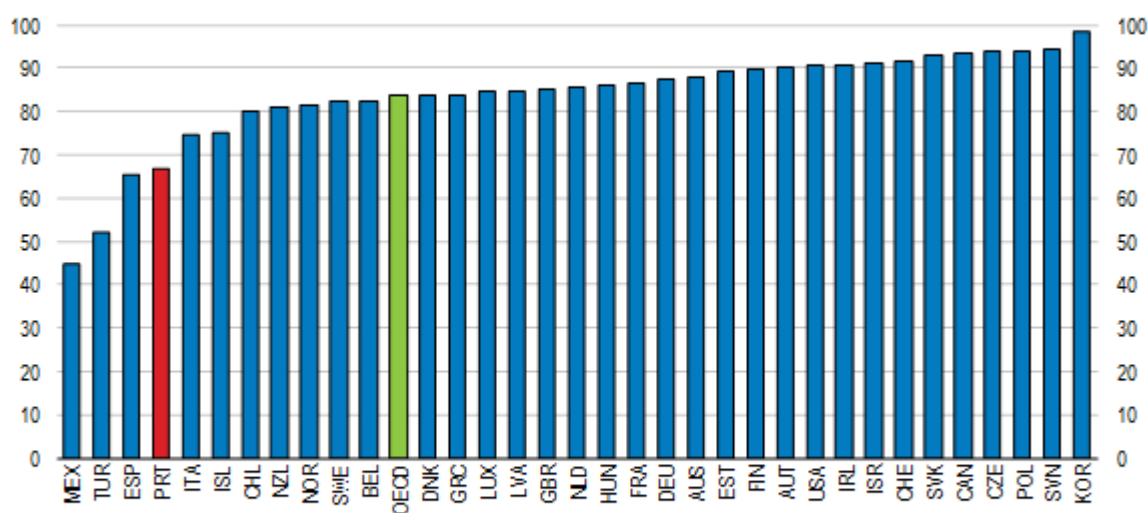


# Raising skills holds the key to higher living standards and well-being in Portugal

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For each hour worked Portugal produces about half of the output produced in the United States. A historic legacy of very low education attainment is partly to blame for Portugal's lower productivity. However, education attainment remains low even for those who have left the education system not so long ago. At 65%, the share of young adults (aged 25-34 years old) who have completed upper secondary education is still the third lowest in the OECD (Figure 1).

Figure 1. 25-34 year-olds having completed at least upper secondary education  
2015, Per cent



1. The OECD aggregate is an unweighted average; Latvia is included and Japan excluded (no data available).

Source: OECD (2016), "Educational attainment and labour-force status", *OECD Education Statistics* (database).

Low levels of skills are not only an obstacle to higher material living standards, but also affect the well-being of Portugal's citizens and stand in the way of reducing income inequality, one of Europe's highest, as education is often a

pre-requisite for higher job quality and learning opportunities.

What are the priorities to enhance skills in Portugal?

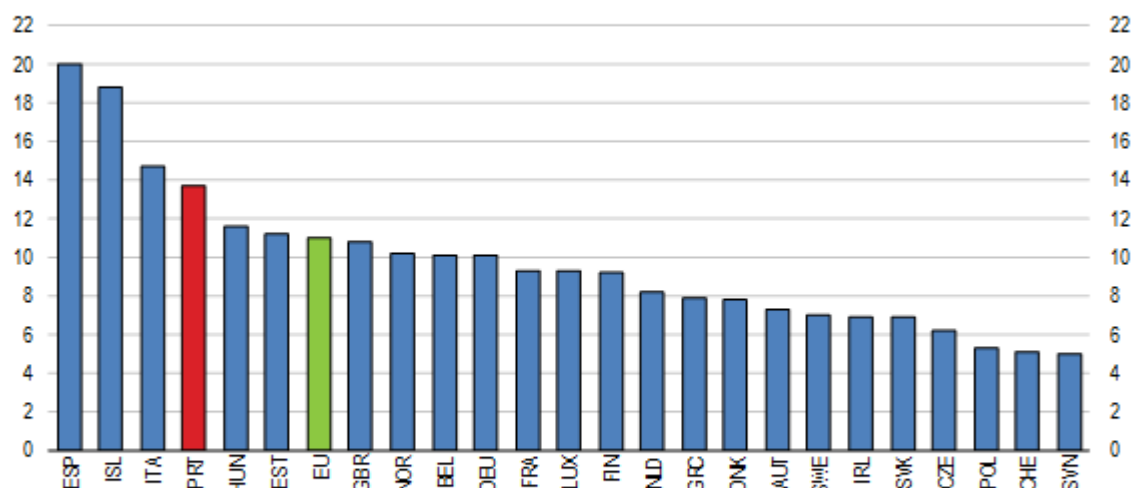
As discussed in the 2017 OECD Survey of Portugal, the top priority is to raise the skills of the adult population that has left the education system but will stay in the labour market for long. The challenge for Portugal is to find strategies to engage the low skilled, which are much less likely to receive training than the highly qualified young adults. Although this is not a problem unique to Portugal, other countries have managed to attract more low-skilled workers into training by raising awareness of existing training opportunities and by offering opportunities of recognition of skills acquired beyond formal education. Another area for further improvement is to define clear labour market performance indicators against which to check the success of training programs. Monitoring performance and policy evaluation is underdeveloped in Portugal and improvement in these areas would allow focusing resources on those programmes that really make a difference for labour market outcomes of low skilled adults.

Second, the education system needs to do more to reduce Portugal's early school leaving rate, one of the highest in Europe (Figure 2), and a major reason behind the low qualifications of young adults. One of the drivers of early school leaving is grade repetition, an ingrained practice in the Portuguese education system to resolve student learning difficulties. By age 15, around one third of Portuguese students have repeated a year at least once. International experience shows that grade repetition is an ineffective way of supporting underperforming students. In Portugal, grade repetition is a stronger predictor of additional repetitions along the education system. It also exacerbates inequalities, as half of the students coming from disadvantaged backgrounds are likely to repeat a grade, in stark contrast with the OECD

average of 20%. Finding alternatives to grade repetition and strengthening learning opportunities of students from disadvantaged backgrounds is a priority to improve the overall level of skills. The economic survey of Portugal recommends re-focusing resources on primary and pre-primary education, detecting and providing early individualised support of students at risk, strengthening teacher training and exposure to best working practices, creating incentives to attract the most experienced teachers and principals to disadvantaged schools and taking account of students' profiles and specific needs when allocating resources across schools.

**Figure 2. Student early school leaving rate is high**

Percentage of the population aged 18 to 24 having attained at most lower secondary education and not being involved in further education or training<sup>1</sup>



1. The early school leaving rate for Spain covers "school drop outs".

Source: Eurostat (2016), "Youth education and training", Eurostat Database and European Commission (2014), "Overview of Europe 2020 Targets", [http://ec.europa.eu/europe2020/targets/national-targets/index\\_en.htm](http://ec.europa.eu/europe2020/targets/national-targets/index_en.htm).

Third, the vocational education and training (VET) system needs a comprehensive evaluation. The VET system has developed quite fast in the past decade, putting an end to Portugal's strong bias towards academically-orientated programmes. However, two systems co-exist in parallel, and the courses run by the Ministry of Labour have a stronger dual nature than the VET courses organised by the Ministry of Education. The government should unify the different VET systems by establishing a single dual VET system with strong work-based learning in companies. VET is also provided by several private

training entities, risking overlaps and inefficiencies in the use of resources. The capacity to monitor training quality and labour market outcomes of VET students also needs to be strengthened. The authorities should regularly compile performance indicators and use them to streamline the VET offer and improve training quality.

## **References**

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