

SGI Sustainable
Governance
Indicators

2015 Portugal Report

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Executive Summary

As part of the global “third wave” of democracy trend in the late twentieth century, Portugal initiated democratization in 1974, and has been a consolidated democracy at least since the mid-1980s. The democratic system’s legal foundation and practical means of functioning are evident, and Portugal’s accession to what was then the European Economic Community in 1986, and its subsequent role at the forefront of European integration, is a reflection of the country’s unquestioned status as a consolidated democracy.

However, while the formal aspects of its democratic system are not in question, there is substantial and growing dissatisfaction with the functioning of democracy in Portugal. In a survey taken in November 2013, Portuguese citizens demonstrated the EU’s lowest level of satisfaction with the functioning of democracy, with 85% of respondents indicating they were dissatisfied with the way their national democracy worked. This was above the EU average of 52%. On a scale of 0 (very dissatisfied) to 3 (very satisfied), the average level of satisfaction with democracy in Portugal was 0.8 in 2013, less than half the corresponding score in 1999. This decline also occurred in comparative terms. In 1999, Portugal demonstrated levels of satisfaction with the functioning of its national democracy that were above those in countries such as Sweden, France and Belgium; identical to those in Finland; and only marginally lower than those in Germany.

This result is also reflected in low levels of trust in government. In 2013, only 10% of Portuguese respondents said they trusted the national government. Once again, this level reflects a longitudinal and comparative decline. In 2003, the proportion of Portuguese that trusted government was almost five times higher, at 47%. In 2003, Portugal had the sixth-highest level of trust in government within the EU-15, higher than that seen in Germany (36%) and the United Kingdom (37%); similar to Holland and Belgium; and only one percentage point lower than trust levels in France and Sweden. A decade later, Portugal presents the third-lowest level of trust in government within the EU-28, with levels of trust that are more than four times below those of Germany and Holland.

The SGI’s analysis of Portuguese conditions – not only in this study, but also in its previous editions – helps explain this dissatisfaction. When we examine

these results over time, we can see low scores in governance dimensions pertaining to policy formulation, which then correlate with low scores in the quality of the policy adopted. Perhaps the most striking example of this is the lack of evidence-based instruments regarding policy decision-making, with virtually no support for regulatory impact assessments. Equally, the strategic component of decision-making is weak, as is monitoring of institutional governing arrangements, and there is little systematic effort to improve strategic capacity by making changes to these institutional arrangements. These patterns help explain results in this report's policy-performance section.

The above pattern – with decision-making often focusing on narrow and short-term results, with little strategic planning – was compounded in the period under analysis here by the aftermath of Portugal's sovereign debt crisis of 2010 – 2011, which forced the country to request a bailout by the so-called Troika (the European Central Bank, the IMF and the European Commission). This bailout carried with it a number of conditionalities enshrined in a Memorandum of Understanding (MoU) signed in May 2011. While the period under analysis here encompasses the formal end of the bailout period in May 2014, the government of Portugal has since that time adhered to the general fiscal and economic policies contained in the MoU. Nevertheless, Portugal continues to have significant budget-deficit and public-debt issues.

This context has had significant impact on the nature of policy performance and governance capacity. The overwhelming – if not entire – focus of public policy in the period analyzed here has been on raising public revenue and reducing public expenditure in order to meet the budget-deficit goals set out in the MoU.

In the post-troika era, it is important to highlight several key points that have epitomized the social, political, and economic situation in Portugal during the period under consideration here. First, the fiscal and economic problems of Portugal are not wholly unlike those in other countries of the European Union, particularly in the southern areas, nor those in other OECD countries. Second, while the Portuguese transition to democracy and its subsequent consolidation are not in question, the political leaders of the country, while utilizing democratic institutions, have not reformed the economy or diminished the bloated role of the state in the economy and society. Third, there is a general appreciation today in Portugal that the economic benefits associated with access to extensive foreign loans able to subsidize the public deficit cannot continue.

Fourth, there is a "brain drain" of highly qualified, English-speaking university graduates to other more prosperous countries in the European Union. Fifth,

immigration to Portugal has virtually stopped, emigration has increased, and the birth rate has decreased below the mortality rate. In short, Portugal's population is decreasing.

While the bailout period certainly affected governance and policy performance, it is important to note that the deficiencies noted above – particularly at the governance level – considerably predate the sovereign-debt crisis and the ensuing bailout. This report highlights Portugal's need to actively seek to improve the quality of governance and policy, particularly as it enters its post-bailout period.

Key Challenges

Portugal faces considerable challenges in the period ahead. Below, we list four that we consider to be particularly salient.

1. **Fiscal sustainability:** Portugal formally concluded the bailout period in May 2014 with a “clean exit,” entailing a full return to international financial markets. However, the country continues to face considerable challenges with regard to achieving fiscal sustainability. The budget deficit for 2013 stood at 4.9% of GDP, and the country still has a considerable task ahead to achieve a 3% budget deficit. The 2015 budget predicts such a deficit, but is regarded as too optimistic by both the European Commission and the IMF, which project deficits of slightly above the 3% level (3.3% and 3.4% respectively) in 2015. Perhaps more significant is the rising level of public debt, which reached 132.9% of GDP at the end of the first trimester of 2014. The OECD estimates that Portugal will have to undertake budgetary consolidation measures amounting to an average of 1.9% of GDP per year between 2016 to 2030 in order to reach a level of public debt under 60% of GDP. This is a considerable task, and one that is likely to require the development of a long-term consensus in Portuguese politics and society.

2. **Improving governance capacity:** As noted in this report, Portugal scores poorly in a number of areas related to this topic, including the use of evidence-based instruments in policymaking; the degree of strategic planning and input in policymaking; societal consultation; policy implementation; the degree to which institutional arrangements of governing are subject to considered reform. Inevitably, weaknesses in these areas impinge on the quality of policy, both in terms of conception and implementation. Without additional governance capacity, it will be far more difficult to adopt effective measures that have broad support. This governance capacity pertains not only to

decision-making arrangements, but also to broader oversight mechanisms, notably with regard to the financial sector. During the period under analysis here, one of Portugal's foremost financial groups, which included the largest private bank, Banco Espírito Santo (BES), collapsed in circumstances that potentially suggest insufficient oversight.

3. Political consensus: Achieving fiscal sustainability – while fostering economic growth, and without neglecting Portugal's other challenges, notably at the social, educational and environmental levels – seems unfeasible without the achievement of a broad and enduring political consensus. Portugal's political past has provided ample examples of such consensus, though not in recent years. Such a consensus seems impossible in the short term, particularly as we enter the final months of the current legislature and parties prepare for legislative elections due to take place in October 2015 at the latest. However, short-term political point-scoring must be eschewed if the country's deep-seated issues are to be successfully addressed. This is all the more relevant if we take into account the greater electoral volatility in recent elections, with the 2013 local elections and 2014 European elections suggesting that a more fragmented parliament is likely to emerge after the next legislative elections.

4. Social mistrust. As the previous analysis suggests, Portugal continues to face hard challenges in the coming years, despite the end of the bailout period. Meeting these challenges will require political elites to act in such a way as to generate deeper social support, especially given citizens' dissatisfaction with democracy and evident distrust of government and politicians. Addressing the country's very high levels of income inequality – the fourth highest within the EU in 2013, exceeded only by Greece, Latvia and Lithuania – appears potentially relevant in this regard.

Policy Performance

I. Economic Policies

Economy

Economic
Policy
Score: 6

Portugal's bailout by the so-called Troika of the European Union (EU), the International Monetary Fund (IMF) and the European Central Bank (ECB) was formally completed on 17 May 2014. The period analyzed here thus encompasses both the final year of the three-year bailout program initiated in May 2011, and the first six months of the post-bailout period.

The Memorandum of Understanding (MoU) signed with the Troika at the time of the 2011 bailout had three objectives: first, fiscal consolidation; second, stability in the financial market; and third, most relevant to the question at hand, to "boost potential growth, create jobs, and improve competitiveness" (European Commission, "The Economic Adjustment Program for Portugal 2011-2014").

This third goal derived from the Portuguese economy's anemic growth trajectory since the new millennium, featuring both low GDP growth and low productivity growth (European Commission, "The Economic Adjustment Program for Portugal 2011 – 2014," p. 3).

To achieve these goals, the MoU foresaw "deep and frontloaded structural" reforms (European Commission, "The Economic Adjustment Program for Portugal 2011-2014," p. 3).

It is unquestionable that the government implemented several reforms aimed at improving Portugal's economic competitiveness over the period of the MoU's implementation. It is equally important to note that the issues of international competitiveness and export promotion moved to center stage in Portuguese economic discourse and policy during the MoU period. These broader patterns are also evident during the period under analysis here, and did not abate with the end of the bailout period.

However, the pattern of economic-policy changes in the recent period – which continued in the period here under analysis – has also made the policy framework less stable. The pressure to continue these reforms remains strong, with the European Commission noting that market rigidities remain, and that “significant scope for additional reforms remains in key areas” (European Commission, “The Economic Adjustment Program for Portugal 2011-2014,” p. 5).

Moreover, the focus on reducing the budget deficit has also inevitably impacted on economic policy. The austerity measures have percolated through to produce an economic recession that continued through 2013, although the economy began to show positive growth in 2014.

Portugal’s international competitiveness remains largely unchanged vis-à-vis the previous report. The country retained a positive trade balance in 2013 and in the first period of 2014. However, the mild economic recovery seen in 2014 also translated into a rise in imports, meaning that the positive trade balance is smaller in 2014 than seen in 2013.

Citation:

Memorandum of Understanding (MoU) between Portugal and the EU, IMF, and European Central Bank.

European Commission, “The Economic Adjustment Program for Portugal 2011-2014.” Available online at: http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp202_en.pdf

Labor Markets

Labor
Market
Policy
Score: 5

According to Eurostat, unemployment decreased to 14.3% in May of 2014, from 14.6% in April. This was the lowest rate since December 2011. During the previous two years unemployment had steadily increased, reaching 17.8% in April 2013. As a result of the MoU with the troika and in line with the government’s austerity measures, new labor legislation was approved in May 2012 that considerably increased labor-market flexibility, while unemployment benefits were further cut. According the recent World Bank “Doing Business 2015: Going Beyond Efficiency. Comparing Business Regulations for Domestic Firms in 189 Economies” report, Portugal has made significant progress in terms of labor-market flexibility, achieving a 10th-place ranking in this area out of 189 countries analyzed.

However, this decrease in unemployment is to a significant extent the result of growing emigration from Portugal. The National Statistics Institute (Instituto Nacional de Estatística, INE) estimates that some 128,000 Portuguese emigrated from the country in 2013, either temporarily or permanently. According to the OECD, this is on par with the levels seen during the mass migration period of the 1960s and 1970s.

Moreover, as in other parts of the European Union, youth unemployment levels are much higher than overall unemployment, in the case of Portugal reaching 34.8% in May of 2014.

Citation:

The World Bank, Doing Business 2015: Going Beyond Efficiency p. 162 and 212.

OECD, International Migration Outlook 2014, p. 288.

Taxes

Tax Policy
Score: 4

The most recent Global Competitiveness Index ranked Portugal at 15th place out of 28 countries in Europe, below Spain's 13th place. The World Bank rates Portugal at 10th out of 189 countries analyzed on this issue, and the report highlights recent progress in the following terms: "Portugal made paying taxes less costly for companies by reducing the corporate income-tax rate and introducing a reduced corporate-tax rate for a portion of the taxable profits of qualifying small and medium enterprises."

However, it must be noted that the very high levels of taxation on income and consumption noted in the previous report remain, even after the end of the bailout period. The budget for 2015, presented in October 2014, uses tax receipts extensively to reach the goal of a 2.7% deficit, with at least half of the consolidation in 2015 projected as coming from the revenue side, including the use of a host of new "green taxes."

Likewise, tax policy continues to fall well short of the goal of horizontal and vertical equity. While the government has adopted measures to combat tax avoidance, this problem is far from eradicated with regard to the personal income tax. Moreover, at the corporate level, the effective tax rate often remains lower for comparatively more profitable companies. Finally, the considerable dependence of public finances on indirect taxation – notably on the value-added tax – falls to satisfy the vertical equity criterion.

Citation:

Klaus Schwab, The Global Competitiveness Report, 2014-2015.

The World Bank, Doing Business 2015: Going Beyond Efficiency, Washington, DC: 2014, p. 162.

Budgets

Budgetary
Policy
Score: 5

Portugal has shown improvement in the budgetary domain over the past few years, with the bailout having had a significant effect. The 2013 budget deficit was 4.9% (Eurostat data), marking a significant reduction vis-à-vis 2010 (11.2%) and 2011 (7.4%), even if it fell short of the target agreed with the Troika for the year (4%).

Significantly, the primary budget deficit was reduced in 2013 and 2014 – indeed, both the government and the European Commission expect a primary surplus in 2014, for the first time since 1997.

The government also remains committed to achieving fiscal sustainability in the near future, although consolidation is not expected to retain the intensity seen during the bailout period. The government's budget for 2015, presented in October, forecasts a deficit of 2.7% in 2015. This is 0.2 percentage points higher than the target set in the 7th Troika evaluation of March 2013. While the 2015 budget – the first since the end of the bailout – does not reverse the previous austerity measures, it does indicate a relative stabilization in the overall austerity drive. Overall, the assessment of the Portuguese parliament's independent expert Technical Budget Support Unit is that the 2015 budget maintains the level of structural adjustment seen in 2014 rather than increasing it. Thus, the government is also betting on a growing economy (and falling oil prices) to help carry some of Portugal's budgetary-consolidation efforts in 2015.

This has led the government's projected deficit to be considered optimistic by other observers. For instance, the European Union and the IMF respectively forecast the 2015 budget deficit at 3.3% and 3.4%. However, even this level marks a significant reduction as compared to 2013.

Research and Innovation

R&I Policy
Score: 5

Research and innovation policy partly supports innovations that foster the creation of new products and enhances productivity. There is a policy to support research and innovation – backed by the European Union and the Portuguese government – that functions in universities and in businesses, and in some research centers which are linked to businesses and universities. These include: Aveiro University, the Faculty of Medicine at Coimbra University, Faculty of Engineering at Porto University, Advanced Technical Institute of Lisbon, New University of Lisbon (Faculty of Sciences and Technologies at Monte da Caparica), University of the Algarve, University of Minho, etc.

The European Union's Innovation Union Scoreboard classifies Portugal as a "moderate innovator," and indicates that Portugal has grown in terms of R&I in the 2006 – 2013 period. It is thus classified as an "innovation growth leader" in this period.

However, this average over the overall 2006 –2013 period masks a recent decline in R&D investment. The bailout period's austerity measures impacted adversely on public funding – the main source of investment in R&D, while the economic recession also curtailed private investment in R&D. While Portugal's Innovation Index score for 2013 rose somewhat when compared to the previous year (0.410 in 2013; 0.402 in

2012), it still remains considerably below the pre-bailout level (0.420 in 2010). Portugal has been diverging from the EU average since 2011, and in 2013 saw its distance from the EU average grow for the third consecutive year (whereas between 2006 and 2010, this gap was shrinking).

The government has sought to increase R&I outputs by adopting the Strategic Program for Entrepreneurship and Innovation (+e+i), which was approved in December 2011. However, the results of this program have yet to translate fully into new products and greater productivity, even the program's existence demonstrates an awareness of the need to harness R&I for this purpose.

Citation:

European Union, "Innovation Union Scoreboard 2014

Lista das instituicoes de ensino superior em Lisboa, 2014

Global Financial System

Stabilizing
Global
Financial
Markets
Score: 4

Portugal is a peripheral country and has not sought to contribute actively to the effective regulation and supervision of the international financial architecture. While this pattern is not of recent vintage, it has if anything strengthened in the period here under analysis, as Portugal's bailout and the country's dependence on the perceived risk level assigned to its debt by international financial markets meant the government was primarily preoccupied with achieving fiscal sustainability and financial-sector stability at the domestic level.

II. Social Policies

Education

Education
Policy
Score: 4

The government of Prime Minister Passos Coelho, which took office in June 2011 and continued to hold power through the assessment period, abolished the "New Opportunities" lifelong-learning program that had been a flagship of the predecessor government. The New Opportunities centers were replaced in March 2013. The government also supports technical and professional education more strongly, and has increased national-level examinations for students. However, there is little evidence that these measures have generated gains in terms of quality, access or efficiency. Indeed, some of the policy measures adopted have contributed to making the educational system less effective, at least in the short term, as evidenced by the considerable turbulence over teacher placements in the 2014/15 academic year. Several schools were unable to field a full teaching staff even a full month after the

start of the school year.

With regard to quality, the austerity measures and cuts have had an adverse impact on the already poor overall quality of education in Portugal, with schools and universities seeing their budgets slashed. Schools have lost teachers, with those leaving being selected not on the basis of merit, but rather on the basis of their contract terms. Universities have also seen a brain drain, with many professors going abroad, as a result of lower budgets and reductions in wages. Similarly, access has been affected both on the supply and demand sides. On the supply side, the cuts have sustained existing bottlenecks (e.g., in pre-schooling). The demand side has been constrained by the recession – a result of increasing unemployment and lower family incomes – as well as austerity, which has resulted in higher tuition fees and more limited financial aid for poorer students. While the number of university graduates has increased, Portugal remains far below the OECD average. Likewise, the high-school dropout rate is very high.

Post-bailout, the pattern of austerity and cuts in education remains. In the 2015 budget, the Ministry of Education is the ministry with the biggest cut in its budget. A decline of 11% was imposed on primary and secondary education, as compared to 2014.

All this means that Portugal's strong results in the most recent OECD Program for International Student Assessment (PISA) evaluation (PISA 2012, published in December 2013) are unlikely to be sustained in the near future.

Social Inclusion

Social
Inclusion
Policy
Score: 4

Government social policies seeking to limit socioeconomic disparities do exist, but they are poorly funded and are not very effective in preventing poverty. Taxes were first imposed and then increased on pensions, which are now taxed like ordinary income. In view of the need to reduce the government's social costs, there has been pressure to reduce contributions to poverty-reduction programs, including pensions. In this regard, in June of 2014 the government approved cuts in pension levels, while at the same time increasing the level of taxes applied to them. According to the National Statistics Institute, the risk of poverty increased to 18.7% in 2012, the highest level since 2005, when it was 19%. The 2015 budget does not see a significant overall change. While the pressure on pensions has been somewhat alleviated, this has largely been compensated for by cuts in other welfare benefits. Overall, social-inclusion policies have been curtailed by the austerity drive in the period under analysis, despite a more unfavorable economic context that has imposed greater risks of poverty.

Citation:
Newspaper articles of 24/02/2014

Health

Health
Policy
Score: 6

Portugal's population shows comparatively good levels of overall health. However, the country's National Health Service (NHS) came under particular financial pressure in the period analyzed here, as a result of the pressure on Portugal to curb public expenditure.

As such, health expenditure has been cut considerably. The OECD estimates a reduction in health expenditure of approximately 6% per year in 2011 and 2012. In 2013 and 2014, these cuts continued, with the 2013 budget forecasting a 5% reduction in the National Health Service budget, followed by a further 3.8% in 2014.

Moreover, the increases in fees associated with use of the NHS, originally adopted in 2012, remained in place during the period analyzed here.

Overall, these cuts have affected NHS inclusiveness and to a lesser extent quality, even if the Portuguese health-system standards remain relatively high.

This pattern is reflected in life expectancy at birth, with the latest data indicating this figure to be 77.3 years in 2012, the same value as in 2011 (Eurostat data). However, this stability means that Portugal diverged further from the EU average in 2012.

Citation:
Eurostat data -"Life expectancy at birth, by sex"

OECD, "OECD Health Statistics 2014 How does Portugal compare?," available online at:
<http://www.oecd.org/portugal/Briefing-Note-PORTUGAL-2014.pdf>

Families

Family
Policy
Score: 6

There has been no substantive change in family policy in this period. The rules concerning maternity leave remain virtually unchanged vis-à-vis the previous report. The birth rate continues to drop, with some 7,000 fewer births in 2013 than in 2012 (a 7.9% drop) and further reductions still in 2014, with 700 fewer births in the first half of 2014 than in the first semester of 2013.

This is associated with the economic recession and unemployment, which has had an adverse impact on the country's already low fertility rate, and reflects the lack of opportunity for women to combine parenting and work.

According to Eurostat, Portugal had the lowest birth rate in the European Union in

2013 with 7.9 children per 1,000 inhabitants, less than the mortality rate of 10.2 per 1,000 inhabitants.

While there is much political discourse regarding the need to increase the birth rate, there is little in the way of substantive policy to achieve this. While there was discussion in October 2014 about how the budget could introduce tax relief and other programs to benefit families, this ultimately produced only negligible changes that are unlikely to effect any radical reversals in the declining fertility rate.

Pensions

Pension
Policy
Score: 4

The pension program has been one of the most closely scrutinized aspects of government policy since the 2011 bailout, and has been one of the main areas in which the government has sought to reduce public expenditure. To that end, a number of cuts and modifications were enacted, and remained in place during the assessment period.

While these cuts have hit the highest pension-drawers especially hard, they have also affected poorer pensioners – undermining the goal of preventing poverty among the elderly. A study indicated that in 2010 – 2011, three out of four pensioners in Portugal received a pension of €500 or less per month, and that the risk of poverty among the elderly is higher in Portugal than elsewhere in the European Union. This statistic was likely aggravated by subsequent cuts in pensions. However, the 2015 budget unveiled in October 2014 partially alleviates some of these cuts, especially for lower pensions, although it is as yet far from undoing all the cuts of the bailout period.

The government has also sought to bolster the pension system's fiscal sustainability. To that end, the retirement age was increased from 65 to 66 years beginning in 2014, and is expected to remain there through 2015. From 2015 on, the retirement age will increase every year depending on the evolution of average life expectancy. Thus, it is expected to increase by two months in 2016. However, as per the previous report, the diminishing population – as both birth and immigration rates fall – is putting additional pressure on the social security system.

Citation:

Notícias CGA (Caixa Geral de Aposentações) - órgão da administração pública que gere as pensões.

Integration

Integration
Policy
Score: 7

In the previous report, we noted that the economic crisis has seen a decrease in immigration. This pattern has continued through this period as well. In 2013, the total number of immigrants fell to 401,000, down from 417,000 in 2012 (OECD, International Migration Outlook 2014).

This decline has taken some of the pressure off of integration programs. Overall, all evidence suggests that Portugal's integration policies have remained successful in the current period. The only notable change has been that the Alto Comissariado para a Imigração e Diálogo Intercultural (High Commission for Immigration and Intercultural Dialogue, ACIDI) was eliminated in February 2014, and was replaced by the Alto Comissariado para as Migrações (High Commission for Migrations, ACM). However, the remit of this new body remains essentially the same as that of its predecessor.

Citation:

Huddleston, Tom, et al (2011), "Migrant Integration Policy Index III," p. 11
OECD, International Migration Outlook 2014, p. 288.

Safe Living

Safe Living
Conditions
Score: 8

Portugal is signatory to and participant in all of the relevant Europe-wide programs regarding public security.

Despite the economic crisis, crime has not risen in the period under analysis. Indeed, the 2013 National Internal Security report indicates a considerable drop in overall reported criminality of 6.9% compared to 2012. While 2013 was the fifth consecutive year of falling reported crime rates, it also showed the biggest single-year decline during this period (the most significant previous drop was 2012, with a fall of 2.3%). Of the various types of crime, only two saw an increase in reported incidences in 2013 – domestic violence and opportunistic stealing. With regard to the former, this increase is more likely a reflection of greater awareness of domestic violence than an increase in its actual occurrence. Overall, Portugal remains a relatively safe country in international terms.

Citation:

Sistema de Segurança Interna, "Relatório Anual de Segurança Interna 2013"

Nick Cowen & Nigel Williams / Civitas (2012), "Comparisons of Crime in OECD Countries," p. 5

Global Inequalities

Global
Social
Policy
Score: 5

There was virtually no change in this period vis-à-vis the previous report. Foreign aid remains very much a secondary consideration in foreign policy, with the main interest being in economic diplomacy to promote the Portuguese economy and exports. That does not mean that Portugal is disengaged – it still participates in terms of foreign aid, especially in the Portuguese-speaking countries of Africa and East Timor. However, while there is some funding for foreign aid projects, there is little concern with the overarching aid policy, which means that coherence was not as strong as it might be. This lack of interest also percolates through to the design of international policies and

the lack of international leadership in that regard. It must also be kept in mind that Portugal is a follower, and not an international leader, and has very few resources. Therefore, while Portugal is supportive of the good intentions, it is in fact marginal with regard to the implementation and design of foreign assistance.

III. Environmental Policies

Environment

Environmental Policy
Score: 5

There is legislation to protect the environment. Although the government has failed to implement adequate policies to mitigate climate change, ensure renewable water sources, and protect forest areas and biodiversity, the reduction in production resulting from the economic crisis has eased the pressures placed on the environment. According to the Climate Change Performance Index, Portugal is behind only Denmark and the United Kingdom in having the most effective environmental policies. It is worth noting as well that a so-called Green Fiscal Reform, outlined in 2014 and slated to be implemented in 2015, is currently pending. This could have a very positive impact. In its main elements, this reform seeks to develop a green public-accounting system; harmonize and publicize existing environmental information; create analysis and decision-support tools that combine environmental, social, economic and budgetary aspects; review sectoral regulation policies; and rationalize existing environmental funds.

Citation:

Source: Publico 18/11/2013. Technical Report for the DGEP Model Results prepared for the Commission for Green Fiscal Reform

(<http://www.portugal.gov.pt/media/1537849/20140917%20fiscalidade%20verde%20anexo%20IV%20DGEP%20model%20results.pdf> (doc 23 e 24))

Global Environmental Protection

Global Environmental Policy
Score: 5

Portugal agrees to and participates in EU-wide policies on the environment. Portugal has also signed the Kyoto Protocol. It agrees and participates in this legislation, but the main issue concerns implementation in both the domestic and global settings. According to the Climate Change Performance Index, Portugal is behind only Denmark and the United Kingdom in having the most effective environmental policies.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Individuals and political parties enjoy largely equal opportunities to register for and to run in elections, both de jure and de facto. Parties espousing racist, fascist or regionalist values are all constitutionally prohibited, as are parties whose names are directly related to specific religious communities. However, these rules are rarely applied, and the small, extreme-right National Renewal Party (Partido Nacional Renovador, PNR) was allowed to contest the June 2011 legislative elections.

While individual citizens can run in municipal elections, they are barred from contesting legislative elections, where only registered political parties can present candidates. The requirements for registering a party are relatively onerous. To be formed, parties must acquire the legally verified signatures of 7,500 voters. Moreover, they must ensure that their internal party rules and statutes conform to the political-party law, which requires that parties' internal functioning must conform to "the principles of democratic organization and management" (Article 5 of the Political Party Law – Lei dos Partidos Políticos), and defines a number of internal bodies that parties must have (Articles 24-27).

However, these requirements do not prevent new parties from forming. Thus, a total of 16 parties contested the May 2014 European elections – three more than the preceding European elections in 2009. The most recent elections included two parties that had not previously participated in any elections in Portugal, the Livre (Free) and the Socialist Alternative Movement (Movimento Alternativa Socialista, MAS). In the previous report, we noted that in March 2013, this latter party was initially refused registration by the Constitutional Court. However, its registration was accepted by the Court in July 2013, consistent with the notion that the registration procedure does not discriminate significantly against parties.

On the laws see, for example, Eleição da Assembleia da República 1 / Outubro/1995: Legislação eleitoral atualizada e anotada (Lisbon: STAPE/MAI, 1995); and Lei dos Partidos Políticos (Political Party Law) – Lei Orgânica n.º 2/2003, de 22 de Agosto, com as alterações introduzidas pela Lei Orgânica n.º 2/2008, de 14 de Maio.

Media Access
Score: 8

Parties have access to broadcast time on television and radio for political purposes during the official campaign period of two weeks preceding the election date. This time is divided equally among the parties, according to the number of candidates they present. Parties need to present lists in at least 25% of electoral districts, and field a total number of candidates equal to at least one-quarter of the total number of possible candidates, in order to qualify for these broadcasts. These short broadcasts (lasting a maximum of three minutes for each party) air during prime-time, and had a non-negligible audience during the recent European elections. During the three days of the official campaign, these broadcasts were among the top 15 most-watched programs of the day.

If one considers media access more broadly, access to news programs and political debates is overwhelmingly concentrated on the five parties that have parliamentary representation: the Socialist Party (Partido Socialista, PS), the Social Democratic Party (Partido Social Democrata, PSD), the Democratic and Social Center People's Party (Centro Democrático e Social – Partido Popular, CDS-PP), the Left Bloc (Bloco de Esquerda, BE) and the Democratic Unitarian Coalition (Coligação Democrática Unitária, joining the Portuguese Communist Party and the Ecologist Party, CDU). Thus, television news coverage, which is popular in terms of TV ratings and is the predominant source of information for the Portuguese, is heavily concentrated on the five main parties.

However, during the period under analysis here, the issue of television coverage of the different parties' election campaigns became problematic. In particular, after the court decisions noted in the previous report, the National Election Commission adopted a very strict interpretation of the law requiring media to provide equal coverage to all parties during the campaign period. As a response, the three main television networks decided not to provide any coverage of the election campaigns – even declining to host debates between the candidates – during both the local elections of October 2013 and the European elections of May 2014, arguing that to provide coverage of all parties equally would be too costly.

Voting and
Registrations
Rights
Score: 9

All adult citizens are guaranteed the right to participate in national elections. The government also provides transportation to those requiring it. Citizens in hospitals and in jails are also able to vote, and assisted as necessary, and Portuguese citizens living abroad can also vote. There is no observable discrimination.

Problems with substantial inflation of the electoral register remain. Comparing 2011 census data with the same year's electoral register, the latter outnumbers

the former by just over 1 million voters, thus artificially inflating abstention rates by some 10 percentage points. A study by the public television broadcaster indicated that in the May 2014 elections, this difference rose to 1.2 million, the growth being a reflection of the current emigration pattern and the failure of Portuguese emigrants registered to vote in Portugal to transfer their electoral registration to their overseas residence. As Portuguese voters can only vote in the administrative parish (or, if abroad, in the country) in which they are formally registered, this means that a substantial proportion of Portuguese emigrants are unable to exercise their voting rights. In the 2014 European elections, there were a total of 795 registered voters in Angola, a minute fraction of the estimated 113,000 Portuguese immigrants resident in Angola in 2013.

At the same time, it must be noted that this discrepancy is not due to legal barriers to registration. Both within and without Portugal, electoral registration is a simple and non-exclusionary process.

Party Financing
Score: 7

Political party funding oversight lies with the Constitutional Court, which has a specific body to monitor party financing and accounts – the Entidade das Contas e Financiamentos Políticos (ECFP). There are two main sources of funds for political parties. Firstly, from the government, for all parties that received votes above a certain threshold in previous elections (over 100,000 votes in the case of legislative elections); secondly, private contributions to the parties, which must be registered with the electoral commissions of each of the parties, from local, to regional, and finally to national levels.

Parties' annual accounts and separate electoral campaign accounts are published on the ECFP website and are scrutinized by this entity, albeit with considerable delays. Thus, the assessments of the June 2011 legislative election campaign accounts were published in February 2014. Out of 17 parties that contested the 2011 elections, 12 were found to have committed irregularities and/or illegalities. However, the sanctions for infractions are relatively small and infrequent. A 2012 study examining oversight of party accounts – based on interviews with both the ECFP and party representatives – noted that the ECFP lacked human resources, which also limits its capacity to fully monitor party and election funding.

Citation:

(1) Marques, David & Coroado, Susana (2012). "Sistema Nacional de Integridade – Portugal," p. 31

Popular Decision-
Making
Score: 2

The institution of referenda exists at national and local levels. However, while citizens can propose referenda – with 75,000 signatures required to subscribe a petition for a referendum – the referendum itself only takes place if there is agreement from political officeholders. In the case of national-level referenda,

the Assembly of the Republic or the government must propose the referendum to the president, and the president accept this proposal. Citizens can propose local referenda, but the Municipal Assembly can decide whether to call these referenda or not.

In practice, referenda are rare in Portugal. There have been only three national referenda in Portugal, the most recent having been held in 2007. Local referenda are also rare; while five have taken place, none were during the time period here under analysis (15 May 2013 – 7 November 2014). There were no citizen proposals for referenda during this period, although this lack of proposals likely reflects not only the high threshold required, but also the fact that all previous citizen proposals were rejected by parliament.

Access to Information

Media Freedom
Score: 7

Public and private media are independent from the government's influence, as mandated by the constitution of 1976. The media are regulated by the Entidade Reguladora da Comunicação Social (ERC). Four of the five members of the ERC board are appointed by a qualified majority of two-thirds of parliament, and the fifth member – who normally becomes the ERC's head – is selected by the other four members.

During the period here under analysis, the government changed the governance structure of the publicly owned Rádio e Televisão de Portugal (RTP) Group. Law 39/2014 of July 2014 established a number of changes in the RTP Group statutes, most notably through the creation of the Independent General Council of RTP, which is empowered to appoint and dismiss the RTP Group's administrative board. The creation of this Independent General Council aims at reducing direct government oversight and interference.

Media Pluralism
Score: 7

Portugal's media market is a competitive and relatively diversified one. There are four main television networks – one public (RTP, with two channels) and two private (SIC and TVI), each of the latter owned by a different media conglomerate (Impresa and Media Capital). In the aftermath of the transition to digital television, the Portuguese Assembly's own channel, ARTV (previously only available on cable) was added to the roster of free-to-air channels in December 2012.

The national cable television news channels, once restricted to offerings from the RTP and SIC groups, has been diversifying substantially since 2009. There are now five cable news channels in Portuguese, with SIC Notícias (founded in 2001); RTP Informação (2004; named RTP Notícias until September 2011); TVI 24 (2009); Económico TV (2010; associated with the daily business

newspaper, *Diário Económico*); and *Correio da Manhã* TV (March 2013, associated with the daily tabloid, *Correio da Manhã*).

This diversification increasingly reflects the newspaper market, where a number of leading groups emerge. The Controlinveste group holds a number of relevant titles, notably *Jornal de Notícias* (a leading daily in northern Portugal) and *Diário de Notícias* (another leading daily newspaper). The Impresa group also controls some print outlets, its flagship being the influential *Expresso* weekly. Meanwhile, the Sonae group is behind another influential title – the daily *Público*. Cofina Media has the tabloid *Correio da Manhã* and the daily financial newspaper *Jornal de Negócios*; Ongoing has the other daily finance paper, *Diário Económico*; the *Sol* weekly is held by Newshold, which also acquired the daily “i” from Sogapal in September 2013. Newshold also sold much of its share in the Cofina group, reducing it from 15% in 2011 to less than 2% in October 2014. During this period, a new online daily newspaper called *Observador* was created with a classical liberal orientation (as set out in its editorial statutes).

This diversity results in a degree of pluralism of views and opinions. At the same time, it must be noted that the majority of media outlets – notably newspapers – face considerable financial challenges, as they frequently change hands. In particular, a trend has emerged during this period of Portuguese media groups being purchased by Angolan investors. Thus, in June 2013, the Controlinveste group was acquired by Angolan investor António Mosquito. Newshold is also owned by Angolan investors. This does raise questions regarding the extent to which Portuguese media may be used to advance Angolan interests.

Citation:

Observador, “Estatuto Editorial,” available online at: <http://observador.pt/estatuto-editorial/>

Access to
Government
Information
Score: 7

Free and readily available access to official information is guaranteed in Article 48, 2 of the 1976 constitution, and there are mechanisms to ensure that this does in fact happen. There are extensive legal stipulations providing guarantees for access to official information. Additional support is supplied by the Aarhus Convention of the European Union which was signed on 25 July 1998 and ratified by Portugal on 7 September 2003. The government has recently put online virtually all official information and requirements such as permits and licenses. It can be readily accessed through home computers and for free in a wide variety of public places such as municipal libraries. The Commission on Access to Administrative Documents (*Comissão de Acesso aos Documentos Administrativos, CADA*) deals with complaints regarding public access to information. It was established in 1995.

That said, there remains scope for improvements in terms of access to government information. The Global Right to Information Rating index gives Portugal a score of 73 out of 150, placing the country 68th out of 100 countries.

Citation:

Global Right to Information Rating, Country Data, available online at: http://www.rti-rating.org/country_data.php

Civil Rights and Political Liberties

Civil Rights
Score: 8

The Portuguese Constitution of 1976 defines broad categories of rights and guarantees for the population in Articles 12–23 and 24–27. This is generally also the case in practice. However, poorer elements of society, as in any country, tend to lack the educational, legal, and other means to take full advantage of these guaranteed rights.

Within this context, the three elements of concern noted in previous reports remain with regard to civil rights in Portugal.

1) There continue to be reports of police violence and brutality. The latest report by the government department responsible for investigating police brutality, the Inspeção-Geral da Administração Interna, indicates a total of 817 complaints in 2012. This number is somewhat lower than in 2011 (913 complaints). The U.S. Department of State Report on Human Rights Practices in Portugal for 2013 considers there to be “credible reports of excessive use of force by police.”

2) The treatment of prisoners remains another point of concern, with the U.S. Department of State Report on Human Rights Practices in Portugal for 2011 once again identifying as “credible” reports of “mistreatment and other forms of abuse of prisoners by prison guards.” Moreover, this report also notes the persistence of inadequate facilities and overcrowding in Portuguese prisons. Data from the Directorate-General of Prison Services, published in the *Diário de Notícias*, indicates that on 31 December 2013, the prison system had 14,133 inmates, exceeding its official capacity by 16% (1,966 places). In this regard, overcrowding has worsened as compared to the previous report (in 2011, the excess detention rate was 12%).

3) The legal system continues to allow lengthy pretrial “preventive” detentions without charges being filed. According to the U.S. Department of State Report on Human Rights Practices in Portugal for 2013, 19% of the prison population

was in preventive detention of this kind in 2013 – a very slight decrease when compared to the 2011 share (20%).

Citation:

US Department of State, Bureau of Democracy, Human Rights and Labor. “Country Reports on Human Rights Practices for 2013 - Portugal,” available online at:

<http://www.state.gov/documents/organization/220531.pdf>

Diário de Notícias, “Mais de 14 mil presos nas cadeias portuguesas em 2013,” 17 Jan. 2014, available online at: http://www.dn.pt/inicio/portugal/interior.aspx?content_id=3638113

Political Liberties
Score: 9

Under the regime that ruled Portugal until 1974, there were virtually no political liberties. The basic goal of the political transition was to achieve and to guarantee political liberties. Portugal has been successful in this regard, and there are widely agreed upon political liberties. The basic legislation in the constitution, and subsequent regular legislation, guarantees these political liberties. They function reasonably well.

Non-discrimination
Score: 7

State policies seek to redress discrimination, and cases of overt discrimination are rare. Nevertheless, three areas of concern remain:

1) Discrimination against women with regard to wages continues, with the gender pay gap increasing over recent years from an unadjusted gender gap of 8.4% in 2006 to 12.5% in 2011 and 15.7% in 2012, the latest year for which Eurostat data is available. While this is below the EU average, Portugal’s trend of an increasing pay gap contrasts with the relative stability in the EU as a whole.

2) Racial discrimination: the 2013 U.S. Department of State Report on Human Rights Practices notes patterns of institutional and societal discrimination, notably against the Roma people. It also notes that filing a complaint of racial discrimination is a “lengthy and complicated” procedure, and it cited a European Commission against Racism and Intolerance report saying that the “complaints system against police officers concerning racist or racially discriminatory acts was not functional and was seriously underreporting.”

3) Access of disabled people to private businesses and facilities. While access to public buildings for disabled people is mandated by law and enforced, according to the 2013 U.S. Department of State Report on Human Rights Practices, the same is not true of private facilities and businesses, for which there is no legislation mandating disabled access.

Citation:

Eurostat, Gender pay gap in unadjusted form, available online at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=1>

US Department of State, Bureau of Democracy, Human Rights and Labor. "Country Reports on Human Rights Practices for 2013 - Portugal," available online at:

<http://www.state.gov/documents/organization/220531.pdf>

Rule of Law

Legal Certainty
Score: 7

Portugal is an extremely legalistic society, and its legislation is prolix and complex. In combination with pressure for reform arising from Portugal's bailout and economic crisis, this causes some uncertainty as to what legislation will be applied, and how. This is best exemplified by some of the legal measures that the government proposed in its 2012, 2013 and 2014 budgets, which were subsequently deemed to be unconstitutional by the Constitutional Court. The accord Portugal signed with the EC-ECB-IMF Troika included a "reform of the state" to reduce public funding for various programs. Therefore, a number of what were legally predictable programs including in health, transport, and education, are very likely to change as their funds are cut.

Judicial Review
Score: 8

The judicial system is independent and it is very active in ensuring that the government conforms to the law. Indeed, 2013 and 2014 continued the high degree of judicial intervention, with the Constitutional Court rejecting key measures within the government's budget in both the 2013 and 2014 budgets as unconstitutional. In addition to the Constitutional Court, there are a number of other courts.

The highest body in the Portuguese judicial system is the Supreme Court constituted by four Civil Chambers, two Criminal Chambers, and one Labor Chamber. There is also a Disputed Claims Chamber, which tries appeals filed against the decisions issued by the Higher Judicial Council. The Supreme Court determines appeals on matters of law and not on the facts of a case, and has a staff of 60 justices (Conselheiros). There are also district courts, appeal courts, and specialized courts plus a nine-member Constitutional Court that reviews the constitutionality of legislation. In addition, there is the Court of Auditors (Tribunal de Contas). This is a constitutionally prescribed body, and is defined as a court in the Portuguese legal system. It audits public funds, public revenue and expenditure, and public assets, with the aim of ensuring that "the administration of those resources complies with the legal order." The Court of Auditors is active in auditing and controlling public accounts. In total, there are more than 500 courts in Portugal and 3,000 judges. Even so, there are shortages of judges in relationship to the number of cases and the delays in reaching judicial decisions are a problem.

Appointment of
Justices
Score: 9

The High Council of the Public Prosecution Department (Conselho Superior do Ministério Público), which oversees the appointment of judges, consists of 19 members, including the attorney general (Procurador-Geral da República).

Corruption
Prevention
Score: 6

In October 2012, Portugal appointed its first female attorney general, Joana Marques Vidal.

In law, abuse of position is prohibited and criminalized. However, corruption persists despite this legal framework. A 2012 assessment of the Portuguese Integrity System by the Portuguese branch of Transparency International concluded that the “political, cultural, social and economic climate in Portugal does not provide a solid ethical basis for the efficient fight against corruption,” and identified the political system and the enforcement system as the most fragile elements of the country’s integrity system. This assessment is corroborated by the Transparency International Corruption Perception Index of 2014, which placed Portugal 33rd worldwide in 2013 – the same rank as the previous year. A law was approved by the Assembly of the Republic in September 2011 on illicit enrichment of holders of public office. However, this legislation was deemed unconstitutional by the Constitutional Court in April 2012. While practically all the parties that approved the legislation declared they would bring new legislation on this issue, as of November 2014 no new legislation had been approved. In December 2011, the government announced it would present an Ethics Code for Public Administration. However, by late April 2013 the document had not been approved and it was revealed that the government had decided not to adopt it, instead integrating the ethical issues into the reform of the administrative procedure code.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 5

Portugal's Memorandum of Understanding (MoU) with the Troika, covering the 2011 – 2014 period, strictly limited opportunities for strategic planning. Even during the period under consideration here (15 May 2013 – 7 November 2014), which includes some of the post-MoU period, the pressure to decrease the public deficit resulted in few changes with regard to strategic capacity. While strategic planning is pursued with regard to finances and in the economy more generally, this was severely limited by the terms of the MoU and by negotiations with Portugal's international lenders. For example, there continue to be expert groups and offices consisting of government employees and outside experts formulating policies, such as the Departamento de Prospectiva e Planeamento de Ministério do Ambiente, do Ordenamento do Território e Desenvolvimento Regional; the Direcção Geral de Estudos, Estatística, e Planeamento (concerning employment); and the Gabinete de Estudos das Pescas. Most ministries have some kind of office or group dedicated to strategic planning. These occasionally exert some (limited) influence. However, under the current bailout terms, strategic planning is even less evident than prior to the bailout.

Scholarly Advice
Score: 5

The government utilizes academic experts for research on a wide variety of topics and to implement strategic development. However, they are largely used on an ad-hoc basis, and without a systematic pattern of academic consultation in place.

Interministerial Coordination

GO Expertise
Score: 6

The Prime Minister's Office (PMO) has limited policy expertise. While it is able to assess bills, it lacks in-depth policy assessment capabilities within most policy areas. With the bailout terms and with the achievement of budgetary targets becoming paramount in 2011 – 2014, and continuing after the MoU period, the assessment of policy has largely centered on budgetary implications,

notably in terms of reducing costs and/or increasing revenue. To this end, the Ministry of Finance plays a more central role in the assessment of policy proposals alongside the PMO.

GO Gatekeeping
Score: 8

The Prime Minister's Office (PMO) is able to return proposed legislation on the basis of policy considerations. However, during the 2011 – 2014 period, its de facto power to return legislation was constrained by the terms of the MoU. The priority given to budgetary consolidation has meant that the Ministry of Finance has seen its power increase, giving it a de facto veto power over policy. While it does not officially hold this power, its powers have increased due to its influence over any policy with financial implications.

Line Ministries
Score: 7

The Prime Minister's Office (PMO) is regularly briefed on new developments affecting the preparation of policy proposals.

Cabinet
Committees
Score: 6

Most ordinary meetings of the Portuguese cabinet – the Council of Ministers – are used for policy decisions rather than strategic policy debates. More political issues and strategic policy considerations are by-and-large prepared by the Council's inner core of a few ministers, augmented by other ministers and staff when required. However, as the economic crisis deepened – and with a coalition government in office – the committee meetings are increasingly failing to settle all issues prior to Council meetings. This has led to some very long – and seemingly not entirely conclusive – Council of Ministers meetings, especially from the second half of 2012 onwards. For instance, the Council of Ministers meeting to approve the 2015 budget lasted 18 hours, starting at 9 a.m. on 11 October 2014 and finishing at 3 a.m. on 12 October 2014.

Citation:

I online, "OE 2015. Governo aprova Orçamento ao fim de 18 horas," available online at: <http://www.ionline.pt/artigos/dinheiro-orcamento-estado-2015/oe-2015-governo-aprova-orcamento-ao-fim-18-horas>

Ministerial
Bureaucracy
Score: 9

Since the mid-1980s, cabinet meetings have been prepared in advance by senior ministry officials such as junior ministers or director-generals (who are also political appointees), depending on the issue. Under the MoU and with the existing budgetary constraints, this coordination has been carried out in conjunction with the Ministry of Finance. This keeps a very close control of all expenditure.

Informal
Coordination
Score: 5

Informal coordination mechanisms are central to government functioning and coordination. The horizontal informal links between ministries help compensate for the absence or rigidity of formal horizontal linkages. Informal coordination became all the more relevant in the current period, as the current government is composed of a coalition between two parties. Failures in informal coordination between the coalition partners has led to substantial crises in the government, which in the current assessment period included prompted resignations of the finance minister and of Foreign Minister (and leader of the junior coalition

party) Paulo Portas in July 2014. While the latter resignation did not lead to the collapse of the government – Portas was appointed vice prime minister after protracted talks – the resignations did reveal failures in internal coordination, with the finance minister resigning over a perception that internal governmental cohesion was less than optimal and that he did not have the full backing of all of the government.

Citation:

Carta de demissão de Vítor Gaspar, available online at: <http://www.tvi24.iol.pt/economia/troika/leia-a-carta-de-demissao-de-vitor-gaspar>

Evidence-based Instruments

RIA Application
Score: 3

There has been no substantive change in this area with regard to the previous assessment. As before, there is virtually no systematic and formalized RIA process in place. If impact assessments are carried out, their results are not generally publicly presented. All the evidence indicates that policy is adopted with a very cursory assessment of its impacts.

Quality of RIA
Process
Score: 2

As noted above, systematic RIA does not exist in Portugal. The assessments that take place largely fail. The participation of stakeholders does generally take place, albeit inconsistently and without always encompassing all relevant stakeholders. Impact assessment results are often not made publicly available, nor are they systematically communicated. And there are no quality evaluations of impact assessment by independent bodies.

Sustainability
Check
Score: 3

Sustainability checks are not integrated systematically into impact assessments. They may take place in some impact assessments but not in others, in a rather ad hoc fashion that depends on who is carrying out the impact assessment. The same is the case with regard to the indicators that sustainability draws on; and the temporal dimension of the analysis.

Societal Consultation

Negotiating
Public Support
Score: 4

The Social and Economic Council (Conselho Económico e Social, CES) serves as a constitutional body for consultation and social concertation. Within the CES, there is a Standing Committee on Social Concertation (Comissão Permanente de Concertação Social, CPCS) that brings together the government, employer associations and trade unions. The CES and the CPCS continued to hold regular discussions during the period under review. However, as noted in the previous report, since mid-2012 there has been a gradual weakening of the government's ability to generate support, particularly as austerity measures have advanced further. This has alienated former partners, both on the trade-union and employers' side. During the review period, the only agreement achieved

was an increase in the minimum wage to €05 per month, a policy agreed to September 2014 by all the employer associations and by one of the two main union confederations, the UGT. However, while the government still met with the social partners during the review period, aside from the single agreement the meetings were largely a result of legal obligations, and offered little scope for actual negotiation.

Policy Communication

Coherent
Communication
Score: 5

The government continues to find it difficult to present an effective and coherent communication strategy. Shortly before the period here under analysis, there was a change in the government department in charge of communication. The new minister – who took office in April 2013 – initially established a new model of communication, based on daily (later revised to biweekly) media briefings that began on 1 July 2013. While aiming to improve the coherency of communication, these proved short-lived, ending in September 2013. A tabloid newspaper report claimed that the decision to end these sessions was made by the prime minister, who reportedly thought this model generated “confusion.”

Since that time, the government has adopted a less formally structured communication model. However, this has not prevented communication from slipping into ineffective and incoherent patterns. One of the most salient cases in this regard was a briefing carried out by a junior minister of the Ministry of Finance in March 2014, which informed journalists that the government was planning cuts in pensions. When reports of these cuts emerged in the media, the prime minister denied the information, claiming that the reports had been no more than journalistic speculation. When it was confirmed that the source for the news reports was a member of the government, the government stated that the information had been released by mistake, and all senior ministers – including the prime minister, the vice prime minister and the minister in charge of communications – all stated they were not aware that this briefing would take place.

At the same time, it appears that the difficulties in achieving an effective and coherent communication reflect the government’s difficulties in terms of strategic capacity and interministerial coordination noted earlier in the report, rather than a failure in communication per se.

Citation:

Correio da Manhã, “Passos acaba com os briefings,” 29.08.2013, available online at: <http://www.cmjornal.xl.pt/nacional/politica/detalhe/passos-acaba-com-os-briefings.html>

Implementation

Government
Efficiency
Score: 7

The XIX constitutional government that took office on 21 June 2011 in the aftermath of the 5 June legislative elections does have a governance program, which is largely derived from the goals and targets of the MoU. This was true both before the end of the bailout program in May 2014 and afterward.

Overall, the record in terms of achieving the MoU targets is a positive one. In its overall assessment of the bailout's adjustment program, the European Commission concludes that: "Program implementation over the past three years has been successful overall in improving public finances, stabilizing the financial sector and bringing the economy back on a path of recovery," despite taking place "in the face of challenging circumstances."

At the same time, there is a perception that more work remains to be done in implementing the MoU measures, with the European Commission noting that "continued effective implementation and a speedy completion of the outstanding budgetary commitments and structural reforms will be crucial to reap the full benefits of the measures already undertaken." Likewise, the most recent OECD report on Portugal, released October 2014, noted that the implementation is very much, as they put it, a "work in progress."

In part, this is a reflection of the MoU measures having been more actively pursued in some areas than others. One area that still appeared to be under-pursued in this period was the reduction of rents in the energy sector. In its 11th evaluation report dated April 2014, the European Commission noted in this regard that, "Rent-reducing measures implemented so far in order to eliminate the tariff debt by 2020 and to ensure the sustainability of the system appear to be insufficient in view of the objective of limiting energy price increases."

Citation:

European Commission, "The Economic Adjustment Program for Portugal - Eleventh Review." Available online at: http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp191_en.pdf

European Commission, "The Economic Adjustment Program for Portugal 2011-2014." Available online at: http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp202_en.pdf

OECD Economic Surveys: PORTUGAL October 2014

Ministerial
Compliance
Score: 7

The organization of and power relations in the parliamentary/cabinet system ensure that the government has incentives to implement its program. This is further reinforced by the stipulations of the Memorandum of Understanding (MoU) and the fact that Portugal was until May 2014 operating under the terms of a bailout.

That said, the current government faces additional challenges as a result of being a coalition. Moreover, the internal organization of the government appears to have made implementation more difficult. The government has only 13 ministries, leading to the aggregation of previously extant ministries into “super ministries.” It appears that these super ministries – in crucial domains such as economy, employment and environment – are making it difficult to ensure complete implementation.

Monitoring
Ministries
Score: 7

The current government is relatively small, with 13 ministries, 37 secretaries of state and one undersecretary of state. The ministries are not independent of the prime minister. The prime minister is also assisted by the *Presidência do Conselho dos Ministros*. The Prime Minister’s Office (PMO) can thus monitor implementation activities of all line ministries. However, the lack of in-depth policy capacity within the PMO constrains the overall degree of control. While the terms of the MOU increased overall monitoring, it also means that monitoring is stronger in some dimensions (notably those of interest to the Troika, like financial aspects) rather than considering all policies or policy dimensions.

Monitoring
Agencies,
Bureaucracies
Score: 8

Portugal has seen a proliferation of quasi-autonomous nongovernmental organizations (QUANGOs) and other structures in addition to an already complex direct administrative structure since the 1990s. These structures were often left with little ex-post monitoring. However, in the context of the bailout and the need to reduce public expenditure, the government has taken far closer interest in the operation of both QUANGOs and the direct administration. However, this interest is fundamentally centered on financial and budgetary aspects rather than the implementation of policy per se.

Task Funding
Score: 6

Portugal continues to be one of the most centralized countries in Western Europe, with autonomous self-governing areas solely in the island regions of the Azores and Madeira. 308 municipalities represent the main subnational level of government. According to 2012 data (the latest available), Portugal saw its ratio of local government expenditure to GDP – already one of the lowest of the EU – drop to 6%, from 7% in 2011. This is almost half the average EU level in 2012 (11.8%).

The subnational sector has long been burdened with increasing debts. These reached a critical point in the 2011 – 2013. The most salient bailout was that of the Madeira regional government in late 2011, as a result of huge deficits in Madeira. Additionally, the government set up a bailout for indebted municipalities while at the same time tightening its control over local accounts in mid-2012. These debts continued to be evident during the period under analysis here, with a number of municipalities – the most dramatic being Aveiro, in September 2014 – being forced to request bailout packages from the central government. These rescue packages are granted with conditionalities

attached, notably in terms of reducing public expenditure. Overall – as in other policy areas – the main focus today in terms of subnational delegation is on curbing public expenditure rather than on policy delivery.

Citation:

Eurostat data - “Government revenue, expenditure and main aggregates”

TVI24, “Governo faz empréstimo urgente a Aveiro,” 30/09/2014. Available online at: <http://www.tvi24.iol.pt/economia/camaras/governo-faz-emprestimo-urgente-a-aveiro>

Constitutional
Discretion
Score: 5

Formally, the central government enables subnational governments to make full use of their constitutional scope of discretion with regard to implementation. However, subnational governments do not have their own revenue stream, instead being dependent on central government transfers. This means that the central government generally has considerable control. This control has increased in 2011 – 2013 as the central government imposed its own conditionalities on the Madeira regional government and on municipalities that requested central government help. The same is true of those municipalities which did not seek a central government bailout, as the increasing tightening of financial expenditure cut funding for programs that involved partnerships between central and local government.

National
Standards
Score: 6

National standards are largely uniformly applied, albeit as a result of the control and provision of most public services by the central government. There are, however, differences between municipalities in some services, such as infrastructure, culture and increasingly also extra-curricular educational offerings.

Adaptability

Domestic
Adaptability
Score: 7

The European Union is extremely important to Portugal in all respects. Since joining the European Economic Community (EEC) in 1986, Portugal has become an integral part of Europe with all the implications arising from integration into a huge variety of legal and organizational frameworks. While the government of Portugal has not yet applied all of the EU laws and regulations, it is increasingly adapting EU policies. Obviously, since Portugal is part of the European Union, and dependent upon it for funds and trade, a situation that can only increase with the current bailout, so the country has had to adapt its structures accordingly.

International
Coordination
Score: 7

Although Portugal is small and not very influential as a nation, it is a member of the European Union, the Organization for Security and Co-operation in Europe, the Council of Europe, NATO, OECD, the World Trade Organization, etc.. It works with other nations through these organizations to develop policies. It also applies the policies of these international organizations domestically, at least in

terms of passing laws, and when it comes to the European Union it seeks to fully implement them. In this view, the government is largely able to shape and implement collective efforts to provide global public goods. Existing processes enabling the government to ensure coherence in national policies affecting progress are, for the most part, effective.

Organizational Reform

Self-monitoring
Score: 5

The overwhelming concern between 2011 and May 2014 was to apply the MoU and seek budgetary consolidation. This means that monitoring resources were primarily allocated to the implementation of measures in the MoU; demonstrating results to (and, when necessary, negotiating with) the international partners of the Troika; and monitoring public administration expenditure. There have been no substantial measures concerning monitoring of institutional arrangements over this period and there is little evidence of de facto monitoring of institutional arrangements of governing. What little occurs appears to be reactive to political crises or challenges. As noted above, the policies contained in the MoU were largely retained after it lapsed in May 2014.

Institutional
Reform
Score: 5

There is no evidence of the government changing institutional arrangements to improve strategic capacity over the 2011 – 2014 period. The dominant goal under the bailout was to apply the measures contained in the MoU with the EC-ECB-IMF Troika, and to seek budgetary consolidation. The government has had little flexibility to consider changing institutional arrangements. What changes have taken place appear to have had at best no impact on strategic capacity.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 5

The economic recession and the bailout have increased citizens' attention and interest in policy matters. However, this greater demand for policy knowledge does not appear to translate into a corresponding increase in actual knowledge, with policy knowledge remaining limited and unevenly distributed. The factors that limit citizens' policy knowledge include: insufficient and partial explanation of policy by the government; partial and insufficient explanation of policy alternatives by the opposition; the media system tends to focus more on short-term issues and scandals than on in-depth policy analysis; presentation of policy in terms that tend to be exclusionary for most citizens; and a weak civil society that is unable to socialize and educate citizens on policy issues.

Legislative Actors' Resources

Parliamentary
Resources
Score: 6

The Assembly of the Republic does have a robust committee structure and system composed of standing and ad hoc committees, as well as committees to assess implementation of Plano do Governo and Orçamento do Governo. Moreover, it can call members of the executive to explain issues and has some degree of autonomy in terms of its budget allocations. However, there remains a substantial lack of expert support staff. Members of the Assembly generally do not have their own staff, and there is little expert support they can rely on. As such, the Assembly's capacity to monitor government activity is largely contingent on the members of the parliament's own expertise and expertise.

Obtaining
Documents
Score: 7

The government is obliged to respond within 30 days to requests for information from the Assembly of the Republic. While there is no data on how it responds specifically to requests from parliamentary committees, delivery of information to requests from members of parliament can be untimely or incomplete. Thus, in the third legislative session of the XII legislature, from 15 September 2013 to 25 July 2014, a total of 2,141 questions and requisitions were made by MPs, of which 1,238 (58%) went unanswered. This rate of response is lower than in both the first and second legislative sessions, which respectively had a 77% and 72% response rate.

However, this response rate appears to reflect a lack of institutional capacity to answer the questions rather than a deliberate attempt to conceal information from the Assembly. Moreover, it is likely that committee requests are answered more promptly and fully than those of individual MPs.

Citation:

Divisão de Informação Legislativa e Parlamentar, Assembleia da República, "Atividade Legislativa - XII Legislatura, 3ª Sessão Legislativa (15 de setembro de 2013 a 25 julho de 2014)," available online at: http://www.parlamento.pt/ActividadeParlamentar/Documents/Estatisticas_Actividade_Parlamentar_XIILeg/ActividadeLegislativa_XII_3.pdf

Summoning
Ministers
Score: 9

Ministers must be heard at least four times per legislative session in their corresponding committee. Additionally, committees can request ministers to be present for additional hearings. A committee request requires inter-party consensus. However, each parliamentary group may also unilaterally request ministerial hearings. These vary from one to five per session, depending on the size of the parliamentary group. Ministers accede to requests for their attendance at hearings.

Summoning
Experts
Score: 9

Parliamentary committees are generally free to request the attendance of experts at committee meetings.

Task Area Congruence Score: 9	In the XII legislature (which began in June 2012) there are 12 permanent committees, which roughly matches the number of ministers (13) in the current government. That is not to say there is a direct correspondence – indeed, some committees monitor more than one minister – but all of the ministries and ministers are monitored. The Assembly of the Republic created a special committee – the Comissão Eventual para Acompanhamento das Medidas do Programa de Assistência Financeira a Portugal – specifically to monitor Portugal’s ongoing implementation of the terms of the Memorandum of Understanding (MoU). This committee was eliminated in September 2014, after the end of the bailout period.
Audit Office Score: 4	The Tribunal de Contas or supreme audit office (SAO) is totally independent of the Assembly of the Republic and the executive. It is part of the judicial system, on an equal level with the rest of the judicial system. However, while not accountable to the Assembly, it must report to it regularly.
Ombuds Office Score: 2	Portugal does not have a parliamentary ombudsman. There is however a judicial ombudsman (Provedor de Justiça), which is situated in the judicial system. It serves as the advocate for citizens’ interests.

Media

Media Reporting Score: 6	As a result of the increased interest in policy with the bailout, media reporting has improved somewhat. That said, analyses of government decisions fail to carry out systematic in-depth policy analysis. Moreover, policy analysis is carried out by expert commentators, with little or no journalistic work on policy issues. One interesting trend of 2011 – 2013 has been the increasing commentary time allotted to former politicians, especially on television – the main source of political information. An analysis in early May 2013 indicated that there were 69 hours of political commentary per week on the four free-to-air channels and three main cable news channels. Of a total of some 97 regular commentators, 60 of these were politicians. The current crop of commentators includes, for instance, the previous prime minister, José Sócrates, and the former leader of the Social Democratic Party (Partido Social Democrata, PSD), Manuela Ferreira Leite. This profusion of politician-commentators does not appear to contribute to greater policy analysis, not least as many of these commentators are engaged in a political career.
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Parties and Interest Associations

Intra-party Democracy Score: 5	Three parties met the 10% vote-threshold criteria in the 2011 legislative elections: the Social Democratic Party (Partido Social Democrata, PSD), the Socialist Party (Partido Socialista, PS), and the Democratic and Social Center People’s Party (Centro Democrático e Social – Partido Popular, CDS-PP). During the period under review, there was one significant innovation with
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regard to intra-party democracy, with the Socialist Party adopting primary elections for the selection of its “prime minister candidate.” These elections allowed for this figure to be selected not only by party members, but also by “party sympathizers” – that is, non-party members who chose to register to vote in these elections. The ballot on 28 September 2014 was the first primary election in Portugal held by a political party with parliamentary representation. A total of 150,000 party sympathizers registered to vote in these elections, in addition to the 93,000 party members.

Aside from this change, the pattern outlined in the previous report remained largely unchanged. In all three parties, national-level decision-making is highly centralized around a small number of party leaders. The PS and PSD each hold direct elections for their party leadership enabling only party members to vote, and have congresses with delegates also elected by party members. For the Socialists, this direct election of the party leader now coexists with primary elections.

With regard to policy issues and candidates other than the party leader, rank-and-file members have little say. Instead, decisions are largely made by the party leadership, which – depending on the internal balance of power – may have to negotiate with the leaders of opposing internal factions. In the case of the CDS-PP, this degree of centralization has if anything become stronger. It abandoned direct elections for the party leader in 2011, and has a shrinking rank-and-file base and weaker internal factions. This means that virtually all decisions are placed in the hands of the party leader. Indeed, the current party leader has led the party for 15 of the last 17 years. While only these three parties met the 10% criteria in the past legislative elections, two other parties in Portugal, the Portuguese Communist Party (Partido Comunista Português, PCP) and the Left Bloc (Bloco de Esquerda, BE), are also relevant. These are also marked by a high degree of centralization with regard to national-level internal decision-making.

Association
Competence
(Business)
Score: 4

A few business-related organizations are capable of formulating relevant policies – notably employers’ associations and trade unions. However, their proposals tend to be reactive to government measures rather than being proactive in setting policy debate. This pattern of reactivity has if anything been reinforced in the current period. While both employers and trade unions have increasingly expressed dissatisfaction with the austerity measures, there are few substantive alternatives presented other than reactions to specific government measures.

Association
Competence
(Others)
Score: 4

In the context of the economic crisis and of the bailout, there has been a reduction in the impact of other associations. On the one hand, Portugal’s signing of the Memorandum of Understanding (MoU) with the EC-ECB-IMF Troika, which specified a very clear set of policy proposals, almost wholly shut

civil-society movements with policy platforms out of the policymaking process. Additionally, the overwhelming focus on economic issues means that proposals by established groups focused on other issues now attract less visibility (e.g., the environmental group Quercus).

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