



Portugal Report

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Sustainable Governance
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Executive Summary

The period under review covers the third year in office of the António Costa government. The Costa government entered office under inauspicious circumstances. Holding a minority of parliamentary seats, Costa's social-democratic Socialist Party (PS) needed the support of two unlikely allies – the political forces to the PS's left: the Left Bloc (Bloco de Esquerda, BE) and the Portuguese Communist Party (Partido Comunista Português, PCP) – to form a government.

The anti-austerity and, to some extent, anti-EU discourse of these allies suggested an inevitable clash with the government's pledge to meet Portugal's post-bailout European commitments – and market pressures – regarding budgetary consolidation.

The seemingly precarious nature of this political solution led this coalition arrangement to be dubbed the “geringonça” (or the “contraption”). Yet, over the last three years, political practice has significantly belied initial expectations. The Costa government has managed to corral a mostly stable parliamentary majority with its left-wing allies, notably in terms of approving the State Budget, the key policy instrument for Portuguese governments. In addition, by bringing the hitherto excluded BE and PCP into government decision-making, the “contraption” has helped reduce overall political polarization, at least between the PS and the left – if not to the right.

At the same time, it has achieved an unprecedented record of budgetary consolidation, with the lowest two-year average (2016 and 2017) in terms of deficits since democratization, while alleviating (in discourse and, at least to some extent, in practice) the austerity agenda that had marked the 2011 – 2014 period.

These results have led to a greater international influence for Portugal, as the country has become a success story for post-bailout policies within the European Union. The “geringonça” continues to garner interest from around Europe as a way of reducing party polarization, very much against international trends. And, during the period under review, the country's international recognition is reflected in the election of Minister of Finance Mário Centeno to the presidency of the Eurogroup in December 2017 – an

outcome that would hardly have been conceivable without budgetary consolidation.

These positive outcomes have been helped by economic growth, boosted by exports and tourism. Equally, unemployment rates have continued to fall, now standing at 6.6% – the lowest level since September 2002. The country has also become increasingly attractive to the tech sector, a fact exemplified by the country's ability to host the Web Summit since 2016, with a deal in place to continue hosting the summit until 2028.

The above elements would suggest an overwhelmingly positive assessment regarding Portugal's governance. However, while some positive changes in Portugal have been evident during this review period, notably with regard to economic aspects in general and budgetary aspects more specifically, these coexist with persistently low scores in governance dimensions pertaining to policy formulation, implementation and oversight. The regulatory impact assessment (RIA) framework, strategic decision-making, monitoring of institutional arrangements and policy evaluations remain weak. As in the past, this weak capacity affects the quality and impact of new and existing policies.

The Costa government program has as a key plank the simplification and modernization of public administration, with a focus on improving the quality of governance. There have been some efforts to improve governance and strategic capacity (e.g., with steps to strengthen RIA), but these remain very much in their infancy. While the country did not, during the period under review, experience any catastrophic events (e.g., like the devastating and deadly forest fires of 2017), it remains to be seen whether the current government will be able to deliver reforms in governance – a domain in which so many previous governments have promised more than they have achieved.

Key Challenges

To begin, we must note three challenges common to many other European democracies that are not a problem in Portugal.

First, regarding immigration and refugees, Portugal remains outside the routes taken by large populations of migrants and refugees leaving North Africa, the Middle East and South Asia. Immigration is not a salient or extremely divisive political issue in Portugal, unlike in many European countries. In a survey

carried out in March 2018, only 2% of respondents in Portugal considered immigration to be among the two most important issues faced by the country, the lowest proportion in the European Union and well below the EU-28 average of 21%.

Second, Portugal does not have the same problem with Islamic terrorist radicalization (jihadists) that has been experienced by several other EU member states. Its (small) Islamic community is generally well integrated and participates in the country's dynamic interfaith dialogue. Indeed, President Marcelo's inauguration in March 2016 included an interfaith ceremony held at the Central Mosque of Lisbon.

Third, unlike a number of other democracies, Portugal has not seen a rise in populist, anti-system parties or candidates, either on the right or the left of the political spectrum.

However, four challenges exist.

A first challenge will be to ensure that budgetary consolidation continues. The country had its most recent EU excessive deficit procedure closed in 2017. This was the third such procedure for the country since 2002. In the previous two, a new excessive deficit procedure was opened within two years of the preceding one closing. This risk is compounded by the high level of public debt, 124.8% of GDP in 2017. This is the third-highest ratio within the European Union. Barring relief, bringing this debt under control will require an unprecedented, sustained effort over many years and future governments. The government's latest Stability Program for 2018 – 2022, released in April 2018, forecasts that debt will drop below 60% of GDP in 2032. This will require an unprecedented effort to sustain budgetary consolidation over more than a decade, and across international and domestic economic and political cycles.

A second and related challenge over the short- to medium-term will involve the reconciliation of the need for budgetary consolidation with citizens' expectations that the previous years' austerity policies will be reversed. The Costa government managed to square this circle reasonably well during the current review period. However, more pressure, not less, is now emerging, especially as the economy recovers.

The third challenge is the need to improve governance capacity. During the current and previous review periods, Portugal scored poorly in a number of areas related to governance capacity, including the use of evidence-based instruments in policymaking, the degree of strategic planning and input into

policymaking, societal consultation, policy implementation, and the degree to which institutional governance arrangements are subjected to considered reform. Inevitably, weaknesses in these areas impinge on the quality of policymaking, both in terms of conception and implementation. This governance capacity pertains not only to decision-making arrangements, but also to broader oversight mechanisms.

The fourth serious challenge has to do with youth unemployment. Youth unemployment rates have not followed the declining trend of unemployment in general, remaining fairly stable during the current review period – above the EU and euro zone averages. Labor market policies will need to tackle this issue in the future in order to avoid wasting the significant educational investment that has been made over the past decade.

In addition, two factors are likely to exacerbate these four challenges.

First, Portugal has been heavily shaped and clearly benefits from membership in the European Union. However, the external environment is becoming much less predictable and supportive of the recent progress made by Portugal. Particular concerns include the confusion over Brexit, the change of leadership in Germany, widespread demonstrations in France, Italian resistance to key EU policies, political polarization over migrants across most EU member states and possible trade wars stimulated by the U.S. Trump administration. Already there are signs of tension in Portugal, which have manifested in strikes in several key areas of society and the economy. It is likely that external factors will increasingly aggravate domestic challenges. It remains to be seen if Portugal's political economy will be able to respond as positively to these external factors as in the two previous review periods.

Second, there will be elections next year. On 26 May 2019, elections will be held for the European Parliament and, on 6 October 2019, elections will be held for the Assembly of the Republic. We must remember that Portugal is indeed a democracy, and the central actors are political parties. According to the most recent public opinion data (collected in November 2018), 41.8% of voters intend to vote for the PS. Since the last survey, the PS share has increased by 0.4 percentage points, the BE share has decreased 0.3 percentage points, and the CDU share has increased 0.1 percentage points. In comparison, the PSD share has decreased 0.7 percentage points, with 26.8% of surveyed voters intending to vote PSD. Consequently, although there is a “contraption” in which the PS receives parliamentary support from the BE and the CDU, one should not assume that the “contraption” will last into the next parliament. The PS may decide either to form a government on its own or demand more “flexibility” from the BE and CDU. Alternatively, the BE or CDU may

determine that they don't want to support the PS or, if they do, may demand that they join the PS in the government.

Citation:
Eurobarometer 89 (Annex), March 2018. Available online at:
<http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/83136>

Party Polarization

The Portuguese party system has proved comparatively very stable over time. Since the October 1999 legislative elections, the party system has been almost entirely monopolized by five political forces: the PSD, PS, CDS, PCP and its ally PEV, and BE. Overall, Portugal has had six legislatures since the beginning of the new millennium. Out of a total of 1,380 members of parliament elected to these six legislatures, 1,379 have belonged to these five political forces.

This stability contributes to a low level of party polarization, as evidenced by the lack of ideological polarization. Portugal has the seventh lowest level of ideological polarization between parties out of the countries assessed in 2018 and is well below the overall average for all countries.

Interestingly, party polarization has generally diminished in the current legislature. In November 2015, the PS entered into agreements (termed “joint positions”) with the PCP and BE, with the parties agreeing on a set of common policies and the support for the formation of a Socialist government. These agreements have meant that the PCP and BE have a greater role in government and policymaking than ever before, mitigating overall polarization in the party system.

The greater role of the PCP and BE in policymaking is evidenced by their approach to the recent State Budgets, the central policy plank of Portuguese governments. The 2016, 2017 and 2018 budgets were negotiated with the BE and PCP, and approved with their support. The 2019 budget is set to follow this pattern, having been approved following its first parliamentary reading – again with the support of the BE and PCP – at the end of October 2018.

This constitutes a profound modification vis-à-vis the past. Previously, the BE and PCP systematically voted against all budgets, with the BE voting against every single state budget since first entering parliament in 1999; and the PCP voting against every state budget since 1977.

At the same time, while overall polarization is diminishing, there is now a greater distance between the two centrist parties, the PS and PSD, as well as between the PS and CDS. These three parties had cooperated extensively since democratization, not only in terms of forming PS-PSD and PS-CDS coalition governments, but also in terms of approving the state budget.

Thus, the formation of a Socialist government in the aftermath of the 2015 legislative elections – and its rapprochement with the PCP and BE – widened the gap between the Socialists and the parties to its right, the PSD and CDS. Equally, the austerity of the previous PSD-CDS coalition government during the 2011 – 2014 bailout period also widened the gap between PS on the one hand, and PSD and CDS on the other (and, arguably, contributed to the Socialists' parliamentary entente with the PCP and BE). (Score: 8)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

In a country marked by considerable policy discontinuities across governments, the stability of the Costa government has helped foster and maintain a reasonably reliable economic environment, at least in contrast to the 2015 and 2016 periods.

The government has maintained its strategy of gradually reversing previous austerity measures without generating adverse impacts on budgetary policy or the country's overall fiscal consolidation. It has also sought to facilitate investment through the SIMPLEX+ program, which aims to simplify bureaucratic processes.

The economy grew during the period under review. Quarterly economic growth rates for 2018 were 0.4% in the first quarter and 0.6% in the second quarter. Eurostat has provided a provisional annual growth rate of 2.8% in 2017, up from 1.9% in 2016. For 2018, the European Commission has estimated a growth rate of 2.2%.

After three years of economic downturn (2011 – 2013), 2017 marked the fourth consecutive year of economic growth. Moreover, economic growth has also improved in relation to EU and euro zone averages. While the economy grew in 2014 and 2015, it did so at a lower rate than the EU-28 and euro zone averages. In 2016, economic growth in Portugal was equal to the euro zone average and 0.1 percentage points below the EU-28 average, but the 2.8% growth rate for 2017 exceeds both the EU-28 and euro zone averages (2.4% in both instances).

At the same time, there are some notes of caution. First, the estimates for 2018 and 2019 point to a slowing down of economic growth, and an economy that is not converging with the EU and euro zone averages.

Second, and most salient, the Portuguese economy still faces a number of structural constraints that remain largely unaddressed by government policy during this period. As the Bank of Portugal noted in March 2018: “In Portugal, structural weaknesses persist, which cannot be ignored, reflecting various challenges (demographic, technological and institutional) to potential growth in the Portuguese economy.”

Citation:

European Commission, “Economic performance and forecasts,” available online at: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts_en

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Eurostat, “Gross domestic product, volumes: Percentage change q/q-1 (SCA)” available online at: <https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teina011&language=en>

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Labor Markets

Labor Market
Policy
Score: 7

Unemployment rates maintained the downward trajectory identified in the last four reports. According to Eurostat, Portugal’s general unemployment rate was 6.6% in September 2018, a drop of almost two percentage points relative to October 2017. This was the lowest such rate since September 2002. The unemployment rate has fallen consistently since its peak of 17.9% in January 2013. It is also back in single-digit territory – the norm for the low wage, low unemployment Portuguese economy – since April 2017, after more than eight years of double-digit unemployment, beginning in February 2009.

However, this decline has not been entirely due to labor-market policies. The available evidence suggests that two main factors have driven the phenomenon. The first is the return to real economic growth after a period of contraction between 2011 and 2013. The second is the continued effect of very high levels of emigration. The most recent data for 2017, produced by the National Statistics Institute (Instituto Nacional de Estatística, INE) and provided by Pordata, indicates that some 81,051 people emigrated (on either a permanent or temporary basis) in 2017. This is still a very high number, although maintaining a downward trajectory since 2014 (when it reached some 135,000). While emigration numbers are falling, they remain very high. The

number is all the more relevant if we consider that, according to Eurostat, the absolute number of unemployed people declined by a quantity that closely mirrors the emigration statistics, with the number of unemployed people falling by 110,000 in 2017.

As in the previous period, youth unemployment remains a blot in the generally positive development of the labor market. Youth unemployment declined at a much slower rate than overall unemployment, from 24.6% in October 2017 to 19.6% in September 2017, well above the euro zone average of 16.8%. The relative stickiness shown by youth unemployment is consistent with the analysis that labor market policies have not been wholly responsible for the decline in unemployment.

The monthly minimum wage saw a €3 increase to €80 in 2017. This marks the fourth consecutive year of increases in the minimum wage, after a four-year plateau at €485 during the bailout period (2011 – 2014). Unlike the 2016 increase, however, this increase did not have the support of business associations. Yet, in practice, this increase does not appear to have had a negative effective on the labor market.

The government of Portugal passed and published a new labor code in March 2018. The impact of the new code, of course, remains to be seen at this early date.

Citation:

Eurostat, “Unemployment rate by sex and age – monthly average.”

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Pordata, “Emigrantes: total e por tipo – Portugal,” available online at: <http://www.pordata.pt/Portugal/Emigrantes+total+e+por+tipo-21>

Pordata, “Salário mínimo nacional,” available online at: <https://www.pordata.pt/Portugal/Salário+m%C3%ADnimo+nacional-74>

cite.gov.pt/pt/legis/CodTrab_indice.html

Taxes

Tax Policy
Score: 5

The very high levels of taxation on income and consumption noted in the previous SGI reports have remained in this period.

Overall, the tax burden increased to 34.7% of GDP in 2017, the highest level since the National Statistics Office (Instituto Nacional de Estatística) began compiling data in 1995.

This high level is a result of two factors.

First, while the Costa government has stated its intention to end austerity, it largely retains the income tax brackets approved in 2013, which generated a massive tax increase (and which boosted the tax burden from 31.8% of GDP in 2012, below the OECD average, to 34.1% of GDP in 2013, above the OECD average). Prior to this change in income tax, the tax burden had only once surpassed 32% (32.3% in 2011). Since 2013, it has never fallen below 34% of GDP.

Second, the Costa government has also sought to maintain budgetary consolidation despite increasing expenditure. To that end, it has resorted to indirect taxation, either maintaining existing high levels on some indirect taxes (e.g., VAT) or increasing the rate on other indirect taxes (e.g., on fuel and cars, particularly in 2016 but also in 2017 and 2018).

Overall, tax policy has failed to achieve horizontal and vertical equity during the period under review.

Fiscal receipts continue to rely excessively on more regressive indirect taxation. Thus, while the share of direct taxation on the overall tax burden in Portugal (29.6%) is below the EU-28 average (34.2%) in 2017, the share of indirect taxation in Portugal (43.5%) is well above the EU average (34%). Moreover, the overall balance is one where indirect taxation outweighs direct taxation, in contrast to the EU norm. The considerable dependence of public finances on indirect taxation measures (e.g., VAT) fails to satisfy the vertical-equity criterion.

The tax authority continued to implement measures to combat tax avoidance in 2017 and 2018, and approved a new strategic plan to combat fraud and tax evasion for the 2018 – 2020 period. However, as its own report noted, the tax authority was unable to implement all the proposed measures for the 2015 – 2017 period, with some 20% not implemented.

Existing data suggests historically high levels of tax evasion and fraud in Portugal. Thus, a paper by Annette Alstadsætera, Niels Johannesen and Gabriel Zucman, published in 2018, indicated that over 20% of Portugal's GDP was held offshore in 2007 – more than twice the world average of 9.8%, and second only to Greece in the European Union. While its various measures are a step in the right direction, the tax authority appears unable to deal fully with the accumulation of offshored wealth or sophisticated modes of tax evasion.

At the corporate level, the effective tax rate is well below the nominal rate due to tax deductions, meaning that comparatively profitable companies often pay low effective rates.

Citation:

Alstadsæter, A., Johannesen, N., & Zucman, G. (2018). Who owns the wealth in tax havens? Macro evidence and implications for global inequality. *Journal of Public Economics*, Volume 162, June 2018, Pages 89-100.

Eco (2018), “Grandes empresas pagaram mil milhões em impostos. Fisco só ficou com 10% dos lucros,” available online at: <https://eco.pt/2018/04/18/grandes-empresas-pagaram-mil-milhoes-em-impostos-fisco-so-ficou-com-10-dos-lucros/>

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Portuguese Republic (2017), “Relatório De Atividades Desenvolvidas – Combate à Fraude e Evasão Fiscais Aduaneiras 2017,” available online at: <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=a2893ee2-ada7-4c16-9dc5-4c38eea47c8e>

Budgets

Budgetary Policy
Score: 7

The budget deficit for 2017 stood at 3% of GDP. This is only the fourth time that the deficit has been at or below 3% since 1995 – with 2016 and 2017 accounting for two of these four years. However, this 3% deficit marks an increase vis-à-vis to 2016’s record low.

The 3% budget deficit in 2017 was inflated by a one-off capitalization of the public bank, Caixa Geral de Depósitos (CGD). Without this injection of capital into the CGD, the deficit would have stood at 0.9% – which would have been the lowest level since democratization.

These positive results have continued into 2018, with the independent Council of Public Finances estimating a deficit for 2018 of 0.5% – a result that is better than the government’s own forecasts.

The decrease in the budget deficit has affected public debt. While the absolute level of public debt remains very high, standing at 124.8% of GDP in 2017 (only lower than Greece and Italy in the European Union), this is a 4.3 percentage point improvement vis-à-vis 2016.

These positive results have helped Portugal regain international credibility, as evidenced on two levels. First, in terms of the evaluation of credit agencies. During the period under review, Portugal’s rating was raised to investment grade by all three big credit agencies, with Fitch raising the rating in December 2017 and Moody’s in October 2018. This marked the first time

since July 2011 that Portugal had received an investment grade rating from all of the major credit agencies.

The second level is the increasing political recognition afforded to Portugal's Minister of Finance, Mário Centeno. After being dubbed the "Cristiano Ronaldo of the Ecofin" in May 2017, Centeno was elected president of the Eurogroup by the finance ministers of euro zone member states in December 2017 – a result that is inevitably bound to Portugal's improving budgetary consolidation.

While Minister of Finance Centeno enjoys a good reputation regarding budgetary matters both within and beyond Portugal, it should be noted that there are several so-called cativacoes within the budget which refer to funds that have been allocated but cannot be spent..

Citation:

Eco (2018), "Conselho das Finanças Públicas aponta para défice de 0,5% este ano, mas adia excedentes orçamentais," available online at: <https://eco.pt/2018/09/20/cfp-aponta-para-defice-de-05-este-ano-mas-adia-excedentes-orcamentais/>

Econews (2018), "Portugal has the second highest government deficit in the Eurozone," available online at: <https://econews.pt/2018/10/22/portugal-has-the-second-highest-government-deficit-in-the-eurozone/>

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Eurostat, "Government deficit/surplus, debt and associated data, available online at: http://appsso.eurostat.ec.europa.eu/nui/show.do?query=BOOKMARK_DS-416336_QID_F269EA3_UID_-3F171EB0&layout=TIME,C,X,0;GEO,L,Y,0;UNIT,L,Z,0;SECTOR,L,Z,1;NA_ITEM,L,Z,2;INDICATORS,C,Z,3;&zSelection=DS-416336NA_ITEM,B9;DS-416336INDICATORS,OBS_FLAG;DS-416336SECTOR,S13;DS-416336UNIT,PC_GDP;&rankName1=UNIT_1_2_-1_2&rankName2=SECTOR_1_2_-1_2&rankName3=INDICATORS_1_2_-1_2&rankName4=NA_ITEM_1_2_-1_2&rankName5=TIME_1_0_0_0&rankName6=GEO_1_2_0_1&sortC=ASC_-1_FIRST&rStp=&cStp=&rDCh=&cDCh=&rDM=true&cDM=true&footnes=false&empty=false&wai=false&time_mode=NONE&time_most_recent=false&lang=EN&cfo=%23%23%23%2C%23%23%23.%23%23%23

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<https://eco.pt/2018/10/16/centeno-nao-abre-mao-das-cativacoes-no-ultimo-oe/>

Research, Innovation and Infrastructure

R&I Policy
Score: 6

Portugal's rank in the World Economic Forum's 2018 Global Competitiveness Index remained largely stable compared to the 2017 index, standing at 34 out of 140 countries in 2018, as opposed to 33 out 135 countries in the previous year. It also saw an improvement in its score vis-à-vis 2017. However, while Portugal's score improved in three out of the four index components, it deteriorated in the innovation ecosystem component.

The European Union's 2018 Innovation Scoreboard continues to classify Portugal as a "moderate innovator," the second-lowest category (out of four). Moreover, it shows that Portugal's position continued to decline in relation to the EU average in 2017. Thus, Portugal's performance relative to the EU average in 2017 stood at 80%, a one percentage point decline compared to 2016 and five percentage points below 2010, when it stood at 85%.

Out of the 10 dimensions considered by the 2017 scoreboard, Portugal is above the EU average in three: attractive research systems, innovators and an innovation-friendly environment.

The government is placing a great deal of emphasis on research and innovation, with a particular interest in developing the tech sector. During the review period, Lisbon hosted the Web Summit (5 – 8 November 2018), the largest tech conference in the world, dubbed by Bloomberg the "Davos for geeks." This conference followed the 2016 and 2017 editions, which were also held in Lisbon. Moreover, in October 2018, the government announced a deal that will keep the event in Lisbon until 2028, with a public investment of €10 million over the next 10 years.

This is beginning to have some impact. Lisbon continues to be seen as an attractive destination for startups and is ranked eighth in terms of preferred location by European founders in the 2017 State of European Tech Report. Likewise, the report places Portugal in the top 10 fastest-growing tech worker populations in Europe in 2017.

However, the 2017 State of European Tech Report also highlights the very low position from which Portugal is developing. Thus, consistent with the Innovation Scoreboard results, these tech results and initiatives are not yet percolating fully through to the general economy. The amount of capital invested in tech per capita in Portugal is \$4, one of the lowest in the countries analyzed, and well below leading European countries such as Sweden (3), Ireland (1) or the UK ().

Atomico & Slush (2017), "The State of European Tech 2017," available online at: <https://2017.stateofeuropeantech.com> (published on 30 November 2017)

"European Innovation Scoreboard 2017 – Portugal." Available online at: <https://ec.europa.eu/docsroom/documents/23935/attachments/1/translations/en/renditions/native>

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Global Financial System

Stabilizing
Global Financial
System
Score: 5

Portugal is a peripheral country, which limits its ability to contribute to the effective regulation and supervision of the international financial architecture. Moreover, the risk associated with the country's high deficits and public debt has led successive governments since the new millennium to focus overwhelmingly on achieving fiscal sustainability and financial stability, most notably during the 2011 – 2014 bailout period. In the post-bailout period, Portuguese governments have sought to play a bigger role in contributing to EU debates on regulation. Their effectiveness and role have been enhanced by Portugal's status as a bailout "success story," and further reinforced by the election of Minister of Finance Mário Centeno as president of the Eurogroup.

Citation:

Success story which enhances status as expert says in last sentence above is found in Liz Alderman, "Portugal Dared to Cast Aside Austerity. It's Having a Major Revival," New York Times "Business Day" July 23, 2018.

II. Social Policies

Education

Education Policy
Score: 6

Education policy is a field in which results only come to fruition long after their implementation. In the case of Portugal, we can see a steady improvement in educational attainment since the beginning of the new millennium. At the same time, these improvements have been insufficient to reverse a historic pattern of low overall and unequal levels of educational attainment.

In terms of the three criteria under analysis, we can point to inequality in the quality of education obtained and generally low levels of efficiency. Though these have been improving, the unstable policy framework has meant that these improvements are arguably taking place at a slower rate than would otherwise be possible.

In terms of educational attainment, Portugal continues to present low and unequal levels of educational attainment. The country remains firmly anchored at the bottom of the OECD in terms of the proportion of the population having completed upper secondary education, with less than 25% of the population

aged between 25 and 64 having reached this level. While Portugal fares comparatively better in terms of tertiary education (24%), it remains below the OECD average in this regard as well.

At the same time, earlier policies are now paying off. In 2009, the country extended compulsory education until the end of secondary school (12th grade). Almost a decade later, the impacts of this policy can be assessed. The proportion of 18 – 24 year olds leaving school without completing secondary school dropped from 30.9% in 2009 to 12.6% in 2017. Equally, the proportion of the population aged between 25 and 64 having completed secondary school increased from 14.5% to 21.1% over this same period, a 6.6 percentage point increase (whereas from 2001 to 2009, this increase was of 2.8 percentage points). PISA assessment results for Portugal also show a steady improvement over time, with Portugal emerging as one of the most improved countries since the first round in 2000.

These improvements are also true at the university level. In the 2006 Academic Ranking of World Universities, Portugal was the only EU-15 country not to have at least one institution in the top 500 (excluding Luxembourg, which has a limited higher education structure). In 2018, Portugal has four universities in the top 500.

However, there remains room for improvement, on at least three grounds. First, there is significant variation in the quality of education between schools. The average score in the 2017 national exams ranged from 12.87 (out of 20) for the highest rated public school to 7.08 in the lowest rated public school. The variance is even greater when we consider all schools, thus encompassing private schools also, with the best performing school presenting an average of 15.04 – more than twice the average for the lowest rated school. Indeed, anecdotal evidence suggests that the quality of education is often unequal within schools. Second, these differences reflect policy failures, including the lack of effective accountability mechanisms and incentives, weak lifelong training, and inefficient management systems. Third, considerable instability in the sector – with substantial changes from year to year – means that the educational system is unpredictable and the impact of changes is limited. This instability has continued through the period under review, with the adoption of a new system for special needs education in July 2018, decree-law 54/2018, which seems likely to lead to shortages in the provision of necessary support.

Citation:
Academic Ranking of World Universities 2018, available online at:
<http://www.shanghairanking.com/ARWU2018.html>

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OECD (2018), Adult education level (indicator). doi: 10.1787/36bce3fe-en

Pordata (2018), “População residente com 15 e mais anos por nível de escolaridade completo mais elevado (%)” available online at: [https://www.pordata.pt/Portugal/Popula%C3%A7%C3%A3o+residente+com+15+e+mais+anos+por+n%C3%ADvel+de+escolaridade+completo+mais+elevado+\(percentagem\)-884](https://www.pordata.pt/Portugal/Popula%C3%A7%C3%A3o+residente+com+15+e+mais+anos+por+n%C3%ADvel+de+escolaridade+completo+mais+elevado+(percentagem)-884)

Pordata (2018), “Taxa de abandono precoce de educação e formação: total e por sexo,” available online at: <https://www.pordata.pt/Portugal/Taxa+de+abandono+precoce+de+educa%C3%A7%C3%A3o+e+forma%C3%A7%C3%A3o+total+e+por+sexo-433>

Público (2018), “Pressa na mudança de regime deixa muitos alunos com necessidades especiais sem apoios,” available online at: <https://www.publico.pt/2018/09/29/sociedade/noticia/mudanca-de-regime-deixa-muitos-alunos-sem-apoios-1845677>

Social Inclusion

Social Inclusion
Policy
Score: 5

Government social policies seeking to limit socioeconomic disparities do exist, but they are poorly funded and not very effective in preventing poverty.

The 2011 – 2014 bailout led to the adoption of a number of austerity measures that sought to reduce public expenditure on social inclusion and contributions to poverty-reduction programs. This led to an increase in the share of those at risk of poverty after social transfers, from 17.9% in 2010 to 19.5% in 2014 and 2015.

The Costa government has stated its intention to turn the page on austerity. However, the government has not relinquished its approach to budgetary consolidation to achieve this goal.

As such, while there has been a reversal in austerity measures imposed on pension and welfare payments, the situation has not yet returned to pre-bailout levels. Thus, while the share of the population at risk of poverty after social transfers fell to 18.3% in 2017, this remains slightly above the level immediately before the bailout. In short, there has been some progress, but there remains a long way to go with regard to significantly reducing the risk of social exclusion.

Citation:

Eurostat, “People at risk of poverty after social transfers,” available online at: http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_52&language=en

<https://www.publico.pt/.../portugal-em-11-lugar-no-risco-de-pobreza-ou-exclusao-soc...>

Health

Health Policy
Score: 6

Portugal performs comparatively well across a number of health policy indicators, including life expectancy and infant mortality, with results that significantly outperform the level of public expenditure.

At the same time, the focus of the health care system is largely reactive and focused on “big ticket” statistics (e.g., life expectancy and infant mortality). The health care system pays relatively little attention to the women’s concerns during childbirth. Likewise, the number of healthy years after 65 years of age is well below the EU average, even though the life expectancy exceeds that of Portugal’s EU counterparts.

As in other public policy areas, the country’s national health system came under financial pressure in the previous review period because of the pressure on Portugal to curb public expenditure. Likewise, while the Costa government seeks to end austerity, it also aims to sustain budgetary consolidation, with the health care sector affected by de facto restrictions on expenditure.

These financial constraints led a number of hospital boards and service directors to resign in 2018. Between March and September 2018, resignations – in protest to the lack of resources, equipment and conditions – affected four public hospitals. In addition, there were numerous strikes by nurses and medical technicians in protest to the lack of funding.

Citation:

Diário de Notícias (2018), “Vivemos mais anos do que a média da UE mas menos saudáveis,” available online at: <https://www.dn.pt/portugal/interior/vivemos-mais-anos-do-que-a-media-da-ue-mas-menos-saudaveis-9166882.html>

Público (2018), “Este ano mais hospitais já tiveram demissões em bloco,” available online at: <https://www.publico.pt/2018/09/05/sociedade/noticia/este-ano-mais-hospitais-ja-tiveram-demissoes-em-bloco-1843181>

Families

Family Policy
Score: 7

In 2017, the birth rate was 8.4 births per 1,000 persons, the same as in 2016, though an improvement from 7.9 births per 1,000 persons during the bailout years of 2013 and 2014. However, these changes appear to be driven more by improving economic conditions than by changes to family policy. The birth rate remains well below the pre-bailout rate of 9.6 births per 1,000 persons in 2010. Moreover, the current birth rate falls well short of mitigating Portugal’s looming demographic crisis, with the low birth rate aggravated by a high emigration rate. The United Nation’s median projection forecasts that

Portugal's population will decline from 10.5 million in 2010 to 9 million in 2050.

Policy changes in 2018 have reinforced several of the measures mentioned in the previous report, such as an extension of free primary-school textbooks, and further increases in the amount and coverage of child-support credit (“abono de família”) in the 2018 budget.

However, these measures fall well short of providing a legal and substantial support framework that would enable women to freely decide whether and when they want to enter full- or part-time employment. In a country with low wages, female participation in the workforce – which is one of the highest in the OECD – reflects the income needs of households as much as it does the actual choices of women and families.

Citation:

Eurostat, “Live births and crude birth rate” Available online at: <https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tps00204&language=en>

UN, “World Population Prospects 2017 – Portugal,” available online at: <https://population.un.org/wpp/Graphs/Probabilistic/POP/TOT/>

Pensions

Pension Policy
Score: 5

The pension system was one of the main policy areas in which the government sought to reduce public expenditure during the 2011 – 2014 bailout period.

One of the key elements in the Socialist Party's agreement with the PCP and BE involved ending the austerity approach to pensions. In 2018, pension values were again increased, continuing the pattern set in 2016 and 2017. Exact details on pensions, which is a key policy issue in Portugal, can be found in the citations below.

The official retirement age is linked to life expectancy. In 2018, it was increased to 66 years and four months from 66 years and three months in 2017. In October 2017, the government also reintroduced the conditional possibility of early retirement for workers who began work between 12 and 14 years old.

Despite this adjustment factor, the system faces medium- and long-term financial imbalances according to the analysis of a former social security secretary of state, a problem that is likely to be compounded by an aging population profile.

Citation:

Maria Margarida Corrêa de Aguiar (2018), “Sustentabilidade financeira da Segurança Social: números, diagnósticos e entendimentos,” available online at: <https://www.publico.pt/2018/04/23/economia/opiniao/sustentabilidade-financeira-da-seguranca-social-numeros-diagnosticos-e-entendimentos-1811092>

<https://observador.pt/seccao/economia/pensoes/>

Integration

Integration Policy
Score: 9

In previous SGI reporting periods, we noted that the recent economic crisis had been accompanied by a decrease in immigration. This pattern reversed in 2016 for the first time since 2010, with the total immigrant population increasing by 2.3% in 2016 to 397,731 people. This increase accelerated in 2017, with an increase of 6% compared to the previous year and with the legal immigrant population reaching 421,711 people. This upward trend is likely to continue into 2018.

In previous reports, we noted that Portugal has a welcoming policy framework for migrants. The country ranked second in the European Union in the 2015 Migrant Integration Policy Index (MIPEX) in terms of most favorable migrant-integration policies. While the MIPEX has not been updated, existing evidence suggests that this continues to be the case. The recent OSCE Good Practices in Migrant Integration: Trainee’s Manual highlights a number of good practices in Portugal, notably in terms of the coordination of migrant integration; generating a more integrated framework across the national and local levels; providing language courses to migrants; and developing mentoring programs for migrants involving companies, municipalities and institutions.

In April 2018, parliament approved several amendments to the naturalization laws. Overall, these changes make naturalization easier. For example, children of migrants gained the right to nationality at birth if one of the parents had been legally in the country at the time of birth for two years (down from five years previously). Furthermore, the amount of time necessary for naturalization of a legal migrant was reduced from six years to five years and children of illegal migrants born in Portugal can gain citizenship under certain fairly easy to achieve conditions.

Portugal has sought to be a leader at the EU level with regard to refugees and migrants, advocating a liberal position. It has consistently shown a willingness to take in refugees and a government statement in June 2018 indicated that Portugal had received the sixth highest number of refugees as part of the EU

resettlement program. Likewise, it was one of four countries that welcomed migrants from the Aquarius ship, which had been denied access to Italian ports in September 2018.

Citation:

Lei Orgânica nº 2/2018 [Law no. 2/2018], available online at: <https://dre.pt/home/-/dre/115643970/details/maximized>

Migrant Integration Policy Index, “Key Findings – Portugal 2015,” available online at: <http://www.mipex.eu/portugal>

Ministério da Administração Interna (2018), “Dia Mundial do Refugiado – nota à comunicação social,” available online at: <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=921271d6-310e-494e-bcc7-ee88171f2bd3>

OSCE (2018), Good Practices in Migrant Integration: Trainee’s Manual, available online at: <https://ec.europa.eu/migrant-integration/?action=media.download&uuid=17D9FD33-0B7B-A37B-0CD6F2869D688741>

Safe Living

Internal Security
Policy
Score: 8

Portugal is signatory to and participant in all relevant Europe-wide programs regarding public security. In addition, Portugal has created a General Secretariat for the Internal Security System, which reports to the prime minister via the minister for internal administration.

Overall, reported crime increased 3.3% in 2017 relative to 2016, although violent crime declined by 8.7% over this period.

Portugal remains a relatively safe country in international terms. Furthermore, Portugal has not experienced a terrorist attack of the kind witnessed in Belgium, France, Germany, Norway, Spain or Turkey. Whether this is due to effective intelligence gathering and policing or the priorities and preferences of potential terrorists is unclear.

In the previous report, we noted the failure of civil-protection services during the 2017 forest fires, which resulted in over 100 deaths and over 500,000 hectares of burned land. While Portugal again faced substantial forest fires in 2018, notably in the Algarve, their impact was considerably more limited, with no reported deaths and with the total area burned by the end of August being the third lowest of the previous 10 years. These improvements are due to a more active policy framework with regard to forest fire prevention, with the government embarking on a number of forest fire prevention initiatives (e.g., strengthening the requirement for landowners to clear shrubbery that could otherwise fuel fires), and more favorable weather conditions than in 2017.

In the previous report, we also noted that the robbery and subsequent recovery of a massive amount of arms and ammunition, including grenades, from the military arsenal at Tancos. Disclosures during 2018 showed that the military was involved in a cover-up regarding this robbery and the recovery of the weapons. The development of this affair in 2018 has significantly undermined the military's credibility.

Citation:

Sistema de Segurança Interna, "Relatório Anual de Segurança Interna 2017," available online at: <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=9f0d7743-7d45-40f3-8cf2-e448600f3af6>

Pordata (2018), "Incêndios rurais e área ardida – Continente," available online at: <https://www.pordata.pt/Portugal/Incêndios+rurais+e+área+ardida+--+Continente-1192>

Público (2018), "Área ardida em 2018 regista terceiro valor mais baixo dos últimos dez anos," available online at: <https://www.publico.pt/2018/09/07/sociedade/noticia/area-ardida-em-2018-regista-terceiro-valor-mais-baixo-dos-ultimos-dez-anos-1843371>

Global Inequalities

Global Social
Policy
Score: 5

There has been virtually no change in this area vis-à-vis previous reporting periods. Foreign aid remains very much a secondary consideration in foreign policy, with the main interest being in economic diplomacy promoting the Portuguese economy and its exports. That does not mean that Portugal is disengaged – it still participates through the provision 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 overarching aid policy, which means that coherence has not been as strong as it might be. This lack of interest has also percolated 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, not an international leader, and has very few resources. Therefore, while Portugal is supportive of good intentions, it is in fact marginal with regard to the implementation and design of foreign assistance.

However, if the question were to be shifted to include foreign involvement beyond the financial and economic sphere, then Portugal is a "supplier of security" through its fairly limited participation in U.N., NATO, and EU security- and humanitarian-support missions. Furthermore, in specific instances such as Guinea-Bissau, Portugal is relatively very active in attempting to stabilize national governments, promote security and ultimately promote development. Despite Portugal's limited resources, it is providing the first professional military education to the armed forces of Guinea-Bissau.

III. Environmental Policies

Environment

Environmental
Policy
Score: 6

The reduction in production resulting from the recent economic crisis has eased environmental pressures in the 2010s. This was particularly apparent during the bailout period and economic downturn, when Portugal ranked third in the 2014 and fourth in the 2015 Climate Change Performance Index (CCPI).

The subsequent economic recovery has been accompanied by a decline in Portugal's ranking and score. In the 2018 CPPI report, the country fell to 18th place worldwide, with an overall score of 59.16 (albeit with a somewhat different methodology) – the worst results over the past five years.

In the previous report, we noted the political tension around subsidies to the renewable energy sector, perceived to be excessive by a number of international bodies as well as by the Socialists' left-wing parliamentary allies. While not against renewable sources, the Left Bloc and the Communist Party are against passing through the cost of these subsidies to consumers' energy bills and have demanded that additional measures be taken against excessive rents in the renewable energy sector.

In the period under review, a proposal in late November 2017 by the Left Bloc to tax producers of renewable energy was blocked by the Socialist party, with the parliamentary party group initially approving the measure in the first reading, before recalling the measure and voting against it the following week, following the orientation given by the government. The political issue around these excessive rents is exacerbated by the legal protection that the energy producers have and by their political clout.

Since 2002, Portugal has proposed a National Strategy for Sustainable Development (ENDS), but implementation of this strategy continues to be at best partial.

While the CCPI 2018 report rates Portugal's national climate policy performance as high, it seems fair to say that – as in other areas – the effective implementation of environmental legislation appears to lag vis-à-vis the legal text.

Citation:

Jan Burck, Franziska Marten, Christoph Bals and Niklas Höhne (2018), The Climate Change Performance Index Results 2018, available online at:

<https://www.germanwatch.org/sites/germanwatch.org/files/publication/20503.pdf>

Diário de Notícias (2017), “OE2018: Governo opôs-se a taxa sobre as renováveis para evitar riscos de litigância judicial,” available online at: <https://www.dn.pt/lusa/interior/oe2018-governo-opos-se-a-taxa-sobre-as-renovaveis-para-evitar-riscos-de-litigancia-judicial-8949951.html>

The Portuguese Environmental Agency for the ENDS 2015 edition (<http://www.apambiente.pt/index.php?ref=16&subref=143&sub2ref=734>). lists four documents on the ENDS, including the strategy, the plan of implementation, and two execution reports. However, none of these files is actually available on the website, which gives an error message when attempting to access these documents.

Global Environmental Protection

Global
Environmental
Policy
Score: 6

Portugal agrees to and participates in EU-wide policies on the environment. Portugal signed the Kyoto Protocol, and ratified the Paris Agreement in September 2016. The country has also become much more active in promoting the global protection of marine environments in particular. This is reflected in Portugal’s performance in the 2018 Climate Change Performance Index (CCPI), in which Portugal is rated “high” and ranked seventh worldwide in terms of national and international climate policy performance. Nevertheless, the proviso in the previous question regarding implementation of domestic environmental policy is applicable at the global level also.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Individuals and political parties enjoy largely equal opportunities, both de jure and de facto, to register for and run in elections. Parties espousing racist, fascist or regionalist values are all constitutionally prohibited, as are parties whose names are directly related to specific religions.

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 obey 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 several internal bodies that parties must have (Articles 24-27).

However, these requirements do not prevent parties and lists from forming and contesting elections. During the period under review, two new political parties were formally registered: Liberal Initiative, in December 2017; and Alliance, in October 2018. This raises the total to 23 registered political parties, of which 12 were registered in the last decade. With regional, legislative and European elections in 2019, it is likely that this number will further increase over the next year.

Citation:

On the laws see, for example, Eleição da Assembleia da República 1 / Outubro/1995: Legislação eleitoral actualizada e anotada (Lisbon: STAPE/MAL, 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.

For the registration of parties, see: Tribunal Constitucional, "Partidos registados e suas denominações, siglas e símbolos," available online at: <http://www.tribunalconstitucional.pt/tc/partidos.html>

Media Access
Score: 9

Parties have access to broadcast time on television and radio for political purposes during the official campaign period of two weeks preceding an

election. 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, 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 elections.

If one considers media access more broadly, access to news programs and political debates is overwhelmingly concentrated on the five political forces: the PSD, PS, CDS, PCP (allied with the PEV in legislative elections) and BE. These five forces have almost entirely monopolized parliamentary representation since 1999. 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.

Voting and
Registration
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, with assistance provided as necessary, and provision is made for Portuguese citizens living abroad to cast their ballots.

Foreign citizens residing in Portugal are entitled to register to vote in local elections if they are from EU member states, or from Brazil, Cape Verde, Argentina, Chile, Colombia, Iceland, Norway, New Zealand, Peru, Uruguay and Venezuela. Brazilian citizens can also request a statute of equal rights and duties, which grants them the right to vote in legislative elections.

As per previous reports, the substantial inflation of the electoral register remains problematic, generating a problem of technical abstention. Estimates in the run-up to the October 2017 local elections indicated a gap of about 850,000 people between the registered and actual number of voters – an increase of 9% vis-à-vis the 2015 legislative elections.

As noted in previous reports, this difference reflects current emigration patterns and the failure of Portuguese emigrants registered to vote in Portugal to transfer their electoral registration to their overseas residence. As Portuguese voters could vote only in the administrative parish (or, if abroad, in the country) in which they were formally registered, this meant that a substantial proportion of Portuguese emigrants were unable to exercise their voting rights. For instance, in the 2015 legislative elections, a total of just 9,457 Portuguese voters living in Switzerland were registered to vote there, a minute fraction of the estimated 262,748 Portuguese citizens resident in Switzerland in 2014.

This issue was partially addressed with the approval in parliament of Law 3/2018 in the summer of 2018. Hitherto, voting registration was automatic for all citizens residing in Portugal, but not for Portuguese citizens residing abroad. Following this law, Portuguese citizens residing abroad will also be automatically registered to vote. However, this measure may be insufficient to resolve the issue, as technical abstentions are largely the result of Portuguese emigrants registered to vote in Portugal failing to update their address (and electoral registration) to their overseas residence following emigration.

However, it must be noted that this discrepancy is not due to legal barriers to registration. Both within and outside Portugal, electoral registration is a simple and non-exclusionary process.

Lei Orgânica n° 3/2018 [Law no. 3/2018], available online at: <https://dre.pt/application/conteudo/116090196>

Pedro Crisóstomo & Maria Lopes (2015), “Emigrantes registados nos cadernos eleitorais distorcem números da abstenção,” Público online (11/10/2015), available online at: <http://www.publico.pt/politica/noticia/emigrantes-registados-nos-cadernos-eleitorais-distorcem-numeros-da-abstencao-1710762?page=-1>

Rui Dias (2017), “Em Guimarães há 15 mil eleitores fantasma,” Mais Guimarães – 22/8/2017, available online at: <http://maisguimaraes.pt/em-guimaraes-ha-15-eleitores-fantasma/>

Party Financing
Score: 6

Political-party funding oversight lies with the Constitutional Court (Tribunal Constitucional), which has a specific independent body tasked with monitoring party financing and accounts – the Entidade das Contas e Financiamentos Políticos (ECFP). There are two main sources of funds for political parties. First, the state provides funding to all parties that received vote shares above a certain threshold in previous elections (over 100,000 votes in the case of legislative elections); second, parties receive private contributions, which must be registered with the electoral commissions of each of the parties at the local, regional and 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 delay. For instance, the reports and decisions regarding the 2015 campaigns were published in July 2018, more than two and half years after the elections.

As noted in previous reports, ECFP reviews do identify irregularities and/or illegalities. However, 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 resources, which limited its capacity to monitor party and election funding fully.

This situation appears to have worsened during the period under review due in part to changes to the party financing law, which came into effect in 2018. In particular, these measures increased the number of competencies of the ECFP, without increasing its resources (particularly staff numbers). In July 2018, it was reported that the fines applied to political parties for financing irregularities in 2009 were no longer applicable as they had expired, as defined under the statute of limitations.

In September 2018, the ECFP took the unprecedented step of publicly stating that it was in a state of “near break down” and that it would almost certainly be unable to assess all party accounts. Overall, there appears to have been a substantial reduction in the capacity to oversee party financing during the review period, a pattern confirmed by the ECFP and also noted in the former head of the ECFP’s assessment of the new legislation.

Citation:
ECFP (2018), Deliberação, available online at:
http://www.tribunalconstitucional.pt/tc/file/deliberacao_texto_integral.pdf?src=1&mid=4601&bid=3582

Financiamento dos Partidos Políticos e das Campanhas Eleitorais – legislation, available online at:
http://www.parlamento.pt/legislacao/documents/legislacao_annotada/financiamentopartidospoliticoscampanhaseleitorais_annotado.pdf

Público (2017), “A Entidade passa a ter muito mais competências, mas muito menos poderes,” available online at: <https://www.publico.pt/2017/12/29/politica/entrevista/a-entidade-passa-a-ter-muito-mais-competencias-mas-muito-menos-poderes-1797503>

<https://www.dn.pt/portugal/.../financiamento-dos-partidos-regressa-ao-plenario-do-par...>

Popular Decision-
Making
Score: 3

The institution of referenda exists at national and local levels. However, while citizens can propose referenda, the referendum itself takes place only 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 must accept this proposal. Citizens can propose local referenda, but the local 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 since the transition to democracy, with the most recent having been held in 2007. Local referenda are also rare, with five having officially taken place, the most recent of which was in 2012.

Participatory budgets are widely used in Portugal, both at local and national levels. The country is now a world leader in terms of the implementation participatory governance mechanisms and the Costa government was the first worldwide to introduce national-level participatory budgets in 2016/17.

Citation:

Público (2018), “Orçamentos participativos espalham-se pelo mundo, com Portugal na dianteira,” available online at: <https://www.publico.pt/2018/10/22/politica/noticia/orcamentos-participativos-espalhamse-mundo-portugal-dianteira-1848283>

<https://www.peticaopublica.com/info/legislation.aspx>

Access to Information

Media Freedom
Score: 7

Public and private media are independent of 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.

Media Pluralism
Score: 7

Portugal’s media market is competitive and relatively diversified. There are four free broadcast-television networks – one public (RTP, with four 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 also added to the roster of free channels.

The national cable television news channels, once restricted to offerings from the RTP and SIC groups, has been diversifying substantially since 2009.

The newspaper market has shown diversification, with several leading groups emerging. The Global Media Group holds several relevant titles, notably *Jornal de Notícias* (a leading daily in northern Portugal) and *Diário de Notícias* (another leading daily newspaper). The Impresa group held several print outlets, its flagship being the influential *Expresso* weekly. In January 2018, the Impresa group sold all its titles, except *Expresso*, to a new group, called Trust in News. This sale included the *Visão* weekly news magazine.

Meanwhile, the Sonae group is behind another influential title, the daily *Público*. Cofina Media owns the *Correio da Manhã* tabloid and the daily *Jornal de Negócios* financial newspaper, while Newsplex owns *The Sol* weekly and “i” daily. There is also an online daily newspaper, called *Observador*, which has a classical liberal orientation (as set out in its editorial statutes).

This diversity results in a degree of pluralism. At the same time, most media outlets – notably newspapers – face considerable financial challenges.

These financial challenges contribute to the considerable volatility in media-ownership patterns, as evidenced by the sale of the Impresa titles.

The attempt by telecom and cable supplier Altice to take over the Media Capital group – which includes the TVI television channels, several radio stations and internet news services – this fell through in June 2018, with Altice dropping the offer after it was not approved the Competition Authority.

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 by Article 48, subsection 2 of the 1976 constitution, and mechanisms exist to ensure that this does in fact happen. There are extensive legal provisions 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 virtually all official information and requirements such as permits and licenses online. This information can be readily accessed through home computers and without cost 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), established in 1995, deals with complaints regarding public access to information.

The access to government documents is guaranteed in the following law:

Law number 26/2016 – Diário da República No. 160/2016, Série I de 2016

At the local level, the population generally has access to government information, documents and more through freely available computers at the local library or at government offices.

However, it should also be noted that, while information is available, it is often not well organized. Moreover, it is often not clear even to educated citizens, let alone to citizens with lower educational attainments. This renders citizens’ de facto ability to obtain information less expansive than their de jure ability.

Citation:

Lei n.º 26/2016 – Diário da República n.º 160/2016, Série I de 2016

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 guarantees. Moreover, the justice system continues to be very slow, which also reduces its ability to effectively protect citizens.

In the period under review, the government of Portugal passed a law – the National Strategy for Equality – to increase the social and political rights of its citizens.

Citation:

<https://dre.pt/home/-/dre/115360036/details/maximized>

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 guarantee political liberties. Portugal has been successful in this regard, and widely agreed-upon political liberties are now in place and respected. The basic legislation in the constitution, and subsequent regular legislation, guarantees these political liberties. They function generally well.

Non-discrimination
Score: 7

State policies seek to redress discrimination, and cases of overt discrimination are rare. Moreover, Portugal has been a signatory to the International Covenant on Civil and Political Rights since October 1976.

Nevertheless, two areas of concern remain:

First, the gap between average pay for women and men has increased steadily in recent years. The unadjusted gender wage gap increased from 8.4% in 2006 to 17.8% in 2015 and 17.5% in 2016, a level that is above the EU average.

Second, racial discrimination remains a concern. The Commission for Equality and Against Racial Discrimination (CICDR) received and analyzed 179 complaints regarding racial discrimination in 2017, an increase of some 50% compared to 2016 (119). This was the highest number since at least 2000, surpassing the previous high in 2016.

Moreover, the period was marked by cases of apparent discrimination, which gained considerable media traction. In July 2018, a Colombian woman was beaten up by the security guard of a bus company allegedly due to racial motivations, with the immediate police response seemingly inadequate.

Furthermore, a trial has started of a case in which the public prosecutor has accused 17 police officers of a racially motivated attack on a group of young black Portuguese men in 2015, which the police officers are also accused of covering up. The trial is ongoing.

Citation:

Comissão para a Igualdade e Contra a Discriminação Racial, “Relatório Anual 2017,” available online at: https://www.cicdr.pt/documents/57891/574449/CICDR_Relatório+Anual+2017_Igualdade+e+Não+Discriminação.pdf/3f40f660-642d-45b0-9e7f-574b077d257d

Eurostat, Gender pay gap in unadjusted form, available online at: <https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tesem180&plugin=1>

Público (2018), “Cova da Moura: cronologia dos acontecimentos,” available online at: <https://www.publico.pt/2018/05/20/sociedade/noticia/cova-da-moura-cronologia-dos-acontecimentos-1830601>

Público (2018), “Jovem agredida por fiscal: ‘Pôs-me os joelhos em cima, como se fosse um troféu’,” available online at: <https://www.publico.pt/2018/06/27/sociedade/noticia/jovem-agredida-por-fiscal-posme-os-joelhos-em-cima-como-se-fosse-um-trofeu-1836108>

Rule of Law

Legal Certainty
Score: 7

Portugal is an extremely legalistic society. Legislation is abundant, prolix and complex. Moreover, combined with an ever-present pressure for reform arising from Portugal’s structural problems and a political tradition for new governments to dismiss the measures of previous governments, legislation is also subject to frequent changes.

The combination of overabundant and changing legislation with comparatively weak mechanisms for policy implementation further accentuates legal uncertainty.

The passing of the law on legal certainty during the period under review will ultimately improve the predictability of executive actions.

Citation:

<https://dre.pt/home/-/dre/115475700/details/maximized>

Judicial Review
Score: 8

The judicial system is independent and works actively to ensure that the government conforms to the law.

The highest body in the Portuguese judicial system is the Supreme Court, which is made up of 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 judges appeals on the basis of matters of law rather than on the facts of a case, and has a staff of 60 justices (conselheiros). There are also district courts, appeal courts and specialized courts, as well as a nine-member Constitutional Court that reviews the constitutionality of legislation. In addition, there is a Court of Auditors (Tribunal de Contas), which is also a constitutionally

prescribed body and is defined as a court under the Portuguese legal system. This entity audits public funds, public revenues and expenditures and public assets, all with the aim of ensuring that “the administration of those resources complies with the legal order.”

The number of judges in 2017 stood at 1,771. This number has risen from the early 1990s (from around 1,000) to 2008 (1,712). Since 2008, the number of judges has remained relatively stable, reaching a peak in 2013 (1,816). Nevertheless, there remains a shortage of judges in relationship to the number of outstanding cases, which creates delays within the system.

In October 2018, Portugal appointed its second female attorney general, Lucília Gago, who replaced Joana Marques Vidal. The latter oversaw a very dynamic period for the Public Prosecution Service of Portugal, with a number of high profile cases (detailed in question D4.4 below). There was pressure from the PSD and CDS for her to be appointed to a second six-year term, which the constitution allows though previous practice has avoided. However, the prime minister (who proposes a name for the office) and the president (who appoints the prime minister’s nominee) chose not to renew her term, arguing that non-renewable single terms reinforce the office’s independence from political power. For critics, however, the decision not to reappoint Joana Marques Vidal was due to political expediency.

Citation:

Pordata, “Magistrados judiciais: total e por sexo,” available online at: <https://www.pordata.pt/Portugal/Magistrados+judiciais+total+e+por+sexo-1703>

Appointment of
Justices
Score: 9

The Constitutional Court is comprised of 13 judges, who serve for non-renewable nine-year terms. Of these, 10 are selected by parliament on the basis of a two-thirds parliamentary majority. This generally means that the selection of judges requires, at least, an agreement between the PS and PSD, as the two largest parties together make up more than two-thirds of parliament. Typically, there is no other parliamentary configuration that can secure a two-thirds majority. That said, the PS and PSD have voted for the appointment of other parties’ nominees (e.g., Maria Clara Pereira de Sousa de Santiago Sottomayor, nominated by the BE in 2016; and Fátima Mata-Mouros, nominated by the CDS in 2012), depending on political equilibria. The remaining three Constitutional Court judges are co-opted by the 10 judges elected by parliament. Six of the 13 judges must be chosen from judges in other courts; the others can be jurists.

While criticisms of the Constitutional Court emerge whenever a decision goes against a particular faction or party, the general perception is that that the court operates in a balanced and non-partisan manner. The manner of election of

judges, with a two-thirds parliamentary majority, tends to help in this outcome.

It is, however, important to note that there is a new Judges' Statute, passed in July 2018, which has caused a great deal of tension between some judges and the government.

Citation:

Magalhães, P. C. (2003). *The limits to judicialization: Legislative politics and constitutional review in the Iberian democracies* (Doctoral dissertation, The Ohio State University).

<https://tvi24.iol.pt/.../estatutos/parlamento-aprova-proposta-que-altera-estatuto-dos-ma...>

Corruption
Prevention
Score: 7

Under Portuguese law, abuse of position is criminalized. However, as elsewhere, corruption persists despite the 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 weakest links of the country’s integrity system.

While efforts have been made at the state level to tackle corruption – and it is an oft-discussed topic – there remains considerable room for improvement in terms of the implementation of anti-corruption plans.

Legislation was approved by the Assembly of the Republic in 2011 and 2015 regarding the illicit enrichment of public officeholders. However, in both instances, the legislation was deemed unconstitutional by the Constitutional Court. While the issue continued to be publicly discussed throughout the period under review, no new proposal has been made.

A survey by the national Council for the Prevention of Corruption, published in June 2015, noted that half of the country’s public entities admitted to having applied only portions of their corruption-prevention plans. The reasons given were largely related to a lack of human, technical and financial resources. A 2018 study by the council into the prevention of corruption in public management concluded that the existing weaknesses were “very similar to those previously identified.”

Equally, the Council of Europe’s Group of States against Corruption (GRECO) compliance report published in March 2018 found that Portugal had satisfactorily implemented only one of the fifteen recommendations published in 2016, with a further three partly implemented, while the remaining 11 had not been implemented. It concluded that “the current very low level of compliance with the recommendations is ‘globally unsatisfactory’.”

This is also consistent with the analysis of the outgoing attorney general, Joana Marques Vidal. In an interview in October 2018, she stated that the political response to corruption had not been effective and was very superficial, and noted the need for additional legal instruments to tackle corruption in Portugal.

Under the helm of Joana Marques Vidal, the Public Prosecution Service (PPS) was considerably more active in dealing with high profile corruption scandals. Former Prime Minister José Sócrates (2005 – 2011) remains under investigation for alleged corruption, money laundering and tax fraud, and was formally charged with 31 crimes in October 2017.

In the previous report we noted the beginning of a trial on the so-called Golden Visa case, which involves a number of high-ranking civil servants and a former minister of internal affairs, Miguel Macedo (2011 – 2014). The case was set to be sentenced in September 2018. However, the judge decided to postpone sentencing for a further six months.

During the period under review, other high-profile cases have included: the so-called Fizz case, involving a Portuguese judge and a former vice-president of Angola; the Lex case, involving another Portuguese judge; the e-toupeira case, involving the Benfica football club's alleged access to privileged judicial information; the BES case, involving a major banker and government officials; and a case involving the main energy company, EDP.

The greater dynamism of the PPS under Joana Marques Vidal is widely interpreted as indicating the important role of leadership in prosecuting corruption in Portugal. It will be relevant to assess how the PPS proceeds under the direction of the new attorney general, who took office in October 2018.

Citation:

Conselho de Prevenção da Corrupção (2018). "Prevenção da corrupção na gestão pública: mapeamento de áreas e fatores de risco," available online at: http://www.cpc.tcontas.pt/documentos/outros/relatorio_mapeamento_riscos_2018.pdf

GRECO (2018), "Fourth Evaluation Round Compliance Report – Portugal," available online at: <https://rm.coe.int/fourth-evaluation-round-corruption-prevention-in-respect-of-members-of/1680790833>

Público (2018), "O futuro destes homens vai marcar o mandato de Lucília Gago," available online at: <https://www.publico.pt/2018/09/25/sociedade/noticia/os-casos-mais-mediaticos-que-a-nova-pgr-tem-1844798>

https://www.jornaldenegocios.pt/.../portugal_melhora_no_ranking_de_corrupcao_e_e.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 5

There have been virtually no changes with regard to strategic capacity. While there are strategic planning bodies in most ministries, their impact remains limited. The prime minister's advisory cabinet is more influential, but it has to deal with a number of day-to-day demands in addition to offering a long-term view on policy challenges and viable solutions. Immediate issues tend to gain precedence over long-term policy planning. The government's minority status, which makes it dependent on the parliamentary support of three other parties in the parliament, has not contributed to an increase in strategic planning.

Expert Advice
Score: 5

The government utilizes academic experts for research on a wide variety of topics and to implement strategic development. However, they are mainly used on an ad hoc basis, and without a systematic academic-consultation mechanism 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 the resources for in-depth policy assessment capabilities within most policy areas. Under the preceding Passos Coelho government, policy assessment largely centered on budgetary implications, notably in terms of reducing costs and/or increasing revenue. This was particularly true during the bailout period, but persisted into the post-bailout. Under the Costa government, budgetary implications have remained important, as the government has sought to maintain its euro zone commitments. However, this government also evaluates how policy proposals might impact its parliamentary entente with its governing partners, the Portuguese Communist Party (PCP), the Left Bloc (BE) and the Greens (PEV).

Line Ministries
Score: 7

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

The Minister of Finance, Mario Centeno, is by far the most influential minister in the Council of Ministers. Not only does he have tremendous prestige within Portugal, but also internationally and has been named president of the Eurogroup, the influential collective of euro zone finance ministers. In many cases, it is Minister Centeno that pushes back on policies.

Cabinet
Committees
Score: 7

Most ordinary meetings of the Portuguese cabinet – the Council of Ministers – are used for policy decisions rather than strategic policy debates.

Political issues and strategic policy considerations are by-and-large prepared by an inner core of ministers, augmented by other ministers and staff when required. This inner core is an informal group, with a composition that can vary depending on the policy area.

In addition, Council of Ministers meetings are preceded by a formal weekly meeting of junior ministers (Reunião dos Secretários de Estado), which is intended to prepare the Council of Ministers meeting. These meetings of the junior ministers play a crucial role in filtering out and settling more technical issues prior to cabinet meetings. These meetings are chaired by the minister for the Presidency of the Council of Ministers (Presidência do Conselho dos Ministros), who has a seat in the Council of Ministers.

Ministerial
Bureaucracy
Score: 9

There are weekly junior minister meetings, with each ministry represented by one of its junior ministers (known in Portugal as secretaries of state). A key purpose of these meetings is to ensure policy coordination across ministries before proposals reach the cabinet.

These meetings are generally very effective in ensuring policy coordination across government. Furthermore, the work of assessing the various proposals within each ministry is not restricted only to the secretaries of state who attend the meeting, but also include ministerial advisers and, to some degree, senior public administration officials. However, this coordination is not entirely effective.

Informal
Coordination
Score: 7

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 even more important as the Socialist Party government depends on the PCP and BE to pass legislation in the parliament.

Digitalization for
Interministerial
Coordination
Score: 6

There is a unit responsible for providing technological support to the government, the Centro de Gestão da Rede Informática do Governo (Ceger).

This has a central remit to manage the government's IT network (Rede Informática do Governo, RInG). The (outdated) information on Ceger's website indicates that there were 33 people working in this service in 2012.

Ceger's services involve basic IT support (e.g., government email, internet access, data protection).

It also has as a remit to provide technological support for cabinet and junior minister meetings, while decree-law 16/2002 stipulates that it should develop common information networks and decision support systems for government.

However, the actual implementation of the latter is ongoing. The existing evidence is anecdotal, but suggests that the full potential of these technologies is as yet unrealized for policy development and monitoring. An indicator of this is that it is not uncommon for ministers to use their own devices (or not to use any device at all) at cabinet meetings.

Evidence-based Instruments

RIA Application
Score: 5

RIA instruments are still weakly institutionalized in Portugal.

The government's program includes the goal of "ex ante and ex post evaluation of the impact of structuring legislation, especially that which carries costs for small and medium-sized enterprises," and it has assigned this task to its Agency for Administration Modernization (Agência de Modernização Administrativa).

Documents from the government indicate that it retained the small and medium-sized enterprise test ("PME test" in Portuguese), as well as the "one-in, one-out" or "Comporta Regulatória" rule designed to compensate citizens or companies for new costs resulting from new legislation, both of which were approved in 2014.

In March 2017, the government approved a trial methodology for evaluating the economic impact of government proposals (the "Custa Quanto?" measure). A report on this trial was published in January 2018, which included the OECD's evaluation of this measure. In sum, the OECD considered the measure an important first step, although it still lacked some fundamental aspects of RIAs. Overall, the OECD found in its Regulatory Policy Outlook 2018 for Portugal that levels of RIA in Portugal remain well below the OECD average.

In June 2018, the government announced it would expand the "Quanto Custa?" methodology.

Citation:

Eco (2018), "Quanto custa uma lei às empresas? Governo alarga programa," available online at: <https://eco.pt/2018/06/08/quanto-custa-uma-lei-as-empresas-governo-alarga-programa/>

OECD (2018), “Regulatory Policy Outlook 2018 Portugal,” DOI: <https://doi.org/10.1787/9789264303072-41-en>

UTAIL – Unidade Técnica de Avaliação de Impacto Legislativo (2018), “Relatório de actividade – Ano de 2017: projeto-piloto da medida “Custa Quanto?,” available online at: <https://www.jurisapp.gov.pt/media/1019/30012017-utail-relatorio-atividades.pdf>

Quality of RIA
Process
Score: 2

As noted above, systematic RIA does not exist in Portugal. Stakeholder consultation does generally take place, albeit inconsistently and without full participation by all relevant stakeholders. Indeed, regarding the “Quanto Custa?” trial, the OECD remarked on the need for greater stakeholder involvement. Impact-assessment results are not generally made publicly available or systematically communicated. There are no evaluations of impact-assessment quality rendered by independent bodies.

Citation:

UTAIL – Unidade Técnica de Avaliação de Impacto Legislativo (2018), “Relatório de actividade – Ano de 2017: projeto-piloto da medida “Custa Quanto?,” available online at: <https://www.jurisapp.gov.pt/media/1019/30012017-utail-relatorio-atividades.pdf>

Sustainability
Check
Score: 2

Sustainability checks are not integrated systematically into impact assessments. They may take place in some assessment processes but not in others, in a rather ad hoc fashion that depends on who is carrying out the impact assessment. The same is true with regard to the use of sustainability-focused indicators, as well as the temporal dimension of the analyses.

Quality of Ex
Post Evaluation
Score: 3

A recent study noted that ex post evaluation is very weakly institutionalized in Portugal. The ex post evaluations that take place are largely the result of external pressures (notably, EU requirements) and circumscribed to a limited set of policy areas – usually, those that legally require ex post evaluation.

Citation:

Ana Diogo (2018), “Hacia un sistema integrado de M&E para los objetivos de desarrollo sostenible en Portugal” [dissertation], available online at: <https://www.somosiberoamerica.org/investigaciones/la-evaluacion-de-la-agenda-2030/>

Societal Consultation

Public
Consultation
Score: 5

The government consults with some societal actors. For example, 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.

Policy Communication

Coherent
Communication
Score: 8

Prime Minister António Costa's government showed itself to be mostly effective in terms of communication and coordination during the review period, despite being a minority government with an unprecedented parliamentary-support coalition.

Implementation

Government
Effectiveness
Score: 7

The current government is guided by the government program, Programa do XXI Governo Constitucional 2015 – 2019. The government has implemented a number of measures seeking to alleviate conditions of austerity. A number of these measures resulted from the government's negotiations with the PCP and BE to ensure their parliamentary support. Other more ambitious goals, such as administrative modernization, are also being developed, but will require a broader time-frame for implementation. The government has also been able to successfully reconcile EU demands and world market scrutiny regarding budgetary consolidation, with the no-less-intense demands of its parliamentary allies regarding austerity alleviation. During the period under review, the government was mostly successful in negotiating these pressures and advancing its policy agenda.

However, Jose Maria Sousa Rego, who was general secretary of the Presidency of the Council of Ministers between 2002 and 2016, wrote a book and has given extensive interviews in which he raised serious questions about the policy achievements of Portuguese governments.

Citation:

Programa do XXI Governo Constitucional, 2015 – 2019.

Jose Maria Sousa Rego, "No centro do power-Governo e Administração Publica em Portugal" Fundação Francisco Manuel dos Santos, 2018

Ministerial
Compliance
Score: 7

The organization of relations in the parliamentary and cabinet systems ensure that ministers have incentives to implement the government's program. While ministers in the PS government are generally aligned with the government program, the fact that the government has to depend on three other parties with very different orientations to pass legislation does create difficulties with regard to ministerial compliance.

Monitoring
Ministries
Score: 7

The government is relatively small, with one prime minister, 16 ministers and a few more than 44 secretaries of state. A reshuffle in October 2018 moved the energy sector from the Ministry of Economy to the Ministry of Environment, now renamed the Ministry of Environment and Energy Transition.

Ministries in Portugal are not independent of the prime minister. The prime minister is also assisted by the Presidência do Conselho dos Ministros and by the Office of the Adjunct Secretary of State of the Prime Minister. These entities can and do monitor all line ministries' implementation activities. However, the lack of in-depth policy capacity and the reality of limited resources limit the overall degree of control.

Citation:

<https://www.portugal.gov.pt/pt/gc21/governo/composicao>

Monitoring
Agencies,
Bureaucracies
Score: 7

Over the course of the 1990s and 2000s, Portugal experienced a proliferation of quasi-autonomous non-governmental organizations, agencies and other structures.

In the context of the bailout, the Passos Coelho government closed and restructured a number of these agencies, while also tightening control over their work in order to reduce public expenditure.

This increased scrutiny generally remains in the current, post-bailout period. Appointments to these agencies seek to ensure fairly high levels of ex ante alignment between the appointee and the government, which constrains bureaucratic drift. At the ex post level, the political staff of ministries monitor the activities of these agencies, paying greater attention to the more relevant agencies.

Task Funding
Score: 6

Portugal is one of the most centralized countries in Western Europe, with autonomous self-governing areas in the island regions of the Azores and Madeira. A total of 308 municipalities represent the main subnational level of government. Few tasks are decentralized, which is reflected in very low levels of subnational public expenditure overall. According to OECD figures, subnational government expenditure in Portugal accounts for 12.6% of total public expenditure (compared to an OECD average of 40.4%) or 5.7% of GDP (compared to an OECD average of 16.2%).

The current government has expressed a commitment to decentralization. In July 2018, the government approved a deal with the National Association of Portuguese Municipalities, which would involve a greater delegation of tasks and increased funding for local governments. This decentralization package will be fully implemented by 2021.

Citation:

Diário de Notícias (2018), "Acordo de descentralização fechado. Municípios recebem 7,5% do IVA," available online at: <https://www.dn.pt/poder/interior/acordo-de-descentralizacao-quase-fechado-municipios-recebem-75-do-iva-9542770.html>

OECD (2018) "Regions and Cities at a Glance 2018 – PORTUGAL" available online at: <http://www.oecd.org/cfe/PORTUGAL-Regions-and-Cities-2018.pdf>

<https://www.fundodeapoiomunicipal.gov.pt/inicio>

Constitutional
Discretion
Score: 6

Formally, the central government enables subnational governments to make full use of their constitutional scope of discretion with regard to policy implementation. During the period under review, a new fund was established for the municipal level of government. Even so, the central government generally has considerable control.

Citation:
<https://dre.pt/home/-/dre/115533382/details/maximized>

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. However, there are differences between municipalities in some services, as in the case of infrastructure, culture and extracurricular educational offerings. Similarly, differences in service provision can result from the “luck of the draw” in terms of the specific civil servant a citizen encounters. This reflects both the complex and frequently changing policy framework and the relative lack of accountability in public-services provision.

Effective
Regulatory
Enforcement
Score: 5

On the whole, government agencies enforce regulations on powerful vested interests largely without bias. While the level of effectiveness is low, this is a general problem in Portugal, particularly when faced by powerful vested interests that are more adept at finding loopholes in Portugal’s complex legal structure.

At the same time, these vested interests may well have the ability to capture and shape regulation toward their interests. As such, government agencies may to some extent be enforcing regulations that are already designed to serve the interests of these interests.

Adaptability

Domestic
Adaptability
Score: 7

The European Union is vital 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, organizational, security and reporting frameworks. While the government of Portugal has not yet applied all of the EU laws and regulations, it is steadily adopting EU policies. Obviously, since Portugal is part of the European Union, and dependent upon it for funds and trade, the country has had to adapt its structures accordingly.

In terms of organizational adaptation, this is reflected in the creation of positions such as the secretary of state for European affairs in the Ministry for

International
Coordination
Score: 8

Foreign Affairs and the General-Directorate for European Affairs. In addition, almost all ministries have structures designed to interact with the EU level.

Although Portugal is small, relatively poor 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 and the Community of Portuguese Language Countries (Comunidade dos Países de Língua Portuguesa, CPLP), among other groups. It works actively with other nations through these organizations to develop policies. Given the country's size and importance, it collaborates quite effectively in shaping and implementing collective efforts to provide global public goods.

Portugal “punches well above its weight” in military diplomacy through participation in peacekeeping and humanitarian relief programs under the auspices of the European Union, the UN and NATO. It must also be noted that the previous president of the European Commission (José Manuel Durão Barroso) and the current secretary-general of the United Nations, António Guterres, are Portuguese, both having been prime ministers of the country.

The Costa government continues to seek to increase the country's influence in terms of shaping the European Union's future. The nomination of Minister of Finance Centeno to the presidency of the Eurogroup is a reflection of this. In addition, António Costa was ranked ninth in the Politico “28 Class of 2018,” which lists “the 28 people who are shaping, shaking and stirring Europe.”

Citation:

Politico, “28 Class of 2018 – The ranking,” available online at: <https://www.politico.eu/list/politico-28-2018-ranking/>

Organizational Reform

Self-monitoring
Score: 5

During the period under review, no substantial measures have been introduced concerning the monitoring of institutional arrangements and there is little evidence of de facto monitoring of institutional governance arrangements. What little monitoring occurs appears to be reactive to political crises or challenges. The rules of procedure for the Council of Ministers make no reference to self-monitoring mechanisms.

Citation:

Regimento do Conselho de Ministros do XXI Governo Constitucional – Resolução do Conselho de Ministros n.º 95-A/2015, Diário da República n.º 246/2015, 1º Suplemento, Série I de 2015-12-17, available online at: <https://data.dre.pt/eli/resolconsmin/95-a/2015/p/cons/20171113/pt/html>

Institutional
Reform
Score: 5

There is no evidence that the Costa government significantly changed institutional arrangements in such a way as to improve strategic capacity during the period under review. There has been, and continues to be, a big debate on the “reform of the state.” Indeed, according to reporting by Susete Francisco on 17 April 2018, there is an agreement between the government and the PSD regarding “reform of the state.” There is even supposed to be a commission working on this topic. The most recent debate concerns decentralization, and the denationalization of banks and other key sectors of the economy. So far, however, it is all talk.

Citation:

<https://observador.pt/seccao/politica/estado-politica/reforma-do-estado/>

<https://www.tsf.pt/economia/.../a-reforma-do-estado-e-uma-necessidade->

II. Executive Accountability

Citizens’ Participatory Competence

Political
Knowledge
Score: 5

As noted in previous reports, the bailout heightened citizens’ attention to and interest in policy matters, as did the occurrence of a legislative election in the previous period but one. In the period currently under review, the situation appears to be regressing as the bailout – and ensuing austerity measures – recede from the horizon. In a Eurobarometer survey carried out in March 2017, a total of 52% of respondents in Portugal had a “strong” or “medium” interest in politics, a roughly similar proportion to 2017 and 2016. This is the third lowest total within the EU-28 with regard to “strong” and “medium” interest in politics, above only Spain and France, and well below the EU average of 62%. Moreover, the proportion of respondents attesting to no interest in politics was 35%.

This result further strengthens our assessment in previous reports that the Portuguese public’s policy knowledge is limited and unevenly distributed. The factors limiting citizens’ policy knowledge include the insufficient and incomplete explanation of policy by the government, the incomplete and insufficient explanation of policy alternatives by the opposition, a media system that 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.

Citation:

Eurobarometer 87 (Annex), May 2017. Available online at: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/79557>

Eurobarometer 89 (Annex), March 2018. Available online at: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/83136>

Open
Government
Score: 5

Data and information is published by the government. However, it is not comprehensive nor necessarily regularly updated. It is also not easy to locate information, which is dispersed across agencies, ministries, QUANGOs, public administration bodies, and other state and quasi-state organizations.

In addition to the nature of the information, the government provides access to IT so that the citizens, in theory at least, can access data. Whether the available information is very useful is, however, questionable.

Legislative Actors' Resources

Parliamentary
Resources
Score: 6

The Assembly of the Republic (AR) has a very robust committee structure composed of standing and ad hoc committees, as well as committees to assess implementation of the Plano do Governo and the Orçamento de Estado. 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 parliament do not generally have their own staff and, in most but not all cases, have little ability to rely on expert support. However, this is not due to a lack of funding for support staff. Legislation provides parliamentary party groups with fairly generous subsidies to hire support staff. In 2016, the most recent year for which data is available, total subsidies granted amounted to €8.5 million. As subventions are granted based on the legislation, the total is relatively stable over time.

Parliamentary groups are free allocate this funding as they choose and set wages for staff accordingly. The overall number of support staff in 2016 was 238, which exceeds the number of parliamentary members (230). However, support staff for members of parliament are limited, because parliamentary party staff funds are frequently used to pay general party staff rather than staff for the parliamentary group specifically. The former head of ECFP (the independent body tasked with monitoring party financing and accounts) recently noted that funding for parliamentary staff has become “a means for financing parties.”

As such, parliament's capacity to monitor government activity is mainly contingent on legislators' own expertise. Under the Costa government, a

Socialist Party government supported by the parties to its political left, parliamentarians have shown a greater amount of interest in government monitoring, and the number of meetings involving these different political parties has increased substantially. However, this energy and interest does not imply that lawmakers in fact have adequate personnel and structural resources for the purposes of monitoring.

Citation:

Assembleia da República, “Relatório da Conta de Gerência da Assembleia da República – 2016,” available online at: <https://www.parlamento.pt/GestaoAR/Documents/oar/RelCGAR2016.pdf>

Davim, Margarida. 2018. “O caso dos assessores-fantasma.” Sábado, September 13.

Obtaining
Documents
Score: 6

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. During the third session of the 13th legislature, held during the current period under review, parliamentarians issued 3,056 questions, while 833 questions were carried over to this period as they had not been answered during the previous legislative session. Out of this total, 57% (2,235) were answered. This marks a considerable deterioration vis-à-vis the previous review period, when 80% of questions were answered, but is similar to the pattern in the first legislative session (55%).

Moreover, there was a further deterioration regarding requests to the central government, with only 7% of (new and pending) requests being answered during the period under review. This is considerably lower than the previous review period.

As noted in previous reports, this response rate does not appear to reflect a deliberate attempt to conceal information from the Assembly. In general, it is likely that committee requests are answered more promptly and fully than those made by individual legislators

Citation:

Assembleia da República (2018), Balanço da Atividade Parlamentar – 3.ª Sessão Legislativa da XIII Legislatura, available online at: https://www.parlamento.pt/ActividadeParlamentar/Documents/Estatisticas_Actividade_Parlamentar_XIIILe g/ActividadeLegislativa_XIII_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 interparty consensus. However, each parliamentary group may also unilaterally request ministerial hearings. These vary from one to five per session, depending on the

Summoning
Experts
Score: 9
Task Area
Congruence
Score: 9

size of the parliamentary group. Ministers accede to requests for their attendance at hearings.

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

The Assembly of the Republic has 12 permanent committees, each with a policy focus.

All ministries are covered by at least one committee, although some committees cover areas of more than one ministry. While these committees by-and-large reflect the portfolios of ministries, there is not an exact correlation, as the number of ministries (17) exceeds the number of committees (12).

The 12 permanent committees are:

- Committee on Constitutional Affairs, Rights, Freedoms and Guarantees
- Committee on Foreign Affairs and the Portuguese Communities
- National Defense Committee
- European Affairs Committee
- Committee on Budget, Finance and Administrative Modernization
- Committee on Economics, Innovation and Public Works
- Committee on Agriculture and the Sea
- Committee on Education and Science
- Health Committee
- Committee on Labor and Social Security
- Committee on the Environment, Territorial Planning, Decentralization, Local Government and Housing
- Committee on Culture, Communication, Youth and Sport

Each committee can create sub-committees to work on a specific area or project. Creating a sub-committee requires the prior authorization of the president of the Assembly of the Republic, after consultation with the Conference of Parliamentary Committee Presidents. Further, each committee can also create working groups for even more specialized tasks.

In addition, and of greater importance for monitoring government ministries, the Assembly of the Republic can create ad hoc parliamentary committees of inquiry. Their specific purpose is, according to the parliamentary rules of procedure, to “assess compliance with the Constitution and the laws and consider the acts of the Government and the Administration.” These ad hoc committees of inquiry have investigative power and judicial authority

Citation:

Rules of Procedure of the Assembly of the Republic, available online at: http://www.parlamento.pt/sites/EN/Parliament/Documents/Rules_of_Procedure.pdf

Media

Media Reporting
Score: 6

There continues to be a lack of systematic in-depth policy analysis. Policy analysis is usually delegated to expert commentators, with little or no journalistic work performed on policy issues.

In an earlier SGI report, we noted the large amount of commentary time allotted to former politicians, particularly on television, a pattern that generates potential conflict-of-interest questions and does not seem to have contributed to improving the quality of policy analysis. The most salient example of the confluence between politicians and television is provided by Marcelo Rebelo de Sousa, a former leader of the PSD and Portugal's most popular TV commentator, who was elected president of Portugal in January 2016.

Parties and Interest Associations

Intra-party
Decision-Making
Score: 5

A total of seven parties, running in five lists, won seats in the parliamentary elections held on 4 October 2015. These included the Social Democratic Party (Partido Social Democrata, PSD) and Democratic and Social Center/Popular Party (CDS-Partido Popular, CDS-PP), which ran together as the Portugal Ahead (Portugal à Frente, PAF) alliance. This won 38.5% of the vote and 107 seats, of which 89 were allocated to the PSD and 18 to the CDS-PP. The Socialist Party (Partido Socialista, PS) received 32.4% of the vote, and 86 seats. The Left Bloc (Bloco de Esquerda, BE) won 10.2% and 19 seats. The Unitarian Democratic Coalition (Coligação Democrática Unitária, CDU), which included the Portuguese Communist Party (Partido Comunista Português, PCP) and the Ecologist Party (Partido Ecologista "Os Verdes," PEV) took 8.3% of the vote and 17 seats, which resulted in 15 for the PCP and two for the PEV. Finally, the People-Animals-Nature party (Pessoas-Animaís-Natureza, PAN) won 1.4% and one seat.

Of these seven parties, only three gained more than 10% of the vote in the 4 October 2015 legislative elections: the PSD, the PS and the BE.

Both the PS and PSD hold direct elections of their party leadership by party members and have congresses whose delegates are also elected by party members. However, regarding policy issues and candidates other than the party leader, the 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 January 2015, the PS approved new statutes that allow primary elections to choose political candidates and would let registered party sympathizers (not just members) to vote to choose the party leader. While current party leader António Costa gained the party leadership because of a primary election, this technique was not used to select candidates for the 2015 legislative elections, nor was it used for the 2016 and 2018 party leadership elections, which reverted to the direct election model previously noted.

The BE elects delegates that convene at the party's national convention to elect an 80-member national committee called "Mesa Nacional," which is elected proportionally. The Mesa Nacional then votes for the party's 21-member Political Commission. In its tenth convention, held in June 2016, the party changed its statutes slightly, albeit the change does not significantly alter the degree of internal democracy. Due to this change, it is now up to the Political Commission to elect a seven-member Secretariat. Until the ninth party convention held in November 2014, the BE had two national coordinators within the permanent commission. After this convention, the party returned to the model of a single coordinator, in this case Catarina Martins, who retained her position in the 10th convention. The party will hold its 11th convention 10 – 11 November 2018 and several proposals to change the statutes have been submitted. Though these proposals do not appear to significantly alter the degree of internal democracy.

While only these three parties met the 10% criteria in recent legislative elections, two other parties are potentially relevant within Portugal's political landscape: the Portuguese Communist Party (Partido Comunista Português, PCP) and the CDS-PP. These are also marked by a high degree of centralization in their national-level internal decision-making. The former abides by the rules of democratic centralism. The latter is characterized by a small rank-and-file base.

Association
Competence
(Employers &
Unions)
Score: 5

A few employers' associations and trade unions are capable of formulating relevant policies. However, their proposals are largely reactive to government measures rather than being proactive in setting policy debate. While employers and trade unions have expressed dissatisfaction at some policies these tend to be reactions to specific government measures rather than ex ante and general policy proposals. And, as most of the policies regarded austerity, to which the government is no longer committed, they have even less relevance today.

Association
Competence
(Others)
Score: 5

Despite the alleviation of austerity and initial signs of economic recovery, non-economic interest associations continue to have little impact. The focus in recent years on economic issues means that proposals by established groups

engaged with other issues attract less visibility than before Portugal's bailout (e.g., proposals by the environmental group Quercus). Interaction with associations appeared to be largely instrumental and related to political or group objectives rather than policy-based.

Independent Supervisory Bodies

Audit Office
Score: 8

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.

Ombuds Office
Score: 7

There is a judicial ombudsman (Provedor de Justiça), which is situated in the judicial system. It serves as the advocate for citizens' interests.

Data Protection
Authority
Score: 6

Since 1994, Portugal has had a National Authority for Data Protection (Comissão Nacional de Protecção de Dados, CNPD). The CNPD plays an active role in data protection issues. However, budgetary restrictions, under the previous and current governments, are limiting the CNPD's ability to carry out its tasks. Indeed, the introduction to the most recent CNPD 2016 activity report noted that the authority has faced "increasing difficulties" due to budgetary restraints and limitations on public sector hiring.

Citation:

Comissão Nacional de Protecção de Dados, Relatório de Atividades 2016, available online at: https://www.cnpd.pt/bin/relatorios/anos/Relatorio_2016.pdf

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