

Portugal

INCLUSIVE LABOUR MARKETS: ENSURING NO ONE IS LEFT BEHIND



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About this report

Caritas Organisations are essential actors in the fight against poverty and social exclusion, and the striving for social justice. They do so by assisting and providing services to people in need, as well as by presenting alternatives to address unfair structures, policies and measures.

The Caritas CARES poverty reports are an important instrument in this endeavour. Caritas informs local, regional, national, and European authorities and formulates recommendations based on its daily work with people experiencing poverty. Caritas CARES poverty reports support the advocacy efforts of Caritas at national and at European levels, and endeavour to ensure that the voices of the most vulnerable members of society are heard.

The focus of this edition of Caritas CARES poverty reports is on inclusive labour markets and social economy as part of national social models. The poverty report focuses particularly on the challenges that should be urgently tackled to make labour markets more inclusive and to promote the social economy, based on Caritas Europa's vision for sustainable social models, as well as on existing EU and Council of Europe processes, programmes and legal instruments.

This report has been realised on the basis of a questionnaire, designed in consultation with the participating member organisation.

About Caritas Portugal

Cáritas Portuguesa is an official service of the Portuguese Bishops Conference and the national union of 20 Diocesan Cáritas and several local grassroots groups that work in parishes and communities. Caritas Portugal is a member of Caritas Internationalis, Caritas Europa, the Portuguese Platform of NGOs for Development, the Portuguese Volunteer Confederation, the Dignitude Association, the Refugee Support Platform, and the Forum for Catholic Organisations for Immigration. Our Vision is to be a testimony of fraternity

of the Christian community among the most vulnerable through the social pastoral activity of the Church. Our mission is to promote integral human development and the common good, acting as agents of change, fostering the sharing of goods and providing aid in emergencies. Screening social reality and analysing the signs of our times is also a core activity in Caritas. So too is analysing the country's situation through our own data, based on the number of people welcomed, but also from the different social

services provided or projects implemented, comparing these with official statistics and other data, in order to contribute to and participate in public policy debates.

The impact of the COVID-19 pandemic on Caritas services

Since the pandemic erupted in early 2020, Caritas Portugal has observed an evolution of the target groups accessing our services, with increasing numbers of people of working age, families with children, women, people with health problems and migrants. According to Caritas Portugal's internal statistics for 2020, there has been an increase of 20.6% in people asking for support within the diocesan network. Caritas accompanied 122,300 persons in 2020, being 21,000 more than in 2019.¹

At the same time, there has been an **increased request for services and support provided by Caritas**, in particular in relation to access to income support, to social services, to healthcare services and to employment services. The main reason for the increased demand for support is unemployment and insufficient income. The Caritas network has also provided support in medical expenses and financing of essential services (electricity, water, gas, etc.). Significant support (around 60% of the national programmes) has been dedicated to help pay rent, as Caritas beneficiaries mostly live in rented houses and are temporarily and/or permanently unable to cope with this primary budgeting expense.

Caritas' services have also needed to adapt to the pandemic restrictions in order to be able to continue responding to beneficiaries. Contingency plans were applied, and responses were adapted (working from home, provision of remote services, rotating schedules for emergencies staff, distribution of essential goods, and self-protection measures in the social services centres). Information materials on safety measures were adapted for the general population and disseminated via social media.

In response to the social effects of the pandemic, and complementing the diocesan and local level programmes, two national Caritas programmes were created:

- *Programa Intermédio de Apoio Social (PIAS) – Intermediate Social Support Programme* that took place between April and June 2020 and was a response to the needs felt locally. It provided vouchers, enabling people to purchase food and essential goods. It also provided urgent one-off financial support, upon request, to pay for essential expenses (rent, electricity, water, etc.). With this programme 5,958 people (still a provisional number) were supported.
- A fundraising campaign called '*Vamos Inverter a Curva da Pobreza em Portugal*' '*Let's invert the poverty curve in Portugal*' ran from June 2020 until the end of that year. To apply the collected funds, four areas of action were defined: 1) first-line support; 2) support for inclusive socio-economic recovery; 3) capacity-building of the Caritas network; and 4) international support to the

¹ For more information, go to <https://caritas.pt/observatorio-social>

Caritas network. Considering the dynamics of fundraising, action was taken in areas 1, 3 and 4. In particular, concerning first-line support, action centred on the continuity of the PIAS (vouchers and one-off financial support). By February 2021, 3,608 people (provisional numbers) had been supported in this way. A study of these programmes will provide a better understanding of the complete Cáritas response in Portugal.

In this context, **the main challenge for vulnerable groups using Caritas' services** concerns their access to official programmes and responses, as the beneficiaries often do not fit the criteria, that are both time-bound and revenue related. The pandemic accelerated the dynamics of this situation, which was frequently temporary (for example, immediate layoff does not qualify you for unemployment benefits but it decreases your income. And then a rent delay or other late payment can impede access to official support).

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Photo: Migrants Assistance Source: Cáritas Portuguesa/ Noelle Georg



Frameworks for an inclusive labour market

Within Catholic Social Teaching, there is a recognition that economic activities must operate within a broader moral framework of honesty and accountability, respect for human dignity, fairness, and a vision of integral and authentic development that goes beyond mere material profits. For Caritas Europa, the economy must serve people, not the other way around. Work is more than a way to make a living; it is a form of participation in society. If the dignity of work is to be protected, then the basic rights of workers must be respected – the right to productive work, to decent and fair wages, to the organisation and membership of unions, to private property, and to economic initiative. In the final statement of Pope Francis' *Economy of Francesco* it is stated that 'the right to decent work for all, family rights and all human rights [must] be respected in the life of each company, for every worker, and guaranteed by the social policies of each country.'²

These rights are also enshrined in the Sustainable Development Goals (SDG 8), the International Labour Organisation Conventions, the European Charter of Fundamental Rights, the European Social Charter, and more recently, the European Pillar of Social Rights (EPSR) (2017). The 20 principles of the EPSR are what guides the Member States towards a strong social Europe that is fair and inclusive.

For Caritas, respecting the rights and dignity of every worker necessitates a human-centred economy, founded on the 2030 Agenda and the SDGs, which puts people and the climate at the centre of the economic system and is based on an understanding of how the economy, climate and social rights are interlinked and interdependent. It is a sustainable and inclusive social model, which does not consider economic growth as an end in itself, but rather as a means for social and environmental progress in combination with climate protection. Human-centred economic policies are therefore based on

an assessment of social and environmental needs and boundaries, and are developed with the common good in mind in order to deliver benefits for people and for the planet.

An essential element of a human-centred economy is an inclusive labour market, one of the three pillars of Caritas' social model.³ Active inclusion, adequate income, sustainable employment, and quality services remain mandatory objectives for every economic system oriented towards justice and the common good. Inclusive labour markets, therefore, recognise the value of work and people's contributions to society.

For Caritas Portugal, an inclusive labour market must be sustainable and participatory for all, where earning is enough to provide a dignified life rather than just 'making a living', and where work allows a relevant contribution to one's identity and role in society.

² Pope Francis (2020), *The Economy of Francesco*, 21 November 2020, available at www.francescoeconomy.org/final-statement-and-common-commitment

³ Caritas' social model is made up of three pillars: 1) Family, 2) Inclusive Labour Markets, 3) Social protection Systems - *Social justice and equality in Europe is possible* - www.caritas.eu

SECTION I:

Current challenges in the Portuguese labour market

1.1. The labour market: pre- and post-pandemic

1.1.1. The evolution of the socio-economic context

In the last five years (2016–2020), the active population increased. From 2016 to 2019, the increase was 74,300 persons, but in 2020, as a consequence of the pandemic, there was a decrease of 87,500 workers that 'left' the active population. This trend was also reflected in the employment rates.

According to Eurostat statistics,⁴ between 2010 and 2020 the **employment rate**⁵ in Portugal rose from 70.3% to 74.7% (compared to the EU

27 average of 72.4% for 2020). Over the same period, the female employment rate⁶ increased from 65.6% to 71.9% (compared to the EU 27 average of 66.8%). However, the figures relating to the third quarter of 2020, which reflect the initial effect of the COVID-19 pandemic, show a reduction in the employment rate of -2.1 percentage points (pp) when compared to the third quarter of 2019. For women, the reduction was much lower (-0.6 pp).

Between 2010 and 2020, the **unemployment rate**⁷ fell from 11.1% in 2010 to 6.9% in 2020 (the same level as the EU 27 average). The figures relating to the third quarter of 2020 show an increase in the unemployment rate, from 6.1% in 2010 to 7.8% in the third quarter of 2020 (+1.7 pp). For women, the increase was lower (+0.9 pp). However, in the second quarter of 2021, the unemployment rate decreased further to 6.8%.

Concerning **youth unemployment**⁸ over the last decade (2010–2020), it was and has remained, higher than the EU average. While in 2010, youth unemployment was at 22.8% (compared to 21.5%, the EU average), it decreased to 22.6%, while the EU average dropped to 16.8%. Female youth unemployment was higher than the EU average in 2010 (24.0% compared to 20.9% at EU level), and in 2020, showing an opposing trend, it increased to 24.4% while the EU average dropped to 16.7%.

At the same time the **employment rate of the population aged 15–24**⁹ decreased considerably over the last decade, even in a context of increasing employment rates for the overall working population. Eurostat data indicate that the decrease for young people between 2010 and 2020 was -4.5 pp, from 27.9% to 23.4%, while the EU 27 average decreased by -0.2 pp. during that decade (from 31.7% to 31.5%). These figures were already slowly decreasing but the impact of the COVID-19 crisis has been particularly severe for young people.

As seen from the 2020 European Commission country report,¹⁰ in the period preceding the pandemic crisis, economic performance was positive, with a moderate trend of wage growth, and, at the same time, a continuous fall in income inequality, reaching the EU average in 2019. There was also some progress in tackling a persistent share of temporary employment. The main challenges affecting the Portuguese Labour market have progressively been tackled but most still remain an issue, such as:

- Labour segmentation, especially with regard to combating false self-employment.
- The number of people available to work but not seeking a job, which still remains higher than the EU average.
- Youth unemployment, which has remained relatively high.
- Regional differentiation within Portugal, which is still particularly relevant as far as NEET rates are concerned.
- Women's labour market participation is increasing, but the gender pay gap remains above the EU average.

⁴ For more information, see <https://ec.europa.eu/eurostat/web/main/data/database>

⁵ % of population aged 20–64

⁶ % of females aged 20–64

⁷ % of active population aged 20–64

⁸ % of active population aged 15–24

⁹ % of population aged 15–24

¹⁰ COMMISSION STAFF WORKING DOCUMENT, Country Report Portugal 2020, accompanying the document SWD/2020/521 final

1.1.2. Challenges in the labour market for vulnerable target groups

Migrants and those with a migrant background, Roma, and young people are among the most vulnerable target groups in the Portuguese labour market.

For **migrants**, the situation is difficult when it comes to the labour market. Portugal is mostly characterised by an inbound phenomenon, with people mainly arriving to work in the country. Migrant workers are concentrated in less qualified and more precarious professional groups, are more exposed to instability in the employment relationship, receive lower wages, and have a higher incidence of occupational accidents. Most migrants are performing functions below the level of their qualifications. The majority of migrant workers are associated with economic activities in tourist accommodation, restaurants, administrative activities and support services.¹¹

For **refugees and asylum seekers** the situation is even worse. The main challenges they face in accessing employment is their lack of language skills, and the long time that it takes to secure the required legal documents. For this reason, most of them begin the job search without having the final documents

from Portuguese Immigration and Borders Service SEF. Other challenges are the lack of employment opportunities in the areas of their previous professional experience, and the local market's resistance to employing refugees.¹²

The **Roma** are another severely marginalised group in Portugal. Roma face discrimination when looking for a job. Most employers refuse to hire Roma people and sometimes they manage to get a job but are fired when the employer finds out their Roma ethnicity.¹³ In Portugal, discrimination affects their access to the labour market in different forms, from the recruitment process to pay gaps and working conditions.

Young people are among the most vulnerable groups in Portugal. Between 2011 and 2015, due to the economic crisis of 2012, Portugal experienced an emigration figure of 77,343 young people (aged 15–24). They had been largely unable to access or benefit from stable labour market conditions, further affecting their ability to rent or consider buying housing or to start a family, a phenomenon mentioned in the 2018 Youth Poverty Report.¹⁴

¹¹ Relatório Estatístico Anual – ACM – Observatório das Migrações – available at <https://www.om.acm.gov.pt/documents/58428/383402/Relat%C3%B3rio+Estat%C3%ADstico+Anual+2020+-+Indicadores+de+Integra%C3%A7%C3%A3o+de+Imigrantes/472e60e5-bfff-40ee-b104-5e364f4d6a63>

¹² Relatório Estatístico do Asilo 2020 – ACM – Observatório das Migrações – available at <https://www.om.acm.gov.pt/documents/58428/440932/Relatorio-Asilo-2020-OM.pdf/9f22513a-46ff-4f4b-a292-93347463d71c>

¹³ Estudo Nacional sobre as Comunidades Ciganas – ACM – Observatório das Comunidades Ciganas, available at <https://www.obcig.acm.gov.pt/documents/58622/201011/estudonacionalsobreascomunidadesciganas.pdf/89b05f10-9d1f-447b-af72-dac9419df91b>

¹⁴ See https://www.caritas.eu/wordpress/wp-content/uploads/2018/10/caritas_cares_-_youth_poverty_country_report_pt_-_final_1.pdf

1.1.3. The impact of the pandemic on the Portuguese economy and the labour market

The impact of the pandemic on the labour market is evident when observing both the evolution of unemployment rates, and also the increase in the number of people enrolled in employment centres throughout 2020 (381,000), in contrast to the same period in 2019 (275,000), with women and youth being the majority of enrolments.

In the early stage of the pandemic, besides rising unemployment, many workers were furloughed with the state compensating a part of their salaries and then later offering full salary compensation as the pandemic continued. This was linked to the EU Emergency

package in response to COVID-19. This allowed the companies to keep the worker.¹⁵ Most of these workers were already disadvantaged (lower wages and worse working conditions), in a country which ranks fifth in the EU for the highest **in-work poverty rate**,¹⁶ a trend that was already increasing (in 2019 it reached 10.8%, from 9.7% in 2018). In a recent study,¹⁷ the profile of the poor in Portugal showed division into four groups, with three being related to their employment status: **people who work and have a regular job contract** (32.9%), **non-standard employment or precarious workers** (26.6%) and 13% unemployed.

‘João and Cristina, a young couple, opened a small café that was going so well that João left his permanent job to help his wife in the business. With the pandemic, the café had to close. Their fiscal situation was unresolved and their revenue was not totally declared so, when they tried to access public support measures, they were not eligible. The expenses of the café continued to flow and their income was decreasing drastically. They came looking for help from Cáritas and in their situation the vouchers were the solution, thus allowing them to continue buying food (especially fresh items instead of canned). The couple had never before asked for help but ‘this time we had to.’

– Manuela Alberto – Director at Diocesan Cáritas of Viseu

¹⁵ ILO – Portugal: Uma análise rápida do impacto da COVID-19 na economia e no mercado de trabalho – available at https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-lisbon/documents/publication/wcms_754606.pdf

¹⁶ Eurostat, available at https://ec.europa.eu/eurostat/databrowser/view/sdg_01_41/default/table?lang=en

¹⁷ Pobreza em Portugal – Trajetos e Quotidianos’ available at <https://www.ffms.pt/publicacoes/grupo-estudos/5364/apobreza-em-portugal-trajectos-e-quotidianos>

The socio-economic impact of the pandemic has been particularly severe on **people with lower education**. According to available statistics,¹⁸ 56% of people with college degrees could work from home, compared to 8% of people with only a high school certificate, and, as a consequence, the risk of unemployment was greater for those workers with fewer qualifications.

Other groups that have also been affected by the employment crisis during the pandemic are **young people, older workers (in particular women), migrant workers¹⁹ and care workers**.

Throughout the pandemic, **youth** have been particularly affected by the economic downturn with the youth unemployment rate reaching 22.6% of the total number of 330,700 active youth in 2020. This is related to the precariousness of job contracts and non-standard employment for young people, despite their recent qualifications and university degrees.

For older workers, in particular women, as they become unemployed over the long term and as a result of fewer skills, such as digital and IT skills, they are also more likely to have fewer opportunities to return to the labour market and to access training opportunities within the new sectors of the economy.

Migrants and refugees have had to face particular challenges. The negative impact of the pandemic has been particularly severe for them because they almost always receive lower wages and mostly work in the hardest-hit sectors (accommodation and food services). Therefore, they have experienced income reduction, unemployment and also difficulties in accessing the health system.²⁰

Also, **care workers**, who have played a critical role during the pandemic, still remain underpaid, despite the essential work they do. At the beginning of the pandemic, access to Personal Protective Equipment (PPE) was not generally available and this allowed infections to spread as well as a high number of COVID-19-related deaths to occur. Furthermore, during the pandemic, the staff in residential facilities for the elderly typically needed to stay in the care homes to provide the constant care and support expected of them and to ensure the containment of the spread of COVID-19.

For home care workers, a big challenge was to continue providing services without entering people's homes (so as to prevent the further spread of the virus). Creatively, they managed to deliver food, clean laundry, and other essentials. In some cases, the home care workers also accompanied the elderly clients to medical appointments. Many of these home care workers were the only link to information and human contact for the elderly at home.

¹⁸ Report Portugal, Balanço Social 2020 – available at <https://www2.novasbe.unl.pt/pt/sobre-nos/projetos-para-um-futuro-melhor/social-equity-initiative/balanco-social>

¹⁹ Available at <https://unric.org/pt/o-impacto-da-pandemia-no-trabalho-e-ocaminho-para-a-recuperacao>

²⁰ Source: Instituto de Higiene e Medicina Tropical – available at <https://www.ihmt.unl.pt/resposta-a-pandemia-de-covid-19-num-contexto-de-desigualdades-sociais-em-saude-umestudo-transversal-na-populacao-nativa-e-imigrante-da-amadora-2>

SECTION 2:

Assessing national and EU level policy responses

2.1. Portuguese labour market policies and responses and opportunities offered by EU policy making

Considering the challenges that these groups face in the labour market in Portugal, this labour market can be considered insufficiently inclusive, despite some positive changes in recent years.

Whilst the Portuguese government has put in place some policies addressing these challenges, and those related to the pandemic, there is still room for improvement, as described in the following paragraphs.

Adequate minimum wages are essential to help guarantee decent working and living conditions, prevent in-work poverty, and reduce precarious

employment. According to Caritas Portugal the level of minimum wages is not adequate, leading to the high level of in-work poverty as the costs of living have increased more rapidly than salaries. An example can be noted in the price of housing, that has increased substantially throughout the country, but mainly in the urban areas. Another example is the high cost of energy, leading many people into energy poverty, something the current minimum wage doesn't cover. At the same time, people receiving the current minimum wage results in people's incomes being higher than the eligibility level for social subsidies. Given this

context, an EU directive²¹ on adequate minimum wages, in accordance with Principle 6 of the European Pillar of Social Rights, could be a significant step in reducing in-work poverty and, in the longer-term, promoting a more inclusive labour market.

Portugal has a **Public Procurement Code** (PPC) with the following principles: legality, the pursuit of the public interest, impartiality, proportionality, good faith, protection of trust, sustainability and responsibility, competition, advertising and transparency, equal treatment and non-discrimination. Nevertheless, there are no social criteria in the PPC as it is left to the open market and that does not address the issues of inclusion.

For young people, Portugal has specific policies in place to help them enter the labour market, and in response to the pandemic, the number of these policies has increased. One policy recently implemented in the country is *ATIVAR.PT* and *Compromisso Emprego Sustentável (PRR) – Compromise for Sustainable Employment*²² implemented by The Institute for Employment and Vocational Training (IEFP) and the Portuguese Government. It offers a

direct lump sum support and a 50% reduction in social contributions when hiring workers with permanent contracts, in particular young people, but also people with disabilities. The contracts need to award remuneration greater than twice the minimum wage. At EU level, the *Youth Guarantee*²³ has helped young people to find opportunities to access both training and the regular labour market, but it has not resolved the question of precariousness and the high unemployment rate that youth commonly face. That is why so many have been affected during the pandemic. Caritas hopes that the *reinforced Youth Guarantee (rYG)*²⁴ will continue to help youth access training, skills and job insertion measures, and contribute to the greater labour market inclusion of young people. Caritas Portugal is nevertheless concerned that, after the pandemic, the labour market situation for youth in Portugal will remain competitive and rife with challenges.

The *European Social Fund (ESF)*²⁵ has played a very important role in the country as it has been the main source of funding at national level for state-funded training and job transition programmes, and for supporting those who have been unemployed. Without this EU support,

there would clearly have been insufficient national funding to address the labour market challenges.

Reskilling and upskilling policies are crucial in the current Portuguese context in order to support vulnerable target groups. A national programme, called *Qualifica – (Qualify)*²⁶ supports re-skilling and upskilling and improves employability. The programme offers basic support and training for adults who never finished basic schooling nor technical training. Since the beginning of the programme in 2017, there have been 562,620 enrolments, 59% of which concerned people who didn't have the equivalent of a high school level educational qualification, and 50% who were already employed²⁷ but needed further qualifications. Some challenges that should be tackled by reskilling and upskilling programmes concern the need for improved digital skills, societal modernisation, training needs in the health and care sectors, and the need for green sustainability-sector jobs (renewable energies, sustainable mobility, such as transitioning to carbon neutral cars and public transportation, etc.). But the uncertainty over which areas will be impacted more after the pandemic passes, such as the tourism sector and the return of industry, will need to be monitored as these will have an important impact on the country.

Generally speaking, the number of refugees in Portugal is so small that commonly the issues impacting refugees are simply mainstreamed in other services provided more broadly to other

stakeholders. There are, however, specific policies in place to help migrants access the labour market, and in response to the pandemic, the Portuguese government ordered that all undocumented migrants who were awaiting processing of their regulated residence permit with the Portuguese Immigration and Borders Service (SEF), would be granted an amnesty of sorts and incorporated into a regularisation scheme. This government decision was taken at the start of the pandemic to ensure people in informal situations would benefit from being able to access the public health system, the social security services, and also apply for a job in the formal labour market. Although this was an extremely important measure, it wasn't able to address or prevent the labour market shortages that abounded during the pandemic nor the impact this has had on the migrants concerned. For instance, when those in the new scheme lost their jobs, they were not immediately eligible for social protection and because of the lockdowns they weren't able to find alternative work. But they were able to access the health care system and other services, which was extremely beneficial, especially during the global pandemic.

As far as gender equality is concerned, in 2020, Portugal ranked 16th in the EU on the Gender Equality Index. Its score has risen by 7.6% since 2010. In 2018, the *Estratégia Nacional para a Igualdade e a Não Discriminação – Portugal + Igual (ENIND) – National Strategy for Equality and Non-discrimination – Portugal + Equal*, was launched. It is a national strategy, based on 3

21 European Commission (2020), Proposal for a Directive of the European Parliament and of the Council on Adequate minimum wages in the European Union, Brussels, 28.10.2020 COM(2020) 682 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020PC0682&from=EN>

22 Apoios ao Emprego e Economia – available at <https://covid19estamoson.gov.pt/apoios-ao-emprego-eeconomia>

23 Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, OJ C 120, 26.4.2013. EUR-Lex - 32013H0426(01) - EN - EUR-Lex (europa.eu) (Accessed on 29 September 2021).

24 European Council (2020), Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee 2020/C 372/01, EUR-Lex - 32020H1104(01) - EN - EUR-Lex (europa.eu)

25 Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 EUR-Lex - 32013R1304 - EN - EUR-Lex (europa.eu)

26 For more information, go to <https://www.qualifica.gov.pt/#/>

27 For further details, see the ANQEP website, available at https://www.anqep.gov.pt/np4/indicadores_nl

action plans, that aims for non-discrimination based on gender and equality between women and men (IMH), preventing and combating all forms of violence against women, gender violence and domestic violence (VMVD), and combating discrimination based on sexual orientation, gender identity and expression, and sexual characteristics (OIEC).²⁸ This has improved the situation for women in the workplace, however, there is still a long

way to go. Regarding work segregation (the participation of women and men in the sectors of education, human health and social work activities), this increased to 29,8% for women. The quality of working conditions (e.g. flexibility to take an hour or two off during working time) was maintained at 23,4% for women.²⁹ The gender pay gap in 2019 increased to 10,6%.³⁰

2.2. The EU Framework

Introduced in 2010, the *European Semester* enables Member States to coordinate their economic and social policies throughout the year. Within this framework, each year in May, country-specific recommendations (CSRs) are issued to EU Member States to provide guidance for national reforms over the following 12-18 months.

As far as labour market and social inclusion are concerned Portugal has been recommended to take action in 2020 and 2021 as follows:

1. In line with the general escape clause, take all necessary measures to **effectively address the pandemic, sustain the economy** and support the ensuing recovery. (...) Strengthen the resilience of the health system and **ensure equal access to quality health and long-term care.**

2. **Support employment and prioritise measures to preserve jobs. Guarantee sufficient and effective social protection and income support.** Support the use of digital technologies to **ensure equal access to quality education and training and to boost firms' competitiveness.**

²⁸ For more information, go to https://www.cig.gov.pt/wp-content/uploads/2020/12/Resol_Cons_-Ministros_61_2018.pdf; <https://www.cig.gov.pt/portugal-mais-igual/> and <https://www.e-konomista.pt/discriminacao-no-trabalho>

²⁹ 29 Gender Equality Index, available at <https://eige.europa.eu/gender-equalityindex/2020/domain/work/PT>

³⁰ Eurostat, available at <https://ec.europa.eu/eurostat/databrowser/view/tesem180/default/table?lang=en>



Photo: Daily work activities in the therapeutic Community 'Horta Nova'. Source: Cáritas Portuguesa/ Noelle Georg

According to Caritas Portugal, the CSRs dealing with policies addressing inclusive employment fairly and correctly reflect the reforms needed to tackle the current weaknesses of the country's labour market. For the public health care system, the shortages were already in place before the pandemic. What was seen was a complete focus on COVID-19 and, as a result, other health care needs were not addressed. This was linked to the limited capacity of the health care sector during the pandemic. For instance, those relying on the public health sector, i.e. needing to go to a family doctor for basic medical care, took longer due to the shortage

of qualified medical staff. Those with health insurance were able to have direct access to the medical care they needed, whereas others had to wait for an appointment to consult the family doctor. A situation such as this tends to impact the most vulnerable in society, as they often can't afford health insurance.

In addition, those in need of home care support or round-the-clock care have also suffered more during the pandemic, as alluded to above, in part due to difficulties acquiring PPE, staff shortages, COVID-19 related illnesses, etc. Knowing the high number of elderly people in Portugal, and the looming demographic

changes, the challenges facing the social and care sectors in the long term can be regarded as serious. An entire revamping of the system is needed that will contribute to improving the qualifications and working conditions of care workers, help in recognising the important role they play in society, and ensure greater state-funding to support families who need to cover these costs. In addition, those doing home-based care work, most often women, should be compensated for this and recognised for this 'work'.

Finally, employment support has been very relevant to keeping jobs and not leaving people without any support. Nevertheless, there was a significant increase (20% more than in 2019) in the number of people relying on the services of Cáritas. This implies that government support wasn't sufficient, as more people were in need and in search of social services and support.

Photo: Ocupacional activities. Source: Cáritas Portuguesa/ Noelle Georg



SECTION 3:

Caritas Portugal's promising practices

During the pandemic, Caritas had to adapt its services to respond to the most urgent needs. One of them was continuing to provide home care to the elderly so as to assist them with their hygiene, meals, cleaning, and in providing companionship.

'Humanamente Ativos'³¹ - Humanly Active

Promoted by the Diocesan Caritas in Beja, and supported by the Gulbenkian Foundation, this project helps to prevent mental health problems in the elderly population and to redress their social isolation and loneliness. It helps 30 elderly people, assisted by Caritas in Beja, through training to help them acquire the digital skills needed to access a cognitive stimulation platform and to enjoy occupational therapy activities online, following the necessary suspension of Caritas' face-to-face activities.

The project has stimulated the elderly to adopt a more positive attitude towards life, to develop digital skills so as to know how to make video calls, improve their self-esteem and well-being. Many of these people weren't expecting to find work because of their age, but this service, nevertheless, has taught them new skills and supported them during the pandemic.

³¹ For more information, go to www.caritasbeja.pt/proyectos-covid19/humanamente-ctivos

'I live with my wife in Beja. I have been in a wheelchair for the past 7 years due to poliomyelitis which I contracted when I was a boy. Despite my limitations I try to live a normal life. The project 'HumanaMente @ctivos' has allowed me to be more active and my negative thoughts don't come to me as often. When it's raining, I do my exercises in the book and I get distracted. The project was very good to me in that it allowed me to exercise my mind in ways I was not used to and had never thought of.

— José, 85 years old

I live in Beja with my wife and I have a health problem that affected my inferior mobility. But luckily, I'm able to move in my house with some support. The project 'HumanaMente @ctivos' has allowed me to be more occupied, to be more active. It has enabled me to learn and to share moments and be more involved in the project's activities. The pandemic has aggravated my health condition and I have had to spend more time at home. With the activity book and the tablet, I'm more entertained after all I need to do in my house. After lunch I always do my activities and they relax me. The project has been a great help for me.

— António, 74 years old

I'm a widow and I live alone. My son lives in Germany and my daughter in the north of Portugal, so they are far away. When the project was presented, I was facing a complicated phase in my life. I felt sad and alone. The project 'HumanaMente @ctivos' has allowed me to be more occupied, to be more active, and I have stopped thinking about negative things as I have become more interested in other matters. Among all the activities a very significant one was that the project has allowed me to make video calls to my daughter whom I haven't seen in three years. It is a great joy.'

— Manuela, 77 years old



Photo: 'Humanamente Ativos' (Humanly Active). The main objective is the prevention of mental health problems in the elderly population, through teletherapy and occupational therapy. Source: Cáritas Diocesana de Beja/ Andresson Sousa

Programa Intermédio de Apoio Social (PIAS)' and 'Vamos Inverter a Curva da Pobreza (VICP)' - Intermediate Programme for Social Support (PIAS) and Let's Invert the Poverty Curve (VICP)³²

Due to the pandemic, many people lost their jobs and/or saw a reduction in their income and weren't able to afford their basic needs. These two programmes were the national response to the pandemic by Caritas Portuguesa. The beneficiaries were people that had already received Caritas support plus new beneficiaries that needed help due to the social consequences of the pandemic. PIAS took place between April and June 2020 and VICP between June 2020 and February 2021. The support format was vouchers for the acquisition of essential goods and one-off financial support for urgent specific situations. The support was mainly for rents, medical expenses, electricity, water and gas, employment support and tuition fees. PIAS assisted 5,958 people and VICP 3,608 people.

³² For more information, go to www.caritasbeja.pt/projectos-covid19/humanamente-ctivos

SECTION 4:

Conclusions and recommendations

In the period preceding the pandemic crisis, economic performance was positive with a moderate trend of wage growth. Eurostat statistics show that between 2010 and 2020 the employment rate of men and women in Portugal rose and the unemployment rate dropped, but the figures relating to the third quarter of 2020, which reflect the initial effects of the Covid-19 pandemic, show a rapid and considerable reduction in the employment rate and an increase in the unemployment rate when compared to the third quarter of 2019.

Youth unemployment over the last decade decreased but it was and has remained higher than the EU average. Over the same period, the employment rate of the population aged 15-24 decreased considerably, and remains precarious.

The main challenges affecting the Portuguese labour market have progressively been tackled but they still remain an issue, such as the number of people available to work but not seeking a job; youth unemployment; and territorial differences between regions.

Persons with a migrant background, young people, and Roma are among the vulnerable target groups in the Portuguese labour

market. Migrant workers are concentrated in less qualified and more precarious professional groups, with lower wages, and with a higher incidence of occupational accidents. Refugees and asylum seekers face additional challenges due to their lack of language skills, and the long time that it takes to receive the required legal documents. Roma in particular face discrimination when looking for work: discrimination affects their access to the labour market in different forms, and is reflected in the recruitment process, pay gaps and work conditions.

Due to the pandemic, besides the rising unemployment rate, many workers, in particular among the disadvantaged and those with lower education, were furloughed. This allowed companies to keep the workers. Young people have been particularly impacted by the economic downturn following the pandemic and one in two young people aged 16-25 have lost their income entirely.

Considering the challenges that these marginalised groups face in the labour market in Portugal, it can be argued that this labour market is insufficiently inclusive, despite some positive changes in recent years.

Whilst the Portuguese government has put in place some policies addressing the access of young people and other vulnerable target groups to the labour market, there is still

room for improvement: in particular, the level of minimum wages is not adequate and the informal economy is widespread.

4.1. National level recommendations

RECOMMENDATION 1: Support the role of professional care workers

Care workers in Portugal are mostly unqualified, have low wages and work on a shift basis. Most of them have/need more than one job in order to make ends meet and to cover their living costs. As a result of not having full-time employment, they are not eligible for the same coverage of social benefits or protection. More attention should be given to these specific workers. In addition, the care sector is in need of revamping and modernisation, in order to adapt to demographic changes and societal and labour market needs. During the pandemic, this group was recognised as essential, yet their qualifications and salaries are not compatible with such recognition. The national authorities need to revamp the professional qualifications, training and skills of social care workers, and ensure fairer working conditions with access to social benefits.

RECOMMENDATION 2: Enable better labour market conditions to support vulnerable workers by fostering training, innovation, and introducing a more adequate minimum wage

Create conditions for an economy that will support the most vulnerable workers, increase the policies for employment (incentives for companies) and increase the social support for those who became unemployed or furloughed during the pandemic. Authorities need to bring more dynamism to the labour market, foster innovation, support skills and upskilling and job training, for instance, specific to the green and digital transition; and also implement the reinforced youth guarantee, among other policies that support vulnerable workers. In addition, authorities need to make an effort to increase the minimum wage to ensure that people are able to cover their daily costs.



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