



# **ESPN Thematic Report on Social Investment Portugal 2015**

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**EUROPEAN SOCIAL POLICY NETWORK (ESPN)**

**ESPN Thematic Report on  
Social Investment**

**Portugal**

**2015**

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## Summary

The design and implementation of social policies in Portugal in recent years have not really addressed the reconciliation between social and economic goals. The effects of the crisis, the focus on budgetary efficiency and new political options have compromised implementation of a social investment approach by jeopardising the consolidation of a rights-based approach to facilitating access to resources, goods and services.

Achievements in crucial areas of social investment-related policies (e.g. early childhood development, active labour market policies, access to healthcare, family support policies) are being put at risk by successive restrictions imposed by new policy developments. Yet positive examples have been maintained in the area of gender equality: namely as regards policies to promote fathers' involvement in caring responsibilities.

Simultaneously, it is possible to observe the persistence – and in some cases the deepening – of long-standing structural hindrances that directly affect the present and future ability to strengthen people's capabilities (e.g. the high levels of poverty and social exclusion among children, the high incidence of long-term unemployment, the weak buffering effect of social transfers, the high levels of poverty and inequality).

Cuts in the education sector have led to the reversal of positive trends in pre-schooling enrolment rates and in more difficult and unequal access to pre-school facilities. The tightening of eligibility criteria for the granting of family-related state benefits has directly impacted on families' economic resources at a time of increased economic difficulty.

Fiscal-driven policies have refocused strategies to improve access to childcare and long-term care by maximising facilities capacity, irrespective of any assessment of the impact of such a shift on the quality of the services provided. On the contrary, parenthood protection measures have been kept.

Policy measures to address social and labour market exclusion have had to deal with the harsh consequences of the economic crisis: the steep increase in unemployment, the increasing share of people living in households with very low work intensity, the strong rise of youth unemployment, and the persistence of high levels of in-work poverty.

The successive cuts and changes introduced in social protection benefits since 2011 have eroded their protection capacity (e.g. the reduction of 10% in the unemployment benefit for new beneficiaries since mid-2012, the freezing of the Social Support Index, the change in the equivalence scale of Social Insertion Income), even though there have been some positive developments (e.g. the extension of unemployment protection to self-employed).

The lack of an integrated comprehensive strategy for the promotion of active labour market policies has resulted in the adoption of a "labyrinth" of measures and policies and the persistence of "reactive" rather than "proactive" Public Employment Services.

Finally, the report highlights governance challenges in the fields of health and homelessness which are particularly relevant if we take into consideration the Social Investment Package's preventive social policy concerns.

## 1 Assessment of overall approach to social investment

The Social Investment Package (SIP) addresses the funding of social services as a social investment that seeks to reconcile social goals (addressing social risks and implementing human rights) and economic goals (promoting employability and cost-effectiveness). A social investment approach implies, *inter alia*, the ability to strengthen the capabilities of people both in the present and in the future.

In our opinion, these concerns have hardly been reflected in the design and implementation of social policies in Portugal in recent years. The successive changes which have been introduced – fuelled by the crisis and the need for budget consolidation – seem to have been grounded almost exclusively in the concern to reduce costs; this has paved the way for a gradual erosion of the basic conditions that should allow all citizens – particularly those in more disadvantaged situations – to participate fully in society.

However, it is important to distinguish between two different periods that are relevant from a social investment perspective. The first period (2008–2010) was characterised by the introduction of new measures that sought to tackle the emerging effects of the economic crisis, complemented by the continuity and, in some cases, the strengthening of existing social action supports, employment support measures and increased access to services. The policy developments that occurred between late 2010 and 2012 were, on the other hand, strongly shaped by the conditions agreed under the Memorandum of Understanding and by an almost exclusive concern to comply with the budget consolidation requirements. At the same time, the political shift that occurred in 2011 brought a different ideological approach to the role of the state in the design and implementation of social policies: namely, as regards the relationship between the State and social providers.<sup>1</sup>

While there has been a gradual trend towards the weakening of social protection “imposed by the need of budgetary efficiency”, financial resources are being channelled towards the implementation of programmes which have clearly been focusing on the provision of emergency measures, underpinned by an assistance-oriented philosophy (e.g. Social Emergency Programme – PES). It is scarcely understandable how such an approach complies with one of the three functions of social protection, as clearly highlighted in the SIP: “Typically, the protection function during adverse periods enables previous investments made in human capital to be preserved.”<sup>2</sup>

Moreover, the generalised lack of social impact assessment of the reforms introduced makes it difficult to monitor their outcomes and therefore their contribution to implementation of a social investment approach.<sup>3</sup>

In fact, some recent indicators are particularly worrying as regards the need for investment in human capital throughout life:<sup>4</sup> the high incidence of long-term unemployment, well above the EU-28 average,<sup>5</sup> eroding individuals’ and families’ resources and capabilities; the rise in poverty and social exclusion among children (the

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<sup>1</sup> Baptista, I. (2012), Assessment of the implementation of the European Commission Recommendation on Active Inclusion – Country Report: Portugal. CESIS/CEPS/INSTEAD.

<sup>2</sup> European Commission (2013), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014–2020, p.3, available at: <http://ec.europa.eu/social/BlobServlet?docId=9761&langId=en>

<sup>3</sup> Baptista, I. and Perista, P. (2014), ESPN European Semester Report: Portugal. CESIS/CEPS/INSTEAD/Applca/OSE.

<sup>4</sup> European Commission (2013), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014–2020, available at: <http://ec.europa.eu/social/BlobServlet?docId=9761&langId=en>

<sup>5</sup> Table C8 in Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), Social Investment in Europe: A study of national policies, Annex 3 – Selection of indicators. European Social Policy Network (ESPN). Brussels: European Commission.

indicator measuring the risk of poverty and social exclusion (AROPE) among children under 18 years of age rose from 28.7% in 2010 to 31.6% in 2013);<sup>6</sup> the sharp decrease in family benefits spending (from €210.46 per inhabitant in 2010 to €174.09 in 2013, which is almost two-thirds less than the average for the EU-15);<sup>7</sup> the disinvestment in existing activation support and respective financial restrictions,<sup>8</sup> resulting in a reduced number of people participating in activation support measures;<sup>8</sup> the severe cuts in the education sector,<sup>9</sup> which place Portugal in the position of the EU country which registered the highest disinvestment in education in the period between 2000 and 2011 (a decrease in total public expenditure from 12.5% to 10.7%).

As regards the implementation and performance of social compensation measures, it is important to highlight the following trends: the persistence of low levels of benefits provided by the pension system,<sup>10</sup> in spite of the positive evolution of poverty indicators among pensioners between 2008 and 2013;<sup>11</sup> the stronger contribution of social transfers other than pensions in the reduction of the poverty rate between 2012 and 2013; a sharp increase in self-reported unmet needs for medical examination or treatment (from 1.9% in 2008, to 2.6% in 2010 and to 5.7% in 2012);<sup>12</sup> increasing budgetary restrictions affecting the national health system and the growing privatisation of healthcare, which raises serious equity concerns;<sup>13</sup> the continued erosion of the capacity of the Portuguese minimum income scheme (Social Insertion Income – RSI) to fight poverty among the working-age population,<sup>14</sup> drastically affecting its effectiveness in reducing poverty intensity and severity.<sup>15</sup>

Overall, the crisis and the almost exclusive concern about complying with the budget consolidation requirements have progressively curtailed the development of a social investment approach in Portugal. Simultaneously, they are jeopardising the consolidation of a rights-based approach to facilitating access to resources, goods and services and to strengthening the capacities of people.

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<sup>6</sup> Bouget et al. (2015), Annex 3, Table A.6 and A.7. (Table A.7 shows the rise of more than 3 percentage points in severe material deprivation among children during the same period.)

<sup>7</sup> Bouget et al. (2015), Annex 3, Table A2.

<sup>8</sup> Bouget et al. (2015), Annex 3, Tables C3 and C4.

<sup>9</sup> Cuts in the education sector reached €2,300 million between 2010 – significantly higher than the €270 million specified in the Memorandum of Understanding, and further cuts are envisaged in 2015; Baptista et al. (2014).

<sup>10</sup> Over three in every four Social Security old-age pensioners receive an allowance which is lower than the national minimum wage; Baptista et al. (2014).

<sup>11</sup> Bouget et al. (2015), Annex 3, Figure A3a.

<sup>12</sup> Bouget et al. (2015), Annex 3, Table B3.

<sup>13</sup> Statistics Portugal data show that between 2010 and 2012, the number of complementary diagnostic tests and therapy in public hospitals decreased by 44 million (-27%), concomitantly with a significant increase in private units. Additionally, between 2002 and 2012, the number of beds in public hospitals decreased by about 3,000, compared to an increase of 1,400 in private units. Available at: [http://www.ine.pt/xportal/xmain?xpgid=ine\\_main&xpid=INE](http://www.ine.pt/xportal/xmain?xpgid=ine_main&xpid=INE)

<sup>14</sup> Initiated in 2010 and reinforced in recent years with the introduction of new eligibility conditions, and further access restrictions; Baptista (2012).

<sup>15</sup> E.g. Rodrigues, C.F. (2011), *Minimum Income in Portugal: changing the rules in times of crisis – Host country independent expert paper*, available at: <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1399&moreDocuments=yes&tableName=news> and OECD (2014), *OECD Economic Surveys: Portugal*, available at: [http://www.oecd-ilibrary.org/deliver/fulltext?itemId=/content/book/eco\\_surveys-prt-2014-en&mimeType=freepreview&redirecturl=http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2014\\_eco\\_surveys-prt-2014-en&isPreview=true](http://www.oecd-ilibrary.org/deliver/fulltext?itemId=/content/book/eco_surveys-prt-2014-en&mimeType=freepreview&redirecturl=http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2014_eco_surveys-prt-2014-en&isPreview=true)



## 2 Assessment of specific policy areas and measures/instruments

### 2.1 Support for early childhood development

Since the establishment in 2009 of the universality of pre-school education and its compulsory character within the Portuguese education system, enrolment rates have been consistently rising.

In 2002/2003, the pre-schooling (five-year-old age group) enrolment rate was 8.9%, but by 2012/2013 it had risen to 97.2%.<sup>16</sup> This positive evolution brought Portugal very close to achieving the EU goal within the Strategic Framework for European Cooperation in Education and Training, which defines a rate of 95% of pre-schooling for children aged 4–5. As a matter of fact, in 2013, for that age group (4–5) the rate in Portugal was 94.8%. However, and contrary to the positive trends registered over a decade, in 2013 the pre-school rate for that age group decreased for the first time, to 93.7%.<sup>17</sup>

Several recent developments may have contributed to this reversal:

- The closure of schools (408 between 2012 and 2013 on the Portuguese mainland), particularly in rural areas.<sup>18</sup> This has directly affected not only rates, but more importantly the daily life of children for whom access to school is becoming more difficult, as highlighted in recent research: “My nephew gets up at half past six in the morning to get the seven o’clock bus in order to go to school. In the afternoon, I’m the one who picks him up at 7 p.m. He has spent half of the day there and he says: I can’t stand this any longer!”<sup>19</sup>
- The rise in unemployment, which has led many families to decide to keep their children at home.
- The decrease in the government expenditure on education (€443 million in 2010, compared to €381 million in 2012),<sup>20</sup> directly linked to the closure of schools and the hiring of fewer teachers.

On the other hand, there are also regional disparities affecting the achievement of universal pre-schooling. The Lisbon Metropolitan area and the Algarve<sup>21</sup> register much lower pre-schooling rates. This disparity was addressed by the 2014 report from the Committee on the Rights of the Child, which recommends that Portugal enhance access to pre-school education by expanding the public services, including in the neediest municipalities and those farthest away from town and cities.<sup>22</sup>

#### 2.1.1 Family benefits (cash and in-kind)

After a slow decrease in the percentage of children aged under 18 and at risk of poverty from 2008 (22.8%) to 2012 (21.8%), the child poverty rate increased to 24.4% in 2013.<sup>23</sup> In the same year, the indicator measuring the risk of poverty and

<sup>16</sup> Conselho Nacional de Educação (2014), *Estado da Educação 2013*. Lisboa: Conselho Nacional de Educação, p. 117.

<sup>17</sup> Conselho Nacional de Educação (2014), p. 116.

<sup>18</sup> Conselho Nacional de Educação (2014), p. 46.

<sup>19</sup> Cardoso, A. (2014), Livro Branco sobre a solidariedade entre as gerações e envelhecimento ativo. Lisboa: CESIS, p.69.

<sup>20</sup> Conselho Nacional de Educação (2014), p. 261.

<sup>21</sup> Conselho Nacional de Educação (2014),

<sup>22</sup> UN Committee on the Rights of the Child (2014), Concluding observations on the combined third and fourth periodic report of Portugal, CRC/C/PRT/CO/3-4, 25 February 2014, available at: [http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FCO%2F3-4&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FCO%2F3-4&Lang=en)

<sup>23</sup> Table A.6 in Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), *Social Investment in Europe: A study of national policies*, Annex 3 – Selection of indicators. European Social Policy Network (ESPN). Brussels: European Commission.

social exclusion among children less than 18 years of age reached 31.6%.<sup>24</sup> The difference between this figure and the EU-28 average is +4 percentage points.

The high percentage of poor children in Portugal has raised serious concern among non-governmental organisations and has attracted the attention of the media. The European Anti-Poverty Network (EAPN) Portugal created a working group on child poverty issues in order to influence public policies;<sup>25</sup> the Portuguese Committee for UNICEF recently published research on childhood and the crisis in Portugal,<sup>26</sup> claiming, among other things, that there is a need to develop a national strategy for the eradication of child poverty, in line with the recommendations of the United Nations Committee on the Rights of the Child;<sup>27</sup> , in 2014, Portuguese Caritas launched a campaign “Toca a todos contra a pobreza infantil” (Every one of us against child poverty), which brought the phenomenon to public attention.<sup>28</sup>

Within the framework of the state’s commitment to the financial stability pact, more stringent requirements for awarding certain state benefits have been applied. These policy developments are having a direct impact on families’ economic resources,<sup>29</sup> and are affecting children’s well-being. The following restrictions are particularly relevant:

- Family allowance – a reduction in the number of income bands from five to three when awarding family allowance. As a consequence of this reduction, between 2010 and 2013 the number of children receiving family allowance decreased by 566,944.<sup>30</sup>
- Social Insertion Income (RSI) – as mentioned in previous reports over recent years, several changes have been introduced which have directly affected families with children (e.g. changes in the equivalence scale, assigning a lower weight for children, the reduction in the reference index for calculating the benefit). Overall, from 2005 to 2013, 64,836 children lost entitlement to the benefit.<sup>31</sup>
- Child Support Guarantee Fund<sup>32</sup> – after 2013, access to this fund became more restrictive, with a lowering of the threshold below which children are entitled to access the fund.<sup>33</sup>

From a social investment perspective, these are worrying developments. On the one hand, the sharp decrease in the number of children entitled to benefits hardly matches the EU recommendation as regards the horizontal principle which should guide Member States’ policies in this area – “recognise children as independent rights-holders”.<sup>34</sup> On the other hand, the increasing restriction of children’s eligibility is strengthening stigmatisation of the fewer and fewer children entitled to receive such benefits.

<sup>24</sup> Bouget et al. (2015), Annex 3, Table A.5.

<sup>25</sup> [http://www.eapn.pt/projectos\\_visualizar.php?ID=96](http://www.eapn.pt/projectos_visualizar.php?ID=96)

<sup>26</sup> Wall, K. (coord) (2014), *As crianças e a crise em Portugal – Vozes de crianças, políticas públicas e indicadores sociais*, 2013. Lisboa: UNICEF.

<sup>27</sup> UN Committee on the Rights of the Child (2014), Concluding observations on the combined third and fourth periodic report of Portugal, CRC/C/PRT/CO/3-4, 25 February 2014, available at: [http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FCO%2F3-4&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FCO%2F3-4&Lang=en)

<sup>28</sup> [http://www.caritas.pt/site/nacional/index.php?option=com\\_content&view=article&id=3900:toca-a-todos-contra-a-pobreza-infantil&catid=177:noticias](http://www.caritas.pt/site/nacional/index.php?option=com_content&view=article&id=3900:toca-a-todos-contra-a-pobreza-infantil&catid=177:noticias)

<sup>29</sup> It is known that child poverty is first of all the poverty of their families.

<sup>30</sup> Families with an annual per capita income equal to or higher than €8,803.62 ceased to receive family allowance.

<sup>31</sup> Cardoso, A. (2014), *Livro Branco sobre a solidariedade entre as gerações e envelhecimento ativo*. Lisboa: CESIS, p.39.

<sup>32</sup> State fund which guarantees the payment of the child allowance stipulated by the Court, when the parent is unable to comply.

<sup>33</sup> Law 66-B/2012 of 31 December 2012, available at: <https://m6.ama.pt/docs/LOE2013.pdf>

<sup>34</sup> European Commission Recommendation, “Investing in children: breaking the cycle of disadvantage”, available at: [http://ec.europa.eu/justice/fundamental-rights/files/c\\_2013\\_778\\_en.pdf](http://ec.europa.eu/justice/fundamental-rights/files/c_2013_778_en.pdf)

Moreover, in times of economic crisis, families with children are particularly vulnerable to unemployment: between 2008 and 2013, the percentage of children living in jobless households rose from 5.9% to 9.7%.<sup>35</sup> On the positive side, since 2012, unemployment benefit for couples with children, when both adults are unemployed, and for lone-parent families was raised by 10%.

In 2013, new legislation introduced an increase in the school allowance to allow underprivileged families with children attending school to buy textbooks. The Order also established that during 2013/2014 all pupils with permanent special education needs and with individual education programmes would have the right to be reimbursed for the total amount of the cost of their transport to the special schools or units they were attending.

All the restrictive measures are certainly linked to the lack of effectiveness of social transfers in reducing the number of children at risk of poverty between 2008 and 2013.<sup>36</sup> Those measures have had an impact on children's lives, as was pointed out by the Commissioner for Human Rights of the Council of Europe in his report after visiting Portugal in May 2012.<sup>37</sup>

The increase in the rate of child poverty already mentioned may be regarded as a contradiction of the aims laid down in the 2020 Strategy to reduce poverty.

### 2.1.2 Parenting services

Portugal does not have an extensive network of services supporting parents.

The only existing public network in this field is the Centres for Family Support and Parental Guidance (*Centros de Apoio Familiar e Aconselhamento Parental – CAFAP*).<sup>38</sup> The CAFAPs aim to support children and young people at risk, as well as their families. These Centres assess the situation of families who are at psychological and social risk; prevent high-risk situations; avoid disruptions that could lead to institutionalisation; ensure the development of the physical, cognitive, emotional and social needs of children and youngsters; enhance the personal skills of the families of children and youngsters; liaise between the family and the services involved, so as to facilitate communication, enhance contacts and help resolve any difficulties; and help towards the empowerment of families. The Centres for Family Support and Parental Guidance depend on the Institute for Social Security (*Instituto de Segurança Social – ISS*) but are managed by private social welfare institutions after mutual agreements have been drawn up. Overall, the support for these Centres has remained the same over time. The only change that has occurred was the approval of Decree-Law 33/2014 of 4 March 2014,<sup>39</sup> which establishes a penalty system linked to the operation of social support services, including CAFAPs, i.e. it establishes compulsory operating conditions which, if not complied with, entail sanctions.

Policies addressing children in Portugal are not actually integrated. Most of them are implemented by different authorities (mainly Ministry of Education and Ministry of Employment and Social Security) and there is a general lack of coordination among these entities, which is also reflected in the lack of integrated policies addressing children. On this subject, it is worth quoting the report drafted by the Portuguese Committee of UNICEF: "There is no structure at the national level which is responsible for the coordination and monitoring of children's affairs."<sup>40</sup> The same report also notes

<sup>35</sup> Bouget et al. (2015), Annex 3, Table A.8.

<sup>36</sup> Bouget et al. (2015), Annex 3, Figure A.4.

<sup>37</sup> Available at:

[wcd.coe.int/com.instranet.InstraServlet?command=com.instranet.CmdBlobGet&InstranetImage=2134231&SecMode=1&DocId=1919090&Usage=2](http://wcd.coe.int/com.instranet.InstraServlet?command=com.instranet.CmdBlobGet&InstranetImage=2134231&SecMode=1&DocId=1919090&Usage=2)

<sup>38</sup> The total number of these Centres is missing from all available Institute for Social Security documents on the provision of social services.

<sup>39</sup> Available at: <http://www.ali.pt/pdfs/100.pdf>

<sup>40</sup> Portuguese Committee for UNICEF (2013), Alternative report to the third and fourth periodic reports of Portugal under the Convention of the Rights of the Child. Lisboa: UNICEF, p.6.

that the fragmentation of responsibilities regarding children's policies and services is a major weakness in Portugal.

However, it is possible to say that there is complementarity between policies, since they cover different areas of childhood life, such as care, education and support for parents.

## 2.2 Supporting parents' labour market participation

### 2.2.1 Childcare

In Portugal, between 2006 and 2011, the Enlargement Programme for Social Facilities (PARES) enabled the construction of new childcare facilities. The number of places available in crèches for children aged 0–3 years increased significantly: in 2012, the percentage of children under three years of age in formal childcare was 34%, which is higher than the EU-27 average (28%)<sup>41</sup> and higher than the Barcelona commitment (33%).

The investment in crèches was regarded as a tool for children's development, but also as a way to facilitate reconciliation between family and work life.<sup>42</sup> Most crèches are managed by private, non-profit organisations supported by the state. Although the price of these facilities is calculated according to family income, recent studies have highlighted the existence of actual constraints: "the price schedules used represent a huge financial effort for some families, penalising the poorest one who have more economic difficulties and less financial availability".<sup>43</sup> Although families pay according to their level of income, for the poorest families the impact of disbursing a small (but still with a minimum limit) monthly payment from their very low household budgets is not comparable to the impact that a higher monthly payment has on a much higher family income. In 2011, PARES was suppressed following budgetary restraints. In 2012, the Social Emergency Programme (PES) was created to minimise the negative impacts of the financial crisis on those in the most vulnerable situations, giving rise to a new strategy.<sup>44</sup> Since then, the government has addressed the issue by maximising the capacity of existing facilities, hoping to create 20,000 new places. Thus, legislation was changed in order to allow a higher number of children in each room.

This new policy direction certainly explains (and was the origin of) the continuous decrease in spending on child day care from 2010 (€40.13 per inhabitant) to 2012 (€39.34).<sup>45</sup>

However, this strategy has raised concerns regarding the quality of the services offered by child facilities, since the available space and the number of education professionals now relate to a larger number of children. The 2014 report by the Committee on the Rights of the Child on Portugal notes that "the recession and the current financial and economic crisis are taking their toll on families and on public social investment, including on the prospects of implementing the Convention, especially with regard to article 4 of the Convention, increasing the risk of children being exposed to poverty and affecting the enjoyment of many of the rights contained in the Convention, including the rights to ... education".<sup>46</sup>

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<sup>41</sup> Bouget et al., Annex 3, Table A3.1.

<sup>42</sup> In the opposite sense, a change in the law introduced in 2013 extended the working time period of civil servants from 35 hours/week to 40 hours/week.

<sup>43</sup> Wall, K. (coord) (2014), *As crianças e a crise em Portugal – Vozes de crianças, políticas públicas e indicadores sociais*, 2013. Lisboa: UNICEF, p.33.

<sup>44</sup> Ministério da Solidariedade e Segurança Social, *Programa de Emergência Social*, available at: <http://www.mercadosocialarrendamento.msss.pt/docs/programa-de-emergencia-social.pdf>

<sup>45</sup> Bouget et al., Annex 3, Table A1.1.

<sup>46</sup> UN Committee on the Rights of the Child (2014), *Concluding observations on the combined third and fourth periodic report of Portugal*, CRC/C/PRT/CO/3-4, 25 February 2014, p. 6, available at: [http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FO%2F3-4&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FPRT%2FO%2F3-4&Lang=en)

## 2.2.2 Long-term care

One of the priorities of the PARES was the enlargement of the services network for elderly people, particularly through the construction of new homes for the elderly with modern facilities. As with crèches, the new government perspective privileged the maximisation of space by increasing the number of persons per room, which has resulted in a total of 10,000 new places.<sup>47</sup> Even if this strategy enhances accessibility to services, it is important to ensure that the quality of the services is maintained. Unfortunately, there are no impact assessments regarding these changes.

Home care service (*Serviço de Apoio Domiciliário – SAD*) registered the strongest increase (66%) between 2000 and 2013, which shows the increased importance given to the provision of care for the elderly in their own home.<sup>48</sup>

As regards the evolution of long-term care support services (Integrated Home Support – ADI; and Integrated Support Units – UAI),<sup>49</sup> it is possible to observe a reversal of the growing trend of services registered before 2010 and the subsequent decline. The latest available data for ADI user rates show a reduction from 83% to 79% between 2012 and 2013, while the UAI user rates fell from above 80% to less than 60%.<sup>50</sup>

The Network of Mental Health Integrated Long-Term Care, which was legally established in 2011, has still not been implemented in the field, in spite of the fact that it was designed in line with international recommendations.<sup>51</sup>

## 2.2.3 Maternal/parental leave schemes

In Portugal, part-time employment has always represented a small share of total employment. However, an analysis over time shows that its share has been increasing: in 1986 it represented 9.9% of female employment and 3.4% of male employment, whereas in 2013 the available data show that for women the percentage had risen to 16.3% and for men to 11.9%.<sup>52</sup> Involuntary forms of part-time jobs are also on the rise (from 40.3% in 2008 to 48.8% in 2013),<sup>53</sup> particularly among women, who constitute the majority within this precarious form of labour.<sup>54</sup>

In a labour market where full-time jobs predominate, measures protecting parenthood are even more important. In Portugal, there are two major types of parental leave: the Initial Parental Leave and the Fathers-only Parental Leave (daily allowance of 100% of the average daily wage in both cases).

Both the mother and the father can benefit from the Initial Parental Leave. The leave can last between 120 and 150 calendar days (in the latter case daily allowance is reduced to 80% of the average daily wage). The mother has to take a compulsory period of 45 days (six weeks) following the birth; the remaining period may be divided between parents by mutual agreement. An extra 30 days (“sharing bonus”) is available if both parents share the leave. Mothers also have the option to take up to 30 days of the Initial Parental Leave before birth.

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<sup>47</sup> Ministério da Solidariedade e Segurança Social, *Programa de Emergência Social*, available at: <http://www.mercadosocialarrendamento.msss.pt/docs/programa-de-emergencia-social.pdf>.

<sup>48</sup> Gabinete de Estratégia e Planeamento (2014), *Carta Social: Rede de Equipamentos e Serviços – Relatório 2013*. Ministério da Solidariedade, Emprego e Segurança Social, p. 30, available at: <http://www.cartasocial.pt/pdf/csosocial2013.pdf>

<sup>49</sup> These units were established in 2006, when the National Network of Integrated Long Term Care (RNCCI) was set up in cooperation between the Health Ministry and the then Ministry for Labour and Social Solidarity.

<sup>50</sup> Gabinete de Estratégia e Planeamento (2014).

<sup>51</sup> Observatório Português dos Sistemas de Saúde (2014), *Saúde Síndrome de Negação, Relatório de Primavera 2014*. Lisboa: OPSS, available at: <http://eapn.pt/observatorio-lisboa-v1/download.php?file=560>

<sup>52</sup> Casaca, S. (2012), *Mudanças Laborais e Relações de Género*. Coimbra: Almedina.

<sup>53</sup> Bouget et al., Annex 3, Table B4.

<sup>54</sup> Casaca (2012).

As the name suggests, the Fathers-only Parental Leave applies only to the father and lasts 20 working days, 10 of which are compulsory and must be taken during the first month after birth. An extra optional 10 days may be taken by the father during the mother's Initial Parental Leave.

Between 2011 and 2013, there were 6,032 fewer instances of Initial Parental Leave and 4,732 fewer instances of Fathers-only Parental Leave, which may reflect the steadily falling birth rate.<sup>55</sup> In fact, in spite of the economic crisis and the growing unemployment figures, parenthood protection for both men and women seems to be ensured: between 2010 and 2013 the percentage of Initial Parental Leave granted rose from 79.4% of total births to 83.9%.<sup>56</sup>

It is also important to note that the take-up ratio of the Fathers-only Parental Leave has stabilised over the past three years, both as regards the compulsory 10-day period and the 10-day optional period (68% and 58.5%, respectively, in 2013).

## 2.3 Policy measures to address social and labour market exclusion

### 2.3.1 Unemployment benefits

The deterioration in labour market conditions registered since 2008 in Portugal has translated into a worsening of various indicators: a steep increase in unemployment (from 7.6% in 2008 to 16.2% in 2013),<sup>57</sup> although the figures for 2014 do show a fall in the unemployment rate in certain quarters (e.g. 13.1% in the third quarter of 2014); an increasing share of people living in households with very low work intensity – this reached its peak in 2013, when, for the first time, Portugal's figure was higher than the EU-27 average (12.2% versus 10.6%), thus reversing the previous trend;<sup>58</sup> persistently high levels of in-work poverty, which can be explained by the significant number of low-paid workers;<sup>59</sup> a high incidence of long-term unemployment and its sharp rise since 2008, deepening the gap between Portugal and the EU (9.3% versus 5.1% in 2013);<sup>60</sup> and a strong rise in the youth unemployment rate since 2008, in spite of the decrease registered in 2014 (from 8.6% in the 2008 Q2 to 16.8% in the 2013 Q2 and to 14.3% the 2014 Q2).<sup>61</sup>

This worsening of labour market conditions has given rise to an increased share of spending on unemployment-related benefits since 2008 (from 1% of GDP to 1.7% between 2008 and 2012).<sup>62</sup> However, from an adequacy perspective, the available support for the unemployed faces some major drawbacks: the high share of unemployed people not receiving any cash benefit (nearly half of the unemployed registered in employment centres in November 2014 were not receiving any unemployment benefit); and the current level of income support in relation to the at-risk-of-poverty (AROP) threshold (€461.75 was the average monthly amount of unemployment benefit in November 2014, compared to the latest available AROP monthly threshold of €408 related to 2013 data).<sup>63</sup> From a social inclusion perspective, both aspects raise relevant concerns regarding the protection capacity of the unemployment support available.

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<sup>55</sup> Karin, W. (coord) (2014), *Principais Desenvolvimentos das Políticas de Família em 2013*. Lisboa: Instituto de Ciências Sociais, p. 32.

<sup>56</sup> Karin (2014), p. 34.

<sup>57</sup> See Appendix, Figure 1.

<sup>58</sup> See Appendix, Figure 2.

<sup>59</sup> See Appendix, Figure 3.

<sup>60</sup> See Appendix, Figure 4.

<sup>61</sup> See Appendix, Figure 5.

<sup>62</sup> Bouget et al., Annex 3, Table C1.

<sup>63</sup> See Appendix, Figure 6.

The successive cuts introduced in unemployment benefits since 2011 have eroded the protection capacity of unemployment benefit in recent years (e.g. a reduction of 10% in unemployment benefit for new beneficiaries from mid-2012; the introduction of a maximum limit on the monthly amount of the unemployment allowance to “two and a half times” the amount of the Social Support Index from mid-2012; the freezing of the Social Support Index, initially until 2013 but still persisting; and the 6% tax introduced on unemployment benefits higher than €419.22 per month introduced in July 2013).

On the positive side, there have been some measures which have tried to extend coverage of the benefit and improve the specific situation of particularly vulnerable households (e.g. the extension of unemployment protection to the self-employed within certain requirements; a reduction in the minimum guarantee period<sup>64</sup> from 450 days to 360 days; couples that are both unemployed and living with children are entitled to an extra 10% of the benefit amount).

The claimants of unemployment assistance must agree to undertake socially needed work, vocational training and other active labour market measures. The Personal Employment Plan (PPE) includes the actions to be undertaken by the beneficiary for active job searching and other monitoring and evaluation measures to be developed by the local employment centre.

### 2.3.2 Minimum income

The Portuguese minimum income scheme (RSI) has, in our opinion, been under permanent and continuous strain since the 2010 reform.<sup>65</sup> Reforms introduced in 2010 and 2012 have successively reduced both the level of income provided by the benefit and the number of beneficiaries. Between July 2010 and November 2014, the income provided by the RSI benefit decreased from €239.70 to €215.21 (average monthly amount per household). During the same period, more than 65,000 families lost their access to the RSI,<sup>66</sup> representing a decrease of over 40% in a period marked by a harsh economic and social crisis and by the effects of successive consolidation packages. This has resulted in the undermining of the already weak safety net provided by the RSI scheme: “Micro-simulations suggest the effectiveness of the RSI to reduce inequality and poverty was severely dented by the reforms ... The changes have hardly affected the incidence of poverty, since most of the affected households already had incomes below the poverty line. However, the reforms have made the poor poorer.”<sup>67</sup>

The latest available statistics on poverty spark increased concerns from a social inclusion perspective: the poverty rate increased from 17.9% to 18.7% between 2009 and 2013 (2008 and 2012 income data), which is the highest value registered since 2004.<sup>68</sup> Moreover, this evolution occurs within the context of a decreasing poverty threshold.<sup>69</sup> Thus, even if the poverty threshold in Portugal is low and decreasing,<sup>70</sup> more people are living below it.

RSI beneficiaries must agree to undertake socially needed work, vocational training and socially useful activities. The programme includes an insertion contract which establishes several rights and duties for both beneficiaries and the social security services. It includes a set of activities which are established taking into account the

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<sup>64</sup> Period with a record of social contributions.

<sup>65</sup> Baptista (2012).

<sup>66</sup> Data available at <http://www4.seg-social.pt/estatisticas>

<sup>67</sup> OECD (2014), *OECD Economic Surveys: Portugal*, p. 99, available at: [http://www.oecd-ilibrary.org/deliver/fulltext?itemId=/content/book/eco\\_surveys-prt-2014-en&mimeType=freepreview&redirecturl=http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2014\\_eco\\_surveys-prt-2014-en&isPreview=true](http://www.oecd-ilibrary.org/deliver/fulltext?itemId=/content/book/eco_surveys-prt-2014-en&mimeType=freepreview&redirecturl=http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2014_eco_surveys-prt-2014-en&isPreview=true)

<sup>68</sup> Bouget et al. (2015), Annex 3, Table C14.

<sup>69</sup> Bouget et al. (2015), Annex 3, Table C17b.

<sup>70</sup> Bouget et al. (2015), Annex 3, Table C17a.

characteristics and conditions of the beneficiary and respective family members, aimed at “promoting the autonomy of families both through work and other social integration forms”.<sup>71</sup>

### 2.3.3 Active labour market policies

In the late 1990s – and more prominently after the mid-2000s – Portugal adopted a whole range of reform policies aimed at improving the balance and complementarity between passive and active labour market policies.<sup>72</sup> This effort resulted in growing expenditure on active labour market policies (ALMP) between 2007 and 2009<sup>73</sup> – a growth that would be interrupted by a drop in the following years. In 2012, ALMPs absorbed about 0.376% of GDP, compared to 0.630% in 2009.<sup>74</sup>

According to the Ministry for Economy and Employment,<sup>75</sup> the number of participants involved in active labour market policies and vocational training promoted by the Institute for Employment and Vocational Training (IEFP) rose 22% between 2012 and 2013 (a total of 626,600 participants in 2013).

The Draft State Budget for 2015 envisages a further decrease in expenditure on one specific ALMP measure: namely vocational training actions developed by the IEFP.<sup>76</sup>

The extremely wide set of measures<sup>77</sup> that have been available since the early 2000s has resulted, according to some authors,<sup>78</sup> in a “true labyrinth of constantly changing choices” with which both beneficiaries and implementing authorities are confronted, making it difficult to “identify the most adequate measure(s) for each candidate”.<sup>79</sup>

In fact, rather than developing an integrated comprehensive strategy for labour market inclusion,<sup>80</sup> Portugal’s efforts have mainly been translated into a set of measures and policy initiatives in this field, namely as regards both passive and active labour market policies.

Within such a context, it has been possible to observe a sharp decrease in the number of labour market policy participants in activation support measures since the crisis broke.<sup>81</sup> As referred to in previous reports,<sup>82</sup> there is room for improvement in the Public Employment Services towards a more “proactive role”, in order to counterbalance the lack of employment opportunities in times of economic downturn.

Since 2011, several programmes have been trying to address the multiple challenges arising from increasing youth unemployment (e.g. *Impulso Jovem*, *Garantia Jovem*, *Investe Jovem*), and complying with the Commission’s recommendations in this specific area. Throughout the years, several criticisms have been voiced by social partners regarding the nature and length of most of these supports, their

<sup>71</sup> Instituto da Segurança Social (2015), *Guia Prático – Rendimento Social de Inserção*. Lisboa, ISS, p. 19.

<sup>72</sup> See for example Decree-Law 119/99 of 14 April 1999, which altered the unemployment social protection regime, and Decree-Law 220/2006 of 3 November 2006, which envisaged the creation of activation mechanisms for unemployment beneficiaries and the strengthening of public employment services in offering more personalised support.

<sup>73</sup> See Appendix, Figure 7.

<sup>74</sup> Bouget et al. (2015), Annex 3, Table C3.

<sup>75</sup> Gabinete de Estratégia e Estudos (2014), *Ficha de Competitividade 2014*, available at: <http://www.gee.min-economia.pt/wwwbase/wwwinclude/ficheiro.aspx?tipo=1&id=33681>

<sup>76</sup> Baptista, I., Perista, H. and Perista, P. (2014), *ESPN Country Profiles: Portugal*. CESIS/CEPS/INSTEAD/Applica/OSE.

<sup>77</sup> Dias and Varejão identified a total of 167 ALMP measures implemented by the Institute for Employment and Vocational Training between 2000 and 2011.

<sup>78</sup> Dias, M. and Varejão, J. (2012), *Estudo de Avaliação das Políticas Activas de Emprego*. Porto: Universidade do Porto.

<sup>79</sup> Dias et al. (2012), p. 43.

<sup>80</sup> Baptista (2012).

<sup>81</sup> Bouget et al. (2015), Annex 3, Table C4.

<sup>82</sup> Baptista et al. (2014).



(in)adequacy in times of shrinking labour market opportunities,<sup>83</sup> and the need for employers to further assess their use and impacts.<sup>84</sup>

### 2.3.4 Social services

Apart from social services covered in section 2 of this report, it is important to refer briefly to two other relevant areas: healthcare and homelessness services.

As regards the former, the decentralisation/centralisation process remains a major challenge facing the Portuguese National Health Service, with direct impacts on accessibility and quality of the services provided. The latest report by the National Observatory on Health Systems points to the important legislative landmarks which, since the 1990s, have led to the introduction of an organisational model for the provision of healthcare that is based on growing decentralisation and accountability of the public health services.<sup>85</sup> The signing of the Memorandum of Understanding in 2011 was significantly to affect policy measures in the domain of health, mostly aimed at reducing expenditure and controlling costs in the health sector (e.g. increase in the so-called “moderating fees” (i.e. co-payment); revision of exemption categories, with the consequent introduction of more bureaucratic procedures for applying and renewing exemption status; lowering the state co-funding of medicines; strengthening the role of private providers in the delivery of therapeutic services; closing National Health Service local healthcare units). According to the National Observatory report, the present model for the governance of health is introducing serious risks as regards the provision of healthcare at the local level: “To reduce regional and local structures and their organisation to simple transmission belts of central decisions, withdraws efficiency, critical capacity, experience and innovation capacity in order to find solutions, which can only be solved by proximity and actual knowledge of the existing problems.”<sup>86</sup> This evolution is happening at a time when there are clear indicators of deterioration in the health of the Portuguese population (e.g. mental health indicators, increase in the number of food insecurity situations, increase in the incidence of respiratory disease).

In the field of homelessness, the continued lack of central commitment to implementation of the National Strategy for the Integration of Homeless People (ENIPSA 2009–2015) led to a recent initiative by a group of civil society organisations. In their letter to the Ministry of Solidarity, Employment and Social Security, they recall several important aspects, namely: the lack of implementation of the ENIPSA; the operationalisation of the new EU Framework; the Portugal 2020 Partnership Agreement where the homeless population is identified as a particularly vulnerable group; the forthcoming end of the ENIPSA; and the efforts made at the local level by several public and private organisations to improve their intervention models within the spirit of the ENIPSA’s guidelines. They urge the ministry to address this lack of central commitment and to contribute to the promotion of a strategic approach towards homelessness.

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<sup>83</sup> Baptista (2012).

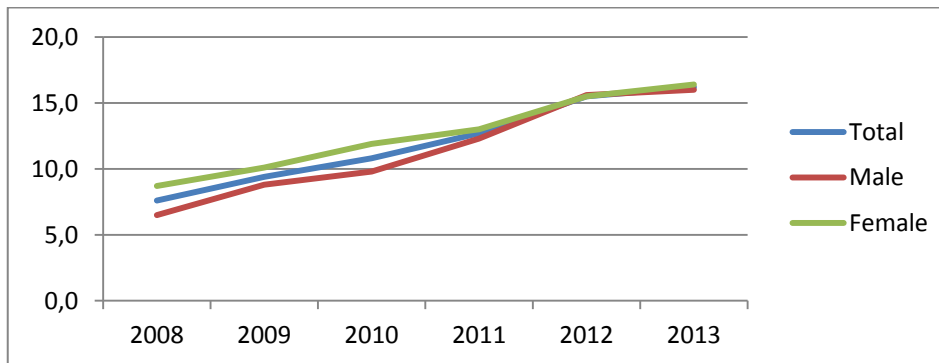
<sup>84</sup> Dias et al. (2012).

<sup>85</sup> Observatório Português dos Sistemas de Saúde (2014), *Saúde Síndrome de Negação, Relatório de Primavera 2014*. Lisboa: OPSS, available at: <http://www.observaport.org/sites/observaport.org/files/RelatorioPrimavera2014.pdf>

<sup>86</sup> Observatório Português dos Sistemas de Saúde (2014) p. 34.

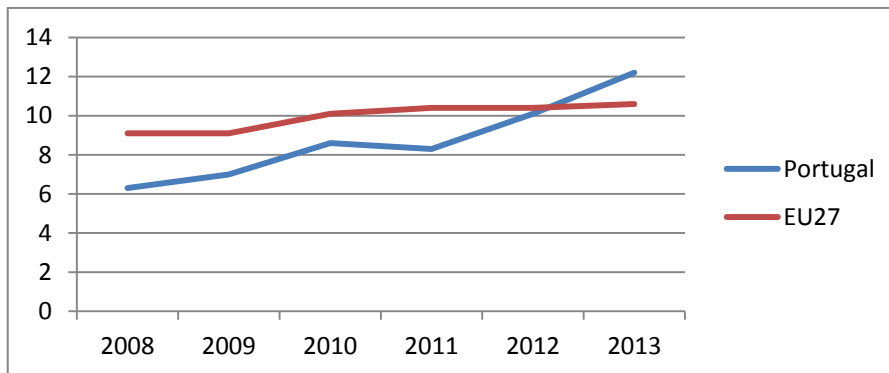
## Appendix

**Figure 1: Portugal, unemployment rate - total and by sex**



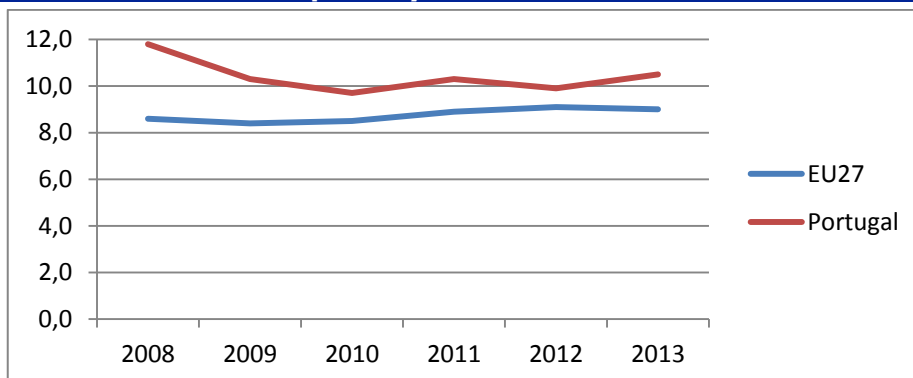
Source: Eurostat.

**Figure 2: People living in households with very low work intensity**



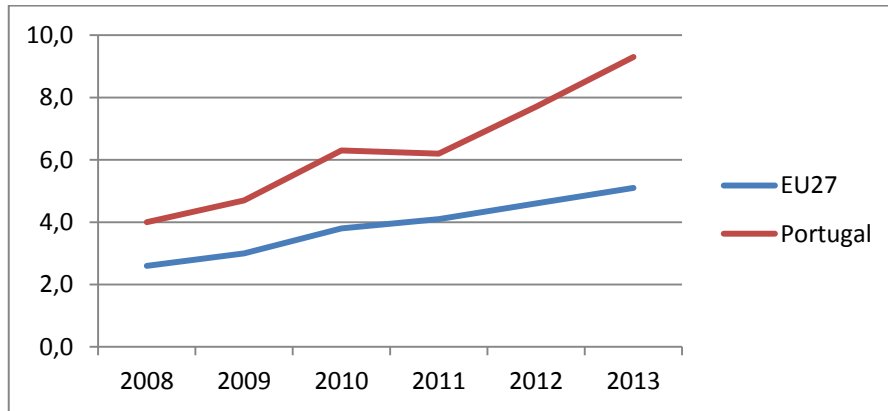
Source: Eurostat.

**Figure 3: In-work at-risk-of-poverty rate**



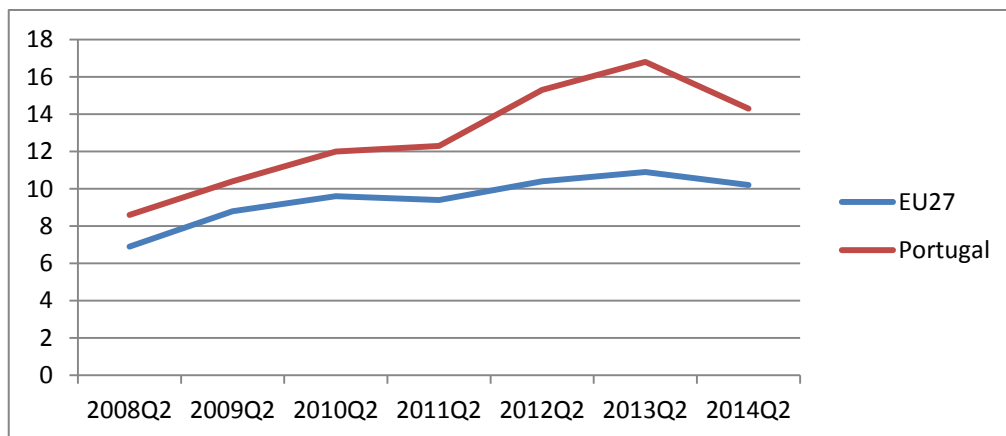
Source: Eurostat.

**Figure 4: Long-term unemployment rate**



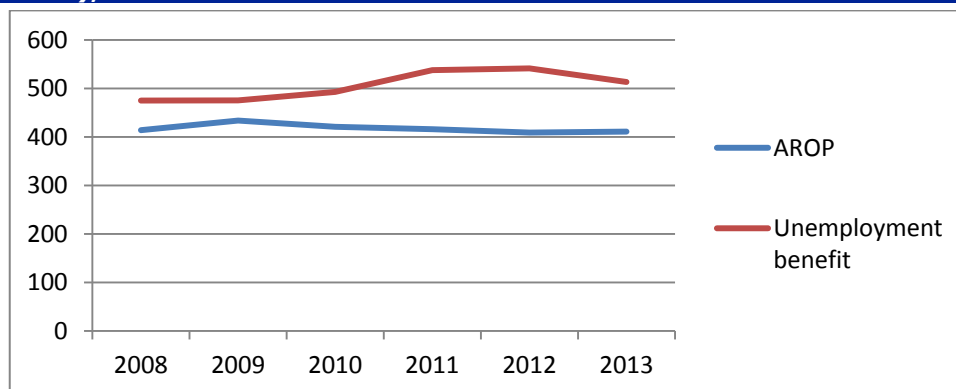
Source: Eurostat.

**Figure 5: Youth unemployment rate**



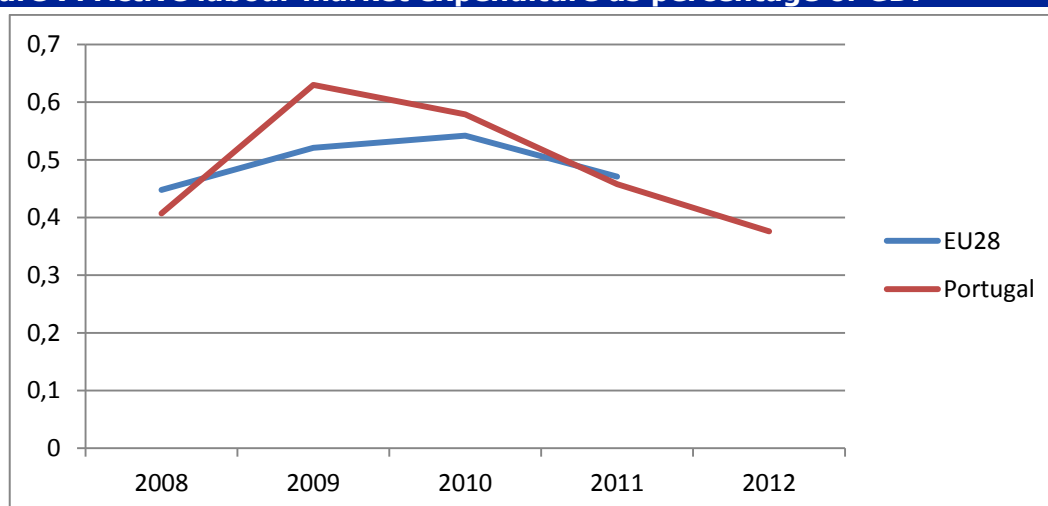
Source: Eurostat.

**Figure 6: Unemployment benefit versus AROP threshold (monthly values, 2008–2013), Euros**



Source: Statistics Portugal and Social Security data

**Figure 7: Active labour market expenditure as percentage of GDP**



Source: Eurostat

**Table 1: Active labour market measures <sup>a)</sup> (% of GDP)**

	2006	2007	2008	2009	2010
<b>Portugal</b>	0.44	0.37	0.41	0.63	0.58
<b>EU-27</b>	0.50	0.46	0.47	0.54	--

a) Total for active labour market measures (categories 2 to 7 according to the Eurostat classification), excluding measures for supporting job search.

Source: Adapted from Dias, M. and Varejão, J. (2012), *Estudo de Avaliação das Políticas Activas de Emprego*. Porto: Universidade do Porto.

