



**THE LINK BETWEEN EMPLOYMENT AND SOCIAL  
INCLUSION STRATEGIES:**

**A PORTUGUESE OVERVIEW**

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## **Introduction: the meaning of an *Overview***

Within the framework of the European Project *Bridges for Inclusion* the aim of this report is to outline, following the European Overview the link between employment and inclusion strategies in Portugal. This is part of a broader study that involves, besides Portugal, another 5 countries (Belgium, Spain, Bulgaria, France and Romania). It is expected that the final report will be more than a compilation of the 6 national overviews.

Currently, the fields of social and employment policies are an essential referential to evaluate the level of development of societies and the way they address the inequalities resulting from their models of growth. It is known that the development of the Portuguese social protection system has followed though with some slowness and inconsistency, the model of the industrialized European societies, in which the State has a crucial role. To attest this is the increasing liability of the State both through the widening of social rights and the increment of social and employment policies. However, nor all social protection provision come from the State, public bodies and instruments. A large part of it comes from civil society.

Only a small part of social protection that concerns civil society comes from the *market* or business world. Social protection has also been assured by the *Third Sector*, through an extensive set of non-profit organizations of citizens' initiative which with increased significance are active in that field. We should also not forget the less organised forms emerged in self-help groups, solidarity networks and community groups.

The economic, social, cultural and political changes that took place in two recent historical moments - the 25th of April of 1974 and, more recently, the accession to the European Economic Community in 1986 - had brought changes in the rationality of public policies in the fields of social protection and employment. In the first case, through a democratic process, social rights had been extended and constitutionally established. In the second case, due to the continued accession process, a set of principles and common objectives related to employment, social protection and social inclusion had been transposed to national level.

Nevertheless, the reality is that in the European Union, Portugal has one of the highest figures of poverty, income inequalities and unemployment. The reasons are deep and multiple and the national inclusion and employment strategies have not been effective enough to improve these statistics.

There is a persistency of an *old* poverty, that it is structural, a traditional poverty, extensive and integrated, much associated to low social pensions and to the agricultural sector, where the levels of deprivation are known and recognized, but frequently tolerated and accepted. Additionally there is an *old* poverty also structural and resistant to the classic policy therapies, more expressive in families and individuals with low qualifications, low wages which place them in the line of the relative poverty.

More recently it started to emerge and to have greater visibility a *new poverty*, much related to the modernization of the economy and the Portuguese society, to the migration flows and to the urban and suburban concentration of people, as well as to new risk groups that became visible in urban areas (single parent families, children and young people without family support, drug addicted, unemployed, over-indebted families, immigrants, ethnic minorities, etc.).

Thus, these *types of poverty* have to be address from the perspective of the public policies, that is, from the analysis of a set of active measures and its effect. Centred in the recent situation, marked by the persistent and structural poverty (reaching unacceptable values), the boost of the unemployment (to figures that the country was not used to), and the growth of the *bad* employment (with low wages and unstable labour relations). That is what will try to in the following chapters.

We will start by trying to understand the way employment and social inclusion strategies have evolved and (re)acted in these circumstances. Afterwards, we will attempt to improve our knowledge and discuss some progress achieved, highlighting the social economy potential and the vital role that the Third Sector can (and should) play in the link between employment and social inclusion. Finally we will suggest some issues to be debated as well as some proposals.

## **1. The crossroads between employment and inclusion strategies: a brief history**

The history of the matches and mismatches of the national employment and social inclusion strategies lead us to a condensed retrospective period of 34 years. The long period of the New State dictatorship that ended in 1974 did not allow to take advantage of the *thirty glorious years* of economic growth in the post-war period or to create the bases of a strong welfare state, similar to what happened in other counties of central Europe. In this context, our history of the divergences between employment and inclusion strategies starts with some delay with the 25<sup>th</sup> of April democratic Revolution. Since then new paradigms in the fields of social inclusion and employment policies were introduced, taking in consideration the new roles of the democratic State. Simultaneously, civil society became more dynamic and active regarding socially vulnerable groups.

### *1.1. The democratic transition and the development of social protection*

The democratic Revolution led to the emergency of a new model of social protection, more comprehensive and democratic. Even if we can question the discrepancy between the legal framework that supported it (and supports) and the social practice, in other words, its effectiveness, it is undeniable that the social protection democratic model represented an enormous break with the parcelled protection models typical of the corporative dictatorship of the New State. The transition of a parcelled model of providence and assistance to a unified and integrated security social model represented greater democracy in the access to social protection and a clear liability of the State in this area. It was in this way that the Armed Forces Movement (MFA),

responsible for the revolution, defined "a new social policy", later included in the Program of the 1st Provisional Government<sup>1</sup>.

Soon after, the new Constitution of 1976 set up the principles of the "*new social policy*". According to Article 63, no. 2, "*It is the State's responsibility to organize, coordinate and finance a social unified and decentralized social security system in conformity and with the participation of the trade unions and other organizations of the working classes*"<sup>2</sup>. On the other hand, parallel to the public and private sector, the new Constitution established the corporative sector.<sup>3</sup>

It was in this new political environment that, after the second half of the seventies, social protection suffered an enhancement, both at individual (e.g. from the point of view of the beneficiaries covered) and resources levels (e.g. the situations covered). An example of this was the creation of the Social Pension<sup>4</sup> extended to all citizens aged over 65 that weren't covered by any providential scheme and the citizens with disabilities<sup>5</sup>. It was also an innovation the guarantee to the right to a family allowance and to the Christmas benefit which would be known by the 13th month<sup>6</sup>.

In the area of the social economy, the State started to recognize the contribution of the Private Institutions of Social Solidarity (IPSS's) in the social protection and inclusion strategies and therefore the need to extend their legal concept. This recognition became more obvious since 1979 with the publication of the statutes of the IPSS's. Since then, Social Security had established agreements with these organizations, with legal rules that had created rights and obligations between the parts, in special financial grants<sup>7</sup>. However this financial support agreed between the State and the representative of the NGO's raise, quite often, the debate on the (excessive) financial dependency of these organizations from de State and the consequences of this in terms of their autonomy and sustainability.

The recognition of the work of the NGO's in the achievement of the social protection objectives in many services such as the ones aimed at the children and youth as well as the elderly, represented a significant change in the way the State acts in the social protection field. The NGO's began to provide these services to the citizens through the government funding<sup>8</sup>.

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<sup>1</sup> This "new social policy" included a large number of measures. The Decree-law no. 203/74, of 15 of May, established a "*gradual replacement of the providence and assistance system by an integrated social security system*".

<sup>2</sup> Currently, even with a different wording and after some revisions, the Constitution states in article 63, no. 2 that: "*The State is responsible for organizing, coordinating and funding a unified and decentralized social security system, with the participation of the trade unions, other workers organizations and associations representing other beneficiaries*".

<sup>3</sup> Later in 1989, a social dimension was added including the community and self-managed sub-sectors. Afterwards, the constitutional revision of 1997 joined to this social dimension the solidarity sub-sector, especially the *mutual* associations.

<sup>4</sup> Decree-law no. 217/74, of 27 of May.

<sup>5</sup> In this case over 14 years of age because they were not receiving life pension or another similar subsidy, according to the Normative Dispatch no. 59/77, of 23 of February.

<sup>6</sup> Decree-law no. 724/74, of 18 of December.

<sup>7</sup> Since de nineties, these cooperation agreements started to be negotiated between the management authorities and the root organizations based on protocols between the Unions representing these organizations. These protocols defined the funding they receive from the public services of Social Security.

<sup>8</sup> Decree-law no. 119/83, of 25 of February.

In the area of employment, the Institute of Employment and Vocational Training (IEFP) was created and social protection was broadened up in the situations of unemployment, guaranteeing the workers right to a compensation for the loss of income<sup>9</sup>.

During this period, it is still important to emphasize the universality of the education system as well as the creation of the National Health Service (SNS), also universal and free to all citizens. Simultaneously, the accession process to the European Economic Community (EEC) was undergoing since 1977, which would be formally concluded in 1985.

### *1.2. The eighties: the first stage of the accession*

Before the full accession to the EEC in 1986, it is important to point out the publication of the Social Security Framework Law in 1984. Through this Law, a system of unified social protection was introduced, replacing from then on the traditional insurance and assistance systems that came from the New State. At that time, the new established objectives had been *“to guarantee the protection of workers and their families in situations of lack or reduction of their capacity to work, unemployment and death, as well as compensating the families’ expenses”* and also *“to socially protect the citizens who find themselves in a situation of lack or reduction of the means of subsistence”*<sup>10</sup>.

This system, whose management was the State responsibility, complied with the principles of universality, unity, equality, effectiveness, decentralization, judiciary guarantee, solidarity and participation. From the financial point of view, the system was funded by the employees’ and employers contributions (general regime) and also by the General State Budget (Non Contributory Scheme and Social Action).

In the employment area, it is worth underlining the widening of the legal regime of protection in unemployment<sup>11</sup>, the temporary exemption from payment of contributions, for employers that employ first job seekers and long term unemployed<sup>12</sup>, the reduction of the employers contribution rate when employing disabled workers under a unspecified term contract<sup>13</sup>, and also the change in the social security scheme of the agriculture activities<sup>14</sup>.

The accession to the EEC in 1986 represented a new reality for the Portuguese society. It changed the rationality of the public policies, opened the “doors” to the structural funds, in special to the European Social Fund (ESF) and the European Regional Development Fund (ERDF) but also in the agricultural/rural field (the European Agricultural Guidance and Guarantee Fund - EAGGF), etc.

The Community Programme for the Supply of food to the most Deprived Persons was one of the first programmes to be implemented. But the pioneers in the developing of

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<sup>9</sup> Decree-law no. 169-D/75, of 31 of March.

<sup>10</sup> Law no. 28/84, of 14 of August. The previous Insurance Systems represented a social protection system divided into sectors due to the corporative regime.

<sup>11</sup> Decree-law no. 20/85, of 17 of January; and the Decree-law no. 79-A/89, of 13 of March.

<sup>12</sup> Decree-law no.17-D/86, of 6 of February; Decree-law no. 257/86, of 27 of August; and the Decree-law no. 64-C/89, of 27 of February.

<sup>13</sup> Decree-law no. 299/86, of 11 of September.

<sup>14</sup> Decree-law no. 401/86, of 2 of December; and the Regulating Decree n° 75/86, of 30 of December.

a new type of intervention were the Programmes of the Fight against Poverty. In reality, the experience of these Programmes added to the first systematic studies on poverty and social exclusion<sup>15</sup> had brought many teachings. Firstly, for the most vulnerable groups (the reduction of the severity of these phenomena and the empowerment) and for the local NGO's (a better understanding and identification of the situations through partnership and networking) also for the State (the recognition of the dimension of poverty and the bottom up "pressure" to develop policy measures), lastly for the society in general (the increasing visibility of the problem) (Amaro, 2003).

But it would be in the following years that the influence of the European policies would become well-known with the implementation of new measures to foster the link between the re(integration) of the unemployed in the labour market with more ambitious objectives to combat poverty and social exclusion and to promote inclusion.

### *1.3. The nineties: the principles of a new generation of social active policies – key-elements for bridging social and labour integration?*

If until the middle of the nineties, the concept of activation<sup>16</sup> was almost unknown and absent in Portugal, since then, it slowly started to incorporate a new political and perceptive speech. This political speech is critical about the traditional instruments of income support. The passive policies limited to a simple monetary compensation were seen as a disincentive to work and promoters of a culture of dependency. In this context the employment active policies had emerged and had represented a new type of social policies much linked to the change from a passive to an active Welfare State.

Being an issue of some ideological debate, but with ample consensus and great acceptance by the public opinion, these policies had created fissures with previous intervention models and had imposed new principles of action. From the very instant, a compulsory principle of counterpart, materialized in an established agreement between the beneficiary of a social benefit and the State, through which the first one compels him/herself to actively look for a job, to be placed in an occupation considered socially useful or to attend a training course to improve his/her employability.

The idea of an integrated pathway to re-enter the labour market for those who receive support from the State joined three more principles to the practice of the new policies. The first one is related with the integration of several sector policies in a holistic approach. This led to a bigger connection of specific measures of (re)integration in the labour with another type of measures in a range of fields (e.g. from the psycho-social rehabilitation to education, passing through the access to

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<sup>15</sup> Among these are the well known studies of Manuela Silva and Bruto da Costa. Some other equally relevant came out later. Example of them are the ones carried out by Ferreira de Almeida, Pedro Hespanha, José Pereirinha, Roque Amaro, Luís Capucha and Leonor Ferreira, sometimes on broad subjects (e.g. social and economic development, poverty, social exclusion, social policy, vulnerabilities and risks associated to globalization) and others on more focused issues (e.g. concrete policy measures and their impact).

<sup>16</sup> The concept is used here to specify social or employment policies' initiatives that promote the participation in the labour market and foster employability, independently of the ways and levels of compulsion they may take.

health care). The second one is related with the need for a bigger coordination between the services. The public services responsible for social and employment policies were pressured to work jointly and in a more coordinated approach. But it was at local level that the big challenge was placed: the change of organizational and intervention models based in vertical obligations, hierarchies and bureaucracy for a new model based on the territorialized horizontal cooperation. The aim was to allow local agents to have simultaneously, support and guidance from the central authorities and the possibility to launch initiatives in partnership with other agents, such as local authorities and civil society, especially NGO's. Finally, the personification was another underlying principle of the interventions that cannot be isolated from the two previous ones. More individualized interventions demanded more customized follow ups by the social security and employment public services throughout the integration pathway. It was also necessary that the proposed measures were tailored to the beneficiary specific needs. (Hespanha, 2002; Silva, 2004).

Based on this set of "active principles", many policy measures had been instituted in this period, in particular the Guaranteed Minimum Income (1996), the Social Labour Market (1996) and the Social Network Programme (1997), whose experiences, due to their relevance, will be further examined in more detail (see Point 2). It is also worth mentioning other measures established in this period. The legal regime of protection in the unemployment was reformulated in 1999 to include and promote active measures facilitators of the workers' reintegration in the labour market<sup>17</sup>. Later was defined the employment policy that specifically included the promotion of the Social Labour Market as a social-local development instrument through initiatives and activities of social nature<sup>18</sup>. In 1998, in the area of the local and regional employment there were launched 11 regional employment networks and 3 territorial pacts in Alentejo, Vale do Sousa e Marinha Grande<sup>19</sup>.

In the scope of the active employment policies we have to underline the promotion of incentives to support the creation of self-employment (CPE), the employment of first job seekers and long term unemployed<sup>20</sup> through the reduction of the employers contributions to Social Security, the Professional Traineeships, the Employment and Training Programmes and the placement in real work environment, both in public and Third Sector organizations. On the other hand, beyond the creation of active life insertion units (UNIVAS)<sup>21</sup> and in the scope of the Institute for Employment and Vocational Training (IEFP) were also established new and more personalized intervention methodologies that had started to contemplate the compulsory acceptance of personal employment plans for young people (Programme INSERJOVEM) and for long term unemployed adults (Programme REAGE). For the beneficiaries of the Guaranteed Minimum Income with integration agreements signed in the areas of

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<sup>17</sup> Decree-law no. 119/99, of 14 of April, and Decree-law no. 186-B/99, of 30 of May.

<sup>18</sup> Decree-law no. 132/99, of 21 of April. Article 3, 14 and 15.

<sup>19</sup> In the following year 10 regional employment networks were launched.

<sup>20</sup> Decree-law no. 89/95, of 6 of May, reinforced by the Decree-law no. 34/96, of 18 of April that foresaw the allocation of financial support to the employment of young people looking for the first job and to long term unemployed.

<sup>21</sup> These structures were created on the basis of proximity to help young people to solve their problems of employment and/or vocational training. Normative-Dispatch no. 27/96, of 9 of July 1996; Normative-Dispatch no. 87/92, of 5 of June; and Decree-law no. 401/91, of 16 of October.

the employment and/or training, specific Integration-Employment<sup>22</sup> Programmes and later Horizontes 2000 were also created<sup>23</sup>.

During the following years, the National Action Plans for Inclusion and the National Employment Plans as well as the changes in the Social Security Framework Law and the reforms on labour legislation brought up a new impetus in the implementation of social active policies.

*1.4. Two thousand: new laws, successive plans – the visibility of the active policies and the invisibility of the fight against poverty*

From a legislative point of view, in the field of Social Security, the years 2000 had been marked by three new Framework Laws that had followed the one of 1984: the 2000 Framework Law, another one in 2002 and more recently the one adopted in 2007. All of them are pointing out to activation principles in employment and social policies, including an increasing accountability of the beneficiaries, families and communities in the integration plans agreements.

In the employment field, these principles had already been incorporated in 1999, in the scope of the reform of the legal regime of protection in the unemployment<sup>24</sup>. They had been followed in the Employment and Social Protection Programme in 2003 (PEPS)<sup>25</sup> and more recently, in the new legal regime of unemployment protection, in force since 2007. PEPS includes a set of exceptional and temporary measures to promote the employability and the training opportunities, aiming at facing the increase of the unemployment due to the economic international recession<sup>26</sup>. Simultaneously, in the same year (2003), the revision of the labour legislation was concluded, condensing in a single document an assortment of laws. The Labour Code (as it is known since then) introduced a new philosophy in labour relations: a more open and flexible regulation, a decline in the trade unions role and the collective work contracts, and greater insecurity in the labour relations<sup>27</sup>. The code is currently undergoing through a new revision which is promoting a strong debate on the organization of the working hours, wages, precariousness of work, collective work contracts, social protection and flexicurity<sup>28</sup> and its use at national level. The more representative Portuguese trade union (CGTP-IN) did not sign it, arguing that the current changes, more than the previous ones, represent a step backwards in the protection of work and the security of the workers<sup>29</sup>.

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<sup>22</sup> Dispatch 1109/99 of 27 of December.

<sup>23</sup> The issue is always the social and labour integration of the beneficiaries of the Social Integration Income with an Agreement of Integration signed in the area of employment and vocational training and through the support to development of activities of social interest.

<sup>24</sup> Decree-law no. 119/99 of 14 of April.

<sup>25</sup> Decree-law no. 84/2003 of 24 of April.

<sup>26</sup> The Programme of Employment and Social Protection (PEPS) included several dimensions. Examples of these are: training for qualified unemployed (FORDESQ), training for qualified employees (FORMEQ), employment-training (EM-FORMA), etc.

<sup>27</sup> Law no. 99/2003 of 27 of August.

<sup>28</sup> The discussion on flexicurity is mainly about the difficulties in combining the employees' protection and the flexibility of the labour market. The employers' organizations put the focus on the need for bigger flexibility in order to improve the national enterprises' competitiveness in the international market, while the trade unions stress the weak protection of the employees and the opportunities that open up for employers to dismiss workers.

<sup>29</sup> According to the General Secretary of CGTP-IN, with the current proposal developed by a socialist government, "workers are more exploited, their income decreases, the competitiveness increases and the country does not grow".

During the last ten years, due to the European Employment Strategy the employment policy measures had gained an increasing exposure and visibility, starting to be linked to the goals defined by the successive National Employment Plans, especially in the latest one (2005-2008) included in the National Action Plan for Growth and Employment (PNACE)<sup>30</sup>. The availability of financial resources from the various Community Support Frameworks (CSF) and from the current National Strategic Reference Framework (NSRF)<sup>31</sup>, allowed a broader use of a variety of active measures.

This dynamic evolution led to the reinforcement of a vast set of active measures at national and regional level, but many of them were not new. Some of them were about the strengthening of a compulsory guideline, such as workfare (e.g. occupational programmes, obligatory acceptance of a job in less favourable conditions, etc.). Others intended to give greater emphasis to training and follow up of active pathways (training to re-enter the labour market, design of individual plans, work placements, long life learning, the promotion of active aging, etc.). Other measures may be considered as the 'make-work-pay' or 'in-work benefits' type (e.g. tax incentives, partial unemployment benefit, support to the creation of self-employment and local employment initiatives, promotion of the entrepreneurship, the microcredit, support of unlimited time contracts, etc.). The two last types of measures are particularly important because they are directly and indirectly based on the perception that it is not enough to (re)enter in the labour market to leave the poverty and social exclusion cycle. Quite often, the creation of employment is expressed by the raise on the number of precarious and poorly remunerated jobs and without future perspectives. In this context, it is important the existence of complementary mechanisms to support low wages, as well as follow up measures after the work (re)integration, continuous training throughout active life, incentives to unlimited work time contracts and tax exemption to support the social entrepreneurship.

Yet, the truth is that the attempts to integrate people in the labour market collide with multiple problems that go from the shortage of job offers to the differences between the offer and the demand, passing by restrictions at mobility and accessibility level, and, finally, for some lack of motivation among the measures target groups that frequently do not see them as a true springboard (Hespanha, Caleiras et al., 2007).

In Portugal, additionally to the measures included in the National Employment Plans another significant set of programmes is being implemented to promote social inclusion through the NAPIncl. The objective is both to provide an equitable access to employment and to a set of basic goods or "*minimum standards*" as they are defined in the new Social Security Framework Law (2007).

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<sup>30</sup> Resolution of the Council of Ministers no. 183/2005, of 28 of November. The National Reform Plan 2005-2008 (PNACE) was the Government's response to the challenges launched by the renewed Lisbon Strategy. It is a set of 125 measures focused in three areas: the macroeconomic, the microeconomic and the qualification, employment and social cohesion.

<sup>31</sup> For the period 2007-2013.

Beyond the new perspective brought to the development and implementation of social policies, with common strategies and shared responsibilities between the State and the social partners, the value added of the NAPSincl was “to force” the public authorities to face the structural problems associated to social exclusion and poverty. These problems still persist despite the policies’ *therapies*. Some of them are linked to the labour market (low wages, low school and professional qualifications, long term unemployment, low rates in the unemployment benefits). Others are associated with the difficulties in the access to resources, rights and services (deficient social equipments network, poor housing and low pensions). Finally, others are related with striking territorial inequalities (deprived and abandoned rural areas, with bigger difficulties in the access to basic services and urban areas with a massive concentration of groups experiencing poverty and exclusion).

Therefore, it was not surprising that the priorities of the first NAPsincl had been to guarantee the access to resources, rights, goods and services and to promote equal opportunities in social participation. Centred in the promotion of the social and economic development, some axis of action to fight the traditional forms of poverty had been defined. The specific objectives set were: to empower and activate people excluded from the labour market; to promote the integration of disadvantaged groups through employment; to consider lifelong learning as a strategic instrument for inclusion; to develop the social protection system; to extend the social equipment and services network and enhance its access; to adjust these measures to real people’s needs; and finally, to promote initiatives of local development. Here there are some examples of the goals set:

- To reduce the poverty rate which was of 23% in 1995 to 17% in 2005, in order to match it with the European average;
- To set up 50 “Contracts of Urban Social Development” in order to create inclusive cities;
- To launch the Programme “Rural Life and Social Development” combining many instruments and initiatives of integrated local development in peripheral rural communities;
- To ensure that all people experiencing social exclusion will be individually addressed by the local social action services aiming at the signature within one year of a contract of social integration adapted to their situation and involving measures in the fields of education and training, employment, housing, health, social protection, income and access to the services;
- To launch a national social emergency phone line for situations of immediate risk such as homeless people, domestic violence victims, children at risk<sup>32</sup>.

As a global balance, the achievement of these goals was below the expectations. That is why the strategy of the current NAPincl was based on the recognition of the significance of fragile social and economic contexts and of their impacts in terms of persistent poverty and exclusion. In this sense, 4 specific pillars of local action had been identified. The first one clearly recognizes the need to invest in policy measures

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<sup>32</sup> This line was implemented and was know by 144.

that facilitate the fight of the persistent and historical deficit in the field of poverty, especially among the children and the elderly. The second pillar stresses the need to keep improving the citizens' qualifications as a mean to trim down the processes of exclusion from the labour market. The third one points out to the need to reinforce the measures for people with disabilities, who are one of the most vulnerable groups, but until they were never been considered as a target group in social policy measures. Finally, the forth pillar that in the same line of the previous one, points out in the direction of measures to address the immigrant communities, also highly vulnerable and exposed to poverty and discrimination (NAPincl, 2006-2008: 8-9).

Considering these pillars, the government set three political priorities. Firstly to combat child and elderly poverty through measures such as the Programme for Inclusion and Development (PROGRIDE)<sup>33</sup>, Contracts for Social Development (CDS), the Programme for the Extension of the Social Equipment Network (PARES)<sup>34</sup>, the Prohabita Programme and the Programme Housing Comfort for Older People (PCHI)<sup>35</sup>, the bonus in the allowance granted to single parents and families in economic difficulties, the Programme Life-Employment aimed at drug addicted under a recovery process, the Solidarity Supplement for the Elderly (CSI) or the Long-term Care National Network (RNCCI)<sup>36</sup>. Secondly, the need to correct disadvantages in education, training and qualification through the New Opportunities Programme launched jointly by the Ministry of Education and the Ministry of Labour and Social Solidarity to certify and extend education to adults<sup>37</sup>. Finally, the third priority centred in the need to overcome discriminations, strengthening the integration of people with disabilities and immigrants. In this field, the Choices Programme which promotes the social inclusion of children and young people from vulnerable social and economic contexts, in particular descending from immigrants and ethnic minorities, that often tend to be left aside from the policy measures.

In another scope, assuming the priority role of the municipalities as decision makers in their territories, the Local Contracts of Social Development (CLDS)<sup>38</sup> had been created. The purpose of these was to promote the social inclusion of the citizens at a local scale, in a multidimensional and integrated way, through partnership actions in order to combat persistent poverty and social exclusion in deprived territories. The CDLS that have had some delay in their implementation are based on the following axis of intervention: employment, training and qualification, family and parental action, community and institutions' capacity building, information and accessibility. For this purpose it was also created the Program Solidarity Click<sup>39</sup> with the aim to improve the access to the Internet in Third Sector organizations that work in the social economy field. Other measures were also implemented in this area. The

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<sup>33</sup> Dispatch no. 730/2004.

<sup>34</sup> Dispatch no. 426/2006, of 2 of May.

<sup>35</sup> Dispatch no. 6716-A / 2007, of 5 of April; Dispatch no. 3293/2008, of 11 of February.

<sup>36</sup> Decree-law no. 101/2006, of 6 of June.

<sup>37</sup> The *Centres of Recognition, Validation and Certification of Skills* (RVCC) are now named *New Opportunities Centres*. According to the data of the Ministry of Education, this measure has more than 300.000 people registered.

<sup>38</sup> Dispatch no. 396/2007, of 2 of April.

<sup>39</sup> In the framework of Measure 1.1 - Basic Skills (ESF) and the Measure 2.2 - Accessibility (FEDER).

Programme to Support Social Private Initiative (PAIPS)<sup>40</sup>, the Older People's Integrated Support Programme (PAII)<sup>41</sup>, the Programme "Recreating the Future"<sup>42</sup>, the Programme of Support to First Childhood (PAPI)<sup>43</sup>, the Programme *Ser Criança*<sup>44</sup> or the Programme Crèches 2000<sup>45</sup>, in the framework of which was created the Permanent Adoption Observatory (OPA).

To sum up, the link between the National Employment Plans and the National Action Plans for Inclusion has been unbalanced with the former to be overvalued in relation to the latest. While the National Reform Programme is considered the main instrument of action the relevance and the impact of the National Action Plans for Inclusion (now known as part of the National Reports on Strategies for Social Protection and Social Inclusion) are clearly undermined in favour of the better governance and active policies. As it happens at European level, where after the revision of the Lisbon Strategy in 2005, the pillar of social cohesion has been losing weight and autonomy (Estivill and Aires, 2007) the fight against poverty is also becoming less visible in Portugal. One of the reasons that led to this is the major objective of the last few years: to reduce at any cost, the public deficit to fulfil the strict taxes criteria imposed by the Pact of Stability and Growth, reducing the public expenditure. In reality, due to the long-lasting economic crisis, the raise of the unemployment, the inflation, the increase of the interest rates and the indebtedness of the families, the situations of deprivation, poverty and the subsequent search for social protection have been very visible<sup>46</sup>.

### *1.5. The role of the institutional actors: concerns and debates*

The increasing visibility of these problems (and not so much the fight to eradicate them) is not absent from the agenda of many institutional actors, unions, employers' organizations and local authorities. The first ones are focused in the disturbing numbers of companies closing that have pushed to the unemployment thousands of workers. The problem has been aggravated to such point that jointly with the revision of the Labour Code it has taken a good part of the trade unions' activity. There are very dramatic situations that come to the trade unions' knowledge due to the increasing demand for help. There are also situations of "ashamed poverty" of workers who depended on their wages, but that in the current circumstances had lost them. In some cases, the problem becomes worse when the unemployment benefit stops or when they are not entitled to receive it. The balanced family budget, that was already precarious, quickly changes to an evident disequilibrium. In short, there are two main concerns that have come to cross the trade unions' speech. On the one

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<sup>40</sup> Created in 1999 to be implemented until 2001, the PAIPS aimed to improve both the quality and quantity of the services for the elderly through the training of professionals who work in private elderly homes and supporting the creation of jobs in those structures.

<sup>41</sup> Created through the Joint Dispatch of the Ministries of Health and Employment and Social Security in 1 of July 1994 it consisted in the development of projects at local level to promote the autonomy of the elderly and/or dependent people in their normal life environment.

<sup>42</sup> It was based on long life learning principles and active aging. It had a preventive perspective of inclusion, promoting de individual, social and enterprises development.

<sup>43</sup> In a similar logic the PAPI main aim was to increase and improve the social services for the first childhood provided by private institutions.

<sup>44</sup> The Programme had as main objective the prevention and eradication of situations of lack of social protection that affect children/young people and their families.

<sup>45</sup> The main aim was to extend the national crèches network.

<sup>46</sup> The visibility in the media of the poverty and exclusion phenomena, the closing of enterprises and the experiencing of unemployment are examples of that.

hand, the concern with the rising number of unemployed who live without any kind of protection (Rosa, 2006) and on the other hand, the concern with the impacts of the new Labour Code, which is seen as another factor to aggravate the degradation of the labour conditions (the working conditions and the level of remuneration).

The employers' organizations emphasize the problem of the unemployment (not the poverty) and see it as unavoidable. There are many activity sectors in crisis which see their situation aggravated by the economic international recession. The dominant speech is, however, centred in the competitiveness and the worldwide competition. In this sense, it is generally requested greater public investment in the support to the micro, small a medium enterprises, through the access to the structural funds of the National Strategic Reference Framework (QREN 2007-2013) and the establishment of protocols with public entities that work in the area of employment (e.g. the IEFP or the Institute to Support SME's and Investment - IAPMEI).

In relation to the local authorities, especially the municipalities, it is a fact that their action in the social and employment fields is very small when compared with the one of other European countries. However, the worsening of the social problems and the consequent pressure of the local populations has forced the local authorities to play an increasing role in the social sphere, namely in the areas of housing and social aid. Therefore, the existence of Housing and Social Action branches in the municipal executive agencies is quite common nowadays. On the other hand, the new Social Security Framework Law<sup>47</sup> clearly states that "*social action is developed by the State, local government and private non-profit organizations*". Additionally to this, the Municipal Councils are responsible for supervising and chairing the Social Action Local Councils of the Social Network Programme<sup>48</sup>. They are also responsible for the selection of the local coordinating body for the Progride Programme (as mentioned before)<sup>49</sup>. By legislative decision and as part of the decentralization of some services, the Municipal Councils are also in charge of another important area which is the school social action.

In general, the municipalities have been acquiring more responsibilities in social protection. However, they are struggling with some problems, in particular with the allocation of insufficient financial resources from the central government, even if more and more the local government action is funded by national and European projects and programmes (social cohesion funds). The frequent invocation of the *bottom up* approach has served to hold the local government accountable for solving the local social problems. The argument is that they are closer to the populations and are more effective. In general, this accountability is well accepted. However, beyond the financial problems some other issues may arise. Central government continues without clearly defining the range of action of the local authorities. Thus, the local government involvement in social matters can favour the "*local political markets*" and produce vicious effects on the means and the management of local social problems. That is particularly obvious in the field of the fight against exclusion. The risk consists in the fact of not combating the causes what may lead to hide the most dramatic manifestations of exclusion.

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<sup>47</sup> Article 31 of the Law no. 4/2007, of 16 of January.

<sup>48</sup> Decree-law no. 115/2006, of 14 of July.

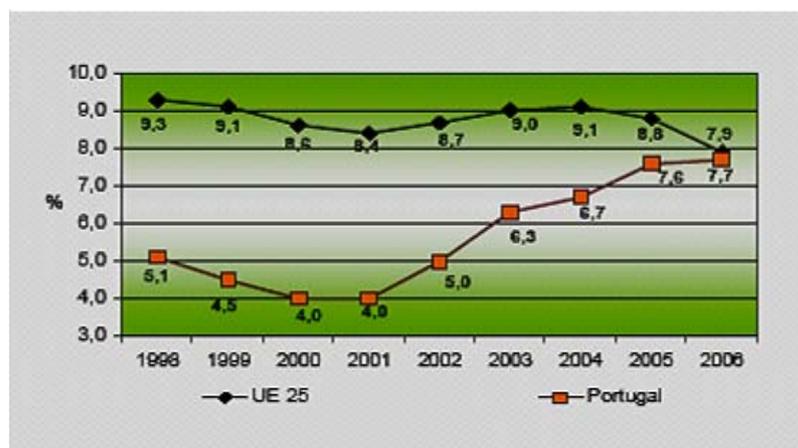
<sup>49</sup> Regulation VII of the Dispatch no. 396/2007, of 2 of April.

In brief, local authorities have some advantages such as the democratic legitimacy, the proximity to the problems, but they suffer from a lack of tradition of social action and the risk of politicization of the policy measures. The structural funds brought with them a competition for the control of the policies of local development – local government bodies, central government decentralized agencies and NGO's. Each one of these bodies claims its own legitimacy and, simultaneously, shows some weaknesses. For example, the NGO's invoke the knowledge of the problems, the flexibility and promptness of their reply, but they fight against a historical lack of resources and professional structures. The problem does not seem to have a unique solution. The legitimacy to co-ordinate the local action seems to depend mostly from the confidence of the citizens and this can only be measured through organizational ways that ensure their participation in the local social life. If this is possible, the legitimacy to coordinate is not exclusive to none of the organizations: in some instances the legitimacy will be in the local authorities, in others in the NGO's and others in the decentralized state bodies and agencies (Hespanha and Caleiras *et al.*, 2007).

### 1.6. Recent trends

The last decade was marked by the deep escalation of the unemployment, traditionally low in Portugal when compared with the average figures of the European Union. However, this situation changed and between 2001 and 2006 the unemployment rate passed from 4% to 7,7%. In 2007, the unemployment rate increased to 8%, doubling the 2001 figure and higher than the European average. This raise, visible in the table below, represents a problem that the country was not used to, in contrast to what happened in other countries.

**Unemployment Rate**



Source: Eurostat Labour Force Survey

In what concerns to poverty, the recent figures point towards a small decrease of the risk of poverty, that shows the positive impact of the multiple measures that were implemented in the last few years. If 1995 the rate of relative poverty was 23%, today

is 18% (based on the latest available data - 2006). As can be seen in the following table the decrease since 2004, even not very expressive, seems to be steady without oscillations.

**At-risk of poverty rate (%) considering social transfers (Portugal)**

	%			
	EU-SILC	2004	2005	2006 (P <sub>o</sub> )
<b>After social transfers</b>		20	19	18
<b>After pensions transfers</b>		27	26	25
<b>Before social transfers</b>		41	41	41

P<sub>o</sub> - Provisional value

*EU-SILC Income and Living Conditions Survey*

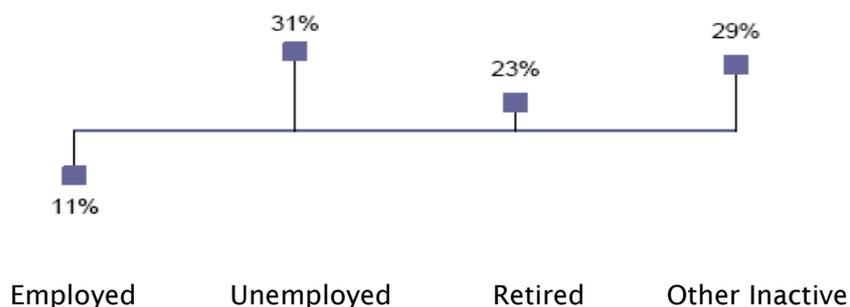
In the same table can equally be seen the relevance of the social transfers in the weakening of the poverty risk, especially after the pensions' transfers. In 2006, the risk of poverty rate was of 40% before any social transfer; it drastically dropped to 25% after the pensions' transfers and to 18% after the other social transfers. Thus, one can conclude that, although the increasing importance of the active policies, it is undeniable the "cushion" effect of the compensatory passive policies, in Portugal. Far from the amounts of other European countries, they do have a very important role in reducing the risk of poverty.

Simultaneously, the high levels of inequality had also revealed a slight decrease. However, according to the most recent data there is still strong inequality in income distribution. In 2006, the ratio of the income received by the 20% of the population with higher income is 6,8 times more than the income received by the 20% of the population with lower income, having gone down from 6,9 (value confirmed in the two previous years)<sup>50</sup>.

On the other hand, if we break down the risk of poverty according to the situation of the citizens in relation to work, we verified that the risk of poverty among the active population is quite high (as can be seen in the following graph).

<sup>50</sup> Data from the Instituto Nacional de Estatística (INE), based on the Life Conditions and Income Survey, 2006.

### At-risk of poverty rate according to the work condition Portugal, 2006



*EU-SILC Income and Living Conditions Survey*

Without prejudice of the relevance of the high values registered in the categories of “Retired” and “Other Inactive”, the truth is that the risk of poverty among the unemployed is the highest, with 31%. We should not neglect the percentage of the risk of poverty among the employed (11%) that lead us to the working poor, one of the persistent structural problems in Portugal (Bruto da Costa, 2008).

## 2. Bridges between employment and inclusion strategies: Third Sector, Social Economy and the activation of socially disadvantaged groups

In this point we will look at some significant experiences that are examples of the link between social and work integration strategies developed in the framework of the social economy. We will start by a brief background of the concept in Portugal.

### 2.1. Social Economy: concept, format and growth

Although without reaching a consensus, the concepts of Social Economy and Third Sector are the most used in Portugal to define a large and differentiated set of activities. Through multiple organizational forms, these actions seek to fulfil the gaps in the dominant economy and meet the needs that the market and the social security system by themselves are unable to satisfy<sup>51</sup>. In recent years, multiple legal formats had emerged that somehow or other integrate those designations. Examples of these are Private Social Solidarity Institutions, Charities, Foundations and Cooperatives, NGO’s, Mutual Societies, Associations and within these the Local Development Associations. These formats cover several practices disseminated throughout the country and had contributed for an increasing visibility of the “social field”.

Currently, when addressing this issue it is convenient to make a comparison with other European realities, especially with countries of Central and Northern Europe. In these countries, civil society is highly organized and the social economy practices are

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<sup>51</sup> Third System and Solidarity Economy are examples of other designations used.

more developed. Although the long historical<sup>52</sup> process, the sector was affected in the 20th century by the dictatorial regime that only ended in 1974. When annulling the political freedom, the dictatorship restrained during 48 years the active participation of civil society and suppressed the mutuality movement. It also conferred to the sector a paternalistic character that despite the evolution of the last 34 years it is still implicit in many actions.

It was the democratic opening and later on the accession to the EEC that had stimulated the development (tardy) of the Third Sector, whose potentialities are today unavoidable in four domains, as we will see throughout this chapter. Firstly, in the economic sphere, through the production of goods and services in many areas (social, employment, health, education, culture, environment, etc.) that the public sector is increasingly delegating and contracting. Secondly, in the fields of the employment and unemployment, the social economy sector is already a huge employer but it has still the potential to create more jobs. It develops many actions in the areas of training and re-integration in the labour market. Thirdly, in the fight against poverty and social exclusion through the development of innovative actions and projects both in the contents and in the working methods: networking and partnership. Finally, in the field of local development, where, during the last 20 years, it is unquestionable the direct action of the social economy sector in the territorial dynamics and the incentive to the populations' participation, mainly through the activities developed by the associations whose main aim is the local development.

A recent experimental study on the non-profit sector, addressing different realities all over the country and several areas, clearly shows its economic relevance. The sector expenditure represents 4.2% of the GDP, employing 4% of the active population, about 250 thousand workers, of which 70% are remunerated and the remaining 30% are volunteers. In terms of revenue, 48% correspond to self-funding, 40% come from state subventions and 12% come from philanthropic actions (Campos, 2005). In a comparative perspective, these figures are lower than those of the Central and Northern European countries, to large extent due to the above mentioned reasons. Thus, the more adequate comparative references should be made with the partners from the South of Europe, in particular with the Spain, with which we share some "similar" experiences<sup>53</sup>.

## *2.2. Social Enterprises: the case of the Insertion Enterprises*

In Portugal, the concept of social enterprise is not consolidated. However, if we confer to it the focus on work integration of disadvantaged groups, it is possible to set the Insertion Enterprises (EI), formally created in 1998, in the field of the application of this concept. They are the result of an active employment policy measure promoted by the Institute of Employment and Training (IEFP), whose objective is to give the social entrepreneurship a new spirit, combining two heads of

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<sup>52</sup> One can go back to the end of the 15th century, when the Misericórdia das Caldas da Rainha was created, followed by another one in Lisbon (1498).

<sup>53</sup> For example in what concerns social solidarity traditions and the influence of the Catholic Church as well as the recent restoration of the democratic regime, the stage of the economic development or the less consolidated welfare state.

a coin – the economic and the social. In this context, the Dispatch that created the Insertion Enterprises explicitly states that this measure has the following objectives: “to promote the acquisition and development of social, personal and professional skills adjusted to a professional activity, in order to facilitate the integration of people who are in a process of integration in the active life” and “to encourage the social and local development through the creation of jobs in economic activities to meet the social needs”<sup>54</sup>.

Considering that a job is the main pathway for social inclusion, the EI’s aim to build bridges between the employment and social inclusion measures. They develop an economic activity (e.g. producing goods or services) they have some risk exposure inherent to the activity, they have financial autonomy. Simultaneously, they have as their mission the individual and local empowerment through training and professional re-integration of its beneficiaries (who are “recruited” among the most vulnerable groups) and the promotion of the social local development (Quintão, 2004).

The added value of the measure in the link between employment and social inclusion is the fact of the Insertion Enterprises point out simultaneously to the acquisition and the development of personal, social and professional skills through a professional activity. The drawing of the measure promotes those potentialities and includes two moments: one is the training and the other is the professionalization. In the first one, each contracted worker follows an individual plan which includes a vocational training period of 6 months. During this stage the worker is supported through a training scholarship and benefits from an insurance to cover personal casualties. In the second moment - the professionalization - consists of the practice of a professional activity in the EI, regulated by a work contract not shorter than 6 months or bigger than 24. In this phase, the worker receives the minimum monthly remuneration established and, as any other worker, is registered in the Social Security, with the contributing obligations for the system and the right to the protection associated to work (establishment of the tax-paying career for the purpose of the illness benefit, maternity, unemployment, retirement, etc.).

The recent report of the Ministry of Labour and Social Solidarity (MTSS) on the reform of the active employment policies states that 22.098 people were covered by this measure between 2002 and 2006, with an annual average of approximately 4.400 beneficiaries. In addition, the measure was considered “*relevant in its objectives and had some effectiveness in the improvement of the employability condition of its beneficiaries*” (MTSS, 2007:32).

Another recent study carried out in the framework of a protocol between the EAPN/Portugal and the IEFP highlights the asymmetrical territorial implementation of the Insertion Enterprises following the logic of the population concentration. More than half of them are located in the regions of Lisbon and Vale of Tejo and in the North of the country. Most of them are promoted by a variety of Associations, including the Private Social Solidarity Institutions (IPSS’s) and the Local Development Associations. Only some time later other entities started to promote Insertion

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<sup>54</sup> Dispatch nº 348-A/98, of 18 of June.

Enterprises such as Charities, Mutual Associations, Foundations, Cooperatives and Municipal Enterprises (Paiva, 2007). According to the same study, the activities developed by EI's, isolated or combined, mainly covered the "traditional" services aimed at the elderly (home care support, for example) and children, laundry, cleaning and catering services. But there are also activities in the areas of the agricultural development, forest maintenance, gardening, handicrafts and historical heritage rehabilitation. In relation to the market, these activities are not very innovative and correspond, quite often, to the extension of services already offered by the promoter entities, that is, they provide services to meet their own needs with little opening to the outside market. On the other hand, only 60.7% of the IE's work in partnership, namely with the local administration (city councils and local autarchies), and not so much with trade unions and local employers' associations. The workers covered (attending training courses, professional traineeships or integrated in the labour market) are normally long term unemployed and beneficiaries of the RSI, referred by the promoter entities, the public employment and social security services or by active life insertion units - UNIVAS (Paiva, 2007).

In general, the outcomes of this privileged bridge between employment and social inclusion are positive both from the point of view of the promoters entities, the beneficiaries and from the perspective of the management authorities that recognize and promote it through the National Plan for Employment (PNE 2003-2006)<sup>55</sup>, currently incorporated in the National Action Plan for Growth and Employment (PNACE). Only with 10 years, the experience of the EI's is a quite recent process that benefits from the investment in active policies in detriment of the compensatory passive politics. But, as the Ministry of Labour and Social Solidarity (MTSS) recognizes, the EI's lack in some adjustments *"regarding their capacity to re-integrate in the "normal" labour market (difficulty to reconcile the social and business dimension of the enterprises created under this measure). Therefore, one of the "sector's" claims is to allow the beneficiaries of the measure to stay in these enterprises, with the state support, for longer than what is accepted in the Dispatch [nº 348-A/98, of 18 of June], until guarantee the businesses' sustainability"* (MTSS, 2007:32).

To sum up, the experience of the EI's is positive. Since they are relatively recent (when compared with the same structures in France or Belgium, for example) they lack of much learning and improvement (Paiva, 2007; Hespanha, Caleiras, et al. 2007)<sup>56</sup>. The measure instead of being created in a *"bottom up"* approach was born *"top down"* by the impulse of the public authorities that had formatted it for a civil society still a little immature and fragile. This is perhaps the main obstacle to the EI's. As civil society becomes stronger and more organised the EI's will also strengthened in the wealth, diversity and innovation of their experiences.

### 2.3. Other experiences – RSI, MSE and Social Networks

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<sup>55</sup> Guideline 7 - (To promote the integration of disadvantaged people in the labour market and to fight the discrimination that they may be victims of).

<sup>56</sup> On Insertion Enterprises see also the *Directório das Empresas de Inserção em Portugal*, produced in the framework of the protocol established between the Institute of Employment and Vocational Training and the Rede Europeia Anti-Pobreza/Portugal that has been implemented since 2000.

The Occupational Programme for the Unemployed (POC's)<sup>57</sup> was probably the first measure to embrace the idea of a link between labour and social integration. The Programme was created in the mid eighties and its main aim was to fight the lack of motivation of those receiving the unemployment benefit through their temporary participation in activities considered socially useful in public services or Third Sector organizations. The incentive to the participation of the unemployed was an increase of 20% of the unemployment benefit. Furthermore, they received other financial support such as food and transport allowances. The level of compulsion started by being low, but from 1999 with the new legal regime of protection in the unemployment, the participation in these programmes begun to be compulsory and the unemployed who didn't comply with the system could lose the right to the benefit<sup>58</sup>. A criticism one can make to this Programme is its use in ways that don't meet its original aim. Through these Programmes many services and organizations managed to soften the lack of human resources, assuring "cheap labour force". On the other hand, due to its temporary character (and sometimes inappropriate) and the occupations involved, the impact of the POC's in the improvement of the employability of its beneficiaries has not been very significant. This can be attested by the low number of users who achieve effective professional integration (Hespanha, Caleiras *et al.*, 2007).

But it would be the Guaranteed Minimum Income (RMG), created in 1996 by a socialist government, to definitely mark the development of a new generation of social policies, being the first big example of public policies to build *bridges* between social and professional integration. Although delayed, the RMG was the recognition of the right to a minimum income, as suggested by the 1992 Recommendation of the European Council where Member states were asked to recognize "*the fight against social exclusion, the individuals' basic right to sufficient resources and benefits to live in conformity with the human dignity*"<sup>59</sup>. To this "minimum standard" it was associated the acceptance of an obligatory integration agreement that often consisted in a job or training. More than really negotiated with the beneficiaries, the agreement was "imposed" and had to be accepted by them otherwise the right to the benefit would ceased. These "impositions" (linked to compulsory principles of the workfare type) would become stricter in 2003, when the RMG was replaced by the Social Integration Income (RSI) by a centre-right wing government. In the presentation of the Law in the Parliament, the Minister of Social Security declared that "*the best way to fight poverty is through work*". The access rules had become more restrictive, which led to clear drop off in the number of beneficiaries (Hespanha, 2007).

The creation of the Local Monitoring Commissions to follow up the implementation of the measure at municipal level finished with the centralized and normalized action and gave strength to decentralized and more *territorialized* intervention, based on partnership. Although these new logics of action had already been, in certain way, previously explored in the framework of the first Programmes of Fight against

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<sup>57</sup> The Programme was later included in the Social Labour Market and is currently confined to the beneficiaries of the Social Integration Income (RSI).

<sup>58</sup> Decree-law no. 119/99, of 14 of April.

<sup>59</sup> In the scope of the Ministry of Labour and Solidarity, the implementation of the measure led to the creation of the Institute for Social Development, which was later extinct. Decree-law no. the, 115/98, of 4 of May.

Poverty, the truth it is that the RMG required a bigger coordination between the services. At national level, the public services responsible for social and employment policies were pressured to work together and in cooperation. But it was at local level that the big challenge had to be faced: the replacement of established organizational models based on vertical and rigid hierarchical obligations for a new model based on a horizontal cooperation. The objective was to allow the local agents to have both the support and guidance from the central government and the possibility to launch initiatives in partnership with other agents, namely with the local government bodies and civil society, in particular the NGO's.

Some evaluations of the RMG/RSI highlight the positive effect of the measure in the attenuation of the more severe poverty situations. However, given the relatively low number of poor people who have accessed this measure (currently about 3,5%) and considering the last figures released on the at-risk of poverty rate (18% in 2006), its global impact was not significant. In what the unemployed are concerned, the results point to a multiplicity of "poverty causes", which the measure does not managed to respond by itself. They are exogenous to the beneficiaries, they are of structural nature and they are directly associated with the functioning of the labour market: the precariousness of the labour relations, the difficulties or same refusal of the labour force above the 50 years of age, the lack of employment opportunities in rural areas, the low wages that make difficult to accept certain jobs. Others are intrinsic to the beneficiaries. These are of individual and personal nature and related with the low initial conditions of employability (low educational level and low professional qualifications) (Capucha, 1998; CNRM, 2002i).

Nevertheless, beyond breaking up with old assistance traditions, the RMG had the effect to motivate the active unemployed to look for a job and in many cases it allowed to set in motion interinstitutional relations that had benefited the search for answers, both at the qualifications and the vocational training level, and at the level of technical support facilitators of the availability and mobilization for a job (REAPN, 2008). For all of this, the RMG is the first big example of linking employment and social inclusion strategies. However, we have to mention the weak quality of the integration agreements in terms of employment and training. Only from time to time the beneficiaries have access to jobs in the normal labour market, what can partially be explained by the discrepancy between the basic skills level of the beneficiaries and the available and/or proposed integration measures.

The Social Labour Market (MSE), also established in 1996, was another important instrument that came to "shelter under the same hat" a set of measures, including the Occupational Programmes (POC's) and the Insertion Enterprises (EI), as well as the support to the Creation of Self-Employment and the Local Employment Initiatives (ILE's)<sup>60</sup>. It also includes the Job-Training Rotation, the School-Workshops and Employment-Integration Programmes<sup>61</sup>. It was designed as a privileged instrument to combat the unemployment, poverty and exclusion phenomena and, therefore a facilitator of greater social cohesion. Similar to the RMG and emphasizing the role of

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<sup>60</sup> Dispatch 196-A/2001, of 10 of March. Both measures provide technical and financial support to foster the creation of jobs for the beneficiaries of RMG/RSI and/or long term unemployed.

<sup>61</sup> These measures had sponsored several training courses aimed at local market niches little explored such as handicrafts and traditional cake confectionery.

partnership and networking as indispensable devices to meet the social needs not satisfied, the MSE had a double objective. On the one hand, to meet social needs not met by the functioning of the normal market (e.g. proximity services aimed at the elderly and young children) and on the other hand, to offer a flexible reply to the long term unemployed at risk of exclusion. The associative world, in particular the NGO's, have used to advantage many of the MSE measures, especially the Insertion Enterprises. Summing up, the MSE was created in a larger context of social development and can be seen as facilitator of more integrated and equitable local development models.

The Social Network Programme<sup>62</sup> was created in 1997 in order to become a high quality instrument to implement policy measures that were European commitments, in particular the NAPs and the NEP's. The measure has gradually been implemented in the national territory and it is structured at local level through the Local Councils for Social Action (CLAS), the Social Micro-local Commissions (CSF) and the supra-municipal Platforms organized according to the statistical sub-regions (NUT III<sup>63</sup>). Its main objective was, based on the proximity and partnership principles, to play a leading role in social local action, especially in the creation of information services, strategic planning and concrete answers to the local problems.

In this context, several Networks had produced a series of documents (e.g. Pre-social Diagnostics (P-DS), Social Diagnostics (DS), Social Development Plans (PDS) and Action Plans (PA)) that should be instruments of real knowledge of the problems related with the labour market, the quality of employment and unemployment, the education, the access to health or housing services etc., which quite often are combined in the worsening of life conditions in the local territories.

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<sup>62</sup> The Social Network Programme was created following the Resolution of the Council of Ministers no. 197/97, of 18 of November and was regulated in 2006, through the Decree-law no. 115/2006, of 14 of June.

<sup>63</sup> Nomenclatures of Territorial Units for Statistical purposes. They indicate the statistical sub-regions in which the national territory is divided.

### 3. Conclusions, recommendations and proposals

In Portugal, mainly in the last ten years, it is well known the increasing *European stamp* in social and employment policies. The link between the European employment and social inclusion strategies with the actions implemented at national, regional and local scale is demonstrated by the multiple programmes and measures (previously mentioned) whose resources, to a large extent, come from European funds. The major idea is that exclusion and poverty can only be eradicated through the active participation in social and work life and not just through the right to an income without counterpart. Without questioning the advantages inherent to this link that have been mentioned throughout this overview, we will point out next some problems detected in the *building of bridges* between professional integration and social inclusion strategies. In order to make these bridges safer and wider we will leave here some proposals and recommendations for each of them.

The Portuguese experience shows that, although the smart and captivating speech on the link between professional and social inclusion integration, these actions crash into the gap between what was established and the practice. This break between the normative plan and the social practice, quite common in the Portuguese society (Santos, 1990), is extensive to the majority of the measures and programmes, representing the first big problem that emerges from the analysis made.

A second problem, associated with the previous one, is related to the effective quality of the actions developed in the ground. Many of them, as the INSERJOVEM and REAGE, have a strong component of individualization and are, therefore, consumers of human resources that are not always available, in particular by the employment and social security public services. In reality, it means that the personalized assistance turns into group counselling or in simple bureaucratic expedients, meant only to fulfil the imposed and normative procedures. On the other hand, it leads to the “simplification” or absence of negotiation process with the beneficiary, to whom is imposed a compulsory predefined work or training solution, without respecting the individual’s trajectory and will, defrauding legitimate expectations and compromising a sustainable inclusion. That is what happens quite often with the integration agreements established in the framework of the RSI or the programmes aimed at the unemployed. In this sense, it is important to control some disciplinarian, coercive and punitive impulsions, present in integration strategies through employment, in order to make them “less rigid” and therefore, “safer” bridges for inclusion.

A third problem identified has to do with the fact of the link between employment and inclusion strategies not having prevented that the unemployment levels had increased substantially in recent years, despite the existence of clear needs and work opportunities in the social economy sector, where could emerge “real” employment opportunities and not “fictitious” jobs. If on the one hand the levels of placements in active measures are still relatively low, on the other hand one can see a trend expanding to a kind of *secondary labour market*, characterized by temporary and devaluated tasks inappropriate to the professional integration, in which the users are not entitled to the same labour rights of the normal workers, nor of individual freedom and autonomy. Thus the employability objective will have little inclusive

potential, as recognized for example in the POC's, making these programmes restricted to the beneficiaries of the RSI.

In addition, it is not to ignore the depreciation and the risk of manipulation of some measures to overcome the lack of human resources. Through them, some services or organizations assure rotating “cheap labour force”, guaranteeing the execution of permanent tasks, without the effective creation of employment. This situation was very obvious in the POC's. In these cases, even being a target of a specific measure, the beneficiary ends up not actually benefiting from it and in the limit, he/she can paradoxically strengthen its condition of exclusion and risk of “jumping” from one measure to another, in a continued logic of marginalization from the normal labour market. This problem is related with the presence of some “moral judgments” and discretionary excesses in the obligations imposed by the professionals to the users of the measures, in particular to the beneficiaries of the RSI. This can only be fought with a fair balance between rights and obligations adjusted to the different groups. Therefore, it is important to strengthen the practice and the emancipating potential of most policy measures and not their *grey* and regulatory side that in Portugal, still tends to be overvalued.

Due to the present moment, it would be useful in the first place, to develop a deep systematization of the vast panoply of existing measures (both of employment and inclusion) that often overlap on the purposes, without much co-ordination among themselves. Afterwards, it would be important to stimulate the Social Network and to explore other programmes at a local scale like the Local Contracts of Social Development. It is at local level that the problems become more visible and because of this circumstance we should carry out permanent evaluations on these problems and the real impacts of the measures in place to tackle them. These evaluations will allow to monitor the situations and will enable to make the (re)adjustment to the new excluded groups (unemployed and new poor). The Local Observatories, which are gaining expression, are unquestionably, a very useful experience in this field of permanent monitoring and follow up, that would be advantageous to extend to all the municipalities through the Social Networks. The real and close knowledge of the problems and the impact of the solutions is the first step to build safe bridges.

Further than the question of security, it would be also important to widen the bridges that sometimes seem too narrow, passing only a few leaving many others in the edges. A good constructive process of enlargement may pass by the revitalization the horizon and the dynamics of the Social Labour Market and inside of it the Insertion Enterprises, envisaging complementary or alternative formats, with higher degree of specificity and precision, that can address the diversity of new situations caused by the effects of the long lasting crisis that certainly leaves (and will leave) its marks. Another solution may be to make the Social Integration Income more flexible, enabling it cover a widened spectre of new poor, who despite having an income higher than the limits imposed by the measure, they are in the *borderline* and therefore, they do not stop to be poor.

Between the State (as the guarantee of citizenship) and the market (as the guarantee of the production of the necessary resources) there is plenty of space to make these formats concrete. The use of this space - the privileged space of the social economy

where the organizations of the Third Sector operate - can help to recreate forms that allow building safer and wider bridges between the participation in the processes of production of wealth, development and the social inclusion. It is the State's responsibility to facilitate these processes.

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