

Economic governance: requirements for budgetary frameworks of the Member States

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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.