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TECHNICAL MANUAL

FISCAL RULES AT A GLANCE: AN UPDATE 1985—2024

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REMARKS

This technical document provides country-specific details in 122 Fund member countries or economies in the Fiscal Rules Database 1985–2024 by IMF Fiscal Affairs Department. It is accompanied by a dataset in excel format and an accessible data visualization tool available at https://www.imf.org/external/datamapper/fiscalrules/map/map.htm and is an update of the 2021 database "Fiscal Rules at a Glance: An Update 1985-2021" by Davoodi, Elger, Fotiou, Garcia-Macia, Lagerborg, Lam, and Pillai (2022) .

The dataset benefits from the comments by country teams in area departments of the IMF and the country authorities, and guidance from Davide Furceri in the Fiscal Affairs Department. Shelley Li, Haile Meron, and Andre Vasquez provided valuable research support. The authors are responsible for its contents. The information does not represent the views of the IMF or IMF Executive Board.

The dataset covers four main types of fiscal rules—budget balance rules, debt rules, expenditure rules, and revenue rules applying to the central or general government or the public sector. The dataset presents details on various characteristics of rules, such as their legal basis, coverage, enforcement, escape clauses, as well as key supporting features such as institutional supporting arrangements on multi-year expenditure ceilings, independent monitoring bodies, and fiscal responsibility laws. Another accompanying dataset on fiscal council is available at https://www.imf.org/en/Data/Fiscal/fiscal-council-dataset.

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Previous datasets:

Davoodi, Hamid R., Paul Elger, Alexandra Fotiou, Daniel Garcia-Macia, Andresa Lagerborg, W. Raphael Lam, and Sharanya Pillai. 2022. "Fiscal Rules at a Glance: An update 1985-2021", Fiscal Affairs Department, International Monetary Fund, Washington, D.C.

Lledo, Victor, Sungwook Yoon, Xiangming Fang, Samba Mbaye, and Young Kim. 2017. "Fiscal Rules at a Glance", March 2017, International Monetary Fund, Washington, D.C.

Schaechter, Andrea, Tidiane Kinda, Nina Budina, and Anke Weber. 2012. "Fiscal Rules in Response to the Crisis—Toward the 'Next Generation' Rules: A New Dataset", IMF Working Paper No.12/187, July 2012, Washington, D.C.

Table of Contents

I. Acronyms and Abbreviations

BBR	Budget balance rule
CEMAC/CAEMC	Central African Economic and Monetary Community
CG	Central government
DR	Debt rule
EAC	East African Community
EAMU	East African Monetary Union
ECCU	Eastern Caribbean Currency Union
ER	Expenditure rule
EU	European Union
FRL	Fiscal responsibility law
GG	General government
IFI / FC	Independent Fiscal Institution / Fiscal Council
MTFF	Medium-term fiscal framework
PAYGO	Pay-as-you-go rule
MTO	Medium-term budgetary objectives in European Union
RR	Revenue rule
TSCG	Treaty on Stability, Coordination and Governance in the Economic and Monetary Union
WAEMU	West African Economic and Monetary Union

II. Introduction

This paper provides country-specific information on fiscal rules in use in 123 economies from 1985 to 2024. It summarizes the latest vintage of the IMF Fiscal Rules Dataset and its electronic data visualization tool, and updates the 2021 data in "Fiscal Rules at a Glance" (Davoodi and others 2022b).

The dataset covers four types of rules: expenditure rules, revenue rules, budget balance rules, and debt rules, applying to the central or general government or the public sector. It also presents country-specific details on various characteristics of rules, such as their statutory basis, coverage, monitoring, and enforcement procedures. Please refer to Alonso and others (2025) for recent trends and performance of fiscal rules and a description of the variables.

A fiscal rule is a long-lasting constraint on fiscal policy through numerical limits on budgetary aggregates. This implies that boundaries are set for fiscal policy which cannot be frequently changed in principle. However, the demarcation lines of what constitutes a fiscal rule are not always clear. The dataset and technical manual follow the principles:

Only rules with targets fixed in legislation and fiscal arrangements for which the targets can only be revised on a low-frequency basis (e.g., as part of the electoral cycle) and binding for at least three years are considered as fiscal rules. Medium-term budgetary frameworks or expenditure ceilings that provide multi-year projections but can be changed annually are not considered to be fiscal rules.

We only consider rules that set numerical targets on aggregates that capture a large share of public finances and at a minimum cover the central government level. For these reasons, Nigeria's overall deficit ceiling is *not* considered to be a numerical fiscal rule in this vintage because the Fiscal Responsibility Law states that the limit could be revised by the parliament at any sustainable levels in a given year. In practice, the deficits in the annual budgets (as well as outturns) often exceed the 3 percent of GDP target. Similarly, expenditure limit for Vietnam is not considered as an expenditure rule because it only constrains a small segment of government expenditure. Fiscal rules for subnational governments or fiscal sub-aggregates are not included here. The accompanying background document on subnational government fiscal rules includes Eyraud and others (2020). We focus on *de jure* arrangements and not to what degree rules have been adhered to in practice.

The document contains national rules and a cross-reference to Section V if the country also operates under supranational fiscal rules. The date when a rule took effect is shown in brackets and is shown in blank if the implementation year is not available. When a characteristic of the rule was changed over time, the year of the change is shown in the respective text. A description of each rule and the corresponding time period the rule was in force or revised is included in the bottom part of each table. Supranational fiscal rules are described in Section V. As more information becomes available, the dataset has reflected better understanding of fiscal frameworks in member countries (national and supranational fiscal frameworks) through consultation with area departments, the authorities, and legislations in the public domain. Some entries will therefore be different from the previous release of datasets.

A separate dataset on fiscal councils—recently updated as of end-2024—provides a de-jure overview on the key mandates, resources, and operational independence of fiscal councils across the world. Please see Virginia Alonso, Clara Arroyo, Ozlem Aydin, Vybhavi Balasundharam, Hamid R. Davoodi, Gabriel Hegab, W. Raphael Lam, Anh Nguyen, Natalia Salazar Ferro, Galen Sher, Alexandra Solovyeva, and Nino Tchelishvili. 2025. "Fiscal Council Dataset: Technical Manual", Fiscal Affairs Department,

International Monetary Fund, Washington, D.C. https://www.imf.org/en/Data/Fiscal/fiscal-council-dataset.

III. Fiscal Rules Dataset: 1985 - 2024

The dataset covers all IMF members that have adopted fiscal rules (national and supranational) during 1985 to 2024. It updates the 2021 vintage and includes those fiscal rules that have taken effect already or where clear transition regimes are specified. Those adopted but not yet in pace are reflected in the rule description but not the codification. The dataset is compiled based on a variety of sources, including assessments of fiscal framework legislations, country documents, inputs from IMF staff, and complementary datasets from OECD and European Union.

The dataset broadly includes about 90 variables on issues related to fiscal rules. It comprises a detailed description of the rules and quantitative information on the number and types of rules, date of major amendments, legal basis, coverage, enforcement, and supporting procedures. Each of these qualitative characteristics is codified, mostly in binary coding with a score of one '1' if a country's fiscal rule had that specific feature and a score of zero '0' otherwise. Some features, such as the legal basis and coverage, provide finer differentiation. Assigning such scores sometimes requires certain judgement. The codification captures, to the extent possible, specific features that would be linked to the effectiveness of the fiscal rules. In general, in some numerical categories beyond binary codes, a higher score reflects stronger presence of supporting features for an effective fiscal rule.

- **Type of fiscal rules in place:** Four main types are recorded: expenditure rules (ER), revenue rules (RR), budget balance rules (BBR), and debt rule (DR). Binary entry of '1' if the country has that specific type of fiscal rule or '-' otherwise. Some countries have multiple rules with '1' indicated in each category.
  - **National or supranational rules:** The variable denotes whether the fiscal rules are national (denoted as '0'), supranational (denoted as '1'), or both (denoted as '2').
- **Year of implementation:** It indicates the first year when a fiscal rule was adopted.
- **Year of major addition, subsequent changes, or scrapping:** It indicates the year when there is a major addition or changes to the fiscal rule.
- **Number of numerical rules**: It indicates the number of fiscal rules, separated into total number and strictly national rules.
- **Description:** It provides a detailed description of the fiscal rules in the country.
- **Enforcement:** Two binary variables are included.
  - *Monitoring of compliance outside government*: (Yes: 1; No: 0). This includes monitoring by fiscal council or other separate entities.
  - *Formal enforcement procedures*: (Yes: 1; No: 0). It refers to if the enforcement procedures are explicitly specified in the relevant law or regulations. Examples could include financial sanctions, 'comply or explain' mechanism.
- **Coverage**: The government sector that is covered by the fiscal rule: '1' for central government; '2' for general government or wider public sector. The number is adjusted upward by 0.5 to account for similar rules but applying to different levels.
- **Legal or political basis** (highest norm): The variable is scored 1 to 5. '1': political commitment; '2' coalition agreement; '3': statutory basis; '4': international treaty; '5' constitutional. In case multiple legal basis, the higher statutory basis was recorded. Legal basis could include statutes, regulations, and constitutional provisions, and international treaties.
- **Escape clauses:** Presence of an escape clause provision as a binary variable (Yes: 1; No: 0)
- **Characteristics of national escape clauses:**

  - *Activation procedures of national escape clauses*: ('1': Ministry of Finance or government cabinet; '2': parliament; '3': independent fiscal council).
  - *Conditions for invoking the escape clause*: Does the provision of escape clause specify conditions under which the clause is invoked? (Yes, if conditions are included (e.g., severe downturn) but without explicit numerical values: 1; Yes, stating both the conditions and the numerical triggers (e.g., when GDP growth is below 2 percent: 2; No: 0)
  - *Activation horizon*: Does the provision of escape clause specify the activation horizon? (Yes, please specify the number of years (e.g., 1, 2, or 3); No: 0).
  - *Accountability mechanism*: Does the provision have accountability mechanism, for example, requirement to publish a plan to return to the fiscal rule limit? (Yes: 1; No: 0)
- **Supporting procedures and institutions:** This includes the following binary categories:
  - *Multi-year expenditure ceilings* (aggregate, ministries, or line items): (Yes: 1; No: 0)
  - *Independent body sets budget assumptions*: (Yes: 1; No: 0). Independent body could include fiscal council, central bank, or other entities.
  - *Independent body monitors implementation*: (Yes: 1; No: 0). Independent body could include fiscal council, national audit office, or other entities.
  - *Presence of the Fiscal Responsibility Law*: (Yes:1; No:0).
  - *Publication of an MTFF report*: (No: 0; Yes, published with the draft budget submission: 1; Yes, ahead of budget preparation before submission of budget ceilings: 2).
  - *Accountability and Transparency*: Are there publication requirements (e.g., budget execution or monitoring; report by fiscal council?) (Yes: 1; No: 0).
- **Stabilization over cycles** (National and supranational rules): Binary variable (Yes: 1; No: 0).
- **Exclusion of public investment or other expenditure from the rule limits** (National and supranational rules): Binary variable (Yes:1; No: 0). Please also specify the type of expenditure that is excluded.
- **Activation of escape clauses:** Binary variable (Yes:1; No: 0) for each type of rule (ER, RR, BBR, DR).
- **Suspension of fiscal rules**: Binary variable (Yes:1; No: 0) for each type of rule (ER, RR, BBR, DR).
- **Period of suspension:** The year until which the rule would be suspended.
- **Correction mechanism:**
  - *Presence of correction mechanism*: (Yes, based on ex-post deviations: 1; Yes, based on preventive measures before the rules are breached: 2; No: 0).
  - *Type of correction*: (Yes, if the requirement(s) to return to the rule limits are specified: 1; Yes, if the requirement(s) to correct for cumulative deviations from the rules are specified; 2; No: 0).
- **Compliance:** Does the country comply with the fiscal rule(s)? (Yes: 1; if only part of rules is complied with, while other components are not, then enter 2 and specify in remarks; No: 0)
- Additional categories:
  - Income group (advanced, emerging market economies, low-income developing countries, resource rich countries): Binary variable (Yes: 1; No: 0).
  - Belong to the European Union: Binary variable (Yes: 1; No: 0).
  - Federal system: Binary variable (Yes: 1; No: 0).
  - Member of currency union: Binary variable (Yes: 1; No: 0)
  - Geographical region: ('1': Western Hemisphere; '2': Europe; '3': Asia and Pacific; '4': Middle East and Central Asia; '5': Sub-Saharan Africa).
  - Resource rich countries—binary variable (Yes: 1; No: 0)

IV. National Fiscal Rules: Country Information

Andorra

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (2014)	No	No	General government	Yes	Yes	Yes
Revenue rule (2014)	No	No	General government	Yes	No	No
Budget balance rule (2014)	No	No	Central government	Yes	No	No
Debt rule (2014)	No	No	General government	Yes	Yes	No

National fiscal rules:
Fiscal rules were implemented in 2014 and designed to ensure fiscal discipline and sustainability. The law No.32/2014, and subsequent modifications, introduced a multi-annual budget framework that covers the four-year central and local governments' mandates and is updated every year. It sets limits on debt, deficit, current spending, and revenue. The general government consists of central and local governments but excludes the pension fund. The central government corresponds to Govern d'Andorra and any public or para-public institutions associated with it. The Court of Auditors is responsible for controlling the compliance with the obligations established by the Law.

- Expenditure rule (since 2014): The rule required that the growth of current primary spending of the general government would be up to the nominal GDP growth if positive, or zero otherwise. The limit does not apply to local governments if its debt (including public and para-public institutions associated with the local government) is below 180 percent of the average budgeted revenue in the preceding three years). Current primary spending is defined as the sum of wages and salaries, goods and services and current transfers.

- Revenue rules (since 2014): Direct tax revenues cannot be larger than 40 percent of total tax collection (excluding taxes from international trade).

- Budget balance rule (since 2014): The limit of general government overall deficit was set at 1 percent of GDP, while the local governments were not subject to a limit, as long as the local governments comply with the debt limit.

- Debt rule (since 2014): The rules set the limit of general government and central government at 55 percent of GDP, and 40 percent of GDP, respectively. Public or para-public institutions associated with the central government (50 percent of each institution's own equity); Local government debt were limited to twice of the average budgeted revenues in the preceding 3 years.

Two modifications were made to Law No.32/2014. The Law No. 1/2018 approved the 2018 fiscal budget and amended the Article 12, with changes related to compliance. The Law No.18/2019 of February 15 approved the 2019 fiscal budget and amended the Article 11 to incorporate changes related to discussion process of the budget framework with the Legislature. The Article 15 was amended to simplify the preparation of the budget by avoiding high annual cash deficits by setting a maximum of 1 percent of GDP while maintaining the debt limits already provided for by the law. To finance the extraordinary expenses, the Law created a structural fund ('compte de compensació') that should be endowed with an amount equivalent to 0.1 percent of the total budgeted expenses of the central and local governments. The stock available can be used to partly fund the extraordinary budget when needed. Also, if the amount exceeds 0.5 percent of GDP, the excess can be used to debt reduction or public investment.

The escape clause was incorporated in Law 32/2014 of November 27, 2014. The escape clause was activated in 2020 and 2021.

Escape clause conditions and correction mechanisms:

- Conditions: The debt and spending limits associated with the central government can only be exceeded under extraordinary circumstances, comprising natural disasters, serious emergencies, and extraordinary events, including those of economic nature. When this happens, the General Council of the Parliament approves: (i) an extraordinary budget that exceeds the debt and spending limits established by the Law; and (ii) a plan that sets the path to return to compliance with the debt and spending limits within six years. The escape clause does not apply to the local governments, which should always comply with the limits established by the Law. If under exceptional circumstances, the budget allocation for the local governments is not enough, the extraordinary need is covered by the central government.

- Correction mechanism: The authorities are required to go back to the debt limits within 6 years, but there are no requirements on the composition and size of the extraordinary budget.

Angola

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2020)	No	Yes	General government	Law	Yes	No
Debt rule (2020)	No	No	General government	Law	No	No

National fiscal rules:

Fiscal rules are set out in the Fiscal Responsibility Law (FRL) adopted in 2020 (Law No. 37/20 of October 30, 2020, Public Finance Sustainability Law).

- <u>Debt rule:</u> The law sets a debt limit of 60 percent of GDP in the long term.

- <u>Budget balance rule:</u> The law also sets a non-oil primary deficit (NOPD) limit at 5 percent of GDP in 2025 and to be maintained after that year.

The annual budget law and FSR will define the trajectory and measures to reach these limits.

Every five years, the government has to publish an evaluation report on the adequacy of the fiscal rules considering the economy's structural variables. If warranted by the evaluation, the government can submit a proposal to Parliament to change the NOPD limit in order to guarantee a reduction on the debt-to-GDP ratio aligned to the long-term target of Article 5 (60 percent).

The Fiscal Strategy Report (FSR) that includes the medium-term fiscal framework (MTFF) and fiscal risks analysis must be published in April and October each year, and must include evaluation of compliance with the fiscal rule (the first year of publication was in 2024). The deficit and expenditure aggregates are binding for the annual budget of the first year. A medium term expenditure framework (MTEF) has to be published in June each year. The medium-term debt strategy has to be published by May 15 each year and be consistent with the FSR.

In case of risk of NOPD deviation shown in the quarterly fiscal execution reports, the MoF will publish a prevention plan with envisaged measures to avoid non-compliance. In case of effective deviation of the NOPD shown in the Annual Fiscal Execution Report, the MoF will prepare a correction plan to comply in 1 year an publish the report by May 15 with the reason for deviation and quantitative measures to return to the rule.

<u>Escape clause.</u> The escape clause (article 9) allows for temporary suspension of the NOPD limit in case of force majeure such as severe natural disaster, war, epidemics, drought, emergency (under Art. 204 of the Constitution) and recession (negative real growth rate of GDP of more than 2 percent with data from the NSI, April 15). The President will declare the suspension based on these circumstances and will be

accompanied by a plan including quantitative measures to return to the rule in maximum 2 years plus one if the circumstances persist.

Correction mechanism. In both cases, correction measures need to minimize the impact on public investment and not affect to ongoing projects. And these measures need to be incorporated to the Fiscal Strategy Report, the MTEF and the annual budget law.

A stabilization fund can be created once the gross financing needs are at or below 5 percent of GDP. There are not enforcement procedures in the form of sanctions but in case of no-provision of information the entities may not receive transfers or reallocate funds.

Antigua and Barbuda

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2021)	No	No	Central government	Political commitment	No	Yes
Revenue rule (2021)	No	No	Central government	Political commitment	No	No
Debt rule (1998)	No	No	Central government	Political commitment	No	No

National fiscal rules:
In February 2021, the government presented the 2021 budget to the House of Representatives. Embedded in the budget were the fiscal rules underlying the medium-term fiscal strategy.

- Expenditure rule (2021): recurrent spending to be kept below 20 percent of GDP over the medium term and wages and salaries below 9 percent of GDP by 2025; and

- Revenue rule (2021): the tax-to-GDP ratio to reach at least 18 percent by 2023 and maintained at a minimum of 20 percent over the medium term.

- Debt rule (2021): It set the rules on public debt level to fall below the ceiling of 70 percent of GDP by 2030.

Supranational rules (since 1998): Antigua and Barbuda is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

- Debt rule (since 1998, revised in 2015 and 2021): As per the regional central bank's Monetary Council's decision announced on February 12, 2021, member countries of the currency union are to achieve a debt target of 60 percent of GDP by 2035. The decision extends the previous target date of 2030 announced on February 24, 2015, which was extended from an original target date of 2020.

- Budget balance rule (1998-2005): Before the revision in 2006, fiscal benchmarks included a target of overall deficit of 3 percent of GDP.

Argentina

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2000)	Yes	Yes	General government	Yes	No	Yes
Budget balance rule (2000)	Yes	Yes	General government	Yes	No	No

National fiscal rules:

Fiscal rules were established in the Fiscal Responsibility Law (FRL) adopted in 1999 and then revised in 2001 and 2004 (law 25.917) and 2017 (law 27.428). The rules were suspended between 2009-2017 and again since 2020. The suspension of the FRL eliminated also the requirement to present a medium-term fiscal framework (MTFF). The last MTFF was published in 2018 for the 2019 budget, and a fiscal risk analysis was once again published in 2024 for the 2025 budget. The FRL has no formal escape clauses.

- Expenditure rules (since 2000, revised in 2017): During 2000-17, the rules required that primary expenditure cannot grow more than nominal GDP or at most stay constant in real terms in periods of negative nominal GDP growth. The expenditure rules were suspended between 2009 and 2017. Since 2018, the expenditure rules included: i) Primary current expenditure cannot grow more than CPI; ii) Primary expenditure cannot grow more than CPI for jurisdictions with primary deficits and not more than nominal GDP for jurisdictions that have reached primary balance (although if GDP growth is negative, expenditure cannot grow more than CPI); iii) public employment cannot grow my more than population growth. Since 2020, the expenditure rules have been suspended.

- Budget balance rule (2000-17): During 2000-2017, all jurisdictions (central government and provinces) were required to balance revenue and expenditure, excluding investment in basic social and economic infrastructure and projects financed by international financial institutions. The budget balance rule was suspended between 2009 and 2017, and abolished in the 2017 revision of fiscal responsibility framework.

The FRL established a provincial borrowing constraint whereby debt servicing costs could not exceed 15 percent of the current revenues after deduction of revenue-sharing (coparticipación) transfers to municipalities (this rule was also suspended between 2009-2017 and from 2020. All administrations were encouraged to create fiscal countercyclical funds. With the abolishment of the 2017 fiscal responsibility framework, the federal government does not have the mandate to set debt limits for provincial/municipal governments. Since then, ad-hoc provincial debt conditions have been agreed in annual fiscal pacts. The Fiscal Pact of 2022, signed by all provinces except the city of Buenos Aires, suspended previous pact commitments and reinstated an expenditure ceiling in line with GDP. Provinces require approval from the federal government (Ministry of Finance) to incur debt or issue guarantees. In May 2024, the Milei administration's Pacto de Mayo signed by 18 out of 24 provinces seeks an agreement on balanced budgets, reduces spending at national level (to 25 percent of GDP), and aims to reform the federal transfers' scheme.

Armenia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2018)	No	No	Central government	Yes	Yes	No
Budget balance (2002)	No	No	Central government	Yes	Yes	No
Debt rule (2008)	No	No	Central government	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 2002, revised in 2009): A deficit ceiling was initially set at 10 percent of GDP, then lowered at 5 percent in 2002, then increased to 7.5 percent in 2009.

- Debt rule (since 2008, revised in 2015 and 2018): Armenia adopted a debt rule in 2008, under which public debt may not exceed 60 percent of GDP in a year. If the ratio of public debt over the previous year's GDP exceeds 50 percent, the deficit in the following year should be lower than 3 percent of the average GDP of the previous three years. The debt rule was revised in 2015, which defined public debt to apply only to government debt, excluding central bank's debt. The debt rule was revised in 2018. The upper threshold for central government debt (excluding central bank debt) remained at 60 percent of GDP.

- Expenditure rule (since 2018): As the debt rule was revised in 2018, the government introduced expenditure ceilings that linked to the debt levels to manage the deviations. First, recurrent spending cannot exceed the revenue (i.e., the fiscal deficit cannot exceed capital expenditure) if the government debt exceeds 40 percent of GDP. Second, the maximum increase in recurrent expenditure (excluding debt service costs) is subject to a ceiling set in the government decree if the government debt exceeds 50 percent of GDP.

Escape clause conditions and correction mechanisms:

- Escape clause: the fiscal rule does not apply to exceptional cases prescribed by the government, resulting in large-scale and technological disasters; warfare, economic transition from peaceful to wartime transition, and negative economic developments due to economic shock. The fiscal rule did not apply in 2020 and 2021.

- Correction mechanism: Previous to 2018, a provision required to correct the debt between 50 and 60 percent of GDP. Since 2018, this clause was removed and instead, the government is required to present an action plan in its MTEF to gradually bring government debt below 50 percent of GDP. If the debt ratio exceeds 60 percent of GDP, the government shall submit an action plan by the standing

Committees on Financial, Credit and Budget and Economic Issues of the National Assembly for consideration to bring the debt path below 60 percent of GDP and include this plan to the MTEF.

Aruba

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Budget balance rule (2015; 2023)	Yes	No	Central government	Statutory	No	No
Debt rule (2019; 2023)	Yes	No	Central government	Statutory	No	No

National fiscal rules:

A rules-based fiscal framework has been in place since 2015. The legal framework was updated in December 2023 to make overall fiscal surplus and debt anchor targets legally binding.

- Budget balance rule (since 2015; revised in 2023). The government is committed to maintaining overall fiscal surpluses of at least 1 percent of GDP from 2023 onwards.

- Debt rule (since 2019; revised in 2023): In 2019, a debt ratio target was included. Initially, the medium-term central government debt target was 70 percent of GDP in 2027 and to 50 percent in 2039. After the update of the legal framework in December 2023, debt to GDP ratio has been reduced to a maximum of 50 percent of GDP by 2040.

Fiscal oversight continues to be provided under the Aruba Board of Financial Supervision (CAft). The purpose of the Boards of financial supervision (Cft) is to realize sustainable public finance in joint collaboration with the governments of Aruba.

Australia

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rules (1985; 2009)	No	No	Central government	Political commitment	No	No
Revenue rule (1985; 1998)	No	No	Central government	Political commitment	No	No
Budget balance rule (1985; 1998)	No	No	Central government	Political commitment	No	No
Debt rule (1998)	No	No	Central government	Political commitment	No	No

National fiscal rules:[1]

The *Charter of Budget Honesty Act 1998* provides a legislative framework for the conduct and reporting of fiscal policy by requiring government to release a Fiscal Strategy based on principles of sound fiscal management, and by facilitating public scrutiny of fiscal policy and performance. The Government's Fiscal Strategy is included in budget updates, along with an evaluation of progress against the Strategy.

Under the *Parliamentary Service Act 1999*, the Parliamentary Budget Office (PBO) was established in 2012 to provide independent oversight of fiscal policy. It operates to inform the Parliament by providing non-partisan analysis of the budgets, fiscal policy, and the financial implications of proposals.

- Expenditure rules (1985-87; since 2009): During 1985-87, the Fiscal Strategy required that government expenditure should not rise as a proportion of GDP over the life of the Parliament. Key elements of the government's Fiscal Strategy identified at each budget update since 1998, have specified how government should balance quality expenditure with fiscal sustainability, including by controlling expenditure growth, while maintaining the efficiency and quality of government spending and guaranteeing the delivery of essential services. From 2009-10, expenditure rules committed to keeping real growth in spending to 2 per cent per year, conditional on certain budget balance and/or economic outcomes. From 2014-15 to 2019-20, the expenditure rule focused on the payments to GDP ratio falling. From 2019-20 to 2021-22 the Fiscal Strategy included a rule to control expenditure. Since 2022-23, the expenditure rule has been to limit growth in spending while growth prospects are sound and unemployment is low.

[1] These are structured as fiscal objectives or goals, which guide the formulation of annual fiscal policies.

- Revenue rules (1985-87; since 1998): During 1985-87, the rules required tax revenues not rise as a proportion of GDP over the life of the Parliament. Since 1998, key elements of the fiscal strategy have included no increase in overall tax burden (1998-99), ceilings on the tax-to-GDP ratio (1999-2000 to 2013-14, 2018-19 to 2022-23) and a commitment to direct the majority of upside revenue surprises to budget repair (2022-23-2024-25).

- Budget balance rule (1985-87; since 1993): During 1985-87, the rules required the government to reduce the budget deficit in dollar terms in 1985-86 and as a proportion of GDP over the life of the Parliament. Between 1993-94 and 1995-96 the rules required the government to reduce the budget deficit to 1 per cent of GDP by 1996-97. Between 1996-97 and 2019-20, different Governments committed to maintain budget balance or surplus on average over the economic cycle. Additional targets were included to achieve budget surpluses over a specified time period (such as the medium term). From 2017-18 to 2019-20 the Fiscal Strategy was specified as being 'designed to deliver sustainable budget surpluses building to at least 1 per cent of GDP'. From 2020-21 a two-stage strategy was introduced; in the second stage, the objective was to support growth and to stabilize and reduce debt as a share of GDP by targeting a budget balance, on average, over the course of the economic cycle that is consistent with the debt objective. Since 2022-23, the target has been to improve the budget position in a manner consistent with the objective of maintaining full employment, while continuing to deliver essential services.

- Debt rule (since 1998): The 1998 Charter underscores the key requirement to improve the government's net financial worth over the medium term. A legislative limit on the face value of Australian Government Securities on issue was first imposed in 2008 through an amendment to the *Commonwealth Inscribed Stock Act 1911*. This legislative limit was removed in 2013 and replaced by a requirement of the Treasurer to give a direction as to the maximum face value of Australian Government Securities that may be on issue (see Treasurer's press statement 2013). Between 1998-99 and 1999-2000 budgets included a net debt target of 10 per cent of GDP by 2000-01. Since 2014-15 budgets have included fiscal strategies that targeted a reduction of debt over time. The current Fiscal Strategy includes the overarching goal of reducing gross debt as a share of the economy over time.

Austria

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Budget balance rule (1999)	Yes	Yes	General government	Yes	No	No
Expenditure rule (2012)	Yes	Yes	General government	Yes	No	No
Debt rule (2012)	Yes	Yes	General government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 1999; revised in 2011, 2017): Since 1999, the deficit targets for the federal, regional, and local governments were contained in the Austrian Stability Pact (ASP) within a multiyear budgetary setting. The budgetary targets were revised in March 2011. Over the years, the ASP strengthened the enforcement mechanism of the fiscal rule framework, enhancing the role of the Court of Auditors, and making the launch of the sanctioning procedure easier. The Parliament passed on December 7, 2011 an amendment to the federal budget law stipulating that, from 2017 onward, the structural deficit at the federal level (including social insurance) shall not exceed 0.35 percent of GDP. This was reconfirmed in a revamped domestic Austrian Stability Pact (ASP) with the Austrian federal states ("Laender") concluded in May 2012, which added a structural deficit limit of 0.1 percent of GDP for all states and municipalities. Since 2017, the structural deficit limit for general government is 0.45 percent of GDP. The new fiscal rule has been conceptually similar to the German debt brake rule though it had not been anchored in the constitution. The ex-post deviations would be accumulated in notional compensation accounts and if the (negative) balance in the account exceeds 1.25 percent of GDP for the federal level or 0.367 percent of GDP for states and municipalities, a correction had to be initiated at times when the output gap was negative and narrowing or was positive. In the transition period (2012-16), the ASP determined the fiscal targets in terms of headline rather than structural deficits.

- Expenditure rule (since 2012). The Austrian Stability Pact 2012 transposed the expenditure benchmark of the MTO of the SGP into Austrian law. This turned an EU "benchmark" into a national rule.

- Debt rule (since 2012). The Austrian Stability Pact 2012 requires debt to remain below 60 percent of GDP, and if debt is above this level, it needs to be reduced by a twentieth of the excess each year.

In addition, the authorities adopted four-year expenditure ceilings in 2009. Expenditure ceilings were divided into fixed (about ¾ of expenditure) and flexible ones, such as social security, which would vary over the economic cycle. While the ceilings were in principle set for a 4-year rolling horizon, the ceiling has been binding only for the budget year. In that sense, they were considered as medium-term expenditure framework with indicative targets.

Supranational rules: Austria is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Azerbaijan

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2019)	No	No	Central government	Yes	Yes	No
Budget balance (2019)	No	No	Central government	Yes	Yes	No
Debt rule (2022)	No	No	Central government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2019): The fiscal rule was introduced and implemented in 2019, covering the consolidated budget. The expenditure growth ceiling was set as the lower of (i) 3 percent over approved last year's expenditure; or (ii) the sum of projected nonoil revenues and "spendable" oil revenues, where the spendable oil revenues are linked to the level of net financial assets. The expenditure ceiling was revised to real terms (instead of nominal terms). An amendment to the Budget System Law in 2021 removed the expenditure ceiling from 2022.

- Budget balance rule (since 2019): The budgeted non-oil primary balance in the year ahead as percent of non-oil GDP should not be set weaker than the levels of the current year. The 2021 amendment modified the budget balance rule and established that the limits for the ratio of the non-oil base budget deficit to non-oil GDP for the medium-term be set by the President. According to the relevant presidential decrees, these limits were set at 27,5% for 2022, 25,0% for 2023 and in the range of 17,5-20,0% in the medium term. The non-oil deficit of the consolidated budget is calculated as the difference between non-oil revenues and basic expenditures of the consolidated budget.

- Debt rule (since 2022): the Amendment of the Budget System law of 2021, introduced a limit to the of the ratio of the public debt to the gross domestic product for the medium-term period at 30 percent.

Escape clause. According to the Budget System Law, the government can take the decision to suspend the application of the rule, stating that the limits should be recalculated and re-determined for the mid-term period starting from the suspension year. The fiscal rules were suspended in 2020 and 2021 due to COVID-19.

The Bahamas

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (2018, 2023)	Yes	No	Central government	Yes	Yes	No
Revenue rule (2023)	Yes	No	Central government	Yes	Yes	No
Budget balance (2018, 2023)	Yes	No	Central government	Yes	Yes	No
Debt rule (2018, 2023)	Yes	No	Central government	Yes	Yes	No

National fiscal rules (2018):

- Expenditure rule (since 2018, revised in 2023 and 2024): The 2018 Fiscal Responsibility Act (FRA) stipulated an expenditure growth ceiling (expenditure growth in line with medium-term growth) will be active once the government achieves the budget balance target. The 2018 Fiscal Responsibility Act was repealed in 2023, and the 2023 Public Finance Management (PFM) Act stipulated targets for recurrent and capital expenditure by FY2025/26. The legislation targets a reduction in recurrent expenditure to 20.0 percent of GDP and increasing capital expenditure to 3.5 percent of GDP. 2024 amendments to the PFM Act have expanded the capital expenditure target to include state-owned entities.

- Revenue rule (since 2023): The 2023 Public Finance Management Act stipulates increasing revenue to 25 percent of GDP by FY2025/26.

- Budget balance rule (since 2018, revised in 2019, 2023): The fiscal rules were set by the Fiscal Responsibility Act (2018). The government stipulated to achieve an overall deficit target of 0.5 percent of GDP by FY2020/21. Hurricane Dorian triggered the escape clause in 2019 and the government postponed the achievement of deficit target to FY2024/25, also included in the PFM Act 2023.

- Debt rule (since 2019, revised in 2019, 2020, 2023): The government specified to achieve a debt target of 50 percent of GDP by FY2024/25. The 2018 FRA set the path toward the target. In 2019, the government revised the timeframe to achieve the debt target to FY2028/29. The timeframe was further postponed to FY2030/31 owing to the pandemic shock in 2020. In the PFM Act 2023, the long-term debt fiscal objective is to reduce the level of Central Government Debt from 89.0 percent of GDP in FY2021/22 to a debt level of no more than 50 percent of GDP and the Government shall state the financial year by which this long-term debt objective is intended to be achieved in the Fiscal Strategy Report. The fiscal objectives for debt shall be expressed as a percentage of GDP and as a nominal debt limit in the Fiscal Strategy Report and shall be included in the Annual 3udget each year consistent with this Act.

Barbados

Type of national rules (Start date in bracket)	**Key characteristics**					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2019)	No	No	Central government	Political Commitment	No	No

National fiscal rules (2019):

After the economic crisis in 2017, Barbados also established a debt target of 60 per cent of GDP by 2033.

Belgium

Type of **national rules** (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1993)	Yes	Yes	Central government	Coalition agreement	No	No
Revenue rule (1992)	Yes	Yes	Central government	Coalition agreement	No	No
Budget balance rule (2014)	Yes	Yes	General government	Coalition agreement	Yes	No

National fiscal rules:

- Expenditure rule (1993-98): The rule required that the real growth of primary expenditure of the central government ought to be equal or be less than 0 percent.

- Revenue rule (1992-99): Growth of revenues has to be "in line with" GDP growth (though the coalition partners had different interpretations of this wording). Both rules were set in coalition agreements.

- Budget balance rule (since 2014): The government adopted a structural budget balance rule, in line with the provisions of the "fiscal compact" signed March 1, 2012. The rule was set in a coalition agreement and required that the annual structural balance of the general government must be at MTO or respect the adjustment path towards it, as defined in the Stability Programme, with a lower limit of a structural deficit of 0.5 percent of GDP. This limit can be extended to a structural deficit of 1 percent of GDP if the debt to GDP ratio is significatively below 60 percent of GDP and the risks for the sustainability of public finances in the long term are low.

Supranational rules: Belgium is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Benin

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Benin is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were acted, see section V. The supranational fiscal rules were suspended during the pandemic.

Botswana

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (2003)	No	No	Central government	Political commitment	No	No
Budget balance rule (2003)	No	No	Central government	Political commitment	No	No
Debt rule (2005)	No	No	Central government	Yes	No	No

National fiscal rules:

- Expenditure rule (since 2003): The spending limits on total government expenditure were set as fiscal targets embedded in the National Development Plan. The expenditure limits included a 40 percent of GDP government spending cap introduced in 2006 (NDP9) and a target reduction of government spending to 30 percent of GDP by the end of FY 2015/16 (NDP10).

- Budget balance rule (since 2003): A balanced budget rule (in cash terms) was specified in the National Development Plan. They reflected government targets and not legally binding constraints.

- Debt rule (since 2005): Botswana has one binding debt limit, which was introduced by the Stocks, Bonds, and Treasury Bills Act in 2005 that capped total domestic and foreign debt each to 20 percent of GDP (total 40 percent of GDP). Debt rule is legally binding, while others are “budget guiding principles” approved by Parliament (para 5.44, para 81, NDP 11 April 2017 – March 2023).

Brazil

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2000, 2016, 2021, 2022, 2023)	Yes	Yes	General government	Constitutional (federal gov.); statutory (state gov.)	No	No
Budget balance rule (1988)	Yes	Yes	General government	Constitutional	No	Yes

National fiscal rules: The Fiscal Responsibility Law has been in place since May 2000 and the latest reform in August 2023, in force in 2024, which set out several fiscal rules:

- Expenditure rule (since 2000, revised in 2016, 2021, 2022, 2023): The rules required that (i) Personnel expenditure is limited to 50 percent of net current revenue for the federal government, and 60 percent for states and municipalities. Within each level of government the law further specifies limits for the executive, legislative, judiciary and other offices, where applicable, (ii) permanent spending mandates cannot be created without permanent revenue increases or spending cuts. Expenditure ceilings have applied to public investment. In 2016, the Constitutional Amendment No. 95, adopted on December 15, 2016 established that an expenditure rule would remain in place for the following 20 years. With some exclusions, the rule set ceilings on federal government real primary expenditure as of 2016 and indicated that nominal expenditure can grow thereafter in line with inflation. In 2021-22, four constitutional amendments proved necessary to accommodate new spending mandates in response to the pandemic.

  The rule was modified in 2023, in force in 2024, to include a real expenditure growth limit within a band of 0.6-2.5 percent and limit to 70 percent of primary revenue increase of last 12 months. The new rule also introduced a floor on public investment of 0.6 percent of GDP. Primary balance will be set in the Draft Law of budget guidelines (PLDO) (annex of fiscal targets) within the band and the correspondent debt trajectory (10 years), and the expenditure growth resulting from the new rule. The expenditure rule does exclude several items, such as constitutional limits, climate projects financed with grants or derived from natural disasters. A higher primary balance over the upper band can be spent on investment. If primary balance is lower than the lower band expenditure growth will be reduced to 50% of next year revenue increase. Coverage is still federal government.

- Budget balance rule (since1988): The "Golden Rule" was set in the 1988 Constitution, which required credit operations (including financial revenues) cannot exceed capital expenditures (includes amortizations). Separately, the government has set primary balance targets in the fiscal framework but those can be revised annually. Hence, based on the criteria used for the manual, the dataset does not consider the primary balance target as a budget balance rule in this case.

With respect to public debt, the Fiscal Responsibility Law required that the Senate sets debt limits for all levels of government. However, there was never an agreement reached on the limit for the central government and limits were only in place for States and Municipalities by the Senate. The government sets numerical multiyear indicative debt targets—not legally-binding rules.

The 2023 fiscal framework reform mentions the debt path to be set in the annual law of budget guidelines, but not with a numerical anchor.

Since the 2000 Fiscal Responsibility Law, the Budget Guidelines Law Proposal (PLDO)—an annual law that precedes the draft budget—includes the medium-term targets for the budget reference year and the two subsequent ones, in current and constant values, relative to revenues, expenditures, nominal and primary results, and debt amount.

Escape clauses exist in the budget balance targets (which is not considered as a fiscal rule under the criteria) for exceptional conditions (such as wars and civil unrests) and natural disasters but can only be invoked with Congressional approval. The government activated the public calamity clause in 2020 to lift the obligation to comply with the primary balance targets and other obligations under the fiscal responsibility laws. The government budget for other non-pandemic related expenditures was consistent with the expenditure rule limit in the Constitution. It also created a 'war budget' in 2020 through a constitutional amendment to accommodate higher pandemic-related spending.

The expenditure rule is "constitutional" at the federal level but "statutory" at the subnational level. In case of noncompliance corrective measures need to be taken and can result in sanctions (the Fiscal Crimes Law details penalties for mismanagement, ranging from fines to loss of job). The correction mechanism includes preventive measures after quarterly reports in case of potential deviation.

An Independent Fiscal Institution (IFI) was established in 2016, under the scope of the Federal Senate. According to Resolution No. 42/2016 of the Federal Senate, the IFI has four legal mandates: (i) publish fiscal and budgetary forecasts; (ii) assess the adherence of fiscal and budgetary indicators to legal targets; (iii) estimate the impact of relevant fiscal events; and (iv) forecast variables relevant for the long-term equilibrium of the public sector. In 2021 the IFI was modified to depend on the Congress (not Senate) with the following purposes: disseminate estimates of relevant parameters and variables for the construction of fiscal and budgetary scenarios; check the consistency of fiscal scenarios and budget expenditure frameworks presented by the Executive Branch; analyze the adherence of the performance of fiscal and budgetary indicators to targets and limits defined in the relevant legislation; measure the impact of relevant fiscal events, especially those arising from decisions of Powers of the Republic, including the costs of monetary policies, credit and exchange rate; and project the evolution of fiscal variables determinants for the long-term equilibrium of the public sector.

The MTEF is envisaged in the PFM Law (2022) and the new 2023 Law, binding for the first year and indicative for the outer years.

Bulgaria

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2006, 2012)	Yes	No	General government	Yes	Yes	Yes
Budget balance rule (2006, 2009, 2012)	Yes	No	General government	Yes	Yes	No
Debt rule (2003; 2014)	Yes	No	General government	Yes	No	No

National fiscal rules:

- Expenditure rule (2006-09, since 2012, revised 2020): The expenditure ceiling was set at 40 percent of GDP. During 2006 to 2009, the rule was a political commitment approved by the Council of Ministers within the multiannual financial framework. The expenditure rule discontinued in 2010 and 2011, after its breach in 2009. The rule was renewed and strengthened in 2012 under the amendment of the Organic Budget Law, effective since January 2012. The Organic Budget Law was replaced by the Public Finance Law, adopted in January 2013, with the provisions for the national expenditure rule unchanged. In addition, the annual expenditure growth shall not exceed the reference growth of the potential GDP. At the onset of the COVID-19 crisis in 2020 the government adopted changes to the Public Finance Law, permitting deviation from this rule in case of extraordinary events with serious repercussions on the state budget.

  The scope of expenditure rule does not include the expenses incurred from accounts for European Union funds, as well as under other international programs and contracts, which have a regime of accounts for European Union funds, including the related with them *national co-financing*.

- Budget balance rule (2006-08, 2009-11, since 2012, revised in 2014, 2020): Both the annual budget deficit under the consolidated fiscal program on a cash basis and the general government deficit on an annual basis, calculated as per the methodology of the European system of national and regional accounts in the Community, may not exceed 3 percent of GDP. To comply with the "fiscal compact" signed March 1, 2012, the Public Finance Law also introduced a structural budget balance rule to be effective from January 1, 2014 (specifying that the structural deficit of the general government on an annual basis should not exceed 0.5 percent of GDP), and also introducing automatic correction mechanisms in case of deviations from the target. During 2009-11, the deficit rule required the deficit to be contained and brought progressively below 3 percent of GDP. The budget balance rule during 2006-08 required to keep a balanced or surplus budget. In 2020 the Public Finance Law was amended to allow budget deficit according to both definitions to exceed 3% in case of extraordinary events with serious repercussions on the state budget.

- Debt rule (since 2003; revised in 2014): Until the end of 2013 the State Debt Law had the following limits: (1) the maximum amount of new state debt and state guarantees that can be assumed during the year; (2) the maximum amount of state debt at the end of the budget year. They were defined annually in the State Budget Law for the respective year. The unpaid part of the consolidated state debt at the end of each year as a ratio to the estimated gross domestic product (GDP) cannot exceed the ratio of the previous year. When the ratio exceeds 60 percent of GDP, otherwise the debt should be under a declining path. In 2014, the Public Finance Act was enacted, the debt ceilings were repealed by the State Debt Law. The Public Finance Act set an obligation for annual determination of debt ceilings for (1) maximum amount of new government debt that may be assumed during the year, (2) maximum amount of new government guarantees that may be assumed during the year and for the maximum amount of year-end government debt outstanding, while also introducing concrete measures for adjustment in case the debt limit (60 percent of GDP) is exceeded. The numerical fiscal rule in the Public Finance Act for the general government debt was defined as the nominal amount of the consolidated general government debt at the end of each year cannot exceed 60 percent of GDP. If the debt exceeds 60 percent of the GDP, the medium-term budgetary forecast and the State Budget Act shall set out measures aimed at annually decreasing that debt by at least 5 per cent of the excess ascertained, until reaching the ratio of 60 percent of GDP. The State Budget Act for the relevant year may set out additional constraints on assuming debt by the municipalities and social security funds, as well as by other entities within the State Government sector. The consolidated general government debt in each year cannot exceed the preceding year if the debt ratio is higher than 60 percent of GDP.

Supranational rules: Bulgaria is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Burkina Faso

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Burkina Faso is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were acted, see section V. The supranational fiscal rules were suspended during the pandemic.

Burundi

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2013): Burundi is a member state of the East African Monetary Union (EAMU). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Cabo Verde

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1998)	No	No	Central government	Yes	No	No
Debt rule (1998)	No	No	Central government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 1998): The State Budget Basic Law (Bases do Orçamento do Estado) of 1998 established a ceiling on domestic borrowing was set at 3 percent of GDP. The amendments of the law in 2011 and 2019 maintained these limits.

- Debt rule (since 1998): The same law (and amendments) set a debt ceiling at 60 percent of GDP.

There is no escape clause in the law. The State Budget Law states that when the relationship between public debt and GDP exceeds limits established in the law, the Government is obliged to reduce the amount of debt, in excess, as a reference standard.

Cambodia

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2019)	No	No	General government	Political commitment	No	No
Budget balance rule (2024)	No	No	General Government	Political commitment	Yes	No

National fiscal rules:

- Debt rule (since 2019): The government introduced public debt ceilings in the Public Debt Management Strategy (PDMS) 2019-23. It established five ceilings on debt and debt service: (i) a present value of total public debt (comprising public domestic debt, public external debt and publicly guaranteed debt) at 55 percent of GDP; (ii) present value of public and publicly guaranteed external debt to GDP ratio at 40 percent of GDP; (iii) present value of public and publicly guaranteed external debt to exports ratio at 180%; (iv) public and publicly guaranteed external debt service to exports ratio at 15%; and (v) public and publicly guaranteed external debt service to revenue ratio at 18%. , These five debt ceilings have been integrated in Cambodia's first Medium Term Fiscal Framework (MTFF) 2025–2027. The PDMS 2024–2028 also reaffirmed these limits.

- Budget balance rule (from 2024): The MTFF 2025-2027 has introduced an operational rule consisting of a total budget deficit to not exceed -5.0% of the GDP for the MTFF 2025-2027.
  The Ministry of Finance's definition of fiscal balances has certain differences with the GFS definition used by the IMF. Most importantly, it excludes grants and on-lending from the deficit.

None of these fiscal constraints are codified into law. The new Public Financial System Law (2023) was enacted and includes the requirement for the Minister of Economy and Finance to prepare a MTFF and submit to the National Assembly, after approval by the Council of Ministers.

There is an escape clause in the MTFF 2025–2027 that suspends the budget-balance rule in the event of unpredicted crisis. The triggers for the EC include natural disasters, global pandemic, national emergencies, or immediate needs for interventions to endure national interests "which could cause a dramatic change to macroeconomic assumptions and the foundation of the MTFF". The new PFSL also mandates that, in addition to any annual budget surpluses, 2 to 4 percent of current annual revenue at the national level from the previous year is to be accumulated in a Financial Reserve Fund.

Cameroon

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: Cameroon is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Canada

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1998)	Yes	No	Central government	Political commitment	No	No
Budget balance rule (1998)	Yes	No	Central government	Political commitment	No	No
Debt rule (1998)	Yes	No	Central government	Political commitment	No	No

National fiscal rules:

- Expenditure rule, budget balance rule, and debt rule (1998-2005): In 1998, the debt repayment plan set out a "balanced budget or better" policy which, however, was not legislated rules at the federal level. A Contingency Reserve and an economic prudence factor are built into the federal budget and may be devoted to debt reduction if not needed. In 2006, the government abandoned the "balanced budget or better" rule with targets of C$3 billion debt reduction, coupled with eliminating net general government debt by 2021 and federal debt by 2013/14 (later changed to 2011/12). Prior to the fiscal rules during 1991-96, the Federal Spending Control Act limited all program spending except self-financing programs. Overspending in one year was permitted if offset in the following two years. Compliance with the Act was assessed by Auditor General.

Central African Republic

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
N.A.						

Supranational rules: Central African Republic is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Chad

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: Chad is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Chile

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Budget balance rule (2001, 2024)	Yes	Yes	Central government	Yes	Yes	No
Debt rule (2022, 2024)	Yes	Yes	Central government	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 2001, revised in 2008, 2009, 2010, 2024): The rules set the limits on the structural budget balance, with an independent body providing key inputs. Government expenditures were budgeted ex ante in line with structural revenues, i.e., revenues that would be achieved if: (i) the economy were operating at full potential; and (ii) the prices of copper and molybdenum were at their long-term levels. From 2001-07 a constant target for the structural balance (surplus of 1 percent of GDP) was defined. In 2008, a new constant target was specified (surplus of 0.5 percent of GDP).

  The implementation of the rule has been revised since 2009. While the limit was set at zero structural surplus, a de facto escape clause was used to accommodate countercyclical measures. The 2010-14 administration has specified a target path (to converge to 1 percent of GDP structural deficit by 2014). An independent committee of experts was called on (May 2010) to propose recommendations to improve the fiscal rule; based on this, the government published in October 2011 a second-generation structural balance rule (http://www.dipres.gob.cl/572/article-81713.html).

- Debt rule (2022, 2024): The debt ceiling was introduced through a decree in 2022; changes to the FRL were approved in 2024. Law 20128 of 2006 has been modified in August 2024 by Law 21683 to include a debt anchor, together with the former structural balance rule, but without numerical reference in the law: https://www.bcn.cl/leychile/navegar?idNorma=253645&idVersion=2025-01-01. As before, every elected government issues a supreme decree of fiscal policy within 90 days of taking office, stating the structural balance for each year of its mandate, and after 2024 also the medium-term debt ceiling (gross debt of central government in percentage of GDP).

The Autonomous Fiscal Council will issue an opinion of these targets within 60 days of the publication of the Decree. The first Public Finance Report after the Decree will explain how the structural balance path is compatible with the debt anchor.

The escape clause can suspend the structural balance target. The triggers are broadly defined in the law such as natural disasters or national or international events that significantly deteriorate economic conditions. Escape clauses and plans to return to the rule in maximum 2 years should be explained in a new Decree and in the first Public Finance report after the new Decree. The AFC has to issue an opinion in 30 days. If the correction is not achieved, the Minister of Finance will explain before Congress and Senate Finance Commissions the new measures, Also AFC will issue an opinion over the non-compliance after being informed of it.

A fiscal council started operating in June 2013, as Advisory Fiscal Council. The council oversees two existing independent committees—on potential GDP and long-run copper price—and ensure such parameters are correctly used in the computation of the structural balance. The council advises the Minister of Finance on issues regarding the structural balance rule including regarding methodological changes. The council, whose views will be made public but not binding, serves to enhance the rigor and transparency of the rule. This entity was not fully independent, as it depended on MoF staff to operate, among other issues. The fiscal council was modified by Law in 2019 to make it fully independent from the ministry of finance, and since then has its own staff and communication (Autonomous Fiscal Council), see new functions above-mentioned.

Colombia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2000)	Yes	No	Central government	Yes	Yes	Yes
Budget balance rule (2011)	Yes	No	Central government	Yes	Yes	No
Debt rule (2021)	Yes	No	Central government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2000): There was a rule on current expenditure growth of the central government. Due to the pandemic, the rule was suspended for two years.

- Budget balance rule (since 2011): A structural balance rule for the central government (approved by Law 1473 of 2011), set a path for fiscal consolidation that lowered the structural deficit of the central government to 2.3 percent of GDP in 2014 and set a ceiling for the deficit of 1 percent effective in 2022. The rule also allowed for fiscal expansion when the expected output growth rate was at least 2 p.p. lower than the long-term growth rate (allowing for countercyclical fiscal policy in cases of emergencies and/or large macro shocks); and created a sovereign wealth fund (SWF) to save windfall revenue from natural resources. Annual targets have been framed by a medium-term fiscal framework. An independent advisory commission operationalized the structural balance rule and assessed its implementation. There is an escape clause specified in Art. 11. In case of extraordinary events threatening the macroeconomic stability of the country, enforcement of the fiscal rule may be temporarily suspended by the CONFIS (fiscal policy council headed by the Finance Minister), subject to a non-binding opinion of the CARF (independent fiscal council). The national government shall regulate its operation, in particular the maximum duration of the deviation from the fiscal targets, the magnitude of the deviation, and the path to return to full compliance with the fiscal targets. The maximum period is three years. During the activation, the Ministry of Finance and Public Credit must include in the report on compliance with the Fiscal Rule contemplated in Article 12 a chapter that monitors the escape clause. In particular, the magnitude of the deviation should be assessed, the path to compliance, and the duration of the escape clause, as well as monitoring the causes of the activation of the escape clause.

- Debt rule (since 2021): In September 2021, a Social Investment Law was passed, which established a transition path with explicit deficit targets for 2022-2025 and a new fiscal rule with a debt anchor to be fully implemented at the end of that period. Debt limit was set at 71 percent of GDP with a debt anchor at 55 percent of GDP.

The Social Investment Law introduced in September 2021 revised the fiscal rule to modify the deficit limits and include a debt anchor effective in 2022 (Ley No. 2155, September 2021).

Congo, Democratic Republic of

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2023): Democratic Republic of Congo became a member of the East African Community in 2023. The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Congo, Republic of

Type of national rules (Start date in bracket)	Key characteristics: Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: Republic of Congo is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Costa Rica

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2020)	Yes	Yes	Central government	Yes	Yes	Yes (if debt ratio below 60%)
Budget balance rule (2001)	Yes	No	Central government	Yes	No	Yes (golden rule for financing)

National fiscal rules:

- Expenditure rule (since 2020): The expenditure rule, operating as of 2020, limits current expenditure growth to 100, 85, and 75 percent of the average GDP growth over the previous four years when debt two years before (t-2) is below 30, between 30 to 45, and between 45 to 60 percent of GDP, respectively, and total spending growth to 65 percent of the same benchmark when debt two years before (t-2) is above 60 percent of GDP. It originally covered much of the non-financial public sector. The 2023 amendment excluded financially sound public institutions that operate under market conditions or without government control.

- Budget balance rule (since 2001): Costa Rica has at present a type of golden rule according to which borrowing can be used only to finance investment spending. This rule is included in Article 6 of the Financial Management and Public Budget Law (FML). The use of cash accounting may lead in practice to the application of a modified golden rule in that the financing of gross (rather than net) investment by borrowing is permitted.

Côte d'Ivoire

Type of national rules (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Côte d'Ivoire is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were enacted, see section V. The supranational fiscal rules were suspended during the pandemic.

Croatia

Type of **national rules** (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2012)	Yes	Yes	General government	Yes	Yes	Yes
Budget balance rule (2012)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2009)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

The Croatian Parliament enacted a Fiscal Responsibility Law (FRL) in November 2010, which entered into force in January 2011. In December 2018, the FRL was amended to replace the existing rules with new fiscal rules.

- Expenditure rule (since 2012, revised in 2014 and 2018): The expenditure rule called for general government expenditure cut of 1 percent of GDP a year until at least a primary balance of zero is achieved in nominal terms. Since 2014, an expenditure rule similar to the EU expenditure benchmark implied that real growth in public expenditure cannot exceed potential growth, unless the supplement was financed by specific discretionary measures. The increase in expenditure of the general budget that was directly linked to projects co-financed under the EU pre-accession programs were excluded from the fiscal rules following accession in July 2013. Since 2018, if the structural balance rule (below) is satisfied, then there is no national expenditure rule, but if the structural balance rule is not satisfied, then expenditures cannot grow faster than potential GDP (with the same margin for deviation as in the structural balance rule below). Expenditures can also grow faster than potential GDP to the extent that revenues increase due to legislative changes.

- Budget balance rule (since 2012, revised in 2014 and 2018): After the primary balance of zero is reached, the permanent rule constrained the general government's cyclically adjusted primary balance to zero or surplus. In 2014, a structural balance rule was established with a minimum adjustment of 0.5 percent of GDP until the government reached its medium-term objectives (that is, the budget deficit would be less than 3 percent of GDP and public debt would be below 60 percent of GDP). Since 2018, the structural balance must not deviate significantly from the EU's MTO, which is defined as being no more than 0.5 percentage points of GDP below the MTO in any given year and no more than 0.25 percentage points below the MTO on average over two consecutive years.

- Debt rule (since 2009): Besides the rules specified in the FRL, the 2008 organic budget law included a debt rule which specified that the central government debt-to-GDP ratio by the end of the year could exceed that of the previous year only if the ratio did not exceed 60 percent of GDP. Since 2018, the public debt-to-GDP ratio must remain below 60 percent of GDP, and if it exceeds 60 percent, then it must be reduced to 60 percent in line with EU rules.

Supranational rules: Croatia is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Cyprus

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2014)	No	No	General government	Yes	Yes	No
Debt rule (2014)	No	No	General government	Yes	Yes	No

National fiscal rules (2014):

- Budget balance rule (since 2014): Under the "fiscal compact" signed March 1, 2012, the government commits to adopt a structural budget balance rule in its constitution or in durable legislation, as well as an automatic correction mechanism by 2014.

- Debt rule (since 2014): The 2014 FRBSL (budget law) introduced a fiscal council, a medium-term budgetary framework and established an autocorrection mechanism when the ratio of government debt exceeds 60 percent of GDP at market prices, and when there is a significant deviation from the medium-term budgetary objective or the adjustment path towards it.

Supranational rules. Cyprus is a member state in the European Union. Please see the supranational fiscal rules of European Union for details.

Czech Republic

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2017)	Yes	No	General government	Yes	Yes	No
Debt rule (2017)	Yes	No	General government	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 2017): The legislation sets the structural balance limits for the general government, while taking into account the state budget and state funds. The government can then set the expenditures in the budget based on the transformation from the accrual methodology to cash accounting methodology. Past deviations are recorded in a notional correction account, which would impose a tighter fiscal stance in future years. Before 2017, it was considered as a Medium-Term Expenditure Framework, which covered two years beyond the budget year. The central government and state funds were covered by expenditure limits but the government may change the MTEF for the originally second and third years when a state budget bill was introduced, which were not considered as fiscal rules.

- Debt rule (since 2017): The general government debt rule sets two debt thresholds at 55 percent of GDP (adjusted for the cash reserve) and 60 percent of GDP. The law prescribes the actions which are to be adopted when each of these thresholds breached. Local government rule requires the municipalities to hold their debt below 60 percent of the 4-year average revenues (Section 17 in Czech Act No.23/2017 Coll.). In case of breaching this level, the municipality is obliged to repay the debt at certain amount. The upper-level governments could withdraw part of shared taxes and use these funds to repay the municipality's debts by the required amount.

Supranational rules. Czech Republic is a member state in the European Union. Please see the supranational fiscal rules of European Union for details.

Denmark

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1994; 2014)	Yes	Yes	General government	Constitutional	Yes	Partial
Revenue rule (2001-2011)	No	No	General government	Political commitment	Yes	No
Budget balance (1992; 2014)	Yes	No	General government	Constitutional	Yes	No

National fiscal rules:

- Expenditure rule (1994-2006; 2007-11, since 2012, revised in 2014): During 1994-2006, the rule capped the growth of real public consumption growth at 0.5 percent per year, and 1.0 percent during 2002-06. In 2007-08, the rule stipulated the target of public consumption as a percentage of cyclically adjusted GDP and real growth in public consumption. Since 2009, the Convergence Program in Denmark required that public consumption as a share of cyclically adjusted GDP should be reduced to 26.5 percent by 2015, without interim targets in the intermediate years. In 2012, a fiscal rule on public expenditures was introduced to strengthen Denmark's compliance with the SGP. It implied that real growth in public expenditures cannot exceed potential GDP growth, which was a (rough) measure of structural development in the tax base. If growth in expenditures increased beyond potential GDP growth, it must be financed by specific discretionary revenue measures. The Budget Act which came into force in 2014 replaced the numeric expenditure rule with four-year expenditure ceilings.

- Revenue rules (2001-11): Direct and indirect taxes cannot be raised. Derogation from the rule is allowed if a tax rate is raised for environmental reasons or to fulfill Denmark's EU obligations and if extra revenue is used to reduce other taxes. The Budget Act of 2012 dropped these rules.

- Budget balance rule (since 1992, revised in 2005, 2007, 2009, 2011, 2014, 2022): The rule was adopted in 1992, which stipulated the target of the structural balance as a percentage of GDP in the medium term. Although there was no predefined escape clause, the target was revised several times. The 2001 plan by the government envisaged to achieve a target surplus by 2010. The August 2007 plan envisaged a surplus range through 2010 and a target of at least balance in 2011 to 2015. The convergence programme for 2009 had a target of at least balance in 2015. In the 2011 convergence programme, the government targeted a structural general deficit of less than 1/2 percent in 2015 and a balanced structural budget by 2020. Since 2014, the Budget Act has included a structural public balance deficit limit. Since the 2022 revision, this limit has been a deficit of 1 percent of GDP (except in extraordinary circumstances). Deviations of more than ½ percent of GDP from these limits must be corrected by improving the structural balance by ½ percent of GDP a year.

Supranational rules: Denmark is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Dominica

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2021)	No	No	General government	Yes	Yes	No
Debt rule (2021)	No	No	General government	Yes	Yes	No

National rules:

- Budget balance rule (since 2021): In November 2021, the Cabinet approved a Fiscal Responsibility Act to transition to a rules-based fiscal responsibility framework. The Act requires achieving a minimum primary surplus of 2 percent of GDP by 2026, and remaining above 2 percent of GDP thereafter in all years in which the debt to GDP ratio exceeds 60 percent. In any years in which the cumulative deviation between the actual primary balance and the minimum targeted primary balance exceeds 2 percent of GDP, corrective revenue and expenditure measures will be undertaken to reduce the difference over the next 3 years, with at least one-third of the adjustment in the first year.

- Debt rule (since 2021): The Act establishes a debt ceiling of 60 percent of GDP to be achieved by 2035 (in line with the supranational debt target).

Escape clauses: The provision of escape clause allows the government to suspend the rules in the events of: (i) for natural disasters, epidemics, civil unrest, or war resulting in State of Emergency declaration; (ii) real GDP decline of 2 percent in single year or cumulative 3 percent over 2 consecutive years; (iii) ECCB certifying financial sector crisis in writing and Minister establishes that fiscal costs of this crisis will exceed 4 percent of GDP; and (iv) the prime minister determines that observing rules will unduly harm public finances and macroeconomic or financial stability.

Grants and government expenditures which are intended to provide liquidity to the government in the event of natural disasters are exempt from the rules and targets. A Fiscal Responsibility Committee is to be established by March 31, 2025, with Cabinet approved members of the public and private sector, for monitoring compliance with the rules.

Supranational rules: Dominica is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

Dominican Republic

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2025)	No	Yes	General government	Yes	Yes	No
Debt rule (2025)	No	Yes	General government	Yes	Yes	No

National fiscal rules: A Fiscal Responsibility Law (FRL) was passed by Congress in July 2024 and went into effect on August 5, 2024. The 2025 budget is aligned with the FRL.

- Expenditure rule (from 2025): The 2024 FRL constrains General Government (GG) primary expenditure growth to 3 percent plus annual inflation. Once the debt target is reached (see below), the primary expenditure (primary balance) is calibrated annually to be consistent with not breaching the debt ceiling going forward. Public investment must also be budgeted in line with the National Public Investment Plan and considering the budget's expenditure ceiling. In case of permanent structural increase in taxes, the expenditure ceiling could be adjusted as long as primary spending remains consistent with the medium-term debt limit. In doing so, the Ministry of Finance (MoF) must present a report to Congress detailing the change to the expenditure rule in the corresponding period.

- Debt rule (from 2025): The 2024 FRL sets a debt-to-GDP ceiling of 40 percent by 2035.

The MoF will include a report alongside the annual budget (or supplementary budget) on the compliance with the fiscal rule. The Executive can create a committee to supervise compliance with the fiscal rule and which would be tasked with the preparation of an annual report on rules' compliance. The law provides for enforcement, including through application of administrative offenses as well as civil or criminal liability. An MTFF is published annually according to the 2006 organic budget law and according to the new FRL it will be published annually with the projections complying with the fiscal rule (date of MTFF to be determined by Regulation of the Law).

Escape clause: An Executive decree may suspend the rule for a period no longer than one budget cycle, in case of (i) calamities (e.g., natural disasters, pandemics, war, etc.) that result in declaration of emergency and increased expenditures of at least 0.3 percent of GDP; or (ii) economic recession (defined as negative growth in current year or a growth forecast of less than 1 percent).

Correction mechanism: following a breach or suspension, there would be time-bound adjustment (within 3-years, with at least 1/3 adjustment per year). The correction plan, with fiscal measures to restore compliance, would be included with the MTFF.

Ecuador

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2010)	No	Yes	General government	Yes	Yes	No (Yes before 2020)
Budget balance rule (2003; 2020)	No	Yes	General government	Yes	Yes	No
Debt rule (2003; 2020)	No	Yes	NFPS	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2010, revised in 2020): The expenditure rule states that permanent expenditure cannot be higher than permanent revenue though both are not clearly defined. In exceptional cases where the government deems necessary, non-permanent revenue may be used to pay for permanent spending. This rule is on a statutory basis and not enforced and not monitored outside the government. It was adopted in 2010 and applied to the 2011 and 2012 budgets. In 2020, the expenditure rules were revised. The Ministry of Finance shall determine the annual nominal limit for the increase of eligible primary expenditure for the central government. The limit is expressed in nominal terms and will be calculated by multiplying the eligible expenditure from the prior fiscal year by the long-term economic growth levels established by the central bank. Eligible expenditures shall be defined as primary expenditure, excluding pre-allocations established in Article 298 of the Constitution. The Constitution sets a golden rule, by which current expenditure cannot be financed with debt.

- Budget balance rule (2003-09, 2020-2022): The reforms introduced by the 2002 Fiscal Responsibility, Stabilization and Transparency Law set fiscal deficit limits, i.e. annual growth of primary central government expenditure must not exceed 3.5 percent in real terms (excluding capital spending), the fiscal deficit as a percentage of GDP (excluding oil export revenue) must decrease by 0.2 percent each year. The rule requires the annual reduction in the non-oil deficit until a balanced budget is achieved. With COPLAFIP reform, the targets for total primary and non-oil primary balance of the nonfinancial public sector will be set annually starting 2022 in view of achieving the debt anchor. Starting from 2022, the budget balance is not a numerical fiscal rule because it is not fixed for a sufficiently long period but only reported in the MTFF and could be revised every year.

- Debt rule (2003-09, since 2020): During 2003-09, the debt rule required a reduction of debt to 40 percent of GDP. The rule applied only ex ante, did not bind the outcomes, and did not apply to the supplementary budgets during the year. Public debt must not exceed 40 percent of GDP. The FRL and above rules were superseded by a new 2010 FRL. In 2020, the debt rule was revised to set the ceiling for the consolidated debt of nonfinancial public sector and social security not exceeding the equivalent of 40 percent of GDP, and established a transitory debt path as 57 percent of GDP by 2025, 45 percent by 2030, and 40 percent by 2032.

Escape clause: When the projected annual economic growth is 2 percentage points less than long-term economic growth and a negative output gap is expected, an additional space of up to 1 percent of GDP per year may be added to the nominal annual increase in eligible primary expenditure in the application of countercyclical fiscal policy, for a maximum of two consecutive cumulative years, when duly justified, provided that the measures are fully offset during the two years following the application, and that the nominal target initially established for the last year of the compensation is restored. The annual nominal change in eligible primary expenditure shall be consistent with the targets established for total and non-oil primary balance. The suspension of the rule for maximum 2 years can be activated in state of exception according to the Constitution and over 1 percent of GDP, and severe economic recession defined by Regulation.

Annually, in April before the MTFF publication, a Coordination committee among central government, local governments and social security and public companies will set up the rules by subsector different from central government after the proposal of the MoF for the NFPS. The first year of the MTFF aggregate expenditure is binding.

Correction mechanism. Preventive and correction measures are to be presented in case of risk or effective deviation, with 2 years maximum to return to the rule.

El Salvador

Type of **national rules** (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2017)	No	No	General government	Yes	Yes	No
Budget balance rule (2017)	No	No	General government	Yes	Yes	No
Debt rule (2017)	No	No	General government	Yes	Yes	No
Revenue rule (2017)	No	No	General government	Yes	Yes	No

National fiscal rules: The 2016 FRL (Decree No. 533) entered into force on January 1, 2017, setting numerical fiscal rules for a 10-year period, comprising a first sub-period of fiscal consolidation (2017-2021) followed by a second period of fiscal sustainability (2022-2026).

- Expenditure rule (since 2017, revised in 2018): The 2016 FRL prescribed a nominal current expenditure ceiling of 18.5 percent of GDP by 2021. It also prohibited current spending from exceeding 40 percent of the total budget allocation in the fiscal year when there is a transition of government administration. The 2018 FRL revised the ceiling to 14 percent of GDP by 2030 on a smaller scope.

- Budget balance rule (since 2017, revised in 2018): The 2016 FRL prescribed a primary balance floor of 0 percent by 2021. The 2018 FRL revised the floor to 0.7 percent by 2020 and 1.2 percent from 2021 onwards.

- Debt rule (since 2017, revised in 2018): The 2016 FRL prescribed a ceiling for debt including pensions of 60 percent (45 percent excluding pensions) by 2021. The 2018 FRL revised the ceiling for debt including pensions to 65 percent by 2023 and for debt excluding pensions to 60 percent by 2030.

- Revenue rule (since 2017, revised in 2018): The 2016 FRL prescribed a tax revenue floor of 17 percent by 2019. The 2018 FRL revised the floor to 18.5 percent by 2021.

In addition, the 2016 FRL set a target floor for cumulative savings to reach 3 percent of GDP by 2019; the 2018 FRL kept the same target level to be reached by 2023.

Escape clause: The FRL contains an escape clause for when there is an ongoing state of emergency, calamity, disaster, war, or breakdown of law and order, in which case the rule becomes inapplicable, but it does not specify the duration of the exception nor prescribe a reversion to the fiscal rule. In response to the pandemic in March 2020, the legislature temporarily suspended the fiscal rule for as long as the effects of the national emergency might last, while prescribing that the Ministry of Finance should prepare a Regularization Plan to return to the fiscal rule no more than 90 days after the effects of the national state of emergency had ended.

Equatorial Guinea

Type of national rules (Start date in bracket)			**Key characteristics**			
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: Equatorial Guinea is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Estonia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1993)	Yes	Yes	General government	Yes (statutory and coalition agreement)	No	No

National fiscal rules (1993):

- Budget balance rule (since 1993): It required a balanced budget for the general government and eventually evolved to account for the cyclical components. In 2007 and 2008, the authorities switched to targeting nominal surpluses because it became increasingly clear that the requirement for a nominal budget balance was not sufficient to rein in the overheating tendencies in the economy. The structural budget balance rule is supported by one paragraph (116) in the Constitution. The rule has also been stated in all State Budget Strategies as well as coalition agreements. A debt rule for local governments has only been in place since 1997 but it is not recorded in the database as it does not capture subnational governments. Under the "fiscal compact" signed March 1, 2012, the government committed to adopt a structural budget balance rule in its constitution or in durable legislation, as well as an automatic correction mechanism by 2014. The State Budget Act of 2014 provided details about the rule and the automatic adjustment as well as the establishment of a Fiscal Council.

Supranational rules. Estonia is a member state in the European Union. Please see the supranational fiscal rules of European Union for details.

Finland

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2003)	Yes	No	Central government	Coalition agreement	Yes	Partial
Budget balance rule (1999)	Yes	No	Central government	Coalition agreement	Yes	No
Debt rule (1995)	Yes	No	Central government	Coalition agreement	No	No

National fiscal rules

- Expenditure rule (since 2003): At the beginning of each parliamentary term (e.g., 2007, 2015, 2019, 2023), the government has tended to set limits on annual government expenditures for the four-year term. Limits are set in real terms for primary non-cyclical expenditure (about 85 percent of total central government budgetary spending, about 46 percent of total general government spending). Expenditure rule has been set by each consecutive government since 2003 under coalition agreement even though the rule is not legally binding. All the governments have applied similar principles when following the expenditure rule. However, each government makes changes to the four-year limit (in euro terms) at the beginning of the parliament term based on the Government Program.

- Debt rule (1995, revised in 2011): Certain governments made political commitments to reduce (1996) or stabilize (2011) the central government debt –to-GDP ratio. Moreover, past governments committed to adjust if the central government debt –to-GDP ratio was not shrinking or if the deficit stood above 1 percent of GDP. In 2023, the government set its goal to stabilize the general government debt ratio, and set the long-term goal to have debt ratio as a downward path towards the level of the other Nordic countries.

- Budget balance rule (since 1999, revised in 2011): Successive governments since 1999 have committed to A target (rule) for certain minimum levels for the structural balance of the central government. The limit was 2.75 percent of GDP from 1999, 2.5 percent from 2003, 1 percent from 2011, and 0.5 percent from 2015. The government decided in February 2009 to deviate temporarily from the deficit ceiling if structural reforms were undertaken. Law 869/2012 transposed the fiscal compact signed in December 2012 and a structural balance rule into Finnish law effective January 1, 2013. According to the law, the government set the medium-term budgetary objectives for the structural balance in accordance with the TSCG. The minimum pace of adjustment is 0.5 pp. Temporary deviations are allowed if the Council concludes that exceptional conditions prevail, as stated in the TSCG, in Finland.

Supranational rules. Finland is a member state in the European Union. Please see the supranational fiscal rules of European Union for details.

France

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1998)	Yes	No	Central government and social security	Yes	Yes	No
Revenue rule (2006)	Yes	No	Central government and social security	Yes	No	No
Budget balance rule (2012)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 1998): Targeted increase of expenditure in real terms, or targeted increase of expenditure excluding interest payments and pensions in nominal terms. The stricter provision applies. The database assumes that EU expenditure and structural balance rules are transposed into French national law (e.g., Article 1 of Organic Law No. 2001-692, as amended).

- Revenue rule (since 2006; revised 2011): The central government and social securities defined ex ante the allocation of higher than expected tax revenues. Since 2011, The annual Multi-Year Public Finance Planning Act (LPFP) sets binding minimum targets for the net impact of new revenue measures (€11 billion in 2011 and additional €3 billion in 2012, 2013 and 2014).

- Budget balance rule (2012, revised 2021): The constitution (Article 34) and the Organic Law of 2001 (Article 1) specify that budgets should in principle be balanced. The Organic Law of 2012 transposed the "fiscal compact" signed March 1, 2012 and a structural budget balance rule into French law. The annual Multi-Year Public Finance Planning Act (LPFP) specifies the medium-term path for revenues, expenditures, and budget balances, and calculates the Medium-Term Objective for the structural balance under the SGP.

Supranational rules: France is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Gabon

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: Gabon is a member state in the CEMAC, which adopts supranational fiscal rules since 2002 (see Section V).

Georgia

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2013)	Yes	No	General government	Constitutional	Yes	No
Budget balance rule (2013)	Yes	No	General government	Constitutional	Yes	No
Debt rule (2013)	Yes	No	General government	Constitutional	Yes	No

National fiscal rules (2013):

- Expenditure rule (from 2013; phased out in 2018): The ratio of 'expenditures and increase in non-financial assets' to GDP of the consolidated budget shall not exceed 30 percent. The expenditure rule was phased out in 2018.
- Budget balance rule (from 2013): The ratio of the consolidated budget deficit to GDP shall not exceed 3 percent.
- Debt rule (from 2013): The ratio of the State Debt to GDP shall not exceed 60 percent.

Escape clause and reporting requirements. The Economic Liberty Act prescribes the conditions under which escape clauses can be triggered, as well as the reporting requirements. The conditions for triggering the escape clause: In case of the extraordinary or military state of affairs, proclaimed according to the rule stipulated by the legislation of Georgia or in the case of the need to liquidate the effects of these extraordinary developments. In case of retarded economic growth or recession, if the annual real growth quarterly figures announced by the GEOSTAT for two consequent quarters show y/y real growth (growth over same quarter of last year is 200 bps lower than the average real growth of the past 10 years.

In case of the situation envisaged by Article 7 of this law, the government of Georgia shall present to the parliament of Georgia the plan on returning to the limits set by this law. The plan of returning to the limits shall not exceed 3 years. Previous to 2018, the horizon to return to the limits of the fiscal rule was 2 years.

The government invoked the 2020 and 2021 exhaust classifications due to the impact of COVID-19. In compliance with the Liberty Economic Act, the government returned to the rule limits in 2023.

Germany

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (1982)	No	No	Central government + regional government	Political commitment	No	No
Budget balance rule (1969; 2009)	Yes	Yes	Central government	Constitutional	Yes	No

National fiscal rules:

- Expenditure rule (since 1982): Expenditure cannot grow faster, on average, than revenue (until 2008 expenditure growth ceiling of annually 1 percent on average); rule applies to the central government and regional government.

- Balance budget rule (since 1969; revised in 2009): Until 2011, a "golden rule" for the central government was in place (beginning since 1969), aimed to limit net borrowing to the level of investment except in times of a “disturbance of the overall economic equilibrium." The Laender had similar requirements in their constitutions. In June 2009, a structural balance rule, also known as a debt brake, was enshrined in the constitution. After a transition period, it will take full effect in 2016 for the Federal government and 2020 for the states. The rule calls for a structural deficit of no more than 0.35 percent of GDP for the Federal government and structurally balanced budgets for the Laender. For the Federal government the adjustment of the structural deficit to 0.35 percent of GDP in broadly equal steps by 2016 that started in 2011; for the Laender a transition had not yet started in earnest till 2011. Unexpected deviations from the annual deficit threshold of 0.35% are recorded in a control account and uses subsequently in the subsequent budget. During 2020-21, an escape clause for German debt brake was activated in response to the COVID-19 pandemic though one also exists under the EU-wide escape clause.

Supranational rules: Germany is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Greece

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (2011)	Yes	No	Central government	Yes	No	No
Budget balance rule (2014)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2011): Spending ceilings for line ministries were introduced for the first time in 2010 with a change to the OBL (See Law 3871/2010 article 8, para 6E). The first implementation took place with the MTFS 2011-2014 in July 2011.

- Budget balance rule (since 2014): Under the "fiscal compact", the government committed to adopt a structural budget balance rule (deficit not exceeding 0.5 percent of GDP) and automatic correction mechanism in its constitution or equivalent legislation by 2014. The organic budget law was amended in 2014 to transpose the fiscal compact into national law, including the requirement that the medium-term fiscal strategy set binding multi-year expenditure ceilings for lines ministries and the health sector.

Supranational rules: Greece is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Grenada

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2015-2023)	Yes	Yes	General government	Yes	Yes	Partial
Budget balance rule (2015)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2015)	Yes	Yes	Public Sector	Yes	Yes	No

National fiscal rules (2015):

Grenada enacted its first Fiscal Responsibility Act in 2015 and implemented the framework (including expenditure rule, budget balance rule, and debt rule) since 2016, with escape clause triggered for 2020-22. In 2023, Grenada updated its fiscal rules framework through a new fiscal responsibility legislation. The new Fiscal Resilience Act became effective from 1st January, 2024 and repealed and replaced the previous Fiscal Responsibility Act (2015) and its amendments. The amended framework simplified the rule-based fiscal framework by removing the complexities (e.g., the real primary expenditure growth rate rule, the separate PPP contingent liability limit, covered public entities) and increased the flexibility in budget planning around MTFF.

- Expenditure rule (2015-23): In previous 2015 Fiscal Responsibility Act, the expenditure rule caps the growth of real primary spending of the central government and covered parastatal entities at 2 percent per year. Projects financed by grants and the National Transformation Fund are exempted from the expenditure rule. The expenditure rule was scrapped in the new 2023 FRA framework.

- Budget balance rule (since 2015; revised in 2023): In the 2015 Fiscal Responsibility Act, the primary balance is maintained at 3.5 percent of GDP on average over the economic cycle through the expenditure rule until public debt is reduced to 55 percent of GDP. Once the debt target is achieved, the primary balance is maintained at its debt-stabilizing level. Since the 2023 FRA, for the purposes of achieving the public debt target), the law requires that the MTFF sets an annual debt-reducing primary balance, which shall be no less than one and a half percent of nominal GDP until the public debt target is achieved.

- Debt rule (since 2015, updated in 2023): The new framework under the 2023 Fiscal Resilience Act includes establishes a debt ceiling of 60 percent of GDP, in line with the regional target for the ECCU of 60 percent of GDP by 2035. In respect of each annual Budget, the medium-term fiscal framework shall set an annual percentage ceiling for public debt as a ratio of nominal GDP to achieve the public debt target. The debt anchor applies to "public sector debt", which is a wider coverage of the debt anchor compared with the 2015 FRA. The debt of both financial and non-financial SOEs as well as contingent liabilities related to SOEs, and PPPs are now included.

In response to the pandemic shock and its lingering effects, the escape clause was triggered to support the economic recovery and protect the vulnerable population. Consistent with the FRA's escape clause, fiscal rules were suspended during 2020-22. Grenada activated its escape clause again in 2024 following Hurricane Beryl.

Supranational rules (1998): Dominica is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

Guinea Bissau

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Guinea Bissau is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were enacted, see section V. The supranational fiscal rules were suspended during the pandemic.

Honduras

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure Rule (2016)	No	No	Central Government	Yes	No	Yes
Budget Balance Rule (2016)	No	No	Non-financial Public Sector	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2016): The Fiscal Responsibility Law (Decree 25-2016, Article 3(1b)) specifies that the current expenditure of the Central Government cannot increase by more than the average of the real GDP growth rate of the previous 10 years plus the projected inflation in the Ministry of Finance's Medium-Term Fiscal Framework for the next year (i.e. the year for which the budget is formulated).

- Budget balance rule (since 2016): The Fiscal Responsibility Law (Decree 25-2016, Article 3(1a)) specifies a ceiling of 1.0 percent of GDP on the overall deficit of the non-financial public sector (NFPS) from 2019 onwards, after a transition period to reduce deficits during 2016-18. The NFPS excludes local governments (due to data limitations) and the public financial sector (consisting of two public development banks).

Escape Clauses: The BBR can be completely suspended for up to 2 years in case of a declared national emergency due to a natural disaster (Article 4(1)). In case of a recession (calculated as 2 consecutive quarters of GDP decrease, jointly declared by the Central Bank and Ministry of Finance), the deficit can be up to 2.5 percent of GDP during the year of the recession and the subsequent year (Article 4(2)). Article 4(3) then specifies that in subsequent years, the deficit should be reduced by at least 0.5 percentage points of GDP until reaching 1.0 percent of GDP (without any time limit).

The 2016 FRL specifies the publication of the MTFF in April each year with 4-year projections.

Finally, the Fiscal Responsibility Law (Decree 25-2016, Article 3(1c)) also specifies that the Central Government's floating debt (i.e. unpaid accounts payable, whether in arrears or not) must not increase by more than 0.5 percentage points of GDP in any year. The relevant comparison is the year-end stock versus the stock at the end of the previous year.

Hong Kong SAR

Type of national rules (Start date in bracket)	Key characteristics: Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1997)	Yes	No	General government	Basic Law	No	No

- Budget balance rule (since 1997): Article 107 of the Basic Law stipulates that The Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.

Hungary

Type of **national rules** (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2010)	Yes	No	General government	Yes	No	No
Budget balance rule (2004, 2009-2010, 2015)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2016)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

- Expenditure rules (2010-11): In November 2008, Hungary adopted a law that foresaw a primary budget balance rule and a real debt rule to take effect in 2012. The transitional expenditure rule called for limited real expenditure growth in 2010 and 2011. These rules were eventually abandoned with the Economic Stability Law (December 2011), which eliminated the 2008 fiscal responsibility law.

- Budget balance rule (2004-09, 2010-11; since 2015): The rules in 2004-09 required a primary surplus target. In November 2008, Hungary adopted a law that foresaw a primary budget balance rule and a real debt rule to take effect in 2012. The transitional deficit rule called for a reduction of budget deficits (in percent of GDP) These rules were eventually abandoned with the Economic Stability Law (December 2011), which eliminated the 2008 fiscal responsibility law. The budget balance rule was stipulated in the legislation 2015.LXXI tv2.

- Debt rule (since 2016): The new Constitution, adopted in April 2011 and taking effect in 2012, contained a separate public finance chapter, renewing the entire rules-based set-up by establishing a constitutional debt limit of 50 percent of GDP. A separate provision specified that until this debt ceiling is achieved the "public debt stock must be reduced". The debt rule further specified in the above-mentioned Economic Stability Law. The implementation of the new constitutional rule - requiring a cut in state debt every year until it falls below 50 percent of GDP – came into effect in 2016 and the debt reduction was temporarily suspended when real GDP contracted. The debt rule can also be temporarily suspended during the introduction of a special legal order (state of national crisis, state of emergency, state of preventive defense, state of terrorist threat, unexpected attack, and state of danger).

The Fiscal Council, initially established in 2009, to monitor the implementation of the budget balance rule, was reorganized in 2011. The staff was replaced by the support from the dedicated staff of the central bank and the State Audit Office, as well as other research entities.

Supranational rules. Hungary is a member state in the European Union. Please see the supranational fiscal rules of European Union for details.

Iceland

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2004)	No	No	Central government	Political commitment	No	No
Budget balance rule (2016)	Yes	Yes	Central government	Yes	Yes	No
Debt rule (2016)	Yes	Yes	Central government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (2004-2008): The de-facto rules limited the real expenditure growth of the central government (2 percent for public consumption and 2.5 percent for transfers). In practice, the fiscal rule served as a guidepost during the period although in some years these limits were exceeded and were discontinued (after the bank crisis) from 2009 onwards.

- Deficit rule (since 2016): The Law on Public Finance specified that the 5-year rolling sum of budget deficits must not be less than zero and that the deficit must not exceed 2.5 percent of GDP in any given year.

- Debt rule (since 2016, revised in 2022): The Law on Public Finance was adopted at end-2015 which provided for the introduction of numerical limits on general government net debt and the budget deficit. Specifically, the general government net debt defined as gross debt less cash cannot exceed 30 percent of GDP. In case net debt exceeds this target, the annual improvement in the overall balance must be at least 1/20th of the excess. In 2022, the Parliament approved taking government credit funds, most notably IL Fund (formerly HFF), out of the definition of government subject to fiscal rules on the basis that the value of credit funds depends on market developments making their impact on public sector performance unpredictable.

Escape clause: An escape clause provided for exemptions from the deficit rule in cases of extreme shocks, subject to parliamentary approval. Fiscal rules were temporarily suspended in 2019 after the bankruptcy of WowAir. At the start of the pandemic in 2020, the Parliament passed legislation to extend the suspension through 2025. The fiscal rules are undergoing a review and are set to be reinstated in 2026.

India

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2004)	Yes	No	Central government	Yes	Yes	No
Debt rule (2018)	Yes	No	General government	Yes	Yes	No

National fiscal rules:

The Fiscal Responsibility and Budget Management Act (FRBMA) 2003 which became effective from August 26, 2003, establishes the broad framework for conducting fiscal policy by setting out both procedural as well as numerical rules. The Act and Rules have, thereafter, been amended from time to time with the latest amendment having been made in April 2018. With these amendments, the FRBM framework mandated Central Government to limit the fiscal deficit up to three percent of GDP by 31st March 2021. It further requires the Central Government to limit the general government debt to 60 per cent of GDP and the central Government debt to 40 per cent of GDP, by 31st March, 2025.

- Budget balance rule (2004, revised in 2012, 2015, 2018): The current primary balance target was defined in the FRBMA for the central government, while the budget balance rule for states is specified in their respective fiscal responsibility legislation. For the central government, originally the target was to reduce the fiscal deficit and revenue deficit so as to eliminate revenue deficit by March 31, 2008. During the global financial crisis, the deadlines were extended and eventually the rule was temporarily suspended. In 2011, given the process of ongoing recovery, the Economic Advisory Council publicly advised the Government of India to reconsider reinstating the provisions of the FRBMA. The escape clause in the FRBMA allowed the government not to comply with the targets in exceptional circumstances "as the central government may specify." In 2012, the authorities modified the FRBM Act and rules to re-establish a deficit reduction path in the fiscal deficit and revenue deficit so as eliminate revenue deficit by 2014/15. There were several other amendments to the FRBMA including (i) the introduction of a current balance rule which excludes grants to states for capital expenditure; (ii) a revised current balance target; (iii) requirement to submit a MTEF; (iv) providing for central government to ask periodically the Comptroller and Auditor-General of India to review compliance with the rule. In 2015, the government revised the FRBMA to postpone the achievement of the quantitative targets from FY2014/15 to FY2017/18. In 2016 the government constituted a committee to provide recommendations on how to revise the FRBMA. Most of the recommendations of the committee were incorporated into FRBMA in 2018. The April 2018 amendment in the Act revised to overall fiscal deficit as the operational target and extended the horizon for achieving the fiscal deficit target to FY2020/21(the date for achieving target for fiscal deficit of three per cent of GDP is set to 31 March 2021). The timeline for meeting the medium-term deficit target has been consistently postponed.

Clarifications were made on the escape clauses in which the government was allowed to breach the deficit targets, which included a provision for reducing the fiscal deficit by at least one quarter percent of GDP if growth is significantly higher previous four quarters. The escape clause was activated in February 2020 before the pandemic—which allowed a temporary deviation of deficit. With the significant economic fallout from the pandemic, the government suspended the fiscal rule through FY20/21 in order to provide fiscal support and announced that the FRBM Act will be amended to reflect the revised fiscal path.

- Debt rule (since 2018): In 2016 the government constituted a committee to provide recommendations on how to revise the FRBMA. Most of the recommendations of the committee were incorporated into the FRBMA in 2018. It required the government to adopt a debt target for central and general government at 40 and 60 percent of GDP, respectively. It set the horizon for achieving the debt target by FY2024/25 and expanded the scope of central government debt.

The FRBMA was suspended during Covid, but the period of suspension was not made explicit. In the Union Budget FY2025/26, there was no announcement of resumption of the FRBM Act. The budget announced that the new fiscal target would be a central government debt to GDP level of 50 percent +/-1 percent by FY2030/31.

Indonesia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1967)	No	No	General government	Yes	No	No
Debt rule (2004)	No	No	General government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 1967): The consolidated national and local government budget deficit is limited to 3 percent of GDP in any given year. These rules are set out in the State Finance Law number 17 in 2003.

- Debt rule (since 2004): Total central and local government debt should not exceed 60 percent of GDP.

The budget balance rule was temporarily suspended through Law No. 2 of 2020 for 2020-2022 in accordance with Article 42 in the 1945 Constitution, which allows the government to introduce a regulation in Lieu of Law in the case of compelling emergency under legislative supervision. In 2022, fiscal performance was stronger than expected, restoring budget balance rule one year earlier.

Iran

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Revenue rule (2010)	Yes	Yes	Central government	Political commitment	No	No
Debt rule (2016)	Yes	Yes	Central government	Political commitment	No	No

National fiscal rules:

- Revenue rule (since 2010): In the 2024 budget, the rule requires that 14.5 percent of oil revenues should go to the national oil company (NIOC), 45 percent of oil revenues should go to the National Development Fund (NDF), a sovereign wealth fund, and the remaining will be the government share. The revenue rule was first introduced in the 5th Development Plan Law and implemented in the 2010 budget. It was since revised several times; in fact, it is revised almost every year in the annual budgets to adjust the NDF share of the oil revenue to provide fiscal space for the government to address the impact of economic sanctions.
- Debt rule (since 2016): The Article 24 of the 6th Development Plan (2024-29) sets a ceiling of 40 percent for the public debt-to-GDP ratio, including the debt to the NDF. Within the 40 percent limit, the Central Government Debt is capped at 18 percent points. The note to the article states that central government debt in the form of Islamic finance securities is included at a coefficient of 0.7 for the purpose of debt ceiling calculations.

The government is obliged to determine the permissible ceiling for the issuance of guarantees and commitments in the annual budget bills and report it to the Parliament every six months. The Parliament monitors the rule by its two arms (Supreme Audit Court and Parliament Research Center). Government officials violating the law are subject to penalties by the Supreme Audit Court.

Ireland

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Budget balance rule (2004)	Yes	Yes	General government	Coalition agreement	Yes	No

National fiscal rules:

➢ Budget balance rule (since 2004, revised in 2012 and 2020): The Fiscal Responsibility Act, approved by the parliament in November 2012, put in place a Fiscal Advisory Council on a statutory basis. The Act codified the core elements of the Fiscal Compact into law, including a commitment by government to observe the 0.5 percent of GDP structural deficit ceiling, and the debt reduction rule (i.e. that debt in excess of 60 percent will be reduced by 1/20th every year). The fiscal rules established in the Act would not be binding until Ireland exited the excessive deficit procedure (EDP). The government introduced a net spending growth limit in 2021, but the rule is based on a coalition agreement and not legislated.

Escape clause: The budget balance rule allows for deviations if exceptional circumstances exist: (i) "a period during which an unusual event outside the control of the State has a major impact on the financial position of the general government," or (ii) "a period of severe economic downturn, withing the meaning of the Stability and Growth Pact".

Supranational rules: Ireland is a member state of the European Union. Please see the supranational fiscal rules of European Union for details. In 2020, the 'exceptional circumstances' and general escape clauses were activated and remained in effect until the end of 2023. These applied to both the national and EU fiscal rules.

Israel

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2005)	Yes	No	General government	Yes	No	No
Balance budget rule (1992)	Yes	No	General government	Yes	No	No

National fiscal rules:

- Expenditure rule (since 2005, revised in 2009, 2010, 2014, 2020): The Deficit Reduction Law (DRL), adopted in 1991, was amended in 2004 to also include a provision for limiting real growth of the central government fiscal expenditure (1.7 percent from 2007). For the biannual budget adopted in July 2009, the rules were relaxed to allow a real growth of expenditure of 3 percent for 2009. The Deficit Reduction and Budgetary Expenditure Limitation Laws (2010) made spending growth a function of public debt—rising, as the gap falls between actual debt and the objective of reducing it to 60 percent of GDP; and rising with trend GDP—measured as a 10-year moving average—and with projected inflation. This formula capped real spending growth in 2011 at 2.6 percent. In 2014, the formula for the expenditure ceiling was set as the average population growth rate over the three years prior to the submission of the budget, plus the ratio of the medium-term debt target (50%) to the current debt-to- GDP ratio. In 2020, due to economic uncertainties resulting from COVID-19, the ceiling on increase in government expenditures was revised to allow for a temporary increase beyond the ceilings set out in the Expenditure Law of 21.34% and 12.69% for the fiscal years 2020 and 2021, respectively. These increases to the ceiling were temporary and should not been taken into account in calculating future expenditure ceilings. In 2021, further amendments were made to the expenditure growth ceiling, indexing the nominal growth of the expenditure to the median of the Bank of Israel's Target Inflation Range (2%) and increasing the temporary multi-year additional COVID-19 expenditure by allowing a further 2.3% increase in the expenditure ceiling growth rate.

- Budget balance rule (since 1992, revised in 2009, 2010): The DRL set ceilings for the central government fiscal deficits for the near term. The budget deficit ceilings were set in 2006 at 2, 1.5, and 1 percent of GDP for 2007-09 and relaxed in the biannual budget adopted in July 2009 to allow a budget deficit of 6 and 5.5 percent of GDP for 2009 and 2010. The Deficit Reduction and Budgetary Expenditure Limitation Laws (2010) set a path to 2014 (1 percent of GDP deficit). In each year, the medium-term path of the deficit targets was revised. The Development Plan 2012-2019 set the budget deficit target at 3% of GDP in 2013, 2.75% in 2014, 2.5% in 2015, 2% in 2016 and 2017, 1.75% in 2018 and 1.5% from 2019 and onwards. This plan was revised in May 2013 to 4.3% for 2013 and 3% for 2014 in light of the late approval of the 2013 – 2014 budget. In November 2015, a seven-year plan for 2015 – 2021 was approved and the expenditure ceilings were set at 2.9% of GDP in 2015, 2.9% in

2016, 2.5% in 2017, 2.25% in 2018, 2% in 2019, 1.75% in 2020 and 1.5% from 2021 and onwards. Following the revisions to the 2017 – 2018 biennial budget, the budget deficit target was amended to 2.9% of GDP for 2017 and 2018 and 2.5% in 2019, to be followed by annual reductions of 0.25% until reaching a target of 1.5% in 2023. Following the revisions to the 2019 budget, in March 2018, the deficit target for 2019 was approved at 2.9% of GDP and for 2020 at 2.5% GDP, to be followed by annual reductions of 0.25% until reaching 1.5% in 2024. Along with the approved budget for 2021 – 2022, budget deficit upper limits were set at 3.0% for 2021, 3.5% for 2022, 2.75% for 2023, 2.25% for 2024, 1.75% for 2025 and 1.5% for 2026 onwards. In addition to these deficit limits, amendments to the Deficit Reduction Law enacted on November 4, 2021, alongside the state budget for 2021 – 2022, enabled the incurrence of additional deficits for COVID-19 extra-budgetary funds of the following amount: 3.8% in 2021, 0.4% in 2022, 0.25% in 2023, 0.15% in 2024 and 0.05% in 2026.

The law specified that the more restrictive of the expenditure and deficit rules would apply when there has been a divergence between the two.

Italy

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2013)	Yes	No	General government	Constitutional	No	No
Balance budget rule (2013)	Yes	No	General government	Constitutional	No	No
Debt rule (2013)	Yes	No	General government	Constitutional	No	No

National fiscal rule

- Expenditure rule (since 2013): In Law 243 (2012), the annual growth of general government expenditure, net of items specified by EU Law, may not exceed the reference rate as calculated in accordance with the EU Law. The financial budgetary planning documents shall specify the level of general government expenditure for the three-year period.

- Balance budget rule (since 2013): A constitutional amendment was approved in April 2012 that introduces the principle of a balanced budget in structural terms with details and implementation principles to be specified in secondary legislation by end-February 2013, in line also with requirements under the "fiscal compact." The same constitutional amendment calls for the establishment of an independent parliamentary body for the monitoring of the fiscal developments and the compliance with the fiscal rule.

- Debt rule (since 2013): In Law 243 (2012), the general government set targets for ratio of public debt to GDP consistent with the provisions of the EU Law. Borrowing shall not be undertaken to perform financial asset transactions.

Correction mechanism. Law 243 (2012) (chapter III) indicates that there is an automatic corrective mechanism for the principle of budget balance, as required by the Fiscal Compact.

In addition to national legislation, there are several subnational fiscal rules on local public finances, for example, under the Domestic Stability Pact, Healthcare Pact on pharmaceutical spending ceilings.

Supranational rules: Italy is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Jamaica

Type of **national rules** (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2010)	No	Yes	General government	Yes	Yes	No
Debt rule (2010)	No	Yes	General government and public bodies	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 2010, revised in 2014 and 2017): The fiscal responsibility framework was first approved in March 2010. It required the government to reduce the fiscal balance to zero by the end of fiscal year ending March 31, 2016. The fiscal rules were revised in 2014 to attain an overall fiscal balance by the end of the fiscal year ending March 31, 2018. The average primary balance surplus from FY2016/17 to FY2023/24 stood at 6.4 percent of GDP. For FY2024/25, the authorities target a 6 percent primary balance surplus.

- Debt rule (since 2010, revised in 2014 and 2020): It required a reduction of total government debt to 100 percent of GDP or less by the end of the fiscal year ending March 31, 2016. Beyond 2016, the framework envisaged to maintain or improve the targets. The revision in 2014 set the rules to bring debt down to 60 percent of GDP or below by fiscal year 2025-26. The framework also included a disposition to limit loan value related to public-private partnership with a cumulative ceiling of 3 percent of GDP. In 2020, the debt rule kept the debt target at 60 percent of GDP but aimed to achieve it by fiscal year 2027-28.

The fiscal rules specified above had an escape clause that the rules could deviate on the grounds of national security, national emergency, or such other exceptional grounds, as the Finance Minister may specify in an order subject to affirmative resolution. It also had a correction mechanism, whereby annual deviations are stored in a notional account. When this exceeds a threshold, annual adjustments have to be implemented to get back to the fiscal rules. The authorities activated the escape clause in 2020 for one year to make space for fiscal support measures during COVID-19.

The Independent Fiscal Commission Act will come into effect on January 1, 2025.

Japan

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2006; 2010, 2015)	No	No	Central government	Political commitment	No	No
Balance budget rule (1947)	No	No	Central government	Yes	No	Yes

National fiscal rules:

- Expenditure rule (2006-09; 2010-13, 2015-18): In 2006, the government set numerical targets (cabinet decision) by spending category (e.g., public investment, social security, and others). The 2006 targets were intended to be valid through FY2011 and indeed were valid for FY2007 and FY2008 budgets. But the targets were abandoned for FY2009 due to the crisis. The Fiscal Management Strategy in effect since 22 June 2010, introduced a Medium-term Fiscal Framework, including an "Overall Expenditure Limit" (the amount of the General Account Expenditure, excluding debt repayment and interest payment, should not exceed that of the previous fiscal year). Reconstruction-related expenditures shall be managed separately from other expenditures, accompanied with their financial resources (cutting other expenditures, non-tax revenues including sales of government's assets, and tax revenues by special taxes for reconstruction). The expenditure ceiling was removed in 2013. Commitments to expenditure ceilings restarted in 2015, with stipulation of an increase of 1.6 trillion Yen till FY2018. But these remained cabinet decisions per government pronouncements in Basic Policy on Economic and Fiscal Management. There are no quantitative restrictions on aggregate government expenditure ceilings beyond FY2018 and are therefore not counted as expenditure rules from FY2018 onwards.

- Balance budget rule (1947, revised in 1998): Since 1947, the Public Finance Law (Article 4) included a golden rule under which current expenditure shall not exceed domestic revenues. Investment is excluded under a golden rule but included in the overall deficit. Since 1975, except the period of 1990-1993, the government requested a waiver of this rule. The Fiscal Structure Reform Act adopted in 1997 specified the need to reduce overall general government deficit (excl. Social security Fund SSF) to no more than 3 percent of GDP and that government bonds are not issued for current spending by FY2003 but it was scrapped in 1998 following the recession and change of government. Subsequent cabinet decisions focus on moving the deficit gradually to primary surpluses by FY2020 as stipulated in the Basic Policy on Economic and Fiscal Management (2015). However, achieving a primary surplus target by FY2020 was deemed difficult (Basic Policy on Economic and Fiscal Management, 2018). Accordingly, starting in 2018, the date of achieving a primary surplus target was shifted to FY2025. The cabinet decisions have also been accompanied over the years by a commitment to gradually reduce debt-GDP ratio. Cabinet decisions do not involve imposing quantitative restrictions on the level of debt and the pace of debt reductions and are therefore not counted as debt rules based on the criteria used in the Manual.

- Pay-as-you-go (since 2011): The Fiscal Management Strategy introduced in 2010 (with effect of 2011) a pay-as-you go rule, which implies that any measure that involves increases in expenditure or decreases in revenue need to be compensated by permanent reductions in expenditures or permanent revenue-raising measures. This has become important due to the need to account for spending associated with an aging population. Since pay-as-you-go rules do not capture a large share of public finances, they are not considered fiscal rules based on the criteria used in the Manual.

Kazakhstan

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	**Key characteristics** Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2022)	No	No	General government	Yes	No	No
Budget balance rule (2013)	No	No	General government	Yes	No	No
Debt rule (2013)	No	No	General government, central bank, quasi-sovereign entities	Yes	No	No

National fiscal rules:

The presidential decree "On the Concept for a New Fiscal Policy," No. 590 (2013) established the fiscal rule framework. Later the 2016 presidential decree "On the Concept for the Formation and Use of the Funds of the National Fund of the Republic of Kazakhstan," No. 385 (2016) added four fiscal rules on budgetary aggregates and two operational rules on the transfer of National Fund of the Republic of Kazakhstan (NFRK) to the budget. The 2016 rules were in place until 2021, although they were suspended following the President's declaration of a National Emergency. A new set of fiscal rules was introduced at the end of 2021.

➢ Expenditure rule (from 2022): Growth rates of budget expenditures are limited by the level of long-term economic growth increased by the inflation target. The level of long-term growth is defined as the average value of the growth of real gross domestic product over the previous ten years. The inflation target is defined as the center of the inflation target for the planning period, established by the National Bank of the Republic of Kazakhstan.

➢ Budget balance rule (since 2013, revised in 2016 and 2021): The rules required that the state budget deficit was to be reduced to 1 percent of GDP from 2018. The 2016 decree added new additional budget balance rules to require that the nonoil deficit of the Republican Budget as a share of GDP was subject to annual limits, on a declining path, set through 2025.

➢ Debt rule (since 2013, revised in 2016 and 2021): The debt rule required that the state debt (comprising central and local governments, the National Bank of Kazakhstan NBK, and debt of quasi-sovereign entities) was to be kept below 60 percent of GDP. Since 2020, the state debt and central government debt limits were set at 27 percent and 25 percent of GDP, respectively. The 2016 decree added a new debt rule which required government debt (including government-guaranteed debt) and the external debt of the quasi-sovereign entities to be kept below the foreign exchange assets of the oil fund NFRK. It also restricted the debt service of the Republican Budget to be kept below 15 percent of budget revenue. Assets of the NFRK should exceed a floor of 30 percent of predicted GDP at the end of the year. In line with 2021 amendment, government debt should not exceed 27.5 percent of GDP by 2030, and overall public debt (government and central bank) and quasi-public sector should not exceed 53.2 percent of GDP by 2030.

Two operational rules were established in the 2016 decree on the annual NFRK guaranteed transfers to the state budget. The decree required (i) a declining path for the maximum annual size of NFRK transfers for 2017–19, set in local currency, rather than U.S. dollars, followed by an annual limit of KZT 2 trillion from 2020 onward; and (ii) targeted transfers can be allocated only by Presidential decision to finance anti-crisis programs during economic downturns or slowdowns in economic growth. In the 2021 decree modified i), establishing that the annual size of guaranteed budget transfers must not exceed the inflow of tax receipts to the NFRK estimated at the cut-off oil price.

Kenya

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Revenue rule (1997)	No	No	General Government (Central and County Governments)	Yes (Public Finance Management Act)	Yes	No
Debt rule (1997)	No	No	General Government (Central and County Governments)	Yes (Public Finance Management Act	Yes	No

National fiscal rules:

- Revenue rule (since 1997): Maintain revenue to GDP ratio above 21 percent of GDP.

- Debt rule (since 1997, revised in 2012, 2019 and 2023): The Fiscal Responsibility Principles for the government were set in the Public Financial Management Act 2012 with further elaboration in a Legal Notice in 2015, which were subsequently amended in 2019 and 2023. This set a numerical limit to the total public debt of Kshs 9 trillion. The 2019 amendment established that public debt should not exceed the level specified annually in the medium-term national government debt management strategy submitted to Parliament for approval, but a numerical target in the law was not included. The key change regarding debt management in 2023 is setting a debt ceiling at 55% of the Gross Domestic Product (GDP) in present value terms, meaning the government is restricted from borrowing beyond this threshold unless in exceptional circumstances. The changes also included that the target should be reached within 5 years of adoption, thus by 2028, allowing for a margin of ±5 percent for unforeseen shocks. Moreover, the government overdraft at the central bank is limited to 5 percent of previous year revenue. Loans by county governments are considered as public debt and should be guaranteed by the national government. However, County Assemblies may authorize their executives to borrow only for cash management purpose only, not exceeding five percent of the most recent audited revenues, and to be repaid within a year.

Escape clause: 1) The national government may, with the approval of Parliament, deviate from the financial objectives in a Budget Policy Statement on a temporary basis where such deviation is necessitated by a major natural disaster or other significant unforeseen event. 2) If there is a change of national government, the new government may, with the approval of Parliament, deviate from the financial objectives in a Budget Policy Statement. 3) The National Treasury shall provide a report to Parliament regarding the deviation, and shall include in the report— (a) the reasons for and the implications of the deviation; (b) proposals to address the deviation; (c) the period the deviation is estimated to last; and (d) the status of development projects initiated by the national government and if any project has been stopped, the reasons for doing so. (4) The National Treasury shall publish the report made within fifteen days after its submission to Parliament

Supranational rules (2013): Kenya is a member state of the East African Monetary Union (EAMU). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Kiribati

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2022)	No	No	General government	Political Commitment	No	No

National fiscal rules:

- Expenditure rule (2022): The Fiscal Strategy for the 2022 Budget and Medium-Term Fiscal Strategy is supported by the achievement of two fiscal responsibility ratios, to mitigate fiscal sustainability risks. The fiscal responsibility ratios include (i) departmental expenditure (i.e., wages and operational costs) not to exceed 50 percent of total expenditure in the recurrent budget; and (ii) maintenance of liquidity cash buffer of at least three months of expenditure.

Kosovo

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2006)	No	No	General government	Political commitment	No	Yes
Budget balance rule (2013)	Yes	Yes	General government	Yes	Yes	Yes (since 2016 if financed by supranational entities)
Debt rule (2010)	Yes	No	General government	Yes	No	No

National fiscal rules:

- Expenditure rule (2006-08): The rule set a ceiling on current expenditure growth of 0.5 percent per year in real terms. Initially, it was applied to overall spending; later it was modified to apply to current spending, but the rule was not adhered to. From 2009 the rule was formally in force only for municipalities.

- Budget balance rule (since 2013, revised in 2015): The rule sets an overall deficit ceiling of 2 percent of GDP. Capital spending is exempt from the ceiling provided it is financed by supranational entities. The exclusion is valid only until 2025. The rule is included in the budget framework law.

- Debt rule (since 2010, revised in 2015): The rule set a debt limit of 40 percent of GDP existed since the adoption of the Law on Public Debt in 2010 but it did not provide operational guidance since the debt is far below that ratio. In December 2015, the parliament adopted an amendment that included a debt limit of 30 percent of GDP. The rule also includes a "debt-brake" mechanism, such that when the debt ratio exceeds 30 percent of GDP, the "investment clause" will expire and all capital expenditure (including capital expenditure financed by donors and privatization receipts) will be counted towards the 2 percent-of-GDP deficit ceiling.

Escape clause: The law allows the Congress to increase the deficit ceiling in the following cases: (i) during six months the nominal growth of tax collection is negative vis-à-vis previous year; (ii) state of emergency as defined in the Constitution, (iii) financial sector crisis; and (iv) a guarantee higher than 1½ percent of GDP is triggered. In 2020, the Parliament suspended the implementation of the budget balance rule for 3 years (2020-22) to create room for pandemic-related fiscal support. However, the fiscal deficit was higher than the 2-percent-of-GDP ceiling only in 2020.

Latvia

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2014)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2013; 2025)	Yes	Yes	General government	Constitutional	Yes	No
Debt rule (2013)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

Under the "fiscal compact" signed March 1, 2012 (ratified in May 2012), the government adopted a structural budget balance rule which constrains the structurally adjusted fiscal deficit to 0.5 percent of GDP or less and came into force on March 6, 2013.

- Expenditure rule (since 2014): Expenditure, excluding GDP deflator (inflation), cannot increase faster than growth of potential GDP.
- Budget balance rule (2013; revised in 2025): The rules constrained the structurally adjusted fiscal deficit to 0.5 percent of GDP or less. The rule was amended in the Fiscal Discipline Law to constrain structural-adjusted deficit to 1 percent of GDP beginning January 2025.
- Debt rule (since 2013): In accordance with the European Council Regulation, debt to GDP cannot exceed 60 percent of GDP.

Supranational rules: Latvia is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Liberia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2009)	No	No	General government	Yes	No	Yes

National fiscal rules (2009):

- Debt rule (since 2009): The Public Financial Management Act of 2009 and the accompanying regulations introduced a debt ceiling rule limiting public debt to 60 percent of GDP and requiring that any borrowing be used to finance capital spending only.

Lithuania

Type of **national rules** (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2008)	Yes	Yes	Central government	Constitutional	No	No
Budget balance rule (2015)	Yes	Yes	General government	Constitutional	Yes	No

National fiscal rules

- Expenditure rule (since 2008, revised in 2012, 2015): If the general government budgets recorded a deficit on average over the past 5 years, the annual growth of the budget appropriations may not exceed a half of the average growth rate of the budget revenue of those 5 years. The central government deficit of the budget shall be reduced by excess revenue of the current year. The expenditure rule was revised and entered into force in 2015. If the general government budgets showed a deficit on average over the past 5 calendar years, then the annual growth rate in percentage of the totality of expenditures of the State budget, social insurance fund, health insurance may not exceed 0.5 percent of the average multiannual growth rate of potential GDP. In addition, it also set limits on net borrowing of central government.

- Budget balance rule (since 2015): Following the "fiscal compact" signed March 1, 2012 (ratified in June 2012), the government adopted a structural budget balance rule in its Constitution Law on the Implementation of the Fiscal Treaty, as well as an automatic correction mechanism (effective as of January 1, 2015). The rule targets a structural balance or surplus of the general government except when the output gap is negative. In this case the deficit cannot exceed the medium-term objective.

Supranational rules: Lithuania is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Luxembourg

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (1990)	Yes	No	Central government	Coalition agreement	No	No
Budget balance rule (2014)	Yes	Yes	General government	Yes	No	No
Debt rule (1990; 2004)	Yes	No	General government	Coalition agreement	No	No (Yes before 2004)

National fiscal rules:

- Expenditure rule (1990-2013): In the course of the legislative period (per coalition agreement), public expenditure growth was maintained at a rate compatible with the medium-term economic growth prospects which is quantified. Since 2010, the target was to bring expenditure growth back to the medium-term growth prospects once the countercyclical response to the crisis has been phased out. The expenditure rule was abandoned as of 2014.

- Budget balance rule (since 2014): Under the "fiscal compact" signed March 1, 2012 (ratified in March 2013), the government adopted a structural budget balance rule in durable legislation, as well as an automatic correction mechanism in 2014. The government should follow an adjustment path towards the MTO (structural deficit equal or lower than 0.5% of GDP by 2018).

- Debt rule (1990-2003; since 2004): Since 2004, the general government debt is kept at a level substantially below limits foreseen in the Stability Growth Pact. During 1990-2003, the central government should maintain public debt at a low level. New public debt can be issued to finance rail infrastructure projects (a hybrid between a debt rule and a golden rule).

Supranational rules: Luxembourg is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Malaysia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1959)	Yes	Yes	Central government	Yes	Yes	No
Debt rule (1959)	Yes	Yes	Central government	Yes	Yes	No
Expenditure rule (2023)	Yes	Yes	Central government	Yes	Yes	No

National fiscal rules (1959, 2023):

- Budget balance rule (since 1959, revised in 2023): Since 1959, the government followed the golden rule, whereby the government only borrows for development/capital spending. The Loan (Local) Act 1959 (paragraph 3.5) and Government Funding Act 1983 (paragraph 3,4) says "Sums raised must be paid into the Development Fund and usage of the funds is specified under Schedule 2 of the Development Funds Act 1966. The 12th National Plan (2021-25) committed to a deficit target of 3-3.5 percent of GDP by 2025. In 2023, Malaysian authorities passed the Public Finance and Fiscal Responsibility Act (FRA), which sets a limit for the overall deficit of 3 percent of GDP.

- Debt rule (since 1959, revised in 2003, 2008, 2009, 2020, and 2023): The Loan (Local) Act 1959 and Government Funding Act 1983 capped federal government domestic debt at 55 percent of GDP (measured as the sum of outstanding Malaysian Government Securities (MGS), Government Investment Issuance (based on Islamic principles) and Islamic Treasury Bills, and syndicated loans raised within the country). The targets were revised to 40 percent of GDP in 2003, 45 percent of GDP in 2008 and 55 percent of GDP in 2009). This is complemented by other legal rules, such as limits on external debt (RM 35 billion) and Treasury bills issued (RM 10 billion). The government aims to keep the overall fiscal deficit around 3 percent of GDP by 2015, which however it does not consider as a fiscal rule. With the government policy of focusing toward domestic sources of financing, the domestic debt ceiling of 55 percent of GDP has been raised over time in line with the reduction of external debt limits to RM35 billion (from 2002, RM60 billion and RM45 billion in 2006). The government raised the debt limit in 2020 from 55 to 60 percent of GDP and again to 65 percent of GDP until 2022. The 2023 Public Finance and Fiscal Responsibility Act sets a limit for debt at 60 percent of GDP. The Act also limits the level of financial guarantees to be less than 25 percent of GDP.

- Expenditure rule (since 2023): The 2023 Public Finance and Fiscal Responsibility Act sets a floor on development expenditure of 3 percent of GDP.

Maldives

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2013)	Yes	No	Central government	Yes	Yes	No
Debt rule (2013)	Yes	No	General government	Yes	Yes	No

National fiscal rules:

The Fiscal Responsibility Act (FRA) (approved in May 2013) included several main components of numerical fiscal rules:

- Budget balance rules (since 2013, revised in 2024): The rules required the overall deficit to reduce to 3.5 percent of GDP and maintained at that level thereafter, as well as requiring the government to maintain a primary surplus from 2016 onwards. The FRA also imposed limits on short-term borrowings by government from the Maldives Monetary Authority, and borrowings since June 2016 could only be used to finance investment projects. The FRA also includes provisions to limit guarantees and the participation in state-owned enterprises (SOEs) and establishes a fiscal reserve for contingency purpose.

- Debt rule (since 2013, revised in 2024): It requires government debt, including government guarantees, not to exceed 60 percent of GDP.

There are also various loan limits in the Fiscal Responsibility Act (FRA), including (i) the loan balance for National development projections has to be larger than the levels in 2016; (ii) loan guarantees not exceeding the limit set by the Minister in the annual budgets; and (iii) advances from monetary authority to be repaid within 91 days should not exceed 1 percent of the 3-year moving average GDP level. These loan limits are not recorded in the database as they restricted the sources of financing and less on fiscal aggregates.

A new Fiscal Responsibility Act was approved by Parliament in November 2024. The new Act revamped all numerical rules from the law and brought a "principles-based" approach to fiscal management to provide more flexibility than the 2013 FRA. The new FRA requires the publication of a Charter of Fiscal Responsibility (Charter) including quantified medium-term fiscal objectives (debt and budget balance) over a five-year period (each Presidential term). The Minister can revise the fiscal targets contained in the Fiscal Responsibility Charter and submit the revised Charter to the Cabinet for approval in the exceptional circumstances defined in the law. The new Fiscal Responsibility Bill also requires the publication of a Fiscal Strategy (three-year period) which sets out operational targets (e.g. annual fiscal balance and expenditure ceiling) for the period of the strategy for achieving fiscal targets under the Charter.

Mali

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Mali is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were enacted, see section V. The supranational fiscal rules have been suspended during the pandemic.

Malta

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2014)	Yes	Yes	General government	Yes; Constitution	Yes	No
Debt rule (2014)	Yes	Yes	General government	Yes; Constitution	Yes	No

National fiscal rules:

- Budget balance rule (since 2014): Under the "fiscal compact" signed March 1, 2012 (ratified in June 2013), the government adopted in 2014 a structural budget balance rule (balanced or surplus) as well as an automatic correction mechanism.

- Debt rule (since 2014): The 2014 Fiscal Responsibility Act Articles 7-9 specified a debt limit at 60 percent of GDP at market prices.

Supranational rules: Malta is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Marshall Islands

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2021)	Yes	Yes	Central government	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 2021): Under the Fiscal Responsibility and Debt Management Act (FRDMA) signed into law on May 14, 2021, the government adopted a budget balance rule (balanced).

Escape clause: Under the FRDMA, the Government may deviate from the budget balance rule if the deviation is temporary and meets the criteria prescribed in the associated regulations (e.g., to address natural disasters).

Mauritius

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2008)	No	Yes	General government	Yes	Yes	No

National fiscal rules:

- Debt rule (since 2008, revised in 2010 and 2023 and repealed in 2020): The fiscal rules were defined in the 2008 Public Debt Management Act (PDMA). It underpinned a legally-mandated ceiling on debt at 60 percent of GDP until 2017 (initially target date by 2013 and was revised to 2017 in 2010). The debt ceiling was set to 60 percent of GDP since 2018. During the pandemic, the authorities repealed the debt rule to allow for support measures in response to COVID-19. Without an explicit debt anchor, the authorities laid out medium-term plans to reduce debt to less than 80 percent of GDP by the end of 2025 and to less than 70 percent by 2030. The 2023 amendment stated a new debt ceiling of 80%.

Escape clause: The debt ceiling does not apply in case: a) of natural disasters or other emergencies requiring exceptional expenditure; (b) where a large investment project in the public sector is deemed by Cabinet to be timely and prudent; or (c) of general economic slow-down requiring fiscal stimulus.

Mexico

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Expenditure rule (2014)	No	Yes	Central government	Yes	No	Partial
Budget balance rule (2006)	No	Yes	Federal government	Yes	Yes	Partial

National fiscal rules:

- Expenditure rule (since 2014): The 2013 amendment to the FRL, effective since 2014, requires that the real growth rate of structural current spending does not exceed potential output growth. Structural current spending is programmable spending excluding interest payments, fuel for electricity generation, state-owned electricity company (CFE) and state-owned petroleum corporation (PEMEX) expenditures, and Federal government investment. Any proposed increase of expenditures in the budget beyond the permitted growth must be accompanied by a revenue or spending cut measure to neutralize its effect.

- Budget balance rule (since 2006, revised in 2013): A balanced budget on a cash basis was established in the FRL. It applied to the federal public sector which includes the central government, social security, and key public enterprises (e.g., the oil company PEMEX and the electricity company CFE). It included a reference price for oil that was set by a formula and a system of four stabilization funds, including an oil stabilization fund. Since FY2009, the definition was changed to discount up to 2 percent of GDP in Federal government, CFE and Pemex investment. This change reflects general reforms aimed at boosting investment in oil projects and the inclusion of all Pemex's investment projects as budgetary investment. The 2006 Law included sanctions for noncompliance. An escape clause stipulated that under exceptional circumstances there could be a budget deficit. The escape clause was used in 2010, 2011, 2012, 2014, 2015, and 2016.

  In 2013, the government also specified a requirement on public sector borrowing beginning 2014. The PSBR target was introduced to strengthen the link between the fiscal balance and public debt dynamics. It included all public sector entities except subnational governments and the central bank. Current legislation does not specify a long-term ceiling for the PSBR but instead required that a target for the current year and indicative targets for the medium-term were specified in the budget documents. The level of the PSBR target would be set to achieve a non-increasing path of net public debt as a percentage of GDP.

  After 2020, the MTFF (Pre-Criterios and Criterios Generales de Política Económica) focused on projecting economic and fiscal variables for a two-year horizon, instead of five years of the previous reports.

Mongolia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2013)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2013)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2014)	Yes	Yes	General government	Yes	Yes	Yes

National fiscal rules:

The Fiscal Stability Law (FSL) enacted in 2010 contained a debt rule, an expenditure rule, and a structural fiscal balance rule. The FSL has been amended multiple times, with changes to the structural fiscal balance floor and target dates occurring in several of these revisions. The most recent amendments took place in July 2023, followed by four more revisions in 2024—on April 19, May 16, June 5, and August 30. With the latest amendments, the new rules currently comprise: (1) Expenditure rule. Current expenditure ceiling of 30 percent of GDP. (2) Budget balance rule. "Primary" surplus of general government of at least 2 percent of GDP, where "primary" surplus is defined as the difference between structural revenues and "primary" expenditures (total expenditures minus debt-financed expenditures). (3) Debt rule. Government debt should not exceed 60 percent of GDP in nominal terms.

- <u>Expenditure rule (2013, revised in 2024):</u> The original rule in the FSL required that expenditure growth cannot exceed the growth of non-mineral GDP from 2013. The growth rate of total nominal expenditure is not to exceed whichever is higher: the growth rate of non-mining nominal GDP in the budget year (projection) or the average growth rate of non-mining nominal GDP over the previous 12 years. The starting date to follow the expenditure rule was moved from 2013 to 2017. In August 2024, the expenditure rule was modified. The rule now requires that the current expenditure of the general budget shall not exceed 30 percent of the GDP of the current year.

- <u>Budget balance rule (2013, revised in 2015, 2016, 2017, 2021, 2023, 2024):</u> The original rule required that the structural deficit cannot exceed 2 percent of GDP from 2013. The structural balance was defined as the difference between structural revenues and overall expenditures, and structural revenues were defined as revenues that would be received if the prices of major minerals were at a particular level, defined as a 24-year moving average of mineral prices (previously a 16-year moving average before 2015). The initial target of 2 percent of GDP for the structural fiscal balance has been met only 5 times since 2013 and has now been pushed forward to 2025. The floor for the structural fiscal balance floor was changed through revisions to a transitional provision (Article 19 of the FSL) during 2015–2024 (10.4 percent in 2017, 9.5 percent in 2018, 6.9 percent in 2019,12.5 percent in 2020, 8.8 percent in 2021, 5.1 percent in 2022, 3.6 percent in 2023, and 2.8 percent in 2024). The amendments in July 2023 required a budget balance floor of 2% of GDP to be implemented in stages until 2025. The rule was modified in August 2024 and the structural balance rule was replaced by additional budget balance rule ("primary/basic" surplus floor). The rule now specifies that the "primary/basic" balance of the general budget should be in a surplus of 2 percent of GDP or more. "Primary" surplus is defined as the difference between structural revenues and "primary/basic" expenditures (total expenditures minus debt-financed expenditures).

- Debt rule (since 2014, revised in 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2023, 2024): The original rule required that the public debt in NPV terms cannot exceed 40 percent of GDP from 2014. The government in February 2015 amended the FSL and enacted a new Debt Management Law: (1) debt limits were temporarily raised (58.3 percent in 2015, 55 percent in 2016 and 50 percent in 2017) but remained at 40 percent for 2018 and beyond; and (2) the definition of debt was narrowed from public to general government debt (with the new definition, SOE debt and government guarantees that are fully secured by government securities are excluded). Amendments to the debt ceiling in the FSL occurred in every year since 2015 through updating the transitional provision of the law (58.3 percent in 2015, 88 percent in 2016, 85 percent in 2017, 80 percent in 2018, 75 percent in 2019, 70 percent in 2020, 70 percent in 2021 and 2022, 65 percent in 2023, and 60 percent in 2024). The amendments in July 2023 required government debt in NPV ceiling of 60 percent of GDP that can be implemented in stages from 2024. The rule was modified through August 2024 amendments which introduced a nominal debt ceiling of 60 percent of GDP.

All fiscal rules were suspended in 2020 due to the COVID-19 pandemic.

Montenegro

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2014)	No	Yes	General government	Yes	No	No
Debt rule (2014)	No	Yes	General government	Yes	No	Yes

National fiscal rules:

- Budget balance rule (since 2014): A fiscal rule was approved in 2014 to embrace the Maastricht deficit and debt limits. The Maastricht criteria included a fiscal deficit limit of 3 percent of GDP at market prices. If the deficit deviated from the limit, the formal procedure requires the government to outline the measures to be implemented within roughly 60 days of the day of established deviation to bring the deficit back to the prescribed level.

- Debt rule (since 2014): The debt rule requires the general government debt below 60 percent of GDP. It was adopted in 2014 in line with the Maastricht criteria. If debt exceeds the limit, the government would need to propose to the Parliament a multi-year reduction of expenditures. Limits can be breached if large development projects are being financed.

Morocco

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2015)	No	No	Central Government	Yes	No	Yes

National fiscal rules (2015):

- Budget balance rule (from 2015): In line with the principle of balanced public finances enshrined in the Constitution, Article 20 of the Organic Budget Law of 2015 (*Loi Organique des Lois des Finances*, LOLF) stipulates that, in order to maintain balanced public finances, the proceeds of public borrowing may not exceed the amount of capital expenditure.

No escape clause is contemplated in the Organic Budget Law. The government is planning to adopt a new fiscal rule and working on an amendment of the Organic Budget Law.

Namibia

Type of national rules (Start date in bracket)	**Key characteristics** Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2010)	No	No	Central government	Coalition agreement	No	No
Debt rule (2001)	No	No	Central government	Coalition agreement	No	No

National fiscal rules:

- Expenditure rule (since 2010): The ceiling on government expenditure was set at 30 percent of GDP, which was revised to less than 33 percent of GDP as part of response to the pandemic.

- Debt rule (since 2001): The public debt limit was set at a range of 25-30 percent of GDP annually, which was revised to 35 percent of GDP. Debt servicing has been capped at less than 10 percent of revenues, while contingent liabilities should be capped at less than 10 percent of GDP.

Nauru, Republic of

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2017)	No	No	Central government	Political Commitment	No	No
Budget Balance rule (2017)	No	No	Central government	Political Commitment	No	No
Revenue rule (2017)	No	No	Central government	Political Commitment	No	No

National fiscal rules:

- Expenditure rule (since 2017, revised in 2018): Introduced in 2017 limiting personnel costs to within 40 percent of total revenues (excluding grants). This was revised in 2018 to limit the ratio of personnel costs to be within 30 percent of current expenditures.

- Budget balance rule (since 2017): The fiscal balance must be non-negative.

- Revenue rule (2017-20): Maintain tax revenue within 25 percent of GDP. This fiscal responsibility ratio was introduced in 2017 and terminated in 2020.

These rules were introduced as fiscal responsibility ratios in 2017. In addition to these ratios, the fiscal cash buffer must be equal to at least two months of non-regional processing center expenditure. The Memorandum of Understanding of the Nauru's Trust Fund (Intergenerational Trust Fund of Nauru) require a contribution of 10 to 12 percent of domestic revenue when revenue is greater than Australian dollar 100 million.

The Netherlands

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	**Key characteristics** Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1994)	Yes	Yes	General government	Coalition agreement	No	No
Revenue rule (1994)	Yes	Yes	General government	Coalition agreement	No	No
Budget balance rule (2014)	Yes	No	General government	Yes	No	No

National fiscal rules.

- Expenditure rule (since 1994, revised in 2009): Real expenditure ceilings were fixed for total expenditure (covering central government, health care and social security; covers about 90 percent of general government expenditure) and sectoral expenditure for each year of government's four-year office term. Coverage of expenditure was changed in recent years: from 2007-10 interest payments were excluded; since 2009, expenditure is defined in net terms, i.e. gross expenditure minus non-tax revenues, from 2009-10 expenditure excluded unemployment and social assistance benefits. If overruns were forecast, the Minister of Finance would propose corrective action.

- Revenue rule (since 1994, revised in 2011): At the beginning of the electoral period, the coalition agreed on the desired development of the tax base and tax rates. The multi-year path then depended entirely on economic developments. Any additional tax relief needed to be compensated through tax increases and vice versa. Since 2011 (based on the Sept. 2010 Coalition Agreement) a few changes took effect: (i) a signaling margin for the general government deficit of 1 percent of GDP deviation from the planned deficit path was adopted, triggering additional consolidation measures, (ii) the coverage was changed as described above, (iii) a windfall formula for revenue was adopted, requiring to use 50 percent to reduce debt (applies only when the MTO has been achieved and the actual GG balance shows a multi-annual surplus) and the rest to reduce the burden from taxes and social security contributions. The Central Planning Bureau provided the independent macroeconomic assumptions.

- Budget balance rule (2014): The Sustainable Public Finance Law in April 2013 introduced a structural balance rule in line with the provision of the fiscal compact. The rule did not however specify a correction mechanism or escape clauses and was subject to monitoring by the Council of State.

Supranational rules: The Netherlands a is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

New Zealand

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1994)	No	No	Central government	Yes	No	No

National fiscal rules and framework:

The Public Finance Act (PFA) is the key legislation and sets out the principles of responsible fiscal management. The framework requires governments to set their fiscal objectives in accordance with principles of responsible fiscal management in a transparent manner. Providing governments with flexibility to set their own fiscal objectives is intended to strengthen ownership of, and compliance with, the principles of responsible fiscal management.

- Budget balance rule (since 1994): The PFA included the principal-based framework for the budget balance and debt. Under the framework, the government is required to run operating surpluses annually until "prudent" debt levels are achieved. Once these are achieved, governments are required to maintain “prudent” debt levels by ensuring that, on average, total operating expenses do not exceed total operating revenues. The framework also specifies the government objective to achieve and maintain levels of total net worth that provide a buffer that may impact adversely on total net worth in the future.

The framework permits governments to temporarily depart from the principles of responsible fiscal management if the government states the reasons for the departure, the approach it intends to take to return to the principles, and how long the departure from the principles is expected to be.

The PFA also requires governments to set fiscal targets for five key variables (total operating expenses, total operating revenue, operating balance, total debt, net worth) for at least 3-year and 10-year periods. These targets must be reported on alongside the Budget and around the half-year update. The operating balance and debt targets are typically the key fiscal anchors. Currently, the Government’s debt targets are to put net debt on a downward trajectory over the next four years, and to maintain net debt within a range of 20-40 percent of GDP over the next 15 years, subject to economic shocks. As the legislation does not specify a quantitative rule for debt, the requirement for government-set debt targets is not considered a fiscal rule under the definition in the dataset.

During the pandemic, New Zealand suspended the quantitative targets but remained committed to reduce or maintain debt at prudent levels. The government considered the current net debt level was prudent.

The Public Finance Act requires to publish a Fiscal Strategy Report with the budget and Half-year report (December) with medium and long-term projections.

Niger

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
N.A.						

Supranational rules (2000, revised in 2015): Niger is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were enacted, see section V. The supranational fiscal rules have been suspended during the pandemic.

Norway

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Budget balance rule (2001, 2017)	No	No	Central government	Political commitment	No	No

National fiscal rules:

- Budget balance rule (since 2001, 2017): The non-oil structural deficit of the central government should reflect the expected return of the Government Pension Fund Global (GPFG), which was estimated to be 4 percent, in the long run. In 2017, the rate of return on GFPG assets was lowered to 3 percent, reflecting a downward revision of the fund's expected real rate of return. The fiscal guidelines have allowed deviations from the rule over the business cycle to both directions. As a result, large movements in the fund's value, such as in 2019–20, are intended to be smoothed over several years, based on a forward-looking assessment of the GPFG's real rate of return.

The "Report on the Government's Fiscal Policy" in Norway has been published annually since 2001 before the budget. This report provides an overview of the government's fiscal strategy, economic outlook, the medium-term projections for revenues and expenditures covering a period of at least four years.

Pakistan

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2005)	No	No	Federal government	Yes	Yes	Yes until 2016
Debt rule (2005)	No	No	Federal government until 2016 and General Government since 2017	Yes	Yes	No

National fiscal rules (since 2005):

The Fiscal Responsibility and Debt Limitation (FRDL) Act adopted in 2005 set out the principles of sound management of public finances. Numerical targets were specified for the budget balance and debt but in practice fiscal policy has not been fully guided by these targets. The FRDL Act was amended in 2016 to provide a better operational guidance for fiscal policymaking and safeguard medium-term debt sustainability.

- Budget balance rule (since 2005, revised in 2016): The FRDL Act required a balanced budget (excluding investment) by 2008 and surplus thereafter. The 2016 revision to the FRDL Act imposed a limit on the federal budget deficit of 4 percent of GDP (excluding foreign grants) from FY 2017/18 to FY2019/20 and 3.5 percent of GDP thereafter.

- Debt rule (since 2005, revised in 2016): The 2005 FRDL Act stipulated a reduction of debt to GDP ratio for the federal government to 60 percent of GDP by 2013, and then a further reduction by no less than 2.5 percent of GDP per year. The 2016 revision to the FRDL Act maintained the limit of 60 percent of GDP on the general government debt until FY2017/18 and adopted a 15-year transition path towards achieving 50 percent of GDP.

Escape clause: Until 2016, fiscal rule limits could be exceeded due to unforeseen budget demands due to national security or natural calamity as determined by the National Assembly. The 2022 amendments to the FRDLA relaxed the conditions by omitting reference to “due to national security or natural calamity”.

Correction mechanism. In case the limits of the fiscal rule are exceeded, the minister should present a report on: the reasons for the Federal Government's departure from those principles; (ii) the approach or measures the Federal Government intends to take to return to those principles; and (iii) the period of time that the Federal Government expects to take to return to those principles.

Panama

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Budget balance rule (2002; 2009)	No	No	General government	Yes	Yes	No
Debt rule (2002; 2009)	No	No	General government	Yes	Yes	No

National fiscal rules:

- Budget balance rule (2002-07, since 2009, revised in 2012, 2020, 2024): In 2002, the budget balance rule was adopted as part of the Fiscal Responsibility Law (FRL). Nonfinancial public sector deficit ceiling of 1 percent of GDP (excluding Panama Canal Authority) was established but could be waived in case of real GDP growth of less than 1 percent. In that case, the adjustment of the deficit ceiling to 3 percent of GDP in the first year and then gradual transition to the original ceiling within a 3-year period. The rule was suspended from September 2004-05. The Law was replaced with a new Social and Fiscal Responsibility Law adopted in June 2008, becoming effective January 2009 and modified in June 2009 to deal with the economic crisis. The FRL set the deficit limits of the nonfinancial public sector (excluding Panama Canal Authority) at 1 percent of GDP and indicative target public net debt of 40 percent of GDP by 2015. The following escape clauses were included (i) natural disaster (ii) national state of emergency, (iii) economic recession. The deficit target was adjusted in June 2009 to a deficit ceiling of 2-2.5 percent of GDP, with the gradual transition period extended to 4 years. Under the new rules, the NFPS ceiling was relaxed if U.S. GDP grows by 1 percent or less for two consecutive quarters and the monthly index of economic activity in Panama grows at 5 percent or less on average over a six-month period. In 2012, the revised Fiscal Social Responsibility Law (June 2012) and the Savings Fund of Panama Law (2012) introduced the concept of an "adjusted balance" of the non-financial public sector (NFPS) for which a statutory limit is set. It was defined as the NFPS balance minus the annual deposits into the newly created Savings Fund of Panama (FAP). Starting in 2015, yearly contributions of the Panama Canal Authority to the budget in excess of 3.5 percent of GDP would be transferred into the FAP. Should deposits fall short of 3.5 percent but higher than 3 percent of GDP, the government can borrow the difference. From 2012-14, the fiscal rule applies to the non-adjusted balance since the FAP accumulates funds only from 2015. The new budget deficit limits are 2.9 percent of GDP for 2012, 2.8 percent for 2013, 2.7 percent for 2014, 2.0 percent for 2015, 1.5 percent for 2016, 1.0 percent for 2017, and 0.5 percent from 2018 onwards. An escape clause was introduced. In October 2020, as a result of the COVID-19, the rule underwent a new major modification, consisting of a new medium-term anchor on budget balance (deficit of 1.5 percent of GDP from 2025 onwards) and a new path of intermediate objectives towards the anchor. Targeted deficits are 10-10.5 percent of GDP in 2020, 7-7.5 percent in 2021, 4 percent in 2022, 3 percent in 2023, and 2 percent in 2024. In October 2024, the rule was revised again with significant modifications of the FRL, setting a NFPS deficit limit of 4 percent of GDP in 2025 and a new medium-term deficit limit of 1.5 percent of GDP by 2030, with the deficit expected to decrease gradually by 0.5 percentage points of GDP annually from 2026 to 2030, and a primary surplus by 2028.

- Debt rule (2002-07, since 2009; revised in 2024): A debt rule was adopted as part of the Fiscal Responsibility Law (FRL) with a debt ceiling at 40 percent of GDP by 2014. The rule was suspended from September 2004-05. The Law was replaced with a new Social and Fiscal Responsibility Law adopted in June 2008, becoming effective January 2009 and modified in June 2009 to deal with the economic crisis. Since 2009, the date for reaching the debt target was extended from 2014 to 2017. In October 2024 the revised FRL, in line with the deficit path, a new net debt limit of 50 percent of GDP by 2036 and 40 percent by 2041 was established.

  The 2024 revised FRL continues to include a well-defined escape clause, reporting and corrective measures. The ministry of finance will also publish in the first half of each year the medium term fiscal framework report.

  The fiscal council was also reformed in the revised 2024 FRL. The fiscal council has 3 members and a permanent secretariat, its functions include half year reports on monitoring fiscal rules and on the MTFF.

Papua New Guinea

Type of national rules (Start date in bracket)	**Key characteristics**					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2006)	No	Yes	Central government	Yes	No	No

- Debt rule (since 2006): The Fiscal Responsibility Act (FRA) was passed by the National Parliament in 2006 and placed a ceiling of 30 percent of GDP on the level of public debt. Debt ceiling has been lifted on three occasions when it has been hit: to 35 percent in 2013, 45 percent in 2019, and 60 percent in 2020, which will be reduced back to 40 percent within 10 years.

Paraguay

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2015)	No	Yes	Public sector	Yes	Yes	Yes (current expenditure cap)
Budget balance rule (2015)	No	Yes	Central government	Yes	Yes	No

- Budget balance rule (since 2015): The Fiscal Responsibility Law (FRL) enacted in 2013 introduced a ceiling on the headline budget deficit of 1.5 percent of GDP for the central government, starting with the 2015 budget. Congress can approve a deficit of up to 3 percent of GDP in cases of national emergency; international crisis affecting the domestic economy; or negative growth. The budgeted average deficit over three consecutive budget periods must not exceed 1 percent of GDP. This rule only applies to the ex-ante medium-term budget plan, not to its execution.

- Expenditure rule (since 2015): The Fiscal Responsibility Law (FRL) enacted in 2013 caps the annual real growth of budgetary primary current spending at 4 percent, starting with the 2015 budget.

In addition, the Fiscal Responsibility Law also establishes limits on government wage compensation. The government activated the escape clause in 2019, which allowed the deficit to rise to 3 percent of GDP. In addition, the government suspended the deficit rule in 2020, adopted a larger deficit, and planned to return to the rules by 2024. Subsequently, the convergence to the rule was further postponed to 2026 by the new government coming into office in 2023, including to accommodate unrecorded expenditure incurred under the Covid-19 pandemic.

Paraguay publishes the fiscal strategy and projections (Informe de Finanzas Publicas) with the budget.

Peru

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rules primary and current (2000)	Yes	No	General government	Yes	Yes	No
Budget balance rule (2000)	Yes	No	NFPS	Yes	Yes	No
Debt rule (2013)	Yes	No	NFPS	Yes	Yes	No

National fiscal rules:

Expenditure rule (since 2000; revised in 2003, 2007, 2008, 2012, 2013, and 2016): The real growth current expenditure ceiling was set at 2 percent (2000-02), 3 percent (2003-08), and 4 percent between 2009-12.

- Law No. 27245 introduces an expenditure rule for non-financial expenditure of the General Government (GG) for the period 2000-2002. The rule established that the expenditure growth rate must not exceed the average annual inflation rate plus 2 percentage points (p.p.).

- In 2003, Law No. 27958 modified the expenditure rule setting the real growth ceiling of 3 percent, using the GDP deflator to calculate real growth. Its application was waived for the period 2005-2006. In 2007, its institutional coverage was adjusted to consumption expenditure of the Central Government (wages, goods and services), and the inflation target of the Central Bank was adopted to calculate real growth. Since 2008, the expenditure rule limit has increased to 4 percent in real terms. Temporary limits of 10 percent in 2009 and 8 percent in 2010 were introduced. In 2011, the GDP deflator was replaced by the Lima Metropolitan CPI to calculate the real growth rate. In 2012, certain categories were excluded from consumption expenditure (infrastructure maintenance, spending on goods and services of social programs, and equipment for public order and Security).

- In 2013, Law No. 30099 introduced two expenditure rules: one for non-financial expenditure and another for wages and pension expenditures at the National Government. The limit for both rules was set based on the guidelines of the structural balance and the projections of the Multiannual Macroeconomic Framework (MMF). However, their application was suspended in 2013 and 2014, with enforcement only during the period 2015-2016.

- In 2016, Decreto Legislativo No. 1276 established the current two expenditure rules. The non-financial expenditure rule for GG was reintroduced, and a current expenditure rule was created (excluding maintenance expenditures). The limit for both rules is defined based on a moving average (15,1,4) of the GDP growth rate. The non-financial expenditure rule was waived between 2017 and 2019 (Reconstruction Plan) and again in the period 2020-2021 (COVID-19). From 2022 to 2024, this rule has been in effect with its originally established parameters. Regarding the current expenditure rule, it was waived in 2017 and again between 2020 and 2021. For the period 2025-2027, Decreto Legislativo No. 1621 (2024) has set stricter limits.

➢ <u>Budget balance rule (since 2000, revised in 2003, 2013, and 2016):</u>

- Law No. 27245 introduced budget balance rules for the consolidated public sector. The fiscal deficit ceiling was set at 1 percent of GDP. The same law introduced a transitory limit of 2 percent of GDP for 2000. In 2001-2002 the rule was waived.

- In 2003, Law No. 27958 modified the macrofiscal framework changing the coverage to nonfinancial public sector (NFPS) but maintained the fiscal deficit ceiling at 1 percent of GDP. This law also introduced a transitory limit of 2 percent of GDP for 2003 and 1.5 percent of GDP for 2004. In 2009-2010 period, a transitory limit of 2 percent of GDP was introduced. In 2013, it was established that the SPNF could no longer run a deficit. The original rule remained in effect between 2005-2008 and 2010-2012.

- In 2013, Law No. 30099 eliminated the budget balance rule and replaced it with an ex-ante guideline for the structural fiscal balance of the SPNF. Under the new law, each new administration, within 90 calendar days of assuming office, must define the ex-ante structural fiscal balance guideline for the presidential term, which cannot exceed 1.0 percent of GDP. Additionally, the law temporarily mandated that the SPNF could not run a deficit in 2014. This fiscal rule was only applied in 2015, as in 2016, an ex-ante guideline was set equivalent to a deficit of 3 percent of GDP.

- In 2016, Decreto Legislativo No. 1276 eliminated the structural balance and replaced it with a limit of 1 percent of GDP, effective from 2017 onward. However, since its implementation, both temporary limits (2017–2019, 2022–2024) and suspensions (2020–2021) have been established.

➢ <u>Debt rule (since 2016, revised in 2023, 2024):</u> In 2016, Decreto Legislativo No. 1276 introduced a debt ceiling of NFPS of 30 percent of GDP. Additionally, it established that in exceptional situations of financial volatility, and provided that the other fiscal rules are being met, the debt rule may temporarily deviate by no more than 4 percentage points of GDP. For the 2020-2021 period, this rule was waived. In 2022, a temporary limit of 38 percent of GDP was set for that year. In 2023, it was established that the debt rule cannot exceed 38 percent of GDP and that it must return to 30 percent of GDP within a maximum period of 10 years. In 2024, the debt rule limit is reaffirmed at 38 percent of GDP, while the horizon was revised that debt must return to 30 percent of GDP by 2035.

The Decreto Legislativo No. 1276 establishes the application of fiscal rules may be suspended (escape clause) in cases of disasters or significant external shocks that impact revenues of economic activity, requiring an adjustment to the budget balance. The Executive submits a bill to Congress with the proposed modification, which must explicitly establish gradual return to the fiscal rules.

The last change of macrofiscal framework was in 2024 (Decreto Legislativo Nº 1621). This establishes an extension to reach the limits for NFPS deficit (2028) and debt rules (2035). As for the current expenditure rule for fiscal for the period 2025-2028, the real annual growth rate of current spending of the General Government, excluding maintenance spending, must not be greater than that resulting from the average of twenty (20) years of real annual GDP growth to which it is reduced by 1.2 percentage points. For the non-financial expenditure rule the ceiling of 2016 is in force.

The Multiannual Macroeconomic Framework (MMF) is published by August 30 and an update in April each year. The Fiscal Council (created by Law 30099 in 2013 and operating since 2016) must issue an opinion on it which is published as an annex to the MMF.

The Peruvian fiscal framework also has two rules for subnational governments (Decreto Legislativo N° 1275) on subnational debt (including financial obligations, outstanding payments to employees and suppliers, and debts with the Public Sector, among others) to the average revenue of the last four years. This ratio must not exceed 100 percent. The second is a current account savings rule, which states that the difference between current income and non-financial expenditure must be greater than zero. Additionally, the subnational fiscal framework provides an exception for certain subnational governments to be exempt from these fiscal rules. This requirement consists of obtaining two credit ratings above the investment grade of A, granted by two risk rating agencies registered with the Superintendency of the Securities Market. As of 2024, the Lima Metropolitan Municipality is the only subnational government that meets this criterion.

Poland

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2011)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2006)	No	No	Central government	Political commitment	No	No
Debt rule (1997)	No	Yes	General government	Constitutional	No	No

National fiscal rules:

- Expenditure rule (since 2011, revised in 2015 and 2024): The Stabilizing Expenditure Rule (SER) set a government spending path along long-term GDP growth and was anchored at the MTO (fiscal deficit of 1 percent of GDP), which meant tightening if the deficit or debt excess specific thresholds. The expenditure was limited to the medium-term real GDP growth (product of 8-year GDP growth) multiplied by the inflation target corrected for a factor depending on deficit and debt, plus an adjustment parameter depending on revenue measures. The SER was amended in the aftermath of the pandemic 2022-23, such as by including backward corrections for inflation forecast errors and additional defense clause. Changes were made to the inflation indicator (currently GDP deflator instead of headline inflation or inflation target) and the correction mechanism to align the SER with the net expenditure paths recommended by the EC Council. The coverage of the SER was also revised in 2024 to be more aligned to the new EU economic governance reform framework.

- Budget balance rule (2006-07): The rule specified the 4-year nominal anchor of 30 billion PLN deficit for the central government budget. The Public Finance Act (PFA) requires local governments to have a balanced current budget starting from 2011.

- Debt rule (since 1997, revised in 2009 and 2014): The debt ceiling (based on national definition of debt) for the general government of 60 percent of GDP was established in the Constitution (October 1997) and Public Finance Act. The latter included triggers for corrective actions when the debt ratio reached thresholds of 50, 55, and 60 percent of GDP (Public Finance Act 2009 Chapter 3). These thresholds were revised downwards by 7 percentage points in 2014 to account for changes in the pensions system. The 1997 constitution became effective in October 1997, but given the annual budget cycle, the 60 percent of GDP debt rule became operational from 1998 onwards.

Escape clause conditions and correction mechanism.

- <u>Conditions:</u> An escape clause existed, which allowed for higher limit on expenditures in case of war, state of emergency and natural disasters but it did not allow for the pandemic. This was added in 2020 but also modified to allow for the requirement that the clause kicked in whenever the projected real GDP growth was 2 ppt below the six-year historical average and to provide scope for additional spending in 2021, increasing the expenditure limit for 2021 by up to half of anti-crisis expenditures for 2020, thus allowing scope to increase the deficit in 2021. The provision (Article 112d of the Public Finance Act) was revised in 2020 to include (i) national epidemic as a trigger, among other triggering factors; (ii) an activation criterion based on economic conditions; and (iii) a mechanism to return to the expenditure limit after the temporary suspension of the SER and/or deactivation of the escape clause. In 2024, the escape clause provision included severe economic slowdown as an additional trigger for potential activation of escape clause.

- <u>Correction mechanism.</u> Poland has simplified its correction mechanism starting from the budget year 2024, ensuring a linkage between the SER fiscal adjustment and the EU Council recommendations. During the years 2015-2023, the correction mechanism institutionalized several criteria with an increasing intensity of fiscal adjustments to restore public finances. First, a mandatory correction of 2 percentage points in SER expenditure per year was required when deficits in the previous period exceeded 3 percent of GDP. Second, a progressive set of "debt brakes" (initially set at 50 and 55 percent of GDP on national definition of debt, later revised to 43 and 48 percent of GDP) was in place that called for tighter fiscal adjustments. Third, corrective actions in the form of tighter fiscal stance were established when the cumulative deviation from the EU Medium-Term Budgetary Objectives (MTOs) exceeded 6 percent of GDP, even though current deficits and debt are within the limits. As the deviations were large as Poland exited consecutive shocks from the pandemic and the energy price spikes in 2023, the required corrective adjustments were significant. The government simplified the correction mechanism in late 2023 and set a minimum of annual fiscal adjustment of 0.5 percent of GDP (unless the EU Council recommends a lower fiscal adjustment) when deficit exceeds or is projected to exceed 3 percent of GDP in the current year (t) or previous year (t-1) or general government debt (EU definition) exceeds 60 percent of GDP in the current year (t) or previous year (t-1), provided the economy is not in recession.

  The adjustment of SER expenditure should not be higher than the fiscal adjustment supporting the expenditure target set in the medium-term fiscal-structural plan referred to in the MTP Regulation and the respect of the reference values set out in Article 126 (2) of the Treaty on the Functioning of the European Union as specified in Article 1 of Protocol (No 12) on the excessive deficit procedure annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union. In the event that the Council of the EU approves the net expenditure path referred to in the MTP Regulation, the amount of the SER expenditure correction has to correspond to the fiscal effort in line with the net expenditure path approved by the Council of the EU referred to in that Regulation (Article 112ab (1) the public finance act).

  The amount of the correction of SER expenditure may be different from the one set out above, if this is due to recommendations made by the Council of the EU under Article 121 (2) or (4) or Article 126 (7) of the Treaty on the Functioning of the EU (Article 112ab (2) the public finance act).

Moreover, the provisions of the Fiscal Council Act provide the possibility for the Minister of Finance to request the Council to issue an opinion on the amount of the above-described adjustment to the amount of SER expenditure and the impact of this adjustment on the long-term fiscal sustainability and macroeconomic conditions.

Supranational rules: Poland is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Portugal

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2015)	Yes	Yes	General government	Yes	Yes	No
Expenditure rule (2013)	Yes	Yes	Central government and social security funds	Yes	No	No
Debt rule (2015)	Yes	Yes	General government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 2015): The EU Budgetary Framework was transposed to national law (Law n. 22/2011 and Law n. 37/2013, revised by Law n. 151/2015). It established the general government budget balance rule on the structure balance.
- Expenditure rule (since 2013). The EU Budgetary Framework was transposed to national law (Law n. 22/2011 and Law n. 37/2013, revised by Law n. 151/2015). It established the expenditure benchmark. A multi-annual expenditure ceiling was put in place, defined according to the medium-term plan objectives.
- Debt rule (since 2015). The EU Budgetary Framework was transposed to national law (Law n. 22/2011 and Law n. 37/2013, revised by Law n. 151/2015). It established the debt rule.

It also included requirements for a correction of the multiannual plan whenever deviations from the target occur. An independent Fiscal Council was established at end-2011. Among its responsibilities would be assessing whether the fiscal rule (when it is implemented) has been complied with.

Supranational rules: Portugal is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Romania

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2010)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2013)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2013)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (2010-12): Total expenditure growth of the general government should not exceed projected nominal GDP growth for next three years until budget balance is in surplus. This was eliminated in 2013 when EU requirements were introduced in fiscal responsibility law (FRL). Moreover, personnel expenditure limits were binding for two years as set out in the MTBF.

- Budget balance rule (2013): In 2013, the FRL was amended in line with EU requirements to include structural fiscal targets and specify corrective actions in case of deviations. The MTO is a 1 percent of GDP deficit, to be achieved through structural adjustments of 0.5 percent of GDP.

- Debt rule (since 2013): Debt ceiling is 60 percent of GDP.

A Fiscal Council was established in mid-2010 which was one of the main objectives of the FRL. It issued opinions and recommendations on official macroeconomic and budgetary forecasts, the annual budget laws and assessed the compliance of the medium-term fiscal strategy with the principles and rules specified in the FRL.

Supranational rules: Romania is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Russia

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2013)	No	Yes	General government	Yes	No	No
Budget balance rule (2007, 2019)	No	Yes	General government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (effective from 2013, revised in 2017): The parliament adopted in mid-December 2012 a new oil-price based fiscal rule. The rule sets a ceiling on expenditures (oil revenue at the "base" oil price, plus all non-oil revenues, plus a net borrowing limit of 1 percent of GDP). Oil revenues above the "base" oil price need to be saved in the Reserve Fund until it reaches 7 percent of GDP (though there are some allowable exceptions to this under the law). Once the Reserve Fund reaches this threshold, at least half of excess oil revenues should go to the National Wealth Fund, while the remaining resources would be channeled to the budget to finance infrastructure and other priority projects. Starting in 2013, the rule would use a 5-year backward-looking average of oil prices as the base, which would gradually increase to a 10-year average by 2018.

  The new federal budget rule adopted in 2017 decoupled expenditures from volatile commodity-based revenues. It used a baseline oil price assumption, in which higher prices would lead to a saving in the National Wealth Fund (NWF). If oil prices are below the assumption, the government can draw down money from the NWF to replace the revenue shortfall (drawdowns are capped if the fund's liquid assets fall below 5% of GDP). Compared to previous fiscal rules, the new one contained a tougher definition of unsustainable revenues: from now on the Russian budget shall regard as such any oil and gas income in excess of the one corresponding to the base price for oil at USD 40/bbl. Under the new rule, budget expenditures should not require cutting and would flow smoother in case of a wider range of oil price changes. The enforcement of the rule will require a 4.5–5 percent reduction of real federal budget expenditures in 2016-2020, which will not affect economic growth. The rule also stipulated that any additional spending can only be financed from non-oil revenue gains. Once the liquid part of the NWF reaches a 7 percent of GDP threshold, the government would be allowed to consider investment options other than low-risk external assets, but it cannot use NWF funds to finance additional budget spending, unless the oil price falls below the benchmark price.

- Budget balance rule (2007-09; since 2019 and revised in 2021, 2023, 2024): The budget balance rule was approved in 2007 and became effective in 2008. Russia's legal fiscal framework relied on the non-oil balance as a key fiscal indicator. The budget included a long-term non-oil deficit target of 4.7 percent of GDP. This was suspended in April 2009 as a result of the global financial crisis, and formally abolished in 2012. Since 2019, the new fiscal rule targeted a zero primary balance at the benchmark oil price of $40 (in real 2017 terms, adjusted for the U.S. inflation). If actual oil prices exceed the benchmark, the fiscal authorities are required to purchase foreign exchange equal to the excess fiscal revenues (relative to the benchmark price) and save it in the National Welfare Fund (NWF). The Reserve Fund was merged with the National Welfare Fund in early 2018. In 2021, the zero primary balance target was replaced with the primary deficit of 0.5 percent of GDP.

The authorities have temporarily suspended the fiscal rules in 2020 and 2021 (through a request to the parliament). The temporary suspension allowed the government to deploy significant fiscal support.

The fiscal rules were suspended in 2022. In 2023, the benchmark oil and gas revenues under the fiscal rules and the primary deficit target were set in rubles. From 2024, the authorities reverted to the earlier (benchmark oil-price based) version of the fiscal rule.

Rwanda

Type of national rules (Start date in bracket)			<u>**Key characteristics**</u>			
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
NA						

Supranational rules (2013): Rwanda is a member state of the East African Monetary Union (EAMU). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Senegal

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2000, revised in 2015): Senegal is a member state of the West African Economic and Monetary Union (WAEMU). The supranational rules refer to the fiscal convergence criteria of the WAEMU. In January 2015 changes to the WAEMU convergence criteria were enacted, see section V. The supranational fiscal rules have been suspended during the pandemic.

Serbia

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	**Key characteristics** Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2015)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2011)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2011)	Yes	Yes	General government	Yes	Yes	No

National fiscal rules:

In October 2010, Serbia introduced fiscal responsibility law provisions in the 2009 Budget System Law. These included numerical fiscal rules and the adoption of a fiscal council to scrutinize the government's fiscal assumptions, policy, and performance. In November 2022, Serbia introduced a new fiscal rules framework in the 2023 Budget System Law, covering the general government.

- <u>Expenditure rule (since 2015, revised 2023).</u> In 2015, the Budget System Law had a provision that restricts spending with the aim to keep the share of general government wages up to 7 percent of GDP and share of pensions up to 11 percent of GDP. In the 2022 revision the rule sets a ceiling on the overall wage bill at 10 percent of GDP (with revisions allowed for the extension of the coverage of fiscal data), and targets pension expenditures to be in the range of 10-10.5 percent of GDP through the pension indexation rule. Pensions are indexed to wages if the pension bill is below 10 percent of GDP, indexed to 50 percent wages and 50 percent CPI (Swiss formula) if the pension bill is between 10–10.5 percent of GDP, and indexed to CPI only if the pension bill is above 10.5 percent of GDP.

- <u>Budget balance rule (since 2011, revised 2023):</u> In the 2011 rule, the maximum fiscal deficit-to-GDP ratio in year t is calculated as d(t)=d(t-1) - 0.3 [d(t-1)-d*] - 0.4[g(t) - g*] where d* is the medium-term deficits, which is set to 1 percent of GDP, g is the real GDP growth rate, and g* is the medium-term GDP growth (set to 4 percent). Thus, the rule corrected for past deficit deviations and allowed a partial operation of automatic fiscal stabilizers. Over the medium-term the targeted annual deficit would be 1% of GDP. In the 2022 revision the overall balance is the key target variable, with a medium-term deficit objective of at most 0.5 percent of GDP. The deficit ceiling for the overall balance will be at zero if debt is above 60 percent of GDP, at ½ percent of GDP for debt between 55 and 60 percent of GDP, and at 1½ percent of GDP for debt between 45 and 55 percent of GDP. As an EU candidate country, Serbia is also committed to respecting a 3 percent ceiling on its fiscal deficit, irrespective of debt levels.

  Serbia delayed implementation of the deficit element of the new fiscal rule initially in 2022 in transition provisions for two years until 2025, and further in November 2024 until 2029 to allow for higher investments under the “Leap into the Future – Serbia 2027” development plan.

- Debt rule (since 2011, revised in 2022): General government debt, excluding the liabilities arising from the restitution cannot exceed 45 percent of GDP. The strict debt rule was superseded in 2022 by the combined budget balance and debt rule, which sets increasingly tighter deficit ceilings the more debt exceeds 45 percent of GDP.

The decision for a Fiscal Council was adopted by parliament in March 2011. Its tasks are to assess the credibility of fiscal policy in terms of compliance with established fiscal rules and to provide the publicity and responsibility in fiscal policy implementation.

Since 2022, Serbia is in a transition process of upgrading its fiscal data for regular fiscal reporting and statistics. For the purposes of regular fiscal reporting and the fiscal rule, fiscal data will continue to be cash-basis while coverage of general government will be expanded to the materially relevant general government as per the Government Finance Statistics Manual. From 2024 onward the main remaining coverage gap are government agencies and reclassified public enterprises. Debt coverage is public and publicly guaranteed debt as per public debt legislation. Debt coverage is also to be expanded to the materially relevant general government (which implies some reclassification from guaranteed debt to debt when the extension of coverage will be implemented), while guaranteed debt will remain included.

Singapore

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1991)	No	Yes	Central government	Constitutional	No	No
Budget balance rule (1965)	No	Yes	Central government	Constitutional	Yes	No

National fiscal rules:

- Expenditure rule (since 1991; revised in 2008): Spending should not exceed 50 percent of net investment returns on reserves held by the Monetary Authority of Singapore (MAS) and the Government of Singapore Investment Corporation (GIC). The rule was amended in 2008 to change the benchmark to the 'expected long-term net real investment returns'.

- Budget balance rule (since 1965): Budget to be balanced across the government term of office (usually 5 years).

Slovak Republic

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2014)	Yes	Yes	General government	Yes	Yes	No
Expenditure rule (2022)	Yes	Yes	General government	Yes	Yes	No
Debt rule (2012)	Yes	Yes	General government	Constitutional	Yes	No

National fiscal rules:

- Budget balance rule (since 2014): The Budgetary Rules Act was amended in 2013 to transpose the provisions of the fiscal compact into national law (structural balance rule and corrective mechanism). The amendments came into effect in January 2014 and compliance has been assessed twice a year by the fiscal council.

  Expenditure rule (since 2022): In March 2022, the National Council amended the 2004 Budgetary Rules on Public Administration—Slovakia's Organic Budget law—to operationalize the public expenditure limits PEL which consisted of four-year limits on aggregate general government expenditure (excluding certain expenditures deemed outside of government control. Given a new EU fiscal framework, Slovakia amended the law in 2024 to align expenditure limits with the new EU fiscal rules, i.e. to take into account the growth of net expenditure as a new single operational indicator. The current limit covers more than 90 percent of General Government's expenditure, excluding spending beyond the government control—such as those funded by the EU funds and co-financing, interest costs, or one-off expenditures. The amendment also reflected on the introduction of the medium-term fiscal structural plans which set out fiscal path for the next four to seven years.

- Debt rule (since 2012): In December 2011, a constitutional bill was adopted, taking effect March 1, 2012, which capped the public debt at 60 percent of GDP (Eurostat debt concept). The bill also established the Council for Budgetary Responsibility, a fiscal council, to monitor and evaluate fiscal performance and assess the compliance with fiscal and transparency rules. Automatic sanction mechanisms would take effect when the debt exceeds 50 percent of GDP. The Minister of Finance would be obliged to clarify the increase to parliament and suggest measures to reverse the growth. At 53 percent of GDP, the cabinet shall pass a package of measures to trim debt and freeze its wages. At 55 percent, expenditures would be cut automatically by 3 percent and next year's budgetary expenditures would be frozen, except for interest payments, EU Funds and co-financing of EU Funds, and EU budget contributions). At 57 percent of GDP, the cabinet shall submit a balanced budget. Should the debt climb to 60 percent of GDP, the cabinet will face a confidence vote in parliament. The law also included numerically defined escape clauses for a major recession, banking system bailout, natural disaster, and international guarantee schemes. Starting in 2018, the debt ceiling will be gradually reduced by one percentage point of GDP each year to reach 50 percent of GDP by 2027; the intermediate debt brakes were changed accordingly.

Escape clauses: The law provides two escape clauses, namely when (i) there is a decline in annual GDP; (ii) a major circumstance occurs with a predefined threshold impact on GDP; and (iii) a new government takes office—in such cases, the most stringent sanctions are temporarily not applied.

Supranational rules: Slovak Republic is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Slovenia

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Budget balance rule (2015)	Yes	Yes	General government	Yes	No	No
Debt rule (2000)	No	No	General government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 2015): Under the "fiscal compact" signed March 1, 2012, the government adopted a structural budget balance rule in durable legislation, as well as an automatic correction mechanism in 2015.
- Debt rule (2000-04): During 2000-04, the debt-to-GDP ratio of general government and non-financial public entities (classified outside general government) cannot exceed 40 percent of GDP.

In 2011, a new expenditure framework was introduced for the general government (in cash terms). It laid down expenditure ceilings, on a rolling basis, by limiting expenditure growth to potential GDP growth (both in nominal terms) and restraining it further as long as the primary deficit and the general government debt (as a percent of GDP) exceed their target values. The parameters determining the degree of this further restraint are revisable. The ceilings are fixed for the first two years (t-1 and t) and indicative for the following two years (t+1 and t+2). They are set by the end of April of year t-1 in the budgetary memorandum. For the dataset, these ceilings were not included as a rule since they were binding for less than three years, the threshold stated in the paper to be considered an expenditure rule.

Since the Fiscal Rule Technical Manual has a cutoff date as of end-2024, the following revisions to the fiscal rule framework was not included in the database excel:

The authorities adopted an expenditure rule since February 2025. In February 2025 the new Fiscal Rule Act was tabled to the Parliament for adoption. It redefined the obligations imposed by Article 148 of the Constitution of the Republic of Slovenia, in order to unify the legal bases with the two EU regulations that constitute the reformed Stability and Growth Pact, as well as to partially transpose the recently amended EU directive on budgetary frameworks. The national fiscal rule is determined by limiting the growth of net expenditure for a period of 4 to 7 years as foreseen by the EU fiscal rules. At the same time, strategic fiscal planning documents prepared at national level or due to the requirements of EU legislation are harmonised as much as possible.

Supranational rules: Slovenia is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Solomon Islands

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget Balance rule (2013)	No	No	Central Government	Statutory	Yes	No
Debt rule (2012)	No	No	Central Government	Political Commitment	No	No

National Fiscal Rules

- Budget balance rule (since 2013): The current balance, defined as government revenue (excluding grants) minus recurrent expenditures (excluding the grant-funded recurrent expenditure), has a government target of zero percent. This was established as part of the Public Financial Management Act (PFMA) 2013 that restricts government borrowing so that it cannot be used to finance recurrent expenditures. The PFMA also allows the government to only enter into new borrowing for high priority infrastructure and development initiatives in line with its development and debt policies, but this does not apply where short-term borrowing is necessary to deal with exceptional circumstances like a major economic shock or a natural disaster.

- Debt rule (since 2012): The new debt management framework was introduced in 2012 and revised and strengthened in September 2016, by establishing a new policy and guidelines on direct borrowing, on-lending and guarantees. The Debt Management Strategy (DMS) stipulates a limit for the public debt-to-GDP ratio and debt service to domestically-sourced revenue ratio set respectively at 35 percent and 10 percent. Furthermore, the DMS requires the government to aim for its risk of debt distress to be no more than moderate under the joint IMF/WB debt sustainability framework for low-income countries (LIC DSF). The government decides annual borrowing limits to ensure that debt sustainability indicators remain below the thresholds under the worst-case scenario over a 15-year projection period.

Somalia

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	**Key characteristics** Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2024): Somalia became a member of the East African Community (EAC) in 2024. The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

South Sudan

Type of **national rules** (Start date in bracket)			Key characteristics			
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules (2013): South Sudan is a member state of the East African Community (EAC). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Spain

Type of **national rules** (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2011)	Yes	Yes	General government	Yes	Yes	No
Budget balance rule (2003; 2006; 2011)	Yes	Yes	General government	Yes	Yes	Yes
Debt rule (2011)	Yes	Yes	General government	Yes	Yes	Yes

National fiscal rules:

The Balanced Budget Constitutional Amendment (September 2011) and the new Organic Law on Budgetary Stability and Financial Sustainability (LO 2/2012) introduced new structural deficit, debt, and expenditure rules, which are individually applied to different levels of the public sector: central government, regional governments (Autonomous Communities), local governments, and social security.

- Expenditure rule (since 2011): Nominal expenditure growth for central, regional, and local governments shall not exceed Spain's nominal medium-term GDP growth, computed following the European Commission methodology. Interest, non-discretional expenditure on unemployment benefits, and one-off expenditures are excluded.

- Budget balance rule (2003-05; 2006-11; revised in 2011): During 2003-05, the rules required a balanced budget in "normal" economic conditions, embedded in a medium-term fiscal framework (3 years, but not binding) consistent with the EU Stability Program. During 2006-11, the budget balance rule specified the objectives to account for economic cycles by setting the lower and upper thresholds for real GDP growth. The rules required a balanced budget during "normal" conditions (GDP growth between the lower and upper limit). In weak economic times (below 2 percent GDP growth), the overall deficit must not exceed 1 percent of GDP (2 percent in 2007-09). The “exceptional circumstances” and “special conditions” clauses were activated in 2008 and the provision for presenting plans to correct within 3 years were put on hold without a specific time frame.

  Under the 2012 law, the structural deficit for all administrations (central, regional, local, and social security) should be in balance or in surplus during “normal” economic times. Two exceptions are possible. First, if large structural reforms with a positive long-run effect on public finances are being undertaken, a structural deficit of up to 0.4 percent of GDP is allowed. Second, in the case of natural disasters, severe macroeconomic downturns (defined according to the European Commission methodology), and national emergencies, a structural deficit is allowed for the central and regional governments subject to the drafting of a medium-term readjustment plan. Exceptions to a balanced budget or surplus for the social security administration are allowed under the conditions detailed in the regulations of the Social Security Reserve Fund. During the COVID-19 pandemic, following the activation of the general escape clause of the EU fiscal framework over 2020-2023, the national-level exceptions were also activated.

- Debt Rule (since 2011): The Constitutional amendments in September 2011 required that the debt threshold of 60 percent of GDP would take effect in 2020, with a maximum limit of 44 percent of GDP for the central government, 13 percent for regional governments, and 3 percent for local governments.

Supranational rules: Spain is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Sri Lanka

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Budget balance rule (2003-2024)	No	No	Central government	Yes	No	No
Debt rule (2003-2024)	No	No	Central government	Yes	No	No
Expenditure Rule (2024)	Yes	Yes	Central Government	Yes	Yes	No

National fiscal rules

Sri Lanka implemented a rules-based framework under the Fiscal responsibility Act of 2003 which was revamped by the new Public Financial Management Act of 2024. The framework that was in place during 2003-2024 included the following features:

- Budget balance rule (since 2003, revised in 2005 and 2013, removed in 2024): Deficit targets were set over a multiyear horizon. The Fiscal Management (Responsibility) Act was adopted in early 2003, with the aim to containing the overall budget deficit to 5 percent of GDP by 2006.

- Debt rule (since 2003, revised in 2013, removed in 2024): The rules required declining debt ceilings over a multiyear horizon. The 2003 Fiscal Management (Responsibility) Act aimed to contain debt at 85 percent of GDP by 2006. The target could not be achieved and target dates were first modified in 2005, and 2013. The 2013 amendment to the Fiscal Management (Responsibility) Act stipulated that debt to GDP ratio should not exceed 85 percent from January 1, 2013, and 60 percent from January 1, 2020. In August 2024, Sri Lanka introduced a new fiscal rules framework by enacting a new Public Financial Management Act encompassing a new fiscal responsibility framework. The new framework centers around the long-term objectives of debt reduction and building fiscal buffers. The existing numerical debt limit is replaced by a long-term debt anchor (no numerical debt limit to be reached by a specific date in the law) that is made operational by annual primary balance targets (to be set in the MTFF). The framework has only one numerical rule in the law—primary expenditure ceiling that can be updated every five years.

- Expenditure Rule (since 2024): A numerical limit on primary expenditure is set in the PFM Act as a fixed share of 13 percent of GDP for an initial five-year period. This will exclude interest payments and, through the MTFF, be translated into a nominal figure which must be observed in the annual budget process (submission, approval, and execution). The annual budgets presented to and passed by Parliament must observe this limit, and budget execution must also comply.

St. Kitts and Nevis

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: St. Kitts and Nevis is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

St. Lucia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules: St. Lucia is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

St. Vincent and the Grenadines

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2020)	No	No	Central government	Political commitment	Yes	No
Budget balance rule (2020)	No	No	Central government	Political commitment	Yes	No
Debt Rule (2020)	No	No	Central government	Political commitment	Yes	No

National fiscal rules (2020):

The Fiscal responsibility Framework (FRF) is approved by Cabinet and adopted in January 2020 through a Resolution by Parliament (it is not enacted into a "Law") and updated in May 2020. Shortly after adoption, the full implementation of the FRF has been delayed due to the multiple shock. The FRF establishes a set of quantitative fiscal objectives:

- Expenditure rule (2020): The government sets expenditure ceilings on wage bills and on the total expenditure share of GDP over time as follows: (i) current spending growth does not exceed nominal GDP growth; (ii) wage bill does not exceed 12.5% of GDP from 2022.

- Budget balance rule (2020): The government sets a budgetary limit on the primary balance: Primary deficit of on average of 1.2 percent of GDP annually for 2021-2023; and primary surplus of 2.7 percent of GDP from 2024 onwards.

- Debt rule (2020): debt-to-GDP ratio of 60 percent by 2030.

Pursuant to the FRF, the Fiscal Responsibility Mechanism (FRM) was established in 2021, but its first report was published in early 2024. The members of the Fiscal Responsibility Mechanism are appointed by Cabinet and its annual report is required to be approved to the Cabinet.

As of end-2024, the FRF, including its quantitative fiscal objectives, has not yet been fully operationalized. The fiscal rules, objectives, and other fiscal measures were never officially suspended.

Supranational rules (since 1998): St. Vincent and the Grenadines is a member state of the ECCU, which has adopted the supranational rules since 1998, see details in Section V.

Suriname

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (To be determined)	No	No	(Budgetary) Central government	Yes	Yes	No

National fiscal rules:

In December 2024, Suriname enacted amendments to its Public Financial Management (PFM) Law and the Suriname Savings and Stabilization Fund (SSSF) Act to strengthen its fiscal framework. Under the new framework, there is no numerical rules within the PFM Law, but the Government is required to prepare a five-year financial plan where the government, every five years, would set a target for public to be reached by the end of the five years. The Financial Five-year Plan (FFYP) would also set annual primary expenditure limits, consistent with achieving the debt target. Near the end of each specified five-year period, the numerical values for the subsequent five-year period will be reestablished.

Debt rule. Based on the newly amended PFM Law, this numerical medium-term anchor is defined in the FFYP as government debt net of financial assets in the SSFS to be reached at the end of the five-year period. The ceiling on net debt would be expressed as a ratio to nominal GDP initially, and of non-resource GDP when such a statistic becomes a standard variable regularly published by the Bureau of Statistics of Suriname. The Background paper also clarifies that at present, the proposed rules would cover the operations of the budgetary central government, as this is the institutional sector that can be effectively monitored and controlled by the Ministry of Finance and Planning.

The FFYP has not yet been prepared or published. Since the FFYP is the key document for setting the numerical fiscal rules that will govern a five-year period, there is currently no debt rule in effect in Suriname. Other parts of the PFM Law, dealing with functions such as auditing and reporting, are in effect. It is expected that the debt rule and annual primary expenditure limits would be of mandatory observance for the Government when preparing and executing its annual budgets during the five-year period covered by the FFYP.

Correction mechanism. The amended PFM Law also includes correction mechanism. It states that if there is an unjustified deviation from the limits, there is an obligation to correct the deviation within a reasonable time. If the net debt deviates from the path at some point, the government will need to explain the reasons in a document submitted to the National Assembly (the Annual Financial Year Plan, which contains unaudited, preliminary budget outcome figures for the previous year) along with an explanation thereof and the underlying causes of the observed deviation and the corrective fiscal measures necessary to reverse the deviation, including the compensation for the negative impact of this deviation on the intended path of government debt and including the adjustment of the Medium-Term Fiscal Framework (MTFF); with an explanation of its impact on the economy.

Escape clause. An escape clause, which can be activated with the approval of the National Assembly, allows for the temporary relaxation of the rules' limits. This can occur each time, for no longer than the current financial year, in the event of extraordinary emergencies requiring government budgetary intervention, such as a state of emergency. In such cases, a plan must follow to restore public finances to alignment with the fiscal rules as soon as possible, without placing undue pressure on the public. The PFM Law Article 14 provides for an "escape clause" from the fiscal rules, in the event of a sufficiently serious state of emergency, allowing for the temporary suspension of the obligation to respect the numerical ceilings under the fiscal rules. The Government must explain, through the Minister, why the state of emergency is of such a financial nature that it justifies the temporary suspension of the rules, and how it intends to return to normal compliance with the budget rules. In the event that an escape clause is activated, the fiscal recovery plan to bring public finances back to the path envisaged in the Annual Financial Plan as soon as possible, once the state of emergency is over without causing undue pressure on the economy, including the budgetary implications and net debt targets.

Sweden

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (1997)	Yes	No	Central government and social security	Yes	No	No
Budget balance rule (2000)	Yes	No	General government	Yes	No	No
Debt rule (2019)	Yes	No	General government	Yes	No	No

National fiscal rules:

- Expenditure rule (since 1997): A nominal expenditure ceiling for central government and pension system set for a three-year period with the outer year added annually. Ceilings cannot be adjusted except for technical issues. A budgetary margin is used as a buffer. Interest expenditure is excluded from the ceiling.
- Budget balance rule (since 2000): A surplus target for the general government over the cycle. From 2000-07, the surplus target was 2 percent of GDP. During 2007-19, it was 1 percent of GDP. Since 2019, it has been changed to one third of a percent of GDP. The compliance has been measured by several indicators without a clear weighting scheme (they included the average general government balance since the adoption of the target, a seven-year moving average, and the annual structural balance).
- Debt rule (since 2019): A debt anchor for general government consolidated gross debt at 35 percent of GDP.

Under the "fiscal compact" signed March 1, 2012, the government commits to adopt a structural budget balance rule in its constitution or in durable legislation, as well as an automatic correction mechanism.

The independent Fiscal Policy Council was created in 2007.

Supranational rules: Sweden is a member state of the European Union. Please see the supranational fiscal rules of European Union for details.

Switzerland

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2003)	No	Yes	Central government	Constitutional	Yes	No

National fiscal rules (2003):

- Budget balance (since 2003; revised in 2010 and 2023): The rules require a balanced budget. Operationally this implies that one-year-ahead ex ante central government expenditure needs to equal to the projected revenues, adjusted by a factor reflecting the cyclical position of the economy. Any deviations of actual spending from the ex-post spending ceiling, independent of their cause, are accumulated in a notional "compensation account." If the negative balance in that account exceeds 6 percent of expenditure (about 0.6 percent of GDP) the authorities are required by law to take measures sufficient to reduce the balance below this level within three years. In 2010, the rule was enhanced to tackle deficits that may arise from "extraordinary expenditure and revenue" not covered under the structural balance rule. Deficits accumulate in an "amortization account" and need to be eliminated over the next six years by running structural budget surpluses (via reducing expenditure). The negative balance in the amortization account only needs to be reduced once the compensation account is balanced or in surplus. Effective 2023, the period of repayment of the accumulated deficits due to extraordinary expenditure during the COVID19 pandemic has been extended to 2035 with an option for an additional extension until 2039.

The rule has an escape clause that the government can exercise in “exceptional circumstances”. It allows budgeting additional extraordinary expenditure and needs a supermajority approval by the parliament.

Tanzania

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2015)	No	No	Central government	Yes	Yes	Partial
Budget balance (2015)	No	No	Central government	Yes	Yes	No

National fiscal rules (2015):

- Expenditure rule (since 2015): In 2015, Tanzania introduced the Oil and Gas Revenue Management Act, which included a ceiling on government spending set at 40 percent of GDP coupled with a requirement to maintain current spending constant as a share of GDP.
- Budget deficit rule (since 2015): In 2015, Tanzania introduced the Oil and Gas Revenue Management Act, which included a non-oil and gas deficit ceiling of 3 percent of GDP (with oil and gas revenues excluded from revenues and treated as financing). The deficit rule applies only when oil and gas revenues are higher than 3 percent of GDP.

Supranational rules (2013): Tanzania is a member state of the East African Monetary Union (EAMU). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

Thailand

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2018)	No	No	Central government	Yes	Yes	Partial
Debt Rule (2018)	No	No	Central government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2018): The Fiscal Responsibility Act (2018) (FRA) stipulates that capital expenditure must account for no less than 20 percent of the annual budget and must not be less than the fiscal year budget deficit (Section 20). The Fiscal Policy Committee also sets numerical limits on the share of the central contingency fund (2-3.5 percent of total budget), principal repayment (2.5-3.5 percent), and new multi-year commitment (less than 10 percent of total budget).

- Debt rule (since 2018): The FRA provides the governing framework such that the Fiscal Policy Committee sets the limits of other numerical fiscal rules. (1) Public debt should not exceed 60 percent of GDP and the limit was revised to 70 percent in September 2021 to provide more space for COVID-19 related measures; ii) the debt service to annual government revenue is equal to or less than 35 percent; (iii) foreign debt to total public debt is kept below 10 percent; (iv) foreign currency debt service to exports of goods and services is less than 5 percent.

Timor-Leste

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Revenue rule (2005)	No	Yes	General government	Yes	No	Yes
Debt rule (2005)	No	Yes	General government	Yes	No	No

National fiscal rules:

- Revenue rule (since 2005): Timor-Leste has adopted a legally binding rule based on the Estimated Sustainable Income (ESI) since the establishment of the Petroleum Fund in 2005. The ESI is the estimated average rate of return on the Petroleum Fund in the long run. The revenue rule—enshrined in the Petroleum Fund Law—limits the withdrawal for budget purpose from the Petroleum Fund up to 3 percent only. The rule allows an "Excess Withdrawal" if the government justifies to the parliament that such excess withdrawal is to finance development with long-term interests. According to the Ministry of Finance, a total of $4.5 billion has been excessively withdrawn since 2009, leading to a noncompliance to the ESI revenue rule.

- Debt rule (since 2005): The rule focused on debt service cost and set a ceiling on the cost of external borrowing at 3 percent and required the government to benchmark the costs of external borrowing (external debt) with the average rate of Petroleum Fund's investment returns, subject to regular reviews to align with Petroleum Fund's investment strategies. The rule was sometimes referred as 'loan-cheap money' rule.

Separately, the government also applies a growth limit to budget categories but those are indicative targets and not legally binding and not considered as fiscal rules. The government published a policy proposal to revise the rules-based fiscal frameworks in 2020.
https://www.mof.gov.tl/wp-content/uploads/2020/08/Policy-Paper_Fiscal-Rules_English-Final.pdf

Togo

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
N.A.						

Supranational rules. Togo is a member state in the WAEMU. Please see the supranational fiscal rules of WAEMU for details.

Tonga

Type of national rules (Start date in bracket)	Key characteristics Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2018)	No	No	Central Government	No	No	No
Revenue rule (2018)	No	No	Central Government	No	No	No
Debt rule (2018)	No	No	General Government	No	No	No

National fiscal rules:

Government's 'Budget Strategy and Funding Envelope 2018/19—2020/21 approved by Cabinet and includes information on numerical and qualitative objectives as well as quantitative targets for the budget year and the following two fiscal years based on following key 'fiscal anchors':

➢ Expenditure Rule (2018):
- the compensation of employees below 45 percent of operating expenditure.
- the compensation of employees below 53 percent of domestic revenue.

➢ Revenue rule (2018): a minimum domestic revenue target of 22 percent of GDP.

➢ Debt rule (2018): to maintain the total public external debt below 50 percent of GDP.

The Budget Strategy paper was approved by Cabinet but not presented to the legislature. The fiscal targets are presented in the 2018/19 Budget Statement which is submitted, as part of the budget documentation to the parliament.

Turkmenistan

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2015)	No	No	Central government	Yes	No	No

National fiscal rules:

- Budget balance rule (since 2015): The 2014 Budget Code stipulated a balanced budget at the level of the central government. In practice, however, there was a degree of flexibility as the authorities accounted domestic borrowing and privatization proceeds as government 'revenues'.

The authorities have not suspended the rules during COVID-19.

Uganda

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2016)	No	No	Central government	Yes	Yes	No
Revenue rule (2022)	No	No	Central government	Yes	Yes	No
Expenditure rule (2022)	No	No	Central government	Yes	Yes	No
Debt rule (2016)	No	No	Central government	Yes	Yes	No

National fiscal rules (2016, revised 2022): The Charter for Fiscal Responsibility for 2016/17-2020/21 approved in December 2016 set out criteria that were consistent with the supranational rules requirements. They were modified in the Charter for Fiscal Responsibility for 2021/22 - 2025/26, approved by Parliament in January 2022.

- Budget balance rule (2016, revised in 2022): The 2016 Charter set a budget balance rule with a ceiling on the fiscal deficit (including grants) of 3 percent of GDP to be achieved by 2020/21. The 2022 Charter set a budget balance rule with a ceiling on the overall fiscal balance (including grants) of 3 percent of non-oil GDP to be achieved by 2025/26.

- Revenue rule (since 2022): The Charter set a revenue rule with a floor on the growth of the ratio of non-oil revenue to GDP of 0.5 percentage points on an annual basis. The Charter also establishes that a maximum of oil revenue worth 0.8 percent of the preceding year's estimated non-oil GDP outturn shall be transferred to the Consolidated Fund for budget operations and the balance shall be transferred to the Petroleum Investment Reserve (PRIR) for investment.

- Expenditure rule (since 2022): The Charter set an expenditure rule with a ceiling on the growth of recurrent spending as a percentage of GDP given by the growth rate of non-oil revenue as a percentage of GDP.

- Debt rule (since 2016, revised in 2022): The 2016 Charter set a government debt ceiling of 50 percent of GDP in net present value terms, of which the net present value of external debt is maintained below 30 percent of GDP and the net present value of domestic debt is maintained below 20 percent of GDP. The 2022 Charter set a ceiling for total public debt of 50 percent of GDP in nominal terms to be achieved by 2025/26. This Charter also set a limit for total domestic debt interest payments to total revenues (excluding grants) of 12.5 percent and a limit to nominal publicly guaranteed debt to GDP of 5 percent.

Supranational rules (2013): Uganda is a member state of the East African Monetary Union (EAMU). The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, see Section V.

United Kingdom

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Budget balance rule (1997)	Yes	No	Public sector	Yes	Yes	Yes
Debt rule (1997)	Yes	No	Public sector	Yes	Yes	No

National fiscal rules:

- Budget balance rule (since 1997; revised in 2010, 2014, 2015, 2016, 2019, 2020, 2021, 2022, 2024): Rules on budget balance have evolved over time, with changes in the definition of the budget balance (current, structural, overall balance), changes in the numerical targets on the budget balance, changes in horizon of fiscal policy (annual, rolling three years and rolling five years) as well as a mix of numerical targets and qualitative statements about the direction of the budget balance (e.g., achieving a lower deficit or a surplus over time).

  During 1997-2009, the government adopted a golden rule which aimed to balance the public sector current budget (revenues less current spending) over the cycle. Under a golden rule, the government can borrow only to fund investment spending and not current spending. In response to the global financial crisis, and in line with the escape clause in the 1998 approved Code of Fiscal Stability, the government departed temporarily from the fiscal rules during Nov 2008-Dec 2009 and adopted a temporary operating rule: "to set policies to improve the cyclically adjusted current budget each year, once the economy emerges from the downturn, so it reaches a balance, and the debt is falling as a proportion of GDP once the global shocks have worked their way through the economy in full."

  Following the global financial crisis, 2010 marked the beginning of casting the budget each year in a forward-looking medium-term framework of rolling three and five-year horizons. During 2010-14, the budget balance rule was revised to achieve balance in the cyclically adjusted current budget by the end of the rolling, five-year forecast period.

  To ensure that expenditure on welfare remains sustainable, a new supplementary target was introduced in 2014 in the *Charter for Budget Responsibility* and remains in place. This imposes a ceiling in British Pounds on a subset of welfare spending at a level decided by the UK Treasury in its most recently published *Budget Report*. The level is carried out into the rolling five-year forecast period using the OBR's projected inflation rate five years out. The welfare ceiling is not considered a fiscal rule as fiscal rules are defined to those that set numerical targets on aggregates that capture a large share of public finances. Therefore, the ceiling on welfare is not considered a fiscal rule in the database but included here as additional information as it is used by the national authorities.

During 2014-15, a revised rule called for achieving a cyclically adjusted current budget by the third year of the rolling five-year horizon rather than the end of a five-year forecast period. During 2015-16, the cyclically adjusted current balance rule is replaced by a rule on achieving a surplus on the overall balance by 2019-20. During 2017-18, the overall balance surplus rule is replaced by a rule on cyclically adjusted public sector net borrowing (a structural balance rule) requiring it to be below 2 percent of GDP by 2020-21. During 2019-Septemer 2021, three new rules from the 2019 Conservative Party general election manifesto came into effect. First, the current budget must at least be in balance by the third year of the rolling five-year forecast period. Second, a rule known as the maximum investment rule required that public sector net investment to average no more than 3 percent of GDP over the rolling five-year forecast horizon. Third, a debt-interest-to-revenue rule required that interest payments on public debt do not exceed 6 percent of revenues. These rules were not legislated by the parliament.

With the onset of the Pandemic, legislated fiscal rules were suspended soon after the March 2020 budget. The escape clause was activated as envisaged in para 3.6 the 2017 *Charter for Budget Responsibility* (the relevant Charter at the time): "In the event of a significant negative shock to the UK economy, the Treasury will review the appropriateness of the fiscal mandate and supplementary targets as a means of returning the public finances to balance as early as possible in the next Parliament."

In spite of the activation of the escape clause, the government asked the *Office for Budget Responsibility* (OBR) to use the three rules from the Conservative manifesto to assess fiscal performance since the government's policy decisions in the budget were guided by these rules even though they were not legislated targets. At the same time, the OBR used its mandate and also assessed fiscal performance against the legislated targets (from the 2017 Charter, the latest applicable Charter), namely, the cyclically adjusted public sector net borrowing should be less than 2 percent of GDP by 2020-21 as well as debt rule (see below) and the ceiling on welfare spending (see above).

On October 27, 2021, the government introduced a new budget and reinstated fiscal rules as part of its post-pandemic fiscal framework. It announced four rules, of which two were from the government 2019 election manifesto: A target to balance the current budget by the third year of the rolling forecast period; and that public sector net investment should not exceed 3 percent of GDP on average over the rolling forecast period. The remaining two are a debt rule and a ceiling on welfare spending (covered above already). The government dropped the debt-interest-to-revenue rule.

On November 17, 2022, the government announced a revised budget balance rule, according to which public sector net borrowing should not exceed 3 percent of GDP in the fifth year of the forecast period.

In October 2024, the Budget Responsibility Act 2024 introduced a new fiscal framework and replaced the budget balance rule with the "Stability Rule" that targets current balance, whereby day-to-day spending is to be covered by revenue and net borrowing limited to financing investment. It requires the current budget to be forecast to be in surplus in 2029-30, until 2029-30 becomes the third year of the forecast period. From that point, the current budget must remain in balance or in surplus from the third year of the rolling forecast period, where balance is defined as a range (in surplus, or in deficit of no more than 0.5 percent of GDP). If the range is used between fiscal events, the current budget must return to surplus from the third year at the following fiscal event.

- Debt rule (since 1997; revised in 2009, 2019, 2021, 2022 and 2024): During 1997-2009, the rule, also known as the sustainable investment rule, required that the government reduce and keep public sector net debt below 40 percent of GDP. From 2009-10, the numerical target was dropped, and the rule simply required a declining public sector net debt as a percentage of GDP by the end of the rolling five-year forecast horizon, except for 2015-16, when debt was required to fall the next year. On October 27, 2021, the government adopted a new debt rule following the suspension of the previous debt rule during the pandemic. The new debt rule applies to public sector net debt, excluding the Bank of England. It requires a declining public sector net debt by the third year of the rolling five-year forecast period. On November 17, 2022, the government announced a new debt rule requiring public sector net debt to fall as a share of GDP in the fifth year of the forecast period. In October 2024, the current government introduced a new debt rule, which targets the debt-to-GDP ratio where debt is defined as Public Sector Net Financial Liabilities. The rule requires debt-to-GDP to fall by 2029-30, until 2029-30 becomes the third year of the forecast period. From that point, the debt ratio should fall by the third year of the rolling forecast period.

The reformed fiscal framework in 2024, set out in an updated Charter for Budget Responsibility, will remain in place for the duration of the current Parliament. The government committed to the principle of holding one major fiscal event a year and to reforms of the spending framework to support transparency and stability. It also committed to hold a Spending Review every two calendar years, setting departmental expenditure limits for a minimum of three years of the five-year forecast period.

Escape clause. The Charter of Budget Responsibility provides that: "In the event of an emergency, or a significant negative economic shock to the UK economy, the Chancellor of the Exchequer may temporarily suspend the fiscal mandate and supplementary targets. When making this determination, the Chancellor of the Exchequer must write to the OBR seeking its assessment of the severity of the shock, and its potential impact on the public finances. The Chancellor of the Exchequer must make a statement to Parliament setting out the justification for suspension of the fiscal mandate and, at each subsequent fiscal event, present the government's plan to return to a position where the temporary suspension will be lifted."

Correction mechanism. There is no formal correction mechanism.

The Office for Budget Responsibility, which was established in 2010, provides independent and authoritative analysis of the UK's public finances, including assessment of fiscal rules performance, provision of economic and fiscal forecasting, assessment of fiscal sustainability and costing of budgetary proposals.

Fiscal rules in the UK are supported by an extensive set of legislations, including the Finance Act, the 1998 Code for Fiscal stability; the Fiscal Responsibility Act of 2010; the Budget Responsibility and National Audit Act of 2011; and the Charter for Budget Responsibility that is revised periodically and approved by the parliament. The Charter for Budget Responsibility in 2024 enhanced the role of OBR by improving information sharing to OBR. It also introduces a 'fiscal lock', giving the OBR the ability to produce a forecast without being commissioned by the Chancellor of the Exchequer, if the government announces policy changes worth more than one percent of GDP in any fiscal year, unless measures are temporary and in response to an emergency. The government must include an assessment of contingent liabilities in its annual budget report to Parliament.

Supranational rules: The United Kingdom adopted the supranational rules of the European Union when it was a member state of the European Union until January 2020. Please see the supranational fiscal rules of European Union for details.

United States

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (1990, 2010)	Yes	Yes	Federal government	Yes	No	No
Budget balance (1986)	Yes	Yes	Federal government	Yes	No	No

National fiscal rules:

- Expenditure rule (1991-2002 and since 2010, revised several times): In August 2011, the Budget Control Act (BCA) enacted discretionary spending caps, estimated to save about $900 billion to 2021, it also institutes limits for direct spending for the period of 2012-2030. Spending for emergencies and overseas contingency operations do not count towards discretionary spending limits. Subsequent laws changed the discretionary spending limits or enforcement procedures, which increased annual deficits. The Statutory Pay-As-You-Go Act of 2010 is also still current and requires that the net effect of new direct spending and revenue laws cannot increase the deficit. During 1991-2002, annual appropriation limit was adopted under the Budget Enforcement Act (BEA) of 1990 for discretionary spending (allowed to lapse in at the end of FY 2002).

- Balance budget rule (1986-90): The Gramm-Rudman-Hollings (GRH) bill, passed in late 1985, specified a series of annual deficits targets with a balanced budget to be achieved in 1991. The balanced budget target was moved up in 1987 to 1993. If legislated policy was projected to miss the deficit target an automatic "sequestration" process (i.e., an enforcement) would ensue (the latter process was modified in 1987 after the first version of the bill was found unconstitutional).

  Pay-as-you-go rules were used to ensure compliance of additional measures with budget neutrality. Since they do not set numerical limits on large budgetary aggregates, they are typically considered procedural rules and thus not included in the coding of this dataset. PAYGO (1990-2002): The PAYGO rule was adopted under the BEA and allowed to lapse at the end of FY 2002. The rule applied to newly legislated entitlement spending or tax changes, i.e. a new proposal must be budget neutral. PAYGO (from 2010): The Statutory Pay-As-You-Go Act of 2010 stipulated that deficit-raising policies must be financed by other measures over a specified time period. However, a number of programs were exempt (e.g., legislation with an "emergency" designation, Social Security, and the Bush tax cuts for the middle class).

Uruguay

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
	Key characteristics					
Expenditure rule (2020)	No	No	Central government	Yes	Yes	No
Budget balance (2006)	No	No	Central government	Yes	Yes	No

National fiscal rules:

- Expenditure rule (since 2020): The 2020 Law also introduced an expenditure rule as a third pillar: an indicative real spending limit for the real primary spending growth of the central government and social security administration not to exceed the estimated potential growth (including one-offs).

- Budget Balance rule (since 2006, revised in 2009, 2011, 2015, 2020): The rule (Law 17.947) limits the annual increases in net public debt in nominal terms (through 2010, in U.S. dollar, and since then in units indexed on inflation or UI). The coverage includes the central bank but excludes subnational (departmental) governments. The rule was modified repeatedly since it was first introduced. The ceiling was increased by US$100 million and the first escape clause to 100 percent in 2009. The currency denomination of the ceiling was switched from U.S. dollar to UI and the second escape clause was introduced in 2011. The limit on the number of consecutive uses of the escape clause was removed in 2015.

  A new rule was introduced by the new government in 2020 with an Urgent Consideration Law and greater details provided in the budget for 2020-2024. The new rule has three pillars: i) An indicative structural deficit limit for the headline deficit of the central government and social security administration—corrected for the effect of the business cycle and extraordinary developments (one-offs)—such that the debt-to-GDP ratio stabilizes over the medium term. ii) A net-indebtedness ceiling for the net annual debt issuance in US dollars of the central government (effectively limiting the headline deficit) which can be increased by up to 30 percent under exceptional circumstances.

Escape clause. The fiscal rules have two escape clauses. The first one allows the government to raise the limit by 50 percent for a given year, without affecting the ceiling for subsequent years, in the event of extraordinary and unforeseen circumstances. The second one allows for an increase in the debt limit by 1.5 percent of GDP should adverse weather conditions affect electricity production (and the costs borne by the public electricity producer UTE). The rules also envisage the establishment of a Committee of Experts and an Advisory Council, though details have not been announced.

Vanuatu

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance (since 1998)	No	No	Central Government	Yes	Yes	No
Debt Rule (since 2015)	No	No	Central Government	No Political Commitment	Yes	No

The Public Finance and Economic Management (PFEM) Act of 1998 specifies the principles of responsible fiscal management**.**

- Budget Balance rule (since 1998): The PFEM Act (Section 22) requires the Government to maintain a balanced budget. The rule stipulates that until prudent levels have been achieved, the total overall expenditures of the State in each financial year are less than its total overall receipts in the same financial year.

  The PFEM Act allows for deviations from this rule and the principles of responsible fiscal management in cases of exceptional circumstances (not defined) stipulating that such deviations should be "temporary", and, accompanied by detailed reasons for the deviation principles including justification of those exceptional circumstances as well as a strategy and timeline to return to the principle.

- Debt Rule (since 2015): The debt rule is a political commitment embedded in the first medium-term Debt Management Strategy (DMS) 2015-2017 which requires maintaining the level of State debt below 40 percent of GDP. The DMS 2019-2022 changed this objective and requires managing the level of State debt so that the nominal value of total State debt as a share of GDP remains well below the 60 percent threshold and that of external State debt remains well below the 40 percent threshold. The Budget Policy statement also proposes the same indicative debt threshold levels as guidelines, similar to the medium-term DMS.

  The Public Finance and Economic Management (PFEM) Act requires the government to reduce and then manage debt at a prudent level and to ensure that the total overall expenditures in each financial year are less than its total overall receipts in the year. Numerical targets on debt for 2023-2026 are provided in the Medium-Term Debt Strategy (total debt below 60 percent of GDP, external debt below 40 percent of GDP).

  "State debt" refers to all outstanding public and publicly-guaranteed obligations to both external and domestic creditors of the central government (which excludes the Reserve Bank of Vanuatu). The terms “State” and “Public” are used interchangeably in this DMS to reflect the Government of Vanuatu.

Vietnam

Type of **national rules** (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	**Key characteristics** Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Revenue rule (2016)	Yes	No	General government	Political commitment	No	No
Budget balance rule (2016)	Yes	Yes	General government	Political commitment	No	No
Debt rule (2016)	Yes	Yes	Public sector and publicly-guaranteed debt	Yes	Yes	No

National fiscal rules:

- Revenue rule (since 2016; revised in 2021): The Resolution No.25/2016 in the five-year National Financial Plan 2016-20 specified some restrictions on revenues for 2016-20. It required a floor on the revenue of the State budget at least 23.5 percent of GDP, where revenues from taxes, fees, and charges should be at least 21 percent of GDP. Domestic revenues should be around 84-85 percent of total revenues of the budget, on average. These operational limits were revised in 2021 (Resolution No.23/2021 in the five-year National Plan 2021-26). The floor on the revenue of the state budget is adjusted to 16 percent of GDP, where revenues from taxes, fees, and charges to 14 percent of GDP. Domestic revenues should be around 85-86 percent of total revenues of the budget.

- Budget balance rule (since 2016, revised in 2021): The Resolution No.25/2016 in the five-year National Financial Plan 2016-20 specified the state budget deficits should not exceed 3.9 percent of GDP per year during 2016-20 for the general government and would aim to reduce to 3.5 percent of GDP by 2020. Separate limits were set for central government (3.7 percent of GDP) and local governments (0.2 percent of GDP). The deficit limits were revised in 2021 for the period 2021-25. It specified a deficit ceiling of 3.7 percent of GDP on average during the period and targeted a budget deficit of 3.7 percent of GDP or below by 2026. Deficit limits for central and local governments were revised accordingly, to 3.4 percent and 3.7 percent of GDP, respectively.

- Debt rule (since 2016): Vietnam introduced a debt rule in 2016, with a statutory limit of 65 percent of GDP on public and publicly guaranteed debt (PPG). It also specified that government debts cannot exceed 54 percent of GDP and external debt cannot exceed 50 percent of GDP. Several prudent warning thresholds were set. The debt service for external debt should be less than 25 percent of total export receipts. The total government debt service should not exceed 25 percent of total annual revenues. The rules also restricted the growth rate of government guaranteed debt stock not exceeding the nominal GDP growth of the preceding year. The five-year National Financial Plan 2021-26 (Resolution No.10/2021) revised the statutory debt limit to 60 percent of GDP (with a warning threshold at 55 percent of GDP) and government debt to 50 percent of GDP (with a warning threshold at 45 percent of GDP).

Zambia

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Debt rule (2022)	No	No	Central government	Yes	Yes	No

National fiscal rules:

- Debt rule (since 2022): Zambia introduced a debt rule in the 2022 Public Debt Management Act. The rule sets a ceiling of 65 percent of GDP for government debt. The Act also establishes a limit for the external debt service of 20 percent of the average annual recurrent revenue computed on the basis of the three preceding financial years, and a limit of 10 percent of GDP for public guaranteed debt.

V. Supranational Fiscal Rules: Key characteristics

Central African Economic and Monetary Community (CEMAC)

Member states in IMF membership: Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon.

Type of national rules (Start date in bracket)	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
			Key characteristics			
Budget balance rule (2002)	Yes	Yes	Central government	Yes	No	Yes
Debt rule (2002)	Yes	No	Central government	Yes	No	Yes

Supranational rules:

- Budget balance rule (from 2002, revised in 2008 and 2017): The budget balance rule established in 2002 required that the basic fiscal balance, defined as total revenue net of grants minus total expenditure net of foreign-financed capital spending, should be in balance or surplus. In 2008, the CEMAC Commission introduced two supplementary criteria: (i) the basic structural fiscal balance in percent of nominal GDP should be in balance or surplus—this concept is derived from the main criterion by replacing actual oil revenue with its three-year moving average; and (ii) the non-oil basic fiscal balance in percent of non-oil GDP should be in balance or in surplus. In 2017, the CEMAC Commission modified the first criteria: (i) the three-year moving average of oil revenue is replaced by 80 percent of that value; and (ii) the basic structural fiscal balance in percent of GDP must exceed -1.5 percent of GDP (rather than be in balance or surplus), which have been effective since 2017. An additional rule on the non-accumulation of government arrears was adopted in 2017. This is assessed by the CEMAC Commission based on: (i) the non-accumulation of new arrears during the current year; and (ii) the gradual repayment of existing arrears in line with a published schedule.

- Debt rule (since 2002): The stock of external plus domestic public debt should be kept below 70 percent of GDP.

A sanction mechanism for breaches of regional surveillance rules, including fiscal rules, is pending for adoption by the CEMAC Heads of States Conference. The IMF staff considers that the mechanism should include (i) broadening the range of sanctions, including a provision aimed at going beyond institutional-type sanctions to incorporate monetary penalties or in the form of premium on governments securities for breaches of fiscal deficit or debt-related multilateral surveillance rules; (ii) clarifying the scope and procedures for addressing non-compliance with budgetary-related surveillance rules; and (iii) providing for escape clauses in case of exceptional circumstances (IMF Country Report No. 24/193).

East African Monetary Union (EAMU) and East African Community (EAC)

Member states in IMF membership: Burundi, Democratic Republic of Congo, Kenya, Rwanda, Somalia South Sudan, Tanzania, and Uganda

South Sudan joined EAC in 2016 but has not yet signed the EAC Monetary Union Protocol. The Democratic Republic of the Congo officially became a member of the East African Community in July 2022. The Federal Republic of Somalia became a full member in March 2024.

The EAC member states aim to harmonize monetary and fiscal policies. They also aim to harmonize financial, payment and settlement systems, financial accounting and reporting practices, and policies and standards on statistical information.

Type of national rules (Start date in bracket)	**Key characteristics**					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2013)	Yes	N.A.	Central government	Yes	No	No
Debt rule (2013)	Yes	N.A.	Central government	Yes	No	No

Supranational rules: The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria.

- Budget balance rule (since 2013): It requires a budget balance rule (including grants) of a ceiling on fiscal deficit to be 3 percent of GDP to be achieved by 2028.
- Debt rule (since 2013): The supranational rules refer to the East African Monetary Union (EAMU) convergence criteria, which include a primary criterion of a 50-percent ceiling on gross public debt to GDP in net present value terms.

Eastern Caribbean Currency Union (ECCU)

Member states in IMF membership: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines.

Type of national rules (Start date in bracket)	**Key characteristics**					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (1998)	Yes	No	General government	Yes	No	No
Debt rule (1998)	Yes	No	General government	Yes	No	No

In 1998, the ECCB Monetary Council provided guidance to ECCU countries to achieve a public debt ceiling of 60 percent of GDP countries and an overall deficit target of 3 percent of GDP by 2020. However, these targets were only suggestive and not legally binding. The deficit target was subsequently abandoned, and the debt target was postponed twice. Currently the ECCU debt-to-GDP ceiling stands at 60 percent to be achieved by 2035.

Supranational rules:

- Debt rule (since 1998, revised in 2015 and 2021): As per the regional central bank's Monetary Council's decision announced on February 12, 2021, member countries of the currency union are to achieve a debt target of 60 percent of GDP by 2035. The decision extends the previous target date of 2030 announced on February 24, 2015, which was extended from an original target date of 2020.

- Budget balance rule (1998-2005): Before the revision in 2006, fiscal benchmarks included a target of overall deficit of 3 percent of GDP.

European Union (EU)

Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. United Kingdom had been a member state until Jan 2020.

Type of national rules (Start date and major revisions in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Expenditure rule (2012; 2024)	Yes	Yes	General government	Supranational	Yes (2012)	No
Budget balance rule (1992, 2005, 2012; 2024)	Yes	Yes	General government	Supranational	Yes (2005)	No
Debt rule (1992, 2024)	Yes	Yes	General government	Supranational	Yes (2005)	No

Supranational rules: Fiscal rules among EU countries were laid out in the Stability and Growth Pact (SGP). Approved in 1997 and reformed in 2005 and 2011-13, the SGP clarified the budgetary criteria set up in the 1992 Maastricht Treaty EU countries must meet to adopt the Euro. The SGP contains a preventive and a corrective arm, where the former seeks to monitor and prescribe actions to avoid the buildup of fiscal imbalances, and the latter – also referred to Excessive Deficit Procedure (EDP) – seeks to monitor and prescribe actions to redress excessive fiscal imbalances. In February 2024 the Council and Parliament approved a reformed economic governance framework for EU members. The new framework aims at promoting sustainable public finances while at the same time encouraging growth-supporting reforms and investments.

Budget balance rule (since 1992) and expenditure rule (since 2012): The original SGP included two main fiscal rules: the overall fiscal deficit should be below 3 percent of GDP and government debt should be below 60 percent of GDP or sufficiently diminishing towards that level (corrective arm). There was also a requirement that the medium-term overall budget position be “close to balance or in surplus” in nominal terms (preventive arm). The 2005 SGP reform replaced the “close to balance rule” under the preventive arm by country-specific medium-term objectives (MTOs) for the structural budget position. The MTO is updated at least every three years. EU members are required to be at the MTO or converging towards it through an appropriate adjustment path, 0.5 percent of GDP annual improvement as a benchmark. This provides an appropriate safety margin against breaching the 3 percent headline deficit limit, with Member States, particularly those with debts over 60 percent of GDP, expected to do more when economic times are good and less when they are bad. Compliance with MTO is assessed on the basis of compliance with either (i) a structural budget balance (SBB) rule with MTO as limit if a country is at MTO or (ii) with the SBB rule corrective mechanisms (i.e. agreed adjustment path) if a country is below MTO. In 2015, the

Commission issued a communication that provided new guidance on how to apply the flexibility in the existing SGP regarding role of structural reforms and investment in supporting a more growth-friendly rules and assessing compliance on debt and deficit. These added a structural reform clause and an investment clause. Both clauses allow for a temporary deviation from the MTO or the adjustment path towards it if structural reforms and investment with certain characteristics are fully implemented.

The 2011 SGP reform (Six Pack) which became operational in 2012 added the 1/20th requirement on the pace of debt reduction. It operationalized the adjustment path under the debt rule in the corrective arm by introducing an annual pace of debt reduction (no less than 1/20th of the distance between the actual debt ratio and the 60 percent threshold). The 2011 reform also added an expenditure rule to the preventive arm which is used in conjunction with the SBB rule in order to assess the compliance with the MTO (annual expenditure growth should not exceed a reference medium-term potential GDP growth if country is at MTO or a fraction of that if country is on the path towards the MTO).

The 2012/13 reforms (Fiscal Compact and Two Pack) reinforced monitoring and enforcement procedures. Till the Fiscal Compact reform, no enforcement mechanism related to MTOs were in place. The Fiscal Compact required member states to formally adopt a structural budget balance rule (SBR) in its constitution or in durable legislation (with a lower limit of structural deficit of 0.5 percent of GDP; if public debt is lower than 60 percent of GDP, this lower limit is set at 1% of GDP) as well as an automatic correction mechanism after its ratification by at least 12 Euro Area member states. The Fiscal Compact (known also as Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, TSCG) was formally concluded on March 2 2012, and entered into force on January, 1 2013.

In March 2012, the Fiscal compact was signed by all Member States except the UK and Czechia (Croatia also did not sign this treaty, neither before nor after its EU accession on 1 July 2013). The Fiscal Compact provides for the balanced budget rule, with a lower limit of structural deficit of 0.5% of GDP for the MTO (if public debt is lower than 60% of GDP), and this lower limit is set at 1% of GDP if debt to GDP ratio is substantially below 60 percent of GDP and debt sustainability risks are low), to be enshrined in national law, preferably at constitutional level (the 'debt brake'). Member States may bring proceedings against other Member States before the Court of Justice of the European Union in cases where this rule has not been properly implemented. Additional provisions include, inter alia, automatic triggering of the correction mechanism and enforced rules for countries under the EDP. In addition, financial assistance from the European Stability Mechanism will only be provided to Member States that have signed the Fiscal Compact.

In 2015, a revised guidance on the implementation of the SGP clarified the existing provisions for rule flexibility by describing in greater details clauses to encourage investment and structural reforms, allowing for higher debt and deficit, and to account for the economic cycle under the preventive arm. For more details, see the Vade Mcum on the stability and Growth 2019 https://ec.europa.eu/info/publications/vade-mecum-stability-and-growth-pact-2019-edition_en.

In the latest EU fiscal rule framework approved in 2024, the Medium-Term Objective for the structural balance was repealed, but the deficit limit of 3 percent remains.

Under the 2024 framework, countries that are considered to face long-term risks to their public finances are required to submit adjustment plans that have a high likelihood of restoring fiscal sustainability. The fiscal adjustment should be gradual and realistic and allow countercyclical policy. Member states with deficits or debt levels exceeding the framework's reference values—17 of the 27 EU member states in October 2024—would agree with the Commission and the Council a four- or seven-year fiscal-structural plan, relying on net primary expenditure as the single operational indicator. The implementation of this plan will be monitored through annual progress reports, allowing the Commission to verify compliance with the net expenditure path.

The framework distinguishes two phases: an adjustment period and a 10-year debt trajectory phase, over which long-term fiscal sustainability is assessed. The baseline adjustment period is four years. However, countries committing to structural reforms and public investments that enhance economic resilience or potential growth—or strengthen fiscal sustainability—can be allowed to extend the adjustment period to seven years, thereby reducing the pace of annual fiscal adjustment.

Restoring and entrenching fiscal sustainability—the primary objective of the framework—is specified along two dimensions: debt criterion (see below in debt rule) and deficit benchmark. Fiscal deficits should, if high, be reduced and subsequently be kept moderate (referred to as the deficit benchmark). The deficit benchmark requires that by the end of the adjustment period, the general government deficit is below 3 percent of GDP and is projected to remain below this level for the entire 10-year debt trajectory phase.

In addition to the debt criterion and the deficit benchmark, the framework includes two minimum adjustment safeguards. According to a *debt sustainability safeguard*, over the adjustment period the debt-to-GDP ratio should fall on average by no less than 1 percentage point of GDP annually if debt is above 90 percent of GDP and 0.5 percentage point of GDP annually if debt is between 60 and 90 percent of GDP.

According to the *deficit resilience safeguard*, if the general government structural balance is less than –1.5 percent of GDP, the annual improvement of the structural primary balance should not be less than 0.4 percentage point of GDP for countries with a four-year adjustment period, and 0.25 percentage point for those with a seven-year adjustment period. Member states that violate the fiscal requirements under the framework—either by having a general government deficit that exceeds 3 percent of GDP or by failing to implement the agreed net expenditure path—can be placed in an Excessive Deficit Procedure. Unless the adjustments agreed in the medium-term fiscal structural plan is higher, while in an Excessive Deficit Procedure, the country is required to make a minimum annual improvement of the structural fiscal balance of 0.5 percent of GDP to bring it back to compliance with the framework. Although the minimum adjustment is generally defined in terms of the structural balance, as a transition measure, during 2025–27 it can be adjusted to take into account higher interest expenses. During the time a country is in the Excessive Deficit Procedure, it is excluded from the annual debt-reduction requirement under the debt sustainability safeguard (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/evolution-eu-economic-governance/new-economic-governance-framework_en).

<u>Debt rule (since 1992):</u> The Maastricht criteria include a limit of 60 percent of GDP for general government debt. With the Six Pack reform of 2011, the 1/20th required closing the gap between the actual debt ratio and the 60 percent threshold on average over three years, starting three years after a country has left the current excessive deficit procedure (EDP). If progress is insufficient during the transition period, an EDP

can be opened, with sanctions and fines (only applicable to Euro Area members).. In the new framework since 2024, public debt should be plausibly placed on a downward path, or, if already low, maintained at prudent levels. This is referred to as the debt criterion. The debt criterion is assessed on the basis of a debt-sustainability analysis covering the 10-year debt trajectory phase during which—for the sake of the analysis—the primary fiscal balance is assumed to be constant, with the exception that costs related to an aging population are added. The debt-sustainability analysis—which is done according to an established methodology—examines the evolution of debt under various prespecified scenarios and shocks, such as lower GDP growth or higher fiscal deficits. In the debt-sustainability analysis, if debt is above 60 percent of GDP it should decline with a high probability. If below 60 percent of GDP, it should not exceed this threshold.

Expenditure rule: Until 2023, the "expenditure benchmark" specified that expenditures could not grow faster than potential GDP growth. This was replaced in 2024 by a "net expenditure" rule. Under this rule, general government net expenditure over the (4- or 7-year) adjustment period must be such that the debt-to-GDP ratio is put on a plausibly downward path over the subsequent 10 years. Net expenditure is defined as government expenditure net of interest expenditure, discretionary revenue, spending funded by EU programs, cyclical unemployment benefits, and one-off and temporary expenditures. To assist countries in preparing such expenditure paths, the European Commission provides countries with a reference trajectory.

The reform also includes requirements on member states' budgetary frameworks—including medium-term fiscal planning—analysis of macro-fiscal risks, and country-specific numerical fiscal rules. Member states are also required to ensure the existence of independent fiscal institutions with sufficient competence, autonomy, and resources. These institutions should—at a minimum—be tasked with macroeconomic forecasting, fiscal rules monitoring, and evaluation of budgetary frameworks. Member states are required to comply with the recommendations of the assessments of the independent fiscal institutions or provide a public explanation of why they do not.

General escape clause. The EU general escape clause was introduced as part of the 'Six-Pack' reform of the Stability and Growth Pact in 2011. In March 2020, the Commission concluded that in light of the expected severe economic downturn arising from COVID, the conditions to activate the general escape clause were met The EU ministers of finance endorsed the Commission recommendation on March 23, 2020. The activation of the escape clause has allowed Member States under the preventive arm to temporarily depart from the adjustment path towards the MTO, provided that this does not endanger fiscal sustainability in the medium term. The general escape clause did not suspend the procedures of the SGP, but it allowed the Commission and the Council to depart from the budgetary requirements that would normally apply. The General Escape Clause had then been renewed owing to severe shocks and remained activated for the fiscal years 2021-2023.

For the IMF Fiscal Rule database, all categorical/binary variables checked for consistency with the European Commission (EC) fiscal rule database available at http://ec.europa.eu/economy_finance/economic_governance/index_en.htm.

West African Economic and Monetary Union (WAEMU)

Member states in IMF membership: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

Type of national rules (Start date in bracket)	Key characteristics					
	Monitoring outside government	Formal enforcement procedures	Coverage	Statutory basis	Escape clauses	Investment excluded from rules
Budget balance rule (2000)	Yes	Yes	General government	Yes	Yes	No
Revenue rule (2000)	Yes	No	Central government	Yes	Yes	No
Debt rule (2000)	Yes	Yes	Central government to public sector 1/	Yes	Yes	No

Supranational rules refer to the fiscal convergence criteria of the West African Economic and Monetary Union (WAEMU). In January 2015 changes to the WAEMU convergence criteria were enacted.
1/ The coverage of debt rule varies across countries (see table below).

- Budget balance rule (2000, revised in 2015): The initial first-order WAEMU convergence criteria under the Convergence Pact included a balanced budget rule (on the basic fiscal balance excluding budget grants and foreign-financed capital expenditures, including HIPC/MDRI financed expenditures). The rules excluded public investment or other priority items from the ceiling initially. Since January 2015, the first order convergence criteria on balanced budgets were revised to set the ceiling on the overall fiscal deficit (including grants) to remain below 3 percent of nominal GDP. Public investment is no longer excluded after the 2015 revision.

- Debt rule (2000, revised in 2015): The initial first-order WAEMU convergence criteria included a debt ceiling at 70 percent of national nominal GDP on public debt. The debt ceiling remains at 70 percent of national GDP following the 2015 revision. The debt coverage varies across countries.

Country	Debt coverage	Deficit coverage
Benin	Central government, guarantees, and central bank debt borrowed on behalf of government	Central government
Burkina Faso	Central government	Central government
Cote d'Ivoire	Central Government and SOEs	Central government
Guinea-Bissau	Central government, guarantees, and central bank debt borrowed on behalf of government	Central government
Mali	Central government	Central government
Niger	Central government and guaranteed debt	Central government
Senegal	General government, social security fund, guarantees, SOEs, and central bank debt borrowed on behalf of government	Central government
Togo	Central government, SOEs, and government guarantee debt	Central government

- Revenue rule (2000, revised in 2015): The WAEMU also specified a less binding convergence target on revenues, called 'second tier', which was set as a floor on the government revenue at 17 percent of GDP. The floor was amended in the 2015 revision to 20 percent of GDP.[2] Wages and salaries to tax revenues are set at or below 35 percent.

Escape clause conditions and correction mechanisms:

- Escape clause. Under the WAEMU framework, the Commission can propose to the Council of Ministers the activation of escape clauses when a country faces exceptional circumstances (Article 71 of WAEMU 2003 Modified Treaty); in this case, the obligation to comply with first-order criteria can be temporarily lifted. The Commission can also propose a directive accompanying the activation in which the terms, such as the size and the duration of the deviation, can be defined. The member government is then required to propose a set of corrective measures within 30 days to comply with the directive (David, Nguyen-Duong, Selim 2022). The supranational fiscal rules have been suspended since April 2020 by the suspension of the Convergence Pact, which has subsequently *de facto* expired. The Pact (including the fiscal rules) has not been formally reinstated, However, most members (all but Mali) have IMF-supported programs envisaging fiscal consolidation towards 3 percent fiscal deficit.

- Correction mechanism: The WAEMU Treaty specified corrective measures, which can be taken to promote compliance with regional convergence criteria. During the convergence phase, a breach of a first-order criterion observed by the Commission requires the country to implement corrective measures that are proposed by the Commission and approved by the Council of Ministers by two-thirds majority of its members (Article 18-22 of Additional Act no. 01/2015/CCEG/UEMOA). When a country already complies with all first-order criteria but the Commission considers its national convergence plan to be inadequate and the breach to be likely in the future (Commission's December reports), it recommends to the Council of Ministers to request the member government to resubmit an appropriately revised plan within 30 days. A member's compliance with this requirement is assessed in the June report of the following year. During the stability phase, when there is a breach of

[2] The second order convergence criteria also include other ceilings such as government wage bill to tax revenue. They are not included as an expenditure rule because this dataset considers fiscal rules if numerical targets are on aggregates that capture a large share of public finances.

the first-order criteria, corrective measures are required by the Councils of Ministers, but only recommendations are issued for projected breaches. In both the convergence and stability phases, failure to implement appropriate corrective measures could lead to sanctions imposed by the Council of Ministers. Overall, the current correction mechanisms framework does not cover the pace of correction, risks, milestones and deadlines, supervisory requirements, and economic cost.

- Compliance. Under the WAEMU framework, the Commission monitors compliance with the rules through the multilateral surveillance mechanism. For this purpose, it issues decisions specifying the types of information required for surveillance. Members on a regular basis transmit it to the Commission, including statistical data and information related to economic policy measures. It publishes two reports per year, which are examined in June and December by the Council of Ministers. The reports discuss the convergence of economic policies and their consistency with the Union's monetary policy. The June report assesses members' macroeconomic performance, including with respect to the first-order and second-order convergence criteria for the preceding year, and on this basis reviews macroeconomic objectives for the current year. The December report focuses on the budget law and on forward looking five-year convergence plans that member countries must submit by end-October at the latest.

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