Latam Daily: New Board Members at Colombia's BanRep; Mexico's 2020 Budget Results

- **Colombia: New BanRep Board members should maintain technical tradition in Bank's decision-making process**
- **Mexico: 2020 fiscal revenues experienced sharpest decline since 2009**

COLOMBIA: NEW BANREP BOARD MEMBERS SHOULD MAINTAIN TECHNICAL TRADITION IN BANK'S DECISION-MAKING PROCESS

On Wednesday, February 3, President Duque named Mauricio Villamizar and Bibiana Taboada as BanRep's new Board members to replace María Fernanda Maiguashca and Gerardo Hernandez. Additionally, President Duque will name a third new Board member to replace Jorge Galindo, who has resigned due to personal issues.

Although these new appointments mark significant changes to the Board, the new members should keep alive BanRep's technically-oriented tradition in its monetary-policy decision-making process. Mauricio Villamizar is currently head of Economic Studies at the Bank, which would tend to align his vote with the staff's recommendations. On the other side, Bibiana Taboada previously worked for the Inter-American Development Bank and at the Department of Social Prosperity, which could imply a dovish bent, albeit one backed by a strong technical background.

Looking at BanBep's new Board members' experience at a glance:

- **Mauricio Villamizar:** Dr Villamizar has an economics degree from the Universidad de Los Andes and a Ph.D. in economics from Georgetown University. He has worked at BanRep since 2014; from 2018 he has been the Head of Economic Studies. Please see his CV here; and
- **Bibiana Taboada:** Ms Taboada has an economics degree from the Universidad de Los Andes and a Master of Public Administration in International Development—MPA/ID from Harvard Kennedy School. Her research has been mainly oriented toward social and poverty issues. As noted, she previously worked for the World Bank and the Inter-American Development Bank. More recently, she has worked for the government as Deputy Director in the Department of Social Prosperity. Her CV is available here.

All in all, these appointees should contribute to the Board's technical discussions and help to maintain the independence of the central bank's decision making. As previously mentioned, a third new member is due to be named shortly, which could skew the Board a bit further to the dovish side.

—Sergio Olarte & Jackeline Piraján

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MEXICO: 2020 FISCAL REVENUES EXPERIENCED SHARPEST DECLINE SINCE 2009

At the end of last week (Friday, January 29), the Ministry of Finance released its budget report for December 2020 in which it posted a MXN -672.2 bn (USD 33 bn) cumulative deficit and a MXN 31.7 bn (USD 1.5 bn) primary surplus for all of 2020. Public revenues were down -4.1% y/y in real terms in the year, the largest annual decline since 2009; public expenditure was almost unchanged in real terms with a small increase of 0.2% y/y; and public debt held steady.

Looking at the report's details:

- **Total revenues** in 2020 reached MXN 5.339 tn (USD 264 bn, 23.1% GDP). Oil revenues dropped -38.7% y/y and accounted for 11.3% of total revenues (USD 30 bn). Tax revenues stagnated with growth of only 0.8% y/y in real terms, for a total of MXN 3.338 bn (USD 165 bn). Non-tax revenues increased 43.5% y/y in real terms to USD 27 bn, owing to the use of funds and trusts in order to mitigate the drop in activity-related revenues;

- **Public spending** amounted to MXN 6.000 tn (USD 297 bn, 25.9% GDP), which represented a real increase of only 0.2% y/y. The programmable or budgeted component of spending rose by 1.8% y/y in real terms to USD 220 bn, whereas the non-programmable component decreased -4.2% y/y in real terms (USD 76 bn) as a result of lower financial costs; and

- **In public debt,** the accumulated balance of public-sector borrowing requirements amounted to MXN 12.08 tn (USD 595 bn) at end-2020, equivalent to 52.2% of GDP.

Although the numbers for 2020 are stark, the fiscal position remained within the authorities' objectives. The government's efforts to control its deficit and debt levels could put Mexico in a favourable light compared with some other emerging markets and dampen some assessments of country risk. But the absence of a substantial fiscal package to counter the effects of COVID-19 risks substantially elongating the process of economic recovery.

—Miguel Saldaña