
OECD Fiscal Decentralisation Database

SUB-CENTRAL GOVERNMENTS (SCG) FISCAL RULES INDICATOR

The SCG fiscal rules indicator figures for 2005 and 2011 are based on responses from OECD member countries to questionnaires covering both the use and implementation of rules that constrain SCG deficit financing; limit tax and spending autonomy; and constrain SCGs' rights to borrow.

The data tables report values for an overall composite indicator and four intermediate indicators (sub-indices) which reflect objectives important for policy-makers:

- Restraining the size of the public sector by limiting expenditure growth;
- Supporting allocative efficiency;
- Ensuring deficit and debt sustainability; and
- Enabling local governments to cope with shocks.

The indicators are constructed in three stages as follows (see the figure below).

- In the first stage, 14 lower-level indicators are constructed from the answers to the questionnaire.
- These are subsequently aggregated into the four objectives important for policy-makers; and
- then finally into a composite indicator reflecting preferred attributes of fiscal rules.

All outcomes are scaled on the interval 0 to 10, with a higher score associated with a more desirable outcome.

Hierarchy of the fiscal rules indicator

