

■ PORTUGAL

Poor internal and external policies



One out of five people live below the poverty line and the risk rate for persistent poverty is 15%. Women are discriminated against in high level positions and domestic violence is still a problem. Social welfare policies and practices are inadequate and development aid is concentrated on self-interest technical matters.

oikos - Cooperação e Desenvolvimento

Adélio Fonseca / Catarina Cordas / Marisa Gonçalves
Patrícia Melo / Rita Veig

Despite the efforts made by Portugal to improve social cohesion since its entry into the European Union (EU) in 1986, the performance of social policies in recent years is not very encouraging. The existence of a population at risk of poverty, unequal income distribution, discrimination against women in public administration and high level managerial positions, together with the lack of transparency and evaluation of social policies point to major structural problems and the inadequacy of social welfare policies and practices. Additionally, as a donor country, Portugal has a poor performance record in terms of the quantity and quality of its official development aid.

More vulnerable to poverty

Portugal is the country with the highest risk of poverty rate¹ among the EU15.² In 2001 the proportion of the population whose income did not reach 60% of the median national income was 20%. The efforts made to combat social exclusion brought the poverty risk rate down from 23% in 1995 to 20% in 2001.³ Nevertheless, Portugal still has one of the highest rates in the EU, and is 5% above the EU average. The elderly (over 65 years of age) and children (0 to 15 years old) were most at risk with rates of 31% and 27% respectively. Households comprised of one elderly person have a rate of 46%, with women being the most exposed. Single-parent families are also at risk with 39% as well as large families which have a risk rate of 49%. The risk rate for persistent poverty is 15%, which remains worrying despite having fallen slightly. In 2001 roughly 22% of children fell into this category. Inequality in income distribution, as measured by the income quintile ratio, was also higher in Portugal (6.5) than anywhere else in the EU in 2001.

1 According to Eurostat, the risk-of-poverty rate is the share of the population with an equivalized disposable income below the risk-of-poverty threshold, set at 60% of the national median equivalized disposable income (after social transfers).

2 EU15 stands for the original 15 Member States of the EU.

3 Eurostat. European Community Household Panel data.

The incidence of poverty is also very strong among households where social benefits such as pensions and unemployment subsidies are the major source of income.⁴ We are therefore faced with a poverty situation characterized by the appearance of new at-risk groups including the handicapped, ethnic minorities and drug addicts, among others.

Over two million people, one out of every five, live below the poverty line defined by Eurostat. If we consider the proportion of poor people from the point of view of subjective analysis, which is a method where people declare the extent of difficulty they face meeting their needs, the values climb to about 35% of males and 44% of females nationally. There is also unofficial data⁵ which states that there are over 200,000 people suffering from hunger in the country.

Recent economic circumstances have contributed to the deterioration of poverty conditions, especially due to the increase in unemployment as well as the growing influx of immigrants. At the same time, the high indebtedness levels⁶ reached throughout the 1990s explain why numerous households find themselves in constrained living conditions.

Portugal's situation is characterized by the following structural problems:

- Shortcomings of the social protection system, which has the lowest per capita public expenditure in the EU.
- Low education levels: in 2002, only 20.6% of 25 to 64 year-olds had completed upper secondary education, and the early school-leaving rate of 45.5% contrasts enormously with the EU average of 18.8%.
- Sectoral restructuring is hampered by low skill levels, in an economy based on labour-intensive, low-paid work together with low participation in further training (2.9% in 2002), which also explains why productivity growth is so low (0.3% in 2002, unchanged since 2001).

The relationship between poverty and the policies developed to address it reveals that:

- The level of social public expenditure as a percentage of the GDP is lower than the EU average. In 2001, the social expenditure per capita on social benefits was only 56.9% of the EU15 level (EU15 = 100).⁷
- The social protection assured by the contributive subsystem of the Social Security System is more efficient than the protection provided by the solidarity and family subsystems. There is a high proportion of both persistent (22.8%) and chronic poverty (49.8%) in the overall poverty numbers. Of all social benefits, only pensions have a positive and significant impact on poverty reduction: 49.1% on persistent poverty, 19.8% on intermittent poverty and 22.9% on chronic poverty.⁸
- The impact of the minimum guaranteed income (RMG) on reducing the incidence of poverty is only 1.6%. Its impact on reducing the poverty gap and severe poverty is much greater, 17.7% and 36% respectively.⁹ The expenditure of this programme as a percentage of the GDP was 0.25% in 2000 and 0.19% in 2001. In the latter year the RMG had already benefited 7.5% of the population, with 3.6% being beneficiaries.¹⁰
- The inter-generational reproduction of social inequalities is due to the scarce and deficient social safety net provided to children, the elderly and the handicapped.

The gender gap

If compared to most developing countries, discrimination against women is not a major problem in Portugal. In legal terms, since the April Revolution in 1974 and EU membership in 1986,

4 Rodrigues, CF. *The Redistributive Impact of the Guaranteed Minimum Income Programme in Portugal*, Working Paper, Centro de Investigação Sobre Economia Portuguesa, Lisbon, September, 2004.

5 da Costa, Bruto. Social Economic Council, www.eiro.eurofound.eu.int/2003/05/feature/p03051021.html

6 In 2001, 96.6% of all families were indebted. Bank of Spain and Portuguese Consumers Association.

7 Ferreira, LV. *Social Protection and Chronic Poverty - Portugal and the Southern European Welfare Regime* Faculty of Economics, University of Oporto/Superior Institute of Economics and Management, Portugal, 2004.

8 Nunes, F. "Dinâmica de Pobreza e efeitos redistributivos das Prestações Sociais - uma aplicação a Portugal", Seminário de Programa de Doutoramento em Economia, Instituto Superior de Economia y Gestão, 2003.

9 Rodrigues, CF, *op cit*.

10 Ferreira, LV, *op cit*, p. 4.

there is a formal gender equality and women's rights commission (CIDM),¹¹ but there are too many cases of violence and oppression against women.

Domestic violence is a persistent problem and studies into this issue usually reveal a male pattern of aggression. In recent years, however, there is a growing number of male victims of psychological violence. In 2004 the Portuguese Association for Victims Support reported 6,459 cases of aggression against women (up from 3,914 in 2000) and 882 against men (up from 544 in 2000).

Women are entitled by law to equal pay for equal work as compared to men but as CIDM reports "inequalities still persist and are very difficult to deal with."¹² The salary gap decreased slightly in the last 12 years from 23.8% in 1992 to 22.6% in 2004. According to Eurostat figures, which report a 9% pay gap, Portugal has a much lower wage gap than the EU15. This is due to women being mostly employed in low income jobs, where there is less difference between the salaries of men and women than in higher income jobs.

According to the CIDM when it comes to nomination, women are often discriminated and segregated. In public and private administration women hold 29.4% of executive/director posts and 44.2% of middle level technical posts. The gender gap is significant both in positions of national and local political decision-making: in 2001 local elections 5% of the elected were women, in 2005 women represent 17.8% of the members of Parliament and there are only two women among 16 ministers in the current socialist cabinet.

The most controversial gender problem in Portugal is abortion. It is illegal except in cases where the mother's life is endangered, the foetus has serious problems or pregnancy is the result of rape. Thousands of women die every year or suffer serious health problems because they cannot get professional help and are forced to undergo unsafe abortions. For years there has been strong controversy in public opinion and among politicians, especially when women are prosecuted. Legal changes are urgent but they continue to be postponed.

International cooperation

In February 2005 a new government was elected and its programme has taken the Millennium Development Goals (MDGs) as a reference for external politics and international cooperation. Portugal has ratified all of the agreements mentioned in the Millennium Declaration and is a member of the international donor community for official development assistance (ODA).¹³ It is therefore committed to MDG 8, which aims to create a more effective system for

the rich countries to contribute to the eradication of poverty in developing countries. The ODA/GNI ratio grew steadily from 1998 to 2003, when it decreased to 0.22%. The preliminary data on 2004 indicates a further drop of ODA, in real terms, to 0.21% of GNI, if the large debt rescheduling operation to Angola is excluded.

In 2005, during the General Affairs and External Relations Committee meeting of the EU, Portugal committed itself to the following schedule in order to achieve the ODA target of 0.7% of gross national product: 0.39% in 2006, 0.51% in 2010, and 0.7% in 2015.

For the most part Portugal continues to direct ODA to its former colonies in Africa and East Timor,¹⁴ which are among the Least Developed Countries (LDCs)¹⁵ and therefore scores well in this MDG target.¹⁶ Most of the Portuguese contribution is bilateral assistance to these countries. As for multilateral aid, Portugal contributes to the European Development Fund, which finances the African, Caribbean and Pacific countries (ACP). Portugal also gives financial and technical contributions to specific programmes of the UN, the World Bank and the Organisation for Economic Cooperation and Development (OECD).

Another component of ODA is macroeconomic support such as budgetary deficit relief and debt forgiveness. Portugal's participation in the Heavily Indebted Poor Countries initiative includes a USD 22 million contribution to its trust fund and USD 218 million in debt relief in the form of debt forgiveness or rescheduling. In 1998 Portugal established the Monetary and Exchange Cooperation with Cape Verde, providing an annual line of credit of up to USD 50 million.

Portugal has subscribed to the EU's trade and development commitments. These include those made within the framework of the Everything But Arms initiative, the Cotonou Agreement,¹⁷ and the Europe-Mediterranean Partnership which provides access to the EU market to North African products. With the objective of promoting a favourable investment climate for two-way trade, Portugal has also made Investment Protection and Promotion Agreements with Mozambique and Cape Verde, and Dual Taxation Agreements with Angola, Mozambique and Cape Verde. In July 2004 the Business Council of the Portuguese Speaking Countries Community was created in order to promote trade, pursue economic development and work towards the eradication of poverty. Despite the efforts mentioned above, in 2003 the total ODA allocated to trade policy and trade development, was one of the lowest among the Developing Assistance Committee (DAC) of the OECD countries at only USD 3 million.

In spite of the importance of basic social services for the eradication of poverty in the LDCs, the proportion of public aid directed to this sector is significantly below the average of DAC members. Education, for instance, received 34% of the total bilateral ODA in 2003, but only 2.2% was allocated to basic education. Portugal's performance in this area is insufficient: priority is given to teaching the Portuguese language which is hardly essential to development, and the largest share takes the form of technical cooperation. In fact, as much as 95%¹⁸ of the bilateral ODA allocated to education is for scholarships to universities in Portugal for students from Portuguese-speaking countries in Africa and East Timor, or to send Portuguese teachers to these countries, or to finance training, technical advisors and studies. The effectiveness of this kind of development aid has not been evaluated and no doubt it is less of a priority than investments in basic education such as training primary school teachers or allocating funds to education budgets to pay local teachers and build schools.

In the health sector, a large part of aid takes the form of tertiary support (4.2%),¹⁹ with only 0.2% invested in health infrastructure, basic nutrition, infectious disease control, health education, and health personnel development. With 78% of its bilateral ODA in 2003²⁰ going towards technical cooperation, the real nature of Portugal's contribution is clear.

Conclusion

According to the Eurobarometer on "Attitudes towards Development Aid",²¹ in 2004 the great majority of Portuguese (87%) had never heard about the MDGs. Oikos is committed to raising awareness on the issue and mobilizing civil society on Global Call to Action against Poverty initiatives, but it is difficult to capture the media's attention and to convince politicians to state their commitments. Also, as long as political and economic interests prevail in the Governments' orientations for development cooperation, the MDGs and other developed country initiatives for global poverty eradication will continue to fall short of expectations. ■

11 Comissão para a Igualdade e para os Direitos da Mulher.

12 UN Division for the Advancement of Women "Review and Appraisal in the Commission on the Status of Women in 2005. Portugal 2004", www.un.org/womenwatch/daw/Review/responses/PORTUGAL-English.pdf

13 Represented by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).

14 Instituto Português de Apoio ao Desenvolvimento (IPAD). In 2003, East Timor and the African Portuguese-speaking countries (Angola, Cape Verde, Guinea-Bissau, Mozambique, S. Tomé e Príncipe) together received 80% of the Portuguese bilateral ODA.

15 Except Cape Verde and East Timor as of 2002.

16 The UN reference target for this indicator (ODA in proportion of the GNI) is 0.15%.

17 The Cotonou Agreement (2000) is a 20-year partnership agreement between the EU and 77 African, Caribbean and Pacific nations.

18 DAC/OECD in International Bank for Reconstruction and Development (2005), *Global Monitoring Report 2005 - Millennium Development Goals: From Consensus to Momentum*. The World Bank, p. 93.

19 DAC/OECD. For example, the area of medical treatment in Portugal for evacuated patients from the Portuguese-speaking African countries.

20 This percentage is considerably above the DAC average.

21 http://europa.eu.int/comm/public_opinion/archives/ebs/ebs_222_en.pdf