

7 March 2023

Position Paper

Cost-of-living crisis exacerbates poverty for women in Europe



Executive summary

Women persistently face greater socio-economic challenges and higher levels of poverty than men in all age categories. They generally work more on precarious contracts than men, have lower pay, and a larger share of uncompensated childcare work. Certain groups of women, such as women over the age of 65, women with disabilities or from ethnic minorities, face intersecting forms of discrimination when accessing education, healthcare, employment and social services. Since COVID-19, inequalities between men and women have grown in employment, education and health. With the current cost-of-living crisis, women's challenges have worsened as they are disproportionately affected, partly due to their lower average income, poor and energy inefficient housing and dependency on social benefits.

Ahead of the next European Parliament elections in May 2024, Caritas Europa puts forward in this document six recommendations, urging EU policymakers to better tackle the challenges faced by women experiencing poverty in Europe and make swifter progress on achieving the [Sustainable Development Goals](#) (SDGs) 5¹ (to achieve gender equality² and empower all women and girls) and 1 (to end poverty in all its forms).

Recommendation 1: The EU institutions should adopt a framework directive on minimum income standards, covering all people aged 18+, in order to set a binding EU-wide quality standard for social safety nets based on household needs, which, among others, would ensure that women and their children living in poverty have decent living standards³.

Recommendation 2: The European Commission should ensure the mainstreaming and harmonisation of efforts supporting equality between women and men across all policy areas, especially in regard to issues of poverty, which is missing from the current Gender Equality Strategy (hereafter referred to as the Strategy). The Commission should rectify this for the remaining two years of the current Strategy and include a stronger focus on preventing women's poverty in the new Strategy post 2025. For instance, it should include a gender perspective in discussions of the European Platform on Combatting Homelessness (EPOCH)⁴.

¹ Caritas Europa supports SDG 5, but emphasises that, for targets 3.7 and 5.6, "the right to health is a corollary to the right to life, and it should never be used as a way to end the life of a person, who is such from conception until natural death". The Holy See, 2016, "Note of the Holy See on the First Anniversary of the Adoption of the Sustainable Development Goals", <https://holysemission.org/contents/statements/5806914667987.php> 22/02/2023.

² In the context of this paper, when we use the term "gender equality", we are referring to equality between women and men. European Parliament, 2021, "Gender equality: ease women's access to the labour market and close the pay gap", <https://www.europarl.europa.eu/news/en/press-room/20211210IPR19212/gender-equality-ease-women-s-access-to-the-labour-market-and-close-the-pay-gap> 15/02/2023.

³ Behind this household unit, however, are many situations that statistics are unable to capture and, therefore, not every individual within the household can be considered on an equality footing or may not even be counted, for instance those living in institutional care facilities, homeless people, women in intimate violence relationships, etc.

⁴ Established in 2021, the EPOCH (<https://ec.europa.eu/social/main.jsp?catId=1550&langId=en>) endeavours to achieve a collaborative process to support Member States to achieve concrete progress in the fight against homelessness. All stakeholders, of which Caritas Europa is a member, have committed to renewing their efforts in fighting homelessness by reinforcing prevention and implementing integrated, housing-led approaches that seek to end homelessness.

Recommendation 3: EU Member States must transpose the Adequate Minimum Wages legislation into national law as quickly as possible, and to its fullest extent, covering all types of workers and, at the very least, adhering to the international indicator of 60% gross median wage and 50% gross average wage. EU governments must also ensure that minimum wages take into account the cost-of-living (indexation), preferably through using a national basket of goods and services at real prices, which should include the need to participate in cultural, educational and social activities and include material necessities, such as food, clothing and housing.

Recommendation 4: EU Member States should implement the Council Recommendation on early childhood education and care, to ensure its availability and affordability. This should contribute to allowing more women to be more active on the labour market, whilst enabling men to take their share of care, in accordance with the EU Work-Life-Balance Directive⁵.

Recommendation 5: EU Member States should also implement the Council Recommendation on long-term care. Ensuring the availability and affordability of long-term care, the complementarity of professional care work and informal carers as well as decent wages for all care workers and a secure regularised status for migrant care workers will contribute to reducing the income and wage gap between women and men, as well as the gender care and pension gaps.

Recommendation 6: EU Member States should submit as soon as possible a Social Climate Plan under the Social Climate Fund and a National Action Plan for the implementation of the Child Guarantee⁶ to guarantee access to affordable housing, especially for single parent families at risk of poverty, of which the majority are women-headed households. These plans should cushion the impacts of the new emissions trading system on vulnerable households and ensure effective access for children in need of adequate housing.

Introduction

The [European Pillar of Social Rights](#) and the [\(Revised\) European Social Charter](#) recognise the rights of all workers to fair remuneration that is sufficient for a decent standard of living for themselves and their families, the right to equal pay for work of equal value as well as the right to protection against poverty and social exclusion. However, women are still discriminated against in terms of equal and decent wages and are at much greater risk of poverty than men. In 2021, the European Parliament adopted a [resolution on women's poverty in Europe](#), but no further action on this resolution has yet been taken. At current progress, the EU is still at least 60 years away from

achieving equality between women and men⁶. This paper therefore urges EU leaders to go beyond a resolution in lifting women out of poverty and to ensure that the EU and its Member States take more action in mainstreaming equality between men and women across all its policies.

Section 1: State of play and challenges

Since 2010, the EU's score in the Gender Equality Index has increased only by 4.9 points, and in 2021, one third of EU Member States still scored less than 60 out of 100 points⁷. Women persistently face greater socio-economic challenges and higher levels of poverty than men in all age categories⁸. Women are generally engaged in more precarious work contracts, such as part-time work, low-paid and fixed-term contracts. This is partly due to the disproportionate amount of uncompensated childcare work that requires more flexibility for women, and the high cost of quality childcare services. Women also occupy a large share of jobs in the informal economy, which tend to have fewer labour rights as well as less social protection and other fundamental benefits⁹. Some also fall victim to exploitation and trafficking in human beings. Women generally also have lower pay than men and many women are experiencing in-work poverty¹⁰.

However, for some groups of women, the risk of poverty and social exclusion is even higher. Single mothers (85% of single-parent families¹¹), women above the age of 65, women with disabilities, women with low levels of education, women from migrant backgrounds, trafficked women, young women, Roma women, women from rural areas and women from religious or ethnic minorities face additional and intersecting forms of discrimination when accessing education, healthcare, employment and social services¹². Women over the age of 65 tend to receive pensions 48% lower than men of the same age¹³. Many women who live in rural areas are not even registered on the labour market or are registered as unemployed¹⁴, and many women with low incomes remain in a vicious cycle in which the difficulties in accessing childcare put their careers in jeopardy and themselves (and their children) at risk of poverty¹⁵. In 2020, 42.1 % of the EU population living in single-adult households with dependent children were at risk of poverty or social exclusion¹⁶ and in 2020, only 20.7% of women with disabilities were in full-time employment¹⁷.

As a result of the COVID-19 pandemic, the fragile gains made in the EU's score in the Gender Equality Index since 2010 have either stagnated or decreased. For the first time in a decade, inequalities between women and men in

⁶ European Parliament, 2021, "Gender equality: ease women's access to the labour market and close the pay gap", <https://www.europarl.europa.eu/news/en/press-room/20211210IPR19212/gender-equality-ease-women-s-access-to-the-labour-market-and-close-the-pay-gap> 15/02/2023.

⁷ Ibid.

⁸ EIGE, 2022, "Gender Equality Index – Intersecting Inequalities in the European Union in 2022", <https://eige.europa.eu/gender-equality-index/2022/domain/intersecting-inequalities/money> 10/02/2023.

⁹ European Parliament, 2021, "Understanding the impact of Covid-19 on women (infographics)", <https://www.europarl.europa.eu/news/en/headlines/society/20210225STO98702/understanding-the-impact-of-covid-19-on-women-infographics> 13/02/2023.

¹⁰ European Parliament, 2022, "Report on women's poverty in Europe", https://www.europarl.europa.eu/doceo/document/A-9-2022-0194_EN.html 12/02/2023.

¹¹ Ibid.

¹² Ibid.

¹³ EIGE, 2022, "Gender Equality Index 2022: The COVID-19 pandemic and care", <https://eige.europa.eu/publications/gender-equality-index-2022-covid-19-pandemic-and-care> 10/02/2023.

¹⁴ European Parliament, 2022, "Report on women's poverty in Europe", https://www.europarl.europa.eu/doceo/document/A-9-2022-0194_EN.html 12/02/2023.

¹⁵ European Parliament, 2021, "COVID-19 and its economic impact on women and women's poverty", [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/693183/IPOL_STU\(2021\)693183_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/693183/IPOL_STU(2021)693183_EN.pdf) 14/02/2023.

¹⁶ European Parliament, 2022, "Report on women's poverty in Europe", https://www.europarl.europa.eu/doceo/document/A-9-2022-0194_EN.html 12/02/2023.

¹⁷ EIGE, 2022, "Gender Equality Index – Intersecting Inequalities in the European Union in 2022", <https://eige.europa.eu/gender-equality-index/2022/domain/intersecting-inequalities/disability/work> 15/02/2023.

employment (full-time equivalent employment rate and duration of working life), education (tertiary graduation and participation in formal or informal education and training), health status and access to health services have grown. At the same time, gaps in the risk of poverty and the distribution of income between women and men have not improved¹⁸.

Since women are over-represented in essential services, such as healthcare, childcare (76% of care workers are women¹⁹), services for violence against women and sales (82% of cashiers are women²⁰), they were the most exposed to the virus during the pandemic as their places of work remained open. Teleworking was not and is not an option for the majority of these jobs. At the same time, women working in other services which were particularly hit by the pandemic, such as tourism and hospitality, faced job losses. Quarantine also affected sectors of the economy where traditionally more women are employed, including nursery, secretarial and domestic work²¹.

Since the beginning of 2022, the war in Ukraine and the resulting cost-of-living crisis have made it very challenging for women in the most vulnerable situations to make ends meet. Whilst the rising cost-of-living affects everyone, women are disproportionately affected, partly due to their lower average income, and energy inefficient housing. Single mothers and single women are more likely to have problems paying their utility bills than any other group, according to a Eurofound survey. The research found that 44% of single mothers and 31% of single women anticipate difficulties affording energy costs over the next three months, compared to 26% of single men²².

"It's a day-to-day struggle to manage with the little money we have. I go to the supermarket, and I see that everything is very expensive. The oil that was 1 euro is now 3 or 4 euros. We have problems with our housing. During the day it's like I'm wearing a mask. My children see me well and happy, but when they fall asleep, I collapse."

A 47-year-old woman helped by Caritas in Valencia

Given their lower average income, women are also more reliant on social security entitlements that are not keeping pace with the rate of inflation. In the UK, on average, women are more likely to have borrowed more money or used more credit compared to the previous year and expect they will not be able to save any money in the next twelve months²³. Women are also less likely to own and drive cars than men, partly due to the expenses and women's higher use of public transport. Women will also, therefore, be disproportionately impacted by any public transport route changes and cancellations due to operating costs. Furthermore, public transport costs are increasing, and the services are often inaccessible for women with disabilities, and older women and their carers, forcing them to rely on private or hired transport²⁴.

In addition, over the past two years, prices of products aimed at women have risen even faster than those for men. In Britain, for instance, the price for women's shoes increased by 75% in 2021, while those for men increased by 14% only. The same inequalities are also visible when it comes to electric razors, T-shirts, jeans, even haircuts²⁵,

¹⁸ EIGE, 2022, "Gender Equality Index 2022: The COVID-19 pandemic and care", <https://eige.europa.eu/publications/gender-equality-index-2022-covid-19-pandemic-and-care> 10/02/2023.

¹⁹ EIGE, 2022, "Essential workers", <https://eige.europa.eu/covid-19-and-gender-equality/essential-workers> 13/02/2023.

²⁰ European Parliament, 2021, "Understanding the impact of Covid-19 on women (infographics)", <https://www.europarl.europa.eu/news/en/headlines/society/20210225STO98702/understanding-the-impact-of-covid-19-on-women-infographics> 13/02/2023.

²¹ Council of the European Union, 2017, "Draft Report Gender segregation in education, training and the labour market Report by EIGE", <https://data.consilium.europa.eu/doc/document/ST-12709-2017-ADD-2/en/pdf> 20/01/2023.

²² euobserver, 2022, "Women hardest hit by energy price hike", <https://euobserver.com/health-and-society/156423> 10/02/2023.

²³ Engender, 2022, "Women & the Cost of Living – A Crisis of Deepening Inequality", <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living---updated-copy.pdf> 15/02/2023.

²⁴ Ibid.

²⁵ World Economic Forum, 2022, "Inflation affects women more than men. Civil society can help", <https://www.weforum.org/agenda/2022/10/inflation-crisis-hits-women-harder/> 16/02/2023.

and sanitary products, which expose many women and girls to “period poverty”²⁶.

Overall, relatively lower, or more precarious labour market participation, interrupted careers due to care responsibilities and lower wages put women at a greater likelihood of poverty, as they earn less money throughout their life course and often have less opportunities to contribute to pension schemes. With the current crisis threatening to further unravel social progress and equality for women, radical EU and national policies are required to reverse the trend and get back on track to achieving SDG 5 to achieve gender equality and empower all women and girls and SDG 1 to end poverty in all its forms.

Section 2: Promising EU policy initiatives

Council Recommendation on Minimum Income

Caritas Europa welcomes the [Council Recommendation on Minimum Income](#) because it can have a positive impact on securing an adequate minimum income for both women and men. The Recommendation calls on Member States to ensure adequate income support, and the detailed recommendations to improve the take-up rate of minimum income can also have positive impacts on women’s ability to access minimum income in their own right as their take-up rate is lower than that of men. Regarding labour market integration, it is likely that women would also benefit from the recommendation to provide for the possibility to combine income support with earnings from work, a progressive phasing out of income support or retaining the right to income support during short or sporadic work, probation periods or traineeships. A Council Recommendation, however, does not guarantee that Member States will implement it and effectively improve the adequacy, availability, accessibility and take-up of their minimum income system. A rigorous monitoring by the European Commission will therefore be indispensable. A minimum income framework directive, however, would provide a better guarantee that Member States will effectively improve the quality of their minimum income system.

Gender Equality Strategy 2020–25

In 2020, the European Commission launched the [Gender Equality Strategy 2020–2025](#). The Strategy focuses on six priorities, each followed by recommendations to Member States, the European Parliament and the Council. However, while scant references are made to poverty, there are no specific measures to address women’s poverty in Europe. One of the priorities relates to gender mainstreaming and an intersectional perspective in EU policies and highlights that “[T]he inclusion of a gender perspective in all EU policies and processes is essential to reach the goal of gender equality”²⁷. Nevertheless, it fails to address women’s poverty particularly in the context of the European Pillar of Social Rights. The Strategy was adopted just before the outbreak of the COVID-19 pandemic, which brought to the forefront the essential role of women in society. But it also made visible the precariousness of women’s paid and unpaid work, their risk of falling victim to exploitation and trafficking, their overwhelming caring roles²⁸ and their heightened exposure to poverty, which were acknowledged in the European Parliament’s resolution on women’s poverty in Europe. While the Commission does not envisage a mid-term review of the Strategy, Caritas Europa believes there is still time and room to include specific measures addressing women’s poverty in Europe within the gender mainstreaming priority for the remainder of the lifespan

²⁶ Global Citizen, 2022, “Period Poverty: Everything You Need to Know”, https://www.globalcitizen.org/en/content/period-poverty-everything-you-need-to-know/?gclid=CjwKCAiA9efBhAkEiwA4TorilfYPMpmtnZToeMbQud9OJoTProQAlfywXVjJvY4EMgaP_yDgFdenxoC8RAQAvD_BwE 24/01/2023 and Caritas Vlaanderen, 2020, “DUBBEL TABOE Menstruatie-armoede in Vlaanderen”, https://caritasvlaanderen.be/sites/default/files/inline-files/Caritas_rapport_Menstruatiearmoede_0.pdf 25/02/2023.

²⁷ Ibid, page 15.

²⁸ See also: Caritas Europa, 2021, “The carers in our homes are essential workers”, <https://www.caritas.eu/the-carers-in-our-homes-are-essential-workers/> 27/01/2023.

of the Strategy. We further urge the European Commission to include a gender perspective in the recently established (2021) [European Platform on Combatting Homelessness](#). Furthermore, a systemic approach should be included in the follow-up Strategy post 2025.

Adequate Minimum Wages Directive

The recently adopted [Adequate Minimum Wages Directive](#), an initiative under Principle 6 of the European Pillar of Social Rights, establishes a framework for setting minimum wages at an adequate level across the Union as well as improving collective bargaining. Adequate minimum wages, set either statutorily or through collective bargaining, are essential for all workers in improving working and living conditions, helping prevent in-work poverty, reducing precarious employment and strengthening incentives to quality work. Importantly, they also support equality between women and men, since more women than men are earning wages at or around the minimum wage. Women, young and low-skilled workers, as well as those with non-standard employment contracts (often women) have a higher probability of earning the minimum wage than other workers. In particular, women are almost twice as likely to earn the minimum wage as men, whilst temporary work increases the probability of earning the minimum wage by a factor of three and part-time work by a factor of two²⁹. Considering the “lighthouse”³⁰ effect that minimum wages have on wage formation in the informal economy, informal workers could also benefit from it.

It is crucial that EU Member States do not wait to implement the legislation but ensure that it is transposed into national law as quickly as possible, and to its fullest extent, covering all types of workers and, at the very least, adhering to the international indicator of 60% gross median wage and 50% gross average wage. EU governments must also ensure that minimum wages take into account the cost-of-living, preferably through the use of a national basket of goods and services at real prices, which should include the need to participate in cultural, educational and social activities as well as material necessities such as food, clothing and housing. This is particularly important in the current context, as even though many nominal minimum wages have increased as a result of the legislation in the last year, real wage value across the EU has fallen (–2.4% in the first half of 2022)³¹ due to inflation. In addition, strengthening the enforcement and monitoring of minimum wages will help ensure that workers benefit from actual access to minimum wage protection and are paid the wages they are entitled to.

The Adequate Minimum Wages Directive should also be considered as part of a holistic approach to reduce the gender pay gap, which also entails the recently reached compromise to adopt the Directive on Binding Measures on Pay Transparency³².

The EU Care Strategy

Women are more likely to have greater caring responsibilities, whether for children or elderly dependents, and they are also overrepresented in the sector of care work, whether formal or informal. This contributes to a continued income gap, because of the limited support for informal carers and relatively lower wages in the sector for formal care workers, which carries life-long consequences. Moreover, domestic and migrant (live-in) care workers, of which the majority are women, are in an even more vulnerable situation.

²⁹ Caritas Europa, 2022, “Inclusive Labour Markets – Ensuring No One is Left Behind”, <https://www.caritas.eu/inclusive-labour-markets/25/01/2023>.

³⁰ The lighthouse effect is an indication about socially acceptable minimum levels of pay. If the minimum wage increases then it suggests to workers and employers in the informal sector that their wages should go up as well in alignment – ILO, “Chapter 7: Monitoring the effects of minimum wages: 7.5 Effects on formal and informal employment”, https://www.ilo.org/global/topics/wages/minimum-wages/monitoring/WCMS_438880/lang--en/index.htm#:~:text=One%20explanation%20for%20the%20effect,acceptable%20minimum%20levels%20of%20pay.13/02/2023.

³¹ ILO, 2022, “Global Wage Report 2022–23. The impact of inflation and COVID-19 on wages and purchasing power”, https://www.ilo.org/global/research/global-reports/WCMS_862569/lang--en/index.htm 23/01/2023.

³² Euractiv, 2022, “EU agrees on pay transparency rules to fight gender pay gap”, <https://www.euractiv.com/section/economy-jobs/news/eu-agrees-on-pay-transparency-rules-to-fight-gender-pay-gap/> 05/02/2023.

Caritas Europa welcomes the EU [Care Strategy](#) and [Council Recommendation on long term care](#), which calls on Member States to improve effective regulation and professionalisation in this sector, which should lead to better wages and working conditions. Ensuring complementarity between professional care work and informal carers will help women to be more active on the labour market and encourage men to take their share of care and more opportunities to work and better wages will also contribute to reducing the gender pension gap, if the Recommendation is fully implemented. A secure regularised status for each migrant care worker should also be guaranteed³³.

Related to this, Caritas Europa also welcomes the [Council Recommendation on early childhood education and care](#), which encourages Member States to increase participation in accessible, affordable and high-quality early childhood education and care (ECEC) while taking into account the demand for ECEC services, in order to facilitate women's labour-market participation, men's take-up rate of care and enhance the social and cognitive development of all children. We also appreciate that the two Recommendations invites Member States to improve the working conditions, career prospects and remuneration of care workers and to provide regular upskilling and reskilling possibilities. However, the targets for Member States with currently low ECEC participation rates are not ambitious enough. This will not ensure availability and accessibility of affordable ECEC for all families experiencing or at risk of poverty, and it will prevent reaching the target of at least 78% of the population between 20 and 64 years old in employment by 2030. In that sense, the low targets risk to become a major obstacle to closing the employment and income gap between women and men. Therefore, we call for a Care Guarantee for Europe, which would provide a holistic life-cycle approach to care in Europe and structural targeted/earmarked EU funding.

Affordable housing

The lack of good quality, affordable housing has become one of the major crises throughout Europe. Access to affordable housing is a challenge for many families experiencing poverty, in particular for single-parent families, and without it is one of the greatest factors of exclusion³⁴. Now, in combination with the green transition, affordable housing risks becoming an even greater challenge for single parents due to higher rents as a result of higher construction/renovation costs. The proposal for a [Social Climate Fund](#) explicitly recognises that women are particularly affected by carbon pricing as they represent 85% of single parent families. The measures and investments supported by the Fund must benefit households in energy poverty and citizens without public transport alternatives to individual cars (in remote and rural areas), which will be particularly affected by higher costs due to the inclusion of greenhouse gas emissions from buildings and road transport into the scope of the [Directive establishing a system for greenhouse gas emission allowance trading](#). Moreover, through the [European Child Guarantee](#), all Member States should ensure effective access to affordable housing for all children in need. However, nearly a year after the deadline, there are still eight Member States that have not submitted their National Action Plans to implement the Child Guarantee³⁵.

Conclusion

The challenges for women, who were strongly impacted by the COVID-19 pandemic, have worsened significantly with the current inflation, especially for those already in or at risk of poverty. Inclusive and decent, quality employment as well as strong social welfare systems are essential in addressing and preventing women's

³³ Refer to our position paper on labour migration with detailed examples of the extent of undeclared work in the care sector: <https://www.caritas.eu/why-we-need-more-labour-migration/>

³⁴ The loss of housing contributes to higher risks of vulnerability and is far from being a guaranteed right. Caritas Europa recalls the 2021 [Parliament resolution on decent and affordable housing for all](#) to inspire positive change in this direction.

³⁵ Situation 10.02.23: AT, DE, HU, LV, LT, RO, K and SI. See also: <https://www.euractiv.com/section/economy-jobs/opinion/the-eus-child-poverty-plan-is-one-year-old-and-most-of-europe-is-failing-to-deliver/>

poverty. Given the multidimensional nature of women's poverty, there is a need to mainstream equality between women and men across the whole EU policy cycle and to harmonise efforts supporting equality between women and men in employment, care provision and access to care services, working conditions, pay and pensions to help combat deep-rooted causes of poverty and social exclusion more effectively.

Ahead of the next European Parliament elections in 2024, Caritas Europa urges the EU institutions and Member States to take heed of our recommendations and meet SDG 5 to achieve gender equality and empower all women and girls and SDG 1 to end poverty in all its forms everywhere.

Contact details

Lucy Anns

Policy and Advocacy Officer

lanns@caritas.eu

Peter Verhaeghe

Senior Policy and Advocacy Officer

pverhaeghe@caritas.eu

About Caritas Europa

Caritas Europa is a network of 49 member organisations in 46 European countries and one of the 7 regions of Caritas Internationalis. Our members assist and provide services to millions of people in need.

Caritas Europa aims at lifting people out of poverty by empowering them and by influencing unjust structures and unfair policies that keep people trapped in positions of disempowerment.



Co-funded by the European Union

Views and opinions expressed are however those of Caritas Europa only and do not necessarily reflect those of the European Union or the European Commission. Neither the European Union nor the granting authority can be held responsible for them.