



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

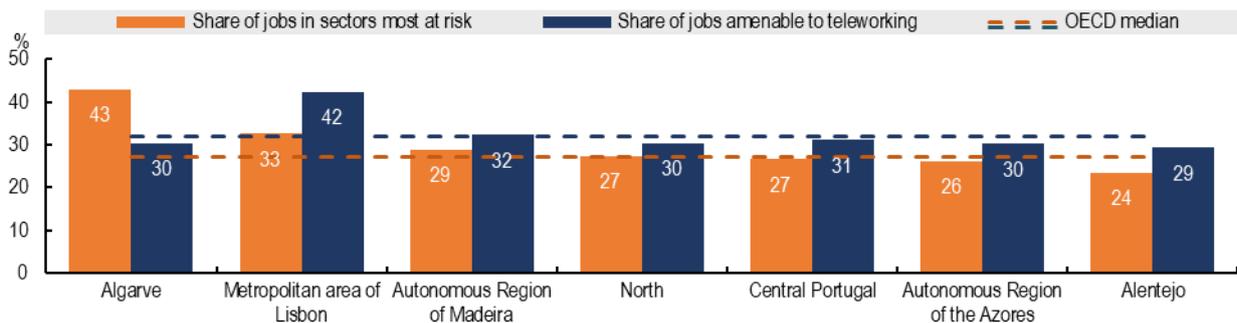
Portugal

Portugal has large regional variations in the share of jobs in the sectors most at-risk from COVID-19, which range from 24% in Alentejo to 43% in Algarve.

All Portuguese regions except for Algarve saw the number of people employed fall between 2008 and 2018. Central Portugal accounted for around half of employment loss over this period.

All regions saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by 15 percentage points or more in the North, the Autonomous Region of Madeira and Central Portugal.

The potential impacts of COVID-19 on local labour markets



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Portugal, disparities between regions are relatively large: the share of jobs in sectors most at risk ranges from 24% in Alentejo to 43% in Algarve.

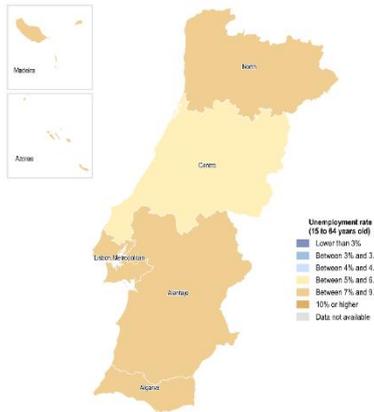
While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in all regions is lower close to or lower than the OECD median region in most regions, but widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies roughly 13 percentage points across regions, from 29% in Alentejo to 42% in the Metropolitan Area of Lisbon.

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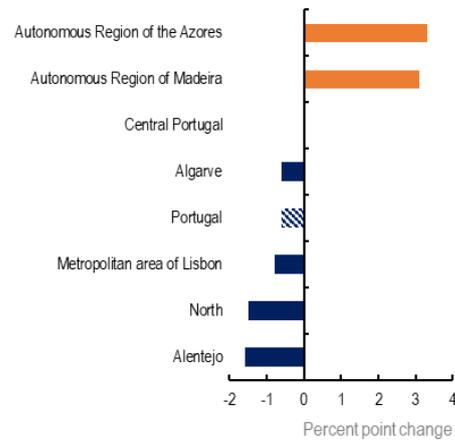
Updated 20 November 2020

Local labour market performance prior to COVID-19

Unemployment rate, 2019



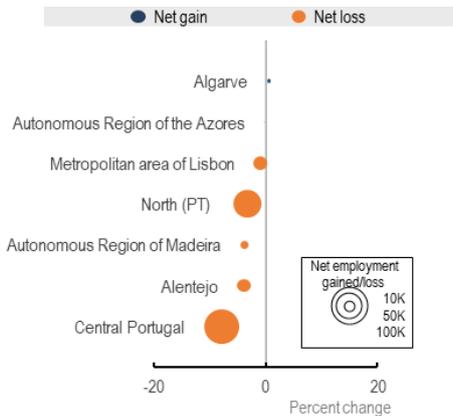
Change in unemployment rate, 2008-2018



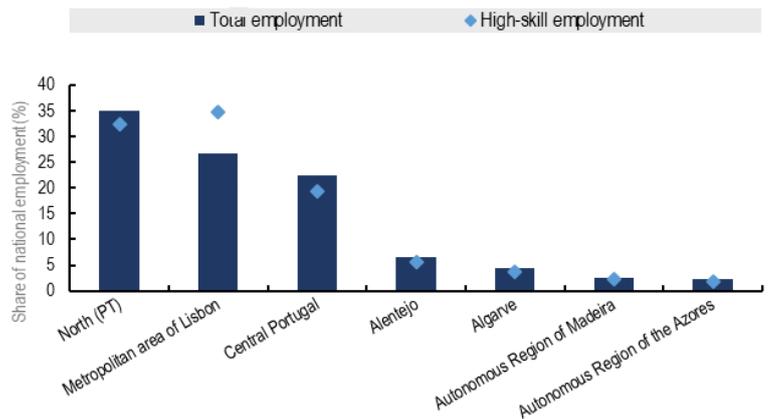
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64. Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Prior to the COVID-19 pandemic, unemployment rates in the Portugal were generally high, but varied almost three percentage points across regions. Rates varied from a low of 5.3% in Central Portugal to a high of 8.1% in the Autonomous Region of the Azores. Most regions had unemployment rates lower in 2018 than in 2008 – only the two Autonomous Regions showed an increase. Regional gaps shrank over this period, due to differing trends across regions. For example, the unemployment rate decreased by 1.6 percentage points in Alentejo, which had the highest unemployment rates in 2008, while it rose by 3.3 percentage points in the Autonomous Region of the Azores, which had the lowest rate.

Change in net employment, 2008-2018



Employment by region and skill level, 2018

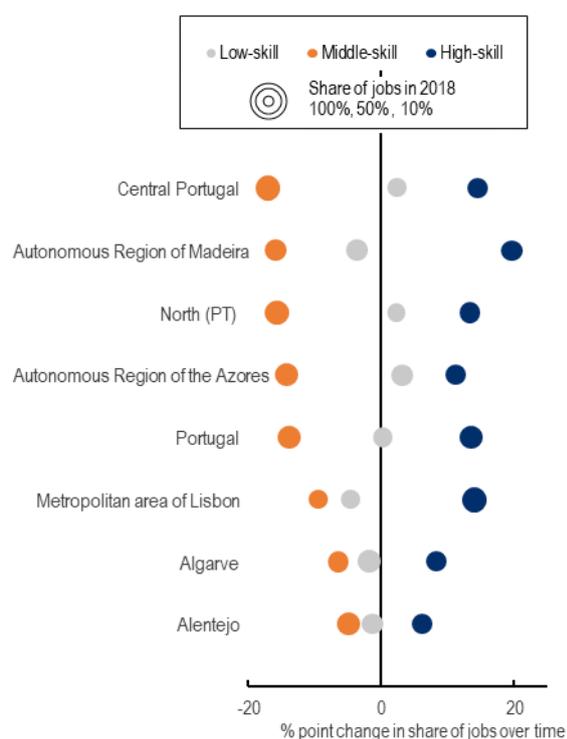


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on EU Labour Force Survey.

In all but one region, the number of people employed decreased between 2008 and 2018. Central Portugal was responsible for roughly half of net employment loss over this period. In 2018, North accounted for the greatest share of national employment (35%), while the Metropolitan Area of Lisbon region accounted for the highest share of high-skill employment (35%). Looking at a longer time period (2000-2018), the geographic concentration of jobs and high-skill jobs (as measured by the number of people employed) both decreased in Portugal.

Local labour market transitions

Job polarisation, 2000-2018



Following general OECD patterns, in Portugal, all regions saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by 15 percentage points or more in Northern and Central Portugal as well as in the Autonomous Region of Madeira. In Northern and Central Portugal, this represents a decrease of over 300 000 and 180 000 middle-skill jobs respectively. In all regions, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs.

Note: High-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based EU Labour Force Survey.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

X	Centralised, including branch offices of national ministry / agency	Employment policy is centralised in Portugal through the Institute of Employment and Vocational Training (IEFP), a public institute with a special regime that continues the duties of the Ministry of Labor, Solidarity and Social Security, under the supervision of the respective minister. IEFP has a centralised organization at the national level, with a decentralised structure for delivery (five regional delegations, and 52 employment centres and employment and vocational training centres). Only the Autonomous Regions of Madeira and the Azores have their own competences in this matter.
	<i>Decentralised to subnational governments</i>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

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¹ Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.