



**Cover photo:** Preparatory work for the Portuguese delegation to the European Meeting of People Experiencing Poverty 2021

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## 1. Introduction

Poverty Watch<sup>1</sup> 2023 seeks to draw a picture of the country's situation in terms of poverty and social exclusion, with a special focus on the current situation of high inflation and rising cost of living.

The truth is that inflation rose too quickly in 2022, with peaks between July and October last year. In response, the European Central Bank (ECB) raised interest rates in order to stabilise prices. According to the ECB, the aim is to return inflation to 2% in the medium term<sup>2</sup>. But this increase in interest rates has had a considerable impact on housing loans, with Euribor rates (3, 6 and 12 months) rising continuously and resulting in an increase in the instalments owed by families to banks. The situation doesn't promise to slow down, as on 14 September the ECB announced a further rise in inflation to 4%. The government has already answered to this situation by presenting new measures to stabilise housing loans.

This Poverty Watch does not focus solely on this situation, but rather on income issues, i.e., it seeks to analyse some of the income support measures that have been implemented, as families feel "crushed" by the continuous increase in spending. The aim is to combine a look at the national macroeconomic scenario and people's social situation. To this end, you can also see throughout the document some testimonies from people living in poverty<sup>3</sup> who have reflected on these issues. The participation of the members of the National Citizens' Council and the Local Councils in the construction of this report has been permanent and is extremely important. We would like to thank all those who have collaborated in the realisation of this report, both from the point of view of their life experience and from a professional and academic point of view.

In methodological terms, Poverty Watch analyses the latest data available from official entities such as INE and Eurostat, taking into account the changes that have taken place in the country in the last year and since the previous Poverty Watch was published (September 2022).

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<sup>1</sup> Poverty Watch is an annual document that EAPN Portugal has been producing since 2017. This report seeks to report on the country's situation in terms of poverty and social exclusion and each year has a different thematic focus. This focus is the result of a proposal by EAPN Europe and contributions from national networks. All the poverty watches produced by the national networks contribute to the European Poverty Watch produced by EAPN Europe, which is published at the end of the year or the beginning of the following year.

<sup>2</sup> See: BCE, *Aumentamos as taxas de juro. O que significa esta decisão para si? (We're raising interest rates. What does this decision mean for you?)*, 21 July 2022 (updated 23 September 2022): [https://www.ecb.europa.eu/ecb/educational/explainers/tell-me-more/html/interest\\_rates.pt.html](https://www.ecb.europa.eu/ecb/educational/explainers/tell-me-more/html/interest_rates.pt.html)

<sup>3</sup> Two debates were held with the members of EAPN Portugal's National Citizens' Council and one with the members of Guarda's Local Citizens' Council. The Local Councils are working groups made up of people who live or have lived in poverty and/or social exclusion and are organised by EAPN Portugal.

## 2. Portugal's economic and social panorama: a summary

- Inflation:** after a long period of low inflation, the Consumer Price Index (CPI) began to rise in 2021, with the annual figure standing at 1.3% (0.0% the previous year), but reaching 2.74% in December of that year (year-on-year change). The upward trend continued and accelerated significantly throughout 2022, only starting to slow down in the fourth quarter. The annual figure stood at 7.8% (six times higher than the previous year). The main contributors to the figures recorded were energy products (whose prices have risen continuously since April 2021, recording the maximum variation - 31.66% - in June 2022) and food products (whose prices have risen continuously since December 2021, recording the maximum variation - 20.09% - in February 2023). In the first half of 2023, the CPI followed a downward path, standing at 8.0% and 4.4% in the first and second quarters respectively.<sup>4</sup>
- Gross Disposable Household Income (GDHI):** in 2022 and compared to the previous year, Gross Disposable Household Income increased by 7.8% in nominal terms. As has been the case since the third quarter of the previous year, the main contribution to the nominal increase in GDI came from wages and salaries, driven by growth in employment. Social benefits (net of contributions) made a positive and significant contribution to gross disposable income growth only in the fourth quarter of 2022. In real terms, adjusted household GDI *per capita* (which includes the value of goods and services made available to households by Public Administrations and Non-Profit Institutions) increased by 1.1% compared to the previous year. In the same period, consumption increased by 5.0%.<sup>5</sup>
- Unemployment:** the unemployment rate stood at 6.0% in 2022, down 0.6 p.p. on the previous year. During the first half of the year, the unemployment rate continued to follow the downward trend that began in the fourth quarter of 2020. However, in the second half of 2022, there was a reversal of this trajectory: in the first quarter of 2023, the unemployment rate stood at 7.1% after reaching a post-pandemic low of 5.7% in the second quarter of 2022. During this period, the evolution of the unemployment rate reflects, above all, the growth of the employed population, which continues until the second quarter of 2023, despite the fact that there is also an increase in the labour force as a result of the reduction in the inactive population.<sup>6</sup>
- Employment:** there has been a positive trend in employment data. In the 2nd quarter of 2023, the employed population (4,979.4 thousand people) increased by 1.1% compared to the 1st quarter of this year. This increase was mainly due to the evolution of the industry, construction, energy and water sectors as a whole (with 72.2 thousand new workers employed, corresponding

4

Source:

INE

[https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_indicadores&contecto=pi&indOcorrCod=0002386&seTab=tab0](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_indicadores&contecto=pi&indOcorrCod=0002386&seTab=tab0)

<sup>5</sup> INE, *O saldo externo da economia fixou-se em -0.6% do PIB em 2022\_4º trimestre de 2022 (The economy's external balance stood at -0.6% of GDP in 2022\_4th quarter of 2022)*, INE Press Release of 24 March 2023 - [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=539377546&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=539377546&DESTAQUESmodo=2)

<sup>6</sup> INE, *Estimativas mensais de emprego e desemprego (Monthly employment and unemployment estimates)*, 31 July 2023  
[https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=593942405&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=593942405&DESTAQUESmodo=2)

to an increase of 6.1%) and, within this group, the evolution of construction activities (with 40.7 thousand new workers employed, corresponding to an increase of 13.3%). However, the jobs created still reflect a scenario of precariousness and Portugal still has a significant rate of working poor.

- **At-risk-of-poverty rate:** the at-risk-of-poverty rate, which corresponds to the proportion of inhabitants with an annual net monetary income per equivalent adult of less than €6,608 (€551/month), fell to 16.4% in 2021. The material and severe deprivation rate and the material and social deprivation rate also fell. The data for 2022, however, points to an increase in the very low per capita labour intensity rate. Despite the positive evolution of these indicators, a number of problems continue to persist in Portugal, outlining a less positive social scenario.
  - The burden of housing expenditure is particularly worrying for people at risk of poverty
  - The lack of accessibility to housing is reaching worrying levels, with rents rising nationally and, in some areas of Portugal, quite seriously
  - Portugal remains in the group of 5 EU27 countries with the highest proportion of people unable to keep their homes appropriately heated
  - The material deprivation indicator relating to the financial inability to have a meat or fish meal (or vegetarian equivalent) every 2 days has risen at national level
  - The year 2022 saw a considerable increase in prices, in particular food prices and prices for 'housing, water, electricity, gas and other fuels'
  - The adequacy of the social protection system, in particular measures such as the Social Insertion Income, remain worrying and ineffective in the fight against poverty.

### 3. Poverty and social exclusion situation in Portugal

#### *Key data on poverty at national level*

The conventional indicators - the at-risk-of-poverty rate and the at-risk-of-poverty or social exclusion rate - show a decrease in the risk of poverty or the risk of poverty and social exclusion, respectively, in 2021, the last year for which data is available for the first indicator, and in 2022, the last year for which data is available for the second indicator.

In 2021, the **at-risk-of-poverty rate**, which corresponds to the proportion of inhabitants with an annual net monetary income per equivalent adult of less than €6,608 (€551/month), fell to 16.4% (it was 18.4% in 2020). Overall, there were 1,696 thousand people at risk of poverty that year<sup>7</sup>

With regard to the **at-risk-of-poverty or social exclusion rate** (AROPE indicator) and 2022, the latest Eurostat data<sup>8</sup> also indicated a drop in this indicator<sup>9</sup> for Portugal: 20.1% (2,084 thousand people) compared to 22.4% (2,312 thousand people) in 2021. The AROPE indicator refers to the sum of people who are at risk of poverty, in a situation of severe material and social deprivation or who live in a household with very low labour intensity. This indicator is relevant because it makes it possible to monitor the fulfilment of the poverty reduction target by 2023. Let's remember that under the European Pillar of Social Rights, the European Commission has committed itself to reducing poverty by 15 million people, 5 million of whom are children. To fulfil this target, all the member states have set national targets (see table 1 in the appendix).

The target set for 2030 has led to changes in the composition of two indicators that make up the poverty or social exclusion indicator. Now, in addition to the at-risk-of-poverty indicator, the severe material and social deprivation rate and the very low labour intensity indicator are also taken into account. The rate of severe material and social deprivation refers to the *proportion of the population that suffers a forced deprivation of at least 7 of the 13<sup>10</sup> deprivation items (6 related to the individual and 7 related to the household)*; the very low labour intensity indicator is now broader, i.e. it *refers to people aged 0-64 living in households in which adults (people aged 18-64, but excluding students aged 18-24 and people who are retired according to their self-defined current economic situation or who receive any pension (except a survivor's pension), as well as people aged between 60 and 64 who are inactive and live in a household where the main income is pensions) worked time equal to or less than 20% of their total combined working time potential during the previous year<sup>11</sup>.*

<sup>7</sup> INE; *Rendimento e Condições de Vida 2022 (Income and Living Conditions 2022)*, INE Press Release of 20 January 2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=541059446&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=541059446&DESTAQUESmodo=2)

<sup>8</sup> Eurostat, *Living conditions in Europe - poverty and social exclusion*, published on 14 June 2023. Available at: <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20230614-1>

<sup>9</sup> ILC\_PEPS01N\_\_custom\_7102502. Updated 07.07.2023

<sup>10</sup> It's important to note that the number of items has also been increased from 9 to 13.

<sup>11</sup> See: Eurostat, *Glossary: at risk of poverty or social exclusion (AROPE)*: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At\\_risk\\_of\\_poverty\\_or\\_social\\_exclusion\\_\(AROPE\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE))

These changes mark the transition from the Europe 2020 Strategy to Europe 2030, in which we find the goals that were defined by the Action Plan of the European Pillar of Social Rights.



In terms of data, the **severe material deprivation rate**<sup>12</sup> for Portugal in 2022 was 5.3% (in 2021 it was 6.0%). In terms of **material and social deprivation**<sup>13</sup> the rate was 12.0% in 2022 (in 2021 it was 13.5%). The following graph shows the situation of non-access/deprivation for each of the thirteen items that make up the indicator:

**Graph 1: Material and social deprivation items, Portugal, 2021-2022**



**Source:** INE, Rendimento e Condições de Vida 2022 (Income and Living Conditions 2022)

Analysing the graph, we can see that by 2022 the percentage of people who are unable to pay will increase:

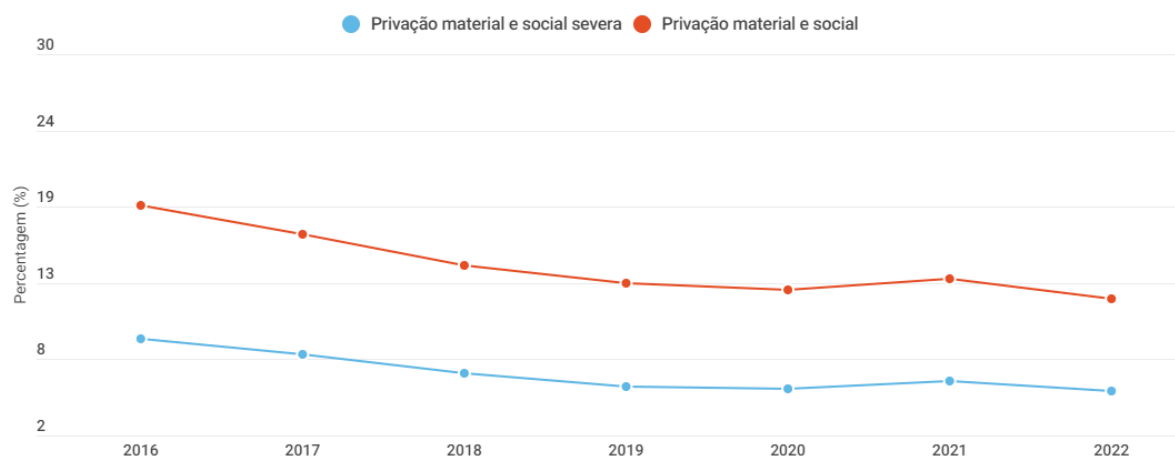
- *pay for one week's holiday a year away from home, bearing the cost of accommodation and travel for all household members;*
- *keep the house appropriately heated;*
- *have a meat or fish meal (or vegetarian equivalent) every 2 days.*

This issue will be analysed later in this report.

The following graph shows the evolution of this indicator and the material and social deprivation indicator from 2016 to 2022 (the year analysed in this report):

<sup>12</sup> ILC\_MDSD11. Updated 07.07.2023

<sup>13</sup> This refers to situations in which there is no access to at least 5 of the thirteen items defined by the indicator. It is severe when there is no access to at least 7 of the 13.

**Graph 2:** Indicators of material and social deprivation (2016-2022)<sup>14</sup>

**Source:** Francisco Manuel dos Santos Foundation; graphic by Infogram

With regard to the **very low per capita labour intensity rate**<sup>15</sup>, Eurostat data already refers to 2022 and indicates an increase in this indicator for Portugal (5.6%, compared to 5.3% in 2021).

Looking at the links between these 3 indicators, we can see in the following table the percentage and number of people in different situations of vulnerability:

**Table 1:** Intersections<sup>16</sup> between the at-risk-of-poverty rate, severe material deprivation and low labour intensity (2022):

		%	NO. (thousands)
Population at risk of poverty	Not in deprivation	11.7	1 208
	No low labour intensity		
Population at risk of poverty	You're deprived	2.2	224
	No low labour intensity		
Population at risk of poverty	Not in deprivation	1.8	186
	Low labour intensity		
	You're deprived	0.8	78

<sup>14</sup> Carlos Farinha Rodrigues, *Privação e Exclusão Social. Pobreza e exclusão social. Os principais indicadores de privação material das famílias portuguesas (Deprivation and Social Exclusion. Poverty and social exclusion. The main indicators of material deprivation in Portuguese families)*, Francisco Manuel dos Santos Foundation. Available at: <https://www.ffms.pt/pt-pt/estudos/privacao-e-exclusao-social>

<sup>15</sup> ILC\_LVHL11N, update 07.07.2023

<sup>16</sup> ILC\_PEES01N\_\_custom\_7105200 update 07/07/2023

Population at risk of poverty	Low labour intensity		
Population not at risk of poverty	You're deprived	0.1	15
	Low labour intensity		
Population not at risk of poverty	Not in deprivation	1.4	146
	Low labour intensity		
Population not at risk of poverty	You're deprived	2.2	225
	No low labour intensity		

Source: Eurostat

### Poverty and the most vulnerable groups

In order to understand the reality of poverty, it is essential to look at the groups that are most affected by this scourge. The figures continue to be more serious in certain population groups and it is essential to understand which ones so that the measures that are defined can respond to their specific needs.

**Women** continue to be one of the groups most vulnerable to poverty. According to the latest Income and Living Conditions Survey, 16.8% of women were at risk of poverty in 2021. A lower percentage than in 2020, when this rate reached 19.2%, but higher than that of men in both 2021 (15.9%) and 2020 (17.5%).

In terms of age groups, the at-risk-of-poverty rate has fallen in all groups, but remains significant in the group of **children aged 0-17** (18.5%), followed by the group of **elderly people aged 65+** (17.0%) and, finally, adults aged 18-64 (15.6%).

In the case of households, the at-risk-of-poverty rate increased for **families consisting of 2 adults and 2 children** (12.8% in 2021; 11.8% in 2020). This increase was not seen in any other type of household; however, it is important to note that **single-parent families** (one adult with at least one child) continue to be particularly vulnerable to poverty. In 2021, the at-risk-of-poverty rate for these households was 28%. It should also be noted that in the case of households without children, the situation is particularly vulnerable among **single people aged 65+** (25.9%).

The following table shows the vulnerability of the different types of households.

**Table 2:** At-risk-of-poverty rate after social transfers, by household composition, 2020-2021 (%)

Household	2020	2021
<b>Total, without dependent children</b>	<b>17.2</b>	<b>14.8</b>
1 adult without children	24.2	22.5
1 adult under 65, no children	18.5	17.7
1 adult aged 65+, no children	28.1	25.9
2 adults both under 65, no children	15.6	14.1

2 adults, at least 1 aged 65+, no children	19.9	14.4
Other households, without children	11.7	11.1
<b>Total, with dependent children</b>	<b>19.7</b>	<b>18.0</b>
1 adult with at least 1 child	30.2	28.0
2 adults with 1 child	12.3	11.0
2 adults with 2 children	11.8	12.8
2 adults with 3 + children	29.4	22.7
Other households, with children	26.3	23.5

**Source:** INE, Rendimento e Condições de Vida-2022 (Income and Living Conditions-2022)

**Level of schooling** is another factor in vulnerability to poverty. In 2021, 22% of the population with up to **primary education** was at risk of poverty. As the level of schooling increases, the risk of poverty decreases: 13.8% of the population who completed secondary education were at risk of poverty, and for those who completed higher education this risk was 5.5%. At all levels, there was a decrease compared to the 2020 figures.

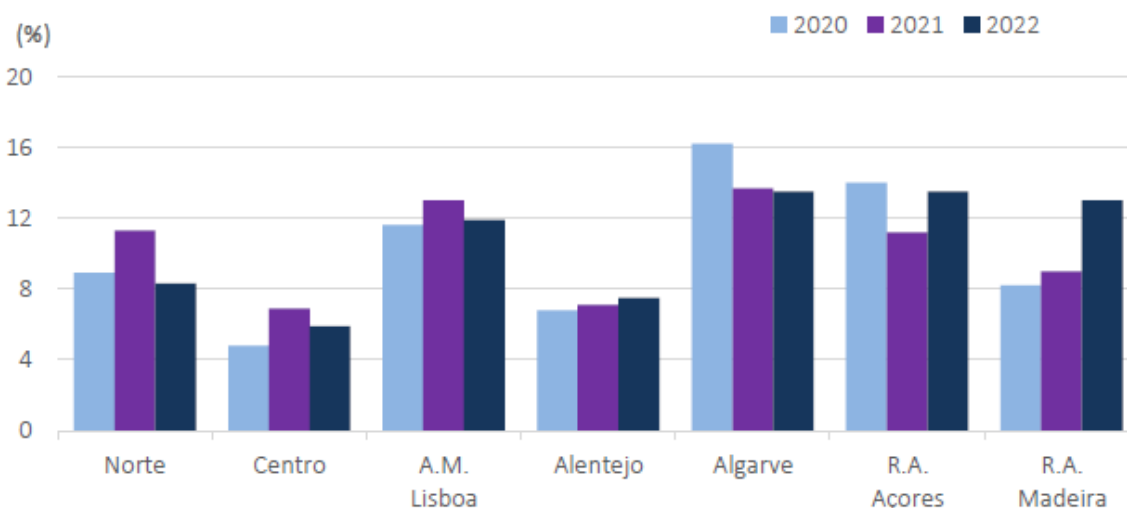
**Labour status** is another factor that needs to be analysed. Being employed doesn't always mean being out of poverty: the percentage of **poor employed workers** in Portugal in 2021 was 10.3% (in 2020 it was 11.2%). However, being unemployed continues to be a factor of great vulnerability to poverty: 43.4% of the unemployed population was at risk of poverty (in 2020 it was 46.5%). For retired people, this rate reached 14.9% (in 2020 it was 18%) and for other inactive people it was 27.8% (in 2020 it was 30.8%).

### Energy and housing poverty

According to INE<sup>17</sup>, in 2022, people at risk of poverty live in more overcrowded conditions (19.2%) than people who are not at risk of poverty (7.2%). The overcrowding rate is more significant for children aged 0-17 (15.6%) and is more visible in densely populated areas (10.8%).

The following graph shows the overcrowding rate in the various regions of the country, with the Algarve and the Azores standing out, both with 13.5%, followed by Madeira (13.0%).

**Graph 3:** Housing overcrowding rate, NUTS II, 2020-2022



**Source:** INE, 2020-2022

It's important to note that there are groups in Portugal that are particularly vulnerable to housing poverty. Although there is no concrete data, some organisations point to the situation of gypsy and migrant communities. Amnesty International's 2022/2023 report<sup>18</sup> highlights in relation to Portugal *reports of forced evictions that have left people in worse housing conditions - including, in some cases, homelessness - a situation that has disproportionately affected people of Roma and African descent*; as well as the various news reports that have revealed *how migrant workers, mainly from South Asian countries, employed in the agricultural sector in the southern region of Odemira, were subjected to abusive working conditions and lived in inappropriate housing conditions*. A CNN Portugal report<sup>19</sup> from March this year also referred to a diagnosis carried out by Braga City Council, which showed that there were around *a hundred residents living in shops or garages*. The mayor said they were immigrants, but also nationals.

<sup>17</sup> INE; *Rendimento e Condições de Vida 2022 (Income and Living Conditions 2022)*, INE Press Release of 20 January 2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=541059446&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=541059446&DESTAQUESmodo=2)

<sup>18</sup> Amnesty International, *Amnesty International Report 2022/23. The State of the World's Human Rights, 2023*. Available in Portuguese at: <https://www.amnesty.org/en/documents/pol10/5670/2023/pt/>

<sup>19</sup> Braga deteta mais de 100 pessoas a residir em lojas e garagens na cidade (Braga detects more than 100 people living in shops and garages in the city), CNN Portugal, 06.03.2023 <https://cnnportugal.iol.pt/habitacao/pobreza/braga-deteta-mais-de-100-pessoas-a-residir-em-lojas-e-garagens-na-cidade/20230306/6405f22d0cf2dce741ae3fd0>

Several journalistic investigations in recent months as a result of two<sup>20</sup> dramatic situations that occurred in the two major urban centres, Porto and Lisbon, have revealed the poor housing conditions<sup>21</sup> to which the immigrant population is subjected and the high prices they pay for a room, a bed or a bunk bed: 10 euros for a bed<sup>22</sup> ; a room for five thousand euros<sup>23</sup>.

In an interview with Agência ECCLESIA<sup>24</sup> , André Costa Jorge, Director of the Jesuit Refugee Service, said that *housing prices have become "very burdensome" for migrants, requiring new political and civil society responses. "The vast majority of migrants and refugees are unable to access the private housing market, despite the fact that the Portuguese Constitution defines access to housing as one of the fundamental rights."*

The housing price situation is increasingly affecting the population in general, and particularly the most vulnerable.

According to the INE, in 2022, 19.4% of the population at risk of poverty were overburdened with housing expenditure, compared to 2.2% of the population not at risk of poverty. The housing expenditure burden rate<sup>25</sup> reached 5.0% in 2022 (in 2021 it was 5.9%), but there was a reduction in the median rate from 10.5% (in 2021) to 10.2%.

In the 1st quarter of 2023<sup>26</sup> , the median rent of the 24,300 new leases totalled €6.74/m<sup>2</sup>, an increase of 9.4% compared to the 1st quarter of 2022. The number of new leases (24,300) was lower than in the 1st quarter of 2022 (24,727).

As far as rents are concerned, they were higher than the national figure in the sub-regions of Lisbon Metropolitan Area (€10.26/m<sup>2</sup>), Algarve (€7.81/m<sup>2</sup>), Autonomous Region of Madeira (€7.73/m<sup>2</sup>)

<sup>20</sup> In February 2023, a fire broke out in Mouraria, Lisbon, on the ground floor of a building where 22 people were living in bunk beds and mattresses; in April, in Porto, a building collapsed in the city centre where 10 people were living in a single flat. Both situations involved immigrants.

<sup>21</sup> Em Arroios há 20 mil imigrantes ilegais e alguns vivem "em condições desumanas" (In Arroios there are 20,000 illegal immigrants and some live "in inhumane conditions"), JN, 12.03.2023. <https://www.jn.pt/pais/noticias/lisboa/lisboa/em-arroios-ha-20-mil-imigrantes-ilegais-e-alguns-vivem-em-condicoes-desumanas-15823249.html/>

<sup>22</sup> Em Lisboa, há imigrantes a pagar 10 euros por cama em espaços sobrelotados e em mau estado (In Lisbon, immigrants are paying 10 euros per bed in overcrowded and dilapidated spaces), SIC notícias, 11.02.2023. <https://sicnoticias.pt/pais/2023-02-11-Em-Lisboa-ha-imigrantes-a-pagar-10-euros-por-cama-em-espacos-sobrelotados-e-em-mau-estado-86c9a90c>

<sup>23</sup> Um quarto para cinco por mil euros: a vida de inúmeros imigrantes em Lisboa e Porto (A room for five for a thousand euros: the life of countless immigrants in Lisbon and Porto), Público, 22.05.2023. <https://www.publico.pt/2023/05/22/local/reportagem/quarto-cinco-mil-euros-vida-inumeros-imigrantes-lisboa-porto-2050332>

<sup>24</sup> Sociedade: *Maioria dos migrantes e refugiados não consegue aceder ao mercado de habitação privado* (Society: *Majority of migrants and refugees cannot access private housing market*), ECCLESIA Agency, 15.05.2023. <https://agencia.ecclesia.pt/portal/sociedade-maioria-dos-migrantes-e-refugiados-nao-consegue-aceder-ao-mercado-de-habitacao-privado-jrs-portugal-c-video/>

<sup>25</sup> Proporção de pessoas que vivem em agregados familiares em que o rácio entre as despesas anuais com a habitação e o rendimento disponível (deduzidas as transferências sociais relativas à habitação) é superior a 40% (Proportion of people living in households where the ratio between annual housing expenditure and disposable income (minus housing-related social transfers) is greater than 40%). Source: INE.

<sup>26</sup> INE, *Estatísticas de Rendidas da Habitação ao nível local, 1º trimestre de 2023 – dados provisórios* (Statistics on Housing Rents at local level, 1st quarter 2023 - provisional data), 27 June 2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=593987651&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=593987651&DESTAQUESmodo=2)

and Porto Metropolitan Area (€7.29/m<sup>2</sup>). The Diagnosis of Inappropriate Housing Conditions<sup>27</sup> for Lisbon Metropolitan Area (AML) indicated that *in the last four and a half years, the median value of rents per m<sup>2</sup> of housing in the AML has increased by 53%*. The same report estimated that *62% of households with tax residence in the AML (around 942,000) are in a situation of housing unaffordability, i.e., if they have to turn to the market, they won't find suitable housing in their municipality of residence without having to spend more than 40% of their income on housing expenditure, either by buying or renting*. The report estimated that *nationwide there are 2.8 million households in a situation of housing unaffordability and that in the Lisbon Metropolitan Area, 1/3 of households are in this situation*.

According to INE, with regard to housing conditions in particular, the proportion of the population living without a bath, shower or toilet inside their accommodation has risen to 0.4% of the general population (it was 0.3% in 2021) and 1.3% of the population at risk of poverty (it was 0.7% in 2021). This brings us to the situation of **energy poverty** in the country. According to EU-SILC data released by Eurostat<sup>28</sup>, in 2022 Portugal was the fourth country in the European Union, along with Lithuania, with 17.5% of the population unable to keep their homes appropriately heated. Above Portugal were countries like Bulgaria (22.5%), Cyprus (19.2%) and Greece (18.7%). There are more than one million households (around three million people) whose energy expenditure represents more than ten% of their total income; 2.5 million people (24.4% of the Portuguese) live in houses with problems of infiltration, damp or rotten elements.

The correlation between income poverty and energy poverty is well known, with 35.8%<sup>29</sup> of households unable to heat their homes living at risk of poverty. Households made up of just one person also find it more difficult to heat their homes, and in this respect, we should particularly remember the elderly.<sup>30</sup> We saw in the previous point that among this population, deprivation in relation to the item of *not being able to afford to keep the house appropriately heated* rose in 2022. This is also due to the significant increase in the price of energy products since April 2021, which intensified in 2022.

### **Food Poverty**

It is difficult to diagnose food poverty in Portugal. From a conceptual point of view, food poverty has the inherent idea of *impossibility or uncertainty about the possibility of guaranteeing appropriate food in the future. It expresses the idea that "I don't consume more and better because I don't want to, but because I have a set of deprivations that limit my choices"*<sup>31</sup>.

<sup>27</sup> Ana Pinho, Luís Carvalho, David Vale (Scientific Coord.), *Diagnóstico das Condições Habitacionais Indignas. Habitação PRR-AML 2021/2026 (Diagnosis of Inappropriate Housing Conditions. Housing PRR-AML 2021/2026)*, Faculty of Architecture, University of Lisbon, November 2022. Available at: [https://www.aml.pt/susProjects/susWebBackOffice/uploadFiles/wt1wwpgf\\_aml\\_sus\\_pt\\_site/componentText/SUS63752D8AC7909/DCHI\\_SUMARIO\\_EXECUTIVO\\_AML\\_.PDF](https://www.aml.pt/susProjects/susWebBackOffice/uploadFiles/wt1wwpgf_aml_sus_pt_site/componentText/SUS63752D8AC7909/DCHI_SUMARIO_EXECUTIVO_AML_.PDF)

<sup>28</sup> <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20230911-1>

<sup>29</sup> ILC\_MDES01\_custom\_6037256. Updated on 11.07.2023

<sup>30</sup> EAPN Portugal opinion on the National Long-Term Strategy to Combat Energy Poverty 2022-2050 - EAPN

<sup>31</sup> Ana Vizinho; Cristina Mamede; Elizabeth Santos and Paula Cruz, *FOOD SUPPORT IN PORTUGAL: an analysis of food needs and the resources mobilised to meet them from the perspective of fulfilling the Human Right to Adequate Food and Nutrition*, ACTUAR, Association for Cooperation and Development, June 2021. This report

The material deprivation indicator, which refers to the *financial inability to have a meat or fish meal (or vegetarian equivalent) every two days*, provides an insight into this reality. This indicator rose in Portugal in 2022, which is indicative of the population's greater vulnerability, especially in a context of high inflation and rising cost of living. It should also be noted that according to Eurostat data<sup>32</sup>, this disability is more common among people living in poverty (who are below 60% of the median income): in 2022, 7.2% of this population was in this situation (a higher percentage than the 3.0% for the general population). These figures correspond to an increase, between 2021 and 2022, in the incidence of situations of deprivation of regular meat and fish meals: the 2022 figures compare with 5.9% and 2.4% in 2021, respectively for families with incomes below 60% of the median value and for the total population.

The following table shows how this indicator evolves, taking into account certain types of households:

**Table 3:** Financial inability to have a meat or fish meal (or vegetarian equivalent) every 2 days (%)

Types	Below 60% of median income	Total population
Natural persons	14.3	5.2
An adult under 65	13.3	4.1
An adult over 65	14.8	6.0
Natural person with children	14.7	5.2
Two adults	9.1	3.1
Households without dependent children	9.9	3.8
Households with dependent children	5.0	2.2
<b>Total</b>	<b>7.2</b>	<b>3.0</b>

Source: Eurostat, ILC\_MDES03\_\_custom\_7116795. Updated on 11 July 2023

The unfavourable evolution of the inability to afford a meal of meat or fish every two days cannot be disconnected from the behaviour of prices in general and food prices in particular. 2022 was a year in which the growth rate of the general price level accelerated (7.8%) and food prices in particular (13.0%). This fact, combined with the increase in the prices of 'housing, water, electricity, gas and other fuels' (12.8%), without an equivalent increase in nominal household incomes, resulted in a fall in purchasing power which explains the evolution recorded by official data.

In a survey carried out by the Centre for Studies and Opinion Polls for the newspaper Publico, RTP and Antena 1, a quarter of those questioned (26%) reported having difficulties paying for food at

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was prepared by EAPN Portugal as part of a consultancy for Project Food is Right! Strengthening the implementation of the Human Right to Food and Nutrition, promoted by ACTUAR.

<sup>32</sup> ILC\_MDES03\_\_custom\_7116795. Updated on 11.07.2023

Eurostat, *How many people can afford a proper meal in the EU?*, News articles, 10.07.2023. Available at: <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20230710-1>



some point over the last year. The purchase of food and health costs were identified as the main constraints on people's lives. It should also be noted that 45% of those surveyed said that they had increased their purchase of white label products from supermarkets; 51% said that they maintained this habit (only four% had decreased their purchase of these goods). With regard to the quality of the food they buy, 74% say they have maintained the habit of consuming the same quality food; 20% say they have switched to lower quality goods and only 6% say they have changed the quality of the products for the better.

It is also important to look at the number of beneficiaries of the food programme in Portugal - the Operational Programme to Support the Most Deprived People (POAPMC) - which is aimed at families and people who are in a situation of economic need and includes specific food support measures. From the figures in the table, we can see that, despite a reduction<sup>33</sup> in the total number of people receiving food aid, there has been an increase in the number of migrants receiving support, as well as elderly and disabled people. We have already mentioned the greater vulnerability of the elderly population in the material deprivation indicator. The reduction in

**Table 4:** Outcome indicators for food aid distributed, 2021-2022

Indicator	2021	2022
Total number of people receiving food aid	170.383	154.023
Number of children aged 15 and under	46.375	41.907
Number of people aged 65 and over	11.681	12.062
Number of women	92.323	83.841
Number of migrants, people of foreign origin, minorities (including marginalised communities such as the Roma)	14.000	14.823
Number of people with disabilities	1.310	1.343
Number of homeless people receiving food aid.	84	68

**Source:** POAPMC\_Relatório de execução anual 2022 (POAPMC\_ Annual implementation report 2022)

Due to the lack of some products in the POAPMC basket, the government decided to support these beneficiaries with €30 a month. This support was extended in May this year, with the government justifying *the market context and the international socio-economic situation*<sup>34</sup>.

<sup>33</sup> This reduction isn't explained in the POAPMC implementation report for 2022. However, we can infer that some of the beneficiaries who used the programme during the pandemic may have left in the meantime, and there may also have been dropouts. The fact that the programme basket isn't always delivered in full, due to delays in public procurement, may have led to drop-outs from the programme.

<sup>34</sup> More information: <https://www.portugal.gov.pt/pt/gc23/comunicacao/noticia?i=governo-prolonga-apoio-de-30-euros-para-alimentacao-das-familias-mais-carenciadas>

### ***The contribution of social transfers and inequality in Portugal***

In Portugal, social transfers<sup>35</sup> have a considerable impact on poverty reduction. Before any social transfer, considering only income from labour, capital and private transfers, 42.5%<sup>36</sup> of the population would be at risk of poverty in 2021. Compared to this figure, retirement and survivors' pensions reduce the at-risk-of-poverty rate by 21.0 percentage points, setting the at-risk-of-poverty rate after pension-related transfers at 21.5% in the same year. In turn, social transfers related to illness and disability, family, unemployment and social inclusion contributed to a further reduction of 5.1 percentage points, leading to an at-risk-of-poverty rate after all social transfers of 16.4% in 2021<sup>37</sup>.

The inequality indicator has also decreased in Portugal. In 2021, the Gini coefficient was 32.0% in 2021 (it was 33.0% in 2020); the S80/S20 ratio was 5.1 (it was 5.7) and the S90/S10 ratio was 8.5 (it was 9.8)<sup>38</sup>.

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<sup>35</sup> INE; *Rendimento e Condições de Vida 2022 (Income and Living Conditions 2022)*, INE Press Release of 20 January 2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=541059446&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=541059446&DESTAQUESmodo=2)

<sup>36</sup> <https://www.pordata.pt/portugal/taxa+de+risco+de+pobreza+antes+e+apos+transferencias+sociais-2399>

<sup>37</sup> Data for 2022 isn't yet available

<sup>38</sup> **Gini coefficient:** an indicator of inequality in the distribution of income which aims to summarise the asymmetry of this distribution in a single value. It takes values between 0 (when all individuals have equal income) and 100 (when all income is concentrated in a single individual); **S80/S20 ratio** is an indicator of inequality in income distribution, defined as the ratio between the proportion of total income received by the 20% of the population with the highest incomes and the share of income received by the 20% with the lowest incomes; **S90/S10 ratio** is an indicator of inequality in income distribution, defined as the ratio between the proportion of total income received by the 10% of the population with the highest incomes and the share of income received by the 10% with the lowest incomes. Source: INE - Metainformação

## 4. Austerity measures or financing social rights... a choice to be made<sup>39</sup>

At Poverty Watch 2022,<sup>40</sup> and still in the aftermath of the pandemic, members of local citizens' councils began to point out their difficulties in "giving an answer" to the high cost of living. Rising prices for essential goods such as food, energy and transport/fuels dominated the thinking at the time. Apparently new concepts such as food poverty, energy poverty and housing poverty have proliferated in speeches and in the media over the last year. In the last two decades, there has never been so much talk about inflation and its impact on families' lives.

When Poverty Watch was published in 2022, it was still possible to refer to the New Package of Measures to support families that the government approved in the Council of Ministers on 5 September 2022. In the meantime, new measures have been implemented to deal with families' growing difficulties. We will refer to some of these measures in this chapter.

It's important to say that in December 2021 the government made a unique commitment to fighting poverty when it approved the National Anti-Poverty Strategy, *as a central element of the goal of eradicating poverty, as part of the strategic challenge of reducing inequalities*. The approval of the European Pillar of Social Rights Action Plan in March of that year and the setting of targets by 2030, one of which is to reduce poverty in Europe by 15 million (5 million of whom are children), prompted the definition of this Strategy. Here we may have an opportunity to develop an integrated, cross-sectoral approach to combating poverty and promoting social rights, but so far, its action plan has not been presented. The reference to the Strategy is, however, relevant because some of the measures that seek to respond to the most pressing needs of the most vulnerable families are included here.

### **The National Anti-Poverty Strategy 2021-2030**

The National Anti-Poverty Strategy (ENCP) was approved by Resolution of the Council of Ministers no. 184/2021. It includes a set of objectives<sup>41</sup> to be achieved by 2030, thus contributing to the European objectives of reducing poverty:

- reduce the monetary poverty rate for the total population by 10%, which represents a reduction of 660,000 people in poverty;
- halving monetary poverty among children, which represents a reduction of 170,000 children in poverty;

<sup>39</sup> Throughout this chapter there will be testimonies from members of the National Citizens' Council (CNC) and the Guarda Local Citizens' Council (CLC) who have reflected on the themes of this poverty watch. To this end, two meetings were held with CNC members (31 July and 8 September) and one with the Guarda CLC (28 July). The Local Citizens' Councils are working groups organised by EAPN Portugal and made up of people who live or have lived in poverty and/or social exclusion. There are 19 local councils and a National Council made up of one representative from each of the local councils. Poverty Watch is one of the documents that is usually prepared in collaboration with the National Council. The testimonies are marked in italics.

<sup>40</sup> EAPN Portugal, *Poverty Watch Portugal 2022*, Porto, September 2022. Available at; <https://www.eapn.pt/centro-de-documentacao/documentos/povertywatch2022/>

<sup>41</sup> The Strategy does not indicate the reference year of the data.

- bringing the child material deprivation indicator closer to the European average, in percentage points;
- halving the monetary poverty rate among the working poor, which represents a reduction of 230,000 workers in poverty;
- reduce the difference in the poverty rate of the different territories to a maximum of 3 percentage points in relation to the national average rate.

The Strategy has 6 main strategic axes:

- a) Reducing poverty among children and young people and their families;
- b) Promote the full integration of young adults into society and the systemic reduction of their risk of poverty;
- c) Boosting employment and qualifications as factors in eliminating poverty;
- d) Strengthen social inclusion policies, promote and improve social integration and social protection for the most disadvantaged people and groups.
- e) Ensure territorial cohesion and local development;
- f) Making the fight against poverty a national goal.

Measures that the government has been implementing seek to mitigate the impact of the generalised increase in the prices of goods and services, but also in the interest rates that determine the value of the costs of mortgage loans, which have a considerable weight in the budget of Portuguese families.

According to Eurostat, the burden of housing expenditure<sup>42</sup> was 5.0% in 2022 (5.9% in 2021). Renting isn't a solution either, as rents have also been rising in recent years. Whether it's paying the instalments associated with the bank loan or the rent owed to the landlord, housing expenditure consume a growing portion of Portuguese families' income. The European Commission's *Report on Portugal - 2023*<sup>43</sup> points out that *the percentage of people burdened by housing expenditure has also increased, while the supply of social housing and affordable housing continues to be low and points to the national housing market and its implications for financial stability as worrying, given that in Portugal 90% of mortgage contracts have variable rates and the rise in the Euribor rate could substantially increase the monthly payments associated with loans. Households in financial stress could default on their mortgages.* The report notes, however, that one of the mitigating factors in

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<sup>42</sup> The housing expenditure burden rate refers to the *percentage of the population living in a household where total housing expenditure (net of housing allowances) represents more than 40% of the household's total disposable income (net of housing allowances)*. More information at Eurostat: Housing expenditure burden rate - [ILC\\_LVHO07A](#)

<sup>43</sup> European Commission, *Report on Portugal - 2023*, Brussels, 24.05.2023 SWD(2023) 622 final. Available at: [https://economy-finance.ec.europa.eu/publications/2023-european-semester-country-reports\\_en](https://economy-finance.ec.europa.eu/publications/2023-european-semester-country-reports_en)

This report ("Country Report") is part of the European Semester process and is one of the documents that make up the Spring Package that is published in May. The Country Reports *take stock of the implementation of the recovery and resilience plans, analyse the economic and social developments and challenges faced by the Member States and provide a forward-looking analysis of their resilience*. Following this report, the Commission presents recommendations to the countries ("Country specific recommendations") which, with the change of the Semester, are now also part of the Spring package.

this situation is that *the percentage of disposable income needed to cover the average monthly mortgage payment in Portugal is still bearable for most households<sup>44</sup>, and is well below the level seen a decade ago*. A reality "reading" that doesn't seem to correspond to what families feel, since the evolution of family incomes has not kept pace with price growth, which is especially penalising in a country where incomes are low. There is a generalised feeling that incomes are not keeping pace with rising inflation.

*"We are clearly a low-income country. We can see that the rise in salaries, for example, isn't keeping pace with the rise in prices. You absolutely cannot buy/rent a house. You can't take out a loan"*

(Member of the National Council of Citizens - CNC)

The various testimonies of the members of the National Citizens' Council point to difficulties in managing monthly income and reflect many of the testimonies that have been reported by the media throughout this year. There is a widespread understanding that *"people live from month to month"* and that they have to make daily choices that include reducing the quality of food products and looking for cheaper and/or white label products; they stop going for walks, travelling, going on holiday; they buy cheaper clothes:

*"The exercise I do: I don't buy clothes. And holidays, I spend them inside. I don't eat out as a rule. Renting on a budget"*

*"Manuals<sup>45</sup> are useful, because there are people who need a guide. But people are already cutting back because there's not enough money. We cut back on food, but with more creativity and with lower quality food."*

*"Energy is another element to cut back. Medication too. The person chooses..."*

*"I make restrictions, for example, not switching on the oven."*

*"Clothing and personal care are also restricted. Culture is too expensive. It's unaffordable."*

(Testimonies from CNC members)

The reference to culture that has increasingly appeared in speeches is interesting. Culture is central to people's inclusion, but people living in poverty feel that this is an unattainable sector and, in the midst of the crisis, even more so:

*"I really value leisure, which we should all have the right to, but we have to cut back. Even access to culture is limited. If there aren't several earners in the same household, sharing expenses, it becomes very difficult. The indispensable family support, in this sense, makes it impossible to lead an independent life. The salaries offered abroad are always more attractive."*

(CNC member)

Income, and in particular the lack of it, is at the root of families' greatest concerns. As well as discomfort with paying taxes. But let's look first at family income, not least because the government has presented a set of measures that seek to support family income while controlling the impact of inflation.

<sup>44</sup> The report states that 90% of mortgages have an effort rate of less than 27%.

<sup>45</sup> It refers to the various guidelines that people are being given on how to save on a daily basis.

According to the latest data from INE<sup>46</sup> the average monthly total gross pay per employee (per job) in June 2023 increased by 6.7% to €1,539 (€1 442 in June 2022). The average monthly regular gross pay (which excludes holiday and Christmas bonuses) increased by 6.8%, i.e., in June 2023 it stood at €1,215 (it was €1,137 in June 2022); the average monthly basic gross pay per employee increased by 7.2%, i.e., it was €1,144 in June 2023 (in June 2022 it was €1,067). An analysis carried out by the Público newspaper<sup>47</sup> states that this increase in pay isn't *enough to offset the 12.4% rise in the consumer price index over the same period*, which translates, *on average, into a loss of purchasing power for workers of around 3%*.

INE's April press release<sup>48</sup> also states that *the distribution of gross monthly earnings in Portugal in any of the years analysed is positively asymmetrical, with a high concentration of workers in the lowest income brackets*. This is extremely important for the national context. In 2021, the pay range between €850 and €900 was the most frequent (modal category), accounting for 7.6% of workers. In the same year, the average gross monthly pay in the years analysed in the pay range was between €1,400 and €1,450; in turn, the median income, i.e., the pay that divides the 50% of workers receiving that amount or less and the 50% receiving above it, was between €1,050 and €1,100. The fact that the median is lower than the average is yet another sign of the concentration of workers in the lower income brackets.

If we look at recent employment data<sup>49</sup> we can also see that in the 2nd quarter of 2023 the employed population (4,979.4 thousand people) increased by 1.1% compared to the 1st quarter of this year. This increase was mainly due to the evolution of the industry, construction, energy and water sectors as a whole (with 72.2 thousand new workers employed, corresponding to an increase of 6.1%) and, within this group, the evolution of construction activities (with 40.7 thousand new workers employed, corresponding to an increase of 13.3%). With regard to the type of employment and employment relationship, the increase in employment occurred above all in the category of employees (110.8 thousand; 2.7%) and in the group of workers with fixed-term contracts (68.1 thousand; 12.2%). In other words, the growth in employment is very much associated with growth

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<sup>46</sup> INE, Remuneração bruta mensal média por trabalhador (Average gross monthly earnings per employee). June 2023, 10.08.2023 Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=594477854&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=594477854&DESTAQUESmodo=2)

<sup>47</sup> *Preços ainda superam salários desde o início da crise inflacionista (Prices still outstrip wages since the start of the inflation crisis)*, Público, 11.08.2023. Available at: <https://www.publico.pt/2023/08/11/economia/noticia/precos-superam-salarios-dois-anos-desde-inicio-crise-inflacionista-2059885>

See appendix 2 for a graph showing this disparity.

<sup>48</sup> INE, Remuneração bruta mensal média por trabalhador tendo como referência informação da Autoridade Tributária 2019-2021 (Average gross monthly earnings per employee with reference to information from the Tax Authority 2019-2021), 12.04.2023 Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=606765498&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=606765498&DESTAQUESmodo=2)

<sup>49</sup> INE, Estatísticas do Emprego. 2º Trimestre de 2023 (Employment Statistics. 2nd Quarter 2023), 09.08.2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaquas&DESTAQUESdest\\_boui=593942616&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=593942616&DESTAQUESmodo=2)

in a sector (construction) where the average pay is lower than the economy's average<sup>50</sup> and with precarious contractual relationships (fixed-term contracts).

These figures are important because they reveal a country where low wages and precariousness characterise the situation of many Portuguese who are faced with a significant increase in the cost of living.

In response, the government launched a series of income support measures, such as the extraordinary €125 support that was awarded once only, in October 2022, to each citizen with an income of up to €2,700 gross per month<sup>51</sup>. In the case of households with children, this support was supplemented by another €50 for each descendant.

In 2023 the government also introduced extraordinary support for the most vulnerable families of €30/month as a way of *compensating for the cyclical increase in prices*<sup>52</sup>.

Another measure relates to the Child Guarantee, which is made up of three measures: the creation of a benefit that complements the family allowance; an increase in the value of the family allowance for children and young people under the age of 18 in the first and second IRS brackets and the creation of the Child Guarantee Supplement<sup>53</sup>. In the specific case of the supplement, the Ordinance states that *it aims to ensure that beneficiaries of the family allowance up to and including the age of 17 who do not obtain a total annual value of (euro) 600, between the value of the family allowance awarded and the itemised deduction referred to in article 78A of the Tax Law on the income of natural persons, receive the difference. In the first payment, to be made in the first quarter of 2023, this reference value of (euro) 600 applies to beneficiaries of the allowance aged 72 months or less, and for beneficiaries of the allowance aged over 72 months the reference value is (euro) 492*. These are extremely low annual amounts (€600 / €492). It is true that the aim is to combat extreme poverty, but because the reference value is so low, it could leave out families who are also very vulnerable.

Another measure implemented concerns pensions. In April this year, the government announced an extraordinary 3.57% increase in invalidity, old age and survivors' pensions. The increase<sup>54</sup>, which is based on "the value of December 2022, with effect from 1 July", applies to all pensions in payment up to 12 IAS (Social Support Index). In other words, it benefits pensioners who retired up until last year and earn no more than €5,765.16 per month.

Pensioners will start to receive this extraordinary 3.57% increase in July:

- for pensions equal to or greater than 291.48 euros and less than or equal to 960.86 euros, the increase cannot be less than 9.93 euros;

<sup>50</sup> In 2021, the average monthly basic pay for employees was equal to 934.5 euros in Construction and 1082.8 euros in all sectors of economic activity.

<sup>51</sup> <https://www.portugal.gov.pt/pt/gc23/comunicacao/noticia?i=apoios-extraordinarios-pagos-as-familias-a-partir-de-20-de-outubro>

<sup>52</sup> More information at: [https://www.seg-social.pt/noticias/-/asset\\_publisher/kBZtOMZgstp3/content/apoio-extraordinario-as-familias-mais-vulneraveis](https://www.seg-social.pt/noticias/-/asset_publisher/kBZtOMZgstp3/content/apoio-extraordinario-as-familias-mais-vulneraveis)

<sup>53</sup> Ordinance No. 55/2023 of 1 March approving the regulation of the Child Guarantee Supplement. Available at: <https://diariodarepublica.pt/dr/detalhe/portaria/55-2023-207986502>

<sup>54</sup> Information gathered from Deco proteste: <https://www.deco.proteste.pt/investe/reforma/direitos/noticias/2022/12/ aumentos-pensoes-reforma-2023-superiores-previsto>

- for pensions above 960.86 euros and equal to or below 2,882.58 euros, the minimum increase is 34.30 euros;
- pensions above 2,882.58 euros and up to 5,765.16 euros will see an increase of no less than 102.91 euros.

#### **What is the IAS - Social Support Index?<sup>55</sup>**

The IAS is the benchmark used to calculate and update social benefits. Created by Law 53-B/2006, it was based on the national minimum wage. The updating of the IAS depends on the Gross Domestic Product (GDP) and the Consumer Price Index. In 2007, the year it came into force, the value of the IAS was €397.86. Between 2009 and 2016, the IAS remained at €419.22 due to the economic crisis. This had a significant impact on social benefits in those years, as they ended up remaining unchanged at a time of strong economic crisis. Between 2021 and 2022 it increased by 1% and in 2023 it was updated by 8.4% to €480.43. This change led to an increase in the value of social benefits.

This pension amount also reflects the new<sup>56</sup> IRS withholding model, which for many pensioners will mean a reduction in the amount of tax paid each month. New withholding tables were published in December 2022 that exempt old age pensions up to €762. Also applied in July this year, this transitional withholding model aims to ensure, according to the government, that "pensioners who have been increased actually have an increase in net income". In practice, this means that the withholding amounts will be lower and the net income available at the end of the month will be higher, although the amount of the IRS refund the following year will also be lower than usual.

This interim increase comes after the payment in October last year of the equivalent of half a pension and the revision of the value of the pension increases that came into effect in January 2023. What was this revision of the amount about?

- the social support index (IAS) was updated from €443.20 in 2022 to €480.43 in 2023. This led to all pensions being updated.

With regard to the non-contributory social pension (this pension is awarded to people who have not paid into Social Security, have reached retirement age and are part of a low-income household), the amount rose to €224.24. On top of this pension is the extraordinary solidarity supplement, the value of which is set at €19.53 (up 91 cents on the previous year) for those under 70, and €39.03 (up €1.80 on 2022) for those who have already reached the age of 70. In May 2023 there were 27,016 beneficiaries of the social pension scheme, almost 67% of whom were women.

The minimum pensions in the Social Security system have increased to:

- €291.48 (more €13.43 than in 2022), for contribution careers of less than 15 years;
- €305.77 (more €14.09), for contribution careers of between 15 and 20 years;
- €337.41 (more €15.55) for contribution careers between 21 and 30 years;

<sup>55</sup> CGD, Indexante dos apoios sociais: qual é a importância do IAS? (Social support index: what is the importance of IAS?), available at: <https://www.cgd.pt/Site/Saldo-Positivo/protecao/Pages/indexante-apoios-sociais.aspx>

<sup>56</sup>

[https://info.portaldasfinancas.gov.pt/pt/informacao\\_fiscal/legislacao/instrucoes\\_administrativas/Documents/Oficio\\_circulado\\_20258\\_2023.pdf](https://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/legislacao/instrucoes_administrativas/Documents/Oficio_circulado_20258_2023.pdf)



- €421.75 (more €19.43), for contribution careers of 31 years or more.

According to Pordata, the (monthly) value of the lowest old-age, disability or survivor's pension paid by Social Security in Portugal is €291.48 (data from 2023<sup>57</sup>).

On the one hand, it's worth noting the low value of this pension (it doesn't reach €300) and, on the other hand, it's worth recognising that in terms of pensions, there was an extraordinary update of pensions up to €658.22, which amounted to an increase of €10.

It is also important to note that Portugal has a Solidarity Supplement for the Elderly, which in itself reflects the vulnerability to which many beneficiaries of old age/survivors' or invalidity pensions are subject. In 2022 the number of beneficiaries of the Solidarity Supplement for the Elderly was 162,646 and the average value of the benefit was €110.51. Almost 70% were women. With the updating of the IAS, this supplement was also updated. In 2023, the monthly amount to be received will be a maximum of €488.22. Strategic Objective 4.1 of the National Anti-Poverty Strategy provides for *the convergence of the reference value of the Solidarity Supplement for the Elderly with the poverty threshold*. In 2021, the poverty threshold was €551/month. The revised value is still below the threshold.

News from the beginning of August reported that the number of beneficiaries of this supplement fell by 14% in June due to the reassessment of beneficiaries' income, which includes capital income, rents or property, or the property of descendants. Speaking to *Jornal de Negócios*, Ana Vasques, president of the Social Security Institute, said that "there are a number of beneficiaries who, because they have other income from capital, property, real estate [excluding their own home], no longer fulfil the conditions"<sup>58</sup> despite an increase in the amount awarded.

We are concerned about this situation because, as mentioned in the first chapter of this report, hunger and energy poverty are realities that significantly affect older people. And people living alone are particularly vulnerable. In a situation of high inflation with a strong impact on food and energy prices, this is particularly worrying. It's important not to forget that older people also tend to face higher medication costs and, as such, the rising cost of living can make this population group even more vulnerable, leading them to have to make decisions about what is most urgent to buy and/or not to buy at all.

An important benefit aimed at highly vulnerable populations is the Social Insertion Income (SII). One of the major issues inherent to this benefit is the adequacy of its value, which is €189.66 (100%/holder). The SII<sup>59</sup> is calculated according to the composition of the household and the household's income (or the individuals, if they live alone). The amount awarded isn't fixed, as it can vary according to the composition of the household. This benefit is also highlighted in the National

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<sup>57</sup>

<https://www.pordata.pt/Portugal/Valor+minimo+mensal+das+pensoes+do+regime+geral+da+Seguranca+Social+pensoes+de+velhice++invalides+e+sobrevivencia-103>

<sup>58</sup> See: Mais de 20 mil pensionistas perderam o complemento solidário para idosos em junho (More than 20,000 pensioners lost the solidarity supplement for the elderly in June), *Expresso*, 02.08.2023: <https://expresso.pt/revista-de-imprensa/2023-08-02-Mais-de-20-mil-pensionistas-perderam-o-complemento-solidario-para-idosos-em-junho-3ac43564>; 21 mil pensionistas perdem CSI com reavaliação de rendimentos (21,000 pensioners lose CSI with income reassessment), *Jornal de Negócios*, 01.08.2023: <https://www.jornaldenegocios.pt/economia/detalhe/21-mil-pensionistas-perdem-csi-com-reavaliacao-de-rendimentos>

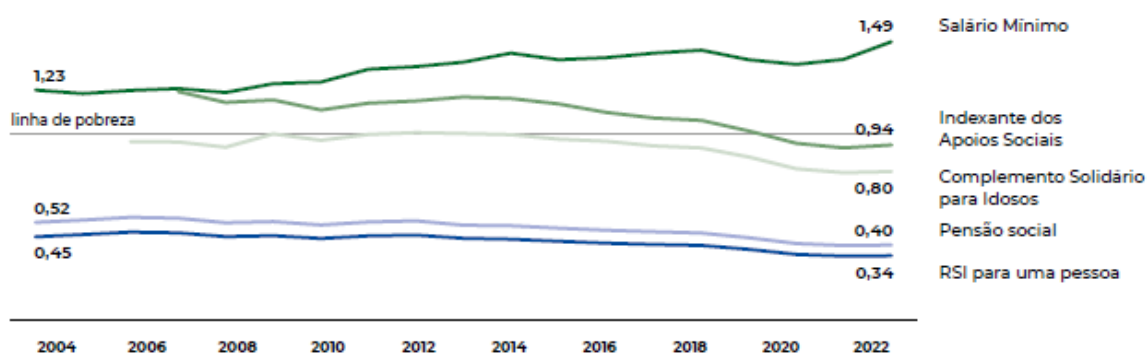
<sup>59</sup> More information at: <https://www.seg-social.pt/rendimento-social-de-insercao>

Anti-Poverty Strategy, i.e., *the aim is to re-evaluate and improve the Social Insertion Income in order to ensure its centrality within the framework of social policies to combat poverty, and to increase its scope, effectiveness and efficiency.* EAPN Portugal<sup>60</sup> has emphasised on several occasions that this benefit is central, but needs to undergo significant changes in terms of adequacy, accessibility and coverage.

On 28 September 2022, the European Commission presented a Recommendation proposal with the aim of ensuring that the Minimum Income Schemes in the Member States are appropriate, inclusive and reach all the people who need them. However, as EAPN pointed out at the time, none of the European countries' Minimum Income Schemes correspond to the actual needs of the beneficiaries and *soft law* in the European Union has not guaranteed sufficient and sustainable progress in reducing poverty. For EAPN, the only way to guarantee an appropriate Minimum Income across the EU is through a Directive, with minimum requirements and provisions, which should include coverage, accessibility, adequacy, facilitating character and regular updates of the amounts. We therefore await with some anticipation what changes might be made to this benefit in the coming years.

In the following graph we can see the weight of some of the benefits we have mentioned and how they differ/distance themselves from the poverty line, namely the Social Insertion Income (SII/RSI).

**Graph 4:** value of minimum income guarantee benefits as a proportion of the relative poverty line.<sup>61</sup>



Fonte: [https://www.iscte-iul.pt/assets/files/2023/07/18/1689679499826\\_WEB\\_RPP\\_IPPS\\_2023.pdf](https://www.iscte-iul.pt/assets/files/2023/07/18/1689679499826_WEB_RPP_IPPS_2023.pdf)

<sup>60</sup> See: EAPN Portugal, *Análise à recomendação do Conselho Europeu sobre rendimento mínimo adequado para assegurar uma inclusão ativa (Analysis of the European Council recommendation on an adequate minimum income to ensure active inclusion)*, In Analysis no. 40, March 2030. Available at: <https://www.eapn.pt/wp-content/uploads/2023/03/Em-analise-no40-EAPN-Portugal.pdf>; EAPN Portugal, *25 anos de Rendimento Social de Inserção - Melhorar a sua eficácia na luta contra a pobreza (25 years of Rendimento Social de Inserção - Improving its effectiveness in the fight against poverty)*, July 2021. Available at " <https://arquivo.eapn.pt/documento/727/25-anos-de-rendimento-social-de-insercao-melhorar-a-sua-eficacia-na-luta-contra-a-pobreza>; EAPN Europe, *EAPN Position Paper on Adequate Income*, May 2020, available at: [https://www.eapn.eu/wp-content/uploads/2020/09/EAPN-2020\\_EAPN-Position-Paper\\_Adequate-Minimum-Income-4630.pdf](https://www.eapn.eu/wp-content/uploads/2020/09/EAPN-2020_EAPN-Position-Paper_Adequate-Minimum-Income-4630.pdf)

<sup>61</sup> Ricardo Paes Mamede (Coord.), *Reformas Estruturais. O Estado da Nação e as Políticas Públicas 2023 (Structural Reforms. The State of the Nation and Public Policies 2023)*, IPPS\_ISCTE, July 2023. Available at: [https://www.iscte-iul.pt/assets/files/2023/07/18/1689679499826\\_WEB\\_RPP\\_IPPS\\_2023.pdf](https://www.iscte-iul.pt/assets/files/2023/07/18/1689679499826_WEB_RPP_IPPS_2023.pdf)

Another measure that the government has implemented is 0 VAT on a basket of 46 foodstuffs.

*0 VAT had no impact. Supermarkets are marketing. People buy at almost the same price. The government has tried to gain popularity with this measure, but it has had no effect on families. Even if the impact is 10 euros in a month, what does that mean for families? Nothing.*

CNC member

CNC members also emphasise that *people's needs are not limited to 46 foodstuffs* and that there is a whole range of other products (especially hygiene products) that are essential to people's lives and whose prices remain high.

A relevant aspect of this measure is that it is applied to the entire population, but in fact the weight of the cost of living on people on low incomes is more significant, as they allocate a considerable part of their income to paying for goods such as food.

#### **Progressive taxation model on household income<sup>62</sup>**

In Portugal, the taxation model is progressive, meaning that the higher the income, the higher the tax burden. But it's not a proportional increase, because the tax rate paid *grows more than proportionately to the increase in income*. The Personal Income Tax (IRS) has undergone changes over the years, and in the State Budget for 2023 one of the measures was to update the income brackets at a rate of 5.1% and reduce the marginal rate applicable to income in the 2nd bracket from 23% to 21%. There are 9 income brackets ranging from incomes of up to €7479 (1st bracket with an average rate of 14.5%) to incomes of more than €78 834 (9th bracket with a marginal rate of 48%).

In the case of the most vulnerable people, the *minimum subsistence level is taken into account*, i.e., taxpayers are exempt from IRS if their income does not reach this minimum. The existence minimum is calculated by the IAS - Social Support Index - which in 2023 is set at €10,640 (€760, the value of the national minimum wage in 2023 X 14 times). One of the changes implemented by the government in the 2023 State Budget is that the subsistence minimum will now be updated in line with the evolution of the IAS.

In Portugal, according to the latest INE figures<sup>63</sup>, *the tax burden increased by 14.9% in nominal terms, reaching 87.1 billion euros, which corresponds to 36.4% of GDP*. Portugal's tax burden (35.1%) is still lower than the EU27 average (40.5%). This increase in tax revenue was due to an increase in revenue from the following items:

- VAT - Value Added Tax: +3.455 billion euros
- IRC - Corporate Income Tax: + 2.897 billion euros

<sup>62</sup> See: Rogério Fernandes Ferreira & Associados, *O O.E. 2023: Alterações Fiscais (O.E. 2023: Tax Changes)*, Newsletter No. 02/23. Available at: <https://www.rfflawyers.com/pt/know-how/newsletters/o-oe-2023-alteracoes-fiscais/4680/>; CGD, *Sabe o que é a aplicação progressiva dos impostos? (Do you know what the progressive application of taxes is?)*, available at: <https://www.cgd.pt/Site/Saldo-Positivo/leis-e-impostos/Pages/aplicacao-progressiva-impostos.aspx>

<sup>63</sup> INE, *Estatísticas das receitas fiscais 1995-2022 (Tax revenue statistics 1995-2022)*, 13.04.2023. Available at: [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=590196421&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=590196421&DESTAQUESmodo=2)

- Actual Social Contributions: + 2.29 billion euros
- IRS - Personal Income Tax: +1.925 billion

The growth in paid employment, wage rises and the increase in the national minimum wage (which in 2023 will be €760/month) were decisive for the increase in actual social contributions<sup>64</sup>.

Personal income tax revenue in 2022 was a determining factor in the 24.1% increase in direct taxes. According to the INE, *PIT revenue in 2022 grew by 1.925 billion euros (a 12.8% variation), mainly reflecting the increase in withholdings from dependent labour income (+10%):* there is an increase in employee remuneration and this reflects the growth in the level of employment associated with the recovery of economic activity and the average remuneration per worker. The increase in revenue from pensions is also cited as a reason, which reflects the changes mentioned above.

Portugal also has a number of indirect taxes (VAT, tax on oil and energy products; municipal property tax, among others) which also increased, with the exception of the tax on oil and energy products. The exception was due to the fact that the government implemented a measure to mitigate the increase in fuel prices by reducing the tax. But the truth is that even with this limit, fuel prices are permanently adjusted and remain very high.

The weight of these indirect taxes on household income is significant since everyone pays them equally regardless of their income.

*There is equality when the percentages of increase/decrease are the same for everyone, but there is no equity. Taxation affects everyone in the same way, without taking income into account.*

(CLC members from Guarda)

VAT revenue in 2022 totalled 22.6 billion euros and accounted for 61.5% of indirect tax revenue. INE points to the *performance of the economy and the significant increase in price levels* (a fact we analysed earlier) as explanatory reasons.

Although the figures tell us that Portugal has a lower tax burden than the EU27 average, the truth is that from a national point of view the tax burden has risen significantly and the weight of indirect taxes in family budgets is significant, and, combined with a context of strong inflation and rising interest rates, in a country of low wages and precarious labour, it paves the way for greater vulnerability and increases public "discontent". It's quite common to question why taxes are paid and where they go, especially when public services tend to be only free and where gaps remain that have a significant impact on people's lives and well-being:

*People have no access to products that are not subsidised in the health area (glasses, hearing aids, medication with 23% VAT). The reimbursements are very low. They don't even ask for reimbursement because it's a lot of work. Bureaucracy is a problem.*

(CNC member)

According to the Tax and Customs Authority, a significant proportion of tax revenue goes to social protection, followed by health, General Services of Public Administrations and Education (see graph 2). However, the truth is that both the figures and the voice of the people, as we have seen, reflect

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<sup>64</sup> Actual social contributions correspond to the amounts paid by employers, employees, self-employed workers and non-employed workers to social security funds, insurance companies, autonomous pension funds or other institutional units responsible for the administration and management of social security schemes. In Public Finance Council.

a social situation that is far from reflecting an improvement in their living conditions. The informal economy often emerges as a means of making ends meet and in many cases constitutes a person's or household's only source of income. This isn't to say that it is a solution for greater social inclusion, not least because of the risks it entails, namely the lack of social protection. However, it is sometimes the only solution found and the one that also serves as a social stabiliser. It is, however, essential that there are effective policies and measures to combat poverty, enabling people to move from the informal economy to the formal economy<sup>65</sup>.

The informal economy is one of the dimensions of the unrecorded economy, which according to a study by the Faculty of Economics of the University of Porto, corresponded to more than 82 billion euros in 2022. The unrecorded economy comprises "five areas: the illegal economy; the hidden economy (underreported or underground); the informal economy; production for own use (self-consumption) and production that is under-reported due to statistical shortcomings"<sup>66</sup>. Tax evasion, particularly by large companies, is also a concern for CNC members, who refer to the "*make-up*" that is sometimes applied to accounts and the failure to declare the profits they receive. They therefore emphasise the need for greater supervision of these situations. A study published in 2020 by the Tax Justice Network<sup>67</sup> states that tax evasion in Portugal exceeds one billion dollars a year, with companies (particularly multinationals) responsible for 47% of tax evasion and individuals not paying the 552 million dollars owed. The same study states that the burden of tax evasion is more painful in poor countries, as this is money that doesn't enter the state coffers and could be channelled into areas that are central to people's lives. Monitoring the diversion of money to tax havens and offshores requires national, European and global measures.

Tax revenues are not the only ones that have a more social destination. Portugal benefits from the structural funds and these have always played a central role in promoting social inclusion, but their effectiveness in reducing poverty has not been significant. The Operational Programmes have been defined, but we are still at the stage of designing their operationalisation. It is crucial that they can be geared towards resolving some of the country's structural problems and promoting effective change for the better in people's lives.

The national and regional Operational Programmes should be designed to solve the major challenges we face, but they don't fund public policy. After 30 years, we realise that Portugal continues to invest in improving the country's infrastructure, but with little coordination and monitoring. We highlight, for example, the quality investment that still needs to be made in core areas such as training and lifelong learning and in adapting them to the needs of the territory and the public they are aimed at.

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<sup>65</sup> In 2014, EAPN Portugal carried out a study on the informal economy in Portugal. The study was consulted by the Observatory of Economics and Fraud Management (OBEGEF) of the Faculty of Economics of the University of Porto and was funded by POAT/FSE.

Hélder Ferreira; Nuno Gonçalves and Óscar Afonso, *Sobre(vidas). A economia informal e a inclusão social de públicos desfavorecidos (Under(lives). The informal economy and the social inclusion of disadvantaged groups)*, EAPN Portugal, Porto, 2014

The study is available online: <https://www.eapn.pt/centro-de-documentacao/caderno-18/>

<sup>66</sup> *Economia Paralela em Portugal representa quase 35% do PIB (Parallel Economy in Portugal represents almost 35% of GDP)*, Notícias da Universidade do Porto, 21.06.2023. Available at: <https://noticias.up.pt/economia-paralela-em-portugal-representa-quase-35-do-pib/>

<sup>67</sup> *Evasão fiscal em Portugal supera os mil milhões de dólares anuais (Tax evasion in Portugal exceeds one billion dollars a year)*, Jornal de Negócios, 20.11.2020 Available at: <https://www.jornaldenegocios.pt/economia/impostos/detalhe/evasao-fiscal-em-portugal-supera-os-mil-milhoes-de-dolares-anuais>

Innovation, knowledge and competitiveness continue to be weak areas at national level and territorial cohesion remains an increasingly visible challenge and puts the country at several speeds. The new financial framework is a new opportunity, but in order to assert itself as such it needs to have a clear, transparent strategic orientation and focus on the country's structural challenges, without forgetting the more global, European and even world context.

## 5. Recommendations<sup>68</sup>

- Human beings need to be at the centre of decisions. Decisions that are made in areas that are central to their lives and that are not only economic, but social and, above all, human. Economic concerns are increasingly the ones that drive countries, the ones at the forefront of the decision-making process, but although they are important, they don't always reflect a social concern and this has a considerable human impact, the most dramatic expression of which is poverty. It is necessary to develop a new paradigm that focuses first and foremost on the integral development of the human being.
- It is important to promote participatory monitoring and evaluation of the current multiannual financial framework in order to ensure that it has an impact on resolving the causes of poverty and contributing to its effective reduction.
- The new financial instruments under the RRP and Portugal 2030 must be used to boost the national economy, but above all they must guarantee investment in key areas such as health, housing and education. The opportunity generated by this amount of existing funding must not be wasted.
- It is necessary to ensure that the action plan of the National Anti-Poverty Strategy has the necessary financial and human resources to be properly operationalised and monitored. The Strategy's plan must be well articulated with the financial instruments in place, such as the RRP and the Structural Funds, in order to ensure that improvements are made to people's lives, particularly the most vulnerable, and that conditions are created to prevent new situations of poverty, especially in the current context of crisis.
- Promote the creation of *Poverty proofing* mechanisms in the Portuguese legislative system. Political actors need to be sensitised to the importance of the goal of fighting poverty and a mechanism needs to be legislated to allow new public policy measures to be assessed taking into account their impact (positive, negative or nil) on the fight against poverty.
- Combating economic inequalities through a fairer distribution of wealth must be at the centre of the country's economic development model. This requires a progressive increase in the National Minimum Wage and we should see an increase in the average wage, with a focus on increasing qualifications and productivity.
- We need to invest in better social benefits to replace labour income, including better pensions and an appropriate minimum income. We believe that minimum income schemes are an essential tool to help the most vulnerable people, but we need to make the necessary changes, both in terms of cash benefits and in terms of the support given to families.

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<sup>68</sup> Some of the recommendations are part of the following publications: EAPN Portugal, *Diálogos sobre Pobreza. Actas do Congresso (Dialogues on Poverty. Proceedings of the Congress)*, Porto, EAPN Portugal, 2022. Available at: <https://www.eapn.pt/centro-de-documentacao/redacao-16-edicao-especial/>; EAPN Portugal and EAPN Europe, *Cimeira das Pessoas. Não há Europa Social sem Direitos Sociais (People's Summit. No Social Europe without Social Rights)*, April 2023. Available at: <https://www.eapn.pt/dimensao-europeia/conclusoes-da-cimeira-das-pessoas-nao-ha-europa-social-sem-direitos-sociais/>

- The housing issue is a problem that goes beyond Portugal's borders and it is important to create more and more instruments (as was done with the RRP, which will run until 2026) to support affordable construction or rehabilitation. The existence of affordable services is the dilemma we face today given the rise in inflation. If we fail to achieve this goal, we will have a larger section of the population living in undignified situations in the medium term.
- Tax justice is an essential tool for redistributing wealth and reducing inequalities, and for financing sustainable welfare states.
- It is essential to promote greater monitoring of tax evasion and to rethink the existence of a European tax on financial transactions that could be redirected to finance the fight against poverty.
- The participation of people, particularly those living in the most vulnerable situations, in the decision-making process and in the search for solutions is central. Numbers are not enough to diagnose a country's social and economic situation.
- From a European point of view, there are huge challenges facing us, from the aftermath of the pandemic to the war in Ukraine, which has led to profound changes in the way we think about investments in health and defence, and which has affected member states unevenly. The different member states must be united in the defence of a cohesive Europe. This unity can be jeopardised by issues related to migratory movements, which lead to divisions between countries and radicalisms that can jeopardise social peace. The European Pillar of Social Rights is a fundamental instrument to ensure that cohesion is maintained in Europe.
- The digital and green transitions are goals that have been more than met in the European context and which we will have to take care of, otherwise we will be moving towards a two-speed Europe. It's a path of no return, but one that requires strong commitment and investment, as well as greater concern for the most vulnerable sections of the population.



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- Amnesty International: <https://www.amnesty.org/en/>
- Banco de Portugal\_Eurosistema: <https://bpstat.bportugal.pt/>
- Caixa Geral de Depósitos: <https://www.cgd.pt>
- European Commission: <https://ec.europa.eu>
- Conselho das Finanças Públicas (Public Finance Council): <https://www.cfp.pt/>
- Direção Geral do Orçamento (Directorate-General for Budget): <https://www.dgo.gov.pt/>
- EAPN Europe: <http://www.eapn.eu>
- EAPN Portugal: <http://www.eapn.pt>
- Eurostat: <https://ec.europa.eu/eurostat>
- Fundação Francisco Manuel dos Santos (Francisco Manuel dos Santos Foundation): <https://www.ffms.pt/pt-pt>
- Instituto Nacional de Estatística (National Statistics Institute): <http://www.ine.pt>
- Pordata: <https://www.pordata.pt/>
- Government portal: <http://www.portugal.gov.pt/pt.aspx>
- Social Security: <http://www.seg-social.pt>

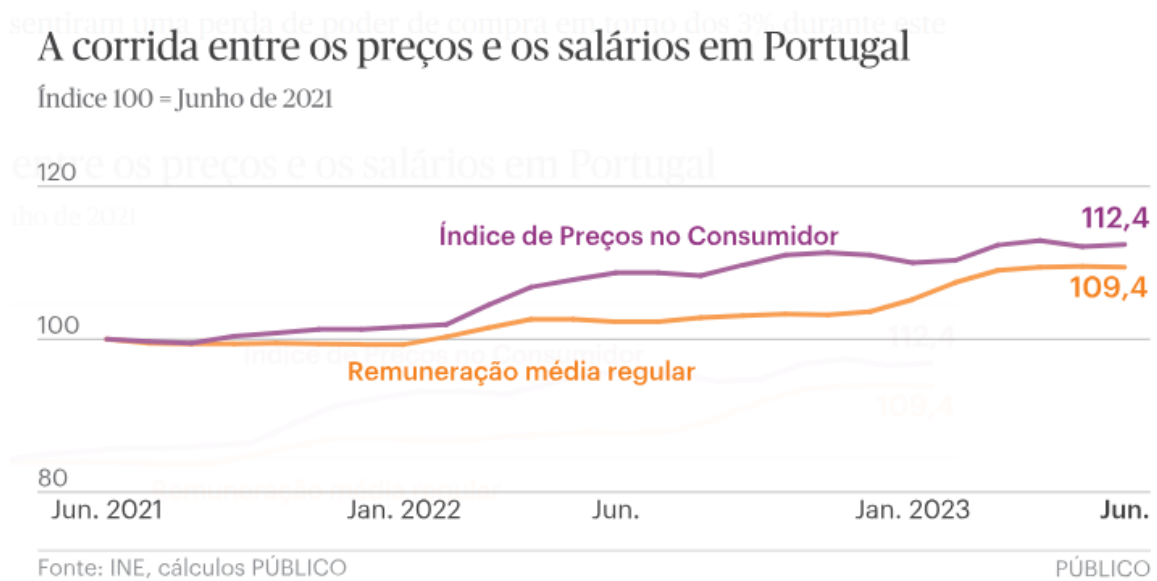
## 7. Appendices

**Table 1:** Overview of national and EU27 targets<sup>69</sup>

	<b>Employment</b> (%)	<b>Adult learning</b> (%)	<b>Poverty reduction</b> (AROPE, thousand persons)
	2030 target	2030 target	2030 target
EU27	78.0	60.0	-15,000
BE	80.0	60.9	-279
BG	79.0	35.4	-787
CZ	82.2	45.0	-120
DK	80.0	60.0	-30 <sup>(1)</sup>
DE	83.0	65.0	-1,200 <sup>(2)</sup>
EE	81.3	52.3	-39
IE	78.2	64.2	-90
EL	71.1	40.0	-860
ES	76.0	60.0	-2,815
FR	78.0	65.0	-1,100
HR	75.0	55.0	-298
IT	73.0	60.0	-3,200
CY	80.0	61.0	-10
LV	80.0	60.0	-95
LT	80.7	53.7	-223
LU	77.6	62.5	-4
HU	85.0	60.0	-292
MT	84.6	57.6	<sup>(3)</sup>
NL	82.5	62.0	-163
AT	79.9	62.0	-204
PL	78.3	51.7	-1,500
PT	80.0	60.0	-765
RO	74.7	17.4	-2,532
SI	79.5	60.0	-9
SK	76.5	50.0	-70
FI	80.0	60.0	-100
SE	82.0	60.0	-15

**Source:** European Commission, 16.06.2022

<sup>69</sup> In *European Pillar of Social Rights: State of Play on the national targets for 2030*. Available at: <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10299>

**Graph 1:** Difference between the Consumer Price Index and Regular Average Pay

Source<sup>70</sup> : <https://www.publico.pt/2023/08/11/economia/noticia/precos-superam-salarios-dois-anos-desde-inicio-crise-inflacionista-2059885>

<sup>70</sup> EAPN Portugal subscribes to Público newspaper.

**Graph 2:** Distribution of taxes by sector

Source: Idealist, 7 July 2023<sup>71</sup>

<sup>71</sup> <https://www.idealista.pt/news/financas/economia/2023/07/07/58457-para-que-servem-e-onde-sao-aplicados-os-impostos-este-mapa-mostra>



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