



Rationalisation of Public Sector spending: proposals and lines of action

1.	Introduction	3
1.1.	Fiscal consolidation requires the public authorities to adopt mechanism	4
1.2.	Which will require a threefold commitment.....	5
1.3.	Afi'vision of the Consolidation Plan	6
2	Action on the spending of the General Administration	7
3.	Reestructuring of Dependent Public Sector Bodies	11
4.	Valuation and monetisation of assets	14
5.	Systems for control and monitoring of spending	17
6.	Timetable	19
7.	Contact	21

1. Introduction

1.1 Fiscal consolidation requires the public authorities to adopt mechanisms



- It is necessary to have an austerity plan that **GUARANTEES** that we will meet the budgetary stability targets:

Generating real savings
in spending



Actions on the spending of the
administration and the bodies
dependent on it

Enhance the value of
the community's assets



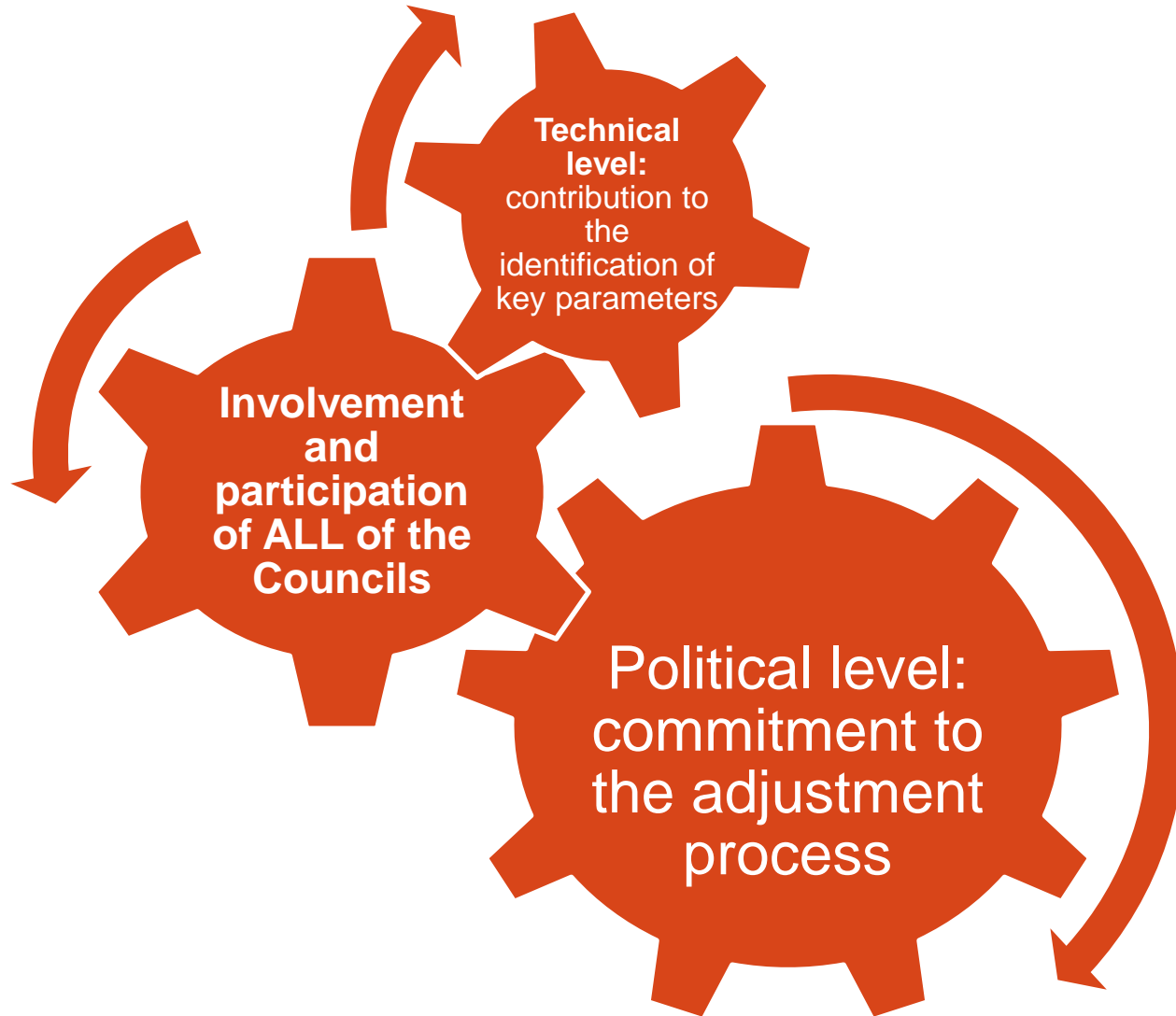
Asset sales

Improving efficiency

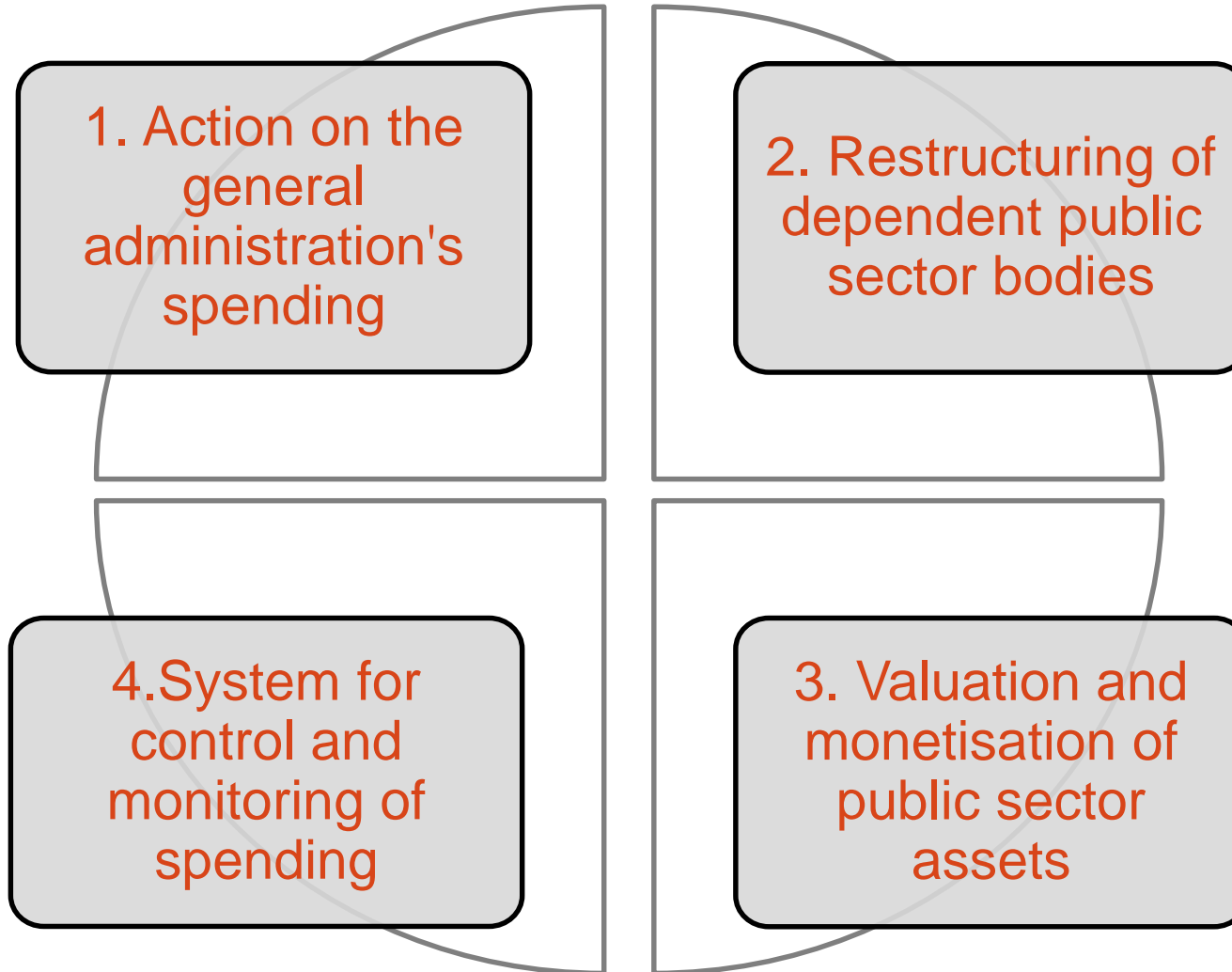


Control and monitoring of spending

1. 2 Which will require a threefold commitment...

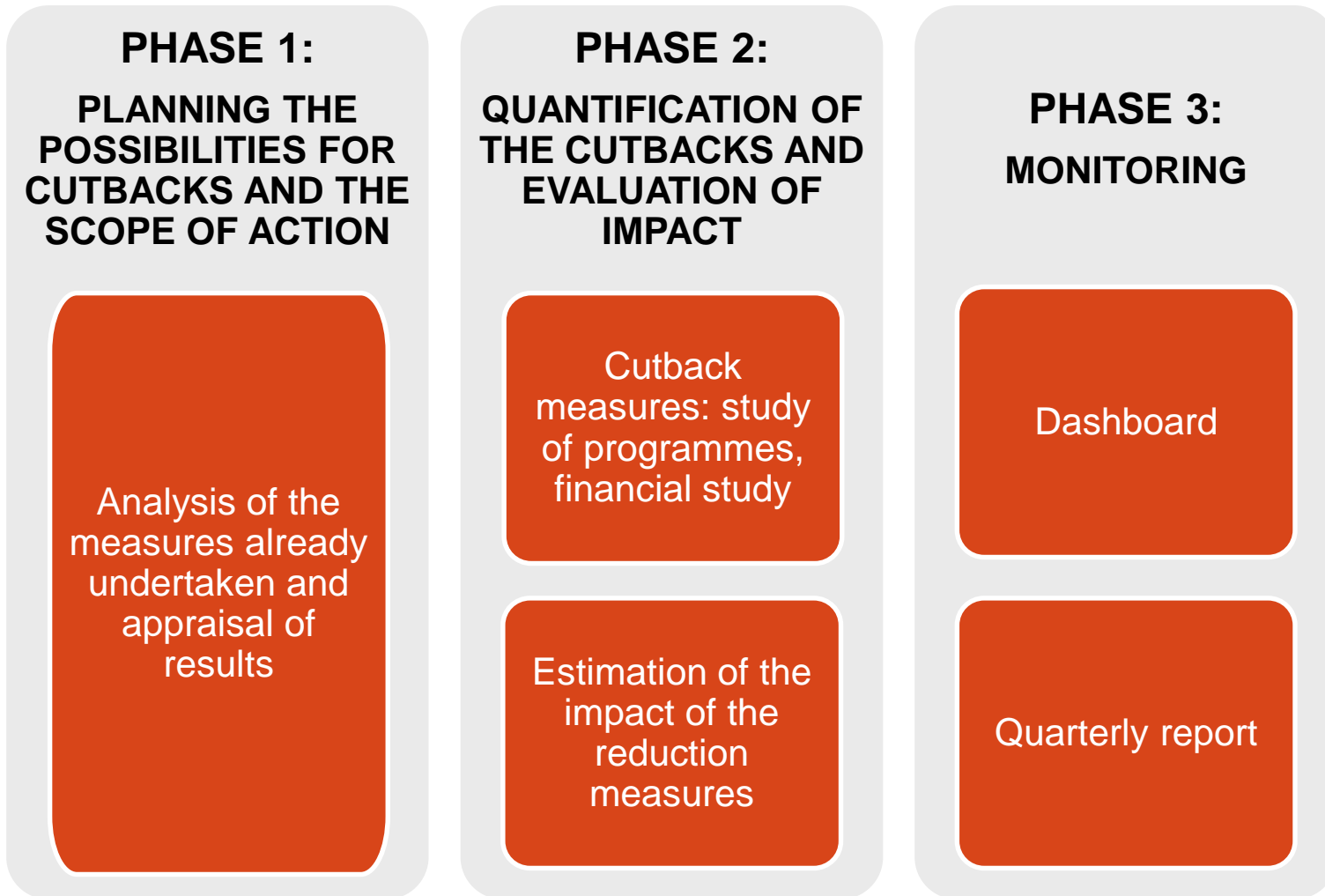


1. 3 AFI'S Vision of the Consolidation Plan



2. Action on the Spending of the General Administration

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Analysis of the measures already undertaken and appraisal of results

- **Identification.**
- **Appraisal of results** in terms of savings obtained
- **Projection until 2014 of the savings generated.**
- **Appraisal with respect to the deficit targets.** Are the measures taken sufficient? What degree of implementation is necessary?

Cutback measures: study of programmes, financial study

- **Identification of cyclical spending** (strategy of progressive elimination)
- **Collaboration between administrations.**
- **Purchasing** (maintenance, rents, energy efficiency, centralised purchasing, etc.)

Analysis from two angles:

- **Financial:** evaluation of tendencies and comparison with other authorities.
- **By Programmes:** evaluation of programmes with a higher proportion of structural spending.

Estimation of the impact of the reduction measures

- Budgetary **programmes restructuring proposal.**
- **Estimation of potential savings.**
- **Proposals for budgetary exchange** between programmes (smaller budgetary impact and potentially similar results), **susceptible to cancellation or postponement.**
- **Proposals to improve efficiency** in the programmes analysed that would maintain their budget.

2. Action on the Spending of the General Administration

Dashboard

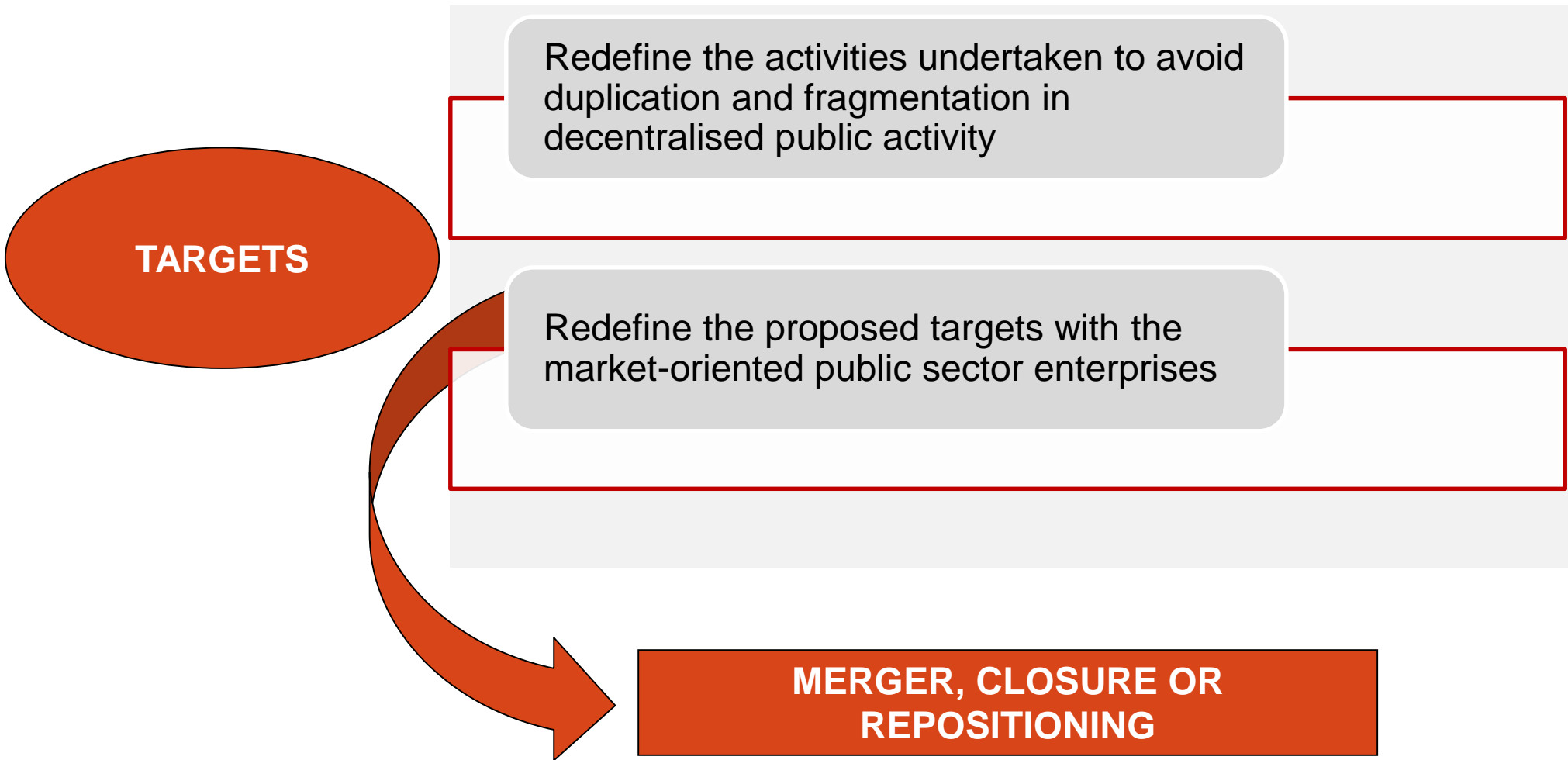
- Elaboration of a **dashboard with monitoring indicators for the Plan** for Restructuring Spending. It will be essential to monitor:
 - Compliance with targets
 - Trends in cyclical spending compared with the simulation
 - Application of cutbacks and efficiency measures in structural spending.
- It is not only the indicators that will be defined, but also the source of the relevant data, responsibility for the indicator and frequency of the information to be provided.

Quarterly report

- Given that the central government's monitoring of the Spending Restructuring Plan will be quarterly, **an ad-hoc report will be produced with a statement of the measures applied and the results obtained to date.**

3. Restructuring Of Dependent Public Sector Bodies

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DIAGNOSIS

- Identification of **aims and activities of each unit**
- Group by activity
- **SWOT** of dependent public sector bodies
- Analysis of the corporate public sector:
 - Financial analysis
 - Analysis of efficacy, efficiency and productivity
 - Commercial analysis
 - Labour analysis
 - SWOT Analysis
- **Proposals for realignment and restructuring**

- Estimate the current net balance of profits and costs of each organisation.
- Evaluate the proposal's contribution to the improvement of the region's social and economic welfare.
- **Specific analysis of the budgetary impact** (in terms of costs and future savings) **of the proposal.**

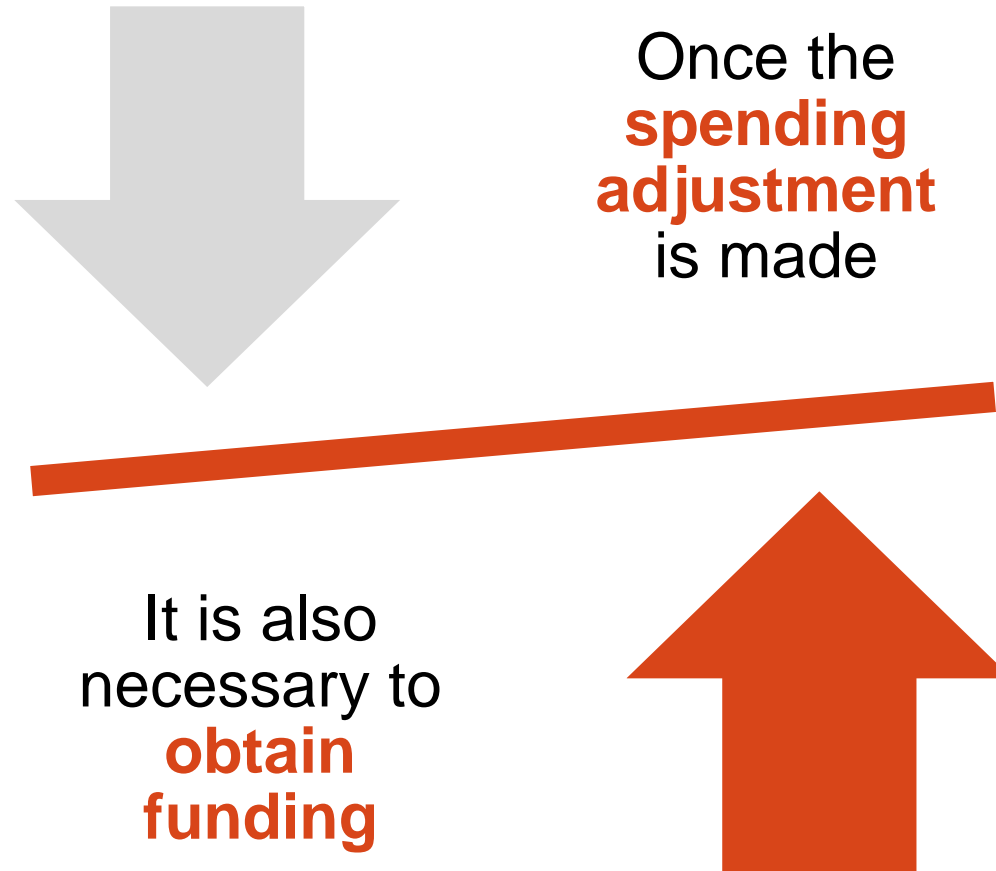
VIABILITY ANALYSIS

STRATEGIC RESTRUCTURING PLAN

- Consensus on the restructuring proposals analysed in terms of profitability, efficiency, value added, budgetary impact (quantification of savings), etc.
- **Definition of the Plan in terms of the time frame for its application and targets set.**

4. Valuation and monetisation of assets

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DIAGNOSIS

- Identification of **assets and valuation**

- Proposals:
 - Sale of assets (public housing, administrative buildings, publicly-owned companies...)
 - Capitalising on existing infrastructures
 - Lease-back
 - Concessions

ESTIMATION OF POTENTIAL INCOME

LAUNCH

- Consensus on the proposals analysed
- Legal design of the operations and preparation of the tender documents
- Financial viability analysis
- Possible modifications of the legal framework

5. Systems for control and monitoring of spending

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REVIEW OF SPENDING CONTROL PROCEDURES

INTERNAL TRANSPARENCY

Analysis of the current systems for the control and monitoring of spending, providing a **full picture of the spending situation** in each moment
(obligations recognised and not recognised)

EXTERNAL TRANSPARENCY

Proposals to **promote confidence** and the credibility of the regional government's budgetary and financial situation, both with regard to **investors** and to **citizens**

6. Timetable

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PHASE 1: Diagnosis

- Assessment of the measures contained in the Federal Expenditures Budget put into practice and estimation of their impact.
- Valuation of the assets of the community
- Study of the dependent public sector

PHASE 2: Proposals

- Definition of the Savings measures of the Consolidation Plan
- Proposal of monetisation and valuation of the assets
- Proposals for the reorganisation of the dependent public sector
- Work groups and consensus on proposals

PHASE 3: Commencement

- Preparation of a control panel to examine the monitoring of the Austerity Plan
- Preparation of the documentation necessary for the reorganisation of the dependent public sector
- Preparation of the documentation necessary for the monetisation of assets

Throughout the process

Promotion of TRANSPARENCY: Review of spending control procedures

7. Contact

3. Contact

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