

Secretary of State for Decentralization and Local Authorities

**Statutory Forum of the Congress of Local and Regional Authorities of the
Council of Europe**

2020 September 28

Dear President of the Congress, Mr. Anders Knape

Fellow rapporteurs,

I am very pleased to join you in this meeting today. For Portugal this is a very important moment as it allow us not only to look back on what we already have done regarding local authorities but also – and more important – to look forward to what we still must do in order fulfil our commitments.

The monitoring committee had the chance to visit Portugal in June and November of last year to produce the third monitoring report since the country ratified the European Charter of Local Self-Government in 1990. The report acknowledges the improvements made over the years. It points

- That the Portuguese constitution gives prominence to local and regional self-government;
- [That] the reforms carried out over the last years have had lasting effects on local authorities; and
- [That] their budget situations and the appeal mechanisms enabling constituents to challenge the acts of territorial authorities are operative.

I think it's fair to say that Portugal is heading towards the right direction in what concerns local authorities. But that doesn't mean our work is done. It means we are now in a better place to keep tackling the remaining challenges.

However, the rapporteurs also consider there is room for improvement in some particular areas, such as:

- The consultation of representative associations of local authorities;
- The need for temporarily setting up special aid procedures to enable municipalities in financial distress to rebalance their budgets and
- The reinforcement of local authorities' autonomy regarding local taxes.

I would like to present you what the national authorities are doing to respond to those recommendations.

In the beginning of this year, the minister and myself went on a roadmap to decentralization in which we met with all the 21 intermunicipal communities and the two metropolitan areas.

For one and a half month we listened carefully the challenges local governments were facing regarding the decentralization process Portugal is now putting in place. This allowed us to give more time to the municipalities in the areas in which it was needed – like education and health – and to unlock issues that were delaying the process. More importantly it gave the confidence it was probably lacking to some players to move forward.

Therefore, I strongly believe that from March 2022 onwards the municipalities will be assuming the areas we are transferring not because it's mandatory by law but because they want and have the means to deliver those services to their population – because proximity is how a country delivers better public services to the people.

Central State is not just transferring tasks to local governments. Committees were created at municipal level to allow a better implementation of the transferred areas and to propose the adoption of measures that may be needed for the full

exercise of the most critical areas transferred, such as education, health and social action. These committees are composed by representatives of central and local administration.

Regarding the decentralization movement we have in place, I would like to share with you another very important step we are taking: In October 13th, and for the first time, presidents and vice-presidents of the Coordination and Regional Development Commissions will be elected indirectly by the local elected representatives of the respective territorial area.

This is an utterly relevant milestone as it reinforces the democratic legitimacy of these 5 commissions, giving municipalities the power to influence the preparation of the European structural funds and to choose who manages the Operational Programs.

In what concerns the consultation process of municipal entities we are asked to improve; I must say this previous consultation by national government is in place. However, sometimes those associations have little time to issue an opinion on the legislative initiatives. And that's what we have and will be doing better in the future.

Finally, regarding the budgetary and tax recommendations, let me share with you the steps we are taking. The State Budget for 2020 increased participation of municipalities in State revenues by introducing the participation of municipalities in the VAT paid relative to some economic activities. That should be maintained in 2021. It's our goal to gradually increase the participation of local authorities in the management of public revenues, converging to the average level of European Union countries by 2025.

It was also created a taskforce to end the transitional regime for the distribution of the Municipal Support Fund. This taskforce will determine the amounts relative to the allocation of funds as the National Association of Portuguese Municipalities has been fairly claiming.

Furthermore – and because if anything the current pandemic crisis we are facing showed us the importance of a strong local government – we created the conditions for the municipalities to deliver that much needed response by reviewing the State's restrictions on the freedom of indebtedness of local entities.

Dear rapporteurs,

I want to finish this speech by reassuring you Portugal's commitment to enhance local self-government as we believe that's how we as a country can better respond to the communities demands. Thank you very much.