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INCOME AND LIVING CONDITIONS – POVERTY, LABOUR AND EDUCATION

2023

## THE RISK OF POVERTY OF THE UNEMPLOYED POPULATION WAS FIVE TIMES THAT OF THE EMPLOYED POPULATION

The Survey on Income and Living Conditions (SILC) is currently made up of a set of data that are collected annually, and a system that combines modules that collect pre-defined complementary information on a regular basis and ad hoc modules on new information needs. The results presented in this press release include data from the annual component and the module on "Labour market and housing" carried out in 2023<sup>1</sup> (to be repeated every 3 years), allowing for the analysis of the risk of poverty and income inequality based on the relationship of individuals aged 18 and over – who constitute the reference population in this analysis – with the labour market and education levels.

According to the results of the Survey on Living Conditions and Income (SILC)<sup>2</sup>, conducted in 2023, 17.0% of people were at risk of poverty in 2022. The at-risk-of-poverty rate for the unemployed population amounted to 46.7% in 2022, which is significantly higher than that of the employed population, which was 10.0%. For the retired population, the at-risk-of-poverty rate stood at 15.4% and for the remaining inactive persons it was 31.2%. Compared to 2021, the at-risk-of-poverty rate only decreased for the employed population but increased for the unemployed and inactive population. It is also for the unemployed population that the relative median at-risk-of-poverty gap and the income inequality are highest. Among the employed population, the data reveal that poverty is lower for individuals employed in the public sector and for individuals who are very satisfied with their jobs.

The data now released reveal a positive relationship between education levels and poverty reduction: while 22.6% of the population that had completed at most the basic education level was poor, the risk of poverty was only 13.5% among the population that had completed secondary or post-secondary education and 5.8% among those that had completed tertiary education. Compared to the previous year, the increase in the at-risk-of-poverty rate of people who completed at most the basic education level stands out.

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### The risk of poverty of the unemployed population was five times that of the employed population

SILC results allow for the analysis of the risk of poverty based on the relationship of individuals aged 18 and over with the labour market. Considering that the poverty threshold was €7 095 in 2022, the at-risk-of-poverty rate

<sup>1</sup> The implementation of the ICOR module on "Labour market and housing" in 2023 was co-financed by the European Union.

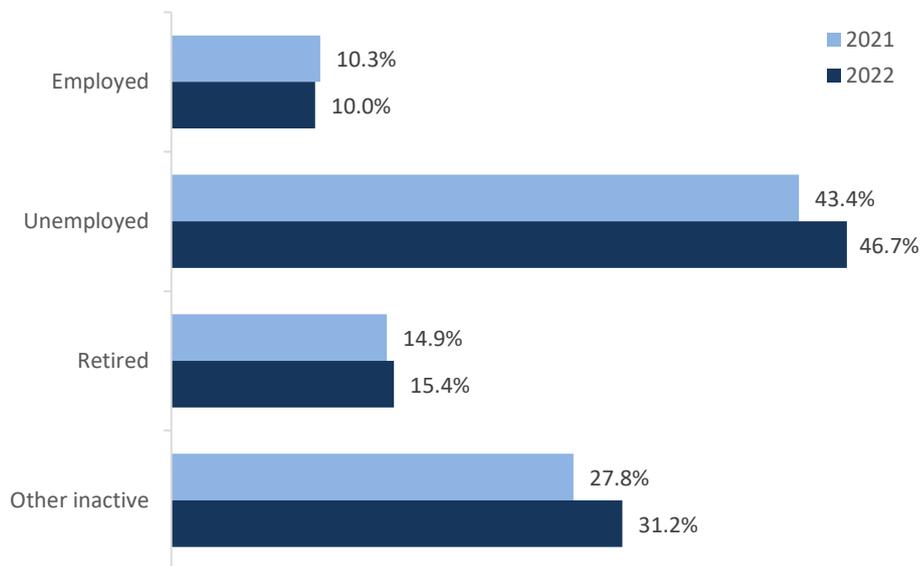
<sup>2</sup> This [information](#) was released on November 27, 2023, in the Spotlight with the first results of ICOR 2023.



for the unemployed population amounted to 46.7%, which compares to 10.0% for the employed population. The at-risk-of-poverty rate was 15.4% for the retired population and 31.2% for the remaining inactive persons.

The risk of poverty for the unemployed population increased as compared to 2021 (3.3 percentage points more, p.p.), returning to the order of 2020 values (46.5%). On the contrary, the at-risk-of-poverty rate for the employed population decreased as compared to 2021, confirming the downward trend observed in the previous year (minus 0.9 p.p. in 2021 and minus 0.3 p.p. in 2022). The relative poverty of the inactive population increased between 2021 and 2022: 0.5 p.p. more among retired persons and 3.4 p.p. more for other inactivity (Figure 1).

Figure 1. At-risk-of-poverty rate according to activity status, Portugal, 2021-2022

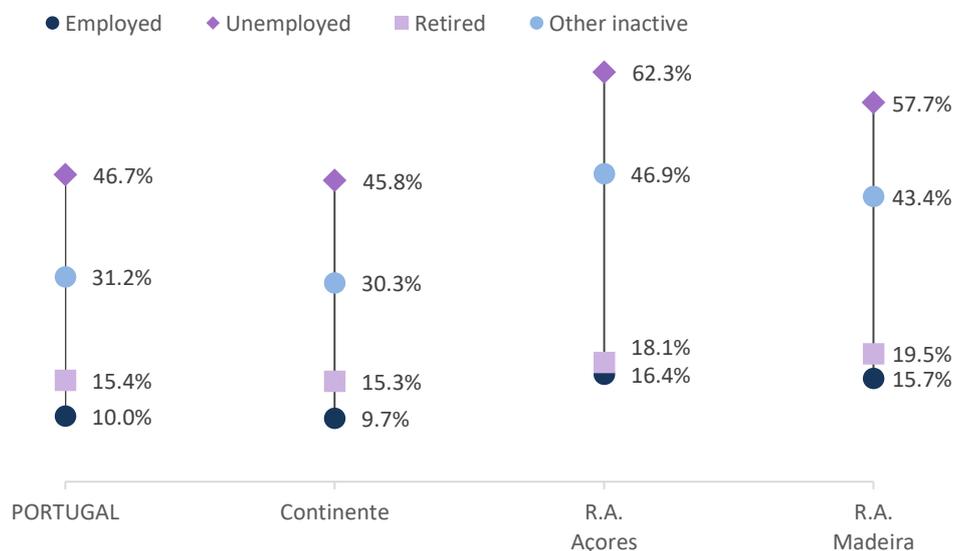


Source: INE, Survey on Income and Living Conditions 2022-2023.

The highest risk of poverty among the unemployed population as compared to the employed population was common to the three Portuguese NUTS 1 regions (Continente, Região Autónoma dos Açores and Região Autónoma da Madeira), with the distance being greater in the Autonomous Regions than in the Continente. Figure 2 highlights the Autonomous Regions for their higher risk of poverty among the employed population, but above all among the unemployed population, as in both regions more than half of the people in this condition were poor.

Both in the Continente and in the Autonomous Regions, the relative poverty of the retired population was closer to that of the employed population than to that corresponding to the unemployed population, suggesting the contribution of the social protection system to the levelling of incomes. On the contrary, the risk of poverty of people in a condition of inactivity other than retirement was closer to the risk of poverty of unemployed people.

Figure 2. At-risk-of-poverty rate according to activity status, Portugal and NUTS 1, 2022



Source: INE, Survey on Income and Living Conditions 2023.

The relative median at-risk-of-poverty gap makes it possible to assess the extent to which the median disposable money income of the poor (people living in households with annual net monetary income per equivalent adult below the poverty line) approaches or moves away from the poverty line and is an indicator of the insufficient resources of the population at risk of poverty.

Compared with the employed population, the poverty gap was lower among the retired population and higher for the unemployed population in the three NUTS 1 regions (Figure 3). The difference in the poverty gap according to the activity status is smaller in the two Autonomous Regions when compared to the mainland record, but with higher poverty gaps in the Região Autónoma dos Açores.

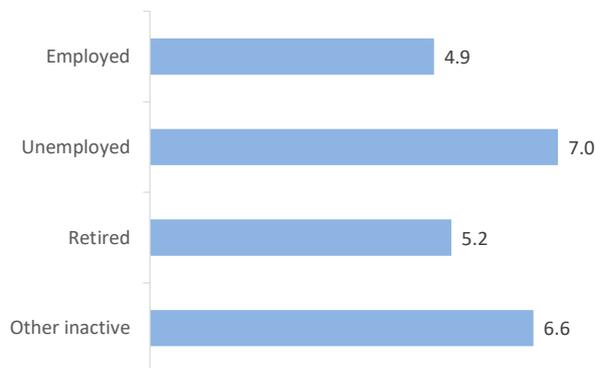
Using a complementary perspective, the S80/S20 indicator (defined as the ratio of the proportion of total income received by the top 20% of the population to the share of income earned by the bottom 20%, Figure 4) shows greater inequality in the distribution of income among the unemployed population. Figure 4 also shows similar inequality ratios between the employed and the retired, while the inequality between the remaining inactive tends to be closer to the income disparity of the unemployed population.

Figure 3. Relative median at-risk-of-poverty gap, according to activity status, Portugal and NUTS 1, 2022



Source: INE, Survey on Income and Living Conditions 2023.

Figure 4. Indicator S80/S20, according to activity status, Portugal, 2022

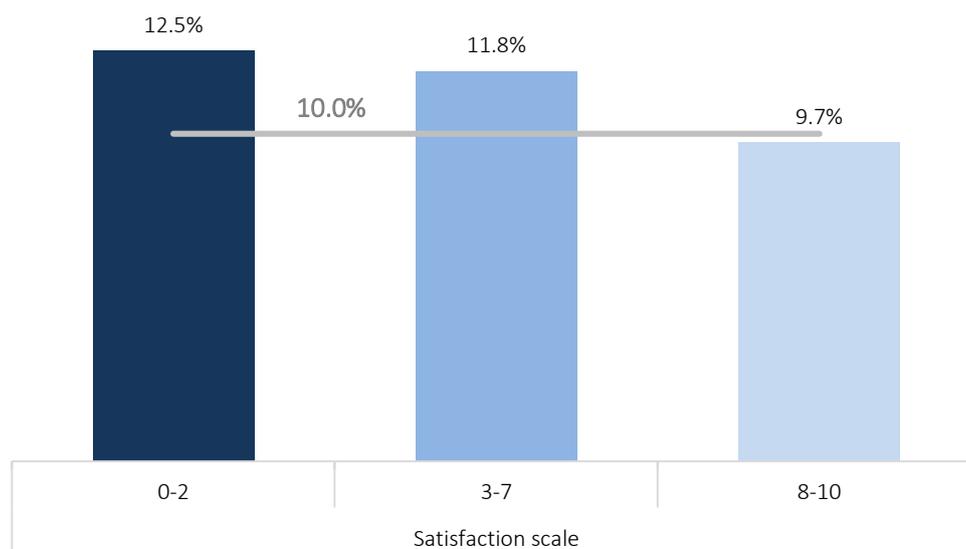


Source: INE, Survey on Income and Living Conditions 2023.

### Lower risk of poverty for people employed in the public sector and those who are very satisfied with their jobs

The results of the 2023 SILC allow for the analysis of a set of variables related to the opinion/feeling of the individual about his degree of satisfaction with life in general and with some other specific aspects, namely their job. It is this last variable that is relevant for the analysis developed here.

Figure 5. At-risk-of-poverty rate of the employed population according to job satisfaction, Portugal, 2022



Source: INE, Survey on Income and Living Conditions 2023.

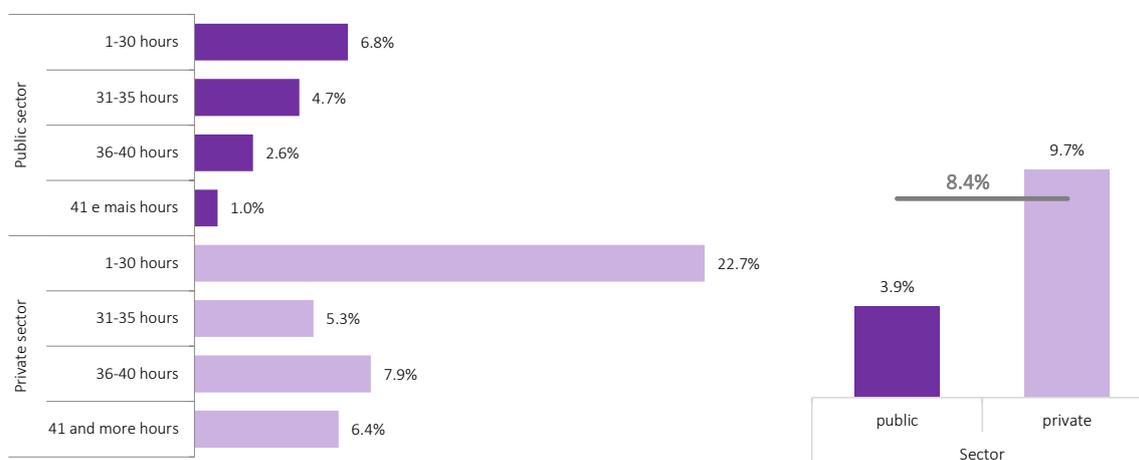
Figure 5 suggests that increased job satisfaction is associated with reduced at-risk-of-poverty: the poverty rate among individuals who were not at all or somewhat satisfied with their job (12.5%) was higher than the at-risk-of-poverty rate among individuals who were very or completely satisfied (9.7%).

Among employees, poverty affected less individuals employed in the public sector: 3.9% compared to 9.7% in the private sector (Figure 6).

The incidence of poverty as a function of the number of weekly hours worked reported by employees also differs between the public and the private sector. In the public sector, the at-risk-of-poverty rate decreases as the working week increases, with the class corresponding to the largest number of individuals – 31 to 35 hours per week – associated with a poverty risk of 4.7%.

In the private sector, the relationship is not so clear, highlighting the higher incidence of poverty among individuals who work less than 30 hours a week (mostly in part-time work situations). The weekly working time that corresponds to the largest number of employees – between 36 and 40 hours per week – is associated with an at-risk-of-poverty rate of 7.9%.

Figure 6. At-risk-of-poverty rate of employees according to sector of activity and number of hours worked per week, Portugal, 2022



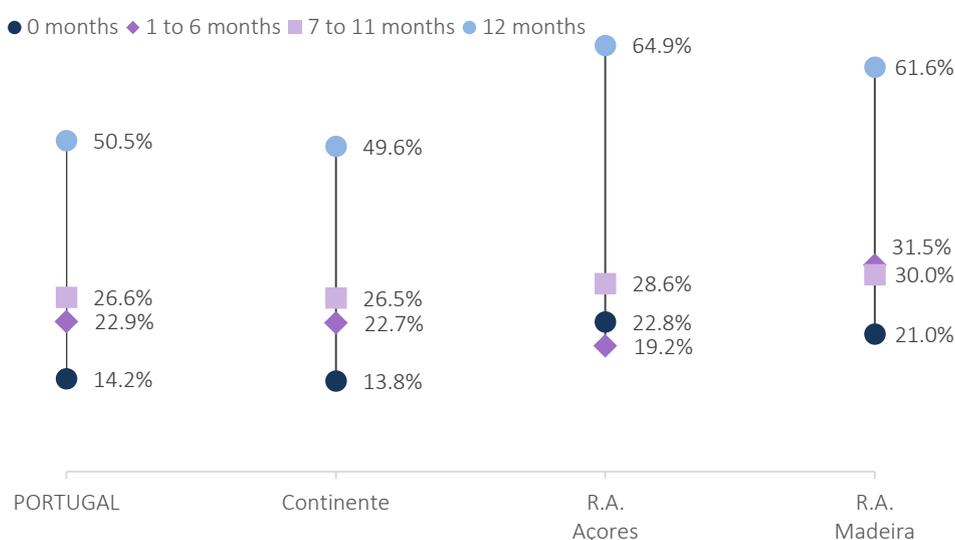
Source: INE, Survey on Income and Living Conditions 2023.

### Data suggest a positive relationship between the duration of unemployment and poverty

The results of the survey make it possible to calculate the at-risk-of-poverty rate as a function of the duration of unemployment (the identification of which is determined by the individual's own response) during the year of observation.

Figure 7 shows a positive relationship between the duration of unemployment and the at-risk-of-poverty rate, although there are regional specificities, in particular with the Autonomous Regions showing a not so clear relationship.

Figure 7. At-risk-of-poverty rate according to the duration of unemployment in the year (between 0 and 12 months), Portugal and NUTS 1, 2022



Source: INE, Survey on Income and Living Conditions 2023.

The at-risk-of-poverty or social exclusion rate was particularly high among the unemployed population – five times higher than for the employed population

In addition to income, there are other conditions that can increase the risk of social exclusion of a household, namely material and social deprivation and the degree of participation of its members in the labour market, which, combined with income, determine the rate of poverty or social exclusion<sup>3</sup>. The information presented in Table 1. reinforces the observation that unemployment significantly affects the living conditions of the population. In addition to the higher at-risk-of-poverty rate, there is a higher rate of severe material and social deprivation than that observed for other activity status. As expected, the very low per capita labour intensity was concentrated in the unemployed population.

To sum up, the at-risk-of-poverty or social exclusion rate was particularly high among the unemployed population, five times higher than for the unemployed population. Retired individuals were associated with a rate of at-risk-

<sup>3</sup> See the Concepts section at the end of the Press release for a definition of these indicators.



of-poverty or social exclusion closer to that corresponding to the employed population, while, in the light of this indicator, the living conditions of individuals in other inactivity situations were closer to those of the unemployed population.

Table 1. At-risk-of-poverty or social exclusion rate (Europe 2030) according to activity status, Portugal, 2023

	Employed	Unemployed	Retired	Other inactive
At-risk-of-poverty rate after social transfers	10.0%	46.7%	15.4%	31.2%
Severe material and social deprivation rate	2.1%	16.3%	6.2%	8.5%
Low work intensity per capita	0.3%	59.0%	0.0%	17.9%
<b>At-risk-of-poverty or social exclusion rate</b>	<b>11.3%</b>	<b>59.2%</b>	<b>18.6%</b>	<b>38.6%</b>

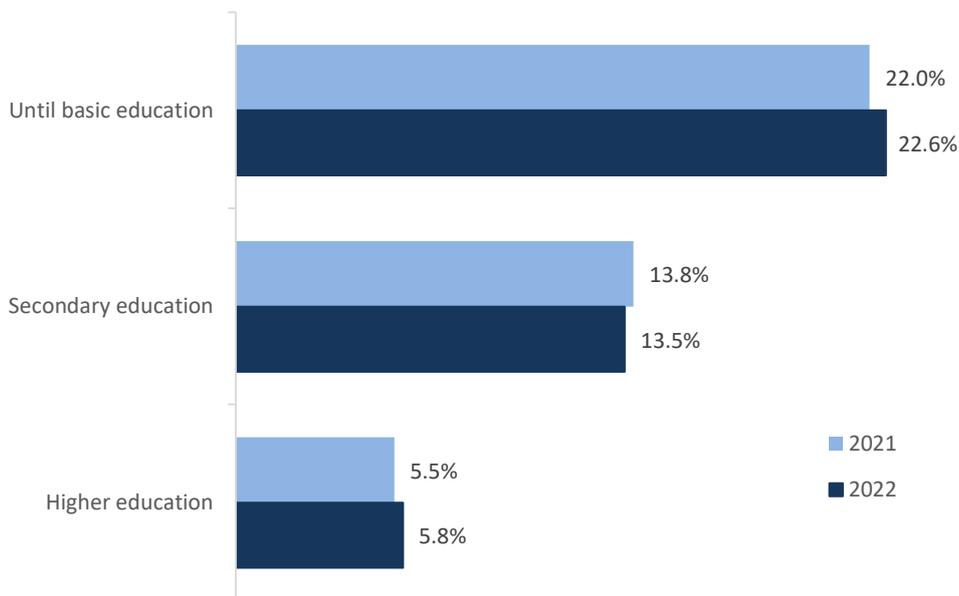
Source: INE, Survey on Income and Living Conditions 2023.

The risk of poverty in the population with less than upper secondary education is four times higher than in the population with higher education

The results of the survey make it possible to analyse the incidence of poverty for the population aged 18 and over by level of education.

The 2022 results show the important contribution of education to reducing the risk of poverty: while 22.6 % of the population that had only completed basic education at most was poor, the risk of poverty fell to 13.5 % for the population that had completed secondary or post-secondary education and to 5.8 % of the population that had completed higher education (Figure 8). Compared with the previous year, the increase in the at-risk-of-poverty rate of persons who completed at most basic education (0.6 p.p. more) stands out.

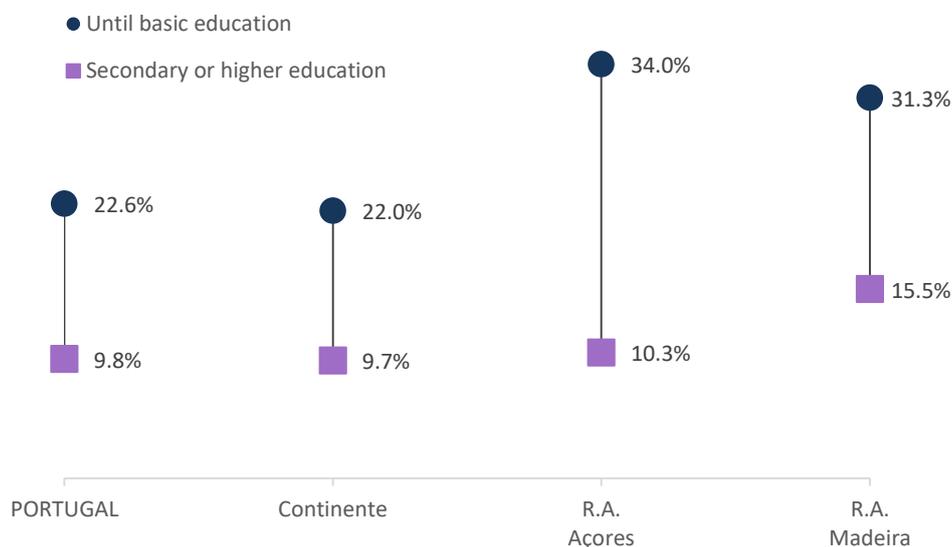
Figure 8. At-risk-of-poverty rate according to the level of education completed, Portugal, 2021-2022



Source: INE, Survey on Income and Living Conditions 2022-2023.

The inverse relationship between education and poverty extends to all NUTS 1 regions, and is more evident in the Autonomous Regions and, in particular in the Região Autónoma dos Açores (Figure 9). In this region, more than a third of individuals with education corresponding to at most basic education was, in 2022, at risk of poverty. It was also in the Região Autónoma dos Açores that the difference in the incidence of poverty between not having or having a level of education above basic education was greater: 34.0% and 10.3%, respectively.

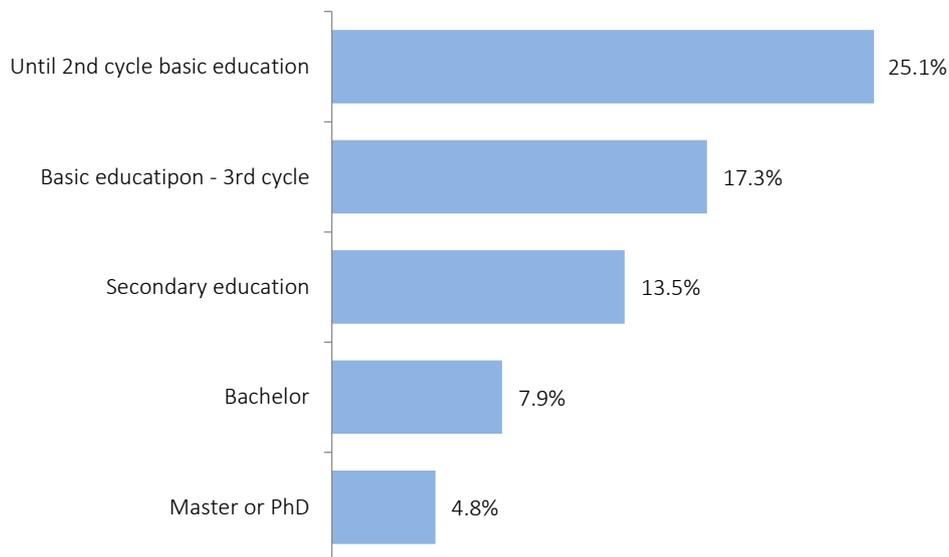
Figure 9. At-risk-of-poverty rate according to the level of education completed, Portugal and NUTS 1, 2022



Source: INE, Survey on Income and Living Conditions 2023.

Figure 10 details, for Portugal, the levels of education, showing that the risk of poverty of the population that completed a master or a PhD degree (4.8%) was, in 2022, five times that of the population that, at most, completed basic education (25.1%).

Figure 10. At-risk-of-poverty rate according to the level of education completed, Portugal, 2022

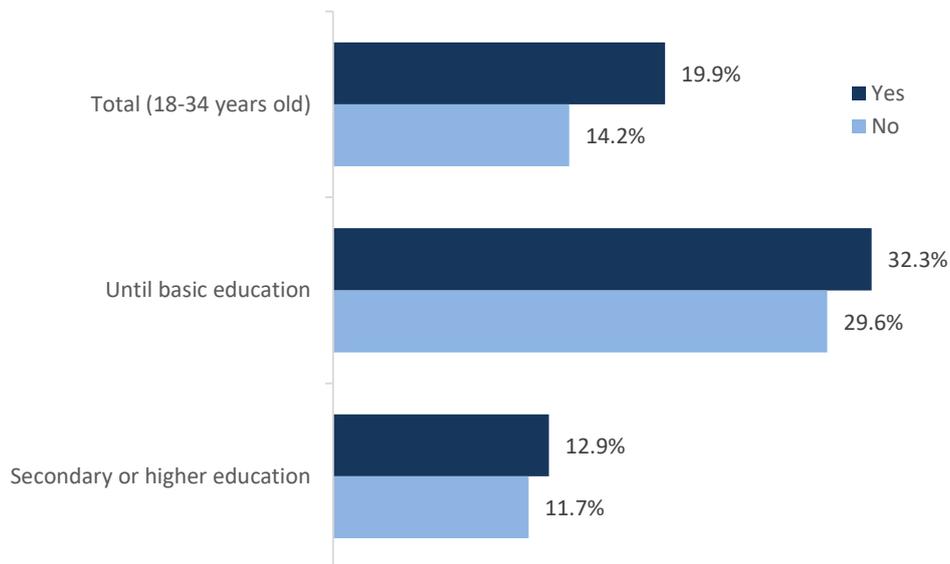


Source: INE, Survey on Income and Living Conditions 2023.

Considering the age group of 18 to 34 years, the survey provides information on the interruption or abandonment of a formal level of education, counting individuals who, on one or more occasions, did not complete the level of studies they were attending and individuals who never interrupted or abandoned their studies.

Figure 11 shows that interrupting formal education at least once in a lifetime is associated with higher at-risk-of-poverty rates, particularly for people with fewer qualifications, especially those who have completed at most basic education.

Figure 11. At-risk-of-poverty rate of the population aged 18 to 34 years, according to the level of education completed and interruption or abandoned (yes/no), at least once in life, of a level of education, Portugal, 2022



Source: INE, Survey on Income and Living Conditions 2023.

### Lower risk of poverty or social exclusion for higher levels of education

Table 2 complements the data on the at-risk-of-poverty rate by level of education with information on the rate of severe material and social deprivation and low per capita work intensity. The combination of the three indicators determines the rate of at-risk-of-poverty or social exclusion, which allows a more complete picture of the population's living conditions. The results reinforce the importance of education in improving the living conditions of individuals, with the unemployed population presenting higher values in the three indicators.

Table 2. At-risk-of-poverty or social exclusion rate (Europe 2030) according to the level of education completed, Portugal, 2023

	Until basic education	Secondary education	Higher education
At-risk-of-poverty rate after social transfers	22.6%	13.5%	5.8%
Severe material and social deprivation rate	8.0%	2.6%	0.5%
Low work intensity per capita	6.0%	4.0%	1.7%
<b>At-risk-of-poverty or social exclusion rate</b>	<b>27.0%</b>	<b>16.4%</b>	<b>7.1%</b>

Source: INE, Survey on Income and Living Conditions 2023.

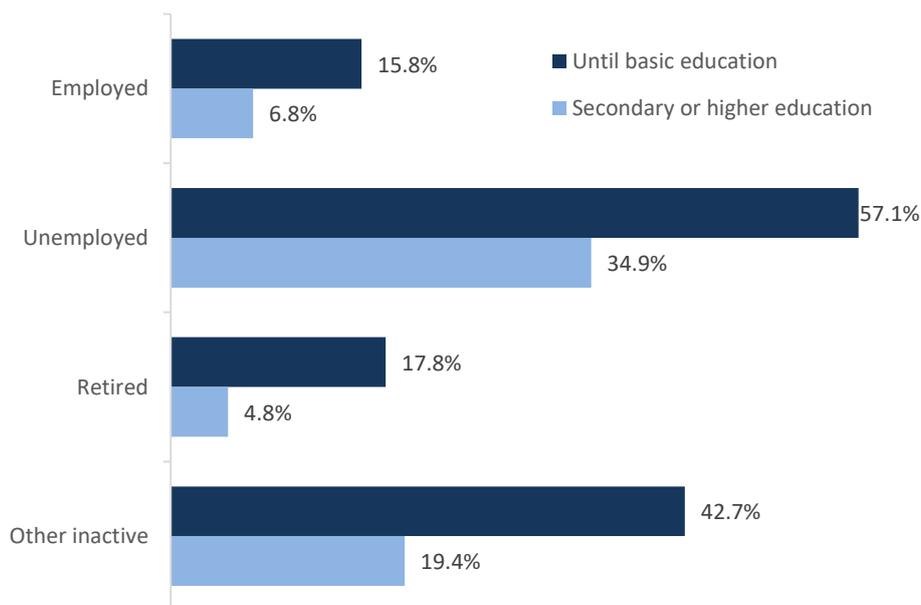


## Lower at-risk-of-poverty rate for higher levels of qualification, regardless of the activity status

The combination of the activity status and the education level supports the relevance of education for reducing the risk of poverty (Figure 12). Whatever the activity status, the at-risk-of-poverty rate is lower for higher skill levels. The data once again highlights that the risk of poverty in the retired population is closer to the at-risk-of-poverty rate of the employed population. In the case of the more educated population, the at-risk-of-poverty rate is lower for retired individuals than for employed individuals.

According to the results, it is in the status of unemployed and other inactivity that the greatest differences in the at-risk-of-poverty rate between levels of education were evident, with people with fewer qualifications having a particularly high probability of falling into poverty.

Figure 12. At-risk-of-poverty rate according to activity status and level of education completed, Portugal, 2022



Source: INE, Survey on Income and Living Conditions 2023.



## METHODOLOGICAL NOTE

The Survey on Income and Living Conditions (in Portuguese, abbreviated to ICOR) has been carried out in Portugal since 2004, until 2020 within the framework of specific European legislation (Regulation no. 1177/2003), establishing a harmonised European system of production of statistics on poverty, deprivation and social exclusion. As of 2021, the survey is being carried out in the context of new specific European regulations, in accordance with Regulation (EU) 2019/1700 of the European Parliament and of the Council, of 10 October 2019. In accordance with the new regulation, ICOR is currently made up of a set of data that is collected annually, and a system that combines modules collecting pre-defined complementary information on a regular basis and ad hoc modules on new information needs. The results presented in this press release include data from the annual component and from the module on "Labour market and housing" carried out in 2023 (to be repeated every 3 years). The implementation of the ICOR module on "Labour market and housing" in 2023 was co-financed by the European Union.

The survey aims to obtain results for all individuals residing in the national territory in the reference period, with a breakdown by NUTS 2 level as of 2018. For income, the reference period corresponds to the year prior to that in which the interviews are carried out.

In 2023, data was collected through Computer Assisted Personal Interviewing (CAPI) and Computer Assisted Telephone Interviewing (CATI) between April and July. The questionnaire includes questions about the household and also about the personal characteristics of each member, in particular about the income of all members aged 16 years or older. In 2022, the survey addressed 17,444 households, of which 14,209 with full response (with data collection on 33,639 people; 29,963 with 16 and over; 29,220 aged 18 and over). **For the purposes of this press release, the reference population consists of individuals aged 18 and over and their 2022 income.**

Data on material and social deprivation refer to the year in which the survey was conducted (2023).

The indicators related to poverty and economic inequality were constructed based on the net annual monetary income of households in the year prior to the interview (2022). Data on material and social deprivation and housing conditions refer to the survey data collection year (2023).

For more detailed information on the methodological options and concepts used, see [the Press Release of 27 November 2023](#) which includes the first results of ICOR 2023.



## CONCEPTS

**At-risk-of-poverty rate:** percentage of the population with an equivalent income lower than the at-risk-of-poverty threshold, which is defined as 60% of the median equivalent income.

**At-risk-of-poverty threshold:** income threshold under which a household is considered to be living in risk of poverty. It was conventionalised by the European Commission as 60% of the median national equivalent income.

**Complete educational level:** higher level of education that has been successfully completed, or for which equivalence has been obtained, and which confers a certificate or diploma.

**Equivalent income:** the result of the division of the household's disposable income by its size in terms of "equivalent adults". Note: "Equivalent adults" is a unit resulting from the application of the OECD modified scale.

**Household net monetary income:** total monetary net annual income of a household from all sources: wages and salaries, self-employment and capital income, public and private transfers and other income sources, net of income taxes and social security contributions.

**Low work intensity per capita (Europe 2030):** people from 0-64 years living in households where the adults (those aged 18-64, but excluding students aged 18-24 and people who are retired according to their self-defined current economic status or who receive any pension (except survivors pension), as well as people in the age bracket 60-64 who are inactive and living in a household where the main income is pensions) worked a working time equal or less than 20% of their total combined work-time potential during the previous year.

**Material and social deprivation rate:** percentage of population with an enforced lack of at least five out of the following thirteen items, due to economic difficulties:

- **Collected at household level**

- a) capacity to face unexpected financial expenses (without asking for financial help); b) capacity to afford paying for one week's annual holiday away from home, paying travel and accommodation costs for all household members; c) capacity to pay on time for mortgage or rent payments, utility bills, hire purchase instalments or other loan payments; d) capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day; e) capacity to pay for keeping its home adequately warm; f) capacity to afford a car; g) capacity to replace worn-out furniture.

- **Collected at individual level**

- h) Capacity to replace worn-out clothes by some new ones; i) Capacity to have two pairs of properly fitting shoes (including a pair of all-weather shoes); j) capacity to spend a small amount of money each week on him/herself; k) capacity to have regular leisure activities; capacity of getting together with friends/family for a drink/meal at least once a month; capacity to have internet connection.

In the case of items of material and social deprivation, and not child-specific indicators of deprivation, the household situation is replicated for all its members, regardless of age; in the case of deprivation items collected at the individual level, children under 16 years of age are considered to be deprived if at least half of the household members aged 16 or over reported being in deprivation.



**Modified OECD equivalence scale:** an equivalence scale that assigns a weight of 1.0 to the first household member aged 14 or over, 0.5 to each additional member aged 14 or more and 0.3 to each member aged less than 14 years old. The use of this scale accounts for differences in size and age composition among households.

**Population at-risk-of-poverty or social exclusion (Europa 2030):** population at-risk-of-poverty or living in households with a very low work intensity per capita (according to Europe 2030) or severely materially or socially deprived.

**Relative median at-risk-of-poverty gap:** corresponds to the difference between the poverty threshold and the median income of at-risk-of poverty population in percentage.

**S80/S20 Ratio:** inequality income distribution indicator defined as the ratio of the total income received by the 20% of the population with the highest incomes (top quintile) to that received by the 20% of the population with the lowest incomes (lowest quintile).

**Severe material and social deprivation rate:** proportion of the population in which there are at least seven of the thirteen difficulties described in Material and social deprivation rate.