



# **Adequate Minimum Income: - building consensus - EAPN Portugal**

Analysis of Minimum Income Scheme in Portugal

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**EMIN**  
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# Tender N° VT/2011/100 Pilot project – Social solidarity for social integration

## Objectives of the reports

Based on the experience of developing the reports in 5 identified countries, reports will be produced in 26 remaining countries (all EU Member States plus Serbia, Iceland, FYROM and Norway). To that aim, a simplified template has been produced.

The reports will build on existing research and analysis to produce a national report on the current state of play on minimum income schemes in terms of adequacy, coverage and take-up in their country. The reports will build in particular on the 2009 reports of the national independent experts on social inclusion and the 2013 reports on active inclusion of the EU Network, and on recent MISSCEO and MISSOC data. All sources will be filed in base camp. The reports will also identify obstacles related to adequacy, coverage and take-up of minimum income schemes. Consensus will be sought with relevant actors in order to identify initial practical steps towards progressive realisation of adequate and accessible minimum income schemes in Member States. The identification of relevant steps to be taken should be a key outcome of the dialogue that should take part with the relevant stakeholders needed to produce this report. The reports will also be used to identify common trends and prepare the ground for the European follow up in terms of proposals on common EU definitions, criteria and possible next steps for further cooperation on the theme at EU level.

## Project definition

For the purpose of the reports, minimum income schemes are defined as essentially income support schemes which provide a safety net for those who cannot work or access a decent job and are not eligible for social insurance payments or those whose entitlements to these have expired. They are last resort schemes which are intended to ensure a minimum standard of living for individuals and their dependents when they have no other means of financial support. In case several minimum income schemes for different groups coexist in a country, priority shall be given to minimum income schemes for the population at working age.

## Methodology

The methodology to prepare the reports involves two approaches:

1. Desk research and use of secondary sources, especially for sections 1 and 2, and
2. Interviews with relevant partners, especially for sections 3 and 4.

The relevant stakeholders should include the relevant public authorities, service providers, social partners, NGOs, policy makers at different levels, and include the involvement of people living on minimum income or who benefit from minimum income support.

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## 1. Panorama: short description of minimum income scheme(s)

### 1.1 General overview: description of minimum income scheme(s)

One of the main significant minimum income benefit provided by Social Security System in Portugal is the Social Insertion Income (SII). This is a measure of social protection created to support people and families who are in a situation of serious economic distress and at risk of social exclusion.

The right to Social Security system is established in the National Constitution and one of the first measures that had contributed for the creation of a minimum social protection scheme for all the national citizens was the *social pension* (Law Decree nº 513-L/79, 26<sup>th</sup> December). A few years later this minimum social protection scheme is replaced by the *non-contributory system of social protection* (Law Decree nº 160/80, 27<sup>th</sup> May) that "by keeping all the benefits of such scheme, shall limit the personal universe to the most disadvantage citizens on the basis of checking the condition of resources. Even with different names over the years, the non-contributory scheme remains the main element to the social protection of the citizens"<sup>1</sup>.

On the basis of non-contributory system is created in 1996 the Guaranteed Minimum Income (Rendimento Mínimo Garantido / Law nº 19-A/96, 29<sup>th</sup> June) that combines an *income benefit and social insertion program aiming to ensure to individuals and households the necessary resources to meet their basic needs and their gradual social and professional inclusion*. This benefit assumed in 2003 the new title of social insertion income (SII) (Law nº 13/2003, 21<sup>st</sup> May). According to Isabel Baptista, "SII is composed of a monetary component (the cash benefit) which is a universalistic right, transitory and structured around established criteria and of an insertion programme which is based on a contract between the beneficiaries and the programme whereby both parts agree to develop a set of actions, necessary for the gradual social, labour and community integration of the family. It is addressed at individuals and families who are in a severe situation of economic deprivation, e.g., whose individual income is lower than the amount of the Social Pension (...) or whose household per capita income is below that threshold"<sup>2</sup>.

Since its implementation in 1996, SII was always a target of different opinions and perceptions on its implications in the fight against poverty and social exclusion. These perceptions were several times influenced by the different political orientations and by the different opinions towards the implementation of this measure. The main principles that are on the basis of the measure are the economic distress as well as social and professional exclusion. This is also a benefit that can be accumulated to other benefits, namely: Social old-age pension; Social invalidity pension; Widow's pension; Orphan's pension; Dependence supplement; Solidarity Complement for the elderly; Rent subsidy; Disability Bonus; Allowance for attendance to a third person; Allowance for attendance at a special school; Family Allowance; Prenatal Allowance; Parenthood and adoption benefit; Sickness benefit; Unemployment allowance. Taking in consideration this list of different benefits, it's

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<sup>1</sup> For more information please see: <http://www4.seg-social.pt/evolucao-do-sistema-de-seguranca-social>

<sup>2</sup> Isabel Baptista, Jorge Cabrita, Minimum Income Schemes. A study of national policies, European Commission, April 2009, p.3

possible to identify the diversity of groups that can benefit from SII, regardless age, household type and employment status, for instance. It could be possible to describe some of these measures taking in consideration their importance for specific groups, like the elderly, but the most important aspect is to realise the complementarity of SII with other benefits that shows the importance that this measure can have for social inclusion. Isabel Baptista also refers that SII is “the only Portuguese minimum income scheme that corresponds to the characteristics highlighted by the Commission Communication COM (2006) 44 regarding the active inclusion of people furthest from the labour market. It was the first measure to simultaneously address the lack of a minimum subsistence income to those people who do not have resources, irrespective of having or not paid contributions to the social security system and to address a multiplicity of needs which are clearly in the domain of social activation, although not restricted to labour activation.”<sup>3</sup>

In spite of this we realize that due to economic crisis, that is affecting Portugal since 2009, and “pressured by increasing expenditure and consolidation policies, the protection mechanisms are facing several reductions, with conditionality becoming stricter”<sup>4</sup>. By this way, benefits like social insertion income were affected by a reduction in the number of recipients and in the amount received. In the following board is possible to see the evolution over time in the number of individuals and households beneficiaries of this measure:

	2008	2009	2010	2011	2012	2013
<b>Per family N°</b>	160.542	192.249	206.700	173.028	160.358	148.107
<b>Per individual N°</b>	417.596	485.750	526.013	447.605	420.803	360.153

Source: Social Security Institute. 1/February/2014

### 1.2. Eligibility conditions

Severe economic distress is the basic condition to access to Social Insertion Income, since this is a benefit to help the individual to overcome this situation.

Taking this as a reference there are other conditions that must be considered to obtain minimum income and that are mandatory for the entire household. Firstly, they must have legal residence in Portugal for at least one year. The time for the legal residence varies if

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<sup>3</sup> Isabel Baptista, Jorge Cabrita, *Minimum Income Schemes. A study of national policies*, European Commission, April 2009, p.7

<sup>4</sup> Light Pro-active Social Report, position paper of EAPN Portugal, 2013.

the citizen comes from a European Union Member-state (one year, like the national citizens) or to other countries (3 years<sup>5</sup>).

In terms of age, a person can request the benefit if he/she is 18 years old or above. However, there are some exceptions such as: if the person requesting SII is pregnant, or if he/she is married or in a consensual union for more than 2 years; if the person have minors or disabled dependents that rely fully on the household (i. e. when they don't have an income lower than or equal to 70% of the value of SII - €124.70); and finally if they have an income higher than 70% of the value of SII (€124.70)<sup>6</sup>.

There are other conditions related to means-testing, namely the applicant must provide to Social Security all the important documents to verify the economic and financial situation of all the household members and he/she must authorize Social Security to have access to all the relevant information for the assessment of his/her socio-economic situation.

There are also some conditions related to labour sector, because the applicant if is unemployed or available for work, he/she must be registered in the job centre located in the area where he/she lives. In the situation where the applicant lost his job (without being dismissed or due to a valid reason) he may only require SII one year after the date he became unemployed.

Two last conditions are related to institutionalization: the applicant can't be in preventive detention or in prison and can't be institutionalized in Entities financed by the State.

Once again it's important to mention that with the economic crisis there were some changes in the conditions to obtain SII, especially in what concerns means-testing and the willingness to work. In the first case, there is now a strict precision regarding the verification of means test for the application and renewal of SII. Following the Ordinance n<sup>o</sup>257/2012 of 27 August the means test considers now the movable property subject to registration, namely, the motor vehicles. Furthermore it's also considered the value of other property. Both of them can't exceed €25 153.20. In other words applicants cannot have assets (money, property, etc. valued above that fixed amount). This situation, together with the decrease of the threshold (Social support Index) to access the SII, caused a decrease in the number of individuals receiving this benefit because the access to the measure is far more limited and the sum of the incomes of the person exceeds the reference value, which does not mean that the person has improved their economic situation. Between 2010 and 2013, the number of beneficiaries decreased from 526 013 to 360 153<sup>7</sup>.

In what concerns the willingness to work there was also some changes in the condition to access to SII. The Decree Law n<sup>o</sup>133/2012 of 27 January comes to proceed to the *revision of the legal framework of SII, which provides, within the integration measures that must be included in the insertion contract, the participation of the beneficiary and their household members in temporary occupation programs which result in the development of socially useful activities, as a way of promoting their social and community integration.* Taking this in consideration one of the main conditions to obtain SII is to be disposed to

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<sup>5</sup> These 3 years is not applicable to children with less than 3 years old.

<sup>6</sup> In <http://www.seg-social.pt>

<sup>7</sup> In <http://www.seg-social.pt>

develop socially useful activities (SUA). The Law Decree nº 221/2012 defines SUA<sup>8</sup> as a *temporary occupation developed on behalf of Non-profit entities, or from social economic sector, called promoters, for the fulfilment of social and community needs*. This measure is being implemented since October 2012, but is not monitored yet, especially in what concerns the scope of its application and its effectiveness in terms of the social and labour inclusion of the beneficiaries.

Recently other conditions to obtain SII were introduced, especially for refugees. The news was published informing that Social Security Institute was notifying refugees' citizens living in Portugal to attend Portuguese language courses, saying that this training is mandatory and crucial to keep the SII<sup>9</sup>. This is just an example of the accuracy that characterizes this measure. In this moment, this is one of the social measures most controlled in the country.

### 1.3. Amounts of the living wage

People getting Social Insertion Income receive a monthly benefit equal to the difference between the amount of the SII, calculated according to the household composition and household income (or the individual, if he/she lives alone). Because of this, SII is not a fixed amount and varies according to the household dimension and income and whenever there are changes in them SII is linked to the social support index<sup>10</sup> and a person starts to receive SII after signing the insertion contract and can receive it for 12 months, from which he/she must submit an application for renewal.

With the economic crises and the cuts implemented in some social measures the base amount of SII decreased from €189.52 in 2010 for €178.15 in 2013. The average value allocated to a family and an individual has also been declining:

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<sup>8</sup> Socially useful activities can only take up to 15 hours per week, distributed no more than 3 working days. The beneficiary is entitled to transport allowance, food allowance and insurance, which are of the responsibility of the promoter entity. This entity only pays food allowance if the person develops SUA in a minimum of a daily four hour.

According to a small assessment of the measure, developed by the Studies and Policies Team (Ministry of Solidarity, Employment and Social Security) for the Seminar *Rendimento Social de Inserção: uma garantia de cidadania?* (27<sup>th</sup>/28<sup>th</sup> November 2013) the type of activities developed is, for example: support in personal hygiene and feeding of users; collaboration in hygiene facilities; collaboration in the cleaning and maintenance of the external spaces of the entities; assistance in providing personal care to users of home social support.

<sup>9</sup> This training is developed within a cooperation protocol established between Social Security Institute, Foreigners and Frontiers Service; Employment and Professional Training Institute; Santa Casa da Misericórdia de Lisboa, *High Commission for Immigration and Intercultural Dialogue* and Portuguese Council for Refugees. In *Diário de Notícias* de 24/01/2014

<sup>10</sup> Social support index (SSI) is the base amount that is used as a reference for the calculation and updating of social contributions, pensions and other social benefits. In 2013 the SSI is €419.22. The Social insertion income corresponds to 42.495% of this Index (Law Decree nº 13/2013 of 25 January). In 2012 the SII corresponded to 45.208% of the SSI.



	2010	2011	2012
<b>Per family €</b>	228,07	242,01	214,68
<b>Per individual €</b>	87,73	89,44	84,32

Source: Social Security Institute

In what concerns the composition of the household, if the beneficiary is alone, the sum of his/her monthly income can't be equal or higher than €178.15. If the beneficiary lives with relatives the sum of the monthly incomes of all household members can't be equal or higher to the maximum amount of the SII that is calculated according to the household composition: €178.15 for the 1<sup>st</sup> holder; €89.07 for the second adult and other adults; €53.44 for each child or young person with less than 18 years.

Making a comparison between the amount of SII and the 60% median income threshold is possible to present a simple reading of these two realities:

	Single	Single + 1 child	Single + 2 children	Couple	Couple + 1 child	Couple + 2 children
<b>At risk of poverty threshold (60% of median equivalised income) / per month / €<sup>11</sup></b>	416.2	541	665.9	624.3	749.1	874
<b>SII / per month / €</b>	178.15	231.59	285.03	267.22	320.66	374.1

However, it's important to highlight that in the calculation of the monthly household income there is a category of income that must be considered, not only the income resulting from work (self-employed or employees), but also other benefits, and income from assets (bank deposits, and so on) and income from movable property subject to registration. These two last categories of incomes are a result of the recent changes in the measure.

Social housing is also considered in the calculation of SII. In the situation that the household lives in social housing, the following values are added to the monthly household

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<sup>11</sup> EU-SILC Survey, Eurostat. Year 2012 (income of year 2011).

income: in the first year is considered an amount of €15.45; in the first benefit renewal the amount rises to €30.91 and in the second benefit renewal is added €46.36<sup>12</sup>.

These recent changes in the measure caused a decreased in the number of beneficiaries receiving SII, as well as in the amounts received, as it was explained in the previous point. It's also important to mention that the access rules to the benefit are tighter, as well as the monitoring of the obligations related to the measure and the failures in those obligations.

The previous table showed the amount of SII for some households' categories, but this form of calculation is made in a 1<sup>st</sup> phase. Like it was explained, in the calculation of the monthly household income it is considered other incomes, so if the monthly household income is, for example, 300€, the total amount of SII for a couple with 2 children will be: €374.10 - €300 = €74.10.

## 1.4. Time duration

As stated above, the Social Insertion Income (SII) has a time length of 12 months and can be renewable upon request of the beneficiary. The application for the renewal must be made two months before the end of the support through the delivery of the application form and, in cases of changes in the household situation, these evidences must be presented.

The Social Insertion Income can end at any moment if some conditions are not fulfilled. Some of these conditions are:

- Unjustified noncompliance with insertion contract;
- If the household doesn't report, within 10 days, any change (income, household composition, or other) that can modify the value of the benefit, the benefit can be suspended. The suspension also takes place if the household doesn't report an address change. After 90 days of suspension, if the household continue to not report these changes, the subsidy ends;
- Unjustified nonattendance to any meeting invited to;
- False declarations;
  
- Unjustified refusal of a convenient job offer, professional training, socially useful activity or socially necessary work by any member of the household. The socially

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<sup>12</sup>When the household does not live in social housing: "If some family members are property owners, it is considered as property income, 1/12 resulting from the adding of the following amounts:

a) Permanent residence (only if the equity value of permanent housing is 450 times higher than the social support index, i.e., € 188,649.00):

i) 5% of the difference between the patrimonial value of permanent housing and € 188,649.00 (if the difference is positive).

b) Remaining properties, not including permanent housing. It should be considered the highest of the following amounts:

i) The amount coming from rental income;;

ii) 5% of the sum of the equity value of all properties (excluding permanent housing

For more information please see: Instituto da Segurança Social, I.P., Guia Prático – Rendimento Social de Inserção, Lisboa, ISS, I.P., 2014, pp.9/10. Available at: <http://www.seg-social.pt>

useful activity is temporary and part-time occupation carried out by Social Insertion Income beneficiaries in non-profit organizations aimed at fulfilling a social need. These occupations don't imply remuneration<sup>13</sup>. The socially necessary work (Ordinance nº 378-H/2013 of 31st December) is a full time work carried out by the beneficiary of Social Insertion Income and Unemployment benefits. The work is promoted by non-profit organizations and is also meant to fulfil a social need. In this case, the beneficiaries of Social Insertion Income receive a remuneration for this work (€419.22)<sup>14</sup>.

There is always a possibility to present some justification for not comply with some condition/obligation, but even in these cases, if the justification is not accepted or submitted in time, the SII can be suspended for 12 or 24 months.

## 1.5. Conditionality

The decision about the existence of entitlement and the granting of the benefit falls upon the Social Security Institute (Instituto da Segurança Social). The submission of the application is made through the competent social security institution of the claimant's place of residence or the non-profit entities with protocols with Social Security Institute for this purpose. Indeed, since 2003, The Social Security Institute have established protocols with non-profit organisations with social solidarity work to improve the effectiveness of the contractualisation process between the beneficiary and the programme and allowing for a closer relation between the beneficiaries and the Social Insertion Income team and a closer monitoring process.

The submission procedure implies a wide range of documents. Apart from the three forms that make up the submission process, the beneficiary must provide proof documents from all members of the household regarding: identification; residence; remuneration; household income; school or training attendance; pregnancy; disability; temporary incapacity for work or need to support a household member; movable and immovable property; real estate rental and investment income; access to bank account information.

Apart from the delivery of all proofing documents and updating of all information and documents whenever there is a change in the household composition, financial situation or social situation, the Social Insertion Income's beneficiaries (the applicant and the household members) are obliged to a range of compliances: attendance to meetings to which they are invited; to sign an insertion contract and comply with the obligations under that agreement; to request other Social Security benefits that the household is entitled to; to charge money to their debtors; and to ask for maintenance payments to their children.

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<sup>13</sup> Please see foot note number 7.

<sup>14</sup> Socially necessary work is the activity developed in specific contract called *Employment insertion + contract*. This contract is included in a set of active employment measures which aim to improve employability and reintegration into the labour market of unemployed citizens. Through this contract the beneficiaries of SII, have the possibility to improve their social and professional skills, through the development of socially necessary work. These beneficiaries are entitled to a monthly scholarship that corresponds to the amount of the Social support index (SSI) (in 2013 the SSI was €419.22). For more information please see: Portaria nº 378-H/2013 of 31<sup>st</sup> December.

The insertion contract is a key aspect of the Social Insertion Income. This contract defines a group of actions - based in the characteristic and needs of the household - that could support the integration process. The willingness for work or for professional training, and the acceptance of socially useful activity or socially necessary work are conditions applied to all beneficiaries with the exception of the persons with long-term or permanent incapacity for work; minors aged 16 or persons aged 65 or over; persons taking care of a family member. The registration in the job centre is also compulsory. Since 2012, the beginning of the allowance occurs with the signing of the insertion contract and not with the decision granting the application.

## 1.6. Link with other social benefits

The Social Insertion Income allows for a combination with other benefits, incomes or wages. Actually, the SII beneficiary must apply for other benefits to which she/he may be entitled. But, this combination doesn't mean accumulation and the final income shall not exceed the amount established to the household (i.e. € 178.15 for a single person living alone). The exceptions are the benefits to support family responsibilities, disability and assistance of another person, whose values are not accounted in the household income.

The Social Insertion Income can be complementary to the following benefits:

- **Non-contributory old-age pension** - Monthly benefit for people aged 66 years or more, who are not covered by other social protection scheme and with a monthly gross income equal to or less than € 167.69 in the case of isolated person, or € 251.53 in the case of a couple. The value of this pension is € 199.53, which is added the extraordinary solidarity complement (CES) whose value varies depending on age;
- **Non-contributory invalidity pension** - Monthly benefit for people with disabilities (permanent incapacity), who are not covered by other social protection scheme and with a monthly gross income equal to or less than € 167.69 in the case of isolated person, or € 251.53 in the case of a couple. The value of this pension is € 199.53, which is added the extraordinary solidarity complement (CES) whose value varies depending on age;
- **Non-contributory widowhood pension** - Monthly benefit for widow/er of a beneficiary of Non-contributory old-age or invalidity pension. The value of the widow's pension is € 119.72;
- **Orphans pension** - Monthly benefit for children under 18 years old orphans of people who are not covered by social protection scheme. To have access to this support, the orphans must have a gross monthly income equal to or below € 167.69, provided that the respective household income does not exceed €628.83 or the household income per person should be equal to or less than € 125.77 and be at risk or social dysfunction. The amount of the benefit is calculated based on the number of orphans and the existence or not of a spouse or former spouse entitled to pension. The benefit ranges between € 39.91 and € 159.62;
- **Dependent person's supplement** - Monthly benefit for disability, old age and survivors pensioners from contributory or non-contributory system in a situation of dependency for household services, feeding, mobility and hygienic care. The amount of the benefit is calculated based on the pension that already receives and the degree of dependence. The benefit ranges between € 89.79 and € 179.58;

- **Solidarity Complement for the elderly** – Monthly benefit for people aged 66 years or more with low income (If married, the income of the couple must be less than € 8,590.75; if single, the income must be less than €4,909). The value of the benefit (annual) will be the difference between the annual resources of the applicant and the reference value of the complement (€ 4,909). At most, in 2014, a single benefit will be received 4,909 € per year or € 409.08 per month;
- **Rent subsidy** - It is a monthly support to protect economically disadvantaged tenants (especially the elderly), whose rents increased due to the New Urban Lease Regime. To apply to this subsidy, the household income should be lower than € 20.370,00 for people young of 65 years old and lower than € 33.950,00 for people with 65 years or older. The support can range between € 24.25 and € 485 and calculated based in the difference between value of new rent and the stipulated value of the rent that is considered to be within the household financial capability;
- **Disability supplement** – It is cash value that is added to child benefit for children or youth (Under 25 years old) with disabilities in order to compensate their families of the burden resulting from this situation. If the parents of these children or youth pay compulsory social security contributions, it is not taking in consideration the household income. If one doesn't pay compulsory social security contributions, this supplement is only available to households in economic deprivation. The amount of the benefit is calculated based on the age of the children or youth and the household composition. The supplement ranges between €59.48 and € 139.15 and the household can receive this support until the young reach 24 years old;
- **Constant attendance allowance** - Monthly benefit that is intended to compensate families with offspring in a situation of dependency and require permanent monitoring by third person. If the household has compulsory social security contributions, the household income is not taking in consideration. If the household doesn't pay compulsory social security contributions, this supplement is only available to households in economic deprivation. The value of this allowance is € 88.37;
- **Special education allowance** – Monthly benefit that is intended to compensate the families with children and youth less than 24 years old with disabilities, the burden of special education that necessarily involves the frequency of suitable establishments, or need specific educational support outside the establishment. The amount varies according to: the monthly fee paid to the special education establishment; the household income; the number of people in the household; expenditure on housing;
- **Family allowance** – Monthly payment in order to compensate the family expenses regarding the maintenance and education of children and youth. The amount varies according by yield ranges and varies between € 140.76 and € 26.54;
- **Pre-natal allowance** – Benefit paid to pregnant women from the 13th week of pregnancy for a period of 6 months, and aims to encourage motherhood through compensation for the increase of expenses during the period of pregnancy. To have access to this allowance, the household should have an annual income lower than € 8,803.63. The supplement ranges between € 92.29 and € 168.91;
- **Social allowances in the framework of maternity, paternity and adoption protection** – Range of allowances to support parent during the period of professional inactivity due to the birth/adoption of an offspring. Economically deprived households who are not covered by other social protection scheme can apply for a social maternity/paternity allowance. To have access to this allowance the monthly income per person, of the household, should be lower than € 335.38.

- **Sickness benefit** – The daily amount of the allowance is calculated depending on the duration and nature of the disease and can vary between 55% and 100% of the remuneration;
- **Unemployment allowance** – The value of unemployment allowance varies between € 419.22 and €1,048.05;

Until 2010, the beneficiary would also receive some supplementary benefits, such as housing costs supplement or maternity supplement, but these supports ended as part of the public expenditure cuts following the public debt crisis.

Although there are no supplementary benefits, the Social Insertion Income is based in a local networking methodology. The Local Social Integration Centres (NLI) is the local network responsible for organizing the necessary resources for its execution and monitoring and assessing its implementation. These centres are composed of public agencies responsible for departments of social security, employment and vocational training, education, health and local government, as well as some local NGOs. These centres may also include some NGOs. The specific problems of the SII beneficiaries are discussed during the NLI meetings, allowing for a quicker access to services (health, education, training, and others).

## **2. Link between the right to social integration and the active inclusion strategy**

Despite the recent data for the last quarter of 2013, that suggest a more favourable evolution regarding GDP and the labour market, the Portuguese socioeconomic scenario

has been characterized by a deep economic recession (GDP decreased by 3.2% in 2012 and by 1.4% in 2013<sup>15</sup>) and the implementation of macroeconomic policies (under the Memorandum of Understanding) primarily focused on consolidation.

The impacts on the labour market are clearly visible, translated by the decline of the employment rate and the increase of unemployment. Facing a huge increase on taxation, decreasing in income and increasing costs of essential goods and services many Portuguese were affected by in-work poverty, over indebtedness, poverty and social exclusion.

Unfortunately, the adopted macroeconomic policies have translated into deep budget cuts, severely affecting the provision and quality of public services, with deep negative impacts on health and education, for example. Paradoxically, the cushion effect of some social policies (as the Social Insertion Income) has been reduced, despite Portugal been facing what has been described as one of the worst crisis ever<sup>16</sup>. The number of beneficiaries, individuals and families, of the Social Insertion Income fell to 360.153 and 148.107, respectively, the lowest numbers since 2007/2008.

According to a simulation by Rodrigues (2013)<sup>17</sup> of the 2010 and 2012 changes in the entitlement rules of the SII, *"their single aim was to achieve a reduction in public expenditure. The implementation of these cuts in a time of deep social crisis when the more vulnerable families are in even more need of social support has profound implications in the distribution of income, inequality and different dimensions of monetary poverty"*.

Furthermore, it is not possible to know in detail the reasons beyond this evolution of the Social Insertion Income as the monitoring of the Programme is not being pursued. At national level the Social Insertion Income National Commission (CNSII), which involved representatives of different Ministries and other organizations<sup>18</sup>, and was responsible for assessing the implementation of the measure, was one of several consultative bodies extinguished with the Plan to Reduce and Improve the State's Central Administration<sup>19</sup>. Since its extinction, in the second semester 2011, the role of the Commission was to be undertaken by a new body, the National Council for Solidarity Policies, Volunteering, Family, Rehabilitation and Social Security, which is not yet working until today.

As Isabel Baptista already stated in the 2012 report *"Our assessment of progress regarding monitoring and evaluation arrangements regarding either the active inclusion*

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<sup>15</sup> INE, Contas Nacionais Trimestrais – Estimativa Rápida, 4º Trimestre de 2013 e Ano 2013, available at [http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUES\\_dest\\_boui=151507250&DESTAQUESmodo=2](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUES_dest_boui=151507250&DESTAQUESmodo=2)

<sup>16</sup> According to a recent article on the press, Personal Income tax rise 35,5% and the cost of life 20%, but support from the state declined 7% <http://www.ionline.pt/artigos/dinheiro /seguranca-social-estado-abandona-12-mil-pessoas-mes/pag/-1>

<sup>17</sup> Rodrigues, Carlos Farinha (2013), Moving the goalposts not once but twice: Minimum Income Benefit in Portugal(presentation)

<sup>18</sup> The ministries involved were Education, Health, Labour and Welfare and Justice, as well as the Secretary of State for Housing, representatives of the local authorities, private welfare institutions and trade union and employers' groups.

<sup>19</sup> Plano de Redução e Melhoria da Administração Central do Estado, PREMAC.

*recommendation or even Portuguese commitments regarding the objectives to achieve within the European Strategy to reduce poverty and social exclusion is strongly negative. Some of the structures in place in previous periods (e.g. during the NAPinclusion process) which provided some potential for the monitoring and evaluation of measures have either been extinguished or are under profound modification. The NSR does not provide any information on the monitoring and evaluation arrangements and the NRP annex delivered with the letter to the Commission totally fails to report on this aspect. Consultation mechanisms with different stakeholders have also suffered a clear pushback”<sup>20</sup>.*

Under this scenario, the right to social integration and the implementation of the active inclusion strategy (regarding the inclusive labour market and the access to quality services) risks being severely compromised. The limitations to the implementation of the Commission’s Recommendation on Active Inclusion posed by the current social and economic scenario and the fiscal consolidation that drives macroeconomic policies were already highlighted by Baptista (2012), although the author also enhances the effects inherent to a “new paradigm of social action embodied in the Social Emergency Plan” (PES)<sup>21</sup>.

## **2.1. Inclusive labour markets**

### *2.1.1. Labour markets reforms under the Memorandum of Understanding (MoU)*

The Portuguese government has carried out a number of structural reforms under the MoU signed with the IMF, ECB and the EC. The labour law has been revised in order to tackle labour market segmentation and facilitate adjustment to the economic cycle.

For workers, the new legal framework meant increased working time flexibility, particularly by the expansion of the “bank of hours” system to a maximum of 150 hours per year. At heights of peaks the working time can be increased by two hours daily and up to ten. The “bank of hours” can now be negotiated directly between the worker and the company as opposed to before, when it could only be negotiated between the unions and employers in the sector. It also allowed cuts in overtime pay and the reduction of compensatory time.

The definition of individual fair dismissals was also changed, allowing companies more freedom in choosing who they dismiss in case of extinction of the workplace. Nevertheless, the dismissal based on inadequacy became possible even if changes were not introduced in the workplace<sup>22</sup>. The subject is now being again discussed by the social partners, after the Constitutional Court ruled out the initially proposed criteria.

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<sup>20</sup> Baptista, Isabel (2012), Assessment of the implementation of the European Commission Recommendation on active inclusion. A Study of National Policies. Lisboa: CESIS/CEPS/DGEmployment, Social Affairs and Inclusion, p.31.

<sup>21</sup> Baptista, Isabel (2012), Assessment of the implementation of the European Commission Recommendation on active inclusion. A Study of National Policies. Lisboa: CESIS/CEPS/DGEmployment, Social Affairs and Inclusion, p.12.

<sup>22</sup> The new rules of the Labour Code include the possibility of dismissal in case of extinction of the workplace and dismissal for inadequacy. In this last case “the inadequacy occurs in the following situations: When being determined by the way the tasks are performed by the worker, make it



It's also important to refer the elimination of 4 days of vacation and public holidays for all workers and the increase of weekly working hours (from 35 to 40) for public servants.

The severance payments were also reduced (from 30 to 20 days per year of work, for both open-ended and fixed-term contracts) and a limit of 12 months of pay has been introduced. The 3 months of pay irrespective of tenure for permanent contracts has been eliminated and the partial financing of severance payments via a compensation fund became compulsory.

The situation has also deteriorated for workers who lost their jobs, due to the revision of the unemployment insurance benefits system. The implemented reform of the unemployment benefit system (Decree-law 64/2012 and Decree-law 65/2012 of 15 March) introduced a declining profile for unemployment benefits, reduced the maximum monthly amount of benefits and reduced the maximum unemployment benefits duration. The only positive results of this reform were the increased coverage (by reducing the contribution period for eligibility) and the extension of the system to a clearly-defined category of self-employed.

The structural reforms also affected the collective agreements sector, limiting their extension to the whole sector (by incorporating the need to fulfil a representativeness threshold) and widened the scope for bargaining at firm level.

The postponement of the retirement age to 66 years was also implemented.

If we look at the labour market now, it's possible to conclude that Portugal has an increased challenge to fulfil the Europe 2020's employment objective. The labour market started to decline from a peak of 73,1% in 2008 , and in 2012 attained a historically low level of 66.5%<sup>23</sup>.

The Commission Staff Working Document (CSWD) "Assessment of the 2013 national reform programme and stability programme for Portugal"<sup>24</sup> recognizes the "very negative trend is explained by the fast deterioration of the labour market during the economic crisis", but does not refer the impact of the labour market reforms that were implemented.

The unemployment rate was 16,3% in 2013 (15,7% in 2012), and although it's declining since the 17,6% registered in January 2013, it remains at an historically high level, with youth unemployment and long term unemployment registering very significant rates. Among the young (15-24 years old), the unemployment rate in 2013 was the same as in

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practically impossible to keep the position: a) Continuing reduction in productivity or quality; b) Repeated Failures in the job means; c) Risks to the health and safety of the worker, other workers or third parties." (Article 374, no. 1 of de Labour Code)

<sup>23</sup> EUROSTAT, Employment rate by sex, age group 20-64, available at [http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=t2020\\_10&tableSelection=1](http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=t2020_10&tableSelection=1)

<sup>24</sup> Commission Staff Working Document (CSWD) "Assessment of the 2013 national reform programme and stability programme for Portugal", available at [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

2012 (37,7%, a very high level) and the unemployment rate of LTU has increased to 10,1% in 2013, after registering 8,5% in 2012<sup>25</sup>.

Although these target groups are highlighted and measures have been put in place to promote employment among these groups ("Impulso Jovem", "Estímulo 2013"), we can observe a predominance of « classical » incentives to foster hiring (subsidizing wages or traineeship allowances, reducing social security contributions, etc.) and no reference to integrated pathways for employment or real active inclusion policies.

The focus on activation is also recognized by the CSWD, when it refers that "the authorities have strengthened active labour market policies by stepping up activation". In fact, the great majority of ALMP (Estímulo 2013, Programa Impulso Jovem) have so far produced scarce results or its effects haven't been visible (e.g. training). Also, the reform of the Public Employment System (the "Program for the Relaunch of the Public Employment System", established in February 2012) hasn't been evaluated (despite most of its measures having a 6 months' timeline) and the restructuring of the New Opportunity Centres (CNO's, which are structures for guidance, acquis certification and training) network was badly organised, with no participation of relevant stakeholders<sup>26</sup>.

### 2.1.2. The link between benefits and activation measures

The insertion component of the Portuguese Minimum Income Scheme is affected by flaws, resulting from "the lack of human resources to ensure an individualized and close interaction and monitoring of the processes<sup>27</sup>" (Baptista, 2012: 10). Despite the establishment of the SII protocols, aimed at improving "the efficacy of the contractualisation process between the beneficiary and the programme<sup>28</sup>", Baptista reinforces that "the Programme needs to improve the overall results of the social insertion programmes, namely the ability to promote the integration of the beneficiaries into the regular labour market" (Baptista, 2012: 17).

According to Baptista (2012: 31), the implementation of the Active Inclusion Recommendation implies "the investment in tailored support to professional integration and job maintenance"<sup>29</sup>. But the development of integrated pathways for inclusion, with a focus on the individual needs shaping the provision of services, has not yet been envisaged, despite the recommendations on this issue.

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<sup>25</sup> INE, Estatísticas do Emprego, 4º trimestre de 2013, available at [http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=151971866&DESTAQUESmodo=2](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=151971866&DESTAQUESmodo=2)

<sup>26</sup> A new network of centres (the CQEP's) was presented in 11 December, 2013.

<sup>27</sup> Baptista, Isabel (2012), Assessment of the implementation of the European Commission Recommendation on active inclusion. A Study of National Policies. Lisboa: CESIS/CEPS/DGEmployment, Social Affairs and Inclusion.

<sup>28</sup> Ibidem 20.

<sup>29</sup> Ibidem 20.

On the other hand, the integration of service provision by the two main state organisations (the Social Security and the Public Employment Services) has never been under discussion.

The Programme has therefore focused on strengthening compliance and anti-fraud measures and reinforcing the availability to take-up work or training.

Random checks have been introduced and reinforced. In case of non-compliance, the amount of time after a person can require the SII again has increased, first from 6 to 12 months and, in 2010, to 24 months (Moreira et al, 2013). As a consequence, the SII beneficiaries have less capability to reject activation measures (job or training offers) that are not suitable to their needs or do not encompass the necessary provision of services that can sustain its acceptance.

Considering that the legislative changes as the reinforcement of the components and importance of an integration contract are recent and there is a lack of a monitoring body, there is still little information on the effectiveness of the activation measures. However, a study published in 2010, pointed us that only 23% of RSI recipients are employable, compared to 77% made up of children, elderly and workers. These data lead us to effectively challenge the excessive focus on the issues of activation, as they are planned, forcing the development of alternative strategies that take account of the fact that a significant percentage of RSI recipients consist of children / youth under 18 years of age<sup>30</sup>.

The reinforcement of the coercion and sanctions component is a crucial evolution among the SII, as control has been reinforced (including by the use of fiscal systems) and sanctions have been hardened (Moreira et al, 2013).

Although the availability to take-up work has been a central feature of SII since the creation of the Programme (as Rendimento Mínimo Garantido or "RMG"), it has been consistently reinforced. The registration of SII beneficiaries in job centres is compulsory, and their work related obligations have been clarified. The introduction of the concepts of "convenient work", "socially necessary work" (in 2010) and "socially useful activity"<sup>31</sup> (in 2012) have contributed to broaden this scope. Therefore, readiness for work or for professional training, and the acceptance of socially useful activity or socially necessary work are conditions applied to most beneficiaries<sup>32</sup>.

As already stated, the Law Decree nº133/2012 of 27 January comes to proceed to the revision of the legal framework of SII, which provides, within the integration measures that must be included in the insertion contract, the participation of the beneficiary and their household members in temporary occupation programs which result in the development of socially useful activities<sup>33</sup>, as a way of promoting their social and community integration.

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<sup>30</sup> According to Social Security data, in July 2014, of the total of 217.410 RSI recipients, 74.262 (34,2%) were under 18 years.

<sup>31</sup> The Law Decree nº 221/2012 defines SUA as a *temporary occupation developed on behalf of Non profit entities, or from social economic sector, called promoters, for the fulfilment of social and community needs.*

<sup>32</sup> With the exception of the persons with long-term or permanent incapacity for work, minors aged 16 or persons aged 65 or over and persons taking care of a family member.

<sup>33</sup> Please see footnote 7.

On the other hand, the insertion contract is a key piece of the process, as it defines a group of actions - based in the characteristic and needs of the household - that could support the integration process. As the unjustified noncompliance with insertion contract or the unjustified refusal of a convenient job offer, professional training, socially useful activity or socially necessary work by any member of the household can imply the termination of the SII, it is crucial to guarantee the quality and adequacy of the insertion contract, as it constitutes the main reference for the evaluation of the beneficiaries compliance to their duties.

In a report produced for the Peer Review Exercise on "Improving the efficiency of social protection", Rodrigues clearly states, regarding conditionality and eligibility, that the "overall evaluation of the reform in the non-contributory social benefits entitlement conditions implemented in 2010 can be summarised as: an alteration that was needed, implemented at the worst possible moment due to the economic and financial crisis, and lead mainly by the need to cutting costs. The potential efficacy and efficiency gains that could be achieved were clearly eliminated by the intension to keep unchanged the benchmarked values, leading instead to a reduction in the efficacy of most benefits with minimum gains in terms of their efficiency"(Rodrigues, 2011: 2)<sup>34</sup>.

Although PES services are responsible for mediation and development activities regarding the professional insertion of the beneficiaries, they are also understaffed. Due to huge disparities between available staff and a very high level of unemployment, access to services becomes more difficult and hampers their availability to engage in personalized activities regarding the definition of job plans and monitoring the trajectories.

Consequently, doubts remain about the quality of service provision, particularly regarding the adequacy of services and policies to the specific needs of the SII beneficiaries.

Recognizing the need to reshape policies and services, the Government reformed the Public Employment System in February 2012 but the evaluation of this reform is not yet known (despite the 6 months timeline for the application of most of the proposed measures).

As monitoring and reporting are not being pursued (either related to the Social Insertion income or the reform of the PES), it's not possible to have specific data that can allow us to describe the possible impacts of this evolution.

### *2.1.3 Work or training schemes for minimum income beneficiaries*

Regarding the changes introduced in the Social Insertion Income Scheme, the 2010 decree-law referred above, states that, from the beginning of 2011, the services should create the conditions that promote access to all beneficiaries aged 18-55 years who are not in the labour market and who are able to work, to training programmes, educational measures or others that ensure a closer approach to the labour market, within a maximum period of 6 months after signing the insertion contract. In order to respond to this demand, SII teams working on the field need to deal with the programmes promoted by Government, mainly those assumed as employment active policies. Previous to the analysis of these policies, it's important to refer that the majority of them are hardly

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<sup>34</sup> Rodrigues, Carlos Farinha, quoted on Baptista, Isabel (2012), Assessment of the implementation of the European Commission Recommendation on active inclusion. A Study of National Policies. Lisboa: CESIS/CEPS/DGEmployment, Social Affairs and Inclusion, p.29.

compatible with the most common profiles of SII beneficiaries (e.g. very low education levels).

Taking account of some **strategic documents and moments, as regards the government's approach to social and professional insertion of the most vulnerable groups**, the **NSR (National Social Report)** presents a set of measures that are basically a repetition of former measures and programmes. It's also important to refer the exceptional measures for job support approved in January 2009 (**Employment Initiative 2009**) taken in order to minimise the effects of the crisis on employment including specific dispositions that favour the employment of particularly disadvantaged groups, namely the beneficiaries of the SII.

In this context, the **most direct measure put in place for SII beneficiaries is the Employment Contract Insertion Plus**, which was launched in January 2009 and is still in place at the present time. It consists on carrying out socially necessary work that meets social needs or contemporary collective needs, within projects promoted by public or non-profit private organisations, for a maximum period of 12 months. This measure has 3 main aims: 1) Promoting employability of people unemployed while preserving and enhancing their social and professional skills by maintaining contact with the labour market; 2) Encourage contact with other unemployed workers and activities, avoiding the risk of their isolation, marginalization and lack of motivation and 3) The satisfaction of social or collective needs, particularly at local or regional level.

In terms of procedure, it offers a monthly support of €419.22 (the value of the IAS\_Social Support Index) and covers expenses of transportation (if transportation is not provided by the entity); meal or meal allowance for each day's activity and insurance cover for the risks that may occur during and because of the exercise of the activity. The entity that promotes the **Employment Contract Insertion Plus is responsible for the payment of the monthly support**, which benefits from a financial contribution from the Institute of Employment and Vocational Training (IEFP), in percentages ranging from 80% to 100%.

**Another measure aimed at the SII beneficiaries is the Stimulus 2013** (the continuity of the Stimulus 2012). It consists in a financial support for employers who offer to registered unemployed people a full or a part time employment contract for a period equal (or no less than) to six months, with the obligation to provide vocational training to the hired workers. The support given by the government through IEFP consists in 50% of the monthly salary of the employee for a period of 6 months (in the case of fixed-term contract) and of 18 months (in the case of open-ended contract). In the case of SII beneficiaries, there's an increase in 10% of the support given.

As referred above, there is other work **or training schemes put in place in order to favour the employment of particularly disadvantaged groups**, but not specially directed to SII beneficiaries. It's important to refer that these are being conducted since 2008 until present time (with some small changes):

- Insertion companies aiming at the professional (re)insertion of long-term unemployed or particularly vulnerable groups regarding their labour market insertion (a measure that, at the present time, is only residual);
- Life-Employment Programme which specifically addresses the insertion and reinsertion of former drug addicts or those under rehabilitation;
- Microcredit aimed at creating self-employment for people having integration difficulties in the labour market;

- Support to job placement and on job monitoring and support addressed at disabled people and aiming at promoting their insertion in the labour market, as well as their job continuity and professional progression (change of sheltered employment to supported employment);
- Training for Inclusion (financed by POPH) aiming at promoting the development of personal, social and professional skills among socially excluded groups, which will enable them to complete educational or training paths which and provide them certification and/or facilitate their reintegration into the labour market;
- Exemption from contributions to social security (Single Social Tax) - in July 2013 this measure gathers special measures targeted at young people (one dimension of the Youth Impulse) and people with more than 45 years;
- Incentive to the acceptance of job offers (July 2012);
- Employment traineeships.

Some new measures aiming at the promotion of active employment have been put in place since the new government came to power in June 2011. These include: Stimulus 2012 and 2013 (referred above), and Young Impulse (recently replaced by the Youth Guarantee, a strategic programme to address the increasing trend of youth unemployment that commits to gradually and within 4 months after the young (under 25) leave the education system or the labour market – whether registered with employment services or not – will be made an offer of employment, continued education, vocational training or internship.

It's important to take notice of some reports dedicated to the **evaluation of some of these measures**.

The NAP 2008-2010 implementation report regarding 2009 and 2010 (Rodrigues, 2011) shows that most of the above mentioned measures did not fully reach the established targets, namely:

- Insertion companies – a total of 6 554 persons were covered which represented around 50.5% of the established target for the two years under analysis;
- Life-Employment Programme – a total of 2 332 beneficiaries were covered, representing 64% of the target for the two years;
- Sheltered employment – the target established to cover 2 000 people during until 2010 was not reached; only 56.4% of the total number was covered.

Another report ordered by the IEFPP on active employment measures (Dias Varejão, 2011) makes an evaluation of these measures between 2000-2011.

The evolution registered shows an increasing trend in the number of participations in active employment measures between 2003 and 2010 (a slight decrease in 2008, when it reaches a total of almost 120,000 participations and then a sharp drop to 70,000 participations in 2011 (figures up to August 2011). In terms of public expense, there is also a significant decrease from 2009 (210 million Euros) to 2011 (around 60 million Euros).

According to the authors *"the counterpoint to this significant increase in the use of employment measures during the first years of the rise of the unemployment rate is the sharp drop which followed and which is explained by the reduction of the amounts of the individual supports provided within several measures (which accompanied the revision of*

*the legal framework of many of them), but also of the number of participations.” (Dias & Varejão, 2011: 50)*

A closer look into those measures which are particularly focussed on those individuals facing specific insertion difficulties in the labour market (e.g. Social Insertion Income beneficiaries) shows that the number of participations dropped from its highest peak registered in 2009 (over 60,000 participations) to less than 40,000 participations in 2011. The public expense drop during this period was around 25 million Euros (from around 33 million Euros to 8 million Euros).

In a context where competitiveness, mobility, deregulation, flexibility and reduced legal labour protection seem to be the key drivers for change in the employment area, the announced measures for enhancing the social and professional integration of the most vulnerable groups are basically a repetition of former measures and programmes. Their scope is limited (namely the continuity of short duration apprenticeships), and do not introduce any significant change to already implemented measures. It would be vital to understand how the same kind of measures will produce different professional insertion outcomes, particularly taking into account the increased difficulties faced by vulnerable groups in accessing job opportunities that are increasingly disappearing.

Several criticisms have been raised by trade unions and some civil society movements (of young unemployed people) regarding these new programmes. The major concerns regard the fact that these type of measures are promoting “precarious jobs, low salaries and unemployment”, “making it easier for employers” to hire high qualified youngsters at very low salaries and with the financial support of the State. At the same time, short-term apprenticeships are seen as another temporary measure – existing for a long time – that will continue to have little effect on the rise of youth unemployment.

The assessment of policy developments occurred since 2011 are strongly shaped by the commitments made under the signature of the Memorandum of Understanding and by an almost exclusive concern to comply with the budget consolidation requirements, and the response to the rising (un)employment challenges are focused on fostering access to employment at any cost. Concerns on ensuring quality jobs, on tackling labour market segmentation, on providing supportive working environments are totally absent from the present orientations and measures in this field.

## **2.2. Access to quality services**

The issue of access to quality services is a difficult topic to address in a national context where an “efficiency-driven” concern is cut-crossing all areas in a search for an exclusive maximisation of financial outcomes.

Since 2011 most of the measures introduced in the area of healthcare, education and access to other social services have mainly been driven by the need to optimise costs and expenses, complying with the conditions imposed by the Memorandum.

It’s important to assume that before, and related to, the deterioration of the access to services for the SII beneficiaries is the fact that the number of citizens that have access to this social support is decreasing in very strong numbers.

According to the Social Security data<sup>35</sup>, the reduction in the number of beneficiaries is constant in the last years, in order of 32% between 2010 and 2013. In 2010 - 526 013 individuals; 2011 - 447 605; 2012 - 420 803 and in 2013 - 360 153 individuals. As referred to before, this decrease of the number of beneficiaries occurred not because of any improvement in the living conditions of the citizens, but rather because of the changes introduced in August 2010 and in 2012, namely the new concept of household and the change in the equivalence scale used which pushed many families out of the Programme and reduced the benefits for many others, particularly those with children. Specifying a bit more, and accordingly to a synthesis made by Carlos Farinha Rodrigues<sup>36</sup> before this reform, the unit of analysis was the family. However, a large family that was entitled to the SII could be split into smaller units. For instance, one or more grandparents could be "separated" from the larger family and become a "new" family. After, the family unit becomes a broader concept, close to the concept of household. It includes every relative that is living and sharing resources with the recipient of the benefit. About the effects of the change in the equivalence scale, the OECD equivalence scale was replaced by the modified OECD equivalence scale. The definition of the reference threshold remains, again, unchanged. The table below shows the values.

	OCDE equivalence scale 2010	OCDE equivalence scale 2011	OCDE equivalence scale 2012
<b>First adult</b>	1,0 *	1,0	1,0
<b>Remaining adults</b>	0,7	0,7	0,5
<b>Each child</b>	0,5 / 0,6 **	0,5	0,3

<sup>35</sup> <http://www4.seg-social.pt/estatisticas>.

<sup>36</sup> RODRIGUES, Carlos Farinha (2013), *Moving the goalposts not once but twice: Minimum Income Benefit in Portugal [presentation]*. 34 diapositivos. Comunicação efetuada no âmbito do *Seminário RSI: uma garantia de cidadania?* Available at [file:///C:/Documents%20and%20Settings/LilianaPinto/Os%20meus%20documentos/Downloads/CarlosFarRodrigues\\_RSI\\_mudan%C3%A7a%20de%20regras%20em%20tempos%20de%20crise.pdf](file:///C:/Documents%20and%20Settings/LilianaPinto/Os%20meus%20documentos/Downloads/CarlosFarRodrigues_RSI_mudan%C3%A7a%20de%20regras%20em%20tempos%20de%20crise.pdf) .



*\*First two adults*

*\*\* 0,5 for the first two children and 0,6 for all other children*

An intuitive way in which the same author (Rodrigues, 2013) highlights the impact of changing the RSI equivalence scale is selecting a typical family and observe what happens to their eligibility and benefits under the three regimes:

	Number of RSI Equivalent Adults	RSI threshold (monthly)	Var (%)	RSI as % of poverty line
<b>Original SII Programme</b>	3.0	569 €	-	64%
<b>SII after the 2010 reform</b>	2.7	512 €	-10%	58%
<b>SII after the 2012 reform</b>	2.1	398 €	-30%	45%

In addition to the reduced number of beneficiaries, “the end of the supplementary supports (up to 1023€/year) which could be used for different purposes according the identified needs of the individuals/families, namely for enhancing some practical conditions (e.g. transports) for enabling beneficiaries to attend work or training related activities agreed within the insertion programme (Baptista, 2013:15)”, also has clear damages in the access to services.

The clear proof that the decrease of the beneficiaries of social benefits doesn't mean the increase in the quality of life<sup>37</sup> are the data presented at the report of the implementation of active inclusion recommendation “different services report that most of the requests are related to food support and to the payment of rents, medicines, and to meet other basic needs. According to a national survey (CESOP/CESS, 2010) addressed at a total of 3279 NGO's working with the Food Bank and presented in November 2010, there were around 5 000 families on a waiting list to receive support and one in every five organisations claimed they were lacking the resources to respond to all the requests. One in every four stated that requests for support have increased in the previous 3 years. According to the NGO's this increasing demand of social support requests by individuals and families triggered mostly by the fast rising unemployment but also by low salaries and more

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<sup>37</sup> *The gains in efficiency that result from the changes in the entitlement conditions can hardly justify a strong reduction in its effectiveness in reducing poverty intensity and severity. The current economic and financial crisis imposes, undoubtedly, the need of a more rigorous implementation of the social policies, but it should also imply the strengthening of both their efficiency and effectiveness.” (Rodrigues, 2011: 9 cit in Baptista, 2013:15).*

precarious jobs has been worsened by the recent reductions or restructuring of several social benefits (e.g. family allowance, social insertion income, unemployment allowance).” (Baptista, 2013:24).

Assuming the presented context and responding briefly and in a tacit manner to the 3 strategic questions<sup>38</sup>:

- there is a deterioration in access to services, namely by SII beneficiaries but also by society at large;
- this deterioration stems from a rise in prices of the services and also from increasing constraint conditions of special access to more vulnerable groups such as SII beneficiaries;
- the context that generates and reinforces this deterioration is clearly the present moment of crisis and implementation of austerity measures

The deepening of this tacit response thus involves an integrated analysis of the three questions, performed by service areas to which access has been reduced due to the increase of their prices and the tightening of various indicators of their performance, in result of a context of crisis and austerity. The service areas reported are: Feeding; Health; Education; Housing; Water and electricity and Public transports.

## **FOOD**

The **Emergency Food Program implements the Social Solidarity Network Canteens** in august 2011. The financial contribution of the State, as a reference value meal, corresponds to the unit amount of 2.5 € and an amount per meal may be charged, up to 1€, depending on household incomes and the criteria set by the institutions.

The Social Solidarity Network Canteens is one of the most visible strategies in this area at the present moment. The decision on the establishment of contracts with the NGOs for providing social canteens is dependent on a selection process carried out by the Ministry according to criteria which are not clearly identified. The way the Protocol seems to be engaging the State in a new relationship with the social providers represents, in our opinion, a serious cut-back towards traditional forms of unregulated cooperation, fostering assistencialist and discretionary philosophies and practices.

Moreover, this emblematic measure of the PES is currently under strain: according to NGOs representatives many of the social canteens which have been established are now struggling with financing difficulties arising from the State’s delay to channel payments to NGOs and therefore deepening their already precarious financial situation.

With the implementation of the Program, provided that no new structures are needed, there are an estimated number of 947 canteens created at the 18 districts of the country. By October 2013, 811 social canteens scattered from north to south served over 14 million meals. Data from the Social Security Institute (SSI ) supplied to the news agency Lusa also reveal that the total number of meals contracted with institutions was about 49,150 per day . Despite the SSI does not know how many people are resorting to social canteens, claiming that this is a data that belong to each of the institutions that have a contract with the state, based on the number of meals per day paid to each of the canteens in October

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<sup>38</sup> Did minimum income beneficiaries’ access to services improve or deteriorate? Did prices increase? Is accessibility of services reduced, particularly in the light of the crisis and possible austerity measures?

2013 had already been paid 14,450,100 meals, with a cost of 36 million Euros. A number that exceeds the total 2012 year when the ISS signed close to 37 000 meals / day, which gives around 13.542 million meals in twelve months with a total cost of almost € 34 million

In the area of food it's also important to take into account the **Enhancement Programme Food in Schools** (PERA). This programme combines nutrition education with the need to address food shortages detected in students who attend public schools and it's working since September 2012 and during two academic years. To provide the first meal of the day, a type of help supplementing the school social support. The Ministry of Education established agreements with various companies (mainly food industry and transport) as well as city councils, parish councils and the Food Bank. According to data released in 2012 by Secretary of State for Education and School Administration, there are 12,709 students flagged and supported by the Enhancement Programme Food in which 6046 are supported under the National PERA, 3840 by Article 24, which allows schools to use the profits from the bars and stationers for the purpose, and 564 through other initiatives of schools.

According to data released to the press by the Ministry of Education, in its first year of implementation, PERA allowed to distribute small free lunches to 10,186 students and refer other needy students and their families to the Social Security Institute, conducting them to receive support from charities, in addition to this dietary supplement.

The **Food Bank**<sup>39</sup>, a relevant and structural agent at this domain, reported that its latest campaign, which occurred between 1 and 2 June 2013, where collected 2445 tons of foodstuffs. These will be distributed to 2221 IPSS and will reach 389.200 people in the form of baskets of food or prepared meals. These numbers are below the numbers of the previous campaign at 1 and 2 December 2012, when it were collected 2914 tons of foodstuffs, distributed to 2373 IPSS.

## HEALTH

The increasing difficulties faced by Portuguese families in their access to regular treatments, to medicines, to specific medication, the strategies used to face the lack of resources are some of the aspects coming out of the direct consultation to health professionals and users, namely in the last 2 reports produced by the National Observatory of the Health System<sup>40</sup>. These reports assume clearly **the impact of the conditions imposed by the Memorandum in the deterioration of the National Health System, both in terms of accessibility and quality of the services provided**. Although recognising that some of the measures proposed by the Memorandum are positive and should had long been implemented, the document considers that: *"The set of measures included in the Memorandum implemented compulsively in such an short period of time*

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<sup>39</sup> <http://expresso.sapo.pt/portugueses-doaram-quase-2500-toneladas-de-alimentos=f811411#ixzz2vITqBn5K>

<sup>40</sup> Report of 2012 – Crisis and Health: a country in pain available at: <http://www.observaport.org/sites/observaport.org/files/RelatorioPrimavera2012.pdf>. Report of 2013 - The 2 faces of health available at: [http://www.observaport.org/sites/observaport.org/files/RelatorioPrimavera2013\\_0.pdf](http://www.observaport.org/sites/observaport.org/files/RelatorioPrimavera2013_0.pdf)

*and without the necessary health policy framework represents a serious threat to the future of the health system.”* (ONSS, 2012: 37). The report of 2013 reinforces that the budget cuts effectively realized are bigger than the ones requested by Troika, assuming that it's predicted a reduction in the total health expenditure of 710 million Euros, a value up to the 550 million needed to implement the measures.

For 2014, the National Health Service (NHS) counts with a budget of € 7592 million from the State Budget (OE), representing a cut of around € 300 million over the previous year. Budget transfers to the NHS fell from € 7.8825 billion estimated funding for 2013 to €7.5821 billion in 2014. Between 2010 and 2014, the NHS has fallen by OE funding in real terms, in €1 947 million<sup>41</sup>.

According to a study updated annually (Biscaia et al., 2013), the professionals' satisfaction with the health institutions (Ministry of Health and Health Systems Central Administration [ACSS]) has been deteriorating gradually. In 2013, 24.5% of professionals were very unsatisfied and 51.5% were unsatisfied with the performance of the Ministry of Health, 31.1% were very unsatisfied and 43.7% were unsatisfied with the performance of the ACSS in relation to their actions in the reform of Primary Health Care.

Regarding the difficulties in access to health services, at the report of the Health Consumer Powerhouse launched in 2013, Portugal is in 25th place in all European countries, as it was one of the few countries (along with others like Spain) where the financial crisis has had a significant effect at the health care system.

The reports referred above highlight some **relevant trends directly influencing the access to quality services in the field of health care**, which we summarize bellow.

The 2012 and 2013 Spring report shows a decrease in the **number of users and the rates of medical appointments** in all regional health administrations and *"some signs that indicate a reduction in the number of surgeries, the number of medical appointments in hospitals and emergency services in many hospitals."* Between October 2011 and October 2012 almost 500,000 fewer attendances in emergency rooms were made and 911,000 less consultations in health centres. There is also an **inversion of the trend registered during the last decade of a sustainable reduction of the waiting lists for surgeries**, from 2011 onwards, although the high priority situations continue to improve or at least to maintain the waiting time.

The increase of the **user charges in health services** (e.g. medical exams and medical appointments). Giving some illustrative numbers, between 2011 and 2013 the charges doubled (and sometimes more) their values as shown in the table below.

Medical Appointments	2011	2013
Hospital	4,60€	7,75€

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<sup>41</sup> Rosa, Eugénio (2013) "A destruição do SNS através do estrangulamento financeiro", disponível em: <http://www.eugeniorosa.com/Sites/eugeniorosa.com/Documentos/2013/58-2013-snsf.pdf>

<b>Primary Care Centres</b>	2,25€	5,00€
<b>Urgency episodes</b>	<b>2011</b>	<b>2013</b>
<b>Hospital</b>	9,60€	20,60€
<b>Primary Care Centres</b>	3,80€	10,30€

Source: OPSS, 2013: 47

According to WHO, “there is strong evidence that user fees reduce, similarly, the use of health low or high cost services. Apply user fees indiscriminately means to block citizens from using the services and tools they need (...), which could have a negative impact on health care”. (WHO. EOHSP, 2013).

As it concerns **elderly people**, it’s also visible the strong reduction on the number of them covered by the exemption of the medical fees for accessing health care services and also reduction of the state’s co-funding in medicines for the beneficiaries of the Solidarity Complement for the Elderly (CSI). One of the studies discussed in the 2013 report of the National Observatory of the Health System shows, for example, that among a sample of elderly people over 65 years living in Lisbon, about 30% **stopped using some health resources because they can’t afford the costs**.

There are emerging evidences that confirm trends related to the decreased **accessibility to medicines**, as well as the beginning of an economic crisis in pharmacies that will disturb their functioning, including the capacity to supply and delivery medicines to the population. The results of a survey that was applied to users of a group of pharmacies in Lisbon indicated that about 20% of people not acquired all of the prescribed drugs, and among these are mostly women, unemployed and the elderly (OPSS, 2012),

Although it has, on the whole, a slight decrease in the burden of users with medications, which may be related to a fall at the prices associated with the prescription of generic medicines, the supply difficulties in the distribution chain, associated with increased user fees, create an accessibility issue to essential drugs for control prevalent diseases (hypertension and diabetes, for example).

It’s important to refer the **restrain** of the strong impulse given in previous years to the **development of the family health units (USF)**, which was expected, given the good results achieved in terms of the satisfaction of the users and professionals involved and the cost reductions achieved. The beginning of activity of new USF has been declining since 2009: 71 in 2009, 47 in 2010, 42 in 2011, and 36 in 2012. In the first six months of 2013, only 12 USF initiated activities, which is the lowest number ever, despite the recommendations of the Troika and the existence of 81 active applications for new USF (OPSS, 2013).

The **slow-down of the implementation of the Community Care Units (UCC)** following a strong evolution between 2009 and 2011 (from 14 to 82 units); during the first five months of 2012 only 6 UCC started their activity. This regression is happening at a time of increased demand for support as a result of the effects of the economic crisis but also of

the increasing ageing of the population and associated health problems. The promise by the government to open 2222 vacancies, only in 2012, in the continuum of care network was far from reality. In two years (2012 and 2013), were guaranteed only 1300 beds<sup>42</sup>.

Related with this, there is also a **low supply in terms of palliative care** "There is in Portugal a team of home-based palliative care per 750,000 to 1,170,000 inhabitants, the recommendations of the EAPC [European Association for Palliative Care] (2009) are one team per 100,000 inhabitants." (OPSS, 2013).

The **increased reduction of the payment by the National Health Service to support the transport of sick people to health care services**, particularly affected the most vulnerable populations, not only in terms of their income, but in terms of their geographical location. About the cost of transportation of patients, supported by NHS, the cuts had reached 65% (ARS Alentejo). (OPSS, 2012). This is combined with a network of public transport more expensive, especially in isolated rural areas where most of the population is elderly.

The **imposition to reduce the overall budgetary cost of health benefits schemes for government employees (ADSE, ADM and SAD)** over the coming years aim that these systems be self-sustaining in 2016, meaning they no longer receive money from the state after that date. Thus, the Portuguese government and the troika agreed that these subsystems must be the target of a budget cut of 30% in 2012 and an additional reduction of 20% in 2013.

The **effects of socio-economic crisis in mental health "are well known"** stressing that the main symptoms are the loss of self-esteem, depression, anxiety and risk of suicidal behaviours (OPSS, 2012). According to INE data, in 2010 the figures of suicide (1101) were higher than the deaths caused by car accidents (1015). The referred report also stated that *"there is evidence on the link between mental disorder, especially in a situation of prolonged economic crisis, and its physical repercussions"*, influencing the cardiovascular system and the immune system. *"There may be an increase on the risk of hypertension, myocardial infarction and stroke, diabetes and infections. This effect is even more evident in the lower social classes"* (OPSS, 2012). In the report of 2013, OPSS reports to results from a study at a local health unity that points to an increase of 47% of suicide attempts and 30% of depression cases.

As for **risk behaviours**, the president of the Institute on Drugs and Addiction said in the media that the crisis is causing an **increase in "consumption"** due to the desperate economic and social situation faced by former drug addicted and **a small increase in traffic** to make "easy" money.

The OPSS calls the attention for the **lack of a system for monitoring the effects of the crisis on health in Portugal**. Namely, it is still not released, and consecutively updated, information on how many people live in the country that have or do not have a family doctor and access to a family health team.

## EDUCATION

During the year 2012 several austerity measures in education were introduced, all encompassed in a decrease in investment in Public School. The share of the State Budget

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<sup>42</sup> Rosa, Eugénio (2013) "A destruição do SNS através do estrangulamento financeiro", disponível em: <http://www.eugeniorosa.com/Sites/eugeniorosa.com/Documentos/2013/58-2013-snsf.pdf>

(OE) 2014 aimed at primary and secondary schools will be lower by almost 8% in comparison with what happened in 2013. The estimated threshold of EUR 6 billion decreases, with the government to allocate less money to public school spending. On the other hand, transfers to providing private and cooperative education are increased<sup>43</sup>.

These strategic budgetary changes are put in practice through a set of measures that have been implemented in education in Portugal, with significant impacts on the quality, and especially equality, of the educative supply.

The education system has undergone a complete reorganization with the establishment of mega clusters of schools that were aimed at reducing costs and sharing services, but still remains doubts about the impact of these measures, namely in terms of complexity management and logistics.

The increase in the number of students per class (up to 30 children / young people) and the reduction of teaching hours (the elimination of two school subjects at basic and secondary levels and the corresponding reduction of around 4 hours in the daily school schedule) and also non-teaching hours led to an increase in the number of teachers unemployed (the number of unemployed teachers boosted in last 2 years, leading them to the 2nd position in the table of occupations with the largest growth in the number of unemployed). Given these significant reductions indicated, they also have effects at the reduction of hours available for activities that support the study, combat truancy and dropout and aim to improve school success.

**Supports also witnessed a reduction, with cuts in child benefits, reduction of specific tributary exemptions relating to education and introduction of changes regarding access to social school support** in order to reduce the number of eligible families. The cuts in child benefits have a particularly negative impact on education as many parents have publicly stated that these subsidies were usually used for buying school books or covering meal costs and transport to school. In addition, the tightening of the budgets of local authorities has impacted on education as it results in less funds being available locally to support public schools.

The budget consolidation measures have affected severely the **Tertiary Education** organisations and their daily operation, including **limiting effects on research activities and social support for students** (the Conseil Portuguese Universities Deans – CRUP – admitted in March 2013 that students are abandoning school due to financial difficulties but no official quantification is available). The amounts of scholarships for higher education students decreased and the accessing conditions for accessing scholarships were tightened. **The number of students who dropped out of higher education increased** by six per cent in 2012, according to a newspaper (Público) accounts. A total of about half of universities contacted, about 3300 students cancelled the registrations from the beginning of the school year. The reduction of scholarships and increased fees are on top of the reasons for the abandonment in Higher Education<sup>44</sup>.

Despite the **relation between low education and child poverty**, the effects of the adopted measures on poverty are not discussed, which is a worrying fact, as the

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<sup>43</sup> <http://www.publico.pt/economia/noticia/oe-preve-menos-500-milhoes-para-o-ensino-basico-e-secundario-1609272>

<sup>44</sup> <http://www.publico.pt/educacao/noticia/crise-forca-3300-alunos-a-desistirem-do-ensino-superior-1530438>

percentage of children at risk of poverty living in households where parents have an education level below secondary (31,1% in 2011) has increased 5,4 pp since 2006 (25,7%).

Despite the record level of **youth unemployment** (almost reaching a 40% rate), there is no reference to specific policies for the inclusion of NEET (apart from the general policies to fight youth unemployment, of which Youth Guarantee, after Young Impulse, is the visible one). The education chapter of the progress report on the memorandum focus entirely on the priorities defined by the Ministry, towards efficiency, reorganization and rationalization of resources and the promotion of quality. There is no reference to the budget cuts and the negative reorganization process effects, which is currently tearing apart the educational system and the link between measures implemented on education/training and poverty is not referred.

As the measures are mainly focusing on efficiency and quality, with no concrete link to poverty reduction, it's hard to identify positive measures. The only exception is related to the restructured CNO's network (now called CQEP – **Centres for Qualification and Vocational Training**), which will be engaged in working with young people (guidance, counselling, training) and probably also with adults (as before). But there is not enough concrete information so far.

In an **overall context** which has for years been characterized by a high rate of early school leavers and low skills, the budgetary restrictions on education, will have a negative impact on early school drop-out and, in turn, lead to the reappearance of child labour.

## **HOUSING**

According to the results of the last Census in 2011, in the country there are about six million homes, 800,000 more than ten years ago. Altogether 735 000 of these houses are empty, an increase of 35% over that period.<sup>45</sup> These numbers are important when at the streets we find murals in abandoned houses telling us "So many houses without people, so many people without houses." The right to housing can't be enounced without reporting the growing of homeless people that is reported at the press. There are statements namely from the director of AMI, one of the most relevant institutions in this domain, which reported an increase of 8% in the number of homeless, followed by this organization, between 2012 (1130) and 2013 (1679)<sup>46</sup>.

Regarding the **rented houses**, there was an increase in the past decade but the number is still much lower than rented houses in the early 90s. However, the current crisis seems to enhance their growth, which may however be limited by the fact that the rental market has structural problems, long flagged. Although it was held in 2012 a reform of the law of rent (which culminated in the new Urban Lease Law - Law No. 31/2012), it is still too early to see their impact. However, we can advance that one of the observations that are made relates to the fact that eviction situations are easier. This situation, coupled with the difficulties resulting from the crisis and prejudices associated with certain groups is a factor that increases the vulnerability of people.

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<sup>45</sup> <http://expresso.sapo.pt/ha-mais-de-735-mil-casas-vazias-em-portugal=f769205#ixzz2vZyj6TC2>

<sup>46</sup> <http://www.publico.pt/sociedade/noticia/ha-cada-vez-mais-semabrigo-num-pais-com-um-milhao-de-casas-vazias-1626077>



The biggest changes contained in the memorandum of understanding signed between the troika and the government, are related to the **balance of rights and obligations between landlords and tenants**. The reform plan will introduce greater flexibility in trading conditions of the leases. But it also limits the possibility of transmitting the contract to first degree relatives such as children and widows, and reduces the prior notice for termination of contracts that tenants have to give landlords when they want to leave. An extrajudicial eviction procedure for breach of a contract has also been created, aiming at reducing the eviction time from 18 to 3 months.

For the lease, there is a further simplification of procedures for temporary relocation of tenants of building subject to rehabilitation works; the owner may request termination of the lease contract for rehabilitations that affect the structure and stability of buildings. In this case there must be a prior notice with a minimum of six months. The state is obliged to create standardise rules (across the country) determining the level of conservation status of the property and the conditions to proceed with the demolition of buildings in ruin. IMI (Property Tax) will be updated every three years for private housing and annually for commercial real estate. To strengthen the rental market, will be granted a temporarily exemption of IMI for owner occupied dwellings that will be considerably reduced if the houses or properties were vacant before.

Still under the rental market, an essential dimension of the right to housing along the most vulnerable people, one of the messages of the 11th meeting of people experiencing poverty in Brussels warned that the private rental market was insufficiently regulated or encouraged to offer solutions. At this level the situations of high rents were identified, the prejudice of the owners against certain groups, in particular Roma people and the lack of legal protection preventing access of the most vulnerable to housing in the private sector and not protect them on the quality of housing and eviction situations.

Within the framework of the Social Emergency Program, already referred above at the feeding domain, the Social Market Rent was created, a measure based on a partnership between the State, the Municipalities and the banking institutions and directed to *"the social classes, with yields higher than those that allow the allocation of social housing, but that, however, don't have the financial capacity to lease a property in the open market."* This encompasses a group of properties that are placed on the rental market with incomes 20 to 30 % below market value, intending to monetize real estate assets that banks hold in their real estate portfolios and enhance the market of Urban Rehabilitation.

In the first phase, expected by the end of 2012, the Social Market Lease aims to provide about 2,000 properties in 100 municipalities of the country. However, Minister of Solidarity and Social Security announced in June 2013 that the social rental market account with about 1600 properties and about 600 families to benefit from *"leasehold at significantly lower prices"*<sup>47</sup>

## **WATER AND ELECTRICITY**

As for water, we are witnessing a remarkable unevenness of costs depending on the region/territory, subsisting fears that will confirm the intent of privatization.

Revealing a similar path to that carried out with electricity, operators are increasingly turning to adjust the prices of supply, sanitation and waste management in order to achieve the full cover of the actual costs of these services. The water bill has increased in the

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<sup>47</sup> [http://www.jn.pt/PaginaInicial/Sociedade/Interior.aspx?content\\_id=3265609&page=-1](http://www.jn.pt/PaginaInicial/Sociedade/Interior.aspx?content_id=3265609&page=-1)

majority of municipalities in the country between 2009 and 2012, reaching triple in some cases. Of the 254 municipalities of Portugal for which Regulatory Authority for Water and Waste Services (ERSAR) have complete data, 213 (77 %) increased prices since 2009, 109 (43 %) had increases in excess of 25 %. Of these, 65 were up the bill from 25% to 50%, 26 from 50% to 100% and 18 above 100 %; 2 more than tripled the price<sup>48</sup>. At the present year of 2014 the enterprise Águas de Portugal (AdP) [Water Public Enterprise] has already announced an increase of the water costs associated to the levels of the inflation, fact that we have to complement with an important number concerning 2013, that reveals 11 836 houses at Lisbon city where the water was cut. This represents an increase in about 15% compared to the year of 2012<sup>49</sup>.

Currently privatization is not yet a total reality; however there are being applied public-private partnerships in the water sector. An audit conducted recently by the Court of Auditors to these partnerships shows that they have not been beneficial to the local authorities or consumers. In the total of 19 water concession contracts chosen to be audited by the Court , only one was based on a study of economic and financial viability to assess the interest of the concession. In consequence of the absence of these studies, the majority of contracts are based on "assumptions and projections at the level of capitation and population growth lagged of reality" and this has given rise to payments of city halls to concessionaires or increases in the tariff from consumers.

AdP is proposing the 116 municipalities of the country public partnership in order to the state-owned company manage not only the distribution of water but also charge the bill to the consumer, currently managed by the municipalities.

AdP currently manages 19 municipal systems "on high", i.e., from the source to the tank. With this proposal, the aim is that municipalities deliver to the enterprise the system "down," i.e., the distribution.

These public partnerships are foreseen by law since 2009, but are just since the end of 2013 that AdP is implementing these procedures with a larger number of municipalities. The proposals coincide with the ongoing restructuring in the water sector and aims, within five years, the harmonization of tariffs in the country, with prices to be set by the Regulatory Authority for Water and Waste Services (ERSAR), a measure that is being controversial.

With the new legislation, passed in Parliament in February, municipalities will no longer be able to subsidize the water, as they have hitherto done paying for the difference between the actual cost and what is paid by the consumer. Especially in the North and Centre, mayors fear a worsening of the bill to householders. The mayors also fear that the restructuring aims to balance the deficit of AdP for later water sector be privatized.

Highlighted the existence of a social tariff legally recognized but which, however, does not have a binding effect in all municipalities and there are no data available about the application and the effective use of this tariff. The social tariff is set on the assumption of benefit "fragile" families through non-payment of the fixed component of the tariff and the application of the first step of payment, the cheapest. According to the criteria that ERSAR

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<sup>48</sup> <http://www.publico.pt/economia/noticia/factura-da-agua-aumentou-ate-ao-triplo-entre-2009-e-2011-1564575>

<sup>49</sup> <http://www.ionline.pt/artigos/dinheiro/epal-1532-familias-ja-pediram-tarifa-social-na-agua-sete-meses/pag/-1>

suggests to be used by managers, the most fragile families can halve the amount of their invoice. The ERSAR recommended that each fund manager set the criteria for social tariffs, depending on the characteristics and social situation of the region and that should be indexed to encompass gross income for IRS purposes, taking into account a certain value, for example, minimum income. The ERSAR also recommends the establishment of a family tariff in which rates can be reduced, taking into account the composition of the household.

Some data more concrete, revealed by the media, point to a number of 1532 subscriptions of the social tariff between August 2013 and March 2014, a number that should be analysed with the restricted conditions of access to the social tariff, namely the family incomes assumed which are very low.

Some of the arguments that are being debated in the press indicate the inadequacy of social tariffs contemplated in the legislation, calling for the introduction of a law compelling the provision of a minimum consumption of essential goods to the population, as water.

Simultaneously, the costs of electricity have been increasing, not only because of the international prices of oil but also because the raising prices in the regulated market was a strategy to promote the transition to the liberalized market, currently in force. Regarding the cost of energy, the process to increase the transition to the liberalized market was pushed by a quarterly increase of the prices in the regulated market, done by the regulator (ERSE). The competition between the companies operating in the liberalized market is almost non-existent and most of them are also keeping up with the quarterly increase. Although the Government talks about the reduction of prices for consumers due to increased competition, what is possible to observe is a generalized increase in the cost of energy for individuals and families. The social tariff that was created for the most vulnerable registered a very low level of take-up so far. According to data revealed at the press in May 2013 about 70.000 economically vulnerable individuals benefit from this tariff, representing only 10% of the 600 000 who receive elderly social security solidarity supplement, the first level of child benefit, social insertion income and unemployment assistance<sup>50</sup>.

The energy poverty is becoming a very important issue. The scale of the problem in Portugal is not entirely known and the Government launched in June 2013 an awareness campaign. But although the numbers are not yet calculated, it's important to take into account a recent incursion of EDP (Energy entity) in social neighbourhoods of Porto with the cut (almost) indiscriminate of supply to defaulters or holders of fraudulent supply, it was a first sign of the existence of a drama that everyone knows. And it's also important to notice that energy poverty is very easy to hide, namely by families that have fallen in poverty situations recently.

## **PUBLIC TRANSPORTS**

In the case of **transports**, the policies designed to reduce the budget deficit of State Owned Enterprises has contributed for a very substantial increase of public transport costs, the restructuring of supply and the fusion of various companies. A measure was designed to protect the more vulnerable (Passe Social + [the transports social tariff]) but its implementation was initially facing bureaucratic difficulties. There is no information on the number of beneficiaries of this measure so far, after more than 2 years, although it was predicted on September 2011 that around one million Portuguese may be able to obtain

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<sup>50</sup> [http://www.dn.pt/inicio/economia/interior.aspx?content\\_id=3205836](http://www.dn.pt/inicio/economia/interior.aspx?content_id=3205836).

this new way of intermodal transport in the metropolitan areas of Lisbon and Oporto, which means a reduction of about 28% / 29% compared to prices charged on the remaining titles<sup>51</sup>.

### **3. Identification of obstacles to the implementation of adequate minimum income schemes**

The second part of this report is the result of the process of listening to a set of key actors that have been selected for their knowledge on Social Insertion Income ("Rendimento Social de Inserção" hereinafter referred to as SII) not only from the perspective of research, intervention and social consultation, but also from the point of view of those who benefit from that allowance. In-person<sup>52</sup> interviews have thus been made to two social researchers, two SII beneficiaries, a professional working in the field of the fight against poverty and social exclusion, the two national trade unions and also to the president of the Economic Social Council (CES). The same invitation has been made to the main Portuguese political parties; however the Socialist Party was the only one that replied.

The main goals of the interviews were to identify the obstacles to the implementation of a minimum income scheme, being the interviewees therefore asked about their opinion on the relevance of the SII to ensure that people living in vulnerable situations to live a life in

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<sup>51</sup> [http://economico.sapo.pt/noticias/saiba-se-pode-aceder-ao-passe-social\\_125489.html](http://economico.sapo.pt/noticias/saiba-se-pode-aceder-ao-passe-social_125489.html)

<sup>52</sup> See annex 1: List of interviewees

dignity. They were also asked on the obstacles to the implementation of such measure and how it could be improved in specific areas such as: adequacy, take up, coverage and its relation to the 3 pillars of active inclusion.

### 3.1 – Coverage and take up

None of the different interviewees has identified specific groups that were directly discriminated against in the access to the Social Insertion Income system in Portugal. However, two constraints have been identified in the access to this measure. On the one hand, there are some reports that refer the difficulty that homeless people have in the access to this measure for lacking a fixed address. On the other hand, the requirement for a declaration of registration in the Employment Centre is the reason why some households are unable to have access to SII. The registration in the Employment Centre is overridden for any unjustified absence in information or motivational session run by this entity, making it impossible for the applicant to register again in that same Employment Centre for a few months.

Though SII is not seen by any of the interviewees as a discriminatory measure towards specific groups, some limitations have, nevertheless, been pointed out that restrict coverage and the access to this social protection mechanism. Several interviewees declared that this measure doesn't cover all the people that need support due to the low threshold of the offered remuneration. As one of the interviewees highlighted, the objective of this measure is not to reduce the poverty rate, but rather support people living in extreme poverty conditions and reduce the distance they have towards poverty threshold. In this manner, the coverage of the measure is limited right from the start because of the objective defined for SII in Portugal itself and for the income threshold outlined to have access to this social measure, resulting in a fairly significant group of people living in poverty not having access to this support<sup>53</sup>.

With the changes in the law that occurred in 2012 and in 2013, the amount of SII, and therefore the threshold to have access to this measure was significantly reduced, leading to the exclusion of a large number of beneficiaries. One of the interviewed researchers stresses that more than ¼ of SII beneficiaries no longer has access to this measure since the last amendment of the law, and emphasizes that the impact of these changes is even more significant when this reduction of the beneficiaries occurs during a period of economic crisis and unemployment rising, that is, a period in which the rise of the number of people in need of this social support would be predictable.

If the measure seems to be comprehensive in terms of the non-exclusion of specific groups - in spite of being limitative due to the little amount of the income reference yield used for the purpose of calculation of the benefit, it shows, nevertheless, other constraints that affect the take up of the measures by beneficiaries that fit the profile of the target group. According to one of the interviewees, approximately 20 to 30% of eligible people do not apply to the measure. The heavy complex procedures have been presented by several interviewees as inhibitors factors in the access to the measure. One of the researchers stresses that the technicians/professionals that work on SII play a vital role in the mediation between the beneficiaries and the measure, in the sense of making the applying procedures more accessible and easily understood by the beneficiaries. However, the

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<sup>53</sup> See table, p. 5, in chapter 1.1.

mediation and the facilitation (debureaucratization) made by the technicians of SII are not given value by the other interviewees. There is, indeed, a reference to the language used by some of the technicians/professionals that is not appropriate to the characteristics of the groups of beneficiaries, making, impeding the technicians to play their role of mediators effectively. On the other hand, it is stressed that the groups that find themselves more isolated from society (for example, the elderly, people with relational or psychological problems) have greater difficulties to have access to the SII since they do not have a tailored support nor a proximate one in order to help them understand the measure and its requirements as well as to help them get hold of the documentation needed.

Other interviewees think that such complexity is intentionally designed to exclude potential beneficiaries from the measure or to make the money stay longer in the State treasury. During the request of a missing document there is an interruption of the support. This interruption has an extremely negative impact on the most vulnerable households, whilst, to the State, it means getting the best value for money for some extra days or months. Another example is related with the renewal of the SII request. Due to lack of information on the deadlines of the renewal process, various beneficiaries find themselves in the situation of seeing their benefits cut or suspended. It is, thus, stressed the existence of a great gap between the power of technicians and the power of beneficiaries since failure on the part of the technicians or the system is not subject to any punishment (even when it has a negative impact on the beneficiaries of the measure) whereas failure on the part of the beneficiaries is always subject to punishment through suspension or cessation of the benefit. In this manner, the amendment to the law that regulates SII is seen as "ideological persecution against the poor" or as an "attempt to neutralize SII" and by doing so to reduce the coverage of the measure (reducing the threshold of household income) and increase the administrative and bureaucratic difficulties in the access and maintenance of the benefit.

The loss of privacy is also a deterrent aspect of the access to the measure as identified by various interviewees. To have access to the measure, the applicants must expose their personal life and financial situation by authorizing the SII technicians to enter their homes and have access to information on their bank accounts. One of the interviewees stresses that this intrusive process could have a different impact depending on the geographical region since in the rural areas there is an increased possibility of the SII technician be a well-known person. The geographical impact also varies according to other discouragement aspects such as "ashamed/hidden poverty" or the fear of social stigma. Whilst in a big city like Lisbon or Oporto an applicant of SII can go to a more distant parish to apply for this benefit - thus managing the shame of exposing his/her economic condition and the fear of stigmatization toward the local community - a beneficiary from a rural area will have more difficulty in hiding the application process to have access to the benefit.

The social stigma associated with this measure is a constraint noted by various interviewees. The association of the measure to cases of fraud, opportunism and laziness makes people living in situations of extreme vulnerability opt for not applying to this measure for fear of stigmatization and increased difficulty in the social integration. Some of the interviewees think that the prejudice associated with the measure is reinforced and fed by Government itself.

The *ashamed* poverty experienced by a part of a population that has already lived on an average or high income level, is referred by two of the interviewees as a barrier to the access to the measure. The will not to expose their current economic situation and the shame in applying to a social benefit prevents eligible people to choose not to apply for the measure.

Finally, one of the interviewees also notes other type of requirements associated to accessing and benefiting from the measure, namely the availability to participate in training courses suggested by the technicians of SII. It has been pointed out the little emancipation encouragement in the nature of some of the training courses, as well as the low perspectives of employability associated with these measures and, also, the negative weight this compulsion has on some beneficiaries.

It should be mentioned that the deterring aspects - being it the complexity of the process, the fear of losing privacy, poverty, humiliation or the social stigma of the measure - gain a great importance in the process of decision making as far as the benefiting from the measure is concerned since the social benefit amount is so little and clearly insufficient to meet the economic needs of family households. There is, thus, the perception that the effort associated to the application to the measure and the risk of stigmatization are not worthy if we look at the amount of this social benefit.

The interviewees are not familiar with the existing mechanisms to monitor the adequacy, the coverage and take up of SII. When asked about these mechanisms, several interviewees chose to name models of monitoring they consider that are necessary but not in relation to the existing model. It is important to focus on this level of monitoring, the aforementioned former Social Insertion Income National Commission (CNSII), which, because of its non-replacement by another entity until now, has been difficult to keep the transparency and the agreement on the best mechanisms to monitor the measure (SII). It is also highlighted the increasing restriction of the eligibility criteria as well as strengthening of the control mechanisms, which have been clearly (and visible in the media) taken as a priority given the extent of monitoring.

According to one of the interviewees, the monitoring process has been subject to fluctuations over the time. The difficulty interviewees had - especially those working on this field - in explaining and evaluating the existing model of monitoring can be explained by this fluctuation. However, the existence of a monitoring process is considered to be important by the majority of the interviewees. Some emphasize the need for these reports to have a central dimension that allows keeping a global perspective and also evaluating and amending the measure and a decentralized/local dimension based on the knowledge of local initiatives and proximity. On the other hand, there is also the perspective of monitoring based on results and impacts achieved by the measure, showing the capacity to fight poverty and promote the social inclusion of beneficiaries. The public dissemination of the results was also stressed by two interviewees in the sense that it could be a tool for helping in the deconstruction of some prejudices about the measure and its beneficiaries. The central Government, the Ministry of Labour and Social Solidarity and the State Social Security Institute are the three entities identified as being responsible for the monitoring and to whom the results should be reported.

### **3.2. Adequacy**

Overall, all interviewees were of the opinion that SII does not guarantee to live a life in dignity to the people who benefit from it. This situation became more complex when the crisis hit Portugal in 2009 which led to cuts on this income and changes in the procedures

to obtain it which became much more selective and restrictive, therefore contributing to a reduction in the number of people who benefit from this social benefit<sup>54</sup>.

Apart from the amount allocated, the nonexistence of an adequate follow up of the social inclusion process of those benefiting from SII, was also considered as one of the reasons for the little adequacy of this measure in ensuring a decent life. This situation is particularly felt by the beneficiaries and by those who work directly with them, although the former defined the measure as a "simple economic support, without the guarantee of a proper follow-up adequate to social inclusion" (Ana Magalhães) and the latter as a "minimum" that simply "allowed lightening its severity" (José Pinto).

This minimum needs therefore to be complemented by other supports, among which are: the family support and the friendship network as well as vocational training courses that allow obtaining some extra income and balancing the monthly budget of the beneficiaries. The interviewees were of the opinion that the measure itself needs some changes, not only in terms of coverage, allowing that more groups can benefit from it, but also in terms of monitoring, that is, developing a greater network amongst the various local stakeholders. The eradication of stereotypes associated to this measure has also been referred as a fundamental strategy to make it more suitable to those in need, since they also have been having influence on the changes the measure has undergone and the way it is applied. Compulsory work is an example of that.

In this respect, the question does remain concerning the amount of income that would be adequate to live a decent life, and ultimately, to define what a "decent life" is. Objectively speaking, few interviewees were able to quantify the amount of a decent income. The amounts presented by some interviewees - "€600 (for one person) and €2,500 for a family of 4 people" - are clearly higher than the amount currently allocated for the SII - €178.15<sup>55</sup> - and for the national minimum wage - €485<sup>56</sup>. Although difficult to stipulate an amount as a result of the different conditions and specificities that need to be taken into account, one of the interviewees has put forward a definition of what can be considered a decent standard of living: "a decent standard of living in Portugal nowadays includes, in addition to food, housing and clothing, everything else necessary for the individual's health, safety, relationships, respect and integration in society. It allows making free and informed choices about practical aspects of life and personal fulfilment, especially in terms of access to education, work, culture and leisure" (Elvira Pereira)<sup>57</sup>.

This definition allows us to make the connection with the criteria that can or shall be used to determine what an adequate minimum income consists of. There are two rather subjective criteria presented as follows: on the one hand, the criterion of equal treatment, since it is important that this income allows people to have access to the same goods and services that the majority of people also have access to; on the other hand, the criterion

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<sup>54</sup> See table on p. 5, chapter 1.1.

<sup>55</sup> Amount assigned in 2013. See note No.9

<sup>56</sup> Amount of 2014.

<sup>57</sup> Elvira Pereira is one of the researchers responsible for "raP - Rendimento Adequado em Portugal" (Adequate income in Portugal) which main goal consists of identifying the amount of income necessary to live a decent life in Portugal. The results of this project will be presented in the end of 2014. For more information on the project visit: <http://www.rendimentoadequado.org.pt>



of participation, ensuring that these people can freely participate in society. As far as more objective criteria are concerned, the poverty line and the minimum national income were pondered but considered little appropriate to define an adequate minimum income. In the case of the national minimum wage, the explanation given is related to the fact that its amount is insufficient to live a decent life as well is the poverty threshold indicator. The main reason mentioned was that this "line" is associated with the average annual monetary income per adult equivalent and, therefore, subject to its oscillations. In this manner, Portugal's poverty threshold in 2012 was of €409, that is, slightly below in comparison with the previous year which was of €416. The decrease of 1,8% in the annual net income contributes to the reduction of poverty threshold.

The fluctuations in the poverty line necessarily have implications in the relative poverty line and, as Carlos Farinha Rodrigues noted, we have "people that have stopped being poor in administrative terms but whose situation hasn't improved". In this manner, the same interviewee refers to the necessity to find a more objective indicator that is not affected by these fluctuations. In the definition of this indicator there were referred some criteria that should be taken into account: starting with the importance of drawing a dividing line between monetary income from non-monetary income since the latter plays an important role in mitigating poverty; also, the importance of regional differences, not only because people's needs are different, but also because the weight of non-monetary income varies from the rural areas to the urban ones. In methodological terms, the need to make a diagnosis of each situation has been addressed, involving the people living in poverty, since there is much different specificity to take into consideration in the process of setting an adequate income. Finally, the need to have an in-depth debate has also been referred which should allow to identify a range of variability in which to place the poverty line and, by doing so, provide for an adequate reference for a minimum income.

From the Trade Unions' point of view, it was noted the importance to improve policies, create quality jobs and make a better distribution of resources. The existence of a basket of goods and other types of services has also been referred has a means of promoting a decent life to the most vulnerable people.

One last point concerns the adaptation of SII to the inflation. In the opinion of Carlos Farinha Rodrigues, there should be an indicator of the living costs of the poor families, since the impact of an increase in living costs is much greater to the most vulnerable groups. The Social Support Index – which currently is used as a reference to calculate the value of social payments such as SII, could, says this interviewee, be an indicator of the worsening of the standards of living for the poorer families, but it is not being used as such but rather as a means to further reduce this type of supports. Overall, all the interviewees were of the opinion that an adequate income has to necessarily keep pace with the increase of living costs.

### **3.3. Effectiveness**

In Portugal, social benefits have always played a fundamental role in the reduction of the risk of poverty. According to the recent data of INE (National Institute of Statistics), the poverty rate in 2012 was of 18,7% after the social transfers had been made. The very same rate increases to 25,6% after transfers related to pensions and to 46,9% before any

social transfers<sup>58</sup>. This impact is acknowledged by the interviewees although there were some negative changes highlighted that are having an impact on the way the measure is applied.

On a more positive note, Carlos Farinha Rodrigues refers the positive role played by SII in the reduction of poverty intensity until 2009. In his opinion, the reduction of poverty was itself a reflection of the impact of the existing measures to reduce poverty: *"what we have achieved in Portugal, since the 1990s until nearly the end of this century, in terms of inequality reduction was due to social policies to tackle poverty. That is, since the measures taken to fight poverty meant that resources were being used to help poorest families that affected the results of the distribution of income and inequality"*.

In what concerns the effectiveness of the measure in promoting the participation of the people living in poverty and social exclusion, the interviewees were of the opinion that it would be necessary to change the way the measure is implemented and monitored. SII is assumed by the interviewees simply as a monetary support and though it assures a certain level of freedom of choice on how to use that money, as Elvira Pereira notes, it does not capacitate people nor does it guarantee they can participate actively and equally in social life, as was stressed by the other interviewees.

The fact that it is a small amount is not the single reason that explains the little effectiveness of the measure in the integration of the disadvantaged groups, but also the social stigmatization associated with it and people benefiting from it. According to the Socialist Party, society is less prepared to understand the existence of poverty and what causes it, especially when what is at stake is "income transfer seen as a social right".

To sum up, the SII is seen as a measure with some impact on the reduction of the severity of poverty, since without that monetary support people would live in situations of extreme exclusion. However, the role it played is at risk since Portugal was hit by the economic and financial crisis and, as a result, there was a reduction in the amount of the benefit and a decrease in the number of beneficiaries of the measure.

### **3.4. Obstacles to active inclusion policies**

In chapter 2, on the link between social inclusion and the active inclusion strategy, a framework overview was already put forward in what concerns the crisis and austerity context which is strongly fragmenting the three pillars of active inclusion. Thus, it is our belief that the present situation: 1) leads to the abandonment of the political priority to guarantee a citizen's minimum income; 2) fragments the possibility of creating inclusive labour markets; and 3) reinforces the deterioration of access to services, increasing their costs and restricting the access to the most vulnerable groups. In addition to the context described in detail previously, it is important to summarize that the interviewed stakeholders pointed out as the main obstacles in the field of active inclusion, especially those regarding inclusive labour markets and the access to quality services.

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<sup>58</sup> INE, Rendimento e Condições de Vida 2013 (NSAs, Income and Living Conditions 2013); (estimated data), 24th March 2014. For more information visit : <http://www.ine.pt>

### *3.4.1. Obstacles preventing access to inclusive labour markets*

One of the first questions to be addressed in terms of inclusive labour markets relates to the general (pre)conception that there are some mechanisms in SII that make people feel unmotivated to find a job. The interviews with strategic actors have shown that those mechanisms are not themselves an obstacle, for several reasons: first of all, in a broader vision, individuals do still see work as a mean of integration, hoping to find identity traces, fulfilment, social usefulness and self-esteem, avoiding living under the prejudice of being an SII beneficiary. Also, the low amounts of SII (in most cases, half of the national minimum wage – in Portugal this amount is €485) do not allow taking it as an alternative to work; furthermore, the legal framework as well as the access conditions to the benefit define it as a temporary measure and don't allow for a job offer refusal which, in case it happened, would lead to the cessation of the benefit. The reference levels of the benefit are so low that having a job significantly helps increasing the household's income. The problem lays in finding a job in the present labour market context. There may be a small number of beneficiaries who see the benefit as an alternative to find a job, however they represent a minority and that happens because of the limited link there is between the measure and an inclusive labour market. That is, if, on the one hand, the insertion contracts act to develop the beneficiaries skills and by doing so increase their aptitude to enter in labour market; on the other hand, the job offers available in the market are extremely precarious and do not provide the level of inclusion - through work - individuals aim for.

In what concerns the political solutions addressed to the most vulnerable groups such as the SII beneficiaries, one of the most significant obstacles to active employment policies – especially if we take the temporary nature of it into account - is the slowness in the articulation process with the IEFP (Institute of Employment and Professional Training). The interviewed stakeholders namely the beneficiaries and professionals in the field pointed out the considerable lack of professionals as well as lack of articulation between the relevant entities to work on employability.

In terms of funded training, the management of that has demonstrated the absence of any strategic coordination considering the needs of the labour market, generating situations of attendance of training courses not seen as a transitional stage of qualification to enter the labour market but as a permanent strategy to obtain resources (training grants) which are extremely precarious.

Apart from issues inherent to the vulnerability of the current labour market context and the public employment service, the state itself promotes, labour practices that are not considered inclusive, not exercising its role as a leading agent in the creation of an inclusive labour market.

In this manner, we can assume that given the small amount of the benefit, the SII is not a disincentive to work, but it is the lack of alternatives - such as an inclusive labour market and family support – that generates the need to look at it as an alternative. In the few cases - reported by the stakeholder contacted - that SII acts like a disincentive to find work, when correctly analysed, even by the beneficiaries themselves, the case is that SII is not seen as an alternative to having a job but as the only real alternative due to the inexistence of job opportunities and lack of additional support services that may provide the opportunity of having a job.

On a more specific note, the case of the younger beneficiaries, to whom, in the context of the high rates of unemployment, the benefits are their means of subsistence and also the case of large households, where the lack of family support makes not having a job more appealing since having it would result in less resources to the household. In the

interviewees own words: *"I admit that a couple that has 10 children may have the sufficient amount that allows hesitating between working or not. But a couple with ten children has a lot to keep themselves busy and besides that is not my main concern"* (Carlos Farinha Rodrigues).

"I think that people that are offered a job with proper conditions and feel they have their rights respected will not, in most cases, refuse the job offer. But, it is easier to just extrapolate from this small minority and say they are a bunch of lazy people." (Catarina Albergaria, UGT). In fact, overall, this prejudice is widely spread in Portugal and it is important to fight it and explain that there are reasons for that situation and one of them is the well-known inequality of income distribution in Portugal.

### *3.4.2. Obstacles preventing access to high-quality services*

According to the stakeholders contacted, the austerity context that has significantly been referred in this report resulted in an historical backtracking in terms of social policies, visible in the growing obstacles to having access to services, which derives from the choices that have been made in terms of policies, namely those aimed at extreme poverty situations. Since 2011, the measures related to access to health, education and other social services have been taken under the perspective of giving value for money that means, that they have been taken in a logic of optimizing costs and expenses. This strategy resulted, for instance, in the cessation of additional benefits that cause strong limitations in terms of mobility, since there have been cuts in the benefits that covered transport.

Such setbacks in access to quality services proves to be an even more severe if we take into account that the process of integration of SII beneficiaries will not all necessarily go through an inclusion process that will integrate them in the labour market since some of them have impediments that make it impossible to opt for that sort of integration. In the present context, these impediments have not so far given adequate responses in terms of having access to basic rights and services than can promote dignity. Therefore, the access to quality services is one of the fundamental aspects to be addressed in integration contracts which will be recognized by the contacted stakeholders as a preponderant part in the process of inclusion of the individuals. Within this framework, a number of good practices to act on a local basis have been highlighted, namely for the cooperation with local authorities (Social Support offices) and NGOs in making an enormous effort to encourage beneficiaries, through integration contracts, to develop skills, namely by attending training courses that can help them to have better opportunities in the labour market with the cooperation of family support services such as childcare and old people's homes.

There is, nevertheless, lack of support from the national authorities which take no responsibility for many of their duties, delegating them, for example, to NGOs where inclusion practices should also be monitored. In the words of the interviewees: *"It is more about the lack of priorities in national policies than about the local efforts for inclusion"* (the representative of the Socialist Party).

This lack of articulation resources is particularly evident in the monitoring of SII protocols which have, above all, worked par excellence in the domain of insertion contracts, managing, individually, the access to job opportunities, qualification skills and support services. However, according to information given by the interviewed stakeholders, only a third of the SII beneficiaries are following the contracts under the guidance of multidisciplinary teams. This lack of follow-up in terms of the inclusion contracts represents a significant obstacle to looking at the social benefit as something more than just a financial support as it does not guarantee the necessary support to overcome the temporary nature of this measure, namely the access to high-quality services on equal and preferential

terms, if necessary. These shortcomings related to the follow-up must be taken into account in the sense that agreeing to the insertion program also means agreeing in taking the job offers proposed and many of those offers do not meet the needs of the individuals and even more so when they do not have the extra benefits necessary to gain access to services.

In chapter two were already addressed some examples of services to which access has been reduced due to the rising prices, restrictions related to the access conditions and their performance indicators as shown by the analysis carried out in the following fields: health, education, housing, water, electricity and public transport. The interviewed stakeholders reinforced the existence of the obstacles already mentioned, giving special emphasis to the health domain which has suffered budget cutbacks, exemption reductions, increase in the user charges and staff reduction naturally followed by reduction of quality standards of services and increase of waiting times.

#### **4. Suggested next steps to improve adequacy, coverage and/or take-up of minimum income schemes**

**A scheme of an adequate minimum income must undoubtedly be framed in the active inclusion strategy.** In Portugal, the Social Insertion Income is the measure which theoretically better reflects the active inclusion strategy. However, in reality, the bond between social provision and access to services and employment is fragile. In fact, the pillar of employment "divorced" the dimension of "inclusive labour market" and became reduced to compulsory work - even when this work aggravates poverty and social exclusion faced by these groups - often pushing the recipients of the measure to impossible options (ex: losing access to SII for refusing a job or take a job offer in geographic areas without access to public transport or incompatible with other services, such as schools or pre-school care for children). Regarding the pillar of access to quality services, some of the essential services for social inclusion processes are inaccessible for a significant percentage

of people in poverty and social exclusion (e.g. access to social housing or social rents, access to public transport; among others). On the other hand, when such services are available "quality" is every so often questionable, especially in the context of the current financial crisis and the pressure for successive cuts in these services. The framework of the Adequate Minimum Income Scheme in the active inclusion strategy must take into account the creation of social inclusion alternatives for people who for several reasons are in fact not able to work or integrate into the labour market.

In this sense, and to ensure a strengthening of the active inclusion pillars, **it is essential that the adequate minimum income measure is framed within a national strategy to combat poverty and social exclusion**, thereby ensuring high quality services, promoting a more inclusive labour market, to tackle the true causes of poverty and social exclusion and to this end, it needs to be based on a cross-cutting intervention, which makes accountable the different ministries and public policies of the state in its different areas (economic, fiscal, educational, social, cultural, health, etc.).

If it is important to strengthen the pillars of inclusive labour markets and the access to quality services, it is no less important **to increase the value of the Social Insertion Income in order to promote the access to an income that guarantees a decent life and allows the development of processes of social inclusion**. In Portugal, the amount of the social benefit associated with the Social Insertion Income never allowed to promote the fight against poverty and social exclusion, but it merely helps to reduce extreme poverty and social exclusion. With the successive cuts on this provision, the amount is clearly inadequate to ensure that beneficiaries meet their basic needs. In fact, a recipient of the SII who lives alone and does not have access to social housing has to choose whether to use this income to pay the rent and depend totally on charity and individual and/or institutional support for his/her daily survival or to remain in a homelessness situation and use the provision to meet basic daily needs. To this extent, the pillar of the income "was born orphan" of the adjective 'adequate' and remained even more distant from its suitability to a decent life, having a negative impact on social inclusion processes that should be associated with this measure. In this area it is essential **to set indicators for an agreement of what an adequate minimum income is**, such as those that are being promoted under the raP Project (Adequate Income in Portugal)<sup>59</sup> that will release its results in December 2014. However it is worth highlighting the consensual definition set within this project, which specifies that "a decent living standard, nowadays in Portugal, includes in addition to food, housing and clothing all that is necessary for a person to be able to keep healthy, feel safe, relate to others and feel respected and integrated into society. Be able to make free and informed choices about practical things of life and forms of personal fulfilment, including access to education and work, culture and leisure".

The lack of a minimum income that can be considered adequate is not only the result of the current economic and financial crisis. In fact, the social and political pressures on this measure are not recent. Rather, they have pursued the development and implementation of this measure. As stated in the national conference of the EMIN Project that raised the debate on adequate minimum income in Portugal, the creation of the Guaranteed Minimum Income (as it was originally called) was never followed by a work of building consensus in the political/party arena as well as among civil society. This lack of minimum consensus about the measure created a gap between the beneficiaries of this measure and civil society that encouraged by some little enlightening and informative political speeches came, on the opposite, to reinforce stereotypes about the beneficiaries of the Social Insertion

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<sup>59</sup> <http://www.rendimentoadequado.org.pt/>

Income. Thus, **it is urgent to develop a work in order to build consensus among the different political parties, organisations, entities and professionals that work with this measure, as well as with civil society and employers, to break prejudices and stereotypes about the beneficiaries and on the function of the measure.** The existing negative stereotypes about this social measure had led that people who need this kind of support, on one hand, decide not to apply to the measure (with a very negative impact on their living conditions and their families) and moreover, also hinders the labour and social inclusion of its beneficiaries. **Thus, simultaneously to the negotiation at political level, on building of minimum consensus on the measure, it is important to develop awareness raising and information campaigns addressing civil society and employers. If we do not gain people to solidarity and, above all, to the justice of the measure, it will always be stigmatized.**

The heavily bureaucratized management process of the Social Insertion Income does not act only against the prevention of fraud situations, but also has a strong negative impact on the access as well as the suspension and cuts in benefits. If it is important to ensure social justice in the application of the measure, its functioning should not be conditioned by the stereotypes that still remain regarding SII. It is necessary that the access to and management of the measure are non-bureaucratic, promoting faster procedures for access and renovation of the Social Insertion Income.

**Fighting fraud in this type of measures is important but it is equally important to ensure the proportionality of punishments (and its subsequent impact on the lives of people in a situation of great economic and social vulnerability) compared to existing situations of fraud and other measures in other sectors of the Portuguese society,** and involving quite often higher financial allocations. **There must be the same proportionality in terms of human and financial resources assigned to the monitoring of this measure as to other public policy measures.** It is necessary to prevent that the statistics about fraud on this measure are inflated by increased surveillance and greater control compared to other public measures. To demystify some of the biases associated with this measure, it would be important to compare the actual levels of fraud associated with different policy measures. However, to do this it is required similar levels of surveillance and control.

**The regular publication of statistical data on the numbers of beneficiaries or the amount of the provision is clearly insufficient to promote greater public awareness about the measure.** Rather, the lack of knowledge about the real social and economic impact of SII, about the beneficiaries and about the functioning of this provision is a breeding ground for perpetuating stereotypes. We can even say that the stigma surrounding this measure is due, in the first instance, to the lack of knowledge. As an example, the last amendment of the law in order to limit the access to the SII by households with property (bank deposits, stock exchanges, saving certificates or other financial assets) above €25,153.20. **It is important that the introduction of such measures is complemented by the public release of the real number of households that left the measure by having assets with these amounts in order to avoid a distorted image about the beneficiaries who receive the benefit.** Moreover, the dissemination of periodic statistical information must be accompanied by **processes of monitoring and evaluation with a qualitative dimension to allow knowledge about the impact of the measure on the lives of the beneficiaries and the general society.** If it is true that, in Portugal, this measure has limitations in its capacity to promote social inclusion and combating poverty, it is also true that it is essential for the survival of people living in extreme poverty and social exclusion situations. As such, it is essential that the monitoring and periodic evaluation of the measure allows gathering information on its real social impact. Moreover, studies should also be carried out to raise awareness of the social costs of services carried out in the SII cuts, as well as the balance

between costs and benefits (social, economic and financial) under alternative scenarios of increase on the amounts of the benefit. In the field of monitoring it should be highlighted, in particular, the creation of Local Monitoring Committees, which should promote and achieve consensus on monitoring reports based on community/proximity knowledge. At a more strategic level and national coverage it is also proposed to reactivate the former Social Insertion Income National Commission which, systematizing contents, may meet the conditions for a proper assessment of the measure. **Building consensus on adequate minimum incomes requires a better understanding of the living conditions of the beneficiaries of these measure, their inclusion pathways, the provision and functioning of the social and economic impact of policy changes suffered by the Social Insertion Income** (impact on the living conditions of the beneficiaries and their processes of inclusion and financial impact on the Portuguese social security system).

Finally, regarding technical assistance to the beneficiaries it is important a **closer and multidisciplinary support in its processes of social inclusion**. The protocols with ONGs in the creation of multidisciplinary teams to carry out the follow up of the households benefiting from the measure is a good practice. However, it is important to reinforce that the proximity and the technical monitoring cannot be confused with surveillance and controlling processes where the beneficiaries are forced to give up their right to privacy. **The right to privacy by the beneficiaries of the measure cannot be different from the right to privacy of other citizens**. On the other hand, the supervisory actions must be done by human resources employed specifically for that purpose. **The relationship between the social professional and the beneficiary of this type of measure should be based on mutual trust, and the process of inclusion of the beneficiaries must be based on negotiation and empowerment**. Thus, this close assistance should be multidisciplinary and also promoter of effective processes of the beneficiaries participation in defining their integration plans, mainly to combat several examples of compulsory activation, which are often known in the Portuguese context. In short, it is important that through projects like EMIN, it is possible to "create voice and create time"<sup>60</sup> for citizens that by their condition of vulnerability are facing the need to claim with more strength and urgency their right to an adequate minimum income.

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<sup>60</sup> Expression used by a social worker in the National Conference of the EMIN Project (Portugal) when he was stressing the relevance of this project.



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## Webgraphy

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## Annex

People who were interviewed

<b>Name</b>	<b>Background and relevance for the report</b>
Aida Morais	União Geral dos Trabalhadores (UGT)
Ana	Beneficiary of the Social Insertion Income

Carlos Farinha Rodrigues	Economist, Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa (ISEG, UTL)
Catarina Albergaria	União Geral dos Trabalhadores (UGT)
Elvira Pereira	Assistant Professor at Instituto Superior de Ciências Sociais e Políticas da Universidade Técnica de Lisboa (ISCSP, UTL); Researcher at Centro de Administração e Políticas Públicas
José António Pinto	Social Worker at Junta de Freguesia de Campanha
José Augusto Oliveira	Confederação Geral dos Trabalhadores Portugueses – Intersindical Nacional (CGTP-IN)
Mónica	Beneficiary of the Social Insertion Income
Socialist Party	
Silva Peneda	President of Conselho Económico e Social



