Senior Board Meeting No. 66 Minutes

14/07/2025

On 14/07/2025 the Portuguese Public Finance Council (CFP) Senior Board met at CFP premises. All five Board members attended: Nazaré da Costa Cabral (President and Chair), Lorenzo Forni (Vice-President), Patrícia Semião (Executive member), Noémia Goulart (Non-executive member), and Evi Pappa (Non-executive member). In accordance with article 17(6) of the Statutes of CFP Carlos Marinheiro, CFP's Staff Director acted as secretary of the meeting and prepared the minutes. The agenda was circulated in advance.

A Quorum was established, and the meeting was called to order at 10h (Lisbon time) by the Chairperson Nazaré da Costa Cabral.

1. Approval of last meeting Minutes

The Senior Board approved the Minutes of the prior meeting held on 22nd January 2025.

2. Appraisal of the current Portuguese economic and fiscal situation

The latest projections from the Public Finance Council (CFP), published in April, indicate a neutral balance for 2025, with the possibility of a small surplus, primarily driven by strong tax revenues. Execution data to date suggests that a modest surplus is the most likely outcome.

However, the government has announced its intention to meet the NATO defence spending target of 2% of GDP already this year, up from the current 1.5%. No detailed implementation plan has been disclosed, leaving uncertainty regarding the potential budgetary impact of this commitment in the current fiscal year.

The Board also discussed the varying definitions of defence expenditure—those used by NATO, national accounts (COFOG), and budgetary accounting—which may lead to communication challenges going forward.

3. Discussion of a possible National Fiscal Rule

The Board discussed the advantages and disadvantages of adopting a national fiscal rule. The prevailing view is that the political preference will likely lean toward following European fiscal rules. However, the EU rules lack precise, enforceable criteria, so the Board finds that it would be useful to have concrete national domestic indicators to be assessed regularly. Also, the alignment of subnational fiscal rules with the general government framework was identified as a key issue requiring further consideration.

In order to improve estimates of the impact of tax measures and to monitoring net expenditure, the board agreed to request microdata on taxes to the Ministry of Finance. The Board also highlighted the importance of safeguarding certain categories of expenditure — particularly investment spending— within the design and implementation of the net spending framework.

4. Approval of the CFP budget draft for 2026

The Senior Boad approved the draft budget for 2026 that will be submitted to the opinion of the President of Tribunal de Contas and the Governor of Banco de Portugal.

5. Approval of the Management plan for 2026

Following a discussion and the introduction of some adjustments, the Board approved the Management Plan for 2026.

6. Discussion of the main changes proposed to the CFP Internal Rules and Procedures

The Chair presented the main changes proposed to the internal regulation, which were approved in its general terms. It was further decided that the document would be circulated among staff members to gather their feedback prior to its final approval.

7. Approval of the Communication plan

Following a general discussion, the Senior Board approved the CFP Communication plan.

Evi Pappa had to leave the meeting at 17h42.

8. Other issues

The CFP's financial contribution to the EU IFIs network budget was reviewed. It was noted that the overall network budget has been increasing significantly, primarily due to the full wage indexation to inflation in Belgium, where the network's secretariat is based.

The Board reviewed the CFP's financial contribution to the EU IFIs network, noting a projected 41% budget increase driven by wage indexation, new overhead charges and other adjustments and concluded that the current allocation key governing IFI's contributions may warrant reassessment in light of the comparatively slower growth of the CFP's own budget. In contrast, CFP's own budget is growing at a considerably slower rate. Given this disparity, the Board concluded that it may be appropriate to reassess the allocation key used to determine each institution's contribution to the network's budget.

No other issues were discussed.

9. Adjournment

The Chair adjourned the meeting at 18h39.