



FISCAL DISCIPLINE COUNCIL OF THE REPUBLIC OF LATVIA

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Protocol of the Council meeting No. 7 (46)

Rīga

December 17, 2020.

Chaired by:

Chairwoman of the Fiscal Discipline Council I. Steinbuka

Participated:

Vice-Chairman of the Fiscal Discipline Council	M.Hansen
Member of the Fiscal Discipline Council	M.Abolins
Member of the Fiscal Discipline Council (teleconference mode)	A.Jakobsons
Member of the Fiscal Discipline Council	U.Kaasik
Member of the Fiscal Discipline Council	A.Ubelis
<i>Secretariat –</i>	
Secretary of the Fiscal Discipline Council	N.Malnaes
Macroeconomic expert of the Fiscal Discipline Council	V.Zaremba
Fiscal risk expert	A.Migunovs
Economist of the Fiscal Discipline Council	I.Jansone

Protocol made by:

Macroeconomic expert of the Fiscal Discipline Council

V.Zaremba

On December 17, 2020, the meeting started at 15:00

Opening of the meeting – I.Steinbuka

The Chairman of the Fiscal Discipline Council (hereinafter - the Council) I. Steinbuka opens the meeting and announces the agenda of the meeting (attached).

The Council works remotely and discusses the issues to be considered at the Council meeting by organizing a video conference.

1. Verification of compliance with the provisions of FDL Article 11

Reports: V.Zaremba

V.Zaremba reports on the updated information received from the Ministry of Finance regarding the fulfillment of the provisions of Section 11 of the Fiscal Discipline Law. Presents to the Council the

draft opinion, calculations and main conclusions on the implementation of Article 11 of the FDL.

Discussion on the assessment of the implementation of Article 11 of the FDL.

Decided:

1.1. To submit an opinion on the fulfillment of the provisions of Article 11 of the FDL to the Ministry of Finance and to publish it on the website of the Council.

I.Steinbuka – for;
 M.Hansen – for;
 A.Ubelis – for;
 A.Jakobsons – for;
 M.Aboliņš – for;
 U.Kaasik – for.

2. Secretariat's work on modeling the fiscal multiplier of the Latvian economy

Reports: A.Migunovs

A.Migunovs report on research work on the development of a fiscal multiplier model. Introduces the methodology used, assumptions, data used and research findings.

Discussion of the participants on the theoretical and practical application of the model.

Decided:

2.1. Take note of the information provided.

I.Steinbuka – for;
 M.Hansen – for;
 A.Ubelis – for;
 A.Jakobsons – for;
 M.Aboliņš – for;
 U.Kaasik – for.

3. Participation of the Council in the evaluation of EU Recovery and Sustainability Mechanism projects

Reports: I. Steinbuka

I.Steinbuka informs the Council about current developments in the EU Recovery and Sustainability Mechanism projects, notes the EC's recommendation to include independent fiscal authorities in the project evaluation process, as the projects have a direct impact on future economic growth and revenues. Notes that the role of the FDP may be very limited, but that it is necessary to respond to the process of evaluating these measures.

Discussion on the possibilities and role of FDC involvement.

Nolēma:

3.1. Take note of the information provided.

I.Steinbuka – for;
 M.Hansen – for;

A.Ubelis – for;
 A.Jakobsons – for;
 M.Aboliņš – for;
 U.Kaasik – for.

4. Fiscal Discipline Council OECD and EC project

Reports: N.Malnacs

N.Malnacs reports the current events of the OECD / EC project and its further progress. Emphasizes the support of OECD experts in strengthening the capacity gap between GDP and output gaps and medium-term revenue / expenditure forecasting in the Secretariat, and presents the next stages of the project.

Discussion between present members:

I. Steinbuka positively evaluates the support of OECD experts in developing the models, but points at the risks of making recommendations to the government in the current context of high uncertainty. A. Ubelis supports the strengthening of modeling and research capacity, but points out that the other components of the audit are currently facing economic and political disadvantages.

Decided:

4.1. Take note of the information provided regarding the audit of OECD.

I.Steinbuka – for;
 M.Hansen – for;
 A.Ubelis – for;
 A.Jakobsons – for;
 M.Aboliņš – for;
 U.Kaasik – for.

5. Amendments to the 2020 work plan and the 2021 work plan

Reports: N. Malnacs

N.Malnacs reports that the work plan for 2020, in accordance with the current situation - as a result of the change of employees, has been amended in accordance with the duties to be performed by each employee. N. Malnacs also informs that the plan was fulfilled. The Secretary presented to the members of the Council the work plan for 2021, which emphasizes the following tasks: regular work - monitoring reports, monitoring reports and Council opinions, development of macroeconomic forecasting model and revenue / expenditure models, updating of the Council's website and communication strategy; a documentary on the Council and fiscal discipline.

Klātesošo diskusija par uzdevumu prioritātēm ierobežotas līdzekļu un darbinieku kapacitātes kontekstā.

I.Steinbuka positively evaluates the practice of publishing monitoring reports during the lifting of fiscal restrictions, recommends continuing work on monitoring reports until the European Commission and the Latvian government make a decision on changes in fiscal policy. It was recommended that the timing of the release of the documentary be assessed in terms of reducing public tensions, as well as adapting the script to the priorities of the COVID-19 crisis as far as possible.

Nolēma:

- 5.1. To approve the renewed work plan of the Council for 2020.
- 5.2. To approve the work plan of the Council for 2021.
 - I.Steinbuka – for;
 - M.Hansen – for;
 - A.Ubelis – for;
 - A.Jakobsons – for;
 - M.Aboliņš – for;
 - U.Kaasik – for.

6. Administrative technical support issues

Reports: N. Malnacs

N. Malnacs presents the Council's financing plan for 2021 and its main changes, procurement plan, Council meeting plan, remuneration procedure in December. With regard to the mission plan, the secretary states that it is not currently updated, given the circumstances of the COVID-19 pandemic and the reduced funding for mission activities. The mission plan and, consequently, the procurement plan will be updated in response to the evolution of the COVID-19 epidemiological situation.

Decided:

- 6.1. To clarify the Business Plan and Procurement Plan for 2021 to the Secretary of the Council as necessary.
- 6.2. To take note of and approve the schedule of Council meetings.
- 6.3. To approve the Councils financing plan for 2021 and the payment of remuneration in December.

- I.Steinbuka – for;
- M.Hansen – for;
- A.Ubelis – for;
- A.Jakobsons – for;
- M.Aboliņš – for;
- U.Kaasik – for.

7. Other questions

Discussion on the consequences of the past year and lessons learned in economics.

The meeting is closed on December 17, 2020 at 17:00.

Chairwoman of the Council	I.Steinbuka
Secretary of the meeting	V.Zaremba
Council Secretary Visa	N.Malnacs

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