






# PORTUGAL

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## Economic resiliency and deleveraging at a strong pace



## Index

	<b>Executive Summary</b> Portuguese economy in numbers
	<b>Macro Outlook</b> Latest developments and projections
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	<b>Debt Management and Funding Plan</b> Risk indicators and markets developments
	<b>ESG Outlook</b> Energy and climate

## Executive Summary

- Albeit the global slowdown, the **Portuguese economy is growing** above most European peers
- **Exports and private consumption are the current engines of growth, supported by a diversified structure of the economy and a buoyant tourism sector**
- Travel and tourism exports fuel the services surplus, which together with a lowering goods deficit result in a **growing current and capital account surplus**
- **Public accounts were in surplus in 2023**, benefitting from economic outperformance, with tax revenues growing considerably and accommodating the adoption of policy measures to combat the rising cost of living
- **Strong primary balances**, above interest expenses, combined with economic growth have resulted in a **sharp decline of the public debt ratio**, as part of a process of **deleveraging in the entire Economy**
- **Banking sector profitability** increased considerably, with **improvement in asset quality** and rise of net interest margins
- **Prudent public debt management** has kept risks at bay, with a lower refinancing risk and a safe weighted average maturity
- **Retail savings certificates demand surged in 2023**, which made PGB net issuance to institutional investors negative in a context of end of reinvestments from the Eurosystem
- **Net issuance of PGB increases in 2024** as retail issuance revert to trend

## Portuguese economy snapshot

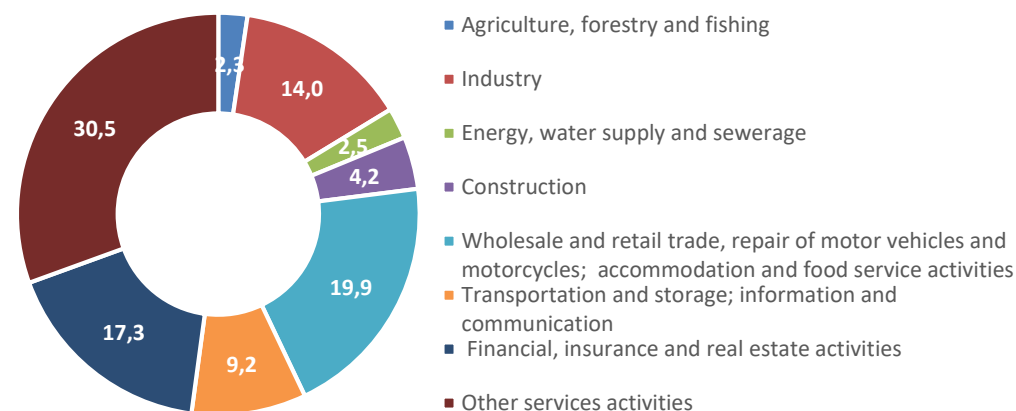
2023 (P)

	<b>Area</b> (sq. km '000)	92.2
	<b>Resident population</b> (number, 2022)	10 467 366
	<b>GDP real growth rate</b> (%)	2.3%
	<b>GDP per capita</b> (€)	25,756
	<b>Savings rate</b> (GDI %)	6.4%*
	<b>Unemployment rate</b> (%)	6.5%
	<b>General Government balance</b> (GDP %)	1.1%*
	<b>Public Debt</b> (GDP %)	99.0%
	<b>Current and Capital account</b> (GDP %)	2.73%
	<b>Inflation</b> (HIPC, annual average)	5.3%

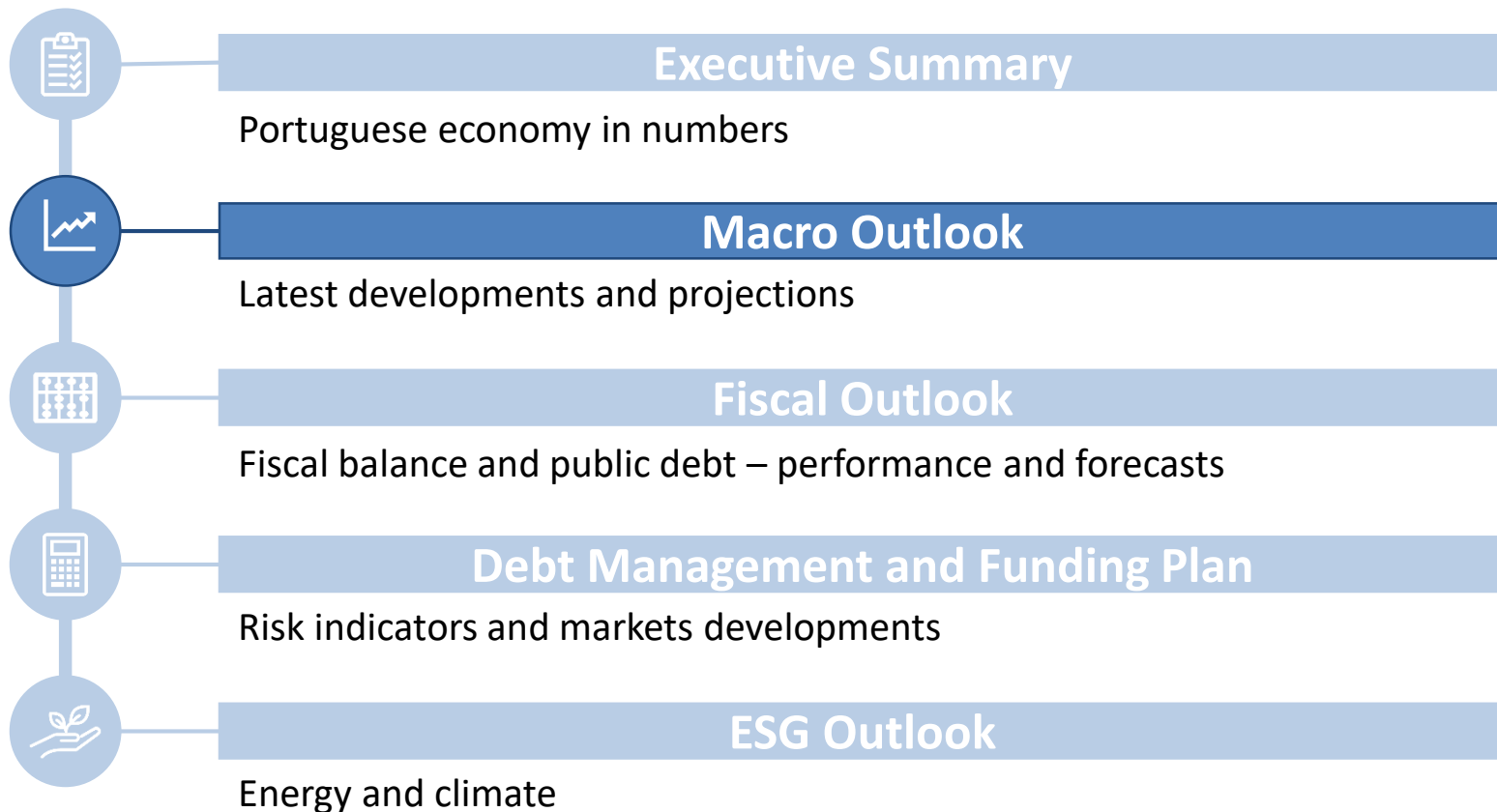
\* projections

## Open and diversified Economy within Euro Area

- Strong growth fundamentals and diversified economic activity  
GVA decomposition by sector of activity, 2023, current prices, % of total



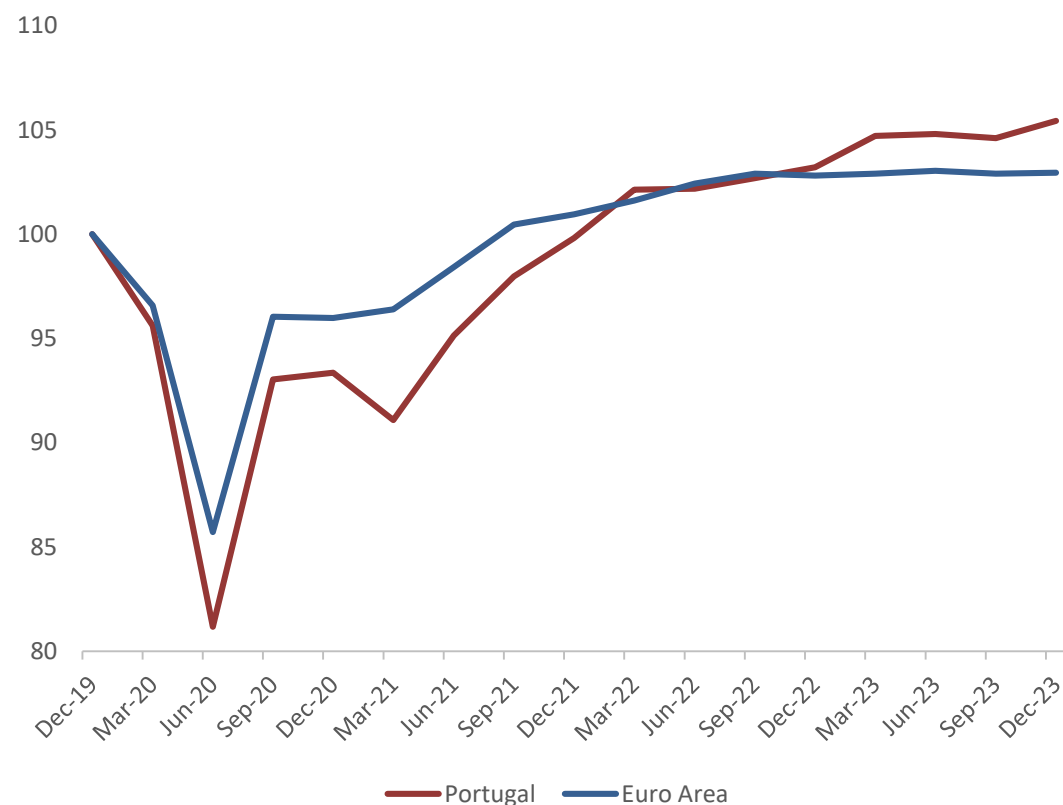
- Robust and diversified exports (both in terms of sectors and markets; accounting for over 50% of GDP)
- Solid labor market - low unemployment and high level of employment
- Strong institutions and governance
- One of the safer countries in the World
- Ratings: Moody's (A3 | Stable), S&P (A- | Pos), Fitch (A- | Stable), DBRS (A | stable)
- One of first countries to announce the commitment to be carbon neutral by 2050 (at the COP in 2016), with a plan to reduce 55% of GHG emissions by 2030 (vs 2005) and for renewables to cover 80% of energy production by 2026



## Portugal's GDP among the EA's economies with a higher YoY growth in 2023Q4

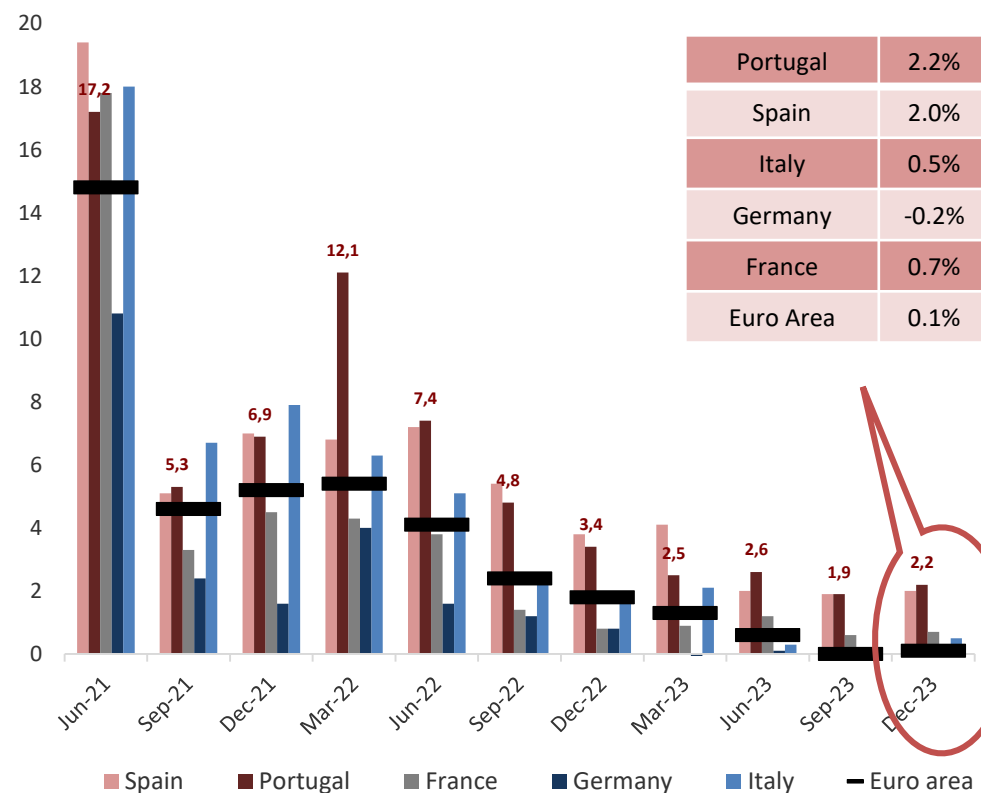
Portugal's GDP in 2023Q4 is 5.4% higher than pre-pandemic, while EA's is 3.0% above

[GDP (quarterly data), Chain linked volumes, index 2019Q4=100]



After slowing down in 2023Q3, Portugal's GDP registered a 0.8% rate of change QoQ and 2.2% YoY in Q4

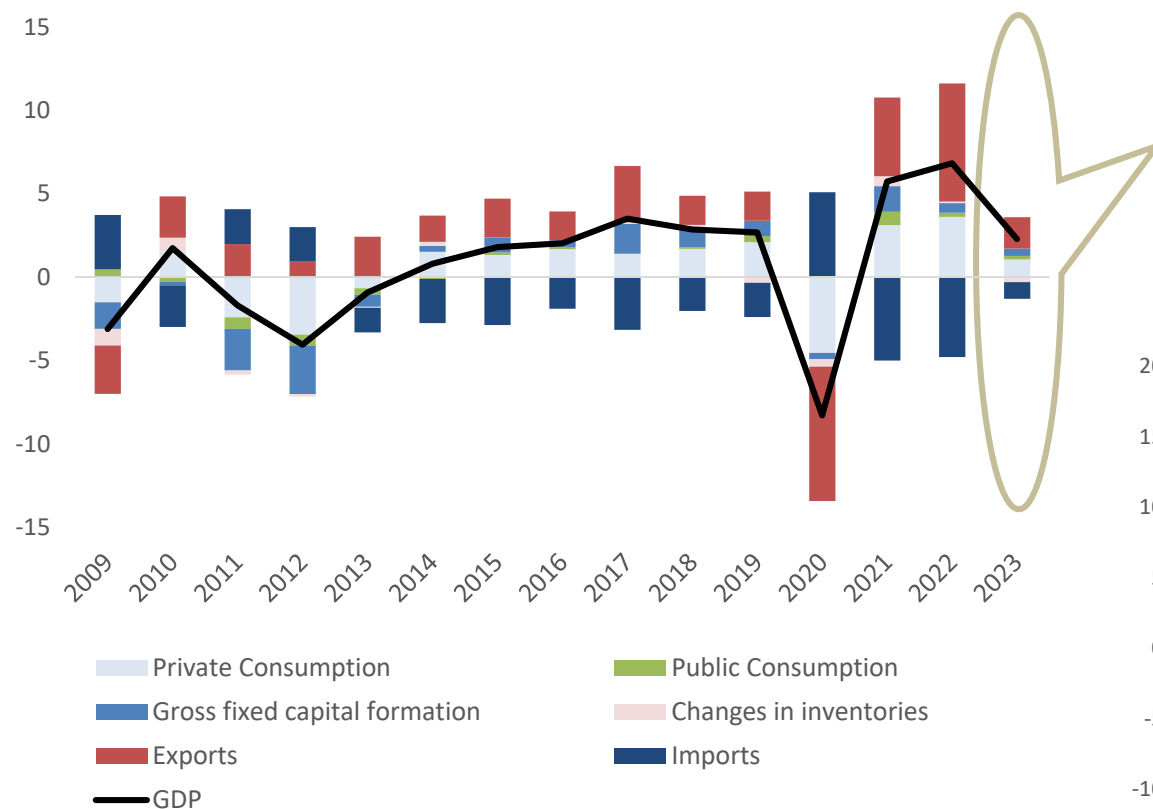
[Year-on-Year Change Rate, %]



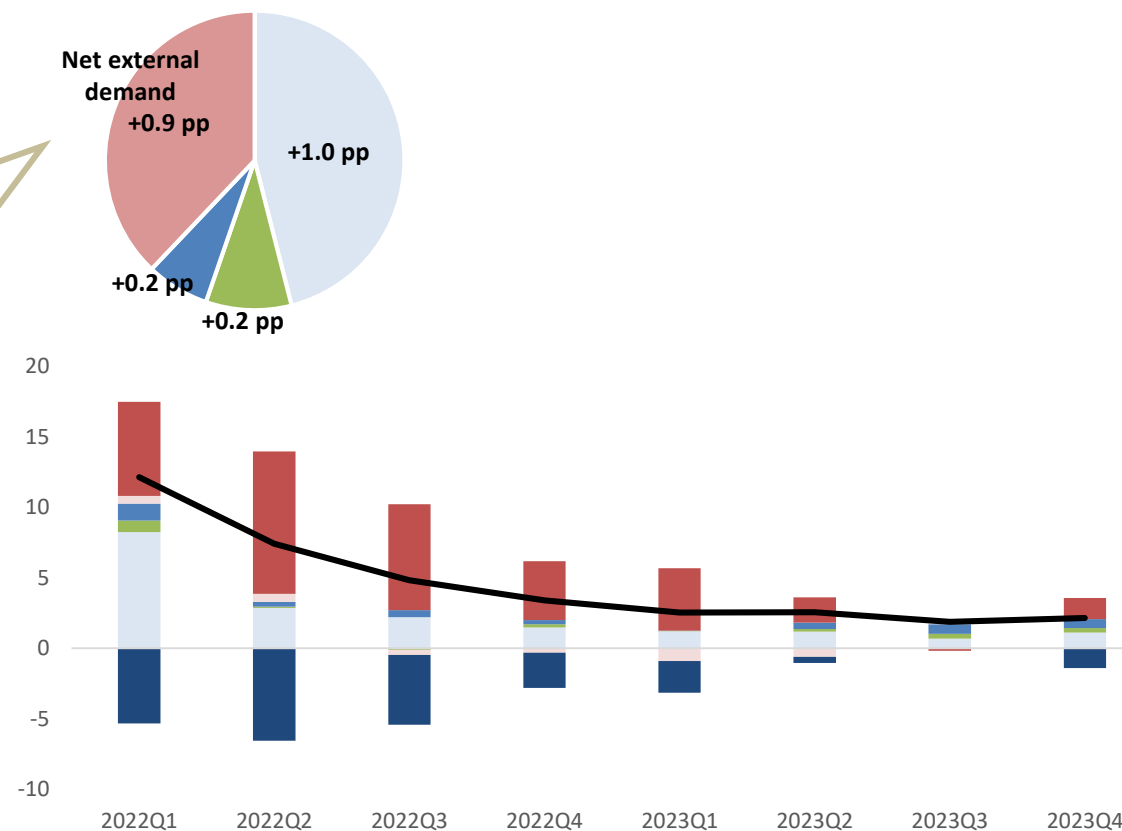
# Private consumption and exports continued to be the main growth drivers

## Private consumption remained the source of economic resilience throughout the year

[Real GDP (annual and quarterly) , YoY growth (%) and contributions (pp)]



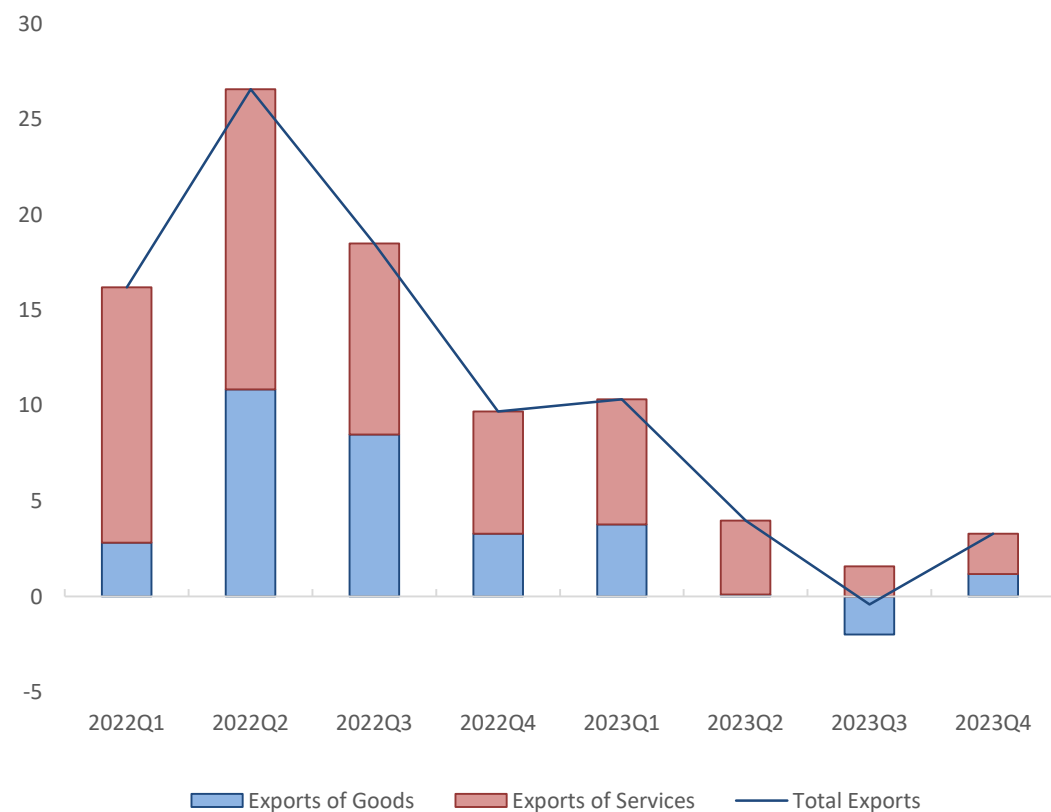
[GDP 2023, contributions pp]



# Exports growth moderated and investment showed resilience

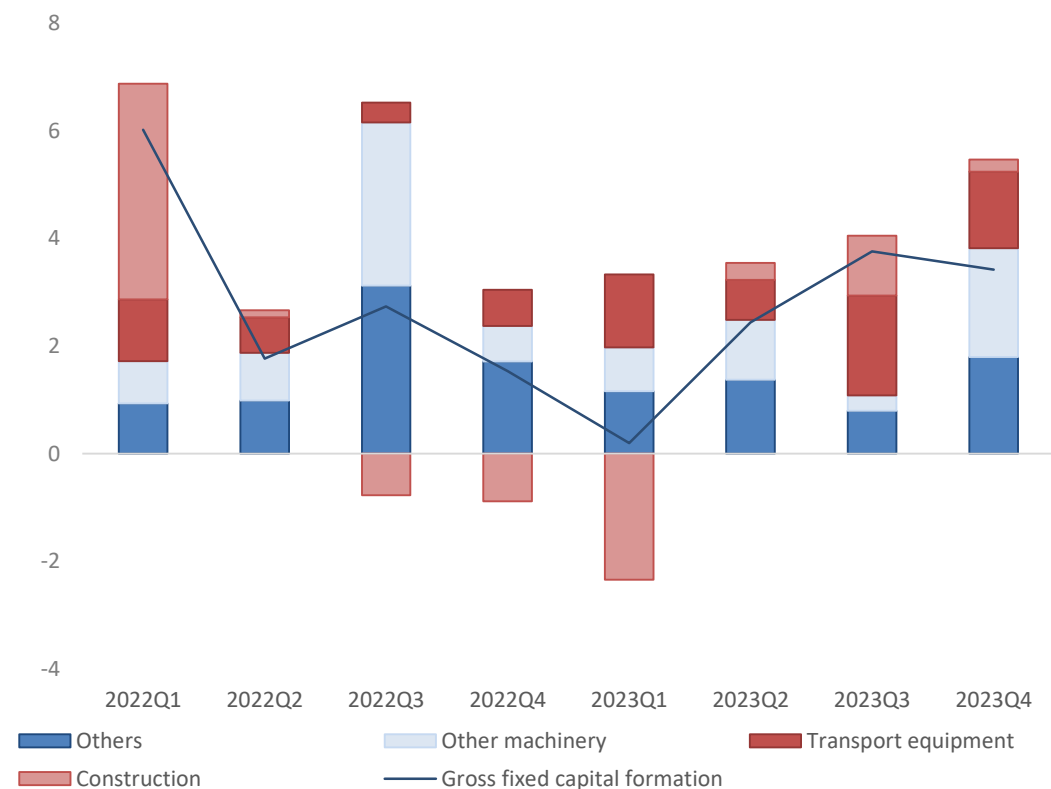
## Exports show signs of revival in Q4

[Exports, yoy growth (%) and contribution (p.p.)]



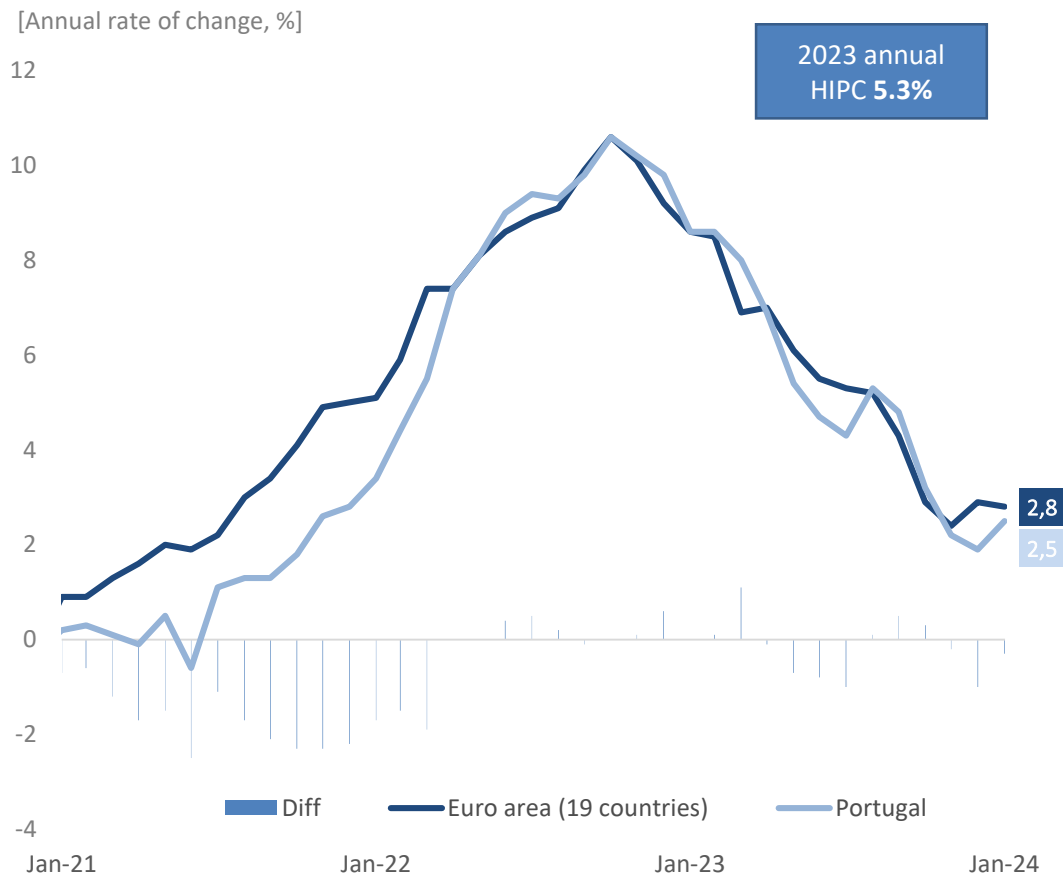
## Albeit at a modest pace, investment keeps growing

[Gross fixed capital formation, yoy growth (%) and contributions (p.p.)]

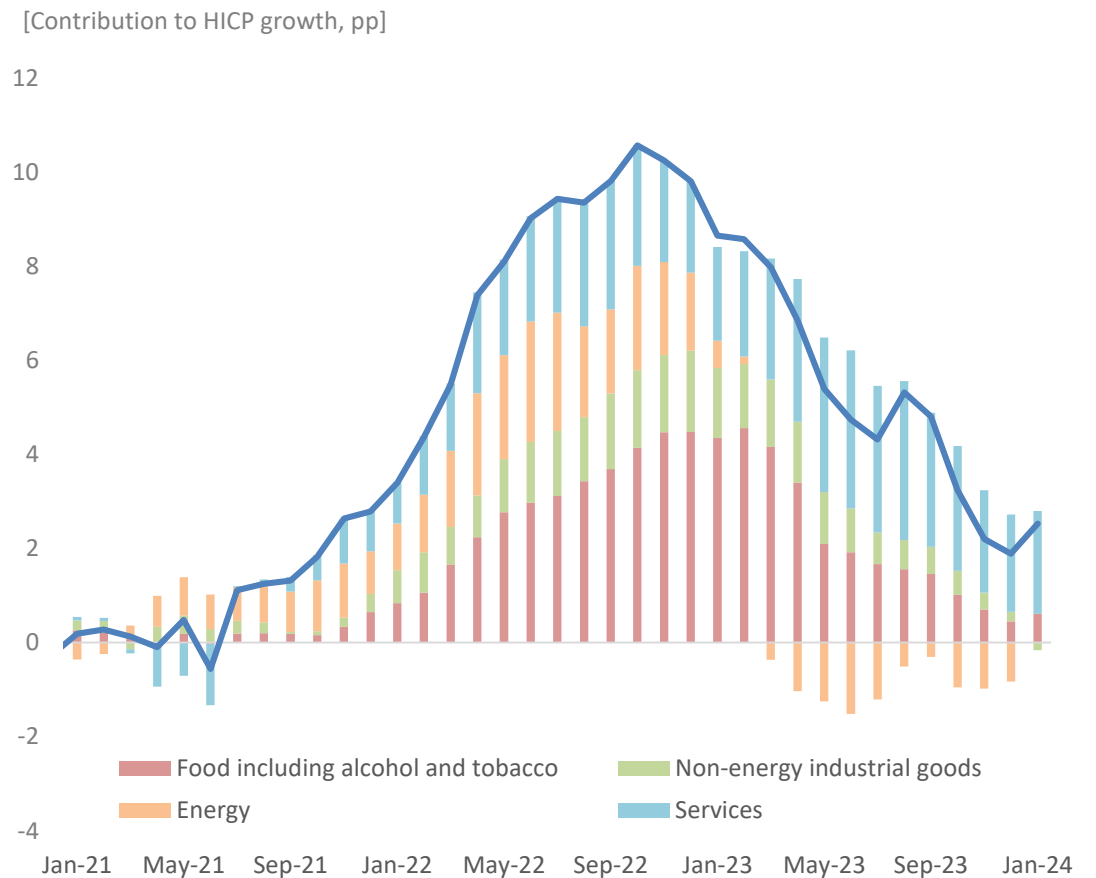


## The inflation of the Euro Area and Portugal has shown a downward trend, although it experienced an increase at the turn of the year

### Headline inflation (HICP, monthly data)



### Food and services continue to put pressure on inflation



## Recent projections point to a slowdown in 2023 and 2024

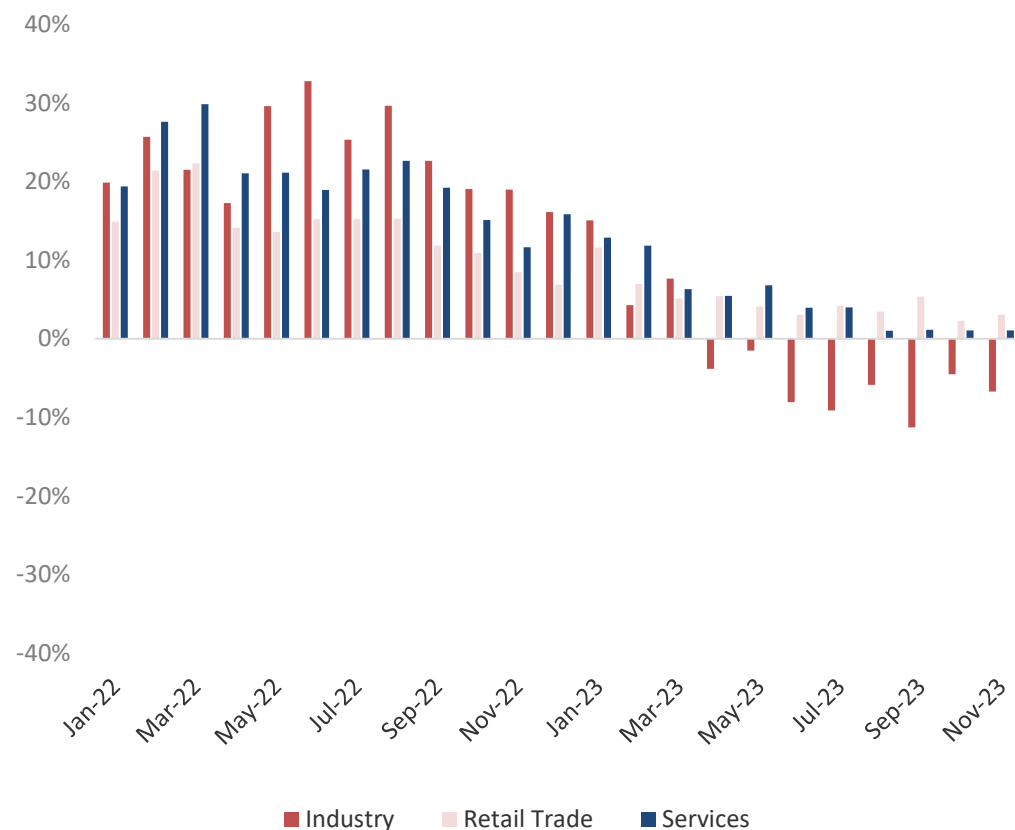
Economic slowdown expected to persist, but projections for 2025 have GDP growth gradually recovering with inflation moderating

Macroeconomic projections for Portugal	Statistics Portugal			Ministry of Finance State Budget 2024 October 2023		IMF World Economic Outlook October 2023			Banco de Portugal December 2023			European Commission February 2024		
	2020	2021	2022	2023 F	2024 F	2023 F	2024 F	2025 F	2023 F	2024 F	2025 F	2023 F	2024 F	2025 F
Real GDP (yoy %)	-8.3	5.7	6.8	2.2	1.5	2.3	1.5	2.1	2.1	1.2	2.2	2.3	1.3	1.8
Private Consumption (yoy %)	-6.9	4.7	5.6	1.1	1.1	.	.	.	1.0	1,0	1.7			
Public Consumption (yoy %)	0.4	4.5	1.4	2.0	2.3	.	.	.	1.1	1,0	0.9			
Gross Fixed Capital Formation (yoy %)	-4.8	10.9	3.5	1.3	4.1	.	.	.	0.9	2.4	5.2			
Exports of goods and services (yoy %)	-18.8	12.3	17.4	4.3	2.5	8.0	2.8	2.0	4.3	2.4	4,0			
Imports of goods and services (yoy %)	-11.8	12.3	11.1	1.8	3.2	5.2	3.9	2.9	1.3	2.8	4.1			
Domestic demand contribution (pp GDP growth)	-5.3	6.0	4.6	1.0	1.8	.	.	.	0.7	1.4	2.2			
Net exports contribution (pp GDP growth)	-3.1	-0.3	2.3	1.2	-0.3	.	.	.	.	.	.			
Employment growth (yoy %)	-1.9	2.2	1.7	1.1	0.4	.	.	.	0.8	0.1	0.3			
Unemployment rate (% labor force)	7.0	6.6	6.0	6.7	6.7	6.6	6.5	6.3	6.5	7.1	7.3			
Net lending/borrowing of the economy (% GDP)	-0.2	0.6	-0.4	3.8	1.8	.	.	.	.	.	.			
Current account balance (% GDP)	-1.0	-0.8	-1.2	1.4	0.1	1.3	1.1	1.0	.	.	.			
GDP deflator (yoy %)	2.0	1.9	5.0	6.9	2.9	3.8	2.7	2.2	.		.			
Inflation (HICP. yoy %)	-0.1	0.9	8.1	5.3	3.3	5.3	3.4	2.4	5.3	2.9	2,0	5.3	2.3	1,9

# Economic sentiment and activity indicators show timid signs

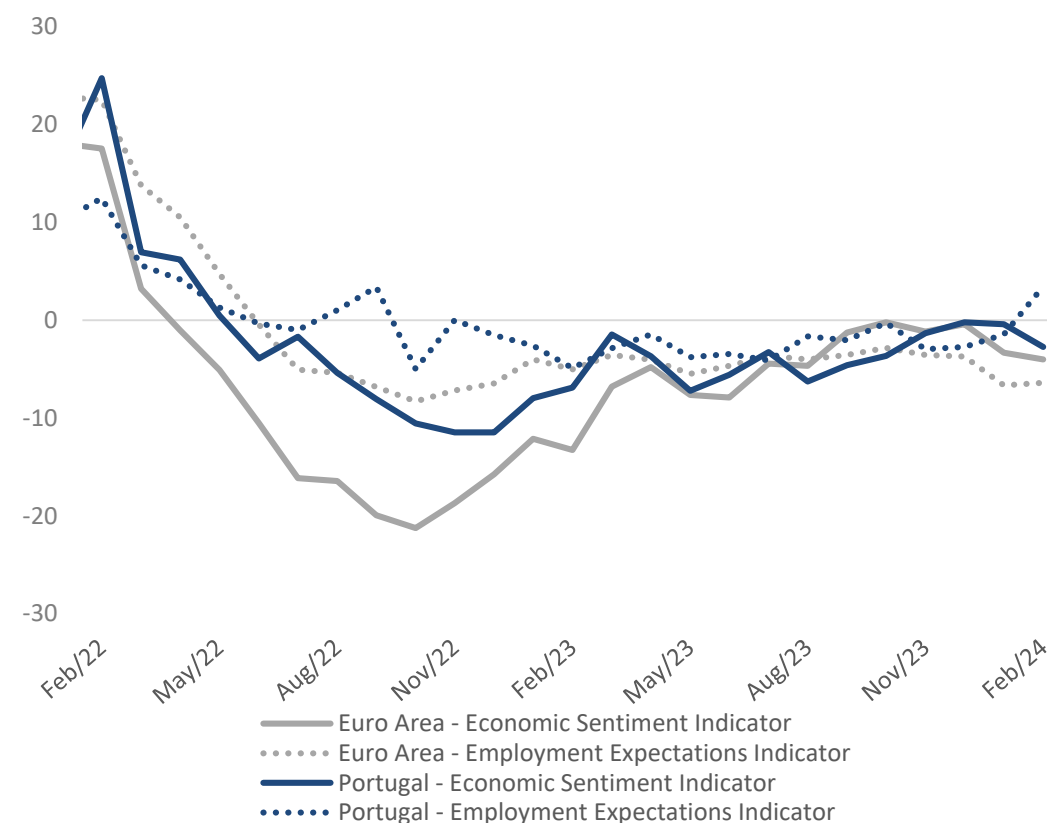
## Business turnover indicators point to slower growth, while industrial turnover has been negative

[Business turnover index; year-on-year change]



## Economic sentiment remains subdued

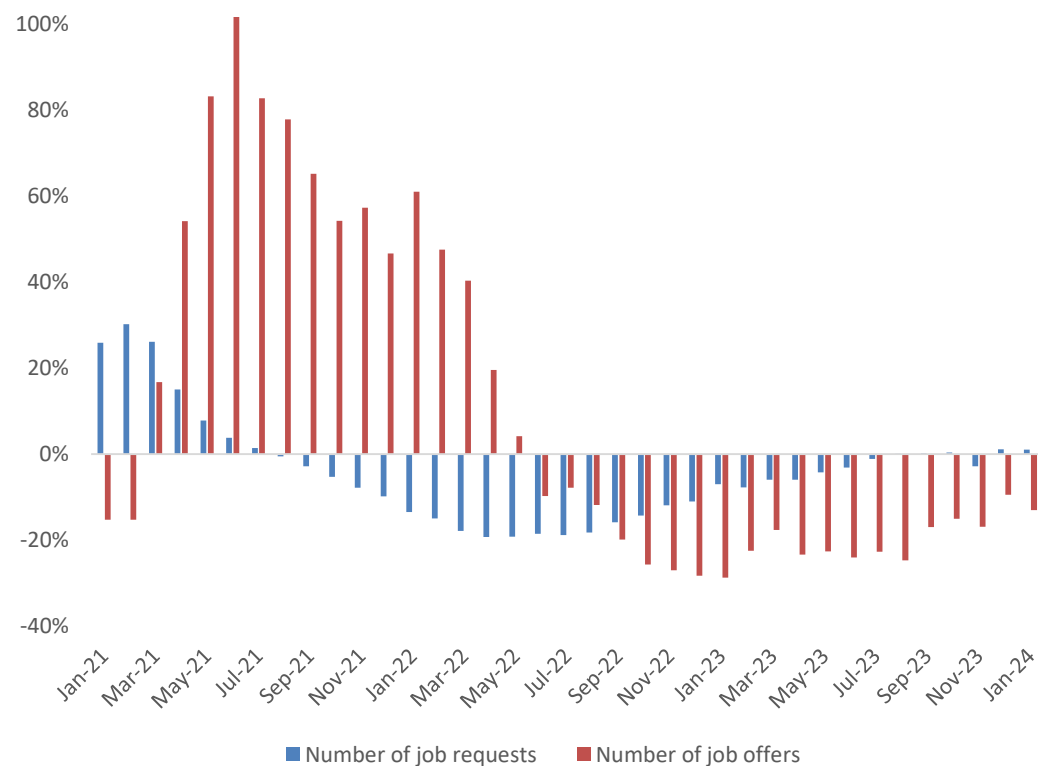
[Confidence indicators; year-on-year change (%)]



## Strong labour market weathers economic slowdown in 2023

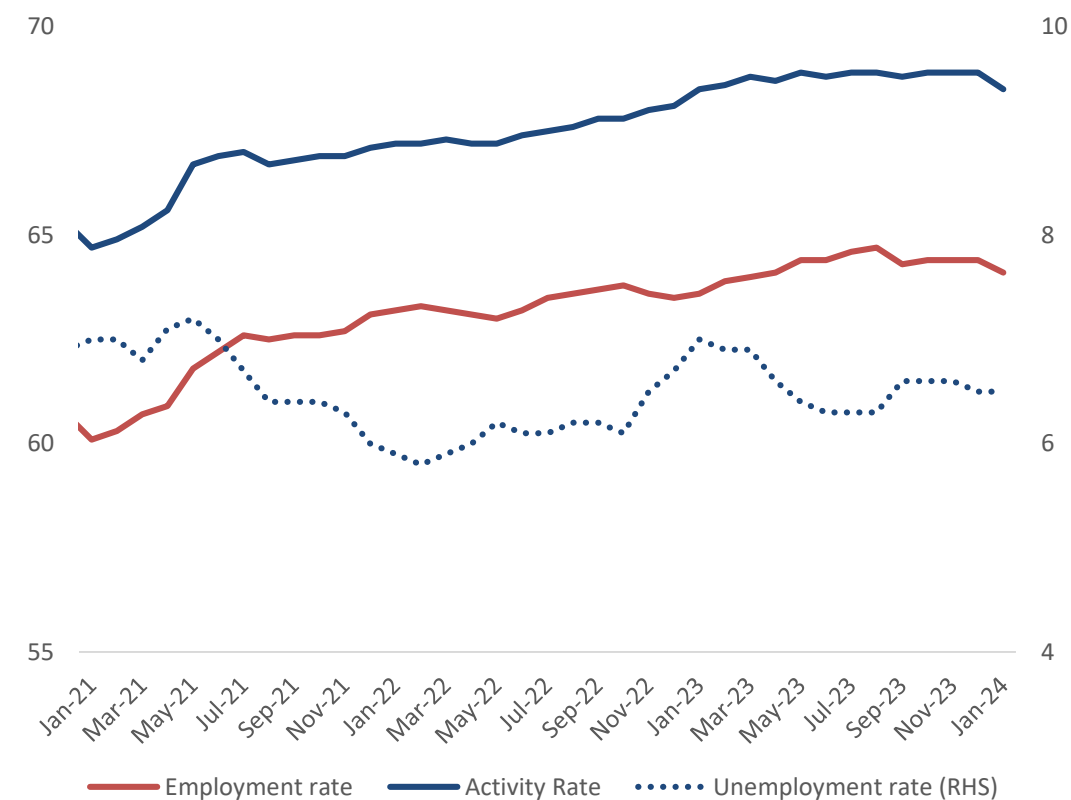
### Job offers have been decreasing due to heightened economic uncertainty

[Job offers and job requests; year-on-year change]



### Labor market has shown signs of resilience

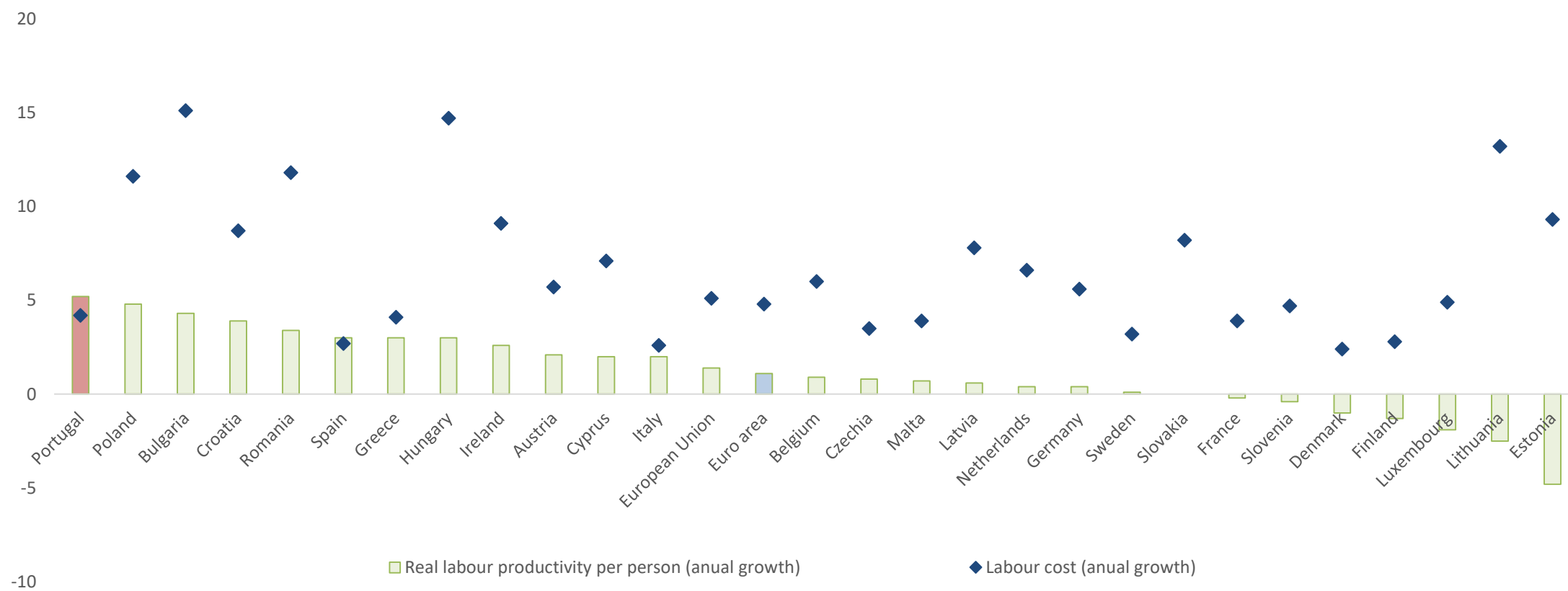
[Labour market indicators, seasonally adjusted (%)]



## Real labor productivity growth above labor cost increases

In 2022, productivity growth in Portugal was 1<sup>st</sup> in the EU, way above the EA

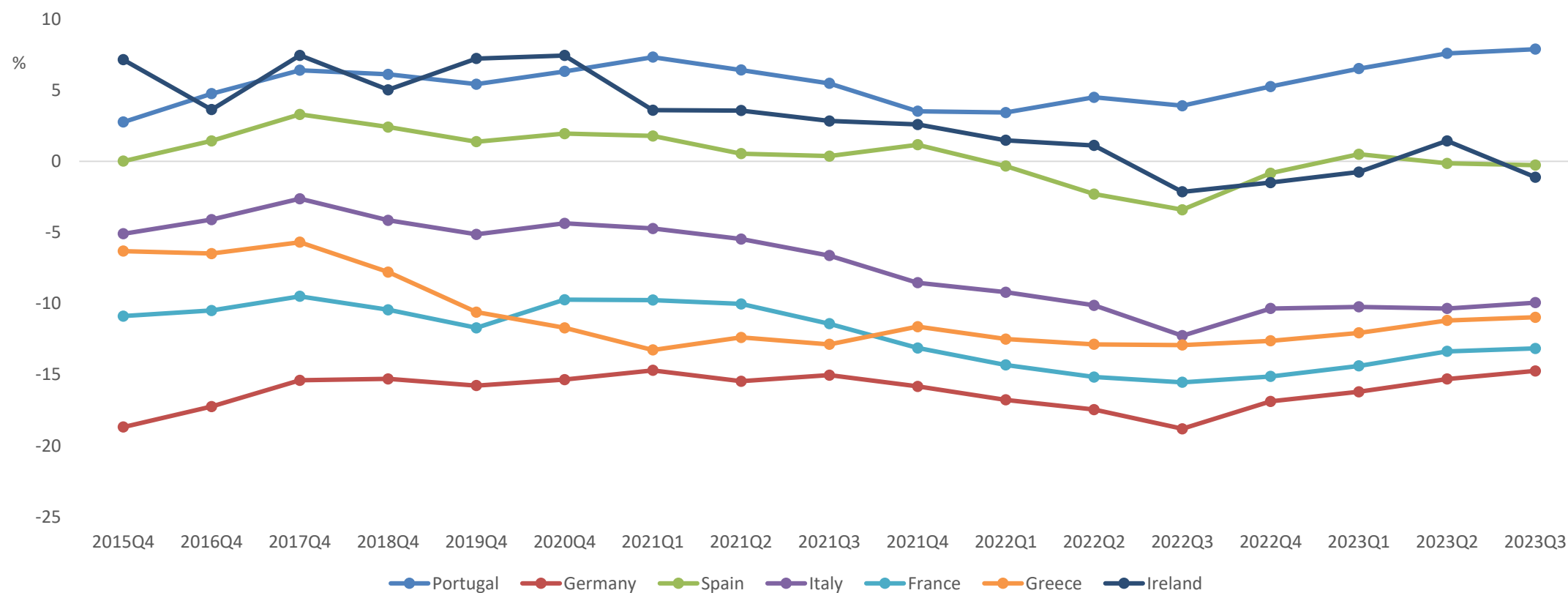
[Growth of real labour productivity and labour costs, 2022 anual growth, %]



## Portugal has experienced strong competitiveness gains

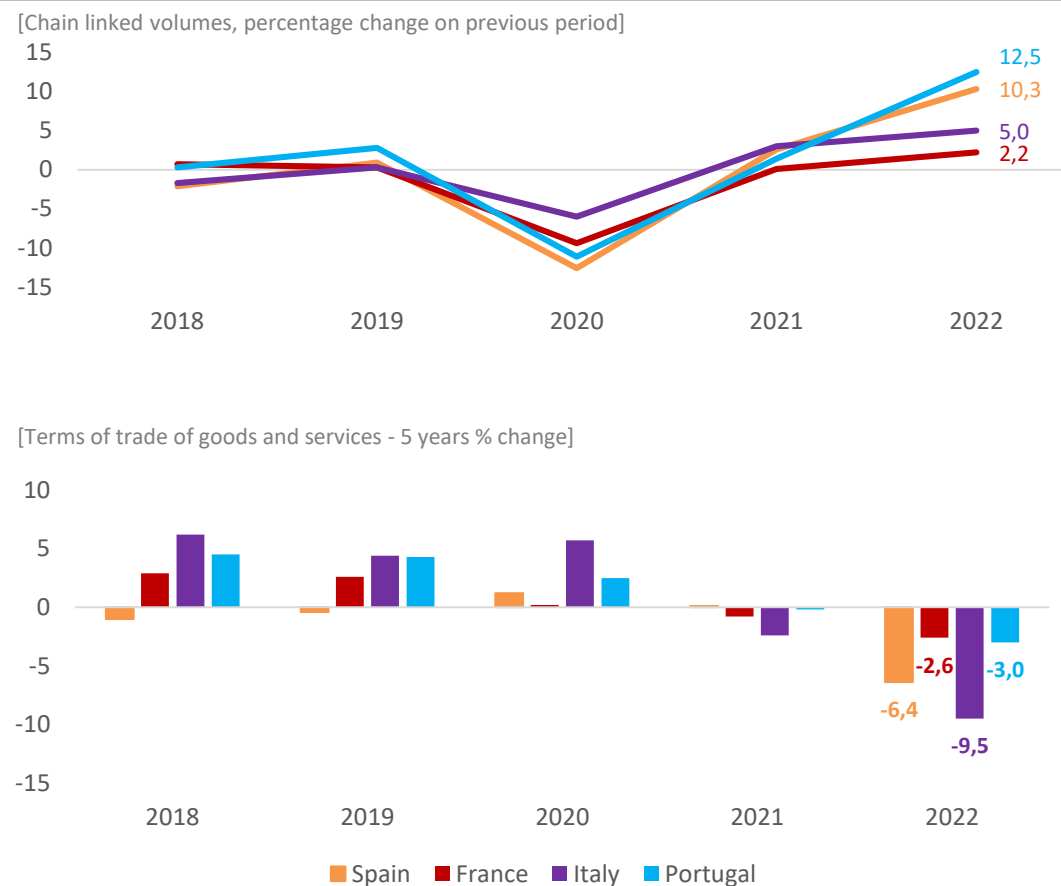
Competitiveness indicator showing a clear upward trend since the third quarter of 2022

[Harmonised competitiveness indicators based on ULC % yoy annual rate of change]

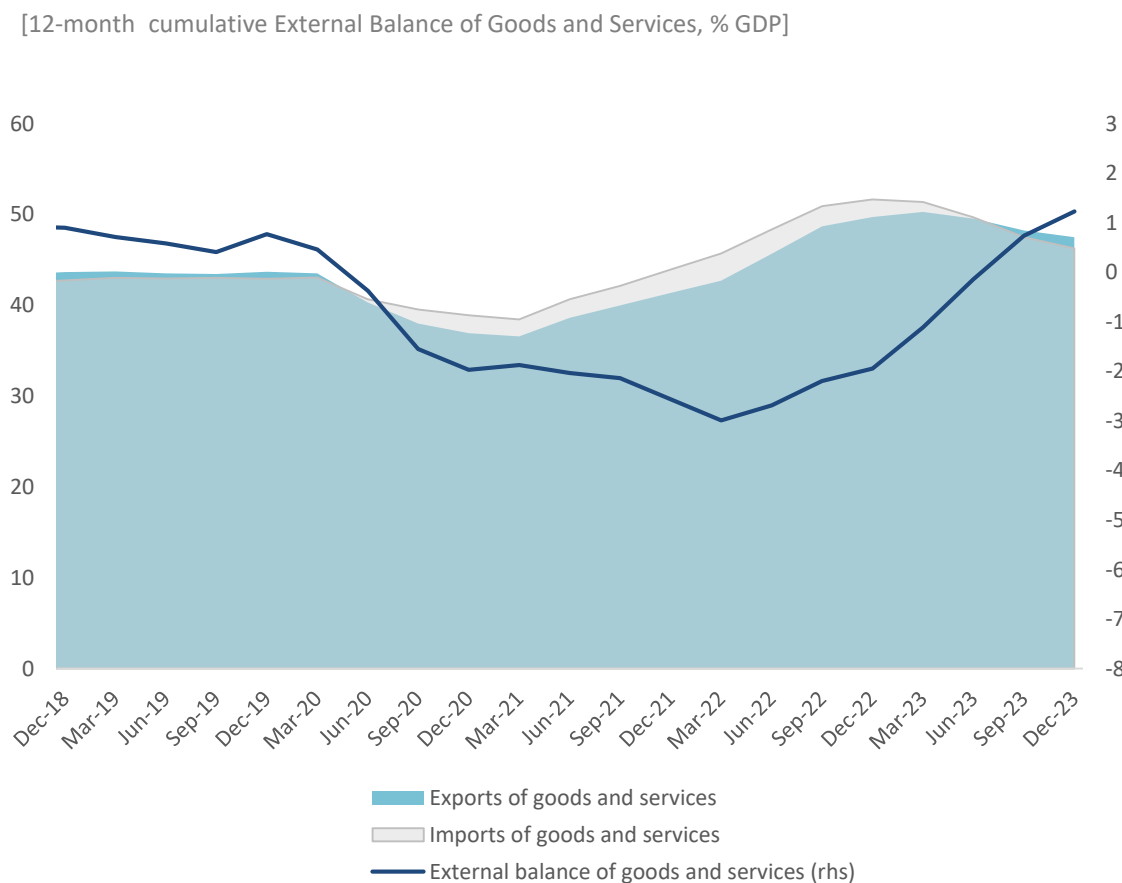


# Portuguese exports have proven to be competitive

## Market share gains soften effect of weakening terms of trade...



## ...and keep trade broadly balanced with increasing weight of exports in Economy (around 50% of GDP)

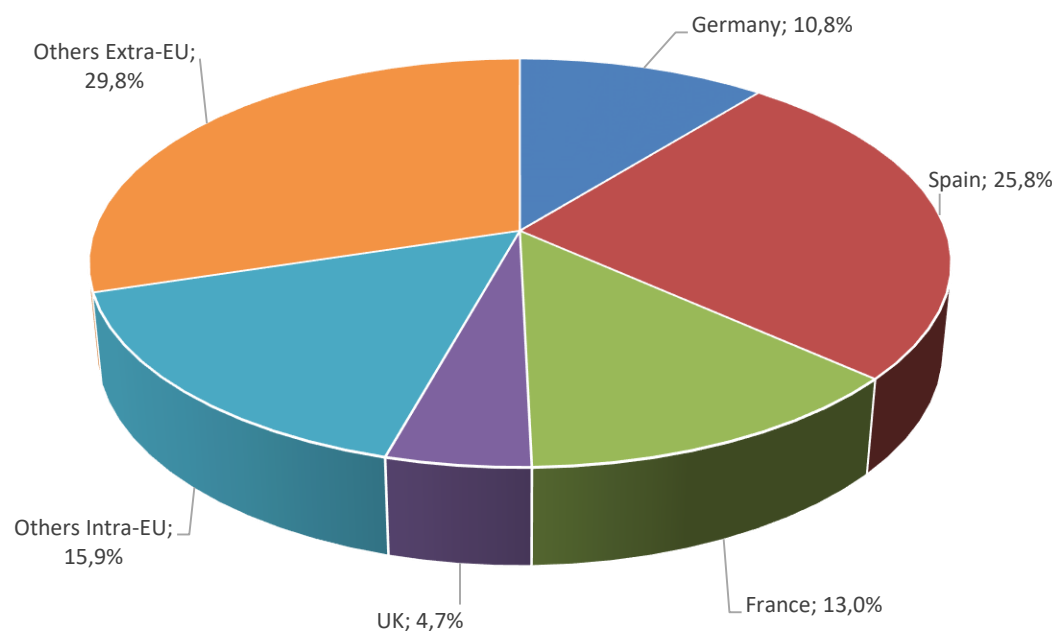


## Portuguese goods exports had diversified base of destinations and product type in 2023

### Germany, Spain, France and UK represented 54.3% of total goods exports

[% of total goods exports, 2023]

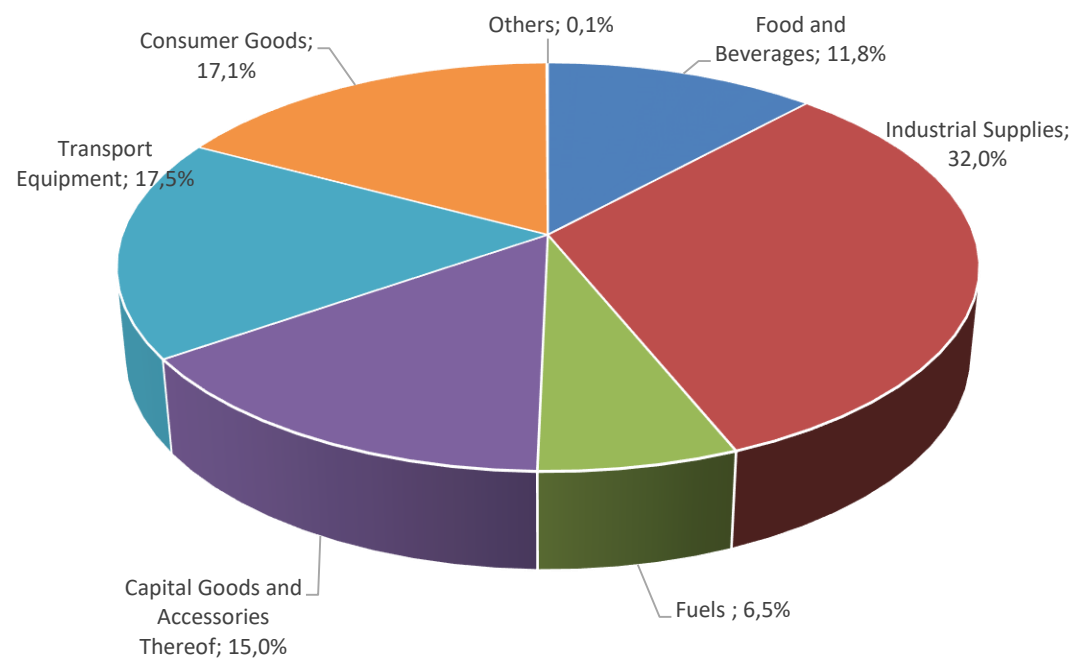
Exports destination, 2023



### Industrial Supplies represented 32.0% of total goods exports

[% of total goods exports, 2023]

Exports type, 2023

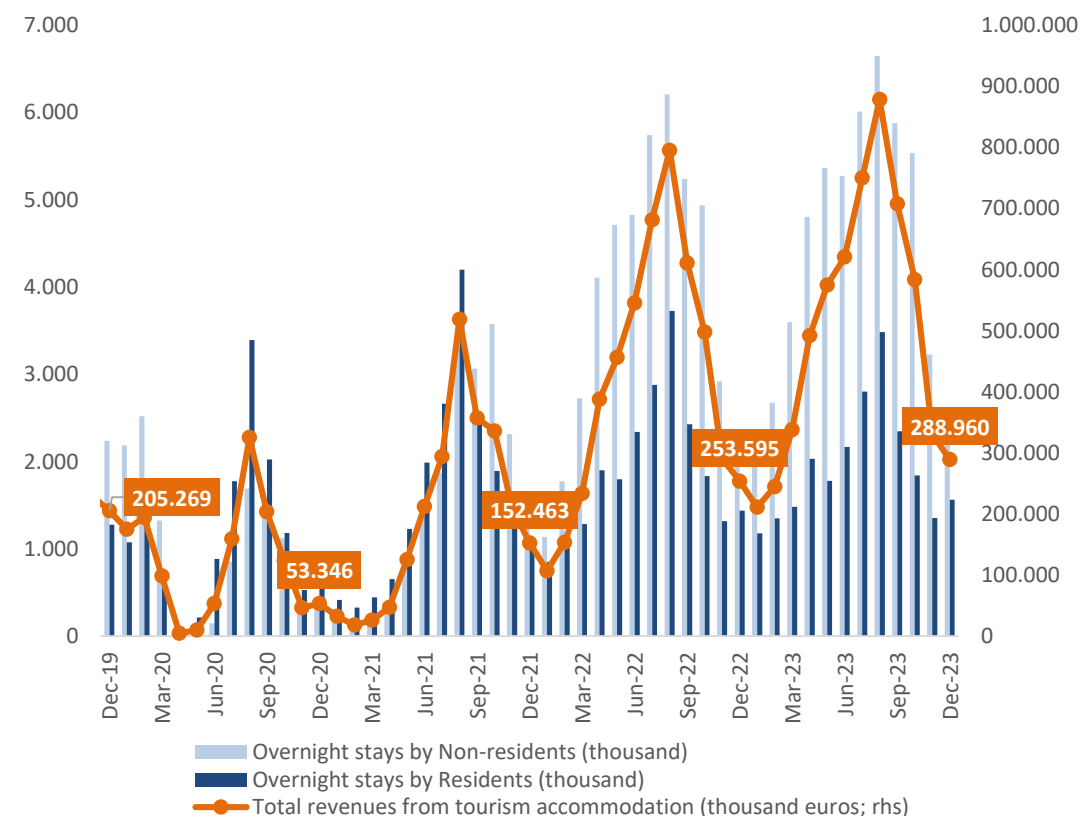


# Tourism activity has surpassed pre-pandemic levels, both by resident and non-resident tourists

## Tourism plays a key role in the Portuguese economy



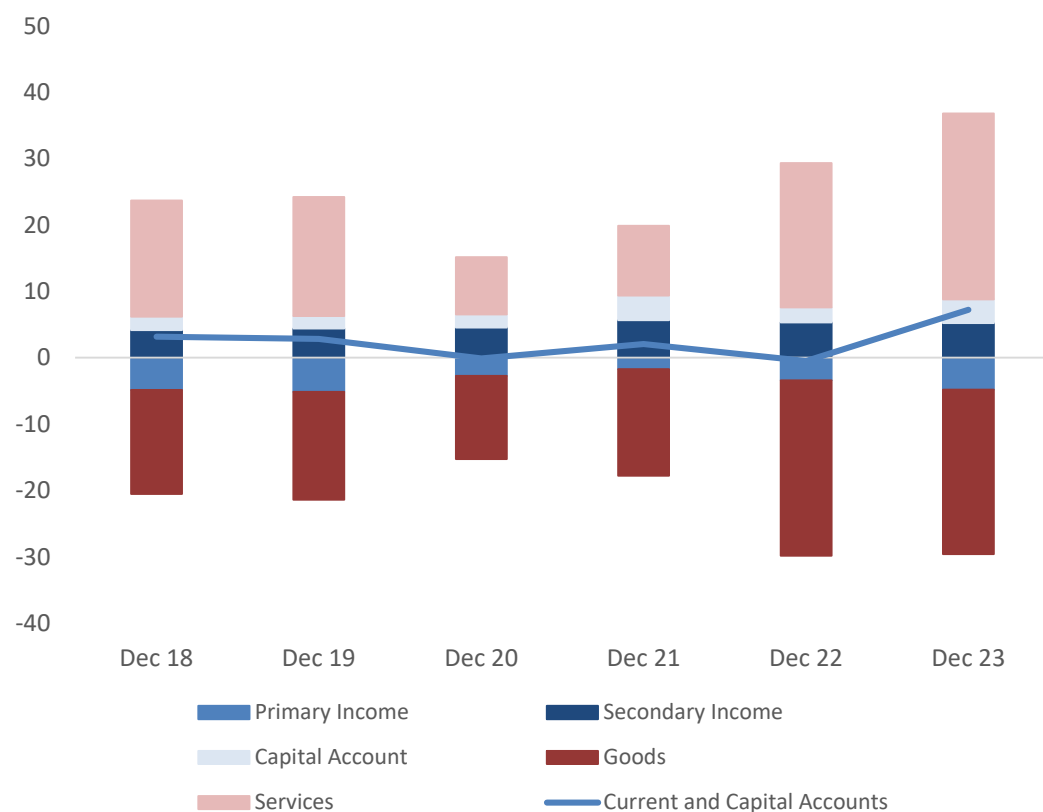
## Tourism revenues and activity reached new heights in 2023



## Portugal has improved its external position, confirming the positive structural change

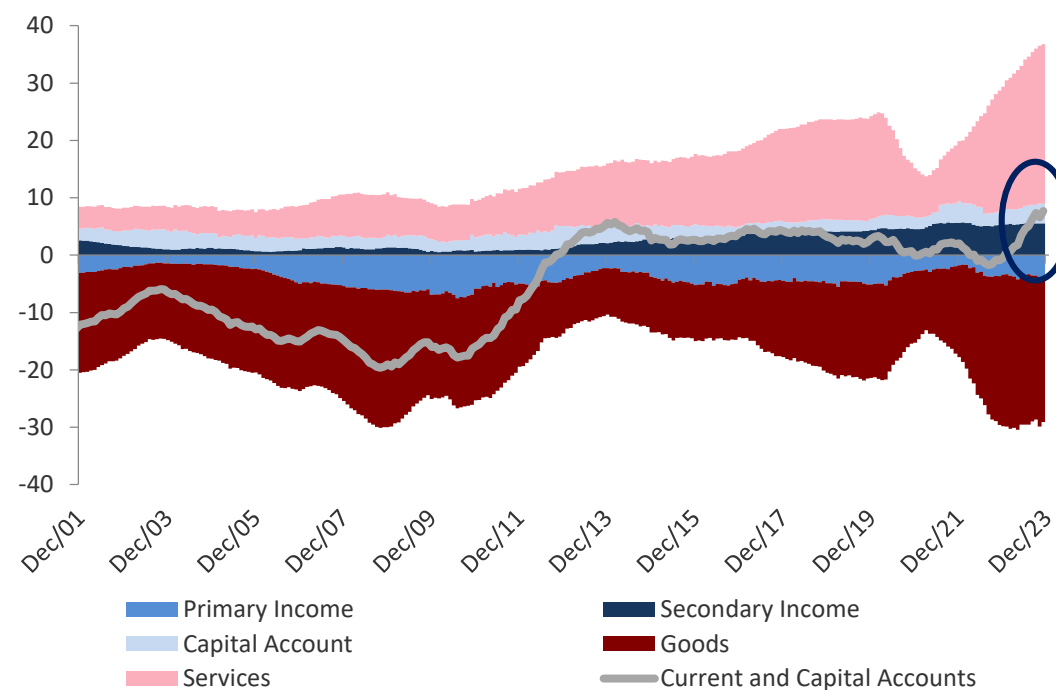
### Services surplus offsets goods deficit both in pre and post Covid

[Cumulative current account balance up to December, EUR billion]



### Current and capital account surplus is fast improving

[12-month cumulative Current and Capital Account, EUR billion]

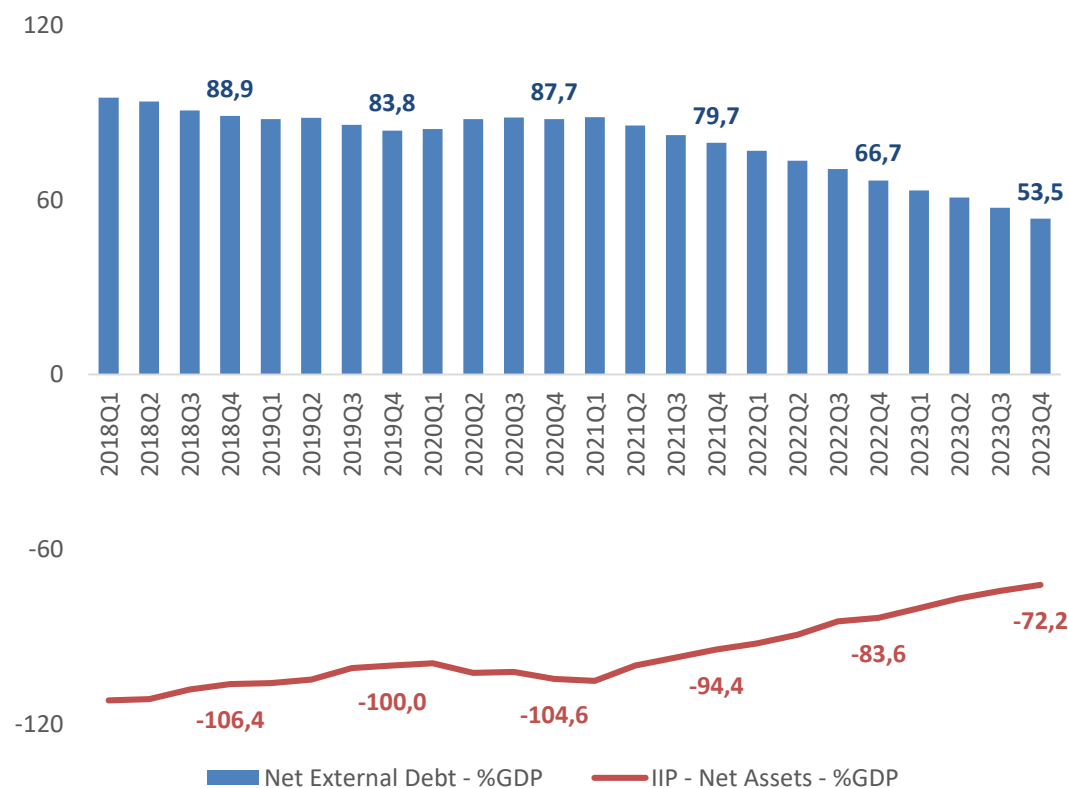


	2023	2024	2025	2026	2027	2028
Current Account (% GDP)	1.3%	1.1%	1.0%	0.7%	0.4%	0.2%

# Portugal's external vulnerability has decreased significantly

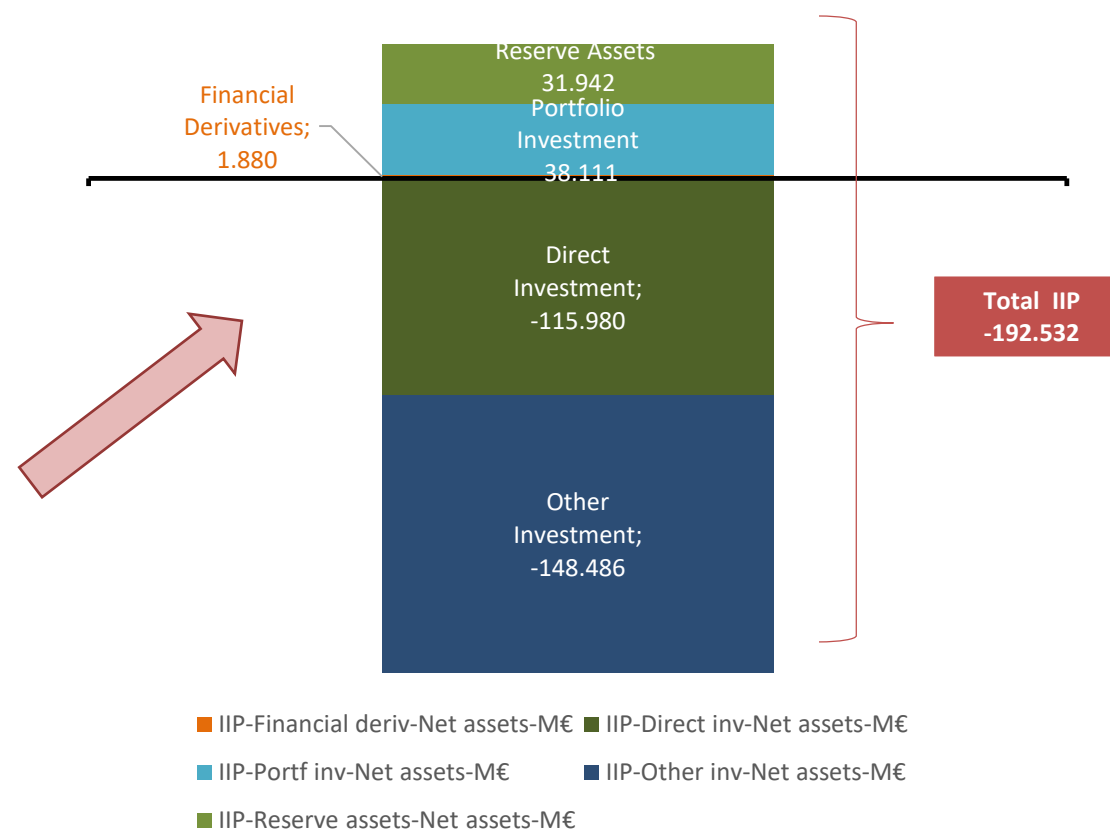
## Net external debt has maintained a downward trend, reaching the lowest level since 2005

[Net External Debt and International Investment Position, % GDP]



## Net International Investment Position has seen a strong improvement

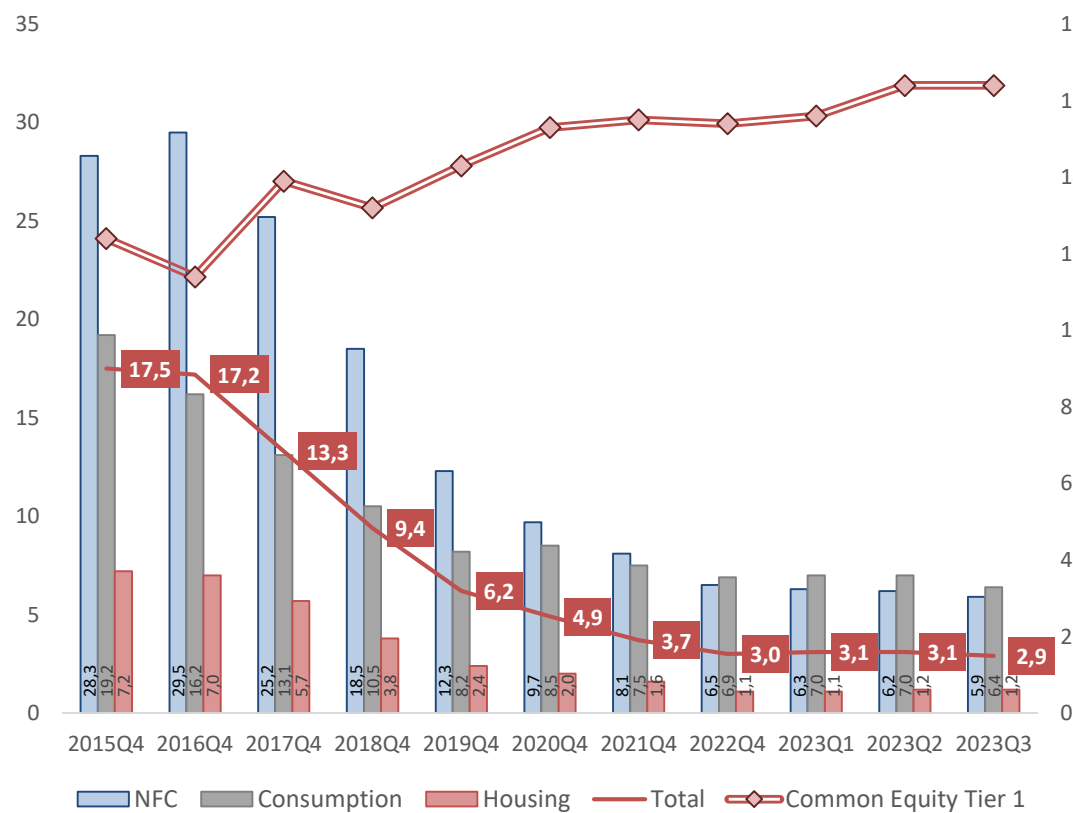
[International Investment Position decomposition, M€, 2023Q4]



# Stronger banking sector and favourable financial conditions have made Portugal more resilient

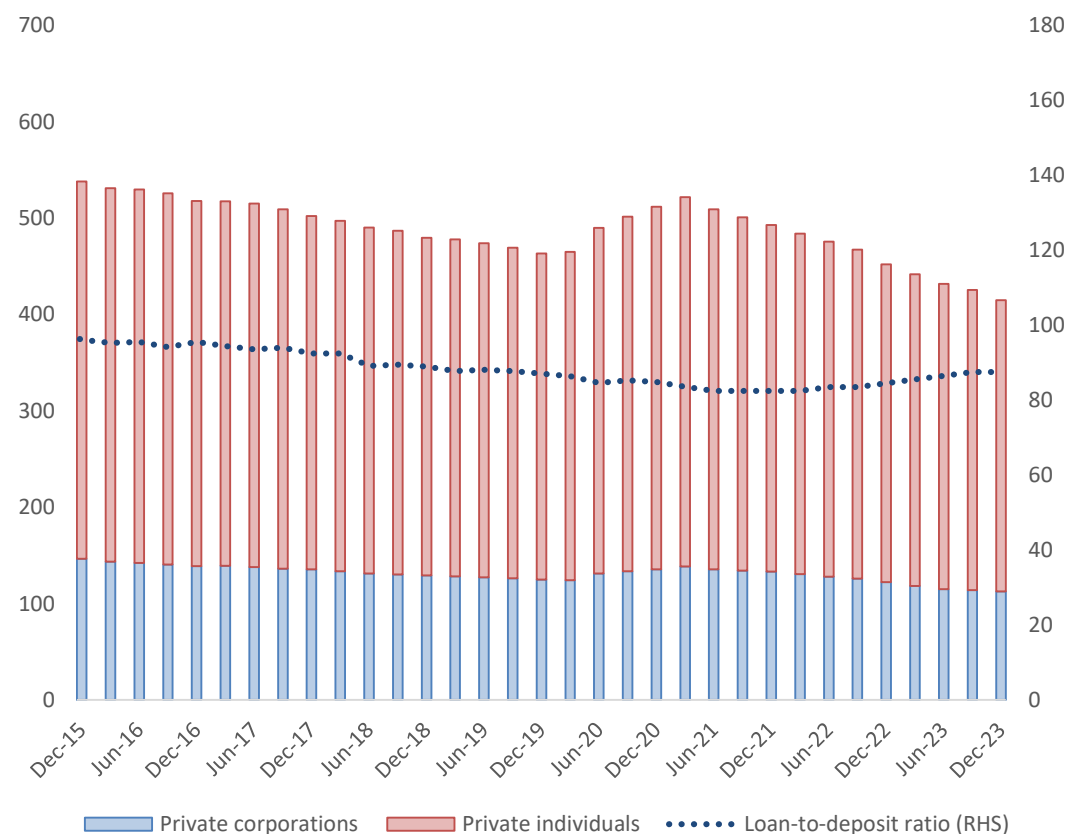
## Banks recent profitability improvement builds on strengthened capital, liquidity and asset quality

[NPL ratio, as % of gross credit; end of period]



## Private sector indebtedness has decreased past pre-pandemic level

[Non-financial private sector debt, % GDP]

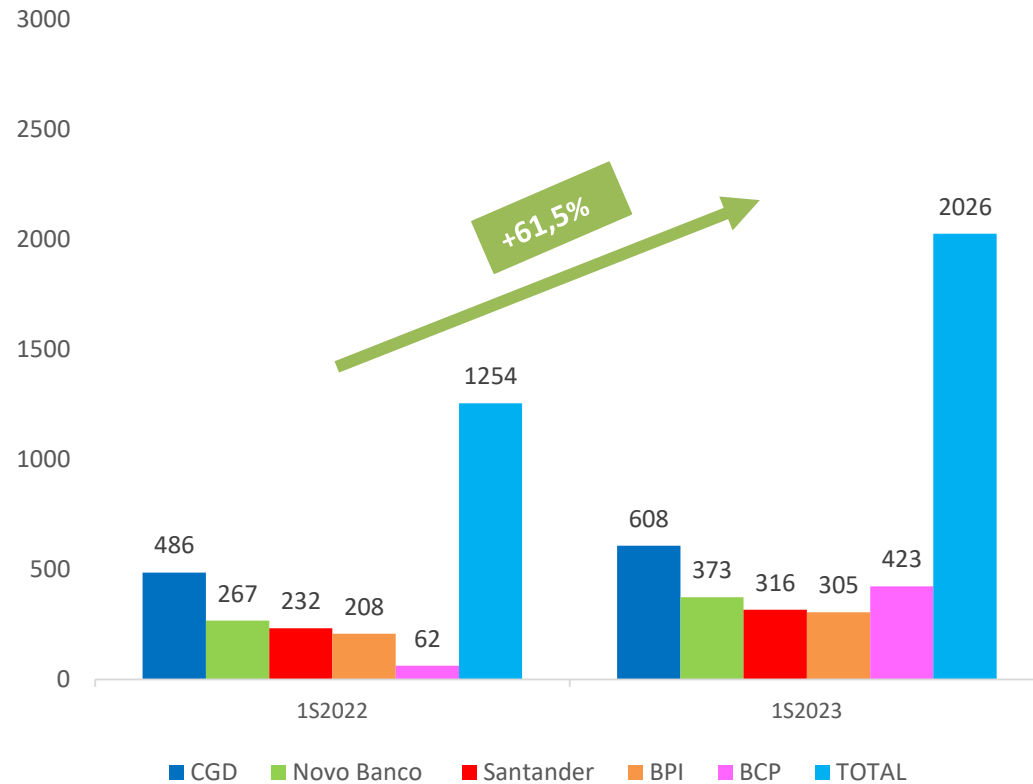


## Recovery of net interest income pulled up profits of the banking sector

In 2023H1, the larger banks in Portugal increased their net income by 61.5% (vs. 2022H1)

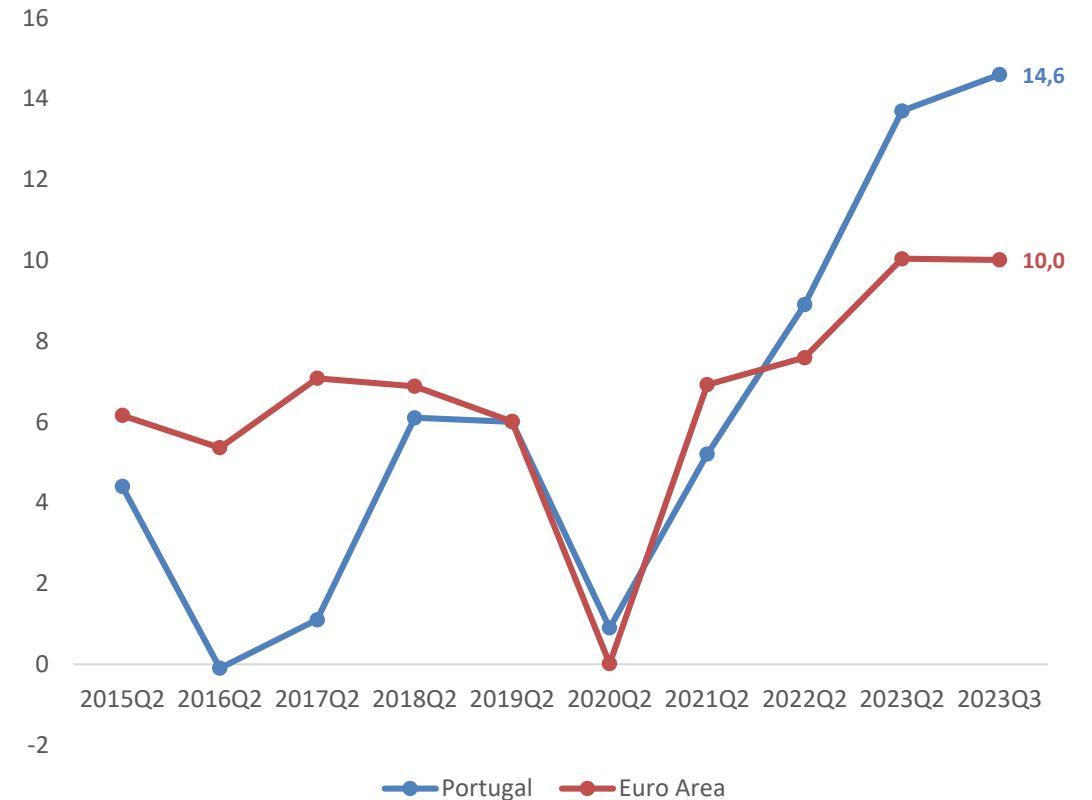
[Five biggest Portuguese bank's net income, EUR million]

Five largest portuguese bank net income



## ROE of Portuguese banks higher than EA

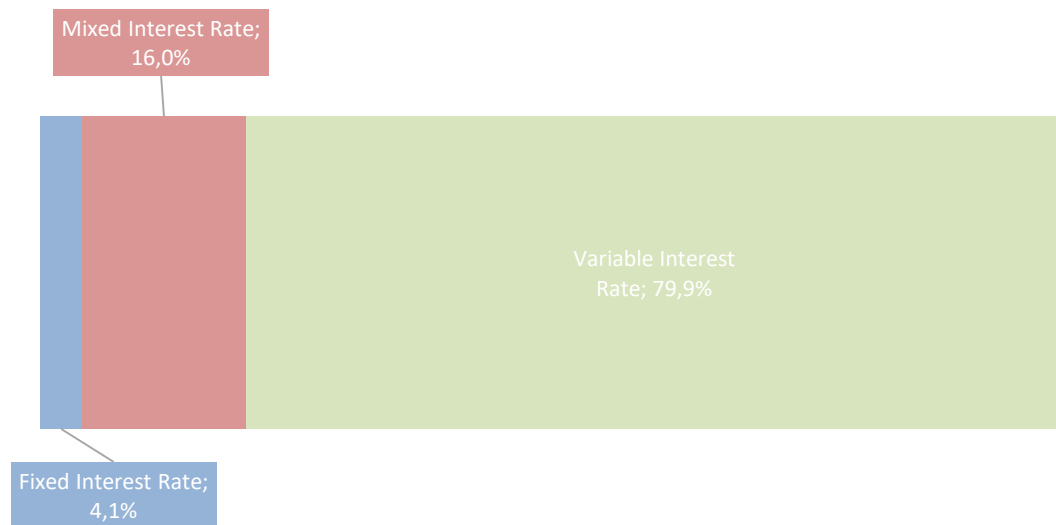
[Return on Equity (ROE), %]



## Most residential property loans in Portugal are indexed to Euribor

### Almost 80% of contracts are indexed at variable interest rate

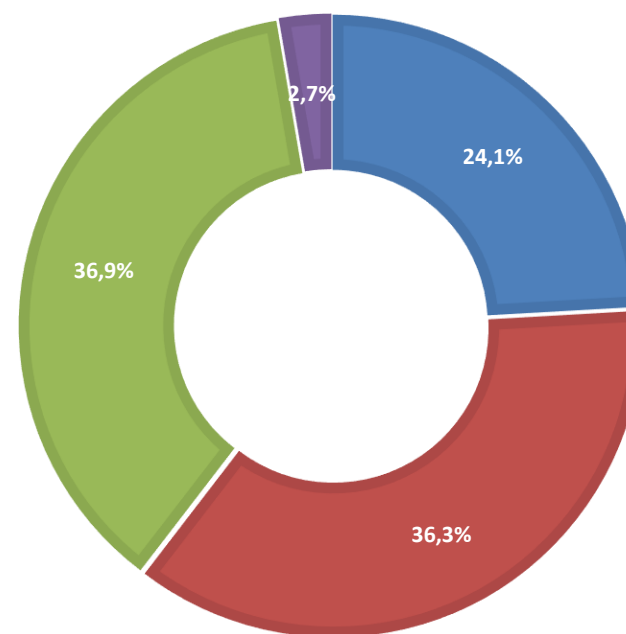
[Stock of loans for personal and permanent residential property with variable interest rate, by the type of interest rate, %, December 2023]



### Almost all variable interest rate loans are indexed to Euribor

[Stock of loans for personal and permanent residential property with variable interest rate, by reference rate, %, December 2023]

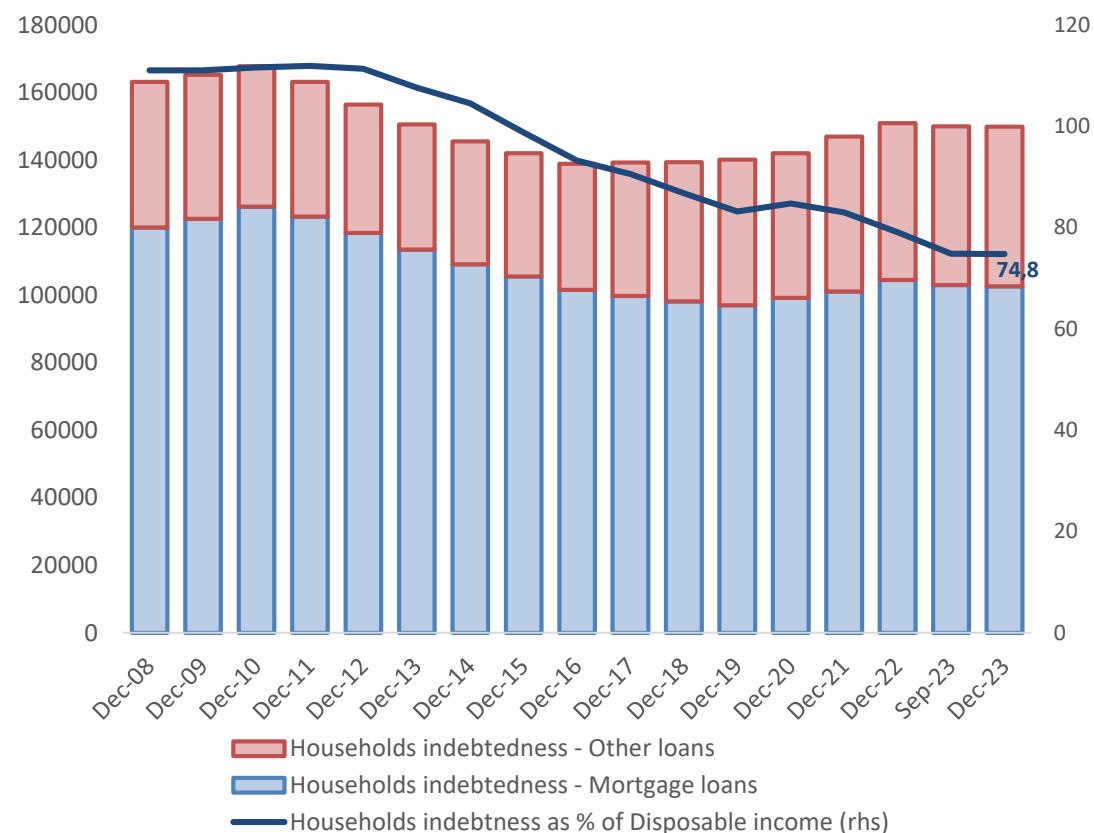
■ 3-month Euribor ■ 6-month Euribor ■ 12-month Euribor ■ Other



# Growth in disposable income cushions negative impacts on Households' financial situation

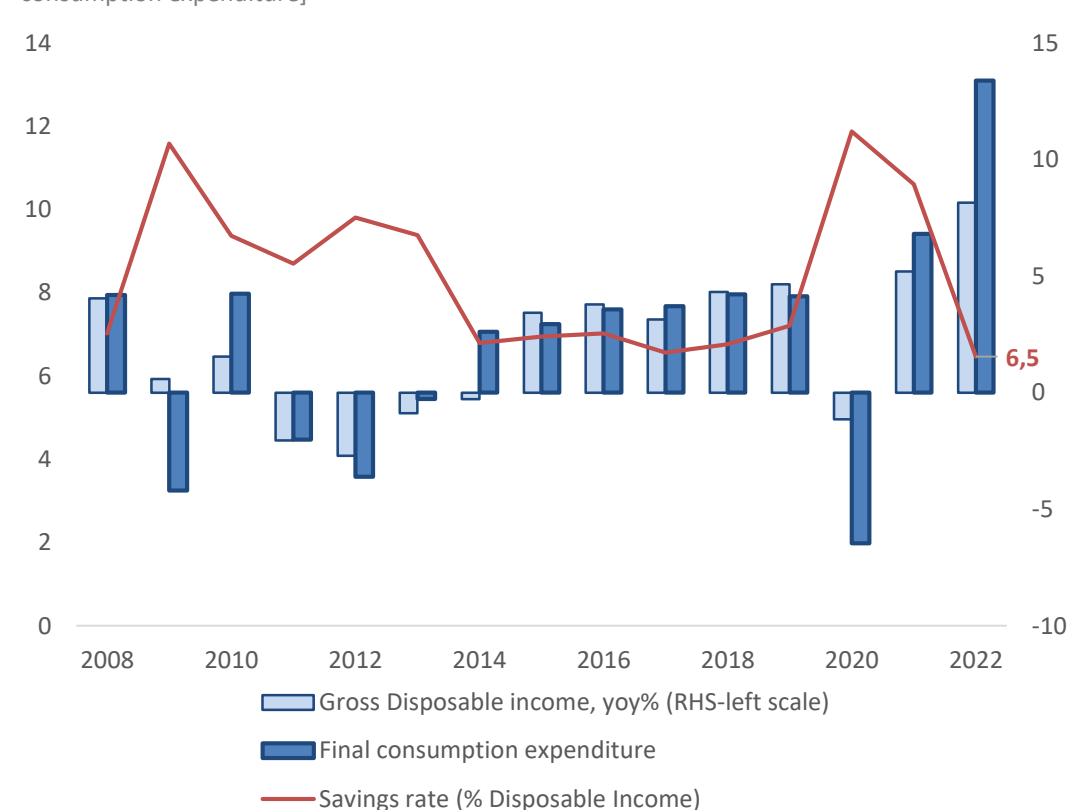
## Increase in disposable income more than offsets the growth of households indebtedness

[Households indebtedness, EUR billions and % of Disposable income]



## Savings rate returns to historical levels

[Gross Disposable Income (GDI) yoy %; Savings rate (% Disposable Income) and Final consumption expenditure]



## In 2023Q3, House Price Index (HPI) rose to 7.6% YoY, less 1.1 pp than in the previous quarter

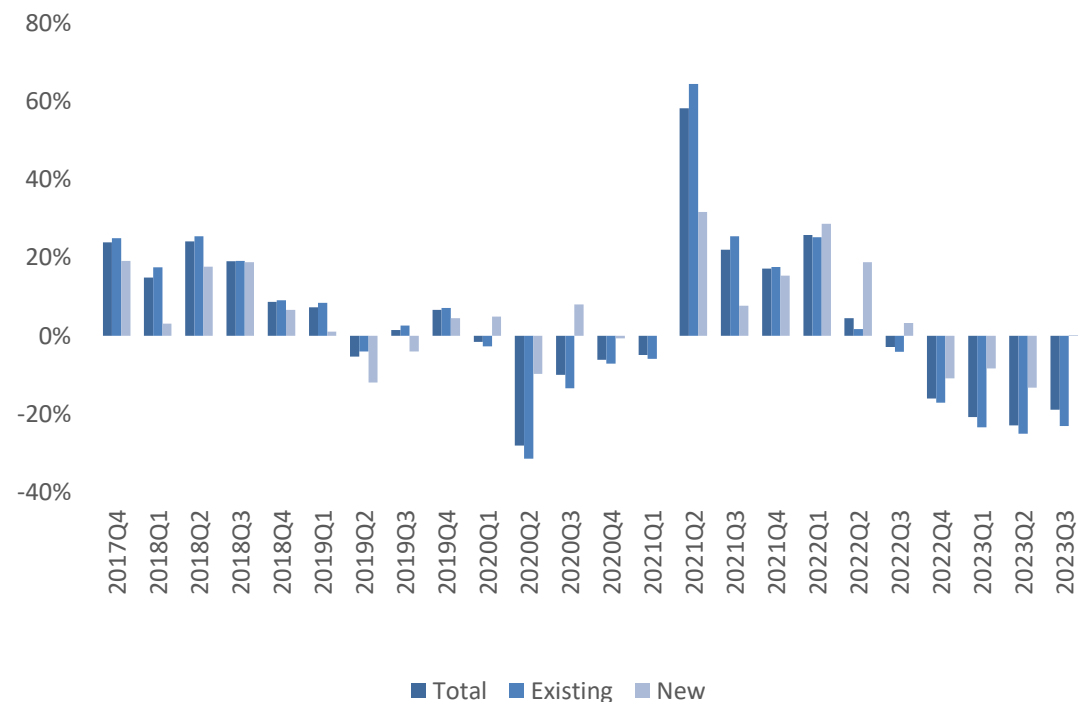
**Increase in prices of existent dwellings (8.1%) surpassed that of new dwellings (5.8%)**

[House Price Index, YoY change]



**Number of transactions in the Housing Market decreased by 18.9% (YoY)**

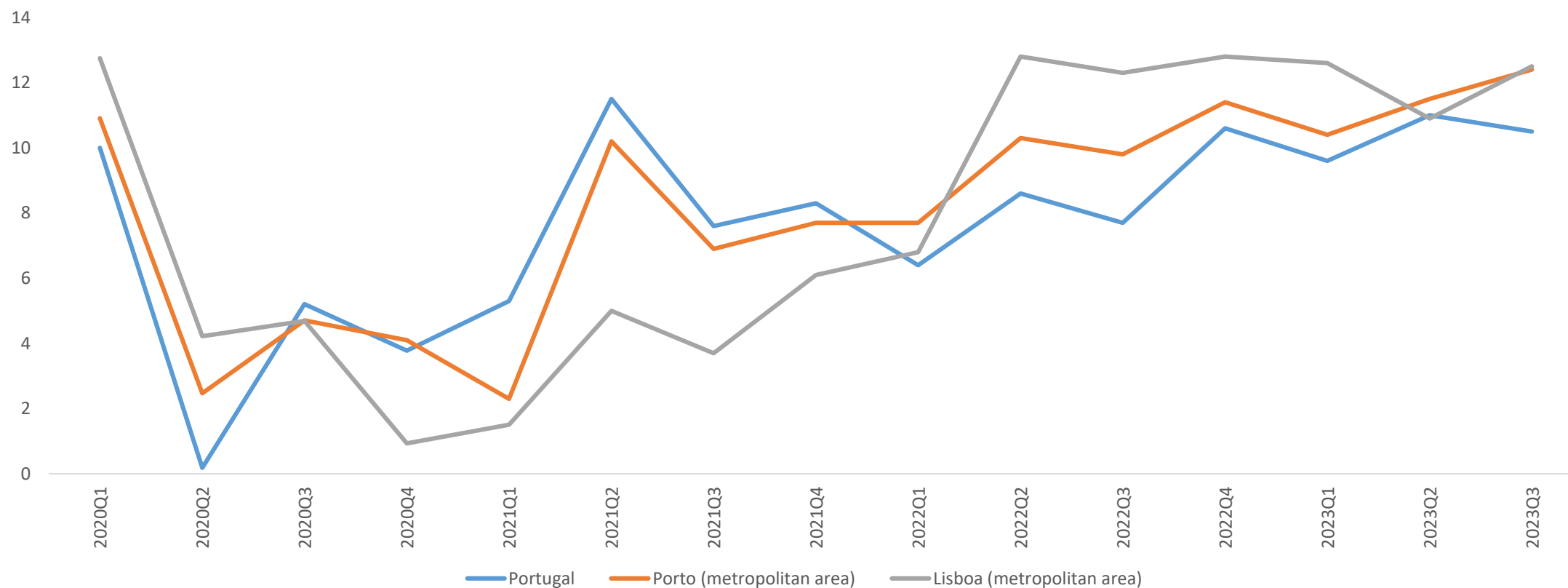
[Number of Transactions in Housing Market, YoY change]

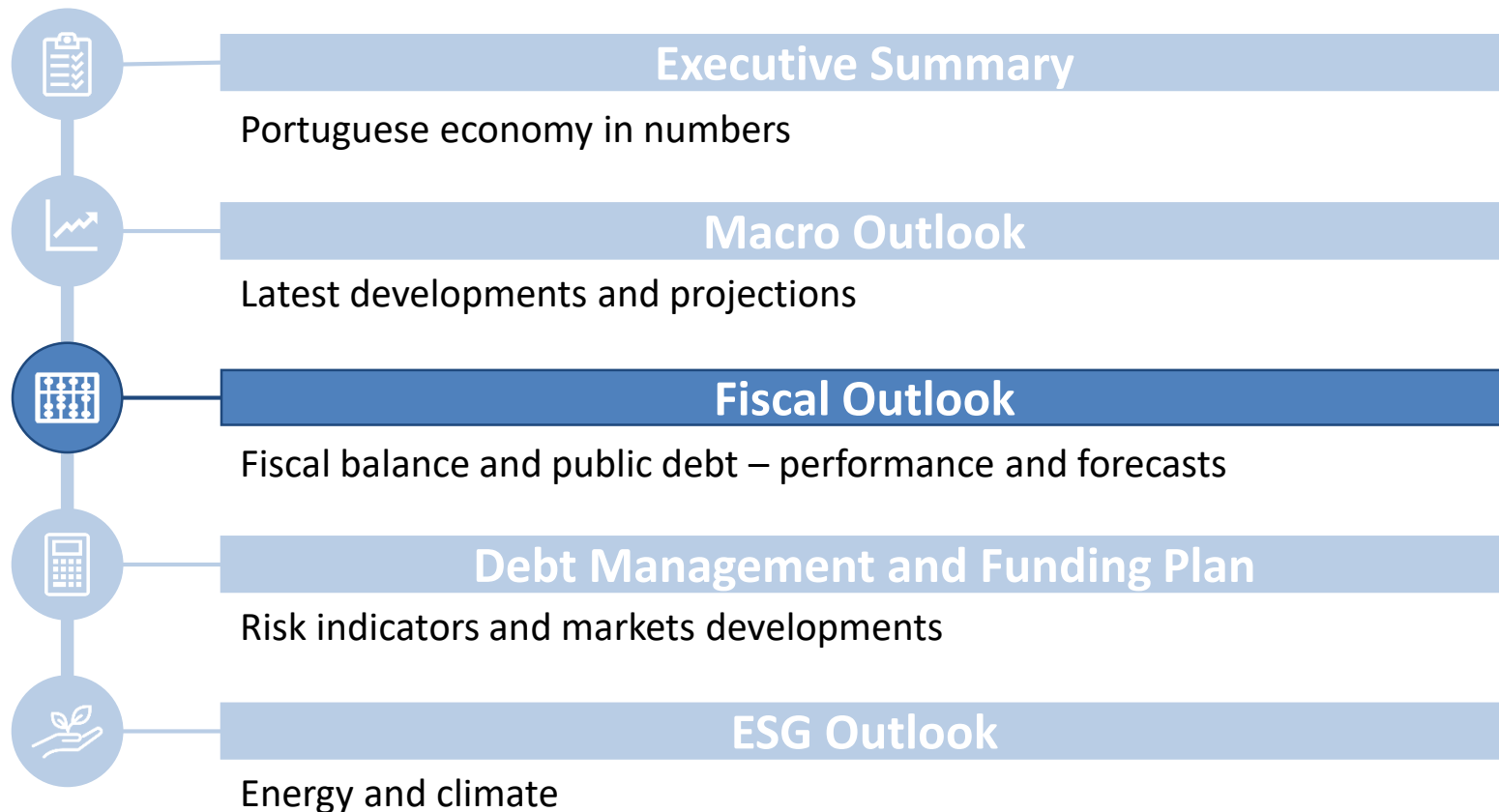


## In 2023Q3, median house rents of new lease agreements increased 10.5% (YoY)

In Metropolitan Area of Lisbon median house rents increased by 12.5% and 12.4% in the Metropolitan Area of Porto (YoY)

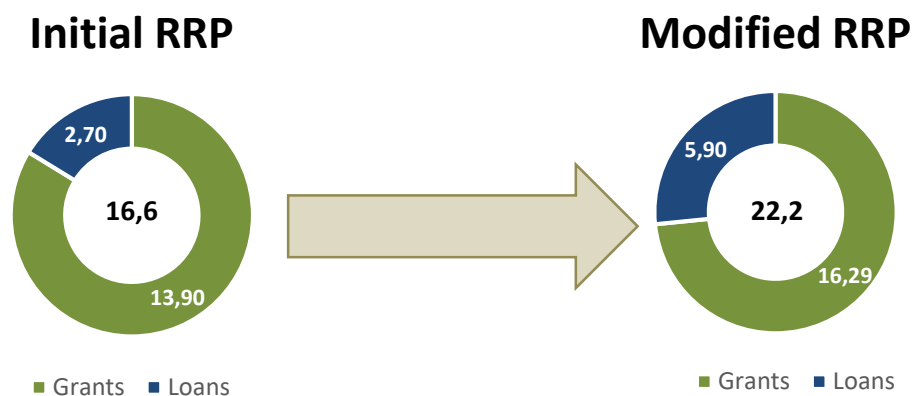
[Year-on-year rate of change in the Median value of rents per m2 of new rental contracts for family accommodation (%)]





## Revision of Recovery and Resilience Plan approved by EU

### Increased total amount



Revision of RRF grants allocation  
+ € 1.6 bn

RePower EU additional funds  
+ € 0.8 bn

Additional loans request  
+ € 3.2 bn

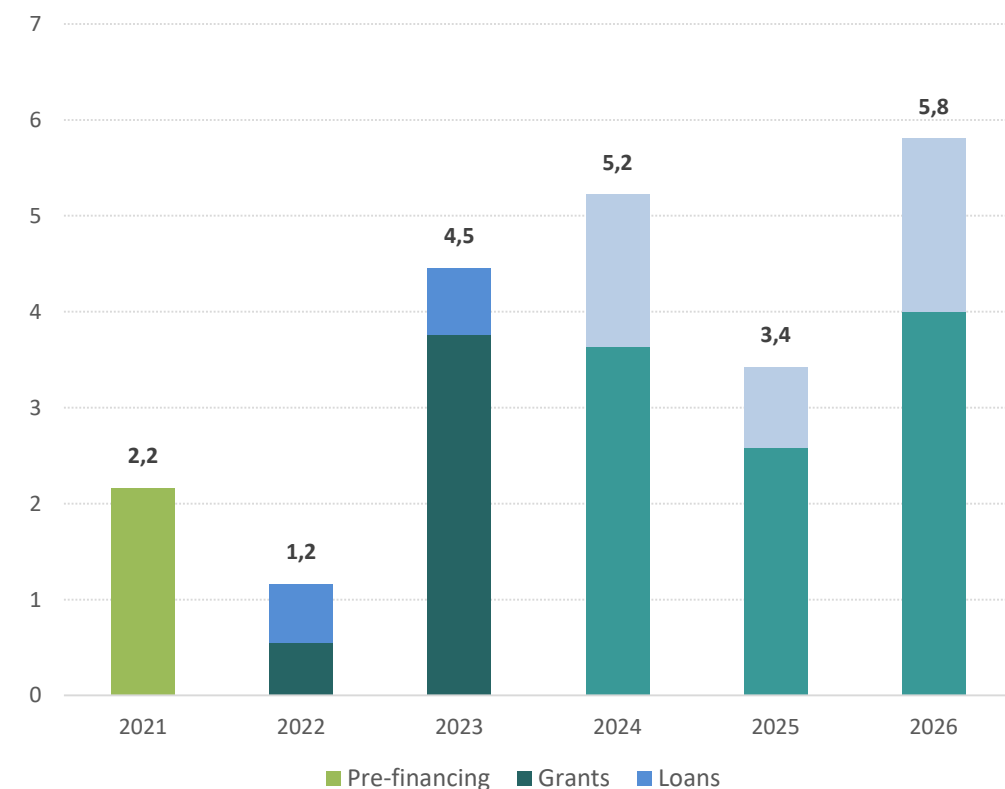
### Further ambition: more reforms and investments

- **New REPowerEU chapter** includes **6 reforms and 18 investments**, focusing on energy efficiency in buildings, renewables and biogas, sustainable transport, the electricity grid and green industry, reinforcing the commitment with energy transition in line with the European Union's priority
- Portugal also proposes to include **31 new or scaled up investments and 5 new reforms** with focusing on:
  - i. Foster competitiveness of the Portuguese economy
  - ii. Strengthen the Welfare State; and
  - iii. Enhance of territorial cohesion

# Implementation of NGEU funds is advancing

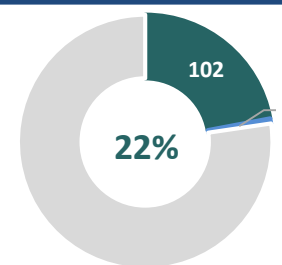
Portugal has already received 35% of total amount

[EUR billions]



22% of the milestones have been achieved and disbursements to final and direct beneficiaries stand at EUR 3,807 M

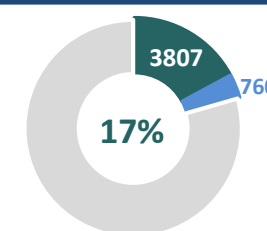
## Milestone execution



Completed Under assessment

Total milestones: 463

## Financial implementation



Disbursed to final and direct beneficiaries

Disbursed to intermediate beneficiaries

Total Amount: 22 216 M€

## Financial implementation (details)



### Total envelope

22.216M €

% Dotação  
€ / 📄

% Contratado  
€ / 📄

% Aprovado  
€ / 📄



### Contracted Amount

Contracts signed between "Recuperar Portugal" and the entities responsible for investment implementation

21.504M €

97%



### Project Approval

Selected projects from Direct and Final Beneficiaries

16.866M €

76%

78%



### Payments to Beneficiaries

Payments to Direct and Final Beneficiaries

3.807M €

17%

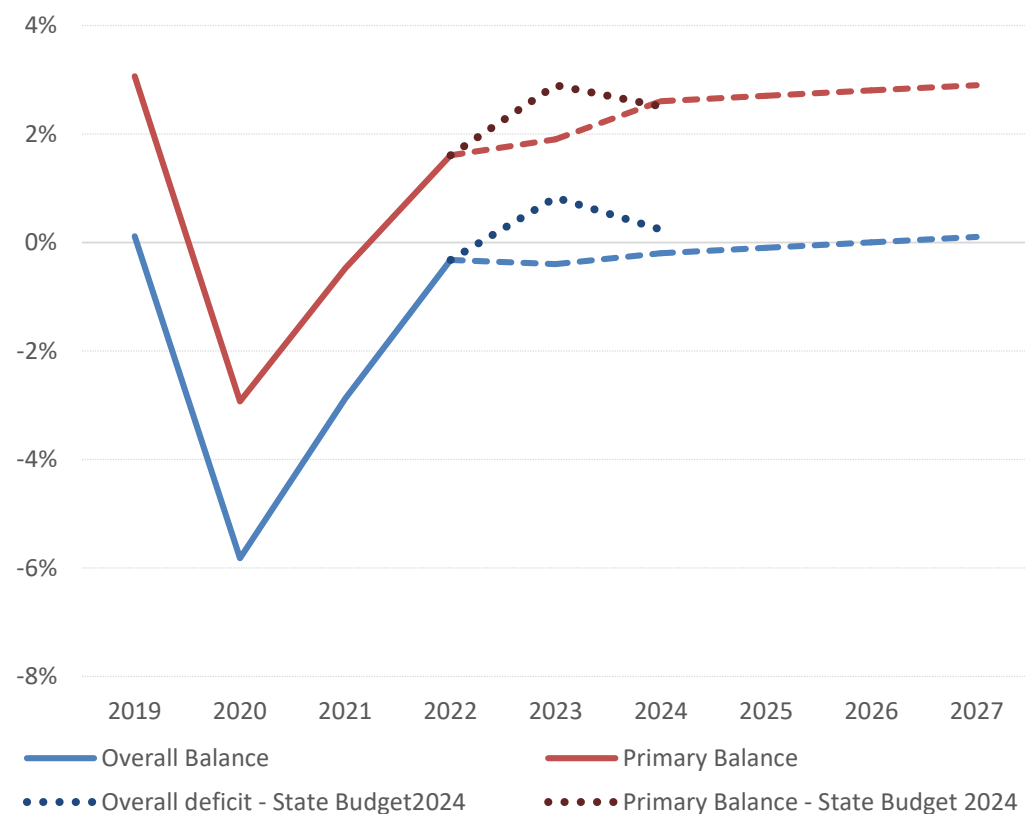
18%

23%

## Fiscal consolidation expected to continue

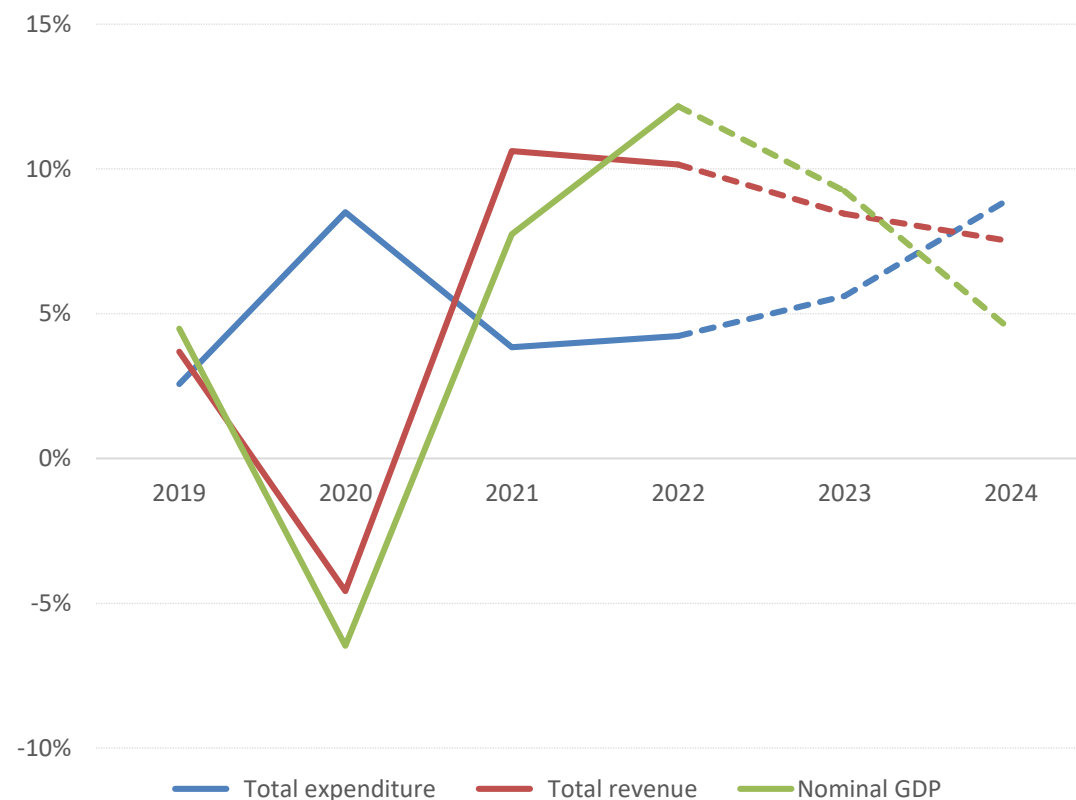
**Overall balance improved significantly in 2023 to a surplus of 0.8% of GDP and reduce slightly in 2024**

[Overall and Primary Balances, %GDP]



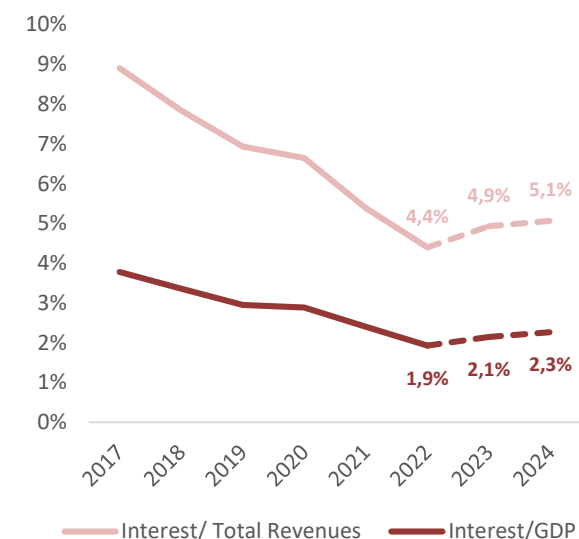
**Economic resiliency and a commitment to fiscal prudence, supported by incoming EU funds, underpin further fiscal consolidation**

[Expenditure and Revenue, yoy growth]



## Breakdown of Fiscal Balance shows improvement

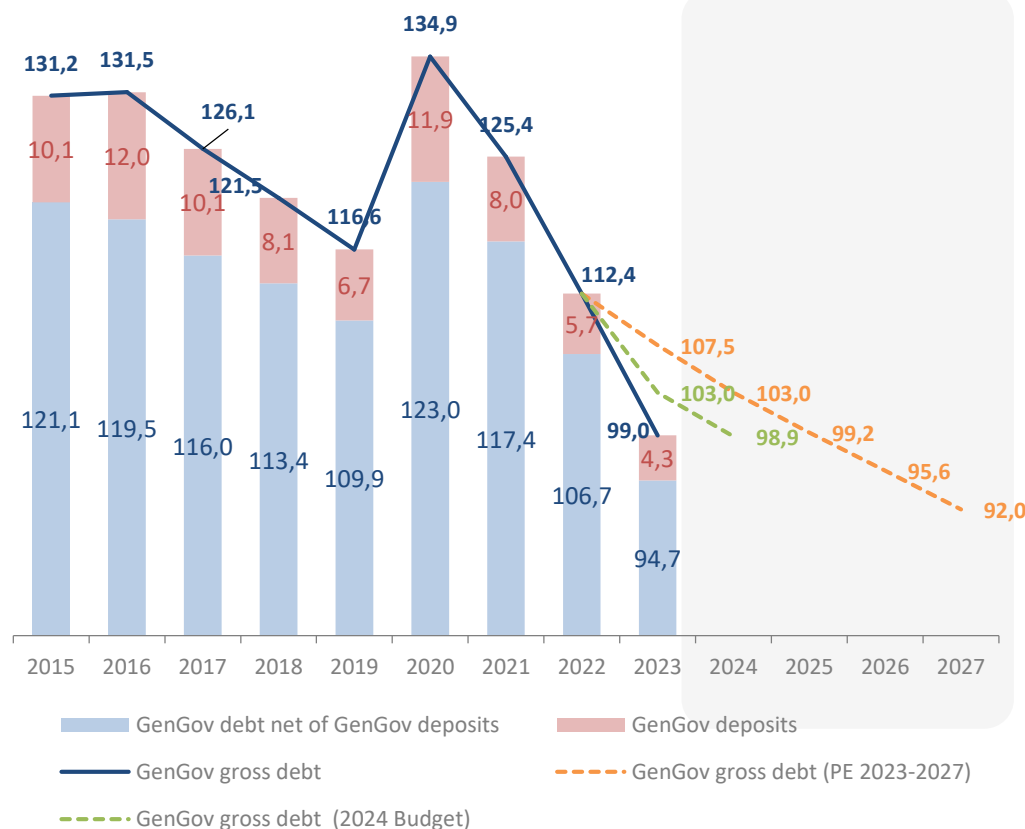
General Government Accounts (Accrual basis)	2023 F EUR bn	2024 F EUR bn	2023 F % GDP	2024 F % GDP	2024/2023 y-o-y
<b>Total revenue</b>	<b>115,1</b>	<b>123,7</b>	<b>43,5</b>	<b>44,7</b>	<b>7%</b>
Current revenue	112,2	118,8	42,4	43,0	6%
Current taxes on income and wealth	38,0	41,3	14,4	15,0	9%
Taxes on production and imports	27,9	28,0	10,5	10,1	0%
Social contributions	32,5	34,0	12,3	12,3	5%
Sales	7,9	8,2	3,0	3,0	3%
Other current revenue	5,9	7,3	2,2	2,6	24%
Capital revenue	2,9	4,9	1,1	1,8	71%
<b>Total expenditure</b>	<b>112,9</b>	<b>123,0</b>	<b>42,6</b>	<b>44,5</b>	<b>9%</b>
Current expenditure	103,2	110,6	39,0	40,0	7%
Social benefits	46,8	49,9	17,7	18,1	7%
Compensation of employees	27,8	29,3	10,5	10,6	6%
Interest	5,7	6,3	2,1	2,3	11%
Intermediate consumption	14,5	15,5	5,5	5,6	7%
Subsidies	2,2	2,1	0,8	0,7	-7%
Other current expenditure	6,2	7,5	2,4	2,7	21%
Capital expenditure	9,7	12,4	3,7	4,5	28%
Gross Fixed Capital Formation	7,4	9,2	2,8	3,3	24%
Other capital expenditure	2,3	3,2	0,9	1,2	38%
<b>Overall Balance</b>	<b>2,2</b>	<b>0,7</b>	<b>0,8</b>	<b>0,2</b>	
<b>Primary Balance</b>	<b>7,9</b>	<b>6,9</b>	<b>2,9</b>	<b>2,5</b>	



## Commitment to fiscal prudence takes public debt ratio lower than 100% in 2023

Debt-to-GDP ratio spiked to a maximum in 2020, but the pre-Covid downward trend resumed in 2021 anchored in favorable metrics

[Maastricht debt, % GDP]



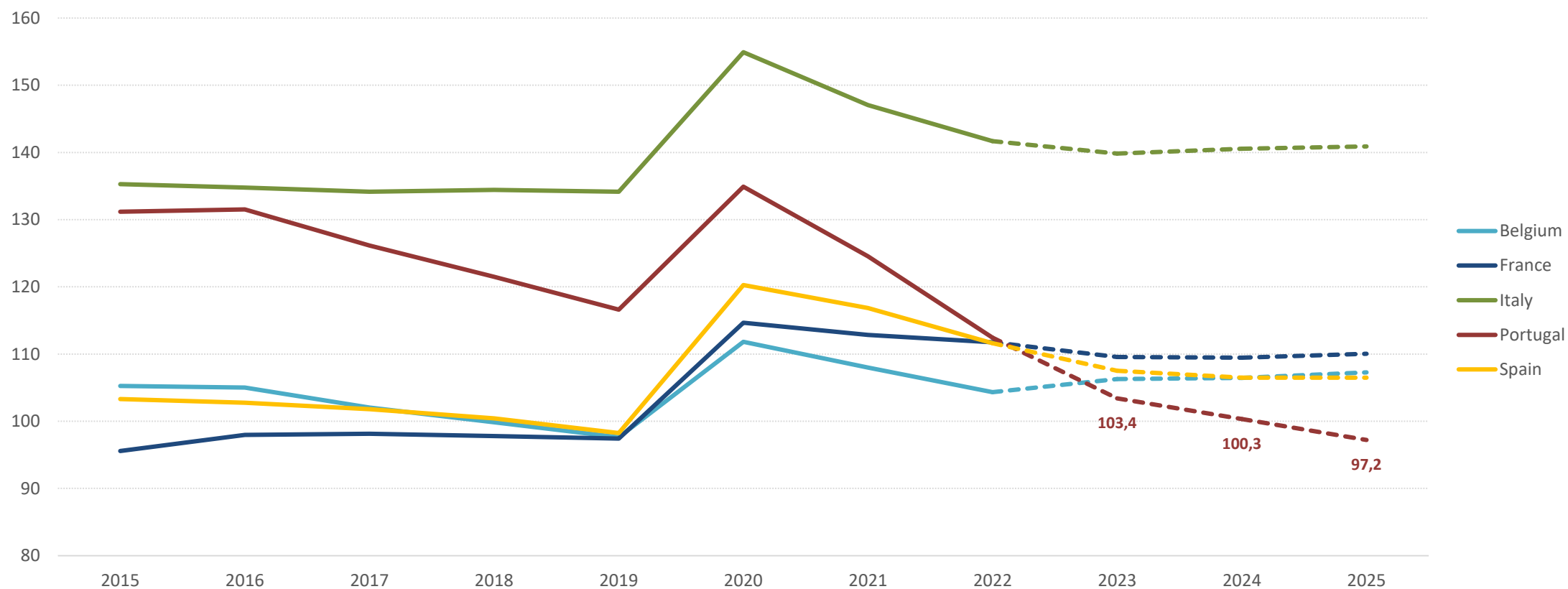
[pp GDP]

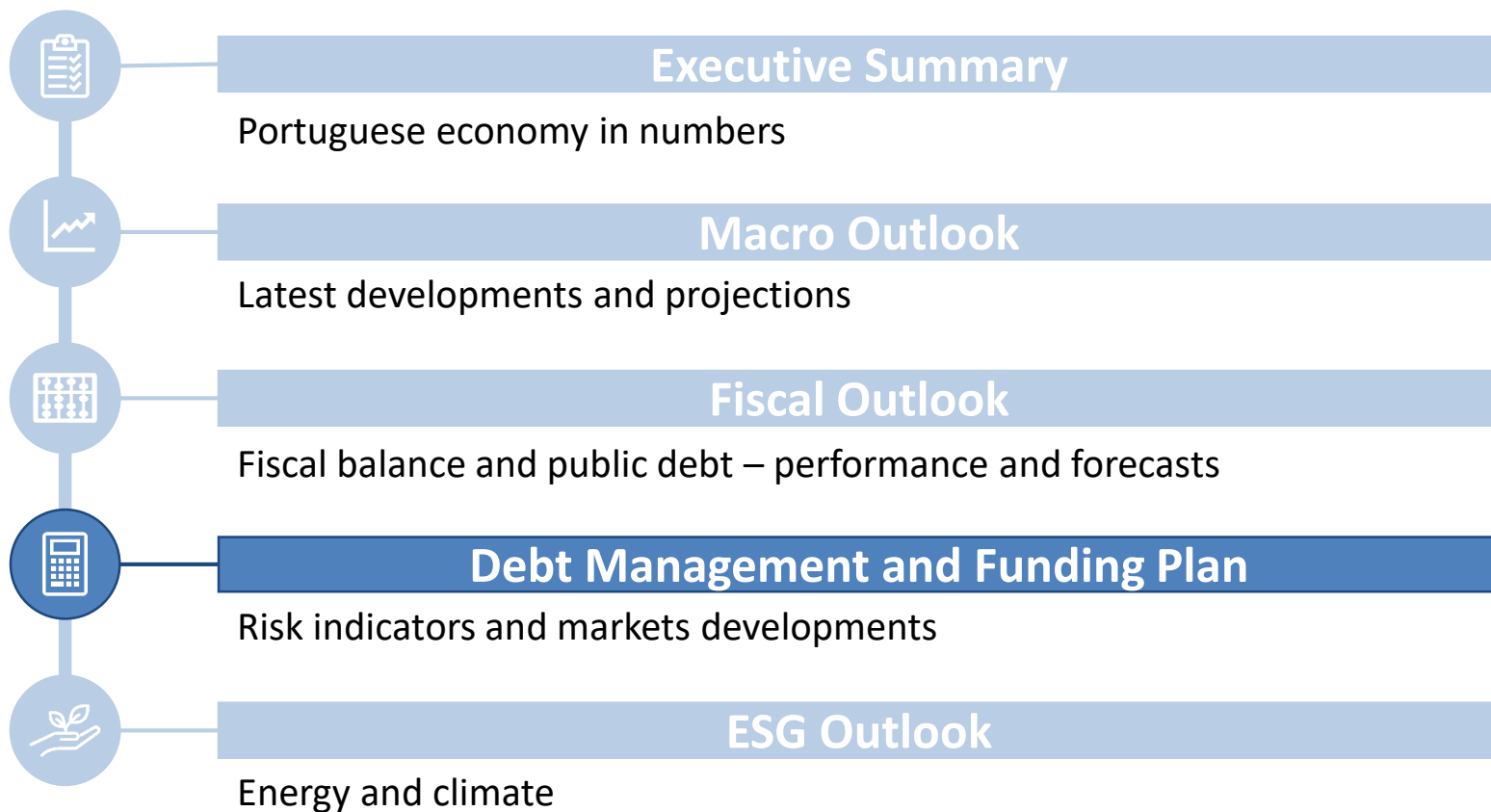
	2020	2021	2022	2023F	2024 F
<b>Maastricht debt (% GDP)</b>	134,9	124,5	112,4	103,0	98,9
<b>Annual change (pp GDP)</b>	18,3	-10,3	-12,1	-9,4	-4,2
Primary balance effect	2,9	0,5	-1,6	-3,0	-2,6
Snowball effect	10,9	-7,3	-11,6	-7,4	-2,5
Interest costs	2,9	2,4	1,9	2,1	2,3
Nominal GDP	8,1	-9,7	-13,5	-9,5	-4,4
Real GDP	10,3	-6,9	-8,0	-2,4	-1,5
Deflator	-2,3	-2,0	-5,6	-7,1	-2,8
<b>Stock-flow adjustments</b>	4,4	-3,5	1,1	1,0	0,5
<b>Nominal GDP growth rate (yoy)</b>	-6,5	7,7	12,2	9,2	4,4
<b>Overall fiscal balance (%GDP)</b>	-5,8	-2,9	-0,3	0,8	0,2
Primary balance (%GDP)	-2,9	-0,5	1,6	2,9	2,5
Interest costs (%GDP)	2,9	2,4	1,9	2,1	2,3

## Portugal's macro/fiscal outlook reflected in steep downward trend of public debt

Portugal's debt ratio is projected to become lower than 100%

[Gross Public Debt, % GDP]

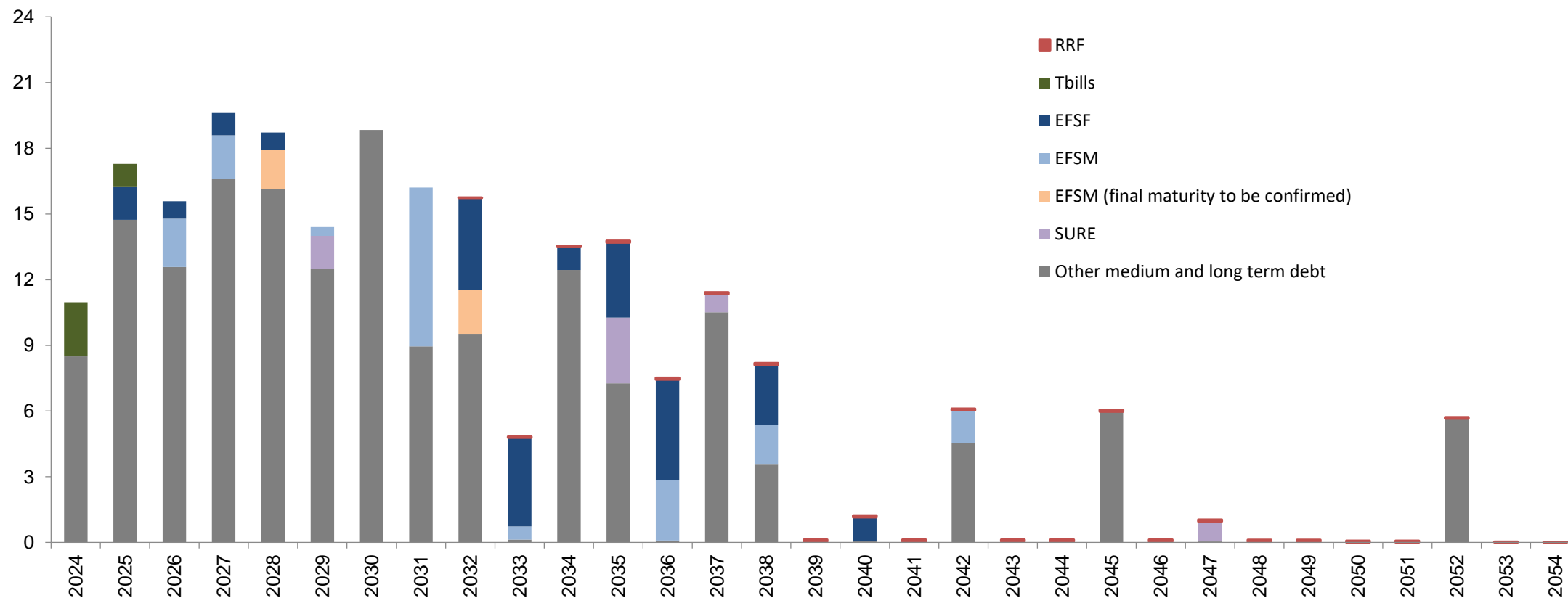




## Smooth debt redemption profile

**Objectives: avoid peaks of amortization, reduction of refinancing risk and flexibility in issuance plans**

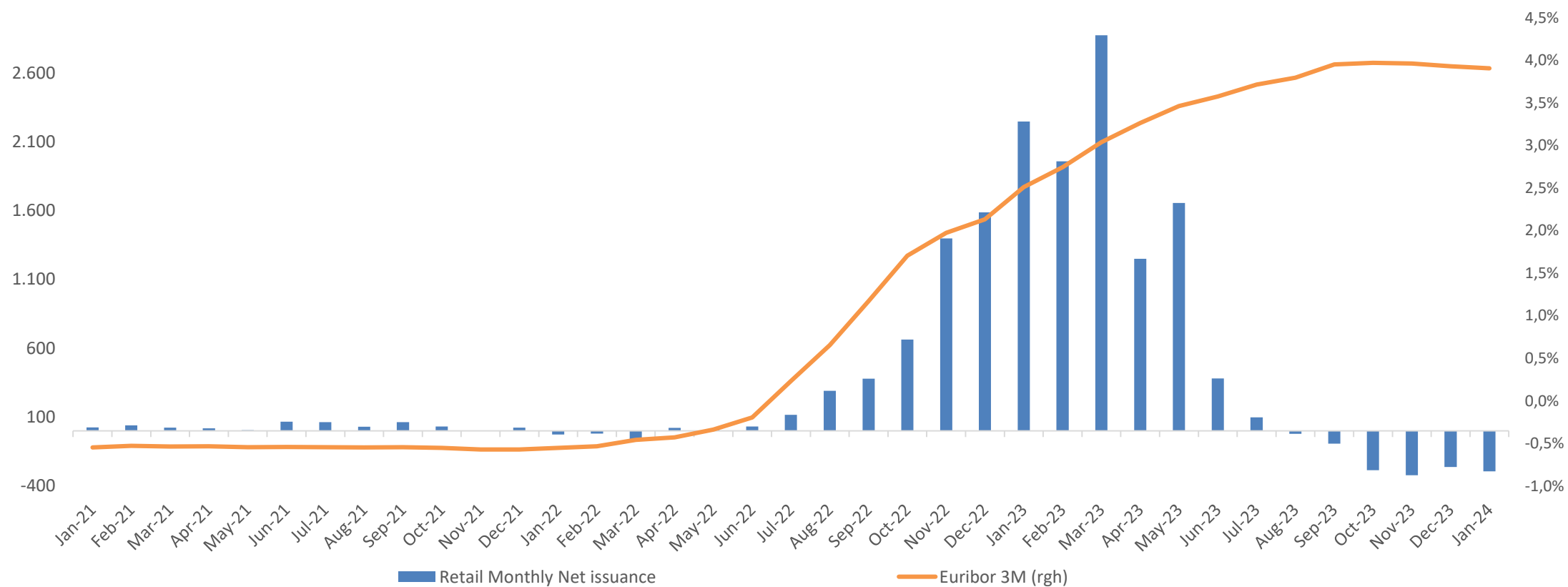
[Redemption calendar debt; January-2024 + rollover EFSM; EUR billion]



## Net issuance of retail debt certificates revert to trend

Retail demand surged to a cumulative net issuance of EUR 10.2 bn in 2023

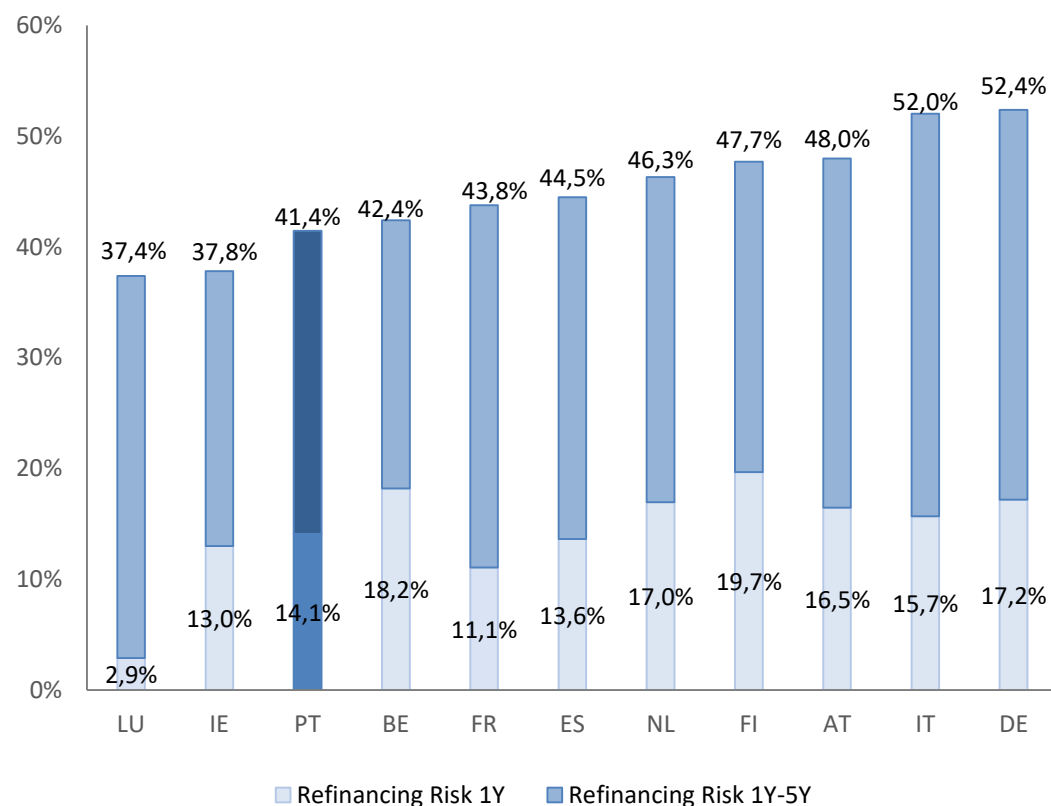
[Monthly net subscriptions; EUR million; %]



## Limited refinancing and refixing risks

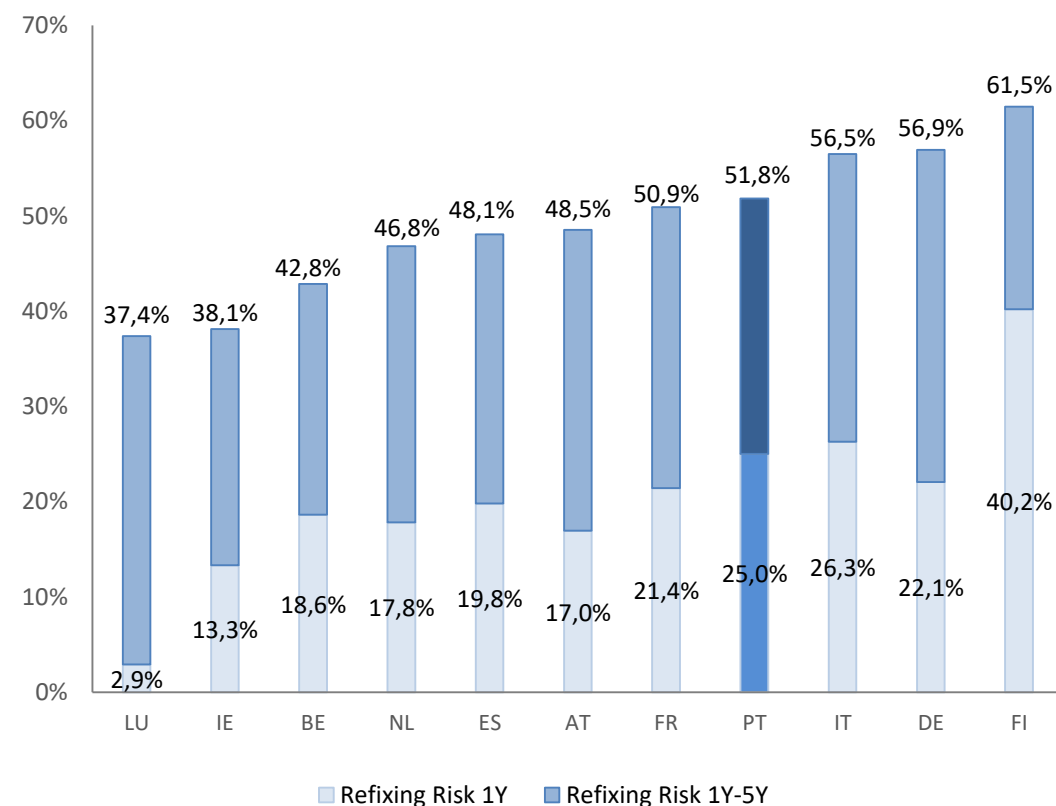
### Refinancing risk low compared with peers

[% outstanding debt with reference to end December-2023]



### Refixing risk increase due to high subscriptions of floating rate certificates (old series cap at 3.5% and new series cap at 2.5%)

[% outstanding debt with reference to end December-2023]



## WAM expected to stay above 7 years

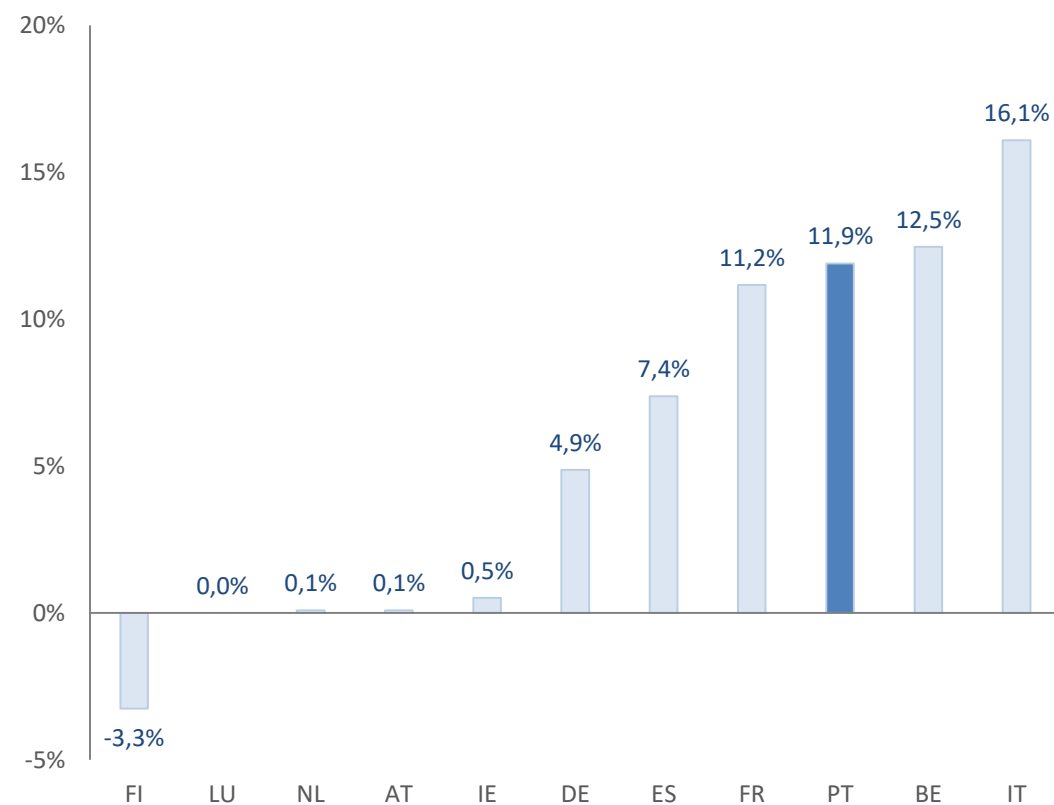
### Average maturity

[in years; average residual maturity of outstanding debt with reference to end December-23]



### Floating rate ratio\* (old series of savings certificates cap at 3.5% and new series cap at 2.5%)

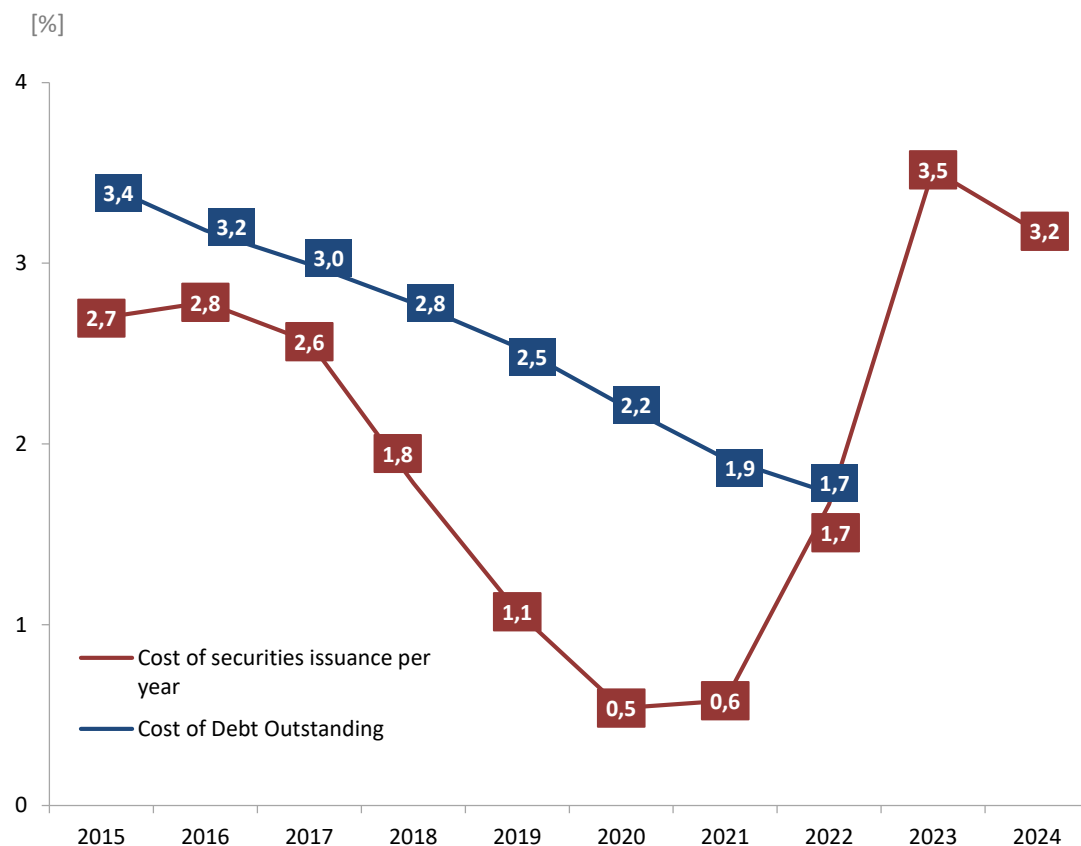
[% outstanding debt with reference to December-2023; before derivatives]



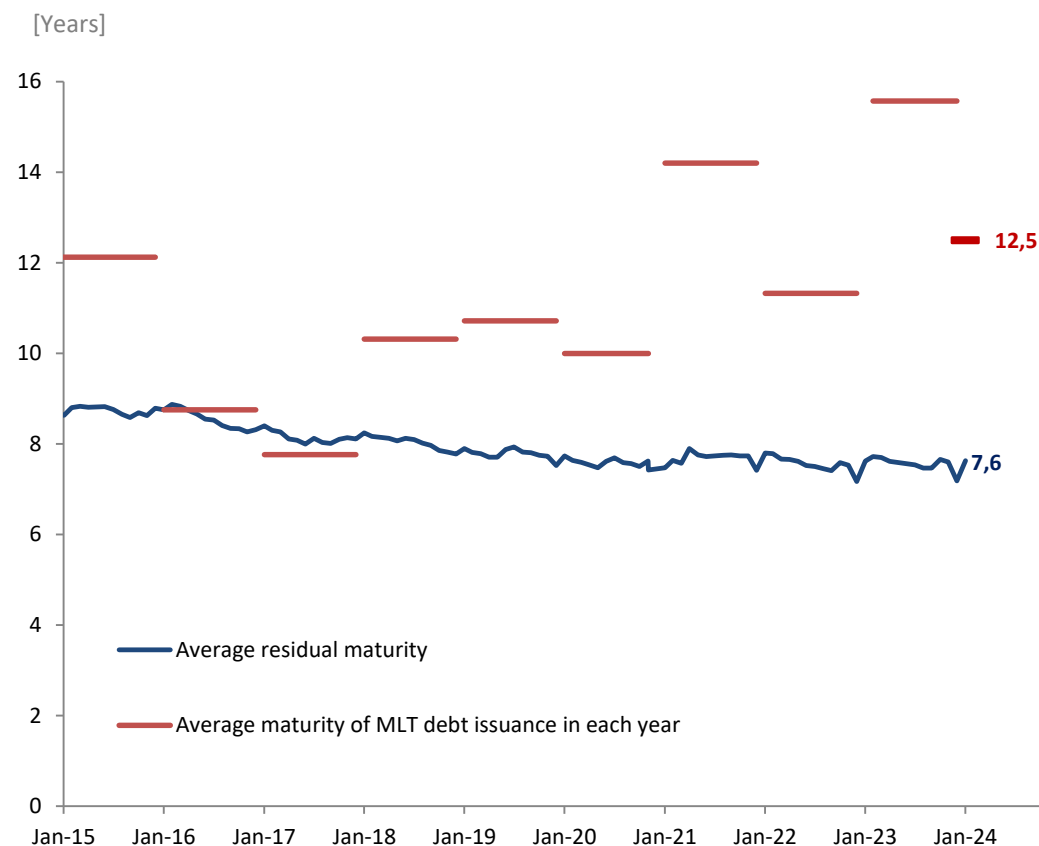
\* According to ESDM methodology, floating rate debt also includes inflation linked bonds.

## Affordability improved significantly with a stable average maturity

### Sustainable cost of debt



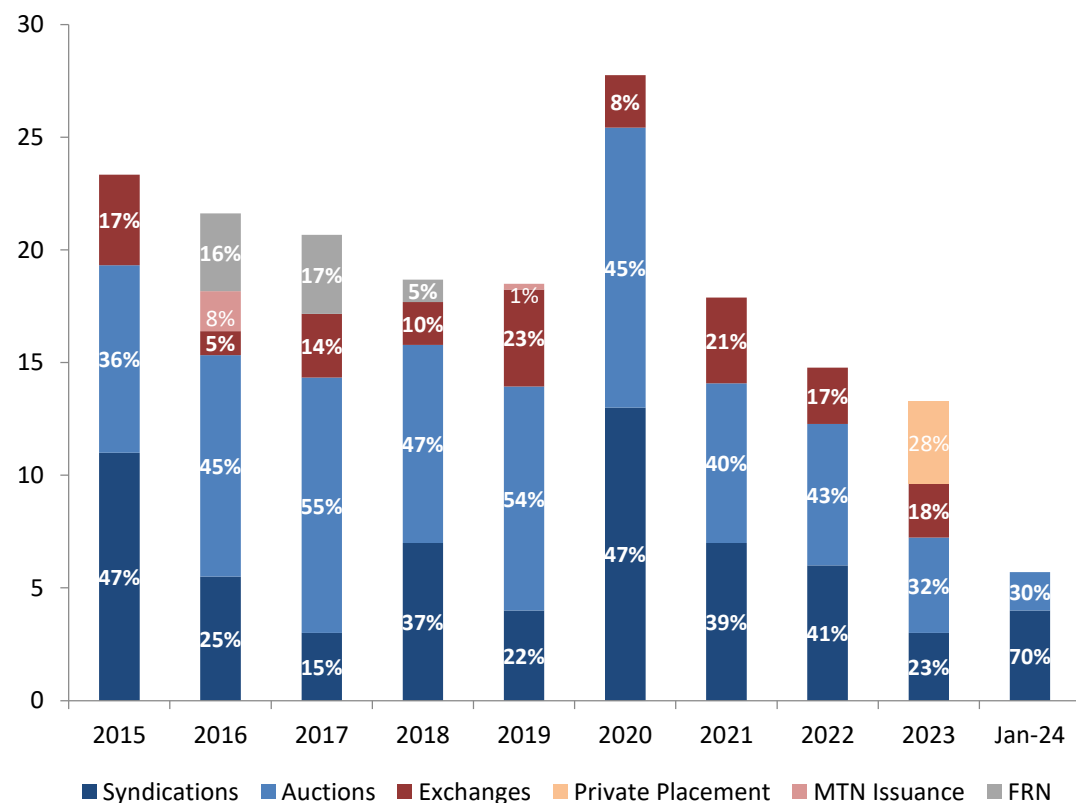
### Stable weighted average maturity of debt



# Regular and predictable issuance of MLT instruments

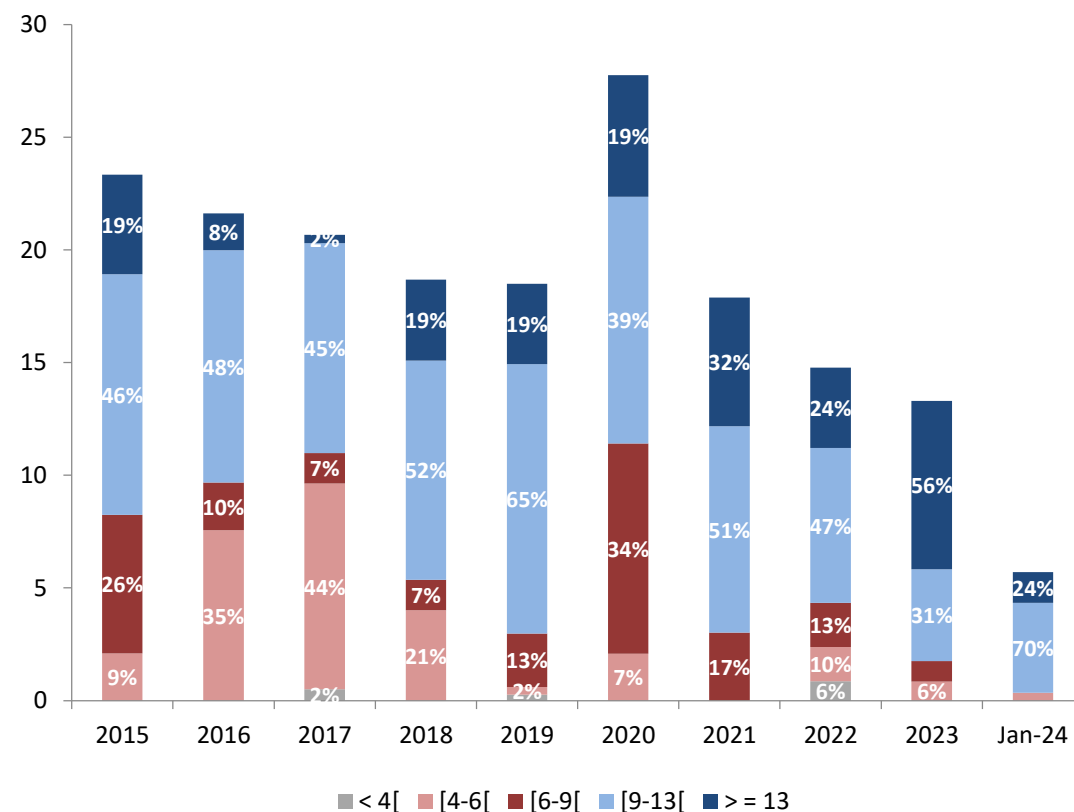
## Balanced funding of auctions and syndications

[Medium- and long-term debt issuance per method of issuance; EUR billion and % of total]



## Primary market issuance supports liquidity across the curve

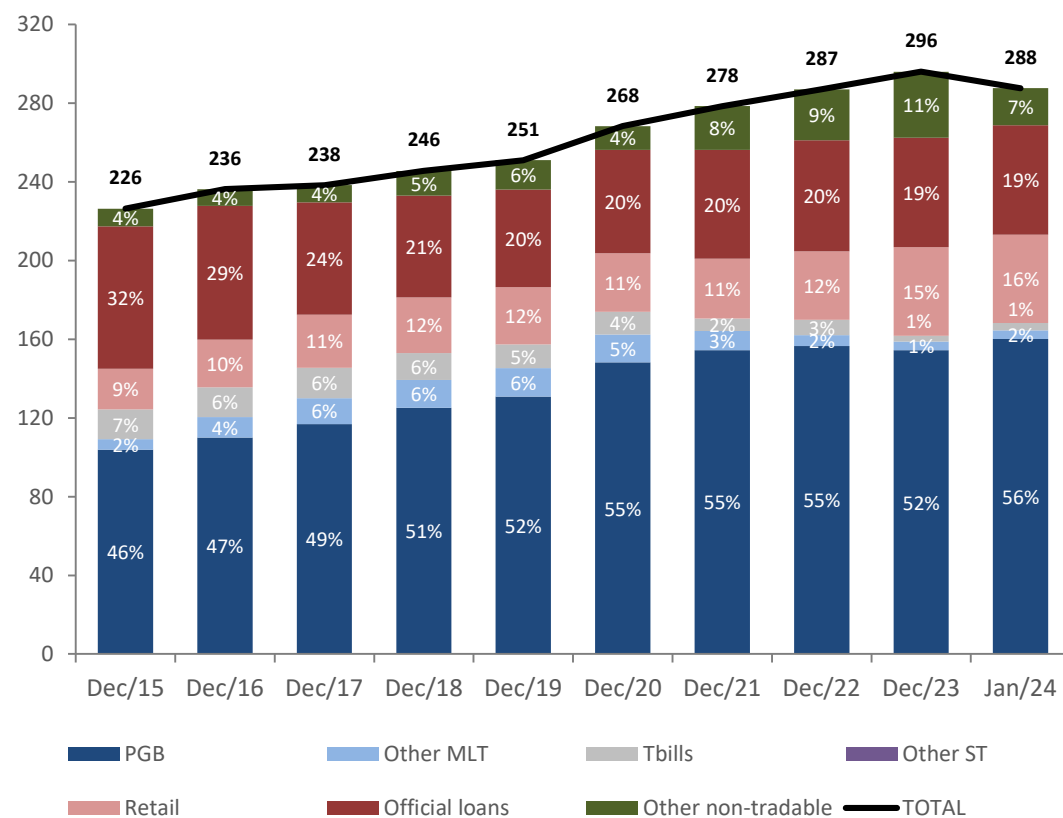
[Medium- and long-term debt issuance per bucket; EUR billion and % of total]



# Debt breakdown points to diversification and stability

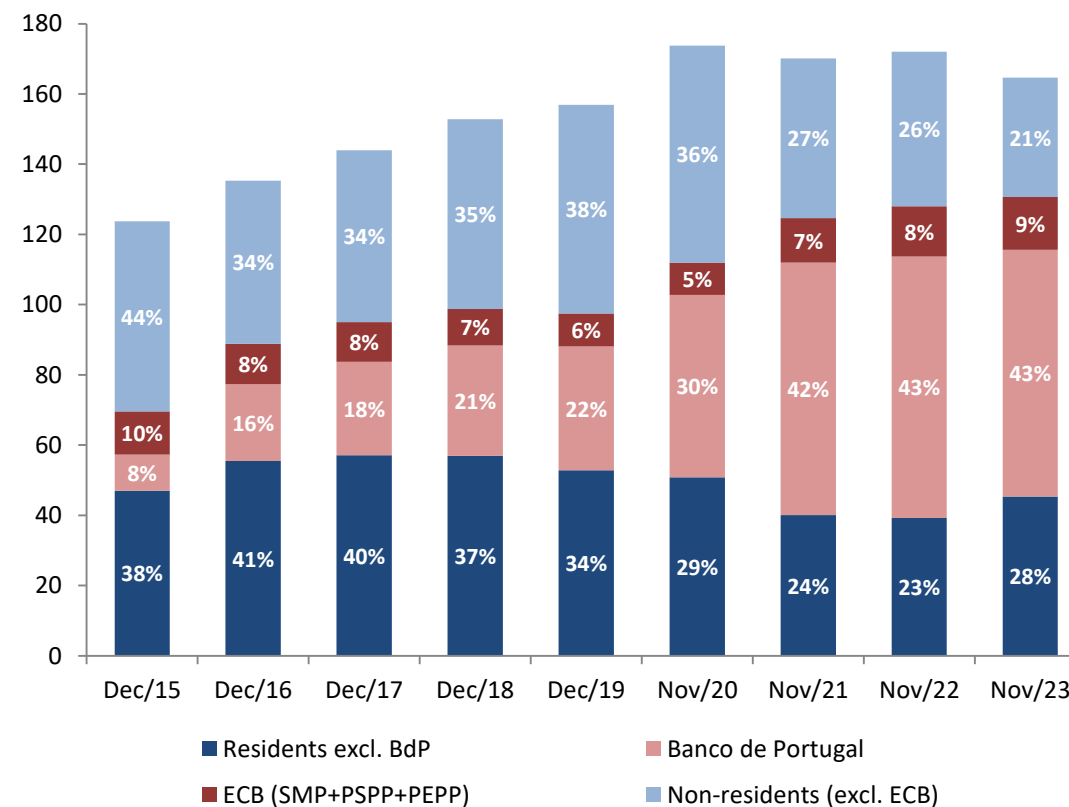
## PGBs are the main funding instrument

[EUR billion and % of total State Direct Debt]



## Share of Eurosystem holdings in total debt securities stable in 2023

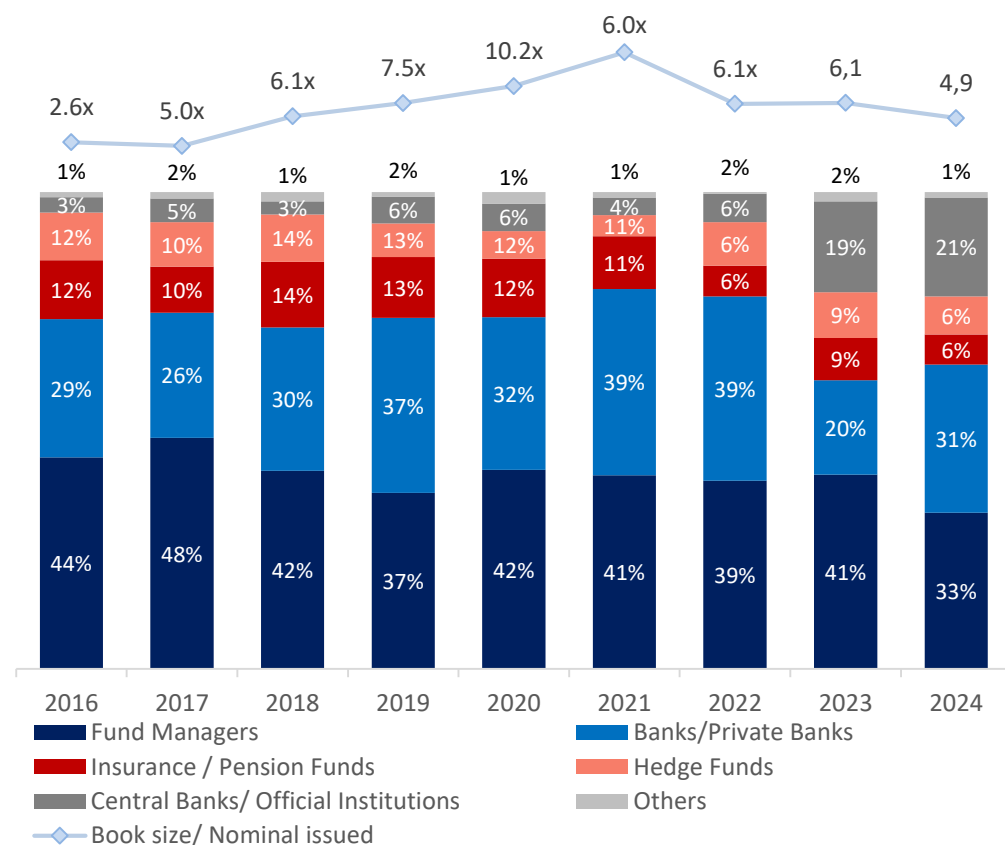
[EUR billion and % of State direct debt securities]



# OT syndications with a diversified and stable investor base

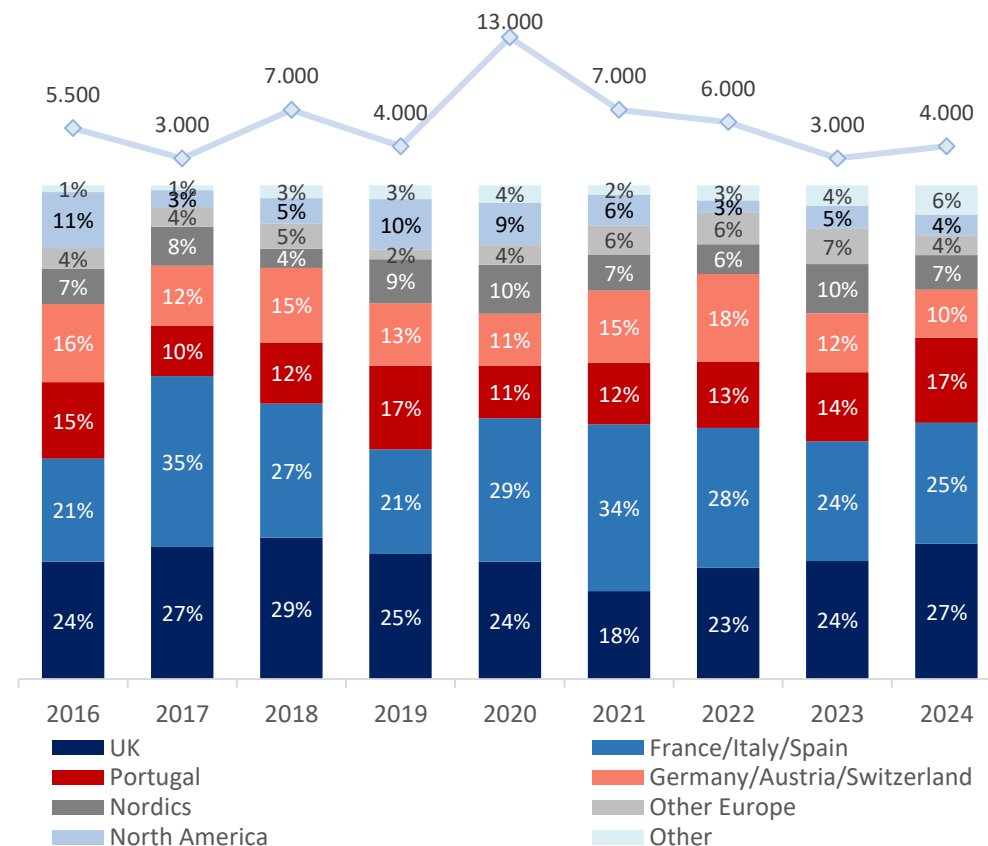
## By Type

[% of total allocation; Book size/Nominal issued]



## By Region

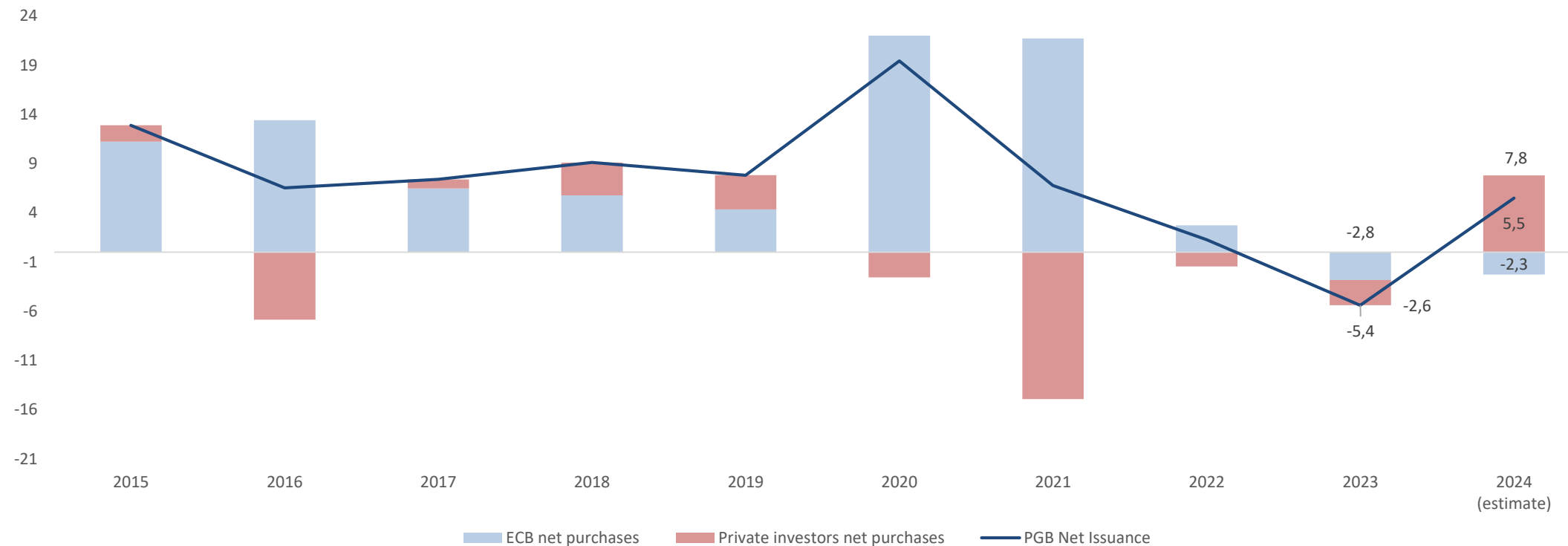
[% of total allocation; Nominal issued EUR million]



## Even with QT in place, in 2024, net purchases of PGB by private investors is just EUR 7.8 billion

In 2024, APP is expected to reduce the net purchases of PGB by EUR 2 billion and PEPP by EUR 0.3 billion

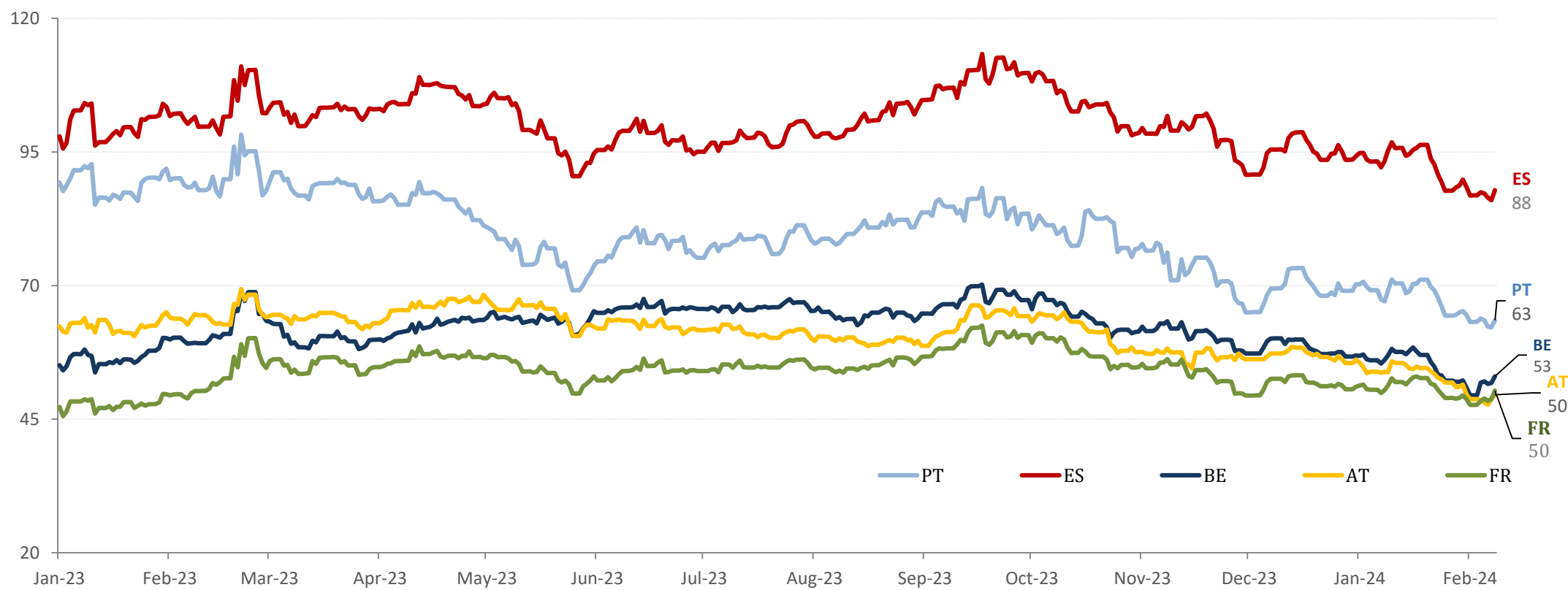
[PGB net issuance and ECB net purchases (EUR billion)]



## New issuance in 2024 and ratings actions validate PGB relative value

### PGB spreads have compressed relative to peers in 2023

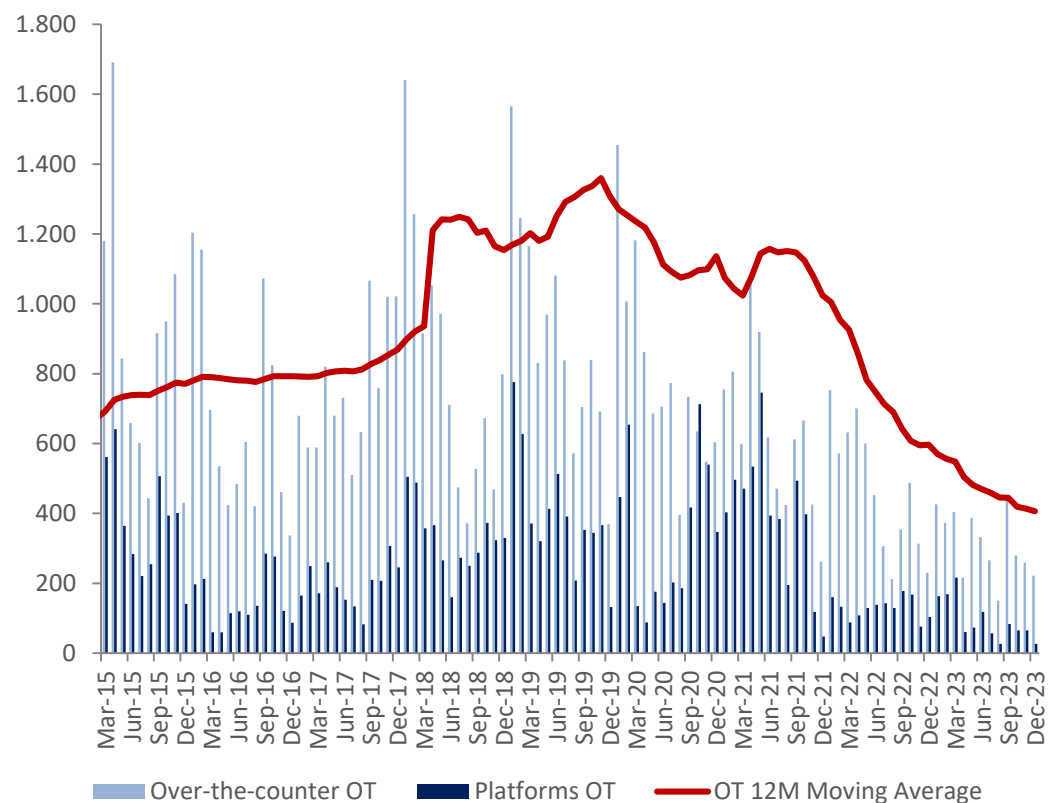
[10yr spreads vs Germany, basis points]



## Lack of PGB supply has affected market liquidity

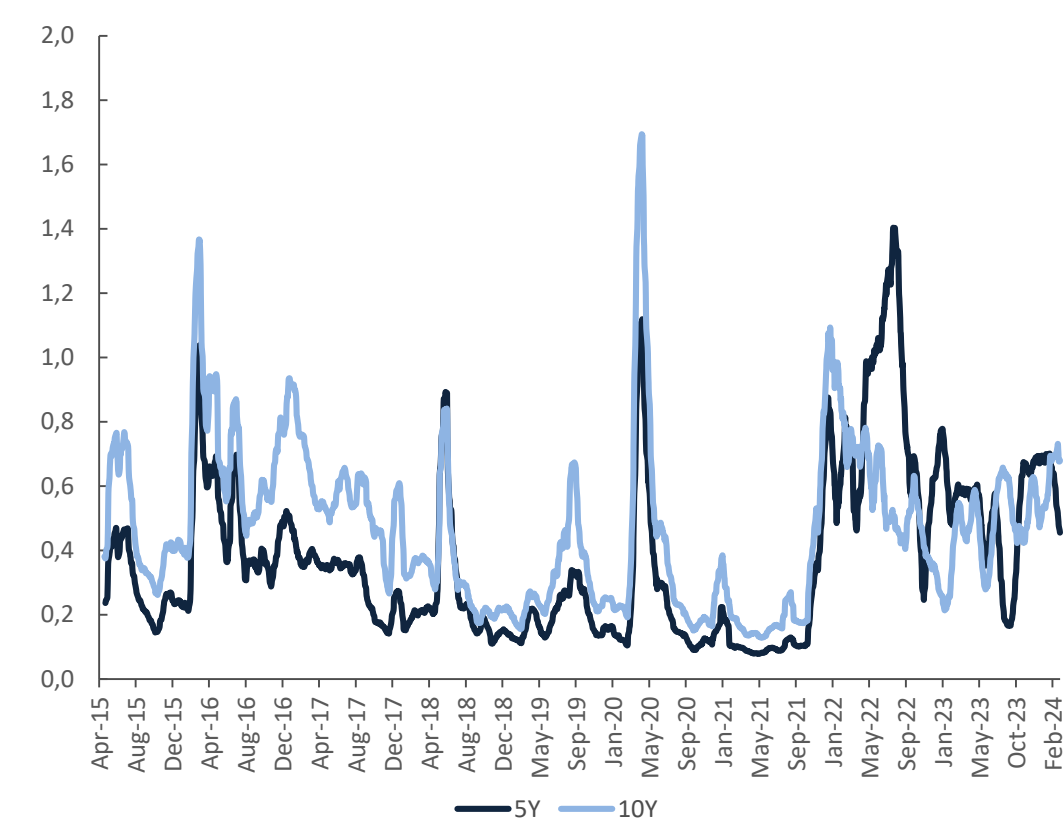
**Average daily turnover continued to decrease in 2023, with significant reduction in the dealer-to-dealer platforms**

[PGB trading in secondary market yields, average daily turnover in EUR million]



**Bid-offer spreads tightened in 2023 from the wides seen in 2022, despite its ongoing volatility**

[PGB bid-offer spreads, 1M moving average (cents)]



## Consistent and predictable funding plan with retained flexibility

### Net financing needs and net issuance of PGBs increase in 2024 as retail issuance revert to trend

[Executed financing up to end-Dec; EUR billion]

	2021	2022	2023 P	2024 P
<b>State borrowing requirements</b>	<b>26,6</b>	<b>24,7</b>	<b>20,2</b>	<b>20,3</b>
<b>Net financing needs</b>	<b>13,8</b>	<b>9,3</b>	<b>3,9</b>	<b>11,9</b>
Overall deficit (a)	9,5	5,8	0,4	5,2
Net acquisitions of financial assets (b)	4,3	3,5	3,5	6,6
One-off operations				
<b>MLT Redemptions</b>	<b>12,8</b>	<b>15,4</b>	<b>16,3</b>	<b>8,4</b>
Tbonds (PGB + MTN) (c)	9,4	11,4	14,8	8,4
FRN/OTRV/Other MLT instruments	3,5	3,5		
Official loans		0,5	1,5	
<b>State financing sources</b>	<b>26,6</b>	<b>24,7</b>	<b>20,2</b>	<b>20,3</b>
<b>Use of deposits</b>	<b>8,3</b>	<b>2,5</b>	<b>0,6</b>	<b>-1,9</b>
<b>Financing in the year</b>	<b>18,3</b>	<b>22,2</b>	<b>19,5</b>	<b>22,2</b>
<b>Executed</b>	<b>18,3</b>	<b>22,2</b>	<b>15,7</b>	
EU	2,8	1,4	0,7	
Tbonds (PGB + MTN)	14,6	12,0	9,4	
FRN/OTRV				
Retail debt (net)	0,5	4,6	10,2	
Tbills (net)	-4,8	1,3	-4,6	
Other flows (net) (d)	5,2	3,0		
<b>To be executed</b>			<b>3,8</b>	<b>22,2</b>
EU				1,6
Tbonds (PGB + MTN)				13,9
FRN/OTRV				
Retail debt (net)				0,0
Tbills (net)				6,2
Other flows (net) (d)			3,8	0,6
<b>State Treasury cash position at year-end (e)</b>	<b>8,8</b>	<b>6,3</b>	<b>5,7</b>	<b>7,5</b>

a) State sub-sector cash deficit (2023 preliminary figure and 2024 official estimate from State Budget).

b) Includes refinancing of other public entities (namely SOEs)

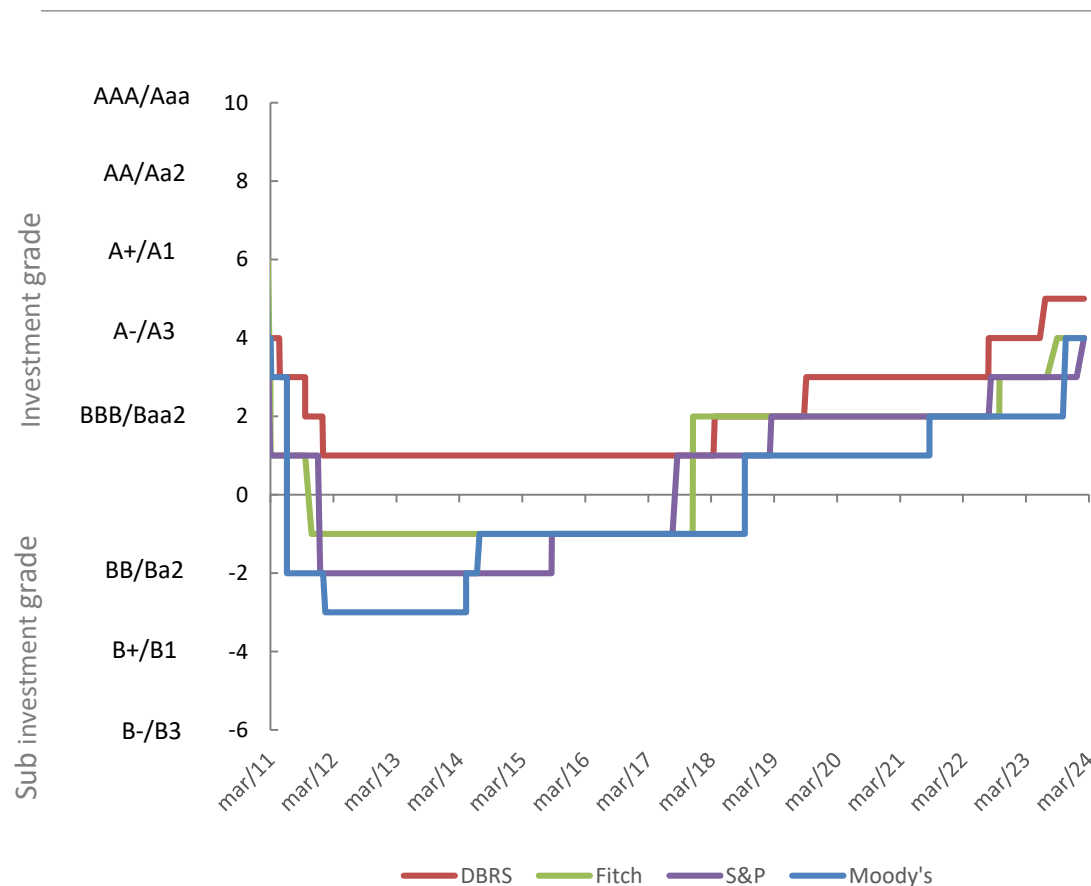
c) Includes net impact of exchange offers.

d) Includes centralization of funds of other public entities in the Single Treasury Account.

e) Excludes cash-collateral.

# Rating agencies recognition

Portugal has received ratings upgrades by DBRS Morningstar (Jul. 23), Fitch (Sep. 23), Moody's (Nov. 23) e S&P (Mar. 24)



	DBRS	Fitch	Moody's	S&P	Scope
Current	( A / Sta.)	( A- / Sta.)	( A3 / Sta.)	( A- / Pos.)	(A-/Sta.)
Sep-2022				9/Sep Upgrade to BBB+	
Mar-2023					24/Mar Upgrade to A-
Jul-2023	21/Jul Upgrade to A				
Sep-2023		27/Sep Upgrade to A-		8/Sep BBB+   Positive	8/Sep A-   Stable
Nov-2023			17/Nov Upgrade to A3		
Jan-2024	19/Jan A   Stable				
Feb-2024					16/feb A-   Stable
Mar-2024		22/Mar		01/Mar Upgrade to A-	
May-2024			17/May		
Jul-2024	19/Jul				26/Jul
Aug-2024				30/Aug	
Sep-2024		20/Sep			
Nov-2024			15/Nov		22/Nov



## Executive Summary

Portuguese economy in numbers



## Macro Outlook

Latest developments and projections



## Fiscal Outlook

Fiscal balance and public debt – performance and forecasts



## Debt Management and Funding Plan

Risk indicators and markets developments



## ESG Outlook

Energy and climate

## Sustainability Country Ranking and Rating

### UN SDG Index

**80.0**  
**Ranking: 18 th/166**



### Environmental Performance Index

**50.4**  
**Ranking: 48 th/180**



### ESG Government Report

**ESG Rating: BBB**  
**Outlook: Positive**



# Environmental and Climate transition is a top priority for Portugal

## A framework for strategic action

### Roadmap for Carbon Neutrality 2050

- It establishes the vision and paths for Portugal to achieve carbon neutrality by 2050, contributing to the more ambitious goals under the Paris Agreement.
- The RNC2050 demonstrates that carbon neutrality by 2050 is economically and technologically feasible and is based on a reduction in emissions between 85% and 90% by 2050, compared to 2005, and on offsetting the remaining emissions through the sink provided by forests and other land uses.

### Climate Law - Lei de Bases do Clima

### National Energy and Climate Plan for 2021-2030

- It is the main energy and climate policy instrument for the decade 2021-2030. It arises within the scope of the obligations established by the Regulation on the Governance of the Energy Union and Climate Action and establishes ambitious, but achievable goals, for the 2030 horizon.

### National Strategy for Adaptation to Climate Change

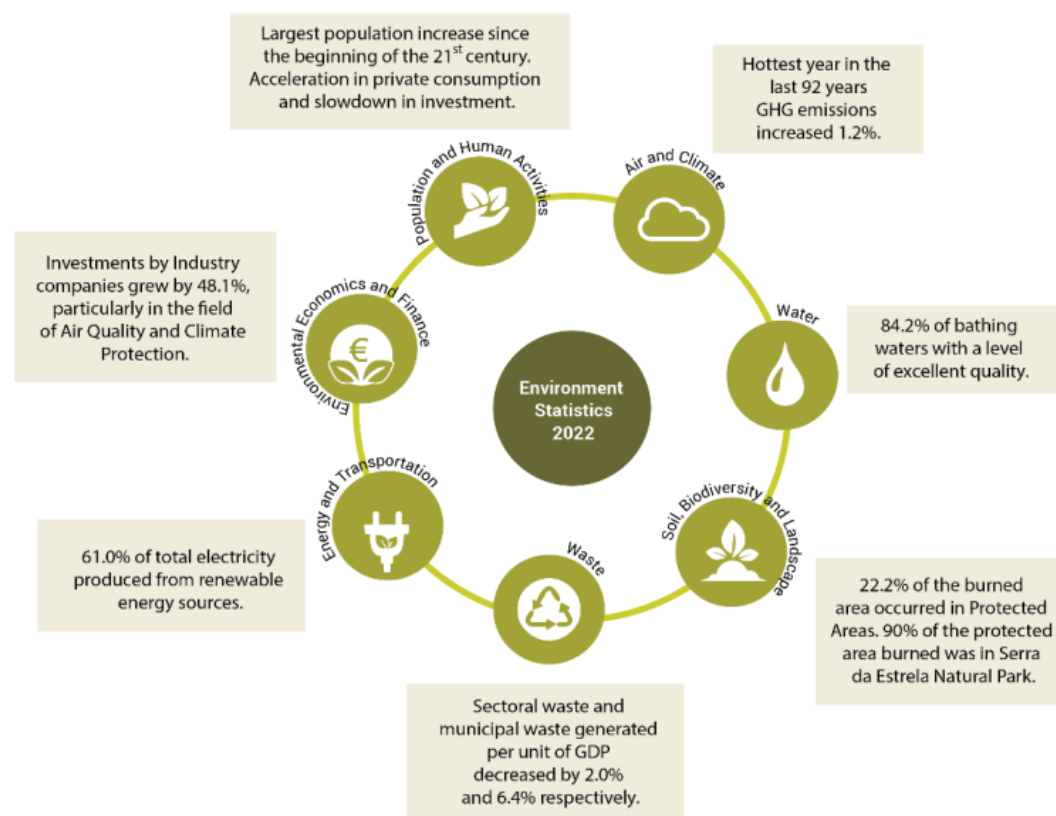
- It establishes objectives and the model for implementing solutions for adapting different sectors to the effects of climate change.

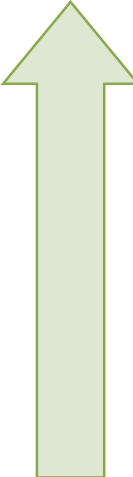
### Action Program for Adapting to Climate Change

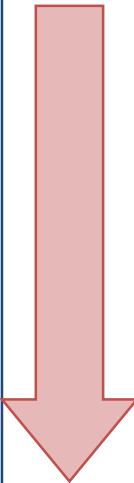
- The Action Program for Adaptation to Climate Change (P-3AC) complements and systematizes the work carried out in the context of the National Strategy for Adaptation to Climate Change (ENAAC 2020), with a view to its second objective, that of implementing measures to adaptation.

# The state of environment in 2022

Increased use of renewable energies and improvement in waste management, but a slight uptick in greenhouse gas emissions in 2022

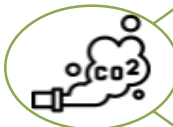
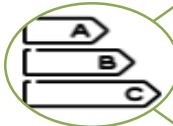





- 
- Reduction in domestic consumption of materials extracted from the environment
  - Improvement in efficiency in the management of sectoral and urban waste
  - Renewable energy sources to electricity production increased
  - Industry companies' investments in environmental terms grew

- 
- Greenhouse gas emissions increased compared to 2021
  - Increase of rural fires
  - Fossil fuel consumption in road transport increased

# Portugal's National Energy and Climate Plan for 2021-2030

Ambitious, but achievable goals, for 2030\*

	2020 Target	2030 Target
 GHG emissions reduction <sup>1</sup>	-18% / -23%	-45% / -55%
 Energy efficiency	25%	35%
 Renewables	31%	47%
 Renewables on transportation	10%	20%
 Interconnections	10%	15%

<sup>1</sup>compared to 2005

GHG variation \*

2020/2005 -32.9%

Share of renewable energy in gross final energy consumption

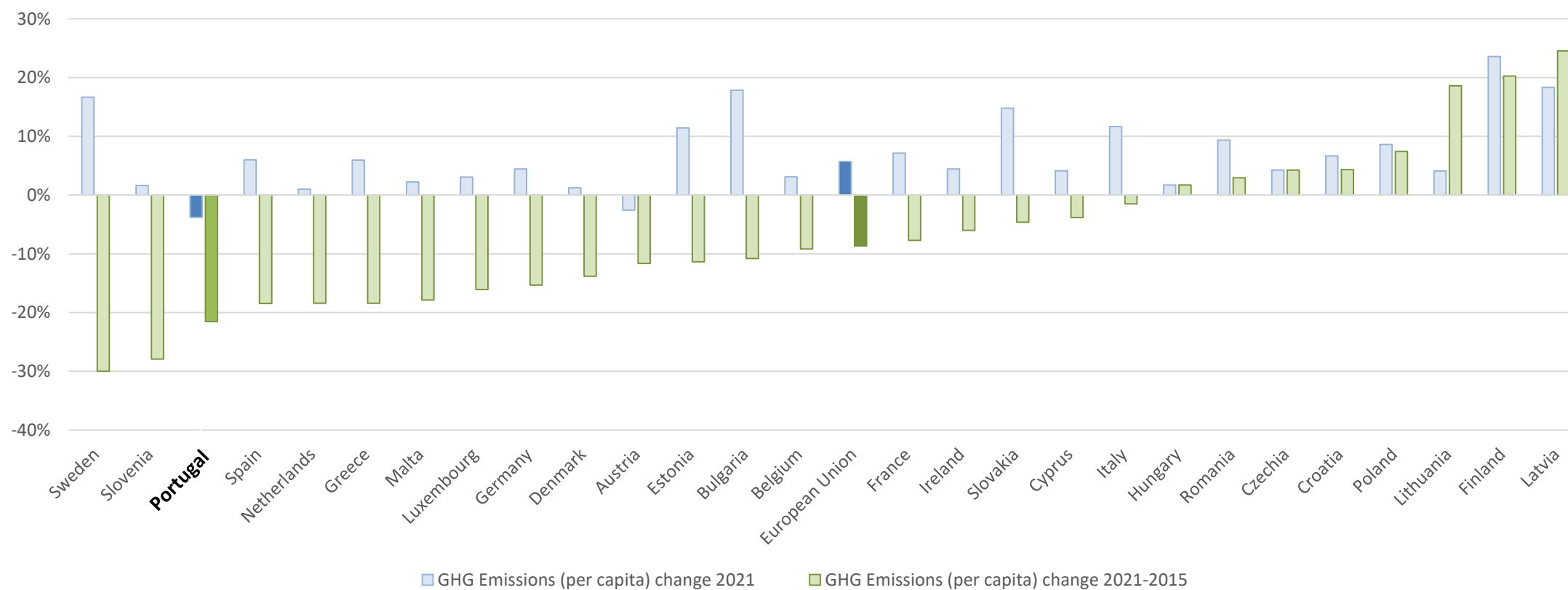
34.0% 2020 Po  
+3.4 pp than in 2019

Share of energy from renewable sources in transport, 2022  
(% of gross final energy consumption)



## Portugal has shown results in reducing greenhouse gas emissions

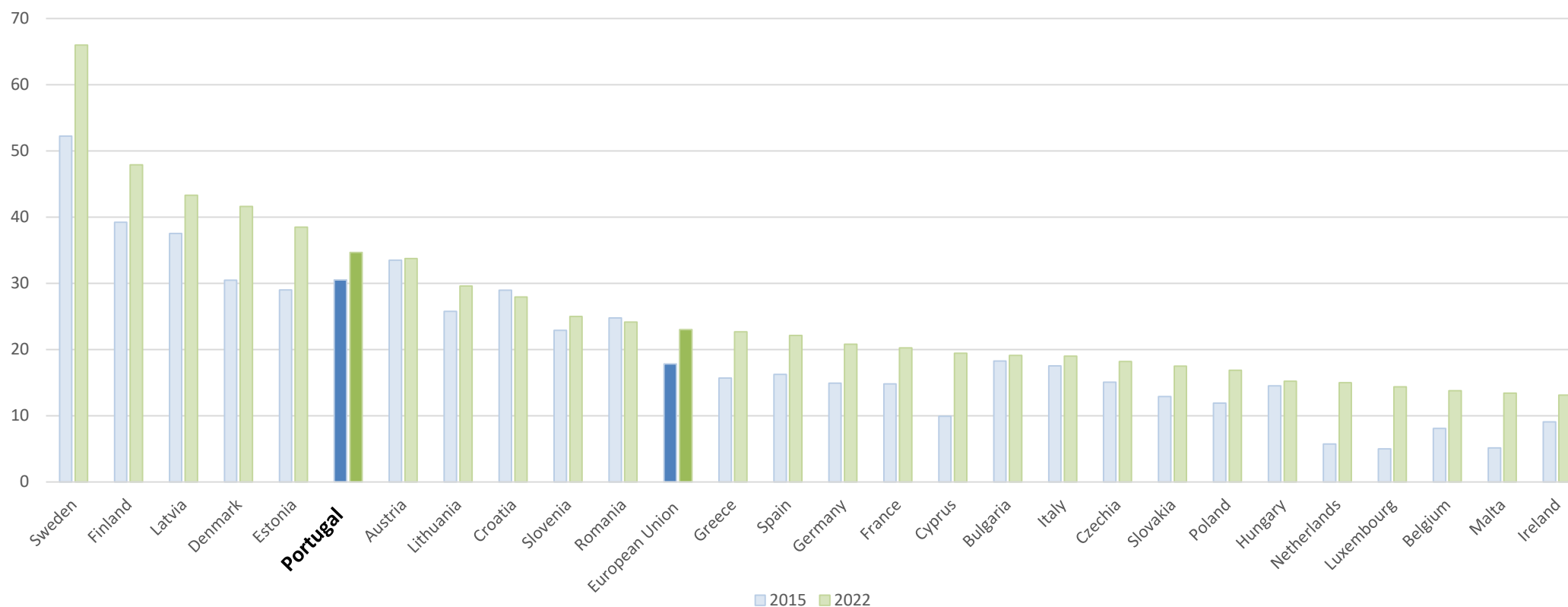
### Significant cumulative reduction of GHG emissions in Portugal



## Renewable energy sources gain increased weight in final energy consumption

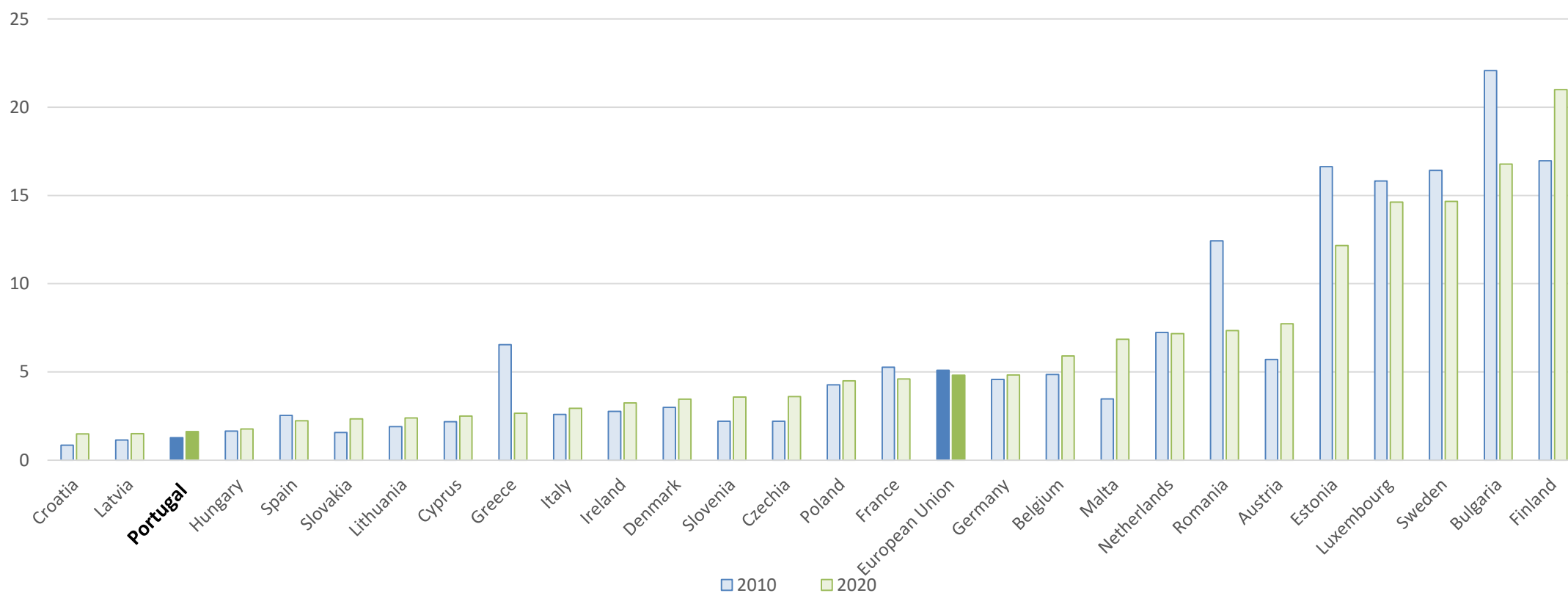
Share of renewables in final energy consumption was 35% in 2022. This share increases to 61% when considering only electricity production

[Share of renewables sources in gross final energy consumption, %]



## Waste generation per capita in Portugal has stayed low

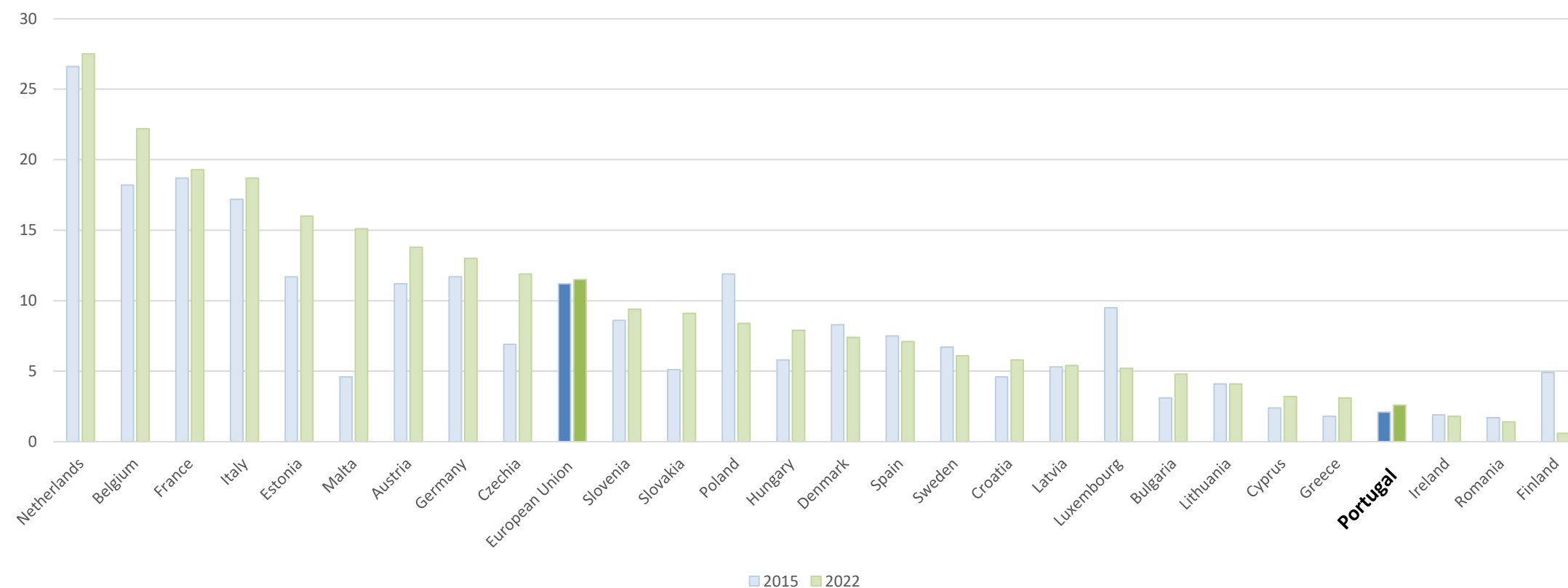
[Annual waste generation per capita, Kilograms per capita]



## Room for improvement in waste treatment and circular economy

### Use rate of circular material remains low

[Use rate of circular material, %]



# National commitment to SDG

170 of the total 248 UN indicators are available for Portugal

61% of the indicators with improvement since 2015

Availability of SDG indicators for Portugal



SDG indicators evolution in Portugal in the period 2015-2022\*



# Thank you

**Web site: [www.igcp.pt](http://www.igcp.pt)**  
**Bloomberg pages: IGCP**  
**Reuters pages: IGCP01**

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## Annex

## Government includes 3 priorities in 2024 State Budget

### Reinforce income to stabilize the contribution of domestic demand to GDP

- Increase Public Administration wages (and from Private Sector)
- Reduction of income tax
- Pensions increases
- Foster young workers income through education additional premium
- Reduction of mortgage burden and boost to rental market with affordable rents
- Support to children with increase in children social benefit and free daycare
- Reinforce of social benefits (social complement for elderly people, social inclusion income)

### Promote investment to increase productivity and competitiveness

- Increase on budget allocation to Health, Housing, Science and Education
- Investment on structural areas
- Incentives to corporate capitalization

### Protect the future of current and future generations

- Reinforce Social Security Stabilization Fund
- New fund for structural investment (after RRF)

## 2024 State Budget priorities

### Impact of measures in 2024 fiscal budget

1. Reinforce income	M€
Wages increases for Public Administration workers	1.538
Pensions updates	2.223
Reduction in income tax (mainly for middle class)	1.327
Reduction in income tax for young people	200
Premium for year of superior education	215
Free Public Transports until 23 years old	126
Reduction of expenses with house credit	200
Reduction of rents and access to housing	888
Increase in child benefit	320
Extension of free daycare	100
Reinforcement of the Solidarity Complement for the Elderly	55
Increase of Social Integration Income	30

2. Promote Investment	M€
Budget Reinforcement	
Health	1.209
Housing	336
Education	297
Science and Superior Education	182
Structural Investment	
Climate Changes	1.577
Housing and territorial cohesion	470
Education	414
Digital society, creativity and innovation	354
Health (SNS)	216
Other	265
Promoting corporate investment	265
3. Protecting the future	M€
Reinforce Social Security fund of financial stability	2.634
Structural Investment Fund Post 2026	2.000