

## The Impact of Economic Reforms and Austerity Measures on Women's Human Rights

### Submission to the Human Rights Council Special Procedures

(April 2018)

The Portuguese Ombudsman institution, in its capacity of national human rights institution fully in line with the Paris Principles and accredited with “A” status since 1999, hereby replies to the call for input received from the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights. The current mandate holder is Maria Lúcia Amaral.

#### **Relevant analysis of the impact of economic policy reforms, including fiscal consolidation policies, structural adjustment and austerity measures, on women's enjoyment of human rights, including gender equality.**

Further to Portugal's request, in May 2011, for financial assistance from European Commission, the European Central Bank and the International Monetary Fund (the “Troika”) an Economic Adjustment Programme was negotiated with the Government and remained in force until June 2014 <sup>1</sup>.

According to the OECD Skills Strategy Diagnostic Report<sup>2</sup>, “(...) *within Europe, Portugal was one of the countries hit hardest by the economic crisis. Since then, the government has undertaken extensive reforms in several sectors to strengthen public finances, improve the performance of the labour market and increase competitiveness and exports*”.

The analysis conducted by the Policy Department A to the Committee on Employment and Social Affairs of the European Parliament<sup>3</sup> concluded that “(...) *the number of individuals at risk of poverty or social exclusion has increased by more than 200 000 from 2007 to 2013, which represented 27.5 % of the total population in 2013 compared to 24.9 % in 2007*”.

Women are the largest beneficiaries of the main anti-poverty schemes in Portugal, such as the Guaranteed Minimum Income (RSI)<sup>4</sup> <sup>5</sup> and the Solidarity Supplement for the Elderly (CSI) <sup>5</sup>.

In November 2015, the Committee on the Elimination of Discrimination against Women expressed its concern that in Portugal “(...) *austerity measures, many of which have been taken by the State party under the bailout agreements with the European Union institutions and the International*

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<sup>1</sup> [https://sustainabledevelopment.un.org/content/documents/13169Portugal\\_review\\_Beijing20.pdf](https://sustainabledevelopment.un.org/content/documents/13169Portugal_review_Beijing20.pdf)

<sup>2</sup> <http://www.oecd.org/skills/nationalskillsstrategies/Diagnostic-report-Portugal.pdf>

<sup>3</sup> [http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/563474/IPOL\\_IDA\(2015\)563474\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/563474/IPOL_IDA(2015)563474_EN.pdf)

<sup>4</sup> [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=135739962&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=135739962&DESTAQUESmodo=2) (Statistics Portugal)

<sup>5</sup> “Gender Equality in Portugal - Statistical Bulletin 2017” – Commission for Gender Equality

<https://view.publitas.com/cig-comissao-para-a-cidadania-e-igualdade-de-genero/boletim-estatistico-2017>

*Monetary Fund, have had a detrimental and disproportionate impact on women in many spheres of life”<sup>6</sup>.*

Several factors directly related both to the financial and economic crisis and to the austerity measures adopted impacted negatively on women’s income. Cutbacks in social spending and benefits had a direct effect on vulnerable groups of women, such as elderly women, women from rural areas, migrants, Roma women and single mothers, pushing them further into poverty, as they are often dependent on welfare or have low incomes.

Poverty and social exclusion of women, in particular disadvantaged and marginalized groups of women, increase their risk of becoming victims of trafficking and exploitation. The health, education and wellbeing of their children are also affected, thereby contributing to the cycle of poverty.

The Commissioner for Human Rights of the Council of Europe remarked that in Portugal “(...) *the elderly, especially women, are vulnerable to poverty and are adversely affected by the fiscal austerity measures which have resulted in the lowering of incomes due to the freezing of pensions and cuts in social benefits. Other elements, such as the hike in prices of health care, public transportation, gas and electricity and food products have had a substantial impact on the living conditions of elderly persons with low incomes, especially those residing in isolated rural areas*”. He also found “(...) *worrisome that many families are reportedly withdrawing older persons from residential care centers and taking them home in order to benefit from additional income in the form of their pensions. While de-institutionalisation is a welcome process, if carried out as part of comprehensive policies and with additional support for the elderly persons and families concerned, it may result in higher levels of abuse, including violence and neglect, when it takes place without sufficient control and adequate support from the state*”<sup>7</sup>.

In demographic terms, Portuguese population has aged: between 2011 and 2016, the proportion of young people (under 18 years of age) decreased from 18.0% to 17.3%, while the proportion of older persons (over 65 years of age) increased from 19.0% to 21.1%. The number of older women is significantly higher, 1 269 037 above 65 years of age, compared with 907 603 men. Widowhood mainly affects women due to female higher life expectancy and higher male mortality<sup>8</sup>.

## **Care services**

The Commissioner for Human Rights of the Council of Europe, following a visit to Portugal, noted that the cut in the 2012 budget allocated for the purchase of technical equipment for disabled persons (amounting to more than 30% of the previous budgets) would negatively affect elderly persons with disabilities<sup>10</sup>.

Such measures had an negative impact on the living standards of persons with disabilities (17,8 % of the population, according to Census 2011) especially on women, who represent an higher rate (20,6%) than men (14,7%). For persons over 64 years the rate is 49.5% for women.

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<sup>6</sup>[http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=CEDAW%2fC%2fPRT%2fCO%2f8-9&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CEDAW%2fC%2fPRT%2fCO%2f8-9&Lang=en)

<sup>7</sup> <https://rm.coe.int/16806db8bd>

<sup>8</sup> [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_indicadores&indOcorrCod=0008299&contexto=bd&elTab=tab2&xlang=en](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_indicadores&indOcorrCod=0008299&contexto=bd&elTab=tab2&xlang=en)

One of the austerity measures targeted the reduction of the costs with no non-urgent patient transportation. At the time, several complaints on this matter were submitted to the Ombudsman.

However, during the economic crisis, Portugal made efforts to maintain social benefits for the most vulnerable families and children, including childcare benefit, prenatal childcare benefit, school social programmes and subsidies to attend special education institutions. In order to mitigate the social impact of austerity measures, Portugal set up a four-year Programme, in October 2011, called the Social Emergency Programme (PES) <sup>9</sup>.

### **Social security and pension; including contributory schemes**

In 2010, access to the family allowance benefit (a subsidy paid monthly to families per children) was restricted. This gave cause to a number of complaints to the Portuguese Ombudsman. The Ombudsman suggested the Government the law amendment so that access to such benefit should consider the current financial situation of the family. The suggestion was accepted and the law modified accordingly.

The Commissioner for Human Rights of the Council of Europe reported that cutbacks in child care benefits, in 2010 and in 2012, were particularly severe and had a significant impact on the income of many families with children and consequently, on a range of children's rights.

From 2012 to 2015, the Guaranteed Minimum Income (RSI) reference value decreased. This impacted particularly on women considering that the number of men benefiting from this allowance is lower<sup>10</sup>. The gender difference in regard to the RSI beneficiaries also reflects the most precarious employment situation of women.

When it comes to older women, their greater vulnerability is a consequence of Portugal's cultural pattern, considering many of them were engaged in domestic (nonpaid) work.

Often, women have no paid jobs and consequently their contributions to pension schemes are very low or inexistent. This may result in lower old-age pensions for women when compared with men or in the impossibility for them to comply with the eligibility criteria for a contributory pension. However, those women have access to social protection (non-contributive pension) and health care. Women in poverty may also claim for solidarity benefits such as the RSI.

In 2013, the reference value of the Solidarity Supplement for the Elderly (CSI) also decreased. The same year, the “Dependent Person Complement”, a social supplement for persons without autonomy to satisfy their daily life basic needs related to food, transportation or personal hygiene care, was restricted to beneficiaries with lower incomes (since 2016, both the Dependent Person Complement and the CSI have being gradually

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<sup>9</sup>[https://www.unece.org/fileadmin/DAM/Gender/publication/Portugal\\_Relat%C3%B3rio\\_Pequim\\_\\_20\\_27\\_Maio\\_2014.pdf](https://www.unece.org/fileadmin/DAM/Gender/publication/Portugal_Relat%C3%B3rio_Pequim__20_27_Maio_2014.pdf) (Portugal National Report on the implementation of the Beijing Declaration and Platform for Action

<sup>10</sup> “Gender Equality in Portugal - Statistical Bulletin 2017” – Commission for Gender Equality (table 30)

increased).

### **Access to land, housing and inheritance**

Although national and local housing policies are based on human rights and prioritizing the socially vulnerable, financial crisis and austerity measures affected investment in housing. Cuts in public funding for social housing have reportedly resulted in many approved social housing projects not being implemented and new housing investments not being considered by local authorities<sup>11</sup>. During the crisis years, the number of families on waiting lists for social housing increased<sup>12</sup>.

In July 2015, the Government launched a new National Housing Strategy, acknowledging that “ (...) *social houses prove to be insufficient to meet needs and makes it necessary to develop models that ensure the mobility of social housing stocks and its availability for families whose incomes does not allow them access to decent housing on the market*”<sup>13</sup>

The impact of the financial crisis was also felt on the demand side, reflecting the increase of unemployment and of precarious jobs. Accessing to social housing by persons living in non-conventional settlements in the metropolitan areas of Lisbon and Porto is based upon a Special Re-housing Programme established in 1993, which no longer reflects the current situation. In 2016, the Ombudsman recommended the update of this Programme to meet the current needs of vulnerable families<sup>14</sup>.

The CEDAW assessment of 2015 brought up the situation of Roma women, since many of them still live in poor housing conditions (informal settlements, shacks or tents) and have limited access to public transportation and basic services (safe drinking water, sanitation facilities, electricity or waste disposal facilities)<sup>15</sup>.

### **Health, including sexual and reproductive health**

The Economic Adjustment Programme contained a number of measures focused on reducing health care costs, rationalizing the use of health resources and increasing revenues through higher user charges.

However, it did not consider the potential effects on health and health care. Measures in the health sector included a reduction in health workers’ salaries, cuts to public pharmaceutical expenditure, increase of user charges and moderating fees, reduction of causes of exemption from moderating fees (with a negative impact, mainly, on the situation

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<sup>11</sup> <https://rm.coe.int/16806db8bd>

<sup>12</sup> “(...) *sustainability of social housing provision is at risk of being deeply affected by the multivariate dimensions of the crisis, namely: i) the increasing demand for social rental housing, adding to the already long waiting lists – in 2012, 25,600 urgent requests for housing were registered with local authorities, and half of them were in the Lisbon area, while about half a million households live in overcrowded houses and 42,000 families are registered on the local authorities’ urgent waiting lists (INE 2012) ...*”, in “New trends in housing supply and demand in times of changing - The Portuguese case”, Teresa Costa Pinto, ISCTE, 2017

<http://www.housing-critical.com/home-page-1/moving-to-a-new-housing-pattern-new-trends-in-h>

<sup>13</sup> [https://www.portaldahabitacao.pt/opencms/export/sites/portal/pt/portal/habitacao/EstNacHabitacao/ENH\\_EN\\_FINAL.pdf](https://www.portaldahabitacao.pt/opencms/export/sites/portal/pt/portal/habitacao/EstNacHabitacao/ENH_EN_FINAL.pdf)

<sup>14</sup> Recommendation 6/B/2016, available at <https://www.provedor-jus.pt/?idc=67&idi=16416>

<sup>15</sup> CEDAW Concluding Observations on the Combined 8<sup>th</sup> and 9<sup>th</sup> Periodic Reports of Portugal, November 2015

of the disable, chronically ill and economically vulnerable people), among others.

Salary reductions impacted particularly on women given the existing gender wage gap<sup>16</sup>. In the Portuguese healthcare system, more than 80 % of the nurses, and 52,9% of the doctors are women and they suffered salary cuts, encouraging the professionals of health sector to migrate abroad in the pursuit of better paid jobs.

The number of patients who cannot pay for prescribed medication increased and revealed to be “a worrying situation that many health professionals feel in their workplaces”<sup>14</sup>. This reality was more visible within the elderly as economic constraints imposed therein led to the establishment of more stringent conditions on access and calculation of old-age pensions and to cuts in benefits<sup>17</sup>. Difficulties in acquiring medication have gendered consequences because the consumption of prescribed medication is higher between the female population: 62,7%, of women and 48,6%, in the case of men<sup>18</sup>.

In 2012, the Ombudsman issued a recommendation on health moderating fees legal framework, particularly on the causes of exemption on the grounds of economic insufficiency as this condition was calculated on the basis of the last income statement year, which led to disregard of any subsequent changes in the household, therefore affecting women who were recently divorced, had retired or had lost their jobs. Since Portuguese Government has not yet adopted this recommendation, in 2017 the Ombudsman insisted on the need for this rule to be revised in order to guarantee effective access to National Health Service by users who do not have financial means to pay the moderating fees when they actually required health care.

One of the major challenges in accessing health care in Portugal are long waiting lists, officially justified by the lack of human resources, and the uneven geographical distribution of health care facilities.

For instance, the number of complaints to the Ombudsman about the waiting time for medically assisted procreation consultations increased since 2012. Also, the supply of birth control methods available at the National Health Service suffered a significant reduction. The combination of both factors affected the enjoyment of women sexual reproductive rights.

The Portuguese Ombudsman carries out work aimed at improving the accessibility to health care services for rural women. For example, whenever the registration of elderly women in the health center closest to their home was denied, due to the unavailability of vacancies. In this context, there have been difficulties in accessing health care, such as, the refusal of health services to provide home care due to the great distance of the applicant household. Elderly women in rural areas, with lower income and with high levels of illiteracy, face difficulties in obtaining health care services free of charge, due to unawareness of legal requirements or because they don't know how to meet the requirements,

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<sup>16</sup> [http://www.euro.who.int/\\_\\_data/assets/pdf\\_file/0006/266388/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Portugal.pdf?ua=1](http://www.euro.who.int/__data/assets/pdf_file/0006/266388/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Portugal.pdf?ua=1)

<sup>17</sup> Portuguese Ombudsman - Report to the Parliament 2014, p. 38, footnote 9, in [http://www.provedor-jus.pt/site/public/archive/doc/Report\\_2014\\_ING.pdf](http://www.provedor-jus.pt/site/public/archive/doc/Report_2014_ING.pdf)

<sup>18</sup> Health Statistics, Statistics Portugal, 2014, [www.ine.pt](http://www.ine.pt)

increasingly computerized.

## **Public education**

Between 2010 and 2012, the public spending on education was reduced by 23% and teachers were the professional group visiting job centers that showed the most significant increase<sup>19</sup>. This cutback was primarily reflected on women, that represent 71,6% of the teaching staff<sup>20</sup>.

The cuts in child benefits impacted negatively “(...) on education as many parents have publicly indicated that these subsidies were usually used for buying school books or covering meal costs and transportation to school”<sup>21</sup>.

At the local level, restriction of municipal budgets resulted in the decrease of funds available locally to support public schools.

In higher education, the crisis was reflected by the reduction in the number of scholarships<sup>22</sup> and by university students giving up their studies. A limitation to family tax exemptions based on education expenses was also introduced.

The Portuguese Ombudsman receives complaints regarding accessibility to schools in rural areas. Some schools were closed because they were in poor condition and had few students. Despite the fact that the new schools have better facilities, they are further distant from the student households.

## **Taxation**

In 2010 and 2011, the first tax austerity measure were adopted, namely the increase of VAT rates, of taxation over income, the freezing of tax deductions and the salary cut of civil servants with higher salaries.

Following the Economic Adjustment Programme, further measures were taken such as the special tax over income, new cuts in public sector wages and the restriction of tax deductions. This Programme was “quite comprehensive, entailing measures related to fiscal adjustment, financial sector regulation and supervision, as well as structural measures to overcome the main bottlenecks that were limiting the potential growth of the Portuguese economy”<sup>23</sup>.

The changes in taxation impacted negatively on the economic situation of women, as a result of income cuts and the increase of VAT rates. These increases have raised the prices of food and household necessities, negatively impacting on low-income individuals and households.

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<sup>19</sup> <http://pordata.pt/Portugal/Despesas+do+Estado+em+educacao+execucao+orcamental-866>

<sup>20</sup> “Gender Equality in Portugal - Statistical Bulletin 2017” – Commission for Gender Equality (table 11)

<sup>21</sup> <https://rm.coe.int/16806db8bd>

<sup>22</sup> <https://www.pordata.pt/Portugal/Bolseiros+do+ensino+superior+em+percentagem+de+alunos+matriculados+no+ensino+superior+total+e+por+subsistema+de+ensino-864>

<sup>23</sup> [http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/563474/IPOL\\_IDA\(2015\)563474\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/563474/IPOL_IDA(2015)563474_EN.pdf)

## Labour market

The years of the crisis have been marked by a huge rate of unemployment in Portugal (in 2013, it reached 16.2%<sup>24</sup>).

The Portuguese labour market is considered as a specific case from a gender perspective (by EU standards and, especially, by southern European standards). This is mainly due to a high female participation rate.

Nevertheless, the Portuguese labour market shows gender segregation (both horizontal and vertical) of jobs. Female workers are much more represented in the service sector than male workers, and men are much more concentrated in manufacturing and construction than women<sup>25</sup>. Also hierarchically, higher occupations are over represented by men.

Comparing the male and female **unemployment rate**, in 2012 for the first time in Portugal's labour market recent history, the gender unemployment gap has disappeared. Whereas 15.6% of men were unemployed (as opposed to only 4.1% in 2002), 15.5% of women were out of work in 2012 (as opposed to 6.0% in 2002)<sup>26</sup>.

Hence, the narrowing of this gap has occurred for the wrong reasons: in the wake of massive unemployment, all population groups have been deeply hurt, and both men and women have been adversely affected. Men, with higher salaries and more stable contracts, were the first to be affected by layoffs. Furthermore, the crisis has not impacted similarly over different economic sectors.

According to a study carried out by the Directorate-General for Justice of the European Commission *“Men were more adversely affected in the initial aftermath owing to their over-representation in the construction and manufacturing sectors, but benefitted more from the subsequent expansionary policies which focused on physical infrastructure. By contrast, women are badly affected by austerity policies owing to their over-representation in public sector employment, among users of public sector services and welfare claimants”*<sup>27</sup>.

In the period 2008-2012, net employment decreased by more than half a million jobs, mainly in manufacturing and construction, which employ relatively few women<sup>28</sup>.

This could only be a step towards equality if, when employment starts to grow again, lower unemployment rates for men and women turn out to be similar. However, after worst years of the crisis, in 2017, 8.4 % of men were unemployed and 9.4% of women were out of work.

A study on the Social Consequences of the Adjustment Programme carried out, in 2016, by a private foundation dedicated to studying the country's major challenges (*Fundação Francisco Manuel dos Santos*) concluded that the gender **wage gap** translated into greater

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<sup>24</sup> Statistics Portugal (INE) “Inquérito ao Emprego” [www.INE.pt](http://www.INE.pt)

<sup>25</sup> “Gender Issues of the Recent Crisis in Portugal”, Pilar González - <https://www.cairn.info/revue-de-l-ofce-2014-2-page-241.htm>

<sup>26</sup> Annex 1

<sup>27</sup> “Visions for Gender Equality” - European Commission - Directorate-General for Justice 2015

vulnerability of women during the crisis<sup>28</sup>. Between 2009 and 2014, families led by women showed a 20% decrease in income while households led by men revealed a decrease of 8%. In 2009 the income of women was 84% of that of men and in 2014 was of 77% less when compared with men income. Again, crisis and austerity measures had a greater impact on the lower-income group and women's labour income was most affected.

Austerity measures contributed to gender inequality in the labour market since the reduction in public services' hiring affected mostly sectors that traditionally employ women, such as education and health care<sup>29</sup>. Apart from the wages, cuts were introduced with respect to additional payments, such as holiday or Christmas bonuses.

Salary gap remains persistent: in 2012, the average male employee earned € 999,00 and the female earned € 813,07, and in 2016 the average male employee earned € 997.04 and the female earned € 840.03<sup>30</sup>.

Women, much more than men, are occupied in household management activities implying a great amount of time and energy in organizing childcare, attending to the children's school needs, washing and cleaning, etc.)<sup>31</sup>.

## **Conclusions and Recommendations**

Women are particularly affected by the cumulative effects of crisis, fiscal policy and austerity measures aimed at reducing public expenditure.

So far, Portuguese Governments have neither conducted an assessment on the gender equality of such measures, nor developed a strategy to balance inequality.

Therefore, the recommendation of the Committee on the Elimination of Discrimination against Women “(...) *that the State party conduct a comprehensive study on the consequences of the austerity measures on women and design an action plan to mitigate the adverse effects of such measures, as well as seek assistance and support from the European Union and the International Monetary Fund for its implementation*”<sup>32</sup> assumes significant importance.

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<sup>28</sup> <https://www.ffms.pt/FileDownload/a98e63bd-0e40-436f-926c-68e800225fd2/desigualdade-do-rendimento-e-pobreza-em-portugal>

<sup>29</sup> “The price of austerity - The impact on women's rights and gender equality in Europe” [https://www.womenlobby.org/IMG/pdf/the\\_price\\_of\\_austerity\\_-\\_web\\_edition.pdf](https://www.womenlobby.org/IMG/pdf/the_price_of_austerity_-_web_edition.pdf)

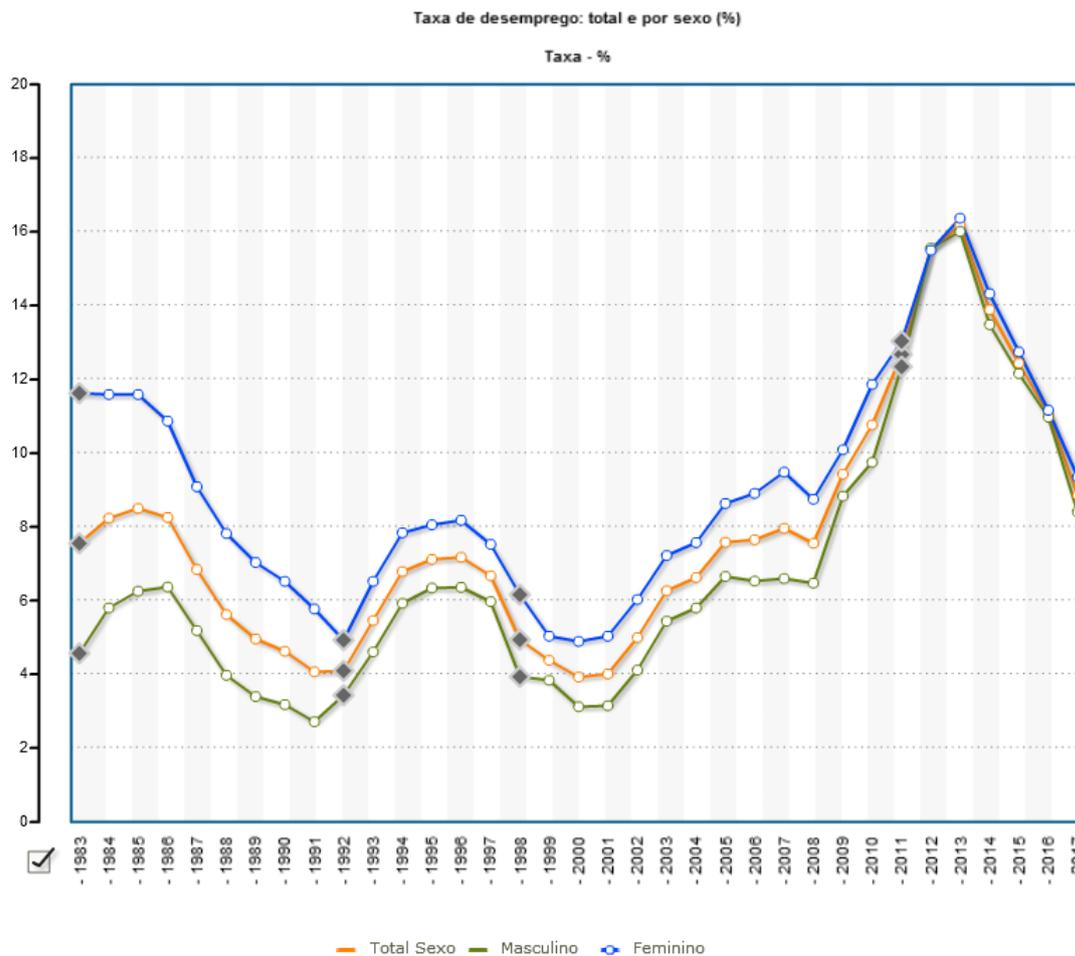
<sup>30</sup> Annex 2

<sup>31</sup> <http://eige.europa.eu/gender-equality-index/2012/countries-comparison/time/bar>

<sup>32</sup> [http://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=CEDAW%2fC%2fPRT%2fCO%2f8-9&Lang=en](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CEDAW%2fC%2fPRT%2fCO%2f8-9&Lang=en)

## Annex 1

### Unemployment rate: total and by gender



Data Sources: Statistics Portugal (INE) - Employment Survey

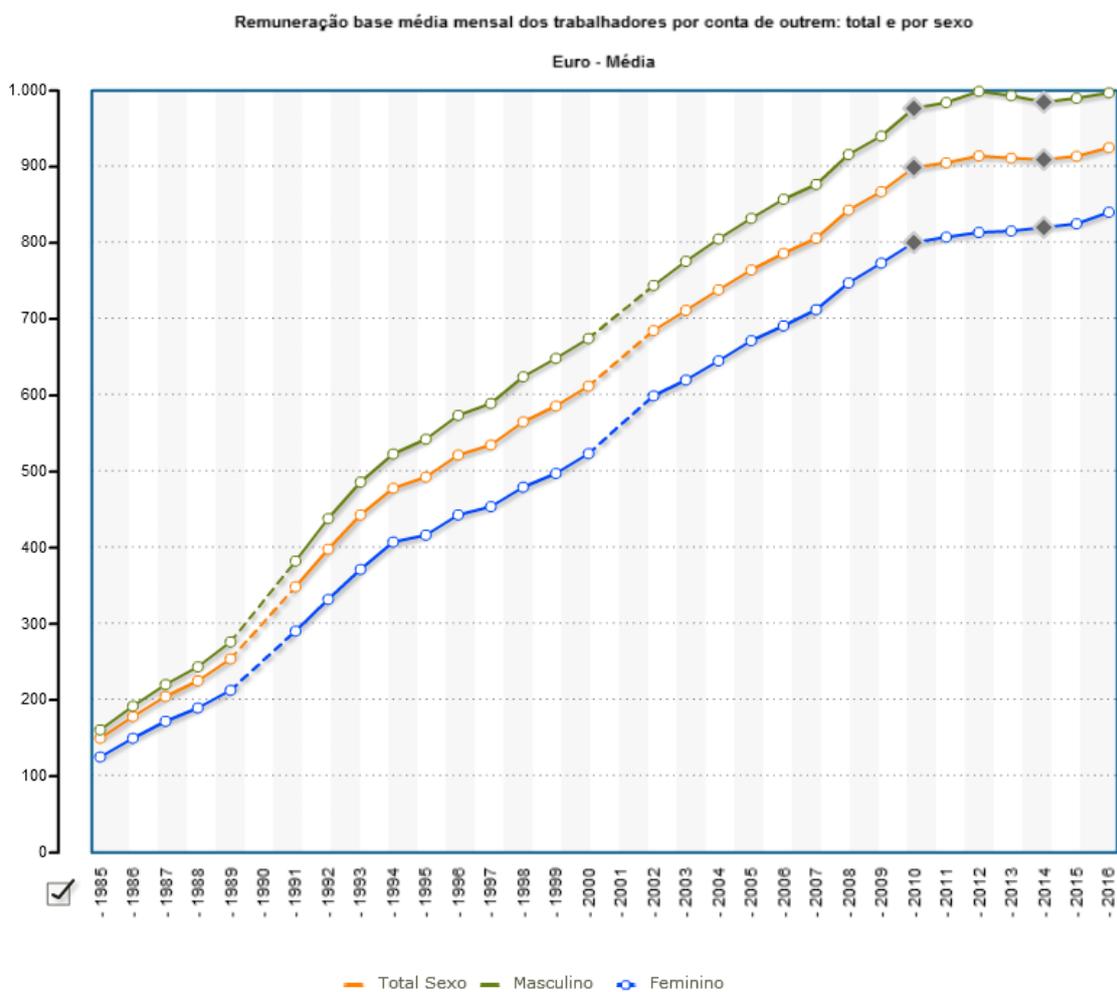
Source: PORDATA

Last updated: 2018-03-09

<https://www.pordata.pt/DB/Portugal/Ambiente+de+Consulta/Gr%C3%A1fico>

## Annex 2

### Average monthly revenue of employees: total and by gender (in Euros)



Data Sources: GEP / MTSSS (until 2009) | GEE / MEc (2010 to 2012) | GEP / MESS, MTSSS (as of 2013) – Staff tables

Source: PORDATA

Last updated: 2018-01-12

<https://www.pordata.pt/DB/Portugal/Ambiente+de+Consulta/Gr%C3%A1fico>