

AIReF

ACTION PLAN

2017



Independent Authority
for Fiscal Responsibility





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1. INTRODUCTION

The Independent Authority for Fiscal Responsibility (AIReF) must prepare and publish an annual action plan, in accordance with Article 5 of its Organic Statute, including the requested studies and the mandatory reports. Through the annual Action Plan the institution takes on a public commitment to society on the activity it will carry out during 2017.

The 2017 Action Plan prioritizes the objectives identified in the 2015-2020 Strategic Plan. This ensures coherence between short-term and medium-term planning.

The action plan is also an internal tool that enables monitoring and evaluating AIReF's activities. This helps with the *ex-post* evaluation to determine if the initially identified objectives were achieved. The 2016 Action Plan's *ex-post* evaluation is included in the 2016 Annual Activity Report publication, where it is possible to check the plan's degree of completion. In this way, the institution is endowed with the tools for accountability consistent with its nature.

This action plan, which guarantees the tasks entrusted to the AIReF by Law, is adapted to the changes in the budget cycle. Because of the political context in 2016 the AIReF has not issued various reports and opinions that are part of the budget cycle monitoring due to the fact that the general State budgets for 2017 have not been submitted and the approval of the budget and debt stability objectives has been delayed. Consequently, in 2017, the AIReF will issue the corresponding reports and opinions as the milestones of the budget cycle that motivate them materialize.

All of the listed activities are reflected, directly or indirectly, in the reports and opinions issued by the AIReF. In addition, following the principle of transparency which governs the operation of the institution, some of these actions would also be reflected in technical documents.

The scope of the Public Administrations' public expenditure review could lead to a modification of this action plan. The 2017 budget plan presented by the Spanish Government **to the European institutions reflects the AIReF's commitment to carry out this review**. There are, however, fundamental aspects that have not been defined yet such as the scope, the AIReF's degree of involvement, the necessary resources or the time frame for its completion. As these are outlined, the actions included in this plan may be affected and it may be necessary to change them. Ultimately, the 2015-2020 Strategic Plan may also need to be reviewed.

The 2017 Action Plan was approved by the president on March 27, after favourable deliberation of the AIReF steering committee.



2. AIReF ACTION IN 2017

The actions that the AIReF plans to carry out in 2017 are listed following each of the pillars of the 2015-2020 Strategic Plan. Each of the actions considered¹ is related to the strategic plan's objectives so **the action plan's progress can be assessed in terms of its fulfilment.**

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

1. The AIReF will start up its own medium-term forecasts quarterly model. The model's design began in 2016 and covers a medium-term horizon. It includes a demand block, price block, labour market block, credit block and fiscal block. This layout complements models that have already been developed: MIPred, with a very short-term horizon, and BVARX (a Bayesian model of autoregressive vectors with exogenous variables), with short-term applications.
2. The AIReF will implement a simulator of basic fiscal policy and the main macroeconomic variables, which will allow the application of shocks through elasticity. This action will help reconciling estimates and macroeconomic and fiscal variables forecasts through a simplified accounting framework, which integrates the different institutional sectors. The accounting framework consists of a complete set of non-financial accounts used to derive an estimate of the net lending/borrowing capacity at the sectoral level. It draws on the forecasting models developed and constantly reviewed at the AIReF, as detailed below, as well as the ongoing monitoring of the budget implementation.
3. The AIReF will continue to update and periodically improve the models it uses to ensure the reports' technical rigour and objectivity. The AIReF keeps the following models operational and subject to continuous reviews:
 - Forecast models for GDP and its very short-term components: Dynamic factor models (MIPred).
 - Short-term GDP forecast model (from three quarters to a year and a half): Error correction equations and Bayesian autoregressive vector models with exogenous variables (BVARX).
 - MetCap Model: advance estimates of quarterly regional GDP.
 - Quarterly modelling of income associated with the preparation of the medium-term GDP forecast model and the need to integrate the public-sector block into the macro framework.

¹ The relation of the actions with the objectives is included in the table in the annex.

- Models of the macroeconomic variables of the Autonomous Regions.
 - Quarterly forecast models for the main tax revenues and social contributions, as well as annual real estate tax projections.
 - Annual forecast models of the income and expenses of the Autonomous Regions/Local corporations based on their monthly/quarterly performance.
 - Pension expenditure projection model.
 - Unemployment benefit expenditure projection model.
 - Public debt interest expenditure projection model.
4. Work will continue on the development of a quarterly output gap estimation model. Once the output gap model has been developed, its results can be used in the preparation of different reports and will be published in the corresponding methodological working document.
 5. The elasticity of the main tax revenues will be analysed, considering the impact of the tax reforms during the last economic cycle. **A working document**, 'Impact of the discretionary measures on the elasticity of tax revenue' will be published and presented in international forums.
 6. The AIReF will further progress in the operation and maintenance of the Local Corporations database and will begin the design and implementation of a similar database for the Autonomous Regions. It will work on the design of a scorecard on the situation and the projections of the Territorial Administrations. The data published on the effective cost of the Local Corporations' public services will be analysed.
 7. The AIReF will publish quarterly a non-compliance risk assessment of the stability target in probabilistic terms. This evaluation will be completed from the performance data in terms of the national accounting for all Public Administrations and each of the subsectors. The analysis is completed with the main tax figures of the Central Administration in terms of cash and national accounting. The monitoring and publication is an addition to the evaluation carried out in the reports.
 8. The AIReF will continue to work on the evaluation and analysis of the existing tax rules. On one hand, the internal working group will keep analysing the design of the current Spanish Organic Law 2/2012, of April 27, on Budgetary Stability and Financial Sustainability (LOEPSF), as well as possible proposals for improvement. Depending on the progress made, these works may be published through technical documents.

2. Promote the financial sustainability of Public Administrations

1. The AIReF will deepen the analysis of the sustainability of Social Security in the long term. This analysis will include the factors which influence the evolution of benefits and contributions. The. On one hand, the development of a long-term pension expenditure model with stochastic projections and endogenization of migration flows will continue. Likewise, we will work on the design of a dynamic and stochastic general equilibrium model (DSGE), simplified for the analysis of Social Security sustainability. On other hand, we will include a module to evaluate the impact of pension reforms until 2030 into the micro simulation model.



2. The AIReF will start reviewing the public expenditure of the Public Administrations. The 2017 budget plan presented by the Spanish Government to the **European institutions reflects the AIReF's commitment to carry out this review.** In what concerns to this, it will be necessary to define the objectives and scope of this action, as well as the ways of collaborating with the other Public Administrations first.
 3. The AIReF will expand the debt sustainability interactive observatory with the inclusion of the Local Corporations. To continue capitalizing on the work carried out in the Public Administrations' area of financial sustainability, the section on the website will be maintained and expanded to include both the situation of each Administration and the defining factors of the future evolution of its debt. This action also implies an increase in transparency when managing public accounts (pillar 3) and will help society to better appreciate the benefits of financial sustainability (pillar 4). In addition, we plan to publish documents on long-term sustainability, historical analysis of the Public Administration debt, and the development of an analytical framework on sustainability by subsectors.
 4. The AIReF will advance in the modelling of the Autonomous Regions expenses in key public services. After the development of the health and education expenditure models, the results will be sent to the Autonomous Regions for the subsequent discussion to improve the design. Likewise, the possibility of modelling the social services expenditures will be studied.
 5. The AIReF will keep analysing the possible contingent risks or tensions that may affect the fulfilment of the budgetary stability and financial sustainability objectives. For this purpose, the AIReF will collect information from the departments and agencies in which the existence of possible tensions or contingencies have been preliminarily detected which, if materialized, could significantly affect financial sustainability, mainly in the scope of the Central Administration.
 6. The Cantabrian government has announced its intention to entrust a study to the AIReF on the public business and foundation sector of the Region. In accordance with their regulations, the governments of the autonomous regions can commission studies that fall under their responsibility to the AIReF. If materialized, it would be the first study conducted by the AIReF.
3. **Improve transparency and budgetary practices in the management of public accounts**
1. The AIReF will continue working with the Ministry of Finance and State Administration for the signing of a collaboration agreement on the provision of information. The goal is to form a stable system of access to the data and documents that the ministry will permanently provide the Authority with, and to clarify certain concepts related to the scope of the duty of collaboration in the transmission of information.
 2. The AIReF will work with the Bank of Spain to sign a collaboration agreement. In the performance of their duties, both institutions shall establish a collaboration agreement to promote regular exchanges of information, continuous training of staff and joint research projects.



3. The AIReF will keep promoting the disclosure of the **Public Administrations'** economic-financial data, as well as the methodologies used to obtain them. In order to improve transparency, not only is it important to disseminate economic and financial data, but also the methodologies, hypotheses and criteria that support their collection.
 4. The AIReF will promote the agreed work within the Network of Independent Fiscal Institutions (IFI) and the European Union (EU). The president of the AIReF is also currently president of this network, an essential vehicle for the identification and dissemination of good practices at the European level. In this sense, it is also worth mentioning the participation in the work on the application of the principle of multi-annual budgetary processes.
 5. The AIReF will expand the detail of the studies on the degree of compliance of the approved budgets. In the Local Corporations subsector, the analysis of the initial budgets' degree of representativeness will be reinforced with respect to the budgetary execution and will be extended to all Local Corporations.
 6. The AIReF will intensify its presence in economic forums and relevant working groups and in international institutions to show commitment to budgetary stability, improve transparency and become aware of the problems, trends and actions of other countries in terms of fiscal sustainability. At the national level, the AIReF will continue to attend meetings and working groups of the Fiscal and Financial Policy Council and the National Commission of the Local Administrations. We will also continue holding meetings with representatives of international agencies interested 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 Organization for Economic Co-operation and Development (OECD).
 7. The AIReF will collaborate with the International Monetary Fund on a project on the metrics of public debt sustainability.
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4. Help Spanish society to appreciate the benefits of financial sustainability
 1. The AIReF will renovate its website to facilitate access to its contents. This action is part of the overall communication strategy to increase web traffic and help publicizing the institution's work. It will also continue to implement the plan for social networks.
 2. The AIReF will include informative content into its website. We will start designing and producing content more oriented towards society at large. It will also explore the possibility of publishing an informative blog about sustainability of public finances or an educational area to explain basic concepts and the main benefits of sustainability.
 3. The president will ask to speak before the *Cortes* (Spanish Parliament) at least twice a year: 1) In the first six months, upon publication of the report and the action plan, and 2) while the draft budgets for the following year are being discussed in Parliament. In addition, he will always be available to appear when his presence is required.
 4. The AIReF will enhance its presence in the academic and social forums to disseminate the institution's work. We will work to agree on some interventions by the AIReF president or executive staff in universities and research centres to make themselves known in academic forums and to stimulate the studies on the sustainability of public accounts. The participation of AIReF personnel will be promoted in economic and



financial forums developed by public, private, national or international organizations directly related to matters concerning budgetary stability, financial sustainability and macroeconomic analysis. The actions outlined in the previous section will also contribute to this objective.

5. The AIReF will continue promoting bilateral relations with Territorial Administrations. Meetings will continue to be held, both at the technical level and with those responsible for the tax policy of the Territorial Administrations, to analyse the specific situation of each entity in meeting the objectives of budgetary stability, expenditure rules and financial sustainability.
6. At the international level, the AIReF will hold bilateral meetings with other IFIs. The aim is to keep exchanging good practices and addressing common interest issues. It will also maintain its active participation in networks including other IFIs, the European Commission and the OECD.
7. The AIReF will organize seminars, both internal and external, related to the stability and financial sustainability of Public Administrations. This facilitates the accumulation of knowledge within the institution and promotes research and debate in the field of sustainability of public finances. In this line, the AIReF, in collaboration with the Government of Cantabria, will organize a seminar on tax governance in decentralized countries within the framework of the Menéndez Pelayo International University's summer courses.
8. The AIReF will continue to offer support for training and research fellowships in the institution. We will again sign collaboration agreements with universities and other organizations so students on their **Bachelor's** final year, Masters or doing their PhD can access these internship programs. These agreements establish solid collaboration mechanisms with the academic world, contributing to the training of students and increasing **the institution's capacity to conduct research in the areas of fiscal policy.**

5. Transverse pillar. Create an effective and transparent AIReF

The actions the AIReF considers fundamental to substantiate the **institution's** mission, and which contribute to the rest of the strategic pillars, are summarized in this transversal pillar: preparation of reports and methodological notes, monitoring of recommendations, duty of collaboration in the supply of information and the management of resources.

1. The AIReF will issue the legally required reports in the period required, with the highest possible quality. The preparation of the reports is the action that receives the greatest amount of institutional resources and determines the driving force of the regular AIReF activity. In 2017, the alteration of the usual budgetary cycle will lead to the issuance of certain reports that would normally have been released in 2016. Box 1 contains the list of reports and mandatory opinions to be completed by the AIReF².
2. The AIReF will supervise the recommendations of its reports to deepen the constructive dialogue with Public Administrations. The principle of 'comply **or explain**' is one **of the institution's** essential tools to achieve its objectives. The AIReF will create a database of recommendations and will continue with the quarterly monitoring of its recommendations to promote practical implementation by the competent agencies and to

²Organic Law 6/2013, of November 14, created by AIReF, establishes a series of mandatory reports and others whose preparation depends on the materialization of certain circumstances foreseen in the budget regulations and, therefore, it is not possible to anticipate if its preparation will be necessary or when it will be carried out



verify their results. The tables and summary notes of the recommendations and responses by the Public Administrations will continue to be published on the web page.

3. The AIReF will commission its external evaluation. The president of the AIReF committed before the Congress of Deputies to carry out an external evaluation of the **institute's** operation in the middle of its mandate, which is in 2017.
4. The Advisory Board will still be a key element in the accountability of the institution. In 2017, the most relevant issues to date of **the institution's work will be addressed. The Advisory Board's meeting schedule will be as follows: February 7, May 23, September 19, and November 21.**
5. The AIReF will continue to work with the Ministry of Finance and State Administration in the preparation of a protocol. Its purpose will be to articulate the relations between both institutions to make AIReF's **affiliation** to the Ministry effective with full respect to the autonomy and independence of the institution, by guaranteeing the operational feasibility and adequate compliance of the functions that have legally been entrusted to it.
6. In 2017, the AIReF will continue the consolidation of a transparent and effective management method. To do so, progress will be made in integration into the General State Administration's **administrative systems** and the development of the electronic headquarters. Likewise, the AIReF will volunteer more management information as legally required by the Law on Transparency and Good Government.

Box 1: REPORTS AND OPINIONS TO BE PREPARED IN 2017³

1. Reports originally planned for 2016 which will be prepared in 2017, depending on when the budgetary milestones that lead to their issuance materialize:
 - Report on the macroeconomic forecasts of the Autonomous Regions budgets for 2017. This report was issued in January once information from most of the Autonomous Regions was available.
 - Report on the macroeconomic forecasts of the 2017 Draft General State Budget. Prior to its presentation, the AIReF will report on the macroeconomic forecasts for 2017 which accompany the draft.
 - Report on the key Public Administration projections and budget lines for 2017. The section concerning to Local Corporations was issued in 2016 and the rest remained pending in 2017. On the one hand, it is necessary to analyse the Draft General Budget for the State and Social Security, duly presented to the *Cortes Generales* in a very limited period of time. On the other hand, once the necessary information is available we will report the Autonomous Regions' key budget lines during the first quarter of the year.
 - Opinion on the 2017 pension revaluation index which is compulsory in accordance with Spanish Law 23/2013, of December 23, ruling the sustainability factor and the revaluation index of the Social Security pension system and Spanish Royal Decree 215/2014, of March 28, which approved the Organic Statute of the AIReF.

2. Reports planned for 2017 on the budget cycle:
 - Report on the initial Public Administration budgets. Before April 1, the AIReF will issue a report on the degree of compliance with the **Public Administration's initial** budget objectives for stability, debt and spending. This report will update the analysis made by the AIReF in its report on the key Public Administrations' projections and budget lines with information on implementation and forecasts available at the time.
 - Report on the analysis of the budget execution, public debt and the expenditure rule. Before July 15, 2017, the AIReF must issue this report on the budgetary execution of all Public Administrations and the expected fulfilment of the objectives for budget stability, debt and expenditure rule in 2016 for each of the subsectors and the Administrations that are included.
 - Report on the establishment of individual objectives for the Autonomous Regions. This report should be prepared within a very short time- ten days- after the Government approves the Public Administration objectives. To do this, it will be necessary to analyse the situation of each of the 17 Autonomous Regions.
 - Report on the macroeconomic forecasts of the Draft General State Budgets. As in previous years, the AIReF will report in September on the macroeconomic forecasts for 2018.

³ The issue date of these reports may be affected by the availability of the information necessary for their preparation, a circumstance that may lead to the issuance of a subsequent report in some cases.

- Report on the key Public Administration projections and budget lines for 2018. This report must be issued before October 15 and entails the analysis of documentation of a very distinct nature and content. It is necessary to analyse on one hand, the Draft General Budgets for the State and Social Security, duly presented to the *Cortes Generales* in a very limited period; on other hand, the information on the budgets of the Autonomous Regions and Local Corporation available at that moment. The information available to the AIReF relating to the Autonomous Regions and the Local Corporations will constrain the scope of the report issued on October 15, and it may be necessary to issue specific reports for each subsector.
 - Report on the macroeconomic forecasts of the Autonomous Regions budgets for 2018. This report is issued in December, once the information from all Autonomous Regions is available.
3. Report on the macroeconomic projections of the Stability Program Update. The AIReF must approve (or not approve) the macroeconomic forecasts for the whole period and evaluate the possible existence of biases in the forecasts.
 4. Report on the Draft Update of the 2017-2020 Stability Program. In accordance with regulations, this report must be issued before April 15, but the final date will depend on the transmission of the necessary information by the Administration. It has a medium-term perspective and must assess the commitments that ensure compliance of the objectives of budgetary stability, the public debt limit and the expenditure rule.
 5. The AIReF is also responsible for preparing reports related to the application of the preventive, corrective and coercive mechanisms of the LOEPSF. These reports are not periodic and depend on the materialization of the circumstances provided for in the regulations. Among them, the reports on the Economic and Financial Plans (PEF) of the Autonomous Regions are foreseeable. Those Autonomous Regions which fail to meet the objectives for stability, debt and the expenditure rule must submit a PEF, in application of the LOEPSF, which must be submitted prior to the report from the AIReF. In addition, the AIReF will continue to monitor the actions taken towards implementing the preventive measures proposed in previous reports, as well as, if necessary, issue new reports for the implementation of preventive measures.
 6. Opinion on the 2018 pension revaluation index which is compulsory in accordance with Spanish Law 23/2013, of December 23, that regulates the sustainability factor and the revaluation index of the Social Security Pension system, and Spanish Royal Decree 215/2014, of March 28, which approved the Organic Statute of the AIReF.
 7. Opinion on the application of the formula for calculating the rate of contribution of the termination benefit for self-employed workers. The possibility of issuing this opinion, as established in Article 23 of Spanish Organic Law 6/2013, of November 14, created by the AIReF, is also derived from Article 14 of Spanish Law 32/2010, of August 5, which establishes a specific system of protection for the termination of activity of self-employed workers according to the wording given by Spanish Law 35/2014, of December 26, amending the consolidated text of the Spanish General Law on Social Security in relation to the legal system of the Mutual Fund for Workplace Accident and Professional Illness benefits under Social Security.

Depending on the development of the rest of the work and the needs detected throughout the year, the steering committee may consider issuing opinions on any topic of relevance throughout the year. In this sense, Spanish Organic Law 6/2013, of November 14, created by the AIReF, empowers the institution to issue, on its own initiative, opinions on matters related to budgetary stability and the financial sustainability of the Public Administrations.

3. MONITORING AND REVIEW OF THE ACTION PLAN

The AIReF will evaluate the compliance of this plan, as a development of the strategic plan, and its results will be summarized in the report for the year 2016, to be published in the first quarter of 2017.

The monitoring of this 2017 action plan will be carried out continuously. On a biannual basis, the steering committee will assess its degree of implementation and will review those aspects that require updating.

2015-2020 STRATEGIC PLAN		Proposals for 2017
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	<i>Monitoring and analysis of the economic and budgetary situation</i>	
i	Development of forecasting and projection models of macroeconomic and budgetary variables	<p>1. Continuous revision of the modelling work on the main macro variables:</p> <ul style="list-style-type: none"> - Integrated model for short-term forecasts (MiPred): Dynamic factor model (q+1 and q+2) - BVAR Mode: Medium-term forecasts (q+3 to q+1) - MetCap Model: Quarterly regional GDP estimates <p>2. Implementation of the AIReF MTA quarterly model, which will cover q+2 and q+3 and will contain:</p> <ul style="list-style-type: none"> - 2a. Demand block. - 2b. Credit block. - 2c. Fiscal policy - 2d. Prices - 2e. Labour market block - Work for the preparation of the MTA working documents <p>3. Analysis of the elasticity of the main tax revenues. Working Document preparation: 'Impact of discretionary measures on the elasticity of tax revenues'.</p> <ul style="list-style-type: none"> - 3a. Continuity of the modelling of real estate tax revenue - 3b. Continuity of the modelling of the Autonomous Regions expense projections in education and health. <p>Study of the possibility of developing a projection model for Autonomous Regions social services expenditures.</p> <p>4. Internal database maintenance work.</p> <p>5. Improvement of forecasts through the incorporation of microdata.</p>

<p>ii</p>	<p>Establishment and maintenance of systems for monitoring budgetary execution data and alerting of possible imbalances in each of the Public Administrations</p>	<p>1. Maintenance and updating of the debt observatory (interactive through Tableau).</p> <p>2. Continuation of the integration work among the different institutional sectors:</p> <ul style="list-style-type: none"> - Reconciliation of macroeconomic and fiscal variables - Reconciliation of financial and non-financial variables - Application of shocks through elasticity - Improvement of sectoral distribution methods - Simulation tool <p>3. Development of a basic simulator of fiscal policy that uses the national accounting methodology.</p> <p>4. Quarterly publication on risk assessment of non-compliance of the stability objective in probabilistic terms from the performance data in terms of NA within the Public Administrations and each of the subsectors. This analysis is completed with the main tax figures from the Autonomous Regions in terms of cash and NA.</p> <p>5. Inclusion in the quarterly analysis of the annualized data by quarters accumulated for each autonomous Region.</p> <p>6. Inclusion of a scorecard through Tableau on the situation and projections of the Territorial Administrations.</p> <p>7. Updating, maintaining and operating the database and incorporating early warning indicators into it.</p> <p>8. Analysis of the data published on the actual costs of public services.</p> <p>9. Design and start of the implementation of a database for the Autonomous Regions, in similar terms to that of the Local Corporations.</p>
<p>iii</p>	<p>Detection of relevant issues to the preparation of reports on budgetary stability, whose in-depth analysis is reflected in working documents</p>	<p>Publication of working documents on the following subjects:</p> <ul style="list-style-type: none"> - Non-linear modelling of Spain's GDP - Cross-entropy estimates of financial flows in a from-who-to-whom framework - What is meant by public consumption? - Impact of discretionary measures on the elasticity of tax revenues - Output gap - Analysis of the Autonomous Regions structural balances. (output gap methodology) - Publication of the history of Public Administration debt. - Development of the sustainability analytical framework by subsectors - Analysis of the determinants of local indebtedness - National and comparative fiscal pressure - Health expenditure projections

b	Contribute to the application and improvement of the design of the national and community tax rules	
i	Internal development of the necessary capacities for the estimation of the variables used in the determination of the fiscal rules, especially the structural balance and the production gap	<ul style="list-style-type: none"> • Continued development of a quarterly model of the estimation of potential output • Working document: Output gap
ii	Analysis on the consistency and compatibility between the community and national rules	<ul style="list-style-type: none"> • Included within the LOEPSF working group
iii	Analysis and, where appropriate, proposal of methodological improvements in the application of national and community tax rules	<ul style="list-style-type: none"> • Analysis of the expenditure benchmark: Is there a consistent relationship between the rules? • Continuity of the LOEPSF working group • Production of a working document with the LOEPSF reform proposals
2	PROMOTING THE FINANCIAL SUSTAINABILITY OF PUBLIC ADMINISTRATIONS	
a	Analysis of the long-term sustainability of public finances	
i	Monitoring and sustainability analysis of the indebtedness of each of the Public Administrations	<ul style="list-style-type: none"> • Maintenance of an interactive web observatory on debt sustainability for each Public Administration (Tableau format) • Working document publication of the historical series of Public Administration debt • Working document on the Development of the analytical framework for sustainability by subsectors • Publication of the public debt observatory and the AIReF Data Lab.
ii	Construction and publication of synthetic and easy-to-communicate indicators to raise awareness of the importance of long-term sustainability	<ul style="list-style-type: none"> • Maintenance of an interactive web observatory with indicators of fiscal and macro stress by Autonomous Region (Tableau format) • Publication of the public debt observatory.
iii	Analysis of the contingent liabilities and the risks associated with the consolidation perimeter of the Public Administrations (global perspective of the public sector)	<ul style="list-style-type: none"> • Continuity of the working group on contingent liabilities. The principle risks are analysed and information is requested from the responsible agencies in order to incorporate it into the reports and follow-up • Study on the public and business sector of the Autonomous Region of Cantabria

b Analysis of the implications of some public policies on long-term sustainability		
i	Analysis of the Social Security system from the perspective of long-term sustainability	<ul style="list-style-type: none"> • Development of a model on demographic projections for its integration into a pension expenditure model • Update of the analysis of the structural balance of the Social Security system • Results of the long-term stochastic projection model • Working document publication on the impact that the pension system reform has had on pensions entered in 2013-2015 • Incorporation into the microsimulation model of a module that evaluates the impact of pension system reform up to 2030 • Carrying out a study on the stochastic projection of pension expenditures
ii	Analysis of the effect of aging on all public policies, especially on pensions, health and social services	<ul style="list-style-type: none"> • Transmission to the Autonomous Regions of the results obtained from the health and education forecast models for their comparison and contrast. Incorporation, where appropriate, of the improvements that can be provided by the Autonomous Regions into the AIReF health and education expenditure forecast models. • Study of the possibility of developing a social services expenditure projection model for the Autonomous Regions.
iii	Identification of other factors (technology, birth rate, mortality, morbidity, migratory movements, etc.) that affect the Public Administrations' budgets	<ul style="list-style-type: none"> • Development of the work on migratory movements
iv	Analysis of trends and long-term dynamics of the main expenditure components: health, education and social services, among others	<ul style="list-style-type: none"> • Review of the Public Administration expenditures by order of the Ministry of Finance and State Administration • Publication of the opinion on the application of the formula for calculating the rate of contribution of the termination benefit • Continuity of the monitoring of the average period of payment of the Autonomous Regions. • Analysis of the average period of payment for the Local Corporations.
3 IMPROVE TRANSPARENCY AND BUDGET PRACTICES IN THE MANAGEMENT OF THE PUBLIC ACCOUNTS		
a Promote transparency of public administrations in the management of their resources		
i	Identification of the gaps in the existing budgetary and economic information	<ul style="list-style-type: none"> • Continue the attempts to form agreements with the Ministry of Finance and State Administration on the supply of information
ii	Contribute to the standardization, simplification and distribution of information relating to budgetary stability and financial sustainability	<ul style="list-style-type: none"> • Maintenance/improvement of the interactive web observatory with fiscal and macro stress indicators by Autonomous Regions. • Publication of the Local Corporations observatory.

	iii	Analysis of the budgetary execution data and the degree of compliance with the approved budgets	<ul style="list-style-type: none"> • Extend the analysis of the representativeness of the initial budgets to all Local Corporations
	iv	Analysis of the application of the expenditure rule	<ul style="list-style-type: none"> • Participation in the working group proposed by the Ministry of Finance and State Administration for the review and application of the expenditure rule
b	<i>Contribute to improving the budgetary procedures and the harmonization of the budgetary structures of all Public Administrations</i>		
	i	Analysis and identification of the best budgetary practices at the national and international levels	<ul style="list-style-type: none"> • Presidency and impetus for the work in the EU IFI network • Participation in the IFI network and the OECD Budget Offices
	ii	Analysis and diagnosis of improvements in budgeting by results and other performance indicator systems	<ul style="list-style-type: none"> • Continuity of the working group on good practices in budgetary matters • Preparation of a working document reviewing the programme structures
c	<i>Promote and analyse the application of the multi-annual principle in budgetary planning</i>		
	i	Analysis and proposals for the application of the multi-annual principle in budgetary planning processes	<ul style="list-style-type: none"> • Maintaining momentum within the EU IFI network
	ii	Promote and contribute to the estimation and publication of the economic and budgetary effects in the short-, medium- and long-term of the reform measures undertaken by the Public Administrations	<ul style="list-style-type: none"> • Continuity of the normative impact analysis to assess the trend income and expenditures, including FSS measures. Extension of the study in quarterly terms. Development of a micro-simulator for the IRPF to evaluate the impact of regulatory measures
4	ASSIST SPANISH SOCIETY TO FULLY APPRECIATE THE BENEFITS OF FINANCIAL SUSTAINABILITY		
a	<i>Define and implement a communication strategy</i>		
	i	Define and implement a global communication strategy which includes the web page, media and social networks	<ul style="list-style-type: none"> • New web page
	ii	Easy access by society to the work carried out by the AIReF (web page)	<ul style="list-style-type: none"> • Preparation of an informative blog about public finances
	iii	Appearances before the <i>Cortes Generales</i> (Spanish Parliament)	<ul style="list-style-type: none"> • At the request of the <i>Cortes Generales</i>

iv	Participation in discussion forums to explain the work of the AIReF	<ul style="list-style-type: none"> • Technical meetings between the AIReF and the Bank of Spain • Maintain a presence in the forums to explain the work of the AIReF • Meetings with the Territorial Administrations, international agencies and other institutions • Bilateral relationships with other IFIs
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b	<i>Promotion of fiscal awareness in society as a whole</i>
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i	Produce teaching material with informative content for the public	<ul style="list-style-type: none"> • Elaboration of an educational working document on the GIPs
ii	Organization of internal and external seminars and conferences on issues of budgetary stability and financial sustainability	<ul style="list-style-type: none"> • Organization of a seminar with the Local Corporations and their protection agencies • Organization of a seminar on the sustainability of public finances • Joint organization with the Government of Cantabria of a course on the UIMP on 'Tax governance in decentralized countries' • Organization of technical seminars/conferences

c	<i>Promote economic research in the field of fiscal policy</i>
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i	Publication of working documents on fiscal policy	<ul style="list-style-type: none"> • Working documents already cited in previous sections
ii	Establish mechanisms for collaboration with universities and research centres, international institutions and other independent tax institutions to carry out research	<ul style="list-style-type: none"> • Participation in Finland for the presentation of the AIReF output gap methodology • Possible participation in Brussels on the impact of discretionary measures on the elasticity of tax revenue • Collaboration in the project with the IMF on sustainability metrics • Technical exchanges with IFIs
iii	Research and study internship programs at the AIReF	New announcement

5	TRANSVERSE PILLAR. CREATE AN EFFECTIVE AND TRANSPARENT AIREF
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a	<i>Design and preparation of reports, opinions and studies</i>
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i	Internal evaluation of procedures and methodologies	<ul style="list-style-type: none"> • Analysis of the evaluation of AIReF's own forecasts
ii	Development of an internal procedure and manual on good practices in preparing reports	<ul style="list-style-type: none"> • Proposal of a protocol with the Ministry of Finance and State Administration

iii	Production and publication of the report and opinion methodologies	<ul style="list-style-type: none"> Evaluation and adaptation of existing methodologies
iv	Advisory Board on Economic and Budgetary and Institutional Matters	<ul style="list-style-type: none"> Four planned meetings
b Emphasize the principle of 'comply or explain' and the duty of collaboration in the transmission of information		
i	Application of the principle of 'comply or explain' and monitoring of recommendations	<ul style="list-style-type: none"> Quarterly publication of the monitoring of recommendations Creation of a recommendation database
ii	Definition and compilation of the information necessary for the preparation of the reports	<ul style="list-style-type: none"> Publication of the monitoring on requests for information made by the AIReF
iii	Impetus of the Economic-Financial Information Centre and collaboration mechanisms	<ul style="list-style-type: none"> Proposal for a protocol and agreement with the Ministry of Finance and State Administration on the supply of information Proposed agreement with the Bank of Spain
iv	Collaboration with the Technical Committee for National Accounts	<ul style="list-style-type: none"> Formalization of relations with the CTCN once they have approved their internal regulations
c Effective and transparent management of human and financial resources		
i	Consolidation and maintenance of a competent human team	<ul style="list-style-type: none"> Proposal to expand the listing of positions
ii	Development of objective evaluation elements for the completed work	
iii	Creation of an independent administrative and management structure	<ul style="list-style-type: none"> Implementation of Electronic Administration: electronic payment service and electronic processing of files for the electronic headquarters. Development and implementation of the fee management application
iv	Establishment of a system for the evaluation and monitoring of AIReF activity, including an external mid-term evaluation	<ul style="list-style-type: none"> Completion of an external evaluation of the AIReF