



# Youth Guarantee country by country

*Portugal*  
*May 2018*

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## Introduction and context

The [Youth Guarantee](#) has become a reality across the EU. It has facilitated structural reforms and innovation in policy design across EU Member States.

This document provides extracts from official Commission documents on the implementation of the Youth Guarantee in Portugal. It contains extracts from:

- The country report drawn by the Commission for Portugal in the context of the [European Semester](#);
- The conclusions of the thematic multilateral surveillance review of the [Employment Committee \(EMCO\)](#).
- Results from the data collection on Youth Guarantee schemes.

A section at the end of the document is devoted to the assessments made by the Commission and EMCO the previous year.

Portugal presented a [Youth Guarantee Implementation Plan](#) on 31 December 2013.

Portugal is eligible for the Youth Employment Initiative.

## Commission's assessment

### From the 2018 country report for Portugal (EN - PT):

**"Labour market conditions keep improving, thanks to the economic recovery but youth unemployment remains a challenge.** Unemployment keeps falling steadily and the employment rate reached its highest level since 2008 (see Section 1). Youth unemployment is also decreasing but remains high at 22.8 % in Q4-2017, (compared to 16.2 % in the EU). At the same time the rate of young people not in education, employment, or training (NEET) is below the EU average at 10.6 % in 2016 mostly due to the lower share of inactive NEETs. Long-term unemployment has fallen rapidly, and is now at the same level as the euro area. As a proportion of the active population, it amounted to 4.3 % in Q3-2017 down from a peak of 9.3 % in Q3-2013. Older unemployed people find it more difficult to get work. Almost three-quarters of 50-64 year olds have been unemployed over the long term."

**"The Youth Guarantee measures have helped lower youth unemployment.** On average during 2016 almost 6 out of every 10 NEETs aged under 25 were registered in the Youth Guarantee scheme (compared to an EU average of 42.5 %). This is a noticeable improvement on 2015 (48.8 %). More than half of those who left the Youth Guarantee in 2016 (56 %) were in employment or in education and training within 6 months. Follow-up data on the long-term outlook suggest that outcomes are sustainable. However, achieving the target of providing an offer within 4 months is proving difficult with follow-up data showing this is not being reached. Since 2014 the percentage of young people still in the preparatory phase after 4 months has increased (by more than 32 pps) and stood at 55 % in 2016, above the EU average (49 %)."

**"Programmes are being rolled out and reforms implemented in Vocational Education and Training to upgrade the skills of the adult population.** Their effectiveness in upgrading worker's basic skills (numeracy, literacy and digital) and ultimately raising productivity will depend on the coverage and quality of the training offered, going beyond the mere recognition of skills. The National Digital Competences Initiative aims to strengthen digital literacy, yet it is too early to ascertain its impact. Early school leaving has decreased significantly in the last decade, but is still above the EU average and slightly increased in 2016. Young people from a disadvantaged socioeconomic background show on average lower educational achievements. While the attainment of qualifications in tertiary education is increasing, the employability of recent graduates is below average. "

**"Employment is fast increasing contributing to a decrease in total unemployment while wage pressure remains low.** The labour market continued to improve strongly in 2017 benefitting from the job-rich recovery. Unemployment declined considerably from 11.2 % in 2016 to 9 % in 2017 and is now lower than the euro area average. The employment rate reached its highest level since 2008. This has not put significant pressure on wages as most of the job openings were in sectors with low-skill profiles and lower-than-average salaries. In addition, some labour market slack still persists, preventing wage growth from a significant increase. Youth and long-term unemployment remain a concern."

**"The recent strong increase in job creation has substantially improved the country's labour market.** Most indicators improved considerably as headline

unemployment dropped to 9 % in 2017. Long-term and youth unemployment also decreased significantly, bringing the scope of imbalances to a much lower level."

**"Portugal Social Innovation" is an example of an advanced** initiative investing in social innovation and entrepreneurship projects, making Portugal a pioneer in the development of social innovation with the support of the ESF. Portugal 2020 is the main national strategy framing this initiative and mobilising approximately € 150 million aimed at creating an ecosystem of social innovation and entrepreneurship. It has a particular emphasis on facilitating investment in the social economy and finding innovative solutions for social challenges. Some examples of good practices with a social innovation component already running on the ground are addressed to unemployed young people from different backgrounds, including young NEETs (who are not in employment, education or training), whose main objective is to increase the employability and socio-professional inclusion, have developed effective training-program methodologies and reached out very significant employability rates."

## EMCO's assessment

### Conclusions of the Employment Committee's multilateral surveillance review on youth employment, January 2018:

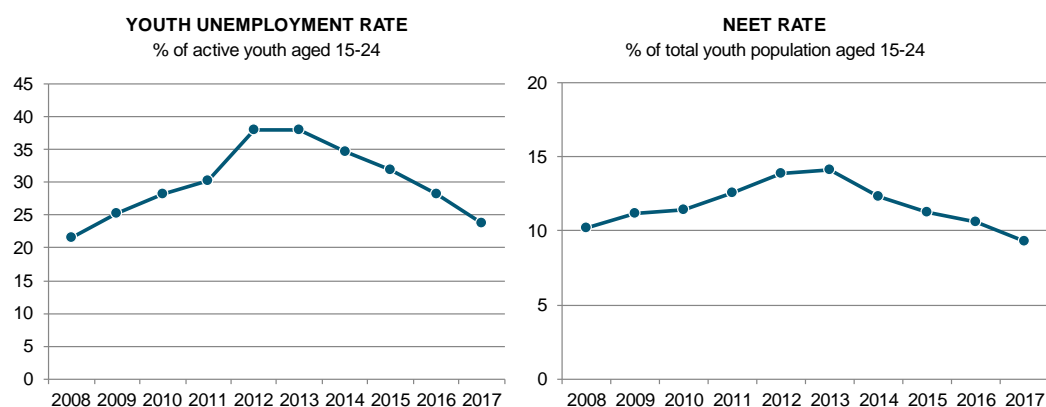
The labour market for young people in Portugal is improving, however the youth unemployment rate remains higher than the EU average and segmentation continues to be a concern. There is a wide network of partnerships in place to deliver the YG, and individualised support is provided. Portugal shows a high level of sustainable integration, indicating the quality of offers made. NEETs remain a heterogeneous group, some of whom need tailored support in order to be in a position to accept offers they may receive. An outreach strategy is in place, focused on those hardest to reach.

Some challenges remain: there are an increasing number of young people in the preparatory phase of the Guarantee. There is a need for impact evaluations which Portugal plans to undertake at the end of 2020, in the context of the strategy designed with the support of the ILO. Measures to improve the quality of services are planned as well as the additional training for case workers in public employment services.

Overall there has been good progress in implementing the YG in Portugal but efforts need to be sustained.

## Youth Guarantee monitoring – Key data<sup>1</sup>

### 1. Main trends in young people's labour market performance



Source: Eurostat, LFS (une\_rt\_a, lfsi\_neet\_a)

### 2. Youth Guarantee delivery

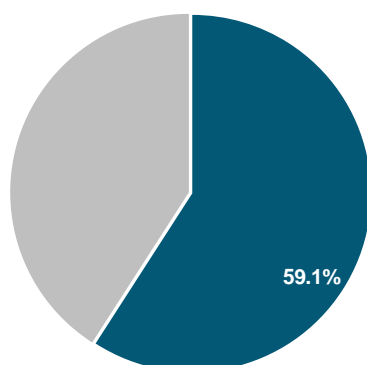
The Portuguese [Youth Guarantee Implementation Plan](#) was presented in December 2013 and the YG scheme, open to NEETs under 30, was introduced in March 2014. The public employment services (PES) are responsible for management of the YG scheme and for coordinating partnerships across all levels and sectors of the country. Implementation involves ministries, youth organisations, trade organisations, as well as social partner organisations and other relevant institutions working on education and vocational training and social inclusion.

Young people registered as unemployed with the PES and eligible for the YG are flagged accordingly; participants who are not registered with the PES are approached by the Employment and Vocational Training institute, working in partnership with other entities.

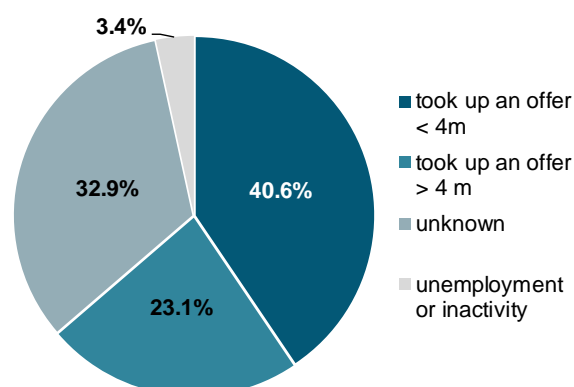
A dedicated [Youth guarantee website](#) was launched in January 2014. The portal allows participants to sign-up in order to be registered for the YG, and presents information on the scheme and the services and offers available. Organisations can also register to join the network of YG providers. Further information can be found both in the [implementation plan](#) and in the dedicated [website](#).

<sup>1</sup> The information below is taken from the country fiche related to the Youth Guarantee Data collection (full results can be found on <http://ec.europa.eu/social/main.jsp?catId=1143&langId=en#YGIF>).

**Proportion of NEETs covered by the YG, 2016**  
% NEET population aged 15-24



**Out of all young people that exited the YG in 2016...**



Source: DG EMPL, YG monitoring database2016

Improved quality of data following resolution of a number of small technical issues.

Two fifths of those leaving the YG in 2016 (40.6%) took up an offer within four months of registration, slightly fewer than in 2015 (43.2%).

On average during 2016 almost six in ten (59.1%) of all NEETs aged under 25 were registered in the YG scheme. This is a noticeable improvement on 2015 (48.8%), although at least part of the increase is linked to the increasing retention of young people for longer periods.

### **Additional information**

More than half of those leaving the YG in 2016 (56.7%) were known to be in a positive situation 6 months later.

On average in 2016, more than half (54.8%) of those registered in the Portuguese YG at any point during the year had been waiting for an offer for more than 4 months, and two in five (19.9%) for more than a year. Increasing numbers are staying in the YG for long periods without an offer.

Longer-term follow-up data for those leaving in 2014 and 2015 suggest that outcomes are sustainable.

## Previous year

### 2017

#### From the 2017 country report for Portugal (EN - PT):

**"Unemployment keeps falling and employment growing, while long-term and youth unemployment still remain high.** Half of the unemployed have been jobless for a year or more, while a quarter of young workers are unemployed. Long-term unemployment can make it harder to return to work, harming Portugal's growth potential. [...] High levels of long-term and youth unemployment increase the risk that jobless people will disengage from the labour market, gradually losing their skills and employability."

**"A rebound in potential growth to converge with the EU average would address medium-term challenges.** Persistent bottlenecks and rigidities in the product and labour markets still imply limits to supply and demand of labour and thus to potential growth. This refers in particular to obstacles to job market access for young people and the long-term unemployed."

**"Labour market segmentation remains high, weighs on the prospects of young people and has the potential to increase labour market volatility.** Despite the growth of permanent contracts, labour market segmentation remains high. New entrants, in particular, are exposed to temporary and precarious contracts: 53.5 % of employees under 30 work on temporary contracts (against an EU average of 33.3 %). This adversely affects young people's career prospects and incomes, given the wage gap between temporary and permanent workers. Such contracts are also particularly sensitive to business cycle fluctuations; youth unemployment thus reacts more strongly to recessions than unemployment in general (Hüttl 2015). The last-in-first-out workforce adjustment strategies, often adopted by firms, exacerbate this effect (Scarpetta 2012). Thus, extensive use of temporary contracts may aggravate volatility in labour markets, thereby failing to dampen economic fluctuations."

**"Increases in the minimum wage can reduce in-work poverty and increase aggregate demand but also involve risks to the employment of low-wage groups.** Evidence shows that minimum wage increases may help reduce (in-work) poverty (European Commission, 2016a). In 2013, before the most recent increases in the minimum wage, more than 20 % of minimum wage earners in Portugal were at risk of poverty. Increases in the minimum wage can also have a positive impact on aggregate demand if not outpaced by possible negative employment effects, depending on the relative position of the minimum wage in the wage distribution. The higher the minimum wage in the overall distribution, the more binding it is, making it more likely that some firms will forego filling some low-productivity jobs. The potential negative effect on employment is more marked for groups with a higher share of low-wage workers, such as young people and low-skilled workers (European Commission, 2016a). In a context of employment recovery, these risks have not materialised so far."

**"Active labour market measures continue to foster transitions into employment, although the share of participants among jobseekers is falling.** The percentage of registered unemployed people following active labour market



measures fell from an average of 26 % in 2015 to 18.2 % in 2016. The Government published a preliminary assessment study on active labour market policies in June 2016 (Portuguese Ministry of Labour 2016). This highlights the need to slow down the overall supply of active labour market measures, in line with the resources available from the European Social Fund (ESF) until 2020 (active labour market policies are largely co-financed by the ESF), while focusing these policies on schemes that foster job creation on permanent contracts. The study also shows that 38 % of trainees were integrated in the labour market after having completed a traineeship and 27 % were offered an open-ended contract. Additionally, 65 % of those who were initially hired through hiring incentives are employed one year after the financial support has ended, but less than 30 % have an open-ended contract."

**"High rates of grade repetition weigh on education costs, social inclusion and labour market outcomes.** With 31 % of students having repeated an academic year, Portugal shows the third highest rate in the EU (PISA, 2016). The social gap is significant, with rates over 52 % among disadvantaged students and less than 9 % among advantaged ones. This is estimated to increase public education costs by EUR 250 million a year. The upward trend in grade retention has reverted in 2014-2015 but remains high at 15 % in secondary school (National Education Council 2015a). Successive grade retention increases the risk of dropping out of school and lowers attainment expectations (OECD, 2012), translating into lower professional achievement and wages. The previous programmes of basic vocational education and training for students required to repeat several academic years are now over. The government proposes to tackle school failure by improving tutoring support to students and reasserting the value of transferable skills in the curricula. Students experiencing difficulties will have four hours of tutoring a week with teachers who have received special training. The new tutoring system is also expected to help make better use of teaching staff and reduce the number of teachers without jobs."

**"While graduates have a high employment rate, many seek opportunities abroad, which limit the effectiveness of spending in higher education.** According to the Emigration Observatory, Portugal is one of the European countries with the highest rates of highly qualified individuals who emigrate (11 %). Demand for tertiary qualifications is however increasing with graduates' employability rate in the labour market (81.5 %) exceeding that of people with upper secondary qualifications (68.3 %). But limited career prospects and low wage levels limit the economic return on the education investment. They make highly skilled youngsters look for better opportunities abroad (European Commission 2016b) and in some cases might make higher education less attractive. In particular this may have contributed to the fall in enrolment of about 30 % between 2011 and 2014 (PORDATA). Enrolment stabilised in 2015 and rose by 2.2 % in 2016."

For further youth-related matters please refer to the country report.

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## **Link to further information**

### **Youth Guarantee Database - Promising examples**

<http://ec.europa.eu/social/main.jsp?catId=1327&langId=en>

### **Youth Guarantee Implementation Plan**

<https://dre.pt/application/dir/pdf1sdip/2013/12/25300/0704907055.pdf>

### **Where to register for the Youth Guarantee?**

<http://ec.europa.eu/social/main.jsp?catId=1218&langId=en>

### **National Youth Guarantee Website**

<https://www.garantiajovem.pt/>

### **Youth Wiki Portugal**

<https://eacea.ec.europa.eu/national-policies/en/content/youthwiki/overview-portugal>