

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.