# Lessons learned from other jurisdictions and options for the development of an independent fiscal council in Northern Ireland

Written submission from the Organisation for Economic Co-operation and Development (OECD) to the Committee for Finance

# 1. The OECD's support of Independent Fiscal Institutions

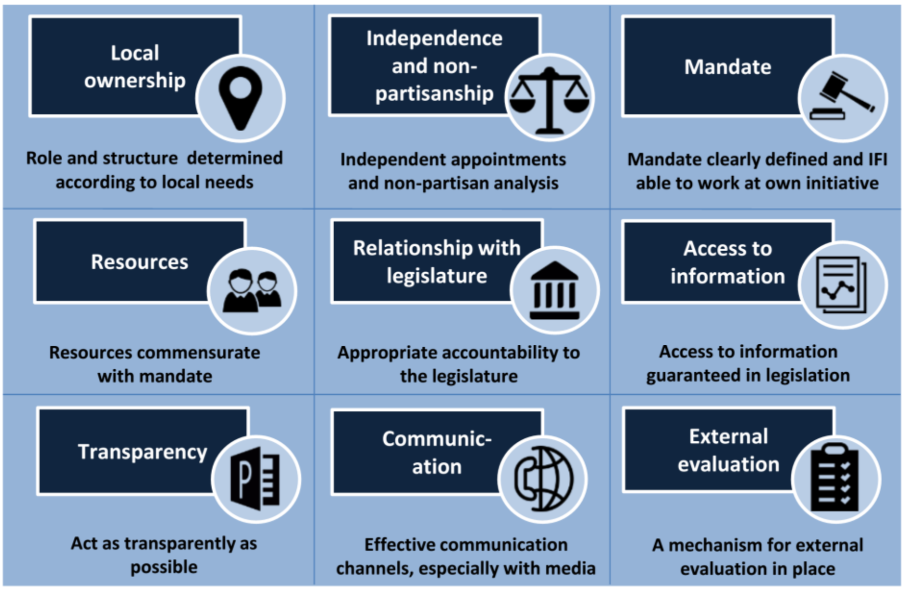
Independent fiscal institutions (IFIs) provide expert non-partisan analysis of public finances to promote greater budget transparency and accountability, enhance fiscal discipline, and to raise the quality of public debate around fiscal policy. Recognising these contributions to the public interest, the OECD adopted the *Recommendation on Principles for Independent Fiscal Institutions on the proposal of the Public Governance Committee* (OECD, 2014[1]).

The OECD Principles for Independent Fiscal Institutions provide guidance on the design and governance of IFIs, codifying lessons learned and good practices determined by consulting a broad range of stakeholders, including members of the OECD Network for Parliamentary Budget Officials and other Independent Fiscal Institutions (PBO Network). There are 22 principles across 9 different headings on independence, resources, access to information, transparency, among others (Figure 1.1). The full principles are provided in 4.Annex A. The principles were disseminated to OECD Members and the OECD secretariat monitors their implementation. A majority of OECD Member countries (80%) now have IFIs and many of those without are seeking to establish them in the near future.

The principles form the backbone of the IFI evaluation framework developed within the PBO Network that the OECD secretariat uses to assess IFIs in external reviews. The OECD has conducted reviews of national IFIs in Spain, Portugal, Lithuania, Slovak Republic, the United Kingdom, and Ireland, among others, and subnational IFIs in Victoria, Australia and Scotland, United Kingdom.

Section 2 of this submission describes common challenges arising from the initial design of an IFI that the OECD has observed during its external reviews. Section 3 describes the main high-level decisions that Northern Ireland's decision makers will need to consider while institutionalising an IFI.

## Figure 1.1. The OECD Principles for Independent Fiscal Institutions



# 2. Lessons learned from OECD reviews of IFIs

The OECD has observed several common challenges arising from initial IFI design decisions during its external reviews. The most significant of these are described here. These issues have resulted in the OECD recommending reforms to bring the institutions more in line with the OECD principles and international best practices.

## Lesson: If an IFI is attached to a larger institution under a shared service arrangement, there should be safeguards to maintain its independence and ensure value for money of the services

The OECD principles state that local needs and the local institutional environment should determine options for the role and structure of the IFI and that design choices may also need to take into account capacity constraints, particularly in smaller countries (Principle 1.2). Ideally, IFIs should be established and resourced as a standalone body separate from other government departments and agencies (this is the case for the Northern Ireland Fiscal Council's closest peer the Scottish Fiscal Commission). However, IFIs that are conceived as small institutions with a small secretariat need to preserve their independence while recognising that it may not be realistic to have a standalone office complete with its own corporate services (human resources, information technology (IT), and accounting staff). Small institutions may sometimes be attached to larger organisations, typically other independent organisations such as audit offices, central banks, or think tanks. They then operate under a shared service agreement for processing payments, maintaining IT systems, undertaking internal audit and control, managing human resources, and in some cases even handling communications, among other services.

**Challenge: Insufficient analytical independence from larger organisation.** Each potential larger organisation carries different risks. For example, if the IFI were to be attached to the Ministry of Finance under a shared service arrangement the public may perceive them as being biased from the close tie to the executive branch of government. If a jurisdiction decides the IFI must be attached to a larger organisation, it must assess potential candidates against public perception, service capacity, budget protection, and other criteria to find a suitable arrangement. But regardless of which institution is ultimately chosen, the IFI must be given a strong wall of independence to separate it from the influence of the senior management of the institution in which it sits. This analytical independence should be explicitly prescribed in legislation.

**Challenge: Insufficient operational independence from larger organisation**. Shared service arrangement can lead to disagreements in the codes of conduct and other procedural frameworks to which an IFI must adhere. Common areas of friction include media engagement (for example, the parent organisation may require the IFI to engage the media through its existing communications team) or in publishing protocols, such as requiring the IFI to release reports under the templates and letterhead of the larger organisation, costing an IFI its distinct identity to increase public awareness of its work.

**Challenge: Poor value for money from shared services.** There have been cases in IFIs where the larger organisation fundamentally does not understand the work of the IFI, such as the need for special software or rapid publication timelines. This can lead to the IFI taking on much of the shared services itself while simultaneously paying the shared service fees, resulting in a scenario that is the worst of both worlds.

## Lesson: Expectations for time commitments of the chair and council members should be clearly defined, with the chair preferably described as a full-time position

The OECD principles state that leadership should be remunerated and preferably full time (Principle 2.4). Being a chair of a council typically requires a considerable time investment, whether it is recognised in the employment arrangement or not. Members of councils tend to be recruited from academia or other positions where they remain employed. It is important that the member and their employer can be given expectations for the commitment involved and the degree to which other responsibilities should be reduced to enable them to undertake the role.

**Challenge: IFI arrangements count on the goodwill and voluntary effort of the chair and council members.** It is not unusual for council members to dedicate significant personal time to their roles. This is particularly the case for the chair, who is often also the accountable officer for the IFI. It is common for the workload to correspond to at least a half-time position, regardless of the actual intention or compensation established in the IFI's design. Chairs are also the face of the Council for key stakeholders including the parliament, the media and the public. In this role, the Chair must be available at short notice. Given the demanding nature of the role, a number of IFIs have decided to employ a half- or full-time Chair, including small IFIs such as the Slovenian Fiscal Council, the Czech Fiscal Council, and the Hellenic Fiscal Council.

A full-time commitment also reduces the risk of conflicts of interest and the risk of the public confusing a chair's media statements related to their outside employment with media statements in their role on the council. For example, an academic with a public finance research agenda may appear in the press to promote their academic research, which may not necessarily correspond to the agreed views of the council and research of the council's secretariat.

## Lesson: Engagement with the legislature should be clearly defined in legislation

The OECD principles state that the role of the IFI in supporting legislatures should be clearly established in legislation and that the IFI should be provided with sufficient time within the budget cycle to fulfil that role (Principles 5.1 and 5.2).

**Challenge: Legislation is not clear on how the IFI should report to the legislature on analytical issues to ensure that the IFI's analysis is taken on board in parliamentary debate.** Most IFIs have clear accountability chains for their operational reports (financial statements, audit procedures, and annual plans); however, for the fiscal council model of IFIs, legislation is often silent as to whether the council should respond to requests directly from the legislature or appear regularly before the legislature's committees on analytical topics. If no terms are explicitly defined, IFIs tend to have low engagement directly with the legislature. Legislation should define clear stages of the budget cycle or calendar year for the council to engage with the legislature, including the role of the IFI in supporting committees and individual members.

## Lesson: IFIs should have the right to publish self-initiated work defined specifically in legislation

The OECD principles state that IFIs should have the scope to produce reports and analysis at their own initiative, provided that the analysis is consistent with their mandate (Principle 3.2). Defining this scope explicitly in legislation protects the IFI's ability to provide impartial analysis. Further, issues impacting public finances and the budget may arise that require immediate commentary and where independent analysis would benefit the public debate. If an IFI is required to go through an external approval process it may be held back from intervening on a time-sensitive issue.

**Challenge: Self-initiated research has been left as a grey area in legislation**. A problem more inherent to the PBO model than the fiscal council model, the right of an IFI to pursue its own research agenda and publish reports directly to the public has been left vague in legislation in some jurisdictions, leading to disputes between the IFI and its jurisdiction's government, parliament, or the IFI's parent institution. When a new IFI is created, decision makers should consider the OECD principles on self-initiated research and describe this power explicitly in the institution's governing legislation if they intend it to do such analysis.

## Lesson: IFIs should have a legislated right to receive specific government information and a resolution mechanism in case the government does not comply

Timely access to reliable information is critical to the work of IFIs. It forms the basis of budget analysis, forecasting, and costing. Without good information, IFIs cannot guarantee the quality of their analysis to stakeholders, facing significant reputational risk.

Many IFIs struggle with access to information in their first years. A strong legislated backstop is important to clarify the IFIs right to information so that analysts can build relationships with government departments on clear terms. Furthermore, IFIs should be empowered to develop and sign memorandums of understanding with individual departments for regular exchanges of information related to the budget cycle.

**Challenge: Legislation is not specific.** Experience suggests that if an IFI's right to information is specified in vague terms, a government may argue that the powers cannot apply to all information, therefore it applies only to the information the government selectively wishes to share. To the extent possible, legislation should specify the specific data that the IFI is entitled to receive, such as access to government financial reporting and management databases from the state treasury, anonymised tax data, and key assumptions used in official forecasts, among others. The timeliness of the data should also be specified, if possible.

Ideally, a small institution that is not envisioned as a provider of its own independent forecasting capacity should also have access to the government's analytical models. For example, the OBR in the UK receives periodic access to HM Treasury models.

A useful practice for a Northern Ireland fiscal council to develop may also be an annual statement of data needs as is published by the Scottish Fiscal Commission. The statement describes the data the IFI requires to do its job well, the data it currently is receiving, gaps in data, and how the data sharing agreements and relationships with government bodies are evolving.[1]

**Challenge: Legislation fails to include a resolution mechanism**. Many IFIs, when confronted by a government that does not provide requested information, are faced with questions of next steps. Legislation should specify a resolution mechanism or arbiter in the event of noncompliance with an information request. For example, Canada's PBO is able to submit a petition to the speakers of both houses of parliament, who may then compel the government to deliver the information.

[1] See, for example, the *2019 Statement of Data Needs* from the Scottish Fiscal Commission, available here: https://www.fiscalcommission.scot/publications/statement-of-data-needs-september-2019/.

### Lesson: IFIs should be staffed by an adequately resourced analytical secretariat with competitive compensation

The OECD principles state that resources allocated to IFIs must allow them to fulfil their mandate in a credible manner (Principle 4.1). To do so, it is important that the IFI have a robust institutional memory and structured analytical frameworks to ensure consistency and coherence of opinions over time. This requires a sustainably resourced secretariat that is able to retain experienced subject matter specialists.

**Challenge: The IFI was designed without a strong secretariat to support the council**. Some IFIs with a council model have been designed under the expectation that council members would do the majority of the research themselves. These councils were provided with only a small secretariat of one or two staff who were primarily intended to support the council on administrative matters rather than on analytical issues. This tended to result in opinions and analysis over time that did not have a coherent voice and were largely driven by the expertise and personalities of individual council members (who, as discussed earlier, are often only compensated for a small number of hours a month). Most such councils have worked with governments and parliaments to find a solution to expand and strengthen their secretariats over time.

### Lesson: the IFI should have full ownership of its communications and develop performance tracking capability from inception

The OECD principles state that IFIs should develop effective communication channels from the outset (Principle 8.1). The success of an IFI in engaging legislators, the media, and the public directly is crucial to its influence on the public debate. Success cannot be measured without performance information.

**Challenge: The IFI does not have a unique identity and ownership of its communications**. Some IFIs placed within other institutions such as the parliament or the audit authority must communicate through an established press office that may not fully understand the communications requirements and goals of the IFI or may not have the technical capability to monitor the IFI's influence separately from the rest of the parent institution. To be most effective in its communications, the IFI should track communications activities and other performance indicators themselves. An IFI should preferably maintain its own website but in the case of shared services, the IFI may need to carve out a distinct area of its parent institution's website and more of a distinct branding and identity so that interest in its reports can be tracked.

# 3. Main options to consider in developing an independent Fiscal Council in Northern Ireland

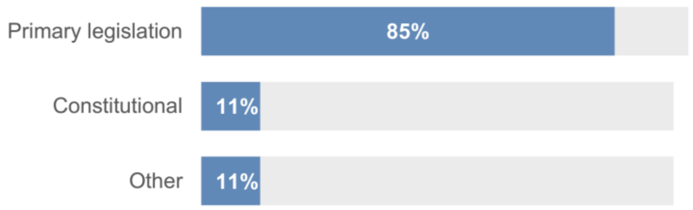
### Legal basis

In designing the institutional framework for an IFI, jurisdictions must decide whether to use broad but strict constitutional provisions, narrower but more flexible financial management laws, or other internal rules and procedures.

A large majority of OECD IFIs are established in primary legislation, in line with the OECD principles (Figure 3.1). Few countries have constitutional provisions (and these are of little relevance to Northern Ireland). Those that do have constitutional provisions typically prescribe only the establishment of the IFI, the appointment of its leaders and its overarching responsibility, with rules of operation left to statutory law; however, some such as Slovakia go into considerable detail.

Others such as the Austrian PBO and the Swedish Fiscal Policy Council are established by political agreements, committee order, or executive order.

### Figure 3.1. Legal basis for establishment




Source: OECD IFI Database (2019).

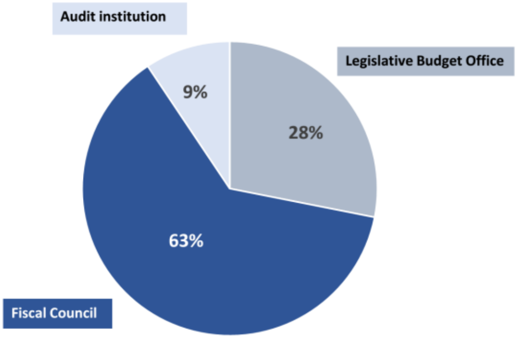
## Institutional model

IFIs in the OECD have been set up under three main institutional models (Figure 3.2). The most common is the fiscal council model, made popular as the dominant choice for delivering the independent monitoring body requirement of the EU fiscal surveillance framework. Others have chosen the parliamentary budget office model, whose focus is on serving the needs of the legislature's committees and individual members while maintaining a degree of independence to pursue their own research agenda and communicate directly with the public. Finally, although rare, some countries such as Finland have chosen to set up a department within their audit authority to examine fiscal policy issues.

Some of the more unique alternatives among IFIs include:

- Italy, whose parliament exercises considerable power over budget deliberations, chose to establish an IFI using a PBO model but with a council rather than the individual leadership that is more typical of a PBO.
- Austria, Greece and Ireland have both a fiscal council and a PBO, with the fiscal council officially fulfilling EU requirements.
- France and Lithuania have established their IFI within the supreme audit institution (SAI). Finland has put part of the IFI function in their SAI and set up a second separate Economic Policy Council thus separating independent monitoring and assessment functions from broader and more academic *ex ante* policy advice to government.

**Figure 3.2. Institutional models for OECD IFIs**




Source: OECD IFI Database (2019).

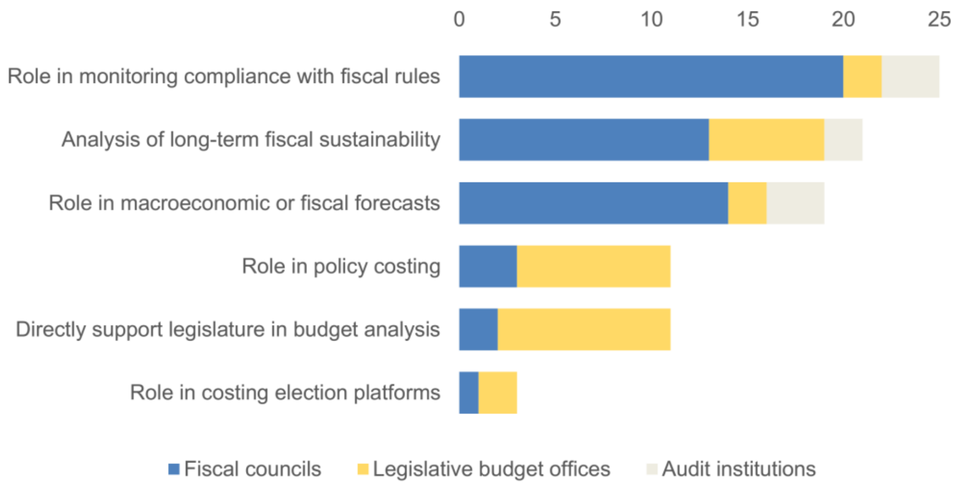
## Mandate

While OECD IFIs have diverse mandates, certain core functions are common across IFI models and are linked to the budgetary process, such as macroeconomic or fiscal forecasting, monitoring compliance with fiscal rules, policy costing, long-term fiscal sustainability analysis, and supporting the legislature in budget analysis.

All OECD IFIs, with the exception of the French High Council of Public Finance, have the ability to set their own work programmes within the bounds of their mandates and to undertake analysis at their own initiative. This is a key aspect of operational independence and allows IFIs to do work that they deem important to the public debate. A recent example is the research that IFIs undertook to help governments and legislatures respond to the economic effects of COVID-19.

Some IFIs have included unique aspects in their mandates to suit local needs. For example, Spain’s Independent Authority for Fiscal Responsibility (AIReF) has a prominent subnational mandate, reflecting Spain's decentralised system.

Figure 3.3. Core functions by institutional model (number of IFIs)

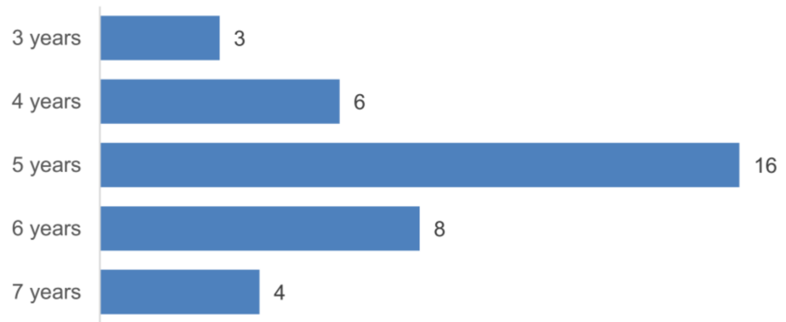



Source: OECD IFI Database (2019).

## Leadership

**Term length.** Leadership terms lengths vary from three years to seven years, with the average and most common being five years (Figure 3.4). Term lengths are designed to overlap elections cycles to be independent of the political cycle in most jurisdictions.

Figure 3.4. Leadership term length in OECD IFIs (number of IFIs)

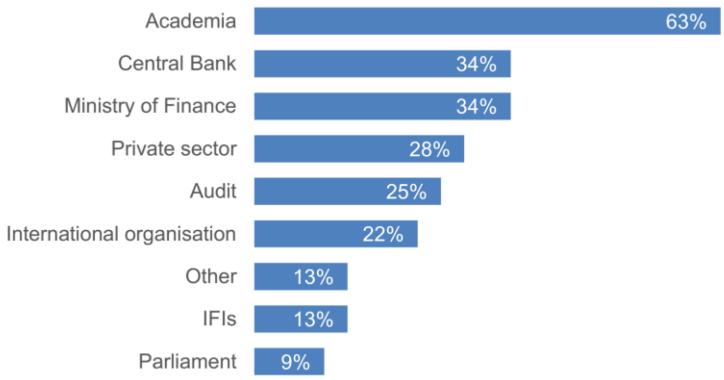



Source: OECD IFI Database (2019).

**Nationality restrictions.** Several OECD IFIs (for example, the Irish Fiscal Advisory Council, Portuguese Public Finance Council, and the Swedish Fiscal Policy Council), allow for non-nationals to serve as council members, increasing the pool of qualified candidates (particularly useful in smaller jurisdictions) and reducing the risk of “groupthink”. This design choice may also serve to bolster independence

**Leaders’ background.** Fiscal council models are most commonly populated by academics, but a wide range of other backgrounds are represented (Figure 3.5). Although it can be beneficial to have experts with experience in the Ministry of Finance who “know how the sausage is made”, the perspectives that come from outside stakeholders are also valuable.

## Figure 3.5. Leadership background in OECD IFIs

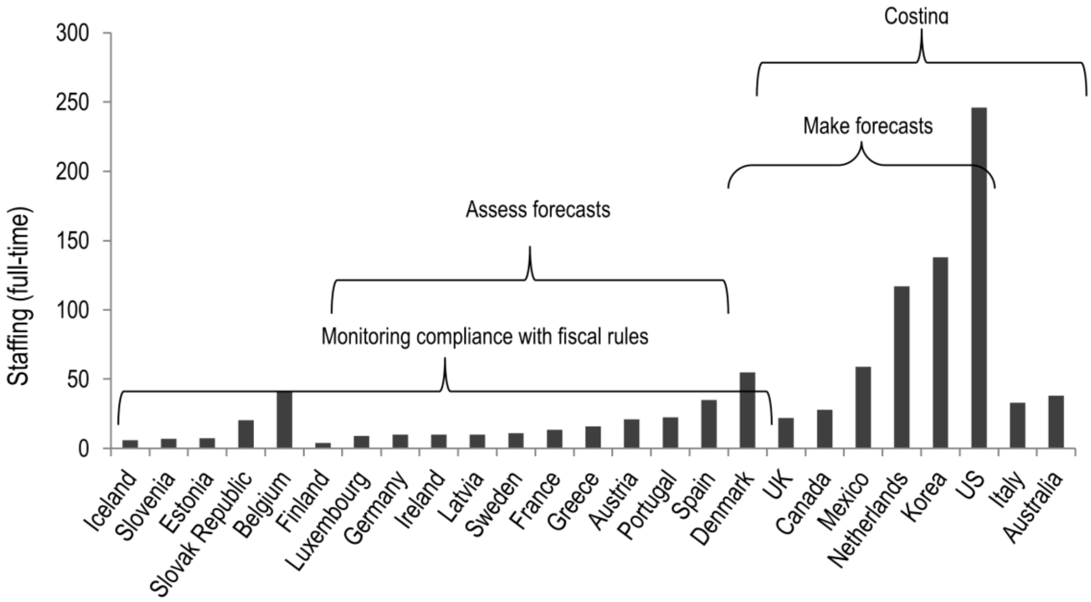



Source: OECD IFI Database (2019).

## Resources

IFI resources vary widely based on their mandated tasks. For example, the IFIs with the most staff and financial resources have a costing role for the legislature, which is among the more resource-intensive functions (Figure 3.6). Comparing across different institutions is difficult, as the level of depth for certain functions and the wage cost of staff in countries varies widely. Staff levels in Figure 3.6 correlate nearly perfectly with financial resources (Figure 3.7), as IFIs have few expenses other than the analysts that staff them.

**Figure 3.6. Staff levels vary primarily with mandate**

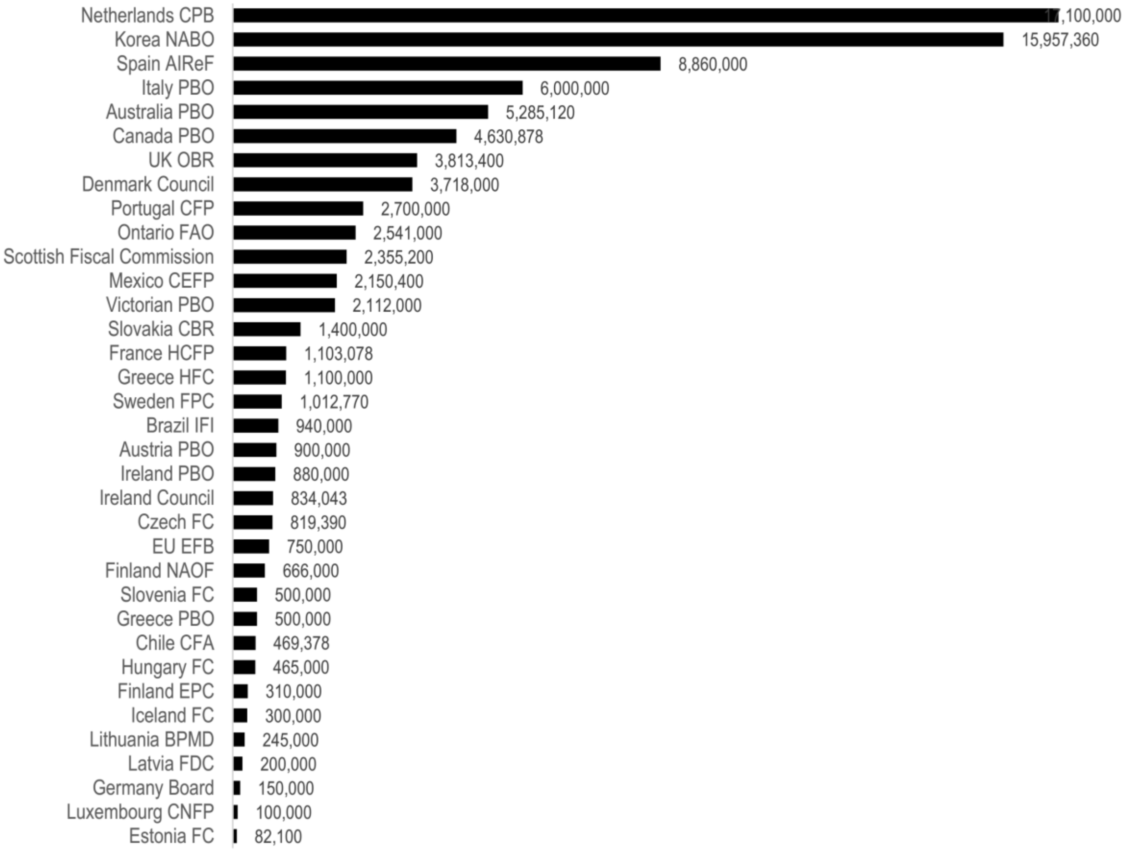



Source: OECD IFI Database (2019).

Budget arrangements for IFIs in OECD countries are generally not as strong as for other independent institutions such as audit authorities. OECD recommendations arising from reviews often suggest strengthening protections in the form of a separate budget line, referral to parliamentary committee instead of the finance ministry, and implementing some form of multi-year funding commitment, which can help insulate IFI budgets from political pressure.

Examples of additional protection include the Australian PBO, which was initially established with a fixed level of funding for its first four years to protect it from political pressure. Elsewhere, the OBR's budget is separately identified within the Treasury's budget and published. The OBR can submit an additional Memorandum to Parliament to "protect the independence of the OBR and ensure transparency in the resources that are provided to the OBR". In practice, the OBR's budget is typically set out three or four years in advance. This is an important and unusual protection for an arms-length body in the UK.

### Figure 3.7. Financial resources largely reflect staff numbers (euros)




Note: CBO note shown to increase visibility of lesser funded IFIs. Amounts are for the financial year that most closely corresponds to calendar year 2020.
Source: OECD IFI Database 2021 (forthcoming).

## Engagement with legislature

Around a third of OECD IFIs directly support the legislature in budget analysis. For the most part, this function is found in the parliamentary budget office model of IFIs (Australia, Austria, Canada, Greece, Ireland, Italy, Korea, Mexico and the United States), although the Netherlands CPB also supports the legislature. Support may include tasks such as providing comprehensive analysis of the government's budget proposals, supporting parliamentary committee inquiries or undertaking confidential budget analysis for parliamentary groups and individual parliamentarians.

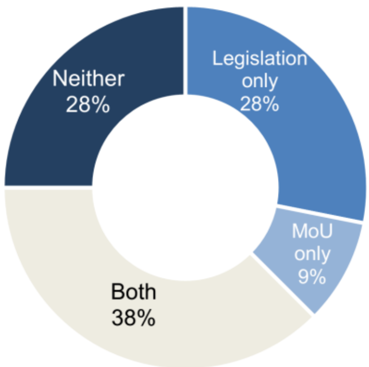
All except the Belgian High Council of Finance (HCF) and the German Independent Advisory Board to the Stability Council officially submit their key reports to the legislature. In Greece, the Hellenic Fiscal Council sends an annual activity report to the legislature, while technical reports are sent to the Ministry of Finance. Similarly all but the Belgian HCF and the German Independent Advisory Board to the Stability Council participate in parliamentary hearings, although members of the Advisory Board have sometimes participated in their individual capacity. Finally, 84% of legislatures play a key role in the appointment or dismissal process for IFI leadership.

Regardless of the direct support of parliament prescribed in legislation, one of an IFI's greatest paths for influence is through building strong relationships with legislators. For example, to resolve a lack of cross-party support for the creation of Spain's Independent Authority for Fiscal Responsibility (AIReF), its first president met individually with all parties represented in the Spanish parliament to explain AIReF's role and its independence. AIReF also held information sessions at its premises that MPs could attend, actively sought to increase the number of hearings before Parliament (Congress and Senate), and undertook studies at the request of MPs. As a result, even those political stakeholders that disagreed with its establishment now recognise the quality of its work and increasingly approach AIReF for information on its opinions. Hearings with AIReF's president are a regular feature of the parliamentary budget calendar and its analysis is regularly mentioned by parliamentarians and parliamentary staff. Parliamentary stakeholders report that AIReF has enriched the parliamentary debate on fiscal issues and that AIReF's analysis has gone some way towards levelling the playing field.

## Access to information

Timely access to relevant and reliable information is critical for the work of IFIs. Access to confidential government information is often what sets IFIs apart from think tanks and private sector institutions that may also provide independent budgetary analysis and forecasts. Most IFIs rely on legislated access to information, memorandums of understanding with departments, or both; however, 28% of IFIs do not have any official access to information, typically relying on good relationships with the public service instead (Figure 3.8). The OECD and PBO Network have developed a useful resource on access to information practices which has been submitted alongside this document.[2]

### Figure 3.8. Formal underpinning of access to information across OECD IFIs




Source: OECD IFI Database (2019).

## Transparency

Transparency is a core value of OECD IFIs. Full transparency in their work and operations both demonstrates an IFI's independence and protects its independence.

If a PBO model for an IFI is pursued, it is important to specify in legislation whether parliamentarians are entitled to confidential analysis from the office. This may depend on whether the legislature is already well-supported with confidential advice from a parliamentary research services, such as the Northern Ireland

[2] See *Briefing Note: Access to information for Independent Fiscal Institutions* (OECD, 2020[3]).

Assembly's Public Finance Scrutiny Unit (in this case care should be taken to legislate clear distinctions between potentially overlapping responsibilities).

Just over 90% of OECD IFIs are assessed as having full operational transparency. Ninety-four percent of IFIs publish all of their reports publicly. Seventy-two percent publish underlying methodologies for their work. Specifying exact specifications for transparency in legislation can assist both IFIs and their stakeholders in ensuring the highest levels of intended transparency are maintained.

# 4. Further assistance

This submission touches on some of the most common issues in designing an effect IFI, but by no means all of them. Once enacted, legislation can prove resistant to change. The more challenges and solutions that can be anticipated in drafting the first legislation and in setting up the operations of the IFI, the better. The OECD secretariat and the PBO Network is available to support institutional development as the process continues.

More resources are available at: https://www.oecd.org/gov/budgeting/parliamentary-budget-officials/.

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# Annex A. OECD Principles for Independent Fiscal Institutions

The twenty-two Principles for Independent Fiscal Institutions (fiscal councils and independent parliamentary budget offices) proposed below are grouped under nine broad headings: (1) local ownership; (2) independence and non-partisanship; (3) mandate; (4) resources; (5) relationship with the legislature; (6) access to information; (7) transparency; (8) communication; and (9) external evaluation.

### *1. Local ownership*

1.1. To be effective and enduring, an IFI requires broad national ownership, commitment, and consensus across the political spectrum. While a country seeking to establish an IFI will benefit from the study of existing models and experiences in other countries, models from abroad should not be artificially copied or imposed. Regional or international authorities may provide valuable support and protection.

1.2. Local needs and the local institutional environment should determine options for the role and structure of the IFI. Design choices may also have to take into account capacity constraints, particularly in smaller countries. The basic characteristics of an IFI, including specific protections, should be informed by the country's legal framework, political system, and culture. Its functions should be determined by the country's fiscal framework and specific issues that need to be addressed.

### *2. Independence and non-partisanship*

2.1. Non-partisanship and independence are pre-requisites for a successful IFI. A truly non-partisan body does not present its analysis from a political perspective; it always strives to demonstrate objectivity and professional excellence, while serving all parties. This approach favours having IFIs precluded from any normative policy-making responsibilities to avoid even the perception of partisanship.

2.2. The leadership of an IFI should be selected on the basis of merit and technical competence, without reference to political affiliation. The qualifications should be made explicit – including professional standing and relevant government or academic experience. Qualifications should include proven competence in economics and public finances and familiarity with the budget process.

2.3. Term lengths and the number of terms that the leadership of the IFI may serve should be clearly specified in legislation as should be the criteria and process for dismissal for cause. The leadership's term should optimally be independent of the electoral cycle. Independence may be enhanced by defining the term span beyond the electoral cycle.

2.4. The position of head of the IFI should be a remunerated and preferably full-time position. Strict conflict-of-interest standards, particularly for institutions with council members employed on a part-time basis, should be applied equally vis-à-vis other employment in the public or private sector.

2.5. The leadership of the IFI should have full freedom to hire and dismiss staff in accordance with applicable labour laws.

2.6. Staff should be selected through open competition based on merit and technical competence and without reference to political affiliation. Conditions of employment should be along the lines of that of the civil (or parliamentary) service.

### 3. Mandate

3.1. The mandate of IFIs should be clearly defined in higher-level legislation, including the general types of reports and analysis they are to produce, who may request reports and analysis, and, if appropriate, associated timelines for their release.

3.2. IFIs should have the scope to produce reports and analysis at their own initiative, provided that these are consistent with their mandate. Similarly, they should have the autonomy to determine their own work programme within the bounds of their mandate.

3.3. Clear links to the budget process should be established within the mandate. Typical tasks carried out by IFIs might include (but are not limited to): economic and fiscal projections (with a short- to medium-term horizon, or long-term scenarios); baseline projections (assuming unchanged policies); analysis of the executive's budget proposals; monitoring compliance with fiscal rules or official targets; costing of major legislative proposals; and analytical studies on selected issues.

### 4. Resources

4.1. The resources allocated to IFIs must be commensurate with their mandate in order for them to fulfil it in a credible manner. This includes the resources for remuneration of all staff and, where applicable, council members. The appropriations for IFIs should be published and treated in the same manner as the budgets of other independent bodies, such as audit offices, to ensure their independence. Multiannual funding commitments may further enhance IFIs independence and provide additional protection from political pressure.

### 5. Relationship with the legislature

5.1. Legislatures perform critical accountability functions in country budget processes and the budgetary calendar should allow sufficient time for the IFI to carry out analysis necessary for parliamentary work. Regardless of whether an independent fiscal institution is under the statutory authority of the legislative or the executive branch, mechanisms should be put in place to encourage appropriate accountability to the legislature. These may include (but are not limited to): (1) submission of IFI reports to Parliament in time to contribute to relevant legislative debate; (2) appearance of IFI leadership or senior staff before the budget committee (or equivalent) to provide responses to parliamentary questions; (3) parliamentary scrutiny of the IFI budget; and (4) a role for Parliament's budget committee (or equivalent) in IFI leadership appointments and dismissals.

5.2. The role of the IFI vis-à-vis Parliament's budget committee (or equivalent), other committees, and individual members in terms of requests for analysis should be clearly established in legislation. Preferably, the IFI should consider requests from committees and sub-committees rather than individual members or political parties. This is particularly relevant for those IFIs established under the jurisdiction of the legislature.

### 6. Access to information

6.1. There is often asymmetry of information between the government and the IFI – no matter how well an IFI is resourced. This creates a special duty to guarantee in legislation – and, if necessary, to reaffirm through protocols or memoranda of understanding – that the IFI has full access to all relevant information in a timely manner, including methodology and assumptions underlying the budget and other fiscal proposals. Information should be provided at no cost or, if appropriate, sufficient resources should be provided in the IFI budget to cover analysis obtained through government actuarial services.

6.2. Any restrictions on access to government information should also be clearly defined in legislation. Appropriate safeguards may be put in place as regards protection of privacy (for example, taxpayer confidentiality) and of sensitive information in the areas of national defence and security.

## 7. Transparency

7.1. Given that promoting transparency in public finances is a key goal of IFIs, they have a special duty to act as transparently as possible. Full transparency in their work and operations provides the greatest protection of IFI independence and allows them to build credibility with the public.

7.2. IFI reports and analysis (including a full account of the underlying data and methodology) should be published and made freely available to all. As noted in 5.1, all IFI reports and analysis should be sent to Parliament in time for legislative debate and the leadership of the IFI should be given the opportunity to testify before parliamentary committees.

7.3. The release dates of major reports and analysis should be formally established, especially in order to co-ordinate them with the release of relevant government reports and analysis.

7.4. IFIs should release their reports and analysis, on matters relating to their core on-going mandate on economic and fiscal issues, in their own name.

## 8. Communications

8.1. IFIs should develop effective communication channels from the outset, especially with the media, civil society, and other stakeholders. Given that the influence of IFIs in fiscal policy making is persuasive (rather than coercive by means of legal sanctions or other punitive measures), media coverage of their work assists in fostering informed constituencies that may then exercise timely pressure on the government to behave transparently and responsibly in fiscal matters.

## 9. External evaluation

9.1. IFIs should develop a mechanism for external evaluation of their work – to be conducted by local or international experts. This may take several forms: review of selected pieces of work; annual evaluation of the quality of analysis; a permanent advisory panel or board; or peer review by an IFI in another country.