



**Brussels, 6 March 2020
(OR. en)**

6297/20

**ECOFIN 98
UEM 29**

'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 2)/Council
Subject: European Court of Auditors' Special Report No 22/2019:
EU requirements for national budgetary frameworks: need to further
strengthen them and to better monitor their application
– Draft Council conclusions

1. On 8 January 2020, the Permanent Representatives Committee assigned the examination of the European Court of Auditors' Special Report No 22/2019 entitled "EU requirements for national budgetary frameworks: need to further strengthen them and to better monitor their application" to the Economic and Financial Committee.
2. The Economic and Financial Committee examined the report at its meeting on 5-6 March 2020. At the same meeting, the Committee also examined the draft conclusions and agreed on the attached text.
3. The Permanent Representatives Committee is therefore invited to approve these draft Council conclusions and to submit them to Council for adoption.

Council conclusions on

THE ECA'S SPECIAL REPORT NO 22/2019
**"EU REQUIREMENTS FOR NATIONAL BUDGETARY FRAMEWORKS:
NEED TO FURTHER STRENGTHEN THEM AND TO BETTER MONITOR
THEIR APPLICATION"**

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the Special Report of the European Court of Auditors No 22/2019 "EU requirements for national budgetary frameworks: need to further strengthen them and to better monitor their application".
2. TAKES NOTE of the Court of Auditors' findings and recommendations regarding the Commission's actions to strengthen the budgetary frameworks of the EU Member States, and the Commission's detailed reply thereon. TAKES NOTE of the Court of Auditors' conclusion that the EU legal provisions have contributed to developing and strengthening the fiscal rules, procedures and institutions underlying the conduct of budgetary policy in Member States, while there is still room for improvement.
3. RECALLS the importance of national budgetary frameworks for the sustainability of public finances and compliance with the Stability and Growth Pact.
4. UNDERLINES that the policy area related to national budgetary frameworks touches on the sovereign fiscal competences of the Member States. STRESSES that national ownership is important and that EU requirements should continue to allow a sufficient diversity of national budgetary frameworks to reflect the specific legal, institutional and procedural frameworks in the Member States, while ensuring consistency and coherence across Member States.

5. WELCOMES the Court of Auditors' recommendation that the Commission review the EU requirements for medium-term budgetary frameworks and independent fiscal institutions and propose actions as appropriate to improve their scope and effectiveness.
6. WELCOMES the Court of Auditors' recommendation that the Commission monitor the functioning of the national budgetary frameworks, on a regular basis. ACKNOWLEDGES that such monitoring requires detailed information to be provided by the Member States, which would then be assessed by the Commission based on an appropriate methodology. EMPHASISES the need to minimize administrative burdens with such monitoring.
7. ACKNOWLEDGES the importance of a transparent and predictable assessment of compliance with EU fiscal rules and SUPPORTS a continuation of the dialogue and information sharing between the Commission and the independent fiscal institutions.
8. AGREES with the Court of Auditors' assessment that the European Fiscal Board has been able to provide independent opinions. TAKES NOTE of the recommendation to strengthen the Board's independence while acknowledging the conclusion of the Court of Auditors that there is room for improvement regarding the institutional arrangements underpinning the European Fiscal Board.
9. WELCOMES that the Commission has accepted most of the Court of Auditors' recommendations. INVITES the Commission to take them forward and also to take account of the Court of Auditors' main findings and recommendations when concluding on the ongoing debate framed by the Economic Governance review published on 5 February 2020.