




Basic information	
<p><b>2023/0136(NLE)</b></p> <p>NLE - Non-legislative enactments</p> <p>Economic governance: requirements for budgetary frameworks of the Member States</p> <p><b>Subject</b></p> <p>5.10.01 Convergence of economic policies, public deficit, interest rates 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU)</p> <p><b>Legislative priorities</b></p> <p><a href="#">Joint Declaration 2023-24</a></p>	Procedure completed

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	ECON	Economic and Monetary Affairs	FERBER Markus (EPP)	16/02/2024
			MARQUES Margarida (S&D)	16/02/2024
			<b>Shadow rapporteur</b> KELLEHER Billy (Renew) LAMBERTS Philippe (Greens/EFA) VAN OVERTVELDT Johan (ECR) RINALDI Antonio Maria (ID) GUSMÃO José (The Left)	
<b>Committee for opinion</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>	
EMPL	Employment and Social Affairs	The committee decided not to give an opinion.		
Council of the European Union				
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Economic and Financial Affairs		GENTILONI Paolo	

Key events			
Date	Event	Reference	Summary
		COM(2023)0242	Summary

26/04/2023	Legislative proposal published		
12/06/2023	Committee referral announced in Parliament		
11/12/2023	Vote in committee		
15/12/2023	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A9-0440/2023</a>	<a href="#">Summary</a>
23/04/2024	Decision by Parliament	<a href="#">T9-0313/2024</a>	<a href="#">Summary</a>
23/04/2024	Results of vote in Parliament		
23/04/2024	Debate in Parliament	<a href="#">CRE link</a>	
29/04/2024	Act adopted by Council after consultation of Parliament		
30/04/2024	Final act published in Official Journal		

Technical information	
<b>Procedure reference</b>	2023/0136(NLE)
<b>Procedure type</b>	NLE - Non-legislative enactments
<b>Procedure subtype</b>	Consultation of Parliament
<b>Legal basis</b>	Treaty on the Functioning of the EU TFEU 126-p14-a3
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	ECON/9/11910

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		<a href="#">PE754.923</a>	24/10/2023	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A9-0440/2023</a>	15/12/2023	<a href="#">Summary</a>
Text adopted by Parliament, 1st reading/single reading		<a href="#">T9-0313/2024</a>	23/04/2024	<a href="#">Summary</a>
<b>Council of the EU</b>				
Document type	Reference	Date	Summary	
Supplementary legislative basic document	<a href="#">15396/2023</a>	03/01/2024	<a href="#">Summary</a>	
<b>European Commission</b>				
Document type	Reference	Date	Summary	
Legislative proposal	<a href="#">COM(2023)0242</a> 	26/04/2023	<a href="#">Summary</a>	
Commission response to text adopted in plenary	<a href="#">SP(2024)394</a>	08/08/2024		
<b>National parliaments</b>				
Document type	Parliament/Chamber	Reference	Date	Summary
Contribution	<a href="#">IE_HOUSES-OF-OIREACTHAS</a>	<a href="#">COM(2023)0242</a>	27/06/2023	

Contribution	<a href="#">DE_BUNDES RAT</a>	<a href="#">COM(2023)0242</a>	28/06/2023	
Contribution	<a href="#">CZ_SENATE</a>	<a href="#">COM(2023)0242</a>	20/07/2023	
Contribution	<a href="#">IT_CHAMBER</a>	<a href="#">COM(2023)0242</a>	13/12/2023	
Contribution	<a href="#">IT_SENATE</a>	<a href="#">COM(2023)0242</a>	18/12/2023	
Contribution	<a href="#">FR_SENATE</a>	<a href="#">COM(2023)0242</a>	03/01/2024	

#### Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	<a href="#">CON/2023/0020</a> <a href="#">OJ C 290 18.08.2023, p. 0017</a>	05/07/2023	
ESC	Economic and Social Committee: opinion, report	<a href="#">CES2275/2023</a>	20/09/2023	
CofR	Committee of the Regions: opinion	<a href="#">CDR0157/2023</a>	10/10/2023	

#### Additional information

Source	Document	Date
EP Research Service	<a href="#">Briefing</a>	07/02/2024

## Meetings with interest representatives published in line with the Rules of Procedure

#### Other Members

Name	Date	Interest representatives
<a href="#">AUBRY Manon</a>	04/07/2023	Coalition of NGOs

#### Final act

<a href="#">Directive 2024/1265</a> <a href="#">OJ OJ L 30.04.2024</a>	<a href="#">Summary</a>
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## Economic governance: requirements for budgetary frameworks of the Member States

2023/0136(NLE) - 15/12/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Esther de LANGE (EPP, NL) and Margarida MARQUES (S&D, PT) on the proposal for a Council directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

The committee responsible recommended that the European Parliament approve the Commission's proposal subject to amendments.

#### **Independent fiscal institutions**

Members considered that Member States should ensure that independent fiscal institutions, such as structurally independent bodies or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States, are established by national laws, regulations or binding administrative provisions, and **adequately staffed and funded**.

Member States should ensure diversity of views and backgrounds in the composition of these institutions.

The report added that the institutions should:

- allow for the disclosure of minority and divergent positions in such assessments and opinions;
- regularly exchange best practices among each other coordinated by the European Fiscal Board (EFB);
- regularly consult relevant stakeholders;
- producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or supporting or, where applicable according to national rules, endorsing the planning by the budgetary authorities;
- producing debt sustainability assessments underlying the government's medium-term planning by the budgetary authorities or supporting or, where applicable according to national rules, endorsing the assessment;
- producing assessments on the impacts of policies, including reform and investment commitments under the national medium-term fiscal-structural plans, on fiscal sustainability and sustainable and inclusive growth by the budgetary authorities or supporting or, where applicable according to national rules, endorsing;
- participate in regular hearings and discussions at the national Parliament and be available to provide technical analysis and advice to the national Parliament upon request.

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

Medium-term budget frameworks should include procedures for establishing the following elements:

- a description of medium-term policies, including investment and reforms, and if applicable, specifying the investments and reforms in the common priorities of the Union referred to in the Regulation on the [preventive arm](#) of the stability and growth pact;
- 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. The assessment should specify, to the extent possible and based on a transparent and replicable scientific methodology, the macro fiscal risks from climate change and their environmental and distributional impacts, and the implications on public finance of climate-related mitigation and adaptation policies over the medium-term and long-term.

### **Updating its medium-term budgetary framework plan**

This Directive should not prevent a Member State's new government from updating its medium-term budgetary framework plan to reflect its new policy priorities, nevertheless this is **not to be encouraged**, as it would imply lost momentum, particularly on the implementation of the reform agenda. The ambition of the reforms and investments in the revised plan should not be lower than the original plan.

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

2023/0136(NLE) - 03/01/2024 - Supplementary legislative basic document

PURPOSE: to reform the EU economic governance framework.

PROPOSED ACT: Council Directive (Agreement in principle with a view to consulting the European Parliament).

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

Parliament is being consulted again on the proposed amendments to Council Directive 2011/85/EU on the requirements for the budgetary frameworks of the Member States.

The proposed Directive is part of a package together with a Regulation of the Parliament and of the Council replacing [Regulation](#) (EC) No 1466/97 (the preventive arm of the Stability and Growth Pact) and Council [Regulation](#) amending Council Regulation (EC) No 1467/97 (the corrective arm of the Stability and Growth Pact). Together, they establish a reformed Union economic governance framework that incorporates into Union law the substance of Title III 'Fiscal Compact' of the intergovernmental Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union.

In order to ensure Member States' compliance with the obligations under the Treaty on the Functioning of the European Union (TFEU) in the area of budgetary policy, and in particular with regard to avoiding excessive government deficits, 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 proposed to amend its requirements regarding the rules and procedures forming the budgetary frameworks of the Member States.

The proposal includes the following aspects:

- specific provisions in Member States' law to strengthen national ownership beyond those currently required by Directive 2011/85/EU, in order to improve compliance with the provisions of the TFEU and, in particular, to prevent the occurrence of excessive government deficits;
- improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is comprehensive and consistent across all subsectors of general government;
- oblige Member States to ensure that their annual and multiannual budgetary planning is based on realistic macroeconomic and budgetary forecasts, using the most up-to-date information. To improve baseline assumptions, Member States should compare their macroeconomic and budgetary forecasts with the most updated ones of the Commission and, if appropriate, those of other independent bodies;

- ensure that macroeconomic and budgetary forecasts for annual and multiannual fiscal planning for the general government should be subject to regular, objective and comprehensive ex post evaluations performed by an independent body or other bodies with functional autonomy vis-à-vis the fiscal authorities of the Member States different from the one producing the forecast in order to enhance their quality;
- provide that independent fiscal institutions should have a high degree of operational independence, the necessary resources to perform their tasks and extensive and timely access to necessary information in order to achieve strengthened responsibility in fiscal policy;
- improve budgetary planning, due attention should be paid, to the extent possible, to the macro fiscal risks from climate change, including its environmental and distributional impacts;
- oblige Member States to publish: (i) information on how the relevant elements of their budgets contribute to achieving climate and environmental national and international commitments and the methodology used; (ii) data and descriptive information separately for expenditure, tax expenditure and revenue items; (iii) information on the distributional impact of budgetary policies and take into account employment, social and distributional aspects in the development of green budgeting;
- pay particular attention to government obligations and risks to government finances stemming from natural disasters and climate-related shocks, starting with collecting and publishing information on the fiscal cost of past events to the extent possible.

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

2023/0136(NLE) - 03/01/2024

PURPOSE: to reform the EU economic governance framework.

PROPOSED ACT: Council Directive (Agreement in principle with a view to consulting the European Parliament).

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

Parliament is being consulted again on the proposed amendments to Council Directive 2011/85/EU on the requirements for the budgetary frameworks of the Member States.

The proposed Directive is part of a package together with a Regulation of the Parliament and of the Council replacing [Regulation \(EC\) No 1466/97](#) (the preventive arm of the Stability and Growth Pact) and Council [Regulation \(EC\) No 1467/97](#) (the corrective arm of the Stability and Growth Pact). Together, they establish a reformed Union economic governance framework that incorporates into Union law the substance of Title III 'Fiscal Compact' of the intergovernmental Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union.

In order to ensure Member States' compliance with the obligations under the Treaty on the Functioning of the European Union (TFEU) in the area of budgetary policy, and in particular with regard to avoiding excessive government deficits, 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 proposed to amend its requirements regarding the rules and procedures forming the budgetary frameworks of the Member States.

The proposal includes the following aspects:

- specific provisions in Member States' law to strengthen national ownership beyond those currently required by Directive 2011/85/EU, in order to improve compliance with the provisions of the TFEU and, in particular, to prevent the occurrence of excessive government deficits;
- improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is comprehensive and consistent across all subsectors of general government;
- oblige Member States to ensure that their annual and multiannual budgetary planning is based on realistic macroeconomic and budgetary forecasts, using the most up-to-date information. To improve baseline assumptions, Member States should compare their macroeconomic and budgetary forecasts with the most updated ones of the Commission and, if appropriate, those of other independent bodies;
- ensure that macroeconomic and budgetary forecasts for annual and multiannual fiscal planning for the general government should be subject to regular, objective and comprehensive ex post evaluations performed by an independent body or other bodies with functional autonomy vis-à-vis the fiscal authorities of the Member States different from the one producing the forecast in order to enhance their quality;
- provide that independent fiscal institutions should have a high degree of operational independence, the necessary resources to perform their tasks and extensive and timely access to necessary information in order to achieve strengthened responsibility in fiscal policy;
- improve budgetary planning, due attention should be paid, to the extent possible, to the macro fiscal risks from climate change, including its environmental and distributional impacts;
- oblige Member States to publish: (i) information on how the relevant elements of their budgets contribute to achieving climate and environmental national and international commitments and the methodology used; (ii) data and descriptive information separately for expenditure, tax expenditure and revenue items; (iii) information on the distributional impact of budgetary policies and take into account employment, social and distributional aspects in the development of green budgeting;
- pay particular attention to government obligations and risks to government finances stemming from natural disasters and climate-related shocks, starting with collecting and publishing information on the fiscal cost of past events to the extent possible.

# 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.

ENTRY INTO FORCE: 30.04.2024.

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

2023/0136(NLE) - 23/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a legislative resolution on the proposal for a Council directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

The European Parliament approved the Council draft as amended.

## **Accounting and statistics**

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

Member States should 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.

The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning should be subject to regular, objective and comprehensive ex post evaluation by an independent body or other bodies with functional autonomy vis-à-vis the fiscal authorities of the Member States different from the one producing the forecast. The result of that evaluation should be made public and taken into account appropriately in future macroeconomic and budgetary forecasts. If the evaluation detects a significant bias affecting macroeconomic forecasts over a period of at least 4 consecutive years, the Member State concerned should take the necessary action and make it public.

## **Independent fiscal institutions**

A new article has been included by Members stipulating that Member States should ensure that independent fiscal institutions, such as structurally independent bodies or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States, are established by national laws, regulations or binding administrative provisions.

In order to achieve strengthened responsibility in fiscal policy, independent fiscal institutions should have a high degree of operational independence, the necessary resources to perform their tasks and extensive and timely access to necessary information. Member States may establish **more than one independent fiscal institutions** and each of them may discharge one or several of the tasks laid down in this directive, as long as there is a clear allocation of responsibility and there is no remit overlap between them.

## **Medium-term budgetary frameworks**

The amended text stated that 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 shall take into account the macrofiscal risks from climate change and its environmental and distributional impacts.

## **Transparency and reporting**

Within the framework of the annual and multiannual budgetary processes, Member States should publish information on bodies and funds which do not form part of the regular budgets but are part of the general government, including subsectors of general government. Member States should also publish amounts corresponding to the combined impact on general government balances and debts of those bodies and funds.

Member States should publish detailed information on the impact of tax expenditures on revenues.

Reporting on macrofiscal risks from climate change, climate-related contingent liabilities and fiscal costs of disasters is improving but still remains at an incipient stage, with methodologies and indicators for such reporting still being developed. The adaptation to this reporting will require significant efforts from public administrations. Taking into account these challenges, and to the extent possible, reporting in these areas should be carried out and evolve in parallel to such methodological advances.

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

2023/0136(NLE) - 26/04/2023 - Legislative proposal

PURPOSE: to reform the EU economic governance framework.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: the proposed 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).

The Directive and the preventive and corrective arms of the Stability and Growth Pact are part of the EU's economic governance framework.

In order to ensure Member States' compliance with the obligations under the Treaty on the Functioning of the European Union (TFEU) in the area of budgetary policy, and in particular with regard to avoiding excessive government deficits, 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.

In 2019, the European Court of Auditors published a report in which it identified weaknesses in the effectiveness of medium-term budgeting and independent budgetary institutions and recommended that the Commission strengthen the requirements for medium-term budgetary frameworks and independent budgetary institutions in line with international standards.

In its Communication of 9 November 2022, the Commission presented its guidelines for a reform of the EU economic governance framework. These guidelines provided for **greater ownership of the framework by the Member States, its simplification and increased targeting in the medium term**, while ensuring stricter and more consistent application of the rules. They also aimed to improve the structure and performance of independent fiscal institutions.

CONTENT: the proposed amendments to Council Directive 2011/85/EU aim to **strengthen national ownership and the medium-term orientation of budgetary planning**. Amendments should also address provisions on transparency and statistics, forecasting and medium-term budgeting to address weaknesses identified during implementation.

Specifically, the objectives of the changes are:

## ***Simplification of existing legislation***

Provisions on the submission of monthly cash-based fiscal data are not useful for strengthening national budgetary frameworks. Some provisions will become redundant if these requirements are included in the proposed preventive arm regulation.

## ***Clarification of provisions***

With regard to the macroeconomic and budgetary forecasts drawn up for the purposes of budgetary programming, it is proposed that the directive now makes specific reference to the independent bodies in charge of the ex-post evaluation of the forecasts. The directive should also better specify reporting requirements on general government bodies and funds that are not part of the regular national budgets, requirements on tax expenditure and contingent liabilities.

## ***Strengthening national ownership***

It is proposed to add or clarify requirements on independent fiscal institutions. In some cases, the proposed new provisions already applied to the euro area Member States as well as to Denmark, Bulgaria and Romania, as contracting parties to the Treaty on Stability, Coordination and Governance in Economic and Monetary Union (the TSCG).

Other proposed provisions aim to add tasks that would give independent fiscal institutions a role in the surveillance of the EU fiscal framework at national level. These include the preparation or endorsement of budgetary forecasts as well as assessing sustainability analyses and the impact of policies.

Lastly, some of the proposed provisions ensure the independence and accountability of IFIs to reflect standards identified by international organisations.

## ***Promoting a medium-term orientation***

It is proposed that the multiannual budgetary dimension in the forecasts is more systematically specified and so would be the link between the annual budget and medium-term planning.

## ***Improving the quality of public finance***

Provisions are proposed to promote the accountability of public budgets and increase the transparency of fiscal risks vis-à-vis climate change. The directive would now require assessing the risks deriving from climate change and the implications of climate policies on public finances.



It would also require Member States to publish data to the extent possible on disaster and climate-related contingent liabilities as well as on economic losses incurred from natural disasters and climate-related shocks. For these shocks, the fiscal costs borne by the public sector and the instruments used to mitigate or cover the shocks would also be reported.