PORTUGAL

## Overview

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| Population *(specify date)* and territory | 10.352.042 (2021); 92.225,61 Km2. |
| Administrative structure *(unitary/federal)* | Unitary country. |
| Regional or state-level governments *(number)* | 2 Autonomous Regions (“Regiões Autónomas”). |
| Intermediate-level governments *(number)* | --- |
| Municipal-level governments *(number)* | 308 municipalities (of which: 278 in mainland, 19 in RA Azores and 11 in RA Madeira). |
| Share of subnational government in total expenditure/revenues | 14,5% of total public expenditure (2021).  14,8% of total public revenues (2021). |
| Key regional development challenges | • The competitiveness and inclusive and sustainable growth in all regions.  • Regional disparities between coastal areas (including the 2 metropolitan areas) and the inland with low density of population, economic activity, and broadband infrastructure.  • Increasing ageing and depopulation, also impacting the urban centres.  • Delegation of competences to CCDR (RCM nº 123/2022) and an ongoing decentralization process from central government to municipalities.  • Implementing efficient multi-level governance systems.  • The capacity gaps for new competences and new models of delivering policies. |
| Objectives of regional policy | • Enhancing the regional attractiveness and competitiveness to improve inclusive and sustainable growth for all regions, notably promoting the endogenous resources and products, but also diversifying the economic base.  • Increase territorial cohesion between regions and within metropolitan areas by reducing the economic and social regional and intra-regional disparities, taking into account the demographic challenges.  • Enhance the double transition (energy and digital).  • Promote capacity building at all levels of administration. |
| Legal/institutional framework for regional policy | • Portuguese Republic Constitution, Article 6 and articles 225-262.  • [Strategy Portugal 2030](https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=%3d%3dBQAAAB%2bLCAAAAAAABAAzNDC3NAEAkBRcpAUAAAA%3d) (RCM nº 98/2020)  • Treaty on the Functioning of the European Union, Article 174. |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | • Cohesion Policy Partnership Agreement 2021-2027: €23 billion of EU Structural Funds (ERDF, ESF+, JTF, EMFAF) and €8,5 billion of national co-financing.  • [National Recovery and Resilience Plan](https://recuperarportugal.gov.pt/wp-content/uploads/2021/10/PRR.pdf) (NRRP) in its territorial dimension.  • Decentralization Financing Fund (2023): €1,2 billion. |
| National regional development policy framework | • The [Partnership Agreement 2021-2027](https://portugal2030.pt/wp-content/uploads/sites/3/2022/07/sfc2021-PA-2021PT16FFPA001-2.0_vf.pdf) for Portugal covers 12 programmes (5 thematic programmes and 7 regional programmes) and 10 INTERREG programmes (concerning European Territorial Cooperation).  • Cohesion Policy investments for 2021-2027 are planned in strong coordination with the National Recovery and Resilience Plan (PRR). |
| Urban policy framework | • [National Spatial Planning Policy Program](https://pnpot.dgterritorio.gov.pt/sites/default/files/SQ_Vconc_PNPOT_0.pdf) (PNPOT).  • Regional Plans for Spatial Planning (PROT). |
| Rural policy framework | • [CAP Strategic Plan 2023-2027](https://www.gpp.pt/images/PEPAC/PEPAC_Submetido/Exportacao_SFC_versaoAprovao_29072022.pdf).  • National Spatial Planning Policy Program (PNPOT), Regional Plans for Spatial Planning (PROT).  • Program of the Valorisation of the Inland (PVI) (RCM nº 18/2020).  • Common Strategy for Cross-border Cooperation (ECDT). |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | • European Structural Funds and national co-funding.  • Regional State Aid. |
| Policy co-ordination tools at national level | • Presidency of Council of Ministers, Ministry for Territorial Cohesion (MCT), State Secretary for Regional Development (SEDR).  • Interministerial Coordination Commission (CIC) Portugal 2030.  • Territorial Consultation/Coordination Council (*Conselho de Concertação Territorial* - CCT).  • Development and Cohesion Agency (AD&C). |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) | • Territorial Consultation/Coordination Council (CCT).  • Decentralization Monitoring Commission.  • Monitoring Committees of EU Structural Funds Programmes, representing the national, regional/local government, civil stakeholders, and the managing authorities of Programmes in each region.  • Regional Dynamics Network (RDR). |
| Policy co-ordination tools at regional level | • Regional Councils.  • Regional Coordination and Development Commissions (CCDR).  • Regional Programmes (Cohesion Policy).  • Regional Smart Specialisation Strategies (RIS3).  • Territorial Instruments (e.g. ITI – Integrated Territorial Investments, Thematic ITI, Leader, etc.). |
| Evaluation and monitoring tools | • Reports on Territorial Instruments and Municipal Investments.  • Monitoring and evaluation plans linked to the European Structural Funds (EU regulation 2021/1060).  • Monitoring and Evaluation Network (RMA).  • Mandatory midterm review of all programmes of EU structural funds in 2025. |
| Future orientations of regional policy | • Portuguese government programme (2022-2026) has a chapter on the strategic challenge related to inequalities. It states the need to correct regional assymetries and to promote territorial cohesion.  • Administrative Decentralisation Reform to the Municipalities (Law n.º 50/2018, 16th of August) and related legislation.  • Administrative Deconcentration Reform to the CCDR. |

## Regional inequality trends

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| GDP per capita gaps across region types and evolution of regional income inequality,  TL3 regions (2000-2020) |
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| Evolution of spatial concentration and sectoral specialisation, TL3 regions (2001 and 2019) |
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Source: OECD Regional Database.

## Recent policy developments

The main components of the policy mix – institutional framework and cohesion policy priorities and investments – are established in order to promote a balanced territorial development between different regions, between rural and urban areas, between coastal and the hinterland zones, in order to reduce long-lasting asymmetries and inequalities in Portugal that persist. The goal of promote growth in all regions is reflected in the vision defined in Strategy Portugal 2030 “Recover the economy and protect jobs, and make the next decade a recovery and convergence of Portugal with the European Union, ensuring greater resilience and social and territorial cohesion.” Promoting territorial cohesion will be mandatory to counteract territorial inequalities, as established in the integrated strategy for the valorisation of inland territories (RCM nº 18/2020), based on attracting/fixing population, promoting private investment to create jobs, stimulating the knowledge and innovation transfer from the academy to the socioeconomic tissue, and guaranteeing the provision of services of general interest.

### Institutional changes

The current main developments related to the regional institutional framework, in Portugal, are the reforms on the administrative decentralization to the municipalites (as well to the intermunicipal cooperation and parishes) and administrative deconcentration to the CCDR (Regional Development and Coordination Commissions).

Portugal is expanding its subnational policy footprint through decentralization. The Law n. º 50/2018, of 16th of August, and related legislation have provided municipalities (in *lato sensu,* including metropolitan areas, intermunicipal communities and parishes, as well) with new competences, responsibilities and resources granting more proximity to its citizens and efficiency to the public policy. Traditionally, Portugal has highly centralized governmental structure with a lower proportion of public spending in the subnational levels, than the EU and OECD averages. This process might change the *status quo*, reinforcing local-based policies and stakeholders.

Recently, the Portuguese government approved the administrative deconcentrating reform to the CCDRs, which will acquire the status of special public institutes, with the objective of carrying out deconcentrated competences of the central administration and provide better public services to citizens, working as one-stop-shop in a regional level, and provider of services of general interest (e.g., health, education, culture, agriculture, and others) in its territory. In a country without regional level, in the mainland, this process is considered a steppingstone to a future debate about regionalisation process. Along with this, a process of revision for NUTS II was developed to make them coherent with the area covered by CCDR.

### EU Structural Funds

The [Cohesion Policy Partnership Agreement](https://portugal2030.pt/wp-content/uploads/sites/3/2022/07/sfc2021-PA-2021PT16FFPA001-2.0_vf.pdf) (Portugal 2030) between the EU Commission and Portugal, adopted in July 2022, sets out investment priorities for the period 2021-2027 with a total of €23 billion to support the economic, social and territorial cohesion until the end of the decade. The [7 regional programmes](https://portugal2030.pt/programas/) will have a total of €9,7 billion and are particularly focused on territorial policies and investments, which are reinforced by the ongoing decentralization process in the mainland and contributes to the European strategic objectives: a Europe closer to citizens, a greener Europe and a more competitive Europe. The new Just Transition Fund will support three subregions impacted by the closure of two coal-fired power plant (in Médio Tejo and Alentejo Litoral) and one refinery (in Matosinhos, Metropolitan Area of Porto).

As concerns the EU Recovery and Resilience Facility (RRF), one of its key objectives is to promote social and territorial cohesion. Portugal’s [National Recovery and Resilience Plan](https://recuperarportugal.gov.pt/wp-content/uploads/2021/10/PRR.pdf) (NRRP) accounts to almost €17 billion, with more than €11 billion allocated to the “resilience dimension”, more than €3 billion destined to the “climate transition” and almost €2,5 billion to the “digital transition”. In general, the use of the RRF versus Cohesion Policy funds is guided by eligibility, competences, timing and investment scale. The national government has focussed its investment on human resources within administrations, strengthening the capacities for effective management of public investment particularly at territorial level.

### Public policy

The [National Investment Programme 2030](https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=%3d%3dBQAAAB%2bLCAAAAAAABAAzNDCzNAcAHS%2bXPAUAAAA%3d) (PNI 2030) aims to be the planning tool for the next cycle of strategic and structural investments at national level, to meet the needs and challenges of the next decade and decades to come. The scope of the PNI 2030 is multisectoral, focusing on the mobility and transport sectors, key factors for the country’s external competitiveness and internal cohesion, the environment, energy and irrigation, fundamental to face the challenges of decarbonization and energy transition.