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General Secretariat

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2023/0136 (NLE)
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WORKING DOCUMENT

From: General Secretariat of the Council
To: Working Party of Financial Counsellors

Subject: EGR - Consolidation of comments on the proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States 2023/0136 (NLE)

Delegations will find attached the consolidation of comments received from 21 Member States on the above-referred Commission proposal.

**Proposal for a COUNCIL DIRECTIVE amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States
023/0136 (NLE)**

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MS Comments from: DE DK LU RO CZ AT PL FI NL SI BG IE SK LT EL IT MT BE FR LV PT

	Commission proposal	Drafting Suggestions MS Comments
1.	<p align="center">Proposal for a COUNCIL DIRECTIVE amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States</p>	<p>AT:</p> <p>(Comments):</p> <p><u>Summary of AT positions:</u></p> <ul style="list-style-type: none"> • The MoF is responsible for budgetary forecasts and medium-term planning, other institutions such as the IFI shall produce their own forecasts to monitor or assess the MoF forecast. MoF budgetary forecasts can not be replaced by external institutions. • It should be noted that Austria has two IFIs (<i>according to the Fiscal Governance Database</i>): the Austrian Economic Research Institute (WIFO) is responsible for independent macro forecasts, while the Austrian Fiscal Council has a watchdog function with regard to the fiscal forecast produced by the MoF, which is indispensable in terms of a public discussion. This separation of roles works very well. All actors involved see this as a tried and tested division of tasks. • In order to take this case into account, it is necessary to differentiate the respective role (macroeconomic/budget) in the legal text rather than

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		<p>referring to ‘the’ IFI.</p> <ul style="list-style-type: none">• An “endorsement” of the MoF budgetary forecast by the Fiscal Council would not be compatible with the role as a watchdog.• Further, new tables on the updated data structures would be needed for the discussion.¹⁶ <p>And lastly, sometimes wording in the directive might be misleading.</p> <p><u>IE:</u></p> <p><u>(Comments):</u></p> <p><u>Summary of Irish position</u></p> <ul style="list-style-type: none">• The Irish Ministry of Finance is responsible for the production of macro-economic and budgetary forecasts that underpin Government medium-term planning in Ireland with input from the Minsitry of Public Expenditure. Currently, the Irish Independent Fiscal Institution (IFI), The Irish Fiscal Advisory Council (IFAC), endorse the macro-economic projections. The proposed amendment to the Directive suggests IFIs should also endorse Budgetary projections. <u>Ireland does not support</u>
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¹⁶ What are the different data variants relevant for this directive?

-) Q and Y (no monthly data)
-) cash and accrual data (budget and closed accounts data)
-) accrual-based statistics (ESA)
-) ESA S.13 subsectors (incl. social security)
-) partly also S.11 and S.12 controlled by S.13 --> public sector scope

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this. This position is driven by the practicalities of what that would involve. If IFAC were required to endorse the budgetary projections this would place a significant and unrealistic additional burden on the Ministries involved in the budgetary forecasting process.

On the move to integrated, comprehensive and nationally harmonised accrual financial accounting systems by 2030, Ireland is supportive of this amendment.

IT:

(Comments):

These comments, as well as those previously submitted and related to the preventive and corrective arms, are only preliminary at this stage given the time constraints. Further amendments and details may be proposed at a later stage

BE:

(Comments):

BE: Like other Member States, Belgium is concerned that the European Commission has gone too far compared to the conclusions of the Ecofin Council on 14th March 2023. At this stage of the discussions, BE (Belgian Government) restricts its agreement to the incorporation in the directive of the definition and role of independent fiscal institutions as prescribed in Article 5 of Regulation 473/2013. At

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		<p>this stage of the discussions, BE temporarily limits its agreement to the inclusion in the directive of the current definition and role of independent fiscal institutions as described in Article 5 of Regulation 473/2019. In order to form an informed position, BE awaits further explanations from the European Commission regarding the implications that the proposed changes could have on its own current national budgetary framework, particularly in terms of additional administrative burden.</p> <ul style="list-style-type: none">-The amended directive as proposed by the Commission does not seem to take into account the fact that national parliaments are ultimately the true budgetary authorities, rather than the governments.-In Belgium, we have also a Court of Audit that is responsible for evaluating budget proposals and the underlying forecasts before the budgets are adopted by the parliaments. Does our Court of Audit meet the definition of an independent fiscal institution? This should be clarified.- BE emphasizes that only governments bear political responsibility towards their national parliaments and are thus solely responsible for the production of macroeconomic and budgetary forecasts, unlike independent fiscal institutions. This aspect also requires clarification.-Lastly, it should be noted that the recitals have not been subject to comments, but it is understood that the comments made on the provisions apply mutatis mutandis to the preamble. <p>FR:</p>
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		<p>(Comments):</p> <p>These comments are only preliminary at this stage given the time constraints. France will add more details at a later stage, including on the recitals. It is expected that the recitals are due to be amended in consistency with the corresponding amendments in the articles.</p> <p>France stresses the need to respect the spirit of the conclusions of the Council adopted on March 14th 2023. In the first paragraph of the conclusions, the Council underlined “<i>that the EU economic governance framework is crucial for effective economic policy coordination and surveillance across the EU, ensuring for all Member States, the soundness and sustainability of public finances over the medium- and long term, promoting sustainable economic growth and convergence, and addressing macroeconomic imbalances, supported by growth- and resilience enhancing reforms and investments.</i>” These critical conclusions should be adequately reflected in the amended directive.</p> <p>Moreover, in the paragraph 5.j, the conclusions stated that “<i>The current role of national independent fiscal institutions (IFIs) in producing or endorsing macroeconomic projections should be maintained and adapted to the medium-term fiscal-structural plans while minimum standards could be explored. IFIs should not play a role in the design phase of the national plans.</i>”. We think that the amendments on this directive go way beyond what was agreed in the conclusions and our</p>
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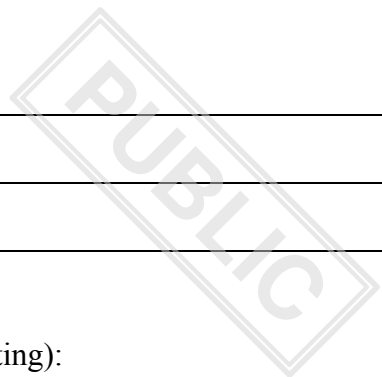
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		<p>comments below reflect this consideration.</p> <p>In addition, the Commission could clarify how the new elements concerning the IFIs will be consistent with the elements already present in the Regulation 473/2013.</p>
2.		
3.	THE COUNCIL OF THE EUROPEAN UNION,	
4.		
5.	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 126(14), third subparagraph, thereof,	
6.		
7.	Having regard to the proposal from the European Commission,	
8.		
9.	Having regard to the opinion of the European Parliament,	
10.		
11.	Having regard to the opinion of the European Central Bank,	
12.		

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13.	Whereas:	
14.		
15.	(1) 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 ¹⁷ laid down detailed rules concerning the characteristics of the budgetary frameworks of the Member States.	<p>CZ:</p> <p>(Drafting):</p> <p>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 <u>(in the sense of Article 126 TFEU)</u>, Council Directive 2011/85/EU¹ laid down detailed rules concerning the characteristics of the budgetary frameworks of the Member States.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>We prefer more explicit reference to the definition of excessive deficits in the primary law. Otherwise, the term “excessive government deficit” is confusing. We propose the same amendment in Article 1 of this Directive.</u></p>
16.		
17.	(2) 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	<p>LU:</p> <p>(Drafting):</p> <p>(2) Building upon the <u>Against the background of</u> experience gained with</p>

¹⁷ Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L 306, 23.11.2011, p. 41).

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	<p>procedures forming the budgetary frameworks of the Member States.</p>	<p>the economic and monetary union macroeconomic developments since Directive 2011/85/EU came into force, it is necessary reasonable to amend review its requirements regarding the rules and procedures forming the EU budgetary frameworks of the Member States.</p> <p>LU:</p> <p>(Comments):</p> <p><u>The Directive 2011/85/EU did provide an adequate framework for most Member States over the past years, while there is always room to adapt rules to new circumstances.</u></p>
<p>18.</p>		
<p>19.</p>	<p>(3) In 2019, the European Court of Auditors published a report examining the Union requirements on national budgetary frameworks and recommending the Commission to review those requirements, taking into account international standards and best practice. The European Court of Auditors proposed specific actions to improve the scope and effectiveness of national</p>	<p>LU:</p> <p>(Drafting):</p> <p>(3) In 2019, the European Court of Auditors published a report examining the Union requirements on national budgetary frameworks and recommending the Commission to review those requirements, taking into account international standards and best practice. The European Court of Auditors</p>

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	<p>budgetary frameworks, particularly as regards medium-term budgetary frameworks and independent fiscal institutions¹⁸.</p>	<p>proposed specific actions to improve the scope and effectiveness of national budgetary frameworks, particularly as regards medium-term budgetary frameworks and independent fiscal institutions¹⁹.</p> <p>LU:</p> <p>(Comments):</p> <p><u>The ECA report 2019 also recommends that the effectiveness of the European Fiscal Board is limited by its current institutional set-up and that the EFB should be strengthened. There is a need to have further discussions on what the role of IFIs and EFB entails as such we should avoid referring to specific elements of the ECA recommendation.</u></p>
20.		
21.	<p>(4) Commission Communication of 5 February 2020²⁰ pointed to substantial but uneven progress in the development of national budgetary frameworks considering that Union law only sets minimum requirements and that implementation and compliance with national provisions had been very diverse. That Communication also considered the extent to which the framework would support economic, environmental and social</p>	

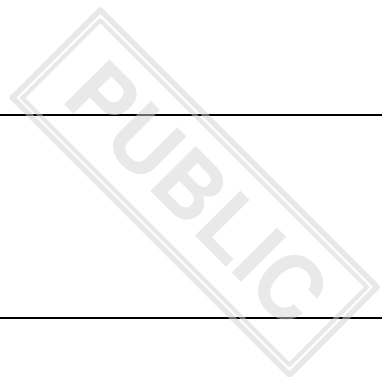
¹⁸ European Court of Auditors special report of 2019 on the ‘EU requirements on national budgetary frameworks: need to further strengthen them and to better monitor their application’.

¹⁹ European Court of Auditors special report of 2019 on the ‘EU requirements on national budgetary frameworks: need to further strengthen them and to better monitor their application’.

²⁰ Communication COM(2020) 55 final of 5 February 2020 from the Commission ‘Economic governance review, Report on the application of Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013 and on the suitability of Council Directive 2011/85/EU’.

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	<p>policy needs related to the transition towards a climate-neutral, resource-efficient and digital European economy, complementing the key role of the regulatory environment and structural reforms.</p>	
<p>22.</p>		
<p>23.</p>	<p>(5) Commission Communication of 11 December 2019 on the European Green Deal²¹ called for a greater use of green budgeting tools to redirect public investment, consumption and taxation to green priorities and away from harmful subsidies. The European Climate Law sets a Union-wide climate neutrality objective by 2050 and requires Union institutions and Member States to progress in enhancing adaptive capacity. The Commission committed to working with the Member States to screen and benchmark green budgeting practices. Commission Communication of 24 February 2021 on the new EU strategy on adaptation to climate change²² pointed to the macro-fiscal relevance of climate change and highlighted the need to increase Union’s resilience to the impacts of climate change. The European Semester provides an additional framework to support</p>	<p>LU: (Comments): <u>While all Member States should strengthen their green efforts, it is important to note that there is no standard practice/no ‘one-size-fits-all’ model for green budgeting in the EU. There should not be an addition of a budgetary requirement that so far has not been part of the legislative text and has not been discussed by Member States.</u></p> <p>EL: (Drafting): (5) Commission Communication of 11 December 2019 on the European Green Deal²³ called for a greater use of green budgeting tools to redirect public investment, consumption and taxation to green priorities and away from harmful subsidies. The European Climate Law sets a Union-wide</p>

²¹ Communication COM(2019) 640 final from the Commission ‘The European Green Deal’.

²² Communication COM(2021) 82 final from the Commission ‘Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change’.

²³ Communication COM(2019) 640 final from the Commission ‘The European Green Deal’.

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	<p>such efforts and the Technical Support Instrument offers practical assistance for their implementation.</p>	<p>climate neutrality objective by 2050 and requires Union institutions and Member States to progress in enhancing adaptive capacity. The Commission committed to working with the Member States to screen and benchmark green budgeting practices. Commission Communication of 24 February 2021 on the new EU strategy on adaptation to climate change²⁴ pointed to the macro-fiscal relevance of climate change and highlighted the need to increase Union's resilience to the impacts of climate change. The European Semester provides an additional framework to support such efforts and the Technical Support Instrument offers practical assistance for their implementation.</p> <p>EL:</p> <p>(Comments):</p> <p><u>The Commission's willingness to work with member states to screen and benchmark green budgeting practices was indeed referred to in the Green Deal communication. However, given that there has been no decision to proceed to a benchmarking of such practices, we consider that the incorporation of this sentence could create confusion.</u></p>
24.		
25.	<p>(6) Commission Communication of 9 November 2022 on orientations for a reform of the EU economic governance framework²⁵ highlighted the need to strengthen debt sustainability and reduce high public debt ratios while promoting sustainable and inclusive growth in all Member States. The key</p>	<p>LU:</p> <p>(Drafting):</p> <p>(6) Commission Communication of 9 November 2022 on orientations for a reform of the EU economic governance framework highlighted the need to <u>ensure sound public finances, including the strengthening of</u> debt</p>

²⁴ Communication COM(2021) 82 final from the Commission 'Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change'.

²⁵ Communication COM(2022) 583 final from the Commission 'on orientations for a reform of the EU economic governance framework'.

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	<p>objectives of the orientations are to improve national ownership, simplify the framework and move towards a greater medium-term focus, combined with stronger and more coherent enforcement.</p>	<p>sustainability and reducinge high public debt ratios while promoting sustainable and inclusive growth in all Member States. The key objectives of the orientations are to improve national ownership, simplify the framework and move towards a greater medium-term focus, combined with stronger and more coherent enforcement.</p> <p>LU:</p> <p>(Comments):</p> <p><u>Sound public finances and fiscal sustainability should remain at the core of the SGP. A forward-looking and prudent approach to budgetary management requires a broader perspective on public finance management, in particular with regard to long-term challenges.</u></p>
26.		
27.	<p>(7) In order to enhance compliance with the provisions of the TFEU, and to avoid in particular the procedure for excessive government deficit laid down in Article 126 TFEU, there should be specific provisions in the law of the Member States to strengthen national ownership, in accordance with the Commission Communication of 9 November 2022 on orientations for a reform of the EU economic governance framework, beyond those currently required by Directive 2011/85/EU. Building on the evidence of implementation of that Directive, amendments should also cover provisions on transparency and statistics, forecasts and medium-term</p>	<p>LU:</p> <p>(Drafting):</p> <p>(7) In order to enhance compliance with the provisions of the TFEU, and to avoid <u>accumulation of excessive deficits</u> in particular the procedure for excessive government deficitas laid down in Article 126 TFEU, there should be specific provisions in the law of the Member States to strengthen national ownership, in accordance with the Commission Communication of 9 November 2022 on orientations for a reform of the EU economic governance framework, beyond those currently required by Directive 2011/85/EU. Building on the evidence of implementation of that Directive, amendments should also cover provisions on transparency and statistics, forecasts and medium-term budgeting to address weaknesses identified during</p>

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	<p>budgeting to address weaknesses identified during implementation.</p>	<p>implementation.</p> <p>AT:</p> <p>(Drafting):</p> <p>[...]</p> <p>Building on the evidence of implementation of that Directive, amendments should also cover provisions on transparency and statistics, forecasts and medium-term budgeting to address weaknesses identified during implementation.</p> <p>[...]</p> <p>AT:</p> <p>(Comments):</p> <p>In general, and with respect to COM (2020) 55 final (as of 5 Feb 2020):</p> <p>Experiences during the COVID-pandemic should also be taken into consideration. It would be worth considering to focus on monthly data as well since this data is the logical connecting point to high frequency data (as proclaimed in para 10) especially for the subnational level (from the point of view of the federal government, which has to keep an eye on national planning).</p>
<p>28.</p>		

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29.	<p>(8) This Directive is part of a package together with Regulation (EU) [XXX]²⁶ of the Parliament and of the Council replacing Regulation (EC) No 1466/97²⁷ (the preventive arm of the Stability and Growth Pact) and Council Regulation [XXX]²⁸ amending Council Regulation (EC) No 1467/97²⁹ (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 inter-governmental Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union³⁰, in accordance with Article 16 thereof. Title III is binding on the Member States whose currency is the euro and, on a voluntary basis, on Bulgaria, Denmark and Romania. By building on the experience with the implementation of the</p>	<p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • Can the Commission confirm that Art. 7 TSCG is not to be incorporated into the SGP, but will remain valid and applicable as part of the TSCG? <p>LU:</p> <p>(Comments):</p> <p><u>LU is not convinced that the proposed legislative package retains the medium-term objective enshrined in the fiscal compact and more discussions are needed. The Fiscal Compact includes balanced budget rules, according to which the general government budget must be in balance or surplus. As such, the outcome of the commitments from this legislative proposal are not equivalent to the ones that result from the</u></p>
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²⁶ Regulation (EU) of the European Parliament and of the Council of [insert date] [insert full title] (OJ L ..).

²⁷ Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (OJ L 209, 2.8.1997, p. 1).

²⁸ Regulation (EU) of the Council of [insert date] [insert full title] (OJ L ..).

²⁹ Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

³⁰ Treaty on Stability, Coordination and Governance in the Economic and Monetary Union of 2 March 2012.

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<p>TSCG by the Member States, the package retains the Fiscal Compact’s medium-term orientation as a tool to achieve budgetary discipline and growth promotion. The package includes a strengthened country-specific dimension aimed at enhancing national ownership, including by means of a stronger role for independent fiscal institutions, which draws on the Fiscal Compact’s common principles proposed by the Commission³¹ in accordance with Article 3(2) of the TSCG. The analysis of expenditure net of discretionary revenue measures for the overall assessment of compliance required by the Fiscal Compact is set out in Regulation [XXX] replacing Regulation (EC) No 1466/97. As in the Fiscal Compact, temporary deviations from the medium-term plan are allowed only in exceptional circumstances in Regulation [XXX] replacing Regulation (EC) No 1466/97. Similarly, in case of significant deviations from the medium-term plan, measures should be implemented to correct the deviations over a defined period of time. The package</p>	<p><u>Fiscal Compact.</u></p> <p>AT:</p> <p>(Drafting):</p> <p>(8) This Directive is part of a package together with Regulation (EU) [XXX]³² of the Parliament and of the Council replacing Regulation (EC) No 1466/97³³ (the preventive arm of the Stability and Growth Pact) and Council Regulation [XXX]³⁴ amending Council Regulation (EC) No 1467/97³⁵ (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 inter-governmental Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union³⁶, in accordance with Article 16 thereof. Title III is binding on the Member States whose currency is the euro and, on a voluntary basis, on Bulgaria, Denmark and Romania. By building on the experience with the implementation of the TSCG by the Member States, the package retains the Fiscal Compact’s medium-term orientation as a tool to achieve budgetary discipline and growth promotion. The package includes a strengthened country-specific dimension aimed at enhancing national ownership, including by means of a stronger role for independent fiscal institutions, which draws on the Fiscal Compact’s common principles</p>
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³¹ Communication COM(2012) 342 final of 20 June 2012 from the Commission ‘Common principles on national fiscal correction mechanisms’.

³² **Regulation (EU) of the European Parliament and of the Council of [insert date] [insert full title] (OJ L ..).**

³³ Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (OJ L 209, 2.8.1997, p. 1).

³⁴ **Regulation (EU) of the Council of [insert date] [insert full title] (OJ L ..).**

³⁵ Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

³⁶ Treaty on Stability, Coordination and Governance in the Economic and Monetary Union of 2 March 2012.

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	<p>strengthens fiscal surveillance and enforcement procedures to deliver on the commitment of promoting sound and sustainable public finances and sustainable growth. The economic governance framework reform, thus, retains the fundamental objectives of budgetary discipline and debt sustainability set out in the TSCG.</p>	<p>proposed by the Commission³⁷ in accordance with Article 3(2) of the TSCG. The analysis of expenditure net of discretionary revenue measures and the improvement in the corresponding structural balance for the overall assessment of compliance required by the Fiscal Compact is set out in Regulation [XXX] replacing Regulation (EC) No 1466/97. As in the Fiscal Compact, temporary deviations from the medium-term plan are allowed only in exceptional circumstances in Regulation [XXX] replacing Regulation (EC) No 1466/97. Similarly, in case of significant deviations from the medium-term plan, measures should be implemented to correct the deviations over a defined period of time. The package strengthens fiscal surveillance and enforcement procedures to deliver on the commitment of promoting sound and sustainable public finances and sustainable growth. The economic governance framework reform, thus, retains the fundamental objectives of budgetary discipline and debt sustainability set out in the TSCG.</p> <p>AT:</p> <p>(Comments):</p> <p>For AT, it is crucial that the medium-term fiscal target is thus also stated in terms of a structural balance (as a share of GDP). Especially as an indicator for national planning.</p> <p>BG:</p> <p>(Comments):</p> <p>Is the extention of the functions of our IFI warranted? This does not appear to be in line with the conclusions of the Ecofin Council of March 2023.</p>
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³⁷ Communication COM(2012) 342 final of 20 June 2012 from the Commission ‘Common principles on national fiscal correction mechanisms’.

		<p>Specify “significant deviation”.</p> <p>IT:</p> <p>(Drafting):</p> <p>(8) This Directive is part of a package together with Regulation (EU) [XXX] 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 [XXX] 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 inter-governmental Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union, and supersedes it, in accordance with Article 16 thereof. Title III is binding on the Member States whose currency is the euro and, on a voluntary basis, on Bulgaria, Denmark and Romania. By building on the experience with the implementation of the TSCG by the Member States, the package retains the Fiscal Compact’s medium-term orientation as a tool to achieve budgetary discipline and growth promotion. The package includes a strengthened country-specific dimension aimed at enhancing national ownership, including by means of a stronger role for independent fiscal institutions, which draws on the Fiscal Compact’s common principles proposed by the Commission in accordance with Article 3(2) of the TSCG. The analysis of expenditure net of discretionary revenue measures for the overall assessment of compliance required by the Fiscal Compact is set out in Regulation [XXX] replacing Regulation (EC) No 1466/97. As in the</p>
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		<p>Fiscal Compact, temporary deviations from the medium-term plan are allowed only in exceptional circumstances in Regulation [XXX]replacing Regulation (EC) No 1466/97. Similarly, in case of significant deviations from the medium-term plan, measures should be implemented to correct the deviations over a defined period of time. The package strengthens fiscal surveillance and enforcement procedures to deliver on the commitment of promoting sound and sustainable public finances and sustainable growth. The economic governance framework reform, thus, retains the fundamental objectives of budgetary discipline and debt sustainability set out in the TSCG.</p> <p>IT:</p> <p>(Comments):</p> <p>For reason of legal certainty, it should be clear from this recital that Title III of the TSCG no longer applies to its participating Member States.</p>
30.		
31.	<p>(9) Complete and reliable public sector accounting practices for all subsectors of general government are a precondition for the production of high-quality statistics that are comparable across Member States. The availability and quality of the European System of Accounts (ESA 2010) based statistics is crucial to ensure the proper functioning of the Union’s fiscal</p>	<p>DE:</p> <p>(Drafting):</p> <p>Complete and reliable public sector accounting practices for all subsectors of general government are a precondition for the production of high-quality statistics that are comparable across Member States. The availability and</p>

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	<p>surveillance framework. ESA 2010 relies on information provided on an accrual basis. It is therefore necessary to improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is integrated, comprehensive and harmonised across all subsectors of general government.</p>	<p>quality of the European System of Accounts (ESA 2010) based statistics is crucial to ensure the proper functioning of the Union’s fiscal surveillance framework. ESA 2010 relies on information provided on an accrual basis. It is therefore necessary to improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is integrated, comprehensive and harmonised across all subsectors of general government.</p> <p>DE:</p> <p>(Comments):</p> <p>The expressed view that an integrated, comprehensive and across all subsectors of general government harmonised system of accrual accounting is a necessary precondition to produce ESA 2010 data is incorrect.</p> <p>NL:</p> <p>(Drafting):</p> <p>ESA 2010 relies on information provided on an accrual basis. It is therefore necessary to improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is integrated, comprehensive and harmonised across all subsectors of general government.</p> <p>PT:</p> <p>(Drafting):</p>
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		<p>(9) Complete and reliable public sector accounting practices for all subsectors of general government are a precondition for the production of high-quality statistics that are comparable across Member States. The availability and quality of the European System of Accounts (ESA 2010) based statistics is crucial to ensure the proper functioning of the Union's fiscal surveillance framework. ESA <u>2010</u> relies on information provided on an accrual basis. It is therefore necessary to improve the collection of accrual data and information needed to generate accrual-based statistics in a way that is integrated, comprehensive and harmonised across all subsectors of general government.</p> <p>PT:</p> <p>(Comments):</p> <p>The reference to a specific ESA should be avoided as it is subject to revisions.</p>
32.		
33.	<p>(10) The availability of high frequency data can reveal patterns warranting closer surveillance and improve the quality of budgetary forecasts. Member States and the Commission (Eurostat) should publish cash-based data, quarterly deficit and debt data applying the definitions set out in Article 2 of the Protocol (No 12) on the excessive deficit procedure annexed to</p>	<p>AT:</p> <p>(Comments):</p> <p>With respect to current practices “high frequency data” would imply monthly data.</p> <p>The option of further enhancing monthly cash data should be elaborated and</p>

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	<p>the Treaty on European Union (TEU) and to the TFEU. Publication of budgetary data with higher frequency that are tailored to national budgetary definitions should be determined on the basis of national transparency requirements and user needs, to improve national ownership.</p>	<p>broadened:</p> <p>e.g. with respect to a risk based approach disaggregated subnational level data (for main entities) should be established.</p> <p>In General:</p> <p>What is meant by “data”? B.9 and government debt or revenue and expenditure categories (according to ESA or national requirements?)</p> <p>Or maybe continuation of previous practice?</p> <p>PL:</p> <p>(Comments):</p> <p>Please clarify which cash-based data published by the member state and Eurostat is the author of the amendment thinking about and on which legal basis publication of this data is to be carried out?</p>
<p>34.</p>		
<p>35.</p>	<p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the</p>	<p>LU:</p> <p>(Drafting):</p> <p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the <u>the</u></p>

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	<p>macroeconomic and budgetary forecasts of the Member States should be endorsed or produced by an independent fiscal institution.</p>	<p>macroeconomic and budgetary forecasts of the Member States should be endorsed or produced by an independent fiscal institution.</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p><u>In addition, resources (human, financial) and capabilities between European IFIs differ substantially. There are important national implications to be considered.</u></p> <p>RO:</p> <p>(Drafting):</p> <p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the macroeconomic and budgetary forecasts of the Member States should be assessed endorsed or produced by an independent fiscal institution.</p> <p>RO:</p>
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		<p>(Comments):</p> <p>[RO] In order to avoid any blockage, the IFI should only assess these if they are not mandated to produce forecasts. In order to ensure a balance, we could use the comply or explain principle here.</p> <p>AT:</p> <p>(Drafting):</p> <p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the macroeconomic and budgetary forecasts of the Member States should be endorsed or produced by an independent fiscal institution and an independent fiscal institution shall produce their own budgetary forecasts.</p> <p>AT:</p> <p>(Comments):</p> <p>The unbiased macroeconomic forecast is the foundation for different other forecasts, these should therefore be produced or endorsed by an IFI. Concerning budgetary forecasts, however, the IFI should be assigned a monitoring role to assess compliance with fiscal rules, we don't see the need to change its important role as a watchdog.</p>
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		<p>The MoF is responsible for budgetary forecasts and medium-term planning, other institutions such as the Fiscal Council produce their own forecasts to monitor or assess the MoF forecast. MoF budgetary forecasts cannot be replaced by external institutions, also an “endorsement” of the MoF forecast would not be compatible with the role as a watchdog.</p> <p>SI:</p> <p>(Drafting):</p> <p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the macroeconomic and budgetary forecasts of the Member States should be endorsed or produced <u>and the budgetary forecasts assessed</u> by an independent fiscal institution.</p> <p>SI:</p> <p>(Comments):</p> <p>IFIs should assess the budgetary forecasts and not endorse them.</p> <p>IT:</p> <p>(Drafting):</p> <p>(11) Biased and unrealistic macroeconomic and budgetary forecasts for the annual and multiannual budget legislations can considerably hamper the</p>
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		<p>effectiveness of fiscal planning and consequently impair commitment to budgetary discipline. To improve baseline assumptions and provide unbiased assessments of the fiscal impact of various policy measures, the macroeconomic and budgetary forecasts of the Member States should be endorsed or produced by an independent fiscal institution.</p> <p>IT:</p> <p>(Comments):</p> <p>See Article 4 and 8</p> <p>PT:</p> <p>(Comments):</p> <p>The budgetary forecasts, to be used on annual and multiannual fiscal planning, should be under the exclusive responsibility of governments.</p>
36.		
37.	<p>(12) Macroeconomic and budgetary forecasts should be subject to regular, objective and comprehensive evaluations performed by an independent body in order to enhance their quality. Those evaluations should include scrutiny of the economic assumptions, comparison with forecasts prepared by other institutions, and evaluation of past forecast performance.</p>	<p>DE:</p> <p>(Drafting):</p> <p>(12) Macroeconomic and budgetary forecasts should be subject to regular, objective and comprehensive evaluations performed by an independent body in order to enhance their quality. Those evaluations should include scrutiny of the economic assumptions, comparison with forecasts prepared by other</p>

		<p>institutions, and evaluation of past forecast performance. <u>A number of member states have implemented Regulation (EU) No. 473/2013 (so-called Two-Pack Regulation) into national law. Where these national implementations have proven to be appropriate, they should remain unchanged.</u></p> <p>LU:</p> <p>(Drafting):</p> <p>(12) Macroeconomic and budgetary forecasts should be subject to regular, objective and comprehensive <u>ex-post</u> evaluations performed by an independent body in order to enhance their quality. Those evaluations should include scrutiny of the economic assumptions, comparison with forecasts prepared by other institutions, and evaluation of past forecast performance.</p> <p>LU:</p> <p>(Comments):</p> <p><u>In line with previous comment.</u></p> <p>BG:</p> <p>(Comments):</p> <p>It would be more appropriate the IFI to produce its own macroeconomic and budgetary forecast not instead but as an addition to the MoF forecasts. Then the forecasts of the IFI should be compared to the ones of MoF.</p>
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38.		<p>DE:</p> <p>(Drafting):</p> <p><u>(13) The endorsement of budgetary forecasts relevant for fiscal planning can also be achieved in federal states by endorsing the national medium-term fiscal plan as a whole.</u></p> <p>DE:</p> <p>(Comments):</p> <p>Additional new recital to clarify that not every single relevant forecast has to be endorsed individually, an endorsement of the national medium-term fiscal plan is sufficient. Otherwise, the procedure would be much prolonged and bureaucratised.</p>
39.	<p>(13) Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council³⁸ requires Member States whose currency is the euro to have independent</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(14)</u> Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary</p>

³⁸ Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11).

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	<p>fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of fiscal policy, such bodies should also contribute to budgetary planning by either producing or endorsing the forecasts and debt analyses used by the government, and by carrying out independent assessments of fiscal policies and monitoring compliance with the fiscal framework.</p>	<p>frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council³⁹ requires Member States whose currency is the euro to have independent fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of fiscal policy, such bodies should also contribute to budgetary planning by either producing or endorsing the forecasts and debt analyses used by the government, and by carrying out independent assessments of fiscal policies and monitoring compliance <u>with the country-specific numerical fiscal rules for general government and</u> the fiscal framework.</p> <p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • Insertion referring to Art. 8 (4) d) to clarify that it refers to fiscal rules for the state as a whole. <p>LU:</p>
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³⁹ Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11).

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		<p>(Drafting):</p> <p>(13) Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council⁴⁰ requires Member States whose currency is the euro to have independent fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of fiscal policy, such bodies should also contribute to budgetary planning by either producing or endorsing the forecasts and debt analyses used by the government, and by carrying out independent assessments of fiscal policies <u>ex-post</u> and monitoring compliance with the fiscal framework.</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>AT:</p>
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⁴⁰ Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11).

		<p>(Comments):</p> <p>See comment on line 35.</p> <p>A clarification on this subject matter is necessary.</p> <p>SI:</p> <p>(Drafting):</p> <p>(13) Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council requires Member States whose currency is the euro to have independent fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of fiscal policy, such bodies should also contribute to budgetary planning by either producing or endorsing assessing the forecasts and debt analyses used by the government, and by carrying out independent assessments of fiscal policies and monitoring compliance with the fiscal framework.</p> <p>SI:</p> <p>(Comments):</p> <p>IFIs should assess the budgetary forecasts and not endorse them.</p>
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		<p>EL:</p> <p>(Drafting):</p> <p>(13) Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council⁴¹ requires Member States whose currency is the euro to have independent fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of fiscal policy, such bodies should also contribute to budgetary planning by either producing or endorsing the forecasts and debt analyses used by the government, and by carrying out independent assessments of fiscal policies and monitoring compliance with the fiscal framework.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We propose to delete the reference to IFIs contributing to budgetary planning, as this could create confusion as to their exact competences. Moreover, we would not agree with extending IFIs' mandate to include debt sustainability analyses.</u></p>
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⁴¹ Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11).

		<p>IT:</p> <p>(Drafting):</p> <p>(13) Independent bodies charged with monitoring public finances in the Member States are an essential building block of effective budgetary frameworks. Regulation (EU) No 473/2013 of the European Parliament and of the Council requires Member States whose currency is the euro to have independent fiscal institutions tasked with the endorsement or production of macroeconomic forecasts and establishes specific safeguards regarding their independence and technical capacity. Given the positive contribution to public finance of independent bodies to the quality of the forecasts, those requirements should be extended to all Member States. In order to foster fiscal discipline and strengthen the credibility of budgetary planning fiscal policy, such bodies should also produce budgetary forecasts underlying the government's medium-term planning or provide an independent assessments on the budgetary forecasts used by the government contribute to budgetary planning by either producing or endorsing the forecasts and debt analyses used by the government, and by carrying out fiscal policies and monitoring compliance with the fiscal framework.</p> <p>To safeguard the consistency and effectiveness of their activity, as well as common minimum standards across Member States, independent fiscal</p>
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		<p>institutionss should be subject to regular external evaluation.</p> <p>IT:</p> <p>(Comments):</p> <p>See the comments to the drafting suggestions to art. 4, par. 1 and to art. 8, par. 4.</p>
40.		<p>DE:</p> <p>(Drafting):</p> <p><u>(15) It is important to note that given the diversity of possible and existing arrangements, while not the preferred option, it should be possible for more than one independent body to be in charge of monitoring compliance with those rules. Excessive institutional fragmentation of monitoring tasks should be avoided. The design of those monitoring bodies should take into account the existing institutional setting and the administrative structure of the Member State concerned. A number of member states have implemented Regulation (EU) No. 473/2013 (so-called Two-Pack Regulation) into national law. Where these national implementations have proven to be appropriate, they should</u></p>

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		<p><u>remain unchanged.</u></p> <p>DE:</p> <p>(Comments):</p> <p>Monitoring of domestic fiscal framework should not be limited to one IFI, the broader concept of the Two-Pack Regulation should stay in place. Wording is in line with recital (17) of the Two Pack.</p>
41.	(14) In order to achieve strengthened responsibility in fiscal policy, 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.	<p>DE:</p> <p>(Drafting):</p> <p><u>(16)</u></p>
42.		
43.	(15) To improve budgetary planning, due attention should be paid to the macrofiscal risks from climate change and to the implications of climate-related policies on public finance over the medium and long term. Understanding the channels through which climate-related shocks affect the economy and public finance is key to national strategies to limit and manage the fiscal risk stemming from climate change and from related disasters.	<p>DE:</p> <p>(Drafting):</p> <p><u>(17)</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>Operational implications are unclear. This needs to be discussed with Member States. We expect the Commission to provide further</u></p>

		<p><u>explanations.</u></p> <p>NL:</p> <p>(Comments):</p> <p>Given that it may be difficult to quantify; how do we present the macrofiscal risks from climate change and related disasters?</p> <p>EL:</p> <p>(Drafting):</p> <p>(15) To improve budgetary planning, due attention should be paid to the macrofiscal risks from climate change and to the likely implications of climate-related policies on public finance over the medium and long term. Understanding the potential channels through which climate-related shocks affect the economy and public finance is key in designing and implementing national climate strategies to limit and manage the fiscal risk stemming from climate change and from related disasters.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We are sceptical about the incorporation of requirements concerning estimates of macro-fiscal risks from climate change in the Directive (please see our comments on point 215). We do not consider that a credible analysis of macro-fiscal risks from climate change can be performed in the context of a medium-term budgetary framework.</u></p>
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		<p>IT:</p> <p>(Drafting):</p> <p>(15) — To improve budgetary planning, due attention should be paid to the macrofiscal risks from climate change and to the implications of climate-related policies on public finance over the medium and long term. Understanding the channels through which climate-related shocks affect the economy and public finance is key to national strategies to limit and manage the fiscal risk stemming from climate change and from related disasters.</p> <p>IT:</p> <p>(Comments):</p> <p>The inclusion of climate change risk and of related disasters in the budgetary planning process could significantly impact on the complexity of the economic – financial process while – in light of the absence of an agreed methodology, also leading to extremely high heterogeneity among Member States.</p>
44.		
45.	<p>(16) A single-year perspective for budgetary planning provides a limited basis for sound fiscal policies, as most measures have implications that go well beyond the annual budgetary cycle. As such, effective multiannual fiscal planning strengthens the credibility of fiscal policy while taking into</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(18)</u></p> <p>LU:</p>

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	<p>account debt sustainability. Effective medium-term planning rests on a clear and consistent definition of national budgetary objectives over the medium term, which are presented in national medium-term plans. In order to enhance a multiannual budgetary perspective, planning of annual budget legislation should be consistent with the multiannual objectives established in medium-term budgetary frameworks.</p>	<p>(Drafting):</p> <p>(16) An annual single-year cycle remains an important pillar of the budgeting process, perspective for budgetary planning provides a limited basis for sound fiscal policies, as most measures have implications that go well beyond the annual budgetary cycle. As such, an effective multiannual fiscal planning strengthens the credibility of fiscal policy while and taking into account <u>ensures sound public finances over the medium term, including</u> debt sustainability. Effective medium-term planning rests on a clear and consistent definition of national budgetary objectives over the medium term, which are presented in national medium-term plans. In order to enhance a multiannual budgetary perspective, planning of annual budget legislation should be consistent with the multiannual objectives established in medium-term budgetary frameworks.</p> <p>LU:</p> <p>(Comments):</p> <p><u>Important that the focus on the annual cycle is not discarded to ensure the role of Draft Budgetary Plans in the Semester process.</u></p>
46.		
47.	<p>(17) To be effective in promoting budgetary discipline and the sustainability of public finance, budgetary frameworks should comprehensively cover public finances. For that reason, particular attention should be given to operations of those general government bodies and funds which do not form part of</p>	<p>LU:</p> <p>(Comments):</p> <p><u>Operational implications are unclear. This needs to be discussed with Member States. We expect the Commission to provide further explanations.</u></p>

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	<p>the regular budgets at subsector level and that have an immediate or medium-term impact on Member States' budgetary positions. The values of the combined impact on general government balances and debts of those operations should be presented in the framework of the annual budgetary processes and in the medium-term budgetary plans, capturing impacts stemming from future operations and outstanding and expected new liabilities.</p>	<p>SI:</p> <p>(Drafting):</p> <p>(17) To be effective in promoting budgetary discipline and the sustainability of public finance, budgetary frameworks should comprehensively cover public finances. For that reason, particular attention should be given to operations of those general government bodies and funds<u>entities</u> which do not form part of the regular budgets at subsector level and that have an immediate or medium-term impact on Member States' budgetary positions. The values of the combined impact on general government balances and debts of those operations should be presented in the framework of the annual budgetary processes and in the medium-term budgetary plans, capturing impacts stemming from future operations and outstanding and expected new liabilities.</p> <p>SI:</p> <p>(Comments):</p> <p>The term entities is more precise and used in ESA 2010.</p> <p>MT:</p> <p>(Drafting):</p> <p>(17) To be effective in promoting budgetary discipline and the sustainability of public finance, budgetary frameworks should comprehensively cover public finances. For that reason, particular attention should be given to operations of those general government bodies and funds which do not form part of the regular budgets at</p>
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		<p>subsector level and that have an immediate or medium-term impact on Member States' budgetary positions. The values of the combined impact on general government balances and debts of those operations should be presented in the framework of the annual budgetary processes and in the medium-term budgetary plans, capturing impacts stemming from future operations and outstanding and expected new liabilities.</p> <p>MT:</p> <p>(Comments):</p> <p>Data on the combined impact on government balances and debts of observed operations and outstanding liabilities of general government bodies and funds is already being provided. However, forecasting the future impact of expected future operations and new liabilities is too demanding, and can undermine credibility.</p>
48.		
49.	<p>(18) Similarly, transparency regarding the type and size of tax expenditures and resulting revenue losses is necessary to provide a more profound understanding of the extent to which fiscal policy and budgetary planning are aligned with government priorities.</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(20)</u></p> <p>LU:</p> <p>(Drafting):</p> <p>(18) Similarly, transparency regarding the type and size of tax expenditures and resulting revenue losses is necessary to provide a more profound</p>

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		<p>understanding of the extent to which fiscal policy and budgetary planning are aligned with government priorities.</p> <p>LU:</p> <p>(Comments):</p> <p><u>Member States must have national discretion.</u></p> <p>FI:</p> <p>(Drafting):</p> <p>(18) Similarly, transparency regarding the type and size of tax expenditures and resulting revenue losses is necessary to provide a more profound understanding of the extent to which fiscal policy and budgetary planning are aligned with government priorities.</p> <p>FI:</p> <p>(Comments):</p> <p>Please see the comments for Art. 14(2).</p>
50.		
51.	<p>(19) Green budgeting tools can help redirect public revenue and expenditure to green priorities. In that respect, reliable and regular reporting of comprehensive, useful, and accessible information improves budget deliberations. This means reporting data on how revenues reflect the need to ensure that the</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(21)</u></p>

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<p>“polluter-pays” principle is reflected, and in turn on how expenditure reflects both favourably and unfavourably green priorities. Member States should publish the information on how the relevant elements of their budgets contribute to achieving climate and environmental national and international commitments and the methodology used. Member States should publish data and descriptive information separately for expenditure, tax expenditure and revenue items. Member States are invited to publish information on the distributional impact of budgetary policies and take into account employment, social and distributional aspects in the development of green budgeting⁴².</p>	<p>LU:</p> <p>(Comments):</p> <p><u>While all Member States should strengthen their green efforts, it is important to note that there is no standard practice/no ‘one-size-fits-all’ model for green budgeting in the EU. Same applies to the concept of distributional impact assessments.</u></p> <p><u>There should not be an addition of a budgetary requirement that so far has not been part of the legislative text and has not been discussed by Member States.</u></p> <p><u>Moreover, it is important to not overburden the European Semester.</u></p> <p><u>This needs to be discussed with Member States.</u></p> <p>BG:</p> <p>(Comments):</p> <p>This should be optional, given the fact that some MS haven’t implemented in their annual budget documents a specific part that includes green budgeting.</p> <p>EL:</p>
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⁴² Communication COM(2022)494 final of 28 September 2022 from the Commission ‘Better assessing the distributional impact of Member States’ policies’ and Article 6(3), point (d), of Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11).

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		<p>(Drafting):</p> <p>(19) Green budgeting tools can help redirect public revenue and expenditure to green priorities. In that respect, reliable and regular reporting of comprehensive, useful, and accessible information improves budget deliberations. This means reporting <u>information data</u> on how revenues and reflect the need to ensure that the “polluter pays” principle is reflected, and in turn on how expenditure reflects both favourably and unfavourably green priorities. Member States should publish the information on how the relevant elements of their budgets contribute to achieving climate and environmental national and international commitments and the methodology used. Member States should publish data and descriptive information separately for expenditure, tax expenditure and revenue items. Member States are invited to publish information on the distributional impact of budgetary policies and take into account employment, social and distributional aspects in the development of green budgeting.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We agree with the importance of developing green budgeting practices, but we are sceptical about the incorporation of binding quantitative provisions in the legal framework.</u></p>
52.		
53.	(20) Due attention should be paid to the existence of contingent liabilities. More specifically, contingent liabilities encompass possible obligations depending on the occurrence of	<p>DE:</p> <p>(Drafting):</p>

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	<p>an uncertain future event, or present obligations where payment is not probable or the amount of the probable payment cannot be measured reliably. They comprise, for instance, government guarantees, non-performing loans, liabilities stemming from the operation of public corporations, and potential expenses and obligations arising from court cases and disaster-related contingent liabilities.</p>	<p>(22)</p> <p>LU:</p> <p>(Comments):</p> <p><u>Operational implications are unclear. This needs to be discussed with Member States. We expect the Commission to provide further explanations.</u></p> <p>NL:</p> <p>(Comments):</p> <p>Again, how do we quantify the potential future cost of disaster-related contingent liabilities?</p> <p>EL:</p> <p>(Drafting):</p> <p>(20) Due attention should be paid to the existence of contingent liabilities. More specifically, contingent liabilities encompass possible obligations depending on the occurrence of an uncertain future event, or present obligations where payment is not probable or the amount of the probable payment cannot be measured reliably. They comprise, for instance, government guarantees, non-performing loans, liabilities stemming from the operation of public corporations, and potential expenses and obligations</p>
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		<p>arising from court cases and disaster-related contingent liabilities.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We are sceptical about including disaster related liabilities under the types of contingent liabilities that should be monitored and reported. There are significant differences between contingent liabilities like public guarantees and liabilities that could emerge in the case of natural disasters, especially as to the ability to produce a credible assessment and estimation.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(20) Due attention should be paid to the existence of contingent liabilities. More specifically, contingent liabilities encompass possible obligations depending on the occurrence of an uncertain future event, or present obligations where payment is not probable or the amount of the probable payment cannot be measured reliably. They comprise, for instance, government guarantees, non-performing loans, liabilities stemming from the operation of public corporations, and potential expenses and obligations arising from court cases and disaster-related contingent liabilities.</p> <p>IT:</p> <p>(Comments):</p> <p>Differently from the other types mentioned, disaster-related contingent</p>
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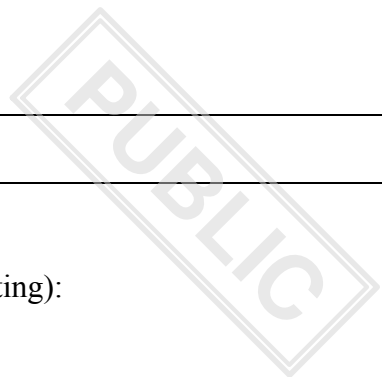
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		<p>liabilities represent a category that is too broad and heterogeneous to be mentioned in this context without a more detailed reference to a given statistical framework.</p> <p>MT:</p> <p>(Drafting):</p> <p>(20) Due attention should be paid to the existence of contingent liabilities. More specifically, contingent liabilities encompass possible obligations depending on the occurrence of an uncertain future event, or present obligations where payment is not probable or the amount of the probable payment cannot be measured reliably. They comprise, for instance, government guarantees, non-performing loans, liabilities stemming from the operation of public corporations, and potential expenses and obligations arising from court cases and disaster related contingent liabilities.</p> <p>MT:</p> <p>(Comments):</p> <p>The requirement on contingent liabilities is too demanding, particularly in the absence of a common methodology to estimate contingent liabilities related to disaster and climate risks. Furthermore, it is highly inappropriate to publish government exposures on its major court cases, since this could jeopardise the outcome.</p>
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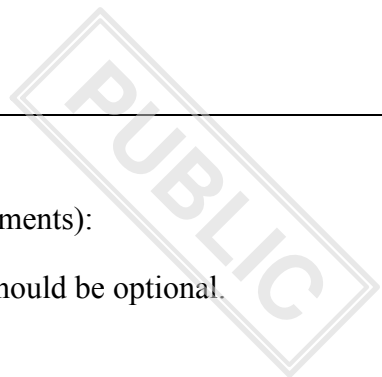
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54.		
55.	<p>(21) Natural disasters and extreme weather events have affected most Member States and climate change is expected to amplify the frequency and intensity of such events. Governments invest in climate adaptation measures and step in to cover disaster costs for emergency relief, recovery and reconstruction and to act as insurer of last resort in some cases. Considering the existing and future challenges for the sustainability of public finances, particular attention should be paid to government obligations and risks to government finances stemming from natural disasters and climate-related events, starting with collecting and publishing information on the economic losses and fiscal cost of past events as well as information on the budgetary arrangements and financial instruments used for that matter.</p>	<p>DE:</p> <p>(Drafting):</p> <p>(23)</p> <p>LU:</p> <p>(Comments):</p> <p><u>Operational implications are unclear. This needs to be discussed with Member States. We expect the Commission to provide further explanations.</u></p> <p>NL:</p> <p>(Comments):</p> <p>“Starting with (...) financial instruments used for that matter.”</p> <p>To what extend will we need to go beyond what is mentioned in the text quoted above?</p> <p>Because the text implies that we may have to increase gradually increase the amount of information we collect and publish regarding government obligations and risks to government finances stemming from natural disasters and climate related events.</p>

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		<p>BG:</p> <p>(Comments):</p> <p>This should be optional.</p> <p>EL:</p> <p>(Drafting):</p> <p>(21) Natural disasters and extreme weather events have affected most Member States and climate change is expected to amplify the frequency and intensity of such events. Governments invest in climate adaptation measures and step in to cover disaster costs for emergency relief, recovery and reconstruction and to act as insurer of last resort in some cases. Considering the existing and future challenges for the sustainability of public finances, particular attention should be paid to government obligations and risks to government finances stemming from natural disasters and climate-related events, starting with collecting and publishing information on the economic losses and fiscal cost of past events as well as information on the budgetary arrangements and financial instruments used for that matter.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We agree with provisions about including information on the fiscal</u></p>
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		<p><u>impact of natural disasters. However, an analysis of the overall economic losses would go far beyond the scope of medium-term budgetary frameworks. For the same reason, we consider it would be better to use somewhat milder language on the attention that the overall framework should pay to issues related to risks stemming from natural disasters and climate change.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(21) Natural disasters and extreme weather events have affected most Member States and climate change is expected to amplify the frequency and intensity of such events. Governments invest in climate adaptation measures and step in to cover disaster costs for emergency relief, recovery and reconstruction and to act as insurer of last resort in some cases. Considering the existing and future challenges for the sustainability of public finances, particular attention should be paid to government obligations and risks to government finances stemming from natural disasters and climate-related events, starting with collecting and publishing information on the economic losses and fiscal cost of past events as well as information on the budgetary arrangements and financial instruments used for that matter expenditure incurred due to disasters and climate-related shocks.</p> <p>IT:</p> <p>(Comments):</p> <p>We would make clear that the focus is on the reporting of the expenditure incurred due to disasters and climate-related shocks</p>
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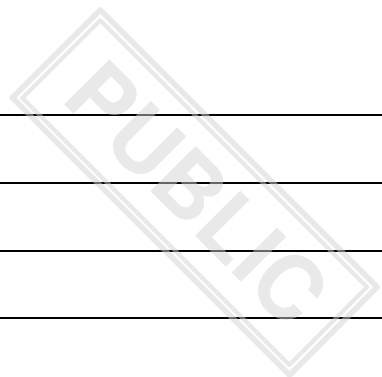
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		<p>MT:</p> <p>(Drafting):</p> <p>(21) Natural disasters and extreme weather events have affected most Member States and climate change is expected to amplify the frequency and intensity of such events. Governments invest in climate adaptation measures and step in to cover disaster costs for emergency relief, recovery and reconstruction and to act as insurer of last resort in some cases. Considering the existing and future challenges for the sustainability of public finances, particular attention should be paid to government obligations and risks to government finances stemming from natural disasters and climate-related events, starting with collecting and publishing information on the economic losses and fiscal cost of past events as well as information on the budgetary arrangements and financial instruments used for that matter.</p>
56.		
57.	<p>(22) The Commission should continue to regularly monitor the implementation of Directive 2011/85/EU. Best practices concerning the implementation of the provisions of that Directive should be identified and shared.</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(24)</u></p>
58.		
59.	<p>(23) Directive 2011/85/EU should therefore be amended accordingly,</p>	<p>DE:</p> <p>(Drafting):</p> <p><u>(25)</u></p>
61.		

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62.	HAS ADOPTED THIS DIRECTIVE:	
63.		
64.	Directive 2011/85/EU is amended as follows:	
65.		
66.	(1) Article 2 is amended as follows:	
67.		
68.	(a) in the first paragraph, the second sentence is replaced by the following:	
69.		
70.	‘The definition of subsectors of general government set out in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council shall apply.*	
71.		
72.	_____	
73.		
74.	*OJ L 174, 26.6.2013, p.1.’	
75.		
76.	(b) the second paragraph is amended as follows:	

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77.		
78.	(i) point (a) is replaced by the following:	
79.		
80.	'(a) systems of public sector accounting and statistical reporting;'	<p>DE:</p> <p>(Drafting):</p> <p><u>'(a) systems of public sector budgetary accounting and statistical reporting;'</u></p> <p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • The term "public sector" also includes public corporations classified outside general government. The accounting system of those entities should not be covered by the directive. The original term "budgetary" should stay in place <p>CZ:</p> <p>(Drafting):</p> <p><u>'(a) systems of public sector accounting and statistical reporting;'</u></p> <p>CZ:</p>

		<p>(Comments):</p> <p><u>The term “public accounting” would be needed as “public sector accounting” seems quite misleading: “public sector” is wider than the S.13 category. We prefer “public accounting” as many accounting units use different accounting systems.</u></p> <p><u>We should use unified terminology, see Article 3(1) where “public accounting” is used.</u></p> <p><u>In general, we need to use unified terminology throughout the whole document, especially if the Commission has confirmed that the “public sector” means the “general government”.</u></p> <p>PL:</p> <p>(Drafting):</p> <p><u>‘(a) systems of general government public sector accounting and statistical reporting;’</u></p> <p>PL:</p> <p>(Comments):</p> <p><u>point (a) - Instead of “public sector” there should be the general government [the public sector is a wider definition than the general government].</u></p>
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		<p>IT:</p> <p>(Drafting):</p> <p>‘(a) systems of public sector general government accounting and statistical reporting;’</p> <p>IT:</p> <p>(Comments):</p> <p>To make it clear the text refers to “general government”, as specified in FICO meetings.</p>
81.		
82.	(ii) point (c) is replaced by the following:	
83.		
84.	‘(c) country-specific numerical fiscal rules that contribute to the consistency of Member States’ conduct of fiscal policy with their respective obligations under the TFEU, expressed in terms of a summary indicator of budgetary performance, such as the government budget deficit, borrowing, debt, or a major component thereof;’	<p>CZ:</p> <p>(Drafting):</p> <p><u>‘(c) country-specific numerical fiscal rules that contribute to the consistency of Member States’ conduct of fiscal policy with their respective obligations under the TFEU, expressed in terms of an summary indicator of budgetary performance, such as the government budget deficit, borrowing, debt, expenditure or a major component thereof;’</u></p>

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		<p>CZ:</p> <p>(Comments):</p> <p><u>Does that mean a fiscal rule or a commitment set by the TFEU? If the fiscal rule is meant, then we should include an expenditure rule. Furthermore, if we include an expenditure rule (netted for certain budgetary items), we would omit the expression “summary”.</u></p>
85.		
86.	(iii) point (e) is replaced by the following:	
87.		
88.	‘(e) medium-term budgetary frameworks as a specific set of national budgetary procedures that extend the horizon for fiscal policy-making beyond the annual budgetary calendar, including the setting of policy priorities and of national budgetary objectives over the medium-term;’	<p>BG:</p> <p>(Comments):</p> <p><u>It seems that this definition decreases the scope of budgetary frameworks compared to the current norm of Directive 2011/EC/85?</u></p>
89.		
90.	(iv) the following point (h) is added:	<p>LU:</p> <p>(Drafting):</p>

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		<p>(iv) — the following point (h) is added:</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p>
91.		
92.	<p>‘(h) independent fiscal institutions as bodies structurally independent or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States established in accordance with Article 8.’</p>	<p>LU:</p> <p>(Drafting):</p> <p>‘(h) independent fiscal institutions as bodies structurally independent or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States established in accordance with Article 8.’</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation</u></p>

		<p><u>of an institution that should remain independent).</u></p> <p>CZ:</p> <p>(Drafting):</p> <p>independent fiscal institutions as bodies <u>independent on a structure of another institution</u> structurally independent or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States established in accordance with Article 8.’</p> <p>CZ:</p> <p>(Comments):</p> <p><u>As we find the expression "structurally independent" rather confusing, we prefer a more specific formulation that reflects the fact that there exist two different types of IFIs, one of which is embedded in an audit or control body, for instance.</u></p> <p>NL:</p> <p>(Comments):</p> <p>We are in favour of stronger national IFIs.</p> <p>IT:</p> <p>(Drafting):</p> <p>(h) independent fiscal institutions as bodies structurally independent or bodies endowed with functional autonomy as regards the budgetary authorities of the</p>
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		<p>Member States established by national legal provisions in accordance with Article 8.’</p> <p>IT:</p> <p>(Comments):</p> <p>We propose to include in the definition of IFIs a reference to the national provisions in force of which they are established in Member States so to make clear we are referring to the already existing ones.</p> <p>PT:</p> <p>(Comments):</p> <p>Please consider merging this new point with existing point (f), as they somewhat overlap.</p>
93.		
94.	(2) Article 3 is replaced by the following:	<p>FR:</p> <p>(Comments):</p> <p>We strongly oppose to proposed amendments of articles 3, 14 and point 7 of article 4. The conclusions of the ECOFIN Council did not mention any reinforcement of the system of public sector accounting and the statistical reporting. We consider that all current discussions related to EGR can be conducted with the current statistical framework and available data. Therefore, discussions on these issues should not be</p>

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		<p>linked with those currently taking place on the economic governance and fiscal rules. Besides, the proposals of the Commission are not always clear. These issues could rather be discussed within the EFC Sub-committee on statistics.</p> <p>Taking this into account and given the already rich information already available in compliance with the current framework, we strongly oppose amendments of articles 3, 14 and point 7 of article 4, which should remain unchanged.</p> <p>To keep a constructive approach, we still produced below detailed answers for each point raised within these articles.</p>
95.		
96.	<p>‘1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p>	<p>DE:</p> <p>(Drafting):</p> <p>1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems <u>in place public accounting systems comprehensively and consistently</u> covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on <u>generate accrual data with a view to preparing data based on</u> ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>DE:</p>

		<p>(Comments):</p> <ul style="list-style-type: none">• The proposal is rejected. A nationally harmonised system of integrated and comprehensive financial accounting across all sectors of General Government is not necessary to prepare ESA 2010 data. The former Art. 3 (1) should stay in place.• The obligation to have a nationally harmonised system of integrated and comprehensive financial accounting across all sectors of general government until 2030 is not necessary to reach the goal of incorporating the fiscal provisions of the TSCG into the legal framework of the EU, as per Article 16 of the TSCG.• The transition period until 2030 also shows that this proposal for reforming the accounting system is not related to the other proposals in the Economic Governance Review and is not necessary for this. <p>DK:</p> <p>(Drafting):</p> <p>‘1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government, <u>while respecting that accounting systems can differ across subsectors,</u> and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject</p>
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		<p>to internal control and independent audits.</p> <p>DK:</p> <p>(Comments):</p> <p><u>The resources required to ensure completely identical accounting systems across all sub-sectors of government are not commensurate with the benefit of ensuring this.</u></p> <p>CZ:</p> <p>(Drafting):</p> <p>‘1. As concerns national systems of public accounting, <u>each</u> Member States shall have, by 2030, <u>its own</u> integrated, comprehensive and nationally harmonised accrual financial <u>public financial</u> accounting systems, <u>allowing comparability of data between each</u> covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010 <u>the European National and Regional Accounts</u>. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>(1) Regarding the accounting systems, we insist that they are harmonized solely at national level. Regarding the accrual accounting systems, we have serious doubts that this is the right way forward. Such system will</u></p>
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		<p><u>be very difficult to cover the whole general government sector in a unified way. Moreover, the Czech system covers units such as small associations that do not apply the accrual system under certain conditions. These units use cash system in our country (so called simple book-keeping).</u></p> <p><u>(2) Instead of ESA 2010, there can be a general reference to the European National and Regional Accounts.</u></p> <p><u>(3) What is meant by “public sector financial accounting systems”? We find the same problem as with “public sector accounting”. We believe that we should use unified terminology. The term “public accounting” would be needed as “public sector accounting” seems quite misleading: “public sector” is wider than the S.13 category. We prefer “public accounting” as many accounting units use different accounting systems. This should be amended in Article 2(a) (see line 80).</u></p> <p>PL:</p> <p>(Drafting):</p> <p>1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector general government financial accounting systems shall be subject to internal control and independent audits.</p>
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		<p>PL:</p> <p>(Comments):</p> <p>Instead of “public sector” there should be the general government [the public sector is a wider definition than the general government].</p> <p>NL:</p> <p>(Drafting):</p> <p><u>Either change text:</u></p> <p>‘1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial public accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>NL:</p> <p>(Comments):</p> <p>Two comments here:</p> <p>1. We have strong concerns regarding the implementation Of accrual accounting. First of all, the costs related to the additional administrative</p>
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		<p>burden and workload exceeds the benefits of implementing accrual accounting. Secondly, we believe the implementation of accrual accounting system is unrelated to the main goal of the revision of the SGP; increasing debt-sustainability. Therefore, we would argue that implementation of a different accounting system should be a separate discussion and not be included in the SGP discussions.</p> <p>2. With regards to the cash and accrual information needed to prepare the data based on ESA 2010. We already do this and are worried that we may need to change our current procedures in the new SGP.</p> <p>SI:</p> <p>(Drafting):</p> <p>‘1. As concerns national systems of public accounting, Member States shall have, by 20305, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>SI:</p> <p>(Comments):</p> <p>Longer adjustment period is needed. Introduction should be more gradual. Is</p>
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		<p>this inline with the developments of EPSAS standards and timing?</p> <p>BG:</p> <p>(Comments):</p> <p>The introduction of accrual financial accounting systems will require significant additional resources and capacity to the public sector units which will apply them as well as to the institutions performing control and audit functions.</p> <p>SK:</p> <p>(Comments):</p> <ul style="list-style-type: none">- The harmonisation of the accounting systems needs to be specified, in particular what these systems should be harmonised with, should the principles of international standards be adopted or should the ESA methodology be adopted directly into the accounting systems. We believe that more clarity is needed on how this introduction will be evaluated and what is the rationale behind setting the year 2030 as a deadline and what is expected after 2030. Moreover we would like to know more details on who will be responsible for the verification of integration of the system and that it is in compliance with this Directive.- The publication of cash data for individual sub-sectors is replaced by accrual
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		<p>data in accordance with the ESA 2010 methodology in this draft of the Directive. The data as required in tables 25, 27 and 28 are already now provided by the Slovak National Statistical Office and sent to Eurostat. These data are consolidated and are based on the reports available to the Statistical Office, however several requested items are only estimates (including GDP) and are adjusted in the following quarters. What is the expected implementation period in order for MS to implement these requirements? Sufficient time needs to be ensured for MS in order to map the current state of quarterly data reporting and possible adjustments needed in the data collection process, IT systems, capacities, coordination between national statistical authorities.</p> <p>MT:</p> <p>(Drafting):</p> <p>‘1. As concerns national systems of public accounting, Member States shall move towards an have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p>
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		<p>MT:</p> <p>(Comments):</p> <p>While progress has been made towards European Public Sector Accounting Standards (EPSAS), the full implementation of what is being proposed will need more time. Therefore, MT proposes to align the wording accordingly.</p> <p>BE:</p> <p>(Drafting):</p> <p>1. 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 2010 standard. Those public accounting systems shall be subject to internal control and independent audits.</p> <p>BE:</p> <p>(Comments):</p> <p>This provision is not specific enough. It is impossible to determine its impact on the national framework. What does it mean and what does it practically entail to have integrated, comprehensive, and nationally harmonized accrual financial accounting systems?</p> <p>FR:</p>
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		<p>(Drafting):</p> <p>1. As concerns national systems of public accounting, Member States shall have by 2030, integrated, comprehensive and nationally harmonised accrual financial in place, public accounting systems comprehensively and consistently covering all subsectors of general government and containing the cash and accrual information needed to generate accrual prepare data with a view to preparing data based on the ESA 95 2010 standard. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>FR:</p> <p>(Comments):</p> <p>See row 94: we oppose amending these provisions. We particularly oppose the reference to a cash accounting system covering all subsectors of general government. In France, centralised data available for local and social security administrations are available on an accrual basis, but not on a cash basis. This provision could result in significant administrative burden, if even feasible.</p> <p>We understand that this provision does not entail a standardisation of the data collection systems between subsectors of general government.</p> <p>LV:</p> <p>(Comments):</p>
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		<p>LV: necessary to explain the concept of integrated accounting systems.</p> <p>PT:</p> <p>(Drafting):</p> <p>‘1. As concerns national systems of public accounting, Member States shall have, by 2030, integrated, comprehensive and nationally harmonised accrual financial accounting systems covering all subsectors of general government and containing the cash and accrual information needed to prepare data based on ESA 2010. Those public sector financial accounting systems shall be subject to internal control and independent audits.</p> <p>PT:</p> <p>(Comments):</p> <p>The reference to a specific ESA should be avoided as it is subject to revisions.</p>
97.		<p>DK:</p> <p>(Drafting):</p> <p><u>The concrete implementation of the accounting systems set out in Article 3.2 are to be decided and done at national level and in respect of country specific circumstances.</u></p> <p>DK:</p> <p>(Comments):</p>

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		<p><u>Important that there is room for flexibility in the implementation of provisions set out in article 3.2 in order to minimize administrative burdens and to take into account country specific circumstances.</u></p>
98.	<p>2. Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government as set out by Regulation (EU) No 549/2013 of the European Parliament and of the Council*. In particular, Member States shall publish quarterly debt and deficit data separately for central government, state government, local government and social security funds, before the end of the following quarter or after publication of the relevant data by the Commission (Eurostat).</p>	<p>CZ:</p> <p>(Drafting):</p> <p>2. <u>Eurostat, in cooperation with Member States,</u> Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government as set out by Regulation (EU) No 549/2013 of the European Parliament and of the Council*. In particular, Member States shall publish quarterly debt and deficit data separately for central government, state government, local government and social security funds, before the end of the following quarter or after publication of the relevant data <u>referred to in Article 3(3)</u> by the Commission (Eurostat).</p> <p>CZ:</p> <p>(Comments):</p> <p><u>(1) Regarding the availability of fiscal data for all sub-sectors, this task can be transferred to Eurostat which would require a cooperation with Member States.</u></p> <p><u>(2) What exactly are “fiscal data”? This should be expressed more explicitly. If cash data were cancelled due to their sudden unnecessary use, it would be completely contrary to the principle of economy of the</u></p>

		<p><u>measures being implemented. How do we explain to the units having spent considerable resources that their cash system is no longer necessary?</u></p> <p><u>If the text refers to the 2nd sentence of recital 10, we should use a specific expression (see rec. 10: <i>“Member States and the Commission (Eurostat) should publish cash-based data, quarterly deficit and debt data applying the definitions set out in Article 2 of the Protocol (No 12) on the excessive deficit procedure (...)”</i>).</u></p> <p><u>(3) The part with Regulation 549/2013 repeats the newly edited first paragraph of Article 2 (see line 70). We suggest leaving out this part of the sentence.</u></p> <p><u>(4) Regarding the “relevant data”, does it refer to data in Article 3(3)? If so, this should be expressed more specifically.</u></p> <p>AT:</p> <p>(Drafting):</p> <p>Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government as set out by Regulation (EU) No 549/2013 2023/734 of the European Parliament and of the Council*. In particular, Member States shall publish quarterly debt and deficit data separately for central government, state government, local government and social security funds, before the end of the following quarter or after</p>
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		<p>publication of the relevant data by the Commission (Eurostat).</p> <p>AT:</p> <p>(Comments):</p> <p>New Regulation (EU) 2023/734; change of regulation (EU) No. 549/2013.</p> <p>These changes should be taken into account.</p> <p>PL:</p> <p>(Drafting):</p> <p>2. Member States shall ensure timely and regular public availability of fiscal data <u>in accordance with ESA 2010</u> for all subsectors of general government as set out by Regulation (EU) No 549/2013 of the European Parliament and of the Council*. In particular, Member States shall publish quarterly debt and deficit—data separately for central government, state government, local government and social security funds, <u>quarterly deficit for general government</u>, before the end of the following quarter or after publication of the relevant data by the Commission (Eurostat).</p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• According to the ESA2010 transmission programme, the preparation of quarterly data for the general government deficit broken down into sub-sectors is voluntary. There has not been legal obligation to provide this
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		<p>data so far.</p> <ul style="list-style-type: none">• Poland does not transmit data broken down by subsectors.• The obligation to publish deficit data separately for central government, local government and social security funds will require the reorganisation of the processes of elaborating quarterly nonfinancial accounts data, changes will be required in the scope of data sources, i.e. their extension and shortening the deadlines, as the time of their development will be extended. This will lead to substantial increase in costs for both data compilers and respondents. <p>Furthermore, wording of paragraph 2 first sentence should also be clarified in a way that data to be published should be prepared in accordance with ESA 2010 [The wording of paragraph is not clear enough as current reference to ESA 2010 regards only to the definition of subsectors].</p> <p>SI:</p> <p>(Comments):</p> <p>Additional publication requirements will require increase in capacity of national statistical offices. It is not clear whether this additional reporting requirements are aligned with the Regulation (EU) No 549/2013. Also, sufficient transition period is needed.</p> <p>BG:</p> <p>(Comments):</p>
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		<p>Currently, quarterly statistical data can only be published after validation by Eurostat. Please clarify the text whether the current revision implies that the data can be published before being validated by Eurostat.</p> <p>BE:</p> <p>(Comments):</p> <p>BE requests further explanations. What is the purpose of this change? What is its impact? The change appears to bring more simplicity in reporting (The shift to quarterly reporting for the entire reporting process is indeed a positive development), but is that the sole purpose of this provision?</p> <p>FR:</p> <p>(Drafting):</p> <p>2. Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government as defined set out by Regulation (ECEU) No 2223/96549/2013 of the European Parliament and of the Council*. In particular, Member States shall publish</p> <p>(a) cash-based fiscal data (or the equivalent figure from public accounting if cash-based data are not available) at the following frequencies:</p> <ul style="list-style-type: none">- monthly for central government, state government and social security sub-sectors, before the end of the following month, and quarterly, for the local government sub-sector, before the end of the following quarter;
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		<p>quarterly debt and deficit data separately for central government, state government, local government and social security funds, before the end of the following quarter or after publication of the relevant data by the Commission (Eurostat).</p> <ul style="list-style-type: none">- a detailed reconciliation table showing the methodology of transition between cash-based data (or the equivalent figures from public accounting if cash-based data are not available) and data based on the ESA 95 standard. <p>FR:</p> <p>(Comments):</p> <p>See row 94: we oppose amending these provisions.</p> <p>We especially ask to remove the reference to quarterly deficit data, which does not make much economic sense, especially at disaggregated level. By definition, such quarterly financial statements would be affected by the rhythm at which accounting transactions are carried out during the year and by the rate at which they are recorded, with a possible time lag between cash receipts and disbursements. In addition, stocktaking operations are generally only carried out at the end of the financial year. Without these stocktaking operations, the balances of the income and expense accounts are skewed. Moreover, the transactions related to operating revenue and especially capital expenditure are generally concentrated at the end. Finally, the use of quarterly rather than annual data would increase the risk of discrepancies between the accounts of the various sub-sectors of public administration (timing differences in the recording of transactions between sub-sectors).</p>
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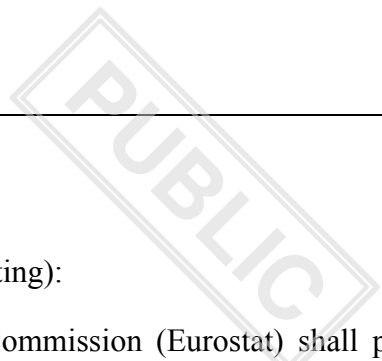
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		<p>We also ask to remove the reference to a publication date of quarterly debt data for all government subsectors after publication of relevant data by Eurostat. In this area, the data published by Eurostat stems from the Member States, the Member States always publishes the relevant data before Eurostat. This deadline would not be effective.</p> <p>PT:</p> <p>(Drafting):</p> <p>2. Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government as set out by Regulation (EU) No 549/2013 of the European Parliament and of the Council*. In particular, Member States shall publish quarterly debt and deficit data separately for <u>all existing subsectors of general government</u> (central government, state government, local government and social security funds), before the end of the following quarter or after publication of the relevant data by the Commission (Eurostat).</p> <p>PT:</p> <p>(Comments):</p> <p>We recall that quarterly deficit and debt data do not exist in all Members States for all subsectors.</p>
99.		
100.	3. The Commission (Eurostat) shall publish the quarterly government finance statistics data in accordance with tables 25, 27 and 28 of Annex B to Regulation (EU) No 549/2013, every 3 months.	<p>CZ:</p> <p>(Comments):</p> <p><u>As this refers solely to the Eurostat, this provision will not be needed to be transposed into the national law. Could the Commission confirm</u></p>

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		<p><u>that?</u></p> <p>AT:</p> <p>(Drafting):</p> <p>The Commission (Eurostat) shall publish the quarterly government finance statistics data in accordance with tables 25, 27 and 28 as well as 28a of Annex B to Regulation (EU) No 549/2013 2023/734, every 3 months.</p> <p>AT:</p> <p>(Comments):</p> <p>New Regulation (EU) 2023/734; change of regulation (EU) No. 549/2013.</p> <p>These changes should be taken into account.</p> <p>FR:</p> <p>(Drafting):</p> <p><i>Deletion of this paragraph</i></p> <p>FR:</p> <p>(Comments):</p> <p>See row 94.</p> <p>Besides, these proposed provisions need clarification.</p>
101.		

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102.	_____	
103.		
104.	*OJ L 174, 26.6.2013, p. 1.’	
106.		
107.	(3) Article 4 is amended as follows:	
108.		
109.	(a) paragraph 1 is replaced by the following:	
110.		
111.	<p>‘1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, including</p>	<p>DK: (Drafting): ‘1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission <u>and, if appropriate, those of other independent fiscal institutions established in accordance with article 8.</u> Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, <u>including in particular if</u> where the level or growth of variables in external assumptions departs significantly from the values contained in the</p>

	<p>where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.'</p>	<p>Commission's forecasts.'</p> <p>DK:</p> <p>(Comments):</p> <p><u>It is not appropriate to task IFIs with producing or endorsing the economic forecasts forming the basis for the medium-term plans for the following reasons:</u></p> <ul style="list-style-type: none"> - <u>Large reforms and other political measures are often presented in connection with medium-term forecasts and plans (at least in DK).</u> - <u>At least in Denmark, medium-term forecasts build on a wide range of inputs and assessments of the central administration, where IFIs do not have the same degree of detailed information.</u> <p><u>In conclusion, it would complicate fiscal planning.</u></p> <p>LU:</p> <p>(Drafting):</p> <p>'1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by <u>an</u> independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant</p>
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		<p>differences between the macroeconomic and budgetary forecasts of the Member State and the Commission's forecasts shall be explained<u>described with reasoning</u>, including <u>in particular</u> where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.'</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p><u>In addition, resources (human, financial) and capabilities between European IFIs differ substantially. There are important national implications to be considered.</u></p> <p><u>Align wording to the existing directive.</u></p> <p>RO:</p> <p>(Comments):</p> <p>[RO] In order to avoid any blockage, the IFI should only assess these if they are not mandated to produce forecasts. In order to ensure a balance, we could use the comply or explain principle here.</p> <p>CZ:</p>
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		<p>(Drafting):</p> <p>‘1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts.’</p> <p>CZ:</p> <p>(Comments):</p> <p><u>Given the scheduled cycles of economic forecasts or the timing of the EU semester, we request that this general rule be deleted. When we prepare our spring forecast or convergence programme, we don’t find it helpful to compare these with the Commission winter (interim) forecast.</u></p> <p><u>Furthermore, there may be unrealistic timing if a Member State issues a forecast before the Commission.</u></p> <p>AT:</p>
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		<p>(Drafting):</p> <p>‘1. Member States shall ensure that annual and multiannual 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 macro-fiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be either produced or endorsed by independent fiscal institutions established in accordance with Article 8. The budgetary forecasts shall be assessed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts.’</p> <p>AT:</p> <p>(Comments):</p> <p>In Austria, we have two IFIs, the macroeconomic forecasts are conducted by the Austrian Economic Research Institute (WIFO).</p> <p>The other IFI, the Austrian Fiscal Council, is assigned a monitoring role to assess compliance with fiscal rules. We don’t see the need to change its important role as a watchdog. The MoF is responsible for budgetary forecasts and medium-term planning, other institutions such as the Fiscal Council produce their own forecasts to monitor or assess the MoF budgetary forecast. The MoF budgetary forecast cannot be replaced by external institutions, also an “endorsement” of the MoF budgetary forecast would not be compatible</p>
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		<p>with the role as a monitoring body. Additionally, this proposal would decrease ownership of the government.</p> <p>PL:</p> <p>(Comments):</p> <p><u>General remark as to involvement of IFIs in preparing or endorsing macroeconomic and budgetary forecast - In line with the proposed framework we don't see any possibility of ex-ante involvement of IFI in the preparation of the plans as there would be not enough time.</u></p> <ul style="list-style-type: none">• <u>This type of “cooperation” between the government and IFI would be very time-consuming, if among others any differences between the government and IFI regarding quantification of economic or fiscal matters would need to be duly explained [multiannual approach in fiscal planning is far more challenging than annual approach].</u>• <u>As regards ex-post evaluation, endorsement or issuing opinion by the IFI on macroeconomic and budgetary forecasts of plans already adopted we can accept this approach as it may contribute to enhancing preparation of not only future medium-term plans but also annual budgetary forecasts by government.</u> <p><u>We believe that any ex-ante involvement of IFI in forecast production/ endorsement may be feasible only if the technical expenditure paths (a key element of the plans) would be “proposed” by the Commission in</u></p>
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		<p><u>Autumn after the Autumn forecast. This would give time for a proper cooperation between IFI and government on the plans.</u></p> <p>SI:</p> <p>(Drafting):</p> <p>‘1. Member States shall ensure that annual and multiannual 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 either produced or endorsed <u>and the budgetary forecasts assessed</u> by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts.’</p> <p>SI:</p> <p>(Comments):</p> <p>IFIs should assess the budgetary forecasts and not endorse them.</p> <p>In addition, the comparison between forecasts that are not produced at the same time (autumn/spring) is questionable.</p> <p>BG:</p>
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		<p>(Drafting):</p> <p>The macroeconomic and budgetary forecasts shall be <u>either produced, endorsed or evaluated by...</u></p> <p>BG:</p> <p>(Comments):</p> <p>Producing forecasts is mainly within the competence of MoF.</p> <p>Will any action be taken if a MS fails to satisfactory explain the difference between its forecasts and the COM forecasts?</p> <p>This comparison doesn't have value added. Usually when we prepare our forecasts those of the Commission are already outdated.</p> <p>Specify "significant differences".</p> <p>IT:</p> <p>(Drafting):</p> <p>'1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent</p>
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		<p>fiscal institutions established in accordance with Article 8. The budgetary forecasts shall be either produced or assessed by independent fiscal institutions established in accordance with Article 8. They The macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission.</p> <p>Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission's forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.'</p> <p>IT:</p> <p>(Comments):</p> <p>We do not support to extend the scope of the IFIs role to the endorsement of budgetary forecasts. The proposal does not appear consistent with the Council Conclusions adopted in March (para 5- j), according to which their role should remain focused on producing or endorsing macroeconomic forecasts, without providing any widening of their scope. IFI's should avoid any involvement in the design phase of the fiscal and economic planning. Furthermore, this extension of the IFI's role is not consistent with the actual heterogeneity in</p>
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		<p>IFI's structures, staff endowment and working practices across EU MS. Finally, the original proposal risks making the overall planning procedure too complex and burdensome.</p> <p>MT:</p> <p>(Drafting):</p> <p>'1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent fiscal institutions established in accordance with Article 8. <u>For annual planning, in case where the IFI endorses the budgetary forecasts, the endorsement should take place by 30 November.</u> They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission's forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.'</p> <p>MT:</p> <p>(Comments):</p> <p><u>Independent fiscal institutions (IFIs) endorsement of budgetary forecasts underlying</u></p>
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		<p>the submission of draft budgetary plans (DBPs) and medium-term fiscal structural plans would create a timing problem. If these endorsements are expected before submission of the plans, then this would lead to a timing issue in view of the release of fiscal data at the end of March (in the case of the medium-term plan) or end September (in the case of the DBPs). After this, a budgeting and forecasting exercise would essentially allow limited space for IFIs to conduct these assessments in a credible manner, in order to meet the stipulated deadlines for submission and publication. Therefore, for annual planning, IFI endorsement should take place following submission, but before the Commission opinion on the DBPs as per Article 7(1) of Regulation EU 473/2013. In the case of the multiannual fiscal planning, the plan ought to be submitted later than end April as it is being proposed in Article 9 of Regulation (EU) No 1466/97 (preventive arm). Therefore, the deadline to submit the medium-term plan should be extended, to reflect the new requirements for IFI's endorsement of the budgetary forecast.</p> <p>BE:</p> <p>(Drafting):</p> <p>‘1. [...] The macroeconomic and budgetary forecasts either produced or assessed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission's forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.’</p>
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		<p>BE:</p> <p>(Comments):</p> <p>1/ The term 'endorsed' implies that the independent institutions produces quasi-binding opinions towards the budgetary authority, namely the government, which is solely politically accountable to parliament. It is therefore preferable to use a more neutral term such as 'assessed'. This is also the terminology used by the Court of Auditors in its special report 2019/22 ("EU requirements for national budgetary frameworks: need to further strengthen them and to better monitor their application").</p> <p>2/ What if there are significant differences between the forecasts of the Commission and those of independent fiscal institutions?</p> <p>LV:</p> <p>(Drafting):</p> <p>‘1. Member States shall ensure that annual and multiannual 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 either produced or endorsed by independent fiscal institutions established in accordance with Article 8. They shall be compared with the most updated forecasts of the Commission. Significant differences between the macroeconomic and budgetary forecasts of the Member State and the Commission’s forecasts shall be explained, including where the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts.’</p> <p>LV:</p>
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		<p>(Comments):</p> <p><u>LV: IFI tasks have to be limited to the production or endorsement of the macroeconomic forecast as foreseen in the Regulation 473/2013 Art.4.par.4.</u></p> <p>https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32013R0473</p> <p>PT:</p> <p>(Comments):</p> <p>The budgetary forecasts, to be used on annual and multiannual fiscal planning, should be under the exclusive responsibility of governments.</p>
112.		
113.	(b) paragraph 4 is deleted.	<p>LU:</p> <p>(Drafting):</p> <p>(b) paragraph 4 is deleted.</p> <p>LU:</p> <p>(Comments):</p> <p><u>Why is the reference to the sensitivity analysis deleted?</u></p> <p>BG:</p>

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		(Comments): There will be no sensitivity analysis
114.		
115.	(c) paragraphs 5 and 6 are replaced by the following:	
116.		
117.	‘5. Member States shall specify which institution is responsible for producing macroeconomic and budgetary forecasts. At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.	<p>LU:</p> <p>(Drafting):</p> <p>5. Member States shall specify which institution is responsible for producing macroeconomic and budgetary forecasts. At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts. <u>5. 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 annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.</u></p> <p>LU:</p> <p>(Comments):</p>

		<p><u>We do not perceive an added value in changing the wording of the paragraph. Revert to wording in the existing directive.</u></p> <p>AT:</p> <p>(Drafting):</p> <p>5. Member States shall specify which institution is responsible for producing macroeconomic and budgetary forecasts. At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.</p> <p>AT:</p> <p>(Comments):</p> <p>Reasoning see line 111.</p> <p>EL:</p> <p>(Drafting):</p> <p>‘5. Member States shall specify which institution is responsible for producing macroeconomic and budgetary forecasts <u>and shall make public the official macroeconomic and budgetary forecasts prepared for fiscal planning, including the methodologies, assumptions and relevant parameters underpinning those forecasts.</u> At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.</p>
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		<p>EL:</p> <p>(Comments):</p> <p><u>We would prefer to keep the current text of the Directive on the publication of official forecasts. The respective reference in the preventive arm Regulation apply only to medium-term fiscal structural plans, while the current Directive applies also to budgetary documents produced in the context of the national budgetary framework.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>‘5. 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 annual and multiannual fiscal planning, including the methodologies, assumptions and relevant parameters underpinning those forecasts. At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.</p> <p>IT:</p> <p>(Comments):</p>
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		<p>See line 111. Considering we are not in favour of extending the IFI's role to the endorsement of budgetary forecasts, we believe it is more appropriate to keep the wording of the current Directive.</p> <p>BE:</p> <p>(Drafting):</p> <p>'5. Member States shall specify to the Commission the institutions that are responsible for producing or assessing macroeconomic and budgetary forecasts. Annually, these designated institutions and the Commission shall engage in a technical dialogue to discuss the assumptions underlying the preparation of macroeconomic and budgetary forecasts</p> <p>BE:</p> <p>(Comments):</p> <p>Is this provision targeting independent fiscal institutions or more broadly all the institutions involved in producing or assessing macroeconomic and budgetary forecasts? It is not clear. It seems logical that both budgetary authorities and designated independent institutions engage in a technical dialogue with the Commission to try to prevent significant differences between their forecasts and those of the Commission.</p>
118.		

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<p>119.</p>	<p>6. The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning produced by the national institutions shall be subject to regular, objective and comprehensive evaluation by an independent body, including <i>ex post</i> evaluation. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p>	<p>DK:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for <u>annual and multiannual</u> fiscal planning <u>produced by the national institutions</u> shall be subject to regular, <u>objective</u> and comprehensive evaluation <u>by an independent body</u>, including <i>ex post</i> evaluation. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>LU:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for <u>annual and multiannual</u> fiscal planning <u>produced by the national institutions</u> shall be subject to regular, <u>objective</u> and comprehensive evaluation <u>based on an independent body objective criteria</u>, including <i>ex post</i> evaluation. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>LU:</p> <p>(Comments):</p>
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		<p><u>We do not perceive an added value in changing the wording of the paragraph. Revert to wording in the existing directive.</u></p> <p>RO:</p> <p>(Comments):</p> <p>[RO] Scrutiny reservation as regards the role of IFIs.</p> <p>AT:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for <u>annual and multiannual</u> fiscal planning <u>produced by the national institutions</u> shall be subject to regular, <u>objective</u> and comprehensive evaluation <u>by an independent body</u>, including <i>ex post</i> evaluation. The result of that evaluation shall be made public and taken into account appropriately considered 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 shall take the necessary action and make it public.’</p> <p>AT:</p> <p>(Comments):</p> <p>There should be a discussion between the MoF and the IFIs regarding possible</p>
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		<p>adaptations, but not an automatic adaptation.</p> <p>PL:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning produced by the national institutions shall be subject to regular, objective and comprehensive evaluation by an independent body, including ex post evaluation. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>PL:</p> <p>(Comments):</p> <p>Evaluation of forecasts for multiannual planning could be very time-consuming, if any differences between the government and IFI regarding quantification of economic or fiscal matters would need to be duly explained. Multiannual approach in fiscal planning is far more challenging than annual approach. Therefore we opt for deleting involvement of IFI in evaluating macroeconomic and budgetary forecasts for multiannual fiscal planning.</p> <p>BG:</p> <p>(Comments):</p>
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		<p>Do you mean the IFIs by “an independent body”?</p> <p>The possibility for IFIs to expand their role in the implementation phase should be voluntary, not mandatory.</p> <p>Based on objective criteria—Why are objective criteria omitted?</p> <p>What does “taken into account appropriately” mean?</p> <p>The last sentence is very ambiguous and unnecessary. How is significant bias measured and what does it mean? 4 years is a short period to make definite conclusions whether a certain forecasting method produces biased forecasts.</p> <p>LT:</p> <p>(Drafting):</p> <p>The macroeconomic and budgetary forecasts for <u>annual and multiannual fiscal planning produced by the national institutions (budgetary authority or independent fiscal institution as referred in Article 8)</u> shall be subject to regular, <u>objective</u> and comprehensive evaluation <u>by an independent body</u>, including <i>ex post</i> evaluation.</p> <p>LT:</p>
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		<p>(Comments):</p> <p>Would the national Audit office be the right example of “independent body” which would be responsible for “regular, <u>objective</u> and comprehensive evaluation”?</p> <p>IT:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning underlying the government’s medium-term planning produced by the national institutions shall be subject to regular, objective and comprehensive evaluation by an independent body fiscal institution, including <i>ex post</i> evaluation. Where the forecasts underlying the government’s medium-term planning are produced by the independent fiscal institution itself, the forecasts shall be subject to regular, objective and comprehensive evaluation, by another independent body, including <i>ex post</i> evaluation. The result of that those evaluations shall be made public and taken into account appropriately in future macroeconomic and budgetary forecasts. If the evaluations detects a significant bias affecting macroeconomic forecasts over a period of at least 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>IT:</p> <p>(Comments):</p> <p>It is important to clarify who is exactly the independent body the article refers to. We therefore propose that the clarification provided by the COM to the</p>
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		<p>FICOs is made explicit.</p> <p>BE:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning produced by the Member States shall be subject to regular, objective, and comprehensive evaluation, including ex-post evaluation, by an independent fiscal institution. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>BE:</p> <p>(Comments):</p> <p>-What is meant by 'national institutions'? Wouldn't it be better to use the term "Member States" instead?</p> <p>What does the Commission really want with this provision?</p> <p>-The term 'independent body' used in this provision is not defined. We suppose that they are the 'independent fiscal institution' as defined in Article 2.</p>
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		<p>FR:</p> <p>(Drafting):</p> <p>6. The macroeconomic and budgetary forecasts for annual and multiannual fiscal planning produced by the national institutions shall be subject to regular, objective and comprehensive evaluation by an independent body, including <i>ex post</i> evaluation. This body can be the independent fiscal institution established in accordance with Article 8 if it is not in charge of producing the forecasts. The result of that 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 4 consecutive years, the Member State concerned shall take the necessary action and make it public.’</p> <p>FR:</p> <p>(Comments):</p> <p>For the sake of clarity, when the budgetary authority is in charge of the forecast, the institution in charge of the evaluation could be the independent fiscal institution, in coherence with Article 8, paragraph 4 (a). In Member States where IFIs are in charge of the forecast, some other independent body could be charged with this analysis.</p>
120.		
121.	(d) paragraph 7 is deleted.	<p>LU:</p> <p>(Comments):</p> <p><u>Why has this paragraph been deleted?</u></p> <p>FR:</p>

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		<p>(Drafting):</p> <p>Member States' quarterly debt and deficit levels shall be published by the Commission (Eurostat) every 3 months.</p> <p>FR:</p> <p>(Comments):</p> <p>See row 94. We ask to reintroduce the current version of art 4(7).</p>
122.		
123.	(4) Article 5 is replaced by the following:	
124.		
125.	<i>Article 5</i>	
126.		
127.	Each Member State shall establish its specific numerical fiscal rules to effectively promote compliance with its obligations deriving from the TFEU in the area of fiscal planning over a multiannual period for the general government as a whole. Such rules shall promote in particular:	<p>LU:</p> <p>(Drafting):</p> <p><u>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:</u>Each Member State shall establish its specific numerical fiscal rules to effectively promote compliance with its obligations deriving from the TFEU in the area of fiscal planning over a multiannual</p>

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		<p>period for the general government as a whole. Such rules shall promote in particular:</p> <p>LU:</p> <p>(Comments):</p> <p><u>We do not perceive an added value in changing the wording of the paragraph. Revert to wording in the existing directive.</u></p> <p>CZ:</p> <p>(Drafting):</p> <p>Each Member State shall establishhave in place its specific numerical fiscal rules to effectively promote compliance with its obligations deriving from the TFEU in the area of fiscal planning over a multiannual period for the general government as a whole. Such rules shall promote in particular:</p> <p>CZ:</p> <p>(Comments):</p> <p><u>We believe that it is important to “have” such rules, rather than to “establish” them. We already have numerical rules at national level.</u></p> <p>PL:</p> <p>(Drafting):</p>
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		<p>Each Member State shall establish its specific numerical fiscal rules to effectively promote compliance with its obligations deriving from the TFEU in the area of fiscal planning budgetary policy over a multiannual period in the medium term for the general government as a whole. Such rules shall promote in particular:</p> <p>PL:</p> <p>(Comments):</p> <p>We are not aware of TFEU obligations concerning “fiscal planning”. This term leaves room for different reading and therefore we would like to revert to the term “budgetary policy” from the current Directive. For example “planned” deficit to GDP ratio mentioned in Art. 126.2(a) is the deficit forecast for the next year. This is hardly “multiannual” period.</p> <p>Taking into account also point (b) of Art. 5 we understand that the idea is to promote compliance with targets from the fiscal and structural plan, therefore we suggest deleting “multiannual period” and refer to the “medium term” horizon of that plan.</p> <p>SK:</p> <p>(Comments):</p> <p>Is the COM proposing MS to modify their national numerical fiscal rules in accordance with the new legislation by referring that “Member State shall establish its specific numerical fiscal rules”?</p>
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		<p>LT:</p> <p>(Drafting):</p> <p>Each Member State shall establish its specific numerical fiscal rules which, adhered to, ensure to effectively promote compliance with its obligations deriving from the TFEU in the area of fiscal policy planning over a multiannual period for the general government as a whole. Such rules shall enable promote in particular:</p> <p>LT:</p> <p>(Comments):</p> <p>It is not enough to set the rules which only promotes compliance with the obligations. The rules, if thoroughly adhered to, should ensure the reach of fiscal targets.</p>
128.		
129.	(a) compliance with the reference values and provisions on deficit and debt set in accordance with the TFEU;	<p>FR:</p> <p>(Comments):</p> <p>For the sake of clarity, we suggest to clarify which articles of the TFUE are referring to in this paragraph or to remove the word “provisions”.</p>
130.		
131.	(b) the adoption of a multiannual fiscal planning period, consistent with the provisions of Regulation [XXX preventive	<p>PL:</p>

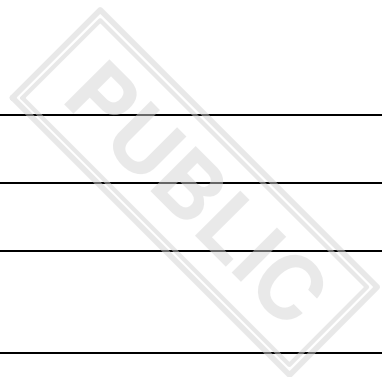
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	<p>arm of the SGP].*</p>	<p>(Drafting):</p> <p>(b) the adoption of a multiannual medium term fiscal planning period, consistent with the provisions of Regulation [XXX preventive arm of the SGP].*</p> <p>PL:</p> <p>(Comments):</p> <p>In order to be consistent with the amended reg. 1466 we suggest to shorten the time span to “medium term”. Otherwise an impression would appear that country-specific fiscal rules should for example guarantee that the debt trajectory does not worsen during 10 years after the end of the plan. This would be too difficult.</p> <p>SI:</p> <p>(Drafting):</p> <p>b) the adoption of a multiannual fiscal planning period, consistent with the provisions of Regulation [XXX preventive arm of the SGP].*</p> <p>SI:</p> <p>(Comments):</p> <p>This intervenes with possibilities of the national fiscal rules to be set in different manner than the SGP.</p>
132.		

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133.	_____	
134.		
135.	* Regulation (EU) of the European Parliament and of the Council of [insert date] [insert full title] (OJ L ..).'	
136.		
137.	(5) Article 6 is amended as follows:	
138.		
139.	(a) in paragraph 1, point (b) is replaced by the following:	LU: (Drafting): (a) in paragraph 1, point (b) is replaced by the following:
140.		
141.	‘(b) The effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent fiscal institutions established in accordance with Article 8.’;	LU: (Drafting): ‘(b) The effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent fiscal institutions established in accordance with Article 8.’; (b)

		<p><u>the effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We do not perceive an added value in changing the wording of the paragraph. Revert to wording in the existing directive.</u></p> <p>RO:</p> <p>(Comments):</p> <p>[RO] Scrutiny reservation as regards the role of IFIs.</p> <p>FR:</p> <p>(Drafting):</p> <p>(b) the effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent fiscal institutions established in accordance with-Article 8 2(h) or other bodies with independence or functional autonomy vis-à-vis the fiscal authorities of the Member States;</p>
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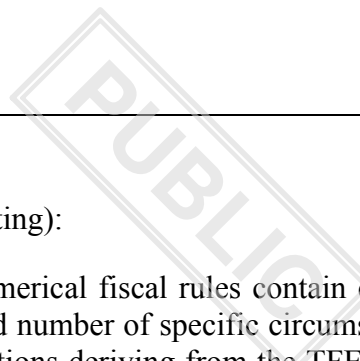
		<p>FR:</p> <p>(Comments):</p> <p>We ask for the clarification of the reference to “fiscal institution established in accordance with Article 8”. Article 8 calls out to Article 6 in the paragraph 4 (d), which itself calls out to Article 8. It creates a cross-reference which could be removed by referring to Article 2(h). Moreover, the monitoring of compliance with the numerical fiscal rules could be either the role of the independent fiscal institution or independent bodies as stated previously in the Directive.</p> <p>We stress that Article 6 already encompasses paragraph 4(d) of Article 8, which could be simplified.</p>
142.		
143.	(b) paragraph 2 is replaced by the following:	
144.		
145.	‘If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances, consistent with the Member States’ obligations deriving from the TFEU and Regulation [XXX preventive arm of the SGP], and stringent procedures in which temporary non-compliance with the rules is permitted. Escape clauses shall have clear time limits.’	<p>DE:</p> <p>(Drafting):</p> <p>‘If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances, consistent with the Member States’ obligations deriving from the TFEU and Regulation [XXX preventive arm of the SGP], and stringent procedures in which temporary non-compliance with</p>

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		<p>the rules is permitted. Escape <u>The activation of escape</u> clauses shall have clear time limits.’</p> <p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • It should be clarified that the proposed time limit refers to the duration of the activation of the escape clauses <p>CZ:</p> <p>(Drafting):</p> <p>If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances, consistent with the Member States’ obligations deriving from the TFEU <u>and Regulation [XXX</u> preventive arm of the SGP], and stringent procedures in which temporary <u>and time-bound</u> non-compliance with the rules is permitted. Escape clauses shall have clear time limits.’</p> <p>CZ:</p> <p>(Comments):</p> <p><u>An alternative to the formulation “. Escape clauses shall have clear time limits”.</u></p> <p>NL:</p> <p>(Comments):</p>
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		<p>We welcome the clear time limit for escape clauses.</p> <p>SK:</p> <p>(Comments):</p> <p>Not clearly specified time limits refers to the activation of escape clauses in general. Should the national escape clauses also be modified including the specification on the time limits?</p> <p>LT:</p> <p>(Drafting):</p> <p><...></p> <p>Escape clauses shall have clear time limits.²</p> <p>LT:</p> <p>(Comments):</p> <p>This sentence is not necessary as national escape clauses are described in the Regulation [XXX] preventive arm of the SGP], where it is said that:</p> <p>“On a recommendation from the Commission, the Council may adopt a recommendation allowing a Member State to deviate from its net expenditure path where exceptional circumstances outside the control of the Member State lead to a major impact on the public finances of the Member State concerned, provided it does not endanger fiscal sustainability in the medium term. The Council shall specify a time-limit for such a deviation.”</p>
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		<p>IT:</p> <p>(Drafting):</p> <p>‘If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances, consistent with the Member States’ obligations deriving from the TFEU and Regulation [XXX preventive arm of the SGP], and stringent procedures in which temporary non-compliance with the rules is permitted. If the specific circumstances persist, such clauses shall provide for possible extensions. Escape clauses shall have clear time limits.</p> <p>IT:</p> <p>(Comments):</p> <p>We think this specification is appropriate, considering also the current proposal for the preventive arm.</p> <p>PT:</p> <p>(Drafting):</p> <p>‘If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances, consistent with the Member States’ obligations deriving from the TFEU and Regulation [XXX preventive arm of the SGP], and stringent procedures in which temporary non-compliance with the rules is permitted. <u>The time span during which</u> Eescape clauses remain active shall have clear <u>time</u></p>
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		limits.’ PT: (Comments): We would clarify this reference on the escape clauses.
146.		
147.	(6) Article 7 is replaced by the following:	
148.		
149.	<i>Article 7</i>	
150.		
151.	The annual budget legislation of the Member States be consistent with the country-specific numerical fiscal rules in force.’	CZ: (Drafting): The annual budget legislation of the Member States shall be consistent with the country-specific numerical fiscal rules in force.’ CZ: (Comments): <u>“Shall” should be included.</u>

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		<p>LT:</p> <p>(Drafting):</p> <p>The annual budget legislation of the Member States shall <u>be consistent with the</u> country-specific numerical fiscal rules in force.’</p> <p>LT:</p> <p>(Comments):</p> <p>Correction of the mistype in the proposed text.</p>
152		
153.	(7) In Chapter V, the title is replaced by ‘INDEPENDENT FISCAL INSTITUTIONS’	<p>LU:</p> <p>(Drafting):</p> <p>(7) In Chapter V, the title is replaced by ‘INDEPENDENT FISCAL INSTITUTIONS’</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p><u>In addition, resources (human, financial) and capabilities between</u></p>

		<p><u>European IFIs differ substantially. There are important national implications to be considered.</u></p> <p>FI:</p> <p>(Drafting):</p> <p>(7) In Chapter V, the <u>a new</u> title is replaced <u>added</u> by ‘INDEPENDENT FISCAL INSTITUTIONS’</p> <p>FI:</p> <p>(Comments):</p> <p>This is an appropriate heading before the changed article 8 but is not the right heading for the current article 9, which is retained. Therefore, a new heading is added before article 8 and the current heading Medium-Term Budgetary Frameworks is kept before article 9.</p> <p>FR:</p> <p>(Drafting):</p> <p>(7) In Chapter V, the title is replaced by ‘INDEPENDENT FISCAL INSTITUTIONS AND INDEPENDENT BODIES’</p>
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		FR: (Comments): For logistic purposes, see row 182.
154.		
155.	(8) Article 8 is replaced by the following:	
156.		
157.	<i>'Article 8</i>	CZ: (Comments): <u>If an amendment to Commission Decision 2015/1937 on the establishment of an independent advisory European Fiscal Board is also being considered to strengthen its role, the interaction with national IFIs should also be regulated in this newly proposed article.</u>
158.		
159.	1. Member States shall 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.	LU: (Drafting): <u>1. Member States shall 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</u>

		<p><u>provisions:</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>CZ:</p> <p>(Drafting):</p> <p><u>Member States shall ensure that independent fiscal institutions, such as structurally bodies independent on a structure of another institution</u></p> <p><u>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.</u></p> <p>CZ:</p> <p>(Comments):</p> <p><u>As we find the expression "structurally independent" rather confusing, we prefer a more specific formulation that reflects the fact that there exist two different types of IFIs, one of which is embedded in an audit or control body, for instance.</u></p>
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		<p>PL:</p> <p>(Comments):</p> <p><u>General remark to art. 8</u></p> <ul style="list-style-type: none"><u>• This article goes beyond ECOFIN conclusions of 14 March 2023 and imposes on each member state an obligation to establish an independent fiscal institution (IFI) with a very wide mandate.</u><u>• In our opinion IFIs are not a guarantee of sound public finance, though they may foster it.</u><u>• We think that a variety of different organizational forms of similar institutions currently existing in the member states should be preserved and only minimum standards for IFIs at the EU level are needed.</u> <u>Discussion between the member states on the IFI's minimum standards is just at the beginning and we are looking forward to addressing the IFI status and role at the EU level.</u><u>• The IFI's impact on the EU multilateral fiscal surveillance should also be commensurate with their credibility and experience (too hasty establishing such institutions may undermine its credibility).</u><u>• It should be also noticed that requirements regarding involvement of independent institutions in the budgetary process are currently included</u>
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		<p><u>in Regulation (EU) No 473/2013 (Two Pack), which is binding only for Euro Area member states. And they are more extensive than requirements in the Directive which apply to all MS. In this context we find it difficult to understand why a much broader, and the same mandate of IFI as provided in for art. 8 should be applicable to both EA and non-EA member states.</u></p> <p>NL:</p> <p>(Comments):</p> <p><u>IFIs already play a large role in the Netherlands and are widely regarded as a success. As such, we are strong proponents of a more prominent role for IFIs in the new SGP. We are worried, though, that incorporating the IFIs in national laws, regulations or binding administrative provisions may change the way we currently successfully work together with IFIs</u></p> <p>EL:</p> <p>(Drafting):</p> <p><u>1. Member States shall ensure that independent fiscal institutions, such as structurally independent bodies or bodies endowed with functional autonomy vis-a-vis regards the budgetary authorities of the Member States, are established by national laws, regulations or binding administrative provisions.</u></p> <p>IT:</p>
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		<p>(Drafting):</p> <p>1. Member States shall ensure that independent fiscal institutions, such as bodies structurally independent bodies or bodies endowed with functional autonomy as regards the budgetary authorities of the Member States, in accordance with article 2, paragraph h), are established by national laws, regulations or binding administrative provisions, ensuring a high degree of functional autonomy and accountability, in accordance with the following paragraphs.</p> <p>IT:</p> <p>(Comments):</p> <p>We propose to coordinate the paragraph with the definition of IFI provided in Article 2, paragraph h). We also propose to specify that Member States shall ensure a high degree of functional autonomy and accountability to the IFI through the national legal provisions transposing the common minimum standards of the Directive (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017PC0824).</p>
160.		
161.	2. The institutions referred to in paragraph 1 shall be composed of members nominated and appointed on the basis of their	LU:

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	<p>experience and competence in public finances, macroeconomics or budgetary management, and by means of transparent procedures.</p>	<p>(Drafting):</p> <p><u>2. The institutions referred to in paragraph 1 shall 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.</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>NL:</p> <p>(Comments):</p> <p><u>This is an example of the comment above. Our IFIs are (and have been) composed of very competent members on the basis of their competence. How would including this into the SGP affect their current selection procedure?</u></p>
162.		
163.	3. The institutions referred to in paragraph 1 shall:	LU:

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		<p>(Drafting):</p> <p><u>3. The institutions referred to in paragraph 1 shall:</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p>
164.		
165.	<p>(a) not take instructions from the budgetary authorities of the Member State concerned or from any other public or private body;</p>	<p>LU:</p> <p>(Drafting):</p> <p><u>(a) not take instructions from the budgetary authorities of the Member State concerned or from any other public or private body;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p>
166.		

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167.	(b) have the capacity to communicate publicly about their assessments and opinions in a timely manner;	<p>LU:</p> <p>(Drafting):</p> <p><u>(b) — have the capacity to communicate publicly about their assessments and opinions in a timely manner;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>FR:</p> <p>(Drafting):</p> <p><u>(b) have the capacity to communicate publicly about their assessments and opinions in a timely manner and participate in regular hearings and discussions at the national Parliament;</u></p> <p>FR:</p> <p>(Comments):</p> <p><u>See row 189.</u></p>
168.		

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169.	(c) have adequate and stable own resources to carry out their mandate in an effective manner, including any type of analysis within their mandate;	<p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>In Germany, there is more than one independent fiscal institution. See also No. 40 and 183. The independent fiscal institution in charge of monitoring the MTO has stable financial resources provided by central government and the states (federal system).</u> <p>LU:</p> <p>(Drafting):</p> <p><u>(c) have adequate and stable own resources to carry out their mandate in an effective manner, including any type of analysis within their mandate;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>CZ:</p>
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		<p>(Drafting):</p> <p><u>have adequate and stable own-resources to carry out their mandate in an effective manner, including any type of analysis within their mandate. Such institutions referred to in paragraph 1 shall independently manage these resources. A separate budget chapter in the state budget may be allocated to these institutions;</u></p> <p>CZ:</p> <p>(Comments):</p> <p><u>The expression “own resources” may be misleading and may evoke some sort of tax for the IFI. If the term “own resources” is kept in the text, we will need to define it also in the national law. If own resources mean a budgetary chapter, then we would welcome a closer specification in the text.</u></p> <p>LT:</p> <p>(Drafting):</p> <p><u>have adequate and stable own resources to carry out their tasks mandate in an effective manner, including any type of analysis within their tasks mandate;</u></p> <p>LT:</p>
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		<p>(Comments):</p> <p><u>To align with Article 8 chapter 4 where the notion “tasks” is used, not the word “mandate”.</u></p> <p><u>Otherwise, the IFIs mandate should be clearly defined in the Directive.</u></p>
170.		
171.	<p>(d) have adequate and timely access to the information needed to fulfil their mandate;</p>	<p>LU:</p> <p>(Drafting):</p> <p><u>(d) have adequate and timely access to the information needed to fulfil their mandate;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>CZ:</p> <p>(Drafting):</p> <p><u>(d) have adequate and timely access to the information needed to fulfil their mandate. The content and extent of the information to be available to the institutions referred to in paragraph 1 shall be specified in a</u></p>

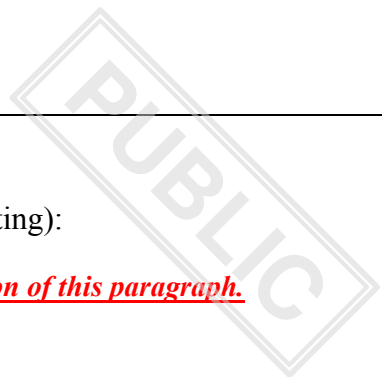
		<p><u>Memorandum of Understanding between such institution and the Ministry of Finance of the Member State (or another institution at the national level);</u></p> <p>CZ:</p> <p>(Comments):</p> <p><u>We prefer more specific text regarding the “adequate access” to the information needed. This is to reflect the Commission’s explanation that a Memorandum of Understanding between the IFI and the Ministry of Finance may be a solution.</u></p> <p>LT:</p> <p>(Drafting):</p> <p><u>have adequate and timely access to the information needed to fulfil their tasks mandate;</u></p> <p>LT:</p> <p>(Comments):</p> <p><u>To align with Article 8 chapter 4 where the notion “tasks” is used, not the word “mandate”.</u></p> <p><u>Otherwise, the IFIs mandate should be clearly defined in the Directive.</u></p>
172.		

173.	(e) be subject to regular external evaluations by independent evaluators.	<p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>The independent fiscal institution – for instance in charge of monitoring the MTO – is already a national deployed independent controlling body. Who should carry out the evaluation of an independent body?</u> <p>LU:</p> <p>(Drafting):</p> <p><u>(e) be subject to regular external evaluations by independent evaluators.</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>BG:</p>
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		<p>(Comments):</p> <p>What is meant by “independent evaluators? – IFIs from another MS, NGO/audit company or the National Audit Office?</p> <p>LT:</p> <p>(Comments):</p> <p><u>Could the example of “independent evaluator” be provided as an example?</u></p> <p>BE:</p> <p>(Drafting):</p> <p><u>(e) be subject to regular external evaluations by independent evaluators to verify compliance with the conditions of their independence.</u></p> <p>BE:</p> <p>(Comments):</p> <p><u>It is important to narrow down the scope of these evaluations in the Directive in order to avoid contradicting the principle of independence, but rather to reinforce it.</u></p>
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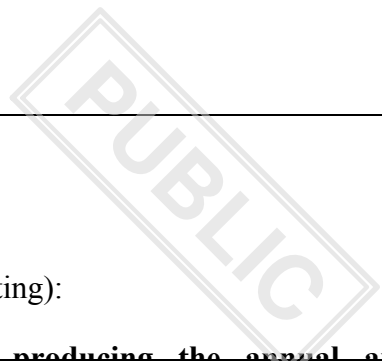


		<p>FR:</p> <p>(Drafting):</p> <p><u><i>Deletion of this paragraph.</i></u></p> <p>FR:</p> <p>(Comments):</p> <p><u>We propose to delete this provision. This directive already aims precisely at ensuring that the IFIs are independent and have adequate resources, a clear mandate and a central role in budgetary plans. IFIs are already independent institutions.</u></p>
174.		
175.	4. Member States shall ensure that the institutions referred to in paragraph 1 have the following tasks:	<p>LU:</p> <p>(Drafting):</p> <p><u>4. Member States shall ensure that the institutions referred to in paragraph 1 have the following tasks:</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p>

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		<p>FI:</p> <p>(Comments):</p> <p><u>Can the tasks a-g below continue to be allocated to two or more national IFIs as they might have been until now?</u></p> <p>SI:</p> <p>(Comments):</p> <p><u>Such broad tasks will require substantial increase in capacity of IFIs in many MS (particularly B, C and F) and will require transition period.</u></p>
176.		
177.	<p>(a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</p>	<p>DK:</p> <p>(Drafting):</p> <p><u>(a) producing assessing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</u></p> <p>DK:</p> <p>(Comments):</p> <p><u>See comments to 111 (article 4.1)</u></p>



		<p>LU:</p> <p>(Drafting):</p> <p><u>(a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>AT:</p> <p>(Drafting):</p> <p><u>(a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</u></p> <p>AT:</p> <p>(Comments):</p> <p>Reasoning see line 111.</p>
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		<p>PL:</p> <p>(Drafting):</p> <p>(a) <u>ex-post evaluating producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing provided those used by the budgetary authorities;</u></p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>IFI should not play any role at drafting stage of the plans (ex-ante "participation" of IFI in the process). See explanation in comment regarding art. 4(1).</u> <p><u>In line with March Ecofin conclusions the present role of IFIs in preparing or endorsing macroeconomic forecasts should be maintained and adapted to medium-term budgetary plans.</u></p> <p>NL:</p> <p>(Comments):</p> <p><u>Important that IFIs verify assumptions used in the national plans.</u></p> <p>SI:</p> <p>(Drafting):</p> <p><u>177. (a) producing the annual and multiannual</u></p>
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		<p><u>macroeconomic and assessing budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</u></p> <p>SI:</p> <p>(Comments):</p> <p>IFIs should assess the budgetary forecasts and not endorse them.</p> <p>BG:</p> <p>(Comments):</p> <p>We are against this. This is the responsibility of MoF.</p> <p>The budgetary forecasts are based on the government policies and priorities. The government's medium-term planning cannot be dependent on forecasts of external institutions. This would be admissible only in case of a necessity of significant fiscal adjustment as a result of lack of budgetary discipline and if the government does not have or does not fulfil a corrective plan. <u>Moreover, it would be acceptable for an IFI to check if the budgetary forecasts are realistic and objective criteria are used for their production.</u></p>
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		<p><u>IE:</u></p> <p><u>(Drafting):</u></p> <p><u>producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government’s medium-term planning or endorsing those the macroeconomic forecasts used by the budgetary authorities</u></p> <p><u>IE:</u></p> <p><u>(Comments):</u></p> <p><u>Given the additional burden that this would place on Irish authorities and the increased rigidity this would introduce into the forecasting process, Ireland does not support the requirement for Independent Fiscal Institutions (IFIs) to endorse budgetary forecasts.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government’s medium-term planning or endorsing those used produced by the budgetary authorities;</p> <p>IT:</p> <p>(Comments):</p>
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		<p>See line 111</p> <p>BE:</p> <p>(Drafting):</p> <p><u>(a) producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or assessing those used by the budgetary authorities;</u></p> <p>BE:</p> <p>(Comments):</p> <p><u>It is preferable to use the word 'assessing' rather than 'endorsing' in this context. The word 'endorsing' is ambiguous as it may imply that the independent budgetary institution is a decision-making authority, whereas it is actually only an advisory body that is not accountable to national parliaments</u></p> <p>FR:</p> <p>(Comments):</p> <p><u>We note that this provision already extends the role of IFIs beyond the current provisions of the framework that are limited to macroeconomic forecasts.</u></p> <p><u>This is consistent with the national practice in France.</u></p> <p>LV:</p> <p>(Drafting):</p>
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		<p><u>producing the annual and multiannual macroeconomic and budgetary forecasts underlying the government's medium-term planning or endorsing those used by the budgetary authorities;</u></p> <p>LV:</p> <p>(Comments):</p> <p><u>LV: IFI tasks have to be limited to the production or endorsement of the macroeconomic forecast as foreseen in the Regulation 473/2013 Art.4.par.4.</u></p> <p>https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32013R0473</p>
178.		<p>IT:</p> <p>(Drafting):</p> <p>(a-bis) producing the annual and multiannual budgetary forecasts underlying the government's medium-term planning or assessing those produced by the budgetary authorities;</p> <p>IT:</p> <p>(Comments):</p> <p>It is necessary to specify that the tasks assigned to the IFIs are different for the macroeconomic forecast and the budgetary forecast.</p>

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		<p>FR:</p> <p>(Drafting):</p> <p><u>(b) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p> <p>FR:</p> <p>(Comments):</p> <p><u>For logistic purposes. See row 185.</u></p>
179.	(b) producing debt sustainability assessments underlying the government's medium-term planning or endorsing those provided by the budgetary authorities;	<p>DK:</p> <p>(Drafting):</p> <p><u>(b) producing assessing the debt sustainability assessments underlying the government's medium-term planning or endorsing those provided by the budgetary authorities;</u></p> <p>DK:</p> <p>(Comments):</p> <p><u>See comments to 111 (article 4.1)</u></p>

		<p>LU:</p> <p>(Drafting):</p> <p>(b) — producing debt sustainability assessments underlying the government’s medium-term planning or endorsing those provided by the budgetary authorities;</p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>AT:</p> <p>(Drafting):</p> <p>(b) producing debt sustainability assessments underlying the government’s medium-term planning or endorsing assessing those provided by the budgetary authorities;</p> <p>AT:</p> <p>(Comments):</p>
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		<p>Reasoning see line 111.</p> <p>PL:</p> <p>(Drafting):</p> <p>(b) producing debt sustainability assessments underlying the government's medium-term planning or endorsing those provided by the budgetary authorities;</p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>IFI should not play any role at drafting stage of the plans. See explanation in comment regarding art. 4(1).</u>• <u>IFIs' tasks as specified in paragraph 4 go beyond Two Pack regulations (applicable to EA only).</u> <p><u>As regards IFI's task of producing debt sustainability assessments this issue was not even raised in the European Commission survey „Independent Fiscal Institutions Database” regarding IFIs' tasks in 2021. DSA is a highly complex analysis comprising macro and fiscal variables as well as many technical assumptions. An experienced staff and expertise is needed to carry out such analyses (high analytical potential with accessibility of data). We believe that shortly after its creation an IFI may</u></p>
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		<p><u>lack those qualities.</u></p> <p>FI:</p> <p>(Drafting):</p> <p>(b) <u>producing debt sustainability assessments underlying the government's medium-term planning or endorsing those provided by the budgetary authorities;</u></p> <p>FI:</p> <p>(Comments):</p> <p><u>This would go against the spirit of the March Council Conclusions. Member States have broadly objected to having the IFIs also producing DSAs.</u></p> <p>BG:</p> <p>(Comments):</p> <p>Skeptical about this.</p> <p>See the comment above. Producing debt sustainability assessments should be mainly within the duties/competences of MoF. And it should be included in the budget process/ medium-term planning.</p> <p>LT:</p> <p>(Comments):</p>
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		<p><u>Could you, please, specify, what do you mean by “debt sustainability assessments”? Are they any different from “debt sustainability analysis” (DSA)?</u></p> <p>EL:</p> <p>(Drafting):</p> <p>(b) producing debt sustainability assessments underlying the government’s medium-term planning or endorsing those provided by the budgetary authorities;</p> <p>EL:</p> <p>(Comments):</p> <p><u>In line with views expressed by many member states in previous discussions at the Council, we do not agree with extending IFIs’ mandate to debt sustainability analyses. The debt sustainability analysis is already being performed by the Commission and will actually acquire a stronger role in the context of the revised framework. The performance of the same type of analysis by a different institution can only act so as to create confusion, especially if the assumptions, projections, and classification arrangements used by IFIs are not exactly the same as the ones used by the Commission.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(b)producing debt sustainability assessments underlying the</p>
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		<p>government's medium term planning or endorsing those provided by the budgetary authorities;</p> <p>IT:</p> <p>(Comments):</p> <p>The provision introduces a further level of debt sustainability analysis with the risk of introducing additional complexity and overlapping of competences with the Commission, the Council and the relevant Member State's budgetary authorities.</p> <p>BE:</p> <p>(Drafting):</p> <p><u>(b) producing debt sustainability assessments underlying the government's medium-term planning or assessing those provided by the budgetary authorities;</u></p> <p>BE:</p> <p>(Comments):</p> <p><u>Same remark as in line 177</u></p> <p>FR:</p> <p>(Drafting):</p>
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		<p><u><i>Deletion of this paragraph</i></u></p> <p>FR:</p> <p>(Comments):</p> <p><u>We strongly oppose to extend the role of the IFIs to an analysis of Member States' debt sustainability</u> after publication of the medium-term plan. It goes far beyond what the Council endorsed in its conclusions adopted on March 14th on this subject (paragraph 5(j) of the conclusions stated that “<i>The current role of national independent fiscal institutions (IFIs) in producing or endorsing macroeconomic projections should be maintained and adapted to the medium-term fiscal-structural plans while minimum standards could be explored. IFIs should not play a role in the design phase of the national plans</i>”). The extension of the mandate of the IFIs should not go beyond these conclusions.</p> <p>LV:</p> <p>(Drafting):</p> <p><u>producing debt sustainability assessments underlying the government's medium term planning or endorsing those provided by the budgetary authorities;</u></p> <p>LV:</p> <p>(Comments):</p>
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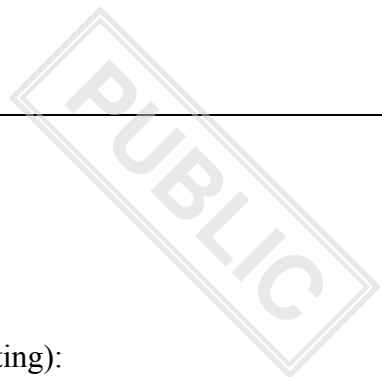
		<u>LV: lack of justification for substantial widening of the IFI tasks.</u>
180.		
181.	(c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;	<p>DK:</p> <p>(Drafting):</p> <p><u>(c) producing assessments assessing on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p> <p>DK:</p> <p>(Comments):</p> <p><u>See comments to 111 (article 4.1)</u></p> <p>LU:</p> <p>(Drafting):</p> <p><u>(c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p> <p>LU:</p>

		<p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>AT:</p> <p>(Drafting):</p> <p><u>(c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing assessing those provided by the budgetary authorities;</u></p> <p>AT:</p> <p>(Comments):</p> <p>Reasoning see line 111.</p> <p>PL:</p> <p>(Drafting):</p> <p><u>(c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p> <p>PL:</p> <p>(Comments):</p>
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		<ul style="list-style-type: none">• <u>Currently in the EU IFIs are not obliged to produce long-term fiscal sustainability assessment, though in some member states IFI do produce them.</u> <p><u>Furthermore, the current wording is not precise enough as it would oblige IFI to produce assessments on the impacts of any policy as prepared by the government. This would cause an immense burden not only for government but also for IFI, thus may significantly hamper implementation of any new policies by the government.</u></p> <p>FI:</p> <p>(Drafting):</p> <p><u>(e) — producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p> <p>FI:</p> <p>(Comments):</p> <p><u>This would also go beyond what was included in the March Council Conclusions according to our interpretation.</u></p> <p>BG:</p>
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		<p>(Comments):</p> <p>Skeptical about this.</p> <p>See comments above. Producing assessments on the impacts of policies on fiscal sustainability should be mainly within the duties/competences of MoF. And it should be part of the budget procedure/ budget documents.</p> <p>LT:</p> <p>(Drafting):</p> <p><u>producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p> <p>LT:</p> <p>(Comments):</p> <p><u>Too broad and unclear requirement. (The clarity is needed on what specifically has been meant by “assessment (or endorsing) on(of) the impacts of policies on sustainable and inclusive growth)</u></p> <p>EL:</p> <p>(Drafting):</p> <p><u>(e) — producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</u></p>
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		<p>EL:</p> <p>(Comments):</p> <p><u>This point is not entirely clear or straightforward. Concerning fiscal sustainability, see our arguments above against IFIs producing or endorsing debt sustainability analysis. Concerning the macroeconomic impact of policy measures, this should presumably be part of the IFIs already existing role in producing or endorsing the macroeconomic forecasts. From a technical perspective, it is difficult to identify the new element that point (c) introduces. At the same time, the wording is general enough to be interpreted even in ways that would imply IFIs' competences on the design of policy, on which we would clearly disagree. We therefore propose to delete this point.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(e) — producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities;</p> <p>IT:</p> <p>(Comments):</p> <p>It would be preferable to avoid an overlapping of competences with the Commission and the relevant Member State's authorities.</p>
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		<p>MT:</p> <p>(Drafting):</p> <p><u>(c) producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities in case of an extension of the medium term fiscal structural plan;</u></p> <p>MT:</p> <p>(Comments):</p> <p><u>A quantification of the expected impacts of reforms and investment is only applicable to Member States which opt for an extension of the medium-term plan, as per the proposed Regulation (EU) No 1466/97. Therefore, this task should be limited to only these cases, in order not to create excessive burden on IFIs also in view of timing issues.</u></p> <p>BE:</p> <p>(Drafting):</p> <p><u>(c) producing assessments on the impacts of policies on fiscal sustainability</u></p>
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		<p><u>and sustainable and inclusive growth or assessing those provided by the budgetary authorities;</u></p> <p>BE:</p> <p>(Comments):</p> <p><u>Same remark as in lines 177 and 179</u></p> <p>FR:</p> <p>(Drafting):</p> <p><u>Deletion of this paragraph</u></p> <p>FR:</p> <p>(Comments):</p> <p><u>We strongly oppose to extend the role of the IFIs to the evaluation of the impact of policies.</u> It goes far beyond what the Council endorsed in its conclusions adopted on March 14th on this subject (paragraph 5(j) of the conclusions stated that “<i>The current role of national independent fiscal institutions (IFIs) in producing or endorsing macroeconomic projections should be maintained and adapted to the medium-term fiscal-structural plans while minimum standards could be explored. IFIs should not play a role in the design phase of the national plans</i>”). The extension of the mandate of the IFIs should not go beyond these conclusions.</p> <p>LV:</p>
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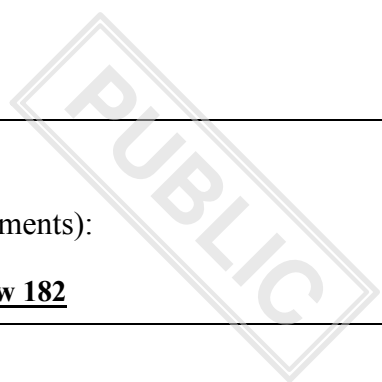
		<p>(Drafting):</p> <p>producing assessments on the impacts of policies on fiscal sustainability and sustainable and inclusive growth or endorsing those provided by the budgetary authorities</p> <p>LV:</p> <p>(Comments):</p> <p><u>LV: lack of justification for substantial widening of the IFI tasks.</u></p>
182.		<p>FR:</p> <p>(Drafting):</p> <p><u>5. Member States shall ensure that the institutions referred to in paragraph 1, or other bodies with independence or functional autonomy as regards the budgetary authorities of the Member States <u>have the following tasks:</u></u></p> <p>FR:</p> <p>(Comments):</p> <p><u>We think that the compliance with the country-specific numeric fiscal rules should be monitored by the IFI or any other independent body, as it is the case with the current directive. For example, in France, our Court of Auditors can be in charge of this monitoring, while the HCFP remains our national IFI.</u></p>
183.	(d) monitoring compliance with country-specific numerical fiscal rules in accordance with Article 6;	<p>LU:</p>

		<p>(Drafting):</p> <p><u>(d) monitoring compliance with country specific numerical fiscal rules in accordance with Article 6;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>AT:</p> <p>(Drafting):</p> <p><u>Assessing the budgetary forecasts and monitoring compliance with country-specific numerical fiscal rules in accordance with Article 6;</u></p> <p>AT:</p> <p>(Comments):</p> <p>Reasoning see line 111.</p> <p>LT:</p> <p>(Drafting):</p> <p><u>monitoring compliance with country-specific numerical fiscal rules in</u></p>
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		<p><u>accordance with Article 6 point (b)</u></p> <p>LT:</p> <p>(Comments):</p> <p><u>For the sake of clarity and one-folded interpretation as specifically point (b) contains clauses on IFIs role in assessment of compliance with fiscal rules:</u></p> <p>“(b) The effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent fiscal institutions established in accordance with Article 8.”</p> <p>EL:</p> <p>(Drafting):</p> <p><u>(b) monitoring compliance with country-specific numerical fiscal rules in accordance with Article 6;</u></p> <p>FR:</p> <p>(Drafting):</p> <p><u>(a) monitoring compliance with country-specific numerical fiscal rules in accordance with Article 6;</u></p>
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		<p>FR:</p> <p>(Comments):</p> <p><u>See row 182</u></p>
184.		
185.	<p>(e) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</p>	<p>LU:</p> <p>(Drafting):</p> <p><u>(e) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>PL:</p> <p>(Drafting):</p> <p><u>(e) ex-post monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p>



		<p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>We can accept IFI ex-post monitoring compliance with the Union fiscal framework as a compromise proposal.</u> <p>FI:</p> <p>(Drafting):</p> <p><u>(e) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p> <p>FI:</p> <p>(Comments):</p> <p><u>Duplication of the work done by the Commission should be avoided. Furthermore, this would go beyond the March Council Conclusions according to our interpretation.</u></p> <p>LT:</p> <p>(Comments):</p> <p><u>The (e) clause should be amended by at least main specifications of what</u></p>
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		<p><u>content is expected from such a broad assessment or the specific Articles of the Preventive and corrective arm regulations should be identified in this para (e)</u></p> <p>EL:</p> <p>(Drafting):</p> <p><u>(ce) monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p> <p>BE:</p> <p>(Drafting):</p> <p><u>(e) — monitoring compliance with the Union fiscal framework in accordance with Regulations [XXX preventive arm of the SGP] and [XXX corrective arm of the SGP] *;</u></p> <p>BE:</p> <p>(Comments):</p> <p><u>Isn't it rather the role of the European Commission to verify whether the national budget frameworks of the Member States comply with EU law and with this specific directive? These additional tasks have a negative budgetary impact as they require allocating sufficient resources to carry them out successfully.</u></p>
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		<p>FR:</p> <p>(Drafting):</p> <p><u><i>Relocate this paragraph within Article 8 paragraph 4</i></u></p> <p>FR:</p> <p>(Comments):</p> <p><u>For logistic purposes (role of the IFI)</u></p>
186.		
187.	<p>(f) conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;</p>	<p>LU:</p> <p>(Drafting):</p> <p><u>(f) — conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation</u></p>

		<p><u>of an institution that should remain independent).</u></p> <p>EL:</p> <p>(Drafting):</p> <p><u>(df) conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;</u></p> <p>IT:</p> <p>(Drafting):</p> <p>(f) conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;</p> <p>IT:</p> <p>(Comments):</p> <p>As several new tasks are requested to be performed on a regular basis, the</p>
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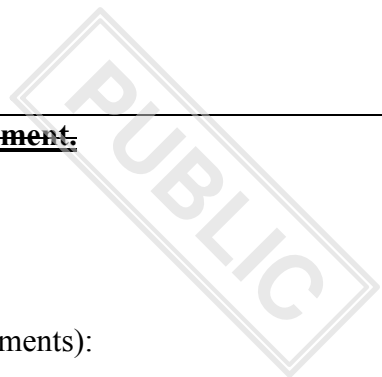
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		<p>original disposition may imply excessive administrative burdens and expenses with no clear added value.</p> <p>BE:</p> <p>(Drafting):</p> <p>(f) — conducting, on a regular basis, reviews of the national budgetary framework, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government;</p> <p>BE:</p> <p>(Comments):</p> <p><u>Same remark as in line 185</u></p> <p>FR:</p> <p>(Drafting):</p> <p><u><i>Relocate this paragraph within Article 9</i></u></p> <p>FR:</p> <p>(Comments):</p>
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		<p>See row 218. The IFI is part of the national budgetary framework, therefore it could not be in charge of conducting the reviews of the national budgetary framework. As a consequence, another body (for instance the National Court of Auditors in France) would be better suited to carry out such regular review of the national budgetary framework. Another body would also be able to review the mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government. These options should remain open.</p>
188.		
189.	(g) participate in regular hearings and discussions at the national Parliament.	<p>DE:</p> <p>(Drafting):</p> <p>(g) — participate in regular hearings and discussions at the national Parliament.</p> <p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • Specification is needed whether mandatory participation is envisaged. Parliament can already decide to invite experts. Mandatory participation must be rejected, since this would be an interference with the legislative. <p>LU:</p> <p>(Drafting):</p> <p>(g) — participate in regular hearings and discussions at the national</p>



		<p><u>Parliament.</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>LT:</p> <p>(Drafting):</p> <p><u>participate in regular hearings and/or discussions at the national Parliament</u></p> <p>EL:</p> <p>(Drafting):</p> <p><u>(ge) participate in regular hearings and discussions at the national Parliament.</u></p> <p>BE:</p>
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		<p>(Drafting): (g) — participate in regular hearings and discussions at the national Parliament.</p> <p>BE:</p> <p>(Comments): <u>It is not necessary to provide for an explicit, legal, or regulatory provision in national laws in order to enable national parliaments to invite independent budgetary institutions. In fact, this is part of the natural prerogative of parliaments to invite whoever they wish. Therefore, BE is of the opinion that this provision should not be removed.</u></p> <p>FR:</p> <p>(Drafting): <u>Relocate this paragraph within Article 8 paragraph 3</u></p> <p>FR:</p> <p>(Comments): <u>We ask to relocate this provision within Article 8 paragraph 3. In national law, the government is forbidden to force the Parliament to have a specific action. By relocating this point, we make sure that the Parliament is not forced to, but able to, invite the independent fiscal institution to hearings and discussions.</u></p>
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190.		
191.	<p>5. Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</p>	<p>LU:</p> <p>(Drafting):</p> <p><u>5. Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</u></p> <p>LU:</p> <p>(Comments):</p> <p><u>We should not go beyond current political consensus. The IFIs should have no ex ante role in the process (as this could lead to the politicisation of an institution that should remain independent).</u></p> <p>CZ:</p> <p>(Drafting):</p> <p><u>Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within an</u></p>

		<p><u>adequate time period month</u> from the issuance of such assessments or <u>opinions.</u></p> <p>CZ: (Comments):</p> <p><u>We believe that such a specific time period may not be suitable for a Directive. The specific time period could be specified in national legislation.</u></p> <p>AT: (Drafting):</p> <p><u>Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of monitoring compliance with the EU fiscal framework the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</u></p> <p>AT: (Comments):</p>
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		<p><u>In order to guarantee the enforcement of the EU fiscal framework, the IFIs should have special information rights regarding the MS. Beyond that, however, it is up to the elected representatives to make amendments and set priorities. While the IFIs should review and evaluate the points mentioned in paragraph 4, there should be no obligation for the MS to justify themselves on these points. An evaluation and a public statement on these points is sufficient to generate public pressure if necessary.</u></p> <p>PL:</p> <p>(Drafting):</p> <p><u>5. Member States shall ensure that the budgetary authorities of the Member State concerned take into account comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4 in the preparation of macroeconomic and budgetary forecasts for annual and multiannual fiscal planning. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</u></p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>A deadline to comply with the comply-or-explain rule has no reasoning. In line with the binding regulations the EU Council has no deadline to explain why it changes the Commission recommendation.</u>• <u>Due to a very limited time frame as provided in for regulation 1466/97</u>
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it would be also not feasible to “conduct a dialogue” between budgetary authority and IFI. We have a similar comment regarding art. 4 paragraph 1.

We believe that IFI input in annual and multiannual fiscal planing should be duly taken into account the budgetary authorities as to enhance the pudgetary process and avoid past budgetary mistakes and slippages.

IT:

(Drafting):

5. Member States shall ensure that the budgetary authorities of the Member State concerned comply with the **evaluations assessments or opinions** issued by the institutions in the context of the tasks referred to in paragraph 4, **point a)**. Where such budgetary authorities do not comply with those **evaluations assessments or opinions**, they shall publicly justify the decision not to comply within a month from the issuance of such **evaluations assessments or opinions**.

IT:

(Comments):

We propose to limit the "*comply or explain*" rule to the case of non-endorsement by the IFIs. This amendment should be read in conjunction with our amendments to article 8, paragraph 4 that spcificy the tasks to be attributed to the IFIs. The expression "assessments or opinions" used in the

		<p>proposal is not clear and would lead to uncertainty in the application.</p> <p>BE:</p> <p>(Drafting):</p> <p>5. Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</p> <p>BE:</p> <p>(Comments):</p> <p><u>This provision grants excessive power to independent fiscal institutions, even though they are not accountable to national parliaments. They have no authority other than providing opinions that governments are free to either follow or ignore.</u></p> <p>FR:</p> <p>(Drafting):</p> <p><u><i>Deletion of this paragraph</i></u></p> <p>FR:</p>
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		<p>(Comments):</p> <p><u>We propose to delete because it is redundant with Article 8 paragraph 4. Indeed, the notion of compliance is already included in the notion of production or endorsement.</u></p> <p>PT:</p> <p>(Drafting):</p> <p><u>5. Member States shall ensure that the budgetary authorities of the Member State concerned comply with the assessments or opinions issued by the institutions in the context of the tasks referred to in paragraph 4. Where such budgetary authorities do not comply with those assessments or opinions, they shall publicly justify the decision not to comply within a month from the issuance of such assessments or opinions.</u></p> <p>PT:</p> <p>(Comments):</p> <p><u>IFIs can play an important role for ensuring transparency and budgetary accountability, without losing sight of the political nature associated with the government's budgetary plans. Plus, as</u> in line with the Council Conclusions on the economic governance review, the IFIs role should be maintained. Otherwise, any strengthened role should be a voluntary decision by the Member State.</p>
192.		
193.	_____	

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194.		
195.	* Regulation (EU) of the Council of [insert date] [insert full title] (OJ L ..).	
196.		
197.	(9) Article 9 is amended as follows:	
198.		
199.	a) paragraph 1 is replaced by the following:	
200.		
201.	‘1. Member States shall establish a credible, effective medium-term budgetary framework providing for the adoption of a fiscal planning period of at least 4 years to ensure that national fiscal planning follows a multiannual fiscal planning perspective.’	<p>LT:</p> <p>(Drafting):</p> <p>Member States shall establish a credible, effective medium-term budgetary framework providing for the adoption of a fiscal planning period of at least 4 3 years to ensure that national fiscal planning follows a multiannual fiscal planning perspective.’</p> <p>LT:</p> <p>(Comments):</p> <p>Suggest to stick to the widely used medium term national budget planning for the 3 future years. “at least” indicates that a country can chose longer national</p>

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		<p>planning period it wishes so.</p> <p>Does FSP would be compliant with this para or a separate nationally approved medium term planning document would be needed?</p> <p>FR:</p> <p>(Comments):</p> <p>Could the Commission explain why the minimum period covered by the medium-term budgetary framework providing for the adoption of a fiscal planning period has been increased to 4 years, compared to 3 years in the current version of the Directive? We understand that it might be in order to ensure coherence with the length of the medium-term plan, but in this case we would prefer to refer to the period covered by the medium-term plan for more clarity.</p>
202.		
203.	b) paragraph 2 is amended as follows:	
204.		
205.	(i) point (a) is replaced by the following:	
206.		
207.	‘(a) comprehensive and transparent multiannual budgetary objectives as referred to in Article 2, point (e) in terms of the general government deficit, debt and any other summary fiscal indicator such as expenditure, ensuring that they are consistent	<p>LT:</p> <p>(Drafting):</p> <p>‘(a) comprehensive and transparent multiannual budgetary objectives as referred to in Article 2, point (e) in terms of the net expenditure, as defined</p>

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	<p>with any country-specific numerical fiscal rules as provided for in Chapter IV of this Directive and the relevant provisions of Regulation [XXX preventive arm of the SGP].’;</p>	<p>in Regulation [preventive arm], general government deficit,-debt and any other summary fiscal indicator such as general government structural balance expenditure, ensuring that they are consistent with any <u>country-specific numerical fiscal rules as provided for in Chapter IV of this Directive and the relevant provisions of Regulation [XXX preventive arm of the SGP].’</u></p> <p>LT:</p> <p>(Comments):</p> <p>The Article 2 point (e) defines that one of the MTBF elements is national budgetary objectives of the medium term. Therefore here, in pint (a) there is no need for the reference to the Article 2.</p> <p>In the context of EGR, the main operational indicator turns to be net expenditure. The structural balance will stay in at least some sets of national fiscal frameworks.</p> <p>The ”relevant provisions of Regulation [...]” should be specified, which provisions are meant here.</p> <p>EL:</p> <p>(Drafting):</p> <p>‘(a) comprehensive and transparent multiannual budgetary objectives as referred to in Article 2, point (e) in terms of the general government deficit, debt and any other summary fiscal indicator such as expenditure, ensuring that</p>
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		<p>they are consistent with any country-specific numerical fiscal rules as provided for in Chapter IV of this Directive, <u>as well as with and the relevant provisions of Regulation [XXX preventive arm of the SGP].</u>’;</p> <p>EL:</p> <p>(Comments):</p> <p><u>We think that continuous references to Article 2, point (e) are redundant and make the text more difficult to read. The reference to country-specific rules is also redundant as this Directive is about national budgetary frameworks. We think the current text is simpler.</u></p>
208.		<p>CZ:</p> <p>(Drafting):</p> <p>projections of each major expenditure and revenue item of the general government with more specifications on the central government and social security level, for the budget year and beyond, based on unchanged policies;</p> <p>CZ:</p> <p>(Comments):</p> <p><u>We suggest deleting paragraph (b) in this Article if the projections are mainly based on expenditure.</u></p> <p><u>On the other hand, paragraph (c) is relevant and should be kept.</u></p>

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209.	(ii) point (c) is replaced by the following:	<p>CZ:</p> <p>(Drafting):</p> <p>(ii) point (c) is replaced by the following:</p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 208.</u></p>
210.		
211.	<p>‘(c) 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, showing how the adjustment towards the national budgetary objectives over the medium term as referred to in Article 2, point (e), is achieved compared to projections under unchanged policies.’;</p>	<p>CZ:</p> <p>(Drafting):</p> <p>‘(c) a description of medium-term policies, including investment and reforms, envisaged with an impact on general government finances <u>and sustainable and inclusive growth,</u> broken down by major revenue and expenditure item, showing how the adjustment towards the <u>national budgetary objectives over the medium term as referred to in Article 2, point (e),</u> is achieved compared to projections under unchanged policies.’;</p> <p>CZ:</p> <p>(Comments):</p> <p><u>Investments and reforms should be specified more precisely so that it can be effectively reflected in the Czech legal system. Or is the Commission</u></p>

		<p><u>planning some methodology?</u></p> <p><u>If the Commission envisages further guidelines for investment and reforms, a more general text may be sufficient.</u></p> <p>PL:</p> <p>(Drafting):</p> <p>‘(c) a description of medium-term policies, <u>including investment and reforms</u>, envisaged with an impact on general government finances <u>and sustainable and inclusive growth</u>, broken down by major revenue and expenditure item, showing how the adjustment towards the <u>national budgetary objectives over the medium term as referred to in Article 2, point (e)</u>, is achieved compared to projections under unchanged policies.’</p> <p>PL:</p> <p>(Comments):</p> <p>We would suggest replacing “general government finances” with “the general government”.</p> <p>FI:</p> <p>(Drafting):</p> <p>‘(c) a description of medium-term policies, <u>including investment and reforms</u>, envisaged with an impact on general government finances <u>and sustainable and inclusive growth</u>, broken down by major revenue and expenditure item, showing how the adjustment towards the <u>national budgetary objectives over the medium term as referred to in Article 2,</u></p>
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		<p>point (e), is achieved compared to projections under unchanged policies.’;</p> <p>FI:</p> <p>(Comments):</p> <p>It would be difficult to provide clear horizontal instructions and guidelines to assess the impact of investments and reforms on medium-term policies on sustainable and inclusive growth. The text could follow the existing legislation.</p> <p>NL:</p> <p>(Comments):</p> <p>Will the Commission provide guidance how to measure and report the impact of reforms and investments?</p> <p>BG:</p> <p>(Comments):</p> <p>This is too complicated and burdensome.</p> <p>Is there a difference between multiannual (multiannual budgetary objectives) and medium-term (medium-term policies)?</p> <p>LT:</p> <p>(Drafting):</p> <p>(c) a description of medium-term policies, including investment and</p>
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		<p>reforms, envisaged with an impact on general government finances and sustainable and inclusive growth, broken down by major revenue and expenditure item, showing how the adjustment towards the national budgetary objectives over the medium term as referred to in Article 2, point (e), is achieved compared to projections under unchanged policies.’</p> <p>LT:</p> <p>(Comments):</p> <p>The deleted requirement is not consistent to the criteria for the content of FSP set in the Regulation of the preventive arm.</p> <p>Question: could the FSP be at the same time national medium-term budgetary planning document?</p> <p>In the current framework SP(CP) is treated as national medium term fiscal framework if a country treats it as such.</p> <p>EL:</p> <p>(Drafting):</p> <p>‘(c) 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, showing how the adjustment towards the national budgetary objectives over the medium term as referred to in Article 2, point (e), is achieved compared to projections under unchanged policies.’;</p>
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		<p>EL:</p> <p>(Comments):</p> <p><u>As above, this seems redundant.</u></p>
212.		
213.	(iii) point (d) is replaced by the following:	<p>CZ:</p> <p>(Drafting):</p> <p><u>(iviii)</u> point (d) is replaced by the following:</p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 208.</u></p>
214.		
215.	‘(d) 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 shall specify, to the extent possible, the macrofiscal risks from climate change and their	<p>PL:</p> <p>(Drafting):</p> <p>‘(d) an assessment as to how in the light of their direct <u>medium-term and long-term impact on general government-finances</u>, the policies envisaged are likely to affect the <u>medium-term and long-term sustainability of the public finances and sustainable and inclusive growth. The assessment shall specify, to the extent possible, the macrofiscal risks from climate change</u></p>

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	<p>environmental and distributional impacts, and the implications on public finance of climate-related mitigation and adaptation policies over the medium-term and long-term.’;</p>	<p><u>and their environmental and distributional impacts, and the implications on general government public finance of climate-related mitigation and adaptation policies over the medium-term and long-term.’;</u></p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • <u>We would suggest replacing “general government finances” with “the general government”.</u> • <u>Instead of “public sector” there should be the general government [the public sector is a wider definition than the general government].</u> <p>FI:</p> <p>(Drafting):</p> <p>‘(d) 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 shall specify, to the extent possible, the macrofiscal 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.’;</p> <p>FI:</p> <p>(Comments):</p>
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		<p>Specifying “the macrofiscal 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” is new and no established methodology for this assessment exists currently.</p> <p>NL:</p> <p>(Comments):</p> <p>Can the Commission provide a clarification on: ‘to the extent possible’.</p> <p>SI:</p> <p>(Comments):</p> <p>Climate change related reporting is a significant change compared to the existing practices and will require new methodologies, procedures, and thus will require sufficient transition period and capacity.</p> <p>BG:</p> <p>(Comments):</p> <p>Same as the comment above (on (c)).</p> <p>LT:</p>
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		<p>(Drafting):</p> <p>‘(d) an assessment as to how in the light of their direct <u>medium-term and long-term</u> impact on general government finances, the policies envisaged are likely to affect the <u>medium-term and long-term sustainability of the public finances and sustainable and inclusive growth. The assessment shall specify, to the extent possible, the macrofiscal 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.</u>’;</p> <p>LT:</p> <p>(Comments):</p> <p>The deleted requirement is not consistent to the criteria for the content of FSP set in the Regulation of the preventive arm.</p> <p>The deletion of the last sentence is based on the understanding, that if to fulfil the content of the (deleted) requirement, the separate and very broad risk assessment report should be produced. It is questionable what frequency of update of such a report would be reasonable and would strike the balance between administrative burden and the purpose to disclose long term risks and their impact on different spheres (social, environment, public finances, etc.)</p> <p>The practice on the preparation of risk assessment reports in the MS likely to be very divergent – this would be the other reason not to not to include legal</p>
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		<p>requirement on such assessment</p> <p>EL:</p> <p>(Drafting):</p> <p>‘(d) 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 shall describe specify, to the extent possible, identifiable the macrofiscal risks from climate change and their likelh environmental and distributional impacts, and the potential implications on public finance of climate-related mitigation and adaptation policies over the medium-term and long-term.’;</p> <p>EL:</p> <p>(Comments):</p> <p><u>We are sceptical about the incorporation of requirements concerning estimates of macro-fiscal risks from climate change in the Directive. We do not consider that a credible analysis of macro-fiscal risks from climate change can be performed in the context of a medium-term budgetary framework.</u></p> <p>IT:</p> <p>(Drafting):</p>
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		<p>(d) 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 shall specify, to the extent possible, the macrofiscal 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.²;</p> <p>IT:</p> <p>(Comments):</p> <p>In the absence of a rigorous and shared methodology, we believe this provision would lead to extremely heterogenous assessment of macro fiscal risks deriving from climate change. The evaluation of their implications on public finance over the medium to long term horizon would be too weak and unreliable for the national financial planning.</p> <p>BE:</p> <p>(Drafting):</p> <p>‘(d) 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 shall specify, to the extent possible, the</p>
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		<p>macrofiscal 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.;</p> <p>BE:</p> <p>(Comments):</p> <p>There has been no discussion and no political agreement on green budgeting, particularly regarding the methodology it is based on. Therefore, we should not put the cart before the horse.</p>
216		
217.	c) paragraph 3 is deleted;	<p>FR:</p> <p>(Drafting):</p> <p>c) paragraph 3 is replaced by the following;</p> <p>FR:</p> <p>(Comments):</p> <p>See row 187.</p>
218.		FR:

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		<p>(Drafting): <u>Member States shall ensure that reviews of the national budgetary framework are conducted in a regular basis by bodies with independence or functional autonomy vis-à-vis the fiscal authorities of the Member States, in order to assess the consistency, coherence and effectiveness of the framework, including mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government</u></p> <p>FR:</p> <p>(Comments): See row 187.</p>
219.	(10) Articles 10 and 11 are replaced by the following:	
220.		
221.	<i>Article 10</i>	
222.		
223.	Annual budget legislation shall be consistent with the national budgetary objectives over the medium term as referred to in Article 2, point (e). Any departure shall be duly explained.?’;	<p>AT:</p> <p>(Drafting):</p> <p>Annual budget legislation shall be consistent with <u>the national budgetary objectives over the medium term as referred to in Article 2, point (e).</u> Any departure shall be duly explained.?’;</p>

		<p>AT:</p> <p>(Comments):</p> <p>Implementation not feasible in federal states.</p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>Despite the Commission explanation at the FiCo meeting on June 6 we are having problems with potential dominance of medium term fiscal path from plan endorsed by the Council over annual budgetary objectives. Does “consistency” of annual budget legislation mentioned in Art. 10 mean that medium term fiscal path from the medium term plan is binding for the annual budget? This would mean Parliament could not exercise its legislative powers regarding drafting the budget act. We could not accept it.</u>• <u>We can imagine a situation in which new fiscal measures or a significant change in the forecast (an improved outlook) allow to reach a deficit target from the medium term plan with a different (less demanding) expenditure path. Would the Commission find this situation acceptable provided that a new (less demanding) fiscal path in the annual budget was consistent with the budgetary objectives</u>
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		<p><u>from the medium term plan? Even if that would be the case, we understand that the Commission would nevertheless register deviations at the control account between the expenditure path endorsed by the Council and its outturn. We very much hope that in that case the Commission would analyse the evolution of expenditure as well revenue and improved macroeconomic situation.</u></p> <p><u>Nevertheless it should be clearly explained what would be an objective for the annual budget– a medium term budgetary deficit target from the medium term plan (which we prefer) or a fiscal path from that plan.</u></p> <p>EL:</p> <p>(Drafting):</p> <p>Annual budget legislation shall be consistent with <u>the national budgetary objectives over the medium term as referred to in Article 2, point (e).</u> Any departure shall be duly explained.’;</p> <p>EL:</p> <p>(Comments):</p> <p><u>This seems redundant.</u></p>
224.		
225.	<i>Article 11</i>	

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226.		
227.	<p>This Directive shall, in no way, prevent a Member State’s new government from updating its medium-term budgetary plan to reflect its new policy priorities. In such case, the new government shall indicate the differences between the previous and the new medium-term budgetary plan.’;</p>	<p>PL:</p> <p>(Comments):</p> <p>We see a discrepancy between this Article and Art. 14 from Regulation 1466. What is the sense of “allowing” MS to update their plans if it is up to the Commission whether the updated/ revised plan would be proceeded in accordance with Regulation 1466? Is Art. 14 in that Regulation not sufficient?</p> <p>NL:</p> <p>(Comments):</p> <p>What does it mean that governments have to indicate the differences between the previous and the new budgetary plan?</p> <p>BG:</p> <p>(Drafting):</p> <p><i>Budgetary plan /or Fiscal-structural plan...</i></p> <p>BG:</p> <p>(Comments):</p> <p>Is medium-term budgetary plan the same as the fiscal-structural plan?</p>

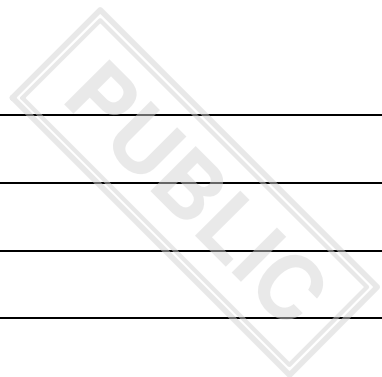
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		<p>LT:</p> <p>(Drafting):</p> <p>This Directive shall, in no way, prevent a Member State's new government from updating its medium-term budgetary plan to reflect its new policy priorities. In such case, the new government shall indicate the differences between the previous and the new medium-term budgetary plan, in case the budgetary objectives in terms of net expenditure change.'</p> <p>LT:</p> <p>(Comments):</p> <p>The FSP contains fiscal-budgetary targets (expenditure growth limits or expenditure ceilings for each year of the FSP horizon). If national medium term budgetary plan is updated resulting in change of budgetary target for net expenditures only in such a case the explanation would be relevant. In other case, for example, when only distribution of expenditures within the 'old' expenditure targets changes or the GG balance improves due to better revenue performance, such justification should be optional.</p>
228.		
229.	(11) in Chapter VI, the title is replaced by the following: 'TRANSPARENCY OF GENERAL GOVERNMENT FINANCES'	
230		
231.	(12) Article 12 is replaced by the following:	

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232.		
233.	<i>'Article 12</i>	
234.		
235.	<p>Member States shall ensure that any measures taken in compliance with Chapters II, III and IV are consistent across, all subsectors of general government and cover comprehensively those subsectors. To that effect Members States shall, in particular, require consistent public sector accounting rules and procedures, and the integrity of their underlying data collection and processing systems.';</p>	<p>DE:</p> <p>(Drafting):</p> <p>Member States shall ensure that any measures taken in compliance with Chapters II, III and IV are consistent across, all subsectors of general government and cover comprehensively those subsectors. To that effect Members States shall, in particular, require consistent public sector accounting rules and procedures, and the integrity of their underlying data collection and processing systems.';</p> <p>DE:</p> <p>(Comments):</p> <p>See comments Article 3 (1)</p> <p>PL:</p> <p>(Drafting):</p>

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		<p>Member States shall ensure that any measures taken in compliance with Chapters II, III and IV are consistent across, all subsectors of general government and cover comprehensively those subsectors. To that effect Members States shall, in particular, require consistent public sectorgeneral government accounting rules and procedures, and the integrity of their underlying data collection and processing systems.’;</p> <p>PL:</p> <p>(Comments):</p> <p>Instead of “public sector” there should be the general government [the public sector is a wider definition than the general government].</p> <p>LT:</p> <p>(Drafting):</p> <p><...></p> <p>To that effect, Members States shall, in particular, require consistent public sector accounting rules and procedures, and the integrity of their underlying data collection and processing systems, should be ensured.’;</p> <p>IT:</p> <p>(Drafting):</p> <p>Member States shall ensure that any measures taken in compliance with Chapters II, III and IV are consistent across, all subsectors of general</p>
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		<p>government and cover comprehensively those subsectors. To that effect Members States shall, in particular, require consistent public sector general government accounting rules and procedures, and the integrity of their underlying data collection and processing systems’.</p> <p>IT:</p> <p>(Comments):</p> <p>We prefer to make it clear that the text refers to “general government”.</p>
236.		
239.	(13) Article 14 is replaced by the following:	
240.		
241.	<i>Article 14</i>	<p>FR:</p> <p>(Comments):</p> <p>See row 94.</p>
242.		
243.	1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish 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 shall also publish values	<p>LU:</p> <p>(Comments):</p> <p><u>Practical limitations need to be taken into account. Example availability</u></p>

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	<p>corresponding to the combined impact on general government balances and debts of those bodies and funds whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p>	<p><u>of data, adjustment of calendar. Some streamlining may be necessary to make it realistic.</u></p> <p><u>Discussions are needed on the practical implications.</u></p> <p>PL:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish 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 shall also publish values corresponding to the combined impact on general government balances and debts of those bodies and funds whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities. <u>These obligations would refer only to a body or fund which impact on the general government as forecasted within the multiannual budgetary process exceeds the value equal to 0.1% of GDP as forecasted for a given year.</u></p> <p>PL:</p> <p>(Comments):</p> <p>General remark to art. 14 - This article imposes new information obligations on the member states that we find unrelated to the ongoing economic governance reform (paragraph 1 and 3). Their implementation may be very problematic and time-consuming.</p>
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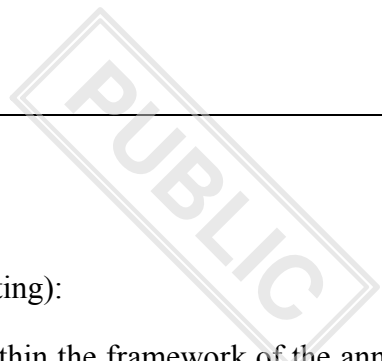
		<p>Paragraph 1 imposes an obligation to publish a list of all units of the general government and information on their balance and indebtedness. It would be possible to fulfil this obligation only if it was linked to a precise threshold expressed in % of GDP (the inclusion of a given entity in the obligation under paragraph 1 would be conditional on its forecasted expenditure in a given year). We believe that 0.1% of GDP threshold should be applied (the same level as the threshold of discretionary revenue measures to be included in the current SGP fiscal surveillance).</p> <p>FI:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall identify and presentpublish 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 shall also presentpublish values corresponding to the combined impact on general government balances and debts of those bodies and funds, whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>FI:</p> <p>(Comments):</p> <p>“Expected new liabilities” requires further explanation to ensure equal treatment of member countries. Hence, this could be deleted from the text. The text could follow more closely the existing legislation.</p>
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		<p>Sufficient transition periods are required for technical implementation of consolidated budgeting.</p> <p>SI:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish bodies and fundsentities which do not form part of the regular budgets but are part of the general government, including subsectors of general government. Member States shall also publish values corresponding to the combined impact on general government balances and debts of those bodies and funds whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>SI:</p> <p>(Comments):</p> <p>The term entities is more precise and used in ESA 2010.</p> <p>In general the related planning and reporting is too demanding and in detail.</p> <p>BG:</p> <p>(Drafting):</p>
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		<p>Shall publish <u>list of</u> bodies</p> <p>LT:</p> <p>(Drafting):</p> <p>Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish bodies and funds which do not form part of the regular budgets but are part of the general government, including information to which subsectors of general government particular body or fund is attributed to. Member States shall also publish values corresponding to the combined impact on general government balances and debts of those bodies and funds whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>LT:</p> <p>(Comments):</p> <p>General government is a singular noun. If there is an intension to have information on yearly impact on GG balance and debt for each of the medium term year, that should be clearly specified.</p> <p>It is not clear, what information or data is requested here (highlighted in grey) as impact of the operations on GG balance of the particular year is not of a cumulative nature (to the contrast of impact on debt).</p>
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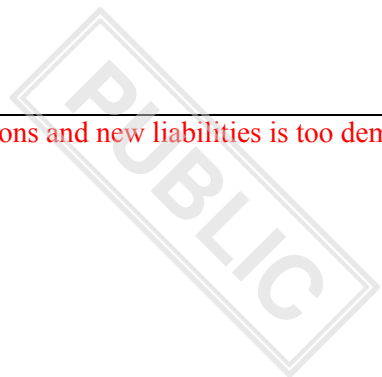


		<p>EL:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish <u>information on</u> bodies and funds which do not form part of the regular budgets but are part of the general government, including subsectors of general government. <u>Data on the</u> Member States shall also publish values corresponding to the combined impact on general government balances and debts of those bodies and funds <u>shall be presented in the framework of annual budgetary processes and the medium-term budgetary plans</u> whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>EL:</p> <p>(Comments):</p> <p><u>In the first part of the paragraph there should be a reference to the publication of “information” or “data” or “budgetary estimates”. With respect to the second part of the paragraph, we think that the proposed amendments to the current text of the Directive make the text more convoluted without changing the substance or bringing in new elements. We think that the current text is simpler and more adequate. We do not</u></p>
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		<p><u>understand the reason for the complex references to “past and expected future operations” concerning the balance, or to “outstanding and expected new liabilities” concerning the debt. The underlying topic is budgets (annual or multi-annual) which by definition include future projections.</u></p> <p>MT:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall publish 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 shall also publish values corresponding to the combined impact on general government balances and debts of those bodies and funds whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>MT:</p> <p>(Comments):</p> <p>Data on the combined impact on government balances and debts of observed operations and outstanding liabilities of general government bodies and funds is already being provided. However, forecasting the impact of expected future</p>
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		<p>operations and new liabilities is too demanding, and can undermine credibility.</p> <p>FR:</p> <p>(Drafting):</p> <p>1. Within the framework of the annual and multiannual budgetary legislation processes, Member States shall identify and present publish all general government bodies and funds which do not form part of the regular budgets at subsector levels, but are part of the general government, including subsectors together with other relevant information. The combined impact on general government balances and debts of those general government bodies and funds shall be presented in the framework of the annual budgetary processes and the medium-term budgetary plans whereby the impact on the balances shall include past and expected future operations and the impact on debts shall include outstanding and expected new liabilities.</p> <p>FR:</p> <p>(Comments):</p> <p>See row 94.</p> <p>We especially ask to delete the reference to the “<u>legislation</u>” processes as the classification of bodies and funds which do not form part of the regular budgets but are part of the general government, including subsectors of general government is</p>
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		assessed by the statistical office after the budget bill legislative process.
244.		
245.	2. Member States shall publish detailed information on the impact of tax expenditures on revenues for the national budgetary objectives as referred to in Article 2, point (e), based on a transparent methodology.	<p>LU:</p> <p>(Drafting):</p> <p>2. Member States shall publish detailed information on the impact of tax expenditures on revenues for the national budgetary objectives as referred to in Article 2, point (e), based on a transparent methodology.</p> <p>LU:</p> <p>(Comments):</p> <p><u>Member States must have national discretion.</u></p> <p>PL:</p> <p>(Comments):</p> <p>It should be clearly defined where this information should be published (plans or in annual budgets).</p> <p>FI:</p> <p>(Drafting):</p> <p>2. Member States shall publish detailed information on the impact of tax expenditures on revenues for the national budgetary objectives as referred to in Article 2, point (e), based on a transparent methodology.</p>

		<p>FI:</p> <p>(Comments):</p> <p>In Finland, the reporting of tax expenditures is comprehensive and transparent, and the identified tax expenditures are always reported together with the budget. However, we have concerns on Article 14 (2), which are not challenges only from national perspective, but concern the whole of the EU. It is possible that there are misunderstandings related to tax expenditures, which is why the existence of this Article should be reconsidered completely. We wonder what the ultimate objective of this Article is and whether it could be achieved by other means?</p> <p>Currently the tax expenditure estimations reported in official documents is of a varying degree. Some Member States report detailed estimates of their support measures through tax expenditures while others provide almost no information. Of course, a great difference in tax expenditure estimates is caused by the differences in tax systems (the level and the structure of taxation), but there are also differences in the definitions, calculation methods and other decisions made in the case of two similar tax systems. There are no EU or otherwise international definitions for tax expenditures to guide the Member States to identify and estimate them in a consistent manner across the</p>
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		<p>tax systems in all the Member States.</p> <p>Although the purpose in the Article 14 (2) may not be to compare countries, comparability is important from the perspective of equal treatment. Cross-country and over-time comparisons of tax expenditures are challenging for several reasons. First, countries estimate tax expenditures from specific tax provisions against their own benchmark tax system. As benchmarks vary across countries and over time, it is difficult to correctly interpret factors driving cross-country and over-time variation in tax expenditures. Second, countries have diverging accounting and budgetary approaches to tax expenditures and make independent decisions on whether tax expenditure exists in an individual case. The most important question is, of course, the choice of a benchmark, but there are also challenges related to calculation methods and data. Sometimes the estimates are based on some sort of modelling and sometimes the estimate represents the correct order of magnitude. It is clear that not all identified tax expenditures can be calculated at all. It is also difficult to interpret anything from the annual change in a tax expenditure estimate, as it can be driven by a legislative amendment within the scope of the tax expenditure, a legislative amendment in the benchmark tax system, a change in the tax base independent of legislation, an improvement in the calculation method or updated data etc. According to DG ECFIN “the exact definition of tax expenditure and the methodology is left at the discretion of Member States, to be aligned with national budgetary practices”. It is unclear what are the possible conclusions that can be made from the list of some selected estimates in “medium-term Budgetary frameworks” and there is a high risk that inconsistent and incomparable reporting is unnecessary and only leads to misunderstandings.</p> <p>EL:</p>
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		<p>(Drafting):</p> <p>2. Member States shall publish detailed information on the impact of tax expenditures on revenues for the national budgetary objectives as referred to in Article 2, point (e), based on a transparent methodology.</p> <p>EL:</p> <p>(Comments):</p> <p><u>We think that the reference to national budgetary objectives can be confusing. Information on tax expenditures should simply include their fiscal impact. The latter is not related to the determination of budgetary objectives. Moreover, the reference to a transparent methodology could also be confusing. Tax expenditures are usually of many different types, so the methods for estimating the budgetary impact vary greatly depending on the specific tax expenditure. We think that the current text of the Directive is much better and simpler, pointing to the substance of the requirement without causing confusion.</u></p>
246.		
247.	<p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and</p>	<p>DE:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall publish relevant information on contingent liabilities with potentially large impact on public budgets, including government guarantees, non-performing loans, and</p>

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	<p>climate-related contingent liabilities to the extent possible.</p> <p>Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.’</p>	<p>liabilities stemming from the operation of public corporations, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.’</p> <p>DE:</p> <p>(Comments):</p> <ul style="list-style-type: none"> • Public bodies/authorities cannot give an estimate of the outcome of ongoing legal proceedings. • In addition: A precise definition is needed as to what exactly is meant by disaster and climate related contingent liabilities. Is it about the economic
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		<p>damage in the whole national economy? Why costs for the public sector and not only state?</p> <p>LU:</p> <p>(Comments):</p> <p><u>Operational implications are unclear. This needs to be discussed with Member States. We expect the Commission to provide further explanations.</u></p> <p>CZ:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall publish relevant information on contingent liabilities with potentially large impact on public budgets, including government guarantees, non-performing loans, <u>off-balance PPP projects</u>, and, <u>to the extent possible and necessary for the purposes of this Directive</u>, liabilities stemming from the operation of public corporations, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities <u>(namely the Member State's own evaluation and methodologies in this regard) to the extent possible and necessary for the purposes of this Directive.</u> to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in</p>
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		<p>the capital of private and public corporations in respect of economically significant amounts.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>(1) This paragraph should also explicitly mention off-balance sheet PPP projects, for which data is also collected, as part of the "clarification" of the regulations concerned. In the context of contingent liabilities, they are mentioned e.g. in the Task Force on the implications of Council Directive 2011/85 on the collection and dissemination of fiscal data of March 2013.</u></p> <p><u>(2) The information related to court cases is extremely sensitive and may interfere in the process itself, for example at least by the fact that the government acknowledges or reveals the probability of losing. It should be specified more precisely - in terms of subject matter (e.g. only international arbitrations) or volume (e.g. the amount sued is higher than 0.01% of GDP; it is not possible to capture small disputes e.g. between a citizen and a municipality). From the point of view of the risk of potential loss of the dispute by the state, it should be one aggregated figure, although the MoF publishes individual arbitration cases.</u></p> <p><u>(3) The requirement on disaster and climate-related contingent liabilities</u></p>
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		<p><u>should be specified more precisely, so that this can be effectively reflected in the Czech legal system and the relevant data can be collected. Or is the Commission planning some methodology?</u></p> <p><u>(4) Regarding the economic losses incurred due to disasters and climate-related shocks, this apparently corresponds to a wider spectrum than the general government sector, and includes for example costs covered by private insurance companies or other private entities. Such data are difficult to collect by the ministry unless estimates are sufficient. What is the purpose of such data in relation to the budgetary framework? Moreover, such information are not contingent liabilities (not even past calls on one-off guarantees) so we suggest a separate paragraph.</u></p> <p><u>Apart from that the Commission has confirmed that the data on information on past calls on one-off guarantees and expenditure recorded for standardised guarantees are collected by the Eurostat.</u></p> <p>PL:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-</p>
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		<p>related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.'</p> <p>PL:</p> <p>(Comments):</p> <p>Implementation of the proposed changes in the scope of contingent liabilities concerning disaster and climate related contingent liabilities, potential expenses and obligations arising from court cases, economic losses incurred due to disasters and climate related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them, will require changes in both budgetary and statistical reporting, including new data sources or the introduction of new paragraphs of the budget classification.</p> <p>This will increase the burden on respondents as well as data compilers.</p> <p>FI:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall publish</p>
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		<p>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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.'</p> <p>FI:</p> <p>(Comments):</p> <p><u>Vague risk evaluations should be kept separate from precise numeric balance sheets and monthly data on public finances and contingent liabilities. Creating additional administrative burden and new reporting is not desirable and should always be justified with a clear objective. Commission has not yet provided arguments on how the information is used and what is the end objective.</u></p> <p>Moreover, some definitions and requirements for such risk assessments should be presented.</p>
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		<p>The text could be amended to follow the existing legislation.</p> <p>NL:</p> <p>(Comments):</p> <p>“Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible.”</p> <p>Again, we are worried that it may be very difficult to quantify this.</p> <p>With regards to potential expenses and obligations arising from court cases I can imagine that MS do not want to give estimates of outcomes of ongoing legal cases.</p> <p>SI:</p> <p>(Comments):</p> <p>Climate change related reporting is a significant change compared to the existing practices and will require new methodologies, procedures, and thus will require sufficient transition period.</p> <p>Similar to comment in 243: it is too detailed.</p> <p>For example: “potential expenses and obligations arising from court cases” – the estimation is very uncertain,</p>
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		<p>LT:</p> <p>(Drafting):</p> <p>For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent</p> <p>liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.²</p> <p>LT:</p> <p>(Comments):</p> <p>The deleted requirement is not consistent to the criteria for the content of FSP set in the Regulation of the preventive arm.</p>
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		<p>The deletion of the last sentence is based on the understanding, that if to fulfil the content of the (deleted) requirement, the separate and very broad risk assessment report should be produced. It is questionable what frequency of update of such a report would be reasonable and would strike the balance between administrative burden and the purpose to disclose the information which is (at least part of it) already reported to the Eurostat.</p> <p>The practice on the preparation of risk assessment reports in the MS likely to be very divergent – this would be the other reason not to include legal requirement on such assessment</p> <p>EL:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on <u>the fiscal cost</u>economic losses incurred due to <u>natural</u> disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in</p>
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		<p>the capital of private and public corporations in respect of economically significant amounts.’</p> <p>EL:</p> <p>(Comments):</p> <p><u>We are sceptical about the incorporation of requirements concerning estimates of macro-fiscal risks from climate change in the Directive. We do not consider that a credible analysis of macro-fiscal risks from climate change can be performed in the context of a medium-term budgetary framework. Moreover, while we agree with provisions about including information on the fiscal impact of natural disasters, we think that an analysis of the overall economic losses would go far beyond the scope of medium-term budgetary frameworks.</u></p> <p>IT:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States</p>
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		<p>shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses expenditure incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.’</p> <p>IT:</p> <p>(Comments):</p> <p>See line 215</p> <p>MT:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish</p>
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		<p>information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.’</p> <p>MT:</p> <p>(Comments):</p> <p>With regards to court cases, MT believes it would be highly inappropriate to publish government exposures on major court cases, since this could jeopardize the outcome.</p> <p>Requirements on disaster and climate-related contingent liabilities appear too demanding, particularly in the absence of a common methodology to estimate contingent liabilities related to disaster and climate risks.</p> <p>FR:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall 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, potential expenses and obligations arising</p>
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		<p>from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.'</p> <p>FR:</p> <p>(Comments):</p> <p>See row 94.</p> <p>We ask to stay on the previous version of the provision that already encompass any potentially large impact, including climate related issues. In particular, there is no commonly agreed definition of disasters and climate-related shocks.</p> <p>PT:</p> <p>(Drafting):</p> <p>3. For all subsectors of general government, Member States shall <u>to the extent possible</u> 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, potential expenses and obligations arising from court cases, including the extent thereof. Member States shall also publish information on disaster and climate-related contingent liabilities to the extent possible. Member States shall publish information on past calls on one-off guarantees and expenditure recorded for standardised guarantees, <u>to the extent possible</u>. Published information shall include information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne</p>
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		<p>by the public sector and the instruments used to mitigate or cover them, <u>to the extent possible</u>. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts, <u>to the extent possible</u>.’</p>
248.		<p>CZ:</p> <p>(Drafting):</p> <p>4. Information for all subsectors of general government published by Member States shall include, <u>to the extent possible and necessary for the purposes of this Directive</u>, information on economic losses incurred due to disasters and climate-related shocks, including <u>specifically</u> the fiscal costs borne by the public sector and the <u>its</u> instruments used to mitigate or cover them. Member States shall publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>(1) See line 247:</u></p> <p><u>Regarding the economic losses incurred due to disasters and climate-related shocks, this apparently corresponds to a wider spectrum than the general government sector, and includes for example costs covered by private insurance companies or other private entities. Such data are difficult to collect by the ministry unless estimates are sufficient. What is</u></p>

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		<p><u>the purpose of such data in relation to the budgetary framework?</u></p> <p><u>(2) Again, what “public sector” means in this text? Public sector is wider than the S.13 category.</u></p>
249.	(14) Article 14a. is added as follows	<p>CZ:</p> <p>(Drafting):</p> <p>(14) Article 14a. is added as follows</p> <p>CZ:</p> <p>(Comments):</p> <p><u>Why is there a new article 14a? This text could replace the repealed Article 16, see our amendment in line 269 and 270.</u></p>
250.		
251.	<i>Article 14a.</i>	<p>CZ:</p> <p>(Drafting):</p> <p><i>Article 14a.</i></p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 249.</u></p>

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252		
253.	1. By 14 December 20XX the Commission shall publish a review of the effectiveness of this Directive.	<p>CZ:</p> <p>(Drafting):</p> <p>1. By 14 December 20XX the Commission shall publish a review of the effectiveness of this Directive.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 249.</u></p>
254.		
255.	2. By 31 December 2025, the Commission shall report on the state of play and future direction of public sector financial accounting in the Union, taking into account the progress made since its 2013 assessment of the suitability of the International Public Sector Accounting Standards for the Member States.’	<p>DE:</p> <p>(Drafting):</p> <p>2. By 31 December 2025, the Commission shall report on the state of play and future direction of public sector financial accounting in the Union, taking into account the progress made since its 2013 assessment of the suitability of the International Public Sector Accounting Standards for the Member States.’</p> <p>DE:</p> <p>(Comments):</p>

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		<ul style="list-style-type: none"> • Deletion in consequence of rejecting Art. 3 (1). In addition, Art. 14a 1. already contains a review clause. Mentioning a single process/rule separately would be an unnecessary highlighting. <p>CZ:</p> <p>(Drafting):</p> <p>2. By 31 December 2025, the Commission shall report on the state of play and future direction of public sector financial accounting in the Union, taking into account the progress made since its 2013 assessment of the suitability of the International Public Sector Accounting Standards for the Member States.²</p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 249.</u></p>
256.		
257.	(15) Article 15 is replaced by the following:	<p>CZ:</p> <p>(Drafting):</p> <p>(15) Article 15 is replaced by the <u>amended</u> by the <u>as</u> followings:</p> <p>CZ:</p> <p>(Comments):</p>

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		<p><u>It is not clear why the whole article is being changed when the change is only partial (i.e. concerning year 202X in paragraph 1 and 20XX in paragraph 3).</u></p> <p><u>Regarding para 2, see line 263.</u></p>
258.		
259.	<i>'Article 15</i>	<p>CZ:</p> <p>(Drafting):</p> <p><u>(a) 'Article 15the first paragraph is replaced by the following:</u></p>
260		
261.	<p>1. Member States shall bring into force the provisions necessary to comply with this Directive by 31 December 202X. They shall forthwith communicate to the Commission the text of those provisions. The Council encourages 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.</p>	<p>PL:</p> <p>(Drafting):</p> <p>1. Member States shall bring into force the provisions necessary to comply with this Directive by 31 December 202X. They shall forthwith communicate to the Commission the text of those provisions. The Council encourages 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.</p>

		<p><u>1a. Member States shall bring into force the provisions necessary to comply with Article 8 by 31 December 202X+1.</u></p> <p>PL:</p> <p>(Comments):</p> <ul style="list-style-type: none">• <u>The exact date should not be earlier than December 31, 2025, if the EGR is not finalised by end 2023.</u>• <u>Moreover, taking into account profound implications of the draft directive on the national fiscal framework in some member states (mainly due to IFI) we believe a two stage approach for implementing the Directive should be considered.</u>• <u>Time will be needed for amending country legislation in particular in order to implement institutional changes such as establishing IFI.</u>• <u>But there should also be transitional provisions allowing IFI to reach full capacity in order to perform new tasks. The exact date of entry into force of provisions regarding IFIs should be contingent on the final outcome of discussion of their tasks.</u> <p><u>For example if DSA were to be prepared by IFIs, this transitional period should be significantly lengthened.</u></p> <p>FR:</p>
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		<p>(Comments):</p> <p>We propose to define the entry into force of this Directive after the stabilisation of its content.</p>
262.		<p>CZ:</p> <p>(Drafting):</p> <p><u>(b) the second paragraph is replaced by the following:</u></p>
263.	<p>2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.</p>	<p>CZ:</p> <p>(Drafting):</p> <p>2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.</p> <p>CZ:</p> <p>(Comments):</p> <p><u>The last sentence is redundant. It is clear from the text that the choice is up to the Member State.</u></p>
264.		<p>CZ:</p> <p>(Drafting):</p>

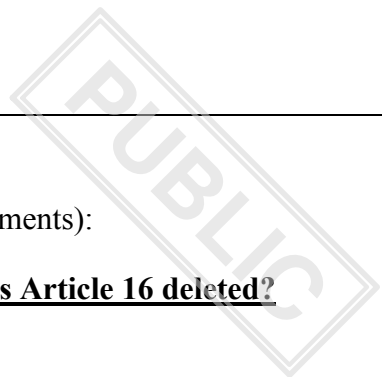
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		<u>(c) the third paragraph is replaced by the following:</u>
265.	3. The Commission shall prepare an interim progress report on the implementation of the main provisions of this Directive on the basis of relevant information from Member States, which shall be submitted to the European Parliament and to the Council by 14 December 20XX.	
266.		
267.	4. Member States shall communicate to the Commission the text of the main provisions which they adopt in the field covered by this Directive.’	<p>CZ:</p> <p>(Drafting):</p> <p>4. Member States shall communicate to the Commission the text of the main provisions which they adopt in the field covered by this Directive.’</p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 257. (The fourth paragraph remains unchanged.)</u></p>
268.		
269.	(16) Article 16 is deleted.	<p>LU:</p> <p>(Drafting):</p> <p>(16) Article 16 is deleted.</p>

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		<p>LU: (Comments): <u>Why is Article 16 deleted?</u></p> <p>CZ: (Drafting): <u>(16) Article 16 is replaced by the following:</u></p> <p>CZ: (Comments): <u>See line 249.</u></p> <p>BG: (Comments): Report of the EC</p>
270.		<p>CZ: (Drafting):</p>

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		<p><u>‘1. By 14 December 20XX the Commission shall publish a review of the effectiveness of this Directive.</u></p> <p><u>2. By 31 December 2025, the Commission shall report on the state of play and future direction of public sector financial accounting in the Union, taking into account the progress made since its 2013 assessment of the suitability of the International Public Sector Accounting Standards for the Member States.’</u></p> <p>CZ:</p> <p>(Comments):</p> <p><u>See line 249.</u></p>
271.	Done at Brussels,	
272.		
273.	For the Council	
274.	The President	
275.		End