



Independent Authority  
*for* Fiscal Responsibility

## **RELATIONS WITH OTHER OFFICIAL INSTITUTIONS**

Annual Meeting of OECD PBOs & IFIs  
Vienna, 16-17 April 2015

# AIReF MAIN FEATURES

## A YOUNG INSTITUTION

Legally created in Nov-2013.  
Fully operative since Sept-2014.  
Still much to learn about  
↓  
2014 Madrid Workshop

## AND A VERY WIDE SCOPE

*"AIReF shall perform its duties for every level of the general government"*

## WITH A BROAD MANDATE

*"Ensure effective compliance with the budgetary stability principle"*

=

Independent assessment and monitoring of ALL the stages of the budgetary cycle

# AIReF

which in the Spanish case includes

**Central Government:** State + central administration bodies

**Social Security Funds**

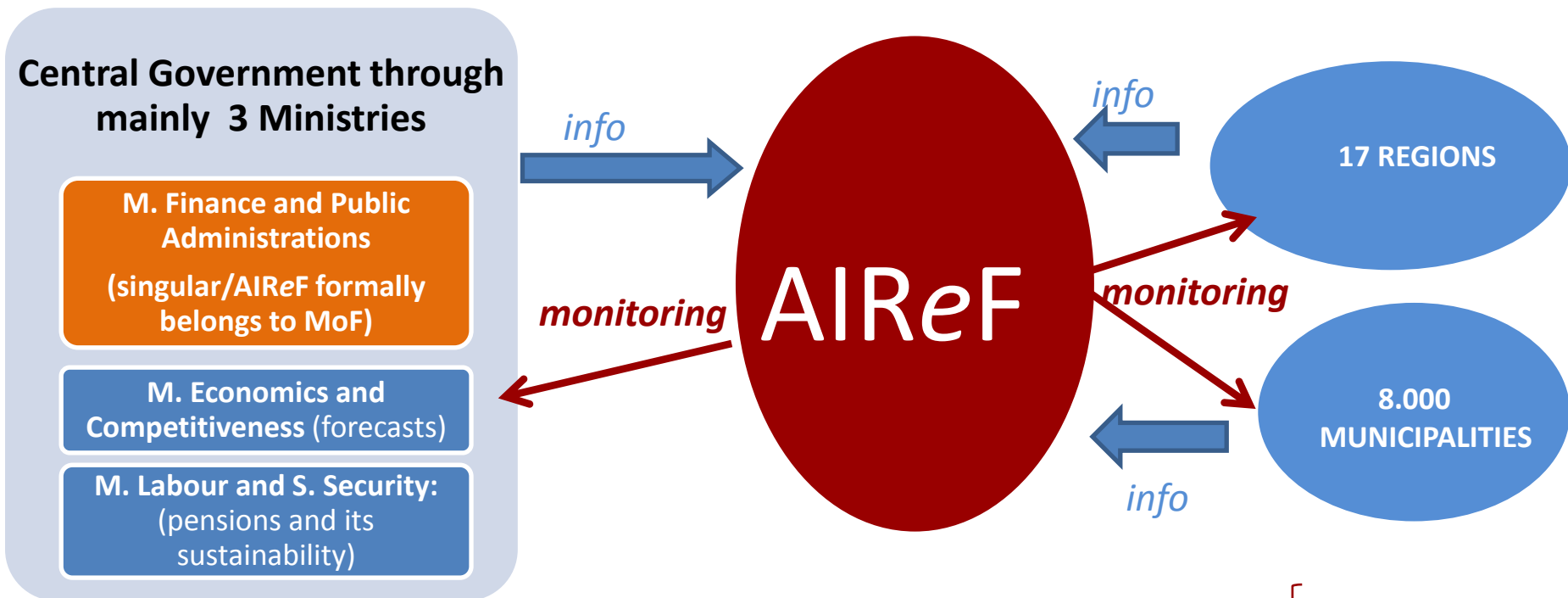
**Autonomous Regions**

**Local governments**

**A young institution in a highly decentralized country**

# Implies a variety of official institutions to relate with.....

❖ Those under the subjectivity scope of AIReF's activity/ a dual relationship:



- ❖ **Coordination bodies** between subnational and central government. { Regions- FFPC  
Municipalities- NLAC
- ❖ **Technical Committee on National Accounts** { NSO  
BoS  
IGAE
- ❖ **Parliament-** AIReF President shall appear at least twice a year.



# .....making AIReF's tasks more complex: need for some general guidelines to ensure smooth relationships

**Be  
predictable**

## **With a clear planning:**

Medium -Term Strategy 2015-2020  
Annual Action Plan 2015  
Stocktaking Annual Report 2014  
Clear output's timetable

## **And close dialogue:**

Publishing the methodology of reports well in advance  
Whenever possible, submit draft reports before publication for gross errors

**Be  
credible**

## **With sound analysis:**

Right model choice: depends on the aim and time frame  
Robustness checks  
Risk assessment

## **Peer review on analytical outputs:**

By other IFIs and academics  
Advisory panel: recently set up

**Be  
transparent**

## **Wide dissemination policy:**

Assumptions, data, research papers  
Allow replicability of results

## **Towards a modern communication strategy**



# AIReF's MAIN CHALLENGES

## CHALLENGES

## LESSONS FROM MADRID WORKSHOP

### INFORMATION ACCESS

- It needs to be backed by strong **legal mandate**.
- MoU can help but **goodwill** is essential.
- Need to **gain trust** from data providers.

### ENSURING EFFECTIVE INFLUENCE

- **“Comply or Explain” principle** is a **powerful tool**
  - But **operational problems** because not clearly defined
  - It should be **transparent**: public dialogue
  - **Recommendations** follow-up.

### COMMUNICATION STRATEGY

- **Key for transparency**
- **Effectiveness**
  - Measure your impact and stakeholder’s perception
  - Meet your clients during quiet times
  - One voice to avoid noise
- **Take care of formal aspects**
  - Avoid language barrier
  - Tailored to stakeholders
  - User friendly analysis tools



# INFORMATION ACCESS

| LEGAL PROVISIONS   | PROBLEMS   | SOLUTIONS  |
|--|--|--|
| <p><b>General:</b> all levels of government shall cooperate</p> <p><b>Specific requests</b> by AIReF</p> <p><b>Finance Ministry:</b> data, papers and procedures</p> | <ul style="list-style-type: none"> <li>Information provided is in fact already public</li> <li>Too much information classified as ancillary</li> <li>Not always available electronically</li> <li>Late submission</li> </ul> | <p>Information flows and procedures further developed in a <b>Ministerial Order</b>. But <b>still to be approved</b>.</p> <p><b>Legal tools in case of non-fulfillment of the obligation to collaborate:</b></p> <ul style="list-style-type: none"> <li>Public <b>warning</b> on AIReF's website</li> <li>If serious or repeated non-compliance, <b>AIReF informs the government</b> (in order to apply the sanctioning mechanisms foreseen in Spanish regulation) and the <b>Parliament</b></li> </ul> <p><b>New regulation</b> setting up <b>clear deadlines</b> for each report (quarterly update).</p> |
| <p><b>Main Channel:</b> Single Contact Point for Economic and Financial Information (SCP) within the MoF</p>   | <p>Very restrictive interpretation</p>   | <p>Widening the data set of the SCP</p> <p>Improving bilateral dialogue</p>  |
| <p><b>Technical Committee on National Accounts</b></p>   | <p>Initial reluctance to provide information</p>   | <p>More positive attitude following Parliamentary appearance of AIReF's President (March 15)</p>   |



- ❖ A **huge challenge** in a decentralized country.
- ❖ Need to **optimize internal resources**.

## *The particular case of local administrations*

- This **subsector meets the fiscal** target at aggregate level but not individually.
- **AIReF is obliged to identify risk of non- compliance** (ex- ante surveillance).
- **Hard** task with 8,000 municipalities.
- **Solution:**
  - Developing an **scoreboard system** to early detect those municipalities with potential problems.
  - **If thresholds are exceeded AIReF informs the MoF** to make an in-depth assessment of the municipality concerned and conclude whether the risk certainly exists and requires measures.

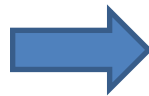
# “COMPLY OR EXPLAIN” PRINCIPLE

- ❖ AIReF **performs its duties through** its reports, opinions and studies. Their **publication** is instrumental to be effective.
- ❖ But **AIReF’s influence is reinforced by the CoE principle** (*foreseen by law*).
  - *It applies to all mandatory reports.*
  - *If a public administration ignores AIReF recommendations, detailed reasons for this decision must be provided and report shall be included in the appropriate file.*

## ***Initial implementation somewhat disappointing***

### **PROBLEMS**

- **Too many** recommendations issued?
- **Lack of culture** of constructive dialogue
- Too **restrictive interpretation** by public administrations
- **Legal provisions** are too general



### **SOLUTIONS**

- **Wiser and more selective** choice of recommendations.
- Enhancing **dialogue**
- **Double follow-up**



## ¿Too Many Recommendations?

| Topics                | Recommendations on information | Recommendations on the subject | Draft Opinions | Good Practices Guidelines | TOTAL     |
|-----------------------|--------------------------------|--------------------------------|----------------|---------------------------|-----------|
| Budgetary Stability   | -                              | 11                             | 1              | 2                         | <b>14</b> |
| Fiscal Sustainability | 1                              | 1                              | 1              | 1                         | <b>4</b>  |
| Expenditure Rule      | 1                              | -                              | -              | 1                         | <b>2</b>  |
| Budgetary Procedures  | 4                              | -                              | 1              | 10                        | <b>15</b> |
| Transparency          | 4                              | 4                              | -              | 21                        | <b>29</b> |
| <b>TOTAL</b>          | <b>10</b>                      | <b>16</b>                      | <b>3</b>       | <b>35</b>                 | <b>64</b> |



# A DOUBLE FOLLOW- UP

## ❖ Implementing a new **AIReF Regulation clarifying:**

### ✓ The **nature of recommendations**. 3 types:

- **Limitations to the scope:** insufficient or late information submission.
- **Recommendations on the object** of the report.
- **Best practice** guidelines.

### ✓ The **follow-up procedure** with specific deadlines:

- **AIReF will require an answer** by the administration concerned within 1 month.
- **In case of compliance** with AIReF's recommendations: information on the measures adopted or to be adopted shall be provided.
- **In case of non-compliance**, the reasons shall reported to AIReF.

## ❖ Closer **public follow-up of recommendations:**

- ✓ **On AIReF's website:** compiling the situation and therefore the response by the public administration.
- ✓ **Quarterly update** starting in March15.





Independent Authority  
*for* Fiscal Responsibility