

SYSTEM OF GOVERNMENT: Dual executive

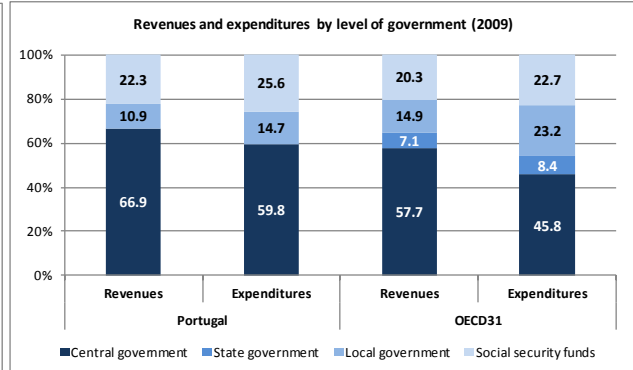
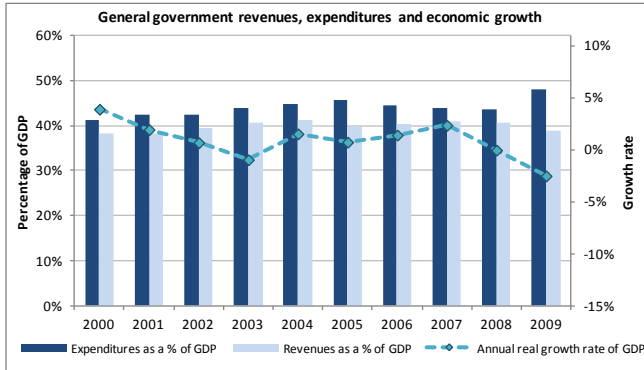
- No. of ministries: 14 (2010)
- No. of governments over last 20 years: 8
- No. of coalitions over last 20 years: 2

STATE STRUCTURE: Unitary

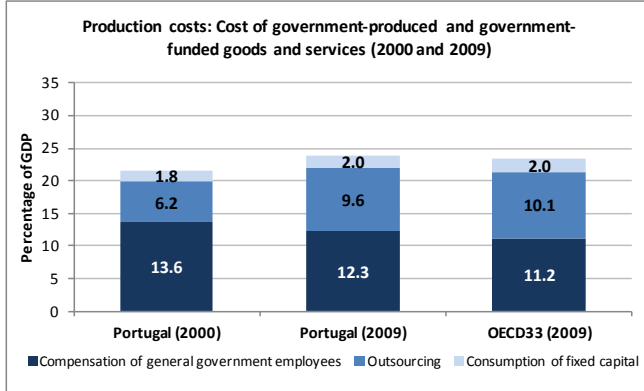
LEGISLATURE: Unicameral

- Upper house: none
- Lower house: elected using Proportional Representation

In terms of expenditures as a share of GDP, the Portuguese government is fairly close in size to the OECD average at just over 41% of GDP in 2009. Thanks to successive fiscal consolidation programmes and a growing economy, the fiscal balance improved significantly between 2005 and 2007. But it deteriorated in 2008 and 2009 due to the economic downturn and the fiscal stimulus packages in response to the crisis. The Portuguese government is relatively centralised compared to other OECD countries. The central government collects over 2/3 of revenues and accounts for almost 60% of expenditures.

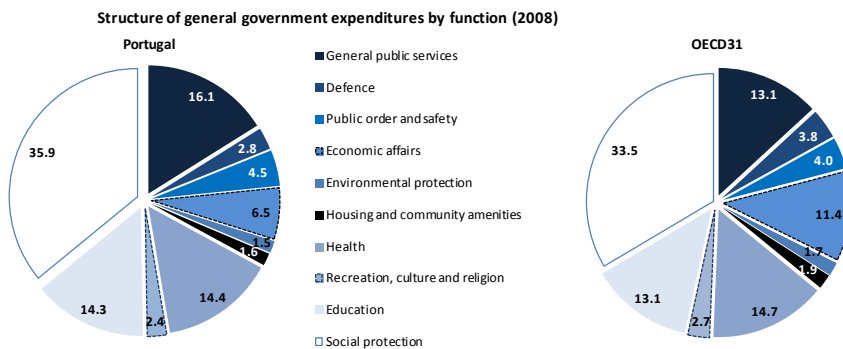


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



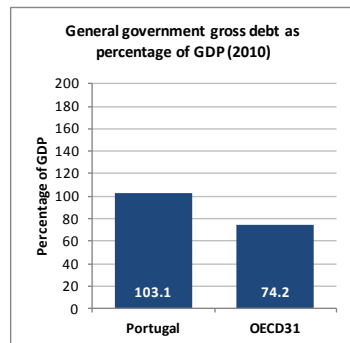
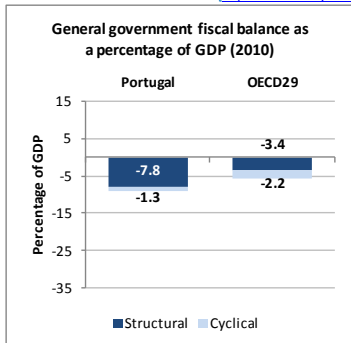
About 24% of the economy was devoted to producing public goods and services in 2009, very similar to the OECD average. Between 2000 and 2009, the use of outsourcing increased as the government began using less of its own staff to produce goods and services and relying more on private sector actors. However, the Portuguese government still uses less outsourcing than on average across the OECD area.

Source: OECD National Accounts. [Production costs]



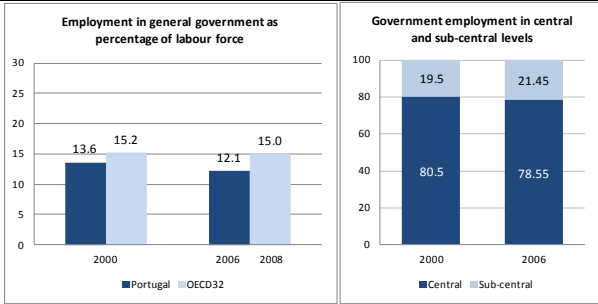
The Portuguese government devotes a slightly larger share of resources to general public services than on average across the OECD, partly reflecting interest payments on debt, which represent 46% of spending in this area. In addition, the government devotes a slightly larger share of resources to social protection programmes and education than other OECD countries. This is balanced by a smaller share of spending devoted to economic affairs, which includes spending on transportation, agriculture, mining, and fuel and energy.

Source: OECD National Accounts. [Expenditures by function]



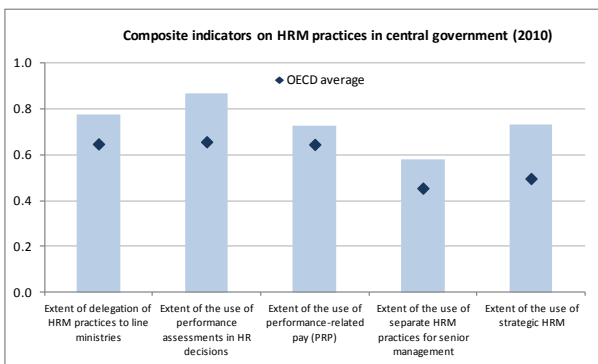
The Portuguese government operated at a deficit of 9.1% of GDP in 2010, slightly below the OECD average. Before the crisis, gross debt as a share of GDP had been declining slightly, but reached 103.1% of GDP in 2010 (OECD definitions differ from Maastricht criteria). The government expects debt to stabilise in 2011-12 due in part to consolidation efforts which include cutting public sector wages by 5% on average, limiting staff hiring and reducing social expenditures. In addition, the government will strengthen the tax base, for instance by increasing VAT rates.

Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]



In Portugal, 12.1% of the total labour force worked in general government in 2006. This rate is down from 13.6% in 2000, and well under the OECD average of 15%. (Across the OECD, public employment ranges from 6.7% to 29.3% of the labour force.) It is planned to further reduce this by replacing only half of staff leaving on retirement. Portugal's public workforce is quite centralised, with over 78% of staff working for central government, slightly lower than in 2000 (80.5%).

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)



Since 2005, the Portuguese central government has delegated a lot of authority to line ministries and line managers. Performance assessments are widely used across the civil service as well as performance pay. Portugal has a separately managed civil service and is a front runner in the use of HRM practices strategically. Service staff boards play key roles in workforce planning and the strategic planning of human resource needs. Their work is built on the service mission and strategic objectives of government organisations. For staff increases they need the approval of the responsible Minister together with the Minister of Finance who provides the necessary budget approval.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	Yes	Yes	No	97%
Selection & evaluation criteria	Yes	Yes	No	No	97%
Tender documents	Yes	Yes	No	No	82%
Contract award	Yes	Yes	No	No	100%
Justification for award	Yes	Yes	No	No	59%
Tracking procurement spending	Yes	No	No	Yes	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important; especially given that the Portuguese government spent an estimated 11% of GDP on public procurement transactions in 2008.














In Portugal, the usage of electronic purchasing platforms is mandatory for all public procurement procedures, adding transparency and efficiency to the process and reducing context costs. The National Agency for Public Procurement (ANCP) tracks thoroughly public spending in transversal goods and services, celebrating and managing framework agreements and acting also as a Central Purchasing Body.

Like the majority of OECD countries, Portugal publishes all public procurement information on its central procurement website. Additionally, contracting entity websites may disclose information for potential bidders, selection and evaluation criteria, tender documents, contract awards and justifications for awarding a contract.

Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

REGULATORY GOVERNANCE
Regulatory governance mechanisms, 2008

Functions of the oversight body		Percentage of OECD countries responding "yes"	PORTUGAL
Consulted as part of process of developing new regulation	2005	 73%	Yes
	2008	 82%	Yes
Reports on progress made on reform by individual ministries	2005	 43%	Yes
	2008	 56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	 43%	No
	2008	 50%	No
Conducts its own regulatory impact analysis	2005	 43%	Yes
	2008	 47%	Yes
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	 57%	No
	2008	 70%	No
Guidance for regulators on compliance and enforcement	2005	 37%	No
	2008	 47%	No
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	 30%	No

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

Responsibility for regulatory management in Portugal lies at the centre of government, with two entities based within the Presidency of the Council, CEJUR and SEMA, playing a leading role.

Initially created as a source of legal expertise to the government, CEJUR is responsible for implementing the government programme for regulatory quality initiated in 2006 and for coordinating the rule-making process, acting as a mediator between ministries. The Secretary of State for Administrative Modernisation (SEMA) is in charge of administrative simplification and e-government. Since January 2011, CEJUR and SEMA have been charged with reviewing *ex ante* impact assessments prepared by ministries in the development process of each draft decree-law (Government-enacted legislative acts) and all other regulatory acts requiring approval by the Council of Ministers. These impact assessments are focused mainly on the analysis of administrative burdens. Other important players for regulatory management are the Ministry of Justice and the Ministry of Finance, with have been largely involved in the simplification programme, the Ministry of Foreign Affairs (EU regulations), and the Ministry of Science (e-government).

With respect to compliance and enforcement, Portugal retains a largely traditional approach, based on inspections. It is among the few OECD members, which had not integrated compliance and enforcement issues in the process for preparing new regulations by 2008 according to the OECD survey on regulatory management.

Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Better Regulation in Europe – Portugal*, OECD Publishing, Paris.

[\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT
Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Portugal	OECD32	Publication channels
Budget documents	●	94%	MA
Audit reports	●	72%	CP
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	○	66%	Not published
Requirements on publishing in open data formats	No	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ○ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Similar to most OECD countries, Portugal's Freedom of Information legislation- which includes among other provisions the Code of Administrative Procedure and Law 46/2007 on the access and re-use of administrative documents- requires that the government publish budget documents and audit reports. This information is generally made available on a central portal and ministry or agency websites. As of 2010, the government did not publish administrative data sets and did not have requirements on publishing in open data formats, contrary to over half of OECD countries. However, the central government Agency for Public Services Modernisation is currently working with the Lisbon City Council and several other public bodies in a data.gov website, which will make available raw administrative data sets on health, transportation, education and other relevant policy areas. The project will gradually extend the number of involved public entities, as well as data sets, promoting the re-use of public sector information by all Portuguese civil society. Furthermore, the Companies' Statistics Portal (<http://www.estatisticasempresariais.mj.pt>) discloses financial information on companies which is collected through the commercial registry. In addition, an April 2011 decree requires administrative data sets on trade and service activities to be published in open formats to enable reuse.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

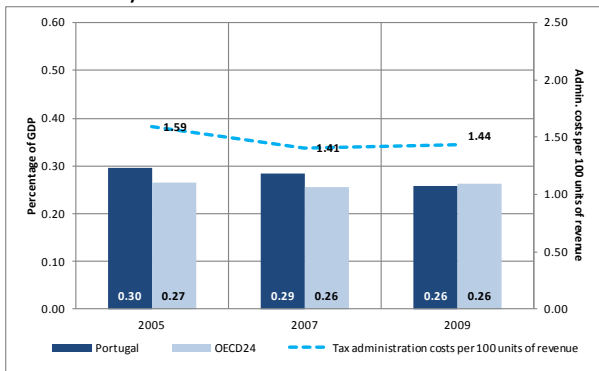
E-GOVERNMENT
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Portugal	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	○	64%
Services offered on single-entry procurement website		
Tender searches	●	62%
Tracking of outcomes of contracts	●	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

Similar to most OECD countries, the Portuguese Government has put laws and/or has policies in place to promote the use of digital signatures and electronic filing in the public sector. Unlike 64% of responding OECD countries, however, Portugal does not have a specific law or policy to administer public-private partnerships for e-government projects. PPPs can help increase innovation in public administrations through greater knowledge transfers and exchange of best practices between the public and private sectors. Portugal's single-entry procurement website allows businesses to perform tender searches, helping to increase transparency and efficiency in the procurement process.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

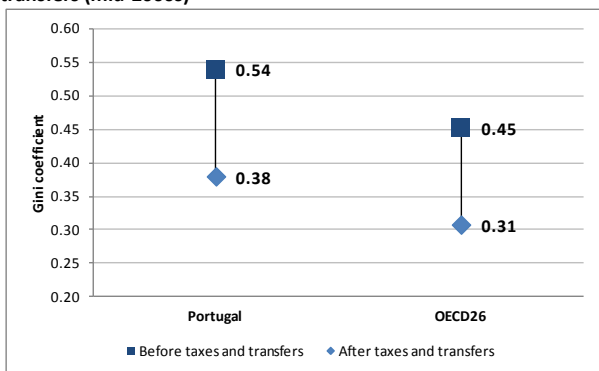
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Portugal, the administration costs of collecting 100 units of revenue decreased from 2005 to 2007 before increasing again slightly by 2009, albeit not surpassing the 2005 level. Total revenue body expenditures as a percentage of GDP decreased from 2007 to 2009, suggesting the increase in the ratio could be partly explained by macroeconomic conditions, such as a drop in revenues following the crisis.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

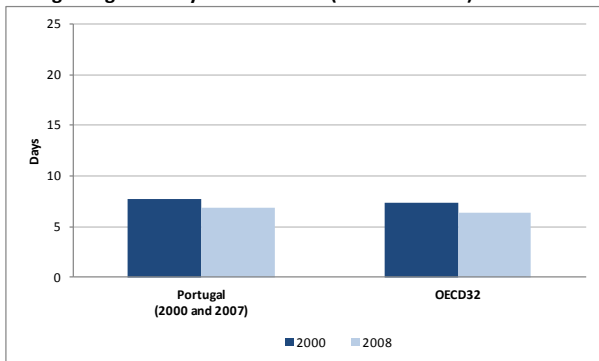
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



One method of evaluating the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on such measures of inequality is slightly higher in Portugal than the OECD average. Portugal achieved a 0.16 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

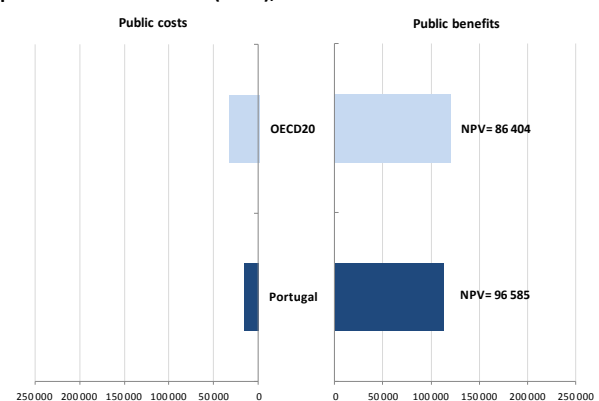
Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Similar to other OECD countries, the ALOS decreased from 7.7 days in 2000 to 6.8 days in 2007 in Portugal. This decrease is relatively similar to that of the OECD average, where the reduction was about one day over roughly the same period. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 96 600, Portugal’s public net present value (NPV) for a man obtaining tertiary education is slightly higher than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Portugal, the NPV is almost six times the net public investment in tertiary education, providing a strong incentive to expand higher education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia are for 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.