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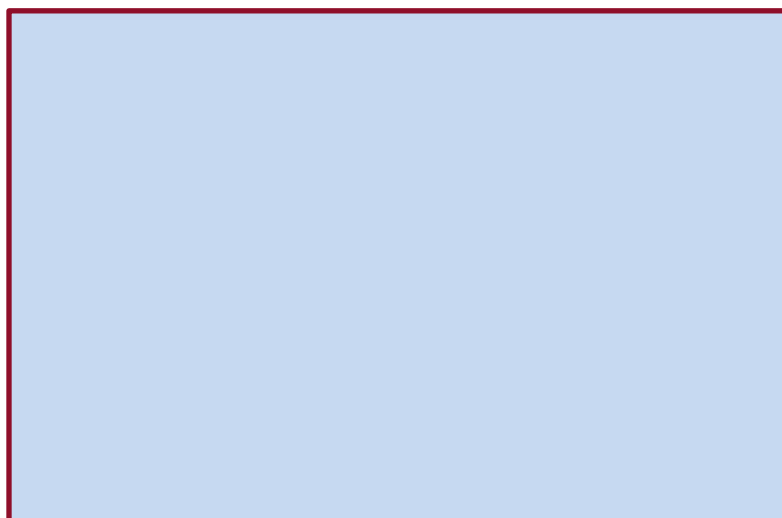


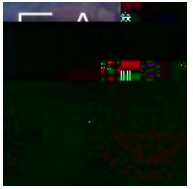
## Definition:

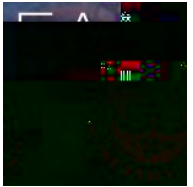
*A fiscal rule imposes a long-lasting constraint on fiscal policy through numerical limits on budgetary aggregates.*

## Purpose:

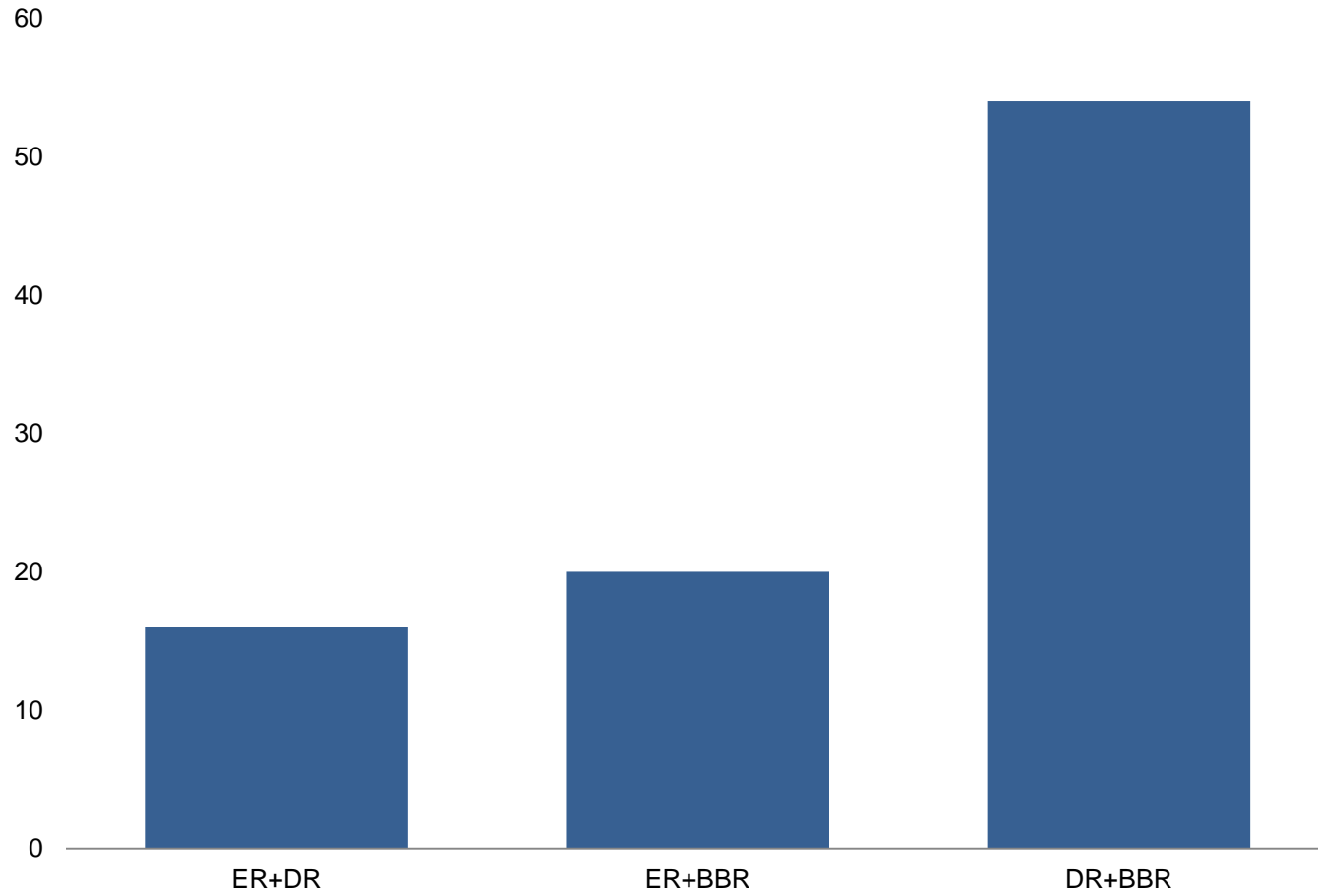
*To contain pressures to overspend, so as to ensure fiscal responsibility and debt sustainability*

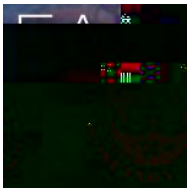




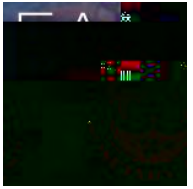


## Combinations of National Rules, 2013

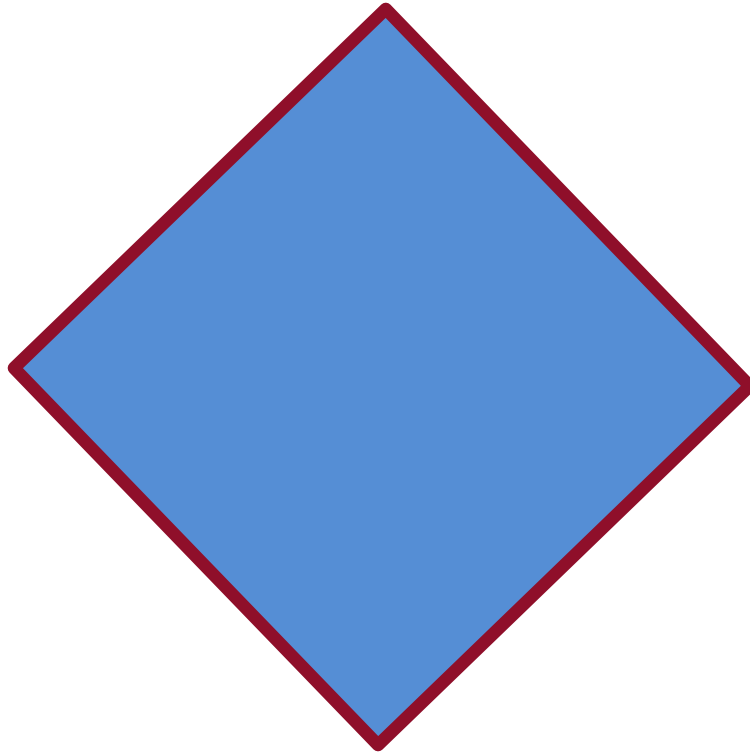
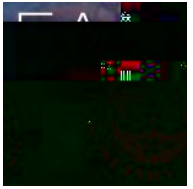


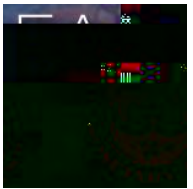


- Some rules may entail a pro-cyclical stance in bad economic times.
- With focus on aggregates rather than composition, quality of fiscal policy may suffer.
- Rules may distract from other priorities.
- Rules could encourage creative accounting and reduce transparency.

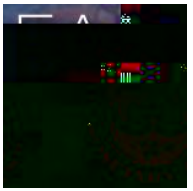








- Political commitment: lack of commitment may undermine credibility.
- Adequate public financial management systems (data



- Budina and others, *Fiscal Rules at a Glance: Country Details from a New Dataset*, IMF Working Paper 12/273.
- Schaechter and others, *Fiscal Rules in Response to the* \_\_\_\_\_, IMF Working Paper 12/187, July 2012.
- International Monetary Fund, *Fiscal Rules: Anchoring Expectations for Sustainable Public Finances*, 2009.