

Cooperation Agreement

between

the Hungarian Central Statistical Office (HCSO), the Ministry for National Economy (MNE) and the National Bank of Hungary (NBH)

on performing Hungary's reporting obligation related to the excessive deficit procedure.

The aim of this Cooperation Agreement

The aim of this Cooperation Agreement is to ensure a properly regulated framework to the effective cooperation of participants with regard to the fulfilment of excessive deficit procedure and related reporting obligation of Member States of the European Union (EDP Notification).

Considering the fact that according to Council Regulation (EC) 479/2009 EU Member States shall submit their actual government deficit and debt data to the European Commission (Eurostat) twice a year in the frames of their EDP Notification, with the participation of NBH and MNE besides HCSO. The Parties intend to outline their cooperation policy, their rights and obligations together with responsibility order in this cooperation agreement.

The frames of cooperation

The Parties establish an expert working group and a high-level board in order to perform tasks stipulated in this Cooperation Agreement.

Tasks and operation of expert working group

1. The working group of experts shall be established by HCSO and shall be operating with its leadership, and the participation of MNE and NBH.
2. Members of the working group are experts from the three institutions responsible for government finance statistics. The chair of the working group is delegated by the HCSO.
3. The working group shall have the task of discussing methodological issues in connection with government statistics and EDP reporting, making decisions and implementing the scheduled compilation of the report. Decisions are made in consensus, in the absence of that, provisions in point 6 are normative.
4. The working group's leader shall have the task of scheduling the compilation of the reports and the exercises connected with calculations, organising and coordinating the work related to compilation and preparing minutes of the meetings.
5. The working group has meetings on a monthly basis or in case of need more frequently during the compilation period of EDP report, prepares background papers to methodological issues and sends it to the members of high-level board. The draft EDP report

and a background paper on settled and pending issues shall be sent to the high-level board at least one week before submission deadline by the working group leader.

6. In case of decisions on methodological issues, working group members shall strive to reach consensus, in the absence of that the position of HCSO as the party bearing responsibility for methodology in compiling the report shall prevail or the high-level board shall decide. Methodological decisions can be made at the meeting of the working group, the high-level board or in a written form between meetings. The high-level board shall be informed about methodological decisions.
7. Minutes shall be drawn up on the working group meetings in every case. The leader of the working group is responsible for preparing it. Minutes shall be sent to members of the high-level board by the working group leader.
8. Necessary duties and data transmissions during the clarification period of EDP Notification shall be coordinated by the leader of the working group.
9. Preparing for dialogue and methodological visits of the Commission (Eurostat) related to EDP Notification is performed by the working group of experts according to points 28-32 of this agreement.

Tasks and operation of the high-level board

10. The EDP report in its final compiled form is approved and the pending issues are decided by the high-level board.
11. Members of the high-level board are the President of the HCSO, the Deputy Governor of the NBH supervising Statistics Directorate and the State Secretary for public finances of MNE. The head of the high-level board is the President of the HCSO.
12. Besides the members, the leader of the working group and invited experts attend the meetings of the high-level board.
13. The high-level board holds meeting in case of need, at least twice a year, one week before the submission of the EDP Notification.
14. The high-level board decides on pending methodological issues, on the basis of initiative notes made by the working group and of other relevant information.
15. In case of decisions, high-level board shall strive to reach consensus, in the absence of which the resolution of HCSO shall prevail.
16. The heads of the institutions shall immediately inform each other and the working group if any obstacle to the acceptance of the EDP Notification arises on their part.
17. Minutes shall be done about the high-level board meetings in every case. The leader of the working group is responsible for it. Minutes shall be sent to members of the working group by the head of the body.

Compilation of the EDP report

18. HCSO, the MNE and NBH will participate in preparing the EDP report according to the following division of labour:
 - a) HCSO shall compile the data on net lending and non-financial accounts (from budget data and other statistical data collection by sub-sectors) for “t-1, t-2, t-3, t-4” periods (based on national accounts).
 - b) The MNE shall compile the estimates for the year “t”, included calculations of the stock of debt for period “t”.
 - c) The NBH shall compile data on general government debt (breakdown by type of instruments) and financing (including stock-flow adjustments by sub-sector) for “t-1, t-2, t-3, t-4” periods based on financial accounts.
 - d) In table 4 the MNE and NBH shall compile data concerning financial accounts, while HCSO is responsible for GDP and GNI data.
19. For the compilation of the EDP report, data transmission program ordered by HCSO in a government decree as a part of National Data Collection Programme is necessary to do timely in good quality. Data transmissions related to budgetary units are performed by the State Treasury, MNE is responsible for data quality. HCSO is responsible for data, directly collected by HCSO in the frames of National Data Collection Programme related to government sector. NBH is responsible for data related to government sector, directly collected by NBH.
20. According to Council Regulation (EC) 679/2010, amending Council Regulation (EC) 479/2009 the HCSO is entitled to all data and information, required to the compilation of EDP Notification. The cooperating Parties will do their best to ensure it.
21. All three parties shall be responsible for the quality of data provided by them, used to the compilation of the EDP report and the underlying national accounts. HCSO, the MNE and NBH shall be liable for the contents of the EDP report jointly, up to the extent of the data incorporated in the report by them.
22. At the beginning of the actual compilation period, the working group will fix the scope of units classified in general government sector, the list of non-budgetary units classified in general government sector and will review the major economic events the recording of which may generate a methodological problem.
23. In the course of compiling the data for the specific areas included within their respective tasks for the EDP report, working group members shall continuously consult each other and shall mutually make available the information available to them that is required for the report, the partial documents prepared and the background documents of calculations, as well. Received data shall be handled in accordance with legal measures on treatment of confidential data and own internal policies.
24. If consensus cannot be reached concerning an issue that has a significant impact of the contents of the Notification, either Party’s head may propose reconciliation at the high-level board.

25. Documents for high-level board shall contain majority and minority opinions of working group in every case, and related international experiences, as well. The high-level board decides on submitted methodological issues, and makes a decision which pending cases shall send to Commission (Eurostat) for advice according to “Code of Best Practice” with such a deadline that answer could be incorporated in the Notification. . The requests for clarification are forwarded to Eurostat by HCSO.
26. The final EDP report compiled and then approved by the heads of the institutions shall be submitted by HCSO to the Commission (Eurostat) twice a year, by 1 April and by 1 October, according to the provisions of Council Regulation (EC) 479/2009.
27. The EDP report is released by HCSO on its website on 1 April and 1 October at 9 a.m, or on the submission day in case of holiday. The publication date of final EDP reports is the same as for Eurostat press release on EDP report.

Preparation for Eurostat visits

28. Preparation for the Eurostat dialogue and methodological visit is made by the working group, coordinated by the leader of the working group.
29. The chairman of the working group is responsible for the compilation of documents sent before the visit. The chairman of the working group is responsible for allocating questions to the responsible institutions, summarizing and submitting the documents to Commission (Eurostat).
30. During the visits position of the Hungarian authorities is represented by members of the working group and the high-level board, and persons appointed by them.
31. Minutes shall be drawn up on the dialogue and methodological visits. The leader of the working group is responsible for it.
32. HCSO is responsible for contacting the Commission (Eurostat) and for all data transmissions. HCSO shall be informed in every case when MNE or NBH directly turns to the Commission (Eurostat).

Other international data transmission

33. In respect of other international data transmission based on annual government statistics – which are closely associated with data of the EDP report – Parties proceed the following division of labour: MNE performs – with the collaboration of NBH – the GFS data transmission once a year to IMF, while NBH submits the GFS data transmission containing non-financial and financial accounts of general government to ECB twice a year. A copy of both datasets shall be sent to HCSO. For IMF – in the frames of SDDS Plus data transmission – the HCSO performs data transmissions concerning non-financial accounts, while NBH concerning financial accounts of government sector.

Miscellaneous provisions

34. This Cooperation Agreement – valid for an indefinite period of time – shall come into force with the last signature of Parties – and its rules shall be applied for the first time at EDP Notification being submitted by 1 April 2015.
35. At the time of entry into force of this cooperation agreement, the agreement concluded on the same topic between HCSO-MoF-NBH in February 2004 shall be repealed.
36. Issues not regulated by this Cooperation Agreement shall be governed by the provisions of community legislation applicable to the excessive deficit procedure and the EDP report, the suggested policies and the relevant provisions of Act XLVI of 1993 on statistics.

Budapest, March 2015

Hungarian Central Statistical Office Ministry for National Economy National Bank of
Hungary