

RECOMMENDATIONS FROM THE OECD EXTERNAL EVALUATION	RESPONSE: COMPLY OR EXPLAIN	MEASURES- EXPLANATION	SITUATION JANUARY 2020
		INPUTS	
1. AIReF, MINHAC and/or other relevant administrations should work collaboratively to develop Memoranda of Understanding (MoU) on access to information, establishing what information AIReF needs to fulfil its mandate and mutually agreeable and collaborative processes for information requests, including indicative and realistic timeframes for responses, steps to take when requests are not or cannot be complied with, and provisions regarding the treatment of confidential data. This is in line with OECD Principle 6.1.	COMPLY	Integrated into the revision of the 2015-2020 strategic plan. The preparation of MoU, agreements or procedures for the exchange of information and the development of institutional relations between AIReF and the main Public Administrations is planned (5.b. iii). AIReF has already taken the initiative with some administrations: 1. Proposal to sign an MoU with the State Secretariat for Economy and Business Support. AIReF has made contact with the aforementioned Secretariat with the objective of establishing an MoU in time for AIReF's Report on the 2019 General State Budgets. 2. Proposal to sign an MoU with the MINHAC at the initiative of AIReF. Proposal made on several occasions, most recently with AIReF's observations on the proposal to amend AIReF's Organic Statute. 3. AIReF's proposal for direct access to databases (or periodic transfers) of relevant and important information for AIReF's work, especially at the local level. This would minimise sporadic requests. 4. Signed a collaboration agreement with the Bank of Spain (July 2017) that includes the regular exchange of information on the public administrations' debt and financial accounts for each sub-sector.	Proposal to sign MoUs with the Ministry of Finance - MINHAC and the Ministry of Economy - MINECO - pending The AIReF has continued to stress the need to sign an MoU as included in the recommendations addressed to the MINECO and MINHAC (Report of 28 January 2019 "Report on the macroeconomic forecasts of the draft General State Budget for 2019" and "Report on the draft budgets and main budgetary lines of the Public Administrations: draft General State Budget for 2019") but both ministries' responses rejected the signing of an MoU, arguing that the current regulatory framework for the flow of information exchange is sufficient Databases - no substantial progress in direct access Collaboration agreement with the Spanish Tax Agency - AEAT on exchanges of statistical information: signed on 17 May 2019. Content: collaboration with mutual exchanges of information on macroeconomic and fiscal variables at the aggregate level and short- and medium-term projections. Contacts to sign MoUs with other ministerial departments and agencies and, in particular, with the Ministry of Labour and the Ministry of Social Security.



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2. Where there are issues around timing of access to information, consideration should be given to allowing AIReF to have advance sight of data and documents, on a confidential basis. The strategy of giving the IFI advance sight of data on a confidential basis has been used successfully by peer IFIs and their government counterparts and would have the potential benefit of strengthening AIReF's analysis and the timeliness of its work.	NOT	To be considered by other administrations, mainly the MINHAC. AIReF will consider this when drafting proposals for an MoU on information with the various administrations who, in turn, should consider this OECD recommendation.	sending in the 48 hours following its preparation - and the
3. A multiannual funding commitment should be considered for AIReF, covering the period of the medium term expenditure framework, to further enhance its independence and provide additional protection from political pressures, or perceptions by stakeholders that AIReF could be subject to political pressures. This would have the added benefit of improving the predictability of funding for AIReF In the long term, it may be useful to review the budget process for AIReF, in light of OECD Principle 4.1 which also states that the appropriations for IFIs should be published and treated in the same manner as the budgets of other independent bodies.	DIRECTED	To be considered by other administrations, mainly the MINHAC. AIReF is willing to provide the necessary documentation and analysis for consideration by the competent administration.	
4. In light of AlReF's already extremely broad mandate, and the new demands being placed on AlReF, there should be a reassessment of whether the resources allocated to AlReF are commensurate with its mandate, as outlined in OECD principle 4.1. Such an assessment should include a review of the sufficiency of the supervision fee system in meeting AlReF's budgetary needs.	NOT DIRECTED AT AIReF	To be considered by other administrations, mainly the MINHAC. At the end of March, the CECIR approved a staff expansion in response to the new spending review functions entrusted to AIReF. On the other hand, AIReF will continue to prompt rethe MINHAC to reconsider whether the resources are commensurate to the mandate. The increase in the supervision fee has been requested in time for the preparation of the 2018 General State Budgets.	In 2018, the List of Job Posts has expanded by 9 vacancies with the aim of meeting the needs of the Spending Review (SR). In 2019 the List of Job Posts has been increased to include a further 4 positions. Several temporary staff positions have been covered with a specific work or service contract. Resources commensurate with its mandate will continue to be requested. Processing, at AIReF's request, of the increase in the supervision fee in the Draft General State Budgets for 2020. AIReF is working on a proposal for amendments to its regulations with the main objective of reflecting its new Spending Review functions.



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5. AIReF should avoid taking on additional tasks unless they are given commensurate resources to undertake these new tasks with in-house staff. AIReF should use outside contractors sparingly. For a limited number of projects AIReF has had to rely on consultants. Doing so creates potential risks around consistency, transparency, independence, and communication of the results, especially for a young organisation. In the longer term, it may also impact AIReF's ability to generate and sustain internal professional capacity.	EXPLAIN	This has been the practice applied by AIReF hitherto. Only occasional recourse has been made, and it has been duly justified by the need to complete AIReF's analysis capacity with very specific needs linked to partial and technical work, mainly data collection. In addition, AIReF maintains total control of the work, without compromising its analytical capacity or the direction of the work. AIReF has followed this same philosophy for conducting the spending review and, therefore, has combined the expansion of its permanent staff with the outsourcing of specific tasks, through advertising and competition, without affecting the control and management of the project by AIReF.	
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.	NOT DIRECTED AT AIReF	To be considered by other administrations, mainly the MINHAC. AIReF will consider when drafting proposals for MoU with the different administrations.	It could arise in the context of the amendment of its regulatory legislation that AIReF is working on to reflect the new SR functions. AIReF is studying the possibility of developing a calendar of publications that allows its planning to be more visible. Some reports prepared by AIReF have a preparation date envisaged in its regulations, although the time of publication of many other documents is conditioned by factors outside AIReF.



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METHODOLOGY AND OUTPUTS						
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.	COMPLY	Integrated into the revision of the 2015-2020 strategic plan. Establishing medium-term fiscal projections and their connection to economic activity (2.a. ii).	AlReF has begun to publish medium- and long- term demographic, labour market, macroeconomic (October 2018) and pension expenditure forecasts (January 2019), after developing a framework for integrated long-term analysis and forecasting (until 2050). In addition, these forecasts have been published (along with their confidence intervals) on an easily accessible platform on AlReF's website. AlReF makes medium-term forecasts in its report on the Draft Stability Programme Update. In its latest report published, AlReF makes forecasts up to 2022. There are plans to continue to do this medium and long term analysis with new budgetary allocations. These works will allow the provision, in time, of medium-term scenarios for the various sub-sectors.			



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8. When documenting its analysis, AIReF should include more tables with summaries of numbers and more graphics to show recent history and the nearor 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, 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 projections.		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.	AIReF has reshaped its publications: giving them more graphic/visual content, starting, for example, with the overhauled version of the Debt Monitor. greater amount of data, for example, measure tables, numeric tables, figures with possible scenarios, etc. including information in annexes, as has been common practice in the latest reports on the compliance of the Regions and Local Governments.
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.	COMPLY	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). 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.	The range of variables that make up the main macroeconomic and budgetary aggregates has been expanded. Examples: • greater detail of the accounts of institutional sectors. • in the reports on the Autonomous Regions by specifying revenue and expenditure items. • regarding tax revenues and social contributions.



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10. AIReF should continue to conduct and publish regular self-evaluations of its economic forecasts and budget projection records. This may include an examination of the accuracy of their projections and of whether there have been any significant biases underlying past forecasts by the government or by AIReF, with attempts made to understand the underlying causes of inaccuracies. AIReF will benefit from continuing to compare past forecasts against both observed data and the projections of other forecasters.	COMPLY	Integrated into the revision of the 2015-2020 strategic plan. Self-evaluation of the quality of short and medium term macro-fiscal forecasts (1.a.iv). Although AIReF's forecast history is still relatively short, work can begin on assessing the forecasts of the main macroeconomic indicators, tax forecasts and some of the main expenditure variables. The bias analysis of the government's macroeconomic forecasts will be maintained.	In addition to the evaluations carried out at the domestic level with each update to the macroeconomic scenario, in the first quarter of the year it is planned to publish a working paper with a self-assessment of the macroeconomic forecasts and main fiscal variables carried out since the origin of AIReF, considering AIReF as an additional actor in the analysis of the evaluation of bias in the forecasts. In the budgetary field a systematic self-assessment is carried out on the forecasts made in each report through an update carried out and published on a monthly basis. Using several tabs, it provides graphical and summary information of the major changes in AIReF's forecasts regarding deficit, revenue and expenditure and compliance with the expenditure rule for each sub-sector of the Public Administrations.
11. AlReF should periodically review the decision to refrain from publishing its own independent macroeconomic forecast. While AlReF has chosen to focus on its endorsement role and the uncertainty of such forecasts (as opposed to providing point estimates of its own), there may come a time when it may be both informative and useful to the public debate for AlReF to eventually publish its own projections for the Spanish economy.	EXPLAIN	AIReF has taken the strategic decision not to compete with other economic forecasts (especially the official ones) and to focus on its role as "evaluator" and, in particular, identifying any uncertainty surrounding them. This strategy is sensible in a supervisory model in which the IFI is assigned "endorsement" functions.	AlReF has begun to publish its baseline forecasts from the publication in July 2019 of the study requested by the Government under the assumption of no policy change. In the context of the information agreement with the MINHAC and MINECO, the formalisation of this institutional agreement is considered, whereby the AIReF would formally be responsible for carrying out inertial macroeconomic forecasts.



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		SUB-NATIONAL SCOPE	
12. AIReF should continue to develop its already well-received work on benchmarking regions and municipalities. Given the number of municipalities, a focus on the most fiscally stressed municipalities would be particularly useful.	COMPLY	 Integrated into the revision of the 2015-2020 strategic plan: Incorporation of benchmarking techniques into the analysis of the economic and budgetary situation of the Public Administrations and, therefore, of the Regions and Local Governments. (1.a.v). AIReF has begun to analyse the healthcare and education expenditure of the Regions and plans to expand to social services. AIReF has begun using Local Government fiscal databases (including effective costs for provision of services) that will allow benchmarking for its work with the Spanish Federation of Municipalities and Provinces. Spending Review (SR), for the General Government based on strategy, procedure, efficiency and effectiveness evaluations (3.a.i). The spending review of policies with sub-national level competences will require the use of benchmarking techniques to identify efficient frontiers. Non-hospital pharmaceutical expenditure and active labour market policies will be analysed in 2018. 	Publication of Local Government database in 2018, which allows the execution of benchmarking. Projection model for the expenditure on social services of the Regions: pending development. Regional expenditure on education and healthcare: progress continues to be made in AIReF's forecast model and it is planned to contrast the results obtained with the Regions prior to their publication. Indicators of fiscal transparency: it is planned to publish a document on fiscal transparency in the State and in the regional sphere, which will make it possible to compare the relevant practices of the Regions with both the State and with one another. Publication of the results of the first phase of the Spending Review, and execution of the second phase, the results of which will be presented in the autumn of 2020. New spending reviews entrusted to the AIReF by the Regions of Andalusia and Castile and Leon, and possible additional assignments in the coming months, such as from the Regions of Aragon and Valencia.
13. Where resources allow, AIReF should broaden communication and engagement efforts at the subnational level. There is growing demand for AIReF to increase its engagement with non-governmental stakeholders at the regional level, including with regional parliaments, the press, and academics.	EXPLAIN	There is already an intense communication and a strong relationship with regional and local administrations: individualised delivery of reports to regional media or the use of streaming with local media; possibility of the President attending regional parliaments, provided that the invitations are directly related to fiscal supervisory activities. AIReF participates in regional academic forums.	



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14. In the long term, AlReF should focus on improving the quality and reach of existing regional and local analysis, developing more detailed and robust regional economic models and broadening the coverage of its work to include smaller municipalities. In addition, to further add to the debate on sub-national fiscal sustainability, AlReF should continue carrying out its self-initiated analysis on the vertical distribution of fiscal targets across different levels of government as a complement to its mandatory report on the horizontal distribution of targets. In future, should AlReF's mandate be revisited, stakeholders may wish to consider whether analysis on the vertical distribution should become a mandatory part of AlReF's work. Again, this new engagement has resource implications that must be taken into consideration.		Comply: 1. AIReF will continue to expand its regional analysis, with plans to start the development of a social services expenditure forecast model for the Regions. The design and use of a Regional database, similar to that developed at the local level (integrated into the revision of the 2015-2020 strategic plan -1.a.ii) is being considered. 2. Analysis of the vertical distribution of targets Explain: AIReF has gradually expanded the coverage of its fiscal supervision over the Local Corporations. There is exhaustive monitoring of 21 Local Corporations, but this cannot be individually replicated for each of the over 8,000 existing city councils. Therefore, AIReF has developed a tool to identify those city councils with problematic situations, thus being able to adequately perform the function of fiscal supervisor. This tool will continue to be improved and will complement the continued analysis of the 21 largest Local Corporations.	Projection model for the expenditure on social services of the Regions: pending development. Database of Regions: progress has been made on the design and exploitation. A database of fiscal information on the Regions has been created and a preliminary design for viewing and exploitation in Tableau format has begun. In 2020 the comparative analysis of sustainability of the Regions that feeds the Debt Monitor will be revised and expanded. Analysis of the vertical distribution of targets: it is not being executed as such but is addressed indirectly by way of the recommendations made that targets should be set in consideration of the specificities of each sub-sector. AIReFidentifies the underlying imbalances recurrent in the sub-sectors.



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		IMPACT	
15. AIReF should pursue its strategy of increased selectivity regarding its comply-or-explain recommendations with the aim of emphasising and focusing on its most important messages in subsequent dialogue with relevant administrations and in its follow-up. AIReF may also wish to consider testing different approaches to ascertain their effect on compliance rates, for example, varying the time given to comply according to the complexity of the recommendation.	COMPLY	Comply: redesigning the current database of recommendations to facilitate statistical monitoring and permit more effective application in practice. Reconsider the criteria for classifying the recommendations, in particular the recommendations that are repeatedly made. Adjust the compliance deadlines according to the nature and complexity of the recommendations made. Continue to maintain a selective strategy in the formulation of recommendations, adapting them to the unique characteristics of the administration/entity to which they are issued.	Database of recommendations: in progress. The reclassification criteria of the recommendations have been reconsidered: new and repeated recommendations are differentiated; within the latter, a new category has been created called 'live recommendations'. These are recommendations that, once their lack of implementation has been explained, will not be repeated but, as they are intended to improve the fiscal framework, AIReF considers it necessary to keep them live to the extent that they affect relevant issues such as the effectiveness of fiscal rules and the existence of a robust fiscal framework. The selective strategy for recommendations has been improved: the existence of this new category of live recommendations will allow for more effective formulation of recommendations. The deadline for recommendations has been adjusted: the necessary deadline for completion is evaluated depending on its complexity.



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16. AIReF should develop materials that are more accessible for non-technical stakeholders at both the national and sub-national level. This may include short summaries of the key messages of AIReF's most important reports. Accessibility would also be facilitated by continuing to develop a distinct and consistent "design language" to facilitate navigation across AIReF's reports and highlight key information both in print and online.	COMPLY	Integrated into the revision of the 2015-2020 strategic plan. Strengthening the informative nature of AIReF documents so that they are more accessible to the general public (4.b.i). Infographics will be prepared, whenever possible. The most important messages will be identified and will be subject to individualised dissemination through the website and social networks.	The informative nature of AIReF documents has been reinforced: by incorporating more "boxes" with specific explanations of highly technical topics (for example, the operation and effects of the Indirect Information System (SII) of VAT) and further developing issues in the annexes to the reports, to focus the message and avoid dispersion resulting from too much detailed information (individual Regional reports). In addition, informative videos have been published on AIReF's activity and on the Spending Review. The accessibility of the material has also been improved through a greater connection between the results. The communication strategy has been reinforced to make the content more accessible to citizens the AIReF website has been improved the number of relevant news items and publications on social networks has risen the use of formats, such as videos, infographics, etc. is being enhanced
17. Building on its already well-developed communications with print and online press, AIReF should disseminate its most important reports in a targeted way through a broader range of media that have the potential to reach a wider public. Television appearances by AIReF's President are one option with the potential to bring AIReF's work to a larger audience but should be highly selective to minimise the noise-to-signal ratio and to increase the chance of key messages penetrating the public debate.		A very selective and prudent policy for mass media presence that, in all cases, would be in interview format and occasional, not only considering television but also radio, provided that this presence is justified. More press conferences are a possibility to consider.	AlReF's media presence is following a prudent, clear and selective approach. Messages reach all media and regions without generating unnecessary noise. AlReF conducts press conferences in accordance with its policy of transparency and communication. Engagement work is being carried out within radio and television to facilitate AlReF's work and allow it to have a greater presence in these giants of mass media.



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18. AIReF should set clear and measurable communications targets regarding its communications via social media platforms. AIReF should consider limiting the resources it dedicates to communication via social media platforms where there has been demonstrably lower response from stakeholders and focus on tools that have shown higher potential for uptake such as Twitter.	COMPLY / EXPLAIN	Comply: greater focus on Twitter, analysing the experience of the more successful IFIs (United Kingdom and Ireland) and holding an internal information session to facilitate its use. Explain: the presence on apparently less successful platforms is justified by the interest of the specialised public that uses them and this presence is not expensive.	 Twitter is the most important channel amongst the social networks. The communication strategy has had the following results: Since May 2017, it was proposed that the number of Twitter followers of AIReF's account should be tripled. This goal has been exceeded; the number of followers has more than quadrupled to reach over 4,400 (1,068 at the time of assessment). AIReF's President opened his Twitter account in July 2018 and accumulated more than 2,400 followers until January 2019 when he ended his mandate. The accounts of other IFIs have been analysed to further improve. Monthly reports on Twitter activity are completed, to monitor and advance this activity.



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19. AIReF should expand its outreach to academics and universities. Research faculty and students today represent an important current and future constituency for AIReF's analysis.		Comply: identification of universities/research centres of interest to AIReF. Explain: AIReF upholds regular collaborations with universities and research centres. There is an internship programme with universities. AIReF frequently attends academic debate forums.	Growing presence of both the staff and the president at research seminars, both at the national and international level. Various academic teams were involved in the context of the Spending Review. The projects saw the participation of, among others, the Foundation of Applied Economics Studies - FEDEA and the Valencian Institute of Economic Research IVIE, and other renowned academics were incorporated into the evaluation teams. In addition, both in the context of the SR as well as other AIReF activities (for example, opinion on pensions), seminars and meetings with experts have been organised to address the work being carried out and to collect, in advance of publication, the opinion of renowned academics in different areas. Opinion on access to micro-data for research. Early this year AIReF expects to publish an opinion on access to public data to allow academics and researchers to access this information through a third-party secure environment in order to boost research in these areas.
20. AIReF should periodically undertake satisfaction surveys for key stakeholder groups, particularly parliamentarians and academics.	EXPLAIN	The OECD external review of AIReF has involved a direct relationship between the evaluator and all AIReF stakeholder administrations, as well as with other entities with which it collaborates, and a constant dialogue must be maintained. In line with the practice of other IFIs, these satisfaction surveys could be used as a prior input to external evaluations. They should be considered for the next round of external evaluations.	