



Fiskālās disciplīnas  
padome

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## **Communication strategy of Fiscal Discipline Council 2022-2026.**

**2021**

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## 1. Situation overview

Although the Fiscal Discipline Council (FDC) has been working for a relatively short period of time, it has become a recognizable and respected part of Latvia's fiscal institutional structure, which plays an important role in ensuring responsible fiscal discipline in Latvia. An OECD report<sup>1</sup> published in 2021 states that "Stakeholders consider FDC as a politically neutral institution and appreciate its success in monitoring the Fiscal Discipline Law in Latvia and its fulfillment, especially given the small number of staff in the Council Secretariat."

Following the OECD recommendations, the Council has set the goal of updating its communication strategy to meet current challenges: the pressure on public spending from the COVID-19 pandemic, increasing public debt, as well as political pressure on fiscal discipline. The OECD report offers two main recommendations in the field of communication. The first is to engage in more intensive communication with the Saeima, especially the members of the Budget Commission, using both formal and informal channels. The second recommendation is to get more involved in communication with the population (non-technical stakeholders), using easy-to-understand, one-page summaries, infographics, applying the institution's unified visual style. In 2021, the Secretariat has prepared a unified visual identity and started using it in the preparation of Council reports and opinions. Over the past year, the Secretariat has redesigned its WEB website to meet the common requirements of public sector WEB platforms.

Currently, the FDC's main communication channels and tools for the non-technical stakeholders (media, economically and socially active population) are:

- i) website,
- ii) twitter account,
- iii) press releases distributed by the communication partner (Baltic Communications Partners, BCP)
- iv) press conferences (not held during C19),
- v) Organizing media interviews for FDP board members (organized by BCP).

Communication with other public institutions or international organizations usually takes place:

- vi) in the form of official letters,
- vii) participating in sittings (Cabinet or Saeima commissions),
- viii) participating in meetings (rating agencies, international organizations, etc.).

Currently, the main FDC publications are:

- (i) surveillance reports,
- (ii) non-compliance reports (not produced during the SiP exception clause),

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<sup>1</sup> Available: <https://www.oecd.org/gov/budgeting/review-of-latvia-fiscal-discipline-council.pdf>, viewed 25/11/2021

(iii) operational statistical and analytical publications (monitoring reports, budget balances, FUE use, quarterly macroeconomic and fiscal reviews, macroeconomic cycle heat map, etc.).

Although the FDC is relatively well known in Latvian society, several factors have to be considered during communication strategy development.

Firstly, public institutions and politicians are in general highly mistrusted among the population.

Secondly, the mass media usually highlights conflicts and problems in the news, which gives the impression that all the processes taking place in the country and society are mostly negative.

Thirdly, the mass media often presents the information in fragments, ignoring the wider context - loud headlines dominate, but the content often reproduces misconceptions and subjective views.

Fourthly, there is a relatively low level of public awareness of both the state budget and broader fiscal issues, however the extensive and comprehensive information on public finances in the public domain is available. One of the reasons is the low public interest in public policy processes and the impact of fiscal policy issues on the daily personal and general well-being of every person living in Latvia. People do not sufficiently identify the connection between the use of public funds and their personal well-being and the country's development perspective.

Fifthly, in the media, the Council is perceived as a government watchdog, whose reports gain better visibility than press releases issued by ordinary state institutions. This is a good basis for expanding communication activities, including new channels and non-traditional tools.

## 2. FDC communication goals and principles

The FDC objectives are stated in the Fiscal Discipline Law (FDL) and the framework of the EU Stability and Growth Pact. A new fiscal framework is currently being developed at the EU level, and it will likely require significant changes in national fiscal frameworks as well, or even a new FDL. The new framework is also likely to change the functions of the FDC and extend its power. Despite possible changes in the functions of FDC, its main task is and will be to promote the development of a fiscal policy in Latvia that ensures a balanced budget in the economic cycle, promotes sustainable national development, macroeconomic stability and reduces the negative impact of external factors on the economy.

At EU level, fiscal policy tends to be assessed in accordance with three main criteria:

- fiscal sustainability,
- countercyclicality,
- investment quality.

The first is fiscal policy, which ensures that the state can meet its fiscal obligations, and the costs of servicing public debt do not impose a disproportionate burden on economic growth. The principle of counter-cyclicality stipulates that the state must build up reserves in

years of rapid economic growth to use these funds to stimulate the economy in years of stagnation. Quality is usually understood as the adequate amount of investment in the state budget that promotes economic growth.

The FDL proposes 8 principles that should be followed when formulating public fiscal policy:

- savings,
- accrual basis,
- countercyclical fiscal policies,
- stability,
- sustainability,
- intergenerational responsibilities,
- openness,
- solidarity

The FDC will have to continue operating within the limits of its capabilities and mandate to promote the development of a fiscal policy in Latvia that complies with the principles mentioned above. Accordingly, the objectives of the communication strategy should also contribute to the development of responsible fiscal policies in line with those objectives.

In the medium term, the Strategy sets the following communication goals:

1. To inform the public about the development of Latvia's fiscal policy and the government's actions in complying with the FDL norms on a regular basis;
2. To increase public awareness, interest and education about the impact of fiscal policy on the well-being of individuals and groups in society, paying special attention to the fiscal sustainability of the state and the benefits of responsible fiscal policy;
3. To promote the recognition and positive reputation of the FDC, thus strengthening its role in the fiscal institutional architecture of Latvia.

Communication objectives must be quantifiable to assess the effectiveness of the organization's communication activities.

Quantitative analysis of media content is used to determine the fulfillment of the first goal, identifying the number of publications in the media, the existence of FDC messages, their interpretation (positive, negative, neutral), and analyzing the message structure (whether the publication contains only FDC's opinion, other views, counterarguments, etc.).

Public awareness and education about fiscal discipline can be determined by conducting public surveys and / or regularly analyzing the content of social networks (thus covering a much narrower audience).

FDC visibility and image assessment can be done through public opinion polls, which also will be conducted. However, raising the profile and reputation of the FDC is not the final goal but a tool to make the information communicated by the FDC to have a greater impact on public discourse.

To make the communication effective, it is necessary to stick to certain principles. The Strategy offers the following communication principles:

1. High expertise principle (FDC only communicates high quality expertise in the field in which it has qualifications and knowledge),
2. Symmetrically balanced principle (positive and negative messages are balanced, the emphasis does not have to be only on the negative news),
3. Non-conflicting principle (communication must achieve certain goals, but try to avoid conflicting situations),
4. Proactivity principle (the Council takes the communication initiative itself, not just reacts to events / offers),
5. Long-term orientation principle (pay attention to issues that are always relevant)

### 3. Target audience

The FDC's target audience can be divided into three different groups:

1. Professional (the Ministry of Finance, the Treasury, the Cabinet of Ministers, the State Audit Office, Saeima, especially Budget and Tax Commission, the Bank of Latvia and other state institutions) - all that directly or indirectly influence the state fiscal policy;
2. Wider society (economically and socially active population, media);
3. International organizations (EU institutions, International Monetary Fund, rating agencies, etc.)

Each target audience group needs its own customized messages and distribution channels.

**The professional audience** is a priority because it is represented by fiscal policy makers and decision makers.

**Wider society** - citizens also participate in the formation of fiscal policy by using their right to vote. Therefore, understanding of the fiscal policy in society is important, so the Council should, as far as possible, educate the society and provide it with a professional assessment of the state fiscal policy in a language that is easy to understand. The media form the image of the FDC, which creates (or can weaken) public confidence in the institution, so it is important to build good relations with journalists and gain their understanding of fiscal issues, which in turn allows them to produce competent materials.

**International organizations** - EU institutions, international rating agencies, International Monetary Fund, etc. are important players in the global financial environment. Within the framework of its mandate, the FDC co-operates with international organizations of various levels, especially at the EU level, expressing an independent opinion on Latvia's fiscal policy trends.

## 4. Communication activities and channels

In line with OECD recommendations, the FDC will pay particular attention to a wider audience - FDC reports will be tailored to them. Communication with the professional audience, especially with the Saeima, will be strengthened.

The format of the messages and their distribution channels could be supplemented by new forms of communication, such as: (i) breakfast with media (experience of the Slovak FDC), (ii) production of documentaries and films, (iii) video messages from the Council members, (vi) activation of the Facebook account.

The table below summarizes the main FDC activities with their respective groups of audience, objectives, and communication channels.

**Channels** - website, mass media, twitter, Facebook, talk shows, guest lectures, events.

**Direct communication** - official letters, meetings.

**Communication methods** – breakfasts with journalists, press conferences, documentaries and filmmaking, FDC members' messages / video blogs, social media entries, press releases, interviews, participation in discussions in the media and conferences, guest lectures in universities studying economics and policy programs and in general education schools for senior students, development of an interactive tool - a measure of the state budget and debt liabilities, introduction of a monthly "TOP fiscal event" video.

Activity	Audience	Goal	Channel
Approving the macroeconomic forecasts of MoF (February and June)	PR	1	Official letter
	S	2	Press releases, WEB, TW.
Surveillance reports (interim reports) (April, October)	PR	1	Official letter with report, participation in CM and/or Saema commission meetings
	S	2	Press releases, WEB, press conferences. TW
	I	3	WEB (ENG)
Fiscal risks working group meeting (August)	PR (MoF)	1	Official letter
	S	2	WEB, TW
Budget balance statistics (monthly)	S	2, 3	WEB, TW
Tax revenue statistics (monthly)	S	2, 3	WEB, TW

Quarterly macroeconomic reports	S	2, 3	WEB, TW
Quarterly fiscal outlooks	S	2, 3	WEB, TW
Statistics on the Funds of Unforeseen Events (quarterly)	S	2, 3	WEB, TW
Monitoring reports (in case required)	PR, S, I	1,2,3	Official letters, WEB, TW, press releases
<i>Heatmaps</i>	S	2	Twitter, WEB
Research on fiscal topics (in case required)	PR, S, I	1,2,3	Official letters, WEB, TW, press releases
Meetings with rating agencies	I	3	TW
Participation in research and events organized by IFI network	I	3	TW, WEB
Monthly video with the opinion of I.Šteinbukas/Council members "TOP fiscal events"		2,3	TW, FB, media
Development of an interactive tool reflecting the impact of government debt on government budget lines (e.g. dynamics of public debt per capita?)		2,3	WEB, twitter, FB?
Participation in discussions and conferences		2,3	
FDC FB account activation		2,3	Facebook?