

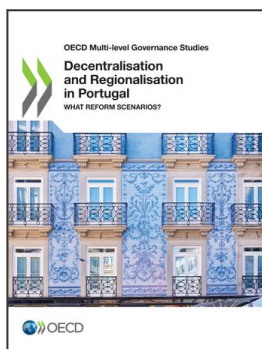
# Foreword

From an OECD comparative perspective, Portugal is a unitary and much centralised State, clearly influenced by the model of public administration. Portugal has basically only two layers of government, with the exception of the two autonomous regions of Madeira and Azores, of which the 308 municipalities form the core of the local government. The creation of administrative regions in the Continental territory of Portugal, which is contemplated in the Portuguese Constitution of 1976, has never materialised. A referendum on regionalisation failed in 1998. Two decades later, the Portuguese government continues to face recurrent challenges of economic development and territorial cohesion. Recently, decentralisation reforms emerged again on top of the policy agenda with two main objectives: by assigning more tasks to municipalities and by strengthening regional level governance.

The OECD has prepared this report upon request by the Portuguese Autonomous Parliamentary Commission of Decentralisation. The aim of the report is to present alternative ways forward for Portugal to implement its regionalisation reforms, in the broader context of decentralisation trends. The paper utilises analysis of present international trends on decentralisation and regionalisation, notably the expected effects of these reforms and the conditions under which they may deliver more economic efficiency and regional equity.

The report presents three potential policy paths of regional reform for Portugal: i) Decentralisation and strengthened deconcentration without empowerment of regional level; ii) Decentralisation without full regionalisation by reinforced municipal and inter-municipal levels; and, iii) Decentralisation through complementary regionalisation and inter-municipal cooperation reforms. These options are presented from the least to the most comprehensive one. As the options are not mutually exclusive, they could be seen as different layers of an incremental and medium- to long-term structural reform agenda.

The report is part of the OECD Multi-Level Governance Studies series. It was conducted by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), under the leadership of the Regional Development Policy Committee. It was approved on 4th November 2019 by written approval procedure under the reference [CFE/RDPC(2019)9].



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