



Report on the 2014-2015 Economic & Financial Plan of the Autonomous Region of Navarra

The Autonomous Region of Navarra will be presenting its 2014-2015 Economic & Financial Plan (EFP) at the next meeting of the Coordination Committee on the Economic Agreement between the Region and the State following its non-compliance with the fiscal stability and public debt targets for 2013. The report on the degree of compliance with 2013 targets sent to the government by the Ministry of Finance & Public Administrations (MINHAP) last April determined the non-compliance with the fiscal stability target and the public debt target by the Autonomous Region of Navarra. This non-compliance was confirmed in the report issued in October by MINHAP.

In the report published on 28th July¹ AIReF stated its view on the scenario and measures relating to 2014 contained in the update to the 2013 EFP submitted to it by the Autonomous Region of Navarra. AIReF could not take a view on the 2015 scenario because no information on it was included in that document. During the first half of 2014, the Autonomous Region of Navarra sent AIReF an update to the 2013 EFP it had submitted following its non-compliance with the 2012 stability target. The document included an updated scenario and the measures set out by the Region for 2014. That update was the subject of a report published on 28th July by AIReF which deemed compliance by the Region with the fiscal stability target set at -1% of regional GDP highly likely for 2014. AIReF was

¹[2014 Report on the Economic and Financial Plans of the Autonomous Communities](#)

The Independent Authority for Fiscal Responsibility (AIReF) was founded with the mission of overseeing strict compliance of the budget stability and financial sustainability principles provided for in article 135 of the Spanish Constitution.

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unable to state a view in that report on the 2015 scenario because no information on it was included in the update document.

The Autonomous Region of Navarra has now prepared and sent to AIReF its 2014-2015 EFP following non-compliance with the fiscal stability target and public debt target for 2013. The draft EFP submitted to AIReF contains up-to-date data on budget implementation and its 2014 year-end forecast as well as a scenario for 2015 in line with the draft budgets presented.

AIReF cannot take a view on the forecasts for 2015 incorporated into the draft EFP of the Autonomous Region of Navarra beyond what is already stated in the *Supplementary report on the main budgetary lines for 2015 of the Autonomous Regions*² after comparing and contrasting their consistency with the budget extension given for this year. Once the budgetary scenarios for 2015 —as contained in the draft budgets of the Autonomous Regions— were known to AIReF, on 16th December 2014 it stated its view on the adequacy of the scenario and measures for 2015 for the stability target for that year in the *Supplementary report on the main budgetary lines for 2015 of the Autonomous Regions*³. AIReF states in the report that it deems it likely that the Autonomous Region of Navarra will achieve in 2015 its net borrowing figure of 0.7% of the regional GDP forecast in its draft budget. The conclusion for this Region, from the standpoint of compliance with the stability target, is considered to be the statement made by AIReF on the 2015 forecasts contained in the draft EFP sent by the Autonomous Region insofar as that plan incorporates a fiscal scenario based on the published draft budget. These conclusions are maintained despite the fact that the draft budget was not approved before the end of 2014.

AIReF has verified that the legislation governing the extension of the 2012 budgets into 2015 is in line with the scenario forecast in the EFP. As part of the monitoring process of that plan an

² [The 2015 Stability target for the autonomus region will be very difficult to achive](#)

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assessment will be made of the consistency of budget implementation with the forecasts it contains. As the Navarra Regional Parliament has not passed the draft budget legislation for 2015 the 2012 budgets have been extended into 2015. That extension is regulated through a Resolution of the Government of Navarra adopted on 29th December. After analysing the legislation in question, AIReF believes that it is in line with the 2015 scenario contained in the EFP of the Region. That scenario, which has been the subject of an analysis and a report, will allow achievement of a net borrowing target equal to 0.7% of the regional GDP. During the EFP monitoring process an assessment will be made of the consistency of budget implementation with the forecasts contained in the EFP.