

Annual Report 2022 and Action Plan 2023

AIReF WILL FOCUS ON THE MEDIUM-TERM IN 2023 AND CONTINUE TO STRENGTHEN ITS GUIDING PRINCIPLES

- The Independent Authority for Fiscal Responsibility will publish an Opinion on the long-term sustainability of public administrations, a simulator and medium-term scenarios for the Autonomous Regions
- It will participate in discussion forums on the reform of fiscal rules in the EU and will replicate the methodology proposed by the Commission for projecting debt scenarios
- It will promote accountability by initiating work on a new external evaluation and will promote transparency with interactive tools to consult its proposals and recommendations
- It will publish the second Minimum Income Scheme Opinion, the last phase of the *Spending Review 2018-2021*, start work on the *Spending Review 2022-2026* and continue with the regional assessments
- In 2022 AIReF insisted on the need for a medium-term fiscal strategy, paid special attention to anti-crisis measures and continued to make progress in the configuration of the Evaluation Division
- AIReF was recognised as the most transparent public body in Spain and Cristina Herrero was awarded the Tintero prize by economic journalists for her reporting work

The Independent Authority for Fiscal Responsibility (AIReF) published today on its website the 2022 Annual Report and the 2023 Action Plan, which details the third year of activity taking place under the 2020-2026 Strategic Plan, published on 25 September 2020. In 2023 AIReF will be focusing on the medium term and will continue to reinforce its guiding principles: independence, transparency and accountability.

In 2023 the fiscal rules are still suspended, but the EU is moving towards a new fiscal framework that will require medium-term fiscal plans and debt reductions from 2024. In this context, AIReF is presenting an Action Plan that takes this context into account and focuses on the medium term.

AIReF will publish an Opinion on the long-term sustainability of the general government sector to meet the strategic objective of ensuring the sustainability of public finances with a forward-looking view. In the Opinion, AIReF will update the institution's previous pronouncements on the sustainability of the Social Security system and will include long-term macroeconomic and fiscal forecasts as well as the analysis of public debt that it already carries out. The institution will also publish a long-term sustainability scenario

simulator on its website and will draw up medium-term scenarios for the different autonomous communities.

In 2023 AIReF will continue with its work of in-depth fiscal supervision of all levels of general government through the monitoring of the economic and budgetary situation and will publish reports on the budget cycle if the budgetary milestones that justify them materialise. Evaluation will continue to consolidate its position as one of AIReF's main activities. In 2023, the institution will publish the second Opinion on Minimum Income Scheme, the last phase of the *Spending Review 2018-2021* and regional assignments for Extremadura and Navarre. AIReF will also start work on the *Spending Review 2022-2026* and will continue to work on other assignments for the Autonomous Regions.

In addition, the institution will prepare a new Opinion on possible improvements in the budget cycle, identifying weaknesses in the process and making proposals for improvement. It will also republish its medium-term scenarios and assess the macroeconomic impact of the measures and reforms included in the Recovery, Transformation and Resilience Plan (RTRP).

In 2023 AIReF will take part in discussion forums on the reform of fiscal rules in the EU, it will conduct an analysis to replicate the methodology used by the European Commission in its assessment of fiscal sustainability to project stressed scenarios for the evolution of public debt, and it will take part in the assessment of the network of IFIs on the Commission's reform proposal, among other actions.

Strengthening the guiding principles

Throughout the year AIReF will also carry out various actions to further strengthen its guiding principles: independence, transparency and accountability. To reinforce independence, it will consolidate an efficient administrative structure and a multidisciplinary staff team, and it will ensure a funding and budgeting system that is in line with its necessary functional autonomy.

To reinforce transparency, AIReF will develop new interactive observatories for consulting the recommendations it issues to the public administrations in its reports and the findings and proposals of its evaluations. It will also develop a new monitor for monitoring changes in the labour market and will maintain and expand other AIReF's tools, such as the regional government observatory created in 2022 and the local government observatory. To boost accountability, the President will continue to appear before the Spanish Parliament and will renew the Advisory Council. Furthermore, in 2023 work will begin on an external evaluation of the institution, as was done in 2018.

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2022 was a year of intense activity for AIReF in which AIReF's supervisory work was even more important due to the suspension of the fiscal rules. In addition, Europe demanded special attention to sustainability in countries with high debt, such as Spain.

AIReF insisted on the need to define a medium-term fiscal strategy to reduce debt. It also pointed out the importance of the reference rates for general government being feasible but demanding and recommended avoiding permanent measures to reduce revenue or increase expenditure that do not have structural funding. It also identified

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weaknesses in the procedure for endorsing economic forecasts and recommended earlier involvement of AIReF in the budget cycle.

In 2022 AIReF also faced the challenge of estimating the impact of the RTRP by developing its own methodology. And it paid special attention to the measures that have been adopted to tackle the crisis, assessing the degree of targeting and recommending their evaluation.

The institution took important steps to consolidate its evaluation work, making progress in setting up the new Evaluation Division. In addition, the activity of this division was very intense throughout the year, with publications such as the first [Minimum Income Scheme Opinion](#), the evaluation of [FONPRODE](#) and several studies requested by the autonomous communities (Aragon and Castile and Leon). In addition, work began on the third and final phase of the *Spending Review 2018-2021*, which will be published in 2023, the Action Plan for the first phase of the *Spending Review 2022-2026* was prepared in compliance with the commitment made by the Government in the RTRP, and progress was made on other regional studies, which work will continue this year.

In parallel to its supervisory and assessment activity, AIReF produced new publications and developed tools that, as mentioned in the Action Plan, will be continued in 2023. It published its medium-term forecasts for the first time to confirm the importance of forward-looking planning. In addition, it also published for the first time an [assessment](#) of the mistakes made in the macroeconomic and fiscal forecasts since 2015. It also developed analytical tools such as the [Observatory of Autonomous Communities](#) and updated the [Observatory of Local Corporations](#) with new information, such as the effective cost of services.

Awards in 2022

In 2022 AIReF was recognised as the [most transparent public body](#) in Spain by the Council for Transparency and Good Governance. The entities that are the subject of the Transparency and Good Governance Council's report are the Bank of Spain, the National Securities Market Commission, the Nuclear Safety Council, the Spanish Data Protection Agency, the National Markets and Competition Commission and AIReF. In addition, the president, Cristina Herrero, [received the 'Tintero' prize](#) awarded by the Association of Economic Information Journalists (APIE) for her informative work at the head of the institution.