

AIReF ACTION PLAN

2016



1. INTRODUCTION

Every year the Independent Authority for Fiscal Responsibility (AIReF) must prepare and publish an action plan under article 5 of its Organic Statute. In addition to all the statutory reports it produces, the plan will include any studies it may be requested to prepare. This action plan thus represents a public commitment AIReF makes to society with respect to its activities during 2016.

The 2016 Action Plan prioritises the objectives identified in the 2015–2020 Strategic Plan and so ensures consistency between short and medium-term planning.

The Action Plan is also an internal tool AIReF uses to monitor and assess its own activities, facilitating the ex post evaluation of compliance with the pre-defined goals. The ex post evaluation of the Action Plan 2015 has taken form in the publication of the 2015 Annual Report where it is possible to compare and contrast the extent to which AIReF has fulfilled this plan. In this way the AIReF has the necessary tools to ensure the accountability that is a hallmark characteristic of the institution.

This Action Plan guarantees AIReF's statutory tasks it is required to carry out by law such as publishing reports and opinions. It will also provide continuity to the work the institution has taken on in 2015 and will drive progress in other areas. Given the constraints in human and financial resources it is not possible for optimal progress to be made in the rollout of AIReF's strategy plan. The areas that AIReF has decided to assign priority to with the available resources include: carrying out proper monitoring and analysis of the economic and financial situation, promoting the sustainability of public finances, contributing to design the Spanish fiscal framework through the Organic Law on Budgetary Stability & Financial Sustainability (LOEPSF, as it is known in Spanish) and substantiating the "comply or explain" principle and the duty of collaboration in the provision of information. In this way AIReF tries to provide a better medium and long-term orientation to fiscal policy and to ensure that Spanish society perceives the full benefits of financial sustainability.

All of the actions described are directly or indirectly reflected in the reports and opinions AIReF publishes. Additionally, following the principle of transparency that governs the way the institution functions, some of these actions will also be implemented through technical documents.

The Action Plan for 2016 was approved by the president of AIReF on 29th March following deliberation and endorsement by the Management Committee.

2. AIReF ACTIONS FOR 2016

The actions AIReF plans to undertake in 2016 are listed under headings corresponding to each one of the main guidelines of the 2015-2020 Strategic Plan. Each of the planned actions¹ is associated with the strategic plan objectives, so allowing an assessment to be made of how much progress towards achievement of the objectives is entailed by this action plan.

1. Contribute to a better orientation of fiscal policy towards budgetary stability

1. **AIReF will design and prepare its own medium-term quarterly macroeconomic model.** This model will encompass a time frame of between two and four years, thus supplementing the models already developed: MiPred DFM, with a time line of two quarters, and the BVARX (Bayesian Auto-regression Models with exogenous inputs) model, up to one and a half years. The core elements of the new model are to comprise the following blocks: supply, demand, fiscal policy and prices.
2. **AIReF will continue its work on reconciliation of the estimates and forecasts of macroeconomic and fiscal variables using a simplified accounting framework that includes the different institutional sectors.** This framework will draw on a complete set of non-financial accounts until it reaches an estimate of the net lending or borrowing on a sector level. The institution will also continue to estimate these balances from a financial standpoint and assess them against the result obtained from the non-financial side. Studies will also be conducted on applying shocks through elasticities and possible improvements to sector estimation methods. This work will take the form of a simulation tool developed in-house and a quarterly presentation of the key findings. This accounting framework draws on the forecasting and monitoring models that have been developed. AIReF will keep these models under constant review, as explained below, and will constantly monitor budget implementation.
3. **AIReF will update the models used to guarantee that its reports are technically robust and objective on a regular basis.** AIReF keeps the following models operational and under constant review:
 - Models for forecasting short-term GDP and its components (from 1 to 2 quarters): dynamic factor models (MIPred)
 - Medium-term GDP forecasting models (from 3 quarters to one and a half years): error correction models (ECMs) and Bayesian autoregression models with exogenous variables (BVARX)
 - MetCap model: early estimates of quarterly regional GDP
 - Quarterly modelling of revenues associated with the medium-term GDP forecasting model and the need to integrate the public sector block from a macro standpoint
 - Regional vector autoregression model (VAR) to simulate spill-over effects (GVAR)

¹ The list of actions with objectives is included in the table in the appendix.

- Models of the key macroeconomic variables of the autonomous regions (ARs)
 - Quarterly forecasting models for the main tax revenues and annual real estate tax (*Impuesto sobre Bienes Inmuebles*, IBI, as it is known in Spanish) projection model
 - Annual forecasting models for the revenue and expenditure of the Autonomous Regions (ARs)/Local Corporations (LCs) based on their monthly/quarterly implementation
 - Pension expenditure projection model
 - Unemployment benefit expenditure forecasting model
 - Government debt-servicing expenditure projection model
4. **AIReF will work on designing a simplified dynamic stochastic general equilibrium model (DSGE) for analysing fiscal policy.**
 5. **AIReF will continue to work on the development of its own quarterly output gap estimation model.** Once the model has been developed its results can be used as a basis to prepare different reports and it will be published in the corresponding methodological working paper.
 6. **AIReF will work on assessing and analysing existing fiscal rules.** One internal working group will analyse the design of the current Organic Law 2/2012, of 27th of April, on Budgetary Stability & Financial Sustainability (LOEPSF, as it is known in Spanish), together with possible proposals for improvements. Another working group will analyse whether there is a moral risk in enforcing the Spanish fiscal framework. Depending on the progress made, these studies could be published in technical documents.

2. Foster the financial sustainability of the Public Administrations (PAs)

1. **AIReF will publish an interactive observatory of debt sustainability for each General Government subsector on its website.** In order to capitalise on the work already undertaken in the area of the financial sustainability of the public administrations, an interactive, user-friendly section will be created on the website, providing access to both the situation of each subsector and to the factors that determine the future performance of its debt. This action also enhances transparency in the management of government accounts (guideline 3) and will help society to perceive the benefits of financial sustainability (guideline 4).
2. **AIReF plans to publish documents on long-term sustainability, an historic analysis of the public administrations' debt and the development of an analytical framework of sustainability by subsectors.** These publications will reflect the progress made in the work undertaken on debt sustainability.
3. **The long-term sustainability of the Social Security system will be analysed by an internal working group.** The analysis of the financial situation of the Social Security system will be conducted from a long-term perspective, including factors that have an impact on benefits and social contributions. This analysis is essential for reports on the subsector and also for the opinion published by AIReF on the pension revaluation rate. Furthermore, a study will be undertaken of the structural situation of Social Security

funds as a starting point for the long-term analysis. Lastly, a range of projection models will be developed for the key variables that affect the sustainability of the Social Security system:

- Long-term pension expenditure model with stochastic projections and endogenised migratory flows
 - Design of a simplified dynamic stochastic general equilibrium (DSGE) model for analysing the sustainability of the Social Security system
 - Design of a short-term microsimulation model to be used to obtain projections on the variables that have an impact on the calculation of the pension revaluation rate.
4. **AIReF will analyse whether there are contingent risks or tensions that could have an impact on compliance with budgetary stability and financial sustainability targets.** In an initial phase AIReF will set up an in-house working group to analyse whether there are any possible tensions or contingencies that, should they materialise, could have a significant effect on the financial sustainability of the Central Government subsector.
 5. **AIReF will study the revenue and expenditure structure of the Territorial Administrations.** On the revenue side, an analysis will be undertaken of how the Territorial Administrations use their legislative capacity and fiscal autonomy, together with an analysis of the transfers between public administrations and other revenues. On the expenditure side, the objective is to identify the factors that determine the key expenditure policies and their development in the 2006-2014 time-frame. AIReF will also assess any differences in revenues and expenditure between the Autonomous Regions and between the different kinds of local governments (*diputaciones, cabildos y municipios*) and within each category.
 6. **AIReF will further its work on studying the trends and dynamics of some of the key expenditure components.** AIReF will continue its work on the development of public employment and of the factors that determine the differences between Autonomous Regions. A health expenditure projection model will also be developed for the ARs, from the standpoint of ageing over a timeline from 2002 to 2020. Work will also start on developing models for projecting other significant regional government expenditure, such as education and social services.

3. Enhance transparency and budget practices in the management of public-sector accounts

1. **AIReF will work with the Ministry of Finance and Public Administrations (MINHAP, as it is known in Spanish) to sign a cooperation agreement on the provision of information.** The objective is to put in place a stable data and document access system that the ministry will make permanently available to AIReF and clarify certain concepts with respect to the scope of the duty of collaboration when supplying information.
2. **AIReF will foster the dissemination of the economic-financial data of the PAs, together with the methodologies used to obtain them.** With a view to enhancing transparency, it is important to make widely known not just the economic-financial data, but also the methodologies, hypotheses and criteria that underpin their calculation.

3. **AIReF will drive the tasks agreed upon within the European Union (EU) Network of Independent Fiscal Institutions (IFIs).** The president of AIReF currently holds the chair of this network, which is an essential vehicle for identifying and disseminating best practices in Europe. The network's Committee for EU Affairs plans to draft a series of documents on the minimum requisites for setting up IFIs, medium-term budgetary frameworks and challenges in enforcing the Fiscal Compact.
 4. **AIReF will expand the level of detail of its studies on the degree of compliance of approved budgets.** In this regard it will analyse any budget amendments approved during the year, together with how non-budgetary accounts are recorded to appraise their influence on the initial budgets. Furthermore, in the Local Corporations subsector it will do more analysis of the representativeness of the initial budgets compared against budgetary implementation. This was already included in the report on the main budget guidelines for the subsector as a whole and it will be extended to cover the most representative LCs.
 5. **AIReF will enhance its presence in the major economic forums, working groups and international institutions** to show its commitment to budgetary stability, enhancing transparency and gaining insight into the problems, trends and actions of other countries in fiscal sustainability matters. In Spain, AIReF will continue to contribute to the meetings and working groups of the Fiscal and Financial Policy Council and the National Local Administration Committee. Furthermore, meetings will be held with representatives of international organisations with an interest in the economic and budgetary situation of the Spanish economy, such as the European Commission, the European Central Bank (ECB), the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD).
- 4. Help Spanish society to perceive the benefits of financial sustainability**
1. **The global communication strategy will be supplemented with a plan to increase the presence of AIReF in social media.** The objective of this plan is to enhance the institution's ability to influence so that Spanish society perceives the benefits of financial sustainability. Increasing the community of followers will also give rise to increased traffic on the website and this will facilitate access to the contents produced by AIReF.
 2. **AIReF will host informative contents on its website.** Work will start on designing and preparing contents aimed more at society as a whole. AIReF will also explore the possibility of publishing an informative blog on the sustainability of public-sector finances, or an educational section to explain the basic concepts and main benefits of sustainability.
 3. **The president will request to appear before Parliament at least twice a year:** 1) In the first quarter, coinciding with the date of publication of the annual report and the action plan and 2) in the fourth quarter during the Parliamentary discussions on the draft budget for the following year². He will also always show his availability to give testimony whenever called upon to do so.
 4. **AIReF will reinforce its presence in academic and social forums to raise awareness of the institution's work.** The authority will endeavour to reach

² Organic Law 6/2013 requires the president of AIReF to appear before Parliament at least once a year.

agreements whereby the president or members of the senior management of AIReF will speak at universities and research centres, both to raise awareness of the institution in academic circles and to give an impetus for research into the sustainability of public-sector accounts. The participation of AIReF staff in economic and financial forums organised by national and international public and private organisations directly related to the budgetary stability, financial sustainability and macroeconomic analysis mentioned above will also be encouraged. The actions described in the section above will also help to attain this objective.

5. **AIReF will continue to foster bilateral relations with Territorial Administrations.** Meetings will continue to be held, at both a technical level and with the people with responsibility for fiscal policy in the Territorial Administrations, to analyse the specific situation of each entity in meeting the budget stability, expenditure rule and financial sustainability targets.
6. **Internationally, AIReF will hold bilateral meetings with other IFIs.** The objective is to continue exchanging best practices and address issues of common interest. The authority will also maintain its active participation in networks comprised of other IFIs, the European Commission and the OECD.
7. **AIReF will organise more seminars, both internally and externally, concerning the financial stability and sustainability of the General Government sector** in order to help build up know-how in the institution and raise awareness about the work it does. Under this heading, AIReF will once again make a proposal to the IMF for a joint seminar to be held in AIReF's offices.
8. **AIReF will continue to offer financial assistance for internships and research at AIReF.** To this end, the authority will once again sign cooperation agreements with universities and other agencies, whereby final-year undergraduates, Master's and PhD students can work as interns at AIReF. Furthermore, these agreements put stable mechanisms in place to work in cooperation with academia, contribute to student education and enhance the institution's capacity to conduct fiscal policy research.

5. Cross-cutting guideline. Create an efficient and transparent AIReF

The actions that AIReF considers essential for substantiating its institutional mission, contributing to the other strategic lines of action, are summarised in this cross-cutting guideline: preparing reports and methodological notes, following up on recommendations, duty of collaboration when supplying information and managing resources.

1. **AIReF will publish the reports envisaged by law within the required deadlines and to the highest possible quality standards.** The greater part of the institution's resources are devoted to preparing reports that determine the common thread of AIReF's regular activities. Box 1 lists the statutory reports and opinions that AIReF must issue and the table also includes the status of the reports that have a set deadline³.

³Organic Law 6/2013, of 14th November, creating AIReF, establishes a series of mandatory reports and others that must be published depending on the materialisation of certain circumstances envisaged in budgetary legislation which makes it impossible to know in advance whether or not they will have to be issued or when this will happen.

2. **AIReF will update and publish methodologies used in the reports when required.** Although methodologies have already been prepared for each of the regular reports, AIReF will keep them under constant review and will make any modifications it may consider necessary as part of a process of constant improvement.
3. **AIReF will take the constructive dialogue with the General Government sector further by following up on the recommendations it makes in its reports.** The principle of “comply or explain” is an essential tool for the institution when it comes to achieving its goals. AIReF will continue with the quarterly follow-up of its recommendations to foster their practical application by the competent bodies and to check their results. The recommendation summary notes and tables and the responses from the public administrations will continue to be published on the website.
4. **The Advisory Board will continue to be an essential element in the institution’s accountability.** As it has done to date, the Advisory Board will address the most relevant issues of the institution’s work in 2016. The calendar of meetings of the Advisory Board will be as follows:
 - a. Plenary: December
 - b. Economic analysis panel: June and October
 - c. Budgetary and institutional analysis panel: March and September
5. **AIReF will work with the Ministry of Finance and Public Administrations on preparing a protocol.** The purpose of the protocol is to create a framework for the relations between the two institutions in order to make compatible AIReF attachment to the ministry for organizational and budgetary purposes with the full respect for the autonomy and independence of this institution, guaranteeing its operational feasibility and an adequate performance of its legally mandated functions.
6. **AIReF will prepare a code of conduct for its staff.** Pursuant to article 41 of the AIReF Organic Statute, a code of conduct will be approved published on its website.
7. **AIReF will start designing its external assessment.** The president of AIReF undertook before Parliament to conduct an external mid-term assessment of the workings of the institution.
8. **AIReF will continue to consolidate a transparent and efficient management method in 2016.** To that end, the authority will continue to integrate the following systems into the administrative management systems of the General Administration of the State: NEDAES, DARETRI, SGIP, BDNS (national subsidy data bases) and GEISER. It will also voluntarily offer more management information, over and above the legal requirements of the Transparency and Good Governance Act (*Ley de Transparencia y Buen Gobierno*, as it is known in Spanish). AIReF will also undertake an internal assessment of its working procedures to enhance efficiency.

Box 1: REPORTS AND OPINIONS THAT MUST BE PREPARED IN 2016⁴
1. Reports on the budget cycle scheduled for 2016:

- **Report on the General Government sector initial budgets.** AIReF will issue a report on the degree of compliance with the stability and debt targets and the expenditure rule of the initial budgets of the General Government sector by 1st April. This report will update the analysis made by AIReF in its report on the main lines of the General Government sector draft budgets, with budget implementation information and the forecasts available at that time.
 - **Report on the analysis of budget implementation, public debt and the expenditure rule.** By 15th July 2016, AIReF must publish this report on the budgetary implementation of the General Government sector as a whole and expected compliance of budgetary stability, debt and expenditure rule targets in 2016 for each subsector and the administrations that comprise them.
 - **Report on the setting of individual targets for the Autonomous Regions.** This report will have to be prepared within a very short timeframe, 10 days, after the government approves the targets for the General Government sector as a whole. That means that all 17 autonomous regions will have to be analysed.
 - **Report on the macroeconomic forecasts of the draft State General Budget.** As in previous years, AIReF will report on these macroeconomic forecasts for 2017 in September.
 - **Report on the main budgetary guidelines and draft budgets of the Public Administrations for 2017.** This report must be published by 15th October and entails an analysis of a wide range of documentation with different contents. On the one hand, the draft General Budget of the State and the Social Security system have to be analysed, once they have been duly submitted to Parliament, within a very tight deadline. On the other hand, the information available at the time on the main lines of the budgets of the ARs and LCs must be analysed. The information on the ARs and LCs available to AIReF will determine the scope of the report issued on 15th October and may make it necessary to issue specific supplementary reports for each subsector, as occurred in 2015.
 - **Report on the macroeconomic forecasts of the budgets of the Autonomous Regions for 2017.** This report is published in December once the information on all the ARs is available.
- 2. Report and the macroeconomic forecasts of the Stability Programme Update.** AIReF must decide whether or not to endorse the macroeconomic forecasts for the period as a whole and to assess the possible existence of biases in the forecasts.
- 3. Report on the draft Stability Programme Update 2016-2019.** According to law, this must be published by 15th April, but the final date will depend on the necessary information being submitted by the administration. It takes a medium-term view and must appraise the commitments that guarantee compliance with the budget stability target, the government debt limit and the expenditure rule.

⁴ The publication date of these reports could be affected by a lack of the information available for their preparation and in some cases this circumstance can give rise to the publication of a subsequent report.

- 4. AIREF is also responsible for drafting reports concerning the application of the preventive, corrective and coercive measures envisaged in the LOEPSF.** These reports are not regular ones; they depend on whether the developments envisaged in the legislation materialise or not. As in 2014 and 2015, of these, the **Economic-Financial Plans (EFP) of the ARs** can be expected. Those ARs that fail to meet the stability, debt and expenditure rule targets must submit an EFP in compliance of the LOEPSF, after this plan has been the subject of a report by AIREF. On the other hand, AIREF will continue to monitor the actions undertaken to activate the preventive measures proposed in previous reports and will, if necessary, issue new reports to activate preventive measures.
- 5. The Opinion on the 2017 pension revaluation rate (PRR)** is mandatory according to Law 23/2013, of 23rd December, on regulating the sustainability factor and the revaluation rate for the Social Security pension system and Royal Decree 215/2014, of 28th March, adopting the AIREF Organic Statute.
- 6. Opinion on the application of the formula for calculating the contribution rate for cessation of self-employment benefits for the self-employed.** The possibility of publishing this opinion is envisaged by article 14 of Law 32/2010, of 5th August, establishing a specific system of protection for cessation of activities of the self-employed according to the wording of Law 35/2014, of 26th December, amending the consolidated text of the General Social Security Act with respect to the legal regime of the Social Security Mutual Working Accidents and Work-related Illnesses Medical Insurance Companies, as well as by article 23 of Organic Law 6/2013, of 14th November, creating AIREF.

Depending on all the other work to be done and the needs that are identified in the course of the year, the Management Committee may consider issuing an opinion on some other important matter during the year. Organic Law 6/2013, of 14th November, under which AIREF was created, empowers the institution to issue opinions on matters relating to the budgetary stability and financial sustainability of the General Government sector on its own initiative.



3. MONITORING AND REVIEW OF THE ACTION PLAN

AIREF will assess compliance with this plan, which develops its Strategic plan, and the results of that assessment will be summarised in the 2016 annual report, due to be published in the first quarter of 2017.

The 2016 Action Plan will be monitored continuously. Every six months, the Management Committee will appraise its degree of implementation and will review those aspects that require updating.

2015-2020 STRATEGIC PLAN		Action Plan 2016
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	<i>Monitor and analyse the economic and budgetary situation</i>	<i>Actions planned</i>
i	Develop models to forecast and project macroeconomic and budget variables	<p>1. Continue with the work of modelling the main macro variables:</p> <ul style="list-style-type: none"> - Integrated short-term forecast model (MiPred) dynamic factor model (q+1 y q+2) - BVAR Model: Medium-term forecasts (q+3 to t+1) - MetCap Model: Preliminary estimates of quarterly regional GDP <p>- WP: BVARX Model</p> <p>2. Design and preparation of the AQM (AIReF quarterly model) that will address t+2 y t+3 that will contain:</p> <ul style="list-style-type: none"> 2a. Demand block 2b. Supply block 2c. Fiscal policy 2d. Prices <p>- Preliminary work for preparing WP AQM</p> <p>3. Quarterly modelling of revenues associated with preparing the AQM model on a quarterly basis and the need to integrate the public-sector block in the macro situation</p> <ul style="list-style-type: none"> 3a. Modelling the main components that comprise the real estate tax (IBI, as it is known in Spanish) 3b. Annual AR/LC revenue and expenditure forecasting models: <ul style="list-style-type: none"> - Projection based on their monthly/quarterly implementation - Projection of the main expenditure of ARs, health, education and social services combining structural performance and one-off variations <p>4. Regional VAR model for simulating spill-over effects (GVAR)</p> <p>5. Design a simplified DSGE model for analysing fiscal policy</p> <p>6. Create an internal data base</p>
ii	Establish and maintain budget implementation data monitoring and early-warning systems for possible imbalances in each of the PAs	<p>1. Internal presentation (interactive via Tableau) of the main macroeconomic and fiscal results (quarterly update)</p> <p>2. Continuous monitoring of budgetary implementation, reflected in the pertinent reports</p> <p>3. Preparation of early-warning indicators that enable the risk of failing to meet targets in the entities of the LC subsector to be detected early.</p> <p>4. Continuation of the integration work between the different institutional sectors:</p> <ul style="list-style-type: none"> - Reconciliation of macroeconomic and fiscal variables - Reconciliation of financial and non-financial variables

		<ul style="list-style-type: none"> - Apply shocks through elasticities - Improve sector distribution methods - Simulation tools <p>5. Analysis of the legislative impact for assessing income and expenditure trends</p> <p>6. Create an LC budgetary implementation data base that allows an individual analysis and reconciliation with national accounting data</p>
	iii	<p>Identify relevant issues for the preparation of reports on budgetary stability. The in-depth analysis will take the form of working papers (WP)</p> <ul style="list-style-type: none"> • WP “per-capita household income redistribution and stabilisation by regions” • WP “Cross-entropy estimates of financial flows in a from-who-to-whom framework” • WP public sector consumption: accounting effects and components (for educational purposes)
	b <i>Contribute to enforce and improve the design of national and EU fiscal rules</i>	
	i	<p>Develop internally the necessary capacities to estimate the variables used in determining fiscal rules, especially the structural balance and the output gap</p> <ul style="list-style-type: none"> • Continue to develop a quarterly model to estimate potential output • WP Output Gap
	ii	<p>Analyse the consistency and compatibility between EU and national rules</p> <p>Working group on fiscal governance, EU rules</p>
	iii	<p>Analyse and propose methodological improvements in the application of national and EU fiscal rules where required</p> <ul style="list-style-type: none"> • Working group on the LOEPSF: Assessment and analysis of the impact of existing fiscal rules and propose improvements where required • Working group to analyse the moral risk in enforcing the fiscal framework • EU IFI Network documents
2	FOSTER THE FINANCIAL SUSTAINABILITY OF THE PUBLIC ADMINISTRATIONS	
	a <i>Analyse the long-term sustainability of public finances</i>	
	i	<p>Monitor and analyse the sustainability of the debt of each of the PAs</p> <ul style="list-style-type: none"> • Publish an interactive observatory of the sustainability of the debt of each PA on the website (Tableau format) • WP Long-term sustainability • WP Publish the historic series of the debt of the PAs • WP Develop the sustainability analytical framework by subsectors
	ii	<p>Construct and publish synthetic and easy-to-understand indicators to raise awareness of the importance of long term sustainability</p> <ul style="list-style-type: none"> • Publish an interactive observatory on the website with fiscal stress and macro indicators by AR (Tableau format)

	iii	Analyse the contingent liabilities and risk associated with the PA consolidation perimeter (global view of the public sector).	Working group on contingent liabilities
b Analyse the implications of some public policies on long-term sustainability			
	i	Analyse the Social Security system from the standpoint of long-term sustainability	<ul style="list-style-type: none"> • Working group on the long-term sustainability of the Social Security <ul style="list-style-type: none"> - Analyse the structural balance of Social Security funds • Continue the work of modelling long-term pension expenditure: <ul style="list-style-type: none"> - Stochastic projections - Endogenise migratory flows • Design a simplified DSGE model for analysing the sustainability of the Social Security • Design a short-term microsimulation model that provides projections on the variables that have an impact on the calculation of the pension revaluation rate
	ii	Analyse the effect of ageing on public policies as a whole, especially on pensions, health and social services	<ul style="list-style-type: none"> • Working group on the long-term sustainability of the Social Security • Develop the health, education and social service expenditure projection models of the ARs from a demographic standpoint
	iii	Identify other factors (technologies, birth, death and morbidity rates, migratory movements, etc.) with an impact on the accounts of the PAs	Working group on the long-term sustainability of the Social Security
	iv	Analyse the long-term trends and dynamics of the main expenditure components: including health, education and social services	<ul style="list-style-type: none"> • Working group on the revenue and expenditure structure of Territorial Administrations • WP Public-sector employment: Analyse its development • WP Factors determining differences in public-sector employment by ARs • Monitor average supplier payment period of Territorial Administrations • Opinion on applying the formula for calculating the contribution rate of cessation of activity benefits
3	ENHANCE TRANSPARENCY AND BUDGETARY PRACTICES IN PUBLIC ACCOUNTS MANAGEMENT		
	a Foster transparency in public administrations in the management of their resources		
	i	Identify gaps in existing economic and budgetary information	<ul style="list-style-type: none"> • Agreement with MINHAP on submitting information

		<ul style="list-style-type: none"> • Foster the dissemination of PA economic-financial data, together with the methods for obtaining them
ii	Help to standardise, simplify and distribute information on budgetary stability and financial sustainability	Publish an interactive observatory on the website with fiscal stress and macro indicators by AR
iii	Analyse budget implementation information and the degree of compliance of the budgets approved	<ul style="list-style-type: none"> • Continue the analysis of the degree of representativeness of the initial budgets in the LC subsector against budgetary implementation and extend it to cover the most representative LCs • Analyse the budgetary amendments approved during the year by the PAs and booking to non-budgetary accounts to appraise the impact on the initial budgets
iv	Analyse the application of the expenditure rule	Follow up on reports and recommendations
b	<i>Help to improve budgetary procedures and the harmonisation of budgetary structures of the government sector as a whole</i>	
i	Analyse and identify best budgetary practices nationally and internationally	<ul style="list-style-type: none"> • Chair and formalisation EU IFI Network • Participation in IFI Network and OECD budget offices
ii	Analyse and diagnose improvements in performance-based budgeting and other implementation indicator systems	Working group on best budgetary practices
c	<i>Promote and analyse the application of the principle of a multiyear framework in budget planning</i>	
i	Analyse and make proposals for extending the principle of a multiyear framework in budget planning processes	<ul style="list-style-type: none"> • Legislative analysis of multiyear budgetary frameworks • Participation in seminars on medium-term budgetary frameworks (The Hague-CPB)
ii	Promote and help to estimate and publish the short and medium-term economic and budgetary effects of the reforms brought in by the PAs	

4	HELP SPANISH SOCIETY TO PERCEIVE THE BENEFITS OF FINANCIAL SUSTAINABILITY	
a	<i>Define and implement a communication strategy</i>	
i	Define and roll out a global communication strategy including the website, media and social media	<ul style="list-style-type: none"> • Social-media communication plan • Continue developing the integral communication strategy
ii	Easy access for society to the work done by AIReF (website)	<ul style="list-style-type: none"> • Prepare an informative blog on public finances
iii	Appearances before Parliament	At the request of Parliament
iv	Participate in discussion forums to explain the work of AIReF	<ul style="list-style-type: none"> • Maintain presence in forums to explain the work of AIReF • Meetings with the TAs, international agencies and other institutions • Bilateral relations with other IFIs
b	<i>Promote fiscal awareness in society as a whole</i>	
i	Produce educational material with informative content for tax payers	<ul style="list-style-type: none"> • Prepare informative blog on public finances • Prepare and design an education section on the website
ii	Organise internal and external seminars and conferences on budgetary stability and financial sustainability	Continue organising seminars, both internally and externally, concerning the financial stability and sustainability of the PAs, including the seminar with the IMF
c	<i>Promote research in the field of fiscal policy</i>	
i	Publish working papers on fiscal policy	The WPs have been included in previous sections
ii	Establish collaboration mechanisms with universities and research centres, international institutions and other independent fiscal institutions in order to carry out research	<ul style="list-style-type: none"> • Participate in the Fiscal Watchdogs in Europe: Challenges and Solutions seminar to be held at the University of York 18-19 July 2016 • Visits to other IFIs to exchange best practices
iii	Programme of research fellowships and scholarships in AIReF	Continue programme of scholarships for students for training and research in the field of economic-budgetary analysis for fiscal stability and sustainability and new call for applicants
5	CREATE AN EFFICIENT AND TRANSPARENT AIReF	
a	<i>Design and draw up reports, opinions and studies</i>	
i	Internal assessment of procedures and methodologies	Publish new methodologies and adapt/update existing one

ii	Draw up an internal procedure and best practices manual for report writing	<ul style="list-style-type: none"> • Approve a best practices manual • Protocol with MINHAP • Approve the Code of Conduct
iii	Draw up and publish the methodologies used in reports and opinions	Publish new methodologies and adapt/update existing ones
iv	Advisory Board on economic, budgetary and institutional matters	5 meetings in 2016
b	<i>Substantiate comply-or-explain principle and the duty of collaboration when supplying information</i>	
i	Apply the principle of comply-or-explain and follow up on recommendations	<ul style="list-style-type: none"> • Quarterly publication of follow up on recommendations • Calendar for requesting and receiving information for issuing reports and for following up on recommendations for 2016 • Propose a protocol with MINHAP
ii	Define and gather the necessary information for drafting reports	<ul style="list-style-type: none"> • Requests for information for each report • Calendar for requesting and receiving information for issuing reports and for following up on recommendations for 2016 • Propose a protocol with MINHAP and other ministries
iii	Give momentum to the Economic-Financial Information Centre and cooperation mechanisms	Propose a protocol and agreement with MINHAP about supplying information
iv	Cooperate with Technical Committee on National Accounts	Formalise relations with the TCNA once their internal regulations are approved
c	<i>Efficient and transparent management of human and financial resources</i>	
i	Consolidate and maintain a competent team of people	Propose extending the list of job descriptions
ii	Develop objective elements for appraising the work done	Prepare regular reports
iii	Create an independent administrative and management structure	Continue to integrate the following systems in the State General Administration administrative management systems: NEDAES, DARETRI, SGIP, BDNS (national subsidy data bases) and GEISER
iv	Establish an assessment and monitoring system for AIReF activities, including an external mid-term review	Design the external review to be conducted in 2017 (mid-way through the president's term)