

25 March 2022

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the first payment request submitted by Portugal on 25 January 2022, transmitted to the Economic and Financial Committee by the European Commission

Executive Summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 25 January 2022, Portugal submitted a request for payment for the first instalment of the non-repayable support and the first instalment of the loan support. The payment request was accompanied by the required management declarations and the summary of audits.

To support its payment request, Portugal provided due justification of the satisfactory fulfilment of the 35 milestones and targets of the first instalment of the non-repayable support and the three milestones of the first instalment of the loan support, as set out in Section 2(1)(1.1) and Section 2(2)(2.1) of the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Portugal¹.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Portugal, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 38 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Portugal's Recovery and Resilience Plan. This includes, among others, important social and economic reforms, such as the adoption of a national strategy to combat poverty, a national strategy for the inclusion of persons with disabilities 2021-2025 and the simplified social equipment regime that promotes de-institutionalisation by enabling alternative forms of care, the entry into force of a mental health decree-law, which sets out the principles for the organisation of mental health care services, as well as the approval of action plans for disadvantaged communities in Lisbon and Porto. As a crucial step towards strengthening the quality and sustainability of public finances, a new management contract template came into force to increase the performance, responsibility and accountability of public managers appointed to the boards of directors of state-owned enterprises. Steps have also been taken with the entry into force of a new general waste management regime, the entry into force of the legal framework on compulsory tenure of rural land in forestry areas and the decree-law on the establishment of the integrated management system for rural fires, as well as with the legal framework for the digital transformation of the public administration. Milestones and targets also include the entry into force of the regulation setting the activities and statutes of Portugal's national development bank, the *Banco Português de Fomento*, and of the decree-law regulating the bank's capitalisation measure as well as the development of its investment policy. The milestones and targets also confirm progress towards the completion of investment projects related to, for instance, research and innovation

¹ ST 10149/21; ST 10149/21 ADD 1 REV 1, not yet published.

programmes and projects under the Innovation Agenda for Agriculture 20|30, new dwellings and energy-efficient renovations in the public housing stock in the Azores as well as digitalisation in teaching and of firms. Most of the investment-related milestones and targets concern the early stages of those investments, like the launch of calls for projects, with the exception of two targets for the finalisation of new constructions and renovations.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

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Non-repayable support

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| Number: 1.4 | Related Measure: C01-r02 Mental Health Reform | |
| Name of the Milestone: Entry into force of the new Mental Health Decree-Law, which shall set out the principles for the organisation of mental health care services | | |
| Qualitative Indicator: Entry into force of the new Mental Health Decree-Law | | Time: Q4-2021 |
| <p>Context:</p> <p>This reform aims to improve mental health in Portugal by creating more favourable framework conditions for the de-institutionalisation of patients with mental illness, the expansion of local and integrated continued care services in the field of mental health, the reorganisation of forensic psychiatric services, and the implementation of regional health plans for dementia.</p> <p>Milestone 1.4 concerns the entry into force of a Decree-Law that establishes the principles for the organisation, management and evaluation of mental health care services and constitutes one of the main pillars of the mental health reform. The next milestone for this reform is 1.5 (Q1 2023), the entry into force of the new Mental Health Law, that shall lay down the principles relating to the rights of people with mental illness and regulate compulsory hospitalisation or treatment.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 113/2021 of 14 December (published in Portugal's Official Journal, '<i>Diário da República</i>', No 240/2021, first series of 14 December 2021, pages 104 – 118), setting out the principles for the organisation of mental health services. | | |
| <p>Analysis:</p> <p>In line with the requirements of the CID, Decree-Law No 113/2021 of 14 December defines the principles for the organisation, management and evaluation of mental health care services.</p> <p>The entry into force of the Decree-Law No 113/2021 of 14 December took place on 15 December 2021, as established by Article 35.</p> <p>Decree-Law No 113/2021 of 14 December addresses the five intervention axes along which the Mental Health Reform is structured, by creating more favourable framework conditions to (in the articles provided in brackets):</p> <ol style="list-style-type: none">i) Deinstitutionalise patients with mental illness residing in psychiatric hospitals or in social sector institutions (Articles 3 and 25);ii) Complete the national coverage of local mental health services, in the areas of inpatient, outpatient and community care (Articles 15 to 22);iii) Expand the national network of integrated continued care, with a focus on mental health (Articles 26 and 28);iv) Reorganise the forensic psychiatric services (Article 23(5));v) Implement the regional health plans for dementia (Articles 3(6), 4, 7(1)(c) and 16). | | |

Decree-Law No 113/2021 of 14 December amends (and revokes) the Decree-Law No 35/99 of 5 February. It reflects the proposals for amendments made by the Working Group set up by Order ('*Despacho*') of the Ministers of Justice and Health No 6324/2020 of 15 June, as amended by Order ('*Despacho*') of the Ministers of Justice and Health No 11485/2020 of 20 November. These proposals establish the elements specified below, enshrined in the Decree-Law No 113/2021 of 14 December (in the articles provided in brackets):

- 1) The organisation and functioning of mental health services shall be geared towards the full recovery of patients (Article 3(4));
- 2) The provision of mental health care services shall focus on the specific needs of patients and be promoted at community level in the least restrictive possible environment (Article 3(2));
- 3) Independent bodies and stakeholders shall be involved in assessing the implementation of mental health care policies and plans (Article 3(6));
- 4) The planning of mental health care services shall be integrated with the wider planning of health care services (Article 4(1));
- 5) Guidelines for the restructuring of the organisational model for the coordination, consultation and provision of mental health care services (Article 5);
- 6) An executive body for the coordination of mental health care policies at national level shall be created and placed under the direct responsibility of the Portuguese Ministry of Health (Article 13(3));
- 7) The implementation of Regional Mental Health Plans shall be fostered (Article 13(3)(c));
- 8) The deinstitutionalisation of persons with mental illness, residing in psychiatric institutions, shall be promoted (Article 25(c));
- 9) The provision of outpatient mental health care by community mental health teams shall be privileged (Article 15(3));
- 10) The provision of mental health care at local level shall be performed by local mental health services (rather than carried out by psychiatric hospitals) (Article 32);
- 11) Local mental health services shall be organised by means of Integrated Responsibility Centres (Article 19(1));
- 12) Mental health care services shall be formally articulated with primary health care and psychosocial rehabilitation services (Article 26);
- 13) Stakeholders shall be effectively involved in the planning and functioning of mental health care services (Article 3(7));
- 14) The 'Comprehensive Mental Health Action Plan 2013-2030' (World Health Organisation, 2021) and the framework 'Mental Health in All Policies' in the Joint Action for Mental Health and Wellbeing (Strategic Action Lines for Mental Health and Wellbeing in the European Union, EU Joint Action on Mental Health and Wellbeing, 2016) shall be adhered to (Article 3(5)).

Decree-Law No 113/2021 of 14 December defines guiding principles for the organisation and management of mental health care services with various elements covered in its different chapters as follows:

- Chapter I establishes the general provisions on which basis mental health care services shall be organised and managed. Article 2 defines its scope of application, Article 3 establishes general principles (some of which follow up on the aforementioned recommendations by the Working Group set up by Order of the Ministers of Justice and Health No 6324/2020 of

15 June, as amended by Order of the Ministers of Justice and Health No 11485/2020 of 20 November), Article 4 provides for the main planning tools to be deployed, and Article 5 sketches the organisation model of mental health care services.

- Chapter II provides for the organisation and management of the national, regional and local advisory bodies of mental health care services.
- Chapter III establishes the national and regional coordination structures of mental health care services.
- Chapter IV details the organisation and management of local mental health care services (Section I), regional mental health care services (Section II), and psychiatric hospitals and hospital centres (Section III).
- Chapter V establishes the articulation across different mental health care services.

Specific provisions of Decree-Law No 113/2021 of 14 December provide for the evaluation of mental health care services.

- Article 3(6) establishes that *'the implementation of mental health policies and plans should be regularly evaluated and involve independent bodies, including representatives of associations, users and family members'*.
- Article 12(3) establishes that the National Coordination of Mental Health Policies is tasked with evaluating the implementation of mental health policies, namely through monitoring the implementation of the National Mental Health Plan.
- Articles 13(3)(d) and 13(3)(i) establish that the Regional Mental Health Coordination shall be responsible for evaluating the implementation of the activity plans of the respective regional and local mental health services as well as developing and implementing evaluation methodologies.
- The Decree-Law No 113/2021 of 14 December reflects the principles of the United Nations Convention on the Rights of Persons with Disabilities concerning the organisation of mental health care services. Specifically, the provisions enshrined in Articles 14, 16, 25 and 26 of that Convention have been addressed by Articles 3(2), 3(6) and 26 of the Decree-Law No 113/2021 of 14 December.
- Article 19 of Decree-Law No 113/2021 of 14 December establishes that local mental health services shall be organised on the basis of Integrated Responsibility Centres, which are expected to increase their administrative autonomy and sound management.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 1.29 | Related Measure: C01-i05-RAM Strengthening Madeira's Regional Health Service | |
| Name of the Milestone: Deployment of the classification system, functional profile and users' referral system for Madeira's regional model of integrated continued care services | | |
| Qualitative Indicator: Report on deployment of the classification system, functional profile and users' referral system | | Time: Q4-2021 |
| Context: The objective of this investment is to implement the Strategic Plan for the Regional Health System of the Autonomous Region of Madeira and the Regional Strategy for the Promotion of Mental Health, which entails the expansion, development and upgrade of the regional network of integrated continued care, as well as strengthening responsiveness in the field of mental health and dementia. This milestone concerns the deployment of the classification system, functional profile and users' referral system, as well as its coordination and technical management, which will be instrumental to strengthen Madeira's regional model of integrated continued care services. It paves the way for a series of sub-investments to strengthen Madeira's Regional Health Service, namely the integrated continued care services as enshrined in target 1.30 (Q4 2025), in primary health care services as enshrined in target 1.31 (Q 2026), in the home hospitalisation system as enshrined in target 1.27 (Q2 2026), and in the set-up of community mental health teams as enshrined in target 1.28 (Q2 2026). | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Report of 20 November 2021 prepared by the Technical Coordination of the Integrated Continued Care Network of the Autonomous Region of Madeira on the deployment of the classification system, functional profile and users' referral system, and demonstrating the extent to which these have contributed to strengthening Madeira's regional model of integrated continued care services. | | |
| Analysis: In line with the requirements of the CID, the implementation report prepared by the Technical Coordination of the Integrated Continued Care Network of the Autonomous Region of Madeira (<i>'Coordenação Técnica da Rede de Cuidados Integrados da RAM'</i>) provides detailed explanations on the deployment of the classification system, functional profile and users' referral system and the associated strengthening of Madeira's regional model of integrated continued care services, as well as its coordination and technical management. The implementation report shows that the deployment of the classification system, functional profile and users' referral system for Madeira's regional model of integrated continued care services included two main steps: a) the preparation and adoption of the legal basis defining which technical instrument should be used to assess the users' function profile; b) the actual implementation of such a technical instrument. a) The legal basis is regulated in Number 2 of Resolution of the Regional Government of Madeira No 1070/2021 of 2 November approving the Integrated Continued Care Strategy of the Autonomous Region of Madeira (published in Madeira's Official Journal, No 197, first | | |

series of 2 February 2021, pages 6 – 26; the copy of its publication is included in Annex I of the report). Number 2 specifies that the National Functionality Table (*'Tabela Nacional de Funcionalidade'*, included in Annex III of the report), as attached to Order (*'Despacho'*) of the Deputy Secretary of State for Health No 4306/2018 of 30 April determining the application of the National Functionality Table in the health sector (published in Portugal's Official Journal, *'Diário da República'*, No 83/2018, second series of 30 April 2018, pages 12 188 – 12 190; the copy of its publication is included in Annex 2 of the report), shall be used as the technical evaluation instrument to assess the users' functional profile in the Autonomous Region of Madeira. The decision expressed in Number 2 entered into force on 2 November 2021, with the publication of the Resolution of the Regional Government of Madeira No 1070/2021 of 2 November in the region's Official Journal.

- b) The chosen technical evaluation instrument to assess the users' functional profile was deployed for the first time in the Autonomous Region of Madeira on 15 November 2021, whereby it was applied to 50 inpatients of a unit of Madeira's regional system of integrated continued care services (as described in Annex IV of the report). This was followed by the full implementation of the technical evaluation instrument, in accordance with the provisions of Resolution of the Regional Government of Madeira No 1070/2021 of 2 November.

In addition to the deployment of the classification system, functional profile and users' referral system, the coordination and technical management of Madeira's regional system of integrated continued care services has been strengthened through the appointment of an executive board, as provided for by Joint Order of the Regional Secretaries of Health and Civil Protection and of Social Inclusion and Citizenship No 77/2021 of 4 November (published in Madeira's Official Journal, No 200, second series, 4 November 2021, page 2; the copy of its publication is included in Annex V to the report). Number 1 of the Joint Order specifies that the executive board shall integrate the Technical Coordination of the Integrated Continued Care Network of the Autonomous Region of Madeira and shall be responsible for implementing, monitoring and evaluation the Regional Strategy for Continued Integrated Care. The executive board is, therefore, instrumental for the swift implementation of that Strategy and for the effective management of Madeira's regional system of integrated continued care services.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 2.13 | | Related Measure: C02-i04-RAA: Increasing housing conditions in the housing stock of the Autonomous Region of the Azores | |
| Name of the Target: Interventions in the public housing stock in the Autonomous Region of Azores | | | |
| Quantitative Indicator: Number of interventions | | Baseline: 0 | Target: 24 |
| Time: Q4-2021 | | | |
| Context: The investment aims at improving the social housing stock in the Autonomous Region of the Azores, with this sub-investment doing so through the construction of new social dwellings. Target 2.13 requires the finalisation of 24 out of 277 new dwellings. The upcoming targets for this sub-investment are 2.15 (finalisation of 70 dwellings, Q4 2023) and 2.17 (finalisation of 277 dwellings, Q4 2025). | | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled and an annex to the document;</div><div>2) A list of interventions with a brief description of the works performed;</div><div>3) All dwellings delivered to increase the social housing stock were newly constructed. The following list was provided:<div><div>a) their address,</div><div>b) the references for the works statement (<i>autos de receção provisória</i>) and acceptance certificate (lease contract) signed off by the final recipients,</div><div>c) indication of the size of the dwelling,</div><div>d) the energy performance certificates ID code;</div></div></div><div>4) The calculation of the weighted average reduction in primary energy consumption (using as weights the m² of the dwelling) in comparison with the NZEB requirement;</div><div>5) Copies of the works statement (<i>autos de receção provisória</i>) and acceptance certificate (lease contracts) signed off by the final recipients also indicating the address of the dwellings;</div><div>6) Copies of the energy performance certificates;</div><div>7) Proof of the size of dwellings (in the energy performance certificate). The calculation of the average size was done by multiplying the net area indicated in the energy efficiency certificates by 1.25 as suggested in the <i>Bank Evaluation Survey on Housing (IABH)</i>, page 15.</div></div> The authorities also provided: <div><div>8) Methodological document published by the National Statistical Institute as part of the <i>Bank Evaluation Survey on Housing</i>;</div><div>9) Contract of 30 June 2020 with change of contractual positions signed between two contractors;</div><div>10) Communication of the authorisation of the change in contractual positions of 14 August 2020 sent from Regional Directorate for Housing to the second contractor;</div><div>11) Internal email sent from the Regional Directorate for Housing to the Regional Directorate for Planning and Structural Funds on 23 February 2021 including an excel file with the</div></div> | | | |

detailed costing of the investment;

- 12) **Memorandum** of 29 December 2021 by the Regional Directorate for Housing on the eligibility of the 24 dwellings;
- 13) **Letter of 19 January 2022** sent from the Regional Directorate for Planning and Structural Funds to *Recuperar Portugal* providing an answer to the question of the European Commission on the start date of construction of the dwellings;
- 14) **Timeline received on 9 March 2022 for the permanent installation of the heat pumps** provided by the contractor, informing that the installation will be finalised by 22 March.
- 15) **Declaration of 4 March 2022** by the Regional Directorate for Housing stating that the heat pumps shall be permanently installed by 22 March 2022.
- 16) **Declaration of 21 March 2022** by the Regional Directorate for Housing confirming that the heat pumps were permanently installed in the 24 dwellings by 18 March 2022.

Analysis:

In line with the requirements of the CID, 24 new dwellings have been finalised to improve the social housing stock in the Azores region.

- The authorities provided a brief description of the works performed for each dwelling (column I of the sheet '*Mecanismo*' in the Summary document - Annex A).
- Works statement (document titled '*autos de receção provisória*') and acceptance certificate signed off by the final recipients (lease contracts) for each dwelling prove that the works have been finalised and the dwellings were newly constructed.
- The weighted average reduction in primary energy consumption across the 24 dwellings (using as weights the m² of the dwelling) is 27% below the requirements of nearly zero energy buildings (see calculation in the sheet '*Weighted Energy Consump Average*' of the Summary document - Annex A, which calculations can also be reproduced from the energy performance certificates).
- The average size of the 24 dwellings was calculated using the average of the sizes indicated in the energy performance certificates and multiplying it by 1.25, which follows the methodology of a publication by the National Statistical Institute on housing (see calculation in the sheet '*Average size*' of the Summary document - Annex A). The reason for this multiplication is that Portugal considers that the size indicated in the energy performance certificates is conservative since it excludes interior spaces such as pantries or storages. Following this methodology, the average size is 103 square meters (sqm). The summary of audits includes a reference that at the spot measuring of a sample of 10 out of the 24 dwellings gave an average of 117 sqm. Portugal confirmed that the average size of around 120 sqm, as required in the CID, shall be approximated for the sub-investment of 277 dwellings overall (see context above for future targets). Therefore, this is overall considered as satisfactory.

The works statements for the 24 dwellings show that the consignment took place in 2018. Art 17(2) of the RRF regulation states that the eligibility of measures is considered from 1 February 2020 onwards. Portugal provided evidence that the construction included two phases, where notably the contract was transferred to a new constructor in June 2020, after issues with the first contractor. The second contractor completed its phase of the works in 2021. Portugal proved that only the second phase (i.e., the part that took place after June 2020) was included in the RRP by providing

detailed costing data (included in the internal email sent from the Regional Directorate for Housing to the Regional Directorate for Planning and Structural Funds), the contractual document related to the construction of the dwellings (Contract of 30 June 2020 signed between the two contractors), the communication of authorisation of change in contractual positions, a Memorandum by the Regional Directorate for Housing and a letter by the Regional Directorate for Planning and Structural Funds on the eligibility of the 24 dwellings. In particular, the detailed costing data shows that only the finalisation of the constructions of the 24 dwellings (i.e. the part that took place after June 2020) with a new contractor, was included in the RRP and is part of this payment request. Based on the evidence and justifications provided, the dwellings are considered eligible.

On-spot visits by the Portuguese control team noted that the heat pumps, meant to improve the energy efficiency of the dwellings, had been installed only temporarily. The contractor informed authorities that there was a delay in the reception of the new heat pumps. Portugal provided assurance (timeline received on 9 March from the contractor and declaration of the Regional Directorate for Housing from 4 March 2022) that the new heat pumps shall be permanently installed by 22 March 2022. On 21 March 2022, Portugal provided confirmation that the new heat pumps have been installed permanently (declaration of 21 March 2022 signed by the Regional Directorate for Housing).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 2.14 | | Related Measure: C02-i04-RAA: Increasing housing conditions in the housing stock of the Autonomous Region of the Azores | |
| Name of the Target: Interventions in the public housing stock of the Autonomous Region of Azores - renovation | | | |
| Quantitative Indicator: Number of interventions | | Baseline: 0 | Target: 40 |
| Time: Q4-2021 | | | |
| Context: The investment aims at improving the social housing stock in the Autonomous Region of the Azores, with this sub-investment doing so through the medium-depth level renovation of dwellings. Target 2.14 requires the rehabilitation of 40 out of 551 dwellings. The upcoming targets for this sub-investment are 2.16 (rehabilitation of 318 dwellings, Q4 2023) and 2.18 (rehabilitation of 551 dwellings, Q4 2025). | | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled and an annex to the document;</div><div>2) List of interventions (the renovation of public housing) with a brief description of the works performed, which includes, per each rehabilitated building or apartment:<div><div>a) its address,</div><div>b) references for the works statement (<i>autos de receção provisória</i>) and acceptance certificate signed off by the final recipients,</div><div>c) the renovation costs showing that all renovations costed above EUR 5 000,</div><div>d) primary energy demand in the energy performance certificates before and after the renovation,</div><div>e) the energy performance certificates ID code before and after the renovation,</div><div>f) the sizes of the renovated area in square meters before and after the renovations, which are the same in all cases,</div><div>g) the primary energy savings achieved per building or apartment;</div></div></div><div>3) Weighted average of actual and estimated reduction in primary energy demand across all renovations aiming to achieve, on average, at least requirements for medium-depth level energy efficiency renovations (using as weights the square meters of renovation);</div><div>4) Copies of the works statements (<i>autos de receção provisória</i>) and acceptance certificate signed off by the final recipients also indicating the address of the dwellings;</div><div>5) Copies of the energy performance certificates before and after the renovation;</div><div>6) Proof of the size of dwellings (document provided by the Regional Directorate for Housing). The calculation of the average size of the dwelling is also provided.</div></div> The authorities also provided: <div>7) A declaration from the Regional Directorate for Housing concerning the dwelling for which the acceptance certificate is missing, explaining that it will be attributed to a new family.</div> | | | |
| Analysis: Works statements (<i>autos de receção provisória</i>) and the acceptance certificates provided by the | | | |

authorities prove that works on the 40 dwellings have been finalised, in line with the requirements of the CID.

In one case, the acceptance certificate signed off by the final recipient is missing given that the dwelling was unoccupied when the renovation took place. The Regional Directorate for Housing provided a declaration that the dwelling is to be attributed to a new family. Given that the acceptance certificate was only missing in the case of one out of 40 dwellings and all other evidence was provided for this one dwelling, it was considered to not hinder the fulfilment of the target.

The evidence provided by the authorities for each rehabilitated building or apartment shows that 40 dwellings were renovated to improve their energy efficiency standards (proven by the list of interventions, see column G of the sheet '*Intervenções*' of the Summary document - Annex A).

The weighted average of actual and estimated reduction in primary energy demand across all renovations shows that the energy efficiency renovations achieved, on average, a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786. The weighted average of reduction in primary energy across all renovations was 37% (see calculations on the sheet '*Renovations Average Reduction*' of the Summary document - Annex A). This calculation was done using the values for the primary energy demand included in the copies of the energy performance certificates emitted before and after the renovations.

Proof of the size of dwellings shows the average size of the dwellings is 103 square meters (sqm), which is in line with the CID requirement of 'around 100' sqm (see column I of the sheet '*Intervenções*' of the Summary document - Annex A).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 2.19 | Related Measure: C02-r04: National Urgent and Temporary Housing Plan |
| Name of the Milestone: Entry into force of the Decree-Law approving the legal framework for the National Urgent and Temporary Housing Plan | |
| Qualitative Indicator: Entry into force of the decree law | Time: Q2-2021 |
| <p>Context:</p> <p>The objective of the reform is to create a national public network to respond to urgent and temporary housing needs as part of the renewal of housing policies in Portugal, with a view to protect and empower the identified target groups, to foster social inclusion and tackle inequalities. This milestone requires the establishment of the regulatory framework and the governance model of investment RE-C02-i02 (National Emergency and Temporary Accommodation Grant) and establishes methodologies for signposting and referral to accommodation and social support for the persons supported.</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of the Decree-law No 26/2021 approving the legal framework for the National Urgent and Temporary Housing Plan of 31 March (published in Portugal's Official Journal, 'Diário da República', No 63/2021, first series of 31 March 2021, pages 8 – 15); 3) Copy of the National Urgent and Temporary Housing Plan as approved by the Government. <p>The authorities also provided:</p> <ol style="list-style-type: none"> 4) Government Order ('Portaria') No 120/2021 of 8 June (published in Portugal's Official Journal, 'Diário da República', No 110/2021, first series of 8 June 2021, pages 13 – 18); 5) 4 Ministerial Orders ('despachos'): approvals of the Plan by further governmental representatives: Minister of State and Finance (MEF), Minister of Labour, Solidarity and Social Security (MTSSS), Secretary of State for Citizenship and Equality (SECI), Secretary of State for Integration and Migration (SEIM) and Minister of Infrastructure and Housing (MIH). | |
| <p>Analysis:</p> <p>Decree-law No 26/2021 of 31 March, which entered into force on 01 April 2021 (Article 18 (1)), establishes the legal framework for the National Urgent and Temporary Housing Plan. Government Order No 120/2021 of 8 June, which entered into force on 09 June 2021 (Article 17), defines the operating and management model of the National Urgent and Temporary Housing Plan.</p> <p>The National Urgent and Temporary Housing Plan was signed on 29 June 2021.</p> <p>In line with the requirements of the CID, the reform:</p> <ul style="list-style-type: none"> • Supports the creation of a structured and cross-cutting response for people in need of emergency or temporary accommodation solutions (Decree-law No 26/2021 of 31 March, Articles 2); | |

- Develops the necessary legal and regulatory framework to establish the governance model of investment C02-i02 and 'National Emergency and Temporary Accommodation Grant' (Article 4 of the Decree-law No 26/2021 of 31 March defining the National Urgent and Temporary Housing Plan and Government Order No 120/2021 of 8 June).
- Establishes methodologies for signposting and referral to accommodation and social support for the persons supported (Articles 4 and 5 of the Decree-law No26/2021 of 31 March and Article 12 of the Government Order 120/2021 of 8 June).

The following requirements were met:

- Decree-law No 26/2021 approving the legal framework for the National Urgent and Temporary Housing Plan of 31 March defines the structure of the National Urgent and Temporary Housing Plan and the housing stock in particular as regards eligible beneficiaries (Article 12), housing solutions (Article 4(4)) and the financing model (Articles 11 to 14);
- The National Urgent and Temporary Housing Plan approved by the Government incorporates the strategic planning of the housing solutions to be promoted and the necessary support for this purpose, depending on local needs and specificities and socio-territorial cohesion (pages from 6 to 10);
- The Plan was signed by the Institute for Housing and Urban Rehabilitation (IHRU), the Social Security Institute (ISS), the High Commissioner for Migration (ACM) and the Commission for Citizenship and Gender Equality (CIG).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 3.17 | Related Measure: C03-i05: Platform + Access | |
| Name of the Milestone: Publication of Tender for ‘Building of digital infrastructure for Accessibility 360°’ | | |
| Qualitative Indicator: Publication of Tender notice for the Acquisition of digital infrastructure for Accessibility 360° in Official Journal – Diário da República | | Time: Q4-2021 |
| <p>Context:</p> <p>The objective of this measure is to nurture the inclusion of people with disabilities by providing a set of digital information tools and services to make it easier to tend to their needs and facilitate their participation in society. The measure includes five specific programmes.</p> <p>Milestone 3.17 launches the call for tender for building the digital infrastructure covering programmes aiming to provide: i) geo-referencing of the location and accessibility conditions of public buildings, ii) Global Information and Positioning Systems (GPS) for large public buildings and enabling the inclusion of private buildings, and iii) geo-referencing of parking spaces for people with reduced mobility. Two more programmes will be covered by upcoming milestones: 3.18 (entry into operation of the digital information platform for people with disabilities, Q4 2024) and 3.19 (entry into operation of the service of call-centre for Portuguese sign language, Q4 2025).</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.2) Copy of the tender specifications (<i>‘Caderno de Encargos’ and annex I</i>) and evidence that the call for tender has been published and opened for applications (copies of the publications in Portugal’s Official Journal ‘Diário da República’, No 252/2021, second series of 30 December, procedure No 16329/2021, and in the supplement to the Official Journal of the European Union).3) Justification by the National Institute for Rehabilitation that the technical specifications of the call are fully aligned with the description, criteria and conditions as set out in the CID’s description of the investment and milestone (<i>‘Justificação das especificações técnicas’</i>). | | |
| <p>Analysis:</p> <p>The tender was published in Portugal’s Official Journal ‘Diário da República’, No 252/2021 and in the supplement to the Official Journal of the European Union on 31 December 2021.</p> <p>In line with the requirements of the CID, the tender:</p> <ul style="list-style-type: none">a) covers (i) geo-referenced information on public and private buildings, (ii) global information and Positioning Systems (GPS) and (iii) geo-referencing of parking spaces, as referenced in <i>Caderno de Encargos</i>, Chapter II, Clause 1, number 2; and <i>Caderno de Encargos - annex I</i>, point 3.3.1 R.IMP 45 and R.IMP 47 and point 4, second table (for a detailed explanation see also the Justification by the National Institute for Rehabilitation);b) includes public and private buildings, as referenced in <i>Caderno de Encargos – annex I</i>, on pages 12, 20, 21, 46 and 47 (for a detailed explanation see also the Summary document). | | |

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 3.20 | Related Measure: C03-r08: National Strategy to Combat Poverty |
| Name of the Milestone: Adoption of the National Strategy to Combat Poverty | |
| Qualitative Indicator: Adoption of the National Strategy to Combat Poverty | Time: Q3-2021 |
| <p>Context:</p> <p>The reform consists of the adoption of the National Strategy to Combat Poverty, with its main objective to provide the framework for thematic interventions and to set out the conditions for the development and implementation of integrated policies to combat poverty and social exclusion. The strategy takes a comprehensive approach and addresses the relevant priorities and principles of the European Pillar of Social Rights. This is the first ever National Strategy to Combat Poverty that Portugal has developed.</p> <p>This reform only comprises this milestone and is linked to investment C03-i06 'Integrated operations in disadvantaged communities in the Metropolitan Areas of Lisbon and Porto', which will contribute to implementing the reform</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Council of Ministers Resolution No 184/2021 of 29 December (published in Portugal's Official Journal, 'Diário da República', No 251/2021, first series of 29 December 2021, pages 19 – 30)', adopting the National Strategy to Combat Poverty; 3) Explanatory report, prepared by the Cabinet of the Minister of State for the Presidency, demonstrating how the actions foreseen in the national strategy contribute to achieving the objectives of the reform. | |
| <p>Analysis:</p> <p>The National Strategy to Combat Poverty entered into force on the day following its publication (point 19 of Council of Ministers Resolution No 184/2021 of 29 December, page 22), on 30 December 2021.</p> <p>In line with the requirements of the CID:</p> <ol style="list-style-type: none"> 1. The strategy provides the framework for thematic interventions for specific groups from childhood to old age, including the most vulnerable groups. <ol style="list-style-type: none"> a) Children are the target audience of Strategic Axis 1 — Reducing poverty among children and young people and their families, Annex to Council of Ministers Resolution No 184/2021 of 29 December, page 24; b) Elderly people and vulnerable groups are the target audience of Strategic Axis 4 — Strengthening public social inclusion policies, promoting and improving social integration and social protection for disadvantaged people and groups, Annex to Council of Ministers Resolution No 184/2021 of 29 December, page 28. 2) The strategy sets out the conditions for the development and implementation of integrated policies focusing on the specificities of social exclusion and poverty at local level, as can be seen in the Annex to Council of Ministers Resolution No 184/2021 of 29 December, page 29: <ol style="list-style-type: none"> a) Measure 5.1.1 — Stimulating the development and implementation of policies at | |

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| <p>local level, in a multi-sectoral and multi-level approach, enabling the solutions best suited to the diversity and specificity of situations of local poverty and social exclusion to be identified;</p> <p>b) Strategic Objective 5.1 — Enhancing cooperation between all actors in society as a prerequisite for economic and social development — focus on the involvement of civil society organisations, in particular organisations representing vulnerable populations and members of these populations, even if not formally organised;</p> <p>c) From Strategic Axis 5 — Ensuring Territorial Cohesion and Local Development.</p> <p>3) In order to assess the impact of the strategy, a single monitoring framework for poverty-related indicators is created (point 5 of Council of Ministers Resolution No 184/202 of 29 December, page 20):</p> <p>a) Indicator 1 — Risk of monetary poverty for total population: The Target — Reducing the monetary poverty rate for the population as a whole to 10%, which represents a reduction of 660 thousand people at risk of poverty;</p> <p>b) Indicator 2 — Risk of monetary poverty among children (< 18): The Target — halving monetary poverty among children, which represents a reduction of 170 thousand children in poverty;</p> <p>c) Indicator 3 — Material deprivation rate specifies for children by age (children aged 1 to 15): The Target — Approximation of the child material deprivation indicator to the European average, percentage points;</p> <p>d) Indicator 4 — Work-at-risk-of-poverty rate (18 years and over): The Target — halving the income poverty rate of the working poor, which represents a reduction of 230 thousand people in poverty;</p> <p>e) Indicator 5 — at-risk-of-poverty rate by region: The Target — Reduce the gap in the poverty rate of different territories to a maximum of 3 percentage points compared to the national average rate.</p> | <p>Commission Preliminary Assessment: Satisfactorily fulfilled</p> |
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| Number: 3.21 | Related Measure: C03-r06: National Strategy for the Inclusion of Persons with Disabilities 2021-2025 | |
| Name of the Milestone: Adoption of the National Strategy for the Inclusion of Persons with Disabilities 2021-2025 | | |
| Qualitative Indicator: Adoption of the National Strategy for the Inclusion of Persons with Disabilities 2021-2025 | | Time: Q4-2021 |
| Context: <p>The objective of this reform is to facilitate and deepen the inclusion of people with disabilities in all areas of life, promote their autonomy, independence and self-determination as well as to ensure equal opportunities for all citizens, regardless of their capabilities. This reform consists of the adoption of the National Strategy for the Inclusion of Persons with Disabilities 2021-2025 and reflects the commitments of the United Nations Convention on the Rights of Persons with Disabilities and the European Strategy for the Rights of Persons with Disabilities 2021-2030.</p> <p>The milestone paves the way for investments to improve accessibility for people with reduced (or restricted) mobility to dwellings, public spaces and public services (investment C3-i02, Accessibility 360), to build the digital infrastructure and its entry into operation to provide digital services for people with disabilities (investment C3-i05, Platform and Access) and to upscale the National Networks of Palliative Care and National Network of Integrated Continued Care (investment C1-i02).</p> | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of Council of Ministers Resolution No 119/2021 of 31 August (published in Portugal’s Official Journal, ‘Diário da República’, No 169/2021, first series of 31 August 2021, pages 3 – 71) on the adoption of the National Strategy 2021 - 2025 for the Inclusion of Persons with Disabilities;3) Explanatory report, prepared by the Cabinet of the Minister of Labour, Solidarity and Social Security, demonstrating how the actions foreseen in the national strategy contribute to achieving the objectives of the reform. | | |
| Analysis: <p>The National Strategy 2021 – 2025 for the Inclusion of Persons with Disabilities was adopted by the Council of Ministers Resolution No 119/2021 of 31 August. The Council of Ministers Resolution No 119/2021 of 31 August, in accordance with its paragraph 18, entered into force on the day following its publication, 1 September 2021.</p> <p>In line with the requirements of the CID, the National Strategy 2021 - 2025 for the Inclusion of Persons with Disabilities creates, in Part B of its Annex, the conditions for:</p> <ol style="list-style-type: none">1) A new disability assessment and certification system (under its Axis 1 ‘Citizenship, equality and non-discrimination’, its general objective 1: Ensure the participation of persons with disabilities on an equal basis with others, and in specific objective 1.1: Review the qualification systems of the person with disabilities);2) A new system of data collection and treatment and organisation of information relating to disability to support decision-making (under Axis 2 ‘Promoting an inclusive environment’ | | |

its general objective 1: Promote accessible and resilient physical and information and communication environments, and in specific objectives 1.3: Promoting accessibility to information and communication and 1.4: Promote the extension of communication accessibility conditions to public services);

- 3) The qualification of interventions in public spaces (under Axis 2 'Promoting an inclusive environment', its general objective 1: Promote accessible and resilient physical and information and communication environments, and in specific objectives 1.1: Promoting accessibility to the built environment and 1.2: Promoting accessibility in the public transport and passenger transport system as a mobility factor);
- 4) Mainstreaming the inclusion of people with disabilities in decisions, measures, programmes and projects (under Axis 1 'Citizenship, equality and non-discrimination', its general objective 2: Promoting inclusion, equality and the prevention of violence in organisations and in the community, and in specific objective 2.1: To deepen the role of public administrations in achieving equality and inclusion);
- 5) The extension of the Support Model for Independent Living, which provides personal assistance to people with disabilities (under Axis 5 'Promoting autonomy and independent living', its general objective 3: Consolidate the Independent Living Support Model for people with incapability or disability and the policy of non-institutionalisation in Portugal, and in specific objective 3.1: Assess and consolidate the Independent Living Support Model — Personal Assistance);
- 6) The adjustment of the training, employment and qualification system for people with disabilities (under Axis 3 'Education and Qualification' and Axis 4 'Work, employment and vocational training').

The National Strategy 2021 - 2025 for the Inclusion of Persons with Disabilities reflects the commitments of the United Nations Convention on the Rights of Persons with Disabilities as described in the Explanatory report, page 2. The Explanatory report refers to Part C of the Annex of Council of Ministers Resolution No 119/2021 of 31 August which presents the strategic axes, general objectives, specific objectives, measures/actions to be developed, the indicators, entities involved and the goals of this reform.

The National Strategy 2021 - 2025 for the Inclusion of Persons with Disabilities allows for the launch of a set of measures, such as:

- 1) The reformulation of the current regulatory framework whenever necessary (under Axis 1 'Citizenship, equality and non-discrimination', its general objective 1: Ensure the participation of persons with disabilities on an equal basis with others).
- 2) The reformulation of the disability assessment and certification system (under Axis 1 'Citizenship, equality and non-discrimination', its general objective 1: Ensure the participation of persons with disabilities on an equal and equal basis with others, and in specific objective 1.1: Review of the qualification systems of the person with disabilities);
- 3) A comprehensive diagnosis of people with disabilities through the development of systems for data collection and for monitoring indicators to support decision-making (under Axis 2 'Promoting an inclusive environment', its general objective 1: Promote accessible and resilient physical and information and communication environments, and in specific objectives 1.3: Promoting accessibility to information and communication and 1.4: Promote the extension of communication accessibility conditions to public services);

- 4) Interventions in public spaces to facilitate the access of people with disabilities (under Axis 2 'Promoting an inclusive environment', its general objective 1: Promote accessible and resilient physical and information and communication environments, and in specific objectives 1.1: Promoting accessibility to the built environment and 1.2: Promoting accessibility in the public transport and passenger transport system as a mobility factor);
- 5) The adjustment of the training, employment and qualification systems for people with disabilities (under Axis 3 'Education and Qualification' and Axis 4 'Work, employment and vocational training');
- 6) The development of innovative social services and community-based approaches (under Axis 6 'Measures, services and social support', its specific objective 1.2: Fostering modernisation and social innovation in the creation of inclusive and community based measures, social responses and support services);
- 7) The participation of people with disabilities in sport, culture and leisure activities (under Axis 7 'Culture, sport, tourism and leisure', its general objectives 1: Ensure access to culture and promote inclusive cultural programmes, 2: Encourage sport at all ages, and 3: Promote inclusive tourism and leisure practices). The extension of the Independent Living Support Model, which provides personal assistance to people with disabilities (under Axis 5 'Promoting autonomy and independent living', its general objective 3: Consolidate the independent living support model for people with incapability or disability and the policy of non-institutionalisation in Portugal, and in specific objective 3.1: Assess and consolidate the Independent Living Support Model — Personal Assistance).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 3.22 | Related Measure: C03-r05: Facilities and Social Responses Supply Reform | |
| Name of the Milestone: Entry into force of the Simplified Social Equipment Installation Regime | | |
| Qualitative Indicator: Entry into force of the Simplified Social Equipment Installation Regime | | Time: Q4-2021 |
| Context: <p>This reform aims to create the framework to expand, upgrade and rehabilitate the social services network and facilities provided by public and private social institutions. It targets particularly vulnerable groups in economic, social and health terms and promotes the autonomy of dependent persons through their rehabilitation and social reintegration (de-institutionalisation) in line with the United Nations Convention on the Rights of Persons with Disabilities and the European Strategy for the Rights of Persons with Disabilities 2021–2030 and the Green Paper on Ageing – Fostering solidarity and responsibility between generations.</p> <p>This milestone paves the way for investments in the New Generation of Equipment and Social Responses (investment C03-i1) that relates to the renovation of existing social facilities, the creation of social intervention teams, the creation of new social facilities and home support services.</p> | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.2) Copy of Decree-Law No 126-A/2021 of 31 December on the Simplified Social Equipment Installation Regime (published in Portugal’s Official Journal, ‘Diário da República’, No 253-A/2021, first supplement, first series of 31 December 2021, pages 130 – 163). | | |
| Analysis: <p>The Simplified Social Equipment Installation Regime was introduced by Decree-Law No 126-A/2021 of 31 December, which was published on 31 December 2021 and entered into force 10 days after its publication (in accordance with Article 9 of that Decree-Law). Decree-Law No 126-A/2021 of 31 December amends Decree-Law No 64/2007 of 14 March (published in Portugal’s Official Journal, ‘Diário da República’, No 52/2007, first series of 14 March, pages 1606 – 1613).</p> <p>In line with the requirements of the CID, the Decree-Law No 126-A/2021 of 31 December:</p> <ol style="list-style-type: none">1) targets particularly vulnerable groups in economic, social and health terms, such as people and families in poverty or with low income, elderly and people in a situation of dependency, persons with disabilities and children and young people as the social services network and facilities cater for these groups and therefore the improvement in the functioning of social services benefits them;2) promotes the autonomy of dependent persons through their rehabilitation and social reintegration as it creates the necessary framework for new types of care (see point 4 below);3) is ‘in line with the United Nations Convention on the Rights of Persons with Disabilities and the European Strategy for the Rights of Persons with Disabilities 2021-2030 and the Green Paper on Ageing – Fostering solidarity and responsibility between generations’ since it promotes de-institutionalisation by introducing into the social services network new categories of social responses to support people with disabilities via autonomous | | |

residences and housing with shared services (Article 2 of Decree-Law No. 126-A/2021 of 31 December introduces the two additional types of care into Article 4(1c) and Article 4(3) of Decree-Law No 64/2007 of 14 March);

4) establishes the Simplified Social Equipment Installation Regime by (relevant articles of Decree-Law No. 126-A/2021 of 31 December 2021 in parentheses):

- a) setting out licensing and regularisation requirements of Residential Structure For Elderly People that are operating illegally (Article 2 of Decree-Law No 126-A/2021 of 31 December introduces the new wording of Articles 4(3) and 7(5) of Decree-Law No 64/2007 of 14 March and Article 3 of Decree-Law No 126-A/2021 of 31 December changes Articles 5(A) and 8(A) of Decree-Law No 64/2007 of 14 March, and by changes introduced to Chapter III — ‘Authorisation of operation’ of the Annex to Decree-Law No 126-A/2021 of 31 December);
- b) introducing quality criteria in the services and care social facilities provided (Article 2 of Decree-Law No 126-A/2021 of 31 December amends the wording of Article 31 of Decree-Law No 64/2007 of 14 March to this effect);
- c) creating the framework for the introduction of new types of social responses such as collaborative housing and other atypical and innovative models of home support to meet the different needs of the elderly (Article 2 of Decree-Law No 126-A/2021 of 31 December amends Articles 4 of Decree-Law No 64/2007 of 14 March and Article 3 of Decree-Law No 126-A/2021 of 31 December, and changes Articles 5(A) and 8(A) of Decree-Law No 64/2007 of 14 March).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 3.23 | Related Measure: C03-r07: Contracting of Integrated Support Programmes for Disadvantaged Communities in Metropolitan Areas | |
| Name of the Milestone: Approval of Action Plans for disadvantaged communities in the Metropolitan Areas of Lisbon and Porto | | |
| Qualitative Indicator: Approval of Action Plans for disadvantaged communities in the Metropolitan Areas of Lisbon and Porto for the territories concerned | | Time: Q4-2021 |
| <p>Context:</p> <p>This reform aims at combating poverty and social exclusion in the most disadvantaged municipalities of the Metropolitan Areas of Lisbon and Porto. It consists of a set of integrated pilot actions developed following an assessment and identification of specific community needs and is underpinned and structured in line with Portugal’s first ever National Strategy to Combat Poverty (milestone 3.20) and the thematic interventions for specific groups identified therein.</p> <p>This milestone on the approval of Action Plans for disadvantaged communities in the Metropolitan Areas of Lisbon and Porto paves the way for the investment C03-i6 in Integrated Operations in Disadvantaged Communities in the Metropolitan Areas of Lisbon and Porto.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Approved Action Plans for disadvantaged communities by the Metropolitan Areas of Lisbon and Porto (2 Action Plans) also setting out the governance model;3) 12 partnership agreements to set-up local Technical Units;4) Explanatory report by the Cabinet of the Minister of State for the Presidency demonstrating how the actions foreseen in the National Strategy to Combat Poverty contribute to achieving the objectives of the reform. <p>The authorities also provided:</p> <ul style="list-style-type: none">5) Evidence of the approvals of the Action Plans by the respective Metropolitan Councils:<ul style="list-style-type: none">a. For Lisbon: a letter of 7 January 2022 from the President of the Metropolitan Council of Lisbon to the Minister of State for the Presidency;b. For Porto: minutes of the Metropolitan Council of Porto of 27 December 2021.6) Diagnostic report for Porto of August 2021 prepared by the Porto Area (Área Metropolitana do Porto) administration to support the design of the action plan for Porto. | | |
| <p>Analysis:</p> <p>The respective Metropolitan Councils approved the Action Plans on 27 December 2021 (Porto) and on 30 December 2021 (Lisbon).</p> <p>In line with the requirements of the CID, this reform consists of a set of integrated pilot actions developed following an assessment and identification of specific community needs. This diagnosis phase was carried out to measure the severity of existing social problems that affect the most vulnerable groups and to identify, in a territorial model, the incidence of these social problems (see Diagnostic report for Porto and page 10 of the Action Plan by the Metropolitan Area of Lisbon).</p> | | |

The integrated interventions designed in both Action Plans focus on two areas: (i) interventions in public space and social infrastructures and (ii) interventions of an intangible nature to promote social cohesion:

- a) Interventions in public space and infrastructure are listed in the Action Plan for Lisbon in chapter 5. Such interventions are, for example: *environmental education actions, installation or upgrading of cultural facilities, installation or upgrading of educational equipment (primary and pre-school education), installation or upgrading of health equipment, installation or upgrading of sports and social facilities.*
- b) Interventions in public space and infrastructure are described in the Action Plan for Porto in chapter 5.2 'Axis I 'Territorial Interventions'. Such interventions are, for example: *investing in the provision or adaptation of social infrastructure, including social facilities to support children and the elderly that contribute to work-life balance; interventions in other facilities (pre-school and primary schools, health units, etc.) or to give a new function to spaces for activities in the field of culture, common heritage.*
- c) Interventions of an intangible nature to promote social cohesion are listed in the Action Plan for Lisbon in Chapter 5. Such interventions are, for example: *innovative projects that increase social cohesion and feelings of belonging to the community through cultural and artistic participation, projects to combat school failure and drop-out with the involvement of educational communities, actions to strengthen mechanisms to promote active citizenship and access to rights and civic participation, promotion of integration into vocational training measures enabling trainees to be certified, recovery of old crafts or creation of new ones.*
- d) Interventions of an intangible nature to promote social cohesion are described in the Action Plan for Porto in chapter 5.2 'Axis I Territorial Interventions'. Such interventions are, for example: *empowerment of communities, starting by ensuring that they have an active and relevant voice in the design and implementation of these approaches; the discontinuation of intergenerational poverty circles, acting on the areas which, in each community, contribute most to their creation and maintenance (e.g. education; employability, health conditions, job insecurity).*

The reform is aligned with the National Strategy to Combat Poverty. The first strategic objective of the fifth axis of the National Strategy to Combat Poverty, which calls for 'Enhancing cooperation between all actors in society as a prerequisite for economic and social development — highlighting the involvement of civil society organisations, in particular organisations representing vulnerable populations and members of these populations, even if not formally organised', and Measure 5.1.1 'Encouraging the development and implementation of local policies, with a multi-sectoral and multi-level approach, enabling the most specific situations and social exclusion' of the National Strategy to Combat Poverty recognises the need for specific and differentiated action in pockets of poverty in metropolitan areas where multiple factors of exclusion are combined (see Explanatory report pages 5-6). The Action Plans for Porto and Lisbon set out such specific and differentiated actions as described above.

A governance model based on multilevel governance principles and involving different actors from central government to local areas/neighbourhoods has been put in place. Both Action Plans include a 'coordinating structure' and a 'monitoring' body, with a list of stakeholders and parties to be associated. Detailed information on the governance model is provided in both Action Plans:

- a) in the Action Plan for Porto the model of governance is presented in section 7 of the Action

Plan. An organisational chart is also provided (page 34). The details and the different actors are presented on pages 36 to 39;

b) in the Action Plan for Lisbon the model of governance is presented in section 6.

12 Local Technical Units have been established (six in Lisbon and six in Porto), through signed partnership agreements between the municipalities falling under the same intervention territory. The partnership agreements determine, among other things, the municipality responsible for coordinating the local technical unit, the municipal entities belonging to the local technical unit and the technical resources to be allocated to the operation of local technical units.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.1 | Related Measure: C05-r09: Promotion of R&I&D and innovative investments in enterprises | |
| Name of the Milestone: Update of the guidelines for the strategy for technological and business innovation for Portugal 2030 | | |
| Qualitative Indicator: Publication of updated guidelines for the strategy for technological and business innovation for Portugal 2030 | | Time: Q4-2021 |
| <p>Context:</p> <p>The objective of the reform is to foster research and development (R&D) investment, notably by ensuring conducive framework conditions for making public and private R&D investment more efficient and effective.</p> <p>Milestone 5.1 (sole milestone for this measure) consists in updating the guidelines for a technological and business innovation strategy 2018-2030 (i.e. the ‘Strategy for Technological and Enterprise Innovation 2018-2030’), which aims at simplifying access to funding instruments for R&D activities and helping enhance the predictability and stability of funding for R&D.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <div><div>1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div><div>2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Council of Ministers Resolution No 186/2021 of 29 December (published in Portugal’s Official Journal, ‘Diário da República’, No. 251/2021, first series of 29 December 2021, pages 32-41), approving the 2021-2030 public investment programme in research and development;</div><div>3) Copy of the Portugal 2030 Strategy and the new challenges of economic recovery.</div></div> <p>The authorities also provided:</p> <div><div>4) Copy of the publication in the Official Journal of Council of Ministers Resolution No 25/2018 of 8 March (published in Portugal’s Official Journal, ‘Diário da República’, No 48/2018, first series of 8 March 2018, pages 1204-1206).</div></div> | | |
| <p>Analysis:</p> <p>The Council of Ministers Resolution No 186/2021 of 29 December entered into force on (is applicable as of) 23 December 2021 (before its publication), in accordance with its point 15.</p> <p>Council of Ministers Resolution No 186/2021 of 29 December updates the guidelines for a ‘Technological and Business Innovation Strategy 2018-2030’, adopted in the Council of Ministers Resolution No 25/2018 of 8 March. Council of Ministers Resolution No 25/2018 of 8 March had been complemented on 29 October 2020 by the ‘Portugal 2030 Strategy’, which details and specifies the strategic path for the development of the country over the next decade and proposes the framework and structural set up of the major modernisation programmes financed by EU funds, including the RRF.</p> <p>In line with the requirements of the CID, Council of Ministers Resolution No 186/2021 of 29</p> | | |

December:

- 1) takes into account the 'Portugal 2030 Strategy' (point 14) and the new challenges of economic recovery, in particular with regard to the digital and green transition, and the dignity of scientific work and combating precariousness at work (points 5 and 7 of its annex);
- 2) facilitates the funding and operationalisation of public-private partnerships in support of ambitious research and innovation agendas by:
 - a) simplifying access to funding instruments for R&D activities (point 4 of the annex). Providing, among other, that a) the procedures for the granting of allowances must be simple, in electronic form, effective and efficient; b) all procurement procedures for the allocation of public funding must be published regularly, and be subject to an early timetable for all their phases, including the publication of results; c) tendering procedures should ensure the de-bureaucratisation and simplification of procedures and forms, the harmonisation of procedures, as well as mechanisms for communication and warning to beneficiaries to improve the regularisation and flexibility of payment flows;
 - b) enhancing the predictability and stability of funding by establishing a multi-annual programming framework for public R&D investment for 2021-2030 (point 2 of the annex); the multi-annual programming framework sets targets for public investment in R&D to reach an overall spending of 3% of Gross Domestic Product (GDP) in 2030, compared to total R&D spending of 1.62% of GDP in 2020 (see Table 1, page 36 of the multi-annual programming framework);
 - c) supporting R&D funding through the establishment of an independent monitoring system of R&D investment (points 6 and 7). The monitoring system is in accordance with the methodologies defined by the OECD and considered by EUROSTAT.

The financing and operationalisation of public-private partnerships, between entities involved in R&D, to support ambitious research and innovation agendas, is also facilitated by the possibility of implementing innovation pacts and industrialisation and innovation agendas, developed within the framework of collaborative and institutional instruments, as well as other instruments aimed at stimulating mechanisms to support national demand and supply in highly dynamic sectors (point 6 of the annex to the Council of Ministers Resolution No 186/2021 of 29 December).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.2 | Related Measure: C05-r11: Extension and consolidation of the network of Interface Institutions | | |
| Name of the Target: Extension of the Network of Recognised Collaborative Laboratories | | | |
| Quantitative Indicator: Number of entities awarded the title of CoLAB | Baseline: 26 | Target: 35 | Time: Q1-2021 |
| Context: <p>The reform aims at improving academia-business linkages in order to enhance knowledge flows and technology transfer.</p> <p>The target consists in expanding the network of collaborative laboratories (CoLABs) from 26 to 35. CoLABs are private non-profit associations or companies, with the main objective to create qualified employment in Portugal through the implementation of research and innovation agendas geared towards the creation of economic and social value.</p> <p>The target is complemented by milestone 5.3 under the same reform (in Q4 2021), which revises the legislative and regulatory framework for Technology Interface Systems. Investments RE-C05-i01.01 and RE-C05-i01.02, which deploy ambitious R&I agendas based on business-academia consortia with final targets in Q4 2025, are to be implemented in relation to this reform.</p> | | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled;2) Documents defining the list of the new entities that received the recognition and were awarded the qualifications for new CoLABs — extension of the network of Collaborative Laboratories. For this, the following evidence was provided:<ul style="list-style-type: none">a) Final list issued by the Foundation for Science and Technology (FCT), of new entities awarded the qualifications for CoLABs approved with final ranking, after prior hearing in the competition for the award of the title and designation of CoLAB — 4th batch of applications,b) Synthesis Paper issued by FCT of the 35 CoLABs approved after 4 evaluation rounds;3) 9 documents, issued by FCT, certifying the award of qualifications for new Collaborative Laboratories — Extension of the network of Collaborative Laboratories;4) Report of the activity of the panel of experts for the recognition of CoLABs of 19 March 2021. <p>The authorities also provided:</p> <ul style="list-style-type: none">5) Documents proving the adoption of the decision of the Governing Board of FCT to appoint the panel of experts. For this, the following evidence was provided:<ul style="list-style-type: none">a) Internal proposal No. 107/DAI/2017 of FCT, of 6 October 2017, for the panel of experts for the recognition of CoLABs,b) Extract of the Minutes, of the meeting of the Governing Board (Conselho Diretivo) of FCT, of 13 October 2017, with the approval of the panel of experts (i.e. the | | | |

evaluation board for the recognition of CoLABs)

- 6) Regulation on the allocation of the collaborative laboratory title — **Regulation No 486-A/2017 of 12 September** (published in Portugal's Official Journal, 'Diário da República', No 176/2017, second series of 12 September 2017, pages 20070(2-5));
- 7) Amendment to the Regulation on the allocation of the collaborative laboratory title — **Regulation No. 873/2021 of 23 September** (published in Portugal's Official Journal, 'Diário da República', No186/2021, second series of 23 September 2021, pages 68-69);
- 8) **Evaluation guide** for the allocation of the collaborative laboratory title, published by the Foundation for Science and Technology (provided as this link - https://www.fct.pt/apoios/CoLAB/docs/guiaao_avaliacao_PT_2017.pdf - in the summary document).

Analysis:

In line with the requirements of the CID:

- The 4th evaluation exercise, carried out by FCT, recognised and awarded qualifications for nine additional 'Collaborative Laboratories (CoLABs)', on 23 March 2021. The list with the final ranking was published on 29 April 2021 (see the Report of the Evaluation Board for the recognition of CoLABs of 19 March 2021).
- The award and designation certificates for the collaborative laboratory title are reported in the nine certificates. With this enlargement, a total of 35 CoLABs are recognised, as detailed in the Synthesis Paper.
- The evaluation process was conducted by an independent evaluation panel of experts of recognised international merit appointed by the Governing Board of FCT as set out in the evaluation guide published by FCT and available on its website.
In accordance with Article 7(1) of Regulation No. 486-A/2017 of 12 September, the evaluation panel was approved at the FCT Governing Board meeting on 13 October 2017 (see Extract of Minutes), on the basis of the internal proposal No. 107/DAI/2017 (see the Internal proposal) and was composed of members not affiliated to any Portuguese institution and with an academic and professional curriculum confirming recognised international merit.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.3 | Related Measure: C05-r11: Extension and consolidation of the network of Interface Institutions | |
| Name of the Milestone: Entry into force of the new legal regime for technology and innovation centres | | |
| Qualitative Indicator: Entry into force of the new legal regime for technology and innovation centres | | Time: Q4-2021 |
| <p>Context:</p> <p>The objective of the reform is to improve academia-business linkages in order to enhance knowledge flows and technology transfer.</p> <p>This milestone consists in the revision and standardisation of the legislative and regulatory framework for Technology Interface Systems. It refers in particular to Technological Centres and INTERFACE Centres, which link research organisations and companies to support the transfer of knowledge and technology. Investments RE-C05-i01.01 and RE-C05-i01.02, which deploy ambitious R&I agendas based on business-academia consortia, with final targets in Q4 2025, are to be implemented in relation to this reform.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 126-B/2021 of 31 December (published in Portugal’s Official Journal, ‘Diário da República’, No 253/2021, first series of 31 December 2021, pages 108(2-17)). | | |
| <p>Analysis:</p> <p>Decree-Law No 126-B/2021 of 31 December lays down the legal arrangements for centres for technology and innovation (CTIs), which include also Technological Centres and INTERFACE Centres, repeals Decree-Law No 249/86 of 25 August (published in Portugal’s Official Journal, ‘Diário da República’, No 249/86, first series of 25 August 1986, pages 2156-2162) and amends Decree-Law No 63/2019 of 16 May (published in Portugal’s Official Journal, ‘Diário da República’, No 249/2019, first series of 16 May 2019, pages 2466-2475). By revising Decree-Law No 63/2019 of 16 May, it also provides for the standardisation of the legislative and regulatory framework of the Technology Interface System (see paragraph 2, page 108-(3) of Decree-Law No. 126-B/2021 of 31 December, as also outlined below), and in particular of the Technological Centres and INTERFACE Centres created under the Programme INTERFACE (paragraph 5-8, page 108-(3)).</p> <p>Referring to CTIs, and in line with the requirements of the CID, Decree-Law No 126-B/2021 of 31 December:</p> <ol style="list-style-type: none">a) Defines CTIs as entities active in the production, dissemination and transmission of knowledge, oriented towards businesses and the creation of economic value, contributing to the pursuit of public policy objectives within the national priority areas of expertise or the regions in which they operate (Article 3). As outlined in Article 6(g) of the Decree-Law, one of their goals is to link research organisations (including higher education institutions) | | |

and companies, in order to support knowledge and technology transfer (paragraph 3 of page 108(2));

- b) Specifies that CTIs are non-profit-making legal entities, with technical and financial autonomy and own assets and staff, as expressed in Articles 3.4. Articles 4, 5 and 6 then define the framework of their ownership structure, their governance model and the process for their establishment (see also Articles 7 and 8);
- c) Outlines the procedure for the recognition of CTIs, in which candidates must apply to the National Innovation Agency S.A., and sets out the framework for the evaluation committee's assessment (Article 7);
- d) Details, in Articles 11 and 12, the principles for the evaluation of the CTIs, as well as the approach to ensure transparent and effective internal and external evaluation;
- e) Outlines, in chapter V, the financing model of CTIs in terms of their public purpose, their sources of revenue, their revenue structure and the basic public funding.

The Decree-Law No. 126-B/2021 entered into force on 1 January 2022 (in accordance with its Article 27).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.4 | Related Measure: C05-r12: Research and innovation agenda for sustainable agriculture, food and agro-industry | |
| Name of the Milestone: Approval of the Innovation Agenda for Agriculture | | |
| Qualitative Indicator: Approval of the Innovation Agenda for Agriculture | | Time: Q4-2020 |
| Context: <p>The reform supports the implementation of the Innovation Agenda for Agriculture 20 30. It provides the necessary means for updating and preparing existing infrastructure as well as promoting functional alliances along the agro-food chain, businesses and research, in order to promote the development and integration of research and innovation (R&I) targeted to the needs of the agricultural sector with a view to the green and digital transition.</p> <p>This milestone consists in the approval of the Innovation Agenda for Agriculture. This reform is linked with investment RE-C03-i03, Research and innovation agenda for sustainable agriculture, food and agro-industry.</p> | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal of Council of Ministers Resolution No 86/2020 of 13 October (published in Portugal's Official Journal, 'Diário da República', No 199/2020, first series of 13 October 2020, pages 38 – 59). | | |
| Analysis: <p>Council of Ministers Resolution No 86/2020 of 13 October is the name of the decision required by the milestone. The date indicated in the CID (15 October 2021) is incorrect, being a clerical mistake. Council of Ministers Resolution No 86/2020 of 13 October had already entered into force at the time of the adoption of the CID.</p> <p>The entry into force of the Innovation Agenda for Agriculture 20 30 is determined by point 10 of the Council of Ministers Resolution No 86/2020 of 13 October, corresponding to the date of its publication (13 October 2020). The Innovation Agenda for Agriculture 20 30 is presented in three sections of the Annex to Council of Ministers Resolution No 86/2020 of 13 October, covering: I) 'challenges and commitments', setting the main policy guidelines and instruments of the agenda; II) presentation of the agenda's architecture, namely its pillars and strategic axes; and, III) definition of the agenda's implementation and governance model.</p> <p>There are 10 strategic axes (point 2 of section II of Council of Ministers Resolution No 86/2020 of 13 October) organised around the following 4 pillars: society, territory, value chain and State. The agenda also presents 15 emblematic initiatives to be implemented by 2030, whose details are presented in the point 3 of section II.</p> <p>The Innovation Agenda for Agriculture 20 30 covers various topics, namely: i) food and nutrition security, while contributing to health and well-being (axes I.1, I.2, II.2 and II.3); ii) improving the management of rural areas (axis II.3); iii) promotion of the conservation of biodiversity (axes I.1, II.1, II.2 and III.3); iv) tackling the effects of climate change (axes II.1, III.1 and IV.1); v) updating and preparing existing infrastructure (axis II.2); vi) promoting functional alliances along the agro-food</p> | | |

chain, businesses and research (axis III.2); vii) promoting the development and integration of R&I targeted to the needs of the agricultural sector (axis IV.1); and viii) preparing agriculture for the green and digital transition (axes III.1, III.2, III.3, IV.1 and IV.2).

In line with the requirements of the CID, Council of Ministers Resolution No 86/2020 approves the Innovation Agenda for Agriculture 20|30 and by setting out the above actions provides the necessary means for updating and preparing existing infrastructure as well as promoting functional alliances along the agro-food chain, businesses and research in order to promote the development and integration of R&I targeted to the needs of the agricultural sector with a view to green and digital transition.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.11 | Related Measure: C05-i03: Research and innovation agenda for sustainable agriculture, food and agro-industry [Innovation Agenda for Agriculture 20 30] | |
| Name of the Milestone: Tender procedure for research and innovation projects | | |
| Qualitative Indicator: Publication of notice for the opening of a tender procedure for research and innovation projects | | Time: Q3-2021 |
| Context: The measure aims to provide grants for public and private entities for research and innovation projects for sustainable agriculture, food and agro-industry, to support the Innovation Agenda for Agriculture. The measure aims to support projects with 100% climate contribution or 100% digital contribution. The launch of at least one relevant tender constitutes this initial milestone. The projects are expected to be completed in Q3 2025: 100 projects linked to low carbon economy and climate change (target 5.12) and 5 projects linked to digitalisation (target 5.13). The other investment in this measure concerns the creation of a National Innovation Network for Agriculture, Food and Rural Development (target 5.14). | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Eight tender notices including technical specifications: <ul style="list-style-type: none">climate change adaptation (No 02/C05-i03/2021, publication 30/09/21, amended 29/11/21)climate change mitigation (No 03/C05-i03/2021, publication 30/09/21, amended 29/11/21)agriculture 4.0 (No 09/C05-i03/2021, publication 23/12/21, amended 20/01/22)sustainable territories (No 10/C05-i03/2021, publication 23/12/21, amended 20/01/22)sustainable food (No 12/C05-i03/2021, publication 3/01/22)one health only (No 13/C05-i03/2021, publication 3/01/22)excellence in the organisation of production (No 14/C05-i03/2021, publication 3/01/22)promotion of Portuguese agri-food products (No 15/C05-i03/2021, publication 3/01/22) | | |
| Analysis: Eight tender notices for research and innovation projects have been published. In line with the requirements of the CID, all tender notices include the following specifications: <ul style="list-style-type: none">Projects supported through grants for public and private entities to support the Innovation Agenda for Agriculture 2030 (points 0 and 2.1.c of each tender notice);DNSH compliance through the exclusion list as defined in the CID (points 2.2.e and 2.2.h and Annex II of each tender notice);Requirement to comply with applicable EU and national environmental law (point 2.2.j of each tender notice);Selection criteria requesting the compliance with the intervention field 022 (points 2.2.i and 2.2.f of each tender notice). The tenders, of which eight have been launched and submitted as supporting evidence, cover several sub-sectors of agriculture and production systems (farming, agri-food, forestry). In | | |

particular, actions on precision farming are included in tenders for 'excellence in the organisation of production' and 'Agriculture 4.0'. According to the summary document, actions on circular bioeconomy will be included in the tender to be published on 'Circular Agriculture'.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.15 | Related Measure: C05-i04-RAA: Recapitalisation of the Business System of the Azores | |
| Name of the Milestone: Adoption of a Regulation for the Recapitalisation Instrument of Businesses in the Azores | | |
| Qualitative Indicator: Adoption by the Regional Government of the Azores of a regulation establishing the capitalisation measure and mandating the adoption by <i>Banco Português de Fomento</i> of an investment policy | | Time: Q3-2021 |
| <p>Context:</p> <p>The objective of the measure is to address the structural problem of undercapitalisation of firms in the Autonomous Region of the Azores. This investment consists of the creation of the special purpose vehicle which will subsequently invest EUR 125 000 000 in viable Azorean firms mainly in the form of equity.</p> <p>This milestone demands the adoption of a legislative act to regulate a fund for the investment described above. 5.15 is the first milestone for the investment, followed by milestone 5.16, the adoption of an investment policy, in Q3 2021. The final target (5.17), demanding the delivery of the funds to beneficiary companies, is due in Q4 2025.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Government Council Resolution (Azores) No 276/2021 of 22 November (published in Official Journal of the Azores Region, 'Jornal Oficial', No 196/2021, first series of 22 November 2021) approving the Fund for Capitalisation of Enterprises in the Azores, indicating: a) the entry into force and b) the requirement that the investment policy to be adopted by <i>Banco Português de Fomento</i> is aligned with the DNSH Technical Guidance (2021/C58/01), in accordance with the description of the milestone in the CID. | | |
| <p>Analysis:</p> <p>Government Council Resolution (Azores) No 276/2021 of 22 November entered into force on 23 November 2021, the day following its publication as set out in its point 4.</p> <p>In line with the requirements of the CID, with Government Council Resolution (Azores) No 276/2021 of 22 November, the Government of the Autonomous Region of the Azores approved the creation of a fund (Special Purpose Vehicle) of equity or quasi-equity instruments, known as the 'Fund for Capitalisation of Enterprises of the Azores' (paragraph 1 of the resolution).</p> <p>Within Government Council Resolution (Azores) No 276/2021 of 22 November:</p> <ul style="list-style-type: none">a) Point 2 specifies that the fund will have an initial allocation, of up to EUR 125 000 000.b) Point 3 contains the guidelines for the operation and management of the Fund.c) Article 15 of annex I mandates the adoption by <i>Banco Português de Fomento</i> (BPF) of an investment policy, which includes the selection and eligibility criteria of supported | | |

companies and compliance with the DNSH Technical Guidance (2021/C58/01). To this end, annex II to the Government Council Resolution (Azores) No 276/2021 of 22 November defines the selection and eligibility criteria to comply with the DNSH Technical Guidance (2021/C58/01), outlining both the eligibility criteria and the exclusion list.

The further specification in the Operational Arrangements for this milestone states that the *‘specific provisions for beneficiaries of equity support shall apply to activities or assets in determining the amount of their revenues derived under the exclusion list set out in the CID.’* while the CID only refers to ‘activities’ for beneficiaries of equity support. This further specification is not reflected in section 4.3.1 (14.b) of the adopted investment policy, which only refers to ‘activities’. Such further specification had been included in the Operational Arrangements to make the wording consistent with the wording in other parts of the Portuguese CID related to this measure and also to achieve consistency with the CIDs for other Member States, referring to ‘activities or assets’. However, for the purpose of equity, referring only to ‘activities’ can nevertheless be considered acceptable. This is because for equity, the concept of direct revenue is to be applied to determine the amount of the revenues derived from activities under the exclusion list set out in the CID. It is therefore the company’s (revenue-generating) activities or product/business lines which need to be used for this purpose, rather than the underlying assets.

Hence, despite not referencing the provision of ‘and assets’ directly in the investment policy documents, the DNSH compliance is achieved and milestone 5.15 is considered as satisfactory fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.16 | Related Measure: C05-i04-RAA: Recapitalisation of the Business System of the Azores | |
| Name of the Milestone: Adoption of the investment policy for the Recapitalisation Instrument of Businesses in the Azores | | |
| Qualitative Indicator: Adoption by BPF of the investment policy covering all financial instruments envisaged in the measure. | | Time: Q3-2021 |
| <p>Context:</p> <p>The objective of the measure is to address the structural problem of undercapitalisation of the firms in the Autonomous Region of the Azores. This investment consists of the creation of the special purpose vehicle which subsequently invests EUR 125 000 000 in viable Azorean firms mainly in the form of equity.</p> <p>This milestone demands the adoption of an investment policy for the special purpose vehicle. 5.16 is the second milestone of the investment, after milestone 5.15. The final target (5.17), demanding the delivery of the full amount of the funds to beneficiary companies, is due in Q4 2025.</p> <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the Investment Policy, adopted and signed by BPF (page 18 of the Investment Policy) and approved by the Regional Secretariat for Finance, Planning and Public Administration of the Regional Government of the Azores on 31 December 2021;3) Link to the publication of the Investment Policy, provided in the Summary document;4) Extract from the investment policy showing alignment with the DNSH Technical Guidance (2021/C58/01) provided in the Investment Policy with duly highlighted yellow-shaded extracts. <p>The authorities also provided:</p> <ol style="list-style-type: none">5) Government Council Resolution (Azores) No 276/2021 of 22 November (published in Official Journal of the Azores Region, 'Jornal Oficial', No 196/2021, first series of 22 November 2021), approving the Fund for Capitalisation of Enterprises in the Azores and its Regulation;6) Order No 2993/2021 of 31 December (published in Official Journal of the Azores Region, 'Jornal Oficial', No 263/2021, second series of 31 December 2021) approving the Investment Policy of the Fund for Capitalisation of Enterprises in the Azores. <p>Analysis:</p> <p>The Investment Policy is published on the BPF website: https://www.bpfomento.pt/pt/catalogo/fundo-de-capitalizacao-das-empresas-dos-acoers/</p> <p>In line with the requirements of the CID, <i>Banco Português de Fomento</i>, the state-owned National Promotional Bank, developed the Investment Policy covering all financial instruments envisaged in the measure, for which:</p> <ol style="list-style-type: none">(i.) a favourable opinion was issued on 30 December 2021 by the Technical Investment Commission for the Fund for Capitalisation of Enterprises in the Azores (pursuant to | | |

Article 9(1) (a) of the Annex I to Government Council Resolution (Azores) No 276/2021 of 22 November,

- (ii.) approval from BPF was obtained on 31 December 2021, and
- (iii.) approval was received on 31 December 2021 from the Regional Secretary for Finance, Planning and Public Administration pursuant to Article 15(1) of the Annex I to Government Council Resolution (Azores) No 276/2021 of 22 November.

The main objectives of the Fund for Capitalisation of Enterprises in the Azores's Investment Policy are

- a) temporary support for strengthening the solvency of viable Azores companies affected by the pandemic (sections 2.1.6 and 4.3.1 of the Investment Policy) and
- b) strengthening of early-stage or growth and consolidation companies (section 1 of the Investment Policy).

These objectives are reached by requiring the investment strategies to be embodied in specific investment programmes with well-established risk and return objectives (sections 3.3 and 3.4 of the Investment Policy), responding also to the specificities of the business structure of the Autonomous Region (section 3.1.1).

The Investment Policy reflects the targets and requirements of Government Council Resolution (Azores) No 276/2021 of 22 November, complying with the climate and environmental requirements of the Recovery and Resilience Facility, including the DNSH Technical Guidance (2021/C58/01) (in section 4.3 and in Annex I to the Investment Policy), and the eligibility and selection criteria (see section 4). The latter are rather broad, but sufficiently defined for the purpose of the investment policy, and will be detailed further in the BPF's investment programmes (section 4). These investment programmes will be implemented only after the adoption of the investment policy and will have to fulfil the criteria included in the further specifications for target 5.29 in the Operational Arrangements.

The fund shall use mainly equity instruments (section 3.2.1 of the Investment Policy) and include the provision of converting part of the capital component into non-repayable grants. As outlined in section 3.4 and in the last part of section 1.2, the conversion into a non-repayable grant shall be conditional on the design of the recapitalisation instruments by *Banco Português de Fomento*, the performance of the beneficiary companies and the associated state aid schemes (see paragraph 3 of section 3.3): to be enacted by meeting contractually agreed targets (section 3.2.1), foreseen in the initial exit strategy of the fund, detailed in section 1.2.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 6.13 | Related Measure: C06-r15: Reform of cooperation between higher education and public administration and enterprises | |
| Name of the Milestone: Entry into force of the law creating special competitions for admission to higher education | | |
| Qualitative Indicator: Entry into force of the law creating special competitions for admission to higher education | | Time: Q2-2020 |
| Context: This reform incentivises public-private collaborative arrangements in education and training programmes to respond to the needs of the labour market and the twin transition. This milestone provides for the entry into force of the law creating special competitions for the admission to higher education for holders of dual secondary education and specialised artistic courses. Milestone 6.14 (Q2-2021) concerns the new legal framework governing the cooperation between higher education institutions with public administration and businesses. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 11/2020 of 2 April (published in Portugal's Official Journal, 'Diário da República', No 66/2020, first series of 2 April 2020, pages 4 – 21). | | |
| Analysis: Decree-Law No 11/2020 is the cornerstone of the reform, changing the following legislation: i) (ninth change of) Decree-Law No 296-A/98 of 25 September (published in Portugal's Official Journal, 'Diário da República', No 222/1998, first supplement, series I-A of 25 September 1998, pages 2 – 7), which sets the access regime to tertiary education; ii) (second change of) Decree-law No 393-A/99 of 2 October (published in Portugal's Official Journal, 'Diário da República', No 231/1999, series I-A of 2 October 1999, pages 2 – 6), which sets the special access regimes to tertiary education; iii) (second change of) Decree-Law No 113/2014 of 16 July (published in Portugal's Official Journal, 'Diário da República', No 135/2014, series I of 16 July 2014, pages 3874 - 3878), which sets the access regimes for specialised courses to tertiary education. In line with the requirements of the CID, with a view to creating special competitions for the access of students to tertiary education who completed secondary education through professional channels or specialised courses, the following changes to legal provisions brought about by Decree-Law No 11/2020 of 2 April are important to mention: i) Article 4 amends Article 3 of Decree-Law No 113/2014 of 16 July, broadening the pathways of access to tertiary education for holders of secondary education double certification diplomas or artistic specialised courses; ii) Article 13A is added to Decree-Law No 113/2014 of 16 July, broadening access to tertiary education for holders of secondary education courses with 4 th level degree qualifications, students holding specialised secondary-level artistic courses in the field of music, students holding EU legal equivalent courses, or students of Portuguese nationality holders of non-Portuguese equivalent double certification course; and iii) Articles 13B and 13C are added to Decree-Law No 113/2014 of | | |

16 July, upholding university autonomy in the organisation of special competitions for admission to higher education, while providing a minimum standardisation for admission tests.

Article 11 of Decree-Law No 11/2020 of 2 April establishes that the reform takes effect from the academic year of 2020-2021. According to paragraph 1 of Article 28 of Decree-Law No 11/2020 of 2 April, Decree-Law No 11/2020 of 2 April entered into force on 3 April 2020.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 6.14 | Related Measure: C06-r15: Reform of cooperation between higher education and public administration and enterprises | |
| Name of the Milestone: Entry into force of the new legal framework governing the cooperation of higher education institutions with public administration and businesses | | |
| Qualitative Indicator: Entry into force of the new legal framework governing the cooperation of higher education institutions with public administration and businesses | | Time: Q2-2021 |
| Context: This reform incentivises public-private collaborative arrangements in education and training programmes to respond to the needs of the labour market and the twin transition. Milestone 6.14 requires the review of the legal and institutional framework governing the cooperation of higher education institutions with public administration and businesses. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 27/2021 of 16 April (published in Portugal's Official Journal, 'Diário da República', No 74/2021, first series of 16 April 2021, pages 5 – 13). | | |
| Analysis: Article 10 of Decree-Law No 27/2021 of 16 April provides for its entry into force on 17 April 2021. Decree-Law No 27/2021 of 16 April reviews of the legal and institutional framework governing the cooperation of Higher Education Institutions with public administration and businesses and changes the following legislation: a) (first change of) Decree-Law No 388/1990 of 10 December (published in Portugal's Official Journal, 'Diário da República', No 283/1990, first series of 10 December 1990, pages 5032 - 5033), creating a supplementary remuneration for holders of management positions in higher education institutions; b) (sixth change of) Decree-Law No 74/2006 of 24 March (published in Portugal's Official Journal, 'Diário da República', No 60/2006, series 1-A of 24 March 2006, pages 2242 - 2257), approving the legal framework for the degrees and diplomas in tertiary education; c) (first change of) Decree-Law No 206/2009 of 31 August (published in Portugal's Official Journal, 'Diário da República', No 168/2009, first series of 31 August 2009, pages 5757 - 5759), which approves the legal regime for an external specialist to teach or hold managerial duties in higher education institutions. In line with the requirements of the CID, Decree-Law No 27/2021 of 16 April: 1) Creates collaborative networks of higher education institutions in partnership with employers, inter alia, promoting initial higher education, innovation projects and services for firms (Articles 2 and 3), 2) Clarifies the conditions under which an external specialist may perform teaching or managerial duties in higher education institutions, in order to promote mobility between | | |

the academic and business worlds (Articles 5 and 6);

- 3) Strengthens the legal framework for shared management consortia between higher education institutions and enterprises (recitals and Articles 2 and 3).
- 4) Fosters inter-institutional collaboration between Higher Education Institutions (HEIs) and enterprises, also attracting adult students and broadening coverage to inland areas (Article 2);
- 5) Enables collaborative partnerships encouraging a wide offer of higher education courses, including short training courses, undergraduate courses, masters and doctoral degrees (Article 4);
- 6) Increases the offer of short term high-level professional courses managed by polytechnic Higher Education Institutions, in close cooperation with public and private entities (Article 2);
- 7) Enlarges the support base of tertiary education by facilitating access to Higher Education Institutions of secondary students from professional or artistic areas (Article 4);
- 8) Strengthen enrolment in higher education courses in digital areas to meet firms' labour market needs and reinforce the digital skills of the workforce, together with raising take up rates of tertiary courses in advanced computing and data science (Articles 3 and 4);
- 9) Stimulate modular training, which promote continuous learning and the acquisition of new skills with 'microcredentials/microdiplomas', in close collaboration with public and private entities (Article 4);
- 10) Extends the cooperation between higher education institutions and laboratories and technological interface centres (recitals); and,
- 11) Updates the conditions for awarding the title of expert (Article 7).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 7.4 | Related Measure: C07-i01: Business Reception Areas | |
| Name of the Milestone: Selection of Business Reception Areas for interventions to improve environmental sustainability and digitalisation | | |
| Qualitative Indicator: Signature of a public protocol confirming the selection of Business Reception Areas | | Time: Q2-2021 |
| Context: The objective of the measure is to modernise Business Reception Areas (i.e., installation of offices, factories and other businesses). It aims at promoting sustainability and digitalisation in selected business parks, by investing in renewable energy production and storage, energy stability, installation of electric and hydrogen recharging stations, reinforcement of 5G coverage and active fire prevention measures. This milestone achieves the selection of the Business Reception Areas through a competitive tender procedure. This is the initial step for the implementation of the measure, which will be followed by target 7.5 in Q4 2025 confirming the completion of the interventions. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Evidence of the competitive tender procedure for the Business Reception Areas selection: a) Call for expressions of interest of business areas for modernisation (Aviso No 01/C07-i01/2021; Procedimento para a manifestação de interesse, 30 June 2021); b) Call for applications of business areas (Aviso No 02/C07-i01/2021; Abertura de concurso 22 November 2021); 3) Technical specifications in the tender for the alignment with the investment as defined in the CID; 4) Public decision concluding the selection process (Relatório relativo 2a fase - Decisão Final, 11 January 2022) published in the portal of Recuperar Portugal, signed by the Selection Panel AAE-PRR C7/1 and the Presidents of the Commissions of Coordination and Regional Development of North, Centre, Lisbon and Vale do Teio, Alentejo and Algarve on 17 January 2022. | | |
| The authorities also provided: 5) Report by the selection board in charge of selecting the business areas for modernisation concerning the pre-selection phase process (Relatório relativo 1a fase - análise das manifestações de interesse, 6 October 2021). | | |
| Analysis: In line with the requirements of the CID: a) The public decision (page 1), the report by the selection board (page 2) and the call for applications (page 3-4) indicate that the investment consists of interventions in selected | | |

business parks that comprise the promotion of renewable energy production and storage systems, pilot interventions to improve energy stability, the installation of electric and hydrogen charging stations, enhanced 5G coverage and active fire prevention measures.

- b) The public decision (page 3), indicates that 10 business reception areas were selected for modernisation.
- c) The public decision (pages 2-4) and call for applications (pages 1-16) indicate that the selection was made based on a public tender.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 7.6 | Related Measure: C07-i2: Missing links and increasing the capacity of the Network | |
| Name of the Milestone: Contract signed for 1 road project | | |
| Qualitative Indicator: Contract signed with contractor for the road project | | Time: Q4-2021 |
| <p>Context:</p> <p>The objective of the measure is to improve territorial cohesion and business competitiveness by addressing ‘missing links’ in the road network (through the construction and upgrade of roads). It also aims at addressing congestion, improve the safety of roads and enhance air quality and noise reduction.</p> <p>Milestone 7.6 demands the signature of the contract for 1 road project with the contractor. This is the initial step for the implementation of the measure, followed by milestone 7.7 in Q3 2022, requiring the signature of contracts for 2 additional road projects, and target 7.8 in Q4 2025 according to which the roads in question should be constructed or rehabilitated.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Evidence of the public tender procedure, provided as a screenshot from the Government public procurement portal;3) Copy of the signed contract for 1 road project made available on the Government public procurement portal and link to the portal (https://www.base.gov.pt/Base4/pt/detalhe/?type=contratos&id=8426196);4) Tender documentation with the technical specifications (Caderno de encargos de empreitada – Cláusulas gerais; Cláusulas especiais – Processo No5010043145);5) Conclusion of the environmental impact assessment;6) Statement from the beneficiary demonstrating how the results or conditions from the Environmental Impact Assessment have been fully incorporated at the stages of construction, operation and decommissioning of the infrastructure in order to ensure compliance with the DNSH Technical Guidance (2021/C58/01) | | |
| <p>Analysis:</p> <p>In line with the requirements of the CID:</p> <ol style="list-style-type: none">a) The signed contract demonstrates that the road to be constructed is one of the roads included in the measure description in the CID. Specifically, the road in question refers to EN14: Maia (Diagonal)/Trofa RodoRail Interface, as specified in the CID.b) The tender documents and the contract show that the investment consists of the construction and upgrade of roads.c) The summary document convincingly demonstrates that the road improves territorial cohesion and competitiveness, because it increases the road links in the Porto metropolitan area, while reducing traffic congestion.d) The environmental impact assessment has been completed and the conditions of the | | |

environmental impact assessment have been incorporated into the project design to ensure that the DNSH principle is complied with as demonstrated by the statement from the beneficiary.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 7.13 | Related Measure: C07-i05-RAA: Logistic Circuits: Regional Network of the Azores | |
| Name of the Milestone: Contracts signed for 2 road projects | | |
| Qualitative Indicator: Contracts signed with contractor for the road projects | | Time: Q4-2021 |
| Context: <p>The objective of the measure is to create the conditions for a more balanced economic development in the Azores, by promoting economic operators outside major urban centres. The interventions, which consist in the construction and upgrade of road infrastructures, also aim at reducing travel distances, journey times and congestion by improving the accessibility to population centres.</p> <p>This milestone demands the signature of contracts for 2 road projects with the contractor. This is the initial step for the implementation of the measure, followed by milestone 7.14 in Q2 2023, requiring the signature of a contract for 8 additional road projects, and target 7.15 in Q4 2025 according to which a total of 34.38 kilometres of roads should be constructed or rehabilitated.</p> | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the signed contracts for 2 road projects made available on the Government portal and link to the portals: (https://www.base.gov.pt/Base4/pt/detalhe/?type=contratos&id=7608710 https://www.base.gov.pt/Base4/pt/detalhe/?type=contratos&id=8544149);3) Tender documentations for two road projects with technical specifications ('Caderno de encargos de empreitada – Construção da Variante à ER 1-1ª em São Roque, no Concelho de Ponta Delgada and Caderno de encargos de empreitada – Melhoria da Acessibilidade Furnas / Povoação – 1.º Lanço published by the Regional Secretariat for Transport and Public Works of the Autonomous Region of the Azores);4) The list of contractual counterparts, provided in the copy of the signed contracts;5) Conclusion of the environmental impact assessments;6) Statement from the beneficiary demonstrating how the results or conditions from the Environmental Impact Assessment have been fully incorporated at the stages of construction, operation and decommissioning of the infrastructure, for the two road projects in order to ensure compliance with the DNSH Technical Guidance (2021/C58/01). <p>The authorities also provided:</p> <ol style="list-style-type: none">7) Evidence of the public tender procedure, provided as a screenshot from the public procurement portal. | | |
| Analysis: <p>In line with the requirements of the CID :</p> <ol style="list-style-type: none">a) The signed contracts demonstrate that the two roads to be constructed are the Variant to ER 1-1 in São Roque, in the municipality of Ponta Delgada (São Roque bypass) and | | |

Accessibility improvement Furnas/Povoação – 1st stage: Furnas bypass.

- b) The tender documents and the contracts show that the investments consist of the construction and upgrade of roads.
- c) The summary document convincingly demonstrates that the two road projects improve territorial cohesion and competitiveness, because it improves road infrastructure in the Azores by reducing travelling distances and traffic congestion, while connecting different areas of the archipelago.
- d) The environmental impact assessments have been completed and the conditions of the environmental impact assessment have been incorporated into the project design to ensure that the DNSH principle is complied with as demonstrated by the statement from the beneficiary.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 8.17 | Related Measure: C08-r19: Landscape Transformation in Vulnerable Forest Areas | |
| Name of the Milestone: Legal framework on compulsory tenure of rural land in forestry areas | | |
| Qualitative Indicator: Entry into force of the legal framework on compulsory tenure of rural land in forestry areas. | | Time: Q3-2021 |
| Context: <p>The objective of this reform is to transform the landscape of vulnerable forest territories with extensive areas of unmanaged monocultures and high risk of fires in order to prevent rural fires and increase climate and economic resilience. The aim of the reform is to support the Landscape Transformation Programme (<i>‘Programa de Transformação da Paisagem’</i> or PTP) with the necessary legal framework.</p> <p>This milestone requires the entry into force of the legal framework on compulsory tenure of rural land in forestry areas that paves the way for the implementation of Investment RE-C08-i01, Landscape Transformation in Vulnerable Forest Areas, which includes the development of Landscape Planning and Management Programmes (PRGP), the publication of integrated Landscape Management Operations (OIGP) and the conclusion of contracts setting out the specific conditions for the financing of fuel management projects.</p> | | |
| Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of<ol style="list-style-type: none">a) Decree-Law No 52/2021 of 15 June (published in Portugal’s Official Journal, ‘Diário da República’, No 114/2021, first series of 15 June 2021, pages 45-53), establishing the legal framework on compulsory tenure of rural land in forestry areas with the use of the legislative authorisation granted by Law No 68/2020 of 5 November.b) Law No 68/2020 of 5 November (published in Portugal’s Official Journal, ‘Diário da República’, No 216/2020, first series of 5 November 2020, pages 3-4) authorising the Government to amend Law No 31/2014 of 30 May (published in Portugal’s Official Journal, ‘Diário da República’, No 104/2014, first series of 30 May 2014, pages 2988-3003), setting the general bases for public policy on land, town and country planning, in order to approve the legal regime of compulsory tenure.c) Council of Ministers Resolution No 49/2020 of 24 June (published in Portugal’s Official Journal, ‘Diário da República’, No 121/2020, first series of 24 June 2020, pages 6-18), approving the Landscape Transformation Programme.d) Government Order No 301/2020 of 24 December (published in Portugal’s Official Journal, ‘Diário da República’, No 249/2020, first series of 24 December 2020, pages 6-18), approving the delimitation of vulnerable territories to which Landscape Planning and Management Programmes and Integrated Landscape Management Areas may apply.e) Decree-Law No 28-A/2020 of 26 June (published in Portugal’s Official Journal | | |

‘Diário da República’, No 123/2020, first series of 26 June 2020, pages 2-12), establishing the legal framework for conversion of landscapes applicable to Landscape Planning and Management Programmes and Integrated Landscape Management Areas.

- f) **Decree-Law No 29/2020 of 29 June** (published in Portugal’s Official Journal, ‘Diário da República’, No 124/2020, first series of 29 June 2020, pages 4-8), creating a support programme for simple rural land reparcelling, called ‘*Emparcelar para Ordenar*’

Analysis:

Decree-Law No 52/2021 of 15 June establishes the legal framework on compulsory tenure of rural land in forestry areas that are subject to Integrated Landscape Management Operations (*‘Regime juridico do Arrendamento Forçado que sejam objeto de Operação Integrada de Gestão da Paisagem’* or RAFOIGP). Article 5 of Decree-Law No 52/2021 of 15 June provides for its entry into force on 1 July 2021.

Council of Ministers Resolution No 49/2020 of 24 June, which as per its point 17 entered into force on 25 June 2020, approves the Landscape Transformation Programme (*‘Programa de Transformação da Paisagem’* or PTP) with the objective to transform the landscape of vulnerable forest territories with extensive areas of unmanaged monocultures and high risks of fire in order to prevent rural fires and increase climatic and economic resilience.

In line with the requirements of the CID, Article 4(1) of the Annex to Decree-Law No 52/2021 of 15 June specifies that the compulsory tenure of rural land only applies in the event that the landowner does not express their commitment to execute the actions defined in the integrated landscape management operation (*‘Operações Integradas de Gestão da Paisagem’* or OIGP). Article 5 of that Decree-Law defines the conditions that determine when landowners have not expressed their commitment to execute the actions defined in the OIGP.

Point 6 of the Council of Ministers Resolution No 49/2020 of 24 June sets out the measures that integrated the Landscape Transformation Programme (PTP). The PTP includes four complementary and integrated measures targeting vulnerable territories, which will be implemented through investment RE-C08-i01 of the Portuguese recovery and resilience plan:

- a) Planning and Management Programmes (*‘Programa de Transformação da Paisagem’* or PRGP), which are sectoral programmes aimed at promoting the design of the landscape in territories delimited as vulnerable due to the conflict between fire danger and land occupation and use, by defining planning and management guidelines and priority intervention actions;
- b) Integrated Landscape Management Area (*‘Áreas Integradas de Gestão da Paisagem’* or AIGP) aimed at micro-territorial contexts, preferably within the PRGP, and are implemented through the definition of Integrated Landscape Management Operations (*‘Operações Integradas de Gestão da Paisagem’* or OIGP), which are based on collective management;
- c) Integrated support programme for rural villages located in forest territories (Village Gated Community or *‘Condomínio de Aldeia’*) aimed to ensure the conversion of scrub and forest areas around population centres to other uses (e.g. agricultural or leisure) which, when covered by the PRGP, must implement the stipulated management and planning guidelines, and;
- d) The ‘Reparcelling to Order’ (*‘Emparcelar para Ordenar’*) programme is a transversal

measure to the three other ones listed and aims to increase the physical size of rural properties in a context of smallholding.

To implement the measures as set out in point 6 of the Council of Ministers Resolution No 49/2020 of 24 June, and to support the PTP with the necessary legal framework, the following acts were adopted:

- a) Decree-Law No 28-A/2020 of 26 June establishing the legal framework for the conversion of landscapes by means of PRGPs and AIGPs. As per Article 26, Decree-Law No 28-A/2020 of 26 June entered into force on 27 June 2020.
- b) Government Order No 301/2020 of 24 December approving the delimitation of vulnerable territories to which Landscape Planning and Management Programmes and Integrated Landscape Management Areas may apply. As per Article 3, Government Order No 301/2020 of 24 December entered into force on 25 December 2020.
- c) Decree-Law No 29/2020 of 29 June creating the 'Reparcelling to Order'. As per Article 16, Decree-Law No 29/2020 of 29 June entered into force on 1 July 2020.
- d) Decree-Law No 52/2021 of 15 June, establishing the legal framework on compulsory tenure of rural land in forestry area, using the legislative authorisation granted by Law No 68/2020,. As per Article 5, Decree-Law No 52/2021 of 15 June entered into force on 1 July 2021.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 8.19 | Related Measure: C08-r21: Prevention and combating of rural fires | |
| Name of the Milestone: Law on the establishment of the integrated management system for rural fires (SGIFR) | | |
| Qualitative Indicator: Entry into force of the law establishing the integrated management system for rural fires (SGIFR) and laying down its operating rules. | | Time: Q3-2021 |
| <p>Context:</p> <p>The objectives of this reform are to increase the prevention from and to improve the fight against rural fires through the creation of a primary network of fuel management breaks and the reinforcement of the entities responsible for the management of the protection against rural fires. The reform consists of the adoption of the acts (i) approving the National Plan for Integrated Management of Rural Fires (PNGIFR), (ii) establishing the integrated management system for rural fires (SGIFR) and (iii) approving the National Action Programme (PNA) of the PNGIFR.</p> <p>This is the only milestone for this reform. It requires the entry into force of the law establishing the SGIFR and laying down its operational rules, as well as its model of governance and strategic guidelines, which contribute to reducing the risk of rural fires and to changing the behaviour of owners, users and direct and indirect beneficiaries of rural territory. It also requires the set up of a rural fire information system in order to aggregate and disseminate all relevant technical information from the SGIFR.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;2) Copy of the publication in the Official Journal and reference including the legal acts establishing the integrated management system for rural fires (SIGIFR) and laying down its operating rules and reference to the relevant provisions indicating the entry into force of<ul style="list-style-type: none">a) Law No 38/2021 of 16 June (published in Portugal’s Official Journal, ‘Diário da República’, No 115/2021, first series of 16 June 2021, pages 3-5), authorising the Government to legislate on the Integrated Rural Fire Management System (SGIFR) and its operating rules.b) Decree-Law No 82/2021 of 13 October (published in Portugal’s Official Journal, ‘Diário da República’, No 199/2021, first series of 13 October 2021, pages 2-47), establishing the Integrated Rural Fire Management System (SGIFR) and laying down its operating rules.c) Council of Ministers Resolution No 45-A/2020 of 16 June (published in Portugal’s Official Journal, ‘Diário da República’, No 115/2020, first series of 16 June 2020, pages 2-145), approving the National Plan for Integrated Management of Rural Fires (PNGIFR).d) Council of Ministers Resolution No 71-A/2021 of 8 June (published in Portugal’s Official Journal, ‘Diário da República’, No 110/2020, first series of 8 June 2021, pages 2-180), approving the National Action Plan for Integrated Management of Rural Fires. | | |

- 3) **Evidence of the setup of a rural fire information system** in order to aggregate and disseminate all relevant technical information from the SIGIFR is provided by means of **Decree-Law No 82/2021 of 13 October**.

The authorities also provided:

- 4) **Tender specifications** for the 'SGIFR Interoperable Platform' or PLIS, which describe the phases for its development and implementation.

Analysis:

The reform consists of the adoption of the following acts, all of which have entered into force:

- 1) Council of Ministers Resolution No 45-A/2020 of 16 June approving the National Plan for Integrated Management of Rural Fires ('*Plano Nacional de Gestão Integrada de Fogos Rurais*' or PNGIFR). As per point 3, the Council of Ministers Resolution No 45-A/2020 entered into force on 17 June 2020;
- 2) Decree-Law No 82/2021 of 13 October establishing the Integrated Rural Fire Management System ('*Sistema de Gestão Integrada de Fogos Rurais*' or SGIFR) and laying down its operating rules, using the legislative authorisation granted by Law No 38/2021. In accordance with Article 81, the Decree-Law No 82/2021 of 13 October entered into force on 1 January 2022;
- 3) Council of Ministers Resolution No 71-A/2021 of 8 June approving the National Action Programme ('*Programa Nacional de Ação*' or PNA) of the PNGIFR. As per point 6, the Council of Ministers Resolution No 71-A/2021 of 8 June entered into force on 9 June 2021.

This legal framework and, in particular, the National Plan for Integrated Management of Rural Fires and its related National Action Programme, define a strategy to prevent and combat rural fires, involving and coordinating all relevant entities by setting their annual objectives and measures to implement.

Decree-Law No 82/2021 of 13 October establishing the SGIFR applies at national level (Article 2). Article 4 of Decree-Law No 82/2021 of 13 October specifies that the SGIFR provides macro-policies and strategic guidelines, which contribute to reducing the risk of rural fires and to changing the behaviour of owners, users and direct and indirect beneficiaries of rural territory.

Articles 5 to 23 of Decree-Law No 82/2021 of 13 October define the composition of SGIFR by defining inter-ministerial coordination models, delimiting the competences and scope of action of each entity within SGIFR, for greater accountability for the various actors in the decision-making process. Article 24 describes the model of governance of SGIFR which is developed at four territorial levels: national, regional, sub-regional and municipal. Articles 25 to 29 define that the governance of SGIFR is to be carried out through integrated rural fire management commissions with different responsibilities in terms of monitoring and evaluation of action programmes and that should propose operational upgrades, contributing to the continuous improvement of public policies and programmes. Articles 30 to 35 define the contents of the various tools for integrated rural fire management planning at national, regional, sub-regional and municipal level. These correspond to action programmes for the integrated management of rural fires, as the PNA at national level (Article 32), and the regional (Article 33), sub-regional (Article 34) and municipal (Article 35) action programmes.

Decree-Law No 82/2021 of 13 October defines a model based on risk prevention and minimisation

through:

- a) Awareness-raising activities: Articles 7 to 11 and 17 define the entities responsible of the implementation of awareness-raising activities as, for example, programmes to prevent risky behaviours.
- b) The establishment of regional defence networks, in which fuel management plays a leading role in the sanctioning regime: Articles 46 to 55 establish national defence networks with the objective of structuring the territory in accordance with the integrated management planning for rural fires, for the protection of persons, animals and property, and for the management of rural fires. Article 54 includes the promotion and intensification of surveillance and detection in rural areas. Article 72 defines a sanction regime, in which fuel management plays a leading role.

The evidence of the setup of a rural fire information system is provided in Article 36 of Decree-Law No 82/2021 of 13 October which proves the setup by law of the system. It defines that it is operationalised and managed by AGIF, I.P. and operates through an integrated platform. This integrated platform ('SGFIR Interoperable Platform' or PLIS) communicates with all information systems containing information relevant to SGIFR, with a view to collecting, aggregating, centralising and disseminating all relevant technical information, as also defined in the tender specifications for the PLIS. According to project 4.2.4.1 of the PNA (Council of Ministers Resolution No 71-A/2021 of 8 June (published in Portugal's Official Journal, 'Diário da República', No 110/2020, first series of 8 June 2021, pages 2-180)), the final execution target of the PLIS is set for 2022 and, as per the tender specifications for the PLIS, the entity responsible for the development of the PLIS is to be selected through a tender planned for the beginning of 2022.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 10.1 | Related Measure: C10-r23: Reform of the Blue Economy Infrastructure Ecosystem | |
| Name of the Milestone: Entry into force of the revision of the acts of the Ministry of the Sea related to strengthening the financing capacity for the Sea Economy and Innovation through the Blue Fund | | |
| Qualitative Indicator: Entry into force of the revised acts of the Ministry of the Sea related to strengthening the financing capacity for the Sea Economy and Innovation through the Blue Fund. | | Time: Q4-2021 |
| Context: The objective of the reform is to revise the Port Tech Clusters Network legislation, expanding its scope to additional areas with access to the sea and to the decarbonisation of the sea economy, and sets new objectives such as reinforcing the financing capacity of the economy of the sea through a revised Blue Fund adapted to manage the investments in the component. The reform also establishes the governance model of the Blue Hub. The creation of the Blue Hub is defined in Investment TC-C10-i01, which refers to the establishment of a nation-wide network of infrastructures for the blue economy across the country and to strengthen the blue economy innovation system. 10.1 is the only milestone for this reform, it requires the entry into force of the revision of the acts of the Ministry of the Sea related to strengthening the financing capacity for the Sea Economy and Innovation through the Blue Fund. The revision consists of (i) an update of the Port Tech Clusters Network strategy, (ii) the adaptation of the Blue Fund organic and operation mode to manage the investments of the component and (iii) creation of the governance model of the Blue Hub. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: 1) Document duly justifying how the milestone (including all constitutive elements) was satisfactory fulfilled. 2) Copy of the publication in the Official Journal of the legal acts and reference to the relevant provisions indicating their entry into force of a) Council of Ministers Resolution No 182/2021 of 24 December (published Portugal's Official Journal, 'Diário da República', No 248/2021, first series of 24 December 2021, pages 21-130), which revises the Council of Ministers Resolution No 175/2017 of 24 November, defining the strategy for the Port Tech Clusters Network. b) Decree-Law No 123/2021 of 30 December (published Portugal's Official Journal, 'Diário da República', No 252/2021, first series of 30 December 2021, pages 14-30), proceeds with the second amendment of the Decree-Law No 16/2016 of 9 March, creating the Blue Fund and repeals Order No 344/2016 of 30 December. c) Order of the Minister No 12495/2021 of 22 December (published Portugal's Official Journal, 'Diário da República', No 246/2021, second series of 22 December 2021, pages 171-172) from the Minister of the Sea, which establishes the principles of the governance model of the Blue Hub. | | |

Analysis:

In line with the requirements of the CID, the following acts have been revised:

- 1) Council of Ministers Resolution No 175/2017 of 24 November was revised by Council of Ministers Resolution No 182/2021 of 24 December to ensure the expansion of the scope of the Port Tech Clusters Network, which shall be developed around a Blue Hub of Network infrastructures, in port or coastal areas with direct access to the sea. In accordance with its point 3, the Council of Ministers Resolution No 182/2021 of 24 December entered into force on 18 November 2021.
- 2) Decree-Law No 16/2016 of 9 March was revised and Order No 344/2016 of 30 December (in the CID it was wrongly referred as Order No 343/2016 of 30 December) was repealed by Decree-Law No 123/2021 of 30 December to revise the Blue Fund organic and operation mode to manage the investments in the component with the objective of reinforcing the financing capacity of the economy of the sea. In accordance with its Article 18, the Decree-Law No 123/2021 of 30 December entered into force on 31 December 2021.
- 3) The reform also involves Order of the Minister No 12495/2021 of 22 December that establishes the principles of the governance model of the Blue Hub. In accordance with its point 8, the Order of the Minister No 12495/2021 of 22 December entered into force on 23 December 2021.

The reform consists of:

- 1) An update of the strategy of the Port Tech Clusters Network expanding its scope to the decarbonisation of the sea economy: Section 6.4 of Annex I of the Council of Ministers Resolution No 182/2021 of 24 December aims at strengthening the economic activities related to the sea, by creating business opportunities, new jobs, supporting exports, supporting the growth of maritime transport and promoting the sustainable exploitation of the sea potential. The updates of the strategy expand the scope of the Port Tech Clusters Network to the decarbonisation of the sea economy, by including areas, among others, as blue bioeconomy, aquaculture and fish processing, ocean robotics and digitalisation, and renewable energies from oceanic sources or location, as offshore wind energy and wave and tidal energy.
- 2) Revision and adaptation of the Blue Fund organic and operation mode to adapt it to manage the investments in the component: As per Article 3(2) of Decree-Law No 123/2021 of 30 December the Blue Fund could acquire the status of intermediate beneficiary, for the purposes of Decree-Law No 29-B/2021 of 4 May. As an intermediary beneficiary, the Blue Fund can receive European funds allocated to Portugal through the Recovery and Resilience Facility, adapting the Blue Fund organic and operation mode to manage the investments in the 'Sea' component, in line with the objectives of the Blue Fund (see Article 3(1)(a)(vi), Article 3(1)(a)(xi) and Article 3(1)(b)(ii)). Article 3(1) of the Decree-Law No 123/2021 of 30 December defines that the purpose of the Fund is to support maritime policies in pursuit of the objectives of sustainable development, contributing to the achievement of national and international goals, including the development of the maritime economy, ocean literacy and the promotion of the knowledge of the sea, scientific and technological research, the protection and monitoring of the marine environment and maritime security. This purpose is achieved by establishing or strengthening funding mechanisms for entities, activities or

projects that, among others, support the use of the ocean to improve the resilience to mitigate climate change in the area of renewable energies (Article 3(1)(a)(v)) or that foster the role of the ocean in combating and mitigating climate change (Article 3(1)(a)(ix)) and; promote the development of skills related with the sea economy, including ocean literacy and the knowledge of the sea (Article 3(1)(c)(v) and Article 3(1)(c)(vi)) and twin transition. Article 4-A, which specifies the form of the financial support to be granted by the Fund, reinforces the public support to innovation for the sustainable development of the sea by defining full or partial non-refundable funding for activities and projects in the field of scientific and technological research and the protection of the marine environment (Article 4-A(2)(c)).

- 3) Creation of the governance model of the hub: The Order of the Minister No 12495/2021 from the Minister of the Sea of 22 December 2021, established – in line with the further specification for this milestone in the Operational Arrangements – the principles of the governance model of the Blue Hub. As per the preamble of the Order, the Blue Hub aims to promote science and innovation in the maritime sector to transfer them to the market and industry, with the objective to foster an entrepreneurial and innovative ecosystem that contributes to the development of innovative and sustainable economic model of the sea economy. The Blue Hub and its objectives to encourage innovation and modernisation in the maritime sector are also referred to in section 4 of the Council of Ministers Resolution No 182/2021 of 24 December, regarding the ‘Strategy to Increase the Competitiveness of the Continent’s Commercial Ports Network – Horizon 2026’ The Blue Hub shall be implemented via investment TC-C10-01, ‘Blue Hub, Network of Infrastructure for the Blue Economy’. The Order provides for the establishment of a Strategic Management Board (point 1), which shall be formalised by means of a cooperation protocol (point 5) to be concluded between the entities that shall be their permanent members (point 3), and defines its different tasks (point 2).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 11.1 | Related Measure: C11-i01: Decarbonisation of industry |
| Name of the Milestone: First call for tender for industrial decarbonisation projects | |
| Qualitative Indicator: First call for tender opened | Time: Q4-2021 |
| <p>Context:</p> <p>This investment aims to promote and support by 2025 at least 300 innovation projects in industries in four areas: i) low carbon processes and technologies, ii) energy efficiency measures, iii) incorporation of renewable energy and storage, iv) development of decarbonisation roadmaps and capacity building initiatives.</p> <p>The (initial) milestone 11.1 includes the launch of the first annual tenders for these various categories of projects. The next (intermediate) target requires the awarding of at least EUR 338 000 000 for these projects by Q4-2023 (target 11.2) and the (final) target 11.3 (Q4-2025) to provide support to 300 projects.</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copies of tender notices for decarbonisation projects with technical specifications published and open for applications on the website of the Agency of Competitiveness and Innovation (IAPMEI), and specifying the period during which they are open for applications: <ol style="list-style-type: none"> a) Notice 1 (No 01/C11-i01/2021): Development of decarbonisation roadmaps (business empowerment) b) Notice 2 (No 02/C11-i01/2022): Industrial decarbonisation projects that relate to at least one of the following areas: low carbon processes and technologies; adoption of energy efficiency measures; incorporation of renewable energy and energy storage, falling under intervention fields 022, 024ter, 029, 032 and 033 of Annex VI to the RRF Regulation | |
| <p>Analysis:</p> <p>In line with the requirements of the CID, the tender Notice 2, opens a call for projects for the decarbonisation of industry in three areas: low carbon processes and technologies, adoption of energy efficiency measures, and incorporation of renewable energy and energy storage.</p> <p>A separate call (Notice 1) has been published for roadmap and business empowerment activities.</p> <p>The support is open to companies of any size in the industry sector, categories B — Mining and C — Manufacturing of the Portuguese Classification of Economic Activities, thus covering the whole industrial sector (Notice 2, point 2.1.1) and to industry and energy business associations (Notice 1, point 2.1.1).</p> <p>The amount of support per project may be limited in order to ensure that the final target of 300 projects to decarbonise industry is met (Notice 2, point 5).</p> <p>All decarbonisation projects (Notice 2, point 2.3.e) shall need to fall under one of the five identified intervention fields (022, 024ter, 029, 032, 033).</p> <p>The calls have been published on a specific website (https://www.iapmei.pt/PRODUTOS-E-SERVICOS/Incentivos-Financiamento/Sistemas-de-Incentivos/Plano-de-Recuperacao-e-</p> | |

Resiliencia/Descarbonizacao-da-Industria.aspx) and are open from 30 December 2021 to 31 March 2022 (Notice 1, point 5) and from 10 January 2021 to 29 April 2022 (Notice 2, point 9).

The calls include selection criteria to ensure compliance with the DNSH principle using an exclusion list (Notices 1 and 2, point 2.3.b and Annex II) and with the relevant EU and national environmental legislation (Notice 1, point 2.3.d and Notice 2, point 2.3.i).

ETS installations not achieving projected GHG emissions below the benchmark established for free allocation are excluded (Notice 2, point 2.3.g and Annex II. Notice 1, Annex I).

Decarbonisation projects in policy area 024ter contribute to an average reduction of at least 30% of direct and indirect GHG emissions in supported industrial installations (Notice 2, point 2.3.d).

Priority is given to projects with the highest decarbonisation efficiency through selection criteria giving more overall weight (60% of the score for low carbon projects, 80% of the score for energy efficiency and renewables projects) to criteria linked to Co2 emission avoidance and energy consumption reduction, with priority given to the emission reduction criteria when projects have identical final score (notice 2, point 10.3 and Annex IV). For roadmaps and business empowerment activities, priority is given to projects focusing on sectors with the greatest potential to translate decarbonisation effects (Notice 1, point 4.1).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 12.1 | Related Measure: C12-i01: Bioeconomy | |
| Name of the Milestone: Signature of the 2021 protocol of the ‘Resineiros Vigilantes’ programme | | |
| Qualitative Indicator: Signature of the 2021 protocol of the ‘Resineiros - Vigilantes’ programme | | Time: Q3-2021 |
| Context: The investment on bioeconomy includes various actions to promote a circular economy. The main sub-investment (covered by milestones 12.2 and 12.3) aims to support the incorporation of bio-based materials in production processes in various economic sectors with at least 10 new products or technologies and at least 5 industrial pilot processes developed in the textile, footwear, resin production sectors by 2025. Other sub-investments include activities for forest management and the production of natural resin through natural regeneration techniques. This milestone covers the sub-investment on forest management which aims to support fire prevention activities by resin production professionals. The signature of the protocol with resin production professionals is the only milestone for this sub-investment. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1)</div><div>Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div></div> <div><div>2)</div><div>Copy of the signed 2021 protocol of the ‘Resineiros Vigilantes’ programme between the Institute for Nature and Forest Conservation, I.P. and the national professional association of resin producers (Resipinus) for the surveillance and detection of rural fires.</div></div> | | |
| Analysis: In line with the requirements of the CID, the protocol has been signed between the Institute for Nature and Forestry Conservation and the national trade association of resin producers (Resipinus) on 21 July 2021. It sets up the conditions and the detailed arrangements for the financial support to resin production companies for the surveillance and detection of rural fires (in particular clauses 1 and 2). | | |
| Commission Preliminary Assessment: Satisfactorily fulfilled | | |

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| Number: 12.5 | Related Measure: C12-r25: Sustainable Bioeconomy |
| Name of the Milestone: Entry into force of the New General Waste Management Regime | |
| Qualitative Indicator: Entry into force of the New General Waste Management Regime | Time: Q3-2021 |
| <p>Context:</p> <p>The reform aims to promote and encourage the conservation and efficient use of biological resources. It consists of the inclusion of criteria for the purchasing of sustainable bio-based products in the review of the National Strategy for Green Public Procurement (milestone 12.6, Q3 2022) and of a new General Waste Management System.</p> <p>This milestone pertains to the entry into force of the new General Waste Management Scheme aiming, among others, to remove the constraints on the use of by-products or waste for new products by the simplification of the administrative process and the reduction of the costs associated with the use of by-product.</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 102-D/2020 of 10 December (published in Portugal's Official Journal, 'Diário da República', No 239/2020, first supplement, first series of 10 December 2020, pages 2 – 269) approving the new general waste management scheme, the legal regime for landfilling and amending the regime for the management of specific waste streams. <p>The authorities also provided (copies of):</p> <ol style="list-style-type: none"> 3) Guide for classification and registration of by-product 4) Declaration form of by-product (for the producer) 5) Declaration form of validation (for accredited laboratory) 6) Declaration template of a by-product 7) List of collaborative laboratories accredited 8) Declaration No 3/2021 of 21 January, amending Decree-Law No 102-D/2020 of 10 December | |
| <p>Analysis:</p> <p>The Decree-Law No 102-D/2020 of 10 December has been published in the Official Journal. Its Article 19 indicates the entry into force of the new general waste management regime on 1 July 2021.</p> <p>In line with the requirements of the CID, the new General Waste Management Regime:</p> <ol style="list-style-type: none"> 1) Simplifies the procedures for the classification of substances or objects as by-products. A by-product self-declaration by the producer, validated by designated scientific entity is introduced instead of a decision by the administration (Article 91(4)). The administration can now take itself the initiative of a by-product allocation (and not only respond to a | |

request from a company), which can be useful for large sectors of activity like the construction sector (Article 91 (9)). Research activities and tests on by-products are made possible before the classification procedure, meaning also that the entity doing the research does not need to be licensed as a waste treatment operator (Article 9 (11)).

- 2) Extends the new regime to by-products recognised in other EU-countries: Article 91 (12);
- 3) Reduces administrative cost by the removal of the fee for the classification (Article 17(a) repeals the Decree-Law No 178/2006 of 5 September where the fee was laid down).

This simplification of the procedure and the reduction of the administrative costs contribute to addressing the main obstacles and constraints for the valorisation of biological resources.

Portugal also provided, as illustration, different guidelines and documents which the professionals use to implement this new regime for the use of by-products.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 14.1 | Related Measure: C14-r29: National Hydrogen Strategy (EN-H2) | |
| Name of the Milestone: Entry into force of the Regulation of the National Gas Transmission Network and the Regulation of the National Gas Distribution Network | | |
| Qualitative Indicator: Entry into force of the Regulation of the National Gas Transmission Network and the Regulation of the National Gas Distribution Network | | Time: Q3-2021 |
| Context: The objective of the reform is to introduce an incentive and stability element for the energy sector, promoting the gradual introduction, over the period until 2030 (with intermediate targets in 2025), of renewable hydrogen as a sustainable pillar of a comprehensive strategy for transition to a decarbonised economy. There is only one milestone in this reform: to establish the conditions for the injection of gases of renewable origin, including renewable hydrogen and other renewable gases, in the gas transmission and distribution infrastructures. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1)</div><div>Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div></div> <div><div>2)</div><div>Copies of the notification to the European Commission of the Regulation of the National Gas Transmission Network and of the Regulation of the National Gas Distribution Network;</div></div> <div><div>3)</div><div>Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of<div><div>a.</div><div>Regulation of the national gas transmission network (order No 806C_2022 of 19 January , published in Portugal’s Official Journal, ‘Diário da República’, No 13/2022, second supplement, second series of 19 January 2022, pages 59 – 110) establishing the conditions for the injection of gases of renewable origin in the gas transmission infrastructures;</div></div><div><div>b.</div><div>Regulation of the national gas distribution network (order No 806B_2022 of 19 January , published in Portugal’s Official Journal, ‘Diário da República’, No 13/2022, second supplement, second series of 19 January 2022, pages 4 – 58) establishing the conditions for the injection of gases of renewable origin in the gas distribution infrastructures.</div></div></div></div> | | |
| The authorities also provided: <div><div>1)</div><div>Regulation No 407/2021 of 12 May (published in Portugal’s Official Journal, ‘Diário da República’, No 92/2021, second series of 12 May 2021, pages 325 – 357) that approves the Regulation on Access to Gas Networks, Infrastructure and Interconnections;</div></div> <div><div>2)</div><div>Approval by the Directorate-General for Energy and Geology of the Regulation of the National Gas Transmission Network and of the Regulation of the National Gas Distribution Network, dated 14 January 2022, including its annexes.</div></div> | | |
| Analysis: The Directorate-General for Energy and Geology approved the Regulation of the National Gas | | |

Distribution Network (order No 806B_2022 of 19 January) and the Regulation of the National Gas Transmission Network (order No 806C_2022 of 19 January) on 14 January 2022.

The notification to the European Commission took place on 28 September 2021 for the Regulation of the National Gas Transmission Network and on 30 September 2021 for the Regulation of the National Gas Distribution Network. Both regulations were published in the Official Journal on 19 January 2022. The copies of the publication in the Official Journal indicate that entry into force (point 5 in both Regulations) took place on 14 January 2022, the day of approval by the Directorate-General for Energy and Geology.

In line with the requirements of the CID, the reform makes it possible to establish the conditions for the injection of gases of renewable origin, including renewable hydrogen and other renewable gases, in the gas transmission and distribution infrastructures.

The evidence provided by the authorities demonstrate that Regulation No 407/2021 of 12 May, lays down the conditions for access to the gas infrastructure including for: the injection of renewable gases (Article 7(3)); the information for access to the infrastructure (Article 18); and the rules governing the installation of pilot projects of short duration (Article 56), where the technical and economic feasibility and applicability of innovative practices and technologies are to be tested.

The Regulation of the National Gas Distribution Network (order No 806B/2022 of 19 January) sets out the technical and safety characteristics of the hydrogen pipe sections (Article 6). The Regulation of the National Gas Transmission Network (order No 806C/2022 of 19 January) sets out the technical specificities relating to the technical and safety conditions to be met by the design, construction, commissioning, operation, maintenance and putting out of service of these renewable gases infrastructures (Article 1 (2)). These revisions of technical standards ensure the quality of the service and the safe use of these infrastructures for all users.

The Regulation of the National Gas Distribution Network (order No 806B_2022 of 19 January) also defines the operating percentages and establishes the minimum and maximum percentages of injection of renewable or low carbon gases. Networks are allowed to operate at 100% of natural gas or 100% of renewable or low carbon gases, such as biomethane or hydrogen, and for networks incorporating mixtures, a hydrogen content between 0% and 20% by volume is allowed (Article 1 (4)).

The Regulation of the National Gas Transmission Network (order No 806C_2022 of 19 January), establishes that the maximum share of incorporation of other renewable gases is set at 5% by volume by 2025 and between 10% and 15% by volume by 2030 (Article 1(3)), with the minimum content set at 0%.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 14.2 | Related Measure: C14-i01: Hydrogen and renewable gases |
| Name of the Milestone: First call for tender for projects of renewable gas production | |
| Qualitative Indicator: First call for tender opened | Time: Q3-2021 |
| <p>Context:</p> <p>The objective of this measure is to select and financially support projects for the production of renewable hydrogen and renewable gases.</p> <p>This milestone concerns the launch of the first call to select projects of renewable gas production, including projects of renewable hydrogen. This call is expected to select projects for a total amount of at least 88 MW of installed capacity. Two other calls are expected as part of the recovery and resilience plan. Overall, the projects selected in these three calls shall install a total of at least 264 MW of additional renewable hydrogen and renewable gases production capacity by Q4 2025 (target 14.3).</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of tender documents and technical specifications (Apoio à produção de hidrogénio renovável e outros gases renováveis, No 01/C14-i01/2021 of 15 December); 3) Description of how the compliance with the zero or close to zero life cycle GHG emissions requirement will be fulfilled and monitored (included in the summary document in point 1)). <p>The authorities also provided:</p> <ol style="list-style-type: none"> 4) Decree-Law No 62/2020 of 28 August (published in Portugal's Official Journal, 'Diário da República', No 168/2020, first series of 28 August 2020, pages 8 – 160), Article 3 (bb) defines the technical eligibility conditions for energy produced by installations using only renewable energy sources. | |
| <p>Analysis:</p> <p>In line with the requirements of the CID, the first call for the selection of projects for new installed renewable hydrogen and renewable gases capacity was launched.</p> <p>The tender documents and technical specifications of the tender, showing full alignment, as further detailed below, with the description, criteria and conditions as set out in the milestone and description of the investment in the CID, have also been submitted (either as separate document or included in the call for project document).</p> <p>The tender was open for application and the period for receipt of applications ran from 28 September 2021 until 31 January 2022 (point 9). The call was published in the Environmental Fund's website (https://www.fundoambiental.pt/apoios-prr/gases-renovaveis.aspx) that was publicly accessible. Point 10 of the call for project sets out the non-discriminatory eligibility criteria of beneficiaries.</p> <p>Point 8.4 of the call for project clearly specifies the target for the support of 88 MW of new installed capacity. Further, it introduces safeguards to reach this target, stating that the co-financing rate will be reduced from 100% down to 85% if it proves necessary to meet the target of 88 MW of total</p> | |

capacity for renewable gas production provided for this first call.

Point 12.4 of the call explains that the projects to be supported are intended for the production of renewable gases, which may include ancillary investments in storage, transport and distribution of renewable gases, technical support systems for the optimal management of renewable gas production, provided that they are strictly related and indispensable for the technical/economic viability of the project.

Points 8.2 and 8.3 of the call for project explain that the maximum amount of financial support for beneficiary is capped at EUR 5 million that can be increased up to a maximum of EUR 10 million for projects that cover more elements of the value chain.

The evidence, as explained in the summary document, shows compliance with the requirement of production of renewable gases with zero or very close to zero life cycle emissions and the related monitoring. Point 5.2 of the call for projects restricts the eligibility to projects aimed at the production of gases of renewable origin produced by installations using only renewable energy sources. In particular point 5.2 of the call for projects makes reference to Decree-Law No 62/2020 of 28 August, where Article 3 (bb) defines eligibility conditions for energy produced by installations using only renewable energy sources.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 16.13 | | Related Measure: C16-i03: catalyst for the Digital Transition of Enterprises | |
| Name of the Target: Digital Innovation Hubs (DIHs) | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 16 | Time: Q4-2021 |
| Context: The objective of the measure is to create a framework to foster the digitalisation of Portuguese firms. As part of this target, Portugal selects at least 16 Digital Innovation Hubs to support companies to become more competitive in the digital sphere, in order to improve their production processes, through automation or incorporation of disruptive technologies. 16.13 is the initial target related to this measure. The final target (16.15) shall measure actual support to companies, with a total of 4000 companies expected to receive consultancy services from the Digital Innovation Hubs by Q3 2025. | | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled;</div><div>2) List of the 17 Digital Innovation Hubs (DIHs) consortia selected by the approval of tenders, their name and composition, location and a brief description of the goals, and sectors to be covered by each of the DIH;</div><div>3) Extracts from the official documentation referring to: eligibility criteria that ensure that the selected projects comply with the DNSH Technical Guidance (2021/C58/01) through the use of an exclusion list and with the relevant EU and national environmental legislation, as specified in the CID. This was provided in the following documents:<div><div>i. The signed documents by which all the selected consortia declare to comply with the eligibility criteria that ensure that the selected projects comply with the DNSH Technical Guidance (2021/C58/01) through the use of an exclusion list and with the relevant EU and national environmental legislation, as specified in the CID; and the related email exchanges with the implementing authority asking consortia to sign the declarations;</div><div>ii. A document containing information on the DNSH monitoring and governance, signed by the president of the implementing authority IAPMEI on 7 February 2022.</div></div></div></div> | | | |
| The authorities also provided: <div><div>4) Copies of the legal basis (Order No 12046/2020 of 11 December, published in Portugal's Official Journal, 'Diário da República', No 240/2021, second series of 11 December 2020, pages 11 – 17) and open calls for tender launched to select the Digital Innovation Hubs (Notice 01/2020 of 14 December and its re-publication);</div><div>5) Ministerial notices with the selection of the 17 Digital Innovation Hubs consortia (Order No 6269/2021 of 25 June, published in Portugal's Official Journal, 'Diário da República', No 122/2021, second series of 25 June 2021, pages 16 – 20 and Order No 11092-B/2021 of 11 November published in Portugal's Official Journal, 'Diário da República', No 219/2021,</div></div> | | | |

Analysis:

In line with the requirements of the CID, the Digital Innovation Hubs were selected after an open tender procedure (Order No 12046/2020 of 11 December was published in the Portuguese Official Journal on 11 December 2020). The number of selected Digital Innovation Hubs consortia (17) exceeds the target of 16. There will be one consortium for each Digital Innovation Hub. A total of 11 Digital Innovation Hubs were selected on 18 June 2021 (Order No 6269/2021 of 25 June). Another 6 Digital Innovation Hubs were selected on 10 October 2021 (Order No 11092-B/2021 of 11 November).

The open calls for tender and the ministerial notices confirm that the Digital Innovation Hubs are integrated into the national network. This national network complements the European network of Digital Innovation Hubs. The tender document also clarifies that the selected consortia could also access the European Network through a specific call for tender to be launched by the European Commission under the Digital Europe Programme (Order No 12046/2020 of 11 December, point (8) referred to Article 1), with the exclusion of the Hub DIGI4FASHION that indicated it is interested to be part only of the national network.

The Digital Innovation Hubs have been selected to provide a service to support companies to become more competitive in the digital sphere, in order to improve their production processes, through the adoption of advanced digital technologies (such as automation or incorporation of other disruptive technologies). The legal basis (Order No 12046/2020 of 11 December) defines the scope and mission of the Digital innovation Hubs. These are defined as ‘collaborative networks that include dedicated digital competence centres, with the aim of disseminating and adopting advanced digital technologies by enterprises, in particular SMEs, through the development, testing and experimentation of such technologies’ (Order No 12046/2020 of 11 December point (2.a) referred to in Article 1). Further, their mission is defined as aiming to ‘strengthen the innovation ecosystem as they result from cooperation between various partners with complementary competences and actions, including research centres, universities, technology interface centres, incubators, competitiveness clusters, business associations, development agencies, among other actors in the national or regional innovation ecosystem.’ (Order No 12046/2020 of 11 December second paragraph of the recitals). The selected Digital Innovation Hubs have also to be part of at least one competitiveness cluster (Order No 12046/2020 of 11 December point (4.a.ii) referred to in Article 1).

The evidence also includes a document with the list of the 17 selected Digital Innovation Hubs, with their name and composition, location and also includes a brief description of the expected activity and sector of competence of the Digital Innovation Hubs.

The selection criteria to comply with the DNSH Technical Guidance (2021/C58/01) and with the relevant EU and national environmental legislation, could not be included in the tender notice as the tender was launched before the finalisation of the CID. Hence, to comply with the DNSH Technical Guidance (2021/C58/01) and with the relevant EU and national environmental legislation, Portugal introduced specific criteria after the selection of the 17 consortia. More specifically, Portugal asked the selected consortia to sign a declaration, through the use of the exclusion list specified in the CID, by which each consortium commits to comply with the required DNSH provisions set out in the CID. Each consortium consists of a number of entities including a consortium leader. Checklists signed by the directors of the consortium leader have been submitted

for all 17 selected consortia. The signed declaration applies to the activities and assets of the full consortium.

Further, Portugal submitted a document, signed by the president of the implementing authority IAPMEI on 7 February 2022 that explains the DNSH monitoring and governance framework that the implementing authority commits to implement.

In particular the implementing authority, IAPMEI, I.P., declares the following:

- a) Contracts with the consortia responsible for the Digital Innovation Hubs will address all the requirements of the DNSH principle;
- b) Consortia responsible for Digital Innovation Hubs undertake to implement measures to ensure compliance with the requirements of the DNSH principle;
- c) Compliance with the DNSH requirements will be assessed by IAPMEI, I.P. in the context of payment requests and will be a prerequisite for funding.

IAPMEI, I.P. also undertakes to carry out systematic checks to verify compliance with the exclusion list and compliance with relevant EU and national environmental legislation during implementation. IAPMEI, I.P. undertakes to ensure that the system for monitoring and verifying the implementation of the investment in question and will withdraw the financial support if irregularities are detected in the implementation phase.

Concerning the respect of the DNSH provisions in the CID, it is also noted that the final objective of the Digital Innovation Hubs shall be to support companies that shall receive consultancy services from the Digital Innovation Hubs network. This support activity is the subject of target 16.15 that also includes specific DNSH requirements.

The selection of the 17 Digital Innovation Hubs took place before the end of December 2021.

The signing of the DNSH declarations took place between 7 and 9 February 2022.

For what concerns the compliance with the DNSH Technical Guidance (2021/C58/01) and with the relevant EU and national environmental legislation, as specified in the CID, on the basis of the documents submitted and described above (signed checklist and the signed DNSH monitoring and governance framework), the Commission considers this requirement of the target satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 17.6 | Related Measure: C17-r32: Modernisation and Simplification of Public Financial Management | |
| Name of the Milestone: Entry into force of the new management contract template under the new system of incentives/penalties for the management of state-owned enterprises | | |
| Qualitative Indicator: Entry into force of the new management contract template | | Time: Q4-2021 |
| <p>Context:</p> <p>The overarching objective of the reform is to improve the quality and sustainability of public finances and, in particular, to strengthen expenditure control and appropriate budgeting. The reform also aims at increasing transparency and efficiency in the use of public resources.</p> <p>This milestone requires the entry into force of the new management contract template to be signed with public managers appointed to the Boards of Directors of state-owned enterprises, in order to increase responsibility and accountability in the management of public resources through a new system of performance-oriented incentives/penalties.</p> <p>This all-encompassing fiscal-structural reform is covered by seven other milestones and targets spread over the lifetime of the RRP, which include gradual steps towards the implementation of the 2015 Budgetary Framework Law, improvements to spending reviews and centralised procurement, and enhanced transparency and governance in state-owned enterprises. It is also specifically articulated with milestone 1.6 (Q2 2022) concerning the entry into force of the new management contract template to be signed by all public managers of state-owned enterprises in the health system, in the context of the ancillary reform of the governance model of public hospitals.</p> | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.2) Approval of Government Order ('Portaria') No 317-A/2021 of 23 December (published on Portugal's Official Journal, No 247, second supplement, first series, of 23 December 2021, pages 2 – 13) foreseeing the possibility of attributing a financial performance bonus to public managers and establishing the conditions of eligibility, composition, determination and attribution.3) Copy of the new management contract template, including indication of the entry into force and clarification that, with the necessary adaptations, it shall be implemented in all state-owned enterprises.4) Report prepared by the Portuguese Ministry of Finance demonstrating how the provisions in the new management contract template will support the performance of public managers and how the new system of incentives/penalties will increase responsibility and accountability in the management of public resources. | | |
| <p>Analysis:</p> <p>In line with the requirements of the CID, the new management contract template is aimed at spurring incentive-based managerial practices in state-owned enterprises. It constitutes a self-standing Annex to Government Order No 317-A/2021 of 23 December. The entry into force of Government Order No 317-A/2021 of 23 December took place on 24 December 2021, as provided in its Article 10.</p> | | |

Government Order No 317-A/2021 of 23 December is a constitutive element of the legal framework that foresees the possibility of attributing a financial performance bonus to public managers and establishes the conditions of its eligibility, composition, determination and attribution (summary document, page 3, paragraph 2). The Government Order established implementing provisions for Decree-Law No 71/2007 of 27 March (which constitutes the 'Statute of Public Managers', published in Portugal's Official Journal, '*Diário da República*', No 61/2007, first series of 27 March 2007, pages 1742 – 1748), and for Decree-Law No 133/2013 of 3 October (which constitutes the 'Legal Framework of the State's Corporate Sector', published in Portugal's Official Journal, '*Diário da República*', No 191/2013, first series of 3 October 2013, pages 5988 – 6002). Jointly, those three legal acts establish a complete legal framework applicable to state-owned enterprises and their management in Portugal.

Article 30 of Decree-Law No 71/2007 of 27 March already foresaw that the management contracts to be concluded with public managers exercising executive functions could provide for a management bonus. Against that background, Article 30 of Decree-Law No 71/2007 of 27 March also established that the management bonus should not exceed half of the annual salary earned by public managers, and be defined in accordance with the fulfilment of objective criteria for its eventual attribution. The exact conditions and clear specifications for the setting of such a management bonus were defined by the attribution principles and procedural guidelines enshrined in the implementing provisions of Government Order No 317-A/2021 of 23 December, as well as by the further specifications included in the management contract template that was attached to it.

As regards the scope of application of Government Order No 317-A/2021 of 23 December, Articles 2(1) and 2(3) establish that the new management contract template shall be signed by all public managers with the exception of: i) those managing public institutions providing health care services defined as local health care units, hospital centres, and hospitals, classified as Public Corporate Entities ('*Entidades Empresariais Públicas, E. P. E.*'); and, ii) those managing special regime public institutes and independent regulatory authorities.

- Public institutions providing health care services and classified as Public Corporate Entities will be covered by a special management contract template, as enshrined in the subsequent milestone 1.6 of Portugal's recovery and resilience plan.
- Special regime public institutes, as enshrined in Title IV of Law No 3/2004 of 15 January (published in Portugal's Official Journal, '*Diário da República*', No 12/2004, first series A of 15 January 2004, pages 301 – 311), and independent regulatory authorities do not constitute state-owned enterprises *stricto sensu*, and are excluded from the scope of application of Government Order No 317-A/2021 of 23 December to the strict extent of their specificity, in order to avoid moral hazard or preserve their intrinsic independence and/or institutional status.

Article 2(2) of the Government Order sets a deadline of three months after the appointment of a specific public manager for the conclusion of the respective management contract.

The report prepared by the Portuguese Ministry of Finance demonstrates how the new management contract template will support the performance of public managers and how the new system of incentives/penalties will increase responsibility and accountability in the management of

public resources. This relates to the below elements, which are enshrined in Government Order No 317-A/2021 of 23 December and the new management contract template submitted as evidence:

- 1) enhanced clarity on the setting of management goals and its timing (enshrined in Article 3 of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 2);
- 2) the need to translate such management goals into observable and quantifiable variables (enshrined in Article 3 of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 2);
- 3) the fact that relevance has been given to the obligations of state-owned enterprises vis-à-vis their stakeholders, notably by establishing a minimum weight for quality of service when assessing public managers' performance (enshrined in Article 3(9) of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 2, paragraph 1);
- 4) enhanced clarity on the performance evaluation process, including its timing, content and stakeholders (enshrined in Article 5 of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 4);
- 5) the attribution to the supervisory bodies of state-owned enterprises, as defined in Article 33 of Decree-Law No 133/2013 of 3 October, of the responsibility of assessing public managers' degree of compliance with their individual management goals (enshrined in Article 5(2) of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 4);
- 6) the setting of a 60-day deadline after the presentation of the previous year's financial performance for the evaluation of public managers' performance (enshrined in Article 5(3) of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 4);
- 7) the fact that the determinants of good governance have been strengthened when defining public managers' performance bonus (enshrined in Article 6 of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 2, paragraph 2);
- 8) the definition of a minimum degree of public managers' compliance with their management goals (that is, 50%), under which they should be dismissed (enshrined in Article 7 of the Government Order, in Number 7(3) of the management contract template, and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 2); and,
- 9) the obligation to publish the individual management contracts, the degree of public managers' compliance with their respective management goals, and the value of public managers' ensuing performance bonuses (enshrined in Article 9 of the Government Order and mentioned in the report's section '*Principais efeitos sobre a governação das empresas públicas*', page 1, paragraph 3).

Moreover, the report prepared by the Portuguese Ministry of Finance further explains that penalties to suboptimal management performance were operationalised in Government Order No 317-A/2021 of 23 December through the definition of conditions leading to either a lower management bonus, the non-payment of the management bonus or the possibility to dismiss a public manager, as further specified below:

- 1) As regards a lower management bonus, Article 5(7) of Government Order No 317-A of 23 December establishes explicitly that the management bonus shall be reduced by 25%, in case of either over-employment, over-investment or over-indebtedness (assessed as defined in the Government Order), which may occur simultaneously and the ensuing reduction be applied cumulatively.
- 2) As regards the non-payment of the management bonus, Article 6(1) of Government Order No 317-A/2021 of 23 December establishes that it shall not be due to public managers of state-owned enterprises for instance when a draft budget and activities plan has not been presented in a timely manner, operating income (after certain adjustments specified in the Government Order) has decreased compared to the previous year, excessive financing has been obtained from the State, there has been an increase in arrears during the year, or there are arrears at the end of the year. Article 6(2) of Government Order No 317-A/2021 of 23 December also establishes that the mandate component of the management bonus, in its entirety, shall not be due to public managers of state-owned enterprises for instance when they have not achieved at least 70% of the management goals set for the last year of their mandate, operating income (after certain adjustments specified in the Government Order) has deteriorated over the course of their mandate, or the equity-to-total-assets ratio has declined over the course of their mandate (although the Government Order provides for the exclusion of some effects).
- 3) As regards the conditions to dismiss a public manager, the management contract template now includes a minimum benchmark of 50% for the degree of compliance of public managers with their respective management objectives (Number 7(3) of the management contract template), below which their performance is deemed to be 'negative' and the process of dismissal can be triggered, in accordance with Article 25(1)(a) of Decree-Law No 71/2007 of 27 March.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 19.22 | Related Measure: C19-r34: Digital, simple, inclusive and secure public services for citizens and businesses | |
| Name of the Milestone: Entry into force of legal framework for the digital transformation of the Public Administration | | |
| Qualitative Indicator: Entry into force of legal framework for the digital transformation of the Public Administration | | Time: Q3-2021 |
| Context: The reform aims to implement the ‘digital by definition’ paradigm in public services, to make it more user orientated, increasing its accessibility and reducing the administrative burden for citizens and business, including by relying on the use of cloud services. This milestone requires the entry into force of a legal framework for the digital transformation of the Public Administration, including for the implementation of the single digital gateway and the ‘once only principle’, through a coordinated process between public entities, anchored in a Strategy and Action Plan for Digital Transformation in Public Administration for 2021 to 2026. It also requires that the required information security safeguards, including those specific to cybersecurity, are in place to aid the digital transition. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div><div>2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of <div><div>a. Decree-Law No 65/2021 of 30 July (Published in Portugal’s Official Journal, ‘Diário da República’ No 147/2021, first series of 30 July 2021, pages 8 - 21), regulating the legal regime for the security of cyberspace and defining the cybersecurity certification obligations pursuant to Regulation (EU) 2019/881 of the European Parliament of 17 April 2019.</div><div>b. Council of Ministers Resolution No 131/2021 of 10 September (Published in Portugal’s Official Journal, ‘Diário da República’ No177/2021, first series of 10 September 2021, pages 17 - 34), approving the Strategy for the Digital Transformation of Public Administration 2021-2026 and its Plan.</div></div></div></div> | | |
| Analysis: The Council of Ministers Resolution No 131/2021 of 10 September entered into force on 11 September 2021, as set out in point 5 (page 19). In line with the requirements of the CID, the Strategy for the Digital Transformation of the Public Administration 2021-2026 and its Action Plan was approved by the Council of Ministers Resolution No 131/2021 of 10 September to ensure that the legal framework necessary for the digital transition is in place (Annex 2 approves the Strategy for the Digital Transformation of the Public Administration 2021-2026 and its Action Plan for the legislative period, as set out in points 1 (a) and (b) of Council of Ministers Resolution No 131/2021 of 10 September. This Strategy and its Action Plan establish 6 Strategic Action Lines, as set out in point 4 of part B of Annex I, page 24). | | |

The Strategy for the Digital Transformation of the Public Administration 2021-2026 and its Action Plan anchors a coordinated process between public entities to facilitate the digital transition through, for example, Strategic Line IV, 'ITC skills', strategic objective 4.1 *'Formalise, at sectoral level and at the level of public bodies, the coordination of the digital transformation'*.

The Council of Ministers Resolution No 131/2021 of 10 September implements the single digital gateway and the 'once only principle' (reusing or sharing data and documents that citizens and businesses have already supplied to the public administration in a transparent and secure way) through measures envisaged in the Action Plan, such as those included under the Strategic Line III, 'Reference Structures', strategic objective 3.3 *'Making all digital services available, with correspondence in Portugal, at the National Contact Point — ePortugal portal, in accordance with the European Single Digital Gateway Regulation'* (page 27) and corresponding measures 3.2.1 *'Availability of the catalogue of public administration (PA) services and data on the PA Interoperability Platform (IAP) — identification of the digital data and services that the area of government needs to automate services and implement the only-once concept'*; 3.2.2 *'Integrating all services in the Single Digital Point (Ponto Digital Único)'*; and 3.2.5 *'Promote the development of automated services and the "only-once" principle through the IAP'* (pages 31 and 32).

Decree-Law No 65/2021 of 30 July entered into force on 9 August 2021, in accordance with its Article 23.

Regarding the National Cybersecurity Framework and information security safeguards, Decree-Law No 65/2021 of 30 July builds on Law No 46/2018 of 13 August, laying down the legal framework for the security of cyberspace, enabling the implementation of a national cybersecurity certification framework. In Decree-Law No 65/2021 of 30 July:

- Chapter III sets out the requirements for the security of network and information systems.
- Chapter IV sets out the rules for the notification of incidents (Articles 11 – 17) to be complied with by public authorities, operators of critical infrastructure, operators of essential services and digital service providers, as well as the obligations on these entities in relation to cybersecurity certification.
- Chapter V (Articles 20 and 21) sets out the role (Article 20 (1)) and powers (Article 20 (4)) of the National Cybersecurity Centre (CNCS) as the National Cybersecurity Certification Authority, with tasks under European cybersecurity certification schemes. It also reflects the CNCS' technical independence (Article 20 (1)).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 19.24 | Related Measure: C19-r36: Public administration empowered to create public value | |
| Name of the Milestone: Establishment of the National Institute of Administration, I.P. | | |
| Qualitative Indicator: Establishment of the National Institute of Administration, I.P. by legal act | | Time: Q2-2021 |
| Context: The reform aims to strengthen the management and training structure for civil servants and management. It also envisages the upskilling of civil servants, including their digital skills, and the implementation of new working models. This milestone envisages the setting up of the structure for the coordination of training activities (the <i>Instituto Nacional de Administração</i>) and the deepening of the Qualifica AP programme in order to upgrade the qualification levels of civil servants. In parallel, it aims to harness the potential of teleworking in the civil service. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div><div>2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of:<div><div>a) Decree-Law No 19/2021 of 15 March (published in Portugal’s Official Journal, ‘Diario da República’ No 51/2021, first series of 15 March 2021, pages 4-15), amending the model of education and training in the public administration, establishing the National Institute of Administration, I.P. (INA, I.P.) and abolishing the Directorate-General for the Qualification of Workers in Public Functions,</div><div>b) Order No 4763-D/2021 of 11 May (published in Portugal’s Official Journal, ‘Diario da República’ a No 91/2021, first supplement, second series of 11 May 2021, pages 8 – 12), appointing the INA, I.P. Installing Committee,</div><div>c) Order No 100-B/2021 of 11 May (Published in Portugal’s Official Journal, ‘Diario da República’ No 91/2021, first supplement, first series of 11 May 2021, pages 7 – 11), approving the internal organisation and defining the headquarters of INA, I.P,</div><div>d) Order No 4763-C/2021 of 11 May, (Published in Portugal’s Official Journal, ‘Diario da República’ No 91/2021, first supplement, second series of 11 May 2021, pages 6 – 7), establishing the Strategic Board of INA, I.P,</div><div>e) Decree-Law No 27/2021 of 16 April (Published in Portugal’s Official Journal, ‘Diario da República’ No 74/2021, first series of 16 April 2021, pages 5 – 13), which adapts and modernises the incentive scheme for the cooperation of higher education institutions with the Public Administration,</div><div>f) Decree-Law No 40/2020 of 17 July (Published in Portugal’s Official Journal, ‘Diario da República’ No 138/2020, first series of 17 July 2020, pages 3 – 5), implementing a programme of incentives civil service workers to work in inland areas,</div><div>g) Order No 11427/2021 of 19 November, (Published in Portugal’s Official Journal, ‘Diario da República’ No 225/2021, second series of 19 November 2021, pages 113</div></div></div></div> | | |

- 114), creating the Qualifica PA Centre for local government,
- h) **Order No 12126/2021 of 14 December**, (Published in Portugal's Official Journal, 'Diário da República' No 240/2021, second series of 14 December 2021, pages 20 – 21), setting up 5 Qualifica AP Centres.

The authorities also provided:

- 3) **Protocols** concluded between the INA, I.P. and the Council of Rectors of Portuguese Universities (CRUP) and the Coordinating Council of Polytechnic Higher Institutes (CCISP), signed on 21 September 2021.

Analysis:

Decree-Law No 19/2021 of 15 March came into force on 1 April 2021, in accordance with its Article 12.

In line with the requirements of the CID, Decree-Law No 19/2021 of 15 March sets up the Instituto Nacional de Administração, I.P. to coordinate the training in the public administration, including advanced training as provided for in Articles 2, 3, 4 and 5 and in the annex which forms an integral part thereof.

As regards the requirement to enable INA, I.P. to take up its duties in accordance with Decree-Law No 19/2021 of 15 March, the following steps have been addressed:

- a) Appointment of the INA, I.P. Installing Committee, appointed by Order No 4763-D/2021 of 11 May, in accordance with Article 6 of Decree-Law No 19/2021 of 15 March.
- b) Approval of the internal organisation of the INA, I.P., approved by Order No 100-B/2021 of 11 May, in accordance with Article 15 of the statutes defined in Decree-Law No 19/2021 of 15 March.
- c) Definition of the seat of the INA, I.P., defined by Order No 100-B/2021 of 11 May, in accordance with Article 15 of the statutes defined in Decree-Law No 19/2021 of 15 March (Annex I, pages 9-15).
- d) Establishment of the Strategic Board, established by Order No 4763-C/2021 of 11 May, in accordance with Article 10 of the statutes defined in Decree-Law No 19/2021 of 15 March (Annex I, pages 9-15).

As regards to the promotion of advanced training:

- a) Decree-Law No 27/2021 of 16 April adapts and modernises the incentive scheme for higher education institutions to cooperate with public administration and enterprises and to support the diversification of training provision including in the public administration (as set out in its Articles 2, 3, 5, 6 and 7). Decree-Law No 27/2021 entered into force on 17 April 2021, in accordance with its Article 10.
- b) Order No 100-B/2021 of 11 May gives to the Directorate for Training and Qualification Services, an organic unit of the INA, I.P., the task of promoting together with the consortium concluded with higher education institutions the organisation of training courses for managers and future managers of the administration and for senior technical staff in the public administration, as set out in Article 3(1).
- c) In addition, the INA, I.P. facilitated the establishment of partnerships, by signing Protocols with CRUP and CCISP on 21 September 2021, providing various training offers for

employees and managers of the civil service. Both Protocols define Object (Article 1), Scope (Article 2), Obligations of the signing parties (Article 3), Duration and revision (Article 4) and Legal regime applicable (Article 5).

As regards the deepening of the Qualifica AP Programme, Order No 11427/2021 of 19 November established the Centre Qualifica AP for local government, while Order No 12126/2021 of 14 December created 5 Qualifica AP Centres. These contribute to the ongoing process of decentralization of the Qualifica AP Programme and increase the number of potential beneficiaries to 250 000 workers, of whom around 129 000 in local government.

As for harnessing the potential of teleworking in the civil service, Decree-Law No 40/2020 of 17 July was approved, published, and entered into force on 18 July 2020, according to its Article 4. Decree-Law No 40/2020 of 17 July establishes an incentive programme for civil servants to telework in inland areas either from home or from telework centres. In particular, Decree-Law No 40/2020 of 17 July creates conditions for setting up teleworking centres and the makes it possible to grant temporary cash compensation to workers who telework in inland areas (Articles 3 and 4 of Decree-Law No 40/2020 of 17 July).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 20.2 | Related Measure: C20-i01: Digital transition in education |
| Name of the Milestone: Signature of contracts for the purchase of individual computers for pupils and teachers | |
| Qualitative Indicator: Contract signed | Time: Q4-2021 |
| <p>Context:</p> <p>The objective of the measure is to foster the digitalisation of the Portuguese education system by providing equipment, connectivity services and changing the curriculum and teaching to develop digital and technological competences.</p> <p>The objective of this milestone is to sign the contracts for the procurement of 600 000 laptops to be later distributed to primary and secondary pupils and teachers in the Portuguese public schools network. The distribution of laptops to pupils and teachers will be monitored with target 20.3 (Q4 2022). In addition, target 20.7 (Q4 2024) requires Portugal to provide non-portable computers to 'other educational agents'.</p> | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; 2) Copy of the signed contracts entered into by the General Secretariat for Education and Science for the purchase of 600 000 new laptops to lend to teachers and pupils, 9 separate contracts have been provided: <ul style="list-style-type: none"> First procedure <ol style="list-style-type: none"> i. Lot 1 (50 000) CTR/80/2021/DSCP ii. Lot 2 (50 000) CTR/81/2021/DSCP iii. Lot 3 (50 000) & 4 (48930) CTR/82/2021/DSCP iv. Lot 5 (50 000) & 6 (50 000) & 7 (35 000) & 9 (42 511) CTR/84/2021/DSCP v. Lot 8 (35 000) CTR/85/2021/DSCP vi. Lot 10 (50 000) CTR/81/2021/DSCP vii. Lot 11 (50 000) & 12 (40 000) CTR/83/2021/DSCP viii. Lot 13 (38776) CTR/80/2021/DSCP Second procedure <ol style="list-style-type: none"> ix. Lot 1 (4891) & 2 (4892) CTR/5/2022/DSCP <p>The authorities also provided:</p> <ol style="list-style-type: none"> 3) A declaration, dated 9 February 2022, signed by the Secretary general for Education and Science confirming that the procured laptops will be distributed to teachers, technicians with teaching tasks and pupils. | |
| <p>Analysis:</p> <p>Nine contracts were signed for the purchase of 600 000 new laptops. Eight contracts were signed before the end of December 2021, the last contract for the remaining 9 783 laptops was signed on 13 January 2022.</p> <p>In line with the requirements of the CID, the contracts concern the procurement and purchase of laptops and other equipment for the supply to primary and secondary school pupils and teachers.</p> | |

The contracts also include a detailed list of the beneficiary schools. The total number of laptops under the contracts is 600 000.

While the CID specifies that the laptops should benefit teachers and pupils, the contracts mention as beneficiary also 'other educational agents'. The summary document and the submitted declaration of 9 February 2022 clarify that 'other educational agents' will be excluded from the distribution and the procured laptops will be distributed only to pupils, teachers and technicians that have teaching tasks. The summary document and the submitted declaration also clarify that the category of staff 'other educational agents' will receive non-portable computers procured for administrative staff as part of target 20.7.

Commission Preliminary Assessment: Satisfactorily fulfilled

Loan support

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| Number: 5.23 | Related Measure: RE-r10: Creation and development of <i>Banco Português de Fomento</i> | |
| Name of the Milestone: Entry into force of the regulation setting the activities and statutes of <i>Banco Português de Fomento</i> (BPF) | | |
| Qualitative Indicator: Entry into force of Decree-Law No 63/2020, setting the activities and statutes of BPF | | Time: Q4-2020 |
| Context: The objectives of the measure are to facilitate the access to finance of Portuguese firms by reducing the complexity of publicly supported corporate finance products and by enabling projects of national strategic interest. This milestone, to address these objectives, requires the establishment of <i>Banco Português de Fomento</i> , as the state-owned National Promotional Bank, setting also its activities and statutes. It relates to investments C05-i06, Capitalisation of companies and financial resilience/ <i>Banco Português de Fomento</i> and C05-i04, Recapitalisation of the business system of the Azores. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.</div><div>2) Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 63/2020 of 7 September (published in Portugal’s Official Journal, ‘Diário da República’, No 174/2020, first series of 7 September 2020, pages 2-22).</div></div> The authorities also provided: <div>3) Council of Ministers Resolution No 41/2020 of 6 June (published in Portugal’s Official Journal, ‘Diário da República’, No 110-A/2020, first series of 6 June 2020, pages 2-37).</div> | | |
| Analysis: The ‘Economic and Social Stabilisation Programme’, adopted by Council of Ministers Resolution No 41/2020 of 6 June, demands the development of a set of exceptional measures in response to the effects caused by the SARS-CoV-2 pandemic, among which is the creation of the <i>Banco Português de Fomento</i> , as the state-owned National Promotional Bank (section 5.3). In line with the requirements of the CID: <div><div>1. <i>Banco Português de Fomento</i> was established by Decree-Law No 63/2020 of 7 September, which regulates its activity and operation (Articles 1 and 3 to 9) and approves its statute (Article 10(1));</div><div>2. The Decree-Law No 63/2020 of 7 September, as provided for in Article 1(2), merges by acquisition PME Investimentos — <i>Sociedade de Investimento, S.A.</i>, and IFD — <i>Instituto Financeiros de Desenvolvimento, S.A. (IFD, S.A.)</i> into SPGM — <i>Sociedade de Investimento, S.A. (SPGM)</i>, the latter changing its name to <i>Banco Português de Fomento, S.A.</i> (see Article 1(3)). <i>Banco Português de Fomento</i> is a state-owned entity (see Article 2);</div><div>3. The establishment of <i>Banco Português de Fomento</i> contributes to reducing the complexity</div></div> | | |

of access by Portuguese firms to financial instruments by having the management of these instruments done by one single entity (see Article 3 of Annex I to the Decree-Law No 63/2020 of 7 September).

4. Annex I (Article 3) of Decree-Law No 63/2020 of 7 September also details how the objective of the measure will be tackled by the creation of the bank. Among these, *Banco Português de Fomento* should support the resumption of economic activity after the COVID-19 pandemic, enable projects of national strategic interest (see also Articles 1.2, 3.3 and Annex 3 to the investment policy), and help national companies benefit from the national and European actions of recovery (see Point 5 of Article 3 of Decree-Law No 63/2020 of 7 September and BPFs guarantee programmes and debt programmes). Finally, section 5 of Article 3 outlines the framework for the management of financial instruments from international funds (e.g. from European Structural or Investment funds, or from the European Investment Bank Group).

In accordance with Article 15 of Decree-Law No 63/2020 of 7 September: i) Decree-Law No 63/2020 of 7 September entered into force 40 working days after its publication, i.e. on 3 November 2020; ii) the provisions of Article 12 (Acquisition for the full control of public entities) entered into force on the day following the date of publication of this Decree-Law, i.e. 8 September 2020.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 5.27 | Related Measure: C05-i06: Capitalisation of companies and financial resilience/ <i>Banco Português de Fomento</i> | |
| Name of the Milestone: Entry into force of a decree law regulating the capitalisation measure of BPF | | |
| Qualitative Indicator: Entry into force of a decree law regulating the capitalisation measure of BPF | | Time: Q3-2021 |
| Context: The objective of the measure is to address the structural problem of firms’ undercapitalisation. To this end, a special purpose vehicle is created, which will subsequently invest EUR 1 300 000 000 in viable Portuguese firms in the form of equity and quasi-equity. This milestone demands the adoption of a legislative act to regulate such fund. This is the first milestone of this investment, followed by milestone 5.28 in Q3 2021, which demands the adoption of the fund’s investment policy. The final target (5.29), demanding the delivery of the funds to beneficiary companies, is due in Q4 2023. | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1)</div><div>Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div></div> <div><div>2)</div><div>Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of Decree-Law No 63/2021 of 28 July (published in Portugal’s Official Journal, ‘Diário da República’, No 145/2021, first series of 28 July 2021, pages 8-16) setting up the Capitalisation Fund.</div></div> | | |
| Analysis: In line with the requirements of the CID, Articles 1 and 2 of Decree-Law No 63/2021 of 28 July, provide the framework for the creation of a capitalisation fund (Special Purpose Vehicle) for companies (Capitalisation Fund), which will be managed by <i>Banco Português de Fomento (BPF)</i> (Article 8), with an allocation of EUR 1 300 000 000 (Article 3 of the Annex). Decree-Law No 63/2021 of 28 July: <div><div>1.</div><div>Defines, in Article 2 (3), the ‘Legal Regime for the Capitalisation and Resilience Fund’;</div></div> <div><div>2.</div><div>Provides for the adoption of an investment policy (Article 15 of the Annex) to include criteria for the eligibility and selection of beneficiary companies, namely the criteria of strategic interest, profitability, risk and impact on sustainable development used by the Fund to take investment decisions;</div></div> <div><div>3.</div><div>Includes the eligibility criteria for commercial companies (Article 16 of the Annex), as well as the permitted capital and quasi-equity investments and the form of investments (Articles 17 and 18 of the Annex).</div></div> The entry into force of Decree-Law No 63/2021 of 28 July, is provided for in Article 4 and corresponds to the day following its publication, on 29 July 2021. | | |
| Commission Preliminary Assessment: Satisfactorily fulfilled | | |

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| Number: 5.28 | Related Measure: C05-i06: Capitalisation of companies and financial resilience/ <i>Banco Português de Fomento</i> | | |
| Name of the Milestone: Development of the investment policy (capitalisation) and adoption by the vehicle manager | | | |
| Qualitative Indicator: Investment policy (capitalisation), developed by BPF and adopted by the vehicle set up to manage the holdings resulting from the financial instruments implemented | | | Time: Q3-2021 |
| Context: The objective of the measure is to address the structural problem of firms’ undercapitalisation. To this end, a special purpose vehicle is created, with the aim to investing EUR 1 300 000 000 in viable Portuguese firms in the form of equity and quasi-equity. This milestone demands the adoption of an investment policy for the special purpose vehicle. This is the second milestone of the investment, following 5.27. The final target (5.29), demanding the delivery of the full amount of the funds to beneficiary companies, is due in Q4 2023. | | | |
| Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: <div><div>1) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</div><div>2) Copy of the Investment Policy, adopted and signed by BPF (page 18 of the Investment Policy) and approved by the Minister of State, the Economy and Digital Transition on 22 December 2021;</div><div>3) Link to the publication of the Investment Policy, provided in the Summary document;</div><div>4) Extract from the investment policy showing alignment with the DNSH Technical Guidance (2021/C58/01), in accordance with CID’s description of the milestone.</div></div> The authorities also provided: <div><div>5) Decree-Law No 63/2020 of 7 September (published in Portugal’s Official Journal, ‘Diário da República’, No 174/2020, first series of 7 September 2020, pages 2-22), which regulates the activity and operation of <i>Banco Português de Fomento</i>, S.A., and approves its statutes.</div></div> | | | |
| Analysis: In line with the requirements of the CID, <i>Banco Português de Fomento</i> (BPF) developed the Investment Policy for which: <div><div>a) the Capital and Resilience Fund Investment Technical Commission issued a favourable opinion on 16 December 2021 (pursuant to Article 9(2) (a) of the Annex to Decree-Law No 63/2021 of 28 July),</div><div>b) approval from BPF was obtained on 22 December 2021, and</div><div>c) approval from the Ministry of State, of Economy and Digital Transition was granted on 22 December 2021, in accordance with Article 15(1) of the Annex of Decree-Law No 63/2021 of 28 July.</div></div> The Investment Policy is published on the BPF website: https://www.bpfomento.pt/pt/catalogo/instrumentos-de-capital/ | | | |

The Investment Policy outlines:

- a) The main objectives of the Fund, among which the provision of temporary support to strengthen the solvency of companies affected by the pandemic and the strengthening of early-stage or growth and consolidation firms (section 1), investing in viable Portuguese companies (sections 2.1.6 and 4.3.1). These should be reached by providing for an investment strategy embodied in standard investment programmes with well-established risk and return objectives (sections 3.3 and 3.4);
- b) The targets and requirements of Decree-Law No 63/2021 of 28 July, among which the respect of the climate and environmental requirements of the Recovery and Resilience Facility, including the Technical Guidelines on the application of the DNSH principle (2021/C58/01), as highlighted in the extract from the investment policy (mostly in its Annex I and section 4.3), including the DNSH requirements as set out in the description of the milestone in the CID (section 4.3.1, point 14 of the investment policy);
The further specification in the Operational Arrangements for this milestone states that the *'specific provisions for beneficiaries of equity support shall apply to activities or assets in determining the amount of their revenues derived under the exclusion list set out in the CID.'* while the CID only refers to 'activities' for beneficiaries of equity support. This further specification is not reflected in section 4.3.1 (14.b) of the adopted investment policy, which only refers to 'activities'. Such further specification had been included in the Operational Arrangements to make the wording consistent with the wording in other parts of the Portuguese CID related to this measure and also to achieve consistency with the CIDs for other Member States, referring to 'activities or assets'. However, for the purpose of equity, referring only to 'activities' can nevertheless be considered acceptable. This is because for equity, the concept of direct revenue is to be applied to determine the amount of the revenues derived from activities under the exclusion list set out in the CID. It is therefore the company's (revenue-generating) activities or product/business lines which need to be used for this purpose, rather than the underlying assets. Hence, despite not referencing the provision of 'and assets' directly in the investment policy documents, the DNSH compliance is achieved and milestone 5.28 is considered as satisfactory fulfilled;
- c) Investment targets and targeted returns of the fund (see section 3.4);
- d) Eligibility and selection criteria, which are left rather broad, but are sufficiently defined for the purpose of the investment policy, and will be detailed further in BPF's investment programmes (see section 4). These investment programmes will be implemented only after the adoption of the investment policy and will have to fulfil the criteria included in the further specifications for target 5.29 in the Operational Arrangements;
- e) The financial instruments that will be used by the fund (i.e. equity and quasi-equity instruments, see section 3.2.1).

Commission Preliminary Assessment: Satisfactorily fulfilled