

PORTUGAL



Key policies to promote longer
working lives

Country note 2007 to 2017

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN PORTUGAL¹

(Situation 2007 to mid-2017)

According to the Late Career Scoreboard at the end of this report (Table 1), effective labour force exit ages are high in Portugal (in 2016, 69.0 for men and 64.9 for women, compared with the respective EU averages of 63.4 and 62). Also, one-fourth of workers aged 55-64 is self-employed, as compared to one-fifth on average in the EU. In particular, as synthesised in Table 2, Portugal has taken substantial action to enhance participation in government-paid training by workers in their mid- to late careers; promote lifelong learning and development of the adult vocational education and training system; embarked on massive up-skilling of low-skilled adults; and implemented mechanisms for recognising and validating skills. The country has also taken recent action to improve the lifelong learning guidance system and to strengthen workplace safety and health. That said, Portugal could take action to facilitate phased retirement, encourage the social partners to implement better retention and hiring mechanisms targeted at older workers, persuade employers to invest in job-related training of middle-aged and older workers, manage an age-diverse workforce and balance professional and family responsibilities.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

Portugal has an earnings-related, pay-as-you-go (PAYG) public pension scheme as its first pillar, with a means-tested safety net (the social pension). The second pillar consists of voluntary occupational pension plans, and the third of funded private saving arrangements. Occupational pension plans may be set up at the initiative of a company or groups of social or professional organisations (European Commission, 2015a).

The most recent general reform of the pension system entered into force in 2007. Its main measures include:

- i. Faster transitions to the new pension benefit formula, which considers the entire career (instead of only considering the best 10 of the past 15 working years) and differentiates the accrual rate according to reference earnings. After a transition period, the pension benefit calculation will be based on lifetime earnings from 2017.
- ii. Introduction of a “sustainability factor” that makes an automatic adjustment to benefits based on changes in life expectancy at the age of 65.
- iii. Introduction of incentives to postpone retirement until the age of 70 (see details below).

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

Raising the statutory age of retirement

The normal retirement age was increased from 65 to 66 in 2014 and to 66 and two months in 2016. This development results from the introduction of an automatic process of adjusting the normal age of retirement by two-thirds of the gains in life expectancy from age 65, measured as an average of the previous two years (OECD, 2017a). The normal age of retirement can be reduced by four months for each year of contributions exceeding 40 years once the beneficiary turns 65. Previous reforms had already increased the statutory retirement age from 60 to 65 starting in 2006. In line with the development of what would become the National Strategy for Active Ageing two years later, convergence between the public and the private pension systems was established in 2005; that led to a progressive increase to the statutory retirement age in the public administration sector. The gap in average retirement age between the public and private sectors gradually shrank from five years in 2003 to approximately two years in 2010 (Naumann, 2012).

In 2016 the social pension was available from the age of 66.2 for people who did not qualify for the earnings-related scheme. The monthly social pension that year was EUR 202.34, paid to those with very low income. Pensioners on the social pension are entitled to receive the Solidarity Extra Supplement on top of their pension.

The Solidarity Supplement for the Elderly (SSE) – the main targeted benefit aimed at fighting poverty among that group – came into full effect in 2008 by extending eligibility to people aged 65 and older. To be eligible, the claimant needs to receive an old-age or survivors' pension (national citizens not entitled to the social pension because they do not pass its means test may also be eligible); and pass the SSE comprehensive means test. The SSE resembles Social Insertion Income, as it is a supplement equal to the difference between the beneficiary's income and a given threshold (which is at the same time the means test condition). The SSE is therefore equal to the difference between the beneficiary's income and the reference amount (from April 2016 set at EUR 5 059 per year) (OECD, 2017a).

Facilitating phased retirement

There are no partial retirement schemes that allow individuals to combine a part-time activity with a partial pension (Naumann, 2013). The share of part-time workers among older workers is well below EU average (Table 1).

Better combining of pensions and work income

In case earnings are accumulated along with an old-age pension, the annual amount of the pension is increased by 2% of the total earnings registered (OECD, 2017a).

Rewarding longer careers

The 2007 pension reform introduced an incentive to postpone retirement until the age of 70 in the form of a monthly bonus for those who retire after the legal retirement age (ranging between 0.33% and 1%, depending on the pensioner's insurance career).

For those below pension age, the pension accrues at 2% of the earnings base for each year of contributions for 20 or fewer years' contributions, with a limit of 30%. For beneficiaries with 21 or more years of contributions, the accrual rate ranges between 2% and 2.3% depending on earnings. The schedule for the accrual rate is determined by individual earnings relative to the value of the Social Support Index (IAS). Each tier of earnings accrues pension benefits at a different rate; pensions accrue for a maximum of

40 years (OECD, 2017a). In principle, increased accrual rates set an incentive to remain in paid employment; however, the maximum period reduces incentives to work beyond 40 years of insurance.

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

The 2007 pension reform increased the financial penalties for early retirement from 4.5% to 6% on an annual basis. Early retirement rules had included a flexible retirement age scheme that allowed any worker with at least 30 years of active service at the age of 55 to apply for a pension. If beneficiaries had more than 30 years of active service at the age of 55, the penalty – a reduction rate of 0.5% for each month short of the normal age of retirement – was reduced by twelve months for each period of three years exceeding 30 years of active service. In addition, workers with very long insurance periods were entitled to early retirement before the age of 65 without any reduction in payments. The pension was then increased by 0.65% for each month of effective work from the month that the insured person was entitled to the full early pension until retirement (up to the age of 65).

The Economic and Financial Adjustment Programme suspended these early retirement provisions from April 2012 to January 2015. In 2015, a restructured temporary early retirement scheme for long contributory careers was introduced for individuals aged 60 or older and having at least 40 years of a contributory career. The penalty for early retirement remained the same, a reduction rate of 0.5% for each month short of the normal age of retirement. Each contributory year above the 40 years of contributions reduces the penalty by four months. However, the right to an early retirement pension also applies to beneficiaries aged 55-59 with 30 or more calendar years of contributions provided they applied for the early pension by 8 March 2016.² After 2016, the rules prior to the 2012 suspension of early retirement were reintroduced and in March were suspended again (OECD, 2017a).

Changes to the early retirement scheme were introduced in 2017.³ Workers with a record of contributions of 48 years, and workers aged 60 or over with a record of contributions of 46 years who started their working life before the age of 14, will not suffer any early retirement penalty, including any application of the sustainability factor. This is thought to cover around 15 000 people in the first year.

Introducing specific provisions for arduous/hazardous work

There are special retirement conditions in the first pillar for people in certain occupations involving arduous/hazardous work (AHW), including air traffic controllers, miners, maritime and fishing professionals and dancers. About 80% of these pension applicants are men. Persons engaged in AHW are not compelled to make any mandatory contributions for schemes under the second or third pillars. For miners there is a specific accrual of pension rights deriving from pre-retirement working time. Accrual of pension rights through work in the same activity and/or sector after retirement is not allowed; any infraction will interrupt the pension. The retirement pattern of pensioners who have carried out AHW differs from that of other pensioners: half of them exited the labour market between the ages of 55 and 59, compared with 18.6% of total pensioners in 2015. About one out of three of them retired between the ages of 60 and 64 compared with one out of four pensioners overall. Interestingly however, it is less common for AHW pensioners to have retired before the age of 55 than for total pensioners – 11.6% compared with 17.9%. Only 5.7% of the group retired at the age of 65 or more, compared with 38.6% of total pensioners.

2. www.internationallawoffice.com/Newsletters/Employment-Benefits/Portugal/AAMM-Sociedade-de-Advogados-RL/Main-legislative-changes-to-employment-law (accessed 5 March 2018).

3. Portaria No. 67/2016 of 1 April, Diário da República, 1.ª série, No. 64, 1 April 2016, available at <https://dre.pt/application/file/a/108269513> (accessed 5 March 2018).

A great majority of those retiring from AHW exited the labour market through the pathway of the early old-age pension (86.9%), compared with about one in four pensioners overall. Only 5.7% exited through the pathway of the statutory old-age pension, compared with 41.3% overall. It should be noted that the pension amount in some of these professions can be regarded as (Perista and Baptista, 2016).

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

In Portugal, unemployment benefits reach only about 45% of those unemployed and benefit levels remain heavily age dependent. Rules remain that allow early retirement for the older unemployed; these make dismissing older workers more socially acceptable and hardly serve as an incentive for the older unemployed to actively search for work.

During the Economic and Financial Assistance Programme (until 2014), people aged 57 and over who were long-term unemployed could retire at age 62 with a full pension and no penalties. Minimum contribution conditions had to be met, the unemployment benefit entitlement had to be exhausted, and unemployment had to have occurred after the completion of 57 years of age (European Commission, 2015a). Early retirement was also possible from age 57 with 22 years of contributions for individuals who become unemployed at age 52 or older. In these cases, the pension amount is reduced by 0.5% monthly, with a maximum reduction period of five years.

Whenever unemployment is due to an agreed work contract cessation, the pension amount is subject to an additional reduction rate that remains in effect until the pensioner reaches the normal age of retirement. A means-tested unemployment assistance subsidy is provided if the registered contribution is more than 180 days in the 12 months prior to unemployment, and the monthly earnings prior to unemployment are less than 80% of the minimum wage. This allowance can be extended until beneficiaries meet the conditions for early retirement, provided that they were at least 50 years of age when they became unemployed. It also sets disincentives for active job-search among older workers. OECD (2014) recommends removing age from the eligibility criteria for unemployment benefits and the duration of unemployment assistance.

In 2010, certain changes were made to the conditionality of unemployment benefits that also affected older workers. Law 72/2010 introduced a new rule that unemployed people must accept jobs that offer a gross salary of 10% or more above the value of their benefit during the first year of unemployment; after twelve months of being out of work they must accept a gross salary equal to their benefit. The previous rules were less strict regarding the wage levels they were forced to accept (Naumann, 2012).

Social aid

A minimum income scheme was first introduced in 1996, and major changes to the benefit calculation and eligibility requirements were introduced in 2012. The current *Rendimento Social de Inserção* (RSI) scheme covers both those in employment and those out of work; its benefit can be received over a maximum period of 12 months and then extended for equal periods as long as eligibility conditions continue to be met. Previously it was renewed automatically. Receipt of RSI is linked to an activation component. Recipients are required to be actively searching and available for a job. Unemployed claimants who are capable of working must be registered with the Public Employment Service (PES). Claimants must also sign and uphold an insertion contract, which may include an employment plan. The activation requirement includes accepting work or vocational training; attending the education and apprenticeship programmes exploring possibilities of self-employment; participating in vocational programmes as well as in drug

rehabilitation programmes if necessary; participating in temporary occupation programmes as well as in activities developed by charities; and utilising other social services.

Exemptions from the activation requirement are possible if the claimants are incapable of work, are over the age of 64 (or under the age of 16), or are providing indispensable care to a member of their household (as established by medical certification). If a person resigned without just cause, they can only claim the RSI after a one-year period. In case the RSI claimant does not sign the insertion contract, they may not be presented again during the 24 months that follow (in 2009 this period was 12 months) (Perista and Baptista, 2015).

Recent studies have revealed weaknesses in the activation pillar of the RSI scheme, and that the stigma of being on the receiving end of social policies reduces one's chances of labour market integration (Matos and Costa, 2012; Castro, 2012). Insufficient co-operation between social and employment services is found to reduce effective service delivery and result in a lack of tailored employment services and programmes.

Disability benefits

From the mid-1990s to 2008, the share of the working-age population receiving disability benefits was already reduced (OECD, 2010). A law passed in 2007 (Decree-Law 352/2007 of 23 October) approved the National List of Incapacities due to accidents at work and occupational diseases; premature ageing was included among the latter as one of the elements to take into account when determining the level of incapacity of the worker. In recent years Portugal has intensified supervision of disability benefits via more comprehensive medical checks. The year 2010 saw implementation of the “National Plan to Combat and Prevent Welfare Benefits Fraud and Contributory Evasion”. This measure led to greater care in cross-checking, clarification of automatic procedures for periodic monitoring of data, and more frequent mandatory assessments in the “System to Verify Temporary Disability.” It seems that greater institutional support for the return to work of employees after sickness absence would need to be provided (Belin et al., 2016). The Health Strategy 2012-2016 recognises the need for a more co-ordinated approach for rehabilitation and a focus on early intervention, workplace health promotion, and strengthening of the links between rehabilitation and professional integration for individuals with chronic illnesses or victims of occupational accidents (Moreira and Fries-Tersch, 2016).

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

Article 24 of the Labour Code (Law 7/2009), which transposes European Directive 2000/78, prohibits discrimination on the grounds of, among other things, ancestry, disability or chronic disease, and age. In the field of labour law, specific rules have been promulgated against discrimination on the grounds of age, sexual orientation, disability, religion, and political convictions in addition to rules against discrimination on the grounds of race or ethnic origin. The Authority for Working Conditions (*Autoridade para as Condições do Trabalho*), formerly the General Inspectorate for Labour, is responsible for promoting improved working conditions by ensuring compliance with labour regulations through supporting private labour relations, and for promoting occupational risk prevention policies (Malheiros and Rosado, 2014).

Launching public awareness campaigns

In 2007 the National Strategy for Active Ageing (ENEA) was adopted. It defined four pillars of goals (increasing employability; recognising, enhancing and certifying competencies; creating more and better

employment; and integrating interventions) and three priorities of action (stimulating older workers to stay in the labour market; enhancing and promoting the knowledge of older workers; and avoiding and combating the unemployment of older workers) (Naumann, 2012). However, ENEA failed to create a coherent strategy to keep older workers in the labour market, as tackling the economic crisis and the sovereign debt crisis have led to a refocusing of objectives.

In 2012 the government launched a comprehensive action programme to coincide with the European Year for Active Ageing and Solidarity between Generations. The action programme's section on "Employment, Work and Lifelong Learning" includes, among other measures, the goal of allowing older workers "to work and learn as long as they wish". It also includes actions to strengthen the activation of the older unemployed. In addition, a guide for business was published promoting Active Ageing and Solidarity between Generations. Finally, the non-governmental organisation *Cáritas Portuguesa* held a competition for projects related to the promotion of active ageing.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

Portugal had been among the countries with the strictest employment protection legislation (EPL) until recent changes were implemented. Labour market reforms were introduced in response to the financial and economic crisis; these lowered job protection for permanent workers by reducing severance pay (in 2011, 2012) and easing the rules for individual dismissals (in 2012). In addition, dismissal for personal reasons was made easier. Individual dismissals for reasons of job redundancy no longer need to follow a pre-defined seniority order, and the requirement of trying to arrange a transfer to another position within the company prior to dismissal was lifted (OECD, 2013a). Still, in 2013 EPL was stricter in Portugal compared with the OECD average.

The views of the social partners with regard to active ageing strategies are diverging. According to a questionnaire sent out by the European Industrial Relations Observatory (EIRO), the employers association CIP stressed the need to further reduce EPL in order to facilitate the modernisation of companies. The trade union confederation CGTP criticised the 2012 EPL reform as it made the dismissal of older workers easier and cheaper. It also argued that the PES offers fewer training opportunities to the older unemployed than to others, and tends to send them to occupational programmes (called socially necessary work).

2.3. Discouraging mandatory retirement by employers

By law in general

In Portugal, the social security system (in the private sector) does not stipulate a mandatory age of retirement.

By sector/occupation, private/public sector, region

Mandatory retirement (at the age of 70) does, however, apply to workers in the public sector.

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

In signing the tripartite agreement to reform the public pension system in 2006, the social partners made an important contribution to keeping older workers in the labour market. Trade unions claimed that above all, working conditions have to be adapted to meet the specific needs of these employees (Naumann, 2013).

Review of the use of seniority wages

Recent labour market reforms implemented in Portugal have impacted wage-setting mechanisms and largely frozen the administrative extension of collective agreements since May 2011 (OECD, 2013b). Portugal falls among those countries that experienced the largest drop in the share of workers covered by collective bargaining at the beginning of the crisis (European Commission, 2015b).

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

Sharing knowledge and experience across different age groups, adjusting the work responsibilities of older workers, adjusting working-time arrangements of older workers

No specific actions have been taken. Single employers may have implemented measures of this kind. It is advisable to take stock of good practices among employers and share it.

Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement

Social partners were involved in establishing the action plan for active ageing in 2012. This action plan also included dissemination of retirement preparation model programmes for the employers and for the employee representative entities, as well as a statement suggesting that a wide range of key actors, including the social partners, need to be involved in the action plan's implementation (Government of Portugal, 2012).

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Providing guidance services

Among the eight priority areas of the recent PES reform (see the section titled *Promoting an all-age mainstreaming activation approach*, below), three relate to training and better matching of skills demand and supply, including guidance for professional training modules; continued identification of occupations with low employability due to a lack of demand or inadequate qualification profiles; and vocational retraining of the unemployed in accordance with labour market needs (Naumann, 2015).

A new instrument for vocational guidance, the Qualifica Passport, is being currently developed by the National Agency for Qualification and Vocational Education and Training (*Agência Nacional para a Qualificação e o Ensino Profissional*, ANQEP). This is an online tool featuring a database on individualised qualification pathways. The Ministry of Education will be responsible for the data incorporated and the programming. The tool is available for employment counsellors as well as counsellors at the training and Qualifica centres, described below (Duell and Thévenot, 2017).

Providing access to training adjusted to the experience and learning needs of older workers

From 2005 to 2010, the New Opportunities Initiative (INO) provided low-qualified adults (employed workers, unemployed and inactive persons) with formal recognition of non-formal and informal learning and skills acquired in the course of working life. This process was complemented by recognition of formal learning at the level of grades 4, 9 and 12 of education and/or vocational certification. A system for recognising, validating and certifying qualifications (*Reconhecimento, Validação e Certificação de Competências*, RVCC) was also established. By 2010, nearly half a million adults had obtained a certification, representing one-sixth of Portuguese adults who had still not attained upper secondary education. Most of participants in the programme were employed (see Part C in Carneiro, 2011).

In 2013, Centres for Qualification and Vocational Education (CQEPs) were created under the National Qualifications System to replace the New Opportunities centres. Eventually, over 200 CQEPs were operating across the country. Functioning as a network, they partnered in a flexible manner with various entities, including employers, training providers (schools, training centres and approved organisations), social and solidarity networks, municipalities, associations and departments, and public agencies. The aim of these centres was to optimise the use of human, financial, and material resources. All job centres belonging to the national PES run a CQEP.

A new programme for the adult population was launched in April 2016 under the name of *Qualifica*, with a focus on lifelong learning. The programme's objectives are to qualify half of the labour force with upper secondary education; achieve a 15% rate of adult participation in lifelong learning activities; and expand the network of Qualifica centres – replacing the CQEP – to 300, located across the country. The main pillars of Qualifica are RVCC, long courses or short, flexible course formats. The programme differs from INO in several major ways: i) participants will need to have more training as part of the RVCC process; ii) more professional work-related training will be offered; iii) a stronger focus is placed on retraining elements; and iv) screening skill needs and guidance will be improved. The plan is to make the vocational training offered more specialised, by expanding RVCC and the number of courses leading to level 4 of the national qualification framework (Duell and Thévenot, 2017).

Measures launched under an action plan aligned with the European Year for Active Ageing and Solidarity between Generations included *GerCarriera*. This initiative aims to prevent unemployment among employed older workers by identifying their competencies and the competencies they need to acquire. The PES then offers these individuals specific training courses, including modular certified training courses (see below) that match the needs of firms (Naumann, 2013).

Promoting lifelong learning and development of the adult vocational education and training system

As explained above, Portugal has undertaken major efforts to up-skill its adult population. To that end, a number of measures have been implemented. The measure Active Life (*Vida Ativa*), for example, has the explicit objective of up-skilling unemployed adults through i) modular short-term education and training; ii) practical training in work environments as a complement to the modular training; and iii) RVCC processes, along with other activities. Target groups of the measures include: individuals registered as unemployed for more than six months; unemployed individuals with less than nine years of school; and individuals who do not have a qualification that matches labour market needs. Modular training and Active Life have the highest participation rates of all available measures, and represent approximately one-fourth of the total number of persons covered by the PES measures in the areas of employment, professional training, and professional rehabilitation (2007-2014). Over that same period, a much lower but still significant number of persons participated in education and training courses for adults and RVCC (almost 10% of all participants in PES programmes). Adult education and training courses (*Cursos de Educação e Formação de Adultos*) aim to offer content equivalent to school grades 9 to 12. In 2015, about 28% of the

41 300 participants in adult education and training courses were aged 35-44, 12% were aged 45-49, and 20% were 50 and older. The share of 34-44 year-old participants in modular training courses (*Formação Modular – Ativos empregados*), which are targeted at active employees and can be regarded as a preventive measure, amounted to 31%, and 44-49 year-olds represented 14% (Duell and Thévenot, 2017).

Setting up mechanisms for recognising and validating skills

As shown above, the New Opportunities Initiative set up a system for the recognition and validation of prior non-formal and informal learning. Certification combined with training courses had a positive impact on income and employment, unlike RVCC processes without vocational training courses (OECD, 2017b; Carneiro, 2011; Lima, 2012). Overall, the RVCC processes have improved employability prospects but only when workplace competencies were validated or the process of validation was linked to training through Certified Modular Training Courses (*Formações Modulares Certificadas*, FMC). The new programme Qualifica is placing stronger emphasis on up-skilling through RVCC (see above).

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

As a point of departure, the National Strategy of Active Ageing adopted in 2007 established three key instruments for the labour market integration of older workers (Naumann, 2012):

- i. The Intervention Programme for Senior Unemployed, which included a systematic upgrade of support for the creation and maintenance of jobs; support for self-employment and the creation of companies; and training measures for entrepreneurship. This programme was expected to cover 90 000 people by 2008. According to a monitoring report from the National Employment Plan 2008-2010, only half of the total targeted number of participants and only one-fifth of the target of unemployed individuals aged 55 years and older were reached.
- ii. The Intervention Programme for the Unemployed aged 31-54, which from a life-cycle perspective should also benefit older workers in the long term.
- iii. The insertion of older workers into activities of social interest, namely through the New Programme of Senior Voluntary Services, and their inclusion in employment schemes.

Consequently, a number of active labour market programmes (ALMPs) were targeted at older workers, alongside other disadvantaged groups (see below).

In 2012, the government launched a programme to modernise the PES. Measures have aimed at strengthening the employability of jobseekers (referrals, priority accorded young jobseekers, training programmes); modernising information systems; and improving the coherence between passive and active labour market policies (OECD, 2017c). The action plan of 2012 included providing the unemployed with job-search training and short-term vocational training within two weeks of their registration; creating career manager positions who guide and follow up with a certain number of unemployed; and consolidating and updating individual employment plans of the jobless according to their employability (Naumann, 2015).

An assessment of the *Convocatórias* programme, which has gradually implemented more intensive activation requirements as well as referral to one or more ALMPs, suggests a significant positive impact on the re-employment of programme participants. However, re-employment probabilities of the older unemployed were not assessed, even though the programme has two target groups: unemployed persons who have received unemployment benefits for more than six months, and recipients who are 45 years or older (Martins and Pessoa e Costa, 2014).

The new objective of intensifying activation is welcome, and those efforts should be pursued. Despite recent improvements, the client-to-staff ratio remains very heavy, and spending on PES per unemployed jobseeker in Portugal remains far lower than the EU and OECD averages (Duell and Thévenot, 2017).

Targeting workers most at risk of long-term joblessness

At the beginning of the economic crisis, a major ALMP was the short-time work scheme that also benefited older workers.

In 2015, the programme *Reativar* was set up with the aim of reintegrating the long- and very long-term unemployed over the age of 30 who have not participated in a PES-funded internship over the past three years. The reimbursement level of grants is higher for specific groups of trainees, including the very long-term unemployed, people aged 45 and older, and people with disabilities. In 2015 about 1 000 people participated, of whom 47% were aged between 35 and 44, 15% between 45 and 49, and 16% 50 or above. For those aged 45 or above, PES co-payments to traineeship providers rise by 15%). The number of overall participants in this programme doubled in 2016, but remains small (Duell and Thévenot, 2017).

Providing employment/hiring subsidies to firms

The “employment stimulus” (*Estímulo Emprego*) programme, launched in 2011/2012 and closed in June 2016, provided financial support to employers hiring registered unemployed people on permanent or fixed-term work contracts lasting for at least six months. Support came with the obligation to provide vocational training to the workers hired. The maximum duration of the subsidy was 12 months. The target group included minimum-income recipients, long-term inactive individuals, and workers above 45 years of age, among other groups. Many beneficiaries were low skilled. Financial support was higher for the unemployed below the age of 30 and above the age of 45, and for people with disabilities and incapacities. In January 2017, *Estímulo Emprego* was replaced by the *Contrato-Emprego*. The new measure focuses on promoting hiring on open-ended contracts, while restricting support for temporary contracts in specific cases, such as for the long-term unemployed.

Employment incentives include full or partial reimbursement of employers’ social security contributions (*Apoios à Contratação via Reembolso da TSU*). Target groups are young people aged 18-30, unemployed persons aged 45 or above, as well as the prime-aged unemployed aged 31-44 in a vulnerable situation, e.g. due to their low educational level or being a single parent or the spouse of an unemployed person. These represented 5% of all hiring incentives in 2015. Employers hiring jobless persons aged 40 and over in 2010 were given above-average reductions on their social security contributions. This measure was not renewed in 2011.

In 2015 a new measure was launched that provides financial support to unemployed persons receiving unemployment benefits who accept full-time job offers provided by the PES – or take full-time jobs they find on their own – with a salary below the unemployment benefit level. This support is available to all unemployed persons receiving unemployment benefits who have been registered at the PES for at least three months; the waiting period does not apply to those aged 45 and above. Financial support is limited to the duration of unemployment benefits.

The OECD (2017c) carried out an assessment of the impact of hiring subsidies in general in Portugal, using a propensity score-matching approach based on administrative data. It shows that the employment outcomes six months after terminating the measure were largely above those in the control group. The gap narrowed over time, but remained sizeable after 24 months.

Providing in-work benefits to workers

In 2009 the government created Employment-Insertion Contracts (CEI) in order to keep the unemployed in contact with working life. This measure concerns the development of socially necessary work that satisfies the temporary needs of projects promoted by public entities or by private not-for-profit entities, for a maximum period of 12 months. There are two types of contract: the *Contrato Emprego-Inserção* (CEI), aimed at those who are in receipt of unemployment benefits; and the *Contrato Emprego-Inserção+* (CEI+), aimed at those receiving RSI. Those in receipt of unemployment insurance receive a top-up equivalent to 20% of their unemployment benefits, while those in receipt of unemployment assistance receive a top-up equivalent to 20% of IAS. The programmes were initially aimed at those unemployed who have disabilities, are aged 55+, are ex-convicts, or have been out of a job for more than one year (i.e. the long-term unemployed).

During the crisis, a few small changes were introduced to these programmes primarily aimed at widening their access, including since 2014 to those aged 45+ (as opposed to 55+). In 2014, the CEI+ has been extended to those who do not receive either unemployment or guaranteed minimum income benefits but who fulfil one of two conditions: they are long-term unemployed, or they live in a workless household (OECD, 2017c). In 2015 there were about 64 700 participants in these programmes for socially useful work for the long-term unemployed (CEI and CEI+); 17% of them were aged 45- 49 and 33% 50 and older (Duell and Thévenot, 2017).

The largest Portuguese trade union claimed that the measure was being used by public entities to replace jobs. The ombudsman therefore urged the Ministry of Solidarity in November 2014 to undertake an evaluation of the measure. It was also pointed out that there were no well-tailored job-search assistance programmes in place for this target group (Perista and Baptista, 2015).

Providing other active labour market policies

The share of the budget spent on vocational rehabilitation measures is low (1.6% was spent by the PES on ALMPs in 2015). The number of participants amounted to 10 300 in 2015, more than double the number in 2013; these included 3 000 participants in guidance and diagnostic measures (Duell and Thévenot, 2017).

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

The Law on Health and Safety of 2009, with amendments in 2014, provides for mandatory annual health exams for workers over 50 years old. Employers have to either set up an occupational health service in their company; establish a common medical service together with other enterprises; or sign an agreement with an external provider of occupational health and safety services. The main tasks of the occupational health and safety services are defined by law (Law 102/2009). They include conducting risk assessments; planning for the prevention of occupational risks; assisting in the design of sites, methods and the organisation of work, as well as in the choice of work equipment; conducting health surveillance examinations; and designing and developing information and training programmes (Moreira and Fries-Tersch, 2016).

The National Strategy for Active Ageing aimed to strengthen workplace inspections by increasing their number, with particular emphasis on inspections targeting the working conditions of older workers. From 2007 to 2010, the number of establishments visited by inspectors almost doubled (Naumann, 2012).

In March 2008 the Portuguese Government adopted the National Strategy for Health and Safety at Work (Estratégia Nacional para a Segurança e Saúde no Trabalho) for the period 2008-2012. The strategy included an awareness-raising campaign for the prevention of occupational risks and their consequences. The National Plan of Occupational Health 2013-2017 (*Plano Nacional de Saúde Ocupacional 2013-2017*) includes older workers and workers with disabilities in the group of most vulnerable workers. Risk factors and health problems, in particular mental health and musculoskeletal diseases, are considered a priority area for research (Moreira and Fries-Tersch, 2016).

The government approved the National Programme for the Promotion and Protection of Health at the Workplace (*Programa Nacional de Promoção e Protecção da Saúde nos Locais de Trabalho*) in 2010.

Reducing the incidence of arduous/hazardous work

No specific action has been taken.

Balancing professional and family responsibilities

According to the Eurofound 2012 European Quality of Life Survey, in 2010 Portugal figured among the countries where a comparatively high share of women were involved in daily caring for their elderly or disabled relatives (Bouget and Vanhercke, 2016). Provisions enabling workers to take care of adult spouses/partners, and in particular elderly relatives, are scant in both the Labour Code and collective agreements, although in theory collective agreements could include more favourable provisions (Eurofound, 2015).

Table 1. Late Career Scoreboard, Portugal, 2006 and 2016

	Portugal		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.29	0.35	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	66.3	69.0	62.0	63.4	63.6	65.1
Women	66.3	64.9	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	46.5	44.8	38.3	45.4	47.0	50.8
of which 50-54	74.5	74.8	73.1	77.9	73.8	75.7
55-64	50.0	52.1	43.3	55.3	52.7	59.2
65-69	27.2	18.8	9.1	12.1	20.3	25.5
70-74	19.5	11.5	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ([men-women]/men)	0.26	0.21	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	21.4	14.8	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	82.8	66.5	85.4	78.9	87.3	85.2
Average number of weekly hours worked	16.7	14.8	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	10.1	10.1	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	43.9	24.7	24.1	19.7	38.0	32.8
-- Full-time earnings, ^d 55-64 relative to 25-54 (ratio)	1.14	1.27	-	-	1.09	1.10
Dynamics						
-- Retention rate ^e after 60 (% of employees t-5)	53.8	51.6	37.1	48.8	40.3	50.3
-- Hiring rate, ^f 55-64 (% of employees in the age group)	4.6	5.7	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	6.3	11.0	6.1	6.4	4.3	4.6
-- Incidence of long-term ^g unemployment, 55-64 (% of total unemployment in the age group)	72.1	75.8	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^h 55-64 (% of population in the age group)	0.9	4.0	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	7.3	13.1	17.2	22.9	20.0	26.2
-- Participation in training, ⁱ 55-74 (% of employed in the age group)	-	6.5	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	-	0.59	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) Mean gross hourly earnings. Year 2016 refers to 2014.

e) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.

f) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

g) Unemployed for more than one year.

h) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.

i) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Portugal, 2007 to mid-2017

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	/
<i>Better combining of pensions and work income</i>	+
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	+
<i>Introducing specific provisions for arduous/hazardous work</i>	/
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	+?
<i>Social aid</i>	+
<i>Disability benefits</i>	+
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	+
<i>Implementing current or new legislation</i>	+
<i>Launching public awareness campaigns</i>	+
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	+
2.3. Discouraging mandatory retirement by employers	
<i>By law in general</i>	□
<i>By sector/occupation, private/public sector, region</i>	/
2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	/
<i>Review of the use of seniority wages</i>	/

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>Sharing knowledge and experience across different age groups, adjusting the work responsibilities of older workers and adjusting working-time arrangements of older workers</i>	/
<i>Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement</i>	/
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid-to-late careers	
<i>Providing guidance services</i>	+
<i>Providing access to training adjusted to the experience and learning needs of older workers</i>	++
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	++
<i>Setting up mechanisms for recognising and validating skills</i>	++
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	+
<i>Targeting workers most at risk of long-term joblessness</i>	+
<i>Providing employment/hiring subsidies to firms</i>	+
<i>Providing in-work benefits to workers</i>	+
<i>Providing other active labour market policies</i>	/
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	+
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	/
<p>++ = Substantial action taken. + = Some action taken, but more could be done. +? = Some action taken, but requires further assessment. ? = Some action taken with negative impact. / = No relevant action taken. ✓ = No action needed.</p> <p><i>Source:</i> Assessment based mainly on answers by Portugal to 2012 and 2015 OECD questionnaires and on the documents indicated as References.</p>	

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