



Independent Authority
for Fiscal Responsibility

AIReF's External Review: follow- up

10th Annual Meeting of the OECD Network of PBOs and IFIs
Seoul, 3-4 July 2018
José Luis Escrivá

Ex ante:

at least 5 reasons for an external evaluation of AIReF



Ex post: what has been AIReF's response to the external evaluation?

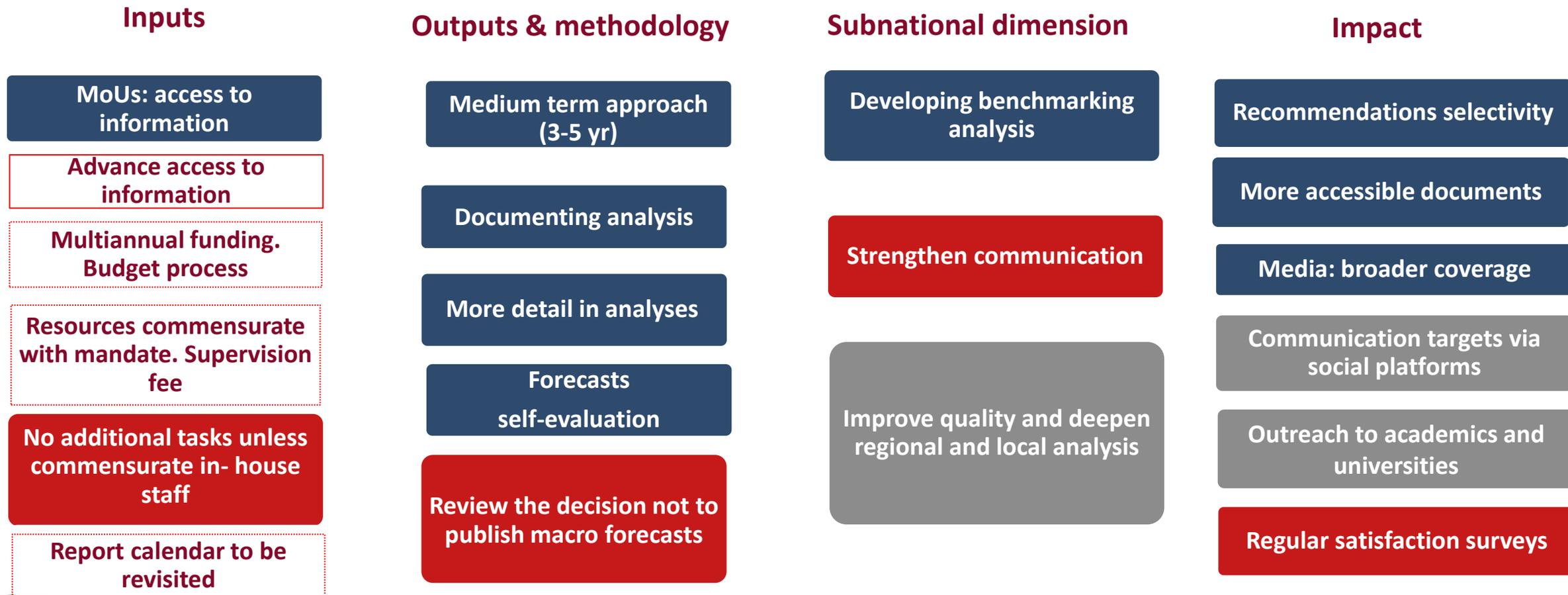
❑ CoE: transparency/accountability exercise:

- AIReF's own CoE response was first discussed with AIReF's Advisory Council
- Recommendations presented in Madrid by the OECD and 2 discussants (Robert Chote and the now BoS governor). 4th April
- CoE adopted by our Executive Committee
- Publication of [AIReF's CoE on our website](#)

- ❑ **2015-2020 Strategic Plan revised:** to incorporate the recommendations. Concrete measures included in AIReF's annual plans
- ❑ **Parliament:** hearing before the Budget Committee of the Congress, 9th May and hearing of the President of the Court of Auditors on AIReF evaluation, 16th May

AIReFs' CoE response: a snapshot and big numbers

- ❑ Followed/to be complied by AIReF: 16/20 (in blue or grey)
- ❑ Explained: 4/20 (in red)
- ❑ 4 not directly issued to AIReF (in white boxes)



Recommendations explained- reasons

No additional tasks unless commensurate in- house staff

Practice applied by AIReF

- Only occasional & duly justified (complete analysis capacity with very specific needs)
- Work control maintained
- SR case- in- house staff + BoS staff + outsources activities + scientific advisors + project coordinators. Open to drawing conclusions at the end of the project

Review decision not to publish macro forecasts

Strategic decision given current AIReF's mandate

- Not to compete with other economic forecasts (especially the official ones)
- Focusing on uncertainty as opposed to point estimates
- Sensible for AIReF's given current supervisory model - "endorsement" functions
- Open to reconsideration should medium-term NPC scenario among AIReF's tasks

Strengthen communication at subnational level

Already intense

- Individualized reports to regional media
- Streaming with local media
- Participation in regional events

Regular satisfaction surveys

To be considered for the next round of external evaluations

- Prior input to future external evaluations
- AIReF's review akin to a satisfaction survey

Recommendations issued to other administrations

**Multiannual funding
Budget process**

Partially complied with by other administrations

- AIReF's statute amended to treat its budget in the same manner as other independent bodies
- Multiannual - AIReF ready to provide analysis

**Resources commensurate
with mandate
Supervision fee**

Partially complied by other administrations

- Staff expansion in response to the spending review
- Fee increase with effect from 2019

**Advance access to
information**

Included in our drafting proposal for MoUs on information

**Report calendar
to be revisited**

Recommendations followed: some examples and progress to date

MoUs: access to information

Integrated into the revision of the 2015-2020 strategic plan. Renewed efforts by AIReF:

- Drafting new proposals for MoUs with MoF and Ministry of Economy
- Direct access to databases (or periodic transfers, especially local level)
- Collaboration agreement with the Bank of Spain (July 2017)

Medium term approach (3-5 yr)

Integrated into the revision of the 2015-2020 strategic plan. Working:

- No policy change scenarios. AIReF ready should there be a request/mandate change
- Cyclical position analysis
- Systematization of medium-term sustainability risks

Recommendations selectivity

Working on:

- Redesigning database to facilitate statistical monitoring and more effective application
- Reconsidering criteria for classifying the recommendations, in particular those repeated
- Integrating deadlines according to the nature and complexity of the recommendations
- Continue to maintaining a selective strategy in the formulation

Recommendations followed: some examples and progress to date (ii)

Developing benchmarking analysis at subnational level

Integrated into 2015-2020 revised strategic plan

- Regional healthcare and education expenditure analysis already begun. Plans to expand to social services
- Local Government fiscal databases (including effective costs for provision of services) that allows a comparative analysis already completed (19june) Next steps: risk alert indicators, benchmarking tools

<http://www.airef.es/ccll-lab>

- SR of policies with sub-national level competences requires benchmarking techniques to identify efficient frontiers. Non-hospital pharmaceutical expenditure and active labour market policies analysed in 2018

Documenting analysis

Greater connection with the AIReF website's graphic platform

- Public debt observatory

<http://www.airef.es/observatorio-de-deuda>

Main take-aways/lessons

Evaluation team & approach
key for a successful review

- ✓ OECD + IFIs experts: good combination
- ✓ Country specific approach

Useful exercise
for AIReF

- ✓ Already visible outcomes: AIReF's statute amended with improvements in terms of information access, budget process and CoE
- ✓ Increasing awareness among policy-makers and political parties of AIReF's role- useful institution for all
 - Paving the way for consolidating the institution and future reforms if necessary

AIReF is a singular institution
among its peers

- ✓ Broad mandate due to institutional reasons (decentralized country) and growing on an ad-hoc basis.
- ✓ Evolving institution: from mainly a fiscal watchdog to an advisory entity
 - SR + increasing commissioned studies
 - Other potential functions not to be ruled out: NPBs
 - Need for legal changes even already in the short term



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