ESS Extension of Social Security

Extending social security: Challenges for Cape Verde

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Social Security Policy and Development Branch
International Labour Office
Summary

Cape Verde gained its independence from Portugal in 1975. Initially, it was governed as a one-party state and the economy was largely controlled by the public sector. Social policy followed the welfare state model and in spite of limited natural resources a comprehensive range of social benefits was provided by the State.

In 1991, the country underwent radical political change in response to an economic recession. The first multi-party elections were held and economic reform followed political change. The private sector tripled in size so that by 1997 there were over 6,000 private enterprises employing 30,000 workers.

Social security policies have remained a Government priority in spite of a fragile economy in which unemployment is structural and accounts for 20 per cent of the economically active population. This corresponds with specific obligations set out in the 1992 Constitution, which establishes that everyone shall have a right to health care regardless of economic status and to social security with respect of a range of contingencies where there is incapacity for work.

Government policies have however moved away from the welfare state model and are based on the notion that the State should not be the sole source of social security and that the private sector and civil society should play an important role. Thus, social insurance schemes financed by contributions from employers and workers have been established for private sector workers; they provide benefits in respect of old age, invalidity, survivors, maternity and employment injury, and there are additional allowances for children. There is a separate scheme for civil servants and for employees in the banking sector.

The study notes the role of the Government as the basic guarantor of social security and the significance of its programmes for the poor who represent 30 per cent of the population. A non-contributory social security scheme provides cash allowances for those unable to work, and enrolls those that can, in intensive public works programmes. But attention is drawn to the need to extend the scope of the social insurance scheme to the self-employed and the informal sector. Devising suitable social security arrangements for these excluded groups remains an important challenge.
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### Acronyms and abbreviations

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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCV</td>
<td>Banco de Cabo Verde – Cape Verde Bank</td>
</tr>
<tr>
<td>DL</td>
<td>Legislative Decree</td>
</tr>
<tr>
<td>FAIMO</td>
<td>Frentes de Alta Intensidade de Mão de Obra (Food for Work Programme)</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GMR</td>
<td>Gross Mortality Rate</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>ICASE</td>
<td>Instituto de Acção Social Escolar (Institute of Social Action for Schools)</td>
</tr>
<tr>
<td>IDSR</td>
<td>Inquérito Demográfico e de Saúde Reprodutiva (Population and Reproductive Health Survey)</td>
</tr>
<tr>
<td>IEFP</td>
<td>Instituto de Emprego e Formação Profissional (Employment and Occupational Training Institute)</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Office</td>
</tr>
<tr>
<td>INE</td>
<td>Instituto Nacional de Estatísticas (National Institute of Statistics)</td>
</tr>
<tr>
<td>INPS</td>
<td>Instituto Nacional da Previdência Social (National Social Security Institute)</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Aid</td>
</tr>
<tr>
<td>OEM</td>
<td>Observatório de Emprego e Migrações (Employment and Migration Report)</td>
</tr>
<tr>
<td>PALOP</td>
<td>Países Africanos de Lingua oficial portuguesa (African countries with Portuguese as official language)</td>
</tr>
<tr>
<td>PNLP</td>
<td>Programa Nacional de Luta contra a Pobreza (National Anti-Poverty Programme)</td>
</tr>
<tr>
<td>PSM</td>
<td>Protecção Social Mínima (Minimum social protection scheme)</td>
</tr>
<tr>
<td>TFR</td>
<td>Total fertility rate</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
</tbody>
</table>
1. **Country description**

1.1 Introduction

Cape Verde is situated in the Atlantic Ocean about 500 km from the coast of Senegal. It is an archipelago made up of ten islands, nine of which are inhabited. The surface area is 4,033 km² and is divided into two geographical groups, Barlavento to the north and Sotavento to the south. Cape Verde lies within the semi-arid Sahelian region and has a tropical, semi-arid climate, with scanty vegetation because of the low rainfall—about 200mm between July and December. There is severe erosion with frequent periods of drought and a lack of permanent watercourses and thus water resources are scarce.

1.2 Economy

Since gaining independence in 1975, Cape Verde has experienced periods of economic growth but there was a marked downturn between 1988 and 1991. As a result the country underwent radical political change. The first free multi-party elections were held and a parliamentary system introduced. Major economic changes followed. A private enterprise market based economy was adopted and the State enterprise sector and the tax and financial system were overhauled. This created a more favourable business climate, which promoted foreign investment and encouraged the private sector. In 1992, the economy grew rapidly with levels comparable to the best years of the 1980s. This growth period lasted until the year 2000.

| Table 1. Annual changes in economic indicators, 1993-2000 (percentages) |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| GDP growth | 7.3    | 6.9    | 7.5    | 3.5    | 5.4    | 7.4    | 8.6    | 6.8    |
| GDP per capita growth | 4.2    | 4.1    | 4.7    | 0.8    | 2.6    | 4.6    | 6.4    | 4.6    |
| Consumer price index | 5.8    | 3.4    | 8.4    | 6.0    | 8.6    | 4.4    | 4.4    | 2.4    |

Source: Banco de Cabo Verde (Cape Verde Bank)

In this environment, the business sector tripled in size and according to the 1997 *Enterprise Sector Survey*, the number of enterprises rose to 6,633 providing employment for 30,520 workers. Despite this growth and the pro-active policy measures carried out in the past ten years, the capacity of the Cape Verde economy to provide employment opportunities for the labour force has proven somewhat limited. Unemployment is structural and continues to be the main social problem for the country. This is caused in particular by the fragile economy and the decline in farming, together with a continued increase in population.

One way of resolving this social problem has been to introduce public employment projects that provide support for needy families. The projects involve community jobs that are labour-intensive. They include soil and water conservation as well as opening up parts of the interior of the islands by building secondary roads and other work that would improve the public infrastructure. However, these are seasonal jobs with low productivity, designed to
enable the population in need to gain access to minimum earnings in order to survive, and they are very much welfare-related.

As a result of this endeavour, rising unemployment was halted and decreased in recent years. However, according to the Employment and Migration Report (OEM), drawn up every three months by the Institute of Occupational Training and Employment (IEFP), it is still 21 per cent. This trend was borne out by the data obtained from the General Household Population Census of June 2000, by the National Institute of Statistics (INE) known as Census 2000. It should be noted that the report monitors as its sample the four main urban centres of the country: Praia, Mindelo, Sal and S. Filipe.

**Table 2. Unemployment trends, 1998-2000 (percentages)**

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>25.7</td>
<td>24.2</td>
<td>21.3</td>
</tr>
</tbody>
</table>


Young people below the age of 24 (particularly women), form the population group most affected by unemployment. Unfortunately, the Cape Verdean economically-active labour force (56 per cent of the population) is poorly qualified and this is one of the major constraints that prevents people entering the formal employment market.

### 1.3 Population

According to the Census 2000, the resident population amounts to 434,000 inhabitants of which approximately 65 per cent are under the age of 24. The urban population accounts for 53 per cent of the total and there are 94 males for every 100 females.

The population is still rising fast (2.4 per cent a year), impacting Government attempts to balance socio-economic development with resources available. Despite efforts to encourage birth control, there is a high fertility rate (TFR - 4.0 children per woman). Gross mortality rate is relatively low (GMR - 7.5 per cent), and emigration is gradually declining. In 1995, life expectancy at birth was 71.3 years for women and 65.7 years for men.

**Table 3. Fertility trends in Cape Verde**

<table>
<thead>
<tr>
<th>Years</th>
<th>1995-98</th>
<th>1985-88</th>
<th>1982-84</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of children</td>
<td>4.03</td>
<td>5.95</td>
<td>6.13</td>
</tr>
</tbody>
</table>


The data gathered from the Census 2000 shows that structurally the population is relatively young, with 69 per cent being under the age of 30. The elderly population amounts to only 8.6 per cent (37,116 people over 60 years of age). To meet subsistence requirements, 46 per cent are the responsibility of relatives of Cape Verdeans based either at home or abroad, 22 per cent receive an old-age pension and 25.5 per cent do some work particularly in rural areas and especially in work done for the Food for Work programme (FAIMO).

Another point that should be stressed is the number of disabled persons. According to “Census 2000" there are 13,948 people with disabilities in Cape Verde (3.4 per cent of the
resident population). They suffer from mental or physical problems that affect their lives in various ways. Of these 49.9 per cent are men and 50.1 per cent women. Given the difficulties of access to employment, most disabled persons are supported by their relatives (53 per cent). However, 22 per cent depend mainly on their own work while 9 per cent live on benefit and 16 per cent have other means of subsistence.

Considerable progress has been made in reforming the education system and combating illiteracy. Cape Verde had a high school-attendance rate of 64 per cent for females and 81 per cent for males in 1995. Education is considered a priority and the education system has been developed as the driving force for social development. It is felt that education would become a genuine training “establishment”, enabling the people to become part of social and economic life, to arrange their own social advancement and to secure economic independence. Thus, more than 16 per cent of the General State Budget (OGE) was allocated to education.

Table 4. Structure of the labour force, 2000

<table>
<thead>
<tr>
<th>Population</th>
<th>Total</th>
<th>Percent</th>
<th>Male</th>
<th>Percent</th>
<th>Female</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total labour force</td>
<td>174,664</td>
<td>100.0</td>
<td>88,070</td>
<td>100.0</td>
<td>86,574</td>
<td>100.0</td>
</tr>
<tr>
<td>Employed persons</td>
<td>144,310</td>
<td>82.6</td>
<td>78,314</td>
<td>88.9</td>
<td>65,996</td>
<td>76.2</td>
</tr>
<tr>
<td>Unemployed persons</td>
<td>30,334</td>
<td>17.4</td>
<td>9,756</td>
<td>11.1</td>
<td>20,578</td>
<td>23.8</td>
</tr>
<tr>
<td>Gross activity rate 15-year-olds and over</td>
<td>39.7</td>
<td>41.5</td>
<td>38.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Census 2000 – INE.

1.4 Human development

Cape Verde ranks 91st out of 162 countries according to the UNDP Human Development Index (HDI). This is an indicator on three basic human development components, namely: life expectancy, level of education and per capita income. Several studies on human development have shown that there is a wide disparity among the various States. The general level of human development in Cape Verde has been rising steadily over the last twenty years as shown in the following table.

Table 5. Human Development Index

<table>
<thead>
<tr>
<th>Year</th>
<th>1985</th>
<th>1990</th>
<th>1995</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>0.564</td>
<td>0.624</td>
<td>0.676</td>
<td>0.708</td>
</tr>
</tbody>
</table>


The Human Development Index shows the impact of the development level on the standard of living despite the fact that poverty is still a major social problem. Apart from the 1993 UNDP study on poverty in Cape Verde, on the basis of updated figures from the 1988/89 Household Expenditure Survey (IDF) it is shown that 30 per cent of the population is poor, and 14 per cent live in extreme poverty. Poverty alleviation programmes such as the National Anti-Poverty Programme (PNLP) are important in tackling this problem.
There are other major social indicators that must be taken into account such as the literacy rate and the state of health of the population. Illiteracy fell by 45 per cent in recent years reaching 73.6 per cent of those over 15 in 1999. In the 1990s, there was an improvement in education trends. Census 2000 showed a drop in illiteracy to 25.2 per cent and a gross school attendance rate of 77 per cent. More women than men are becoming literate.

With regard to health, a clause of the Cape Verde Constitution reads as follows:

"1. Everyone shall have the right to health and the duty to defend and promote it regardless of his/her economic status."

From the basic indicators, it is clear that considerable progress has been made in living conditions. The general mortality rate (infant and child to adolescents) has been reduced significantly. Life expectancy, which was 40 years in the 1970s, has now reached an average of 69.4 years. Health services are gradually meeting the needs of communities although there are still many difficulties regarding medical qualifications.

Education and health are part of the UNDP Human Development Index and are the two most important sectors for bringing about social development in Cape Verde. As shown in UNDP’s Human Development Report, the HDI ranks Cape Verde among the countries with average human development. Table 6 shows the overall situation in the country.

### 1.5 Combating poverty

Throughout its history, poverty has been a constant problem in Cape Verde. Droughts have affected the poor of the country, and since independence successive governments have sought to ensure minimum standards of subsistence. In this regard, more investment is being made in labour intensive public works programmes.

### Table 6. Some basic indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>1981-85</th>
<th>1986-70</th>
<th>1990-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross birth rate</td>
<td>38.8</td>
<td>37.0</td>
<td>38.4</td>
</tr>
<tr>
<td>Gross mortality rate</td>
<td>8.7</td>
<td>7.7</td>
<td>8.4</td>
</tr>
<tr>
<td>Natural growth rate</td>
<td>30.1</td>
<td>29.3</td>
<td>30.0</td>
</tr>
<tr>
<td>Liquid growth rate</td>
<td>22.6</td>
<td>29.3</td>
<td>24.9</td>
</tr>
</tbody>
</table>


Having made detailed studies of poverty in 1995 and through a number of public measures to combat economic and social deprivation, the Government drew up and implemented the Anti-Poverty Programme (PNLP). Its aim was to bring the poor into the economy by finding more effective alternatives to the current system of public projects, so as to improve the economic and social infra-structures of the poorest communities thereby enhancing their protection and preventing social and economic deprivation.

The 1995 UNDP study showed that poverty affected a significant proportion of the population (30 per cent or approximately 116,662 people), who are mainly found in rural areas and on the outskirts of urban centres. Their livelihood is dependent on the Food for
Work Programme public works (FAIMO), whose projects annually employ some 20,000 people on average, or on direct support from social advancement structures and other organizations (NGOs).

Households headed by women account for 41.7 per cent of this social group and fall into the category most affected by poverty. Such poverty has a direct effect on living conditions, particularly in the poorest strata that are not covered by any social security scheme.

Table 7. Poverty according to rural and urban environment

<table>
<thead>
<tr>
<th></th>
<th>Poor population</th>
<th>Poorest population</th>
<th>Per cent of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>17.2</td>
<td>7.4</td>
<td>50.0</td>
</tr>
<tr>
<td>Semi-urban</td>
<td>19.3</td>
<td>6.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Rural</td>
<td>46.1</td>
<td>22.5</td>
<td>44.4</td>
</tr>
<tr>
<td>Total</td>
<td>30.2</td>
<td>14.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>


The PNLP commenced operations in 1998 and came under an autonomous government agency. It included sub-programmes such as the Food for Work Programme projects (FAIMO); and social equipment and social mechanisms such as a micro-credit sub-programme, which was built up as a means of providing an alternative income for families particularly in rural areas. NGOs and community associations provided inputs in support of poverty alleviation and various forms of cooperation were set up through agreements entered into with the PNLP.

Poverty in Cape Verde is fundamentally structural and, in particular, is related to the precarious production base and the inherent characteristics of the economy. The production structure does not generate sufficient employment to absorb the largely unskilled labour force. Poverty reduction depends on a comprehensive development of the economy and on building up production strengths. Part of such development rests on constantly upgrading the social security system and ensuring that the social partners continue their joint efforts.

The various programmes and projects carried out as part of the social advancement effort—the public job-creation projects, the implementation and extension of the Minimum Social Protection scheme (PSM), State pensions and the start of the PNLP—are a part of the non-contributory social protection environment. One measure that must be highlighted is the School Canteen Project within the Social Action for Schools Programme (ICASE) that is designed to combat malnutrition. It is estimated that about 85 of every 100 children in the education systems in rural areas are receiving welfare support in the form of food (one hot meal a day). However, the underlying philosophy for implementing the PNLP is social and economic self-advancement and not a welfare state approach. The programme has been devised to show people that poverty is not a situation that must be accepted as fate, but on the contrary, one which can be improved.
2. Social policies

In the recent years that coincide with the Second Republic, Cape Verde has seen policies that shape social and economic development. Between 1991 and 2000, the national authorities began work on a new social development approach that rejected the welfare-state idea to social development and turned to some fresh basic premises, the most important of which are as follows:

a) “The State alone shall not have the sole right to determine social policies. The State should rather act as the driving-force behind social policies drawn up by political parties (...) in perfect harmony with civil society and its organizations through social consultation”;

b) “The State must not be the sole executor of social policies adopted by the electors and sovereign bodies with competence in this matter but rather work with the private sector and organisations of civil society”;

c) “Broadening, both in the sense of extending and deepening, the concept of basic needs so as to include social protection for the elderly, and employment.”

Individual and collective social well-being is the Government’s primary objective during the Second Republic, which effectively means:

a) “Guaranteeing and improving access to health particularly for the low-income social strata”;

b) “Enhancing the national social security system so as to ensure a better quality response now and in the future.” The priority sectors are to be:

♦ Social security,
♦ Social promotion and poverty reduction, and
♦ Health.

These are some of the major social policies and guiding principles enshrined in the programme of the Constitutional Government of the Second Republic passed by the National Assembly, which underpin the social protection system that has been set up in recent years in Cape Verde in accordance with Resolution No.8/90 of 30 April.

3. Social security system

3.1 Scheme for employees

In accordance with the Legislative Decree (DL) No.114, establishing the Social Welfare Scheme in December 1982, employees are obliged to register with the social insurance system and pay contributions. As a result, the following schemes ceased to exist in Cape Verde: the Trade Union Insurance Fund for Shop assistants and related workers and the TU Fund for Maritime Transport, Seafarers and Related Workers.

The system introduced by this law corresponded mostly to the welfare protectional model and included a compulsory scheme for dependant workers. This is described in the Law on the Basis for Social Protection (LBPS) Law no. 131/V/01) of 2001 as “Compulsory Social Protection,” with compulsory membership except for the self-employed.
The aim is to secure better social protection for workers and thus provide income replacement for lost earnings and/or family responsibilities. This compensation particularly for dependent relatives (spouse, children and parents) also means compensation for a reduction in remuneration because of sickness.

Coverage under this sub-scheme tends to be universal since it includes all individuals who are regarded as employees or who have a similar status under the law.\(^1\) According to statistics supplied by the National Social Security Institute (INPS), there were more than 36,000 workers registered up to the year 2000 who were directly benefiting from the system. Overall, some 27 per cent of the resident population (115,000 persons) directly or indirectly benefit from social security.

### Table 8. Population covered by category

<table>
<thead>
<tr>
<th>Category</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured</td>
<td>18,164</td>
<td>22,667</td>
<td>30,189</td>
<td>36,289</td>
</tr>
<tr>
<td>Children</td>
<td>46,111</td>
<td>49,305</td>
<td>62,416</td>
<td>70,093</td>
</tr>
<tr>
<td>Parents</td>
<td>1,517</td>
<td>2,373</td>
<td>2,464</td>
<td>2,962</td>
</tr>
<tr>
<td>Spouse</td>
<td>2,202</td>
<td>2,532</td>
<td>2,469</td>
<td>2,728</td>
</tr>
<tr>
<td>Pensioners</td>
<td>2,558</td>
<td>2,901</td>
<td>3,173</td>
<td>3,306</td>
</tr>
<tr>
<td>Total</td>
<td>70,552</td>
<td>79,778</td>
<td>100,711</td>
<td>115,378</td>
</tr>
</tbody>
</table>

Source: INPS - Studies Office (GE).

The system does not extend to civil servants or other State officials, local authorities and other legal persons whose status is governed by civil service standards or to independent workers.

The legislative framework provides benefit rights in respect of certain contingencies (sickness, maternity, occupational accident, invalidity, old-age and survivors’ as well as dependants’ benefits). These are regulated in various ways depending on the conditions of allocation and the beneficiary.

The techniques used in determining the protective framework are based on the following specific rules:

- Concept of social risk,
- Classification of eventualities covered,
- Description of benefits and conditions governing their allocation, and
- The relative proportion between the contribution payable and the right to receive benefits or allowances.

\(^1\)Workers under the General Legal Labour Relations Regime passed by DL 62/87 of 30 June amended by DL 51-A/89 of 26 June and by Law No.101/IV/93 of 31 December, or by legislation established by the Social Security System DL 114/82 of 24 December.
Regarding financial resources, the sub-scheme is designed to be self-financing through social contributions or pay-as-you-go deductions. The rate is fixed at 23 per cent, with 8 per cent being paid by the worker and 15 per cent by the employer. Within that comprehensive payment, the following eventualities are covered:

- Family allowance and supplementary benefits
- Sickness and maternity
- Invalidity and old-age
- Survivors (in the death of an insured person)
- Administration

The contribution rate payable by the employer and the worker (according to the various benefits payable) was revised by law in order to have better financial control of the system. This arose from a study carried out by the system management body, which suggested adjustments to avoid possible financial imbalances. There was no increase in the level of sickness and maternity benefits but the substantial increase in the number of beneficiaries placed them in a better position because the system was on a more solid footing and could therefore attend to more beneficiaries.

**Table 9. Workers’ and employers’ contribution rates to social security, 1983-95 and 1995 onwards (percentages)**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>1983-1995</th>
<th></th>
<th>1995 onwards*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Worker</td>
<td>Employer</td>
<td>Total</td>
<td>Worker</td>
</tr>
<tr>
<td>Family allowances</td>
<td>–</td>
<td>9</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>Sickness and maternity</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Pensions</td>
<td>4</td>
<td>3</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Administration</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Executive Order Portuaria P. No. 107/82 and P No. 47/95 * in force in Cape Verde.

3.1.1 Benefits

1. Family income support and supplementary benefits

The aim of these benefits is to provide income support and extra allowances to the economically active as well as retired insured members, and those retired receiving invalidity and old-age pensions who are responsible for their own or their spouse’s children and parents. This cluster of allowances or income support includes benefits for nursing mothers’ and disabled children as well as a benefit for funeral expenses.

Family income support is paid for a maximum of four children. This maximum is based on average families but the figures need to be updated. According to the fertility survey

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in 1998, the fertility rate was 4.3 per cent (4.8 in rural and 3.1 in urban areas), whereas in 1982-84 it was 6.13 per cent, and thus a fresh survey is necessary.

With regard to income support and the benefits paid to nursing mothers and disabled children, the following should be noted:

a) Only one benefit or allowance is payable in respect of each child.

a) Benefits will be paid to the insured person living with the child or, in the case of shared rights, the person who first applied.

Family income support and supplementary benefits in Cape Verde Escudos (ECV)\(^3\) increased from 56.3 million in 1991 to 93.6 million in 2000, of which 6.6 per cent of payments were made to beneficiaries in the system.

2. **Sickness and maternity**

The sickness benefit provides beneficiaries with medical care and treatment (75 per cent of medicine or drug costs) as well as a cash subsidy to cover loss of earnings during temporary incapacity that has been certified by appropriate hospital services. The maximum period of entitlement is 36 months and the benefit may not exceed 70 per cent of the last wages or the average of the last six months’ wages.

As part of the social security framework, female contributors to the scheme are guaranteed a benefit of 90 per cent of wages for maternity for a period of 45 days during which time the employer pays the balance of normal wages. Moreover, for the first six months of the baby’s life, in addition to family income support, a nursing mother’s benefit is paid. Since it was introduced, the benefits paid out for sickness and maternity have grown rapidly (11.6 per cent a year) accounting for more than 53 per cent of the benefits and allowances paid.

3. **Pensions**

Invalidity and old-age protection is provided through rehabilitation and occupational training, pensions and services. This applies to insured persons who have paid contributions for the minimum qualifying period, and who because of sickness or accident are permanently incapable of work. This means that their earning capacity is reduced to one-third of their usual pay (when disability is 66 per cent or more), or when retirement age has been reached (60 and 65 years for women and men, respectively).

The amount of pension payable is based on the number of years of contributions paid into the system and on the level of earnings on which such contributions were paid, but the pension may not exceed 85 per cent of their average earnings.

On the death of the insured person, a survivor’s benefit or pension is payable to dependent relatives of pensioners or the economically-active insured who, at the time of their death, had paid at least 36 months’ contributions and who meet the following conditions:

- Widows or widowers who are of pensionable age or suffer from some physical or mental disability, which significantly reduces their earning capacity.

\(^{3}\)US$=124.270 CapeVerde Escudos
♦ Children who suffer some physical or mental disability that considerably reduce their earning capacity.

Widows or widowers may qualify for temporary survivor benefit even if they do not meet the above conditions provided that they are unemployed or have children under 18 years of age.

At the end of 1995, there were approximately 2,200 pensioners receiving either an old-age pension or survivor’s benefit. In recent years the figure has increased by 43 per cent so that in 1999 there were about 3,200 pensioners who accounted for 25 per cent of the benefits paid out.

<table>
<thead>
<tr>
<th>Table 10. Categories of pensions paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invalidity</td>
</tr>
<tr>
<td>Old-age</td>
</tr>
<tr>
<td>Survivor’s</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: INPS.

3.1.2 Administration

Two per cent of the social security contribution is earmarked to cover management costs particularly staff, services and third-party supplies.

It should be noted that there is a sub-system for bank employees (central and commercial banks) directly managed by the banks themselves and funded along the same lines by the employees and employer. The financial provisions and the benefits paid to workers are laid down in the banking workers’ statutes.

Taking into consideration the number of workers involved and the volume of benefits paid to beneficiaries, this is a major scheme and compares with the system managed by the INPS. The bank scheme protects workers and relatives through benefits such as family income support and supplementary allowances, medical care and medicines or drugs, funeral grants and pensions.

3.2 Social security for civil servants and public officials

Civil servants, military personnel, the armed forces and security services as well as officials in independent services have a special three-pronged social security scheme. The allowances, known as a supplementary social benefit (family income support), include sickness benefit, death grant, and pensions such as invalidity benefit, survivors’ benefit and old-age pensions. About 7 per cent of the economically active population (11,037 civil servants plus their dependants) including those with short-term contracts were covered by this scheme in 1999.
According to studies, the number of beneficiaries increased from around 470 in 1990 to more than 1,700 in 1999. This has resulted in an increase in costs for the Administration of over five million Cape Verde Escudos.

Table 11. Civil service scheme beneficiaries

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Retirement</th>
<th>Survivor’s</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of beneficiaries*</td>
<td>1,369</td>
<td>417</td>
<td>163</td>
</tr>
</tbody>
</table>

*Provisional data

3.3 Occupational accident and disease

Occupational accident and disease insurance, established in 1978, provides employees and their relatives with compensation for injury arising from accidents in the workplace. This is primarily a compulsory scheme and employers must register their workers even if there is no written form of contract. Insurability continues throughout the employment.

The employer is also responsible for paying the contributions, which amount to 2 per cent of a worker’s pay. The insurable earnings are subject to a maximum compulsory ceiling set at 9,000 Cape Verde Escudos, and the employer has the option to cover the rest.

The compensation covers allowances for medical care and treatment (medicines or drugs), hospital treatment, prostheses and other related equipment as well as compensation for loss of earnings for complete or partial temporary and permanent incapacity for work. The family of the injured person is entitled to a pension for life based on insurable earnings subject to a ceiling laid down by law.

Workers in the civil service are not covered by this scheme. Instead they are protected in the case of accidents under the Active Service Statutes and the Retirement Statutes that entitle them to medical care, occupational therapy and orthopaedic equipment.

The scheme now in force is the same as that introduced in 1991 under the responsibility of Cape Verde insurers. Given a lack of data concerning the protection of employees and the occurrence of occupational accidents, no realistic analysis can be made either of the scope of coverage or as regards the absolute or relative accident rates.

3.4 Self-employed workers

There is no scheme covering the self-employed at present. With the approval of the General Bases of Social Protection however, the system is to be extended to include those workers who conform to the occupational categories within an insurance system.

There are also some social protection schemes offered by insurance companies, particularly health insurance, but these are in their infancy.

4. The non-contributory scheme

As part of the non-contributory provisions and to strengthen the social security of the economically-active population, a specific scheme was set up to provide life pensions for old-
age and invalidity. The aim was to provide help for FAIMO workers who for reasons of health or age could not continue to work effectively. Labour-intensive public works projects are often started after a drought as a means of guaranteeing a minimum subsistence income for poor families. These public works employ a large amount of unskilled labour and also include land and water conservation measures as well as the building of highways and secondary roads financed by the food aid programme. Such projects are generally seasonal and last for four to nine months a year—depending on the outcome of the farming year—and the payment is low. Hence, the FAIMO is a primary mechanism to channel some assistance to the poor, particularly those living in rural areas. Women account for about 40 per cent of the total work force.

Since the programme was created the number of workers in FAIMO has varied between 15,000 and 20,000 persons. According to a survey carried out under the PNLP, about 40 per cent of the workers are under 29 years of age and 50 per cent fall within the 30-44 age group. It should be noted that some 70 per cent of workers have been in FAIMO for more than six years and 44 per cent for more than ten years.

In 1992, following DL No.122/92, steps were taken to introduce a non-contributory pension scheme for workers in the FAIMO and so provide better protection to them. The scheme covers the elderly in particular who have been engaged in public employment campaigns funded by the State for at least 10 years. On reaching an age where they cannot do productive work and are often in poor health, these people are now protected with an old-age pension once the legal conditions have been met. Thus their families are provided for as well as people with disabilities and the elderly, since a welfare, invalidity or old-age pension is allocated to them.

This is a significant step in social security in Cape Verde since previously there was no such support mechanism. The impoverishment of many rural families, social mobility and changes in social habits and patterns mean that civic solidarity among the generations, which used to be characteristic of Cape Verde society, is becoming rare. Therefore the elderly, children and low-income families are more vulnerable than before. The pension paid is a fixed sum for all FAIMO workers and on average amounts to US$300 per year.

In this context, a minimum social security sub-system was set up in 1995 to ensure a basic standard of living for people with no other possibility of a secure income. This goes back to the old social welfare system with its economic protection approach. However, the legal framework is now very different since such benefit was not based on a right of entitlement. Since 1995, social security has been extended to cover people who were previously excluded. The non-contributory scheme provides a basic income for some 7,000 families in difficult economic circumstances.

The objective of the Minimum Social Protection sub-system (PSM) is to provide a basic minimum income, within certain guidelines, for an individual or a family. The amount depends on the size of the family. However, rather than provide compensation, the objective is to prevent marginalization and those receiving the minimum welfare pension also benefit from anti-poverty measures and social or occupational support. The four groups of beneficiaries are as follows:

- The elderly (60 years of age or more) who are not engaged in any gainful employment and do not receive benefits under any social security system.
♦ Chronic invalids and those with long-term sickness regardless of age who are incapable of any work.
♦ People with disabilities who cannot work.
♦ Families in economic distress as a result of unemployment, sickness, disaster or similar causes.

Beneficiaries qualify in accordance with a means test, which is adjusted according to the family group and income levels. The assets or resources of the individual and the family are assessed and a comparison made with the minimum wage payable and their respective age. This system is non-contributory and is thus financed entirely by the State with resources from Official Development Aid (ODA).

As a means of providing old-age protection for nationals who during their working life distinguished themselves through their devotion to community service in the administration, the arts, literature or culture or gave outstanding service to the country, an old-age pension known as the “State Pension” was established. This risk pension introduced in 1997 is intended for people who meet the following conditions:
♦ They should not be covered by other social security systems.
♦ Their social-economic situation is poor.
♦ They are over 55 years of age.
♦ They are not able to work.

This Government pension is granted on a case-by-case basis according to the individual needs of the person. It is funded from the State Budget and covers a fairly small group of people (about two dozen in 1999).

4.1 Social advancement

The social advancement system is made up of a number of actions undertaken by social services to provide individual and family support as well as through community action. With the establishment of local government in 1992, it was handled chiefly by the public services known as the Municipal Social Advancement Services (SMPS), by private organizations that are supported financially by the State and by international organizations through cooperation agreements.

From the 1990s, the welfare state approach was set aside and guaranteed protection introduced for people in vulnerable situations so as to reduce social risk and to ensure a basic minimum lifestyle. In other words, those without a proper social structure such as a family or similar support system are given a number of social benefits either tailor-made for an individual or designed for a group, and provided through goods, equipment or services.

Such practical action that meets a number of basic needs breaks with the welfare state idea. Resources are made available for the provision of basic needs such as electricity, drinking water, transport and communications (including telecommunications), basic sanitation, social protection for the elderly, health units, civil defence, information and employment. In rural areas, all the programmes mentioned were given priority.

The family is the focal point central focus for action either by the public services or by non-governmental organizations (NGOs). This action may take various forms such as:
Support to some family members, particularly children and adolescents, who have been ill-treated or abandoned;

- Creating basic living conditions and providing health services and education;
- Generating alternative incomes (micro-enterprises);
- Supporting people with disabilities or those with behavioural risks; and
- Community action.

This action has been primarily designed to provide support to a very small group, those most likely to be excluded or marginalized socially—adolescents, women, the elderly and those with disabilities—who are at the same time the most under-privileged. The technique used, especially by NGOs, is to take action that has an impact on the family or the community by direct support to individuals and families or social groups depending on the target beneficiaries.

Table 12: Beneficiaries of the Minimum Welfare Pension (PSM)

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Beneficiaries</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Praia</td>
<td>854</td>
<td>13.3</td>
</tr>
<tr>
<td>St. Domingos</td>
<td>224</td>
<td>3.4</td>
</tr>
<tr>
<td>Santa Catarina</td>
<td>525</td>
<td>8.1</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>443</td>
<td>6.0</td>
</tr>
<tr>
<td>Tarrafal</td>
<td>447</td>
<td>7.0</td>
</tr>
<tr>
<td>Maio</td>
<td>93</td>
<td>1.4</td>
</tr>
<tr>
<td>Mosteiros</td>
<td>152</td>
<td>2.3</td>
</tr>
<tr>
<td>St. Filipe</td>
<td>586</td>
<td>9.0</td>
</tr>
<tr>
<td>Boa Vista</td>
<td>81</td>
<td>1.4</td>
</tr>
<tr>
<td>Sal</td>
<td>100</td>
<td>1.5</td>
</tr>
<tr>
<td>St. Nicolau</td>
<td>400</td>
<td>6.2</td>
</tr>
<tr>
<td>St. Vicente</td>
<td>850</td>
<td>13.0</td>
</tr>
<tr>
<td>Ribeira Grande</td>
<td>685</td>
<td>10.5</td>
</tr>
<tr>
<td>Paul</td>
<td>230</td>
<td>3.5</td>
</tr>
<tr>
<td>Porto Novo</td>
<td>565</td>
<td>9.0</td>
</tr>
<tr>
<td>Brava</td>
<td>279</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,514</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: General Directorate of Social Advancement (DGPS)

There is almost no legislation to deal with this approach since, except for the PSM, social support is not a right that can be claimed administratively. Certain criteria however are in place:
♦ What is feasible given the financial resources, equipment or services available; and
♦ The criterion of adjustment, on the basis of priorities in the light of the serious family situations involved.

Funding is more diverse than usual and can be divided as follows:
♦ Transfers from the State budget,
♦ Revenue from the work done by the services,
♦ Income from State-financed projects or funded by national or international organizations, and
♦ Revenue of organizations of civil society.

This social action of the State and of some NGOs and community associations has been carried out by guaranteeing an income for this social group in the form of risk allowances and social support benefits.

There are some 50,000 beneficiaries in this social group at an annual cost of US$4 million, according to information from the year 1995. Except for children already receiving assistance under the School Canteen project, this target group is made up of individuals in the third age who are chronically sick or have disabilities and are inactive, and for most of whom advancement into the labour market would be impossible.

5. Issues for reform

Since the right to social security is set out in the Constitution, the design of the system to be implemented had to be clearly stipulated, with the objectives to be attained, the underlying principles, the components to be included and the means by which they were to be provided. The finer points in legislation had to be developed particularly those concerning the need to determine how the social security and social action systems would stand in relation to one another.

Therefore, in the year 2001, the Law on the Basis of Social Protection was passed by Parliament. The most salient feature of that law was that it established a comprehensive view of social protection and provided a consistent framework whereby the most general purposes of such protection could be achieved. It also laid down a structure for a genuine social protection system in Cape Verde, according to the following principles:

a) Adjustment—determining which financial sources were to be used to fund each aspect of the on-going arrangement.

b) Participation—taking the form of cooperation between the workers’ and employers’ representative organizations in administering the social security institutions.

c) Social consultation—making it compulsory for the State to determine social security policy measures in coordination with the representative organizations of civil society.

Without disregarding the dynamics of the arrangements which influenced the structure of the social security scheme in Cape Verde, the scheme is structured according to
various criteria particularly the following: objectives, protection schemes and their type, population covered and material scope, funding and management.

*Diagram showing the structure of the social protection system*

5.1 **Social security network**

5.1.1 **Objectives**

Given the basic principle of solidarity throughout the entire national community, the main objective is to prevent social and economic inequalities, dependency and social exclusion. Furthermore, the aim is to remedy the effects of such situations and promote social integration by improving living standards and ensuring that the best use is made of every individual’s full potential.

5.1.2 **Scope (population covered)**

It is recognized that the scheme is universal but considering its preventive and promotional aims, the scope of the system in reaching people depends on the principle of selection and on the response to situations involving protection. As a matter of priority, this means the needy such as families and groups suffering social and economic inequality, dependency, marginalization and social exclusion. Children in particular, young people, disabled persons and the elderly are also other groups at risk. The objectives in this system mean that there can be no rigid legal framework but rather one that is very flexible.
5.1.3 Scope (benefits provided)

Unlike the social security system, the various measures used to take preventive, remedial and promotional action in the protection network cannot be described as a right that can be claimed administratively or legally. Though guaranteed income, income substitution or compensation in the form of benefits for specified contingencies is not at stake, this does not undermine the right of beneficiaries or potential beneficiaries, on their own initiative to claim allowances laid down in the Law on the Basis for Social Protection (LBPS). In particular this involves the social support action or allowances such as services and social equipment, and implementation of specific programmes and projects of various kinds, as well as solidarity and risk benefits.

5.1.4 Financing and management

The objectives of this system and the extent of solidarity presume that funding follows the principle of responsibility by the whole of society. The State basically uses the revenue from taxation to finance the municipalities (local government), or its own resources allocated to specific national or international projects.

It is important to mention the role assigned by the State to non-governmental organizations. The law clearly defines the relationship that should exist between them and the State, laying down the legal framework that also applies to not-for-profit establishments. While not calling into question their independence, this makes them liable to inspection so as to ensure compliance with the law and the defence of the signatories’ interests.

5.2 Compulsory social security

5.2.1 Objectives

On the basis of the principle of group solidarity, the aim is to provide social replacement income for work lost as a result of legally classified eventualities as well as compensation for family responsibilities (dependants).

5.2.2 Protection schemes

The compulsory scheme is based on techniques for sharing out social community risks on a contributory basis where there is a close relationship between the obligation to contribute and the right to benefit.

5.2.3 Scope (population covered)

This system covers dependent workers in general regardless of the legal character of the employer, the self-employed and others whose status has already been recognised as similar. It establishes the obligation to include banking workers in the compulsory protection system and opens up the possibility for civil servants and other State officials including those from local authorities, public institutions and other legal persons to be included in the scheme as provided for by law.

5.2.4 Scope (benefits provided)

The sub-systems included take the form of allowances paid in cash or in kind, which are guaranteed in accordance with legal conditions for explicit contingencies. In particular they cover sickness, maternity, occupational accident and disease, invalidity, old age and death, and others legally provided for, as well as compensation for family responsibilities.
The material range of eventualities has built-in flexibility for the self-employed workers’ schemes without prejudice to the binding legal obligation concerning the benefits paid for invalidity, old-age and death.

5.2.5 Financing and management

This system is self-financing and means that varied sources of support funding are used so as to avoid having the compulsory contribution fall solely on wage earners. Funding sources are workers’ and employers’ contributions, income from its own assets and other legal revenue.

The Government has the flexibility to approve the management model by following closely the guiding principles of the social protection system. To that end, it must establish management statutes that are to be directly administered by the State. The involvement of workers’ representatives and others must be ensured in accordance with the provisions of participation.

5.3 Supplementary social security

5.3.1 Objectives

The objectives are to ensure (together with the compulsory social security system and according to the specific regulatory framework), forms of social security whereby extra provision is made for guaranteeing income in the system through supplementary allowances. These are payable to those granted benefit under the compulsory social security schemes as well as benefits to cover eventualities not addressed in the sub-system, thus combining the effects of being complementary with that of substitution.

5.3.2 Scope (population covered)

Those covered by this sub-system are the self-employed as well as others who are recognized as having a similar status to independent workers. This sub-system includes in the terms and conditions laid down by law, compulsory supplementary solidarity schemes based on qualified group solidarity arranged according to occupation.

5.3.3 Scope (benefits provided)

Included in this sub-system are the schemes that (according to the terms and conditions laid down by law) allocate additional allowances to those already provided for under the compulsory schemes known as the second tier. They also provide benefits for eventualities not covered by the system.

5.3.4 Financing and management

The terms and conditions laid down in applicable legislation allow for different funding arrangements in accordance with the supplementary schemes in question. These are based on the contributions of self-employed workers or, in the case of dependent workers, their contributions and those of their respective employers. The flexibility built into the system means that at the initiative of workers, employers or individuals, supplementary schemes may be used, set up or amended together with the working arrangements for coordinating them. The financial system is one of capitalisation, where the contribution rates are based on agreed remuneration and chosen by the member concerned from an earnings-indexed scale.
The schemes covered by this supplementary sub-system are managed by conditions of equal treatment laid down by law, by public bodies or by private law entities.

6. Conclusions

The 1992 Constitution of the Republic of Cape Verde as amended in 1999 (Art. 69), establishes that “Everyone shall have the right to social security to protect against unemployment, sickness, invalidity, old age, loss of parent(s), widowhood or any other situation where means of subsistence or capacity for work are lacking or lost”.

It is incumbent upon the State not only to provide a national social security system with the participation of contributors and of representative beneficiary organisations but to support, foster, regulate and inspect private social security systems as well. The right to social security is thus laid down as one of the fundamental rights in the Constitution of the Republic, with all the legal and constitutional consequences deriving from it.

This right to social security has one important positive component in that citizens are identified as those directly entitled to it. Therefore activities or benefits claimed from the State as genuine obligations make it incumbent upon the State to ensure that there is a national social security system in operation, in which contributors and representative beneficiary organizations may participate.

This principle enshrined in the Constitution has been used to gradually extend social security to all Cape Verde citizens, culminating in Parliament’s adopting and publishing the Bases of the Social Protection System (BSPS) of Cape Verde. It was drawn up within the framework of the ILO/PORTUGAL/PALOP Tripartite Cooperation Agreement known as “PROSOCIAL” that has to be followed when preparing social security measures and programmes in accordance with social and economic development and with the production strengths in Cape Verde.

In practice, the legal conditions that determined the general foundations for the social security system, also foresee the expansion of the scheme to cover the self-employed and workers in the informal sector. Until the present time, they are not covered by any social security scheme although they have the right to primary health care. This law is doubtless one of the main social policy measures that embodies the major guiding principles underlying social security reform and identifies the security network model intended particularly for those Cape Verde citizens who have no other means of subsistence.

Extending social security to the self-employed, reforming legal social security schemes so as to cover an increasing number of regular and casual workers, amending the law that governs occupational accidents, and reorganizing and adjusting the social security system for civil servants and public officials are without doubt considerable challenges.

Extending the social security system to cover the self-employed and workers in the informal sector, are areas that need to be addressed in order to include more of the economically-active population that is self-employed. Therefore the social security system of these occupational groups must meet their priority needs and concerns within a framework of

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4 Chapter III, Title III, concerning “Rights, freedoms and guarantees of workers.”
5 Law No. 131/V/01, of 22 January.
6 African countries with Portuguese as their official language.
the finances available. In this system health and life insurance coverage is the first priority in social security terms for most workers in the informal sector, which is highly diversified. The Government is making itself responsible for primary health care and the sustainability of public health services particularly in rural areas. Improved access to public services will depend on the extension of the social security system.

Most workers in the informal sector are regarded as self-employed or independent workers, which means that they create their own jobs and can play a major role in financing their respective social security systems similar to wage earners in the formal sector. However, Cape Verde has no accurate statistics on this sector that could help assess how much of an impact it would have on the prevailing systems. At the moment this sector is bringing pressure to bear on the Government because it wants the possibility of joining the social security system so as to enjoy a peaceful old age and a guaranteed subsistence income. The Government may therefore have to regulate the existing law so as to meet the concerns of these many self-employed or informal-sector workers.

In Cape Verde, social security and social network measures and programmes are essentially under the responsibility of the Ministry of Labour and Solidarity. Government departments responsible for public finance and administration jointly supervise the Social security for civil servants and public officials.

Social security is not solely the responsibility of government bodies. Civil society is involved, particularly through workers’ and employers’ organizations (the social partners, and this is one of the main pillars of social development policy). They have a duty to take part in determining and carrying through overall social security policy, as the representatives of workers’ and employers’ organizations involved. Insurance companies and other social security bodies make up the third group of partners. The overall objective is to ensure commitment among all Government bodies and their external partners to ensure that the social security system is viable and sustainable.

To promote the welfare of Cape Verdeans, the Government is committed to combat poverty through the PNLP. Implementation began in 1998 with specific objectives to promote the integration of poor population groups and build institutional capacity for planning, coordinating and follow-up of anti-poverty activities. The execution of this programme is intended to create basic conditions of protection in communities, particularly those in rural areas. Some of the policy measures adopted are designed to enhance the production capacity of the poor, particularly women and young people, thus enabling them to gain access to means of production and other resources through micro-credits. They can thereby have a sustainable income, obtain training for employment or self-employment and improve their qualifications through occupational or educational training programmes.

Among other components the PNLP includes retraining for FAIMO workers, improves economic and social services and utilities for poor communities and develops solidarity and social protection schemes for them. Retraining the FAIMO workers as part of the objectives makes the switch from a welfare-state approach to a more efficient and productive public jobs system. This means that workers can be brought into the economic circuit through occupational training, and income-generating activities can be created so that the State and municipalities can withdraw from direct involvement in these works.
Enhancing the economic and social infrastructures of poor communities is one component, which is intended to improve the supply of services by increasing local capacity. Similarly, developing social solidarity and protection is intended to cover groups in constantly precarious situations that make them unfit for work. The State is responsible for gradually integrating them into the basic social protection system and these components are essentially designed to protect the poorest among them.

Combating poverty is part of a more integrated approach for sustained, equitable development and in the implementation of the programme everyone needs to be involved. Apart from the Government, NGOs, local government and community development associations, the other main players who make the programme execution possible are the World Bank, the African Development Bank and other development partners in Cape Verde who finance it.

Changing people’s social and economic levels and creating better living standards and conditions on the various islands or in the municipalities where they live are the main results expected in the mid-term. The major challenge to social development in Cape Verde lies in improving the social sector rates and indicators on the one hand while substantially reducing poverty on the other. Economic policy measures must increasingly seek to generate employment, as unemployment is one of the worst social problems in Cape Verde at a rate of at least double the rate of population growth. A strong incentive for training for employment must be given, enabling more integration among the most vulnerable groups on the labour market where proper occupational training provides a definite strategic advantage in the competitive world of today.

Reforming the social security system must include going beyond the 33 per cent of the economically-active population in employment so as to reach the vast majority of Cape Verdeans, particularly workers who are not covered as yet such as casual workers in the informal sector and the self-employed. This is the biggest challenge of a comprehensive social security policy and means devising and carrying through specific schemes which target occupational groups in given jobs, so as to supply effective protection while at the same time giving people an incentive to work and to be productive. Provided that the system is well-managed and has credibility, all workers will be ready to pay their contributions to social security since they are aware that they will receive something in return and that the benefits, allowances and services will meet their stated priority needs.

At the lower end of the scale, 30 per cent of the population live in poverty and are not financially responsible for their social security. To address this situation, the security network concept needs to have a certain outreach and be willing to work with the target groups who can be covered by them. As established in the General Bases of the Social Security System (BGSPS), not only should social policies be implemented, but also the Government should make resources available to fund social integration and advancement programmes.

In a country such as Cape Verde where the economy is not stable, the Governments are considered as the last resort for making the reform process viable and for enlarging the social security system. This is acknowledged since they hold the necessary power to regulate and ensure compliance, extend the regulatory standards in the system and provide the administrative resources and infrastructures required for proper execution.
Annex 1: Legislative texts on social security

A. Statutory social security schemes

Law No.01/V/92 of 25 September
Constitution of the Republic of Cape Verde

Legislative Decree (DL) No.84/78 of 22 September
Establishes compulsory occupational accident and disease insurance

Decree No.86/78 of 22 September
Regulates DLs Nos.85/78 and 86/78

Executive Order (Portaria) (P) No.61/78 of 22 September
Approves the contribution rates for compulsory occupational accident insurance

DL No.114/82 of 24 December
Establishes the national social security system

DL No.116/82 of 24 December
Ends the trade union social protection funds scheme

DL No.120/82 of 24 December
Regulates DL No.114/82

P No.107/82 of 28 December
Sets the contribution rates for workers and employers

P No.49 /95
Amends the contribution rates of workers and employers

P No.69/84 of 4 December
Sets the minimum monthly amount of invalidity and old-age pensions and updates the pensions of the obsolete TU insurance funds.

B. Minimum social protection schemes

DL No.2/95 of 2 January
Establishes the minimum social protection scheme

Resolution No.37/94 of 16 August
Establishes the terms for evacuating needy sufferers outside Cape Verde

Executive Order P No.2/95 of 12 June
Establishes the income levels for the purposes of allocating minimum social protection benefit and defines vulnerable

Law No.34/V/97 of 20 June
Establishes the State pension for Cape Verde citizens

DL No.10/99 of 8 March
Develops the general pension scheme established in Law No.34/V/97 of 30 June
DL No.122/92 of 16 November
Establishes the social old-age pension for those over 60 years of age who have worked at least 10 years in the work for food programme campaigns (FAIMO)

C. Schemes for civil servants and public officials
DL No.52/75 of 8 February
Regulates aspects of pensions for civil servants and public officials
DL No.47/82 of 29 May
Social allowances of civil servants and public officials
Law No.1/92 of 31 December
Establishes the single social rate
Law No.85/IV/93 of 31 December
Single social rate (impact on remuneration of dependent workers)

D. Miscellaneous
Law No.122/V/2000 of 12 June
Establishes the general bases of prevention, rehabilitation and integration of people with disabilities
DL No.24/94 of 11 April
Sets up the social advancement services devolved to the municipality on whose territory the activity is being carried out
DL No.66/94 of 28 November
Establishes the national council on disabled persons
Regulatory Decree DR No.1/2000 of 27 March
Amends the Statutes of the Cape Verde Institute for Children (ICM) established in 1982, the body responsible for promoting and implementing social policy for children and adolescents.
DL No.61/94 of 21 November
Amends the Statutes of the National Social Security Institute (Instituto Nacional da Previdência Social (INPS))
Annex 2: References


MCE, “Programa Nacional de Luta contra a Pobreza” (National anti-poverty programme) Round Table for Cape Verde development partners, Praia, November 1997.

Secretaria de Estado da Administração Pública (Secretary of State of the Administration)
Diagnosis of the social security scheme for civil servants and State and municipal officials, drawn up as part of the Programme of Project CVI/03/503, Praia, June 1998

Social Security Agreement No.102.

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1 http://www.ilo.org/public/french/protection/socsec/pol/publ/index.htm

5 Discussion Text 929 de Instituto de Pesquisa Economica Aplicada); December 2002, sur http://www.ipea.gov.br.