



Independent Authority
for Fiscal Responsibility

Challenges of fiscal policy in decentralized countries: Fiscal Discipline in Spain

Marta Morano
December 2015

Issues

1. Relevant topics for fiscal discipline in the Budgetary Framework
2. Spanish performance
3. Challenges and future proposals

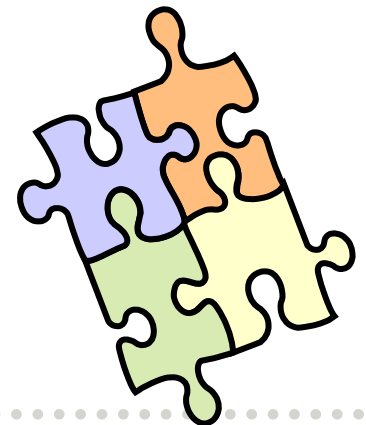
1. Budgetary Framework & fiscal discipline

Key element of fiscal policy because it creates better conditions for achieving objectives. Several elements:

- ✓ Fiscal rules
- ✓ Medium-term budgetary framework
- ✓ Budget process: Top-down approach, Extraordinary or supplementary expenditures during execution
- ✓ External monitoring
- ✓ Transparency and quality of fiscal statistics



PROPER COORDINATION



2. Our national fiscal rule ●

A new Fiscal Governance in the EU has been adopted
SIX PACK/ TWO PACK/ Fiscal Compact

- + All level of government
- + Three rules: structural balance, public debt and expenditure rule → Stronger economic sense
- + Alert mechanisms and better design of the corrective arm

TO IMPROVE

- Reinforce preventive arm. How??
- Schedule
- Make it simpler ??
- Reference values ??



2. Medium-term budgetary framework

- + All level of government
- + Stability programme (3y)
- + Budgetary Draft Plan (2y)

TO IMPROVE

- Territorial role → Funding System forecast
- Linking budget and national accounts
- Schedule

External monitoring

- + European Semester
- + AIREF

TO IMPROVE

- Schedule



2. Transparency

Again driven by the new EU Fiscal Governance

- + More fiscal statistics available
- + Monthly frequency for all levels of government but local gov (quarterly)

TO IMPROVE

- Quality: useful and timely. Historical series
- Linking budget execution with national accounts
- Unique Budgets Structures
- Schedule

3. Challenges and future proposals

- ✓ Fiscal rules:
 - Reinforce preventive and corrective mechanisms. How?
 - Simpler and more coordinated procedures
- ✓ Medium-term budgetary framework:
 - Revenue forecast for regions
 - In national account terms
- ✓ External Monitoring & Transparency: Schedule, Homogeneity, Quality



MORE AND BETTER COORDINATION

Thank you

