



Independent Authority
for Fiscal Responsibility

First spending reviews by an European IFI: a challenging task for AIReF

José Luis Escrivá
7th meeting of EUNIFIs
27 June 2017, Brussels

Why AIReF is leading a spending review?

Spending reviews are not an usual task for IFIs

- ❑ Outcome of end December 2016 question raised by AIReF (17 answers)

Has your institution ever conducted or participated in a spending review of your country? Are there any plans to engage in this kind of exercise?

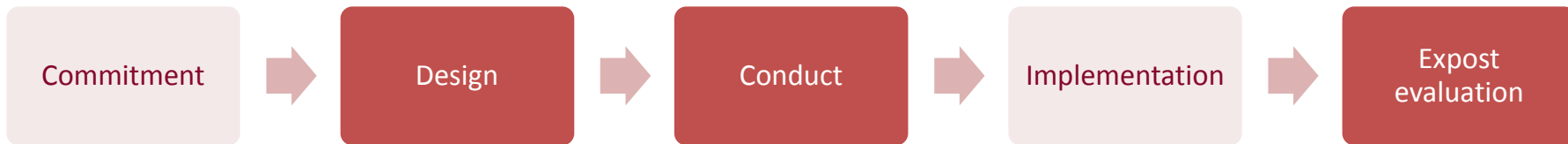
Cyprus FC	No but comparison spending structure to EU averages (indication of potential problem areas)	
Croatian Fiscal Council	No but discussing and giving opinion on occasional spending reviews	
CBR	In some cases, ongoing informal consultations	
Latvian Fiscal Council	No but the chairman has been discussing and consulting on last SR	
Malta Fiscal Advisory Council	No but MFAC holds meetings with MoF which carries out Comprehensive Spending Reviews. MFAC has been provided with copies of the MoF's confidential reports and recommendations	
Austria Fiskalrat Italy PBO Lithuania NAO Swedish FPC	IMAD (SI) Germany IAB France HCPF Greece PBO	Greece FC Portuguese PFC OBR FC of Hungary
NO (12 IFIs)		

- ❑ **But still some precedent outside EU:** CBO's option for reducing the deficit
 - ❑ <https://www.cbo.gov/publication/52142>

Why AIReF is leading a spending review?

Country-specific reasons to consider IFI as an option

- ❑ Spanish experience: in-house reviews led by the public administrations raise credibility issues and face difficulties to involve subnational governments
- ❑ Other potential leaderships (Court of Auditors, internal controllers – IGAE-). were not deemed to fulfill certain requirements
- ❑ High decentralization of public expenditure, need for involving subnational governments
- ❑ Provided government commitment, AIReF's leadership excludes implementation:



- ❑ So far, AIReF has been mandated 3 spending reviews:

Regional requests	Cantabria: restructuring state-owned enterprises Cataluña: cost-benefit analysis of recovering a shadow toll highway
Central government	In-depth review of GG total expenditure to identify potential inefficiencies & duplications

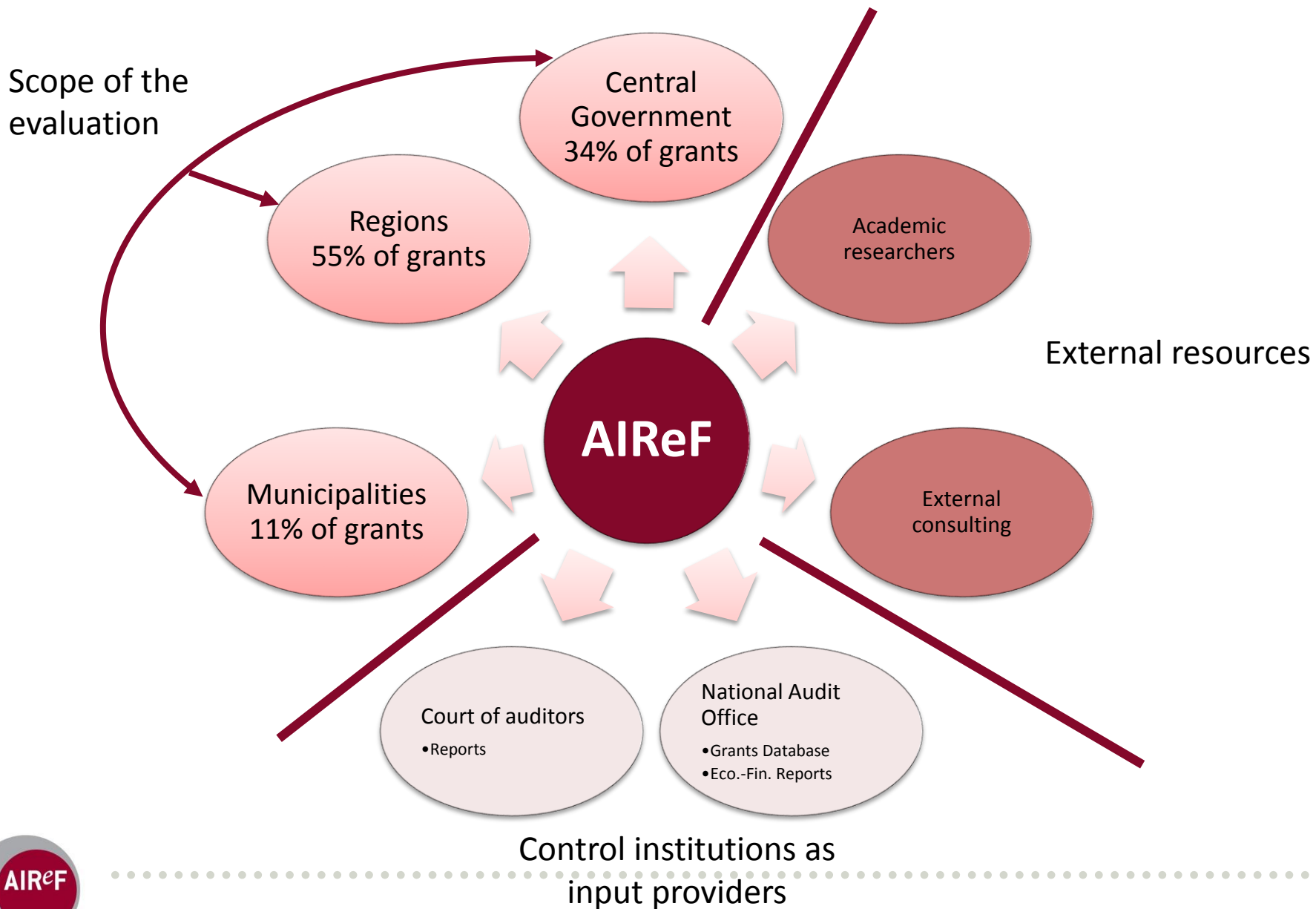


Initial scope

The mandate to AIReF reflects an idea of continuous spending review

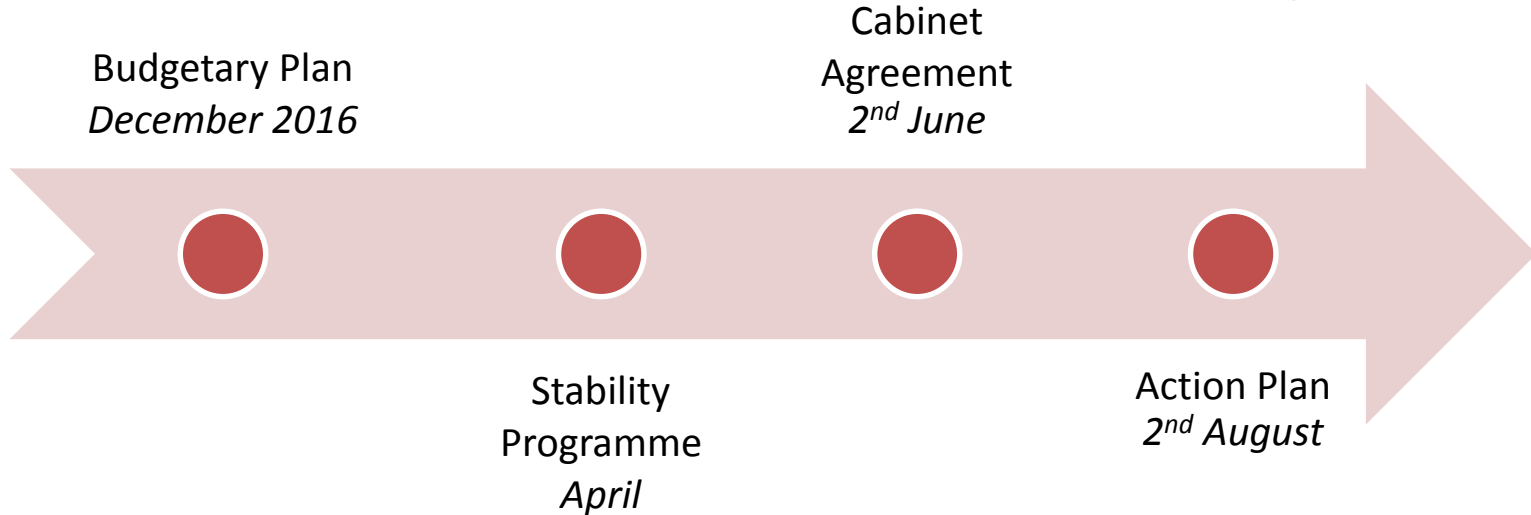
- ❑ The Government has agreed on the 2nd June that the AIReF will conduct a first phase focused on grants
- ❑ Multiannual initial agreement for 3 years with an idea of continuity
 - ❑ Next phases are not defined
- ❑ AIReF should present its results about grants by the end of 2018
- ❑ Grants amount to 3% GDP:
 - ❑ Employment active policies: 0.5% GDP
 - ❑ Transport: 0.3% GDP
 - ❑ Non-hospital pharmacy: 1% GDP
- ❑ It is an expenditure item with room for improving efficiency and or rationalization of spending

Governance is key for success



Project timeline

AIReF has to present an Action Plan before 2nd August



Methodology. 3 pillars:

- Proceedings and strategic evaluation
- Efficiency evaluation
- Impact evaluation

Prioritizing grants to be analyzed

- Employment, energy, R+D...

Period to be analyzed

Budget and calendar

Information requirements

- Access to microdata
- Grants National Database, economic and financial internal reports, strategic plans...

Eurogroup common principles for spending reviews

Principles	AIReF's spending review mandated by the central government
Strong and sustained political commitment	Cabinet agreement + commitment in the 2017-2020 Stability Programme
<p>Design and implementation</p> <ul style="list-style-type: none"> • Clear strategic mandate specifying objectives (potentially quantified targets), scope, (significant share), coordination center • Use of pilots • Adequate resources and data access • Guidelines in producing diagnosis, baselines, reform options and implementation roadmaps • Use of fact-based analysis linking spending to policy outcomes 	<p>Clear mandate</p> <p>Quantified targets unlikely at this stage</p> <p>Grants: first stage</p> <p>Dedicated staff of a 16 experts team 2017 (+8) 2018 (+8)</p> <p>External resources (private sector consultants; academic researchers)</p> <p>Information access and methodology to be defined in the Action Plan</p>
Monitoring and communication to the public regular and transparent	To be decided
Consistency with budget planning	MoF willingness to move in this direction



Independent Authority
for Fiscal Responsibility

www.airef.es

 [@AIReF_es](https://twitter.com/AIReF_es)