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DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper - Portugal

Policy for labour market inclusion: lots of carrots, one stick

Peer Review on "Employer service delivery"

26-28 October 2020

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1 Introduction

This paper has been prepared for the Peer Review on "Employer service delivery" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in Portugal. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

2.1 Recovery after the deep economic and social crisis 2011-14

The financial crisis of 2007–08 and the Great Recession hit Portugal later and much harder than other more advanced European economies, including the Netherlands. Unemployment in Portugal rose dramatically from 8.8% in 2008 (while in the Netherlands it was at 3.7%) to 16.4% in 2013 (while in the Netherlands it was 7.3%), decreasing in the following years gradually until reaching 6.6% in 2019 (while in the Netherlands it was at 3.4%). The employment rate in Portugal dropped between 2008 and 2013 by 7.7 percentage points (from 73.1% to 65.4%), but then its growth until 2018 reached 10.0 percentage points (75.54%), thus overcompensating the losses during the crisis. Long-term unemployment rose from 3.6% in 2008 to 9.3% in 2013, fell steadily during the following years and reached 3.1% in 2018.¹

In 2008, job offers represented 21% of unemployment, in 2012 they only represented 13% of the increased number of unemployed people. During the following years, the relation improved and in 2017 job offers represented 26% of unemployment. From 2008 until 2010, placements represented close to 50% of job offers, a share that increased during the following years and reached its high in 2015-16 (66%), dropping in 2017 to 54%.²

The Portuguese labour market is tight, but not as 'tight' as the Dutch, and during the past decade it went through a deep crisis that had no equivalent in the Netherlands. Despite of a long-term trend towards liberalisation, labour relations seem to offer more certainty to employees in Portugal. 94% of persons employed in the private sector are salaried workers, 63.4% of whom have an open-ended work contract. The shares of part-time workers and temporary agency workers in the salaried workforce in the private sector are low (7.3% and 3.3% respectively)³.

3 National policies and measures

3.1 Establishing a comprehensive approach to integration

Approximately two decades after the approval of the basic legislation on vocational rehabilitation⁴ during the 1980s, the government launched a debate about a reform of the existing set of measures to integrate discouraged people belonging to vulnerable groups such as persons with disabilities or persons with reduced work capacity. Until then, these measures had been part of the Social Employment Market (i.e. occupational programmes for disadvantaged people and so-called insertion companies), complemented by the existence of the Life Employment Programme (for drug addicts in recovery or already recovered)⁵. Simultaneously, the Ministry of Labour launched the 'First Action Plan for the Integration of Persons with Disabilities or Incapacity (2006-

¹ Data from the National Statistics Institute's Database (www.ine.pt) and author's calculations

² Data from the National Statistics Institute's Database: www.ine.pt) and author's calculations

³ GEP-MTSSS (2018), tables 31,66 and 77

⁴ The Decree-Law 40/83 established the system of sheltered employment and the Decree-Law 247/89 approved the scheme of technical and financial support for vocational rehabilitation programmes for the disabled.

⁵ MTSSS (2007), p. 26

2009)', called PAIPDI (*Plano de Acção para a Integração das Pessoas com Deficiências ou Incapacidade*) (MTSS 2006). This document presented an extensive analysis of the situation and of the state of the art in Portugal and defined a strategy along three axes, namely (I) 'Accessibilities and Information', (II) 'Education, qualification and promotion of labour inclusion' and (III) 'Enable and ensure decent living conditions'. The data put forward by the PAIPDI showed that in 2001 the activity rate of registered persons with a disability or work incapacity was 29%. Persons with visual or hearing impairment had an activity rate above the average (43% and 33%, respectively), and persons with a motor or mental disability or with cerebral palsy had an activity rate below the average (23%, 10% and 8%, respectively). 63% of persons with disabilities or persons with reduced work capacity to participate in active employment measures were involved in Vocational Education and Training (VET). Approximately 20% of them benefitted from some kind job placement support (MTSS 2006, pp. 67, 70). The PAIPDI was in line with the objective of the National Employment Plan 2005-2008 to promote 'the strengthening of a logic of «mainstreaming» in relation to people with disabilities improving the mechanisms of positive discrimination in favour of these persons' and 'to implement a specific Employment and Vocational Training Programme aimed at people with disabilities'. The target was to cover 46,000 beneficiaries within this scope and in three years. The PAIPDI added as a further objective to ensure 'that companies integrate 2% of people with disabilities into their workforce as a result of the reinforcement of technical and financial support' (MTSS 2006, 75-76).

In 2008, the Government and the social partners (with the exception of one of the two trade union confederations) signed a tripartite agreement on the reform of labour legislation, employment policy and social protection. One of the compromises in this agreement was to start a debate about a set of measures to strengthen active policies for people with disabilities (CES 2008, p. 33). The change in the political context (minority government since 2009) and the eruption of the acute financial and economic crisis in 2011 did not favour this line of action and the following tripartite agreements (2011 and 2012) omitted the intention formulated in 2008. In hindsight it becomes clear that the 2008 attempt to obtain a tripartite agreement about the support to the integration of persons with disabilities and with limited work capacity (and other vulnerable groups) into the labour market was interrupted when Portugal was struck by the crisis and has never been resumed since then.

Based on the experience of the PAIPDI and backed by the tripartite agreement signed in 2008, the government launched in 2009 by Decree-Law its 'Employment and Qualification Support Programme for Persons with Disabilities and Incapacities' (CM 2009), thus establishing for the first time a comprehensive approach to the labour market integration of this target group and to the involvement of employers in this endeavor. Irrespective of some partial modifications, the programme provides still today the basic structure of the active employment policy for persons with disability and reduced work capacity in Portugal. The Programme is based on two pillars, (I) qualification support and (II) support to integration, maintenance and reintegration into the labour market, the latter being divided into five types of action, namely (a) information, assessment and guidance for qualification and employment, (b) placement support, (c) post-placement monitoring, (d) adaptation of jobs and elimination of architectural barriers, and (e) exemption and reduction of social security contributions (CM 2009, pp. 7484-7489). The national PES (IEFP – Instituto de Emprego e Formação Profissional) is the central actor in the implementation of the Programme.

3.2 Comparing the instruments to support employers

The services provided to employers by the Portuguese national PES and in particular the measures of the "Employment and Qualification Support Programme" comprise most of the components of the Dutch model as presented in the Host Country Discussion Paper (Bekker 2020, p. 7-8), although in different forms:

- **Single desks:** The Portuguese national PES, which is called Institute of Employment and Vocational Training (*Instituto de Emprego e Formação Profissional* - IEFP), runs **53 local job centres** where employers and workers can obtain information and guidance. Each local job centre has one or two contact persons for issues related to professional rehabilitation measures.⁶ In the area of support to employment of persons with disabilities and reduced work capacity, the job centres work in close liaison with **local resource centres** (*centros de recursos*) run by private non-profit organisations or corporations under public law specialised in working with persons with disabilities and limited work capacity that are not part of the direct public administration. The resource centres carry out technical interventions in the field of vocational rehabilitation, particularly in the context of support for integration, maintenance and reintegration into the labour market and vocational rehabilitation and reintegration. They add the specific expertise in the work with persons with disabilities and with work incapacity to the integration efforts the national PES does not have, in particular in relation to the active involvement of employers. In addition, the national PES created in 2018 the figure of the **Manager+** (*Gestor+*), a staff member responsible for the intermediation with major employers. The Manager+ is a kind of facilitator who looks for timely and adequate answers and solutions for the large employers' needs. The national PES gives **placement support** (*apoio à colocação*) in the form of financial incentives for the jobseekers and technical support for the potential employers. The local resource centres receive a financial compensation for each placement activity and a bonus in the case of successful placement.
- **Trial placements:** There are no similar measures in Portugal, but the Portuguese national PES supports **Integration Internships** (*Estágios de Inserção*) with a maximum duration of 12 months, paying a monthly grant and other subsidies to the trainees and providing some additional support to the employers.
- **Wage dispensation:** The Portuguese PES subsidises wages in the context of supported employment: (a) **Internships** for people with disabilities (see above); (b) **employment-insertion contracts** (*contratos emprego-inserção* - CEI) for people with disabilities who are hired for carrying out socially useful activities. The support includes complementary monthly grants for the employees plus other subsidies, and a subsidy paid to the employer; (c) **sheltered workshops** (*emprego protegido*): economic entities who receive a co-payment of wages and other support; (d) the **supported employment in the open market** (*Emprego Apoiado em Mercado Aberto*) includes the co-payment of wages and other support to the employee and to the employer.
- **No-risk policy:** The Portuguese social security pays the sickness benefit (*subsídio de doença*) which is a financial support paid to compensate the loss of income of the worker who cannot work temporarily because she or he is sick. Therefore, it seems that this kind of support is not necessary in Portugal.
- **On-the-job-coaching:** The national PES offers **post-placement support** (*Acompanhamento pós-colocação*) for workers with disabilities and their employers, for approximately 12 months. The aspects supported are: a) adaptation to the tasks to be performed and the workplace; b) integration into the company's socio-labour environment; c) development of personal and social behaviour appropriate to the worker status; d) accessibility and travel to the company's premises by disabled employees. The post-placement support is

⁶The list of these contact persons is published on the national PES' website: https://www.iefp.pt/documents/10181/190626/Rede_Interlocutores+Reabilita%C3%A7%C3%A3o_10-02-2020/94e2873e-fb73-451a-88c5-6f84a1cffe8a

provided by the resource centres who receive financial support from the PES for each participant in the measure.

- **Workplace adjustments:** The Portuguese national PES supports the **adaptation of workplaces and elimination of architectural barriers** (*Adaptação de postos de trabalho e eliminação de barreiras arquitetónicas*) by technical and financial means for the adaptation of workplaces and the elimination of architectural barriers.
- **Vocational education and training (VET):** The Portuguese PES gives financial support to institutions that provide education and training in general. VET for vulnerable groups receives increased support from the PES. Persons who are receiving unemployment benefit may get a grant for their participation in education and training. Like in the Netherlands, unemployed people in Portugal are exempted from the obligation to seek work while attending supported training.
- **Trademark:** The Portuguese government has created a trademark 'Inclusive Employer' for employers who contribute to the implementation of an inclusive labour market and distinguish themselves by reference practices in the areas 'Recruitment, development and professional advancement', 'Maintaining and resuming employment', 'Accessibility' and 'Service and community relations'. In 2019, 28 entities were distinguished with this trademark, amongst them 11 municipalities, several other public bodies and entities from the social economy and three private companies.

Most of the measures listed above date back to the period of the First Action Plan (2006-2009) and to the 'Employment and Qualification Support Programme for Persons with Disabilities and Incapacities'. More recently, two relevant instruments were created, namely the figure of the Manager+ implemented in 2018 (see above) and the **new quota system in the private sector**. In 2019, the Parliament approved the Law 4/2019 that obliges **all private companies with 75 / 250 and more employees** to make sure that at least 1% / 2% of their workers are persons with disability or work incapacity. The law guarantees a transition period of four to five years for companies to comply with this rule. Companies may use the support to employment in the open market (co-payment of wages and other support to the employee and to the employer). In the **public administration, a quota-system was already introduced in 2001** (Decree-Law 29/2001), obliging all open competitions for jobs to guarantee that 5% of all positions are reserved for persons with disabilities and work incapacity.

The national PES supports private companies covered by the Law 4/2019 by presenting candidates with disabilities following the submission of an offer, giving technical and financial assistance in adapting jobs or eliminating architectural barriers, helping in integrating the person with disabilities in the socio-labour environment of the company and providing information to employees, employers and co-workers in order to create an inclusive environment. In case the PES is not able to present candidates with an adequate profile for a job, the respective offer is exempted from the obligations of the Law 4/2019. Companies can apply for the co-payment of wages under the measure 'supported employment in the open market' (see above).

The Portuguese approach to the integration of vulnerable groups into the labour market and to the cooperation with the employers in this relation comprises a **broad set of support instruments** (see list above), complemented by **one coercive measure** (quota systems in the public and private sector). Since the 'First Action Plan for the Integration of Persons with Disabilities or Incapacity (2006-2009)', the number of participants in vocational rehabilitation measures provided by the national PES has considerably grown, from 11,675 in 2006 to 32,452 in 2018. During the same period, the share of participants in vocational rehabilitation in the number of participants in the totality of employment and training measures has risen from 3.3% (2006) to 6.6% (2018). In 2018, 38% of the participants in vocational rehabilitation measures

benefitted from 'Diagnosis, Guidance and Training', 28% from 'Insertion and Placement Support' and only 1% from 'Protected Employment'⁷. These figures show that the **support instruments have gained volume** since the 'First Action Plan' and the 'Employment and Qualification Support Programme for Persons with Disabilities and Incapacities' (launched in 2009). It is too early to assess the effect of the quota system in the private sector.

According to the report on 'Persons with Disabilities in Portugal: Human Rights Indicators 2018' (ODDH 2018), the **share of persons with disability in the workforce** in the private sector **increased** between 2012 and 2016 from 0.42% to 0.51%. According to the same source, the ratio of workers with disabilities in public administration is on the rise and reached 2,4% in 2017. The report states furthermore that registered **unemployment** among persons with disabilities decreased only by 24% between 2011 and 2017, much less than the general reduction of unemployment (34.5%). In 2017, **only 11% of persons with disabilities** registered as unemployed were **placed in a job**, although there was a 159% increase in the number of job placements between 2011 and 2017. 65,8% of persons with disabilities who benefited from general employment measures in 2017 were placed in social firms or "socially necessary work" (CEI and CEI+). These figures regarding the results of measures for the integration in the labour market indicate that there is **some progress**, but that there is still a **strong need for improvement** which is only possible if employers can be won for the cause. Taking into consideration that very small companies (less than 10 workers) who have much more difficulties in conceiving and implementing inclusive human resource strategies represent 82% of all companies in Portugal, it becomes clear that inclusive employment policies must deal with **serious structural problems** in the Portuguese economic fabric.⁸

4 Assessment of success factors and transferability

Based on the comparison of the instruments presented in the host Country Paper and in section 3 of this paper and taking into account that the results of the measures in Portugal are not a plain success story, the following considerations about a possible ideas can be drawn from the Portuguese experience:

- a. Each of the measures has a specific function in the overall effort of integrating vulnerable groups into the labour market. Nonetheless, it is the combination of a set of measures that increases their effectivity. In addition to the combination of the national PES' measures it is important to make them compatible with the activities of other public bodies, namely Social Security.
- b. The local resource centres (*centros de recursos*) that have been created in the course of the 'Employment and Qualification Support Programme for Persons with Disabilities and Incapacities' have been of major importance. They mobilise the expertise of non-governmental organisations active in the work with persons with disabilities and work incapacity for the national PES' integration efforts. Local resource centres intervene in a broad set of measures (see detailed list in Annex 2 Example of relevant practice) by helping to identify potential participants in measures, to evaluate the degree and profile of the candidates' work ability, to allocate candidates in companies etc.
- c. The support of employment in the open market (*Emprego Apoiado em Mercado Aberto*) is a further instrument of major importance. Its success depends on the demand from companies and the offer of workers with the adequate profile. In the present situation of low unemployment this latter condition is frequently not given, and it in the Netherlands with their much tighter labour market the

⁷ See the IEFP's monthly reports on the "PHYSICAL AND FINANCIAL EXECUTION – cumulative figures" in December of the respective years.

⁸ See Quadros de Pessoal 2018, table 1A

mismatch between demand and offer is probably larger than in Portugal. In this relation, the Dutch PES may have a more advanced experience than other countries like Portugal could benefit from.

5 Questions

- The Host Paper states that if the targets are not met, a quota may be installed. Taking into consideration that the public sector is far from reaching the target, is the government willing to install a quota system for public employers? And: Is it possible to know the share of people with disability or work incapacity in the workforce of the private sector and in the public administration?
- How do the regional branches of the Dutch PES cooperate with local partners and mobilise non-governmental organisations' expertise. Do they use NGOs as a kind of resource centres as it happens in the Portuguese model?

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Annex 1 Summary table

The main points covered by the paper are summarised below.

Situation in the peer country

- Since 2015, Portugal is recovering from a profound economic and social crisis, with better labour market indicators than before the crisis (2011-2014).
- At present, the Portuguese labour market is tight, but not as tight as the Dutch.
- Despite of a long-term trend towards liberalisation, labour relations seem to offer more certainty to employees in Portugal.

National policies and measures

- Tripartite agreement signed in 2008 included compromise for debate about a set of measures to strengthen active employment policies for people with disabilities, but in context of crisis no further developments at this level of tripartite agreements.
- Backed by tripartite agreement and based on experience of 'First Action Plan' (2006-2009), government launched in 2009 its 'Employment and Qualification Support Programme for Persons with Disabilities and Incapacities', thus establishing for the first time a comprehensive approach to the labour market integration of this target group.
- The Portuguese approach to the integration of vulnerable groups into the labour market and to the cooperation with the employers in this relation comprises a broad set of support instruments (see list above), complemented by one coercive measure (quota systems in the public and private sector).
- The set of instruments used by the Portuguese national PES is similar to the instruments used in the Netherlands.

Assessment of success factors and transferability

- Combination of national PES' measures and compatibility with other policies (social security) is most relevant for effectivity.
- Mobilisation of non-governmental organisations' expertise in working with disabled and incapacitated persons for the national PES' integration efforts is essential.
- Dutch experience with mobilisation of workers who have an adequate profile for supported employment in the open market is possibly more advanced than I other countries with less tight labour markets.

Questions

- Does the Dutch government consider installing a quota system for public employers?
- How do the regional branches of the Dutch PES cooperate with local partners and mobilize nongovernmental organisations. Do they use NGOs as a kind of resource centres as it happens in the Portuguese model?

Annex 2 Example of relevant practice

Name of the practice:	Local resource centres (centros de recursos)
Year of implementation:	2009 (Decree-Law 290/2009)
Coordinating authority:	IEFP - Institute of Employment and Vocational Training (Instituto de Emprego e Formação Profissional) The IEFP is the national Public Employment Service.
Objectives:	The network of local resource centres was created to support the insertion of people with disabilities and incapacities, in close collaboration with the local job centres.
Main activities:	Provide technical expertise for and implement: <ul style="list-style-type: none"> • Information, assessment and guidance for qualification and employment, including prescription of support products • Placement support • Post-placement follow-up • Adaptation of workplaces and elimination of architectural barriers • Supported employment and support to enterprises and other employers in the field of employability of people with disabilities • Assessment of the work capacity of people with disabilities Resource centres can also develop, in cooperation with job centres, activities in the field of occupational rehabilitation and reintegration, in the repair of accidents at work and occupational diseases, as well as in the prescription of support products.
Results so far:	The resource centres are a central element in the implementation of the national PES' efforts for an inclusive labour market because they provide the necessary expertise in working with persons with disabilities or incapacities.

Name of the practice:	Supported employment in the open market (<i>Emprego Apoiado em Mercado Aberto</i>)
Year of implementation:	2009 (Decree-Law 290/2009)
Coordinating authority:	IEFP - Institute of Employment and Vocational Training (Instituto de Emprego e Formação Profissional) The IEFP is the national Public Employment Service.

Objectives:	To enable persons with disabilities and reduced work capacity to pursue a professional activity and to develop the personal, social and occupational skills necessary to integrate them, wherever possible, in normal work.
Main activities:	<p>Work by disabled persons and persons with reduced working capacity, in supported employment, integrated in the productive provision organisation of employers, under special conditions, namely in the form of enclaves.</p> <p>Employers receive the following types of support:</p> <ul style="list-style-type: none">• Technical support for installation and operation• Technical support in post-placement monitoring• Contribution to the salary and social security contributions to be paid by the employer (minimum = 10%, maximum = 70%),• Support for the adaptation of workplaces and the elimination of architectural barriers.
Results so far:	1,093 participants in 2018

