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REGIONAL GOVERNMENT BUDGET OUTTURN 2024

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The Portuguese Public Finance Council is an independent body created by Article 3 of Law No. 22/2011 of 20 May, which made the 5th amendment to the Fiscal Framework Law (Law No. 91/2001 of 20 August, republished by Law No. 37/2013 of 14 June). The final version of the CFP Statutes was approved by Law No. 54/2011 of 19 October.

The CFP began its activities in February 2012, with the mission of conducting an independent assessment of the consistency, compliance and sustainability of fiscal policy, promoting its transparency in order to contribute to the quality of democracy and economic policy decisions and to strengthen the financial credibility of the State.

This Report was prepared based on information available as of 2 January 2026.

A spreadsheet containing the figures underlying all the graphs and tables in this report is available at www.cfp.pt, in the publications section. The main public finance concepts used in this report are explained in the CFP [Glossary](#), which is available online.

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EXECUTIVE SUMMARY

In 2024, the Autonomous Regions recorded positive economic growth, albeit at a slower pace than in previous years. In the Azores, the region's gross domestic product slowed down again, but still increased by 2.3% in real terms, exceeding Portugal's GDP growth (2.1%) by 0.2 percentage points, driven by tourism and related services, which continued to be one of the main drivers of the region's economy. Despite this performance, GDP per capita remained below the national average and far from the European average: 82.4% of Portugal's and 72.5% of the EU27 average. In Madeira, the pace of economic growth also slowed, growing by 1.5% in real terms, a third of that recorded in 2023 and less than the growth for the country as a whole. According to INE, this slowdown reflected in particular the reduction in gross value added (GVA) from services provided to businesses, associated with lower activity at the Madeira International Business Centre. Nevertheless, Madeira's GDP per capita converged with that of the European Union for the fourth consecutive year, reaching 88.3% of the EU27 (+4.7 p.p. more than in 2023 and +5.9 p.p. more than that recorded by Portugal).

In fiscal terms, from a national accounting perspective, the Regional Administration maintained a balanced budget and reinforced the downward trend in the public debt ratio. Despite the different budgetary positions, evidenced by the improvement in the positive balance of the Autonomous Region of Madeira (RAM) and the worsening of the deficit of the Autonomous Region of the Azores (RAA), the Regional Administration (AdR) as a whole maintained a balanced budget in relative terms, equivalent to 0.0% of Portugal's GDP, thus not contributing to the deterioration of the fiscal surplus of the General Government (GG) as a whole, which fell by 0.8 p.p. of GDP in 2024. The regional public debt ratio, as defined by Maastricht, continued on a downward trajectory, falling from 3.0% of GDP in 2023 to 2.9% in 2024, benefiting for the second consecutive year from the contribution of both regions. The RAM recorded the most significant reduction, while the RAA continued the reduction in the debt ratio that began in 2023. Reflecting these developments, the AdR contributed to the decrease in the PA debt ratio in 2024, which stood at 93.6% of GDP, the lowest figure since 2010.

Autonomous Region of the Azores (RAA)

In 2024, the RAA interrupted the downward trend in the fiscal imbalance observed in the previous three years. From a national accounting perspective, the fiscal deficit increased to 4.3% of Regional GDP (RGDP) (2.5% in 2023), reflecting a worsening of 1.8 p.p.. This result was entirely due to the growth in regional public expenditure by 2.2 p.p. of RGDP, associated, in part, with the integration of the companies SATA Air Açores, S.A. and SATA Gestão de Aeródromos, S.A. into the fiscal perimeter of this autonomous region. Primary current expenditure remained high, increasing by 1.3 p.p. to 28% of GDP in 2024, which reduced the capacity of tax revenue to ensure its financing. As a result of this development, even excluding interest, the primary deficit worsened to 3.7% of GDP, accentuating the inability to generate sufficient resources to service the debt. Interest charges rose again to 0.6% of GDP (+0.3 p.p. compared to 2023). This fiscal performance reflects a structural deterioration in the region's public accounts, with significant implications for its medium-term financial sustainability.

Despite the worsening balance, the RAA debt ratio under the Maastricht definition decreased for the second consecutive year. In 2024, this indicator fell by 0.6 p.p. of GDP to 59% of GDP. This development reflects the favourable dynamic effect of the , resulting from nominal regional product growth exceeding the cost of interest, as well

as the favourable effect of deficit-debt adjustments (-1 p.p. of GDP), which more than offset the aforementioned negative impact of the primary deficit (3.7% of GDP). In absolute terms, the debt *stock* reached €3,394 million, an increase of €191 million, partly explained by the incorporation of the debt of two companies of the SATA Group.

In the broader concept of debt, relevant under the terms of the Autonomous Regions Finance Law (LFRA), the regional debt of the Azores, which includes commercial debt, continued on an upward trajectory, continuing to represent a risk factor for the sustainability of regional finances. At the end of 2024, regional debt totalled €3,493 million (60.7% of GDP), an increase of €177 million compared to 2023, mainly explained by financial debt (+€120 million) used essentially to finance the fiscal deficit. The RAA remains vulnerable to debt refinancing risks. The amount of repayments due from 2026 (inclusive) to 2030 and then in 2032 and 2026 is substantially higher than in 2025, double on average, which increases the Region's exposure to refinancing pressures, especially in scenarios of greater volatility in the financial markets. Non-financial debt reached €436 million, €57 million more than in 2023, despite debt operations with maturities of more than one year for debt consolidation and settlement of arrears, which led to an increase in net debt in 2024, in breach of the provisions of the 2024 State Budget Law. Average payment terms (APT) stood at 138 days, more than double the legal limit, but 14 days less than in 2023.

Autonomous Region of Madeira (RAM)

The RAM recorded an improvement in its fiscal balance for the third consecutive year. The fiscal surplus reached 2.3% of GDP in 2024, representing an improvement of 2 p.p. of GDP compared to 2023. This improvement was entirely due to the increase in regional public revenue by 2.4 p.p. of GDP, which showed a nominal growth rate of 17.1%, almost double that of expenditure. The primary surplus increased to 3.6% of GDP, continuing to contribute to consolidating and strengthening the sustainability of public finances.

The RAM debt ratio, as defined by Maastricht, continued to decline at a faster pace than that observed for the GG as a whole. Accumulating a reduction of 50 p.p. of GDP since 2020, the debt ratio stood at 65.8% of GDP, 6 p.p. less than in 2023, reaching its lowest level since 2009. Contributing favourably to this improvement were the dynamic effect (resulting from nominal regional product growth exceeding the cost of interest) and the primary surplus recorded in 2024, which more than offset the unfavourable effect of the deficit-debt adjustment. This reduction was also seen in absolute terms. The region's debt *stock* under the Maastricht definition reached €4,925 million, €77 million less than in 2023.

Madeira's regional debt under the LFRA decreased but remained above the pre-pandemic level. At the end of 2024, the debt totalled €4,840 million, €127 million less than at the end of the previous year. The largest contribution to this reduction was made by non-financial debt, at €73 million, reflecting a decrease in liabilities to suppliers and other creditors. Although the RAM had the possibility of contracting debt for more than one year for debt consolidation and the regularisation of overdue payments up to the amount of €75 million, the authorisation provided for in the 2024 State Budget Law remained unused. Financial debt fell for the third consecutive year, standing at €4,696 million, €55 million less than in 2023. The reduction in the Region's direct debt by €38.2 million contributed to this decrease.

Compliance with the fiscal balance rule and the debt limit established in the Autonomous Regions Finance Law

After a four-year suspension, the application of the LFRA rules resumed in 2024, revealing non-compliance by both Autonomous Regions with the fiscal rules on budget balance and debt limits. The technical exercise, carried out on the basis of the information available on the 2024 results, reveals that, with regard to the fiscal balance rule, the RAA and the RAM exceeded the negative value of 5% of net current revenue collected, as established in Article 16(3) of the LFRA. With regard to the debt limit, both regions exceeded the legal limit, although the RAM complied with the minimum annual reduction of one-twentieth of the excess, as stipulated in Article 7(1) of the LFRA. Between 2020 and 2023, if the LFRA fiscal rules had not been suspended, there would have been a breach of the debt limit, with an increase in the debt excess in the RAA, while in the RAM there would have been an effort to reduce this excess, which continued in 2024.

This report demonstrates the need to strengthen *ex ante* fiscal supervision, as *ex post* assessment alone limits the ability to prevent deviations. Currently, only Madeira provides sufficient forward-looking information to allow for this type of assessment. The limited effectiveness of the current fiscal discipline rules highlights the need to review the LFRA in order to preserve budgetary sustainability and strengthen its applicability, in particular through gradual adjustment mechanisms and the recognition of regional differences.

At a time when the revision of the LFRA has the formal commitment of the Government of the Republic, it is essential to ensure its coordination with the ongoing revision of the Fiscal Framework Law, which will incorporate, among other aspects, the changes resulting from the recent reform of European economic governance. The effectiveness of the new fiscal framework depends on the definition of clear, enforceable rules that are aligned with European restrictions, as well as specific standards that operationalise the role of the CFP in monitoring and evaluating compliance with these rules, promoting their transparency and credibility. Rules designed to ensure the sustainability of regional finances are essential, but they must be designed to guarantee conditions for their compliance, monitoring and effective consequences in the event of non-compliance.

INTRODUCTION

This report analyses the fiscal and financial developments of the Autonomous Regions for the 2024 financial year. To this end, data published in [the reports of the Autonomous Region of the Azores \(CRAA\)](#) and [the Autonomous Region of Madeira \(CRAM\)](#) for the same year were used. However, these documents continue to show some significant gaps, notably the absence of information on the implementation of fiscal policy measures and on the implementation of expenditure financed by the RRP presented in consolidated form for each Regional Administration and by economic classification. The information on which this report is based was supplemented in December with the [release of preliminary data for 2024 published in the Regional Accounts by the National Statistics Institute](#) (INE) and with the publication by the Court of Auditors (TdC) of [its opinion on the accounts of the Autonomous Region of the Azores](#) (RAA). At the time of writing, the TdC's opinion on the CRAM had not yet been released.

This report analyses the available information from two accounting perspectives:

- i. National accounting perspective, as it best reflects the budgetary developments of the Autonomous Regions in relation to the public administration sector as a whole, which is relevant to Portugal's commitments under the European Union's fiscal surveillance framework. In this context, the contribution of revenue and expenditure aggregates, as well as their components, to the evolution of the balance is analysed.
- ii. Fiscal budget accounting perspective, which allows for an analysis of the main budgetary developments, comparing them with the provisions of each Region's Budget, and assessing the compliance of these developments with the fiscal discipline rules laid down in the Autonomous Regions Finance Law (LFRA).

For 2024, and since the 2024 State Budget Law did not renew the suspension of the application of the rules on fiscal balance (Article 16) and the regional debt limit (Article 40) that was in force from 2021 to 2023, the exercise of assessing the fiscal discipline rules established in the two articles mentioned above is resumed (¹).

The report is structured in four chapters: the first two are dedicated separately to each Autonomous Region, analysing the evolution of the budgetary and financial position from a national accounting perspective, followed by an analysis of the main developments in budgetary aggregates and their components from a fiscal budgetary accounting perspective. This analysis includes a comparison with the Autonomous Region's Budget and the evolution of the relevant region's debt under the terms of the LFRA. The third chapter assesses the compliance of the Autonomous Regions' finances with the fiscal discipline rules set out in the LFRA, based on the 2024 budget results. The fourth and final chapter provides an overview of the fiscal developments of the Autonomous Regions in relation to the Maastricht balance and debt compared to those for the general government as a whole, also addressing the annual evolution of transfers under the LFRA.

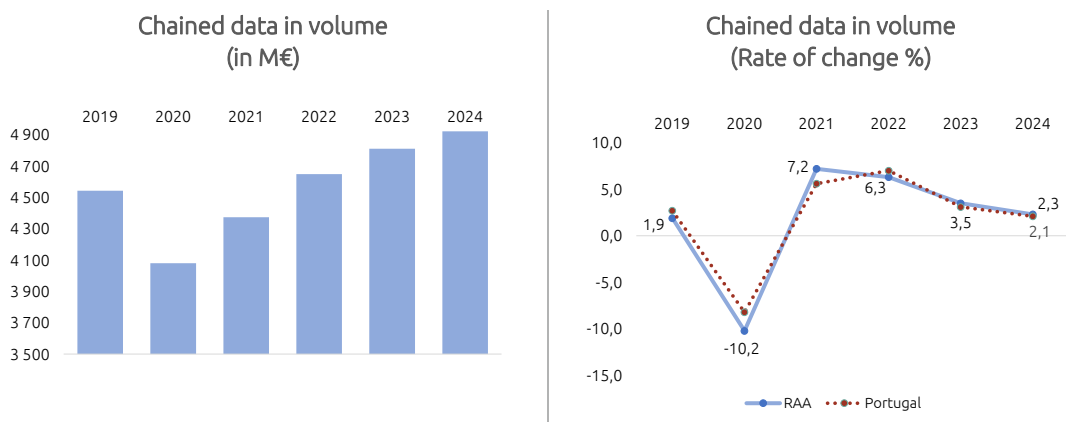
¹ Under the terms of Article 48 of [Law No. 24-D/2022 of 30 December](#) (State Budget Law/2023), which renewed for the third time the suspension of the application of the rules on fiscal balance and regional debt limits.

1. AUTONOMOUS REGION OF THE AZORES

1.1 Evolution of GDP, balance and debt in national accounts, of the RAA²

In 2024, the Azorean economy maintained a growth rate higher than that of the country as a whole, despite experiencing a further slowdown. According to preliminary data from the Regional Accounts (Graph 1), the product generated in the Autonomous Region of the Azores slowed down again, but still increased by 2.3% in real terms (3.5% in 2023), i.e. 0.2 p.p. above that recorded in mainland Portugal (2.1%). This performance, as mentioned in the INE highlight on [Regional Accounts](#), reflects the positive evolution of Gross Value Added (GVA) in the trade, transport, accommodation and catering sector, with growth of 4.1%. Industry and energy followed this trend, with growth of 6.4%, while agriculture, forestry and fisheries recorded an increase of 7.1%.³ Despite this dynamism, in 2024 GDP per capita remains below the national average and far from the European average: 72.5% of the EU27 and 82.4% of the Portuguese average. This disparity reflects structural limitations, such as the costs of insularity and dependence on sectors vulnerable to seasonality.

Graph 1 – Evolution of GDP in volume in the RAA in the period 2019-2024



Source: INE, Regional Accounts. CFP calculations. | Note: GDP – Gross Domestic Product; GDPRA – Gross Domestic Product of the Autonomous Region of the Azores, measured in annual rate of change (%), in real terms.

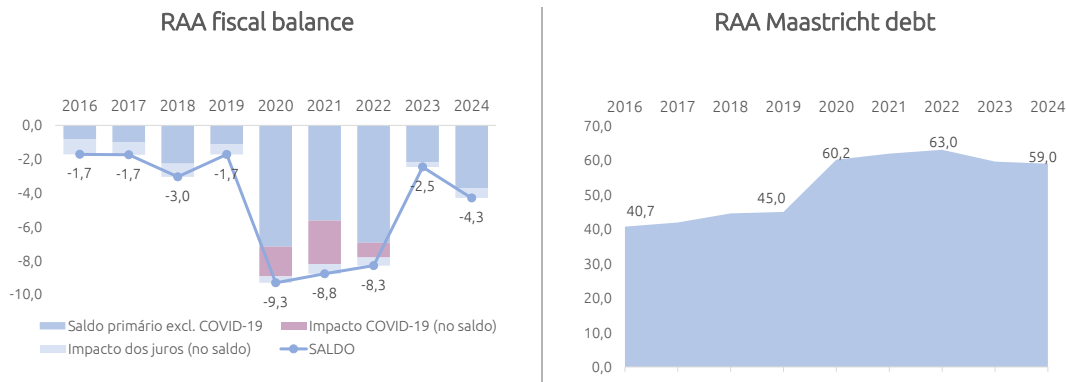
In 2024, the RAA interrupted the downward trend in the fiscal deficit seen in recent years. After three consecutive years of fiscal deficit reduction (6.9 p.p. of GDP), partly due to the gradual dissipation of the measures in response to the pandemic and the

² The evolution of the region's GDP, balance and debt is based on the following statistical sources: (i) the most recent series of the region's GDP published by INE, within the scope of [the Regional Accounts](#); and (ii) the [second notification of 2025 under the Excessive Deficit Procedure \(EDP\)](#), published by the National Statistics Institute (INE) and the Bank of Portugal (BdP). This analysis also benefits from [the information highlights released by the Regional Statistics Service of the Azores \(SREA\)](#), within the scope of the EDP notifications.

³ Although the INE highlights the growth of GVA by branch of activity at constant prices, the tables published do not include details of the respective breakdown, which prevents a more in-depth analysis of the sectoral dynamics underlying the evolution of real GDP.

cessation of financial support from the Regional Government of the Azores to SATA Air Açores, S.A. in the form of capital injections and guarantees, there was a turn in this trend (Graph 2). In 2024, the RAA fiscal deficit increased to 4.3% of GDP, 1.8 p.p. more than in 2023 (2.5% of GDP). This deterioration was entirely due to the increase in regional public expenditure by 2.2 p.p. of GDP, explained in part by the integration of two entities of the SATA Group into the fiscal perimeter of this autonomous region (Box 1). The primary balance, which excludes interest, deteriorated by 1.6 p.p. to -3.7% of GDP, highlighting the inability to generate sufficient resources to finance all expenditure before interest (and the interest on the debt itself). This fragility, which is accentuated by the increase in interest charges of 0.3 p.p. of GDP and which has persisted for several years, reflects a structural worsening of the imbalance in the region's public accounts, with significant implications for medium-term financial sustainability.

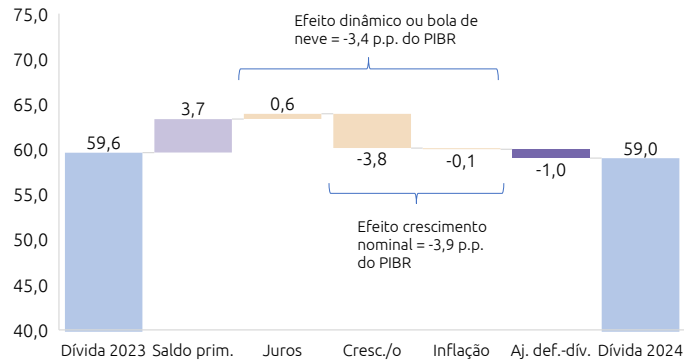
Chart 2 – Evolution of the fiscal situation and debt of the RAA in the period 2016-2024 (% GDP)



Source: INE, SREA. CFP calculations. | Note: GDPR – Gross Domestic Product of the Autonomous Region of the Azores; Impact of COVID-19 measures corresponds to emergency support allocated with regional expenditure support.

The weight of debt in the region's GDP decreased for the second consecutive year. Despite the impact of the integration of two entities of the SATA group (1.8% of GDPR), the debt ratio under the Maastricht definition continued to decline, reaching 59% of GDPR in 2024 (59.6% in 2023). This development reflects a favourable dynamic effect of 3.4 p.p. of GDP, resulting from nominal growth in regional output exceeding the cost of interest (Graph 2). Deficit-debt adjustments (-1 p.p. of GDP), associated with the reduction in deposits and other liquid assets of liabilities, contributed further to this improvement, offsetting the negative impact of the primary deficit (3.7% of GDP).

Graph 1 – Dynamics of the RAA's Maastricht Debt (in % and p.p. of GDP)



Source: INE and BdP. CFP calculations. | Note: GDP – Gross Domestic Product of the region under analysis. Primary balance with opposite sign: if positive/negative, it means primary deficit/primary surplus, which contributes to increasing/reducing the debt ratio.

In absolute terms, the region's debt under the Maastricht definition continued to grow, reaching a new high in 2024. The debt *stock* rose to €3,394 million (Table 1), an increase of €191 million which, although partly explained by the integration of the SATA Group into the fiscal perimeter (Box 2), accentuates the structural pressure on the sustainability of public accounts. Despite this deterioration, the change in debt (€191 million) was lower than the deficit recorded in 2024 (€247 million), a result due to a negative deficit-debt adjustment of €57 million, associated with the factors mentioned above.

Box 1 – Fiscal developments in the Autonomous Region of the Azores in 2024, from a national accounting perspective

The provisional estimate for the Autonomous Region of the Azores account for 2024 includes two entities of the SATA Group within the fiscal scope of this subsector. In 2024, SATA Air Açores, S.A. and SATA Gestão de Aeródromos, S.A. were classified by the national statistical authorities as non-market entities, becoming part of the General Government sector through their inclusion in the fiscal perimeter of this autonomous region. This reclassification resulted from the application of the criteria of the European System of Accounts (ESA 2010) and the Deficit and Debt Manual (MDD), following an analysis of the activity of those entities, which showed that they do not meet the marketability criterion (sales greater than or equal to 50% of production costs).

The inclusion of these two entities led to revisions in the RAA deficit and debt for 2024. In the context of the second notification of the 2025 EDP in September, the reclassification of these entities contributed to an upward revision of the deficit and debt (Maastricht definition) compared to the preliminary estimate reported in the March 2025 notification. The revision amounted to €62.5 million, raising the RAA deficit in 2024 to €247.3 million. This revision was partly due to the integration of the two entities mentioned above – although their specific impact has not been disclosed – as well as the incorporation of information from Simplified Business Information (IES) and other accounting sources based on the accrual principle (increase), replacing data previously calculated on the basis of cash flows. The incorporation of the debt of SATA Air Açores and SATA Gestão de Aeródromos increased the RAA's debt by €102.3 million.

In 2024, regional expenditure grew almost twice as much as revenue, contributing to an accentuation of the fiscal imbalance. The 14.6% increase in public expenditure, equivalent to an increase of 2.2 p.p. of GDP, was a determining factor in the deterioration of the fiscal

balance by 1.8 p.p. of GDP. Even so, the 8.2% growth in regional revenue, which increased its weight in GDP by 0.3 p.p., helped to partially mitigate the worsening of the fiscal balance.

Primary current expenditure was mainly responsible for the increase in regional expenditure.

Personnel costs and intermediate consumption drove the increase in primary current expenditure, registering growth of 16.1% and 27.3% respectively (Table 1). The integration of the SATA Group companies explains part of these increases, reflecting the strengthening of the average workforce, the use of overtime, the revision of company agreements with all professional subgroups, as well as the costs of maintenance and rental of replacement engines. On a smaller scale, interest expenses, whose weight in GDP doubled from 0.3% in 2023 to 0.6% in 2024, and capital expenditure, which grew by 9.4%, increasing its weight in GDP by 0.1 p.p., are noteworthy. This increase was mainly determined by the performance of gross fixed capital formation, which grew significantly by 33.5% (+0.5 p.p. of GDP).

Public revenue performed well, sustained by the contribution of sales and taxes. This contribution was evenly distributed, reflecting strong sales growth, which more than doubled compared to 2023, increasing its weight in GDP from 1% to 2.1%. This development is mainly due to the dynamism of tourism, which had a direct impact on the economic activity of the two SATA Group companies. Tax revenue also made a positive contribution, growing by 8.4%, which increased its weight in GDP by 0.2 p.p. to 15.3%. This performance, which reflects an increase in the tax burden, also by 0.2 p.p. of GDP, resulted solely from taxes on production and imports, reflecting the expansion of economic activity, while revenue from taxes on income and wealth decreased, reflecting the impact of tax relief measures aimed at improving household incomes.

Table 1 – Provisional RAA account in 2024 (in M€ and as a % of GDP)

	M€			Tv%	%PIBR		p.p. PIBR
	2023	2024	2023/24	2023/24	2023	2024	2023/24
Receita Total	1 514	1 638	125	8,2	28,2	28,5	0,3
Receita corrente	1 270	1 382	111	8,8	23,6	24,0	0,4
Receita fiscal	812	880	68	8,4	15,1	15,3	0,2
Impostos sobre o rendimento e património	286	278	-8	-2,7	5,3	4,8	-0,5
Impostos sobre a produção e importação	526	602	76	14,4	9,8	10,5	0,7
Contribuições Sociais	111	105	-6	-5,3	2,1	1,8	-0,2
Vendas de bens e serviços	51	123	71	139,5	1,0	2,1	1,2
Outra receita corrente	296	274	-22	-7,5	5,5	4,8	-0,8
Receitas de capital	243	257	13	5,5	4,5	4,5	-0,1
Despesa Total	1 646	1 886	240	14,6	30,6	32,8	2,2
Despesa Primária	1 630	1 853	222	13,6	30,3	32,2	1,9
Despesa Corrente Primária	1 409	1 611	202	14,3	26,2	28,0	1,8
Consumo intermédio	308	393	84	27,3	5,7	6,8	1,1
Despesas com pessoal	695	807	112	16,1	12,9	14,0	1,1
Prestações sociais	274	295	21	7,7	5,1	5,1	0,0
Subsídios	53	24	-28	-54,1	1,0	0,4	-0,6
Outra despesa corrente	79	92	12	15,4	1,5	1,6	0,1
Despesas de capital	221	242	21	9,4	4,1	4,2	0,1
Investimento *	102	136	34	33,5	1,9	2,4	0,5
Outras despesas de capital	119	105	-13	-11,2	2,2	1,8	-0,4
Juros	16	33	17	112,1	0,3	0,6	0,3
Saldo global	-132	-247	-115		-2,5	-4,3	-1,8
Por memória							
Saldo primário	-117	-214	-98		-2,2	-3,7	-1,6
Despesa corrente	1 425	1 644	219	15,4	26,5	28,6	2,1
Dívida da RAA**	3 204	3 394	191	6,0	59,6	59,0	-0,6
PIBR (PIB da região)	5 374	5 753	379	7,1			

Source: SREA. CFP calculations. | Notes: * Includes gross capital formation and net acquisitions minus disposals of non-produced non-financial assets; ** RAA debt as defined by Maastricht.

1.2 Evolution of the finances of the Autonomous Region of the Azores, from a public accounting perspective

The analysis presented in this section is based on information on fiscal execution and the debt situation of the Autonomous Region of the Azores (RAA), published annually in the Region's Accounts, as well as on information disclosed by the Court of Auditors in its opinion on those Accounts.⁴ The results analysed follow the fiscal accounting perspective (cash basis), which does not include the two SATA Group companies mentioned above in the fiscal perimeter.⁵ This accounting perspective differs from the accrual basis of accounting (accrual), adopted in national accounting, where transactions are recorded at the time the economic event occurs, regardless of payment, as discussed in the previous section of this report.

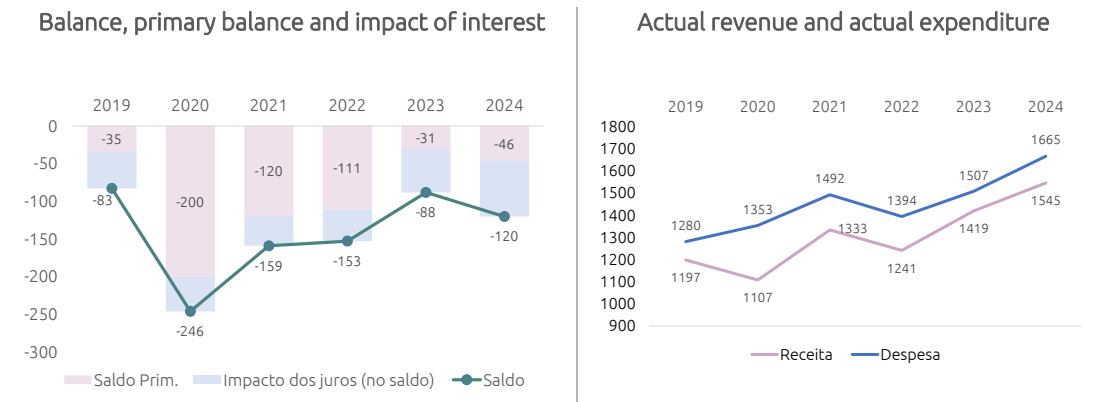
Fiscal Developments

Although expenditure was lower than forecast in the Autonomous Region of the Azores Budget for 2024 (ORAA/2024), the expenditure incurred contributed significantly to the increase in the fiscal deficit. In 2024, the RAA deficit amounted to €120 million, €44 million less than forecast in the ORAA/2024 (Box 2), but still €32 million higher than in 2023 (Graph 4). Primary current expenditure accounted for almost 90% of annual expenditure growth, driven by the acquisition of goods and services and personnel expenditure. The variations in these two items, 7.8% and 24.8% respectively, account for more than four-fifths of the total increase in expenditure in the region. Capital expenditure practically stabilised, registering marginal growth of 1.2%, as a result of the increase in the acquisition of capital goods (+€8 million) associated with the implementation of the RRP, which was largely offset by the €6 million reduction in capital transfer expenditure (Table 9, attached). These developments compromise the Region's financial sustainability and limit the scope for structural public investment.

⁴ Based on the opinion of the Court of Auditors on the 2024 Account of the Autonomous Region of the Azores, the RAA's financial debt was revised downwards from €3,058.0 million to €3,056.7 million.

⁵ The decision to reclassify these two entities within the fiscal perimeter of the Autonomous Region of the Azores, taken in the context of the second notification of the 2025 EDP, will only apply to the 2026 Regional Budget, as provided [for in Article 2\(2\) of Organic Law No 2/2013 of 2 September](#): "including entities which, regardless of their nature and form, have been included in the regional subsector within the SERAM, in the latest sectoral accounts published by the national statistical authority, referring to the year prior to the presentation of the regional budget."

Chart 4 – Evolution of the RAA's fiscal situation in the period 2019-2024 (M€)



Source: Accounts of the Autonomous Region of the Azores and Reports on the annual opinions on the Accounts of the Autonomous Region of the Azores carried out by the Court of Auditors. | CFP calculations.

Interest charges once again grew strongly, reducing the RAA's fiscal space. In 2024, regional public debt charges amounted to €74.7 million, €17.3 million more than in 2023, representing annual growth of 30.1%. This increase is explained by the rise in the *stock* of financial debt and the increase in the implicit interest rate, which reached 2.5% in 2024 (0.5 p.p. more than in 2023).⁶ This development reflects the impact of interest rate rises in the markets, although they began to fall from June 2024 onwards. Although the implicit interest rate remains below the levels observed in the last decade, this is mainly due to the fact that almost 90% of the Region's direct debt is contracted at a fixed rate,⁷ which limits sensitivity to market variations but does not eliminate exposure to the impact of new financing or refinancing.

Regional revenue has grown steadily, driven by the performance of tax revenue. In 2024, indirect taxes increased by 15.1%, accounting for more than half of the 8.9% increase in the region's actual revenue. The increase in revenue from national VAT (+€50.9 million) and ISP (+€13.4 million) was decisive for this result, while direct taxes fell by 2.8%, entirely justified by PIT (-7.1%, or -€15.5 million), reflecting tax relief measures, despite the positive evolution of CIT (+€7.6 million).⁸ Capital revenue increased by €34 million (+10.5%), contributing more than a quarter to the region's revenue growth, with capital transfers from the rest of the world standing out (Table 9, attached). The remaining components of revenue stabilised in absolute terms, except for current transfers, whose growth of 6.2% resulted from the increase in the transfer received under the LFRA (see Section 3.2).

By the end of 2024, the financial implementation of the RRP in the Azores remained below 20%. According to information disclosed in the Regional Account, 18

⁶ This calculation is obtained by dividing the interest charges for the year 2024 by the stock of financial debt for the year 2023.

⁷ Since 2019, the vast majority of financing operations have been carried out in this manner, which has ensured historically low interest rates, thus mitigating the growth in debt charges resulting from the increase in *the stock* of financial debt. According to the Regional Account, in 2024 around 88.2% of the Region's direct debt was contracted at a fixed rate.

⁸ The VAT revenue of the Autonomous Regions corresponds to the value of Portugal's *per capita* VAT revenue multiplied by the respective population, regardless of the rates applied in each autonomous region.

investments were planned under the RRP, corresponding to a total financial envelope of €725.1 million (after the first reprogramming of the RRP in 2023). In cumulative terms, payments reached €110.8 million, of which €45.4 million were made in 2024.⁹ The projects with the highest allocation of funds focused on the recapitalisation of the Azores Business System, the energy transition and the improvement of the region's road network and housing stock.

Consolidated information on the forecast and execution of expenditure financed by the RRP for the Regional Administration as a whole is not presented in the programming or fiscal execution documents. The Regional Account provides detailed information only for the Direct Regional Administration (ARD). According to this data, around 60% (€43.8 million) of the expenditure financed by the RRP in the ARD subsector (€73.1 million) corresponded to the acquisition of capital goods, i.e. investment from a public accounting perspective.¹⁰

An analysis of the structure of actual revenue and expenditure in 2024 points to changes with implications for fiscal sustainability. Tax revenue remained the main source of financing for the RAA's actual revenue, although its share of total revenue fell marginally by 0.1 p.p. to 55.4%. This change reflects the decrease in the weight of direct taxes (-2.1 p.p.) resulting from the tax relief measures mentioned above, partially offset by the increase in the weight of indirect taxes, from 35.6% to 37.6% (Table 11, attached). In contrast, capital revenue reinforced its growth trend, increasing its share to 22.9%, 0.3 p.p. more than in 2023, driven by higher transfers from the rest of the world, which offset the reduction in the weight of current transfers (0.4 p.p.). On the expenditure side, primary current expenditure continued to account for more than three-quarters of total actual expenditure, increasing its weight from 77.3% in 2023 to 78.2% in 2024. This increase was mainly due to the acquisition of goods and services, whose weight increased by 2.7 p.p. to 23.8%, while the other components of that sub-aggregate recorded a decrease. The weight of capital expenditure fell to 17.3%, mainly reflecting the decrease in capital transfers. Interest charges increased their weight in the region's expenditure for the third consecutive year, representing 4.5%, 0.7 p.p. more than in 2023. These pressures translate into increased rigidity in regional expenditure without a corresponding increase in revenue, which has led to greater dependence on loan financing, placing structural pressures on fiscal sustainability which, taken together, contribute to reducing fiscal room for manoeuvre and increasing the vulnerability of the region's finances to external shocks.

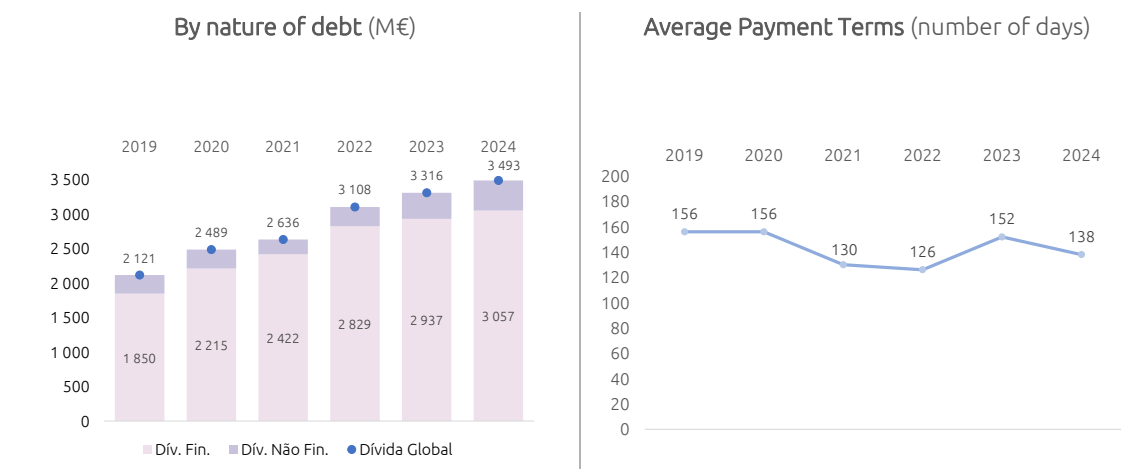
⁹ Information based on the cumulative financial execution of RRP investments as at 31/12/2024, contained in the Autonomous Region of the Azores Account for 2024, which reflects "payments made by the Intermediate Beneficiary to the RAA, as reimbursement of expenditure incurred by the Final Beneficiaries; Eligible expenditure, excluding VAT, deducted proportionally from the amount of the advance. VAT is borne by the Regional Budget."

¹⁰ In 2024, the RRP in the Autonomous Region of the Azores had an allocation of €725 million, with projects totalling €719.6 million approved by the end of the year, according to data from the Estrutura de Missão Recuperar Portugal (EMRP). On the same date, payments to the RAA under RRP projects (cash flow perspective) amounted to €266.8 million in cumulative terms (36.8% of the allocation).

Financial debt and non-financial debt

In 2024, the Azores' regional debt relevant under the LFRA continued to rise, remaining a risk factor for the sustainability of regional finances. At the end of 2024, the regional debt of the RAA, which covers financial debt and non-financial debt, amounted to €3,493 million, equivalent to 60.7% of the region's GDP. The increase in debt stock compared to 2023 was €177 million, mainly explained by financial debt (+€120 million) used essentially to finance the fiscal deficit. Despite this increase, the weight of financial debt in regional debt fell from 88.6% to 87.5%. By subsector, the regional government continued to account for the largest share of the region's debt, €3,221 million, equivalent to 92.2%, although in 2024 there was a marginal increase in the weight of autonomous services and funds and regional public entities, each by 0.1 p.p. Despite debt financing operations aimed at debt consolidation and the settlement of arrears¹¹, non-financial debt increased again for the third consecutive year, reaching €436 million, €57 million more than in 2023 (Graph 5). Average payment terms (APT) stood at 138 days, more than double the legal limit, despite a reduction of 14 days compared to 2023, reflecting the settlement of part of the arrears.

Graph 5 – Evolution of Regional Debt and Average Payment Terms of the RAA (2019-2024)



Source: Accounts of the Autonomous Region of the Azores and Reports on the annual opinions on the Accounts of the Autonomous Region of the Azores carried out by the Court of Auditors. | CFP calculations.

The consolidation of debt and the settlement of arrears, ensured through the contracting of funded debt, led, however, to an increase in net debt in 2024. This conclusion is contained in the opinion on the region's 2024 accounts issued by the Court of Auditors¹², according to which the contracting of these funded debt operations for debt consolidation and settlement of arrears did not comply with the

¹¹ [Law No. 8/2023 of 29 December, which approved the State Budget for 2024](#), defined in Article 47(3) the possibility for the RAA to incur debt for debt consolidation and settlement of arrears, up to an amount of €75 million.

¹² According to the opinion of the Court of Auditors (TC) on the increase in net debt, it clarifies that in the "direct regional administration, the increase was €120.2 million, of which €75 million related to a short-term loan (secured current account) and €9.7 million to a bank overdraft that carried over from the fiscal year, thus converting it into funded debt". The TC adds that "As for the remaining €35.5 million, the Account does not show whether this amount was actually used within the scope of the exceptions provided for in the State Budget Law for 2024".

law, since there was an increase in net debt of €120.1 million in 2024, contrary [to Article 47\(1\) of Law No. 8/2023 of 29 December](#), which approved the State Budget for 2024 and stipulated that the Autonomous Regions could not increase their net debt. Among these operations, €37.4 million was allocated to debt consolidation and €75 million to the conversion of non-financial debt into financial debt in the form of funded debt, used by the RAA to settle late payments, under the terms of paragraph 3 of the aforementioned article.

The RAA remains vulnerable to debt refinancing risks. The regional debt repayment profile (excluding entities outside the fiscal perimeter) shows that more than 85% of these repayments scheduled for the years 2026 to 2032 and then in 2036 will occur in full on the maturity date of the respective instrument, which happens in a concentrated manner at certain times and not in a regular, distributed manner over time. As already noted in previous publications on the fiscal evolution of the Autonomous Regions, in 2024 there was a further increase in the concentration of this type of repayment, motivated by the issuance of four loans, totalling €75 million, maturing in 2031, intended for the conversion of non-financial debt into financial debt, and an additional loan intended for the consolidation of five operations amounting to €37.4 million, maturing in 2029.^{13,14}

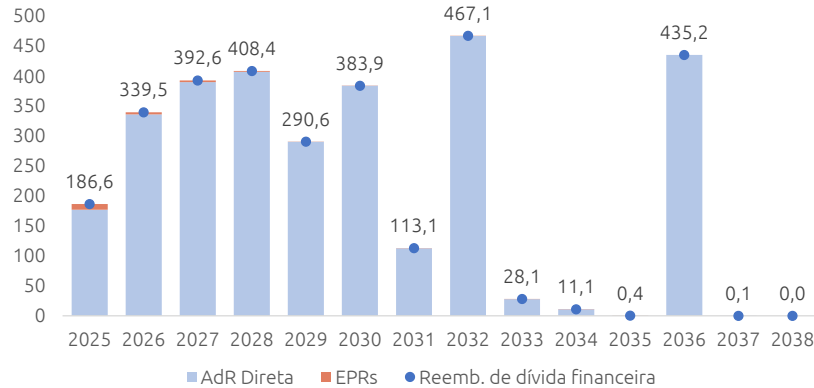
The concentration of payments in certain periods increases the risk of refinancing in contexts of greater volatility in the financial markets. This situation has been highlighted by the CFP and the Court of Auditors in their opinions on the RAA Account.¹⁵ In addition to the immediate liquidity risk, this concentration compromises fiscal predictability and may affect medium-term debt sustainability, as it increases dependence on favourable market conditions for refinancing and limits the room for manoeuvre for public policies in years of greater financial pressure.

¹³ This includes two loans contracted by RAA in 2017 and 2018, respectively in the amount of €63 million and €40 million, and loans contracted by SAUDAÇOR (€29.8 million), SINAGA (€6.9 million) and LOTAÇOR (€4.4 million), assumed by the RAA in 2020, 2021 and 2022, respectively.

¹⁴ Unlike these loans, which set the total repayment on their respective maturity dates, the Autonomous Region of the Azores contracted a loan with the Portuguese State for a total amount of €110 million, with an annual repayment plan to be carried out in the period 2025-2031.

¹⁵ In this regard, the Court of Auditors points out the “unbalanced intertemporal distribution, resulting mainly from the repayment of the principal of the loans, which suggests the need to adopt measures to smooth the debt maturity profile in order to mitigate refinancing risks and associated costs.”

Graph 3 – RAA financial debt repayments in the period 2025-2038 (in M€)



Source: Autonomous Region of the Azores Account 2024. | CFP calculations.

The RAA debt repayment plan shows a concentration of repayments in 7 of the 14 years covered by the period 2025-2038, at a higher level than that forecast for 2025. In the period from 2026 to 2030 and in 2032 and 2036, the RAA faces a volume of debt repayments that is significantly higher than in 2025, corresponding to double the average (Graph 3). This concentration of repayments will require particularly rigorous financial management and may justify repurchase or refinancing operations to optimise the extension of maturities whenever market conditions allow.

This concentration of repayments has a significant fiscal impact. It generates significant peaks in liquidity requirements. In the absence of advance financial reserves to cover these repayments, it will be necessary to resort to refinancing or cash reinforcement, increasing financial costs and exposure to market risks. To mitigate these effects, it is essential to implement active debt portfolio management strategies, using instruments with different maturities so as not to increase gross financing needs in years when these are already high. For example, the repayments scheduled for 2028 are more than double those for 2025.

Box 2 – Comparison of fiscal execution with the RAA Budget for 2024

The revised and consolidated budget of the Autonomous Region of the Azores for 2024 (ORAA/2024)¹ presented by the 14th Regional Government was based on a deficit of €164 million. This negative balance forecast for the Azores Regional Administration as a whole, published in the RAA account for 2024, results from an effective expenditure forecast of €2,058 million, which is higher than the effective revenue forecast, totalling €1,893 million.

Table 2 – Deviation from the ORAA/2024 forecast (in € million)

AGREGADOS E RÚBRICAS ORÇAMENTAIS	2024			Desvio	
	ORAA	Execução	Tx. Exec. (%)	Valor	%
Receita efetiva	1 893	1 549	81,8	-344	-18,2
Receita corrente	1 262	1 191	94,4	-71	-5,6
Receita fiscal	858	857	99,9	-1	-0,1
Impostos diretos	294	276	94,0	-18	-6,0
Impostos indiretos	564	581	103,0	17	3,0
Taxas, multas e outras penalidades	25	26	103,1	1	3,1
Rendimentos da propriedade	5	4	89,4	0	-10,6
Transferências correntes	338	274	81,1	-64	-18,9
Venda de bens e serviços correntes	31	21	67,7	-10	-32,3
Outras receitas correntes	5	5	96,4	0	-3,6
Receita de capital	627	354	56,4	-273	-43,6
Venda de bens de investimento	1	0	22,0	-1	-78,0
Transferências de capital	626	349	55,8	-276	-44,2
Outras receitas de capital	1	4	665,2	4	565,2
Reposições não abat. nos pagamentos	4	4	95,1	0	-4,9
Despesa efetiva	2 058	1 665	80,9	-392	-19,1
Despesa primária	1 980	1 591	80,3	-389	-19,7
Despesa corrente primária	1 497	1 302	87,0	-195	-13,0
Despesas com o pessoal	740	721	97,4	-19	-2,6
Aquisição de bens e serviços	511	396	77,6	-114	-22,4
Transferências correntes	177	142	80,2	-35	-19,8
Subsídios	43	24	55,4	-19	-44,6
Outras despesas correntes	26	19	70,8	-8	-29,2
Despesa de capital	482	288	59,8	-194	-40,2
Aquisição de bens de capital	187	96	51,3	-91	-48,7
Transferências de capital	294	191	65,0	-103	-35,0
Outras despesas de capital	1	1	99,9	0	-0,1
Saldo primário	-87	-46	:	41	:
Juros e outros encargos	78	75	96,1	-3	-3,9
Saldo global	-164	-120	:	44	:

Source: RAA account for 2024. CFP calculations.

The RAA's fiscal execution in 2024 resulted in a lower deficit than anticipated in the ORAA/2024. The result was a deficit of €120 million, €44 million less than the €164 million forecast by the Regional Government (Table 2).

Actual expenditure was €392 million lower than forecast. This deviation is due, in almost equal parts, to lower primary current expenditure (-€195 million) and capital expenditure (-€194 million). In primary current expenditure, more than half of the deviation is explained by the acquisition of goods and services, whose execution was significantly below forecast (-€114 million). The remaining components also recorded lower execution, particularly subsidies and current transfers. The deviations in capital expenditure were justified by expenditure on capital transfers, which was €103 million lower than expected, accompanied by lower expenditure on the acquisition of capital goods of €91 million.

The deviation in revenue was more significant, reflecting an execution well below expectations. The deviation amounted to €344 million and was almost entirely due to lower execution of capital transfers from outside the Regional Administration, which were €273 million below the amount estimated by the Regional Government, in line with the pattern observed in previous years. The remaining deviation of €71 million was justified by current revenue, in particular current transfers (-€64 million) and the sale of current goods and services (-€10 million). Tax revenue was in line with forecasts, although with a different degree of execution in tax revenue collected: higher than expected indirect tax collection offset lower than expected direct tax collection.

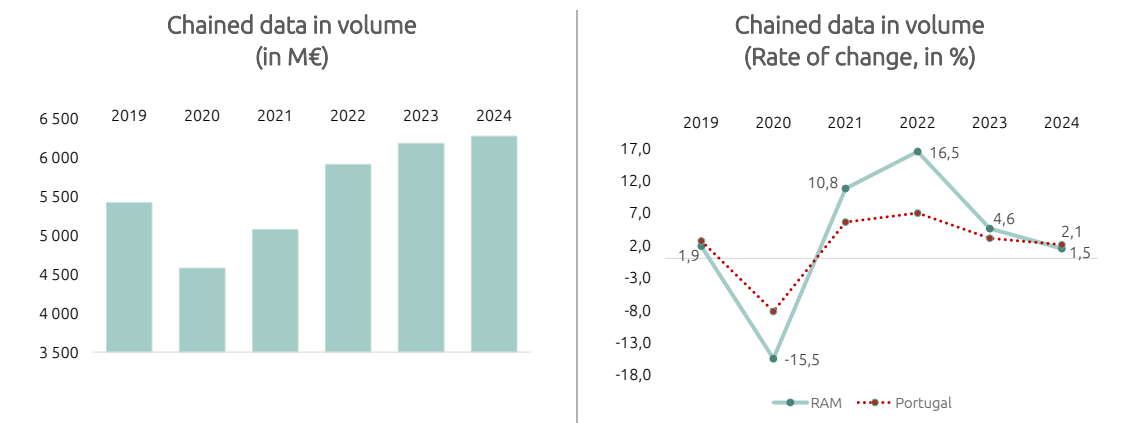
¹ This forecast for the fiscal balance for 2024 differs from the budget proposal presented by the 14th Regional Government of the Azores, which was based on a negative balance of €56.2 million, which did not include the conversion of commercial debt into financial debt.

2. AUTONOMOUS REGION OF MADEIRA

2.1 Evolution of GDP, balance and debt in national accounts, of the Autonomous Region of Madeira¹⁶

In 2024, the growth of the Madeiran economy slowed down again, falling below the rate recorded for the country as a whole. Preliminary data from the Regional Accounts for 2024 point to GDP growth in the Autonomous Region of Madeira of 1.5% in real terms. This result represents a slowdown of 3.1 p.p. compared to 2023 and was even lower than that recorded for the country as a whole (2.1%), which had not happened since 2020 (Chart2). This performance – which was one of the weakest at national level in 2024, only surpassing that of the Alentejo region (1.1%) – was conditioned by the reduction in GVA from services provided to companies, associated with lower activity at the Madeira International Business Centre, and by the decrease in GVA from public administration, defence, health and education, as noted in the INE highlight on [Regional Accounts](#). Despite this slowdown, the GDP per capita of the Autonomous Region of Madeira (RAM) continued to converge with the European Union (EU27) for the fourth consecutive year, reaching 88.3% of the European average, 4.7 p.p. more than in 2023 and 5.9 p.p. above the figure recorded by Portugal (82.4% of the European average).

Chart2 – Evolution of GDP in volume in the Autonomous Region of Madeira in the period 2019-2024



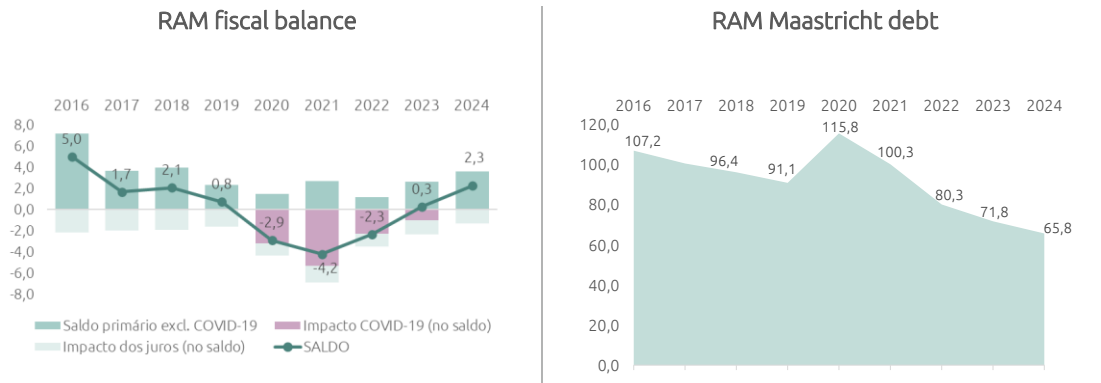
Source: INE, Regional Accounts. CFP calculations. | Note: GDP – Gross Domestic Product; GDPR – Gross Domestic Product of the Autonomous Region of Madeira, measured in annual rate of change (%), in real terms.

The fiscal balance of the Autonomous Region of Madeira (RAM) showed positive growth for the third consecutive year, consolidating a trajectory of sustained improvement in public accounts. According to preliminary estimates published by the national statistical authorities, the fiscal balance reached 2.3% of GDP in 2024,

¹⁶ The evolution of the region's GDP, balance and debt is based on the following statistical sources: (i) the most recent series of the region's GDP published by INE, within the scope of [the Regional Accounts](#); and (ii) the [2nd notification of 2025 under the Excessive Deficit Procedure \(EDP\)](#), published by the National Statistics Institute (INE) and the Bank of Portugal (BdP). This analysis also benefits from [the information highlights released by the Regional Statistics Directorate of Madeira \(DREM\)](#), within the scope of the EDP notifications.

representing an improvement of 2 percentage points of GDP compared to the slight surplus of 0.3% of GDP recorded in 2023 (Graph 8). This improvement was entirely due to the increase in regional public revenue of 2.4 p.p. of GDP (Box 3). The primary balance, which excludes interest, was equally positive, standing at 3.6% of GDP, 1.9 p.p. more than in 2023, contributing to the reduction of regional debt and strengthening the sustainability of public finances (Graph 8).

Graph 8 – Evolution of the fiscal situation and debt of the Autonomous Region of the Madeira (RAM) in the period 2016-2024 (% GDP)



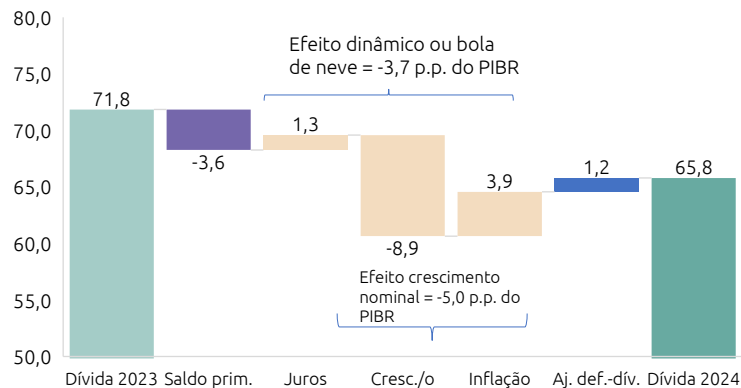
Source: INE, DREM and BdP. CFP calculations. | Note: GDP – Gross Domestic Product of the Autonomous Region of Madeira. The impact of the COVID-19 measures corresponds to the emergency support allocated with support from the RAM's expenditure.

The RAM debt ratio, as defined by Maastricht, continued to decline, consolidating a more pronounced rate of decrease than that observed in the GG as a whole.

Accumulating a reduction of 50 p.p. of GDP since 2020, the debt ratio stood at 65.8% of GDP in 2024, the lowest relative value since 2009. Compared to 2023, this indicator recorded a decrease of 6 p.p. of GDP (Graph 8). This improvement was explained by the dynamic effect of 3.7 p.p. of GDP, resulting from nominal growth in regional output exceeding the cost of interest¹⁷ and by the primary surplus of 3.6% of GDP, which more than offset the unfavourable effect of the deficit adjustment-debt adjustment (1.2 p.p. of GDP), which mainly reflected the accumulation of deposits (Graph 9). In absolute terms, the region's debt under the Maastricht definition fell for the fourth consecutive year to €4,925 million, €77 million less than in 2023.

¹⁷ The favourable dynamic (or snowball) effect of 3.7 p.p. of GDP results from the combination of the favourable effect of nominal growth of 5.0 p.p. of GDP and the unfavourable impact of the interest effect of 1.3 p.p. of GDP.

Graph 9 – Dynamics of the RAM's Maastricht debt (as a % and p.p. of GDP)



Source: INE and BdP. CFP calculations. | Notes: GDP – Gross Domestic Product of the Autonomous Region of Madeira. A negative primary balance means a primary surplus, which contributes to reducing the debt ratio.

Box 3– Fiscal developments in the Autonomous Region of Madeira in 2024, from a national accounting perspective

In 2024, RAM revenue grew almost twice as much as expenditure, contributing to a robust improvement in the fiscal surplus. According to the provisional estimate of the RAM account for 2024, reported in the 2nd notification of the 2025 EDP, RAM's actual revenue grew by 17.1%, equivalent to an increase of 2.4 p.p. of GDP. This increase was decisive for the improvement of the RAM's fiscal balance, given that regional expenditure grew by 9.1%, raising its weight in GDP by 0.4 p.p. (Table 3).

Capital revenue accounted for almost three-quarters of the increase in the region's revenue share of GDP in 2024. The region's revenue share of GDP increased from 26.3% in 2023 to 28.6% in 2024. Of this 2.4 p.p. change in GDP, 1.7 p.p. resulted from the increase in capital revenue. The remaining 0.7 p.p. of GDP was explained by current revenue, mainly tax revenue (+0.3 p.p. of GDP) and sales (+0.2 p.p. of GDP).

The weight of tax revenue in GDP increased in 2024, supported by the positive performance of taxes on production and imports. The weight of these taxes increased by 0.5 p.p. of GDP, following nominal growth (12.8%) that was significantly higher than that of nominal GDP (7.5%). Mitigating this effect, the weight of taxes on income and wealth decreased by 0.2 p.p. of GDP because the nominal growth of these taxes was lower than that of GDP generated in the Autonomous Region of the Madeira. Overall, the tax burden resulting from tax collection increased by 0.3 p.p. of GDP, reaching 17.7% of GDP in 2024.

The weight of the region's expenditure in GDP also increased, despite the reduction in the weight of primary current expenditure. The weight of the region's expenditure in GDP rose from 26.0% in 2023 to 26.3% in 2024. This increase of 0.4 p.p. of GDP was driven by capital expenditure (+0.7 p.p. of GDP), of which 0.5 p.p. corresponded to investment. This effect was mitigated by a decrease in current expenditure of 0.3 p.p. of GDP, mainly in primary current expenditure (-0.2 p.p. of GDP), with intermediate consumption standing out, whose nominal growth of 1.8% was much lower than that of the product generated in the region. The weight of interest charges decreased by 0.1 p.p. of GDP.

Table 3 – Provisional account for the Autonomous Region of Madeira in 2024 (in € million and as a % of GDP)

	M€			Tv%	%PIBR		p.p. PIBR
	2023	2024	2023/24	2023/24	2023	2024	2023/24
Receita Total	1 829	2 142	313	17,1	26,3	28,6	2,4
Receita corrente	1 726	1 902	176	10,2	24,8	25,4	0,6
Receita fiscal	1 207	1 323	116	9,6	17,3	17,7	0,3
Impostos sobre o rendimento e património	490	515	24	5,0	7,0	6,9	-0,2
Impostos sobre a produção e importação	717	809	92	12,8	10,3	10,8	0,5
Contribuições Sociais	131	148	18	13,4	1,9	2,0	0,1
Vendas de bens e serviços	106	126	20	18,6	1,5	1,7	0,2
Outra receita corrente	282	305	23	8,1	4,0	4,1	0,0
Receitas de capital	103	240	137	133,3	1,5	3,2	1,7
Despesa Total	1 809	1 972	164	9,1	26,0	26,3	0,4
Despesa Primária	1 714	1 874	161	9,4	24,6	25,0	0,4
Despesa Corrente Primária	1 517	1 614	97	6,4	21,8	21,6	-0,2
Consumo intermédio	307	313	5	1,8	4,4	4,2	-0,2
Despesas com pessoal	789	846	57	7,2	11,3	11,3	0,0
Prestações sociais	317	344	27	8,5	4,6	4,6	0,0
Subsídios	54	47	-7	-12,6	0,8	0,6	-0,1
Outra despesa corrente	49	64	15	30,1	0,7	0,8	0,1
Despesas de capital	197	261	64	32,4	2,8	3,5	0,7
Investimento *	158	205	47	29,7	2,3	2,7	0,5
Outras despesas de capital	39	55	17	43,1	0,6	0,7	0,2
Juros	95	98	3	3,2	1,4	1,3	-0,1
Saldo global	20	170	150		0,3	2,3	2,0
Por memória							
Saldo primário	115	268	153		1,7	3,6	1,9
Despesa corrente	1 612	1 712	100	6,2	23,1	22,9	-0,3
Dívida da RAM**	5 002	4 925	-77	-1,5	71,8	65,8	-6,0
PIBR (PIB da região)	6 963	7 486	523	7,5			

Source: DREM. CFP calculations. | Notes: * Includes gross capital formation and net acquisitions of non-produced non-financial assets; ** RAM debt as defined by Maastricht.

2.2 Evolution of the finances of the Autonomous Region of Madeira, from a public accounting perspective

The analysis carried out in this section is based on the fiscal execution and debt of the Autonomous Region of Madeira published annually in the Regional Account. For debt, information published quarterly in the Autonomous Region of Madeira Debt Bulletin (BDRAM) was also used. The data are expressed from a fiscal budgetary accounting perspective, which, as mentioned above, differs from the national accounting perspective.

The region's revenue performance was once again decisive in improving the fiscal surplus. In 2024, the RAM's actual revenue followed economic activity indicators, increasing by 15.5% (€258 million) and exceeding the forecast in ORAM/2024 (Box 4). Although this growth represents a slight slowdown compared to the 16.9% recorded in 2023, it was strongly driven by tax revenue, which increased by 9.6%, or €115 million more than in 2023. Four-fifths of this increase was accounted for by indirect taxes (12.8%; Table 10, attached), in particular VAT (14%).¹⁸ Revenue from direct taxes grew

¹⁸ It should be noted that, as of October 2024, the reduced VAT rate in the Autonomous Region of Madeira (RAM) fell from 5% to 4%, thus reaching the maximum differential allowed by law, but this change had no impact on revenue because VAT revenue follows the principle of per capita distribution.

by 4.8% compared to 2023. Of particular note is the positive performance of CIT revenue (+14.2%), benefiting from advance payments made under the self-assessment and payments on account systems, as well as from the increase in tax bills issued.¹⁹ Conversely, PIT revenue fell by 2.7%, reflecting the regional tax relief policy that included the extension, up to the 5th bracket, of the maximum reduction of 30% on the rates applied at national level, as provided for in the LFRA.²⁰ In terms of non-tax revenue, there was a notable increase in current transfers (€63 million) and capital transfers (€61 million), the latter justified by the increase in State Budget funds²¹ under the LFRA.

The growth rate of expenditure in the region more than doubled in 2024, but was lower than that of revenue. In 2024, actual expenditure in the Autonomous Region of Madeira grew by 10.3% (4.4% in 2023), strongly driven by primary current expenditure. The largest contribution to this growth came from expenditure on the acquisition of goods and services, which accelerated from 5.2% in 2023 to 20.8% in 2024, particularly in the area of public enterprises, which includes SESARAM. Also noteworthy is the contribution of personnel expenditure, whose growth of 6.9% reflects the unfreezing of careers and progressions, the remuneration increase²² and, to a lesser extent, the admission of new employees (Table 10, attached). Capital expenditure increased by 9.5%, driven by the fact that the acquisition of capital goods by EPRs almost doubled. Conversely, capital transfers decreased by 30%, particularly in the SFA subsector (excluding EPRs).²³ Finally, it should be noted that interest charges increased slightly by 1.1%.

Payments made under the RRP-RAM amounted to less than one-third of the amount forecast for 2024. According to the 2024 RAM Account report, payments totalled €89.9 million that year, reflecting an execution rate of 31% compared to the ORAM forecast (€285.6 million in consolidated terms, on a cash basis). Despite this deviation, these payments corresponded to almost half of the total accumulated since the start of the Plan until the end of 2024 (€190.8 million), showing an acceleration in the implementation of projects financed by the RRP. Considering the overall allocation to the Region following the 1st reprogramming of the RRP in 2023 (€706.7 million), payments made by the end of 2024 represented 27% of this total. Although almost two-thirds of the overall RRP-RAM allocation is allocated to the 'Resilience' dimension, this had an implementation rate of 24.4% at the end of 2024, while the 'Climate Transition' dimension had the highest implementation rate (53.6%). Total investments

¹⁹ Also noteworthy is the significant contribution of extraordinary revenue resulting from the recovery of State aid in the Madeira Free Zone, both voluntarily and coercively, which proved decisive in the fiscal execution in terms of CIT.

²⁰ Under the terms of Article 59(2) of [the Autonomous Regions Finance Law](#).

²¹ This concerns the increase in transfers from the Cohesion Fund (see section 4.2) to the outermost regions, intended to support investment programmes and projects included in the annual investment plans of the Autonomous Regions.

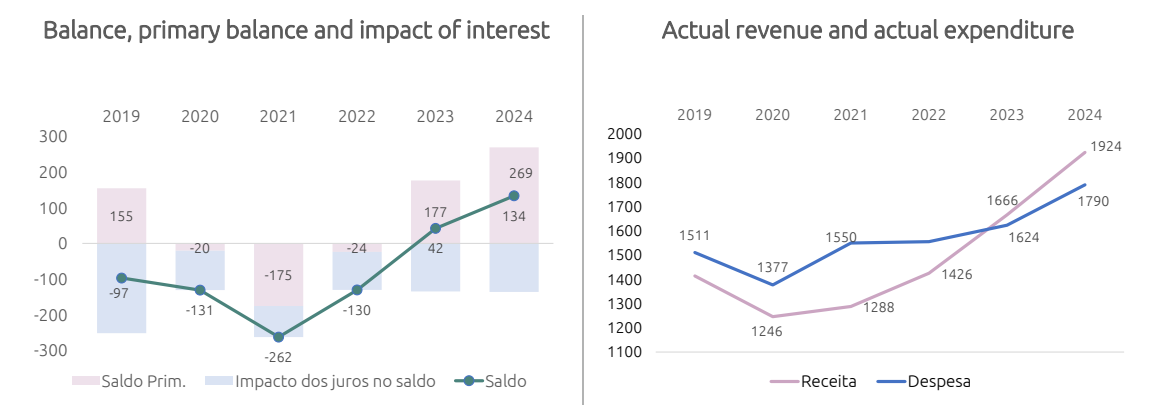
²² The increase in remuneration also reflects the increase in the Guaranteed Minimum Monthly Wage, the application of updates to the value of basic monthly wages and the island allowance, the increase in the meal allowance, as well as changes in the remuneration positioning of teaching and non-teaching staff.

²³ At the end of 2024, the SFA subsector comprised 25 bodies, of which 14 were Autonomous Services and Funds (SFA) and 11 were Reclassified Public Entities (EPR).

in progress amounted to €516.9 million at the end of 2024, equivalent to 73.1% of the overall allocation for the Autonomous Region of Madeira.

The information provided in the RAM Account report does not allow for an assessment of the impact of the RRP-RAM on the evolution of public investment. Although this report provides an overview of the implementation of the RRP in the Region in 2024, it does not present annual and cumulative payments by economic classification of expenditure. A table containing this information is essential in order to assess the contribution of the RRP-RAM to the evolution of public investment. The data provided only allows us to verify that 83% of the expenditure financed by the RRP in 2024 was capital expenditure, which includes investment.

3 Chart – Evolution of the RAM's fiscal situation in the period 2019-2024 (M€)



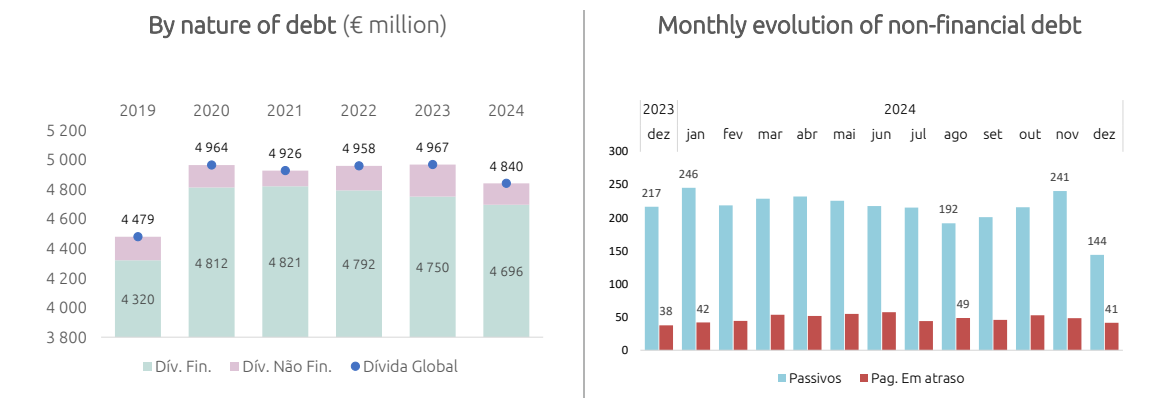
Source: Accounts of the Autonomous Region of Madeira. | CFP calculations.

In 2024, there was an increase in the weight of capital revenue and the weight of primary current expenditure in the total revenue and actual expenditure of the Autonomous Region of Madeira, respectively. The weight of capital revenue in actual revenue reached 10.5%, 2.3 p.p. more than in 2023 (Table 12, attached), reflecting the increase in transfers under the LFRA (see section 4.2). Conversely, the weight of tax revenue fell by 3.7 p.p. in 2024 to 68.6%, despite the nominal increase in collection. This reduction was explained by direct taxes, whose weight in actual revenue fell by 2.7 p.p. (to 26.7%) and, to a lesser extent, by indirect taxes, which fell from 42.8% to 41.8%. The weight of the remaining current revenue items increased by 1.8 p.p. overall, of which 1.5 p.p. was in current transfers. On the expenditure side, the weight of primary current expenditure reached 80.4%, 0.8 p.p. more than in 2023, driven by the increase in the weight of expenditure on the acquisition of goods and services (+2.1 p.p.) and mitigated by the reduction in the weight of personnel expenditure (-1.4 p.p.), despite the nominal growth of the latter. Capital expenditure recorded a marginal decrease in its weight in actual expenditure, from 12.1% to 12.0%, due to the reduction in the weight of capital transfers being almost entirely offset by the increase in the weight of the acquisition of capital goods. The weight of interest charges decreased by 0.7 p.p., now representing 7.6% of total actual expenditure.

Madeira's regional debt under the LFRA decreased in 2024 but remained above pre-pandemic levels. The debt totalled €4,840 million at the end of 2024, €127 million (-2.6%) less than at the end of the previous year (left panel of Grap). The largest contribution to this reduction came from non-financial debt of €73 million, reflecting the decrease in liabilities to suppliers and other creditors,

which was most pronounced in December (right panel of Grap).²⁴ Although the RAM had the possibility of contracting debt with a maturity of more than one year for debt consolidation and settlement of arrears up to the amount of €75 million, the authorisation provided for in the 2024 State Budget Law remained unused.²⁵ Financial debt fell for the third consecutive year, standing at €4,696 million, €55 million less than in 2023, a result that benefited from the reduction of the Region's direct debt by €38.2 million.²⁶

Graph 11 – Evolution of Regional Debt and Non-Financial Debt of the Autonomous Region of the Madeira in the period 2019-2024



Source: Annual accounts of the Autonomous Region of Madeira and annual opinions of the Court of Auditors on the accounts of the Autonomous Region of Madeira (except for the year 2024). | CFP calculations.

Box 4 – Comparison of fiscal execution with the provisions of the RAM Budget for 2024

The RAM Budget for 2024 (ORAM/2024) was approved in July 2024, which meant that it was only implemented in the second half of the fiscal year. Until 29 July, ORAM/2023 remained in force, with the amendments introduced during its implementation, as determined by Article 15 of the ORAM Framework Law. The first proposal for ORAM/2024 () was submitted to the Legislative Assembly of Madeira on 8 January 2024, but was not discussed, as the XIV Regional Government of Madeira (GRM), formed in October 2023, took office on 5 February 2024, following its resignation. The new ORAM/2024 proposal, drawn up by the XV GRM, was submitted to the Legislative Assembly of Madeira on 8 July 2024 and approved by [Regional](#)

²⁴ Nevertheless, the PMP increased from 69 days in 2023 to 74 days in 2024. This deterioration is mainly associated with the evolution of this indicator in health services, given that at the Regional Government level the PMP was 35 days. The PMP continues to diverge from the legally established maximum limit of 60 days. According to [Decree-Law No. 62/2013](#) of 10 May, which transposes Directive No. 2011/7/EU of the European Parliament and of the Council of 16 February 2011 into national law, payments in commercial transactions should not, as a general rule, exceed 30 days and may not exceed 60 days under any circumstances.

²⁵ Under the terms of Article 47(3) of [Law No. 82/2023 of 29 December](#).

²⁶ The reduction in direct debt resulted from two opposing movements: on the one hand, the repayment of debt with the Region's own revenues (-€53.8 million) and, on the other hand, the repayment of financial debt by Administração dos Portos da Região Autónoma da Madeira, S.A. (+€15.6 million), which was financed with part of the €175 million bond loan taken out by the Region on 23 May 2024.

[Legislative Decree No. 6/2024/M](#) of 29 July. Thus, the RAM Account for the 2024 financial year incorporates the results of the fiscal exercise for which the XIV and XV GRM were responsible.

The ORAM/2024 was based on a fiscal deficit of €40 million for the Madeira Regional Administration as a whole. This forecast fiscal imbalance resulted from a total forecast of actual expenditure of €2,205 million and a forecast of actual revenue of €2,166 million.

Table 4 – Deviation from the ORAM/2024 forecast (in € million)

AGREGADOS E RÚBRICAS ORÇAMENTAIS	2024			Desvio	
	ORAM	Execução	T.x. Exec. (%)	Valor	%
	(1)	(2)	(3)=(2)/(1)	(4)=(2)-(1)	(5)=(4)/(1)
Receita efetiva	2 166	1 924	88,9	-241	-11,1
Receita corrente	1 738	1 722	99,1	-16	-0,9
Receita fiscal	1 243	1 319	106,1	76	6,1
Impostos diretos	459	514	111,9	55	11,9
Impostos indiretos	784	805	102,7	21	2,7
Outras receitas correntes	495	403	81,5	-92	-18,5
Receita de capital	428	202	47,2	-226	-52,8
Despesa efetiva	2 205	1 790	81,2	-415	-18,8
Despesa primária	2 071	1 655	79,9	-417	-20,1
Despesa corrente primária	1 595	1 440	90,3	-155	-9,7
Despesas com o pessoal	803	812	101,1	9	1,1
Aq. bens e serviços	522	436	83,5	-86	-16,5
Outras despesas correntes	270	192	71	-78	-28,8
Despesa de capital	476	214	45,0	-262	-55,0
Aquisição de bens de capital	369	188	51,0	-181	-49,0
T transferências de capital	105	26	24,7	-79	-75,3
Outras despesas de capital	2	0	0,0	-2	-100,0
Saldo primário	94	269	:	175	:
Juros e outros encargos	134	136	101,3	2	1,3
Saldo global	-40	134	:	174	:

Source: ORAM/2024 proposal report and RAM account for 2024. CFP calculations.

The RAM achieved a fiscal surplus, which contrasts with the deficit anticipated in ORAM/2024. The fiscal balance amounted to €134 million, representing a favourable deviation of €174 million from the initial forecast, mainly as a result of actual expenditure behaviour.

Actual expenditure was €415 million lower than forecast in ORAM/2024. Capital expenditure accounted for almost two-thirds of this deviation, with expenditure €262 million lower than forecast, of which €181 million was in the acquisition of capital goods, influenced by the low execution rate of the RRP. Current expenditure was €153 million below forecast due to the behaviour of the acquisition of goods and services (-€86 million) and other current expenditure (-€78 million). On the other hand, personnel expenses and interest charges slightly exceeded the initial forecast by €9 million and €2 million, respectively (Table 4).

Actual revenue fell €241 million short of the forecast in ORAM/2024. This negative deviation was mainly explained by capital revenue (-€226 million) and, to a lesser extent, by 'other current revenue' (-€92 million). The lower execution of capital revenue reflects some optimism in the forecast for EU transfers, particularly those associated with the RRP. Conversely, tax revenue exceeded the amount estimated in ORAM/2024 by €76 million, driven mainly by the more favourable performance of direct taxes (+€55 million, of which €28 million in CIT and €27 million in PIT), but also by indirect taxes (+€21 million).

3. COMPLIANCE WITH THE FISCAL RULES LAID DOWN IN THE FINANCE LAW OF THE AUTONOMOUS REGIONS

After four years of suspension of the rules laid down in Articles 16 and 40 of the **Autonomous Regions Finance Law (LFRA)**, their application was resumed in 2024. In force since 2014, the rules on fiscal balance and debt limits were designed to ensure the sustainability of the Autonomous Regions' finances. However, their effectiveness as an instrument of fiscal discipline has been compromised. The absence of transitional or gradual adjustment mechanisms has limited the regions' ability to comply with the rules, exacerbated by a regulatory design that did not adequately consider the specificities of each autonomous region's starting point in terms of its budgetary and financial position and the effort required to ensure compliance with the provisions of the law.²⁷

The current LFRA provides for fiscal discipline rules that are not consistent with the rules applicable to the general government as a whole. In fact, the definition of the rules is quite different from those applicable to the general government as a whole and other subsectors (Box 5).

In light of the applicable sanctions framework, non-compliance with these rules poses significant challenges for the Autonomous Regions. The application of the sanctions provided for in Article 45 of the LFRA may result in disproportionate and asymmetrical penalties compared to other subsectors of the public administration, despite the progress achieved in terms of fiscal consolidation. Evidence of these developments is the improvement in the budget balance and the reduction in the debt ratio (as defined by Maastricht) in relation to regional GDP, which in the case of the Autonomous Region of Madeira has followed the performance of the public administration as a whole.

The virtually zero effectiveness of the current fiscal discipline rules reinforces the need to revise the Law. The approval of a [Council of Ministers Resolution](#) creating a working group²⁸ marks the formal commitment of the Government of the Republic to a new phase in the process of revising the LFRA. At this stage, it is important to ensure that the new LFRA is aligned with the substantive revision of the Fiscal Framework Law, which will incorporate, among other aspects, the changes resulting from the recent reform of European economic governance.

The CFP reiterates its concern about the design of the new rules. National ownership of the fundamentals and scope of the new framework will be crucial to its effectiveness. To this end, it is essential to adopt specific numerical fiscal rules, aligned with European restrictions and adjusted to the national reality. In this understanding, the fiscal discipline rules for the Autonomous Regions should:

²⁷ In this regard, see [Costa Cabral, N. and Marinheiro \(2022\), "Regional Administration: Fiscal Framework", CFP Occasional Publication No. 1/2022](#)

²⁸ Working group composed of members appointed by the Government of the Republic and the Regional Governments of the Azores and Madeira.

- Be based on clear and well-known indicators;
- Be consistent with national rules;
- Be feasible in view of the fiscal and financial context of each Region;
- Provide for *ex ante* assessment and continuous monitoring during the programming of fiscal plans, ensuring convergence with the defined objectives.

It is essential that the new LFRA enshrines specific rules that operationalise the role of the CFP in monitoring and evaluating compliance with fiscal rules. As mentioned in [Costa Cabral and Marinheiro \(2022\)](#), the scrutiny of fiscal discipline rules, although explicitly assigned to the CFP by the Fiscal Framework Law, has not been implemented in the LFRA. The financial regime of the Autonomous Regions only mentions the participation of the CFP in the Financial Policy Monitoring Council as an observer entity (Article 15(4) of the LFRA). With regard to the role of supervising fiscal rules, the Autonomous Regions Financing Law does not provide for any procedure to ensure the intervention of the CFP.²⁹ In order to strengthen the credibility, predictability and transparency of the framework applicable to the Autonomous Regions, it is essential that the new LFRA defines specific rules and clear mechanisms that enable the CFP to effectively exercise the powers conferred on it by its statutes and by the Fiscal Framework Law.

Box 5 – The specificity of the fiscal discipline rules defined in the LFRA

Organic Law No. 2/2013 of 2 September reformulated and expanded the fiscal discipline rules enshrined in the previous LFRA.¹ The definition of the standards for assessing compliance with these rules took place in a context marked by the constraints imposed by the Economic and Financial Assistance Programme (PAEF), coinciding with the Economic and Financial Adjustment Programme of the Autonomous Region of Madeira (PAEF-RAM) and the duration of that programme. This framework justified the adoption of specific mechanisms and rules designed to strengthen the sustainability of regional public finances.

The rules established in the LFRA are based on fiscal accounting and use net current revenue as a reference, which is considered a key aggregate for assessing the financial capacity of the Autonomous Regions. The calculation of this indicator has been the subject of critical observations by the Court of Auditors, given its relevance as an active constraint for verifying compliance with fiscal discipline rules, particularly with regard to the balance of public accounts and the regional debt limit.²

The fiscal balance rule provided for in the LFRA is based on a specific definition of balance. Under the terms of Article 16, the indicator used is the current balance minus loan repayments, which may not exceed the limit of -5% of net current revenue collected. This is a modified current balance, which excludes capital revenue and expenditure that make up actual revenue and expenditure, and also incorporates the average flow of loan repayments, adjusting the balance to reflect debt service payments.

²⁹ Despite this regulatory gap, the CFP has been analysing the evolution of the budgetary and financial situation of the Regions on an annual basis, presenting the conclusions that could be drawn from a technical application of the numerical fiscal rules established in law.

The concept of debt used in measuring the limit of these liabilities in the autonomous regions covers all liabilities, including commercial debt, in contrast to European provisions that define PA debt solely on the basis of financial debt. In addition to the definition of debt, another difference concerns the way in which excess debt is measured and corrected: while the LFRA uses absolute values, European rules refer to values as a ratio of GDP. This divergence prevents the Autonomous Regions from benefiting from regional GDP growth in calculating the limit or reducing debt that covers a broader definition.

The requirement for an annual reduction of 1/20 of the nominal debt overrun, as provided for in the LFRA, is more restrictive than the previous European rule, which applied to all public administrations and has since been repealed. has since been revoked, whose rate of reduction of excess debt, as a rule of 1/20 per year, applied to the debt ratio as a percentage of GDP and not to the absolute value of that debt. This choice by the legislator may reflect the lack of timeliness in the publication of regional GDP figures. In fact, preliminary estimates of regional GDP are released with a significant time lag (one year for preliminary accounts), which limits their usefulness as a relevant indicator for conducting and monitoring regional fiscal policy.³ The debt limit for each region currently in force is based on the ratio between its total liabilities and current revenue, contrary to the provisions of the previous LFRA,⁴ in which the debt limit depended on the ratio between (financial) debt service and current revenue.

¹ Organic Law No. 1/2010 of 29 March.

² Regarding this indicator, the Court of Auditors, in its opinions on the RAA account, has repeatedly pointed out that "the net current revenue figures used to calculate the debt limit are overestimated due to the accounting of all funds from the State Budget, under the principle of solidarity, in current transfers, without taking into account the provisions of Article 17(3) of the Political-Administrative Statute of the Autonomous Region of the Azores, which points to the accounting of these funds, in part, in capital transfers, as they are intended to cover public investments". The correct classification would imply a recalculation of current revenue, resulting in a greater effort to ensure compliance with the fiscal balance rule and the region's debt limit. In the context of short-term debt, the LFRA defined the criterion of floating debt, according to which the Autonomous Regions are allowed to issue floating debt to meet their cash flow needs. This criterion establishes that the accumulated amount of outstanding issues at any given time must not exceed 0.35 times the average net current revenue collected over the last three financial years.

³ The evolution of regional fiscal indicators as a percentage of GDP would only have consequences in terms of adjustment in the t+3 budget.

⁴ Total debt service, including annual repayments and interest, shall in no case exceed 22.5% of the previous year's current revenue, with the exception of transfers and contributions from the State to each Region.

3.1 Assessment of fiscal rules and debt limits in the RAA

In 2024, the RAA exceeded the limit established for assessing the fiscal balance rule provided for in the LFRA. In the first year of the XIV Regional Government of the Azores' term of office, and taking as a reference the figures from the Autonomous Region of the Azores Account for 2024, the current balance after depreciation was negative by €557 million, exceeding by almost ten times the negative value of 5% of net current revenue collected, established in Article 16(3) of the LFRA (Table 5). In this regard, it should be noted that the assessment of this rule only becomes definitive at the end of the term of office, since, under the terms of paragraph 2 of the same article, throughout the period of governance, net current revenue collected must be, on average, at least equal to current expenditure plus average loan amortisation. Thus, the data for 2024 indicate non-compliance with the legal limit. The assessment for the previous term of office – XIII Regional Government of the Azores (24/11/2020 to 04/03/2024) – was not carried out due to the suspension of this rule between 2020 and 2023.

The debt limit was also breached by the RAA in 2024. Based on the regional debt figures corrected by the Court of Auditors in its Opinion on the 2024 accounts of the Autonomous Region of the Azores, it appears that the debt relevant for the purposes of the limit set out in Article 40 of the LFRA exceeded that limit by €1.09 billion (Table 5).³⁰

Failure to comply with the debt limit requires the autonomous region to reduce the excess annually. Under the terms of Article 40(7) of the LFRA, the Autonomous Region of the Azores must submit a plan to ensure an annual reduction of at least one-twentieth of the excess debt in relation to the aforementioned limit. In this regard, the Court of Auditors, in its opinion on the region's 2024 accounts, recommended that the RAA take measures to correct the excess debt in order to comply with the provisions of Article 40 of the Autonomous Regions Finance Law. Taking, as an indication, the years 2020 to 2023, when the fiscal discipline rules remained suspended, it can be seen that in each of those years the amount of debt exceeded the legal limit, showing an increase in the excess debt compared to the limit.

Violation of the provisions of Article 40 shall result in the application of a penalty procedure. According to Article 45(1), such violation "shall give rise to the withholding of State transfers due to it in subsequent years, in an amount equal to the excess indebtedness, compared to the maximum limit determined under the terms of the previous article". The suspension of the application of the withholding of transfers may be proposed by the Financial Policy Monitoring Council (CAPF),³¹ , and its application, in

³⁰ Considering the value of the liabilities published in the Autonomous Region of the Azores' account for the year 2024, amounting to €2,678.8 million, which is €1.3 million higher than that calculated in the Court of Auditors' opinion for those years, there was also a breach of the debt limit and the debt reduction rule. It should be noted, however, that the 2024 RAA Account shows €815.3 million in exempt loans, pursuant to Article 47(2)(a) of LOE 2024.

³¹ The Financial Policy Monitoring Council (CAPF) is an advisory and monitoring body created by the Autonomous Regions Finance Law (LFRA) that works with the Ministry of Finance to ensure coordination between the finances of the State and those of the Autonomous Regions of the Azores and Madeira. The CAPF's responsibilities include monitoring the implementation of the LFRA, analysing financing needs and debt policy, issuing mandatory and optional opinions, and defining rules for the

practice, is subject to the discretion of the CAPF and the Government, which reduces its effectiveness.

Table 5 – Assessment of fiscal discipline rules in the RAA in 2024 (in M€)

	Fórmulas	RAA					2024	
		2020	2021	2022	2023	ORAA	CRAA	
		*	*	*	*			
Regra do Equilíbrio Orçam. (art. 16.º da LFRA)								
Receita Corrente	(1)	952	1 041	1 036	1 097	n.d.	1 187	
Despesa Corrente	(2)	1 108	1 204	1 165	1 222	n.d.	1 377	
Saldo Corrente	(3) = (1)-(2)	-156	-162	-129	-125	n.d.	-190	
Amortizações médias de empréstimos	(4)	248	335	350	374	n.d.	367	
Desp. Correntes + Amortiz. médias	(5) = (2) + (4)	1 356	1 539	1 515	1 596	n.d.	1 744	
Saldo Corrente deduzido de Amortizações	(6) = (3) - (4)	-404	-497	-479	-499	n.d.	-557	
Equilíb. Orçam.: 5% da receita corrente	(7) = -5% * (1)	-48	-52	-52	-55	n.d.	-59	
Cumprimento do n.º 3 do art. 16.º	(6) < (7)	Não	Não	Não	Não	n.d.	Não	
Regra do limite de Dívida (art. 40.º da LFRA)								
n.º 1 do artigo 40.º								
Receita Corrente (média dos últimos 3 anos)	(8)	994	989	1 003	1 010	n.d.	1 058	
Limite da Dívida	(9) = 1,5 * (8)	1 491	1 483	1 504	1 515	n.d.	1 587	
Passivo Exigível	(10)	1 897	1 873	2 193	2 401	n.d.	2 678	
Excesso de Dívida	(11) = (10) - (9)	406	390	689	886	n.d.	1 090	
Cumprimento do n.º 1 do art. 40.º	(10) ≤ (9)	Não	Não	Não	Não	n.d.	Não	
n.º 7 do art.º 40.º								
Variação Exigida (-5% do Excesso de Dívida)	(12) = -5%*(11)	-20	-20	-34	-44	n.d.	-55	
Variação Efetiva	(13) = (11) _t - (11) _{t-1}	-11	-16	298	197	n.d.	205	
Cumprimento do n.º 7 do art. 40.º	(13) < (12)	Não	Não	Não	Não	n.d.	Não	

Source: Accounts of the Autonomous Region of the Azores and Reports on the annual opinions on the RAA Accounts issued by the Court of Auditors. The value of 'Current Liabilities' shown in the table corresponds to that considered by the Court of Auditors in its opinions on the RAA Accounts. CFP calculations. | Notes: n.a. – Not available; *The application of these rules was suspended in 2020 as a result of Article 77-A of [Law No. 27-A/2020](#) of 24 July (Supplementary State Budget for 2020), which made the second amendment to Law No. 2/2020 of 31 March (State Budget for 2020), and to the amendment of various pieces of legislation. The suspension of the application of the rules was subsequently renewed in the State Budget Law for the years 2021, 2022 and 2023.

The results highlight the importance of *ex-ante* analysis of the compliance of fiscal developments set out in programming documents with the rules defined in the LFRA. The assessment of the degree of compliance with the rules should not be restricted to the *ex-post* moment – i.e. after the accounts have been closed – when the entities responsible for assessing their behaviour comment on the results obtained. The RAA does not provide information that would allow for an analysis prior to the execution result (*ex ante*), demonstrating compliance with the applicable rules, in order to identify risks of non-compliance and corrective guidelines in advance.

3.2 Assessment of fiscal rules and debt limits in the Autonomous Region of Madeira (RAM)

The limit set out in the LFRA for the current balance minus amortisation was exceeded by the Autonomous Region of Madeira in 2024. As part of the assessment of the fiscal balance rule – which can only be conclusively measured at the end of the regional government's term of office – it was found that in 2024 this balance was negative by

provision of information. These and other powers, as well as the composition of the CAPF, are specified and detailed in Chapter III of Organic Law No. 2/2013 (LFRA).

€322 million, almost three times higher than the negative value of 5% of net current revenue collected, as established in Article 16(3) of the LFRA (Table 6). The 15th Regional Government of Madeira (term of office from 6 June 2024 to 15 April 2025) was the executive whose decisions covered most of the 2024 fiscal execution, with a predominant impact in the second half of that financial year. Despite non-compliance with this rule in 2024, since 2021 there has been a downward trend in the excess over the aforementioned limit, even though the application of Article 16 has been suspended until 2023 (Table 6).

In 2024, the regional debt of the Autonomous Region of Madeira exceeded the debt limit set out in the LFRA, but ensured a minimum annual reduction of one-twentieth of the excess. In 2024, the regional debt relevant for the purposes of the limit provided for in Article 40 of the LFRA exceeded that limit by €2,845 million, based on the regional debt figures published in the Madeira Autonomous Region Account. Despite the suspension of the application of Article 40 between 2020 and 2023, there was also an excess of debt in relation to the limit in those years, although an effort was made to reduce this excess in 2021 and 2023. In 2024, this effort was consolidated, ensuring a minimum annual reduction of one-twentieth of the excess in that year, as stipulated in Article 7(1) of the LFRA (Table 6).

Table 6 – Assessment of fiscal discipline rules in the Autonomous Region of Madeira in 2024 (in M€)

		RAM				2024	
		2020*	2021*	2022*	2023*	ORAM	CRAM
Regra do Equilíbrio Orçam. (art. 16.º da LFRA)	Fórmulas						
Receita Corrente	(1)	1 146	1 151	1 314	1 524	1 738	1 722
Despesa Corrente	(2)	1 227	1 329	1 318	1 428	1 729	1 576
Saldo Corrente	(3) = (1)-(2)	-82	-178	-4	96	9	146
Amortizações médias de empréstimos	(4)	428	454	421	519	429	468
Desp. Correntes + Amortiz. médias	(5) = (2) + (4)	1 656	1 783	1 739	1 947	2 158	2 044
Saldo Corrente deduzido de Amortizações	(6) = (3) - (4)	-510	-631	-425	-424	-420	-322
Equilíb. Orçam. : 5% da receita corr. liq. cobrada	(7) = -5% * (1)	-57	-58	-66	-76	-87	-86
Cumprimento do n.º 3 do art. 16.º	(6) < (7)	Não	Não	Não	Não	Não	Não
Regra do limite de Dívida (art. 40.º da LFRA)							
n.º 1 do artigo 40.º							
Receita Corrente (média dos últimos 3 anos)	(8)	1 206	1 217	1 183	1 204	1 330	1 330
Limite da Dívida	(9) = 1,5 * (8)	1 808	1 826	1 774	1 805	1 994	1 994
Passivo Exigível	(10)	4 964	4 926	4 958	4 967	4 913	4 840
Excesso de Dívida	(11) = (10) - (9)	3 155	3 100	3 184	3 162	2 919	2 845
Cumprimento do n.º 1 do art. 40.º	(10) ≤ (9)	Não	Não	Não	Não	Não	Não
n.º 7 do art.º 40.º							
Variação Exigida (-5% do Excesso de Dívida)	(12) = -5%*(11)	-158	-155	-159	-158	-146	-142
Variação Efetiva	(13) = (11 _t)-(11 _{t-1})	475	-55	84	-22	-243	-316
Cumprimento do n.º 7 do art. 40.º	(13) < (12)	Não	Não	Não	Não	Sim	Sim

Source: Accounts of the Autonomous Region of Madeira and Reports on the annual opinions on the RAM Accounts issued by the Court of Auditors (except for the year 2024). The value of "Current Liabilities" shown in the table corresponds to that considered by the Court of Auditors in its opinions on the RAM Accounts. CFP calculations. Notes *: The application of these rules was suspended in 2020 as a result of Article 77-A of [Law No. 27-A/2020](#) of 24 July (2020 Supplementary State Budget), which made the second amendment to Law No. 2/2020 of 31 March (OE/2020), and to the amendment of various pieces of legislation. The suspension of the application of the rules was subsequently renewed in the State Budget Law for 2021, 2022 and 2023.

However, these results obtained after the closure of accounts (*ex-post*) were less unfavourable than those anticipated on the basis of an *ex-ante* analysis. According to the information contained in the documents accompanying the proposal for the Budget of the Autonomous Region of Madeira for 2024 (ORAM/2024), the forecast indicators

needed to assess compliance with fiscal rules pointed to non-compliance with the provisions of Articles 16 and 40 of the LFRA (Table 6). This non-compliance with the LFRA was, however, less unfavourable when considering the final data for the 2024 financial year. In the case of the fiscal balance rule, where the Regional Government anticipated that the negative limit, corresponding to 5% of net current revenue, would be exceeded by €333 million, the 2024 execution resulted in a lower excess of €235 million. With regard to the debt limit, an excess of €2,919 million was anticipated, compared to €2,845 million recorded at the end of the year. The annual reduction in the debt excess anticipated by the Regional Government of €243 million was exceeded by the results for the 2024 financial year, reaching €316 million.

4. REGIONAL ADMINISTRATION AND PUBLIC ADMINISTRATIONS

4.1 Balance, Regional Administration debt

The decrease in the fiscal surplus across the Public Administrations as a whole in 2024 was mainly due to the Central Administration and not to the Regional Administration. Despite the different fiscal positions, reflected in the improvement in the positive balance of the Autonomous Region of Madeira and the worsening of the deficit of the Autonomous Region of the Azores (see Chapters 1 and 2), the Regional Administration as a whole maintained, from a national accounting perspective, a balanced balance in relative terms, equivalent to 0.0% of Portugal's GDP (in absolute terms -€77.8 million). This development did not contribute to the deterioration of the PA balance, which recorded a reduction in the surplus from 1.3% of GDP in 2023 to 0.5% of GDP in 2024 (Table 7).

The Regional Administration continued its efforts to reduce the public debt ratio. The regional public debt ratio, as defined by Maastricht, fell from 3.0% of GDP in 2023 to 2.9% of GDP in 2024. For the second consecutive year, this reduction was achieved by both Autonomous Regions: the RAM recorded the most significant reduction (see section 2.1), while in the RAA the debt ratio fell again after the upward trend that had been observed for at least a decade and a half came to an end in 2023. The debt of the general government as a whole fell by 3.3 p.p. of GDP to 93.6% of GDP, the lowest figure since 2010.

Table 7 – General government balance and debt by subsector in national accounts (as a percentage of Portugal's GDP)

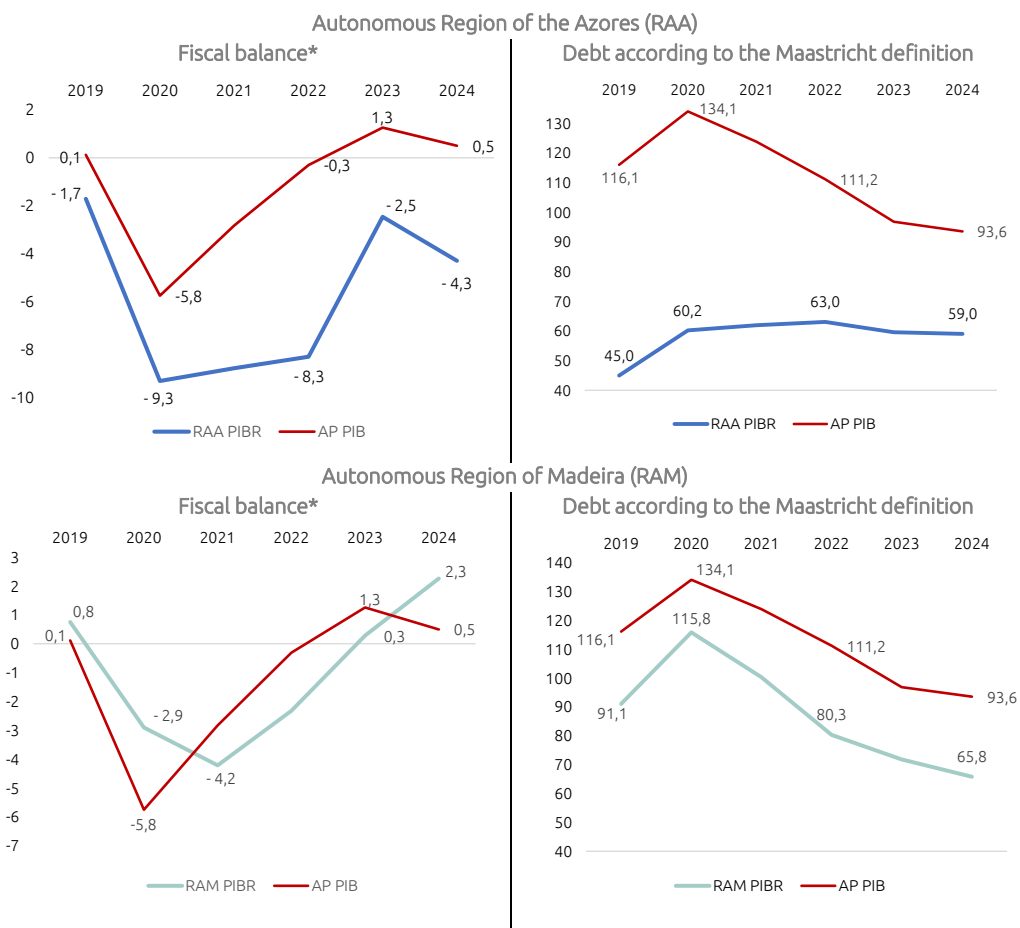
	2019	2023	2024	2019/20	2023/24	2020/24
Saldo das Adm. Públicas	0,1	1,3	0,5	-3,2	-0,8	3,5
Adm. Central	-1,6	-0,7	-1,6	-2,4	-0,9	2,3
Adm. Local	0,3	0,0	0,1	-0,2	0,2	0,0
Adm. Regional	0,0	0,0	0,0	-0,4	0,0	0,4
Fundos da Seg. Social	1,4	2,1	2,0	-0,2	0,0	0,8
Dívida Pública	116,1	96,9	93,6	18,0	-3,3	-40,5
Adm. Central	119,0	102,8	100,1	18,9	-2,7	-37,9
Adm. Local	1,6	1,2	1,1	0,0	-0,1	-0,5
Adm. Regional	3,1	3,0	2,9	0,7	-0,2	-0,9
Fundos da Seg. Social	0,0	0,0	0,0	0,0	0,0	0,0

Source: INE and BdP (2nd notification of the excessive deficit procedure, September 2025). CFP calculations.

The evolution of the fiscal indicators of the island regions, measured by the product generated in each territory, reveals different dynamics when compared to the AP as a whole. Between the two island regions, the RAM is the one that presents a balance and debt trajectory (Maastricht definition) compatible with the evolution of the AP as a whole. The continuous improvement in the RAM's fiscal balance, which began after the impact of the pandemic crisis, enabled it to reach 2.3% of GDP in 2024, exceeding the PA's surplus of 0.5% of GDP in that year. This performance, sustained by economic

growth driven by tourism and a prudent fiscal policy, contributed to a more intense pace of debt ratio reduction than that achieved by the GG, standing at 65.8% of GDP in 2024 (lower right panel of Graph 12).³² In contrast, although the RAA maintains a debt ratio (Maastricht definition) in GDP lower than the GG as a whole, it has a fiscal deficit that is still far from pre-pandemic levels. Despite the reduction in the fiscal imbalance from 2021 onwards, the worsening of the deficit to 4.3% of GDP in 2024 represented a divergence from the position of the general government, which remained above balance. The debt ratio, which had been on an upward trajectory for more than a decade and a half, reversed this trend in 2023, falling to 59% of GDP in 2024 (upper right panel of Graph 12).

Graph 12 – Evolution of the main fiscal indicators of the island regions compared to the GG as a whole (as a ratio of GDP and GDP)



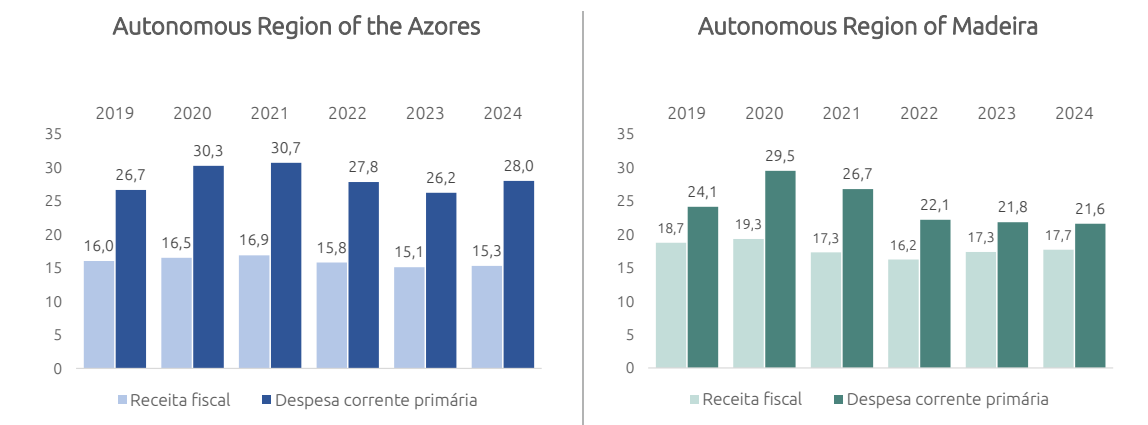
Source: INE, BdP, SREA and DREM (2nd notification of the excessive deficit procedure, September 2025). CFP calculations. Notes | * National Accounting perspective.

An analysis of the weight of primary current expenditure in relation to regional GDP reveals differences in the capacity of the Autonomous Regions to finance this aggregate through tax revenue. Between 2019 and 2024, although the weight of

³² This development has resulted in a cumulative decrease of 50 p.p. since the outbreak of the pandemic crisis in 2020, exceeding the 40.5 p.p. reduction in GDP recorded by the AP as a whole.

primary current expenditure in GDP d has increased during the pandemic crisis, the recovery to pre-pandemic levels was different in the two regions. In the Autonomous Region of Madeira, there was a gradual reduction in the weight of this indicator to a level below that of 2019, accompanied by an increase in tax revenue from 2022 onwards. This development resulted in a growing capacity to finance primary current expenditure (which in 2024 was 1.5 p.p. of GDP higher than in 2019), expanding the fiscal room for manoeuvre (right panel of Grap). In the RAA, the weight of current expenditure remained above 26% of GDP, reaching 28% of GDP in 2024, 1.3 p.p. more than in 2019. In the same period, the capacity of tax revenue to finance primary current expenditure, measured by the difference in GDP ratio between these two aggregates, deteriorated by 2.1 p.p. of GDP, restricting fiscal flexibility to finance investment and discretionary economic policy measures, and increasing the risks to the sustainability of regional public finances (left panel of Grap). At the end of 2024, tax revenue as a share of GDP was 15.3% in the RAA and 17.7% in the RAM, compared with 24.5% for the GG as a whole.

Graph 13 – Financing of primary current expenditure by tax revenue in the period 2019-2024 (as a % of GDP)



Source: INE, SREA and DREM (2nd notification of the excessive deficit procedure, September 2025). CFP calculations. Notes | * National Accounting perspective.

4.2 Transfers provided for in the Autonomous Regions Finance Law

The transfers enshrined in the LFRA remain the second main source of ROE for the Autonomous Regions. The application of the formula provided for in Article 48(2) of the LFRA for the solidarity component, plus the State Budget allocation for the Cohesion Fund (Article 49), as detailed in [the CFP explainer](#), influences the level of revenue that each region can use to finance part of its actual expenditure.

In 2024, transfers under the LFRA increased both in absolute terms and as a ratio of the region's GDP. The overall amount rose from €515 million in 2023 to €620 million in 2024, a positive change of 20.3% (Table 8). This growth was more significant in the Autonomous Region of Madeira (RAM) (+34.7%) than in the Autonomous Region of the Azores (RAA) (+9.1%). In terms of GDP generated by the region, there was also an increase in the weight of these transfers: in the RAA, it rose by 0.1 p.p. to 5.5% of GDP, while in the RAM, growth was 0.8 p.p. to 4.1% of GDP. This development shows the dependence of the Autonomous Regions on resources from the central government,

which reinforces their vulnerability to macroeconomic variations and changes in the calculation formula provided for in the LFRA.

Despite the higher amount of transfers under the LFRA, their weight in the total effective revenue of the RAA remained at 20.4%. In 2024, these transfers totalled €315.1 million, €26.3 million more than in 2023. Approximately two-thirds of these transfers corresponded to the solidarity component, amounting to €203.3 million (€186.4 million in 2023). The funds relating to the Cohesion Fund, equivalent to 55% of the solidarity transfer amount, amounted to €111.8 million (€102.5 million in 2023), reflecting the fact that the region's GDP per capita was less than 90% of the national GDP per capita.

In the Autonomous Region of Madeira, transfers under that law led to an increase in the weight of the total effective revenue of this autonomous region. In 2024, these transfers amounted to €305.1 million, €78.5 million more than in 2023. The solidarity component amounted to €196.9 million (€181.2 million in 2023), with 55% of this amount due to the Cohesion Fund (€108 million, €62.9 million more than in 2023), due to the fact that the region's GDP per capita was less than 90% of the national GDP per capita. Overall, this higher amount of transfers under the LFRA led to an increase in its share of the total effective revenue of the Autonomous Region of the Madeira (RAM) from 13.6% in 2023 to 15.9% in 2024.

Table 8 – Transfers to the Autonomous Regions under the LFRA in 2024 (in € million)

	2023	2024	Variação anual	
			M€	%
REGIÕES AUTÓNOMAS	515	620	105	20,3
Transf. de solidariedade	368	400	33	8,9
Fundo de Coesão	148	220	72	48,9
RAA	289	315	26	9,1
Transf. de solidariedade	186	203	16,9	9,1
Fundo de coesão	103	112	9,3	9,1
% da trf de solidaried.	55%	55%		
RAM	227	305,1	78,5	34,7
Transf. de solidariedade	181	197	15,6	8,6
Fundo de coesão	45	108	63	138,8
% da trf de solidaried.	25%	55%		
Por memória :				
Em rácio do PIBR e em p.p.				
RAA Transf. LFRA	5,4	5,5	0,1	
RAM Transf. LFRA	3,3	4,1	0,8	

Source: Accounts of the Autonomous Regions for 2023 and 2024. CFP calculations.

5. ANNEXES

5.1 Statistical tables

Table 9 – Details of the fiscal execution of the Autonomous Region of the Azores (from a public fiscal accounting perspective), 2019-2024

AGREGADOS E RÚBRICAS ORÇAMENTAIS	M€						Var. (%)			Var. M€
	2019	2020	2021	2022	2023	2024	2019/2020	2022/2023	2023/2024	2023/2024
Receita efetiva	1 197	1 107	1 333	1 241	1 419	1 545	-7,5	14,3	8,9	126
Receita corrente	1 015	952	1 041	1 036	1 097	1 187	-6,2	5,9	8,2	90
Receita fiscal	695	668	716	744	788,3	856,7	-3,8	5,9	8,7	68
Impostos diretos	210	226	236	238	283,8	275,9	7,7	19,1	-2,8	-8
Impostos indiretos	484	442	480	506	504,4	580,8	-8,8	-0,3	15,1	76,4
Contrib. p/ Seg. Social, CGA e ADSE	0	0	0	0	0	0	:	:	:	0
Taxas, multas e outras penalidades	28	21	24	26	24	26	-23,9	-4,8	7,6	2
Rendimentos da propriedade	9	8	6	3	4	4	-4,1	19,9	1,8	0
Transferências correntes	248	233	272	242	258	274	-5,9	6,5	6,2	16
das quais ao abrigo da LFRA	184	190	195	181	186	203	3,0	2,7	9,1	17
Venda de bens e serviços correntes	33	19	21	18	20	21	-43,4	11,3	5,6	1
Outras receitas correntes	4	3	3	3	2	5	-12,3	-19,6	120,6	3
Reposição não abtida nos pagamentos	3	2	77	3	2	4	-22,0	-43,2	148,3	2
Receita de capital	180	153	214	202	320	354	-15,0	58,7	10,5	34
Venda de bens de investimento	1	1	1	0	0	0	-56,7	-57,3	62,1	0
Transferências de capital	177	152	213	201	320	349	-14,3	58,9	9,3	30
das quais ao abrigo da LFRA	101	104	107	100	103	112	3,0	2,7	9,1	9
Outras receitas de capital	1	0	0	0	1	4	-78,4	43,1	569,2	4
Despesa efetiva	1 280	1 353	1 492	1 394	1 507	1 665	5,7	8,1	10,5	158
Despesa primária	1 232	1 308	1 452	1 352	1 450	1 591	6,1	7,2	9,7	141
Despesa corrente primária	1 000	1 063	1 164	1 124	1 165	1 302	6,2	3,7	11,8	138
Despesas com o pessoal	541	566	586	619	669	721	4,7	8,0	7,8	52
Aquisição de bens e serviços	315	327	356	321	318	396	3,8	-1,0	24,8	79
Transferências correntes	112	122	153	135	134	142	8,9	-0,4	5,9	8
Subsídios	16	32	54	32	26	24	106,7	-17,8	-9,4	-2
Outras despesas correntes	17	16	16	17	17	19	-9,6	4,8	7,1	1
Despesa de capital	232	245	288	229	285	288	5,7	24,7	1,2	3
Aquisição de bens de capital	76	59	59	70	88	96	-22,7	25,4	9,0	8
Transferências de capital	152	183	228	158	197	191	20,6	24,3	-2,8	-6
Outras despesas de capital	4	3	0	0	0	1	-21,2	178,8	298,7	1
Saldo primário	-35	-201	-120	-111	-31	-46	478,9	-72,3	47,9	-15
Juros e outros encargos	48	46	39	42	57,4	74,7	-5,6	38,0	30,1	17,3
Saldo global	-83	-246	-159	-153	-88	-120	:	:	:	-32
Ativos financeiros líquidos de reembolsos	87	55	86	61	15	0	:	:	:	-15
Passivos financeiros líquidos de amortizações	203	359	187	211	55	89	:	:	:	34
Poupança (+) / Utilização (-) de saldo da gerência ar	34	57	-57	-3	-48	-31	:	:	:	17
<i>Por memória</i>										
Receita de transferências ao abrigo da LFRA	285	294	302	281	289	315	3,0	-6,8	2,7	8
Despesa corrente	1 048	1 108	1 204	1 165	1 222	1 377	5,7	-3,2	4,9	57
Saldo corrente	-33	-156	-162	-129	-125	-190	:	:	:	4
Saldo de capital	-52	-92	-73	-27	35	66	:	:	:	62
Saldo excluindo trf. ao abrigo da LFRA	-368	-540	-461	-434	-377	-435	:	:	:	57

Source: CRAA (various years) and own calculations. | Note: % var. corresponds to the annual rate of change.

Table 10 – Details of fiscal execution in the Autonomous Region of Madeira (from a public fiscal accounting perspective), 2019-2024

AGREGADOS E RÚBRICAS ORÇAMENTAIS	M€						Var. (%)			Var. (M€)
	2019	2020	2021	2022	2023	2024	2019/2020	2022/2023	2023/2024	2023/2024
Receita efetiva	1 414	1 246	1 288	1 426	1 666	1 924	-11,9	16,9	15,5	258
Receita corrente	1 251	1 146	1 151	1 314	1 524	1 722	-8,4	16,0	13,0	199
Receita fiscal	956	853	874	1 013	1 204	1 319	-10,8	18,9	9,6	115
Impostos diretos	357	305	289	365	490	514	-14,6	34,3	4,8	24
Impostos indiretos	599	548	586	648	714	805	-8,6	10,2	12,8	92
Contrib. p/ Seg. Social, CGA e ADSE	0	0	0	0	0	0	:	:	:	0
Transferências correntes	202	221	211	216	224	287	9,6	3,6	28,1	63
das quais ao abrigo da LFRA	177	183	186	174	181	197	3,3	4,3	8,6	16
Outras receitas correntes	5	3	66	85	96	117	-41,8	12,5	21,2	20
Reposição não abtida nos pagamentos	3	2	4	11	6	0	-41,3	-50,9	-100,0	-6
Receita de capital	160	99	133	100	137	202	-38,2	36,7	47,4	65
Transferências de capital	158	98	131	95	129	189	-38,0	34,8	47,1	61
das quais ao abrigo da LFRA	71	46	46	43	45	108	-35,4	4,3	138,8	62,9
Outras receitas de capital	3	1	2	5	8	13	-46,4	73,4	52,3	4
Despesa efetiva	1 511	1 377	1 550	1 556	1 624	1 790	-8,9	4,4	10,3	167
Despesa primária	1 259	1 266	1 463	1 449	1 490	1 655	0,6	2,8	11,1	165
Despesa corrente primária	1 072	1 117	1 242	1 212	1 294	1 440	4,2	6,8	11,3	146
Despesas com o pessoal	589	632	673	687	760	812	7,2	10,6	6,9	53
Aquisição de bens e serviços	350	330	383	343	361	436	-5,5	5,2	20,8	75
Transferências correntes	102	124	144	143	141	150	20,8	-1,1	6,2	9
Outras despesas correntes	30	31	43	39	32	42	0,9	-18,4	31,6	10
Despesa de capital	187	150	221	237	196	214	-20,2	-17,5	9,5	19
Aquisição de bens de capital	120	102	139	138	159	188	-14,9	14,8	18,8	30
Transferências de capital	67	47	82	99	37	26	-29,6	-62,4	-30,0	-11
Outras despesas de capital	0	0	0	0	0	0	:	-97,0	-100,0	0
Saldo primário	155	-20	-175	-24	177	269	-113,0	-847,5	52,6	93
Juros e outros encargos	251	110	87	106	134	136	-56,1	26,1	1,1	1
Saldo global	-97	-131	-262	-130	42	134	:	:	:	91
<i>Por memória</i>										
Receita de transferências ao abrigo da LFRA	248	228	232	217	227	305	-7,7	4,3	34,7	79
Despesa corrente	1 323	1 227	1 329	1 318	1 428	1 576	-7,3	8,3	10,4	148
Saldo corrente	-69	-80	-174	7	101	146	:	1 335,2	44,6	45
Saldo de capital	-27	-51	-88	-137	-59	-12	:	-57,1	-78,8	46
Saldo excluindo trf. ao abrigo da LFRA	-344	-359	-494	-347	-184	-171	:	-47,0	-7,0	13

Source: CRAM (various years) and own calculations. | Note: % var. corresponds to the annual rate of change.

Table 11 – Structure of revenue and expenditure of the Autonomous Region of the Azores in fiscal accounting, 2019–2024

AGREGADOS E RÚBRICAS ORÇAMENTAIS	Em % da receita e despesa efetivas, respetivamente						var. p.p.		
	2019	2020	2021	2022	2023	2024	2019/2020	2022/2023	2023/2024
Receita efetiva	100,0	100,0	100,0	100,0	100,0	100,0			
Receita corrente	84,8	86,0	78,1	83,5	77,3	76,8	1,2	-6,2	-0,5
Receita fiscal	58,0	60,3	53,7	60,0	55,6	55,4	2,3	-4,4	-0,1
Impostos diretos	17,5	20,4	17,7	19,2	20,0	17,9	2,9	0,8	-2,1
Impostos indiretos	40,5	39,9	36,0	40,8	35,6	37,6	-0,5	-5,2	2,0
Contrib. p/ Seg. Social, CGA e ADSE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Taxas, multas e outras penalidades	2,3	1,9	1,8	2,1	1,7	1,7	-0,4	-0,3	0,0
Rendimentos da propriedade	0,7	0,7	0,5	0,3	0,3	0,3	0,0	0,0	0,0
Transferências correntes	20,7	21,0	20,4	19,5	18,2	17,8	0,4	-1,3	-0,4
das quais ao abrigo da LFRA	15,4	17,1	14,6	14,6	13,1	13,2	1,8	-1,5	0,0
Venda de bens e serviços correntes	2,8	1,7	1,5	1,4	1,4	1,4	-1,1	0,0	0,0
Outras receitas correntes	0,3	0,3	0,2	0,2	0,2	0,3	0,0	-0,1	0,2
Reposição não abtida nos pagamentos	0,2	0,2	5,8	0,2	0,1	0,3	0,0	-0,1	0,1
Receita de capital	15,0	13,8	16,1	16,3	22,6	22,9	-1,2	6,3	0,3
Venda de bens de investimento	0,1	0,1	0,0	0,0	0,0	0,0	-0,1	0,0	0,0
Transferências de capital	14,8	13,7	16,0	16,2	22,5	22,6	-1,1	6,3	0,1
das quais ao abrigo da LFRA	8,5	9,4	8,0	8,0	7,2	7,2	1,0	-0,8	0,0
Outras receitas de capital	0,1	0,0	0,0	0,0	0,0	0,3	-0,1	0,0	0,2
Despesa efetiva	100,0	100,0	100,0	100,0	100,0	100,0			
Despesa primária	96,2	96,6	97,4	97,0	96,2	95,5	0,4	-0,8	-0,7
Despesa corrente primária	78,1	78,5	78,1	80,6	77,3	78,2	0,4	-3,3	0,9
Despesas com o pessoal	42,2	41,8	39,3	44,4	44,4	43,3	-0,4	0,0	-1,1
Aquisição de bens e serviços	24,6	24,1	23,8	23,0	21,1	23,8	-0,5	-2,0	2,7
Transferências correntes	8,8	9,0	10,3	9,7	8,9	8,5	0,3	-0,8	-0,4
Subsídios	1,2	2,4	3,6	2,3	1,7	1,4	1,2	-0,5	-0,3
Outras despesas correntes	1,3	1,1	1,1	1,2	1,2	1,1	-0,2	0,0	0,0
Despesa de capital	18,1	18,1	19,3	16,4	18,9	17,3	0,0	2,5	-1,6
Aquisição de bens de capital	5,9	4,3	4,0	5,0	5,8	5,8	-1,6	0,8	-0,1
Transferências de capital	11,9	13,6	15,3	11,4	13,1	11,5	1,7	1,7	-1,6
Outras despesas de capital	0,3	0,2	0,0	0,0	0,0	0,1	-0,1	0,0	0,1
Juros e outros encargos	3,8	3,4	2,6	3,0	3,8	4,5	-0,4	0,8	0,7
<i>Por memória</i>									
Receita de transferências ao abrigo da LFRA	23,8	26,5	22,7	22,7	20,4	20,4	2,7	-2,3	0,0
Despesa corrente	81,9	81,9	80,7	83,6	81,1	82,7	0,0	-2,5	1,6

Source: Own calculations based on data presented in Table 9.

Table 12 – Structure of revenue and expenditure of the Autonomous Region of Madeira in fiscal accounting, 2019-2024

AGREGADOS E RÚBRICAS ORÇAMENTAIS	Em % da receita e despesa efetivas, respetivamente						Var. (p.p.)		
	2019	2020	2021	2022	2023	2024	2019/2020	2022/2023	2023/2024
Receita efetiva	100,0	100,0	100,0	100,0	100,0	100,0			
Receita corrente	88,5	91,9	89,4	92,2	91,4	89,5	3,4	-0,7	-1,9
Receita fiscal	67,6	68,4	67,9	71,0	72,2	68,6	0,8	1,2	-3,7
Impostos diretos	25,2	24,5	22,4	25,6	29,4	26,7	-0,8	3,8	-2,7
Impostos indiretos	42,4	44,0	45,5	45,4	42,8	41,8	1,6	-2,6	-1,0
Contrib. p/ Seg. Social, CGA e ADSE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Transferências correntes	14,3	17,8	16,4	15,1	13,4	14,9	3,5	-1,7	1,5
das quais ao abrigo da LFRA	12,5	14,7	14,4	12,2	10,9	10,2	2,2	-1,3	-0,6
Outras receitas correntes	0,4	0,2	5,1	6,0	5,8	6,1	-0,1	-0,2	0,3
Reposição não abtida nos pagamentos	0,2	0,1	0,3	0,8	0,3	0,0	-0,1	-0,5	-0,3
Receita de capital	11,3	7,9	10,3	7,0	8,2	10,5	-3,4	1,2	2,3
Transferências de capital	11,1	7,8	10,1	6,7	7,7	9,8	-3,3	1,0	2,1
das quais ao abrigo da LFRA	5,0	3,7	3,6	3,0	2,7	5,6	-1,3	-0,3	2,9
Outras receitas de capital	0,2	0,1	0,2	0,3	0,5	0,7	-0,1	0,2	0,2
Despesa efetiva	100,0	100,0	100,0	100,0	100,0	100,0	0,0	0,0	0,0
Despesa primária	83,4	92,0	94,4	93,2	91,7	92,4	8,6	-1,4	0,7
Despesa corrente primária	71,0	81,1	80,1	77,9	79,7	80,4	10,2	1,8	0,8
Despesas com o pessoal	39,0	45,9	43,4	44,2	46,8	45,4	6,9	2,6	-1,4
Aquisição de bens e serviços	23,1	24,0	24,7	22,0	22,2	24,3	0,9	0,2	2,1
Transferências correntes	6,8	9,0	9,3	9,2	8,7	8,4	2,2	-0,5	-0,3
Outras despesas correntes	2,0	2,2	2,8	2,5	2,0	2,4	0,2	-0,6	0,4
Despesa de capital	12,4	10,9	14,3	15,3	12,1	12,0	-1,5	-3,2	-0,1
Aquisição de bens de capital	8,0	7,4	9,0	8,9	9,8	10,5	-0,5	0,9	0,8
Transferências de capital	4,4	3,4	5,3	6,4	2,3	1,5	-1,0	-4,1	-0,8
Outras despesas de capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Juros e outros encargos	16,6	8,0	5,6	6,8	8,3	7,6	-8,6	1,4	-0,7
<i>Por memória</i>									
Receita de transferências ao abrigo da LFRA	17,5	18,3	18,0	15,2	13,6	15,9	0,8	-1,6	2,3
Despesa corrente	87,6	89,1	85,7	84,7	87,9	88,0	1,5	3,2	0,1

Source: Own calculations based on data presented at Table 10.

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