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## THE RESPONSE OF NATIONAL AND LOCAL PORTUGUESE GOVERNMENT AUTHORITIES TO COVID-19

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### Abstract

*COVID-19 has caused in Portugal an enormous economic, financial, and social challenge that must be answered by the national and local Portuguese government authorities. Several support measures have been launched to protect businesses, economic sustainability, and employment levels. At the national level, projects with greater economic emphasis are highlighted, which aim to support companies and their workers. The most noteworthy are measures relegated to simplified lay-off, social protection for individuals in isolation or with illness, and support for the payment of basic expenses such as electricity, water, and gas. Also, on this level, measures concerning teleworking and school at home through television have changed the daily lives of families. At the local level, there was a greater emphasis on the social dimension. The role played by local authorities and local councils in stimulating the local business community and supporting the creation of volunteer banks, the delivery of food and medicines, and the production of goods for individual protection was highlighted.*

*Keywords: Covid-19; public administration; lay-off; teleworking; economic impact; social impact.*

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### 1. Introduction

In an open economy like the Portuguese one, the negative effects of the COVID-19 pandemic were felt in the main sectors of the economy and in the activity of companies and their employees. Most companies were forced to close their economic activity and some of them have taken the initiative to convert their activity to the production of personal protective equipment that is scarce in Portugal and the world. Portugal is a doubly vulnerable country to the effects of COVID-19. From one perspective, the Portuguese business sector is 99.3% composed of small and medium-sized companies (SMEs), and micro-companies (Eurostat, 2019). It is the second-largest country in the

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European Union, only behind Italy, where the weight of these companies is higher. Associated with this, Portugal has a high dependence on external markets, with 44% of GDP supported by exports (Milheiro, 2020). From another perspective, Portugal felt a strong impact of the sovereign debt crisis that began to plague Europe in early 2010, but which had its strongest impact in Portugal between mid-2011 and the end of 2013. This period was particularly critical for southern European countries like Greece and Portugal, with high levels of unemployment, wage losses, and significant contraction in purchasing power (Correia, 2016). In this sense, the effects of COVID-19 on the Portuguese economy are felt above all in a period of economic recovery that is still quite fragile. Furthermore, and due to Portugal's openness abroad, the country's recovery is strongly dependent on the behaviour of the main destination countries of Portuguese exports.

According to the Organization for Economic Co-operation and Development (OECD), the COVID-19 pandemic is the third economic, financial and social crisis of the 21st century after the attacks of September 11, 2001 and the global financial crisis in the period 2008-2013 (Hynes, 2020). The consequences of COVID-19 are extremely wide-ranging and include the suspension of production, a strong drop in consumption, difficulties in supply chains, and significant falls in the mobility of people and tourism activities (Fernandes, 2020; Nicola et al., 2020). The Portuguese economy is very dependent on tourism and was just starting to recover from the previous (euro)crisis. Accordingly, Portugal is in a somewhat more precarious position than other countries to face the crisis. The restrictive social distancing measures adopted by the Portuguese authorities, although essential to halt the spread of the pandemic, are having a strong economic impact. Economic recovery will be a challenge for the Portuguese government. In the context of globalization and the strong economic relations between the countries of the European Union, efforts must be coordinated to find measures and public policies that can be implemented during and after the period of the health crisis of COVID-19.

The impact of COVID-19 has shown that the economic paradigm sustained in neoliberalism has been strongly questioned (Giroux, 2020; Peters, 2020). Meanwhile, the importance of government as a decisive agent to implement effective policies capable of leveraging economic activities is once again emerging. Government authorities need to define and implement measures on several fronts. One of these areas is to ensure the solvency of companies with the lowest financial resources, especially micro and SMEs. Another area is to support people maintaining the employment levels to keep their sources of income. Moreover, it is necessary to attend to the most vulnerable segments of the population, the economically excluded, which are more exposed to the epidemic consequences.

This exploratory study intends to focus its attention on public governmental measures implemented by Portuguese national and local authorities to combat the effects of COVID-19 on the economic and social dimensions. Through the analysis of several initiatives, it seeks to critically explore the relevance and impact of each one. Furthermore, and at the local level, it also seeks to identify good practices and similar and divergent points in the various support initiatives. This study is structured as follows: (i)

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methods to collecting information about the measures implemented at the national and local levels by the Portuguese government; (ii) highlight and resume of the most relevant measures at the section national initiative level and the section local initiatives; (iii) finally, is presented the main conclusions of this study and suggestions to future work.

## 2. Data and Methods

This study uses qualitative secondary information sources to collect information on public policies in support of combating the effects of COVID-19. According to Marczyk et al. (2008), the adoption of secondary sources of information becomes appropriate when there is previously published information on a given phenomenon, but it needs to be organized, explored, and integrated. The main challenge of this study was the collection of information from multiple sources that would simultaneously exploit the supporting public policies implemented by government authorities at national and local levels. This information is not centralized in a single repository that would facilitate the collection process. Three sources of information were adopted: (i) “EstamosOn”, it is a portal maintained by the Portuguese government and offers a guide to support citizens, families, and companies in fighting the effects caused by the new coronavirus; (ii) “Science4Covid”, a portal that gathers information on R&D initiatives in the area of combating COVID-19 and supported by the Ministry of Science and Higher Education; and (iii) “CASES”, an initiative promoted by the António Sérgio Cooperative for the Social Economy, which aims to disseminate voluntary initiatives organized at the local level with the collaboration of local public authorities. The first two sources of information were fundamental in identifying public policies to support the national government; while the third source helped to identify initiatives promoted by local government authorities.

The adopted methods focus only on the qualitative aspects of the initiatives. At this stage, quantitative data are not yet available to explore the impact of these initiatives at both the national and local levels. Although there are local initiatives that are not mapped on the CASES platform, this study did not intend to include them to avoid biasing their analysis. The level of development of local e-government platforms is quite heterogeneous, which does not facilitate a comparative analysis of initiatives between the various districts. Moreover, the CASES platform disseminates voluntary initiatives promoted by the business and social sectors. However, and to ensure homogeneity in the treatment of information, only initiatives with the support of local government authorities were considered (e.g., municipalities, and parish councils). Data regarding local support initiatives were organized considering the NUTS 2 of Portugal.

## 3. National Initiatives

One of the measures that has become more widely known and that has helped both companies and workers in the private sector has been the simplified lay-off. This exceptional and temporary measure to protect jobs and discourage dismissal allows

employers to reduce the normal working period or suspend employment contracts. The simplified lay-off lasts one month and can be extended monthly up to a maximum of three months. During this period, the employees receive at least two-thirds of their salary, with a minimum amount of 635 EUR, which corresponds to the minimum wage established by law. The salary is paid 70% by social security and 30% by the employer.

The simplified lay-off is regulated by Decree-Law (DL) No. 10-G/2020 as published in *Diário da República* (DRE, 2020). According to the DL, companies may invoke this regime in one of the following situations: (i) companies or establishments whose total or partial closure has been determined by decision of the public health authorities; (ii) companies with total or partial interruption due to the shutdown of supply chains; and (iii) companies with a sharp drop in revenue of at least 40%, compared to the average of the last two months of activity before the request was made. Data from the beginning of May 2020 reveal the existence of 102.5 thousand requests from companies with a total of 1.3 million employees (Cotrim, 2020).

One of the criticisms launched to the simplified lay-off is the differentiation that the law establishes between public and private sector workers (Gaspar, 2020). The public service law stipulates that public employees cannot be covered, and therefore its application is exclusively aimed at the private sector. Furthermore, it would not be possible to cover the public sector to avoid a situation of double public financing. Moreover, the primary objective of the simplified lay-off was to prevent firings and help private companies. Another issue that currently arises is the role that lay-off may play in a phase of progressive labour recovery, in which the volume of activity of companies will be lower. However, the maintenance of state support will be fundamental to the survival of companies.

The teleworking regime was applied by the government authorities to all Portuguese workers. It was established that the telework regime is mandatory within the framework of the State of Emergency, regardless of the employment contract, and whenever the performed functions allow it (Pereira, 2020). This measure excluded workers who ensure professional functions in basic needs sectors of activities and, also, health professionals who are at the forefront of the fight against COVID-19. Furthermore, telework is not an easily applicable policy in the Portuguese context. The structure of the Portuguese economy and the nature of jobs in Portugal makes this difficult. An analysis performed by Martins (2020) showed that only 9% of Portuguese employees can perform their current professions extensively via teleworking. Comparing with Northern Europe, this put the Portuguese case in perspective compared to other European countries, where telework is much more directly applicable.

Belzunegui-Eraso & Erro-Garcés (2020) report that teleworking has become widespread with the COVID-19 pandemic. Several studies, such as Beauregard et al. (2019) and Harpaz (2002), highlight the benefits of this working model: (i) greater flexibility of tasks; (ii) cost reduction; (iii) increased employee autonomy; (iv) and greater family contact. However, this model brought unique challenges for families. Migration to telework did not occur in

a planned way and this transition was unexpected for all kinds of organizations. On the other hand, difficulties and increased stress are reported in remote work models, in which the number of working hours has increased, it has become difficult to concentrate on work activities, problems in sharing the same physical space, and difficulties in making work activities compatible with domestic tasks (Marques, 2020). This situation was further aggravated by the closure of schools, since children are now also at home and need much attention and care.

Related to the closure of schools, a measure has also emerged to support parents who look after their children at home. Parents with children under 12 years of age receive two-thirds of the base salary during the period of school activity. This financial support is provided in equal parts by social security and the company. Furthermore, this support also applies to children over the age of 12 if they have a disability or chronic illness. During the school closure period, a teaching project financed by the Ministry of Education called the "#EstudoEmCasa" (DGE, 2020) emerged. This distance learning project from a public television channel (i.e., RTP Memória) will run throughout the 3rd period. These sessions are taught by teachers and are intended for students in the 1st, 2nd, and 3rd cycles of education. Figure 1 shows an example of the weekly schedule of activities. The schedule covers the period from 9:00 am to 5:50 pm, with contents organized for different school years. This is an important tool to complement the work of teachers with their students.

Figure 1 “#EstudoEmCasa” schedule grid



Source: DGE, 2020

Social Security also supports employees who are in prophylactic isolation or temporarily unable to work due to illness (Social Security, 2020). In the first case, social security pays the total of the salary to a worker who is in prophylactic isolation decreed by the public health services. This isolation aims to reduce the possibilities of infection and can last up to 14 days. In the second case, and if an individual gets the COVID-19, he/she will be eligible for sickness benefit.

Other measures of more limited scope emerged, but no less relevant particularly for the most vulnerable people. All social benefits (e.g. unemployment benefit, social integration income) that expired before the end of the preventive measures were automatically extended. Also, until 19th June 2020, eviction actions of rented property are suspended if the renter has no other home. Electricity, gas, or water cuts for non-payment during the emergency period are also suspended. Additionally, there is the possibility of opting for fractional payment of interest-free debts during this period (Brito, 2020).

National government entities, through the Ministry of Science and Higher Education, have also sought to stimulate universities and research centres to find innovative solutions for diagnostic tests, sorting systems, manufacture of personal protection equipment, and fan production. Two lines of funding are planned: (i) "Research 4 COVID-19" seeks to stimulate the reorientation of current R&D teams to the immediate needs of the National Health Service (SNS) in the fight against the new coronavirus; and (ii) "AI 4 COVID-19" is intended to support scientific and technological development projects to fight the current and future pandemics through data science and artificial intelligence (Heitor, 2020).

#### **4. Local Initiatives**

Local authorities, such as municipalities and local councils, are fundamental elements in the political and administrative functioning model in Portugal. They are responsible for providing key and local public services. Furthermore, their workers know the territory and their populations well. Despite having limited resources and equipment, they have played a key role in targeting their resources to respond to the crisis.

The dismissal of workers, especially precarious workers without access to social security, has led to new social problems. In many of these cases, social security has no instrument to identify and respond to this situation. Municipalities play an important role in supporting this population, namely through social support for food and access to medicines. Even today, the homeless suffer from this crisis and it is the municipalities that have created temporary centres to guarantee the reception of all those in need, with reinforced hygiene measures and guaranteeing isolation spaces (Graça & Pereira, 2020). Another area in which the role of local authorities has been highlighted is in the fight against domestic violence and the monitoring of children at risk. The risks associated with these processes have been enhanced by the closure of schools and the social isolation of families. According to Vieira et al. (2020), situations of domestic violence are likely to

intensify during the period of COVID-19 and it is important to continue to ensure an adequate response by the public administration.

The role of municipalities was recently explored by the Centre for Geography and Spatial Planning Studies (CEGOT) of the University of Coimbra in the period from 15 April 2020 to 15 May 2020. This study was important to understand that about 71% of the Portuguese highlight the importance of the social role of municipalities, while 68% of them highlight the social dimension, and 67% in reducing the spread and support in screening COVID-19. However, their role is clearly smaller (i.e. 59%) in the economic dimension, which is mainly justified by the low financial autonomy of the municipalities (Lusa Agency, 2020).

Local authorities have also played a key role in the relationship with the business sector in their region and with Civil Protection. Civil Protection is the Portuguese authority for coordinate the activities of the entities responsible for protection and assistance (e.g.: police, fireman, etc.). Several projects stand out, most of them corresponding to similar initiatives, which have been replicated in various regions of the country. Table 1 summarizes the type of projects that can be found in each of the seven regions of the country using the NUTS 2 framework. Volunteering, in which local government authorities play the role of technical and logistical support, is widespread in all regions. However, depending on the specificity of each region, unique projects arise to meet specific needs.

Table 1 Initiatives to fight COVID-19 with the support of local authorities

Region	Initiatives
North	The North was the area of the country most affected by COVID-19. It is an industrial area with a high population density on the coast and whose manufacturing industry depends heavily on exports. Most of the initiatives launched by municipalities and local councils relate to the registration of a voluntary bank to support elderly people. There are also several initiatives with the support of the local business community to produce masks and personal protective equipment.
Algarve	The Algarve is the most touristic area of continental Portugal. In addition to volunteer opportunities, there are several initiatives organized in conjunction with hotels and hostels to offer accommodation and food to health professionals who are on the front line of support to COVID-19.
Centre	In the centre of Portugal, we find many districts with significant asymmetries between them. The impact of COVID-19 was very heterogeneous, but it strongly affected some industrial production areas like Ovar that was in isolation for 2 weeks. In this area stands out the joint role of companies and municipalities in the production of protective equipment for protection professionals and population.
Lisbon metropolitan area	This is the most densely populated part of the country. Here people's income is highly asymmetrical. It is also an area with a very high number of elderly people who have become unprotected. Volunteering has played a key role in this zone. The role of local authorities has been instrumental in identifying the most vulnerable population in need of home-based support (e.g. shopping, medicines, psychological support).

Alentejo	It was the least affected area of the country, but it is also the one with the lowest income. It is an area with low population density, and in which the role of the local councils is more relevant. It was the local parish councils themselves, with their workers and plus the help of some volunteers, that ensured the purchase of essential goods for the neediest population.
Azores	The Azores archipelago is composed of nine islands distributed in 3 groups (i.e., western, eastern, and central). Due to the organization of their territory they are an area whose contagion is more reduced. Not having been greatly affected by COVID-19, the Regional Government launched a fundraising movement for the purchase of hospital equipment.
Madeira	The Madeira archipelago was also another area slightly affected by COVID-19. The isolation of its population and the strong restrictions to circulation contributed greatly to this effect. One measure supported by the regional government was the payment of the isolation in hotel units to the inhabitants who arrived on the island during a period of 15 days. In terms of support to the population, the role of volunteering to avoid the displacement of older people to the supermarket and pharmacy is highlighted. Also noteworthy is the delivery of masks to the population free of charge.

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Source: Author's synthesis

## **5. Conclusion**

The Portuguese National Government has launched projects to support the business sector and the population in the fight against COVID-19. At the national level, projects of direct and indirect economic support stand out. An example of this broader project is the simplified lay-off involving about 1.3 million workers. Also, in the economic component, social security support emerged during the isolation period to care for children. The teleworking was compulsory for all employees whose professional duties are compatible with this regime, which changed the work paradigm and launched new challenges of compatibility with family life. Another initiative aimed at supporting students was the "#EscolaEmCasa", which allowed distance learning through television and targeted the most disadvantaged families without Internet at home.

Municipalities and local councils have also assumed a major role in detecting and supporting the most vulnerable people. Although the economic impact has been smaller, projects in this area are notable for their impact on the social dimension. In these initiatives, the existing partnerships with the local business community and Civil Protection stand out. Several projects emerged such as the creation of volunteer banks, the delivery of medicine and food to the most disadvantaged populations, psychological support to the most fragile, and the production of masks and personal protection goods that are extremely useful, especially for health professionals who are at the forefront of the fight against COVID-19.

This study essentially offers practical contributions by exploring the role of the Portuguese national and local government authorities in the fight against COVID-19. This information

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is expected to be useful to identify and compare with other countries that also needed to implement economic and social support policies. As future work, the authors intend to explore the sustainability of these measures in a phase of progressive deconfinement.

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