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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Interim Progress Report on the implementation of Council Directive 2024/1265/EU of
29 April 2024 amending Council Directive 2011/85/EU on requirements for budgetary
frameworks of the Member States**

{SWD(2025) 161 final}

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Interim progress report on the implementation of Council Directive 2024/1265/EU of 29 April 2024 amending Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States

1. INTRODUCTION

Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States¹ entered into force in December 2011. It was an important part of the legislative package on the strengthening of economic governance, also known as the ‘six-pack’. The Directive set, for the first time, minimum requirements for budgetary frameworks for EU Member States. As stipulated in the Directive and taking into account the experience since 2011, the whole system of economic surveillance was recently reviewed, leading to a reform of the Stability and Growth Pact which entered into force on 30 April 2024. In this context, Council Directive 2011/85/EU was amended by Council Directive 2024/1265/EU².

Directive 2011/85/EU had introduced minimum requirements for systems of budgetary accounting and statistical reporting, rules and procedures governing the preparation of forecasts for budgetary planning, country-specific numerical fiscal rules, medium-term budgetary frameworks, and mechanisms that regulate fiscal relationships between public authorities across sub-sectors of general government. While the review covered all of these provisions, looking at whether they were still relevant and had been understood and applied as intended, the review also considered new developments. In particular, the role of independent fiscal institutions has increased significantly since 2011 and the fiscal implications of climate change have become more and more pressing. Directive 2024/1265/EU, with the resulting amendments to Directive 2011/85/EU, has to be transposed into national law by the EU Member States by 31 December 2025.

Under Article 2(5) of Directive 2024/1265/EU, the Commission is asked to ‘*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 30 June 2025*’. To that end, the Commission submitted to the Economic and Financial Committee (alternates) in March 2025 a questionnaire giving Member States the opportunity to give details of measures in place, reforms already launched and specific plans. Accordingly, this interim progress report is based primarily on the information provided by the Member States. By April 2025 most Member States had delivered their contributions³. Detailed country *fiches* are presented in the accompanying Commission staff working document (SWD(2025) 161).

¹ OJ L 306, 23.11.2011, p. 41.

² [Regulation \(EU\) 2024/1263 of the European Parliament and of the Council of 29 April 2024](#) and [Council Regulation \(EU\) 2024/1264 of 29 April 2024 amending Regulation \(EC\) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure](#) and [Council Directive \(EU\) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States](#).

³ 6 Member States have reported in May 2025.

The purpose of this interim progress report is to inform the European Parliament, the Council and the general public about the progress made in transposing the amendments to Directive 2011/85/EU. It should not therefore be construed as an assessment of the conformity of national provisions with the amended Directive, which will be performed following the expiry of the transposition deadline in accordance with EU law. To provide a suitable overview, Section 2 of this report is structured around five sub-sections corresponding to the main areas of amendments to the Directive, followed by a conclusion summarising the main findings.

2. PROGRESS IN TRANSPOSING THE MAIN PROVISIONS OF THE DIRECTIVE

2.1 Amendments to provisions on accounting, statistics and transparency (Articles 3 and 14(1) of Directive 2011/85/EU)

Sound fiscal policy must be based on sound fiscal reporting. Comprehensive, timely and accurate information on budgetary execution is essential for policymakers as it ensures the correct execution of budgets, the timely monitoring of possible deviations from plans and up-to-date budgetary planning. Comprehensive and consistent public financial reporting requires transparency on elements that, potentially, have a direct or indirect impact on the budget: these may include, for example, bodies and funds that do not form part of the regular budget but are part of general government, tax expenditures and contingent liabilities.

Amendments to Directive 2011/85/EU in this area mainly introduced changes to the public availability of fiscal data for all subsectors of general government, as defined by the ESA 2010. In particular, monthly and quarterly cash-based data (or equivalent data from public accounting) were replaced with quarterly data on debt and deficits for all sub-sectors of general government. However, if a Member State has in place integrated, comprehensive and nationally harmonised accrual financial accounting systems, quarterly deficit data by sub-sector is not requested. The remaining amendments concern mainly clarifications and updates to the text in light of experience with its interpretation since 2011.

Regarding the revision of the frequency of reporting of certain fiscal data (the main change introduced by the amendments to Article 3(2)), contingent also on the prevalence of accrual accounting, a third of the Member States see this as fully transposed and another third as partly achieved. While not all of these respondents report whether they intend to cover the new requirement via reporting of quarterly deficit data or with reference to the maturity of their accrual accounting system, about a fifth of the Member States account for each of the two options. The remaining respondents focus more on the planned process, partly by quoting specific laws to be amended, partly with less detail.

Looking at the clarified requirement to publish, also as part of multiannual budgetary processes, information on bodies and funds that do not form part of the budget but are part of general government, and to inform on their combined impact on government balances (Article 14(1)), a third of Member States see this as already covered. Among the remaining respondents, about a fifth of Member States plan specific actions while another fifth intend to still evaluate the need to do so.

Smaller changes to Articles 2 and 3(1) are not reported to require specific amendments to national laws.

Moreover, Article 16(1) of the amended Directive stipulates that *‘by 31 December 2025 and every five years thereafter, the Commission shall report on the state of play of: (a) public accounting by the general government 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'. In this regard, the requirement to publish this report before the end of 2025 further stresses the importance of monitoring the presence and development of sound accrual-based public accounting in the EU.

2.2 New provisions on independent fiscal institutions (Articles 2 and 8a of Directive 2011/85/EU)

Independent fiscal institutions (IFIs) have gained significantly in importance since Directive 2011/85/EU entered into force. Since 2011, the Directive has called on 'independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States' to monitor the compliance of Member States with their national numerical fiscal rules. In 2012, common principles on national fiscal correction mechanisms (introduced by Title III, the 'Fiscal Compact', of the intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union) included certain minimum requirements for independent monitoring bodies. Later, Regulation 2013/473/EU, which applies to the euro area, called for such bodies to produce or endorse the macroeconomic forecasts underlying annual and medium-term budgetary planning.

The amendments to Directive 2011/85/EU bring together all these existing elements and make them applicable for all EU Member States. They sharpen and improve some independence safeguards (e.g. emphasising the communication capacity of IFIs, asking for stable resources and timely access to information as well as requiring regular external evaluation of IFIs). Some new tasks are related to the reformed Stability and Growth Pact. Other new tasks include performing an assessment of the consistency, coherence and effectiveness of the national fiscal framework and participating, upon invitation, for parliamentary hearings and discussions. Finally, a 'comply-or-explain' principle is introduced for national authorities regarding the assessments of IFIs.

Not surprisingly, all Member States have already covered some or even many of the amendments on IFIs in national law, given that the amendments bring together, to some degree, existing provisions related to EU law or the Fiscal Compact. Poland is a specific case as the country still has no operating IFI in place yet; however, based on information provided by Poland, the relevant legislation entered into force in January 2025 and the IFI will be established by 1 January 2026.

Regarding most of the independence safeguards set out in Article 8a(3) and (4), a third of the Member States see them as being covered already in their national law, while more than a third consider that some measures are still necessary. The exception is the new requirement to submit the IFIs to regular external evaluations where only very few Member States report having the necessary legislation in place. In several cases, established practice is reported to be in line with the new requirements. However, legal codification would still be necessary.

Regarding the tasks of the IFIs, Member States use the opportunity of transposing the Directive provisions to specify further some institutional set-ups or underlying legislation. This might explain why more than a third of the Member States report that transposition is not complete for the current legal tasks of IFIs (i.e. to produce or endorse macroeconomic forecasts underlying the budgetary planning and to monitor compliance with national fiscal rules). Similarly, the legal set-up still often needs to reflect the new IFI tasks set in the preventive and the corrective arm of the Stability and Growth Pact, together with the task of assessing regularly the consistency, coherence and effectiveness of the national fiscal frameworks.

In the same vein, although the ‘comply-or-explain principle’ is in place to some degree in many Member States (as it was introduced by the common principles related to the Fiscal Compact), it still needs adaptation to its wider use in line with amendments to the Directive.

2.3 Amendments to provisions on medium-term budgetary frameworks (Articles 2, 9, 10 and 11 of Directive 2011/85/EU)

Under Directive 2011/85/EU, Member States are required to establish a credible, effective medium-term budgetary framework, enabling them to expand fiscal planning beyond the annual horizon and thereby fostering more consistent, effective and potentially ambitious policymaking over the medium term. The framework must contain multiannual budgetary objectives in combination with projections of each major revenue and expenditure item based on unchanged policies, with explanations of the policies envisaged over the medium term to bridge the gap between the no-policy change projections and policy targets. Additionally, it must contain an assessment of how the policies envisaged are likely to affect the long-term sustainability of public finances.

The amendments to Directive 2011/85/EU enhance the required elements of the medium-term budgetary framework by calling for a description of planned reforms and investments together with an assessment of the impact of planned policies on sustainable and inclusive growth. They also clarify that annual budgets must be consistent with medium-term planning.

The Directive definition of medium-term budgetary frameworks is reported to be already in place for a quarter of Member States. Around a quarter of respondents report their intention to transpose this provision or have plans to do so according to a clear timeline before or by the end of 2025. Another quarter of Member States did not provide information on their assessment of the state of play regarding the transposition of this provision or the need to take additional measures.

Half of Member States report full or partial transposition of the provision to ensure that the national framework is based on comprehensive and transparent national budgetary objectives over the medium term that are consistent with the country-specific numerical fiscal rules in force and the relevant provisions of Regulation (EU) 2024/1263. More than a third of respondents have indicated that these provisions have not yet been transposed.

Similarly, more than a third of Member States declare full or partial transposition of the provision to include a description of the envisaged reforms and investments with an impact on sustainable and inclusive growth. Roughly half of respondents report their intention to transpose this provision or have plans to do so according to a clear timeline or by the end of 2025.

In around a quarter of cases, Member States report that there are national provisions in place to assess the impact of the policies envisaged on sustainable and inclusive growth. A similar proportion of Member States shared that these provisions have not yet been transposed.

Thirteen Member States declare full or partial transposition of the provision to ensure the consistency of the annual budget legislation with the national budgetary objectives over the medium-term. Ten Member States either do not provide information on the state of play of the transposition of this requirement or indicate that it has not yet been transposed. Eight Member States give clear indications of their envisaged transposition calendar, while five others have yet to define a timeline.

The clarifications to Article 11 are reported as already fully or partially transposed by nine Member States; five Member States indicate that they plan to meet the transposition deadline of end-2025.

2.4 New provisions on reporting requirements relating to macrofiscal risks from natural disasters and climate change (Articles 9(2)(d) and 14(3) of Directive 2011/85/EU)

Since Directive 2011/85/EU entered into force, the implications of climate change and natural disasters have become increasingly apparent for fiscal policy. Both aspects are linked but are not identical. Member States experience more frequent and severe natural disasters, often associated with rising temperature levels, and these can cause significant fiscal costs and substantial contingent liabilities. Fiscal costs linked to climate change can, in addition, also stem from mitigation and adaptation measures.

Directive 2024/1265/EU therefore introduces new requirements in Directive 2011/85/EU. Member States are now requested to assess the impact of the policies envisaged on the medium-term and long-term sustainability of public finances, taking into account the macrofiscal risks from climate change in their medium-term budgetary planning documents. They must publish information on natural disasters and climate-related contingent liabilities and report on related fiscal costs incurred. Considering the complexity of these tasks and the fast developments in this field, all these requirements have to be complied with 'to the extent possible'. For the transposition, Member States are asked to include provisions in their national laws which ensure the necessary assessment and reporting.

Only a few national fiscal frameworks already include, either fully or partially, provisions that consider macrofiscal risks from climate change and its environmental and distributional impact in the assessment of the impact of the envisaged medium-term policies on the medium-term and long-term sustainability of public finances. At the same time, more than a third of respondents give indications of the envisaged calendar for the adoption of such provisions in the national fiscal framework. A similar picture emerges for the requirement to publish information on disaster and climate-related contingent liabilities and fiscal costs incurred owing to natural disasters and climate-related shocks.

2.5 Clarification amendments (Articles 2, 3, 4, 5, 6 and 7 of Directive 2011/85/EU)

Since Directive 2011/85/EU entered into force, practice has shown that some concepts and terms have been understood in different ways or would benefit from more clarity or updating. For example, a reference to the use of the ESA 95 accounting standard (in the previous Article 3(1)) was replaced by a more dynamic reference. For most of these clarifications, Member States were mainly asked to check whether their national budgetary laws would also need corresponding changes.

Half of the Member States see the clarification amendments as being already fully covered by their national laws. A further quarter indicate that, although the clarifications are widely covered, some changes to specific national provisions would be still required. Another quarter report more general information on the transposition process or points to ongoing assessments.

3. CONCLUSION

Overall, Member States reported uneven progress in transposing the amendments to the Directive. Correspondingly, the information on the transposition steps that had already been taken varied strongly both in substance and in terms of references to the specific legal acts to be amended. A clear timeline for the remaining steps is generally missing.

Most of the Member States that report specifically on the transposition of the amendments on statistics, accounting and transparency consider the requirements as either covered or within reach, while for several Member States not much detail is available.

Progress seems advanced regarding IFIs supported by similar but not identical provisions which have applied to all or most Member States since 2011. However, some of the Directive provisions still require careful consideration by Member States when assessing the need to take measures to transpose them into national legislation. Some positive elements regarding independence are in some cases rather established practice and would need legal codification. In particular, new elements, such as the emphasis on communication capacity or the external evaluation of the IFIs, often still require legal steps.

While many Member States report that the definition of the medium-term budgetary framework is in line with the amended Directive, some adjustments are still planned or needed in most Member States to strengthen the framework and ensure consistency with the EU economic governance framework regarding the new preventive arm regulation and the amended corrective arm regulation.

The new climate-related provisions remain largely to be addressed and Member States still need to define their timelines for doing this.

The Commission will continue to implement the Directive for the sections it is responsible for. After the transposition deadline, it will conduct a fully-fledged compliance assessment in line with standard EU procedures.