

## MINUTES

### SENIOR BOARD MEETING No. 41, 23 June 2020

The five members of the Senior Board held their fortieth first formal meeting on the 23 June 2020. The event took place by videoconference and started at 15h30m. All members attended: Nazaré Costa Cabral, who chaired, Paul De Grauwe, Miguel St. Aubyn, George Kopits and Carlos Marinheiro. Luis Centeno, head of staff, was also present.

#### 1. Approval of Minutes of Meeting No. 40, held on 23 January 2020

The minutes were approved.

#### 2. Discussion on the Amendment to the State Budget for 2020 (“Orçamento Suplementar”)

The Board Members made some remarks on the issues and problems that the 2020 budgetary process is raising. The Stability Programme presented in May did not include a macroeconomic scenario, nor did it include a fiscal scenario. Therefore there was no endorsement process of the non-existing macroeconomic forecasts of the Stability Programme. The COVI-19 pandemic lead to the presentation of a Supplementary Budget for 2020 that is now being discussed at the Parliament.

The CFP will present a report on the Supplementary Budget, although there are some information issues still open. It should be stressed the fact that the new underlying macroeconomic scenario has not been submitted to the CFP for endorsement.



A significant increase in expenditure and a reduction in revenue is now being forecasted by Government due to the COVID crisis, which imply a return to a large budget deficit and a substantial increase on the debt value and ratio to GDP. In 2019 Portugal a small budget surplus.

Altogether there are serious transparency issues in the Budget Amendment documentation that cannot all be justified by the pandemic situation, even if the public health issues and its economic consequences have created a very unusual situation for any government.

The Members agreed that CFP must produce a public statement about the transparency issues and the side-lining that the Portuguese IFI has been subjected during all this process, not only by the Government but also by the Parliament.

Beside the formal and procedural issues of the process there are also some material issues that must be noted. On one side there is an apparent optimistic bias in the macroeconomic scenario vis-a-vis the most recent official forecasts. On the other side, the costing of the COVID-19 related measures is quite insufficient not allowing for the assessment of the economic and budgetary impacts of the large number of measures adopted to contain the health crisis and to stabilize the economy.

The Board had a deep discussion about the present situation and outlook having in mind the known forecasts and what should be presented in the forthcoming report about the Supplementary Budget.

Despite the non-activation of the endorsement procedure of the macroeconomic forecasts, the CFP will comment on the risks of the macroeconomic scenario.

### **3. Appointment of the new Head of Staff**

The actual Head of Staff has presented his resignation from the post as a consequence of the termination on his request of the contract with the CFP.

On this occasion the Chair proposed a vote of recognition to Luis Centeno for the important work he has done in the CFP almost since its inception. This has been unanimously approved by the Members of the Board.

Luis Centeno has presented his reasons to the Board, stressing that they are of personal nature related to an opportunity of development of his professional career and there are no problems of any kind with the Institution or any of its members.

The Board has discussed the possible candidates to the post from the staff. After consideration, the Board has decided to appoint Luis Cracel Viana as the new CFP's Head of Staff.



#### **4. Other issues**

The Chair addressed the ongoing process of amendment of the Budget Framework Law where there are some changes to the role of CFP in Significant Deviation Procedure, among other major changes to the law. The CFP was not consulted by Government regarding the amendment it is proposing to Parliament. The Board agreed that the CFP will produce an opinion to be published and sent to the Parliament.

The Chair also informed the Board that a new calendar for the Conference foreseen for Porto has not yet been found since it will be maintained as a conventional presential conference if circumstances allow for it. The NOVA conference will be transformed in a Webinar to take place in October in a date to be defined.

With no other issues to be discussed the meeting was closed.