

AIReF

ACTION PLAN

2019



Autoridad Independiente
de Responsabilidad Fiscal

CONTENTS

1. INTRODUCTION	2
2. AIReF ACTIONS IN 2019	3
1. Contribute to budgetary stability.....	3
2. Foster the financial sustainability of the Public Administrations (PAs).....	5
3. Enhance the efficiency of public expenditure and budgetary practices in the management of public accounts	5
4. Help Spanish society to perceive the benefits of budgetary stability and financial sustainability	6
5. Cross-cutting aim. Create an efficient and transparent AIReF	8
Box 1: REPORTS AND OPINIONS TO BE PREPARED IN 2019	10
3. MONITORING AND REVIEW OF THE ACTION PLAN	12

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 2019.

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 2018 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 2015-2020¹ Strategic Plan and thus ensures consistency between short and medium-term planning. The 2015 – 2020 Strategic Plan 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 integrate the findings and recommendations of the OECD's external evaluation, commissioned by AIReF in 2017². 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 efficiency. As a sign of this commitment, in 2018 AIReF became the first public institution to be evaluated in the "IHay Derecho Institutional Governance Index", which aims to provide information on the capacity of different Spanish public bodies to carry out their mission and instil confidence among citizens.

This Action Plan guarantees the tasks entrusted to AIReF by law, and it has been adapted to the changes in the 2018 and 2019 budgetary cycle. In 2018 these changes made it necessary to readjust its report publication calendar. Although the stability targets for the period 2018-2020 had been approved in July 2017, the budgetary cycle was conditioned by the delay in the presentation of the draft General State Budgets (GSB) before Parliament and the change of Government, among other factors. Firstly, the delay in the draft GSB for 2018, which was presented in March and approved in June, led to a situation of budgetary carryover during the first half of the year. Secondly, the new Government presented a new stability path for the 2019-2021 period in July, although it did not obtain the parliamentary support required for its approval, therefore the targets approved in 2017 remained in force. Finally, the draft GSB for 2019 was also not presented in the usual time frame.

The 2018 Action Plan was approved by AIReF's President on 19 March 2019, following endorsement by AIReF's Steering Committee.

¹ Published on AIReF's website: [2015-2020 Strategic Plan](#)

² Published on AIReF's website: [External evaluation](#)

2. AIReF ACTIONS IN 2019

The actions that AIReF plans to undertake in 2018 are listed under the headings corresponding to each of the main aims of the 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 continue to periodically update and improve the models used to ensure that its reports are technically robust and objective.** AIReF operates the following models, among others, which undergo constant review:
 - Models for forecasting GDP and its components: dynamic factor models (MIPred).
 - 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.
 - 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 execution.
 - Pension expenditure projection model.
 - Unemployment benefit expenditure projection model.
 - Public debt interest expenditure projection model.
 - Regional healthcare and education expenditure projection model.
2. **AIReF will continue to work on 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.
3. **AIReF will develop a tool to analyse the effects of transmitting shocks from the external sector towards and within Spain.** Based on the global vector auto-regression approach, introduced by Pesaran, Schuermann, and Weiner (GVAR), which combines panel and time series data with factor analysis methods, the aim is to analyse and quantify the transmission mechanisms of macroeconomic and financial shocks towards and within Spain.
4. **AIReF will continue working on a greater disaggregation of the estimate of the**

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

Central Administration's expenditure and will make progress on the separate estimation of the deficit of the State and of the Public Agencies of the Central Administration. 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. Moreover, expenditure will be disaggregated by subheadings to provide more immediate identification with budget items, which will facilitate monitoring of execution. In addition, progress will be made in the separate estimation of the deficit of the State and Central Administration Agencies in order to better monitor the State's budgetary execution and the specific situation of public agencies.

5. **AIReF will continue to systematise and model revenues.** AIReF plans to use quarterly revenue forecast models based on macroeconomic indicators. In addition, the Authority will explore a model to characterise the estimated impact of regional measures on a specific tax.
6. **AIReF will start to develop a new monitor on the labour market.** It will take steps to design a new monitor that will allow the analysis of the Spanish labour market under different scenarios.
7. **AIReF will continue with the monthly publication of the assessment of the risk 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.
8. **AIReF will continue to update the database of the Regions and the Local Corporations (LCs).** At the regional level, the database will be developed with the information available for the analysis of computable expenditure for the purposes of the expenditure rule and the database will be expanded with additional elements relevant for the analysis. The Local Corporation database will be updated and improved with variables that are not strictly economic, sustainability indicators will be determined to classify the risk situation of each of the LGs and AIReF will work on the design of a database for the Economic-Financial Plans of the LGs. In addition, preparatory work will begin on a database for the number of staff employed by territorial administrations.
9. **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.
10. **AIReF will continue to work on the output gap projection and modelling methodology.** Related to this topic, AIReF is participating in the EU IFI network's Output Gap Working Group, foreseeing the preparation of a working document on the subject.
11. **AIReF will publish an Opinion on the Spanish stability framework** as a result of its evaluation and analysis of the existing fiscal rules.
12. **AIReF will continue 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, in what will be his last year. Thus, AIReF's president will participate actively to ensure the

continuity of the network's work and to pass the baton to its new Chairman, foreseeing AIReF's organisation of a meeting of the IFIs network in Spain. It is also worth noting the strengthening of relations with the EFB and the possible collaboration for hosting a seminar on the IFIs.

2. Foster the financial sustainability of the Public Administrations (PAs).

1. **AIReF will publish an opinion on fiscal risks to sustainability.** In this area, it will continue to develop a methodology for the identification and quantification of contingent liabilities at the level of the PAs, which will enable progress to be made towards a system for the periodic updating of all detected liabilities.
2. **AIReF will continue 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 (GG).
3. **AIReF will expand its analysis of the long-term sustainability of the Social Security system and will incorporate its results into the debt monitor.** This analysis includes a new methodology to estimate long-term expenditure on pensions consistent with different scenarios of regulatory change, population trends and macroeconomic scenarios. The results on pension expenditure forecasts derived from AIReF's analysis will be incorporated into the different scenarios included in the debt monitor. AIReF will extend the work by developing a projection model for civil servants' pensions and micro-simulation techniques for calculating the entry pension.
4. **AIReF will update its own population forecasts.** It will develop and update its demographic projection model to continue to feed into its comprehensive analysis of the social security situation.
5. **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 continue to update the methodology used to assess the uncertainty associated with the fiscal forecasts and increase its use in the analysis.
6. **AIReF will continue to analyse the long-term trends and dynamics of the key expenditure components.** It will 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.

3. Enhance the efficiency of public expenditure and budgetary practices in the management of public accounts

1. **As part of the first phase of the spending review of the GG sector that began in 2018 and spans three years, AIReF will conclude the work undertaken and will hold meetings with the administrations involved in order to convey the main conclusions and recommendations resulting from the evaluation.** AIReF will explore the possibility of designing indicators on the implementation of the recommendations by the administrations involved.

2. **In 2019 AIReF will begin the second phase of the spending review, which will consist of four evaluation projects: transport infrastructure, fiscal benefits, recruitment incentives and hospital expenditure of the National Health System.**

To this end, it has drawn up an Action Plan to be implemented this year, which includes the four evaluation projects mentioned above. This second in-depth analysis of expenditure 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.

3. **AIReF will carry out the Universities Study commissioned by the Regional Government of Andalusia.** The Council of the Regional Government of Andalusia has agreed to commission AIReF to conduct a study focusing on Andalusian universities from the point of view of strategy and procedure, effectiveness and efficiency. As stated in the agreement, the study will include, among other matters, the evaluation of the Regional Ministry's plans and strategies in relation to the objectives pursued, the provision of university resources within the Andalusian Public University System, the needs of the labour market or the quality of teaching and research; the analysis of the mechanisms for allocating resources in the different universities, their use, organisation, control and monitoring; as well as the coherence of the programmes for promoting R&D&I with the established strategy.

4. **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.

5. **AIReF will continue with the analysis and proposals for improvement in the economic and budgetary information published and provided by the PAs and will begin the work for the preparation of a specific document evaluating transparency in the PAs.** These actions are part of AIReF's task of identifying gaps in the existing budgetary and economic information and helping to standardise, simplify and distribute said information.

6. **AIReF will promote access to data and administrative records available from the spending review for research purposes and specifically, with respect to the cross-checking of data from different registers, and where appropriate, will prepare an Opinion in this regard.** AIReF will start the work of identifying gaps in existing economic and budgetary information and helping to standardise, simplify and disseminate this information.

7. **AIReF will continue working to promote improvements in budgetary practices and the principle of the multi-year framework.** In this area, the work on analysing improvements in results-based budgeting continues.

4. Help Spanish society to perceive the benefits of budgetary stability and financial sustainability

1. **AIReF will continue 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 continue to 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 and videos), 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 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 meetings and bilateral relations with Territorial Administrations, and other agencies and institutions of interest.** 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 intensify its presence in relevant economic forums and working groups** to show its commitment to budgetary stability, 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.
7. **AIReF will continue to enhance its presence at the international level through its participation in forums and meetings and will foster bilateral relations.** It will continue to hold 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). Furthermore, AIReF will maintain its dialogue with other IFIs, in order to keep exchanging best practices and addressing common interest issues. The Authority will also maintain its active participation in the networks composed by other IFIs, the European Commission and the OECD.
8. **AIReF will organise seminars related to the stability and financial sustainability of the PAs.** This is in order to help build know-how in the institution and promote debate and research in the area of public finance sustainability.
9. **AIReF, as part of its dissemination work, will release working papers on matters within its scope of action.** AIReF will continue the analysis of matters such as fiscal multipliers or production efficiency, which could lead to the publication of a

working paper on the subject.

10. **AIReF will prepare a working paper on the independent fiscal institutions.** On the basis of the experience accumulated over the years and its presence in international forums and especially in the EU IFIs network, AIReF will reflect on the characteristics that seem desirable for the proper functioning of an independent fiscal institution.
11. **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 issue the reports required by law within the established 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 2019, the change in the normal budget cycle will mean that some reports will be issued that would have corresponded to 2018 under normal circumstances. Box 1 lists the reports and opinions that AIReF⁴ plans to issue in 2019.
2. **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. It also intends to publish and update all equations in the macro outlook.
3. **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.
4. **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.
5. **The Advisory Board will continue to be an essential element in the Authority's accountability.** There are four meetings planned for the Advisory Board: 12 March, 11 June, 10 September and 17 December.
6. **AIReF will promote the signing of a Memorandum of Understanding (MoU) on**

⁴ Organic Law 6/2013, of 14 November, creating 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

the exchange of information with the Ministry of Finance, following the OECD recommendation. 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.

7. **AIReF will promote the signing of an MoU with the Ministry of Economy and Finance, following the OECD recommendation.** AIReF will further promote the signing of an agreement with the Ministry of Economy that regulates the flow and schedule of information exchange for the process of endorsement of the macroeconomic outlook and assessment of the draft budgets in line with the usual practices in neighbouring countries in the interaction between the Government and the National IFI.
8. **AIReF will keep consolidating a transparent and efficient management method in 2019.** There will be actions related to the redesign of the IT infrastructure, new functions of the fee management application, and external audits on data protection and IT security.
9. **AIReF will continue to consolidate 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.
10. **AIReF will continue monitoring the implementation of the recommendations made in the external evaluation carried out by the OECD.** As part of its commitment to the principles of transparency and accountability, AIReF underwent an OECD evaluation in 2017. The recommendations made by the organisation were subject to the principle of "comply-or-explain" by AIReF and their implementation and monitoring has been published on the website. AIReF will continue to follow-up on these recommendations.
11. **AIReF will continuously follow up its 2019 Action Plan,** which will be reflected in the preparation of its Annual Report.

Box 1: REPORTS AND OPINIONS TO BE PREPARED IN 2019⁵

1. Reports originally planned for 2018 and expected to be prepared in 2018 according to when the budgetary milestones requiring their publication materialise:

- **Report on the macroeconomic forecasts of the Draft General State Budget for 2019.** Prior to its presentation, AIReF will report on the macroeconomic forecasts for 2019 accompanying the draft.
- **Report on the draft budgets and main budgetary lines of the Public Administrations for 2019.** The part corresponding to some Regions was issued in 2018, and the part relating to the remaining Regions and to the LGs and to the Central Administration remained pending for 2019, since it is necessary to analyse the Draft General Budget for the State and Social Security, once they are presented before Parliament.

2. Reports on the budgetary cycle planned for 2019:

- **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 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 budgetary stability target, the government debt limit and the expenditure rule.
- **Report on the initial 2019 budgets of the Public Administrations.** AIReF must 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 execution information and the forecasts available at that time.
- **Report on the analysis of budget execution, public debt and the expenditure rule.** Before 15 July 2019, AIReF must publish this report on the budgetary execution of the GG and expected compliance with budgetary stability, debt and expenditure rule targets in 2018 for each sub-sector 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 GG. To this end, it will be necessary to analyse the situation of each of the 17 Regions.
- **Report on the macroeconomic forecasts of the Draft General State Budget.** As in previous years, AIReF will report on these macroeconomic forecasts for 2020 in September.
- **Report on the draft budgets and main budgetary lines of the Public Administrations for 2020.** 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 presented before Parliament.

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 sub-sector.

⁵ 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 macroeconomic forecasts of the 2020 budgets for the Regions.** This report is issued 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 **reports of the Economic-Financial Plans (EFPs) 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 Law on Budgetary Stability and Financial Sustainability (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. **Studies prepared during 2018 within the framework of the spending review and to be delivered in 2019:**
 - Strategy and Procedure Evaluation;
 - Medication dispensed through prescription;
 - Active employment policies;
 - University education scholarships;
 - Promotion of talent and employability in R&D+i;
 - Strengthening business competitiveness;
 - Sociedad Estatal Correos y Telégrafos, S.A.
 5. **Opinion on the Spanish stability framework.** The accumulated experience in the six years since the approval of the LOEPySF has revealed a series of shortcomings and weaknesses in the current fiscal framework. AIReF considers that it is essential to have a robust fiscal framework in order to guarantee the effectiveness of fiscal rules. For this reason, AIReF will issue an Opinion analysing the situation of the stability framework and the possible reforms to be implemented.
 6. **Opinion on fiscal risks.** In line with international best practices, this opinion will seek to identify and quantify the main risks to the financial sustainability of all PAs. Beginning with the development of an appropriate methodological framework, AIReF will make an effort to single out the main medium and long-term risks of economic, financial, demographic and fiscal origin, both on the revenue and expenditure sides. The same report will include an estimate of the current contingent liabilities of the PAs and a stress test to determine the impact that the materialisation of these risks could have on the financial sustainability of the PAs.
 7. **Opinion on the re-use of administrative microdata for research.** Once AIReF completed the first review of public expenditure in Spain, one of the main conclusions has been the enormous difficulty of accessing the data and registers held by PAs for research purposes. International experience shows the importance of establishing methods and protocols for secure access to and use of this type of data and the advantages that its use for research can bring. AIReF wants to use its experience and gather the opinion of academic and institutional agents to create a proposal that defines the type of inter-administrative collaboration necessary to achieve optimum use of the enormous wealth of data in the hands of the PAs. This proposal would take the form of an Opinion to the Government and will be issued throughout 2019 after a period of work and consultation with researchers, academics and government staff.

Depending on all the other work to be done and the needs that are 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 2019 Annual Report, due to be published in the first quarter of 2020.

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 2019
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	Monitor and analyse the economic and budgetary situation	
		<ul style="list-style-type: none"> 1. Continue with the work of modelling the main macro variables: <ul style="list-style-type: none"> a. Integrated short-term forecast model (MiPred) dynamic factor model (q+1 and q+2) b. Short-term GDP forecasting model and Bayesian vector autoregressive models with exogenous variables (BVARX, q+3 to q+4) c. MetCap Model: early estimates of quarterly regional GDP d. Medium-term forecasting model based on error correction equations e. Development of a tool to analyse the effects of transmission of external shocks towards and within Spain 2. Use of AIReF's quarterly model (AQM): demand, prices, expenditure, income and wealth and credit and interest rates 3. Updating of cadastral data (continuous process) and continued modelling of the income tax on real estate at the regional level 4. Development of models for revenues forecasts based on macroeconomic indicators 5. Expansion of an internal database 6. Incorporation of microdata with updating until 2018
i	Develop models to forecast and project macroeconomic and budgetary variables	

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	Monitor and analyse the economic and budgetary situation	
i	Develop models to forecast and project macroeconomic and budgetary variables	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 forecasting models for health and educational expenditure in the Regions
		9. Start work on a model to characterise the estimated impact of measures taken by the Regions on a specific tax
		10. Revision of the forecast models of short-term social contributions and unemployment benefits
		11. Review and improvement of regional expenditure: employee compensation, intermediate consumption and contributions to the EU in terms of national accounting for the Central Administration
		12. Complete expenditure disaggregation and make progress in the separate estimation of the deficit of the State and CA bodies
ii	Develop data bases and establish and maintain budgetary execution data monitoring and early-warning systems for possible imbalances in each of the PAs	13. Start work for the publication of a monitor on the labour market
		14. Integration between the different institutional sectors: a. Reconciliation of macroeconomic and fiscal variables b. Reconciliation of financial and non-financial variables c. Application of shocks through elasticities d. Improvement of sectoral allocation methods
		15. Simulation tools: components of GDP on the demand side, pension expenditure, public consumption
		16. Revise the methodology used to assess uncertainty
		17. In the context of the work carried out for the monthly publication of the monitoring of budgetary execution, extend the individual analysis of the monthly execution of the Regions to the various expenditure and revenue items
		18. Update and improve the LC database with variables that are not strictly economic

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	Monitor and analyse the economic and budgetary situation	
ii	Develop data bases and establish and maintain budgetary execution data monitoring and early-warning systems for possible imbalances in each of the PAs	19. Expand the analysis of the fiscal rules determining the sub-sector aggregate using individual data communicated by all LCs.
		20. Update the databases on the Regions with the information available for the analysis of computable expenditure for the purposes of the expenditure rule
		21. Use the database of Regional budgetary rules
		22. Determine and design the main sustainability indicators that enable the assessment of the risk situation of each of the LGs
		23. Design a database on the EFPs of the LCs
		24. Begin work on the design of a database on the number of staff at the service of the Territorial Administrations.
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)	25. Expand databases on the Regions with additional elements relevant for analysis
		26. Completion of works and publication of reports, opinions or working papers on the following topics: - Health and education expenditure forecasts - Expenditure rule (update of the WP already published)
iv	Self-assessment of the quality of the macro-fiscal forecasts made in the short and medium term	27. Continue with the in-depth sustainability analysis of certain LCs with structural problems by identifying risks and promoting lines of action. Continue to expand the subjective scope and the indicators for the individual assessment of sustainability risks
		28. 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, by analysing the deviations, expanding this analysis to a monthly frequency
		29. Development of tools to breakdown certain factors in AIReF forecast trends (update macro outlook, economic policy measures, data reviews, etc.) identification of biases and their monitoring
		30. Develop a methodology for self-assessment of internal macroeconomic forecasts including a real-time database
		31. Develop systems to assess macro forecasting models for the Regions

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
1	CONTRIBUTE TO BUDGETARY STABILITY	
a	Monitor and analyse the economic and budgetary situation	
v	Incorporation of benchmarking techniques into the analysis of the economic and budgetary situation of the PAs	32. Improve the presentation and selection of new non-financial variables for the LC database for use in benchmarking analyses 33. Continue and publish the benchmarking analysis on the effective cost of the LC services. Improvement and extension to other services 34. Comparative analysis of Regions based on benchmarking techniques
b	Help to enforce and improve the design of national and EU fiscal rules.	
i	Internally develop the necessary capacities to estimate the variables used in determining fiscal rules, especially the structural balance and the output gap	1. Maintain and update the output gap model 2. Participation in the Output Gap Working Group of the European IFIs network and publication of a working paper
ii	Analyse the application of fiscal rules, the consistency and compatibility between EU and national rules, and, if appropriate, propose methodological improvements	3. Opinion on the Spanish stability framework as a result of the analysis of the weaknesses and strengths of the current framework of fiscal rules 4. Continue and improve the analysis of changes in the EU fiscal rules 5. Continue to monitor the average payment period of the territorial administrations
iii	Collaborate with the major international economic institutions and with the IFIs network to improve the evaluation of fiscal rules	6. Chairmanship of the EU IFIs network and possible holding of a Network meeting in Spain 7. Participation in meetings and activities of the EU IFIs Network, the OECD and the EC - Strengthen relations with EFB and collaboration in seminar on IFIs - Provision of standardised information to DGECEFIN, ECA, EFB 8. 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	
i	Monitor and analyse the debt sustainability of each of the PAs	1. Preparation of an opinion on fiscal risks 2. System for periodic updating of detected liabilities and development of a methodology for the identification and quantification of contingent liabilities of the PAs
ii	Systematise medium-term fiscal forecasts and their connection with economic trends	3. Incorporation of medium-term forecasts in the analysis

2015-2020 STRATEGIC PLAN	PROPOSALS FOR 2019	
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	
iii	Construct and publish synthetic and easy-to-understand indicators to raise awareness of the importance of long term sustainability	4. Expand the sustainability risk indicators and estimate the type-S2 synthetic indicators for the GG
iv	Analyse the Social Security system from the standpoint of long-term sustainability	5. Continuous improvement of the estimation processes for the variables relevant to the Pension revaluation Index (PRI) estimate Incorporate civil servants' pensions into the model 6. Develop a projection model for civil servants' pensions 7. Make progress in micro-simulation techniques for calculating the entry pension 8. Development of the pension microsimulation model by incorporating retirement decision-making behavior into the model 9. Integration of accounting aggregate and microsimulation models 10. Updating of the demographic projection model
v	Analyse trends and long-term dynamics of the main expenditure components: pensions, healthcare, education and social services, among others	11. Continuous improvement of the estimation processes for the variables relevant to the sustainability of the pensions system 12. Updating of own population projections

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
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	
v	Analyse trends and long-term dynamics of the main expenditure components: pensions, healthcare, education and social services, among others	<p>13. Analyse the impact of changes in the variables that define healthcare and education expenditure</p> <p>14. 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</p>
3	ENHANCE THE EFFICIENCY OF PUBLIC EXPENDITURE 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	
i	GG Spending Review (SR) based on strategy, procedure, efficiency and effectiveness evaluations	<p>1. Completion of work on the first phase of the spending review launched in 2018 corresponding to the evaluation of expenditure on subsidies</p> <p>2. Start to design tools for monitoring the implementation of the recommendations made in the spending review</p> <p>3. Execution of the Action Plan for the GG spending review corresponding to the second phase of the spending review:</p> <ul style="list-style-type: none"> - Fiscal benefits - NHS hospital expenditure: pharmacy and investment in capital goods - Recruitment incentives - Transport infrastructure <p>4. Study on Universities commissioned to AIREF by the Regional Government of Andalusia</p>
ii	Analyse and provide technical support to the PAs in macrobudgetary matters within its competence	<p>5. Continue the analysis with the Working Group with the Regions on macroeconomic forecasts</p> <p>6. Final conclusions and publication of the study on minimum income benefits</p>

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
3	ENHANCE THE EFFICIENCY OF PUBLIC EXPENDITURE AND BUDGETARY PRACTICES IN THE MANAGEMENT OF PUBLIC ACCOUNTS	
b	Provide objective elements, figures and recommendations to support the budgeting process, decision-making and the design of legislative initiatives	
i	Identify gaps in the existing economic and budgetary information and help to standardize, simplify and disseminate said information	<ol style="list-style-type: none"> 1. Continue the analysis and proposals for improvements in the economic and budgetary information published and provided 2. Develop a methodology for the preparation of a specific document assessing transparency in the PAs 3. Promote access to data and administrative records for research purposes and specifically, with respect to the cross-checking of data from different registers, possibly publish an Opinion in this regard 4. Improve the presentation on the website of the evolution of the economic and financial information of the LCs as well as their service costs
ii	Publish the data from the PAs that contribute to better knowledge	<ol style="list-style-type: none"> 5. Design of a published economic-financial database of the Regions and display and analysis with Tableau
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	<ol style="list-style-type: none"> 1. Publish the Working Paper analysing the budget structure through spending programmes related to Evaluation project 1 of the Spending Review
ii	Analyse and make proposals for applying a multi-year budgetary planning framework.	<ol style="list-style-type: none"> 2. Continue studies 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	<ol style="list-style-type: none"> 3. Maintain and update the Debt Monitor (interactive through Tableau) (quarterly updating) 4. Expand the Debt Monitor by including the pension expenditure forecasts made in the Opinion on the sustainability of the Social Security system in the analyses 5. Monthly publication of monitoring in terms of national accounts of the GG and each of the sub-sectors with risk assessment of non-compliance with the stability target and, at the Regional level, with the expenditure rule. 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.

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
3	ENHANCE THE EFFICIENCY OF PUBLIC EXPENDITURE 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	
iii	Promote and help estimate and publish the short, medium and long-term economic and budgetary effects of the reforms undertaken by the PAs	<p>6. Publication of macro-fiscal historical series for Spain in AIReF DataLab</p> <p>7. Continue to review and improve the impact of the SSF measures in terms of contributions</p> <p>8. Keep an up-to-date database of measures with regulatory impact</p>
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>1. 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)	2. Improvements in the design of the web page
iii	Appearances before Parliament	3. 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	<p>4. Meetings with the Territorial Administrations, international agencies and other institutions</p> <p>5. Support the organisation of forums and debates and publicise AIReF's participation where appropriate</p>
b	Promote fiscal awareness in society as a whole	
i	Strengthen the informative nature of AIReF documents to make them more accessible to the general public	<p>1. Continue to develop more dynamic informative tools (infographics and videos) Preparation of an infographic on health expenditure methodology</p> <p>2. Development of different news capsules, where appropriate, with the most relevant parts of the reports and publications, expanding the tools used</p>

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
4	HELP SPANISH SOCIETY TO PERCEIVE THE BENEFITS OF BUDGETARY STABILITY AND FINANCIAL SUSTAINABILITY	
b	Promote fiscal awareness in society as a whole	
ii	Organise seminars and conferences on budgetary stability and financial sustainability	3. Seminar on Spain's historic debt sustainability
c	Promote economic research in the field of fiscal policy	
i	Publish working papers on matters within AIReF's scope of action	<p>1. Continue the analysis and possible publication of working papers on the following subjects:</p> <p>a. Historical debt series</p> <p>b. Healthcare and education expenditure forecasts</p> <p>c. Expenditure rule (update of the WP already published)</p> <p>d. Analysis of the budgetary structure by expenditure programme linked to Evaluation Project 1 of the spending review</p> <p>e. Updating of the effect that the pension reform has had on the entry pension to 2018</p> <p>2. Identify areas of interest for research that, if deemed appropriate, will become working papers:</p> <p>a. Assessment of transparency in the PAs</p> <p>b. Estimation of fiscal multipliers</p> <p>c. Forecasting efficiency</p> <p>d. Proposal for an optimal IFI model</p>
ii	Establish mechanisms for collaboration with universities and research centres, international institutions and other independent fiscal institutions to undertake research	<p>3. Participation in the technical working groups of the EU IFIs network</p> <p>4. AIReF presentations at universities</p>
iii	Programme of research fellowships and scholarships in AIReF	5. New announcement
5	CREATE AN EFFICIENT AND TRANSPARENT AIReF	
a	Design and draw up reports, opinions and studies	
i	Provide more in-depth information with the greater use of graphic tools and connections to AIReF's web platform	<p>1. Publish and update the main macro-economic outlook equations: demand, prices, expenditure, income and wealth and credit and interest rates</p> <p>2. Develop interactive graphics to include in reports</p>

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
5	CREATE AN EFFICIENT AND TRANSPARENT AIREF	
a	Design and draw up reports, opinions and studies	
ii	Prepare and publish the methodologies used in reports and opinions	3. Evaluate and adapt or upgrade, if necessary, the existing methodologies 4. Publication of the new methodologies as they are developed
iii	Advisory Board on economic, budgetary and institutional matters	5. Four meetings in 2019
b	Substantiate the comply-or-explain principle and the duty of collaboration for information referral	
i	Adapt recommendations to each of the PAs and monitor in accordance with the comply-or-explain principle	1. Quarterly publication of recommendation monitoring 2. Continue to develop and use the recommendations database
ii	Define, gather and monitor requests for information needed to prepare reports	3. Continue to publish the monitoring of requests for information made by AIREF
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	4. Continue with attempts to sign an MoU with the MINHAP on the referral of information and/or direct access to the databases necessary for the performance of AIREF's work 5. Promote the signing of an MoU with the Ministry of Economy and Finance
c	Effective and transparent management of human and financial resources	
i	Consolidate and maintain a competent team. Continuous staff training	1. Expand the staff establishment plan in order to obtain the appropriate staff to achieve AIREF's targets
ii	Create an independent administrative and management structure	2. Redesign of the IT infrastructure 3. New feature of the fee management application: resources module 4. Implementation proposals on the evaluation of virtual desktop solutions 5. External audit on data protection

2015-2020 STRATEGIC PLAN		PROPOSALS FOR 2019
5	CREATE AN EFFICIENT AND TRANSPARENT AIReF	
c	Efficient and transparent management of human and financial resources	
ii	Create an independent administrative and management structure	6. External audit on digital security
		7. Creation and coordination of the AIReF Working Group on Objectives-based Management of Human Resources
		8. Development of the prevention plan and training in occupational risk prevention and first aid
iii	Establish an assessment and monitoring system for AIReF's activity, including the mid-term external evaluation	9. Continuous monitoring of the Action Plan
		10. Continuous monitoring of the implementation of recommendations made in external evaluations

Independent Authority
for Fiscal Responsibility (AIReF)

José Abascal, No. 2-4 | 2nd Floor | 28003 Madrid

+34 910 100 895

www.airef.es

