

Annual report

2020



Independent Authority
for Fiscal Responsibility



The mission of the Independent Authority for Fiscal Responsibility (AIReF) is to ensure strict compliance with the principles of budgetary stability and financial sustainability enshrined in Article 135 of the Spanish Constitution.

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President's Letter

A year ago I took over the presidency of the Independent Authority Fiscal Responsibility (AIReF) and I did so in extremely difficult circumstances. In April 2020, when the 2019 Annual Report was published, I was confident that one year later I would be able to verify that the crisis associated with the pandemic had been overcome with the lowest possible human, social and economic cost.

Unfortunately, today we cannot consider the crisis to be over. Extensive national and European efforts have been made to mitigate its consequences. We cannot but admit that the crisis associated with this pandemic has had a negative impact that is unprecedented in recent history and greater than expected. The crisis has surprised everybody and has affected our personal lives and social, economic and budgetary activity with a severity and duration that also suggest a complicated scenario for 2021.

In this context, my aim, in this first year as President of the institution, has been to ensure that our activity was not affected by the pandemic in order to contribute with our capacity to analyse and provide economic and budgetary information, which is so necessary in conditions such as those experienced in 2020. In contexts of economic and institutional uncertainty, as well as numerous measures at great speed, institutions such as AIReF are key to offering an objective and calm analysis of the economic and fiscal outlook. They are able to incorporate a medium-term vision that is often relegated to the background due to the urgency of the moment and continue to analyse public policies with rigour and provide transparency with clear, timely and accessible information for all types of audience.

Despite the difficulties under which, like every agent, we have had to operate in 2020, the main commitments undertaken have been met. However, as we had already predicted in the 2020 Action Plan itself, it has been necessary to adapt the products generated by AIReF, as well as the analysis tools themselves.

AIReF's fiscal supervision and associated publications have been directly affected by the disruption of the budget cycle and the suspension of fiscal rules. Activating this suspension was recommended by AIReF itself, following EU decisions, in its May report on the 2020-2021 Stability Programme Update. It was not until October that this activation was formalised, which generated some uncertainty amongst the General Government about the applicable fiscal supervisory framework.

At any event, suspension of the rules does not imply, and has not implied the absence of fiscal supervision. AIReF has therefore published the mandatory reports in 2020 that

make economic sense while bearing in mind the fiscal guidelines of EU institutions. The suspension of the rules and the lack of genuine medium-term budgetary programming have rendered the reports of the corrective measures provided for in national legislation ineffective, as well as the report relating to the setting of individual targets for the autonomous regions. In contrast, for the first time, AIReF published the mandatory report on the existence of exceptional circumstances for the activation of the escape clause.

The reports on the stability programme update, on budgetary execution and on those corresponding to the 2021 budgetary lines were prepared and included recommendations aligned with EU guidelines. Therefore, acknowledging the difficulty and exceptional nature of the situation, AIReF has been paying special attention to the medium-term budgetary implications of the economic policy decisions being adopted. It has also recommended that work be started on defining a medium-term fiscal strategy that will ensure the stability of public finances, in line with the prudence called for by EU institutions.

In addition, the long-term sustainability of the Social Security (SS) system received special attention in the supervision carried out over the year. The demographic and pension expenditure forecasts that had been prepared in 2018 were updated, incorporating the new information available, methodological improvements, and AIReF's estimates on the short-term impact of the pandemic. I had the opportunity to share these results in September with the Toledo Pact Committee.

As I undertook to do in my appearance as a candidate for the presidency of AIReF, and as reflected in the 2020-2026 Strategic Plan, which I presented last September, the evaluation of public policies is an activity that I want to place at the same level as the analysis of budgetary stability and fiscal sustainability. There are, in fact, obvious synergies between them. For this reason, this year I have submitted a formal proposal to the Ministry of Finance to promote a regulatory reform of the statute of the institution. The aim is to be able to have a suitable organisational structure to perform this function on a permanent and stable basis. There is still little culture and capacity to evaluate public policies and I believe that the effort made to date by AIReF cannot be wasted. On the contrary, we have before us the opportunity to capitalise on everything that has been achieved for the benefit of the General Government, decision-makers and society as a whole.

In fact, in 2020, AIReF's activity in public policy evaluation took a qualitative leap forward as a result of the growing interest of Regional Governments in improving their evidence-based decisions. Last year, the study requested by the Regional Government of Andalusia was delivered and work began on the evaluations requested by four further Regional Governments.

AIReF has, of course, fulfilled the Central Government's (CA) request for the second phase of the Spending Review and has formally submitted to the Ministry of Finance a proposal of projects to be assessed in 2021. In addition to the experience gained with

the evaluation of public policies, we have identified that it would be recommendable to promote the use of personal administrative records for policy analysis. Therefore, in 2020 we published an opinion proposing that a national strategy be set.

In my first year as President, I have also wanted to pay special attention to Parliament and the General Government. I have met with the spokespersons of the parliamentary groups of the Finance and Budget Committees of the Lower House of Parliament to explain my project for the institution. I have, of course, attended as many hearings as I have been asked to attend - six over the past year, not counting my appearance as a candidate. And despite the organisational difficulties, we were able to hold our annual seminar with the Regional Governments.

Although the start of 2021 has been more complicated than we had planned, the institution that I head up will continue to make an effort to be useful to society in overcoming this crisis. We once again offer our collaboration to the General Government to provide the input which, within our remit, helps to define a fiscal strategy that will ensure the stability of public accounts over the medium term.

Let me end these words by extending my best wishes to all readers and their families for the new exercise ahead.



1. DOCUMENTS PUBLISHED BY AIReF

The exercise of functions entrusted to AIReF is carried out through the preparation and issuing of reports, opinions and studies. The reports and some of the opinions issued by AIReF are provided for in the regulations and are mandatory whenever the circumstances for them to be issued arise. AIReF also has the power to issue opinions on its own initiative in the areas under its remit. The studies, however, must always be carried out at the request of a General Government authority. In addition to these three types of publications provided for in the regulations, AIReF prepares and disseminates working and technical papers necessary for discharging its duties.

The first type of report prepared by AIReF corresponds to the continuous monitoring of the budgetary cycle, government debt and macroeconomic forecasts. These reports are part of the medium-term economic and budgetary strategy defined in the Stability Programme Updates and are carried out for each General Government authority on the four phases of the budget cycle: preparation, approval, execution and supervision.

The second type of report concerns the implementation of the preventive, corrective and enforcement mechanisms of the Organic Law on Budgetary Stability and Financial Sustainability and the existence of the exceptional circumstances referred to in Article 11.3 of that law. These non-periodical reports are produced according to when the circumstances provided for in the regulations arise.

Both types of reports are directly affected by the course of the budget cycle. In 2020, disruptions to the budget cycle and the subsequent activation of the escape clause meant that some reports were not drawn up or were published later than they would be in a regular cycle. In addition, for the first time, the aforementioned Report on the Existence of Exceptional Circumstances had to be issued.

Furthermore, AIReF may prepare, issue and publish technical judgements or assessments, which are referred to as opinions, on any issue among the matters regulated under Article 23 of the Organic Law on the Establishment of AIReF. In 2020, the Opinion for a strategy of access to administrative data was published.

The studies always respond to a request from the General Government. In 2020, studies were performed corresponding to requests both from the Central Government and from the Regional Governments with the aim of evaluating public

policies in various fields ranging from some of the most significant tax benefits to active employment policies and including an evaluation of the public universities of one autonomous region.

AIReF also published two technical papers. One paper which updated the demographic and pension expenditure forecasts set out in the Opinion on the sustainability of the Social Security system published in January 2019. And another paper focused on the impact on employment of the increase in the national minimum wage approved in 2019.

Annex 1 contains a table with the documents published by AIReF in 2020 and the links to said documents.

1.1. Reports on the budget cycle

The uncertainty associated with the crisis triggered by COVID-19 affected the timing and content of AIReF reports and conditioned economic and budgetary forecasting exercises. The health crisis had a profound impact on the world economy, and particularly on the Spanish economy, with undoubtedly negative effects on public accounts. This resulted, among other effects, in the initial budgets approved by the General Government for 2020 being exceeded shortly after their entry into force. Subsequently, the uncertainty associated with this situation altered the supervisory cycle and triggered activation of the escape clause in March at a European level and, in October, at a national level. This led to the suspension in 2020 of the corrective procedures (drafting of economic-financial plans) due to non-compliance with the fiscal rules of previous years and due to the temporary suspension of the rules for 2020 and 2021. The usual target-setting procedure was also disrupted in 2020.

Following AIReF's repeated recommendations, on October 6th 2020, the Council of Ministers requested activation of the escape clause provided for in the Organic Law on Budgetary Stability and Financial Stability. The activation was approved by the Lower House of Parliament, following the mandatory report from AIReF issued on October 13th. The activation of this escape clause rendered without effect the fiscal rules for 2020 and 2021, whose targets had been set in February of this year and ratified by Parliament in March. In their place, a reference deficit was set for the General Government and for each one of the sub-sectors for 2021. In addition, the aforementioned uncertainty made it necessary to refocus the economic and fiscal forecasting exercises performed by AIReF.

These exceptional circumstances altered the reporting cycle performed by AIReF in 2020 as well as the methodological approach for carrying it out, as explained in Box 1. The following table summarises the reports provided for by the regulations and actually published in 2020.

Table 1. Reports foreseen by the regulations and published in 2020

AIReF Status	Report	Publication date	Reference year	Observations
Art.12	Report on Macroeconomic Forecasts	May 1 st	2021-2022	<i>Endorsement of the Macroeconomic Forecasts of the Stability Programme</i>
		October 6 th	2021	<i>Endorsement of the Macroeconomic Forecasts of the Draft Budgetary Plan</i>
		September 8 th ; October 9 th , 23 rd , 30 th and November 25 th , 27 th	2021	<i>Endorsement of the Macroeconomic Forecasts of the Budgets of the Autonomous Regions</i>
Art.13	Report on the Methodology to Calculate Revenue and Expenditure Trends and the Reference Growth Rate	Not applicable		<i>The Ministerial Order regulating the methodology was not modified</i>
Art.14	Report on the Existence of the Exceptional Circumstances referred to in Article 11.3 of Organic Law 2/2012, of April 27 th , on Budgetary Stability and Financial Sustainability	October 13 th		
Art.15	Report on the Draft Stability Programme	May 6 th	2020-2021	
Art. 16	Report on the Setting of Individual Targets for the Autonomous Regions	Not applicable		<i>Suspension of rules</i>
Art.17	Report on the Main Budgetary Lines and Draft Budgets of the General Government	November 5 th	2021	<i>Of the General Government (CG, SSFs, and ARs and LGs as a whole)</i>
		December 3 rd	2021	<i>Of the ARs and LGs</i>
Art.18	Report on the Initial Budgets of the General Government, Provided for in Article 17.2 of Organic Law 2/2012, of April 27 th	May 6 th	2020	<i>Due to the exceptional nature of the situation and lack of submission and approval of the 2020 Draft National Budget, it was integrated into the report on the Stability Programme Update</i>
Art.19	Report on the Analysis of the Budgetary Execution, Public Debt and the Expenditure Rule	July 17 th	2020	<i>Also reports of ARs and LGs</i>
Art.20	Report on the Implementation of the Corrective Mechanisms provided for in Organic Law 2/2012, of April 27 th , on Budgetary Stability and Financial Sustainability	Not applicable		
Art.21	Report on the Economic-Financial Plans and Rebalancing Plans of the CG and the ARs	Not applicable		

Source: AIReF

Box 1. Impact of the pandemic on AIReF's activity

AIReF has had to adapt its activities to the exceptional circumstances arising from the pandemic. In addition to formally introducing teleworking from March 15th, publications and analysis tools and methodologies had to be adapted.

Impact on the institution's publications

- As a result of the suspension of the fiscal rules, the purpose of the reports has not been to assess the probability of compliance with the rules, but rather the macroeconomic and budgetary impact of the pandemic and to prepare forecasts for 2020 and 2021 together with longer-term sustainability considerations.
- Report on the Initial Budgets of the General Government, which should be issued by April 1st, had to be delayed until May when it became clear that the reality of the situation had made said budgetary schedule obsolete and out-of-date.
- Report on the Initial Budgets of the General Government could not be accompanied by the usual individual reports on the ARs and LGs.
- It was not appropriate to issue reports on the economic-financial plans of the ARs for failure to comply with the 2019 fiscal rules.
- It was also not appropriate to issue the Report on the Individual Targets for the ARs.
- The Report on the Existence of Exceptional Circumstances justifying activation of the escape clause was issued for the first time.
- Particular attention was paid to the budgetary impact of the measures taken in response to the crisis. Since June, the budgetary monitoring factsheets have included a detailed analysis of these measures.

Impact on analysis methodologies and tools

- Given the high level of uncertainty, forecasts for 2020 and 2021 were based on an analysis of scenarios with different assumptions as regards the duration and impact of the pandemic, which replaced traditional confidence-band analyses.
- The modelling of real-time GDP forecasts was adapted to reflect the impact of mobility restrictions by correcting Social Security affiliations according to the impact of the job-retention schemes (*ERTEs*). The LFS¹ data also had to be corrected according to the effective hours worked and high-frequency indicators were incorporated.
- The analysis of regional economic activity had to be adapted by means of an intervention process similar to the previous one. It was necessary to carry out a methodological adaptation of the long-term estimates for the ARs in order to ensure that they were consistent with the scenarios of the national economy.
- An assessment was made of the macroeconomic impact of EU decisions and, in particular, the European Recovery Plan, as well as the national measures.
- The strength of the shocks made it advisable to temporarily halt publication of the integrated forecasts of the macroeconomic framework.

¹ Labour Force Survey published by the National Statistics Institute (INE).

1.1.A. Reports on multi-year planning

For the first time, the Stability Programme Update (SPU) submitted by the Government to the European institutions did not adopt a multi-year perspective. Making use of the flexibility allowed by the European Commission as a result of exceptional circumstances, the Government incorporated its macroeconomic outlook for the current and the following year and limited the fiscal outlook to 2020.

However, in its report on the Stability Programme Update issued on May 6th, AIReF adopted a broader timeframe, extending its fiscal analysis to 2021 including longer-term considerations on fiscal sustainability. The analysis of the budget forecasts paid particular attention to the impact of COVID-19 measures and to what extent they were in line with the macroeconomic scenario.

AIReF endorsed the macroeconomic forecasts incorporated in the Government's draft macroeconomic scenario on the assumption that the forecasts made by the Government with regard to the evolution of the pandemic were fulfilled. It was considered that, in a context of major economic uncertainty, the macroeconomic scenario submitted to this institution on April 28th was reasonable as it fell within the forecast range of the two scenarios of AIReF and those made by other institutions.

For 2020, AIReF estimated a sharp deterioration in the fiscal position of the General Government as a whole (with the deficit reaching double-digit GDP figures) and of each and every one of the sub-sectors, but particularly the Central Government and the Social Security Funds (SSFs). AIReF estimated a General Government deficit of 10.9% of GDP, which would rise to 13.8% of GDP in the most adverse scenario, with a COVID-19 impact of between 8.8 and 11.6 points of GDP, depending on which scenario materialised.

The Central Government absorbed the entire fall in revenue as it did not update the interim payments of the regional administration financing system with the actual revenue forecasts. This effect would be amplified with the approval of the Non-Refundable Fund for the Autonomous Regions for 16 billion euros announced at that time, which had not yet been included in the scenarios of this Report as no specific information was available as to its implementation and materialisation.

The COVID-19 crisis would have a twofold impact on the Social Security Funds. On the one hand, the measures taken to mitigate the crisis and, on the other hand, the worsening of the macroeconomic situation, and more specifically, of employment, would lead to a rise in expenditure for cash benefits and a reduction in revenue from social contributions.

However, the impact of COVID-19 estimated for the autonomous regions could be fully or mostly offset by the non-refundable transfers announced at that time from the State. Nevertheless, a deficit of 1.5% or 2% of GDP, depending on the scenario,

was estimated for the sub-sector. For Local Governments, AIReF estimated a result close to balanced budgets, with the possibility of incurring a deficit for the first time since 2011.

1.1.B. Reports on the 2020 budgetary cycle

On July 17th, AIReF updated its macroeconomic and fiscal forecasts in its Report on Budgetary Execution, Public Debt and the Expenditure Rule for 2020. On that same day, it also published the Supplementary Report on the Local Governments and the individual reports on each Autonomous Region.

AIReF revised the General Government deficit forecast for 2020 upwards to 11.9% of GDP or 14.4% of GDP if the more adverse scenario materialised. This revision was made in a context that was still highly uncertain, both in health and in economic and fiscal terms, and taking into account the new information on the evolution of the economy and the measures that were being taken in response to COVID-19. Revenue forecasts were revised downwards in line with the new, slightly more adverse scenario and with the tax collection data known to date. The forecast of a greater fall in employment led to an upward revision in expenditure on unemployment. Forecasts on the expenditure side were raised as a result of the new measures approved up to the publication date of the Report and the increase in the estimated impact of the pandemic on the health expenditure of the Autonomous Regions.

The distribution of the impact of the COVID-19 crisis by sub-sector has changed substantially since the previous report, with the Central Government assuming part of the deterioration suffered by other sub-sectors by means of transfers. The Government approved additional transfers to the SSFs for an amount of 15.7 billion euros. In addition, AIReF was able to include in this report the 16-billion euro COVID-19 Fund for the Autonomous Regions as it already had specific information on its implementation and materialisation.

AIReF significantly revised the deficit of the Central Government for 2020 upwards and that of the Social Security Funds and the Autonomous Regions downwards. Specifically, the upward revision of the Central Government amounted to around three GDP points, to place the fiscal imbalance at between 7.7% and 8.3% of GDP, depending on the scenario. Despite the downward revision, the deficit of the Social Security Funds was estimated at between 3.9% and 5.1% of GDP, which also reflected the impact of the new measures taken.

The Autonomous Regions might reach a deficit of between 0.4% and 0.9% of GDP in 2020, once the transfers from the COVID-19 Fund (1.4%/1.5%) are incorporated, with an increased assessment of the impact of COVID-19 that could range between

1.5% and 2% of GDP. The revision of the pandemic's impact on the Autonomous Regions was based on the information available on the health expenditure incurred up to May, the impact of the measures taken in other areas and the expected loss of tax collection, especially in regions with provincial councils.

The Report warned that the impact of the pandemic on the Autonomous Regions would be carried forward to subsequent years. While in 2020 the impact of the crisis would be assumed by the Central Government, in the following years the Autonomous Regions would have to assume the fall in revenue resulting from the updating and settlement of the revenue from the financing system and the non-repetition of extraordinary transfers.

AIReF confirmed its assessment of the local sub-sector made in May, placing it in a balanced position, while reducing its revenue and expenditure estimates. Individual analysis of the large Local Governments confirmed these forecasts. Despite the uncertainties in estimating the impact of the crisis at a local level and doubts about the standardisation of criteria followed by the Local Governments, the data provided by all the Local Governments subject to individual evaluation showed a total estimated impact, in net terms, of over €1.5bn in the large Local Governments and €58m in the group of LGs with sustainability problems, although with unequal impact among the Local Governments under analysis.

1.1.C. Reports on the 2021 budgetary cycle

On November 5th, AIReF published the Report on the Main Lines of the 2021 Budgets of the General Government with a preliminary assessment of the sub-sectors that, at a regional and local level, was completed and updated on December 3rd. In order to produce these reports, AIReF focused its analysis on one single scenario. However, due to the ongoing high level of uncertainty, AIReF did not go back to the traditional analysis based on confidence bands, but rather to an analysis in which two additional scenarios were added alongside the central scenario.

On the basis of these scenarios, AIReF endorsed the Government's macroeconomic forecasts for 2021, but noted the risk of less benign scenarios materialising. Specifically, AIReF considered that the macroeconomic scenario of the budgets was achievable in the event of favourable circumstances in relation to both the evolution of the pandemic and to the execution and impact of the funds received through the European Recovery and Resilience Facility and the other Next Generation EU funds. However, AIReF stressed that the materialisation of less benign scenarios for both factors would lead to lower rates of growth.

AIReF's central scenario considered a General Government deficit for 2020 and 2021 slightly higher in both cases than that included in the Budgetary Plan,

although with notable differences with regard to the components and sub-sectors.

AIReF's central scenario pointed to a deficit of 8% of GDP in 2021 after reaching 11.6% in 2020, compared with the 11.3% in 2020 and 7.7% in 2021 forecast by the Government. In these estimates, AIReF assumed a neutral effect on the deficit of the implementation of the Recovery and Resilience Plan in 2021 in accordance with the Government's forecasts in the draft General State Budget.

With regard to the reference rates included in the Budgetary Plan, AIReF estimated deviations in the case of the Central Government and Social Security Funds, partially offset by a lower deficit of the Autonomous Regions. Both in 2020 and in 2021, AIReF presented a lower revenue forecast than the Government. Since payments from the regional and local financing systems are set in the General State Budget, the differences in tax collection forecasts only have an impact on the Central Government. AIReF estimated non-financial revenue 1% of GDP lower than that set out in the General State Budget. For 2021, the Central Government would continue to bear a similar amount to 2020 for transfers to the Autonomous Regions and Social Security Funds to offset the effects of COVID-19. Consequently, AIReF estimated a deficit of 5.6% of GDP for the Central Government in 2021, after reaching 7.2% in 2020. In both cases, these figures are higher than those included in the Budgetary Plan.

After reaching a peak of 3.8% of GDP in 2020, AIReF's forecasts pointed to a reduction in the deficit of the Social Security Funds to 1.5% of GDP in 2021. This reduction is explained by the gradual withdrawal of measures such as the job retention schemes (ERTEs) and the cessation of activity of self-employed people, the recovery in employment and the maintenance of the transfers of the Central Government. The Budgetary Plan forecast a higher deficit in 2020 and a lower deficit in 2021.

AIReF forecasts a more positive evolution for the Autonomous Regions than the Budgetary Plan. A deficit of 0.8% of GDP was estimated in 2021 compared with 1.1% in the Budgetary Plan. The difference was mainly the result of the assumptions about the level of consolidation of the expenditure associated with the pandemic. AIReF considered that part of the 2020 increase would be temporary if the Government's scenario on the evolution of the pandemic materialised.

In December, the Report on the Main Lines of the 2021 Budgets of the Autonomous Regions maintained the deficit forecast for the sub-sector and identified

four autonomous regions that might close 2021 with a deficit greater than the reference set by the Government. Nine Autonomous Regions could close 2021 with a deficit below the reference, four with a deficit similar to -1.1% of PIB and another four would record a higher deficit.

The Supplementary Report on the Main Lines of the 2021 Budgets of the Local Governments confirmed AIReF's forecast for the local sub-sector. It was estimated that the local sub-sector would close 2021 with a deficit of 0.1% of GDP, after standing at close to balanced budgets in 2020, given the extent of the pandemic and implications of the suspension of the fiscal rules.

1.2. Existence of the Exceptional Circumstances referred to in Article 11.3 of Organic Law 2/2012, of April 27th, on Budgetary Stability and Financial Sustainability

The law requires AIReF to issue a report on the existence of the exceptional circumstances referred to in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability. Article 22 of the Organic Law on the Establishment of AIReF gives this institution the obligation to report on the existence of the exceptional circumstances referred to in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability, prior to the parliamentary procedure provided for in that article. This preliminary procedure is necessary in order to comply with the legally established procedure and, in the event that it is subsequently approved by Parliament, to be able to activate the escape clause. The Council of Ministers requested Parliament to declare one of the cases provided for in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability. In accordance with the procedure established in the Constitution and in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability, Parliament must approve, through an absolute majority of its members, that Spain is subject to one of the situations enabling activation of the escape clause.

AIReF noted the existence of the exceptional circumstances referred to in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability as a result of the COVID-19 pandemic. This extraordinary situation, which is beyond the control of the General Government, had and continues to have a major global impact in human, health, social and economic terms. In this regard, the AIReF reports published since the start of the pandemic have attempted, in an environment of the utmost uncertainty, to quantify the effects of the pandemic on economic activity and public finances.

1.3. Opinions

In 2020, AIReF published the Opinion on a strategy of access to administrative data. AIReF was commissioned to carry out a multi-year programme to review the effectiveness and efficiency of public spending (usually referred to as the Spending Review) This review has revealed the wealth of administrative records available to the Spanish public administration, but also the very poor use made of them. Access to this information by the scientific community and other public authorities would allow for a more rigorous evaluation of public policies in order to improve their design, effectiveness and efficiency.

In this opinion, AIReF proposes a national strategy to make progress on the availability of appropriately anonymised personal registration data to promote non-profit research that is in the general interest. AIReF's main proposals include, on the one hand, allowing access to the data collected for the Spending Review for further research. It also recommends that the institution be entrusted with the mission of facilitating access to appropriately anonymised administrative data for non-profit research and analysis, as has been done by neighbouring countries. This institution, supported by regulations, should pursue standardisation in access protocols, take responsibility for the dissemination of each set of data, while protecting personal privacy, and take into account the public interest in the use of the data when making decisions on the corresponding access to such data.

1.4. Studies

In 2020, AIReF completed and presented the studies of the second phase of the comprehensive review of public expenditure that the Government requested from AIReF (known as the Spending Review) and the proposal stage for the third phase of the evaluation began. This evaluation exercise aims to enhance the quality of public spending, as well as being a commitment to the European Union (EU) in response to its recommendation to “undertake a comprehensive expenditure review in order to identify possible areas for improving spending efficiency”, contained in the EU Council's Report of Specific Recommendations for Spain in July 2017.

The final reports of this second phase of the Spending Review were submitted between July and October. Four projects were completed, in order of publication:

- **Tax benefits:** it analysed 13 tax benefits, with a cost of €35bn, accounting for around 60% of total existing benefits. AIReF highlighted their opportunity cost in terms of revenue collection and, therefore, the importance of ensuring that they effectively meet the objective for which they were created. The evaluation identified room for improvement in several of the incentives and suggested improvements or their redesign or elimination, as appropriate.

- **Transport infrastructure:** it analysed the efficiency of spending on transport infrastructure, which accounted for €7bn in 2018, in particular investment in AVE (high-speed railway), the *Cercanías* suburban train network and subsidies for improving the connectivity of islands with the peninsular. It proposed improving the selection of infrastructure investments with the aim of increasing their social and economic returns and meeting mobility needs.
- **Hospital expenditure of the National Health System (NHS):** it reviewed the efficiency of hospital pharmaceutical expenditure and spending and investment in high-tech capital equipment in Spanish hospitals of the NHS, which together amounted to over €7bn in 2018. AIReF proposed efficiency improvements in pharmaceutical spending, more planning and increased investment in high-tech equipment and advances in coordination of the General Government to improve equity.
- **Recruitment and self-employment incentives:** seven types of incentives were analysed in the form of discounts and reductions in Social Security contributions, which amounted to around €2bn in 2018. In its conclusions, AIReF noted that recruitment incentives cannot replace structural reforms to combat the preponderance of temporary contracts and unemployment and recommended focusing them on the most vulnerable groups.

Numerous tasks were carried out in 2020 in relation to evaluations requested by regional authorities:

- **Evaluation study of the Andalusian public university system, commissioned by the Regional Government of Andalusia.** Study completed and delivered at the end of July 2020.
- **Evaluation study commissioned by the Regional Government of Castile and Leon.** In October, the action plan for the five studies commissioned by the Regional Government of Castile and Leon was drawn up and approved. Execution of the evaluation institutionalisation project was planned and initiated. In the last quarter, preparatory work began on the institutional communication projects and active employment policies.
- **Evaluation study commissioned by the Regional Government of Aragon.** The preparatory work of all the projects commissioned in March in relation to pharmaceutical spending and staff management at the Regional Department of Education and the University of Zaragoza began at the end of the year.
- **Evaluation study commissioned by the Regional Government of Valencia.** In January 2020, the Governing Council of the Regional Government of

Valencia commissioned a study on health spending, which in December it decided to limit to the field of centralised purchasing, accounting and co-governance systems.

- **Evaluation study commissioned by the Regional Government of Extremadura.** On 15 October 2020, the Regional Government of Extremadura commissioned AIReF to prepare an evaluation study on health spending and active employment policies.

1.5. Working papers

AIReF also published two technical papers in 2020. In July, the technical paper that analyses the impact on employment of the increase in the national minimum wage. In September, the document updating the demographic and pension expenditure forecasts prepared in 2018.

The updating of the demographic and pension expenditure forecasts is part of AIReF's functions of analysing and diagnosing the sustainability of public finances. In this regard, the evolution of demographic variables is a fundamental determining factor for some items of public spending, especially for pension expenditure, as well as the basis for the projection of macroeconomic variables. The update incorporated the new known data, methodological improvements that AIReF has been introducing into its forecasting models over recent years, as well as the impact of the COVID-19 crisis in the short term.

This update resulted in a central scenario which suggested that pension expenditure in 2050 will stand at 14.2% of GDP, a rise of 3.3 points on current levels. The demographic factor strongly drives the growth of pension expenditure due to the ageing process. This is partially offset by developments in the job market and institutional factors, which are dependent on the reforms approved. As a result of this analysis and bearing in mind the current situation, AIReF believed that the conclusions included in the 2019 Opinion remained valid.

For its part, the technical paper on the impact of the rise in the national minimum wage adopted a new approach that aims to estimate the impact on employment of the increase to €900 in 2019. In this study, AIReF adopted a quasi-microeconomic approach, in which anonymised individual data from the 2018 continuous sample of working lives were combined in order to calculate an indicator of the impact of the rise of different groups. The document presented very detailed aggregated information on Social Security affiliations from 2015 to 2019, which allowed AIReF to identify the impact of the measure. The analysis shows that the increase in the national minimum wage in 2019 had a negative effect on affiliation as it led to a reduction of between 0.13 and 0.23 percentage points in its growth rate, which

translates into a loss of between 19,000 and 33,000 affiliations in 2019. This effect would have been unevenly distributed among groups.

1.6. Other publications

In accordance with the principle of transparency that guides the actions of AIReF, not only can the aforementioned reports, studies, opinions and technical papers be found on the website, but sections are also included for the dissemination of other information of interest to both public finance specialists and the general public:

- **Local Government monitor.** A tool that collects relevant economic and financial data from Local Governments in order to analyse their sustainability position, which is periodically updated.
- **Government debt monitor.** This focuses on a series of key indicators for analysing the sustainability of public finances for the General Government and its different sub-sectors. In 2020, it focused on the factors that foster successful fiscal consolidation according to the economic literature. It contains an interactive tool for projecting public debt.
- **Real-time GDP forecasts.** Forecast of quarterly GDP growth for both the current quarter and the following quarter. It is based on a combination of short-term information issued at different frequencies, using a dynamic factor model. The emergence of COVID-19 has required an effort to continuously adapt the forecasting models used by AIReF (see Box 1).
- **Economy thermometer.** Synthetic assessment of the cumulative direction of the surprises recorded by the real-time GDP forecasting model. It was no longer published following the emergence of the effects of COVID-19 and, since the end of 2020, has been subsumed within the real-time GDP forecast.
- **Quarterly GDP estimate of the Autonomous Regions.** This reflects the quarterly estimate of the GDP of the Autonomous Regions using the METCAP methodology (Methodology for Quarterly Estimation of GDP by Region), which combines different types of statistical information. As with previous models, restrictions on mobility required methodological adaptations.
- **Monitoring of the 2020 budget stability target.** In its effort to achieve the maximum dissemination of its analyses, within the principle of transparency that governs the institution, AIReF publishes its forecasts for the main fiscal variables on a monthly basis: revenue, expenditure and deficit for

the General Government and by sub-sector in national accounts terms, in addition to a cash breakdown of the main tax and social contribution categories. In the case of Local Governments, the factsheet is produced on a quarterly basis, as this is the frequency at which the data are published. Since June 2020, the factsheets have been presented in a more visual format and incorporate a detailed analysis of the measures that have been taken to address COVID-19.

- **Simulators.** This section provides the public with a series of simulation instruments and tools that have been developed as a complement to the reports, opinions and technical documents published regularly by AIRcF. In this section, engaging with the user is encouraged through the analysis of practical cases, allowing them to design scenarios with personalised assumptions and dynamics.

2. RECOMMENDATIONS AND THE “COMPLY OR EXPLAIN” PRINCIPLE

The General Government authorities that receive recommendations are subject to the “comply or explain” principle. In the performance of its functions, AIReF may make recommendations to the General Government authorities that receive its reports, which are obliged to follow the recommendations or explain the reasons for departing from them. The “comply or explain” principle is the key tool available for AIReF to fulfil its remit.

This principle has been widely applied by the recipient authorities, giving rise to a constructive dialogue with AIReF. All General Government authorities, with the sole exceptions of the City Council of Cordoba, responded to the recommendations made in 2020, which highlights the strong commitment by General Government authorities to this principle. In addition, this has allowed for a constructive and transparent dialogue between AIReF and the competent authorities.

Over the course of 2020, AIReF made 25 recommendations, of which 16 were new, 6 were repeated and 3 were live. Repeated recommendations are those that are made when the reasons for non-compliance are not sufficiently explained or do not appear to fulfil the purpose of the recommendation. Live recommendations are those that, having already been repeated and the authority having sufficiently explained the reasons for departing from their compliance, AIReF maintains them as live recommendations as it deems their compliance to be important for ensuring the effectiveness of the fiscal framework.

From the point of view of the recipient, the different authorities received 123 recommendations from AIReF, as one single recommendation may be addressed to more than one administration. 80% of the recommendations were directed at Territorial Administrations (spread practically equally between autonomous regions and local governments), while the remaining 20% corresponded to the Central Government. Specifically, 24 recommendations were received by the Central Government, 51 by the Autonomous Regions and 48 by the Local Governments.

Table 2. AIReF's recommendations and guidelines, according to the report issued (2020)

Reports	New	Repeated	Live	Guidelines for good practice	Total
2020 Stability Programme Update	4	4			8
Analysis of Budgetary Performance, Debt and the Expenditure Rule 2020	3	1			4
Existence of the exceptional circumstances of Article 11.3 of the Organic Law on Budgetary Stability and Financial Stability		1			1
2021 Budgetary Plan	2	2			4
Macroeconomic forecasts of the individual draft budgets of the ARs 2021				12	12
Draft budgets and main budgetary lines of the General Government 2021	3	1	2		6
Draft budgets and main budgetary lines of the ARs 2021	51		1		52
Draft budgets and main budgetary lines of the LGs 2021	48				48
Total	111	9	3	12	135

Source: AIReF

Table 3. AIReF's recommendations and guidelines, according to content (2020)

Topics	New	Repeated	Live	Guidelines for good practice	Total
Transparency	43	6	2	12	63
Application of the Organic Law on Budgetary Stability and Financial Stability	2	1			3
Budgetary stability	20				20
Medium-term focus	45	2	1		48
Financial sustainability	1				1
Total	111	9	3	12	135

Source: AIReF

Table 4. AIReF's recommendations and guidelines, according to body responsible for their application (2020)

Responsible administration	New	Repeated	Live	Guidelines for good practice	Total
Ministry of Finance	10	6	3		19
Ministry of Economic Affairs and Digital Transformation	1	3			4
National Statistics Institute	1				1
One or several ARs	51			12	63
One or several LGs	48				48
Total	111	9	3	12	135

Source: AIReF

In 2020, the main recommendations were to request activation of the national escape clause and establish a medium-term fiscal strategy that guarantees the sustainability of the General Government. Given the exceptional situation arising from the pandemic, AIReF recommended that the Government, on the one hand, should clarify the situation of uncertainty regarding the applicable national fiscal framework and make use of the fiscal margin allowed by the Organic Law on Budgetary Stability and Financial Stability by activating the national escape clause. On the other hand, it recommended establishing a medium-term national fiscal strategy that would realistically and credibly guarantee the financial sustainability of the General Government and, under its framework, explore the implementation of AIReF's proposals in the Spending Review. In line with this national strategy, the Autonomous Regions and the 24 large Local Governments were recommended to start work on the preparation of their rebalancing plans or medium-term plans. Finally, also with a view to preserving the sustainability of public accounts, AIReF recommended that the Government adequately plan any permanent measures and closely monitor contingent liabilities.

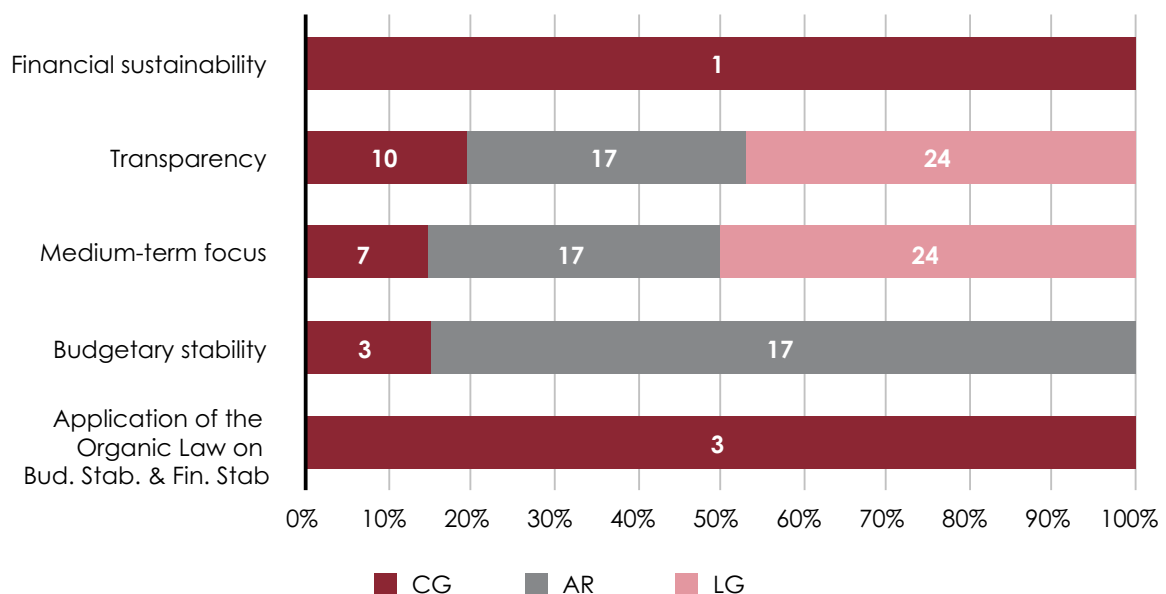
Another set of recommendations was aimed at managing the uncertainty resulting from the pandemic. In this regard, AIReF recommended that the Central Government and the Autonomous Regions should adapt their actions in 2021 depending on how the pandemic developed, avoiding structural spending increases that were not accompanied by the corresponding structural funding.

Finally, a number of recommendations related to improving transparency were made. In view of the challenge of effectively monitoring the effects of the pandemic, it was recommended to: (i) improve the high-frequency information at a central level; (ii) at a regional level, incorporate information in the 2021 budgets on the

specific measures supporting the expenditure forecasts; and (iii) at a local level, incorporate into their budgets information on the specific measures supporting the expenditure forecasts financed with accumulated surpluses, avoiding structural increases in expenditure. In addition, AIReF repeated the recommendation to the Government to regulate the flow and timing of the exchange of information with AIReF by means of an agreement or memorandum of understanding.

AIReF also made three live recommendations in 2020, all addressed to the Ministry of Finance. Depending on the subject, they can be grouped into two groups: those aimed at strengthening the medium-term orientation (establishing the medium-term national fiscal strategy for the General Government); and those seeking to promote transparency (the need to include in the draft General State Budget information in national accounts terms and to include an initial budget in national accounts terms for the Central Government and the Social Security Funds).

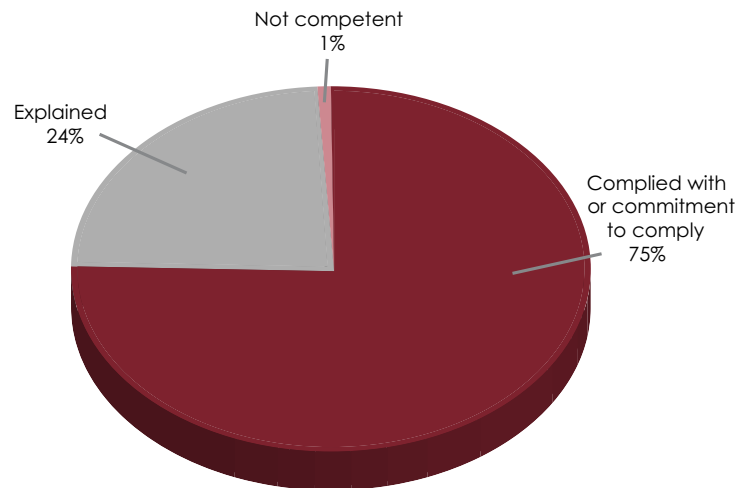
Figure 1. Number of recommendations grouped by content for each sub-sector responsible for their application (2020)



Source: AIReF

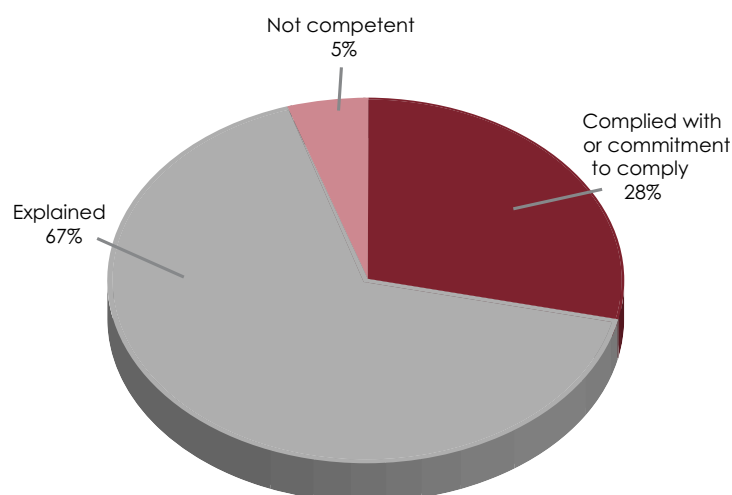
With regard to the level of compliance, the authorities complied or undertook to comply with 75% of the 2020 recommendations. Within this percentage, the Autonomous Regions have shown their commitment to comply with 92% of the recommendations and local governments 76%. However, the level of commitment or compliance by the Central Government falls to 28%.

Figure 2. 2020 recommendations for the General Government: commitment to comply/complied or explained



In particular, it is important to highlight the compliance by the Central Government with the recommendations relating to activating the escape clause and clarifying the applicable tax framework. The Government complied with the recommendation to activate the escape clause, clarified the applicable fiscal framework in 2020 and set indicative deficit reference limits as a guide for General Government budgets for 2021. It also assured that it was incorporating the recommendations and conclusions of the first phase of the Spending Review, while it also undertook to incorporate the different recommendations of the second phase into the budgetary process.

Figure 3. 2020 recommendations for the Central Government: commitment to comply/complied or explained

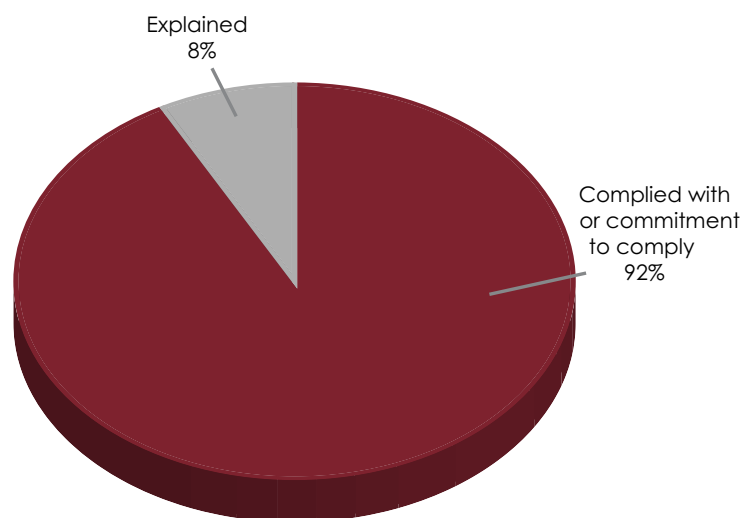


Source: AIRcF

In contrast, there were departures from the recommendations that focus on the medium term. The Government departed from the recommendations aimed at establishing the national medium-term fiscal strategy, the proper planning of any permanent measures and the close monitoring of measures that are generating contingent liabilities. The main reasons for not following these recommendations were either that they are not necessary (they are being complied with or the system implemented is sufficient), or that they are difficult to comply with in view of the uncertainty generated by the pandemic.

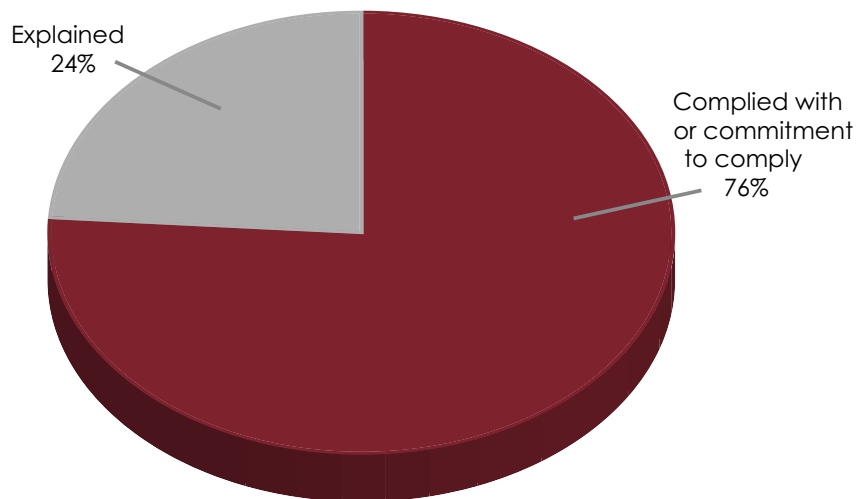
For their part, the territorial administrations were generally in favour of following the recommendations. Most of the Autonomous Regions and Local Governments undertook to comply with the recommendations. They mainly expressed their commitment to begin drawing up a medium-term plan and to provide information on expenditure measures. When they departed from following the recommendations, the main reason was that they did not consider them necessary or that they were not applicable to them.

Figure 4. 2020 recommendations for the Autonomous Regions: commitment to comply/complied or explained



Source: AIRcF

Figure 5. 2020 recommendations for the Local Governments: commitment to comply/complied or explained



Source: AIR^oF

Lastly, in addition to the recommendations, AIR^oF set out 12 good practice guidelines, which are not subject to the “comply or explain” principle. They were all focused on the regions and aimed to improve transparency. Particularly noteworthy were those relating to: (i) publication of the models and parameters used in the macroeconomic forecasts of their budgets, and (ii) the inclusion of expenditure forecasts in regional accounting terms.

3. INSTITUTIONAL ACTIVITY

3.1. Institutional relations

There was a great deal of parliamentary activity in 2020. AIReF's President appeared in person in Parliament a total of seven times, six in Congress [Lower House] and once in the Senate [Upper House].

Her first appearance, on February 25th before the Congressional Finance Committee, was as a candidate for the presidency of AIReF, where she received the unanimous support of all political groups. The appointment was formalised on March 3rd by the Council of Ministers. At her appearance, the candidate explained her objectives and plans for the institution, which she undertook to reflect in a strategic plan with a duration equal to her six-year mandate.

As President, she appeared on three occasions to report on the main budgetary documents of the General Government. On June 4th, she appeared before the Congressional Finance Committee to inform about the Report on the Draft 2020-2021 Stability Programme Update. On November 5th and December 9th, she appeared before the congressional and senate budget committees, respectively, to report on AIReF's assessment of the main lines of the General Government budgets for 2021. A major feature of all of these appearances was the recommendation made by the institution to establish a medium-term fiscal strategy that might provide fiscal guidance and realistically ensure the financial sustainability of the General Government.

The President was called to appear before the Monitoring and Evaluation of the Toledo Pact Agreements Committee. At that appearance, which took place on September 3rd, the President shared with the committee AIReF's latest demographic and pension expenditure forecasts, the risk factors that might affect those forecasts and quantified the effect of some of the routes for further extending the 2011 parametric reforms. In view of the short and long-term challenges identified and the high level of uncertainty, the President highlighted the importance of promptly implementing reforms and assessing options to address possible scenarios that are more adverse than expected.

The President also appeared before two committees that were established in 2020: the Social and Economic Reconstruction Committee, and the Audit of Democratic Quality Committee. At the first, which took place on June 16th, AIReF's President

advocated accompanying the economic strategy to address the crisis with a comprehensive fiscal exit strategy that would support the recovery and ensure the sustainability of public finances. She offered AIReF's capacity for analysis and studies to provide objective elements to help define that strategy. At her appearance on December 22nd before the Audit of Democratic Quality Committee, the President defended the strengthening of the functional autonomy of the institution, called for the institutionalisation of AIReF's public policy evaluation function and identified ways to improve access to the institution's information.

Fulfilling her commitment as a candidate, the President invited the spokespersons of the groups in the Congressional Finance and Budget Committees to a meeting at AIReF's offices at which she presented the details of its 2020-26 Strategic Plan. The meeting took place on September 14th, with the participation of all the groups. In addition to detailing the Strategic Plan, the President introduced the members of its Steering Committee, who explained AIReF's work and vision in economic, budgetary and institutional matters.

AIReF held numerous meetings with representatives of all the General Government authorities, including meetings linked to the development of the various public policy evaluation projects. Following the development of the second phase of the Spending Review, meetings and ongoing contacts were held with the Central Government and all the Autonomous Regions. In particular, meetings were held with the Ministries of Finance; Economic Affairs and Digital Transformation; Health; Transport, Mobility and Urban Agenda; Science and Innovation; Inclusion, Social Security and Migration; and Labour and Social Economy. In the context of the usual functions of monitoring the economic and fiscal situation, AIReF contacted all the Regional Governments and held specific meetings with those that had commissioned evaluation studies, such as Andalusia, Castile and Leon, Valencia, Extremadura and Aragon.

The annual seminar with the autonomous regions took place in November, this time focusing on fiscal monitoring and the evaluation of public policies. Opinions on the fiscal implications for the Autonomous Regions of the crisis resulting from the pandemic were analysed and shared. In the area of evaluation, the OECD provided an overview of the situation at an international level, while AIReF and the Autonomous Regions with practice in the field of evaluation explained their experiences.

AIReF participated, especially in the second half of the year, in specialised courses, research forums and discussions in areas falling within its remit. AIReF's President analysed the economic and tax situation on various occasions and the impact of the pandemic. These included her speeches at in the General Council of Economists (CGE), the Association for Management Progress (APD), as well as her participation in the Navarra Capital breakfasts. The President also made

several speeches in which she explained the importance of evaluation for good design of public policies, while reporting on AIReF's experience in evaluation or disseminating the main results of AIReF studies. In this regard, the President participated in a round table discussion co-organised by the Menéndez Pelayo International University (UIMP) and the Institute of Fiscal Studies (IEF), in a course on administration organised by the National Institute of Public Administrations (INAP), in a webinar organised by the Social Economic Council focused on public investment, in the closing event of a seminar organised by EVALPUB on education in times of COVID-19 and in a webinar organised by ESADE Business School. Also noteworthy is the President's participation in the public management programme of the IEF (Institute for Fiscal Studies) and her closing speech of the public sector governance programme organised by ESADE Business School.

Noteworthy at an international level is the close contact with EU institutions and international bodies, such as the IMF and the OECD, to discuss the fiscal and economic forecasts of the Spanish economy and the impact of the pandemic.

Numerous meetings were held with all these institutions, with 2020 also coinciding with the year in which the OECD produced a new report on the Spanish economy. The President was also a panellist at the annual International Conference of Councils on Economic Policy, organised by the German Council of Economic Experts and the French Council of Economic Analysis, held virtually on June 9th. The debate focused on the response of economic and fiscal policy to the crisis brought about by the pandemic. In addition, the President met with the United Nations Special Rapporteur on extreme poverty and human rights earlier this year and was a speaker at the 25th International Congress of the Latin American Centre for Administration for Development (CLAD). Bilateral contacts were also maintained with countries that, through their embassies, wanted to know AIReF's economic forecasts directly.

AIReF played an active part in the network of independent fiscal institutions in the EU Member States and in 2020 contributed three articles for the 2021 Annual Conference of the European Fiscal Board.

In particular, AIReF has led the article entitled "How to strengthen fiscal surveillance towards a medium-term focus?", which analyses the functioning of the multi-year national frameworks in the different Member States, based on the various national experiences. It pays special attention to the contribution of independent fiscal institutions (IFIs) to fiscal discipline and it presents preliminary findings on how to strengthen the medium-term orientation. The other two articles have focused on the challenge that high public debt will pose to policy and the fiscal framework in the post-COVID era and on the role of IFIs.

In addition, in 2020 AIReF joined the Editorial Board created this year to decide on the contents of the European Fiscal Monitor (EFM). The EFM is published twice a year and includes contributions from individual IFIs on the economic and fiscal

situation and outlook and the fiscal frameworks of their respective countries. On an exceptional basis, four editions were published in 2020 to address the actions of the IFIs in response to the uncertainty caused by the pandemic, its macroeconomic and budgetary impact and the nature and size of the measures deployed by the different governments.

AIReF also participated in meetings and activities organised by the European Commission networks and the OECD. It also attended the Annual Conference of the European Fiscal Board, organised in February, which discussed the future of the European fiscal framework.

3.2. Communication activities

Communication is the main channel for publicising AIReF's activity and for the reports, recommendations and assessments that it issues to make a real impact in its central function of defending the financial sustainability of the General Government. The dissemination of AIReF's evaluations, which include specific proposals on the public policies analysed, is also particularly important. An additional effort was made in 2020 to bring the institution closer to the general public by preparing material that is more educational and reader-friendly.

With the aim of achieving maximum dissemination, the institution used various channels in 2020, such as open press conferences or briefings with the media, the issuance of press releases and information notes, individual meetings with journalists and opinion leaders, publication of all new developments on the website, the sending of new developments by email to different institutions and stakeholders and the use of social networks.

Overall in 2020, 76 news articles were published on the institution's website, a fall of 19% compared with 2019. This was due to the reduced activity caused by COVID-19 during the harshest months of the pandemic. Apart from news items, other content directly related to AIReF's activity was also published.

AIReF's presence in the media continued to rise in 2020. The data, analyses and opinions disseminated by AIReF were a key reference when addressing the issues of budgetary stability and the sustainability of public finances in the media and in academia. The media responded with broad coverage of the institution's publications, whilst also requesting more information. In quantitative terms, this is reflected in 12,255 hits in 2020 in the written press and 25,085 in the digital press. These figures represent an increase of 15.3% and 23.7%, respectively, on the figures for 2019. The increase in publications, despite lower activity as a result of COVID-19, reveals the importance that the institution's work continues to gain among the media. Macroeconomic analysis tools that helped calibrate the impact of the

pandemic on the Spanish economy gained particular importance in 2020. Thanks to the dissemination of this type of instrument, the institution has consolidated itself as a point of reference and consultation for both academia and the media.

The coverage that audio-visual media devoted to the institution continued to grow in 2020. AIReF began to carry out briefings or open presentations of the reports, which had to be done through streaming as a result of the prevailing conditions. The presentations of the four studies of the second phase of the Spending Review were also open to the audio-visual media. Many audio-visual media connected to these press conferences, and it is becoming more and more frequent that Spanish television channels such as RTVE, Antena 3, La Sexta, Cuatro, Telecinco, and Spanish radio stations such as Cadena Ser, Onda Cero, Cope and others include coverage of AIReF's publications.

AIReF's website continues to be the main reference in the communication strategy. Data from Google Analytics show outstanding growth in the key indicators of the dissemination activity, as can be seen in the table below. The number of users increased by 13.4% in 2020 and the total number of sessions by 4.1%. In contrast, the pages visited by each user showed a decline of 6.4% compared with 2019 and the number of pages visited during each session fell by 22.2%.

Table 5. Key indicators of AIReF's dissemination activities

	2019	2020	Year-to-year increase 2019 - 2020
Website users	81,190	92,118	+13.4%
Website sessions	145,091	151,129	+4.1%
Pages viewed	452,804	423,650	-6.4%
Pages/session	3.12	2.8	-22.2%

Source: Google Analytics

In 2020 AIReF worked on improving the accessibility of the website. It also modified part of the design and structure of some pages in order to achieve more agile and orderly access. In addition, the translation of the website into the different official languages of Spain was launched in 2020.

Social media once again increased their importance as one of AIReF's dissemination channels. The most interactive channel was Twitter, which had 8,195 followers by the end of the year, practically doubling those of the previous year (4,442 followers). On LinkedIn, followers increased by 90.3%, to 1,241 followers. These rises place AIReF as one of the IFIs with the largest number of followers on social media worldwide.

In 2020, the institution continued to send information through monthly newsletters aimed at subscribers interested in its activities, which began in July 2017. The number of subscribers grew by 32% until the end of 2020 (828 subscribers) compared with 2019 (627 subscribers). The publication of regular tweets with links to the page to subscribe to the newsletter and the page banner are some of the actions that have influenced the increased number of new subscribers in 2020.

Table 6. Communication figures in 2020 compared with 2019

NEWS	76 news articles published on the website, a 19% decrease	12,255 mentions in written press, a 15.3% increase	25,085 mentions in digital press, a 23.7% increase
WEBSITE	Over 92,110 users, a 13.4% increase	Over 151,120 sessions, a 4.1% increase	Over 423,600 visits, a 6.4% decrease
SOCIAL MEDIA	8,195 followers on Twitter, a 84.5% increase	1,241 followers on LinkedIn, a 90.3% increase	828 subscribers to the newsletters, a 32% increase

Source: AIReF

As in 2019, an ad hoc communication strategy was designed for the dissemination of the studies published in 2020 corresponding to the Spending Review, which again achieved very satisfactory results. Despite the need to make use of telematic means for the press conferences, the data relating to a five-day period subsequent to each publication show that over 4,600 publications were achieved in the press linked to the studies. Greater presence was also obtained on radio and television, an increase of 562 in the number of followers on Twitter, almost 35,000 views of the educational videos prepared to disseminate these contents and good growth in traffic on the website.

Table 7. Impact of the Spending Review communication strategy

Over 4,600 articles published on the studies	Almost 35,000 views of informative videos
Increase of 562 followers on Twitter	Posted tweets had nearly 300,000 hits
Over 64,000 visits to the website	Significant increase in the interest generated by AIReF's evaluations

Source: AIReF

4. ACCESS TO INFORMATION

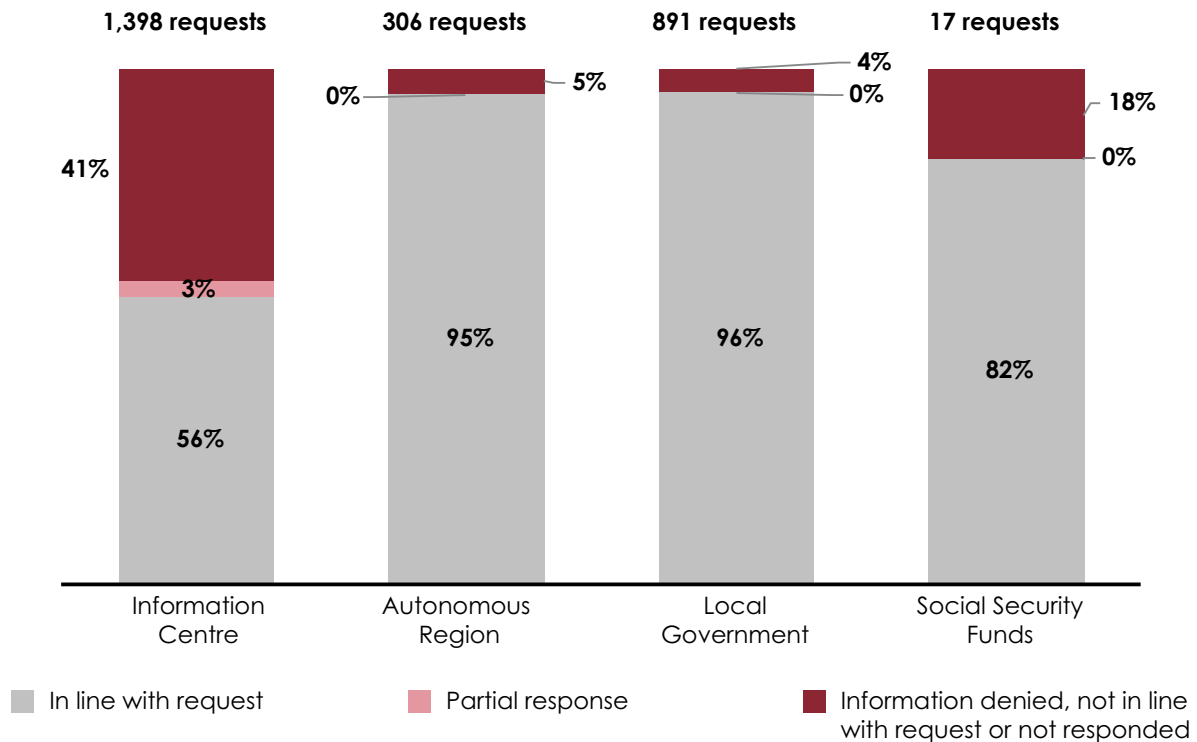
One of the basic requirements for the performance of AIReF's functions is timely access to economic-financial information on the General Government. This aspect has been gradually improving. The right of access to this information is legally established in Article 4 of Organic Law 6/2013, on the Establishment of the Independent Authority for Fiscal Responsibility. However, in order to achieve its optimal application, it has been necessary to establish useful mechanisms of information exchange between public authorities.

AIReF's capacity to prepare useful, rigorous and objective reports may be influenced by possible obstacles in accessing the necessary information. This risk is particularly high when there is a limited period for preparing and presenting said reports. During 2020, both the level of responses to information requests issued as well as the quality of the information provided necessary to draw up the mandatory reports have improved. However, a Memorandum with the Ministry of Finance and with the Ministry of Economic Affairs and Digital Transformation setting out the mechanisms and obligations for the periodic and non-periodic submission of information to AIReF remains to be signed.

Since 2016, AIReF has had a system for monitoring collaboration with the various authorities of the General Government in the field of information provision. This system has been refined year-by-year. In general, each request for information is linked to the preparation of any of the reports that AIReF must issue under current regulations. For reasons of procedural economy and administrative efficiency, each request is grouped into various information requests, which may be subject to a separate response and/or individual monitoring, either as a result of reference to different fiscal rules or different financial periods or as it is provided by different bodies.

Requests to the territorial administrations with an appropriate response exceeded 95% of requests made. The figure for the Social Security was 82%, while those received in a full and appropriate manner from the Information Centre of the Ministry of Finance stood at around 56%. However, 41% of those requests made to the Ministry of Finance were still not answered, were answered past the deadline required to be taken into account in the mandatory report or yielded only a partial response. Responses to AIReF's requests are broken down by type of General Government authority and type of response, as shown in Figure 6.

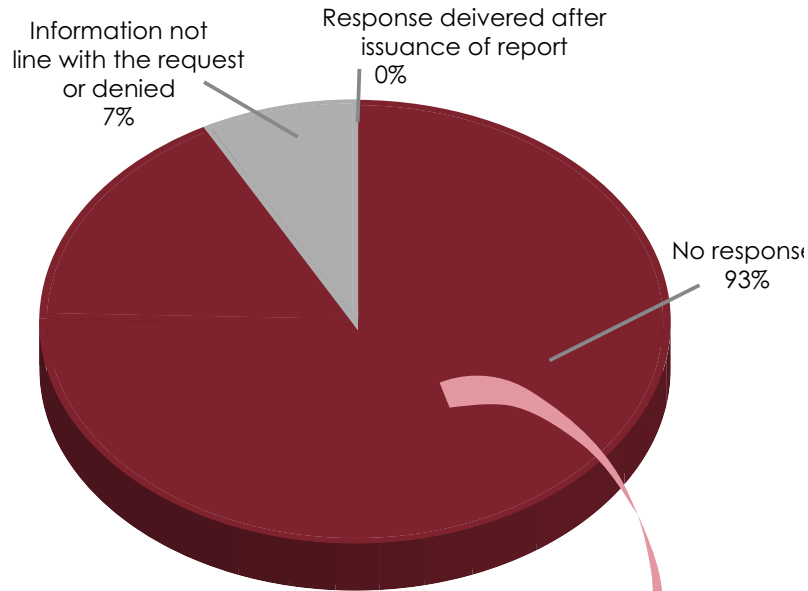
Figure 6. Breakdown of responses to AIReF's requests, by authority and by type of response (2020)



Source: AIReF

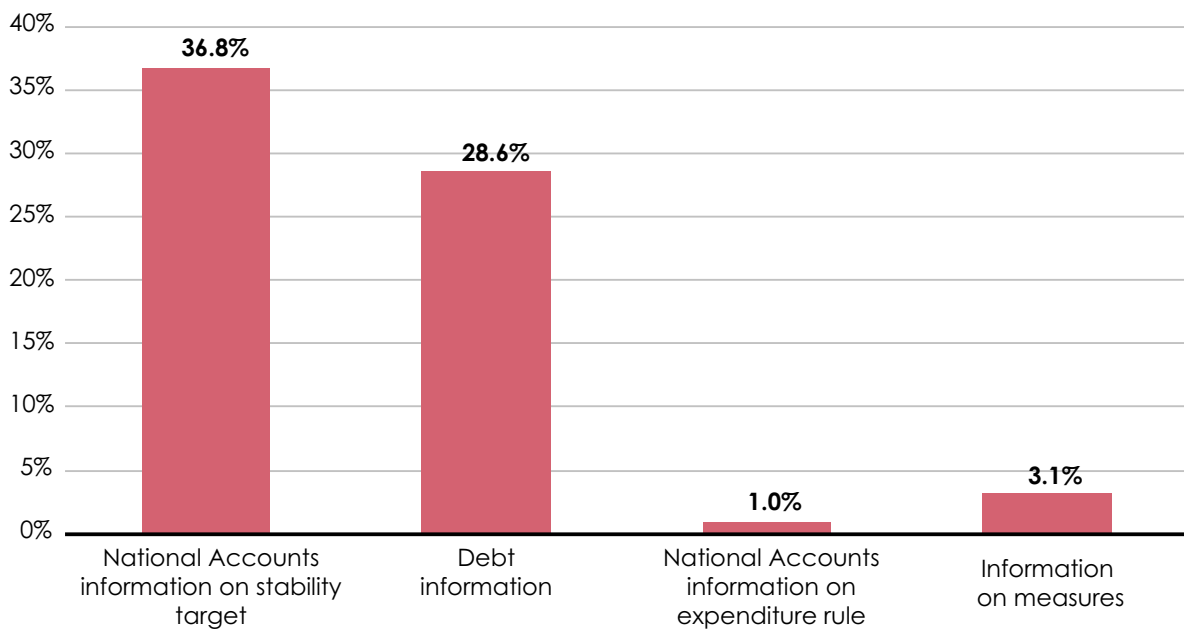
Of the requests that were not properly addressed (denied, not in line with the request or not responded) by the Ministry of Finance Information Centre, 93% did not receive any response (Figure 7) and referred mainly to information relating to the stability target or debt limit. As shown in Figure 8, most of these refer to elements necessary for the calculation of the stability target (almost 37%) or the debt target (almost 29%).

Figure 7. Breakdown of invalid responses from the Ministry of Finance Information Centre (2020)



Source: AIRcF

Figure 8. Breakdown of requests to the Ministry of Finance Information Centre without a response by type of information requested (2020)



Source: AIRcF

5. MONITORING OF THE 2020 ACTION PLAN AND 2020-2026 STRATEGIC PLAN

Action Plans are provided for in AIREF's regulations. Article 5 of AIREF's Organic Statute¹ establishes that in the first quarter of the year, the institution shall prepare and publish an Action Plan that includes, in addition to mandatory reports, the studies that have been requested. This plan must be approved by the President, after being submitted for the consideration of the Steering Committee.

However, at its own initiative, AIREF has framed these annual plans within a multi-year strategy from the outset. In its multi-year plans, AIREF sets out the objectives for each mandate, the strategic pillars for achieving them and the main lines of work planned. This planning exercise allows a better understanding of AIREF's activity, gives predictability to its actions and is, above all, an essential tool for the institution's accountability to society. AIREF does not restrict itself to mere planning of its activity, but goes beyond the regulations and performs *ex post* monitoring of each annual plan.

2020 was the last year of execution of the first AIREF Strategic Plan and the year of approval of the 2020-2026 Strategic Plan that guides the new President's term of office. This chapter and Annex 2 address both issues. In particular, the Annex provides detailed information on the implementation of each and every one of the actions included in the [2020 Action Plan](#).

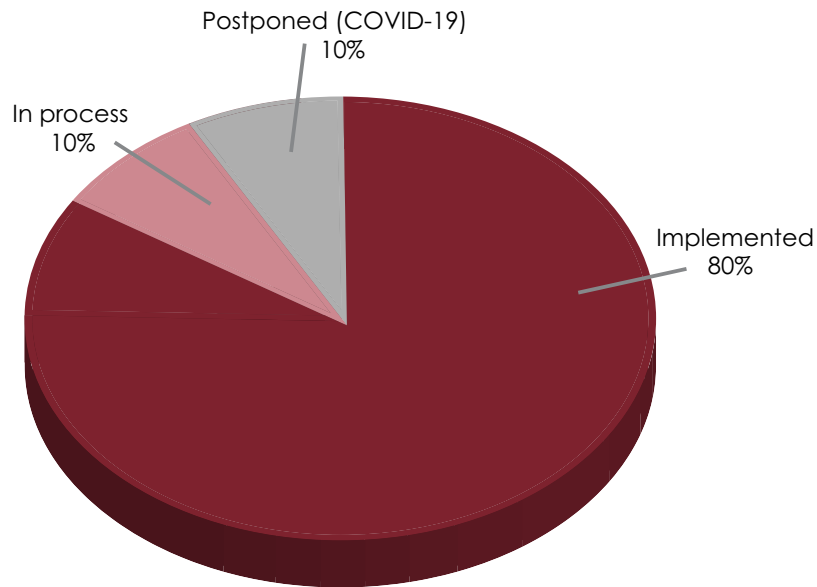
5.1. Monitoring of the 2020 Action Plan

The uniqueness of 2020 is reflected in the monitoring of the 2020 Action Plan. The impact that COVID-19 has had in the fiscal and economic field has meant that AIREF has had to make major adaptations to its actions in line with the new circumstances. This has affected its publications and activities, as reflected in Chapter 1 and Box 1.

Nevertheless, in quantitative terms, a high implementation rate of 90% was achieved. Of the 106 actions planned in 2020, 85 were implemented, 11 actions are in progress, but at an advanced stage of completion, while ten could not be performed.

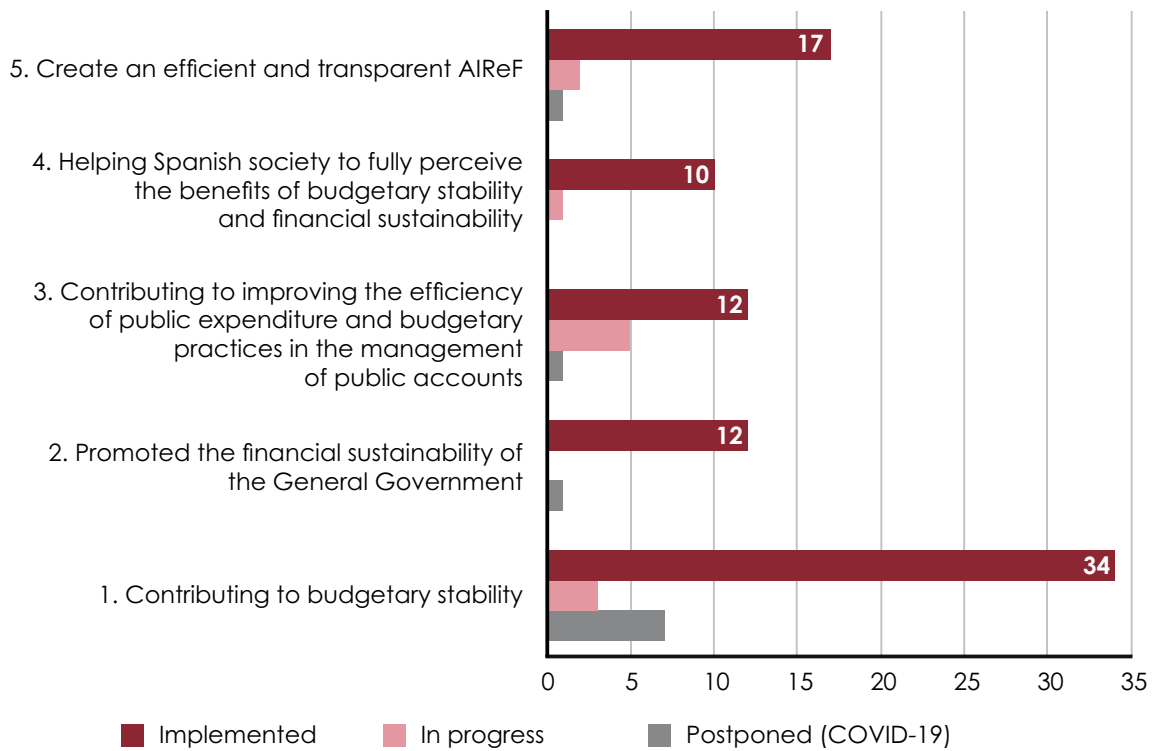
¹ See [Royal Decree 215/2014, of March 28th, approving the Organic Statute of the Independent Authority for Fiscal Responsibility](#), and its subsequent amendments

Figure 9. Percentages of implementation of the 2020 Action Plan



Source: AIReF

Figure 10. Implementation by strategic pillar of the 2020 Action Plan



Source: AIReF

In qualitative terms, the greatest implementation difficulties were found in the area of monitoring budgetary stability. Most of these actions refer to benchmarking or modelling activities at a regional and local level which it was deemed appropriate to postpone in order to prioritise the adaptations of the models and tools as a consequence of the pandemic. Others were not carried out as a result of the alteration of the fiscal framework itself, such as the planned work on the expenditure rule or the contribution to the suspended consultation of the European Commission on the reform of the fiscal framework.

5.2. Strategic Plan 2020-2026

The Strategic Plan 2020-2026 was published on September 25th. This plan materialises the commitment that the new President took on in her appearance as candidate to head up the institution. As indicated, the plan was also presented prior to its publication to the spokespersons of the Congressional Finance and Budget Committees in a meeting held at AIReF's offices.

The Plan aims to consolidate a young institution and make it a useful tool for society as a whole. Useful for the public authorities by acting as an impartial meeting point, making AIReF's analytical capacity available to them and establishing constructive dialogue. Useful for the fiscal debate, through positive analyses and a critical spirit with fiscal policy objectives as the central aim. Useful for Parliament, with full readiness to contribute to debates that help build consensus. And, of course, useful for citizens, with the aim of bringing the fiscal reality and outlook closer to them by means of interactive tools, social media and videographic material.

In order to make these major objectives a reality, the Strategic Plan 2020-2026 is built around four major strategic aims:

- **The first strategic aim is to carry out in-depth supervision of all tiers of the General Government.** For this purpose, it will perform continuous monitoring of the economic and budgetary situation. These analyses will be based on objective elements that require continuous revision and adaptation of the models and tools, as well as the databases that feed them. Ongoing monitoring will also be conducted of compliance with the national and European budgetary framework, ensuring that it is applied and always taking into account national and European guidelines and the prevailing economic circumstances. An effort will also be made to strengthen AIReF's preventive work by means of leading indicators and macro-fiscal risk indicators.

- **The second strategic aim is to ensure the sustainability of public finances with a long-term vision.** To do this, AIReF aims to expand the capacity for long-term forecasting, perfecting the long-term demographic and macroeconomic modelling and incorporating a wider range of budget items. The sustainability of public authorities will be monitored, paying particular attention to the Social Security system, as well as contingent liabilities. AIReF also plans to contribute towards the definition of a sustainable fiscal strategy by analysing the economic implications of alternative fiscal paths.
- **The third strategic gain is to make public policy evaluation a core activity of AIReF.** For this purpose, a policy change will be proposed to make evaluation a permanent function of the institution. In addition to the evaluations requested by the public authorities, AIReF plans to conduct evaluations on its own initiative. Monitoring of the evaluations carried out and their incorporation into the budgetary cycle will also be promoted under this strategic gain.
- **The fourth and final aim is to strengthen the main principles guiding AIReF's activity: independence, transparency and accountability.** Independence, AIReF's main asset, is expected to be enhanced with actions to strengthen the institution's functional autonomy. With regard to transparency, AIReF will maintain its already demanding current standards and enhance the reporting that might help bring greater clarity and understanding to AIReF's work, such as accessory publications of data, video documents or greater predictability of actions and publications. Finally, respect for and the strengthening of the principle of accountability will be reflected in the President's availability to appear before Parliament, as well as the implementation of external evaluation mechanisms at its own initiative and self-evaluation of the macroeconomic and fiscal forecasts.

Despite the high level of uncertainty, this plan is deemed to be realistic and with firm commitments, although it must be implemented in a manner consistent with the actual situation through successive annual plans. At the time of writing, [the 2021 Action Plan](#) has already been approved and is available on the website.

6. ECONOMIC MANAGEMENT, HUMAN RESOURCES AND TRANSPARENCY

6.1. Economic management

AIReF continues with its policy of transparency in economic management. The transparency section of [the website](#) contains information on the compensation of the members of the Steering Committee; the monthly execution of the expenditure budget, as well as the detail of expenses above 1,000 euros and the collection of income from its fees. In addition, it also includes, amongst other things, the contractor's profile and the list of contracts, management assignments and collaboration agreements signed by AIReF and the subsidies granted.

Law 6/2018, of 3 July, on the General State Budget for 2018, extended for 2019 and 2020, approved a budget of €7.04m for AIReF, although budgetary modifications approved over the year have raised the budgetary appropriations to €8.86m (Table 8). The expenditure finally executed during 2020 amounted to €7.06m. The percentage of execution of AIReF's expenditure budget amounted to 79.67% in 2020. The detailed execution of the expenditure can be seen in Table 8. The execution of different budget chapters shows that the institution's performance in 2020 is in accordance with the provisions of its Action Plan.

In terms of revenue, the supervision fee is AIReF's main source of funding (see Table 9). This fee (provided for in the Second Additional Provision of the Law establishing AIReF) is paid by the General Government authorities that receive reports and opinions, depending on their budgets. This financing system, which is innovative in the field of independent financial institutions, allows AIReF's financial independence to be guaranteed.

The amount collected from the fees accrued in 2020 was €6.6m. The State, the Social Security and all the Autonomous Regions paid the fee. There were only three institutions that did not pay. Under Article 89 of the General State Budget Law for 2018, extended for 2019 and 2020, the tax rate of the fee was set at 0.00128%. In addition to the funding from the fee, there is a second significant source of income: the prices for carrying out studies commissioned by different General Government authorities, which in 2020 generated receivables for the institution in an amount of €737,497.16, of which €65,841.16 were paid in the same year. There were three studies that generated revenue for AIReF in 2020: the second phase of the Spending Review commissioned at the end of 2019 by the Government of Spain; and two evaluation studies commissioned at the end

of 2020 by the Autonomous Region of Castile and Leon and the Autonomous Region of Aragon.

In 2020, AIRcF began and resolved material and data verification procedures of the self- assessments carried out by the General Government authorities obliged to pay the fee which in 2019 did not make a self-assessment and pay the corresponding amount or which did so after the established deadline. Within these procedures, 14 settlement decisions were issued. Almost all of these were paid and therefore the institution received revenue of €62,325.

In addition, 2020 was a year of consolidation, in collaboration with the State Tax Administration Agency (AEAT), of the **enforced collection of settlements** corresponding to the years between 2014 and 2018 that had not been fully or partially settled. The sum of €35,213.81 was claimed through 44 court orders notified at the end of 2019, with a further six added at the start of 2020 for an amount of €2,617. At 31/12/2020, a large majority of the court orders notified by the AEAT had been paid in full or in part, with 14 outstanding for an amount of €10,717.

Table 8. Ejecución del presupuesto de gastos 2020 (miles de euros)

Item	2020 Budget	Execution
Staff costs	5,728.33	4,538.01
Steering Committee Members		532.36
Public officials		2,144.13
Workers		204.03
Performance incentives		1,321.45
Contributions and social expenditure		204.34
Training		46.69
Social action and others		84.85
Operating costs	2,760.00	2,257.74
Leases, repairs and maintenance		118.54
Office supplies		75.78
Supplies		17.32
Telephony and internet		91.08
Cleaning		33.68
Studies and technical work		1,035.73

(Continues)

Item	2020 Budget	Execution
External services		752.59
Travel		11.83
Publication costs		68.89
Hospitality	4.68	0.12
Other expenditure		52.18
Paid internships	160.00	142.65
Investments	200.00	120.62
Advances to staff	12.00	0.00
TOTAL	8,860.33	7,058.92

Source: AIReF

Table 9. AIReF's revenue 2020 (thousands of euros)

Item	Accumulated as at 31 December
AIReF fees 2020	6,663.90
State	2,019.87
Social Security	1,952.70
Autonomous Regions	2,227.64
Local Governments	463.69
Regularisation of previous years' fees	0.00
Settlements made by AIReF	63.38
Public prices for studies	65.84
Other revenue (litigation, refunds, financial constraints, etc.)	3.10
TOTAL REVENUE	6,796.22

Source: AIReF

The final approval of AIReF's 2020 annual accounts will be given in May 2021, subject to an audit report by the Audit Office. The final balance sheet can be consulted in the transparency section of AIReF's website.

6.2. Human resources

AIReF comprises three divisions and a President's cabinet. The structure is largely horizontal and is underpinned by continuing collaboration and communication among the different units. The Economic Analysis Division performs functions, among others, relating to monitoring the economic reality and assessing the macroeconomic forecasts included in the budgets. For its part, the Budget Analysis Division is responsible, among other functions, for the analysis and monitoring of the budget cycle of each and every one of the General Government authorities. Lastly, the Legal Affairs Division sees to the institution's daily management tasks and provides a legal advisory service.

As long as there is no change in AIReF's structure, the functions of evaluating public policies must be carried out with human resources of the various divisions and the President's cabinet. In accordance with the commitment made by AIReF's new President in her appearance as a candidate to head up the institution, a formal proposal has been forwarded to the Ministry of Finance to modify AIReF's statute so as to incorporate evaluation as a permanent function and to have in place an appropriate structure for said purpose.

In 2020, AIReF's List of Positions was extended, but three positions created for reinstatement from special services were eliminated. The expansion of the institution's List of Positions, approved in July by the Executive Board of the Inter-ministerial Remuneration Committee (CECIR), created six new positions: three at level 30 of members, two at level 29 of analysts and one at level 16 of secretary. However, three posts that were specifically created for reinstatement from special services have been removed: one level 30 and one level 26 in February, and one level 28 in November. In addition, in the last Public Employment Offer, approved by Royal Decree 936/2020, of October 27th, two positions for permanent staff were created that are expected to be filled in 2021.

AIReF's workforce is still below the optimal size required to perform its functions. It is considered that similar resources to other international agencies with comparable functions (without including the evaluation of public policies) would be around 65 employees. In contrast, AIReF's current List of Positions contains a total of 54 posts, to which four temporary employment positions outside the agreement, one of which is not full-time, must be added.

6.3. Transparency

AIReF was created with the vocation to fulfil its mission based on three principles: independence, transparency and accountability. In the performance of its functions, the institution is fully committed to transparency through the two great pillars of Law 19/2013, of December 9th, on transparency, access to public information and good governance: active publication and the right to access information. Furthermore, through its website, AIReF provides citizens with all the information about its reports, opinions and studies, as well as on the methodology and criteria used in their preparation, in an open and accessible way.

In the context of active publication, apart from complying with all obligations imposed by Law 19/2013, AIReF voluntarily publishes additional information on its website not required by applicable regulation, such as expenditure for amounts greater than €1,000 and the minutes of the Steering Committee.

In addition, in compliance with transparency regulations, all natural and legal persons have the right to access public information held by AIReF. Public information means the contents or documents, in whatever format or medium, that have been prepared or acquired in the exercise of the institution's activities. In 2020, 38 information requests were received, all of which were responded to in a timely manner, with five calendar days being the average response time. Lastly, AIReF is supported by a representative from the Transparency and Good Governance Commission (Director of the Legal Affairs Division).

ANNEX 1 DOCUMENTS PUBLISHED BY AIREF IN 2020

Reports on the budget cycle	
MAY 1 st	Endorsement of the macroeconomic forecasts of the 2020-2021 Stability Programme Update
MAY 6 st	Report on the 2020-2021 Stability Programme Update
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Valencia
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Basque Country
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Navarre
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Murcia
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Madrid
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Rioja
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Canary Islands
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Balearic Islands
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Galicia
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Extremadura
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Catalonia
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Castile and Leon
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Castile-La Mancha
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Cantabria
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Asturias
JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Aragon

JULY 17 th	Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Andalusia
JULY 17 th	Supplementary Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule.
JULY 17 th	Supplementary Report on the 2020 Budgetary Execution, Public Debt and Expenditure Rule. Local Governments
SEPTEMBER 8 th	Report on the Macroeconomic Forecasts of the 2021 Budget of the Navarre
OCTOBER 6 th	Endorsement of the Macroeconomic Forecasts of the 2021 Draft Budgetary Plan
OCTOBER 9 th	Report on the Macroeconomic Forecasts of the 2021 Budget of the Basque Country
OCTOBER 13 th	Report on the Existence of the Exceptional Circumstances referred to in Article 11.3 of Organic Law 2/2012, of April 27 th , on Budgetary Stability and Financial Sustainability
OCTOBER 23 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Andalusia
OCTOBER 23 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Valencia
OCTOBER 23 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Castile-La Mancha
OCTOBER 30 th	Report on the Macroeconomic Forecasts of the 2021 Budget of the Canary Islands
NOVEMBER 5 th	Report on the Main Lines of the 2021 Budgets of the General Government
NOVEMBER 13 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Murcia
NOVEMBER 13 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Extremadura
NOVEMBER 20 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Galicia
NOVEMBER 25 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Castile and Leon
NOVEMBER 25 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Aragon
NOVEMBER 25 th	Report on the Macroeconomic Forecasts of the 2021 Budget of the Balearic Islands
NOVEMBER 27 th	Report on the Macroeconomic Forecasts of the 2021 Budget of Asturias
DECEMBER 3 rd	Report on the Main lines of the 2021 Budgets of the Autonomous Regions
DECEMBER 3 rd	Report on the Main lines of the 2021 Budget of Andalusia
DECEMBER 3 rd	Report on the Main lines of the 2021 Budget of Aragon
DECEMBER 3 rd	Report on the Main lines of the 2021 Budget of Asturias
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Canary Islands
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Cantabria
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Castile-La Mancha
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Castile and Leon
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Catalonia
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Extremadura
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Galicia
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Balearic Islands
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Rioja

DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Madrid
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Murcia
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Navarre
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Basque Country
DECEMBER 3 rd	Report on the Main Lines of the 2021 Budget of Valencia
DECEMBER 3 rd	Supplementary Report on the Individual Evaluation of the Main Lines of the 2021 Budgets of the Local Governments
DECEMBER 3 rd	Report on the Main lines of the 2021 Budgets of the Autonomous Regions and Local Governments
Studies	
JULY 22 th	Study 1 Spending Review: Tax Benefits
JULY 30 th	Study 2 Spending Review: Transport Infrastructure
JULY 30 th	Study of the Andalusian Public University System
OCTOBER 1 th	Study 3 Spending Review: National Health System Hospital Expenditure: pharmacy and investment in capital goods
OCTOBER 14 th	Study 4 Spending Review: Recruitment and self-employment incentives
Opinions	
OCTOBER 7 th	Opinion for a strategy of access to administrative data
Technical Papers	
JULY 23 th	Impact on employment of the increase in the minimum wage to €900 per month
SEPTEMBER 28 th	Updated of demographic and pension expenditure forecasts

ANNEX 2 MONITORING OF THE 2020 ACTION PLAN

2015-2020 STRATEGIC PLAN	PROPOSALS FOR 2020 PLANNED ACTIONS	WORK CARRIED OUT AT 31/12/2020
1. CONTRIBUTE TO BUDGETARY STABILITY		
a. Monitoring and analysing the economic and budgetary situation		
i. Development of models to forecast and project macroeconomic and budgetary variables	1. Continuous review of the work of modelling the main macroeconomic variables: <ul style="list-style-type: none"> a. Integrated short-term forecasting 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: flash estimates of quarterly regional GDP d. Medium-term forecasting model based on error correction equations 	Implemented. This is an ongoing task.
	2. Use of AIReF's quarterly model (AQM): demand, prices, expenditure, income and wealth and credit and interest rates linked to fiscal variables	Implemented. This is an ongoing task.
	3. Updating of cadastral data (continuous process) and continuation of the study modelling the revenue from the tax on real estate at a local level	Implemented. This is an ongoing task.
	4. Maintenance and continuous review of an integrated system for forecasting the main tax categories that include error correction models of the main tax bases with macroeconomic anchor, their translation to amounts in accrual and cash through their breakdown of the collection mechanisms. ESA adjustments are also incorporated into the system for the transfer of the cash amount to national accounts	Implemented. This is an ongoing task.
	5. Expansion and maintenance of an internal database	Implemented. This is an ongoing task.
	6. Incorporation of microdata with updating until 2018. Development and operation of micro-simulators of the main taxes that quantify the impact of fiscal measures	Implemented
	7. Expansion of the analysis models to include benchmarking related to the fiscal pressure on real estate tax among urban units of similar Local Governments.	Postponed due to the performance of other actions related to the Covid-19 pandemic.
	8. Maintenance and improvement of forecasting models for health and educational expenditure in the Autonomous Regions	Implemented. This is an ongoing task.
	9. Design of a model to characterise the estimated impact of measures taken by the Autonomous Regions on a specific tax	Postponed due to the performance of other actions related to the Covid-19 pandemic.
	10. Maintenance and estimate of forecasting models of short-term social contributions and unemployment benefits <ul style="list-style-type: none"> a. Preparation and maintenance of quarterly social contribution models in national accounting terms. b. Preparation of monthly models of social contributions in cash terms according to regime type. c. Estimation of quarterly models of unemployment benefits, distinguishing between contributory and non-contributory. 	Implemented. Continuous maintenance and review work.
	11. Review and improvement of AR expenditure model: employee remuneration, intermediate consumption and contributions to the EU, among others, in national accounting terms for the Central Government.	Implemented. This is an ongoing task.
	12. Complete expenditure disaggregation and making progress on the separate estimation of the deficit of the State and CG bodies.	Implemented. This is an ongoing task.

1. CONTRIBUTE TO BUDGETARY STABILITY (continues)
a. Monitoring and analysing the economic and budgetary situation (continues)

II. Development of databases and establishment and maintenance of budgetary performance data monitoring and early-warning systems for possible imbalances in each of the tiers of General Government.	1. Integration between 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	Implemented. This is an ongoing task.
	2. Simulation tools: components of GDP on the demand side, pension expenditure, public consumption	Implemented
	3. Revision of the methodology used to assess uncertainty	Implemented
	4. Updating and improvement of the LG database with variables that are not strictly economic	Implemented. This is an ongoing task.
	5. Analysis of the fiscal rules determining the aggregate of the sub-sector from individual data communicated by all LGs.	Implemented. This is an ongoing task.
	6. Update of the databases on the Autonomous Regions with the information available for the analysis of computable expenditure for the purposes of the expenditure rule	Postponed due to activation of the fiscal escape clause
	7. Use the database of regional budgetary rules	Implemented. This is an ongoing task.
	8. Determination and design of the main sustainability indicators that enable the risk situation of each of the Local Governments to be assessed.	Postponed due to the performance of other actions related to the Covid-19 pandemic.
	9. Continuation of work for the design of a database on the Economic-Financial Plans (EFPs) of the LGs.	Implemented. This is an ongoing task.
	10. Continuation of the work on the design of a database on the number of staff at the service of the Territorial Authorities.	Implemented. This is an ongoing task.
	11. Expansion of the databases on the Autonomous Regions with additional elements relevant for analysis	Implemented. This is an ongoing task.
III. Identification of relevant budgetary stability issues to be specifically analysed in reports, or a more in-depth analysis in the form of working papers (WP)	1. Continue with the assessment of the in-depth analysis of the sustainability of certain LGs with structural problems, identifying risks and promoting lines of action. Continue to expand the subjective scope and the indicators for the individual assessment of sustainability risks	Implemented. This is an ongoing task.
	2. Incorporation into the macro-fiscal scenario of the impact of COVID-19	Implemented. This is an ongoing task
IV. Self-assessment of the quality of the macro-fiscal forecasts made in the short and medium term	1. 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	Implemented. This is an ongoing task
	2. Development of tools to break down certain factors in AIReF forecast trends (update macro outlook, economic policy measures, data reviews, etc.) identification of biases and their monitoring	In progress
	3. Development of a methodology for self-assessment of internal macroeconomic forecasts including a real-time database and the publication of an analysis/working paper in this regard	In progress
	4. Development of systems to assess macro forecasting models for the Regions	In progress

(continues)

1. CONTRIBUTE TO BUDGETARY STABILITY (continues)
a. Monitoring and analysing the economic and budgetary situation (continues)

V Incorporation of benchmarking techniques into the analysis of the economic and budgetary situation of General Government.	1. Improvement of the presentation and selection of new non-financial variables for the LG database for use in benchmarking analyses	Implemented. This is an ongoing task
	2. Continuation and publication of the benchmarking analysis on the effective cost of the LG services. Improvement and extension to other services	Postponed due to the performance of other actions related to the Covid-19 pandemic.
	3. Comparative analysis of Autonomous Regions based on benchmarking techniques	Postponed due to the performance of other actions related to the Covid-19 pandemic.

b. Help to enforce and improve the design of national and EU fiscal rules.

I. Internal development of the necessary capacities to estimate the variables used in determining fiscal rules, especially the structural balance and the output gap	1. Maintenance and updating of the output gap model	Implemented
	2. Participation in the Output Gap Working Group of the European IFIs network	Implemented
II. Analysis of the application of fiscal rules, the consistency and compatibility between EU and national rules, and, if appropriate, propose methodological improvements	1. Continuation and improvement of the analysis of changes in the EU fiscal rules	Implemented. This is an ongoing task
	2. Continue to monitor the average payment period of the Territorial Administrations	Implemented. This is an ongoing task
III. Collaborate with the major international economic institutions and with the network of IFIs to improve the evaluation of the fiscal rules	1. Participation in meetings and activities of the EU IFIs Network, the OECD and the EC - Maintenance of collaboration with other IFIs - Provision of information to DGEFIN and EFB	Implemented
	2. Participation in the activities of the EU's IFI network and bi-annual publication of the European Fiscal Monitor	Implemented
	3. Participation in the consultation established by the European Commission on the review of the Six Pack and Two Pack	Postponed due to Covid-19

PLAN ESTRATÉGICO 2015-2020	ACTUACIONES PREVISTAS 2020	SITUACIÓN A 31/12/2020 TRABAJO EJECUTADO
2. FOSTER THE FINANCIAL SUSTAINABILITY OF THE GENERAL GOVERNMENT		
Analysis of the long-term stability of public finances and relevant impact of certain public policies		
I. Monitoring and analysis of the debt sustainability of each of the PAs	1. Preparation of long-term projections identifying the most significant long-term fiscal risks and monitoring them through the six-monthly update of the Debt Monitor.	Implemented
	2. System for periodic updating of detected liabilities and development of a methodology for the identification and quantification of contingent liabilities of the General Government	Implemented. This is an ongoing task
II. Systematisation of medium-term fiscal forecasts and their connection with economic trends	Incorporation of medium-term forecasts in the analysis	Implemented. This is an ongoing task
III. Building and publication of synthetic and easy-to-understand indicators to raise awareness of the importance of long-term sustainability	Expansion of the sustainability risk indicators and estimation of the type-S2 synthetic indicators for all General Government authorities.	Implemented
IV. Analysis of the Social Security system from the standpoint of long-term sustainability	1. Continuous updating of pension expenditure estimation processes (distinguishing between Social Security and Civil Servants).	Implemented. This is an ongoing task
	2. Prepare sensitivity analyses of pension expenditure to pension system reforms.	Implemented
	3. Make progress in the sensitivity analysis of pension expenditure to demographic and macroeconomic scenarios	Implemented. This is an ongoing task
	4. Make progress in micro-simulation techniques for calculating the entry pension and modelling of retirement decisions.	Implemented. This is an ongoing task
	5. Review, automation and simplification of the demographic forecasting model (mortality, migration and fertility models)	Implemented. This is an ongoing task
	6. Publication of the update of the main results of the demographic and pension models	Implemented
V. Analysis of the long-term trends and dynamics of the main expenditure components: pensions, healthcare, education and social services, among others	1. Continuous improvement of the estimation processes for the variables relevant to the sustainability of expenditure associated with ageing	Implemented. This is an ongoing task
	2. Analysis of the impact of changes in the variables that define healthcare and education expenditure	Implemented. This is an ongoing task
	3. Continuation of the work to improve the regional healthcare and education forecast model based on information exchanges that are established, where appropriate, with the Autonomous Regions or other authorities, institutions and agencies involved	Postponed due to the performance of other actions related to the Covid-19 pandemic.

PLAN ESTRATÉGICO 2015-2020	ACTUACIONES PREVISTAS 2020	SITUACIÓN A 31/12/2020 TRABAJO EJECUTADO
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. General Government Spending Review based on strategy, procedure, efficiency and effectiveness evaluations	1. Completion of work on the second phase of the Spending Review launched in 2019 for the evaluation of tax benefits, recruitment incentives, spending on hospital pharmacy and high-technology equipment and transport infrastructure	Implemented
	2. Analysis of tools for monitoring the application of the recommendations made in the Spending Review and other evaluation studies	In progress
	3. Preparation of the Action Plan for the General Government spending review corresponding to the second phase of the review	In progress
	4. Study on Universities commissioned to AIReF by the Regional Government of Andalusia	Implemented
	5. Studies in commission stage by the Autonomous Region of Castile and Leon: study on institutionalisation of evaluation and four specific evaluations (institutional communication, active employment policies, scholarships and universities and industrial policy).	In progress
	6. Start of work on the preparation of possible studies commissioned by Autonomous Regions (such as Aragon and Valencia) or LGs (Madrid City Council)	Implemented
II. Analysis and technical support to the General Government in macro budgetary matters within their competence	Provide technical support to General Government whenever deemed appropriate	Implemented
b. Promote the transparency of General Government in the management of resources		
I. Identify gaps in the existing economic and budgetary information and help to standardise, simplify and disseminate said information	1. Continuation of the analysis and proposals for improvements in the economic and budgetary information published and provided	Implemented. This is an ongoing task
	2. Preparation of a Opinion on the assessment of fiscal transparency in General Government authorities	Postponed due to the performance of other actions related to the Covid-19 pandemic.
	3. Promotion of access to data and administrative records for research purposes and specifically, with respect to the cross-checking of data from different registers, and publication of an Opinion in this regard	Implemented
II. Publication of data from the General Government that contribute to better knowledge thereof	1. Improvement in the presentation on the website of the evolution of the economic and financial information of the LGs as well as their service costs	Implemented. This is an ongoing task
	2. Make progress in the work for creation of a published economic-financial database of the Autonomous Regions and display and analysis with Tableau	In progress

(continues)

3. ENHANCE THE EFFICIENCY OF PUBLIC EXPENDITURE AND BUDGETARY PRACTICES IN THE MANAGEMENT OF PUBLIC ACCOUNTS *(continues)*

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

I. Analysis and diagnosis of improvements for results-based budgeting and other performance indicator systems	Analysis of the budgetary structure by programme	Implemented
II. Analysis and proposals for applying a multi-year budgetary planning framework.	Continuation of the studies on medium-term budgetary frameworks	Implemented. This is an ongoing task
	1. Monthly publication of monitoring in terms of national accounts of the General Government and each of the sub-sectors with risk assessment of non-compliance with the stability target and, at a 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.	Implemented. This is an ongoing task
	2. Publication of macro-fiscal historical series for Spain in AIReF DataLab	In progress
	3. Continue to review and improve the impact of the SSF measures in terms of contributions	Implemented. This is an ongoing task
	4. Keep an up-to-date database of measures with regulatory impact	Implemented. This is an ongoing task

PLAN ESTRATÉGICO 2015-2020	ACTUACIONES PREVISTAS 2020	SITUACIÓN A 31/12/2020 TRABAJO EJECUTADO
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 website, media and social networks	Make progress on the strategy defined in the 2017-2019 Strategic Communication Plan in the following areas: <ul style="list-style-type: none"> - Strengthen relationships with journalists and opinion leaders - Strengthen the image in the media with greater social reach, such as TV and radio - Strengthen activity in social media 	Implemented
II. Easy access for society to the work done by AIReF (website)	Improvements in the design of the web page	Implemented. This is an ongoing task
III. Appearances before Parliament	Publication on the website of the President's appearances and informing the media	Implemented
IV. Participation in discussion forums to explain AIReF's work, promoting its work at the sub-national and international level	1. Holding meetings with the Territorial Administrations, international bodies and other institutions	Implemented
	2. Support the organisation of forums and debates	Implemented
b. Promotion of fiscal awareness in society as a whole		
I. Strengthen the informative nature of AIReF's documents to make them more accessible to the general public	1. Continue to develop more dynamic informative tools (infographics and videos). Preparation of an infographic on topics considered of interest	Implemented
	2. Development of different news capsules, where appropriate, with the most relevant parts of the reports and publications, expanding the tools used	Implemented
II. Organisation of seminars and conferences on budgetary stability and financial sustainability	Possible holding of seminars and conferences on matters of interest	Implemented
c. Promote economic research in the field of fiscal policy		
I. Publication of working papers on matters within AIReF's scope of action	1. Completion of the work started and preparation of the following papers: <ul style="list-style-type: none"> a. Working paper on self-assessment of macroeconomic forecasts b. Paper on independent fiscal institutions 	Working paper on self-assessment in progress
II. Establish mechanisms for collaboration with universities and research centres, international institutions and other independent fiscal institutions to undertake research	1. Participation in the technical working groups of the EU IFIs network	Implemented
	2. New Call with a special effort to disseminate it through various channels	Implemented. This is an ongoing task

PLAN ESTRATÉGICO 2015-2020	ACTUACIONES PREVISTAS 2020	SITUACIÓN A 31/12/2020 TRABAJO EJECUTADO
5. CREATE AN EFFICIENT AND TRANSPARENT AIReF		
a. Design and draw up reports, opinions and studies		
I. Provide more in-depth information with greater use of graphic tools and connections to AIReF's web platform	1. Publication and updating of the main macro-economic outlook equations: demand, prices, expenditure, income and wealth and credit and interest rates	Implemented
	2. Development of interactive graphics to include in reports	Postponed due to the performance of other actions related to the Covid-19 pandemic.
II. Preparation and publication of the methodologies used in reports and opinions	1. Evaluation adaptation or upgrading, if necessary, of the existing methodologies	Implemented. This is an ongoing task
	2. Publication of the new methodologies as they are developed	Implemented. This is an ongoing task
III. Advisory Board on economic, budgetary and institutional matters	Suspension of meetings pending the definition of the new Advisory Board model	Implemented
b. Substantiate the comply-or-explain principle and the duty of collaboration for information referral		
I. Adaptation of recommendations to each of the PAs and monitoring in accordance with the comply-or-explain principle	1. Quarterly publication of recommendation monitoring	Implemented
	2. Continue to develop and use the recommendations database	Implemented
II. Definition, collection and monitoring of requests for information needed to prepare reports	Continue to publish the monitoring of requests for information made by AIReF	Implemented. This is an ongoing task
III. Development of protocols, agreements or procedures for the exchange of information and the development of institutional relationships between AIReF and the main agencies of the General Government.	Promote the signing of a Memorandum of Understanding on the supply of information and the exchange of information and development of institutional relations between AIReF and the Ministry of Finance, the Ministry of Economic Affairs and Digital Transformation, the Ministry of Inclusion, Social Security and Migration and the Ministry of Labour and Social Economy	Implemented. This is an ongoing task

(continues)

5. CREATE AN EFFICIENT AND TRANSPARENT AIReF (continues)
c. Efficient and transparent management of human and financial resources

I. Consolidation and maintenance of a competent team. Continuous staff training	1. Processing of a new expansion of the List of Positions, aimed at obtaining the appropriate staff to achieve AIReF's targets	Implemented
	2. Approval of the Occupational Risk Prevention Plan	Implemented
	3. Organisation of courses for staff in various subjects related to their jobs	Implemented
II. Creating an independent administrative and management structure	1. Hiring of services for the operation of the IT infrastructure	Implemented
	2. Implementation of projects (incident management system, monitoring system and document manager design) resulting from the consultancy work carried out to define a new ICT organisational model	Implemented
	3. Integration of the Fee Management application in AIReF's virtual office	In progress
	4. Implementation of the recommendations of the external audit on data protection conducted in 2019	Implemented
	5. External audit on digital security	In progress
	6. Continue the activities performed by the AIReF Working Group on Objectives-based Management of Human Resources	Implemented
III. Establishment of an evaluation and monitoring system for AIReF's activity, including the mid-term external evaluation	1. Continuous monitoring of the Action Plan	Implemented
	2. Continuous monitoring of the implementation of recommendations made in external evaluations	Implemented



Independent Authority
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