



INTERVENÇÃO DO MINISTRO DAS FINANÇAS, MÁRIO CENTENO

IPSASB Annual Meeting 2019

International Public Sector Accounting Standards Board

Lisbon, Portugal

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Thank you, Mr. Ian Carruthers [*Chair of IPSASB*], for your kind words.

Ladies and gentlemen,

Dear participants of this year's Annual Meeting of the International Public Sector Accounting Standards Board,

Welcome to Lisbon and welcome to the Portuguese Ministry of Finance.

It is a pleasure and an honour, for the Portuguese Government to host the Board of IPSAS in the beloved city of Lisbon. Please, feel welcome, as I am certain we will have, in the next days, productive



and very interesting meetings, while fostering discussions on international public sector accounting standards.

I would like to start by stating the importance of IPSAS not only for Portugal, but in a global perspective.

The international standards determine much more than a simple change of accounting technique. In fact, IPSAS may stand for a reformulation of the whole model of public management, oriented to the effectiveness and efficiency of public policies, respecting the principles of economy, transparency, sustainability, stability and accountability.

It is certain that the quality of public management and control benefits from the quality of elementary accounting information.

In Portugal the implementation of IPSAS is part of a broader reform of the entire Public Financial Framework. This Reform is occurring within a deeply complex and longstanding context of recovering Portuguese public finances, while boosting economic growth,



based on exports and investments, with sustainable gains in employment.

After suffering a serious crisis, which pushed us to the brink, we have charted a path of recovery and credibility. We are now confronted with the challenges of sustaining growth and improving competitiveness.

Today, Portugal is better equipped to weather downturns.

Reforms have been pursued and new instruments have been created, which enable us to better coordinate, adjust and respond to shocks.

In parallel, continued efforts have been made to manage and reduce risks, many accumulated during the crisis period.

The combination of structural reforms and fiscal consolidation with a policy of actively promoting inclusive economic growth was instrumental to deliver a gradual income recovery, and at the same time regaining external competitiveness. These are two policy goals that are often portrayed as opposing each other.



It is a country that has recovered from the greatest economic scourge of our modern societies. The unemployment rate has more than halved since its peak.

The economy has grown 9% over the last four years and exports represent today more than 45% of GDP, up from less than 25% ten years ago.

Finally, we have resumed a path of convergence with the European average - three years in a row, something unheard of in the years of euro membership.

We exited an 8 year-long EU procedure for excessive deficit - a feat that according to polls increased the self-esteem of people even more than the victories in the Euro 2016 football cup and the Eurovision song contest!

National and international institutions have repeatedly improved our outlook and other key indicators year after year. This, in parallel with improvements in the credit rating of our Republic.



We are reaping the benefits of this process. Sovereign funding costs are at their lowest levels today, giving us more fiscal leeway to invest and pursue inclusive policies.

We contained the rupturing trend of widening inequality, fostering inclusive growth.

It was a winding path, full of obstacles.

But we have overcome that. Perhaps for the first time in the last 20 years, economic discussion in Portugal no longer revolves around budget deficits.

Portugal's path is not, and could not be, to maximize economic growth in the short-term and at any cost. It is to do so in a sustainable manner by combining it with other objectives, namely a path of rebalancing public accounts.

So, in such a moving economic and social scenario, Public Financial Management Reform is not and cannot become a synonym for upheaval. We are seeking to implement a holistic upgrade of the Public Financial Management framework, designed as a



transformational process of change, based on updating, normalizing, optimizing and automating procedures.

The Public Financial Management Reform is a tremendous challenge in itself, considering the changing paradigm that is driving the reform. But at the same time, it is an opportunity not to be missed, as part of the standardization and updating of processes and procedures, the modernization of control instruments and mechanisms, the integration of new technologies, the interoperability of information and processes, as well as the full implementation of the process of primacy of the single data.

Because far beyond the already complex evolution of the accounting regime and the accounting principles and rules, these developments have to be made compatible with the updating of the Public Financial Management Framework, on which the production of the main financial indicators of the Portuguese Republic are supported.



It is therefore essential to ensure that the evolution of our Public Financial Management framework occurs as an ongoing and continuous transformational process. Successive but careful and safe steps are being taken, in order to ensure both the legal certainty of the involved stakeholders, as well as the reliability and timeliness of the data by which Portugal is assessed by international institutions, particularly the European ones, or others like the IMF or the OECD.

We are embracing this challenge with a holistic driven approach, ensuring both the evolution of the legal framework and the technical-financial and technological instruments, without creating disruptions that undermine fundamental information, while safeguarding legal certainty and a prior impact assessment.

The evolution of the Public Financial Management framework increases the necessary alignment with the implementation and control of policy measures that are faithful to the international commitments made by Portugal.



In this regard, it is of uttermost importance to reiterate the credibility and trust on Portuguese public finances and the state of the economy that has been consolidating, every year, both domestically and in the eyes of the international community. Particularly, I would highlight the past 4 budgetary years and their corresponding execution control.

The evolution of the legal framework, processes, instruments of control of the Reform integrations is also made possible because of the ongoing digital transformation in Public Administration. This transformation is due to sustain and rigorously integrate a path of progress that guides our performance in the years to come.

The commitment to sound public finances is to go hand in hand with the enduring reform of public financial management, where IPSAS certainly play a major role.

I wish you all a productive Annual Meeting and a warm welcome in sunny Lisbon.

Thank you.