



Independent Authority
for Fiscal Responsibility

RELATIONS WITH OTHER OFFICIAL INSTITUTIONS

Annual Meeting of OECD PBOs & IFIs
Vienna, 16-17 April 2015

AIReF MAIN FEATURES

A YOUNG INSTITUTION

Legally created in Nov-2013.
Fully operative since Sept-2014.
Still much to learn about
↓
2014 Madrid Workshop

AND A VERY WIDE SCOPE

"AIReF shall perform its duties for every level of the general government"

WITH A BROAD MANDATE

"Ensure effective compliance with the budgetary stability principle"

=

Independent assessment and monitoring of ALL the stages of the budgetary cycle

AIReF

which in the Spanish case includes

Central Government: State + central administration bodies

Social Security Funds

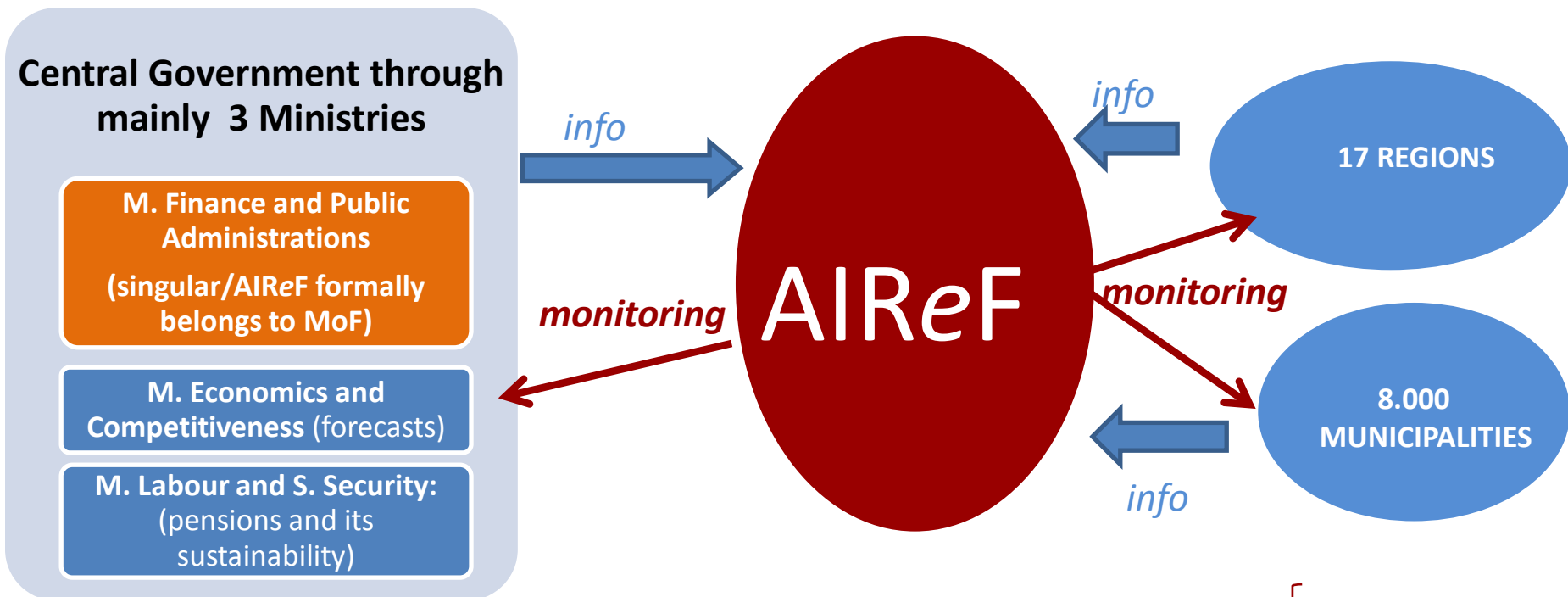
Autonomous Regions

Local governments

A young institution in a highly decentralized country

Implies a variety of official institutions to relate with.....

❖ Those under the subjectivity scope of AIReF's activity/ a dual relationship:



- ❖ **Coordination bodies** between subnational and central government. { Regions- FFPC
Municipalities- NLAC
- ❖ **Technical Committee on National Accounts** { NSO
BoS
IGAE
- ❖ **Parliament-** AIReF President shall appear at least twice a year.



.....making AIReF's tasks more complex: need for some general guidelines to ensure smooth relationships

**Be
predictable**

With a clear planning:

Medium -Term Strategy 2015-2020
Annual Action Plan 2015
Stocktaking Annual Report 2014
Clear output's timetable

And close dialogue:

Publishing the methodology of reports well in advance
Whenever possible, submit draft reports before publication for gross errors

**Be
credible**

With sound analysis:

Right model choice: depends on the aim and time frame
Robustness checks
Risk assessment

Peer review on analytical outputs:

By other IFIs and academics
Advisory panel: recently set up

**Be
transparent**

Wide dissemination policy:

Assumptions, data, research papers
Allow replicability of results

Towards a modern communication strategy



AIReF's MAIN CHALLENGES

CHALLENGES

LESSONS FROM MADRID WORKSHOP

INFORMATION ACCESS

- It needs to be backed by strong **legal mandate**.
- MoU can help but **goodwill** is essential.
- Need to **gain trust** from data providers.

ENSURING EFFECTIVE INFLUENCE

- **“Comply or Explain” principle** is a **powerful tool**
 - But **operational problems** because not clearly defined
 - It should be **transparent**: public dialogue
 - **Recommendations** follow-up.

COMMUNICATION STRATEGY

- **Key for transparency**
- **Effectiveness**
 - Measure your impact and stakeholder’s perception
 - Meet your clients during quiet times
 - One voice to avoid noise
- **Take care of formal aspects**
 - Avoid language barrier
 - Tailored to stakeholders
 - User friendly analysis tools



INFORMATION ACCESS

LEGAL PROVISIONS	PROBLEMS	SOLUTIONS
<p>General: all levels of government shall cooperate</p> <p>Specific requests by AIReF</p> <p>Finance Ministry: data, papers and procedures</p>	<ul style="list-style-type: none"> Information provided is in fact already public Too much information classified as ancillary Not always available electronically Late submission 	<p>Information flows and procedures further developed in a Ministerial Order. But still to be approved.</p> <p>Legal tools in case of non-fulfillment of the obligation to collaborate:</p> <ul style="list-style-type: none"> Public warning on AIReF's website If serious or repeated non-compliance, AIReF informs the government (in order to apply the sanctioning mechanisms foreseen in Spanish regulation) and the Parliament <p>New regulation setting up clear deadlines for each report (quarterly update).</p>
<p>Main Channel: Single Contact Point for Economic and Financial Information (SCP) within the MoF</p>	<p>Very restrictive interpretation</p>	<p>Widening the data set of the SCP</p> <p>Improving bilateral dialogue</p>
<p>Technical Committee on National Accounts</p>	<p>Initial reluctance to provide information</p>	<p>More positive attitude following Parliamentary appearance of AIReF's President (March 15)</p>



- ❖ A **huge challenge** in a decentralized country.
- ❖ Need to **optimize internal resources**.

The particular case of local administrations

- This **subsector meets the fiscal** target at aggregate level but not individually.
- **AIReF is obliged to identify risk of non- compliance** (ex- ante surveillance).
- **Hard** task with 8,000 municipalities.
- **Solution:**
 - Developing an **scoreboard system** to early detect those municipalities with potential problems.
 - **If thresholds are exceeded AIReF informs the MoF** to make an in-depth assessment of the municipality concerned and conclude whether the risk certainly exists and requires measures.

“COMPLY OR EXPLAIN” PRINCIPLE

- ❖ AIReF **performs its duties through** its reports, opinions and studies. Their **publication** is instrumental to be effective.
- ❖ But **AIReF’s influence is reinforced by the CoE principle** (*foreseen by law*).
 - *It applies to all mandatory reports.*
 - *If a public administration ignores AIReF recommendations, detailed reasons for this decision must be provided and report shall be included in the appropriate file.*

Initial implementation somewhat disappointing

PROBLEMS

- **Too many** recommendations issued?
- **Lack of culture** of constructive dialogue
- Too **restrictive interpretation** by public administrations
- **Legal provisions** are too general



SOLUTIONS

- **Wiser and more selective** choice of recommendations.
- Enhancing **dialogue**
- **Double follow-up**

¿Too Many Recommendations?

Topics	Recommendations on information	Recommendations on the subject	Draft Opinions	Good Practices Guidelines	TOTAL
Budgetary Stability	-	11	1	2	14
Fiscal Sustainability	1	1	1	1	4
Expenditure Rule	1	-	-	1	2
Budgetary Procedures	4	-	1	10	15
Transparency	4	4	-	21	29
TOTAL	10	16	3	35	64



A DOUBLE FOLLOW- UP

❖ Implementing a new AIReF Regulation clarifying:

✓ The nature of recommendations. 3 types:

- **Limitations to the scope:** insufficient or late information submission.
- **Recommendations on the object** of the report.
- **Best practice** guidelines.

✓ The follow-up procedure with specific deadlines:

- **AIReF will require an answer** by the administration concerned within 1 month.
- **In case of compliance** with AIReF's recommendations: information on the measures adopted or to be adopted shall be provided.
- **In case of non-compliance**, the reasons shall reported to AIReF.

❖ Closer public follow-up of recommendations:

- ✓ **On AIReF's website:** compiling the situation and therefore the response by the public administration.
- ✓ **Quarterly update** starting in March15.





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