

# Economic governance: requirements for budgetary frameworks of the Member States

2023/0136(NLE) - 30/04/2024 - Final act

**PURPOSE:** to reform the EU economic governance framework.

**NON-LEGISLATIVE ACT:** Council Directive (EU) 2024/1265 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

**BACKGROUND:** the changes to Council Directive 2011/85/EU on requirements for Member States' budgetary frameworks are part of a package which also includes:

- a [proposal](#) for a regulation replacing Regulation (EC) No 1466/972 (preventive arm of the Stability and Growth Pact) and

- [amendment](#) of Regulation (EC) No 1467/973 (corrective arm of the Stability and Growth Pact).

Council Directive 2011/85/EU laid down detailed rules concerning the characteristics of the budgetary frameworks of the Member States. Building upon the experience gained with the economic and monetary union since Directive 2011/85/EU came into force, it is necessary to amend its requirements regarding the rules and procedures forming the budgetary frameworks of the Member States.

**CONTENT:** under this Directive, the amendments made to Directive 2011/85/EU concern the following:

## *Accounting and statistics*

As concerns national systems of public accounting, Member States will put place public accounting systems comprehensively and consistently covering all subsectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the European System of National and Regional Accounts. Those public accounting systems by the general government should be subject to internal control and independent audits.

The Commission (Eurostat) should publish the quarterly government finance statistics data every 3 months.

## *Forecasts*

Member States will ensure that annual and multiannual fiscal planning is based on realistic macroeconomic and budgetary forecasts using the most up-to-date information. Budgetary planning will be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts will be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies.

Member States will specify which institution is responsible for producing macroeconomic and budgetary forecasts and should make public the official macroeconomic and budgetary forecasts prepared for fiscal planning. At least annually, the Member States and the Commission should engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.

## *Independent fiscal institutions*

Member States should ensure that independent fiscal institutions are established by national laws, regulations or binding administrative provisions. They may establish more than one independent fiscal institution. Independent fiscal institutions should be composed of members nominated and appointed on the basis of their experience and competence in public finances, macroeconomics or budgetary management, and by means of transparent procedures.

### ***Medium-term budgetary frameworks***

Member States should establish a credible, effective national medium-term budgetary framework providing for the adoption of a fiscal planning horizon of at least 3 years to ensure that national fiscal planning follows a multiannual fiscal planning perspective.

National medium-term budgetary frameworks should include procedures for establishing the following items:

- **comprehensive and transparent multiannual budgetary objectives** in terms of the general government deficit, debt and any other fiscal indicator such as expenditure, ensuring that they are consistent with any country-specific numerical fiscal rules and the relevant provisions of Regulation on the preventive arm of the stability and growth pact;
- a **description of medium-term policies**, including investment and reforms, envisaged with an impact on general government finances and sustainable and inclusive growth, broken down by major revenue and expenditure item;
- an assessment as to how in the light of their direct medium-term and long-term impact on general government finances, the policies envisaged are likely to affect the medium-term and long-term sustainability of the public finances and sustainable and inclusive growth. To the extent possible, the assessment should take into account the macrofiscal risks from climate change and its environmental and distributional impacts.

This directive should not prevent a Member State, in the case of a **newly appointed government**, from updating its medium-term budgetary plan to reflect its new policy priorities. In such case, the Member State shall indicate the differences between the previous and the new medium-term budgetary plan.

### ***Transparency***

For all sub-sectors of general government, Member States should publish relevant information on contingent liabilities with potentially large impact on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof. Member States should also publish information on **disaster and climate-related contingent liabilities** to the extent possible.

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