Basic information

2010/0277(NLE) NLE - Non-legislative enactments Directive	Procedure completed
Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack' See also 2010/0278(COD) See also 2010/0279(COD) See also 2010/0281(COD) See also 2010/0276(CNS) See also 2010/0280(COD) **Subject** 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)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	FORD Vicky (ECR)	14/09/2010

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	CASA David (PPE)	21/10/2010
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Committee for opinion on the legal basis	Rapporteur for opinion	Appointed
JURI Legal Affairs	GERINGER DE OEDENBERG Lidia Joanna (S&D)	04/03/2011

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3122	2011-11-08
Economic and Financial Affairs ECOFIN	3062	2011-01-18

	Economic and Financial Affairs ECOFIN	3100	2011-06-20
	Economic and Financial Affairs ECOFIN	3088	2011-05-17
	Economic and Financial Affairs ECOFIN	3076	2011-03-15
	Economic and Financial Affairs ECOFIN	3067	2011-02-14

European Commission	Commission DG	Commissioner
	Economic and Financial Affairs	REHN Olli

Key events

Date	Event	Reference	Summary
07/10/2010	Legislative proposal published	COM(2010)0523	Summary
13/12/2010	Committee referral announced in Parliament		
18/01/2011	Debate in Council		Summary
14/02/2011	Debate in Council		Summary
19/04/2011	Vote in committee		Summary
06/05/2011	Committee report tabled for plenary, 1st reading/single reading	A7-0184/2011	
17/05/2011	Debate in Council		Summary
20/06/2011	Debate in Council		Summary
22/06/2011	Debate in Parliament		
23/06/2011	Decision by Parliament	T7-0289/2011	Summary
23/06/2011	Results of vote in Parliament		
28/09/2011	Decision by Parliament	T7-0426/2011	Summary
28/09/2011	Results of vote in Parliament		
08/11/2011	Act adopted by Council after consultation of Parliament		
08/11/2011	End of procedure in Parliament		
23/11/2011	Final act published in Official Journal		

Technical information

Procedure reference	2010/0277(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Legislative instrument	Directive
Amendments and repeals	See also 2010/0278(COD) See also 2010/0279(COD)

	See also 2010/0281(COD) See also 2010/0276(CNS) See also 2010/0280(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 126-p14-a3
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/04127

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE454.691	16/12/2010	
Amendments tabled in committee		PE458.663	16/02/2011	
Committee opinion	EMPL	PE454.660	21/03/2011	
Specific opinion	JURI	PE462.802	12/04/2011	
Committee report tabled for plenary, 1st reading/single reading		A7-0184/2011	06/05/2011	
Text adopted by Parliament, partial vote at 1st reading /single reading		T7-0289/2011	23/06/2011	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0426/2011	28/09/2011	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2010)0523	07/10/2010	Summary
Commission response to text adopted in plenary	SP(2011)8584	09/11/2011	
Follow-up document	COM(2012)0761	14/12/2012	Summary
Follow-up document	SWD(2012)0433	14/12/2012	
Follow-up document	COM(2013)0114	06/03/2013	Summary
Follow-up document	SWD(2013)0057	06/03/2013	
Follow-up document	COM(2015)0314	30/06/2015	Summary
Commission document (COM)	COM(2020)0055	05/02/2020	
Follow-up document	SWD(2020)0210	06/02/2020	
Follow-up document	SWD(2020)0211	06/02/2020	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	LU_CHAMBER	COM(2010)0523	30/11/2010	
Contribution	IT_CHAMBER	COM(2010)0523	16/12/2010	
Contribution	CZ_SENATE	COM(2010)0523	28/01/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2011/0013 OJ C 150 20.05.2011, p. 0001	16/02/2011	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Directive 2011/0085
OJ L 306 23.11.2011, p. 0041 Summary

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 17/05/2011

The Council took note of a **report from the presidency on progress in negotiations with the European Parliament** on a package of legislative proposals on economic governance.

Taking note of the views expressed by delegations, the presidency called on all parties to remain constructive and show the degree of flexibility that will be necessary to enable an agreement to be reached in June, as called for by the European Council.

The proposals set out:

- **to strengthen economic governance in the EU** – and more specifically within the euro area – as part of the EU's response to the challenges highlighted by recent turmoil on sovereign debt markets. The Council reached agreement on a general approach in March, opening the way for the negotiations with the Parliament;
- **to enhance budgetary discipline in the Member States and broaden the surveillance of their economic policies**, thus implementing the recommendations of a task force chaired by the President of the European Council, Herman Van Rompuy.

The package consists of:

- a draft regulation amending Regulation (EC) No 1466/97 on the surveillance and coordination of Member States' budgetary and economic policies;

- a draft regulation amending Regulation (EC) No 1467/97 on the excessive deficit procedure;
- a draft regulation on the enforcement of budgetary surveillance in the euro area;
- a draft regulation on the prevention and correction of macroeconomic imbalances;
- a draft regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- a draft directiveon requirements for the Member States' budgetary frameworks.

Four of the proposals deal with reform of the **EU's Stability and Growth Pact**, enhancing the surveillance of fiscal policies, introducing provisions on national fiscal frameworks, and applying enforcement measures for non-compliant Member States more consistently and at an earlier stage. The other two proposals target **macroeconomic imbalances** within the EU.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 14/02/2011

The Council held a **policy debate** on a package of measures intended to strengthen economic governance in the EU, and more specifically in the euro area, in order to address the challenges highlighted by recent difficulties on sovereign debt markets.

The package consists of:

- a draft regulation amending regulation 1466/97 on the surveillance of Member States budgetary and economic policies;
- a draft regulation amending regulation 1467/97 on the EU's excessive deficit procedure;
- a draft regulation on the enforcement of budgetary surveillance in the euro area;
- a draft regulation on the prevention and correction of macroeconomic imbalances;
- a draft regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- a **draft directive** on requirements for the member states' budgetary frameworks.

Four of the propositions deal with **reform of the EU's Stability and Growth Pact**. They are aimed at enhancing the surveillance of fiscal policies, introducing provisions on national fiscal frameworks, and applying enforcement measures for non-compliant member states more consistently and at an earlier stage.

In particular, a so-called **reverse majority rule**, whereby the Commission's proposal for imposing a fine will be considered adopted unless the Council turns it down by qualified majority, will trigger the sanction more automatically than at present.

Moreover, greater emphasis will also be placed on the **debt criterion** of the Stability and Growth Pact, with member states whose debt exceeds 60% of GDP required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below the 3% of GDP threshold.

The other two proposals target **macroeconomic imbalances within the EU**. Here, the aim is to broaden the surveillance of economic policies, introducing the possibility of fines on Member States found to be in an "excessive imbalances position". Risks of macroeconomic imbalances will be assessed using a "scoreboard" of economic indicators.

The Council asked the Permanent Representatives Committee to oversee further work on the package, in the light of its discussion. The presidency's aim – in accordance with the deadlines set by the European Council on 4 February – is for the Council to agree on a **general approach on all six proposals at its meeting on 15 March 2011, with a view to reaching an agreement with the European Parliament in June 2011**.

As regards the excessive deficit procedure, the Council took note of a communication from the Commission assessing action taken by **Bulgaria, Denmark, Cyprus and Finland** in order to bring their government deficits below 3% of GDP, the reference value set by the EU treaty.

It shared the Commission's view that, on the basis of current information, **all four countries have taken action representing adequate progress** towards correcting their deficits within the time limits set in its recommendations, and that no further steps under the EU's excessive deficit procedure are required at present.

Bulgaria, Denmark, Cyprus and Finland have been subject to excessive deficit procedures since July 2010, when the Council issued its recommendations. The Council called on Bulgaria and Finland to reduce their deficits below the threshold of 3 % of GDP by 2011, Cyprus by 2012 and Denmark by 2013.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 18/01/2011

The Council discussed draft national reform programmes (NRPs) presented by the Member States. Ministers committed themselves to rectifying identified difficulties with the draft NRPs.

The programmes are required, under the EU's economic governance arrangements, to enable **multilateral surveillance of the Member States' economic policies**.

They should contain:

- a macroeconomic scenario for the medium term,
- national targets for translating headline targets set under the "Europe 2020" strategy for jobs and growth,
- identification of the main obstacles to creating growth and jobs,
- measures for concentrating growth-enhancing initiatives in an early period.

Review of the draft programmes constitutes, along with the annual growth survey, first steps in implementation of the so-called "European semester", which involves **simultaneous monitoring of the Member States' budgetary policies and structural reforms**, in accordance with common rules, during a six-month period every year.

At its meeting on 24 and 25 March, the European Council is due to provide guidance to the Member States for finalisation of their stability and convergence programmes (budgetary policies) and national reform programmes (structural reforms).

The **European semester is implemented for the first time this year** as part of a reform of EU economic governance.

Concerning the excessive deficit procedure: the Council discussed a Commission communication assessing the action taken by **Malta** in response to the Council recommendation of 16 February 2010 based on article 126(7) to bring to an end the situation of excessive deficit at the latest by 2011. The Council shares the Commission's view that, based on current information, Malta has taken action representing adequate progress towards the correction of the excessive deficit within the time limit set by the Council. In particular, the Maltese authorities have taken fiscal consolidation measures to correct the excessive deficit by 2011, while ensuring an adequate fiscal effort in 2011.

Against this background, the Council considers that at present no further steps under the excessive deficit procedure are necessary.

At the same time, the Council notes that in spite of a better macroeconomic environment than expected in the Council recommendations, there was no acceleration in the reduction of the deficit in 2010. In addition, **considerable downside risks exist to the achievement of the 2011 deficit target**. In this context, the Council calls for rigorous execution of the budget and close monitoring of budgetary developments in order to take corrective measures if needed to ensure that the deficit target of 2.8% of GDP is reached in 2011. Furthermore, further steps should be taken to strengthen the binding nature of the medium-term budgetary framework and improve the long-term sustainability of public finances, as requested by the Council in its recommendations and invitations.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 23/06/2011 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament amended by 468 votes to 156, with 43 abstentions, the proposal for a Council directive on requirements for budgetary frameworks of the Member States.

The vote on the legislative resolution was postponed until a later plenary session.

The main amendments are as follows:

Scope: Members clarify that this Directive sets out detailed rules concerning the characteristics of the budgetary frameworks of the Member States that are necessary to ensure compliance with the Treaty obligations of the Member States with regard to the avoidance of excessive government deficits.

Accounting and statistics: the amended text states that as concerns national systems of public accounting, Member States shall 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 ESA 95-based data. Those public accounting systems shall be subject to internal control and **independent audit**.

Forecasts: Members consider that the macroeconomic and budgetary forecasts shall be compared with the most updated Commission forecasts and, if appropriate, those of other independent bodies. Significant differences between the chosen macro-fiscal scenario and the Commission forecast shall be described with reasoning.

- The Commission shall make public the methodologies, assumptions, and relevant parameters that underpin its macroeconomic and budgetary forecasts.
- In order to support Member States in preparing their budgetary forecasts, the Commission shall provide forecasts for EU expenditure based on the level of expenditure programmed within the multiannual financial framework.
- In the framework of a sensitivity analysis, the macroeconomic and budgetary forecasts shall examine paths of main fiscal variables under different growth and interest rates assumptions. The range of alternative assumptions used in macroeconomic and budgetary forecasts shall be guided by past forecast performance and shall endeavour to take into account relevant risk scenarios.
- Member States shall specify which institution is responsible for producing macroeconomic and budgetary forecasts and shall make public the official macroeconomic and budgetary forecasts prepared for fiscal planning, including the methodologies, assumptions, and relevant parameters underpinning those forecasts. At least every year Member States and the Commission shall engage in a technical dialogue on the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.

Members call for the macroeconomic and budgetary forecasts for fiscal planning shall be subject to **regular, unbiased and comprehensive evaluation** based on objective criteria, including ex post evaluation. The result of this evaluation shall 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 four consecutive years, the concerned Member State shall take the necessary action and make it public.

Member States' quarterly debt and deficit levels shall be published by the Commission (Eurostat) every three months.

Numerical fiscal rules: Members suggest that Member States have in place **country-specific numerical fiscal rules** that effectively promote compliance over a multi-annual framework for the general government as a whole with their respective obligations deriving from the Treaty in the area of budgetary policy.

If numerical fiscal rules contain **escape clauses**, these shall set out a limited number of specific circumstances consistent with the Member State's obligations deriving from the Treaty in the area of budgetary policy and stringent procedures in which temporary non-compliance with the rule is permitted. The provisions concerning the numerical fiscal rules shall not apply to the United Kingdom.

Medium-term budgetary frameworks: medium-term budgetary frameworks should contain, inter alia, projections of each major expenditure and revenue item for the budget year and beyond based on unchanged policies. Each Member State should be able to appropriately define unchanged policies and the definition should be made public together with the involved assumptions, methodologies and relevant parameters.

An amendment stipulates that this Directive shall not prohibit a Member State's new government to update its medium-term budgetary framework to reflect its new policy priorities provided the Member State highlights the differences with the previous medium-term budgetary framework.

Transparency of general government finances: Members call on all general government bodies and funds which do not form part of the regular budgets at subsector level shall be identified and presented, together with other relevant information in the framework of the annual budgetary processes. Their combined impact on general government balances and debts shall be presented in the framework of the annual budgetary processes and the medium-term budgetary plans. Member States shall publish detailed information on the impact of tax expenditures on revenues.

Implementation: the Council encourages the Member States to draw up, for themselves and in the interests of the Union, their own correlation tables which will, as far as possible, illustrate the correlation between this Directive and the transposition measures and to make them public.

The Commission shall provide an interim progress report on the implementation of the main provisions of this Directive on the basis of relevant information from Member States, which shall be submitted no later than one year after the date of entry into force of the Directive.

Report: five years after the transposition date, the Commission shall publish a review of the suitability of the Directive provisions. The review shall assess, inter alia, the suitability of: (a) statistical requirements for all subsectors of government; (b) the design and effectiveness of numerical fiscal rules in Member States; (c) the general level of transparency of public finances in Member States.

The Commission shall conduct no later than the end of 2012 an assessment of the suitability of the International Public Sector Accounting Standards for Member States.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 16/02/2011 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on economic governance reform in the European Union.

On 29 November 2010, the European Central Bank (ECB) received a request from the Council for an opinion on a package of six legislative proposals aiming to strengthen economic governance.

The ECB considers that the Commission proposals represent an important broadening and strengthening of the EU economic and budgetary surveillance framework and go some way in improving enforcement in the euro area. However, **they fall short of the necessary quantum leap in the surveillance of the euro area, which the ECB deems necessary to ensure its stability and smooth functioning**.

The ECB calls on the EU legislator and the Member States to take advantage of the ongoing legislative process to strengthen the economic governance package to the maximum allowed under the current Treaties. In addition, the EU should consider at a certain point in time Treaty reform to further strengthen economic governance.

The ECB makes the following observations:

Insufficient automaticity: for the ECB, insufficient automaticity is a fundamental flaw of the Commission proposals. In this vein, the ECB proposes that the EU legislator consider reverting the changes to the Stability and Growth Pact introduced in 2005 which increased the leeway allowed to Member States in respect of their obligations under the Pact.

Furthermore, the ECB states that there are several elements showing insufficient automaticity in the Commission proposals which should be reconsidered:

- the draft budgetary surveillance procedure provides the possibility for Member States to depart from the adjustment path towards the medium-term budgetary objective in case of a severe economic downturn of a general nature;
-

the draft budgetary enforcement procedure provides that the Council will review interest-bearing deposits, non-interest bearing deposits and fines it imposes, on the grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned;
- lastly, the Commission's obligation to take into account discussions within the Council as a condition for the continuation by the Commission of any procedure should be excluded.
- In addition, the ECB recommends increasing automaticity by means of **adding reverse Council qualified majority voting whenever possible.**

Additional political and reputational measures: these measuresshould be established in the draft budgetary surveillance procedure and EDP, including Member State reporting obligations and reports from the Council to the European Council. In addition, the Commission, in liaison with the ECB if it deems it appropriate, where euro area Member States or ERM II participant Member States are concerned, should conduct missions to Member States not complying with Council recommendations.

Assessing compliance with the reference value for the government debt ratio: while all relevant factors should be considered when the Commission prepares a report on the existence of an excessive debt ratio and while particular consideration should be given to the effect of guarantees issued by the Member States under the European Financial Stability Facility or eventually under the future European Stability Mechanism (ESM), all these factors should only be considered where the government debt ratio is declining over a three-year horizon according to the Commission's forecasts. Any relevant mitigating factors should never lead to an assessment that a Member State has no excessive debt ratio where its debt ratio exceeds the reference value and is projected to be on an increasing path.

Procedure concerning the draft budgetary surveillance procedure: the ECB recommends that:

- sufficient progress towards the medium-term objective should be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures;
- the growth rate of government expenditure should normally not exceed a projected reference medium- term growth rate of potential gross domestic product (GDP) growth;
- the projected medium-term rate of potential GDP growth should be calculated according to the common methodology used by the Commission;
- taking into account the impact of the structure of economic growth on revenue growth.

Macroeconomic surveillance procedure: the ECB strongly welcomes the introduction of a macroeconomic surveillance procedure, which closes an important lacuna in the economic governance framework. This new procedure should concentrate firmly on euro area Member States experiencing sustained losses of competitiveness and large current account deficits. The scope of the procedure should by defining the term 'imbalances' address an open list of situations to be prevented by the procedure.In addition, the macroeconomic surveillance procedure should be determined by transparent and effective trigger mechanisms.

Fines: as to the interest accruals from the non-remunerated deposits and the fines imposed on euro area Member States under the Commission proposals, they should be assigned to the ESM to be created in 2013, with an appropriate transition solution until its creation.

Independent advisory body: the ECB sees also the need to establish an advisory body of persons of recognised competence in economic and fiscal matters to prepare an independent annual report addressed to the Union institutions on compliance by the Council and the Commission, including Eurostat, with their obligations under Articles 121 and 126 of the Treaty and under the procedures addressed in the Commission proposals.

Draft directive on the budgetary frameworks:

- the ECB also considers that all Member States should in any case be required to ensure independent monitoring, analysis and validation of the key elements of their budgetary frameworks. All these measures should not prevent Member States from developing stronger budgetary frameworks, such as by including rules prohibiting general government structural deficits above a certain threshold of GDP;
- the ECB recommends highlighting the importance of transparent national forecasts and methodologies for their preparation. At the same time, the Commission's forecasts have to play a central role in benchmarking national forecasts;
- regarding its effectiveness, the directive should refer expressly to costs imposed on national authorities for non-compliance with numerical fiscal rules, including both non-financial measures and financial sanctions at national level. Obligations to redeem in the medium-term debt exceeding amounts tolerated by the fiscal framework should be included;
- regarding statistics, the ECB favours an increase in the timeliness and reliability of the annual and quarterly government accounts reported to the Commission under Regulation (EC) No 2223/96 on the European system of national and regional accounts in the Community. Regarding statistics in future legislation, the ECB notes that EU legislative action is required for the 'European statistics code of practice' to become legally binding, while, in the meantime, the complete implementation of the code is accelerated, in particular regarding quality and the mandates for data collection.

Lastly, **Eurostat powers in assessing and monitoring the EDP notifications should be further strengthened** with a focus on proactive measures to enhance the quality of government statistics.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 20/06/2011

The Council agreed unanimously an **updated general approach** on a package of legislative proposals on economic governance, with the aim of enabling negotiations with the European Parliament to be concluded in time for the European Council meeting on 23 and 24 June.

It will inform the Parliament of its compromise text by a letter to be sent by the chairman of the Permanent Representatives Committee on 21 June.

The proposals set out to strengthen economic governance in the EU – and more specifically within the euro area – as part of the EU's response to the challenges highlighted by recent turmoil on sovereign debt markets.

The Council reached agreement on a general approach on 15 March, opening the way for the negotiations with the Parliament.

Recognising that existing EU instruments have not generated a satisfactory decline in public debt levels and have catered insufficiently for macroeconomic imbalances, the proposals are aimed at enhancing budgetary discipline in the Member States and broadening the surveillance of their economic policies. They implement the recommendations of a task force, chaired by the President of the European Council, Herman Van Rompuy, which concluded that **the EU's monetary union will not be able to function properly in the long term without increased economic policy coordination**.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 07/10/2010 - Legislative proposal

PURPOSE: to complement the reform of the Stability and Growth Pact by setting out detailed rules concerning the characteristics of the budgetary frameworks of the Member States that are necessary to ensure the effectiveness of the excessive deficit procedure.

PROPOSED ACT: Council Directive.

BACKGROUND: the global economic and financial crisis revealed gaps and weaknesses in the existing instruments and methods of co-ordination and surveillance of economic policies in the Economic and Monetary Union (EMU). There is broad agreement that the framework for EMU should be urgently strengthened in order to anchor macroeconomic stability and the sustainability of public finances.

The key instrument for fiscal policy co-ordination and surveillance is the Stability and Growth Pact (SGP), which implements the Treaty provisions on budgetary discipline. **Strengthening the Pact** is important for both increasing the credibility of the agreed co-ordinated fiscal exit strategy and avoiding a repetition of past mistakes.

This proposal is part of **legislative package** comprising six texts which seeks to strengthen the pact by improving its provisions in the light of experience, not least of the crisis:

1) A Regulation amending the legislative underpinning of the preventive part of the Stability and Growth Pact (Regulation 1466/97);

2) A Regulation amending the legislative underpinning of the corrective part of the Stability and Growth Pact (Regulation 1467/97);

3) A Regulation on the effective enforcement of budgetary surveillance in the euro area;

4) **A new Council Directive** on requirements for the budgetary framework of the Member States;

5) A new Regulation on the prevention and correction of macroeconomic imbalances;

6) A Regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

The outlines of these proposals were announced by the Commission in two communications on economic governance: "Reinforcing economic policy coordination" (12 May 2010) and "Enhancing economic policy coordination for stability, growth and jobs – Tools for stronger EU economic governance" (30 June 2010).

In June 2010, the European Council agreed on the urgent need to reinforce the coordination of economic policies. In particular, it agreed on:

- strengthening both the preventive and corrective parts of the SGP, including with sanctions and taking due account of the particular situation of euro-area Member States;
- giving, in budgetary surveillance, a much more prominent role to levels and evolutions of debt and overall sustainability;
- ensuring that all Member States have national budgetary rules and medium term budgetary frameworks in line with the SGP;
- ensuring the quality of statistical data.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASE: the third subparagraph of Article 126(14) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the particular decentralised nature of fiscal policy-making in the EU and the general need for national ownership of EU rules make it essential that the objectives of the EMU budgetary coordination framework are reflected in the national budgetary frameworks. A national budgetary framework is the set of elements that form the basis of national fiscal governance, i.e. the country-specific institutional policy setting that shapes fiscal policy-making at national level. This includes public accounting systems, statistics, forecasting practices, numerical fiscal rules, budgetary procedures governing all stages of the budget process and medium term budgetary frameworks in particular, and fiscal relations across government sub-sectors.

While Member States' specific needs and preferences must be respected, **a number of features stand out as being needed in terms of ensuring minimum quality and consistency with the EMU budgetary framework**.

These are the subject of this Directive on national budgetary frameworks that is being proposed to complement the reform of the SGP. To this end:

- it must be ensured that the most primary elements of national budgetary frameworks, namely accounting and statistical issues and forecasting practices, work in line with minimum European standards to facilitate transparency and the monitoring of fiscal developments;
- domestic budgetary frameworks need also to adopt a multi-annual fiscal planning perspective so as to ensure the achievement of the medium-term objectives set at EU level;
- in addition, Member States must have in place numerical fiscal rules conducive to compliance with the deficit and debt thresholds. They must ensure that these features apply to all general government sub-sectors;
- national authorities must also guarantee the transparency of the budget process by providing detailed information on existing extra-budgetary funds, tax expenditures and contingent liabilities.

BUDGETARY IMPLICATION: the proposal has no implication for the EU budget.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 15/03/2011

The Council agreed a general approach on a package of legislative proposals aimed at strengthening economic governance in the EU – and more specifically in the euro area – as part of the EU's response to the challenges highlighted by recent turmoil on sovereign debt markets.

The agreement will enable the presidency to start negotiations with the European Parliament, with the aim of **reaching an overall agreement in June 2011**, thus respecting the timetable set by the European Council.

Four of the proposals deal with reform of the EU's Stability and Growth Pact. They are aimed at enhancing the surveillance of fiscal policies, introducing provisions on national fiscal frameworks, and applying enforcement measures for non-compliant member states more consistently and at an earlier stage. The other two proposals target macroeconomic imbalances within the EU.

(1) Reform of the Stability and Growth Pact

Preventive arm of the pact:

- to promote attainment by the Member States of their medium term objectives (MTO), the reform would introduce an expenditure benchmark, which implies that annual expenditure growth should not exceed a reference medium-term rate of GDP growth. This is meant to ensure that revenue windfalls are not spent but instead allocated to debt reduction;
- if a Member State has not reached its MTO, a significant deviation in expenditure development from its reference expenditure growth path could eventually lead to sanctions.

Corrective arm of the pact (excessive deficit procedure):

- greater emphasis would also be placed on the **debt criterion** of the Stability and Growth Pact, with Member States whose debt exceeds 60% of GDP (the EU's reference value for debt) required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below 3% of GDP (the EU's deficit reference value);

- to determine whether the debt ratio is sufficiently diminishing toward the 60% of GDP threshold, a numerical benchmark would be introduced. A debt-to-GDP ratio above 60% would thus be considered sufficiently diminishing if its distance with respect to the 60% reference value had decreased over the previous three years at an annual rate of one-twentieth;

- a decision to subject a country to the excessive deficit procedure would not only be based on the numerical benchmark, but would also take into account other relevant factors, such as implicit liabilities related to private sector debt and ageing cost. The net cost of implementation of a pension reform would also be considered;

- to strengthen the corrective arm of the Stability and Growth Pact, a **new set of financial sanctions** would be introduced for euro-area Member States; these would apply earlier on in the excessive deficit procedure, and using a **graduated approach**;

- a **non-interest-bearing deposit** amounting to 0.2% of GDP may be imposed already when decision has been taken to subject a country to the excessive deficit procedure. If the Council's recommendation for correcting the deficit is not followed, a **fine** will be imposed. Further non-compliance would result in the sanction being stepped up, in line with the existing provisions in the Stability and Growth Pact;

- to trigger the sanction more automatically than at present, a so-called **reverse majority rule would be introduced**, whereby the Commission's proposal for imposing a deposit or a fine would be considered adopted unless turned down by the Council via qualified majority.

(2) Surveillance of economic policies:beyond budgetary surveillance, the legislative package is aimed at broadening the surveillance of the Member States' economic policies. It would establish a mechanism for the prevention and correction of excessive macroeconomic imbalances, made up of two regulations which outline an "excessive imbalance procedure" and introduce the possibility of fines being imposed on Member States found to be in an "excessive imbalance position" and repeatedly failing to comply with recommendations.

- the starting point of the new framework will be an **alert mechanism for the early detection of imbalances**, which will be assessed using a "scoreboard" of economic indicators. This will be supplemented by country-specific qualitative expert analysis;
-

if the imbalance is considered to be excessive, the Member State concerned could be subject to an excessive imbalance procedure, and would be called on to adopt a corrective action plan within a specific timeframe;

- on the other hand, repeated non-compliance with the recommendations could in the case of euro area Member States **eventually lead to sanctions**. Specifically, a decision to impose a yearly fine equal to 0.1% of the Member State's GDP would be adopted through the "reverse majority" rule described above;
- fines collected in the context of both the excessive imbalance and excessive deficit procedures would be **transferred to the crisis fund created for the euro area** to provide financial assistance to Member States in difficulty (i.e. the European Financial Stability Facility and the future European Stability Mechanism).

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 28/09/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 442 votes to 185, with 40 abstentions, a legislative resolution on the proposal for a Council directive on requirements for budgetary frameworks of the Member States.

The report had been sent back to be re-examined by the competent committee on 23 June 2011.

The European Parliament approved the Commission proposal as amended on 23 June 2011 (please refer to the summary concerning the partial vote dated 23 June 2011).

The European Parliament also approved a statement on **correlation tables**, annexed to the resolution and took note of the Council and Commission statements on the same subject.

As regards the proposal for a Council Directive on requirements for budgetary frameworks of the Member States, Parliament declared that the agreement reached between the European Parliament and the Council, in the context of the global agreement on the economic governance package and the fact of the specific legislative act being a Council Directive, does not prejudge the outcome of inter-institutional negotiations on correlation tables.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 14/12/2012 - Follow-up document

The Commission presents an interim progress report on the implementation of Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

The Directive entered into force in December 2011. It is an important component of the legislative package on the strengthening of economic governance (the ‘six-pack’), and provided the first opportunity for the European Union to set minimum requirements for budgetary frameworks, ensuring legal certainty, on top of the country-specific recommendations issued under the European semester process.

Overall, Member States reported **substantial but uneven progress in transposing the Directive**.

Statistical coverage: (Chapter II): with regard to Chapter II of the Directive, the report states that **Member States have still some way to go** to ensure timely and comprehensive statistical coverage for all general government sub-sectors. Reported forecasting provisions lack detail in quite a few Member States. The report recalls that the Directive provides a major opportunity to harmonise accounting conventions within general government, streamline reporting lines, and ensure an effective data feed to decision-makers and external observers.

Almost all reporting Member States make monthly data for the central government bodies available in cash or in other accounting basis. However, fiscal data availability in compliance with the Directive is markedly lower for social security entities and on-going reforms are not yet completed for State government entities in three Member States. At the local level, for which the Directive requires relatively lower standards (quarterly reporting on a cash basis or equivalent), only eleven Member States report some data. Consequently, there is still a great deal to be done in most Member States for non-central government sub-sectors. This is especially topical given the sizeable share they represent in total public expenditure, especially in highly decentralised states.

National numerical fiscal rules (Chapter IV of the Directive): progress is somewhat more advanced regarding numerical fiscal rules as specified in Chapter IV of the Directive: a wide array of national instruments is being prepared to buttress national fiscal policy-making. The mutually-reinforcing nature of all pieces of legislation contained in the ‘six-pack’ that relate to the reform of the Stability and Growth Pact, combined with the additional impetus brought by the intergovernmental Treaty on Stability, Coordination and Governance (TSCG), has helped to place these issues high on the Member States’ reform agenda.

Major reforms leading to an overhaul of fiscal rules have been unveiled or are reportedly already completed in twenty Member States. Including proposed legislation, new budget balance rules have been unveiled in eleven Member States. Furthermore, budget-balance rules are being updated with a view to strengthening them in five Member States. Some budget-balance rules will fully enter in force only after a transitional period. This is the case for Germany (2016 for the federal government, 2020 for the Länder), Austria (2017), and Spain (2020). Expenditure rules are being established in

ten Member States and reformed in five other Member States. The creation or strengthening of national debt rules is a new development in twelve Member States. In addition, Member States under an adjustment programme are subject to a multi-annual, multi-target framework constraining their fiscal policy as a de facto fiscal rule with enhanced features for monitoring and enforcement.

Many Member States declare that the new or updated rules will have features in line with the Directive's requirements. In particular, several Member States report that monitoring institutions will be tasked with assessing the implementation of fiscal rules. Escape clauses have been defined in several Member States. The scope of fiscal rules is being expanded to include other sub-sectors of general government outside central government. Local or regional government is being subjected to fiscal rules, whether budget-balance rules, debt rules, or expenditure rules. Overall, the establishment of national numerical fiscal rules appears to be on the right track. However, their specific features and overall consistency would eventually have to be assessed against the requirements of the Directive's Articles 5 and 6.

Medium-Term Budgetary Frameworks (Chapter V of the Directive): while many Member States report that MTBFs in the sense of Chapter V of the Directive are in place or planned, the details given are sometimes scarce and do not provide enough evidence that they will fully comply with the Directive's specifications. Only a few Member States report that multi-annual projections are presented under a no-policy change basis, although it is crucial to establish a baseline scenario in combination with policy measures to ensure achievement of the policy targets or values implied by existing fiscal rules.

The report notes that it is important not to see the drafting of a national MTBF in isolation. The timing of the preparation of the MTBF and its integration within the annual budget cycle have to be carefully considered so that it can fully serve as a strategic document for the state, functioning in tandem with regular annual budget documents. Wherever necessary, the MTBF should replace existing planning documents or consolidate them into a single, well-identified, strategic document.

Mechanisms of coordination across government sub-sectors (Articles 12 and 13 of the Directive): work on effective coordination arrangements for sub-national governments is being carried out in many Member States, but the positive intentions reported need to be turned into **concrete and enforceable arrangements**. A number of Member States considered good fiscal performers have reported fewer completed reforms at this stage, but are considering formalising part of their currently informal framework for increased efficiency.

The Commission will continue implementing the Directive for the sections it is responsible for and, after the transposition deadline, will **conduct a full-fledged compliance assessment** in accordance with standard EU procedures.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 06/03/2013 - Follow-up document

This report from the Commission entitled "Towards implementing harmonised public sector accounting standards in Member States" fulfils the Commission's obligation, under Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States, to assess the suitability of the International Public Sector Accounting Standards (IPSAS) for the Member States by 31 December 2012. IPSAS is currently the **only internationally recognised set of public-sector accounting standards**.

Background: the sovereign debt crisis has underlined the need for governments to clearly demonstrate their financial stability and for more rigorous and more transparent reporting of fiscal data. This report discusses one of the tools for building this trust and for better measuring and forecasting the fiscal situation, i.e. **harmonised public sector accruals-based accounting standards**. Accruals accounting is the only generally accepted information system that provides a **complete and reliable picture** of the financial and economic position and performance of a government.

Legal framework: Council Directive 2011/85/EU requires Member States to 'have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the European System of Accounts (ESA) 95 standard'. It thereby acknowledges the **essential incoherence between public sector accounts**, which only record cash flows, **and the fact that EU budgetary surveillance is based on ESA 95 accruals data**. This means that cash data have to be converted into accruals through approximations and adjustments involving macro-based estimates.

It is founded on the international financial reporting standards (IFRS) widely applied by the private sector and at this point consists of a set of 32 accruals accounting standards, plus one cash-based standard.

Current situation with regard to accruals accounting in EU Member States: the majority of Member States have already implemented accruals accounting according to national standards across the government sector, or are in the process of doing so. Eleven have mixed systems, in that they have implemented different accounting practices at different levels of government. The accounting framework and accounting systems of the European Commission and the other EU institutions and bodies are accruals based and inspired by IPSAS. This is also the case for several other international organisations. Acceptance is growing (but is not unanimous) of the need for accruals accounting for government throughout the EU and its Member States, but a harmonised approach is currently lacking.

Macro-accounting framework: the ESA provides the macro-level statistical accounting framework for the government and non-government sectors in the EU and is accruals based. ESA-based government debt and deficit data for Excessive Deficit Procedure (EDP) purposes are the result of consolidating the individual accounts of general government entities in the Member States and are defined by EU legislation.

The existence and quality of comparable and coherent upstream accruals data (i.e. the primary accounting data for government entities) at micro-accounting level are **preconditions** for the high quality of debt and deficit data at accruals-based macro-accounting level. Micro public-sector accounting in the Member States has many variants, making comparisons difficult both within and between Member States. The current approach of reconciling non-harmonised micro-level public-sector accounting data for EDP purposes is reaching its limits.

Need for harmonisation: for the compilation of macroeconomic statistics on government and with reference to Article 338 TFEU, the requisite statistical data would be considerably improved if all government entities used harmonised accounting standards. This would allow for the **use of common bridge tables** to compile the entity accounts into ESA accounts, thus greatly facilitating the statistical verification processes. Harmonised standards for public sector accounting would enhance **transparency, comparability and cost efficiency**, and provide the basis for **improved governance** in the public sector. Harmonised accruals-based public-sector accounting would provide a firmer basis for understanding the economic position and performance of governments and government entities at all levels.

Future EU governance of budgetary policies: according to the report, the EU's new governance framework (the "Six Pack", the Treaty on Stability, Coordination and Governance and the "Two Pack" currently under negotiation) will provide for ample *ex ante* coordination of annual budgets of euro area Member States and enhance the surveillance of those experiencing financial difficulties.

Many of the principle objectives advocated at the Council Directive 2011/85/EU, such as the greater transparency and accountability of the public sector, as well as more reliable, timely and more comparable fiscal statistics, necessitate a common, harmonised and detailed accounting and reporting tool.

Potential costs of harmonisation: the information made available by countries which have moved to accruals accounting allows only a very broad estimate to be made of what the costs for the Member States might be, although **they are likely to be significant**. Costs are strongly influenced by the scale and pace of accruals implementation, the size and complexity of the government sector, and the completeness and reliability of existing systems. It is expected that harmonisation will bring about a **reduction in bureaucracy and costs which,** in the medium to longer term, **would far outweigh the expected investment**.

International Public Sector Accounting Standards (IPSAS): IPSAS stems from the idea that **modern public sector management depends on management information systems that provide timely, accurate and reliable information on the financial and economic position and performance of a government.**

Eurostat carried out a public consultation between February and May 2012 to collect views on the suitability of IPSAS. The overall conclusion is twofold: (i) it seems clear that **IPSAS cannot easily be implemented in EU Member States as it stands currently**; and (ii) **the IPSAS standards represent an indisputable reference for potential EU harmonised public sector accounts**.

The following **concerns** will need to be addressed: (i) the IPSAS standards do not describe sufficiently precisely the accounting practices to be followed, which would limit harmonisation in practice; (ii) the suite of standards is not complete in terms of coverage or its practical applicability to some important types of government flows, such as taxes and social benefits; (iii) IPSAS can also be regarded as insufficiently stable, since it is expected that some standards will need to be updated once work is completed on the current project of completing the IPSAS conceptual framework, expected in 2014; and (iv) the governance of IPSAS suffers from insufficient participation from EU public-sector accounting authorities.

Nevertheless, most stakeholders agree that **IPSAS would be suitable as a reference framework for the future development of a set of European Public Sector Accounting Standards** (EPSAS).

EPSAS – a way forward: the Commission considers that, before deciding on the actual project of creating EPSAS and implementing it in the Member States, some further preparatory steps are necessary. There remain several important questions concerning issues outside the scope of this report, such as **establishing the EPSAS framework and specifying a first set of core EPSAS standards**, as well as the **planning of the implementation**. The Commission would need moreover to describe the necessary milestones for the future project, and take into account impact assessment considerations. A decision can be made only on the basis of an *ex-ante* review of pros and cons, and likely costs and benefits.

The process could take place in **three stages**:

1. A **preparatory stage** to gather more information and points of view, and to develop a roadmap. This stage would begin in 2013 and would involve further consultations, a high-level conference and the preparation of further more detailed proposals;
2. A stage to **develop and put in place the practical arrangements**, addressing issues such as finance, governance, possible synergies and the concerns of smaller government entities. This stage should culminate in the publication of a proposal for a Framework Regulation which would require the application of the accruals principle and set out plans to develop further specific accounting standards over time; and
3. The **implementation stage**: this should be gradual, and allow more time where a Member State's existing accounting standards differ greatly from EPSAS. It could be envisaged that implementation should be achieved in all Member States in the medium term.

The next steps, to be started in 2013, will take into account **impact considerations** and include a **road map** setting out in more detail the steps to be taken, including legislative initiatives, to achieve harmonised public-sector accounting standards across the Union.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 30/06/2015

The Commission presented a report on implicit liabilities with potential impact on public budgets.

In accordance with Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union (ESA 2010), the report contains information on **public-private partnerships (PPPs) and other implicit liabilities**, including contingent liabilities, outside government.

The liabilities are called contingent in the sense that they are by nature only potential and not actual liabilities.

This report provides an overview of the information available to Eurostat. It mainly focuses on the data on contingent liabilities collected by Eurostat in the context of the reinforcement of the EU economic governance which took place in 2011 (the 'six-pack'), and in particular of Council Directive 2011/85 /EU on requirements for budgetary frameworks of the Member States.

The data collection on contingent liabilities in the context of Council Directive 2011/85/EU aims to **increase the availability of information on the implicit liabilities of general government**. Prior to the implementation of the Directive, only partial and mainly non-public data on guarantees and off-balance PPPs were collected by Eurostat.

In order to assist Member States in the implementation of the new statistical requirements of the Directive, Eurostat conducted a Task Force in co-operation with Member States and DG ECFIN. Following the Task Force report, Member States should publish relevant information in a harmonised and comprehensive way.

In December 2014, Eurostat collected for the first time data on contingent liabilities. The main results of the first Eurostat data collection show that:

- major efforts had been already undertaken by the Member States. For most countries, **complete and good coverage data are available** for most of the indicators;
- some countries still have to **make progress in relation to completeness of the data and coverage**, in order to include all the units in the general government. The data show significant differences between countries including exhaustively the liabilities of the financial institutions (such as Germany, Ireland, the Netherlands, Slovenia) and countries which only provided partial data or no data at all (Belgium, Greece, Spain, Cyprus and Luxembourg);
- in particular, the coverage of data reported as a basis for calculation of the total liabilities of government controlled entities classified outside general government **needs to be improved**;
- in general, the **comparability for government guarantees**, non-performing loans and off-balance PPPs is satisfactory whereas it is limited for the liabilities of public corporations. For this indicator, as described above, some Member States data are not exhaustive, not including the liabilities of financial institutions and/or the liabilities of units controlled by local government;
- the **availability of the accompanying metadata** could be further improved in order to better inform users about the national characteristics and limitations of the data. Eurostat will carry out a discussion with the Member States on the next steps to be undertaken in this respect.

The **need to improve the coverage and the completeness** for the next data collection in December 2015 will be emphasised. The possibility of the harmonised collection of the metadata will be investigated.

Nevertheless, already at this stage, the new data collection represents a step forward toward further transparency of public finances in the European Union, by giving a more comprehensive picture of the EU Member States' financial positions by showing potential impact on public budgets.

Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

2010/0277(NLE) - 08/11/2011 - Final act

PURPOSE: to strengthen economic governance in the EU – and more specifically in the euro area – as part of the EU's response to the current difficulties on sovereign debt markets (budgetary frameworks of the Member States).

LEGISLATIVE ACT: Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

CONTENT: on the basis of a compromise reached with the European Parliament, the Council adopted a package of **six legislative proposals** (“six-pack”) aiming to strengthen economic governance in the EU – and more specifically in the euro area.

The measures set out to ensure the degree of coordination necessary to avoid the accumulation of excessive imbalances and to ensure sustainable public finances. This will help the EU's monetary union to function properly in the long term.

They consist of:

- a regulation amending regulation 1466/97 on the surveillance of Member States budgetary and economic policies;
- a regulation amending regulation 1467/97 on the EU's excessive deficit procedure;
- a regulation on the enforcement of budgetary surveillance in the euro area;
- a regulation on the prevention and correction of macroeconomic imbalances;
- a regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- **a directive on requirements for the Member States' budgetary frameworks**.

Alongside the reform of the Stability and Growth Pact, this directive sets out to ensure that the objectives of EU budgetary coordination are reflected in the Member States' budgetary frameworks. Accounting, statistical and forecasting practices are brought into line with EU standards. Member states must adopt multi-annual fiscal planning to ensure that medium-term budgetary objectives set at EU level are achieved. They must also introduce rules to promote compliance with the deficit and debt thresholds.

Its main elements are the following:

Accounting and statistics: as concerns national systems of public accounting, Member States shall have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the ESA 95 standard. Those public accounting systems shall be subject to internal control and independent audits. Member States shall ensure timely and regular public availability of fiscal data for all sub-sectors of general government.

Forecasts: Member States shall ensure that fiscal planning is based on realistic macroeconomic and budgetary forecasts using the most up-to-date information. Budgetary planning shall be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. Significant differences between the chosen macrofiscal scenario and the Commission’s forecast shall be described with reasoning, in particular if the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts.

The Commission shall make public the methodologies, assumptions and relevant parameters that underpin its macroeconomic and budgetary forecasts.

Numerical fiscal rules: each Member State shall have in place numerical fiscal rules which are specific to it and which effectively promote compliance with its obligations deriving from the TFEU in the area of budgetary policy over a multiannual horizon for the general government as a whole. Such rules shall promote in particular: (a) compliance with the reference values on deficit and debt set in accordance with the TFEU; (b) the adoption of a multiannual fiscal planning horizon, including adherence to the Member State’s medium-term budgetary objective.

Medium-term budgetary frameworks: Member States shall establish a credible, effective 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.

Transparency of general government finances: Member States shall establish appropriate mechanisms of coordination across sub-sectors of general government to provide for comprehensive and consistent coverage of all sub- sectors of general government in fiscal planning, country- specific numerical fiscal rules, and in the preparation of budgetary forecasts and setting-up of multiannual planning as laid down, in particular, in the multiannual budgetary framework.

In order to promote fiscal accountability, the budgetary responsibilities of public authorities in the various sub-sectors of general government shall be clearly laid down.

For all sub-sectors of general government, Member States shall publish relevant information on contingent liabilities with potentially large impacts on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof.

Member States shall also publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.

Report: by 14 December 2018 the Commission shall publish a review of the suitability of this Directive. By 31 December 2012, the Commission shall assess the suitability of the International Public Sector Accounting Standards for the Member States.

ENTRY INTO FORCE: 13/12/2011.

TRANSPOSITION: 31/12/2013.