



**EU INDEPENDENT
FISCAL INSTITUTIONS**

THE ROLE OF COMMUNICATION FOR EU INDEPENDENT FISCAL INSTITUTIONS IN TIMES OF ESCAPE CLAUSES

Seventh annual conference of the European Fiscal Board, “Sustainability in times of national escape clauses”, 14th of November 2025, Brussels

Contributors, authors and acknowledgment

This paper was prepared by a working group on Independent Fiscal Institutions' (IFIs) effectiveness on the topic "*How Do Independent Fiscal Institutions Talk?*" within the Network of the EU Independent Fiscal Institutions. The group was composed by **Bogdan Căpraru – coordinator (Network of EU IFIs and Romanian Fiscal Council)**, **Bernhard Grossmann (Austrian Fiscal Advisory Council)**, **Desislava Kalcheva (Fiscal Council of Bulgaria)**, **Petr Musil (Czech Fiscal Council)**, **Michalis Persianis (Cyprus Fiscal Council)**, **Anastasios Pappas, Apostolis Gkrammis, Nikolaos Psarinopoulos (Hellenic Fiscal Council)**, **Eddie Casey and Niall Conroy (Irish Fiscal Advisory Council)**, **Daniela Bracco and Alexandre Lucas Cole (Parliamentary Budget Office of Italy)**, **Jurga Rukšėnaitė and Rasa Ibelhauptaitė-Duobienė (National Audit Office Lithuania)**, **Gilmour Camilleri, Kurt Davison and Christian Xuereb (Malta Fiscal Advisory Council)**, **Ebrien Brinkman (CPB Netherlands Bureau for Economic Policy Analysis)**, **Farzaneh Shamsfakhr, Beatriz Pozo Perez and Harry Crichton-Miller (Secretariat of Network of EU IFIs)**, **Carlos Marinheiro and Helena Rua (Portuguese Public Finance Council)**, **Georgiana Georgescu and Mihai Nițoi (Romanian Fiscal Council)**, **Lenka Zacharová and Frantisek Mucka (Council for Budget Responsibility Slovakia)**, **Davorin Kracun and Ales Delakorda (Slovenian Fiscal Council)**, **Lucía Rodríguez Muñoz (Independent Authority for Fiscal Responsibility)**.

The team who have written the paper, based on the working group input and feed-back was composed of (alphabetical order family name): **Ebrien Brinkman (Netherlands Bureau for Economic Policy Analysis)**, **Gilmour Camilleri (Malta Fiscal Advisory Council)**, **Bogdan Căpraru (Network of EU IFIs)**, **Alexandre Lucas Cole (Parliamentary Budget Office Italy)**, **Georgiana Georgescu (Romanian Fiscal Council)**, **Desislava Kalcheva (Fiscal Council of Bulgaria)**, **Anastasios Pappas (Hellenic Fiscal Council)**, **Jurga Rukšėnaitė (National Audit Office of Lithuania)**.

The analysis draws on a survey carried out by the Network of EU IFIs in February 2025, to which 28 out of 32 institutions responded and on a collection of case studies elaborated within the working group. The texts on IFIs' experience and expertise on communication were authorized by IFIs' representatives in the working group, and endorsed by their institutions (in alphabetical order by institution): **Bernhard Grossmann (Austrian Fiscal Advisory Council)**, **Petr Musil (Czech Fiscal Council)**, **Anastasios Pappas and Nikolaos Psarinopoulos (Hellenic Fiscal Council)**, **Eddie Casey (Irish Fiscal Advisory Council)**, **Daniela Bracco and Alexandre Lucas Cole (Parliamentary Budget Office of Italy)**, **Bogdan Căpraru (Network of EU IFIs and Romanian Fiscal Council)**, **Helena Rua (Portuguese Public Finance Council)**, **Georgiana Georgescu and Mihai Nițoi (Romanian Fiscal Council)**, **Lenka Zacharová (Council for Budget Responsibility Slovakia)**.

The authors would like to thank the leadership, editorial board and the members of the Network for their input during the preparation of this study, especially during the Network's meetings in Brussels, Berlin and Madrid. The extensive feedback provided during the review process was most useful.

Views, if any, expressed in the paper reflect the views of the authors working on the study and do not necessarily represent the views of the individual IFIs of the Network or the collective views of the Network.

Preamble & Motivation (1)

- In general, **Independent Fiscal Institutions (IFIs)** are “**inclusive institutions**” by nature/definition – extrapolation and adaptation of Nobel Prize winner’s theory (Acemoglu, Johnson and Robinson, 2024);
- Undertaking their *watchdog* and *advisory functions*, supporting the *accountability* and *transparency of public finances* and *public understanding of fiscal issues* and *providing normative recommendations during the budgetary process*, they ensure sound fiscal policies, contributing in this way to the economic prosperity of a country: wellbeing of the population and sustainable economic growth;
- Considering other Nobel Prize winners’ approach (Kydland and Prescott, 2004) they are “**institutional arrangements to sustain political commitment**” - commitment to ensure sound fiscal policies;
- In *European Union*, particularly, IFIs have an important role in the *catching up process*, in *completing EMU* and in *integration developments*;
- **Communication** is an instrument every IFI is equipped with in *varying degrees*;
- In order to fulfill their functions and rolls, for *their outputs to be effective*, it needs to be communicated clearly and effectively to a wide audience;
- Effective communication requires a dynamic approach and continuous evaluation.

Preamble & Motivation (2)

- The capacity of IFIs depends on several key factors: *the availability of human and financial resources, adequate and timely access to information, and a sound legal framework, particularly with provisions safeguarding institutional independence* (Grevesmühl, 2025; Network of EUIFs, 2016, 2018, 2022a, 2023);
- The new EU Economic Governance Framework establishes **minimum standards** that Member State IFIs must meet, some of them referring to *communication* and its *enhancement* (Directive 2011/85/EU, Article 8a (4), (5), (6));
- The OECD's *Principles for Independent Fiscal Institutions* (2014), which call on IFIs to establish *effective communication channels* from the outset, particularly with the media, civil society, and other stakeholders;
- Communication along with transparency seem to be *the basis in building credibility* (Di Lorenzo et al, 2024) and *enhances the effectiveness of IFIs* (Debrun et al., 2013; Wildowicz-Giegiel, 2019; Bach, 2020; Larch et al., 2021; Beetsma et al., 2023; Network of EUIFs, 2023)
- *Benchmarks/reference* for setting and conducting a communication policy and strategy, can be drawn from the experience of **central banks**, especially from *periods of financial crises, negative interest rates, the COVID-19 pandemic, high inflation, and geopolitical uncertainty* (Lehtimäki and Palmu, 2019; Unsal and Garbers, 2021; Macklem and Vardy, 2023; OECD, 2024b, Bernanke, 2025);
- *IFIs' communication significance* is amplified when *conventional enforcement mechanisms are suspended or weakened* – like periods of **general or national escape clauses activation** and those immediately following the deactivation of an escape clause or other shifts in the fiscal regime (IMF, 2020);

Preamble & Motivation (3)

This paper is based on a survey applied within the Network of EUIFIs in February 2025, to which 28 institutions from 26 EU countries responded and on a collection of case studies, both elaborated in the *working group* on "How Do Independent Fiscal Institutions Talk?"

It seeks to address the following questions:

- *Is there a need for increased, intensified communication during periods of escape clause?*
- *How can IFIs enhance their communication to strengthen credibility, public trust, transparency, and public support?*
- *Is communication appropriately tailored to the institutional characteristics of IFIs?*
- *Is there an association between certain characteristics of communication and fiscal policy outcomes?*
- *What good practices and lessons have emerged and what recommendations can be made to improve IFIs' communication?*
- *Finally, what lessons from central bank communication can be applied to improve the effectiveness of IFIs' communication strategies?*

Agenda

- **State of play of IFIs' communication in the European Union** - aspects of communication: elements of *governance, dissemination of research, promotion of research, and tracking of influence*.
- **Could be central banks' communication a reference for IFIs' communication?** - Differences and similarities.
- **Communication and IFIs' minimum standards** - Certain institutional aspects could be premises/prerequisites for enhancing communication or could reinforce or offset some elements of communication?
- **The relationship between IFIs' communication and fiscal policy outcomes** - Profiles of IFIs' communication and the deviation from the deficit rule and sovereign risk.
- **Good practices and recommendations** – derived from EU IFIs experience and expertise
- **Some policy insights**

State of play of IFIs' communication in the European Union – Governance (1)

Figure 1. Type of Communication policy

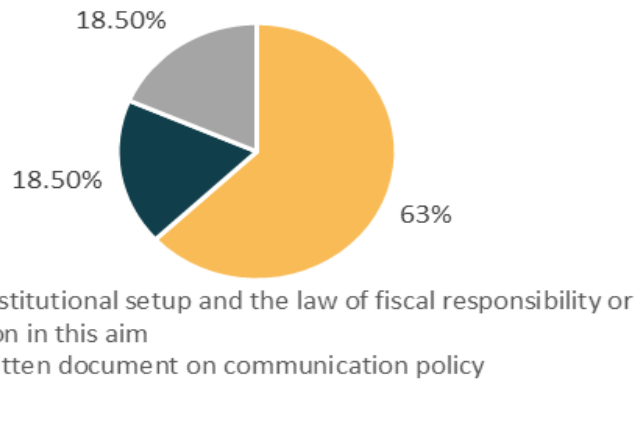


Figure 2. Type of Communication strategy

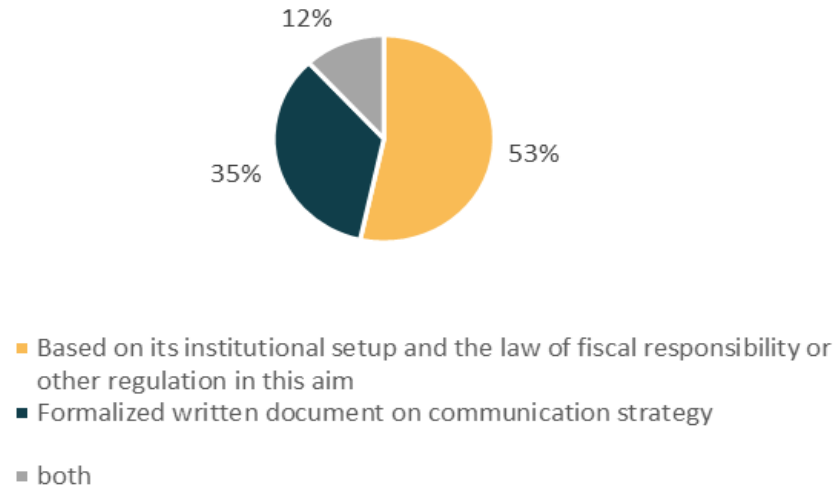


Figure 3. Do you have an internal department or unit that manages your communications?

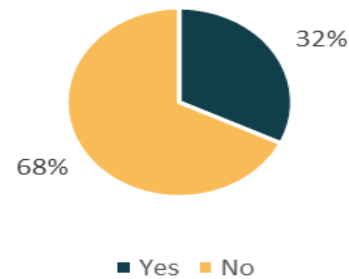
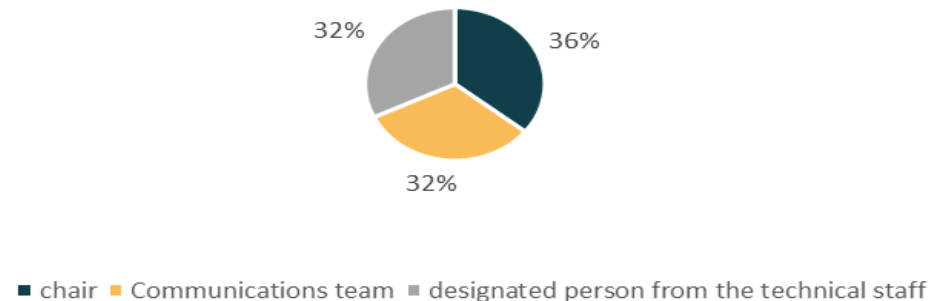


Figure 4. Who manages the communication of the institution?



- Some IFIs introduced a formalized *communication policy* in the last 2 years.
- For the majority of IFIs a formalized *communication strategy* was introduced or renewed very recently (for two thirds of them after 2020 and for a fourth of them in 2024 and 2025).
- Almost one third of IFIs have an *internal department or unit* that manages institutional communications, with half of them created after 2020. In two cases the communication is *managed externally*.
- The IFIs with an internal department or unit that manages institutional communications and one IFI with an externally managed communication have also a *communication team*.

State of play of IFIs' communication in the European Union – Governance (2)

Figure 5. Who has the final say on official communications from the IFI to the public? (Number of IFIs)

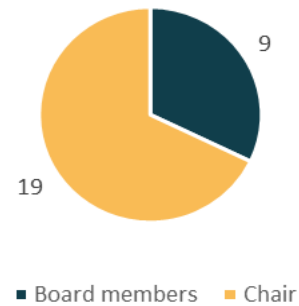


Figure 6. Who is involved in communication? (number of IFIs) - categories

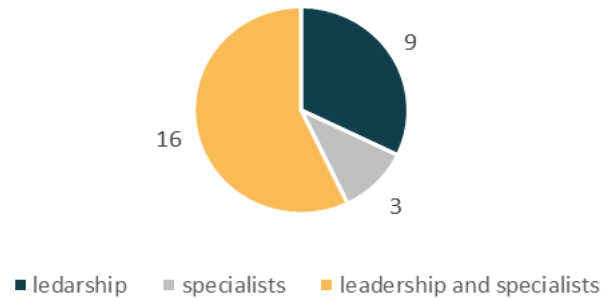
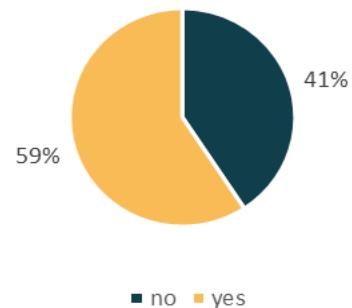
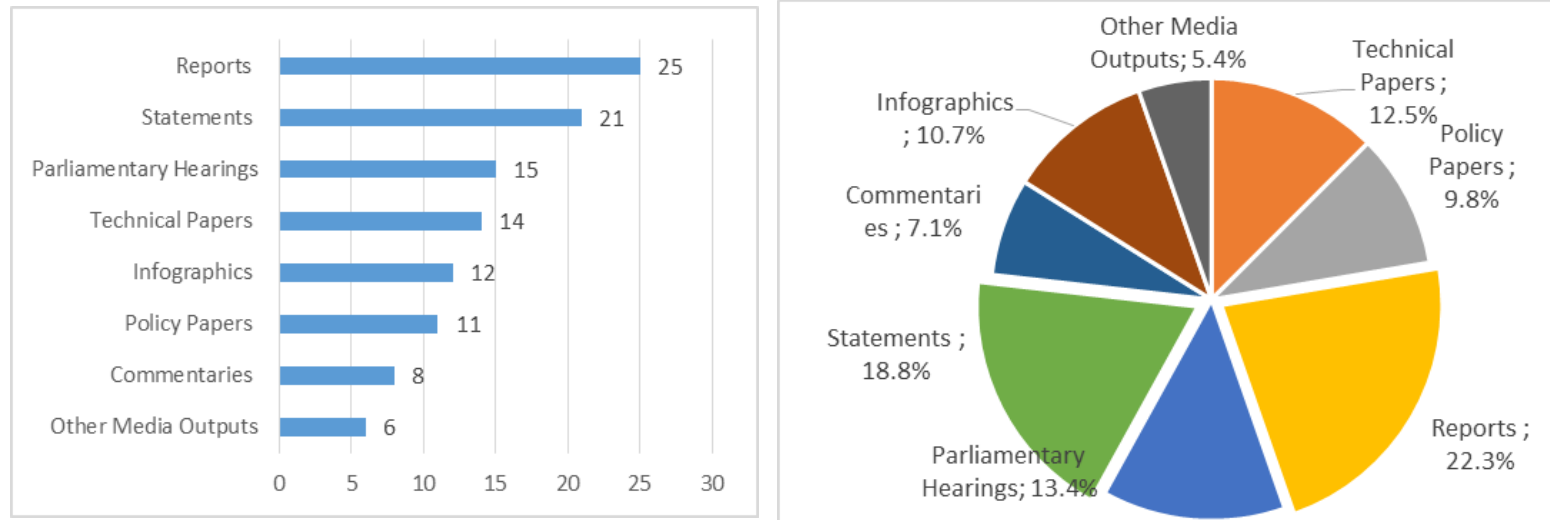


Figure 7. Do you involve IFI staff (other than those involved directly) in the communications strategy?



State of play of IFIs' communication in the European Union – Dissemination (1)

Figure 1. Type and number of outputs



specialist audience

reports, statements, technical papers, policy papers

general public

parliamentary hearings, infographics, commentaries, other media outputs

Output profiles (association between number of outputs and audience addressed)

2 -3 outputs	Low no of outputs & specialized audience
4 outputs	Medium no of outputs & specialized audience
5 outputs	Medium no of outputs & balanced audience
6 – 7 outputs	High no of outputs & balanced audience

State of play of IFIs' communication in the European Union – Dissemination (2)

Figure 2. Main communication channels

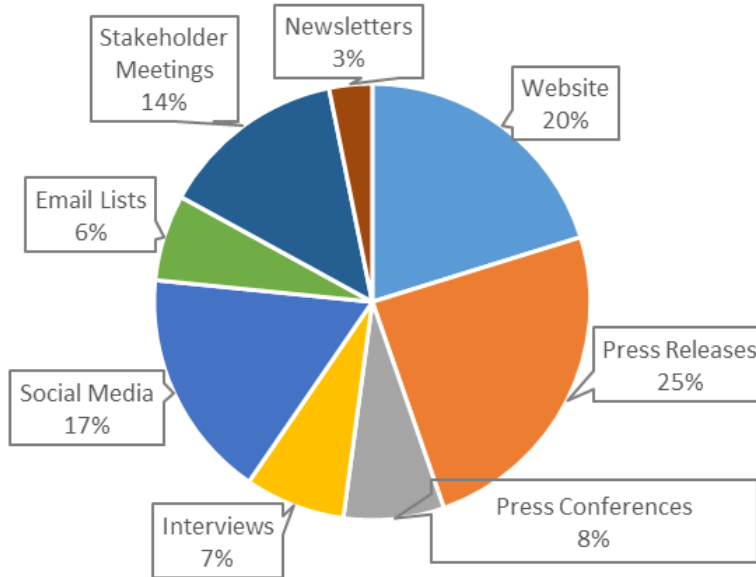


Figure 3. Main dissemination activities

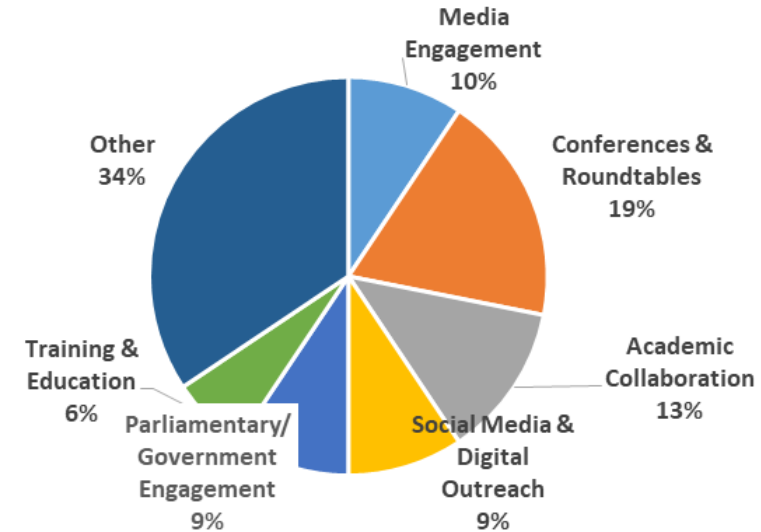
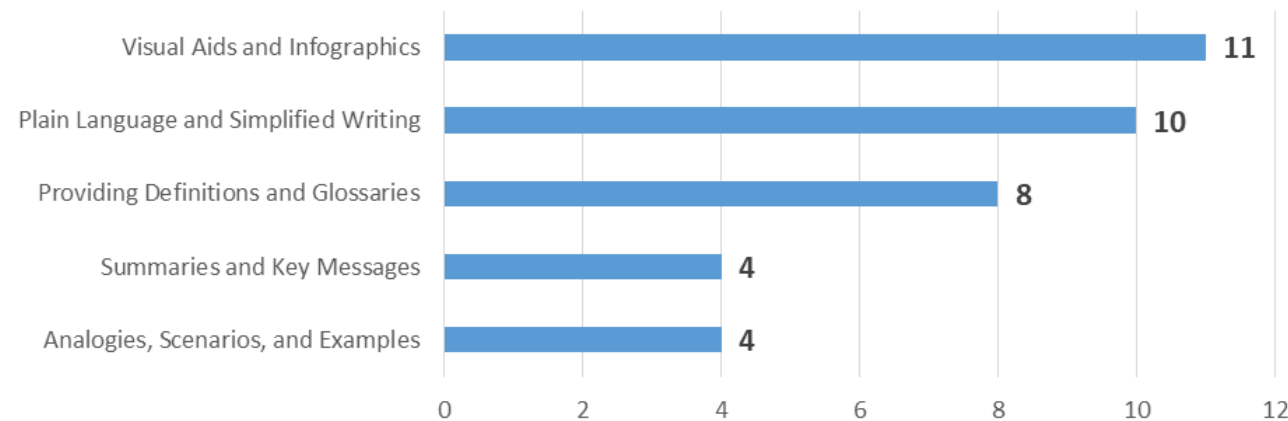
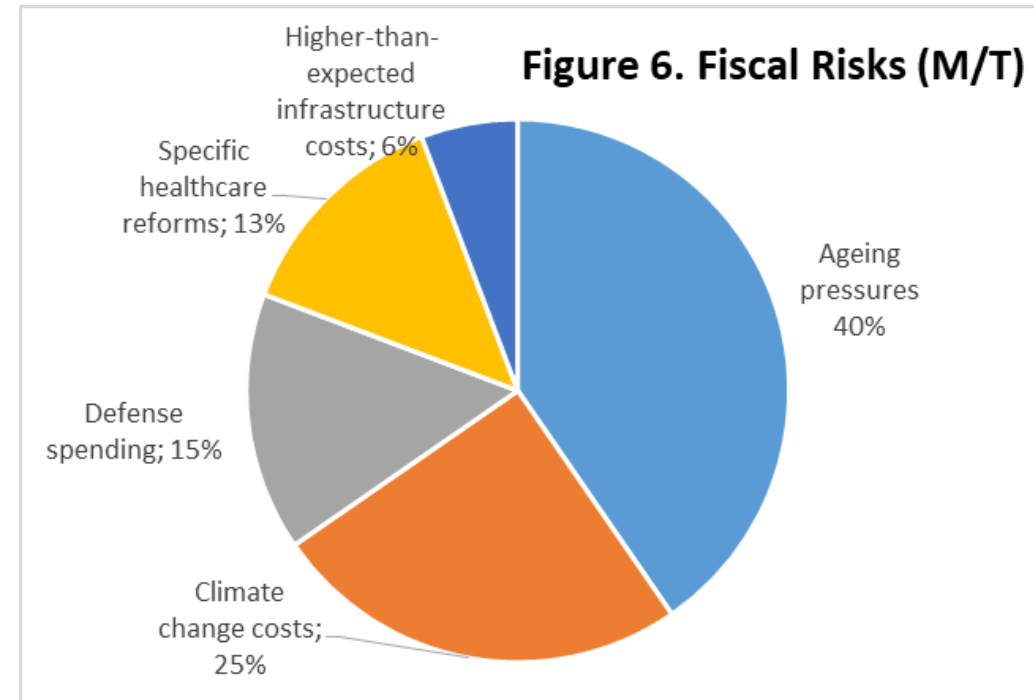
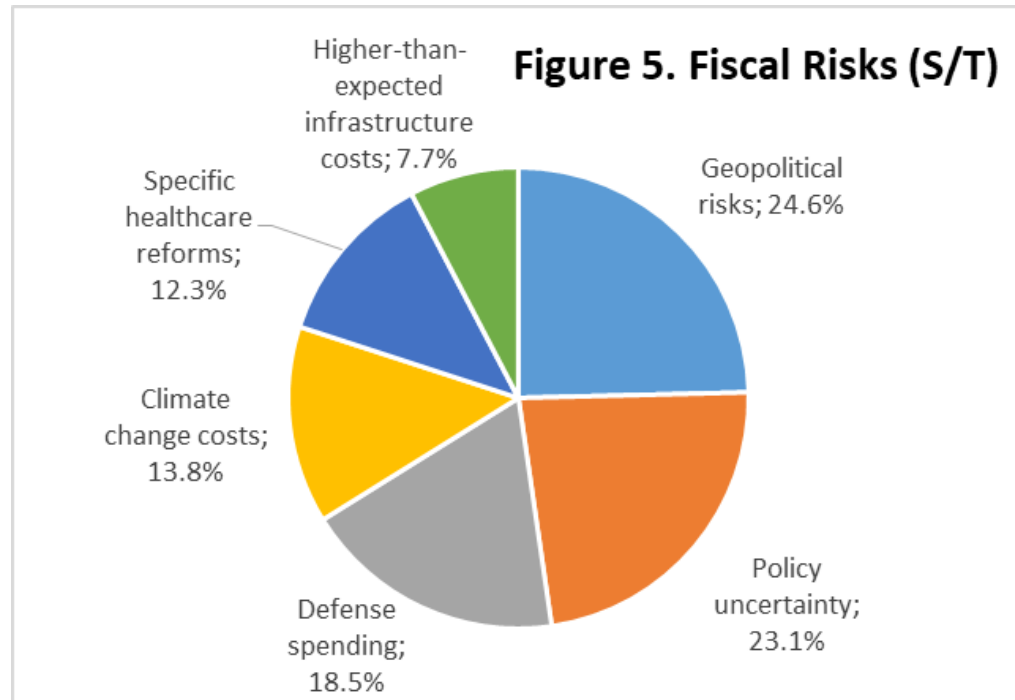


Figure 4. Methods of simplifying complex fiscal concepts



State of play of IFIs' communication in the European Union – Dissemination (3)



How IFIs prioritize fiscal risks communication?

IFIs are not only communicating immediate concerns but are also actively bringing longer-term issues into the public discourse

State of play of IFIs' communication in the European Union – Promotion

Figure 1. Do you involve journalists in the communication?

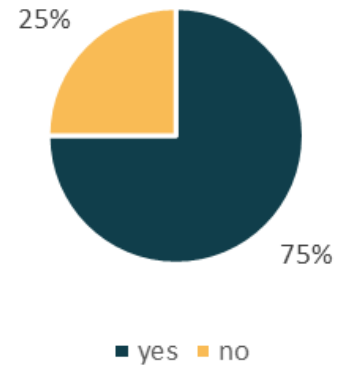


Figure 2. Do you have regular off-the-record conversations with journalists?

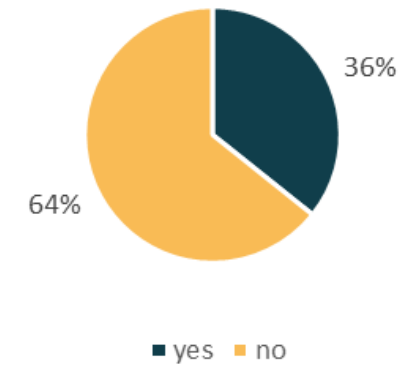


Figure 3. Social media platforms used by IFIs

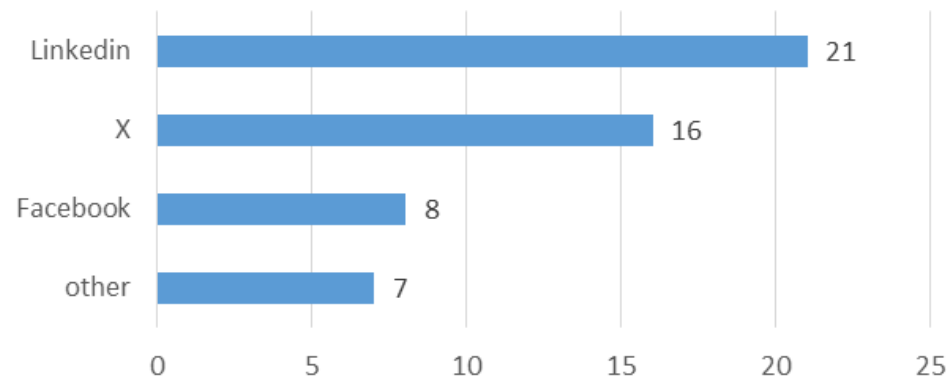
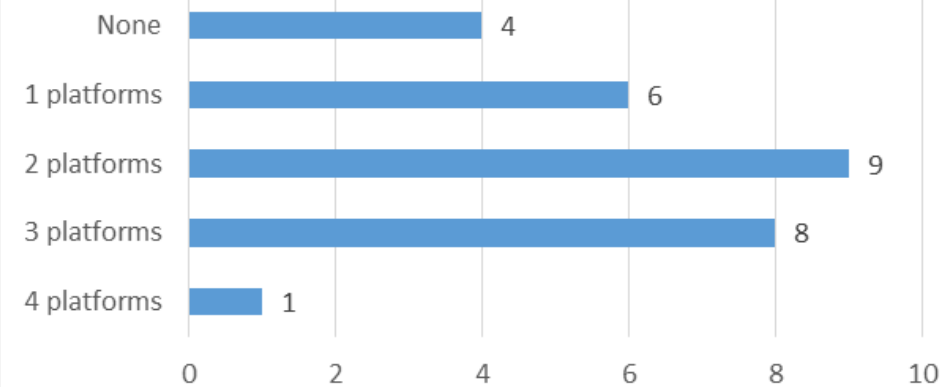


Figure 4. Number of social media platforms used by IFIs



State of play of IFIs' communication in the European Union – Tracking

Figure 1. Monitoring and evaluation of the effectiveness of IFIs communication efforts

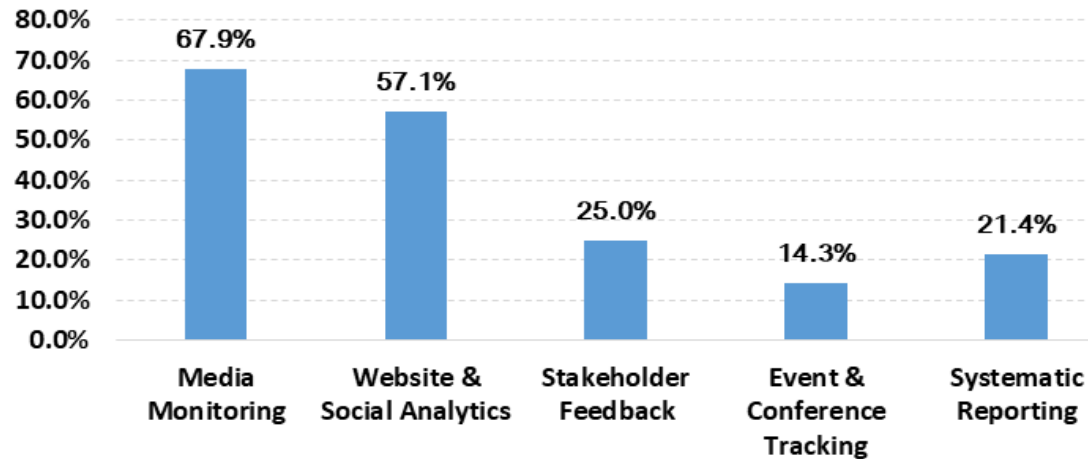


Figure 2. Successful channels in reaching the public and media

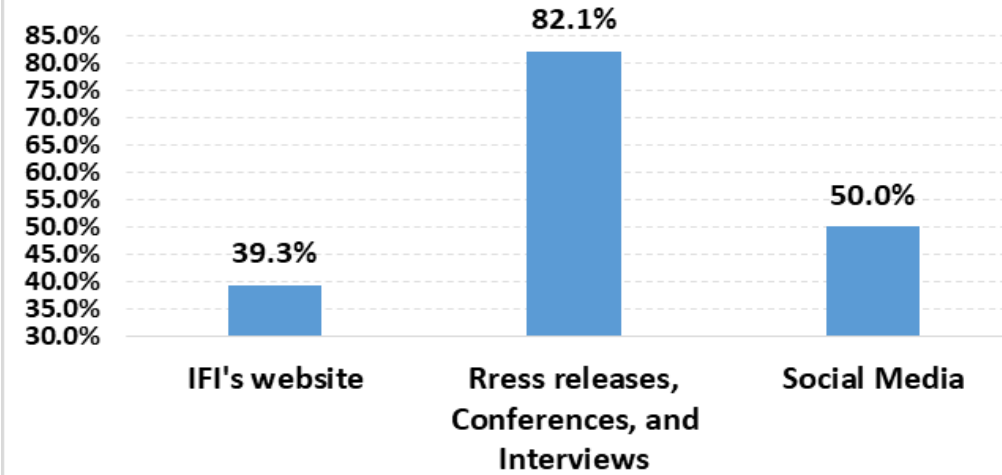
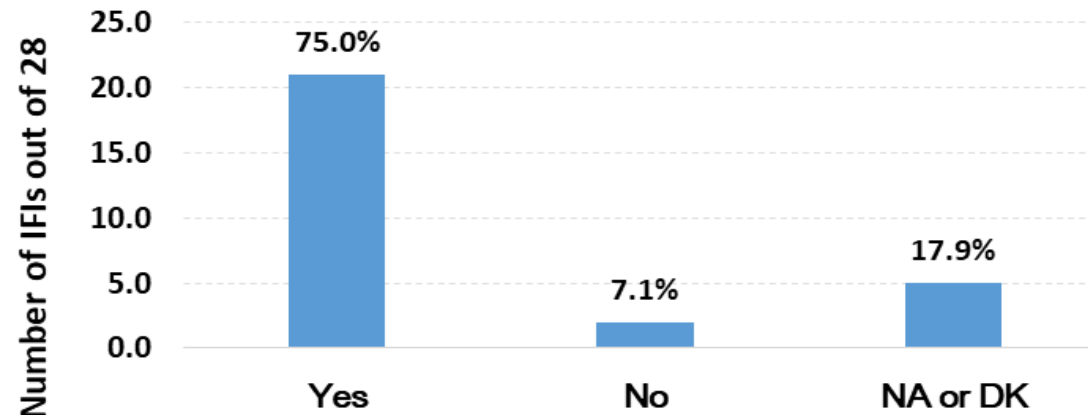


Figure 3. Perceived effectiveness of social media for target audiences



Could be central banks' communication a reference for IFIs' communication?

Differences

- *Central banks* are responsible for both the **formulation** and **implementation of monetary policy**, unlike *IFIs*, which operate primarily in a **watchdog** and **advisory capacity** with respect to **public finances** (Beetsma et al., 2023);
- The scale of **financial and human resources** devoted to their activities, particularly in communication;

Similarities

- They are both **“inclusive institutions”** and **“institutional arrangements to sustain political commitment”** - independent central banks as a commitment to stable inflation (Rogoff, 1985)
- IFIs can influence economic **expectations** through communication by *issuing assessments and opinions on the stance and actions of public finances* in their capacity as *watchdogs* (Bernanke and Kuttner, 2005; Ehrmann and Fratzscher, 2007; Gebauer et al, 2024);
- Their normative recommendations during the budgetary process help **reduce market noise**, prompting governments to anticipate IFI's reactions (Kopits, 2023), *thereby increasing accountability, enhancing transparency, and improving public understanding of fiscal issues* (Poole, 2001; Coenen et al., 2017; Campbell et al. 2017; Bernanke 2020; Daly, 2025).
- Effective communication also reinforces IFIs' **credibility** and supports their **independence** (Dincer and Eichengreen, 2014; Assenmacher, 2021; Casiraghi and Pio Perez, 2022; Dincer et al, 2022).
- To achieve these objectives, both types of institutions – central banks and IFIs, *must communicate effectively with a wide range of audiences*, including national and EU institutions, policymakers, academia, the business community, the media, and the general public.

Communication and IFIs' minimum standards (1)

- In order to check ***the association*** between **IFIs' communication features** and some **characteristics of IFIs** we use *the components of the index of the Network of EU IFIs on institutional aspects: independence, media visibility, public disclosure, access to information, breadth of IFI tasks, comply or explain principle and resources (both human and financial)*
- Starting from the state of play on IFIs' institutional features we can show the distribution of the values of these indicators on some characteristics of IFIs' communication (Padrini, 2024)
- This allows us to ***investigate whether certain institutional aspects could be premises/prerequisites for enhancing communication or could reinforce or offset some elements of communication.***
- We will examine IFIs with a *formalized communication strategy, an established internal department or unit or externally managed communications* and the *number of outputs released by IFIs.*

Communication and IFIs' minimum standards (2)

Table 1. Formalized communication strategy vs. institutional features (average scores)

Formalized communication strategy	min	max	average	St.dev.	No (full period)	Yes (full period)	Formalized communication strategy new or renewed	
							before 2020	after 2020
							<i>Breadth of IFI tasks</i>	0
<i>Resources</i>	2	20	9.79	5.594	7.92	12.45	13.33	12.12
<i>Access to information</i>	1	10	5.42	2.725	4.75	6.18	6.33	6.12
<i>Media visibility</i>	0	7	4.08	1.664	3.75	4.27	5.00	4.00
<i>Public disclosure</i>	1	7	4.63	1.613	4.33	5.09	5.66	4.87
<i>Independence</i>	0	3	1.39	0.958	1.58	1.18	1.33	1.12
<i>Comply or explain</i>	0	3	1.46	1.368	1.33	1.73	2.33	1.50
Total	12	47	29.38	9.721	26.33	33.45	37	32.12

- Higher scores for almost all features of IFIs' with a communication strategy, except for the score on the "breadth of IFI tasks" (which is slightly lower) and on "independence" (the same for IFIs that adopted a formalized communication strategy after 2020).
- Higher scores on independence compensate some elements of communication or IFIs with lower scores on independence make more efforts to improve communication
- IFIs with a formalized communication strategy have a more effective "comply or explain mechanism"
- IFIs with lower scores on the comply or explain principle would benefit from formalized communication strategies which in turn would help their comply or explain mechanisms become more effective?
- Does better communication enhance the comply or explain mechanism?
- IFIs with better overall scores tend to have a formalized communication strategy - should be aim to achieve higher scores on the features' indices (Network of EUIFIs, 2023)

Communication and IFIs' minimum standards (3)

Table 3. Number of outputs vs. institutional features (average scores)

Number of outputs	Number of outputs							
	2 or 3	4	5	6	min	max	average	St.dev
<i>Breadth of IFI tasks</i>	3.00	2.22	2.33	3.33	0	4	2.67	1.167
<i>Resources</i>	6.50	11.89	11.33	6.83	2	20	9.79	5.594
<i>Access to information</i>	6.25	5.44	5.17	5.67	1	10	5.42	2.725
<i>Media visibility</i>	3.00	4.89	3.50	4.17	0	7	4.08	1.664
<i>Public disclosure</i>	4.25	4.78	5.00	4.33	1	7	4.63	1.613
<i>Independence</i>	0.75	1.56	0.83	1.67	0	3	1.39	0.958
<i>Comply or explain</i>	1.50	1.44	1.33	1.33	0	3	1.46	1.368
Total	25.50	32.22	29.50	27.33	12	47	29.38	9.721

- IFIs with the highest *resources* release 4-5 outputs; thus, the number of outputs released depends on the resources of IFIs’;
- A higher number of outputs (6 outputs) is correlated with a greater breadth of IFI tasks;
- IFIs with the lowest scores for *media visibility* and *public disclosure* release fewer outputs (2-3);
- IFIs with the lowest scores on the *comply or explain mechanism* have a higher number of outputs (5-6) and, vice versa, IFIs with the highest scores on the *comply or explain mechanism* have the lowest number of outputs (2-3). Thus, an effective *comply or explain mechanism* might compensate some elements of communication, while IFIs with a less effective *comply or explain mechanism* communicate more (through more outputs).

The relationship between IFIs' communication and fiscal policy outcomes (1)

- As we discussed, IFIs, similarly to central banks, can influence the economy by communicating *expectations*, supporting the *accountability* and *transparency* of public finances, and promoting their *independence*.
- By communicating the state of public finances to various audiences, such as the general public, rating agencies, investors, the business community, and other relevant parties, IFIs can *reduce information asymmetries* and *enhance policy credibility* (Debrun et al., 2017; Căpraru et al., 2025b).
- Better-informed voters and veto players in the budget process can provide policymakers stronger incentives to implement sound policies.
- This credibility can also be provided by IFIs through their *advisory and advocacy functions* on the budget process and the fiscal policy measures.
- For IFIs to be effective, they should have good communication with *policymakers* as well, *directly* and through *parliamentary hearings and the media*.

The relationship between IFIs' communication and fiscal policy outcomes (2)

- State of IFIs' communication in the EU: many of them *started to improve and intensify their communication by adopting formalized policies and strategies and establishing internal departments or units dedicated to communication*, especially during and after the pandemic.
- The reasons for doing so *vary according to the situation of each IFI*:
- A group of IFIs have had *good communication practices for a long time*, even before the pandemic, and have a *long history of achieving good fiscal outcomes through their communication*, treating the improvement in communication as an *organic and natural process*, as well as a consequence of adapting to the new conditions imposed by, for example, the pandemic and the activation of the general escape clause - there were additional incentives to maintain them.
- Others proceeded, *after poor fiscal outcomes* in their countries, which were sometimes persistent, by making *efforts to improve their effectiveness in influencing fiscal policy*.
- There may be a *reverse causality*, for which *the state of public finances influences communication*, making it difficult to quantitatively and accurately evaluate the impact of communication on fiscal outcomes.

Profiles of IFIs' communication and the deviation from the deficit rule and sovereign risk

- Great heterogeneity of IFIs' communication features - we try to identify specific ***communication profiles*** by using *different combinations of IFI communication characteristics* and compare them with their *average deviation scores* and *10-year government bond yields*;
- We apply a **two-stage cluster analysis** (Larch, Busse and Jankovics, 2021; Căpraru, Cernavca and Lupu, 2025c).
- This technique is used for exploratory data analysis and allows to identify clusters (groups) in large datasets, ideal for both *continuous and categorical variables* and *automatically determines the optimal number of clusters*.
- It only shows the association between IFIs' communication features and fiscal policy outcomes and not necessarily causality, there could be other influential factors impacting compliance with the deficit rule
- Two specifications with *one governance characteristic, one for dissemination and one for promotion*;
 - governance: either *whether the IFI has a formalised communication strategy* or *whether it involves non-communication staff in communications*;
 - dissemination: in both specifications we consider the *number and type of outputs released by IFIs*;
 - promotion: either the *type and number of social media platforms* (digital channels) or *whether the IFI has regular off-the-record conversations with journalists* (traditional media channels).
- By using alternative proxies for governance, and promotion, we not only check for a mix of alternative communication characteristics, but also for robustness.

Why average deviation scores and 10-year government bond yields? (1)

- We consider the indicator of ***deviation with the deficit rule*** (European Fiscal Board Compliance Tracker (Larch et al., 2023)), which is one of the two fiscal rules of the new SGP and one of the main national fiscal rules (transposed or derived) within the member states.
- Even if the SGP rules were *suspended* after 2020, this indicator is relevant for being considered from different ***reasons***.
- It is *more appropriate to use deviation from the target than target achievement itself* - evaluate if IFIs' actions can bridge the compliance gap rather than ensure the compliance with the deficit rule *per se* (Network of EUIFIs, 2023)
- In general, communication does not have an *immediate effect in the short term*
- Article 25 of the Regulation (EU) 2024/1263 states that “*the Council may adopt [...] a recommendation allowing Member States to deviate [...] in the event of a severe economic downturn in the euro area or the Union as a whole, provided that **it does not endanger fiscal sustainability over the medium term***” (Pench, 2025)
- The suspension of fiscal rules implies the *non-application of sanctions*, but *not a departure from the principles and spirit* of the European fiscal framework.
- Moreover, the suspension is for *one year*, with the possibility of extension for another year, if economic conditions so require - *the approach is short-term*, and when returning to fiscal rules, too great and persistent deviation caused not only by exceptional economic conditions may jeopardize their compliance.

Why average deviation scores and 10-year government bond yields? (2)

- In these circumstances, IFIs continue *to assess the impact of fiscal measures and the evolution of the deficit under no policy changes and make recommendations to governments.*
- They assess the impact of *one-off measures*, whether they (could) become permanent or not, whether the government tends to treat them as permanent or if threat permanent expenditures as one-offs, etc.
- *Short-term ex post assessments of budgetary developments* can identify the causes and budgetary aggregates that led to the failure to meet budget deficit targets.
- Through the *assessment and endorsement (and in some cases production) of macroeconomic forecasts* that form the basis for budget construction, error forecasts are reduced, thus creating the conditions for much more realistic budget projections (Beetsma et al., 2019; Frankel and Schreger, 2013).
- By continuing to monitor deviations from targets, *IFIs will be able to warn the government when these exceed sustainability limits.*
- When the escape clauses are deactivated, *it may be difficult to return to normal parameters if the deviations are too large and/or persistent*, with the risk of triggering an *excessive deficit procedure (EDP)* in the near future, after the adjustment period.
- The case may be even *more difficult for countries that are in EDP before the clauses are activated* - activating the escape clauses coincides with the possibility of adopting a revised EDP recommendation that takes into account the measures being taken in response to the emergency. (Pench, 2025).
- Through *advocacy*, *IFIs explain to all stakeholders (especially the general public) the measures taken by governments to prevent economic downturns (especially the need for adjustments) and their impact on fiscal outcomes* (Coenen et al., 2017; IMF, 2020).

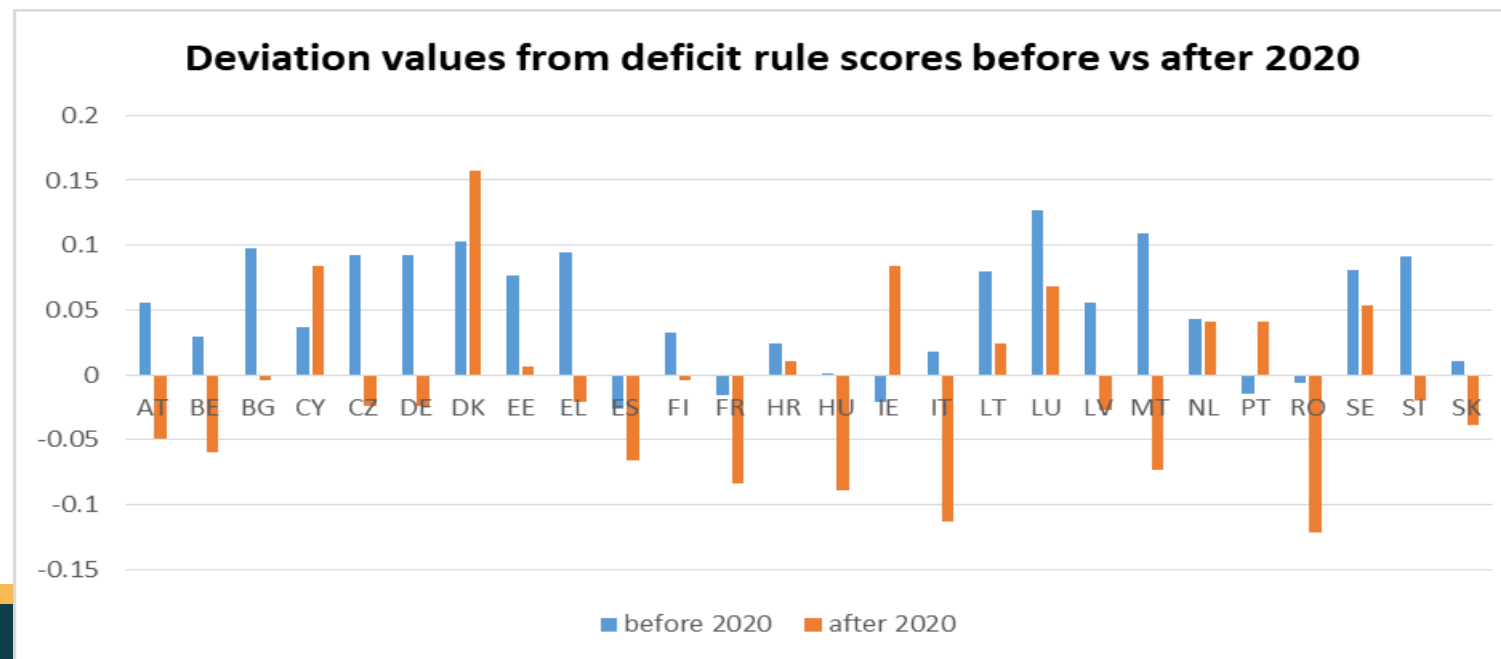
Why average deviation scores and 10-year government bond yields? (3)

- Similarly, in the context of the suspension of fiscal rules, the mechanism of "**market discipline**" continues to function, impacting the volume and cost of public debt financing.
- Hansen's (2020) "*financial flogging*" hypothesis states that financial markets, in the context of fiscal rules and fiscal transparency, lead to greater fiscal discipline, which motivates investors to charge lower interest rates for countries with solid fiscal aggregates.
- *Excessive and persistent deviation*, even in the circumstances of a severe economic downturns that justifies the activation of escape clauses, can have a negative impact on the cost and sustainability of public debt.
- IFIs make the fiscal policy process more transparent to the public - the existence of fiscal rules and the enhanced role of fiscal transparency institutionalized by IFIs influence markets to *reduce sovereign risk*.
- *Suspending one component of the fiscal framework (fiscal rules) may exert greater pressure on IFIs as the remaining component.*
- IFIs and financial markets may act as *complements rather than substitutes* in taming sovereign default risk (Căpraru, Georgescu, Sprincean, 2025).
- In order to analyze the association between certain characteristics of IFI communication and *how the market perceives fiscal policy outcomes (sovereign risk)*, we will use also **10-year government bond yields** (LSEG (Refinitiv) database)

Fiscal policy outcomes variables and data (1)

Descriptive statistics for the quantitative compliance with the deficit rule indicator (normalized country average) – score and deviation from the rule values										
Period	Min.		Max.		Median		Average		St. dev.	
	score	deviation value	score	deviation value	score	deviation value	score	deviation value	score	deviation value
Entire period	0.70	-0.05	0.86	0.11	0.76	0.02	0.77	0.02	0.0402	0.0402
Before 2020	0.72	-0.03	0.87	0.13	0.80	0.03	0.80	0.05	0.0452	0.0452
After 2020	0.63	-0.12	0.90	0.16	0.73	-0.02	0.74	-0.01	0.0652	0.0652

- We normalize the indicator of deviation to be between zero and one (Căpraru et al., 2025a, b).
- We calculate the deviation scores by taking the average of this indicator from when each IFI was set up until 2024, when the general escape clause was deactivated (December 2023) and one year after, considering two periods – before and after 2020
- To determine the magnitude and sign of the deviation, we subtract 0.75 (0.7464) from the scores, which represents the corresponding value for the -3% deficit threshold



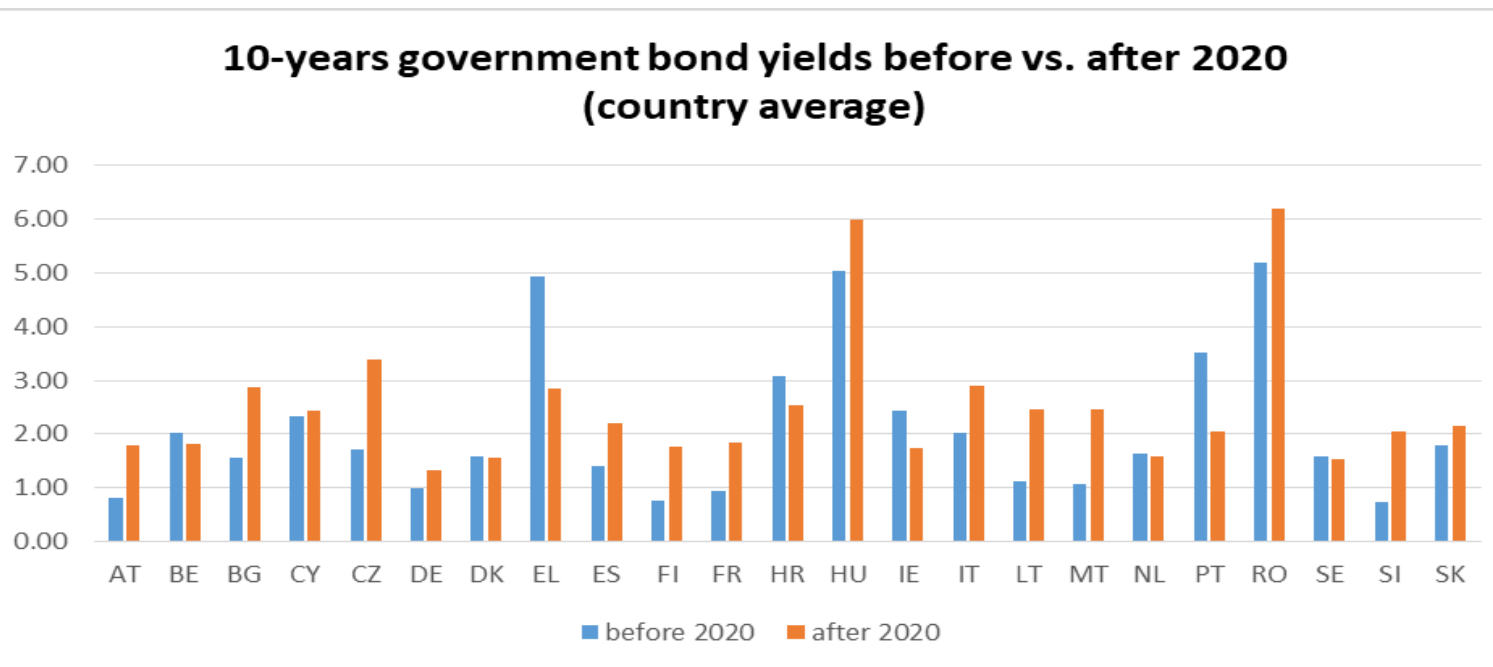
Fiscal policy outcomes variables and data (2)

Table 5. Descriptive statistics for the 10-years government bond yields (country average)

Period	Min.	Max.	Median	Average	St. dev.
Entire period	1.10%	5.52%	1.92	2.30	1.1863
Before 2020	0.72%	5.19%	1.64	2.10	1.3660
After 2020	1.34%	6.19%	2.16	2.50	1.2477

- the values for 10-years government bond yields by taking the average of this indicator from when each IFI was set up until 2024 and for two different periods
- to mitigate the implications of the change in monetary policy approaches in the aftermath of the financial crisis, as compared to the period preceding the crisis: 2008 to 2024

10-years government bond yields before vs. after 2020 (country average)



Deviation from the deficit rule (1)

Specification 1.b. Deviation scores before 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 12; 42.9%	Deviation before 2020 0.79 (0.04)	Formalized communication strategy (75%) No	No of outputs 6- 7 (75%)	X, LinkedIn (41.7%)	No formalized strategy; High no of outputs & balanced audience (more than half); Two media platforms (almost half)
Size 9; 32.1%	Deviation before 2020 0.80 (0.05)	Formalized communication strategy (100%) Yes	No of outputs 5 (77.8%)	X, LinkedIn, other (55.6%)	Formalized strategy; Medium no of outputs and balanced audience (more than half); High no of media platforms (almost half)
Size 7; 25.0%	Deviation before 2020 0.81 (0.06)	Formalized communication strategy (100%) No	No of outputs 4 (57.1%)	No social media (57.1%)	No formalized strategy; Medium no of outputs & specialized audience (almost half); No social media (almost half)

Specification 1.c. Deviation scores after 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 12; 42.9%	Deviation after 2020 0.75 (0.00)	Formalized communication strategy (83.3%) Yes	No of outputs 5 (66.7%)	X, LinkedIn, other (66.7%)	Formalized strategy; Medium no of outputs and balanced audience (more than half); High no of media platforms (more than half)
Size 9; 32.1%	Deviation after 2020 0.70 (-0.05)	Formalized communication strategy (77.8%) No	No of outputs 6- 7 (77.8%)	X, LinkedIn (55.6%)	No Formalized strategy; High no of outputs & balanced audience (more than half); Two media platforms (almost half)
Size 7; 25.0%	Deviation after 2020 0.74 (-0.01)	Formalized communication strategy (100%) No	No of outputs 4 (57.1%)	No social media (57.1%)	No formalized strategy; Medium no of outputs & specialized audience (almost half); No social media (almost half)

- The number of clusters remains *the same from one period to the next*, but the size changes;
- After 2020, two of the three clusters register *negative deviations* from the deficit rule, whereas before all clusters have positive deviations;
- The *differences* in the average deviation scores of the clusters are also *wider* after 2020;
- As *mix of characteristics*, the clusters seem to be *the same in both periods*, with only a *slight difference in their proportion*.
- The clusters that continue to have a *positive deviation after 2020* have a *half*, a *medium number of outputs*, a *formalised communication strategy (more than balanced audience (more than half) and a high number of social media platforms - X, LinkedIn and others (more than half)*.
- Thus, we might conclude that *better communication helps these IFIs to continue to have positive deviations*;
- The cluster with *the highest positive deviation before 2020* becomes the one with *the lowest after 2020*, given a mix of characteristics: *no formalized communication strategy, a medium number of outputs, a specialised audience (almost half), and no social media presence (almost half)*.

Deviation from the deficit rule (2)

Specification 2.b. Deviation scores before 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 12; 42.9%	Deviation before 2020 0.79 (0.04)	IFI staff involved No (90%)	No of outputs 2-3 (40%)	Off-the-record conversations with journalists No (100%)	Staff involved (almost all); Low no of outputs & specialized audience (less than half); No unconventional media leverage
Size 9; 32.1%	Deviation before 2020 0.78 (0.03)	IFI staff involved Yes (77.8%)	No of outputs 6-7 (66.7%)	Off-the-record conversations with journalists Yes (100%)	Staff involved; High no of outputs & balanced audience (more than half); Unconventional media leverage
Size 7; 25.0%	Deviation before 2020 0.82 (0.07)	IFI staff involved Yes (100%)	No of outputs 5 (66.7%)	Off-the-record conversations with journalists No (88.9%)	Staff involved; Medium no of outputs & balanced audience (more than half); No unconventional media leverage (more than half)

Specification 2.c. Deviation scores after 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 12; 42.9%	Deviation after 2020 0.75 (0.00)	IFI staff involved Yes (66.7%)	No of outputs 6-7 (75%)	Off-the-record conversations with journalists Yes (75%)	Staff involved (more than half); High no of outputs & balanced audience (more than half); Unconventional media leverage (more than half)
Size 9; 32.1%	Deviation after 2020 0.72 (-0.03)	IFI staff involved Yes (100%)	No of outputs 5 (66.7%)	Off-the-record conversations with journalists No (88.9%)	Staff involved; Medium no of outputs & balanced audience (more than half); No unconventional media leverage (more than half)
Size 7; 25.0%	Deviation after 2020 0.73 (-0.02)	IFI staff involved No (100%)	No of outputs 2-3 (57.1%)	Off-the-record conversations with journalists No (100%)	No staff involved; Low no of outputs & specialized audience (almost half); No unconventional media leverage

- The *number of clusters* remains the same from one period to the next, but *the size* changes;
- After 2020, two of the three clusters register *negative deviations* from the deficit rule, whereas before 2020, all clusters have *positive deviations*;
- The *differences in the average deviation scores* of the clusters are almost the same for both periods.
- The clusters seem to be *the same in terms of their characteristics* in both periods, with only minor differences in their proportions;
- The clusters that continue to show *positive deviation after 2020* have: *non-communication staff involved in communications (more than half), a high number of outputs, a balanced audience (more than half) and regular off-the-record conversations with journalists (more than half)*.
- They have the lowest deviation scores before 2020, even though they are positive.
- We might conclude that *intense communication helps IFIs maintain positive deviations*.

Sovereign risk (1)

Specification 3.b. 10-year bond yields before 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 10; 40%	Bond yields before 2020 2.21%	Formalized communication strategy (80%) No	No of outputs 6-7 (90%)	X, LinkedIn (40%)	No formalized strategy (almost all); High no of outputs & balanced audience (almost all); Two media platforms (almost half)
Size 8; 32%	Bond yields before 2020 1.32%	Formalized communication strategy (62.5%) Yes	No of outputs 5 (100%)	X, LinkedIn, other (62.6%)	Formalized strategy (more than half); Medium no of outputs and balanced audience; High no of media platforms (more than half)
Size 7; 28%	Bond yields before 2020 2.63%	Formalized communication strategy (71.4%) No	No of outputs 4 (42.9%)	LinkedIn (42.9%)	No formalized strategy (more than half); Medium no of outputs & specialized audience (almost half); One social media platform (almost half)

- As mix of characteristics, the clusters seem to be almost the same in both periods, with only a slight difference in their proportion;
- The clusters that have a lowest 10-year bond yields before 2020 have a formalised communication strategy (more than half), a medium number of outputs, a balanced audience (all) and a high number of social media platforms - X, LinkedIn and others (almost half).
- After 2020 we have two clusters with similar the lowest 10-year bond yields:
- Cluster 1 mix: formalised communication strategy (all), a medium number of outputs, a balanced audience (more than half) and a high number of social media platforms - X, LinkedIn and others (more than half);
- Cluster 2 mix: no formalized strategy (almost all); High no of outputs & balanced audience (more than half); Two media platforms (more than half).
- This reinforces the idea that there is no universal approach/receipt;
- In both periods the mix of characteristics for the clusters with better 10-year bond yields are the same with clusters from the respective specification on positive deviation;
- Thus, we might conclude that better communication helps these IFIs to continue to have lower 10-year bond yields.

Specification 3.c. 10-year bond yields after 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 10; 40%	Bond yields after 2020 2.13%	Formalized communication strategy (100%) Yes	No of outputs 5 (60%)	X, LinkedIn, other (60%)	Formalized strategy; Medium no of outputs and balanced audience (more than half); High no of media platforms (more than half)
Size 8; 30%	Bond yields after 2020 2.13%	Formalized communication strategy (87.5%) No	No of outputs 6-7 (62.5%)	X, LinkedIn (62.5%)	No formalized strategy (almost all); High no of outputs & balanced audience (more than half); Two media platforms (more than half)
Size 7; 28%	Bond yields after 2020 3.28%	Formalized communication strategy (100%) No	No of outputs 4 (42.9%)	No social media (28.6%)	No formalized strategy; Medium no of outputs & specialized audience (almost half); No social media (less than half)

Sovereign risk (2)

Specification 4.b. 10-year bond yields before 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 10; 40%	Bond yields before 2020 1.55%	IFI staff involved Yes (80%)	No of outputs 6-7 (60%)	Off-the-record conversations with journalists Yes (100%)	Staff involved (almost all); High no of outputs & balanced audience (more than half); Unconventional media leverage
Size 8; 32%	Bond yields before 2020 2.22%	IFI staff involved Yes (100%)	No of outputs 5 (75%)	Off-the-record conversations with journalists No (100%)	Staff involved; Medium no of outputs & balanced audience (more than half); No unconventional media leverage
Size 7; 28%	Bond yields before 2020 2.54%	IFI staff involved No (100%)	No of outputs 2-3 (42.9%)	Off-the-record conversations with journalists No (100%)	No staff involved; Low no of outputs & specialized audience (less than half); No unconventional media leverage

Specification 4.c. 10-year bond yields after 2020 vs. one governance characteristic, one for dissemination and one for promotion					
Size 9; 36%	Bond yields after 2020 2.76%	IFI staff involved Yes (100%)	No of outputs 5 (66.7%)	Off-the-record conversations with journalists No (88.9%)	Staff involved; Medium no of outputs & balanced audience (more than half); No unconventional media leverage (almost all)
Size 9; 36%	Bond yields after 2020 2.05%	IFI staff involved Yes (66.7%)	No of outputs 6-7 (66.7%)	Off-the-record conversations with journalists Yes (100%)	Staff involved (more than half); High no of outputs & balanced audience (more than half); Unconventional media leverage
Size 7; 28%	Bond yields after 2020 2.59%	IFI staff involved No (100%)	No of outputs 2-3 (42.9%)	Off-the-record conversations with journalists No (100%)	No staff involved; Low no of outputs & specialized audience (almost half); No unconventional media leverage

- As mix of characteristics, the clusters seem to be *the same in both periods*, with only a *slight difference in their proportion*;
- The clusters that have a *lowest 10-year bond yields in both periods* have a *formalised communication strategy (more than half)*, a *medium number of outputs*, a *balanced audience (all)* and a *high number of social media platforms - X, LinkedIn and others (almost half)*.
- After 2020, the *mix of characteristics* for the clusters with better 10-year bond yields are *the same* with clusters from the respective specification on *positive deviation*;
- Thus, we might conclude that *better communication helps these IFIs to continue to have lower 10-year bond yields* in both periods.

Good practices and recommendations

Other main objective is to highlight **good practices** to be considered in the context of a broader institutional and academic debate on public communication and its effectiveness.

Identify common practices and innovative approaches in three key areas: **dissemination, promotion and tracking.**

The results of the study highlight the following ***key trends*** (supported by our empirical results as well):

- **Websites and press releases** remain the cornerstone of communication for IFIs, yet they are insufficient on their own to achieve broader impact across diverse audiences.
- **Social media** use is relatively widespread, although intensity and effectiveness vary across platforms and cultures. LinkedIn and Facebook are overall identified as the most effective tools for engaging both professional and general audiences.
- **Bilingual (or multilingualism) publication** is becoming increasingly common, with more than half of the IFIs surveyed producing materials in English in order to reach an international readership.
- **Engagement with journalists** is considered essential, with 75% of respondents involving the media through direct contacts, press briefings, or specialised meetings and training sessions.
- **Tracking/Monitoring and evaluation** remain the least developed activities, with only a small share of IFIs reporting the use of systematic frameworks to assess the effectiveness of their communication.

Main recommendations: IFIs can maximise the accessibility, credibility and overall impact of their work by *prioritising clarity, adopting multi-level reporting, investing in bilingual communication, combining digital and in-person dissemination, and making strategic use of informal channels.*

Policy insights

- We found significant *heterogeneity* in IFIs' communication characteristics.
- More *intense communication* requires greater *human and financial resources*; a more intense communication leads to a better *media visibility* and *public disclosure*.
- IFI should have an *effective comply-or-explain mechanism* and *more intensive communication*, which *complement and support each other*.
- There is *no universal recipe* for IFIs' communication, either from one period to another or from one IFI to another - depends on the institutional setup of IFIs, the legislation that regulates them, their governance culture, their resources (both financial and human), and so on.
- The latest developments in *central banks' communication* provide a useful *example* for implementing IFIs' communication.
- Given the example of good communication practices by central banks and some high-performing IFIs, IFIs should develop *specialized governance structures backed by sufficient financial and human resources channeled for communication*, and in general for their activity.
- We can also find common ground with central banks' communication by considering *methods, measures and tools for assessing IFIs' communication*, such as media influence and semantic analysis to assess sentiment and readability of outputs.
- Effectiveness depends not only on the *quality of their analytical outputs* but also on the ability to ensure that those outputs *reach the relevant audiences, are understood, and are used to inform decisions*.
- Communication is therefore a **strategic function**, not a secondary activity.

Thank you!



CONTACT US

EMAIL - SECRETARIAT@EUIFIS.EU

PHONE - 32 2 229 3932

WEBSITE – WWW.EUIFIS.EU

ADDRESS - 1, PLACE DU CONGRÈS,
BRUSSELS

SUBSCRIBE TO OUR NEWSLETTER 

FOLLOW US ON TWITTER! 

FOLLOW US ON LINKEDIN! 