



Portugal

Macroeconomic outlook and forecasts

The pandemic crisis has impacted Portugal severely compared to other EU member states, with a GDP contraction of 8.4% in 2020 compared to 2019. During the first and second quarter 2020, the Portuguese GDP contracted by respectively 3.5% and 13.1% (q-q change), then recovered in the third quarter by 10.7% and 0.3% in the last quarter of 2020. The sharp decrease in the economic activities linked to tourism (e.g. -61.3% in guests and -63.0% in overnight stays compared to 2019), a sector representing 8% of the national GDP and 10% of the total workforce ([OECD, 2020](#)), significantly contributed to worsening the depth of the crisis. According to the 2021 autumn forecast by the European Commission, the Portuguese GDP is projected to return to its pre-crisis level (2019-Q4) by the first quarter of 2022.

To cushion the effects of the crisis, the government put in place a fiscal package of 19.9% of GDP. Fiscal measures accompanied traditional automatic stabilisers and aimed to support households (3% of GDP), employment (1% of GDP) and healthcare (1% of GDP). Thanks to the launch of job retention schemes, the unemployment rate increased only to a limited extent from 6.5% in 2019 to 6.9% in 2020. Yet, the employment rate decreased by 1.8 pp. compared to the previous year and is expected to return to the pre-crisis level by 2022. In addition to discretionary fiscal measures, the government intervened to facilitate the access of companies and the self-employed to working capital, by putting in place loan and guarantee measures totalling an amount equal to respectively 1% of GDP and 7.4% of GDP.

The measures adopted to tackle the Covid-19 crisis, with the exception of those regarding liquidity, had a large impact on public deficit. From a small surplus of 0.1% of GDP in 2019, the budget balance of Portugal worsened, turning into a 5.8% deficit of GDP in 2020 and 4.5% of GDP in 2021, and is projected to remain negative until 2025 (-1.1% of GDP). Similarly, the debt-to-GDP ratio has increased considerably from the level of 2019 (116.6%), peaking at 135.2% in 2020 and projected to decrease to 128.1% of GDP in 2021 and 114.3% in 2025.

As a result, Portugal is expected to face high fiscal sustainability risks both in the short and medium term, according to the Debt Sustainability Monitor ([2021](#)) (European Commission, 2020). At the same time, there are mitigating factors for the risks associated with Portugal's public debt position, notably linked to the public debt profile with the lengthening of debt maturities and a diversified and large investor base as well as historically low borrowing costs supported by the euro system's interventions.

Table 1. Macroeconomic developments and forecasts Portugal

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------------|-------|-------|-------|-------|-------|--------|--------|------|
| GDP Growth (y-y % change) | 2,7 | -8,4 | 4,5 | 5,3 | 2,4 | 2,4* | 2,2* | n.a. |
| Employment (% change) | 0,8 | -1,9 | 1,8 | 0,8 | 0,5 | 0,8* | 0,8* | n.a. |
| Unemployment rate (%) | 6,5 | 6,9 | 6,7 | 6,5 | 6,4 | 6* | 5,8* | n.a. |
| HICP inflation (% change) | 0,3 | -0,1 | 0,8 | 1,7 | 1,2 | 1,3* | 1,5* | n.a. |
| Gov balance (% GDP) | 0,1 | -5,8 | -4,5 | -3,4 | -2,8 | -1,6* | -1,1* | n.a. |
| Debt to GDP (% GDP) | 116,6 | 135,2 | 128,1 | 123,9 | 122,7 | 117,1* | 114,3* | n.a. |

Source: Own elaboration, based on autumn 2021 AMECO Forecast (until 2023) and Portugal Recovery and Resilience Plan (for 2024 and 2025)

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Portugal structural challenges before Covid-19

When Portugal entered the pandemic crisis, some of the structural challenges affecting the country were already addressed during the economic adjustment program. Reforms in the public administration, the labour and product market regulation in particular proved successful in the years following the Great Recession (see European Commission, [2016](#)). This notwithstanding, persisting structural problems remained (see Table 2)

Table 2. Portugal country specific challenges before Covid-19

| Policy area | Challenges |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Labour market | High youth unemployment |
| | Gender pay gap remains above the EU average |
| | Low proportion of unemployed people using PES |
| | Low level of qualification of the workforce |
| | Working poor people in households with high work intensity and with children is among the highest in the EU |
| Education and skills | High social segregation between schools |
| | Digital skills deficit |
| | Transition to higher education more challenging for upper-secondary VET students. |
| | Problem with ageing teaching workforce and lack of digital skills |
| Justice | Inefficiency in administrative and tax courts |
| | Lengthy and increasing duration of trials |
| Research and innovation | Subdued investment in intellectual property and R&D |
| | Economic structure remains anchored in traditional low-tech sectors |
| | Railway interoperability is a major bottleneck |
| Public administration | High administrative burden |
| | Late payments |
| | Complex tax system and still low business-friendly investment environment |
| Taxation | Burdensome administrative and taxation elements especially in retail sector |
| | VAT policy gap remain high |
| Product market | Low degree of competition especially in construction and service sectors |
| | Restrictiveness of regulation for several professions. |
| Social policies | High level of pat risk of poverty and social expulsion among unemployed, inactive, and elderly (especially in rural areas) |
| | Limited impact of social transfers on poverty reduction |
| | Weak state's investments in social housing |

Source: Own elaboration, based on the Country Report for Portugal ([2020](#))

With respect to labour market policies, despite the pre-pandemic positive trends in terms of the increasing employment rate and falling unemployment, Portugal faced several challenges, including high segmentation, a high skills mismatch, declining integration of low-skilled workers, a high gender pay-gap and a low level of effectiveness in the Public Employment Service (PES). The younger generations were penalised quite harshly, with youth unemployment rates among the highest in the EU (18.3% vs 15.3% in 2019). Part of the labour market challenges are also explained by structural problems affecting the Portuguese education system. Despite growing investments in education in the years before the pandemic, Portugal was still far from the levels seen before the economic crisis. High job instability, an ageing population, and underinvestment in upskilling and reskilling teachers negatively affected students' educational outcomes. In 2019, Portugal still had a high rate of early school-leavers (10.6% in 2019), above the EU average (10.2%), and a low participation rate for adult learning (10.3% in 2018 vs 11.1% EU average). In the same year, 48% of the population lacked basic digital skills, including about 26% with no digital skills at all, while the proportion of those having never used the internet was twice the EU average.

Labour market and educational challenges in part negatively affected productivity growth which remained sluggish in Portugal, limiting the economy's potential. In this respect, additional obstacles and barriers to productivity emerged as a result of low public investments, subdued investments in research and innovation, an economic structure anchored in the traditional small and medium-to-small tech sector, and the low level of industry digitalisation. These challenges are further aggravated by regulatory barriers restricting competition for professional and business services, burdensome administrative and taxation elements, bottlenecks in the railway's interoperability as well as regulatory barriers and long-lasting concessions in the management of ports and the provision of port services. In addition, productivity growth in Portugal is still hampered by delays



in payment of the public administration as well as administrative burdens in starting a business, dealing with construction permits and getting credit. Portugal has one of the lengthiest judicial proceeding time frames and largest backlog of pending cases in the EU, further negatively affecting investments.

Finally, structural problems characterised the Portuguese welfare state. Despite the efforts of the government to tackle the risks of poverty, Portugal remained one of the countries with the highest AROPE rates, especially in rural areas. In this respect, the poverty-reducing impact of social transfers is comparatively low in Portugal, while minimum income adequacy also remained low. In addition, Portugal was characterised by a high share of material deprivation in large part explained by the increasing housing prices and the traditional weak public investments in housing policies. With respect to the National Health Service, pre-pandemic challenges existed in access to healthcare and out-of-pocket payments, which were among the highest in Europe. The distribution of health resources (facilities and health professionals) was unequal and suboptimal, and there were shortages in specific areas (nurses in general, and specialists in rural areas). The long-term care system was highly fragile with low access rates and a poorly educated workforce.

In addition to structural weaknesses, Portugal experienced significant challenges related to the green and digital transition. Still today Portugal is far below the EU average for circular economy and waste management indicators, challenges remain in water management, air quality remains a concern, and building energy efficiency is not picking up. Furthermore, Portugal ranks only 19th amongst EU countries in the Commission’s 2020 DESI. The main concerns emerge from the low investment in human capital, the scarce use of internet services, the low digitalisation of SMEs and the overall lower than EU average for digitalisation of businesses and integration of digital technology into businesses.

The Portuguese NRRP: key numbers and timeline

Portugal was the first European Union member State to submit its national plan for recovery and resilience (NRRP) to the European Commission. The Plan was given a positive assessment by the European Commission on 16 June 2021 and was finally approved by the Council on 13 July 2021. It includes 32 reforms and 83 investments’ projects for a total amount of €16.6 billion, consisting of €14 billion in grants and €2.7 billion in loans. Reforms and investment projects are grouped in three missions referred to as *Resilience*, *Climate Transition* and *Digital Transition*, which include respectively 9, 6 and 5 components. As shown in Table 3, most of the reforms are expected to be completed by 2023, while the large share of investment projects is planned to be completed between 2025 and 2026.

Table 3. Timeline for completion of reforms and investments under Portuguese NRRP, by year (% total)

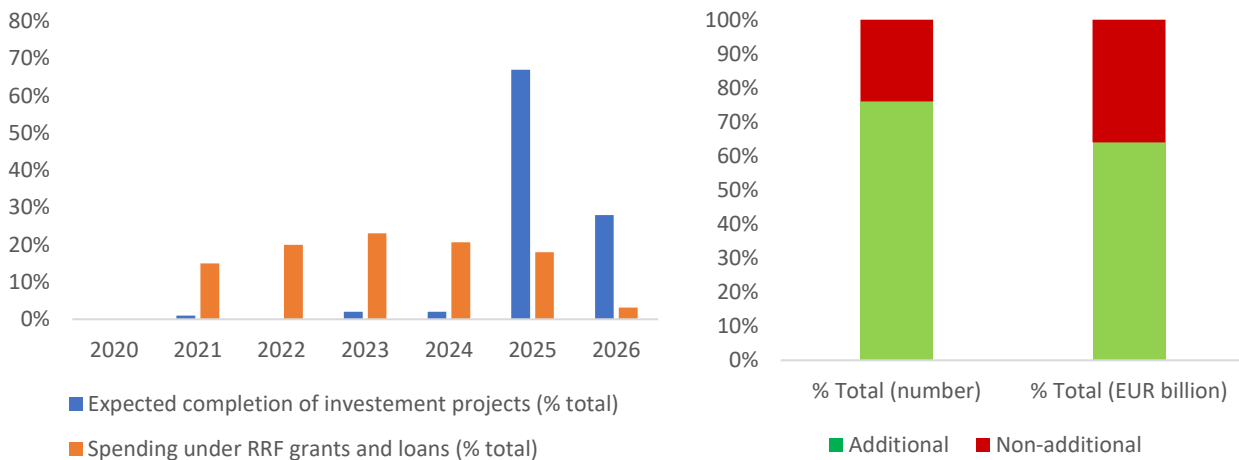
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOT |
|-------------------------------------|------|------|------|------|------|------|------|------|
| RRF Investments’ projects [number] | 0 | 1 | 0 | 3 | 2 | 61 | 16 | 83 |
| RRF Investments’ projects (% total) | 0% | 1% | 0% | 4% | 2% | 73% | 19% | 100% |
| RRF Reforms [number] | 2 | 14 | 4 | 6 | 2 | 5 | 0 | 32 |
| RRF Reforms (% total) | 6% | 41% | 13% | 19% | 6% | 16% | 0% | 100% |

Source: Own elaboration, based on Portuguese NRRP

As concerns the reforms, in line with Spain and Italy, Portugal significantly frontloads the completion of the structural reforms. Similarly, the completion of the investments’ project under RRF is expected to be concentrated in the end of the programming period. As it happens for other countries, planned expenditure under RRF in Portugal is expected to start before 2025 and 2026. Like Italy, Portugal distributes evenly its spending under RRF over the years. As showed in Figure 1, 76% of the projects (64% of the total spending) is allocated to additional public investments. This is also reflected in the acceleration of Portuguese forecasted net fixed capital formation in 2021 compared to pre-Covid forecasts, which amounts for 2022 to 1.3% GDP.



Figure 1. Planned Portuguese expenditure financed under RRF grants and loans and expected completion of investments' projects (left panel) and additionality of public investments (right panel)



Source: Own elaboration, based on Portugal Stability Programme (European Commission, [2021](#)) and Portuguese NRRP (European Commission, [2021](#)).

The Ministry of Planning, through the ‘task force *Recuperar Portugal*’ is in charge of the monitoring and implementation of the plan, as defined in the [Decreto-Lei n.º 29-B/2021](#), until the end of the process of the implementation. It consists in a group of arrangements, with a four-level governance model:

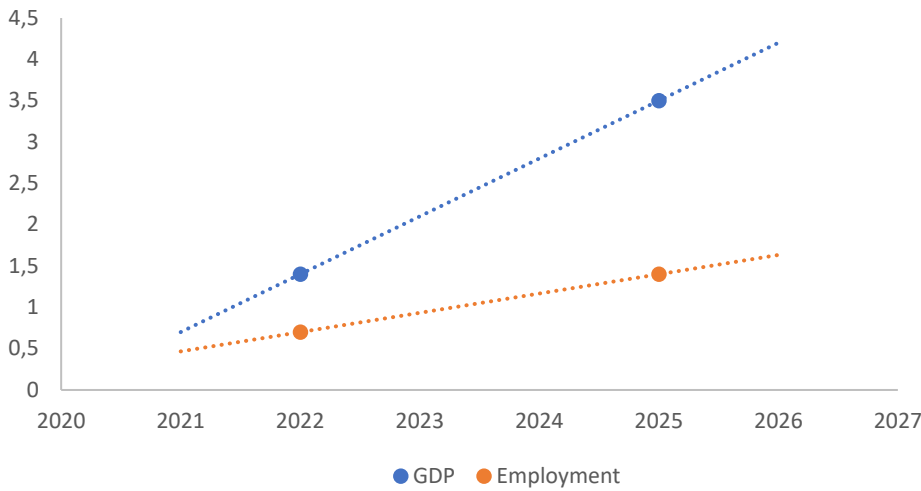
- *Inter-Ministerial Commission*. It is chaired by the Prime Minister, and it is in charge of the strategic and policy coordination and the overall political steering.
- *National Monitoring Commission*. It is composed by representatives of the different social and economic partners, and key civil society figures, chaired by an independent person. Its main function is to monitor the implementation of the plan and its results, to promote the dissemination to citizens, businesses and other organisations, to examine any issues affecting its performance and propose recommendations.
- Together with the *Agency of Developing and Cohesion* and the Ministry of Finance, the task force is in charge of the implementation of the plan, supervising the use of the funds and controlling the risk of double funding.

Audit and Control Committee (CAC). It is chaired by the Inspectorate-General of Finance (IGF), and it’s responsible of the audit and control activities.

According to the stylised impact simulations run by the Portuguese government with the QUEST macroeconomic model, the NRRP is expected to have a very positive impact on both employment and GDP especially in the medium term (Figure 2). Specifically, the plan expects an increase in the average annual GDP growth rate of 0.7 pp for the next years until 2025. In terms of the labour market, in 2025 the employment rate is expected to be 1.4 pp. above the scenario without the NRRP. As in the case of other countries, such estimates should be treated with caution. Indeed, the low additionality of public investments included in the plan – which the EC assumes as equal to 100% of the grants - might significantly reduce the macroeconomic impact estimated below.



Figure 2. NRRP impact on GDP and employment - deviations from baseline scenario

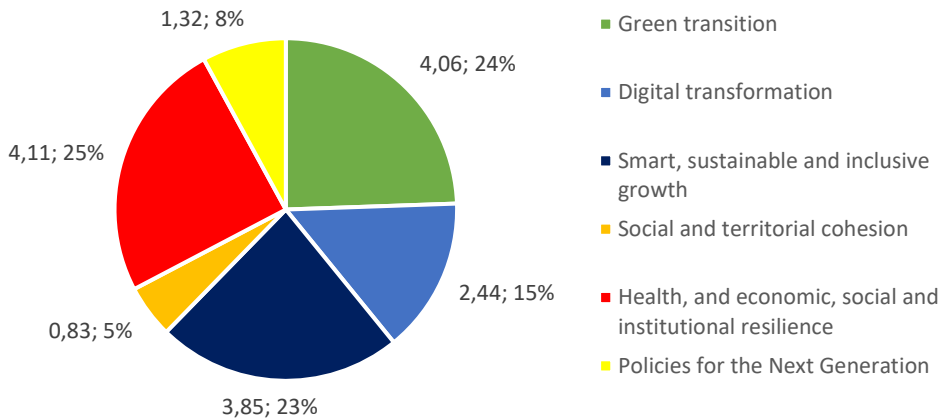


Source: Own elaboration, based on the Portuguese NRRP

Investments in the Portuguese NRRP

Following the Commission guideline, the Portuguese NRRP investments are meant to address the objectives included in the six pillars of the RRF. Notably, almost half of the Portuguese plan's funds are under two pillars: *health, and economic, social and institutional resilience* (25%) and *green transition* (24%), whereas *smart, sustainable and inclusive growth* and *digital transformation* account for respectively 23% and 15% of the investments. The remaining funds are allocated to the *policies for the next generation* (8%) and *social and territorial cohesion* (5%) pillars. With respect to the distribution of the funding across economic activities, the Portuguese plan distributes the largest share allocated to professional, scientific and technical activities (21.4%), construction (20.6%), human health and social work activities (13.3%) and education (11.3%).

Figure 3. Portuguese investments by 6 RRF pillars (EUR billion, % total)



Source: Own elaboration, based on Portuguese NRRP

A closer look at the breakdown of the six Portuguese pillars gives a better understanding of the investments' prioritisation.

Under the *health, and economic, social and institutional resilience* pillar, the most relevant projects include the launch of the Access to Housing Support Programme and other housing actions which account for €2.7 billion, as well as measures to support the healthcare sector (€1.38 billion), especially primary health and the digital healthcare transition. The *smart, sustainable and inclusive growth* pillar includes investments aimed at increasing the competitiveness and resilience of the Portuguese economy through measures designed to strengthen research, by fostering the transfer of its results to the business sector, thus promoting innovation and investment. Among the most relevant funded projects there are the launch of the Mobilising



Agendas/Alliances for Business Innovation and for Green Reindustrialisation (€0.92 billion) and the creation and capital reinforcement of the Portuguese National Promotional Bank (*Bank Banco Português de Fomento*) (€1.55 billion). Under the *green transition* pillar, the main projects include investments in sustainable mobility, notably the renovation of the metro networks (€0.97 billion), tax incentives for industry decarbonisation (€0.71 billion) and investments in the energy efficiency of both residential and public administration buildings (€0.54 billion). Under the *digital transition* pillar, the most relevant projects include tax credits for companies' digital transition (€0.65 billion), and investments in the digitalisation of the public administration (€0.58 billion) and of the educational system (€0.55 billion). Funds under the *next generation* pillar are dedicated to modernising the provision and establishment of education and vocational training (€0.71 billion), incentivising the reskilling of adults, and giving impetus to STEAM subjects in higher education (€0.35 billion). Finally, the *social and territorial cohesion* pillar includes projects to strengthen, expand, upgrade and reform social services that respond to the challenges of childcare, ageing, long-term care and disabilities (€0.42 billion). Table 4 below indicates the 10 largest investments included in the Portuguese NRRP.

Table 4. Portugal 10 strategic projects financed by RRF and timeline

| Strategic investments | € bn | Description | Timeline |
|----------------------------------------------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Supporting Programme for Access to Housing | 2,7 | Providing decent and adequate housing for at least 26,000 households in need and increasing housing conditions in the housing stock, with a focus on less developed regions. | Q22026 |
| Capitalisation of companies and financial resilience/ Banco Português de Fomento | 1,55 | Providing the Portuguese National Promotional Bank, Banco <i>Português de Fomento</i> , with a capital buffer and investing in viable Portuguese firms to address the structural problems of limited access to finance and undercapitalization. | Q42025 |
| Decarbonization of industries and businesses' R&D and innovation sector | 1,26 | Supporting small and medium enterprises in the green transition. Launch of Mobilising Agendas/Alliances for Business Innovation. | Q42025 |
| Vocational education and training institutions and digitalization of education | 1,21 | Upgrading technological laboratories and technical equipment in secondary schools and professional training centres. Digitalization of education. | Q42025 |
| Digital health transition and Primary Health Care | 0,77 | Modernizing the computer systems of the National Health Service and increasing the digitalization of medical records compliant with appropriate security principles. | Q22026 |
| Digital transition of businesses (digital upskilling) | 0,65 | Supporting small and medium enterprises and their workers with tailored digital skill trainings and tailored coaching to help them make the best use of digital technologies. | Q32025 |
| Protecting vulnerable forest areas | 0,61 | Adapting land management to transform the landscape of vulnerable forest territories to prevent fires, increase climate and economic resilience and protect biodiversity. | Q42025 |
| Strengthening metro network | 0,6 | Expansion of Porto Metro Network - Casa da Música-Santo Ovídio and Lisbon Metro Network - Red Line to Alcântara | Q42025 |
| Energy efficiency in residential buildings | 0,3 | Financing a large-scale renovation programme to increase the energy efficiency of residential buildings. | Q42025 |
| Modernization of justice and business environment | 0,27 | Removing barriers to investment, increasing the efficiency of administrative and tax courts; simplifying the insolvency framework | Q42025 |

Source: Own elaboration

Portugal's key structural reforms

Reforms included in the national plan aim to address some of the key challenges affecting the Portuguese economy and society, and to reduce the obstacles that have hitherto slowed down investment implementation and reduced its productivity. In line with the NRRP priorities in investments, reforms are focused mainly in the areas of public administration, education and skills, the product market and social policies.

In the public administration framework, of relevance is the reform of public financial management, which aims to increase transparency in the use of public resources and promote an integrated management system of real estate public assets. In addition, the NRRP includes a reform of the judicial system that establishes the strategic framework for the digital transition of justice and the reduction of the administrative burden on companies. Notably, this reform introduces a legal framework promoting in- and out-of-court settlements, the



establishment of a legal framework for voluntary administrative arbitration, and the creation of specialised chambers in superior courts.

In order to tackle the skills mismatch characterising the Portuguese labour market, the NRRP includes two main interventions. The first one is focused on reinforcing vocational and educational training whilst the second one proposes a strengthening of the cooperation between higher education, public administration and enterprises. With respect to educational policies, the plan includes digital education reform which covers strengthening teachers’ digital skills, the technological infrastructure of schools, including digital equipment and internet access, and the development of digital educational content.

The plan also includes a decent work agenda aimed at combating precariousness and promoting collective bargaining, active employment policies and training, with a strong focus on the new form of work, e.g. digital platforms for workers and telework.

With respect to the product market, the plan includes liberalisation of highly regulated professions, e.g. lawyers, architects and engineers, and a reduction of regulatory and administrative burden imposed on both professionals and firms. Another relevant reform is the creation of the National Promotional Bank (*Banco Português de Fomento*) which has a twofold purpose: increasing the level of competitiveness of the economy and supporting the development of national productivity. In addition, a review of the insolvency framework strengthens the role of insolvency practitioners and the rights of the lender, introducing compulsory partial apportionment in specific cases.

Finally, in the domain of social policies, the NRRP includes a reform of the housing system through a national housing plan (*Plano Nacional de Alojamento Urgente e Temporário*) which aims to create a structured and transversal response for people who lack emergency or temporary accommodation solutions. The objective of this reform is to develop a legal and regulatory framework for signalling and monitoring people supported by the housing policy. The plan also includes two main reforms in the healthcare area: the first one regards the governance model of public hospitals, i.e. reconfiguring the hospital network according to capacity planning in terms of volume of services, human resources and infrastructure. The second reform instead focuses on primary healthcare through the modernisation and digitalisation of the NHS, especially through investments in the Autonomous Regions of the Azores and Madeira. The table below summarises the main reforms included in the Portuguese plan, divided into key policy areas.

Table 5. Key structural reforms

| Area | Measure | Description | Timeline |
|-----------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Labour market | Agenda for the promotion of decent work | Fighting precariousness and segmentation through active labour market policies and the promotion of collective bargaining. One of the objectives is to increase the national minimum wage to 750 euros. | Q12023 |
| Education and skills | Digital Education Reform | Reinforcing the population's digital competences as an integrated public policy action, updating and modernise both formal and non-formal education. | Q42025 |
| | Reform of vocational education and training | Strengthening the response capacity of the Portuguese education and training system in terms of youth and adult education and training | Q42025 |
| | Reform of cooperation between Higher Education and Public Administration and enterprises | Review the legal and institutional framework in force that governs the cooperation of higher education institutions, with the Public Administration and enterprises, in order to modernize the incentives for cooperation and support for the diversification of training provision and lifelong learning. | Q22021 |
| Justice | Economic Justice and Business Environment | Strengthening the relations of citizens and businesses with the State and reduce the burdens and complexities that inhibit business activity and thus impact on productivity. | Q32025 |
| Public administration | Modernisation and Simplification of Public Financial Management | The reform also aims at increasing transparency and efficiency in the use of public resources, through a more integrated management of administrative and financial processes across all entities within general government. | Q42025 |
| Taxation | - | - | |
| Product market | Reducing restrictions in highly regulated professions | Eliminating restrictions on access in some highly regulated professions and preventing infringements of competition rules in the provision of professional services, as under national and European Union law. | Q42022 |



| | | | |
|-----------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| | Creation and development of the Banco Português de Fomento | The aim of this promotional bank is to (i) support the development of the economy through the provision of financing solutions, and (ii) support the development of the Portuguese business community, bridging the market gaps in access to corporate financing, with a focus on SMEs and midcaps. | Q42020 |
| Social Policies | National Urgent and Temporary Housing Plan | Creating a structured and cross-cutting response for people in need of emergency housing solutions or transitional housing with a view to their protection, autonomy and social inclusion and the fight against inequalities. | Q22021 |
| | Primary health care reform | Modernisation of the entire health system, e.g. promotion of health and healthy lifestyles; integrated management of disease, investments in the qualification and modernization of primary health care facilities and strengthening proximity healthcare responses. | Q42023 |

Source: Own elaboration

Overall assessment of the Portuguese plan

At the early stages of the pandemic crisis, a positive economic performance and policy effort was helping Portugal to address some of its challenges. Yet, Portugal was still facing various problems, such as shortfalls in investment, a segmented labour market, a high skills mismatch, a still inefficient public administration as well as a rigid product market and ineffective social safety nets.

The plan has been largely built on the 2019 CSRs. It proposes an ambitious set of structural reforms and targeted investments that have many interdependent and complementary objectives.

This is in particular the case with two key areas of social policy reform: the national strategy to combat poverty and the national plan for urgent and temporary accommodation, which address most of the issues related to housing; and the product market reforms, notably the reduction of restrictions in highly regulated sectors and the creation of the *Banco Português de Fomento*. Equally relevant are the reforms regarding the education system, the economic and business environment, justice and the public administration.

An additional positive contribution of the plan is the alignment with the green and digital objectives of the RRF. In particular, on the green side, the Portuguese NRRP proposed relevant reforms in industry decarbonisation as well as sustainable mobility, especially through the reform of the transport ecosystem. On the digital side, the main reforms address the digital gap in the Portuguese public administration, businesses and the educational system, in order to establish a new strategic framework for the digital transition of the economy.

It is worth mentioning that despite tourism playing a key role in the Portuguese economy, it is not included in the NRRP. However, on May 21st, the Ministry of the Economy announced a plan to reactivate tourism (*Plano Reativar o Turismo/Construir o Futuro*) allocating an initial investment of €6 billion to the Portuguese tourism sector to reach the goal of €27 billion in tourist revenues in 2027. The largest share of the investment, €4 billion, will be provided by the *Banco Português do Fomento*, which will channel €3 of the €4 billion to maintain employment and productivity, and the remaining part to finance businesses in the tourism sector.

On a less positive note, labour market reforms, such as the decent work agenda, are not enough to tackle all the above-mentioned challenges, from high youth unemployment to the lack of effectiveness of PES, and both quantitative and qualitative targets are not mentioned. The only exception is the increase of the national minimum wage up to €750 by the 4Q2023.

Concerns also emerge with respect to the qualification and skills area, where the plan allocates the majority of the funds to modernising education buildings. Elsewhere, the Portuguese NRRP falls short in addressing the challenges related to the lengthy duration of trials and the wide VAT gap, i.e. the overall difference between the expected VAT revenue and the amount collected.

Finally, in terms of effectiveness of the proposed interventions, the plan timeline should be guaranteed by the creation of a centralised monitoring unit, the so-called *Recuperar Portugal*. However, the fact that many of the key structural reforms, especially the public administration and justice reforms, are postponed to 2025, might risk slowing down both the absorption of the funds and the economic recovery.