

# Annual report

2021



Independent Authority  
*for* Fiscal Responsibility



Independent Authority  
for Fiscal Responsibility

The mission of the Independent Authority for Fiscal Responsibility, AAI (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

Two years have passed since the start of my term as President of the Independent Authority for Fiscal Responsibility, AAI (AIReF), both marked by the pandemic and the health, social and economic crisis that we have suffered globally. 2021 has provided us with elements of optimism thanks to the mass vaccination programme, which has allowed a gradual return to normality and the start of the economic recovery. However, we are still cautious since we cannot consider the health crisis to be over and, unfortunately, the economic recovery has not been as vigorous as expected. Added to this is the challenge of the implementation of the Recovery, Transformation and Resilience Plan (RTRP) and the emergence of new factors of uncertainty, such as supply chain disruptions and the price of energy raw materials at historical highs.

In the budgetary area, the fiscal rules remained suspended and AIReF noted in its report of July 30<sup>th</sup> that the exceptional circumstances that justify activation of the escape clause also continued to exist in 2022. As I have pointed out on numerous occasions, this does not imply the suspension of fiscal supervision by AIReF, which has issued the mandatory reports linked to the budget cycle and has continued to recommend the need to define a medium-term strategy that guarantees the sustainability of public finances.

Moreover, this suspension does not imply abandoning the debate on the future fiscal governance framework, since the escape clause is expected to be deactivated in 2023 and we will return to a new framework of rules. In this regard, AIReF has actively participated in the debate on the future European fiscal governance framework: we have been part of the working group of the European network of Independent Fiscal Institutions (IFIs) that has drafted a proposal on the review of the European fiscal governance framework and we have submitted our comments to the European Commission in the public consultation on the reform of the fiscal framework. These proposals contain several elements of consensus and, specifically, there is a shared sense that IFIs can play a key role in the future fiscal framework. This would require strengthening IFIs and guaranteeing their adequate independence and autonomy.

This same debate may and must be transferred to the national level, taking advantage of the European impetus to review our own fiscal framework, which suffers from numerous deficiencies. Some of these deficiencies are inherited from the European scheme while others are intrinsic to our model, which is especially marked by territorial decentralisation. The debate on the future of independent institutions has also emerged at a national level. This reflection should take into account the European trend towards strengthening such institutions and the commitment to their greater participation in the budget cycle.

This year we have reached a key milestone for AIReF - the creation of the Public Spending Evaluation Division. This is a step forward in my commitment to boost the evaluation of public policies, which was included in the 2020-2026 Strategic Plan. The approval of the RTRP has been a key factor in this boost. Component 29 of the plan on the efficiency of public spending included numerous commitments in this area. In addition to the creation of the new division, the RTRP included a commitment to starting the third and final phase of the Spending Review, whose action plan was approved in December 2021. This marks the starting point for evaluating two public policies over 2022: public sector financial instruments to support the productive sectors and urban waste management.

The RTRP consolidates AIReF's supervisory activity with the commission of a new Spending Review 2022-2026 and determines that matters for evaluation should be set in a joint and coordinated manner with AIReF. In addition, Component 29 is committed to integrating evaluation into the budget cycle by, for example, creating a unit for following up proposals made in public policy evaluations that will encourage decision making based on objective data. Finally, at AIReF we have continued to receive commissions from the Autonomous Regions, which in 2021 were the main requesters of evaluations. We have submitted the evaluation projects to Castile and Leon on institutionalisation of evaluation and on active employment policies, and we have made progress on several studies to be published over 2022.

In addition, in keeping with the principle of transparency that defines us, in 2021 we began publishing macroeconomic forecasts. These can be consulted, together with the data used in our Spending Review evaluation studies, in Excel format on our website. We have published a technical paper on IFIs, their status and proposals for reform, and announced the work plan for preparation of the Opinion on the Minimum Living Income. This is a legal requirement as of this year and will be published for the first time in the first quarter of 2022.

Furthermore, as I stated in my speech before Congress prior to my appointment as President of AIReF, one of my commitments over these six years is to make AIReF a useful institution for the General Government and for society as a whole. In this regard, in December we held a session which, for the first time, brought together representatives from all tiers of government and which served to share and exchange experiences. As is customary, we also held a technical

seminar with the Autonomous Regions on macroeconomic forecasts in order to collaborate in this matter in the current context of high uncertainty.

In addition, in compliance with the principle of accountability, I appeared on three occasions in Congress and the Senate, in the Finance and Budget Committees, to report on the 2021-2024 Stability Programme Update, on the Draft 2022 General State Budget and on the Draft Budgetary Plan.

Finally, this year I also fulfilled my commitment to set up a new Advisory Board made up of people of recognised prestige for a renewable two-year period. This Advisory Board is established with a renewed character, seeking ongoing collaboration between its members and AIReF to provide support in specific matters in the area of specialisation of its members.

In short, 2021 was a year of intense activity, marked by the start of the recovery and the unprecedented arrival of European funds. All this will require a special effort to consolidate economic growth, without losing sight of the sustainability of public finances.

I conclude these words by conveying my best wishes to all readers and their families for 2022 and my thanks to all the AIReF staff who support and accompany me in all my initiatives.

A handwritten signature in blue ink, appearing to be "C. P." with a large flourish underneath.

# 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 to discharge its duties.

**The first type of report prepared by AIREF corresponds to the continuous monitoring of the budget cycle, government debt and macroeconomic forecasts.** These reports are part of the 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 as and when the circumstances provided for in the regulations arise.

**Both types of report are directly affected by the course of the budget cycle.** In 2021, the new activation of the escape clause meant that some reports were not drawn up with respect to a regular cycle. And the Report on the Existence of Exceptional Circumstances had to be issued once again.

**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 2021, the Opinion on Fiscal Transparency in Spain was published. This contained an evaluation of a set of indicators, using the IMF's methodology, in order to analyse the situation of fiscal transparency in the General Government (GG) in Spain.

**The studies always respond to a request from the General Government.** In 2021, the studies corresponding to the requests of the Central Government (CG) and the Autonomous Regions (ARs) were carried out with the aim of

evaluating public policies in different areas. In addition, work was carried out on the Action Plan of the third phase of the Spending Review and on the proposals for the new Spending Review 2022-2026, which the CG has commissioned from AIReF as a result of the commitment contained in Component 29 of the RTP.

**In addition, AIReF published a technical paper on Independent Fiscal Institutions in the European Union (EU).** This paper provides an overview of IFIs in the European Union, focusing on those institutional aspects that condition their autonomy and independence. The paper notes the major diversity of mandates and institutional configuration existing among EU IFIs even though they all fall under a common regulatory umbrella.

Annex 1 contains a table with the documents published by AIReF in 2021 and the links to said documents.

## 1.1. Reports on the budget cycle

**As in the previous year, the uncertainty associated with the crisis caused by COVID-19 affected the content of AIReF's reports and conditioned the economic and budgetary forecasting exercises. Added to this was the implementation of the new Next Generation EU (NGEU) funds.** The healthcare crisis and its consequences on the public accounts led, among other effects, to the suspension of the fiscal rules in 2020 for 2021 and references were only set for the preparation and execution of the accounts of the General Government. Consequently, the corrective procedures for failures to comply with the fiscal rules of previous years (preparation of economic-financial plans) remained on hold and the usual target-setting procedure was not applied. Subsequently, the uncertainty associated with this situation led to activation of the escape clause at a European and national level to be extended for 2022. In addition, the implementation of the NGEU funds, their significant impact on the public accounts for 2021 and subsequent years, as well as the partial lack of definition regarding their specific nature, distribution and recording, affected the preparation and monitoring of the accounts of the different sub-sectors of the General Government.

**On July 27<sup>th</sup> 2021, the Council of Ministers once again requested activation of the escape clause provided for in the Organic Law on Budgetary Stability and Financial Sustainability.** The activation was approved by the Lower House of Parliament on September 13<sup>th</sup>, following the mandatory report from AIReF issued on July 30<sup>th</sup>. The activation of this escape clause rendered without effect the fiscal rules for 2022, whose targets had been set in February 2020 and ratified by Parliament in March 2020. In their place, a reference deficit was set for the General Government and for each one of the sub-sectors for 2022. In addition, the uncertainty that still persists forced us to maintain the reorientation of the economic and fiscal forecasting exercises and of the statements made by AIReF due to this situation. However, the high level of knowledge of the situation made it possible to abandon the preparation of multiple scenarios and return to the use of probability bands.



**These exceptional circumstances conditioned the reporting cycle performed by AIReF in 2021 as well as the methodological approach for carrying it out, as explained in Table 1.** The following table summarises the reports provided for by the regulations and actually published in 2021.

**Table 1. Reports provided for by the regulations and published in 2021**

AIREF STATUTE	REPORT	PUBLICATION DATE	REFERENCE YEAR	OBSERVATIONS
Art.12	Report on Macroeconomic Forecasts	April 30 <sup>th</sup>	2021-2024	Endorsement of the Macroeconomic Forecasts of the Stability Programme
		September 21 <sup>st</sup> ;	2021	Endorsement of the Macroeconomic Forecasts of the Draft Budgetary Plan
		August 20 <sup>th</sup> September 10 <sup>th</sup> and 21 <sup>st</sup> ; October 1 <sup>st</sup> , 8 <sup>th</sup> , 18 <sup>th</sup> and 27 <sup>th</sup> and November 19 <sup>th</sup>	2021	Endorsement of the Macroeconomic Forecasts of the Budgets of the Autonomous Regions
Art.13	Report on the Methodology to Calculate Revenue and Expenditure Trends and the Reference Growth Rate	Not applicable		The Ministerial Order regulating the methodology was not modified
Art.14	Report on the Existence of the Exceptional Circumstances referred to in Article 11.3 of Organic Law 2/2012, of April 27 <sup>th</sup> , on Budgetary Stability and Financial Sustainability	July 30 <sup>th</sup>		
Art.15	Report on the Draft Stability Programme	May 11 <sup>th</sup>	2021-2024	
Art. 16	Report on the Setting of Individual Targets for the Autonomous Regions	Not applicable		Suspension of rules
Art.17	Report on the Main Budgetary Lines and Draft Budgets of the General Government	October 25 <sup>st</sup>	2022	Of the General Government (CG, SSFs and AR and LG sub-sectors)
		October 28 <sup>st</sup>	2022	Individual of the ARs
		November 5 <sup>th</sup>	2022	Individual of the LGs
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 <sup>th</sup>	April 8 <sup>th</sup>	2021	
Art.19	Report on the Analysis of the Budgetary Execution, Public Debt and the Expenditure Rule	July 15 <sup>th</sup>	2021	Update of the macroeconomic outlook for 2021
Art.20	Report on the Implementation of the Corrective Mechanisms provided for in Organic Law 2/2012, of April 27 <sup>th</sup> , on Budgetary Stability and Financial Sustainability	Not applicable		Suspension of rules
Art.21	Report on the Economic-Financial Plans and Rebalancing Plans of the CG and the ARs.	Not applicable		Suspension of rules

Source: AIReF

### 1.1.A. Reports on multi-year planning

**On May 11<sup>th</sup>, AIReF issued its Report on the Stability Programme Update (SPU), which again took a multi-year perspective.** The report analysed the Government's macroeconomic scenario and the fiscal strategy for the period 2021-2024. It concluded that the Stability Programme did not meet the objective of being an instrument for guiding fiscal policy over the medium term. It therefore recommended completing the fiscal strategy that will allow a deficit to be reached that is sufficient to steer the debt towards more sustainable paths that will reduce the vulnerability of the Spanish economy.

**AIReF endorsed the macroeconomic projections incorporated in the Government's macroeconomic scenario, while noting that the risks related to the evolution of the pandemic remained high, coupled with uncertainty about the macroeconomic impact of the RTRP.** The forecast growth in 2021 was considered feasible if progress in the vaccination rollout or the development of new treatments led to progress in controlling the pandemic and if the investments set out in the RTRP began to materialise in the second half of the year. More in the medium term, AIReF considered that the growth forecast by the Government for 2022, 2023 and 2024 would be achievable if the global pandemic subsides and the projects included in the RTRP are executed within the deadlines established at a European level and with sufficient quality to achieve the expected multiplier effects.

**AIReF estimated a reduction in the General Government deficit over the period to 3.5% of gross domestic product (GDP) in 2024, 0.3 points higher than the figure included in the SPU.** In its budgetary aspect, the SPU was presented as an element isolated from the RTRP as it did not incorporate the impact of the reforms or the increase in structural expenditure associated with the investments. AIReF estimated a General Government deficit for 2021 of 7.8% of GDP, more positive than that forecast in the SPU, which would fall to 3.5% in 2024, above that forecast in the SPU for that year. In both cases, the path was characterised by a sharp reduction in the deficit in the first two years, which subsequently slowed down to a greater extent in the case of AIReF's central scenario.

**AIReF forecast a CG deficit in 2024 of 2% of GDP, 0.5 points lower than that included in the SPU.** The largest gap in the balance between the two scenarios would occur in 2022, (1.5 points of GDP). The gap would gradually narrow to half a point in 2024, although the discrepancies may depend on the different assumptions made in relation to transfers among GG sub-sectors.

**AIReF estimated that the balance of the Social Security Funds (SSFs) would fall to 1% in 2024, compared with the 0.7% estimated by the SPU.** Most of the reduction in the deficit would take place in 2021 and 2022, at a rate of 0.8 points per year, mainly due to the disappearance of the COVID measures. From 2022 onwards, the deficit would stabilise at 1%.

**AIReF included a more pessimistic outlook for the AR sub-sector from 2022 until the end of the period than that considered by the SPU. It estimated a surplus for the Local Governments (LGs) that would remain at 0.3% of GDP until 2024, with the exception of 2022 as a result of the impact of the negative settlement of the financing system.** The fundamental differences with the SPU at a regional level are probably due to differences in the assumptions about transfers from the Central Government. With regard to Local Governments (LGs), AIReF's projections were in line with the Government's scenario in the medium-term horizon of the SPU. However, there were significant divergences in the short term - 2021 and 2022 - which might result from the different quantification of the expenses ultimately incurred by the LGs financed with savings from previous years.

### 1.1.B. Reports on the 2021 budget cycle

**On April 8<sup>th</sup>, AIReF published the Report on the Initial Budgets of the General Government 2021.** On that same day, it also published the Supplementary Report on the Local Governments and the individual reports on each Autonomous Region.

**For its central scenario, AIReF estimated a deficit of 7.6% of GDP for the GG in 2021, a little over 0.3 points lower than that estimated in November 2020 in the previous report.** Since AIReF's previous report, published on November 5<sup>th</sup> 2020, several factors have led to a change in the budget forecasts. Firstly, the development of the pandemic and its consequences on the economy have led to the revision of the macroeconomic scenario, which is passed on to the budgetary scenario. In addition, new measures were approved to mitigate the effects of the crisis and there were changes during the procedure for approving each authority's budget. Furthermore, AIReF incorporated the most recent information into its forecasts, particularly the figures for year-end 2020, which placed the deficit at 11% of GDP, and it continued assuming that the RTRP would have a neutral effect on the 2021 deficit. The update of the forecasts placed AIReF's central scenario at 0.1 points below the reference rate set by the Government in the Draft Budgetary Plan submitted to the European Commission in October.

**By sub-sector, and with respect to the previous report, the forecast for the 2021 CG deficit rose, mainly as a result of the new measures approved, while that of the ARs and LGs improved due to the incorporation of the data for year-end 2020.** AIReF estimated a deficit of 6% of GDP for the CG in 2021, an increase of just over 0.4 points on the previous forecast. This was mostly due to the new measures adopted following the approval of the General State Budget, mainly direct support to companies affected by the health crisis. AIReF maintained the estimate of the SSF deficit at 1.5% of GDP, since, although the extension of the measures of the job-retention schemes (Spanish acronym: ERTE) and the extraordinary benefit for cessation of activity for self-employed workers, was approved, AIReF had already

assumed the extension of the job-retention schemes in the previous estimate, and the higher expenditure was offset by a higher forecast for social contributions in 2021. The deficit of the ARs was estimated at 0.4% of GDP, reducing the previous forecast by 0.4 points. This was mainly due to the year-end 2020 figure, a deficit of 0.2% of GDP, which reflected a greater containment of non-pandemic spending than previously estimated. For the LGs, AIReF increased its forecasts for 2021 in the report on the main budgetary lines of that year by 0.4 points, estimating a surplus of around 0.3% of GDP, similar to year-end 2020, after incorporating in 2021 the effect of said year-end figures.

**On July 15<sup>th</sup>, in its Report on Budgetary Execution, Public Debt and the Expenditure Rule for 2021, AIReF updated its fiscal forecasts and maintained, in general terms, its macroeconomic scenario with respect to the one presented in the SPU in May.** 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 forecast deficit for the GG for 2021 upwards to 7.9% of GDP.** For its central scenario, AIReF estimated a GG deficit of 7.9% of GDP in 2021, 0.1 points higher than that included in the previous report on the SPU and below the 8.4% of GDP forecast by the Government in said update. This increase was the result of the interaction of various factors, such as the adoption of new measures and the execution recorded, largely offset by others, such as the positive evolution of tax collection in the early months of the year. In addition, AIReF continued to consider that the effect of the implementation of the RTRP will be neutral on the deficit in 2021, although it transferred to later years part of the execution forecast for 2021 in the previous report.

**AIReF improved the forecast balance for the SSFs by just under 0.2 points and worsened the balance of the ARs by more than 0.1 points, while maintaining its previous forecast for the CG and the LGs in terms of their weight over GDP.** The forecast deficit for the CG was maintained at 6.1% of GDP, with upward revisions in revenue and expenditure. The SSFs improved to 1.6% of GDP as the estimate for the collection of social contributions rose. The ARs stood at 0.5% of GDP, below the rate of -0.7% forecast in the SPU and the reference rate of -1.1% of GDP. There was a downward revision in expenditure and, to a greater extent, revenue associated with REACT-EU funds, and an increase in spending on healthcare and other COVID measures. Lastly, AIReF maintained the forecast for the LGs of a surplus of 0.3% of GDP, although the estimates worsened slightly due to the higher expected expenditure at year-end.

### 1.1.C. Reports on the 2022 budget cycle

**On September 21<sup>st</sup>, AIReF endorsed the Government's macroeconomic scenario that accompanied the General State Budget (GSB) for 2022, although it revised downward its scenario in its October 25<sup>th</sup> report.** In September,

AIReF endorsed the macroeconomic scenario as it considered that both the expected path of GDP and the assumptions on which it was based were feasible. However, it warned that the endorsement was based on information that might be revised at a later date when the National Accounts estimates for the third quarter of 2021 were published. Receipt of this information made it necessary to revise the scenarios serving as the basis for judging the degree of realism of the budget forecast. Consequently, in the October 25<sup>th</sup> Report on the Main Lines of the General Government Budget for 2022, AIReF revised its GDP growth forecasts downwards for 2021 and 2022, to 5.5% and 6.3%, respectively.

**On October 25<sup>th</sup>, AIReF published the Report on the Main Lines of the General Government Budget for 2022.** Subsequently, on October 28<sup>th</sup>, the individual reports on each Autonomous Region were published and on November 5<sup>th</sup>, the Supplementary Report on the Local Governments was published.

**AIReF estimated a deficit of 4.8% of GDP for the General Government in 2022, after amounting to 7.9% in 2021. In both cases, these figures are lower than those included in the Draft Budgetary Plan.** The Government expected to close 2021 with a deficit of 8.4%, which would narrow to 5% of GDP in 2022. For its part, AIReF considered that the deficit would be lower in 2022, but forecast a reduction in the deficit that was 0.3 points lower than the Government. The economic recovery, the progressive withdrawal of the measures implemented to mitigate the effects of the COVID-19 crisis and the tax changes included in the Draft Budgetary Plan would drive this significant reduction in the deficit. In the opposite direction, the evolution of the underlying expenditure reflected in the different draft budgets would imply a smaller reduction in the deficit.

**In relation to the CG, AIReF worsened its deficit forecast for 2021 to 6.3% of GDP and for 2022 estimated a reduction of 2.4 percentage points to 3.9% of GDP, in line with the Government's forecasts.** With respect to 2021, in accordance with the execution to date, both tax revenues and, to a greater extent, expenditure under various headings were revised upwards. A reduction of 2.4 points of GDP is forecast for 2022 as a result of the expected improvement in revenue due to the reactivation of the economy and the regulatory measures and as a result of the expected reduction in spending on interest, COVID measures and the contribution to the State Public Employment Service (Spanish acronym: SEPE) to finance unemployment spending.

**AIReF estimated that the SSFs would record a deficit of 1.5% of GDP in 2021, which would fall to 0.5% in 2022, in line with the Draft Budgetary Plan.** The emergence from the COVID-19 crisis would have a two-fold impact on the SSFs. On the one hand, the improvement in the macroeconomic outlook would be reflected in very dynamic contributions and, on the other hand, the cost of the mitigation measures would be reduced and almost disappear in 2022. Furthermore, the extraordinary transfers from the CG in 2021 would become structural in 2022 in compliance with the recommendations of the Toledo Pact.

**AIReF forecast that the ARs would record a deficit of 0.4% of GDP in 2021, which would increase to 0.6% in 2022, a lower and similar level, respectively, to those forecast in the Draft Budgetary Plan.** The execution to date slightly improved AIReF's outlook for 2021, which would be 0.2 points more positive if REACT-EU funds are eventually recorded with a neutral effect. AIReF estimated that the balance would worsen by almost 0.2 points in 2022, to 0.6% of GDP, as the moderate expected fall in revenue is higher than the expected fall in expenditure. However, under neutral recording of REACT-EU FUNDS, the balance would worsen to 0.8% of GDP.

**AIReF confirmed the forecasts for 2021 for the local sub-sector made in July, estimating that it would reach a surplus of close to 0.3% of GDP, falling to 0.2% in 2022.** AIReF maintained, with the information available to date, the forecasts of the previous report for 2021. For 2022, it estimated a worsening of the deficit of 0.1 points as a result of expenditure rising by more than the estimated rise in revenue.

## **1.2. Existence of the Exceptional Circumstances referred to in Article 11.3 of Organic Law 2/2012, of April 27<sup>th</sup>, 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 requirement 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, by 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.** In its July 30<sup>th</sup> report, AIReF considered that 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 April 2021, AIReF published the Opinion on Fiscal Transparency in the General Government in Spain.** Raising the transparency of public finances is one of AIReF's strategic objectives as it is a powerful channel for improving the efficiency of public spending and for promoting the good design and sustainability of public accounts. The analysis was also extended to the Autonomous Regions.

**The analysis puts Spain in a similar position to that of its peer countries, although it identifies areas for improvement.** In the analysis, AIReF has assessed a total of 36 indicators following International Monetary Fund (IMF) methodology, organised into three pillars: (1) fiscal reporting; (2) fiscal forecasting and budgeting; and (3) fiscal risk analysis and management. The result of the analysis puts Spain in a similar position to that of its peer countries, but relevant areas for improvement are also identified, mainly in medium-term orientation and fiscal risk management. In the case of the former, the budgetary process is fragmented, making it impossible to ensure consistency between its main elements: the Stability Programme Update, the budgets of each authority and the Draft Budgetary Plan. With regard to fiscal risk management, there is a need for a more exhaustive analysis of the risks that might affect public finances and the design of risk management strategies.

**On the basis of the analysis performed, AIReF makes a series of proposals aimed at improving fiscal transparency.** AIReF's proposals include the design of a comprehensive medium-term budgetary framework for the General Government as a whole and for each authority, as well as ensuring the consistency and reconciliation of the main budgetary planning documents. It also proposes drawing up a report on specific fiscal risks setting out those that may affect fiscal projections and suggests designing risk management and mitigation strategies.

**AIReF published its work plan for the preparation of the Opinion on the Minimum Living Income (MLI).** Article 31.3 of Law 19/2021, of December 20<sup>th</sup>, establishing the MLI, determines that the result of the MLI and the various inclusion strategies and policies will be evaluated annually by AIReF, through the issuance of the corresponding opinion. In this regard, on December 16<sup>th</sup> AIReF made public its multi-year work plan and announced the publication of the first opinion for the first quarter of 2022 (see Box 1).



### Box 1. Opinion on the Minimum Living Income

**Article 31.3 of Law 19/2021, of May 20<sup>th</sup>, establishing the Minimum Living Income (MLI) determines that the result of the MLI and the various inclusion strategies and policies will be evaluated annually by AIReF, through the issuance of the corresponding opinion.** This new mandatory annual publication is in addition to those laid down in the organic law that established AIReF.

**In order to fulfil this new mandate, AIReF has developed a five-year work programme organised into nine modules, which addresses the different dimensions required for a thorough evaluation of the MLI.** The opinions will be published in the first quarter of each year, once all the information for each full annual period has been incorporated and analysed and the data from the previous modules will be updated by incorporating any regulatory changes and any improvements and suggestions from the academic and institutional world.

**The first opinion, which will be published in the first quarter of 2022, will include the development of the first three modules:** the first focusing on “Potential design” will address the ability of the MLI, when fully implemented, to reduce poverty or its intensity (the main objective of this benefit), inequality, its cost, efficiency, as well as complementarity and the overlap with the minimum incomes of the Autonomous Regions. The second module on “Results” will analyse the effects of the MLI deployed to date. Finally, aspects relating to “Management and Implementation” will be addressed, analysing the procedures, capacities, status of the files and reasons for rejections and a study will be made of the potential beneficiaries who have not yet received the benefit, a phenomenon known as ‘non-take-up’.

**In order to prepare this opinion, AIReF will work with data** from the State Tax Administration Agency (AEAT) (47 million people, 17.8 million households, information on income and wealth), the Social Security (files processed by the tax authorities), the Social Security Administration (files processed - 3.2 million people and 1.6 million files; information on the status of the file, reason for refusal, amount of the MLI, etc.) and the National Statistics Institute (INE) (Living Conditions Survey - 38 thousand people and 15 thousand households - information on extreme poverty line and material deprivation). To this end, AIReF is in the process of establishing an information exchange agreement with the AEAT and the National Social Security Institute (INSS) and expanding the information exchange agreement with the AEAT.

**In 2022, work will be done on Module 4, “People with severe material needs and single-parent families”, and on module 5, “Children and young people”.** In 2023 and 2024, AIReF will work on Modules 6 and 7, respectively, on “Coverage and scope in situations of transitory poverty” and “The inclusive capacity of the MLI and its effects on the labour market”. This first schedule of the work plan that will be deployed between 2021-2025 will end with Module 8 on “Complementarity and overlaps with other non-contributory benefits”, and Module 9, “International comparison (effectiveness and efficiency)” as well as with the presentation of the schedule for the next five years.

## 1.4. Studies

**In 2021, AIReF prepared and presented the action plan for conducting the studies of the third phase of the comprehensive review of public spending that the Government commissioned from AIReF (known as the Spending Review).** This evaluation exercise aims to improve the quality of public spending and is a commitment to the European Union as set out in the EU Council's Country Specific Recommendation for Spain of July 2017. Performance of the third phase is one of the commitments acquired by the Government in the RTRP (see Box 2) and will focus on two themes: the strategic evaluation of financial instruments to support productive sectors, with a special focus on the effectiveness of those aimed at promoting the internationalisation of Spanish companies; and the evaluation of urban waste management. Its aim will be to help strengthen instruments supporting the productive sector and to provide authorities with a set of proposals enabling them to achieve the waste targets set by EU and national legislation.

**In addition, work was carried out on the proposals for possible subjects to be evaluated in the following Spending Review 2022-2026.** Component 29 of the RTRP sets a commitment to initiate a new phase of the spending review for a five-year period. In accordance with the RTRP, which establishes that AIReF's proposals must be taken into account when determining the studies to be carried out, AIReF made a proposal to the Ministry of Finance and Civil Service with the subjects to be evaluated in the 2022-2026 cycle and identified those that it intended to evaluate in the first year of this new phase. On December 28<sup>th</sup>, the Council of Ministers approved the new cycle for the Spending Review 2022-2026 and the areas to be reviewed, the first two corresponding to Phase 1 of the review:

- Expenditure resulting from healthcare of the Social Security system for civil servants
- Financial instruments to support productive sectors (complementary to the Spending Review 2018-2021)
- Benefits (Minimum Living Income and temporary incapacity benefit)
- Official Development Assistance
- Employment policies
- Multiannual Financial Framework 2014-2020

**Work also began on the preparation of a study on international financial cooperation for development, commissioned by the Council of Ministers upon a proposal from the Ministry of Foreign Affairs, European Union and Cooperation.** This project aims to analyse the strategic framework for financial cooperation and identify capacities for the achievement of the objectives of the Development Promotion Fund

(FONPRODE), in which a low level of execution has been observed. It will also examine the role it can play in the new architecture of the European Union's financial cooperation. The study will produce proposals that will contribute to more efficient financial cooperation capable of fulfilling international commitments for development cooperation.

**Numerous tasks were carried out in 2021 in relation to evaluations requested by regional authorities:**

- **Evaluation study commissioned by the Regional Government of Castile and Leon.** In July, the Study on the Institutionalisation of Evaluation in Castile and Leon was published. This study presented a proposal for an institutional architecture based on a comparative analysis and on the situation of the region in this area. In November, the Study on Active Employment Policies was published. This study found that job orientation and placement actions strengthen the positive effects of training programmes for unemployed people on their employability. Proposals were made for improving their effectiveness and promoting the planning and monitoring of progress by creating a unit in the Public Employment Service of Castile and Leon (ECYL) for this purpose. Progress has also been made in the study on institutional communication.
- **Evaluation study commissioned by the Regional Government of Aragon.** The work of the three studies that were part of the commission was performed: evaluation of out-of-hospital, hospital and community healthcare pharmacy expenditure, the personnel policy of the Department of Education, Culture and Sport and the funding model of the University of Zaragoza. Its publication is scheduled for the first quarter of 2022.
- **Evaluation study commissioned by the Regional Government of Valencia.** Work was done to define the scope of the commission on healthcare spending, for which contacts were maintained with those responsible for the area.
- **Evaluation study commissioned by the Regional Government of Extremadura.** In 2021, work was carried out to draw up the action plan for the evaluation study on healthcare expenditure and active employment policies commissioned to AIReF and approved by the Regional Government of Extremadura on September 1<sup>st</sup>.

## Box 2. Public Spending Evaluation Division

**On September 14<sup>th</sup>, 2021, the creation of a new division in AIReF was approved in order to provide continuity to the evaluations: the Public Spending Evaluation Division. In addition, 2021 was a key year in terms of evaluation for other reasons: completion of the third and last commission of the Spending Review 2018-2021 and approval of the Spending Review 2022-2026.**

### New Public Spending Evaluation Division

- The new division has two areas and will strengthen the Institution's ongoing evaluation capabilities. For this purpose, it will be provided with all the necessary resources to perform this work, thus enabling it to address the challenge of new evaluations with the necessary quality.
- The division will establish stable channels of interconnection with the various public authorities in order to provide them with information on its reviews and recommendations, thus facilitating the process of implementing and monitoring the proposals.
- José María Casado, until then Head of Public Policy Evaluation at AIReF, was appointed as director of this new division.
- The creation of the new Public Spending Evaluation Division comes about in compliance with Component 29 of the RTRP, which recognises the usefulness of AIReF's evaluations and undertakes to "give continuity and permanence to the spending review exercises by creating a permanent Spending Review division in AIReF".

### Last phase of the Spending Review 2018-2021

- On December 7<sup>th</sup>, the Council of Ministers approved the action plan for the third and final phase of the Spending Review 2018-2021.
- The third phase includes the study of financial instruments to support the productive sectors of the Spanish economy and the management of urban waste.
- An interim presentation of results will be made by July 30<sup>th</sup> 2022 and AIReF will have one year to present the final results in accordance with the timeline set by the RTRP for publication in the second quarter of 2023.

### Approval of the Spending Review 2022-2026

- The new Spending Review will have five phases, each covering an annual period. Every year, the Government, following a proposal from AIReF, will set the areas to be studied.
- On December 28<sup>th</sup>, the Council of Ministers approved the following areas to be analysed in this new cycle: expenditure resulting from healthcare of the Social Security system for civil servants, benefits (Minimum Living Income and temporary incapacity

- benefit), Official Development Assistance, financial instruments to support productive sectors (complementary to the Spending Review 2018-2021), employment policies and the Multiannual Financial Framework 2014-2020.
- During the first phase, a review of expenditure on financial instruments to support productive sectors and expenditure on healthcare of the Social Security system for civil servants will be carried out. AIReF must submit an action plan for these two studies to the Ministry of Finance and Civil Service for approval in the first quarter of 2022.

## 1.5. Technical papers

**In February 2021, AIReF published a technical paper on Independent Fiscal Institutions of the European Union.** This paper provides an overview of IFIs in the EU, focusing on those institutional aspects that condition their autonomy and independence. The aim is to provide a comprehensive overview of the IFI landscape in the EU and, without advocating specific models, to identify practices that can help to institutionally strengthen IFIs. The paper notes the major diversity of mandates and institutional configuration existing among EU IFIs even though they all fall under a common regulatory umbrella.

**The document includes a reflection on the role of IFIs in the framework of fiscal governance and its reform.** This debate was suspended in 2020 with the emergence of the COVID-19 crisis, but was strongly promoted in 2021 by the European institutions, especially over the second half of the year. Given the proven limitations of models based primarily on numerical fiscal rules, and in view of the reviewed experience, AIReF sees the opportunity to consider an architecture that is based, to a greater extent, on the positive analysis of the IFIs with contributions that they go beyond the mere oversight of compliance or compliance risk with numerical fiscal rules.

**In 2021, AIReF submitted to the European Commission its contribution to the public consultation on the reform of the European fiscal framework. This contribution was published as a technical paper of the institution in January 2022.** In its contribution, AIReF highlighted the importance of clarifying the rules that will be applied to Member States as from 2023 so that the budgetary strategy implemented that year will be consistent with those requirements. AIReF noted the need for the new fiscal framework to provide better guidance for fiscal policy, based on simpler rules and designed on the basis of less volatile and more medium-term oriented variables. In addition, AIReF considers that the fiscal framework should allow for more country-specific considerations with a stronger role for national IFIs. In particular, IFIs could, *inter alia*, participate in debt sustainability analyses at a national level

and have a more prominent role in the ongoing assessment of compliance with the fiscal framework, which would require strengthening their independence. Regarding the design of the future framework, AIReF supported the consensus based on a long-term debt anchor, an operational expenditure rule and an escape clause whose activation would allow for a stabilising fiscal policy in the short term. Lastly, it also stressed the need to strengthen national fiscal frameworks and improve their interaction with the EU fiscal framework.

## 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, offering the possibility of viewing the evolution of the main variables that define their economic situation. In February 2021, a new tool was implemented for this monitor that improved its design to make it more user-friendly for the general public, and included new features, such as comparisons between similar authorities.
- **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 2021, it focused on simulating the short and long-term effects of a possible upturn in interest rates, as well as projecting the debt paths associated with different fiscal consolidation strategies and nominal growth scenarios.
- **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, which has continued over 2021.
- **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 Autonomous Region), which combines different types of statistical information. As with previous models, methodological adaptations have been necessary.
- **Monitor of short-term indicators.** In order to complement the short-term GDP estimates, AIReF began to publish a

summary table of short-term economic indicators for monitoring various economic and financial aspects of the Spanish economy.

- **Historical archive of AIReF's macroeconomic forecasts.** AIReF began publishing its own historical archive of macroeconomic forecasts for the various demand-side aggregates in terms of volume.
- **Monitoring of the 2021 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 accounting 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.

## 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.

**In 2021, this principle was applied by all the recipient authorities, leading to constructive dialogue with AIReF.** All public authorities responded in 2021 to the recommendations made, which shows their firm commitment to this principle. In addition, this has allowed for constructive and transparent dialogue between AIReF and the competent authorities.

**Over the course of 2021, AIReF made 41 recommendations, of which 28 were new, 3 were repeated and 10 were live. In addition, it issued 36 good practice guidelines.** 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. In addition, the good practice guidelines are proposals or suggestions for good practices that are not subject to the comply or explain principle.

**The recommendations were addressed to the CG and the ARs.** The CG received 24 recommendations (19 to the Ministry of Finance and Civil Service, 4 to the Ministry of Economic Affairs and Digital Transformation and 1 to the National Statistics Institute - INE). The remaining recommendations went to the ARs, which received one each. The good practice guidelines were only addressed at a territorial level (12 to the ARs and 24 to the LGs).



**Table 2. AIReF's recommendations and good practice guidelines, according to report issued (2021)**

REPORTS	NEW	REPEATED	LIVE	GOOD PRACTICE GUIDELINES	TOTAL
Initial Budgets of the General Government 2021	3		3		6
Macroeconomic Forecasts of the 2021 Stability Programme Update	2		2		4
2021 Stability Programme Update	1		1		2
Analysis of Budgetary Execution, Debt and the Expenditure Rule 2021			1		1
Existence of the exceptional circumstances of Article 11.3 of the Organic Law on Budgetary Stability and Financial Stability	2				2
Macroeconomic forecasts of the individual draft budgets of the ARs 2022				12	12
Macroeconomic forecasts of the draft 2022 GSB	1	2	1		4
Draft budgets and main budgetary lines of the GG 2022	2	1	2		5
Draft budgets and main budgetary lines of the ARs 2022	17				17
Draft budgets and main budgetary lines of the LGs 2022				24	24
<b>Total</b>	<b>28</b>	<b>3</b>	<b>10</b>	<b>36</b>	<b>77</b>

Source: AIReF

**Table 3. AIReF's recommendations and good practice guidelines, according to content (2021)**

TOPICS	NEW	REPEATED	LIVE	GOOD PRACTICE GUIDELINES	TOTAL
Transparency	5	2	7	12	26
Budgetary stability	1		1		2
Medium-term orientation	21	1	2	24	48
Financial sustainability	1				1
<b>Total</b>	<b>28</b>	<b>3</b>	<b>10</b>	<b>36</b>	<b>77</b>

Source: AIReF

**Table 4. AIReF's recommendations and good practice guidelines, according to body responsible for their application (2021)**

RESPONSIBLE ADMINISTRATION	NEW	REPEATED	LIVE	GOOD PRACTICE GUIDELINES	TOTAL
Ministry of Finance and Civil Service	9	2	8		19
Ministry of Economic Affairs and Digital Transformation	1	1	2		4
National Statistics Institute	1				1
One or several ARs	17			12	13
One or several LGs				24	24
<b>Total</b>	<b>28</b>	<b>3</b>	<b>10</b>	<b>36</b>	<b>77</b>

Source: AIReF

**In 2021, in the context of suspended fiscal rules, particularly noteworthy are the recommendations aimed at having a medium-term fiscal strategy and regulating the effects resulting from activation of the escape clause (see Box 3).**

In its report on the SPU, AIReF recommended that the Government should complete the fiscal strategy by extending the time horizon of the SPU and incorporating the macroeconomic and fiscal implications of the RTP. Subsequently, the recommendation was focused on establishing a medium-term fiscal strategy that would act as fiscal guidance and realistically and credibly ensure the financial sustainability of the General Government. AIReF recommended that the implications resulting from activation of the escape clause be regulated for the entire General Government. In addition, in order not to compromise the sustainability of public finances in the absence of fiscal rules, AIReF proposed maintaining or increasing the publication of information on the activity of the General Government and coordinating the supervisory bodies of the Local Governments for the monitoring of fiscal indicators.

### Box 3. The need to establish a rebalancing plan

Following activation of the escape clause in 2020 and 2021, the law provides for the approval of a rebalancing plan that has not emerged in either year. AIReF has insisted on the need for it to be prepared and approved in order to guarantee financial sustainability in the medium and long term and to anchor the expectations of economic agents.

#### Activation of the escape clause and rebalancing plan.

- Article 11.3 of Organic Law 2/2012, of April 27<sup>th</sup>, on Budgetary Stability and Financial Sustainability, establishes the mechanism for activating the escape clause that allows for exceptions to the principle of budgetary stability in cases of natural disasters, severe economic recession or extraordinary emergency situations.
- The existence of such circumstances must be reported by AIReF, in accordance with Article 22 of Organic Law 6/2013 of November 14<sup>th</sup> on the establishment of AIReF. AIReF, in two reports from October 2020 and July 2021, noted the existence of such circumstances caused by the COVID-19 health crisis and, therefore, reported positively on application of Article 11.3 of Organic Law 2/2012.
- In the event of activation of the escape clause, the law, in order to preserve fiscal sustainability, establishes the need to draw up a fiscal plan setting targets that allow a return to a deficit path compatible with budgetary sustainability in the medium and long term. This fiscal plan is called the rebalancing plan under national law.

At year-end 2021, the Government had not drawn up the rebalancing plan.

#### AIReF's recommendations and the Government's response

- AIReF has recommended to the Government that it should prepare said rebalancing plan in all the published reports in which it has had the opportunity, since said recommendation was made, for the first time on May 6<sup>th</sup> 2020.
- The Government argues that it has complied with this recommendation as the fiscal strategy has been implicit in the 21-24 Stability Programme, the 2022 Draft Budgetary Plan and the 2022 Draft General State Budget.
- AIReF considers that the Government has not complied with this recommendation as it has not reflected in its budget documents fiscal targets that go beyond baseline scenarios for 2023 or 2024. These budgetary plans would, moreover, have been issued in such terms irrespective of the need to approve a rebalancing plan.

#### Key elements of the rebalancing plan

- Specifying the fiscal targets and milestone schedules, including a sufficiently long time horizon to place the debt on a path that will reduce the vulnerability of the Spanish economy associated with a high level of debt.
- The support of all tiers of government, considering their fiscal realities in terms of revenues and powers, in order to ensure appropriate coordination and co-responsibility.
- Integrating different objectives: consolidation of the economic recovery, gradual withdrawal of the COVID measures, reduction of the structural deficit and short and medium-term impact of the RTRP in the macroeconomic and fiscal field.

**In addition to the foregoing, other recommendations were also issued aimed at providing fiscal policy with a medium-term orientation to ensure the sustainability of public accounts.** Firstly, to preserve the sustainability of regional debt, it was proposed to adjust the borrowing of the ARs to their real financing and liquidity needs. Secondly, also from a medium-term perspective, the General Government was recommended to adopt measures to avoid using the fiscal space generated by the withdrawal of COVID measures and the positive evolution of revenue to carry out structural expenditure without permanent funding.

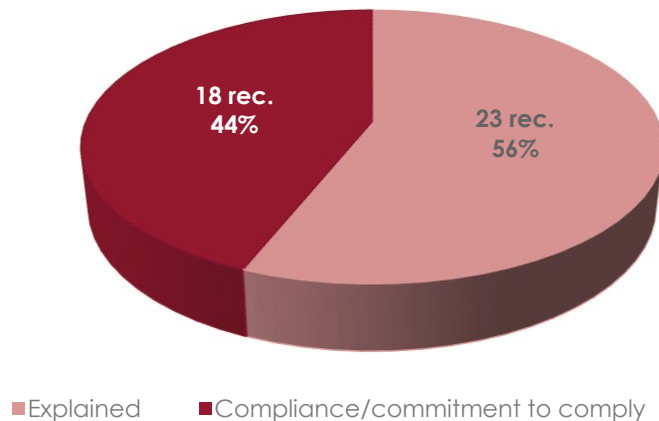
**The remainder of the recommendations focused on improving transparency.** AIReF called for more information on the budgetary and fiscal measures included in the macroeconomic scenario of the SPU and the GSB with the aim of increasing the rigour of the endorsement process. It also recommended that the INE should bring the publication timetables of the quarterly National Accounts or non-financial accounts of the institutional sectors into line with the national and European budgetary timetables. In addition, given the importance and volume of the extraordinary funds from Europe as a result of the pandemic, AIReF recommended incorporating into the Draft Budgetary Plan all the measures planned by the Government and the impact of the REACT-EU and RTRP funds on the General Government's revenue and expenditure, as well as the breakdown by sub-sector in national accounting terms.

**Furthermore, in 2021 AIReF made nine recommendations that are considered to be live.** These recommendations relate to transparency and the exchange of information. They can be grouped into:

- (i) Exchange of information: approving an agreement or a Memorandum of Understanding (MoU) that will lay down the flow and timing of the exchange of information between ministerial departments and AIReF.
- (ii) Extension of the content of published documents: including in the GSB information on national accounting adjustments and information of those entities which, although not of a public nature, are included for the purposes of the European System of National Accounts (ESA 2010); preparing budgets in national accounting; completing the content of the SPU with information broken down by sub-sector and more detailed information on fiscal risks.

**With regard to the level of compliance, the authorities complied or undertook to comply with 43.9% of the 2021 recommendations.** Within this percentage, the Autonomous Regions have shown their commitment to comply with 88.2% of the recommendations. However, the level of commitment or compliance by the Central Government was limited to 12.5%.

**Figure 1. 2021 recommendations for the General Government: commitment to comply/complied or explained (number of recommendations and % of total)**

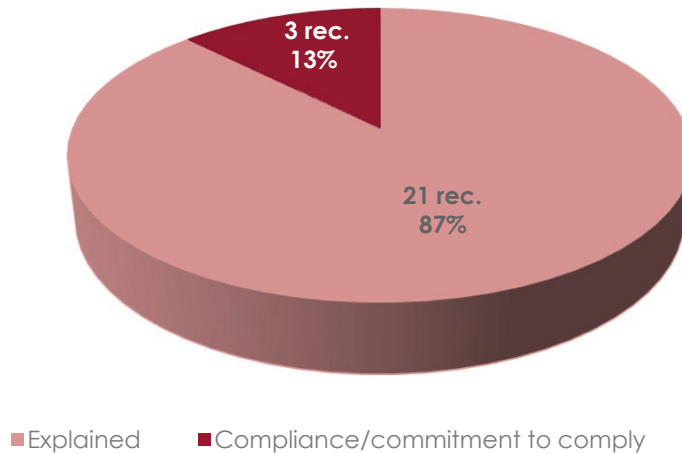


Source: AIR<sup>e</sup>F

**The CG complied with the recommendations to adjust the regional debt to the real needs and to maintain or increase the publication of information on the activity of the General Government. In addition, it undertook not to use fiscal space to carry out structural expenditure without permanent funding.** The CG complied with the recommendations regarding the regional debt and the information on the activity of the General Government (in particular, the report on the degree of compliance with fiscal rules and the additional information questionnaires requested from the territorial authorities during the pandemic). Regarding the use of fiscal space, the CG argued its strong commitment to stability in the path of fiscal consolidation to 3.2% of GDP in 2024 as set in the SPU and added that it is working to incorporate the structural improvement of Components 27, 28 and 29 of the RTRP to bring the deficit back below the threshold of 3% of GDP in the short-medium term.

**In contrast, it departed from the other recommendations, which include those aimed at having a medium-term fiscal strategy.** It departed from the recommendations to establish a medium-term fiscal strategy. It also did not undertake to regulate the implications resulting from activation of the escape clause or to bring the timetables for the publication of statistics into line with the budgetary ones. Regarding transparency, it did not respond to the recommendations to (i) provide more fiscal information to the macroeconomic scenario for the endorsement process, and (ii) incorporate into the Draft Budgetary Plan all the measures planned by the Government, the impact of the REACT-EU and RTRP funds and the breakdown by sub-sector of revenue and expenditure in national accounting terms. 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 not required by law.

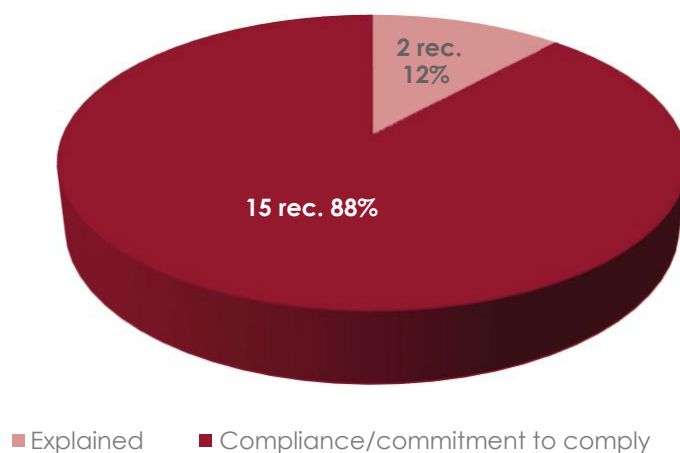
**Figure 2. 2021 recommendations for the CG: commitment to comply/complied or explained (number of recommendations and % of the total)**



Source: AIReF

**At a territorial level, most of the ARs were in favour of following the recommendation made.** All the ARs, except Catalonia and Valencia, undertook to comply with the recommendation to adopt measures to avoid the use of the fiscal space generated to carry out structural expenditure without permanent funding. In their response, the ARs that departed from compliance either indicated that it did not apply to them (Catalonia) or that it did not show a specific commitment to the recommendation issued (Valencia).

**Figure 3. 2021 recommendations for the ARs: commitment to comply/complied or explained (number of recommendations and % of the total)**



Source: AIReF

**Lastly, in addition to the recommendations, AIReF set out 36 good practice guidelines, which are not subject to the “comply or explain” principle.** All of them were addressed to the territorial governments (12 to the ARs and 24 to the LGs). In the case of the ARs, they were aimed at improving transparency. Particularly noteworthy were those relating to: (i) publication of detailed information on the models and parameters used in the macroeconomic forecasts of their budgets, and (ii) the inclusion of expenditure forecasts in regional accounting terms. In the case of the LGs, they aimed to ensure the sustainability of public finances, trying to prevent the withdrawal of COVID measures and the positive evolution of revenue being allocated to structural expenditure without permanent funding.

# 3. INSTITUTIONAL ACTIVITY

## 3.1. Institutional relations

**In 2021, parliamentary activity focused on the budgetary area, with three appearances before the Finance and Budget Committees of the Congress and Senate.** On June 29<sup>th</sup>, AIReF's President appeared before the Congress Finance Committee to inform about the Report on the Draft 2021-2024 Stability Programme Update. On October 25<sup>th</sup> and November 30<sup>th</sup>, she appeared before the Congress and Senate Budget Committees, respectively, to report on the Draft General State Budget and the 2022 Draft Budgetary Plan. In all her speeches, the President assessed the macroeconomic and fiscal perspectives of the official budgetary documents, in particular their likelihood of compliance given the information available at each moment and AIReF's own macroeconomic and fiscal forecasts. In addition, the President analysed the sustainability of public finances in the medium term and shared the recommendations made by AIReF to the Government.

**AIReF held meetings with representatives of the entire General Government and participated in the Council of Fiscal and Financial Policy (CPFF) and in the National Commission for Local Administration (CNAL).** In particular, meetings were held with the Ministries of Finance and Civil Service; of Economic Affairs and Digital Transformation; of Inclusion, Social Security and Migration; of Health; of Transport, Mobility and Urban Agenda; of Foreign Affairs, European Union and Cooperation, and of Labour and Social Economy. In connection with AIReF's evaluations and its role as fiscal supervisor, meetings were held with several ARs such as Castile and Leon, Valencia, Extremadura, Aragon, the Balearic Islands and Madrid, and with territorial authorities such as the Madrid City Council. In addition, AIReF's President participated in the CPFF and the CNAL meetings held in July.

**With the aim of strengthening the dialogue and exchange of views with the General Government, in 2021 a seminar was held with the ARs as well as a workshop that, for the first time, brought together representatives from all tiers of government.** In March, the Economic Analysis Division organised a technical seminar with the ARs that analysed the economic situation and the process of adapting macroeconomic analysis instruments to COVID-19 and allowed the exchange of experiences in this field. In December, AIReF held a conference entitled "AIReF at the service of the General Government" which, for the first time, brought together representatives from all tiers of the General Government, as well as from different institutions such as the Congress of Deputies. It was attended by



the president and the four directors of AIReF, who reviewed the institution's activity and developments over the first two years of Cristina Herrero's term, as well as the future challenges and AIReF's vision of the economic and budgetary situation. In addition, the new Public Spending Evaluation Division was announced and all AIReF's tools, resources and experience were put at the disposal of the General Government.

**AIReF participated in several forums on fiscal, economic and public policy evaluation and several articles were published on this matter.** Several of the speeches made by AIReF's President this year focused on the future challenges facing the Spanish economy. Specifically, the NGEU funds, the economic recovery and sustainability of public finances, the future reform of the European and national fiscal framework, as well as the key role that evaluation should play in all this. Particularly noteworthy were her speeches at the *Instituto de Estudios sobre la Hacienda Pública de Andalucía*, in the event "Live Leaders" organised by the *Consejo General de Economistas*, in the annual meeting with the Association of Economic Information Journalists held in Santander, in the symposium focused on health organised by the newspaper *El Español*, in the session "The day after recovery" organised by EOI Business School, in the conference "Regional public finances in the face of COVID-19" organised by the Network of Researchers in Regional Financing and Financial Decentralisation (RIFDE) and in the inaugural conference of a forum organised by the Association of Contractors with the General Government. In addition, the President had the opportunity to discuss the economic and fiscal situation and future outlook with the Governor of the Bank of Spain at the meetings organised by the Valencian Institute of Economic Research (IVIE) and the *Foro de la Toja 2021 "Tres miradas sobre España"* (Three views of Spain). The President also participated in a workshop organised by EY in which she analysed the key role of the taxation system in the sustainability of public finances. Finally, AIReF published specialised articles in several journals, such as BICE, the *Anuario del Euro*, the *Revista de Control Exterior* and the *Cuadernos Económicos del ICE*, which devoted a monograph to the evaluation of public policies.

**In addition, in 2021 a new Advisory Board was set up comprising people of recognised prestige for a renewable two-year period.** This Advisory Board is established with a renewed character, seeking ongoing collaboration between its members and AIReF to provide support in specific matters in the area of specialisation of its members (see Box 4).

#### Box 4. Advisory Board

**In the first quarter of the year, the President of AIReF, in compliance with the commitment made in her appearance before Parliament, prior to her appointment and reflected in the 2021 Action Plan, renewed the Advisory Board of the institution.**

**The Board is composed of AIReF's President, Cristina Herrero, the Steering Committee and nine experts appointed as board members for a renewable two-year term.** This Advisory Board, of a deliberative and consultative nature, is created with a renewed spirit, promoting ongoing collaboration and dialogue between the members and AIReF outside the biannual plenary meetings established in the Internal Rules and Regulations that govern the Board.

**The members of the Advisory Board are persons of recognised national or international prestige, with at least ten years' experience in budgetary, economic and/or financial analysis, who act with full independence and autonomy.** This new Advisory Board promotes more focused collaboration so that each member collaborates more intensely with the AIReF Divisions that are performing work in their area of expertise. Thus, the appointed members are experts in AIReF's areas of work:

- **Javier Andrés Domingo**, an expert in economic growth and the labour market, fiscal and monetary policies, and the effect of financial frictions on the economic cycle and macroeconomic stability.
- **Samuel Bentolila**, an expert in labour economics.
- **Antonio Cabrales Goñía**, an expert in game theory and experimental economics.
- **Olga Cantó**, an expert in the measurement of well-being, income dynamics, inequality and poverty in rich countries, the intergenerational transmission of opportunities and the redistributive effects of public policies.
- **Álvaro Escribano**, an expert in the internationalisation of universities and in econometrics and economics of regulated markets.
- **Beatriz González López-Valcárcel**, an expert in health economics.
- **Eckhard Janeba**, an expert in public finance and international trade.
- **Francisco Pedraja**, specialised in sub-central treasuries and the analysis of the efficiency of the public sector in different fields such as justice and education.
- **Eva Senra**, an expert in economic prediction, statistics and applied economics.

**The Advisory Board held its second plenary meeting in December, following the constitutive meeting held in March.** This meeting reviewed the main activities and developments of AIReF over 2021 and the plans for 2022 and exchanged views on AIReF's analysis of long-term fiscal sustainability, the decoupling observed in 2021 between macroeconomic variables, revenue and employment, and the situation and main results of some evaluation projects.

**At an international level, AIReF played an active part in the network of Independent fiscal institutions of the EU Member States and in 2021 contributed to the EU Fiscal and Economic Governance Review.** AIReF participated in all the meetings of the IFI network organised for the second consecutive year in an online format and also participated in the EU IFIs' Effectiveness working group in the areas of economic forecasts and impact on the media and the output gap group. It also actively participated in the article published by the network on the reform of the European governance framework that aims to provide an overview of the possible elements to take into account in the future reform of the fiscal framework and the role that IFIs can play in it.

**Close contact was maintained with EU institutions and international bodies, such as the IMF and the OECD.** Specifically, bilateral meetings were held with the European Commission, the IMF and the OECD following their missions to Spain in order to gather AIReF's vision of the country's economic and fiscal situation.

**AIReF also participated in meetings and activities organised by the networks of the European Commission and by the OECD.** It attended the Annual Conference of the European Fiscal Board, organised in February, which focused on the impact of the crisis on public finances and on the European fiscal framework once escape clauses have been deactivated. AIReF participated as a speaker at the conference, presenting a paper on how to promote the effectiveness of fiscal frameworks in the medium term. In October, the President of AIReF participated as a speaker at the sixth international conference of Councils on Economic Policy, organised by the German Council of Economic Experts and the French Council of Economic Analysis. The President analysed the risks and opportunities of economic growth in an edition focused on the recovery after the crisis caused by the pandemic. In December, Cristina Herrero was a panellist at the virtual conference on the role of IFIs organised by the Directorate-General for Economic and Financial Affairs (DG ECFIN) of the European Commission. In her speech, she shared AIReF's experience since its creation, highlighting the factors that have allowed it to consolidate itself as the benchmark institution in the field of budgetary analysis, the importance of guaranteeing the independence of IFIs, as well as the elements to be strengthened in the future. AIReF also participated as a speaker at the virtual conference organised by DG ECFIN on the design of medium-term fiscal frameworks.

The articles published by AIReF and the presentations made can be found in Annex 2.

## 3.2. Communication Activities

**2021 has been marked by the extraordinary situation generated by the COVID-19 pandemic, which, as in all types of activities, has also had**

**a very significant impact on the communication and dissemination of all public and private institutions.** AIReF has been no exception, although during the past year, despite this extraordinary situation, it continued to strengthen its position as the leading institution in the field of financial sustainability and stability of public finances. Furthermore, AIReF has incorporated the function of evaluating public spending as a new core activity, with the consequent impact on its public presence.

**Once again this year, AIReF's website, social media and the media have been the main channels for publicising the institution's activities.** In 2021, the development of a face-to-face communication policy has been largely impracticable, but this has been supplemented with the use of online tools.

**Beyond the quantitative impact, in 2021 AIReF managed to consolidate its image as a benchmark source of information in the key areas of its activity.** 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 and continued to turn to AIReF as an expert voice. This was reflected in 6,325 mentions in 2021 in the written press and 15,850 in the digital press, which represents a total of more than 22,200 mentions in the whole year, thus maintaining the level of previous years, except for the years in which the results of the Spending Review have been published.

**In addition, the coverage that audio-visual media devoted to the institution continued to grow over the year.** Press conferences were held that were open to all types of press, albeit online. Many audio-visual media connected to these press conferences, and it is becoming increasingly 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.

**The impact on social media also showed positive results in 2021. AIReF closed the year with more than 9,000 followers on Twitter, 11.5% more than in 2020. It also strengthened its position as the fourth largest independent fiscal institution in terms of absolute number of followers worldwide,** surpassed only by the United States, the United Kingdom and the Netherlands, where their respective independent fiscal institutions have the longest historical track record. In relative terms, after adjusting the number of followers to the population of each country, AIReF's number of followers is 20 followers per 100,000 inhabitants, similar to that of the Office for Budget Responsibility of the United Kingdom (20.3/100,000) and higher than that of the Congressional Budgetary Office of the United States (10.7/100,000).

**The institution also managed to expand its audience on LinkedIn, with a 32.4% increase in followers on this social media compared with 2020.** The increase

in AIReF's presence on LinkedIn is one of the fundamental objectives of AIReF's communication strategy, as it is a space with a more professional and specialised audience.

**Along the same lines, the institution gained new subscribers to the newsletter.** At the end of 2021, over 900 subscribers received AIReF news on a monthly basis in their email.

**AIReF's website continues to be the main channel for disseminating its work.** Google Analytics data show the institution's lower activity throughout the year, with decreases in the number of users and sessions, although there was a qualitative improvement in some key parameters, such as the duration of each session or the number of pages viewed.

**In addition to media and networking activity, AIReF maintained a high level of web publications.** The publication of all news on the web page and the sending of e-mails to different institutions and interest groups was encouraged. In total, 62 news items were published on the website in 2021, a fall of 18.4% on 2020. Apart from news items, other content directly related to AIReF's activity and institutional activity was also published.

**In fact, the macroeconomic analysis tools that are periodically published on the website (MIPred and METCAP), which helped calibrate the impact of the pandemic on the Spanish economy, once again gained particular relevance in 2021.** 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.

**Table 5. Communication figures in 2021**

<b>NEWS</b>	62 news articles published on the website	6,325 mentions in written press	15,850 mentions in digital press
<b>WEBSITE</b>	Over 38,400 users	Over 76,000 sessions	Nearly 228,000 page views
<b>SOCIAL MEDIA</b>	Increase of 9,136 followers on Twitter	1.643 followers on LinkedIn	913 subscribers to the newsletters

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.

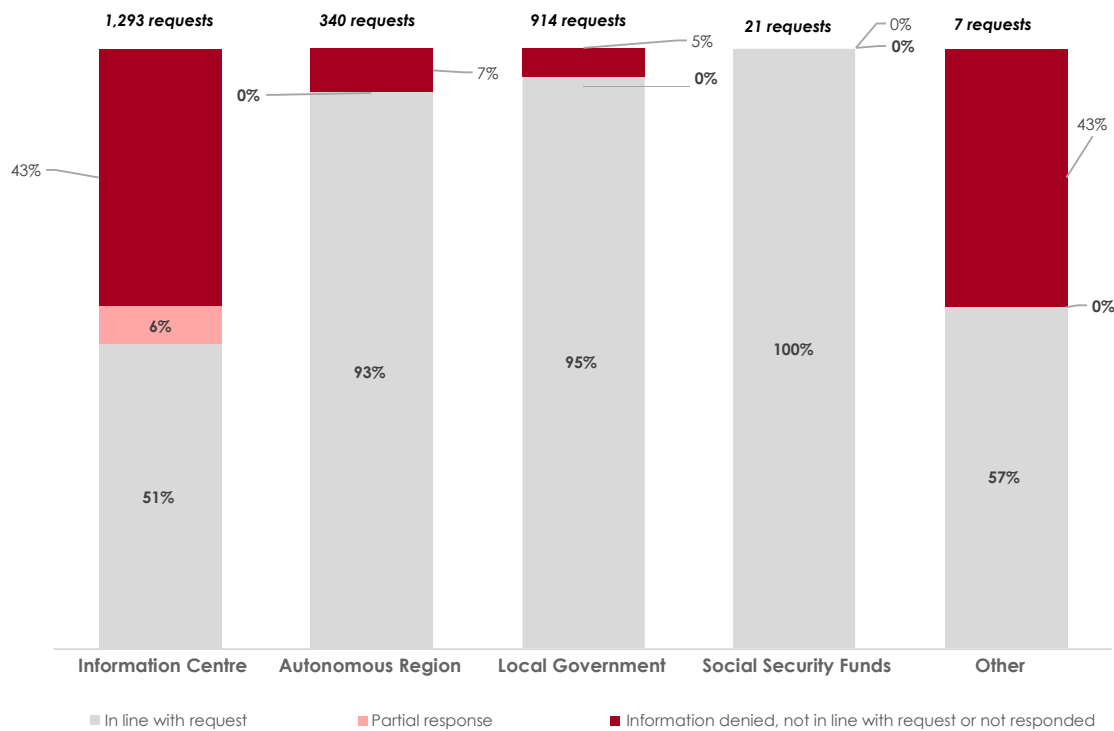
**AIReF's capacity to prepare useful, rigorous and objective reports may be influenced by possible obstacles in accessing the necessary information.** This risk is particularly high when there is a limited period for preparing and presenting said reports. In 2021, in general terms, the levels of response to requests for information issued have been maintained, both in quantity and quality, in all institutional sub-sectors. There were improvements in the case of requests addressed to the Social Security and the figure for the responses from territorial authorities is close to 100%.

**As already highlighted in the 2020 Report, in 2021 AIReF is still awaiting the signing of memoranda with the Ministry of Finance and Civil Service, as well as with the Ministry of Economic Affairs and Digital Transformation, setting out the mechanisms and obligations for the submission of periodic and non-periodic information to AIReF.**

**Since 2016, AIReF has had a system for monitoring collaboration with the various authorities of the General Government in the field of information provision.** In general, each request for information is linked to the preparation of one 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.

**As in previous years, the requests to the territorial authorities with an appropriate response exceeded 93% of those made. Those received in a complete and appropriate manner from the Information Centre of the Ministry of Finance and Civil Service stood at 51%, while the figure for those in the field of Social Security stood at 100%.** The requests made to the Ministry of Finance and Civil Service that were not answered were answered past the deadline required to be taken into account in the mandatory report, while those that only yielded a partial response stood at 49% of the total requests. Responses to AIReF's requests are broken down by type of General Government authority and type of response, as shown in Figure 4.

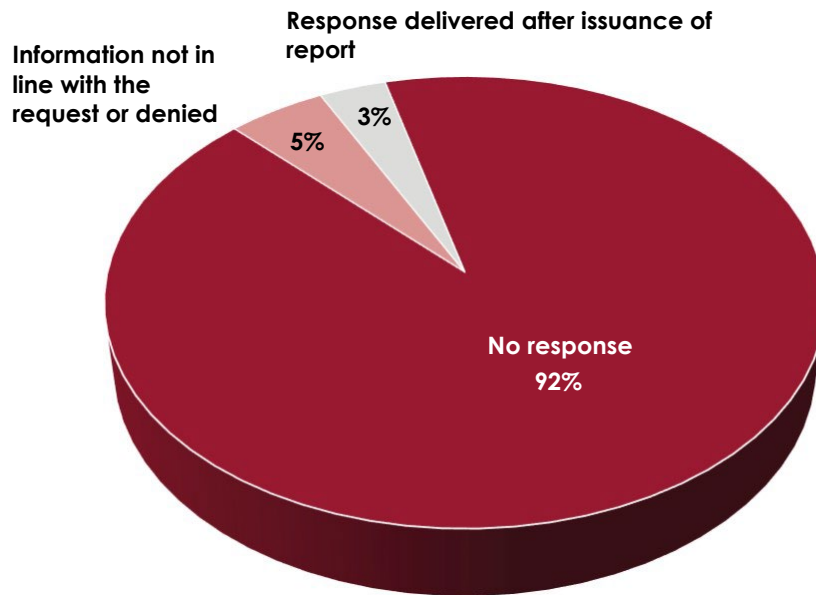
**Figure 4. Breakdown of responses to AIReF's requests, by authority and type of response (2021)**



Of the requests that were not properly addressed (denied, not in line with the request or not responded to) by the Ministry of Finance and Civil Service Information Centre, 92% did not receive any response (Figure 5) and referred mainly to information relating to the stability target or debt limit. As shown in Figure 6, most of these refer to elements necessary for the calculation of the stability target (almost 37%) or the debt target (almost 29%).

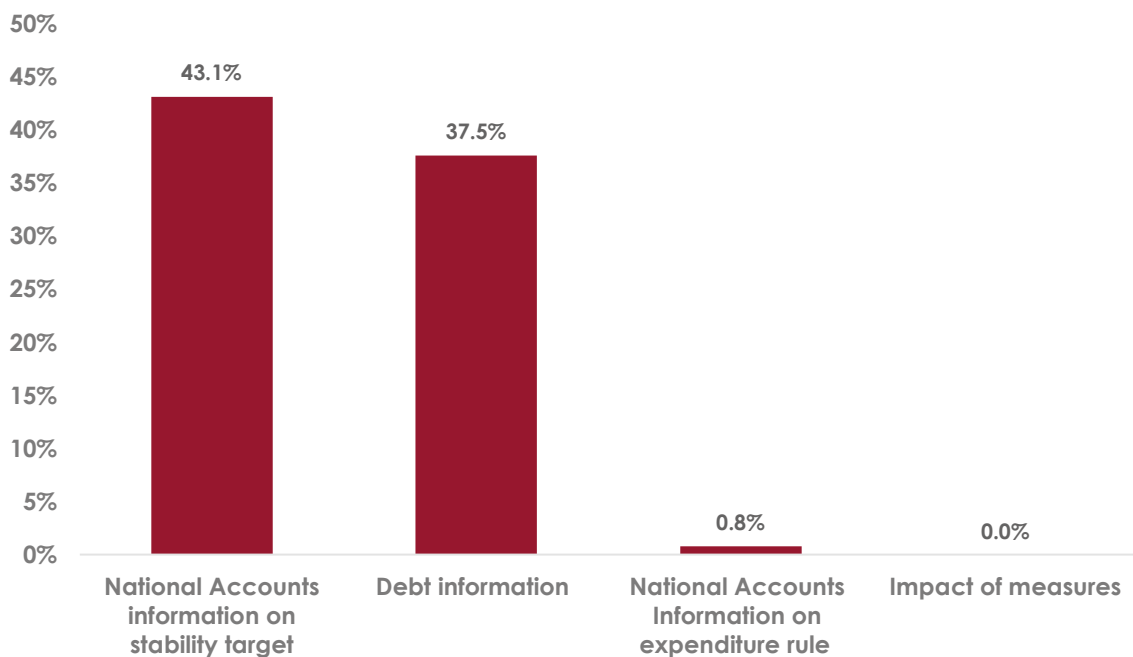
Finally, in 2021 AIReF issued resolutions due to failures to comply with the duty of cooperation of several local councils. AIReF had to issue public warnings to several local councils, one of them for repeated non-compliance, as it failed to respond to requests for information for the preparation of various reports.

**Figure 5. Breakdown of invalid responses from the Ministry of Finance and Civil Service Information Centre (2021)**



Source: AIReF

**Figure 6. Breakdown of requests to the Ministry of Finance and Civil Service Information Centre without a response by type of information requested (2021)**



Source: AIReF



## 5. MONITORING OF THE 2021 ACTION PLAN

**Action Plans are provided for in AIREF's regulations.** Article 5 of AIREF's Organic Statute 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 that is reflected in the strategic plans.** In these 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.

**The 2021 Action Plan was the first to be prepared under the umbrella of the 2020-2026 Strategic Plan.** A detailed follow-up of the 2021 Action Plan can be found in Annex 3. A plan that had to be carried out in a context characterised by the extension of the suspension of national and European fiscal rules, the persistence of the pandemic and the implementation of the RTRP.

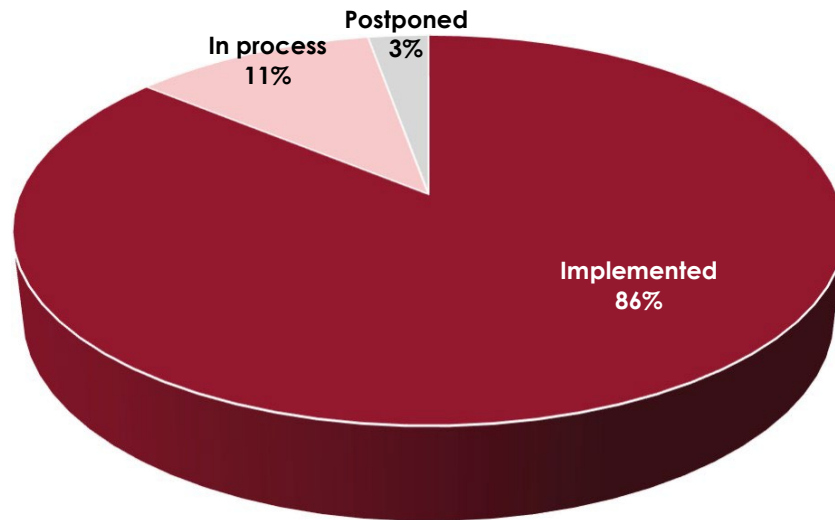
**In quantitative terms, an execution level of around 95% was reached.** Specifically, of the 107 planned actions, 92 were fully executed, 12 actions are in progress, while 3 could not be carried out.

**In qualitative terms, the greatest execution difficulties were found in the publication of several technical papers that will be published over the first half of 2022.** The postponed actions generally correspond to criteria of efficiency and prioritisation of tasks.

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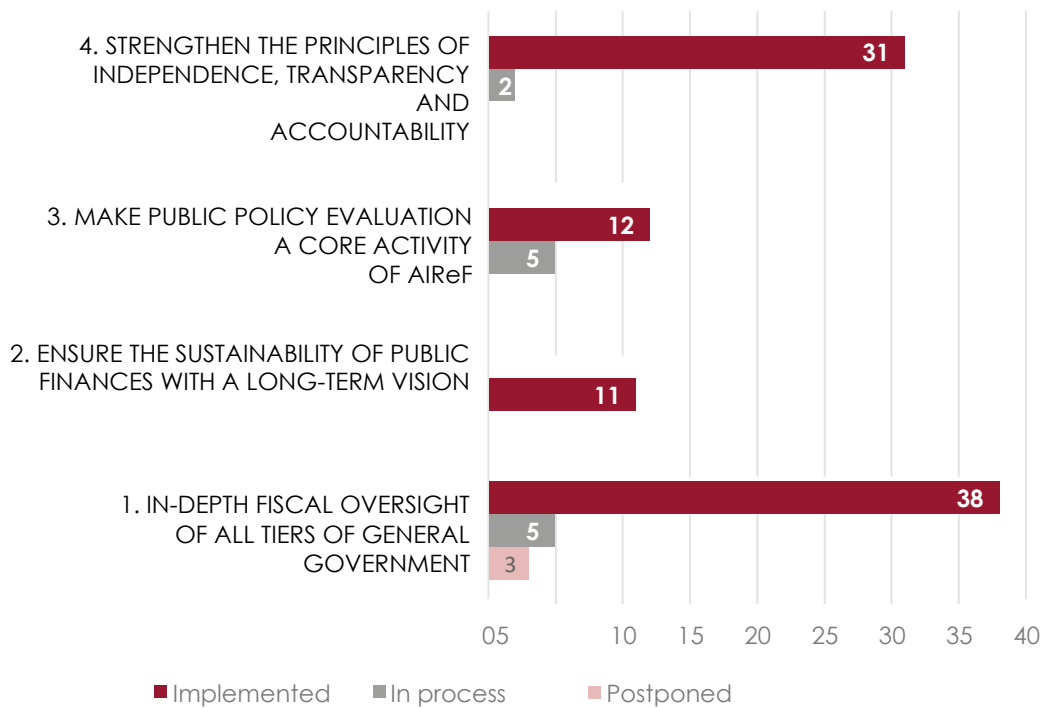
<sup>1</sup> See Royal Decree 215/2014, of March 28<sup>th</sup>, approving the Organic Statute of the Independent Authority for Fiscal Responsibility, and its subsequent amendments.

**Figure 7. Percentages of implementation of the 2021 Action Plan**



Source: AIReF

**Figure 8. Implementation by strategic pillar of the 2021 Action Plan**



Source: AIReF

# 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 11/2020, of December 30<sup>th</sup>, on the General State Budget for 2021, approved a budget of €9.71m for AIReF in 2021.** The expenditure finally executed during 2021 amounted to €6.36m. The percentage of execution of AIReF's expenditure budget amounted to 65.51% in 2021. The detailed execution of the expenditure can be seen in Table 6. The execution of different budget chapters shows that the institution's performance in 2021 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 7).** This fee (provided for in the Second Additional Provision of the Law on the Establishment of 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 fiscal institutions, allows AIReF's financial independence to be guaranteed.

**The amount collected from the fees accrued in 2021 was €9.25m.** The State, the Social Security and all the Autonomous Regions paid the fee. Under the Ninety-eighth Additional Provision of the Law on the General State Budget for 2021, the rate of the fee was set at 0.00144%. 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 2021 generated receivables for the institution in an amount of €1,001,586, of which €446,635 was paid in the same year. There were five studies that generated revenue for AIReF in 2021: the third phase of the Spending Review commissioned at the end of 2021 by the National Government; two evaluation studies

commissioned at the end of 2020 by the Autonomous Region of Castile and Leon and the Autonomous Region of Aragon; a study commissioned in 2021 by the Autonomous Region of Extremadura; and another relating to FONPRODE, also commissioned by the National Government and coordinated by the Ministry of Foreign Affairs, European Union and Cooperation.

**In 2021, AIReF initiated and ruled on material and data verification procedures of the self-assessments carried out by the different General Government authorities obliged to pay the fee that in 2021 did not self-assess and pay the corresponding amount or did so outside the period set for this purpose.** Within these procedures, 17 settlement decisions were issued. Almost all of these were paid and the institution thus received revenue of €72,959.37.

**Table 6. Execution of the 2021 expenditure budget (thousands of euros)**

ITEM	2021 BUDGET	EXECUTION
<b>Staff costs</b>	<b>5,896.51</b>	<b>4,76507</b>
Steering Committee members		613.98
Public officials		2,34889
Workers		97.93
Performance incentives		1,353.14
Contributions and social expenditure		227.63
Training		40.95
Social action and others		82.53
<b>Operating costs</b>	<b>3,445.69</b>	<b>1,419.20</b>
Leases, repairs and maintenance		117.67
Office supplies		83.67
Supplies		13.73
Telephony and internet		98.29
Cleaning		77.75
Studies and technical work		169.13
External services		761.56
Travel		2.23
Publication costs		51.38
Hospitality	4.68	0.06
Other expenditure		43.69
<b>Paid internships</b>	<b>160.00</b>	<b>137.40</b>
<b>Investments</b>	<b>200.00</b>	<b>41.16</b>
<b>Advances to staff</b>	<b>12.00</b>	<b>1.33</b>
<b>TOTAL</b>	<b>9,718.88</b>	<b>6,364.17</b>

Source: AIReF

**Table 7. AIReF's revenue 2021 (thousands of euros)**

ITEM	ACCUMULATED AS AT 31 DECEMBER
<b>AIReF fees 2020</b>	<b>9,253.56</b>
State	3,40316
Social Security	2,528.81
Autonomous Regions	2,727.39
Local Governments	594.18
<b>Regularisation of previous years' fees</b>	<b>-4.23</b>
<b>Settlements made by AIReF</b>	<b>79.31</b>
<b>Public prices for studies</b>	<b>446.63</b>
<b>Other revenue (litigation, refunds, financial constraints, etc.)</b>	<b>20.76</b>
<b>TOTAL REVENUE</b>	<b>9,796.03</b>

Source: AIReF

**The final approval of AIReF's 2021 annual accounts will be given in May 2022, 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

**Until September 15<sup>th</sup> 2021, AIReF was organised into three divisions and a support unit assisting the President. It is now structured into four divisions and a cabinet assisting the President.** 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. The newly created Public Spending Evaluation Division is responsible for reviewing public spending and evaluating public policies and their results.

Lastly, the Legal Affairs Division sees to the institution's daily management tasks and provides a legal advisory service.

**As the modification of AIReF's structure is expected for 2022, 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 President, AIReF's statute has been amended to incorporate evaluation as a permanent function and to have in place an appropriate structure for said purpose (the Public Spending Evaluation Division), with AIReF's budget for 2022 being increased by the amount necessary to hire ten new staff members.

**In 2021, AIReF's List of Positions was extended as a result of the modification of the organic statute and a position was created for reinstatement from special services.** The expansion of the institution's List of Positions, approved in October by the Executive Board of the Inter-ministerial Remuneration Committee (CECIR), created two new sub-directorates for the Public Spending Evaluation Division. A permanent employee was also hired outside the agreement, authorised in the 2020 Public Employment Offer.

**AIReF's workforce is still below the optimal size required to perform its functions.** It is considered that a similar workforce to other international agencies with comparable functions (without including the evaluation of public policies) would be around 65 employees. In contrast, the List of Positions of 2021 has 57 positions, of which two positions are linked to the 2020 Public Employment Offer for non-agreement employees.

### 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 9<sup>th</sup>, 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 regulations,** 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 2021, 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 2021

REPORTS ON THE BUDGET CYCLE.	
April 8 <sup>th</sup>	Report on the Initial Budget of Andalusia 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Madrid 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Murcia 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Navarre 2021
April 8 <sup>th</sup>	Report on the Initial Budget of the Basque Country 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Rioja 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Aragon 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Asturias 2021
April 8 <sup>th</sup>	Report on the Initial Budget of the Balearic Islands 2021
April 8 <sup>th</sup>	Report on the Initial Budget of the Canary Islands 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Catalonia 2021
April 8 <sup>th</sup>	Report on the Initial Budget Castile-La Mancha 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Cantabria 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Valencia 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Castile and Leon 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Extremadura 2021
April 8 <sup>th</sup>	Report on the Initial Budget of Galicia 2021
April 8 <sup>th</sup>	Supplementary Report on the Individual Evaluation of the 2021 Initial Budgets of the Local Governments
April 8 <sup>th</sup>	Report on the Initial Budgets of the General Government 2021. Translated document (TD)
April 27 <sup>th</sup>	Endorsement of macroeconomic outlook 2021-2024 Stability Plan (TD)
May 11 <sup>th</sup> (TR)	Report on the 2021-2024 Stability Programme Update (TD)
July 15 <sup>th</sup>	Report on General Government Budgetary Execution, Public Debt and Expenditure Rule 2021 (TD)



REPORTS ON THE BUDGET CYCLE	
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of the Local Governments 2021
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Andalusia 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Aragon 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Asturias 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of the Balearic Islands 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of the Canary Islands 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Catalonia 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Castile-La Mancha 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Cantabria 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Valencia 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule Castile and Leon 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Extremadura 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Galicia 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Madrid 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Murcia 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Navarre 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of Rioja 2021.
July 15 <sup>th</sup>	Supplementary report on the individual evaluation of Budgetary Execution, Public Debt and Expenditure Rule of the Basque Country 2021.
July 29 <sup>th</sup>	Report on the Existence of the Exceptional Circumstances referred to in Article 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability (TD)
August 20 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Navarre
September 10 <sup>th</sup> ;	Report on the Macroeconomic Forecasts of the 2022 Budget of Castile-La Mancha
September 20 <sup>th</sup> ;	Report on the Macroeconomic Forecasts in the 2022 Draft General State Budgets (TD)
October 1 <sup>st</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Aragon

REPORTS ON THE BUDGET CYCLE	
October 1 <sup>st</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Extremadura
October 8 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of the Basque Country
October 8 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Valencia
October 18 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Galicia
October 25 <sup>th</sup>	Report on the draft budget and main budgetary lines of the General Government for 2022 (TD)
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Madrid
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Andalusia
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of the Balearic Islands
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Catalonia
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of the Canary Islands
October 27 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Castile and Leon
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Rioja
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of the Basque Country
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Navarre
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Murcia
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Madrid
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Galicia
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Extremadura
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Valencia
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Castile and Leon
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Castile-La Mancha
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Catalonia
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of the Canary Islands
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of the Balearic Islands

<b>REPORTS ON THE BUDGET CYCLE</b>	
October 28 <sup>th</sup>	Report on the Main lines of the 2022 Budget of Asturias
October 28 <sup>th</sup>	Report on the Main lines of the 2022 Budgets of Aragon
October 28 <sup>th</sup>	Report on the Main lines of the 2022 Budget of Andalusia
October 28 <sup>th</sup>	Report on the Main Lines of the 2022 Budget of Cantabria
November 5 <sup>th</sup>	Supplementary Report on the Individual Evaluation of the Main Lines of the 2022 Budgets of the Local Governments (LGs)
November 19 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Asturias
November 19 <sup>th</sup>	Report on the Macroeconomic Forecasts of the 2022 Budget of Murcia
<b>STUDIES</b>	
July 1 <sup>st</sup>	Study 1: The institutionalisation of the Evaluation of Public Policies in Castile and Leon: Current Situation and Proposals
December 9 <sup>th</sup>	Study 2 Active Employment Policies in Castile and Leon
<b>OPINIONS</b>	
April 15 <sup>th</sup>	Fiscal Transparency in the General Government in Spain (TD)
<b>TECHNICAL PAPERS</b>	
February 23 <sup>rd</sup>	Independent Fiscal Institutions in the European Union
January 14 <sup>th</sup> 2022	Contribution to the European Commission's Public Consultation on the Reform of the European Fiscal Framework (TD)

## ANNEX 2 OTHER AIREF PUBLICATIONS IN THE INSTITUTIONAL FIELD IN 2021

DOCUMENTS AND CONTRIBUTIONS AT AN INTERNATIONAL LEVEL	
February 26 <sup>th</sup>	How to strengthen fiscal surveillance towards a medium-term focus?
September 24 <sup>th</sup>	EU Fiscal and Economic Governance Review: Contribution from the Network of Independent EU Fiscal Institutions
ARTICLES	
April 3 <sup>rd</sup>	Interview in the Revista Asesores Financieros EFPA
May 1 <sup>st</sup>	<i>Boletín Económico del ICE</i> 3135. Management of public resources and evaluation: an inseparable combination
May 28 <sup>st</sup>	<i>Revista Española de Control Externo</i> vol. XXIII No. 68. Public policy evaluations: let's not waste the moment
December 2 <sup>nd</sup>	<i>Cuadernos Económicos del ICE</i> No. 102. Developments and challenges of public policy evaluation in the Spanish General Government (2000-2021)
December 30 <sup>th</sup>	<i>Revista ICE</i> No. 923. Public Debt in Spain: Sustainability in a context of low interest rates and challenges for the future fiscal framework
PRESENTATIONS BY AIREF's PRESIDENT	
April 22 <sup>nd</sup>	Conference organised by the Network of Researchers on Regional Financing and Financial Decentralisation in Spain. Regional finances in the face of COVID-19: current situation and outlook for fiscal consolidation
April 28 <sup>th</sup>	Seminar of <i>Instituto de Estudios sobre la Hacienda Pública de Andalucía</i> . Challenges for the management of public finances of NGEU funds
June 22 <sup>nd</sup>	Seminar organised by the Association of Economic Information Journalists. Public finances in the aftermath of the pandemic: the country's financial and budgetary sustainability
June 29 <sup>th</sup>	Appearance before the Finance Committee of the Congress of Deputies. Report on the 2021-2024 Stability Programme Update.
September 16 <sup>th</sup>	II Symposium of the Healthcare Monitor. Efficiency of public spending: the case of healthcare
October 1 <sup>st</sup>	Sixth International Conference of Economic Policy Councils (TD)
October 14 <sup>th</sup>	Tax Workshop: EY Tax Outlook 2022

PRESENTATIONS BY AIREF's PRESIDENT	
October 25 <sup>th</sup>	Appearance before the Congress Finance Committee. Draft 2022 General State Budget and Draft Budgetary Plan (TD)
November 26 <sup>th</sup>	Conference "AIREF at the service of the General Government". Presentation of the Legal Affairs Division Presentation of the Economic Analysis Division Presentation of the Budget Analysis Division Presentation of the Public Spending Evaluation Division
November 30 <sup>th</sup>	Appearance before the Senate Budget Committee. 2022 Draft General State Budget
December 2 <sup>nd</sup>	AESMIDE annual forum. Spain in the European fiscal framework
December 9 <sup>th</sup>	ECFIN conference on the future role of IFIs (TD)

# ANNEX 3 MONITORING OF THE 2020 ACTION PLAN

2020-2026 STRATEGIC PLAN	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>1. IN-DEPTH FISCAL OVERSIGHT OF ALL TIERS OF GENERAL GOVERNMENT</b>		
<b>I Monitoring the economic and budgetary situation</b>		
a. Development of short and medium-term forecasting and projection models of macroeconomic and budgetary variables	1. Continuous review of the modelling of the main macroeconomic variables:	Implemented. This is an ongoing task
	a. Integrated very short-term forecast model (q+1 and q+2), dynamic factor model (MIPred)	Implemented. This is an ongoing task
	b. Short-term GDP forecasting model and Bayesian vector autoregressive models with exogenous variables (BVARX)	Implemented. This is an ongoing task
	c. Quarterly regional GDP flash estimate model (MetCap)	Implemented. This is an ongoing task
	d. Medium-term forecasting model based on error correction equations (MTA)	Implemented. This is an ongoing task
	2. Development of alternative econometric models based on high-frequency data for estimating GDP in the very short term	Pending. Work postponed due to lack of information
	3. Development of a model for estimating compensation per employee	Implemented
	4. Introduction, maintenance and update of a synthetic approach to estimate the output gap. Publication of the tool and preparation of a working paper	Implemented
	5. 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
	6. Maintenance and review of the models for forecasting the main revenues of the Autonomous Regions: revenue from financing system for regions under the ordinary regime, as well as revenue from the financing system for regions under the foral (provincial) regime and revenue from the Tax on Asset Transfers and Documented Legal Acts (TATDLA)	Implemented. This is an ongoing task
	7. Maintenance and review of the models for forecasting the main revenue of Local Governments, mainly the local financing system and revenue of the Provincial Councils	Implemented. This is an ongoing task
	8. Maintenance and review of the short-term forecasting models for social contributions and unemployment benefits:	Implemented. This is an ongoing task
	a. Quarterly social contribution models in national accounting terms	Implemented. This is an ongoing task
b. Monthly social contribution models in cash terms according to type of regime	Implemented. This is an ongoing task	
c. Quarterly unemployment benefit models, distinguishing between contributory and non-contributory regimes	Implemented. This is an ongoing task	

STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>1. IN-DEPTH FISCAL OVERSIGHT OF ALL TIERS OF GENERAL GOVERNMENT</b>		
<b>I Monitoring the economic and budgetary situation</b>		
a. Development of short and medium-term forecasting and projection models of macroeconomic and budgetary variables	9. Maintenance and review of the short and medium-term health and education expenditure forecasting models: extension of the contrast variables (Social Security affiliations and other monthly statistics, health expenditure questionnaires sent by the Autonomous Regions) and of the review frequency based on the previous	Implemented. This is an ongoing task
	10. Review and improvement of regional expenditure models, including preparing a correlation between budgetary and national accounting data by headings for the State	Implemented. This is an ongoing task
	11. Review and improvement of the separate estimate for the headings of revenue and expenditure of the State and Central Government Bodies, including forecasts of transfers between the State and CG Bodies	Implemented. This is an ongoing task
	12. Review and improvement of the estimate of the headings of revenue and expenditure of each one of the Autonomous Regions and of the Local Government sub-sector, integrating the results of the specific models and other projection methods	Implemented. This is an ongoing task
	13. Integration of the projections for each of the sub-sectors in a fiscal sheet for the whole General Government, by aggregating the individual data and consolidating the estimated transfers between the different agents	Implemented. This is an ongoing task
b. Development of databases and macroeconomic forecasting systems. Monitoring budgetary implementation data for all the General Government sub-sectors	1. Starting work for creating an internal database of the main fiscal variables from different sources, periodicity and accounting criteria	Postponed due to the performance of other
	2. Extension and maintenance of the internal database of macroeconomic variables	Implemented. This is an ongoing task
	3. Maintenance and improvement of the existing Local Government database	Implemented. This is an ongoing task
c. Preparation of reports, studies and opinions, as well as technical papers on macroeconomic and fiscal matters	1. Preparation of the reports provided for in AIReF's regulations	Implemented
	2. Opinion on the assessment of fiscal transparency in the General Government	Implemented
	3. Opinion on the long-term sustainability of the General Government	In progress, to be published in 2022
	4. Opinion on the cessation of activity of self-employed workers	In progress, to be published in 2022
	5. Opinion on the Minimum Living Income	In progress, to be published in 2022
	6. Public policy evaluation studies under Aim 3	Implemented
	7. Technical papers on output gap; self-assessment of forecasts, and long-term sustainability analysis	Implemented
d. Monitoring and assessment of the macroeconomic and fiscal impact of economic policy measures	1. Maintenance and update of the database of tax measures with the impact on tax collection	Implemented. This is an ongoing task
	2. Review and improvement of the impact assessment of the SSF measures, both in terms of contributions and benefits	Implemented. This is an ongoing task
	3. Monitor the materialisation and execution of the Next Generation EU Funds	Implemented. This is an ongoing task
	4. Assessment of the macroeconomic impact of the measures and reforms included in the Recovery, Transformation and Resilience Plan and assessment of the macro and fiscal impact of the medium-term consolidation strategy that might be included in the Stability Programme Update.	Implemented
	5. Development and maintenance of the AIReF macroeconomic impact assessment tool (Integrated AIReF Model)	Implemented. This is an ongoing task

STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>1. IN-DEPTH FISCAL OVERSIGHT OF ALL TIERS OF GENERAL GOVERNMENT</b>		
<b>I Monitoring the economic and budgetary situation</b>		
d. Monitoring and assessment of the macroeconomic and fiscal impact of economic policy measures	6. Incorporation of the macroeconomic impact assessment and simulation tools of the EC QUEST and OXFORD models for quantifying the impact of fiscal measures and the European Recovery Plan	Implemented
	7. Extension of the analysis on the impact of the rise in the national minimum wage	Postponed due to the performance of other actions.
e. Self-assessment of macroeconomic and fiscal forecasts	1. Technical paper on forecast errors in AIReF's macroeconomic and fiscal estimates	In progress, to be published in 2022
	2. Development of a methodology for self-assessment of internal macroeconomic and fiscal forecasts, including a real-time database	Implemented. This is an ongoing task
	3. Development of systems for evaluating the macroeconomic forecast models of the Autonomous Regions.	Implemented
f. Formulation and follow-up of recommendation subject to the "comply or explain" principle	1. Publication of the quarterly recommendations follow-up	Implemented
	2. Implementation of an internal database with the recommendations issued by AIReF together with their follow-up	Implemented
<b>II Compliance with the national and European fiscal framework</b>		
a. Analysis of the application of EU and national fiscal rules	1. Monitoring the implementation of national and EU fiscal rules, bearing in mind activation of the respective escape clauses and the guidance of EU institutions	Implemented
	2. Monitoring changes in EU and national fiscal guidance and rules that might be decided over the year.	Implemented
	3. Contribution to the requests for information on the implementation of the fiscal framework applicable to Spain	Implemented
b. Follow-up to the reform of European fiscal rules and analysis of their functioning	1. Participation in discussion forums on the reform of EU fiscal rules, both in the area of review initiatives promoted at an EU level, and within the network of IFIs.	Implemented
	2. Document with AIReF's view on the reform of EU fiscal governance and possible areas for improvement	Implemented
	3. Participation in the Working Papers of the IFI Network on medium-term fiscal frameworks; the role of IFIs; and fiscal policy in a high debt environment.	Implemented
<b>III Early warning of risks</b>		
a. Monthly follow-up of compliance with fiscal targets	1. Monthly publication of the monitoring of execution in national accounting terms of General Government and each one of the sub-sectors with the revision of the previous forecasts	Implemented
b. Definition of leading indicators and macro-fiscal risk indicators for all tiers of the General Government	1. Start of work on the definition qualification of the risk alerts on the sustainability of Local Governments	In progress. Expected to be introduced in the LG Monitor Tool in 2022
	2. Monitoring and evaluation of the synthetic models for the assessment of macro-fiscal risks for all tiers of the General Government.	Implemented
c. Analysis of other risks and their budgetary implications	1. Work on long-term health, education and social protection expenditure forecasts for their integration into the long-term sustainability opinion of the General Government	Implemented. This is an ongoing task



STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>2. ENSURE THE SUSTAINABILITY OF PUBLIC FINANCES WITH A LONG-TERM VISION</b>		
<b>I. In-depth analysis of long-term sustainability</b>		
a. Development of long-term macroeconomic, demographic and budgetary forecasts	1. Maintain and update tools for analysing long-term debt sustainability	Implemented
	2. Development of a long-term macroeconomic forecast framework	Implemented
	3. Maintain and update the methodology and tools for preparing AIReF's long-term demographic projections	Implemented
	4. Incorporation, estimation and evaluation of the long-term effects linked to COVID-19 on macroeconomic and demographic projections	Implemented
	5. Long-term debt projections, identification of the most significant risks and monitoring by quarterly updates of the Debt Monitor Tool	Implemented
	6. Development of long-term macro and fiscal forecasts for integration into the General Government's long-term sustainability opinion	Implemented . This is an ongoing task
b. Monitoring and analysing the sustainability of the General Government, in particular the Social Security system	1. Update and improvement of demographic and pension expenditure forecasts	Implemented . This is an ongoing task
	2. Discussion paper on implications for sustainability analysis resulting from the new macro-economic context characterised by low growth, low interest rates and greater uncertainty and frequency of extreme shocks	Implemented
c. Monitoring and analysing contingent liabilities and other measures with an impact on sustainability	Periodic monitoring of the contingent liabilities identified and preparation of public debt projection scenarios linked to different assumptions of the materialisation of those liabilities	Implemented . This is an ongoing task
<b>II Contribution to the definition of a sustainable fiscal strategy</b>		
a. Analysis of strategies for reaching a sustainable level of public debt	Analysis of alternative medium-term fiscal consolidation strategies	Implemented
b. Preparation of empirical studies on the impact of the various fiscal measures	Technical paper on macroeconomic impact of Spain's Recovery, Transformation and Resilience Plan	Implemented
<b>3. MAKE PUBLIC POLICY EVALUATION A CORE ACTIVITY OF AIReF</b>		
<b>I Promote the necessary policy changes to enable evaluation to be a permanent function of AIReF</b>		
a. Promotion of regulatory change	1. Amendment of the Organic Statute of AIReF (Royal Decree 215/2014) in order to incorporate the evaluation of public policies as a permanent function of the institution and to create a Division of Public Policy Evaluation	Implemented
<b>II Public policy evaluations</b>		
a. Public policy evaluations at the request of the General Government	1. Preparation, definition and start of work on the third phase of the Spending Review	Implemented
	2. Perform evaluations of the first phase of the commission of the Autonomous Region of Castile and Leon on the institutionalisation of evaluation, institutional communication and active employment policies	Implemented. The institutional communication study is in progress, within the established legal period

STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>3. MAKE PUBLIC POLICY EVALUATION A CORE ACTIVITY OF AIREF</b>		
<b>II Public policy evaluations</b>		
a. Public policy evaluations at the request of the General Government	3. Perform evaluations commissioned by the Autonomous Region of Aragon on out-of-hospital, hospital and community healthcare and pharmacy expenditure, the staff policy of the Regional Department of Education, Culture and Sport and the funding model of the University of Zaragoza	Implemented
	4. Preparation and start of the evaluation work of the commission of the Autonomous Region of Extremadura in the field of health expenditure and active employment policies	Implemented
	5. Preparation and start of the evaluation work of the commission of the Autonomous Region of Valencia on healthcare expenditure	In progress. Pending approval of the Action Plan
b. Make available the information used in the evaluations	1. Publication of interactive tools and micro-simulators on the AIReF website that allow the information from the studies to be displayed by different categories, classifications or codifications so that they may be useful to decision-making bodies, for future studies or for the general public	In progress
	2. Provide data, tables and graphs that form part of the evaluation reports in editable format	Implemented. This is an ongoing task
<b>III Evaluation monitoring system</b>		
a. Establish a system for monitoring proposals and publishing the progress made	1. Build a database with the proposals made in the studies carried out	In progress
	2. Design mechanisms for systematic and ongoing monitoring of implementation of the proposals made in the completed programme evaluations in order to promote and support their implementation. Monitor conclusions and proposals made as a result of evaluations from other institutions or in academic papers of those expenditure programmes evaluated by AIReF	In progress
b. Promote the implementation of AIReF's proposals through systems of collaboration with the General Government	1. Agree with the programme managers, or with a single partner of the evaluated public authority, on a regular follow-up to the recommendations made by AIReF	Implemented. This is an ongoing task
<b>IV Foster the culture of evaluation within the budget process</b>		
a. Promote the implementation of evaluation in the budget cycle	1. Organise a seminar on Public Policy Evaluation	Implemented
b. Budget and public policy assessments in the reports published by AIReF	1. Work on defining indicators for the policies evaluated by AIReF that can be added into AIReF's fiscal supervision and budget stability reports	Implemented. This is an ongoing task

STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>3. MAKE PUBLIC POLICY EVALUATION A CORE ACTIVITY OF AIReF</b>		
<b>IV Foster the culture of evaluation within the budget process</b>		
c. Dissemination of knowledge on evaluation methodologies	1. Publish methodological annexes of the completed evaluations	Implemented. This is an ongoing task
	2. Disseminate AIReF's evaluation experience in the different authorities, evaluation forums or sectoral meetings	Implemented. This is an ongoing task
d. Collaboration and exchange of knowledge with institutions and agencies with evaluation functions and in the academic field	Share, as a basis for discussion, the findings of the evaluations, the methodological approaches and the possible institutional framework for improving the institutionalisation of evaluation in the General Government	Implemented. This is an ongoing task
<b>4. STRENGTHEN THE PRINCIPLES OF INDEPENDENCE, TRANSPARENCY AND ACCOUNTABILITY</b>		
<b>I Strengthen the principle of independence</b>		
a. Consolidate an efficient administrative structure and multidisciplinary staff	1. Development of the selection process for AIReF's own permanent workforce	Implemented
	2. Processing of the targeted processes for the coverage of vacant positions and extension of the institution's List of Positions	Implemented
	3. Strengthen the institution's remote working organisation	Implemented
	4. Provide courses for staff in various subjects related to their jobs	Implemented
	5. Implementation of the Digital Rights Policy for AIReF's staff	Implemented
	6. Complete the external audit on computer security and planning for the adoption of corrective and improvement measures	Implemented
	7. Implementation of corrective and improvement measures arising from the 2021 external data protection audit	Implemented
	8. Incorporate the revenue model to the Tas@AIReF application	Implemented
	9. Information Security Management System - Complete 25% of third level documentation (STIC operating procedures/Technical Instructions)	Implemented
	10. Training/awareness: organise at least one training and awareness-raising session for AIReF IT users	Implemented
	11. Security incidents: zero security incidents in the assets of the Evaluation Unit	Implemented
	12. Virus/malware: fewer than three cases of virus infection in AIReF's workstations	Implemented
b. Development of tools for sharing information and institutional relations with the General Government	1. Create legal instruments to encourage the exchange of information and the processing of large databases of other public authorities by AIReF	Implemented
	2. Implementation of a document management system	Implemented
	3. Implementing a new information structure for performing evaluation studies commissioned by other public authorities	Implemented
c. Ensure a financing and budgeting system for AIReF's activity that is consistent with its necessary functional autonomy	1. Implementation of the precise arrangements for the collection in the execution period of the amount of the fee not paid by the General Government in the voluntary period	Implemented
	2. Invoicing and carrying out arrangements for collecting the public fees accruing for the conduct of the studies	Implemented
	3. Preparation, as the case may be, of the preliminary draft budgets for 2022, including the precise expenditure and investment items to ensure the proper discharge of its tasks by the institution	Implemented

STRATEGIC PLAN 2020-2026	2021 ACTIONS	WORK CARRIED OUT AT 31/12/2021
<b>4. STRENGTHEN THE PRINCIPLES OF INDEPENDENCE, TRANSPARENCY AND ACCOUNTABILITY</b>		
<b>II Strengthen the principle of transparency</b>		
a. Publication of documents and recommendations. Make all of AIReF's analysis tools available on the website.	1. Promote transparency in other public authorities: identify improvements in the provision of information and promote access to data	Implemented. This is an ongoing task
	2. Publication of recommendations through a simple and visual tool to transmit the information	In progress. Publication is expected in 2022
	3. Start of work for publication of the Monitor Tool for fiscal and macro data of the Autonomous Regions	Implemented
	4. Improvement of the Local Government Fiscal Data Monitor by adding the possibility of making comparisons between similar entities	Implemented
	5. Multi-channel dissemination of publications. Renovation of the website's homepage and inner pages	In progress
b. Increase the predictability of actions and publications	Creation of a webspace with an agenda for publications	Implemented
c. Collaboration and participation in forums with universities, experts and agencies in matters under AIReF's remit	1. Modification of the annual scholarships programme to include remote training programmes	Implemented
	2. Participating in seminars and conferences in areas under AIReF's remit. Organisation of technical seminars or sessions	Implemented
d. Presentation of AIReF's work to the non-specialised public	1. Generate multimedia content, factsheets and other material to facilitate dissemination. Presence in the media and forums of the different Autonomous Regions	Implemented
<b>III Strengthen the principle of accountability</b>		
a. Appearances before Parliament	1. Publication on the website of the President's appearances and informing the media	Implemented
b. Establishment of an Advisory Council	1. Formalisation of the new Advisory Council: selection of members and start-up	Implemented
c. Monitoring recommendations of external evaluations on AIReF and promotion of new ones	1. Publication of the follow-up to the external evaluations to which AIReF's activity may be subjected	Without effect
d. Collaboration with European institutions, international organisations and other Independent Fiscal Institutions	1. Participation in the IFI networks of the EU and the OECD	Implemented
	2. Continued collaboration with EU, IMF, ECB and OECD institutions	Implemented
	3. Provide information to the European Commission, the EFB (European Fiscal Board) and other institutions with responsibility for economic and budgetary analysis	Implemented
	4. Participation in the EU's IFI network activities and bi-annual publication of the European Fiscal Monitor	Implemented



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