



## **PORTUGAL**

**Contribution to the  
2015 United Nations Economic and Social Council  
(ECOSOC)  
Integration Segment**

## **ECOSOC Integration Segment - “Achieving sustainable development through employment creation and decent work for all”**

Portuguese contribution to the Secretary General’s Report  
23.02.2015

### *Guidance questions*

1. How has your Government used labour market policies, including wage policies, to help reduce economic and social inequalities?

The Portuguese Government agenda give specific focus upon the relevance of the employment policy, aiming to improve the competitiveness and growth of the Portuguese economy, the development of the human capital, the fight against unemployment and the process of job creation and its quality.

The "Commitment to Growth, Competitiveness and Employment", an agreement that was signed between the Government and Social Partners on January 2012, envisaged a number of measures to strengthen the active employment policies in order to allow, in particular, the support of the unemployed in their integration into the labour market, encourage the creation and maintenance of employment and enhance skills and employability of active workers as well as the unemployed.

In a broader sense, labour market policies are envisaged as a fundamental pillar of the ongoing structural reform process, based upon a comprehensive set of policies and reforms aimed at becoming the labour market more dynamic and flexible, on the grounds that this is an essential element for a more competitive economy.

The recent framework for the employment policy (Decree-Law nr. 13/2015, published on January 26th) establishes a set of goals that are sought to increase prosperity and social well-being, guided by principles that respect the universal aspects and economic and social cohesion, such as freedom and equality of opportunities in the choice and exercise of a profession, equality and non-discrimination in the access to employment and vocational training, as well as the ability to conform with the specificities of local and regional socio-economic realities.

Ton sum up, it is considered that a harmonized and well-functioning labour market, based on high activity and employment rates, upholds social and economic inclusion of all individuals and social groups and, therefore, helps to prevent or mitigate inequalities. In that sense, labour market policies have been used mainly to:

- a) Regulate labour market relations between all the stakeholders, including wage policies (for example, the setting of minimum wage);
- b) Support and enhance the access to the labour market of all categories of active and inactive persons, mainly through activation policies (hiring support; support for entrepreneurship; development of skills, training and experience in the workplace; and integration via the improvement of social and professional skills).

Labour market policies and measures, including vocational training, can reduce inequality and increase equal opportunities for all, especially for those at greater risk of exclusion from the labour market (low skilled unemployed persons, immigrants, women, young people, disabled persons, etc.), by allowing a greater participation in economic and active life.

A fair balance between social protection (e.g. unemployment benefits or minimum income) and active employment measures and also between labour incomes (e.g. minimum wage) is necessary in order to make work pay and increase the participation in the labour market. On the other hand, labour market policies stimulate job creation, self-employment and entrepreneurship and can also contribute to enhancing the quality of employment and to reduce the segmentation of labour markets.

In this context, the public employment service contributes to a better organization of the labour market, in particular by supporting the workers in obtaining suitable employment and employers in recruiting workers, in other words by enhancing job search support and better matching jobs with skills. With regard to training, it should be noted that it aims not only the increasing of qualification and educational levels, but the promotion of employability and personal development, particularly for the unemployed. The commitment to training and professional qualification becomes therefore crucial to economic growth, to ensure increased competitiveness and modernization of enterprises and the quality and productivity of labour.

Therefore, in recent years the public employment service adopted a set of measures that can help reduce inequalities towards the labour market:

- One example is the implementation, since December 2012, of a new operating model in Job Centres called "Intervention Model for Matching". This model aims to create more and better employment opportunities and increase the employability and participation of jobseekers in the labour market. It facilitates and improves the interaction with the unemployed jobseekers, with the adoption of a profiling system and a career manager counsellor, as well as with the employers, maximizing the job matching.
- Also noteworthy is the launch in October 2013 of a training module called "Cross Training - Activation and Job Search Techniques". Their frequency is a mandatory step in the Personal Employment Plan for all registered unemployed. This training is developed based on 3 short duration training units (25 hours each), which can be developed independently by association of the segmentation according to the respective profile of the unemployed.

In terms of creating conditions for equal access to the labour market by persons at a disadvantage in finding a job, three types of positive discrimination measures are used by the public employment service:

- a. Greater support in terms of active employment measures. In these cases the financial supports given for the integration of people from disadvantaged groups were stepped up. The rules were also drawn up exempting those groups from meeting certain eligibility requirements or

classifying them as a priority public in the access to some measures, like hiring incentives or traineeships.

- b. Specific measures aimed at supporting job integration of specific groups, namely for people with impairments and disabilities or young people not in employment, education or training (NEET).
- c. Customized intervention of the employment services, with specific methodologies for various situations, the most important being:
  - Intervention in households where both partners are unemployed or where the single-parent is unemployed;
  - Occupational integration of beneficiaries of the Social Integration Income;
  - Intervention for the integration of Roma communities
  - Assistance of victims of domestic violence;
  - Integration of the homeless;
  - Service for the interpretation of Portuguese sign language, allowing access of deaf people to employment and vocational training services or assistance.

2. How has your Government used monetary, fiscal and trade policies to create employment and promote decent work for all, while ensuring social inclusion and environmental protection? In particular, is the pursuing of full employment considered as a primary monetary policy objective by the Central Bank? Has your country experienced fiscal consolidation process in the recent years? If so, what has been the impact on employment and social protection in your country?

The Portuguese Government used some fiscal policies to promote access to employment, namely through hiring supports based on the reimbursement of social security contributions.

On what concerns the industrial and trade policies, the employment dimension is also of relevance in the major strategic plans of the Portuguese Government. For example, the recent “Strategy for Growth, Employment and Industrial Development 2014-2020” defines an ambitious set of goals, based upon synergies between different domains that are aimed to boost the export capacity of domestic firms, focused on the re-industrialization as the engine of the economy, the reinforcement of private investment, the creation of sustainable employment and in the investment in knowledge and qualification of human resources. In this plan, the major goal for qualifications is to increase the skills among Portuguese population, in particular through the increase of technical-professional training, the reduction of early school leaving, the investment in dual training and the increase of the share of population with medium and high skills. Some of these indicators, as well as its targets, result from the EU 2020 Strategy, and are determinant factors to structure a sustainable economic growth and a more cohesive society.

On what concerns the monetary policy envisaged by the Central Bank, the Portuguese Central Bank (Banco de Portugal) is part of the Eurosystem and the primary objective of the Eurosystem is to maintain price stability, thus protecting the purchasing power of the euro, as stipulated by the Treaty establishing the European Community.

Without prejudice to the objective of price stability, the Eurosystem also support the general economic policies in the Community with a view to contributing to the achievement of the Community objectives, which include a high level of employment and sustainable and non-inflationary growth.

Concerning the recent fiscal consolidation process, between 2011 and 2014 Portugal was under a Financial Assistance Programme. In order to re-establish the confidence of international financial markets and to promote competitiveness and sustainable economic growth, this Programme was based on three pillars: fiscal consolidation, stability of the financial system and structural adjustment of the Portuguese economy. According to European Commission report that provides a general overview and assessment of the performance of the Portuguese economy under the EU/IMF adjustment programme, it is referred that the Programme implementation has stabilised the economic and financial system and provided the basis for Portugal's return to a path of sustainable growth and job creation (European Economy, Occasional Papers 202 | October 2014).

The increase of the unemployment is one of the most worrying consequences of the economic crisis that Portugal has gone through since 2008. The unemployment rate reached historical values in 2013 (16.2%), but since the beginning of 2014 the situation of the labour market has improved.

	Annual Unemployment Rates (%)											
	2011			2012			2013			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Portugal	12,7	12,3	13,0	15,5	15,6	15,5	16,2	16,0	16,4	13,9	13,5	14,3

Source: National Statistics Institute, Labour Force Survey

In 2014, the unemployment rate stood at 13.9%, representing a decrease of 2.3 percentage points compared to 2013. The number of unemployed was 726.0000 people and decreased 15.1% over the previous year (less 129.200 people). The employed population, estimated at 4.449.500 people, recorded an annual increase of 1.6% (over 70.100 people).

This situation reflects an improvement in the trust of the economic recovery and the effort to encourage job creation and promote favourable conditions to employment and employability through active employment measures.

3. What kind of trade-offs has your Government encountered in the promotion of full employment and decent work for all? What can be done to enhance synergies between respect to international labour standards and to environmental safeguards, productivity, competitiveness and economic growth?

Full employment and decent work for all are not conflicting goals, but interconnected. The Portuguese Constitution assumes that everyone has the right to work and that all workers, regardless of age, sex, race, citizenship, place of origin, religion, political or ideological convictions, are entitled to:

a) Remuneration for work, according to the its quantity, nature and quality, observing the principle of equal pay for equal work, to ensure a decent way of life;

- b) The organization of work among socially dignifying conditions, so as to provide personal fulfilment and to allow the conciliation of work and family life;
- c) The provision of work in clean, safe and healthy conditions;
- d) Rest and leisure, as well to a maximum limit of the working day, to a weekly rest and to regular holidays with pay;
- e) Material assistance when they are involuntarily unemployed;
- f) Assistance and fair compensation for victims of accidents at work or occupational disease.

Synergies between international labour standards and environmental safeguards, productivity, competitiveness and economic growth may be achieved through strong and adequate horizontal coordination policies that ensure high levels of consistency between all these dimensions.

Portugal, within the European Sustainable Development Strategy, is strongly engaged to the global commitment towards sustainable development goals under the UN post- 2015 agenda.

4. Is youth employment a major issue in your country? What is the proportion of the youth labour force [aged between 15-24] that is unemployed in your country? Does your Government have specific programmes targeted at youth employment?

Youth employment is a major issue in Portugal, given the high levels of unemployment among youngsters: since the last quarter of 2008, the youth unemployment rate (YUR) rose from 18.4% to 42.5% in the 1st quarter of 2013, starting to decline in the following quarters. In 2014, YUR was 34.8% (less 3.3 p.p. than in 2013).

Beyond national economic recovery, a good part of the evolution of these figures is due to the implementation of a specific program targeted to improve youth employability through a set of complementary measures like education and training, traineeships, hiring and entrepreneurship supports. This program has been put into practice since June 2012, being revised and adjusted in 2013. In the beginning of 2014, and in line with EU Recommendation, Portugal started to deliver a Youth Guarantee aimed at young NEET from 15 to 30 years old, given the extension of NEET aged 25-29 years old (over 20% of youth population).

In the last decade, Portugal has made a remarkable progress in relation to the qualification of young people by increasing their rate of participation in the education and training system, reducing the drop-out rate, increasing the number of students and graduates in vocational courses, fixing compulsory education up to 12th grade or up to the age of 18, as well as by improvements in the national scientific system and the diversification of measures promoting the employment and employability of young people.

However, this group, which is not homogeneous, has been particularly affected by the economic and financial crisis and the inability to generate employment opportunities, increasing the risk of entering a cycle of precarious employment, unemployment, inactivity, marginalization and social exclusion.

	2011	2012	2013	2014
<b>População ativa</b>	<b>5 428,3</b>	<b>5 382,6</b>	<b>5 284,6</b>	<b>5 225,6</b>
Dos 15 aos 24 anos	436,7	419,1	389,5	378,0
<b>População desempregada</b>	<b>688,2</b>	<b>835,7</b>	<b>855,2</b>	<b>726,0</b>
Dos 15 aos 24 anos	132,1	158,9	148,4	131,4
<b>Taxa de desemprego (%)</b>	<b>12,7</b>	<b>15,5</b>	<b>16,2</b>	<b>13,9</b>
Jovens (15-24 anos)	30,3	37,9	38,1	34,8

Source: National Statistics Institute, Labour Force Survey

Portugal is still faced today with the need to respond to various challenges at the same time. The most urgent is the high unemployment rate among young people less than 25 years old (34,8% in 2014) and the number of young NEET (not in employment, education or training) – around 244.700 aged between 15-29 years old in 2014 (of which 135.300 15-24 years old).

In response to the worsening situation of youth unemployment in Portugal, in August 2012, Portugal launched a plan to promote youth employment – “Impulso Jovem” (Youth Impulse) - focusing on supporting the employability of unemployed people aged up to 30 years. The purpose of this plan was to act on both sides of the labour market, establishing favourable conditions for companies to create sustainable and highly skilled jobs, and creating opportunities for young people entering the labour market, offering them traineeships or certified vocational training with a view to a sustainable future work relationship.

Considering youth unemployment a national priority, in the end of 2013, Portugal adopted the European Commission recommendation of a Youth Guarantee based on the commitment of each Member State to ensure that all young people up to the age of 25 enjoy a good job opportunity, education, apprenticeship or internship within 4 months after becoming unemployed or dropping out of school. Portugal extended the implementation of the Youth Guarantee for people under 30 years.

The Youth Guarantee (YG) was developed taking into account the following key ideas:

- Early activation and tackling cycles of inactivity - use of effective mechanisms for signalling these young people, diagnosis of their particular situation and referral to ensure rapid responses;
- Heterogeneity of responses - the quality of the responses that are offered under the YG relates mainly from the adjustment of each response to the characteristics and needs of each young person;
- Partnerships - the complexity of situations and paths of young people requires concerted action to ensure the necessary multidimensional responses and partnership working, not only among the State institutions, but also among other strategic partners with interventions at different levels and areas.

The measures available for NEET less than 30 years old under the Youth Guarantee comprise:

- Education and Vocational Training – combining the measures, offers and paths, at a variety of skill levels, which contribute to improve the skills profile of each young person;

- Traineeships – focused on creating on-job-training opportunities that lead to a lasting integration into the labour market;
- Employment – direct placement in the labour market as well as measures that contribute to the creation of new jobs, like hiring incentives;
- Support to entrepreneurship – including financial incentives for self-employment and start-ups and consultancy.
- Support to mobility, inducing the development of soft skills and employability.

5. How is your Government addressing the challenges of education / skills and job mismatch in your country, especially in the context of the transition to a sustainable development? Does your country have successful initiatives that link education and training into the world of work?

The training needs at national, regional, local and sector level are a fundamental aspect when planning the training offer.

The regional advisory councils that include, in addition to the IEFP, representatives of the Coordination Commissions and Regional Development, trade unions and business associations, have the responsibility, among other things, to assess and report on the training plans of the several Vocational Training Centres of IEFP.

Also at the local level it's important to highlight the involvement of representatives of trade unions and business confederations through the Advisory Councils of the Vocational Training Centres, and also to highlight the inputs of IEFP's information systems on employment since they integrate information collected by the employment services among employers and job candidates, which provide important data that help to match the needs with the training offer.

On the other hand, IEFP network integrates 23 sectorial oriented vocational training centres (e.g. automotive industry, civil construction, electronics, trade, metallurgy and metalworking, services, textile, sea and fisheries, and others), that are privileged structures concerning the information on skills needs in the respective sectors of activity due to the proximity to companies, with whom they work side-by-side.

Considering that the training offer follows the training standards available on the National Qualifications Catalogue, which is assumed as a strategic management tool of national qualifications and pursues, among others, the following objectives:

- Facilitate the identification and anticipation of qualifications and skills needs in a context of rapid change and new demands on the adaptability of workers and enterprises;
- Promote the production of qualifications and skills critical to the competitiveness and modernization of the economy as well as for personal and social development of the individual;

it means that the areas in which training is developed effectively contribute to the promotion of sectors with strategic importance at the socio-economic plan.

It should be added that to ensure that the provision of training corresponds to the real needs of the labour market, IEFP identifies each year the areas and career opportunities that are in line with the priorities of the labour market, aiming the qualification of professionals to promote increased competitiveness of enterprises in particular in sectors of tradable goods and services, with a strong technological component considered strategic for the economy and national competitiveness, promoting thus the employability of the trainees.

Bearing in mind that the qualification requirements are variable in space and time, IEFP's Vocational Training Centres offer is flexible enough to adjust and meet the needs of companies and people.

The adjustment of training to the needs of the labour market is particularly enhanced in training offers that include a strong component of practical training in the workplace, as in the case of dual learning courses, in which young people remain in companies about 40% of the hours of the respective course. This practical training, accompanied by a company tutor, allows trainees to consolidate skills acquired in the training context, acquire new techniques and relational skills and develop relevant attitudes and behaviours relevant for professional integration.

The practical training at the companies is considered by all those involved in it, and also for employers, as an asset, as it allows the trainees a contact with the labour market and helps to increase the acquisition of knowledge and skills in direct relation with the world of work as well as to develop behaviours and attitudes of greater rigor, accountability and proactivity. It also allows contact with modern technologies and innovative techniques that often are difficult to reproduce in the context of training.

On the other hand, this practical training enables employers who choose to integrate the trainees after the training more informed and sustained hiring, since they already had the opportunity to evaluate the performance of trainees in training situation and get to know their potential and the skills they have acquired with the training.

Specifically for the unemployed it was implemented the Active Life measure, which aims to consolidate, integrate and refine a set of interventions targeted at the activation of these publics, encouraging people to learn throughout life, increasing employability and the active job search, considering the recommendations of the European Union and the OECD, as well as the experience gained over the years by IEFP as the public employment service.

Active Life aims to strengthen the quality and the speed of the active employment measures, in particular with regard to professional qualifications, through the development of:

- modular training courses, based on short training units, aiming the acquisition of technological and entrepreneurial skills that capitalize, gradually, to obtain a qualification, enhancing employability;
- practical training in the workplace, consolidating the modular training or skills previously acquired in different contexts by the applicant;
- recognition, validation and certification of competences acquired throughout life through formal channels, non-formal or informal.

The implementation of this measure does not exclude the possibility of direct orientation to other qualifying offers, when available in the short term and may prove more adjusted to the individual profile of the unemployed and to the labour market needs.

To conclude, other examples of successful initiatives connecting education and training to labour market are some of the upper-secondary professional courses specifically directed to the tourism sector, provided by the tourism and hotel schools of Institute Tourism of Portugal (TP), which have a global placement rate of 80%. These courses include socio-cultural, scientific and technical training, including curricular traineeships in the sectors' companies, and benefit from the solid partnership between TP and the tourism sector.

6. How has your Government mitigated the trade-offs between the environmental, economic and social dimensions? What kinds of investments have generated the greatest job potential while maintaining environmental sustainability?

The Portuguese Government has recently presented the Green Taxation Reform, based on the principles of Triple Dividend – protect environment and reduce energy dependency, foster growth and jobs, and to contribute to budgetary responsibility and to reduce external imbalances – and Fiscal neutrality – net increase in revenue must be used towards the decrease of other taxes, namely on income. By this reform, it is expected a multiplier effect on employment of 0.22% and a revenue of €150 million that shall fully fund the reduction on personal income taxes.

7. What kind of policy initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalize and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?

In order to facilitate the transition from informal to formal employment, Portugal has developed a National Campaign against Undeclared Work, included in the ACT (National Authority for Working Conditions) Activity Plan, with the following strategic objectives:

- a) Detect and fight total and partly undeclared work, promoting the conversion of undeclared work into regular employment;

- b) Promote a culture of compliance with obligations in labour matters;
- c) Raise awareness of society to the need and advantages of declared work and the negative consequences of non-declaration.

8. What kind of institutional framework arrangements are in place in your country for the successful integration of the economic, social and environmental dimensions of sustainable development to facilitate decent work?

In 1997, following the 10th Principle of Rio Declaration on Environment and Development, Portugal created the National Council for Environment and Sustainable Development (CNADS), which started functioning in 1998. The CNADS is an independent national body with an advisory role that provides the involvement of sensitivities of the various social, cultural and economic forces in the search for extended consensus in relation to environmental policies and sustainable development.

Under the EU European Sustainable Development Strategy 2015, Portugal has developed a National Strategy for Sustainable Development that ends in 2015.

9. How do the civil society, trade unions and the private sector engage in promoting an integrate approach to employment creation and decent work for all?

The Economic and Social Council (CES) is a constitutional body for consultation and social dialogue, which main goals are to promote the participation of economic and social stakeholders in decision-making procedures of the sovereign bodies, within the scope of socioeconomic issues. It is the room for dialogue between the Government, Social Partners (trade unions and employer associations) and remaining representatives of the organised civil society.

Within the scope of its competency, the CES expresses opinions on the drafts of the programmes and policies for social and economic development, Portugal's positioning within the European institutions with regard to these policies, the use of European funds at national level and the regional development policy.

The CES work is carried out by its bodies, namely the Chairman, Plenary, the Specialised Standing Committee on Social and Economic Policy, the Specialised Standing Committee for Regional Development and Land Planning, the Coordinating Board, the Administrative Board and the Social Concertation Standing Committee, that works independently of the CES.

10. What can the ECOSOC system do to help countries boost economic growth in a sustainable way that creates employment and decent work for all?

The ECOSOC system may provide a global and diverse forum to think and debate about the different ways to promote economic growth in the context of sustainable development principles as well as social inclusion principles, which allow the creation of employment and decent work for all.

