

**EMPLOYMENT AND TRAINING  
2021 ANNUAL REPORT**

***EXECUTIVE SUMMARY***

## EXECUTIVE SUMMARY

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### *1. Macroeconomic Background – Portugal in the European Context*

1. The year 2021 continues to be affected by the pandemic, whose economic and social impact determined the performance of the Portuguese and European economy and labour market in 2020. However, in some areas, 2021 has reversed the recessive impact of the pandemic, with signs of economic recovery.
2. The year 2020 interrupted the positive contribution of net domestic demand to GDP growth that had been observed since 2014, with values generally above 2%. On the other hand, in 2021 there was a significant recovery, with domestic demand reaching 5.12%, its highest contribution in the decade under analysis (2012-2021).
3. The contribution of net external demand, which was stable at around zero from 2014 onwards, was reversed in 2020, with a sharp drop to its lowest level in the decade under review, whereas in 2021 the trend that had been observed was resumed. In 2020, the positive external balance of goods and services, ensured by the positive external balance in services is reversed and in 2021, the negative trend will be more significant. Although in 2021 there is a positive and growing balance in services, this is offset by a negative balance in goods, which deteriorates in 2021.
4. Contrary to what happens in the EU, in Portugal, per capita GDP shows a more interesting evolution. This evolution is supported by the growth rates observed in Portugal, with values between 2016 and 2019 higher than in the EU. This positive evolution of the economic activity in Portugal was strongly shaken by the pandemic that resulted in a sharp downturn, greater than that observed in the EU, interrupting a period of convergence of the Portuguese economy that had resumed in 2015.
5. As for the evolution of the State's activity, translated by the public debt and deficit relative to GDP, since 2017 there has been an effort to reduce the debt and recover the deficit. In fact, 2019 presented the lowest value of debt, accompanied by a positive balance of public accounts, a trend that the pandemic has reversed. Nonetheless, the increase in the Portuguese deficit was not as sharp as in the EU, and the recovery observed in 2021 in Portugal was more interesting compared to the EU average.

6. The strong reduction in the public deficit and the stabilisation of public debt, accompanied by GDP growth, contributed to a decrease in long-term interest rates borne by the Portuguese State, converging to those observed in the average of EU countries. In 2021, there was an inversion of the trend that had already been signalled in the European area, indicating the possibility of a slower response by the Portuguese economy to changes in the economic conjuncture.
7. The evolution of interest rates, associated with the favourable evolution of GDP (until 2019, with a new recovery in 2021), suggests that investment plays an important role. In fact, by 2019, gross capital formation in Portugal will have increased by about a third, compared to the values observed in 2012, after a fall recorded in 2013. This evolution, very similar to the one observed in the European context, is more accentuated in Portugal, from 2017 onwards. The decrease associated with the pandemic, in 2020, is lower in Portugal and the recovery, in 2021, is greater.
8. The recovery of the Portuguese economy, after the strong crisis between 2009 and 2013, was interrupted in 2020 with a strong impact of the pandemic on the economic activity. The year 2021 is expected to be a year of recovery. However, this recovery does not always translate into convergence with the European reality.
9. On the other hand, in some areas, the impact of the pandemic is yet to be seen. In these areas, some delay in its effects may mean that it will not be possible to assess the impact of the pandemic until 2022.

## ***2. Brief Analysis of the Variations in the Labour Market***

### ***2.1. Job offers***

10. Looking at the Emigration Observatory's (OE) data for 2019 (latest available year), we find that the migratory balance was positive (+41.3 thousand individuals): the permanent departure from Portugal of 25.9 thousand people more than compensated the permanent entry of 67.2 thousand immigrants (51.5 thousand from countries outside the EU28; 15.7 thousand from the rest of the Union).
11. In 2021, the activity rate grew in all age groups, except in the 16 to 24 (0.7 percentage points less) and 24 to 34 groups (1.1 percentage points less). The biggest increase was in the 55 to 64 age group (4.2%). For both men and women, the activity rate only increased in the 35 to 44 age group.

12. In Portugal, the proportion of young people who left school early – i.e. the population between the ages of 18 and 24 who have completed at most the 3rd basic cycle (ISCED 0-2) and are no longer at school or in any other type of education or training - has progressively decreased and considerably more sharply than in the average of the European countries and, in 2021, for the second consecutive year, it was lower than that observed in relation to the EU average.

## 2.2. Employment

13. In 2021, in Mainland Portugal, the employment rate for individuals with basic education was 34.9%. The share of the employed population with secondary and higher education was similar. Between 2020 and 2021 the number of people employed with basic education fell by 7%, the population employed with secondary education grew by 4% and people employed with higher education grew by 14%, a very significant increase over the previous year.

14. In 2021, about 3,868.5 thousand individuals were employed in Mainland Portugal, representing 84.4% of the total number of employees, 675.5 thousand were self-employed, constituting 14.7% of the total, and 39.3 thousand were unpaid persons engaged in family duties. About 64.9 per cent of self-employed workers (TCPs) were working alone.

15. Between 2020 and 2021, part-time workers grew by 1.3% (4.5 thousand more individuals), with the number of women in this category decreasing by 8.8 thousand.

16. In 2021, in Mainland Portugal, and as in previous years, the largest groups in terms of employed population were *Specialists in intellectual and scientific activities*, which represented 24.4% of the total number of employees, *Workers in personal services, protection and security and sales workers* (17.1%) and *Skilled workers in industry, construction and craftsmen* (12.3%).

17. According to data from the Directorate General of Administration and Public Employment (DGAEP), in December 2021, there were 678.1 thousand filled<sup>1</sup> jobs in the various Public Administrations in Mainland Portugal, an increase of 12.7 thousand when compared to the same period in the previous year. Around 61.5% of these jobs were done by women, with an increase of 9.5 thousand in relation to the previous year, while the number of jobs done by men grew by only 3.1 thousand.

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1 DGAEP publishes data on jobs filled.

### **2.3. Unemployment**

18. Considering the data from Statistics Portugal's Employment Survey, it is estimated that Portugal had an underemployment rate of around 12.5% in 2021.
19. Between 2020 and 2021, unemployment fell in almost all age groups, except in the 16 to 24 age group, which increased by 3.6%. The number of unemployed women also grew in this age group (4.3%), as well as in the 45 to 54 age group (1.8%). Looking at the number of unemployed men, it is also in the 16 to 24 age group that there has been an increase (3.2%) and in the 35 to 44 age group (1.2% more).
20. The Portuguese unemployment rate showed progressive growth throughout the first decade of the century, reaching 16.4% in 2013, the year in which unemployment in Portugal reached the peak of this series. Since then the trend has reversed with successive decreases in the unemployment rate that, in 2021, registered 6.9%.
21. According to data provided by IEFP, 327.1 thousand people were unemployed at the end of December 2021, which represented a decrease of approximately 48 thousand people compared to the previous year. This decrease in registered unemployment was observed both in the number of men registered at Job Centres (13.8% less) and in the number of women (12% less).

### **2.4. Labour flows between employment, unemployment and inactivity**

22. In 2021, the employed population showed a positive balance of around 128.6 thousand people, resulting from the entry in the job market of individuals coming from a situation of inactivity or unemployment. The economically inactive population, on the other hand, decreased by about 116,500 people, mainly due to the number of people who moved from inactivity to employment. As for the number of unemployed people, there was also a decrease, which although smaller, was mainly due to the outflow of unemployed people into employment.
23. Looking at the Social Security statistical data provided in the Statistical Bulletin of the Office for Strategy and Planning (GEP), during 2021, 700 employers were in a Lay-off situation, which corresponded to a decrease of 9.8% compared to the previous year.
24. In 2021, the statistical data made available by the Directorate-General for Employment and Labour Relations (DGERT) showed that 336 collective redundancies were reported which comprised around 3,800 workers. In year-on-year terms, in 2021, there was a decrease of 51.9 %

in the number of reported collective redundancies, which corresponded to 362 fewer redundancies.

### **3. Support measures in the context of a pandemic (Covid-19)**

25. According to the Social Security Statistics made available by the IT Institute of the MTSSS, it can be seen that throughout 2021, a total of 1,724,954 people and 146,385 employers benefited from covid-19 support measures, which corresponded to an amount paid of 2,158,087,568.61 euros.
26. In 2021, the *Extraordinary Support for the Progressive<sup>2</sup> Resumption of Entrepreneurial Activity* and *Exceptional Family Support<sup>3</sup>*, created in 2020 to mitigate the impacts of the COVID-19 pandemic and to support the economy, workers and businesses by seeking to ensure continued employment. Thus, in 2021, 312,027 people and 41,026 employers benefited from the Support for the *Progressive Resumption of Entrepreneurial Activity* measure.
27. In the context of the COVID-19 pandemic, in 2021, unemployment benefits have been extraordinarily extended and increased. In 2021, in addition to the automatic extension of unemployment benefits, which covered 92,174 people, increases for benefit were established, namely: Increase of the minimum limit of unemployment benefit, which covered 183,543 people, increase of social unemployment benefit, which covered 25,402 people, and a 25% increase for benefit, which covered 4,212 people.
28. During 2021, due to the COVID-19 pandemic, 266,347 COVID sick leave and 452,844 prophylactic isolation leave were granted.
29. According to the statistical information from Social Security, provided by the IT Institute of the MTSSS, in 2021, 57,460 employers benefited from the Simplified Lay-off<sup>4</sup> and 663 employers benefited from the Lay-off under the Labour Code. As for the number of people receiving these benefits, in 2021, 303,692 benefited from support under the Simplified Lay-off and 33,311 from support under the Labour Code Lay-off.

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2 It is aimed at employers who have been affected by the COVID-19 pandemic and are in a business crisis, i.e. with a fall in revenue of 25% or more. The employer may request the Extraordinary Support for the Progressive Resumption of Entrepreneurial Activity that allows the temporary reduction of the normal work period of all or some of its employees.

3 It is aimed at domestic service workers and workers in paid employment who are absent from work to care for children or other dependent minors under the age of 12. It is also aimed at self-employed workers who are covered exclusively by the regime for self-employed workers and who are unable to continue their activity due to the need to care for a child or other dependent. It also applies to teleworking workers who choose to interrupt their activity to care for their family.

4 The Simplified Lay-off is aimed at employers, who are required to close down facilities and establishments by legislative or administrative provisions, in connection with the COVID-19 pandemic. The employer may require the support as long as its business is forced to close down totally or in part.

30. In 2021, according to information provided by Social Security, through the IT Institute of the MTSSS, 156,870 individuals benefited from the *Extraordinary Support for the reduction of economic activity of self-employed workers (TI) and members of corporate governing bodies (MOE)*<sup>5</sup> and 11,555 benefited from the *Professional Activity Incentive Measure*<sup>6</sup>, due to the reduction of their economic activity or the total interruption of their work activity, given the pandemic context experienced throughout the year.
31. According to information from the Institute for Employment and Vocational Training (IEFP), in 2021, about 36.860 employers had applied for the *Extraordinary Incentive for the Normalisation of Entrepreneurial Activity*<sup>7</sup> and 47.854 had applied for the *New Incentive for the Normalisation of Entrepreneurial Activity*<sup>8</sup>. The *Extraordinary Incentive for the Normalisation of Entrepreneurial Activity* covered 274,191 employees. The *New Incentive for the Normalisation of Entrepreneurial Activity*, regulated in 2021, covered 286,652 employees.

### 3. Business Structure and Workers in Enterprises

32. According to the Personnel Survey, in 2020, there were 3,087.2 thousand workers working in companies, about 25 thousand less than in the previous year.
33. According to data from the Social Security IT Institute, 5,753.3 thousand work contracts were registered in December 2021<sup>9</sup>. Of these, 1,528.9 thousand, or 26.6%, were new contracts<sup>10</sup>. Between 2020 and 2021, the number of contracts registered with the social security services increased by 4.6%, as did the number of new contracts, which rose by 19.2%.
34. In 2020, there were about 226.3 thousand foreigners in companies in Mainland Portugal, of which 217.8 thousand (96.2%) were TCOs and 8.2 thousand were employers, representing 3.6% of the

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5 The extraordinary support for the reduction of economic activity is aimed at the self-employed, including sole proprietorships, subject to the suspension of activities or closure of premises and establishments by legislative or administrative determination from a government source in the state of emergency. The Economic Activity Reduction applies to Self-Employed Persons whose industry is subject to the obligation to close down under the COVID-19 pandemic.

6 The extraordinary professional activity incentive measure takes the form of financial support for workers who are exclusively covered by the self-employed workers regime, or who are also covered by the employees regime and do not earn, in this regime, more than the value of the IAS (Social Support Index).

7 It aims to support job retention and reduce the risk of unemployment for employees of employers affected by a business crisis because of the COVID-19 pandemic, by granting support to the employer for the return of their employees to normal work and the normalisation of business activity. It is aimed at employers who have benefited from the extraordinary support for the maintenance of employment contracts or the extraordinary training plan.

8 It consists in the award of financial support per worker who has been covered, in the first quarter of 2021, by the Extraordinary Incentive to the Maintenance of the Work Contract or by the Extraordinary Incentive for the Normalisation of Entrepreneurial Activity, granted by IEFP, to the employer for the return of their employees to normal work and the normalisation of the business activity.

9 Contract in the year = Contract of an individual (employee or member of a statutory body) with an employer (head office in mainland Portugal) valid for at least one day in the year.

10 New Contract = Contract of an individual (employee or statutory governing body member) with an employer (head office in mainland Portugal) with start date in the year.

total number of foreigners. With respect to 2019, TCOs increased by about 3.4% (about 7,200 people) while employers increased by about 2.3% (184 more people).

35. By 2020, there were about 25,800 firms in high and medium-high technology fields<sup>11</sup> and they continued to account for about 2% of the total. Compared to the previous year, the number of these companies grew by 1.4%, thus maintaining the trend of the last five years. On the other hand, there were 255,500 people employed in companies in the high and medium-high technology fields, which represented 6.2% of all these workers. The number of people employed in companies in these sectors increased by 2.4%, which represented an increase of around 6,000 people compared with the previous year.
36. Considering the evolution of work-related accidents in the last five years, there has been a downward trend in the number of accidents, particularly fatal ones.
37. At the end of 2021, according to information made available for the continent by the MTSS's Social Security Institute, around 1,400<sup>12</sup> thousand sick leaves were terminated, which represented a year-on-year increase of 15.7%. Over the past five years, the number of sick leaves shows an upward trend, especially from 2020 onwards.

#### **4. Pay and Earnings**

38. The average monthly pay for men was € 1,349.35, while the average pay for women totalled € 1,130.87. Both increased in relation to 2019, although the women's grew more than the men's, so the difference between average pay narrowed slightly, as has already been the case in recent years. Therefore, in 2020, the average monthly salary for women was 83.8 % of the salary for men when five years ago it was 80.9%.
39. In October 2020, the average monthly regular pay for TCOs working full-time was €1,041.99, (83.3% of the average monthly pay) and grew by about 3.7% compared to 2019. The average regular pay for men was € 1,109.21 and € 960.27 for women, representing 86.6% of the men's average.
40. Analysis of the pay structure applicable to TCOs who worked full-time in 2020 (monthly base pay plus regular supplementary amounts) reveals that more than half of them (52,7%) were concentrated in the € 635,01 and € 999,99 pay bracket. These were followed by the € 1,000.00-

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<sup>11</sup> High and medium-high technology fields include high and medium-high technology industries and high-tech knowledge-intensive services.  
<sup>12</sup> So as not to violate statistical secrecy, this total does not include the residual figures for leaves terminated by women aged 20 to 24 and men under 20.



2,499.9 bracket, which encompassed 35.2% of such workers. The bracket equal to the National Minimum Wage (SMN) included 5.1% of all TCOs, while 5.8% were in the € 2,500.00-4,999.99 bracket. The National Minimum Wage (SMN) was increased to € 635 /month in 2020. Around 0.2% of workers were in the lowest pay bracket.

41. Analysing the average monthly regular pay, taking into account the type of contract, and according to the information in the Personnel Survey, it can be seen that in 2020, in Mainland Portugal, the average monthly pay of TCOs working full time was € 1,123.2, for those with open-ended contracts, € 839.3 for those with fixed-term contracts, (i.e. approximately 74.7% of the average regular pay of those with permanent contracts) and € 867 for those with temporary contracts.
42. According to DGAEP data, in 2021<sup>13</sup>, the average monthly pay for full-time public administration workers in Mainland Portugal was € 1,800.9. Compared to 2020, average earnings grew by 0.6%, corresponding to an increase of € 10.2. Over the last five years, the average monthly pay has increased by 6.2%, rising from € 1,695.04 in 2017 to € 1,800.87 in 2021, an increase of € 105.84.

## ***5. Vocational Training and Active Employment Measures***

43. In 2021, the information registered in the Integrated Educational and Training Offer Information and Management System (SIGO)<sup>14</sup> (provided by the Directorate-General for Education and Science Statistics) includes several training modalities, both dual certification training and certified modular training, in the scope of the National Qualifications Catalogue, as well as other vocational training not included in that Catalogue.
44. Within the scope of dual certification training, in 2021, SIGO registered the attendance of 186.1 thousand individuals in education and vocational training courses. Of these, 148.5 thousand (79.8%) attended training courses targeted at young people up to 24 years of age, and the remaining 37.6 thousand attended training courses targeted at adults. Between 2020 and 2021, the number of people attending dual certification training decreased by 24.8%, after having grown by 6.7% in the previous year.
45. In 2021, about 670,000 people attended modular training within the National Qualifications Catalogue, 27% more than in 2020. Women accounted for 63% of total trainees. The trainees were

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<sup>13</sup>The data presented in this chapter is for the month of October.

<sup>14</sup> SIGO covers the network of training entities of the National Qualifications System (SNQ), including the Qualifica Centres.

evenly distributed over the various age groups from 15 years onwards, reaching 24% of the total in the 50 or over age group and 28.5% in the 35 to 44 age group.

46. Still in 2021, there were 768 thousand people attending training<sup>15</sup> not included in the National Qualifications Catalogue, which translates into an increase compared to 2020 (33.8% more). On the other hand, more than half of those attending were men.
47. Another relevant source of information regarding employee training is the *Annual Continuous Training Report*<sup>16</sup>. The latest available data, in Mainland Portugal, report to 2019<sup>17</sup>, indicating that 38.6 thousand companies promoted training activities for their workers, representing 15.2% of the total number of companies that responded to the *Single Report*. These training activities covered about 1,070.9 thousand workers (36.7% of the total number of workers working in enterprises), which meant an increase of 2.2 percentage points in the percentage of workers attending training (18.3 thousand more workers) compared to the previous year.
48. According to the information processed by IEFP, 440.4 thousand people attended training activities, of which 313.9 thousand attended Continuous Training (71%), 70.5 thousand (16%) Initial Training, 11 thousand (2%) training for inclusion and 29 thousand (7%) attended other training measures, including the Training-Check and Trainer Training.
49. With regard to Initial Training, 20.9 thousand young people attended Apprenticeship Courses, with this number slightly decreasing since 2017 (21.1 thousand in 2020). On the other hand, the number of trainees in Adult Education and Training Courses (45.1 thousand) grew compared to the previous year (37.9 thousand people). Also of note, there were 4.6 thousand trainees attending technological specialisation courses (slightly higher than in 2020, 4.2 thousand).
50. With regard to *Continuous Training*, in 2021, those attending Active Life measures represented more than half of those attending continuous training (170.9 thousand out of 313.9 thousand people) and that number grew by 41.4 thousand people compared to 2020. On the other hand, the number of trainees attending *Modular Training*<sup>18</sup> measures, around 32% (100.1 thousand people) increased by 18.4 thousand trainees, when compared to 2020.
51. In IEFP's training activity, in 2021, there is also a set of measures focused on strengthening digital skills, such as the Digital Skills Certificate (1.3 thousand people), the Digital Citizenship (33

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15 Training activities in education and training modality promoted by certified entities or entities certified with a DGERT like certification and by non-certified entities.

16 The annual continuing training report is annex C of the Single Report and gathers information on the training activities promoted by the enterprises for their workers (published by GEP (MTSSS) since 2010).

17 Latest available data, to date.

18 From 2017, the modular Training measure has included both employed and unemployed active people.

thousand people), the Young + Digital Programme (8.2 thousand people) and the new at Distance Training measure that, in 2020, covered only 2.2 thousand people.

52. In 2021, the employment support measures promoted by IEFP covered around 108 thousand people, 65% of whom were women. The breakdown of beneficiaries for the various measures is as follows: 43.2%, in *Social Insertion measures - socially necessary work*, 31% in *Professional Insertion measures*, 22.9% in *support for contracting*, 1.5% in *Other Support for the Promotion of Employment* and about 1.4% in *Support for the creation of employment and companies*.
53. In relation to the previous year, in 2021, the number of people covered increased (5.2 thousand people) mainly due to the increase of those covered by *Professional Insertion measures - socially necessary work and Professional Insertion*. On the other hand, the number of people covered by the Recruitment Support measure decreased.
54. According to data made available by IEFP, the job offers received in the Job Centres increased in 2021, thus inverting the trend of progressive decrease that had been seen in recent years. Thus, the number of offers increased by about 35%, reaching nearly 142,000 in 2021. On the other hand, in 2021 and in relation to the same period of the previous year, the number of placements made at the Job Centres showed a positive variation of 21.6%, corresponding to an increase of about 15.6 thousand placements compared to 2020. This means that in 2021, 62% of the offers were filled through placements in the Job Centres.