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Italy's 2024-26 fiscal plan: Main points of the UPB assessment

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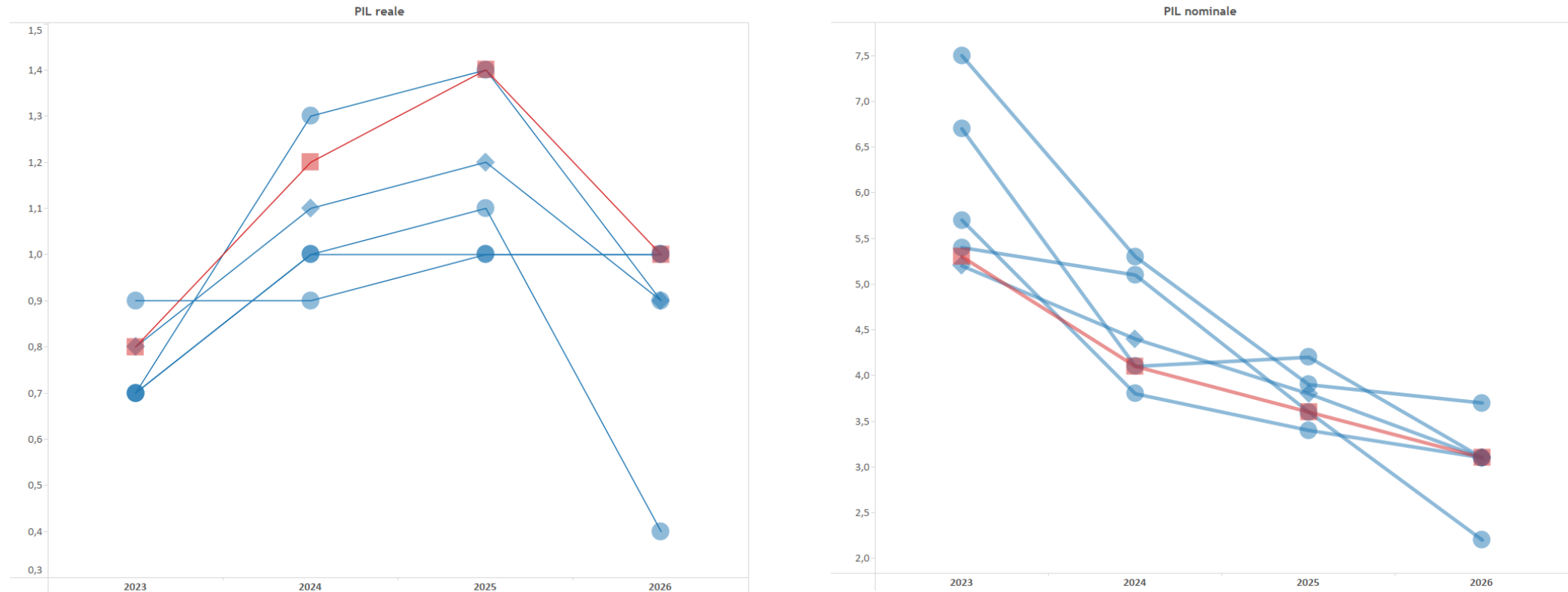
IFI Network meeting
Brussels, 11th December 2023

The budget process in Italy

- 10th of April: Economic and financial document (EFD) to Parliament → parliamentary hearings (incl. UPB macro endorsement and fiscal assessment) before approval and forwarding of SP to EU (end-April)
- 27th of September: EFD Update to Parliament → parliamentary hearings (incl. UPB macro endorsement and fiscal assessment) before approval and forwarding of DBP to EU (mid-October)
- 20th of October: Three-year Budget Bill to Parliament → parliamentary hearings (incl. UPB assessment) before approval (year-end)

UPB endorsement of the 2023-2026 macro forecast

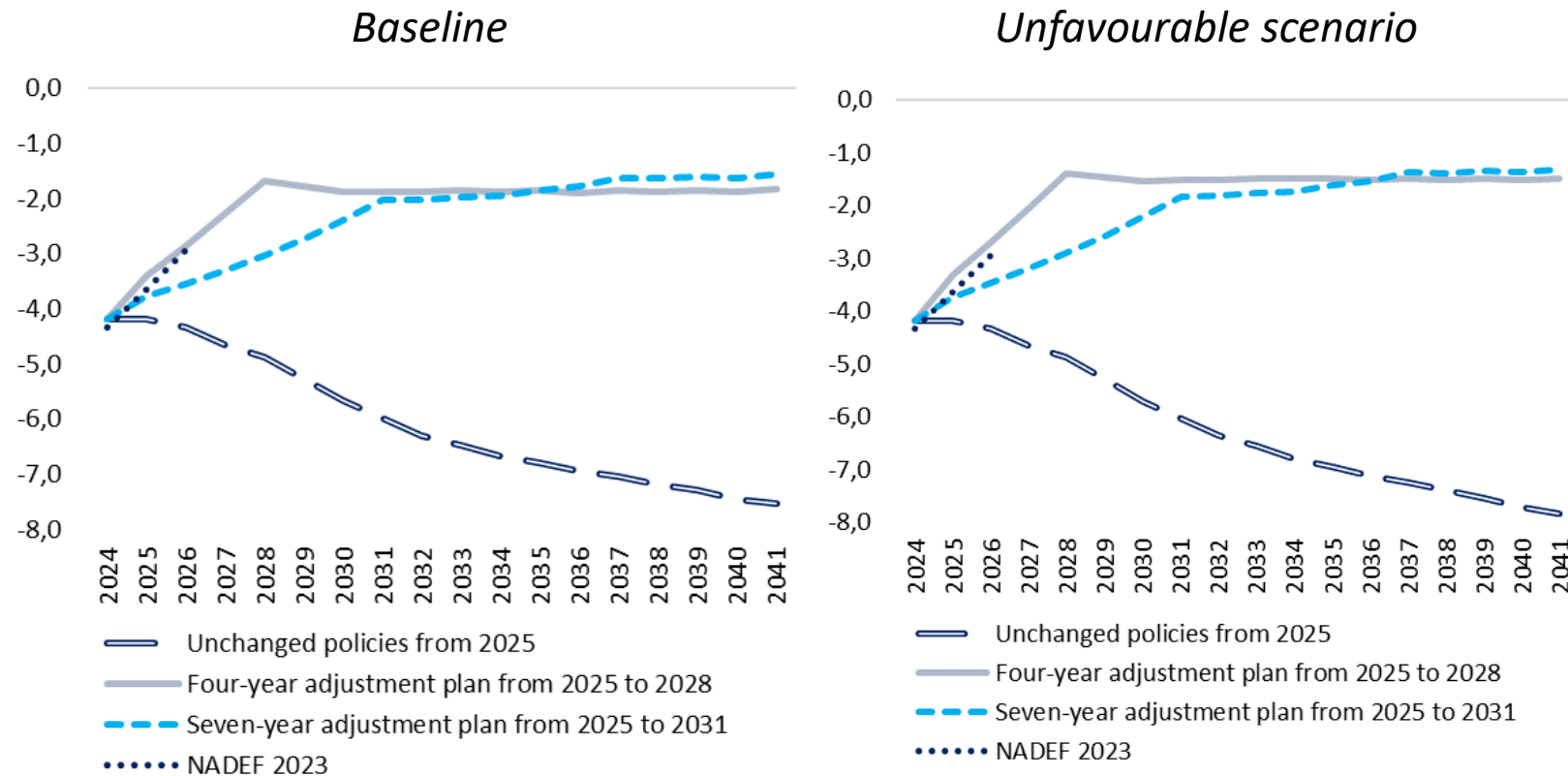
GDP-growth forecasts in macroeconomic policy scenarios



■ Government estimates ● Estimates of other PBO panel forecasters ◆ PBO estimates

UPB assessment of the consistency of the fiscal plan with new EU fiscal rules

General government net borrowing (as a per cent of GDP)



UPB main assessment points of 2024-26 fiscal plan and 2024 Budget Bill - I

- Very moderate decline of the debt ratio in 2024-2026 → risk of reverting the trend in the short term or of lacking sufficient resources to support the economy in the event of deteriorating cycle/unexpected events
- Temporary cuts in social security contributions and in income taxes → expectation of turning them permanent (uncertainty)
- Financing of national health care fund as a per cent of GDP at 2019 level → is it realistic? is it socially sustainable?

UPB main assessment points of 2024-26 fiscal plan and 2024 Budget Bill - II

- Savings from measures on the pension system small in the short term but not negligible in the medium term → right steps towards financial sustainability
- Net spending growth (0,3%) in 2024 below recommended maximum growth (1.3%) but impact of so-called Superbonus higher than expected
- If confirmed, 2024-26 fiscal plan overall consistent with new EU fiscal framework
- However, uncertainty beyond 2024 → need to reinforce medium-term orientation of public finances (new EU framework)