

Doing Better for Families Portugal

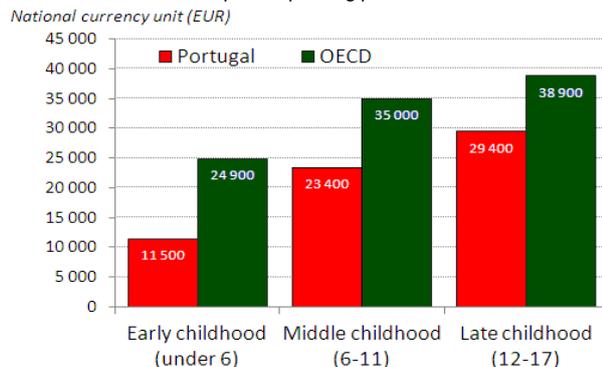
Pressures on Portuguese working families have seen fertility slump over a generation

Portugal should try to invest more of their public family budget towards early year's supports, says OECD, even in times when pressures on fiscal consolidation are at their highest. Investment on early year's services is essential to enable families to flourish, is essential for future welfare state sustainability and economic growth.

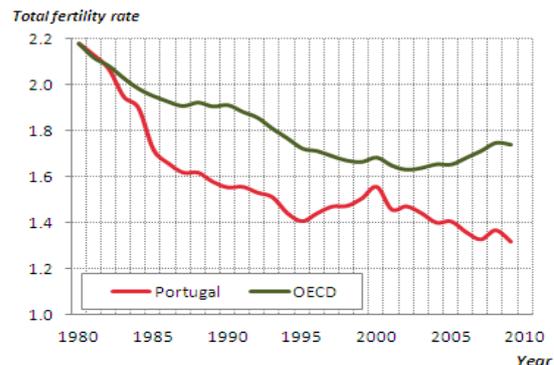
Portugal is already spending less than the OECD average at each stage of childhood. Reported early years spending is less than half of the OECD average (EUR 11 500 per child compared to EUR 24 900) and mid- and late-childhood spending lag behind OECD levels by around one-third and one-quarter respectively.

For over a generation of families fertility rates in Portugal have been falling. Today, only one other OECD country has a lower fertility rate (Korea). Sustainable fertility is important to ensure dependently ratios don't threaten Portugal's welfare systems and future productivity. Total fertility rates are sensitive to income shocks such as the global financial crisis; a further fertility dip is evident in Portugal since the onset of the financial crisis.

Portugal spends less than the OECD average in absolute terms per child at each childhood stage
Cumulated public spending per child in 2007



Portugal's fertility rate has fallen well below replacement rates and the OECD average since 1980
Total Fertility rate trend (1980 and 2009)



In reality, the Portuguese problem is not that families have no children, but rather families not having more than one child. Childlessness is low in Portugal, less than one in ten women aged 49+ have no children, but around half of all Portuguese families are one-child families. To improve fertility rates, Portuguese families need more support when caring for young children.

Recent parental leave reform facilitates both mothers and fathers to spend more time with their newborns, as well as promoting gender equity through financial incentives to share parental leave. Pre-school childcare enrolment in Portugal has tripled in the last decade, it now stands at around 65% (OECD average is 58.2%). Nevertheless, capacity constraints in subsidised childcare remain, and differences between the take-up of formal childcare services, by income group, are amongst the biggest in the OECD (an enrolment gap between high and low income families of around 40%). Portugal should strengthen its childcare support for low-income families, for example through direct payments to parents linked to the use of good-quality childcare facilities.

Moreover, Portuguese women are generally more educated than their partners, which combined with low levels of education overall (over 67% of couples have only lower secondary education) may contribute to high female participation in the labour market (over 60% of children live with both parents working full-time), and in turn smaller family sizes.

One option for Portugal could be bolster childcare services and/or parental leave policies by cutting back on child benefits paid, in some cases, to age 24. This of course is a challenge, but if met, stronger early investment will help tackle increasing child poverty rates and promoting sustainable fertility rates.

Portugal has seen the largest improvements in PISA reading literacy scores between 2000 and 2009. Moreover, work incentives for single parents (associated to low childcare costs) and single earner families (to work increase hours) are strong in the OECD context.