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AIReF ADVOCATES EVALUATING PUBLIC POLICIES OF ECONOMIC SIGNIFICANCE AND IMPACT THAT BENEFIT THE ENTIRE GENERAL GOVERNMENT (GG)

- The President of AIReF, Cristina Herrero, highlights the importance of evaluation for improving the quality of public finances, transparency and democratic quality
- The evaluation function is a medium-term commitment of the institution that has been made possible thanks to the European impetus and which has been implemented through the creation of AIReF's new Evaluation Division, which is part of the institution's 2020-2026 Strategic Plan and complies with the RTRP
- To date, AIReF has carried out two phases of the Spending Review 2018-2021. The first focuses on subsidies in the broad sense of the word, with a volume of assigned revenue of €32.35bn, while the second conducted an in-depth analysis on healthcare and employment and evaluated rail infrastructures and the effectiveness of tax benefits, with a volume of assigned revenue of €57.9bn
- In addition, evaluations commissioned by the Autonomous Regions (ARs) related to healthcare, active employment policies, education and other areas with assigned revenue of €3.2bn have been conducted
- AIReF's President notes that the groundwork has already been laid to make evaluation a permanent function of AIReF, but she believes that there is still a long way to go
- She calls for functional autonomy, mechanisms to ensure unhindered access to data and adequate planning and dialogue between public administrations
- Looking to the future, AIReF considers that it would be appropriate to evaluate, in the first phase of the Spending Review 2022-2026, the effectiveness of the 140 billion of the COVID-19 guarantees deployed to support the productive sectors during the pandemic. This is in line with the provisions of the RTRP, as recommended by ECOFIN, and the actions of some peer countries.

The President of the Independent Authority for Fiscal Responsibility (AIReF) today presented the roadmap for the institution's new Public Spending Evaluation Division, with an ambitious plan to evaluate significant and cross-cutting public policies, with a major economic impact and capable of benefiting the entire

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General Government and allowing the sharing of best practices at international and national levels.

In a press conference with the director of the new division, José María Casado, Cristina Herrero highlighted the importance of evaluation for improving the quality of public finances in Spain. This is due to the fact that it provides governments with verified evidence to see whether policies meet the objectives for which they were designed, see the reasons why policies sometimes do not achieve their purposes, see whether there is a more effective and efficient way to achieve the same objectives and to define priorities. In addition, it provides rigorous information to citizens on the resources invested in policies, the results, the most effective alternatives and the difficulties of public management, which translates into greater transparency and democratic quality.

However, while other countries have a long track record in evaluation, in Spain linear reductions in spending have mostly been used, even after the crisis. According to Cristina Herrero, the focus needs to be shifted from spending less to spending better.

Accordingly, and following the European impetus that led to the commissioning of the first phase of the Spending Review, AIReF placed evaluation as one of the four aims of the 2020-2026 Strategic Plan in order to make it one of the institution's core activities. This is the context for the creation of AIReF's new Public Spending Evaluation Division, which also complies with a milestone of the Recovery, Transformation and Resilience Plan (RTRP). Component 29 of the plan recognises the usefulness of AIReF's evaluations and undertakes to give continuity and permanence to the spending review exercises.

To date, AIReF has carried out two phases of the Spending Review 2018-2021 committed to in the 2017-2020 Stability Programme Update. In the first phase, focusing on subsidies in the broad sense, the volume of assigned revenue under evaluation was €32.35bn. In the second phase, which explored health and employment and evaluated railway infrastructure and the effectiveness of tax benefits, the volume of assigned revenue was €57.9bn. In addition, evaluations commissioned by ARs have been performed related to healthcare, active employment policies, education and other areas with assigned revenue amounting to €3.2bn.

In the 2022 Action Plan, AIReF has included, in addition to the reports and opinions it will publish throughout the year, the third phase of the Spending Review. This entails the strategic evaluation of the financial instruments to support productive sectors and urban waste management, with assigned revenue amounting to €13.85bn. It also includes the action plan of the first phase of the Spending Review 2022-2026 on financial instruments to support productive sectors and healthcare of the social security system for civil servants. In this case, the scope is yet to be defined and the amount will vary considerably if COVID-19 measures are not included, as proposed by AIReF, in line with the RTRP, and as recommended by ECOFIN. This is how it is being done by other countries both in the EU, such as France, Italy and Ireland, and outside the EU, such as the United Kingdom and Switzerland. Including these measures, the volume of assigned revenue under evaluation would be €140bn. In 2022, AIReF will also carry out other studies such as that of international financial cooperation-FONPRODE and those commissioned by Territorial Administrations.

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Improving AIReF's evaluation capacity

According to AIReF's President, the groundwork has been laid for making evaluation one of the institution's permanent functions, but there is still a long way to go, especially to improve AIReF's evaluation capacity. The size of the new division is modest and may require further revisions and there are currently limitations on incorporating evaluation staff, which are not abundant in government. For full functional economy, funding in line with the mandate needs to be provided, with the capacity to manage the budget and staffing. In addition, the duty of collaboration needs to be complemented by mechanisms that ensure unhindered access to data, which requires the conclusion of operating agreements with the Tax Agency, the National Statistics Institute (Spanish acronym: INE), the Bank of Spain and other agencies, and legal recognition for access to the data for evaluation purposes through the reform of the Law on the Public Statistical Function and the Law on Evaluation.

In addition, Cristina Herrero considered that adequate planning and dialogue between the GG and AIReF was necessary to ensure that evaluation is effective and efficient. She also highlighted the importance of strengthening transparency by expanding the information published and implementing a communication policy that makes the studies easier to understand. Along the same lines, it will be essential to follow up the proposals to ensure that they form the basis of the debate and are taken into account in the decision-making process.

In conclusion, Cristina Herrero highlighted the change that has taken place since the first evaluation in 2017. Looking to the future, the institution's evaluations should focus on significant policies of a cross-cutting nature in which AIReF has a comparative advantage as its scope of action extends to the entire General Government. Healthcare, education, employment policies, taxation, environment and R&D are some examples of the policies to be analysed by AIReF. In addition, the institution's evaluations should benefit the entire GG and allow the sharing of best practices at an international and national level, without renouncing specific commissions from individual administrations.

2021-2022 evaluations

For his part, the director of the new division, José María Casado, reviewed in detail the commissions that AIReF receives: ongoing commissions from the Central Government and specific commissions from different administrations. To date, nine of the 17 Autonomous Regions have commissioned a study from AIReF.

He also highlighted the usefulness of these evaluations, which have already been taken into account in the reformulation of public policies, such as the renewal of high-tech hospital equipment, the simplification and streamlining of incentives for recruitment and modernisation of AEPs, the reform of the grant system by modifying amounts, thresholds and eliminating academic merits, changes in incentives for private pension schemes, the low tax rate on sugary drinks and the Minimum Living Income.

Lastly, he gave advance notice of the situation and results of the 2021-2022 evaluations, which include the third phase of the Spending Review 2018-2021, the first evaluation of the Minimum Living Income (MLI), which will be published in the first half of 2022, international financial cooperation-FONPRODE and the studies commissioned by three Territorial Administrations: Extremadura, Castile and Leon and Aragon.