

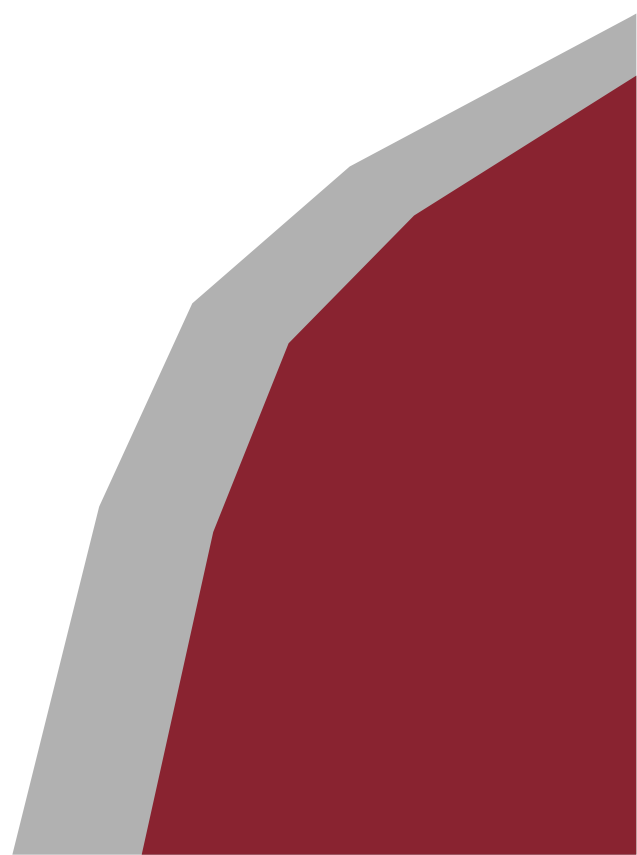
AIReF

Action Plan

2018



Independent Authority
for Fiscal Responsibility



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1. INTRODUCTION

Every year, the Independent Authority for Fiscal Responsibility (AIReF) must prepare and publish an Action Plan in accordance with article 5 of its Organic Statute. In addition to mandatory reports, the plan includes opinions, any requested studies and other actions intended to improve its work. The Action Plan therefore represents the Authority's public commitment to society with respect to its activities during 2018.

The Action Plan is an internal tool used by AIReF to monitor and assess its activities, facilitating the ex-post evaluation of compliance with the pre-defined targets. The ex-post evaluation of the 2017 Action Plan is contained in the 2017 Annual Report, where it is possible to verify the extent to which AIReF has fulfilled the Plan. In this way, AIReF has the necessary tools to ensure the accountability that is the hallmark of the Authority.

The 2018 Action Plan gives priority to the targets identified in the 2015-2020 Strategic Plan and thus ensures consistency between short and medium-term planning. The 2015 – 2020 Strategic Plan¹ has been reviewed in order to simplify some existing lines, identify new targets and actions to be undertaken by AIReF until the end of its mandate, such as the "spending review", and try to properly integrate the findings and recommendations of the OECD's external evaluation, commissioned by AIReF in 2017. The OECD evaluation fulfils the commitment made by AIReF's President before the Parliament to carry out a mid-term independent external evaluation of the Authority, in order to promote accountability and improve its efficiency².

This Action Plan guarantees the tasks entrusted to AIReF by law, and it has been adapted to the changes in the 2017 and 2018 budget cycle. As a result of the budgetary carryover in 2017 and the delay in the approval of the budgetary stability and debt targets, AIReF had to issue reports and opinions that, within a normal budgetary cycle, should have been issued in 2016. This situation has also meant that some reports have had to be updated at the regional level.

1 Published on AIReF website: AIReF Strategic Plan 2015-2020

2 Published on AIReF website: [External Evaluation](#)



Moreover, the political context in 2017 has prevented AIReF from issuing several reports and opinions related to its monitoring of the budget cycle, due to the fact that the 2018 General State Budgets were not submitted. Therefore, in 2018, AIReF must issue the relevant reports and opinions as the budgetary cycle milestones requiring them materialise.

The 2018 Action Plan was approved by AIReF's President on 19 March 2018, following endorsement by AIReF Steering Committee.

2. **AIReF ACTIONS IN 2018**

The actions that AIReF plans to undertake in 2018 are listed under the headings corresponding to each of the main aims of the revised 2015-2020 Strategic Plan. Each of the planned actions³ is associated with the strategic plan targets, thus allowing an assessment to be made of how much progress towards their achievement is envisaged in this Plan.

1. CONTRIBUTE TO BUDGETARY STABILITY

- 1 **AIReF will appraise and integrate the main equations of its medium-term quarterly forecast model (MTA).** The design for this medium-term model began in 2016 and was implemented in 2017, with the following blocks: demand, price, labour market, credit and fiscal. This model supplements those already implemented: MIPred, with a very short time horizon, and BVARX (Bayesian Auto-regression Models with exogenous variables), with short-term applications.
- 2 **AIReF will keep updating and improving periodically the models used to ensure that its reports are technically robust and objective.** AIReF operates the following models, which undergo constant review:
 - Models for forecasting very short-term GDP and its components: dynamic factor models (MIPred). In this case, bearing in mind that there is also a specific MIPred model for Catalonia.
 - Short-term GDP forecasting models (from 3 quarters to eighteen months): error correction equations and Bayesian auto-regression models with exogenous variables (BVARX).
 - MetCap Model: early estimates of quarterly regional GDP.
 - Models of the key regional macroeconomic variables.

³ The list of actions with targets is included in the appendix's table..

- Quarterly forecasting models for the main tax revenues and social security contributions, as well as an annual real estate tax projection model.
 - Annual forecasting models for the revenue and expenditure of the Regions/Local Governments (LGs) based on their monthly/quarterly implementation.
 - Pension expenditure projection model.
 - Unemployment benefit expenditure forecast model.
 - Public debt interest expenditure projection model. Regional healthcare and education expenditure projection model.
- **AIReF expects to complete the new methodology for output gap estimation and modelling.** AIReF is also participating in the the EU Independent Fiscal Institutions Network's Output Gap Working Group .
- 3 **AIReF will work towards a greater breakdown of the Central Administration expenditure forecast.** AIReF will work on modelling Central Administration expenditure on compensation of employees, intermediate consumption and contributions to the EU in terms of national accounts. This modelling will provide objectivity to the forecasts for items that represent a significant portion of non-financial expenditure. In addition, expenditure will be disaggregated by subheadings to provide more immediate identification with budget items, which will facilitate monitoring of implementation.
- 4 **AIReF will continue to increasingly systematise and model revenue.** AIReF plans to develop quarterly revenue forecast models based on macroeconomic indicators. In addition, the Authority will explore a model to characterise the estimated impact of regional measures in terms of their own and/or fully ceded taxes.
- 5 **AIReF will continue with the monthly publication of the risk assessment of non-compliance with the stability target in probabilistic terms.** The methodology used to assess the uncertainty will be reviewed. In addition, the individual analysis of the monthly execution of the Regions will be improved through the use of databases and Tableau.

- 6 **AIReF will continue to update the Local Corporations´ s database with information published by the different organisms. In addition, it will continue to expand and use the regional databases and prepare them for future publication.** This will have an impact on the extent of the analysis of the reconciliation of individual data communicated by all Local Corporations, aggregated at the subsector level, with the data published for the sub-sector as a whole in national accounting terms. Moreover, AIReF will continue with the in-depth assessment of the sustainability of certain Local Corporations with structural problems by identifying risks and promoting lines of action. In addition, the Authority will carry out a benchmarking analysis on the effective cost of Local Corporation services following the introduction of new socio-economic variables necessary for these studies. The results will then be published. With regard to the Regions, the necessary work will be carried out prior to the publication of the available databases.
- 7 **AIReF will expand its self-assessment of the quality of its short and medium-term forecasts.** The Authority will continue and improve its system for evaluating and analysing deviations and difficulties in the fiscal forecasts carried out throughout the year: analysis and redefinition, if necessary, of the criteria and variables applied. In addition, AIReF intends to develop instruments to breakdown the determining factors in AIReF forecast trends (update its macro outlook, economic policy measures, data review, etc.) and their monitoring.
- 8 **AIReF will continue to work on assessing and analysing existing fiscal rules.** The internal working group will continue to analyse the design of the current Organic Law 2/2012, of 27 April, on Budgetary Stability and Financial Sustainability (LOEPySF, as it is known in Spanish), alongside possible proposals for improvements. In addition, the working paper published on the expenditure rule is expected to be updated. In this area, AIReF will focus on the analysis of the strengths and weaknesses of the current framework of fiscal rules, both at the European and national level, as well as the analysis of the impact of the changes to the Community fiscal rules on the Spanish Regions.
- 9 **AIReF continues its intense collaboration with the key international economic institutions and with the EU IFIs network to improve the evaluation of fiscal rules.** AIReF’s President has been re-elected as Chairman of the network, an essential vehicle for the identification and dissemination of good practices at the European level. We emphasise the importance of the IFIs network’s positions on EU fiscal governance.

2. FOSTER PUBLIC ADMINISTRATION FINANCIAL SUSTAINABILITY

1. **AIReF will expand its analysis of the long-term sustainability of the Social Security system.** This analysis includes the development of a new methodology to estimate long-term expenditure on pensions consistent with different scenarios of regulatory change, population trends and macroeconomic scenarios. This aspect is complemented by the continuous improvement of the estimation processes on the relevant Pension Revaluation Index variables. In addition, AIReF will estimate the effect of long-term changes in the population structure on pensions.
2. **AIReF is working to develop its own demographic scenarios.**
3. **AIReF will expand the use of medium-term fiscal projections.** In this sense, the Authority is developing quarterly revenue forecasting models based on macroeconomic indicators. It will also update the methodology used to assess the uncertainty associated with the fiscal forecasts and increase its use in the analysis.
4. **AIReF continues to build and publish easy-to-understand synthetic indicators to raise awareness of the importance of long-term sustainability** based on the expansion of the sustainability risk indicators and the estimation of synthetic indicators for the General Government.
5. **AIReF will continue to analyse the long-term trends and dynamics of the key expenditure components.** This is reflected in the updated healthcare and education expenditure projections based on the newly published database. It will also continue to improve its modelling of the regional healthcare and education expenditure forecasts on the basis of the information exchanges established with the Regions or other administrations, institutions or agencies involved.
6. **AIReF will begin to work to develop the first edition of the Public notification on fiscal risks for sustainability, including the identification and quantification of contingent liabilities at the PA level.**

3. ENHANCE THE EFFICIENCY OF PUBLIC SPENDING AND BUDGETARY PRACTICES IN THE MANAGEMENT OF PUBLIC ACCOUNTS

1. **In 2018, AIReF will begin to review the General Government's expenditure on subsidies as part of its review of the General Government's public expenditure.** To do this, it has developed an Action Plan for this year, which consists of the following evaluation projects: 1: Strategy and procedure evaluations; 2: Medication dispensed through prescription; 3: Active employment policies; 4: University education scholarships; 5: Promotion, talent and employability in R&D+i; 6: Strengthening business competitiveness;

7: Sociedad Estatal Correos y Telégrafos, S. A. This in-depth analysis of subsidy spending will lead to recommendations aimed at improving the effectiveness and efficiency of expenditure, and will serve as a decision-making element for policy-makers and those responsible for budgetary management.

- 2 **The Council of Ministers has entrusted AIReF with carrying out a study on minimum income benefits.** The study should include a comprehensive analysis of existing programmes and aid, and a comparative analysis of similar aid systems in other countries and, in particular, within the European Union. It must also include an in-depth analysis of the minimum income programme currently under consideration in Congress. This analysis will include an estimate of its cost, a forecast of its effects and an assessment of the Social Security System's impact on sustainability.
- 3 **AIReF will continue to foster the dissemination of the economic-financial data of the PAs, alongside the methodologies used.** With a view to enhancing transparency, it is not only important to disseminate economic-financial data, but also the methodologies, hypotheses and criteria that underpin their calculation. This will be carried out through elements such as updating the publication of the Debt Monitor and monthly deficit target monitoring, the inclusion of the publication of macro-fiscal historical series for Spain in AIReF DataLab, revising and improving the impact of the measures in terms of contributions to social security funds, the publication of Tableaus presenting the economic-financial information trends for each Local Corporation, as well as their service costs.
- 4 **AIReF continues to participate in a working group with the Regions on macroeconomic forecasts.**
- 5 **AIReF will continue with the analysis and the proposals for improving the budgetary and economic information published and provided by the PAs** as part of its task of identifying gaps in the existing budgetary and economic information and helping to standardise, simplify and distribute said information.
- 6 **AIReF will continue working to promote improvements in budgetary practices and the principle of the multi-year framework.** This notably includes the completion of the IFI network document on Medium-term Budgetary Frameworks. In addition, work will begin on analysing improvements in results-based budgeting.

4. HELP SPANISH SOCIETY TO PERCEIVE THE BENEFITS OF BUDGETARY STABILITY AND FINANCIAL SUSTAINABILITY

- 1 **AIReF continues to make progress on the strategy defined in the 2017 – 2019 Strategic Communication Plan.** This strategy is based on three pillars: strengthening relations with journalists and opinion leaders, strengthening its image on media with a broad social reach media, such as TV and radio, and reinforcing its activity on social networks. It is also important to note the planned impetus to the webpage through its improved design.
- 2 **AIReF will work on the informative nature of its documents, making them more accessible to the public.** In this sense, it will prepare more dynamic dissemination tools (infographics), as well as different news capsules, where appropriate, with the most relevant parts of the reports and publications.
- 3 **The President will ask to appear before the Parliament at least twice a year:** 1) In the first half of the year, coinciding with the date of publication of the Annual Report and the Action Plan, and 2) during Parliamentary discussions on the draft budget for the following year. He will also always be willing to appear whenever called upon to do so.
- 4 **AIReF will reinforce its presence in academic and social forums to raise awareness of the Authority's work.** The Authority will endeavour to reach agreements whereby AIReF's President or members of its executive staff will speak at universities and research centres, both to raise awareness of the Authority in academic circles and to provide impetus to research into the sustainability of public-sector accounts. The participation of AIReF staff in economic and financial forums directly related to budgetary stability, financial sustainability and macroeconomic analysis organised by public, private, national and international organisations will also be encouraged.
- 5 **AIReF will continue to foster bilateral relations with Territorial Administrations, international agencies and other institutions, with special emphasis on the subnational and international level.** Meetings will continue to be held at both a technical level and with those responsible for fiscal policy in the Territorial Administrations.
- 6 **AIReF will organise seminars, both internally and externally, concerning the financial stability and sustainability of the General Government** in order to help build know-how within the institution and promote debate and research in the area of the sustainability of public finance.

- 7 **AIReF will intensify its presence in relevant international economic forums and working groups and in international institutions. Its aim will be** to show its commitment to budgetary stability, to improve transparency and learn about other countries' issues, trends and actions in terms of fiscal sustainability. At the national level, AIReF will continue attending the meetings and working groups of the Fiscal and Financial Policy Council (CPFF in its Spanish acronym) and the National Commission of the Local Administrations. It will also keep holding meetings with representatives from international agencies following the economic and budgetary situation of the Spanish economy, such as the European Commission, the European Central Bank (ECB), the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD). Also, AIReF will maintain its dialogue with other IFIs, in order to keep exchanging best practices and addressing common interest issues of. The Authority will maintain its active participation in the networks composed by other IFIs, the European Commission and the OECD.
- 8 **AIReF, as part of its dissemination work, will release working papers on matters within its scope of action.**
- 9 **AIReF will keep offering financial aid for training and research fellowships at AIReF.** To this end, the Authority will once again sign cooperation agreements with universities and other agencies, whereby final-year undergraduates, Master's and PhD students can access these programmes. Furthermore, these agreements establish stable mechanisms for cooperation with academia, contribute to student education and enhance the Authority's capacity to conduct fiscal policy research.

5. CROSS-CUTTING AIM. CREATE AN EFFICIENT AND TRANSPARENT AIReF

The actions that AIReF considers essential for substantiating its institutional mission and that contribute to the other strategic aims are summarised in this cross-cutting aim: preparing reports and documents, as well as methodological notes, monitoring recommendations, upholding the duty of collaboration when supplying information and managing resources.

1. **AIReF will publish the reports envisaged by law within the required time frame and to the highest possible quality standards.** Most of the Authority's resources are devoted to preparing reports that determine the guiding thread of AIReF's regular activities. In 2018, the change in the normal budget cycle will mean that some reports will be issued that would have corresponded to 2017 under normal circumstances. Box 1 contains the list of the reports and opinions that AIReF must issue⁴.

4 Organic Law 6/2013, of 14th November, establishing AIReF, establishes a series of mandatory reports and other reports that must be published depending on the materialisation of certain circumstances envisaged in budgetary legislation and, therefore, it is impossible to anticipate whether or not, and when, they will need to be issued.

- **AIReF will provide more in-depth information with the greater use of graphic tools and a greater connection with the Authority's web platform.** The Authority will expand the use of graphic elements to complement the text of the documents, such as the development of interactive graphics to include in the reports. In addition, it will continue to develop the FOCO section of AIReF website, exploring new tools for communication such as webcasts, animations and videos. It also intends to publish and update all equations in the macro outlook.
 - **AIReF will update and publish the methodologies used in the reports when required.** Although methodologies have now been prepared for each of the regular reports, AIReF will keep them under constant review and will make any modifications deemed necessary as part of a process of constant improvement.
2. **AIReF will further the constructive dialogue with the PAs by monitoring the recommendations made in its reports.** The 'comply-or-explain' principle is an essential tool for the Authority when it comes to achieving its targets. AIReF will consolidate the database on recommendations and will continue with the quarterly monitoring of its recommendations to foster their application in practice by the competent bodies and ascertain the results. The summary notes and tables of the recommendations and the responses from the PAs will continue to be published on the website.
 3. **The Advisory Board will continue to be an essential element in the Authority's accountability.** There are four meetings planned for the Advisory Board: 13 February, 28 May, 26 September and 18 December.
 4. **AIReF will persist on its endeavour to sign a collaboration agreement on the exchange of information with the Ministry of Finance and Public Function.** The goal is to set up a stable system for access to the data and documents that the Ministry will permanently make available to the Authority, and to clarify certain concepts related to the scope of the duty of collaboration in the referral of information and/or access to the databases necessary for the pursuit of its mission.
 5. **AIReF will continue working on the proposal to sign a Memorandum of Understanding with the State Secretariat for Economy and Business Support.**
 6. **AIReF will keep consolidating a transparent and efficient management method in 2018.** Specifically, the Authority will: integrate the fee management application with GEISER and with Sede Electrónica, use the new functions of the fee management application, and evaluate virtual desktop solutions.

7. **AIReF will continue to consolidate and maintain a competent team that is capable of performing its functions.** The Authority will continue with its continuous staff training policy. In addition, it is working on expanding its staff establishment plan, with the objective of achieving a staff capable of fulfilling the Authority's targets.
8. **AIReF will continuously follow up its 2018 Action Plan,** which will be reflected in the preparation of its Annual Report.

Box 1: REPORTS AND OPINIONS TO BE PREPARED IN 2018⁵

1. Reports originally planned for 2017 and expected to be prepared in 2018 according to when the budgetary milestones requiring their publication materialise:
 - **Report on the macroeconomic forecasts of the 2018 budgets for the Regions.** This report has already been issued in January once the information for most of the Regions was available.
 - **Report on the macroeconomic forecasts of the 2018 Draft General State Budget.** Prior to its submission, AIReF will report on the macroeconomic forecasts for 2018 accompanying the draft.
 - **Report on the main budgetary lines and draft budgets of the PAs for 2018.** The part corresponding to the Regions and the Local Governments was issued in 2017, and the part related to the Central Administration was left pending for 2018, since it was necessary to analyse the Draft General Budget for the State and Social Security, once they were submitted to the Cortes Generales.
 - **Opinion on the 2018 Pension Revaluation Index, which is** mandatory in accordance with Law 23/2013, of 23 December, regulating the sustainability factor and the pension revaluation index of the Social Security system and in Royal Decree 215/2014, of 28 March, approving AIReF's Organic Statute.
2. **Reports on the budget cycle planned for 2018:**
 - **Report on the macroeconomic forecasts of the Stability Programme Update.** AIReF must decide whether or not to endorse the macroeconomic forecasts for the period as a whole and to assess the possible existence of biases in the forecasts.
 - **Report on the 2018- 2021 Draft Stability Programme Update.** According to law, this must be published by 15 April, but the final date will depend on the necessary information being submitted by the Administration. It takes a medium-term view and must appraise the commitments that guarantee compliance with the budget stability target, the government debt limit and the expenditure rule.
 - **Report on the initial 2018 budgets for the PAs.** AIReF will issue a report on the degree of compliance with the stability and debt targets and the expenditure rule of the initial budgets of the PAs by 1 April. This report will update the analysis made by AIReF in its report on the main budgetary lines and budget drafts of the PAs, with budget implementation information and the forecasts available at that time.

¹ The publication date of these reports could be affected by unavailability of the information necessary for their preparation and in some cases this circumstance can give rise to the publication of a subsequent report.

- **Report on the analysis of budget implementation, public debt and the expenditure rule.** Before 15 July 2018, AIReF must publish this report on the budgetary implementation of the General Government and expected compliance with budgetary stability, debt and expenditure rule targets in 2018 for each subsector and the Administrations that comprise them.
 - **Report on the establishment of individual targets for the Regions.** This report must be prepared within a very short time frame, 10 days, after the Government approves the targets for the General Government. That means that the situation of all 17 Regions will have to be analysed.
 - **Report on the macroeconomic forecasts of the Draft State General Budget.** As in previous years, AIReF will report on these macroeconomic forecasts for 2019 in September.
 - **Report on the main budgetary lines and draft budgets of the PAs for 2019.** This report must be issued by 15 October and entails an analysis of documentation of varying nature and content. The Draft General Budget for the State and Social Security has to be analysed within a very tight time frame, once duly submitted to the Cortes Generales. The information available to AIReF on the Regions and LGs will determine the scope of the report issued on 15th October and may make it necessary to issue specific supplementary reports for each subsector.
 - **Report on the macroeconomic forecasts of the 2019 budgets for the Regions.** This report is published in December once the information on all Regions is available.
3. **AIReF is also responsible for drafting reports concerning the application of the preventive, corrective and coercive measures envisaged in the LOEPySF.** These reports are not periodic but rather depend on whether or not the circumstances envisaged by legislation materialise. Among them, the **Economic-Financial Plans (EFP) of the Regions** can be expected. The Regions that fail to meet the stability, debt and expenditure rule targets must submit an EFP in compliance with the LOEPySF, after this plan has been subject of a report by AIReF. On the other hand, AIReF will continue to monitor the actions undertaken to activate the preventive measures proposed in previous reports and will, if necessary, issue new reports to implement preventive measures.
 4. **Opinion on the 2019 Pension Revaluation Index,** mandatory according to Law 23/2013, of 23rd December, regulating the sustainability factor and the revaluation index for the Social Security pension system, and Royal Decree 2015/2014, of 28th March, adopting AIReF's Organic Statute.

5. **Opinion on the application of the formula to calculate the contribution rate for termination of activity of self-employed workers' benefits** . The possibility of publishing this opinion is envisaged by article 14 of Law 32/2010, of 5 August, establishing a specific system of protection for termination of activity of self-employed workers according to the wording of Law 35/2014, of 26th December, amending the consolidated text of the General Social Security Law with regard to the legal regime of Collaborative Mutual Insurance Companies for Social Security, as well as by article 23 of Organic Law 6/2013, of 14th November, establishing AIReF.

Depending on all the other work to be done and the needs identified over the course of the year, the Steering Committee may consider issuing an opinion on other important matters during the year. Organic Law 6/2013, of 14 November, establishing AIReF, empowers the Authority to issue opinions on matters relating to the budgetary stability and financial sustainability of the PAs at its own initiative.

3. MONITORING AND REVIEW OF THE ACTION PLAN

AIReF will assess compliance with this Plan, in implementation of the Strategic Plan, the results of which will be summarised in the 2018 Annual Report, due to be published in the first quarter of 2018.

The 2018 Action Plan will be monitored continuously. Every six months, the Steering Committee will appraise its degree of implementation and will review the aspects that require updating.

2015-2020 STRATEGIC PLAN	PROPOSALS FOR 2018
1. CONTRIBUTE TO BUDGETARY STABILITY	
a. Monitor and analyse the economic and budgetary situation.	
<p>i Develop models to forecast and project macroeconomic and budgetary variables</p>	<ol style="list-style-type: none"> 1. Continue with the work of modelling the main macro variables: <ul style="list-style-type: none"> - Integrated short-term forecast model (MiPred) dynamic factor model (q+1 and q+2) - BVAR model: Medium-term forecasts (q+3 to t+1) - MetCap Model: early estimates of quarterly regional GDP - MIPReD-Cat Model for Catalonia 2. Appraisal and integration of the main equations of AIReF quarterly model (AQM): demand, prices, expenditure, income and wealth and credit and interest rates 3. Modelling of the income tax on real estate at the regional level. Incorporation of cadastral data into the budgetary data of each entity. 4. Development of models for quarterly revenues forecasts based on macroeconomic indicators 5. Maintenance of an internal database 6. Improving forecasts through the inclusion of microdata 7. Expanding the analysis models to include benchmarking related to the fiscal pressure on real estate tax among urban units of similar local corporations 8. Maintenance and improvement of models for regional healthcare and education expenditure forecasts. Design of a specific model for social services expenditure 9. Study of a model that can characterise the estimated impact of regional measures in relation to their own and/or fully ceded taxes 10. Revision of the forecast models of short-term social contributions and unemployment benefits 11. Modeling of regional expenditure: employee compensation, intermediate consumption and contributions to the EU in terms of national accounting for the Central Administration 12. Disaggregation of Central Administration expenditure by subheadings

2015-2020 STRATEGIC PLAN

PROPOSALS FOR 2018

1. CONTRIBUTE TO BUDGETARY STABILITY

a. Monitor and analyse the economic and budgetary situation.

<p>ii. Develop databases and establish and maintain budget implementation data monitoring and early-warning systems for possible imbalances in each of the PAs</p>	<ol style="list-style-type: none"> 1. Integration between the different institutional sectors: <ul style="list-style-type: none"> - Reconciliation of macroeconomic and fiscal variables - Reconciliation of financial and non-financial variables - Application of shocks through elasticities - Improve sectoral allocation methods - Simulation tools: components of GDP on the demand side, spending on pensions, public consumption 2. Revision of the methodology used to assess uncertainty. 3. Improvement of the individual analysis of regional monthly execution, through the use of databases and Tableaus 4. Continuous updating of the Local Corporation databases with the data published by the different agencies 5. Expansion of the analysis of the fiscal rules determining the subsector aggregate using individual data communicated by all Local Corporations. 6. Maintenance and expansion of the databases on the Regions. In particular, creation of a database with the information available for analysis of regional computable expenditure for the purposes of the expenditure rule 7. Analysis of the regulatory differences in the management of the regional budgets and the possible effects on execution
<p>iii Identify relevant budgetary stability issues to be specifically analysed in reports, or a more in-depth analysis in the form of working papers (WP)</p>	<ul style="list-style-type: none"> • Publication of reports, opinions or working papers (WP) on the following topics: <ul style="list-style-type: none"> - Healthcare and education expenditure forecasts - Expenditure rule (update of the WP already published) • Continue with the in-depth analysis of the sustainability of certain Local Corporations with structural problems, identifying risks and promoting lines of action
<p>iv Self-evaluation of the quality of the macro-fiscal forecasts made in the short and medium term</p>	<ul style="list-style-type: none"> • Continuation and improvement of the system for evaluation and analysis of the deviations and difficulties in the fiscal forecasts made throughout the year: analysis and redefinition, if appropriate, of the criteria and variables applied • Development of tools to breakdown certain factors in AIReF forecast trends (update macro outlook, economic policy measures, data reviews, etc.) and their monitoring
<p>v Incorporation of benchmarking techniques into the analysis of the economic and budgetary situation of the PAs</p>	<ul style="list-style-type: none"> • Inclusion of new socio-economic variables into the Local Corporation database, required for the benchmarking analysis. • Benchmarking analysis of the effective costs of Local Corporation services and publication of results • Analysis of the possibility of applying benchmarking techniques in the Regions

1. CONTRIBUTE TO BUDGETARY STABILITY

b. Contribute to enforcing and improving the design of national and EU fiscal rules

<p>i Internally develop the necessary capacities to estimate the variables used in determining fiscal rules, especially the structural balance and the output gap</p>	<ul style="list-style-type: none"> • Complete the new output gap forecasting and modelling methodology • Participation in the Output Gaps Working Group of the European IFIs network
<p>ii. Analyse the application of fiscal rules, the consistency and compatibility between EU and national rules, and, if appropriate, propose methodological improvements</p>	<ul style="list-style-type: none"> • Analyse the strengths and weaknesses of the current framework of fiscal rules, both at European and national level • Analyse the impact of amendments to the EU fiscal rules on the Spanish PAs • Continued monitoring of the average payment period of the territorial administrations, studying and analysing the impact of recent regulatory changes on this matter
<p>iii Collaborate with the major international economic institutions and with the IFIs network to improve the evaluation of fiscal rules</p>	<ul style="list-style-type: none"> • Chairmanship of the EU IFI Network • Participation in the meetings and activities of the EU IFI Network, the OECD and the EC • Formulation of the positions of the EU IFI network in terms of EU fiscal governance

2. FOSTER THE FINANCIAL SUSTAINABILITY OF THE PUBLIC ADMINISTRATIONS

a. Analyse the long-term stability of public finances and relevant impacts of certain public policies

<p>i Monitor and analyse the debt sustainability of each of the PAs</p>	<ul style="list-style-type: none"> • Begin work on the preparation of the first edition of the Public notification on fiscal risks • Develop a methodology to identify and quantify contingent liabilities at the level of the PAs
<p>ii Systematise medium-term fiscal forecasts and their connection with economic trends</p>	<ul style="list-style-type: none"> • Expand the use of medium-term forecasts in the analysis
<p>iii Construct and publish synthetic and easy-to-understand indicators to raise awareness of the importance of long term sustainability</p>	<ul style="list-style-type: none"> • Expand the sustainability risk indicators and estimate the type-S2 synthetic indicators for the General Government

2. FOSTER THE FINANCIAL SUSTAINABILITY OF THE PUBLIC ADMINISTRATIONS

a. Analyse the long-term stability of public finances and the relevant impacts of certain public policies

<p>iv Analyse the Social Security system from the standpoint of long-term sustainability</p>	<ul style="list-style-type: none"> • Continuous improvement of the estimation processes for the variables relevant to the Pension revaluation Index estimate • Update the analysis using data from the 2016 and 2017 Continuous Professional Life Sample (MCVL in the Spanish acronym) • Development of the pension microsimulation model by incorporating retirement decision-making behavior into the model • Integration of accounting aggregate and microsimulation models • Development and integration of the demographic projections model • Publication of a Working Paper on the impact that the pension reform has had on the pension starting in 2013-2015 and updating with 2016 data
<p>v Analyse trends and long-term dynamics of the main expenditure components: pensions, healthcare, education and social services, among others</p>	<ul style="list-style-type: none"> • Estimate the effect on pensions of long-term changes in the population structure • Population forecasts • Update healthcare and education expenditure forecast using newly published data • Continue to improve the regional healthcare and education forecast model based on information exchanges that are established, if appropriate, with the Regions or other administrations, institutions and agencies involved

3. ENHANCE THE EFFICIENCY OF PUBLIC SPENDING AND BUDGETARY PRACTICES IN THE MANAGEMENT OF PUBLIC ACCOUNTS

a. Provide objective elements, figures and recommendations to support the budgeting process, decision-making and the design of legislative initiatives

<p>i General Government Spending Review (SR) based on strategy, procedure, efficiency and effectiveness evaluations</p>	<ul style="list-style-type: none"> • Execution of the Action Plan for General Government Subsidy Spending Review (Evaluation projects: 1: Strategy and procedure evaluations; 2: Medication dispensed through prescription; 3: Active employment policies; 4: University education scholarship; 5: Promotion of talent and employability in R&D+i; 6: Strengthening business competitiveness; 7: Sociedad Estatal Correos y Telégrafos, S.A.)
<p>ii Analyse and provide technical support to the PAs in macro-budgetary matters within its competence</p>	<ul style="list-style-type: none"> • Working Group with the Regions on macroeconomic forecasts • Study on minimum income benefits

b. Promote the transparency of Public Administrations in the management of revenues

<p>i Identify gaps in the existing economic and budgetary information and help to standardise, simplify and disseminate said information</p>	<ul style="list-style-type: none"> • Continue the analysis and proposals for improvements in the economic and budgetary information published and provided
<p>ii Publish the data from the PAs that contribute to better knowledge</p>	<ul style="list-style-type: none"> • Publish economic-financial information on each Local Corporation as well as their service costs, using Tableaus • Start work on the publication of data from the Regions

3. ENHANCE THE EFFICIENCY OF PUBLIC SPENDING AND BUDGETARY PRACTICES IN THE MANAGEMENT OF PUBLIC ACCOUNTS

c. Help improve budgeting processes and foster the application of the principle of the multi-year framework in budget planning

i	Analyse and diagnose improvements for results-based budgeting and other performance indicator systems	<ul style="list-style-type: none"> • Working paper analysing the budget structure through spending programs related to Evaluation project 1 of the Spending Review
ii	Analysis and proposals for the application of the principle of the multi-year framework in budget planning	<ul style="list-style-type: none"> • Completion of the IFI Network document on Medium-term Budgetary Frameworks
iii	Promote and help estimate and publish the short, medium and long-term economic and budgetary effects of the reforms undertaken by the PAs	<ul style="list-style-type: none"> • Maintain and update the Debt Monitor (interactive through Tableau) (quarterly updating) • Monthly publication of monitoring in terms of national accounts of the General Government and each and of the subsectors, assessing their risk of non-compliance with the stability targets in probabilistic terms. This analysis is completed with the main tax figures and social security contributions in terms of cash on hand. This monitoring and publication is in addition to the assessment made in the reports. • Include the publication of macro-fiscal historical series for Spain in AIReF DataLab • Review and improve the impact of the SSF measures in terms of contributions • Keep an up-to-date database of measures with regulatory impact

4. HELP SPANISH SOCIETY TO PERCEIVE THE BENEFITS OF BUDGETARY STABILITY AND FINANCIAL SUSTAINABILITY

A. Define and implement a communication strategy

i	Define and roll out a global communication strategy including the website, media and social media	<p>Progress the strategy defined in the 2017-2019 Strategic Communication Plan in the following areas:</p> <ul style="list-style-type: none"> • Strengthen relationships with journalists and opinion leaders • Reinforce our image in the media with the furthest social reach, such as TV and radio • Strengthen our activity on social networks
ii	Easy access for society to the work done by AIReF (website)	<ul style="list-style-type: none"> • Improvements in the design of the web page
iii	Appearances before the Cortes Generales	<ul style="list-style-type: none"> • Publication on the website of the President's appearances and informing the media
iv	Participate in discussion forums to explain AIReF's work, promoting its work at the sub-national and international level	<ul style="list-style-type: none"> • Meetings with the territorial administrations, international agencies and other institutions • Support the organisation of forums and debates and publicise AIReF's participation where appropriate

4. HELP SPANISH SOCIETY TO PERCEIVE THE BENEFITS OF BUDGETARY STABILITY AND FINANCIAL SUSTAINABILITY

b. Promote fiscal awareness in society as a whole

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| i | Strengthen the informative nature of AIReF documents to make them more accessible to the general public | <ul style="list-style-type: none"> • Development of more dynamic dissemination tools (infographics) • Development of different news capsules, where appropriate, with the most relevant parts of the reports and publications |
| ii | Organise internal and external seminars and conferences on budgetary stability and financial sustainability | <ul style="list-style-type: none"> • Seminar on Spain’s historic debt sustainability |

c. Promote economic research in the field of fiscal policy

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| i | Publish working papers on matters within AIReF’s scope of action | <p>Identify areas of interest for research that, if deemed appropriate, will become working papers:</p> <ul style="list-style-type: none"> • Reform of the labour market • The Spanish fiscal framework • Output gap • Historical debt series • Healthcare and education expenditure forecasts • Expenditure Rule (update of the WP already published) • Analysis of the budgetary structure through spending programmes linked to Spending Review Evaluation Project 1 • The impact that the reform of the pension system has had on the pensions starting in 2013-2015 and 2016 data update |
| ii | Establish mechanisms for collaboration with universities and research centres, international institutions and other independent fiscal institutions to undertake research | <ul style="list-style-type: none"> • Participation in the technical working groups of the EU IFI network • AIReF presentations at universities |
| iii | Programme of research fellowships and scholarships in AIReF | <ul style="list-style-type: none"> • New announcement |

5. CREATE AN EFFICIENT AND TRANSPARENT AIReF

a. Design and draw up reports, opinions and studies

<p>i Provide more in-depth information with the greater use of graphic tools and connections to AIReF web platform</p>	<ul style="list-style-type: none"> • Continue with the development of the FOCO section of AIReF website, exploring new communication tools such as webcasts, animated presentations and videos • Publish and update the main macro-economic outlook equations: demand, prices, expenditure, income and wealth and credit and interest rates • Develop interactive graphics to include in reports
<p>ii Prepare and publish the methodologies used in reports and opinions</p>	<ul style="list-style-type: none"> • Evaluate and adapt or update, if necessary, the existing methodologies • Publication of the new methodologies as they are developed
<p>iii Advisory Board on economic, budgetary and institutional matters</p>	<ul style="list-style-type: none"> • Four meetings in 2018

b. Substantiate the comply-or-explain principle and the duty of collaboration for information referral

<p>i Adapt recommendations to each of the public administrations and monitor in accordance with the comply-or-explain principle</p>	<ul style="list-style-type: none"> • Quarterly publication of recommendation monitoring • Implementation and use of the recommendations database
<p>ii Define, gather and monitor requests for information needed to prepare reports</p>	<ul style="list-style-type: none"> • Publication of the monitoring of requests for information made by AIReF
<p>iii Development of memoranda of understanding, agreements or procedures for the exchange of information and the development of institutional relationships between AIReF and the main agencies of the PAs</p>	<ul style="list-style-type: none"> • Continue with attempts to form an agreement or similar instrument with the MINHAP for the supply of information and/or direct access to the databases necessary for the performance of AIReF's work • Proposal to sign an MoU with the State Secretariat for Economy and Business Support

c. Effective and transparent management of human and financial resources

<p>i Consolidate and maintain a competent team. Continuous staff training</p>	<ul style="list-style-type: none"> • Expand the staff establishment plan in order to obtain the appropriate staff to achieve AIReF's targets
<p>ii Create an independent administrative and management structure</p>	<ul style="list-style-type: none"> • Integrate the fee management application with GEISER and with Sede Electrónica • New features of the fee management application • Evaluate virtual desktop solutions
<p>iii Establish an assessment and monitoring system for AIReF's activity, including the mid-term external evaluation</p>	<ul style="list-style-type: none"> • Continuous monitoring of the Action Plan

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