

Social policy and decentralization: Opportunities and Challenges for a Proximity-Based Welfare State

Renato Miguel do Carmo e Bruno Miguel Oliveira
Centro de Estudos de Investigação em Sociologia (Cies-Iscte)

Executive Summary

Municipalities face challenges in effectively measuring poverty and social exclusion due to the lack of standardised procedures and local-level indicators. This constrains the development of targeted, evidence-based interventions and exacerbates territorial inequalities. In addition, asymmetries in technical and financial capacity across municipalities risk undermining the principle of equal access to social rights. Decentralisation must be supported by capacity-building, stable long-term funding, the development of local poverty indicators, and shared data infrastructures. Municipalities should also be empowered to conduct local surveys and operate within coordinated multilevel governance frameworks.

Recommendations

- Strengthen the monitoring of poverty and social vulnerability at the local level;
- Reinforcing the technical capacity of local actors;
- Ensuring the financial sustainability of decentralisation;
- Permanent structures of coordination and technical and administrative supervision between Social Security services and municipalities must be established in order to clarify institutional roles.
- Promotion of innovation and knowledge transfer among municipalities should be actively encouraged

Destinates of the policy brief

- Local authorities in Portugal – civil servants in the city council, coordinators of social units, and aldermen responsible for social action
- Intermunicipal Communities (regional level) – intermunicipal executive secretaries and members of the Intermunicipal Strategic Development Council
- Directorate-General for Local Authorities
- Secretary of State for Local Authorities
- Chair of the Social Security Board
- Secretary of State for Social Security

Introduction and Problem Statement

The transfer of competences in the field of social action, established by Law No. 50/2018 and Decree-Law No. 55/2020, represented a decisive step towards strengthening the role of municipalities in the management of social policies, including the social integration Income

“Rendimento social de inserção” (RSI), the social follow-up of vulnerable families (SAAS), and the allocation of emergency support measures.

This decentralisation process sought to bring decision-making closer to citizens, enhance

local responsiveness, and foster stronger intersectoral coordination (Silva, 2025). However, its implementation has exposed structural limitations that compromise both policy effectiveness and territorial equity.

A key shortcoming lies in the absence of indicators that measure poverty and social vulnerability at the local scale, as well as qualitative analysis. This limits rigorous monitoring, evidence-based decision-making, and robust impact evaluation. Additionally, asymmetries in technical and financial capacity across municipalities risk undermining the principle of equal access to social rights.

Poverty is a multidimensional phenomenon (Townsend, 1962; Room, 1989; Bruto da Costa, 2012; Pereirinha & Pereira, 2025; Kakwani & Son, 2025). Drawing on Amartya Sen's capability approach — which argues that individual well-being is linked to one's real freedom to shape the quality of one's own life (Sen, 1993) — poverty reduction also requires a “decisive commitment to empowering the vulnerable through equitable access to

essential services” (Kakwani & Son, 2025). It is within this conceptual and policy framework that this study aims to understand how municipalities ensure quality and effective social intervention following the decentralisation of competences. The study responds to four guiding research questions:

- a) What instruments are necessary for municipalities to effectively measure and monitor poverty and social exclusion at the local level in Portugal?
- b) How can we assure municipalities with distinct institutional and socioeconomic capacities interpret and operationalise decentralised competences in the field of social action the same way?
- c) How is the concept of institutional proximity perceived and translated into practice by local actors within decentralised social governance?
- d) How can the decentralisation of social competences contribute to a stronger Welfare State that is effective, sustainable, and territorially equitable?

Analysis / Key Findings

The four Portuguese municipalities under study — Moura, Alenquer, Porto and Barreiro — reflect the country's socio-territorial diversity, contrasting metropolitan areas with more peripheral and rural contexts. A local-level indicator' mapping was conducted and structured into two analytical dimensions: susceptibility, referring to contextual and situational vulnerabilities that influence territories' ability to withstand social and economic disruptions (Carmo, Pinto & Ferrão, 2025); and coverage, referring to local institutional capacity to design and implement comprehensive and territorially inclusive social responses. Indicators were then grouped as process indicators (material, human and operational enablers) and outcome indicators (municipal-level poverty data).

Most municipalities lack outcome indicators — such as poverty or material deprivation rates — disaggregated at the local level.

Existing national statistics (INE, Social Security) are insufficient to capture territorial

dynamics of vulnerability or the changes induced by decentralisation. This absence makes it difficult for municipalities to plan, monitor, and evaluate social policies, limiting evidence-based governance.

Municipalities predominantly rely on coverage process indicators (e.g., number of beneficiaries, social interventions, or projects), while result-oriented data remain scarce (on the susceptibility dimension). The territories belonging to metropolitan areas or close to them show a greater balance in terms of susceptibility and coverage. Thus, the link between susceptibility and coverage is fundamental for assessing the effectiveness of decentralisation and for guiding social policies tailored to local specificities.

Interviews with local decision-makers and practitioners revealed convergent perceptions regarding both the progress and challenges brought by decentralisation.

Municipalities such as Moura and Barreiro illustrate good practices in the implementation of decentralised social competences.

In both cases, the creation of centralised social service hubs improved coordination among local departments, reduced response times, and strengthened institutional proximity.

These experiences demonstrate that, when accompanied by strategic planning and effective cooperation, decentralisation can foster administrative and social innovation, reinforcing local legitimacy and citizen trust.

The **SWOT analysis** below summarises these findings.

Table 1 - SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> Greater proximity to citizens and faster response capacity Stronger intersectoral coordination (education, housing, employment) Ability to tailor interventions to territorial specificities Municipal legacy and experience in social action 	<p>Opportunities</p> <ul style="list-style-type: none"> Deepening the Welfare State at the local scale Reinforcing local legitimacy and governance Hiring new specialised human resources Creating more integrated proximity-based social policies
<p>Weaknesses</p> <ul style="list-style-type: none"> Insufficient financial resources for new responsibilities Technical and administrative overload Lack of specialised training for professionals (mental health, migration, housing) Bureaucracy and unclear institutional roles Lack of standardized qualitative indicators to measure poverty at the local scale 	<p>Threats</p> <ul style="list-style-type: none"> Transfer of burdens without adequate funding Territorial inequalities in service capacity Difficulty in securing a regular follow-up and support from central Social Security Risk of policy fragmentation and loss of coherence



Figure 1 - Challenges in the policy decentralization in the social domain

Policy Options and Recommendations

To consolidate a sustainable and equitable model of social policy decentralisation, a coordinated set of public policy measures should be prioritised.

First, it is essential to strengthen the monitoring of poverty and social vulnerability at the local level. This requires the creation of a Municipal (or Intermunicipal) System of Social Indicators capable of integrating administrative data, local surveys, and quantitative and qualitative information produced by municipal and community networks. These instruments should also incorporate participatory methodologies, enabling the identification of emerging vulnerabilities, the assessment of the effectiveness of social measures, and evidence-based decision-making. Their implementation should result from a coordinated effort involving municipalities, the National Statistics Institute (INE), the Social Security Institute, and research centres.

Second, reinforcing the technical capacity of local actors is crucial. The growing complexity of social problems, particularly in the areas of mental health, migration, and housing—demands specialised knowledge and continuous professional training. The central government, in coordination with the National Association of Portuguese Municipalities (ANMP), the Institute for Employment and Vocational Training (IEFP), and higher education institutions (e.g. polytechnic institutes), should promote targeted training programmes aimed at strengthening the capacity of municipal staff to respond effectively to these emerging challenges.

Third, ensuring the financial sustainability of decentralisation is a key priority. The current allocation of resources has proven insufficient in many cases given the responsibilities transferred to municipalities. A revision of the funding model is therefore required, guaranteeing adequate budgetary allocations

for social policies and adjusting technical staffing ratios to the real workload and complexity of administrative and social intervention processes. This process should involve both the Ministry of Labour, Solidarity and Social Security (MTSSS) and the Ministry of Finance.

Fourth, effective decentralisation depends on robust mechanisms of multilevel cooperation. Permanent structures of coordination and technical and administrative supervision between Social Security services and municipalities must be established in order to clarify institutional roles, promote data sharing, and ensure consistent standards of intervention. This coordination should go beyond formal agreements and evolve towards

a culture of joint problem-solving, mutual accountability, and systematic monitoring of decentralisation processes.

Finally, the promotion of innovation and knowledge transfer among municipalities should be actively encouraged. The development of pilot projects for integrated social intervention and of intermunicipal learning platforms would allow innovative solutions to be tested, good practices to be shared, and successful initiatives to be scaled up. These dynamics may be supported through dedicated funding programmes promoted by the national government, the European Union, or the Regional Coordination and Development Commissions (CCDR).

Conclusion

The decentralisation of social competences has generated clear benefits in terms of proximity, responsiveness, and local legitimacy, as evidenced in the interviews with social workers and municipal officials. These developments suggest that decentralisation can strengthen locally embedded welfare responses and enhance the visibility and accountability of public action.

However, the sustainability and effectiveness of this reform remain contingent on structural conditions that are not yet guaranteed. First, the persistent lack of reliable, timely, and territorially sensitive outcome indicators on poverty and social exclusion limits municipalities' ability to diagnose needs and monitor change at the local level. The development of standardised, territorialised monitoring and evaluation tools would therefore be a critical step forward.

Second, ensuring adequate human and financial resources is essential for municipalities facing increasing socioeconomic pressures, including the housing crisis, rising living costs, food insecurity, and the provision

of care services. New and emerging challenges—such as those affecting undocumented migrants excluded from national welfare provisions (Spektorowski, 2024) and the growing prevalence of mental health issues—also require specialised and continuous professional training.

Finally, the institutional loophole identified in the decentralisation process—resulting from incomplete articulation between central and local levels, particularly between Social Security and municipalities—risks producing fragmented governance arrangements. If such misalignment persists, it may undermine both the practical application of institutional proximity and the normative ambition of Law 50/2018, which aims to consolidate a more responsive, proximity-based Welfare State.

Overall, for decentralisation to contribute to a stronger, equitable, and sustainable Welfare State, it must be accompanied by capacity-building, stable long-term funding, shared data infrastructures, and coherent multilevel governance mechanisms.

References

- Afonso, J. (2024). "A vulnerabilidade social e o poder local no contexto da pandemia: Uma reflexão a partir de Lisboa" em Jorge Caleiras e Renato Miguel do Carmo (Orgs.) O Tripé Inadiável. Mundos Sociais. Lisboa
- Alves, Nuno (2022). "Um indicador de pobreza multidimensional para Portugal". Revista de Estudos Económicos, Vol. VIII, N.º 4
- Bruto da Costa, A., Baptista, I., Perista, P. e Carrilho, P. (2012). Um olhar sobre a pobreza: vulnerabilidade e exclusão social no Portugal contemporâneo. Lisboa. Gradiva
- Desmond, Matthew (2022), "Poverty, by America". Pinguin Books
- Carmo, Renato do, Pinto, Hugo e Ferrão, João (2025). "Socio-Spatial Vulnerabilities, Peripheralization and Post-Crises Resilience: Lessons from the Portuguese Case". Sociologia Ruralis. 2025; 65:4, 1-12;
- Kakwani, Nanak and Son, Hyun (2025). "Multidimensional Poverty: A New Perspective on Measurement". The Journal of Development Studies, DOI: 10.1080/00220388.2025.2530471
- Tavares, I., Cândido, A. F. e Carmo, R. M. (2021). Desemprego e Precariedade laboral na população jovem: tendências recentes em Portugal e na Europa. Lisboa. Observatório das Desigualdades. Cies-Iscte
- EAPN Portugal Rede Anti-Pobreza (2023). Pobreza e Exclusão social em Portugal: Relatório 2023. Observatório Nacional da luta contra a pobreza
- Pereirinha, José e Pereira, Elvira (2025). "Pobreza e desigualdade: que relação?" em Fernando Diogo, Pedro Perista e Paula Campos Pinto (orgs.) Homenagem a Alfredo Bruto da Costa. Associação portuguesa de sociologia/Gradiva Publicações. Lisboa
- Spektorowski, Alberto (2024) "The exclusion of immigrants from welfare programs cross-national analysis and contemporary developments", Ethnic and Racial Studies, 47:8, 1741-1744, DOI: 10.1080/01419870.2023.2211150.
- Silva, Pedro Adão (2025). A descentralização e a desconcentração das políticas públicas. O Estado da Nação e as políticas públicas. Lisboa. Ipps_Iscte



HOW TO CITE THIS DOCUMENT

Carmo, Renato M., Oliveira, Bruno M. (2026). *Social policy and decentralization: Opportunities and Challenges for a Proximity-Based Welfare State*. S4P-24 Policy Brief 6666/2024. PLANAPP – Centro de Planeamento e de Avaliação de Políticas Públicas.

CONTACT

science4policy@planapp.gov.pt

COPYRIGHT

© PLANAPP, 2026



[Ciência para as políticas públicas](#)



[PLANAPP](#)



[Newsletter](#)



[PLANAPP](#)



[@planapp_](#)



[PLANAPP podcasts](#)



This policy brief was developed under the Science4Policy 2024 (S4P-24): annual science for policy project calls, an initiative by the Centre for Planning and Evaluation of Public Policies (PLANAPP) in partnership with the Foundation for Science and Technology (FCT), financed by Portugal's Recovery and Resilience Plan. Thematic line S4P-24/03: People First / Poverty and the process of transferring powers from Social Services to local authorities: requirements and conditions.

The content is the sole responsibility of its authors and does not bind or commit PLANAPP nor FCT.