

OECD Independent Fiscal Institutions Review

Belgian Federal Planning Bureau (FPB)

2023

HIGHLIGHTS

EXECUTIVE SUMMARY

In 1959, the national government of Belgium placed much of the economic policy expertise normally found in ministries under one institution that would eventually become the Federal Planning Bureau (FPB, or the Bureau). Over its 60 years of history, the Bureau has firmly established its reputation as an independent analytical institution. Stakeholders praise the quality of the FPB's work and its non-partisanship. Its analysts are at the top of the modelling field.

The close historical relationship of the FPB to the government as a provider of advice sets it apart from institutions created more recently in other European countries to fulfil obligations under the euro area's enhanced budget co-ordination and surveillance framework. While the Bureau provides impartial analysis and macroeconomic forecasts for the budget, it also plays a technical support role for the government. Indeed, it is known as the "government's calculator", performing an analytical function for the public service in several important policy areas. In assessing the Bureau and its set-up relative to international standards and peers, Belgium's particular institutional context must be considered.

The first part of this review assesses the institutional framework and operations of the Bureau, particularly as one of Belgium's independent fiscal institutions (IFIs). The FPB is seen as a locally owned and independent institution that is non-partisan and is transparent about its methods and models. This has resulted in the institution having considerable influence and impact as a fiscal watchdog. For example, it provides information on the federal government's exposure to the costs of population ageing through its work with the independent Study Committee on Ageing, whose reports have prompted the government to change course on several pension reforms in favour of a more sustainable direction.

The review nonetheless identified four areas where the institutional framework and operations of the Bureau could be improved.

1. Strengthening the Bureau's impact on the public and parliamentary debate.
2. Ensuring that new tasks do not compromise the Bureau's ability to perform existing functions and undertake work at its own initiative, important for its independence.

This can be achieved through:

- Providing medium-term funding guarantees reflecting the full range of responsibilities at the start of each political term.
 - Ensuring that the Bureau is consulted in relation to new roles and responsibilities and that these are fully resourced.
 - Improving prioritisation within the FPB, with management reviewing the Bureau's priorities and strategic plans more frequently.
3. Creating an attractive work environment for young professionals to help make the Bureau's workforce more diverse and dynamic, important for institutional resilience as well as innovation and analytical improvement over time.
 4. Raising the Bureau's operational transparency to the standard of its analytical transparency, e.g. through publishing an annual corporate activities report including financial statements to strengthen public trust in the institution.

The review also assessed the Bureau's analytical capacity, particularly the models it uses in areas such as pensions, taxation, the labour market, energy, and investment.

The FPB has a diverse range of responsibilities and has developed a comprehensive suite of models to fulfil them. It also has a unique and effective system for integrating its data resources, inputs, and outputs across models, teams, and projects.

EXECUTIVE SUMMARY CONTINUED

The review found that the Bureau's individual models are appropriate for delivering its mandate. They compare well to models used internationally within peer fiscal institutions, central ministries and line departments. Indeed, the Bureau has been at the forefront of model development initiatives collectively at the EU level and individually in influencing and supporting peers in building domestic capacity in other countries.

Where resources allow, the FPB could further strengthen its modelling effort in areas underserved according to the Bureau's modelling needs or in comparison to other IFIs with similar mandates and resources. For example, developments in nowcasting and increasing its range of estimates of potential output and the output gap could help the Bureau assess the current economic environment. Investments in models that adjust the cost of policies for behavioural responses, help assess structural reforms, evaluate the impact of wealth taxes and estimate the carbon impact of government policies will be particularly helpful for the FPB's new mandate to undertake election budgetary costings and impact assessment.

The final part of this review assesses the Bureau's performance related to this new election costings mandate. The FPB's mandate was expanded in 2014 to include the "costing" of the policy proposals contained in electoral platforms for political parties represented in the federal parliament. This includes both the estimate of a proposal's initial cost to public finances and the quantitative assessment of the measure's impact on a range of socioeconomic indicators (such as employment, purchasing power of various income groups, and the environment). The role was refined in 2018 and the Bureau's first costing exercise was undertaken for the 2019 federal and regional elections.

Overall, the 2019 exercise met its legislative mandate and intended policy objectives. There is a consensus among stakeholders that the FPB's election platform costings exercise should be made permanent and can be built upon to improve its impact. The exercise improved transparency around the impact of political proposals, created political consequences for specious election commitments, helped bolster political credibility during the election campaign, informed coalition negotiations after the elections, helped political parties develop more robust proposals and, ultimately, better public policy, and enhanced the Bureau's perceived independence.

Notwithstanding the overall success of the 2019 costings exercise, efforts to improve the effectiveness of the exercise for the 2024 election and beyond should focus on:

1. Promoting greater public awareness of independent election platform costings by the FPB.
2. Improving the comparability of political platforms.
3. Expanding technical capacity to capture the impacts of a broader range of policies.
4. Presenting regional impacts of priorities and measures.
5. Providing clearer and more comprehensive administrative guidance.

These changes can help make Belgian federal elections more impactful, informed, open and inclusive. In this way, the FPB can help increase citizen understanding of the economic, social and environmental consequences of different voting choices, shaping citizens trust in the legitimacy and functioning of the election process as a whole.

This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.

The action was funded by the European Union via the Technical Support Instrument, and implemented by the OECD, in cooperation with the Directorate-General for Structural Reform Support of the European Commission.



For further information:
[@OECDgov](https://twitter.com/OECDgov)
www.oecd.org/gov

Contact: Scherie.Nicol@oecd.org



BETTER POLICIES FOR BETTER LIVES



**Funded by
the European Union**