REPÚBLICA PORTUGUESA

FINANÇAS

Annual Progress Report

PORTUGAL

MINISTÉRIO DAS FINANÇAS | 2025

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1 INTRODUCTION

As a result of the new economic governance framework implemented in April 2024 - Regulation (EU) n. 2024/1263 – each European Union (EU) Member State should submit an Annual Progress Report by April 30th of each year.

This report should provide data on budgetary outturns to assess compliance with the net expenditure path as set by the Council and, if necessary, an analysis of the factors underlying a deviation. The Report should also contain information on the implementation of reforms and investments carried out under the European Semester.

The medium-term budgetary commitments are underpinned by the net expenditure path presented in the medium-term fiscal structural plan (MTFSP). On average, the net expenditure growth shall remain at or below 3.6% in 2025-2028. This figure coincides with the Reference Trajectory transmitted by the EC to the Portuguese authorities in June 2024, although its intra-annual profile differs[1].

Table 1.1 presents the annual ceilings for net expenditure growth that Portugal commits to abide by.

Table 1.1. **Budget commitments for 2025-2028**

(Growth rate)

	2025	2026	2027	2028	Average: 2025-28
Ceiling for net expenditure growth	5,0	5,1	1,2	3,3	3,6
Memo:					
Reference trajectory	4,1	3,6	3,4	3,3	3,6

Sources: Ministry of Finance and European Commission.

Chapter 2 of this report describes the macroeconomic context that Portugal faced in 2024, as well as the updated outlook for 2025, which considered the complexity and demands associated with the current, particularly challenging, geopolitical situation.

Chapter 3 provides an assessment of the compliance of the 2024 budget execution data with the net expenditure trajectory as determined by the Council. It also presents the updated budgetary strategy for 2025, which is based on a prudent balance between sustainability and support for businesses and families.

Pursuant to Article 23(1) of Regulation (EU) 2024/1263, an opinion was requested from the Portuguese Public Finance Council (CFP) regarding the 'assessment of the compliance of the budget execution data reported in the annual progress report with the net expenditure trajectory as determined by the Council', and, if necessary, an analysis of the 'factors underlying any deviation from the net expenditure trajectory as determined by the Council'. Additionally, an

[1] Excluding the execution of projects under the Recovery and Resilience Plan (RRP) financed through loans, the annual growth profile of net expenditure is in line with the reference trajectory.

opinion was requested on the updated macroeconomic scenario underlying the APR. This opinion can be found in the final section of this report.

Chapter 4 of the APR includes the progress made in implementing reforms and investments. This chapter and its annexes have been produced according to the European Commission's guidelines for Member States (C/2024/3975 of 21 June) and address the Country Specific Recommendations (CSRs) for Portugal, as well as the contribution to advancing the EU's Common Priorities. It is structured and anchored in national strategic challenges, and its drafting benefited from an approach involving all areas of government throughout the process.

In this first follow-up report, in addition to systematising the progress made on the 63 policy measures (reforms and investments) presented in the MTFS Plan 2025-2028, nine new policy measures were announced.

Of the total of 72 policy measures, 9 have been formally completed. These completed measures relate to tax policy (adoption of the Personal Income Tax (PIT) for the young and reduction of the Corporate Income Tax), migration policy, improvement, and enhancement of the diplomatic career, strengthening of the human and technical conditions of the consular network and the development of planning instruments in various sectoral areas. Only 4 policy measures have not yet been the subject of any initiative since their presentation in the MTFS Plan, and the remaining 59 are on-track as scheduled.

Together with its presentation to the Council and the European Commission, this APR will simultaneously be submitted to the Portuguese Parliament.

2 MACROECONOMIC CONTEXT

The global economy remained resilient in a context of uncertainty and high geopolitical tensions.

World economic activity increased by 3.2% in 2024 (3.3% in 2023) in a context of decelerating inflation, allowing the start of a less restrictive monetary policy in the main advanced economies (apart from Japan), reversing the trend of the previous two years. In addition to the reduction in interest rates, the evolution of the global economy was characterized by the recovery of real household income and, from the end of the year, by increasing levels of uncertainty regarding economic policy.

In the euro area, GDP grew by 0.9%, after a near stagnation in 2023 (0.4%), which resulted from the strengthening of the contribution of private and public consumption, in contrast to investment and exports, which continued to exert negative pressure.

World trade in goods and services accelerated significantly in 2024 to 3.4% (0.4% in 2023), reflecting the improvement in the growth of merchandise exports from emerging market countries, especially Asian countries, and from the strong growth in industrial production, which contrasted with the negative evolution of this indicator in advanced economies, with emphasis in the euro area.

The growth of external demand directed to the Portuguese economy recovered in 2024, but continued to underperform compared to world trade, due to the lower relative dynamism of the euro area, the main market for Portuguese exports (Table 2.1).

Lower inflationary pressures and less restrictive monetary policy

Global inflation eased throughout 2024, falling to 2.5% on average in advanced economies (4.6% in 2023) and to 3% and 2.4% in the USA and the euro area, respectively (4.1% and 5.4%, respectively, in 2023). These developments w due to the significant slowdown in food and energy prices.

The less restrictive monetary policy was reflected in a reduction in financing costs for states, families and companies, with reductions in short-term interest rates being observed on both sides of the Atlantic from the second half of 2024 onwards, culminating, on average, in 4.5% and 2.8%, respectively, in the USA and the euro area, in December 2024.

At the beginning of 2025, uncertainty levels increased with the announcement of more protectionist customs policies. This situation has led to a deterioration in the outlook for the global economy for 2025 and 2026[2] by International Institutions and Central Banks, signalling a more unfavourable evolution than three months ago. The IMF forecasts global GDP growth of 2.8% and 3% for 2025 and 2026, respectively, representing a slowdown compared to the last two

2 The IMF, in its April 2025 forecast, revised downwards, compared to the January 2025 interim forecast, the global GDP growth by 0.5 p.p. and 0.3 p.p., respectively, for 2025 and 2026.

years. For the USA and the euro area, expected GDP growth for 2025 is 1.8% and 0.8%, respectively (2.8% and 0.9% in 2024).

The most recent indicators suggest a slowdown in global economic activity in the first quarter of 2025, with a more moderate expansion in the USA, in a context of high uncertainty. China's growth remained robust in early 2025, not yet reflecting the impact of trade protectionist measures such as higher tariffs.

Price pressures in the global economy eased slightly in early 2025, with the USA annual inflation rate declining to 2.4% in March (3% in December 2024) and in the euro area to 2.2% in March (2.4% in December 2024).

The European Central Bank (ECB) monetary policy remained less restrictive in the first quarter, with a reduction in the basic interest rates of 50 basis points (b.p.), with rates for the main refinancing operations and deposit facility standing at 2.65% and 2.5%, respectively. Euro area long-term interest rates moved upwards in March, influenced by the rise in German 10-year yields (2.74% at the end of March 2025, compared with 2.36% at the end of 2024) due to the historic agreement to reform the debt brake in Germany, which will tend to increase fiscal imbalance and public debt as a percentage of GDP.

The external assumptions for the Portuguese economy, with a closing date of March 26th, are those presented in the table below:

Table 2.1. External assumptions

	2023	2024	2025
Short-term interest rate (%)	3,4	3,6	2,3
Long-term interest rate (%)	3,2	3,0	3,1
Exchange rate (USD/EUR)	1,08	1,08	1,08
Brent price (eur/barel)	82,0	79,5	72,1
External demand (YoY)	-0,5	1,4	2,4

Sources: IMF, ECB and Ministry of Finance calculations.

The Portuguese economy grew above the projections in 2024, in a context of weak European growth.

The GDP registered a real growth of 1.9% in 2024, surpassing the estimate in the State Budget for 2025 (SB2025). Despite decelerating compared to the previous year, the Portuguese economy remained dynamic, contrasting with the modest growth of the European economy. Domestic demand significantly contributed to this growth (+2.6 p.p.), driven by private consumption amid labour market resilience and easing inflationary pressures. On the other hand, net exports contributed negatively (-0.7 p.p.), with stable growth in exports and acceleration in imports.

In 2024, Gross Value Added (GVA) at basic prices recorded an annual volume variation rate of 1.7%, with a positive contribution from tertiary sector activities (1.4 p.p.). Industry, the third sector of activity with the greatest weight in total GVA, recorded a variation of 0.1%, after a year in 2023 with a negative variation (-1.9%).

Private consumption regained momentum throughout 2024, closing the year with a significant acceleration (3.2% growth in annual average terms). This performance was essentially due to the evolution of non-durable goods, which recorded a contribution of 3 p.p.. On the other hand, the contribution of durable goods decreased, going from 0.7 p.p. in 2023 to 0.1 p.p. in 2024.

The household's gross disposable income accelerated to 10.5% in 2024 (7.5% in 2023), boosted by the continued dynamism of employment and wages and by the tax reduction measures adopted that year. The savings rate grew significantly, reaching 12.2%. This evolution reflected the growth in real disposable income (7.8%), creating space for families to consume and, at the same time, strengthen their savings in a context of persistent uncertainty.

Public consumption accelerated in 2024 to 1.1% (0.6% in the previous year), reflecting growth in public employment, intermediate consumption, and social benefits in kind.

Investment slowed in 2024, with gross fixed capital formation (GFCF) recording an annual rate of change of 3% (3.6% in 2023). These developments reflect the slowdown in the "Transport Equipment" category, where investment growth slowed from 20.4% in 2023 to 6.7% in 2024. The construction sector, which accounts for the largest share of total GFCF, recorded an annual rate of change of 1.4% in 2024, with its contribution to the GFCF increasing slightly between 2023 and 2024.

In 2024, net external demand contributed negatively to GDP growth, with import growth (4.9%) greater than export growth (3.4%). Export growth, although lower than the previous year, continued to be greater than the external demand for the economy, which resulted in market share gains.

Exports of goods, in volume, recovered to 3.8%, from the slight fall of 0.1% in the previous year, while exports of services slowed to 2.7% in 2024, (11.5% in 2023), an evolution explained in part by activities linked to tourism, which grew by 5.1% (13.7% in 2023).

The economy's financing capacity, according to the national non-financial accounts, showed a balance of 2.9% of GDP in 2024, a historical high since 1996 (the beginning of the series calculated according to the current methodology). The trade balance increased by 0.9 p.p. to 2.3% of GDP, mainly due to the services balance, contributing significantly to the economy's financing capacity. The positive balance of the financial account (9.7 billion euros, 3.4% of GDP) contributed to keeping the international investment position on a recovery path. Consequently, the weight of net external debt was reduced again, from 52.5% in 2023 to 44.4% of GDP in 2024.

The labour force and employed population reached a new record in 2024.

In 2024, both the labour force participation rate and the employment rate in Portugal continued to grow, albeit at a more moderate pace than in 2023. The working-age population reached a new historical record, with 5.5 million people (+1.1% compared to 2023), and the labour force participation rate stabilized at 60.2%. The number of employed people rose to 5.1 million (+1.2% compared to 2023), raising the employment rate to 56.4% (+0.1 p.p. compared to 2023).

The growth in the number of unemployed was marginal, and the unemployment rate fell. Compared to 2023, the unemployed population increased slightly to 351.2 thousand people

(+0.1% compared to 2023). However, the increase in the working-age population and employment allowed the unemployment rate to stand at 6.4%, a reduction of 0.1 p.p. compared to 2023.

Nominal wage growth stood at 8% (the same as 2023)[3]. The slowdown in inflation led to an acceleration in the average real wage to 5.2% (+2.4 p.p. compared to 2023).

Continued easing of inflationary pressures.

In 2024, inflation measured by the Harmonized Consumer Price Index (HICP) was 2.7%, continuing the reduction process for the second consecutive year. The decrease of 2.6 p.p. compared to the previous year was mainly due to the strong slowdown in the food products and non-alcoholic beverages class, which fell from 10% in 2023 to 2.4% in 2024. On the other hand, energy recorded an average price increase of 3.1%, after the 8.9% drop seen in the previous year. However, inflation was slightly higher than that recorded in the euro area (2.4%). Excluding unprocessed food products and energy products, inflation stood at 2.8% (6.3% in 2023), 0.1 percentage points lower than that recorded in the euro area.

The Portuguese economy accelerates in 2025, reflecting higher investment growth.

At the beginning of 2025, activity should show a robust annual rate of change, although with a moderation compared to the very dynamic growth recorded at the end of 2024 (2.9%). For the year as a whole, a growth of 2.4% is expected.

The economic sentiment indicator declined in the first quarter, essentially reflecting lower business confidence in the services sector. The Bank of Portugal's coincident indicator of economic activity has remained at 1.8% since October.

Private consumption remained dynamic in early 2025, albeit with some signs of moderation. The coincident indicator of private consumption continued to grow in 2025 (4.0% in February), extending the upward trend observed since mid-2024. The number of transactions with national cards, deflated with the Consumer Price Index (CPI), slowed down in the first 3 months of the year compared to the same period in 2025 (3.7%). Passenger car sales (excluding rental vehicles) grew on average in the first quarter by 9.5% (18.2% in the fourth quarter of 2024). Conditions remain in place for robust consumption growth for the year (2.4%), particularly favoured by growth in wages and employment and the high levels of savings recorded in recent years.

Cement sales fell by an average of 2.6% in the first quarter of the year (+9.9% in the previous quarter). Sales of light commercial vehicles increased by 1.3% on average over the same period (3.7% in the last quarter of 2024). Machinery imports fell in the first two months of the year, but more moderately than at the end of 2024 (-3%, compared to -5.2%). Despite this unfavourable start to the year, the GFCF should benefit throughout the year from the execution of projects within the scope of the Recovery and Resilience Facility (RRF) and other Foreign Direct Investment projects already announced, which will increase production and export capacity, projecting growth of 4.4% in 2025.

[3] Considering that the compensation per employee is equal to wages, salaries and employers' social contributions divided by the number of employees, i.e., individuals working for an employer.

Nominal exports of goods showed positive evolution in January and February, with growth of 11.9%, with the main contribution (11.5 p.p.) coming from the Chemical Products sector, with Germany being the destination country that contributed most to this growth (9.4 p.p.). Exports of services maintained dynamic growth on average in the first two months of the year (7.1%, after 9% in the last quarter of 2024), with a similar evolution profile for the tourism component. In the current scenario, exports will grow by 2.2% in 2025, approximately in line with external demand directed at the Portuguese economy.

Until February 2025, according to the balance of payments, the Portuguese economy continued to record an external surplus (788 million euros in accumulated terms), reflecting the surplus in the balances of services, secondary income, and capital. In 2025, the economy's financing capacity should rise compared to 2024, reaching 3.4% of GDP. A strong improvement in the capital balance (+1.1 p.p. compared to 2024) should contribute to this increase, which more than compensates for the slight reduction in the balance of goods and services and the income balance.

In the first quarter of 2025, the labour market maintained favourable developments. According to information released monthly by Statistics Portugal, the working-age population grew by 2.1%, exceeding 5.5 million people, while the labour force participation rate reached a record-high of 69%. Employment also accelerated, with growth of 2.2% (1.3% in the last quarter of 2024). The employed population reached a record of almost 5.2 million people, while the employment rate stood at 64.5%. Despite the 1.3% increase in the unemployed population, the unemployment rate decreased by 0.1 p.p., standing at 6.4%.

When measured by the HICP, inflation in Portugal was 2.3% in the first quarter, falling from 2.8% recorded in the last quarter of 2024. The inflation figure in the euro area is expected to be identical to that recorded in Portugal for the first quarter. For the year 2025, inflation is expected to reach 2.4%.

GDP growth in 2025 has been revised upwards from the Medium-Term Fiscal Structural Plan

The Portuguese economy is expected to grow by 2.4% in 2025, which represents an upward revision of 0.3 p.p. with respect to the MTFSP, justified by the higher-than-expected GDP growth at the end of 2024, which created a greater carry-over effect for 2025. Considering the international situation and forecasts for external demand, exports and imports were revised downwards in relation to the MTFSP (-1.3 p.p. and -0.7 p.p., respectively), with a greater reduction in exports, which will imply a negative contribution of net exports to economic growth.

Following the signing of the tripartite agreement on wage appreciation and growth, the evolution of average compensation per employee was revised upwards by 0.2 p.p. to 4.9%, with labour productivity accelerating to 1.7% (+0.3 p.p. than in the MTFSP).

Table 2.2. Macroeconomic Scenario
(annual percentage change)

	2023	2024	2025
GDP	2,6	1,9	2,4
Private consumption	1,9	3,2	2,4
Public consumption	0,6	1,1	1,7
Investment	3,6	3,0	4,4
Exports	3,8	3,4	2,2
Imports	1,8	4,9	2,8
Contribuitions to GDP growth (p.p.)			
Domestic demand	1,7	2,6	2,7
Net exports	0,9	-0,7	-0,3
GDP deflator	7,0	4,4	2,7
HICP	5,3	2,7	2,4
Employment	1,0	1,6	0,6
Unemployment rate (%)	6,5	6,4	6,4
Current and capital account (% GDP)	1,7	2,9	3,5

Sources: Statistics Portugal and Ministry of Finance.

3 BUDGETARY CONTEXT

The 2024 budget surplus exceeds the 2025 State Budget estimate.

According to the latest estimate by Statistics Portugal, the general government surplus in 2024 was 0.7% of GDP, 0.5 p.p. less than in 2023, but 0.3 p.p. above the estimate presented in the SB2025 (Table 3.1), due to the good performance of the economy in the last quarter of the year.

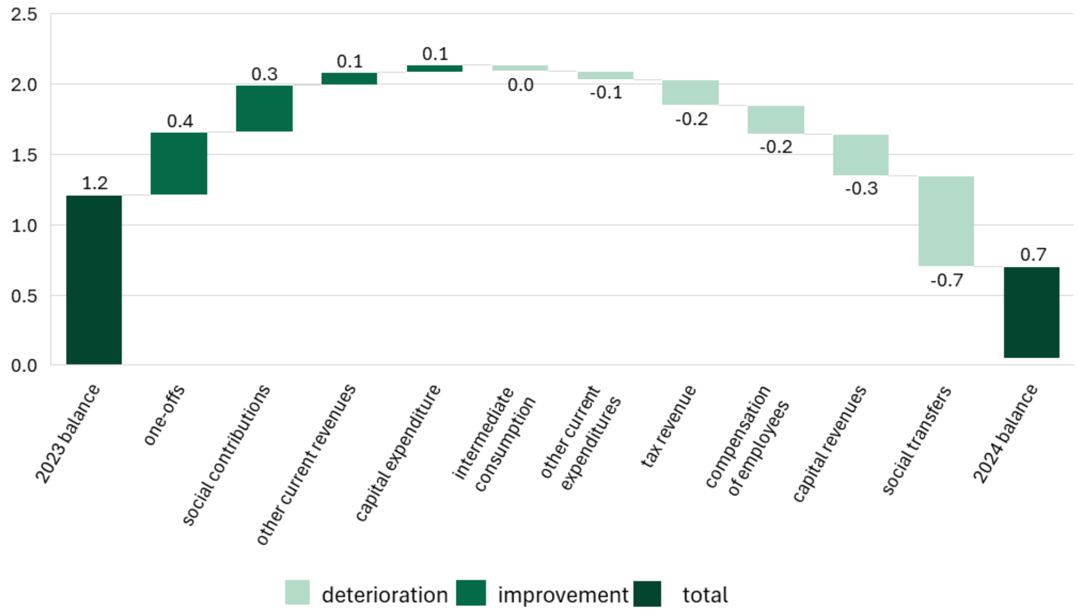
Table 3.1. Main budget indicators
(percentage of GDP)

	2023		2024		2025(e)	
	MTFSP	APR	MTFSP	APR	MTFSP	APR
Headline balance	1,2	1,2	0,4	0,7	0,3	0,3
Total revenue	43,6	43,5	44,8	43,5	45,5	44,4
ow: Tax revenue	25,1	25,1	25,0	24,9	24,7	24,3
Total expenditure	42,4	42,3	44,4	42,8	45,2	44,1
ow: Interest payments	2,1	2,1	2,1	2,1	2,2	2,2
ow: Nationally-financed public investment	1,8	1,8	2,2	2,2	2,2	2,0
Primary balance	3,3	3,3	2,5	2,8	2,5	2,4
ow: One-off measures	-0,5	-0,4	-0,1	0,0	0,0	-0,1
ow: Cyclical component of the budget balance	0,6	0,4	0,3	0,1	0,3	0,3
Structural primary balance	3,2	3,3	2,3	2,6	2,1	2,3
Memo:						
Government debt	97,9	97,7	95,9	94,9	93,3	91,5
Primary balance excl. expenditure financed by RRF loans	3,3	3,3	2,5	2,9	2,8	2,8
Structural primary balance excl. expenditure financed by RRF loans	3,2	3,3	2,4	2,8	2,5	2,6

Note: (e) estimated.
Sources: Statistics Portugal and Ministry of Finance.

Higher social security contributions (+0.3 p.p. of GDP relative to 2023), driven by wage and employment growth, together with a smaller impact of one-off measures in 2024 (-0.4 p.p. of GDP), contributed positively to the balance. However, the increase in pension expenditure (+0.7 p.p. of GDP), reflecting a rise in the number of old-age pensioners, higher average pensions, and the payment of an extraordinary pension supplement, entirely offset that effect. The rise in personnel expenditure (+0.2 p.p. of GDP), due to salary updates and career-enhancement agreements, as well as lower tax revenues (-0.2 p.p. of GDP), mainly from personal income tax, also weighed (albeit to a lesser extent) on the surplus.

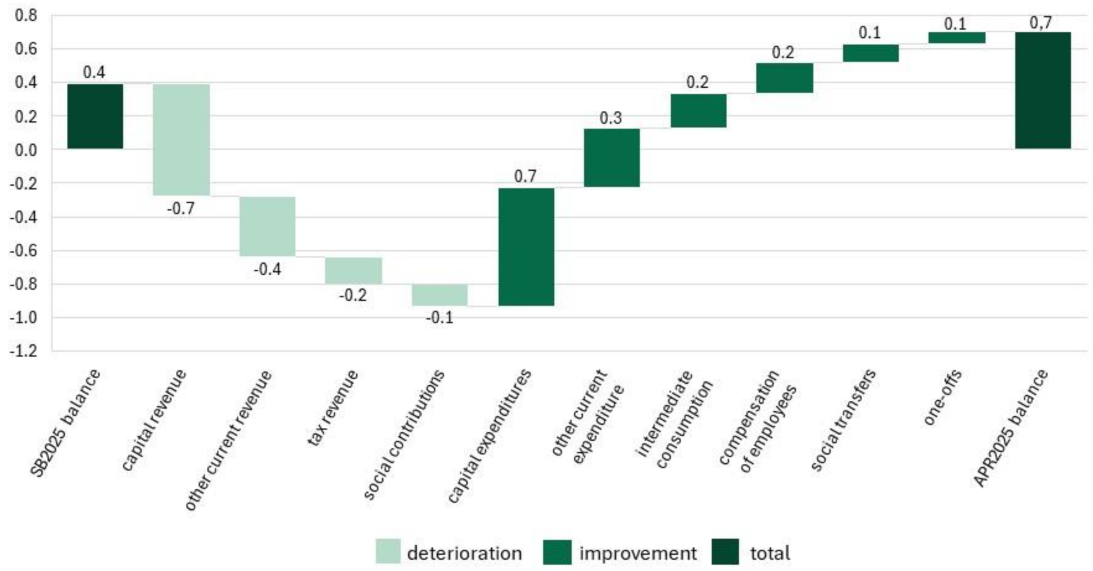
Figure 3.1. From the 2023 to the 2024 budget balance
(percentage (balance) and percentage points of GDP)



Sources: Statistics Portugal and Ministry of Finance.

Compared with the SB 2025 estimate, the main revisions for 2024 relate to lower outturns in both capital revenue and capital expenditure (-0.7 p.p. of GDP). On the revenue side, tax and other current receipts underperformed expectations (-0.2 p.p. and -0.4 p.p. of GDP, respectively). On the expenditure side, other current expenditure (-0.3 p.p. of GDP), together with undershoots in compensation of employees and intermediate consumption outlays (0.2 p.p. of GDP), more than offset the revenue shortfall.

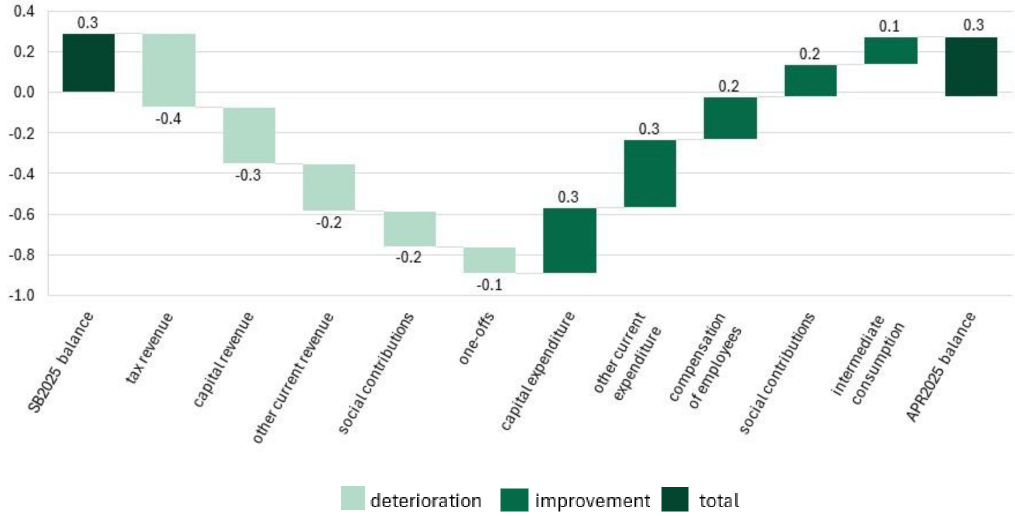
Figure 3.2. Change in 2024 budget balance – current estimate versus the SB 2025
(percentage (balance) and percentage points of GDP)



Sources: Statistics Portugal and Ministry of Finance.

For 2025, the current projection keeps the surplus at 0.3% of GDP, adjusting the various revenue and expenditure items to the prevailing macroeconomic scenario and the updated projections of discretionary measures. Execution of EU funds, particularly from the Recovery and Resilience Facility (RRF), is also expected to accelerate.

Figure 3.3. Change in 2025 budget balance – current estimate versus the SB 2025
(percentage (balance) and percentage points of GDP)



Source: Ministry of Finance.

The discretionary revenue-side measures for 2025 stem from the budgetary strategy, which is based on a prudent balance between sustainability and support for businesses and households, including, among other actions, a reduction in the tax burden. For the current year, the total value of these measures amounts to 1,105 million (0.4% of GDP), maintaining a similar weight compared to the projection made at the time of the 2025 State Budget (Table 3.2).

Table 3.2. Discretionary revenue measures

(million euros)

	2023	2024(e)	2025(p)
VAT	**-440**	**278**	**-110**
Electricity VAT reduction	-67		-110
Transitioning into the gas regulated market	-60		
VAT reduction on essencial food basket	-323	323	
VAT reduction on soda drinks		-40	
VAT reduction on baby food		-5	
Temporary VAT reduction on gels and masks (offset)	10		
Other indirect taxes	**-986**	**448**	**312**
Extraordinary support for fuel costs in agriculture	-27		
Temporary mechanism for transport firms (diesel)	-25		25
Tax on fuels reduction	-1068	338	337
Update of other indirect taxes (ISV, IUC, IABA, IMT, IT)	134	146	
Exemption of local tax on real estate transactions and stamp duty for young people		-36	-50
PIT	**-729**	**-1850**	**-964**
Incentive to self-consumption and sale of surplus production of renewable energy to the grid	-5		
PIT package SB2023 (1)	-724		
PITpackage SB2024 (2)		-1540	
Housing-related tax measures		-110	
Increase on PIT consignment			-40
Widening of PIT for the young (SB2024)		-200	-250
Widening of PIT for the young (SB2025)			-525
Increased deduction of housing costs			-7
Changes to the minimum existence threshold			-142
CIT	**-109**	**-310**	**-163**
Reduction of autonomous taxation		-35	
Tax incentives to wage valorization		-50	
Increase of expenses with energy, fertilizers, feed and other animal feed for CIT purposes	-55	55	
Incentive to recovery - SIFIDE, RFAI and other tax benefits	-63	-100	102
Widening of the Tax Regime for Corporate Capitalization (ICE)		-180	-265
Special tax loss deduction system (offset)	9		
Other current revenues	**-16**	**-72**	**-180**
Exemption from health user fees	-16		
Motorway tolls rate reduction		-72	
Motorway tolls rate elimination			-180
Total discretionary revenue measures	**-2280**	**-1507**	**-1105**
% of GDP	**-0.9**	**-0.5**	**-0.4**

(1) Includes aggregate impact: updated of PIT brackets at 5.1%; updated of PIT brackets to correct minimum wage; changes to the minimum existence threshold; tax reduction; widening of PIT for the young; increase in PIT deductions from the 2nd child.
(2) Includes aggregate impact: increase specific deduction; changes to the minimum existence threshold; tax reduction; additional tax reduction (Parliament measure); rent limit support.
Notes: (e) estimated; (p) projected; includes offsets when they exist.
Source: Ministry of Finance.

One-off measures affecting capital expenditure have a positive impact on the balance trend, as they decline substantially in both 2024 and 2025 (Table 3.3).

Table 3.3. One-off measures
(million euros)

	2023	2024	2025
Court decision - "Fridão dam"	228		
Additional losses Parvalorem	916		
Court decision - ANACOM			150
Compensation to Algarve Litoral concessionaire / IP indemnity			256
Total expenditure	**1.144**	**0**	**406**
% of GDP	**0.4**	**0.0**	**0.1**

Source: Ministry of Finance.

Budget execution data for 2024 and the budgetary outlook for 2025 aligns with expected net expenditure.

The assessment of deviations from the net expenditure trajectory, as determined by the Council, is carried out after the budget execution for the year in question has been finalized. Therefore, at this stage, only the year 2024 is subject to evaluation. Although this year does not fall within the reference period of the MTFSP, it was considered in the debt sustainability analysis underlying the definition of the net expenditure trajectory, which justifies its assessment.

According to the latest data, net expenditure in 2024 grew by 11.6%, below the 11.8% projected in the MTFSP (Table 3.4). This outturn implies an annual credit of 0.1% of GDP.

For 2025, current forecasts also point to net expenditure growth that fulfils the budgetary commitments, which could generate an increase in annual accumulated credit (of about 0.7% of GDP).

Table 3.4. Control account
(million euros)

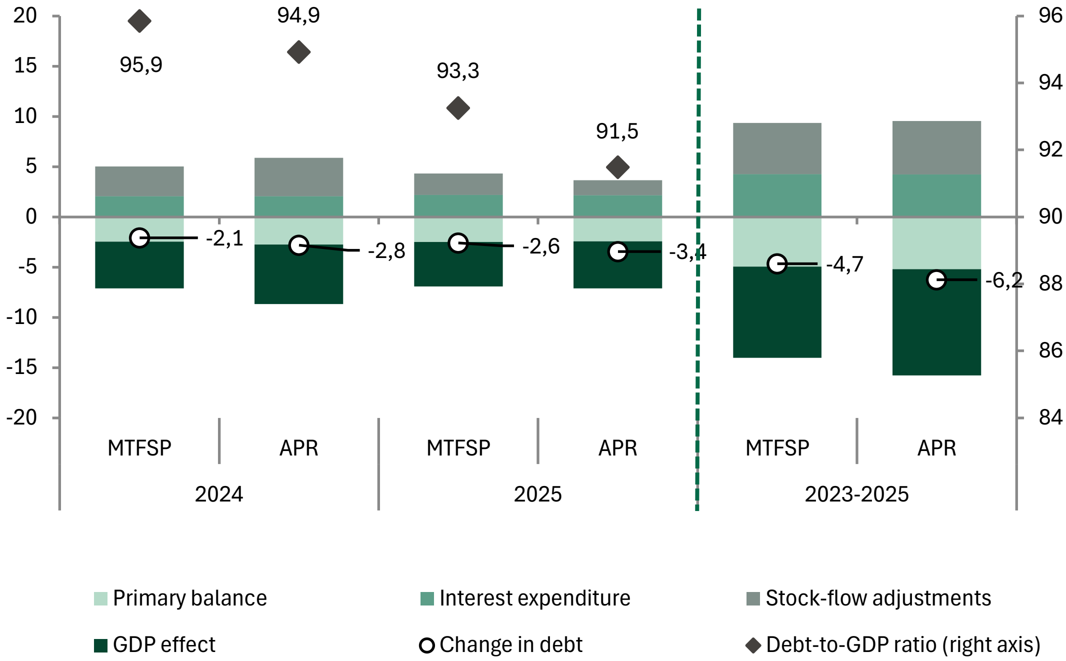
	2023	2024	2025
Observed net expenditure (million of euros)			
1. Total expenditure	113 362	121 967	132 368
2. Interest expenditure	5 526	5 875	6 489
3. Cyclical unemployment expenditure	108	102	90
4. EU funded expenditure	3 748	3 032	9 304
5. National co-financing of EU programmes	580	375	820
6. One-offs expenditure	1 144	0	406
7. Net expenditure before discretionary revenue measures	102 256	112 584	115 258
8. Change in net expenditure before discretionary revenue measures		10 328	2 674
9. Discretionary revenue measures		-1 507	-1 105
10. Annual change in net expenditure after discretionary revenue measures		11 834	3 780
Annual and cumulated gaps			
11. Observed net expenditure growth (10(t) / 7(t-1))		**11.6**	**3.4**
12. Recommended net expenditure growth (%)		11.8	5.0
13. Annual gap ((11-12) x 7)		- 232	-1 849
14. Cumulated gap (cumulative from 13)		- 232	-2 081
15. Nominal GDP		285 189	299 944
16. Annual balance (% of GDP) (13/15)		**-0.1**	**-0.6**
17. Cumulated balance (% of GDP) (13/15)		**-0.1**	**-0.7**

Note: Net expenditure before discretionary revenue measures is equal to primary expenditure excluding the cyclical unemployment expenditure, EU funded expenditure and the related national co-financing and one-offs measures. Net expenditure after discretionary revenue measures is equal to net expenditure excluding discretionary revenue measures effects. The annual gap corresponds to the change between the net expenditure after discretionary revenue measures in year t and net expenditure before discretionary revenue measures in year t-1.
A negative/positive gap means that expenditure growth above/below recommended value.
Source: Ministry of Finance.

Public debt fell by 2.8 p.p. of GDP in 2024 (surpassing the reduction expected in SB 2025) and is set to decline further in 2025.

Public debt fell by 2.8 p.p. to 94.9% of GDP in 2024 is set to decline by a further in 2025 (3.4 p.p.), to 91.5% of GDP. Compared with the values in SB 2025 for 2023–2025, the sharper debt reduction (-6.2 p.p. of GDP versus -4.7 p.p. in the NMTFSP) reflects a stronger contribution from nominal-GDP growth, driven in 2024 by a larger GDP deflator and in 2025 by higher real-growth prospects. The higher primary surplus in 2024 offsets the negative impact on debt from 2024 and 2025 deficit-debt adjustments.

Figure 3.4. Drivers of debt ratio change 2023-2025
(percentage (right axis) and percentage points of GDP (left axis))



Source: Ministry of Finance.

4 STRUCTURAL POLICY

The APR is one of the key instruments for coordinating economic policies within the framework of the European Semester. According to Article 21 of Regulation (EU) 2024/1263, it must include, among other elements, the progress achieved in the implementation of reforms and investments.

This chapter, reflecting the Guidelines addressed to Member States (C/2024/3975 of 21 June), presents the implementation of the reforms and investments announced in the Medium-Term Fiscal-Structural Plan (MTFS Plan) 2025–2028, submitted to the European Commission on 11 October 2024, as well as new initiatives (policy measures) deemed relevant. It highlights how these contribute to addressing the challenges identified in the context of the European Semester (Country-Specific Recommendations – CSRs) and to advancing the European Union's common priorities.

The reforms and investments set out in this chapter are structured and anchored in the national strategic challenges, namely:

- A fairer and more supportive country;
- A more prosperous, more innovative and competitive country;
- A country with a more efficient state;
- A more democratic, open and transparent country;
- A greener and more sustainable country;
- A more global and humanist country.

Together, these six strategic challenges represent the dimensions of intervention underpinning the implementation of a wide range of public policy measures. In the context of the MTFS Plan, the alignment between these strategic challenges and the CSRs – mirrored in this report through the Annex on the Monitoring of CSR implementation within the framework of the European Semester – and the EU's common priorities has been presented.

In order to complement and deepen the information presented in this chapter, the following elements are provided in annex:

- Tables outlining the potential impacts (qualitative and/or quantitative) arising from the implementation of policy measures in delivering the EU Common Priorities and the Sustainable Development Goals (SDGs) of the 2030 Agenda;
- The updated table on the financing of public policy measures and the funding sources of the MTFS Plan[4].
- Tables detailing the monitoring of the implementation of the CSRs within the context of the European Semester, including the report extracted from the CeSaR platform.

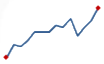
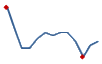
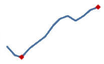
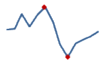
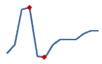
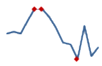
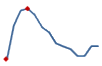
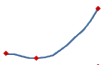
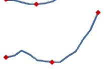
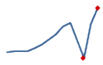
[4] The funding sources associated with Cohesion Policy and the Recovery and Resilience Facility (RRF), as well as their contributions to the various measures under the strategic challenges mentioned in this report, do not reflect any potential changes resulting from the reprogramming processes planned for 2025.

4.1 A fairer and more supportive country

The strategic challenge of making Portugal a fairer and more supportive country reflects the vision and public policy priorities aimed at tackling economic, social and territorial inequalities.

The table below presents the context indicators associated with this strategic challenge, which succinctly illustrate the current situation and its evolution. Among these context indicators, particular attention is drawn to the decline in the crude birth rate recorded between 2011 and 2023, as well as the 35.8% increase in the number of permanent emigrants of Portuguese nationality between 2010 and 2023. All remaining indicators show a positive or desirable evolution.

Table 4.1. Context indicators – A fairer and more supportive country

Context indicators		Unit of Measure	Portugal			Indicator Evolution PT
			2010	2015	2023	
Life expectancy at birth		Year	80,10	81,30	82,40	
Crude birth rate		%	9,20 (2011)	8,20	8,10	
Employment rate of population aged between 20 and 64 years old		%	66,60 (2011)	67,90	78,00	
Gender pay gap (in unadjusted form)		%	12,80	16,00	12,50 (2022)	
Healthy life years at 65 years		Year	6,40	6,10	7,90 (2022)	
At-risk-of-poverty rate after social transfers		%	17,90	19,50	17,00	
Permanent emigrants of Portuguese nationality		No	21 796	39 847	29600	
Monthly average base salary (€)	25 - 34 years	€	812,20	791,21	1 067,39 (2022)	
	55 - 64 years	€	1 036,92	1 027,11	1 154,63 (2022)	
Practitioners affiliated to sports federations		No	522 433	566 366	773845	

Source: INE - Statistics Portugal; EUROSTAT.

Notes: Last updated on 31/01/2025.

The following table sets out the reforms and investments that fall under this challenge, together with their implementation status[5].

[5] The implementation status of the measures reflects an adaptation of the information reporting categories used in the FENIX platform, in line with the recommendation set out in the Guidelines to Member States (C/2024/3975 of 21 June), and are summarised as follows: i) "**On track**" – the measure is being implemented as planned and is expected to be completed on time. This status may be associated with a measure classified as Ongoing (i.e., when implementation initiatives are already under way), or Not Yet Started (i.e., when the expected start date is later than the current reporting date); ii) "**Delayed**" – the measure is underway, but will be completed after the planned execution date, which has not yet passed at the time of this report; iii) "**Completed**" – the measure has been concluded; or iv) "**Not Completed**" – the planned execution date has already passed at the time of this report and/or the measure cannot or will not be completed.

Table 4.2. Progress of reforms and investments (policy measures) – A fairer and more supportive country

Policy measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Adoption of PIT for the young	-	CSR A	CSR 2020 2.2; CSR 2019 2.4	Social and economic resilience	Completed
Increase the national minimum wage to EUR 1,020 in 2028	–	CSR A; CSR C	CSR 2020 2.1; CSR 2020 2.2; CSR 2019 2.1	Social and economic resilience	On track (ongoing)
Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change	RRF/PA	CSR C	CSR 2020 2.3; CSR 2019 2.1; CSR 2019 2.2	Fair green and digital transition; Social and economic resilience	On track (ongoing)
Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes	RRF	CSR A	CSR 2024 1.4; CSR 2023 1.5; CSR 2022 1.4	Social and economic resilience	On track (ongoing)
Develop and implement the National Sports Development Plan and a new model for the coordination of sports policies and initiatives in Portugal[6]	-	CSR A	CSR 2020 1.2	Social and economic resilience	On track (ongoing)
Adapt and strengthen scholarship programs and financial support to reflect the actual socioeconomic situation of higher education students	PA	CSR C	CSR 2019 2.3	Social and economic resilience	On track (ongoing)
Define a national strategic plan for birth and longevity	RRF/PA	CSR A; CSR C	CSR 2020 1.2; CSR 2020 1.3	Social and economic resilience	On track (ongoing)
Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors	RRF[7]	CSR A	CSR 2020 2.2; CSR 2019 2.4	Social and economic resilience	On track (ongoing)
Central Government Professional Internships Programme – Ministry of Foreign Affairs (PEPAC-MNE) 2025/2026	–	CSR C	CSR 2019 2.2	Social and economic resilience	On track (ongoing)
Increase the number of scholarships awarded under the Mário Soares Scholarship Program for postgraduate courses at the College of Europe, thus promoting equal opportunities in the access of Portuguese students	–	CSR C	CSR 2019 2.2	Social and economic resilience	On track (ongoing)

[6] Policy measure with wording slightly adjusted from what was included in the MTFS Plan 2025–2028.

[7] Correction made during the preparation of this document to address an oversight whereby the measure was not included in the MTFS Plan 2025–2028.

Policy measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Ensure funding for the support structures of the National Support Network for Victims of Domestic Violence	–	CSR A	CSR 2020 2.2; CSR 2019 2.4	Social and economic resilience	On track (ongoing)
Study the introduction of partial retirement mechanisms to facilitate the transition between working life and retirement	–	CSR A	CSR 2024 1.5	Social and economic resilience	On track (ongoing)

Note: The shaded row corresponds to a new policy initiative included under this strategic challenge.
Legend: RRF – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendation.

The table above presents the implementation status of the 12 measures under this Strategic Challenge. Of the total policy measures comprising this Challenge, one has been **completed** and the remaining 11 are classified as **On track**, with all currently **ongoing**. This group of measures includes one new policy initiative.

The measure marked as **Completed** is as follows:

- **Adoption of PIT for the young:** This measure is included in the 2025 State Budget (Article 89 of Law No. 45-A/2024 of 31 December), regarding the "amendment to the Personal Income Tax Code" (PIT Code), approved by Decree-Law No. 442-A/88 of 30 November. It applies to all individuals up to the age of 35, regardless of educational attainment, and provides for a total of 10 years of income tax exemption, ranging from 100% to 25%, up to a maximum of 55 times the Social Support Index.

Below are the key developments for the measures that are **On track** and currently **being implemented**:

- **Increase the national minimum wage to EUR 1,020 in 2028:** This measure results from the Tripartite Agreement on Wage Enhancement and Economic Growth 2025–2028, signed between the Government and Social Partners on 1 October 2024. It represents a nominal increase of 24% in gross monthly remuneration compared to 2024. The increase of the minimum monthly wage to EUR 870 in 2025 was approved by Decree-Law No. 112/2024 of 19 December.
- **Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of career change:** This measure includes a proposal to reprogramme certain Portugal 2030 programmes to prioritise funding for digital skills development, particularly through tailored training for upskilling and reskilling. It is supported by the Recovery and Resilience Plan (RRP) through Component C06 – Green Skills (RE-C06-r14), Component C16 – Digitalisation of Enterprises (TD-C16-r31), and Component C21 – REPowerEU (RP-C21-r45), as well as the Partnership Agreement (PA).
- **Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes:** Planning work for this measure has already started, led by Instituto de Informática I.P., an organization of the Ministry of Labour, Solidarity and

Social Security responsible for managing all social security benefits and implementing this initiative. This measure is supported by the RRP under Component C17 – Quality and Sustainability of Public Finances (TD-C17-i03).

- **Develop and implement the National Sports Development Plan and a new model for the coordination of sport policies and initiatives in Portugal:** In December 2024, the first five measures and 14 associated programmes were presented, representing an investment of around EUR 65 million. These target: (i) sports facilities and high-performance centres; (ii) sports development, science and innovation; (iii) inclusive sport for all; (iv) high-performance sport and dual careers; and (v) training and certification. The implementation of these programmes is governed by the 2024–2028 Sports Programme Contract signed between the Portuguese Institute for Sport and Youth and the Olympic and the Paralympic Committees of Portugal. The coordination model for sports policies and initiatives in Portugal depends on the completion of the National Sports Development Plan, expected to be presented in the first half of 2025.
- **Adapt and strengthen scholarship programs and financial support to reflect the actual socio-economic situation of higher education students:** The rules for awarding higher education scholarships were revised to reinforce support for the 2024/25 academic year. In order to evaluate the current system and propose structural improvements, a study has been commissioned to assess eligibility criteria promoting fairness, transparency, efficiency, and simplification. The study is expected to be completed by 30 April 2025. This measure is supported by the PA.
- **Define a national strategic plan for birth and longevity:** The National Strategy for Longevity is currently being drafted, with two core pillars: i) family policies, with a particular focus on protecting children and other dependents; and ii) policies for dignified and healthy ageing (including measures recently adopted, such as the revision of the Informal Caregiver Statute – Decree-Law No. 86/2024 of 6 November; free medicines for beneficiaries of the Solidarity Supplement for the Elderly (CSI) – Executive Order No. 90/2024 of 27 May; an increase in the CSI – Executive Order No. 311/2024/1 of 3 December; and the legislative process underway to create a Statute for the Elderly).

  This measure is included in the RRP under Component C03 – Social Responses (RE-C03-i01) and also covered by the PA.
- **Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors:** The measure includes the extension of coverage to private nurseries to increase overall capacity, by: i) providing additional public funding for extended hours beyond the standard 11 hours per day, under the same terms as the social and solidarity sector; and ii) revising eligibility criteria to allow parents to search for vacancies in the parish of residence or work when no availability exists in the social and solidarity network.

  In recent months, the "Creche Feliz" (Free Nursery Network) has increased its capacity by 6,500 places, reaching around 121,000 children. Newly created places have been adapted to meet demand, and rehabilitation works have been accelerated with RRP support. The "Creche Feliz" app has also been improved to facilitate access to and location of available places. Additionally, children who turned three between 15 September and 31 December 2024 and who could not secure a pre-school place were allowed to continue in their current nursery.

An inter-ministerial working group between the Ministry of Education, Science and Innovation (MECI) and the Ministry of Labour, Solidarity and Social Security (MTSSS) has been set up to study the necessary measures to ensure universal and free access to pre-school education. A diagnostic of existing nursery and kindergarten infrastructure has identified a need for approximately 800 additional pre-school classrooms, particularly in the Lisboa Metropolitan Area and some coastal regions, especially the Algarve. For the 2024/25 academic year, 189 new public pre-school classrooms have already been approved. Furthermore, a Council of Ministers Resolution authorises association agreements with the social and private sectors for the opening of up to 200 additional classrooms between the 2025/26 and 2027/28 academic years, including additional financial incentives per new classroom for participating institutions.

This measure is supported by the RRP under Component C03 – Social Responses (RE-C03-i01 and RE-r07).

- **Central Government Professional Internships Programme – Ministry of Foreign Affairs (PEPAC-MNE) 2025/2026:** The selection process is ongoing for 100 candidates in the sixth edition of the programme.
- **Increase the number of scholarships awarded under the Mário Soares Scholarship Program for postgraduate courses at the College of Europe, thus promoting equal opportunities in access of Portuguese students:** The programme's budget for 2025 has been increased to EUR 450,000 (an additional EUR 150,000 compared to 2024) to fund these scholarships.
- **Ensure funding for support structures within the National Support Network for Victims of Domestic Violence:** Regarding the prevention and fight against domestic violence (DV), the work of the "72-Hour Working Group" is noteworthy. The group has already revised the risk assessment tool for victims of DV and is currently delivering training sessions.

  The following measures are scheduled for implementation in the first quarter of 2025: 1) Establishment of a support fund for children and young people housed in the National Support Network for Victims of Domestic Violence (RNAVVD) and the Support and Protection Network for Victims of Human Trafficking (RAPVT), totalling EUR 195,000 (EUR 5,000 per reception unit); 2) A new public funding mechanism for the RNAVVD and RAPVT transition programmes, set at 1.5 of the value of the Social Support Index per vacancy/month (EUR 435,388.32 total); 3) Technical and financial support for civil society organisations (NGOs) working on equality and non-discrimination, especially in gender-based violence and domestic violence, totalling EUR 4 million (application deadline: 28 February 2025).

The following is a **new policy initiative** included under this Challenge, currently **On track and ongoing**:

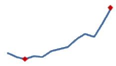
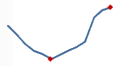
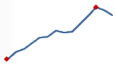
- **Study the introduction of partial retirement mechanisms to facilitate the transition between working life and retirement:** This measure is covered by Order No. 1452/2025 of 31 January, which established a working group that began its work on 30 January 2025. The group is tasked with presenting, within 12 months, a final report proposing measures to ensure the sustainability of the Portuguese social security system. The report will include an implementation plan, performance indicators, and short-, medium- and long-term targets.

4.2 A more prosperous, innovative and competitive country

The strategic challenge "A more prosperous, innovative and competitive country" is based on fostering creativity and entrepreneurship, promoting the enhancement of the national productive fabric, strengthening export capacity and its integration into global value chains, as well as investing in education, science, technology and culture.

Table 4.3 presents a set of indicators that illustrate the evolution of the context related to this strategic challenge. Notably, the gross adjusted disposable income per capita of households increased by approximately 30.4% between 2015 and 2022, following a period of relative stagnation from 2010 to 2015. Productivity remained relatively flat, with a total increase of around 6.2% from 2010 to 2023. The weight of exports in Gross Domestic Product (GDP) increased significantly and consistently between 2010 and 2023, except for 2020 and 2021 due to the COVID-19 pandemic. Foreign Direct Investment (FDI) in Portugal grew by approximately 169.3% between 2010 and 2023. Progress in the financial autonomy of companies suggests improved capitalisation and financial robustness. Expenditure on R&D (as a percentage of GDP) increased by around 0.16 percentage points between 2010 and 2022, corresponding to a rise of 10.4%. In the field of education, the share of the population aged 30 to 34 with higher education rose to nearly 40% in 2023.

Table 4.3. Context indicators – A more prosperous, innovative and competitive country

Context indicators	Unit of Measure	Portugal 2010	Portugal 2015	Portugal 2023	Indicator Evolution PT
Adjusted gross disposable income of households *per capita*	€ (10^3)	16,41	16,57	21,61 (2022)	
Productivity (real GDP per worker) (*)	€	43 056	43 660	45 739	
Global context cost indicator (**)	1 - 5	3,04 (2014)	3,05 (2017)	3,09 (2021)	-
Exports of goods and services in % of GDP	%	30,00	40,70	47,30	
Inward Foreign Direct Investment (FDI) (Excl. SPE) - Stocks	€ (10^9)	68,0	113,4	183,2	
Capital ratio (corporations)	%	30,15	31,26	42,76	
Innovation Profile (European Innovation Scoreboard) (***)	Classification	-	87,50 (2016)	91,80 (2024)	
Proportion of research and development (R&D) expenditure in GDP	%	1,54	1,24	1,70 (2022)	
Population aged 30-34 with terciary education attainment level	%	24,00	32,1	39,70	

Source: INE - Statistics Portugal; European Commission; Banco de Portugal; EUROSTAT.

Notes: (*) Calculation based on INE - National Accounts (Base 2021); (**) Context costs correspond to the negative effects resulting from rules, procedures, actions and/or omissions that hinder business activity and are not attributable to the investor, the business or the organisation. Dimensions analysed: business start-up, licensing, network industries, financing, judicial system, tax system, administrative burden, barriers to internationalisation and human resources. The values are expressed on a scale between 1 and 5, as follows: 1 - Not an obstacle; 2 - Very low obstacle; 3 - Low obstacle; 4 - High obstacle; 5 - Very high obstacle; (***) For 2024: Emerging innovators - Less than 70% of the EU average; Moderate innovators - Between 70% and 100% of the EU average; Strong innovators - Between 100% and 125% of the EU average; Innovation leaders - Above 125% of the EU average; '-' Data not available; Last updated on 31/01/2025.

The following table presents the reforms and investments included under this Strategic Challenge, along with their respective implementation status[8].

[8] The implementation status of the measures is based on an adaptation of the information communication categories from the FENIX platform, in accordance with the recommendation set out in the guidelines to Member States (C/2024/3975 of 21 June), and is summarised in the following statuses: i) "**On track**" (the measure is being implemented as planned, and its completion is expected as scheduled. This status may be associated with a measure that is **Ongoing**, meaning that some initiatives are already underway for its implementation, or **Not Yet Started**, when the planned implementation start date is after the date of this report); ii) "**Delayed**" (the measure is already underway but is expected to be completed after the planned implementation date, which has not yet been reached at the time of reporting); iii) "**Completed**" (the measure has been completed); or iv) "**Not Completed**" (the planned implementation date has already passed at the time of reporting and/or the measure cannot/will not be completed).

Table 4.4. Progress of reforms and investments (policy measures) – A more prosperous, innovative and competitive country

Policy Measure (Reform / Investment)	RRF / PA		CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Reduce corporate income tax rates, starting with a gradual reduction of 1 percentage point in 2025	–		CSR A, CSR B	CSR 2024 1.4; CSR 2020 2.4	Social and economic resilience	Completed
Create a National Digital Strategy	PA		CSR B, CSR C	CSR 2020 2.3; CSR 2020 2.4; CSR 2019 2.2; CSR 2019 3.1	Fair green and digital transition	Completed
Finalise the Marine Spatial Planning Situation Plan and approve Allocation Plans[9]	–		CSR D	CSR 2023 4.1	Fair green and digital transition; Energy security	Completed
The co-investment line for start-ups and venture capital	RRF, PA		CSR B	CSR 2020 3.6	Social and economic resilience	On track (ongoing)
Develop the National Strategy for Mineral Resources	–		CSR B, CSR D	CSR 2024 2.1; CSR 2023 2.1; CSR 2023 3.1; CSR 2023 4.7; CSR 2019 4.2	Fair green and digital transition; Energy security	On track (ongoing)
Strengthening human resources in the Recover Portugal Structure Mission EMRP	–		CSR B	CSR 2024 2.1; CSR 2022 2.1	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Strengthening the administrative capacity for the implementation of Cohesion Policy Funds	PA		CSR B	CSR 2024 2.1; CSR 2022 2.1	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Reinforcement of technical coordination between the various government areas to	–		CSR B	CSR 2024 2.1; CSR 2022 2.1	Social and economic resilience; Fair green	On track (ongoing)

[9] Policy measure with wording slightly adjusted from what was included in the MTFS Plan 2025–2028.

Policy Measure (Reform / Investment)	RRF / PA		CSR (Summary)	CSR	EU Common Priorities	Implementation Status
articulate the work leading to the implementation of the RRP and Portugal 2030 (PT2030)					and digital transition	
Review of the career and evaluation regime of teachers in and basic secondary education	–		CSR C	CSR 2020 2.1	Social and economic resilience	On track (ongoing)
Implement the learning recovery and improvement plan "Aprender Mais Agora" (Plan A+A)[10]	RRF, PA		CSR C	CSR 2020 2.3	Social and economic resilience	On track (ongoing)
Review management models and legislation in culture to ensure the functioning of institutions and the various heritage bodies	–		–	–	Social and economic resilience	On track (ongoing)
Simplify and make the tax regime associated with corporate restructuring and merger operations more attractive	–		CSR A, CSR B	CSR 2024 1.4; CSR 2020 2.4	Social and economic resilience	On track (not yet started)
Develop and implement the lessons plan without interruption for a successful future "+ Aulas, + Sucesso"	–		CSR C	CSR 2020 2.1	Social and economic resilience	On track (ongoing)
Review the Legal Framework for Higher Education Institutions (RJIES), to strengthen institutional autonomy	–		CSR C	CSR 2019 2.2; CSR 2019 2.3	Social and economic resilience	On track (ongoing)

Note: Shaded rows refer to new policy initiatives included under this strategic challenge.
Legend: RRF – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendations.

This Strategic Challenge initially included 12 measures, to which two new ones were added, both aligned with the CSRs and EU Common Priorities. Of this set of measures, three have been **completed** and 11 are **On track.** Of the measures classified as On track, ten are **ongoing** and one has **not yet started**.

[10] Policy measure with wording slightly adjusted from what was included in the MTFS Plan 2025–2028.

The measures with a **Completed** status are as follows:

- **Reduce corporate income tax rates, starting with a gradual reduction of 1 percentage point reduction in 2025:** This measure is included in the 2025 State Budget (Law No. 45-A/2024 of 31 December), specifically Article 90, which establishes the 1 percentage point corporate income tax (CIT) reduction. Its implementation results from Law No. 41/2024 of 8 November, which transposes Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational and large-scale domestic groups in the EU. The actions carried out under this measure correspond to Measures 1 and 2 of the "Accelerate the Economy"[11] programme: respectively, the gradual reduction in the CIT rate to boost economic growth, and the introduction of a 15% minimum taxation mechanism for multinational and domestic groups in line with Pillar 2 (Directive (EU) 2022/2523 of 14 December 2022).
- **Create a National Digital Strategy:** The National Digital Strategy (NDS), under the motto "Portugal, where digital simplifies", was approved on 12 December 2024, along with the 2025–2026 Action Plan (Council of Ministers Resolution No. 207/2024 of 30 December 2024). The NDS is aligned with the EU's "Digital Decade" programme, which sets digital transformation targets for 2030. The strategy defines the government's vision, setting 10 strategic objectives and 10 targets to be reached by 2030. It includes 16 initiatives structured into four pillars: People, Businesses, Government, and Infrastructure. The 2025–2026 Action Plan includes 49 actions with an estimated investment of EUR 350 million. To kick-start and accelerate its implementation, a working group will begin its activities in early 2025.
- **Finalise the Marine Spatial Planning Situation Plan and approve Allocation Plans:** With the Council of Ministers Resolution No. 136/2024 of 16 October, which approved the Marine Spatial Planning Situation Plan for the Azores subdivision, the process of defining Portugal's Marine Spatial Planning was concluded. This also finalised the transposition of Directive 2008/56/EC of 17 June, as amended by Directive (EU) 2017/845 of 17 May (Marine Strategy Framework Directive – MSFD), which had been pending since 2021. This measure corresponds to Measure 56 of the "Accelerate the Economy" programme.

The following are the key developments of measures classified as **On track** and currently **ongoing**:

- **The co-investment line for start-ups and venture capital:** The Strategic Plan and new financial instruments to operationalise this measure are currently being prepared by the Portuguese Development Bank (*Banco Português de Fomento* – BPF). At present, BPF already has equity instruments that contribute to this objective.

  Within this scope, the following initiatives under the Accelerate the Economy Programme stand out measure 15, concerning the creation of a fund for investment in deep tech start-

[11] The programme consists of 60 measures aimed at: promoting an increase in the scale of Portuguese companies, their consolidation and capitalisation; developing new financing mechanisms and boosting existing ones; fostering entrepreneurship, innovation and talent; and ensuring the sustainability and circularity of the economy.

ups (business models based on high-tech innovation and/or scientific advances), measure 16, aimed at supporting the growth and capacity building of startups through support vouchers for applications to international acceleration programmes, and measure 17, concerning a seed fund to support startup projects at advanced stages of maturity.

This measure falls under the reforms and investments included in Component C05 – Investment and Innovation of the Recovery and Resilience Plan (RRP), specifically actions RE-C05-r10, RE-C05-r13 and RE-C05-i06.

- **Develop the National Strategy for Mineral Resources:** An inter-ministerial working group was set up and proposed an Action Plan for Critical Raw Materials (PAMPC), intended to serve as the main instrument for aligning national policy and legislation with the requirements and obligations of Regulation (EU) 2024/1252 of 11 April, which establishes a framework to ensure a secure and sustainable supply of critical raw materials.

  The PAMPC was presented on 3 December 2024 and includes 19 measures of a general nature and across thematic areas such as: Exploration and Prospecting; Licensing; Circularity; Monitoring and Stockpiling; Financing; and Public Participation. A legislative act for the adoption of the plan is currently being prepared. In parallel, actions are under way to implement priority and urgent measures, particularly regarding the adaptation of the legal framework, the designation of single points of contact, the implementation of the Sectoral Programme for Geological Resources, and the establishment of support mechanisms for strategic projects involving Critical and Strategic Raw Materials.
- **Strengthening human resources in the Recover Portugal Structure Mission (EMRP):** An open recruitment procedure was launched to hire several staff members and was concluded on 10 January.
- **Strengthening the administrative capacity for the implementation of Cohesion Policy Funds:** The implementation of this measure is based on a broad set of initiatives, outlined below:
  - With the aim of minimising potential risks of double funding and conflicts of interest, the EMRP developed the FinDup application within its information system. This tool enables ex-ante verification procedures through interoperability with trusted databases, supporting systematic analysis and cross-checks during the appraisal, approval and contracting of RRP applications;
  - By the end of the first quarter of 2025, the “Fundos IA” platform will be made available. It enables the creation of custom generative Artificial Intelligence (AI) chatbots. The first use cases include: summarising applications and projects; supporting the assessment of selection criteria; assisting with the verification of public procurement procedures; and supporting the drafting of notifications;
  - As part of the implementation of anti-fraud strategies, and seeking a balance between effective and efficient implementation of funds and the related administrative costs and burdens, the Agency for Development and Cohesion

(AD&C), together with Nova IMS – Information Management School at NOVA University Lisboa, and in coordination with the Managing Authorities, developed a risk assessment methodology;
    - Measures have been implemented to increase the transparency of operations receiving funding, including publication in local and regional newspapers. The "Portal Mais Transparência" (More Transparency Portal) provides access to data on programming, calls for proposals, operations and beneficiaries under Portugal 2030 (PT2030). Currently, PT2030 data is published monthly, with plans to increase this frequency through interoperable mechanisms enabling daily data updates to the portal;
    - To enhance the predictability of calls for applications for co-financed investments using European funds, the Annual Call Plan for Portugal 2030 is published. It sets out funding opportunities over a 12-month horizon and is updated annually in January, May and September.
- **Reinforcement of technical coordination between the various government areas to articulate the work leading to the implementation of the RRP and PT2030:** In this area, regular interactions have taken place around specific RRP measures, as well as more recent coordination and engagement with various government departments in the context of technical meetings held with the European Commission and the reprogramming of the RRP.
- **Review of the career and evaluation regime of teachers in basic and secondary education:** On 14 February, Decree-Law No. 9-A/2025 was published, amending Decree-Law No. 79/2014 of 14 May, which approves the legal framework for professional qualification for teaching in pre-school and basic and secondary education, and Decree-Law No. 22/2014 of 11 February, which establishes the legal framework for the continuous professional development of teachers. The approved amendments aim to increase the number of candidates enrolling in teaching master's programmes, thereby ensuring enough qualified educators and teachers to meet the needs of the education system and contribute to structural solutions to the high number of students without lessons.

  The Statute of the Teaching Career (ECD) is currently under review, and an agreement has already been reached regarding mobility on health grounds. The revision of the ECD aims to make teaching careers more attractive, transparent, simple, predictable, and fair.

- **Implement the learning recovery and improvement plan "Aprender Mais Agora" (Plan A+A):** On 17 October 2024, Council of Ministers Resolution No. 140/2024 was published, approving the new learning recovery plan "Learn More Now".
  A set of initiatives is currently under way, namely:
    - Implementation of the new model for external student assessment starting in the 2024/2025 school year, which introduces Learning Monitoring Tests (ModA), enabling the comparability of results in basic education;
    - Recommendations issued to schools—while preserving their autonomy—regarding the use of smartphones in school settings. These are based on scientific

evidence and supported by the publication, on 29 January 2025, of guidelines on Digital Well-being and information leaflets for different target audiences (teachers, school leaders, students, and parents/guardians). An impact assessment is under way during the 2024/2025 academic year, in preparation for revised recommendations on smartphone use to be launched in 2025/2026;

  - Creation of the digital platform "Independent Study", which offers a variety of learning resources, including Independent Work Guides, Thematic Booklets and Video Lessons;
  - Definition of a new type of tutoring (Psychopedagogical Tutoring) and recommendation of the adoption of this preventive intervention model starting from the 1st cycle of basic education;
  - Allocation of 287 Linguistic and Cultural Mediators across 319 school clusters to support schools in developing appropriate responses for newly arrived foreign students from countries where Portuguese is not an official language. New guidance and positioning documents have been published in the area of Portuguese as a Non-Native Language (PLNM);
  - Implementation of the national reading diagnostic scheduled for the third term of the 2024/2025 school year;
  - Simplification of equivalence procedures in basic education, allowing schools to place students directly without the need for intervention by central government departments. The relevant legislative act has been approved by the Council of Ministers and is pending promulgation.

- **Review cultural sector governance models and legislation to ensure the functioning of institutions and heritage bodies:** The main ongoing actions involve the preparation and approval of legal instruments, as well as the creation and operationalisation of specialised units. An organic restructuring decree has already been approved.

The following **new measures** are presented:

- **Develop and implement the lessons plan without interruption for a successful future "+ Aulas, + Sucesso":** On 14 June 2024, the Ministry of Education, Science and Innovation (MECI) presented the "+ Aulas, + Sucesso" plan to prevent students from missing classes. The plan comprises 15 measures structured around three priority axes: More Support; Better Management; Retain and Attract Teachers. Some of these measures are already being implemented in the 2024/25 school year, with particular focus on priority schools where students are most affected by teacher shortages. In general, these measures aim to improve teachers' working conditions—for example, by extending professional activity through a financial supplement, compensating additional overtime, and providing schools and school leaders with tools to enable more effective teacher management, thereby reducing the number of students without lessons. In addition to the 15 measures included in the plan—set out in Decree-Law No. 51/2024 of 28 August—

MECI decided to adopt further measures, including an extraordinary external competition for the selection and recruitment of teaching staff in pre-school, basic and secondary education (for the 2024/25 academic year), and the introduction of a financial incentive for teachers to relocate to disadvantaged schools. Both measures are included in Decree-Law No. 57-A/2024 of 13 September.

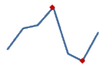
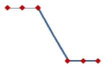
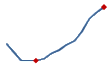
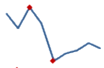
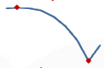
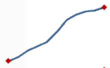
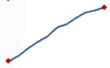
- **Review the Legal Framework for Higher Education Institutions (RJIES), to strengthen institutional autonomy:** A proposal to revise the RJIES has been submitted, which aims, among other objectives, to promote greater convergence between the university and polytechnic subsystems, as well as between public and private institutions; to allow greater flexibility in the election of Rectors or Presidents—who may be elected by direct vote—and to extend voting rights to the alumni community, with a single term of six years. The revision also seeks to reinforce the independence of the General Council and the role of external members. For Higher Education Institutions (HEIs), the proposal includes increased budgetary stability and predictability, decoupled from political cycles, to enable greater autonomy and implementation of medium- and long-term strategies. It also aims to strengthen innovation, well-being and academic success within HEIs, including the introduction of rules to combat academic inbreeding.

4.3 A country with a more efficient State

The strategic challenge "A country with a more efficient State" aims to transform the State and its operations. It seeks to ensure a State capable of providing citizens with more accessible and higher-quality public services, thereby promoting equal opportunities.

The table below presents a set of context indicators illustrating developments related to this strategic challenge. Noteworthy positive trends include the increase in the number of nurses and doctors within the National Health Service (NHS), the rise in current public health expenditure, and the improved availability of digital public services for citizens. Conversely, the availability of digital public services for businesses has declined, and the number of users with a designated family doctor per NUTS II region decreased across all regions between 2016 and 2024—with more pronounced declines in the Lisboa Metropolitan Area and the Alentejo region.

Table 4.5. Context indicators – A country with a more efficient State

Context indicators		Unit of Measure	Portugal			Indicator Evolution PT
			2010	2015	2023	
Digital public services for citizens		0 - 100	-	79,33 (2017)	81,54	
Digital public services for businesses		0 - 100	-	90,00 (2017)	81,94	
Current health expenditure - Public administrations		€ (10^6)	12,56	10,79	17,05 (Pe)	
Users with a family doctor (%) ([a]) (*)	Norte	%	-	98,77 (2016)	97,35 (2024)	
	Centro	%	-	97,27 (2016)	88,74 (2024)	
	Lisboa e Vale do Tejo	%	-	83,31 (2016)	72,06 (2024)	
	Alentejo	%	-	96,52 (2016)	84,96 (2024)	
	Algarve	%	-	84,10 (2016)	81,21 (2024)	
Nurses and doctors of the National Health Service (*)	Nurses	No	-	38 472	51 648 (2024)	
	Doctors	No	-	25 246	31 700 (2024)	

Source: INE - Statistics Portugal; EUROSTAT; Shared Services Ministry of Health (SPMS); European Commission (DESI).

Notes: '-' Data not available. (Pe) = Preliminary data. (*) Based on December data. ([a]) Calculated by PLANAPP. Last updated on 31/01/2025.

The following table presents the reforms and investments included under this challenge, along with their respective implementation status[12].

Table 4.6. Progress of reforms and investments (policy measures) – A country with a more efficient State

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence	RRF, PA	CSR A	CSR 2020 1.2; CSR 2020 1.3	Social and economic resilience	Completed

[12] The implementation status of the measures reflects an adaptation of the information reporting categories used in the FENIX platform, in line with the recommendation set out in the Guidelines to Member States (C/2024/3975 of 21 June), and is summarised as follows: i) "**On track**" – the measure is being implemented as planned and is expected to be completed on time. This status may refer to a measure that is **Ongoing** (i.e., when implementation initiatives are already under way) or **Not Yet Started** (i.e., when the planned start date falls after the current reporting period); ii) "**Delayed**" – the measure is in progress but is expected to be completed after the scheduled execution date, which had not yet passed at the time of this report; iii) "**Completed**" – the measure has been concluded; iv) "**Not Completed**" – the planned execution date had already passed at the time of this report and/or the measure cannot or will not be completed.

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
and contribute to the motivation of professionals and the humanization of health care.					
Concentrate most Government and Central Administration entities in a single physical space	RRF	CSR A	CSR 2024 2.1	Social and economic resilience	On track (ongoing)
To empower the Centre of Government, developing centres of excellence, including planning, foresight and evaluation of public services and legal services	RRF	CSR A	CSR 2024 2.1	Social and economic resilience	On track (ongoing)
Increase the data interconnection between the Tax Authority, Social Security and Institute of Registries and Notary, namely household registration, marital status and address, becoming the only channel for data communication	–	CSR A	CSR 2024 1.4	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Implement the Public Sector Accounting Standardisation System (SNC-AP) and programme-based budgeting	RRF	CSR A	CSR 2024 1.4; CSR 2019 1.2	Social and economic resilience	On track (not yet started)
Ensure that all relevant public companies' reporting includes public service obligations and the compensation that the company received from the State to comply with them, as well as information of non-financial nature (e.g., environmental, social and governance)	–	CSR A	CSR 2019 1.3	Social and economic resilience	On track (not yet started)
Combat fraud in contributions and benefits, and tackle contribution evasion	–	CSR A	CSR 2024 1.5; CSR 2023 1.5; CSR 2022 1.4	Social and economic resilience; Fair green and digital transition	On track (ongoing)

Note: The shaded row corresponds to a new policy initiative included under this challenge.

Legend: RRF – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendations.

To achieve the objectives associated with this challenge, the MTFS Plan 2025–2028 initially highlighted six policy measures (reforms and investments). In the context of this Annual Progress Report, a new policy initiative is also presented, as shown in the previous table. Regarding their implementation status, one measure has been **Completed**, while the remaining six are **On track** — four are currently **Ongoing**, and two are **Not Yet Started**.

The measure with **Completed** status is as follows:

- **Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equips its infrastructure:** The Multiannual Investment Plan of the Ministry of Health 2030 (PPI MS 2030) has been published and is structured around seven strategic pillars: Primary Healthcare, Hospital Care, Continuity of Care, Mental Health, Digital Transition, Environmental Sustainability, and Professional Training and Capacity Building. The total planned investment up to 2030 amounts to EUR 6.3 billion, sourced from various funding instruments. The Recovery and Resilience Plan (RRP) secures EUR 1.59 billion up to 2026, while the Health Investment Programme (PIAS) provides EUR 114.4 million. An additional investment need of EUR 4.6 billion is also estimated. Key projects include the construction of new hospitals, reinforcement of long-term and palliative care services, technological modernisation, and investments in energy efficiency in NHS infrastructure. This measure is included in the Recovery and Resilience Plan (RRP) under Component C01 – National Health Service (RE-C01-i01; RE-C01-i04; RE-C01-i06).

The following outlines the progress made in the measures currently **On track** and **under implementation**:

- **Concentrate most Government and Central Administration entities in a single physical space:** This measure is being implemented in line with the timeline set out in the founding legal instruments of the reform (cf. Decree-Laws No. 43-A/2024 and No. 43-B/2024). The Government's General Secretariat, which provides horizontal support to the entire Government, is already operational, and the new organisational structure of the Shared Services Entity of the Public Administration (ESPAP) has been approved. The ministerial areas of the Presidency of the Council of Ministers, Economy and Environment have already been restructured (with the respective General Secretariats dissolved and other entities reorganised), with the remaining areas to follow. This measure is part of the RRP under Component C19 – A More Efficient Public Administration (TD-C19-r35).
- **To empower the Centre of Government, developing centres of excellence:** The legal framework for the new organisational structure of PLANAPP – Centre for Planning and Evaluation of Public Policies was approved (Decree-Law No. 67/2024 of 8 October). The reform consolidates functions in foresight, strategic planning, monitoring and evaluation, and promotes interministerial cooperation and collaborative work, particularly through the Network of Planning and Foresight Services of Public Administration (REPLAN). The new legal framework expands PLANAPP's scope of action and equips it with the necessary resources to provide cross-cutting, high-quality expert support to political decision-making. In parallel, the new organisational structure of the State Legal Centre (CEJURE) was approved (cf. Decree-Law No. 68/2024 of 8 October). CEJURE's mission is to provide legal support, consultancy and advisory services to the Council of Ministers, Government members, and central public administration bodies and services. Alongside the Directorate-General for European and International Law—which will be responsible for providing legal support to the Ministry of Foreign Affairs and the Government on European and international matters—these bodies have seen their roles strengthened. CEJURE is currently undergoing capacity-building in terms of resources, with the aim of concentrating the State's legal services. This measure is part of the RRP under Component C19 – A More Efficient Public Administration (TD-C19-r35).
- **Increase data interconnection between the Tax Authority, Social Security and the Institute of Registries and Notary:** This measure aims to establish a single data channel, particularly for the registration of households, marital status and address, thereby improving the efficiency of these public services. As part of its implementation, an

internal review has been carried out to identify all processes requiring interoperability and coordination with the Tax Authority and the relevant ministries.

Finally, it is worth highlighting the **new policy initiative**, which is currently **ongoing**:

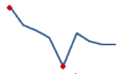
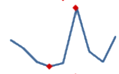
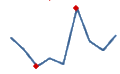
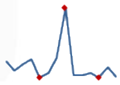
- **Combat fraud in contributions and benefits, and tackle contribution evasion:** This measure aims to combat tax fraud and evasion. As far as its progress is concerned, the Instituto de Informática, I.P., under the supervision of the Ministry of Labour, Solidarity and Social Security, is implementing two intelligent surveillance models, based on machine learning, to support fraud prevention: a predictive model and a risk index model. These models are expected to be completed by the end of the first half of 2026.

4.4 A more democratic, open and transparent country

This strategic challenge has two main objectives. On the one hand, it seeks to strengthen the rule of law, ensure compliance with the Constitution and the law, safeguard the regular functioning of institutions, public order, and the safety of people and property, ensure an effective and efficient justice system, and combat corruption. On the other hand, it aims to promote transparency, plurality and accountability of actors in the public sphere, in order to foster informed citizenship and increase trust in democratic institutions, the media, and political actors.

The table below presents a set of context indicators that summarise the developments under this strategic challenge. Noteworthy is the lack of consistent progress over time in the resolution of court proceedings across judicial instances. Regarding citizens' trust in institutions, there has been an increase in trust in the justice system and the media, but a decline in trust in the Government and the police.

Table 4.7. Context indicators – A more democratic, open and transparent country

Context indicators		Unit of Measure	Portugal			Indicator Evolution PT
			2010	2015	2023	
Disposition time	Civil cases	Day	-	824	573	
	Labour cases	Day	-	234	243	
	Criminal cases	Day	-	227	231	
People who tend to trust	in Government (*)	%	62,80	55,00	47,60 (2024)	
	in the Justice System (**)	%	73,10	77,70 (2016)	82,80 (2024)	
	in Police (**)	%	82,40	84,30 (2016)	60,30 (2024)	
	in *Media* (***)	%	-	56,70 (2017)	68,60 (2024)	
Road accidents with victims		No	-	35 585	34 276 (2022)	
Proportion of burnt area		%	1,60	0,70	0,40	

Source: INE - Statistics Portugal; Eurobarometer.

Notes: (*) The following number of the Eurobarometer were considered: 74.2, 76.3, 78.1, 80.1, 82.3, 84.3, 85.2, 87.3, 89.1, 91.5, 93.1, 95.3, 97.5, 99.4 e 101.3; (**) The following number of the Eurobarometer were considered: 74.2, 82.3, 85.2, 87.3, 89.1, 91.5, 93.1, 95.3, 97.5, 99.4 e 101.3; (***) The following number of the Eurobarometer were considered: 87.2, 89.1, 91.5, 93.1, 95.3, 97.5, 99.4 e 101.3; "-" Data not available; Updated at 31/01/2025.

The following table presents the reforms and investments included under this challenge, together with their implementation status[13].

[13] The implementation status of the measures reflects an adaptation of the information reporting categories used in the FENIX platform, in line with the recommendation set out in the Guidelines to Member States (C/2024/3975 of 21 June), and is summarised as follows: i) "**On track**" – the measure is being implemented as planned and is expected to be completed on time. This status may refer to a measure that is **Ongoing** (i.e., when implementation initiatives are already under way) or **Not Yet Started** (i.e., when the planned start date falls after the current reporting period); ii) "**Delayed**" – the measure is under way but is expected to be completed after the scheduled execution date, which had not yet passed at the time of this report; iii) "**Completed**" – the measure has been concluded; iv) "**Not Completed**" – the scheduled execution date had already passed at the time of this report and/or the measure cannot or will not be completed.

Table 4.8. Progress of reforms and investments (policy measures) – A more democratic, open and transparent country

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Develop a national strategy for media education and literacy	–	CSR C	CSR 2020 2.3; CSR 2019 2.2	Social and economic resilience; Fair green and digital transition	Completed
Propose urgent measures for administrative and tax jurisdictions, based on existing contributions	RRF	CSR B	CSR 2020 4.1; CSR 2019 4.4	Social and economic resilience	On track (ongoing)
Reform insolvency and corporate recovery regimes, by introducing procedural changes and implementing a "digital paradigm" in court proceedings[14]	RRF	CSR B	CSR 2019 4.1	Social and economic resilience	On track (ongoing)
Requalify the court buildings and stenghten the development of the respective technological equipment	–	CSR B	CSR 2019 4.4	Social and economic resilience; Fair green and digital transition; Energy security	On track (ongoing)
Restructure the prison network and social reintegration teams, and promote differentiated and individualised intervention across prison facilities	–	CSR B	CSR 2019 4.4	Social and economic resilience; Fair green and digital transition; Energy security	On track (ongoing)
Implement the multiannual investment framework for the security forces	–	CSR B	CSR 2024 2.1	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Draft the Media Code	–	CSR B, CSR C	CSR 2020 2.3; CSR 2020 2.4	Social and economic resilience; Fair green and digital transition	On track (ongoing)

Note: The shaded row corresponds to a new policy initiative included under this challenge.

Legend: RRF – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendations.

To achieve the objectives associated with this challenge, the MTFS Plan 2025–2028 initially identified six policy measures (reforms and investments). In the context of this Annual Progress Report, a new policy initiative is also presented, as illustrated in the table above. Regarding the implementation of the seven policy measures, one has been **Completed** and six are **On track**, with all currently **Ongoing**.

The measure with implementation status Completed is as follows:

- **Develop a national strategy for media education and literacy:** This initiative is part of the Social Media Action Plan, presented in October 2024. After the National Media Literacy Plan 2025–2029 was drawn up, the document was open for public consultation between 7 and 22 February to gather contributions from a wide range of stakeholders and

[14] Policy measure with wording slightly adjusted from what was included in the MTFS Plan 2025–2028.

improve the document. The new Media Literacy Plan 2025-2029 was approved by Council of Ministers Resolution No. 65/2025 of 18 March.

The following highlights the progress made in others measure:

- **Propose urgent measures for administrative and tax jurisdictions, based on existing contributions:** A Commission for the Review of Tax Procedure and Litigation and of Taxpayers Guarantees was established through Order No. 8340/2024 of 25 July, issued by the Ministry of Finance. In parallel, a draft legal act is being prepared to amend the provisions of the Statute of Administrative and Tax Courts. Additionally, a legislative proposal aimed at ensuring greater transparency and speed in the allocation of cases was approved by the Council of Ministers on 13 February 2025. However, as it is a law proposal, final approval is pending a decision by the Assembly of the Republic.
- **Reform insolvency and corporate recovery regimes, by introducing procedural changes and implementing the "digital paradigm" in court proceedings:** In this regard, two developments are particularly noteworthy. First, the ongoing improvements to the STEPI+ Platform (Electronic Processing System for Insolvency Proceedings); second, the approval of Decree-Law No. 91/2024 of 22 November, which regulates electronic citations and notifications for citizens and businesses within the scope of judicial proceedings. The changes introduced by this decree aim to streamline procedures and expand existing digital platforms and technological workflows to better serve citizens and businesses. To further this objective, the Professional Attribute Certification System (PACS) was amended through an Executive Order No. 6-C/2025/1 of 6 January, enabling automatic and cost-free certification of business attributes in PACS for company directors, managers or officers of public limited companies, private limited companies, single-shareholder private limited companies, and cooperatives.

These first two measures fall under the justice sector's reforms and investments and are part of Component C18 – Economic Justice and Business Environment of the Recovery and Resilience Plan (RRP) (TD-C18-i01 and TD-C18-r33).

- **Requalify the court buildings and strengthen the development of the respective technological equipment:** This includes the signing of various contracts for rehabilitation, conservation and climate control works across court buildings and Palaces of Justice located throughout mainland Portugal and the islands. Public-public partnerships were also promoted to accelerate investment in justice infrastructure; two plots of land were acquired for the installation of Criminal Investigation Departments in Ponta Delgada and Setúbal; and surface rights were granted to the Institute for Financial Management and Equipment of Justice (IGFEJ) for a plot in Vila Franca de Xira, intended for the construction of a new Palace of Justice. Additionally, five new tenders were launched for the preparation of design and construction projects.
- **Restructure the prison network and social reintegration teams and promote differentiated and individualised intervention across prison facilities:** Regarding the social reintegration teams - given their key role in providing technical support to courts and Public Prosecutor's services, and in promoting a more community-oriented justice system—Order No. 12063/2024 of 14 October was published, reorganising the territorial coverage of the regional reintegration delegations. It also restructured the existing

network of 48 reintegration teams and created new teams specialising in educational guardianship and in advising courts on inmate-related matters (five teams in each of these areas).

As for the restructuring of the prison facility network, a survey is currently under way to identify priority intervention needs within the prison estate and the respective funding sources.

- **Implement the multiannual investment framework for the Security Forces:** In 2024, the implementation of the plan recorded the following progress: under the Infrastructure measure, financial execution amounted to EUR 7.3 million, and multiannual commitments totalling EUR 29.4 million were approved for upgrades to police stations and posts; under the Vehicles measure, 412 vehicles were delivered to the Security Forces; under the Armaments measure, 19,604 items were delivered; Personal Protective Equipment included the delivery of 8,207 items; and 3,100 items of Operational Support Equipment were supplied, along with 1,073 items for Specialised Functions and 836 items for ICT Systems.

  The multiannual procurement plan for 2025–2026 was also prepared, including the prioritisation of investments by category. Furthermore, Council of Ministers Resolution No. 193/2024 of 19 December was published, authorising expenditure for the acquisition of various light and heavy vehicles and motorcycles (an estimated total of 655 vehicles) for the National Republican Guard and the Public Security Police, to be procured in 2025 and 2026, with a total estimated value of EUR 20.1 million.

Finally, it is worth highlighting the **new policy initiative**, which is currently **ongoing**:

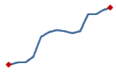
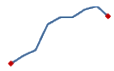
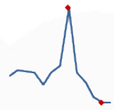
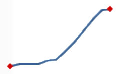
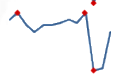
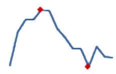
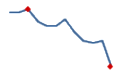
- **Draft the Media Code:** this initiative is part of the Social Media Communication Action Plan. This new legal instrument aims to consolidate and update the existing legislation in the sector (press, radio and television), incorporate relevant European legislation, and safeguard both press freedom and the sustainability of media outlets. The structure and organisation of the new Code are currently being prepared. There were two rounds of consultation with parliamentary parties.

4.5 A greener and more sustainable country

Portugal is committed to preserving and enhancing its natural resources, decarbonising all sectors of activity, and transitioning towards a circular economy. The measures already adopted and those to be implemented are aligned with the goals of the Paris Agreement, the EU's environmental and climate strategies, and the objectives set out in the recent revision of the National Energy and Climate Plan 2030 (PNEC 2030).

The table below presents a set of context indicators that summarise developments under this strategic challenge. The contribution of renewable energy to gross final energy consumption has been increasing, reaching a historical high in 2023 (since the beginning of the series in 2004). Emissions of major greenhouse gases are following a downward trend, having reached a historical low in 2021 (since the beginning of the series in 1990). Notably, emissions peaked in 2017 due to forest fires. It is also worth highlighting the recovery in 2022 of the modal share of bus transport in passenger mobility.

Table 4.9. Context indicators – A greener and more sustainable country

Context indicators		Unit of Measure	Portugal 2010	Portugal 2015	Portugal 2023	Indicator Evolution PT
Share of renewable energy in gross final energy consumption		%	24,20	30,50	35,16 (2023)	
Proportion of municipal waste prepared for reuse and recycling		%	25,30 (2012)	36,10	38,00 (2020)	
Emission of the main greenhouse gases (Kyoto Protocol 2nd phase) (CO2, CH4, N2O, HFC, PFC, SF6 e NF3) - Total (excluding memo items) (*)		kt CO_2 eq.	62 400,21	63 890,13	50 456,98	
Proportion of irrigated area in irrigable agricultural area		%	87,00 (2012)	87,00 (2016)	90,00 (2019)	-
Proportion of area in forest intervention zones (mainland)		%	9,10 (2011)	10,30	21,00	
Modal distribution of passenger transport	Buses	%	6,50	5,80	7,60	
	Trains	%	4,40	4,20	4,00	
Housing costs overburden rate		%	4,20	9,10	4,90 (2023)	
Unbilled water in low-use systems (**)		%	30,70 (2011)	29,80	27,10	

Source: INE - Statistics Portugal; EUROSTAT; ERSAR.

Notes: (*) Items in the memo include CO2 transport and storage, international aviation and navigation and multilateral operations; (**) Non-revenue water in low systems gives an indication of water efficiency and losses in the system, with a positive reduction; Last updated on 31/01/2025.

The following table presents the reforms and investments included under this challenge, along with their respective implementation status[15].

[15] The implementation status of the measures reflects an adaptation of the information reporting categories used in the FENIX platform, in line with the recommendation set out in the Guidelines to Member States (C/2024/3975 of 21 June), and is summarised as follows: i) "**On track**" – the measure is being implemented as planned and is expected to be completed on time. This status may refer to a measure that is **Ongoing** (i.e. where implementation is already under way) or **Not Yet Started** (i.e. where the implementation start date falls after the current reporting period); ii) "**Delayed**" – the measure is in progress but will be completed after the planned execution date, which had not yet passed at the time of this report; iii) "**Completed**" – the measure has been concluded; iv) "**Not Completed**" – the planned execution date had already passed at the time of this report and/or the measure cannot or will not be completed.

Table 4.10. Progress of reforms and investments (policy measures) – A greener and more sustainable country

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Provide public support and transitional stimuli to address the most pressing housing shortages and lack of accessibility	–[16]	CSR A	CSR 2020 2.2	Social and economic resilience	On track (ongoing)
Ensure the implementation of the measures that are part of the Housing Strategy	–	CSR A	CSR 2020 2.2	Social and economic resilience	On track (ongoing)
Evaluate the creation of incentives for the energy conversion of passenger transport vehicles	RRF, PA	CSR D	CSR 2022 4.2	Fair green and digital transition	On track (ongoing)
Operationalise the Mission Structure for Renewable Energy Project Licensing (EMER 2030)	RRF, PA	CSR B; CSR D	CSR 2024 2.1; CSR 2024 4.1; CSR 2023 4.1; CSR 2023 4.2; CSR 2023 2.1; CSR 2022 4.1; CSR 2022 4.3; CSR 2022 4.4; CSR 2020 3.2; CSR 2020 3.4; CSR 2019 4.2; CSR 2019 3.3	Fair green and digital transition; Energy security	On track (ongoing)
Launch tender procedures for offshore wind energy production auctions	RRF, PA	CSR D; CSR B	CSR 2024 4.1; CSR 2023 4.1; CSR 2023 4.2; CSR 2022 4.1; CSR 2022 4.3; CSR 2022 4.4; CSR 2020 3.4; CSR 2020 3.6; CSR 2019 3.3	Fair green and digital transition; Energy security	On track (ongoing)
Strengthen support programmes for energy efficiency in housing	RRF, PA	CSR D; CSR B	CSR 2023 4.6; CSR 2023 2.1; CSR 2022 4.5	Energy security; Social and economic resilience	On track (ongoing)
Develop and implement the National Strategy for the Integrated Development of Energy Networks	RRF[17]	CSR D; CSR B	CSR 2024 2.1; CSR 2024 4.1; CSR 2023 4.3; CSR 2023 4.4; CSR 2023 4.5; CSR 2023 4.6; CSR 2022 4.3; CSR 2022 4.6; CSR 2019 3.3	Fair green and digital transition; Energy security	On track (ongoing)

[16] Corrected, as this measure was originally identified in the MTFS Plan as being under the RRF.
[17] Corrected, as this measure was not previously identified in the MTFS Plan as being under the RRF.

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Develop and implement the national strategy "Water That Unites" [18]	RRF, PA[19]	CSR D	CSR 2024 3.1; CSR 2024 3.2; CSR 2024 3.3	Fair green and digital transition; Social and economic resilience	On track (ongoing)
Develop programs to reduce water losses in supply networks	RRF, PA	CSR D	CSR 2024 3.2	Fair green and digital transition	On track (ongoing)
Develop programs to increase the use of treated wastewater	RRF, PA	CSR D	CSR 2024 3.2; CSR 2024 3.3; CSR 2023 3.1; CSR 2022 3.1	Fair green and digital transition	On track (ongoing)
Implement a waste management policy for a circular economy	RRF, PA	CSR B; CSR D	CSR 2023 3.1; CSR 2022 3.1	Fair green and digital transition	On track (ongoing)
Develop and implement the National Nature Restoration Plan	–	CSR D	CSR 2024 3.3[20]	Fair green and digital transition; Social and economic resilience	On track (ongoing)
Regulate and implement various aspects of the Framework Climate Law	–	CSR B	CSR 2024 2.1	Fair green and digital transition	On track (ongoing)
Review and implement the National Energy and Climate Plan (PNEC 2030)	–	CSR B	CSR 2024 2.1	Fair green and digital transition	On track (ongoing)
Create and implement the Coastal Resilience Action Plan 2025–2040	–	CSR B; CSR D	CSR 2024 2.1; CSR 2024 3.1	Fair green and digital transition; Social and economic resilience	On track (ongoing)
Ensure the execution of the National Investment Program (PNI2030)	PA	CSR B	CSR 2024 2.1; CSR 2020 3.2; CSR 2020 3.6	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Enhance the use of funds from the Common Agricultural Policy, the Environmental Fund, PT2030, MAR2030, and European programs such as Horizon Europe and InvestEU	RRF[21], PA	CSR B	CSR 2024 2.1; CSR 2023 2.1	Social and economic resilience	On track (ongoing)
Develop new financial instruments to foster investment in the agroforestry, fisheries, and aquaculture sectors	–	CSR B	CSR 2024 2.1	Social and economic resilience	On track (ongoing)

[18] Policy measure with wording slightly adjusted from what was included in the MTFS Plan 2025–2028.

[19] Corrected, as this measure was not previously identified in the MTFS Plan as being under the RRF.

[20] Corrected, as this CSR was not previously identified in the MTFS Plan.

[21] Corrected, as this measure was not previously identified in the MTFS Plan as being under the RRF.

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Enhance low-density territories by requalifying coverage with fixed and high-speed mobile internet	–	CSR B; CSR C	CSR 2020 2.4; CSR 2019 2.2	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Promoting the improvement in the interoperability of territorial-based information systems	RRF	–	–	Social and economic resilience; Fair green and digital transition	On track (ongoing)
Start the construction of transport infrastructure (rail and TGV)	PA	CSR B	CSR 2020 3.2; CSR 2020 3.5; CSR 2019 3.2	Social and economic resilience; Fair green and digital transition	On track (not yet started)
Develop New Urban Centres around areas of urban pressure, with sustainable urban planning	–	CSR B	CSR 2020 3.2	Social and economic resilience	On track (ongoing)
Launch centralised procurement auction for biomethane and hydrogen purchase	–	CSR D	CSR 2024 4.1; CSR 2023 4.1; CSR 2023 4.2; CSR 2022 4.1; CSR 2022 4.3; CSR 2022 4.4; CSR 2020 3.4; CSR 2019 3.3	Fair green and digital transition; Energy security	On track (ongoing)
Develop and implement the Forest Intervention Plan (PIF)	–	–	–	Fair green and digital transition; Social and economic resilience	On track (ongoing)

Note: Shaded rows refer to new policy initiatives included under this strategic challenge.
Legend: RRF – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendations.

This Challenge includes 24 policy measures, all classified as **On track**, of which 23 are currently **ongoing** and one is **not yet started**.

This Annual Progress Report (APR) presents three new policy initiatives, as indicated in the previous table.

The following outlines progress in the measures currently **ongoing** and classified as **On track**.

In the field of energy:

- **Evaluate the creation of incentives for the energy conversion of passenger transport vehicles:** This measure aims to convert fossil fuel-powered vehicles into renewable energy-powered vehicles. It is currently at the final stage of technical studies, and a draft legislative proposal has already been prepared for the subsequent legislative process. This measure is supported by the Recovery and Resilience Plan (RRP) - Component C15 – Sustainable Mobility and C21 – REPowerEU: TC-C15-i05; TC-C15-i06; TC-C15-r30; RP-C21-i12 - and by the Partnership Agreement (PA). Additionally, EUR 227 million in funding from the Environmental Fund was approved for the purchase of 861 zero-emission buses for mainland Portugal.

- **Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030):** In June 2024, EMER launched a public consultation to identify bottlenecks in renewable energy licensing procedures and to collect input to help address them, particularly in relation to the implementation of renewable energy communities and self-consumption.

  EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, *Posto de Transformação*, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers.

  EMER is part of a set of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), aimed at boosting the share of renewables in the national energy system. This measure is also supported by the PA.

- **Launch tender procedures for offshore wind energy production auctions:** As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the PNEC 2030, and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (Component C21 – REPowerEU: RP-C21-i07 and RP-C21-r48) and by the PA.

- **Strengthen support programmes for energy efficiency in housing:** A Working Group was created to oversee the national transposition of the Energy Performance of Buildings Directive (Directive (EU) 2024/1275 of 24 April).

  The Government is preparing to launch, in 2025, the "More Sustainable Neighbourhoods" programme to support energy efficiency interventions such as thermal insulation in buildings and upgrades to public spaces, including green areas. In parallel, the "E-LAR" programme will be launched to address energy poverty among vulnerable households by promoting and facilitating the replacement of obsolete appliances with electric, more energy-efficient versions.

  This measure corresponds to RRP investments (TC-C13-i01 and RP-C21-i02) totalling EUR 420 million (including an additional EUR120 million under REPowerEU) in the energy efficiency of residential buildings, with particular attention to low-income households. It is also supported by the PA.

  The More Sustainable Buildings Support Programme was reinforced with an additional EUR 60 million (Environmental Fund) to ensure all eligible applications to the programme receive funding.

These measures are aligned with the Long-Term Strategy for Energy Poverty Reduction 2023–2050, for which the Action Plan for Energy Poverty 2025–2030 is expected to be finalised during the first half of 2025.

- **Develop and implement the National Strategy for the Integrated Development of Energy Networks:** The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them.
  In the area of flexibility and storage networks, support has been provided for the installation of at least 500 MW of electricity storage capacity to introduce a mechanism of flexibility that allows for the optimisation and adaptive management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million (RRP – REPowerEU component: RP-C21-i08) has been approved for this purpose.

Under the scope of the “Water That Unites” National Strategy:

- **Develop and implement the national strategy “Water That Unites”:** The Order No. 7821/2024 of 16 July established a working group to prepare a new national water management strategy, entitled “Water That Unites”. The strategic guidelines were presented to the public and are currently under public consultation until 25 April. Meanwhile, several initiatives are already under way, namely:
  - EUR 27 million from the Environmental Fund has been approved to reinforce water efficiency through the construction of the Funcho-Arade water main (a project originally included in the RRP but underbudgeted). Within the scope of the Algarve Regional Water Efficiency Plan (RE-C09-i01), several measures are currently being implemented, with total investment of around EUR 345 million. These aim to mitigate water scarcity and strengthen the region’s resilience to drought episodes. The expected water resilience gain is approximately 70 million m^3/year (including both demand- and supply-side measures), representing around 30% of total water consumption in the region. Key measures include:
    a. The process to construct the Algarve Desalination Plant is under way. The design, construction and operation contract were awarded in October 2024. The infrastructure will have an initial treatment capacity of 16 million m^3/year, scalable up to 24 million m^3/year.
    b. Reinforcement of water supply to the Algarve – Pomarão Water Intake Solution: This project, located in Pomarão (municipality of Mértola), aims to extract water from the Guadiana River, contributing an average of 16 hm^3/year

to the Algarve's water supply. The tender process has been completed and is currently awaiting the evaluation of proposals and final awarding.

- The contract was signed for the construction of the Xévora Irrigation Block. Tenders were launched for: the Reguengos irrigation block (not included in the Hydraulic Circuit works financed under the Rural Development Programme – PDR 2020); the Moura Irrigation Block; and the modernisation of the Alvor hydro-agricultural scheme (RRP funding: EUR11.2 million). Also noteworthy is the construction of the Crato Multi-Purpose Hydraulic Development – planning phase: RE-C09-i02; construction phase: RE-C09-i04 (EUR141 million).
- National Irrigation Programme: A new source of funding has been identified for the approved applications submitted under Call 02.

- **Develop programs to reduce real water losses in supply networks:** Investment needs identified under the "Water That Unites" Strategy for the rehabilitation of low-pressure distribution systems are estimated at around EUR 1.4 billion by 2024. Focus is placed on the Algarve region, where water scarcity is most acute. Within the RRP, EUR 43.9 million is allocated (RE-C09-i01.01). Four calls for proposals have already been launched under this measure, the most recent in July 2024.
- **Develop programs to increase the use of treated wastewater:** According to the Action Plan of the Águas de Portugal Group, the target is to produce 116 hm^3 of treated wastewater for reuse by 2040, with an estimated investment of approximately EUR 137 million. Under the RRP (RE-C09-i01.04), EUR 23 million will be invested by 2026 to make an additional 8 hm^3/year of treated water available.

Other measures:

- **Implement a waste management policy for a circular economy:** The restructuring of the Waste Management Monitoring Committee (CAGER) entails the transfer of powers to the Water and Waste Services Regulatory Authority (ERSAR), a process initiated in 2024. Although part of this transfer has already been enacted in law (specifically regarding municipal waste), further steps are needed concerning non-municipal waste (still pending transfer), which requires amending ERSAR's statutes and securing adequate financial resources. The second Action Plan for the Circular Economy (PAEC II) has been completed and is ready to enter the legislative process. This measure is supported by the RRP (TC-C12-r39) and the PA. Additionally, following the establishment of a working group tasked with developing a diagnosis and action plan for waste management, the TERRA Plan – Efficient Transformation of Waste into Environmental Resources was recently presented. This plan is structured around three pillars: i) Preventing waste generation and promoting the circular economy; ii) Expanding the capacity of existing infrastructure; iii) Institutional-level action. The TERRA Plan outlines critical issues and corresponding investment priorities (ranging between EUR 2.1 million and EUR 3.7 million), aiming to place Portugal on track to meet EU waste targets.
- **Develop and implement the National Nature Restoration Plan:** The National Nature Restoration Plan is currently under development. An Interministerial Coordination Committee, a Working Group, and a Monitoring Committee have been established by

Order No. 12734/2024 of 25 October. The Plan constitutes a response to obligations under the European Union framework, in particular Regulation (EU) 2024/1991 of the European Parliament and of the Council.

- **Regulate and implement various aspects of the Climate Framework Law:** Recognising climate action as a priority and in order to address delays in implementing the provisions of this framework law, the following actions have been taken: the Government representative to the Climate Action Council was appointed, as required by the Climate Framework Law; the PNEC 2030 was reviewed and approved; the National Low-Carbon Roadmap 2050 is currently under review (to be completed by 2025); the Carbon Budgets were drafted and submitted for public consultation (which ended on 12 January 2025 and is currently in the feedback analysis stage); preparations are under way for the revision of the National Strategy for Adaptation to Climate Change, scheduled for 2025.
- **Review and implement the National Energy and Climate Plan (PNEC 2030):** The review component of the measure has been completed, and implementation is ongoing. PNEC 2030 was updated through a participatory process, including a public consultation held between July and September 2024. The Council of Ministers Resolution No. 149/2024 of 30 October approved the PNEC for submission to the Portuguese Parliament in accordance with Article 20 of the Climate Framework Law. Parliament approved the PNEC in December 2024, and the document has been sent to the European Commission for final approval. The updated PNEC includes more ambitious targets for reducing greenhouse gas emissions and increasing the share of renewable energy.
- **Create and implement the Coastal Resilience Action Plan 2025–2040:** An Order is being prepared to establish the Coastal Resilience Working Group (GTRL), tasked with laying the groundwork for the Coastal Resilience Action Plan 2025–2040, which will revise and replace the Coastal Action Plan XXI (PAL XXI) of 2017. The aim is to update the planning framework and renew momentum in this field. A budget allocation of EUR 200,000 from the 2025 Environmental Fund is foreseen to be managed by the Portuguese Environment Agency (APA) for this review process.
- **Ensure the execution of the National Investment Programme (PNI2030):** A Council of Ministers Resolution is currently being prepared to mandate the study and implementation of priority road infrastructure projects in line with the objectives set out in existing plans and programmes, notably the National Road Plan (Decree-Law No. 222/98 of 17 July). This includes the study of new road links, as well as adaptations, upgrades and widening of existing roads. Major ongoing projects include the new Lisboa airport and the high-speed rail line. This measure is supported by the PA.
- **Enhance the use of funds from the Common Agricultural Policy, the Environmental Fund, PT2030, MAR2030, and European programs such as Horizon Europe and InvestEU:** The following initiatives are of particular note:
  - The third reprogramming of the Strategic Plan for the Common Agricultural Policy (PEPAC) was submitted on 15 October 2024 and approved on 4 February 2025. This reprogramming will enable farmers to increase their income by raising the level of

support under the Basic Income Support scheme and strengthening measures to maintain agricultural activity in disadvantaged areas;
  - The boundaries between cohesion policy funds and the European Agricultural Fund for Rural Development (EAFRD) were reviewed. One of the areas under analysis concerns access by the agri-forestry sector—particularly Producer Organisations and Cooperatives—to cohesion policy funds;
  - A proposal was submitted to the European Commission to assess the creation of a standardised financial instrument for agriculture, under the national component of the InvestEU programme;
  - Following early achievement of the target associated with the RRP investment RE-C08-01 – Milestone 8.2 – Publication of the Integrated Landscape Management Operations (OIGP) (originally foreseen for Q3 2025 but achieved in Q4 2024), EUR 52 million was reallocated for the purchase of equipment and vehicles for wildfire prevention and response;
  - Under the RRP component C10-i02, EUR 9.7 million had been disbursed by January 2025, representing 46% of the component's total allocation and exceeding the average RRP financial implementation rate, which stood at 28% as of 31 December 2024.

  This measure is supported by the PA, the PEPAC, and the RRP.

- **Develop new financial instruments to foster investment in the agroforestry, fisheries and aquaculture sectors:**
  - The Agri Portugal Credit Line, in partnership with the European Investment Fund, was reinforced by EUR 15 million from the European Fund for Strategic Investments, which could leverage up to EUR 150 million in loans to agricultural sector investments, offering lower interest rates, exemption from collateral, and extended repayment terms, up to the end of 2025;
  - Under the third PEPAC reprogramming, financial instruments totalling EUR 50 million are planned;
  - This measure is supported by PEPAC through interventions C.2.1.4 and C.2.2.3 under Pillar C.2 Investment and Generation Renewal, and C.3.1.3 under Pillar C.3 Rural Sustainability;
  - A successor to the "Pilot Project – Forest Vouchers" is under development, entitled Active Forest, which will continue to provide support to small forest owners/producers, enabling them to contribute effectively to wildfire risk reduction;
  - Creation of a standardised financial instrument for agriculture, as referenced in the previous measure.
- **Enhance low-density territories through by requalifying coverage with fixed and high-speed mobile internet:** In this context, an international public tender was launched for the "installation, management, operation and maintenance of very high-capacity electronic communications networks in 'white areas', enabling broadband Internet access." By the end of 2024, the deadline for bidders to comment on the Preliminary

Report had expired, and the next steps in the public procurement process are pending, following which implementation of the contract/project will begin.

- **Promoting the improvement of the interoperability of territory-based information systems:** The objective is to provide a technological system supported by information on land-use rights and restrictions, aimed at creating a tool that enables and promotes planning, administration and management that is socially, ethically and environmentally sustainable. The new platform supporting the National Territorial Information System (SNIT) is currently in the development phase. It will integrate the existing (i) Collaborative Platform for Territorial Management (PCGT) and (ii) Automatic Submission Platform for Territorial Management Instruments (PSAIGT). Additionally, analytical tools using artificial intelligence are being developed to link the graphic and regulatory components of territorial plans by the end of 2025. This measure is supported by the RRP (RE-C08-r20 and RE-C08-i02).

There are also three **new relevant policy initiatives** under this challenge, all of which are currently **On Track – Ongoing**:

- **Develop New Urban Centres around areas of Urban Pressure, with sustainable urban planning:** This measure is currently in the structuring phase (i.e., budget planning and legal review), as well as in the process of creating the necessary legal structures (e.g., drafting legislative acts, defining governance models and urban reorganisation strategies). It aims at the sustainable regeneration and requalification of urban territories. The project will follow a centrally coordinated model, in cooperation with the central government and the municipalities directly involved and will be developed across four axes: South Riverside Belt, Ocean Campus, Airport, and Airport City.
- **Launch centralised auction for biomethane and hydrogen purchase:** Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, EUR140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.
- **Develop and implement the Forest Intervention Plan (PIF):** The objective of this Plan is to promote a more sustainable national forest, less vulnerable to threats and risks, and capable of producing more and better goods and services for Portugal. It aims to identify concrete actions to be undertaken in the short, medium, and long term. The PIF follows a political commitment to enhance the value of the forest, ensuring economic returns for producers and communities, and contributing to a safer, better organised, and more productive territory, in line with national goals on cohesion, decarbonisation, and sustainability. This commitment was established through Council of Ministers Resolution

No. 130-B/2024, of 27 September. The resolution mandated the member of government responsible for agriculture and fisheries, in coordination with the members responsible for territorial cohesion, justice, environment, and energy, to present within 90 days a time-bound Forest Intervention Plan that should include:

- A diagnostic assessment of the current state of the agroforestry complex, including an analysis of the legal framework;
- An intervention strategy to create and enhance the value of forests, boosting productivity and forest producers' income;
- The required investments and corresponding sources of financing;
- Other measures facilitating proper land management and forest land consolidation, including the removal of legal barriers, strengthening territorial resilience and sustainability;
- Targets to be achieved and relevant monitoring indicators.

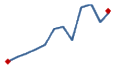
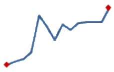
The measure has been completed with regard to its design and was publicly presented. Its implementation is currently ongoing.

4.6 A more global and humanist country

The strategic challenge "A more global and humanist country" is based on the defence of the European project, the enhancement of the Lusophone space and the global promotion of the Portuguese language, the strengthening of transatlantic cooperation, the defence of multilateralism, the promotion of a regulated and humanist immigration policy, and the reinforcement of Portugal's effective contribution to international peace and security.

The following table presents the evolution of a set of context indicators that summarise the current situation and trends related to this strategic challenge. In the area of Defence, a decreasing trend is observed in both the share of defence expenditure in Gross Domestic Product (GDP) and in the number of Armed Forces personnel. In terms of demographic trends, there has been consistent growth in net migration after a period of negative net migration, particularly during the sovereign debt crisis. Regarding Portugal's relations with the Community of Portuguese Language Countries (CPLP), the most recent years have seen an increase in trade and a positive trend in Foreign Direct Investment (FDI) in Portugal from CPLP countries.

Table 4.11. Context indicators – A more global and humanist country

Context indicators		Unit of Measure	Portugal 2010	Portugal 2015	Portugal 2023	Indicator Evolution PT
High-tech exports		%	3,07 (2011)	3,81	5,18 (2022)	
Exports + Imports with CPLP countries (*)		€ (10^6)	7 178,81	9289,91	11 454,95	
FDI from CPLP countries (*)		€ (10^6)	2 914,27	5 180,92	6 256,36	
Voter turnout in Europe and Non-European constituencies	Presidential elections	%	5,54 (2011)	4,69 (2016)	1,88 (2021)	-
	Legislative elections	%	16,94 (2011)	11,68	21,56 (2024)	-
	European elections	%	-	2,09 (2014)	1,99 (2024)	-
Defence expenditure in GDP		%	1,90	1,00	0,70 (2022)	
Number of personnel in the Armed Forces		No	34 514 (2011)	29 178	23 316	
Demographic evolution - migration balance (**)		No	3 184	-3 528	155 701	

Source: EUROSTAT; MAI; DGAEP; Banco de Portugal.

Notes: (*) Calculation based on Banco de Portugal; (**) 2015 - includes definitive estimate of resident population with Census; '-' Data not available; Last updated on 31/01/2025.

The following table outlines the reforms and investments associated with this challenge, along with their implementation status[22].

Table 4.12. Progress of reforms and investments (policy measures) – A more global and humanist country

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Strengthen the human and technical resources of the Portuguese consular network to better respond to the needs of citizens and companies and contribute to strengthening legal and safe immigration pathways.	-	-	-	Social and economic resilience	Completed

[22] The implementation status of the measures is based on an adaptation of the communication categories from the FENIX platform, in accordance with the guidelines issued to Member States (C/2024/3975, of 21 June), and is summarised as follows: i) "**On Track**" (the measure is being implemented as planned and is expected to be completed as scheduled. This status may be associated with a measure Ongoing, meaning that some implementation activities have already started, or **Not Yet Started**, when the scheduled start date is after the reporting date); ii) "**Delayed**" (the measure is underway but will be completed after the planned deadline, which has not yet passed at the time of the report); iii) "**Completed**" (the measure has been concluded); iv) "**Not Completed**" (the planned deadline has passed at the time of the report and/or the measure cannot/will not be completed).

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Reorient Portuguese State's immigration in a realistic and humanist way, with adequate rules and supervision, the implementation of a more functional regime for CPLP citizens, and an approach aimed at attracting talent.	-	-	-	Social and economic resilience	Completed
Restructuring of the Agency for Integration, Migration and Asylum (AIMA) to address legislative inconsistencies, operational bottlenecks, and create a Mission Structure to resolve around 400 thousand pending processes of regularizing foreign citizens in the national territory.	-	-	-	Social and economic resilience	On Track ongoing)
Enhance the Portuguese-speaking space and promote the Portuguese language worldwide, through the Portuguese language's candidacy as an official UN language.	-	-	-	Social and economic resilience	On Track (ongoing)
Promoting a competitive defence industry at European and international levels, aligning with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, ensuring the implementation of the Military Programming Law (LPM) and other resources, including investment in cyber defence capacities, re-equipment, materials, and modernisation of military facilities[23].	-	CSR B	CSR 2019 3.1; CSR 2020 3.6	Strengthening defence capabilities	On Track ongoing)
Promote production and service activities, training, and knowledge related to space, in partnership with allied countries with experience in the field, such as the United States, the United Kingdom, or other European countries.	-	CSR B	CSR 2019 3.1; CSR 2020 3.6	Strengthening defence capabilities	On Track (ongoing)
Maintain and strengthen participation in international deployments and missions with Deployed National Forces (DNF) and Deployed National Elements (DNE), within international organisations such as NATO, the UN, Frontex, and the EU, and reinforce defence cooperation[24].	-	-	-	Strengthening defence capabilities	On Track (ongoing)

[23] Policy measure with a revised formulation compared to what was included in the MTFS Plan 2025–2028.

[24] The scope of the measure has been extended to include the dimension of Strengthening cooperation in the field of Defence. The investment associated with this dimension aims to promote defence cooperation, increase international recognition of Portugal, and maintain and reinforce Portugal's international commitments.

Policy Measure (Reform / Investment)	RRF / PA	CSR (Summary)	CSR	EU Common Priorities	Implementation Status
Promote the diplomatic career in all its dimensions, including the enhancement of the economic diplomacy component.	-	-	-	Social and economic resilience	Completed

Note: The shaded row corresponds to a new policy initiative under this challenge.
Legend: MRR – Recovery and Resilience Facility; PA – Partnership Agreement; CSR – Country-Specific Recommendations.

To achieve the objectives associated with this challenge, the MTFS Plan 2025–2028 initially identified seven policy measures (reforms and investments), with the current Annual Progress Report introducing a new policy initiative, as illustrated in the previous table. Three measures are at the implementation stage "**Completed**", while the remaining measures are at the "**On Track**" stage and currently **ongoing**.

The completed measures are:

- **Promote the diplomatic career in all its dimensions, including the enhancement of the economic diplomacy component:** This measure includes the adoption of a new Diplomatic Career Statute adapted to current challenges and demands, specifically through: a) strengthening performance evaluation and promotion mechanisms based on merit and enhancing disciplinary procedures available within the diplomatic career; b) introducing key changes to retain top diplomats and attract high-quality professionals to renew the diplomatic corps; and c) updating the corresponding salary scale. The legislative process related to the new Statute, approved in the Council of Ministers on 22 November 2024, has been concluded.
- **Strengthen the human and technical resources of the Portuguese consular network, to better respond to the needs of citizens and companies and contribute to the strengthening legal and safe immigration pathways:** in December 2024, the recruitment process for new visa analyst experts was completed. These experts will join the staff of the Directorate-General for Consular Affairs and Portuguese Communities (DGACCP), filling key roles in consulates and embassies regarding visa matters. These experts took up their positions in the first quarter of 2025. Additionally, staffing levels were increased across the external services of the Ministry of Foreign Affairs. Consulates have also been equipped with new computers, and the replacement of biometric data collection and reading equipment (fixed and mobile passport issuance stations) is underway in coordination with the Institute of Registries and Notary (IRN, I.P.). Another measure to strengthen consular services includes increasing the number of mobile consular outreach operations equipped to serve Portuguese communities located far from consular posts (this is an ongoing measure as the needs of the 134 consular posts evolve with Portuguese community dynamics, migration flows, and international contexts). Lastly, to strengthen legal and safe migration pathways and ensure effective integration of foreign nationals, the Portuguese State signed a Cooperation Protocol for Regulated Labour Migration between the visa-issuing authority and the main business confederations and sectoral associations. Through this protocol, companies gain

expedited access to hiring foreign workers while committing to ethical recruitment practices, including access to vocational training, Portuguese language teaching, and suitable housing.

- **Reorient Portuguese State's immigration policy in a realistic and humanistic way, with appropriate rules and supervision, the implementation of a more functional regime for CPLP citizens, and an approach aimed at attracting talent:** this measure is part of the Action Plan for Migration, presented in June 2024. The plan comprises 41 measures, structured around four pillars: regulated immigration, attraction of foreign talent, effective humanist integration, and institutional reorganisation.

  As part of the efforts to promote more regulated immigration, the Portuguese State has undertaken several actions, including the termination of the Expression of Interest procedure on 3 June 2024, the extension of family reunification rights to include young people up to the age of 18, the installation of new technological border control systems for the implementation of the Entry Exit System, investments in existing control systems, and the adoption of urgent measures to mitigate high levels of congestion and delays at Lisboa and Faro airport border posts.

  Additionally, the process to strengthen the operational framework of the CPLP Mobility Agreement was initiated, with a meeting held with the European Commission to clarify the measures to be adopted in order to resolve the infringement procedure against Portugal. A legislative amendment enabling the issuance of the uniform residence permit was approved by Parliament. According to the Agency for Integration, Migration and Asylum (AIMA), following the publication of Law No. 9/2025 of 13 February and Executive Order No. 36-B/2025/1 of 13 February, the CPLP Residence Permit is now issued in the uniform format. The Portuguese State also committed to a refugee resettlement project in partnership with the International Organization for Migration (IOM), regularised pending payments for the 2020–2023 resettlement commitments, and developed the National Plan for the Implementation of the European Union Pact on Migration and Asylum. To combat abuse (human trafficking, illegal immigration, labour exploitation, and human rights violations), a multi-agency inspection team was established under the Internal Security System (SSI), resulting in the "Portugal Always Safe" operation, which took place at the end of 2024. Additionally, procedures for language training and evaluation for acquiring Portuguese nationality were revised, in coordination with the Ministry of Education, Science and Innovation (MECI).

  As part of the objective to promote humanist integration, was announced the "Integrar" (Integrate) programme, coordinated by the Institute for Employment and Vocational Training (IEFP), which seeks to strengthen the integration of migrants already in Portugal who have lost or not yet found employment. The "Integrar" programme for the tourism sector is already in force. Additionally, with the aim of expanding the provision, reach, and frequency of Portuguese as a Non-Native Language instruction, new measures were announced under the “Aprender + Agora” education support package[25].

To support talent attraction and establish a system aligned with national labour needs, AIMA was assigned the responsibility for human capital attraction. In this context, meetings were held with the Ministry of Labour, Solidarity and Social Security (MTSSS) to coordinate Professional Insertion Offices, labour attachés, and immigration liaison officers abroad, aimed at identifying labour market needs and aligning foreign worker supply and demand through planned integration.

In terms of institutional reorganisation, the SIMPLEX measure “Single Identification Number for Foreign Citizens” is already in force. It allows citizens to request different sector-specific identification numbers — Tax Identification Number (AT), Health User Number (NHS), and Social Security Number (ISS) — in a single interaction. The service is already available in 10 Citizen Spaces (“Espaços Cidadão”), and the request can be made using Digital Mobile Key (DMK) or the European eIDAS system. To strengthen AIMA's operational capacity, its human and technological resources were increased, with recruitment processes and public tenders underway. Financial support to migrant and civil society associations active in the sector has also been reinforced, with the objectives of the respective funding line reprogrammed.

The following highlights reflect progress made on the measures currently **ongoing** and categorised as **On Track**:

- **Enhance the Portuguese-speaking space and promote the Portuguese language worldwide, through the Portuguese language’s candidacy as an official UN language:** The measure is currently ongoing and aims to coordinate, on a continuous basis, the diplomatic efforts of CPLP (Community of Portuguese-speaking Countries) countries to achieve official language status for Portuguese at the United Nations. In this regard, regular updates are shared by Portugal’s Permanent Representative to the CPLP with the CPLP’s Permanent Consultation Council on all actions carried out by Portugal’s Permanent Mission to the UN in New York, in coordination with the missions of other CPLP member states. The CPLP acts as a platform to align its member states on this goal, with efforts including: i) collaboration with UN member states influential in language policy to garner support for this objective; ii) promotion of Portuguese as one of the world’s most spoken languages in UN sessions; iii) use of Portuguese in international forums whenever possible; iv) promotion of the economic significance of Lusophone countries, especially Brazil, Angola and Mozambique, and their role in global trade; v) promotion of the cultural heritage of Portuguese-speaking countries; vi) collaboration with organisations such as the African Union, the European Union and Mercosur to advocate for the inclusion of Portuguese in multilateral forums; and vii) investment in Portuguese language education in non-Lusophone countries through partnerships with universities and cultural

[25] Cf. description of the measure under the challenge “A more prosperous, innovative and competitive country.

institutes, and expanding access to Portuguese language certification programmes in other countries.

- **Restructuring of the Agency for Integration, Migration and Asylum (AIMA) to address legislative inconsistencies, operational bottlenecks, and create a Mission Structure to resolve around 400 thousand pending processes of regularizing foreign citizens in the national territory:** This measure is ongoing and includes several actions foreseen under the Action Plan for Migration, complementing the initiatives identified in the previous section.

  Following the establishment of the Mission Structure for the Clearance of Pending Cases at AIMA, all individuals who confirmed their intention to proceed with their cases have been attended to. AIMA is currently assessing the opening of new Local Support Centres for Migrant Integration (CLAIMs), and its service capacity has been strengthened through the taskforce, with new service counters set up across the national territory. The process of transferring responsibility from the IRN, I.P. to AIMA for in-person residence permit renewal applications has begun, with the services in the Madeira region already transferred to AIMA.

- **Promoting a competitive defence industry at European and international levels, aligning it with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, and ensuring implementation of the Military Programming Law (LPM) and other available resources, including investment in cyber defence capacities, re-equipment, materials, and modernisation of military facilities:** This measure is ongoing, with emphasis on investment in high-tech areas involving strong participation from Portuguese industry. Efforts are also underway to promote the participation of Portuguese companies in defence research, development, and production consortia, leveraging procurement of equipment and materials by the Armed Forces. In addition, a review of public procurement procedures applicable to the defence sector and relevant administrative procedures is underway, including the assessment of a dedicated incentive system for companies in this sector.

- **Promote production and service activities, training, and knowledge related to space, in partnership with allied countries experienced in this domain, such as the United States, the United Kingdom or other European countries:** This measure is ongoing, with a focus on the establishment of strategic partnerships for joint innovation and cooperation in cybersecurity and cyber defence.

- **Maintaining and strengthening participation in international deployments and missions with Deployed National Forces (DNF) and Deployed National Elements (DNE), within the framework of NATO, the UN, Frontex and the EU, and reinforce defence cooperation:** This measure is ongoing, with Portugal maintaining operational readiness abroad through the deployment of DNF across four continents. More than thirty missions have been completed, involving over fifty deployments and more than 1,700 military personnel. Notably, Portugal contributed approximately EUR 227.5 million in support of Ukraine under the Washington Pledge, surpassing its original commitment. An increase in resources for ongoing missions and new deployments is planned from 2025, in line with evolving international security dynamics affecting Portugal, and with a view to strengthening its role within NATO and the EU.

5 ANNEXES

5.1 Implementation of the SDGs and the EU Common Priorities

The following tables are based on the 63 measures set out in the MTFS Plan 2025–2028[26]

Table 5.1. Main measures and their estimated impact on the implementation of the SDGs[27]

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
2 – Zero Hunger	Develop new financial instruments to foster investment in the agroforestry, fisheries and aquaculture sectors.	-	This measure aims to boost investment in the agroforestry, fisheries and aquaculture sectors through the development of new financial instruments that facilitate access to productive resources and promote modernisation and innovation. By creating more accessible financing mechanisms tailored to the needs of small producers, fishers and farmers, the measure supports increased productivity and improved income levels, ensuring greater stability and competitiveness in the sector. Furthermore, by encouraging sustainable investment, it strengthens the resilience of agricultural and aquaculture activities in the face of climate and economic challenges. This measure can enhance the productive and economic capacity of small producers, promoting inclusion and the sustainable development of rural and coastal communities.

[26] The new policy initiatives announced are not included in the APR 2025 because they will be highlighted in these same terms in the next APR.

[27] Of the 63 measures announced in the MTFS Plan 2025–2028, 59 demonstrate potential to contribute to at least one SDG target. Some measures are aligned with multiple SDG targets; in these cases, the SDG with the most significant expected impact was identified. This annex presents an analysis of selected estimated impacts. Of the 59 aligned measures, those considered to have the most relevant potential contribution were selected (a total of 37), while also ensuring a broad coverage of the SDGs.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
2 – Zero Hunger	Enhance the use of funds from the Common Agricultural Policy, the Environmental Fund, PT2030, MAR2030, and European programs such as Horizon Europe and InvestEU.	15; 16	This measure aims to maximise the use of Common Agricultural Policy funds and other national and European programmes to promote agricultural productivity, environmental sustainability, and institutional strengthening. By directing resources towards the modernisation of agriculture and support for small-scale producers, it facilitates access to technology, knowledge, and markets, contributing to increased productivity and income in the agricultural sector. Furthermore, it encourages sustainable forest management, reforestation, and the restoration of degraded soils, helping to combat desertification and promote environmental resilience. Strengthening transparency and efficiency in the application of funds ensures that investments are effective and aligned with sectoral needs, thus ensuring lasting impact. This measure contributes to targets related to promoting sustainability in agriculture, halting environmental degradation, and strengthening responsible and effective public resource management institutions.
3 – Good Health and Well-Being	Define a Multiannual Investment Plan for the National Health Service (NHS) aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence and contribute to the motivation of professionals and the humanization of healthcare.	-	This measure aims to contribute to the achievement of universal health coverage, access to essential quality health services, and access to safe, effective, high-quality and affordable essential medicines and vaccines for all. It therefore seeks to strengthen the responsiveness of the NHS, namely the provision of more efficient, safer, and more accessible care, reducing waiting times and improving patient experience, ensuring more personalised and patient-centred service delivery, through technological modernisation and the upgrading of healthcare infrastructure.
3 – Good Health and Well-Being	Develop and implement the National Sports Development Plan and a new model for the coordination of sports policies and initiatives in Portugal.	-	This measure aims to promote population health and well-being through the implementation of the programmes, measures and initiatives outlined in the Plan. Among other outcomes, it is expected to reduce rates of childhood obesity and overweight, to a sustained increase in sports participation across all age groups and throughout the territory, and to ensuring inclusive and equitable access to sport.
4 – Quality Education	Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors.	17	This measure aims to ensure that all children have access to quality early childhood development, care and pre-primary education so that they are ready for primary school. The goal is to gradually expand coverage of nurseries and pre-schools for children aged zero to four, ensuring greater access to early childhood education services through the public, private and social networks. This supports a high-quality learning environment from early childhood, which is essential for cognitive, social and emotional development. In addition to strengthening the foundation for early learning and reducing performance inequalities, it also seeks to facilitate work–life balance for families.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
4 – Quality Education	Implement the learning recovery and improvement plan "Aprender Mais Agora" (Plan A+A).	-	This measure aims to ensure that all children have access to quality early childhood development, care and pre-primary education so they are prepared for primary school and, in doing so, ensure that all children and young people complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. The measure focuses on enhancing educational quality to raise student performance and promote greater equity in education. Furthermore, it seeks to improve academic success among migrant students by ensuring more inclusive learning conditions.
4 – Quality Education	Adapt and strengthen scholarship programs and financial support to reflect the actual socioeconomic situation of higher education students.	10	This measure contributes to ensuring equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. It aims to promote equal opportunities in access to and attendance in higher education by reducing economic barriers and thus contributing to a more inclusive and equitable system, ensuring fair conditions for students to complete their studies. Moreover, by reinforcing transparency and efficiency in the allocation of support, it strengthens trust in the social support system and helps reduce structural inequalities.
5 – Gender Equality	National Support Network for Victims of Domestic Violence ensures the financing of care structures	16	This measure seeks to combat all forms of violence against women and girls, including trafficking and exploitation, and to significantly reduce violence and associated mortality rates, thereby promoting a fairer and safer society. To this end, it reinforces technical and financial support to civil society organisations working to defend women's rights and combat gender-based and domestic violence. It also fosters cooperation between public entities and civil society to ensure a more integrated and comprehensive approach.
6 – Clean Water and Sanitation	Develop and implement the National Strategy "Water that Unites".	15	This measure may have an impact on ensuring universal and equitable access to safe and affordable drinking water for all, improving water quality by reducing the proportion of untreated wastewater, and substantially increasing recycling and reuse. It also aims to significantly enhance water-use efficiency across all sectors and ensure sustainable withdrawals and freshwater supply to address water scarcity, thereby substantially reducing the number of people suffering from water stress. The measure contributes to integrated water resource management at all levels, and to the protection and restoration of water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes. It seeks to promote water efficiency to mitigate water scarcity, particularly in the face of frequent droughts and climate change, by focusing on the development of an interconnected infrastructure network to manage, store and distribute water more efficiently, ensuring its sustainable use across various sectors. The initiative contributes to enhancing the country's water resilience, ensuring continuous supply for human consumption, agriculture, industry, and ecosystems.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
6 – Clean Water and Sanitation	Develop programs to reduce water losses in supply networks.	-	This measure contributes to substantially increasing water-use efficiency across all sectors and ensuring sustainable withdrawals and freshwater supply to address water scarcity, thereby significantly reducing the number of people affected by water shortages. The goal is to promote water efficiency, helping to mitigate water scarcity, particularly in regions vulnerable to frequent droughts, focusing on reducing water losses in distribution networks and optimising water resource management to ensure more sustainable use. The initiative strengthens the resilience of supply systems, lowers operational costs, and improves supply reliability, benefiting both consumers and public management.
6 – Clean Water and Sanitation	Develop programs to increase the use of treated wastewater.	-	This measure aims to improve water quality by reducing the proportion of untreated wastewater and substantially increasing recycling and reuse. The intention is to enhance efficiency and sustainability in water resource management by promoting the reuse of treated wastewater, thereby reducing pressure on freshwater reserves, particularly in sectors such as agriculture, industry, and public irrigation. The initiative supports climate change adaptation, strengthens the circular economy within the water sector, and contributes to mitigating water scarcity in the context of increasing vulnerability to more frequent droughts. It also seeks to reduce operational costs and ensure greater water security.
7 – Affordable and Clean Energy	Evaluate the creation of incentives for the energy conversion of passenger transport vehicles.	11; 13	This measure will enable the conversion of fossil fuel-powered vehicles into vehicles powered by renewable energy. The creation of incentives for the energy conversion of passenger transport vehicles will have a significant positive impact on reducing energy dependency, decarbonising the transport sector, and accelerating the penetration of renewable energy sources. Promoting the electrification of transport, alongside other alternatives such as hydrogen, biomethane, and renewable fuels, will also contribute to increasing the sector's energy efficiency.
7 – Affordable and Clean Energy	Design and implement the National Strategy for the Integrated Development of Energy Networks.	-	This measure will support improved energy network planning, integrating both electricity and gas systems. It will also contribute to accommodating increased capacity and diversification of renewable energy sources, as well as addressing other challenges posed by the new supply and demand paradigm within the national electricity system. It promotes the energy and climate transition, reduces dependence on fossil fuels, boosts the use of renewable energy sources, and ensures universal access to modern and reliable energy services.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
7 – Affordable and Clean Energy	Strengthen support programmes for energy efficiency in housing.	11	This measure aims to improve the energy performance of the housing stock while simultaneously addressing energy poverty, particularly through support for thermal insulation of buildings and the promotion and facilitation of the replacement of obsolete equipment with electric and more energy-efficient alternatives. Implementing actions to increase the energy efficiency of buildings will help reduce energy consumption, promoting more sustainable and comfortable housing. Enhancing energy efficiency in the housing sector also ensures greater resilience to energy price fluctuations, improves quality of life, and promotes a more sustainable and equitable housing model.
8 – Decent Work and Economic Growth	Increase the national minimum wage to EUR 1,020 in 2028.	10	The expected impact of raising the Guaranteed Monthly Minimum Wage (RMMG) plays a central role in mitigating income disparities, both through the bite effect—by directly increasing the lowest wages—and the spillover effect—by encouraging wage growth across higher pay brackets. Additionally, it supports the implementation of fiscal, wage, and social protection policies that foster greater equity. Recent experience has shown that increases in the RMMG have coincided with net job creation and falling unemployment, countering concerns about negative effects on the labour market. This measure therefore strengthens conditions for decent work, promotes wage growth, and reduces economic and social inequalities, contributing to a more inclusive and sustainable economy.
8 – Decent Work and Economic Growth	The co-investment line for start-ups and venture capital.	9	This measure aims to boost technological modernisation, economic diversification and the strengthening of innovation by promoting high value-added sectors and fostering the creation of skilled jobs. By facilitating access to finance, it supports the growth of micro, small and medium-sized enterprises, encouraging formalisation and their integration into value chains and international markets. Moreover, it enhances the capacity of financial institutions, expanding access to credit and essential banking services for business development. In this way, it promotes a more dynamic, competitive and sustainable economic environment, with a positive impact on opportunity creation and the reduction of inequalities.
8 – Decent Work and Economic Growth	Reform insolvency and corporate recovery regimes, by introducing procedural changes and implementing a “digital paradigm” in court proceedings.	16	This measure aims to reform insolvency regimes by promoting greater efficiency, transparency and accountability in proceedings, thereby accelerating case processing and judicial decisions, and ensuring greater flexibility and predictability. By facilitating the recovery of viable companies and removing obstacles to debt recovery, it contributes to creating a more stable and resilient business environment, encouraging the formalisation and growth of micro, small and medium-sized enterprises. Furthermore, it ensures the proper implementation of reforms set out in the RRP, promoting a more dynamic and sustainable economic system. As such, this measure supports productive activities, stimulates entrepreneurship and strengthens effective and transparent institutions, which are essential for balanced and inclusive economic development.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
9 – Industry, Innovation and Infrastructure	Create a National Digital Strategy.	1; 4; 5; 8; 10; 11; 16; 17	The implementation of the strategy aims to enhance the technological capacities of industrial sectors, notably by achieving the target of 90% of SMEs having at least a basic level of digital intensity and 75% of companies adopting artificial intelligence tools, thus improving technological capabilities across industries. It also seeks to encourage research and innovation in the digital sphere, creating conditions to retain and attract qualified talent. Collaboration between start-ups, private companies, research centres and public entities will be promoted to foster a dynamic environment for developing new business models, high value-added products and digital services. The creation of partnerships between the public and private sectors and academia is also a key element in promoting research and technological development targeted at improving quality of life.
9 – Industry, Innovation and Infrastructure	Start the construction of transport infrastructure (rail and TGV).	11	This measure aims to contribute to the development of quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, focusing on equitable and affordable access for all. By promoting sustainable mobility, the measure will encourage a modal shift from individual and air transport to rail, especially on the regional link (Lisboa–Porto). Investment in the high-speed rail line will make rail transport more competitive, improving both efficiency and service quality. In addition to environmental benefits, the measure will strengthen territorial cohesion by increasing connectivity and accessibility between the country's two largest cities.
9 – Industry, Innovation and Infrastructure	Promoting a competitive defence industry at European and international levels, aligning it with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, and ensuring implementation of the Military Programming Law (LPM) and other available resources, including investment in cyber defence capacities, re-equipment, materials and modernisation of military facilities.	16	The implementation of this measure may significantly increase the share of industry in employment and GDP, while also strengthening scientific research, enhancing the technological capacity of industrial sectors, fostering innovation, and substantially increasing both the number of research and development workers per million people and public and private R&D expenditure. This will be driven by the strong involvement of Portuguese industry in high-tech areas, including the participation of Portuguese companies in defence research, development and production consortia, helping to boost the export capacity of the defence and dual-use technology industry.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
10 – Reduce Inequalities	Restructure the prison network and social reintegration teams and promote differentiated and individualised intervention across prison facilities.	16	This measure aims to improve the conditions of prison establishments and educational centres. By upgrading degraded infrastructure and strengthening reintegration teams, it ensures dignified conditions for serving sentences, in line with the principle of equal access to justice and respect for the rule of law. In addition, by promoting educational projects, vocational training, and cooperation with local and business partners, it contributes to the social and economic inclusion of inmates, reducing barriers to reintegration and encouraging active citizenship after the end of the sentence. The implementation of sustainable solutions in prison establishments further reinforces institutional efficiency and accountability, helping to prevent future convictions of the Portuguese State in international courts.
10 – Reduce Inequalities	Strengthen the human and technical resources of the Portuguese consular network to better respond to the needs of citizens and companies and contribute to strengthening legal and safe immigration pathways.	16	This measure aims to strengthen the Portuguese consular network, ensuring more efficient and timely responses to the needs of citizens and businesses, while reinforcing legal and safe migration channels. By improving available human and technical resources, it promotes more agile and effective service delivery, facilitating orderly and regulated international mobility. It also contributes to institutional strengthening, ensuring more transparent, accessible and accountable processes—essential for protecting migrants' rights and fostering economic and social relations. In doing so, the measure supports planned and well-managed migration policies, while enhancing institutional capacity to deliver more inclusive and efficient public services.
10 – Reduce Inequalities	Reorient Portuguese State's immigration policy in a realistic and humanist way, with adequate rules and supervision, the implementation of a more functional regime for CPLP citizens, and an approach aimed at attracting talent.	-	The estimated impact of this measure lies in the promotion of more orderly, safe and sustainable migratory flows, through planned public policies that ensure fair and transparent conditions for the entry, regularisation, and integration of immigrants. Strengthening institutional capacity allows for more efficient migration management, with regulated channels and timely responses for the regularisation of foreign nationals, ensuring effective reception and appropriate integration. The creation of functional regimes for Community of Portuguese Speaking Countries (CPLP) citizens and the strengthening of mechanisms to attract skilled talent enhance the country's capacity to address demographic and economic challenges. By addressing legislative inconsistencies and removing operational bottlenecks, this approach promotes stronger and more accountable institutions, fostering social inclusion, diversity, and the valorisation of human capital. Facilitating the entry of working-age migrants helps mitigate the decline in the active population, reinforces the labour market and the sustainability of social systems, and promotes long-term sustainable development.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
11 – Sustainable Cities and Communities	Ensure the execution of the National Investment Programme (PNI2030).	6; 7; 9; 12; 14; 15	The implementation of PNI2030 covers a wide range of sectors. However, its key contribution lies in supporting positive economic, social, and environmental relationships between urban, peri-urban, and rural areas, strengthening national and regional development planning, and ensuring access to safe, affordable, sustainable, and accessible transport systems for all. Among various investment areas, particular emphasis is placed on the study of new road networks, as well as the adaptation, upgrading and expansion of existing ones, ensuring they provide the required level of service, circulation conditions, and safety. Furthermore, the promotion of rail transport as an efficient and lower-carbon mode contributes significantly to the reduction of fossil fuel consumption, thereby supporting the decarbonisation of the economy.
11 – Sustainable Cities and Communities	Review management models and legislation in culture to ensure the functioning of institutions and the various heritage bodies.	16	This measure aims to strengthen efforts to protect and safeguard cultural and natural heritage, particularly through administrative reorganisation and the development of planning and safeguarding instruments, with a view to enhancing the resilience of institutions and heritage assets, as well as ensuring the long-term sustainability and preservation of cultural heritage.
11 – Sustainable Cities and Communities	Ensure the implementation of the measures that are part of the Housing Strategy.	-	This measure contributes to ensuring access for all to safe, adequate and affordable housing and to basic services, namely by encouraging supply, promoting public housing, restoring flexibility and confidence in the rental market, fostering youth housing, ensuring housing affordability, and enhancing the implementation of mixed rental schemes, while also creating conditions for Local Accommodation to develop in a balanced manner.
12 – Responsible Consumption and Production	Ensure that all relevant companies' reporting includes public service obligations and the compensation that the company received from the State to comply with them, as well as information of non-financial nature (e.g. environmental, social and governance).	1; 5; 10; 13	This measure will contribute to the goal of encouraging companies to adopt sustainable practices and integrate sustainability information into activity reports, thereby promoting more responsible, sustainable and transparent business conduct. The inclusion of non-financial information in corporate reports reflects Portugal's commitment to the SDGs, and by requiring companies to disclose information on sustainable practices, the government encourages the private sector to adopt approaches that contribute to the SDGs and to global goals such as environmental sustainability, social equity, and responsible governance.
12 – Responsible Consumption and Production	Develop the National Strategy for Mineral Resources.	7; 9	This measure will contribute to the goal of achieving the sustainable management and efficient use of natural resources. It will also support the energy and climate transition by ensuring the local supply of essential minerals for decarbonisation technologies, providing a secure and sustainable supply of critical raw materials and reducing external dependence.
12 – Responsible	Implement a waste management policy for a circular economy.	11	Reducing waste generation and encouraging its reuse within the economy with added value will contribute to the efficient use of resources and the achievement of environmentally sound waste management throughout its entire life cycle.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
Consumption and Production			
13 – Climate Action	Regulate and implement various aspects of the Framework Climate Law.	7; 16	This measure (which includes, among others, the appointment of the representative to the Climate Action Council; the revision and approval of the National Energy and Climate Plan – PNEC 2030; the revision of the National Low Carbon Roadmap 2050; the drafting of carbon budgets; and the preparation of the revision process for the National Strategy for Adaptation to Climate Change) will allow for a more integrated climate policy across sectors, providing new momentum to environmental and energy policies. It will contribute to the goals of integrating climate change measures into national policies, strategies and planning, and of strengthening resilience and adaptive capacity to climate-related hazards.
13 – Climate Action	Review and implement the National Energy and Climate Plan (PNEC 2030)	1; 6; 7; 9; 11; 12; 15	The revision of PNEC 2030 focused on the need for more ambitious climate action and a more resilient and sustainable Energy Union, reinforcing Portugal's commitment to reducing external energy dependency, increasing energy efficiency, decarbonising industry, ensuring security of supply, and promoting sustainable mobility. The new PNEC sets more ambitious targets for reducing greenhouse gas emissions and for renewable energy, and this measure is therefore expected to have a significant impact in these areas. The implementation of PNEC 2030 will be essential for meeting national strategic objectives in the fields of energy and climate, playing a key role in the energy and climate transition.
14 – Life Below Water	Finalise the Marine Spatial Planning Situation Plan and approve Allocation Plans	7; 11	This measure contributes to the sustainable management and protection of marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience and undertaking restoration efforts to ensure healthy and productive oceans. It also aims to effectively regulate resource extraction and to implement science-based management plans for the recovery of fish stocks. The measure seeks to establish a planning instrument for national maritime space, promoting the multiple use of maritime areas and reducing conflicts between economic activities, while preserving the quality of the marine environment. Periodic assessment will ensure the effectiveness and evolution of these instruments, thereby increasing confidence and transparency in economic investment.
14 – Life Below Water	Create and implement the Coastal Resilience Action Plan 2025–2040.	9; 11; 13	This measure aims to sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience and implementing restoration measures to ensure healthy and productive oceans and the conservation of coastal and marine areas, in accordance with national and international legislation and based on the best available scientific knowledge. The measure is therefore intended to mitigate the effects of climate change and to promote adaptation measures, particularly in coastal areas.

SDG	List of main contributing measures	Other aligned SDGs	Estimated impact of the measures (qualitative and/or quantitative)
15 – Life on Land	Develop and implement the National Nature Restoration Plan.	6; 13; 14	This measure will have an impact on the restoration of ecosystems (terrestrial, coastal, freshwater, marine, agricultural and forest) and degraded or destroyed habitats. It will strengthen the resilience and biodiversity of nature. Healthy ecosystems can ensure, among other benefits: increased agricultural productivity, greater resistance to climate change, improved biodiversity, and reduced soil degradation, flood risk, droughts and heatwaves.
16 – Peace, Justice and Strong Institutions	Develop a national strategy for media education and literacy.	4	This measure aims to help ensure that decision-making at all levels is responsible, inclusive, participatory, and representative, as well as to guarantee public access to information and the protection of fundamental freedoms. As such, this measure will result in the empowerment of citizens to navigate the information and communication landscape critically and responsibly. It seeks to promote media literacy among all audiences, combat misinformation and fake news, encourage responsible and informed content consumption, and foster a more informed and participatory citizenship.
16 – Peace, Justice and Strong Institutions	Promoting the improvement in the interoperability of territorial-based information systems.	11	This measure aims to contribute to the development of effective, accountable and transparent institutions at all levels, as well as ensure public access to information and the protection of fundamental freedoms. It will provide the Portuguese State with a comprehensive territorial knowledge base and will facilitate citizens' interaction with the public administration in the context of land registry.
16 – Peace, Justice and Strong Institutions	Reinforcement of technical coordination between the various government areas to articulate the work leading to the implementation of the RRP and PT2030.	17	This measure aims to contribute to the development of effective, accountable, and transparent institutions at all levels. To this end, it will promote enhanced technical coordination between the various governmental areas covered by European funds, eliminating redundancies between different programmes, reducing implementation delays, and directing financial resources towards high-quality projects. It will also enable better monitoring and oversight, particularly of the RRP (ensuring the fulfilment of milestones and targets, identifying potential implementation risks, and promoting mitigating measures that accelerate execution).

Table 5.2. Implementation of the European Pillar of Social Rights: Main measures and their estimated impacts

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
1. Education, training and lifelong learning	Develop a national strategy for media education and literacy.	-	The expected impact of this measure on education and training focuses on strengthening media literacy skills, preparing individuals for critical and responsible engagement with information and communication. The implementation of the Media Literacy Plan will contribute to the development of analytical skills, from formal education through to lifelong learning, promoting the ability to distinguish between credible sources and misinformation. Furthermore, by integrating these skills into educational processes, the measure reinforces digital citizenship, encourages critical thinking, and enhances informed participation in society. Mitigating the harmful effects of fake news and disinformation will help restore trust in the information ecosystem and democracy, ensuring a more resilient and better-informed society.
1. Education, training and lifelong learning	Design upskilling and reskilling programs according to the identified market needs, including the possibility of a career change.	-	This measure aims to strengthen digital skills and adapt the workforce to labour market demands, notably by supporting youth employment and the requalification of the unemployed. By promoting continuous training, it ensures that workers acquire skills aligned with the emerging needs of the digital economy. The revision of the People 2030 Programme, with a focus on upskilling and reskilling, will allow greater adaptability in training pathways, making learning more flexible and targeted. This measure therefore boosts employability, reduces the risk of professional exclusion, and strengthens economic competitiveness through a better-qualified working population.
1. Education, training and lifelong learning	Implement the learning recovery and improvement plan "Aprender Mais Agora" (Plan A+A).	-	This measure aims to improve pupil learning between 2025 and 2028, based on the results of PISA and the new model of external assessment introduced by the Government. Enhancing the quality of education will not only raise overall pupil performance but also promote greater equity within the education system. In addition, the measure seeks to improve school success indicators for migrant pupils, ensuring more inclusive and effective learning conditions. By investing in teaching quality and reducing inequalities, this initiative contributes to fairer education and better preparation of pupils for future challenges.
2 – Gender Equality	Create a National Digital Strategy.	1; 2; 3; 20	The objective of this measure is to reduce the gender gap in the Information and Communication Technologies (ICT) sector by ensuring that, by 2030, at least 30% of ICT specialists are women. This initiative promotes greater female representation in a traditionally male-dominated field, encouraging participation in technology careers and removing structural barriers that hinder women's access and progression. Furthermore, increasing the presence of women in ICT can boost innovation and competitiveness, fostering more inclusive and equitable working environments.

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
2 – Gender Equality	National Support Network for Victims of Domestic Violence ensures the financing of care structures.	14; 20	The expected impact of this measure focuses on strengthening gender equality through technical and financial support to civil society organisations (NGOs) working to promote women's rights and combat gender-based and domestic violence. By reinforcing the capacity of these organisations, the measure contributes to expanding victim support services, developing awareness campaigns, and implementing prevention programmes. In addition, this support fosters greater coordination between public entities and civil society, ensuring more effective and comprehensive action to tackle gender inequalities and discrimination. The measure represents a key step towards victim protection, the promotion of social justice, and the advancement of a more equitable and inclusive society.
3 – Equal Opportunities	Adapt and strengthen scholarship programs and financial support to reflect the actual socioeconomic situation of higher education students.	1	Adapting and strengthening scholarship and financial support programmes to reflect the real socio-economic situation of higher education students will have a significant impact on promoting equal opportunities. By ensuring that support is more accurately aligned with students' actual needs, this measure reduces financial barriers that often limit access to and retention in higher education. It therefore contributes to a more inclusive system, where all students, regardless of their socio-economic background, can have equitable conditions to complete their studies successfully. Furthermore, greater transparency and efficiency in the allocation of financial support enhances trust in the social support system and promotes a fairer distribution of resources, helping to reduce structural inequalities in access to higher education and in the development of human capital.
3 – Equal Opportunities	Increase the number of scholarships awarded under the Mário Soares Scholarship Programme for postgraduate courses at the College of Europe, thus promoting equal opportunities in the access for Portuguese students.	1	The expected impact of this measure is to strengthen equal opportunities in access to academic training in European affairs and international relations, ensuring that a greater number of Portuguese students, regardless of their socio-economic background, can develop specialised skills in this field. By promoting greater equity in access to qualifications and professional advancement, the initiative contributes to reducing barriers that limit Portuguese representation in European Union institutions. Furthermore, by addressing the national under-representation in these bodies, the measure enhances Portugal's participation in EU decision-making processes, ensuring a more diverse and qualified presence within EU institutional structures.

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
3 – Equal Opportunities	Strengthen the human and technical resources of the Portuguese consular network to better respond to the needs of citizens and companies and contribute to strengthening legal and safe immigration pathways.	-	This measure aims to strengthen the Portuguese consular network, ensuring more efficient and timely responses to the needs of citizens and businesses, while reinforcing legal and safe migration channels. By improving available human and technical resources, it promotes more agile and effective service delivery, facilitating orderly and regulated international mobility. It also contributes to institutional strengthening, ensuring more transparent, accessible and accountable processes—essential for protecting migrants' rights and fostering economic and social relations. In doing so, the measure supports planned and well-managed migration policies, while enhancing institutional capacity to deliver more inclusive and efficient public services.
4 – Active Support to Employment	Review and implement the National Energy and Climate Plan (PNEC 2030).	1	The expected impact of this initiative is to boost green employment, strengthening technical skills for the energy and climate transition. Vocational retraining, combined with collaboration between the public and private sectors, ensures the availability of training aligned with market needs, increasing employability and promoting sustainable business innovation.
4 – Active Support to Employment	Central Government Professional Internships Programme– Ministry of Foreign Affairs (PEPAC-MNE) 2025/2026	-	This measure aims to facilitate the professional integration of young graduates up to the age of 30 through 12-month internships in the external peripheral services of the Ministry of Foreign Affairs, promoting international experience and the development of skills in diplomacy and consular support. By offering an internship grant, meal allowance, insurance, and travel support, it reduces financial barriers and broadens opportunities for qualified young people, enhancing their competitiveness in the labour market.
5 – Secure and Adaptable Employment	Review of the career and evaluation regime of teachers in primary and secondary education.	6	The expected impact of this measure focuses on creating conditions that support the retention and attraction of talent in the teaching profession, ensuring more secure and adaptable employment. The provision of stable and predictable employment contracts will make the career more attractive, reduce job insecurity, and encourage professionals to remain in the sector. Moreover, the adaptation of working conditions to current demands will contribute to greater job satisfaction and recognition of teachers, fostering higher quality teaching. This approach strengthens the continuity and renewal of the profession, ensuring a qualified and motivated teaching workforce to meet the challenges of the education system.

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
6 – Wages	Increase the national minimum wage to EUR 1,020 in 2028.	8	The expected impact of increasing the Guaranteed Monthly Minimum Wage (RMMG) is the continuation of its structural role in reducing wage inequality and promoting social cohesion, without compromising business competitiveness and sustainability. The RMMG has shown a mitigating effect on inequality, both through the bite effect, by directly increasing the incomes of low-wage workers, and through the spillover effect, by influencing wage increases across higher levels of the pay distribution. Furthermore, recent experience indicates that increases in the RMMG have occurred in parallel with net job creation and reductions in unemployment, countering fears of a negative impact on the labour market. As such, the measure contributes to strengthening decent working conditions, supports the growth of the average wage, and helps reduce wage disparities in Portugal.
9 – Work-Life Balance	Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors.	1; 9	This measure aims to gradually expand coverage of crèches and pre-school facilities for children aged 0 to 4, ensuring broader access to early childhood education and care services across public, private, and social networks. The expected impact includes the promotion of equal opportunities from early childhood, ensuring more balanced and inclusive child development. In addition, increasing the availability of crèches facilitates work-life balance, enabling greater participation of caregivers in the labour market, particularly women. The measure also contributes to reducing social inequalities by ensuring that all children, regardless of their family's socio-economic status, have access to a structured and nurturing start in life.
12 – Social Protection	Create the Create the taxpayer-beneficiary current, as an instrument that will allow citizens to have reliable information on their contribution history to public Social Security schemes.	-	This measure aims to facilitate everyone's access to their Social Security contribution history, as well as the benefits received, by enabling fast and transparent knowledge of their situation as a contributor and/or beneficiary. It will allow access to information on their contribution efforts for future benefits (retirement, old age, and death) and current ones, as well as their full record of received benefits, providing a comprehensive perception of the benefit/cost ratio of the Social Security system.

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
16 – Healthcare	Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence and contribute to the motivation of professionals and the humanization of healthcare.	-	The expected impact of this measure on healthcare lies in strengthening the responsiveness of the National Health Service (NHS) through technological modernisation and infrastructure enhancement. The adoption of advanced technologies and the improvement of the physical conditions of health units will enable the provision of more efficient, safer, and more accessible care, reducing waiting times and improving the patient experience. Additionally, the modernisation process will support the humanisation of care, ensuring a closer and more patient-centred service. Investment in the upgrading of spaces and equipment will also have a positive effect on the motivation and retention of healthcare professionals, ensuring a more suitable working environment and promoting a more sustainable and effective NHS.
18 – Long-Term Care	Define a national strategic plan for birth rates and longevity.	9; 10; 11; 15; 16; 18	The expected impact of this measure is to strengthen support for the elderly and people with dependency, promoting greater inclusion and active participation in society. By encouraging more dynamic and healthy ageing, this initiative contributes to an improved quality of life, the reduction of social isolation, and the valuing of individual capacities. Furthermore, the strengthening of support services can boost sectors such as long-term care and community-based services, generating employment and promoting economic balance through more efficient management of social and health resources.
19 – Housing and Support for the Homeless	Provide public support and transitional stimuli to address the most pressing housing shortages and lack of accessibility.	-	The expected impact of this measure is to strengthen access to housing by increasing the supply of public housing, contributing to lower housing costs and easing pressure on the real estate market. The availability of properties will enable a more effective response to housing needs, especially for the most vulnerable groups. Moreover, enhancing transparency in the allocation and management of public housing will ensure a fairer and more equitable distribution, increasing public trust in the system and ensuring the efficient use of public resources.
19 – Housing and Support for the Homeless	Ensure the implementation of the measures that are part of the Housing Strategy.	-	This measure aims to restore flexibility and confidence to the rental market, ensure housing affordability, and foster the application of mixed rental schemes, while also creating conditions for Local Accommodation to be established in a balanced manner, within a housing environment where it can be integrated and coexist. The objective is to ensure greater stability, balance, and legal certainty for all.

EPSR	List of main contributing measures	Secondary Alignments	Estimated Impact of the Measures (qualitative and/or quantitative)
20 – Access to Essential Services	Develop and implement the National Strategy “Water That Unites”.	-	The expected impact of this measure lies in responding to the challenges posed by climate change, particularly regarding the management of water availability and the increase in drought episodes. The development of an interconnected infrastructure network will enable more efficient management, storage, and distribution of water, ensuring its sustainable use for various purposes. The creation of this network will contribute to increasing the country’s water resilience, minimising the effects of water scarcity and ensuring the continuity of supply for human consumption, agriculture, industry, and ecosystems. Furthermore, the measure plays a strategic role in addressing climate change, promoting adaptation to extreme weather events and strengthening long-term environmental sustainability.
20 – Access to Essential Services	Enhance low-density territories by requalifying coverage with fixed and high-speed mobile internet.	-	This measure aims to enhance low-density territories by improving coverage with high-speed fixed and mobile internet, promoting greater connectivity and digital inclusion. The improvement of telecommunications infrastructure will facilitate access to essential services such as healthcare, education, and digital public administration, reducing territorial inequalities. Additionally, enhanced connectivity will boost the attractiveness of these territories for investment, new economic activities, and remote work, encouraging population retention and local development. Expanding high-speed coverage will also contribute to business competitiveness and sustainable development, ensuring more balanced integration across the country’s regions.
20 – Access to Essential Services	Start the construction of transport infrastructure (railway and TGV).	-	This measure aims to promote sustainable mobility by encouraging the modal shift from individual and air transport to rail transport, particularly on the Lisboa–Porto route. The investment in the high-speed rail line will make rail transport a more competitive option, improving both service efficiency and quality. This transition will result in a significant reduction in fossil fuel consumption, contributing to the decrease in greenhouse gas emissions and fostering the use of more sustainable energy sources. In addition to the environmental benefits, the measure will strengthen territorial cohesion by enhancing connectivity and accessibility between the country’s two largest cities.

Table 5.3. Alignment of MTFS Plan 2025-2028 measures with the PNEC and respective estimated impact

Energy Union Dimensions (main)	Contributing MTFS Plan measures	Other aligned dimensions	Estimated impact of the measures (qualitative and/or quantitative)
Cross-cutting	Review and implement the National Energy and Climate Plan (PNEC 2030)	Cross-cutting	The implementation of PNEC 2030 is essential for achieving national strategic objectives on energy and climate, as well as Portugal's corresponding targets. It plays a key role in the energy and climate transition. Main 2030 targets: 55% GHG emissions reduction (excluding LULUCF, compared to 2005); 51% share of renewables in final energy consumption; 29% renewables in transport; 15% electricity interconnections; and energy efficiency goals for primary energy consumption at 16,711 ktep and final energy consumption at 14,371 ktep.
	Regulate and implement various aspects of the Framework Climate Law		This measure enables the deepening of climate policy in Portugal across all sectors. In order to recover from delays in meeting the provisions of the law, actions included: appointment of the representative to the Climate Action Council; revision and approval of PNEC 2030; revision of the National Carbon Neutrality Roadmap 2050; and the preparation of carbon budgets.
Decarbonisation	Evaluate the creation of incentives for the energy conversion of passenger transport vehicles	Energy efficiency	Creating incentives for the energy conversion of passenger transport vehicles has a significant positive impact on reducing energy dependence and decarbonising the transport sector. Promoting electrification and other alternatives such as hydrogen, biomethane, and renewable fuels also contributes to increasing energy efficiency in the sector.
	Finalise the Marine Spatial Planning Situation Plan and approve Allocation Plans	Energy efficiency; Research, innovation and competitiveness; Energy security	Promoting endogenous renewable energy sources for electricity production contributes to reducing GHG emissions and the country's energy dependence, while generating wealth, employment, and economic development.
	Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change	Energy efficiency; Research, innovation and competitiveness	A greater supply of specialised technicians contributes to a decarbonised, more competitive, and innovative economy, responding to emerging skills needs in the energy transition context.
	Develop programs to increase the use of treated wastewater	Research, innovation and competitiveness	Promoting water efficiency measures not only mitigates water scarcity—amid increasing vulnerability to frequent droughts—but also supports regional economic, social, and environmental development through economic activity diversification.

Energy Union Dimensions (main)	Contributing MTFS Plan measures	Other aligned dimensions	Estimated impact of the measures (qualitative and/or quantitative)
	Develop programs to reduce water losses in supply networks	Research, innovation and competitiveness	The promotion of water efficiency measures, in addition to contributing to the mitigation of water scarcity in a context of increasing territorial vulnerability to more frequent droughts, also contributes to the diversification of economic activity across different regions and to their economic, social and environmental development.
	Develop and implement the National Strategy "Water that Unites"	Energy efficiency; Research, innovation and competitiveness	The promotion of water efficiency measures, in addition to contributing to the mitigation of water scarcity in a context of increasing territorial vulnerability to more frequent droughts, also contributes to the diversification of economic activity across different regions and to their economic, social and environmental development.
	Develop and implement the National Nature Restoration Plan	Research, innovation and competitiveness	Beyond biodiversity benefits, ecosystem restoration—forests, wetlands, grasslands—will contribute to climate change mitigation by promoting carbon sequestration and reducing GHG emissions from degraded ecosystems.
	Ensure the execution of the National Investment Programme (PNI2030)	Energy efficiency	Promoting rail transport as an efficient and lower-carbon mode significantly reduces fossil fuel consumption, contributing to economic decarbonisation.
	Implement a waste management policy for a circular economy	Energy efficiency; Research, innovation and competitiveness	Reducing waste generation and promoting its reintegration into the value-added economy helps reduce GHG emissions and supports decarbonisation.
	Start the construction of transport infrastructure (rail and TGV)	Energy efficiency	The promotion of rail transport, as an efficient and lower-carbon mode of transport, allows for a significant reduction in fossil fuel consumption, contributing to the decarbonisation of the economy.
	Operationalise the Mission Structure for the Renewable Energy Projects Licensing (EMER 2030)	Energy security	By streamlining licensing procedures, this measure accelerates the energy transition and supports decarbonisation goals.
	Launch tender procedures for offshore wind energy production	Internal energy market; Energy security; Research, innovation and competitiveness	This measure attracts investment, stimulates technological innovation, and enables efficient exploration of offshore wind potential in Portugal, significantly contributing to decarbonisation and reducing energy dependency. Target for 2030: conditions for the allocation and installation of 2 GW.

Energy Union Dimensions (main)	Contributing MTFS Plan measures	Other aligned dimensions	Estimated impact of the measures (qualitative and/or quantitative)
Energy efficiency	Strengthen support programmes for energy efficiency in housing	Decarbonisation	This measure has a direct positive impact on energy efficiency targets and contributes to decarbonisation by reducing energy needs and, consequently, GHG emissions.
	Requalify the court buildings and strengthen the development of the respective technological equipment	Decarbonisation	This measure directly contributes to energy efficiency and decarbonisation, by reducing the need for energy production and, consequently, GHG emissions.
	Restructure the prison network and social reintegration teams and promote differentiated and individualised interventions across prison facilities	Decarbonisation	This measure directly contributes to energy efficiency and decarbonisation, by reducing the need for energy production and, consequently, GHG emissions.
Energy security	Develop and implement the National Strategy for the Integrated Development of Energy Networks	Internal energy market	This will improve grid planning by integrating electricity and gas systems. It will also accommodate increased capacity and diversification of renewable energy sources, addressing the challenges of new energy supply-demand dynamics, while promoting the energy and climate transition.
Research, innovation and competitiveness	Develop the National Strategy for Mineral Resources	Decarbonisation; Energy security	This measure contributes to the energy and climate transition by ensuring a local supply of essential minerals for decarbonisation technologies, reducing external dependency.

Table 5.4. Commitments undertaken and their respective impacts for achieving the Digital Decade

Dimensions of the Digital Decade	Dimensions of the National Digital Strategy (NDS)	List of main contributing measures	Estimated impact of the measures (qualitative and/or quantitative)
1. Skills	People	Create a National Digital Strategy.	The National Digital Strategy (NDS), approved by Council of Ministers Resolution no. 207/2024 of 30 December, is structured into four dimensions (People, Businesses, Government and Infrastructure). In the People dimension, through the implementation of the 14 actions foreseen across 4 Initiatives, the goal is to ensure active, full and inclusive participation of society in the digital era; to make digital education a reference point, ensuring continuous professional upskilling and reskilling; and to train, retain and attract specialists in key digital areas, with a view to achieving the following targets in this domain: TARGET#1 – 80% of people (aged 16 to 74) possess at least basic digital skills; TARGET#2 – ICT specialists account for at least 7% of the employed population; TARGET#3 – At least 30% of ICT specialists are women.
1. Skills	People	Develop a national strategy for media education and literacy.	As part of this measure, the National Media Literacy Plan 2025–2029 was drafted (approved by Council of Ministers Resolution No. 65/2025 of 18 March), aiming to: Promote media literacy among all audiences; Combat disinformation and fake news; Promote responsible and informed content consumption; and foster a more informed and participatory citizenship. It is expected that, through the actions to be implemented under the pillars of this Plan, and more specifically through the empowerment of citizens to critically and responsibly navigate the information and communication environment, this measure will contribute to achieving Target #1 of the NDS. This measure contributes to the dimensions—particularly “Information and data literacy skills”—of the EUROSTAT indicator “Individuals’ level of digital skills (from 2021 onwards)”.
1. Skills	People	Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change.	This measure is linked to executive order No. 219/2024/1, of 23 September, which aims to achieve employment policy objectives related to the integration of young people into the labour market or the professional reconversion of unemployed individuals. It is related to RRF measures TD-r31 and aims to improve the business environment by making it digitally more competitive and resilient within the current socio-economic context. This reform is part of the Digital Transition Action Plan (PATD) adopted by Portugal in April 2020, which seeks to implement the revision of the training content included in the National Qualifications Catalogue regarding modules in the area of digital skills, as well as the law or regulation concerning the creation of digital signatures and seals.

Dimensions of the Digital Decade	Dimensions of the National Digital Strategy (NDS)	List of main contributing measures	Estimated impact of the measures (qualitative and/or quantitative)
2. Secure and sustainable digital infrastructures	Infrastructures	Create a National Digital Strategy.	The National Digital Strategy, approved by Council of Ministers Resolution No. 207/2024, of 30 December, is structured into four dimensions (People, Businesses, State, and Infrastructures). Under the Infrastructures dimension, through the implementation of the 13 actions foreseen and distributed across five initiatives, the aim is to ensure a widely connected, secure and resilient digital infrastructure, as well as to position Portugal as a reference in anticipating and implementing technological innovations that enhance the quality of life for the entire population, with a view to achieving the following targets in this area: TARGET #9 – 100% of populated areas covered by high-speed 5G networks; TARGET #10 – At least 75% of companies adopt cloud computing services.
2. Secure and sustainable digital infrastructures	Infrastructures	Promote a competitive defence industry at European and international levels, aligning it with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, and ensuring implementation of the Military Programming Law (LMP) and other available resources, including investment in cyber defence capabilities, re-equipment, materials and modernisation of military facilities.	Under this measure, the modernisation and adaptation of military equipment is envisaged, particularly those assigned to the structural projects of National Defence.
2. Secure and sustainable digital infrastructures	Infrastructures	Implement a waste management policy for a circular economy.	This measure envisages the promotion of resource efficiency and the circular economy.
2. Secure and sustainable digital infrastructures	Infrastructures	Enhance low-density territories by requalifying coverage with fixed and high-speed mobile internet.	This measure aims to increase the attractiveness of municipalities, boosting the potential for business activity to be established in these territories and contributing to the achievement of Target #10 of the NDS.

Dimensions of the Digital Decade	Dimensions of the National Digital Strategy (NDS)	List of main contributing measures	Estimated impact of the measures (qualitative and/or quantitative)
3. Digital transformation of businesses	Businesses	Create a National Digital Strategy.	The National Digital Strategy, approved by Council of Ministers Resolution no. 207/2024 of 30 December, is structured around four dimensions (People, Businesses, State and Infrastructures). In the Businesses dimension, with the implementation of the nine actions set out and distributed across three Initiatives, the goal is to create a more competitive, productive, innovative and sustainable economy, driven by digital technologies, as well as to maximise support and facilitate access to resources aimed at the digital transformation of businesses, and to create an ecosystem of innovative, collaborative and entrepreneurial digital companies and startups, enhancing synergies with the scientific and technological system. The following targets are to be achieved in this area: TARGET #4 – 90% of Portuguese SMEs achieve at least a basic level of digital intensity; TARGET #5 – At least 75% of businesses adopt Artificial Intelligence tools; TARGET #6 – Portugal has at least 6,000 startups.
3. Digital transformation of businesses	Businesses	The co-investment line for start-ups and venture capital.	This measure aims to address constraints to economic growth and exports and to promote the development of a venture capital industry with scale and depth, overcoming market failures and contributing to the achievement of Target #6 of the NDS.
4. Digitalisation of public services	State	Create a National Digital Strategy.	The National Digital Strategy, approved by Council of Ministers Resolution no. 207/2024 of 30 December, is structured around four dimensions (People, Businesses, State and Infrastructures). In the State dimension, with the implementation of the 13 actions outlined across four Initiatives, the objective is to ensure that all public services capable of being delivered digitally are available in this format, and that there are 6 million active Digital Mobile Keys (DMK). The following targets are to be achieved in this area: TARGET #7 – All public services that can be delivered digitally are made available through digital means; TARGET #8 – 6 million active Digital Mobile Keys (DMK).

Dimensions of the Digital Decade	Dimensions of the National Digital Strategy (NDS)	List of main contributing measures	Estimated impact of the measures (qualitative and/or quantitative)
4. Digitalisation of public services	State	Increase the data interconnection between the Tax Authority, Social Security and Institute of Registries and Notary, namely household registration, marital status and address, becoming the only channel for data communication.	This measure will have an impact on the allocation of social benefits by Social Security, the recovery of unduly paid benefits, as well as in the context of lease contracts under social rental schemes. For the purposes of combating fraud and contribution evasion, the competent Social Security institutions request the following data from the Tax Authority and the IRN, I.P., via electronic transmission: a) Categories of income; b) Declared values; c) Tax status; d) Household composition; e) Property records; f) Exercise of parental responsibilities; g) Identification of the head of household of a deceased beneficiary; h) Existence of immovable and movable assets subject to registration. Furthermore, this measure will contribute to prevention, risk management and fraud prevention, thereby improving the quality of decision-making. A data interconnection is also established between the Institute for Informatics, I.P., the Madeira Social Security Institute (IP-RAM), and other entities, services and public bodies or institutions of the regional administration of Madeira, in order to ensure greater efficiency, accuracy and control of public support, reduce bureaucracy, streamline procedures and optimise resources. A data interconnection is also established between the IRN, I.P. and other public entities in the area of real estate market regulation, enabling the institute to collect relevant data for this purpose, namely transaction values. This measure contributes to the achievement of Target #7 of the NDS.
4. Digitalisation of public services	State	Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence and contribute to the motivation of professionals and the humanisation of health care.	This measure enables closer interaction with citizens through digital means and telemedicine, as well as strengthening diagnostic support services within primary healthcare, contributing to the achievement of Target #7 of the NDS.
4. Digitalisation of public services	State	Reform insolvency and corporate recovery regimes, by introducing procedural changes and implementing a “digital paradigm” in court proceedings.	The STEPI+ platform (Electronic Processing System for Insolvency Proceedings) allows for faster and more rigorous control of insolvency processes, as well as the electronic serving of summons and notifications to citizens and companies in the context of judicial proceedings. It streamlines procedures and capitalises on and expands existing digital platforms and technological workflows to better serve citizens and businesses.

Dimensions of the Digital Decade	Dimensions of the National Digital Strategy (NDS)	List of main contributing measures	Estimated impact of the measures (qualitative and/or quantitative)
4. Digitalisation of public services	State	Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes.	This measure provides taxpayers and beneficiaries with a comprehensive overview of the benefit/cost balance of the Social Security system. It is part of the Social Security Digital Transition Plan (e-CLIC), under the RRP (TD-C17-i03), consisting of a set of initiatives that "will transform the connection between social security, citizens and employers, ensuring an easy, simple, direct and digital relationship, as well as integrated management of this interaction, which is expected to have a positive impact on both the effectiveness and adequacy of the social protection system." This measure contributes to the achievement of Target #7 of the NDS.
4. Digitalisation of public services	State	Promoting the improvement in the interoperability of territorial-based information systems.	This measure is part of the following RRP initiatives: i) RE-r20: Reorganisation of the rural property cadastre system and the Land Use Monitoring System (SMOS), and ii) RE-C08-i02: Rural Property Cadastre and Land Use Monitoring System (SMOS), which aim to provide the Portuguese State with a comprehensive territorial knowledge base, particularly regarding types and boundaries of rural properties, allowing landowners to be identified. It also aims to make available a SMOS and to develop the BUPi platform (Single Property Desk), a physical and virtual counter providing georeferenced information on properties, which will compile the data required for property registration and facilitate interaction between citizens and the public administration in the context of land registry. This measure contributes to the achievement of Target #7 of the NDS.
4. Digitalisation of public services	State	Requalify the court buildings and strengthen the development of the respective technological equipment.	This measure allows for the renovation of physical infrastructure and will support the development of technological systems. This measure contributes to the achievement of Target #7 of the NDS.

5.2 Financing Framework

Table 5.5. Financing of public policy measures and MTFS Plan funding sources (2025)

Strategic Challenges	Funding Instruments (EURM)				Total
	National (1)	RRP	PT2030	Other EU Funding (2)	
A fairer and more supportive country	1 641	1 966	3 023	0	6 630
A more prosperous, more innovative and competitive country	4 004	6 650	8 023	0	18 678
A country with a more efficient State	282	1 870	476	0	2 628
A more democratic, open and transparent country	544	333	0	0	877
A greener and more sustainable country	11 963	7 489	6 902	6 733	33 087
A more global and humanist country	3 872	268	0	0	4 140
Total	**22 306**	**18 577**	**18 424**	**6 733**	**66 040**

Notes: (1) Includes National Public Counterpart (CPN), Environmental Fund and other national sources provided for in the State Budget (OE). (2) Includes funding from PT2030, MAR2030, CAP Strategic Plan (PEPAC), Connecting Europe Facility (CEF/MIE), and European Maritime, Fisheries and Aquaculture Fund (EMFAF/FEAMPA).

Methodological Note

The multiannual programming framework for the financing of public policy measures includes the projected implementation of investments planned under the Recovery and Resilience Plan (RRP), other European sources provided for under the Multiannual Financial Framework (MFF 2021–2027) – namely Cohesion Policy funds under Portugal 2030 (PT2030), the Common Agricultural Policy funds included in the CAP Strategic Plan (PEPAC), the European Maritime, Fisheries and Aquaculture Fund (EMFAF) through the MAR 2030 Programme, and investments under the Connecting Europe Facility (CEF). It also includes policy measures financed through national funding sources, including national public co-financing (NPC) of European funds, the Environmental Fund (EF), and measures funded under the State Budget (SB) in areas such as taxation, career progression, social support, and defence investment.

The RRP and PT2030 implementation forecasts were developed considering the different nature of these instruments and their respective stage of execution.

Policy measures financed through the RRP include payment forecasts to direct and final beneficiaries for the reference period of the Major Options (2024–2028). Therefore, amounts already transferred to beneficiaries in 2021–2023 are not included. These assumptions explain the differences between the values shown in the table and the overall values recorded in the RRP. The figures presented do not reflect the outcome of the ongoing reprogramming and may therefore change following the approval of the RRP reprogramming. The methodological approach used for forecasting payments to direct and final beneficiaries is not compatible with a direct comparison to the schedule of amounts contracted with direct and intermediate beneficiaries.

For funds programmed under the 2021–2027 MFF, the implementation forecast also follows the timeframe of the Major Options, and as such, the amounts presented in this document are not directly comparable to those shown in the official programming documents, which typically extend to 2029.

For Cohesion Policy funds, the approach used considers the execution registered in 2024 and the forecast for the 2024–2028 period, within the framework of the Multiannual Budgetary Programming. The alignment with strategic challenges was established based on the types of actions within the specific objectives, applying weighting factors where it was necessary to allocate funding from a specific objective to several strategic challenges.

The amounts related to PT2030 only consider financing from ERDF, ESF+, the Cohesion Fund, and the Just Transition Fund (JTF), and do not include funds specifically for Agriculture and Fisheries (EMFAF), or for Asylum and Migration (AMIF).

For the National Public Co-financing (NPC) in 2024, actual execution was used, and for the subsequent years, estimates of funds under PT2030 and PEPAC, as well as other European funds such as the Connecting Europe Facility, where applicable, were used.

PEPAC values were adjusted considering the 3rd PEPAC reprogramming – approved by a European Commission Implementing Decision of 4 February 2025 – which aimed to maintain the resilience of farms, and considering the end of European Investment Bank (EIB) funding for the National Irrigation Plan (Council of Ministers Resolution no. 206/A of 2023). This reprogramming resulted in changes to the distribution of allocations among PEPAC – EAFRD interventions, requiring a revision of the budget for the interventions based on historical implementation and identified investment needs, including reallocating funds to new interventions arising from the reprogramming and increasing funds for irrigation interventions.

For the Environmental Fund (EF), the 2025 values are those set out in Order no. 3495-C/2025. For 2024, the best estimate available at the time was used, corresponding to the values already included in the 2024–2028 Major Options and the 2025–2028 MTFS Plan. It is also assumed that new multiannual commitments will be undertaken for 2026–2028, growing at the same rate as the total EF revenue. This exercise considered revenues from EU ETS 2 (EU Emissions Trading System, Directive (EU) 2023/959) and the Social Climate Fund (SCF). Some uncertainty remains in estimating these values due to the unresolved question of how to align EU ETS 2 with the existing national carbon tax.

This year's edition included national funding for a set of flagship measures, particularly in the areas of taxation, public service career enhancement, increased social support, and defence investment. It should be noted that in these cases both the increase in expenditure and the forecast reduction in tax revenue were accounted for.

It is important to note that the projections were made based on the information available at the time and do not consider possible changes arising from the mid-term review of PT2030 to be submitted by 31 March 2025 or the ongoing RRP reprogramming. Nevertheless, these are inherently dynamic exercises, as they are subject to updates resulting not only from programming changes but also from the actual implementation profile.

A single classification methodology was adopted. That is, each item or public policy measure and its respective funding was allocated to a single strategic challenge. In cases where a given measure or item contributes to more than one challenge, a weighting factor was applied to split the funding among those challenges. This methodology explains the difference in aggregate values, particularly between the strategic challenges “A more democratic, open and transparent country” and “A more global and humanist country” and the other challenges. This difference is mainly due to the cross-cutting nature of the measures assigned to these challenges (in areas such as justice, anti-corruption, civil protection, national defence, and foreign policy), which are also mostly focused on administrative interventions and legislative reforms. Additionally, note that the challenge “A greener and more sustainable country” concentrates the largest share of funding, as it includes not only energy and environmental transition measures, but also major investments in infrastructure, mobility, housing and agriculture.

5.3 Monitoring the implementation of CSRs in the context of the European Semester

Table 5.6. Relevant Country-Specific Recommendations (CSRs) addressed to Portugal (summary version)

CSR Designation (summary)	Country-Specific Recommendations addressed to Portugal (summary version)	Relevant Country-Specific Recommendations addressed to Portugal (original code)[28]
CSR A – Public finances, social protection, health and care.	Improve the quality of public finances by ensuring budgetary prudence and consolidation, while promoting sustainable growth. Improve the efficiency of the tax and social protection systems. Strengthen the resilience of the healthcare system and long-term care.	2019 CSR 1 | SUBPART 2 2019 CSR 1 | SUBPART 3 2019 CSR 2 | SUBPART 4 2020 CSR 1 | SUBPART 2 2020 CSR 1 | SUBPART 3 2020 CSR 2 | SUBPART 2 2022 CSR 1 | SUBPART 4 2023 CSR 1 | SUBPART 5 2024 CSR 1 | SUBPART 1 2024 CSR 1 | SUBPART 2 2024 CSR 1 | SUBPART 3 2024 CSR 1 | SUBPART 4 2024 CSR 1 | SUBPART 5
CSR B – Investment, funds, competitiveness, infrastructure.	Promote public and private investment. Ensure effective and efficient implementation of the RRP and PT2030 funds. Promote business competitiveness and investment in innovation, research, and digital technologies. Invest in railway and port infrastructure.	2019 CSR 3 | SUBPART 1 2019 CSR 3 | SUBPART 2 2019 CSR 4 | SUBPART 1 2019 CSR 4 | SUBPART 2 2019 CSR 4 | SUBPART 4 2020 CSR 2 | SUBPART 4 2020 CSR 3 | SUBPART 2 2020 CSR 3 | SUBPART 5 2020 CSR 3 | SUBPART 6 2020 CSR 4 | SUBPART 1 2022 CSR 2 | SUB PART 1 2023 CSR 2 | SUBPART 1 2024 CSR 2 | SUBPART 1
CSR C – Employment, STEM graduates, digital and green skills.	Support job creation. Increase the number of graduates in STEM fields. Support the acquisition of digital skills and skills needed for the green transition.	2019 CSR 2 | SUBPART 1 2019 CSR 2 | SUBPART 2 2019 CSR 2 | SUBPART 3 2020 CSR 2 | SUBPART 1 2020 CSR 2 | SUBPART 3 2023 CSR 4 | SUBPART 7

[28] The Country-Specific Recommendations (CSRs) addressed to Portugal for the period 2019–2024 were analysed based on their classification in order to determine their relevance. In this context, sub-CSRs classified as "substantial progress" and "full implementation" were excluded, as well as those that were purely budgetary. Subsequently, these were grouped and summarised into four synthetic CSRs, the designation and formulation of which are presented in this table.

CSR Designation (summary)	Country-Specific Recommendations addressed to Portugal (summary version)	Relevant Country-Specific Recommendations addressed to Portugal (original code)[28]
CSR D – Decarbonisation, energy, circular economy, water.	Reduce overall dependence on fossil fuels. Promote investment in wind, solar and hydrogen energy. Modernise the electricity transmission, storage and distribution networks. Encourage energy efficiency in buildings. Promote the circular economy. Improve water management by applying an integrated and sustainable strategy.	2019 CSR 3 | SUBPART 3 2020 CSR 3 | SUBPART 4 2022 CSR 3 | SUBPART 1 2022 CSR 4 | SUBPART 1 2022 CSR 4 | SUBPART 2 2022 CSR 4 | SUBPART 3 2022 CSR 4 | SUBPART 4 2022 CSR 4 | SUBPART 5 2022 CSR 4 | SUB PART 6 2023 CSR 3 | SUBPART 1 2023 CSR 4 | SUBPART 1 2023 CSR 4 | SUBPART 2 2023 CSR 4 | SUBPART 3 2023 CSR 4 | SUBPART 4 2023 CSR 4 | SUBPART 5 2023 CSR 4 | SUBPART 6 2024 CSR 3 | SUBPART 1 2024 CSR 3 | SUBPART 2 2024 CSR 3 | SUBPART 3 2024 CSR 4 | SUBPART 1

Table 5.7. Alignment of the GO 2024–2028 strategic challenges with the relevant Country-Specific Recommendations (CSRs) addressed to Portugal

Strategic challenges	Country-Specific Recommendations (CSRs) addressed to Portugal (summary version)			
	CSR A – Public finances, social protection, health and care	CSR B – Investment, funds, competitiveness, infrastructure	CSR C – Employment, STEM graduates, digital and green skills	CSR D – Decarbonisation, energy, circular economy, water
A fairer and more inclusive country	●●●	●	●●●	
A more prosperous, innovative and competitive country		●●●	●●●	●
A more efficient State	●●●			
A more democratic, open and transparent country	●●	●●	●	●
A greener and more sustainable country	●●	●●●	●●	●●●
A more global and humanist country		●●		

Legend:

● Indirect contribution

●● Relevant direct contribution

●●● Very relevant direct contribution

5.3.1 Reporting Extracted from CeSaR

5.3.1.1 European Semester 2024 | CSR 1

Submit the medium-term fiscal-structural plan in a timely manner. Wind down the emergency energy support measures before the 2024/2025 heating season. Improve the effectiveness of the tax system, in particular by strengthening the efficiency of its administration and reducing the associated administrative burden. Take action to ensure the medium-term fiscal sustainability of the pension system In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 to a rate consistent with, inter alia, putting the general government debt on a plausibly downward trajectory over the medium term and respecting the 3% of GDP deficit Treaty reference value.

2024.CSR1.subpart1	Submit the medium-term fiscal-structural plan in a timely manner.

Designation of measure	Status of the measure	CeSaR Status
Submission of the MTFS Plan	Portugal presented its medium-term fiscal-structural plan on October 11, 2024, within the deadline agreed with the European Commission. In addition, Portugal will also submit its first Annual Progress Report by the stipulated date (April 30, 2025).	Implemented (11/10/2024)

2024.CSR1.subpart2	In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 to a rate consistent with, inter alia, putting the general government debt on a plausibly downward trajectory over the medium term and respecting the 3% of GDP deficit Treaty reference value.

Designation of measure	Status of the measure	CeSaR Status
Fiscal trajectory	The State Budget for 2025 foresees a positive budget balance of 0.3% of GDP for the respective year, which allows to respect the 3% of GDP deficit Treaty reference value. For 2025, net expenditure is also expected to grow in line with the annual ceiling to which Portugal committed under the medium-term fiscal-structural plan. This allows the public debt to continue its downward trajectory in the medium term. Additionally, the budget execution at the time, in relation to the evolution of the actual expenditure of Chapter 60, is in line with the budget.	Adopted (31/12/2024)

2024.CSR1.subpart3 **Wind down the emergency energy support measures before the 2024/2025 heating season.**

Designation of measure	Status of the measure	CeSaR Status
Wind down the emergency energy support measures	In 2024, the suspension of the CO_2 emissions surcharge was entirely lifted. In 2025, this value was revised downwards (Executive order 355-A/2024/1), in line with the outcome of the European auctions. To ensure tax neutrality, an equivalent part of the tax on fuels discount was reversed (Executive order 355-B/2024/1).	Implemented (27/12/2024)

2024.CSR1.subpart4 **Improve the effectiveness of the tax system, in particular by strengthening the efficiency of its administration and reducing the associated administrative burden.**

Designation of measure	Status of the measure	CeSaR Status
Improvement of the effectiveness of the tax system	On January 16, 2025, the Council of Ministers announced an Agenda for Tax Simplification, including more than 30 measures, to reduce compliance costs for both businesses and the Portuguese Tax Authority, to enhance transparency and understanding of tax obligations for taxpayers, and to improve the services provided by the Tax Authority. On March 27, 2025, Decree-Law No. 49/2025 was published, approving a set of legislative amendments aimed at implementing more than 12 of the measures foreseen in the Agenda for Tax Simplification, as well as introducing changes to implement 8 additional measures not originally included in the Agenda. Among the measures already approved are: - elimination of redundant reporting obligations, especially those in the Annexes O and Q of the IES form; - VAT periodic return will be automatically submitted for taxpayers with no taxable transactions; - VAT records will be digitised for taxpayers without organised accounting; - simplifying customs and tax formalities for postal and express shipments of goods valued below €1,000; - no final withholding is waived when the amount in question is less than €25; - harmonisation of various deadlines for fulfilling reporting obligations, particularly concerning personal income tax; - harmonisation of validity periods of certificates of tax and social security compliance.	Adopted (27/03/2025)
Implement the Public Sector Accounting Standardisation System (SNC-AP) and programme-based budgeting	This measure aims to implement programme-based budgeting in order to structure budget management based on objectives and results, ensuring greater efficiency and transparency in the allocation of public resources, and is expected to be supported by the 2026 State Budget. This measure is supported by the Recovery and Resilience Plan (RRP) through Component: C17 - Quality and Sustainability of Public Finances (TD-C17-i01 and TD-C17-r32).	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Increase the data interconnection between the Tax Authority, Social Security and Institute of Registries and Notary, namely household registration, marital status and address, becoming the only channel for data communication	This measure aims to establish a single data channel, particularly for the registration of households, marital status and address, thereby improving the efficiency of these public services. As part of its implementation, an internal review has been carried out to identify all processes requiring interoperability and coordination with the Tax Authority and the relevant ministries.	Announced (31/03/2025)
Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes	This measure aims to continue digitising Social Security, making it more accessible, promoting efficiency and reducing fraud and evasion. As part of this measure, work has already begun on planning procedures by the Instituto de Informática I.P., an organization of the Ministry of Labour, Solidarity and Social Security responsible for managing all the benefits of the social security system and implementing this measure. This measure is supported by the RRP through Component C17 - Quality and Sustainability of Public Finances (TD-C17-i03).	Announced (31/03/2025)
Reduce corporate income tax rates, starting with a gradual reduction of 1 percentage point in 2025	This measure is included in the State Budget for 2025 (Law no. 45-A/2024, of 31 December), in Article 90, which refers to the reduction of one percentage point in the corporate income tax rate. Its implementation is the result of Law no. 41/2024, of 8 November, which transposes Directive (EU) 2022/2523, on guaranteeing a worldwide minimum level of taxation for groups of multinational companies and large national groups in the EU. The initiatives carried out in this measure correspond to the materialisation of measures one and two of the Accelerate the Economy Programme, which refer, respectively, to the gradual reduction of the corporate income tax rate, with the aim of boosting economic growth, and the creation of a 15% minimum taxation mechanism for multinational and national groups, in accordance with the transposition of Pillar 2 (Directive (EU) 2022/2523, of 14 December 2022).	Implemented (31/12/2024)
Simplify and make the tax regime associated with corporate restructuring and merger operations more attractive	The aim is to make concentration operations more attractive from a tax point of view and to promote a reduction in the costs associated with these operations, in order to stimulate their occurrence and promote a gain in scale for national companies. Measure 12 of the Accelerating the Economy Programme, which, among other things, revises the rules on the tax deductibility of goodwill in concentration operations, also contributes to this. It is expected that this measure will be implemented in 2025.	Announced (31/03/2025)

2024.CSR1.subpart5 **Take action to ensure the medium-term fiscal sustainability of the pension system**

Designation of measure	Status of the measure	CeSaR Status
Study the introduction of partial retirement mechanisms to facilitate the transition between working life and retirement.	Portugal has established a Working Group (Order no. 1452/2025) with the main goal of defining action lines to strengthen the sustainability and modernisation of Social Security. This Working Group has the following objectives: a) To conduct an actuarial review of the Global Contribution Rate of the Previdential System, as provided in Article 51 of Law no. 110/2009, of September 16, with a detailed breakdown of the various contingencies covered. b) To promote an integrated analysis of the sustainability, adequacy, and intra- and intergenerational equity of the public social protection systems, including the Previdential System, the Convergent Social Protection Scheme of the Caixa Geral de Aposentações, and the Citizenship Social Protection System, considering the different contingencies covered, with a long-term strategic vision for the Integrated Social Security System. c) To promote an integrated analysis of the sustainability of the pension system, including the Citizenship Social Protection System and the Previdential System, with a long-term strategic vision for the Integrated Social Security System. d) To promote an analysis of the sustainability of the Convergent Social Protection Scheme of the Caixa Geral de Aposentações. e) To define strategies and assess proposals that ensure the long-term sustainability of the pension system and improve its adequacy and equity. f) To develop complementary schemes, both collectively and individually initiated, as well as the public capitalisation scheme, offering contributors greater flexibility and personalized options, reinforcing savings and the resilience of the system. g) To study Partial Retirement Mechanisms that facilitate the gradual transition from working life to retirement, assessing the impact of these measures on the financial sustainability of the system and the adequacy of social benefits. h) To reassess the Early Retirement Scheme, prioritising policies that encourage remaining in the workforce and increasing the volume of contributions, thereby promoting the medium- and long-term sustainability of the system. The Order that establishes the aforementioned Working Group stipulates that, six months after beginning ts duties, the Working Group must present a progress report addressing items f), g), and h). In this regard, it is expected that this progress report may be published in July 2025 and may contain the Working Group's initial conclusions.	Announced (31/01/2025)
Combat fraud in contributions and benefits, and tackle contribution evasion	This measure aims to combat tax fraud and evasion. As far as its progress is concerned, the Instituto de Informática, I.P., under the supervision of the Ministry of Labour, Solidarity and Social Security, is implementing two intelligent surveillance models, based on machine learning, to support fraud prevention: a predictive model and a risk index model. These models are expected to be completed by the end of the first half of 2026.	Announced (31/03/2025)

5.3.1.2 European Semester 2024 | CSR 2

Strengthen administrative capacity to manage EU funds, accelerate investments and maintain momentum in the implementation of reforms. Address relevant challenges to allow for continued, swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter, ensuring completion of reforms and investments by August 2026. Accelerate the implementation of cohesion policy programmes. In the context of their mid-term review, continue focusing on the agreed priorities, taking action to better address the needs in the area of prevention of and preparedness for climate change-related risks, while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.

2024.CSR2.subpart1	**Strengthen administrative capacity to manage EU funds, accelerate investments and maintain momentum in the implementation of reforms. Address relevant challenges to allow for continued, swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter, ensuring completion of reforms and investments by August 2026. Accelerate the implementation of cohesion policy programmes. In the context of their mid-term review, continue focusing on the agreed priorities, taking action to better address the needs in the area of prevention of and preparedness for climate change-related risks, while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.**

Designation of measure	Status of the measure	CeSaR Status
Concentrate most Government and Central Administration entities in a single physical space	This measure aims to restructure the centre of government and direct state administration and is taking place according to the timetable set out in the founding laws of the Reform (see Decree-Laws 43-A/2024 and 43-B/2024). The General Secretariat of the Government (which provides horizontal support to the entire government) is already in place and the new organisational structure of the Shared Services Entity of the Public Administration, I.P. (ESPAP) has already been approved. The ministerial areas of the Presidency of the Council of Ministers, the Economy and the Environment have already been restructured (with the respective General Secretariats dissolved and other entities reorganised), with the remaining areas to follow. The Indirect Administration, General Inspectorates and Governance of the State Business Sector will only be targeted at a later stage. This measure is provided for in the Recovery and Resilience Plan (RRP) through Component: C19 - More Efficient Public Administration (TD-C19-r35).	Adopted (02/07/2024)

Designation of measure	Status of the measure	CeSaR Status
To empower the Centre of Government, developing centres of excellence, including planning, foresight and evaluation of public services and legal services	This measure aims to qualify the Centre of Government by developing centres of excellence, namely in the areas of planning, foresight and evaluation of public policies and legal services. To this end, the law approving Centre for Planning and Policy Evaluation - PLANAPP's new organisational structure was published (Decree-Law 67/2024 of 8 October), making its restructuring a reality, consolidating the functions of foresight, strategic planning, monitoring and evaluation, promoting inter-ministerial cooperation and collaborative work, namely through the Public Administration Planning and Foresight Services Network (REPLAN). The new organic law expands its scope of intervention, providing it with the necessary means to ensure the analysis and impact of public policies in a transversal and qualified manner. In this way, PLANAPP asserts itself as a central entity in the implementation of public policies in Portugal and in specialised support for political decision-making. With the restructuring of each Governmental Area, according to the timetable set out in the Decree-Law, the sectoral entities responsible for planning and evaluating public policies are being adjusted to align with the new general model approved. In parallel, the new organisational structure of the State Legal Centre (CEJURE) was approved (cf. Decree-Law No. 68/2024 of 8 October). CEJURE’s mission is to provide legal support, consultancy and advisory services to the Council of Ministers, Government members, and central public administration bodies and services. Alongside the Directorate-General for European and International Law—which will be responsible for providing legal support to the Ministry of Foreign Affairs and the Government on European and international matters—these bodies have seen their roles strengthened. CEJURE is currently undergoing capacity-building in terms of resources, with the aim of concentrating the State’s legal services. This measure is provided for in the Recovery and Resilience Plan (RRP) through Component: C19- More Efficient Public Administration (TD-C19-r35).	Adopted (08/10/2024)
Strengthening human resources in EMRP	In order to meet the deadlines for analysing applications and payment requests (60 and 20 days, respectively) and to speed up and maximise the programme's implementation, the Recovering Portugal Mission Structure (EMRP) team has been reinforced with a significant increase in its human resources structure, having launched an external tender to recruit several workers, which was concluded on 10 January.	Adopted (10/01/2025)
Reinforcement of technical coordination between the various government areas to articulate the work leading to the implementation of the RRP and PT2030	By focusing on the management of European funds, the aim is to eliminate existing redundancies between the various programmes, reduce delays in their implementation and allocate financial resources to high-quality projects with a multiplier effect on the economy. In order to fulfil these objectives, it is planned to strengthen technical coordination between the various government areas covered by the respective funds. This coordination will involve, among other things, greater communication between all areas, in order to eliminate potential one-off problems. In addition to the regular interactions within the scope of specific RRP measures and the more recent interaction and coordination with the various government areas within the scope of the technical meetings held with the European Commission and within the scope of the reprogramming of the RRP, a series of specific meetings should be held in 2025 to assess the progress of the implementation of the RRP measures. The main aim of these meetings will be to monitor the realisation of the RRP's milestones and targets and the implementation of the respective measures, to identify potential inherent risks, as well as to promote potential mitigating measures that make it possible to speed up the implementation of the RRP.	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Implement the multiannual investment framework for the security forces	The multiannual investment plan for the Security Forces for the 2022-2026 Programming cycle, with a total amount of 607.2 M€, was approved by Decree-Law no. 54/2022 of 12 August, which covers the implementation of seven measures: Infrastructure, Vehicles, Armaments, Personal Protective Equipment (PPE), Operational Support Equipment (OSE), Equipment for Specialised Functions (ESF) and Information and Communication Technology Systems (ICTS). The implementation of the plan in 2024 was as follows: in the Infrastructure measure, financial execution was around EUR 7.3 million, and multi-annual charges totalling EUR 29.4 million were approved for improvements to posts and police stations; in the Vehicles measure, 412 vehicles were delivered to the Security Forces; in the Armaments measure, 19,604 items were delivered. In the Armaments measure, 19,604 items were delivered; in the PPE measure, 8,207 items were delivered; 3,100 items were delivered in the case of OSE, and 1,073 and 836 items were delivered in the case of ESF and ICTS, respectively. The multiannual procurement plan for 2025–2026 was also prepared, including the prioritisation of investments by category. Furthermore, Council of Ministers Resolution No. 193/2024 of 19 December was published, authorising expenditure for the acquisition of various light and heavy vehicles and motorcycles (an estimated total of 655 vehicles) for the National Republican Guard and the Public Security Police, to be procured in 2025 and 2026, with a total estimated value of EUR 20.1 million.	Adopted (31/03/2025)
Create and implement the Coastal Resilience Action Plan 2025-2040	An Order is being prepared to establish the Coastal Resilience Working Group (GTRL), tasked with laying the groundwork for the Coastal Resilience Action Plan 2025–2040, which will revise and replace the Coastal Action Plan XXI (PAL XXI) of 2017. The aim is to update the planning framework and renew momentum in this field. The new programme will provide guidelines, instruments, interventions and investments to respond to the challenges of protecting the coastline and identify new proposals to overcome the current constraints of dealing with extreme weather events. A budget allocation of EUR 200,000 from the 2025 Environmental Fund is foreseen to be managed by the Portuguese Environment Agency (APA) for this review process.	Announced (31/03/2025)
Regulate and implement various aspects of the Framework Climate Law	Since climate action is a priority, and in order to make up for the delay in complying with the provisions of this law, the following steps were taken: appointing a representative to the Climate Action Council, as provided for in the Basic Climate Law; reviewing and approving the PNEC 2030; reviewing the National Low Carbon Roadmap 2050 (underway, due to be completed this year); drawing up the carbon budgets (the public consultation phase of which ended on 12/01/2025 and is currently in the process of analysing the contributions received); preparing the process of reviewing the National Strategy for Adaptation to Climate Change, which will take place this year.	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, considering the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, "Posto de Transformação", which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)
Develop new financial instruments to foster investment in the agroforestry, fisheries and aquaculture sectors	- The Agri Portugal Credit Line, in partnership with the European Investment Fund, was reinforced by EUR 15 million from the European Fund for Strategic Investments, which could leverage up to EUR 150 million in loans to agricultural sector investments, offering lower interest rates, exemption from collateral, and extended repayment terms, up to the end of 2025; - Under the third PEPAC reprogramming, financial instruments totalling EUR 50 million are planned; - This measure is supported by PEPAC through interventions C.2.1.4 and C.2.2.3 under Pillar C.2 Investment and Generation Renewal, and C.3.1.3 under Pillar C.3 Rural Sustainability; - A successor to the "Pilot Project – Forest Vouchers" is under development, entitled Active Forest, which will continue to provide support to small forest owners/producers, enabling them to contribute effectively to wildfire risk reduction; - Creation of a standardised financial instrument for agriculture, as referenced in the previous measure.	Adopted (31/03/2025)
Enhance the use of funds from the Common Agricultural Policy, the Environmental Fund, PT2030, MAR2030, and European programs such as Horizon Europe and InvestEU	Within the scope of this measure, the following initiatives are worth highlighting: - The 3rd reprogramming of the Strategic Plan for the Common Agricultural Policy (PEPAC) was submitted on 15 October 2024 and approved on 4 February 2025. This reprogramming will enable farmers to increase their income by raising the level of support under the Basic Income Support scheme strengthening measures to maintain agricultural activity in disadvantaged areas; - The boundaries between cohesion policy funds and the European Agricultural Fund for Rural Development (EAFRD) were reviewed. One of the areas under analysis concerns access by the agri-forestry sector—particularly Producer Organisations and Cooperatives—to cohesion policy funds; - A proposal was submitted to the European Commission to assess the creation of a standardised financial instrument for agriculture, under the national component of the InvestEU programme; - Following early achievement of the target associated with the RRP investment RE-C08-01 – Milestone 8.2 – Publication of the Integrated Landscape Management Operations (OIGP) (originally foreseen for Q3 2025 but achieved in Q4 2024), EUR 52 million was reallocated for the purchase of equipment and vehicles for wildfire prevention and response; - Under the RRP component C10-i02, EUR 9.7 million had been disbursed by January 2025, representing 46% of the component's total allocation and	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	exceeding the average RRP financial implementation rate, which stood at 28% as of 31 December 2024. This measure is supported by the Partnership Agreement (PA), the PEPAC, and the RRP.	
Ensure the execution of the National Investment Programme (PNI2030)	A Council of Ministers Resolution is currently being prepared, which determines the study and implementation of priority road projects in accordance with the objectives established in the plans and programmes already defined, namely in the National Road Plan (PRN) (Decree-Law no. 222/98, 17 July), which includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide them with a level of service, conditions and safety. This includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide the roads with the necessary level of service, traffic conditions and safety, as well as establishing new links to the surrounding road network and ensuring inter modality with other modes of transport. The major projects underway include the new Lisbon airport and the high-speed railway line. This measure is supported by the Partnership Agreement.	Announced (31/03/2025)
Review and implement the National Energy and Climate Plan (PNEC 2030)	The component of the measure relating to the revision of the PNEC has already been finalised and implementation is underway. The PNEC 2030 was updated through a participatory process that included a public consultation that took place between July and September 2024. The Council of Ministers Resolution No. 149/2024, of 30 October, approved the PNEC for submission to the Portuguese Parliament, in accordance with article 20 of the Climate Framework Law. The PNEC was subsequently approved by the Portuguese Parliament in December 2024 and sent to the European Commission for final approval. The updated PNEC has more ambitious targets for reducing greenhouse gas emissions and for increasing the share of renewable energy.	Adopted (30/10/2024)
Develop the National Strategy for Mineral Resources	With the entry into force of the European Regulation on Critical Raw Materials (EMPRM), Portugal will have to keep up with the European Union's commitment, namely by removing obstacles to a coherent national strategy throughout the country. To this end, an inter-ministerial working group was set up to propose an Action Plan for Critical Raw Materials (PAMPC), which will be the main instrument for ensuring that national policies and legislation meet the requirements and obligations arising from Regulation (EU) 2024/1252, of 11 April establishing a framework to ensure a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013 of 15 January 2013, (EU) 2018/858 of 30 May 2018, (EU) 2018/1724 of 2 October 2018 and (EU) 2019/1020 of 20 June 2019. The PAMPC was presented on 3 December 2024 and includes 19 measures of general scope and for thematic areas such as Exploration and Research, Licensing, Circularity, Monitoring and Stocks, Financing and Public Participation. A law is being prepared to adopt the plan and, in parallel, actions are being taken to implement the priority and urgent measures relating to adapting the legal framework, designating single points of contact and implementing the Geological Resources Sector Programme and support mechanisms for strategic projects in Critical and Strategic Raw Materials. Preparations are also underway to revise the Legal Framework for the Development and Use of Mineral Deposits (Decree-Law no. 30/2021, of 7 May), the Legal Framework for Environmental Impact Assessment (Decree-Law no. 151-B/2013, of 31 October), the Environmental Simplex (Decree-Law no. 11/2023, of 10 October), and the Environmental Simplex (Decree-Law no. 11/2023, of 10 October).º 11/2023, of 10 February) and the Investment Project Monitoring System (Decree-Law no. 154/2013, of 5 November, which also creates the Interministerial Council for Investment and the Permanent Investor Support Commission).	Announced (03/12/2024)

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)
Strengthening the administrative capacity for the implementation of Cohesion Policy Funds	The implementation of this measure is based on a wide range of initiatives, which are listed below: - In order to minimise potential risks of misuse of European funds, namely the risks of double funding and the existence of a conflict of interest, additional decisions were taken. In particular, the EMRP developed the FinDup application within its information system, which makes it possible to carry out ex-ante verification procedures using interoperability between reliable databases, in terms of systematic analysis and cross-checks, when analysing RRP applications, approving them and contracting them. With a view to speeding up the process of allocating and implementing funds, implementation of the analysis of applications has been promoted, using both IT tools, namely artificial intelligence (AI), and higher education institutions. Pilot projects are currently being developed for their application; - By the end of the first quarter of 2025, “Fundos IA” will be available, a platform that allows the creation of personalised generative Artificial Intelligence (AI) chatbots. The first use cases are: summarising applications and projects; support in assessing selection criteria; support in verifying public procurement procedures; support in writing notifications; - In 2025, it is also planned to promote solutions for the free provision of liquidity, which could involve commercial banking or the BPF, in order to eliminate potential delays in making funds available that have already been approved and thus leverage the implementation of European funds; - Following the approval of the National Anti-Fraud Strategy (ENAF),Order No. 7833/2023 of 31 July, the entities that make up the Funds Ecosystem have implemented their respective anti-fraud strategies that incorporate the measures imposed in that diploma, namely the implementation of mechanisms for their evaluation and monitoring, as well as the existence of user-friendly channels for submitting complaints about the application of European Union Funds, which ensure the confidentiality of information and the anonymity of complainants. Seeking balance between the effective and efficient implementation of the Funds and the respective administrative costs and burdens, the Agency for Development and Cohesion (AD&C),	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	together with Nova IMS – Information Management School at NOVA University Lisboa, and in coordination with the Managing Authorities, developed a risk assessment methodology; The current risk assessment model has been implemented and in use for Framework 2030 - Payment Requests since January 2024. In 2025, and depending on the volume of PT 2030 data, the need to revise the model will be assessed by identifying new explanatory factors of potential risks, adding or replacing factors that may lose explanatory capacity of the error. Risk-based management checks focussing on higher-risk areas reinforce the control mechanisms for the correct application of European funds; - Measures have been implemented to increase the transparency of operations receiving funding, including publication in local and regional newspapers, as defined in Decree-Law No.31/2024 of 8 May. The “Mais Transparência Portal” (More Transparency Portal) provides access to data on programming, calls for proposals, operations and beneficiaries under Portugal 2030 (PT2030), as well as new functionalities that will allow for the public disclosure of new data, as well as detailed knowledge of operations and beneficiaries of support, including locations of operations (some of this data is available on the "Open Platform for Portuguese Public Data"). Currently, PT2030 data is released on a monthly basis, which is intended to be strengthened through interoperability mechanisms that allow data to be communicated to the portal on a daily basis. In addition, since the start of PT 2030, dynamic infographics have also been published on the PT 2030 Portal and on the website of the AD&), accompanied by the publication of lists of approved operations, in open formats, allowing users to access the data; - To enhance the predictability of calls for tenders to co-finance investments with European funds, the Annual Call Plan for Portugal 2030 is published. It sets out funding opportunities over a 12-month horizon and is updated annually in January, May and September.	

5.3.1.3 European Semester 2024 | CSR 3

Improve water management to strengthen adaptation to the effects of climate change and ensure long-term economic and environmental resilience, by putting in place a strategy for integrated and sustainable water management, developing its governance structure, promoting investments in wastewater collection and treatment, leaks reduction and water monitoring, while developing nature-based solutions and water body rehabilitation, and improving water efficiency and water reuse.

2024.CSR3.subpart1	**Improve water management to strengthen adaptation to the effects of climate change and ensure long-term economic and environmental resilience, by putting in place a strategy for integrated and sustainable water management, developing its governance structure**

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the national strategy “Water that Unites”	The Order 7821/2024 of 16 July set up a working group to prepare a new national water management strategy called "Water that Unites". The strategic guidelines were presented to the public and are currently under public consultation until 25 April. The "Water that Unites" strategy, scheduled to run until 2040, aims to coordinate all the management instruments in force, promoting the sustainability of water bodies, guaranteeing water supply, safeguarding the well-being of the population and the viability of economic sectors, particularly agriculture. With "Water that Unites", the plan is to create conditions for new investments, strengthen farmers' incomes and guarantee food security, territorial cohesion and environmental sustainability. In the first phase (2025 to 2030), more than EUR 5000 million will be invested. Meanwhile, several initiatives are underway, including: - EUR 27 million from the Environmental Fund has been approved to reinforce water efficiency through the construction of the Funcho-Arade water main (a project originally included in the RRP but underbudgeted). Within the scope of the Algarve Regional Water Efficiency Plan (RE-C09-i01), several measures are currently being implemented, with total investment of around EUR 345 million. These aim to mitigate water scarcity and strengthen the region’s resilience to drought episodes. The expected water resilience gain is approximately 70 million m^3/year (including both demand- and supply-side measures), representing around 30% of total water consumption in the region. Key measures include: a. The process to construct the Algarve Desalination Plant is under way. The design, construction and operation contract were awarded in October 2024. This project is part of a broader strategy to deal with the aforementioned public water supply shortages in the Algarve. In fact, the Desalination Solution Project in the Algarve region is included in the Algarve Regional Water Efficiency Plan. This infrastructure will have an initial treatment capacity of 16 million m^3/year, scalable up to 24 million m^3/year. b. Reinforcing the Algarve's water supply - Pomarão Water Intake Solution: the project to capture water from the River Guadiana at Pomarão, in the municipality of Mértola, is expected to contribute an average of around 16 cubic hectometres per year to the Algarve's water supply. The tender process has been completed and is currently awaiting the evaluation of proposals and final awarding. - The contract was signed for the construction of the Xévora Irrigation Block. Tenders were launched for: the Reguengos irrigation block (not included in the Hydraulic Circuit works financed under the Rural Development Programme – PDR 2020); the Moura irrigation block and the modernisation of the Alvor hydro-agricultural scheme (RRP EUR 11.2 million). Also	Announced (09/03/2025)

	noteworthy is the construction of the Crato Multipurpose Hydraulic Development - RE-C09-i02 (planning phase) and RE-C09-i04 (construction phase, EUR 141 million); - National Irrigation Programme: A new source of funding was identified for the applications approved under Call 02. It is important to highlight the various investments in irrigation, not only with regard to the National Irrigation Programme, to be completed by 2028, but also with regard to PDR 2020, to be completed by the end of 2025, to PEPAC, to be completed by the end of 2027, and to RRP, to be completed by the end of 2026.	
Create and implement the Coastal Resilience Action Plan 2025-2040	An Order is being prepared to establish the Coastal Resilience Working Group (GTRL), tasked with laying the groundwork for the Coastal Resilience Action Plan 2025–2040, which will revise and replace the Coastal Action Plan XXI (PAL XXI) of 2017. The aim is to update the planning framework and renew momentum in this field. The new programme will provide guidelines, instruments, interventions and investments to respond to the challenges of protecting the coastline and identify new proposals to overcome the current constraints of dealing with extreme weather events. A budget allocation of EUR 200,000 from the 2025 Environmental Fund is foreseen to be managed by the Portuguese Environment Agency (APA) for this review process.	Announced (31/03/2025)

2024.CSR3.subpart2	promoting investments in wastewater collection and treatment, leaks reduction and water monitoring,

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the national strategy “Water that Unites”	The Order 7821/2024 of 16 July set up a working group to prepare a new national water management strategy called "Water that Unites". The strategic guidelines were presented to the public and are currently under public consultation until 25 April. The "Water that Unites" strategy,	Announced (09/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	scheduled to run until 2040, aims to coordinate all the management instruments in force, promoting the sustainability of water bodies, guaranteeing water supply, safeguarding the well-being of the population and the viability of economic sectors, particularly agriculture. With "Water that Unites", the plan is to create conditions for new investments, strengthen farmers' incomes and guarantee food security, territorial cohesion and environmental sustainability. In the first phase (2025 to 2030), more than EUR 5000 million will be invested. Meanwhile, several initiatives are underway, including: - EUR 27 million from the Environmental Fund has been approved to reinforce water efficiency through the construction of the Funcho-Arade water main (a project originally included in the RRP but underbudgeted). Within the scope of the Algarve Regional Water Efficiency Plan (RE-C09-i01), several measures are currently being implemented, with total investment of around EUR 345 million. These aim to mitigate water scarcity and strengthen the region's resilience to drought episodes. The expected water resilience gain is approximately 70 million m^3/year (including both demand- and supply-side measures), representing around 30% of total water consumption in the region. Key measures include: a. The process to construct the Algarve Desalination Plant is under way. The design, construction and operation contract were awarded in October 2024. This project is part of a broader strategy to deal with the aforementioned public water supply shortages in the Algarve. In fact, the Desalination Solution Project in the Algarve region is included in the Algarve Regional Water Efficiency Plan. This infrastructure will have an initial treatment capacity of 16 million m^3/year, scalable up to 24 million m^3/year. b. Reinforcing the Algarve's water supply - Pomarão Water Intake Solution: the project to capture water from the River Guadiana at Pomarão, in the municipality of Mértola, is expected to contribute an average of around 16 cubic hectometres per year to the Algarve's water supply. The tender process has been completed and is currently awaiting the evaluation of proposals and final awarding. - The contract was signed for the construction of the Xévora Irrigation Block. Tenders were launched for: the Reguengos irrigation block (not included in the Hydraulic Circuit works financed under the Rural Development Programme – PDR 2020); the Moura irrigation block and the modernisation of the Alvor hydro-agricultural scheme (RRP EUR 11.2 million). Also noteworthy is the construction of the Crato Multipurpose Hydraulic Development - RE-C09-i02 (planning phase) and RE-C09-i04 (construction phase, EUR 141 million); - National Irrigation Programme: A new source of funding was identified for the applications approved under Call 02. It is important to highlight the various investments in irrigation, not only with regard to the National Irrigation Programme, to be completed by 2028, but also with regard to PDR 2020, to be completed by the end of 2025, to PEPAC, to be completed by the end of 2027, and to RRP, to be completed by the end of 2026.	
Develop programs to reduce water losses in supply networks	Investment needs identified under the "Water That Unites" Strategy for the rehabilitation of low-pressure distribution systems are estimated at around EUR 1.4 billion by 2024. Focus is placed on the Algarve region, where water scarcity is most acute. Within the RRP, EUR 43.9 million is allocated (RE-C09-i01.01). Four calls for proposals have already been launched under this measure, the most recent in July 2024.	Adopted (31/03/2025)
Develop programs to increase the use of treated wastewater	According to the Action Plan of the Águas de Portugal Group, the target is to produce 116 hm^3 of treated wastewater for reuse by 2040, with an estimated investment of approximately EUR137 million. Under the RRP (RE-C09-i01.04), EUR 23 million will be invested by 2026 to make an additional 8 hm^3/year of treated water available.	Adopted (31/03/2025)

2024.CSR3.subpart3	**while developing nature-based solutions and water body rehabilitation, and improving water efficiency and water reuse.**

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the national strategy “Water that Unites”	The Order 7821/2024 of 16 July set up a working group to prepare a new national water management strategy called "Water that Unites". The strategic guidelines were presented to the public and are currently under public consultation until 25 April. The "Water that Unites" strategy, scheduled to run until 2040, aims to coordinate all the management instruments in force, promoting the sustainability of water bodies, guaranteeing water supply, safeguarding the well-being of the population and the viability of economic sectors, particularly agriculture. With "Water that Unites", the plan is to create conditions for new investments, strengthen farmers' incomes and guarantee food security, territorial cohesion and environmental sustainability. In the first phase (2025 to 2030), more than EUR 5000 million will be invested. Meanwhile, several initiatives are underway, including: - EUR 27 million from the Environmental Fund has been approved to reinforce water efficiency through the construction of the Funcho-Arade water main (a project originally included in the RRP but underbudgeted). Within the scope of the Algarve Regional Water Efficiency Plan (RE-C09-i01), several measures are currently being implemented, with total investment of around EUR 345 million. These aim to mitigate water scarcity and strengthen the region’s resilience to drought episodes. The expected water resilience gain is approximately 70 million m^3/year (including both demand- and supply-side measures), representing around 30% of total water consumption in the region. Key measures include: a. The process to construct the Algarve Desalination Plant is under way. The design, construction and operation contract were awarded in October 2024. This project is part of a broader strategy to deal with the aforementioned public water supply shortages in the Algarve. In fact, the Desalination Solution Project in the Algarve region is included in the Algarve Regional Water Efficiency Plan. This infrastructure will have an initial treatment capacity of 16 million m^3/year, scalable up to 24 million m^3/year. b. Reinforcing the Algarve's water supply - Pomarão Water Intake Solution: the project to capture water from the River Guadiana at Pomarão, in the municipality of Mértola, is expected to contribute an average of around 16 cubic hectometres per year to the Algarve's water supply. The tender process has been completed and is currently awaiting the evaluation of proposals and final awarding. - The contract was signed for the construction of the Xévora Irrigation Block. Tenders were launched for: the Reguengos irrigation block (not included in the Hydraulic Circuit works financed under the Rural Development Programme – PDR 2020); the Moura irrigation block and the modernisation of the Alvor hydro-agricultural scheme (RRP EUR 11.2 million). Also noteworthy is the construction of the Crato Multipurpose Hydraulic Development - RE-C09-i02 (planning phase) and RE-C09-i04 (construction phase, EUR 141 million); - National Irrigation Programme: A new source of funding was identified for the applications approved under Call 02. It is important to highlight the various investments in irrigation, not only with regard to the National Irrigation Programme, to be completed by 2028, but also with regard to PDR 2020, to be completed by the end of 2025, to PEPAC, to be completed by the end of 2027, and to RRP, to be completed by the end of 2026.	Announced (09/03/2025)
Develop programs to increase the use of treated wastewater	According to the Action Plan of the Águas de Portugal Group, the target is to produce 116 hm^3 of treated wastewater for reuse by 2040, with an estimated investment of approximately EUR137 million. Under the RRP (RE-C09-	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	i01.04), EUR 23 million will be invested by 2026 to make an additional 8 hm^3/year of treated water available.	
Develop and implement the National Nature Restoration Plan	The National Nature Restoration Plan is currently under development. An Interministerial Coordination Committee, a Working Group, and a Monitoring Committee have been established by Order No. 12734/2024 of 25 October. The Plan constitutes a response to obligations under the European Union framework, in particular Regulation (EU) 2024/1991 of the European Parliament and of the Council. The Regulation establishes a set of targets and measures aimed at restoring degraded habitats and combating biodiversity loss in Europe, under which Member States will have to implement restoration measures with the aim of jointly covering at least 20 per cent of terrestrial areas and at least 20 per cent of marine areas by 2030 and, by 2050, all ecosystems in need of restoration.	Announced (25/10/2024)

5.3.1.4 European Semester 2024 | CSR 4

Strengthen the capacity of the electricity transmission and distribution grid, in particular by improving connection procedures and increasing their transparency to incentivise investments in the national network and increase energy storage capacities.

2024.CSR4.subpart1	**Strengthen the capacity of the electricity transmission and distribution grid, in particular by improving connection procedures and increasing their transparency to incentivise investments in the national network and increase energy storage capacities.**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Launch tender procedures for offshore wind energy production auctions	Regarding promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, €140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

5.3.1.5 European Semester 2023 | CSR 1

Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings. Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 1.8%1, unless a higher reference rate in net nationally financed primary expenditure growth is estimated to be compatible with Portugal reaching its MTO of -0.5% of GDP, inter alia if interest expenditure is lower than currently projected by the Commission. Preserve nationally financed public investment and ensure the effective absorption of RRF grants and other EU funds, in particular to foster the green and digital transitions. For the period beyond 2024, continue to pursue a medi

2023.CSR1.subpart5	**Improve the effectiveness of the tax and social protection systems, in particular by prioritising the simplification of both frameworks, strengthening the efficiency of their respective administrations, and reducing the associated administrative burden.**

Designation of measure	Status of the measure	CeSaR Status
Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes	This measure aims to continue digitising Social Security, making it more accessible, promoting efficiency and reducing fraud and evasion. As part of this measure, work has already begun on planning procedures by the Instituto de Informática I.P., an organization of the Ministry of Labour, Solidarity and Social Security responsible for managing all the benefits of the social security system and implementing this measure. This measure is supported by the RRP through Component C17 - Quality and Sustainability of Public Finances (TD-C17-i03).	Announced (31/03/2025)
Combat fraud in contributions and benefits, and tackle contribution evasion	This measure aims to combat tax fraud and evasion. As far as its progress is concerned, the Instituto de Informática, I.P., under the supervision of the Ministry of Labour, Solidarity and Social Security, is implementing two intelligent surveillance models, based on machine learning, to support fraud prevention: a predictive model and a risk index model. These models are expected to be completed by the end of the first half of 2026.	Announced (31/03/2025)

5.3.1.6 European Semester 2023 | CSR 2

Accelerate the implementation of its recovery and resilience plan, also by ensuring an adequate administrative capacity and, following the recent submission of the addendum, including the REPowerEU chapter and the additional loan request, rapidly start the implementation of the related measures. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.

2023.CSR2.subpart1	**Accelerate the implementation of its recovery and resilience plan, also by ensuring an adequate administrative capacity and, following the recent submission of the addendum, including the REPowerEU chapter and the additional loan request, rapidly start the implementation of the related measures. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Strengthen support programmes for energy efficiency in housing	A Working Group was created to oversee the national transposition of the Energy Performance of Buildings Directive (Directive (EU) 2024/1275 of 24 April). The new Directive requires a set of principles and targets with the aim of increasing the efficiency of the national building stock: the definition of zero-emission buildings; the establishment of minimum energy performance standards; the drafting and implementation of a National Building Renovation Plan (in conjunction with the Long-Term Strategy for Building Renovation); the analysis of the building's life-cycle emissions and the establishment of emission limits, as well as the mandatory installation of solar systems. The government is preparing to launch, in 2025, the "More Sustainable Neighbourhoods" programme to support energy efficiency interventions, such as the thermal insulation of buildings and upgrades to public spaces, including green areas. The aim is to convert urban areas with greater social vulnerabilities and risks of energy poverty into Sustainable Urban Areas. In parallel, the "E-LAR" programme will be launched to address energy poverty among vulnerable households by promoting and facilitating the replacement of obsolete appliances with electric, more energy-efficient versions. This measure corresponds to RRP investments (TC-C13-i01 and RP-C21-i02) totalling EUR 420 million (including a EUR 120 million reinforcement under REPowerEU) in the energy efficiency of residential buildings, with a special focus to low-income households. This measure is also supported by the PA. The More Sustainable Buildings Support Programme was reinforced with an additional EUR 60 million (Environmental Fund) to ensure all eligible applications to the programme receive funding. These measures are aligned with the Long-Term Strategy for Energy Poverty Reduction 2023–2050, for which the Action Plan for Energy Poverty 2025–2030 is expected to be finalised during the first half of 2025.	Announced (31/03/2025)
Enhance the use of funds from the Common Agricultural Policy, the Environmental Fund, PT2030, MAR2030, and European programs such as Horizon Europe and InvestEU	Within the scope of this measure, the following initiatives are worth highlighting: - The 3rd reprogramming of the Strategic Plan for the Common Agricultural Policy (PEPAC) was submitted on 15 October 2024 and approved on 4 February 2025. This reprogramming will enable farmers to increase their income by raising the level of support under the Basic Income Support scheme strengthening measures to maintain agricultural activity in disadvantaged areas; - The boundaries between cohesion policy funds and the European Agricultural Fund for Rural Development (EAFRD) were reviewed. One of the areas under analysis concerns access by the agri-forestry sector—particularly Producer Organisations and Cooperatives—to cohesion policy funds; - A proposal was submitted to the European Commission to assess the creation of a standardised financial instrument for agriculture, under the national component of the InvestEU programme; - Following early achievement of the target associated with the RRP investment RE-C08-01 – Milestone 8.2 – Publication of the Integrated Landscape Management Operations (OIGP) (originally foreseen for Q3 2025 but achieved in Q4 2024), EUR 52 million was reallocated for the purchase of equipment and vehicles for wildfire prevention and response; - Under the RRP component C10-i02, EUR 9.7 million had been disbursed by January 2025, representing 46% of the component's total allocation and exceeding the average RRP financial implementation rate, which stood at 28% as of 31 December 2024. This measure is supported by the Partnership Agreement (PA), the PEPAC, and the RRP.	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Develop the National Strategy for Mineral Resources	With the entry into force of the European Regulation on Critical Raw Materials (EMPRM), Portugal will have to keep up with the European Union's commitment, namely by removing obstacles to a coherent national strategy throughout the country. To this end, an inter-ministerial working group was set up to propose an Action Plan for Critical Raw Materials (PAMPC), which will be the main instrument for ensuring that national policies and legislation meet the requirements and obligations arising from Regulation (EU) 2024/1252, of 11 April establishing a framework to ensure a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013 of 15 January 2013, (EU) 2018/858 of 30 May 2018, (EU) 2018/1724 of 2 October 2018 and (EU) 2019/1020 of 20 June 2019. The PAMPC was presented on 3 December 2024 and includes 19 measures of general scope and for thematic areas such as Exploration and Research, Licensing, Circularity, Monitoring and Stocks, Financing and Public Participation. A law is being prepared to adopt the plan and, in parallel, actions are being taken to implement the priority and urgent measures relating to adapting the legal framework, designating single points of contact and implementing the Geological Resources Sector Programme and support mechanisms for strategic projects in Critical and Strategic Raw Materials. Preparations are also underway to revise the Legal Framework for the Development and Use of Mineral Deposits (Decree-Law no. 30/2021, of 7 May), the Legal Framework for Environmental Impact Assessment (Decree-Law no. 151-B/2013, of 31 October), the Environmental Simplex (Decree-Law no. 11/2023, of 10 October), and the Environmental Simplex (Decree-Law no. 11/2023, of 10 October).º 11/2023, of 10 February) and the Investment Project Monitoring System (Decree-Law no. 154/2013, of 5 November, which also creates the Interministerial Council for Investment and the Permanent Investor Support Commission).	Announced (03/12/2024)

5.3.1.7 European Semester 2023 | CSR 3

Improve the conditions for the transition towards a circular economy, in particular by increasing waste prevention, recycling and reuse, to divert waste away from landfills and incinerators.

2023.CSR3.subpart1	**Improve the conditions for the transition towards a circular economy, in particular by increasing waste prevention, recycling and reuse, to divert waste away from landfills and incinerators.**

Designation of measure	Status of the measure	CeSaR Status
Develop programs to increase the use of treated wastewater	According to the Action Plan of the Águas de Portugal Group, the target is to produce 116 hm^3 of treated wastewater for reuse by 2040, with an estimated investment of approximately EUR137 million. Under the RRP (RE-C09-i01.04), EUR 23 million will be invested by 2026 to make an additional 8 hm^3/year of treated water available.	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Implement a waste management policy for a circular economy	The restructuring of the Waste Management Monitoring Committee (CAGER) entails the transfer of powers to the Water and Waste Services Regulatory Authority (ERSAR), a process initiated in 2024. Although part of this transfer has already been enacted in law (specifically regarding municipal waste), further steps are needed concerning non-municipal waste (still pending transfer), which requires amending ERSAR's statutes and securing adequate financial resources. The second Action Plan for the Circular Economy (PAEC II) has been completed and is ready to enter the legislative process. The drafting of the PAEC II, with a time horizon of 2023-2027, took as its starting point the evaluation of the PAEC 2017-2020 actions, the survey of Portugal's performance through circular economy indicators, as well as the European Union's 2nd Circular Economy Action Plan. The PAEC II vision is "A regenerative, efficient, productive and inclusive economic and social development model". This measure is supported by the RRP (TC-C12-r39) and the PA. Additionally, following the establishment of a working group tasked with developing a diagnosis and action plan for waste management, the TERRA Plan – Efficient Transformation of Waste into Environmental Resources was recently presented. This plan is structured around three pillars: i) Preventing waste generation and promoting the circular economy; ii) Expanding the capacity of existing infrastructure; iii) Institutional-level action. The TERRA Plan outlines critical issues and corresponding investment priorities (ranging between EUR 2.1 million and EUR 3.7 million), aiming to place Portugal on track to meet EU waste targets.	Announced (05/11/2024)
Develop the National Strategy for Mineral Resources	With the entry into force of the European Regulation on Critical Raw Materials (EMPRM), Portugal will have to keep up with the European Union's commitment, namely by removing obstacles to a coherent national strategy throughout the country. To this end, an inter-ministerial working group was set up to propose an Action Plan for Critical Raw Materials (PAMPC), which will be the main instrument for ensuring that national policies and legislation meet the requirements and obligations arising from Regulation (EU) 2024/1252, of 11 April establishing a framework to ensure a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013 of 15 January 2013, (EU) 2018/858 of 30 May 2018, (EU) 2018/1724 of 2 October 2018 and (EU) 2019/1020 of 20 June 2019. The PAMPC was presented on 3 December 2024 and includes 19 measures of general scope and for thematic areas such as Exploration and Research, Licensing, Circularity, Monitoring and Stocks, Financing and Public Participation. A law is being prepared to adopt the plan and, in parallel, actions are being taken to implement the priority and urgent measures relating to adapting the legal framework, designating single points of contact and implementing the Geological Resources Sector Programme and support mechanisms for strategic projects in Critical and Strategic Raw Materials. Preparations are also underway to revise the Legal Framework for the Development and Use of Mineral Deposits (Decree-Law no. 30/2021, of 7 May), the Legal Framework for Environmental Impact Assessment (Decree-Law no. 151-B/2013, of 31 October), the Environmental Simplex (Decree-Law no. 11/2023, of 10 October), and the Environmental Simplex (Decree-Law no. 11/2023, of 10 October).º 11/2023, of 10 February) and the Investment Project Monitoring System (Decree-Law no. 154/2013, of 5 November, which also creates the Interministerial Council for Investment and the Permanent Investor Support Commission).	Announced (03/12/2024)

5.3.1.8 European Semester 2023 | CSR 4

Reduce overall reliance on fossil fuels. Further accelerate the deployment of renewables by further simplifying and digitalising permitting to allow for additional wind particularly offshore and solar electricity production, as well as promoting self-consumption and renewable energy communities. Increase electricity interconnection capacity and upgrade the electricity transmission and distribution grids, enabling investment in electricity storage and digitalisation of the grid, including the faster roll-out of smart meters. Accelerate investment in energy efficiency by promoting financial schemes to attract private investment and supporting households in need. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.

2023.CSR4.subpart1 **Reduce overall reliance on fossil fuels.**

Designation of measure	Status of the measure	CeSaR Status
Finalise the Marine Spatial Planning Situation Plan and approve Allocation Plans	With the Council of Ministers Resolution No.136/2024 of 16 October, which approved the "National Maritime Spatial Planning Situation Plan for the Azores subdivision", the process of defining Portugal´s Maritime Spatial Planning was concluded. This also finalised the full transposition of Directive 2008/56/EC of 17 June, as amended by Directive (EU) 2017/845 of 17 May, known as the Marine Strategy Framework Directive (MSFD), which had been pending since 2021. This measure corresponds to Measure 56 of the "Accelerate the Economy" Programme.	Implemented (16/10/2024)
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, "Posto de Transformação", which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Launch tender procedures for offshore wind energy production auctions	Regarding promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, €140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

2023.CSR4.subpart2 | **Further accelerate the deployment of renewables by further simplifying and digitalising permitting to allow for additional wind particularly offshore and solar electricity production, as well as promoting self-consumption and renewable energy communities.**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)
Launch tender procedures for offshore wind energy production auctions	Regarding promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, €140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of	Adopted (27/05/2024)

Designation of measure	Status of the measure	CeSaR Status
	water using electricity from renewable energy sources. The final results were published in February 2025.	

2023.CSR4.subpart3 **Increase electricity interconnection capacity**

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)

2023.CSR4.subpart4	and upgrade the electricity transmission and distribution grids, enabling investment in electricity storage

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)

2023.CSR4.subpart5	and digitalisation of the grid, including the faster roll-out of smart meters.

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	

2023.CSR4.subpart6 **Accelerate investment in energy efficiency by promoting financial schemes to attract private investment and supporting households in need.**

Designation of measure	Status of the measure	CeSaR Status
Strengthen support programmes for energy efficiency in housing	A Working Group was created to oversee the national transposition of the Energy Performance of Buildings Directive (Directive (EU) 2024/1275 of 24 April). The new Directive requires a set of principles and targets with the aim of increasing the efficiency of the national building stock: the definition of zero-emission buildings; the establishment of minimum energy performance standards; the drafting and implementation of a National Building Renovation Plan (in conjunction with the Long-Term Strategy for Building Renovation); the analysis of the building's life-cycle emissions and the establishment of emission limits, as well as the mandatory installation of solar systems. The government is preparing to launch, in 2025, the "More Sustainable Neighbourhoods" programme to support energy efficiency interventions, such as the thermal insulation of buildings and upgrades to public spaces, including green areas. The aim is to convert urban areas with greater social vulnerabilities and risks of energy poverty into Sustainable Urban Areas. In parallel, the "E-LAR" programme will be launched to address energy poverty among vulnerable households by promoting and facilitating the replacement of obsolete appliances with electric, more energy-efficient versions. This measure corresponds to RRP investments (TC-C13-i01 and RP-C21-i02) totalling EUR 420 million (including a EUR 120 million reinforcement under REPowerEU) in the energy efficiency of residential buildings, with a special focus to low-income households. This measure is also supported by the PA. The More Sustainable Buildings Support Programme was reinforced with an additional EUR 60 million (Environmental Fund) to ensure all eligible applications to the programme receive funding. These measures are aligned with the Long-Term Strategy for Energy Poverty Reduction 2023–2050, for which the Action Plan for Energy Poverty 2025–2030 is expected to be finalised during the first half of 2025.	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)

2023.CSR4.subpart7 **Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.**

Designation of measure	Status of the measure	CeSaR Status
Develop the National Strategy for Mineral Resources	With the entry into force of the European Regulation on Critical Raw Materials (EMPRM), Portugal will have to keep up with the European Union's commitment, namely by removing obstacles to a coherent national strategy throughout the country. To this end, an inter-ministerial working group was set up to propose an Action Plan for Critical Raw Materials (PAMPC), which will be the main instrument for ensuring that national policies and legislation meet the requirements and obligations arising from Regulation (EU) 2024/1252, of 11 April establishing a framework to ensure a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013 of 15 January 2013, (EU) 2018/858 of 30 May 2018, (EU) 2018/1724 of 2 October 2018 and (EU) 2019/1020 of 20 June 2019. The PAMPC was presented on 3 December 2024 and includes 19 measures of general scope and for thematic areas such as Exploration and Research, Licensing, Circularity, Monitoring and Stocks, Financing and Public Participation. A law is being prepared to adopt the plan and, in parallel, actions are being taken to implement the priority and urgent measures relating to adapting the legal framework, designating single points of contact and implementing the Geological Resources Sector Programme and support mechanisms for strategic projects in Critical and Strategic Raw Materials.	Announced (03/12/2024)

Designation of measure	Status of the measure	CeSaR Status
	Preparations are also underway to revise the Legal Framework for the Development and Use of Mineral Deposits (Decree-Law no. 30/2021, of 7 May), the Legal Framework for Environmental Impact Assessment (Decree-Law no. 151-B/2013, of 31 October), the Environmental Simplex (Decree-Law no. 11/2023, of 10 October), and the Environmental Simplex (Decree-Law no. 11/2023, of 10 October).º 11/2023, of 10 February) and the Investment Project Monitoring System (Decree-Law no. 154/2013, of 5 November, which also creates the Interministerial Council for Investment and the Permanent Investor Support Commission).	

5.3.1.9 European Semester 2022 | CSR 1

In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally financed primary current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU initiative, including by making use of the Recovery and Resilience Facility and other Union funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms. Improve the effectiveness of the tax and social protection systems, in particular by simplifying both frameworks, strengthening the efficiency of their respective administrations, and reducing the associated administrative burden.

2022.CSR1.subpart4	**Improve the effectiveness of the tax and social protection systems, in particular by simplifying both frameworks, strengthening the efficiency of their respective administrations, and reducing the associated administrative burden.**

Designation of measure	Status of the measure	CeSaR Status
Create the taxpayer-beneficiary current account, as an instrument that will allow citizens to have reliable information on the history of their contributions to public Social Security schemes	This measure aims to continue digitising Social Security, making it more accessible, promoting efficiency and reducing fraud and evasion. As part of this measure, work has already begun on planning procedures by the Instituto de Informática I.P., an organization of the Ministry of Labour, Solidarity and Social Security responsible for managing all the benefits of the social security system and implementing this measure. This measure is supported by the RRP through Component C17 - Quality and Sustainability of Public Finances (TD-C17-i03).	Announced (31/03/2025)
Combat fraud in contributions and benefits, and tackle contribution evasion	This measure aims to combat tax fraud and evasion. As far as its progress is concerned, the Instituto de Informática, I.P., under the supervision of the Ministry of Labour, Solidarity and Social Security, is implementing two intelligent surveillance models, based on machine learning, to support fraud prevention: a predictive model and a risk index model. These models are expected to be completed by the end of the first half of 2026.	Announced (31/03/2025)

5.3.1.10 European Semester 2022 | CSR 2

Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Swiftly finalise the negotiations with the Commission on the 2021-2027 cohesion policy programming documents with a view to starting their implementation.

2022.CSR2.subpart1 **Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021.**

Designation of measure	Status of the measure	CeSaR Status
Strengthening human resources in EMRP	In order to meet the deadlines for analysing applications and payment requests (60 and 20 days, respectively) and to speed up and maximise the programme's implementation, the Recovering Portugal Mission Structure (EMRP) team has been reinforced with a significant increase in its human resources structure, having launched an external tender to recruit several workers, which was concluded on 10 January.	Adopted (10/01/2025)
Reinforcement of technical coordination between the various government areas to articulate the work leading to the implementation of the RRP and PT2030	By focusing on the management of European funds, the aim is to eliminate existing redundancies between the various programmes, reduce delays in their implementation and allocate financial resources to high-quality projects with a multiplier effect on the economy. In order to fulfil these objectives, it is planned to strengthen technical coordination between the various government areas covered by the respective funds. This coordination will involve, among other things, greater communication between all areas, in order to eliminate potential one-off problems. In addition to the regular interactions within the scope of specific RRP measures and the more recent interaction and coordination with the various government areas within the scope of the technical meetings held with the European Commission and within the scope of the reprogramming of the RRP, a series of specific meetings should be held in 2025 to assess the progress of the implementation of the RRP measures. The main aim of these meetings will be to monitor the realisation of the RRP's milestones and targets and the implementation of the respective measures, to identify potential inherent risks, as well as to promote potential mitigating measures that make it possible to speed up the implementation of the RRP.	Adopted (31/03/2025)
Strengthening the administrative capacity for the implementation of Cohesion Policy Funds	The implementation of this measure is based on a wide range of initiatives, which are listed below: - In order to minimise potential risks of misuse of European funds, namely the risks of double funding and the existence of a conflict of interest, additional decisions were taken. In particular, the EMRP developed the FinDup application within its information system, which makes it possible to carry out ex-ante verification procedures using interoperability between reliable databases, in terms of systematic analysis and cross-checks, when analysing RRP applications, approving them and contracting them. With a view to speeding up the process of allocating and implementing funds, implementation of the analysis of applications has been promoted, using both IT tools, namely artificial intelligence (AI), and higher education institutions. Pilot projects are currently being developed for their application; - By the end of the first quarter of 2025, “Fundos IA” will be available, a platform that allows the creation of personalised generative Artificial Intelligence (AI) chatbots. The first use cases are: summarising applications	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	and projects; support in assessing selection criteria; support in verifying public procurement procedures; support in writing notifications; - In 2025, it is also planned to promote solutions for the free provision of liquidity, which could involve commercial banking or the BPF, in order to eliminate potential delays in making funds available that have already been approved and thus leverage the implementation of European funds; - Following the approval of the National Anti-Fraud Strategy (ENAF), Order No. 7833/2023 of 31 July, the entities that make up the Funds Ecosystem have implemented their respective anti-fraud strategies that incorporate the measures imposed in that diploma, namely the implementation of mechanisms for their evaluation and monitoring, as well as the existence of user-friendly channels for submitting complaints about the application of European Union Funds, which ensure the confidentiality of information and the anonymity of complainants. Seeking balance between the effective and efficient implementation of the Funds and the respective administrative costs and burdens, the Agency for Development and Cohesion (AD&C), together with Nova IMS – Information Management School at NOVA University Lisboa, and in coordination with the Managing Authorities, developed a risk assessment methodology; The current risk assessment model has been implemented and in use for Framework 2030 - Payment Requests since January 2024. In 2025, and depending on the volume of PT 2030 data, the need to revise the model will be assessed by identifying new explanatory factors of potential risks, adding or replacing factors that may lose explanatory capacity of the error. Risk-based management checks focussing on higher-risk areas reinforce the control mechanisms for the correct application of European funds; - Measures have been implemented to increase the transparency of operations receiving funding, including publication in local and regional newspapers, as defined in Decree-Law No.31/2024 of 8 May. The “Mais Transparência Portal” (More Transparency Portal) provides access to data on programming, calls for proposals, operations and beneficiaries under Portugal 2030 (PT2030), as well as new functionalities that will allow for the public disclosure of new data, as well as detailed knowledge of operations and beneficiaries of support, including locations of operations (some of this data is available on the "Open Platform for Portuguese Public Data"). Currently, PT2030 data is released on a monthly basis, which is intended to be strengthened through interoperability mechanisms that allow data to be communicated to the portal on a daily basis. In addition, since the start of PT 2030, dynamic infographics have also been published on the PT 2030 Portal and on the website of the AD&), accompanied by the publication of lists of approved operations, in open formats, allowing users to access the data; - To enhance the predictability of calls for tenders to co-finance investments with European funds, the Annual Call Plan for Portugal 2030 is published. It sets out funding opportunities over a 12-month horizon and is updated annually in January, May and September.	

5.3.1.11 European Semester 2022 | CSR 3

Enhance the conditions for a transition towards a circular economy, in particular by increasing waste prevention, recycling and reuse to divert waste away from landfills and incinerators.

2022.CSR3.subpart1	**Enhance the conditions for a transition towards a circular economy, in particular by increasing waste prevention, recycling and reuse to divert waste away from landfills and incinerators.**

Designation of measure	Status of the measure	CeSaR Status
Develop programs to increase the use of treated wastewater	According to the Action Plan of the Águas de Portugal Group, the target is to produce 116 hm^3 of treated wastewater for reuse by 2040, with an estimated investment of approximately EUR137 million. Under the RRP (RE-C09-i01.04), EUR 23 million will be invested by 2026 to make an additional 8 hm^3/year of treated water available.	Adopted (31/03/2025)
Implement a waste management policy for a circular economy	The restructuring of the Waste Management Monitoring Committee (CAGER) entails the transfer of powers to the Water and Waste Services Regulatory Authority (ERSAR), a process initiated in 2024. Although part of this transfer has already been enacted in law (specifically regarding municipal waste), further steps are needed concerning non-municipal waste (still pending transfer), which requires amending ERSAR's statutes and securing adequate financial resources. The second Action Plan for the Circular Economy (PAEC II) has been completed and is ready to enter the legislative process. The drafting of the PAEC II, with a time horizon of 2023-2027, took as its starting point the evaluation of the PAEC 2017-2020 actions, the survey of Portugal's performance through circular economy indicators, as well as the European Union's 2nd Circular Economy Action Plan. The PAEC II vision is "A regenerative, efficient, productive and inclusive economic and social development model". This measure is supported by the RRP (TC-C12-r39) and the PA. Additionally, following the establishment of a working group tasked with developing a diagnosis and action plan for waste management, the TERRA Plan – Efficient Transformation of Waste into Environmental Resources was recently presented. This plan is structured around three pillars: i) Preventing waste generation and promoting the circular economy; ii) Expanding the capacity of existing infrastructure; iii) Institutional-level action. The TERRA Plan outlines critical issues and corresponding investment priorities (ranging between EUR 2.1 million and EUR 3.7 million), aiming to place Portugal on track to meet EU waste targets.	Announced (05/11/2024)

5.3.1.12 European Semester 2022 | CSR 4

Reduce overall reliance on fossil fuels, including in the transport sector. Accelerate the deployment of renewables by upgrading electricity transmission and distribution grids, enabling investments in electricity storage and streamlining permitting procedures to allow for further development of wind, particularly offshore, and solar electricity production, as well as renewable hydrogen production. Strengthen the incentives framework for energy efficiency investments in buildings. Increase energy interconnections.

2022.CSR4.subpart1 **Reduce overall reliance on fossil fuels**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)
Launch tender procedures for offshore wind energy production auctions	With regard to promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, EUR 140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

2022.CSR4.subpart2 **including in the transport sector.**

Designation of measure	Status of the measure	CeSaR Status
Evaluate the creation of incentives for the energy conversion of passenger transport vehicles	This measure aims to convert fossil fuel-powered vehicles into renewable energy-powered vehicles. It is currently at the final stage of technical studies, and a draft legislative proposal has already been prepared for the subsequent legislative process. This measure is supported by the the RRP (C15 - Sustainable Mobility and C21 - REPowerEU: TC-C15-i05; TC-C15-i06; TC-C15-r30; RP-C21-i12) and the Partnership Agreement (PA). Additionally, EUR 227 million in funding from the Environmental Fund was approved for the purchase of 861 zero-emission buses for mainland Portugal.	Announced (31/03/2025)

2022.CSR4.subpart3 **Accelerate the deployment of renewables by upgrading electricity transmission and distribution grids, enabling investments in electricity storage**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
	sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	
Launch tender procedures for offshore wind energy production auctions	With regard to promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated.	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, EUR 140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

2022.CSR4.subpart4 **and streamlining permitting procedures to allow for further development of wind, particularly offshore, and solar electricity production, as well as renewable hydrogen production.**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Launch tender procedures for offshore wind energy production auctions	With regard to promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, EUR 140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

2022.CSR4.subpart5 | **Strengthen the incentives framework for energy efficiency investments in buildings.**

Designation of measure	Status of the measure	CeSaR Status
Strengthen support programmes for energy efficiency in housing	A Working Group was created to oversee the national transposition of the Energy Performance of Buildings Directive (Directive (EU) 2024/1275 of 24 April). The new Directive requires a set of principles and targets with the aim of increasing the efficiency of the national building stock: the definition of zero-emission buildings; the establishment of minimum energy performance standards; the drafting and implementation of a National Building Renovation Plan (in conjunction with the Long-Term Strategy for Building Renovation); the analysis of the building's life-cycle emissions and the establishment of emission limits, as well as the mandatory installation of solar systems. The government is preparing to launch, in 2025, the "More Sustainable Neighbourhoods" programme to support energy efficiency interventions, such as the thermal insulation of buildings and upgrades to public spaces, including green areas. The aim is to convert urban areas with greater social vulnerabilities and risks of energy poverty into Sustainable Urban Areas. In parallel, the "E-LAR" programme will be launched to address energy poverty among vulnerable households by promoting and facilitating the replacement of obsolete appliances with electric, more energy-efficient versions. This measure corresponds to RRP investments (TC-C13-i01 and RP-C21-i02) totalling EUR 420 million (including a EUR 120 million reinforcement under REPowerEU) in the energy efficiency of residential buildings, with a special focus to low-income households. This measure is also supported by the PA. The More Sustainable Buildings Support Programme was reinforced with an additional EUR 60 million (Environmental Fund) to ensure all eligible applications to the programme receive funding. These measures are aligned with the Long-Term Strategy for Energy Poverty Reduction 2023–2050, for which the Action Plan for Energy Poverty 2025–2030 is expected to be finalised during the first half of 2025.	Announced (31/03/2025)

2022.CSR4.subpart6 **Increase energy interconnections.**

Designation of measure	Status of the measure	CeSaR Status
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)

5.3.1.13 European Semester 2020 | CSR 1

In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system and ensure equal access to quality health and long-term care.

2020.CSR1.subpart2 **Strengthen the resilience of the health system**

Designation of measure	Status of the measure	CeSaR Status
Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence and contribute to the motivation of professionals and the humanization of health care.	The Multiannual Investment Plan of the Ministry of Health 2030 (PPI MS 2030) has been published and is structured around seven strategic pillars: Primary Healthcare, Hospital Care, Continuity of Care, Mental Health, Digital Transition, Environmental Sustainability, and Professional Training and Capacity Building. These pillars aim to strengthen and modernise the National Health Service (NHS), improving access and the quality of services provided, ensuring greater efficiency and promoting technological innovation and sustainability. The total planned investment up to 2030 amounts to EUR 6.3 billion, sourced from various funding instruments. The Recovery and Resilience Plan (RRP) secures EUR 1.59 billion up to 2026, while the Health Investment Programme (PIAS) provides EUR 114.4 million. An additional investment need of EUR 4.6 billion is also estimated. Key projects include the construction of new hospitals, reinforcement of long-term and palliative care services, technological modernisation, and investments in energy efficiency in SNS infrastructure. This measure is provided for in the Recovery and Resilience Plan (RRP), in its Component:C01- National Health Service (RE-C01-i01; RE-C01-i04; RE-C01-i06).	Implemented (30/07/2024)
Develop and implement the National Sports Development Plan and a new model for the coordination of sports policies and initiatives in Portugal	In December 2024, the first five measures and respective programmes (14) were presented to promote sports development in Portugal, with an investment of around EUR 65 million. These target: (i) sports infrastructures and high-performance centres; (ii) sports development, science and innovation; (iii) inclusion of sport for all; (iv) high performance and dual career; and (v) finally training and certification. To implement these programmes, the 2024-2028 Sports Programme Contract was signed between the Portuguese Institute of Sport and Youth and the Olympic and the Paralympic Committees of Portugal. The coordination model for sports policies and initiatives in Portugal depends directly on the conclusion of the National Sports Development Plan, which is expected to be presented in the first half of 2025.	Announced (17/12/2024)

Designation of measure	Status of the measure	CeSaR Status
Define a national strategic plan for birth and longevity	A National Longevity Strategy is currently being drawn up with the aim of improving well-being and quality of life throughout people's lives. Public policies in this area must be aligned and coherent with the national goal of increasing the birth rate and, on the other hand, placing longevity as a priority, and in this specific dimension, a possible combination and integration of the current Active and Healthy Ageing Action Plan is being analysed. The strategy should take on two core areas of intervention: i) Family policies, with a special focus on protecting children and other dependents; and ii) Policies for dignified and healthy ageing (which include measures that have already been implemented, such as the Revision of the Informal Carer Statute (Decree-Law no. 86/2024, of 6 March).º 86/2024, of 6 November); the implementation of free medicines for CSI beneficiaries (Executive Order n.º 90/2024, of 27 May); the increase in the Solidarity Supplement for the Elderly - CSI (Executive Order n.º 311/2024/1, of 3 December) and the creation of the Statute of the Elderly Person - legislative process underway in parliament). This measure is included in the RRP, in its Component C03 - Social Responses (RE-C03-i01), and is also included in the Partnership Agreement (PA).	Announced (31/03/2025)

2020.CSR1.subpart3 **and ensure equal access to quality health and long-term care.**

Designation of measure	Status of the measure	CeSaR Status
Define a Multiannual Investment Plan for the National Health Service (NHS), aiming to modernize its units and equip its infrastructure technologically. The Plan seeks to strengthen the NHS's response capacity in its fundamental valence and contribute to the motivation of professionals and the humanization of health care.	The Multiannual Investment Plan of the Ministry of Health 2030 (PPI MS 2030) has been published and is structured around seven strategic pillars: Primary Healthcare, Hospital Care, Continuity of Care, Mental Health, Digital Transition, Environmental Sustainability, and Professional Training and Capacity Building. These pillars aim to strengthen and modernise the National Health Service (NHS), improving access and the quality of services provided, ensuring greater efficiency and promoting technological innovation and sustainability. The total planned investment up to 2030 amounts to EUR 6.3 billion, sourced from various funding instruments. The Recovery and Resilience Plan (RRP) secures EUR 1.59 billion up to 2026, while the Health Investment Programme (PIAS) provides EUR 114.4 million. An additional investment need of EUR 4.6 billion is also estimated. Key projects include the construction of new hospitals, reinforcement of long-term and palliative care services, technological modernisation, and investments in energy efficiency in SNS infrastructure. This measure is provided for in the Recovery and Resilience Plan (RRP), in its Component:C01- National Health Service (RE-C01-i01; RE-C01-i04; RE-C01-i06).	Implemented (30/07/2024)

Designation of measure	Status of the measure	CeSaR Status
Define a national strategic plan for birth and longevity	A National Longevity Strategy is currently being drawn up with the aim of improving well-being and quality of life throughout people's lives. Public policies in this area must be aligned and coherent with the national goal of increasing the birth rate and, on the other hand, placing longevity as a priority, and in this specific dimension, a possible combination and integration of the current Active and Healthy Ageing Action Plan is being analysed. The strategy should take on two core areas of intervention: i) Family policies, with a special focus on protecting children and other dependents; and ii) Policies for dignified and healthy ageing (which include measures that have already been implemented, such as the Revision of the Informal Carer Statute (Decree-Law no. 86/2024, of 6 March).º 86/2024, of 6 November); the implementation of free medicines for CSI beneficiaries (Executive Order n.º 90/2024, of 27 May); the increase in the Solidarity Supplement for the Elderly - CSI (Executive Order n.º 311/2024/1, of 3 December) and the creation of the Statute of the Elderly Person - legislative process underway in parliament). This measure is included in the RRP, in its Component C03 - Social Responses (RE-C03-i01), and is also included in the Partnership Agreement (PA).	Announced (31/03/2025)

5.3.1.14 European Semester 2020 | CSR 2

Support employment and prioritise measures to preserve jobs. Guarantee sufficient and effective social protection and income support. Support the use of digital technologies to ensure equal access to quality education and training and to boost firms' competitiveness.

2020.CSR2.subpart1	**Support employment and prioritise measures to preserve jobs.**

Designation of measure	Status of the measure	CeSaR Status
Increase the national minimum wage to EUR 1,020 in 2028.	This measure results from the Tripartite Agreement on Wage Enhancement and Economic Growth 2025-2028, signed between the Government and the Social Partners on 1 October 2024, and represents a nominal increase of 24% in gross monthly renumeration compared to 2024. The increase in the guaranteed minimum monthly wage to EUR 870 in 2025 was approved by Decree-Law 112/2024 of 19 December.	Adopted (19/12/2024)

Designation of measure	Status of the measure	CeSaR Status
Review of the career and evaluation regime of teachers in primary and secondary education	On 14 February, Decree-Law no. 9-A/2025 was published, amending Decree-Law no. 79/2014, of 14 May, which approves the legal regime for professional qualifications for teaching in pre-school education and basic and secondary education, and Decree-Law no. 22/2014, of 11 February, which establishes the legal regime for continuous teacher training. The approved law, which is the result of a joint reflection with the education system's agents and partners, aims to respond to the difficulties of operationalisation signalled by higher education institutions, which could create obstacles to the professional training of new teachers. With regard to the diploma on continuous teacher training, provision has been made for the creation of open and massive online training courses in the form of recognised continuous training actions, ensuring quality, impartiality and compliance with the pedagogical purposes that guide the professional development of teachers, while also extending the modalities of continuous training for educators and teachers. These changes are intended to promote an increase in candidates for master's degrees in teaching, in order to guarantee the necessary number of educators and teachers with the appropriate qualifications to meet the needs of the education system and contribute to structural solutions to the problem of the high number of students without lessons. The Statute of the Teaching Career (ECD) is currently under review, and an agreement has already been reached regarding mobility in health grounds. The revision of the ECD aims to make teaching careers more attractive, transparent, simple, predictable and fair, meeting the natural expectations of teachers and the needs of the Portuguese education system, particularly in terms of mobility, the performance assessment model, entry and recruitment.	Adopted (14/02/2025)
Develop and implement the "+ Aulas, + Sucesso" uninterrupted schooling plan	On 14 June 2024, the Ministry of Education, Science and Innovation (MECI) presented the "+ Classes + Success" plan to prevent students from missing classes. The plan comprises 15 measures structured around three priority axes: More Support; Better Management; Retain and Attract Teachers. Some of these measures are already being implemented in the 2024/25 school year, with particular focus on priority schools where students are most affected by teacher shortages. In general, these measures aim to improve teachers' working conditions—for example, by extending professional activity through a financial supplement, compensating additional overtime, and providing schools and school leaders with tools to enable more effective teacher management, thereby reducing the number of students without lessons. In addition to the 15 measures included in the plan—set out in Decree-Law No. 51/2024 of 28 August—MECI decided to adopt further measures, including an extraordinary external competition for the selection and recruitment of teaching staff in pre-school, basic and secondary education (for the 2024/25 academic year), and the introduction of a financial incentive for teachers to relocate to disadvantaged schools. Both measures are included in Decree-Law No. 57-A/2024 of 13 September.	Adopted (28/08/2024)

2020.CSR2.subpart2 **Guarantee sufficient and effective social protection and income support.**

Designation of measure	Status of the measure	CeSaR Status
Increase the national minimum wage to EUR 1,020 in 2028.	This measure results from the Tripartite Agreement on Wage Enhancement and Economic Growth 2025-2028, signed between the Government and the Social Partners on 1 October 2024, and represents a nominal increase of 24% in gross monthly renumeration compared to 2024. The increase in the guaranteed minimum monthly wage to EUR 870 in 2025 was approved by Decree-Law 112/2024 of 19 December.	Adopted (19/12/2024)
Adoption of PIT for the young	This measure is included in the State Budget (Article 89 of Law 45-A/2024 of 31 December) for 2025, relating to the "amendment to the Personal Income Tax Code" (PIT Code), approved by Decree-Law 442-A/88 of 30 November. This measure covers all individuals up to the age of 35, regardless of education, and provides for a total of 10 years of exemption from income subject to PIT, ranging from 100 per cent to 25 per cent exemption, up to a limit of 55 times the Social Support Index (IAS).	Implemented (31/12/2024)
Provide public support and transitional stimuli to address the most pressing housing shortages and lack of accessibility	This measure is part of Decree-Law no. 43/2024 of 2 July (amending Decree-Law no. 20-B/2023), which creates extraordinary support for families to pay rent and instalments on credit agreements and repeals the extension of the forced rental regime to vacant homes. In addition, the Extraordinary Rent Support Programme is being reformulated.	Adopted (02/07/2024)
Ensure the implementation of the measures that are part of the Housing Strategy	The New Housing Strategy ("Construir Portugal: Nova Estratégia para a Habitação") was launched in May 2024. This new Strategy includes 30 measures spread across several pillars (incentivising supply; promoting public housing; restoring confidence; fostering youth housing and ensuring housing affordability).	Announced (10/05/2024)
Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors	As part of the policies to encourage the birth rate, the scope of private nurseries was increased in order to increase the installed capacity of this social response through: i) complementary public funding for extended hours, beyond 11 hours a day, under the same terms as the social and solidarity sector; and ii) changing the criteria, allowing the search for vacancies in the parents' parish of residence or work when there is no vacancy in the social and solidarity network. In recent months, the capacity installed in the "Creche Feliz" (Free Nursery Network) has increased by around 6,500 places, and the number of children covered by the happy crèche by around 121,000. The vacancies created were adapted to existing demand and the ongoing processes of refurbishing rooms under the RRP were speeded up. The APP "Creche Feliz" was also improved to make it easier to find vacancies and locate them. At the same time, children who turn 3 between 15 September and 31 December 2024 and who are covered by the "Creche Feliz" (Free Nursery Network) Programme and have no pre-school places were guaranteed continuity in the establishment where they were already attending daycare. New association contracts are being prepared with the private social sector and the private and cooperative sector, with a view to contracting existing places and/or creating new places in educational establishments that have capacity or will create it, whether in the public, social or private network, in a logic of complementarity. An inter-ministerial working group was set up between the Ministry of Education, Science and Innovation (MECI) and the Ministry of Labour, Solidarity and Social Security (MTSSS) to study the measures needed to guarantee universal and free access to pre-school education. The aforementioned working group has already carried out a diagnosis of the existing network of crèche and kindergarten establishments by creating a single database with all the children who tried to enrol in the 2024/25 school year and which points to the need to create around 800 additional pre-	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	school rooms, particularly in the municipalities of the Lisbon Metropolitan Area and some coastal areas, especially the Algarve. With an impact on the 2024/25 school year, 189 new pre-school classrooms have already been authorised in the public network. In addition, a resolution of the Council of Ministers was approved which determines that association contracts with the social and private sectors will be signed for the opening of up to 200 classrooms between the 2025-2026 and 2027-2028 school years, as well as an additional financial incentive per new classroom for establishments that sign an association contract. This measure is supported by the Recovery and Resilience Plan (RRP) through Component C03 - Social Responses (RE-C03-i01 and RE-r07).	
National Support Network for Victims of Domestic Violence ensures the financing of care structures	Regarding prevention and action to combat domestic violence (DV), we would highlight the active work of the 72-hour Working Group, which has already fulfilled its objective of reviewing the risk assessment tool for victims of DV and whose training sessions are currently underway. With regard to improving and strengthening the support network for victims, the government is working on more efficient allocation of public support. The following measures have therefore been announced, to be implemented in the first quarter of 2025: 1) allocation of a Support Fund for Children and Young People sheltered by the National Support Network for Victims of Domestic Violence (RNAVVD) and the Support and Protection Network for Victims of Human Trafficking (RAPVT), to the value of EUR 195,000 (EUR 5,000 per reception unit); 2) a new public support instrument for the autonomisation responses of the National Support Network for Victims of Domestic Violence (RNAVVD) and the Support and Protection Network for Victims of Trafficking in Human Beings (RAPVT), which sets 1.5 of the value of the Social Support Index (IAS) per vacancy/month (EUR 435,388.32 total); 3) Technical and financial support for civil society organisations (NGOs) working in the area of equality and non-discrimination, namely gender-based violence and domestic violence, to the value of EUR 4 million (deadline for applications: 28 February 2025).	Announced (31/03/2025)

2020.CSR2.subpart3 **Support the use of digital technologies to ensure equal access to quality education and training**

Designation of measure	Status of the measure	CeSaR Status
Develop a national strategy for media education and literacy	This initiative takes place in the context of the Social Media Action Plan, presented in October 2024. The Media Mission Structure (#PortugalMediaLab), created by Council Ministers Resolution n.º 105/2024 of 21 August, was responsible for drawing up the National Media Literacy Plan (NMLP) 2025-2029. The document was open for public consultation between 7 and 22 February to gather contributions from a wide range of stakeholders and improve the document. The new Media Literacy Plan 2025-2029 was approved by Council of Ministers Resolution No. 65/2025 of 18 March. The main objectives of the NMLP are: to promote media literacy among all audiences; to combat disinformation and fake news; to promote responsible and informed consumption of content; and to promote more informed and participatory citizenship. The realisation of these objectives is structured around six lines of action (the respective measures and actions were defined in a separate document), namely: Media rights and education; Decentralisation and inclusion of audiences and territories; Capacity building and training; Social responsibility; Monitoring and evaluation; and Cooperation.	Implemented (18/03/2025=

Designation of measure	Status of the measure	CeSaR Status
Draft the Media Code	This measure is part of the Social Media Action Plan. This new legal instrument aims to unify and update existing legislation in the sector (press, radio and television), integrate European legislation in this area, safeguarding press freedom and the sustainability of media organisations. The structure and organisation of the new Code are currently being prepared. There were two rounds of consultation with parliamentary parties.	Announced (08/10/2024)
Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change	This measure is provided for in Ministerial Order no. 219/2024/1, of 23 September, and aims to achieve employment policy objectives relating to the integration of young people into the labour market or the retraining of the unemployed. A reprogramming of some Portugal 2030 programmes is under analysis, with a view to prioritising funding for the development of digital skills, namely in the context of tailor-made training for upskilling and reskilling. This measure is supported by the Recovery and Resilience Plan (RRP) through Component C06 - Green Skills (RE-C06-r14), Component C16 - Enterprises 4.0 (TD-C16-r31) and Component C21 - REPowerEU (RP-C21-r45) and the Partnership Agreement (PA).	Adopted (23/09/2024)
Implement the learning recovery and improvement plan "Aprender Mais Agora" (Plan A+A)	On 17 October 2024, Council of Ministers Resolution No.140/2024 was published, approving the new learning recovery plan "Aprender Mais Agora" (Learn More Now). This plan includes a set of measures structured along two axes: "Improving learning" and "Inclusion and success of migrant students". By the 2024-2025 school year, this plan will enable schools to close the learning recovery cycle. There are also several initiatives under way, namely: - Implementation of the new model for the external assessment of pupils from 2024/2025, under which the Learning Monitoring Tests (ModA) are introduced, enabling the comparability of results in basic education; - Recommendations issued to schools, while preserving their autonomy, regarding the use of smartphones in schools, supported by scientific evidence. Also in this context, guides with recommendations on Digital Wellbeing were published on 29 January 2025, as well as leaflets by target audience (teachers, headmasters, students and guardians) available on the website of the Directorate-General for Education (DGE). An impact assessment is underway during the 2024/2025 school year to revise the recommendations on smartphone use to be launched in the 2025/2026 school year; - Creation of the digital platform, "Independent Study", which offers a variety of resources, including Independent Work Guides, Thematic Booklets and Video Lessons; - Definition of a new type of tutoring (Psych pedagogical Tutoring) and the recommendation to adopt this preventive intervention model starting from the 1st cycle of basic education; - Allocation of 287 Linguistic and Cultural Mediators, spread across 319 school clusters, to support schools in developing appropriate responses to newly arrived foreign students from countries where Portuguese is not the official language and publication of new guidance and positioning documents in the field of Portuguese as a Non-Native Language (PLNM); - Implementation of the national reading assessment scheduled for the 3rd term of the 2024/2025 school year; - Simplification of "equivalence" procedures in basic education, allowing schools to place students directly, without the need for intervention by central government departments. The law was approved by the Council of Ministers and is pending promulgation.	Adopted (17/10/2024)

Designation of measure	Status of the measure	CeSaR Status
Create a National Digital Strategy	The "National Digital Strategy" (NDS), under the motto "Portugal, where digital simplifies", was approved on 12 December 2024, along with the 2025-2026 Action Plan (Council of Ministers Resolution No. 207/2024, of 30 December 2024). The NDS is aligned with the European Union's "Digital Decade" programme, which sets 2030 targets for digital transformation. The NDS aims to define the government's vision in this area, establishing 10 strategic objectives and 10 targets for Portugal to achieve by 2030. The NDS also includes 16 initiatives structured into four pillars: People, Businesses, Government and Infrastructure. The 2025-2026 Action Plan has 49 actions and an estimated investment of EUR 350 million. To initiate and accelerate the implementation of the 2025-26 Action Plan, a working group has been set up which will begin its activities in early 2025.	Implemented (12/12/2024)

2020.CSR2.subpart4 **and to boost firms' competitiveness**

Designation of measure	Status of the measure	CeSaR Status
Create a National Digital Strategy	The "National Digital Strategy" (NDS), under the motto "Portugal, where digital simplifies", was approved on 12 December 2024, along with the 2025-2026 Action Plan (Council of Ministers Resolution No. 207/2024, of 30 December 2024). The NDS is aligned with the European Union's "Digital Decade" programme, which sets 2030 targets for digital transformation. The NDS aims to define the government's vision in this area, establishing 10 strategic objectives and 10 targets for Portugal to achieve by 2030. The NDS also includes 16 initiatives structured into four pillars: People, Businesses, Government and Infrastructure. The 2025-2026 Action Plan has 49 actions and an estimated investment of EUR 350 million. To initiate and accelerate the implementation of the 2025-26 Action Plan, a working group has been set up which will begin its activities in early 2025.	Implemented (12/12/2024)
Reduce corporate income tax rates, starting with a gradual reduction of 1 percentage point in 2025	This measure is included in the State Budget for 2025 (Law no. 45-A/2024, of 31 December), in Article 90, which refers to the reduction of one percentage point in the corporate income tax rate. Its implementation is the result of Law no. 41/2024, of 8 November, which transposes Directive (EU) 2022/2523, on guaranteeing a worldwide minimum level of taxation for groups of multinational companies and large national groups in the EU. The initiatives carried out in this measure correspond to the materialisation of measures one and two of the Accelerate the Economy Programme, which refer, respectively, to the gradual reduction of the corporate income tax rate, with the aim of boosting economic growth, and the creation of a 15% minimum taxation mechanism for multinational and national groups, in accordance with the transposition of Pillar 2 (Directive (EU) 2022/2523, of 14 December 2022).	Implemented (31/12/2024)
Simplify and make the tax regime associated with corporate restructuring and merger operations more attractive	The aim is to make concentration operations more attractive from a tax point of view and to promote a reduction in the costs associated with these operations, in order to stimulate their occurrence and promote a gain in scale for national companies. Measure 12 of the Accelerating the Economy Programme, which, among other things, revises the rules on the tax deductibility of goodwill in concentration operations, also contributes to this. It is expected that this measure will be implemented in 2025.	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Draft the Media Code	This measure is part of the Social Media Action Plan. This new legal instrument aims to unify and update existing legislation in the sector (press, radio and television), integrate European legislation in this area, safeguarding press freedom and the sustainability of media organisations. The structure and organisation of the new Code are currently being prepared. There were two rounds of consultation with parliamentary parties.	Announced (08/10/2024)
Enhance low-density territories by requalifying coverage with fixed and high-speed mobile internet	In this context, an international public tender was launched for the "installation, management, operation and maintenance of very high-capacity electronic communications networks in 'white areas', enabling broadband Internet access." By the end of 2024, the deadline for bidders to comment on the Preliminary Report had expired, and the next steps in the public procurement process are pending, following which implementation of the contract/project will begin.	Adopted (31/03/2025)

5.3.1.15 European Semester 2020 | CSR 3

Implement the temporary measures aimed at securing access to liquidity for firms, in particular small and medium-sized enterprises. Front-load mature public investment projects and rail infrastructure and innovation. promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,

2020.CSR3.subpart2 **Front-load mature public investment projects**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, "Posto de Transformação", which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Ensure the execution of the National Investment Programme (PNI2030)	A Council of Ministers Resolution is currently being prepared, which determines the study and implementation of priority road projects in accordance with the objectives established in the plans and programmes already defined, namely in the National Road Plan (PRN) (Decree-Law no. 222/98, 17 July), which includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide them with a level of service, conditions and safety. This includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide the roads with the necessary level of service, traffic conditions and safety, as well as establishing new links to the surrounding road network and ensuring inter modality with other modes of transport. The major projects underway include the new Lisbon airport and the high-speed railway line. This measure is supported by the Partnership Agreement.	Announced (31/03/2025)
Start the construction of transport infrastructure (rail and TGV)	The public-private partnership (PPP) contract for the Porto-Lisbon high-speed link is due to be signed in July 2025. In addition, the plan calls for the construction of a high-speed axis between Porto and Lisbon, seeking to reduce journey times and replace air transport on this route.	Announced (11/01/2024)
Develop New Urban Centres around areas of urban pressure, with sustainable urban planning	This measure is currently in the structuring phase (i.e., budget planning and legal review), as well as in the process of creating the necessary legal structures (e.g., drafting legislative acts, defining governance models and urban reorganisation strategies). It aims at the sustainable regeneration and requalification of urban territories. The project will follow a centrally coordinated model, in cooperation with the central government and the municipalities directly involved and will be developed across four axes: Arco Ribeirinho Sul (South Riverside Belt), Ocean Campus, Airport, and Airport City.	Announced (31/03/2025)

2020.CSR3.subpart4 **Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, considering the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
Launch tender procedures for offshore wind energy production auctions	With regard to promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, EUR 140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

2020.CSR3.subpart5 **railway infrastructure**

Designation of measure	Status of the measure	CeSaR Status
Start the construction of transport infrastructure (rail and TGV)	The public-private partnership (PPP) contract for the Porto-Lisbon high-speed link is due to be signed in July 2025. In addition, the plan calls for the construction of a high-speed axis between Porto and Lisbon, seeking to reduce journey times and replace air transport on this route.	Announced (11/01/2024)

2020.CSR3.subpart6	and innovation.

Designation of measure	Status of the measure	CeSaR Status
Promoting a competitive defence industry at European and international levels, aligning it with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, and ensuring implementation of the Military Programming Law (LPM) and other available resources, including investment in cyber defence capacities, re-equipment, materials, and modernisation of military facilities.	This measure is ongoing, with a focus on investments (for example the acquisition of 12 A-29 Super Tocano aircraft) with strong participation by Portuguese industry in highly technological areas, promoting the strengthening of the military industry's export capacity and dual-use technologies, namely through integration into the supply chains of major manufacturers. In addition, activities are underway to promote the participation of Portuguese companies in research, development and production consortia in defence areas, leveraging procurement of equipment and material by the Armed Forces. In addition, a review of public procurement procedures applicable to the defence sector and relevant administrative procedures is underway, including the assessment of a dedicated incentive system for companies in this sector	Adopted (31/03/2025)
Promote production and service activities, training, and knowledge related to space, in partnership with allied countries with experience in the field, such as the United States, the United Kingdom, or other European countries	This measure is ongoing, with a focus on the establishment of strategic partnerships for joint innovation and cooperation in cybersecurity and cyber defence.	Announced (31/03/2025)
The co-investment line for start-ups and venture capital	The Banco Português de Fomento (BPF) is preparing the Strategic Plan and new financial instruments to operationalise this measure. The BPF already has equity instruments that contribute to this objective. In addition, the Accelerate the Economy Programme has registered measures that are also related to this purpose, namely measure 15, which refers to setting up a fund to invest in deep tech start-ups (a business model based on high-tech innovations and/or scientific advances), measure 16, aimed at supporting the growth and capacity building of startups through support vouchers for applications to international acceleration programmes, and measure 17, which refers to a seed fund to support startup projects at advanced stages of maturity. This measure is part of the reforms and investments that make up Component C05 - Investment and Innovation of the RRP (RE-C05-r10, RE-C05-r13 and RE-C05-i06).	Announced (07/04/2024)
Launch tender procedures for offshore wind energy production auctions	With regard to promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2)	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	
Ensure the execution of the National Investment Programme (PNI2030)	A Council of Ministers Resolution is currently being prepared, which determines the study and implementation of priority road projects in accordance with the objectives established in the plans and programmes already defined, namely in the National Road Plan (PRN) (Decree-Law no. 222/98, 17 July), which includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide them with a level of service, conditions and safety. This includes the study of new roads, as well as the adaptation, upgrading and widening of existing roads in order to provide the roads with the necessary level of service, traffic conditions and safety, as well as establishing new links to the surrounding road network and ensuring inter modality with other modes of transport. The major projects underway include the new Lisbon airport and the high-speed railway line. This measure is supported by the Partnership Agreement.	Announced (31/03/2025)

5.3.1.16 European Semester 2020 | CSR 4

Increase the efficiency of administrative and tax courts.

2020.CSR4.subpart1 **Increase the efficiency of administrative and tax courts**

Designation of measure	Status of the measure	CeSaR Status
Propose urgent measures for the administrative and tax jurisdiction based on existing contributions	These measures are part of the "Prevention" axis of the Anti-Corruption Agenda, presented in June 2024, and aim to increase the efficiency and speed of the administrative and tax courts, recognising the need to decongest these courts and ensure faster and more effective justice. In this context, and with the aim of presenting draft legislative changes, a Commission for the Review of Tax Procedure and Litigation and Taxpayer Guarantees was set up by Ministry of Finance Order 8340/2024 of 25 July. At the same time, a draft legal act is being prepared to amend the rules of the Statute of the Administrative and Tax Courts and the proposal for a law aimed at transparency and speed in the distribution of cases was finalised and approved by the Council of Ministers on 13 February 2025; however, given that it is a draft law, approval of the final version will depend on a decision by the Assembly of the Republic.	Announced (20/06/2024)

5.3.1.17 European Semester 2019 | CSR 1

Achieve the medium-term budgetary objective in 2020, taking into account the allowance linked to unusual events for which a temporary deviation is granted. Use windfall gains to accelerate the reduction of the general government debt ratio. Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting, with a focus in particular on a durable reduction of arrears in hospitals. Improve the financial sustainability of State-owned enterprises, while ensuring more timely, transparent and comprehensive monitoring.

2019.CSR1.subpart2 **Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting, with a focus in particular on a durable reduction of arrears in hospitals.**

Designation of measure	Status of the measure	CeSaR Status
Implement the Public Sector Accounting Standardisation System (SNC-AP) and programme-based budgeting	This measure aims to implement programme-based budgeting in order to structure budget management based on objectives and results, ensuring greater efficiency and transparency in the allocation of public resources, and is expected to be supported by the 2026 State Budget. This measure is supported by the Recovery and Resilience Plan (RRP) through Component: C17 - Quality and Sustainability of Public Finances (TD-C17-i01 and TD-C17-r32).	Announced (31/03/2025)

2019.CSR1.subpart3 **Improve the financial sustainability of State-owned enterprises, while ensuring more timely, transparent and comprehensive monitoring.**

Designation of measure	Status of the measure	CeSaR Status
Ensure that all relevant public companies' reporting includes public service obligations and the compensation that the company received from the State to comply with them, as well as information of non-financial nature (e.g., environmental, social and governance)	The application of this measure will begin in 2025, and a recommendation has already been made to public companies to progressively adapt to the new regime of the Corporate Sustainability Reporting Directive (CSRD) in the 2024 financial statements.	Announced (31/03/2025)

5.3.1.18 European Semester 2019 | CSR 2

Adopt measures to address labour market segmentation. Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market. Increase the number of higher education graduates, particularly in science and information technology. Improve the effectiveness and adequacy of the social safety net.

2019.CSR2.subpart1 **Adopt measures to address labour market segmentation.**

Designation of measure	Status of the measure	CeSaR Status
Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change	This measure is provided for in Ministerial Order no. 219/2024/1, of 23 September, and aims to achieve employment policy objectives relating to the integration of young people into the labour market or the retraining of the unemployed. A reprogramming of some Portugal 2030 programmes is under analysis, with a view to prioritising funding for the development of digital skills, namely in the context of tailor-made training for upskilling and reskilling. This measure is supported by the Recovery and Resilience Plan (RRP) through Component C06 - Green Skills (RE-C06-r14), Component C16 - Enterprises 4.0 (TD-C16-r31) and Component C21 - REPowerEU (RP-C21-r45) and the Partnership Agreement (PA).	Adopted (23/09/2024)
Increase the national minimum wage to EUR 1,020 in 2028.	This measure results from the Tripartite Agreement on Wage Enhancement and Economic Growth 2025-2028, signed between the Government and the Social Partners on 1 October 2024, and represents a nominal increase of 24% in gross monthly renumeration compared to 2024. The increase in the guaranteed minimum monthly wage to EUR 870 in 2025 was approved by Decree-Law 112/2024 of 19 December.	Adopted (19/12/2024)

2019.CSR2.subpart2 **Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market.**

Designation of measure	Status of the measure	CeSaR Status
Develop a national strategy for media education and literacy	This initiative takes place in the context of the Social Media Action Plan, presented in October 2024. The Media Mission Structure (#PortugalMediaLab), created by Council Ministers Resolution n.º 105/2024 of 21 August, was responsible for drawing up the National Media Literacy Plan (NMLP) 2025-2029. The document was open for public consultation between 7 and 22 February to gather contributions from a wide range of stakeholders and improve the document. The new Media Literacy Plan 2025-2029 was approved by Council of Ministers Resolution No. 65/2025 of 18 March. The main objectives of the NMLP are: to promote media literacy among all audiences; to combat disinformation and fake news; to promote responsible and informed consumption of content; and to promote more informed and participatory citizenship. The realisation of these objectives is structured around six lines of action (the respective measures and actions will be defined in a separate document), namely: Media rights and education; Decentralisation and	Implemented (18/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	inclusion of audiences and territories; Capacity building and training; Social responsibility; Monitoring and evaluation; and Cooperation.	
Design specific upskilling and reskilling programs according to the identified market needs, including the possibility of a career change	This measure is provided for in Ministerial Order no. 219/2024/1, of 23 September, and aims to achieve employment policy objectives relating to the integration of young people into the labour market or the retraining of the unemployed. A reprogramming of some Portugal 2030 programmes is under analysis, with a view to prioritising funding for the development of digital skills, namely in the context of tailor-made training for upskilling and reskilling. This measure is supported by the Recovery and Resilience Plan (RRP) through Component C06 - Green Skills (RE-C06-r14), Component C16 - Enterprises 4.0 (TD-C16-r31) and Component C21 - REPowerEU (RP-C21-r45) and the Partnership Agreement (PA).	Adopted (23/09/2024)
Create a National Digital Strategy	The "National Digital Strategy" (NDS), under the motto "Portugal, where digital simplifies", was approved on 12 December 2024, along with the 2025-2026 Action Plan (Council of Ministers Resolution No. 207/2024, of 30 December 2024). The NDS is aligned with the European Union's "Digital Decade" programme, which sets 2030 targets for digital transformation. The NDS aims to define the government's vision in this area, establishing 10 strategic objectives and 10 targets for Portugal to achieve by 2030. The NDS also includes 16 initiatives structured into four pillars: People, Businesses, Government and Infrastructure. The 2025-2026 Action Plan has 49 actions and an estimated investment of EUR 350 million. To initiate and accelerate the implementation of the 2025-26 Action Plan, a working group has been set up which will begin its activities in early 2025.	Implemented (12/12/2024)
Review the Legal Framework for Higher Education Institutions (RJIES), to strengthen institutional autonomy	A proposal to revise the RJIES has been submitted, which aims, among other objectives, to promote greater convergence between the university and polytechnic subsystems, as well as between public and private institutions; to allow greater flexibility in the election of Rectors or Presidents—who may be elected by direct vote—and to extend voting rights to the alumni community, with a single term of six years. The revision also seeks to reinforce the independence of the General Council and the role of external members. For Higher Education Institutions (HEIs), the proposal includes increased budgetary stability and predictability, decoupled from political cycles, in order to enable greater autonomy and implementation of medium- and long-term strategies. It also aims to strengthen innovation, well-being and academic success within HEIs, including the introduction of rules to combat academic inbreeding.	Announced (19/12/2024)
Enhance low-density territories by requalifying coverage with fixed and high-speed mobile internet	In this context, an international public tender was launched for the "installation, management, operation and maintenance of very high-capacity electronic communications networks in 'white areas', enabling broadband Internet access." By the end of 2024, the deadline for bidders to comment on the Preliminary Report had expired, and the next steps in the public procurement process are pending, following which implementation of the contract/project will begin.	Adopted (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Central Government Professional Internships Programme – Ministry of Foreign Affairs (PEPAC-MNE) 2025/2026	Resumed in 2024, it gives young people up to the age of 30 access to international experience, in a real work context, in Embassies, Consulates and Missions, thus acquiring skills and knowledge in the areas of Economic Diplomacy and Political Diplomacy and Consular Support. In addition to this objective, they naturally also contribute to strengthening consular posts. The selection process is ongoing for 100 candidates for the 6th edition of the Programme.	Adopted (31/03/2025)
Increase the number of scholarships awarded under the Mário Soares Scholarship Program for postgraduate courses at the College of Europe, thus promoting equal opportunities in the access of Portuguese students	The Mário Soares Scholarship programme aims to reinforce the commitment to academic training in these areas and to help make up for the recognised under-representation of Portuguese in the institutions and bodies of the European Union, and its 2025 budget for funding scholarships has been increased to EUR 450,000 (an additional EUR 150,000 compared to 2024).	Adopted (31/03/2025)

2019.CSR2.subpart3 **Increase the number of higher education graduates, particularly in science and information technology.**

Designation of measure	Status of the measure	CeSaR Status
Adapt and strengthen scholarship programs and financial support to reflect the actual socioeconomic situation of higher education students	In order to reinforce the support given to students, the Regulation for Awarding Scholarships to Higher Education Students was revised, reinforcing support for the 2024/25 academic year. However, in order to evaluate the current system in a more structured way and propose improvements, the Directorate-General for Higher Education has commissioned a study on Social Action in Higher Education. The main aim of the study is to evaluate criteria for awarding scholarships that promote fairness, transparency, speed and simplification in the process of awarding scholarships. The study should be completed by 30 April 2025. This measure is supported by the Partnership Agreement (PA).	Announced (31/03/2025)
Review the Legal Framework for Higher Education Institutions (RJIES), to strengthen institutional autonomy	A proposal to revise the RJIES has been submitted, which aims, among other objectives, to promote greater convergence between the university and polytechnic subsystems, as well as between public and private institutions; to allow greater flexibility in the election of Rectors or Presidents—who may be elected by direct vote—and to extend voting rights to the alumni community, with a single term of six years. The revision also seeks to reinforce the independence of the General Council and the role of external members. For Higher Education Institutions (HEIs), the proposal includes increased budgetary stability and predictability, decoupled from political cycles, in order to enable greater autonomy and implementation of medium- and long-term strategies. It also aims to strengthen innovation, well-being and academic success within HEIs, including the introduction of rules to combat academic inbreeding.	Announced (19/12/2024)

2019.CSR2.subpart4 **Improve the effectiveness and adequacy of the social safety net.**

Designation of measure	Status of the measure	CeSaR Status
Ensure universal and free access to crèches and pre-school, mobilising the public, social and private sectors	As part of the policies to encourage the birth rate, the scope of private nurseries was increased in order to increase the installed capacity of this social response through: i) complementary public funding for extended hours, beyond 11 hours a day, under the same terms as the social and solidarity sector; and ii) changing the criteria, allowing the search for vacancies in the parents' parish of residence or work when there is no vacancy in the social and solidarity network. In recent months, the capacity installed in the "Creche Feliz" (Free Nursery Network) has increased by around 6,500 places, and the number of children covered by the happy crèche by around 121,000. The vacancies created were adapted to existing demand and the ongoing processes of refurbishing rooms under the RRP were speeded up. The APP "Creche Feliz" was also improved to make it easier to find vacancies and locate them. At the same time, children who turn 3 between 15 September and 31 December 2024 and who are covered by the "Creche Feliz" (Free Nursery Network) Programme and have no pre-school places were guaranteed continuity in the establishment where they were already attending daycare. New association contracts are being prepared with the private social sector and the private and cooperative sector, with a view to contracting existing places and/or creating new places in educational establishments that have capacity or will create it, whether in the public, social or private network, in a logic of complementarity. An inter-ministerial working group was set up between the Ministry of Education, Science and Innovation (MECI) and the Ministry of Labour, Solidarity and Social Security (MTSSS) to study the measures needed to guarantee universal and free access to pre-school education. The aforementioned working group has already carried out a diagnosis of the existing network of crèche and kindergarten establishments by creating a single database with all the children who tried to enrol in the 2024/25 school year and which points to the need to create around 800 additional pre-school rooms, particularly in the municipalities of the Lisbon Metropolitan Area and some coastal areas, especially the Algarve. With an impact on the 2024/25 school year, 189 new pre-school classrooms have already been authorised in the public network. In addition, a resolution of the Council of Ministers was approved which determines that association contracts with the social and private sectors will be signed for the opening of up to 200 classrooms between the 2025-2026 and 2027-2028 school years, as well as an additional financial incentive per new classroom for establishments that sign an association contract. This measure is supported by the Recovery and Resilience Plan (RRP) through Component C03 - Social Responses (RE-C03-i01 and RE-r07).	Adopted (31/03/2025)
National Support Network for Victims of Domestic Violence ensures the financing of care structures	With regard to prevention and action to combat domestic violence (DV), we would highlight the active work of the 72-hour Working Group, which has already fulfilled its objective of reviewing the risk assessment tool for victims of DV and whose training sessions are currently underway. With regard to improving and strengthening the support network for victims, the government is working on more efficient allocation of public support. The following measures have therefore been announced, to be implemented in the first quarter of 2025: 1) allocation of a Support Fund for Children and Young People sheltered by the National Support Network for Victims of Domestic Violence (RNAVVD) and the Support and Protection Network for Victims of Human Trafficking (RAPVT), to the value of EUR 195,000 (EUR 5,000 per reception unit); 2) a new public support instrument for the autonomisation responses of the National Support Network for Victims of Domestic Violence (RNAVVD) and the Support and Protection	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
	Network for Victims of Trafficking in Human Beings (RAPVT), which sets 1.5 of the value of the Social Support Index (IAS) per vacancy/month (EUR 435,388.32 total); 3) Technical and financial support for civil society organisations (NGOs) working in the area of equality and non-discrimination, namely gender-based violence and domestic violence, to the value of EUR 4 million (deadline for applications: 28 February 2025).	
Adoption of PIT for the young	This measure is included in the State Budget (Article 89 of Law 45-A/2024 of 31 December) for 2025, relating to the "amendment to the Personal Income Tax Code" (PIT Code), approved by Decree-Law 442-A/88 of 30 November. This measure covers all individuals up to the age of 35, regardless of education, and provides for a total of 10 years of exemption from income subject to PIT, ranging from 100 per cent to 25 per cent exemption, up to a limit of 55 times the Social Support Index (IAS).	Implemented (31/12/2024)

5.3.1.19 European Semester 2019 | CSR 3

Focus investment-related economic policy on research and innovation, railway transport and port infrastructure, low carbon and energy transition and extending energy interconnections, taking into account regional disparities.

2019.CSR3.subpart1 **Focus investment-related economic policy on research and innovation,**

Designation of measure	Status of the measure	CeSaR Status
Promoting a competitive defence industry at European and international levels, aligning it with the Armed Forces' planning cycles, through increased public investment, the creation of administrative incentives, and ensuring implementation of the Military Programming Law (LPM) and other available resources, including investment in cyber defence capacities, re-equipment, materials, and modernisation of military facilities.	This measure is ongoing, with a focus on investments (for example the acquisition of 12 A-29 Super Tocano aircraft) with strong participation by Portuguese industry in highly technological areas, promoting the strengthening of the military industry's export capacity and dual-use technologies, namely through integration into the supply chains of major manufacturers. In addition, activities are underway to promote the participation of Portuguese companies in research, development and production consortia in defence areas, leveraging procurement of equipment and material by the Armed Forces. In addition, a review of public procurement procedures applicable to the defence sector and relevant administrative procedures is underway, including the assessment of a dedicated incentive system for companies in this sector	Adopted (31/03/2025)
Promote production and service activities, training, and knowledge related to space, in partnership with allied countries with experience in the field, such as the United States, the United Kingdom, or other European countries	This measure is ongoing, with a focus on the establishment of strategic partnerships for joint innovation and cooperation in cybersecurity and cyber defence.	Announced (31/03/2025)

Designation of measure	Status of the measure	CeSaR Status
Create a National Digital Strategy	The "National Digital Strategy" (NDS), under the motto "Portugal, where digital simplifies", was approved on 12 December 2024, along with the 2025-2026 Action Plan (Council of Ministers Resolution No. 207/2024, of 30 December 2024). The NDS is aligned with the European Union's "Digital Decade" programme, which sets 2030 targets for digital transformation. The NDS aims to define the government's vision in this area, establishing 10 strategic objectives and 10 targets for Portugal to achieve by 2030. The NDS also includes 16 initiatives structured into four pillars: People, Businesses, Government and Infrastructure. The 2025-2026 Action Plan has 49 actions and an estimated investment of EUR 350 million. To initiate and accelerate the implementation of the 2025-26 Action Plan, a working group has been set up which will begin its activities in early 2025.	Implemented (12/12/2024)

2019.CSR3.subpart2 **railway transport and port infrastructure,**

Designation of measure	Status of the measure	CeSaR Status
Start the construction of transport infrastructure (rail and TGV)	The public-private partnership (PPP) contract for the Porto-Lisbon high-speed link is due to be signed in July 2025. In addition, the plan calls for the construction of a high-speed axis between Porto and Lisbon, seeking to reduce journey times and replace air transport on this route.	Announced (11/01/2024)

2019.CSR3.subpart3 **low carbon and energy transition and extending energy interconnections, taking into account regional disparities.**

Designation of measure	Status of the measure	CeSaR Status
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of	Adopted (26/03/2024)

Designation of measure	Status of the measure	CeSaR Status
	stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	
Launch tender procedures for offshore wind energy production auctions	Regarding promoting offshore wind production, Portugal reaffirms its commitment to launch tender procedures for a capacity of 2 GW for the 2030 horizon through capacity auctions (2045 horizon), thus reinforcing the stability of the electricity system and attracting the offshore technology value chain to the country. Subsequently, depending on the maturity of the procedures and the projects to be realised, new auctions could be held in phases and new capacities allocated up to 10 GW. As part of the preparation for launching a competitive procedure to allocate grid injection capacity for floating offshore wind energy production, an economic and financial impact analysis of different cost scenarios and financing solutions was commissioned. The results of this study were presented at the end of September. Two subsequent developments required the revision of the original study: (1) the revision of the National Energy and Climate Plan (PNEC 2030), and (2) the approval of the Offshore Renewable Energy Allocation Plan (PAER). A new economic impact study is currently underway, while different financing options are being explored and assessed. Work is also ongoing on the design and operationalisation of the competitive procedure to allocate offshore wind generation capacity. This measure is supported by the RRP (C21 - REPowerEU: RP-C21-i07 and RP-C21-r48) and the PA.	Announced (31/03/2025)
Develop and implement the National Strategy for the Integrated Development of Energy Networks	As part of the planning and development of the electricity distribution and transmission networks, the aim is to adopt an integrated strategy that promotes, on the one hand, an increase in renewable production capacity and, on the other, the capacity to meet the foreseeable increase in electricity consumption, especially in the industrial sector. This strategy is complemented by the need to invest in the digitalisation of national electricity grids, with a view to optimising their management and operation, in order to ensure the balance and security of supply. In addition, it is important to emphasise the importance of electricity interconnections for meeting European targets and for the greater integration of renewable energies. The Government is analysing the procedures for the evaluation and approval of development and investment plans for energy infrastructure (distribution and transmission of electricity and natural gas), as defined in the sector's legal framework, with the aim of optimising them. Within the scope of flexibility and storage networks: support was given to the installation of at least 500 MW of electricity storage capacity, with the aim of introducing a flexibility mechanism that allows for the optimisation and flexible management of the electricity system. This is especially relevant given the significant increase in electricity demand expected, associated both with industrial investments in the green hydrogen value chain and with the need to store the renewable electricity generated. The measure also aims to support the distribution and use of renewable energy through network reinforcement or expansion and to create the energy infrastructure needed to decarbonise the energy systems, contributing to the national PNEC 2030 targets. An investment of EUR 99.7 million has been approved for this purpose (REPowerEU component of the RRP - RP-C21-i08).	Announced (31/03/2025)
Launch centralised procurement auction for biomethane and hydrogen purchase	Renewable gases play a central role in the context of the commitment to carbon neutrality. They represent an efficient option to promote, deepen, and facilitate the energy transition, strengthen energy supply security, and provide an opportunity for national and European economic, industrial, scientific, and technological development. To this end, €140 million was made available by the Environmental Fund (FA) for the next ten years, to hedge against potential energy price volatility. In 2024 (under Order No. 5971-A/2024), the first electronic auction was held for the centralised purchase of biomethane and hydrogen produced through electrolysis of water using electricity from renewable energy sources. The final results were published in February 2025.	Adopted (27/05/2024)

5.3.1.20 European Semester 2019 | CSR 4

Allow for a swifter recovery of the collateral tied to non-performing loans by increasing the efficiency of insolvency and recovery proceedings. Reduce the administrative and regulatory burden on businesses, mainly by reducing sector-specific barriers to licensing. Develop a roadmap to reduce restrictions in highly regulated professions. Increase the efficiency of administrative and tax courts, in particular by decreasing the length of proceedings.

2019.CSR4.subpart1	**Allow for a swifter recovery of the collateral tied to non-performing loans by increasing the efficiency of insolvency and recovery proceedings.**

Designation of measure	Status of the measure	CeSaR Status
Reform insolvency and corporate recovery regimes, by introducing procedural changes and implementing a "digital paradigm" in court proceedings	In this context, it is worth highlighting, on the one hand, the continuous developments that have been implemented in the STEPI+ Platform (Electronic Processing System for Insolvency Proceedings), managed by the Commission for the Monitoring of Justice Assistants (CAAJ), which allow for greater speed and stricter control of insolvency proceedings and, on the other hand, the regulation, through Decree-Law no. 91/2024 of 22 November, of electronic summons and notifications to citizens and companies in the context of judicial proceedings. The changes introduced by this law aim to streamline processes and expand existing digital platforms and technological circuits in order to better serve citizens and businesses. In pursuit of this goal, an amendment was made to the Professional Attribute Certification System (PACS) (by means of an Executive Order no. 6-C/2025/1, of 6 January) in order to ensure the automatic and cost-free certification of the business attribute in the PACS for directors, managers or officers of public limited companies, private limited companies, single-member private limited companies and cooperatives.	Adopted (31/03/2025)

2019.CSR4.subpart2 **Reduce the administrative and regulatory burden on businesses, mainly by reducing sector-specific barriers to licensing.**

Designation of measure	Status of the measure	CeSaR Status
Develop the National Strategy for Mineral Resources	With the entry into force of the European Regulation on Critical Raw Materials (EMPRM), Portugal will have to keep up with the European Union's commitment, namely by removing obstacles to a coherent national strategy throughout the country. To this end, an inter-ministerial working group was set up to propose an Action Plan for Critical Raw Materials (PAMPC), which will be the main instrument for ensuring that national policies and legislation meet the requirements and obligations arising from Regulation (EU) 2024/1252, of 11 April establishing a framework to ensure a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013 of 15 January 2013, (EU) 2018/858 of 30 May 2018, (EU) 2018/1724 of 2 October 2018 and (EU) 2019/1020 of 20 June 2019. The PAMPC was presented on 3 December 2024 and includes 19 measures of general scope and for thematic areas such as Exploration and Research, Licensing, Circularity, Monitoring and Stocks, Financing and Public Participation. A law is being prepared to adopt the plan and, in parallel, actions are being taken to implement the priority and urgent measures relating to adapting the legal framework, designating single points of contact and implementing the Geological Resources Sector Programme and support mechanisms for strategic projects in Critical and Strategic Raw Materials. Preparations are also underway to revise the Legal Framework for the Development and Use of Mineral Deposits (Decree-Law no. 30/2021, of 7 May), the Legal Framework for Environmental Impact Assessment (Decree-Law no. 151-B/2013, of 31 October), the Environmental Simplex (Decree-Law no. 11/2023, of 10 October), and the Environmental Simplex (Decree-Law no. 11/2023, of 10 October).º 11/2023, of 10 February) and the Investment Project Monitoring System (Decree-Law no. 154/2013, of 5 November, which also creates the Interministerial Council for Investment and the Permanent Investor Support Commission).	Announced (03/12/2024)
Operationalise the Mission Structure for Renewable Energy Projects Licensing (EMER 2030)	The recent creation of this structure has made it possible to develop and implement tools that support more transparent, agile and simplified licensing processes. Its main objectives are: simplification of the legal and regulatory framework applicable to renewable energy projects; implementation of a one-stop shop for project licensing; and a monitoring system that results in effective project follow-up and control. In June 2024, EMER launched a public consultation in order to identify bottlenecks in renewable energy licensing procedures and collect contributions to address them, particularly in the context of implementing renewable energy communities and self-consumption. This structure must also present a Sector Programme for "Renewable Energy Acceleration Areas" and develop the respective annual timetable for allocating new capacity for renewable energy projects, taking into account the Sector Programme. EMER 2030 also plays a key role in building public administration capacity. It held a flagship event, “Posto de Transformação”, which featured training sessions and thematic workshops on renewable energy licensing, bringing together over 500 civil servants and public managers. EMER is part of a series of reforms aligned with the REPowerEU Plan and integrated into the RRP (RP-C21-i09 and RP-C21-r48), with the aim of stimulating the incorporation of renewable energies into the national energy system. This measure is also supported by the PA.	Adopted (26/03/2024)

2019.CSR4.subpart4 **Increase the efficiency of administrative and tax courts, in particular by decreasing the length of proceedings.**

Designation of measure	Status of the measure	CeSaR Status
Propose urgent measures for the administrative and tax jurisdiction based on existing contributions	These measures are part of the "Prevention" axis of the Anti-Corruption Agenda, presented in June 2024, and aim to increase the efficiency and speed of the administrative and tax courts, recognising the need to decongest these courts and ensure faster and more effective justice. In this context, and with the aim of presenting draft legislative changes, a Commission for the Review of Tax Procedure and Litigation and Taxpayer Guarantees was set up by Ministry of Finance Order 8340/2024 of 25 July. At the same time, a draft legal act is being prepared to amend the rules of the Statute of the Administrative and Tax Courts and the proposal for a law aimed at transparency and speed in the distribution of cases was finalised and approved by the Council of Ministers on 13 February 2025; however, given that it is a draft law, approval of the final version will depend on a decision by the Assembly of the Republic.	Announced (20/06/2024)
Requalify the court buildings and strengthen the development of the respective technological equipment	In order to address the deficient or insufficient material operating conditions of the courts and associated services, various investments have been made to improve the conditions of justice facilities (requalification, rehabilitation, accessibility and energy efficiency of buildings). Examples include the signing of various contracts for the rehabilitation, conservation and air-conditioning of various court buildings and Palaces of Justice throughout mainland Portugal and the islands. Public-public partnerships were also promoted to accelerate investment in justice infrastructure, with the signing of eight inter-administrative contracts for the preparation or realisation of works with various local authorities (Santa Maria da Feira, Vila do Conde, Coimbra, Funchal, Santa Cruz, Velas, Lagos and Arraiolos). Also noteworthy was the acquisition of two plots of land to set up the Criminal Investigation Departments in Ponta Delgada and Setúbal, as well as the constitution of a surface right in favour of the Instituto de Gestão Financeira e Equipamentos da Justiça, I.P. (IGFEJ), for a plot of land in Vila Franca de Xira, for the construction of the new Palace of Justice. Finally, five new tenders were launched for the preparation of projects and works.	Adopted (31/03/2025)
Restructure the prison network and social reintegration teams and promote differentiated and individualised intervention across prison facilities	Regard the social reintegration teams, given the role they play in providing technical advice to the courts and the Public Prosecutor's Office and their essential role in promoting proximity justice, Order no. 12063/2024 of 14 October was published, reorganising the territorial coverage of the regional reintegration offices and the network of 48 teams, and created social reintegration teams with specialised competence in the area of educational guardianship and advising the courts on prisoners (five teams in each of these areas). As for the restructuring of the prison facility network, a survey is currently under way to identify priority intervention needs within the prison estate and the respective funding sources.	Adopted (14/10/2024)

5.4 APR tables

Table 1a. Fiscal commitments

			Council recommendation 2024	2025	2026	2027	2028	Outturn/projection 2024	2025
			growth rate						
1	Net nationally financed primary expenditure	(annual)	11,8	5,0	5,1	1,2	3,3	11,6	3,4
2		(cumulative)	11,8	17,4	23,4	24,8	28,9	11,6	15,3

Table 1b. Main variables

			Outturn/projection 2023	2024	2025
			% GDP	% GDP	% GDP
1	Net lending/borrowing	APR Table 4, line 31	1,2	0,7	0,3
2	Structural balance	APR Table 4, line 33	1,2	0,5	0,1
3	Structural primary balance	APR Table 4, line 34	3,3	2,6	2,3
4	Gross debt	APR Table 4, line 35	97,7	94,9	91,5
5	Change in gross debt	APR Table 4, line 36	-13,5	-2,8	-3,4

Table 2. Macroeconomic scenario

			2023	2023	2024	2025
	GDP	ESA Code	bn NAC	growth rate	growth rate	growth rate
1	Real GDP	B.1*g		2,6	1,9	2,4
2	GDP deflator			7,0	4,4	2,7
3	Nominal GDP	B.1*g	268	9,8	6,4	5,2
	Components of real GDP	ESA Code	bn NAC	growth rate	growth rate	growth rate
4	Private consumption expenditure	P.3		1,9	3,2	2,4
5	Government consumption expenditure	P.3		0,6	1,1	1,7
6	Gross fixed capital formation	P.51		3,6	3,0	4,4
7	Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53		0,4	0,3	0,2
8	Exports of goods and services	P.6		3,8	3,4	2,2
9	Imports of goods and services	P.7		1,8	4,9	2,8
	Contribution to real GDP growth					
10	Final domestic demand			1,7	2,6	2,7
11	Changes in inventories and net acquisition of value	P.52 + P.53		-0,3	-0,1	0,0
12	External balance of goods and services	B.11		0,9	-0,7	-0,3
	Deflators and HICP			growth rate	growth rate	growth rate
13	Private consumption deflator			4,4	2,6	2,4
14	p.m. HICP			5,3	2,7	2,4
15	Government consumption deflator			5,0	5,8	4,3
16	Investment deflator			3,4	2,1	2,4
17	Export price deflator (goods and services)			1,6	0,8	1,4
18	Import price deflator (goods and services)			-3,6	-2,3	1,4
	Labour market	ESA Code	level	growth rate	growth rate	growth rate
19	Domestic employment (1000 persons, national accounts)		5 192	1,0	1,6	0,6
20	Average annual hours worked per person employed		1 872,0	0,9	-1,1	1,2
21	Real GDP per person employed			1,5	0,3	1,8
22	Real GDP per hour worked			0,7	1,4	0,6
23	Compensation of employees (bn NAC)	D.1	126	11,1	9,0	5,5
24	Compensation per employee (NAC) (= 23 / 19)		24 314	10,0	7,3	4,9
				%	%	%
25	Unemployment rate (%)			6,5	6,4	6,4
	Potential GDP and components			growth rate	growth rate	growth rate
26	Potential GDP			2,6	2,5	2,1
	Contribution to potential growth					
27	Labour			1,3	1,0	0,6
28	Capital			0,2	0,3	0,4
29	Total factor productivity			1,2	1,2	1,1
				% pot. GDP	% pot. GDP	% pot. GDP
30	Output gap			0,8	0,3	0,6

Table 3. External assumptions

			2023	2024	2025
1	Short-term interest rate	(%, annual average)	3,43	3,57	2,29
2	Long-term interest rate	(%, annual average)	3,24	2,96	3,10
3	USD/EUR exchange rate	(annual average)	1,08	1,08	1,04
4	NAC/EUR exchange rate (only for non-EA Member States)	(annual average)	-	-	-
5	World real GDP (excluding EU)	(growth rate)	3,3	3,8	3,7
6	EU real GDP	(growth rate)	0,6	1,1	1,6
7	World import volumes, excluding EU	(growth rate)	1,3	4,2	3,8
8	Oil prices	(Brent, USD/barrel)	82,04	79,51	72,10

Table 4. Budgetary projections

			2023	2023	2024	2025
	Revenue	ESA Code	bn NAC	% GDP	% GDP	% GDP
1	Taxes on production and imports	D.2	38,7	14,4	14,6	14,6
2	Current taxes on income, wealth, etc	D.5	28,5	10,6	10,3	9,7
3	Social contributions	D.61	32,8	12,2	12,6	12,7
4	Other current revenue	(P.11+P.12+P.131) + D.39 + D.4 + D.7	13,5	5,0	5,1	5,6
5	Capital taxes	D.91	0,0	0,0	0,0	0,0
6	Other capital revenue	D.92+D.99	3,1	1,2	0,9	1,8
7	Total revenue (= 1+2+3+4+5+6)	TR	116,6	43,5	43,5	44,4
8	Of which: Transfers from the EU (**accrued revenue, not cash**)	D.7EU+D.9EU	3,7	1,4	1,1	3,1
9	Total revenue other than transfers from the EU (= 7-8)		112,9	42,1	42,4	41,3
10	p.m. Revenue measures (increments, excluding EU funded measures)		-2,3	-0,9	-0,5	-0,4
11	p.m. One-off revenue included in the projections (levels, excluding EU funded measures)		0,0	0,0	0,0	0,0
	Expenditure	ESA Code	bn NAC	% GDP	% GDP	% GDP
12	Compensation of employees	D.1	27,9	10,4	10,6	10,7
13	Intermediate consumption	P.2	13,9	5,2	5,2	5,4
14	Interest expenditure	D.41	5,5	2,1	2,1	2,2
15	Social benefits other than social transfers in kind	D.62	42,2	15,8	16,3	16,1
16	Social transfers in kind via market producers	D.632	4,7	1,7	1,8	1,8
17	Subsidies	D.3	2,2	0,8	0,8	0,6
18	Other current expenditure	D.29 + (D.4-D.41) + D.5 + D.7 + D.8	6,5	2,4	2,5	2,7
19	Gross fixed capital formation	P.51	7,0	2,6	2,7	3,5
20	*Of which: Nationally financed public investment*		4,9	1,8	2,2	2,0
21	Capital transfers	D.9	3,5	1,3	0,7	1,1
22	Other capital expenditure	P.52+P.53+NP	0,1	0,0	0,0	0,0
23	Total expenditure (= 12+13+14+15+16+17+18+19+21+22)	TE	113,4	42,3	42,8	44,1
24	Of which: Expenditure funded by transfers from the EU (= 8)	D.7EU+D.9EU	3,7	1,4	1,1	3,1
25	Nationally financed expenditure (23-24)		109,6	40,9	41,7	41,0
26	p.m. National co-financing of programmes funded by the Union		0,6	0,2	0,1	0,3
27	p.m. Cyclical component of unemployment benefits		0,1	0,0	0,0	0,0
28	p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		1,1	0,4	0,0	0,1
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		102,3	38,2	39,5	38,4
	Net nationally financed primary expenditure				growth rate	growth rate
30	Net nationally financed primary expenditure growth	APR Table 1a, line 1			11,6	3,4
	Balances	ESA Code	bn NAC	% GDP	% GDP	% GDP
31	Net lending/borrowing (= 7-23)	B.9	3,2	1,2	0,7	0,3
32	Primary balance (= 31+14)	B.9+D.41p	8,8	3,3	2,8	2,4
	Cyclical adjustment			% GDP	% GDP	% GDP
33	Structural balance			1,2	0,5	0,1
34	Structural primary balance			3,3	2,6	2,3
	Debt		bn NAC	% GDP	% GDP	% GDP
35	Gross debt		261,8	97,7	94,9	91,5
36	Change in gross debt		-9,5	-13,5	-2,8	-3,4
37	Contributions to changes in gross debt					
38	Primary balance (= minus 32)			-3,3	-2,8	-2,4
39	Snowball effect			-7,7	-3,8	-2,4
40	*Interest expenditure (= 14)*			*2,1*	*2,1*	*2,2*
41	*Growth*			*-2,6*	*-1,8*	*-2,2*
42	*Inflation*			*-7,1*	*-4,1*	*-2,4*
43	Stock-flow adjustment (= 36-38-39)			-2,5	3,7	1,4
				%	%	%
44	p.m. Implicit interest rate on debt (= 14(t) / 35(t-1))			1,9	2,1	2,3
			bn NAC	growth rate	growth rate	growth rate
45	Total defence expenditure		2,1	12,2	27,6	27,5
46	Defence investment		0,4	65,3	74,6	39,0

Note: Implicit rate on debt is different from the national calculation because interest comes in percentage of PGB of year t and debt in percentage of PGB of year t-1.

Table 5. Estimated impact of discretionary revenue measures and one-offs

	Title/description measure	One-off	2023	2024	2025
			% GDP	% GDP	% GDP
001	Temporary VAT reduction on gels and masks	No	0,0	0,0	0,0
002	Electricity VAT reduction	No	0,0	0,0	0,0
003	Transitioning to the regulated gas market	No	0,0	0,0	0,0
004	VAT reduction on essencial food basket	No	-0,1	0,1	0,0
005	VAT reduction on soda drinks	No	0,0	0,0	0,0
006	VAT reduction on baby food	No	0,0	0,0	0,0
007	Exemption from health user fees	No	0,0	0,0	0,0
008	Extraordinary support for fuel costs in agriculture	No	0,0	0,0	0,0
009	Temporary mechanism for transport firms (diesel)	No	0,0	0,0	0,0
010	Tax on fuels reduction	No	-0,4	0,1	0,1
011	Update of other indirect taxes tax rate (ISV, IUC, IABA, IMT, IT)	No	0,1	0,1	0,0
012	Exemption of local tax on real estate transactions and stamp duty for young people	No	0,0	0,0	0,0
013	Incentive to self-consumption and sale of surplus production of renewable energy to the grid	No	0,0	0,0	0,0
014	PIT package SB2023	No	-0,3	0,0	0,0
015	PIT package SB2024	No	0,0	-0,5	0,0
016	Housing-related tax measures	No	0,0	0,0	0,0
017	Increase on PIT consignment	No	0,0	0,0	0,0
018	Widening of PIT for the young (2024)	No	0,0	-0,1	-0,1
019	Widening of PIT for the young (2025)	No	0,0	0,0	-0,2
020	Increased deduction of housing costs	No	0,0	0,0	0,0
021	Changes to the minimum existence threshold	No	0,0	0,0	0,0
022	Special tax loss deduction system - CIT	No	0,0	0,0	0,0
023	Reduction of autonomous taxation	No	0,0	0,0	0,0
024	Tax incentives to wage valorization	No	0,0	0,0	0,0
025	Increase of expenses with energy, fertilizers, feed and other animal feed for CIT purposes	No	0,0	0,0	0,0
026	Incentive to recovery - SIFIDE, RFAI and other tax benefits	No	0,0	0,0	0,0
027	Widening of the Tax Regime for Corporate Capitalization (ICE)	No	0,0	-0,1	-0,1
028	Motorway tolls rate reduction	No	0,0	0,0	0,0
029	Motorway tolls rate elimination	No	0,0	0,0	-0,1
	TOTAL DRMs		-0,9	-0,5	-0,4
030	Court decision - "Fridão Dam"	Yes	0,1	-0,1	0,0
031	Additional losses Parvalorem	Yes	0,3	-0,3	0,0
032	Court decision - ANACOM	Yes	0,0	0,0	0,1
033	Compensation to Algarve Litoral concessionaire / IP indemnity	Yes	0,0	0,0	0,1
	TOTAL One-offs		0,4	-0,4	0,1

(1) Includes aggregate impact of: update of PIT brackets at 5.1%; update of PIT brackets to correct minimum wage; changes to the minimum existence threshold; tax reduction; widening of PIT for the young; increase in PIT deductions from the 2nd child.

(2) Includes aggregate impact of: increase specific deduction; changes to the minimum existence threshold; tax reduction; additional tax reduction (Parliament measure); rent limit support.

Table 6. RRF Grants

		2020	2021	2022	2023	2024	2025	2026
	Revenue from RRF grants	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP
1	RRF grants as included in the revenue projec		0,0	0,2	0,6	0,7	2,3	1,7
2	Cash disbursements of RRF grands from EU		0,8	0,2	1,4	0,8	1,3	1,2
	Expenditure financed by RRF grants							
3	Total current expenditure		0,0	0,1	0,1	0,2	0,8	0,6
4	Gross fixed capital formation		0,0	0,1	0,1	0,2	0,9	0,7
5	Capital transfers		0,0	0,0	0,3	0,3	0,5	0,4
6	Total capital expenditure (4+5)		0,0	0,1	0,5	0,5	1,4	1,1
	Other costs financed by RRF grants							
7	Reduction in tax revenue		0,0	0,0	0,0	0,0	0,0	0,0
8	Other costs with impact on revenue		0,0	0,0	0,0	0,0	0,0	0,0
9	Financial transactions		0,0	0,0	0,0	0,0	0,0	0,0

Table 7. RRF Loans

		2020	2021	2022	2023	2024	2025	2026
	Revenue from RRF loans	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP	% GDP
1	RRF loans as included in the revenue projec		0,2	0,2	0,3	0,4	0,4	0,6
2	Cash disbursements of RRF grands from EU		0,0	0,0	0,0	0,0	0,0	0,0
	Expenditure financed by RRF loans							
3	Total current expenditure		0,0	0,0	0,0	0,0	0,0	0,0
4	Gross fixed capital formation		0,0	0,0	0,0	0,0	0,1	0,4
5	Capital transfers		0,0	0,0	0,0	0,1	0,2	0,5
6	Total capital expenditure (4+5)		0,0	0,0	0,0	0,1	0,3	0,9
	Other costs financed by RRF loans							
7	Reduction in tax revenue		0,0	0,0	0,0	0,0	0,0	0,0
8	Other costs with impact on revenue		0,0	0,0	0,0	0,0	0,0	0,0
9	Financial transactions		0,0	0,1	0,0	0,1	0,2	0,1

6 OPINION OF THE INDEPENDENT FISCAL INSTITUTION

Conselho das Finanças Públicas

OPINION ON THE ANNUAL PROGRESS REPORT 2025

29 April 2025

Opinion No.

01/2025

The Portuguese Public Finance Council is an independent fiscal institution (IFI), created by Article 3 of Law No. 22/2011 of 20 May, which made the 5th amendement Budgetary Framework Law (Law No. 91/2001 of 20 August, republished by Law No. 37/2013 of 14 June).

The CFP began its activity in February 2012, with the mission of carrying out an independent assessment of the consistency, compliance and sustainability of fiscal policy, fostering its transparency, in order to contribute to the quality of democracy and economic policy decision-making, as well as reinforcing the Portuguese Republic's financial credibility.

This Opinion was prepared based on the information available until April 29, 2025.

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INTRODUCTION

The new European Union (EU) economic governance legal framework introduced in April 2024 requires the publication of an 'Annual Progress Report' (APR). This "means a report of a Member State on the implementation of the national medium-term fiscal-structural plan, including the net expenditure path as set by the Council and the reforms and investments", as defined by law in Article 2(7) of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97, hereinafter referred to as the 'Regulation'. It should be recalled that, in October 2024, the Portuguese Government submitted its National Medium-Term Fiscal-Structural Plan (MTP) to European. The Portuguese Public Finance Council (CFP), in accordance with its mission and duties, analysed it, after issuing an Opinion on the macroeconomic forecasts underlying the Plan.

The APR must be submitted by April 30 of each year. Article 21(2) of the Regulation specifies that " The annual progress report shall contain, in particular, information about the progress in the implementation of the net expenditure path as set by the Council, the implementation of broader reforms and investments in the context of the European Semester and, where applicable, in the implementation of the set of reforms and investments underpinning an extension of the adjustment period". Its content is specified in the " Guidance to Member States on the Information Requirements for the Medium-Term Fiscal-Structural Plans and for the Annual Progress Reports", published in June 2024 in the Official Journal.

The APR does not review the policy commitments made in the medium-term plan. This is a differentiating factor compared to what was previously the case with stability programmes. Macroeconomic and budgetary variables must be submitted by the year of submission of the APR (in this case 2025) and optionally for the following year (in this case 2026).

Article 23 of the Regulation states that Member States "(...) may request the relevant independent fiscal institution (…) to provide an assessment of the compliance of the budgetary outturns data reported in the annual progress report with the net expenditure path as set by the Council." It also provides that " Where applicable, Member States may request the relevant independent fiscal institution to analyse the factors underlying a deviation from the net expenditure path as set by the Council. Such analysis shall be non-binding and additional to that of the Commission."

In this context, in March 2025, the Ministry of Finance requested a set of elements from CFP. In particular, the institution was asked to prepare: a) an Opinion on the updated macroeconomic scenario underlying the APR, for the year 2025; and (b) an Opinion in accordance with Article 23(1) of the Regulation on the "assessment of the compliance of the budgetary outturns data reported in the annual progress report with the net expenditure path as set by the Council", and if necessary, the analysis of the "factors underlying a deviation from the net expenditure path as set by the Council", for the year 2024.

The request for an assessment of the macroeconomic scenario in question currently lacks a proper legal framework. It should be noted that Article 8(1) of the Budgetary Framework Law determines "The budgetary projections underlying budgetary programming documents provided for in this law shall be based on the most likely macroeconomic scenario or a more prudent scenario", further determining article 8(5) that "Budgetary programming documents shall indicate whether the underlying scenario has been assessed by the Portuguese Public Finance Council." However, the APR is not a programming document (as its predecessors, the stability programmes, were). In turn, the Regulation does not provide for the need to prepare an opinion on the macroeconomic scenario. Even so, CFP decided to accede to this request, despite the fragile justification of its necessity and timeliness. Some aspects of the new European Economic Governance framework are currently in the process of being fully transposed into the national legislation so this can be seen as a first step towards asserting a new set of competencies to be assigned to CFP.

The numerical information arrived on April 10, 2025, and additional clarifications were requested on April 14, 21 and 22, which were received until April 29.

OPINION ON THE MACROECONOMIC OUTLOOK

This Opinion focuses on the external and technical assumptions, as well as the macroeconomic forecasts, presented by the Ministry of Finance (MF) for the year 2025. The external assumptions for the macroeconomic scenario in question, presented in Table 1, do not include the effects of the change in the US trade policy announced in April.

For its analysis, CFP relied on:

a) Technical analysis of forecasts by CFP's analysts;

b) Comparison with the available and sufficiently up-to-date forecasts and projections from reference institutions: Bank of Portugal (BdP), CFP, International Monetary Fund (IMF) and Organisation for Economic Co-operation and Development (OECD);

c) The most recent statistical information, produced by the national statistical authorities –Statistics Portugal (INE) and BdP;

d) Written technical clarifications provided by the MF regarding the forecasts.

Presentation of the MF forecast for 2025 and reconciliation with previous forecasts

The macroeconomic scenario presented by the MF predicts a growth of 2.4% in real Gross Domestic Product (GDP) in 2025, an acceleration of 0.5 p.p. compared to the 1.9% recorded in 2024 (Table 1). Compared to 2024, this growth rate results from a marginal increase in the contribution of domestic demand (from 0.1 p.p. to 2.7 p.p.), as well as a less negative contribution from net exports (+0.4 p.p. to -0.3 p.p.).

The forecasted growth rate is based on stronger investment and government consumption growth. The increase in the contribution of domestic demand reflects above all a significant acceleration in investment growth (+1.4 p.p. to 4.4%) – both public and private[1] – as well as in government consumption (+0.6 p.p. to 1.7%). Nevertheless, growth is partially held back by the slowdown in private consumption growth (-0.8 p.p. to 2.4%). Regarding net exports, the MF forecasts a deceleration in the growth of exports (-1.2 p.p. to 2.2%), which is smaller than that projected slowdown in the growth rate of imports (-2.1 p.p. to 2.8%).

The projected slowdown in imports appears to be more pronounced than what would be expected based on the growth forecast for final demand components. Given that investment is the most dynamic final demand component, and since

[1] According to CFP calculations, the MF scenario implies a growth in real public investment of 14.1% (8.6% in 2024) and 2.8% in private investment (2.1% in 2024). These calculations assume an identical GFCF deflator rate of change between the two components.

investment expenditure has a relatively high import content – about 35%[2] – the projected evolution of imports may be underestimated and, thus, overstate overall GDP growth. In fact, the MF scenario implicitly assumes a reduction in the weight of imports in final demand.

This forecast represents an upward revision of 0.3 p.p. in GDP growth compared to the scenario underlying the Draft Budgetary Plan for 2025 (DSB/2025) (2.1%). The upward revision compared to October results from a more favourable outlook for growth in most components of domestic demand (+0.9 p.p. in investment, +0.8 p.p. in government consumption and +0.4 p.p. in the case of private consumption). In this regard, it is worth highlighting that the significant upward revision of government consumption for 2025 coincides with an overestimation of its growth rate for 2024 in October (2.6% forecast versus 1.1% observed). In the case of investment, the upward revision reflects a more favourable outlook for private investment, as the forecast for the growth rate of public investment was unchanged. The revision of the contribution of domestic demand (+0.6 p.p.) was counterbalanced by a downward revision of the contribution of net exports (-0.3 p.p.), driven by a lower forecast for the growth rate of exports of goods and services (-1.3 p.p.).

Regarding government consumption real growth in 2025, the upward revision seems to result from higher growth in intermediate consumption. Firstly, the forecast rate of change of its deflator remains unchanged from October. Secondly, the forecasts for the growth of compensation of employees, social benefits in kind and sales are not revised. Only the forecast of intermediate consumption – an increase of 7.7% in 2025, compared to the 5.8% previously expected in October – justifies this change. It is also worth noting that, in nominal terms, the cumulative growth in government consumption between 2023 and 2025 is about 0.6% higher than anticipated in the DSB/2025.

Box 1 – The year 2025: the carry-over from 2024 and the forecast intra-annual growth

The forecast for 2025 can be broken down into the carry-over effect[3] from 2024 and the intra-annual growth forecast during the year. The availability of statistical information from quarterly national accounts, including sectoral accounts, up to the 4th quarter of 2024, allows for the carry-over effect to be determined for each of the variables of the macroeconomic scenario (see Table 1 and Graph 1). In this way, it becomes possible to isolate the forecast for growth throughout 2025, which is, in fact, the actual subject of the forecast.

[2] Estimated value based on the Input-Output tables from 2020, Base year 2016.

[3] The growth that would be recorded in 2025 if GDP remained unchanged at its level in the 4th quarter of 2024. See https://www.cfp.pt/pt/glossario/carry-over-efeito-de.

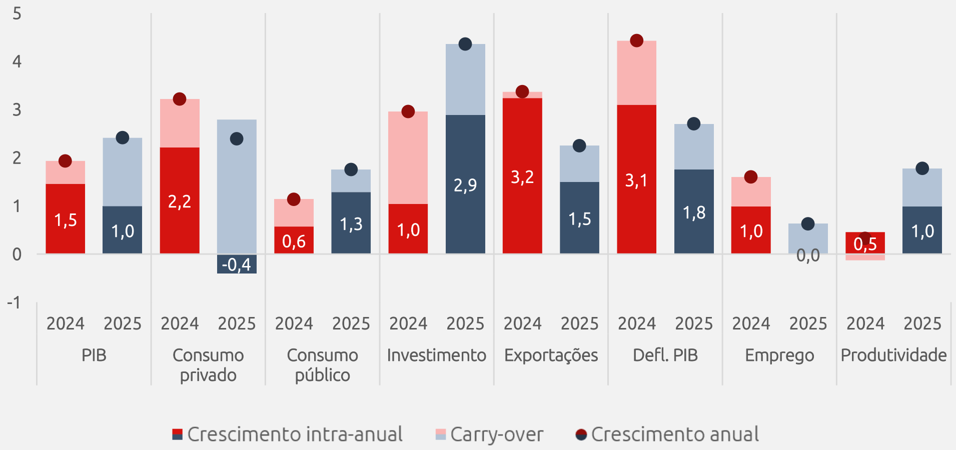
This analysis reveals that investment is the component of final demand with the highest expected intra-annual growth (2.9%), about three times higher than in 2024. Alongside **government consumption** (1.3%), these are the only GDP components with an increased momentum compared to the previous year. It should be noted that, in 2024, private consumption was the variable with greater dynamism, significantly influenced by policy measures that took effect in the last quarter of the year. This contrasts with the forecast for **exports** of goods and services, for which an intra-annual growth of1.5% is forecasted, which is less than half of that reported in 2024 (3.2%). Only for **private consumption** is annual growth expected to be lower than the carry-over effect of the previous year, resulting into an intra-annual contraction throughout 2025 (0.4%).

It should be recalled that GDP growth recorded in the last quarter of 2024 was driven by a significant increase in private consumption,[4] which is expected to be temporary. This performance was due to the impact of one-off measures of significant size: the extraordinary pension supplement and the adjustment of PIT withholding tables. Together, these measures represented a boost of 4.0% of households' quarterly disposable income. Their temporary nature justifies the transitory effect on growth. Thus, the carry-over effect on growth should not be mechanically attributed to the forecast for the year 2025, as growth in the 1st quarter of the year is expected to be negatively affected by the non-repetition of these stimulus measures.

Overall, the forecasted acceleration of GDP in 2025 owes more to the carry-over effect than to intra-annual growth. This is in contrasts to what was seen in 2024. Compared to the previous year, the increase in the *carry-over* effect more than offsets the expected slowdown in intra-annual growth (from 1.5% in 2024 to 1% in 2025), a significant loss of momentum of the Portuguese economy. According to the MF's forecast, the average quarter-on-quarter GDP growth forecast for 2025 is 0.4%. With zero intra-annual **employment** growth in 2025, the forecast for GDP depends on a more robust increase in productivity. As for the **GDP deflator**, the expected growth of 2.7% in 2025 is underpinned by an intra-annual growth of 1.8% and a 2.7% increase in compensation per employee.

[4] Private consumption accelerated significantly, growing by 2.8% quarter-on-quarter, its highest since the 1st quarter of 2000, excluding the post-pandemic recovery.

Graph 1 – Disaggregation of the annual growth forecast by the MF between *carry-over* and intra-year growth

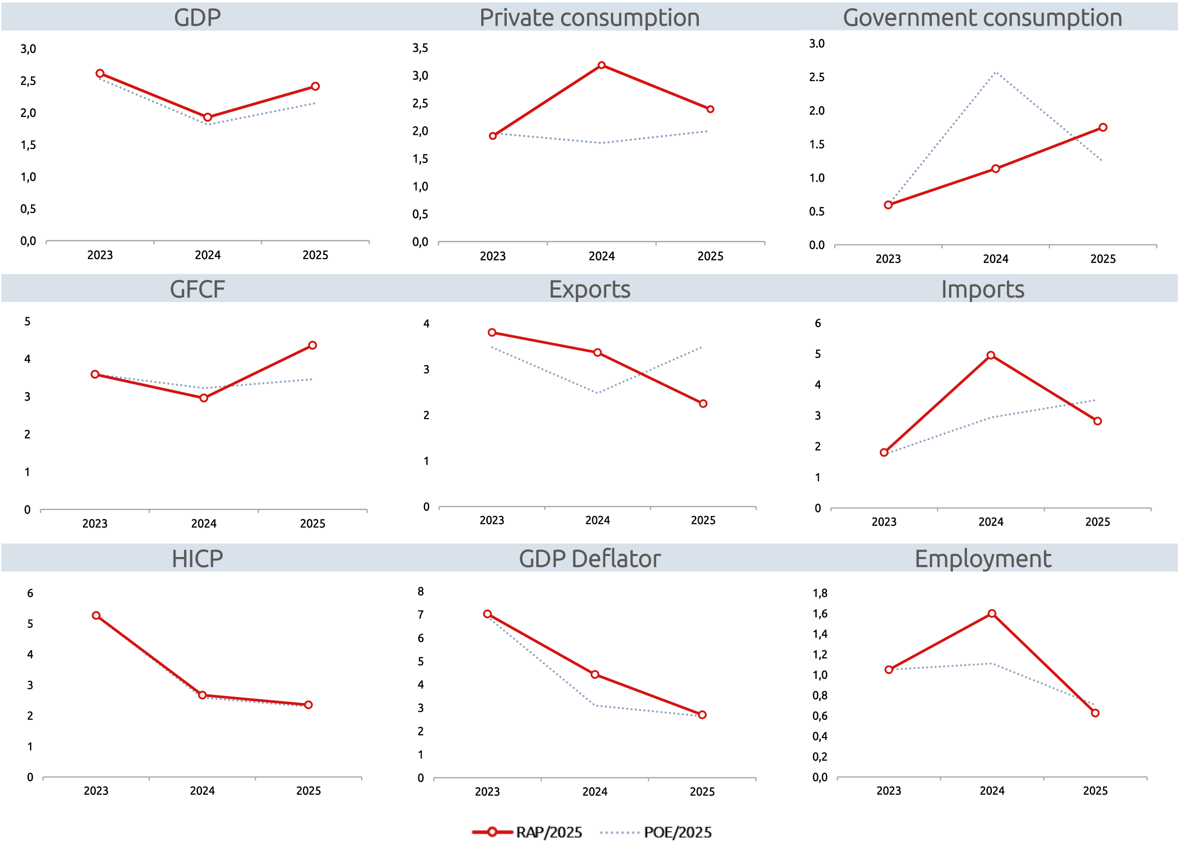


Source: APR/2025 and CFP calculations. | Note: the most solid color corresponds to intra-annual growth.

The MF forecasts a slowdown in the growth rate of the GDP deflator to 2.7% (4.4% in 2024). On the one hand, lower growth rate of all domestic demand deflators (-1.5 p.p. to 4.3% in the case of government consumption and -0.2 p.p. to 2.4% in the case of private consumption) contribute, except for the GFCF deflator, whose growth rate is expected to accelerate by 0.3 p.p. to 2.4%. This is consistent with the moderation of domestic inflationary pressures – in line with the evolution of compensation per employee (7.3% to 4.9%) – and the absence of new external price pressures, as reflected in the underlying external assumptions. This forecast also relies on the absence of terms of trade gains in 2025, contrary to what was observed in 2024 (3.1%). The MF forecast revises marginally upwards the increase in the GDP deflator compared to the DSB/2025 (+0.1 p.p. to 2.7%), a difference that stems mainly from an upward revision of the private consumption deflator (+0.4 p.p. to 2.4%), despite a downward revision in the evolution of the terms of trade.

Regarding inflation, as measured by the Harmonised Index of Consumer Prices (HICP), the MF anticipates a moderation to 2.4% in 2025. This forecast compares with the 2.7% recorded in 2024. The scenario underlying the DSB/2025 anticipated a slowdown to 2.3%.

Graph 2 – Comparison of forecasts included in the DSB/2025 and APR/2025 (change, %)



Source: MF – POE/2025 and APR/2025.

Compared to previous forecasts, this macroeconomic scenario anticipates a slower pace of job creation in 2025. Employment is forecast to grow by 0.6% in 2025 (-1.0 p.p. compared to 2024). This is a downward revision compared to the DSB/2025, which saw growth at 0.7%. At the same time, the MF expects the unemployment rate to decrease compared to 6,4% of the labour force (-0.1 p.p. compared to the previous year), a figure slightly lower than projected in the DSB/2025 (6.5%).

Labour productivity is expected to grow more robustly in 2025. According to this forecast, labour productivity growth is set to rise 1.8% (+1.3 p.p. compared to 2024). The expectation for 2025 is therefore significantly revised upwards, by 0.4 p.p., compared to October.

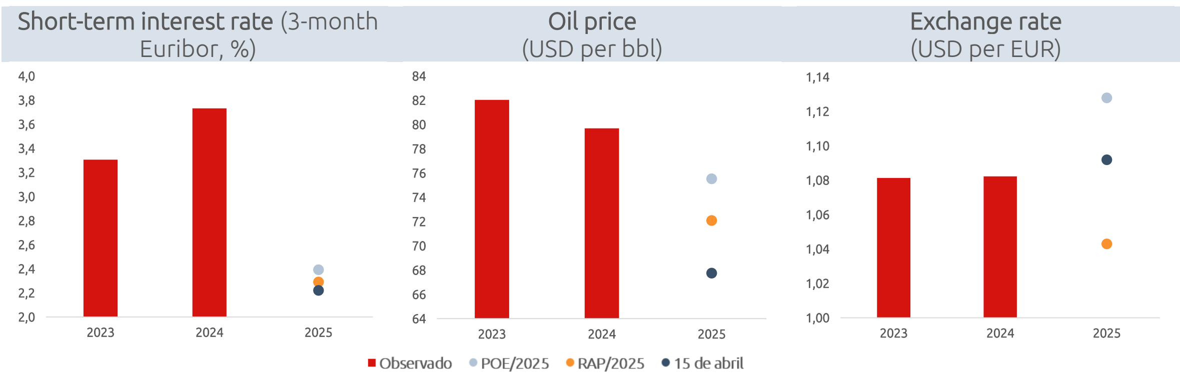
External assumptions

The macroeconomic scenario has as its starting point a set of external assumptions, which are exogenous to the exercise. This section examines some of these technical assumptions, particularly those for the evolution of the euro exchange rate, the price of oil and the short-term interest rate (Graph 3). The values assumed in the APR/2025 are compared with those from the DSB/2025 and are validated with reference to the market values traded at the cut-off date of this report. The APR/2025 also publishes assumptions for the long-term interest rate, the real GDP growth of the European Union, as well as the growth of the world economy excluding the EU. It should be noted that, according to clarifications provided by the MF, these assumptions were collected or computed on March 26, about a month prior the date of publication of the APR. In a context of significant changes in economic and trade policy this time difference may compromise their timeliness.

The assumption regarding the evolution of the price of a barrel of Brent is broadly in agreement with the market values in terms of direction, but not in terms of magnitude. The APR/2025 assumes a 9.5% decline in the price of oil in 2025 compared to 2024. Although this figure represents a downward revision compared to October (which pencilled-in a decline of around 5%), it is still about $4/bbl higher than the average market values in the 10 days preceding the preparation of this Opinion. This gap may lead to an overestimation of the import deflator and, consequently, of consumer prices.

The assumption for the exchange rate is not supported by market values. The scenario is underpinned by a significant depreciation of the euro against the US dollar (3.6%), a significant revision compared to the appreciation assumed in the DSB/2025 (+4.2%). In the 10 days preceding the date of preparation of this Opinion, the reference assumption would be for an appreciation of about 1% in the exchange rate compared to the previous year. This discrepancy has an impact on the assessment of external inflationary pressures. Finally, there is a consensus on a decline in the short-term interest rate – the 3-month Euribor – throughout 2025, by around 150 basis points compared to the previous year.

Graph 3 – Technical assumptions underlying the DSB/2025, APR/2025 and values as of April 15



Source: MF - POE/2025, APR/2025 and Macrobond.

The assumed growth rate of external demand does not incorporate the announcement, on April 2, of new protectionist measures by the US and the resurgence in uncertainty. The expected growth of 2.4% is identical to the one assumed by the BdP, the highest among other reference institutions (Table 1), but higher than the assumptions published by the EC and CFP (1.9% and 2.2%, respectively). According to World Trade Organization, merchandise trade in Europe is expected to grow 0.3 p.p. lower than in the absence of trade tensions, although assuming that the suspension of "reciprocal" tariffs by the US remains in place.[5] Nevertheless, growth in external demand does not seem to lead to an overestimation of exports by the MF, as it foresees a decline in export market share in 2025.

Reconciliation with the forecasts from other institutions

This section compares the macroeconomic scenario of the APR/2025 with the ones presented by other reference institutions. It should be highlighted that the comparability of the MF's scenario with those of other institutions is limited by the different cut-off dates and, therefore, the timeliness of its external assumptions, as well as the different forecasting methodologies. Projections by other institutions do not incorporate the impact of policy measures that have not yet been legislated at the time of their preparation (no-policy change scenarios).

The analysis reported in this section takes into account the degree of risk inherent to the MF forecasts. To illustrate this same risk, confidence intervals are computed around the weighted average projection of other institutions. These confidence intervals reflect the historical performance of these same institutions since 2000, and assume that errors are Normally distributed.[6] The results are presented in the Graph 4.

The forecast for real GDP growth (2.4%) is higher than the average estimate of other institutions (2.1%, Graph 4). The MF projection lies at the upper bound of the 30% confidence interval, and is higher than the projection of 2.3% from the BdP, the highest among other institutions. This difference can be traced to the forecast for imports growth (2.8%), which despite being identical to that presented by the BdP, it is based on higher final demand growth expectations. This confirms the assessment in a previous section, which identified a possible underestimation of imports. Although with a lower impact, the forecast put forward by the MF for government consumption (1.7%) is higher than that of other institutions, whose average projection stands at 1.3%. It is also at the upper limit of the 30%

[5] See WTO (2025). "WTO Secretariat's latest Global Trade Outlook and Statistics," April 16. The forecasts for Europe compare with a revision of -2.9 p.p. for world trade. If reciprocal tariffs are reintroduced, the revision would be aggravated, with a 1.5% contraction in world trade in 2025, compared to the forecast of -0.2%. In 2024, the volume of world trade grew by 2.9%.

[6] For more details on the methodology for calculating the average projection and the database used, see Leal, Martins and Marujo (2024), "Back to the future: A database of macroeconomic and budgetary projections for the Portuguese economy in the 21st century", Portuguese Public Finance Council. The average projection considers only the projections of the BdP, CE, CFP, IMF and OECD.

confidence interval . As for the other components of GDP, the forecasts are broadly within the range of available projections.

Graph 4 - Forecast intervals associated with MF forecasts (change, %)

Source: APR/2025 and CFP calculations. The confidence bands were calculated based on the projection deviations of 131 macroeconomic scenarios of the BdP, EC, CFP, IMF, MF and OECD, between 2000 and 2024 (and excluding the years 2020, 2021 and 2022) carried out in the first half of each year. An asymmetric normal distribution of projection errors was assumed. For more details on the methodology for calculating the average projection and the database used, see Leal, Martins and Marujo (2024), "Back to the future: A database of macroeconomic and budgetary projections for the Portuguese economy in the 21st century", Portuguese Public Finance Council. The average projection considers only the projections of the BdP, CE, CFP, IMF and OECD.

Regarding prices, the MF projections are close to, but higher than, the reference values. The MF forecast for HICP (2.4%) is slightly higher than the average projection of other institutions (2.2%) and marginally higher than the highest available projections by the CFP and BdP (2.3%). The most recent forecast, published by the IMF, stands at 1.9%. The forecast for GDP deflator growth, underlying the APR/2025 is in line with reference values.

MF's forecast for employment growth is lower than the average projection. The forecast of 0.6% is 0.3 p.p. lower than the average projection put forth by other institutions, and only higher than the IMF and OECD projections (0.5%). Likewise, the MF's forecast for productivity growth (1.8%) is substantially higher than the average projection (1.2%), exceeds the individual forecast by each institution (Table 1) and is also higher than the upper bound of the 30% confidence interval. The estimate for the unemployment rate is in line with projections from other institutions.

Key considerations regarding the macroeconomic scenario

The forecasts presented in the APR/2025 are made at a time of heightened uncertainty resulting from increased trade barriers to international trade. The resurgence of uncertainty is the result of announcements of protectionist measures by the US Administration. In its latest projections,[7] CFP identified this development as one of the main downside risks to the growth outlook, both in the short term and in the medium term. It also provided a detailed account[8] of the exposure of the Portuguese economy to the US. The erratic nature of these decisions, and the frequent change in their scope, makes a rigorous quantification of their consequences a difficult exercise. Even so, in a context of significant hit to business and consumer confidence, the simulations carried out by both national and international institutions, point to a negative impact on economic growth. As pointed out in the previous analysis of the external assumptions underlying the APR/2025, and in its forecast for GDP growth, the forecast seem to overlook this potential negative impact and may thus be interpreted as if they were made prior to this shock.

[7] CFP (2025). Economic and Fiscal Outlook 2025-2029, Report No 02/2025, April.

[8] Box 4 – Trump 2.0: impact of potential tariffs on the Portuguese economy.

Table 1 – Forecasts and projections for the Portuguese economy

Year	2024	2025					
Institution		CE	OCDE	BdP	CFP	FMI	MF
Date of release	mar/25	nov/24	dez/24	mar/25	abr/25	abr/25	abr/25
Real GDP and components (rate of change, %)							
GDP	1,9	1,9	2,0	2,3	2,2	2,0	2,4
Private consumption	3,2	2,1	2,0	2,8	2,8	-	2,4
Public consumption	1,1	1,3	1,6	1,1	1,2	-	1,7
Investment (GFCF)	3,0	3,7	5,2	3,9	6,3	-	4,4
Exports	3,4	3,0	3,3	2,7	2,6	2,0	2,2
Imports	4,9	4,1	4,6	2,8	4,3	2,9	2,8
Contributions to real GDP growth (p.p.)							
Domestic demand	2,6	2,3	2,6	-	3,1	-	2,7
Net exports	-0,7	-0,5	-0,6	-	-0,8	-	-0,3
Prices (change, %)							
GDP deflator	4,4	2,5	2,4	2,9	2,6	2,6	2,7
Private consumption deflator	2,6	2,2	2,1	2,3	2,3	-	2,4
Public consumption deflator	5,8	4,1	3,6	-	4,6	-	4,3
GFCF deflator	2,1	1,9	2,1	-	2,2	-	2,4
Exports deflator	0,8	2,4	1,8	-	1,5	-	1,4
Imports deflator	-2,3	2,0	1,5	-	1,8	-	1,4
HICP	2,7	2,1	2,2	2,3	2,3	1,9	2,4
Nominal GDP							
Change (%)	6,4	4,4	4,5	-	4,8	4,7	5,2
Level ('000 M€)	285,2	294,7	296,2	-	299,0	298,5	300,0
Labour market (change, %)							
Unemployment rate (% labour force)	6,5	6,3	6,3	6,4	6,5	6,4	6,4
Employment	1,6	0,9	0,5	1,3	1,0	0,5	0,6
Compensation per employee	8,0	3,6	5,4	4,4	4,9	-	4,9
Apparent labour productivity	0,3	0,9	1,5	0,9	1,2	1,5	1,8
Cyclical developments							
Potential GDP (change, %)	-	2,1	2,1	-	2,3	1,8	2,1
Output gap (% potential GDP)	-	0,0	0,3	-	0,3	0,5	0,6
Public finances (% GDP)							
Budget balance	0,7	0,4	0,3	-	0,0	0,5	0,3
Public debt	94,9	92,9	92,2	-	91,8	91,8	91,5
External assumptions							
External demand (rate of change, %)	-	1,9	-	2,4	2,2	-	2,4
Short-term interest rate (annual average, %)	3,6	2,1	2,4	2,2	2,2	2,1	2,3
EUR-USD exchange rate (annual average)	1,08	1,09	1,06	1,04	1,08	1,08	1,04
Oil prices (Brent, USD/bbl)	82,0	67,4	75,0	74,7	73,5	67,7	72,1

Sources: 2024: INE and BdP. 2025: CE - *Autumn 2024 Economic Forecast*, November 2024; OECD - *Economic Outlook Volume 2024 Issue 2*, December 2024; BdP - Economic Bulletin, March 2025; CFP - Economic and Fiscal Outlook 2025-2029, April 2025; IMF – *World Economic Outlook*, April 2025; MF - Annual Progress Report - 2025, April 2025. Only the IMF scenario was published after the announcement of a new tariff policy by the US on April 2.

Taking into account the risks inherent to the MF scenario, the uncertainty of the macroeconomic outlook and the available projections for the Portuguese economy, the forecast of 2.4% growth appears probable, but not prudent. As described earlier, the growth outlook is higher than the most recent projections for the Portuguese economy by other institutions, and is at the upper bound of the confidence interval when considering the degree of uncertainty inherent to the forecast. The expected growth rate is strongly influenced by the projection of a growth rate of imports lower than its historical elasticity to final demand, a particularly relevant fact given that investment is expected to be the most dynamic component of demand, and also by a projected growth in government consumption (1.7%) significantly higher than the average of available projections

(1.3%) and the forecast presented in October (1.3%). Furthermore, the timeliness of the external assumptions may have been compromised by their cut-off date being March 26. Thus, the assumption for the growth of external demand does not incorporate the announcement of new protectionist measures by the US, on April 2, and the corresponding resurgence of uncertainty In the case of inflation, measured by the HICP, the MF forecast (2.4%) is also the highest among those available. There is thus a downside risk stemming from recent developments in international oil prices and the marked appreciation of the euro exchange rate, both of which are far from the assumptions underlying the APR/2025.

This analysis takes into account the principles of Article 8 of the Budgetary Framework Law: "The budgetary projections underlying the budget programming documents shall be based on the most likely macroeconomic scenario or a more prudent scenario". This same guiding principle of using realistic forecasts for the conduct of fiscal policies is also reflected in European legislation, in particular in the Stability and Growth Pact and in Council Directive 2011/85/EU of 8 November 2011 (revised) laying down requirements for Member States' budgetary frameworks.

OPINION ON NET EXPENDITURE

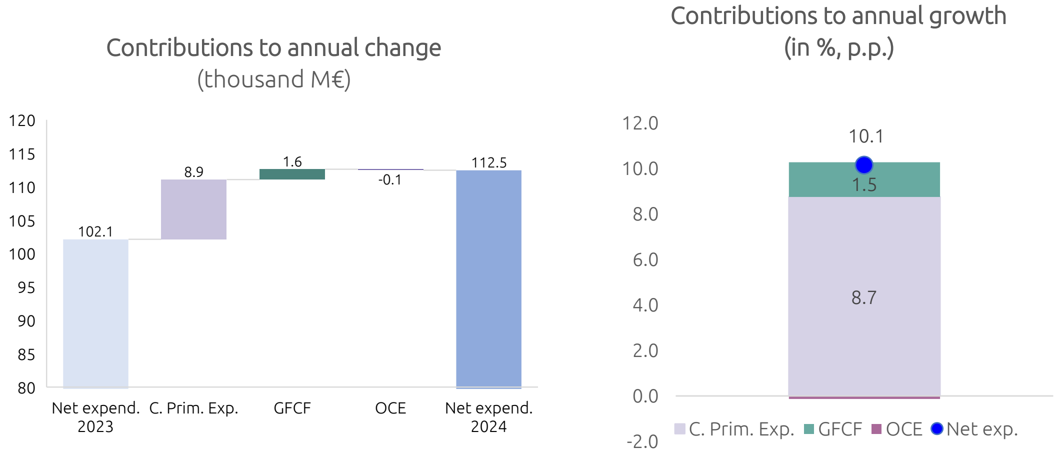
In accordance with the legislation, this Opinion focuses on the execution of net expenditure in 2024 and does not include any analysis on the MF forecast for 2025. Although there is no net expenditure commitment for 2024, the net expenditure trajectory set out in Annex I of the Recommendation of the Council of the European Union, of 21.01.2025, approving the national medium-term fiscal-structural plan of Portugal (C/2025/641), has as its starting point a growth rate of net expenditure for that year. That same growth rate will be required to the determine the cumulative deviation in the control account, to be created in May 2026, based on the 2024 and 2025 outturn data. The trajectory approved by the Council of the EU is identical to the commitment made by the Portuguese authorities in the MTP for the period 2025-2028.

Net expenditure growth recorded in 2024

Net expenditure is the main operational indicator to assess the compliance of the multiannual expenditure path with the commitment by the Portuguese authorities approved by the EU Council. This indicator is defined as general government expenditure net of interest expenditure, discretionary revenue measures (e.g. discretionary tax increases and decreases), expenditure on Union programmes fully covered by revenue from EU funds, national expenditure on the co-financing of EU-funded programmes, cyclical unemployment expenditure, one-off and other temporary measures. As it is not affected by the working of automatic stabilisers (resulting from the economic cycle), nor by other fluctuations in expenditure beyond the control of the government, this indicator aims to capture the evolution of expenditure and revenue under the control of the policy-maker.

Before accounting for the impact of discretionary revenue measures (DRM),[9] net expenditure growth stood at 10.1% in 2024. This is justified in more than four-fifths by the contribution of current primary expenditure, mainly due to the increase in expenditure on social benefits and compensation of employees. The remainder is accounted for the increase in nationally-financed investment. According to the MF, the growth rate of net expenditure before DRM was 10.2%, a difference explained by the cyclical expenditure on unemployment benefits.[10] The growth rate of net expenditure is higher than the 9.0% foreseen in the MTP.

Graph 5 – Net expenditure before discretionary measures on the revenue side
(in % and p.p.)



Source: INE, CFP calculations. | Note: (i) C. Prim. Exp. – Current primary expenditure; (ii) OCE – other capital expenditures; (iii) GFCF – gross fixed capital formation; and (iv) DRM - discretionary measures of revenue. A positive contribution from the latter reflects revenue reduction measures that raise net expenditure and consequently its growth rate. The national expenditure co-financed by programmes financed by the European Union and expenditure related to Union programmes fully covered by revenue from Union funds for 2024 correspond to the estimate of Statistics Portugal established under the 1st notification of the EDP of March 2025.

DRM are policy measures with incremental budgetary impact compared to a no-policy-change scenario. They do not include carry-over effects of measures taken in previous years, as these are included in the no-policy change baseline. DRM are often used to correct fiscal imbalances, influence economic activity or achieve specific policy objectives. In general, these are measures that imply changes in government revenues, including: (i) the change in tax rates; (ii) the introduction of new taxes or levies; or (iii) the adjustment of public service fees. Because they result from a deliberate choice and action of the policy-maker, they

[9] In the English acronym DRM, *Discretionary Revenue Measures*.

[10] The CFP's calculation for the cyclical component of unemployment benefits, which does not yet benefit from COFOG data for 2024, implies a growth in expenditure on unemployment benefits, in line with that recorded budget outturn data. This calculation differs from that made by the MF, which assumes that in 2024 the average unemployment benefit remained unchanged from 2023. According to provisional data from Social Security the average unemployment benefit grew by 6.4% in 2024.

differ from the operation of automatic stabilizers , or from other budgetary effects that do not depend on the deliberate action of the Government.[11]

The quantification of the DRM is crucial in determining compliance with the net expenditure trajectory. MDR is the most uncertain component of net expenditure in terms of its quantification. This uncertainty is reinforced by the lack of detail regarding the methodology used to the estimate the impact of each of revenue measure presented by the MF. With this caveat, the total DRM estimated by the CFP is -2038 M€, aggravating the growth rate of net expenditure in 2024 by 2 p.p. relative to net expenditure growth before DRM (Table 2, in annex). The revenue reducing policy measures around PIT (2170 M€) and CIT (310 M€) account for this increase (Table 3, in annex).

CFP uses a DRM estimate that does not entirely match that of the MF. The MF was asked to share the methodology and data used to support the estimates presented in the APR; however, these elements were not provided to CFP, complicating the capacity to reliably assess these same estimates. Given this limitation, CFP estimates DRM are 550 M€ higher than the DRM reported by the MF, with differences mostly limited to PIT and ISP. Using the *EUROMOD tool*, and in line with CFP projections in the Economic and Budgetary Outlook Report 2025-2029, the impact of PIT measures is estimated at 2170 M€, which differs from the 1850 M€ reported by the MF (Table 3, attached). A detailed explanation is provided in Annex 1. To a smaller scale, the DRM-increasing ISP revenue measure is estimated by the CFP at 126 M€, significantly different from the 356 M€ reported by the MF, as also explained in Annex 1.

Taking into account CFP's DRM estimates, net expenditure growth stood at 12.1% in 2024.[12] This is higher than the 11.8% underlying the agreed net expenditure path and differs from the 11.6% reported by the MF (Table 2, in Annex).

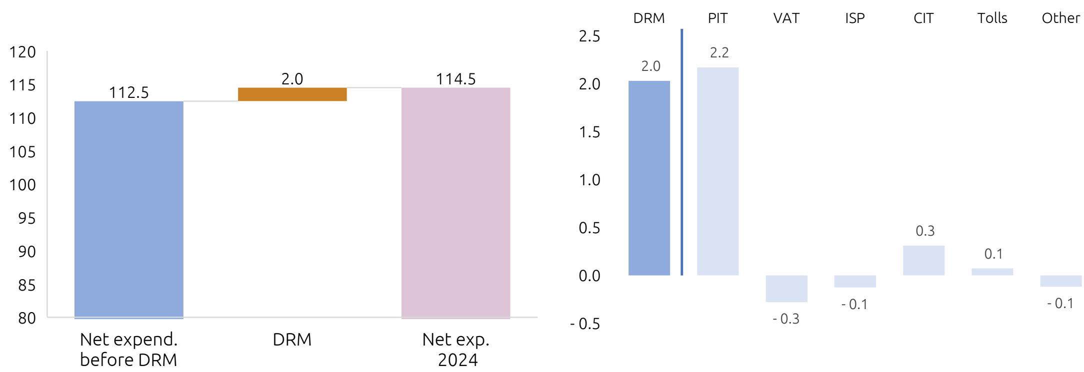
In the absence of a growth in net expenditure lower than that approved in 2025, the deviation found in 2024 will penalize the control account. This different represents 0.1% of GDP or 374 M€.

[11] In this regard, see Princen, S., Mourre, G., Paternoster, D. and Isbasoiu, George-Marian (2013). "Discretionary tax measures: pattern and impact on tax elasticities". European Commission *Economic Papers* 499, May.

[12] This differs from the 12.4% estimated by the CFP in the Economic and Budgetary Outlook 2025-2029, since the calculation of net expenditure presented in that report did not benefit from updated MDR estimates as requested to the MF. In its absence, CFP considered by the MDR estimates published by the EC in its Autumn Forecast of 2024. At 2410 M€, it compares with the 2038 M€ now accounted for by the CFP.

Graph 6 – Net expenditure (including discretionary measures on the revenue side)
(in % and p.p.)

Contributions to the annual change (thousand M€) | Budgetary impact of DRM (one billion €)



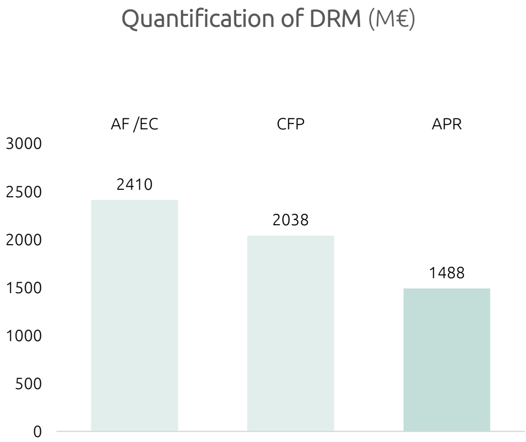
Source: INE, CFP calculations. | Note: (i) DRM - discretionary measures of revenue. A positive contribution from the latter reflects revenue reduction measures that raise net expenditure and consequently its growth rate. The national expenditure co-financed by programmes financed by the European Union and expenditure related to Union programmes fully covered by revenue from Union funds for 2024 correspond to the estimate of Statistics Portugal established under the 1st notification of the EDP of March 2025.

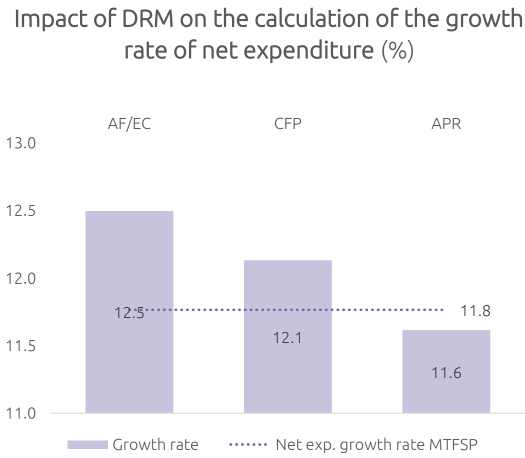
Sensitivity of the calculation of net expenditure to the quantification of DRM

As previously mentioned, the conclusions reached in this Opinion are sensitive to the quantification of DRM. It will be the measures accepted by the European Commission (EC), and its corresponding quantification, that will determine the net expenditure calculation. Therefore, net expenditure growth will only be known in the context of the European Semester Spring Package, after the submission of the Annual Progress Report by the Member States. The methodology to be used by the EC to quantify the impact of discretionary revenue measures is not public. The uncertainty regarding these estimates is illustrated by its change over time, and depending on the institution. For instance, in October, in the context of the MTP, the MF estimated a total of -2776 M€ DRM in 2024, while the EC, in its Autumn Forecast estimated -2410 M€. In April 2025, the MF revised its estimate of DRM to -1488 M€, almost halving the figure from October. According to clarifications provided by the MF, this revision was due to a double-counting of the impact of PIT measures.

Depending on the estimate of DRM, different growth rates for net expenditure are found. Starting from net expenditure before accounting for DRM, as calculated by CFP and (i) applying the DRM quantification published by the EC in October, (ii) the MF in April, and (iii) the CFP, the growth rate of net expenditure for 2024 would be in the range of 11.6% to 12.5% (right panel of Chart 7).

Graph 7 – The different DRM estimates used for 2024 (as % of GDP)





Source: MF, CE. CFP calculations. | Notes: (i) AF/EC – European Commission autumn forecast; (ii) APR – reporting by the MF within the scope of the request for analysis of the Annual Progress Report. The positive sign of the DRM reflects revenue reduction measures that increase net expenditure and consequently its growth rate.

This exercise does not consider methodological nuances not yet publicly known or codified. For example, control account calculation formula used by CFP was based on the interpretation of the legislation currently in force, as well as on technical clarifications received. A new Code of Conduct is yet to be approved, clarifying the implementation of the Stability Pact, as well as an update of the *Vade Mecum* of the Stability and Growth Pact, the last version of which dates from 2019, or an equivalent document, which brings together all the relevant elements for the implementation of the new Economic Governance Framework.

In the future it is of upmost importance to ensure that independent fiscal institutions, such as CFP, have access to all relevant information. In order for Independent Fiscal Institutions (IFIs) to be able to assess, at national level, whether net expenditure is evolving in line with their country's commitment, before the European Commission makes its own assessment public, timely and complete access to sufficiently detailed information regarding the budgetary outturn of DRM should be ensured, as well as knowledge on methodological changes agreed between Member States and the EC, bilaterally or within the Council, creating a *"level playing field"*. Only then will IFIs be able to issue informed and conclusive opinions on the matter at hand. This desideratum can be implemented at the national level through a protocol with the Ministry of Finance. It should be noted that the only existing Protocol between the MF and the CFP dates from 2015 and concerns a different matter from the one currently under review. At European level, each IFIs must be able to engage in a technical dialogue with the European Commission.

CONCLUSION

This Opinion focuses on the macroeconomic forecasts and its external and technical assumptions for the year 2025, as well as the assessment of compliance of budgetary outturn data with the net expenditure path in 2024. Its preparation was prompted by a request from the MF, addressed to the Portuguese Public Finance Council (CFP) in March 2025. Since the APR is not a budget programming document, the legislation in does not provide for an endorsement of the forecasts by the IFI, nor does this request fall within the provisions of the European Regulation, and therefore the analysis focuses only on plausibility of macroeconomic forecasts. In what concerns the net expenditure path, the request falls under the terms of Article 23(1) of the Regulation, and therefore concerns only 2024 budgetary outturn data, and does not cover the updated budgetary forecasts for 2025.

A real GDP growth rate of 2.4% in 2025 appears probable but not prudent. This assessment is the result of due consideration to the risks of the MF scenario, the uncertainty of the current macroeconomic outlook and the projections for the Portuguese economy published by other institutions. In this regard, it should be noted that the economic growth forecast by the MF is higher than the most recent available projections for the Portuguese economy; it is based on an expected growth in government consumption significantly higher than the average projection from reference institutions; and that the timeliness of the external assumptions may have been compromised by the fact that its cut-off date was 26 March. In the case of HICP inflation, the MF forecast (2.4%) is also the highest among those available, and presents a downside risk associated with the recent price of oil on international markets and the significant appreciation of the euro exchange rate, neither of which is reflected in the assumptions of the exercise.

The estimate of net expenditure growth in 2024 is sensitive to the quantification of discretionary revenue measures (DRM). By having reduced revenue in a discretionary manner these penalized the evolution of the net expenditure indicator. Primary expenditure financed with national funds net of co-financing of EU programmes, cyclical expenditure related to unemployment benefits, one-off measures and other temporary measures, grew by 10.1% in nominal terms in 2024, i.e. more than the 9% considered in the MTP before DRM. Accounting for the amount of DRM brings net expenditure growth to the range of 11.6% to 12.5%. The approved net expenditure path considered a growth rate of 11.8%.

The difficulties in estimating net expenditure reflected in this Opinion reinforce the need for a protocol between CFP and the Ministry of Finance (MF). Despite being requested by CFP, the MF did not explain the methodology followed or provided the necessary data to support its estimates, especially of changes to DRMPIT and ISP (see Annex 1). Only the existence of a protocol could ensure appropriate access to information, in a timely and complete manner, so that CFP, as an institutional participant in this process (together with the MF and the European Commission), can present duly informed conclusions. Such access should refer both to information and to methodological choices adopted at EU level, in forums where the IFI is not represented, nor is it informed by the MF.

This difficulty is particularly relevant in the quantification of discretionary revenue measuresDRM. This Opinion sought to illustrate this difficulty, both from the standpoint of temporal consistency and in relation to the judgement of different institutional stakeholders. The sensitivity of the net expenditure estimate to the amount of DRM requires that the aforementioned protocol provides access to tax revenue information sufficiently granular to allow CFP to have a critical view of the estimates presented by the MF and to prepare its own estimates, as appropriate. This is also a desideratum of transparency, set out in the Budgetary Framework Law (LEO), and reflects an increasingly evident need to quantify the impact of policy measures, using verifiable and auditable methodology.

There is a need to adopt a new national fiscal rule supplementary to the European framework. The importance of a national rule that is not susceptible to being influenced by unobservable variables regarding "net expenditure" is of paramount importance. This numerical fiscal rule, specifically designed for Portugal, for the general government and for its subsectors, should contribute to the fulfilment of European obligations and, above all, to the reduction of the public debt ratio to a prudent level. Only by creating and maintaining fiscal space can citizens truly make consequential political choices. A robust national budgetary framework reinforces the quality of Portuguese democracy, a goal that deserves a broad and deep reflection and debate.

ANNEX 1 – EXPLANATORY NOTES

PIT Package 2024 - Quantification of its impact

The estimated impact regarding the PIT package of 2024 was not sufficiently explained by the MF. The new European economic governance framework states that DRM estimates should be prudent, duly justified and supported by sound economic arguments and evidence. An adequate evaluation of the estimates made by the MF requires that, upon request, the MF explains its methodology and makes available supporting data.

In the absence of methodological explanations and data to support MF estimates for the PIT package, CFP carried out its own quantification using EUROMOD. The quantification of the impact of the PIT package by CFP was based on the use of the EUROMOD model interface.[13] The simulation of the PIT reduction approved in the State Budget/2024 was carried out using EUROMOD I5.0+ (2022), and the impact was updated according to explanations in Box 1 of the Analysis Report on the State Budget/2024. The simulation of the additional reduction approved by the Parliament was carried out using EUROMOD I6.0+ (2023), updating its impact for the expected revenue for 2024 in a similar way to that carried out with the simulation described above.

The estimated quantification of the PIT package differs from that presented by the MF. The results obtained by the CFP point to an estimated impact having amounted to 2170 M€ in 2024, which differs from the 1850 M€ reported by the MF. This quantification mainly reflects the estimated budgetary cost of the PIT reduction measure approved in the State Budget/2024 of 1358 M€ and the additional reduction of the PIT by Parliament by 708 M€.

Changes to ISP and the carbon tax

CFP's quantification of the impact of changes to the tax on petroleum and energy products (ISP)[14] and the carbon tax differs from that presented by the MF. The starting point for the quantification was a no-policy change scenario, starting in 2024. In this scenario, the impact in 2024 of measures legislated in previous years is already accounted for in the baseline. With this understanding, for the purposes of the APR, the DRM corresponds to the difference between the revenue generated by this tax in 2024 and the revenue resulting from keeping all tax parameters unchanged compared to December 2023. In 2024, carbon tax increases were

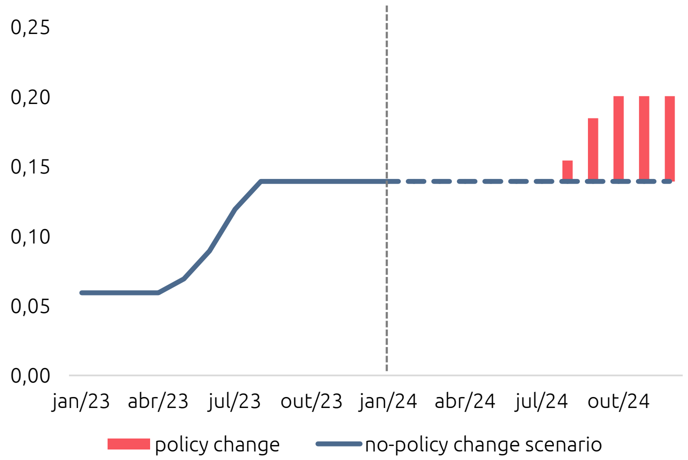
[13] The EUROMOD-JRC online platform is a web interface that offers easy and fast access to the EUROMOD microsimulation model. This platform allows the simulation of the implementation of simple reforms on the taxation and social benefits systems of the Member States of the European Union, particularly on Personal Income Tax (IRS) and Social Security Contributions (CSS), and thus obtain the corresponding tax impacts of the simulated reforms.

[14] Values of the unit rates of the tax on petroleum and energy products applicable to gasoline, diesel, petroleum, fuel oils and electricity.

implemented[15] in August and September, resulting in a difference of approximately 6 cents per litre in gasoline and diesel compared to December 31, 2023. In contrast, ISP rates remained unchanged throughout 2024.

CFP's estimate is for a positive impact on revenue of 126 M€, a figure that compares with the 356 M€ estimated by the MF. This divergence is due to the fact that the MF estimate uses as a no-policy change baseline the potential revenue that would accrue from the law[16]. As a result, it accounts for the revenue loss that occurred in the years 2022 to 2024, when the carbon tax was lower than established by law. The MF is thus accounting as a policy measure in 2024 the partial adjustments that occurred throughout 2023, which resulted in incremental increases in revenue. According to the CFP's interpretation, this revenue should already be incorporated into the no-policy change scenario and thus only account for changes made to tax parameters throughout 2024.

Graph 8 – Carbon tax on road diesel in a policy scenario (cents per liter)



Source: CFP calculations based on DGEG statistics. The chart reports the average values in each month. Changes in the carbon tax took effect on August 26, September 9 and September 16.

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[15] As an example, see Portaria No. 210-A/2024/1, of 13 September, on the update of the addition rate on CO2 emissions.

[16] The value of the addition rate provided for in article 92-A of the Excise Code (CIEC) is set annually based on the prices of the auctions of greenhouse gas emission allowances, carried out within the scope of the European Emissions Trading System (ETS), in accordance with the provisions of paragraph 2 of article 92-A of the CIEC. On December 27, Portaria No. 355-A/2024/1 and Portaria No. 355-B/2024/1 were approved , with effect from 2025.

ANNEX 2 – TABLES

Table 2 – Calculation of Net Expenditure (million euros)

	Formulas	2023		2024	
		MF	CFP	MF	CFP
Total Expenditure (which excludes)	(1)	113 362	113 362	121 967	121 967
Interest expenditure	(2)	5 526	5 526	5 875	5 875
Cyclical unemployment expenditure	(3)	108	90	102	103
Expenditure funded by transfers from the EU	(4)	3 748	3 748	3 032	3 032
National co-financing of programmes funded by the Union	(5)	580	580	375	375
One-offs expenditure (levels, excl. EU funded)	(6)	1 299	1 299	114	114
Net expenditure (before DRMs)	(7)=(1-2-3-4-5-6)	102 101	102 119	112 470	112 469
Change in net expenditure before DRMs	(8)=(7(t)-7(t-1))			10 369	10 350
Growth in net expenditure before DRMs	(9)=(7(t)/7(t-1))			**10.2%**	**10.1%**
DRM - Discretionary Revenue Measures (incremental, excl. One-offs)	(10)			-1 488	-2 038
Net expenditure (after DRMs)	(11)=(7)-(10)	102 101	102 119	113 958	114 507
Annual change in net expenditure (after DRMs)	(12)=(11(t)-7(t-1))			11 858	12 388
Net expenditure path					
Annual Growth					
Net expenditure growth	(13)=(11(t)/7(t-1))			**11.6%**	**12.1%**
MTSFP	(14)			11.8%	

Source: INE, MF. CFP calculations.

Table 3 – List of Discretionary Measures of Revenue 2024 (million euros)

Discretionary Revenue Measures	POEN-MP	MF	CFP
VAT	323	**278**	**278**
VAT reduction on essencial food basket	323	323	323
VAT reduction on soda drinks		-40	-40
Reducing VAT on baby food		-5	-5
Other Indirect Taxes	152	**466**	**236**
Return of additional VAT revenue from ISP and suspension of the carbon tax update		356	126
Update of other indirect taxes (ISV, IUC, IABA, IMT, IT)	152	146	146
Exemption of local tax on real estate transactions and stamp duty in the case of 1st house purchase		-36	-36
PIT	-2 795	**-1 850**	**-2 170**
SB2024 PIT package (2)		-1 540	-2 110
PIT reform (reduction of rates, updating of brackets)	-1 190		
PIT: changes resulting from Parliament's carry-over effect on SB2024 measures	-1 201		
Additional reduction in PIT (Parliament)	-199		
Reforming the minimum standard of living	-101		
SB2024 enlargement of PIT for the young	-199	-200	-200
Housing-related tax measures	-154	-110	-110
Reduced withholding tax to support housing costs	250		250
CIT	-180	**-310**	**-310**
Autonomous taxation		-35	-35
Tax incentives to wage valorization		-50	-50
Increase of expenses with energy, fertilizers, feed and other animal feed for CIT purposes		55	55
Incentive to recovery - CIT; SIFIDE; RFAI; other tax benefits		-100	-100
Widening of the Tax Regime for Corporate Capitalization (ICE)	-180	-180	-180
Other Revenue	-275	**-72**	**-72**
Reducing toll rates		-72	-72
Other revenue measures (<0.1% of GDP)	-275		
Discretionary Revenue Measures	-2 776	**-1 488**	**-2 038**

Source: MF, CFP Calculations. | Note: (1) Includes the aggregate impact of: specific deduction update; reform of the minimum of existence; transversal reduction of fees; additional reduction in fees (Parliament measure); rent limit support.

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