

# Portugal

## Recent policy developments

- The number of *freguesias* (parishes) has been reduced. The sub-municipal-level was reorganised by two laws, one adopted in November 2012 and the other in January 2013. The laws reduced the number of parishes by about 27%, from 4 259 entities to 3 091 as of September 2013.
- The revision of local and regional finance laws was passed in September 2013. It establishes a multiyear budget plan; spells out expenditure rules, budget balance and the debt by setting stricter debt limits; and, finally, it gives the state greater fiscal oversight. The regulations governing transfers from the state to local authorities were reviewed, as was property taxation. The autonomous regions' authority over tax exonerations was reduced.
- A new agency for development and cohesion was created in 2013, with responsibility for co-ordinating EU structural and investment funds, and regional policy.
- A new Land Act was passed in April 2014. Among other issues, it covers the right to transform land that has not been developed. If this right has not been exercised, it will remain rural.
- The Partnership Agreement with the EC will be used to promote inter-municipal co-operation, using EU funds as an incentive, following a positive experience in the previous programming cycle. The aim is to rationalize fragmented and/or overlapping municipal-level investments.
- The government is contemplating improving the metropolitan governance of the metropolitan area and adapting the government to the functional urban areas.

Government structure	Municipal-level governments*	Intermediate-level governments	Regional or state-level governments
Unitary	308		2

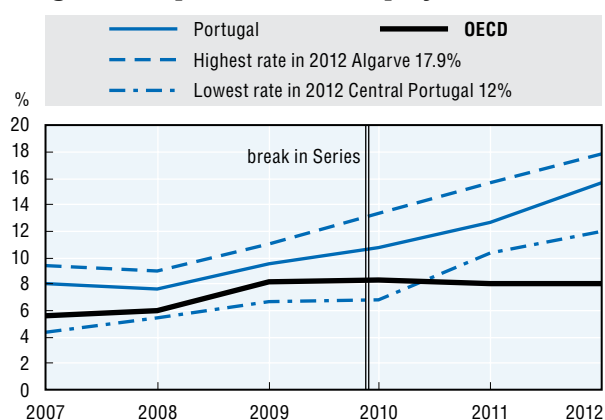
\* Existence of a structured sub-municipal level (*freguesias*), which was reorganised under two laws (one in November 2012 and the other in January 2013). Their number was reduced by about 27%, from 4 259 entities to 3 091 as of September 2013.

Regional development policy	
Lead ministry(ies) or committees	Minister in the Cabinet of the Prime Minister for Regional Development
Regional development framework	EU Partnership Agreement for the use of EU structural and investment funds

Urban development policy	
Lead ministry(ies) or committees	Ministry of Environment, Spatial Planning and Energy
Urban policy framework or strategy	The component of sustainable urban development, notably Sustainable Cities 2020, within the EU Partnership Agreement for the use of EU structural and investment funds.

Rural development policy	
Lead ministry(ies) or committees	Ministry of Agriculture and Sea
Rural policy framework or strategy	The component of rural development within the EU Partnership Agreement for the use of EU structural and investment funds.

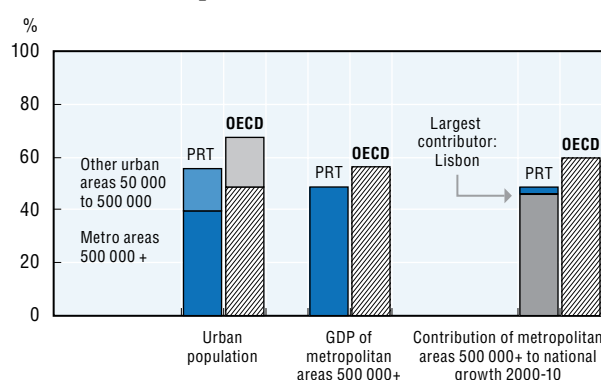
### Regional disparities in unemployment trends



Note: Estimates from 2011 onwards are not directly comparable. In 2012, the unemployment rate in Portugal was highest in Algarve (17.9%) and lowest in Central Portugal (12%). Since 2010, the youth unemployment rate has soared in Portuguese regions, reaching 49% in Madeira.

StatLink <http://dx.doi.org/10.1787/888933108605>

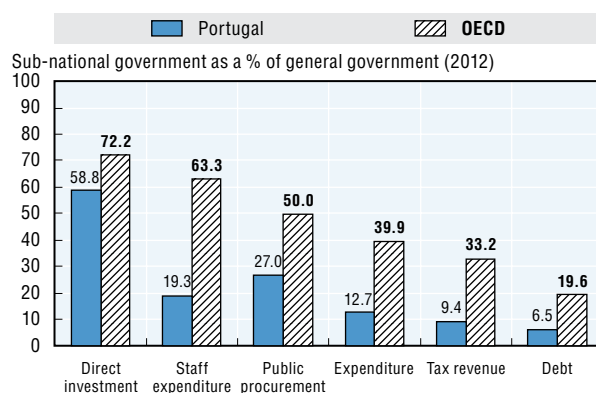
### The importance of urban areas



In Portugal, 55% of the population lives in cities of different sizes: the share of population in metropolitan areas (urban areas with more than 500 000 inhabitants) is 39%, compared to 49% in the OECD area.

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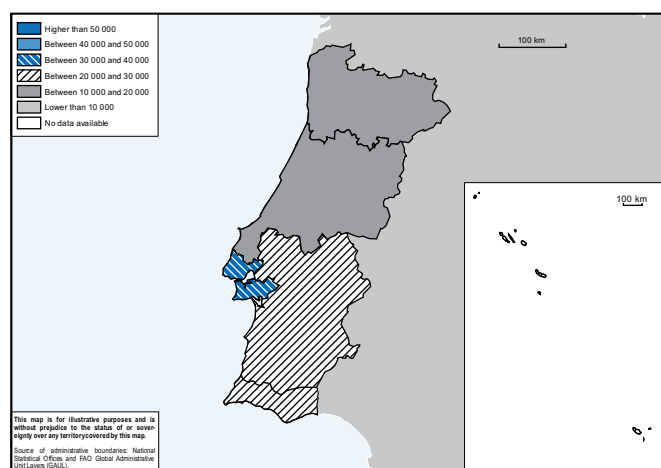
### The role of sub-national governments in public finance



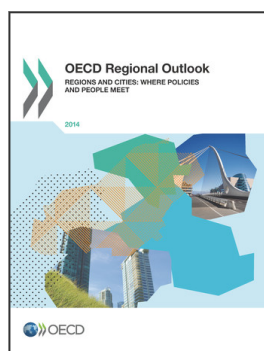
General public services and economic affairs are the two largest spending items for SNGs in Portugal: together they represent 48% of sub-national expenditure, almost double the OECD average (28%).

StatLink <http://dx.doi.org/10.1787/888933108643>

### Regional differences in GDP per capita levels



Portugal had the 7<sup>th</sup> largest regional disparities in GDP per capita. In the previous decade, regional growth was the highest in Madeira (2.1%) and the lowest in Alentejo (0.2%).



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