



HELLENIC  
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COUNCIL

End-Year report on the activities  
of the Research Department for 2023

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## Introduction.

In 2023, the Research Department of the Hellenic Fiscal Council (HFISC) promptly completed the preparatory work required for the periodic reports and evaluations mandated by its founding law (Law 4270/2014). In addition, the Department systematically maintained cooperative relations with counterpart organisations in the European Union and officials in the Greek public administration in order to implement the Memorandum of Cooperation with the Ministry of Finance (see Section B for "Other Activities").

## A. Research Work

### 1. Regular Reports and Opinions

- The Research Department conducted the necessary preparatory work and drafted the semi-annual reports for the HFISC, as stipulated by the founding law. The Spring report was submitted in July 2023, and the Autumn report in December 2023. These texts were finalized after incorporating relevant comments and suggestions from the President and the members of the Board.
- The HFISC also provided: i) An opinion on the macroeconomic forecasts of the Stability Program 2024-2026 (April 2023), included in the European Commission's Evaluation Report of the Greek Stability Program. ii) An opinion on the macroeconomic forecasts of the Preliminary State Budget 2024 (October 2023). iii) An opinion on the State Budget for 2024 (November 2023).
- Due to extraordinary circumstances, three supplementary state budgets were voted in 2023, approving increases of expenditures in the 2023 State Budget. HFISC published relevant opinions before each supplementary budget vote (July, September and December 2023), according to Article 2(5c) of Law 4270/2014.
- Quarterly forecasts of Greek GDP developments have also been made: using: i) The "Dynamic Factor Model" for short-term forecasts (one/two quarters ahead). ii) The MIDAS (Mixed-Data Sampling) model, also for short-term forecasts. iii) The "Vector Error Correction Model" for medium-term forecasts (one/two years ahead).

## 2. Internal Memos and Other Tasks

- Six internal memos were prepared in 2023 (bimonthly) on the execution of the State budget and the general government budget. These memos confirmed that the budget was executed within the targets, with the potential to exceed them (primary surplus of 1.1% of GDP).
- A briefing note/presentation was prepared in April to support the President's speech at the Delphi Forum on "twin deficits": Are they coming back to haunt us? Is there a risk of relapse?"
- The database of real GDP change data has been updated on a quarterly basis in relation to the forecasts of the HFISC and the Ministry of Finance in order to compare these macroeconomic forecasts with the final results (ELSTAT).

## 3. Work in Progress

- **Technical Support Instrument (TSI):** In autumn 2023, a contract was signed between the contractors and DG Reform. The HFISC will take part in four joint processes with other European Fiscal Councils to become more dynamic and effective. The four processes are: 1) forecasting models, 2) long-term analysis of public finances, 3) the European Fiscal Governance Framework, and 4) communication and outreach.
- The first kick-off meeting between the participating IFIs, contractors and DG Reform took place in December 2023. This meeting outlined the process for receiving technical assistance, including specific timelines, deliverables, risk management, and different levels of supervision and control.
- Preparations are underway to develop a Macroeconomic Model for policy evaluation of the Greek economy. The goal is to create a macroeconomic model with microeconomic foundations for the Greek economy. This model, within a general (dis)equilibrium framework, can be used to study the trends and cycles of the Greek economy, as well as the impacts of actual and hypothetical economic policies. It will complement the existing econometric model of the HFISC.

## B. Other Activities

### 1. International Relations

- The Research Department is responsible for managing and supporting the development of HFISC's international collaborations, as per the internal regulations. In this area, the following activities were carried out:
  - **Representation in the EU IFIs Network:** The HFISC actively participated in the European Network of Independent Fiscal Institutions (EU IFIs Network), which is a voluntary institution open to all independent fiscal organizations operating in the EU. The communication with the HFISC was very satisfactory, and the HFISC was represented in all teleconferences organized by this network in 2023.
  - **Contribution to the European Fiscal Monitor:** The HFISC participated in the publication of the European Fiscal Monitor (May and November 2023) by the EU IFIs Network. The purpose of this publication is to provide a common platform for the organizations in the network to convey their key messages to an international audience interested in the budgetary issues of European countries. The notes presented the short- and medium-term prospects of the public finances of the European countries in the network.
  - **Completion of the IFIs' Effectiveness Project:** The HFISC participated in the project titled "IFIs' effectiveness," which explored three aspects of the effectiveness of fiscal councils: institutional aspects, forecasts, and media presence. The project had two coordinators, one of whom was the head of the Research Department. The final article, titled "Do institutional aspects shape the effectiveness of independent fiscal institutions? The case of countries' compliance with EU fiscal rules," was completed and published on the network's website in July 2023. The writing team included Ms. Tasoula and Mr. Psarinopoulos.
  - **Presentation of Research Findings:** The results of the IFIs' effectiveness project were presented in The Hague during the EU IFIs Network meeting on June 15-16 by the two program coordinators, one of whom was the head of the HFISC's Research Department.
  - **Meetings with Credit Rating Agencies:** The HFISC held working meetings with representatives from Moody's (September 2023) and Fitch Ratings (November 2023) as part of the evaluation of the Greek economy.
  - **Meeting with Eaton Vance:** In May 2023, the HFISC met with a representative from the investment firm Eaton Vance to discuss the firm's investments in Greek government bonds.

- **Collaboration with Dr. Gregory Schneider-Maunoury:** The HFISC collaborated with Dr. Gregory Schneider-Maunoury (Associate Professor at Université Sorbonne Paris Nord) on topics related to tax optimization, including effective tax rate, deferred tax on income tax, and deferred tax assets on total assets.
- **Participation in Surveys:** The HFISC collaborated and completed questionnaires for the European Fiscal Board (EFB) as part of the EFB's annual survey on fiscal councils in Europe (January 2023) and for the European Commission (ECFIN) regarding the annual update of the Fiscal Governance Database (FGD) concerning Independent Fiscal Institutions (January and May 2023).
- **International Conferences:** The head of the Research Department participated in an international conference in Iasi, Romania, titled "Towards New Paradigms of EU Economics: Financial and Monetary Milestones," where he gave a keynote speech on "Macroeconomic and Fiscal Developments in Greece: The need for an Independent Fiscal Institution(?)". Additionally, he presented an article titled "Fiscal Rules in the European Union: Less Is More?" at an international conference in Verona, Italy, organized by the SIEP (Società Italiana di Economia Pubblica).
- **Authorship of Working Papers:** The HFISC authored several working papers, including "From debt arithmetic to fiscal sustainability and fiscal rules: Taking Stock and Policy Lessons," co-authored by Giota Koliousi, George Economides (Athens University of Economics and Business, Hellenic Open University, CESifo), Natasha Miaouli (Hellenic Fiscal Council, Athens University of Economics and Business), and Apostolis Filippopoulos (Hellenic Fiscal Council, Athens University of Economics and Business, Hellenic Observatory LSE, CESifo). This paper was presented in The Hague during the EU IFIs Network meeting on June 15-16. Another paper titled "Do the interest rates really relate to economic growth? Empirical evidence from Greece" was authored by Dimitrios Dimitriou, Alexandros Tsioutsios, Theodore Simos, and Dimitris Kenourgios.

## 2. Collaborations with Domestic Bodies and Academic Institutions

- **Athens University of Economics and Business:** In 2023, a memorandum of cooperation was signed with the Athens University of Economics and Business to develop common goals and actions.
- **General Accounting Office:** Communication with officials from the General Accounting Office was continuous and satisfactory. Each month, the General

Accounting Office sends us the State Budget Monitoring Bulletin in an editable Excel format, simultaneously with its official publication. Additionally, before submission to Parliament, we receive the main tables of the Draft and Final Budget.

- **Directorate of Macroeconomic Policy and Forecasts of the Ministry of Finance:** Extensive collaboration and meetings were held regarding the Ministry's macroeconomic scenarios, methodologies, and forecasting processes. Furthermore, before submission to Parliament, we receive the main macroeconomic scenario of the Draft, Final Budget, and Stability Program.
- **Public Debt Management Agency (PDMA):** Communication was satisfactory throughout the year.
- **Hellenic Statistical Authority (ELSTAT):** The HFISC participates through representatives in the Advisory Committee of the Hellenic Statistical System.

### **3. Education, Seminars, and Workshops**

- **January 17, 2023:** Training seminar on "Discretionary revenue measures in EU fiscal surveillance" by DG ECFIN.
- **January 24, 2023:** Training seminar on "Joint Research Centre EUROMOD and EDGE-M3 models" by DG ECFIN.
- **March 17, 2023:** 18th meeting of the EU Network of Independent Fiscal Institutions (EUNIFI).
- **March 20, 2023:** Training seminar on "EU fiscal rules: An assessment of trends and prospects against the backdrop of the ongoing economic governance review" by the Joint Vienna Institute (JVI).
- **April 13-14, 2023:** 15th Annual Meeting of the OECD Working Party of Parliamentary Budget Officials and Independent Fiscal Institutions.
- **May 22-26, 2023:** Dynare Summer School 2023 at École Normale Supérieure.
- **May 25, 2023:** Technical Seminar - Webinar for Independent Fiscal Institutions on "Legislative proposals for new economic governance rules fit for the future, Stability and Growth Pact" by DG ECFIN.
- **June 15-16, 2023:** IFI Network and Meeting Conference by EUNIFI.

- **June 20, 2023:** Technical Seminar - Webinar for Independent Fiscal Institutions on "Methodology underpinning the calculation of the debt trajectories" by DG ECFIN.
- **September 20, 2023:** ESCB and IFI Workshop by EUNIFI and ESCB.
- **November 21, 2023:** ESAC – NUCs Joint Seminar on Health statistics by Eurostat.

#### **4. Administrative Tasks**

- Staff from the Research Department participate in procurement and relevant committees, among others.
- Additionally, employees of the Research Department assist in the secretarial support of the Service Council.