

In accordance with the transposition of Directive EU/2011/85 into Slovenian legislation, the Fiscal Council is obliged, from 2020 onwards, to assess and publicly publish the results of the assessment of deviations of macroeconomic and fiscal forecasts on a biannual basis. It has made its first such assessment, concluding that over the past four years the deviations of the forecasts of macroeconomic aggregates from the outturn of the forecasts prepared both by the Institute of Macroeconomic Analysis and Development and by the Ministry of Finance have been on average statistically consistent with the principle of unbiasedness. The forecasts are on average accurate; however, deviations occur relatively frequently, occasionally also on a larger scale. Deviations are otherwise an inevitable part of any forecast. We note that the deviations from the forecasts of both national institutions from the outturn are not significantly different from those drawn up for Slovenia by international institutions. At the same time, the differences between the forecasts of individual institutions are relatively small compared to the size of the deviations of all forecasts from the outturn. The relatively high deviations thus also point to the need for caution in the execution of fiscal policy.

When reviewing forecast deviations, we detected a few more features that need to be highlighted. In forecasting macroeconomic aggregates, they refer mainly to a certain conditionality of deviations of the forecast of economic activity in relation to the state of the economic cycle at the time when the forecast was made (according to the favourable economic cycle, for example, the forecasts of economic activity have been underestimated in the last four years) and to less accurate forecasts of nominal variables, which are relevant for the preparation of fiscal forecasts. In terms of forecasts of fiscal aggregates, the overestimated forecasts of revenue from EU funds and the persistence of successive one-way deviations of the forecasts of the general government sector expenditure, which is largely underestimated, particularly stand out. This assessment of deviations also indicates the need to ensure greater transparency in the preparation of public finance forecasts and, in particular, the absence of credible medium-term fiscal planning. In connection with these findings, we also propose ways for improving the quality of the forecasts of both national institutions.