



Independent Authority  
*for* Fiscal Responsibility

## **AIReF's External Review**

**10<sup>th</sup> EUNIFI meeting**  
**Session III- External Evaluation of IFIs**  
**Brussels, 25 January 2019**  
**José Luis Escrivá, AIReF's President**

# Powerful reasons for an external evaluation of AIReF

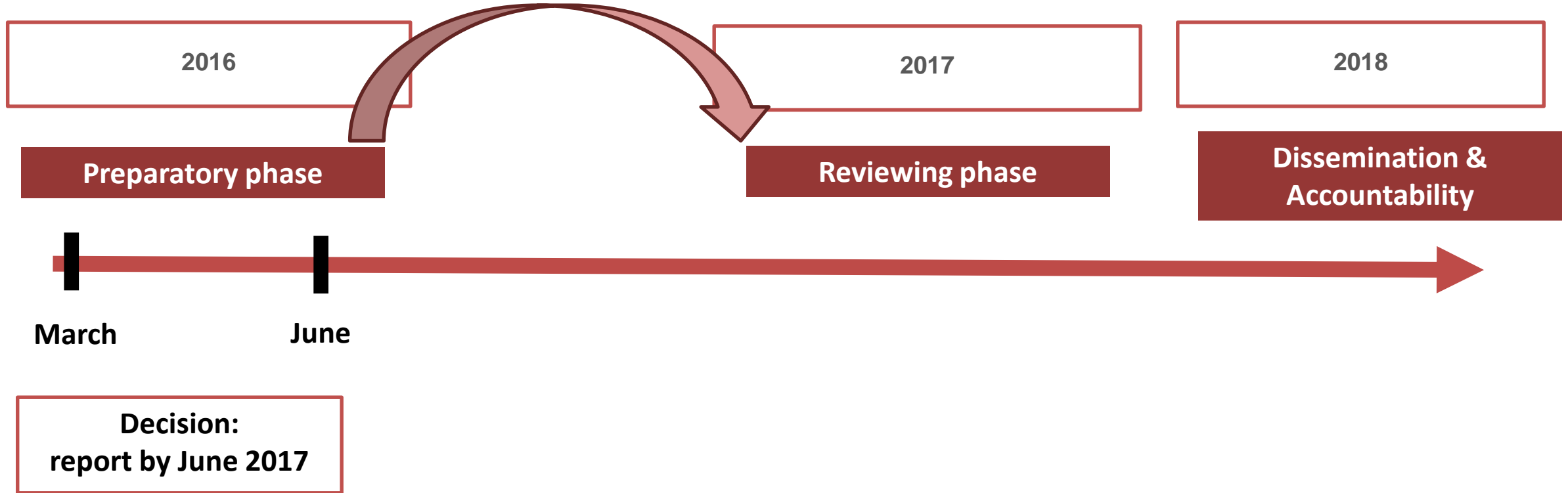


Ultimate goals

Accountability

Learning process:  
improving effectiveness

# Timeline and main phases



## Preparatory phase: decision on the approach and scope

- ❑ Study of international experiences
  - ❑ Discussions with AIReF's Advisory Committee
  - ❑ Debate by the Executive Committee
- 
- ❑ Goal: assessing AIReF's activity/performance since its establishment in November 2013 including recommendations to promote AIReF's efficiency, improve AIReF's organization, and the outreach its activities
    - ✓ Assessing **publications**: quality, access to stakeholders
    - ✓ AIReF **mandate and governance**
    - ✓ **Resources**: human, financial, information
    - ✓ **Analytical capacity**: quality, transparency
    - ✓ **Outcomes**: impact, credibility, reputation, independence, communication

IFAC and OBR approaches + OECD methodology for external evaluations  
good references as starting point ...

## ...but AIReF's singularities and specific goals also to be taken into account

- ❑ **Decentralized country:** sub national governments under the scope of AIReF's mandate and to be covered by the review. A very challenging review:
  - in-depth local expertise
  - resource demanding
- ❑ **International benchmarking** (comparison with other IFIs): **learn from other IFIs' experiences**
- ❑ **Transparent and open selection procedure:**
  - Independent institution: more demanding standards
  - Legal restrictions: contracts > 60.000 € subject to open competition

### Optimal evaluation team

- **Leadership by international organization** with good knowledge of country cases
- Member or ex member from benchmarks IFIs
- **National experts**

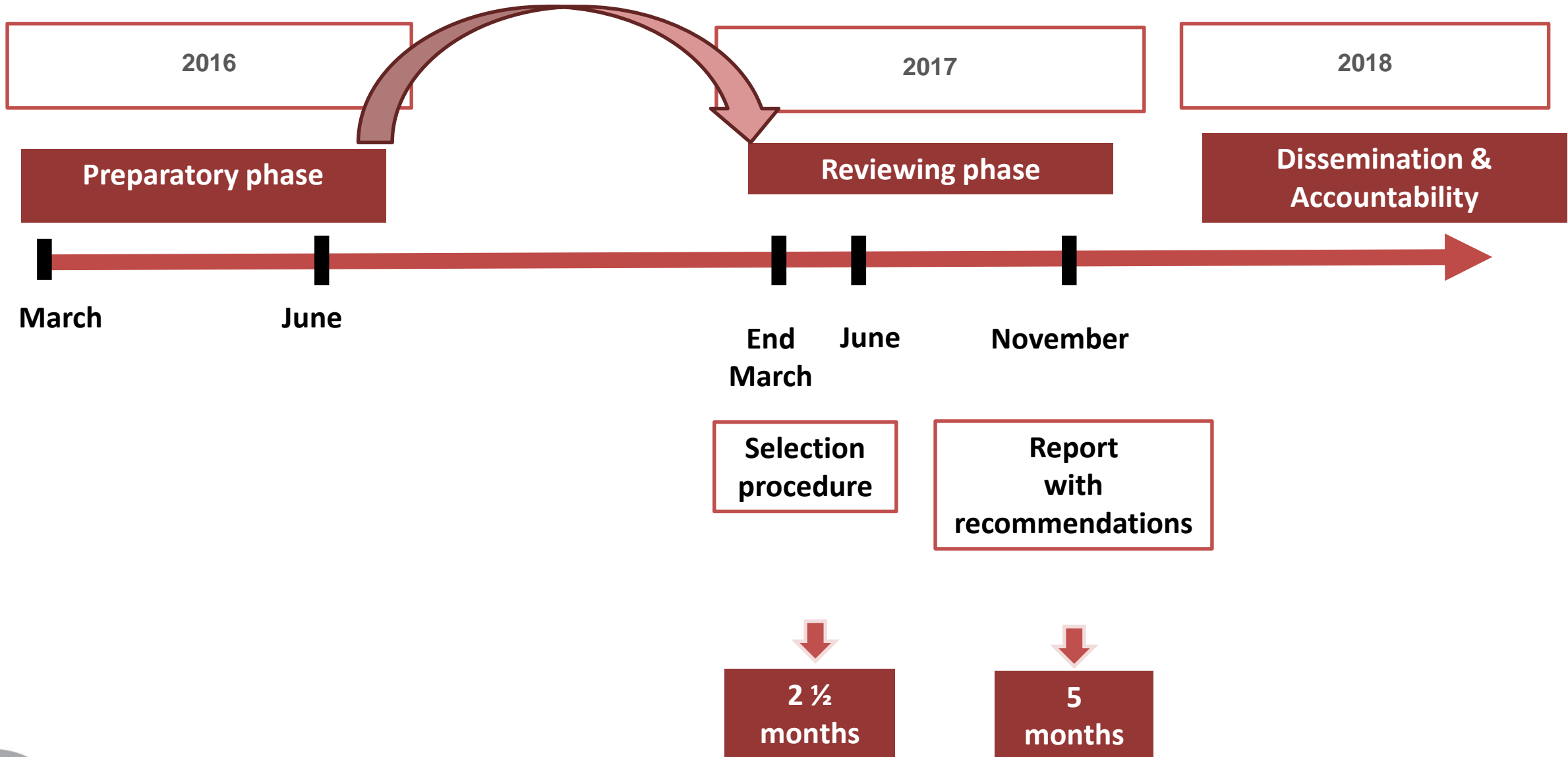
### Selection procedure

- Open **competitive procedure:** grant restricted to non-profit organizations. Fixed grant amount: €60.000

**OECD, IMF, CPB approached to sound their potential interest and feasibility**

**Only OECD able to participate**

# Reviewing phase: timeline



# Reviewing phase: organization

## □ As described in the winner offer (OECD):

**A powerful  
evaluation team**

- 2 OECD staff + Spanish speaking assistant
- 2 IFIs (CPB, CBO)
- 1 Spanish expert

**Intense  
preparatory work**

- **wide information requirements** (reports, information access, methodologies, communication data, budgetary data...)

**2 missions  
to Spain**

- **10-12 July, 18-21 September:**
  - meetings with relevant stakeholders (public administration, academic community, Parliament, media, Court of Auditors, Bank of Spain....)
  - including regions (Valencia, Galicia)

**Drafting**

- **Oct-November:** including recommendations

# Reviewing phase: what did it entail for AIReF?

□ **Guiding principle: ensuring the external nature of the evaluation.** Appropriate balance “providing support” vs “non interference”. **AIReF’s involvement restricted to:**

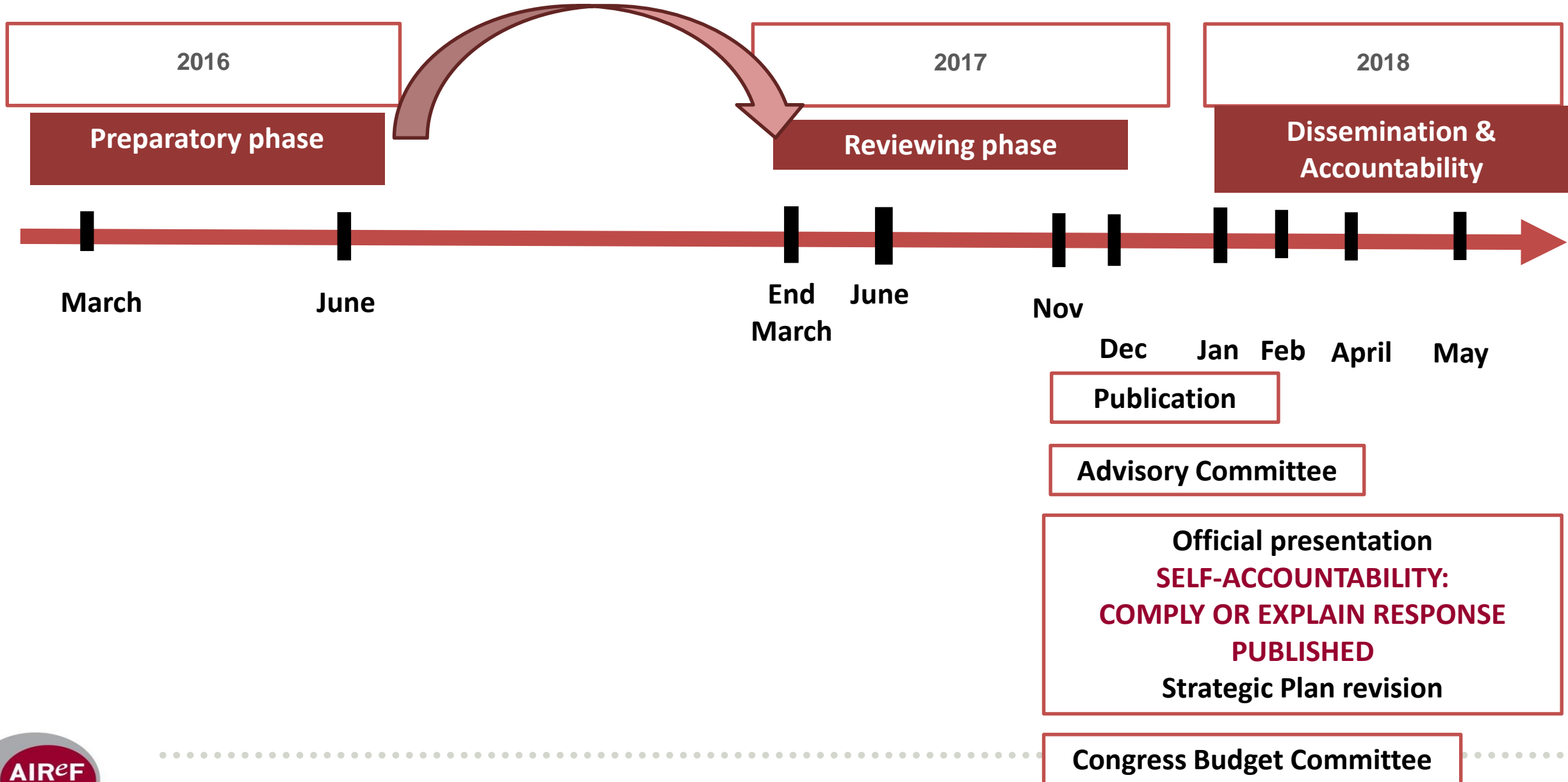
- Provision of **information/clarifications**
- **Translation** when necessary
- **Very light support on meetings organization:** just contacts when needed
- Only factual revision of **report**
- **Exchange of views** on the feasibility of recommendations
- Clear evaluation **ToRs**



- ❖ **1 person responsible for the whole coordination process:**
  - Before review
  - During: daily contact with the evaluation team (30% of time)
- ❖ Heavy involvement of **legal services**
- ❖ **Whole staff availability** to provide data/info. Very granular info provided
- ❖ **Meetings** with Chair, Directors, Staff (10 hours)
- ❖ **Some** Advisory Board members also interviewed



# Dissemination & Accountability phase



# COMPLY OR EXPLAIN RESPONSE PUBLISHED



<http://www.airef.es/es/memoria-y-planes-estrategicos/>

<p>6. In the longer term, the calendar for AIReF reports should be revisited in light of information constraints. One practical solution would be to indicate a time period for analysis upon the receipt of the necessary information rather than specific calendar dates. Changes to the calendar would reopen AIReF's Organic Law to amendment and so may not be practicable in the near term but should be considered when an appropriate political and legislative juncture arises.</p>	<p>NOT DIRECTED AT AIReF</p>	<p>To be considered by other administrations, mainly the MINHAFP. AIReF will take this into account in the drafting of proposals for MoU with the different administrations.</p>	
<p><b>METHODOLOGY AND OUTPUTS</b></p>			
<p>7. AIReF should regularly include projections for a medium-term period of three to five years beyond the current year. Shifting some of the existing focus and resources to more emphasis on the mid-term would improve the balance in AIReF's work. With some exceptions, the majority of AIReF's products over the past few years have been heavily focused on near-term estimates for the current year and the upcoming budget year and would benefit from a medium-term perspective.</p>	<p>COMPLY</p>	<p>Integrated into the revision of the 2015-2020 strategic plan . Establishing medium-term fiscal projections and their connection to economic activity (2.a. ii).</p>	<p>2018</p>
<p>8. When documenting its analysis, AIReF should include more tables with summaries of numbers and more graphics to show recent history and the near- or medium-term projections of economic and budgetary results. Some AIReF reports tend to be "text-heavy" with minimal use of numeric tables or data visualizations. As reports are expanded to include more years of budget projections (as recommended above), it would also be helpful to include line- or bar- charts to present the multiple years of analytic results. Including recent history of budget aggregates in such graphs would further assist in presenting the context for AIReF's forward-looking projections.</p>	<p>COMPLY</p>	<p>Integrated into the revision of the 2015-2020 strategic plan . Expanding the provision of information through greater use of graphic tools and connection to the AIReF web platform (5.a.i). As of 2018, the reports will seek a better balance between the provision of more synthetic information using charts and tables, without compromising the explanatory content of the reports. An effort will be made to reduce the text in the main body of the reports, resorting, when necessary, to the provision of additional information in annexes. Greater connection with the AIReF website's graphic platform.</p>	<p>2018</p>
<p>9. AIReF reports should include more details on both its economic and budgetary estimates. Most reports have presented high-level summaries of AIReF projections. It would be useful to include the key components of those summary totals that AIReF has prepared during its analysis. Such underlying details can provide helpful context for the top-line totals.</p>	<p>COMPLY</p>	<p>Integrated into the revision of the 2015-2020 strategic plan . Providing further depth in the provision of information through greater use of graphic tools and connection to the AIReF web platform (5.a.i). Whenever possible, the reports to be published after 2018 will provide more information on the components that make up the different fiscal and macroeconomic aggregates.</p>	<p>2018</p>

# How would you assess the reactions to the review and particularly to the concluding recommendations?

WIDE MEDIA IMPACT  
(End 2017- Early 2018)



- **Press coverage:** 35 articles by 16 media (national and specialized press)
- **Web traffic increase** in the week of AIREF's publication date (13,763 visits; doubling annual average of 2017)
- **Messages** focused on AIREF's positive initial start despite input deficiencies

MAIN STAKEHOLDERS  
ATTENDED THE OFFICIAL  
PRESENTATION IN MADRID  
(April 2018)



- **Participants:** staff from the Ministry of Public Finance, from regions reviewed, MPs (ie, Chair of the Budget Committee), Council for Transparency and Good Governance, State Comptroller, rating agencies, BoS, members of AIREF's advisory board, think tanks..
- **The BoS shared the main conclusions** of the report about a positive start (reputation, independence, rigor), **explicitly supported some of the recommendations** (publication of forecasts or regular reviews) and pointed out **new ones** (review AIREF's mandate to increase the automatism of fiscal rules)

PARLIAMENTARY  
REACTION



- Parties highlighted AIREF's independence and this accountability exercise
- OECD review and its recommendations were **recurrently mentioned by MPs in the hearing of the President of the Spanish Court of Auditors** to explain their own audit of AIREF's activity

# To what extent have recommendations been followed?

January 2019- CoE response has been updated to include progress so far

Published on AIReF's [website](#)

**VERY EFFECTIVE REGARDING SOME RECOMMENDATIONS TO OTHER ADMINISTRATIONS:** financial and human resources. **LESS PROGRESS ON INFO ACCESS**

**ONE RECOMMENDATION EXPLAINED BY AIReF RECONSIDERED:** publication of macro forecasts (NPC2019 request)

## PROGRESS SO FAR ON RECOMMENDATIONS TO COMPLY WITH:

- ✓ **MoU:** drafts with Ministries (Eco&Fin) and Revenue Agency ready. The latter to be signed shortly
- ✓ **First steps to produce medium-term scenarios taken:** pension expenditure modelled based on AIReF's own demo forecasts
- ✓ **Efforts to improve how analyses are documented:** AIReF website's graphic platform and tools expanded
- ✓ **Self- evaluations of macro projections:** to be completed this year
- ✓ **More selectivity on recommendations:** more clear treatment of reiterated recommendations
- ✓ **Subnational analysis significantly deepen:** local data base; modelling regional policies (health-care, education, social services.)

# Main lessons (1)

**Devote sufficient time to the preparatory phase**

**Well in advance**

**Discuss** it with your executive & advisory board

Do not ignore **administrative and budgetary issues**

At least **1 person to coordinate** the whole process

**Approach and evaluation team key elements for its success: customized**

**Approach: fine tune it to your singularities.** OECD methodology useful for new institutions. But country specificities to be included

**Evaluation team must be adequate to your goal**

- ✓ OCED + IFIs experts: good combination for AIReF's purpose. Ensure at least one national speaking
- ✓ Local expert: county specificities (decentralization)

## Main lessons (2)

### Close follow-up of the review

#### Make it a transparent exercise:

- ✓ Web publication of report
- ✓ Integration of conclusion into IFI strategic plan and annual activity reports

#### Accountability:

- ✓ Before the Parliament
- ✓ **Self-accountability:** publication of CoE response

**Spreading and discussion of the report:** mailing + Madrid presentation + discussion by IFIs (OECD)

### Useful exercise

**Visible outcomes:** AIReF's statute amended and progress on AIReF's commitments

**Help increasing awareness among policy-makers and political parties of AIReF's role.** Paves the way for consolidating the institution and future reforms if necessary

# Towards a ranking of institutional quality in Spain? external evaluations matter

**Project: to rank public institutions according to their institutional quality**

**By an Spanish foundation (Hay Derecho)**  
promotes institutional regeneration,  
combats corruption and defends the rule  
of law (mainly lawyers)

**Ambitious coverage:**  
BoS, Competition Commission,  
Securities Commission, Court of  
Auditors, Judiciary Council,  
Omnusban, ...

**Expected benefits:**  
incentive tool  
inform citizen's decisions  
**Quantitative + Qualitative**  
assessment

**2 areas assessed:**  
capability  
confidence

**AIReF first institution assessed (pilot project)**

**High score: 80.5/100 → effective and enough tools to generate confidence**

## Strong points

- **Human resources** (highly qualified)
- **Accountability:** parliamentary hearings beyond the legal mandate, communication efforts
- **Transparency standards** **external review**, internal controls, minutes publication
- **Internal checks:** code of ethics, Advisory Board
- Efficient **working methods**

## Weakest points

- Insufficient **staff**
- Rigid **wage policy** (misused of variable component)
- **Procurement** policy



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[www.airef.es](http://www.airef.es)



[@AIREF\\_es](https://twitter.com/AIREF_es)



# To what extent have recommendations been followed?

Compliance by other public administrations: 4/20

**Budget process**

**Multiannual funding**

**AIReF's statute amended.** 2019 first year AIReF's proposal respected

**No longer necessary**

**Resources commensurate with mandate**

**Supervision fee**

**Staff increase** in response to the spending review needs (+9 in 2018)

**Fee increase** with effect from 2019 requested by AIReF

**Advance access to information**

**Report calendar to be revisited**

**Still pending:** AIReF expects them to be addressed via MoU under negotiations and by amending AIReF legal provisions

**VERY EFFECTIVE**

Explained by AIReF: 4/16

**Review decision not to publish macro forecasts**

**Reconsideration:** July 2018 publication of forecast in response to ad-hoc study (NPC 2019)

**Formalization** if MoU on macro endorsement signed

**No additional tasks unless commensurate in-house staff**

**Explanations**

Already AIReF's practice

**Strengthening communication at subnational level**

Already intense

**Regular satisfaction surveys**

To be considered for the next round of an external evaluation

# To what extent have recommendations been followed?

To be complied by AIReF: 12/16

## Information access

**Joint MoU with Ministries of Economy and Public Finance:** waiting for response to AIReF proposal. Target: April  
**MoU with Revenue Agency:** agreed  
**Potential additional MoUs:** Social Security

## Medium-term projections

**First steps already taken:** AIReF is modelling budgetary policies in the medium and long-term as necessary condition to produce medium-term projections for each subsector  
**Pension expenditure:** completed in January once demo forecasts (Oct 18) and models have been concluded

## Documenting analysis (2) Less text More details

**More tables and graphics** in the reports  
Greater connection with the AIReF **website's graphic platform**

- Public debt observatory <http://www.airef.es/observatorio-de-deuda>

**Already working on it:** institutional sector accounts, revenue projections and social security

## Self-evaluation of forecasts

**Macro** projections: to be completed this year.  
**Budgetary** projections: already conducted in each report. AIReF's deviations from its forecasters are analysed & explained.

## Recommendations selectivity

**Data base:** in progress  
**New categorization:** new; reiterated; outstanding  
**Deadline:** aligned with the complexity of the recommendation

# To what extent have recommendations been followed?

To be complied by AIReF: 12/16

## Subnational analysis (2)

Benchmarking tools

Deepening (local and vertical distribution)

**Local data base:** published 2018. Allows benchmarking across all municipalities <http://www.airef.es/ccli-lab>  
**Regional social services:** modelling in the pipeline  
**Regional health-care and education expenditure:** methodologies and working papers to be published  
**SR:** first phase to be published Q1 2019. Policies with sub-national level competences requires benchmarking techniques to identify efficient frontiers.  
**Vertical distribution:** indirect approach. Recurrent AIReF recommendations about target setting.

## Communication (4)

More accessible outputs

Mass media

Social platforms

Academia

**Working on it:** boxes; annexes  
**Prudent and selective strategy:** no direct presence in TV radio but contact for ensuring their coverage of AIReF's activity by these media  
**Twitter:** the most relevant social channel. The target of followers met (already 2.500). President's account  
**Increasing activity by Chair and staff.** A MoU with JRC to be signed. Wide activity in the context of the SR.