TECHNICAL ASSISTANCE REPORT

PORTUGAL

Public Investment Management Assessment (PIMA) and Climate PIMA (C-PIMA)

APRIL 2026

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Abbreviations and Acronyms

APA	Agência Portuguesa do Ambiente (Portuguese Environment Agency)
CBA	Cost Benefit Analysis
DGAL	Direção-Geral das Autarquias Locais (General Directorate of Local Authorities)
EIA	Environmental Impact Assessment
EBE	Extrabudgetary entity
EIB	European Investment Bank
ERSE	Entidade Reguladora dos Serviços Energéticos (Energy Services Regulatory Authority)
IGCP	Agência de Gestão da Tesouraria e da Dívida Pública (Treasury and Public Debt Management Agency)
EU	European Union
FAD	Fiscal Affairs Department
GDP	Gross domestic product
GHG	Greenhouse gases
IMF	International Monetary Fund
JASPERS	Joint Assistance to Support Projects in European Regions
MoF	Ministry of Finance
MTBF	Medium-Term Budgetary Framework
MTFSP	Medium-Term Fiscal-Structural Plan
NDC	Nationally Determined Contribution
PIMA	Public Investment Management Assessment
PLANAPP	Centro de Planeamento e Avaliação de Políticas Públicas (Centre for Planning and Evaluation of Public Policies)
PPP	Public-private partnership
REN	Redes Energéticas Nacionais (National Energy Networks)
REPLAN	Rede de Serviços de Planeamento e Prospetiva da Administração Pública (Network of Planning and Forecasting Services for Public Administration)
RRF	Recovery and Resilience Fund
SNG	Subnational Government
SOE	State-owned enterprise
UTAM	Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (Technical Unit for Monitoring and Oversight of the State-Owned Enterprises Sector)
UTAP	Unidade Técnica de Acompanhamento de Projetos (Technical Unit for Project

Preface

At the request of the Ministry of Finance of Portugal, a team from the IMF's Fiscal Affairs Department (FAD) undertook a combined Public Investment Management Assessment (PIMA) and Climate PIMA (C-PIMA) during the period from October 29 to November 11, 2025. The team was led by Ed Hearne and comprised of Ian Hawkesworth, Yasemin Hurcan and Sylke von Thadden-Kostopoulus (all FAD), Eduardo Aldunate and Hana Huzjak (both FAD experts).

From the Ministry of Finance (Ministério das Finanças), the assessment team met with Joaquim Miranda Sarmento, Minister of Finance, José Maria Brandão de Brito, Deputy Finance Minister and Secretary of State for the Budget, José Carlos Azevedo Pereira, Director-General of Gabinete de Planeamento, Estratégia, Avaliação e Relações Internacionais (GPEARI), staff from Entidade do Tesouro e Finanças (ETF), Entidade Orçamental (EO), GPEARI and Agência de Gestão da Tesouraria e da Dívida Pública (IGCP).

The assessment team also met with senior officials from other ministries and bodies and their staff, including: Ministério da Reforma do Estado, Ministério das Infraestruturas e Habitação, Ministério da Economia e da Coesão Territorial, Ministério do Ambiente e Energia, Ministério da Administração Interna, Ministério da Agricultura e Mar, Ministério da Saúde, Ministério da Educação, Ciência e Inovação, Administração Central do Sistema de Saúde, I.P. (ACSS), Autoridade da Concorrência (AdC), Águas de Portugal, SGPS, S.A. (AdP), Agência para o Desenvolvimento e Coesão, I.P. (AD&C), Agência para a Gestão Integrada de Fogos Rurais, I.P (AGIF), Associação dos Industriais da Construção Civil e Obras Públicas (AICCOPN), Agência Portuguesa do Ambiente, I. P. (APA), Agência para o Clima, I. P. (ApC), Autoridade da Mobilidade e dos Transportes (AMT), Autoridade Nacional de Emergência e Proteção Civil (ANEPC), Conselho das Finanças Públicas (CFP), Direção-Geral das Autarquias Locais (DGAL), Direção-Geral de Energia e Geologia (DGEG), Direção-Geral de Estudos, Planeamento e Avaliação (DGEPA), Direção-Geral do Território (DGT), Agência Nacional Erasmus+ Educação e Formação, Entidade Reguladora dos Serviços Energéticos (ERSE), Entidade Reguladora dos Serviços de Águas e Resíduos (ERSAR), Participações Imobiliárias, SA. (ESTAMO), Instituto dos Mercados Públicos, do Imobiliário e da Construção, I. P. (IMPIC), Representação da Comissão Europeia em Portugal, Infraestruturas de Portugal, S.A (IP), Câmara Municipal de Lisboa, Centro de Planeamento e de Avaliação de Políticas Públicas (PLANAPP), Redes Energéticas Nacionais SGPS, S.A (REN), Direção Executiva do Serviço Nacional de Saúde (DE-SNS), Serviço de Utilização Comum dos Hospitais (SUCH) and Tribunal de Contas.

The team would like to thank the Government of Portugal for their hospitality, cooperation, and constructive discussions during the assessment, and for their active engagement at the Preliminary Findings Workshops on November 7 and November 10, 2025. The team would particularly like to thank Conceição Amaral, Fátima Azevedo, Gabriela Guerreiro and Emídio Lopes for their tireless support throughout the mission.

Executive Summary

Public investment in Portugal has been volatile over the last three decades with implications for infrastructure provision. Fiscal consolidation from 2012 meant that investment did not keep pace with depreciation, eroding the capital stock and weakening prospects for productivity growth. Portugal actively pursued investment through public-private partnerships (PPPs) from the late 1990s – which brought fiscal risks and challenges – and now has a significant capital stock from PPPs. The government plans to increase nationally funded public investment in the near-term as European Union (EU) funding recedes. However, there have been persistent challenges in executing planned strategic projects and the construction sector faces capacity constraints, further limiting infrastructure delivery.

Portugal has attained a considerable level and quality of infrastructure given its comparatively low level of investment. Portugal has one of the densest motorway networks in Europe, largely delivered through PPPs. While the railway network is less extensive, passenger volumes are growing, and the planned high-speed line from Lisbon to Porto will likely improve demand in the medium-term. The country's renewable energy output has increased over the last decade and has remained above the European and high-income country average. As a share of output, Portugal's electricity power loss has declined on average but remains above the European and high-income country averages. The public water supply network is extensive but less efficient than comparators. Composite measures of infrastructure quality show above average performance for Portugal but with regional variation. Combining measures of inputs, outputs and quality indicates that Portugal exhibits an efficiency gap of about 14 percent compared to leading performers. This is in line with EU and Advanced Economy (AE) averages but there is no guarantee that this level of efficiency can be maintained at a higher level of public investment in the absence of further institutional reform.

Portugal's PIMA scores reflect reasonable institutional design but reveal some gaps in institutional effectiveness. This report applies the Public Investment Management Assessment (PIMA) framework, which assesses public investment management (PIM) both in terms of its strength of design, and its effectiveness in practice (Figure 1 and Table 1). On average, design scores are slightly higher than effectiveness scores across institutions. While the design aspects of institutions like fiscal targets and rules, alternative financing, budget comprehensiveness, and budgeting for investments are strong, with scope for improvement in planning, there are gaps in project appraisal, multiyear budgeting, and monitoring of public assets. While effectiveness scores for project appraisal and monitoring of public assets are higher than the design score, elsewhere effectiveness scores are lower, especially for budget comprehensiveness, budgeting for investment, portfolio management, and oversight.

Design and effectiveness of public investment institutions is broadly in line with European peers but slightly weaker than the Advanced Economy average, in particular on effectiveness. Strengths in institutional design compared to both peer groups include fiscal targets and rules, alternative financing, budget comprehensiveness and unity and budgeting for investment. However, national and sectoral planning, project appraisal, multiyear budgeting, maintenance funding, procurement, availability of funding, and monitoring of public assets are relatively weaker than peers. Portugal has relative gaps in effectiveness relating to multiyear budgeting, maintenance funding, and management of project implementation.

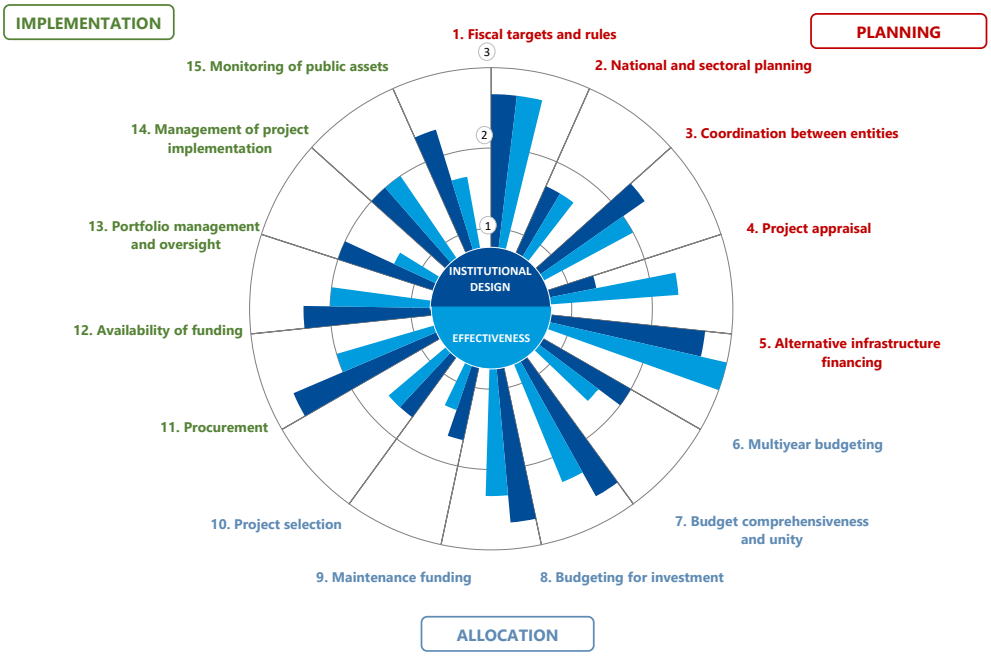
There has been significant progress in enhancing the climate-sensitivity of PIM practices in Portugal (Figure 2 and Table 2). This report also applies the climate module of the PIMA introduced in 2021. Portugal has relative strengths in climate-sensitive public investment planning with infrastructure planning aligned to national and EU climate policy. Portugal also demonstrates strengths in climate-aware coordination of public investment across government and the public sector and in risk management. The C-PIMA rates climate-sensitive appraisal, budgeting and portfolio management as weaker. Portugal is well-placed to build on this and further improve the climate-sensitivity of infrastructure governance over the medium-term.

The assessment has revealed three key issues that can be addressed to support improved investment efficiency:

- **There are bottlenecks to delivery across the public investment lifecycle which contribute to under-execution of major projects.** Sectoral investment planning is fragmented and there is not enough project-specificity in plans. At the budgeting phase, there is insufficient certainty on project allocations which limits agencies' ability to plan for the medium-term and does not provide the private sector with a clear view of the pipeline of projects for which to prepare and invest in capacity. There are weaknesses in procurement and controls of funding release which further slow delivery. During implementation there is inadequate central portfolio oversight, potentially missing opportunities to accelerate delivery of critical projects. Tackling these systemic issues can help expedite major project delivery.
- **As the recent period of increased EU funding recedes, there is a need for stronger national PIM processes.** Many good practice elements in Portugal derive from the need to comply with EU funding requirements, for example project appraisal in line with the EU Cost Benefit Analysis (CBA) guide and climate screening of proposed projects. However, these are not consistently adhered to for nationally funded projects. In addition, accommodations have been made for some EU funded projects that do not seem to be available for nationally funded projects including arrangements for dispute resolution in procurement, a separate regime for the Court of Auditors Visa requirements and ring-fenced protection of investment during implementation. Strengthening national infrastructure governance processes is a critical future consideration.
- **Organizational focus and capacity constraints limit investment efficiency.** The Ministry of Finance (MoF) has a limited role in infrastructure governance and does not have a PIM or Climate unit. The Ministry's focus is on post-approval controls rather than early-stage project preparation, appraisal and assurance. The focus should be re-oriented to the "front-end" in order to maximize the impact of MoF scrutiny. There is a need to strengthen capacity in the wider public sector including areas such as contracting and procurement, project and portfolio management and climate-PIM.

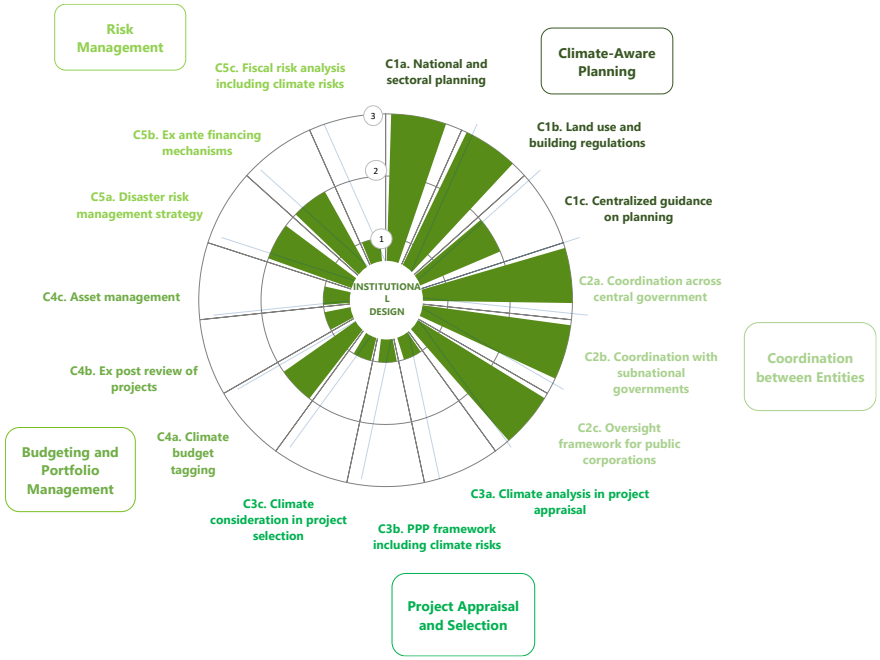
The PIMA and C-PIMA makes seven recommendations to address these issues and drive an improvement in investment efficiency (Table 3). These relate to improving medium-term planning and budgeting, strengthening the role of the MoF in early-stage project preparation, streamlining project execution, building project management and climate change capacity within the public sector and taking steps to enhance the climate-sensitivity of infrastructure governance. These are supported by a set of proposed actions (Annex I). Taken together these recommendations offer potential to drive a step change in Portugal's PIM practices and ensure that scarce public resources deliver the maximum return in terms of vital social and economic infrastructure.

Figure 1. Portugal PIMA: Institutional Design and Effectiveness



Source: IMF PIMA team assessments; 1 is low; 2 is medium and 3 high.

Figure 2. Portugal C-PIMA: Institutional Design



Source: Staff calculations

Table 1. PIMA Summary Assessment for Portugal

Phase/Institution			Institutional Strength	Effectiveness	Reform priority
A. Planning	1	Fiscal targets and rules	HIGH. There is a general government debt target, a net expenditure rule and a medium-term fiscal framework.	HIGH. Debt is on a downward trajectory, the deficit is within set limits and budgets are broadly in line with fiscal plans.	LOW
	2	National and sectoral planning	MEDIUM. There are national and sectoral plans with some major projects and output targets for programs but limited costing.	MEDIUM. There is a weak link from plans to budgets at the projects level, and indicators are utilized only for EU monitoring.	HIGH
	3	Coordination between entities	MEDIUM. SNGs are not required to share investment plans with government but transfers are regulated by law and SNGs, PPPs and SOEs must report on liabilities.	MEDIUM. Major projects are coordinated with central government, capital transfers follow the procedure although liabilities are not fully reported.	LOW
	4	Project appraisal	LOW. Appraisal required for large projects, but there is no central methodology or requirements for rigorous treatment of project risk.	MEDIUM. Most large projects are appraised to comply with EU rules, standard methodologies are used but risk assessments are partial.	HIGH
	5	Alternative infrastructure financing	HIGH. There is competition in most major infrastructure markets, a good PPP framework, and oversight of SOE investments.	HIGH. There are vibrant markets for infrastructure, a large ongoing PPP portfolio and SOE investments are monitored.	LOW
B. Allocation	6	Multiyear budgeting	MEDIUM. No multiyear projections or ceilings for capital spending, but total project costs are required to be published.	MEDIUM. Costs are published for major projects but medium-term capital projections do not guide the annual budget effectively.	HIGH
	7	Budget comprehensive-ness and unity	HIGH. There is little extra-budgetary investment, spending by funding source is shown in the budget and capital and recurrent budgets are integrated.	MEDIUM. Extra-budgetary spending is low, investment is shown by financing source, budgets are integrated but operational costs not reviewed by MoF.	LOW
	8	Budgeting for investment	HIGH. Multiyear commitments are included in budget but not total project costs. Virements are controlled and ongoing projects are prioritized.	MEDIUM. Capital commitments are shown in aggregate for ministries but not project costs and ongoing projects are protected ahead of new investments.	LOW
	9	Maintenance funding	MEDIUM. No government-wide methodologies for maintenance, but agencies have procedures, and routine maintenance is shown in the budget.	LOW. Routine maintenance spending has been broadly adequate, and can be identified in the budget, but major improvements cannot.	MEDIUM
	10	Project selection	MEDIUM. There is no central scrutiny of projects but there are criteria for prioritization of the pipeline.	MEDIUM. The process is largely followed, projects are selected from planning but few projects are rejected or returned.	HIGH
C. Implementation	11	Procurement	HIGH. Competitive procurement is required and there is a central database, complaints are reviewed by the Administrative Court.	MEDIUM. Most major projects are competitively tendered, the database is comprehensive, but there is a lack of swift complaints review.	MEDIUM
	12	Availability of funding	MEDIUM. Cash forecasts and release rules and EU funds are integrated in the government bank account structure but commitment ceilings are just quarterly.	MEDIUM. Forecasts are accurate, invoices paid on time and EU funds integrated, but budget execution is complex.	HIGH
	13	Portfolio management and oversight	MEDIUM. Arrangements for portfolio reporting but no rules for transfer between projects or ex-post reviews.	LOW. Challenges with schedule delay, portfolio management has not accelerated delivery, no ex-post reviews.	HIGH
	14	Management of project implementation	MEDIUM. There are no central guidelines for project management or project adjustment. The Court of Audit can review capital projects.	MEDIUM. There is limited evidence of rules-based project adjustments, but results of audits to project are publicly available.	MEDIUM
	15	Monitoring of public assets	MEDIUM. Asset registers are required, and there are rules for depreciation and recording assets.	MEDIUM. Entities maintain updated assets registers and some aggregated data is published, but not depreciation.	MEDIUM

Table 2. C-PIMA Summary Assessment for Portugal

Phase/Institution			Institutional Strength	Reform priority
PIMA Climate Change	C1	Climate-aware planning	HIGH. Many sector strategies are aligned with climate policy, climate risks are considered in spatial planning and construction, and there is central guidance for the preparation of climate-aware investment strategies.	LOW
	C2	Coordination between entities	HIGH. Public investment is largely climate-coordinated across central government, there are structures for SNGs to align policies and investments, and the Climate Law requires SOEs to link investments to climate plans.	Low
	C3	Project appraisal and selection	LOW. There are no framework arrangements for project appraisal to incorporate climate dimensions, but these are considered in selection decisions. There is no requirement to consider climate dimensions for risk allocation or contract management.	High
	C4	Budgeting and portfolio management	LOW. Climate-related investment expenditure is partially tracked in the budget, but there is no methodology for climate-sensitive ex-post reviews or requirements for assets management to incorporate climate aspects.	High
	C5	Risk management	MEDIUM. The 2030 NSPCP outlines actions to reduce disaster damage to infrastructure. Annual budget contingencies exist but fiscal risks related to climate and natural disasters are not yet addressed in the fiscal risk statement.	Medium

Recommendations

Table 3. PIMA and C-PIMA Recommendations

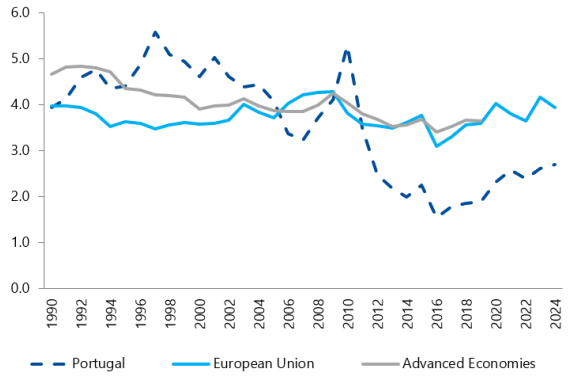
#	Recommendation	Priority
Investment Planning		
1	Enhance the completeness, affordability, and impact of strategic public investment planning by including all social and economic infrastructure in the National Investment Plan, link plans with available resources and ensure alignment with territorial planning (MoF and PLANAPP, October 2027).	High
2	Strengthen the framework for project preparation, appraisal and assurance for major projects by developing and applying uniform appraisal and climate screening standards to all major projects and establishing minimum quality-at-entry requirements for project funding, overseen by MoF (MoF, October 2027).	High
Investment Allocation		
3	Improve medium-term budgeting by introducing five-year public investment envelopes linked to strategic plans, setting multiyear ceilings for ministries, and clearly distinguishing funding for new projects, ongoing projects, and maintenance in budget documents (MoF, October 2028).	Medium
Investment Implementation		
4	Streamline project execution by ensuring commitment ceilings align with project profiles, enhancing efficiency of the Court of Audit's approval process and granting nationally funded projects the same flexibility as EU funded projects (MoF, May 2027).	High
Climate-Sensitive Infrastructure Governance		
5	Improve the climate sensitivity of infrastructure governance practices by including climate screening and climate impact assessment in project appraisal standards, embedding climate budget tagging in the budget process, requiring climate risk assessments in maintenance plans, exploring ex-ante disaster risk financing (including insurance), and developing a comprehensive disaster risk financing strategy (MoF, March 2028).	Medium
Cross Cutting		
6	Strengthen the role of the MoF in oversight of public investment projects and programs including in project preparation, appraisal and assurance and in active portfolio oversight (MOF, February 2027).	High
7	Establish new measures to improve capacity for public investment across the public sector by delivering targeted training on project preparation and risk management, procurement and contract management, and climate-sensitive public investment management (MoF, September 2028).	Medium

I. Public Investment in Portugal

A. Trends in Public Investment and Capital Stock

1. **Public investment in Portugal has been volatile over the last three decades.** Spending on economic and social infrastructure peaked at around 5 percent of Gross Domestic Product (GDP) prior to the global financial crisis, before being reduced to under 2 percent as public expenditure was curtailed (Figure 3). Variability in public investment can undermine efficiency in a number of ways (Box 1). While investment has been rising in recent years – driven in part by availability of EU funding such as the Recovery and Resilience Plan (RRP) – the level of expenditure remains below the average of Advanced Economies (AEs) and EU member states and the RRP will end in 2026.

Figure 3. Public Investment in Portugal and Comparators
(Nominal in percent of GDP)



Sources: Staff estimates based on official data

Box 1. How Volatility in Investment Spending Undermines Efficiency

When investment levels fluctuate sharply, ministries and agencies cannot plan multiyear projects with confidence. Projects may be delayed, scaled back, or shelved, leading to cost escalation when they are restarted later.

This "stop-go" cycle drives up construction costs because contractors price in the risk of delayed payments, cancelled works or a more uncertain medium-term outlook. Retrenchment in public spending on infrastructure can lead to contraction in the market, which takes a long time to build up again once funding is available.

Fluctuating public investment levels also weaken institutional capacity in project preparation and appraisal, procurement, commercial delivery and project management.

When investment budgets are unstable, maintenance is often the first casualty, leading to degradation in existing assets.

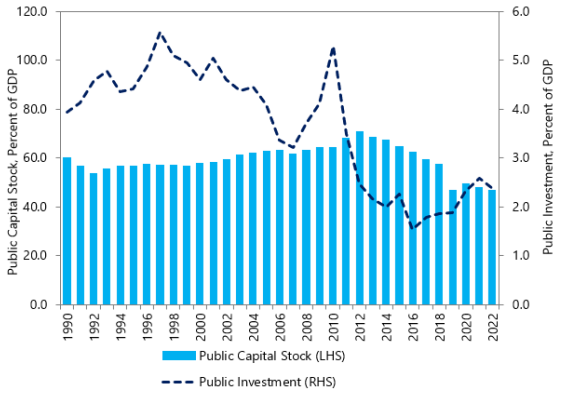
Source: IMF Staff

2. **Fiscal consolidation after 2012 resulted in investment levels that did not keep pace with depreciation, eroding the capital stock and weakening prospects for productivity growth.** The capital stock peaked in 2012 and has been declining since (Figure 4). From a high of over 60 percent of GDP, the MoF estimates that the value of the capital stock had fallen to 42 percent of GDP by end-2024.[1] In per capita terms, the value of the stock of public non-financial assets is now significantly below comparator countries (Figure 5). In practical terms, this implies that Portugal has not been able to maintain and repair its existing total stock of infrastructure - such as transport and water networks, energy assets, schools and hospitals - or build new infrastructure, at the same rate as comparator countries. IMF research shows that growth in the capital stock is highly correlated with GDP and labor productivity

[1] MoF (2025) Budget 2026 Proposal

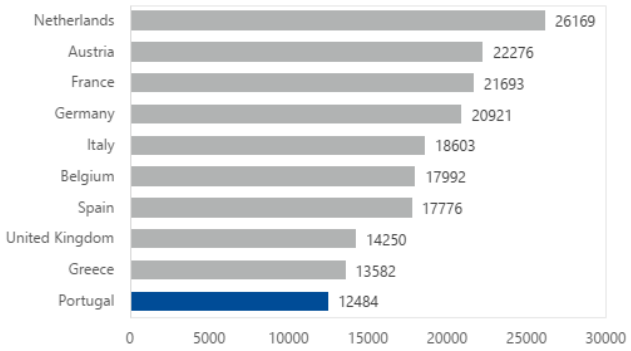
growth[2] and Portugal's Budget 2026 Proposal acknowledges the risks to long-term prosperity from reductions in the capital stock. Further analyses of Portugal's economy from the European Commission and OECD also support the importance of improved infrastructure for supporting growth.[3]

Figure 4. Portugal: Public Investment and Capital Stock
(Nominal in percent of GDP)



Sources: Eurostat, IMF staff estimates

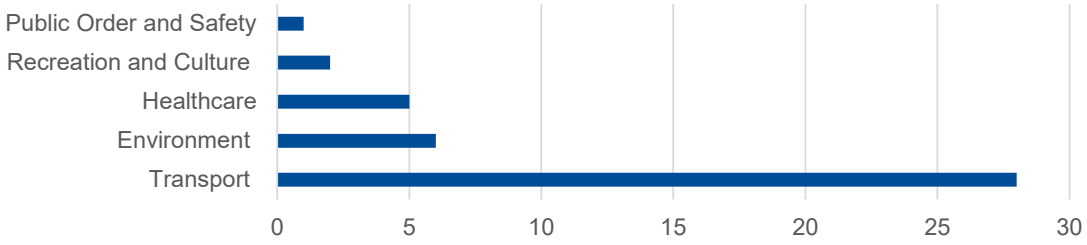
Figure 5. Public Capital Stock per Capita: Comparison with Peers, 2022
(2019 $ - PPP adjusted)



Sources: Eurostat, IMF staff estimates

3. **Portugal actively pursued investment through PPPs from the late 1990s and now has a significant capital stock from PPPs.** Investment through PPPs was concentrated in two waves from 1999-2001 and 2007- 2009. From a sectoral perspective, the key focus of PPPs has been transport, and motorways.[4] Other prominent sectors included healthcare and environmental infrastructure (Figure 6). The policy shift towards PPPs brought significant fiscal challenges. At its peak in 2014, the public capital stock arising from PPPs was equivalent to 12 percent of GDP (Figure 7), significantly larger than comparators (Figure 8).

Figure 6. Major PPP projects by Sector (Number of Projects)



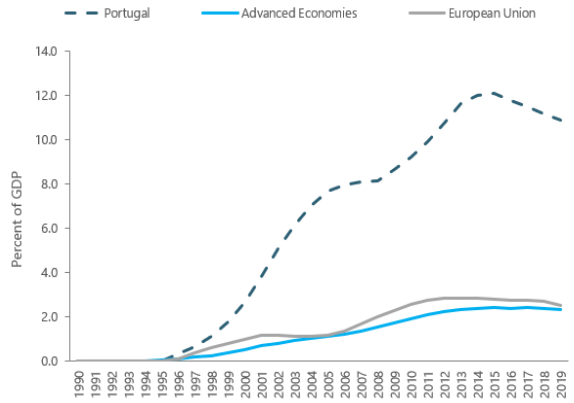
Source: World Bank

[2] IMF (2021) What's New in the Investment and Capital Dataset

[3] For example, EU Commission (2024) Portugal - In-Depth Review. Institutional Paper 285 and OECD (2023) Economic Survey of Portugal

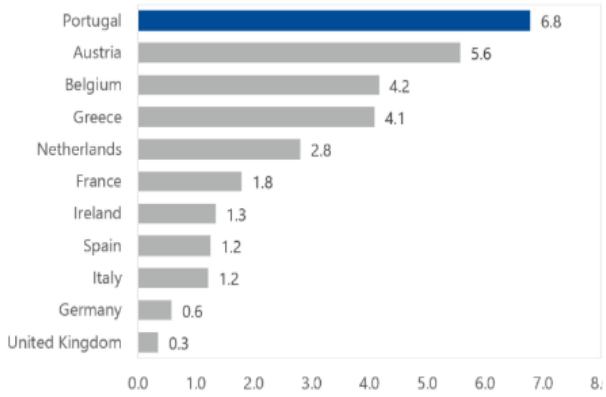
[4] Sarmento and Renneboog (2014) The Portuguese Experience with Public-Private Partnerships

Figure 7. PPP Capital Stock, 1990–2019
(Nominal in percent of GDP)



Sources: IMF staff estimates.

Figure 8. PPP Capital Stock
(2020, Nominal in percent of GDP)



Sources: IMF Staff estimates.

B. The Medium-Term Outlook for Public Investment

4. **Portugal plans to increase nationally funded public investment in the near-term.** Notwithstanding recent increases in investment funded by RRP, which will end in 2026, Portugal has a lower level of public investment than European peers. The Medium-Term Fiscal Structural Plan (MTFSP) sets a higher trend level of investment in the coming years (Figure 9), with a shift in composition to domestically funded investment (Figure 10) as the RRP comes to an end. Over the medium-term this will be partially-offset by an increase in nationally funded spending, rising from 1.8 percent of GDP in 2023 to 2.5 percent in 2027 and 2028.

Figure 9. Public Investment Outturn and Projection, 2000–2028 (% GDP)

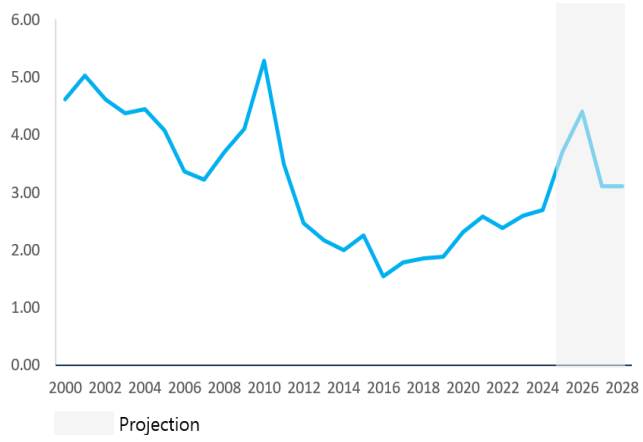
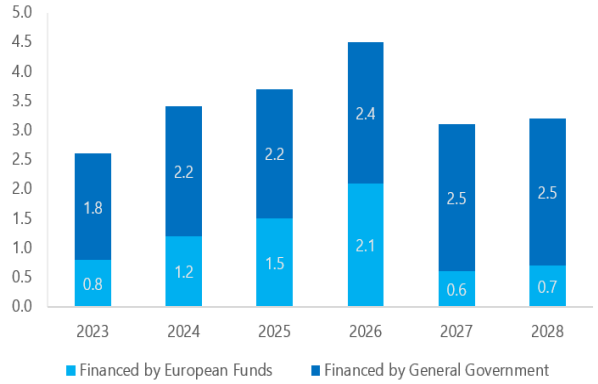


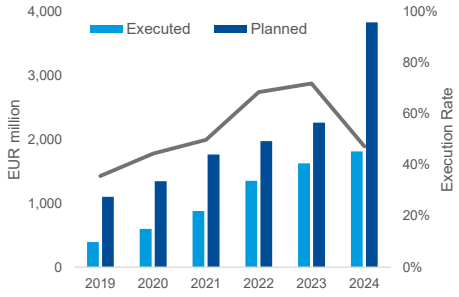
Figure 10. Funding of Public Investment, 2023–2028
(% GDP)



Sources: Eurostat, Banco de Portugal, Portugal Medium Term Fiscal Structural Plan 2025-2028, FAD Investment Database.

5. **Portugal has had challenges in executing planned public investment in recent years.** Execution of strategic (or "structural") investment projects and programs has been persistently and materially below planned levels, with an average annual deviation of €719 million over 2019-23 and a particularly pronounced shortfall in 2024 when expenditure fell about €2 billion short of budgeted levels (Figure 11).[5] The most significant shortfall relates to housing investment which had executed just 10 percent of its €4 billion budget by end 2024. As detailed in Chapter III, there are bottlenecks to delivery across the public investment lifecycle which contribute to under-execution of major projects. In addition to implementation challenges on the public side, constraints in the private sector also undermine execution of (Box 2).

Figure 11. Planned vs. Actual Implementation of Structural Investments



Sources: Portuguese Public Finance Council

Box 2 Construction Sector Capacity Constraints

In common with many countries, Portugal faces constraints in its construction sector which pose an additional challenge to efficient delivery of infrastructure.

In the aftermath of the global financial crisis, employment in construction fell significantly, from a peak of 12 percent of total employment in 2009 to just over 7 percent by 2014. While employment and activity have risen again in recent years, it can take significant time to reestablish capacity for complex megaprojects and other key infrastructure programs. In addition, productivity in the sector lags peers.

Governments can take a number of steps to help boost capacity including fostering the pipeline of skills in trades and associated professional services, providing stable medium-term capital budgets with published pipelines of priority projects to give advance notice to the industry, promoting use of modern methods of construction and technological absorption in building and engineering, and ensuring that all major contracts are published internationally and fully open to international operators.

Source: Staff

[5] Portuguese Public Finance Council (2025) Evolution of Structural Investments in the Period 2019-2024. Structural investments includes projects that are in contracting and in execution.

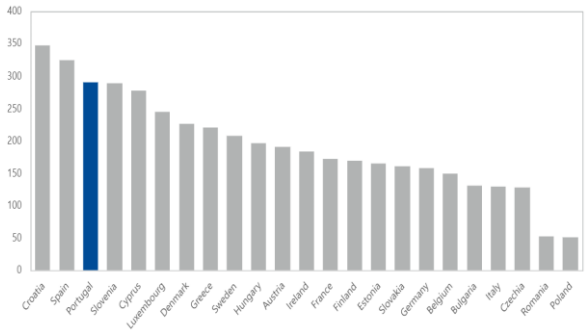
II. The Efficiency of Public Investment

A. Sectoral Infrastructure Performance

Transport

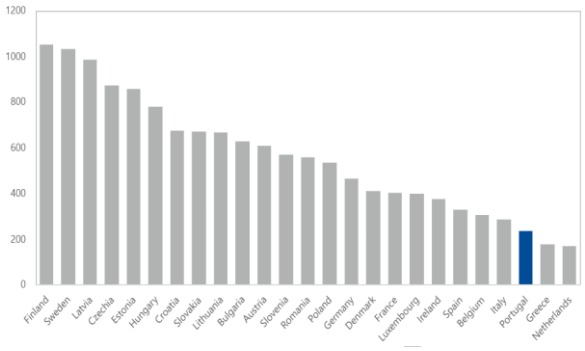
6. **Portugal has an expansive motorway infrastructure, but its railway network is less extensive.** The motorway network has grown rapidly: from a base of about 200km in the mid-1980s, motorways now extend to over 3,000km.[6] As noted in Chapter I, much of the network was delivered through PPPs, concentrated in two waves between 1999 - 2001 and 2007 - 2009.[7] Measured in terms of motorway length per capita, Portugal is surpassed only by Spain and Croatia within the EU (Figure 12).[8] The railway network is less dense, measured both in per capita terms (Figure 13) and in physical terms (27.8 meters per km^2 as against and EU average of 49 meters per km^2).[9]

Figure 12. Portugal: Length of Motorways
(Km per million people)



Sources: IMF staff estimates, Eurostat

Figure 13. Portugal: Rail Network
(Km per million people)



Sources: IMF staff estimates, Eurostat

7. **Rail passenger volumes are growing and planned investments will likely improve demand in the medium-term.** Passenger volumes have been recovering since the pandemic (Figure 14) and operators expect record levels by end-2025. Passengers carried per km of track – a measure of asset efficiency – is higher than the EU average, though considerably behind leading performers such as the Netherlands, France and Italy (Figure 15). Portugal has made steady progress in electrifying the rail network, increasing the rate of service electrification by 7 percentage points over the last decade. [10] In July 2025, Infraestruturas de Portugal (IP) signed a 30-year concession contract for the design, construction and maintenance of first phase of the Lisbon-Porto high speed connection. Once completed,

[6] Afonso and others (2024) Going Big in a Small Country: Fifty Years of Motorways in Portugal

[7] Sarmento and Renneboog (2014) The Portuguese Experience with Public-Private Partnerships

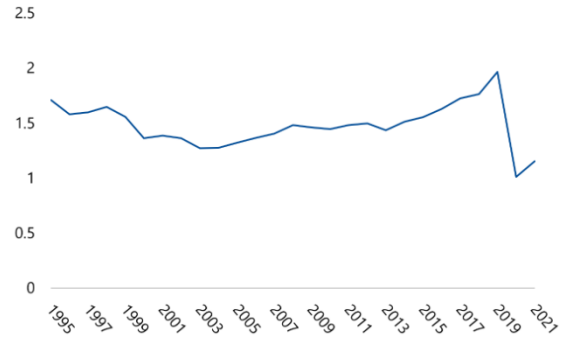
[8] Earlier measures of physical density also rank Portugal towards the top in terms of motorway length per km^2, see Cruz (2011) The State and Public Private Partnerships.

[9] Eurostat (2025) Characteristic of the Railway Network in Europe.

[10] Eurostat (2025) Characteristic of the Railway Network in Europe.

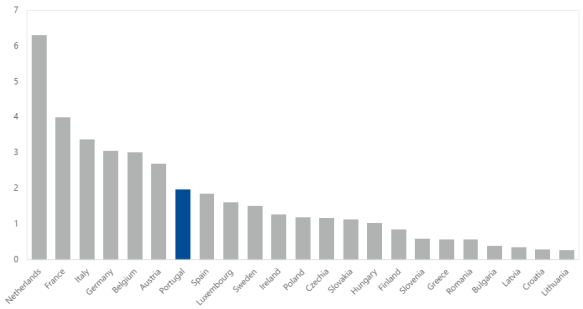
the line will shorten travel time between the two cities from approximately 3 hours to 1 hour 15 minutes, serving around 10 million passengers per year.[11]

Figure 14. Portugal: Million Passengers Carried Per Km Rail Line, 1995–2021



Sources: World Bank Group

Figure 15. Million Passengers Carried Per Km Rail Line - Portugal and Comparators, 2019

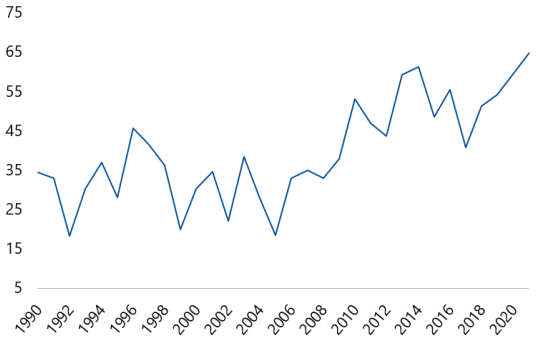


Sources: World Bank Group

Energy

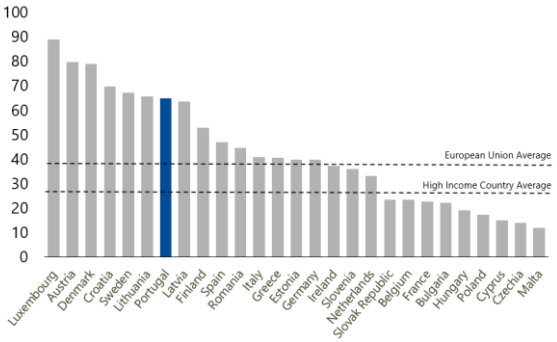
8. **Portugal's renewable energy output has increased over the last decade and has remained above the EU and high-income country average.** Over 65 percent of total electricity output is from renewable sources (Figure 16). Almost all of the country's domestically produced energy is from renewable sources, principally biofuels and waste, solar and wind energy. Portugal's share of electricity output from renewable sources is considerably ahead of both the EU and AE average (Figure 17). Section VI discusses this further.

Figure 16. Renewable Energy Output, 1990–2021 (Percent of Total Electricity Output)



Sources: World Bank Group

Figure 17. Renewable Energy: Portugal and Peers, 2021 (Percent of Total Electricity Output)

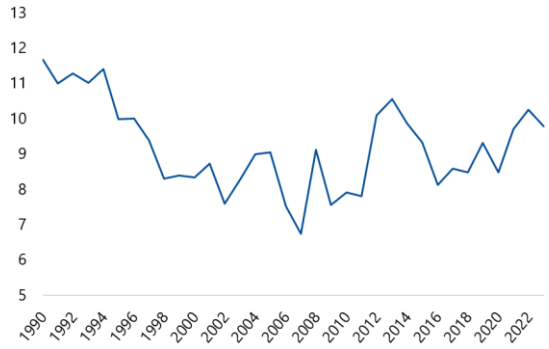


Sources: World Bank Group

[11] EIB (2025) Portugal signs concessions and first tranche of financing for new Lisbon-Porto high-speed line

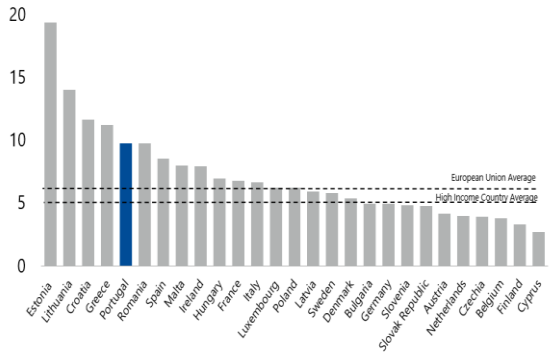
9. **As a share of output, Portugal's electricity power loss has declined on average but remains above the European and high-income country averages.** The combined transmission and distribution losses stood at about 10 percent of total electricity output in 2022 (Figure 18). This is twice the rate of high-income countries and above the EU average (Figure 19). Of the combined total, losses tend to be higher in distribution because higher voltages in transmission result in lower current, which leads to lower technical losses.[12] Data from REN, Portugal's transmission system operator, shows that average transmission losses were under 2 percent in 2024.[13]

Figure 18. Power Transmission and Distribution Loss, 1990–2022 (Percent of Output)



Source: World Bank Group

Figure 19. Transmission and Distribution Loss Portugal and Comparators, 2022 (Percent of Output)



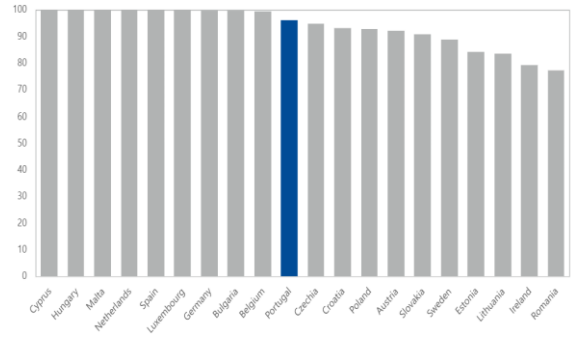
Source: World Bank Group

Water and Wastewater

10. **The public water supply network is extensive but less efficient than comparators.** About 95 percent of the population is connected to the public water network (Figure 20). However, distribution losses are significant and above average: Portugal loses treated water at about five times the rate of leading performers such as Germany, the Netherlands and Denmark (Figure 21). The water and wastewater sectors in Portugal are highly fragmented with over 250 regulated entities providing services to consumers.

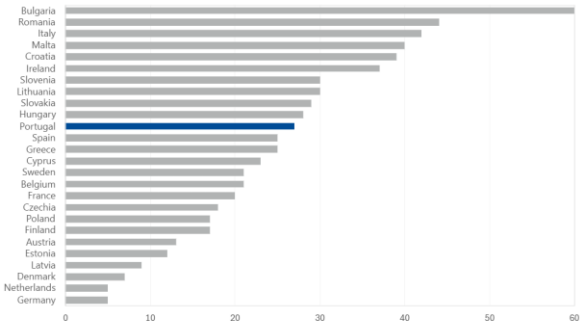
[12] Council of European Energy Regulators (2005) 3rd CEER Report on Power Losses
[13] REN (2025) Integrated Report 2024

Figure 20. Percent of Population Connected to Public Water Supply



Source: Eurostat

Figure 21. Water Distribution Loss
(Cubic meters per km per year)

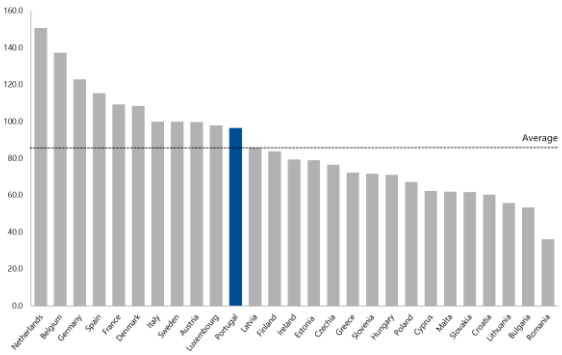


Source: EurEau, Istat, UNECE, and AEPSA

B. Overall infrastructure Quality and Efficiency

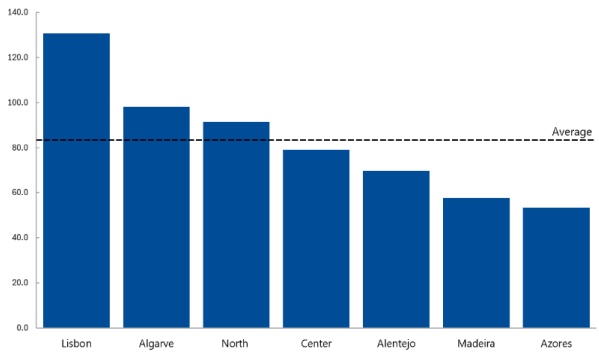
11. **Composite measures of infrastructure quality show above average performance for Portugal but with regional variation.** European Commission measures of infrastructure competitiveness rate Portugal as marginally ahead of the EU average nationally (Figure 22).[14] However, performance lags leading comparators such as the Netherlands, Belgium and Germany by up to 50 percent. There is substantial variation regionally (Figure 23). In Lisbon, infrastructure competitiveness is assessed as about 150 percent of the national average while this falls to under 60 percent for the Madeira and Azores regions.

Figure 22. Infrastructure Competitiveness, 2022



Sources: European Commission

Figure 23. Regional Infrastructure Competitiveness, 2022



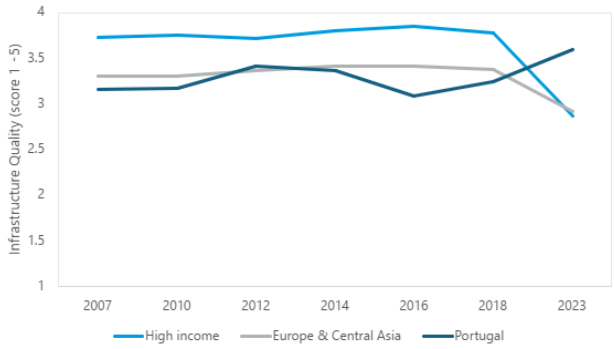
Sources: European Commission

12. **Perceptions of infrastructure quality in Portugal are broadly in line with comparators.** Though more narrowly focused, data on perceptions of transport and logistics infrastructure quality show

[14] The EU Regional Competitiveness Index measures the major factors of competitiveness for all the Nomenclature of Territorial Units for Statistics - 2 level regions across the EU. The index uses a set of indicators to measure the ability of a region to offer an attractive environment for firms and residents to live and work. The 'Infrastructure' pillar describes dimensions of infrastructural quality such as connectivity and accessibility. For further details see European Commission (2023) EU Regional Competitiveness Index 2.0, 2022 Edition. WP 01/2023.

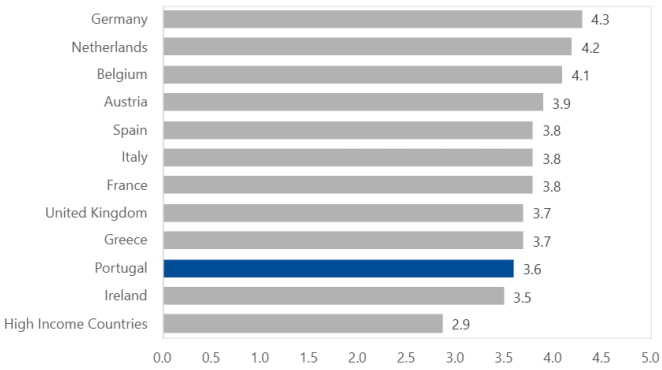
an improvement in Portugal in recent years (Figure 24) and rate Portugal at about the EU and AE average. Performance nonetheless lags leading comparators such as Germany, Belgium and the Netherlands (Figure 25).

Figure 24. Perception of Infrastructure Quality, 2007–2023



Sources: World Bank Logistics and Performance Database.

Figure 25. Perception of Infrastructure Quality Across Comparators, 2023



Sources: World Bank Logistics and Performance Database.

13. **Combining composite measures of inputs, outputs and quality indicates that Portugal exhibits an efficiency gap compared to leading performers**. This means that for its level of public capital stock, Portugal has delivered a lower level of infrastructure compared to the best performers. The PIMA framework assesses the efficiency of public investment in three ways: physical indicators, perception-based indicators and hybrid indicators. In terms of physical outputs of investment, Portugal has delivered a level of infrastructure that is about 40 percent lower than the best performer (Figure 26). This compares to an average efficiency gap for AEs of 26 percent. Measured by survey-based perceptions, the gap narrows to 4 percent, which is better than the AE average of 12 percent (Figure 27). Finally, assessed in terms of a hybrid indicator combining physical outputs and perceptions of quality, Portugal exhibits a gap of 14 percent (Figure 28). This is the same as the average for AEs and EU member states (Figure 29).

Figure 26. Efficiency Frontier – Physical Output

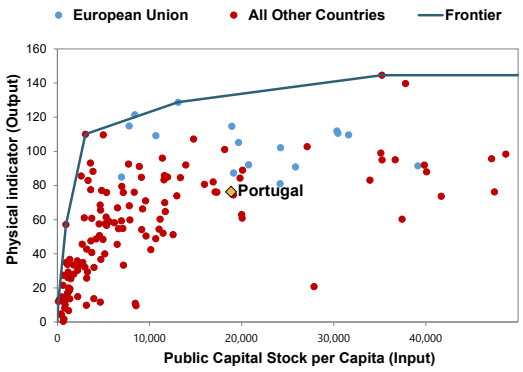


Figure 27. Efficiency Frontier – Survey Measure

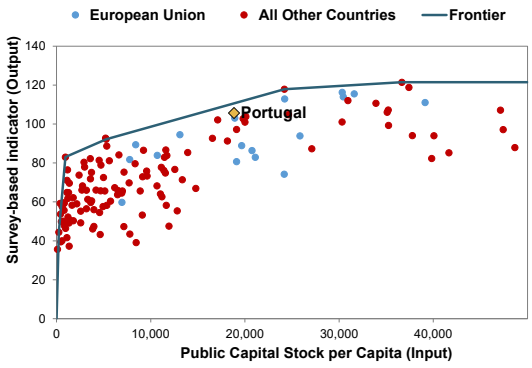


Figure 28. Efficiency Frontier – Hybrid Indicator

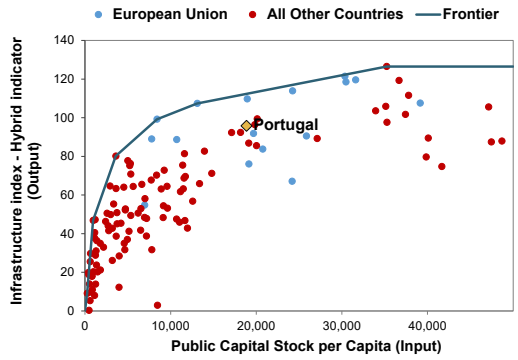
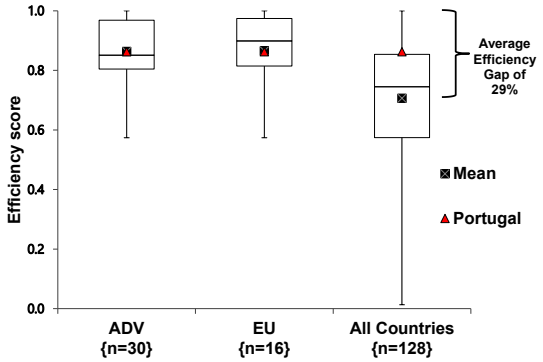


Figure 29. Efficiency Gap – Hybrid Indicator



Source: FAD Capital Stock and Efficiency Database, 2021

14. **Better infrastructure governance practices can help Portugal increase public investment efficiency.** IMF research has shown that, on average, countries could close two thirds of the efficiency gap by improving public investment management practices to the level of the most efficient comparator. In addition, good infrastructure governance practices are also associated with improved productivity of public investment: countries with better PIM systems get more growth "bang" for their investment "buck".[15] Accordingly, improving institutions for public investment can improve the quality and coverage of infrastructure delivered and improve the chances of that infrastructure enhancing growth prospects. Chapter III assesses the design and effectiveness of Portugal's PIM institutions across the full investment lifecycle.

[15] IMF (2015) Making Public Investment More Efficient.

III. Public Investment Management Institutions

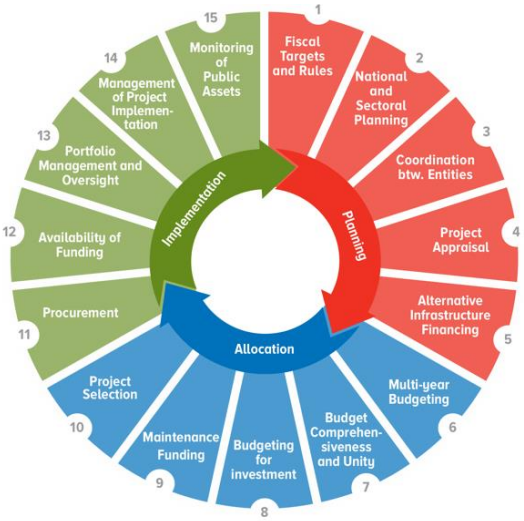
A. The 2018 PIMA Framework

15. **The IMF has developed the PIMA framework to assess the quality of the public investment management of a country**. It identifies the strengths and weaknesses of institutions and is accompanied by practical recommendations to strengthen them and increase the efficiency of public investment. The tool evaluates 15 "institutions" involved in the three major stages of the public investment cycle (Figure 30). These are: (i) planning of investment levels for all public-sector entities to ensure sustainable levels of public investment; (ii) allocation of investments to appropriate sectors and projects, and (iii) delivering productive and durable public assets.

16. **For each of these 15 institutions, three dimensions are analyzed and scored according to a scale that determines whether the criterion is met in full, in part, or not met** (see Annex 2 for the PIMA Questionnaire). Each institution is scored on three aspects: institutional design, effectiveness and reform priority.

- *Institutional design* refers to the objective facts indicating that appropriate organizations, policies, rules, and procedures are in place. The average score of the institutional design of three dimensions provides the score for the institution, which may be high, medium, or low.

Figure 30. PIMA Framework



Source: Public Investment Management Assessment Handbook.

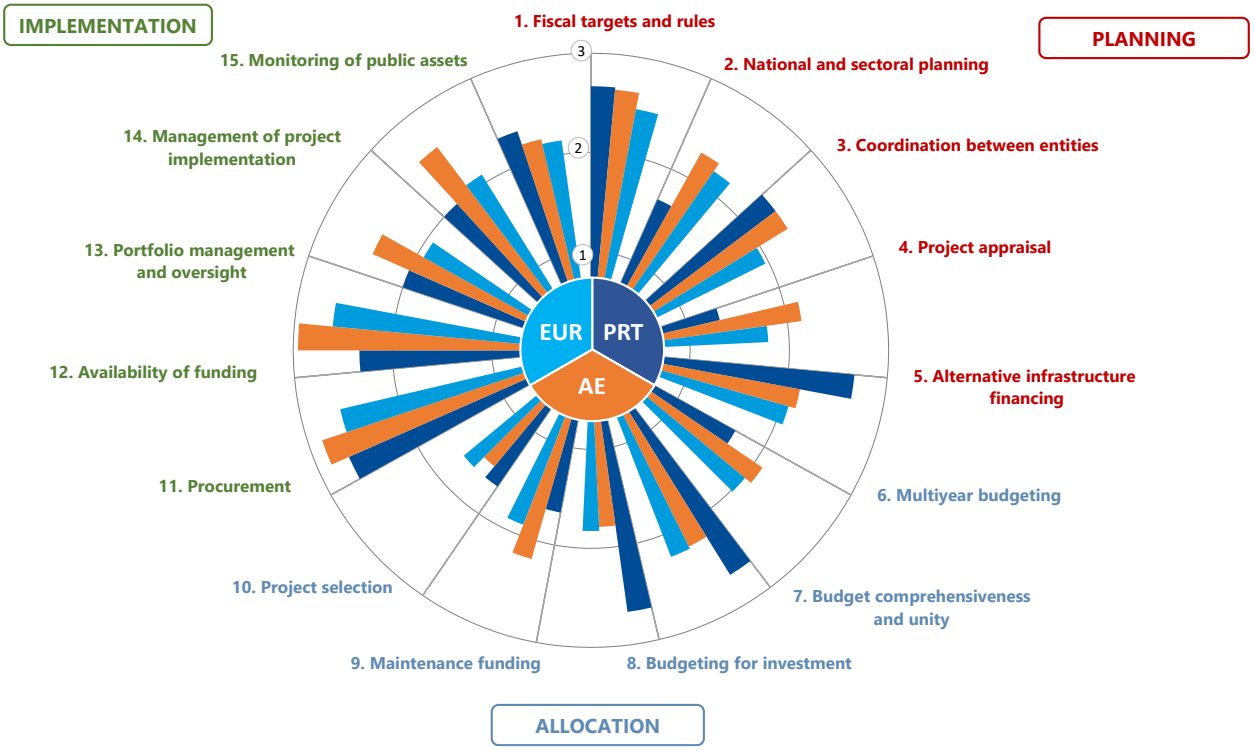
- *Effectiveness* refers to the degree to which the intended purpose is being achieved or there is a clear useful impact. The average score of the effectiveness of the three dimensions provides the effectiveness score for the institution, which may be high, medium, or low.
- *Reform priority* refers to whether the issues contained within the institution are important to be improved in the specific conditions faced by Portugal.

B. Overall Assessment

17. **Portugal's PIMA scores indicate a reasonable institutional design but shows some gaps in institutional effectiveness.** On average, design scores are slightly higher than effectiveness scores across institutions. While the design aspects of institutions like fiscal targets and rules, alternative financing, budget comprehensiveness, and budgeting for investments are strong, with scope for improvement in planning, there are gaps project appraisal, multiyear budgeting and monitoring of public assets. While project appraisal is rated higher on effectiveness than design, other effectiveness scores are lower, especially for budget comprehensiveness, budgeting for investment portfolio management and oversight. Scores for each institution are explained in this chapter, and detailed dimension-level scores are presented in Annex 4.

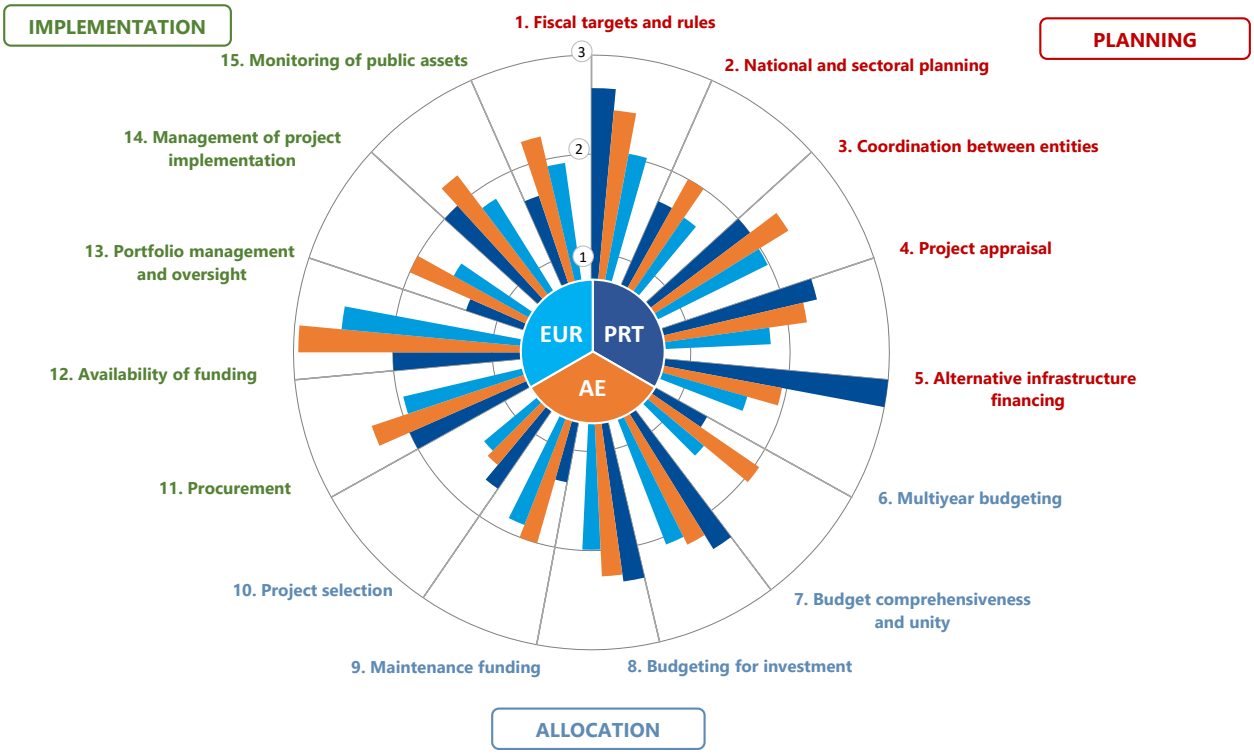
18. **Portugal's infrastructure governance framework is broadly in line with European comparators though slightly behind the AE average, particularly on effectiveness**. Strengths in institutional design compared to both peers include fiscal targets and rules, alternative financing, budget comprehensiveness and unity and budgeting for investment (Figure 31). However, national and sectoral planning, project appraisal, multiyear budgeting, maintenance funding, procurement and availability of funding are relatively weaker than peers. Portugal has relative gaps in effectiveness relating to multiyear budgeting, maintenance funding, management of project implementation and monitoring of public assets (Figure 32).

Figure 31. Institutional Design of Public Investment Management Institutions



Source: Staff calculations, comparison is to Advance Economy and European PIMAs as at November 2025.

Figure 32. Effectiveness of Public Investment Management Institutions



Source: Staff calculations, comparison is to Advance Economy and European PIMAs as at November 2025.

C. Investment Planning

1. Fiscal Targets and Rules (Strength—High; Effectiveness—High; Reform Priority—Low)

19. **There is a target for general government debt to be on a downward trajectory and the level of debt has been steadily falling since 2020**. Under the EU's revised economic governance framework, member states are required to ensure that debt levels are on a plausibly downward trajectory, or stay at prudent levels, such that the general government deficit is within 3 percent of GDP over the medium-term. General government debt peaked at 134 percent of GDP in 2020 in the midst of the pandemic. Since then, the debt burden has fallen steadily, standing at 94 percent of GDP at end-2024 (Figure 33). Debt is forecast to fall to about 75 percent by 2030 and reach the EU Treaty reference value of 60 percent of GDP by 2038.

20. **Net expenditure must be consistent with maintaining a general government deficit below 3 percent of GDP**. Under the revised framework, Portugal submitted its first Medium-Term Fiscal-Structural Plan (MTFSP) in late 2024, covering the 2025 – 2028 period. While the MTFSP is a multiyear commitment, the government is required to submit an annual progress report by April 30 each year to facilitate monitoring of the net expenditure path. Current forecasts for the general government balance as set out in Table 4.[16]

Table 4. Forecast General Government Balance

	2024	2025	2026	2027	2028	2038
General Government Balance	0.4	0.3	0.1	1.1	1.3	-1.2

Source: European Commission

21. **Medium-term projections set out aggregate capital spending and have been reasonably effective in guiding subsequent spending**. The MTFSP provides a plan of public expenditure over the medium-term and sets out the level of public investment. Multiyear fiscal projections do not distinguish between funding for new versus ongoing projects. Review of a sample of previous medium-term plans[17] shows reasonable effectiveness in guiding overall capital spending (Figure 34).

[16] European Commission (2024) Council Recommendation endorsing the National Medium-Term Fiscal Structural Plan of Portugal. According to the National Statistical Institute (INE), the general government balance (percent of GDP) was 0.6 and 0.7, in 2024 and 2025.

[17] As reported under the EU's former Stability Program.

Figure 33. General Government Debt, 2020–2024

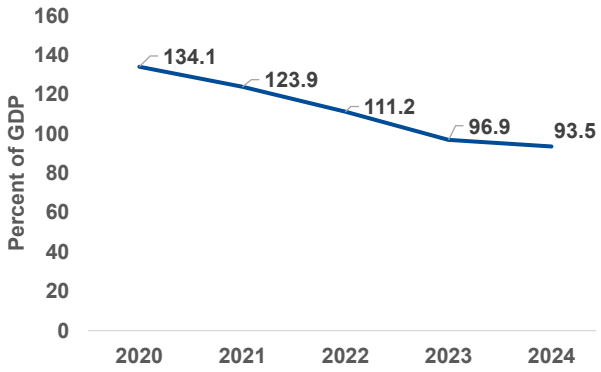
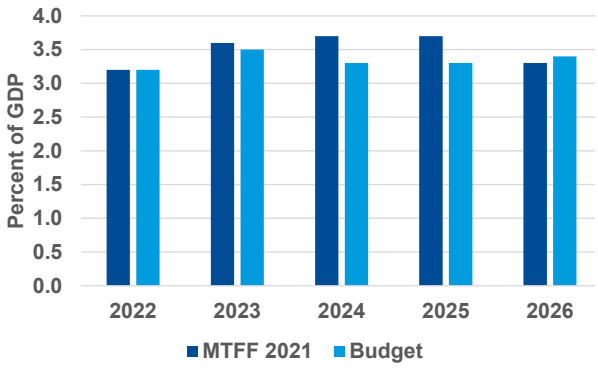


Figure 34. MTFF 2021 Forecast vs Budgets (Capital Spending)



Source: Staff and analysis of Stability and Growth Pact Update 2021; Conselho das Financas Públicas Review of Budgets 2022, 2023, 2024, 2025; Government of Portugal Budget 2026 Proposal

22. **From the perspective of supporting efficient infrastructure delivery in Portugal, fiscal targets and rules are a low reform priority at present.** The revised economic governance framework was introduced recently and so there is limited evidence on its effectiveness to date. However, the framework recognizes that, in addition to fiscal consolidation, reforms and investment are crucial to promote growth and reduce debt. In the future, a positive step would be to differentiate between funding for new versus ongoing projects in the medium-term projections of capital spending.

2. National and Sectoral Planning (Strength—Medium; Effectiveness—Medium; Reform Priority—High)

23. **Portugal prepares strategies and sectoral plans that include many major projects which are subsequently included in the budget**. Portugal's planning framework is extensive, fragmented and complex, including over 110 planning documents and numerous inter-ministerial committees.[18] National priorities are outlined in the Portugal 2030 Strategy[19], with information on public investments larger than €75 million in the 10-year National Investment Plan[20], complemented with several medium-term EU funded programs (Table 5). The quality of sectoral plans varies. Detailed planning at project level is limited to a few sectors such as railways and energy. For some sectors, for example water, the hierarchy and required content of planning instruments is defined in sectoral legislation.[4] Planning documents in other areas, such as education and health, are more limited and provide less detail. Plans are aligned across broad priorities, but there is no general approach to ensure consistency across national and sectoral strategies, nor a clear hierarchy between plans. While many major projects listed in the plans are subsequently funded, the budget documentation does not include a full list of approved projects making it difficult to track which investments have been selected for funding, weakening the link between planning and implementation.

[18] PLANAPP (2025). List of planning instruments in Portugal
[19] Republic of Portugal (2020). Portugal 2030 Strategy
[20] Republic of Portugal (2023). National Investment Plan 2030.

Table 5. Overview of Key Strategic Planning Documents in Portugal

Document	Strategic priorities	Period	Amount (EUR)
Portugal 2030 Strategy	**Four agendas:** ▪ People First: a better demographic balance, greater inclusion, less inequality ▪ Innovation, Digitization and Qualifications as drivers for development ▪ Climate transition and resource sustainability ▪ An externally competitive and internally cohesive country	2020-2030	
National Investment Plan	**Three pillars:** ▪ Territorial Cohesion ▪ Competitiveness & Innovation ▪ Sustainability & Climate Action **Four thematic areas:** ▪ Transport and mobility ▪ Environment ▪ Energy ▪ Irrigation	2020-2030	72 billion (42 billion public funding)
Portugal 2030 Program[21]	**Six strategic objectives:** ▪ Smarter Portugal ▪ Greener Portugal ▪ More connected Portugal ▪ More social Portugal ▪ Closer Portugal ▪ Just Transition	2021-2027	23 billion (EU funding)
Recovery and Resilience Plan	**Three missions:** ▪ Resilience ▪ Climate transition ▪ Digital transition	2021-2026	22.2 billion (EU funding)

Sources: Staff analysis of planning documents.

24. **Some plans include general estimation of investment costs, but often at aggregate program level, with unclear links to budgets.** Public investment plans are prepared focusing on development priorities of individual sectors and generally do not contain cost estimates for individual major investment projects. For example, the national strategic plan for development of railway infrastructure specifically notes that it does not provide information on individual projects, but mandates the implementing body, IP, to carry out studies on priority investments at a later stage.[22] Some shorter-term sectoral plans have more detailed cost estimates.[23] As budgetary planning is not done at project level, it is not possible to compare whether initial cost estimates were realistic.

25. **Investment plans include some measurable targets, which are periodically used for monitoring progress and informing budget disbursement.** The National Investment Plan includes some program-level output targets, e.g. additional 10 giga watt capacity for renewable energy or 15 percent increase in electricity grid interconnections by 2030. While a wider monitoring framework was proposed, reporting structures were not established. However, Portugal's €22.2 billion RRP includes

[21] Portugal 2030 is implemented through 12 individual programs: 4 with thematic scope (Demography, qualifications and inclusion; Innovation and digital transition; Climate action and sustainability, and Sea); 5 regional programs in mainland Portugal, 2 programs in the autonomous regions of Azores and Madeira, and a technical assistance program.
[22] Official Gazette (2025). Resolution of the Council of Ministers 77/2025
[23] For example, in the water sector, National Strategic Plan for Water Supply and Wastewater and Rainwater Management estimates a total of €5.5 billion of investments, including maintenance costs, with extensive planning of investments.

specific output indicators across a variety of sectors, with baselines and targets, as well as interim indicators to monitor progress.[24] Achievement of those targets is closely monitored and informs budgetary disbursement. There is scope to improve the link from project level information to overarching national and sectoral infrastructure strategies.

26. **There is significant scope to improve strategic planning and this is a high reform priority.** To be effective, the planning process should be streamlined across priorities and bound to a realistic assessment of available resources. Portugal has taken important steps to reform its strategic planning framework, including through creation of Centre for Planning and Evaluation of Public Policies (Centro de Planeamento e Avaliação de Políticas Públicas (PLANAPP)) and Network of Planning and Forecasting Services for Public Administration (Rede de Serviços de Planeamento e Prospetiva da Administração Pública - REPLAN), but further efforts are required to streamline numerous public investment plans and integrate with medium-term budgetary planning. The mission also learned of challenges in coordinating public investment between ministries and sectors. Planning over a credible medium-term horizon (5-10 years) is essential to ensure stability for project planning. A unified public investment plan should go beyond the current sectoral focus by incorporating investment spending on social, as well as economic infrastructure, while also ensuring alignment with territorial planning. Other European countries have developed such approaches to strategic planning (Box 3).

Box 3. National infrastructure strategies in the Ireland and the UK

Ireland's National Development Plan (NDP) provides a unified, medium- to long-term framework for public investment, combining both economic infrastructure and social sector capital spending within a single strategic envelope. Under the NDP, each ministry receives a firm five-year capital ceiling and an indicative ten-year allocation, strengthening predictability and facilitating multiyear planning. The NDP is aligned with the National Planning Framework, ensuring that spatial and sectoral priorities guide capital budgeting and project pipeline development. Importantly, inclusion of a project in the NDP does not exempt it from rigorous appraisal, option analysis, and value-for-money assessment under Ireland's Infrastructure Guidelines, thereby maintaining discipline in project selection and safeguarding the quality of public investment.

The UK's national infrastructure plan, **UK Infrastructure: A 10 Year Strategy**, introduces for the first time a fully integrated investment framework covering both economic infrastructure (transport, energy, water, digital) and social infrastructure (hospitals, schools, prisons) — marking a shift towards holistic capital budgeting in the public sector. The strategy and associated Spending Review also signals a departure from short-term allocations by setting out five-year ministerial envelopes (to be updated every two years) and up to ten years funding certainty for the largest projects. These reforms strengthen planning and delivery certainty in line with sound public investment management principles.

Source: Staff

3. Coordination between entities (Strength—Medium; Effectiveness—Medium; Reform Priority—Low)

27. **There is no requirement to share sub-national government (SNG) investment plans with central government although in practice, some coordination happens in the context of EU funding**. The Law on the Finances of the Autonomous Regions (Law 2/2013) creates the "Conselho de Acompanhamento das Políticas Financeiras" (Monitoring Council of Financial Policies) to ensure

[24] Republic of Portugal (2023). Recovery and Resilience Plan.

coordination between the finances of the autonomous regions and those of the State. Similarly, Law 73/2013 creates the "Conselho de Coordenação Financeira" (Financial Coordination Council) with the same purpose in relation to municipalities.[25] SNGs develop their own five-year investment plans.[26] There is no legal or regulatory requirement to share plans with central government. In practice, some coordination is done when applying for EU funding of projects, or when central government projects are implemented in the territory of SNGs, but this is limited.[27]

28. **Transfers to SNGs follow transparent procedures established by law, are specified in detail in budget documentation and funds are transferred in line with this process.** Amounts to be transferred to the autonomous regions (as well as all their sources of income) are established in Law 2/2013. Law 73/2013, which sets the financial framework for local authorities and intermunicipal entities, specifies how transfers from different funds to municipalities should be calculated and details how to calculate transfers to *freguesias* (the smallest unit of government). The General Directorate of Local Authorities (Direção-Geral das Autarquias Locais - DGAL) communicates, by August 31 of each year, the amounts of transfers to be made to municipalities in the following year.[28] Transfers can also be forecasted in advance by SNGs, quite precisely, based on the framework and previous years' transfers. In practice, the procedures are followed and amounts specified in the budget are transferred during the year. Reductions can only be made in specific circumstances deriving from macroeconomic challenges.[29]

29. **There are legal requirements to report to central government about contingent liabilities from capital projects of SNGs, SOEs, and PPPs but this is not always followed in practice.** Law 2/2013 indicates that local authorities must submit their budgets, multiyear budget programming framework and monthly accounts to the DGAL within 10 days of their approval, and there are EU requirements to report on contingent liabilities at the general government level. Local authorities must also submit their annual financial statements after approval, including, where applicable, consolidated statements covering PPPs and local SOEs. The budget framework law requires that all contingent liabilities of the state must be included in the budget documentation.[30] The Technical Unit for Project Monitoring (Unidade Técnica de Acompanhamento de Projetos - UTAP), is responsible for the overall monitoring of partnerships in economic and financial matters, and must inform the MoF about the economic and financial status of partnership contracts and their progress.[31] It produces quarterly reports showing the costs and revenues assumed by the public sector within the scope of the PPPs, but does not include data on contingent liabilities.[32] The Technical Unit for Monitoring and Oversight of the State-Owned Enterprise Sector (Unidade Técnica de Acompanhamento e Monitorização do Setor Público

[25] Lei n.º 73/2013, de 3 de setembro, Estabelece o regime financeiro das autarquias locais e das entidades intermunicipais
[26] See for example Lisbon's plan: "Grandes Opções do Plano, Plano Plurianual de Investimentos 2025-2029"
[27] SNGs in Portugal include the autonomous regions of Azores and Madeira, Municipalities (308) and Parishes (Freguesias - 3091, as of end of 2024) as well as other local (e.g. intermunicipal entities) and regional entities classified within the SNG in national accounts (e.g. reclassified public corporations held by local or regional governments).
[28] Tables (Mapas) 11, 12 and 13 of the State Budget present transfers to Autonomous regions, Municipalities and Freguesias respectively.
[29] Reduction in transfers from the State Budget referred to in law may only occur within the framework of the procedure relating to macroeconomic imbalances or the excessive deficit procedure, in accordance the EU economic governance framework.
[30] Law No. 151/2015, Article 37 m,
[31] Unidade Técnica de Acompanhamento de Projetos (UTAP)
[32] Reports can be found in UTAP'portal under "Publicações"

Empresarial - UTAM), provides expert technical support to the MoF regarding SOEs and produces quarterly reports, but this does not include information about contingent liabilities.[33]

30. **The legal framework related to coordination of central government with SNGs is robust, but not always fully enforced and there is scope to widen reporting requirements.** DGAL plays a key role in the coordination process, supervision of SNGs, and provision of support. It also manages a portal where useful data and documents are available to SNGs and the public but has still not implemented an application to allow SNGs compliance with some financial reporting as established in the law. UTAP and UTAM could improve reporting coverage and transparency by including in their quarterly report tables showing the contingent liabilities of PPPs and SOEs. While capital transfer arrangements are strong, the absence of systematic coordination of SNG investment plans and incomplete reporting of contingent liabilities constrain overall coordination effectiveness.

4. Project Appraisal (Strength—Low; Effectiveness—Medium; Reform Priority—High)

31. **Requirements for formal appraisal are fragmented, though most major projects are subject to some appraisal, but these are not systematically published.** According to Art 36 in Decreto-Lei n.º 18/2008 all projects above €5 million must have undertaken a CBA prior to tendering.[34] The SOE law requires a financial appraisal of investment plans, including major investment projects. Furthermore, there are specific requirements for developing feasibility studies which are particular relevant for EU co funded projects.[35] In practice major EU co funded projects (above €50 million) have undergone independent review and are subject to CBA and review by the European Investment Bank (EIB) technical support function (JASPERS) as part of the process of obtaining co-finance.[36] There is no systematic publication of CBAs or their summaries. UTAP is mandated to ensure that PPP projects are thoroughly appraised, that a public sector comparator study has been undertaken, and that the contracting institutions have sufficient funding for the PPP.[37] Appraisals for PPP proposals from central government are reviewed by UTAP.

32. **There are methodologies for financial appraisal of SOE projects but no central standard approach; because of funding requirements, the EU CBA guide is used for most major projects.** The MoF's operational guidelines 'Instructions for Preparing Activity Plans and Budgets for 2026-2028, including the State Business Sector Investment Plan, details the appraisal methodologies that should be applied for SOE projects costing €12 million and above.[38] In addition, the appraisal framework of the EU is widely used. [39] These standard methodologies for analysis of major investment projects are fully

[33] Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (UTAM)

[34] Ministry of Public Works, Transport and Communications (2008) Public Procurement Law No. 18/2008

[35] E.g. Managing Authority of the Program for Climate Action and Sustainability (2023) Guidelines for Preparing the Financial Feasibility Study – Sustainable 2030 https://sustentavel2030.gov.pt/wp-content/uploads/2025/05/Orientacoes-para-a-elaboracao-EVF-SUSTENTAVEL-2030.pdf

[36] JASPERS stands for Joint Assistance to Support Projects in European Regions. Created in 2005, the program is financed by the European Commission and run by the European Investment Bank. JASPERS in particular assist countries prepare urban investment projects that could be co-financed by EU grants and a wide range of other funding. EIB (2021) What is Jaspers https://www.eib.org/files/publications/jaspers_helping_cities_tackle_urban_challenges_en.pdf

[37] Council of Ministers (2012) Law on PPPs 111/2012 https://diariodarepublica.pt/dr/legislacao-consolidada/decreto-lei/2012-122777667-122777556

[38] MoF (2025) Instructions for preparing Activity Plans and Budgets (PAO)

[39] European Commission (2021) Economic Appraisal Vademecum 2021-2027

applied for most major projects. There are no central detailed PPP methodologies, these are developed at the relevant SOE – e.g. IP for road concessions – but the results are scrutinized by UTAP.

33. **There is no nationally mandated risk analysis, but it is undertaken for most large projects in practice.** Portugal does not have standard requirements for risk analysis and mitigation plans however there is a regulatory requirement for analysis of risks related to SOE investment projects in the MoF's operational guidelines 'Instructions for Preparing Activity Plans and Budgets for 2026-2028'. This does not extend to mitigation plans. While some major investment projects include stringent analysis of project risks, the SOE Unit in the MoF notes that analysis submitted in practice is somewhat uneven. Projects appraised in line with EU requirements include stringent analysis of risks and detailed sensitivity analysis.

34. **The appraisal process is driven by EU conditionality and there is a need to strengthen domestic requirements given the increasing importance of national funding for investment.** The MoF has clear, but parallel, activities with respect to overseeing the investment plans of SOEs and PPPs, but there is a gap with respect to publicly funded infrastructure, especially relating to national funding. Developing a unified approach for preparation, appraisal and assurance of projects – centered in the MoF - will be key to safeguarding investment efficiency in the future. As discussed under Institutions 10 and 12, there is a strong case to reorient the focus of MoF scrutiny more towards front-end project preparation and approval rather than procedural post-approval controls.

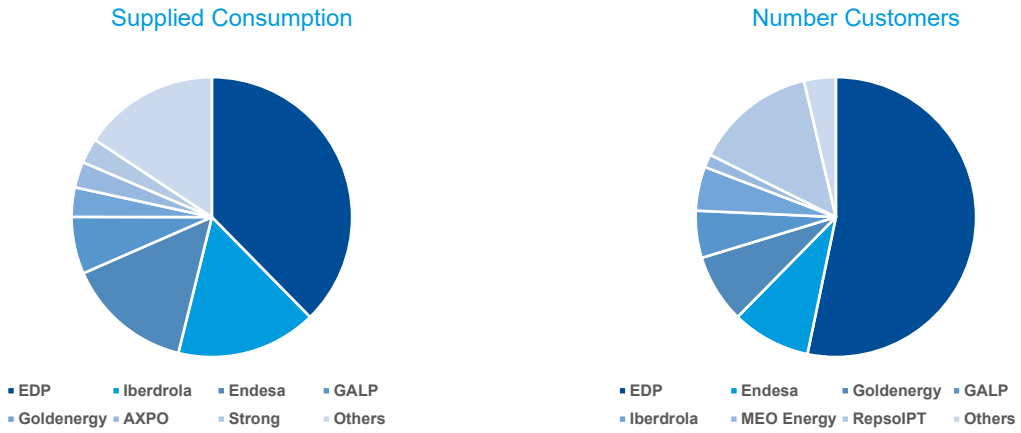
5. Alternative Infrastructure Financing (Strength—High; Effectiveness—High; Reform Priority—Low)

35. **Most major infrastructure markets have been liberalized, economic regulators are well established, and private companies have large market shares**. Portugal has followed the gradual opening of network industries in the EU and now has a vibrant market for infrastructure service with a number of well-established independent regulators. As in most of the EU, the Portuguese retail telecommunications market is fully liberalized. The main telecom operators in Portugal - MEO (Altice), Vodafone Portugal, NOS, Lycamobile, and NOWO - are all privately owned.[40] A private company, National Energy Networks (Redes Energéticas Nacionais - REN), holds the concession for both the electricity and natural gas transmission networks, under a public service contract with the Portuguese government, regulated by Energy Services Regulatory Authority (Entidade Reguladora dos Serviços Energéticos - ERSE).[41] Electricity distribution is managed primarily by E-REDES (under a public-service concession), while gas distribution is handled by several regional distribution system operators, all regulated by ERSE. The retail market for electricity is characterized by a wide variety of commercial offers and suppliers (Figure 35) and with a high degree of users changing suppliers with, for example, almost 80,000 consumers changing their distributor in July 2025.[42] Electricity generation is also liberalized. The bus market is still partly regulated with service concessions for remote areas, whereas urban and intercity is open to competition. Airport management for most of Portugal's major commercial airports is concessioned to a single private operator. In waterways, while private operators compete in shipping and terminal operations, the port authorities themselves remain state-owned and grant concessions for terminal operations. The water sector is still predominantly public, though subject to economic regulation,

[40] National Communications Authority (2024) Annual Report
[41] REN (2025) Regulatory Context
[42] ERSE (2025) Electricity Market Bulleting July 2025 p.1

with municipal companies responsible for distribution and a wholly owned state-owned company, Águas de Portugal, responsible for bulk water. The railway passenger segment is still largely characterized by public-service contracts, with the largest contract having been directly awarded in 2019 to the state-owned company CP – Comboios de Portugal. E.P.E.

Figure 35. Market Share in Electricity Consumption, July 2025



Source: ERSE (2025) Electricity Market Bulleting

36. **Portugal has a well-established PPP framework and a large but maturing stock of PPPs.** PPPs accounted for annual net payments of €1.2 billion in 2024 (Table 6) and are found mainly in the transport and health sectors. As discussed under Institution 4, Project Appraisal, the PPP law and the PPP Unit, UTAP, provides a clear foundation for the PPP and concession framework for Portugal. Portugal's PPP program consists of 41 PPP and concession contracts, some of which are cash flow positive (such as the airports).[43] Since the financial crisis only four PPPs have been signed: The Porto Metro (2018), two hospitals (2023, 2024) and the Lisbon-Porto high speed rail connection (2025). The PPP unit's work has therefore mostly consisted of monitoring and managing the existing portfolio, for which its legal framework is well suited.[44] The next phase of Portugal's PPP development may require some changes in approach (Box 4).

[43] UTAP (2024) Public-Private Partnerships Nature of Financial Flows - Investment and Evolution Risks and Contingencies. Supporting Information for the 2024 Quarterly Reports.

[44] World Bank (2025) Benchmarking Infrastructure Procurement – Portugal

Table 6. Accumulated Net Expenses from PPPs

Amounts in thousands of euros	2024		2023			Budget 2024		
Net charges	**AC 2024**	**Total Weight**	**AC 2023**	**Δ value**	**Δ %**	**AC 2024P**	**Δ value**	**Δ %**
Road	1 029 797	82%	1 085 273	(55 476)	-5%	1 002 054	27 743	3%
Health	211 048	17%	126 356	84 692	67%	243 424	(32 376)	-13%
Rail	60 912	5%	61 247	(334)	-1%	64 110	(3 197)	-5%
Airport	(11 230)	-1%	(8 473)	(2 757)	33%	(9 909)	(1 321)	13%
Port	(34 435)	-3%	(30 761)	(3 675)	-12%	(34 252)	(183)	1%
Oceanarium	(2 806)	0%	(2 550)	(256)	-10%	(2 824)	17	-1%
TOTAL	**1 253 286**	**100%**	**1 231 092**	**22 194**	**2%**	**1 262 602**	**(9 316)**	**-1%**

Source: UTAP (2024) PPP Bulletin

Box 4. Potential Changes in Approach for Future PPPs in Portugal

Many of Portugal's legacy projects can soon be retendered. A 2025 Council of Ministers resolution mandated IP to develop and execute priority road projects using the concessions model, many of which represent second generation concessions. In addition, the government has developed a model for high-speed rail using private finance, social housing projects are being prepared as are additional health care facilities.

There is scope to strengthen the appraisal framework for PPPs and a case for additional transparency and quantification with respect to contingent liabilities generated from PPPs. In this phase of infrastructure development, Portugal should focus on cost efficiency, transparency and risk management as paramount considerations.

Sources: Council of Ministers (2025) Resolution 69/2025; World Bank (2025) Benchmarking Infrastructure Procurement – Portugal

37. **There is a legal requirement that the government reviews the investment plans of SOEs and the biggest public companies have been reviewed in recent years**. As mandated by Decree-Law No. 133/2013, the SOE unit in MoF analyses investment plans for major PCs and publishes reports on the evolution of the financial and asset situation of public companies and major SOEs financial statements.[45] Most SOE investment plans, and those of the largest 10 have been reviewed over the last three years. [46]

Recommendations on Planning Public Investment

Issue 1: Portugal has a strong architecture for national and sectoral planning, but its national investment plan is partial – excluding social infrastructure, lacking expenditure ceilings and with limited links to territorial planning.

Recommendation 1: Enhance the completeness, affordability, and impact of strategic public investment planning by including all social and economic infrastructure in the National Investment Plan, link plans

[45] UTAP (2024) Boletim Informativo do Setor Empresarial do Estado – 2.º trimestre de 2024 https://www.utam.gov.pt/documentos/Boletim_Informativo_do_SEE_T2_2024.pdf

[46] IP - Infraestruturas de Portugal, SA; Transportes Aéreos Portugueses, S.A.; Metropolitano de Lisboa, EPE; Construção Pública EPE; Metro do Porto, SA; Arco Ribeirinho Sul, SA; CP - Comboios de Portugal, EPE; Águas Algarve, SA; Caixa Geral de Depósitos, SA; EDIA - Empresa de Desenvolvimento e Infra-Estruturas do Alqueva, SA

with available resources and ensure alignment with territorial planning (MoF and PLANAPP, October 2027).

Issue 2: Nationally funded major projects lack the rigorous preparation and assurance mechanisms applied to EU funded projects, with no unit responsible for standardized appraisal or review, and they are not subject to climate screening.

Recommendation 2: Strengthen the framework for project preparation, appraisal and assurance for major projects by developing and applying uniform appraisal and climate screening standards to all major projects and establishing minimum quality-at-entry requirements for project funding, overseen by MoF (MoF, October 2027).

6. Multiyear Budgeting (Strength—Medium; Effectiveness—Medium; Reform Priority—High)

38. **Multiyear capital spending projections are not published.** The MoF sets annual budgetary limits, negotiated prior to the publication of the budget circular and the Major Options Bill includes ceilings for 18 "organic missions" (corresponding to ministries). However, there are no medium-term projections for capital expenditures. In the annual budget documentation, Map 4[47] presents capital expenditure only as a total for the budget year.[48] While multiyear projections are available in the MTFSP, these are presented in accounting terms (gross fixed capital formation as a percentage of GDP) rather than in budgetary terms.

39. **Multi-year capital expenditure ceilings are not provided to ministries.** The Major Options Report sets ceilings, but these cover aggregate expenditure and so cannot be used specifically for investment planning and prioritization as effectively as with a distinct capital ceiling. The Budget Call Circular also does not include ceilings; it only provides annex tables to be completed, without any macroeconomic indicators or guidance on the maximum resources available. This dimension is therefore rated as low in both design and effectiveness.

40. **Total construction costs of major capital projects are published, along with the amounts spent to date and planned expenditure.** The Budget Framework Law requires the government to report to parliament quarterly on planned investments that are projected to cost more than 0.01 percent of public spending. For "Investimentos Estruturantes" the reports include the amounts invested in the previous year, the projected investment of the current year and the next one, and the total project cost. They also include the responsible entities for each project and whether they are financed by the RRP. The reports are prepared by Entidade Orçamental with inputs from the entities delivering the projects.

41. **Ensuring better resource allocation for capital expenditure requires both credible medium-term budgeting and realistic estimates of total project costs**. Low execution of capital expenditures highlights weaknesses throughout the entire project cycle, including resource allocation. Establishing

[47] Portugal's State Budget Law contains a total of 14 "Maps", that present revenue forecasts and expenditure allocations of the central government, by functional and economic classification, as well as the expenditure map by organic-based mission, broken down by central government and social security programs.

[48] MoF (2025) Budget 2026, MAPA4

clear multiyear ceilings for capital expenditures would improve predictability, support better implementation planning to help address under execution of investment projects and improve transparency and accountability.

7. Budget Comprehensiveness and Unity (Strength—High; Effectiveness—Medium; Reform Priority—Low)

42. **Public investment by extrabudgetary entities (EBEs) is included in the Budget.**[49] Budget documentation covers the state budget, EBEs, and the social security institution. The institutional coverage of the general government is updated annually according to EU reporting norms and the revised institutions lists are included in budget documentation. The legal framework (Law No. 151/2015 Articles 9 and 14) requires capital spending by EBEs, social security funds and EU funds to be shown in annual budget. However, the budget documents do not provide a separate breakdown of capital projects of these entities or the presentation of capital investments by funding sources.

43. **EU funded projects are required to be shown in the budget but not SOEs or PPPs, but in practice all investment is disaggregated and presented by funding source in the budget**. The legal framework (Law No. 151/2015 Articles 9 and 14) requires that investment projects financed or co-financed from budget revenues and the EU are included in the budget. Tables 4.18, 4.19, 4.2 include general government structural investments covering those funded by EU programs. MAPA 15-A also presents funding sources for investment contained in the 2026 Annual Budget Proposal (Table 7).

Table 7. Funding Sources for Projects in the 2026 Annual Budget Proposal (EUR)

Funding Source	Previous years	2026	2027	2028	Following Years	Total
1. National Funding						
Tax revenue	15 792 378 917	2 357 294 255	2 061 197 373	1 497 722 749	713 923 840	22 422 517 134
Own source revenues	33 232 245 934	4 885 729 760	2 668 026 475	3 728 023 801	1 438 723 771	45 952 749 741
Transfers between Public Administrations	4 742 811 614	3 459 417 039	6 405 843 252	442 337 464	799 950 880	15 850 360 249
Total	53 767 436 465	10 702 441 054	11 135 067 100	5 668 084 014	2 952 598 491	84 225 627 124
2.EU Funds						
FEDER	796 913 743	131 354 182	39 391 811	35 894 421	43 773 045	1 047 327 202
Cohesion Fund	3 659 410	3 537 027	744 231	600 245	0	8 540 913
European Social Fund	1 239 960 346	423 545 256	340 110 123	468 086 699	511 570 916	2 983 273 340
Feoga Orientation/FEADER	448 369 172	86 994 800	63 498 711	251 653	0	599 114 336
Feoga Guarantee/Feaga	3 936 485 593	410 407 486	556 822 733	516 250 336	175 827 463	5 595 793 611
European Fisheries Fund	342 433	509 780	0	0	0	852 213
Others	184 087 899	33 142 968	63 266 666	63 266 666	104 464 154	448 228 353
Total	12 913 792 095	5 486 847 172	256 252 961	326 246 404	804 729 612	19 787 868 244
Total (1+2)	19 523 610 690	6 576 338 671	1 320 087 236	1 410 596 424	1 640 365 190	30 470 998 211
Consolidated Total	73 291 047 156	17 278 779 725	12 455 154 336	7 078 680 438	4 592 963 681	114 696 625 336
	60 046 143 492	14 492 738 683	12 263 130 182	6 910 051 108	4 335 627 046	98 047 690 511

Source: MoF (2025) Budget 2026, MAPA 15-A.
Note: “Projects” here is broader than the capital investments and refers to projects under the program classification.

44. **Capital and recurrent budget are prepared and presented together in the budget by the MoF, using a common budget classification**. Article 47 of Law No. 151/2015, Budget Execution Decrees and Budget Call Circulars mandate that the budget be prepared and presented according to a

[49] EBEs are organizations that carry government functions but are outside regular budgetary procedures.

program classification, integrating both current and capital expenditures within each program. Preparation and presentation of capital and recurrent budgets is fully integrated. However, the current cost impacts of major capital projects are not systematically reviewed by the MoF during budget preparation.

45. **There is some scope to improve budget comprehensiveness and transparency.** Potential changes could include expanding budget information to provide a clear, separate breakdown of major capital projects funded through EBEs, enhancing oversight and clarity.

8. Budgeting for Investment (Strength—High; Effectiveness—Medium; Reform Priority—Low)

46. **The law requires that information on multi-annual commitments - but not total project costs - be included in budget documentation and in practice, commitments are disclosed in full**. The Budget Framework Law (Law No. 151/2015) requires that multi-annual commitments are included in budget documentation (MAPA 14) but there is no requirement to show total project costs. Additionally, each year's budget execution decree provides detailed provisions on multi-annual commitments.[50] In practice MAPA14 includes all contractual commitments by programs and ministries, but it does not provide information at the project level.

47. **The reallocation of funds from capital to recurrent expenditure requires explicit authorization from the MoF, and virements are moderate in practice**. Article 50 of Law No. 151/2015 outlines the procedures for budget execution and arrangements for budget amendments, including transfers between economic categories, subject to the rules set in the annual budget law and execution decree. Such transfers require explicit, prior authorization from the MoF and transparent reporting requirements in the quarterly budget execution reports. In the 2025 Budget Execution Decree, Articles 9-11 lists specific categories of expenditure where transfers are either restricted or require special authorization. In the Decree, reallocations affecting PPP lines or EU co-financing are explicitly prohibited to safeguard investment appropriations and expedite project execution.

48. **The legal and regulatory framework includes provisions for prioritizing ongoing projects and all ongoing major projects have received their assessed funding needs.** Decree-Law 86/2025 explicitly requires that program managers prioritize the completion of ongoing projects before committing resources to new initiatives. Table 4.3 in the 2026 Annual Budget Proposal below shows the share of funding for new projects versus ongoing projects (Figure 36). New projects account for 10 percent of the total number of projects and 6 percent of the total funding sought (Figure 37). All ongoing projects receive funding as needed, and there are no examples of major projects not receiving sufficient funding.

[50] For example, Articles 46-49 in Decree Law No. 13-A/2025 for 2025 Annual Budget Law

Figure 36. New and Ongoing Projects (Number)

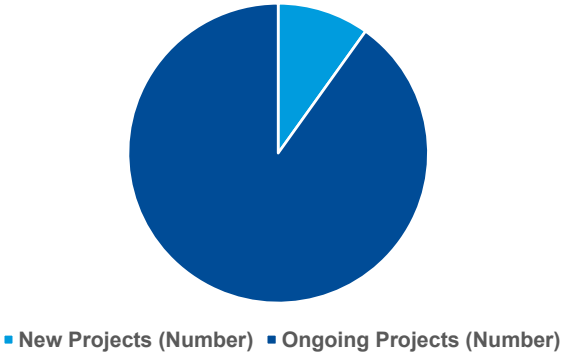
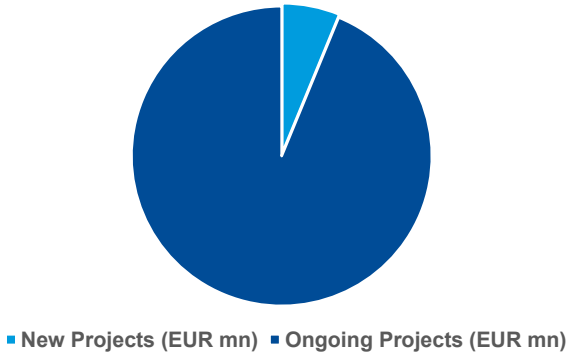


Figure 37. New and Ongoing Projects (Value)



Source: MoF (2025) Budget 2026 Proposal

49. **In the future the focus should be on strengthening project-level reporting in budget documentation, particularly for total costs of multi-annual commitments.** This includes enhancing MAPA14 annexes to provide project-specific information, not just program-level data. To safeguard capital investment during budget execution, it is advisable to prohibit transfers from capital to recurrent expenditure, ensuring that resources allocated for investment remain protected and are not diverted to cover recurrent budget needs. This is particularly important because – across Europe - capital expenditures are often the first to be reduced during periods of fiscal consolidation or when there is pressure to meet fiscal targets.

9. Maintenance funding (Strength—Medium; Effectiveness—Low; Reform Priority—Medium)

50. **Key infrastructure sectors have developed methodologies for estimating routine maintenance needs and resulting spending has been broadly adequate**. IP, which oversees roads, railways and the telecommunications backbone network has robust procedures for planning maintenance of roads and railways based on technical diagnostics and international practice (Box 5). IP also uses service level contracts for certain roads, ensuring that routine maintenance is carried out to appropriate standards. Águas de Portugal plans routine maintenance based on diagnostics of the status of the water distribution network and a risk analysis. Standard methodologies are also used in the energy sector. In Budget 2025, the total allocation for routine maintenance was almost €650 million, which represents 2.3 percent of the total value of assets reported in the national accounts for 2021.[51]

[51] The total value of assets in the water and construction sectors in the national accounts presented by the National Statistical Institute (INE), table C.3.2 Stock of capital by branch of activity.

Box 5. Infraestruturas de Portugal Maintenance Planning

Based on inspection activities, asset management tools are developed through:

a) Methodologies for assessing the condition of assets, their utilization level, and the stage of their useful life cycle, allowing classification of assets by condition as follows:

Asset Condition	Value of indicator	Action
Good	6,00 to 8,00	Suitable for long term
Reasonable	4,00 to 5,99	Suitable for medium term
Needs attention	2,00 to 3,99	Suitable for short term
Not satisfactory	0,00 to 1,99	Needs investment

b) Differentiated management models according to service level, or availability requirements.

c) Identification of the actual intervention needs based on the required service levels, stage of the asset's useful life cycle, and impact on performance.

d) Identification of the risks associated with decisions not to carry out the indicated interventions.

e) Long-term (20 year) cost scenarios, assessing the corresponding risk and performance, as well as the resulting renewal liability.

This analysis supports prioritization of preventive actions, avoiding heightened risk, greater disruption to networks, and larger remedial investment requirements.

Source: Infraestruturas de Portugal

51. **Sector-specific methodologies are used for determining capital maintenance, but few projects are included in national or sectoral plans and budgets.** IP uses a similar diagnostic approach for capital maintenance as for routine maintenance described in Box 5. In other sectors, the Fundo Nacional de Reabilitação do Edificado[52] was established in 2009 to provide full or partial funding of operations for the recovery, reconstruction, expansion, adaptation, rehabilitation and conservation of state-owned properties. Projects to be financed are selected by the Directive Committee of the FNRE. Águas de Portugal bases major improvements on a risk analysis of each asset. Because there is little consolidated information available on capital maintenance allocations, effectiveness is rated as low.

52. **Routine maintenance expenditure can be identified in the budget, but major improvements cannot.** Routine maintenance (Code 02.02.03 “Conservação de bens”) is presented in the budget documentation by ministry and by economic classification and there is a specific classification for maintenance and repair of real estate. Major improvements fall under the projects category (Line 50, “Projetos”) and cannot be identified as a distinct category from new projects. Some major improvement projects can be found in progress reports relating to EU funding.

53. **Maintenance methodologies used by IP, based on detailed diagnostics, can serve as a model for other public sector entities**. This approach - grounded in systematic condition assessments, risk-based prioritization, and multiyear programming - provides a potential model for strengthening the efficiency of public asset management across the wider public sector in Portugal. Linking engineering-

[52] Created by “Decreto-Lei n.º 24/2009”, modified by “Lei n.º 66-B/2013”, and regulated by “Portaria n.º 293/2009”.

based asset condition data to available funding and clearly defined service-level standards enables more transparent, proactive, and fiscally sustainable maintenance planning. Adopting similar practices in other sectors would help reduce lifecycle costs, mitigate service disruptions, and safeguard the long-term value of Portugal's public infrastructure assets.

10. Project Selection—(Strength—Medium; Effectiveness—Medium; Reform Priority—High

54. **While the Council of Ministers approves large projects before budgeting, there is no technical scrutiny of project proposals.** According to Law 197/1999 large projects must have a Council of Ministers approval prior to being included in the Budget.[53] However, there is no formal process for MoF to scrutinize and assure the quality and maturity of project proposals prior to the submission to Council of Ministers. There is significant evidence on the importance of robust governance at the "front-end" of major projects.[54] For the largest projects, strong assurance is essential because clear scope definition, rigorous assessments of costs and risks and disciplined decision-gates can reduce the chances of cost and schedule overruns and create the conditions for projects to deliver their intended economic and social benefits. At present, requirements of EU funding programs provide elements of independent assurance but the MoF has a comparatively weaker role in front-end project scrutiny compared to many peers. Box 6 details quality-at-entry processes from a selection of European countries.

[53] Government of Portugal (1999) Law on Procurement
[54] For example Edkins et al (2013) Exploring the Front-End of Major Projects; Samset and Volden (2006) Front-End Governance of Major Projects; and Flyvbjerg (ed) The Oxford Handbook of Megaproject Management

Box 6. Major Project Assurance - European Examples

United Kingdom. The Treasury Department has developed detailed guidance and processes in relation to project governance and risk management, with the Government Major Project Portfolio comprising the largest, most novel and highest risk projects and programs. The National Infrastructure and Service Transformation Authority – an agency of the Treasury and Cabinet Office – plays a key role in project assurance. All projects with an estimated cost greater than £1billion, as well as other projects considered particularly novel or contentious, are subject to enhanced levels of scrutiny and assurance review.

Ireland. The Infrastructure Guidelines embed a project lifecycle with three discrete Approval Gates for all investment projects. Major projects (with an estimated cost over €200m) are subject to an assurance process and then a review by the Department of Public Expenditure's *Major Projects Advisory Group* prior to project approval. The Group's Reports are published.

Sweden. Transport project ideas are initially subject to a *Choice of Concept Study* and CBA is mandatory for all proposals. Projects that receive approval are required to be reviewed again prior to formal approval to proceed.

Denmark. Road and rail projects with a value over DKK250m are subject to external assurance at two stages of the project lifecycle, known as Decision Levels 1 and 2. At Decision Level 1, it is decided which concepts will be taken forward, while Decision Level 2 considers whether the project should be implemented. The implementing agency undertakes a project appraisal, which is then subject to quality assurance by an external consultancy firm appointed by the Ministry of Transport. The implementing agency makes a recommendation to the Ministry of Transport, which is ultimately considered by Government prior to consideration by Parliament.

Norway. All investment proposals with an estimated cost of NOK750m or above are subject to the State Projects Model. Proposals are required to undergo a quality assurance process at two stages of the project lifecycle – QA1 which examines the conceptual solution prior to submission to government and then QA2 which provides an external scrutiny of cost estimation prior to submission to parliament for decision to proceed.

Sources: Hearne, E. (2025) Improving the Efficiency of Public Investment in Infrastructure in Belgium IMF Selected Issues Paper; Samset, K.F., Volden, G.H., Olsson, N. and Kvalheim, E.V., (2016). Governance schemes for major public investment projects: A comparative study of principles and practices in six countries.; Parliamentary Budget Office, Ireland (2024) Capital Spending – An Overview of Ireland's Infrastructure Guidelines; IMF (2022) United Kingdom – Technical Assistance Report – Public Investment Management Assessment; Olsson, N.O., Nyström, J. and Pyddoke, R., 2019. Governance regimes for large transport infrastructure investment projects: Comparative analysis of Norway and Sweden. Case Studies on Transport Policy, 7(4), pp. 837–848.

55. **There are selection criteria for projects funded under Portugal 2030, and most projects adhere to this process.** The requirement for sectoral selection criteria as part of Portugal 2030 Strategy is set out in law.[55] Projects must further contribute to the objectives of knowledge, innovation and added value, sustainability and better use of resources, greater connectivity and proximity to territories, enhanced human capital and skills. While most major EU co funded projects are selected in accordance with the prescribed process and criteria there is no indication that they play a role in the review by the Council of Ministers.

56. **There is a pipeline in the form of mature projects emerging from the planning framework and all major projects are selected from this process.** The project pipeline consists of projects that are sufficiently developed to move from planning to the selection stage. Large projects are developed in an iterated manner, aligned with Portugal 2030 and other strategic plans. All major projects are selected from the pipeline. However, there is little publicly available information on the pipeline of investments and

[55] Decree-Law No. 20-A/2023 of 22 March 2023 establishes the general regime for the application of the European funds of Portugal 2030 Decreto-Lei n.º 20-A/2023 | DR

weaknesses in multi-annual budgeting mentioned earlier make it difficult for ministries and agencies to develop project proposals over a longer planning horizon.

57. **Project assurance and selection functions should be strengthened by anchoring them in a central process, with a stronger role for the MoF.** As noted under Institution 4. Appraisal, a stronger central function anchoring and coordinating the appraisal and selection process can enhance quality, transparency and prioritization. Robust assurance of both the quality and maturity of project proposals can help ensure that highest impact projects are selected and bring greater confidence in terms of cost and schedule performance. This is all the more important in the context of a lower reliance on EU funds – and processes – in the future. The MoF should take a stronger role in front-end project assessment and review rather than post-approval controls.

Recommendations on Investment Allocation

Issue 3: Multiyear capital spending lacks credibility due to the absence of projections of medium-term funding, ministerial ceilings, major project information and adequate maintenance budgeting.

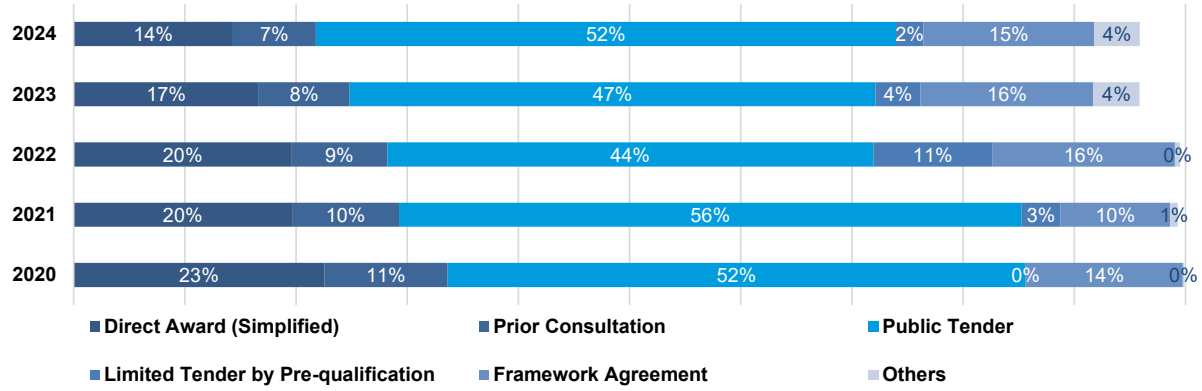
Recommendation 3: Improve medium-term budgeting by introducing five-year public investment envelopes linked to strategic plans, setting binding multiyear ceilings for ministries, and clearly distinguishing funding for new projects, ongoing projects, and maintenance in budget documents (MoF, October 2028).

11. Procurement (Strength—High; Effectiveness—Medium; Reform Priority— Medium)

58. **Open, competitive tendering is required for major investments and many projects are procured in this way.** The legal framework for procurement in Portugal is defined by the 2008 Public Contracts Code[56] which transposes European Directives.[57] The Code defines open and competitive procedures as the general rule, though the share of direct awards is higher than the EU average (Box 7). Based on available information, open tendering and framework procurement together accounted for about 70 percent of contracted amounts for public works in 2024 (Figure 38).[58] Since 2008, the Code has been amended frequently, including simplifications designed to accelerate implementation of EU funded investment projects. For example, in 2024 special measures were introduced exempting EU funded projects from the Court of Auditor's prior review of large public contracts. [59] While special measures are limited in scope and timing, there has been limited assessment of their effectiveness so far.[60]

[56] Official Gazette (2008). Law 18/2008
[57] Directive 2014/24/EU on public procurement; Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services, 26 February 2014
[58] IMPIC (2025). 2024 Annual Report
[59] Official Gazette (2024). Law 43/2024
[60] Special procurement measures to simplify pre-contractual procedures, introduced in 2021, were assessed by the Court of Auditors, concluding they had a negligible impact. Court of Auditors (2022). Recommendations on Special Procurement Measures.

Figure 38. Value of Contracts by type of Procurement



Source: IMPIC (2025). 2024 Annual Report

59. **The procurement database is relatively comprehensive, with regular publication of statistical reports, but without analysis or recommendations.** The national public procurement portal, BASE, collects and publishes key information on public procurement. The portal is managed by the Institute of Public Procurement, Real Estate and Construction (IMPIC). There is a legal obligation for contracting authorities and e-platforms to report to the portal although it is difficult to assess the level of compliance and database comprehensiveness. In 2024, the portal registered 4,762 contracting authorities, although this is not all authorities required to report.[61] In previous years, there was evidence that share of procurement information is missing[62], and that contracting authorities submit information with a delay.[63] Statistical reports are published on a monthly and annual basis, with a detailed database on contracts available to the public. While e-procurement became mandatory in 2009, Portugal does not have a single e-procurement platform that would provide services to all contracting authorities, but a multi-platform model with four private providers, whose interfaces are not integrated. While analytical reports are not published, there is some evidence of weaknesses in Portuguese procurement (Box 7).

[61] IMPIC (2025). 2024 Annual Report

[62] European Commission, Anti-Fraud Knowledge Centre (2021). BASE Web Portal on Public Contracts. In 2021, the European Commission estimated that the total number of contracts might be three times higher than the number of contracts published in the BASE Portal.

[63] Court of Auditors' analysis of 10 largest public contractors shows average publications delay of69 days, but reaching a maximum 302 days from contract signature to publication on BASE portal. Court of Auditors (2023). Report 06/2023: Public Works Projects

Box 7. Inefficiencies in Public Procurement in Portugal

Procurement processes are somewhat slower than the EU average with an average speed of decision 96 days, compared to 84 days across EU.[64] The share of contracts awarded where there was only one bidder is relatively high in Portugal at 20 percent. Some tenders are relaunched multiple times due to lack of interest with concomitant delays for project implementation timelines. In addition, procurement in Portugal is characterized by over-emphasis on price in bid award criteria (Figure 39).

Figure 39. Share of Contracts Awarded by Price Only

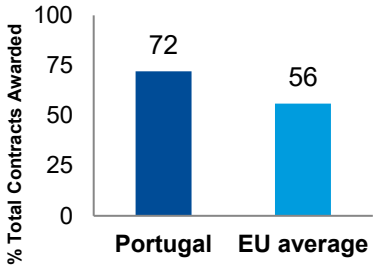
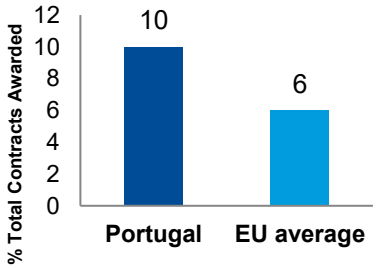
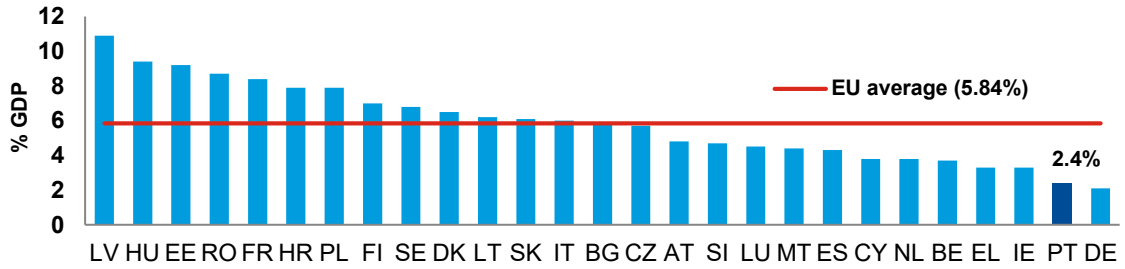


Figure 40. Share of Contracts Awarded by Direct Award



At the same time, Portugal is missing out on potential benefits of the wider EU market and international markets. A comparatively low share of Portuguese public tenders is advertised to businesses on the EU's public procurement platform Tenders Electronic Daily (Figure 41).

Figure 41. Value of Tenders Published on Tenders Electronic Daily



Source: Staff analysis of European Commission (2025). Single Market and Competitiveness Scoreboard; European Commission (2024) Tenders Electronic Daily; Court of Auditors (2022). Recommendations on Special Procurement Measures.

60. **Procurement complaints are reviewed by the Administrative Court, but there is no information available on timeliness of complaints resolution for public procurement contracts.** To challenge a procurement decision, legislation requires the complaint to be filed in court within 10 business days, which automatically suspends execution of the award decision and contract. There is no procurement review body in Portugal. However, special procurement measures introduced the possibility

[64] Ibid.

to lift contract suspension if delayed execution might lead to loss of EU funding.[65] Other changes include new pre-contractual mechanisms to resolve disputes (such as the possibility of arbitration and mediation for these procurement contracts). There is no data on the average length of complaints processes for major investment projects.

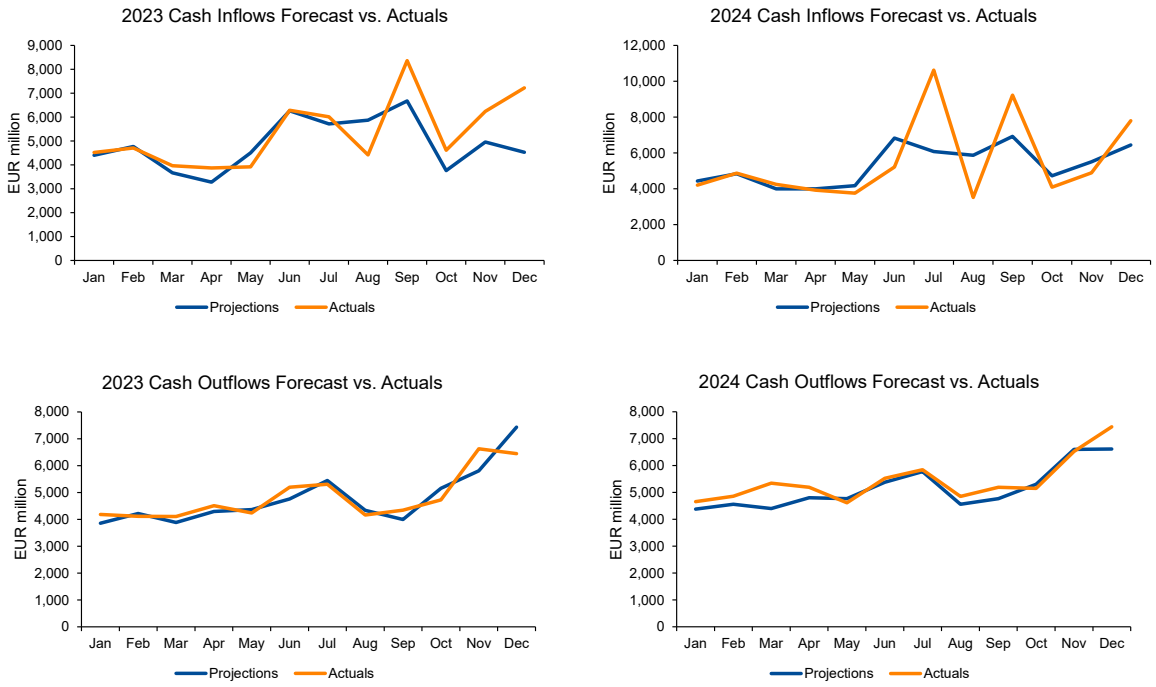
61. **Delays in procurement procedures constitute a challenge to implementation of major investment projects, and this is an important reform priority**. Exemptions to required procedures indicate ongoing efforts to speed up procurement processes, but this is done in a fragmented way, focusing on individual investments under specific funding programs. Although Portugal has taken some steps to promote upcoming tenders (e.g. publication of annual plan for tenders, updated quarterly), competition remains limited in some cases, including SME participation. The mission was informed that mandatory publication of procurement data on BASE portal is now actively enforced. IMPIC notes that BASE statistical reports are being used to identify entities and sectors with lower competition (failed tenders and single bidders), and to monitor performance indicators of public contracting (e.g. time-to-award indicator for public works). These changes and further reforms can help support more expeditious infrastructure delivery.

12. Availability of Funding (Strength—Medium; Effectiveness— Medium; Reform Priority—High)

62. **There is a regulatory requirement for cash-flow forecasting and quarterly monthly allotments and forecasts are accurate in practice.** Net cash flows have deviated by around 6 percent from cash flow forecasts in 2023 and 2024 (Figure 42). The deviation in revenues is more pronounced (around 10 percent), highlighting the need to improve the accuracy of revenue forecasts given their critical role in calculating available funding.

[65] Official Gazette (2024). Law 43/2024

Figure 42. 2023–2024 Cash Inflow and Outflow Forecast vs. Actuals



Cash inflows show tax revenues and cash outflows show primary expenditures
Source: Staff analysis of MoF data.

63. **There are formal mechanisms to release funds and invoices are paid on time, but with some inefficiencies in the process.** Decree Law No. 13-A/2025 (Articles 7 and 96) includes provisions regarding cash flow forecasting.[66] Most recent data show central government late payments stood at €685 million, representing less than 2 percent of the relevant base and mostly relating to health sector spending. Regarding EU-supported investment, RRP funds are paid based on reimbursement, and this can take up to three months. Although most invoices are paid on time, there are inefficiencies due to budget execution and controls processes. Regarding release of funds (authority to commit), ministries are provided monthly commitment ceilings for three months ahead (Decree-Law No. 13-A/2025, Article 8), based on funding availability defined in the Law on Commitments and Late Payments (Law No. 8/2012). However, the commitments ceilings process - along with broader budget execution and expenditure control processes - have some limitations as described in Box 8.

[66] Article 96 indicates that public entities included in the Treasury Single Account and Social Security Entities are required to submit monthly cash forecasts to the UTE for the following 12 months, and to notify the UTE two days in advance of any outflows exceeding 50 million euros.

Box 8. Budget Execution and Expenditure Controls

Portugal's budget execution process is complex and can lead to delays in capital spending. The MoF provides quarterly commitment ceilings to ministries on a rolling monthly basis. If the allocated funds are insufficient, ministries must wait until enough resources are accumulated or request an advance from the MoF. Only after funding availability is confirmed can ministries enter into commitments, which often results in delays in initiating spending at the start of the budget year. This is a potential inefficiency given the "lumpy" nature of public investment spending.

Once commitments are registered, ministries proceed to procurement—a stage that itself faces challenges and delays as noted under Institution 11. After procurement, spending requires pre-approval from the Tribunal de Contas (Court of Audit). Although the Court is expected to issue its opinion within 30 days, requests for additional data or clarifications pause the 30-day period, and entities have reported that this process can take anywhere from three to six months. While the Court notes that the net time for decisions - excluding such pauses - averages 12 days, the elapsed time is higher. Spending agencies reported that this is particularly the case for large projects.

These cumulative delays mean that if the expenditure process cannot be finalized within the budget year, the appropriation is canceled, and the process must begin anew in the following year. In addition to these procedural hurdles, the MoF enforces controls such as retention of appropriations, which, where they arise, are defined annually in the State Budget Law and/or in the Budget Execution Decree. These controls allow the MoF to withhold part of the appropriations to ensure fiscal discipline and manage risks.

The role of the MoF is more passive in the project preparation and appraisal stages but then characterized by a stronger challenge function and strict controls during execution, which in turn contribute to delays in capital spending.

Source: Staff.

64. **EU funds are required to be fully integrated in the main government bank account structure, but notifications of payments for EU funded investment projects are often delayed.** EU funds are fully integrated into the main government bank account structure, through the State Treasury system managed by the IGCP, which acts as the central banking service provider for public entities. Public entities receiving EU funds must comply with the State Treasury Unit (UTE) principle. This means that accounts are centralized and managed within the State Treasury system, ensuring that all financial movements - including those involving EU funds - are processed through accounts held at IGCP. UTE is not typically informed in advance of the exact dates and amounts of EU funded cash payments. In the case of RRP funds, which are the most significant, UTE receives an annual forecast of expected payments and monitors consolidated execution throughout the year.

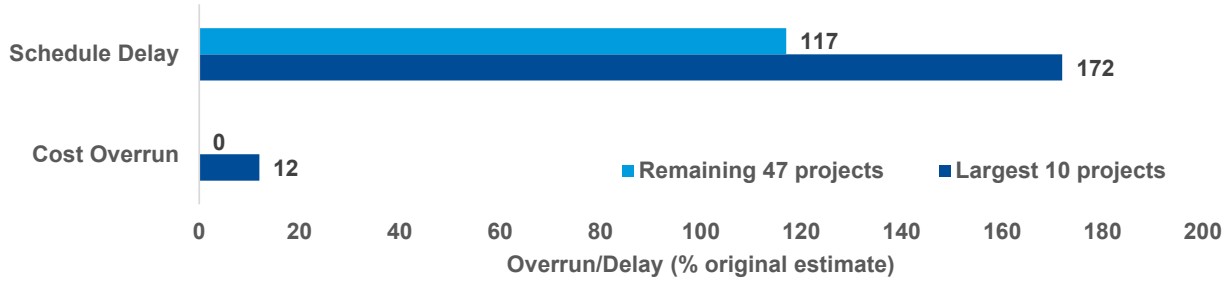
65. **To improve the effectiveness and timeliness of budget execution, it is crucial to identify and address any procedural and operational bottlenecks.** The MoF should strive to ensure timely availability of funding for approved capital projects by authorizing the release of annual appropriations. The MoF should also enhance the accuracy of revenue forecasts, which may undermine reliable funding availability calculations. Steps could be taken to ensure maximum efficiency of the Court of Audit's approval process (particularly for largest and most strategically important projects) including initiatives to clearly communicate requirements in advance. Improving communication regarding EU funded payments - especially for projects with multiple beneficiaries - will strengthen overall treasury management and

minimize uncertainty in cash outflows. On balance, a re-orienting of MoF scrutiny of capital investment to focus more on project preparation, appraisal and assurance (see Institutions 4 and 10) while removing procedural bottlenecks after project approval, could support better project prioritization and risk management and speed up infrastructure delivery.

13. Portfolio management and oversight (Strength—Medium; Effectiveness—Low; Reform Priority—High)

66. **All capital projects are subject to monitoring during project implementation, but data is not effectively used, and implementation delays are common**. All public administration entities receiving budget funding must report monthly on financial and physical project progress using the SIGO-SIPI system and should produce quarterly progress reports.[67] However, there is no consolidated monitoring report at the central government level, and the MoF does not make use of this data for portfolio management. An audit completed in 2023 covering 57 contracts for the implementation of public works detected significant issues with schedule delays and cost overruns, particularly for the largest projects (Figure 43).

Figure 43. Cost Overrun and Schedule Delay among Audited Projects

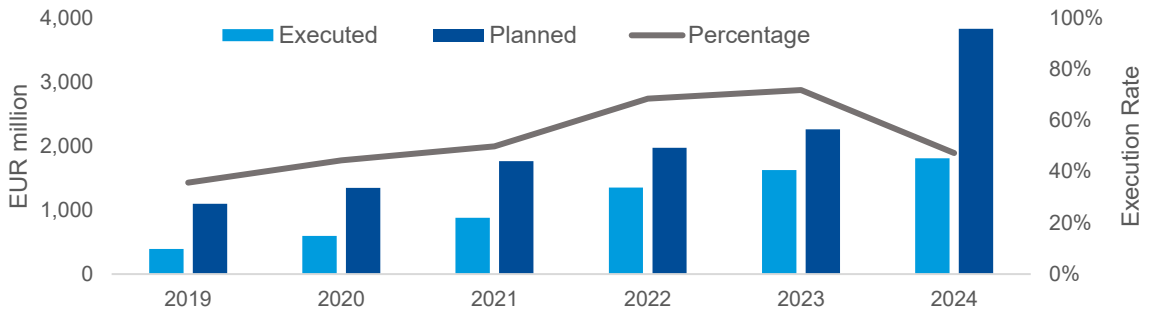


Source: Tribunal de Contas, Relatorio de Auditoria 6/2023 2.ª Secção

67. **Funds can be reallocated between projects during implementation, but there is no evidence that reallocation has promoted accelerated implementation.** Changes to project budgets and schedules must be recorded in the SIGO-SIPI system without requesting pre-approval from the MoF. There are no explicit rules governing transfers between projects. Ministries and agencies report that the capacity to move resources between projects provides flexibility, but there is no evidence that this has accelerated project delivery, and there is a persistent trend of under-execution of the largest investment projects (Figure 44). [68] In the period from 2019-2024, the rate of financial execution of structural projects has averaged just 53 percent.

[67] Circular Série A Nº: 1411 specifies instructions applicable to the 2025 budget execution. It requires that all central government entities ensure that information regarding the physical execution of projects is updated in the SIGO-SIPI application, on a monthly basis and used to produce quarterly reports on physical and financial progress (Article 120).
68 "Structural investments" are large, multiyear investment projects by the Central Administration and Social Security that are framed within sectoral policies and are considered transformative for the national economy.

Figure 44. Planned vs. Actual Financial Implementation of Structural Investments



Source: Portuguese Public Finance Council (2025) Evolution of Structural Investments in the Period 2019-2024

68. **There is no requirement to conduct ex-post reviews of large projects, although some have been completed for EU funded projects, in line with EU funding regulations.** Evaluations of EU funded projects are undertaken to a common standard and there is guidance on how to use the results of such studies in designing and planning future investments.[69] However, there is no evidence that these evaluations inform preparation, appraisals, and implementation of future similar projects. PLANAPP has collected a list of evaluations undertaken in Portugal [70], but there is only one published ex-post evaluation (relating to the first stage of the Porto Metro).[71] Steps are being taken by PLANAPP to develop an agenda for evaluation of public policies, including ex-post evaluations, but as planned, it does not cover projects, but policies and programs.[72]

69. **Improving investment portfolio monitoring and management is a key reform priority for Portugal.** The SIGO-SIPI system offers significant potential for this purpose. Reports can be produced by entities and sectors, analyzing project progress against milestones, including cost and schedule performance. The system can act as a platform to support more active portfolio management, including reallocation of resources to accelerate delivery and address persistent issues with under-execution. To support improved implementation of major projects, the MoF should take a more active role in portfolio management.

14. Management of Project Implementation (Strength—Medium; Effectiveness—Medium; Reform Priority—Medium)

70. **There are no legal or regulatory requirements for implementation planning prior to project approval, but in practice delivery plans are generally prepared for significant investments.** While there are no formal regulations governing project management, most project implementation plans are prepared, and project managers are assigned in advance. IP, Águas de Portugal, ESTAMO, and the

[69] PLANAPP (2024) Guia do follow-up das recomendações das avaliações
[70] See Catálogo de Estudos de Avaliação de Políticas Públicas
[71] Completed in 2008, and it is an impact evaluation rather than ex-post evaluation. See Avaliação do impacto global da 1.ª fase do projeto do Metro do Porto.
[72] Proposta de Roteiro para a construção de uma Agenda Nacional de Avaliação de Políticas Públicas

ministries of Health and Education request implementation plans to be prepared before project approval and project managers (or management teams) are assigned before implementation starts.

71. **There are no rules regarding project adjustments, except for registering them in the SIGO-SIPI system and in the procurement portal in case of contract modifications**. Information about project adjustment can be found for building contracts in the procurement portal, however data is not always complete and up to date, for example, IP reported many adjustments for the largest contracts (including 20 for one project).

72. **The Court of Auditors has the legal authority to conduct ex-post audits of infrastructure investments and the results of audits are publicly available.**[73] The Law on the Organization and Procedures of the Court of Auditors specifies the coverage and type of audits that can be undertaken.[74] It establishes that these must be planned for a 3-year period, based on which yearly plans are prepared, which are approved by the Court and published in summary form. Some completed audits have been project-specific (e.g. the Audit of the Construction of the Central and University Hospital of Madeira – Phase 2), others for projects financed by a specific funding source (e.g. Audit of the implementation of the RRP by local administrations) and some are sector-focused (e.g. Audit of investments in the Justice sector). The Court also carries out concomitant audits, which enable investment oversight during the execution phase.

73. **There is some scope to improve project management.** While there are pockets of good practice, there is room to improve project management practices across government entities. Establishing maturity conditions, including having implementation plans ready and managers assigned before being selected for funding would contribute to more efficient and effective project implementation across the public sector government.

15. Monitoring of Public Assets (Strength—Medium; Effectiveness—Medium; Reform Priority—Medium)

74. **There are requirements for asset registers across most key sectors but no comprehensive central register.** Asset registers are kept by local governments (required by Law 73/2013) and also by SOEs. State agencies maintain their own registers, including both asset records and depreciation. For example, IP has an asset registry and a manual setting out protocols for issues such as updating and maintaining the register and treatment of depreciation, but it does not include revaluation.[75]

75. **Nonfinancial asset values are required to be recorded in the government financial accounts in line with ESA 2010, and the total value of assets is reported but there is no requirement for regular revaluation**. The Budgetary Framework Law stipulates that the General State Account must include, every year, the consolidated budgetary and financial statements of the subsectors of central government and social security.[76] Tangible fixed assets must be accounted for in accordance with the Accounting Standardization System for Public Administrations. However, it does not include

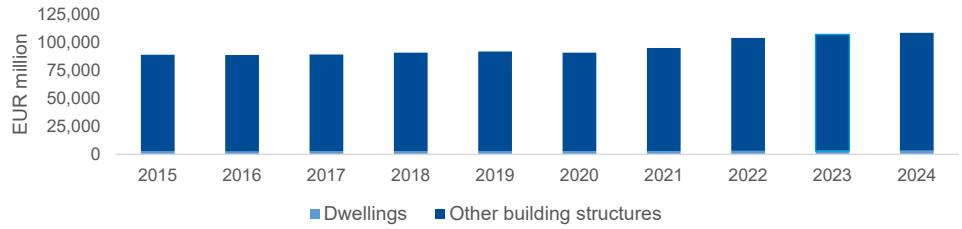
[73] See Tribunal de Contas, Relatorios de Auditorías
[74] Lei n.º 98/97, de 26 de Agosto, Lei de Organização e Processo do Tribunal de Contas

[75] Manual IP.MN.055, Modelo de Gestão de Ativos Fixos na IP.

[76] Law No. 151/2015, of September 11, Article 66.

provisions requiring regular revaluations, stating that only in certain circumstances, tangible fixed assets may be subject to revaluation in accordance with criteria and parameters to be defined in an appropriate legal instrument.[77] Aggregate asset data is published at current prices by the National Statistical Office, and is classified by type of asset, industry, institutional sector and type of organization.[78] Figure 45 presents data from the national accounts on stock of assets for buildings and dwellings for the last 10 years.

Figure 45. Evolution of Stock of Capital in National Accounts from 2015 to 2024



Source: Nationals Statistics Office, Table B.4.1.10 - Capital Stocks of general government (S.13) by fixed asset (current prices; annual)

76. **Depreciation of fixed assets is done according to the Public Accounting Standard (NCP) 5 based on asset-specific assumptions**. It establishes that each part of a tangible fixed asset item - with a cost that is significant in relation to the total cost of the item - should be depreciated separately. NCP 5 does not specify the useful life of tangible infrastructure assets to be used for calculating depreciation, but the National Accounts Department has prepared guidance on the expected service life for different types of fixed assets.[79] Data on depreciation is not published in the National Accounts, which only report on gross capital formation. IP and other agencies depreciate assets, but information is not publicly available.

77. **Improving asset registry is a medium reform priority for Portugal**. A good asset register can provide information for supporting national and sectoral planning of investment and budgeting for maintenance. While most central government entities, SOEs and SNGs have their own asset registers, an integrated database of assets would be a step forward.

Recommendations on Public Investment Implementation

Issue 4: Investment execution is slow due in part to funding delays, lengthy approvals and complex controls. EU funded projects face additional delays from slow reimbursements. Procurement processes are slower than other countries.

Recommendation 4: Streamline project execution by ensuring commitment ceilings align with project profiles, enhancing efficiency of the Court of Audit's approval process and granting nationally funded projects the same implementation flexibility as EU funded projects (MoF, May 2027).

[77] The accounting treatment of Tangible Fixed Assets is regulated by Public Accounting Standard (NCP) 5 - Tangible Fixed Assets, as set out in Annex II of the Accounting Standardization System for Public Administrations.

[78] See INE portal, National Accounts, B.4.1 Administrações Públicas.

[79] Methodological Note on the Estimation of Capital Stock and Consumption of Fixed Capital Series, National Accounts Benchmark 2022, Version November 2025

IV. The Climate PIMA

A. Climate Change and Public Infrastructure

78. **Portugal faces increasing climate-related challenges characterized by rising temperatures, changing precipitation patterns, more frequent extreme weather events, and sea level rise**.[80] European mean temperature between 2015 and 2024 increased by 2.2 to 2.3°C in comparison to the pre-industrial level, exceeding the global average.[81] In Portugal, temperatures have increased in the past decades and this trend is projected to continue (Figure 46). Annual precipitation has fallen and is expected to decrease further, especially in the summer season, increasing the probability of droughts and wildfires (Figure 47).[82] Sea level rise is expected, increasing the risk of floods in coastal areas, including the Lisbon region.[83] Climate model projections indicate that the number of extremely hot days in Portugal (with maximum temperatures ≥35°C) is likely to increase further with rising global temperatures. These changes can place additional pressure on infrastructure and essential services, particularly in the water and energy sectors.

Figure 46. Portugal: Temperature Change, by Month (ºC)

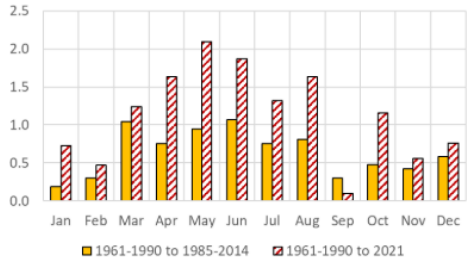
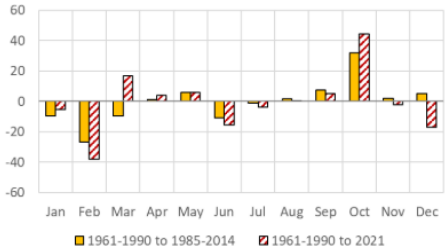


Figure 47. Portugal: Precipitations Change, by Month (mm/month)



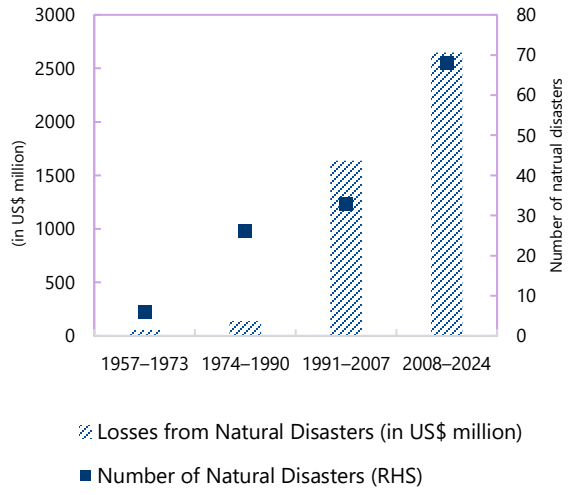
Source: IMF Climate Dataset, Massetti and Tagklis (2024) Impact of Climate Change in: IMF Staff Country Reports Volume 2024 Issue 300 (2024); Harris et al. (2020) Version 4 of the CRU TS monthly high-resolution gridded multivariate climate dataset

79. **Portugal observes a growing number of extreme weather events and natural disasters, with substantial macroeconomic costs.** Portugal ranked 47th out of 191 countries in terms of exposure to the risk of natural disasters (see Figure 48).[84] Wildfires, extreme temperatures, and storms are the most prevalent type of natural disaster (Figure 49). These have increased in frequency and intensity, resulting in USD 3.2 billion losses for the period of 2008 to 2024 over the past decades (Figure 50). The combination of Portugal's climate and land cover makes the country one of the most wildfire-prone in Europe. The most extreme wildfire events in the country's history have been recorded in the last twenty years, with particularly severe events in 2003, 2005 and 2017.[85] The annual costs connected to wildfires

[80] IPCC 2023 predicts hot extremes, such as heat waves, heavy precipitation and droughts to increase in Western Central Europe. (IPCC (2023) IPCC_AR6_SYR_FullVolume.pdf)
[81] Global and European temperatures | Indicators | European Environment Agency (EEA)
[82] Climate Analytics (2019) climate_analytics_ar2019_web.pdf
[83] World Bank Climate Knowledge Portal
[84] Wildfires, the most frequently recorded natural hazard in Portugal, are not included in such country comparisons due to data limitations. It should be assumed that the actual risk exposure is higher.
[85] Council of Ministers (2020)

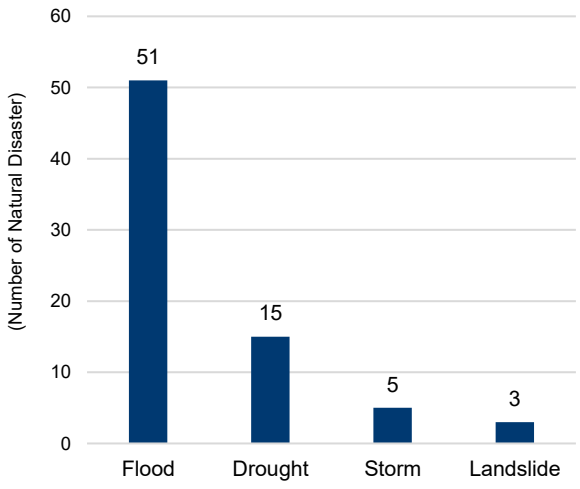
are estimated to be €60-140 million.[86] But the severe wildfire of 2017 alone amounts nearly €1.5 billion.[87] Natural disasters may impact Portugal's economy through different channels. Drought and wildfires may reduce agriculture and forestry output, by damaging irrigation systems and access roads, heatwaves may lower general productivity by straining energy and transport infrastructure and climate-related hazards may curb tourism by affecting coastal defense, hotels, and transport networks, potentially leading to a reduction of GDP per capita of 2.46 percent by 2050 and 7.75 percent by 2100.[88]

Figure 48. Portugal: Natural Disasters: Numbers and Losses



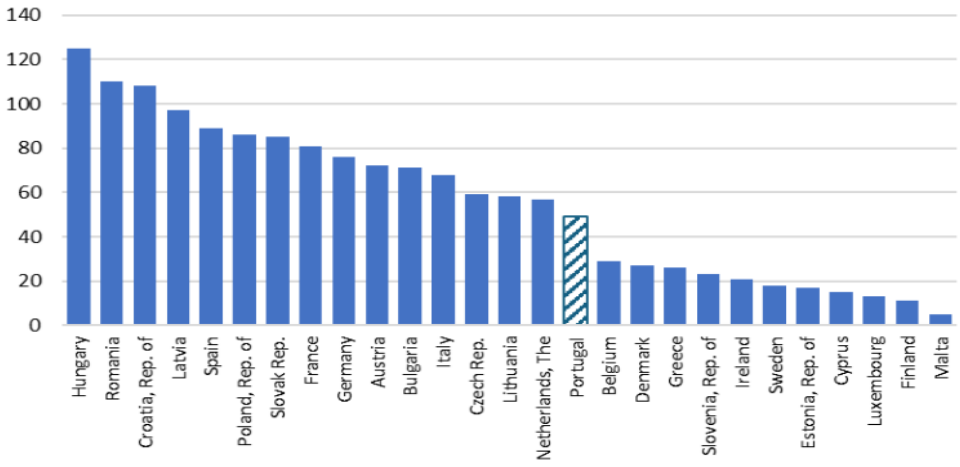
Source: EMDAT International Disaster Database

Figure 49. Portugal. Natural disasters from 2001 to 2024 by type



Source: EMDAT International Disaster Database

Figure 50. Classification of Selected Countries at Risk from Natural Hazards

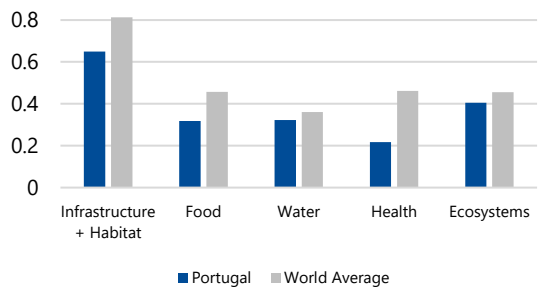


Source: Climate-driven INFORM Risk Indicator, IMF staff calculation

[86] Government of Portugal, 2021 2021 Portugal ADCOM_UNFCCC.pdf
[87] OECD (2023) Taming Wildfires in the Context of Climate Change (EN)
[88] IMF (2019) Long-Term Macroeconomic Effects of Climate Change: A Cross-Country Analysis, WP/19/215, October 2019

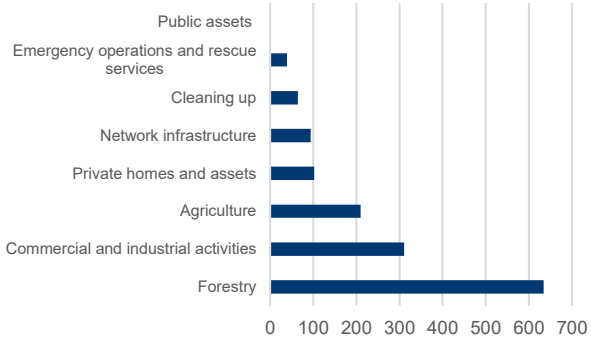
80. **The risk of losses to Portugal's economic infrastructure is significant**. According to the IMF-Adapted ND-GAIN index Portugal's infrastructure and housing sector is the most vulnerable sector to natural hazards compared to four other sectors (see Figure 51). In particular, extreme wildfires and floods have repeatedly caused severe damage to infrastructure, homes, and water systems. For instance, the June 2017 wildfires damaged more than 500 buildings.[89] An important share of the cost of the 2017 wildfire stemmed from damages to housing and critical infrastructure (Figure 52). Flooding has become a major challenge, particularly in urban areas. Floods in 2022 amounted up to €260 million in damage, especially impacting the Lisbon region, closing major roads and tunnels, inundating metro stations, damaging public facilities such as hospitals and parts of the airport, and exposing weaknesses in the city's drainage system.[90] Climate-related hazards are expected to accelerate the deterioration of infrastructure, including roads, bridges, and coastal defenses, leading to more frequent and costly maintenance. Wildfires and storms may damage roads, power lines, and water supply systems. Landslides and coastal erosion, exacerbated by heavy rainfall and rising sea levels, pose growing risks to transportation infrastructure and housing. Similarly, rising sea levels, estimated at 0.3m by 2050, endanger coastal infrastructure, which will be confronted with seawater intrusion and rising groundwater. These mounting risks underscore the importance of systematically integrating climate risk into public investment planning, design, and asset management.

Figure 51. Vulnerability Composition of Portugal in Comparison to the World Average



Source: IMF-Adapted Climate-driven ND-GAIN Index

Figure 52. Cost of the wildfires by type of damages

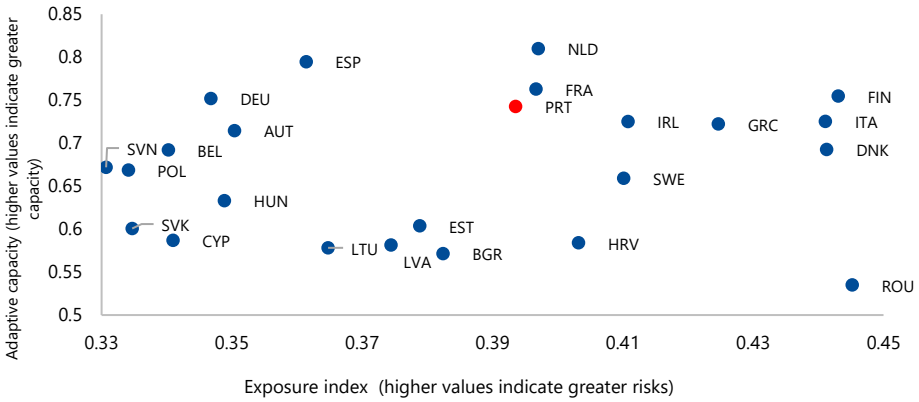


Source: OECD (2023) Taming Wildfires in the Context of Climate Change (EN)

81. **Portugal's capacity to adapt to climate change, while stronger than some countries, still faces critical gaps, particularly in infrastructure resilience.** Portugal's exposure to natural hazards is a little above the EU average, driven by its long coastline and wildfire prone regions (Figure 53). Although the country has made progress in adaptation planning, its adaptive capacity lags regional leaders, such as France and Spain.

[89] San Miguel Ayanz (2020) supercasestudy_04.pdf
[90] Lisbon with 60% of total flood losses - The Portugal News; Lisbon affected by floods - again - The Portugal News; The implications that the drainage works will have on Lisbon's mobility, Portugal – Deadly Floods in Lisbon – FloodList and iCapital

Figure 53. Climate-driven ND-GAIN Index: Adaptive Capacity & Exposure



Capacity index is the difference between one and the ND-GAIN capacity indicator so that higher values indicate greater capacity.

Source: IMF-Adapted Climate-driven ND-GAIN Index

B. Climate Change Objectives and Strategies

82. **Portugal contributes to the implementation of the EU-wide NDC.** The EU and its Member States have set up a comprehensive system for the implementation of the EU climate change mitigation targets (Box 9). The European Climate Law commits the EU to climate neutrality by 2050, with the 2025 interim targets of cutting net greenhouse gas emissions by at least 55% by 2030 and 66–72 percent by 2035 compared to 1990 levels.[91]

Box 9. EU Climate Commitments and Key Actions

2015: Submitted **INDC targeting** ≥40 percent GHG reduction by 2030 vs. 1990.
2016: Ratified Paris Agreement; INDC became NDC.
2019: Launched **European Green Deal**—growth strategy for climate neutrality by 2050
2020: Adopted long-term low-emission strategy; set new 2030 target: ≥55 percent net GHG reduction.
2021: Passed **European Climate Law**—binding climate neutrality by 2050 and ≥55 percent reduction by 2030; created Scientific Advisory Board.
2023: Updated NDC with full implementation details (Fit for 55 package).
2024: Proposed 2040 climate target based on scientific advice and carbon budget analysis.

Jan 2025: Published "**Competitiveness Compass**"—measures to strengthen EU market, integrate decarbonization, and address climate adaptation.
Feb 2025: Released "**Clean Industrial Deal**"—accelerating decarbonization
Jul 2025: Proposed amendment to EU Climate Law—binding 2040 target: 90 percent net emissions reduction, allowing limited high-quality international credits.
Nov 2025: Council agreed on position for amended Climate Law—legally binding 2040 target with international credits; Commission to draft policy framework for delivery.
Indicative 2035 Contribution: EU aims for 66–72 percent net GHG reduction by 2035 vs. 1990

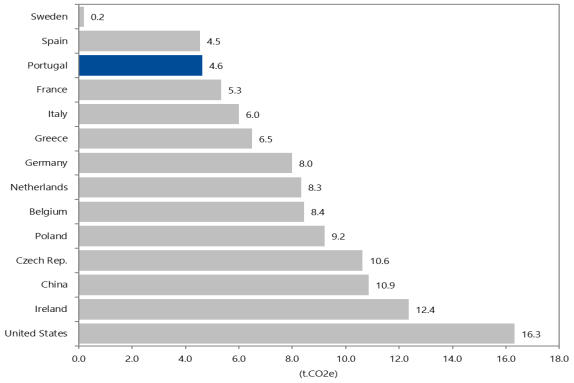
Source: EU (2025) DK-2025-11-05 EU NDC.pdf

83. **Portugal has made important progress in its NDC commitments, in particular relating to energy transition.** Portugal accounts for 0.1 percent of total global GHG emissions and has registered a

[91] EU (2025) DK-2025-11-05 EU NDC.pdf

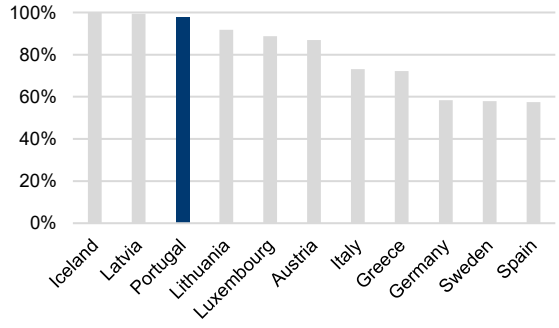
45.9 percent reduction compared to 2005 levels (Figure 54).[92] Renewable energy integration has been a key driver of GHG emission reduction, positioning Portugal as one of Europe's leading producers of renewable energy (Figure 55).[93] Emissions from the energy sector in 2020 decreased by 65 percent compared to 2005 in the non-EU ETS sector. Other key sectors include mobility and transport, agriculture and forestry, waste and wastewater. Portugal formulated its National Energy and Climate Plans (NECP) in 2019 to align with the EU's climate and energy policies. The NECP was revised in 2024 and sets a 55 percent GHG reduction target for 2030 and a pathway towards achieving climate neutrality by 20245, in line with the Climate Law. Additionally, the country has a range of strategic documents in the field of climate change mitigation (see Annex 6).

Figure 54. GHG Emissions per capita (Inc. LULUCF) in Portugal and Peer Countries in 2023



Source: IMF Climate Policy Assessment Tool

Figure 55. Selected EU countries – Share of Renewable Energy in Total Energy Production



Source: IEA energy balance (World Energy Balances - Data product - IEA)

84. **Portugal's adaptation agenda is anchored in its Climate Law and adaptation strategies and programs, promoting climate resilient investments in sectors most exposed to climate risks**. Aligned with the European Climate Law and EU strategy on Adaptation to Climate Change, Portugal's legal and policy framework mandates sectoral, regional and local adaptation plans and climate vulnerability assessments (see C1). This framework includes the National Climate Change Adaptation Strategy (ENAAC) and the Climate Change Adaptation Action Program, which aim to strengthen resilience across sectors such as agriculture, water resources, coastal protection, and urban infrastructure (see C1). Building on this, Portugal is also advancing long-term planning through the National Roadmap for Adaptation 2100 (RNA2100), which assesses vulnerabilities, guides investment needs, and supports adaptation at national, regional, and local levels. Portugal prioritizes substantial investments in resilient infrastructure—such as reinforcing coastal defenses, modernizing water storage and irrigation systems, and deploying wildfire prevention technologies—to safeguard ecosystems and communities against rising temperatures and extreme weather events.

[92] In 2022, Portugal's greenhouse gas emissions were dominated by the energy sector (67.2 percent), followed by agriculture (12.3 percent), industrial processes and product use (10 percent), and waste (10 percent), with notable trends of decreases in IPPU and agriculture since 1990 but a 26.2 percent increase in waste emissions.(Portuguese Environment Agency (2024) BTR_PT_20241230.pdf)

[93] Portugal's renewable energy share in total primary energy supply (including imports) was about 29 percent in 2021, while imported energy sources—mainly fossil fuels such as oil and natural gas—accounted for roughly 70 percent of the country's total energy supply. (IRENA (2025) Portugal_Europe_RE_SP.pdf)

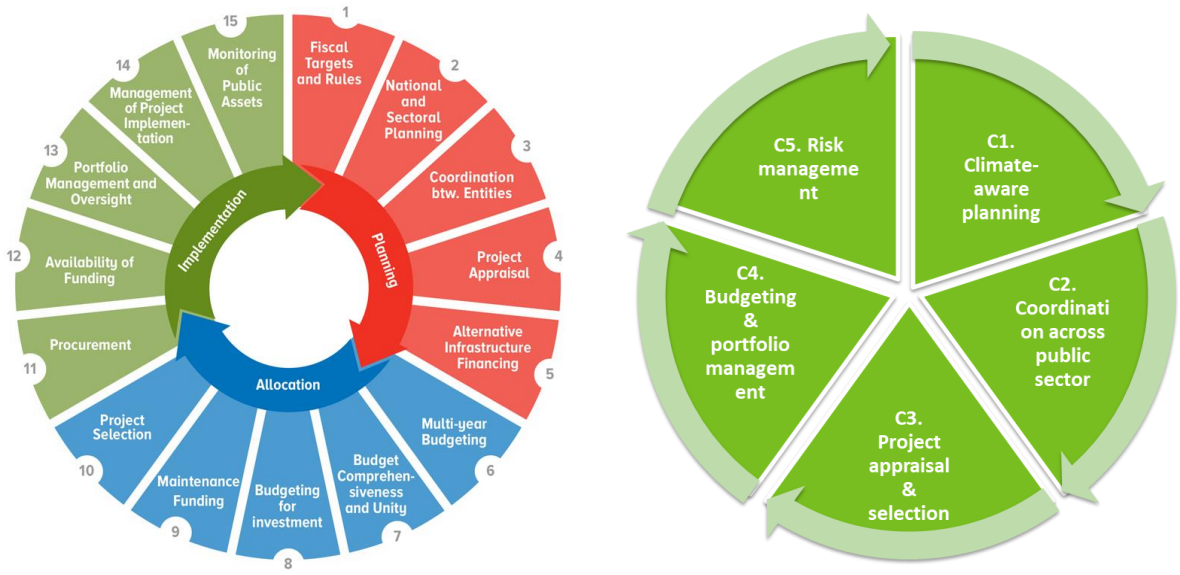
85. **Portugal's energy transition and initiatives to enhance its adaptation capacity are costly but offer opportunities for investments to support green jobs, resilience and competitiveness.** The government estimates about €60 billion (about 20 percent of GDP) is needed for the energy sector to meet 2030 targets, while a McKinsey analysis projects total investment of €500 billion, or roughly €15 billion annually (7 percent of GDP).[94] The National Roadmap for Adaptation 2100 estimated the economic cost of climate change - including inaction and adaptation costs - for agroforestry, forest fires and coastal areas. For water resources and agroforestry, without adaptation, costs may reach €425 million under a moderate mitigation scenario. Adaptation measures for forest fires could help avoiding up to 68 percent of the economic costs in a no-action scenario. Regarding coastal areas, under moderate scenarios by 2100, projected adaptation costs are close to €5 billion against an estimated cost of inaction of €12 billion for the same scenarios.

86. **Portugal has taken important steps to integrate its climate priorities in its planning frameworks**. including its 2030 Strategy, the National Investment Plan, the Medium-Term Fiscal-Structural Plan (2025–2028) and the 2025–2029 Major Options Report (see C2) and established a climate governance to support its climate agenda (see C2). Targeted investments that enable synergies between adaptation and mitigation investments —such as resilient energy systems, sustainable transport, and water-smart agriculture—can drive sustainable growth by reducing long-term climate risks, fostering innovation, and creating green jobs.

C. Climate PIMA Framework

87. **The Climate PIMA assesses five key public investment management practices from the climate change perspective and is an extension of the existing PIMA framework.** Figure 4.5 describes the main elements.

Figure 56. Climate Public Investment Management Assessment Framework



[94] McKinsey (2024) The Iberian green industrial opportunity: Seizing the moment

88. **The Climate PIMA covers the following specific issues (see Annex 3 for the C-PIMA Questionnaire):**

- C1. Climate-aware planning: Is public investment planned from a climate change perspective? This is necessary to ensure that long- and medium-term plans contribute to meeting climate objectives and facilitate effective prioritization and decision-making.
- C2. Coordination across public sector: Is there effective coordination of decision making on climate change-related public investment across the public sector? In addition to the central government, subnational governments (SNGs), public corporations (PCs) and private sector entities play key roles in realizing climate-related public investment. Climate adaptation investments will often take place at the SNG level, and both PCs and private sector entities may play key roles for instance in energy production.
- C3. Project appraisal and selection: Do project appraisal and selection include climate-related analysis and criteria? This is necessary to ensure that the most effective and efficient investments are prioritized. This serves to maximize the climate impacts of public investments with available resources.
- C.4 Budgeting and Portfolio management: Is climate-related investment spending clearly identified in the budget and subject to active management and oversight? Because the climate benefits may be less tangible and more difficult to quantify than other project benefits, systematic and consistent management, and oversight of benefits over the project lifecycle is critical.
- C5. Risk management: Are fiscal risks relating to climate change and infrastructure incorporated in budgets and fiscal risk analysis and managed according to a plan? The likelihood of climate related disasters is expected to increase over time. The impacts of these risks on public infrastructure must be systematically assessed and monitored, to facilitate adequate and effective risk mitigation.

D. Detailed Assessment

C1. Climate-aware Planning (Strength—High; Reform Priority— Low)

89. **Public investment strategies and plans are guided by the government's objectives for both adaptation and mitigation across most sectors.** While public investment planning in Portugal is somewhat fragmented as discusses under PIMA Institution 2, sectoral strategies and high-level national objectives are generally aligned with national adaptation and mitigation goals. In practice, key sectoral documents closely reflect EU climate objectives such as the European Green Deal and the national Climate Law. Climate priorities are embedded in the 2030 Strategy, the National Investment Plan, and the Major Options Report (2025–2029). Long-term goals are set by the Roadmap for Carbon Neutrality 2050, while the National Energy and Climate Plan (Plano Nacional Integrado de Energia e Clima (PNEC)) and National Strategy for Adaptation to Climate Change (Estratégia Nacional de Adaptação às Alterações Climáticas (ENAAC)) provide the operational framework through 2030. ENAAC has as one of its objectives to promote the integration of adaptation into sectoral policies and plans. Sectoral strategies - especially in transport, water, energy, and environment - include climate-related investment. The 2021 Climate Law mandates climate assessments for major legislation and public investments. However, sectors like health and education lack climate-integrated investment plans, and limited costing data makes it difficult to assess alignment with climate goals (see also PIMA Institution 2).

90. **Central government and subnational government regulations on spatial and urban planning, and construction address climate-related risks and impacts on public investment.** Portugal's Climate Law (Law No. 98/2021) mandates the integration of climate risks and objectives into national and sectoral planning to promote resilience and sustainable land use. The 2019 National Spatial Planning Policy Program (PNPOT) supports this by setting goals for climate risk management, green infrastructure, and energy efficiency to achieve carbon neutrality by 2050. Together with coastal and water reservoir plans, PNPOT has helped integrate climate risks into regional and municipal planning—now reflected in about half of the 308 local spatial plans. Municipal master plans increasingly include flood risk mapping, supported by the National System for Territorial Information (SNIT), which provides georeferenced data on land use and climate vulnerabilities. Sustainable construction is regulated through national laws and EU directives, with Portugal 2030 promoting low-emission materials and certifications like Building Research Establishment Environmental Assessment Method (BREEAM). The 2020 energy efficiency law requires energy certification for buildings. It is a key aspect of sustainable construction, as it reduces energy consumption, operating costs, and environmental impact over a building's lifetime. A comprehensive national construction code is being developed to consolidate existing laws and integrate climate and technology considerations by 2026.

91. **The Ministry of Environment has supported climate-aware investment planning, but additional guidance is needed for costing and designing climate-informed investments.** The Climate Agency and the Portuguese Environment Agency have provided substantial capacity building to line ministries, regions and municipalities, including the preparation of good practice guides and technical and methodological guidelines, the integration of climate scenarios into various territorial planning and management instruments, and the integration of adaptation into governmental instruments and sectoral plans/strategies. An important milestone has been the support for local adaptation strategies through a series of workshops with local and regional authorities, focusing on planning for climate adaptation. PLANAPP, responsible for coordinating and evaluating Portugal's strategic planning and investment frameworks, provides guidance on integrating climate considerations in the upcoming long-term National Strategic Planning framework (Portugal 2040) – currently in preparation. However, there is no centralized guidance for costing climate-resilient or low-carbon investments across sectors, and technical expertise in designing such investments remains limited.

92. **Better costing of climate investments can inform budget decisions while construction regulations can incentivize the design of resilient and green investments.** Portugal has made headway in incorporating climate objectives in public investment planning, but the development of costed climate projects in national and sector plans can be strengthened. The preparation of the Portugal 2040 alongside a long-term vision by PLANAPP constitutes an opportunity to specify the major costed infrastructure projects and programs supporting climate adaptation and mitigation targets in national and sectoral plans to enhance alignment and help budgeting of climate investments. Climate informed regulations for public infrastructure are critical to protect against climate risk and enhance energy security. A climate-informed national construction code would further strengthen resilience and thus reduce the damage and cost due to the increased intensity of extreme weather events.

C2. Coordination Between Entities Planning (Strength—High; Reform Priority— Low)

93. **Decision making on public investment is formally coordinated across central government from a climate-change perspective.** Portugal's Climate Law establishes the overarching principles for

climate action governance and provides for the creation of key institutions, including the Climate Action Council, as an independent advisory body responsible for issuing recommendations and assessing progress on climate policy and investment. Separately, the Climate Agency, established in 2024, is mandated to coordinate national climate policy implementation, manage climate-related funds, and exercise the functions of National Competent Authority under the EU Emissions Trading System. To strengthen high-level coordination and overcome existing fragmentation, the Interministerial Commission for Climate Action (CIAC) has been established. The CIAC brings together representatives from all relevant ministries as well as from the Regional Governments of the Azores and Madeira. Its principal role is to ensure coherent oversight of the implementation of the NECP 2030 and support the application of the Climate Framework Law, to guide Portugal's trajectory towards climate neutrality by 2045.

94. **Central government provides climate-related guidance to subnational governments (SNGs) on capital spending, and investment plans are shared and discussed**. Many municipal competences are relevant for adaptation and mitigation.[95] For example, Lisbon's Pluriannual Investment Plan (2025–2029) includes investments in drainage infrastructure, green spaces, flood management, energy efficiency, public lighting, soft mobility, green corridors, and waste management. Lisbon also has a flagship adaptation project, the General Drainage Plan, addressing urban flood risks. To systematically integrate climate objectives into planning and investment, the 2021 Climate Law requires subnational authorities to develop and report on Regional and Municipal Climate Action Plans and to monitor progress through performance assessments. While several municipalities have already prepared such plans, the Climate Agency is preparing guidelines to standardize them. Lisboa, together with Porto and Guimarães, participates in the EU Mission for Climate-Neutral and Smart Cities by 2030 and is required to report progress to the National Environmental Agency. There are formal mechanisms to discuss investments from a climate perspective including the Contracts for Development and Territorial Cohesion, where intermunicipal communities coordinate investments with central government under Portugal 2030.

95. **The SOE oversight framework requires that their investments be consistent with national climate policies and guidelines.** SOEs play a key role in Portugal's green transition, especially in energy, transport, and water. While the main legislation governing public companies (Decree-Law No. 133/2013) does not explicitly address climate change, other laws require climate-related investments to align with national policies. The Climate Law mandates that PCs integrate sustainability into strategic planning and report on climate risks.[96] In accordance with national regulations on water reuse and energy efficiency, utilities must also include water reuse and energy efficiency targets in their operational and investment plans and report on related KPIs. PCs are further required to comply with EU directives on clean energy, circular economy, and climate resilience, including regular reporting on energy mix and consumer updates. Table 8 outlines how PCs can embed climate considerations into management practices for long-term sustainability, relating to investment and wider strategy and operations.

[95] Portugal's legal and regulatory framework for SNGs is rooted in the Constitution, which guarantees local autonomy, decentralization, and subsidiarity, and is further detailed in key laws. (Law No. 75/2013 and Law No. 50/2018).
[96] Climate Law 2022, Article 14

Table 8. Climate Change Management Practices and Disclosures

Elements	What is expected of SOEs
Governance The organization's governance around climate-related risks and opportunities	▪ Create or amend specific governance measures (policies, structures, roles, and responsibilities) to address climate-related risks and opportunities and disclose these in reporting. ▪ Assign and describe management's role in assessing and managing climate-related risks and opportunities.
Strategy The actual and potential impacts of climate-related risks and opportunities on the SOE's businesses, strategy, and financial planning where such information is material	▪ Identify and prioritize the climate-related risks (physical, transition, and litigation, etc.) and opportunities that could impact the SOE's strategy over the short, medium, and long (SML) terms. ▪ Describe the impact of climate-related risks and opportunities on the business's strategy and financial planning and amendments to the strategy. ▪ Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management How the SOE identifies, assesses, and manages climate-related risks	▪ Establish procedures in the organization for identifying and assessing climate-related risks. ▪ Describe how these procedures are integrated into the SOE's overall risk management. ▪ Describe the SOE's procedures for managing climate-related risks (mitigation, adaptation, strategy change, etc.).
Metrics and Targets The metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material	▪ Determine the metrics to be used by the SOE to assess climate-related risks and opportunities in line with its strategy and risk management process. ▪ Assess the SOE's Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks and disclose these. ▪ Establish and disclose the SML-term targets to be used by the SOE to manage the climate-related risks and opportunities and the performance against these targets.

Source: World Bank (2022) Management and Disclosure of Climate-Related Financial Impacts for State-Owned Enterprises (2022) Open Knowledge Repository

96. **Effective management and coordination of public investment decisions from a climate perspective are essential for promoting resilient, low-carbon infrastructure.** To strengthen sectoral coordination on climate, Portugal would benefit from assigning clear responsibilities, resources, and a specific mandate to coordination tasks—such as assessing training needs, developing tools, and prioritizing climate-integrated projects. Coordination of climate-related investment between subnational governments and the central administration should be improved by developing planning guidelines and enhancing the planning, budgeting, and monitoring capacities of local authorities on climate infrastructure. Additionally, as public corporations play a key role in climate-relevant infrastructure investments, introducing protocols for these entities to report on climate outcomes is encouraged.

C3. Project appraisal and selection (Strength—Low; Reform Priority—High)

97. **The absence of national arrangements for economic and financial project analysis limits the incorporation of climate considerations in infrastructure appraisal.** Portugal does not have a formal national process and guidance on project preparation (see PIMA Institution 4), and therefore climate screening and analysis are not institutionalized as part of the project preparation phase. Existing budget preparation tools, such as the MoF's operational guidelines requiring consideration of economic, social, and environmental sustainability, lack detailed guidance on the project preparation process.[97]

[97] MoF (2025) https://www.etf.gov.pt/orientacoes-as-entidades-do-see

Regulations governing environmental impact assessment (EIA) require public entities to assess GHG emissions and climate risks, but these assessments do not constitute ex-ante project appraisal.[98] EU funded projects, such as those supported by JASPERS and co-financed by the Cohesion and Regional Development Funds, undergo some climate proofing.[99,100] With EU funding expected to decline as a share of overall public investment, there is a clear need for a formal national project preparation process. This would enable climate considerations to be integrated either through standalone impact assessments or within cost-benefit analyses, enhancing investment quality, sustainability, and supporting transparent project selection aligned with national climate goals. Ireland's experience with climate screening in public investment appraisal demonstrates how systematic integration of climate risk into project design can enhance resilience and avoid carbon lock-in (Box 10).

Box 10. Ireland's Experience with Climate Screening

Ireland has taken significant steps to integrate climate considerations into public investment decisions. Building on its Infrastructure Guidelines, the government developed a methodological approach for climate screening in infrastructure project appraisal. This approach ensures that climate-related risks, impacts, and uncertainties are assessed during project design and budgeting stages. It uses standardized criteria aligned with international best practices to evaluate both mitigation and adaptation dimensions, helping avoid carbon lock-in and improve resilience.

In addition, sector-specific tools, such as Transport Infrastructure Ireland's Climate Impact Screening Report, apply structured steps (e.g., scoping, sensitivity, exposure, vulnerability, prioritization) to identify climate hazards and prioritize adaptation measures for roads, light rail, and other assets. These efforts aim to mainstream climate risk management across Ireland's infrastructure planning and delivery.

Source: Transport Infrastructure Ireland (2023) PMO Template.

98. **The legal framework for PPPs does not include explicit consideration of climate change in the allocation of risks from investment projects or infrastructure contract management.** Portugal's legislation governing PPPs (2012 Law, 2019 Law and MoF's operational guidelines) requires risk assessment but does not explicitly mandate the inclusion of climate risk nor is there any provision in the law requiring that responsibility for managing climate-related risks be appropriately distributed in the contract between the parties after careful climate risk analysis (see PIMA 4).[101] While the JASPERS guidance for EU funded projects outlines climate risk assessment methods, it does not specify on how to distribute these risks contractually.[102] Authorities indicate that they prefer contract where private concessionaires are responsible for managing climate related risks, and some PPP contracts address

[98] Decree-Law No. 151-B/2013 and Decree-Law No. 152-B/2017. The EU Directive 2014/52/EU requires assessing climate change impacts, both in terms of greenhouse gas emissions (mitigation) and vulnerability to climate change (adaptation) in EIA procedures.
[99] For example, under the EU regional funding program for sustainability investments, all national projects valued at €1–50 million must be prepared in accordance with the EU Guidelines for the Preparation of the 2030 Financial Feasibility Study, which requires technical feasibility studies to include the costs of mitigating environmental impacts and adapting the project to climate change. European Commission (2021). European Commission (2021) Economic Appraisal Vademecum 2021-2027
[100] Regional Directorate for Planning and Structural Funds (2024) Guidelines for Preparing the Financial Feasibility Study – Sustainable 2030
[101] Portugal's main PPP legislation is Decree-Law No. 111/2012, of 23 May, as amended (notably by Decree-Law No. 84/2019). This law establishes the general framework for the definition, design, preparation, launch, award, modification, supervision, and monitoring of public-private partnerships (PPPs) in Portugal.
[102] JASPERS (2017) The Basics of Climate Change Adaptation, Vulnerability and Risk Assessment.

these through insurance, particularly for floods. However, as climate disasters become more frequent and severe, it is essential to establish principles for how the Government should approach contractual provisions for risk distribution with respect to climate change's impact on PPPs. Going forward it will be important to develop principles for which climate related risks are best handled by the public or private sector. It would appear that while catastrophic risks would be more natural for the Government to carry due to its larger size and economic robustness, there needs to be sufficient incentives for the private sector to plan for potential disasters.

99. **Climate factors are reflected in Portugal's project selection framework.** Portugal 2030 includes sustainability and climate action criteria in project selection, through the thematic program Sustentável 2030 and the National Investment Program 2030 (PNI 2030). These instruments set priorities for decarbonization, sustainable mobility, climate change adaptation, and carbon neutrality by 2050.The PNI 2030, approved in 2023, also integrates sustainability and climate action as one of its three strategic objectives, requiring that investments in transport, energy, and environment promote resilience and adaptation to climate change.

100. **Integrating climate change considerations into the preparation and prioritization of public investment can help enhance the resilience, safety, and long-term sustainability of infrastructure.** Sector ministries need capacity building to effectively integrate climate considerations into project preparation. With the establishment of formal processes for project appraisal, climate assessment should be systematically incorporated, with the level and rigor of the assessment proportional to the project's size. To strengthen climate risk management in contractual frameworks, it is essential to embed explicit climate risk allocation between the PPP operator and the government into the design of PPP contracts, ensuring responsibilities are clearly defined.

C.4. Budgeting and Portfolio Management (Strength—Low; Reform Priority— High)

101. **Some planned climate-related public investment expenditures are identified in the budget documents.** As per Article 29 of the Climate Law, Portugal's legal framework requires identification of climate-related public investment expenditures in the budget. Portugal's green budgeting manual[103] and corresponding methodology[104] have been developed, informed by the European Green Budgeting Reference Framework[105]. The methodology includes classification of revenue and expenditure based on their climate contribution in four categories: green (positive impact), brown (negative impact), mixed (positive and negative) or neutral (no significant impact), at the level of budget line. In 2024 Budget, green budgeting was piloted in three Budget Programs, with 36.2 percent of investments tracked as green under those priorities (Table 9 below), excluding ineligible expenses (e.g. staff costs). In addition, Portugal's National Recovery and Resilience Plan includes specific measures for the green transition, allocating 41.2 percent of the Plan's €22.2 billion budget to measures that support climate objectives (up from 37.9 percent in the original 2021 plan). [106] Tagging of climate investments is in line with the Annex VI of the Recovery and Resilience Fund Regulation.[107] Authorities are facing capacity challenges to further

[103] Portuguese MoF (2024) Green budgeting: Methodological note on green tagging
[104] Portuguese General Secretariat for the Environment (2023). Portugal's Green Budgeting Manual
[105] European Commission (2022). Green Budgeting Reference Framework
[106] European Commission (2025) Updated climate tracking and digital tagging of the Recovery and Resilience Plan of Portugal
[107] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility

develop and implement green budget practices and an upcoming technical assistance project under EU's Technical Support Instrument will aim to build technical capacity in this area.

Table 9. Green Tagging in 2024 Budget

Program	Total expenditure (€m)	Eligible expenditure for classification		
		Total (€m)	Green contribution (€m)	Green contribution (%)
PO 15 - Environment and climate action	6,855	3,133	1,578	50.4%
PO 16 - Infrastructure	6,010	4,203	1,452	34.5%
PO 18 - Agriculture and food	4,241	1,253	82	6.6%
TOTAL	17,105	8,589	3,112	36.2%

Sources: MoF, State Budget 2024 (section 2.5.4. Green Budgeting)

102. **Portugal does not conduct systematic ex post reviews or audits on the climate change mitigation and adaptation outcomes of public investments.** In the legal and regulatory framework, there is no formal requirement to review the climate-related impacts of projects. Some ex-post reviews of EU funded projects include climate-related information, but those are generally not publicly available. There is no evidence of requirements that completed major investments are monitored for possible adjustment needs in response to climate change.

103. **Portugal's asset management policies and practices do not consider the implications of climate change for infrastructure maintenance.** There is no standard methodology for assessing maintenance needs and no requirements to consider the impacts of climate change. There are limited examples of good practices for detailed asset monitoring that incorporate climate risks. For example, asset management policies of energy infrastructure company Redes Energéticas Nacionais (REN) include specific methodologies and standardized approaches to support planning of electricity grid investments and maintenance (Box 11). However, practices are limited to a few entities only, with potential for cross-sectoral learning.

104. **To strengthen the budgeting and portfolio management of climate-related public investment, Portugal should improve analysis of growing spending needs due to climate risks**. In light of severe weather events and infrastructure damages the past decade, particularly floods and forest fires, Portugal would greatly benefit from a coherent, medium-term approach to estimating increased maintenance costs. For example, introducing mandatory asset management methodology that would incorporate climate risks would support budgetary planning. While Portugal has introduced green budgeting in the Climate Law, embedding it in the Budgetary Framework Law would improve coherence of planning and budget evaluation. Ex-post reviews, assessing efficiency and effectiveness of climate-related investments could also improve the design of future projects.

Box 11. Maintenance of Climate-Exposed Energy Infrastructure in Portugal

Redes Energéticas Nacionais (REN) is the national energy company of Portugal, transmission system operator of electricity grid and largest natural gas distributor. With a total value of assets over 4.3 billion EUR, the company's investment strategy acknowledges the need to adapt infrastructure to climate change and enhance its resilience.

Special attention is paid to the maintenance of the national transmission grid, to ensure security of electricity supply. Detailed processes are outlined in REN's Strategy for Maintenance of the National Transmission Network, and risk-based Methodology for Determining the Criticality of Transmission Network Assets, which include weather and climate-related events. Methodologies identify and assess several climate and weather risks, i.e. higher average temperatures and greater amplitude of extreme temperatures; increased fire risks; increased frequency and magnitude of extreme rain, landslides and flooding; as well as strong winds and storms.

Climate-risk assessments are used as a decision-making tool to plan and prioritize future investments. For example, REN has undertaken targeted investment projects to strengthen the grid infrastructure, such as adapting infrastructure to withstand ice formation on powerlines and reinforcing safety measures to address risks associated with wildfires. Additional investment projects are currently underway, addressing specific climate risks to assets.

Sources: REN, IMF staff.

C5. Risk Management (Strength—Medium; Reform Priority: Medium)

105. **Portugal publishes its National Strategy for Preventive Civil Protection (NSPCP) that identify key climate-related risks to public infrastructure.** Aligned with the Sendai Framework for Disaster Risk Reduction (2015-2030), the NSPCP was approved by the Council of Ministers in 2021 and outlines five strategic goals that focus on risk governance, prevention, monitoring and shifting from reactive disaster response to proactive risk management.[108] The NECPP identifies weather and climate-related hazards such as wildfires, floods, droughts, and coastal erosion, with a particular emphasis on disaster risk governance and preparedness; however, the links between infrastructure location, hazards, and exposure remain limited. The NECPP's action plan includes 136 operational measures that support infrastructure resilience through investments in coastal defenses, meteorological radar networks, and building codes, while also promoting structural and non-structural prevention and integrating land-use and spatial planning tools. A disaster damage database has been established to systematically track impacts including infrastructure damage.

106. **There is a contingency appropriation which is available to support weather- and climate-related costs to infrastructure but no other ex-ante financing mechanisms.** A budget contingency appropriation, the unallocated reserve ("provisional")– amounting to less than 1 percent of total budget appropriations - can fund the rehabilitation of physical infrastructure, though these resources can be used for other purposes. Limited recourse to this funding mechanism has been made. This fund, while formally available for disaster financing, does not appear to be widely used for this purpose. Sector ministries have primarily reallocated resources within their budgets for rehabilitation and maintenance to address damage to infrastructure, but sector ministries and agencies have reported that this funding is often insufficient. Some sector ministries that are directly impacted by the impact of a natural disaster can also access "frozen expenditures" in their budget envelopes, but these funds are typically subject to additional

[108] Council of Ministers Resolution No. 112/2021

authorization or conditional release. To expedite spending, the procurement code provides for direct tenders in case of an emergency. Recent initiatives include a 2021 project to expand insurance access for catastrophic risks and a 2023 government mandate to develop a legal framework. The national insurance authority has begun exploring market-based solutions, including excess-loss and parametric models, but clearer government guidelines are needed. At present there are no additional ex ante disaster risk financing mechanisms in place to meet the costs from disaster-related damage to public infrastructure.

107. **A fiscal risk analysis is included in the Budget, but it does not analyze fiscal risks pertaining to the effect of climate change and disasters on public infrastructure assets**. The Office for Economic Policy and International Affairs prepares annually a fiscal risk and sustainability analysis as part of the national budget report, in line with Article 37 of the 2015 Budget Framework Law and Articles 9–14 of EU Directive 2024/1265 which mandates assessments of macroeconomic and fiscal shocks. There is no detailed assessment of the fiscal impact of natural disasters or degradation of assets from climate change on public infrastructure. To address this gap, and in alignment with the 2021 Climate Law and the EU Directive 2024/1265, the Office has initiated a stock take to identify physical and transition risks, assess data gaps and modeling needs, and evaluate budgetary implications. An example of a fiscal risk analysis on the impact of natural disasters is provided in Box 12.

Box 12. Good Practice from Costa Rica

Costa Rica is implementing a plan to decarbonize its transportation sector. This long-term plan will have a series of significant benefits for the Costa Rican economy, especially in making economic growth sustainable and environmentally friendly. However, these actions could generate fiscal risks.

In the case of Costa Rica, the fiscal risks are quantified by considering (1) the potential cost for the central government of implementing electric public transportation means, (2) the change in fuel tax revenues due to increased importation of electric or environmentally friendly vehicles, and (3) the change in revenue from other taxes due to increased importation of electric or environmentally friendly vehicles. Regarding the implementation of electric public passenger transportation means, the cost would be associated with the subsidies required to be transferred to the service operator to maintain a minimum expected profitability. As for the fuel tax, the effect would come from the decrease in fossil fuel demand, which would have a direct impact on revenue. The 2023–28 Medium-Term Fiscal Framework (MTFF) estimates the fiscal cost of the three analyzed elements at 2.4 percent of GDP in present value terms. Additionally, the MTFF presents some scenario analysis.

Source: IMF (2025) C-PIMA Handbook: Climate-Public Investment Management Assessment

108. **Strengthening disaster risk prevention and response enables governments to plan ahead, reduce exposure, and allocate resources efficiently.** Improved risk management has potential to minimize service disruptions and costly emergencies. Investing in prevention protects critical assets, reduces repair costs, and ensures continuity of essential services during extreme events. Authorities could enhance the analytical capacity of the National Authority for Emergency and Civil Protection (ANEPC) to assess climate risks across regions and infrastructure types, using this information to prioritize preventive investments and improve the resilience of new infrastructure. Exploring ex-ante disaster risk financing options (like flood insurance or disaster relief funds) and assessing needs across government levels will help ensure adequate resources to meet the costs of future climate risks and major disasters.

Recommendations on Climate Sensitive Public Investment

Issue: Portugal's climate-related public investment management has number of key gaps.

Recommendation 5. Improve the climate sensitivity of infrastructure governance practices by including climate screening and climate impact assessment in project appraisal standards, embedding climate budget tagging in the budget process, requiring climate risk assessments in maintenance plans, exploring ex-ante disaster risk financing (including insurance), and developing a comprehensive disaster risk financing strategy (MoF, March 2028).

V. Cross-Cutting Issues

A. Legal and Regulatory Framework

109. **The Budget Framework Law and supplementary regulations have some gaps in the way public investment is treated**. It is difficult to identify the public investment envelope, the portfolio of projects, and key details such as total project cost, expected spending over the medium term and already used appropriation. It appears that statistical measures - such as gross capital formation – required for reporting to Eurostat, are used as proxies for spending estimates. There is a gap with respect to ensuring sound portfolio monitoring of assets, ex-post evaluation and visibility of capital maintenance. Finally, contingent liabilities from PPPs are focused on legal disputes whereas it might also be relevant to broaden them to other contingencies, especially as the portfolio starts to grow again.

110. **Portugal has established a strong climate legislative framework**. This includes the Climate Law (Decree-Law No. 98/2021), the Climate Agency (Decree-Law No. 122/2024), and the National Energy and Climate Plan 2021–2030 (Resolution No. 127/2020). These are complemented by the carbon neutrality roadmap for 2050, reforms to the Environmental Fund, a voluntary carbon market, and national targets for renewables and emissions reductions, all aligned with EU directives. Strengthening and enforcing these laws is critical for Portugal to ensure coherent implementation, attract green investment, and meet its long-term climate and energy commitments under the NECP 2030 and the EU Green Deal.

111. **The Government is revising the Budget Framework Law, has enacted a new Performance Budgeting Law, and is introducing binding ministerial ceilings**. These are all in themselves substantial reforms. Performance budgeting reforms may add an extra layer of accountability, but at times have made budgets less clear and more cumbersome in other countries. Medium-term capital ceilings must be credible and allow line ministries to plan for them to have any effect, and for planning to be impactful it must be strongly connected to budgeting and the investment process. The reform of the Budget Framework Law is therefore an opportunity to introduce some of the key elements of good investment budgeting in order to ensure more cost efficiency, transparency and ease of operation in the future.

B. Information Systems and Technology

112. **The public financial management systems in Portugal all perform important functions but operate somewhat independently, risking fragmentation.** The SIPI system is the key public investment management system used to track and forecast investment spending. Each project receives a unique number, and a template is filled out for financial programming and material indicators. It is updated quarterly and tracks expenditure progress. The SCEP system is used for identifying and managing multi-annual contractual responsibilities (as reflected in Mapa 14). This information should be aligned with SIPI. However, SIPI is broader in scope as it includes non-contracted but expected costs. The SIGO system is primarily designed for budgetary planning, execution, and monitoring. There are consequently multiple systems for budget commitments and public investment, but these are not integrated. Ministries have their own financial management systems, which can be uploaded into the central system, but updates are inconsistent. There is a specific IT system for tracking EU funds to budget and non-budget users. The

Transparency Portal provides EU execution data. The IMPIC procurement portal lists relevant contracts and an extensive user interface.

113. **There is no system for tracking climate-related expenditures within or across sectors.** Climate-related spending is identified through manual tagging, rather than through the integrated system SIGO. Using the SIGO system for climate budget tagging enables better tracking of climate-related expenditures, supports decision-making, and helps align public spending with climate goals.

114. **The current IT reform project should aim to improve information management relating to public investment.** The project could assess the feasibility of integrating the budget and investment systems, enhancing transparency of the content of the SIPI system with respect to project lists and implementation data, enhance functionality for SIPI to track project execution and procurement contracts, standardize data collection and reporting templates, align sectoral and subnational systems to the extent possible, enhance project performance monitoring and evaluation including cost, schedule, and performance indicators, and enable capacity for ex-post evaluation of projects, including climate-related investments, to assess effectiveness and inform future planning.

C. Capacity

115. **Project management capacity is unevenly distributed across the administration, which creates challenges.** Some agencies managing large project portfolios such as AD&C or Águas de Portugal appear to have strong technical expertise on management across the project lifecycle, from project appraisal to project implementation. However, in other areas, capacity limitations are evident and are being partially addressed with urgent hires of short-term staff.[109] While there is no central entity to monitor implementation of major investment projects in Portugal, some key coordination and monitoring functions are centralized in AD&C agency regarding EU cohesion investments in Portugal, temporary Recuperar Portugal Task Force for the Recovery Plan, as well as the Centre for Planning and Evaluation of Public Policies (PLANAPP). The administration therefore has a track-record in implementing large EU projects, but elsewhere, capacities seem fragmented with limited coordination, staff constraints and low digitalization of the system. At the same time, there are significant opportunities to strengthen the capacities (Table 10).

[109] Republic of Portugal (2021). Ordinance 161-1/2021 on simplified and urgent tender procedure and exclusively electronic procedure, for the exceptional hiring of fixed-term workers, within the scope of the execution of projects covered by the Recovery and Resilience Plan

Table 10. SWOT Analysis of PIM Capacities in Portugal

Strengths	Weaknesses
▪ Strong experience in management of large EU funded projects, across sectors ▪ Experienced staff ▪ Strong partnerships with implementing agencies ▪ Cooperation with training institutions and academia (universities, INA - Directorate-General for Qualification of Employees in Public Functions)	▪ Fragmented system of project planning and implementation, with overlapping competencies ▪ Limited coordination across institutions ▪ Low focus on forward-looking planning ▪ Low focus and capacity on ex-post monitoring ▪ Lack of specific technical skills (e.g. assessment of feasibility studies, costing estimates, tendering) ▪ Limited experience in commercial contract management
Opportunities	**Threats**
▪ Disseminating good practices in project appraisal, selection and risk monitoring ▪ Transfer of skills from EU projects ▪ Awareness of limited EU funding sources post-2027 ▪ Availability of funding for technical assistance and learning from peers ▪ Strengthening the role of the MoF in the PIM process	▪ Difficulty retaining and attracting quality staff, especially in technical skills ▪ Losing focus on long-term training needs in light of urgent project implementation ▪ Resistance to change ▪ Increasing complexity of major project delivery

Sources: IMF staff, based on discussions with line ministries, AD&C and PLANAPP.

116. **In the future, Portugal should further increase capacity of line ministries for project design and monitoring, with improved coordination.** Portugal has taken some steps to improve its administrative capacities, such as preparation of the training roadmap for cohesion policy funds[110], which is currently under implementation, or development of methodological guides to improve planning and evaluation.[111] While these specific initiatives strengthen capacities and improve the system of EU funds management, Portugal can benefit from a stronger role of the MoF in preparing and appraising major projects, identifying and managing fiscal risks from major projects, and leading a more active portfolio management function. In addition, there is also a case to examine more hands-on training and professional development, such as the establishment of a major project academy, as in other advanced economies (Box 13).

[110] AD&C (2022). Roadmap for empowering the ecosystem of Cohesion Policy Funds for the period 2021-2027.
[111] PLANAPP (2025). Methodological tools and guidelines

Box 13. International Best Practices in Training and Management of Large Investment Programs

United Kingdom – Major Projects Leadership Academy (MPLA). The Major Projects Leadership Academy is UK's Government initiative to improve the delivery of major infrastructure programs. The Academy is delivered by the Cabinet's Infrastructure and Projects Authority in partnership with Oxford University's Saïd Business School. The Academy is available to senior officials in charge of the Government's portfolio of major projects, aiming to develop leadership, commercial and systems-thinking skills needed for delivery of complex projects.

United States – Federal Acquisition Certification for Program and Project Managers. The Federal Acquisition Certification for Program and Project Managers (FAC-P/PM), defines government-wide standards for training and continuous education for program and project managers, with 3 levels of certification. The FAC-P/PM focuses on essential functional and technical competencies needed for project managers, without sector-specific competencies. The FAC-P/PM applies to all executive agencies, except the Department of Defense. This approach ensures consistent knowledge base for officials leading large programs and is aligned with other certification schemes to facilitate mobility across agencies.

Australia Projects Leadership Academy. Similar to the UK, Australia's Major Project Academy provides a structured, practitioner-focused programme to strengthen the capability of senior public servants responsible for planning and delivering large, complex investments. The Academy offers competency-based training, external expert support, and peer learning, helping to address systemic weaknesses in project preparation, risk management, and delivery oversight, thereby improving value for money across the public investment portfolio.

Sources: UK's Infrastructure and Projects Authority, and University of Oxford, Said Business School (2024). Major Projects Leadership Academy Brochure. UK's Infrastructure and Projects Authority (2025) Annual Report on Major Projects 2023-2024; Federal Acquisition Institute (2023) FAI Strategic Plan 2023-2025 ; Federal Acquisition Institute (2025) Program and Project Management Toolkit.

Recommendations on Cross-Cutting Issues

Issue 6: The MoF has plays a passive role in project preparation and assurance and portfolio management.

Recommendation 6: Strengthen the role of the MoF in oversight of public investment projects and programs including in project preparation, appraisal and assurance and in portfolio oversight (MOF, February 2027).

Issue 7: There are weaknesses in key PIM disciplines within the public sector.

Recommendation 7: Institute new measures to improve capacity for public investment across the public sector by delivering targeted training on project preparation and risk management, procurement and contract management, and climate-sensitive public investment management (MoF, September 2028).

Annex 1. PIMA and C-PIMA Action Plan

Issue	Recommendations	Action	Responsibility	Timing
Planning of Public Investment				
Portugal has a strong architecture for national and sectoral planning, but its national investment plan remains incomplete – excluding social infrastructure, lacking expenditure ceilings and showing weak links to territorial planning.	Enhance the completeness, affordability and impact of Strategic Planning.	▪ Expand the coverage to include all forms of social and economic infrastructure including in transport, energy, water, digital, education, housing, healthcare, public order and cultural infrastructure. ▪ Ensure major social projects are subject to same process for review and inclusion in NIP as economic projects. ▪ Ensure the new planning tools prepared by PLANAPP and REPLAN support the inclusion of social infrastructure in the NIP. ▪ Strengthen the link with budgetary planning by setting an overall fiscal limit for plans. ▪ Require the development of sectoral investment plans with costed major projects. ▪ Provide the NIP with a realistic medium-term investment plan, aligned with the Medium-Term Structural Plan. ▪ Ensure full alignment with territorial planning. ▪ Create formal coordination platforms between central government and SNGs to jointly review investment plans. ▪ Create a database to register local investment plans in order to facilitate coordination with the central government and access to EU funding. [see PIMA workshop]	MOF, PLANAPP, Center for Planning and Evaluation of Public Policies	October 2027

National major projects lack the rigorous preparation and assurance mechanisms applied to EU funded projects, with no unit responsible for standardized appraisal or document review, and they are not subject to climate screening.	Strengthen the framework for project preparation, appraisal and assurance for major projects.	▪ Appraise major nationally funded projects to the same standard as those receiving EU funding. ▪ Developing a unified approach for appraisal and assurance of EU and nationally funded projects, consolidated in the MoF. ▪ Apply same level of climate screening to nationally funded projects as to EU funded. ▪ Examine the feasibility of creating a centralized Public Investment Management unit or agency responsible for reviewing and validating major national project appraisals before approval. ▪ For major projects, re-focus MoF scrutiny to the up-front project preparation and appraisal stage rather than execution control. ▪ Determine project maturity levels or decision-gates for project approval. ▪ Make budget conditional on the submission and approval of robust project preparation. ▪ For the largest projects, require a detailed implementation plan covering timelines, resource allocation, procurement strategy, and risk management prior to approval. ▪ Encourage project teams to conduct early consultations with suppliers and contractors to validate feasibility, pricing, and delivery timelines. ▪ Adopt standardized contract templates and delivery models where needed to streamline procurement and reduce legal/administrative delays.	MOF, Center for Planning and Evaluation of Public Policies, Infrastructure Portugal	October 2027

Public Investment Allocation				
Multiyear capital spending lacks credibility due to the lack of projections of medium-term funding, ministerial ceilings or major project information.	Improve medium-term budgeting of public investment with reliable projections and ministerial ceilings.	▪ Set out five-year public investment envelopes, linked to strategic planning. ▪ Provide ministries with binding multi-annual investment ceilings within which to commit. ▪ Clearly set out funding for new projects, ongoing projects and maintenance in the budget documentation. ▪ Enable identification of major capital maintenance either by assigning a special code or by standardizing project names to allow search by key words [see workshop]. ▪ Include externally funded projects in Medium Term Structural Plan.	MOF	October 2028
Investment execution is slow due to funding delays, lengthy approvals, complex controls, and unpredictable processes. EU funded projects face additional delays from slow reimbursements. Procurement processes slower than other countries.	Streamline project execution and funding availability.	▪ Introduce an explicit provision that prevents virements from capital investment to current expenditure in the new Budget Framework Law. ▪ Allow the same flexibility to nationally funded investment projects as EU funded (Visas, procurement, dispute resolution). ▪ Assess the feasibility and potential benefits of ensuring the timely availability of funding for capital projects by authorizing the release of annual appropriations at the start of the fiscal year. ▪ Undertake analysis to identify reasons for limited competition (and options to improve domestic market capacity/increase international competition). ▪ Consider measures to improve the efficiency of the Court of Audit approval process including initiatives to clearly	MOF	May 2027

		communicate requirements in advance (particularly for largest and most strategically important projects).		
Enhance structures and capacity for public Investment management				
There are weaknesses in key PIM disciplines within the public sector.	Establish new measures to improve the capacity for public investment across the public sector.	▪ Develop new training initiatives for improving capacity for project preparation, procurement, commercial management and climate-sensitive PIM. ▪ Assess the number and capacities of staff in planning departments [PIMA workshop]. ▪ Develop and implement methodologies and training programs for officials from planning departments (best practices – major programs leadership academies etc).	Ministry of Reform of State, MOF	September 2028
MOF's role in project management and fiscal oversight is undermined by persistent interoperability issues that hinder information flow and by the absence of a centralized asset register, which prevents effective monitoring, valuation, and management of public assets.	Strengthen the role of the MoF in oversight of public investment projects and programs.	▪ For major projects, re-focus MoF scrutiny to the up-front project preparation and appraisal stage rather than execution control. ▪ Determine project maturity levels or decision-gates for project approval. ▪ Use the SIPI system to support more active portfolio monitoring and management of projects during execution. ▪ Establish practices for development of asset registries for key national infrastructure assets and ensure these account for the potential impact of climate change. ▪ Create a database integrating information about assets of the state held in all public sector entities and define the procedures for regular updating.	MOF	February 2027

Climate Sensitive Public Investment				

Portugal's climate-related public investment management has number of key gaps.	Improve the climate sensitivity of public investment practices.	▪ Develop methodologies for:
		  ▪ climate screening of public investment projects
		  ▪ climate impact assessment
		and include in project appraisal standards.
		▪ Continue to roll-out green budgeting initiatives.
		▪ Develop competencies in climate finance, including the ability to assess climate-related financial risks and opportunities and integrating adaptation and resilience criteria into public investment planning and appraisal.
		▪ Issue in a circular that climate budget tagging will be part of the budget preparation process for NCD and publish tagging results together with the National budget.
		▪ Examine the feasibility of establishing a Climate Finance Unit at MoF.
		▪ Ensure maintenance practices account for the potential impacts of climate change.
		▪ Require all infrastructure maintenance plans to include climate risk assessments.
		▪ Explore the potential for ex-ante disaster and climate risk financing including insurance.
		▪ Develop a Comprehensive Disaster Risk Financing Strategy.
		▪ Develop a legal framework for public sector risk-transfer instruments.
			MOF	March 2028

		▪ Amend the Basic Law on Civil Protection (2015) to include financial preparedness through insurance as part of disaster risk reduction. ▪ Adopt EU proposals for public-private catastrophe insurance pools (as suggested by EIOPA and ECB) to reduce protection gaps.		

Annex 2. PIMA Questionnaire

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g. donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.
2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
3. Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?				
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.
3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4. Project Appraisal: Are project proposals subject to systematic project appraisal?				
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous, technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.
4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
5. Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?				
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.
B. Ensuring Public Investment is Allocated to the Right Sectors and Projects				
6. Multiyear Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?				
6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.
6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.
8.c	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.
9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets, and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget, and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor or PPP funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor or PPP funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C. Delivering Productive and Durable Public Assets				
11. Procurement				
11.a.	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				
12.a.	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank, but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.
13.c	Does the government adjust project implementation policies and procedures by systematically conducting ex post reviews of projects that have completed their construction phase?	Ex post reviews of major projects are neither systematically required, nor frequently conducted.	Ex post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts, and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b.	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.
14.c.	Are ex post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex post external audits.	Some major capital projects are subject to ex post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex post external audit information on which is regularly published and scrutinized by the legislature.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non- financial assets.	Government financial accounts include the value of some non- financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.

Cross-cutting issues	
A	**IT support**. Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?
B	**Legal Framework**. Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, procedures, standards and accountability for effective PIM?
C	**Staff capacity.** Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective institutions?

Annex 3. C-PIMA Questionnaire

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C1. Climate-aware planning: Is public investment planned from a climate change perspective?				
C.1.a	Are national and sectoral public investment strategies and plans consistent with NDC or other overarching climate change strategy on mitigation and adaptation?	National and sectoral public investment strategies and plans are not consistent with NDC or other overarching climate change strategy.	National public investment strategies and plans are consistent with NDC or other overarching climate change strategy for ***some*** sectors.	National and sectoral public investment strategies and plans are consistent with NDC or other overarching climate change strategy for ***most*** sectors.
C.1.b	Do central government and/or sub-national government regulations on spatial and urban planning, and construction address climate-related risks and impacts on public investment?	Central government and/or sub-national government regulations on spatial and urban planning, and construction do not address climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, ***or*** construction (through building codes) addresses climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, ***and*** construction (through building codes) address climate-related risks and impacts on public investment.
C.1.c	Is there centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies?	There is no centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the ***preparation*** of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the ***preparation and costing*** of climate-aware public investment strategies.
C2. Coordination between entities: Is there effective coordination of decision making on climate change-related public investment across the public sector?				
C.2.a	Is decision making on public investment coordinated across central government from a climate-change perspective?	Decision making on public investment is not coordinated across central government from a climate-change perspective.	Decision making on public investment is coordinated across budgetary central government from a climate-change perspective.	Decision making on public investment is coordinated across all central government, including externally financed projects, PPPs and extra-budgetary entities, from a climate-change perspective.

Indicator		Scoring		
		1 = To no or a lesser extent	**2 = To some extent**	**3 = To a greater extent**
C.2.b	Is the planning and implementation of capital spending of SNGs coordinated with the central government from a climate-change perspective?	The planning and implementation of capital spending of SNGs is not coordinated with the central government from a climate-change perspective.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective and information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective, information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects, and there are formal discussions between central government and SNGs on the planning and implementation of climate-related investments.
C.2.c	Does the regulatory and oversight framework for public corporations ensure that their climate-related investments are consistent with national climate policies and guidelines?	The regulatory and oversight framework for public corporations does not promote consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations promotes consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations requires that their climate-related investments be consistent with national climate policies and guidelines.
C3. Do project appraisal and selection include climate-related analysis and criteria?				
C.3.a	Does the appraisal of major infrastructure projects require climate-related analysis to be conducted according to a standard methodology with central support?	The appraisal of major infrastructure projects does not require climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology, and a summary of appraisals is published or subject to independent external review.
C3b	Does the framework for managing longer-term public investment contracts, such as PPPs, explicitly address climate-related challenges?	The referred framework does not include explicit consideration of climate change for risk allocation or contract management.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts, and contract managers in government departments and agencies are mandated to address climate-related challenges.

Indicator		Scoring		
		1 = To no or a lesser extent	**2 = To some extent**	**3 = To a greater extent**
C.3.c	Are climate-related elements included among the criteria used by the government for the selection of infrastructure projects?	Either there are no explicit selection criteria or climate-related elements are not included among the criteria used by the government for the selection of projects for financing.	Climate-related elements are included among the criteria used by the government for the selection of all major budget funded projects, and the criteria are published.	Climate-related elements are included among the criteria used by the government for the selection of all major projects, including externally financed projects, projects financed by extra-budgetary entities, and PPPs, and the criteria are published.
C.4 Budgeting and portfolio management: Is climate-related investment spending subject to active management and oversight?				
C.4.a.	Are planned climate-related public investment expenditure, sources of financing, outputs and outcomes identified in the budget and related documents, monitored, and reported?	Planned climate-related public investment expenditure are not identified in the budget and related documents.	Some planned climate-related public investment expenditure are identified in the budget and related documents, including investment expenditure funded externally, by extra-budgetary entities, and PPPs.	Most planned climate-related public investment expenditure, sources of financing, and outputs and outcomes are identified in the budget and related documents, including investment expenditure funded externally, by extra-budgetary entities, and PPPs, and expenditure on these projects is monitored and reported.
C4.b.	Are ex-post reviews or audits conducted of the climate change mitigation and adaptation outcomes of public investments?	No ex-post reviews or audits are conducted of the climate change mitigation and adaptation outcomes of public investments.	Ex-post reviews or audits are conducted for selected major public investments of either the climate change mitigation or adaptation outcomes.	Ex-post reviews or audits are conducted and published for selected major public investments of both the climate change mitigation and adaptation outcomes.
C4.c.	Do the government's asset management policies and practices, including the maintenance of assets, address climate-related risks?	Neither the government's asset management policies and practices nor methodologies for estimating the maintenance needs of climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs of some climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs and associated costs of most climate change-exposed infrastructure assets address climate-related risks, and government asset registers include climate-related information of these assets.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C5. Risk management: Are fiscal risks relating to climate change and infrastructure incorporated in budgets and fiscal risk analysis and managed according to a plan?				
C5.a.	Does the government publish a national disaster risk management strategy that incorporates the potential impact of climate change on public infrastructure assets and networks?	Either there is no published national disaster risk management strategy, or the strategy does not identify the key climate-related risks to public infrastructure assets and networks.	The government publishes a national disaster risk management strategy that identifies the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure, and vulnerability.	The government publishes a national disaster risk management strategy that identifies and analyses the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure and vulnerability, and includes the government's plans to mitigate and respond to these risks.
C5.b.	Has the government put in place ex ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks?	The government has not put in place any ex-ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks.	There is an annual contingency appropriation in the budget or other financing mechanisms that is available to meet the costs of climate-related damages to public infrastructure.	There is an annual contingency appropriation in the budget and other financing mechanisms that are available to meet the costs of climate-related damages to public infrastructure.
C5.c.	Does the government conduct and publish a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets?	The government does not conduct a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets.	The government conducts and publishes a fiscal risk analysis that incorporates a qualitative assessment of climate-related risks to public infrastructure assets over the medium term.	The government conducts and publishes a fiscal risk analysis that incorporates a quantitative assessment of climate-related risks to public infrastructure assets over the medium term and policies to mitigate these risks, and a qualitative assessment of the risks that may arise over the long-term.
Cross-cutting issues				
A	**IT support**. Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?			
B	**Legal Framework**. Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, standards and accountability for effective			
C	**Staff capacity.** Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective			

Annex 4. Detailed PIMA Scores

The following color coding is used in presenting the scores:

Score	1	2	3
Color			

A. Planning		
	Institutional Design	Effectiveness
1.a.	3	3
1.b.	3	3
1.c.	2	2
2.a.	2	2
2.b.	1	1
2.c.	2	2
3.a.	1	2
3.b.	3	3
3.c.	3	1
4.a.	2	2
4.b.	1	3
4.c.	1	2
5.a.	3	3
5.b.	3	3
5.c.	2	3

B. Allocation		
	Institutional Design	Effectiveness
6.a.	2	1
6.b.	1	1
6.c.	3	3
7.a.	3	3
7.b.	2	2
7.c.	3	2
8.a.	3	2
8.b.	2	2
8.c.	3	3
9.a.	2	2
9.b.	2	1
9.c.	1	1
10.a.	1	1
10.b.	2	2
10.c.	2	2

C. Implementation		
	Institutional Design	Effectiveness
11.a.	3	3
11.b.	3	2
11.c.	2	1
12.a.	2	2
12.b.	2	2
12.c.	3	2
13.a.	3	2
13.b.	2	1
13.c.	1	1
14.a.	2	1
14.b.	1	2
14.c.	3	3
15.a.	2	2
15.b.	2	2
15.c.	3	1

C1. Climate-aware planning	
C1.a.	National and sectoral planning
C1.b.	Land use and building regulations
C1.c.	Centralized guidance on planning
C2. Coordination between entities	
C2.a.	Coordination across central government
C2.b.	Coordination withsubnational governments
C2.c.	Oversight framework for public corporations
C3. Projection appraisal and selection	
C3.a.	Climate analysis in project appraisal
C3.b.	PPP framework including climate risks
C3.c.	Climate consideration in project selection
C4. Budgeting and portfolio management	
C4.a.	Climate budget tagging
C4.b.	Ex post review of projects
C4.c.	Asset management
C5. Risk management	
C5.a.	Disaster risk management strategy
C5.b.	Ex ante financing mechanisms
C5.c.	Fiscal risk analysis including climate risks

Annex 5. Portugal's Climate and Environmental Policies and Measures

Cross-cutting policy framework
Roteiro para a Neutralidade Carbónica 2050, Resolução do Conselho de Ministros (RCM) n.º 107/2019, de 1 de julho (Carbon Neutrality Roadmap (RNC2050), Resolution of the Council of Ministers (RCM) No. 107/2019, of July 1st)
Atualização do Plano Nacional Energia e Clima 2030 (PNEC 2030), RCM n.º 149/2024, de 30 de outubro (Nacional Energy and Climate Plan (NECP2030), RCM No. 149/2024, of October 30th)
Quadro Estratégico para a Política Climática (QEPiC), Programa Nacional para as Alterações Climáticas (PNAC) e Estratégia Nacional de Adaptação às Alterações Climáticas (ENAAC), RCM n.º 56/2015, de 30 de julho (Strategic Framework for Climate Policy (QEPiC), National Climate Change Program (PNAC) and National Strategy for Adaptation to Climate Change , RCM No. 56/2015, of July 30th)
Sistema Nacional de Políticas e Medidas previsto no QEPiC (National System of Policies and Measures established in the QEPiC, RCM No. 45/2016, of August 26 th)
Programa de Ação para a Adaptação Às Alterações Climáticas (P-3AC), RCM n.º 130/2019, de 2 de Agosto (Action Plan for Climate Change Adaptation (P-3AC), RCM No. 130/2019, of August 2nd)
Estratégia para o Ar (ENAR 2020), RCM n.º 46/2016, de 26 de Agosto (National Air Strategy (ENAR 2020), RCM No. 46/2016, of August 26th)
Plano de Ação para a Economia Circular em Portugal (PAEC), RCM n.º 190-A/2017, de 11 de dezembro (Circular Economy Action Plan (PAEC), RCM No. 190-A/2017 of December 11th)
Programa Nacional da Política do Ordenamento do Território (PNPOT), Lei n.º 99/2019, de 5 de setembro (National Program for Land Planning Policy (PNPOT), Law No. 99/2019, of September 5th)
Programa Nacional para a Coesão Territorial (PNCT), RCM n.º 72/2016, de 24 de novembro (National Program for Territorial Cohesion (PNCT), RCM No. 72/2016, of November 24th)
Programa de Ação Nacional de Combate à Desertificação (PANCD), RCM n.º 78/2014, de 24 de dezembro (National Action Program for Combating Desertification (PANCD), RCM No. 78/2014, of December 24th)
Estratégia Cidades Sustentáveis 2020, RCM n.º 61/2015, de 11 de agosto (National Strategy for Sustainable Cities 2020, RCM No. 61/2015, of August 11th)
Estratégia Nacional para as Compras Públicas Ecológicas 2020 (ENCPE 2020), RCM n.º 38/2016, de 29 de julho (National Strategy for Green Public Procurement (ENCPE 2020), RCM No. 38/2016, of July 29th)
Estratégia Nacional de Conservação da Natureza e Biodiversidade 2030 (ENCNB 2030). RCM n.º 55/2018, de 7 de maio (National Strategy for Nature Conservation and Biodiversity 2030 (ENCNB 2030), RCM No. 55/2018, of May 7th)
Estratégia Nacional para as Florestas (ENF), RCM n.º 6-B/2015, de 4 de fevereiro (National Strategy for Forests (ENF), RCM no. 6-B/2015, of February 4th)
Plano Nacional de Gestão Integrada de Fogos Rurais (PNGIFR), RCM n.º 45-A/2020, de 16 de junho (National Plan for Integrated Rural Fire Management (PNGIFR), RCM.º 45-A/2020, of June 16th)
Estratégia Nacional de Educação Ambiental (ENEA 2020), RCM n.º 100/2017, de 11 de julho (National Strategy for Environmental Education (ENEA 2020) RCM No. 100/2017, of July 11th)
Regime europeu de comércio de licenças de emissão de gases com efeito de estufa (CELE), Decreto-Lei n.º 38/2013, de 15 de março e Decreto-Lei n.º 93/2010, de 27 de julho (European Emissions Trading Scheme (EU-ETS), Decree-Law No. 38/2013 of March 15th and Decree-Law No. 93/2010, of July 27th)
Plano de Situação de Ordenamento do Espaço Marítimo Nacional (PSOEM), RCM n.º 203-A/2019, de 30 de dezembro (National Maritime Spatial Planning Situation Plan, RCM No. 203-A/2019, of December 30th)

Recent Policies
Lei de Bases do Clima, Lei n.º 98/2021, de 31 de dezembro (Climate Law, Law No. 98/2021, of December 31st)
Programa de Eficiência de Recursos e de Descarbonização na Administração Pública (ECO.AP 2030), RCM n.º 150/2024, de 30 de outubro (Resource Efficiency and Decarbonization Program in Public Administration (ECO.AP 2030), RCM No. 150/2024, of October 30th)
Estratégia Nacional para as Compras Públicas Ecológicas 2030 – ECO360, RCM n.oº 13/2023, de 10 de fevereiro (National Strategy for Green Public Procurement 2030 — ECO360, RCM No. 13/2023, of February 10th)
Plano de Ação para a Bioeconomia Sustentável (PABS) – Horizonte 2025, RCM n.º 183/2021, de 28 de dezembro (Action Plan for Sustainable Bioeconomy (PABS) - Horizon 2025, RCM No. 183/2021, December 28th)
Plano Nacional de Gestão de Resíduos 2030 (PNGR 2030), RCM n.º 31/2023, de 24 de março (National Waste Management Plan 2030 (PNGR 2030), RCM No. 31/2023, March 24th)
Plano Estratégico para os Resíduos Urbanos 2030 (PERSU 2030), RCM n.º 30/2023, de 24 de março (Strategic Plan for Municipal Waste 2030 (PERSU 2030), RCM No. 30/2023, March 24th)
Plano Estratégico para os Resíduos Não Urbanos (PERNU 2030), RCM n.º 127/2023, de 18 de outubro (Strategic Plan for Non-Municipal Waste (PERNU 2030), RCM No. 127/2023, October 18th)
Plano Estratégico para o Abastecimento de Águas e Gestão de Águas Residuais e Pluviais 2030 (PENSAARP 2030), aprovado pela RCM n.º 23/2024, de 5 de fevereiro e alterado pela RCM n.º 109/2024, de 22 de Agosto (Strategic Plan for Water Supply and Wastewater and Stormwater Sanitation 2030 (PENSAARP 2030), approved through RCM No. 23/2024, February 5th and amended by RCM No. 109/2024, August 22th)
Estratégia Nacional para o Mar 2021-2030 (ENM 2021-2030), RCM n.º 68/2021, de 4 de junho (National Maritime Strategy 2021-2030 (ENM 2021-2030), RCM No. 68/2021, of June 4th)
Plano de ação da Estratégia Nacional para o Mar 2021-2030, RCM n.º 120/2021, de 1 de setembro (Action Plan for the National Maritime Strategy 2021-2030, RCM No. 120/2021, of September 1st)
Agenda de Inovação para a Agricultura 2020-2030, RCM n.º 86/2020, de 13 de outubro (Innovation Agenda for Agriculture 2030, RCM No. 86/2020, of October 13th)
Plano estratégico da PAC de Portugal para 2023-2027, Decisão da Comissão Europeia C (2022) 6019, de 31 de agosto (Strategic Plan for the Common Agricultural Policy (PAC), approved through European Commission Decision C (2022) 6019, of August 31th)
Programa Trabalhos & Competências Verdes/Green Skills & Jobs, programa de formação profissional na área da energia, Portaria n.º 21/2023, de 6 de Janeiro (Green Skills & Jobs Program, a professional training program in the energy sector, Order No. 21/2023, of January 6th)
Linhas de orientação estratégica quanto à valorização do potencial de minerais de lítio em Portugal, RCM n.º 11/2018, de 31 de Janeiro (Strategic Guidelines for the Valorization of Lithium Minerals Potential in Portugal, RCM No. 11/2018, of January 31st)
Reforma e simplificação dos licenciamentos ambientais, Decreto-Lei n.º 11/2023, de 10 de fevereiro (Reform and Simplification of Environmental Licensing, approved through Decree-Law No. 11/2023, of February 10th)
Mercado voluntário de carbono, Decreto-Lei n.º 4/2024, de 5 de Janeiro (Voluntary carbon market, Decree-Law No. 4/2024, of January 5th)
Plano de Ação para o Biometano 2024-2040, RCM n.º 41/2024, de 15 de março (Biomethane Action Plan 2024-2040, RCM No. 41/2024, of March 15th)

Annex 6. Laws and Regulations Governing Public Investment in Portugal

A. Planning
Proposta de Lei do Orçamento do Estado para 2026 (Annual Budget Proposal 2026)
Instruções para preparação do Orçamento do Estado para 2026, Circular Série A N.º: 1412 (Instructions for the preparation of the State Budget for 2026, Circular Serie A No.: 1412)
Instruções para a elaboração dos Planos de Atividades e Orçamento 2026-2028 (Instructions for Preparing Activity Plans and Budgets for 2026-2028)
Decreto-Lei n.º 86/2025, de 18 de julho (Performance Based Budgeting Decree-Law No 86/2025)
Plano Nacional Ferroviário, Resolução do Conselho de Ministros n.º 77/2025, de 16 de abril (National Plan for Development of Railway Infrastructure Resolution of the Council of Ministers No. 77/2025)
Lei das Grandes Opções para 2024-2028, Lei n.º 45-B/2024, de 31 de dezembro (Major Options Law for 2024-2028 Law No. 45-B/2024)
Regime geral de aplicação dos fundos europeus do Portugal 2030 e do Fundo para o Asilo, a Migração e a Integração para o período de programação de 2021-2027, Decreto-Lei n.º 20-A/2023, de 22 de março (Establishing the general regime for the application of the European funds Decree-Law No. 20-A/2023)
Estratégia Nacional para as Compras Públicas Ecológicas 2030 – ECO360, Resolução do Conselho de Ministros n.º 13/2023, de 10 de fevereiro (National Strategy for Green Public Procurement Council of Ministers Resolution No. 13/2023)
Programa Nacional de Investimentos para a década de 2021 a 2030, Resolução do Conselho de Ministros n.º 192/2023, de 26 de dezembro (National Investment Programe 2030 Council of Ministers Resolution No. 192/2023)
Estratégia Portugal 2030, Resolução do Conselho de Ministros n.º 98/2020, de 13 de novembro de 2020) (Portugal 2030 Strategy Council of Ministers Resolution No. 98/2020)
Lei de Enquadramento Orçamental, Lei n.º 151/2015, de 11 de setembro, na sua redação atual (Budget Framework Law No. 151/2015, in its current form)
Conselho das Finanças Públicas, Lei n.º 54/2011, de 19 de outubro e Lei n.º 82-B/2014, de 31 de dezembro (Public Finance Council Law No. 54/2011 and Law No. 82-B/2014)
Lei da Água, Lei n.º 58/2005, de 29 de dezembro (The Water Law 58/2005)
Constituição da República Portuguesa – CPR 2005 (Constitution of the Republic of Portugal 2005)
Lei Quadro do Planeamento, Lei n.º 43/91, de 27 de julho (Planning Framework Law 43/1991)

B. Allocation
Proposta de Lei do Orçamento do Estado para 2026 (Annual Budget Proposal 2026)
Instruções para preparação do Orçamento do Estado para 2026, Circular Série A N.º: 1412 (Instructions for the preparation of the State Budget for 2026, Circular Serie A No.: 1412)
Projetos rodoviários prioritários, Resolução do Conselho de Ministros n.º 69/2025, de 20 de março (Priority highway projects, Council of Ministers Resolution 69/2025)
Regime geral de aplicação dos fundos europeus do Portugal 2030 e do Fundo para o Asilo, a Migração e a Integração para o período de programação de 2021-2027, Decreto-Lei n.º 20-A/2023, de 22 de março (Establishing the general regime for the application of the European funds Decree-Law No. 20-A/2023)
Orientações para a elaboração do Estudo de Viabilidade Financeira SUSTENTÁVEL junho 2023 (Guidelines for Preparing the Financial Feasibility Study – Sustainable 2030, June 2023)
European Commission Economic Appraisal Vademecum 2021-2027
Lei de Enquadramento Orçamental, Lei n.º 151/2015, de 11 de setembro, na sua redação atual (Budget Framework Law No. 151/2015, in its current version)
Regime jurídico do Sector Público Empresarial, Decreto-Lei n.º 133/2013, de 3 de outubro (versão atualizada) (Legal Framework for the Public Business Sector Decree-Law No. 133/2013, updated version)
Regime jurídico da Parcerias Público-Privadas (PPP), Decreto-Lei n.º 111/2012 de 23 de maio (Law on PPPs Decree-Law no. 111/2012)
Regime jurídico de realização de despesas públicas e da contratação pública, Decreto-Lei n.º 197/1999 de 8 de junho (Procurement and Contracting Decree-Law No. 197/99)
C. Implementation
Proposta de Lei do Orçamento do Estado para 2026 (Annual Budget Proposal 2026)
Orçamento do Estado para 2024 (Lei n.º 82/2023, de 29 de dezembro) e Orçamento do Estado para 2025 (Lei n.º 45-A/2024, de 31 de dezembro) (Annual Budget Laws 2024, 2025)
Normas de execução do Orçamento do Estado, vários. Mais recente: Decreto-Lei n.º 13-A/2025, de 10 de março (Annual Budget Execution Decrees. Latest Decree-Law No. 13-A/2025)
Lei das Grandes Opções para 2024-2028, Lei n.º 45-B/2024, de 31 de dezembro (Major Options Law for 2024-2028 Law No. 45-B/2024)
Medidas especiais de contratação pública, Lei n.º 43/2024, de 2 de dezembro (Special Procurement Measures Law no. 43/2024)
Regime geral de aplicação dos fundos europeus do Portugal 2030 e do Fundo para o Asilo, a Migração e a Integração para o período de programação de 2021-2027, Decreto-Lei n.º 20-A/2023, de 22 de março (Establishing the general regime for the application of the European funds Decree-Law No. 20-A/2023)

Lei de Enquadramento Orçamental, Lei n.º 151/2015, de 11 de setembro, na sua redação atual (Budget Framework Law No. 151/2015, in its current version)
Diretiva 2014/25/UE do Parlamento Europeu e do Conselho, de 26 de fevereiro, relativa aos contratos públicos celebrados pelas entidades que operam nos setores da água, da energia, dos transportes e dos serviços postais (Directive 2014/25/EU on procurement in water, energy, transport and postal services sectors)
Directiva 2014/24/UE do Parlamento Europeu e do Conselho de 26 de fevereiro, relativa aos contratos públicos (Directive 2014/24/EU on public procurement)
Lei de compromissos e dos pagamentos em atraso das entidades públicas, Lei n.º 8/2012, de 21 de fevereiro (Law on Commitments and Late Payments Law No. 8/2012)
Procedimentos para a aplicação da Lei dos compromissos e dos pagamentos em atraso das entidades públicas, Decreto-Lei n.º 127/2012, de 21 de junho (Decree on Commitments and Late Payments Decree-Law No. 127/2012)
Código dos Contratos Públicos, Decreto-Lei n.º 18/2008, de 29 de Janeiro (Public Procurement Code Decree-Law no. 18/2008)
Climate
Modelo de governação para a implementação do Plano Nacional de Energia e Clima 2030 (PNEC 2030), Resolução do Conselho de Ministros no. 156/2025, de 9 de outubro (NECP 2030 governance model Resolution of the Council of Ministers No. 156/2025)
Mercado voluntário de carbono, Decreto-Lei n.º. 4/2024, de 5 de Janeiro (Voluntary carbon market Decree-Law No. 4/2024)
Criação da Agência para o Clima, I.P., Decreto-Lei n.º 122/2024, de 31 de dezembro (Climate Change Agency Decree-Law No.122/2024)
Alteração ao regime jurídico do comércio europeu de licenças de emissão de gases com efeito de estufa aplicável às instalações fixas, Decreto-Lei n.º 101/2024, de 4 de dezembro (Amendments to the Greenhouse Gas Emissions Trading System (ETS) Decree-Law no. 101/2024)
Plano Nacional de Gestão de Resíduos 2030, Resolução do Conselho de Ministros n.º 31/2023, de 24 de março (Waste management plan 2030 Resolution of the Council of Ministers No. 31/2023)
Organização e funcionamento do Sistema Elétrico Nacional, Decreto-Lei n.º 15/2022, de 14 de Janeiro (Organization of National Electricity System (Align EU and Portugal Climate) Decree-Law No. 15/2022)
Metas relativas ao consumo de energia proveniente de fontes renováveis, Decreto-Lei n.º 84/2022, de 9 de dezembro (Renewable energy use and GHG emissions reductions targets Decree-Law No. 84/2022)
Lei de Bases do Clima, Lei n.º 98/2021, de 31 de dezembro (Climate Law No. 98/ 2021)
Alteração ao Fundo Ambiental, Decreto-Lei n.º 114/2021, de 15 de dezembro (Amendments to the Environmental Fund Decree-Law No. 114/2021)

Estratégia de Longo Prazo para a Renovação dos Edifícios, Resolução do Conselho de Ministros n.º 8-A/2021, de 3 de fevereiro (Long Term strategy for renovation and energy efficiency Resolution of the Council of Ministers No. 8-A/2021)
Plano Nacional Energia e Clima 2030 (PNEC 2030), Resolução do Conselho de Ministros n.º 53/2020, de 10 de julho (National Energy and Climate Plan 2030 Resolution of the Council of Ministers No. 53/2020)
Eficiência Energética, Decreto-Lei n.º 64/2020, de 10 de setembro (Energy efficiency Decree-Law No. 64/2020)
Requisitos respeitantes aos limites de emissão de gases e partículas poluentes, Decreto-Lei n.º 50/2019, de 16 de abril (Requirements for emission limits for gas and particulate pollutants Decree-Law No. 50/2019)
Roteiro para a Neutralidade Carbónica 2050, Resolução do Conselho de Ministros n.º 107/2019, de 1 de julho (Carbon Neutrality Roadmap by 2050 (RNC2050) Resolution of the Council of Ministers No. 107/2019[1])
Programa de Ação para a Adaptação às Alterações Climáticas, Resolução do Conselho de Ministros n.º 130/2019, de 2 de Agosto (Action Program for Adaptation to Climate Change Resolution of the Council of Ministers No.130/2019)
Programa de Monitorização e Avaliação do Plano Nacional para as Alterações Climáticas, Resolução do Conselho de Ministros n.º 59/2005, de 8 de março (Monitoring and Evaluation Program for the National Climate Change Plan Resolution of the Council of Ministers No. 59/2005)