

# *National Action Plan*

*2000*

PORTUGAL

NATIONAL IMPLEMENTATION REPORT

**APRIL 2000**

## SUMMARY

|  |           |
|--|-----------|
| <b>Executive Summary.....</b>  | <b>3</b>  |
| <b>1. Macroeconomic framework and labour market situation.....</b>                           | <b>7</b>  |
| <b>2. NAP development in 1999 and the contribution of ESF .....</b>                          | <b>9</b>  |
| <b>2.1. The balance of the instruments used.....</b>   | <b>9</b>  |
| <b>2.2. The contribution of ESF .....</b>  | <b>13</b> |
| <b>3. Progress report concerning the implementation of the guidelines .....</b>              | <b>14</b> |
| <b>3.1. Guideline 1 .....</b>  | <b>14</b> |
| <b>3.2. Guideline 2 .....</b>  | <b>15</b> |
| <b>3.3. Guideline 3 .....</b>  | <b>16</b> |
| <b>3.4. Other guidelines.....</b>  | <b>17</b> |
| <b>4 Presentation of new initiatives relating to the amendments in Guidelines 2000 .....</b> | <b>20</b> |
| <b>4.1 The National Strategy for 2000 .....</b>  | <b>20</b> |
| <b>4.2. Objectives and Targets.....</b>  | <b>22</b> |
| <b>4.3. New Instruments.....</b>   | <b>23</b> |
| <b>4.4. Financial resources .....</b>  | <b>26</b> |
| <b>4.5. Actors involved .....</b>  | <b>27</b> |
| <b>5 Action developed in response to the recommendations .....</b>                           | <b>28</b> |
| <b>6. Identification of good practices .....</b>   | <b>36</b> |

## ANNEXES

|   |                            |
|---|----------------------------|
| <b>Annex 1 – Financial commitments .....</b>  | <b>ii</b>                  |
| <b>Annex 2 – Follow-up statistics and data for evaluating the implementation of<br/>the European Employment Strategy.....</b> | <b>vi</b>                  |
| <b>Annex 3 – Glossary of terms and initials used in the NAP .....</b>   | <b>xxi</b>                 |
| <b>Annex 4 – NAP 2000</b>   | <b>(autonomous volume)</b> |

## **EXECUTIVE SUMMARY**

This report is part of the evaluation process of the National Action Plan for Employment (NAP) 1999 and its revision with regard to the Guidelines for Employment Policy in 2000 adopted by the Helsinki Summit in December 1999.

The report is organised in accordance with the structure proposed by the Committee, including a set of 6 main points:

- Macro-economic context and the labour market situation
- Development of the NAP 1999 and ESF's contribution
- Progress report on the implementation of guidelines
- Presentation of new initiatives in 2000
- Action taken in response to recommendations
- Identification of best practices

Information on financial compromises can be found in the appendix, discussed in accordance with the financing of the structural funds and national financing, which support the implementation of the guidelines, as well as national statistics of the monitoring and evaluation of the European employment strategy, according to common policy indicators.

The Portuguese National Action Plan for Employment for 2000 is also found in appendix in which some aspects referred to briefly in this report are specified.

### **Macro-economic context and the labour market situation**

In recent years, and in particular in 1998 and 1999, the Portuguese labour market has shown a positive global trend, linked to the favourable economic context and the efforts made in the framework of the NAP; this is expressed by a rise in the participation of the population in the active economy, as well as the growth in the employment rate, the fall in unemployment and the increase of real salaries and productivity.

There continued to be a high rhythm of growth in the Portuguese economy in 1999 (3.1%), which is estimated to be approximately 1 percentage point higher than the community average; this is expressed in a significant rise in employment and places the unemployment rate at an average 4.5% in 1999 (5% in 1998). In fact, employment rose 2.3% and 1.9% respectively in 1998 and 1999, which corresponds to a much higher relationship between the growth rates of employment (2.1% on average) and production (34.3%) than those registered both for the second part of the 90s (on average 1.2% employment/3.2% production) and for the last expansion cycle, 1986/1990 (2% employment/5.1% production).

The Service, Construction and Public Works provided the greatest boost to the growth of employment in 1999, in particular the Service sector. Both full-time work (1.9%) and part-time work (1.5%) contributed to the growth of employment, with salaried work increasing

its proportion of total employment (71% in 1998, 72% in 1999). Contrary to previous years, permanent contracts also registered a rise (1.4%), although much smaller than that of temporary contracts (12.3%).

The highly qualified professions (6.9%) and the unqualified (4.8%) registered the greatest increases in employment, with the educational structure of the active population, both employed and unemployed, showing a systematic improvement: the proportion of those with secondary or higher education went from 19.6% in 1998 to 20.7% in 1999.

The most disadvantaged segments of the labour market - and for that reason especially focussed in the European and Portuguese employment strategies - such as women, the young, the long-term unemployed registered a drop in unemployment in 1999 - 17.2%, 15.9% and 20.6% respectively - even greater than that of global unemployment (10.1%). For this behaviour there might have been an important contribution, either direct or indirect, of the effects of NAP, mainly through instruments in guidelines 1 to 3.

However, there are still significant structural weaknesses in the employment system which can only be overcome by a co-ordinated medium and long-term strategy, with the active participation of the social partners at the national and regional levels, articulated with a sustained macro-economic policy favourable to employment.

### **Brief Evaluation of NAP's Development**

The evaluation of the development of NAP indicates that quantified targets were met at the EU and national level and that the phase began when the majority of the new policy instruments planned for this 5-year plan was to be put into practice.

The NAP included, as its fundamental factor, the compromise to fulfil the targets contained in the first three employment guidelines within a three year time frame, ahead of the expected schedule.

As programmed, the progressive territorial expansion of the early approach to unemployment methodologies (INSERJOVEM and REAGE Initiatives) continued, which led to an increase in the population covered by personalised accompaniment, reaching 53,779 youngsters (20,873 boys and 32,906 girls and 82,054 adults (31,221 men and 50,833 women) by the end of 1999. This required great effort to be made by the Public Employment Service.

Only about 3.8 % of the young people registered with the Job Centres from July 1998 to June 1999 (2.9% and 4.3% of the girls and boys, respectively) of the areas of the country where this initiative was underway, had not been offered a new opportunity within 6 months of registering. In fact, 89.5% of the registered youngsters accompanied within the framework of the initiative, had already found or were working on a personal employment plan.

Of the unemployed adults registered from January to December 1998, only 5% had not been offered a new opportunity in the period under analysis (4.7% of the men, 5.2% of the women) whereas 86.2% of the adults accompanied had already found or were working on a personal employment plan.

The NAP fixed a series of quantified goals regarding the strengthening of active measures, notably in the field of training of young and adult unemployed. These goals have been exceeded, contributing to the answers offered by INSERJOVEM and REAGE Initiatives.

With regard to the European target contained in the 3rd guideline and which concerns the active measures aimed at the unemployed, Portugal assumed the goal of reaching the ratio of 20% of the unemployed attending training or similar actions in 5 years; it has therefore established a target of extending the training for unemployed 25% both in 1998 and 1999. The increase estimated from 1997 to 1999 was 55%.

Targets were also fixed for 1999 to increase the participation of young people in professional training (10% in relation to 1997), to increase the participation in the Apprenticeship System (20%) so as to double this system in five years and to increase the professional traineeships so as to reach 15,000 in 1999; these were considered to be instruments to fulfil the goals of strengthening employability. The target for traineeships is considered to have been totally met and that of the apprenticeship system widely exceeded (73% in 1997/1999), which will have had a positive influence on the participation of young people in professional training.

Another crucial objective of the NAP was the territorial development of employment policies, permitting greater involvement of local and regional actors. Thus, 10 new regional employment networks were started in 1999. At the end of the year, in total 75% of mainland Portugal was covered. Given the territorial specificities of the employment system, the Regional Employment Plans for the Alentejo and for the Oporto Metropolitan Area were launched in 1999

It can be said that the NAP has been carried out according to the forecast. The improvement of the indicator system and the production of studies on some processes and specific dynamics will provide a better future understanding of how the Plan is contributing to the development of the employment system and also to improved economic performance and social cohesion, which also benefit from this system.

### **Presentation of new initiatives in 2000**

The revision process of the National Action Plan for Employment closely followed the trend to stability and strengthening the effectiveness proclaimed in the employment policy guidelines drawn up by the Commission for 2000. Hence, the strategy lines for employment were maintained and the following areas, worthy of special attention in the framework of the NAP 2000, were identified:

- Strengthening the support to **on-going training**, from the perspective both of providing people with lifelong training and developing companies' adaptability to structural changes in the economy, particularly in the fields of **information and communication technologies** and more actively involving the **social partners**;
- Continuation of the improvements to the **education system** notably through making **professionally qualifying training** progressively more generalised and **teacher training** more adequate to the new contents of the curriculum, namely in relation to **computer knowledge and skills**;
- Boosting **job creation in the service sector**, raising the quality and diversity offered by the sector, notably through satisfying still existing needs both in terms of company, social and personal services;
- Encouragement of the **partnership approach** of matters related to modernising the organisation of work, with a view to establishing concrete agreements between the social partners and all appropriate levels.

Consistent with the priorities of the European and national strategies for 2000 and bearing in mind the need to articulate the National Action Plan for Employment and the Direct Job Creation Programmes (*Programas Operacionais*) envisaged in the framework of the new Community Support Framework, new instruments were created in the ambit of the fight against unemployment, lifelong learning the education system, the labour market open to all, the modernisation of the organisation of work and the conciliation of work and family life.

### **Actions taken in response to recommendations**

Point 5 of the report enlarges on some aspects of policy measures underway and new measures introduced in 2000, in the areas related to recommendations to Portugal, namely the improvement of the education system and the support to on-going training, stimulating entrepreneurship and job creation in the service sector and encouraging the partnership approach.

### **Identification of best practices**

The Programme for Internet in schools, the education-training courses and the regional employment networks are among the instruments being put into practice in the ambit of the NAP which are stressed as being particularly fruitful.

## **1 . Macroeconomic framework and labour market situation**

### **1.1 – Recent evolution**

The Portuguese economy continued to present, in 1999, a relatively high pace (3.1%), notwithstanding the slowdown observed in relation to the last two years (3.5% in 1997 and 4% in 1998). The product growth in the last year, in Portugal has been estimated as 1 percent higher than that of the Community average, which points to the continuity of the real convergence process. Although the convergence pace of Portugal, in relation to the group of EU countries, has slowed down in the last years comparing with the period between 1986 – 1990 ( a differential of near 2 percent ), an intensification has been verified comparatively to the first period of the decade ( differential of only 0.2 percent).

In the last two years the product growth has been accompanied by a significant net employment creation (average annual rate of 2.1%) and by a productivity increase of 1.2% in 1999 and 1.7% in 1998. The employment growth pace was quite higher than that of the European average and the productivity was slightly higher. Simultaneously, the average gross gains of the Portuguese workers increased about 2% in 1998 and 2.5% in 1999, in real values, representing for the employer a small reduction (0.3%) in the real value of the direct labour cost per unit produced in the first year and an increase of 1% in the second.

Associated to the economy favourable behaviour and to the effort that has been made at the Employment National Action Plan level, the labour market behaviour has continued to present itself as globally positive, either in terms of the population participation in the economic activity as well as in terms of the employment growth, the unemployment reduction and the increase of real wages.

The employment kept the upward trend (1.9% in relation to 1998), following what happened in 1996, 1997 and 1998.

The positive employment behaviour resulted from the contribution of the rather favourable turnover of both the services sector (4.9%) and the Construction and Public Works (4.2%), considering that the Agriculture and Fisheries as well as the Industry sectors had decreases of 4.4% and 1.9%, respectively.

The part-time employment as well as the full- time employment have contributed in a positive way to the increase shown, having the full- time employment registered the highest growth rate ( 1.9%, in relation to last year).

The breakdown of the employment variation according to the occupational status and the kind of labour contract shows that, in the analyzed period, the employment favourable behaviour was due again to the wage earners and salaried employees, which grew 3.4% between 1998 and 1999, increasing by this way the weight of wage earners and salaried employees on the total employment (71.3%, in 1998 versus 72.3% in 1999).

Contrarily to what has been observed in the preceding years, the employees with fixed-term contracts have registered an increase of 1.4%. The employees with no fixed-term contracts increased 12.3%.

The self-employment, on the other hand, has been decreasing, and its percentage has reduced in relation to the total employment (from 25.7% in 1998 to 24.6% in 1999). Comparing 1999 with 1998, the decrease in self-employment was 2.2%; only the services registered an increase (0.6%) in what concerns this category of workers.

They were the self-employed workers without employees who have contributed the most for the reduction of self-employment (-2.9%), decrease which was observed in all sectors. The fight against illegal work, particularly undeclared and fictitious independent work carried out by public authorities under the priorities of employment strategy might have contributed for this behaviour.

On the other hand, in the case of the self-employed workers with employees, the decrease was less accentuated (-0.1%) and it was due to Agriculture, Forestry and Fisheries and to Industry, Construction, Energy and Water (-24.3% and -0.7%, respectively), having in mind that the services registered an increase of 3.2%. However, this is the component of self-employment whose weight on total employment has remained practically unchanged, between 1998 and 1999 (6.2% and 6.1%, respectively). This is also evident when we deduce Agriculture, Forestry and Fisheries (it goes from 5.9% to 5.8%).

The employment growth, in the period under analysis, was visible at all levels of education except at the 1st cycle of basic education. In fact, at this level of education the employed population decreased about 3.4%, reflecting the drop out of labour market of older and less educated workers, and the entrance of younger generations with higher levels of school attendance.

In terms of qualifications, the employment growth was higher for extreme qualification groups, that is, the most highly qualified (managers, top management and specialists belonging to scientific and intellectual professions), that rose 6.9% and non-qualified workers, with an increase of 4.8%.

The favourable labour market behaviour was also evident in terms of unemployment evolution. In fact, between the periods under analysis, total unemployment decreased about 10.1% and the youth unemployment decreased 15.9%, following the trend for unemployment reduction, which is being kept for the last 39 months.

Based on the analysis of the evolution of unemployed population by levels of qualification, between 1998 and 1999, the conclusion is that there has been a general decrease of unemployment at the different levels, except at the 3rd cycle of basic education and at high education level.

The favourable labour market behaviour has allowed the unemployment rate in Portugal, which is much lower than that of the EU, to drop to 4.2% at the end of the fourth quarter of 1999, decreasing 0.7 percent when compared with the homologous period of the preceding year. It is the lowest level of the unemployment rate since the third quarter of 1992. The youth unemployment rate reached the biggest reduction (1.5 percent) in 1999, comparing to the homologous period – but still clearly above the total unemployment rate



- reaching 8.1% at the end of the fourth quarter of 1999 ( versus 8.3 and 10.7% in the preceding and homologous quarter, respectively).

The long term unemployment , on the other hand, reduced 20.6%.This decrease extended to all age groups, except for men with more than 45 years of age or more, who had a slight increase and the evolution of the long term unemployment weight has shown a similar behaviour to that of the unemployment rate.

## 2. The NAP development in 1999 ( by pillar) and the contribution of the ESF

The evaluation of the development of the National Action Plan for Employment (NAP) points to the fulfilment of quantified goals defined at the EU and national level, as well as to implementation of great part of the new policy instruments. Such instruments are expected to be launched during the five years of the Plan enforcement (1998-2002).

Anticipating, nevertheless, the expected term at European level, the NAP has incorporated as its fundamental component, the achievement in three years, of the goals established in the first two guidelines on employment. The NAP has also established, a group of quantified goals concerning the strengthening of the active measures, particularly in the training field.

The following table shows the projected and the effectively occurred variations in relation to each of those goals.

**Table 1**  
**Quantified Goals**

| MEASURES                       | EXECUTION VALUES |        |        | PROJECTED VARIATION | REAL VARIATIONS |       |       |
|--------------------------------|------------------|--------|--------|---------------------|-----------------|-------|-------|
|                                | 1997             | 1998   | 1999*  | 97/99               | 97/98           | 98/99 | 97/99 |
| <i>Training for unemployed</i> | 21500            | 26875  | 37232  | +50%                | +25%            | +39%  | +73%  |
| <i>Ouths in training</i>       | 110000           | 117000 | 133772 | +10%                | +6%             | +14%  | +22%  |
| <i>Apprenticeship System</i>   | 13000            | 16600  | 21669  | +40%                | +28%            | +31%  | +67%  |
| <i>Professional stages</i>     | 6000             | 13600  | 16607  | +150%               | +127%           | +22%  | +177% |

\* Provisional values

Sources: IEFP e CC/FSE.

### 2.1 Balance of the instruments used

The progress of the National Action Plan for Employment, in 1999, was marked, essentially , by the development and consolidation of the instruments that had been started in 1998 and by the preparation and launching of new instruments.

#### ***PILLAR I- Improving employability***

Within the scope of **Pillar I**, in accordance with the program, we have to point out the priority given to the progressive enlargement of the early approach methodologies concerning unemployment ( Initiative INSERJOVEM and REAGE), in coordination with

the launching of 10 new Regional Employment Networks, and the reinforcement of active measures.

Due to the territorial particularities of the employment system, they were approved and implemented in 1999, the Regional Action Plan for Alentejo (Resolution of the Council of Ministers n. ° 8/99, of February 9) and the Regional Action- Plan for the Metropolitan Area of Oporto (Resolution of the Council of Ministers n. ° 47/99, of May, 26) and the specific measures foreseen in both Regional Action Plans.

Another important dimension of the NAP is related with the fulfilment of the bilateral agreements assumed by the Social Partners. In this chapter, we should point out that some of the themes which are object of the Joint Declaration of Social Partners have been included in the Instruments of Collective Labour Regulation (IRCT) published in 1999. The reduction in hours of work is the most tackled issue but other themes are also approached, such as: flexible hours of work, polyvalence, mechanisms of information and consultation of workers at the companies and occupational hygiene and safety. The IRCT quoted involved 538242 workers, about 38% of the total of workers covered in 1999 by Collective Contracts or Collective Agreements and Enterprise Agreements.

Still within the scope of this pillar, beyond the territorial enlargement of INSERJOVEM and REAGE initiatives, several **new instruments** were also launched, among which stand out :

- the **new unemployment protection scheme** which intends to : (1) improve the unemployment protection of beneficiaries with longer contributory careers; (2) increase the protection of older people unemployed and long- term unemployed; (3) establish, according to a new model, the possibility to accede, by anticipation, to old-age pensions, for the beneficiaries who have reached a certain age and have completed a certain number of years of registered remunerations; (4) reduce the factors that discourage people from working and (5) eliminate the bureaucracy concerning the allowance of unemployment benefits.
- reduction of some part of the social security contributions rate supported by employers, in what refers to some groups of workers who are less demanded in the labour market, namely the disabled, the youth seeking their first job and the long-term unemployed, in the framework of the improvement of the social protection systems performance in order to facilitate the **access to employment**.
  - **Stimulate the return to work and the permanence of older workers in the labour market**, through the setting of a reduced social security contribution for workers who receive a old- age or disability pension, as well as for the respective employers and the possibility of an increase of the old-age pension allowed to beneficiaries with 65 years of age or more and who have completed 40 years of registered remunerations at the date of application to the pension.
  - setting up of the “Agência Nacional da Educação e Formação de Adultos” which aims to create a competences structure at level of the design of the intervention

methodologies, of the promotion of projects and support to the civil society initiatives in the field of **adults education and training**, and still of the progressive construction of a system of recognition and validation of adults informal learning.

- the creation of **technological specialization courses** has contributed to the reinforcement of the training components in the context of work at level of the post compulsory education and in the qualifying courses in the context of the educational system.
- the definition of new measures in the area of the **revision of curricula** of general and technological courses in order to reduce the dropouts and the school failure and to increase the demand for such kind of trainings.
- the improvement of **labour regulation concerning the youth** between 16 and 18 years old, so that work has always a training dimension.
- the creation of the Programme Sub-21, which provides **training opportunities to all youth** registered in the Employment Centres, who are under 21 years old and have concluded the 3rd cycle of basic education or having not concluded the secondary education, have however concluded the third cycle of basic education.
- The regulation of the Programme Educação/ Emprego in which context and in the framework of the Social Employment Market it is foreseen a cultural mediation towards the social integration of youth and children belonging to **ethnic minorities** who are attending basic, secondary or pre-school education.
- The launching of the programme Life- Employment which main aim is to encourage **social reintegration and return to work** of former drug addicts as a fundamental and integral part of the drug-addiction treatment process.

### ***Pillar II – Developing entrepreneurship***

Whithin the scope of **PILLAR II** and aiming to encourage the creation of new enterprises and new jobs, beyond the activities carried out concerning the development of the territorial dimension of the employment policies and of the expansion of the National Network of Centres of Enterprises Formalities (CFE), as well as the support to start up initiatives, the following **new measures** should be pointed out :

- The implementation of an **integrated system of information for businessmen**, namely the PME - SINPME - which is based on individual counselling with the support of on-line databases and other sources of digital information.
- the adoption, namely by the State Budget, of **fiscal measures** which when implemented would strengthen the favourable framework for employment in 1999 and the following years.
- the review of the labour sanctions system, aiming **to fight illegal work** (namely the clandestine employment and the false self-employment).

- the regulation of the Programme Cultura- Emprego, aimed to support the **creation of employment** through the development of activities of social interest in the cultural sector.
- the launching of diverse measures in the context of the Social Employment Market, namely: the definition of the terms in which the Training of members responsible for the **Family Care** will be developed.
- PAIPS - a set of incentives that aim to encourage the private initiative in order to increase the supply in the field of the **improvement of the living conditions of the older population**.
- the launching of PRODESCOOP - Programme of **Cooperative Development**.

### *Pillar III – Adaptability*

Within the scope of the **Pillar III** the following **new measures** should be pointed out:

- With a view to the development of the **social dialogue and consultation**, the issue of the Law 36/99 of May which entitles the employers' organizations to participate in the elaboration of the labour legislation.
- Following the effort which has been made towards the **adaptation of labour legislation**, two particularly important Acts within the scope of the conditions of employment regulation were issued:
  - regulation of part time employment
  - revision of the legal scheme of temporary employment
  - revision of the employment scheme of wage earners and salaried workers
  - amendment to the layoff legal scheme
  - revision of the concept of night work in order to allow that collective agreements reduce to seven hours the current eleven hours duration of the night work period. .
- The creation of the **Rotação - Emprego** initiative in the framework of the support to the companies restructuring with the objective of allowing the vocational qualification of their workers through the recruitment of temporary workers to replace those who are attending qualifying training initiatives.

Another important dimension of the NAP is related with the fulfilment of the bilateral agreements assumed by the Social Partners. In this chapter, we should point out that some of the themes which are object of the Joint Declaration of Social Partners have been included in the Instruments of Collective Labour Regulation (IRCT) published in 1999. The reduction in hours of work is the most tackled issue but other themes are also approached, such as: flexible hours of work, polyvalence, mechanisms of information and consultation of workers at the companies and occupational hygiene and safety. The IRCT quoted involved 538242 workers, about 38% of the total of workers covered in 1999 by Collective Contracts or Collective Agreements and Enterprise Agreements.

### ***Pillar IV – Equal gender opportunities***

Within the scope of **Pillar IV** the following measures introduced in 1999 should be pointed out :

- development of an adequate system for evaluation of the situation of women and men concerning employment, vocational training and remunerated and not remunerated work. It has been developed a **NAP indicators system** which includes two components: Methodology for the Analysis of the Indicators and Data Collection System aiming the creation of a system of data collection, monitoring and following-up of the equal opportunities issue as a cross-disciplinary issue throughout the NAP.
- the elaboration of a «Guide of Good Practices» to ensure **equal pay**
- the amendment to the Law on Maternity and Paternity Protection which transposed the Community Directive on parental leave( Law 142/99 of 31 August)
- the publication and dissemination of the «Code of Good Practices for reconciling **Work and Family Life**»- guide for the companies

### **2.2 The contribution of the European Social Fund**

Most of the measures implemented within the NAP in 1999 have benefitted from the co-financing of the ESF, as shown in the map of the budgetary year included in the Annex I.

### 3. Progress report concerning the implementation of the Guidelines

#### 3.1 Guideline 1

**TABLE 3**  
**Results of the initiative INSERJOVEM**

|                         |  | Became unemployed between<br>July 98 and June 99 |       |       |
|-------------------------|--|--|-------|-------|
|                         |  | Total  | M     | F     |
| <b>A</b>                | Number of young people registered on the month X                 | 53779  | 20873 | 32906 |
| <b>A1</b>               | Haven't turned up to an interview to start the process           | 28061  | -     | -     |
| <b>A2</b>               | Self Placement   | 6431   | -     | -     |
| <b>A' = A - (A1+A2)</b> | Registered youngsters who are being followed                     | 19287  | -     | -     |
|                         | With a Personal Employment Plan                                  | 17258  | -     | -     |
| <b>C</b>                | Personal Employment Plan (answers)                               | 8448   | -     | -     |
|                         | Personal Employment Plan (on going)                              | 8810   | 2581  | 6229  |
| <b>D1</b>               | Without a Personal Employment Plan                               | 2029   | 607   | 1422  |
| <b>B</b>                | Number of young people who are still unemployed on the month X+6 | 10839  | 3188  | 7651  |

Fonte: IEFP

The progressive territorial expansion of the methodology has led to the increasing of the population covered which has reached by the end of December over 53000 youngsters of whom about 39% are men and the remaining 61% are women, corresponding to the people registered in the employment centres already involved in the application of this methodology between July 1998 and July 1999.

The high number of people not showing up on request of the IEFP has led to the launching of a study on the reasons for that phenomenon to be pursued during the year 2000.

**Table 4**  
**Input and Output Indicators**

|          |                                 | Total | Male | Female |
|----------|---------------------------------|-------|------|--------|
| (B) / A  | Rate of inflow into LTU         | 20,2  | 15,3 | 23,3   |
| (C) / A  | Rate of compliance (%)          | 15,7  | -    | -      |
| (C) / A' | Rate of compliance adjusted (%) | 43,8  | -    | -      |
| (D1) / A | Rate of failure                 | 3,8   | 2,9  | 4,3    |

The analysis of the input and output indicators shows that 15.7 of the total of the registered had obtained a response through the Personal Employment Plan already developed and this rate would reach 43,8% if it is only considered the universe of the registered people who are being followed up .

Data show that only 3.8% of the youngsters registered in the areas covered by the Networks and Pacts had not had an opportunity before the end of the six months period after the registration date (2.5% for men and 4,3% for women). Six months after the registration date, 20.2% of the registered youngsters were still unemployed-15,3% men and 23.3% women..

### 3.2 Guideline 2

**Table 5**  
**Results of the initiative REAGE**

|                         |   | <b>Became unemployed from January to December 98</b> |          |          |
|-------------------------|---|--|----------|----------|
|                         |   | <b>Total</b>   | <b>M</b> | <b>F</b> |
| <b>A</b>                | Adults who became unemployed in the month X | 82054  | 31221    | 50833    |
| <b>A1</b>               | Not present at request of IEFP              | 34965  | -        | -        |
| <b>A2</b>               | Self placement                              | 17084  | -        | -        |
| <b>A' = A - (A1+A2)</b> | <b>Adults registered followed-up</b>        | 30005  | -        | -        |
|                         | With Employment Personal plan               | 25867  | -        | -        |
| <b>C</b>                | Employment Personal plan (nem start)        | 10502  | -        | -        |
|                         | Employment Personal plan (on going)         | 15365  | 6311     | 9054     |
| <b>D1</b>               | Without Employment Personal plan            | 4138   | 1476     | 2662     |
| <b>B</b>                | Adults still unemployed on month X+12       | 19503  | 7787     | 11716    |

Fonte: IEFP

The progressive territorial expansion of the methodology has led to the increasing of the population covered reaching until the end of 1999, 82054 adults registered in the Employment Centres between January and December 1998, being 38% men and the remaining 62% women. From that total a high number of people didn't show up when requested by the IEFP (42.6% of the total of the registered people) and for that reason the study already mentioned concerning the non-responses within the scope of the Initiative INSERJOVEM shall be developed.

**Table 6**

**Input and Output Indicators**

|          |                                 | <b>Total</b> | <b>Male</b> | <b>Female</b> |
|----------|---------------------------------|--------------|-------------|---------------|
| (B) / A  | Rate of inflow in LTU           | 23,8         | 24,9        | 23,0          |
| (C) / A  | Rate of compliance (%)          | 12,8         | -           | -             |
| (C) / A' | Rate os compliance adjusted (%) | 35,0         | -           | -             |
| (D1 / A) | Rate of failure                 | 5,0          | 4,7         | 5,2           |

Source: IEFPP

The analysis of the table on input and output indicators shows that 12.8% of the total of the registered people and 35.0 of the total of the registered and followed up people had obtained a response before the end of the 12 months period following the registration date and only 5% of the total of the registered people had no response. Less than one fourth of the registered (about 24%) were still unemployed 12 months after the registration, being the percentage of men slightly higher than that of women.

### **3.3 Guideline 3**

In Portugal the active measures have been increasing their importance, expressed in a percentage of the total employment policy costs, reaching already about 50%. However, this indicator should be relativized since the unemployment rate is low and the coverage of the passive measures (unemployment benefit) is also relatively low (43.5%).

In the framework of the improvement of the social system it has been reinforced the coverage of unemployment protection concerning socially more fragile population segments.

In spite of being high the impact of the active measures addressed to the unemployed, considering the total unemployment, it is still low the weight of those effectively qualifying initiatives on such measures.

So, it gets special relevance the objective defined in the NAP to increase the weight of vocational training for the unemployed by 25%/year, in order to attain 20% of the unemployed in training at the end of the Plan's period. In 1999, the annual increase was of about 39%.

Still in 1999 the new unemployment protection scheme, above referred to, came into force, introducing mechanisms towards the reduction of the lack of incentive to work, namely:

- the possibility of accumulating unemployment benefits with part-time employment;
- a partial unemployment benefit granted to the beneficiaries who, while receiving unemployment benefit, establish a part-time labour contract;



- the possibility of a temporary accumulation for a period of 30 days of the unemployment benefit with the training allowance, in the case of attendance of vocational training courses with a duration of 6 months or more.

### **3.4 Other Guidelines**

#### *Guideline 4*

Taking into account the priorities referred within the scope of this guideline as to a better performance of the social protection systems, by easing the access to employment, it was issued the Decree-Law n° 199/99, of June 8, which provides in its article 35 that the contributory rate on the side of the employer concerning certain groups of workers, in relation to whom the demand is lower, may be reduced, deducing some parcels included in its amount. This is namely the case of the disabled, of the young people seeking their first job and of the long term unemployed.

Concerning the incentive to the permanence of older workers in the labour market, it should be pointed out that the same Decree-Law establishes a reduced contributory rate for the workers receiving a disability or old age pension, as well as for the respective employers.

The Decree-Law n° 9/99, of January 8, in force since the 1st April, gave the possibility of increasing the old age pension granted to the beneficiaires with 65 years of age or more, who have completed 40 years of registered remunerations at the date they apply to the pension. With this Decree-Law the early retirement of people at working age is also penalized, and so, this instrument favours ageing while in activity, either through the incentive to the permanence of older workers in the labour market, through the discouragement from their early drop out from the labour market.

Within the scope of this guideline it should be pointed out the setting up of the “Agência Nacional de Educação e Formação de Adultos” - ANEFA (the Decree-Law n° 387/99 of September 28) which creates a competences structure in the field of Adult Education and Training at level of the design of intervention methodologies, the promotion of projects and support to the civil society initiatives. In this context it should be stressed particularly the gradual construction of a system of recognition and validation of adults informal learning.

In 1999 an effort has been made towards the extension of the continuing training to the working people in employment, in order to reach the target of 10% of the trainees in relation to the total of the working people in employment at the end of the five years of the Plan. Considering here as an example the continuing training carried out within the scope of the Programme Pessoa which is the greatest Programme co-financed by the ESF within the CSF II it turns out that the provisional data on the physical execution of this measure cover in 1999 over 140 000 trainees in employment, while in 1998 the execution data show a not so strong dynamism : 87378 trainees.

#### *Guideline 7*

In the field of the fight against early drop out, it is important to stress the evolution occurred in what concerns two measures in this area, which were adopted in the last years: i) the increase of the number of schools and students covered by alternative curricula corresponding to education/training paths for diversified target groups with learning difficulties, repeated school failure and high risk of early drop out – in the school year 98/99 there were 403 classes with this kind of curricula – and the increase of the number of Educational Territories for Priority Intervention, which in the school year 1997/98 were 44 and in 1998/99 were 48, covering 322 schools and 57 248 students in the latter (in the previous year, 293 schools and 54 896 students).

Another instrument to be referred concerns the number of young people with learning difficulties who benefit from special educational support. In fact, that number almost duplicated between the school years 1996/97 and 1998/99, covering in the latter over 75 000 students. In order to keep pace with this growth, the number of teachers involved has registered an important increase, reaching in 1998/99 the total of 6 869.

#### *Guideline 8*

The apprenticeship system development is one of the fundamental bets in the framework of this guideline, since it is intended to duplicate the number of apprentices until the end of the period of the Plan's enforcement. From the available data it can be concluded that the growth target of 20% for the number of apprentices/year was clearly surpassed, reaching 31%. So, we are approaching the objective established for the five years of NAP implementation (that is, the duplication of the number of the youth integrated into the apprenticeship system).

It should be stressed the growth registered in the number of students attending the vocational and qualifying modalities within the secondary education.

Concerning the youngsters already integrated in the labour market it should be pointed out the issue of an act establishing the inclusion in the labour contracts of minors between 16 and 18 years old a provision on training, in order to allow the minors access to training.

Still in the context of this guideline we should refer the extension of the Programme Internet at schools which implements the connection to the Internet of the school network, installing a multimedia computer in each school library/reference library, and connecting it to the Internet through the Science, Technology and Society Network.

#### *Guideline 9*

Beyond the relevance that still has the socio-occupational integration of the disabled within the scope of this guideline, it should be stressed the role played by the integrated measures in the Social Employment Market (MSE) in the promotion of the employability of disadvantaged groups, which included in 1999 over 60 000 people, showing a strong bet on the part of the State in what concerns the creation of employability conditions for groups with particular difficulties in socio-occupational integration.

It should also be referred here the launching in July 1999 of the Programme HORIZONTES 2000, aiming the promotion of the socio-occupational integration of the Minimum Guaranteed Income (RMG) beneficiaries.

#### *Guideline 10*

The guideline 10 aims essentially at reducing the obstacles to the start up of new businesses concerning mainly the administrative procedures, as well as the deadline for their accomplishment. Centres of Enterprises Formalities (CFE) were launched in 1998 with the objective of eliminating bureaucracy and simplifying such procedures. The activity of the CFE kept being very positive, having the time

required for the legal constitution of an enterprise been reduced from 5-6 months to 14-26 days (depending on the demand and as such differing from center to center).

#### *Guideline 12*

Within the scope of this guideline, it should be stressed for 1999 the reinforcement of the role played by the actors at local and regional level and the employment creation on a local scale.

Relating to the former, the creation and development of the Regional Networks and of the Territorial Pacts for Employment has proceeded, having been created as foreseen 10 new networks. Still in the perspective of the territorial development of the national employment strategy it is important to take into account the developments occurred with the approval and implementation of the Regional Plan for Employment in Alentejo and of the Regional Employment Plan for the Metropolitan Area of Oporto, as well as of the specific measures provided for by them.

As to the latter, and beyond the carrying out of the instruments already existing, it should be referred the creation of a programme of support to the cooperative development (PRODESCOOP), in the context of the support to the development, to the social economy and to the employment creation at local level.

#### *Guideline 17*

Following the effort made towards the adaptation of the labour legislation, they were issued two particularly important acts in the context of the regulation on employment conditions. It is the Law 103/99, of July 26, which regulates the part-time employment and the Law 146/99, of September 1, which revises the legal scheme of temporary employment.

They were still issued the Law 58/99, of June 30, which amends the legal scheme of employment of wage earners and salaried workers and the Law 137/99, of August 28, which amends the layoff legal scheme. On March 23 it had already been issued the Decree-Law 96/99 revising the concept of night work, in order to allow the collective agreements to reduce to 7 hours the current 11 hours duration of the night work period.

### *Guideline 18*

Within the scope of this guideline, it deserves a particular reference the growth of continuing in-company training, in order to reach the target of 10% of trainees in the total working people in employment at the end of the five years of the Plan.

### *Guideline 19*

Within the scope of this guideline it has been developed a NAP indicators system, which may allow the follow-up and evaluation of the progresses made in this area. Such system includes two great components: methodology of the indicators analysis (completed at the end of 1999) and a data collection system (to be developed in the first semester of 2000), aiming the creation of a data collection model, the monitoring and follow up of equal opportunities as a cross-disciplinary issue in the NAP.

### *Guideline 20*

Considering the objectives of this guideline it should be pointed out in 1999 the project “To include Equal Opportunities in the Social Dialogue” within the scope of the Initiative Leonardo da Vinci, with a view to the building of methodologies, programmes and pedagogic resources for the training of trainers of social negotiators in the field of equal opportunities between men and women in employment and at work and still a project, co-financed by the Community Initiative ADAPT, which envisages the construction of a module on equal opportunities to be included in all the public training.

### *Guideline 21*

In the field of the reconciliation between professional and family life, it should be referred the further expansion and development of pre-school education network, namely through the increase of the capacity established for more 27 600 new children. Between 1998 and 1999 the number of private and public establishments of the network changed from 5 146 to 6029. There were also investments concerning the expansion of the capacity of the establishments already existing, what has allowed to cover in the last year about 323 000 children and thus raising the coverage rate of pre-school education from 62.6% to 65%.

## **4. The presentation of the new initiatives relating to the amendments to the Guidelines for 2000**

### **4.1 The National Strategy for 2000**

The process of revision of the National Action Plan for Employment has followed closely the trend towards the stability and the reinforcement of the effectiveness recommended by the Commission guidelines on employment policy for 2000. Therefore, the concerted strategic guiding lines on employment are maintained as follows:

- Promotion of the **coordination** between **education, training and employment** areas through the recognition of the processes of non-formal learning, namely those related to work contexts;
- Development of **macro-economic policies** which favour the creation of employment ;
- Enhancement of sectorial, regional and local approaches for the solution of social and environmental questions,
- Promotion of the **social dialogue**, strengthening of the consultation and creation of partnerships at several levels, in order to implement agreements and initiatives which may promote competitiveness and employment;
- Coordination between the **social protection** policy and the **employment and training policies** as a turning point between social exclusion and social integration situations;
- Promotion, at all levels, of positive actions with a view to correct inequalities between **men and women** in the entry into working life and at work;
- Concentration of the activities of public employment services on **the individualized and personalized follow-up** and on the incentive to broader partnerships networks covering the local development organizations;
- Development of **pilot programmes and projects** on the basis of a experimentation logic, with a view to the enhancement, demonstration and dissemination of good practices in areas or groups considered as a priority.

In the framework of the fight against unemployment and of the development of employability there are three priority areas in coordination with the POEFDSO (Operational Programme Employment, Training and Social Development) and consistent with the ESF policy areas and priorities.

1. **Prevention against unemployment phenomena**, incorporating either the activities aimed to allow to the youth a good entry into working life, by endowing them with higher employability levels, or the activities intended to raise the employability of working people in employment, by reinforcing simultaneously their adjustment potential, taking into account the enterprises competitiveness needs. ,
2. **Early intervention in the fight against unemployment problems** in order to minimize the risk of long term unemployment by strengthening the active policies and paying a particular attention to the integration of the young unemployed into the labour market;
3. **Action towards the social integration of the sectors exposed to long term unemployment** trying to combine the improvement of the social protection with the incentive to the return to the labour market.

Finally, the following areas should be identified as deserving a particular attention within the scope of the NAP in 2000:

- Strengthening of the support to **continuing training** in the perspective of the lifelong training and of the development of the adaptability of the enterprises to the structural changes of the economy with particular attention to the information and communication technologies, and involving the social partners in a more active way;
- Further improvement of the **educational system**, namely through the progressive generalization of the **qualifying vocational training** and of the adequacy of the **teachers training** to the new curricula contents namely those related to **knowledge and competences in the informatics field** ;
- -Promotion of **the employment creation in the services sector** *by* increasing the quality and the diversity of supply in the sector, namely, meeting the needs still existing at level, either of the enterprises, or of the personal services ;
- The incentive to **the approach on a partnership basis** to the issues related to the modernization of the work organization, with a view to getting the effective commitment of the social partners at all adequate levels.

The strategy of approaching. the **equal opportunities issue** as a cross–disciplinary issue is maintained.

#### **4.2 Objectives and targets**

The great objectives of the employment policy for the year 2000 are the maintenance of the **employment rate above 70%** and of the **unemployment rate under 5%**.

According to such objectives and the strategic lines referred above the following targets should be pointed out:

- the full coverage of the Mainland territory by the methodologies INSERJOVEM and REAGE which allows a **two years anticipation in what concerns the European targets relating to the Guidelines 1 and 2**;
- further **increase of the unemployed vocational training by 25 %** when compared to the last year;
- **the duplication of the number of youngsters in the Apprenticeship System** within 5 years;
- the raising to **16500 of the professional traineeships** for young people;
- **the raising to 40% of the weight of students of technological, vocational, specialization or other qualifying courses at the secondary education level**;

- **the provision of an education/employment opportunity to all the youngsters** registered in the Employment Centres who are under 21 and have not concluded the 3rd cycle of the basic education or that having concluded it, haven't however concluded the secondary education ;
- **the maintenance of a global target of qualifying training for 117500 youngsters** through initial qualification and vocational and qualifying courses within the educational system;
- the gradual increase of the number of **employees in training**, in order to cover **10% of the total** of the working people in employment within five years;
- **the creation of 5000 jobs/year at local and micro-initiative level;**
- the inclusion of **contents in the area of the information and communication technologies in, at least, 50% of the continuing vocational training initiatives;**
- the provision of an active employment policy to **at least 45 000 beneficiaries of the Minimum Guaranteed Income.**

#### **4.3 New Instruments**

According to the priorities of the national and European strategies for 2000 and taking into account the necessary coordination between the National Action Plan for Employment and the Operational Programmes foreseen within the scope of the new Community Support Framework , new instruments have been created:

Within the scope of the **fight against unemployment:**

- The development of the, **Programme Sub 21** intended for the young unemployed under 21 years old who have not concluded the 3rd cycle of basic education or that having concluded it haven't, however, concluded the secondary education, so that they improve their education and vocational qualifications.
- **The evaluation of the effectiveness of the methodologies INSERJOVEM and REAGE** through two instruments: an inquiry about the registered unemployed who didn't show up on the request of the Employment Centres and a survey on the people covered by the methodologies, who benefit from an active measure or who get no response within six months after the date of the application of the methodology. This evaluation will allow to know the effective integration into the labour market of the beneficiaries of the referred responses..
- extension of the methodology REAGE to the LTU who have been registered for 24 months in all the regions covered by pacts and regional networks for employment which started functioning in 1998.

- The promotion of the **socio-occupational integration of groups with particular difficulties** in acceding to labour market, namely those who represent situations of long term unemployment.

In the framework of **Lifelong Learning**:

- The creation of the **certificate of basic competences in information technologies** and the development, within the scope of the National Certification System, of the **accreditation of basic competences** in information technologies for professional purposes.
- The development of a **Referential of Key Competences** within the scope of the Education and Training Courses for Adults (EFA) in the areas of Employability and Citizenship, Language and Communication, Information and Communication Technologies, as well as Maths for Life, to be used in the competences balances.
- Launching of a pilot programme of **Education and Training Courses for Adults (EFA)** developed with basis on the use of the **Referential of Key Competences** on the Methodology of Recognition and Validation of Competences and on the Vocational Training referentials approved and certificated by the National Certification System.
- The creation of Centres of Recognition and Validation of competences within the scope of a **System of Recognition and Validation of the Competences , with school equivalence, obtained during all life**, which is understood, either as a fundamental instrument for the incentive and guidance concerning the training demand on the side of the adults, or as a extremely necessary information source for the organization of the adequate training supply to be developed by the educational system
- Launching of **short term training initiatives** with a minimum of 50 hours and a priority for the areas of technological literacy and foreign languages, in order to contribute to the effective response that the country is expected to give concerning the tertiarization and the technological development requirements..

Within the scope of the **educational system**:

- The implementation until 2002 of the **Secondary Education Reform**

Within the scope of a **labour market open to everybody**:

- Development of the Programme **Inserção-Emprego** intended to support training and employment projects promoted by non-profit institutions, for beneficiaries of the Minimum Guaranteed Income. The programme includes still the aspect of the support to the employment creation (aid to recruitment).
- The implementation of the **Social Network for the Development** through the promotion and consolidation of the territorial networks, based on local partnerships, and



of the training and qualification of the agents of development who will perform their activity within the scope of those networks.

Within the scope of the **support to the enterprises start-up and management**:

- The creation of a **System of Incentives of Support to Small Investment Projects**
- Launching of mechanisms of **promotion of new enterprises** in strategic areas of great growth potential and with a high innovational level (new technologies, tourism, products of excellence in industry and in the services).
- Launching of the national network of Solidarity and **Social Security Shops** with a progressive coverage of the Mainland territory.

Within the scope of the **exploration of the opportunities for creation of new jobs**:

- The conclusion of the coverage of the national territory with **Regional Networks for the Employment**, and Territorial Pacts distributed by the five regions aiming, either the creation of partnerships stimulated by the Public Employment Services, or the promotion of employment at local level.
- Launching of **Regional Employment Plans for the Setúbal Peninsula and for Trás-os-Montes and Alto Douro**.
- Support to the investment in **local initiatives** aiming the direct employment creation.
- ρ The creation of incentives aiming at the promotion of private initiative with a view to **increasing the supply concerning the support of the improvement of the population living conditions**, namely through the development of social equipments and services which ensure the reinforcement of the social cohesion and of the socio-occupational integration of the most disadvantaged citizens.
- The launching of a **initiative for the electronic commerce**, developing the methodology adopted by the Employment Regional Plan for the Metropolitan Area of Oporto.
- The support to investment projects in economic activities within areas related to the **new technologies**, as well as to projects in the **tourism areas** related to environment, sports, culture, businesses and health.
- The launching of the **Guide for the Creation of Green Employment** at the local level.

In the framework of the **modernization of work organization**:

- **A new methodology for the negotiation with the social partners**, with a view to establishing medium term agreements on a set of subjects relating to labour relations and working conditions, namely:

- Agreement on Employment, Labour Market and Vocational Training.
  - Agreement on Work Organization, Productivity and Wages.
  - Agreement on the Improvement of the Social Protection standing up for the sustainability of the system and of the companies competitiveness.
  - Agreement on Working Conditions, on Occupational Health and Safety and on the Fight against Occupational Accidents.
- The promotion of **sectorial agreements** aiming at the continuing vocational training in specific sectors.
  - The support to the **training actions/consultancy, aimed specifically at the SME's**, through the establishment of contracts-programmes
  - with employers and sectorial organizations, focusing the reinforcement of the qualifications of the employers and of the employees themselves.

In the framework of the **reconciliation between professional and family life**:

The launching of the programme **Creches 2000**, a measure of financial support of the expansion of equipment nets relating to kindergartens.

#### **4.4 Financial resources**

The development of the National Action Plan for Employment demands the mobilization of technical, human and financial resources which are scattered among different institutional sources and headquarters.

The budgeted values for 2000, in terms of the employment active policies and of the human resources qualification are around **230 billion escudos**.

On the other hand, the main instruments for the promotion of employment, of employability and of an entrepreneurial mind, which express a reduction of receipts, represent a financial value of about **70 billion escudos** in the year 2000.

Focusing the measures related to the main quantitative objectives of the National Action Plan for Employment, it is possible to identify the allocation of resources associated to them.

**FINANCIAL RESOURCES ALLOCATED TO THE MAIN PROGRAMMES AND MEASURES  
SUPPORTING THE GUIDELINE OF THE PLAN – MAIN PRIORITIES**

|  | <b>Budgeted Values<br/>2000(thousand million escudos)</b> |
|--|---|
| <b>Guideline 1</b>   |   |
| <b>Programmes supporting the Inclusion and qualification of young people</b> | <b>80.2</b>   |
| - Initial qualification programmes   | 36.4  |
| - professional and artistic teaching   | 15.7  |
| - sectorial programmes   | 13.4  |
| - training for the unemployed  | 3,6   |
| - support to employment  | 11.1  |
| <b>Guideline 2</b>   |   |
| <b>Programmes supporting unemployed adults</b>                               | <b>51.9</b>   |
| - training for the unemployed  | 10  |
| - LTU integration  | 19.8  |
| - employment programmes  | 22.1  |
| <b>Guideline 6</b>   |   |
| <b>Promotion of Life Long Training</b>                                       | <b>70.7</b>   |
| - continuous training  | 24.3  |
| - sectorial programmes   | 33.9  |
| - civil service  | 2,6   |
| - teachers training  | 9.9   |

In the financial viewpoint, the main sources that feed the Plan match with the existing programmes in the framework of the CSF, which are in the majority of cases supported by the ESF financing.

#### **4.5 Actors Involved**

The promotion and the development of the Plan require significant efforts by the State and by the Social Partners. In what concerns the public authorities, taking into account the cross-disciplinary character of the Plan, several ministries are involved in its implementation and divulging. The Azores and Madeira Autonomous Regions participate in this process by developing the Plan through Regional Employment Plans duly adapted to the respective territorial specificities.

When considering the special relevance of the Ministry of Labour and Solidarity in this process, it has been created in this Ministry a structure specifically directed to the Plan's implementation, which articulates with the Working Group and with the Commission for the Follow-up of the National Employment Plan .

In the interministerial field, the Commission for the Follow-up of the National Action Plan for Employment is responsible for the monitoring of the process, in close collaboration with the involved ministerial cabinets.

In the institutional viewpoint and along with the direct involvement in its execution, the Social Partners participation in following up the Plan, either in terms of evaluation, or in

terms of discussion of its adjustments, is promoted at the level of the Standing Committee for Social Dialogue (SCSD).

With a view to reinforce that participation, a tripartite working group has been established in 1999 for the technical follow-up of the NAP

Taking into account the established in the point 9 of the Councils Resolution relating to the guidelines for Employment in 1998, and in order to get a periodical analysis of the Social Partners' contribution for the "implementation of the guidelines and the promotion of a high level of employment", reports on the Plan's execution are presented and evaluated every semester by the SCSD.

### 5. Action developed in response to the recommendations

In 1999, Portugal was given three recommendations by the Council. The first one was related to the **pursuit of efforts aiming at the improvement of the education system and the increasing of the support to continuing education, involving the social partners in a more active way.** In the next table are included the instruments and measures related to this recommendation.

#### Measures and Instruments of the NAP that are related to the first recommendation of the European Council

| RECOMMENDATION   |  |
|--|--|
| <i>1) Pursue efforts to improve the quality of the education system and to strengthen support for continuous training, in particular by involving social partners more actively</i>  |  |
| MEASURES/INSTRUMENTS AVAILABLE OR PROGRAMMED IN 1998-1999  | MEASURES/INSTRUMENTS PROGRAMMED IN 2000  |
| <ul style="list-style-type: none"> <li>- The integration of an education/training component in the integration strategy of unemployed adults (2.3.)</li> <li>- On-going training Programmes</li> <li>- Individual access to training</li> <li>- INFORJOVEM Programme</li> <li>- Continuous education</li> <li>- Join Statement of the Social Partners (13th April 1998)</li> <li>- ENDURANCE Initiative with a view to promoting lifelong education and training (6.1)</li> <li>- Identification of training needs at regional and national level (6.2)</li> <li>- "Society Project: Saber +" Programme aimed at the lifelong learning of adults (6.3)</li> <li>- Award as an incentive to comply with the target of increasing on-going training in companies (6.4) (17.8)</li> <li>- Increase of training in the information and communication technologies (6.5)</li> <li>- Development of Knowledge Resource Centers as places providing support to training institutions and professionals (6.6)</li> </ul> | <ul style="list-style-type: none"> <li>- Sub 21 Programme (1.4)</li> <li>- Support to advanced training programmes in areas of information technology (6.8)</li> <li>- Creation of a diploma in basic information technology skills (6.9)</li> <li>- Development of the Credential in basic information technology skills for professional purposes in the context of the National Certification System (6.10)</li> <li>- Preparation of a Key Skills Reference System, in the context of Adult Education and Training Courses (AET) (6.11)</li> <li>- Launch of a Adult Education and Training (AET) pilot programme (6.12)</li> <li>- Development of Skills Recognition and Ratification Centres in the context</li> </ul> |

| <b>RECOMMENDATION</b>  |   |
|--|---|
| <i>1) Pursue efforts to improve the quality of the education system and to strengthen support for continuous training, in particular by involving social partners more actively</i>  |   |
| <b>MEASURES/INSTRUMENTS AVAILABLE OR PROGRAMMED IN 1998-1999</b>   | <b>MEASURES/INSTRUMENTS PROGRAMMED IN 2000</b>  |
| <ul style="list-style-type: none"> <li>- Credentials System for training entities (6.7)</li> <li>- Development of the work of the Permanent Observatory for Secondary Education (7.1)</li> <li>- Priority Intervention Education Areas (7.2)</li> <li>- Alternative Curricula in compulsory education (7.3)</li> <li>- Education-Professional Training Courses (7.4)</li> <li>- Special Educational Support for young people with learning difficulties (7.5)</li> <li>- Launch of the Permanent Observatory for Compulsory Education (7.6)</li> <li>- On-going training of teaching and non-teaching staff (7.7)</li> <li>- Plan to Eliminate the Exploitation of Child Labour (PEECL) (7.8)</li> <li>- Programme for the Integration of the Young in Working Life (PIJVA) (8.2)</li> <li>- Reinforcement of training components in the work context in post-compulsory education and training (8.3)</li> <li>- Consolidation of the Nónio – 21st Century Programme (8.5)</li> <li>- Development of the Internet Programme to connect all schools to the net by 2002 (8.6)</li> <li>- Consolidation of the Programme <i>Ciência Viva</i> (8.7)</li> <li>- Generalisation of the information and guidance services in schools (8.9)</li> <li>- Development of post-secondary professional training courses (8.12)</li> <li>- Development of the observation system of admission and trajectories of graduates to higher education (8.13)</li> <li>- Launching of the ROTAÇÃO Employment and Training Scheme (17.3)</li> <li>- Creation of fiscal measures to support training in companies (17.7)</li> </ul> | <ul style="list-style-type: none"> <li>of the Recognition and Validity System of skills acquired throughout life, with an equivalent school diploma (6.13)</li> <li>- Launch of short term training courses to adults concentrating in the areas of technological literacy and foreign languages (6.14)</li> <li>- Promote sectoral agreements directed towards on-going training in specific sectors (6.15) (17.10)</li> <li>- Promote training/consultancy actions directed at SME (6.16)</li> <li>- Development of the statistic system in order to monitor the on-going training area (6.17)</li> <li>- Promote an agreement with the social partners on the area of “ <i>Employment, the Labour Market and Training</i>” in the context of the negotiation methodology agreed between the Government and the Social Partners</li> <li>- Implementing the reform of Secondary Education by 2002 (8.14)</li> </ul> |

In the field of **the betterment of the School System** quality and in order to substantially reduce the number of youngsters who drop out from the school system without finishing the compulsory education, a programme to **Fight School and Social exclusion in Basic Education** is under way, which essentially points to:

- a) the introduction of **alternative curricula** for children and youngsters showing problems in terms of behaviour and apprenticeship and who run the risk of school drop out;
- b) the establishment of **education territories of priority intervention** (ETPI), in order to create a privileged space for the establishment of partnerships with other entities and the development of projects aiming at the improvement of the education quality, as well as the promotion of equality of access and school attainment;

- c) the programming of youth entry into working life – **education and training courses (9th school year+1)** -, which aims at the creation of conditions necessary for the young people to be able to finish the compulsory education, thus assuring to those who do not intend to study further in the immediate future the possibility of getting a qualifying training.
- d) the development of the **Observatory on Basic Education**.

In the framework of the Secondary Education, the reform being implemented foresees the reinforcement of **technological and technical components** of this education level, in order to favour a greater employability of the young people who interrupt their studies. In this field we should point out the following important developments:

- the curricula revision;
- the supply of technological specialization courses;
- the establishment of the Permanent Observatory on Secondary Education;
- the guidance and information programme;
- the support to the entry of young people into working life by means of a generalized implementation of training placements in the framework of technological courses.

As far as **learning and skills in informatics** by teachers as well as by students are concerned, it should be pointed out the effort made in the scope of the education system, namely through the **teachers training in the area of the information and communication technologies**, through the development of a scientific and technological culture in the schools, by the intensification of multimedia utilization, with certified quality, in the framework of the contents of the basic and secondary education subjects.

In the framework of the CSF III, a set of measures has been foreseen, aiming at the promotion of the learning and certification of skills in informatics, as far as teachers and students are concerned. Measures have also been presented, which draw near the process of education/training and the working contexts, thus contributing to ease the young people transition from school into working life.

As far as continuing education is concerned and taking into account the national employment strategy , it fits into a preventive action line, thus contributing to the development of the companies adaptation capacity and, simultaneously, to the **reinforcement of employability of the working population**, through the renovation and upgrading of their competences. As a matter of fact, the restructuring need felt by the Portuguese economy and the requirement for higher levels of competitiveness do imply that a strong bet has been taken on **initiatives that promote a significant increase in the qualification level of the active population**.

Developed within the company, **the continuing education** is a powerful component of the national strategy for the lifelong education and it should pay significant attention to the areas relating to **the information and communication technologies**, essential to the

updating of workers competences, particularly of the older ones, whose contacts with the information society occur mainly in a working context.

In the framework of the Guideline 17, a goal has been established in order to guarantee the annual participation in continuing education initiatives of, at least 10%, of the employed population. To this goal, a second one has been added, foreseeing that at least 50% of the initiatives oriented to this public should include contents in the field of the information and communication technologies, with a weight of, at least 10%, on the initiatives duration, with a minimum of 20 hours.

With a view to promoting a more active involvement of the social partners in the continuing education, a **Medium Term Agreement on Employment, Labour Market and Training** is being negotiated, in the framework of a new bargaining methodology, proposed by the Government within the Social Dialogue.

The CSF III foresees the financial support to the continuing education in the scope of several operational programmes, namely the Operational Programmes for Economy, Agriculture, Rural Development, Environment, Employment, Training and Social Development, Health, Education, Science and Technology, as well as for the Information Society.

The second recommendation referred to the **adoption and implementation of consistent strategies, including statutory, fiscal and other procedures, with a view to reducing the administrative weight on the companies, to stimulating the entrepreneurial mind and to exploring the creation potential of employment in the services sector.** In the next table are included the instruments and measures related to this recommendation.

**Measures and Instruments of the NAP that respond to the second recommendation of the European Council**

| <b>RECOMMENDATION</b>   |  |
|---|--|
| <i>2) Adopt and implement coherent strategies, encompassing regulatory, fiscal and other measures, in order to reduce the administrative burden on companies, to stimulate entrepreneurship and to exploit the job creation potential of the service sector</i>   |  |
| <b>MEASURES/INSTRUMENTS AVAILABLE OR PROGRAMMED IN 1998-1999</b>  | <b>MEASURES/INSTRUMENTS PROGRAMMED IN 2000</b>   |
| <ul style="list-style-type: none"> <li>- Centres for Company Formalities (CCF's)</li> <li>- Programme INPRESA</li> <li>- Extension of the services to be provided by the CCF's (10.1)</li> <li>- Increase in the number of databases and available information for companies (10.2)</li> <li>- Integration of training components in the curricula of the educational system which will reflect on attitudes related to the entrepreneurial spirit (10.3)</li> <li>- Simplification of various administrative procedures in the organization of working hours (10.4)</li> </ul> | <ul style="list-style-type: none"> <li>- Launching of the national network of Solidarity and Social Security Shops (10.9)</li> <li>- Incentive System of Support to Small Investment Projects</li> <li>- Mechanisms for the promotion of new companies in strategic areas of potential growth (new technologies, tourism, high quality products in industry and services, environment) (11.7)</li> </ul> |

| <b>RECOMMENDATION</b>  |  |
|--|--|
| <i>2) Adopt and implement coherent strategies, encompassing regulatory, fiscal and other measures, in order to reduce the administrative burden on companies, to stimulate entrepreneurship and to exploit the job creation potential of the service sector</i>  |  |
| <b>MEASURES/INSTRUMENTS AVAILABLE OR PROGRAMMED IN 1998-1999</b>   | <b>MEASURES/INSTRUMENTS PROGRAMMED IN 2000</b>   |
| <ul style="list-style-type: none"> <li>- Reorganisation of the current social security administrative system (10.5)</li> <li>- Establishment of a new system of industrial licensing (10.6)</li> <li>- Launching of studies on services activities (10.7)</li> <li>- Re-evaluation of the fee framework for the setting up of companies</li> <li>- Support system for the creation of self employment</li> <li>- Creation of self employment by subsidized unemployed</li> <li>- Local Employment Initiatives</li> <li>- Business Innovation Centers (BIC's) and</li> <li>- Promote the support for women setting companies or independent workers (11.5)</li> <li>- Social Labour Market</li> <li>- Solidarity Pact</li> <li>- Creation of the Support Fund for Innovative Projects (SFIP) (12.2.)</li> <li>- Launching of the Cheque-Service measure (12.3)</li> <li>- Development of a support programme for job creation in the social economy namely in the co-operative sector (12.4)</li> <li>- Creation of a fiscal status for the co-operative sector (12.5)</li> <li>- Promotion of a Support Programme for Socio-local development (12.6)</li> <li>- Digital Cities Programme (13.1)</li> <li>- Pilot project aimed at the job creation in the service area taking advantage of information technologies (13.2)</li> <li>- Creation of a fund risk capital in the culture area (13.5)</li> <li>- Development of an Environment Professional Training Plan (13.6)</li> </ul> | <ul style="list-style-type: none"> <li>- Support for investment in local initiatives aimed at direct job creation (12.10)</li> <li>- Creation of incentives aimed at fostering private initiative with a view to increasing the supply of support services for the improvement of living conditions (12.11)</li> <li>- Launch of a new electronic trade initiative (13.7)</li> <li>- Support for projects investing in economic activities in areas linked to new technologies (13.8)</li> <li>- Support for projects in tourism linked to nature, sport, culture, business and health (13.9)</li> <li>- Launch of the Guide for the creation of green jobs at local level (13.10)</li> <li>- Reduction of IRC (tax on companies income) which goes from 34% to 32% for companies which invoice more than 100 million PTE</li> </ul> |

Concerning the decrease of the administrative weight on companies, it should be pointed out the expansion of the National Network of the Centres of Enterprises Formalities, which has contributed to diminish, in a significant way, the time required for the establishment of a new company – from 5/6 months to 14/26 days – and the launching of a national net of Solidarity and Social Security Shops, with the objective, among others, of simplifying and reducing the bureaucracy concerning the relationship between the companies and the Social Security.

The general framework of fiscality in Portugal is already marked by the existence of a situation where the relative dimension of indirect taxes reaches, when compared with the European values, a higher weight, while income taxes and Social Security contributions represent a relatively low percentage, in terms of the GDP.



In order to render the fiscal system more favourable to employment, a **reduction in the Single Social Rate** has been introduced in 1995, in the amount of 0,75%.

On the other hand, with a view to creating employment for the most fragile social groups, it exists already in the Portuguese legislation the possibility of benefiting the companies with **contribution exemptions to the Social Security during 36 months**. This measure, in force since 1986, tackles the recruitment of youngsters looking for the first job, of long term unemployed and of disabled people.

Moreover, in 1999 it came into force a measure incentivating the **part-time employment**, which envisages alleviating the indirect costs related to this kind of job.

Besides the measures established in budgets of previous years and still in force, the State budget for 2000 foresees a set of **measures in the fiscal area**, which in a direct or indirect way, do influence employment, namely by:

- updating the grades of the Income Taxes of Single People in a percentage higher than inflation for the lowest income grades (4%). This measure, by increasing the disposable income of the Portuguese with lower incomes, represents a greater incentive to labour supply in these grades of lower income.
- **reducing the rate of the Income Tax of Companies**, with special effect on small and microenterprises, what will not only give to a significant number of companies better basic economic conditions, but also represents an incentive to the establishment of companies in the services sector which create employment at a local level, particularly for those groups with special problems when it comes to employability.

On the other hand, in the framework of the **Social Security reform** now being again discussed in the Parliament by the current Legislature, the Portuguese Government is evaluating the possibility of reducing the labour non-wages related costs, namely through the diversification of the Social Security financing sources.

In the framework of the commitments assumed by the Government before the Parliament and the Social Partners, the priorities for the year 2000 are the approval in the Parliament of **changes in the Social Security system** which might alleviate the labour costs and the **evaluation of the efficiency of fiscal incentives** granted to job creation, proposing possible changes, in order to increase their positive discrimination capacity towards the most disadvantaged groups.

The social partners started, within the Social Dialogue, the negotiation of a medium term agreement on the Improvement of the Social Protection, standing up for the Sustainability of the System and the Enterprises Competitiveness.

The **development of entrepreneurship** is being supported by a set of measures backing up the creation of companies, some of them specifically oriented to some groups, such as, youngsters, some framed by regional and local development policies, and others

representing active measures of the employment policy, encouraging unemployed people to create self-employment or small enterprises units.

**Structures for the support of enterprises development** have also been created, such as the Centres for the Support to Enterprises Creation (CACE) and the Enterprises Nests where are made available functioning conditions to new enterprises (facilities, equipments, technical support) during a period of time considered necessary to their launching and stabilization.

In 1999 it was regulated the constitution and the functioning of **risk capital investment funds**, namely those that contribute to the reinforcement of the competitiveness of the national economic structure and of the companies efficiency, through the establishment of new enterprises or through the modernization and expansion of already existing ones.

The support to the development of the entrepreneurial mind remains the core issue of the national policy and the Economy Operational Programme 2000-2006 foresees a set of measures, namely those that aim not only the **promotion of small industrial initiatives and of employment**, with the objectives of increasing systemic competitiveness gains in small and microenterprises, promoting the creation of qualified employment and local development, but also the **mobilization of new ideas and new employers**, with the objectives of developing entrepreneurial initiatives with a creative content and promoting the enhancement and assimilation of technological capacity for innovation.

The **tertiarization of the Portuguese economy** is increasing in the last few years, and Portugal still presents a certain gap in relation to the European average. Portugal shows, however, a certain level of employment growth in this sector, so that it fulfills the existing needs, either at the level of the enterprise, or at the level of personal and environment services.

In this field, we should point out the areas concerning the information society, culture, environment and all the activities related to the support services which aim at meeting people and enterprises needs.

The Economy Operational Programme 2000-2006 foresees especially the support of investment projects in sectors like **the electronic commerce and the digital economy, the information and communication technology, the industries with multimedia and audio-visual contents, as well as the support of projects aiming at the improvement, promotion and supply of tourist products**, namely in areas related to nature, tourism, sports and culture, business and health. Support will also be given to projects on the enterprises initiative or consortiums with entities of the National Scientific and Technological System which might integrate the capacity to absorb, adapt and develop new technological knowledge, and thereby be able to embody this knowledge in terms of innovation, services production and provision. Projects related to commercial town planning will also be supported, namely in historical centres, in order to place a services sector near the consumers, creating synergies among commerce, tourism and the preservation of the patrimony and implementing the reconversion of projects of certain sub-sectors in commerce and services.

It should also be focused the role that the local development (and the increasing number of initiatives and experiments in this field) played in the culture's enhancement in current societies, due to the important role the issues concerning identity and local history play in those processes.

The **environment** sector also represents a source of new jobs, especially in Portugal, since we expect, in the short term, a greater approach to the medium standards of the EU.

In what concerns the **neighbourhood services**, specifically those that aim at supporting, individually or collectively, children, youngsters, disabled and old people, the supply has significantly raised and diversified, namely through the expansion of the network of social action establishments, getting into new areas (like the support to the family, the community, the homeless, the disabled and the drug addicted) and with new response forms, which point to relational and emotional ties (centres for free time activities, nursing, day nurseries, home care and day-care centres with social activities for the disabled and the elderly). However, since the shortage in the supply reaches significant levels in every domain, there is in this field a clear margin for an increase of the supply and, therefore, also in the jobs to be created.

The stimulation of the entrepreneurial mind and the development of the employment creation potential in the services sector has been envisaged in the National Action Plan for Employment through a set of instruments which we would like to point out:

- The promotion of the **entrepreneurship** through the mobilization of new ideas and new entrepreneurs and through the promotion of small industry initiatives and the support to job creation through active employment measures of the **start-up kind**.
- The **support to job creation at local level**, particularly through the promotion of opportunities related to needs not yet met by the market.
- The support to job creation in the services sector, namely in areas such as the electronic commerce and the digital economy and others related to the information and communication technologies, as well as the support, among others, to activities in the tourism, environment and cultural areas.

The third recommendation concerns the **incentive to the partnership approach and the promotion of concrete agreements with the social partners at all levels, important for the modernization of work organization, so that they might, simultaneously, be more productive and more competitive and therefore be able to guarantee the required balance between flexibility and security**. In the next table are included the instruments and measures related to this recommendation.

## Measures and Instruments of the NAP that respond to the third recommendation of the European Council

| RECOMMENDATION  |  |
|---|--|
| <i>3) Encourage a partnership approach and promote concrete commitments by the social partners at all appropriate levels on the modernisation of work organization, with the aim of making undertakings more productive and competitive while achieving the required balanced between flexibility and security</i>      |  |
| MEASURES/INSTRUMENTS AVAILABLE OR PROGRAMMED IN 1998-1999   | MEASURES/INSTRUMENTS PROGRAMMED IN 2000  |
| <ul style="list-style-type: none"> <li>- Join Statement of the Social Partners (13th April 1998)</li> <li>- Participation of the social partners in the monitoring of the NAP, both in terms of evaluation and the discussion of its adjustments, at the level of the Standing Committee for Social Dialogue</li> </ul> | <ul style="list-style-type: none"> <li>- Complete the coverage over the whole country of Regional Employment Networks and Territorial Pacts (12.7)</li> <li>- Promote agreements with the social partners on the areas of “<i>Working Conditions, Hygiene and Safety at Work and the Fight against Working Accidents</i>”, “<i>Organisation of work, Productivity and Salaries</i>” and “<i>Improvement of Social Protection defending the sustainability of the system and business competitiveness</i>” in the context of the negotiation methodology agreed between the Government and the Social Partners</li> </ul> |

With a view to promoting concrete agreements with the social partners, the Government proposed a new methodology for bargaining, in the framework of the Social Dialogue, aiming at the settlement of medium term agreements on a set of issues in the framework of labour relations and working conditions, namely the following:

- Agreement on Employment, Labour Market and Training.
- Agreement on Work Organization, Productivity and Wages.
- Agreement on the Improvement of Social Protection, defending the Sustainability of the System and of the Entrepreneurial Competitiveness.
- Agreement on Working Conditions, Health and Safety at Work and on the Fight against occupational accidents.

### 6. Identification of good practices

Among the instruments integrated in the NAP could be pointed out as particularly fruitful in the perspective of the transferability the following:

#### 1. Education-Training Courses

The Government has been developing for the education and training area diversified educational supplies, in order to create conditions which may ensure the fulfilment of nine years basic schooling to all youngsters, and provide a qualifying vocational training for those who having concluded the latter do not intend to proceed with their studies at the moment.

The Education/Training Courses were created in 1997 with the double objective of ensuring the fulfilment of nine years compulsory schooling and providing a qualifying training of level II.

The courses are proposed and organized by schools which provide the third cycle of basic education, being desirable the establishment of protocols/partnerships with other local entities, namely local authorities, companies and training centres.

The curriculum structure includes three components: general training (70-100 hours), sociocultural training (70-100 hours) and technical training (820 to 860 hours), which should include, whenever possible, a training placement in working context, with a minimum of 120 hours and a maximum of 360 hours. The components of general and sociocultural training should adjust the programme contents to the specificities of each course in a cross-disciplinary logic in order to prepare the trainees for the awareness and exercise of citizenship and for a better integration in the labour world.

In the current school year 178 courses are being provided in the mainland territory, distributed by 132 schools and covering different training areas among which stand out Electricity and Electronics, Administration, Mechanics and Metallomechanics and Commerce, covering about 2500 students.

The evaluation of the measure relating to the school year 1997/98 showed that most of the trainees are between 15 and 17 years old (the minimum age for admission is 15 years), are male (over 60%) and had not concluded the 9th year.

After concluding the training about 43% of the students have decided to proceed their studies, while 40% established labour contracts, in many cases with the entities where they had carried out the training in a real working context.

Some employers were positively surprised by the quality of the work produced and by the personal and professional competences shown by many of the trainees.

## 2. Regional Employment Networks

Through the Council of Ministers Resolution 2/98 of January 14, the Regional Employment Networks were created as a method for promoting the concerted intervention in areas with socioeconomic identity, in order to solve problems of employment qualification, which have been unanimously identified as a priority, based on a better coordination of the available resources. The aim is, therefore, without any institutional surcharge, to generate synergies necessary to concentrate the local forces on the solution of priority problems, improving the use of the available programmes and measures. The regional employment networks represent, therefore, a framework for the organization and promotion of employment and qualification through the mobilization of the initiative and of the development of activities on a territorial basis.

The objectives of the regional employment networks are:

- a) To promote and encourage, on a regional and local basis, the identification of the real employment problems, namely the human resources training needs and the priority activities to solve them;
- b) To improve, at regions level, the relationship between the qualification supply and employment opportunities and needs, by exploring potentialities and reducing constraints;
- c) To increase the intervention of public services, improving its activity towards the local priorities in a coordinated way, and to optimize the public resources invested;
- d) To promote the coordinated intervention of the responsible local entities, building confidence among the partners and stimulating the solution of identified problems;
- e) To encourage the use of productive resources, infrastructures and capacities available at local and regional level;
- f) To adjust programmes, instruments, mechanisms and public policy measures to the needs and constraints identified at local level.

The institutional composition of the regional employment networks differs according to the characteristics and resources of the area and still according to the problems identified as a priority at a regional level, and should ensure the participation of the most representative and relevant entities considering the initiative to be developed. The decentralized services of the Public Administration may be partners at the regional employment networks: local authorities and their associations, employers organizations and trade unions, associations for local development and similar, private institutions of social solidarity and public utility entities, educational establishments and vocational training, research and transfer of technology centres, representatives of the significant companies at regional level.

The activities to be privileged in the framework of the regional employment networks are:

- a) The dissemination of information on the instruments of employment promotion, qualification and regional and rural development;
- b) The technical assistance to populations and companies, in order to make easier the access to the programmes and instruments available as well as to the implementation of projects;
- c) The organization of training and education initiatives adequate to the local development needs, namely those that meet the populations' expectation, as well as those that encourage an attitude of continuing learning;
- d) The promotion at local level of employment, of the unemployed return to work, the entry into working life job seekers and of disadvantaged groups, and of the prevention against employment problems of workers at risk.

- e) The stimulation of entrepreneurial initiative, of business start-up, of companies reconversion and of investments and resources attracting;
- f) The diagnosis of survival and recovery problems of traditional sectors, in order to evaluate the need for the strengthening of local capacities and competences;
- g) The diagnosis of infrastructures needs and the identification of neighbourhood services, namely those concerning leisure, cultural and recreational, social and environmental services which promote the well-being of the population, as well as the settlement of young people;
- h) The support and energizing of neighbourhood services.

The organizational support of regional employment networks is composed of:

- a regional employment forum intended to developing the strategic social dialogue, set up by a protocol with the partners concerned in each specific region, with consultative and prospective reflexion functions;
- a coordinating unit, with operational nature and in charge of the building up and development of each network, composed of representatives of the Public Employment Service, of the involved municipalities and of the corresponding Regional Coordinating Commission;
- a unit of technical assistance, with the resources made available by the different entities constituting each network.

The first regional employment networks were set up in 1998 and have served as a territorial basis for the introduction of the methodologies of early approach to unemployment INSERJOVEM and REAGE, which have been implemented as an instrument of response to the objectives of guidelines 1 and 2 of the European Strategy for Employment. By the end of 1999, 75% of the Mainland territory was covered by regional employment networks and until the end of 2000 it is foreseen that the whole territory will be covered. Also in 2000 was introduced the application of the methodology REAGE to long term unemployment of the territories of the networks set up in 1998.

### 3. INTERNET at schools

The creation in schools of the physical conditions required for the continuing learning by using diversified information sources and new information and communication technologies is a means to contributing to the accelerated development of the Portuguese society towards the Information and Knowledge Society. To provide to all students of the educational system the access to the information and communication technologies is a significant objective at level of the educational system and implies the equipment of basic and secondary education schools with computers and its connection to the Internet.

The Programme Internet in Schools implements the connection to the Internet of the schools network, by installing a multimedia computer in each school library/mediatech and connecting it to the internet through the Science, Technology and Society Network.

At the end of December 1999 247 schools of the first cycle of basic education were covered; 1692 schools of the second and third cycles of the basic, secondary and vocational education, public and private, including the Mainland and Azores. Presently are being integrated in the Science, Technology and Society Network 50 schools of the first cycle of basic education.

It is foreseen that by the end of 2002 all the establishments of basic and secondary education will be covered.

They were still incorporated in this programme 275 municipal public libraries and libraries of the Fundação Calouste Gulbenkian network, 30 teachers' training centres and 52 cultural associations.

They are still being integrated in the Science, Technology and Society Network 94 teachers' training centres.



## **ANNEXES**

**Annex 1 – Financial Commitments**

**Annex 2 – Follow –up statistics and data for evaluating the implementation of European Employment Strategy**

**Annex 3 – Glossary of terms and initials used in the NAP**

**Annex 4 – National Action Plan for employment 2000**

# Annex 1

## Financial Commitments

**NAP 1999**  
**FINANCIAL IMPLEMENTATION**

Unidade: milhões de contos

Unidade: milhares de Euros

| PNE 1999   | STRUCTURAL FUNDS |       | PUBLIC EXPENSE |        | TOTAL    |       | STRUCTURAL FUNDS |          | PUBLIC EXPENSE |       | TOTAL |       |
|--|------------------|-------|----------------|--------|----------|-------|------------------|----------|----------------|-------|-------|-------|
|  | ESF              | FEDER | ESF            | FEDER  | ESF      | FEDER | ESF              | FEDER    | ESF            | FEDER | ESF   | FEDER |
| <b>Guideline 1</b>   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| <b>Support programs to insertion and youth qualification</b>                   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| <b>1. Initial qualification programs</b>                                       |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Apprenticeship   | 12,193           |       | 6,174          | 18,367 | 60,81843 |       | 30,79578         | 91,61421 |                |       |       |       |
| Initial qualification  | 9,236            |       | 3,079          | 12,315 | 46,06897 |       | 15,35799         | 61,42696 |                |       |       |       |
| Sectorial vocational training  | 3,4874           |       | 1,1624         | 4,6498 | 17,39508 |       | 5,798027         | 23,1931  |                |       |       |       |
| Second chance education  | 4,1626           |       | 1,3876         | 5,5502 | 20,76296 |       | 6,92132          | 27,68428 |                |       |       |       |
| <b>2. Vocational Training for youth unemployed</b>                             |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Vocational training for unemployed   | 1,0188           |       | 0,3396         | 1,3584 | 5,081753 |       | 1,693918         | 6,775671 |                |       |       |       |
| Vocational training due to adverse developments in individual sectors          | 0,0936           |       | 0,0312         | 0,1248 | 0,466875 |       | 0,155625         | 0,6225   |                |       |       |       |
| LTU Vocational training  | 0,613            |       | 0,2042         | 0,8172 | 3,057631 |       | 1,018545         | 4,076176 |                |       |       |       |
| Vocational training for disadvantage groups                                    | 0,2874           |       | 0,0958         | 0,3832 | 1,433545 |       | 0,477848         | 1,911394 |                |       |       |       |
| Vocational training Workshops programme  |                  |       | 3,3464         | 3,3464 |          |       | 16,69177         | 16,69177 |                |       |       |       |
| training grants  | 0,0456           |       | 0,0152         | 0,0608 | 0,227452 |       | 0,075817         | 0,303269 |                |       |       |       |
| <b>3 Support to professional insertion and employment</b>                      |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Practical vocational training (National Programme)                             | 5,46075          |       | 1,82025        | 7,281  | 27,23811 |       | 9,079369         | 36,31747 |                |       |       |       |
| Subsidies for youth employments contracts                                      | 1,8798           |       | 0,6266         | 2,5064 | 9,376403 |       | 3,125468         | 12,50187 |                |       |       |       |
| Training/Employment schemes for young people                                   | 1,4025           |       | 0,4675         | 1,87   | 6,995641 |       | 2,33188          | 9,327521 |                |       |       |       |
| Support to self-employment (ACPE)  | 0,0693           |       | 0,0231         | 0,0924 | 0,345667 |       | 0,115222         | 0,460889 |                |       |       |       |
| Support to business start-up (ILE e RIME)                                      | 1,65105          |       | 0,55035        | 2,2014 | 8,235403 |       | 2,745134         | 10,98054 |                |       |       |       |
| <b>Guideline 2</b>   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| <b>Support programs for adult unemployment</b>                                 |                  |       |                |        |          |       |                  |          |                |       |       |       |
| <b>1. Vocational training for unemployed adults</b>                            |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Vocational training for unemployed   | 4,0752           |       | 1,3584         | 5,4336 | 20,32701 |       | 6,775671         | 27,10268 |                |       |       |       |
| Vocational training due to adverse developments in individual sectors          | 0,3744           |       | 0,1248         | 0,4992 | 1,867499 |       | 0,6225           | 2,489999 |                |       |       |       |
| LTU Vocational training  | 2,452            |       | 0,8168         | 3,2688 | 12,23052 |       | 4,074181         | 16,30471 |                |       |       |       |
| Vocational training for disadvantaged groups                                   | 1,1496           |       | 0,3832         | 1,5328 | 5,734181 |       | 1,911394         | 7,645574 |                |       |       |       |
| Vocational training Workshops programme  |                  |       | 4,183          | 4,183  |          |       | 20,86472         | 20,86472 |                |       |       |       |
| Training grants  | 0,228            |       | 0,076          | 0,304  | 1,137259 |       | 0,379086         | 1,516346 |                |       |       |       |
| <b>2. Employment programs</b>  |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Occupational Programs  | 1,7354           |       | 6,9416         | 8,677  | 8,656139 |       | 34,62455         | 43,28069 |                |       |       |       |
| Subsidies to LTU employment contracts  | 0,46995          |       | 0,15665        | 0,6266 | 2,344101 |       | 0,781367         | 3,125468 |                |       |       |       |
| Support to self-employment (ACPE)  | 0,2772           |       | 0,0924         | 0,3696 | 1,382668 |       | 0,460889         | 1,843557 |                |       |       |       |
| Support to business start-up (ILE e RIME)                                      | 3,08196          |       | 5,72364        | 8,8056 | 15,37275 |       | 28,5494          | 43,92215 |                |       |       |       |
| Support to business start-up (CACE)  |                  |       |                | 0,125  |          |       |                  | 0,623497 |                |       |       |       |
| Support for recipients of unemployment benefits to enter self-employment (CPE) |                  |       | 1,486          | 1,486  |          |       | 7,412137         | 7,412137 |                |       |       |       |
| Job clubs  | 0,0195           |       | 0,0065         | 0,026  | 0,097266 |       | 0,032422         | 0,129687 |                |       |       |       |
| Insertion companies  | 1,46625          |       | 0,48875        | 1,955  | 7,313624 |       | 2,437875         | 9,751499 |                |       |       |       |
| <b>Guideline 3</b>   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Vocational training for unemployed   | 5,014            |       | 1,778          | 6,792  | 25,00973 |       | 8,868627         | 33,87835 |                |       |       |       |
| Support for recipients of unemployment benefits to enter self-employment (CPE) |                  |       | 1,486          | 1,486  |          |       | 7,412137         | 7,412137 |                |       |       |       |
| Training grants  | 0,228            |       | 0,076          | 0,304  | 1,137259 |       | 0,379086         | 1,516346 |                |       |       |       |
| Job clubs  | 0,0195           |       | 0,0065         | 0,026  | 0,097266 |       | 0,032422         | 0,129687 |                |       |       |       |
| <b>Guideline 6</b>   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Training program SME   | 2,3745           |       | 0,7915         | 3,166  | 11,84396 |       | 3,947985         | 15,79194 |                |       |       |       |
| Continuous Vocational training   | 9,094            |       | 3,031          | 12,125 | 45,36068 |       | 15,11856         | 60,47925 |                |       |       |       |
| Sectorial training   | 17,437           |       | 5,812          | 23,249 | 86,97539 |       | 28,99013         | 115,9655 |                |       |       |       |
| Knowledge Centres  | 0,098            |       | 0,0331         | 0,1311 | 0,488822 |       | 0,165102         | 0,653924 |                |       |       |       |
| Training needs   | 0,115            |       | 0,038          | 0,153  | 0,573618 |       | 0,189543         | 0,763161 |                |       |       |       |
| Credentials system   | 0,058            |       | 0,019          | 0,077  | 0,289303 |       | 0,094772         | 0,384074 |                |       |       |       |
| <b>Guideline 7</b>   |                  |       |                |        |          |       |                  |          |                |       |       |       |
| Information program on Educational and training offer (ROTAS e SETE LÉGUAS)    |                  |       | 0,133          | 0,133  |          |       | 0,663401         | 0,663401 |                |       |       |       |
| SPO  |                  |       | 2,741          | 2,741  |          |       | 13,67205         | 13,67205 |                |       |       |       |
| Educational Territories of Priority Intervention (TEIP)                        |                  |       | 0,14           | 0,14   |          |       | 0,698317         | 0,698317 |                |       |       |       |
| Permanent Observatory of Secondary Education                                   | 0,02625          |       | 0,00875        | 0,035  | 0,130934 |       | 0,043645         | 0,174579 |                |       |       |       |
| Permanent Observatory of pos- secondary education graduates                    | 0,0795           |       | 0,0265         | 0,106  | 0,396544 |       | 0,132181         | 0,528726 |                |       |       |       |
| Observation system of access in higher education                               | 0,021            |       | 0,007          | 0,028  | 0,104748 |       | 0,034916         | 0,139663 |                |       |       |       |
| Permanent Observatory of Basic Education                                       |                  |       | 0,001          | 0,001  |          |       | 0,004988         | 0,004988 |                |       |       |       |

(Continua)

(continuação)

| PNE 1999                                     | Unidade: milhões de contos |       |                |         | Unidade: milhares de Euros |       |                |          |
|--|----------------------------|-------|----------------|---------|----------------------------|-------|----------------|----------|
|  | STRUTURAL FUNDS            |       | PUBLIC EXPENSE | TOTAL   | STRUTURAL FUNDS            |       | PUBLIC EXPENSE | TOTAL    |
|  | ESF                        | FEDER |                |         | ESF                        | FEDER |                |          |
| <b>Guideline 8</b>                           |                            |       |                |         |                            |       |                |          |
| AGIR   | 0,395                      |       | 0,208          | 0,603   | 1,970252                   |       | 1,0375         | 3,007751 |
| Inforjovem                                   |                            |       | 0,372          | 0,372   |                            |       | 1,855528       | 1,855528 |
| UNIVA  | 0,682                      |       | 0,337          | 1,019   | 3,401802                   |       | 1,680949       | 5,082751 |
| Initial Vocational training                  | 16,6504                    |       | 5,5504         | 22,2008 | 83,05185                   |       | 27,68528       | 110,7371 |
| NÓNIO _ Sec. XXI                             |                            |       | 1,078          | 1,078   |                            |       | 5,377041       | 5,377041 |
| INTERNET Program                             |                            |       | 0,8            | 0,8     |                            |       | 3,990383       | 3,990383 |
| Ciência Viva Program                         | 1                          |       | 0,426          | 1,426   | 4,987979                   |       | 2,124879       | 7,112858 |
| <b>Guideline 9</b>                           |                            |       |                |         |                            |       |                |          |
| Disabled rehabilitation                      | 5,97                       |       | 1,99           | 7,96    | 29,77823                   |       | 9,926078       | 39,70431 |
| Pro ACT                                      |                            |       |                |         |                            |       |                |          |
| Programa Vida Emprego                        |                            |       | 0,277          | 0,277   |                            |       | 1,38167        | 1,38167  |
| <b>Guideline 10</b>                          |                            |       |                |         |                            |       |                |          |
| Formality centres                            |                            |       | 1,812          | 1,812   |                            |       | 9,038218       | 9,038218 |
| <b>Guideline 12</b>                          |                            |       |                |         |                            |       |                |          |
| Insertion companies                          |                            |       | 2,123          | 2,123   |                            |       | 10,58948       | 10,58948 |
| Social Labour Market protocols ( MSE)        | 1,46625                    |       | 0,48875        | 1,955   | 7,313624                   |       | 2,437875       | 9,751499 |
| Support to business start-up (ILE e RIME)    | 8,25525                    |       | 2,75175        | 11,007  | 41,17701                   |       | 13,72567       | 54,90268 |
| Suppor to young entrepreneurs (SAJE)         |                            |       | 5,632          | 5,632   |                            |       | 28,0923        | 28,0923  |
| <b>Guideline 13</b>                          |                            |       |                |         |                            |       |                |          |
| Cidades Digitais Program                     | 0,975                      |       | 0,525          | 1,5     | 4,863279                   |       | 2,618689       | 7,481968 |
| Multimedia for all                           |                            |       |                |         |                            |       |                |          |
| Training in Environment kills                |                            |       | 0,176          | 0,176   |                            |       | 0,877884       | 0,877884 |
| <b>Guideline 22</b>                          |                            |       |                |         |                            |       |                |          |
| Vocational training for disadvantaged groups | 1,1496                     |       | 0,3832         | 1,5328  | 5,734181                   |       | 1,911394       | 7,645574 |

Provisional data

NAP 2000: PREVISION

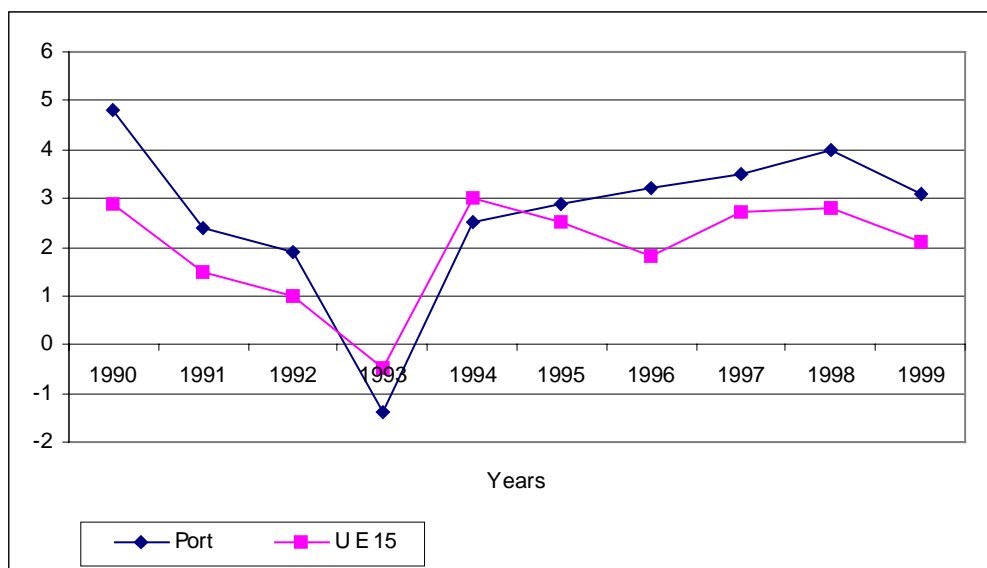
|   | 1000 contos     |       |                         |                      | 1000 Euros         |             |                         |                      |
|---|-----------------|-------|-------------------------|----------------------|--------------------|-------------|-------------------------|----------------------|
|   | STRUTURAL FUNDS |       | National public expense | Total public expense | Fundos estruturais |             | National public expense | Total public expense |
|   | ESF             | FEDER |                         |                      | ESF                | FEDER       |                         |                      |
| <b>Guideline 1</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Promotion of trainig and transition to work                         | 27805           |       | 8587                    | 36392                | 138688,8133        |             | 42833,7                 | 181522,5             |
| Vocational training for unemployed                                  | 2714            |       | 838                     | 3552                 | 13536,56476        |             | 4180,74                 | 17717,3              |
| Employment support  | 8494            |       | 2623                    | 11117                | 42366,55137        |             | 13084,8                 | 55451,36             |
| Professional schools  | 10174           |       | 5479                    | 15653                | 50749,94264        |             | 27326,9                 | 78076,83             |
| <b>Guideline 2</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Vocational training for unemployed                                  | 7637            |       | 2359                    | 9996                 | 38094,45421        |             | 11765,4                 | 49859,84             |
| Employment programs   | 16872           |       | 5211                    | 22083                | 84157,6463         |             | 25991,9                 | 110149,5             |
| Employment and training for disavantedged groups                    | 15173           |       | 4686                    | 19859                | 75682,04944        |             | 23374,2                 | 99056,27             |
| <b>Guideline 3</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Vocational training for unemployed                                  | 10351           |       | 3197                    | 13548                | 51631,01897        |             | 15946,1                 | 67577,14             |
| Employment programs   | 40539           |       | 12520                   | 53059                | 202206,2471        |             | 62450,9                 | 264657,2             |
| <b>Guideline 6</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Continuous training   | 12574           |       | 7557                    | 20131                | 62717,94985        |             | 37695,1                 | 100413               |
| Public service training   | 1922            |       | 641                     | 2563                 | 9588,142576        |             | 3196,05                 | 12784,19             |
| Lifelong learning (PRODEP)  | 1358            |       | 770                     | 2128                 | 6773,675442        |             | 3840,74                 | 10614,42             |
| Teachers training (PRODEP)  | 6792            |       | 3846                    | 10638                | 33878,35317        |             | 19183,8                 | 53062,12             |
| Sectorial training (ECONOMIA)                                       | 7058            |       | 2352                    | 9410                 | 35205,15558        |             | 11731,7                 | 46936,88             |
| Sectorial training (Agriculture)                                    | 2706            |       | 902                     | 3608                 | 13497,47109        |             | 4499,16                 | 17996,63             |
| Sectorial training (Health)   | 439             |       | 146                     | 585                  | 2189,722768        |             | 728,245                 | 2917,968             |
| Information and comunication technologies (Sociedade da Informação) | 832             |       | 357                     | 1189                 | 4149,998504        |             | 1780,71                 | 5930,707             |
| Knowledge ResourcesCentres  | 87              |       | 29                      | 116                  | 434,9517662        |             | 145,15                  | 580,102              |
| Training Needs  | 103             |       | 34                      | 137                  | 511,7666424        |             | 171,088                 | 682,8543             |
| Credentials system  | 102             |       | 34                      | 136                  | 509,7714508        |             | 169,591                 | 679,3627             |
| <b>Guideline 7</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Initial qualification for young people                              | 11206           |       | 6347                    | 17553                | 55895,29235        |             | 31658,7                 | 87553,99             |
| <b>Guideline 8</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Vocational guidance   | 1820            |       | 1031                    | 2851                 | 9078,450994        |             | 5142,28                 | 14220,73             |
| Suppor to transition to work  | 3056            |       | 1731                    | 4787                 | 15243,26373        |             | 8634,19                 | 23877,46             |
| Lugar aos jovens  |                 |       | 0                       | 0                    |                    |             | 0,09976                 | 0,09976              |
| Nónio   |                 |       | 4782                    | 4782                 |                    |             | 23852,5                 | 23852,52             |
| <b>Guideline 9</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Disabled rehabilitation   | 4971            |       | 2987                    | 7958                 | 24795,24346        |             | 14899,1                 | 39694,34             |
| Social Network  | 1311            |       | 791                     | 2102                 | 6540,503457        |             | 3944,23                 | 10484,73             |
| <b>Guideline11</b>  |                 |       |                         |                      |                    |             |                         |                      |
| Incentives to business  |                 | 5047  | 3161                    | 8208                 |                    | 25174,32987 | 15767                   | 40941,33             |
| <b>Guideline 12</b>   |                 |       |                         |                      |                    |             |                         |                      |
| Employment Networks   |                 | 312   | 500                     | 500                  |                    | 1555,781032 | 2493,99                 | 2493,989             |
| Job creation at local level   | 4592            | 9184  | 8308                    | 22084                | 22904,79943        | 45809,59887 | 41440,1                 | 110154,5             |
| <b>Guideline 13</b>   |                 |       |                         |                      |                    |             |                         |                      |
| Cidades Digitais Program  | 147             |       | 63                      | 210                  | 733,2329087        |             | 314,243                 | 1047,476             |
| Training in Environement skills                                     | 611             |       | 203                     | 814                  | 3048,652747        |             | 1013,56                 | 4062,21              |
| <b>Guideline 17</b>   |                 |       |                         |                      |                    |             |                         |                      |
| SME's Support   | 2602            |       | 1563                    | 4165                 | 12978,72128        |             | 7796,21                 | 20774,93             |
| Sectorial training (ECONOMIA)                                       | 7058            |       | 2352                    | 9410                 | 35205,15558        |             | 11731,7                 | 46936,88             |
| Sectorial training (Agricultura)                                    | 2706            |       | 902                     | 3608                 | 13497,47109        |             | 4499,16                 | 17996,63             |
| Sectorial training (Saúde)  | 439             |       | 146                     | 585                  | 2189,722768        |             | 728,245                 | 2917,968             |
| <b>Guidelines 18/21</b>   |                 |       |                         |                      |                    |             |                         |                      |
| Equal opportunities   | 837             |       | 502                     | 1339                 | 4174,938398        |             | 2503,97                 | 6678,904             |
| Social equipment: facilities network                                |                 | 1451  | 968                     | 2419                 |                    | 7239,552678 | 4826,37                 | 12065,92             |

## **Annex 2**

# **Follow –up statistics and data for evaluating the implementation of European Employment Strategy**

## 1.BASIC STATISTICS – TABLES AND CHARTS

**FIGURE 1**  
**GDP Evolution**



**TABLE 1**  
**MACRO-ECONOMIC INDICATORS**

|                                     | 1995 | 1996 | 1997 | 1998 | 1999 |
|-------------------------------------|------|------|------|------|------|
| Annual Real Evolution               |      |      |      |      |      |
| <b>GDPpm</b>                        | 2,9  | 3,2  | 3,5  | 4,0  | 3,1  |
| Private Consumption                 | 1,5  | 2,5  | 3,3  | 5,2  | 4,6  |
| Government Consumption              | 2,2  | 2,0  | 2,2  | 3,2  | 3,0  |
| Gross Fixed Capital Formation       | 4,7  | 5,7  | 11,7 | 9,8  | 6,3  |
| <b>Exports</b>                      | 10,3 | 10,2 | 8,8  | 8,7  | 3,3  |
| <b>Imports</b>                      | 7,2  | 7,5  | 11,9 | 13,8 | 7,2  |
| Inflation                           |      |      |      |      |      |
| Implicit Price Deflator (GDP)       | 5,0  | 3,1  | 2,7  | 3,6  | 2,7  |
| Consumer Price Index (with housing) | 4,2  | 3,1  | 2,3  | 2,8  | 2,3  |
| Total Employment                    | -0,6 | 0,6  | 1,9  | 2,3  | 1,9  |
| Productivity                        | 3,5  | 2,6  | 1,6  | 1,7  | 1,2  |

Fonte: INE - Annual National Accounts, Consumer Price Index and Labour Force Survey.  
MF, Estability and Convergence Program (2000-2004)

**TABLE 2**  
**STRUCTURAL FRAMEWORK OF MACRO-ECONOMIC AND**  
**EMPLOYMENT INDICATORS**

(UE=100)

|   | years |       |       |       |       |
|---|-------|-------|-------|-------|-------|
|   | 1995  | 1996  | 1997  | 1998  | 1999  |
| GDP per Capita in PPC (1)                     | 70,3  | 70,1  | 70,5  | 71,3  | 72,5  |
| Labour compensation per worker in PPC (2)     | 62,2  | 64,6  | 65,3  | 67,5  |       |
| Average Labour Productivity in ppc of 1990(2) | 57,0  | 57,6  | 57,2  | 57,2  |       |
| Activity Rate (3)(4)                          | 105,3 | 104,3 | 104,2 | 109,5 |       |
| Employment/Population (3)(4)                  | 109,5 | 108,5 | 109,2 | 116,3 |       |
| Unemployment Rate (2)                         | 67,6  | 67,0  | 61,1  | 46,1  |       |
| Inflation Rate (5)                            | 150,0 | 133,3 | 119,0 | 186,7 | 169,2 |

Sources: (1) MP, DPP "Situação Económica e Social em Portugal". For 1999, Estimates MTS/DEPP.

(2) OCDE, National Accounts; INE, National Accounts; CE, Economie Européenne 1999; MTS-DEPP, estimates

(3) Eurostat, Labour Force Survey

(4) New sample in 1998

(5) European Commission, Economie Européenne 1999, Consumer Price Index.

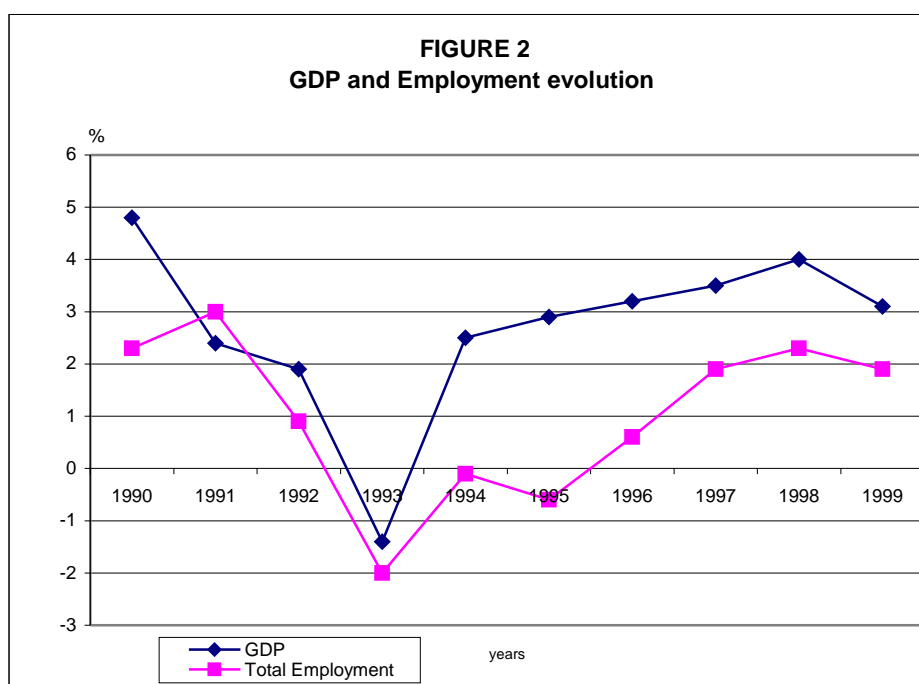
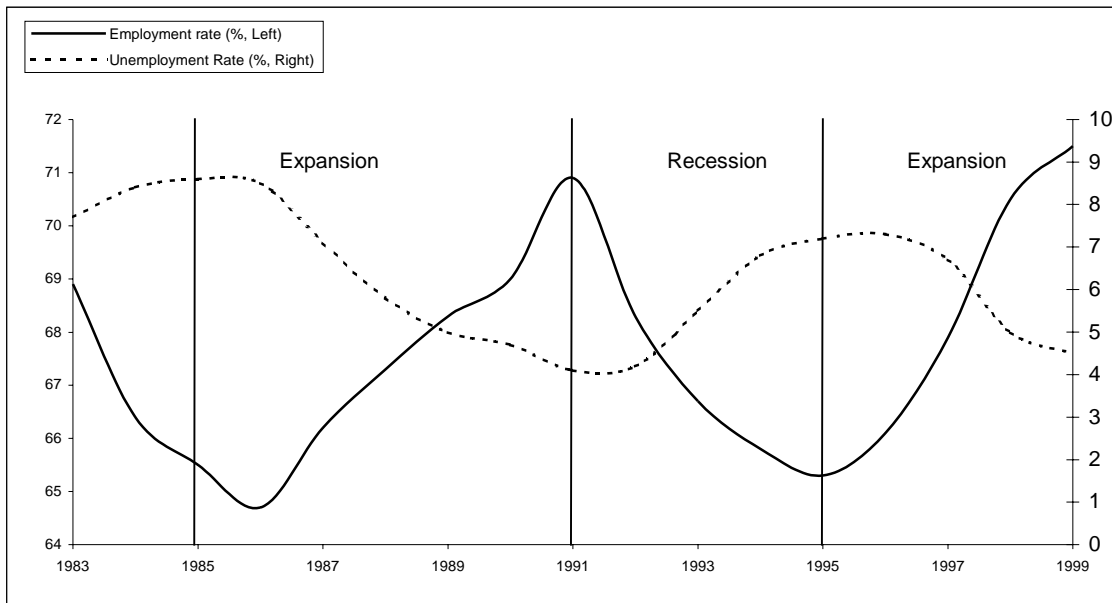




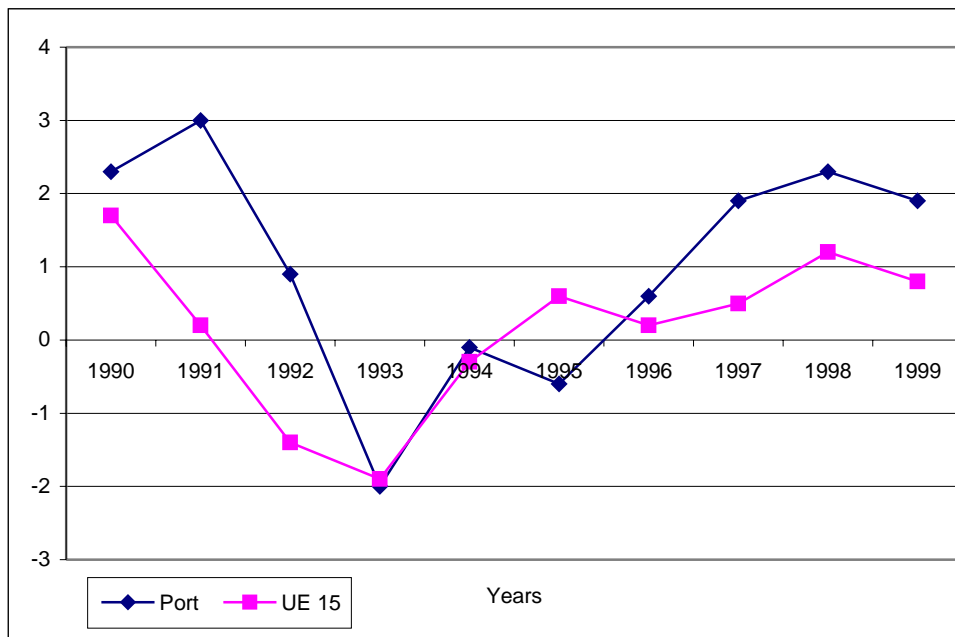
Figure 3 - Employment rate and Unemployment rate



Note: Expansion, when the effective product growth is higher than the Potential Product.

The Potential Product shows how much the economy may grow in one year, considering its historical profile, without requiring more ma

Figure 4 - Total Employment evolution

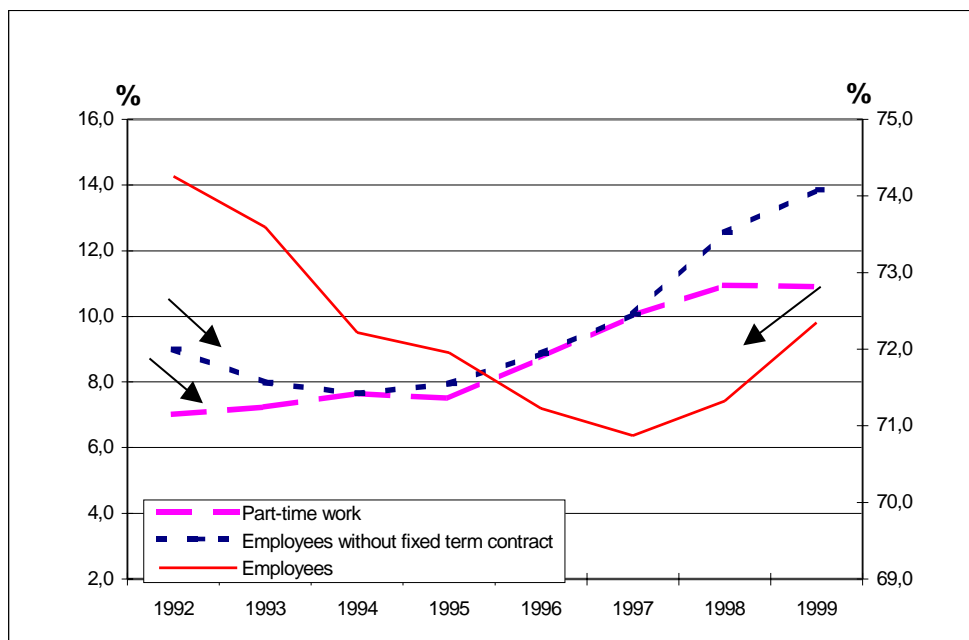


**TABLE 4**  
**Labour Market Indicators**  
**- Rates -**

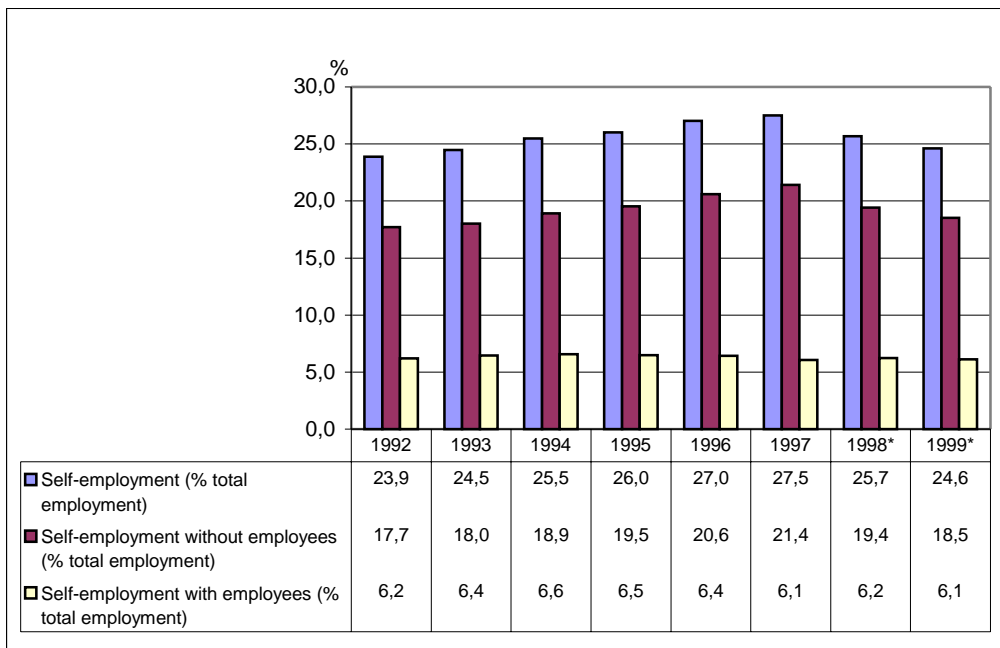
|                            | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998* | 1999* |
|----------------------------|------|------|------|------|------|------|-------|-------|
| %                          |      |      |      |      |      |      |       |       |
| <b>Participation Rate</b>  |      |      |      |      |      |      |       |       |
| <b>Total</b>               |      |      |      |      |      |      |       |       |
| MF                         | 48,4 | 48,2 | 48,8 | 48,6 | 48,9 | 49,5 | 50,3  | 50,9  |
| M                          | 56,3 | 55,4 | 55,8 | 55,4 | 55,6 | 56,6 | 57,2  | 57,5  |
| F                          | 41,3 | 41,5 | 42,3 | 42,4 | 42,7 | 43,0 | 44,0  | 44,8  |
| <b>from 15 to 24 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 50,1 | 46,3 | 44,4 | 42,5 | 42,7 | 44,7 | 47,8  | 47,7  |
| M                          | 53,5 | 48,8 | 47,0 | 45,7 | 46,2 | 48,2 | 50,4  | 51,2  |
| F                          | 46,5 | 43,6 | 41,7 | 39,1 | 39,0 | 41,1 | 45,2  | 44,2  |
| <b>&gt; 54 years</b>       |      |      |      |      |      |      |       |       |
| MF                         | 28,9 | 28,1 | 29,5 | 29,2 | 30,0 | 30,3 | 32,0  | 32,3  |
| M                          | 40,8 | 39,8 | 41,4 | 40,3 | 40,9 | 40,9 | 42,7  | 42,3  |
| F                          | 19,7 | 18,9 | 20,1 | 20,2 | 21,3 | 21,9 | 23,6  | 24,7  |
| <b>Employment Rate</b>     |      |      |      |      |      |      |       |       |
| <b>Total</b>               |      |      |      |      |      |      |       |       |
| MF                         | 68,3 | 66,7 | 65,8 | 65,3 | 66,1 | 67,9 | 70,5  | 71,5  |
| M                          | 79,5 | 77,2 | 75,6 | 74,3 | 75,2 | 76,8 | 79,7  | 80,0  |
| F                          | 57,9 | 57,1 | 56,7 | 56,9 | 57,5 | 59,5 | 61,6  | 63,4  |
| <b>from 15 to 24 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 45,1 | 40,4 | 37,9 | 35,6 | 35,6 | 38,1 | 42,9  | 43,5  |
| M                          | 48,9 | 43,5 | 40,8 | 38,9 | 39,5 | 42,5 | 46,3  | 47,5  |
| F                          | 41,2 | 37,2 | 34,8 | 32,2 | 31,4 | 33,4 | 39,5  | 39,4  |
| <b>from 54 to 64 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 47,0 | 44,6 | 45,9 | 45,2 | 46,5 | 47,6 | 50,0  | 50,8  |
| M                          | 62,0 | 59,7 | 60,3 | 57,8 | 58,9 | 58,9 | 63,2  | 61,7  |
| F                          | 34,1 | 31,9 | 33,4 | 33,7 | 35,7 | 37,6 | 38,5  | 41,3  |

Source: INE, Labour Force Survey  
Note: \* New Sample

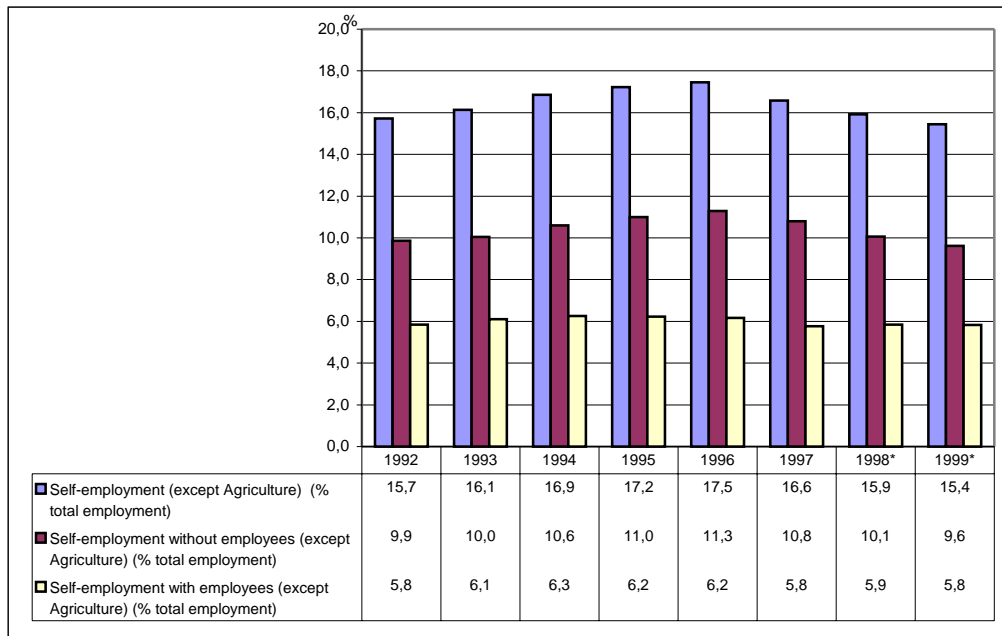
**Figure 5 - Some forms of employment**  
**(% Total Employment)**



**Figure 6 - Self- Employment Rate**



**Figure 7 - Self- Employment Rate  
(except Agriculture)**



**TABLE 6**  
**Labour Market Indicators**

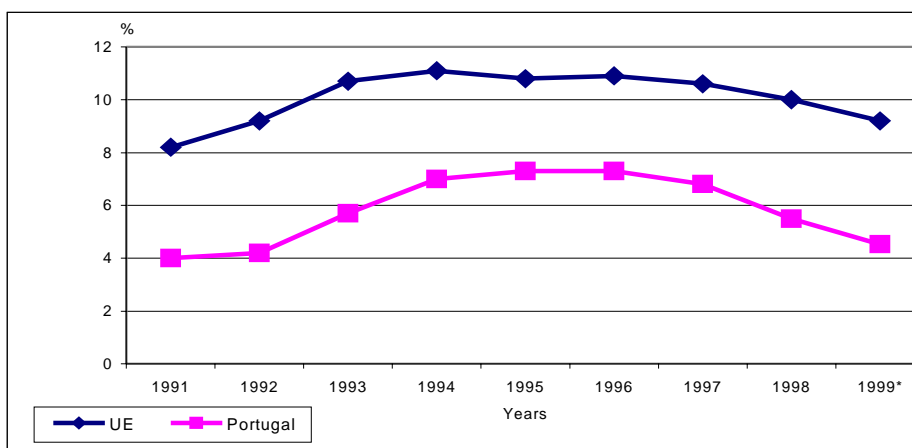
|   | Rates |      |      |      |      |      |       |       |
|---|-------|------|------|------|------|------|-------|-------|
|   | 1992  | 1993 | 1994 | 1995 | 1996 | 1997 | 1998* | 1999* |
| <b>Unemployment Rate</b>                        |       |      |      |      |      |      |       |       |
| <b>Total</b>                                    |       |      |      |      |      |      |       |       |
| MF  | 4,1   | 5,5  | 6,8  | 7,2  | 7,3  | 6,7  | 5,0   | 4,5   |
| M   | 3,5   | 4,7  | 6,0  | 6,4  | 6,5  | 6,1  | 4,0   | 4,0   |
| F   | 4,9   | 6,5  | 7,8  | 8,0  | 8,2  | 7,6  | 6,2   | 5,1   |
| <b>15-24 years</b>                              |       |      |      |      |      |      |       |       |
| MF  | 9,9   | 12,7 | 14,7 | 16,1 | 16,7 | 14,8 | 10,3  | 8,8   |
| M   | 8,6   | 10,9 | 13,2 | 14,9 | 14,5 | 11,7 | 8,2   | 7,2   |
| F   | 11,4  | 14,8 | 16,5 | 17,8 | 19,4 | 18,7 | 12,6  | 10,8  |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| MF  | 1,6   | 2,7  | 3,2  | 3,1  | 3,5  | 3,7  | 2,3   | 2,2   |
| M   | 2,1   | 3,3  | 4,1  | 3,7  | 4,0  | 4,5  | 2,6   | 2,8   |
| F   | 0,8   | 1,8  | 1,9  | 2,1  | 2,7  | 2,4  | 2,0   | 1,4   |
| <b>% of youth/ Total unemployment</b>           |       |      |      |      |      |      |       |       |
| MF  | 40,5  | 36,4 | 33,1 | 33,1 | 33,0 | 31,3 | 31,3  | 29,3  |
| M   | 40,4  | 35,7 | 33,0 | 34,4 | 33,0 | 27,9 | 30,5  | 26,7  |
| F   | 40,6  | 37,1 | 33,1 | 31,8 | 32,9 | 34,7 | 31,9  | 31,6  |
| <b>% of adults (&gt;54)/ Total unemployment</b> |       |      |      |      |      |      |       |       |
| MF  | 5,9   | 7,5  | 7,6  | 7,0  | 8,3  | 10,0 | 7,6   | 8,0   |
| M   | 10,0  | 12,1 | 12,2 | 10,5 | 11,8 | 14,8 | 11,2  | 12,2  |
| F   | 2,2   | 3,5  | 3,3  | 3,6  | 5,0  | 5,3  | 4,8   | 4,1   |
| <b>% of LTU (1)/ Labour Force</b>               |       |      |      |      |      |      |       |       |
| MF  | 1,1   | 1,6  | 2,3  | 2,8  | 3,0  | 2,9  | 2,1   | 1,7   |
| M   | 0,8   | 1,3  | 2,0  | 2,5  | 2,7  | 2,6  | 1,7   | 1,4   |
| F   | 1,4   | 2,0  | 2,8  | 3,2  | 3,5  | 3,3  | 2,7   | 2,0   |
| <b>from 15 to 24 years</b>                      |       |      |      |      |      |      |       |       |
| M   | 1,7   | 2,5  | 3,6  | 4,3  | 4,5  | 3,7  | 2,7   | 1,7   |
| F   | 1,5   | 1,7  | 3,0  | 3,9  | 4,0  | 2,8  | 2,1   | 1,1   |
| F   | 2,1   | 3,3  | 4,3  | 4,8  | 5,0  | 4,9  | 3,3   | 2,2   |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| M   | 0,6   | 1,2  | 1,6  | 1,6  | 2,0  | 2,3  | 1,4   | 1,4   |
| M   | 0,9   | 1,5  | 2,1  | 2,0  | 2,5  | 2,8  | 1,5   | 1,8   |
| F   | 0,2   | 0,7  | 0,9  | 0,9  | 1,3  | 1,5  | 0,8   | 0,6   |
| <b>% of LTU (1)/ Total unemployment</b>         |       |      |      |      |      |      |       |       |
| MF  | 25,9  | 29,3 | 34,2 | 39,3 | 42,0 | 43,6 | 42,5  | 37,6  |
| M   | 23,6  | 27,3 | 32,9 | 38,2 | 41,3 | 43,1 | 42,1  | 36,0  |
| F   | 28,1  | 31,1 | 35,4 | 40,5 | 42,7 | 44,1 | 42,9  | 39,0  |
| <b>from 15 to 24 years</b>                      |       |      |      |      |      |      |       |       |
| M   | 17,4  | 19,3 | 24,6 | 26,8 | 26,8 | 25,2 | 26,2  | 18,7  |
| F   | 17,2  | 15,7 | 23,1 | 26,0 | 27,6 | 23,7 | 25,7  | 15,6  |
| F   | 18,2  | 22,0 | 26,0 | 26,9 | 25,6 | 26,2 | 26,3  | 20,1  |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| M   | 39,0  | 44,4 | 50,0 | 51,3 | 58,1 | 62,2 | 60,6  | 64,1  |
| M   | 43,1  | 46,8 | 50,5 | 53,8 | 63,4 | 61,6 | -     | -     |
| F   | 21,6  | 37,0 | 49,0 | 42,7 | 46,5 | 62,7 | -     | -     |
| <b>% of female/ Total unemployment</b>          |       |      |      |      |      |      |       |       |
| Total   | 53,0  | 53,2 | 51,7 | 50,7 | 51,2 | 50,9 | 56,4  | 51,9  |
| from 15 to 24 years                             | 53,1  | 54,1 | 51,7 | 48,8 | 51,1 | 56,4 | 57,4  | 56,0  |
| > 54 years                                      | 20,0  | 24,6 | 22,7 | 26,2 | 30,7 | 26,9 | 35,9  | 26,8  |

Source: Labour Force Survey

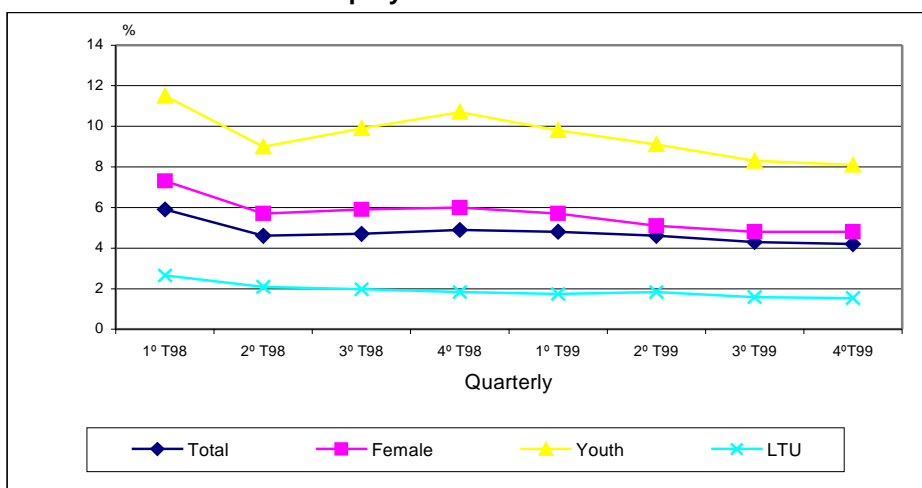
Notes: New serie in 1998

(1) unemployment one year over

**Figure 8 - Unemployment rates in UE and Portugal**



**Figure 9  
Unemployment Rates evolution**



**Table 7 - Unemployment rates by education**

|                        | 1992 |     |      | 1995 |      |      | 1998* |     |     | 1999* |     |     |
|------------------------|------|-----|------|------|------|------|-------|-----|-----|-------|-----|-----|
|                        | MW   | M   | W    | MW   | M    | W    | MW    | M   | W   | MW    | M   | W   |
| All ages               | 4,1  | 3,5 | 4,9  | 7,2  | 6,4  | 8,0  | 5,0   | 4,0 | 6,2 | 4,5   | 3,9 | 5,1 |
| 4 years school         | 3,6  | 3,1 | 4,5  | 6,3  | 5,2  | 6,3  | 4,5   | 3,6 | 5,8 | 3,9   | 3,4 | 4,3 |
| 6 years school         | 5,8  | 4,7 | 7,3  | 8,9  | 7,9  | 10,3 | 5,8   | 4,1 | 8,0 | 4,8   | 4,0 | 5,7 |
| 9 years school         | 6,0  | 5,0 | 7,4  | 9,8  | 9,5  | 10,1 | 6,2   | 4,9 | 7,7 | 6,2   | 5,1 | 7,0 |
| Secondary              | 4,9  | 3,3 | 6,5  | 9,9  | 7,9  | 12,1 | 6,6   | 4,7 | 8,0 | 5,5   | 3,8 | 6,2 |
| Superior               | 1,6  | 1,2 | 1,9  | 3,8  | 3,9  | 3,7  | 3,0   | 1,7 | 3,3 | 3,3   | 1,7 | 3,5 |
| Youth (15 to 24 years) | 6,7  | 5,7 | 8,0  | 11,6 | 10,4 | 13,0 | 7,3   | 5,6 | 9,3 | 6,3   | 5,0 | 7,6 |
| 4 years school         | 6,2  | 5,3 | 7,3  | 9,8  | 7,9  | 12,1 | 6,0   | 3,9 | 7,7 | 4,9   | 3,1 | 5,9 |
| 6 years school         | 6,6  | 5,2 | 8,6  | 10,5 | 9,4  | 12,1 | 6,2   | 3,6 | 8,6 | 5,4   | 4,2 | 6,2 |
| 9 years school         | 9,4  | 8,1 | 11,0 | 15,1 | 14,6 | 15,5 | 8,0   | 6,5 | 8,5 | 7,0   | -   | -   |
| Secondary              | 6,8  | 4,9 | 8,4  | 13,9 | 11,9 | 15,7 | 8,2   | 4,4 | 9,4 | 5,5   | 3,0 | 6,1 |
| Superior               | 3,3  | 3,2 | 3,3  | 8,1  | 8,7  | 7,6  | 5,0   | -   | -   | 5,3   | 3,1 | 5,9 |

## 2.BASIC PERFORMANCE INDICATORS

### Employment

|                               | 1995 |      |      | 1998 |      |      | 1999 |      |      |
|-------------------------------|------|------|------|------|------|------|------|------|------|
|                               | HM   | H    | M    | HM   | H    | M    | HM   | H    | M    |
| Employment growth (1995-1999) | 1,2  | 0,6  | 1,8  | 2,3* | 1,5* | 3,4* | 1,9  | 0,9  | 3,1  |
| Employment rate               | 65,3 | 74,3 | 56,9 | 70,5 | 79,7 | 61,6 | 71,5 | 80,0 | 63,4 |
| Employment rate in full time  | 62,9 | 72,8 | 53,6 | 66,6 | 77,3 | 56,4 | 67,6 | 77,5 | 58,2 |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

\* Estimativa com base na situação um ano antes

### Unemployment

|                                       | 1995 |      |      | 1998 |     |      | 1999 |     |      |
|---------------------------------------|------|------|------|------|-----|------|------|-----|------|
|                                       | HM   | H    | M    | HM   | H   | M    | HM   | H   | M    |
| Unemployment Rate                     | 7,2  | 6,4  | 8,0  | 5,0  | 4,0 | 6,2  | 4,5  | 4,0 | 5,1  |
| Youth unemployment rate (15-24 years) | 16,1 | 14,9 | 17,8 | 10,3 | 8,2 | 12,6 | 8,8  | 7,2 | 10,8 |
| LTU rate (>12 months)                 | 2,8  | 2,4  | 3,3  | 2,2  | 1,7 | 2,9  | 1,8  | 1,5 | 2,2  |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

### Economy and employment

|                        | 1995-1999 | 1998 | 1999 |
|------------------------|-----------|------|------|
| GDP Growth             | 3,3       | 4,0  | 3,1  |
| Productivity           | 2,1       | 1,7  | 1,2  |
| Labour real unit costs | 0,3       | 0,6  | 1,0  |

### 3. POLICY INDICATORS – INPUT E OUT PUT

#### Guideline 1

|         |  | Became Unemployed between July 1998 and June 1999 |       |       |
|---------|--|---|-------|-------|
|         |  | MF  | M     | F     |
| (A)     | Number of young people who became unemployed in month X  | 53779   | 20873 | 32906 |
| (B)     | Number of young people who are still unemployed in month X+6   | 10839   | 3188  | 7651  |
| (B)/(A) | OUTPUT INDICATOR   | 20,2  | 15,3  | 23,3  |
| (C)     | Number of young people who became unemployed in month X and have started a concrete individual action plan before month X+6                                  | 8448  | -     | -     |
| (C)/(A) | INPUT INDICATOR (Rate of compliance)   | 15,7  | -     | -     |
| (D)     | Number of young people who became unemployed in month X, are still unemployed at the end of month X+6 and have not started a concrete individual action plan | 2029  | 607   | 1422  |
| (D)/(B) | INPUT INDICATOR (Rate of non-compliance)   | 18,7  | 19,0  | 18,6  |
| (D)/(A) | INPUT INDICATOR (Rate of non-compliance)   | 3,8   | 2,9   | 4,3   |

|  |  | Became Unemployed between July 1998 and June 1999 |      |      |
|--|--|---|------|------|
|  |  | MF  | M    | F    |
| Haven't turned up to na interview to start the process |  | 28061   | -    | -    |
| Self Placement   |  | 6431  | -    | -    |
| Action Plan on going                                   |  | 8810  | 2581 | 6229 |

Source: IEFP, Sistema de Informação de Gestão do Mercado de Emprego

| Data for measuring the scale of the effort undertaken  |       |      |       |
|--|-------|------|-------|
|  | MF    | M    | F     |
| Number of young registered unemployed (average over the time period considered: July 1998 to June 1999)              | 24141 | 8400 | 15740 |
| Size of the target population  | 4482  | 1739 | 2742  |
| Categories of young people addressed outside registered unemployed (list to be established by each Member State)     |       |      |       |
| Total number of young unemployed for less than 6 months who entered into mesures, broken down by category of action: |       |      |       |
| Job search assistance  |       |      |       |
| Training measures, subsidised employment, job schemes, start up incentives   |       |      |       |

Source: IEFP, Sistema de Informação de Gestão do Mercado de Emprego

Guideline 2

|         |  | Became unemployed between January to<br>Decembre 1998 |       |       |
|---------|--|---|-------|-------|
|         |  | MF  | M     | F     |
| (A)     | Number of adults who became unemployed in month X  | 82054   | 31221 | 50833 |
| (B)     | Number of adults who are still unemployed in month X+12  | 19503   | 7787  | 11716 |
| (B)/(A) | OUTPUT INDICATOR   | 23,8  | 24,9  | 23,0  |
| (C)     | Number of adults who became unemployed in month X and have started a concrete individual action plan before month X+12                                 | 10502   | -     | -     |
| (C)/(A) | INPUT INDICATOR (Rate of compliance)   | 12,8  | -     | -     |
| (D)     | Number of adults who became unemployed in month X, are still unemployed at the end of month X+12 and haven't started a concrete individual action plan | 4138  | 1476  | 2662  |
| (D)/(B) | INPUT INDICATOR (Rate of non-compliance)   | 21,2  | 19,0  | 22,7  |
| (D)/(A) | INPUT INDICATOR (Rate of non-compliance)   | 5,0   | 4,7   | 5,2   |

|  |  | Became unemployed between January to<br>Decembre 1998 |      |      |
|--|--|---|------|------|
|  |  | MF  | M    | F    |
| Haven't turned up to na interview to start the process |  | 34965   | -    | -    |
| Self Placement   |  | 17084   | -    | -    |
| Action Plan on going                                   |  | 15365   | 6311 | 9054 |

Source: IEFP, Sistema de Informação de Gestão do Mercado de Emprego

| Data for measuring the scale of the effort undertaken  |       |       |       |
|--|-------|-------|-------|
|  | MF    | M     | F     |
| Number of young registered unemployed (average over the time period considered: January to Decembre 1998)              | 79288 | 31539 | 47750 |
| Size of the target population  | 6838  | 2602  | 4236  |
| Categories of adults addressed outside registered unemployed (list to be established by each Member State)             |       |       |       |
| Total number of young unemployed for less than 12 months who entered into measures, broken down by category of action: |       |       |       |
| Job search assistance  |       |       |       |
| Training measures, subsidised employment, job schemes, start up incentives   |       |       |       |

Source: IEFP, Sistema de Informação de Gestão do Mercado de Emprego



**Guideline 3**

|   | Total  | Men    | Women  |
|---|--------|--------|--------|
| (E) Number of registered unemployed   | 341274 | 136130 | 205144 |
| Number os participants in active measures who were previous unemployed,<br>broken down by measure                       |        |        |        |
| - Training  | 25299  |        |        |
| - Subsidised employment   | 11273  | 4012   | 7261   |
| - Job schemes   | 21442  | 4820   | 16622  |
| - Incentives in business start-ups  | 5975   | 3409   | 2566   |
| (F) total number of participants in active measures who were previously unemployed                                      | 63989  |        |        |
| (F)/(E) INPUT INDICATOR   | 18,75  |        |        |
| (G) Number of entants in each measure   |        |        |        |
| (H) Number of participants in measures newly registered as unemployed within 3 or 6<br>months of the end of the measure |        |        |        |
| (H)/ (G) OUTPUT INDICATOR   |        |        |        |

## 4. STRUCTURAL PERFORMANCE INDICATORS

### Guideline 4

%

|  | 1998 |      |      | 1999 |      |      |
|--|------|------|------|------|------|------|
|  | HM   | H    | M    | HM   | H    | M    |
| Employment rate (50-64 years old)                | 57,1 | 70,9 | 44,9 | 58,1 | 70,4 | 47,3 |
| Rate of inflow from inactivity into employment   | 3,54 | 4,05 | 3,05 | 3,95 | 3,98 | 3,91 |
| Rate of inflow from inactivity into training     | 1,06 | -    | 2,13 | 1,41 | 0,97 | 1,82 |
| Rate of inflow from unemployment into employment | 6,03 | 6,78 | 5,39 | 5,83 | 7,78 | 4,40 |
| Rate of inflow from unemployment into training   | -    | -    | -    | 1,69 | 0,06 | -    |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

### Guideline 6

|   | 1998   |       |       | 1999   |       |       |
|---|--------|-------|-------|--------|-------|-------|
|   | HM     | H     | M     | HM     | H     | M     |
| Share of qualified adults in employed population (%)  | 20,9   | 21,0  | 20,8  | 21,3   | 22,2  | 20,2  |
| Participation in education and training of employed people aged 25 to 59 years in the last four weeks |        |       |       |        |       |       |
| 15-24 years   | 52,9   | 50,3  | 55,4  | -      | -     | -     |
| 25-34 years   | 7,6    | 7,7   | 7,4   | -      | -     | -     |
| 35-59 years   | 1,3    | 1,0   | 1,6   | -      | -     | -     |
| Educational attainment level of work force aged 25 to 59 by employment status                         |        |       |       |        |       |       |
| Employed  |        |       |       |        |       |       |
| Unemployed  |        |       |       |        |       |       |
| Inactive  |        |       |       |        |       |       |
| Young people aged 15-24 in education and training (Thousands)   | 786,4  | 376,3 | 410,1 | 773,7  | 371,4 | 402,3 |
| Total of young people aged 15-24 years  | 1522,6 | 767,7 | 754,9 | 1496,3 | 756,3 | 740,0 |

Fonte: (1) INE, Inquérito ao Emprego

(2) EUROSTAT, Labour Force Survey, 1998

Nota: Nova série em 1998

### Guideline 7

|   | 1998  |       |       | 1999  |       |       |
|---|-------|-------|-------|-------|-------|-------|
|   | HM    | H     | M     | HM    | H     | M     |
| Young people aged 15-24 attending education or training (thousands) | 499,7 | 281,0 | 218,8 | 485,6 | 278,9 | 206,7 |
| Drop out rate   |       |       |       |       |       |       |
| School attendance rate  |       |       |       |       |       |       |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

**Guideline 8**

|  | 1998   |       |       | 1999   |       |       |
|--|--------|-------|-------|--------|-------|-------|
|  | HM     | H     | M     | HM     | H     | M     |
| Number of 18-29 employed 1 year after leaving education by educational level (thousands) | 1123,3 | 607,9 | 515,5 | 1147,1 | 625,7 | 521,4 |
| Basic 1  | 169,8  | 97,9  | 71,9  | 156,3  | 91,0  | 65,3  |
| Basic 2  | 428,3  | 253,6 | 174,7 | 414,8  | 245,1 | 169,7 |
| Basic 3  | 230,7  | 125,9 | 104,8 | 250,9  | 141,7 | 109,2 |
| Secondary  | 201,5  | 97,1  | 104,4 | 224,8  | 109,5 | 115,3 |
| Upper  | 93,1   | 33,4  | 59,8  | 100,4  | 38,5  | 61,9  |
| Number of 18-29 unemployed 1 year after leaving school by educational level (thousands)  | 92,9   | 40,1  | 52,8  | 80,3   | 37,0  | 43,3  |
| Basic 1  | 14,2   | 6,1   | 8,2   | 9,9    | 3,5   | 6,4   |
| Basic 2  | 28,8   | 12,3  | 16,5  | 26,7   | 13,7  | 13,0  |
| Basic 3  | 23,5   | 11,4  | 12,0  | 20,6   | 11,9  | 8,8   |
| Secondary  | 20,0   | 8,1   | 12,0  | 15,6   | 5,1   | 10,4  |
| Upper  | 6,3    | 2,1   | 4,3   | 7,4    | 2,6   | 4,8   |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

**Guideline 10**

|   | 1998 | 1999 |
|---|------|------|
| Average delay for company registration              |      |      |
| Lisboa  | 26   | 25   |
| Porto   | 19   | 24   |
| Coimbra   | 10   | 23   |
| Setúbal   | 13   | 15   |
| Braga   | -    | 17   |
| Loulé   | -    | 16   |
| Total number of procedures for company registration | 6    | 6    |

Fonte: Ministério da Economia

**Guideline 12**

|                                   | 1998 |     |      | 1999 |      |      |
|-----------------------------------|------|-----|------|------|------|------|
|                                   | HM   | H   | M    | HM   | H    | M    |
| <b>Employment rate by region</b>  |      |     |      |      |      |      |
| Norte                             | 4,9  | 4,0 | 6,0  | 4,4  | 3,8  | 5,1  |
| Centro                            | 2,5  | 2,0 | 3,1  | 2,1  | 1,9  | 2,4  |
| Lisboa e Vale do Tejo             | 6,1  | 4,9 | 7,5  | 5,6  | 5,3  | 5,9  |
| Alentejo                          | 8,1  | 5,3 | 12,0 | 6,7  | 3,8  | 10,5 |
| Algarve                           | 6,1  | 4,9 | 7,6  | 4,8  | 3,6  | 6,3  |
| <b>Net job creation by region</b> |      |     |      |      |      |      |
| Norte                             | -    | -   | -    | 1,8  | 1,2  | 2,5  |
| Centro                            | -    | -   | -    | 2,3  | 0,7  | 4,1  |
| Lisboa e Vale do Tejo             | -    | -   | -    | 1,9  | 0,8  | 3,3  |
| Alentejo                          | -    | -   | -    | -0,7 | -2,2 | 1,9  |
| Algarve                           | -    | -   | -    | 3,1  | 2,3  | 3,1  |

Fonte: INE, Inquérito ao Emprego

Nota: Nova série em 1998

Guideline 13

%

|                                   | 1998 |      |      | 1999 |      |      |
|-----------------------------------|------|------|------|------|------|------|
|                                   | HM   | H    | M    | HM   | H    | M    |
| Employment rate in service sector |      |      |      |      |      |      |
| Total                             | 35,6 | 34,3 | 36,9 | 37,2 | 35,5 | 38,8 |
| By qualification levels           |      |      |      |      |      |      |
| High                              | 14,8 | 16,8 | 12,8 | 15,2 | 17,7 | 12,8 |
| Low                               | 55,2 | 61,9 | 48,8 | 55,8 | 61,2 | 50,5 |

Fonte: INE, Inquérito ao Emprego

Guideline 21

|  | 1998* |     |      | 1999* |     |      |
|--|-------|-----|------|-------|-----|------|
|  | HM    | H   | M    | HM    | H   | M    |
| Parents percentage employment rate with children five or under   |       |     |      |       |     |      |
| Percentage of people not seeking for a job due to family reasons | 6,4   | 0,1 | 12,2 | 6,2   | 0,1 | 11,8 |
| Gap in employment rates between parents and non parents          |       |     |      |       |     |      |

Fonte: INE, Inquérito ao Emprego

## **Annex 3**

### **Glossary of terms and initials used in the NAP**

| TERMS AND INITIALS                           | SUMMARY DESCRIPTION   |
|--|---|
| <b>ACPE-Self Employment Creation Support</b> | Financial support, equal 12 times the national minimum wage, to youth and LTU self employment (DL 445/80)   |
| <b>AGIR (Program)</b>                        | Program for qualification and integration of young people into professional life, managed by Portuguese Institute for Youth.  |
| <b>AJUDA</b>                                 | Network pilot program of services rendered to the community for home support to aged people and other dependants in the Alentejo area (Portaria 250/99, April 8)  |
| <b>MAO</b>                                   | Metropolitan Area of Oporto   |
| <b>Support to Employment Contracts</b>       | Financial Support, not reimburse, equal to 12 time the mensal national minimum wage, for the creation of a work post through the employment contract for youth how looking for a 1 <sup>st</sup> job or LTU (DL 34/96, April 18)  |
| <b>Apprenticeship</b>                        | Sistema de formação profissional inicial em alternância dirigido a jovens que tenham ultrapassado a idade limite da escolaridade obrigatória e não tenham ultrapassado os 25 anos, integrando uma formação polivalente e conferindo uma qualificação profissional e a possibilidade de progressão e certificação escolar (DL 205/96 de 25 de Outubro) |
| <b>AZIMUTE (Program)</b>                     | Articulated program of information and vocational and educational guidance addressed to youth people in education or vocational training, in transition to the working life or in the labour market.  |
| <b>BIC – Business Innovation Centres</b>     | Estruturas fundadas em parceria entre agentes públicos e privados do desenvolvimento local e regional, proporcionam assistência profissional a empresários na criação de novas empresas e no desenvolvimento de PME. São co- financiados ela EU   |
| <b>Training Grants</b>                       | Financial support for the frequency of training actions on the initiative of employed or unemployed (DL 247/95, March 29)   |
| <b>CACE – Support for business start-up</b>  | Unidades orgânicas dotadas de autonomia funcional e de meios adequados à prossecução das suas atribuições, nomeadamente fomentar o aparecimento de novas empresas e prestar apoio técnico ao desenvolvimento das empresas a criar (Portaria 1191/97 de 21 de Novembro)  |
| <b>CIÊNCIA VIVA (Program)</b>                | Program aimed to promoting scientific and technological culture, namely through the generalisation of experimental teaching of sciences (Ministry of Science and Technology).   |
| <b>CFE – Enterprise Formalities Centres</b>  | Attending and counselling services witch objective is to facilitate the enterprise constitute, alteration or extinction process (DL 78-A/98, March 31)  |
| <b>Service-cheque</b>                        | Measure to support the development of the proximity services, in the scope of Social Labour Market  |
| <b>CIDADES DIGITAIS (Program)</b>            | Program of the Ministry of Science and Technology witch regards qualified job creation basically resorting to the generalised use of information technologies   |
| <b>CITE</b>                                  | Equality in Work and Employment Commission  |
| <b>CLUBE DOS CRAQUES (Program)</b>           | Program to try to take profit of the know-how of highly qualified workers in retirement aiming the transmission of knowledge and experience either through training or through the technical assistance to enterprises or new projects  |
| <b>Job Clubs</b>                             | Formas de organização de actividades de apoio a desempregados, em especial os de longa duração, nas quais os mesmos participam directamente, promovendo o seu acompanhamento personalizado com vista à solução dos seus problemas de emprego e formação   |
| <b>Good Practices Codes</b>                  | Elaboração de guias informativos e códigos de boas práticas sobre a igualdade de oportunidades no emprego e no trabalho, a protecção da maternidade e da paternidade e a conciliação da vida profissional e familiar a difundir junto das empresas e dos trabalhadores  |
| <b>SCSD</b>                                  | Standing Commission for Social Dialog   |
| <b>CPE-Subsidise</b>                         | Measure aimed to foment self employment creation by works beneficiaries of unemployment protection system, through the payment, in only one time, the global allowance amount, and the access to a other technical and financial supports (Portaria 247/95, March 29)   |
| <b>Education-Training Courses</b>            | Measure in the scope of PAIJVA. The purpose is to provide young and adult candidates who did not conclude the 3 <sup>rd</sup> cycle with adequate conditions to obtain the respective diploma and a level II of vocational training (Despacho conjunto ME/MQE n° 123/97, July 7)  |
| <b>LTU</b>                                   | Long Term Unemployment  |
| <b>Insertion Enterprises</b>                 | Measure in the scope of Social Labour Market aim to solution the unemployed socio-professional insertion or re-insertion problems through the development of economic activities aiming the needs satisfaction not cover by the market (Portaria 348-A/98, June 18)   |
| <b>ENDURANCE (Initiative)</b>                | Initiative to promote lifelong education and training and involving information, guidance and sensitise actions, fostering collective bargaining on the subject, development of new methodologies of training and   |

| TERMS AND INITIALS  | SUMMARY DESCRIPTION  |
|---|--|
|   | strengthening of continuing training and of programs of education/training and adult education.  |
| <b>Technological Schools</b>                                    | Infra-estruturas de formação de natureza tecnológica que desenvolvem acções visando dar resposta às necessidades da actividade industrial. São co-financiadas no âmbito do PEDIP   |
| <b>FACE (Program)</b>   | Program with the follow objectives: to avoid and attenuate the eventual negative social consequences of the re-structuring processes; to contribute so that the employment problems and the human resources qualification insufficiency do not constitute obstacles to the process; to support the re-conversion and re-adaptation of the human resources to the new conditions of the entrepreneurial fabric; to promote the integration of the re-structuring processes in programmes of local and regional development. |
| <b>FAINA – Fund to Support the Insertion in New Activities</b>  | Support fund to insertion in new activities, to aim the financial support to the creation of self activities by the Guaranteed Minimum Income beneficiaries, both individually or in association.  |
| <b>FAPI – Aid Fund for Innovative Projects</b>                  | Measure in the scope of Social Labour Market, to aim the creation of incentives to job creation in the fields of environment, culture and rehabilitation of built patrimony.   |
| <b>GFCF</b>   | Gross Fixed Capital Formation  |
| <b>Special Professional Training</b>                            | Training draw specifically to the target group in view his socio-professional reintegration l  |
| <b>ESF</b>  | European Social Fund   |
| <b>IC PESCA</b>   | Iniciativa Comunitária no âmbito da qual são concedidos apoios visando o reforço da capacidade concorrencial das empresas, a associação de pequenas empresas e a modernização e reestruturação de unidades produtivas e embarcações e apoiar a promoção do consumo de espécies abundantes (Portaria 428-H/97 de 30 Junho)  |
| <b>R&amp;D</b>  | Research and development   |
| <b>IEFP</b>   | Employment and Professional Training Institute   |
| <b>IFEJ – Inserção e Formação Empresarial Jovem</b>             | Initiative aiming the preparation of graduate youth in Human Science for the fulfilment of the assessor occupation in SME (Metropolitan Oporto area)   |
| <b>ILE – Incentive System for Job Creation</b>                  | Active labour market policy aiming the direct job creation and contributing in this way for the local development. It consists in technical and financial supports in function of the number of work post created.   |
| <b>INOFOR</b>   | Institute for the Innovation in Training   |
| <b>IN PRESA (Program)</b>                                       | Initiative to encourage the co-operation between enterprises and services in Europe, to be intended for support local, regional and national initiatives.  |
| <b>INFOCID</b>  | Citizens Information Interdepartmental System  |
| <b>INFORJOVEM (Program)</b>                                     | Program aimed to promote the information about computing, to a generalised and systematic way, to the young and offering the knowledge about the information technologies, and offering to us the possibility to participate in the regional development (Despacho conjunto PCM/ MOPTC August 9 of 1991)   |
| <b>Organisational Innovation and Human Resources Management</b> | Pilot program aimed to contribute for the improvement of the employment and the enterprises competitiveness, through the solution of organisational innovation and human resources management.   |
| <b>IRC</b>  | Imposto sobre Rendimento de Capitais   |
| <b>INSERJOVEM (Initiative)</b>                                  | Integral and individual follow-up methodology to prevent the youth unemployment, building Employment Personal Plans to ensure a new opportunity.   |
| <b>INTERNET (Program)</b>                                       | Ministry of Science and Technology and Ministry of Education Program aimed to incentive the Internet utilisation in schools and supports also the scientific and technological contents production.  |
| <b>IRC</b>  | Imposto sobre o Rendimento das Pessoas Colectivas  |
| <b>IVA</b>  | Imposto sobre o Valor Acrescentado   |
| <b>"LUGAR AOS JOVENS" (concourse)</b>                           | Concourse addressed to young people at the end of the vocational training courses, related of the presentation of job creation projects.   |
| <b>LV</b>   | Green Book for Information Society in Portugal   |
| <b>Social Labour Market</b>                                     | Diversified conjunct of solutions to unemployed socio-professional integration and re-integration based on activities addressed to the social needs not satisfied by the market (RCM 104/96, July 9)   |
| <b>Mobility</b>   | Incentives to unemployed who takes a placement or creating ours self employment out of habitual residence area.  |
| <b>Multimedia for all</b>                                       | Project to flight against info-exclusion, in the scope education system  |

| TERMS AND INITIALS   | SUMMARY DESCRIPTION   |
|--|---|
| <b>NÓNIO – SEC XXI</b>   | Program drive to the Ministry of Education and the Ministry of Science and Technology. It consists on the incentive and supports for projects of information and communication technology integration in education  |
| <b>NPO – New Professional Opportunity</b>                            | New opportunity for unemployed aged between 25-49 years old, with anterior professional experience and a school level till 6 years schooling  |
| <b>Observatory to follow up the theme of equality opportunities</b>  | Tripartite Observatory to follow up the equality opportunities in the labour collective regulation instruments. It functioning near the Equality in Work and Employment Commission, to find good practices and to contribute to elimination of the obstacles for equal opportunities.   |
| <b>ODES</b>  | Observation System of Inclusion Routes of the Higher Education Graduates.   |
| <b>OPES</b>  | Permanent Observatory of Secondary Education.   |
| <b>Pact for Solidarity</b>   | Pacto celebrado em 19 de Dezembro de 1996 entre Governo, Associação Nacional de Municípios Portugueses (ANMP), Associação Nacional de Freguesias (ANAFRE), União das Instituições Particulares de Solidariedade Social (UIPSS), União das Misericórdias Portuguesas (UMP) e União das Mutualidades. Este Pacto pretende conferir às instituições de solidariedade maior estabilidade de actuação, visando também dotar as mesmas instituições de identidade, autonomia e igualdade de condições de apoio. |
| <b>Territorial Employment Pacts</b>                                  | Metodologia que visa concentrar e intensificar esforços em determinadas áreas geográficas no sentido de identificar as causas locais de desemprego e encontrar respostas e estratégias específicas de resposta.   |
| <b>PAEDIR – Specific Program of Regional Industrial Displacement</b> | Incentives to the installation of industrial units in industrial underdeveloped areas and where exists available resources, namely human resources (Despacho Normativo 56/98, August 8)   |
| <b>PAIJVA</b>  | Programme for the Insertion of Youth People in the Active Life  |
| <b>PEDIP</b>   | Specific Program to the Portuguese Industry Development   |
| <b>GDP</b>   | Gross Domestic Product  |
| <b>Stages – Practical Vocational Training (National Plan)</b>        | Policy measure aimed to promoting the professional youth insertion, to adapt training to the work post and to articulate the educative-formative system with the labour market and, finally, to potentiate the development of innovating professional activities susceptible to corresponded a creation and expansion of employment areas.  |
| <b>SME</b>   | Small and medium enterprises  |
| <b>SME XXI</b>   | Experimental program of advisory training inside the enterprises, complementary training of the collaborators, outside the enterprise, and also the promotion of internal programmes centred in qualitative changes in the enterprise.  |
| <b>NAP</b>   | National Action Plan for Employment   |
| <b>PPE</b>   | Individual Action Plan  |
| <b>RAP</b>   | Regional Action Plan for Employment   |
| <b>Enterprise Premium</b>  | Medida no âmbito da política de igualdade de oportunidades que consiste na atribuição de um prémio às empresas com o objectivo de as estimular a promover políticas internas e a desenvolver uma cultura de igualdade de oportunidades, a incluir a igualdade de oportunidades no conjunto de indicadores de excelência no desempenho das empresas e a tornar visível essa opção estratégica  |
| <b>Pro-ACT- Program</b>  | Project with the scope to conciliate the organisation of the process of transition into adult life of young people with special education needs, between education/training, professional/employment, improving both global educate process and educational service conditions.   |
| <b>PRODESCOOP – Co-operative Development Program</b>                 | Program to support the job creation in social economy, namely in the co-operative sector (Portaria 52-A/99, January 22)   |
| <b>Support Program to Socio-Local Development</b>                    | Program aimed to promote the socio-local development trough technique support nucleus, witch collaborate with animators and others actors and local entities in the diagnosis of economic and social problems and in the demand of solutions. Will be launched an pilot initiative in Alentejo (RCM 67/98, June 8)  |
| <b>SME – Training Program</b>  | Integrate adviser, training and management support program to improve SME competitiveness.  |
| <b>Programa Integrado de Combate ao</b>                              | Conjunto de medidas incluindo a dinamização da recolha e do tratamento de ofertas de emprego, a orientação profissional aprofundada, a formação profissional personalizada, a introdução de formas  |



| TERMS AND INITIALS  | SUMMARY DESCRIPTION   |
|---|---|
| <b>Desemprego de Longa Duração</b>  | inovadoras de inserção profissional particularmente destinadas a desempregados de longa duração   |
| <b>Program to Promote Temporary Employment in Public Administration</b>   | Conjunto de medidas de reestruturação da Administração Pública, as quais propiciarão a criação de emprego na Administração Pública, quer através da introdução de estágios profissionais visando facilitar a inserção de jovens na vida activa, quer através da substituição de funcionários que adiram aos regimes de trabalho a tempo parcial ou de semana de quatro dias   |
| <b>Training-Employment Programs</b>                                       | Formação para desempregados (jovens, adultos, quadros) numa empresa durante um ano, incluindo formação teórica e prática, com o duplo objectivo de proporcionar qualificação ao formando e simultaneamente proporcionar-lhe experiência de trabalho que facilite a sua inserção profissional. As empresas que contratem os formandos no final da formação beneficiam de esquemas de apoio sua contratação   |
| <b>VIDA EMPREGO Program</b>   | Measure to promote the integration of ex-drugs addicts in the labour market   |
| <b>Occupational Programs to Unemployed Economic Deprivation Situation</b> | Ocupação temporária de trabalhadores desempregados inscritos nos centros de emprego que não tenham direito às prestações de desemprego e se encontrem em situação de comprovada carência económica, em actividades que facilitem, no futuro, o seu ingresso num emprego estável e evitem a desmotivação profissional, promovendo a satisfação de necessidades colectivas e incentivando na medida do possível, a criação de novos postos de trabalho (Portaria 192/96 de 30 de Maio)                        |
| <b>Occupational Programs to Subsidised Unemployed</b>                     | Actividade ocupacional de trabalhadores subsidiados, através da participação em trabalho necessário inserido em projectos ocupacionais organizados por entidades sem fins lucrativos, em benefício da colectividade, por razões de necessidade social ou colectiva e para o qual tenham capacidade e não lhes cause prejuízo grave (Portaria 192/96 de 30 de Maio)  |
| <b>"Projecto Sociedade: Saber +" (Program)</b>                            | Program aiming the improvement of lifelong education and training for adults. It covers the creation of National Agency for the Education and Training of Adults. (Council of Ministers Resolution 92/98, July 14)  |
| <b>PROPESCAS</b>  | Programa no âmbito do QCAII com o objectivo de garantir a sustentabilidade do sector das pescas, mediante o restabelecimento do equilíbrio entre os recursos e o esforço de pesca e assegurar uma modernização do sector que aumente a produtividade e melhore a competitividade das empresas (DL 189/94 de 5 de Julho)   |
| <b>REAGE (Initiative)</b>   | Integral and individual follow-up methodology to prevent the adult unemployment, building Employment Personal Plans to ensure a new opportunity.  |
| <b>Regional Networks for Employment</b>                                   | Measure aimed to create partnership, to promote employment at the local level consistindo na criação de um novo quadro de organização, através da mobilização da iniciativa e do desenvolvimento de acções numa base territorial, tendo em vista promoção da intervenção concertada em zonas dotadas de identidade sócio-económica, no sentido de resolver problemas de emprego e qualificação, consensualmente identificados como prioritários, com base numa melhor articulação dos recursos disponíveis. |
| <b>"RIME" – Incentive System for Job Creation</b>                         | Medida destinada a apoiar a criação e desenvolvimento de iniciativas locais de investimento com os objectivos, entre outros da criação directa de postos de trabalho, da organização, modernização e desenvolvimento da produção de base local e do comércio e de serviços de base local e de proximidade, visando o melhoramento das condições de vida social, ambiental, cultural e recreativa (RCM 154/96 de 17 de Setembro)   |
| <b>GMI</b>  | Guaranteed Minimum Income   |
| <b>ROTAÇÃO (Program)</b>  | Program applied to enterprises that intent to develop continuous training opportunities and need to recruit workers temporarily on a replacement basis to ensure the continuing of production.  |
| <b>ROTAS (Program)</b>  | Information program on educational and training offers addressed to the youth people  |
| <b>RUMO (Program)</b>   | Pilot program based on a systematic interaction between guidance-training-insertion with a view to reach personalised solutions targeting specific groups and chiefly the LTU (LTU aged over 25 years old and without the 9 <sup>th</sup> grade of compulsory education).   |
| <b>SAJE – Sistema de Apoios ao Jovem Empresário</b>                       | Programa com o objectivo de apoiar projectos que visem a criação, modernização ou expansão de empresas detidas maioritariamente por jovens empresários, através de um conjunto de instrumentos, designadamente financeiros e infra-estruturas de apoio (DL 22/97 de 23 de Janeiro)  |
| <b>SETE LÉGUAS (Program)</b>  | Information program on educational and training offers addressed to the youth people  |
| <b>IS</b>   | Information Society   |
| <b>SIRME – System of Incentives to the Re-utilisation and</b>             | Program managed to IAPMEI. It articulate several incentives to support the restructuring of enterprises for the propose of making them stronger and more competitive (DL 80/98 de 2 de April)   |

| TERMS AND INITIALS   | SUMMARY DESCRIPTION  |
|--|--|
| <b>Modernisation of enterprises</b>                                |  |
| <b>Observation System of Access in higher Education Graduates</b>  | Instrumento concebido por forma a recolher e analisar a informação sobre o período de transição que decorre entre a saída do sistema de ensino superior e a inserção num emprego estável dos diplomados nas vertentes que respeitam à procura de emprego, à oferta de emprego e às relações entre a universidade/politécnico-indústria como binómio potenciador das probabilidades de inserção |
| <b>SPO – Network of Services of Psychology and Guidance</b>        | Network of services of psychology and guidance of basic and secondary schools  |
| <b>TEIP- Priority Intervention Educational Territories</b>         | Initiative aiming, namely favouring the connection between the school and the community where it is integrated.  |
| <b>TELEPORTO</b>   | Experimental project oriented towards the installation of telework centres for the development of electronic trade in enterprises and for the computer and telematic training (Metropolitan Oporto Area)   |
| <b>EU</b>  | European Union   |
| <b>UNIVA – Institutions to Promote Integration in Working Life</b> | Organizações ou serviços acreditados pelo IIEFP que prestam apoio a jovens na resolução dos seus problemas de inserção ou reinserção profissional, em cooperação com os centros de emprego (DN 27/96 de 3 de Agosto)   |

# **Annex 4**

## **NAP 2000**

(autonomous document)

# *National Action Plan*

*2000*

PORTUGAL

Annex 4 to National Implementation Report

**APRIL 2000**

**NOTE**

**This document will be submitted to Ministers Council reunion on  
next week for final approval**

## SUMMARY

The Portuguese labour market continued to evolve very favourably in 1999; this is associated to a favourable growth of the Portuguese economy (the growth rate (3.1%) is 1 percent higher than the community average) and the effort made within the framework of NAP. The growth of the population's participation in economic activity, as well as the reduction of unemployment, notably long-term unemployment, together with a rise in real salaries, are indicators of this behaviour.

The assessment of the National Action Plan for Employment's development indicates that **quantified targets were met** at EU and national level, as well as the move to the phase where most of the new policy instruments foreseen in the five year Plan are to be launched.

Ahead, in fact, of the expected deadline for Europe, a fundamental aspect of the NAP was to include the compromise to bring into effect the targets contained in the first two guidelines for employment within three years.

**The carrying out of NAP has largely exceeded these results**, which, in themselves, already express a process of strategic mobilisation for the economic and social development of our country.

Bearing in mind the forecast economic growth (3.3%) and the continued effort to develop in the scope of NAP, the labour market trends are expected to remain favourable, with the continuation of the growth of employment, **the maintaining of employment rates above 70%** and the **maintaining of unemployment rates below 5%**.

The national strategy for 2000 took both the diagnosis of the labour market situation and the result of the development of the 1999 NAP into account as well as the recommendations of the EU Council.

Essentially, the strategy lines of the previous year are maintained. In the context of the fight against unemployment and the development of employability, three priority areas of action are stressed, namely:

**Preventive action-** of unemployment phenomena affecting active employees and young people in transition to working life;

**Anticipated action** in the fight of unemployment problems so as to minimise the risk of long term unemployment;

**Facilitating action** in the social integration of sectors exposed to long term unemployment, within the perspective of combining improved social protection with the stimulus to return to the labour market.

There continues to be an across the board approach to equal gender opportunities, with special attention being given to the young unemployed.

In accordance with this strategy, targets were established from which emphasis is given to the total coverage over mainland Portugal of the INSERJOVEM and REAGE methodologies, together with the continued growth, by 25%, of professional training for the unemployed in relation to the previous year.

The following targets were also established:

- The doubling of the number of young people in the Learning System in 5 years;
- the maintaining of 16500 trainee places annually;
- the increase of the percentage of students in technological, professional, specialisation and other course in secondary school to 40%;
- the offer of an opportunity of education/employment to all young people under the age of 25 registered in Job Centres who did not complete the 3rd cycle of basic education, or if they completed it, did not complete secondary school;
- the continuation of the global target of providing qualifying training to 117,500 young people, in training activities offering initial training and in professional and professionalising courses within the scope of the education system,;
- the gradual increase of the number of employees receiving training, so as to reach 10% of total employees in five years;
- the creation of 5000 work posts/year at the local and micro-initiative level;
- the inclusion of information and communication technology teaching in at least 50% of on-going training activities;
- the supply of an active employment opportunity to at least 45,000 receivers of the Guaranteed Minimum Wage.

## **PART I – FRAMEWORK**

### **1. Introduction**

The National Action Plan for Employment (NAP) adopted by the Council of Ministers Resolution no. 59/98 of May, 5, gives form to the **compromise assumed by the Portuguese State**, within the scope of the Extraordinary Summit on Employment in Luxembourg, held in November 1997, towards the implementation of the guidelines on employment which were agreed at that Summit.

Such guidelines give shape to a **co-ordinated strategy for employment at a European scale** based on four pillars: to improve employability, to develop the entrepreneurial spirit, to encourage the workers' and companies' adaptability and to strengthen the policies for equal opportunities.

The NAP transfers the contents of such guidelines to the Portuguese reality, with the adequate adjustments required by the national specificities, establishing objectives, quantified targets and action deadlines, as well as defining new programmes and measures.

The development of the NAP, like the European strategy of which it is a part, complies with a pluriannual view, which is absolutely necessary for its implementation. Throughout the **five year** period during which the European strategy for Employment adopted at the Luxembourg Summit shall develop, the NAP must be co-ordinated with the great priorities and meet the new challenges faced by Portugal and by the European economies on that horizon.

With a view to identifying action lines to respond to such new challenges, the Government launched a revision process of the National Action Plan for Employment, involving various ministerial departments and the participation of the social partners. Within the scope of this process **review lines** were identified oriented, in global terms, to the stability of the guidelines foreseen for 1999, adjusted, obviously, to the new challenges of the European strategy and in accordance with the results themselves of the implementation of NAP.

In relation to the effective translation of such lines it was decided to incorporate the adjustments considered necessary directly into the NAP, so that the present revision as well as the subsequent annual revisions, may safeguard the formal consistency of this instrument of multi-annual planning.

The alterations now introduced which respect the coherence, structure and ambitions of the NAP, correspond to the need to incorporate new elements; these result in particular from the employment policy guidelines of the EU for 2000 approved at the Helsinki Summit in December 1999, from the Commission's observations and recommendations to Portugal stated in the Joint Report regarding the carrying out of the 1998 NAP, and from the effects of the transition of the



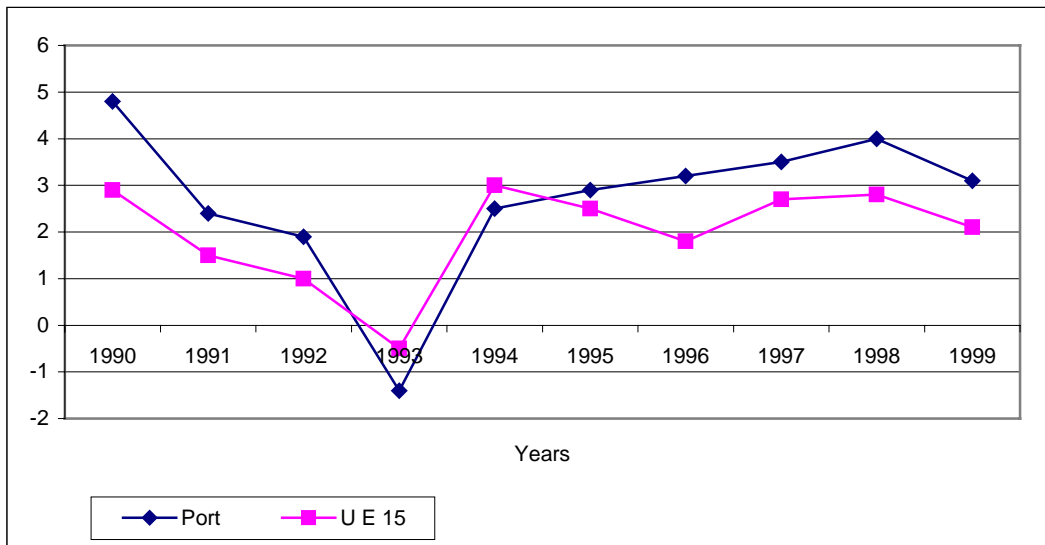
Community Support Framework which covers all 2000, now in the negotiation phase, which could mean making readjustments to the NAP.

Thus, the objective is to ensure that the NAP is a living instrument able to respond to the various challenges facing it, so that moves are made towards the modernisation and qualification of employment, the fight against unemployment and the promotion of social cohesion and equal opportunities, which are central both to the Government's programme and to the Economic and Social Development Plan.

## 2. Macroeconomic framework

In 1999, the Portuguese economy continued to demonstrate a **relatively high growth rate** (3.1%), in spite of the decline seen in the two previous years (4% in 1998 and 3.5% in 1997).

Figure 1 - GDP evolution



It is estimated that the growth of the GDP in Portugal in the last year has been 1 percentile point (p.p.) higher than the community average, which indicates a continuation of the process of real convergence. Although Portugal's pace of convergence in relation to the EU countries has slowed down in recent years in comparison with that seen in the 1986 to 1990 period (differential close to 2 percent), it has now intensified in relation to the first half of the decade (differential of just 0.2 percent)

The dynamism seen in the growth of GDP in 1999 is due essentially to **internal demand**, sustained by the growth of private consumption and investment, even though there was a slow down of both in relation to the previous year. The least favourable behaviour of external demand, in turn, reflected the slow down of the economic activity at world level.

**TABLE 1**  
**MACRO-ECONOMIC INDICATORS**

|                                     | 1995 | 1996 | 1997 | 1998 | 1999 |
|-------------------------------------|------|------|------|------|------|
| Annual Real Evolution               |      |      |      |      |      |
| <b>GDPpm</b>                        | 2,9  | 3,2  | 3,5  | 4,0  | 3,1  |
| Private Consumption                 | 1,5  | 2,5  | 3,3  | 5,2  | 4,6  |
| Government Consumption              | 2,2  | 2,0  | 2,2  | 3,2  | 3,0  |
| Gross Fixed Capital Formation       | 4,7  | 5,7  | 11,7 | 9,8  | 6,3  |
| <b>Exports</b>                      | 10,3 | 10,2 | 8,8  | 8,7  | 3,3  |
| <b>Imports</b>                      | 7,2  | 7,5  | 11,9 | 13,8 | 7,2  |
| Inflation                           |      |      |      |      |      |
| Implicit Price Deflator (GDP)       | 5,0  | 3,1  | 2,7  | 3,6  | 2,7  |
| Consumer Price Index (with housing) | 4,2  | 3,1  | 2,3  | 2,8  | 2,3  |
| Total Employment                    | -0,6 | 0,6  | 1,9  | 2,3  | 1,9  |
| Productivity                        | 3,5  | 2,6  | 1,6  | 1,7  | 1,2  |

**Fonte:** INE - Annual National Accounts, Consumer Price Index and Labour Force Survey.  
MF, Estability and Convergence Program (2000-2004)

The favourable growth of the labour market – both the activity rate and the employment and unemployment rates – together with the increase of average earnings, in real term, contributed specially to the increase of **private consumption**.

The **inflation rate**, both when measured against the Consumer Prices and against Prices Implicit in GDP, slowed down in 1999; the increase in the Consumer Price Index stood at 2.2%, about 1.1 p.p. above the European average (1.1%).

The growth of GDP was accompanied in the last two years by a significant net job creation (average annual rate of 2.1%) and by an increase in productivity of 1.7% in 1998 and 1.2% in 1999. **The rate of growth of employment was well above the European average** and that of productivity was close to last year's.

At the same time, the **average net earnings** of the Portuguese increased in real terms about 2% in 1998 and 2.5% in 1999; for the employer this means a small reduction (0.3%) in the real value of the direct cost of labour per unit produced in the first year and a small rise of 1% in the second.

The average income of the Portuguese, measured by GDPpm per capita to prices and parity, showed a trend to **convergence towards the average income** of the European community countries, going from about 70% in 1995 to 71% in 1998 and 72% in 1999. The same behaviour was seen for the average wages of Portuguese workers, although a greater differential was found

in relation to the European average than for the GDP per capita. However, the proportion which the average productivity of labour in Portugal represents of the European average, measured by the ratio GDPpm/Employment to prices and parity of 1990, is close to that registered in 1995.

**TABLE 2**  
**STRUCTURAL FRAMEWORK OF MACRO-ECONOMIC AND**  
**EMPLOYMENT INDICATORS**

(UE=100)

|   | years |       |       |       |       |
|---|-------|-------|-------|-------|-------|
|   | 1995  | 1996  | 1997  | 1998  | 1999  |
| GDP per Capita in PPC (1)                     | 70,3  | 70,1  | 70,5  | 71,3  | 72,5  |
| Labour compensation per worker in PPC (2)     | 62,2  | 64,6  | 65,3  | 67,5  |       |
| Average Labour Productivity in ppc of 1990(2) | 57,0  | 57,6  | 57,2  | 57,2  |       |
| Activity Rate (3)(4)                          | 105,3 | 104,3 | 104,2 | 109,5 |       |
| Employment/Population (3)(4)                  | 109,5 | 108,5 | 109,2 | 116,3 |       |
| Unemployment Rate (2)                         | 67,6  | 67,0  | 61,1  | 46,1  |       |
| Inflation Rate (5)                            | 150,0 | 133,3 | 119,0 | 186,7 | 169,2 |

Sources: (1) MP, DPP "Situação Económica e Social em Portugal". For 1999, Estimates MTS/DEPP.

(2) OCDE, National Accounts; INE, National Accounts; CE, Economie Européenne 1999; MTS-DEPP, estimates

(3) Eurostat, Labour Force Survey

(4) New sample in 1998

(5) European Commission, Economie Européenne 1999, Consumer Price Index.

### 3. The labour market situation

#### 3.1 Employment

In association to the favourable trends in the economy and the effort which has been made in the development of the NAP for Employment, the **labour market trends have continued to be generally positive, both** in terms of the population's participation in economic activity and in the growth of employment, the reduction of unemployment and the increase in real wages.

Gráfico 2 - GDP and Employment evolution in Portugal

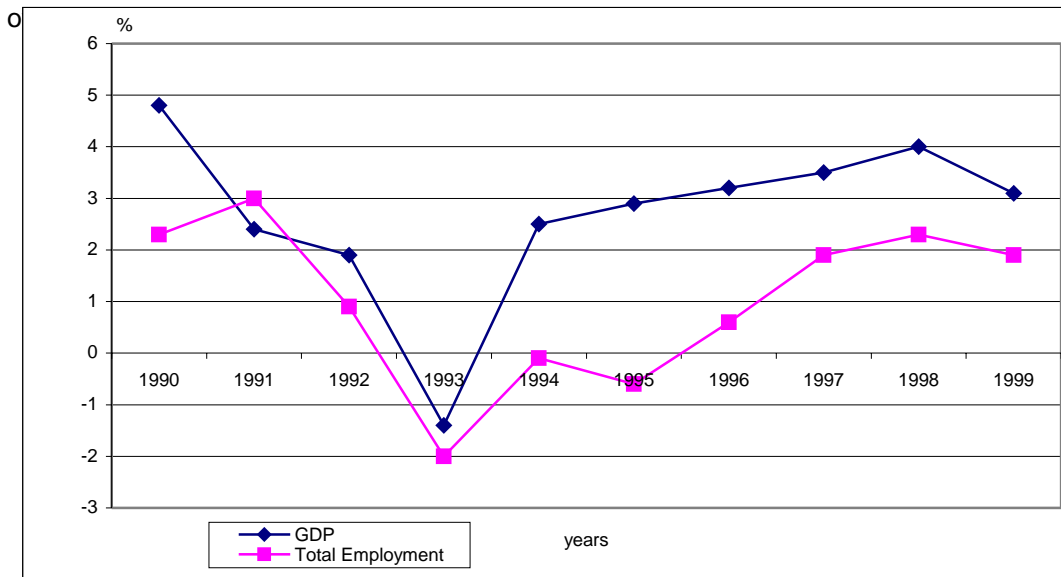
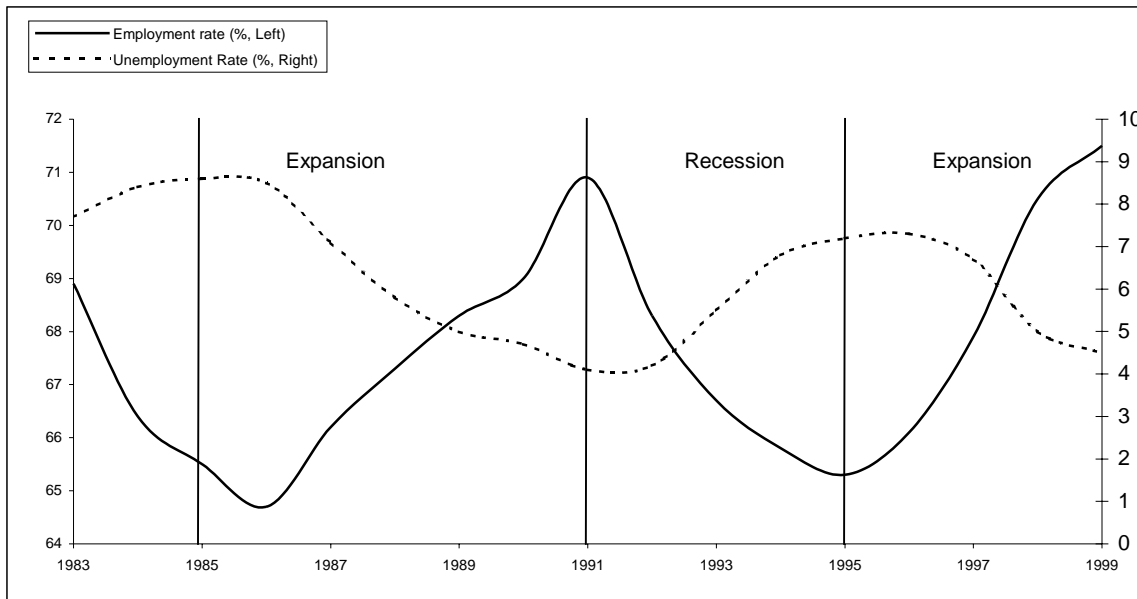


Figure 3 - Employment rate and Unemployment rate



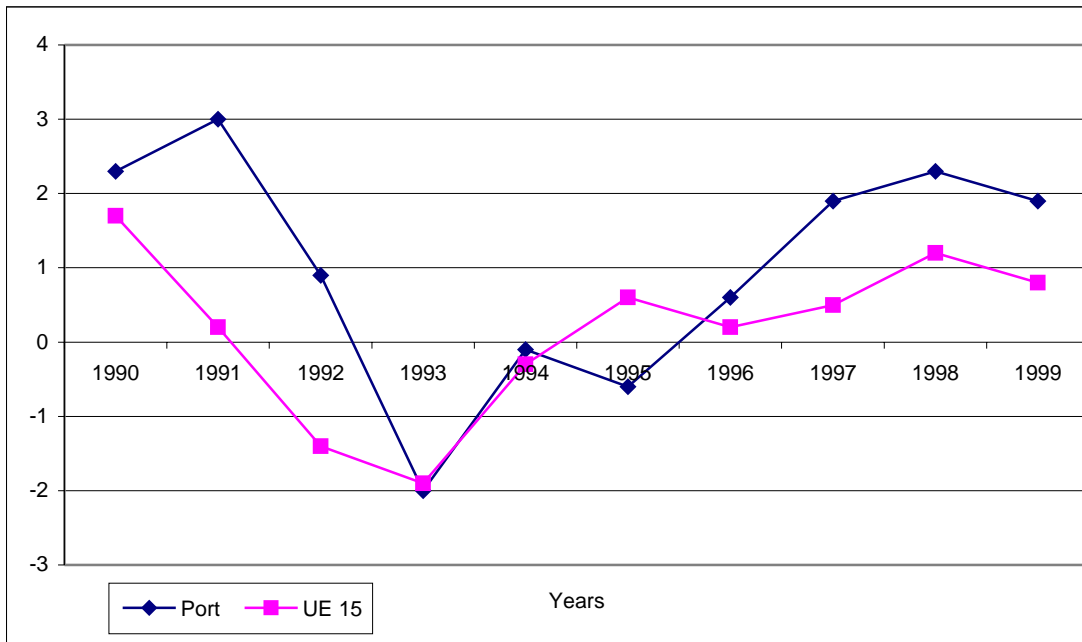
Note: Expansion, when the effective product growth is higher than the Potential Product.

The Potential Product shows how much the economy may grow in one year, considering its historical profile, without requiring more ma

In 1999, a rise of 1.3% in the active population was registered in relation to 1998, more intensively for women (1.9%) and for adults (1.9%). The number of young workers went down 1.9%, but only among young female workers (-4.2%). The rate of total activity – which, in general, has a pro-cyclical profile – increased 0.6 percent, standing at 50.9% at the end of the year.

Equally, there **continued to be an upward trend in employment** (1.9% compared with 1998), following the trend of 1996, 1997 and 1998. **The evolution of the employment in Portugal therefore continues to be more favourable than that of the EU countries.**

Figure 4 - Total Employment evolution



The growth of employment was more significant for **women** (3.1%) than for men (0.9%) and for **adults over the age of 25** (2.3% on the period in question), the **employment rate** for the 25 to 54 years age group increasing 0.7 percent. in the period under analysis. For the fourth consecutive year, **the growth of employment was accompanied by a rise in the employment rate**. It should be noted that in 1997 this variable already registered higher levels for Portugal than for the EU countries (67.6% for Portugal and 60.5% for EU) (see box)

## EMPLOYMENT RATES

The analysis of the employment rate by age group shows clearly the differences between Portugal and all the European partners. The employment rate for men of 25-54 years of age, in 1997, is 3.9 percent higher than that recorded for the Europe of the fifteen and relating to women that rate is 8.4 percent higher. However, the most significant differences lie on the level of the age group of 55-64 years of age, in which both men and women reach an employment rate about 11 percent higher than that of the EU. In Portugal, the greatest increase recorded in 1985-1997 was referred to the women of 25-54 years of age.

### EMPLOYMENT RATES BY AGE AND GENDER

|              | 1985      |          | 1997      |          |
|--------------|-----------|----------|-----------|----------|
|              | Europe 15 | Portugal | Europe 15 | Portugal |
| <b>Total</b> | 60.0      | 63.5     | 60.5      | 67.6     |
| <b>15-24</b> | 44.3      | 48.2     | 35.9      | 37.9     |
| <b>25-54</b> | 71.1      | 70.9     | 73.2      | 78.8     |
| <b>55-64</b> | 38.0      | 43.9     | 35.9      | 46.9     |
| <b>Men</b>   | 74.8      | 80.1     | 70.6      | 77.3     |
| <b>15-24</b> | 48.4      | 57.9     | 39.4      | 43.2     |
| <b>25-54</b> | 88.7      | 88.4     | 84.5      | 88.4     |
| <b>55-64</b> | 54.3      | 62.7     | 46.6      | 58.3     |
| <b>Women</b> | 45.6      | 48.2     | 50.5      | 58.7     |
| <b>15-24</b> | 40.2      | 38.5     | 32.4      | 32.6     |
| <b>25-54</b> | 53.4      | 54.9     | 61.9      | 70.3     |
| <b>55-64</b> | 23.6      | 27.9     | 25.9      | 37.0     |

Source: EUROSTAT, Labour Forces Survey

In the period 1985-1997 the trend to the reduction of the youth employment rate appears as very clear in Portugal and is even markedly stronger than in the whole Europe of the fifteen. Anyway, our country is still over the average youth employment rate of the EU. This fact is necessarily related to the extending of the studies and/or the attending of training, not associated with a job, although in part-time.

The results of the comparison between Portugal and the EU would be still more favourable to Portugal if employment rates corresponding to full time work were used since our country has one of the lowest percentages of part-time work in the EU area.

Considering the different educational levels and comparing Portugal with the EU, one finds out that the employment rates for Portugal are always higher than those found out for all the Member States, excluding the group of women of 55-64 years of age and with a higher educational level. In what refers to this group, the employment rate recorded at level of Europe of the fifteen is 5 percent higher than that obtained for Portugal.

### EMPLOYMENT RATES BY EDUCATIONAL LEVELS, GENDER AND AGE – 1997

|              | Age groups         | Europe 15 | Portugal | Difference |
|--------------|--------------------|-----------|----------|------------|
| <b>TOTAL</b> |                    |           |          |            |
| High         | <b>25-54 years</b> | 86.5      | 93.6     | +7.1       |
| Medium       |                    | 77.6      | 82.1     | +4.5       |
| Low          |                    | 62.5      | 75.4     | +12.9      |
| High         | <b>55-64 years</b> | 58.8      | 55.1     | -3.7       |
| Medium       |                    | 40.6      | 48.6     | +8.0       |
| Low          |                    | 29.6      | 46.2     | +16.6      |
| <b>Men</b>   |                    |           |          |            |
| High         | <b>25-54 years</b> | 91.2      | 95.1     | +3.9       |
| Medium       |                    | 86.3      | 87.0     | +0.7       |
| Low          |                    | 79.0      | 87.1     | +8.1       |
| High         | <b>55-64 years</b> | 63.1      | 65.1     | +2.0       |
| Medium       |                    | 47.5      | 52.3     | +4.8       |
| Low          |                    | 41.6      | 58.0     | +16.4      |
| <b>Women</b> |                    |           |          |            |
| High         | <b>25-54 years</b> | 81.1      | 92.5     | +11.4      |
| Medium       |                    | 68.3      | 76.7     | +8.4       |
| Low          |                    | 48.0      | 64.6     | +16.6      |
| High         | <b>55-64 years</b> | 50.9      | 45.9     | -5.0       |
| Medium       |                    | 32.0      | 42.8     | +10.8      |
| Low          |                    | 20.9      | 36.3     | +15.4      |

Source: EUROSTAT, Labour Forces Survey

The highly favourable activity of the **Service** (4.9%) sector and the **Construction and Public Works** sector made a significant contribution to this positive employment trend. However, both **Agriculture and Fisheries** and **Industry** registered drops of 4.4% and 1.9% respectively.

The employment behaviour was far from uniform among the **various areas of Services**. While Transport, Warehousing and Communications (-5.1% between 1998 and 1999) and the Finance Activities (-3.4%) reduced their personnel, the Property Activity, Renting and Services Rendered to Companies (15.8%), Health and Social Action (15.8%) and Other Collective, Social and Personal Services registered the most significant increases. The contribution of the Trade sector to the positive employment trend should also be stressed (increase of 6.3%). Among the service activities considered, the Financial Activities was the only one to register a fall among both men and women (3.7% and 3.2% respectively).

Both **part time** and **full time** employment contributed positively to the increase registered, with full time employment having the higher rate (1.9% in relation to the previous year). In the case of full time employment, the greatest increase was in female employment (3.7%), whereas exactly the opposite was found in part time employment (3.7% for men as opposed to 0.6% for women, in the period under study).

The breakdown of the employment situation according to the **situation in the profession and the kind of labour contract** shows that in the period under study, the favourable trend in employment was again due to the evolution in **salaried employment**, which increased 3.4% between 1998 and 1999 (2.4% for men and 4.6% for women), this raising the weight of salaried workers in the total employment (71.3% in 1998 to 72.3% in 1999).

As opposed to previous years, workers covered by **permanent contracts** also increased (1.4%), going from 2659.8 thousand people at the end of 1998, to 2698.3 thousand in 1999. The employees with a **term contract** rose by 12.3% (10.3% for men and 14.3% for women) that is from 567.8 thousand people to 638.6 thousand between 1998 and 1999.



**Labour Market Indicators**  
- Percentages -

%

|   | 1993  | 1994 | 1995  | 1996  | 1997  | 1999* |
|---|-------|------|-------|-------|-------|-------|
| <b>Labour Force</b>                                 |       |      |       |       |       |       |
| <b>Total</b>  |       |      |       |       |       |       |
| MF  | -0,5  | 1,3  | -0,3  | 0,7   | 1,4   | 1,3   |
| M   | -1,4  | 1,0  | -0,5  | 0,5   | 1,2   | 0,8   |
| F   | 0,6   | 1,8  | -0,1  | 0,9   | 1,6   | 1,9   |
| <b>from 15 to 24 years</b>                          |       |      |       |       |       |       |
| MF  | -6,6  | -1,5 | -5,4  | -1,1  | 0,6   | -1,9  |
| M   | -6,9  | -1,0 | -2,4  | 0,0   | -1,3  | 0,1   |
| F   | -6,2  | -2,0 | -8,9  | -2,5  | 3,0   | -4,2  |
| <b>&gt; 54 years</b>                                |       |      |       |       |       |       |
| MF  | 0,0   | 7,4  | 0,6   | 8,9   | 5,9   | 1,5   |
| M   | 0,5   | 6,9  | -0,2  | 7,6   | 3,8   | -1,4  |
| F   | -0,9  | 8,2  | 1,9   | 11,1  | 9,1   | 5,5   |
| <b>Total Employment</b>                             |       |      |       |       |       |       |
| <b>Total</b>  |       |      |       |       |       |       |
| MF  | -2,0  | -0,1 | -0,6  | 0,6   | 1,9   | 1,9   |
| M   | -2,6  | -0,5 | -0,9  | 0,5   | 1,6   | 0,9   |
| F   | -1,1  | 0,4  | -0,3  | 0,7   | 2,3   | 3,1   |
| <b>from 15 to 24 years</b>                          |       |      |       |       |       |       |
| MF  | -9,5  | -3,7 | -7,0  | -1,7  | 2,8   | -0,3  |
| M   | -9,2  | -3,6 | -4,4  | 0,5   | 1,9   | 1,3   |
| F   | -9,8  | -3,9 | -10,2 | -4,7  | 4,1   | -2,2  |
| <b>&gt; 54 years</b>                                |       |      |       |       |       |       |
| MF  | -1,2  | 6,8  | 0,7   | 8,5   | 5,6   | 1,6   |
| M   | -0,8  | 6,0  | 0,2   | 7,4   | 3,2   | -1,7  |
| F   | -1,9  | 8,2  | 1,6   | 10,3  | 9,3   | 6,2   |
| <b>Type of Job</b>                                  |       |      |       |       |       |       |
| <b>Full time</b>                                    |       |      |       |       |       |       |
| MF  | -2,2  | -0,5 | -0,5  | -0,8  | 0,5   | 1,9   |
| M   | -2,8  | -0,7 | -0,5  | -0,6  | 0,8   | 0,7   |
| F   | -1,4  | -0,3 | -0,4  | -1,0  | 0,1   | 3,7   |
| <b>Part time</b>                                    |       |      |       |       |       |       |
| MF  | 1,1   | 5,5  | -2,5  | 17,3  | 16,9  | 1,5   |
| M   | 1,8   | 4,8  | -9,3  | 24,5  | 16,9  | 3,7   |
| F   | 0,8   | 5,8  | 0,9   | 14,0  | 16,8  | 0,6   |
| <b>By Sector</b>                                    |       |      |       |       |       |       |
| Agriculture and Fishing                             | -1,6  | 1,6  | -2,6  | 8,5   | 13,7  | -4,4  |
| Industry  | -3,0  | 0,3  | -3,7  | -3,1  | -1,1  | -1,9  |
| Construction  | -1,8  | -2,8 | 2,9   | 0,8   | 13,2  | 4,2   |
| Services  | -1,6  | -0,2 | 0,7   | 0,6   | -1,0  | 4,9   |
| <b>Professional Status</b>                          |       |      |       |       |       |       |
| <b>Employers and persons working on own account</b> |       |      |       |       |       |       |
| MF  | 0,4   | 4,1  | 1,5   | 4,5   | 3,6   | -2,2  |
| M   | -0,7  | 4,5  | 3,0   | 2,8   | 1,5   | -2,9  |
| F   | 2,0   | 3,5  | -0,7  | 7,2   | 6,6   | -1,3  |
| <b>With employees</b>                               |       |      |       |       |       |       |
| MF  | 2,0   | 1,9  | -2,0  | -0,1  | -3,9  | -0,1  |
| M   | 0,5   | 2,4  | -2,1  | -1,1  | -6,3  | 1,0   |
| F   | 6,5   | 0,4  | -1,8  | 2,6   | 3,1   | -3,5  |
| <b>Without employees</b>                            |       |      |       |       |       |       |
| MF  | -0,2  | 4,8  | 2,7   | 6,1   | 6,0   | -2,9  |
| M   | -1,4  | 5,5  | 5,5   | 4,5   | 4,9   | -4,7  |
| F   | 1,2   | 4,0  | -0,5  | 8,0   | 7,2   | -0,9  |
| <b>Unpaid earners and others</b>                    |       |      |       |       |       |       |
| MF  | 2,6   | 18,3 | -12,4 | -13,9 | -3,8  | 2,5   |
| M   | 1,2   | 18,8 | -11,1 | -4,5  | -13,7 | 1,3   |
| F   | 3,6   | 17,9 | -13,3 | -20,7 | 4,8   | 3,4   |
| <b>Wage earners and salaried employees</b>          |       |      |       |       |       |       |
| MF  | -2,8  | -2,0 | -1,0  | -0,4  | 1,4   | 3,4   |
| M   | -3,3  | -2,6 | -2,1  | -0,3  | 2,0   | 2,4   |
| F   | -2,2  | -1,1 | 0,4   | -0,5  | 0,8   | 4,6   |
| <b>Type of Contract</b>                             |       |      |       |       |       |       |
| <b>Indefinitive</b>                                 |       |      |       |       |       |       |
| MF  | -1,6  | -1,6 | -1,5  | -2,2  | -0,6  | 1,4   |
| M   | -2,5  | -2,5 | -2,9  | -2,8  | 0,3   | 0,8   |
| F   | -0,5  | -0,5 | 0,3   | -1,6  | -1,6  | 2,3   |
| <b>Fixed Term</b>                                   |       |      |       |       |       |       |
| MF  | -13,1 | -4,2 | 3,3   | 12,1  | 15,6  | 12,3  |
| M   | -12,8 | -3,4 | 6,0   | 18,7  | 14,3  | 10,3  |
| F   | -13,4 | -4,9 | 0,8   | 5,6   | 17,1  | 14,3  |

Source: INE, Labour Force Survey  
Note: \* New Sample

**TABLE 4**

**Labour Market Indicators  
- Rates -**

%

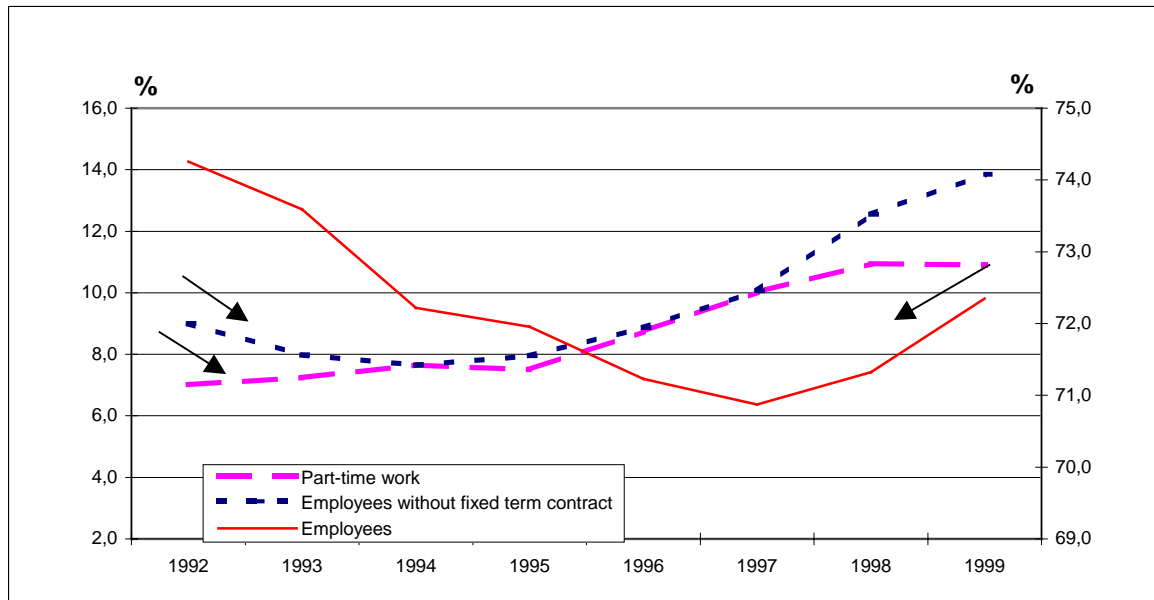
|                            | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998* | 1999* |
|----------------------------|------|------|------|------|------|------|-------|-------|
| <b>Participation Rate</b>  |      |      |      |      |      |      |       |       |
| <b>Total</b>               |      |      |      |      |      |      |       |       |
| MF                         | 48,4 | 48,2 | 48,8 | 48,6 | 48,9 | 49,5 | 50,3  | 50,9  |
| M                          | 56,3 | 55,4 | 55,8 | 55,4 | 55,6 | 56,6 | 57,2  | 57,5  |
| F                          | 41,3 | 41,5 | 42,3 | 42,4 | 42,7 | 43,0 | 44,0  | 44,8  |
| <b>from 15 to 24 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 50,1 | 46,3 | 44,4 | 42,5 | 42,7 | 44,7 | 47,8  | 47,7  |
| M                          | 53,5 | 48,8 | 47,0 | 45,7 | 46,2 | 48,2 | 50,4  | 51,2  |
| F                          | 46,5 | 43,6 | 41,7 | 39,1 | 39,0 | 41,1 | 45,2  | 44,2  |
| <b>&gt; 54 years</b>       |      |      |      |      |      |      |       |       |
| MF                         | 28,9 | 28,1 | 29,5 | 29,2 | 30,0 | 30,3 | 32,0  | 32,3  |
| M                          | 40,8 | 39,8 | 41,4 | 40,3 | 40,9 | 40,9 | 42,7  | 42,3  |
| F                          | 19,7 | 18,9 | 20,1 | 20,2 | 21,3 | 21,9 | 23,6  | 24,7  |
| <b>Employment Rate</b>     |      |      |      |      |      |      |       |       |
| <b>Total</b>               |      |      |      |      |      |      |       |       |
| MF                         | 68,3 | 66,7 | 65,8 | 65,3 | 66,1 | 67,9 | 70,5  | 71,5  |
| M                          | 79,5 | 77,2 | 75,6 | 74,3 | 75,2 | 76,8 | 79,7  | 80,0  |
| F                          | 57,9 | 57,1 | 56,7 | 56,9 | 57,5 | 59,5 | 61,6  | 63,4  |
| <b>from 15 to 24 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 45,1 | 40,4 | 37,9 | 35,6 | 35,6 | 38,1 | 42,9  | 43,5  |
| M                          | 48,9 | 43,5 | 40,8 | 38,9 | 39,5 | 42,5 | 46,3  | 47,5  |
| F                          | 41,2 | 37,2 | 34,8 | 32,2 | 31,4 | 33,4 | 39,5  | 39,4  |
| <b>from 54 to 64 years</b> |      |      |      |      |      |      |       |       |
| MF                         | 47,0 | 44,6 | 45,9 | 45,2 | 46,5 | 47,6 | 50,0  | 50,8  |
| M                          | 62,0 | 59,7 | 60,3 | 57,8 | 58,9 | 58,9 | 63,2  | 61,7  |
| F                          | 34,1 | 31,9 | 33,4 | 33,7 | 35,7 | 37,6 | 38,5  | 41,3  |

Source: INE, Labour Force Survey

Note: \* New Sample

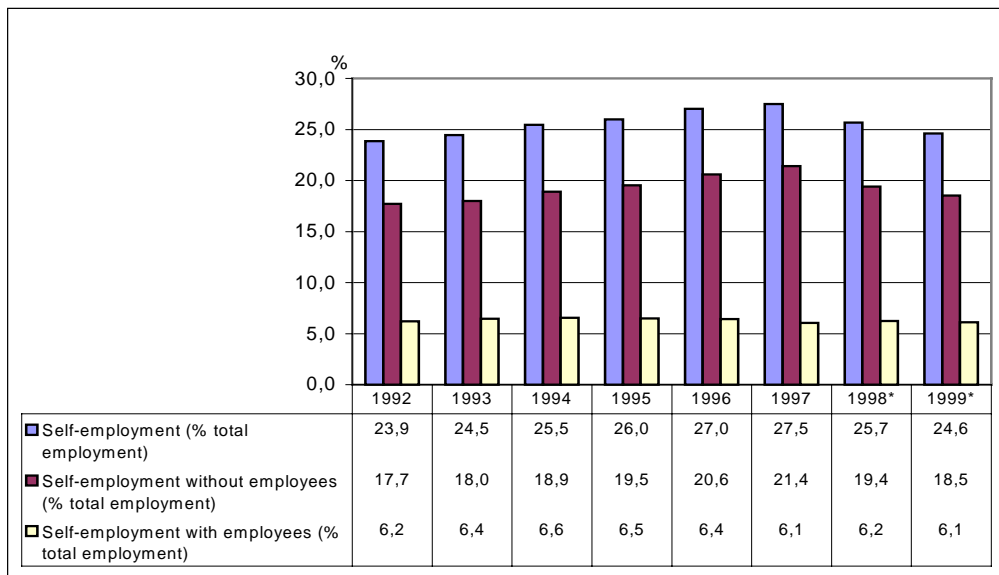
The weight of salaried employees in the total employment, which in 1998 reversed the downward trends of the previous period, continues to be visible and the persistence of the increasing trend towards the term contracts shown since 1994 should be stressed. Part-time work which had been increasing in relative importance (except in 1995), almost stabilised in the last year.

**Figure 5 - Some forms of employment  
(% Total Employment)**



Equally, **the self-employment rate** has been going down, and its percentage of total employment has also fallen (going from 25.7% in 1998 to 24.6% in 1999).

**Figure 6 - Self- Employment Rate**



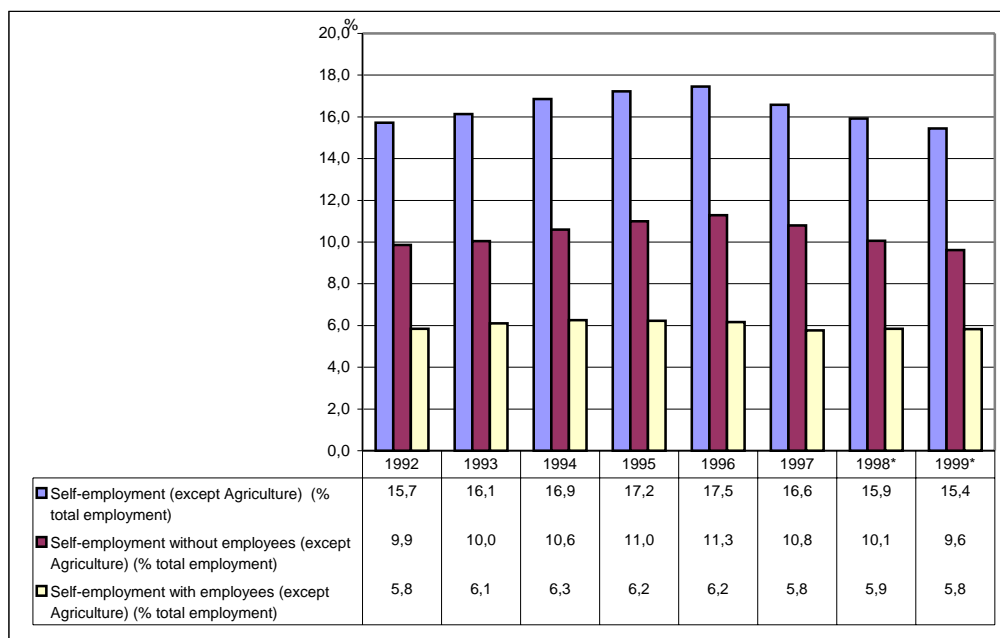
The fall in self-employment in 1999, in comparison with 1998, was 2.2% (-2.9% for men and -1.3% for women). There was only a rise of self-employed workers in services (0.6%), due entirely to the female employment (+2.6%), male workers falling 0.9%.

The **self-employed without personnel at work** contributed most to the reduction in self-employment (-2.9%) and this decline was found in all sectors.

On the other hand, **the self-employed with personnel at work** declined less (0.1%) and this was due to Agriculture, Forestry and Fisheries and to Industry, Construction, Energy and Water (-24.3% and -0.7% respectively), while the Services saw a rise of 3.2%.

However, the weight of this area of self-employment in the total employment has remained almost unchanged between 1998 and 1999 (6.2% and 6.1% respectively). This becomes even more evident when we remove Agriculture, Forestry and Fisheries (going from 5.9% to 5.8%).

**Figure 7 - Self- Employment Rate  
(except Agriculture)**



The growth of employment in the period under study was visible in **all education levels** with the exception of the 1st cycle of basic education (primary school). In fact, at this education level the employed population fell about 3.4%.

In terms of **qualifications**, the growth of employment was higher among the most highly

qualified (directors, senior staff and specialists of intellectual or scientific professions), who increased 6.9% and the unqualified workers who increased 4.8%. The greatest increase in both groups was among men.

### 3.2 Unemployment

The favourable behaviour of the labour market was also evident in the evolution of unemployment.

In fact, between the periods under study **unemployment fell** about 10.1%. This fall was due almost entirely to female unemployment (-17.2), while unemployment among males fell about 1.0%. As a result of this development, the proportion of women in the total unemployed, which was 56.1% in the third quarter of 1998, reached 51.9% in the fourth quarter.

The drop in **youth unemployment** of 15 to 24 year old age group(-15.9%, greater than that of adults, was also more relevant among women (-18% in the case of young people and -17.1% in those over the age of 25).

**Table 5**

#### Labour Market Indicators

|                     |                       | Percentages |      |      |      |       |       |
|---------------------|-----------------------|-------------|------|------|------|-------|-------|
|                     |                       | 1993        | 1994 | 1995 | 1996 | 1997  | 1999  |
| <b>Unemployment</b> |                       |             |      |      |      |       |       |
|                     | <b>Total</b>          |             |      |      |      |       |       |
|                     | MF                    | 32,9        | 25,7 | 4,2  | 2,2  | -5,8  | -10,1 |
|                     | M                     | 32,5        | 29,8 | 6,2  | 1,1  | -5,3  | -1,0  |
|                     | F                     | 33,4        | 22,0 | 2,4  | 3,1  | -6,3  | -17,2 |
|                     | <b>15-24 years</b>    |             |      |      |      |       |       |
|                     | MF                    | 19,6        | 14,1 | 4,2  | 1,9  | -10,5 | -15,9 |
|                     | M                     | 16,9        | 20,2 | 10,4 | -2,7 | -20,1 | -13,2 |
|                     | F                     | 21,9        | 9,0  | -1,7 | 6,7  | -1,3  | -18,0 |
|                     | <b>&gt;54 years</b>   |             |      |      |      |       |       |
|                     | MF                    | 70,0        | 27,3 | -3,8 | 21,0 | 12,6  | -5,2  |
|                     | M                     | 60,2        | 30,5 | -8,2 | 13,6 | 18,8  | 7,9   |
|                     | F                     | 109,1       | 17,4 | 11,1 | 41,7 | -1,2  | -29,1 |
| <b>LTU</b>          |                       |             |      |      |      |       |       |
|                     | <b>13 and + month</b> |             |      |      |      |       |       |
|                     | MF                    | 50,3        | 46,4 | 20,1 | 8,9  | -2,1  | -20,6 |
|                     | M                     | 53,1        | 56,8 | 23,3 | 9,1  | -1,0  | -15,2 |
|                     | F                     | 48,2        | 38,3 | 17,2 | 8,7  | -3,0  | -24,7 |

Source: INE, Labour Force Survey

Note: New Sample

**TABLE 6**

**Labour Market Indicators**

|   | Rates |      |      |      |      |      |       |       |
|---|-------|------|------|------|------|------|-------|-------|
|   | 1992  | 1993 | 1994 | 1995 | 1996 | 1997 | 1998* | 1999* |
| <b>Unemployment Rate</b>                        |       |      |      |      |      |      |       |       |
| <b>Total</b>                                    |       |      |      |      |      |      |       |       |
| MF  | 4,1   | 5,5  | 6,8  | 7,2  | 7,3  | 6,7  | 5,0   | 4,5   |
| M   | 3,5   | 4,7  | 6,0  | 6,4  | 6,5  | 6,1  | 4,0   | 4,0   |
| F   | 4,9   | 6,5  | 7,8  | 8,0  | 8,2  | 7,6  | 6,2   | 5,1   |
| <b>15-24 years</b>                              |       |      |      |      |      |      |       |       |
| MF  | 9,9   | 12,7 | 14,7 | 16,1 | 16,7 | 14,8 | 10,3  | 8,8   |
| M   | 8,6   | 10,9 | 13,2 | 14,9 | 14,5 | 11,7 | 8,2   | 7,2   |
| F   | 11,4  | 14,8 | 16,5 | 17,8 | 19,4 | 18,7 | 12,6  | 10,8  |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| MF  | 1,6   | 2,7  | 3,2  | 3,1  | 3,5  | 3,7  | 2,3   | 2,2   |
| M   | 2,1   | 3,3  | 4,1  | 3,7  | 4,0  | 4,5  | 2,6   | 2,8   |
| F   | 0,8   | 1,8  | 1,9  | 2,1  | 2,7  | 2,4  | 2,0   | 1,4   |
| <b>% of youth/ Total unemployment</b>           |       |      |      |      |      |      |       |       |
| MF  | 40,5  | 36,4 | 33,1 | 33,1 | 33,0 | 31,3 | 31,3  | 29,3  |
| M   | 40,4  | 35,7 | 33,0 | 34,4 | 33,0 | 27,9 | 30,5  | 26,7  |
| F   | 40,6  | 37,1 | 33,1 | 31,8 | 32,9 | 34,7 | 31,9  | 31,6  |
| <b>% of adults (&gt;54)/ Total unemployment</b> |       |      |      |      |      |      |       |       |
| MF  | 5,9   | 7,5  | 7,6  | 7,0  | 8,3  | 10,0 | 7,6   | 8,0   |
| M   | 10,0  | 12,1 | 12,2 | 10,5 | 11,8 | 14,8 | 11,2  | 12,2  |
| F   | 2,2   | 3,5  | 3,3  | 3,6  | 5,0  | 5,3  | 4,8   | 4,1   |
| <b>% of LTU (1)/ Labour Force</b>               |       |      |      |      |      |      |       |       |
| MF  | 1,1   | 1,6  | 2,3  | 2,8  | 3,0  | 2,9  | 2,1   | 1,7   |
| M   | 0,8   | 1,3  | 2,0  | 2,5  | 2,7  | 2,6  | 1,7   | 1,4   |
| F   | 1,4   | 2,0  | 2,8  | 3,2  | 3,5  | 3,3  | 2,7   | 2,0   |
| <b>from 15 to 24 years</b>                      |       |      |      |      |      |      |       |       |
| M   | 1,7   | 2,5  | 3,6  | 4,3  | 4,5  | 3,7  | 2,7   | 1,7   |
| F   | 1,5   | 1,7  | 3,0  | 3,9  | 4,0  | 2,8  | 2,1   | 1,1   |
| F   | 2,1   | 3,3  | 4,3  | 4,8  | 5,0  | 4,9  | 3,3   | 2,2   |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| M   | 0,6   | 1,2  | 1,6  | 1,6  | 2,0  | 2,3  | 1,4   | 1,4   |
| F   | 0,9   | 1,5  | 2,1  | 2,0  | 2,5  | 2,8  | 1,5   | 1,8   |
| F   | 0,2   | 0,7  | 0,9  | 0,9  | 1,3  | 1,5  | 0,8   | 0,6   |
| <b>% of LTU (1)/ Total unemployment</b>         |       |      |      |      |      |      |       |       |
| MF  | 25,9  | 29,3 | 34,2 | 39,3 | 42,0 | 43,6 | 42,5  | 37,6  |
| M   | 23,6  | 27,3 | 32,9 | 38,2 | 41,3 | 43,1 | 42,1  | 36,0  |
| F   | 28,1  | 31,1 | 35,4 | 40,5 | 42,7 | 44,1 | 42,9  | 39,0  |
| <b>from 15 to 24 years</b>                      |       |      |      |      |      |      |       |       |
| M   | 17,4  | 19,3 | 24,6 | 26,8 | 26,8 | 25,2 | 26,2  | 18,7  |
| F   | 17,2  | 15,7 | 23,1 | 26,0 | 27,6 | 23,7 | 25,7  | 15,6  |
| F   | 18,2  | 22,0 | 26,0 | 26,9 | 25,6 | 26,2 | 26,3  | 20,1  |
| <b>&gt;54 years</b>                             |       |      |      |      |      |      |       |       |
| M   | 39,0  | 44,4 | 50,0 | 51,3 | 58,1 | 62,2 | 60,6  | 64,1  |
| F   | 43,1  | 46,8 | 50,5 | 53,8 | 63,4 | 61,6 | -     | -     |
| F   | 21,6  | 37,0 | 49,0 | 42,7 | 46,5 | 62,7 | -     | -     |
| <b>% of female/ Total unemployment</b>          |       |      |      |      |      |      |       |       |
| Total   | 53,0  | 53,2 | 51,7 | 50,7 | 51,2 | 50,9 | 56,4  | 51,9  |
| from 15 to 24 years                             | 53,1  | 54,1 | 51,7 | 48,8 | 51,1 | 56,4 | 57,4  | 56,0  |
| > 54 years                                      | 20,0  | 24,6 | 22,7 | 26,2 | 30,7 | 26,9 | 35,9  | 26,8  |

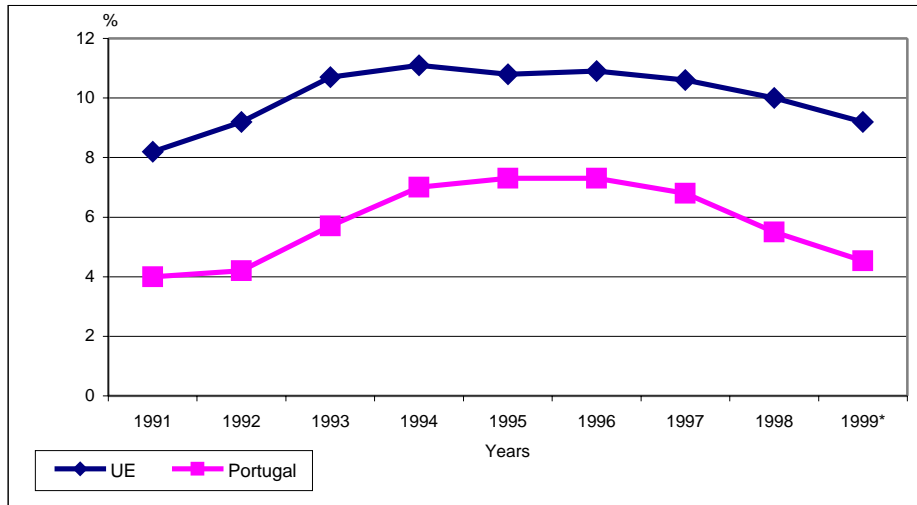
Source: Labour Force Survey

Notes: New serie in 1998

(1) unemployment one year over

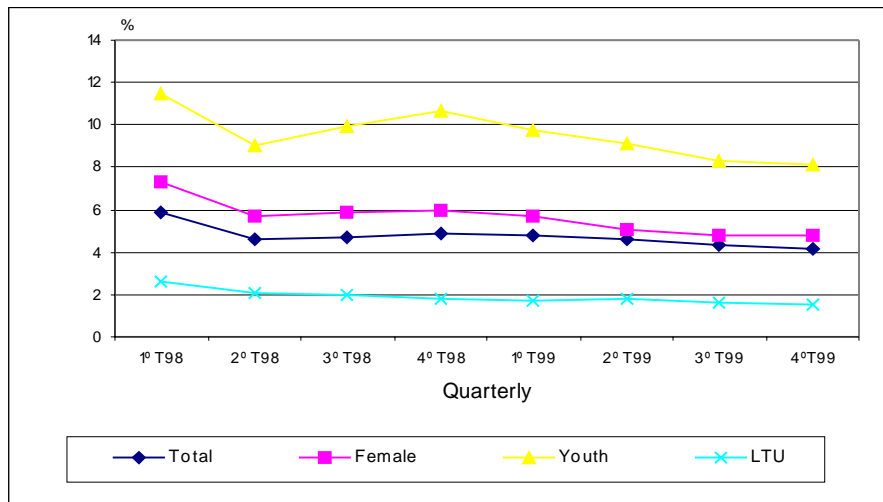
The favourable behaviour of the labour market led to Portugal's **unemployment rate**, which was much lower than that of the EU, falling to 4.2% in the final quarter of 1999, a drop of 0.7 percent in relation to the same time period for the previous year. It is the lowest unemployment rate since the third quarter of 1992.

**Figure 8 - Unemployment rates in UE and Portugal**



The youth unemployment rate registered the biggest reduction (1.5 percent) in 1999 for the same time period and in the final quarter of 1999 it stood at 8.1% (against 8.3 and 10.7 in the previous quarter and the corresponding quarter respectively).

**Graph 9 - Evolution of unemployment rates**



On analysing the evolution of the unemployed population by **educational level** between 1998 and 1999, it can be concluded that there was a general decline of unemployment in the different levels, except in the third cycle of basic education and in higher education. In fact, in the last year unemployment in these two groups rose respectively by 3.6%, solely as a result of male unemployment, and by 14.7% (9.5% for men and 8.4% for women), which suggests that the Portuguese production system is still incapable of absorbing people with higher levels of education.

The breakdown of **unemployment rates by educational levels** shows that the highest percentages are at intermediate levels, particularly those with the 3rd cycle and secondary education, both for all ages and for the young (15-24 years of age). The development level in Portugal, which continues to absorb less qualified manpower, explains the fact that unemployment rates of the population with lower educational levels, particularly those with the 1st cycle, are lower than the overall unemployment rate, both for all ages and for the young; however, this situation will not be sustainable in the long term given the acceleration of the restructuring underway.

Although graduate unemployment rates are still lower than the overall unemployment rate, they are no longer so different from the overall rate as in previous years. It should also be pointed out that the female graduate unemployment rate is higher than the male, excluding 1995.

Table 7 - Unemployment rates by education

|                        | 1992 |     |      | 1995 |      |      | 1998* |     |     | 1999* |     |     |
|------------------------|------|-----|------|------|------|------|-------|-----|-----|-------|-----|-----|
|                        | MW   | M   | W    | MW   | M    | W    | MW    | M   | W   | MW    | M   | W   |
| All ages               | 4,1  | 3,5 | 4,9  | 7,2  | 6,4  | 8,0  | 5,0   | 4,0 | 6,2 | 4,5   | 3,9 | 5,1 |
| 4 years school         | 3,6  | 3,1 | 4,5  | 6,3  | 5,2  | 6,3  | 4,5   | 3,6 | 5,8 | 3,9   | 3,4 | 4,3 |
| 6 years school         | 5,8  | 4,7 | 7,3  | 8,9  | 7,9  | 10,3 | 5,8   | 4,1 | 8,0 | 4,8   | 4,0 | 5,7 |
| 9 years school         | 6,0  | 5,0 | 7,4  | 9,8  | 9,5  | 10,1 | 6,2   | 4,9 | 7,7 | 6,2   | 5,1 | 7,0 |
| Secondary              | 4,9  | 3,3 | 6,5  | 9,9  | 7,9  | 12,1 | 6,6   | 4,7 | 8,0 | 5,5   | 3,8 | 6,2 |
| Superior               | 1,6  | 1,2 | 1,9  | 3,8  | 3,9  | 3,7  | 3,0   | 1,7 | 3,3 | 3,3   | 1,7 | 3,5 |
| Youth (15 to 24 years) | 6,7  | 5,7 | 8,0  | 11,6 | 10,4 | 13,0 | 7,3   | 5,6 | 9,3 | 6,3   | 5,0 | 7,6 |
| 4 years school         | 6,2  | 5,3 | 7,3  | 9,8  | 7,9  | 12,1 | 6,0   | 3,9 | 7,7 | 4,9   | 3,1 | 5,9 |
| 6 years school         | 6,6  | 5,2 | 8,6  | 10,5 | 9,4  | 12,1 | 6,2   | 3,6 | 8,6 | 5,4   | 4,2 | 6,2 |
| 9 years school         | 9,4  | 8,1 | 11,0 | 15,1 | 14,6 | 15,5 | 8,0   | 6,5 | 8,5 | 7,0   | -   | -   |
| Secondary              | 6,8  | 4,9 | 8,4  | 13,9 | 11,9 | 15,7 | 8,2   | 4,4 | 9,4 | 5,5   | 3,0 | 6,1 |
| Superior               | 3,3  | 3,2 | 3,3  | 8,1  | 8,7  | 7,6  | 5,0   | -   | -   | 5,3   | 3,1 | 5,9 |

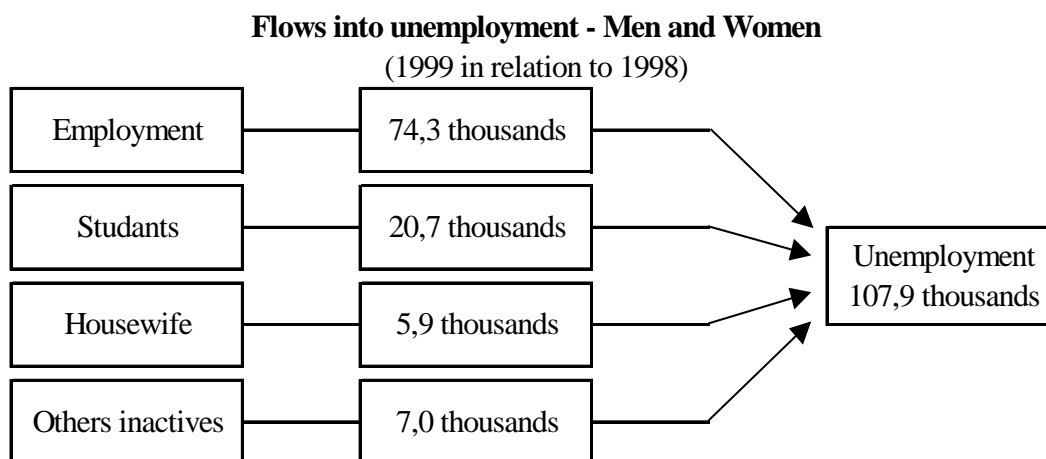


The **unemployed stock** results, at any moment, from the accumulation of different kinds of flow: on the one hand, there are transitions from inactivity, of people who either finish studying or return to working life and transitions from employment due to the destruction of jobs or to the termination of fixed term contracts; on the other hand, there are movements from unemployment to employment or to inactivity. A more detailed study of these flows enables some conclusions to be reached on the movements between 1998 and 1999.

Out of the 107.9 thousand people (about 48.2% men and 51.8% women) who **became unemployed** in 1999, about 74.3 thousand were employed and 33.6 thousand were inactive. The majority of those coming from inactivity were students (20.7 thousand) between the ages of 15 and 24 years (16.5 thousand), particularly women (11.9 thousand of the total and 9.2 thousand coming from the 15 – 24 age group).

The large majority of those registering as unemployed were between 25 and 54 years old (46.3%), of whom 49.4% were men. The only age group in which the percentage of men registering as unemployed was higher than that of women was that of 55-64 years.

**Figure 10**

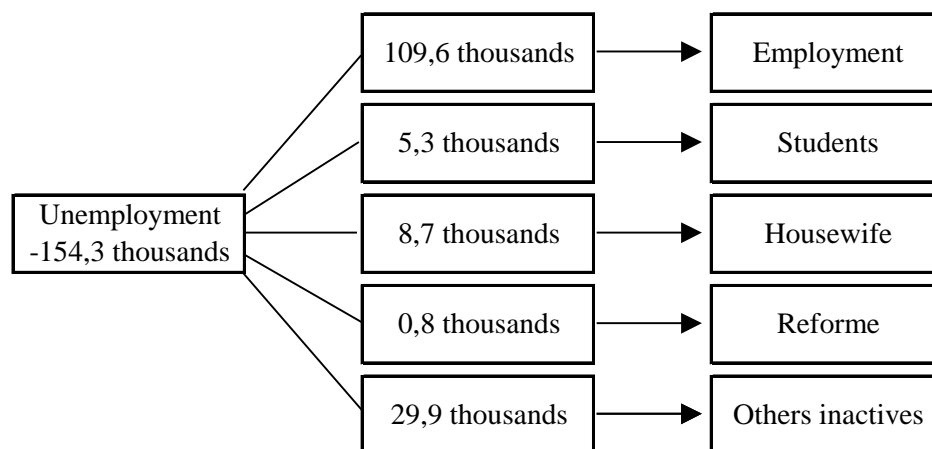


The **flows out of unemployment**, during the same period, went up to 154.3 thousand people (about 38% men and 62% women) of which 109.6 thousand (72.2%) went to employment and 44.7 thousand to inactivity.

In all age groups more women than men leave unemployment, except the 55-64 years age group, where the percentage of men (55.4%) exceeds that of women (44.6%). It can be seen that most people who leave unemployment go to employment (71%), except in the 55-64 year age group where most go to inactivity (54.2%).

**Picture 11**

**Flows out of unemployment - Men and Women**  
(1999 in relation to 1998)



In 1999, the analysis of **balances of the flows between employment, unemployment and inactivity** reveals that both for men and for women, the only positive balance is that of employment as a result of the gains obtained both in relation to unemployment (35.3 thousand people) and to inactivity (+ 41.7 thousand).

While the difference between men and women is not significant in the gains obtained in inactivity, this cannot be said of those obtained in unemployment, where about 78% are women and only approximately 22% are men.

Whereas the net balance of female unemployment resulted from gains to unemployment (about 56%) as much as from gains to inactivity (44%), male unemployment resulted mainly (77%) from the move of inactive people to employment.

By age group, the greatest contribution of those going from unemployment to employment was made by young people from 15-24 years (equally distributed between men and women), followed by the 25-54 age group (about 10% men and 90% women). In the 55-64 years age group, the predominant movement was leaving employment for unemployment (about 1.6 thousand people), but with opposite behaviour between the sexes; only men contributed to the balance of the flows being in the direction employment – unemployment, whereas for women the predominant flow was from unemployment to employment.

The balance of the unemployment flows reflects the fact that the departures to employment (- 35.3 thousand people) were more than three times greater than departures to inactivity (-11.1 thousand people).

The loss of unemployment to inactivity is due entirely to women,; the predominant flows for men were in the opposite direction, that is from inactivity to unemployment.

By age group, the flows that predominate for both men and women, except among young people aged 15 – 24 years, were in the direction of leaving unemployment and entering inactivity.

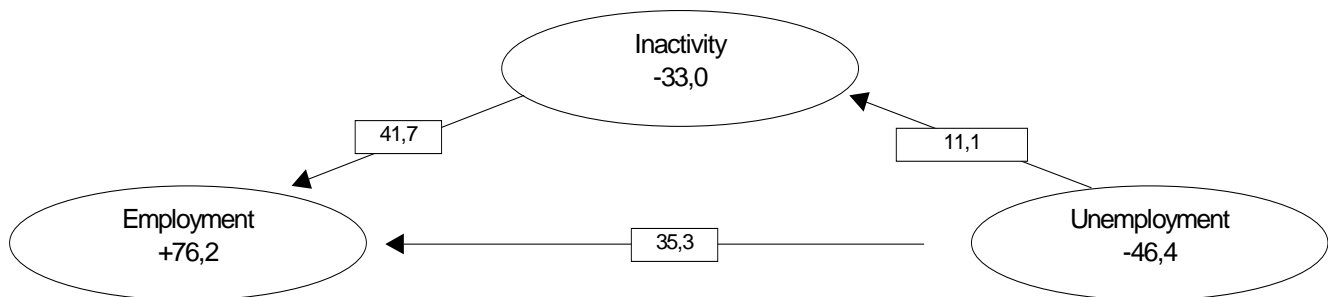
The balance of inactivity flows (-33 thousand people), like the balance of unemployment flows, show that more people enter inactivity from employment (-41.7 thousand people) than from unemployment (+11.1 thousand).

The losses in favour of employment are due to very similar movements in terms of gender. This cannot be said of gains in relation to unemployment however. In the latter, the movement of women in the direction unemployment – inactivity prevails and is stronger than that of men in the inactivity - unemployment direction.

When analysing by age groups, it is found that, whereas the predominant flows for adults (25 – 54 years old and 55–64 years old) were entering inactivity, for young people the most significant movement was in the direction away from inactivity, both towards employment and towards unemployment (for both men and women).

Picture 12

Balances of the flows between employment, unemployment and inactivity  
(1999 in relation to 1998)

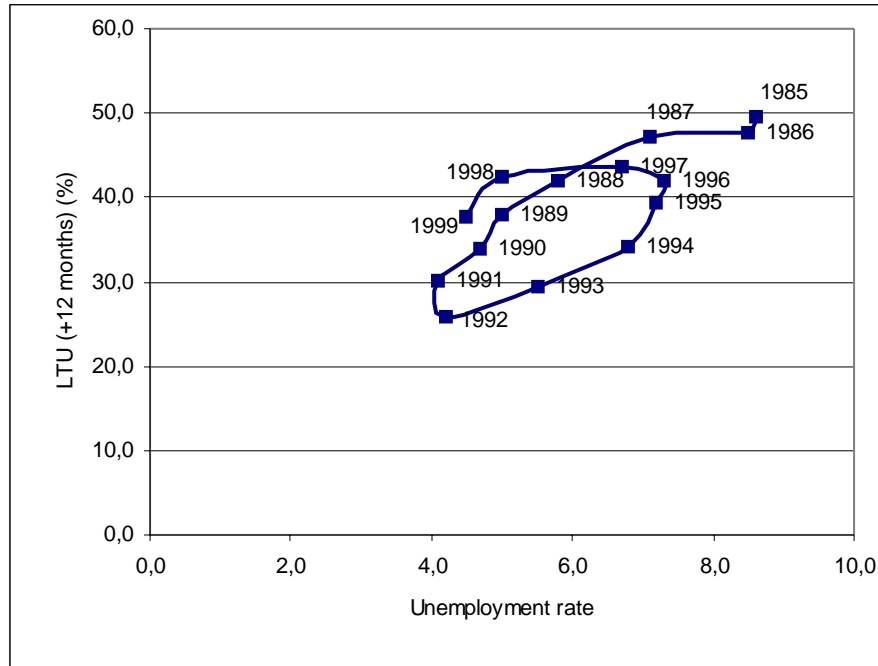


**Long term unemployment** fell 20.6%, that is a drop of 15.2% for men and 24.7% for women. This fall was generalised to all age groups, except that of men aged 45 or over, where a slight increase was registered.

Although the percentage of women in long-term unemployment has been going down steadily, they continue to represent the biggest proportion, above all in age groups between 15 and 44 years old.

It can be concluded that in 1999 the evolution of the percentage of long-term unemployment in the total unemployment, demonstrates similar behaviour to that of the unemployment rate.

**GRAPH 13**  
**- Long term unemployment and unemployment rate**

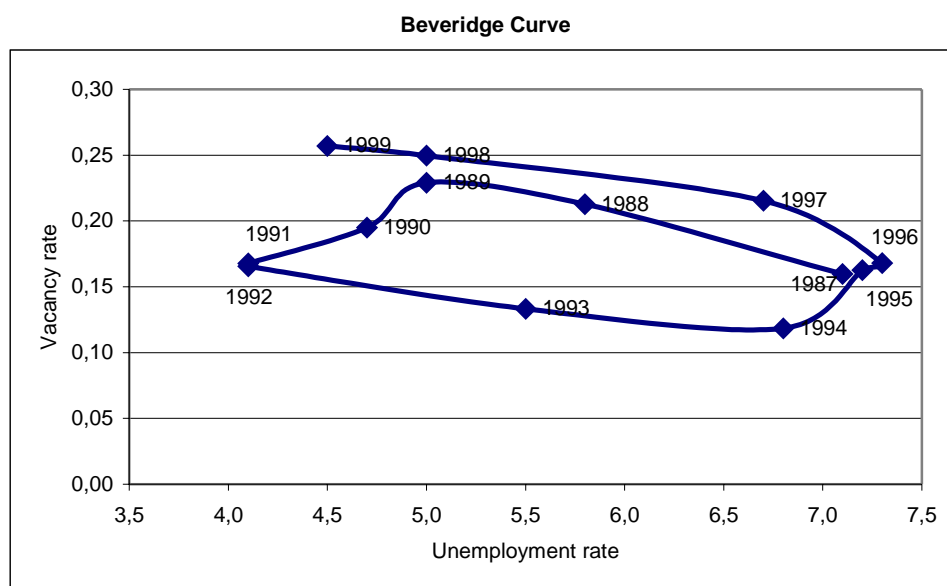


Although the proportion of long term unemployment (+12 months) in the total unemployment has reduced for both men and women, the fall was more visible for men (going from 43.2% in 1998 to 36.1% in 1999).

In spite of the improvements in the labour market, there continue to be some factors which indicate the possibility that there are still structural weaknesses. One of the indicators used to gauge this possibility is the relationship between the unemployment rate and the rate of work posts to be filled (Beveridge Curve). The rate of posts to be filled corresponds to the relationship between the supply still to be satisfied and the active population.

Here, this curve reveals that, from 1996, the fall in the unemployment rate has been accompanied by an increase in the number of work posts to be filled, which could indicate that there is more pressure on the labour market. It should be mentioned that the indicator of the rate of vacant work posts must be analysed with care as the increase in the supply of work posts could also be influenced by more pro-active approach from the State Employment Service.

**GRAPH 14**



On the other hand, the analysis by the **professional groups** of the **requests and supplies to be satisfied** shows that most vacancies are found where unemployment is also highest, even though the respective position in relation to the total vacancies and unemployment may vary significantly.

The maladjustment of the qualifications demanded and supplied is important although the need for more widespread information seems particularly apparent in diverse professions (office workers) or, those that have a relatively wide range of skills even if more homogeneous (workmen on fixed premises, workmen from the transform industry, machine operators and drivers of vehicles).

The existing maladjustments between the supply and demand for unqualified workers and protection service personnel could be explained by other factors, such as age, region.

#### **4. Structural vulnerabilities of the employment system**

In recent years and in particular in 1998 and 1999, the Portuguese labour market has had **globally positive behaviour** shown not only in the increase of the activity and employment rate but also in the reduction of unemployment and in the rise in real salaries and productivity. Youth and female unemployment, together with long term unemployment have undergone **even greater falls**, which reflects the efforts made within the scope of the NAP, particularly for these groups; it also indicates the qualification structure of the active population, both employed and

unemployed, which has been improving progressively and where the proportion of those with secondary schooling or further education went from 19.6% in 1998 to 20.7% in 1999. The Services sector provided the greatest stimulus to the growth of employment.

However, significant **structural weaknesses of the employment system** still persist and only a co-ordinated strategy for medium and long term employment with the active participation of the different partners, in articulation with a sustained macro-economic policy which is favourable to employment, will allow them to be overcome. Among them the following stand out:

- **A low educational/training level of the Portuguese population**, in general, and mainly of the older adults, which reflects accumulated schooling deficits (see Box);
- **Persistence of a high percentage of long term and very long-term unemployment in total unemployment;**
- **Groups with particular difficulties of (re)integration into the labour market:** among young people where there is an unemployment rate 4.3 percentage points higher than the total, there are serious difficulties in the transition from school to working life; the older workers who face greater difficulties in the restructuring and modernisation process; the women with more unfavourable employment and unemployment rates than men and who are largely concentrated in low wage activities, face significant wage differences and are largely represented in long term unemployment; the ethnic minorities and the disabled;
- **A sectorial structure with serious vulnerabilities**, mainly in the long term, in terms of the trinomial “sustained growth – competitiveness – employment” since it is based on labour-intensive traditional activities with low productivity and wage levels and where information and communication technologies are still poorly dispersed;
- A business structure mainly based on small and very small companies, a large number of which are characterised by a poor potential for adaptability, innovation and sustainability, and by a **recruitment of mainly low skilled personnel and a reduced supply of training opportunities.**
- **A poor level of average productivity** in comparison with other community countries, where the convergence movement towards the community average is presenting serious difficulties;
- Persistence of **significant territorial asymmetries** found particularly in the different characteristics of the productive fabric and the qualification level of manpower, which experience a different impact at the level of the sectorial restructuring phenomena, leading to significant regional differences in the labour market. One of the most significant factors of this difference is expressed in the relative concentration of the incidence of unemployment

phenomena both in the context of urban and metropolitan areas, and in the rural territories which are more exposed to difficulties of the sustainability of the more fragile production specialisations from the point of view of the intersectorial complementarities.

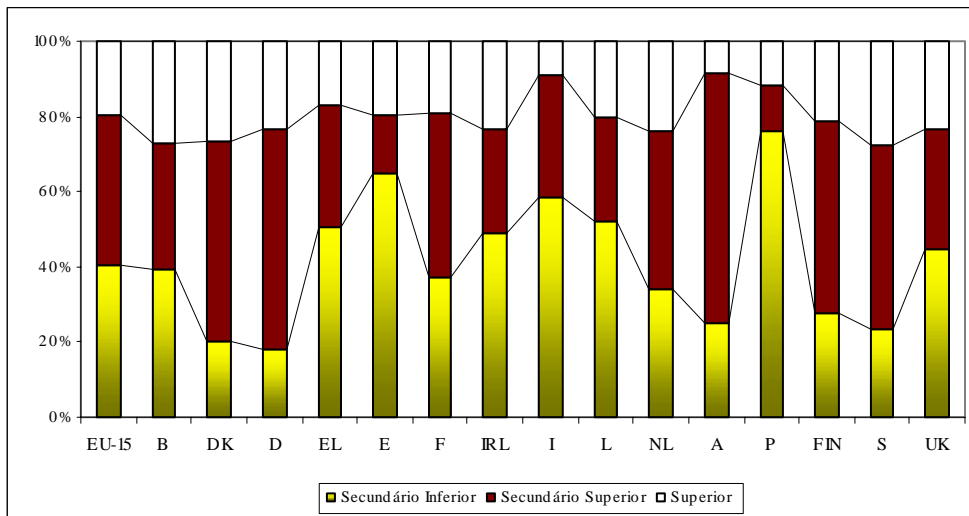
### Educational level and qualifications

*From the qualitative point of view, the employment system in Portugal continues to be marked by the persistence of its structural characteristics, which have demonstrated certain inflexibility.*

*Of these, the most visible is the educational level, a large proportion of the population having a low educational ability as a result of an accumulated lack of schooling in the population.*

*In fact, the educational level of the 25 to 54 year old age group in Portugal is far from that of the EU average, although there has been a positive trend in recent years. Thus, between 1998 and 1999, the relative proportion of the total population of the 25 to 54 year old age group with an educational level equal to, or less than, the 3rd cycle of basic education (9 years of schooling) went down from 79.5% to 78.5%, while the proportion of the population with secondary and higher education went up.*

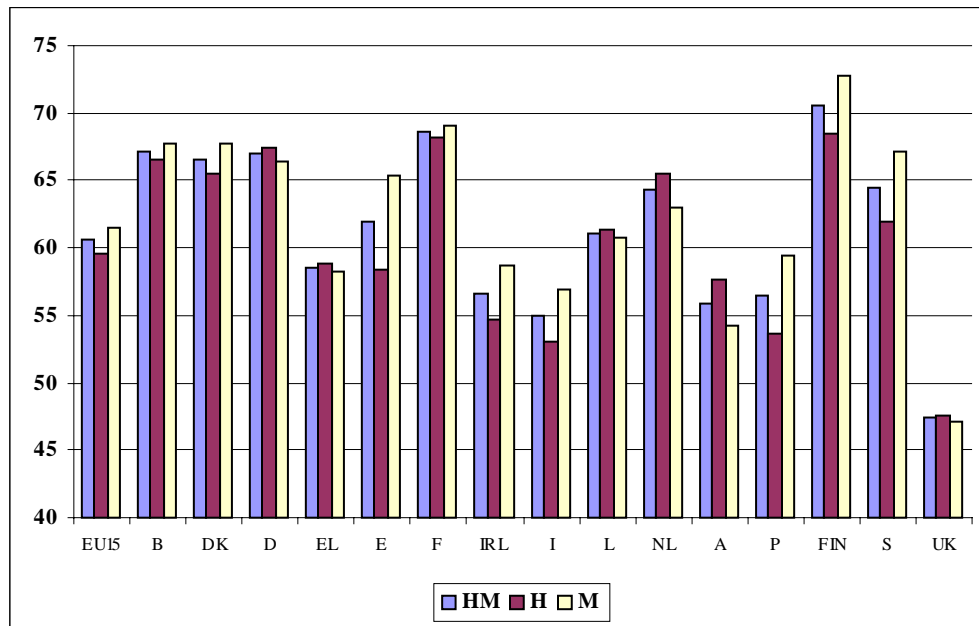
**Population by educational levels  
(Age 25-59) - 1997**



Fonte: EUROSTAT, Labour Force Survey, 1997

However, when analysing the situation of the young, this situation is quite different and is closer to the community average. The participation rate of the young in the school system in 1998 was 52.9% (50.3% for men and 55.4% for women); this indicator went up to 60.6% in the EU in 1997. Nevertheless, the proportion that does not have higher than the 9th year of compulsory schooling remains high.

**Rate of participation in education by gender  
(Age 15-24) - 1997**



Fonte: EUROSTAT, Labour Force Survey, 1997

Thus, there is a generation gap in Portugal in terms of qualifications: on the one hand, young people with a similar educational level to their European counterparts and, on the other, a population, still making up part of the working population, with a low educational level. The response to this challenge lies in the pledge to promote lifelong learning.

A cross analysis of the qualifications with the educational levels shows that there is a low level of literary skills at all qualification levels, which indicates that the quick and easy reconversion of manpower generally presents some difficulties.

From this analysis, we can conclude that a higher proportion of workers with baccalaureate or degrees is only found among top level personnel, but even this does not reach 70%; even among top and medium level personnel there is a high percentage with low educational levels not exceeding the 3rd level of basic education; those with 3rd cycle of basic education predominate among other levels of qualification, notably the highly qualified and qualified.



**Fulltime working population by educational level  
1997**

| HM                                      | Quadros superiores | Quadros médios | Encarregados | Profis. altam. qual. | Profis. qualificados | Profis. semi-qualif. | Profis. não qualif. | Praticant. e aprend. | Total  |
|---|--------------------|----------------|--------------|----------------------|----------------------|----------------------|---------------------|----------------------|--------|
| Inf. ou igual ao 9º ano de escolaridade | 16.2%              | 36.9%          | 80.1%        | 54.1%                | 82.7%                | 91.7%                | 92.9%               | 80.7%                | 79.4%  |
| 9º ao 12º ano de escolaridade           | 15.0%              | 26.9%          | 15.2%        | 34.4%                | 15.7%                | 8.0%                 | 7.0%                | 17.5%                | 15.1%  |
| Bacharelato ou Licenciatura             | 68.8%              | 36.2%          | 4.7%         | 11.6%                | 1.6%                 | 0.3%                 | 0.1%                | 1.8%                 | 5.6%   |
| Total                                   | 100.0%             | 100.0%         | 100.0%       | 100.0%               | 100.0%               | 100.0%               | 100.0%              | 100.0%               | 100.0% |

Fonte: DETEFP, Quadros de Pessoal, Outubro de 1997

Nota: Trabalhadores por conta de outrem a tempo completo (não comparável com o quadro seguinte)

*While there would seem to be a tendency to absorb low qualified workers, and it can even be observed that the more highly qualified youngsters are not always able to find work corresponding to their educational level, this situation is not considered to be sustainable. In fact, in 1999, about 76.8% of the unemployed (78.7% men and 71.3% women) had less than the 3rd cycle of basic schooling. Even among the younger group (15-24 years old) about 67.2% of the unemployed (69.9% men and 56.0% women) had only the 3rd cycle of basic education or less.*

*The evolution of the job structure by level of qualification between 1990 and 1997 shows a qualitative change. In fact, there was a rise in top level and medium level jobs, highly qualified and qualified professionals. Nevertheless, while there was a fall in the proportion of semi-qualified workers, this was not true of unqualified workers.*

**Employment by qualification levels**

|                                      | 1990         | 1997         |
|--------------------------------------|--------------|--------------|
| Quadros superiores                   | 2.3          | 3.5          |
| Quadros médios                       | 1.9          | 3.5          |
| Encarregados                         | 4.2          | 3.9          |
| Profissionais altamente qualificados | 4.3          | 5.8          |
| Profissionais qualificados           | 42.7         | 44.5         |
| Profissionais semi qualificados      | 20.0         | 17.3         |
| Profissionais não qualificados       | 12.3         | 13.1         |
| Praticantes e aprendizes             | 12.3         | 8.4          |
| <b>Total</b>                         | <b>100.0</b> | <b>100.0</b> |

Fonte: DETEFP, Quadros de Pessoal

*As can be confirmed from an analysis of some qualification indicators, the structure of qualifications in companies has been making systematic progress. It is also found that, in terms of gender, women continue to have a lower qualification level than men.*

**Qualification Indicators**

|                                    | 1990 |       |      | 1994 |       |      | 1997  |       |      |
|------------------------------------|------|-------|------|------|-------|------|-------|-------|------|
|                                    | HM   | H     | M    | HM   | H     | M    | HM    | H     | M    |
| Taxa de enquadramento (restrita) % | 3.96 | 5.09  | 2.13 | 4.90 | 6.20  | 3.02 | 6.82  | 8.09  | 5.09 |
| Taxa de enquadramento (lacta) %    | 7.83 | 10.22 | 3.95 | 8.77 | 11.42 | 4.93 | 10.65 | 13.31 | 7.03 |
| Índice de Qualificação             | 1.46 | 1.88  | 1.00 | 1.59 | 2.27  | 1.02 | 1.65  | 2.29  | 1.12 |

Fonte: DETEFP, Quadros de Pessoal

Nota: Taxa de enquadramento restrita = (Quadros Superiores + Quadros Médios)/ total do emprego

Taxa de enquadramento lacta = (Quadros Superiores + Quadros Médios + Enc., Contramestres e C.Equipa)/ total do emprego

Índice de Qualificação = P.Altamente qualificado +Pessoal Qualificado/ Pessoal Semi-qualificado + Não Qualificado

## **5. Main Goals of the Plan**

To ensure the coherent and integrated development of the employment policy, **action must be global and transversal** and must favour an economic growth that fosters employment and contributes to sustainability and higher levels of employment quality.

Therefore, the **objectives** of the employment policy must focus preferably on the following:

- a) Promotion of an **adequate transition of the young** to working life.
- b) Promotion of **social and professional integration** and the fight against long term unemployment and exclusion.
- c) Improvement of the **basic and professional qualification** of the working population in a perspective of lifelong training, notably as a means of preventing unemployment phenomena.
- d) Preventive management and the follow-up of sectoral **restructuring processes**.

## **6. Strategic lines**

In this context, a strategy towards employment, competitiveness and development, in coordination with the Regional Development Plan, must be of a **transverse nature** and grounded upon the following guidelines:

- To promote **articulation** between the fields of **education, training and employment**, through recognition of non-formal learning processes, notably those linked to the working context.
- To develop **macro-economic policies** which have a favourable impact on the job creation.
- To value **sectoral, regional and local approaches** that solve social and environmental problems.
- To promote **social dialogue** and the creation of partnerships at various levels so as to bring about agreements and initiatives that encourage competitiveness and employment.
- To create **a link between the social protection policy and the employment and training policies** as a hinge between situations of exclusion and social integration.
- To promote positive actions across the board to suppress **gender** inequalities in terms of professional and working integration.
- To concentrate public services in the field of employment in **individual and personalised monitoring** and in the boosting of wide partnership networks, notably involving local development organisations.

- To develop **programmes and pilot-projects within the framework of experimentation** so as to value, to demonstrate and disseminate best practices in areas or groups considered as priorities.

## **7. The assumptions for the Plan's development**

The following are the **basic conditions** to ensure the correct implementation of measures and programmes:

- The existence of a **global information system** which follows two lines: internal information to enable a timely adjustment of measures to the reality; and external information so as to ensure that the various target populations have timely information of available measures and programmes.
- To improve the range of **follow-up and impact indicators** related to employment and training measures.
- To identify the short and medium term **training needs** as well as the areas with a potential for job creation.
- To intensify **the quality of training** as an effective instrument to intervene at the level of human resources and competitiveness.
- To adapt the **human resources** allotted to the carrying out of the various interventions linked to management and the promotion of training and employment in the perspective of innovation.

## **8. The specific objectives**

The following specific objectives are in priority according to the overall objectives and serve as a framework for the measures of employment and training policy:

- To modernise the **educational system** so as to draw it closer to the public employment system and to companies.
- To develop **qualifying training systems** in articulation with the economic agents.
- To develop a logic of **typified integration paths**.
- To support and facilitate the **setting up of companies**.
- To promote the job creation, encouraging the **entrepreneurial spirit and** facilitating the setting up of companies by supporting their development and exploring new sources of employment.

- To develop active policy instruments adapted to professional integration of **underprivileged social groups**.
- To redirect and intensify **continuous education** and improve its articulation with professional skills.
- To encourage **companies to join active training and employment policies**.
- To promote **on-going training** and to encourage companies to carry out training actions.
- To facilitate the **integrated management of active policies** and to bring them closer to the local level.
- To facilitate and stimulate **participation in active measures** without prejudicing the maintenance of social protection levels.

## **9. The four pillars - the national situation and priorities**

### **9.1. The strategy pillars**

The approach to the National Action Plan for Employment is developed in the framework of the strategy outlined above, while **co-ordinating with the four pillars** which sustain the European employment strategy: to improve employability, to foster entrepreneurship, to encourage the adaptability of the workers and the enterprises and to strengthen the policies on equal opportunities.

In general, the specific objectives contained in the NAP are closely linked to the **employability** pillar, although there is a heavy concentration on the building of typified integration paths which favour an individual follow-up of job seekers, as well as the intensifying of the aim for ongoing training and lifelong education. The improvement of employability conditions is considered a powerful instrument to better adapt the labour supply and demand with a view to raising the levels and the quality of employment.

The promotion of **entrepreneurship**, naturally a tributary of the increased efficiency of various instruments, will be stimulated by the strong pledge we give to a more friendly relationship between the corporate sector and Public Administration; this will be achieved by promoting a fiscal framework which is favourable to business initiatives and by an effort to rationalise state policies so that a more favourable framework is obtained for the creation of companies

The strengthening of **adaptability**, also favoured by many of the specific objectives contained in the Plan, will greatly depend on the capacity to form social partnerships that promote the increased importance of training of the working population within enterprises, namely the small and medium sized ones.

On the other hand, the **Equal Gender Opportunities** pillar shall be developed with a strong emphasis on its cross the board nature in relation to the different instruments for the implementation of the Plan.

## 9.2. The new challenges for 2000

The employment guidelines for 2000, approved at the Helsinki Summit, are directed towards great stability with strengthened effectiveness, greater involvement of the social partners and local actors and greater emphasis on the Information Society. There are no new guidelines and the previous directive 15 (regarding VAT) was eliminated, so that the European strategy for 2000 is structured on 21 directives.

Furthermore, on the basis of the evaluation of the joint report of 1999, the Council presented a set of recommendations to Portugal which were also taken into account in the revision made, notably:

1. The continuation of efforts to improve the education system and strengthen the support to ongoing training, with more active involvement of the social partners;
2. Adoption and implementation of coherent strategies, covering regulamentary, fiscal and other measures aimed at reducing companies' administrative burden, stimulating the entrepreneurial spirit and exploiting the job creation potential in the services sector;
3. Encouragement of the partnership approach and the fostering of compromises made by the social partners at all appropriate levels for the modernisation of the organisation of work; thus both the productivity and competitiveness will be increased and the necessary balance between flexibility and security guaranteed.

In the introduction to each of the pillars, reference is made to the main answers which will be adopted in 2000 taking these new challenges into account.

The guidelines for 2000 maintain a set of **cross-dimensions** which should be taken into account in designing national action plans for employment notably regarding the exploitation of the potential of information and communication technologies, the fight against illegal work, the strengthening of the actors' role at local and regional level, the reprogramming of the ESF in the framework of the European employment strategy, as well as job creation in the environment and cultural sectors.

In the revision of the National Action Plan for Employment for 2000 an attempt was made to ensure that the above mentioned cross-dimensional questions are appropriately incorporated into the national employment strategy.

The first issue has to do with exploring of the new possibilities arising from **information and communication technologies**. In this field, and in connection with the national strategy contained in the Green Paper for the Information Society, the strengthening of training in the information and communication technologies area stands out in particular; a target should be established for the inclusion of ICT as 50% of on-going training actions, with a minimum of 20 hours and making up no less than 10% of the course duration (guideline 6); a set of measures for job creation in the area of services should also be established, taking advantage of information

technologies (guideline 13) and the use of new information technologies in teaching and training should be expanded (Guideline 7 and 8).

With the aim of bringing **undeclared work into the open**, new measures are foreseen to strengthen the fight against illegal work, notably through reinforcing inspections and the conversion of situations of fictitious self-employment into labour relations covered by a labour contract (guideline 11), as well as support to the creation of self employment and financial incentives to set up companies (guideline 14)..

In the NAP, the **role of partnerships at regional and local level** is recognised and encouraged regarding the creation of jobs and more favourable structural conditions, notably at level of the identifying opportunities for job creation at local level, particularly within the scope of the regional networks and of the employment territorial pacts (guideline 12).

The importance of the **social partners' role** is also recognised; the Government has proposed a new methodology of social dialogue which should permit negotiation and the implementation of new mid-term agreements on a set of themes across the board of the various NAP pillars, namely Employment, the Labour Market and Training, the Improvement of Social Protection Defending the Sustainability of the System and Business Competitivity, Organisation of Work, Productivity and Salaries and Working Conditions, Hygiene and Safety at Work and the Fight against Working Accidents.

Furthermore, the **incorporation of environmental concerns into the national employment strategy** proceeds through measures of follow-up and support to the environment sector in the area of human resources and of active measures for job creation and the start-up of enterprises, notably through the development of “ ideas centres”, at local level, in the environment area, which shall be eligible for support through the present job creation and enterprise start-up programmes (guideline 12) and the promotion of a Professional Training Plan for the sector (guideline 13).

Moreover, **equal gender opportunities** also stands out as an across the board issue. In this field, in agreement with what is established in guideline 19, priorities, objectives and instruments are expressly forecast across the three first pillars, which presume that various measures of positive action (new, reinforcing or deepening those already existing) are also to be considered implicit. The progress of this approach will be monitored through a specific evaluation system (guideline 19). A **systematic increase** of the grants for measures reinforcing employment in the professions marked by gender discrimination will also be implemented.

Regarding the articulation of the employment strategy with the Community Funds and in particular with the **European Social Fund** which plays a decisive role in supporting employment strategy and the qualification of human resources, it should be stressed that the construction of the Regional Development Plan 2000-2006 included in its various lines and in particular in it Priority Line 1 – To raise the qualification level of the Portuguese, to Promote Employment and Social Cohesion, the transverse nature of the employment objective to the set

of various national, sector and regional policies, which allowed the introduction in a number of Operational Programmes in the scope of QCA III – Education, Science and, Technology, , Information Society, Culture, Agriculture and Rural Development, Environment and Health – measures which contribute to the objectives of the national and European strategy for employment.

The Employment, Training and Social Development Programme in particular becomes not only an essential instrument in the realisation of the referred Line 1 of PDR, but also a determinant instrument in the effectiveness of the human resource policy supported by the European Social Fund and also a key piece of the implementation in Portugal of the European Strategy for Employment and, consequently, of NAP.

The Operational Programmes which provide financial support for the respective measures are referred within the frameworks of the various guidelines.

## **10. The Development of the Employment Action Plan**

### **10.1. General Parameters**

The European strategy for Employment adopted at the Luxembourg Summit, which has a pluri-annual stance, is linked to the major priorities facing the European economies within this five-year frame.

In Portugal, that link of the employment strategy with the major priorities is particularly at two basic levels: in the consolidation of the stabilisation strategy running throughout the participation in the European and Monetary Union and the strengthening of the dynamics of convergence and economic development which is essential to the consolidation of social and economic cohesion.

Thus, the **development and consolidation of the NAP requires a specific articulation with structural interventions** implemented in Portugal, with the support of financial instruments with structural goals – the FEDER, the FEOGA-O, the IFOP, the Cohesion Fund and specially the EFS. In Autonomous regions of Azores and Madeira the support of the Structural Funds, in the ambit of the current QCA, is predominantly integrated in Regional programmes with multi-fund characteristics (PEDRAA II e PROPAM II, respectively in Azores and Madeira).

The success in promoting a richer and more sustainable employment system depends firstly on the capacity to implement development and modernisation policies enabling both to reduce considerable disadvantages in terms of global competition still affecting the Portuguese economy and also to reduce the impact of structural collisions greatly affecting some of its most important sectors.

On the other hand, and as a complement, the **active employment policies** will have to continue promoting conditions of employability and the fight against unemployment in a perspective which allows for territorial particularities focussing on disadvantaged areas. Therefore, the

instruments and measures of the employment policy must contain increased levels of flexibility so that they can adapt to phenomena with territorial or sectoral differences or ones with temporal dynamics.

In this very context, priority must continue to be given to the **rationalisation of legislation regarding active employment measures**, with a view to achieving increased coherence and simplification. The new programmes devised in the NAP already conform to that logic. They consist mainly of the launching of methodologies that increase the rationality of existing measures. The new measures in turn do not overlap with or replace those now being implemented.

It should also be pointed out that the NAP is sensitive to the challenges of the **Information Society** and to the profound reorganisation brought about by this wave of producing, working and learning means. The development of the Plan allows for the evolution of those new scenarios and is linked with the medium term strategy of the Green Book for the Information Society in Portugal, as well as the **European Strategy to exploit the employment opportunities in the Information Society**.

## **10.2. Development of the NAP in 1999**

The evaluation of the National Action Plan for Employment's development indicates the **fulfilment of the quantified goals** defined by the European Union and at national level; in addition, the new phase of implementing a large part of the new political instruments whose launch is forecast during the five year plan is included.

Ahead, in fact, of the European Union's expected time frame, the NEP has included as an essential feature the compromise to fulfil the targets contained in the first two guidelines for employment within three years.

In accordance with the programme, the new methodologies of the early approach of unemployment (INSERJOVEM and REAGE Initiatives) were started in July 1998 and are being progressively extended throughout the country so that at the end of 1999 about 75% of the resident population of Continental Portugal was covered. With these initiatives, there has been a personalised accompaniment of young and adult registered unemployed, attempting to offer them a new opportunity (of a job, professional training, professional experience, reconversion or another appropriate method to assist in their professional integration) before completing 6 or 12 months unemployed, respectively.

With the progressive expansion of the methodology over the territory, the population covered by the personalised accompaniment has grown; in 1999, 53,799 young people (20,873 boys and 32,906 girls) and 82,054 adults (32,221 men and 50,833 women) were included which clearly demonstrates the effort made by the Public Employment Services.



In fact, only about **3.8%** the young candidates registered between July 1998 and June 1999 (2.9% and 4.3% respectively boys and girls) in the Job Centres of areas of the country where this initiative was underway, had not been offered a new opportunity within the first 6 months since registration.

Regarding the adult candidates registered between January and December 1998, only **5%** had not been offered a new opportunity in the period under study.

The NAP established a set of quantified goals regarding the increase of active measures, notably in the area of training.

Concerning the fulfilment of the European goal included in the third guideline, and related to the reinforcement of the active measures addressed to the unemployed, Portugal has set itself the goal of reaching the ratio of 20% of unemployed people attending vocational or other training within 5 years; to this end, a target was fixed to expand training specifically for the unemployed by 25% both in 1998 and 1999. There was an increase of 73% between 1997 and 1999.

Goals were also established for 1999, as instruments to achieve the objectives to increase employability, to increase the participation of young people in professional training (10% in relation to 1997), to increase the participants in the Learning System (20%) aimed at doubling this system in five years and increase the in-company training system to cover 15,000 people in 1999. These targets were exceeded, which must clearly have had a favourable influence on young people's participation in professional training.

The territorial-wide development in the employment policies with greater involvement of regional and local actors was also a central objective of the NAP. Thus, 11 regional networks for employment and 3 territorial pacts were launched in 1998. **In 1999, 10 new regional networks for employment were launched.** In total, at the end of the year, about 75% of the population of mainland Portugal will be covered. Due to the specific nature of the employment systems of the territories, the Alentejo and Oporto Metropolitan Area Regional Employment Plans were launched in 1999.

The above reasons enable us to state that the NAP has been fulfilling its expectations. The improved **indicator system** and the production of studies about some processes and specific dynamics will help evaluate the Plan's impact on the development of the employment system and also for improved economic performance and social cohesion from which, in its turn, that system also benefits.

The monitoring of the fulfilment of intentions assumed by the social partners in the **Joint Statement** signed on 13th April 1998 (Guidelines 5 and 16), shows that from among the collective labour conventions published in 1999, totalling 385 and covering 1406.8 thousand workers, 93 conventional texts (24.1% of the total) are included regarding the fulfilment of the Joint Statement which cover 619.2 thousand workers (44% of total workers), with 44 collective labour contracts and 49 collective labour agreements.

### 10.3. The Regional Dimension of the Plan

The promotion of employment and the combat of unemployment gain effectiveness when the employment policies are properly developed at the **regional and local level**. A more adequate solution for the real problems is then possible together with a better use of the resources available, better co-ordination of the initiatives and a stronger co-responsibility of public and private actors which may contribute to achieving the employment objective.

Nowadays, the development of the territorial dimension of employment policies is a strong trend throughout the European Union and is included in the Government Programme as a priority guideline. The aim is therefore to increase the opportunities for job creation and to train people to take advantage of them, improving the co-ordination between employment policies and the strengthening of competitiveness and social cohesion in each region.

Hence, several **Territorial Pacts and Regional Networks for Employment** have been set up and they have been operating as pilot areas for intervention of the initiatives of differentiated territorial application foreseen in the Action Plan for Employment.

However, in the areas where employment and unemployment problems are more pressing, the creation of specific intervention programmes is justified, where all action to be carried out in terms of the factors determining the development of employment may be strengthened through interventions designed and dynamised on the basis of the regions' particularities.

The **Regional Employment Plans** fit in this context since they are models with a territory-based approach which, in co-ordination with the Regional Development Plan, favour a better implementation of the strategy defined at national level and at the same time allow public responses to be adjusted to the regional and local realities.

In fact, it is only possible to maximise the use of the available resources and ensure a better co-ordination and co-responsibility of the public and private initiatives and institutions involved if the concrete problems of each region are taken into account.

The imperative need for policies implemented at regional and local level is particularly true in relation to **Alentejo**, a region that presents, in the Portuguese context, a situation of high and persisting unemployment which is not in keeping with the trends registered in the remaining national territory and particularly in Continental Portugal.

In this context, through the Council of Ministers Resolution no. 8/99 of February 9th, the Government adopted a regional employment plan, which allows the national objectives of the NAP to be adjusted to the Alentejo, thus reducing the negative social impact of unemployment in this region and fighting the incidence of this phenomenon.

Due to the unfavourable employment trends in the **Metropolitan Area of Oporto**, found namely in unemployment levels above the national average, a Regional Employment Plan was launched in this metropolitan area in 1999, in order to ensure the adjustment of the national employment strategy to the particularities of that region.

In both territorial contexts, national initiatives foreseen in the NAP, namely in the Employability Pillar are being developed. However, within the scope of this same pillar, but mainly in the field of support to job and company creation, several initiatives have been planned which will allow for the adjustment of general measures as well as certain innovating actions. Considering their relevance for the development of the national employment strategy, they are briefly described in the introduction of each pillar.

In this context, it should be referred that the **Regional Employment Plan for Madeira** on the initiative of the Madeira Regional Government as well as the **Regional Employment Plan for Azores** on the initiative of the Azores Regional Government have come into force.

Following the Regional Plan for Employment launched in 1999, two more Regional Employment Plans are also planned to be set up in 2000: in the Setubal Peninsula and in Trás-os-Montes and Alto Douro; they are aimed at strengthening the interventions which were set up and dynamised on the basis of the regional and local particularities helping bring about a better application of the strategy defined at national level, in response to the most pressing employment and unemployment problems.

## **11. The Main Goals of the Plan for 2000**

In accordance with the macro-economic scenario outlined in the Stability and Growth Programme for 2000-2004, the **Portuguese economy should grow 3.3% in 2000**, thus becoming a higher growth differential than the E.U.(3%).

### MACRO-ECONOMIC PROSPECTS 2000

%

|   | 1998 | 1999 | 2000 |
|---|------|------|------|
| Gross Domestic Product at market prices       | 4.0  | 3.1  | 3.3  |
| Private Consumption                           | 5.2  | 4.6  | 3.8  |
| Government Consumption                        | 3.2  | 3.0  | 1.0  |
| Gross Fixed Capital Formation                 | 9.8  | 6.3  | 6.8  |
| Domestic Demand                               | 6.1  | 4.5  | 4.0  |
| Exports                                       | 8.7  | 3.3  | 6.4  |
| Imports                                       | 13.8 | 7.2  | 7.5  |
| Implicit Price Deflator (GDP)                 | 3.6  | 2.7  | 2.4  |
| Implicit Price Deflator (Private Consumption) | 2.8  | 2.3  | 2.0  |
| Total Employment                              | 2.3  | 1.9  | 1.0  |

Source: MF – Stability and Growth Program 2000-2004.

In the international context of a slight acceleration of economic growth, notably in the EU, the strengthening of the positive trend in the Portuguese economy in relation to 1999 will be boosted to a great extent by more dynamic exports and investment.

Growth of internal demand will slow down due to a slackening in public and private consumption, given that as referred above the forecast for investment indicates a small increase in the growth.

Private consumption, although slowing down, should continue to have a relatively high growth; this is sustained by the increase in real available incomes which is linked both to the favourable employment trends and real salaries.

The current effort to maintain inflation within the values which progressively permit an approximation to those of the EU should be continued. Thus, the fall in private consumption should slow down in comparison with 1999 values.

In fact, productivity, whose levels are much lower than those in other community countries, like the average earnings, should register a stronger increase than in previous years, which will be expressed in the trend towards a more moderate unit cost for work per unit produced; this will reflect positively on the objective to improve the competitive position of the Portuguese economy.

In response to economic growth and the efforts being made within the scope of the NAP, the behaviour of the labour market remains favourable, and **the growth of employment, the maintenance of the employment rate over 70% and the unemployment rate below 5%** are expected to continue.

The European Strategy for Employment maintains the goals fixed in the ambit of guidelines 1, 2, and 3: to provide a new opportunity for young people before 6 months unemployment, to offer a new opportunity to all unemployed adults before 12 months unemployment and increase the percentage of unemployed who have been offered training so as to reach 20% of unemployed men and unemployed women in training by the end of the Plan period respectively.

The territorial expansion of the application of INSERJOVEM and REAGE methodologies will continue in 2000, through the launch of new Regional Employment Networks. At the end of the year, Continental Portugal will be completely covered by the application of new methodologies of an early approach to unemployment both in young people and adults.

At the same time, the application of the REAGE methodology to **long term unemployed** will be started in 2000 in areas where networks were launched in 1998. The territorial expansion of the application of the methodology to this group of unemployed will take place gradually, over three years, in a similar way to that used for young people and adults unemployed for less than one year.

The goal for the **training of unemployed** to reach 20% of unemployed in training by the end of the period is maintained.

With regard to internal goals, the target of 16,500 **trainees** per year was established for 2000. The annual growth rate of the **Apprenticeship System** will be about 20%, which will enable the goal to double the numbers in relation to the previous year to be exceeded before the 5 years programmed for this goal.

The goal was also fixed to provide an education/ job opportunity to all **young people** under the age of 21, who have not completed the 3rd cycle of basic schooling, or who have completed the basic cycle but not the secondary school, and who are registered with Job Centres.

A rise of 40% of students at **secondary school** attending courses of a **professional** nature is also forecast.

The global objective to cover 117,500 **young people** in qualifying training in 2000 is maintained; this is an increase of 10% on 1997.

### Quantified goals

#### Variations projected for 1997-2000

| Measures                  | Projected variation<br>1997 – 2000 |
|---------------------------|------------------------------------|
| Training for Unemployed   | +60%                               |
| Youths in Training        | +10%                               |
| Apprenticeship System     | +100%                              |
| Professional traineeships | +175%                              |
|                           |                                    |

The objective to gradually increase the number of employed people in training so as to reach **10% of the total working population in training** in five years is also maintained.

The objective was also fixed to guarantee that at least 50% of on-going training includes **information and communication technology**.

A new target to reach in 2000 at least 45,000 **receivers of the Guaranteed National Income with** an active employment measure combines the will to give greater attention to recovery strategies at a time when there is almost complete coverage of registered young and adult unemployed by early approach mechanisms.

### **12. The Financial Framework of the Plan**

The development of the National Action Plan for Employment requires the mobilisation of technical, human and financial resources, dispersed throughout different sources and institutional seats.

The **budget for 2000**, in terms of active employment policies and promotion of human resources qualification, is set at approximately 230,000 million PTE.

Moreover, the main instruments for the promotion of employment, employability and entrepreneurship, expressed by reduction of income, represent a financial value of around **70,000 million PTE**.

The evolution of the financial resources associated to main quantified targets of the National Action Plan for Employment can be identified by highlighting the measures associated to it.

**FINANCIAL RESOURCES ALLOCATED TO THE MAIN PROGRAMMES AND MEASURES  
SUPPORTING THE GUIDELINE OF THE PLAN – MAIN PRIORITIES**

|  | <b>Budgeted Values<br/>2000(thousand million escudos)</b> |
|--|---|
| <b>Guideline 1</b>   |   |
| <b>Programmes supporting the Inclusion and qualification of young people</b> | <b>80.2</b>   |
| - Initial qualification programmes   | 36.4  |
| - professional and artistic teaching   | 15.7  |
| - sectorial programmes   | 13.4  |
| - training for the unemployed  | 3,6   |
| - support to employment  | 11.1  |
| <b>Guideline 2</b>   |   |
| <b>Programmes supporting unemployed adults</b>                               | <b>51.9</b>   |
| - training for the unemployed  | 10  |
| - LTU integration  | 19.8  |
| - employment programmes  | 22.1  |
| <b>Guideline 6</b>   |   |
| <b>Promotion of Life Long Training</b>                                       | <b>70.7</b>   |
| - continuous training  | 24.3  |
| - sectorial programmes   | 33.9  |
| - civil service  | 2,6   |
| - teachers training  | 9.9   |

From the financial point of view, the main sources of funding for the NAP correspond to the programmes existing within the ambit of the EU Support Plan (QCA) which are, in general, supported by ESF funding.

### **13. Promotion and monitoring of the Plan**

The promotion and development of the Plan require highly concentrated efforts from both the Government and the Social Partners. At Government level, and due to the transverse nature of the Plan, various ministries are involved in its dynamisation and spread. The Autonomous Regions of Azores and Madeira will also participate in the process through Regional Action Plans duly adapted to the specific features of each Region.

Considering the extremely important role of the Ministry of Labour and Solidarity in this process, a body has been set up within the Ministry specifically devoted to dynamising the Plan. Internally, such a body promotes the progressive articulation with local staff in charge of the

development of the Plan duly appointed at all Job Centres. Externally, the said body works in close co-operation with the Working Group and the Monitoring Commission for the NAP.

At inter-ministerial level, the Monitoring Commission of the NAP supervises the process in close co-operation with the various ministerial offices involved.

At the institutional level and parallel to the direct involvement in its implementation, the participation of the Social Partners in the monitoring of the Plan, both in terms of evaluation and the discussion of its adjustments, is promoted at the level of the Standing Committee for Social Dialogue (SCSD).

Aimed at reinforcing of this participation, a tripartite working group for the technical monitoring of the NAP was set up in 1999.

In accordance with point 9 of the Council Resolution on the guidelines for Employment in 1998, in order to ensure that the contribution of the Social Partners for the «implementation of the guidelines and the promotion of a high employment level» is «evaluated periodically», reports related to the implementation of the Plan are submitted and evaluated every six months in the ambit of the SCSD.



## **PART II - GUIDELINES**

### **PILLAR I - IMPROVING EMPLOYABILITY**

In the context of the Portuguese labour market, improving professional integration also means adopting preventive policy measures including skills training on a broader basis and in new areas with a job creation potential, as well as training in a working environment for priority groups, notably the youngsters who left school and training systems, unemployed adults and women presenting special integration difficulties. The network of professional training centres is to be favoured, as a tool to solve training needs specific to those target groups, chiefly the long-term unemployed (LTU).

Improving professional integration presupposes ensuring the **quality of training** through systems of professional certification, registration of training agencies, acknowledgement of trainers' qualifications and of a statistical and qualitative information system for the training market now being developed.

Another line to be granted priority status involves **rationalising active employment-policy** measures, by integrating them in broader, more flexible programmes.

As a preventive action, policies which integrate interventions and strengthen institutional partnerships must be better articulated with the social partners. Therefore, the role of **reorganising State Employment Services** becomes crucial in consolidating the personal and personalised follow-up, with an across the board approach, targeting disadvantaged groups, chiefly those benefiting from the Guaranteed Minimum Income and at a territorial level, for the concrete implementation of new programmes.

This territorial perspective has been developed primarily in **geographical areas** corresponding to Territorial Pacts and to Regional Employment Networks. In 1999 it covered almost **75% of the resident population of Mainland Portugal**.

In 2000 the areas where the commitment has been made to offer new responses to the registered unemployed will be extended, as a result of the phased launching of **14 new regional networks** for employment, with which the coverage of Mainland Portugal will be completed

#### **Northern Region**

- Network for Douro/Corgo and Varosa Branch
- Network for Vale do Ave
- Network for Cávado
- Network for Minho
- Network for Terras Frias
- Network for Entre Douro and Vouga

- Network for Baixa Tâmega
- Network for the Basto

### **Central Region**

- Network for Baixa Vouga
- Network for Pinhal Litoral
- Network for Dão
- Network for Caramulo/Montemuro

### **Lisbon and Tagus Valley Region**

- Network for Greater Lisbon

### **The Algarve Region**

- Regional Network for River Famosa and Algibre

Under **Pillar 1**, new instruments were launched in addition to the expansion of the Inserjovem and Reage Initiatives. Of particular note in the context of lifelong training (Guideline 6), the setting up of the National Adult Education and Training Agency (DL 387/99, 28/9) and, within the scope of the Endurance Initiative, the development by IEFP (Employment and Professional Training Institute) of a set of techno-pedagogical instruments aimed at the formation of on-going training to be dispersed in IEFP centres as from 2000; it is to be noted that to assist the transition from school to working life (Guideline 7) the Sub 21 Programme was launched in September 1999, aimed at opening up education and training opportunities to all youngsters under 21 years of age registered in job centres who have not completed the third cycle of basic education, or where this has been concluded, have not completed secondary school; in addition, there was an increase in the number of priority intervention education territories which reached a total of 48 in 1998/1999 covering 322 schools and 57,428 students. The integration of the disabled, ethnic minorities and other disadvantaged groups were also targeted for a set of initiatives within the scope of Guideline 9.

In 2000 various **initiatives** will be developed in this pillar in response to the priorities established at the Helsinki Summit. Among others, the following are highlighted:

- Extension of the INSERJOVEM and REAGE initiatives for early action, so as to cover **100% of the resident population** of mainland Portugal in 2000, thus anticipating the Council of Luxembourg objective for the EU.
- Continuous extension of this type of cover until the end of 2002, so as to include all **Long Term Unemployed** registered with the Public Employment Services.

- Offer of **educational-training opportunities** to all young people registered at Job Centres who have not completed the third cycle of basic schooling or who have not completed secondary school and are under the age of 21.
- The connection of Internet in all schools by the year 2002.
- The establishing of a **diploma in basic information technology skills**
- Within the ambit of the National Certification System, the development of crediting **basic skills** in information technology for professional purposes.
- Obligatory inclusion of **information and communication technology matters** in 50% of on-going training actions.
- The guarantee that 45,000 **beneficiaries of the National Guaranteed Income** have access to an active measure.

As regards the **territorial development of the national employment strategy**, the role of the regional strategies in the development of the NAP is again to be stressed, in the form of instruments such as the Regional Employment Plan for Alentejo and the Regional Employment Plan for the Oporto Metropolitan Area.

Within the scope of the **Regional Employment Plan for Alentejo and Oporto Metropolitan Area** various initiatives are underway aimed at pursuing the objectives in this pillar.

Within the context of the incentive to the partnership approach to employment matters, on 22nd March 2000 the Government and the Social Partners agreed on the negotiation methodology for a new phase of **Social Dialogue** in Portugal, which is consolidated in the negotiation of medium-term agreements; negotiation on four matters have already begun:

- Agreement on Working Conditions, Hygiene and Safety at Work and the Fight against Working Accidents.
- Agreement on Employment, the Labour Market and Training.
- Agreement on the Organisation of Work, Productivity and Salaries.
- Agreement on the Improvement of Social Protection defending the Sustainability of the System and Business Competitiveness.

### ***Guideline 1***

*Every young person unemployed is offered a new start before completing six months of unemployment, in the form of training, retraining, work practice, a job or any other adequate measure to favour his employability with a view to professional integration.*

### **Framework**

The **adequate integration of youngsters into working life** is one of the top priorities of the Portuguese employment policy, since one of the most important critical factors of the labour market lies in youth unemployment.

While youth unemployment in Portugal has fallen in recent years even more sharply than total unemployment, the youth unemployment rate was 4.3 percentage points above that of total unemployment in 1999. Unemployment among girls registered the biggest drop; however, female youth unemployment continues to be 3.6 percentage points higher than male unemployment for this age group.

In the ambit of the Employment, Training and Social Development Programme (Operational Programme in QCA III), **the improvement of youth employability** is one of the priorities of the employment policy, placed within a line of early action in response to employment problems and in a strategy focussed around active measures envisaged in this guideline; this is notably in the field of the implementation of different forms of support for integration in the labour market, centred around strengthening the mechanisms of approach to professional performance, particularly through providing more professional traineeships.

The new methodology involving an early approach to unemployment (**INSERJOVEM**), launched in 1998, continues to be expanded across the country; this initiative covers young people registered in Job Centres and by the end of 2000 will cover all mainland Portugal. With this methodology, the Employment Services are able to accompany unemployed youngsters individually and build up their respective integration profiles; this makes it possible to respond to individual needs and increase effective integration in the labour market. Out of all young people registered from June 1998 to June 1999, only 3.8% of the unemployed youngsters in the areas covered by this methodology had not been offered any answers six months after registering.

The **Sub-21** programme was launched in 1999 which is aimed at unemployed youngsters under 21 years of age who have not completed the 3rd cycle of basic education, or if this has been concluded, have not completed secondary school. This programme aims to raise the school and professional qualifications of young people, strengthen the conditions whereby young people can complete 9 years of schooling and also improve social skills in a number of areas, notably oral and written communication, arithmetic, citizenship and new information and communication technologies.

### **Priorities**

The strengthening of active policies to fight youth unemployment has **three main vectors**:

- **Broadening and improving the quality of qualifying training** for young people; within the scope of QCA III this must be certifiable, include civic components as well as information and communication technologies, and for those groups without obligatory schooling, an equivalent qualification must be provided.
- Intensifying the participation of the youngsters in programs that provide an approach to professional performance, namely through **attending professional traineeships**.
- **Stimulating the recruitment** of youngsters.

### Objectives/targets

- To guarantee a new opportunity for all unemployed young people within 6 months of becoming unemployed, by extending the new INSERJOVEM **to all mainland Portugal** in 2000.
- To guarantee that all young people under the age of 21 registered in Job Centres, who have not completed the 3rd cycle of basic education, or if this is complete, have not completed secondary education, **are given training to ease their integration in working life** ( Sub 21 Programme), giving priority to the under-represented sex in the access to training in the different areas;
- To guarantee that at least **16,500** professional traineeships are given to young people..

### Available instruments

- Programme for the Integration of the Young in Working Life (PAIJVA) concentrating measures in the areas of educational and professional guidance, education and professional training, aid to professional integration and access to employment.
- National Plan of Traineeships.
- Support for the recruitment of youth seeking their first job.
- Education/Training Courses.

### New instruments

#### *Programmed in 1998-1999*

**1.1. INSERJOVEM Initiative** - a methodology of total accompaniment of youngsters for their professional integration.

**1.2 Restructuring of Training/Employment Programmes** so as to adapt them to the various target populations.

**1.3 Greater incentives for young women to acquire professional experience** in professions where women are under-represented.

*Programmed in 2000*

**1.4.Sub 21 Programme** aimed at unemployed youngsters under 21 years of age who have not completed the 3rd cycle of basic education, or if this has been concluded, have not completed secondary school, with a view to improving school and professional qualifications.

**1.5 -Evaluation of the effectiveness of the INSERJOVEM methodology**, using **two instruments**: a questionnaire given in person to registered unemployed who did not respond to the Job Centre's offers and a questionnaire given to those covered by the INSERJOVEM methodology who took advantage of an active measure or who had no response 6 months after the start of the methodology's application.

**1.6. Recruitment incentives on permanent jobs** (open-ended contracts), after a 6 month contract.

**Indicators of results**

- Rate of influx of young people in Long Term Unemployment.
- Relative proportion of young people in Long Term Unemployment

**Monitoring indicators**

- **Rate of non-compliance**: percentage of unemployed young people who did not initiate an individual plan of action within 6 months of being unemployed.
- **Failure rate**: percentage of unemployed young people who were not offered an individual plan of action within 6 months of being unemployed.
- **Rate of rejection**: percentage of unemployed young people who rejected an individual plan action within 6 months of being unemployed.

***Guideline 2.***

*Unemployed adults are also offered a fresh start before reaching 12 months of unemployment by one of the aforementioned means or, more generally, by individual accompaniment in professional guidance, with a view to effective integration in the labour market. These preventive measures and these measures for increasing employability must be combined with measures for the reintegration of the long-term unemployed.*

**Framework**

**Long Term Unemployment** (LTU) is particularly high in Portugal. In spite of the recent favourable trend, at the end of 1999 it was about **37.5% of total unemployment**, affecting young people most of all and particularly women.

The European objective for adult unemployment is to reduce the influx to LDU as much as possible; Portugal has responded to this through implementing a new **methodology involving an early approach to unemployment**: the REAGE Initiative. In this approach unemployed people are followed individually which enables the appropriate answer to each person's employment problem to be identified and put into practice before being unemployed for 12 months. Just 5% of unemployed adults registered between January and December 1998 were still registered after 12 months without being given a response.

The methodology has been extended progressively to new areas of mainland Portugal since its implementation in 1998 and at the end of 2000 all adults unemployed for less than one year will have access to this methodology of individual accompaniment throughout mainland Portugal.

As regards the Regional Employment Plan for Alentejo, by the end of 2000, this initiative will be extended to include all the long-term unemployed registered with the job centres of the region - by means of personal employment plans.

By the end of 2002, this **coverage will be extended to all the long term unemployed** registered with the Public Employment Services, 24 months after the initial implementation of the REAGE Initiative in the pacts and regional employment networks.

In the ambit of QCA III, the Operational Programme for Employment, Training and Social Development and the Regional Programmes envisage a set of measures aimed at the target group of this guideline and which address the unemployed population with low schooling and professional qualifications and the growing number of unemployed with medium and high level qualifications registered in recent years, notably:

- The development of formative trajectories directed towards **up-dating, recycling and professional improvement** on the basis of previously skills acquired either by formal or informal means; the aim is to take advantage of acquired knowledge in the original professional sector;
- The promotion of forms of training based on **formative trajectories** made to fit the socio-professional need and contexts of the candidates, notably actions which consider the possibility of developing a specific integration plan, for example training-employment actions, which respond to the need develop across the board skills or to complete technical qualifications so as to facilitate the reintegration in the labour market.

### **Priorities**

The national priorities for the fight against LTU have five main vectors:

- **To strengthen the basic qualification** of the unemployed so as to increase their professional reintegration capacity.
- **To develop qualifying training** bringing it closer to working environments and including, when appropriate, the stance of professional retraining;
- **To promote job creation** mainly focusing on the development of the capacity to create self-employment (self-employment, employment in micro-units, employment in co-operatives).
- **To intensify the initiatives for professional integration and the reintegration of LTU.**
- **To combat long term unemployment among women.**

Carrying out such priorities means strengthening the role of Public Employment Services chiefly through the **individual accompaniment of the unemployed** at risk of becoming LTU in their reintegration process and also through the building of typified integration profiles.

### Objectives/targets

- To guarantee a **new opportunity for all unemployed adults within 12 months of becoming unemployed**, throughout mainland Portugal.
- To guarantee a new opportunity to LTU registered for 24 months in all areas covered by regional employment pacts and networks which came into effect in 1998.

### Available instruments

- Direct Job Creation Programmes (*Programas Operacionais*) for unemployed on benefit and unemployed in a poor economic situation.
- Support system for the recruitment of youth seeking their first job and the long-term unemployed.
- Greater incentives for hiring unemployed women over the age of 45.

### New instruments

#### *Programmed in 1998-1999*

**2.1. The REAGE Initiative**, an integral and individual accompaniment methodology for unemployed adults.

**2.2. The launch of a new incentive scheme to promote regional and sector mobility.** This scheme provides for mechanisms linked to development programmes to local employment initiatives aimed at attracting people to disadvantaged areas and establishing them in those areas.

**2.3. The integration of an education/training** component in the integration strategy of unemployed adults to ensure that the adult will progressively reach a level equivalent to the 9th year and, where possible, the 12th year of schooling.



**2.4.** Generalising **Integration Companies** as a means of actively fighting poverty and social exclusion.

**2.5.** The restructuring of the **Direct Job Creation Programmes** (*Programas Operacionais*) so that they improve their qualifying and employability capacity as well as their articulation with integration programmes.

### *Programmed in 2000*

**2.6. Extension of the REAGE Initiative to the Long Term Unemployed** registered for 24 months in all areas covered by pacts and regional employment networks, which started working into effect in 1998.

**2.7. Evaluation of the effectiveness of the REAGE methodology** by means of two instruments: a questionnaire given in person to registered unemployed who did not respond to the Job Centre's appeals and a questionnaire to those covered by the REAGE methodology, either benefiting from an active measure or without a response 6 months after the methodology's application.

**2.8.** Promotion of **socio-professional integration of groups with particular difficulties** in their access to the labour market, namely those facing prolonged unemployment.

### Indicators of results

- Influx rate of adults in Long Term Unemployment.
- Growth rate of Long Term Unemployment.
- Relative importance of Very Long Term Unemployment (> 2 years) in total unemployment.

### Follow-up indicators

- **Rate of non-compliance:** percentage of unemployed adults who did not initiate individual plan of action within 12 months of registering as unemployed.
- **Failure rate:** percentage of unemployed adults who were not offered an individual plan of action within 12 months of registering as unemployed.
- **Rate of rejection:** percentage of unemployed adults who rejected an individual plan of action.

## MOVING FROM PASSIVE TO ACTIVE MEASURES

### **Guideline 3**

*Each Member State will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability with a view to effective integration in the labour market. In order to increase the percentage of unemployed who are offered training or any similar measure, a target will be established, in the light of its starting situation, to gradually approach the average of the three most successful Member States, and at least 20%.*

### **Framework**

In Portugal, the percentage of **active measures** out of the total cost of the employment policy has consistently grown, and is now close to 50%.

However, this indicator must be considered in relative terms as the unemployment rate is low and the coverage of passive measures (unemployment benefit) is also relatively low.

Within the process of improving the social security system, **greater coverage of unemployment protection has been provided** for the most vulnerable sectors of society.

While the impact of active measures aimed at helping the unemployed has been high, the relative weight given to actions designed to improve qualifications within these measures is still not enough.

In this context, it is important to **give preference to the access of the unemployed to qualifying actions** within the scope of active measures, which contribute to improving this group's employability and assisting their effective integration in the labour market.

The legislation protecting the unemployed contributes to this goal as it admits the possibility of suspending the employment benefit while training activities are attended, but without losing the right to them.

On the other hand, it is also of note that participation of the beneficiaries by sex in the active employment measures reveals a **high rate of women** which guarantees that the genders are represented in proportion to their representation in the total unemployed.

.

### **Priorities**

- **To intensify** the presence of **active measures for the unemployed** improving their quality.
- **To make the management of passive measures more flexible** so as to facilitate professional reintegration of the unemployed.

### **Objectives/targets**

- **To increase the importance of professional training aimed at the unemployed by 25%** so that 20% of the both unemployed and unemployed attend training actions by the end of the Plan's time frame.
- **To increase the importance of the active measures** made available to the unemployed without jeopardising the improvement of unemployment benefits.

### **Available instruments**

- Laws governing the unemployment protection scheme.
- Training for the unemployed.
- Employment programmes.
- Support for the creation of self-employment by subsidised people.
- Integration Programmes for receivers of Minimum Guaranteed Income.

### **New instruments**

*Programmed in 1998 - 1999*

**3.1.** Launching of a **new framework for the Employment Clubs and for UNIVA.**

**3.2.** Implementation of the **new unemployment protection scheme**, intended to reduce the factors that discourage people from working by the following means:

- The possibility of receiving unemployment payments with part-time work;
- The creation of the partial unemployment allowance for beneficiaries who, while receiving their unemployment-allowance, have a part-time work contract.
- Permission, for a period of 30 days, to receive unemployment payments and the training subsidy in those cases where the unemployed person attends professional training courses lasting 6 months or more

*Programmed in 2000*

**3.3** Evaluation of the integration potential of a **recruitment support measure** for subsidised unemployed workers.

In Portugal, the development of active measures with a view to promoting employability of the unemployed does not reduce the role traditionally played by social security schemes and which is due to be strengthened.

### **Result indicators**

- Rate of return to unemployment (after participating in one of the programmes).
- Rate of unemployment coverage by unemployment payments.

### **Follow-up indicator**

- Rate of activation: participation of the unemployed in the active measures.

#### ***Guideline 4.***

*Each Member-State will reappraise and, whenever appropriate, redefine its tax system and benefits, so as to create incentives for the unemployed or inactive to look for and accept jobs, or else measures which reinforce their employability, and encourage employers to create new jobs. Furthermore, it is important to develop, within the context of a policy for ageing in employment, measures such as the maintenance of the capacity to work, lifelong learning and other forms of flexible work, so that older workers can also be actively engaged in a professional life.*

### **Framework**

A set of measures is in practice in Portugal which **encourages employers to create new work posts**. Support for the recruitment of young people and long term unemployed through the exemption from Social Security contributions and the fiscal benefits for the companies with net job creation for workers, under the age of 30, recruited on unlimited contracts can be highlighted form among these measures.

A set of measures is also at the disposal of the unemployed aimed at encouraging **the creation of self employment** or in companies, such as the Support for the Creation of Self Employment, the Beneficiaries' Creation of Self Employment, the Local Employment Initiatives. Some of these measures include the provision of even greater support when those benefiting from it are, for example, women or long term unemployed.

Overall, in net terms in recent years, there has been a significant number of people moving from inactivity or unemployment to employment, leading to an increase in the activity rate from 49.5% at the end of 1997 to 50.9% in 1999.

Furthermore, among the countries of the European Union, Portugal has one of the **highest rates of employment among the higher age groups**. In 1998, the rate of employment in the 55-64 age group was 10 per cent higher than the EU average.

At the same time, Portugal faces the problem of an **ageing workforce**. According to OECD estimates, while workers over the age of 60 represented 7.7% of the active population in 1995, this may increase to 25.1% in the year 2030.

In order to respond to this challenge it is necessary to reinforce their capacity to adapt to the labour market, acting in anticipation of the problem, with a view to **improving the employability of older workers and discouraging early retirement**, thereby favouring active ageing.

Thus, in 1999 a regime of **flexibility of the age for receiving the old age pension** was introduced which envisages a reduction in the amount of pension received in the case of early retirement and a bonus for those applying for it after 65 years of age.

In an attempt to encourage older workers to prolong their active lives, the possibility of **reducing the contribution rate** to Social Security for workers who receive a retirement or disability pension has also been proposed, both for the employee's and the employer's contribution.

On the other hand, it should be stressed that the overall level of social protection for unemployment in Portugal, namely, the **duration of unemployment benefits** does not provide a disincentive to search for and accept work. However, the regulations relating to unemployment payments may be fine-tuned with a view to reducing the potential effects of the disincentives to work that this may induce.

In this context, the principal negative effect lies in **bureaucratic and administrative difficulties** in the frequent transition between the situations of employment/subsidised unemployment/employment.

### **Priorities**

- **To encourage older workers to remain in the labour market.**
- **Improve the performance of the social protection systems** which facilitate access to employment

### **Objectives/targets**

- **To maintain the levels of employment** among the 50-64 age group.

### **Available instruments**

- Regime to encourage self-employment.
- Regime to support the recruitment of long-term unemployed.
- Reduction of Social Security contributions for workers who receive a retirement or disability pension.
- Increased incentives for the hiring of unemployed women over 45 years of age.

## New instruments

*Programmed in 1999*

**4.1.** Application of the regime of **flexibility of the age for receiving old-age pensions** which foresees the reduction in the amount of a pension in the case of early retirement and a bonus for beneficiaries who apply for it when over the age of 65.

**4.2. Reassessment of the fiscal and para-fiscal framework relative to the supply/demand of employment,** as well as the measures which encourage early retirement from working life.

**4.3. Revision of the regime of unemployment benefits** with a view to reducing the potential effects of the disincentives to work.

## Indicators of results

- Unemployment rate among the 50-64 age group.
- Passage rate from Inactivity to Employment and to Training.
- Passage rate from Unemployment to Employment and to Training.

## Development Timetable

- Completion of the reassessment work up to the end of 2000.

## ENCOURAGING A PARTNERSHIP APPROACH

### ***Guideline 5.***

*The social partners are urged, at their various levels of responsibility and action, to conclude agreements as soon as possible with a view to increasing the possibilities for training, work experience, or other measures likely to promote the employability of unemployed adults and young people and promoting their entry into the labour market.*

ON 13TH APRIL 1998 THE SOCIAL PARTNERS AGREED ON A JOINT STATEMENT (SEE APPENDIX)

### ***Guideline 6.***

*In order to reinforce the development of skilled labour with a capacity for adaptation, both the Member-States and their social partners are seeking to broaden the possibilities of lifelong training, notably in the areas of information and communication technologies and, in consultation with the Employment and each Member State shall define the number of people to benefit from these measures annually. Of particular importance in this context will be the facilitating of access to older workers.*

## **Framework**

Portugal is the European partner showing the highest percentage of employment at a low educational level: 76.2% out of the total population aged between 25-59. Portugal also had the lowest percentage of this age group's average education level of all Member States: 12%.

Furthermore the literacy level of the Portuguese population is very low, in particular among the over 40 age group is indicative of poor receptivity to learning, adaptability and innovation.

Modern societies, where information and communication technologies dominate, are based on knowledge and innovation and demand permanent up-dating of knowledge, qualifications and skills; this ensures the ability to obtain jobs and maintain them throughout working life.

An initiative will be promoted to encourage lifelong education and training due to this **fragile qualitative employment structure**, the need to acquire and update knowledge and skills together with the need to modernise professional areas linked to leading sectors, and acknowledging the fact that in relation to the same person the situations of “qualified” and “unqualified” may occur successively in time. The need to adopt a process of on-going and co-ordinated professional training is also stressed.

In the context of the **European Employment Strategy**, lifelong learning includes “all formal and informal learning activities, acquired over time, and aimed at increasing knowledge, qualifications and skills. The concept:

- Includes formal and informal learning activities and different kinds of learning (learning system, 2nd opportunity schools, education and training both in and out of the work context etc) after compulsory schooling;
- Covers the whole population, whether employed or not;
- Includes learning activities carried out by the private or state sector or by individuals and obtained both by traditional and modern means (e.g. ICT);
- Considers that the easy access to learning and the recognition of qualifications and skills are essential to the promotion of lifelong learning”.

From the point of view of the employment policy, it is necessary to intensify and develop an **integrated and co-ordinated strategy** rather than implement fragmented measures for education and professional training; in this way progress can be made towards a society where lifelong learning is the basis for the development of knowledge, skills and qualifications, and where innovation, competitiveness, growth and the creation of more and better jobs should be promoted.

Thus, **the strategy of lifelong learning across the board** is revealed through the spread of different measures where it is included, under various NAP guidelines such as youth education and training (guidelines 1,7 and 8), the new qualifications and skills linked above all to ICT and to the entrepreneurial spirit (guidelines 8 and 11), the transition from education and initial

training to work (guidelines 1,5,7 and 8), the partnership approach to lifelong learning: the role of the social partners, regional and local actors, companies, education and training institutions, individuals (guidelines 4,5,12,15 and 17), access to adult education and ongoing training (guidelines 1,2,3,4,5,9,17 and 21), the validity and certification of education and training (guidelines 1,2,3,5,7,8 and 17), besides those included in this guideline.

In September 1999 the National Agency for Adult Education and Training was set up, the purpose of which is to develop intervention methodologies for the promotion of programmes and projects so as to construct a recognition and certification system for informal learning and to support initiatives from the civil society in the field of adult education and training.

The Government proposed the negotiation of a **medium term agreement on employment, the labour market and training** in the ambit of a new negotiation methodology in the framework of social dialogue, with a view to stimulating the social partners' participation in questions of lifelong learning.

A range of measures, co-financed by the European Social Fund, envisaged in the context of QCA III in a number operational programmes also contribute to the fulfilment of the goals/targets of this guideline.

### **Priorities**

- To **reduce the weakness of school and professional qualifications** of the Portuguese population through strengthening lifelong education and training, specially focused on the unemployed, the workers in risk of unemployment and the low qualified workers, especially the young.
- To **create flexible solutions** which can be made an asset and strengthen school and professional qualification levels.
- To emphasise the development of all lifelong education and training opportunities, particularly in the area of **information and communication technologies** and encourage the access of **older workers**.

### **Objectives/targets**

- To **increase training among the employed population** so that 10% of the total working population are trainees, with an even balance between the sexes, within a 5 year period.
- To **give technical support to micro and small companies** through the promotion of on-going training.
- To **strengthen the educational components** which focus on "learning to learn".
- To extend on-going training in **strategic areas through innovative programmes** showing a growth potential.



- To include **Information and Communication Technology** content in 50% of on-going education actions, with a minimum of 20 hours and at least 10% of the total duration of the course.
- **To strengthen continuous and adult education** with special emphasis on the young and workers aged over 45.
- To offer educational and professional guidance and support so as to encourage the adaptation to all the new demands of the **information and knowledge society**, focusing particularly on groups in risk of social exclusion.
- To set up 42 **Centres for the Recognition and Ratification of Basic Skills** by 2002.
- To train 5000 trainees annually in courses with a minimum of 50 hours, in the ambit of **Saber+ Programme**.

### Available instruments

- On-going training Programmes.
- Individual access to training.
- INFORJOVEM Programme
- Continuous education

### New Instruments

#### *Programmed in 1998 -1999*

**6.1.** Development of the **ENDURANCE Initiative**, with a view to promoting lifelong education and training and involving information, guidance and awareness actions, stimulating collective negotiation on the subject, development of new training methodologies and strengthening of on-going training, and of education/training and adult education programmes.

**6.2.** Strengthening of **the identification of training needs** at regional and national level notably in the ambit of sectoral programmes for modernisation and employment.

**6.3.** Development of the **“Society Project: SABER +” Programme**, aimed at the lifelong education and training of adults.

**6.4** Creation of an award as an incentive to comply with the target of increasing on-going training in companies, notably through a reduction in the Single Social Tax when the target of 10% of the workers involved in training is exceeded.

**6.5** Increase of **training in the information and communication technologies field** with more intensive use of new technologies in training and on-going training.

**6.6** The setting up of new **Knowledge Resource Centres** as places providing support to training institutes and professional trainers.

**6.7** Development of the **Credentials System** for Training Entities.

*Programmed in 2000*

**6.8.** Support to **advanced training programmes in areas of information technology** by awarding scholarships or advanced professional specialisations at scientific institutions, universities and national or foreign companies

**6.9.** Creation of a **diploma in basic information technology skills**.

**6.10.** The development of the **Credential in basic information technology skills** for professional purposes in the ambit of the National Certification System.

**6.11** The preparation of a **Key Skills Reference System**, in the ambit of Adult Education and Training Courses (AET), in the areas of Employability and Citizenship, Language and Information Communication Technologies and Communication and Mathematics for Life to be used in the weighing up of skills.

**6.12** The launch of a **Adult Education and Training (EAT)** pilot programme, prepared on the basis of the Key Skills Reference System, in the Recognition and Ratification of Skills Methodology and the Professional Training reference systems which are approved and certified by the National Certification System.

**6.13.** The setting up of Skills Recognition and Ratification Centres in the ambit of a **Recognition and Validity System of skills acquired throughout life, with an equivalent school qualification**; this would be understood both as an essential instrument to encourage and guide in their search for work and also as a source of information strictly necessary for the organisation of the appropriate offer of training by the education system.

**6.14.** The launch of **short term training courses** with a maximum of 50 hours, concentrating in the areas of technological literacy and foreign languages, so as to contribute to the country's effective response to the tertiary sector and technological development.

**6.15.** Boosting of **sectoral agreements** directed towards on-going training in specific sectors.

**6.16.** Support for the boosting of **training/consultancy actions directed specifically at SME**, through making programme-contracts with business and sectoral associations in order to improve the qualifications of the businessmen themselves as well as of their workers.

**6.17.** Setting up of a **collection system for statistical information** with a view to monitoring the development of on-going training.

Indicators of results

- Evolution of the percentage of skilled workers in the working population.

- Percentage of population aged 25-59, which has participated in education and training activities in the last four weeks, by sex, level of qualifications and nature of employment.
- Level of qualifications of active population aged 25-29 by sex, educational level and nature of employment.
- Education level of the working population aged 25 – 59 years, by sex and nature of employment.
- Young people aged 15-24, by sex, in education and training.

## **MAKING THE TRANSITION FROM SCHOOL TO WORK EASIER**

### ***Guideline7.***

*The Member States shall improve the quality of their school systems so as to substantially reduce the number of young people prematurely leaving school. Special attention should be given to young people with learning difficulties.*

### **Framework**

The reduction and gradual **eradication of early school leaving**, which is understood as being leaving the education system without completing the compulsory 9<sup>th</sup> year of schooling, is a medium term objective of the National Action Plan for Employment.

School leaving in its standard form, is also a fact of the teaching system. Between 1994 and 1995 some 35 thousand people left the standard education system with various possible destinations, not excluding the immediate search for work.

However, there are alternatives in the Teaching and Learning System which are being used by those who leave the standard (day time) education system. The Education sector's offer for these cases is essentially centred on two areas: on-going education and the level 2 professional schools. Together, these two sub-systems cover more than 32 thousand youngsters aged between 12 and 18, during the 1999/2000 educational year. The Training System integrated in the labour market covers a group of young people in the learning system; a significant number of whom re-enter the education training system in this way.

The Fight against School and Social Exclusion in Basic Education Programme was started as a decisive step towards **improving the quality of the School System** with a view to reducing the number of young people leaving the school system *without completing compulsory schooling*; this programme includes essentially:

- a) the introduction of alternative curricula aimed at children and young people with very serious behaviour and learning difficulties and at risk of leaving school;
- b) the setting up of priority intervention education areas (PIEA), the purpose of which is to create a special area for partnerships to be formed with other entities and for the development

of projects aimed at improving the quality of education and promoting equal access and success at school;

- c) the programming of young people's integration in working life – education and training courses (9th year +1) – which aims to create the right conditions for young people to be able to complete compulsory schooling, guaranteeing that those who do not wish to continue immediately with their studies have the possibility of qualifying professional training;
- d) the development of the Basic Education Observatory.

A number of action lines are envisaged in the ambit of PRODEP III (QCAIII) which address the clear concerns of this guideline.

### **Priorities**

- **To combat premature leaving of the education system**, reducing the number of school leavers annually through providing an adequate and improved compulsory education, notably for the 2<sup>nd</sup> and 3<sup>rd</sup> cycles (last five years of compulsory education).
- **To make pre-school education more generally available.**
- **To diversify training and education** so as to cover all types of situation, and involve employers in the training and educational process; they are to participate in the definition of the needs for local or regional training courses, supply facilities and equipment as well as qualified technicians to ensure training in specialised areas and to host and monitor trainees.
- **To value qualifying professional training** of a more practical nature so as to overcome growing difficulties felt by young people in the labour market.
- **To adapt teacher training** to this reality through developing skills which qualify teachers in the education/learning field and also to intervene in the transition of students to the working world, bearing in mind particularly the fight against discrimination in the labour market.

### **Objectives/targets**

- **To eradicate early school leaving**, namely leaving school before completing the 9<sup>th</sup> year of the compulsory education system.
- **To progressively generalise access to education** and professional training at secondary level.
- To increase the supply of **Pre-school Education** to cover 90% of 5 year olds, 75% of 4 year olds and 60% of 3 years olds in 2000.
- **To strengthen technological and professional courses** at Secondary School by increasing the relative percentage of professionally qualifying trajectories among those offered at this level.
- **To strengthen the training components** in a labour context.

- **To reduce the percentage of school leavers without a professional qualification** by offering additional training in work skills, including information and communication technology skills, to young people who complete the compulsory schooling (9 years) and do not carry on immediately with their studies.

### **Available instruments**

- Information Programme on the supply of education and training (ROTAS and SETE LEGUAS).
- Career guidance programme.
- Psychology and guidance network and services.

### **New instruments**

#### ***Programmed in 1998-1999***

**7.1.** Development of the work of the **Permanent Observatory for Secondary Education.**

**7.2.** Extension of **Priority Intervention Education Areas**

**7.3.** Development of **alternate curricula** of education/training courses for various target groups.

**7.4.** Development of **Education/Professional Training Courses**

**7.5.** Promoting **special educational support** for young people with learning difficulties

**7.6.** Launch of the **Permanent Observatory for Compulsory Education.**

**7.7.** Improving and up-dating **the professional skills of teaching** and non-teaching staff.

**7.8.** Plan to Eliminate the Exploitation of Child Labour (**PEECL**).

### **Indicator of results**

- Percentage of young people aged between 18-24 who attain level 2 or less than ISCED and do not attend education or training courses.

### **Follow-up indicators**

- School leaving rate.
- School attendance rates of young people

**Guideline 8.**

*Member States shall ensure they equip young people with greater capacity to adapt to technological and economic changes and with the qualifications required by the labour market. Special attention must be given to the respective learning and professional training systems, in co-operation with the social partners where appropriate, by conceiving appropriate training for teachers' and students' acquisition of knowledge and skills in computer sciences. Schools must also be adequately equipped with computers and student access to Internet facilitated by the end of 2002.*

**Framework**

Among the most significant obstacles that youngsters face today when looking for a job is the lack of professional experience and effective mechanisms to facilitate the transition from school to working life.

The integration process has become longer and more difficult and it does not limit itself to the transition from school to a steady job. It has increasingly become a trajectory which is broken up and spread over several years.

The Integration of Young People in Working Life Programme includes a number of co-ordinated measures in the ambit of schooling and professional information and guidance, professional education and training, support for professional integration, and access to employment; they aim to give youngsters an appropriate response at all stages of their path towards professional integration, encouraging and giving value to the diversity of choice.

The number of school leavers annually from the secondary education system totals approximately 60,000 youngsters/year. Given the training currently available, there is about a 40% **shortage of places for initial qualifying training.**

The aim is to stop this trend through the strengthening of all forms of training and through an effort to co-ordinate professional training offered by the educational system and that of the employment system. The Government's goal is for all young people between the ages of 15 and 18 to have access to secondary education, to professional training, or if already employed, to work which also allows them to obtain a professional qualification, by 2006.

A particularly strong effort is made in **alternating training**, the result of which depends largely on the commitment made to it by the economic partnerships and agents.

The training system has adapted to youngsters' acquisition of new skills in a number of ways with the diversification of the organisation models for training, making them more flexible and easily adapted to the interests and needs of each young person, offering flexible timetables, the introduction of long distance learning and the use of multi-media for the successful teaching of information and communication technologies.

In Secondary Education, the setting up of the Permanent Observatory and actions leading to the reinforcement of technological and technical teaching are oriented towards improving the employability of young people who do not continue immediately with their studies. Significant progress has been made in this field of which we stress:

- 1) the revised curriculum
- 2) the offer of specialised technological courses
- 3) the setting up of the Permanent Secondary School Observatory
- 4) the guidance and information programme
- 5) the support to the transition of young people to working life through the general application of traineeships in the scope of technological courses.

Regarding teachers and students acquiring **knowledge of and skills in computers**, it should be stressed that a considerable effort has been made in the ambit of the education system, notably through teacher training on information and communication technologies, the development of a scientific and technological culture in schools, more extensive use of quality multimedia in the teaching of basic and secondary school subjects.

In the ambit of QCA III, a number of measures are envisaged to promote the acquisition and certification of computer knowledge and skills by teachers and students. Measures have also been announced that bring the education/training process and the working context closer, thus contributing to assisting young people's transition from school to working life.

### **Priorities,**

- **To develop training** that fosters the spirit of initiative and creativity in the young as well as an entrepreneurial spirit.
- **To promote curricula integrating new information and communication technologies** at school and strengthening the experimental and scientific-technological components.
- To facilitate the acquisition of learning skills that work as an interface between **general and technological training and the working contexts**.
- To strengthen mechanisms favouring the **transition between the educational-training system and working life**.
- **To make experimental learning more generalised** in basic and secondary education and technological practices.

### **Objectives/targets**

- **To increase the number of young people in professional training by 10% in relation to 1997**, with an emphasis on training pertinent to employability and giving preference to the sex underrepresented in the access to training in the different areas;
- **To double the number of youngsters** attending the Apprenticeship System in 5 years.

- **To extend forms of training** so as to reach youngsters who have no training opportunities notably through training mechanisms in the working context.
- **To introduce forms of alternating training in the technological courses of secondary schools** combining training at school with training in a working context in the companies.
- To raise the percentage of students in **technological, professional, specialisation and other vocational courses in Secondary Education** to 40% .
- **To provide youngsters with school and professional information and guidance** adapted to their personal and professional projects, and making them aware of the options which help them to overcome the asymmetries between men and women in the labour market.
- **To develop programmes using information technologies** at school level.
- **To connect all schools to Internet by 2002**
- To gradually introduce **multimedia products in basic and secondary school teaching so that 150 certified products are in use by 2003**
- **To intensify the introduction of multimedia products in the Learning System courses**
- To encourage **girls to participate in technological courses and in the Learning System**, notably though giving them priority in areas where women are under represented.

### **Available instruments**

- Programme for the Integration of the Young in Working Life (PAIJVA) running along three lines: school and professional information and guidance, education and professional training and support of integration.

The following are the most important measures taken: apprenticeship, professional schools; technological courses; technological schools; the Programme AGIR; the Programme INFORJOVEM; other training sub-systems (Tourism, Agriculture, Fisheries); Units for the Integration in Working Life (UNIVA).

### **New instruments**

#### ***Programmed in 1998-1999***

**8.2. Launching of the AZIMUTE Programme** - an articulated program of information and educational and professional guidance.

**8.2. Development of the second phase of the Support Programme for the Integration of the Young in Working Life** focusing on the articulated development of all segments of initial training.



**8.3. Reinforcement of training components in the work context** in post-compulsory education and in the training courses which lead to a professional qualification.

**8.4. Dynamising the LUGAR AOS JOVENS competition** launched from the training centres.

**8.5. Consolidation of the Nónio – 21<sup>st</sup> Century Programme** – National Programme of Information and Communication Technologies in Education.

**8.6. Widening of the Internet Programme to 1<sup>st</sup> cycle (primary) schools** of the compulsory education system, libraries, professional training centres and associations.

**8.7. Consolidation of the Programme *Ciência Viva*** aimed at promoting scientific and technological culture, notably through the more generalised use of experimental teaching of sciences.

**8.8. Improving the labour regulations relating to young people aged 16-18**, so that they always include a training component.

**8.9. Generalisation of the information services and school and professional guidance.**

**8.10 - Development of the initial professional training system after basis education.**

**8.11. Development of the Programme for Professional on-the-job training in cultural areas**

**8.12. Supporting the offer of post-secondary school professional training courses**, as an alternative for young people who have completed their secondary school education.

**8.13. Boosting the observation system of admission and trajectories of graduates to higher education.**

*Programmed in 2000*

**8.14. Implementing the Reform of Secondary Education** by 2002

### **Indicators of results**

- Percentage of the young employed, 18-29 years of age, 1 year after leaving the school system, by level of qualifications.
- Percentage of the young unemployed, 18-29 years of age, one year after leaving the school system, by level of qualifications.

### **Follow-up indicators**

- Percentage of young people according to different paths of secondary education or level III and IV qualifications.

### **PROMOTING A LABOUR MARKET OPEN TO ALL**

#### ***Guideline 9.***

*Each Member-State shall pay special attention to the needs of the disabled, ethnic minorities and other groups and people who may find themselves in a disadvantaged situation, and shall develop adequate preventive and active policies which will promote their insertion into the labour market.*

### **Framework**

Despite efforts made during the last few years to improve the **socio-professional integration of the disabled**, there is still much to do in promoting equality as regards the employability of this segment of the population.

Within this context, it is necessary to implement a series of measures aimed at facilitating the socio-professional integration of this group, without forgetting, however, their own heterogeneity, since each type of disability may correspond to different needs. At the same time, it will be necessary to take into account a multiplicity of external but essential factors for the successful implementation of the measures to be taken and where important omissions can currently be found, of which the following are examples:

- The poor application of the existing legislation
- The lack of qualified and motivated human resources to work in this area;
- The inadequate interaction of local and/or regional resources;
- The lack of up-to-date and organised information on professional rehabilitation

These guidelines are also aimed at **ethnic minorities and immigrant communities**. In Portugal, the significance of immigration has been increasing, within the framework of which immigrants from the Portuguese Speaking African Countries (PALOP) are predominant: some 45% of the 173 thousand foreigners legally resident in 1996.

The analysis of the socio-laboral status of these groups reveals indications of **discrimination**, particularly strong among the professional groups where the less qualified immigrants are to be found, this also being where the PALOP immigrants are over-represented. This polarisation is extremely strong in areas such as civil construction and public works where there is a clear “ethnicisation” of the sector.

The ethnic minorities, especially the less qualified segments, face serious **problems of social and professional integration**. The difficulties of integration in Portuguese society, the precarious social situation, social integration in sectors of activity where the salary is more precarious, the existence of discriminatory attitudes and latent racism, are examples of desocialising factors which negatively affect the integration of these groups in the labour market.

As a result, this justifies the adoption of responses which take into account the **specific character of ethnic minorities** and other groups and people in a disadvantageous situation, notably **drug addicts**, by promoting actions to combat discrimination and fostering the integration of these groups into the labour market.

Within the operational programme Employment, Training and Social Development Programme a direct measure is established concerning the goal of a labour market open to all which aims to increase employability potential and motivate the economic and social integration of most disadvantaged groups faced with particular difficulties in gaining access to the labour market; this is achieved through a series of different actions which reflect a multidimensional approach to the problems of exclusion, while at the same time, and whenever possible, trying to link this intervention with the development of activities aimed at satisfying the social needs not totally answered by the normal working of the market.

These actions are structured around three basic action lines:

- The first, aimed at increasing the employability of the disabled, includes a series of professional rehabilitation actions as well as interventions of a structuring nature and complementing the professional integration process;
- The second aims at promoting the socio-professional integration of groups facing particular difficulties in gaining access to the labour market, namely, situations of prolonged unemployment in conjunction with additional disadvantageous factors, such as low qualifications.
- The third aims at developing and supporting the practice of socially useful activities which, at the same time, can serve as supports to the process of acquiring and consolidating skills which contribute to raising the employability levels of socially disadvantaged groups.

### **Priorities**

- **To improve the employability** and the socio-professional integration of disabled people
- **To stimulate the development of different types of work adequate** to the needs/ potential of the disabled.
- **To support the continued employment** of the disabled, as well as the professional reintegration of those who become disabled during their working life.
- **To create conditions which provide the disabled with access to information** and to the programmes and structures used by the population in general.
- **To generalise the use of information and communication technologies** in order to improve the possibilities of the socio-professional integration of the disabled.

- **To promote conditions which facilitate the access of disabled people to employment in the Public Administration sector.**
- To promote the qualification/specialisation of professional rehabilitation technicians.
- **To improve the employability and socio-professional integration of ethnic minorities and other groups and persons in a disadvantaged situation** in the labour market, notably ex-drug addicts, fighting the discrimination which affects them.

### Objectives/targets

- **To increase the participation of the disabled** in the employment policy measures by 25%.
- **To assure a quota of 5% reserved for disabled citizens in recruitment processes for the Public Administration sector.**
- **To place two technicians in each Job Centre** who possess knowledge and skills in the area of rehabilitation.
- To increase the participation of disadvantaged groups in active policy measures.
- To guarantee access to an active measure for at least 45,000 beneficiaries of the National Guaranteed Income in 2000.
- To promote the professional training of immigrant women or those descending from immigrants who have particular integration problems, in such a way that their specificities are adapted to become compatible with the needs of the labour market

### Available instruments

- Professional guidance/evaluation
- Professional training
- Readaptation to work
- Recruitment Incentives (compensation subsidy, subsidy for the adaptation of workstations, subsidy for the elimination of architectural barriers, subsidy for personalised reception, integration award, merit award, and reduction in Social Security contributions.
- Self-employment;
- Incentives for the disabled to work at home.
- Regime of protected employment.
- Programme of technical help for training and employment.
- Observatory for the Integration of the Disabled
- Occupational activity centres.
- National Initiative for Citizens with Special Needs.

### New instruments

#### *Programmed in 1998 - 1999*

**9.1. Creation of a Local and Specialised Resource Network to support the intervention of the Public Employment Services** (Job Centres), through the granting of credentials to

rehabilitation institutions with capacity and technical skills in the area of Professional Rehabilitation.

**9.2.** Creation of a **regime of placement Support and post-placement accompaniment**, through the signing of programme contracts with local entities which develop Professional Rehabilitation actions.

**9.3.** Creation of a **community network of social support** which provides an incentive for the promotion of housing solutions which are adapted to the nature and intensity of people's disabilities.

**9.4.** Creation of a **telework support** system for the disabled and an employment grant for telework.

**9.5.** Creation of different types **of employment compatible with the normal labour market** for the disabled who do not possess the necessary conditions to be integrated in the normal competitive labour market.

**9.6.** Establishing a **quota of 5% destined for the disabled in the recruitment processes for the Public Administration.**

**9.7.** **Systematic increase in the support to the disabled within the ambit of the employment programmes.**

**9.8.** Fiscal incentive for the companies which promote **home-based employment for disabled workers.**

**9.9.** Development of the **ProACT – Transition to Adult Life for Young People with Special Education Needs.**

**9.10.** Development of a **protocol orientated towards the integration of members of ethnic minorities in the labour market.**

**9.11.** Stimulate **the employment of cultural intermediaries recruited from within the ethnic minority communities.**

**9.12.** Creation of a **unit to monitor the situation of ethnic minorities in employment.**

**9.13.** Development of the **Life-Employment Programme directed towards the integration of former drug addicts in the labour market.**

*Programmed in 2000*

**9.14.** Application of the *Horizontes 2000 – Training for Integration measure*, which aims at the personal development and social integration of beneficiaries of the National Minimum Income, through the intervention of the Public Employment Service.

**9.15.** Development of the **Integration-Training Programme**, whose objective is to support training and employment projects for the beneficiaries of the National Minimum Income, promoted by non-profit institutions. The programme also supports job creation (aid to recruitment).

**9.16.** Implementation of the **Social Network for Development** by the boosting and consolidation of territorial networks, based on local partnerships and the training and qualification of development agents working in the above-mentioned networks.

### **Indicator of results**

- Rate of integration of participants by kind of measures foreseen in these guidelines.

## **PILLAR II - DEVELOPING ENTREPRENEURSHIP**

Although recent macroeconomic development has been accompanied by very positive trends in the labour market, there continue to be some points of qualitative vulnerability, sustainability and regional asymmetries in terms of job creation and the reduction of unemployment, as there are groups of people particularly effected by unemployment. This makes this pillar particularly important in the national employment strategy.

On the other hand, the **important role played by the Portuguese small and medium sized companies is noticeable**, accounting for more than 60% of jobs. This sector has also shown a greater potential for employment growth as compared with that of big companies. Thus, support for the small and medium sized companies becomes all the more important both in terms of rationalisation and in terms of creation. For this purpose it is important to introduce new ways of learning for the development of entrepreneurship, initiative and innovation as well as the strengthening of training of businessmen and decision-makers including women and the youngsters in the business world.

The aim to develop entrepreneurship must also include a range of initiatives that makes it possible to solve employment problems in more disadvantaged target groups through measures specifically for them in the ambit of the social labour market and with significant scope at both regional and local levels.

The building of **Regional Networks and Territorial Pacts for Employment** are the methodological framework to value the various existing instruments at regional and local levels mainly in the fields of employment, training, poverty and social exclusion. In these zones, the **priority will be to create a functional area in each job centre**, the aim of which is to ensure the articulation between those areas and the development of the NAP.

Likewise, the development of entrepreneurship must include not only measures facilitating red tape and tax procedures, but also other measures of an educational nature, which will reflect attitudes, namely those related to valuing scientific curiosity, group work, communication capacity and self-esteem.

In the scope of this Pillar II and with the aim of easing the start-up and management of companies, a number of measures have been made, in addition to actions carried out for development resulting from territorial employment policies(Guideline 12), which should be stressed; firstly, the National Network of Centres for Company Formalities has been expanded which has considerably reduced the time required to set up a new company – from 5-6 months to 14 – 26 days – (Guideline 10); also, there has been a revision of the labour sanctions systems intended to combat illegal work – Laws no. 113 and 114/99, of 3rd August, no 116/99, of 4th August and no.118/99 of 11th August(Guideline 11); furthermore, measures have been adopted to make the tax system more favourable to employment and a mechanism is being prepared to monitor its impact.

Bearing in mind the priorities outlined in the Employment Guidelines in 2000, the current Plan includes some instruments of which we note the following:

- **Regional Employment Networks** covering all mainland Portugal.
- All district capitals covered by **National Register of Collective Persons terminals** by the end of the year, with a view to simplifying the administrative process of setting up a company.
- The promotion of the **development of entrepreneurship** by motivating new ideas and new businessmen and the promotion of small industrial businesses and the support for job creation through start up employment measures.
- The support of **job creation at the local level**, particularly with the taking advantage of opportunities related to needs as yet not satisfied by the market.
- The support of **job creation in the service sector**, notably in sectors such as electronic trading and the digital economy and others linked to information and communication technology, as well as activities in tourism, culture and similar areas.
- the application of **tax measures** envisaged in the State Budget, which when put into practice will strengthen the favourable environment for employment in 2000 and the following years.
- The creation of new **Regional Employment Plans** for the Setubal Peninsula and for Trás-os-Montes and Alto Douro.

Finally, it should also be stressed that in order to carry out the guideline of the current Pillar, the role of **the territorial approaches of the national action plan** is relevant, in particular those found in the Regional Action Plan for the Alentejo started in 1998, and the Regional Action Plan for the Oporto Metropolitan Area which started in 1999.

### **MAKING IT EASIER TO START UP AND RUN BUSINESSES**

#### ***Guideline 10.***

*Member States shall give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially small and medium-sized enterprises, specifically when starting up a company and employing additional workers.*

#### **Framework**

The Portuguese business sector is essentially marked by a **significant percentage of small and medium sized companies** (10-499 workers) and among them, the micro-companies (up to 9 workers) and small companies (10 to 99 workers) which are an important component for job creation. This type of company is expected to ensure the development of more sustained employment.



However, there are **difficulties in starting up companies** mainly related to the administrative procedures and the length of time required to complete the process which until recently took about six months.

Furthermore, the licensing procedures also limit and delay the starting up of companies.

Likewise, the strategic information needed for the development of SME is dispersed and not very accessible.

### **Priorities**

- **To eliminate all the red tape** in the setting up of companies.
- **To simplify the licensing procedure for new companies** and other administrative procedures related to company operation.
- **To develop an integrated information system** for the companies.

### **Objectives/targets**

- **To reduce the time required to set up a company** to 20 days.
- **To set up 7 Centres for Company Formalities (CCF)** and two branches of these Centres by the end of 1999.
- **To develop a company oriented database**, particularly for SME.
- **To ensure that all district capitals are covered by National Register of Collective Persons terminals** by the end of 2000.
- To make the Documentary Database available to publicise studies with pertinent information for businessmen in the **Internet**.
- **To set up a national network of Solidarity and Social Security Shops** which makes it easier to serve companies.

### **Available instruments**

- 
- Centres for Company Formalities.
- Program INPRESA.

### **New instruments**

#### ***Programmed in 1998-1999***

**10.1. Extension of the services to be provided by the CCF** to other complementary areas of the administrative activities of companies (e.g. licensing).

**10.2. Increase in the number of databases** and available information.

**10.3. Inclusion of training components in the curricula** of the educational system, **which will reflect on attitudes**, notably those related with the giving value to entrepreneurship.

**10.4. Simplification of various administrative procedures in the organisation of working hours**, so as to eliminate unnecessary steps and encouraging a rapid response from Employment Administration Services when dealing with the public.

**10.5. Reorganisation of the current social security administrative apparatus** with a view to modernising its administrative procedures thus leading to simplification, rationalisation and cost reduction.

**10.6.** Establishment of a **new system of industrial licensing**, creating certified industrial zones.

**10.7. Launching of studies on service activities** rendered to companies.

**10.8.** Re-evaluation of the **fee framework** for the setting up of companies.

#### *Programmed in 2000*

**10.9.** Launching of the **national network of Solidarity and Social Security Shops** which will systematically cover mainland Portugal.

#### **Indicator of results**

- Average time taken to set up a company.

#### **Follow up indicator**

- Number of processes per company registration

#### ***Guideline 11.***

*Member States shall encourage the development of self-employment by examining, with the aim of reducing, any obstacles which may exist, especially those related to tax and social security, to the move to self-employment and the setting up of small businesses, as well as promoting training activities in this field and specific support services for businessmen.*

#### **Framework**

Independent work has a significant position in Portugal in relation to the total employment, even without that represented by the agriculture sector, where a large number of independent workers are traditionally found. In fact in 1997, Portugal had the third highest percentages of independent workers out of the total workforce excluding agriculture (19.3%) in the European Union, after Greece and Italy.

The trend towards a growing proportion of self employed (excluding agriculture) in total employment found in 1996 has since reversed and in 1999 the figures were similar to those of 1992. In 1999 it was due entirely to industrial behaviour, with services registering a bigger rise than all other non-agricultural sectors together; this rise was focused solely on the behaviour of workers with employees as there was a fall in the volume of workers without employees.

There is some concern about the quality of the jobs of the self-employed, particularly among the poorly qualified and those involved in new kinds of work, which are close to those of salaried workers. Fictitious independent work has been of particular concern and a number of measures were taken to fight this phenomenon, notably the exceptional regularisation of situations of fictitious independent work, by becoming workers on temporary contracts, the revision of the labour sanctions system and an increase in Labour Inspection work

Furthermore, developing the entrepreneurial spirit has been supported by a number of measures supporting the setting up of companies, some directed specifically to particular groups such as the young, others in the framework of local and regional development policies as well as others which are considered active employment measures stimulating the unemployed to create their own job or small business unit.

Some structures have also been created to support business development such as the Support Centres for the Setting up of Companies (SCSC) and *Ninhos de Empresas* (Business “nests”) where the working conditions of new companies (premises, equipment, technical support) are made available for the time considered necessary to set up and stabilise business.

1999 also saw the fixing of regulations on the forming and working of investment funds of risk capital so as to improve the competitiveness of the national economic structure and business efficiency through the launching of new companies or the modernisation and expansion of existing companies.

Supporting the development of the entrepreneurial spirit continues to be a central concern of national policy and the Operational Programme of the Economy 2000-2006 envisages a number of measures; among these are those aimed at the **promotion of small industrial initiatives and employment**, whose goal is to systematically increase competitiveness in small and micro-companies, foster qualified job creation and local development; also those which **muster new ideas and entrepreneurs**, whose goal is to value creative business initiatives and promote the acquisition of the technological capacity for innovation and make it endogenous.

Nevertheless, privilege is given to the improvement of the qualitative nature of self-employment and the fight against illegal work, particularly undeclared and fictitious independent work.

On the other hand, in the perspective of favouring genuine self-employment, this plan foresees incentive measures for creating small companies, which are focused in other Pillar I and II directives.

## Priorities

- Benefit access to effective self-employment, particularly for women.
- Fight against illegal work, particularly undeclared and fictitious independent work.
- Foster the development of the entrepreneurial spirit

## Objectives/targets

- Reduce the amount of undeclared and fictitious independent work.
- Support the **creation of 12,000 jobs through** active start up measures
- Foster the development of **specific support services for businessmen**
- Promote support for **women who set up their own business or work independently**

## Available instruments

- Support system for the creation of self-employment
- Creation of self-employment by those subsidised.
- Local Employment Initiative.

## New Instruments

### *Programmed in 1999*

**11.1 Exceptional regularisation of situations of fictitious independent work**, becoming workers on temporary contracts.

**11.2** Revision of the **work sanctions** system.

**11.3** Strengthening of **General Work Inspection**, co-ordinating with other inspection systems, in the area of preventing and fighting against illegal work.

**11.4** Launching of activities aimed at **identifying the causes, the extent and the results of fictitious independent and undeclared work** at the tax, labour and social security levels.

**11.5** Promotion of **support for women setting up companies or independent workers**.

### *Programmed in 2000*

**11.6 Incentive System of Support to Small Investment Projects**

**11.7.** Mechanisms for **the promotion of new companies** in strategic areas of great growth potential with great innovation ( new technologies, tourism, high quality products in industry and services).

**Guideline 12.**

*The Member States shall investigate measures to fully explore the possibilities offered by job creation at local level in the social economy, particularly in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing any obstacles to such measures. The special role of the local and regional authorities and of other local and regional partners, as well as of the social partners should be taken into consideration in relation to this aspect. The role of the state employment services in identifying local employment opportunities and improving the working of the labour markets must also be thoroughly developed.*

**Framework**

The macroeconomic evolution and the development of the activity sectors in the past few years have not responded satisfactorily either to the absorption of available manpower or to a greater balance between the various regions of the country. This has contributed to **pockets of unemployment** as well as **segmentation of the labour market** with the correspondent repercussions in terms of poverty and social exclusion.

At the regional level, marked differences are also found in the areas of education, unemployment (the rate of which varied between 2.1% and 6.7% in 1999) and salaries (whose maximum range was in the region of 36% in 1996).

Thus, mobilisation of technical and financial resources towards improving human resources, dynamically adjusted to regional needs, is the first and decisive step for the **promotion of employment as well as regional and local development.**

Consequently, the construction of **Regional Networks and Territorial Pacts for Employment** works as a stimulus to developing a dynamic and positive relationship between the training of skills and job creation, and the development process.

These «territorial instruments» must bring together a range of sectoral measures in a coordinated and comprehensive way and ensure their implementation on a social basis of strong participation.

Likewise, the creation of **incentives to displace expanding industries**, located in areas showing low unemployment rates to inland Portugal, allows industrial policy goals to link up with those of regional and local development.

Another area of development is the potential for job creation and small business initiatives linked to **intensive labour sectors, proximity services, the Social Network, and generally to the Social Labour Market**, both in traditional sectors and in areas such as services provided to

companies, personal services, recovery of assets, culture, sports and leisure, handicraft, free time activities, and science related jobs; or in social areas, like health, education, family and support and care of the elderly; or else in the field of urban policies covering the scheduling of social facilities, investments in urban reclassification, housing and rehabilitation of run down urban areas.

At the local community level activities and light services linked to the **environment** also have a significant potential in job creation, in connection with the SMEs, focused on taking commercial advantage of the local biomass for energy production, the setting up of recycling companies, in natural agricultural products and ecotourism and the conservation of nature.

Within this framework, it is important to **strengthen the role of social partners and local authorities** in identifying opportunities for job creation at the local level, in particular in the regional networks and territorial employment pacts.

Job creation at the local level is articulated with other National Action Plan guidelines, namely that of fostering entrepreneurship, the opening of the labour market to all and job creation in the service sector. In fact, those aimed at supporting the fostering of entrepreneurship, notably those supporting the setting up and development of micro and small companies are also instruments supporting job creation at the local level , while at the same time contributing to the development of the territories involved. Financial support for these measures is envisaged in Operational Programme Employment, Training and Social Development in the ambit of QCA III.

**The identification of local employment opportunities**, particularly those related with needs as yet unsatisfied by the market, can give rise to the appearance of initiatives in the social economy, in particular co-operatives, which will benefit from specific aid towards starting up, expansion or modernisation. The employment opportunities are, above all, in areas related to **proximity services, services to companies, the recovery of assets, handicraft, culture or the environment**.

The building and operation of **social facilities** and services also has job creation potential at the local level, contributing to the spread of more qualified employment with higher productivity levels over the country.

### **Priorities**

- **To strengthen the co-ordination between sectoral policies and regional development policies** with a view to promoting job creation and to valuing human resources.
- **To develop partnerships at regional and local levels** so as to create synergies contributing to making existing investment in the field of training and employment more profitable.
- **To fight against disparity** at different levels and of different natures, namely in terms of poverty and social exclusion.
- **To motivate the quality of work posts and equal gender opportunities** when creating new jobs

- **To promote sustainability and job creation in rural areas and fishing communities** resorting to instruments of agricultural policy, of rural and fisheries development.

### **Objectives/targets**

- **To promote the creation of 5000 jobs/per year** at local and micro-initiative level.
- **To strengthen a set of social and economic actors** able to generate wealth through boosting Territorial Pacts and Regional Networks for Employment.
- **To develop action programs** aiming at skills training and at **promoting corporate oriented initiatives** and others contributing to social, economic and cultural development of a given region.
- **To stimulate the displacement of expanding companies to inland Portugal** in regions where manpower is scarce.
- **To boost the social economy** as a way for the excluded groups or groups facing poverty and social exclusion to participate in employment.
- **To strengthen proximity services.**

### **Available instruments**

- Social Labour Market.
- Solidarity Pact.
- Incentive schemes for job creation.
- Support schemes for business development

### **New instruments**

#### ***Programmed in 1998-1999***

**12.1. Launch of the Temporary Employment in the Civil Service Programme** for the young and long term unemployed. This programme will provide working experience, improving the curriculum, for a maximum period of two years.

**12.2. Creation of the Support Fund for Innovative Projects (SFIP)** in the fields of environment, culture and recovery of confirmed assets.

**12.3. Launching of the Cheque-service** measure within the framework of the Social Labour Market

**12.4.** The development of a **support programme for job creation in the social economy**, notably in the co-operative sector.

**12.5.** Creation of a fiscal **status for the co-operative sector** favouring job creation.

**12.6.Promotion of a Support Programme for Socio-local Development** to rationalise existing instruments and aimed at promoting the local, social and economic development, increasing employability and employment, while at the same time curtailing unemployment and reducing poverty and social exclusion.

*Programmed in 2000*

**12.7.** Complete the coverage over the whole country of **Regional Employment Networks**, and Territorial Pacts spread over five regions, aimed at creating partnerships, made more dynamic by the Public Employment Services, as well as the fostering of employment at the local level.

**12.8.** Launching of **the Regional Employment Plan for the Setubal Peninsula**

**12.9.** Launching of **the Regional Employment Plan for Trás-os Montes and Alto Douro.**

**12.10.** Support for investment **in local initiatives** aimed at direct job creation.

**12.11.** Creation of incentives aimed at fostering private initiative with a view to **increasing the supply of support services for the improvement of living conditions** notably through developing social facilities and services which ensure strengthened social cohesion and socio-professional integration of the more disadvantaged citizens.

### **Indicators of results**

- Evolution of the unemployment rate in each one of the regions.
- Evolution of net job creation per region.

#### ***Guideline 13.***

*The Member States shall develop a framework of conditions to take full advantage of employment potential in the service sector, and in services related to industries, particularly by benefiting from the information society and the environmental sector, with a view in order to create better and more work posts.*

In recent years the Portuguese economy has been becoming more **tertiary** although Portugal remains a little distant from the European average. In fact, between 1985 and 1997, the proportion of the tertiary sector in total employment increased 11.6pp in Portugal against 7.4pp



in EU. However, in spite of a distinct convergence trend of employment in the Portuguese tertiary sector towards the EU levels, Portugal remains the least tertiary country of the 15 European members. The weight of the tertiary sector in total employment was 55.7% in Portugal while the EU average was 64.5%, although the growth of employment in services has been very high in recent years reaching 4.9% in 1999. Portugal continues to demonstrate a certain margin of employment growth in this sector in order to satisfy still existing needs both at the company level and that of personal services.

Areas connected to the information society, culture and the environment and all activities linked to support services aiming to satisfy the needs of citizens and companies, are of particular note in this field.

The **information society** refers to a form of social and economic development where information, in systemic terms, leads to the creation of knowledge and the satisfaction of the needs of citizens and companies, playing a central role in the economic activity, in the creation of wealth and quality of life.

The development of an information society is as important as the access to it and the sharing of its benefits which can be taken advantage of by a vast range of entities, particularly companies, young people, social partners and social institutions as a whole.

In the field of the information society, the growth of services motivated basically by the extension of the consumer market, will find its needs satisfied in different ways, specifically, telework, teleshopping, the audiovisual and leisure market.

The Operational Programme of the Economy 2000-2006 specifically envisages the support of investment projects in sectors such as **electronic commerce and the digital economy, information and communication technologies, multimedia and audiovisual industries, as well as projects giving value to tourist products together with their promotion and supply**, namely in natural tourism areas, and those of sport and culture, business and health. Support will also be given to business initiatives or consortiums with National Scientific and Technological System entities which include the capacity to absorb, adapt and develop new technological knowledge which get concrete results in innovation, production and the rendering of services. Projects of commercial urbanism will likewise receive support, namely in historic centres, with the purpose of bringing a service sector together with consumers, thus creating synergies between commerce, tourism and the defence of the heritage and reconversion projects of some trade and services sub-sectors.

The information society will also have significant, indirect effects at the level of fostering new forms of work organisation, the strengthening of industrial competitiveness, the improvement of the quality of life and the environment and it could provide a response to social needs and public services.

Thus, the school is seen as playing an important role in **developing the skills for life in an information society**, not just in terms of the extent of this effort in school curricula, but also aimed at the other educators in society, in particular parents and professionals linked to the school.

Nowadays, **culture** is at the heart of a number of economic, social and political interests and is connected to new and renewed demands; it is considered one of the areas of greatest growth potential for the next decade.

The growing trend of an increasingly large number of consumers to acquire and attend cultural products and events is therefore to be noted; the satisfaction of basic needs is not in question, and it is confirmed that, for higher incomes, there is a larger percentage of consumers connected to the upper tertiary sector (certain personal and collective services).

The role of local development is also to be stressed (and the increasingly large number of initiatives and experiences in this field); culture in present day societies is given enhanced value, due to the central place that the questions of identity and local history have played in these processes.

The **environment** sector is equally a source of new jobs, particularly in Portugal, in that the Portuguese average is expected to come closer to that of the EU in the short term.

The development of light industries linked to the environment is repeated both in the classic areas (waste, water, pollution) and in innovative areas, more promising in terms of the high intensity of manpower and long lasting jobs.

Professional training in this field must increase, as the preparation of human resources for the environmental sector is largely dependent on this; the improvement of the qualitative and quantitative profile of “green jobs” should be considered, particularly in the area of services rendered to companies.

The supply of **proximity services**, more specifically, those which aim to give individual or collective support to children, youngsters, the disabled and the elderly, has been increasing significantly and becoming more diversified, notably through the expansion of the network of social action institutions, penetrating new areas (such as family and community support, support to the homeless, disabled and to drug addicts) and new forms of response directed towards the proximity of relationships and affections (centres providing free time activities, nannies, family creche, home support and day centres for the disabled and the elderly). However, there continues to be strong demand in all areas which indicates a clear opportunity to increase the supply and therefore the number of jobs created.

### **Priorities**

- Total exploitation of the employment potentials in the service sector.

## Objectives/targets

**To increase the volume of employment** in the service sector.

- To promote the appearance of an integrated supply of services
- To promote the **rendering of support services** to trade and industry companies, namely in the logistics and distribution areas
- To promote the **qualification of the supply of services to companies**, notably in the areas of organisation, management, computers, accounting, taxation and control.
- To promote the qualification of the supply of services to companies in the area of hygiene and safety at work.
- To encourage companies to offer pre-sale and after sale services.
- To support the appearance of new areas of business pledging in the creation of **new tourist products**.
- To modernise and strengthen the role of trade and services in boosting **rural and urban centres**.
- To support the development and consolidation of the **equipment and services network aimed at promoting social development**
- To promote innovation in **knowledge products and services**, which can improve citizens' quality of life (transport, environment, public administration, health and support to the elderly)
- To increase trading opportunities based on the development of **telecommunications and electronic trade**.

## Available instruments

- Measures envisaged in the Green Paper for the Information Society in Portugal.
- National Initiative for Electronic Mail.

## New instruments

### *Programmed in 1998-1999*

**13.1** Promotion of **Digital Cities Programme** to promote qualified job creation based on the generalised social use of information technologies.

**13.2** Development of a **pilot project aimed at job creation in the service area taking advantage of information technologies**.

**13.3** **Support for job creation for graduates and those with master's degrees in companies**, with a view to raising innovation potential in companies.

**13.4** Launching of the **“multimedia for all”** project, aimed at fighting info-exclusion.

**13.5** Creation of a **fund of risk capital in the culture area.**

**13.6** Development of an **Environment Professional Training Plan 99**

*Programmed in 2000*

**13.7.** Launch of a **new electronic trade initiative**, developing the methodology adopted by the Regional Action Plan for Employment for the Oporto Metropolitan Area

**13.8.** Support for projects investing in economic activities in areas linked to **new technologies**

**13.9.** Support for projects in **tourism** linked to nature, sport, culture, business and health

**13.10.** Launch of **the Guide for the Creation of Green Jobs** at Local Level.

### Indicators of results

- Employment rate in total services and by qualification levels (high, low).

## MAKING THE TAXATION SYSTEM MORE FAVOURABLE TO EMPLOYMENT

### **Guideline 14**

*Each State Member shall set a target, if necessary and taking account of its present level, to gradually reduce the overall tax burden and, where appropriate, a target to gradually reduce the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour, without jeopardising the public finance situation or the financial balance of social security schemes. Where appropriate, it will examine the possibility of introducing a tax on energy or on pollutant emissions or any other tax measure.*

### **Framework**

In Portugal, the relative weight of indirect taxation in the general tax framework is higher than in other European countries, while income tax and Social Security contributions are relatively low in terms of percentage of GDP.

In 1998, direct taxes represented 10.4% of GDP in Portugal (12.5% in EU), indirect taxes 14.2% (13.4% in EU) and Social Security contributions 11.9% of GDP (17.6% in EU).

In 1996, 42% of a Portuguese workers' earnings represented taxation on work against 42.5% in the EU15. The tax burden on the work of low qualified workers represented 30.6% in Portugal against 41.8% in the EU15.

However, and with a view to rendering the taxation system more favourable to employment, the **Single Social Tax was reduced** by 0.75 points in 1995.

On the other hand, and in order to create jobs for more fragile social groups, Portuguese legislation already contemplates the possibility for companies to benefit from **exemptions of the social security contribution for a period of 36 months**. Such a measure, which came into force in 1986, is aimed at the recruitment of youngsters seeking their first job, the long term unemployed and the disabled.

Moreover, a measure came into force in 1999 to stimulate **part-time employment**, which contemplates a reduction of indirect costs related to this form of work.

The State Budget for 2000 includes a series of **fiscal measures** which directly or indirectly influence employment, namely:

- Updating of the scales on Tax on Individual Income at a higher percentage than inflation for low income groups (4%). This measure, **which raises the available income of Portuguese with low incomes** is a greater incentive to offer jobs in these low income scales.
- **Reduction of IRC** (tax on Collective Income), which goes from 34% to 32% for companies which invoice more than 100million PTE. Companies invoicing up to 100 million PTE can opt for a specific regime (1.5% of the previous years turnover). This reduction of IRC, occurring particularly in micro and small companies, will provide more favourable basic economic conditions for companies as a whole; it will also serve as a stimulus to the setting up of companies in the service area, creating jobs at the local level, in particular for groups with special difficulties of employability.

Measures introduced in the 1998 and 1999 Budgets will remain in force in 2000, namely:

- The fiscal burden for companies that have **a net creation of work posts for workers not older than 30 years of age employed on an unlimited contract** are taken at cost to a value of 150%.
- Fiscal incentive for companies promoting **the employment at home of disabled workers**.
- A reduction of 20% of the amount spent on the purchase of **computers for personal use**, computer programmes, modems RDIS plates and terminal equipment up to 30,000PTE in the collection of IRS (tax on individual income).
- **Special system of fiscal incentives for medium sized companies**, whose turnover does not exceed 600million PTE , from 1999 to 2000.
- **Fiscal credit for investment in research and experimental development**, from 1999 to 2000.
- **Fiscal incentives for micro companies**
- **Fiscal incentives for the promotion of education and training by the co-operative sector**.

In relation to the restructuring of **Social Security** which is being discussed again in Parliament, the Portuguese Government is examining the possibility of reducing non-wage costs of manpower, namely by diversifying the sources of financing the Social Security.

Finally, due to the fragility of the qualifications/skills structure of the population, in a country where the average earnings for work is one of the lowest in the European Union, a reduction of the tax burden and of non wage costs is not considered to be adequate on low qualified work and of low salary, in addition to the updating of the scales on Tax on Individual Income at a higher percentage than inflation for low income scales.

Within the framework of commitments taken by the Government before Parliament and the Social Partners, the following **priorities have been defined for 2000**:

- Parliamentary approval of changes in the Social Security System, which are to reduce the burden on the work, factor.
- To assess the effectiveness of fiscal incentives granted for job creation and to propose changes so as to increase the capacity of positive discrimination of disadvantaged groups.

The Social Partners broached negotiation in the Social Dialogue of a mid term agreement on the Improvement of Social Protection defending the Sustainability of the System and Business Competitivity

## **New instruments**

### ***Programmed in 1999***

**14.1** Special fiscal treatment, under the terms of the IRC ( Tax on Collective Income) Code of employers' expenses related to creating funds for **social vouchers** aimed at giving aid to the attendance of employees' children under the age of 7 at creches and kindergardens.

### **Indicators of results**

- Total tax as a percentage of GDP
- Implicit rate of taxes on work.
- Marginal rate of taxes by salary level and family type.

### **PILLAR III - ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES**

The analysis of the working population structure essentially shows weaknesses linked to a low qualified manpower and a poor adaptability potential as well as highly vulnerable employment and a very low degree of sustainability in the face of modernisation and future restructuring processes. New demands on qualification result from this.

These weaknesses coexist with a low unemployment rate in comparison with the other EU countries; however, it seems possible to sustain this through pro-active and preventive measures. The target group is the adult employed population.

Such measures, which aim at **modernisation processes, restructuring and reconversion** of the companies should be managed in such a way as to ensure the creation of more qualified jobs and at the same time the increase of company competitiveness.

In this context, people play a crucial role as agents of innovation, quick decision under risk, definition of strategies for continuous and continued improvement, in brief, of sustainable development.

In the ambit of this Pillar and with a view to providing incentives for companies and their employees to adapt, among the other actions developed in the framework of **social dialogue and social pact**, the importance is stressed of the publication of the Law 36/99, 26th May which gives employer associations the right to participate in the drawing up of labour legislation (Guideline 16), the legislation regulating **part time work** and also one which re-examines the legal framework of **temporary work** (Guideline 17). In Guideline 18, the creation of the “Rotation- Employment” measure should be stressed which aims to enable companies to improve their workers’ qualifications, through the recruitment of temporary workers to substitute permanent ones while receiving training; it also introduces incentive schemes for the revitalisation and modernisation of business.

From the point of view of the **application of regional strategies**, the Regional Action Plan for Employment for the Alentejo includes a measure aimed at the development of training actions directed to employers, which occur in areas related to the innovation process in management and production. Furthermore, the following instruments programmed in the **Regional Action Plan for Employment for the Oporto metropolitan area** are stressed:

- The development of an Incentives Programme for Qualification and Professional Adaptation in Companies, with the aim of readapting the workers to the new technological context and the development of new professional skills.
- The experimental launching of nine “Lifelong training Pilot Centres – Project Workshops”, aiming to instigate the permanent training support to workers in need of training in basic literary skills.

- The promotion of a medium and long term flexible and integrated formula of technical assistance to SMEs – SME XXI, through an experimental programme of advisory training within the company, complementary training of the collaborators, outside the company, and also the promotion of internal programmes focused on qualitative changes in the company

In 2000, measures already planned in previous years will be followed up, particularly those of **on-going training** in the scope of the requalification and modernisation of the national productive system. In the ambit of QCA III, aid is planned for on-going training in companies – notably for professional reconversion in the perspective of permanently adapting the workers' skills to the needs of the productive process, as part of the concept of life long training and the training of senior staff and managers of SME.

A test is also planned of a **new methodology of negotiations with social partners** with the aim of making mid term agreements on a number of themes related to labour relations and conditions.

In the context of this process, the following agreements with social partners are in the initial stages of negotiation:

- Agreement on Employment, Labour Market and Training.
- Agreement on Organisation of Work, Productivity and Salaries.
- Agreement on the Improvement of Social Protection defending the Sustainability of the System and Business Competitivity
- Agreement on Working Conditions, Hygiene and Safety at work and the Fight against Working Accidents.

## MODERNIZING WORK ORGANIZATION

### ***Guideline 15***

*The social partners are invited to negotiate, at the appropriate levels, in particular at sector and company levels, agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Focus should be given to training and recycling, the introduction of new technologies new models of work organisation, as well as matters related to work time such as the expression of work time in annual terms, the reduction of working timetable, the reduction of overtime, the development of part-time work, access to training and career breaks.*

ON 13TH APRIL 1998 THE SOCIAL PARTNERS AGREED ON A JOINT STATEMENT (SEE APPENDIX)



**Guideline 16.**

*Each Member State shall examine the possibility of introducing in its law more adaptable types of contract, taking into account the increasing diversity of forms of employment. Those working under contracts of this kind should at the same time enjoy adequate security and higher professional status compatible with the companies' needs.*

**Framework**

The law covers almost all aspects of labour relations. The labour legislation in force is regulated in an inconsistent way, which raises some problems as to its adequacy to the present economic and social situation. An effort has been made concerning the adjustment of the labour legislation, together with the strengthening of the role of collective negotiation in the regulation of working conditions

This effort includes the setting up of the Committee for the Analysis and Systematisation of Labour Legislation which aims to make this legislation more adequate and efficient by proposing changes considered to be necessary.

Within the framework of the Social Pact, a medium term agreement is being negotiated on Employment, Labour Market and Training.

**Priorities**

- **To update the legislative framework**, adjusting it to new forms of employment.
- **To ensure appropriate legal protection of workers** involved in atypical forms of work.
- **To continue the fight against illegal employment.**

**Objectives/targets**

- **To promote the revision of the labour legislation** in order to increase its adequacy and efficiency and to ensure the regulated and effective working of the labour market.
- **To encourage**, through its legal framework, **the use of types of contract which are better adapted to the new forms of employment.**
- **To ensure greater effectiveness of the legal and conventional framework**, concerning the constitution and contents of working relations.

**Available instruments**

- Legal regulation of the labour contract.
- Legal regulation of work at home.
- Legal regulation of holidays, absence and public holidays.

## New instruments

*Programmed in 1998 - 1999*

**16.1. Regulation of part-time work:** the new scheme, in addition to the regulation of the rendering of part-time work, aims at the creation of incentives to part-time work provided that it is voluntary and reversible and whenever it results in the recruitment of new workers.

**16.2. Revision of the legal framework of temporary work.**

**16.3. Regulation of telework.**

## SUPPORT FOR COMPANIES IN THEIR ADAPTATION

### ***Guideline 17.***

*Member States shall re-examine the obstacles, in particular tax obstacles to investment in human resources and possibly provide for tax or other incentives for the development of in-company training; they will also examine any new regulation to make sure it contributes to reducing barriers to employment and helping the labour market adapt to structural change in the economy.*

## Framework

The need to restructure the Portuguese economy and the demand for growing levels of competitiveness imply a strong commitment to **measures which favour the significant increase in the qualifications of the working population.**

In the ambit of the national employment strategy, on-going training is considered as a preventive action line, contributing to the development of companies' capacity to adapt while at the same time strengthening the employability of the active workforce through renewing and raising their skills.

Developed within the company, **on-going training** is a fundamental aspect of the national life long training strategy and special attention should be given to **information and communication technology areas** which are essential to the updating of workers' skills, particularly those of **older workers**, for whom contact with the information society takes place essentially in the work context.

**Professional training still has a reduced significance in Portuguese enterprises** and, particularly, in the small-sized enterprises (SMEs). The SMEs have benefited little from the

subsidies to Professional Training (about 10% of SMEs). This situation is particularly serious given the great number of low qualified workers concentrated in the SMEs.

This factor is an obstacle to the capacity to adapt to change and to the improved competitiveness of companies.

A medium term agreement **on Employment, the Labour Market and Training** is being negotiated in the scope of the Social Pact.

The QCA III proposes financial aid for on-going training in the ambit of various Operational Programmes,(Economy, Agriculture and Rural Development, Environment, Employment, Training and Social Development, Education, Science and Technology and the Information Society).

### **Priorities**

- **To strengthen the training and technical support to micro and small enterprises.**
- **To strengthen advanced training in Science and Technology** and to foster the inclusion of top managers with advanced training in Science and Technology in companies.
- **To encourage the adoption of human resources policies promoting equal gender opportunities.**

### **Objectives/targets**

- **To strengthen training support programmes for SMEs.**
- **To support the restructuring of the companies**, making them stronger and more competitive, in co-ordination with the regional development objectives.
- To increase the training of the employed population so that in 5 years **10% of the total working population** is receiving training, with an appropriate distribution between men and women.
- **To include information and communication technology areas in 50% of on-going training activities, being at least 10% of the course duration and with a minimum of 20 hours.**

### **New Instruments**

#### ***Programmed in 1998 -1999***

**17.1.** Launching of the **FACE Program**, especially for workers at risk of unemployment and linked to sectors and companies under restructuring.

**17.2. Revision of the legal framework of special social protection measures applicable to the workers of sectors/companies under restructuring**, favouring the partnership approach and the co-ordinated action of the different structures involved in order to prevent and to lessen the social costs of restructuring.

**17.3.** Launching of the **ROTAÇÃO Programme Employment-Training** applied to companies that intend to develop on-going training opportunities and need to recruit workers temporarily, on a substitution basis, to ensure the continuity of production; under these circumstances, the exemption of social security contributions is envisaged whenever the employers recruit, temporarily, workers to replace people from their permanent staff who are attending training courses.

**17.4. Revision of the lay-off system and of the reduction of the normal hours of work.**

**17.5.** Launching of the “**Clube dos Craques**” Programme with a view to taking advantage of the know-how of highly qualified workers in retirement so that there is transmission of knowledge and experience both through training and through technical assistance to companies or new projects.

**17.6. Implementation of the SIRME – incentive system for the re-use and modernisation of companies.** It includes a special line for areas marked by situations of mono-industry or mono-company.

**17.7.** Creation of **fiscal measures to support training in companies.**

**17.8.** Promotion of **on-going training in companies**, through a reduction of the single social rate financially compensated by funds from employment policies.

**17.9. Development of the “Organisational Innovation and Human Resource Management” Programme.**

*Programmed in 2000*

**17.10.** Boosting of **sectoral agreements** aimed at promoting on-going training in specific sectors

**17.11.** Aid for the boosting of **training/consultancy courses, specifically directed at SMEs**, through the signing of programme-contracts with business and sectoral associations with the intention of improving the qualifications of the businessmen themselves and their respective workers

### **Indicators of results**

- Percentage of companies providing on-going training.
- Percentage of employees participating in on-going training.

#### **IV PILLAR: STRENGTHENING THE POLICIES FOR EQUAL GENDER OPPORTUNITIES**

The fulfilment of equal opportunity principles has made significant advances at an internal level and these improvements have reached the constitutional and governmental level.

As referred in the preamble of the Council of Ministers Resolution that approved the Global Plan for Equal Opportunities “neither the constitutional and legally established equality nor the presence and status of women in the labour market have been enough to bring about effective equality between men and women. In fact, in the last few years there have been significant changes in gender social relations, notably due to the increasing participation of women in the labour market, and to the inherent economic independence, and also through the increase in the level of secondary and higher education. However, these changes have not yet been reflected in a global improvement of women’s social status. The labour market reveals a **strong sectoral and vertical segregation of women’s employment**. This tendency is most strongly revealed in the health and education areas, as well as in the lowest and intermediate jobs of the organisational hierarchies. Furthermore, teenage mothers, elderly women and single mothers, are social groups which are highly vulnerable to poverty and at risk of social exclusion. This is particularly true in cases where there is also a very limited or non-existent school education or in the absence of professional qualifications.”

Hence, the Government considers “**policies concerning equal gender opportunities to be a priority**, aimed at a sustained economic development, expansion of citizenship and deepening of democracy.”

As the revision of the Portuguese constitution in 1997 included the promotion of equal gender opportunities among the essential tasks of the State, the National Action Plan for Employment is seen to be a particularly relevant instrument to that end.

Thus, under the ambit of Pillar IV, it was decided in 1998 to:

- **Make** the national, international and community rights **better known**, and more accessible to the public;
- Begin setting up or improving conditions for a change of attitudes, by making different sectors of the public aware, by innovative training for strategic sectors of the public, structuring training in the equal opportunities area and the development of skills for an autonomous family life; on the one hand this will lead to an awareness of situations and thus the questioning of traditional approaches to the social roles of men and women – which are no longer compatible with life today and which are nearly always a remote cause of discrimination; on the other hand they will simplify the conciliation, in practice, of working and family life;

- **Create better conditions for the renewal of the equal opportunities issue in social dialogue and at a deeper level.** To this end an Observatory to detect and prevent directly or indirectly gender related discrimination in collective regulations is to begin working; the introduction of positive actions will be encouraged and a culture of equal gender opportunities will be promoted.
- **Drawing the attention of the companies to the possible innovative dimension of the question of equal opportunities in management which is indispensable to total quality in companies;** for example, the start of an award for those promoting exemplary practices in this area, or the publication of a first Manual on the best practices for conciliating family and working life.

The guidelines of Pillar IV were enforced in 1999 and to reach the overall goal of introducing the equal gender opportunities issue in a horizontal and integrated manner in the whole Employment Action Plan, **priorities, objectives and instruments are explicitly proposed throughout the first three pillars**; these assume that a range of positive measures – new, stronger or at a deeper level than existing ones – are also implicit.

An evaluation system for the progress made as a result of these guidelines was also drawn up in 1999.

From a territorial perspective we point out the work of network AJUDA, in the ambit of the **Regional Action Plan for Employment of Alentejo**, which is a network of collective services for home assistance to the elderly and other dependent persons; it permits qualified people to be recognised as such by the Social Security and, like nannies, receive a subsidy due to the financial incapacity of the elderly to pay for these services.

Furthermore, the **Regional Action Plan for Employment for the Oporto metropolitan area** also presents a range of measures aimed at furthering the objectives of Pillar IV.

In 2000, the gender issue will be enhanced across the board and men's paternity rights increased as an indispensable means to promote equal gender opportunities in the labour market.

**Guideline 18.**

*The Member States shall take into account the concern of equal gender opportunities in the realisation of the objectives defined in the four Pillars. In order to make a significant evaluation of the progress in this context, the Member States will create appropriate statistical and data collection systems and procedures.*

**Framework**

The introduction of the dimension of equal gender opportunities in all policies is a concern of the United Nations, especially, in the action plan from the Beijing Conference, the Council of Europe and the European Union itself.

This perspective was adopted in Portugal in the Global Plan for Equal Opportunities.

This issue is addressed in a number of measures throughout the first three Pillars of the Employment Action Plan. Aspects referring specifically to this Guideline are also included.

### **Priority**

- Implementation of an “ex-ante”, during and “ex-post” evaluation of the impacts on men and women of the different NAP instruments.

### **Objectives/Targets**

- **Implementation of an adequate evaluation system of the situation of both men and women regarding employment, professional training, salaried and non-salaried.**

### **Available instruments**

- Global Plan of Equal Opportunities.

### **New Instruments**

#### ***Programmed in 1998 - 1999***

**18.1.** Implementation of a **data collection system to supervise and verify the equal opportunity policies** with reference to its development throughout the Employment Action Plan.

This system, studied and consolidated throughout 1999, will be implemented and run by the Commission for equality in work and employment (CITE). Other services, mentioned in the Employment Action Plan, should account for the information necessary to implement and run this system.

The CITE is responsible for the periodical and annual publication of information in this context, namely by presenting the monitoring and result indicators for both sexes of the guidelines set out in the Pillars of the Employment Action Plan.

**18.2. Systematic increase of measures supporting employment** in the professions marked by gender discrimination.

In order to provide a reference table for the application of increased incentives in the scope of active policy measures, a **national list of professions effected significantly by gender discrimination** has been adopted.

Professions are included in this list where the proportion of persons of one sex to the other is at least 3 to 1, based on a professional discrimination index measuring the ratio of the difference in employed wage earners between sexes, in relation to the total number of employed wage earners in this profession.



**List of professions marked by significant sexual segregation (Portugal, 1997, October)**

| ISCO | Occupational groups (CNP – version 1994) (*)                     | Employees<br>M+F<br>(1) | Índex Prof.<br>Discriminat. | Predomi<br>nance |
|------|--|-------------------------|-----------------------------|------------------|
| 831  | Locomotive engine drivers and related workers                    | 3.9                     | 99.9                        | M                |
| 834  | Ships' deck crews and related workers                            | 1.2                     | 99.3                        | M                |
| 712  | Building frame and related trades workers                        | 78.2                    | 97.5                        | M                |
| 713  | Building finishers and related trades workers                    | 21.2                    | 97.2                        | M                |
| 832  | Motor vehicle drivers  | 70.7                    | 96.4                        | M                |
| 723  | Machinery mechanics and fitters                                  | 21.3                    | 95.2                        | M                |
| 833  | Agricultural and other mobile plant operators                    | 20.8                    | 95.0                        | M                |
| 811  | Mining and mineral-processing-plant operators                    | 3.3                     | 94.8                        | M                |
| 332  | Pre-primary education teaching associate professionals           | 7.3                     | 93.4                        | F                |
| 615  | Fishery workers , hunters and trappers                           | 1.7                     | 92.5                        | M                |
| 721  | Metal moulders, welders, sheet metal workers...                  | 41.3                    | 92.1                        | M                |
| 931  | Mining and construction labourers                                | 37.8                    | 91.7                        | M                |
| 714  | Painters, building structure cleaners and related trades workers | 11.1                    | 90.8                        | M                |
| 812  | Metal-processing plant operators                                 | 2.0                     | 90.5                        | M                |
| 711  | Miners, shotfirers, stone cutters and carvers                    | 7.0                     | 89.8                        | M                |
| 331  | Primary education teaching associate professionals               | 1.4                     | 87.5                        | F                |
| 816  | Power-production and related plant operators                     | 3.8                     | 87.2                        | M                |
| 516  | Protective services workers                                      | 1.9                     | 86.6                        | M                |
| 722  | Blacksmiths, tool-makers and related trade workers               | 31.9                    | 85.4                        | M                |
| 314  | Ship and aircraft controllers and technicians                    | 15                      | 83.8                        | M                |
| 7436 | Sewers, embroiderers and related workers                         | 82.0                    | 92.7                        | F                |
| 815  | Chemical-processing-plant operators                              | 3.0                     | 82.4                        | M                |
| 814  | Wood-processing and papermaking-plant operators                  | 6.9                     | 82.2                        | M                |
| 614  | Forestry and related workers                                     | 0.9                     | 82.1                        | M                |
| 742  | Wood treaters , cabinet-makers and related trades workers        | 19.8                    | 81                          | M                |
| 913  | Domestic and related helpers , cleaners and launderers           | 57.7                    | 77.9                        | F                |
| 914  | Building care takers, window and related cleaners                | 3.6                     | 73.6                        | M                |
| 821  | Metal-and mineral products machine operators                     | 6.4                     | 72.8                        | M                |
| 514  | Other personal services workers                                  | 11.3                    | 72.0                        | F                |
| 214  | Architects, engineers and related professionals                  | 14.9                    | 71.6                        | M                |
| 311  | Physical and engineering science technicians                     | 37.8                    | 70.9                        | M                |
| 933  | Transport labourers and freight handlers                         | 12.7                    | 70                          | M                |
| 813  | Glass, ceramics and related plant operators                      | 3.7                     | 67.5                        | M                |
| 513  | Personal care and related workers                                | 22.5                    | 65.78                       | F                |
| 411  | Secretaries and Keyboard-operating clerks                        | 13.4                    | 63.3                        | F                |
| 3415 | Technical and commercial sales representatives                   | 44.4                    | 67.7                        | M                |
| 724  | Electrical and electronic equipment mechanics and fitters        | 34.6                    | 62.3                        | M                |
| 223  | Nursing and midwifery professional                               | 2.8                     | 59.9                        | F                |
| 321  | Life science technicians and related associate professional      | 1.4                     | 57.7                        | F                |
| 915  | Messengers , porters, doorkeepers and related workers            | 46.9                    | 57.1                        | M                |
| 823  | Rubber-and plastic-products machine operators                    | 11.1                    | 56.5                        | M                |
| 122  | Production and operations department managers                    | 18.1                    | 54.0                        | M                |
| 511  | Travel attendants and related workers                            | 4.8                     | 51.4                        | M                |

Sources: MTS/DETEFP (Departamento de Estatísticas de Trabalho, Emprego e Formação Profissional) – Quadros de Pessoal, Outubro de 1997; MTS/DEPP.

Notes: (\*) It's included 3 – digit level occupational groups with at least 1000 employees; (1)Thousands.

**Guideline 19.**

*The Member States shall attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will act to reach a balanced representation of men and women in certain economic sectors. They shall also take positive measures to promote equal salaries for the same work and reduce the difference in the incomes of men and women. In an attempt to close the gap between men and women, the Member States shall analyse the possibilities of taking positive measures to promote women.*

**Framework**

The Portuguese situation is as follows:

- a persistent **difference in the unemployment rate of women and men** (in 1999, 1.1 percent more women), in particular among the young (+3.6 percent in women) and long-term unemployment;
- the concentration of women is much higher in areas of labour intensive activities with low average wages, and in traditional areas;
- intensive concentration of women in the **lowest educational levels**, although their ratio in higher education is higher than that of men;
- asymmetrical distribution, disfavours women, in the posts of higher and lower qualification (-2.2 percent women than men in the high level jobs, +11,2 percent women than men at the semi-qualified level); for the same level of qualifications women have a higher education level than men;
- women's gross **average earnings** represent about 71% of men's, with a wage differentiation, once the influence of the unequal sectoral distribution has been removed and by levels of employment qualification of men and women of around 11.5%

**Priorities**

- **To fight segregation in the labour market and salary segregation**, fostering the access of women to new professional areas, to areas where they are under-represented (horizontal segregation) and to decision-making (vertical segregation), as well as encouraging women's business initiatives.
- **To increase women's participation in qualifying professional training** and their chances of access to a re-qualification capable of improving their employability.
- **To increase the information, the prevention of non-compliance and the control of the application of the law** concerning equal opportunities in work, employment and professional training.

### Objectives/targets

- **To reduce the differences of the unemployment rates** of women and men, especially in the young.
- **To reduce the inequalities in the average earnings** of women and men.
- **To create the conditions for progress to be made in collective bargaining**, with the agreement of the social partners, which reduces inequalities and fights segregation in the labour market.
- **To support the employment of women** through the reinforcement of positive actions (raise in grants, priorities, exemptions, awards, structural adaptation, specificities, namely in the area of training and qualification).
- **To generally raise awareness about equal opportunities in initial and on-going training**, which should be adapted to the target group.
- **Recognise the value of skills acquired** in the professional, family and social context.
- **To combat violence against women in the work place**

### Available instruments

- Support for the employment and professional training of women and training focused on innovative areas, on traditionally masculine professions and the creation of enterprises.
- Support for the setting up of “exchange and support networks” of entities and agents promoting women’s training.
- Training-employment programmes that exempt the training entities of these programmes from co-participation in the costs of the training, when participants are women.
- Support for the employment of women, with a rise of 20% in the grants both for recruitment of women in professions where they are under-represented, and for the creation of independent activities to be developed by women.

### New instruments

#### *Programmed in 1998 - 1999*

**19.1. Awareness programmes and training in the equal opportunities area**, based on creating innovative modules, methodologies and materials, aimed at strategic groups.

**19.2 Inclusion of a module about equal opportunities in all the public training** carried out by the Portuguese Institute for Employment and Professional Training (IEFP).

**19.3. Running of an Observatory** to follow the equal opportunities area in the collective bargaining instruments.

**19.4. Attribution of awards to companies and public services with model policies** in the area of equal opportunities.

**19.5.** Promoting **studies of the application of the law** about combating discrimination and the promotion of equal opportunities.

**19.6.** Including **training components in equal opportunities** in the school *curricula* which will reflect in attitudes.

**19.7.** Progressive introduction of the **equal opportunity award** in the employment support schemes.

**19.8.** Promoting **training and professional certification of advisers/trainers** in equal gender opportunities.

**19.9.** Support the **recruitment and training of workers/ those with a contract/ substitution workers/ those on maternity, paternity or parental leave.**

**19.10.** Carry out research about **earnings disparities and innovative models of salary practices**, to promote equal earnings of women and men.

#### **Indicators of results**

- Length of unemployment by sex/age and level of education.
- Gap between average gross monthly earnings of men and women, and after the influence of qualification and sector of activity have been removed
- Sectoral non-equilibrium index by sex – total of the non-equilibrium by sex by sectoral activities in the total employment percentage.
- Professions index of inequality by sex – total inequality by sex in the professional groups as a percentage of total employment.
- Percentage gap between net average monthly earnings of men and women in relation to the national average by: tenure, child presence, employment statute, age.

#### **Indicators of results**

- Participation in professional training, by modality, length, training area, sex and age.
- Participation of men and women in active employment measures.

### **RECONCILING WORK AND FAMILY LIFE**

**Guideline 20.**

*The Member States and the Social Partners will design, implement and promote family-friendly policies, including affordable, accessible and high quality care services for children and other dependents, as well as parental and other leave schemes.*

**Framework**

Portugal is one of the EU countries where mothers spend more time taking care of their children than the fathers where both parents go out to work. It is also the country where the difference in the behaviour of mothers and fathers towards children under 5 is most noticeable and where women spend more time taking care of other members of the family, like elderly or sick people.

On the other hand, **there are not yet enough responses** of child care services, or services to care for the elderly or other dependent people, nor are there proximity services available in the market to support family life.

**Priorities**

- **To introduce the idea that reconciling work and family life is a right and a duty of men and women into the social organisation and the culture of companies**, as well as a social responsibility.
- **To improve women's living and working conditions** and the sustainability of family life.
- **To improve the conditions that promote a better sharing of family responsibilities.**
- In synergy with the guidelines of Pillars I and II, to **create more jobs, more self-employment and more companies providing care, family support and domestic services.**

**Objectives/Targets**

- **To increase, in a progressive and sustained way, the country's coverage of support services to children and elderly**, as well as to family life, in order to reduce the regional and local asymmetries, namely on the outskirts of the big cities.
- **To improve access of proximity services supporting family life.**
- In synergy with Pillar I, to **reduce the segmentation of the labour market** and the participation in professional training.
- To guarantee that working time does not put the right **to conciliate working and family life** at risk, without discriminating between men and women

**Available instruments**

- Career break to assist young children.
- Priority given to trainees, that did not finish their training on grounds of maternity and paternity related absences, to get access to training courses after the end of their impediment.

- Trainees' expenses with the care of dependants are regarded as eligible costs in the public support to training.
- Grants for pre-school services for trainees in the Direct Management Centres and Participated Management Centres of the Portuguese Institute for Employment and Professional Training within the framework of FSE rules.

### **New instruments**

#### *Programmed in 1998 - 1999*

**20.1. Giving priority to activities that respond to the growing social demand for proximity services**, necessary for the improvement in the quality of life of families and women, notably those involving the development of occupational or extracurricular activities, providing child care to school children when parents are unavailable.

**20.2. Implementation of the Parental Leave Agreement**, assuring the equality of rights and opportunities for both parents with professional activity.

**20.3. Promoting the creation of the Codes of Best Practices** in areas such as maternity and paternity protection and positive action regarding conciliating work with family life.

**20.4. A more general use**, in all initial and on-going training addressed to both sexes, **of the teaching of skills required to carry out family life support activities.**

**20.5. Expanding the national pre-school network.**

**20.6. Promoting care services for dependents.**

**20.7. Definition of aid for the recruitment of the unemployed to substitute workers** absent from work due to their legal rights associated to the protection of maternity and paternity.

#### *Programmed in 2000*

**20.8. Creches 2000** a financial aid measure for the expansion of the network of creches.

### **Results Indicators**

- Employment rate of parents with children five or younger.
- Percentage of people not seeking a job due to family reasons
- Gap in employment rates between parents and non-parents.

## MAKING REINTEGRATION INTO THE LABOUR MARKET EASY

### ***Guideline 21.***

*The States Members will give specific attention to women and men, considering a return to the paid active life after an absence and, to that end, they will examine the means of gradually eliminating the obstacles to such a return.*

### **Framework**

In Portugal, there is:

- A **significant percentage of long-term unemployment** that frequently turns into cases of exclusion of the labour market;
- a marked **difference between women and men** in this situation -31% more women;
- the persistence in **very long-term unemployment** anticipating a strong component of irreversibility which is a factor that leads to an increase in the situations of marginalisation, poverty and social exclusion
- 80.8% of single-parent families (9% of the total families) among which 86% had a woman as the head of the household, presented earning levels of less than half the national net annual average earnings. This fact reveals women's great vulnerability to poverty.

### **Priorities**

- **To reinforce the mechanisms that favour integration and reintegration in working life**, in order to reduce the existing inequalities

### **Objectives/Targets**

- **To reduce the difference between the long term and very long term unemployment rate of men and women.**
- **To prevent the risk of exclusion of women with low skills** affected by re-conversion processes.
- **To reduce significantly the specific obstacles** to single mothers' return to work.

### **Available instruments**

- Support for Special Professional Training, which aims at improving social and professional integration of particularly vulnerable people or those with specific difficulties.

- Positive action measures for the recruitment of long-term unemployed women over 40 years old, or in new professional areas, or where they are under-represented.
- In activities supporting the search for work, specific actions to develop the personal and professional self-esteem of women candidates, particularly those that are long-term unemployed, helping them to overcome obstacles and employers' resistance to hiring women, specially single mothers.
- In the individual access to training, priority to actions that may encourage the return of women to work.

### **New instruments**

#### ***Programmed in 1998-1999***

**21.1.** Creation of **Lifelong Training Pilot Centres** directed at long term unemployed as well as the reintegration of workers after a long interruption.

**21.2.** **Specific support to the companies that promote equal opportunities** in the reintegration of workers in professional life.

**21.3.** Adjustment and **reinforcement of positive action measures.**

**24.4.** **Creation of a Fund to support the integration in new activities (FAINA)** for beneficiaries of guaranteed minimum income.

**21.5.** **Making long term unemployed equivalent to inactive persons who are trying to return to the labour market after a period of inactivity for family reasons,** in the access to active employment measures.

### **Indicators of results**

- Activity rates of the people with children of five years old or younger, by gender and age groups



## **APPENDIX**

### **SOCIAL PARTNERS' JOINT STATEMENT ON THE NATIONAL PLAN OF EMPLOYMENT**

The Social Partners mentioned below, members of the Standing Committee for Social Dialogue, consider that the National Action Plan for Employment should be an important instrument for a co-ordinated strategy of job creation and unemployment reduction combined with an increase of the companies' competitiveness.

For this purpose, there needs to be an effective co-ordination and coherence between the economic policies and the promotion of employment, the role of the fiscal policy and the reforms in Social Security and Public Administration being particularly important.

Job creation requires a significant economic growth sustained by the strengthening of internal consumption, investment and exports as well as by an increase in companies' competitiveness.

It also requires the strengthening of structural policies which can sustain the significant economic growth necessary to ensure real convergence.

The Social Partners' participation cannot be restricted to the measures, which involve them bilaterally, such as those relating to the Guidelines 4 and 13.

It requires permanent evaluation and monitoring, which implies an adequate quantification in terms of objectives and investments involved in the public policies and a cost-benefit analysis.

The Social Partners agree in particular to the following:

#### **Guideline 4**

For an appropriate support of employability it is essential to ensure that all European citizens are able to gain access to the process of education and lifelong learning. This also presupposes that every citizen has a basic educational level.

Therefore, the Social Partners consider that the cohesion policies should help to overcome weaknesses in the infrastructures area as well as in education and training and in the reduction of the social inequalities between regions and citizens.

The Social Partners stress the priority of increasing professional integration in the different ways suggested by the European Council, and are committed to negotiating the different issues with a view to establishing agreements at different levels. Such negotiations should involve notably:

- Promotion of professional training and a clearer definition of the companies' and workers' mutual responsibilities. Through collective negotiation or, when there are no instruments of

collective regulation, through agreement between representatives of workers' and employers' organisations, to establish how the training actions should be carried out, the timetables, as well as the co-ordination between the improved qualifications and career development.

- Promotion of equal opportunities and non-discrimination.
- Co-ordination between the recruitment rules, the experimental and training periods and the response to occasional needs of the companies, while safeguarding the interests of the workers involved, who are mostly youngsters.

The Social Partners also agree to co-ordinating this negotiation with other measures to be implemented by the Government, notably the boosting of employment/training grants, one year of qualifying training after the conclusion of the basic education and the incentive to the continuous education of the employed population.

Lastly, the Social Partners express their commitment to continue participating actively at all levels of the social agreement with a view to strengthening professional integration and a more effective adjustment between employment supply and demand.

The participation of the following institutions should be stressed:

- Institute of Employment and Professional Training;
- Territorial Pacts for Employment and Regional Networks of Employment;
- INOFOR;
- National Certification System;
- National Learning Commission;
- Commissions for the Monitoring of the Community Support Framework (CSF), including the ESF;
- Standing Committee for Social Dialogue.

On the other hand, the Social Partners register the insufficient participation in many of these bodies particularly in the Territorial Pacts and the Regional Networks of Employment and in the CSF monitoring structures.

The Social Partners request that the Government rapidly implements lifelong education and training programs in order to reduce the strong national deficit in relation to the European average.

### **Guideline 13**

The Social Partners respond favourably to the invitation made by the European Council concerning the negotiation, at the appropriate levels, of agreements towards the modernisation of work organisation and are committed to promoting the dynamisation of collective negotiation.

The collective negotiation should be developed on the basis of a balance between the companies' interests and those of the workers.

Therefore, Social Partners are committed to developing the social agreement in matters such as: definition of the incomes policy, management of working time, improvement of working conditions and of lifelong learning and the definition of functions and careers in the framework of the companies' modernisation and the increase of productivity.

Considering the different opinions as to the reduction of working timetable, the Social Partners agree to proceeding with the discussion of this matter, giving special attention to the organisation of working time, co-ordinating strengthening companies' competitiveness and safeguarding the workers' personal life.

The Social Partners shall analyse in particular the availability of qualified workers and the overtime issue and shall agree to promote the compliance with the law in relation to overtime and absenteeism, introducing adequate control and supervision mechanisms.

The Social Partners agree to proceed with the dynamisation of the collective negotiation by promoting in particular:

- Adequate information and consultation mechanisms for workers in companies, of obvious interest to both;
- Improvement in hygiene and safety at work;

The Social Partners also express their availability to discuss indirect labour costs.

The Social Partners trust that the Government, in co-ordination with the Social Partners, will also promote and encourage the development of collective negotiation as well as the creation of a Labour Relations Centre, with tripartite management, for the support and promotion of the social agreement and the training of negotiators.

Lisbon, April 13, 1998

**THE EMPLOYERS'  
CONFEDERATIONS**

Confederação dos Agricultores de Portugal  
Confederação do Comércio e Serviços de  
Portugal  
Confederação da Indústria Portuguesa

**THE TRADE UNIONS  
CONFEDERATIONS**

Confederação Geral dos Trabalhadores  
Portugueses – Intersindical Nacional  
União Geral de Trabalhadores