiveness of the national budgetary framework, once in four years.

Those reports shall be timely and consistent with the Parliamentary budgetary process.

Explanatory note: -

12.8 Comply or explain

Government shall comply with the assessment of the Fiscal Council on the macroeconomic projection and on the compliance with the fiscal rules, or alternatively explain why they are not following these assessments. The explanation shall be public and be presented within two months from the issuance date of such assessments.

Explanatory note: this is directly based on the EU Directive.

12.9 Appointment of leadership of the Fiscal Council

The Leadership of the Fiscal Council shall be appointed by Parliament.

The Minister of Finance shall nominate the leadership of the Fiscal Council after consultation with members of the Budget and Finance Committee.

Alternative: the National Bank of Moldova and the Court of Accounts of Moldova will nominate one member of the leadership of the Fiscal Council.

Members of the leadership shall be nominated and appointed on the basis of their experience and competence in public finances, macroeconomics or budgetary management.

The nomination shall be based on public announcement and open competition and appointment procedure shall be transparent.

Explanatory note: This building block on appointment is based on the EU Directive. The EU Directive mentions competence in public finances, macroeconomics or budgetary management. The final sentence on transparent procedure is directly based on the EU Directive.

12.10 Incompatibilities

The leadership of the Fiscal Council cannot be member of Parliament, or hold a senior official position in a political party or at a ministry.

Explanatory note: This is in line with the OECD Principles for Independent Fiscal Institutions. The incompatibilities to be listed can be based on a national approach (some EU member states have an extensive list of incompatibilities.

12.11 Length of term

The Leadership of the Fiscal Council shall be appointed in 5 years term.

Explanatory note: This follows the OECD Principles for Independent Fiscal Institutions on specifying in law the term length. For the first Fiscal Council it is recommendable to have staggered lengths of terms (3, 4 and 5 years)

12.12 Possibility of reappointment

The appointment of same person to the position in the Leadership of the Fiscal Council is only permitted twice in a row. The reappointment is done by the Chairperson of Parliament, after receiving advice of the Minister of Finance.

Explanatory note: This follows the OECD Principles for Independent Fiscal Institutions on specifying in law the number of terms that the leadership of the IFI may serve.

12.13 Dismissal leadership

(1) The Chairperson of Parliament may dismiss a member of the leadership of the Fiscal Council from office if,

(a) the member has become incapable through ill-health of effectively performing the functions of the office,

(b) the member has committed stated misbehaviour (including bankruptcy and fraud),

(c) the member has a conflict of interest of such significance that, the member should cease to hold the office, or

(2) A member of the Fiscal Council may not be removed from office under subparagraph (1) unless the dismissal and the reasons specified by the Chair are confirmed by a vote of the Budget and Finance Committee.

Explanatory note: this is on the basis of the OECD Principles for Independent Fiscal Institutions and in line with the independent position stated in the EU Directive. The exact format of the article depends on existing national laws on dismissals of (high) civil servants. However, the article must make process and criteria clear.

12.14 Staff

The Fiscal Council shall act with complete autonomy in the selection of its staff, basing its choices solely on merit and competence and its own operational needs.

The Fiscal Council shall act with complete autonomy in the dismissal of staff members, in accordance with the procedure established by the Law of Moldova on Public Service.

The staff of the Fiscal Council are public servants performing duties assigned by this legislation. Employment conditions of the Fiscal Council staff shall be along the lines of the ministry of finance.

Explanatory note: This is based on OECD Principles for Independent Fiscal Institutions and in line with the independent position stated in the EU Directive.

12.15 Work programme and reports on own initiative

The Leadership of the Fiscal Council sets and publishes its annual work program, consistent with their missions and tasks.

The Fiscal Council has the scope to produce reports and analysis at their own initiative, provided that these are consistent with their mission and tasks.

Explanatory note: The second part is based on OECD Principles for Independent Fiscal Institutions and in line with the independent position stated in the EU Directive. The first part is on the basis of standard practice of EU IFIs.

12.16 Communication

The Fiscal Council communicates publicly and independently about all their reports and opinions. The reports shall be transparent and published on its website. The Fiscal Council facilitates media coverage.

Explanatory note: This is based on the EU Directive and the OECD Principles for Independent Fiscal Institutions.

12.17 Relation with Parliament

Within two weeks after transferring the draft budget documents to Parliament, the Fiscal Council shall submit to Parliament its assessment of the underlying macroeconomic projection, its assessment of compliance with the fiscal rules and its other assessments of the draft budget.

The leadership of the Fiscal Council shall, whenever requested to do so, provide his professional assessment to the Budget and Finance Committee, any other Parliamentary Committee or the plenary session of Parliament.

Explanatory note: This is based on the EU Directive and the OECD Principles for Independent Fiscal Institutions.

12.18 Access to information

The Fiscal Council shall have access to all the economic and financial information necessary for the accomplishment of its mission and all public entities are duty bound to supply this information in good time and in the required format, as well as additional clarification in response to requests.

The Fiscal Council shall indicate the set of information to which it must have regular and automatic access, in accordance with a pre-defined calendar.

Explanatory note: This is directly based on the EU Directive and is in line with the OECD Principles for Independent Fiscal Institutions.

12.19 External evaluation

The Fiscal Council is subject to regular external evaluations by independent evaluators.

Explanatory note: This is directly based on the EU Directive and is in line with the OECD Principles for Independent Fiscal Institutions.