

MONTHLY STABILITY TARGET MONITORING 2020

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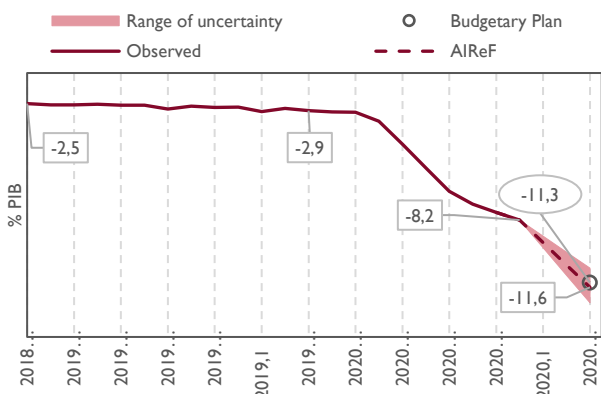
General Government

AIReF maintains its forecast of a General Government deficit of 11.6% of GDP for 2020 in line with its previous forecast contained in the [Report on the Main Lines of the 2021 Budget of the General Government](#) published on 5 November. With regard to the last factsheet, AIReF has incorporated the most recent information from the accounts of the territorial administrations, the latest published monthly execution of the public accounts and the estimate of the new measures and update of those already approved that will affect the year-end figures for 2020. The result of this revision does not alter the deficit estimate of the General Government, although it does amend how it is distributed among the sub-sectors.

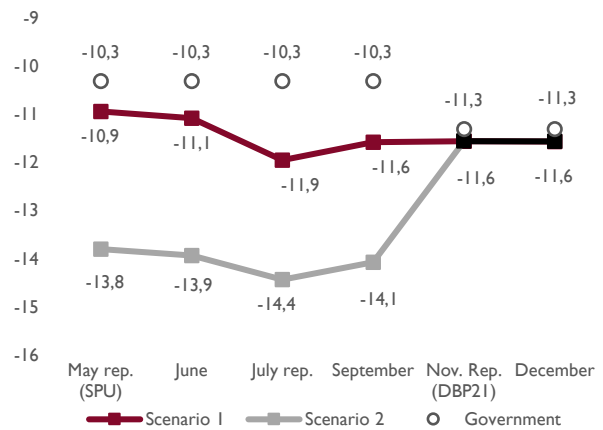
1 AIReF estimates a deficit of 11.6%, 0.3 points above that forecast in the Budgetary Plan. The cumulative 12-month execution data already reflect a substantial increase in the deficit.

2 In the process of ongoing assessment of the budget cycle, AIReF once again updates its deficit forecast, maintaining the previous forecast.

General Government deficit (% GDP)



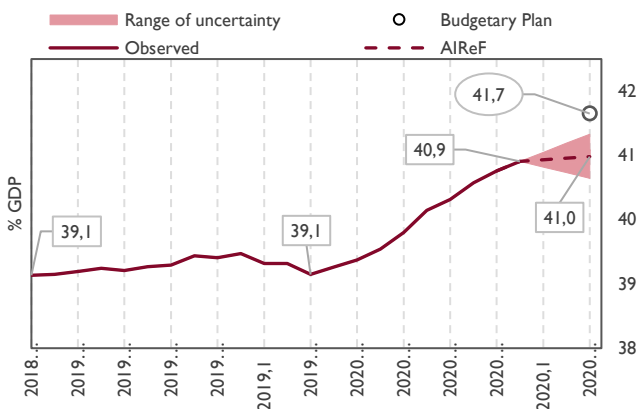
Updated estimated GG deficit (% GDP) (AIReF)



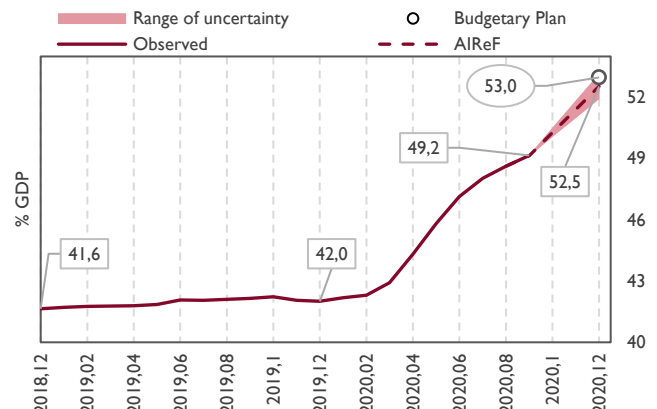
3 In cumulative 12-month terms, there is a sharp increase in revenue as a proportion of GDP, which is expected to stabilise at around 41% at the end of 2020.

4 Expenditure will continue on its upward path to reach 52.5% of GDP. Although AIReF's expenditure estimate is aligned with that of the budgetary Plan in nominal terms, it is lower in weight of GDP as a result of the lower expected fall in GDP in 2020.

General Government revenue (% GDP)

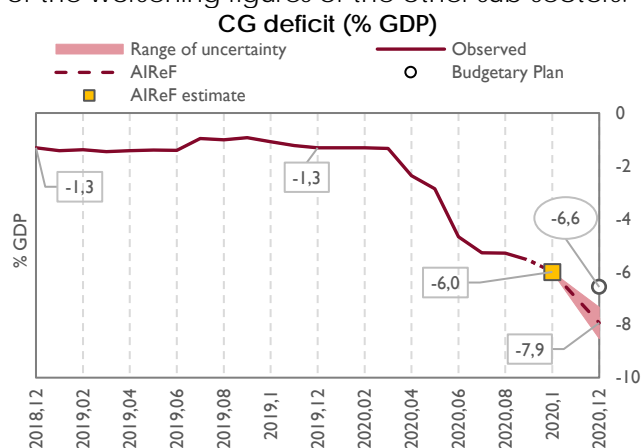


General Government expenditure (% GDP)

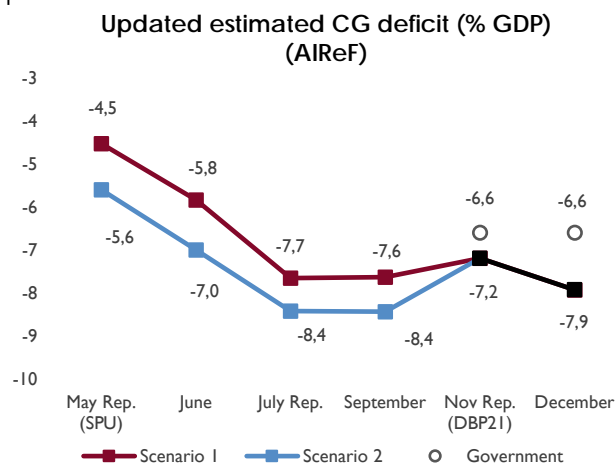


Central Government

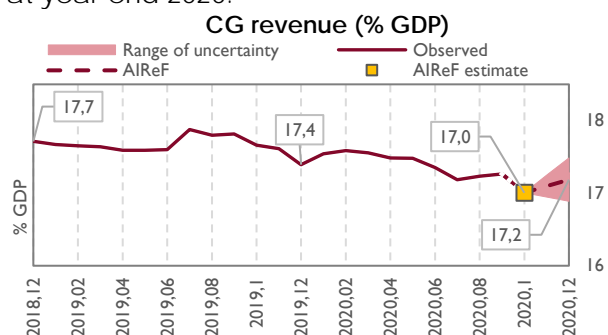
1 AIReF estimates an increase in the CG deficit of 0.7 points to reach 7.9% of GDP, moving away from the Government's forecast of 6.6%. This is due to the fact that the CG continues to take on part of the worsening figures of the other sub-sectors.



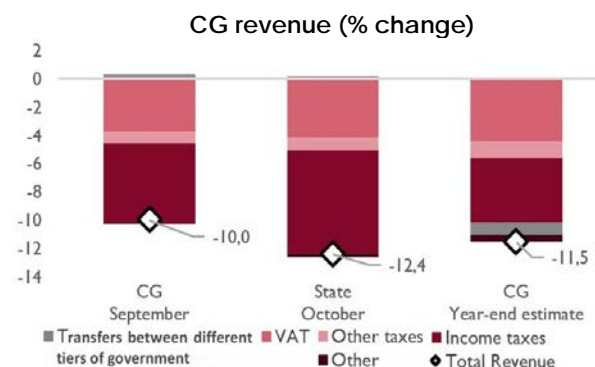
2 The deficit forecast for the CG worsens as a result of the increase in transfers for the SSFs approved by Royal Decree-Law 34/2020, for an amount of €8.3bn, to offset the effects of the pandemic.



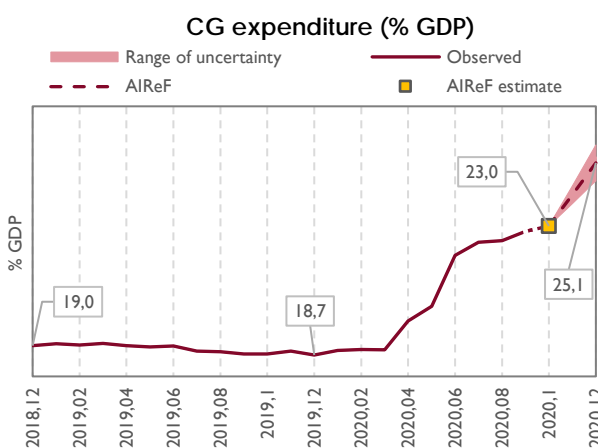
3 The weight of the annualised variable of revenue over GDP for October forecasts a decline mainly explained by the unfavourable behaviour of the second instalment payment of Corporate Income Tax (CIT). The weight of revenue as a proportion of GDP is expected to improve to 17.2% at year-end 2020.



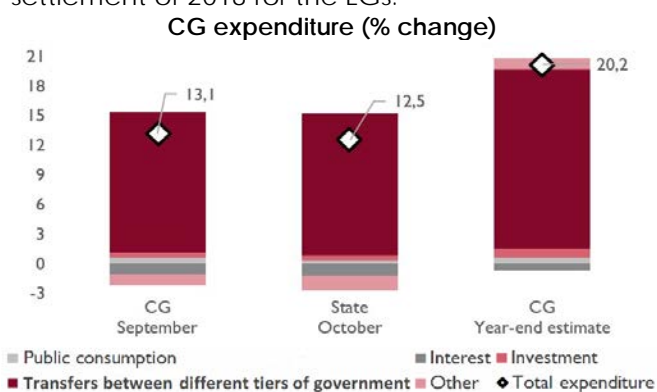
4 The information for October from the State shows the fall in revenue compared with the previous year, which is strengthened by the effect of the RFS and the second instalment payment of CIT. Revenue at year-end 2020 is expected to fall by 11% compared with 2019.



5 The forecast for expenditure rises to 25.1% of GDP. This estimate is marked by the expenditure on transfers to the regions and the SSFs, and the rise compared with the forecast of the previous factsheet is the result of the new transfers.



6 There is significant expenditure on transfers between different tiers of government, for which an increase is expected before the end of the year as a result of the outstanding payments from the COVID-19 Fund for the regions and the settlement of 2018 for the LGs.



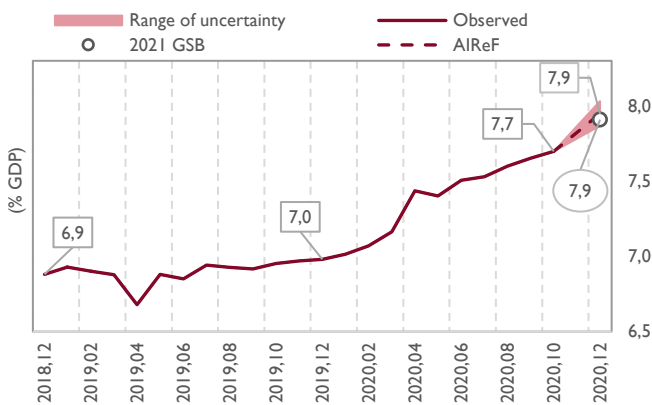
Main revenue items

Tax collection for October shows a drop of 12.4% compared with 2019, which implies a fall so far this year of 10.1%. The poor performance in October is mainly due to the instalment payment of CIT, which recorded the second largest fall in its history. With the exception of PIT, which remains at similar levels to those of the previous year, collection of other taxes also falls compared with the figures recorded in 2019. Deferred payments for COVID-related measures continue to be recorded. The revenue projection made by AIReF for 2020 is unchanged as this behaviour is included within its forecasts.

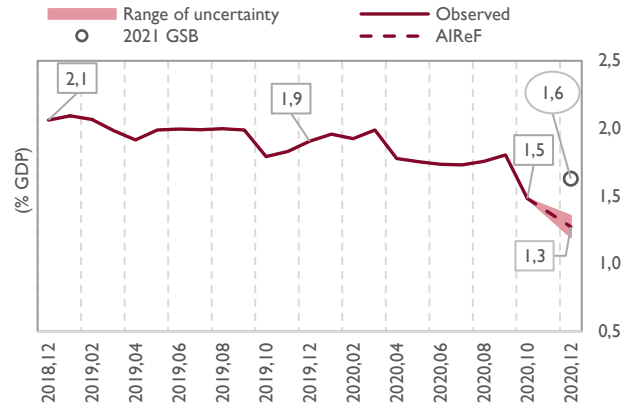
① AIReF forecasts annual growth in PIT of 2%, increasing its share of GDP by 0.9 points compared with the previous year. Collection in October grew by 0.5% in year-on-year terms. This growth is lower than that recorded over recent months, although accumulated revenue so far this year remains practically the same as in 2019.

② For CIT, AIReF forecasts a decrease in its weight as a percentage of GDP in 2020 of 0.6 percentage points. Revenue in October recorded a drop of 32.6%, bringing the cumulative fall for the year to 36%. This behaviour is the result of the revenue from the second instalment payment, the most important of the year, which relates to the months from April to September and reflects the fall in economic activity caused by COVID.

PIT IN CASH (% GDP)



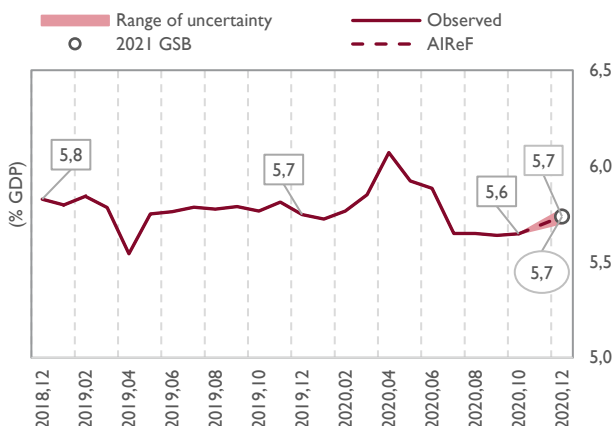
CIT IN CASH (% GDP)



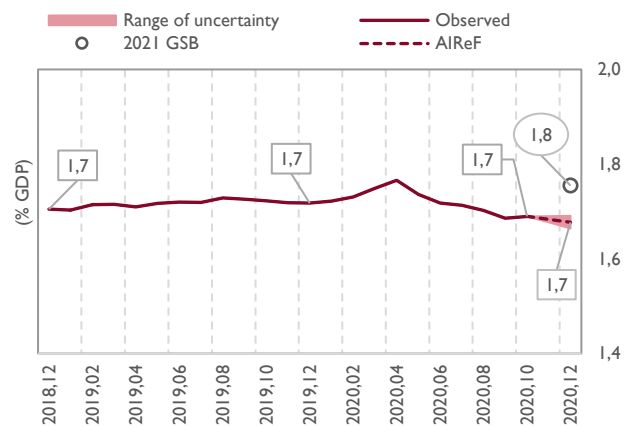
③ The rate of decline of VAT is expected to be similar to that of GDP in nominal terms, with its weight remaining stable with regard to 2019. Gross revenue for October is 4.8% down on the same month of 2019. Even though the pace of decline is softening compared with previous months, cumulative net revenue to October is down by 12.6%.

④ Special taxes as a whole maintain their weight as a proportion of GDP, although with an evolution lower than that of economic activity. Special taxes in October fall by 6.4% compared with the same month of the previous year, a lower fall than that recorded in previous months. However, cumulative revenue so far this year is 12.3% down on the figure for 2019.

VAT IN CASH (% GDP)

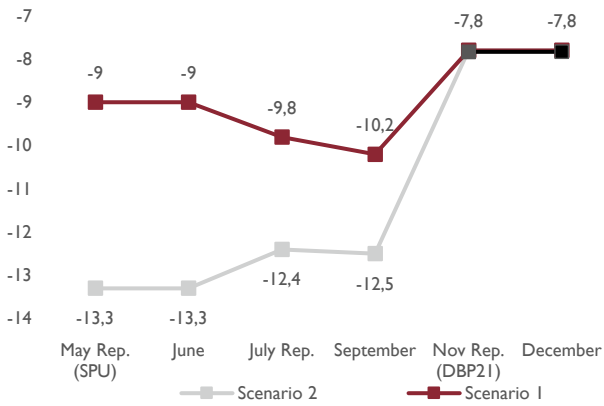


SPECIAL TAXES IN CASH (% GDP)



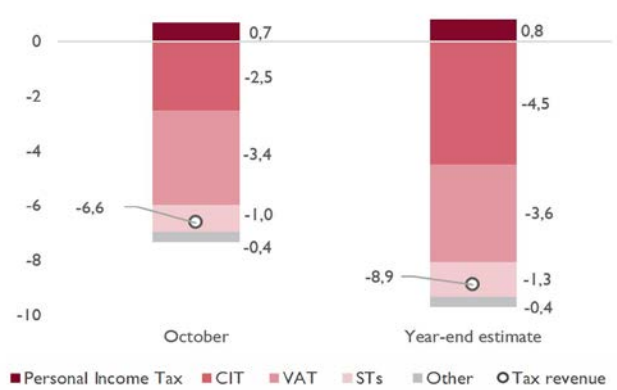
5 AIReF forecasts tax revenue in national accounts terms to be 7.8% lower in 2020 than in the previous year. After analysing the tax collection information up to October and incorporating the sums accrued up to the third quarter of the year, the forecast given in the November report (DBP21) is maintained.

Updated tax revenue forecast NA (% change)



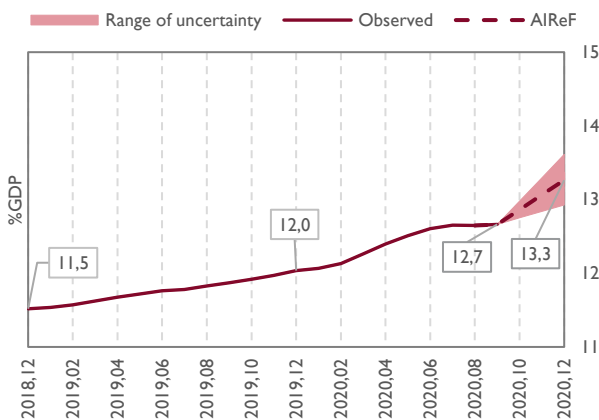
6 The 12-month cumulative revenue up to October reflects a fall of 6.9%. This is a larger fall than in previous periods as lower monthly collections than the previous year are progressively incorporated. For the end of the year, AIReF forecasts a drop in tax collection of 8.9% compared with the previous year, with CIT and VAT being the taxes that will contribute most to this fall.

Contributions to change Cash AIReF (% change)



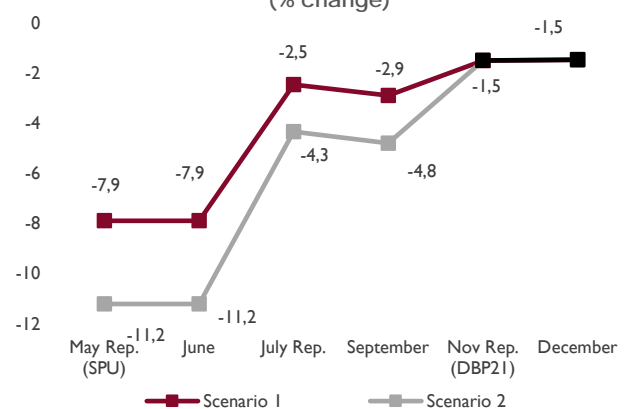
7 Since April, the fall in employment has had a negative impact on **contributions**, but this effect has been offset by the fall in GDP. In addition, the subsidies received for the tax exemptions from contributions provided for in the ERTE (job-retention scheme) and the cessation of activity measures mean that their weight as a proportion of GDP is not only not falling, but is in fact rising this year. The aggregate is expected to increase its weight over GDP to 13.3% in the rest of the year.

Contributions in NA (% GDP)



8 National accounts data show a more positive evolution of contributions than previous estimates. Compared with the start of the crisis, the main change is due to the fact that contribution exemption measures were initially considered to imply a reduction in contributions. In July, it was found that they are counted as an increase in subsidies. Since that estimate, the improvement in the evolution of the aggregate is due to a more favourable evolution of the remuneration of employees than that estimated in July.

Updated forecast for social contributions NA (% change)

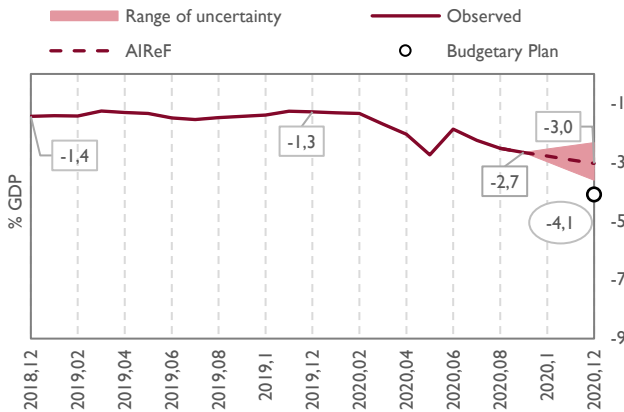


Social Security Funds

1 AIReF estimates a SSF deficit of -3% of GDP. The impact of the fall in economic activity and of the measures taken is partially offset by the transfers from the CG. However, expenditure is expected to rise in the rest of the year, which will push the balance down.

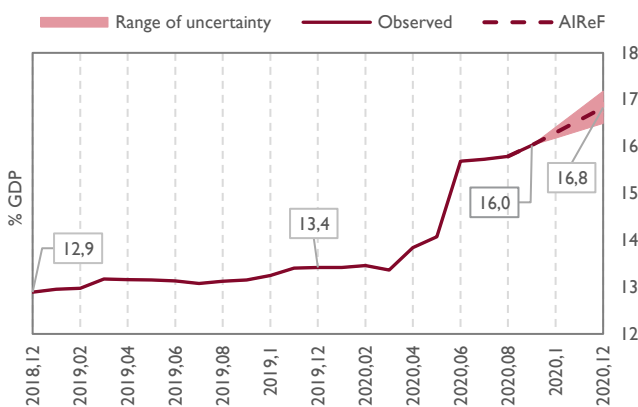
2 The balance is currently 1.1 points more positive than that estimated in the Budgetary Plan due to the new transfers made from the CG.

SSF deficit (% GDP)



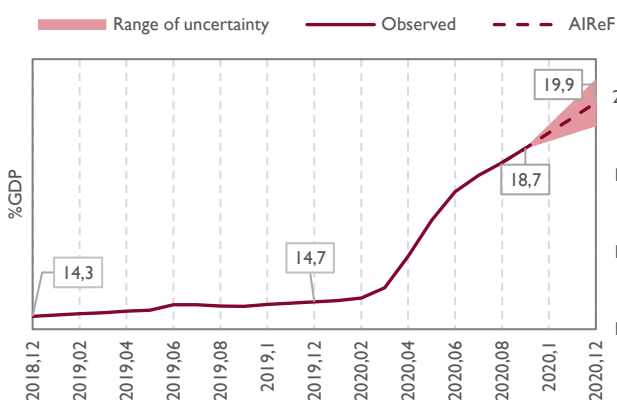
3 The weight rose in June as a result of the transfers from the CG. The weight of revenue is expected to continue increasing, from 16% to 16.8% at the end of the year, as a result of the effect of the transfers.

SSF revenue (% GDP)

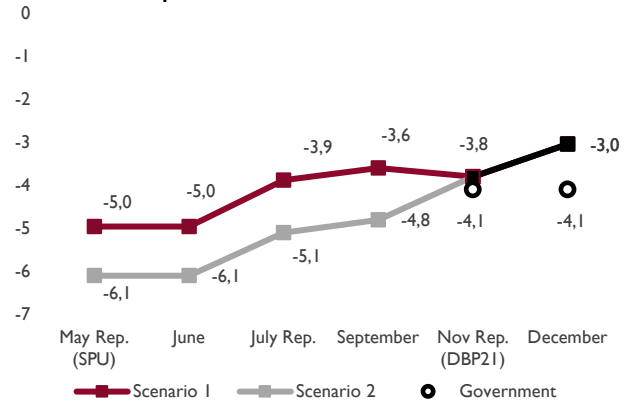


5 Expenditure is expected to continue increasing to end the year at 19.9% of GDP, driven by the effect of the prolongation of the measures to combat the crisis.

SSF expenditure (% GDP)

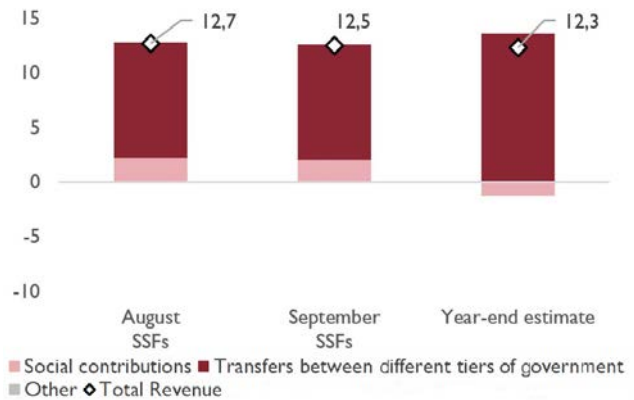


Updated estimated SSF deficit



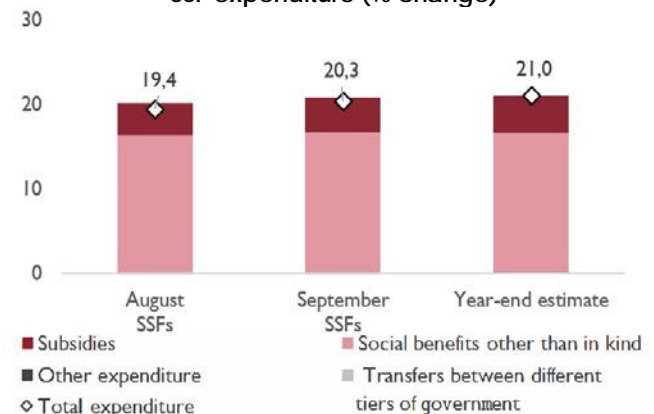
4 The data already capture the increase in transfers. Contributions are expected to fall compared with the previous year, which will reduce the final rate of change in revenue.

SSF revenue (% change)



6 The September data already show both the increase in benefits and the increase in subsidies. A slightly higher increase is expected at year-end.

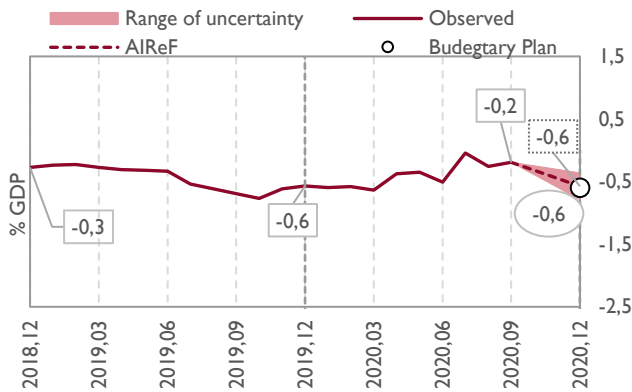
SSF expenditure (% change)



Regions

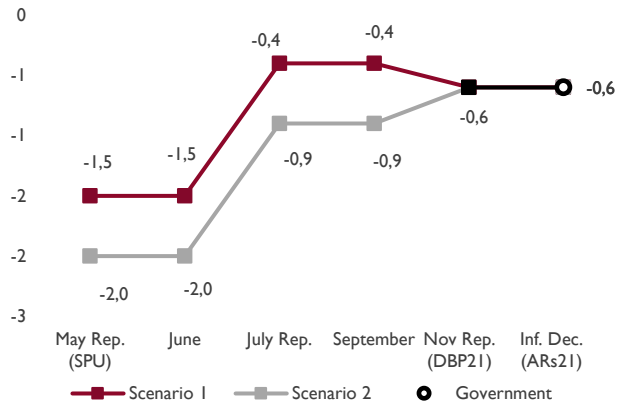
1 AIReF maintains the forecast of a deficit of 0.6% of GDP for the regions, with a COVID impact of 1.8%, with 1.4% offset by transfers from the COVID-19 Fund.

Regions deficit (% GDP)



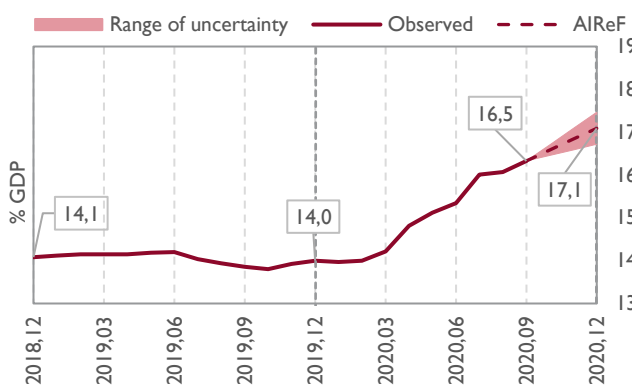
2 The current forecasts maintain the previous estimate, incorporating the revision of the COVID impact and additional information provided by the regions.

Updated estimated regional deficit



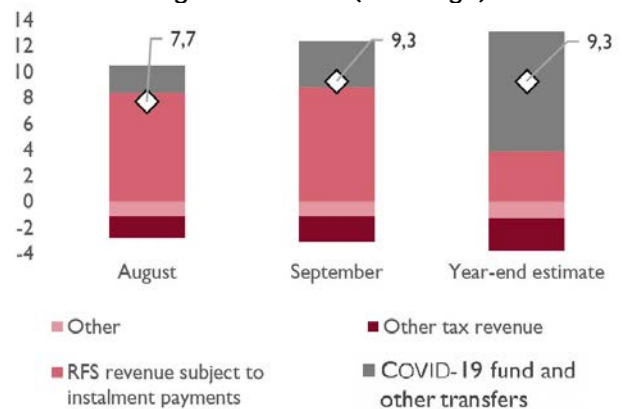
3 In September, tranche 2 of the COVID-19 Fund was recorded. In the coming months, State transfers will increase as a result of the remaining tranches from the Fund, leading revenue to grow to 17.1% of GDP.

Regions' revenue (% GDP)



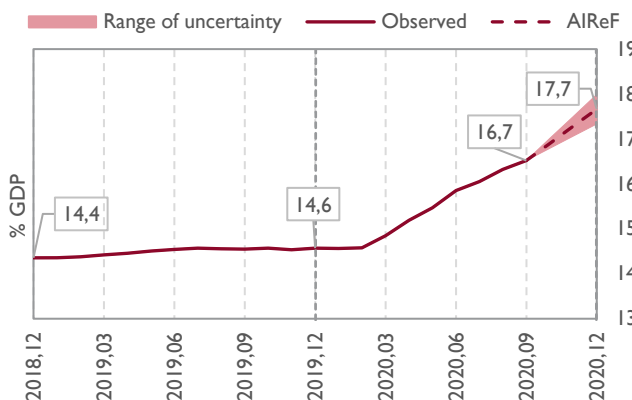
4 At year-end, the weight of other State transfers for tranches 2, 3 and 4 of the COVID-19 fund will rise, while the fall of other revenue will become larger.

Regions' revenue (% change)



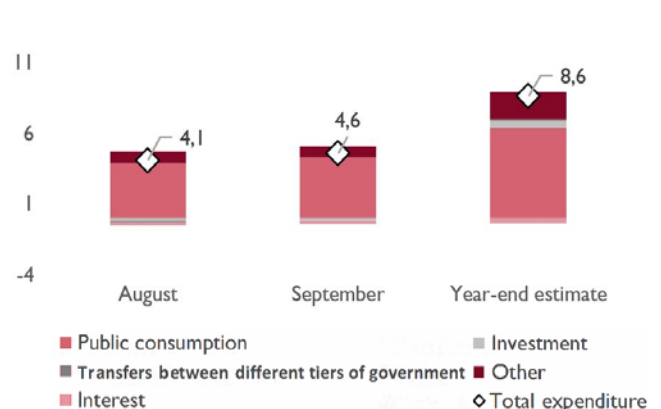
5 The sharp increase in expenditure will be maintained, mainly as a result of expenditure on healthcare and education, reaching a figure of 17.7% of GDP.

Regions' expenditure (% GDP)



6 The increase in expenditure will be sharper at year-end, with growth in investments and a significant weight of public consumption in the healthcare, social and educational areas.

Regions' expenditure (% change)



Summary of measures

The measures approved to date entail an estimated cost to the public accounts of 4.2% of GDP in 2020. Since the previous monitoring factsheet, new measures have been incorporated and the impact of those already approved has been updated.

Impact of the measures (sign + = greater deficit)		Government		AIReF ESTIMATE		Government- AIReF differences
		2020				
		Millions	% GDP	Millions	% GDP	Millions
Central Government		2,346	0.2	2,307	0.2	39
Expenditure measures		2,083	0.2	2,083	0.2	0
Healthcare expenditure		1,317	0.1	1,317	0.1	0
Social expenditure measures		147	0.0	147	0.0	0
Other expenditure measures		619	0.1	619	0.1	0
Tax measures		263	0.0	533	0.0	39
VAT reduction in rates for COVID-19 medical supplies, e-books & disposable face masks.				381	0.0	
Corporate Income Tax. Instalment payments SMEs				72	0.0	
Waiver of the Personal Income Tax Objective Estimation Regime and the Simplified and Special Agriculture VAT Regime		263	0.0	6	0.0	39
Proportional reduction in Objective Estimation for the days under the State of Alarm				74	0.0	
SSF		35,973	3.3	30,536	2.7	5,437
Job-retention Scheme (ERTE)	Contributory unemployment benefit	17,840	1.6	14,738	1.3	3,102
	Exemption from contribution	6,349	0.6	6,018	0.5	331
Self-employed persons	Termination benefit	5,339	0.5	4,726	0.4	613
	Exemption from contribution	2,708	0.2	2,388	0.2	320
Temporary incapacity for work		1,355	0.1	2,108	0.2	-753
Other measures		882	0.1	66	0.0	816
Minimum Living Income		1,500	0.1	492	0.0	1,008
Autonomous Regions		2,300	0.2	11,502	1.0	-9,202
Regional revenue measures (without trans. from CSA)		490	0.0	537	0.0	-47
Non-healthcare regional expenditure measures (without transf. to LGs)		1,810	0.2	3,615	0.3	-1,805
Healthcare expenditure measures AR			0.0	7,349	0.7	-7,349
LGs		388	0.0	2,959	0.3	-2,571
Revenue measures LGs (without transfer from CSA & ARs)		0	0.0	1,255	0.1	-1,255
Expenditure measures LGs		388	0.0	1,705	0.2	-1,317
TOTAL MEASURES		41,007	3.7	47,304	4.2	-6,297

Annex Measures

Revenue measures of the Central Government

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIReF ESTIMATE
				2020	
7	14	Relaxation of the requirements for deferral of tax debts up to a period of six months for those taxpayers with a volume of transactions not exceeding €6m in 2019	NO	9	
8	33	Extension until 30 April of the payment deadline for tax debts already filed and notified and until 20 May for those notified as from entry into force of the RD Law	NO		
11	41	Suspension of payment of interest and instalments of EMPRENDETUR loans granted by SET	NO	0.74	0.74
11	52	Deferral of debts resulting from customs declarations: Deferral of payment of customs and tax debt corresponding to customs declarations filed up to 30 May 2020, provided that the amount of debt to be deferred is over €100.	NO	2.7	
14	1	Extension to 20 May of the term for filing and paying self-assessments due from the entry into force of the RD Law for taxpayers with a volume of transactions not exceeding €600,000 in 2019	NO		
15	8	VAT Freedom to change payment category and non-calculation of the days under the state of alarm in the simplified regime, zero rate for purchases of healthcare products and disposable face masks.	YES	119	419
15	9	Corporate Income Tax Freedom to change the method of payment in instalments	YES	90	72
15	10	Personal Income Tax Freedom to change the method of payment in instalments and non-calculation of days under the state of alarm in modules	YES	49	42
TOTAL REVENUE MEASURES				270	552

Central Government expenditure measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIRcF ESTIMATE
				2020	
Strengthening measures in the field of health					
7	1	Extraordinary credit for the Ministry of Health to deal with the National Health System's extraordinary expenditure	YES	1,400	1,400
7	2 to 6	Updating regions' instalment payments to boost the availability of resources to meet the immediate needs of their healthcare systems	YES	2,867	770
8	36	Exceptional employment measures in the field of public entities that are part of the Spanish System of Science, Technology and Innovation	YES	0.77	0.77
8	37	Extraordinary credit in the Ministry of Science and Innovation budget in relation to scientific research on COVID-19. Aimed at Carlos III Health Institute and the CSIC (Spanish National Research Council)	YES	29.65	29.65
11	AP1	Extension of employment contracts signed through financing of public calls for human resources in the field of research and the integration of hired staff in the National Health System	YES	22	22
ACM 12 March		Extraordinary credit and credit supplements in the Ministry of Health budget to finance the needs caused by the COVID-19-related public health emergency in Spain	YES	19	19
ACM 8 Sept		Support for business innovation in the search for solutions to the pandemic (CDTI - Centre for the Development of Industrial Technology)	YES	12	12
Support measures for workers, families and vulnerable groups					
7	8 and 9	Credit supplement to finance regions' social service programmes	YES	25	25
8	1	Credit supplement to finance an Extraordinary Social Fund aimed exclusively at dealing with the social consequences of COVID-19	YES	300	300
8	3	LGs' surplus in 2019 may be used for investment expenditure	YES	300	300
8	34	Compensation for the suspension of public contracts as a result of COVID-19	YES	8	8
11	10	Rent aid for tenants of primary residences who have temporary problems in paying all or part of their rent due to COVID-19 and are vulnerable. Up to €900 a month	YES	300.7	0
11	13	Authorisation to transfer funds to the regions and Ceuta and Melilla in advance for 2020 and 2021 to execute the 2018-21 State Housing Plan	YES	346.6	0
11		Additional state financial contribution to the 2018-2021 State Housing Plan	YES	100	100
11		Support programme for victims of gender-based violence	YES	50	50

11	40	Refund on behalf of Spanish Institute for External Trade (ICEX) of expenditure and granting of support for cancellation of activities to promote international trade and other international events	YES	4.5	4.5
11	44	Suspension of electricity, natural gas and petroleum products bills during the state of alarm. For the self-employed and companies.	YES	58	58
11		CERSA contribution to finance COVID-19 guarantee line for SMEs	YES	60	60
11	46	Aid to compensate part of DTT costs	YES	15	15
11	AP1	Extension of university contracts	YES	3.4	3.4
11	AP19	Plans to expedite justice in the commercial, contentious and social sphere once the state of alarm has ended	YES	25	25
12		Institutional campaigns to prevent gender-based violence during the state of alarm	YES	2	2
15	AP1	Extension of predoctoral contracts for research staff	YES	0.4	0.4
15	4th TP	Provisions applicable to certain university loans	YES	1.5	1.5
17	1	Direct grants to Sociedad Recíproca Audiovisual Fianzas to boost financing for the cultural sector	YES	20	20
17	3	Extraordinary support for the performing arts and music	YES	38	38
17	11	Direct grants for owners of cinemas. Extraordinary social fund	YES	13.3	13.3
17	12-13	Extraordinary support system for the Spanish contemporary art and book sector	YES	5.8	5.8
19	10	Transfer to Social Security to balance the impact of COVID-19	YES	14,002	14,002
20	32	Transfer to Social Security to finance Minimum Living Income	YES	500	492
ACM 9 June		Wine sector measures	YES	91	91
ACM 16 June		MOVES II programme for efficient and sustainable mobility	YES	100	100
22		COVID-19 Fund	YES	16,000	16,000
		Transfer to regions to take on part of the deficit			
ACM 7 July		Tourism Reactivation Plan (preparation of guides, training and promotion)	YES	62	62
ACM 7 July		Tourism Reactivation Plan (tourist equipment and tourist intelligence systems)	YES	20	20
25	10	Tourist Destinations Sustainability Plan (support for investing in improving destinations)	YES	22	22
ACM 7 July		12-month extension on paying the mortgage principal on assets in the tourism sector for self-employed people and companies and for operations entered into before the SoA	NO		
ACM 7 July		Moratorium on leasing fees for occasional transport buses in the tourism sector	NO		

25	7	Moratorium on the leasing of real estate related to tourist activity	NO		
25	38	Plan RENOVE 2020 subsidies for car purchases	YES	250	250
ACM 21 July		Increase in scholarships for the 2020-21 academic year	YES	97	97
ACM 27 July		Action Plan for vocational training and employability	YES	266	266
26	18	Temporary moratorium on payment of the principal in loan contract instalments, leasing and renting of vehicles used for public transport in financial difficulties due to COVID-19	NO		
26	8th FP	Extension of the Social Voucher to 30th September for beneficiaries who are due to receive it before that date	NO		
26	9th FP	Extraordinary extension for a maximum of six months of leases of primary residence for those that expire up to 30th September	NO		
26	9th FP	Guaranteed supply of electricity, petroleum products, natural gas and water until 30th September for consumers in their primary residence	NO		
		Purchase of mechanical ventilators	YES	98	98
		Subsidies under Personalised Medicine Strategy	YES	26	26
34	8	Credit supplement to the Ministry of Inclusion, Social Security and Migration to balance the Social Security accounts following the impact of the pandemic	YES	6,000	6,000
34	9	Extraordinary credit to the State Public Employment Service (Spanish acronym: SEPE) due to higher expenditure on contributory benefits and unemployment	YES	2,300	2,300
TOTAL EXPENDITURE MEASURES				45,861	43,109

(*) AIReF has estimated the annual cost of the benefit, which is around €3bn. According to Social Security data, fewer applications were approved in 2020 than initially estimated. Consequently, AIReF has estimated the cost of the measure this year at €500m (a slightly higher cost than the €400m that appears assigned for this item in the Budget). Added to this cost are the Social Security estimates of the cost of employment incentives (included in the MAIN). This figure is then reduced by the savings estimated by the SS from assimilating the benefit for dependent children under 18 years of age. In its latest estimate, this was reduced from an estimated €290m in the MAIN to €108m for 2020. The total cost will be €492m

Central Government liquidity measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	2020	
				GOVERNMENT	AIReF ESTIMATE
7	12 and AP 1	€200m expansion of ICO's Thomas Cook financing facility to serve all companies established in Spain included in certain economic sectors and of the Ministry of Industry, Trade and Tourism and the guarantee regarding 50% of the drawn down credit. Additional €100m ministerial guarantee	NO	200	200
8	29	Line of guarantees from the Ministry of Economic Affairs and Digital Transformation for companies and the self-employed to mitigate the economic effects of COVID-19	NO	100,000	100,000
8	31	Extraordinary insurance coverage line for exporting SMEs from the Reserve Fund of the risks of Internationalisation	NO	2,000	2,000
8	Annex RDL 8	ICO (Official Credit Institute) financing for the purchase and leasing of equipment and services for the digitisation of SMEs and remote working solutions (PLAN ACELERA)	NO	200	200
11	9	ICO line of guarantees for State coverage of financing to tenants in a vulnerable situation	NO	1,200	1,200
11	AP1	CERSA COVID-19 line of guarantees	NO	1,000	1,000
17	1	Lines of financing for companies in the cultural sector	NO	780	780
19	4	Authorisation to grant EC guarantees under the European Instrument for Temporary Support to mitigate Unemployment Risks in an Emergency (SURE instrument)	NO	2,253	2,253
ACM 7 July		ICO/AENA guarantees for the tourism sector 2020-2021	NO	3,256	3,256
ACM 7 July		FOCIT (Financial Fund for Tourist Competitiveness) loans for competitiveness and sustainable transformation of tourism	NO	515	515
21		Guarantee for EIB financing operations through the Pan-European Guarantee Fund	NO	2,817	2,817
25	11	Financing of tourism digitisation, innovation and internationalisation projects	NO	216	216
25	1	Line of guarantees for financing investments of companies and the self-employed	NO	40,000	40,000
25	2	Fund to support the solvency of strategic companies	NO	10,000	10,000
TOTAL CENTRAL GOVERNMENT LIQUIDITY MEASURES				164,437	164,437

Social Security Measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIReF ESTIMATE
				2020	
7 and 25	13 and AP 4	50% allowance of the business contribution to the SS of permanent seasonal workers in the tourism, retail and hospitality sectors linked to tourist activity	YES	85	26
7	11	Benefit for temporary incapacity for work similar to work accidents for all employed and self-employed workers.	YES	1,355	2,108
8 and 24	17 and 9	Benefit for the cessation of activity for self-employed people affected by the state of alarm	YES	5,339	4,726
8 and 24	17 and 8	Exemption from payment of contributions for self-employed people affected by the state of alarm	YES	2,708	2,388
8 and 24	22.-25	Contributory unemployment benefit under the ERTes (job-retention schemes) linked to COVID-19. Also for permanent seasonal workers	YES	17,840	14,738
8 and 24	24, AP 6	Exemption of the company from paying business contributions to SS under the ERTes (job-retention schemes) linked to COVID-19	YES	6,349	6,018
24	10	Extraordinary benefit for cessation of activity for seasonal self-employed workers	YES		3
24	10	Exemption from contributions for seasonal self-employed workers	YES		1
11	30.-32	Extraordinary allowance for lack of activity for people integrated into the Special System for Domestic Workers of the GSSR of 70% of the regulatory base	YES	3.15	8
11	33	Exceptional unemployment benefit for the end of temporary contracts for one month of 80% IPREM (Public Multiple-Effect Income Indicator)	YES	17.6	27
11	34	Six-month moratorium on social contributions for companies and the self-employed	YES	351	
11	35	Deferral of payment of debts to the SS for companies and the self-employed	NO	340	
15	22	Legal situation of unemployment due to the termination of the employment relationship in the trial period occurring during the SoA	YES	42	
15	25	Contributions under situation of inactivity in the Special System for Self-Employed Agricultural Workers established in the GSSR with a reduction of 19.11%	YES	43	
20		Minimum Living Income (*)	YES	1,500	492
TOTAL SOCIAL SECURITY MEASURES				35,973	30,536

(*) AIReF has estimated the annual cost of the benefit, which is around €3bn. According to Social Security data, fewer applications were approved in 2020 than initially estimated. Consequently, AIReF has estimated the cost of the measure this year at €500m (a slightly higher cost than the €400m that appears assigned for this item in the Budget). Added to this cost are the Social Security estimates of the cost of employment incentives (included in the MAIN). This figure is then reduced by the savings estimated by the SS from assimilating the benefit for dependent children under 18 years of age. In its latest estimate, this was reduced from an estimated €290m in the MAIN to €108m for 2020. The total cost will be €492m.

Regions' revenue measures				
AREA	DESCRIPTION	IMPACT ON DEFICIT	Regions' estimate	AIReF ESTIMATE
			2020	
Tax measures	Tax allowances, deferrals, exemptions, elimination of instalment payments in special regimes.	YES	-367	-367
Conditional transfers from the CSA	Extraordinary Social Fund (€300m); Health Emergency Fund (€300m); Aid for school canteens (€25m); Housing Fund (€100m); MOVES Programme (€100m). The effect of the reduction in the transfer for job training (€-372m) is calculated, although some regions have not reported this effect.	YES	448	448
Revenue related to public services	Free services. Postponement of rent payments. Reductions in public fees, rates and prices, among which AIReF has estimated, in addition to the amounts reported by the regions, an expected drop in university fees.	YES	-184	-184
Other revenue measures	Other measures not included in previous sections	YES	14	14
TOTAL REGIONS' REVENUE MEASURES			-89	-89

Regions' expenditure measures				
AREA	DESCRIPTION	IMPACT ON DEFICIT	Regions' estimate	AIReF ESTIMATE
			2020	
Healthcare	Recruitment of additional health staff, overtime and salary increases related to COVID-19. Hospital care expenditure, expenditure on pharmaceutical products, medical supplies and other current expenditure. Expenditure on healthcare agreements. Investments related to the health response to the pandemic.	YES	-	7,349
Social services	Direct aid to families and intermediate institutions (social centres, local Governments, etc.) to alleviate the social effects of the crisis. Social services' increased revenue needs managed directly by the regions. Increase in amounts of guaranteed minimum income in some regions.	YES	699	699
Economic promotion	Direct aid to companies in various forms (subsidies to SMEs, microSMEs and self-employed people, weekly cheques, compensation for social contributions, etc.). Aid to promote recruitment. Strengthening of mutual guarantee and guarantee companies' resources. Approximately a quarter corresponds to investment support and other capital expenditure.	YES	1,582	1,582
Education	Staff reinforcement measures. Measures to adapt teaching to non-contact methods during lockdown (purchase of computer equipment and software, aid to homes and institutions). Lower expenditure effects reported by some regions have been discounted. Measures for the 2020/2021 academic year	YES	1,503	1,503
Training for employment	Cancellation of actions in this matter resulting from the deviation of the transfer for training for employment to the payment of direct benefits. Not all regions have reported measures to reduce this expenditure and the latest information does not include the additional allocation that was approved at the end of September. The regions' valuation may therefore be out-of-date.	YES		-372
Housing	Increase in subsidies for rental and remodelling of housing in addition to State Funding.	YES	167	167
Transport	Disinfection and safety preparation of passenger transport means. Other transportation expenditure related to the pandemic. The fall in turnover and the resulting compensation to holders of licences for transport services have been considered as impacts.	YES	32	32
Other	Other measures related to COVID-19, including expected savings on certain expenditure items, for which non-implementation is forecast, which is also estimated by AIReF.	YES	482	476
TOTAL REGIONS' EXPENDITURE MEASURES			4,465	11,436

Methodological note

- o AIReF's forecasts are updated monthly by incorporating the latest published data in its forecast models for taxes, contributions, unemployment benefits, pensions and interest. Any relevant, announced and approved information that may have an impact at year-end is also included.
- o The forecasts also take into account the latest data published by the General Intervention Board of the State Administration (IGAE) in National Accounts terms, as well as other monthly statistics, such as budgetary execution of the different sub-sectors (Central State Administration, Social Security System, State Public Employment Service (SEPE), Wage Guarantee Fund (FOGASA) and the Regional Governments), monthly information on tax collection from the State Tax Administration Agency (AEAT), the pension payroll (eSTADISS database) and unemployment benefit statistics.
- o The figures included are stated in annualised terms, i.e., as a sum of the last 12 months. The series expresses the annual flow of what has happened or is expected up to the indicated month and the data for December therefore match the annual data.
- o As a result of the health crisis, the monthly pattern of revenue and expenditure has changed dramatically, leading to a great deal of uncertainty with regard to the time distribution of the flows. In the factsheets, AIReF does not aim to estimate a monthly total, but instead focuses on what it deems relevant: the flow over the whole of 2020, highlighting how the monthly information, or new announcements, lead to a change in its own estimate.
- o Since monthly data are not published in the local sub-sector, the consolidation of the GG total has been estimated by taking into account a monthly calculation of the payments for transfers from the State to the LGs from the financing system and the payments of the Provincial Councils to the CSA for the quota and to the Basque Country Autonomous Region.
- o On 6 October 2020, the Council of Ministers requested activation of the escape clause provided for in the Organic Law on Budgetary Stability and Financial Stability, which, following a report from AIReF, was approved by Parliament on 20 October. The activation of this escape clause on account of the extraordinary emergency situation caused by the pandemic renders without effect the fiscal rules for 2020, which had been set in February of this year and ratified by Parliament in March.
- o However, the deficit forecasts included by the Government in the Budgetary Plan for 2021 sent to Brussels on 15 October have been taken into account. This document forecasts a deficit for the General Government of 11.3% of GDP, with the following breakdown by sub-sector: for the Central Government (CG) of -6.6% of GDP, for the Social Security Funds (SSFs) of -4.1% of GDP, for the Autonomous Regions of -0.6% of GDP and a balanced budget for the Local Government sub-sector.
- o Due to the major uncertainty triggered by the pandemic, AIReF temporarily abandons the probability analysis previously developed in the monitoring factsheets. Although it maintains a confidence band based on a historic pattern of uncertainty, it is only maintained as a guide.
- o The Report on budgetary execution, public debt and the expenditure rule 2020 contains an annex with the main abbreviations and acronyms used.