



15/01/2024

RAP/RCha/PRT/2023

## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF PORTUGAL**

Report registered by the Secretariat

on 15 January 2024

**CYCLE 2024**

# **Council of Europe**

## **European Social Charter**

### **Portugal**

**Ad hoc report 2023 on the cost of living crisis**

In accordance with Article C of the revised European Social Charter and Article 23 of the European Social Charter, a copy of this report was sent to the social partners via the Economic and Social Council.

### **Introductory Note**

Portugal presents its Ad Hoc Report drawn up in accordance with the new reporting system under the European Social Charter (corresponding to the 19th report under the previous system). In accordance with the reporting decision adopted by the Committee of Ministers (alternates) on 27 September 2022, the European Committee of Social Rights and the Governmental Committee decided to request an ad hoc report on the cost of living crisis (decision adopted by the Governmental Committee during its 146th meeting from 9 to 12 May 2023)..

## Ad hoc Cost of Living PT

### A. Framework

In view of the soaring increase of the cost of living recorded, at least, since 2021, and caused specially by among other factors, unprecedented levels of inflation in many countries, the Council of Europe, by joint decision<sup>1</sup>of the ECSR (European Committee of Social Rights of the European Social Charter) and CMCE (Council of Ministers of the Council of Europe), understood that "social rights and the cost of living crisis" is a recommended and timely topic for an ad hoc National Report (so designated under the new rules of the CM reporting system (2022)114-final)<sup>2</sup>.

The Committee Report "Social Rights and the Cost of Living Crisis" is based on the conclusions drawn in the ad hoc reports of the States Parties and is not directed to the individual situation of each Member (although it may refer to legislation and relevant practice in certain States Parties, where applicable). The process aims to identify elements of good practice that the Committee can apply and to formulate guidelines or statements on the interpretation of certain provisions of the Charter. It will also allow the Committee to provide a pan-European vision of national situations, in order to improve and develop its legal analysis in light of the Charter in the context of the current situation.

This ad hoc Report focuses on aspects related to income that ensure families have purchasing power also when linked to social protection, with remuneration that takes into account the cost of living, that preserves a decent standard of living, the right to protection against poverty and social exclusion and to analyze the situation of groups that have been particularly affected by the cost of living crisis, such as families with children, people with disabilities and the elderly.

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<sup>1</sup>Decision adopted at the 146th Meeting of 9-12 May 2023.

<sup>2</sup> In accordance with the [decision of the Deputy Ministers](#) adopted on September 27, 2022 regarding the [new system](#) reporting framework under the European Social Charter, the European Committee of Social Rights and the Government Committee decided to request an ad hoc report on the cost of living crisis from all State Parties. The report must be sent in electronic format to DGI-ESC-Reporting-System@coe.int , by December 31, 2023.

## B. The Ad hoc Report

The Ad hoc Report is shaped by answering to a Questionnaire to all questions raised, regardless of whether or not they have accepted the relevant provision of Part II of the Charter to which the Questionnaire refers. Portugal accepted all provisions.

## C. Response of the Portuguese Republic to the Questionnaire

**1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.**

The national minimum wage (SMN), or guaranteed minimum monthly wage (RMMG), in Portugal, is fixed and updated, by the Government, annually, by law, after consultation and/or negotiations with social partners. The monthly value of RMMG is paid 14 months a year and its updates are not linked to automatic indexing mechanisms.

The updated value of RMMG can be seen in the following table:

Year	RMMG (in euros)	Legislation
2020	635	<a href="https://files.diariodarepublica.pt/1s/2019/11/22400/0000200003.pdf">https://files.diariodarepublica.pt/1s/2019/11/22400/0000200003.pdf</a>
2021	665	<a href="https://diariodarepublica.pt/dr/detalhe/decreto-lei/109-a-2020-152637760">https://diariodarepublica.pt/dr/detalhe/decreto-lei/109-a-2020-152637760</a>
2022	705	<a href="https://files.dre.pt/1s/2021/12/23601/0000500009.pdf">https://files.dre.pt/1s/2021/12/23601/0000500009.pdf</a>
2023	760	<a href="https://files.dre.pt/1s/2022/12/24501/0000200003.pdf">https://files.dre.pt/1s/2022/12/24501/0000200003.pdf</a>
2024	820	<a href="https://diariodarepublica.pt/dr/detalhe/decreto-lei/107-2023-224427489">https://diariodarepublica.pt/dr/detalhe/decreto-lei/107-2023-224427489</a>

The definition of the value relating to RMMG follows legal rules and provisions, and the analysis, assessment or evaluation of Experts is not binding. Regarding the rules and legal provisions to which it complies, the national minimum wage is, from the outset, provided for in article 59.º/2, a) of the Constitution of the Portuguese Republic<sup>3</sup>, under which the State is empowered to

<sup>3</sup><https://www.parlamento.pt/ArquivoDocumentacao/Documents/CRPVIIrevisao.pdf>

ensure the working conditions, remuneration and resting periods to which workers are entitled, namely, through the establishment and updating of the national minimum wage, taking into account, among other factors, the workers' needs, the increase in the cost of living, the level of development of the productive forces, the demands of economic and financial stability and accumulation for development. It is, consequently, the product of a political process, even though decision-making is an exclusive responsibility of the Government.

Also the Labor Code<sup>4</sup>, in its articles 273 and following, regulates the RMMG, providing that *“workers are guaranteed a minimum monthly remuneration, irrespective of the employment status, the value of which is determined annually by specific legislation, after consulting the Permanent Committee for Social Dialogue”*. It further states that in *“determining the guaranteed minimum monthly remuneration, among other factors, the needs of workers, the increase in the cost of living and the evolution of productivity are considered, with a view to adapting them to the criteria of the income and price policy”*. It also provides for the criteria the RMMG amount should include.

The RMMG assigns a differentiation in values only for practitioners, apprentices, interns or trainees undergoing certified training and for workers with reduced work capacity, providing for a reduction in these cases, within certain limits, in accordance with the terms of the article 275 of the Labor Code.

As mentioned, the annual update of the RMMG is a responsibility of the government, after hearing the Permanent Commission for Social Dialogue. Additionally, social consultation agreements have been signed, including in the requested reference period, from 2021 to date, can be read [here](#).

As part of the social hearing, the “Medium-Term Agreement for Improving Income, Wages and Competitiveness” was signed in 2022. This Agreement sought to define a multi-annual trajectory of real updating of the national minimum wage, with the objective of reaching (at least) €900 in 2026. At the same time, priority was given to valuing collective bargaining, through its promotion in wage setting, and aligning wages with productivity, promoting improved

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<sup>4</sup>[https://www.pgdlisboa.pt/leis/lei\\_mostra\\_articulado.php?nid=1047&tabela=leis](https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=1047&tabela=leis)

employment and wages. This Agreement also defined the target of a 3 percentage points increase of the weight of wages in GDP, in order to converge with the EU average, as well as an acceleration of 2% in productivity growth, both by 2026.

In this context, and maintaining a tripartite dialogue and the assumptions of a framework of stability and predictability for the following years, the RMMG's annual update trajectory sought to contribute to the recovery of labor income and the strengthening of workers' purchasing power, but also to improve the country's levels of social cohesion, reduce wage inequalities and reduce family poverty.

**2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021**

The Portuguese economy has been exposed, in recent years, to a series of external supply-side shocks, which have resulted in an inflationary phenomenon whose magnitude and persistence is unparalleled in recent decades. Disruptions in the functioning of production and distribution chains in the context of the COVID-19 pandemic and the increase in the price of energy goods, overall exacerbated by the invasion of Ukraine by the Russian Federation. Despite the uncertainty that continues to mark the current situation, including the evolution of inflation, most available indicators point to a moderation in price increases in the second half of 2023, continuing throughout 2024. In July 2023, it was noted that one year has passed since the beginning of the cycle of increases in key interest rates by the ECB. This new high interest rates paradigm, enduring for a rather long period of time, contrasts significantly with what has occurred in the last decade. This contrast also creates a set of challenges to the capacity and speed of adaptation of economic agents and constitutes a test for the resilience of economies. The Government has been adopting a set of measures to support families to mitigate the effects of rising inflation and rising interest rates and promote stability and security in relation to families' monthly expenses.

Other measures and initiatives were also adopted to mitigate the impact of the rising cost of living and the increase in poverty, mainly related to vulnerable groups, including children, single-parent families, elderly people, people with disabilities, migrants and Roma people, among others).



In particular, the following were implemented:

- The **Families First Plan**, which came into force in September 2022, consisted of a package of measures with the aim of increasing the income of the Portuguese to offset the impact of rising prices and return the additional tax revenue collected due to inflation.

To this end, a 2.4 million euro program was approved to support families' disposable income during the rising cost of living:

- i) An exceptional payment of 125 euros allocated to each citizen earning up to 2,700 euros per month (gross salary).
- ii) An exceptional payment of 50 euros is awarded for each dependent descendant, child or young person. For example, for a couple with two dependent children and both of whom have an individual income of up to 2,700 euros, received, an exceptional payment of 350 euros (250 for the couple and a further 100 for the dependent children) in October 2022
- iii) Pensioners were given an exceptional supplement equivalent to half a month's pension. This extraordinary measure was paid in a single payment in October 2022.

Within the scope of this plan, it determined the [Decree-Law No. 57-C/2022, of September 6](#), the approval of the following exceptional measures to support families to mitigate the effects of inflation:

- i) The creation of extraordinary support for holders of income and social benefits (125 euros + 50 euros for each dependent dependent with the conditions defined in the aforementioned DL, paid in October 2022 (payment made once per person). This support was also extended to unemployed people not covered by social benefits (as long as they are registered with the Institute of Employment and Vocational Training) and research fellows (as long as they are registered with voluntary social insurance), as defined in [Ordinance No. 244-A/2022, of September 26](#).
- ii) The creation of an exceptional supplement for pensioners equivalent to an additional amount of 50% of the total amount earned for a specific set of social benefits, paid in October 2022. Subsequently, in May 2023, an article was added through the [Decree-Law No. 33/2023, of May 19](#), with the creation of the exceptional supplement for pensioners in the banking sector to be supported by the State Budget. This DL adds article no. 4-A to Decree-Law no. 57-C/2022, of September, 6.
- iii) The establishment of a mandatory mention on the invoice or similar document of the effective reduction of the tax burden on the consumption of unleaded gasoline and road

diesel, reflected in the public sale price of these products (transparency mechanism complementary to the one created in 2020 that determined the mandatory breakdown of invoiced values with identification of the tax components applicable to fuel consumption (art. 19 of Regulation no. 141/2020, of 20 February issued by the Energy Services Regulatory entity).

- **Support for credit loans for permanent home ownership:** establishes exceptional measures aimed at mitigating the effects of the increase in reference indexes for credit loans for the acquisition or construction of permanent housing, with a value equal to or less than 300 thousand euros ([Decree-Law No. 80-A/2022, of November 25](#)), to be in force between November 26, 2022 and December 31, 2023. This diploma instituted a reinforcement of banks' preventive controls to anticipate the risk of default and also determined the temporary suspension of the charging of the early repayment commission for variable rate housing loans. The suspension, which was initially in force until the end of 2023, was extended until the end of 2024. To support families in the most vulnerable situation, for whom housing loan expenses have a more significant weight on household income, it was approved in March of 2023, the Decree-Law No. 20-B/2023, which established a temporary interest subsidy measure, and in September 2023, the Government approved the reinforcement of this measure. With a view to ensuring greater predictability and security for families, the Government also approved, in September 2023, a measure that allows the installment paid by mortgage loan borrowers to be reduced and stabilized for a period of two years. The difference between the installment that would be due under the terms of the contract and that resulting from the stabilization measure is paid later, but can, however, be amortized in advance, without any commission or charge to the borrower. It should also be noted that, through Decree-Law No. 20-B/2023, it was determined that, when a customer seeks credit intended for the buying or construction of their own permanent home, credit institutions must present proposals that allow them to choose a variable, fixed or mixed interest rate modality.
- **Reduction of the VAT rate from 13% to 6% on the supply of electricity for consumption,** by adding the amount 2.38 to List I (goods and services taxed at the reduced VAT rate) attached to the VAT Code. All electricity consumption previously covered by the intermediate rate of

13% is therefore subject to the reduced VAT rate of 6%, with retroactive effect from October 1, 2022, until December 31, 2023.

Regarding measures developed or started in 2023, specifically aimed at the cost of living:

- **Updating RMMG** to €760, from January 1, 2023, with the aim of ensuring the improvement of workers' income and wages and reinforcing the productivity and competitiveness of the national economy as agreed in October 2022, as a result of social dialogue, the so-called Medium-Term Agreement for the Improvement of Income, Wages and Competitiveness. In 2023, the increase in the RMMG ensured an additional differential to offset the impacts of inflation.
- **Interim salary update of the value of Public Administration remunerations<sup>5</sup>** by 1%, with effect from January 1, 2023 (DL no. 26-B/2023, of April 18). This updating measure adds to the nominal increases established at the beginning of 2023 of 52.11 euros, for gross maturities up to 2,612.03 euros, and 2%, for higher amounts.
- **Reinforcement of meal allowance for public sectors workers** going from €5.20 to €6, taking effect on January 1, 2023 (Ordinance no. 107-A/2023, of April 18), considering the context of inflation that affects the purchasing power of workers and the need to contribute to mitigating its effects by reinforcing the social benefits to be granted by the public employer in terms of sharing expenses resulting from meals.
- **Changes to the minimum remuneration and meal allowance for administrative workers not covered by specific collective regulations (article 2 of the Ordinance No. 191/2023, of July 6, which made the fifth amendment to Ordinance No. 182/2018, of June 22).**
- **Interim pension increase**, in July 2023, of 3.57%, in addition to the increase operated in January (Decree-Law No. 28/2023, of April 28) as well as the respective complements, with a view to compensating for the loss of power of purchase from pensioners.
- **Zero VAT:** reduction of the VAT rate to 0% on a basket of 46 essential food items (Law nº 17/2023, of April 14); with the aim of reducing and stabilizing prices, reducing food costs. Zero VAT began to be applied on April 18th and is expected to be in force until the end of 2023.
- **Financial support for families most vulnerable to inflation:** until December 2023, granting support corresponding to €30 per month to the most vulnerable families (beneficiaries of

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<sup>5</sup> [Measures to respond to the increase in the cost of living \(24 March 2023\)](#)

the social energy tariff or some minimum social benefit). Additionally, 15 euros are added for each child receiving family benefit (DL 21-A/2023, of March 28), automatically paid quarterly.

- **Complementary, exceptional and temporary financial support**, through the granting of a subsidy of an occasional nature, intended to overcome situations of economic need or loss of income for reasons directly caused by the worsening cost of living, aiming at the purchasing power on basic needs in the food sector (Ordinance 45-A/2023, of February 10, since revoked). Ordinance No. 133/2023, of May 15, established the payment of the eventual subsidy for another two months.
- **Maximum rent increase limited to 2%** by changing the rent update coefficient previously determined from 5.43% to 2% (Law No. 19/2022, of October 21).
- **Support for beneficiaries of social electricity tariffs** for the purchase of bottled liquefied petroleum gas – solidarity bottle -, support that was extended to remain in force until December 2023 or until the estimated budget is exhausted (LOE for 2023 – Law nº 24-D/2022 of 30/12).
- **0% increase in transport prices**- freezing the price of urban transport passes and rail travel in 2023.
- **Reduction of VAT on electricity from 13% to 6%**- in force until December 2023.
- **Extension to pensioners in the banking sector** of the exceptional supplement paid to support families by mitigating the effects of inflation (DL no. 33/2023, of May 19).

**3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.**

Not applicable to the Portuguese Republic, as the minimum wage is set legally.

**4) Please provide information on whether the cost of living crisis has led to the extension of work-related benefits<sup>6</sup>.**

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<sup>6</sup>1 Supplements to support low-income workers, similar or equivalent to the prime d'activité in France, or the Working Family Payment and the Back to Work Family Dividend in Ireland.

Portugal has temporarily extended the period for granting existing or current work-related benefits, some of the measures as already mentioned above, and particularly, we refer to those cited of:

- **Updating of the value of the guaranteed minimum monthly salary for 2023**, becoming €760, from January 1, 2023 (Decree-Law no. 85-A/2022, of December 22), with the aim of ensuring the improvement of workers' income and salaries and to reinforce the productivity and competitiveness of the national economy, agreed in October 2022, within the scope of social consultation, the Medium-Term Agreement for Improving Income, Wages and Competitiveness. In 2023, the increase in the RMMG ensured an additional differential to offset the impacts of inflation.
- **Interim salary update of the value of Public sector remunerations<sup>7</sup>** by 1%, with effect from January 1, 2023 (DL no. 26-B/2023, of April 18). This updating measure is in addition to the nominal increases attributed at the beginning of 2023 of 52.11 euros, for gross maturities up to 2,612.03 euros, and 2%, for higher amounts.
- **Reinforcement of meal allowance for Administration workers** going from €5.20 to €6, taking effect on January 1, 2023 (Ordinance no. 107-A/2023, of April 18), considering the context of inflation that affects the purchasing power of workers and the need to contribute to mitigating its effects by reinforcing the social benefits to be granted by the public employer in terms of sharing expenses resulting from meals.
- **Changes to the minimum remuneration and meal allowance for administrative workers not covered by specific collective regulations** (article 2 of the Ordinance No. 191/2023, of July 6, which made the fifth amendment to Ordinance No. 182/2018, of June 22).
- **From the Families First Plan**, implemented by [Decree-Law No. 57-C/2022, of September 6](#), the approval of the following exceptional measures to support families to mitigate the effects of inflation stands out: the creation of extraordinary support for holders of income and social benefits (125 euros + 50 euros for each dependent dependent with the conditions defined in the mentioned DL, paid in October 2022 (payment made once per person), support also extended to unemployed people not covered by social benefits (as long as they are registered with the Institute of Employment and Professional Training) and research fellows (as long as they are registered with the insurance voluntary social organization), as defined in the [Ordinance No. 244-A/2022, of September 26](#).

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<sup>7</sup> [Measures to respond to the increase in the cost of living \(March 24, 2023\)](#)

- **Complementary, exceptional and temporary financial support**, through the granting of a subsidy of an occasional nature, intended to overcome situations of economic need or loss of income for reasons directly caused by the worsening cost of living, aiming at the acquisition of basic necessities in the area of food (Ordinance 45-A/2023, of February 10, since revoked). Ordinance No. 133/2023, of May 15, determined the payment of the eventual subsidy for another two months.

**5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits**

With regard to Articles 12.º (Right to social security), 13.º (Right to social and medical assistance), 30.º (Right to protection against poverty and social exclusion), of the ESC, with a view to improving the level of social protection of beneficiaries, several measures were adopted as follows:

- Law No. 75-B/2020, of December 31st (State Budget Law for 2021), provided for the extension of the deadline for granting unemployment benefits, meaning that those ending in 2021 were exceptionally extended for six months, so that, in these cases, this benefit could take effect in 2022.

- Decree-Law No. 119/2021, of December 16, reinforced social protection in the event of unemployment, guaranteeing a minimum amount of 1.15 x IAS for unemployment benefit, as long as the respective reference remuneration corresponds, at least, to the value of the guaranteed minimum monthly wage (RMMG), and increasing the value of unemployment benefits by 10% (for employed and self-employed workers) when, in the same household, both spouses or partners, or the only relative in the single-parent household, has children or similar dependents.

- Ordinance No. 294/2021, of December 13th, and Ordinance No. 298/2022, of December 16th, updated the value of the Social Support Index (IAS) by 1% for 2022 and 8.4% for 2023, setting them at 443.20 euros and 480.43 euros, respectively.

These professionals, when covered by the self-employed workers' regime or by a very short-term employment contract, have the right to protection against illness, maternity, paternity and adoption, occupational diseases, disability, old age and death, in accordance with the respective legal regimes; Unemployment protection is ensured through the granting of allowance for

suspension of cultural activity. If they are covered by the very short-term employment contract regime, they are also entitled to receive this benefit.

When, depending on the specificity of their activities, professionals have ceased carrying out their activity before meeting the conditions for access to an old-age pension, they are entitled to a professional retraining allowance, under the terms provided.

Regarding the Informal Carers Status:

- Regulatory Decree No. 1/2022, of January 10, established the terms and conditions for the recognition of the Informal Carer Statute, as well as support measures for informal caregivers and people cared for, simplifying the process of recognition of the Statute, extending the recognition of care provided to more than one family member, access to respite for informal caregivers to the National Network of Integrated Continuous Mental Health Care (RNCCI - Mental Health), the increase in their support allowance when enrolled in insurance voluntary social assistance or promoting integration into the labor market.

- Ordinance No. 100/2022, of February 22, following previous legislation, established the amount of the subsidy to be granted to the main informal caregiver, and the reference income of their household, as measures to combat poverty among main informal caregivers: 1 x IAS for the first, and up to 1.3 x IAS for the second.

Regarding prices and inflation:

- Decree-Law No. 28-A/2022, of March 25th (amended by Decree-Law No. 30-D/2022, of April 18th, by Decree-Law No. 42/2022, of 29 June, and by Decree-Law no. 85-B/2022, of 22 December), introduced Extraordinary Support for the Most Vulnerable Families, with the aim of mitigating the effects of the extraordinary increase in the prices of premium food items need, intended for beneficiaries of the Social Electricity Tariff and Minimum Social Benefits. This extraordinary support corresponding to 60 euros was awarded twice in 2022, to which new extraordinary support was added at the end of that year, worth 240 euros per family.

In this context, and with a view to mitigating the financial impact resulting from the increase in fuel prices, Extraordinary Support was also created to be given to institutions in the social and solidarity sector that develop social assistance responses whose nature is based on the imperative need to transport people and goods.

- Law No. 57-C/2022, of September 6, which established exceptional measures to support families' purchasing power to mitigate the effects of rising prices of essential goods and inflation, created an exceptional support income, to be allocated to residents with a gross income of up



to 2,700.00 euros per month (37,800.00 euros annually) and to beneficiaries of certain minimum social benefits. The support was 125.00 euros per adult and 50.00 euros per dependent up to 24 years of age (inclusive), or with no age limit in the case of dependents with disabilities.

- Decree-Law No. 21-A/2023, of March 28, established exceptional measures to support the most vulnerable families, in line with previous legislation, to mitigate the effects of inflation, with the creation of Extraordinary Support to the Most Vulnerable Families, for beneficiaries of the Social Electricity Tariff and Minimum Social Benefits, and a Supplement to them for children and young people benefiting from Family Allowance, in the amount of 30.00 euros and 15.00 euros, respectively, paid per quarter in 2023.

Under Article 12 CSE (Right to social security), combined with Article 16 (Family right to social, legal and economic protection) and Article 17 (Right of children and adolescents to social protection, legal and economic) the following diplomas and measures were approved:

- Decree-Law No. 56/2022, of August 19, reinforced the family allowance and updated the income thresholds, to provide foreign youngsters not born in Portuguese territory, but living in the country, to enjoy the same residence status attributed to the people who exercise parental responsibilities or who hold their custody, also for the purposes of Social Security Identification Number (NISS).

The update took place in the 3rd and 4th income thresholds, with the new maximum and minimum limits being set at 1.7 x IAS, respectively, when previously it was 1.5 x IAS, in order to restore the protection of children and young people from RMMG beneficiary families, due to its increase in recent years.

- Regulatory Decree no. 3/2022, of August 19, regulated the terms and conditions for granting family allowances, a support created by Law no. of the State for 2022), aimed at supporting families with children and young people under the age of 18, belonging to households in extreme poverty and whose reference income is below the defined threshold, and family benefit holders.

It consists of a cash benefit, with a monthly and differentiated amount, complementary to the family benefit, and applied in phases in 2022 and 2023, ensuring a global annual amount of 1200.00 euros to all children and young people under the conditions mentioned above, from 2023.

- Ordinance No. 224/2022, of September 6, updated the value of the family allowance, reinforcing it for children and young people over 3 years of age belonging to families whose relevant incomes were included in the 1st and 2nd income brackets.



- Ordinance No. 34/2023, of January 25, updated the amounts of benefits granted under the Family Protection subsystem, namely the family allowance, the prenatal family allowance, the funeral allowance, the increase in the family allowance for children and young people with disabilities, the subsidy for third-person care, and reinforced the increases in the family allowance for single-parent families and the values of the same benefit for larger families.

Additionally, and within the scope of the Child Guarantee Action Plan, at least the annual amount of 600 euros (50 euros per month) was guaranteed for children belonging to the 1st and 2nd income brackets of the Family Allowance/Beirão (in addition to of the Child Guarantee already referred to in the respective Regulation (DR nº 3/2022, of 19 August).

- Decree-Law No. 53/2023, of July 5, regulated the Decent Work Agenda<sup>8</sup>, established by Law No. 23/2023, of April 3, and in the field of social protection introduced several changes, namely, young student workers and young students who work during school holidays are now able to accumulate annual remuneration up to 10,640 euros (14 x RMMG) with Family Allowance, Study Grant and Survivors' Pensions;

In the field of parental protection, several changes were also introduced:

- The father's exclusive initial parental benefit is granted for 28 mandatory days, and might be followed on personal choice by a minimum of 7 days, of which, 7 must be taken consecutively immediately after birth and the remaining 21 days within the following 42 days; and for 7 optional days, consecutive or not, as long as they are taken simultaneously with the mother's initial parental leave; If the child is hospitalized during the period of birth, the father's period of exclusive parental leave is suspended, at his request, for the duration of the hospitalization.

- Parental benefits were equated to adoption and foster family situations;

- The parental leave allowance of 180 days (150 days + 30 days) was increased to 90% of the reference salary, in situations where the father takes at least a period of 60 consecutive days, or two periods of 30 days consecutive;

- The possibility of accumulating the initial parental benefit/adoption benefit with part-time work is given after 120 consecutive days of leave, with the amount of the benefit being 50% of the defined values;

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<sup>8</sup>The Agenda for Decent Work and the Valorization of Young People in the Labor Market (Law no. 13/2003, of April 3) brings together around 70 measures, which aim to improve working conditions and conciliation between personal and family life and professionalism of workers. The fight against precariousness and the valorization of wages, equality in the labor market between women and men and the encouragement of the real sharing of family responsibilities are other points covered. With this law, the aim is also to detect irregular situations, such as false green receipts or undeclared work, including domestic work. To this end, it reinforces inspection mechanisms.

- The amount of the extended parental benefit increased to 30% of the reference salary, being 40% if the parents each take the full period of parental leave, work part-time for 3 months with each parent's full complementary parental leave parents, or alternate periods of extended parental leave with part-time work where the total period of absence and reduced working time is equal to normal working periods of 3 months; and is 20% for part-time work during 3 months of additional parental leave, provided that it is taken in full by each parent;
- The minimum amount of the initial part-time parental allowance was set at 50% of the value of 80% of 1/30 of the IAS.

Regarding day-care centers:

- Law No. 2/2022, of January 3, established the progressive extension of free attendance in the cooperation system and social security day care centres, determining the moment of its application: a) In 2022, and from September 1st, free attendance for all children entering the 1st year of day-care; b) In 2023, for all children entering the 1st year of day-care and for children continuing to the 2nd year; b) In 2024, for all children entering the 1st year of day-care and for children continuing to the 2nd and 3rd year.

It also established that, in day-care centres covered by the cooperation system, attendance is also free and guaranteed by social security.

- Ordinance No. 198/2022, of July 27th (together with Ordinance No. 304/2022, of December 22nd, amended by Ordinance No. 75/2023, of March 10th), regulated the conditions specific free attendance at day-care centres and family day-care centres, which are part of the cooperation system, as well as social security day-care centres; It also established the development of the cooperation model underlying free attendance, to be implemented between Social Security and social institutions; It also changed the Regulation on family contributions due for the use of social services and equipment, and defined the criteria for admission and hierarchy of children (when the admission of siblings to the same institution or facilities belonging to the same entity is involved).

It also defined the scope of application of this free service, targeting children born on or after September 1, 2021, who attend the aforementioned social action services, continuing to apply to situations of children whose families fall within the 1st category. or 2nd levels of family contribution, which has been happening since 2020.

- Ordinance No. 305/2022, of December 22, extended free attendance to ensure that, in territories where there is a shortage of free daycare places under the cooperation regime,

families can resort to for-profit day-care centres or solidarity without a cooperation agreement with social security, benefiting from support for free day-care attendance; In this sense, a list of participating day-care centers was created to which they can sign up, offering places free of charge.

This Ordinance also established the terms and conditions under which social security supports the family costs arising from the child's attendance, as well as the procedures necessary to grant support.

- Law no. 23/2023, of May 25th, which introduced the most recent changes to Law no. 147/99, of September 1st (Protection of Children and Young People in Danger), aiming to allow the re-entry of a child or young person in danger in the System for the Promotion and Protection of Children and Young People in Danger, based on a reasoned request from the person, as long as it starts before turning 18 years of age, and up to 25 years of age whenever there are educational or of professional training, and for as long as these last, as well as the establishment of an autonomy program that prepares young people for leaving institutions and their social integration.

The changes will come into force with the State Budget Law for 2024.

Regarding long-term care:

- Ordinance No. 311/2021, of December 20, established the national, regional and local coordination of integrated continued mental health care units and teams, as well as the conditions for the organization and functioning of these units and teams, whether for the adult population, both for childhood and adolescence, as part of strengthening RNCCI responses, including the area of mental health.

- Under Article 15 (Right of people with disabilities to autonomy, social integration and participation in community life):

- Ordinance No. 31-B/2023, of January 19, updated the annual reference value of the base component of the Social Benefit for Inclusion to 3,581.08 euros, the annual reference value of the respective supplement to 5,858.63 euros, as well as the maximum annual limit for the accumulation of the base component with income from work to 10,640 euros (this limit is based on the minimum existence, defined within the scope of the IRS Code).

- Ordinance No. 34/2023, of January 25th, updated the amounts of the Family Allowance increase for children and young people with disabilities.

Regarding Article 23 CSE (The right of elderly people to social protection):

- Ordinance no. 301/2021, of December 15th Annual update of old-age, disability, survivors' and occupational illness pensions, as well as other social benefits: 1% for pensions up to 2 x IAS (886.40 euros); 0.49% for pensions greater than 2 x IAS (886.40 euros) and less than or equal to 6 x IAS (2659.20 euros); and 0.24% for pensions greater than 6 x IAS (2659.20 euros) with a limit of 12 x IAS (5318.40 euros). Pensions above €5318.40 were not increased.

- Decree-Law No. 57-C/2022, of September 6, which established exceptional measures to support family purchasing power to mitigate the effects of rising prices of essential goods and inflation, created an Exceptional Supplement to Pensioners to compensate for the increase in prices, which consisted of additional extraordinary financial support of 50% of the total amount of disability, old-age and survivors' pensions, and supplements, with the exception of its application to pensions greater than 12 x IAS (5318.40 euros).

This extraordinary supplement brought forward to October/2022 part of the increase in pensions that was scheduled for 2023, ensuring that between this Extraordinary Supplement for Pensioners in October/2022 and the annual update in January/2023, all pensioners would receive an income identical to that resulting from the application of the pension update formula.

- Ordinance no. 24-B/2023, of January 9, updated pensions for 2023 - annual update - (which had been established by Law no. 19/2022, of October 21, within the scope of introduction of a transitional regime for updating disability and old-age pensions from the general social security regime and other pensions and supplements, contained in Ordinance No. 301/2021, of December 15), under the following terms:

- 4.83% for pensions with a value equal to or less than 2xIAS (960.86 euros);
- 4.49% for pensions greater than 2 x IAS (960.86 euros) and up to 6 x IAS (2882.88 euros)
- 3.89% for pensions greater than 6 x IAS (2882.88 euros) and up to 12 x IAS (5765.16 euros)

- Ordinance No. 31-A/2023, of January 19, updated the reference value of the Solidarity Supplement for the Elderly to 600 euros for 2023, in order to converge with the value of the poverty threshold, setting it at 5858.63 euros.

- Decree-Law no. 28/2023, of April 28, established an interim update of pensions in 2023, which was implemented by Ordinance no. 172/2023, of June 23, with the aim of improving income of pensioners.

General regime disability and old-age pensions up to 12 X IAS (5765.16 euros) were increased by 3.57% compared to December 2022.

In this context, pensioners who received the Exceptional Supplement had an extra benefit that increased the value of their pensions, by an accumulated percentage of 10.19% for pensions with a value equal to or less than 2 x IAS (960.86 euros); 9.85% for pensions greater than 2 x IAS (960.86 euros) and up to 6 x IAS (2,882.88 euros); 9.25% for pensions greater than 6 x IAS (2882.88 euros), and up to 12 x IAS (5765.16 euros), from October/2022, and as planned, until the end of 2023.

**6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.**

The IAS is the determining reference for calculating and updating social support, and is normally updated annually with effect on 01/01 of each year, considering the following reference indicators:

- "Average variation of the last 12 months of the Consumer Price Index (CPI), without housing, available in December of the year prior to the year in which the update is reported, or on November 30, if it was not available at the date of signature update diploma" (IPC, without housing), and
- "Real Growth of Gross Domestic Product" (GDP).

When the application of this rule results in a negative annual update of the IAS, the IAS value from the previous year remains in force.

In this sense, both social assistance benefits (in particular solidarity benefits) and social security benefits are indexed to the cost of living, measured by its reference indicator "CPI without housing" (it is not the only indicator, as described).

In accordance with the legal framework, pensions are updated annually depending on the evolution of the CPI and GDP growth, under the following terms:

	Real GDP rate of change less than 2%	Real GDP rate of change 2% to 3%	Real GDP variation rate equal to or greater than 3%
<b>Pensions up to 2 IAS</b>	CPI rate of change	CPI rate of change + 20% Real GDP rate of change (minimum: CPI rate of change + 0.5%)	CPI rate of change + 20% Real GDP rate of change
<b>Pensions between 2 IAS and 6 IAS</b>	CPI rate of change - 0.5%	CPI rate of change	CPI rate of change + 12.5% Real GDP rate of change
<b>Pensions over 6 IAS</b>	CPI rate of change - 0.75%	CPI rate of change - 0.25%	CPI rate of change

Additionally, the increase in pensions between 2 x IAS and 6 x IAS, and those between 6 x IAS and 12 x IAS, cannot be lower than the maximum update value resulting from the rules established for those lower than 2 x IAS and for those between 2xIAS and 6x IAS, respectively. The most recent updates to social benefits were made to take effect from 01/01/2023 (as referred to in question 5), but pensions were last updated with effect from 01/07/2023, as a result of their mid-term increase (see above).

**7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.**

Given the recent evolution of the economic and social situation, marked mainly by the war in Ukraine and the increase in the cost of living, in addition to the measures provided for in the National Strategy to Combat Poverty (RCM no. 184/2021, of December 29) , the Action Plan integrates a set of new measures, considered relevant for the necessary contextual adjustment of the response to emerging phenomena and/or worsening poverty situations, among which two measures related to this area of action stand out, specifically, to promote healthy eating and nutritional status, particularly in families with children and disadvantaged households, and

to act in an integrated manner in situations of multiple exclusion associated with labour, housing and social precariousness of citizens subject to penalties and educational protective measures. As previously mentioned, regarding all the measures contained in the answer to question 2, it is worth mentioning here again that the **effective reduction of the tax burden on consumption of unleaded gasoline and road diesel**, reflected in the retail price of these products. (transparency mechanism complementary to the one created in 2020 that determined the obligation to disaggregate invoiced values with identification of the tax components applicable to consumption of fuels. (article 19 of Regulation no. 141/2020, of February 20 issued by the Energy Services Regulatory entity) and also:

- **Application of the measure 0% increase in transport prices**, holding the price of urban passes and rail travel in 2023.

- **Reduction of the VAT rate from 13% to 6% on the supply of electricity for consumption**, by adding amount 2.38 to List I (goods and services taxed at the reduced VAT rate) attached to the VAT Code. All electricity consumption previously covered by the intermediate rate of 13% is therefore subject to the reduced VAT rate of 6%, with retroactive effect from October 1, 2022, until December 31, 2023.

- **Support for beneficiaries of social electricity tariffs** for the acquisition of bottled liquefied petroleum gas (“solidarity bottle”), support that was extended to remain in force until December 2023 or until the estimated budget is exhausted (LOE for 2023 – Law nº 24-D/2022 of 30/12).

- **Reduction of VAT on electricity from 13% to 6%**- to be in force until December 2023.

- **Zero VAT**: reduction of the VAT rate to 0% on a basket of 46 essential food items (Law nº 17/2023, of April 14); with the aim of reducing and stabilizing prices, reducing food costs. Zero VAT began to be applied on April 18th and is expected to be in force until the end of 2023.

- Financial support of a complementary, exceptional and temporary nature, through the granting of a subsidy of an occasional nature, intended to overcome situations of economic need or loss of income for reasons directly caused by the worsening cost of living, aiming at the acquisition of basic necessities in the food area (Ordinance 45-A/2023, of February 10, since revoked). Ordinance No. 133/2023, of May 15, determined the payment of the eventual subsidy for another two months.

It should be noted that measures under the Operational Program to support the people most in need also continued to be implemented<sup>9</sup>.

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<sup>9</sup> <https://poapmc.portugal2020.pt/inicio>

**8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.**

The Living Conditions and Income Survey, carried out in 2022 on income from the previous year, indicates that 16.4% of people were at risk of poverty, 2.0 percentage points (pp) less than in the previous year. The risk of poverty rate corresponded to the proportion of inhabitants with net monetary income (per adult equivalent) of less than 6,608 euros (551 euros per month). According to the data mentioned, Portugal shows a tendency to reduce poverty levels compared to the values recorded in 2018 (remember that this year the poverty risk rate was 17.3%, whereas in 2015 it was at around 19.5%).

In 2022<sup>10</sup>, the reduction in poverty compared to the previous year covered all age groups, although it was more significant for the elderly population (3.1 pp less, it should be noted that in 2019 the risk of poverty among the elderly was 17.3% and in 2022 12.4%; the risk of poverty for under-18s decreased by 1.9 pp (in 2019 it was around 18.5% in this age group) and that of adults of working age decreased by 1.6 pp.

The risk of poverty decreased both for the employed population, from 11.2% to 10.3%, and for the unemployed population, from 46.5% to 43.4%.

Social transfers, in 2022, related to illness and disability, family, unemployment and social inclusion contributed to reducing the risk of poverty by 5.1 pp (from 21.5% to 16.4%), a contribution greater than of the previous year (4.6 pp).

The inequality indicators (both Gini and S80/S20) have also shown a decreasing trend, particularly when we look at a longer period (the last eight years).

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<sup>10</sup>Survey year



Attached (Annex I – Poverty Indicators) are the data available on the Eurostat portal regarding the requested variables. Regarding forecasts for the next five years, please note that this information is not available for the next five years.

**9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.**

In this context, it is worth highlighting that on December 16, 2021, the Government approved the National Strategy to Combat Poverty 2021-2030<sup>11</sup>, as a central element in eradicating poverty, framed in the strategic challenge of reducing inequalities. The approach of this ENCP is based on a broad view of poverty, assuming poverty as a complex and multidimensional phenomenon, which constitutes a violation of human and citizenship rights and which requires integrated action from different sectoral areas in the field of public intervention. This Strategy integrates a global, multidimensional and transversal approach to the articulation of public policies and actors, with six Strategic Axes of intervention:

1. reduce poverty among children and young people and their families;
2. promote the full integration of young adults into society and the systemic reduction of their risk of poverty;
3. enhance employment and qualification as factors for eliminating poverty;
4. strengthen public policies for social inclusion, promote and improve societal integration and social protection of the most disadvantaged people and groups;
5. ensure territorial cohesion and local development and
6. make the fight against poverty a national goal.

The ENCP was defined in conjunction with the European Pillar of Social Rights<sup>12</sup> and the respective Action Plan and the Sustainable Development Goals of the 2030 Agenda.

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<sup>11</sup> [Resolution of the Council of Ministers no. 184/2021 – Official Gazette no. 251/2021, Series I of 2021-12-29](#)

<sup>12</sup> The European Pillar of Social Rights Action Plan presents major targets at EU level to be achieved by 2030, such as reducing the number of people at risk of poverty or social exclusion by at least 15 million people, of which five million of children, at least 78% of the population aged 20 to 64 must be employed and at least 60% of all adults must participate annually in training actions. It should be noted that Portugal has committed to reducing the number of people in situations of poverty and social exclusion by at least 765 thousand by 2030.

It also results from dialogue with other public policy instruments aimed at individuals and population groups in vulnerable situations, such as the National Strategy for the Inclusion of People with Disabilities (ENIPD 2021-2025), the National Strategy for the Integration of Homeless People (ENIPSSA 2017-2023), the National Strategy for the Integration of Roma Communities (ENICC 2013-2022), the National Strategy for Equality and Non-Discrimination (ENIND 2018-2030), the National Implementation Plan for the Global Pact on Migrations, the National Plan to Combat Racism and Discrimination (PNCRD 2021-2025), the National Strategy for Children's Rights 2021-2024, the National Plan for Youth 2018-2021, the National Strategy for Housing (ENH 2015- 2031) or the Interior Enhancement Program.

In this context, a set of indicators and goals were established that ENCP must respond to in 2030:

**a) Indicator 1: risk of monetary poverty for the total population**

Goal: reduce the monetary poverty rate for the population as a whole to 10%, which represents a reduction of 660 thousand people in poverty;

**b) Indicator 2: risk of monetary poverty in children [(under) 18 years old]**

Goal: reduce monetary poverty in the children's group by half, which represents a reduction of 170 thousand children in a situation of poverty;

**c) Indicator 3: specific material deprivation rate for children by age (children aged 1 to 15 years)**

Goal: bringing the child material deprivation indicator closer to the European average, in percentage points;

**d) Indicator 4: in-work poverty risk rate (18 years and over)**

Goal: reduce the monetary poverty rate of poor workers by half, which represents a reduction of 230 thousand workers in poverty;

**e) Indicator 5: risk of poverty rate, by region**

Goal: reduce the disparity in the poverty rate of different territories up to a maximum of 3 percentage points in relation to the national average rate.

The Strategy coordinator was appointed at the end of 2022 (Order no. 13022/2022, of November 10) and the action plan for the period I 2022-2025 was approved on October 17, 2023<sup>13</sup>. The Action Plan includes more than 270 measures, organized around the six strategic

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<sup>13</sup><https://diariodarepublica.pt/dr/detalhe/resolucao-conselho-Ministros/126-2023-222877162>

axes mentioned above, and which result from a participatory process, including from the various government areas and public entities<sup>14</sup>.

Additionally, the Long-Term Strategy to Combat Energy Poverty was recently approved<sup>15</sup>, whose planned measures are organized into four strategic axes: (1) Promote the energy and environmental sustainability of housing; (2) Promote universal access to essential energy services; (3) Promote integrated territorial action; and (4) Promote knowledge and informed action.

**10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organizations representing their interests in the process of designing of measures in response to the crisis.**

Within the scope of the National Strategy to Combat Poverty (ENCP), three Living Lab sessions were held (May 16, June 19 and July 13) with a view to co-creating a Roadmap that ensures active participation of the population in poverty situation in the monitoring and evaluation of the aforementioned Strategy.

The Living Lab concept is understood as a space for discussion, collaboration and experimentation around a concrete challenge. Within the scope of the ENCP, several social organizations working in the field of combating poverty were invited, with the aim of thinking about the best mechanisms to ensure active participation of the population living in poverty in the monitoring and evaluation of the ENCP.

The first session (on May 16) served to present the Living Lab as a participatory evaluation methodology and included the participation of France Stratégie, the entity responsible for evaluating the National Strategy for Prevention and Fight Against Poverty, in France.

The second meeting, on June 19, aimed to seek a shared understanding of ENCP's six axes and strategic objectives in order to identify key transversal themes to be taken into account in

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<sup>14</sup><http://www.gep.mtsss.gov.pt/-/estrategia-nacional-de-combate-a-pobreza-governo-present-mais-de-270-medidas>

<sup>15</sup><https://www.portugal.gov.pt/pt/gc23/comunicacao/comunicado?i=estrategia-de-longo-prazo-de-combate-a-pobreza-energetica-aprovada-em-conselho-de-Ministros>

participatory monitoring and evaluation, based on measures that are being implemented. be or will be worked on in the field by the participating entities.

In the last session, on July 13, participants were challenged to “design” pilot projects based on the key themes identified in the second meeting, with indications of a methodological nature on participatory monitoring and evaluation with the target population.

The results of this process are being systematized into a Roadmap, to guide the implementation of participatory monitoring and evaluation.