



Autoridad Independiente
de Responsabilidad Fiscal

WORKSHOP ON INDEPENDENT FISCAL INSTITUTIONS: MAIN LESSONS

AIReF, Madrid
2-3 December 2014

SESSION 1. GOVERNANCE: PRINCIPLES AND INTERNATIONAL PRACTICE

- **Common problems:** resource constraints; information access; staff policy; guarantee independence; gaining credibility; ensuring IFI's long-term viability.
- But **no single or best solutions**. Need adapt to **country specificities** (ie, normative vs positive analysis is sometimes given by own IFIs mandate).
- **Decentralization**, lack of strong **public consensus on sound public finances** an make it harder to find the right model and best solutions.
- Both IFIs and official agencies need **time to understand each other**. It is a learning by doing process for all.
- **Key elements for success:**

- Leadership and competence
- Access to complete and timely information
- Transparency of all procedures and tools
- Good communication capacity
- High quality analysis

Independence and credibility



SESSION 1. GOVERNANCE: PRINCIPLES AND INTERNATIONAL PRACTICE

Some international examples/options to be considered by AIReF:

- Reinforcing **independence**: publicly compare AIReF with OECD principles?
- Reinforcing **accountability**: external assessments (when?); oversight committee; peer reviews of methodologies
- Improving access to **information**: need to gain trust from data providers
- Searching for more **budget stability**: multiannual budget?



SESSION 2. ANALYTICAL OUTPUTS

Analytical tools and outputs **depend on the mandate** (UK vs SK and IE)

Range of options

- Forecasting vs endorsement
- Internal models vs combination of external models (metanalysis)
- Model complexity (aimed at completeness) vs communication
- Conveying the uncertainty surrounding projections



SESSION 2. ANALYTICAL OUTPUTS

- **Seeking for robustness:** diversified portfolio of models
- **Selecting models according to their time-scale** (short- medium- and long-term) **and use** (forecasting or policy evaluation)
- **Fiscal risk** assessment key
- **Reputation and credibility built on high quality analysis**
- **Peer cooperation and peer review on analytical tools and outputs**
 - Other IFIs, academics
 - After a first cycle of outputs

SESSION 3. IFIs IN FEDERATIONS

- **Decentralization makes fiscal surveillance more complex:**
 - Common methodological problems:
 - Regional output gap
 - Regional structural balance
 - Access to information
 - Large number of municipalities
 - It requires more human resources
 - Shared responsibility among governments and fiscal council?
 - Accommodate the mandate to available resources?

SESSION 3. IFIs IN FEDERATIONS

- The role of **market discipline** for subnational administration depends on:
 - Legal Framework:
 - No bail out clauses
 - Debt limits
 - The credibility of enforcement mechanism
 - Avoid free ride incentives

SESSION 4. RELATIONSHIPS WITH OTHER OFFICIAL AGENCIES

- Access to information is key and should be backed by a strong legal mandate
- Memorandum of understanding or other formal agreement can improve relationships, but goodwill is essential
- Implementation of “Comply-or-explain” principle:
 - Operational problems because is not clearly defined
 - It should be transparent: Public dialogue
 - Recommendations follow up



SESSION 4. RELATIONSHIPS WITH OTHER OFFICIAL AGENCIES

- Frictions with other agencies are unavoidable, sooner or later
- Window of opportunity to gain institutional space: as soon as possible
- Gain credibility through transparent and sound analysis
- It is important to be persistent with:
 - Access to information
 - Recommendations
 - Relevance in the public debate
- International organizations can support IFIs in their relationships with other official agencies



SESSION 5. COMUNICATION STRATEGY

- **Transparency**
 - Publish everything?
 - Disclose how you did it: data (democratization), models, assumptions and also judgment
 - Emphasize uncertainty and risks around your forecasts
 - Compare yourself to others (even your assumptions)
 - Continuous forecast performance evaluation
- **Effectiveness**
 - Measure your impact and stakeholder's perception (use web analytics, signups, track consistency in the media and act accordingly, make analysts accountable for their work!)
 - Meet your clients during quiet times
 - One voice to avoid noise



SESSION 5. COMUNICATION STRATEGY

- **Shape and breath of reports:**
 - Avoid language barrier
 - Tailored to stakeholder
 - Access vs rigor balance
 - What the reader will ask? Don't leave any question unanswered
 - Minimalistic approach?
 - User-friendly analysis tools

