



Public Policies in Portugal - Economy

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Gabriel Osório de Barros - gabriel.barros@gee.gov.pt

Directorate for Economic Analysis - Strategy and Studies Office
Portuguese Ministry of Economy

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3. Innovation, R&D and Entrepreneurship

- Innovation Capability
- Business Dynamism



Business Environment

Business Environment

- Portuguese Business Environment performs in line with the EU-28 average.

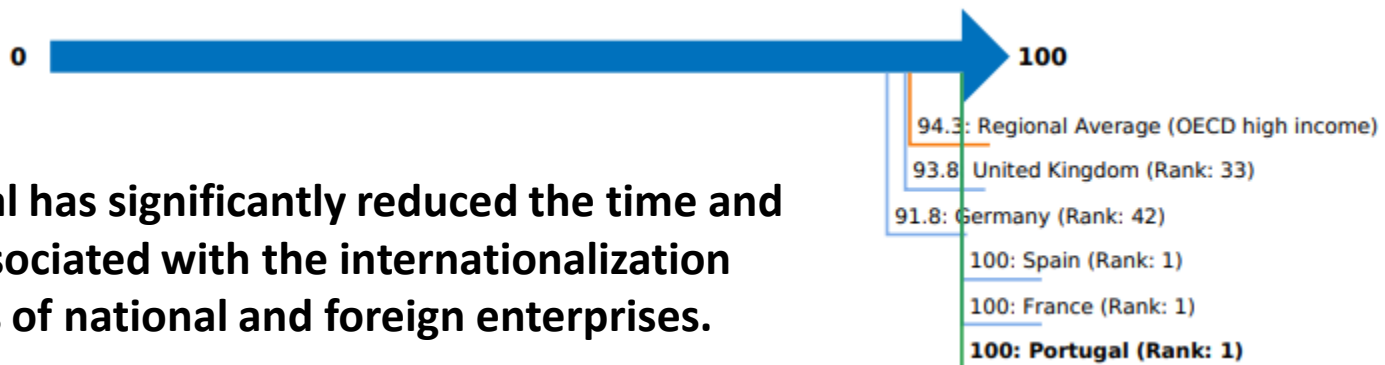
- **Doing Business 2020 – World Bank (39th /120)**

Portugal performs above EU-28 average in the following dimensions: **Trading Across Borders** (1st position) and **Resolving Insolvency** (15th position). By other hand, Portugal performs below the EU-28 average in the following areas: **Getting Credit** (119th position) and **Starting a Business** (63rd position).

- Portugal introduced a significant number of policy measures in terms of regulation of the business activity to tackle the less performed areas of the economy.
- The recent increase in the performance in **Trading Across Borders** and **Resolving Insolvency** dimensions are a result of a set of measures implemented in the recent years.
- Portugal is making significant efforts to improve and facilitate the **Access to Finance for SMEs**, an area where structural difficulties tend to persist.
- Another area in which Portugal persists in presenting less positive performances is related with excess **Bureaucracy**, which translates into high context costs for companies and citizens.

Business Environment

Doing Business – Trading Across Borders



- Portugal has significantly reduced the time and cost associated with the internationalization process of national and foreign enterprises.

Business Environment

Measures – Trading Across Borders

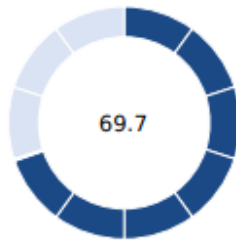
Programa Internacionalizar *“Internationalization Programme”*

Goals:

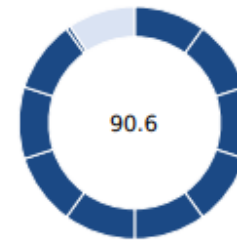
1. Increase exports of goods and services (aiming at 50% of GDP exports in the first half of the next decade);
2. Promote the diversification of export markets and increase foreign direct investment levels;
3. Foster the national value added of exports;
4. Promote greater and better articulation between the various agents involved in the internationalization processes of the Portuguese enterprises.

Business Environment

Doing Business – Resolving Insolvency

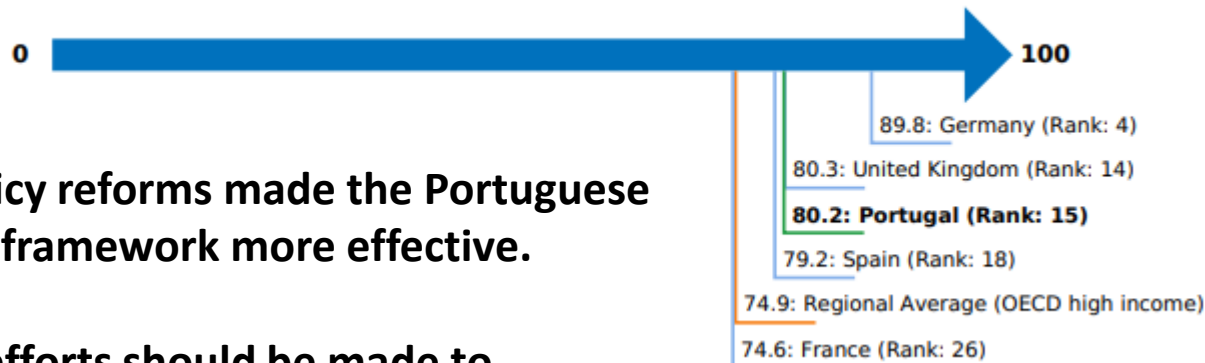


Recovery rate



Strength of insolvency framework index

DB 2020 Resolving Insolvency Score



- Recent policy reforms made the Portuguese insolvency framework more effective.
- However, efforts should be made to increase the recovery rate for companies in insolvency situations.

Business Environment

Measures – Resolving Insolvency

Criação do Regime Extrajudicial de Recuperação de Empresas (RERE) *“Creation of the Extrajudicial Regime for Business Recovery “*

Goals:

1. Promote out-of-court negotiations between the debtor and all (or at least some) creditors;
2. Approval of several restructuring agreements;
3. Restructure the liabilities of companies that are in a difficult economic situation or in impending insolvency;
4. Creation of an alternative mechanism to corporate insolvency.

Business Environment

Measures – Resolving Insolvency

Criação do Regime de Mediador de Recuperação das Empresas (MRE)

“Creation of the Corporate Recovery Mediator Scheme”

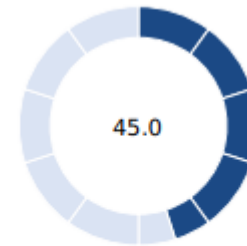
Goals:

- Provide technical assistance to companies in RERE proceedings, notably in the context of negotiations with their creditors, aiming at reaching an out-of-court restructuring agreement to enable their recovery.

Business Environment

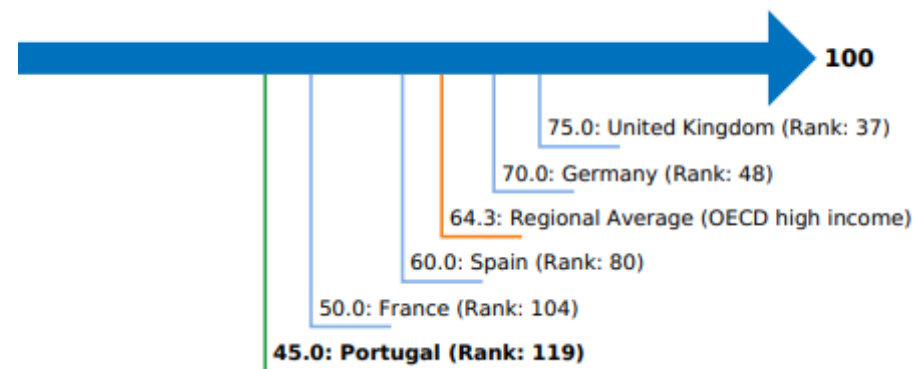
Doing Business – Getting Credit

- SMEs access to financing remains one of the worst performing areas of the Portuguese economy.
- The Portuguese government has recently launched an extensive package of financing measures and credit lines aimed at facilitating access to finance for SMEs.
- Efforts are focused on increasing companies' financial health through the diversification of funding sources.



Score - Getting Credit

DB 2020 Getting Credit Score



Business Environment

Measures – Getting Credit

Programa Capitalizar *“Capitalization Programme”*

Goals:

1. Tax incentive to reinforce equity of decapitalized companies;
2. Extension of retained and reinvested profits deduction scheme;
3. Implementation of VAT reverse charge;
4. Providing investment support for SMEs.

Business Environment

Measures – Getting Credit

Linhas de Financiamento a Business Angels e Capital de Risco

“Business Angels and Venture Capital credit lines”

Goals:

1. Intended for projects and companies with high growth and profitability prospects, through financing via Business Angels Vehicle Entities;
2. Diversify funding sources for SMEs and startups;
3. Improve market risk perception for technology companies.

Business Environment

Measures – Getting Credit

Criação do Mecanismo de Early Warning *“Creation of the Early Warning Mechanism”*

Goals:

1. Alert companies in case of insufficient equity or imminent insolvency;
2. Inform firms of new funding alternatives and credit lines within the structural funds framework;
3. Identifies and benchmarks, using firm level data, a set of key performance trends in the sector.

Business Environment

Doing Business – Bureaucracy

Despite recent progress, Portuguese companies continue to be exposed to a relatively unfavorable business environment regarding the number of processes, time and cost associated with compliance processes in the most diverse areas of activity.



Business Environment

Measures – Bureaucracy

Programa Simplex “Simplex Programme”

Goals:

1. Government modernization strategy across the central government and local government services;
2. Includes a number of simplification measures that have a positive impact on the lives of citizens and businesses, such as a *citizen single card*, *business on time*, *simplified business information* or *zero licensing*.
3. Decrease the number of procedures, cost and time required for companies to comply with legal procedures in day-to-day business operations.

Business Environment

Measures – Bureaucracy

Programa Custa Quanto?

“How much does it costs? Programme”

Goals:

1. Eliminate, reduce and mitigate administrative burdens created by legislation that are not justified, allowing the consideration of alternative measures that may achieve the same outcome in a less costly manner;
2. Increase the efficiency and economic rationality of legislative acts;
3. Improve legislative practices and promote administrative modernization.

Business Environment

Measures – Bureaucracy

Espaço Empresa

“Business Spot”

Goals:

1. Offers an integrated service, aimed at entrepreneurs who want to perform services and obtain information inherent to the exercise of an economic activity and the life cycle of their company.

Business Environment

Measures – Bureaucracy

Chave Móvel Digital

“Digital Mobile Key”

Goals:

1. The Digital Mobile Key serves as a mean of authentication that allows the association of a mobile phone number with the tax identification number (NIF) for a Portuguese citizen;
2. It is a measure of simplification that has a positive impact on the lives of citizens and businesses;
3. It also allows Portuguese citizens to electronically and securely sign PDF documents.




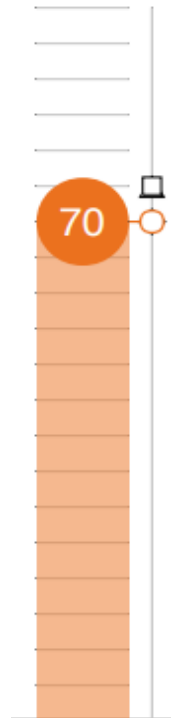
Human Capital and Labor Market

Human Capital and Labor Market

Global Competitiveness Report – Skills

- Portugal ranks poorly particularly in terms of the skills of the current workforce.
- Number of schooling years, extent of staff training, quality of vocational training and digital skills are amongst the chieftain problems.

 6th pillar: Skills 0–100	-	70.0 ↑	43
Current workforce 0–100	-	59.3 ↑	62
6.01 Mean years of schooling years	9.2	61.3 ↑	75
Skills of current workforce 0–100	-	57.4 ↓	42
6.02 Extent of staff training 1–7 (best)	4.1	50.9 ↓	62
6.03 Quality of vocational training 1–7 (best)	4.3	55.3 ↓	53
6.04 Skillset of graduates 1–7 (best)	4.8	62.5 ↓	27
6.05 Digital skills among active population 1–7 (best)	4.5	58.7 ↓	51
6.06 Ease of finding skilled employees 1–7 (best)	4.6	59.5 ↓	44
Future workforce 0–100	-	80.7 ↓	27
6.07 School life expectancy years	16.3	90.5 =	28
Skills of future workforce 0–100	-	70.8 ↓	33
6.08 Critical thinking in teaching 1–7 (best)	3.9	48.6 ↓	41
6.09 Pupil-to-teacher ratio in primary education ratio	12.8	93.1 ↑	31



43rd

Skills

Human Capital and Labor Market

Measures –Skills

Programa Nacional de Promoção do Sucesso Escolar

“National Programme for the Promotion of School Success”

Goals:

1. Reinforcing the role of the school, school success, and the valorization of learning.
2. Progress in the qualification of the population.
3. Reduction of inequalities.

Human Capital and Labor Market

Measures – Skills

Programa Qualifica *“Qualifica Programme”*

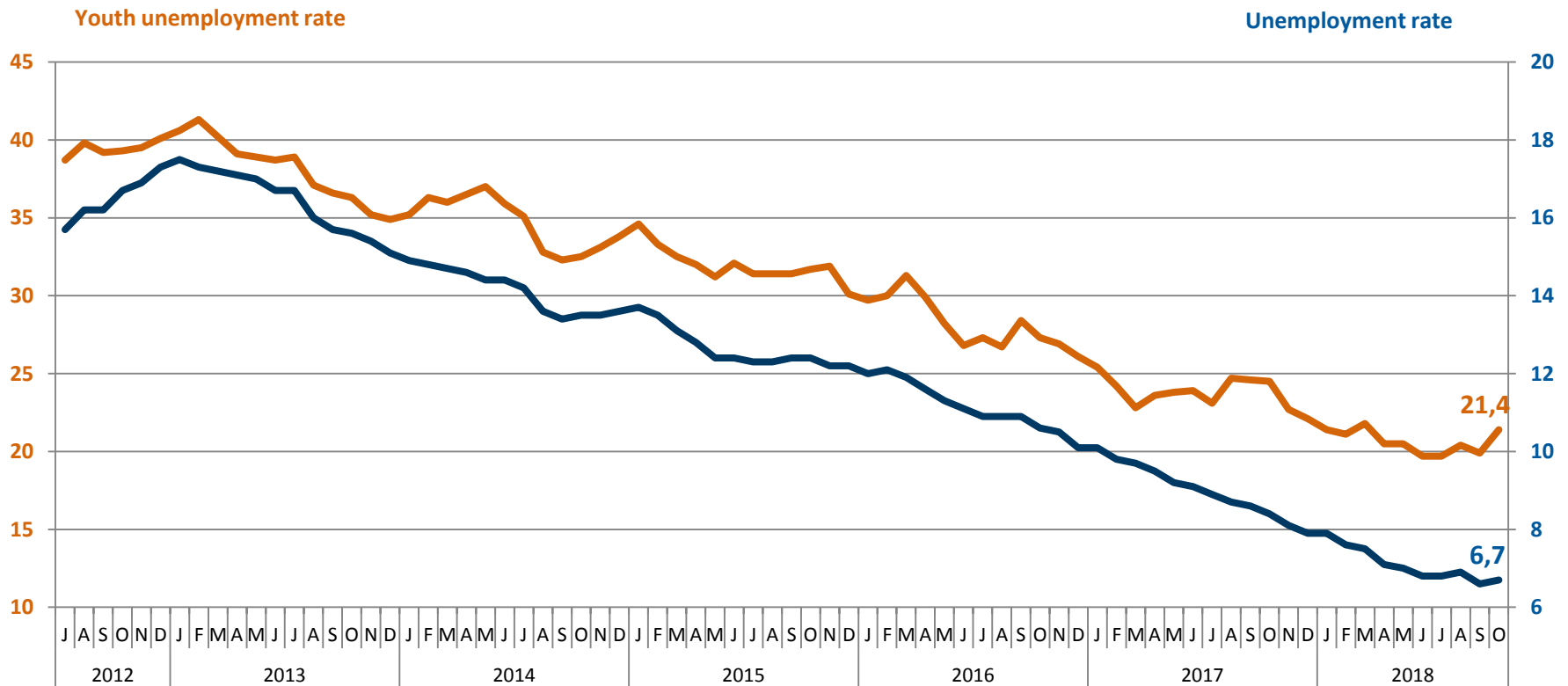
Goals:

1. Ensure 50% of the working population completes upper secondary education;
2. Achieve an adult participation rate in lifelong learning of 15%, extended to 25% by 2025;
3. Contribute to having 40% of higher education graduates, aged 30-34.

Human Capital and Labor Market

Labor Market

- Youth unemployment rate in Portugal is still a major concern (youth unemployment is 3,5 times the unemployment rate of the population).



Source: INE

Human Capital and Labor Market

Measures – Labor Market

Medida Contrato-Emprego

“Contract-Employment Measure”

Goals:

1. Prevent and curb unemployment (in particular youth unemployment and long and very long-term unemployment);
2. Foster and support net job creation;
3. Encourage the professional insertion of people with greater difficulty of integration in the labor market;
4. Promote the quality of employment by encouraging more stable employment relationships;
5. Encourage the creation of jobs located in economically disadvantaged territories in order to reduce regional asymmetries.



Innovation, R&D and Entrepreneurship

Business Environment

- Portuguese Innovation Ecosystem performs in line with the European and North America average.

- **Global Competitiveness Report – World Economic Forum (34th /120)**

Portugal performs above European and North America average in the following dimensions: **Business Dynamism** (28st position) and **ICT Adoption** (34th position). Moreover, Portugal performs below the European and North America average in the following areas: **Innovation Capability** (31rd position) and **Skills** (43th position).

- The Portuguese Innovation Ecosystem is changing at a high pace. A considerable number of measures have been introduced in order to address key structural problems related to skills, ICT adoption and Innovation Capability.
- The recent increase in the **Business Dynamism** and **ICT Adoption** performance are a result of a set of measures implemented in the recent years.
- Furthermore, Portugal is making significant efforts to improve the **Digital Skills** of the population.

Human Capital and Labor Market

Measures – Labor Market

Iniciativa Nacional Competências Digitais, Portugal INCoDe.2030


“INCoDe.2030”

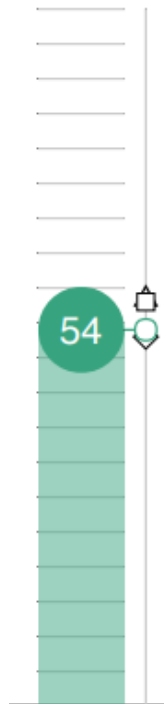
Goals:

1. Generalization of digital literacy (full exercise of citizenship and inclusion in a society with increasingly dematerialized interactions);
2. Stimulating employability and vocational training and specialization in digital technologies and applications (thus responding to growing demand) and promoting job skills in a higher value-added economy;
3. Increasing national participation in international research and development (R&D) networks and the production of new knowledge in all areas associated with the digital revolution.

Innovation, R&D and Entrepreneurship

Global Competitiveness Report – Innovation Capability

 12th pillar: Innovation capability 0–100	-	53.7 ↑	31
Interaction and diversity 0–100	-	49.2 ↑	35
12.01 Diversity of workforce 1–7 (best)	4.8	62.7 ↓	45
12.02 State of cluster development 1–7 (best)	4.3	54.6 ↑	37
12.03 International co-inventions per million pop.	1.55	28.7 ↑	38
12.04 Multi-stakeholder collaboration 1–7 (best)	4.0	50.6 ↑	42
Research and development 0–100	-	49.7 ↑	34
12.05 Scientific publications score	417.3	89.4 ↑	31
12.06 Patent applications per million pop.	12.97	48.5 ↑	33
12.07 R&D expenditures % GDP	1.3	42.2 ↓	28
12.08 Research institutions prominence 0–100 (best)	0.07	18.8 ↓	27
Commercialization 0–100	-	70.7 ↑	27
12.09 Buyer sophistication 1–7 (best)	3.9	47.6 ↑	47
12.10 Trademark applications per million pop.	6,121.03	93.8 ↑	19



- **Portugal made significant efforts to increase overall R&D expenditures and to promote the Prominence of Research institutions. However, International and Multi-Stakeholder collaboration still need to be addressed.**



31st

Innovation capability

Human Capital and Labor Market

Measures – Qualification and Skills of the Population

Interface Programme - Laboratórios Colaborativos

“Interface Program: Collaborative Laboratories (CoLABS)”

Goals:

1. The creation of the Collaborative Laboratories aims to accelerate technology transfer from universities to companies, enhance product certification, increase the competitiveness of the Portuguese economy and companies in the national and international markets;
2. The Foundation for Science and Technology (FCT) is jointly responsible with ANI - National Agency of Innovation for the process of constitution and operationalization of the creation of Collaborative Laboratories.

Human Capital and Labor Market

Measures – Qualification and Skills of the Population

Interface Programme – Centros de Interface Tecnológico

“Interface Program: Technology Interface Centers (CIT) “

Goals:

1. Promote the relationship of Interface Centers with higher education institutions;
2. Increase qualified human resources;
3. Promote internationalization;
4. Implement new areas of competence.

Human Capital and Labor Market

Measures – Qualification and Skills of the Population

Interface Programme – Centros Tecnológicos

“Suppliers’ Club”

Goals:

1. Promote the integration and participation of Portuguese companies (mainly SMEs and non-business entities of the I&I System) in international value chains, by increasing the access to markets, technologies and skills;
2. Empower SMEs to integrate global and innovative, internationally competitive supplier networks;
3. Substitute imports by increasing national product incorporation and increasing exports.

Human Capital and Labor Market

Measures – Qualification and Skills of the Population

Programa SIFIDE

“SIFIDE Programme”

Goals:

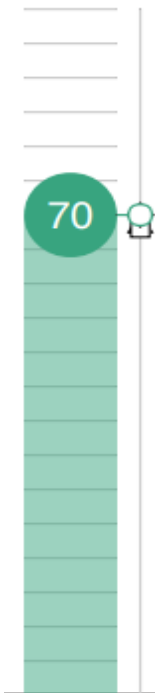
1. It aims to increase the competitiveness of companies by deducting business tax from their expenses, supporting their R&D effort;
2. This incentive makes it possible to recover up to 82.5% of the costs with research and development activities carried out in the previous year. Among the main eligible expenses are staff costs, operating costs and patent registration and maintenance, among others.

Innovation, R&D and Entrepreneurship

Global Competitiveness Report – Business Dynamism

 11th pillar: Business dynamism 0–100	-	69.7 ↑	28
Administrative requirements 0–100	-	88.3 ↓	15
11.01 Cost of starting a business % of GNI per capita	2.0	99.0 ↑	43
11.02 Time to start a business days	6.5	94.0 ↓	39
11.03 Insolvency recovery rate cents to the dollar	64.5	69.4 ↑	36
11.04 Insolvency regulatory framework 0–16 (best)	14.5	90.6 =	7
Entrepreneurial culture 0–100	-	51.2 ↑	62
11.05 Attitudes towards entrepreneurial risk 1–7 (best)	3.8	47.2 ↑	87
11.06 Willingness to delegate authority 1–7 (best)	4.2	53.5 ↓	80
11.07 Growth of innovative companies 1–7 (best)	4.4	56.4 ↑	43
11.08 Companies embracing disruptive ideas 1–7 (best)	3.8	47.5 ↑	51

- Portuguese entrepreneurial culture remains risk averse. The Government is doing successive efforts to change this pattern by rewarding young entrepreneurs and promoting young technological startups to enter the market.



28th

Business dynamism

Human Capital and Labor Market

Measures – Business Dynamism

Programa Semente

“Seed Programme”

Goals:

1. The Seed Programme aims to support individual investors who are interested in entering the capital share of innovative startups.
2. It creates a more favorable tax regime for investors and favors the creation and growth of entrepreneurship and innovation business projects.

Human Capital and Labor Market

Measures – Business Dynamism

Estratégia Startup Portugal

“Startup Portugal”

Goals:

1. Startup Portugal’s mission is to promote the creation and development of innovative companies, with fast and sustainable scalability, to showcase Portugal’s unique infrastructures, as well as the country’s open, prone to risk/venture culture.
2. The strategy has 3 main objectives: (i) to create and support the national ecosystem, (ii) to attract national and foreign investors and (iii) to accelerate the growth of Portuguese startups in foreign markets.

Human Capital and Labor Market

Measures – Business Dynamism

Estratégia Indústria 4.0

“Industry Strategy 4.0”

Goals:

1. This strategy aims to identify the needs of the Portuguese industrial fabric in the i4.0 context;
2. Accelerate the adoption of Industry 4.0 technologies and concepts in the Portuguese business fabric;
3. Promote Portuguese technology companies internationally;
4. Make Portugal an attractive hub for investment in the Industry 4.0 context.



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Thank you very much for your attention.

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