



The study on the contributory coverage of the National Social Security Institute (INPS) of Cape Verde was conducted in the framework of the project ILO STEP/ Portugal.

This study is part of the implementation process of the INPS Operational Plan for the Extension of Coverage, elaborated with the support of the ILO. In addition to a series of analyses, conclusions and recommendations the paper also included a mapping of the population that can be incorporated into the social security system. The study aims to contribute to the consolidation efforts of the Social Protection Floor (SPF).

In the case of Cape Verde it is possible to verify that the government's role in promoting social protection policies has been important for the extension of contributory coverage. The study concludes that Cape Verde is creating favorable conditions for the extension of contributory social protection. It should be noted that the INPS has already made substantial progress in areas such as administrative modernization, the extension of coverage to independent workers, raising public awareness and strengthening the control of contributions and inspection services.

The study points to several positive factors in the panorama of Cape Verde such as: young population; relative concentration of population in urban areas; rapid increase in levels of education; increasing incorporation of women in economic activities; and good indicators of economic growth and poverty reduction.

This combination of factors provides Cape Verde with excellent opportunities for future growth in productive capacity and quality of employment as well as the creation of suitable conditions for the increase in formal employment.

There are some elements that stand out from the coverage analysis in Cape Verde which should constitute the focus for the policies on the extension of social security:

- coverage is much lower in micro and small enterprises;
- the public sector in Cape Verde contributes for evasion in terms of contributions and inscription in social insurance.
- evasion regarding obligations to social security is still a widespread phenomenon in the formal economy;

- the evasion levels and the lack of coverage show a pattern very close to that of fiscal evasion;
- in some branches of economic activity coverage is low, almost regardless of the size of the production unit.

The study revealed that only 11 percent of workers in groups of difficult coverage are covered by INPS.

One of the main axes of the policies for extension of coverage and for fighting evasion of contributions to social security should be the promotion of formalization of micro and small enterprises.

Evasion of social security contributions is influenced by several factors: lack of means to make the payments among enterprises and workers due to economic and employment precariousness (informal economy); the legal framework that defines and punishes evasion is weak; employers prefer evasion or don't prioritize social security payments; workers have the notion that contributions will not provide return on investment; the social security institutions are unable to prevent evasion.

Despite the rapid and growing evolution of contributory coverage, which results from the strong commitment by the state of Cape Verde in the field of social protection, the country needs to continue its efforts in this area.

This study proposes **recommendations** in six areas:

- i) Formalization policies for micro and small enterprises
- ii) Policies and actions to reach specific groups of difficult coverage
- iii) Legal reforms to strengthen enforcement
- iv) Promotion of civic culture in terms of social security
- v) Strengthening of administrative structure in order to increase coverage
- vi) Action plan based on the effort-outcome relationship.

In addition to several workshops with the INPS, the results of this study were presented and discussed with the tripartite constituents and other partners of the ILO during the Forum on Extension of Contributory Coverage of the Social Security System of Cape Verde which was held on 25 April 2012 in Praia.