



# THE 4-4-2

4 NEWS – 4 GLANCES – 2 QUESTIONS

ECONOMIC BULLETIN

MARCH 2021

## INTRODUCTION

The 4-4-2 aims at sharing, at the end of each month, some punctual insights from calculations and analysis made in the past weeks by the UN and its partners on economic development and SDGs. It will stay away from subjective analysis, to focus on objective data, most of them published by the National Statistics Office and the Central Bank.

### In this issue:



#### 4 NEWS

POVERTY IS INCREASING,  
SO IS SOCIAL PROTECTION  
COVERAGE



#### 4 GLANCES AT

POVERTY AND SOCIAL  
PROTECTION COVERAGE



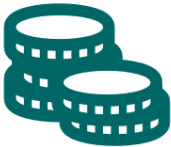



#### 2 QUESTIONS TO

JOANA BORGES  
ILO SOCIAL PROTECTION  
SPECIALIST IN CABO VERDE



## 4 NEWS OF ...

# Poverty is increasing, so is social protection coverage

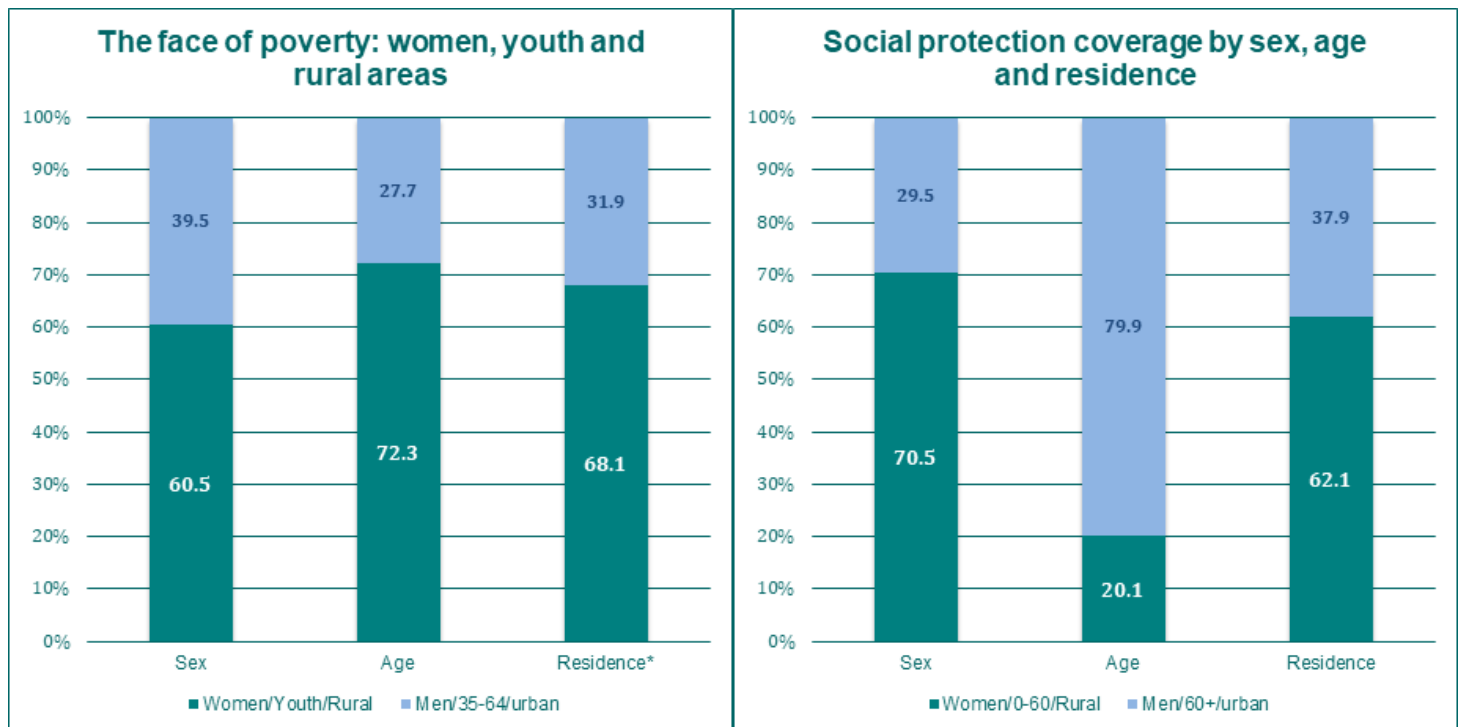
PRE-COVID TREND	
 <p>In 2015, 35,2% of Cabo Verde's population was poor (10,6% very poor), which means 179.909 people, or 32.738 households (IDRF-2015)</p>	 <p>39.2% of Cabo Verde's population is covered by at least one social protection benefit (SDG 1.3.1 for 2019, data to be released in the World Social Protection Report 2021), up from 30% in 2017</p>
COVID IMPACT	
 <p>8,453 new households enrolled in CSU Groups 1 (Extreme Poverty) and 2 (Poverty), 3,100 in Group 3 (vulnerable), in a total of 61.000 HH, representing 41% of the Cape-Verdeans families</p>	 <p>In 2021, social protection budget is up by 27.8% compared with 2020, and represents 13.4% of total State budget</p>

## Highlights from the Official Gazette

- A set of measures contributing to the price stability of staple food products, namely wheat flour and corn, were approved ([BO 19-03](#))
- Families benefiting from social rent apartments benefit from income exemption (total or partial, depending on the level of resources) for one year ([BO 05-03](#)).

## 4 GLANCES AT...

# Poverty and social protection coverage



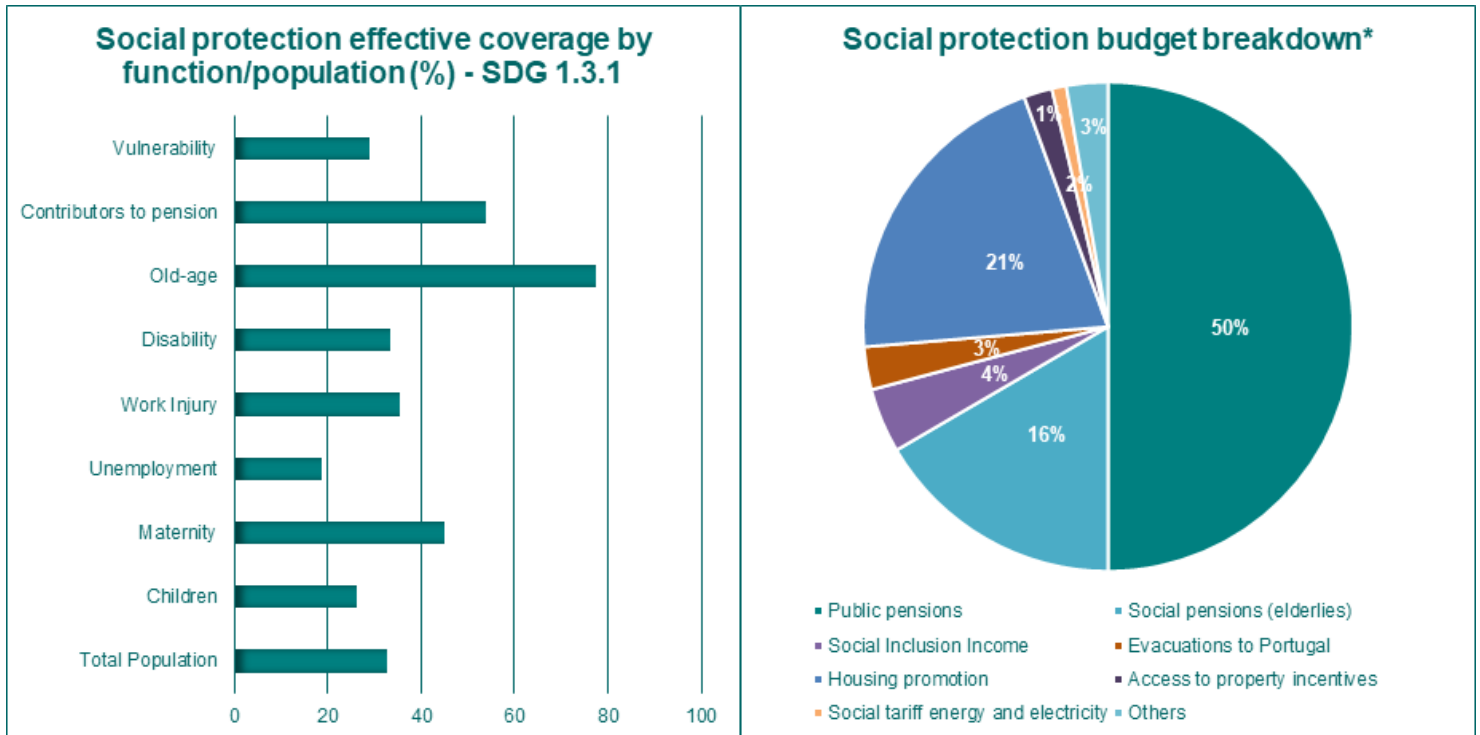
## Glance #1

Poverty and social pensions both have a woman and a rural face. This reflects on the one hand the fact that for years women were out of the formal labour market, thus not having right to an old-age pension (contributory); on the other hand, the relative absence of rural population in the contributory regime. Poverty rate for elderly is lower than for youth, while old-age coverage represents a much higher rate, reflecting the impact of social protection measures on poverty reduction.

\*Data disaggregated by Sex and Age is for global absolute poverty, data disaggregated by residence (Urban/Rural) is for extreme poverty.



# 4 GLANCES AT...



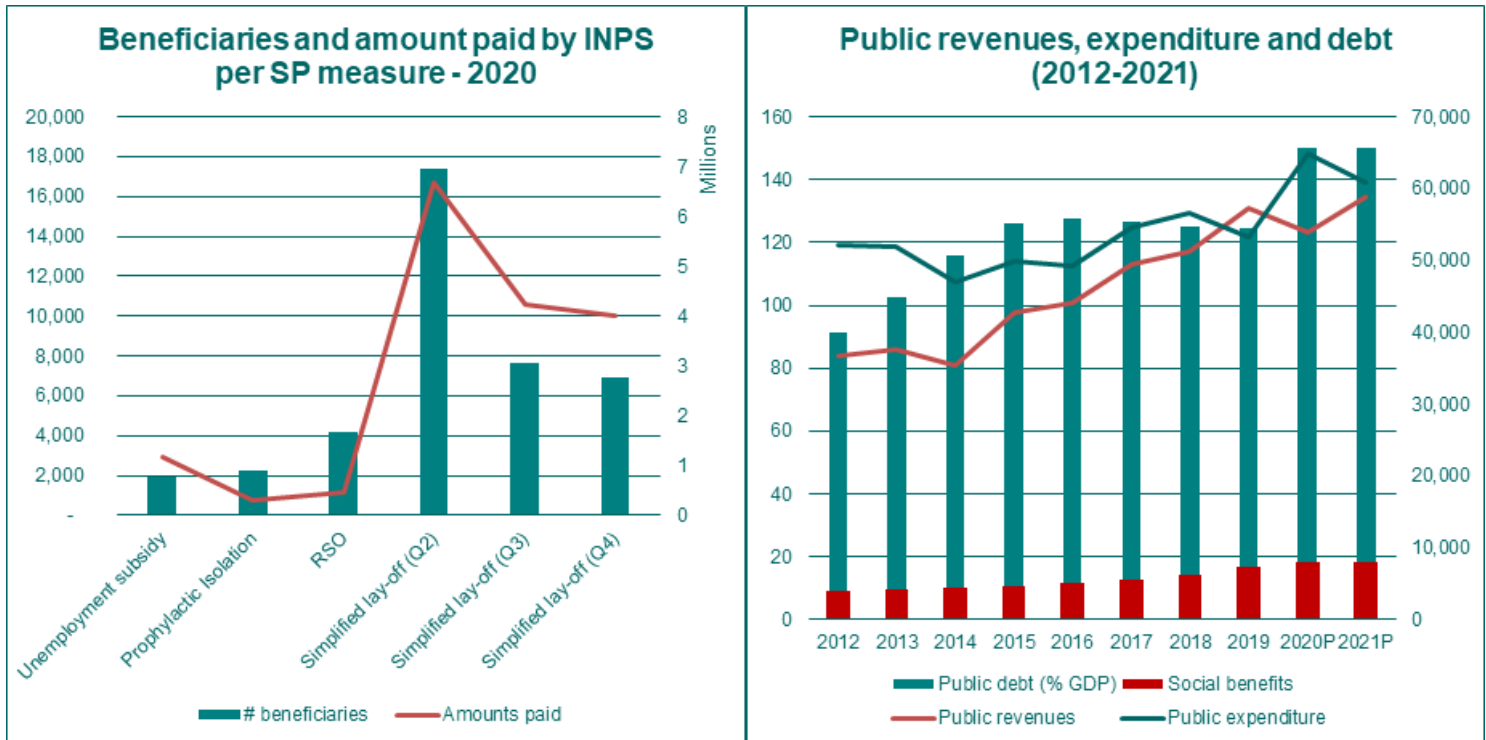
## Glance #2

The Social protection system covers more than 3/4 of the elderlies, half of the workers, and a quarter of the most vulnerable and of the people with disabilities. This coverage has been in constant progression in the past years. Half of the social protection budget (2021) is dedicated to the payment of public pensions (non-contributory and old public administration scheme). A fifth goes to housing support and social pensions for elderlies represent 16%.

\*INPS budget (contributory social protection) not included



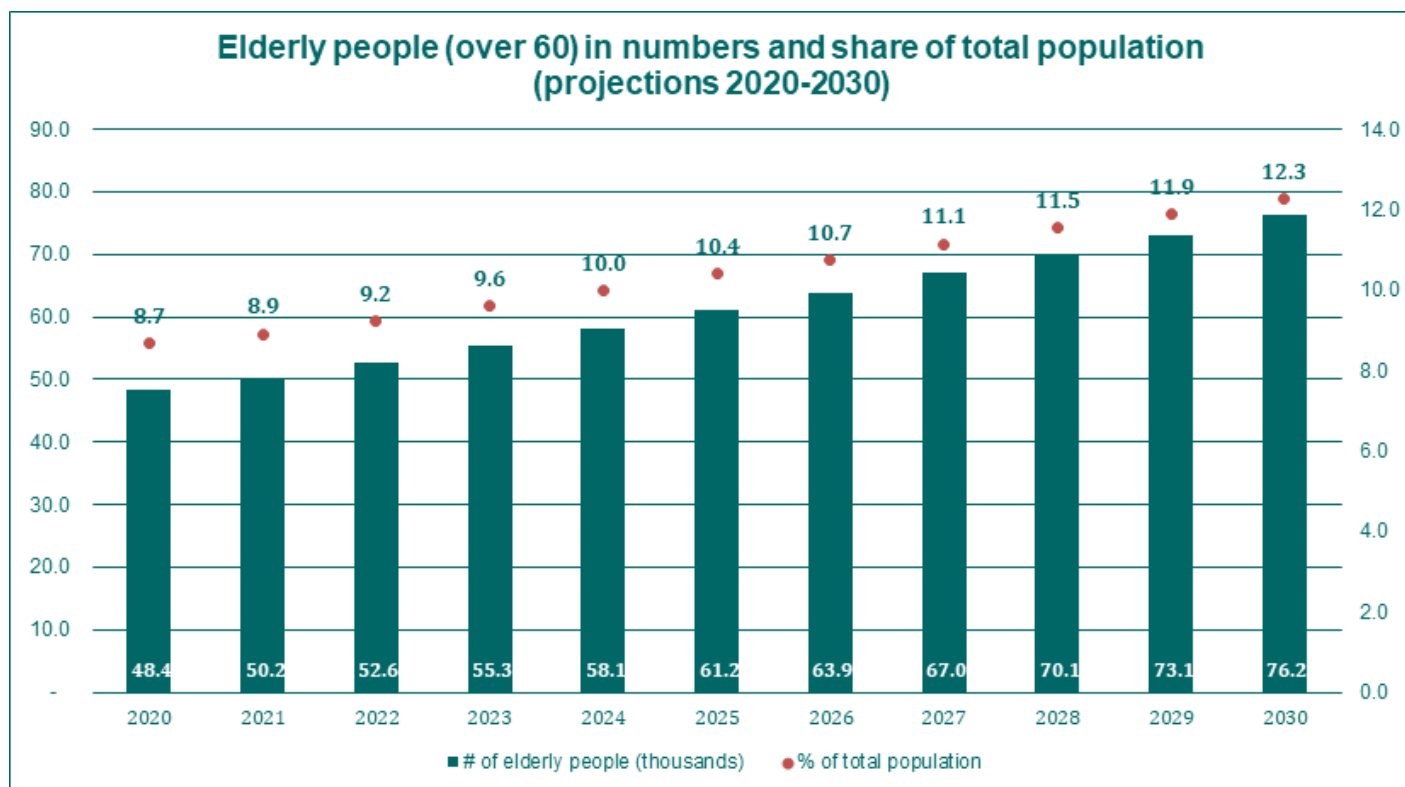
## 4 GLANCES AT...



### Glance #3

Until 2019 Social protection coverage has been increasing in the country particularly through contributory social protection (SP). Social pensions increased by 20% in terms of amounts paid (in 2019), and new cash transfers were introduced for 2020 and 2021. Fiscal space remains limited to support this increasing coverage, with public expenditures and social expenditures constantly increasing, public debt reaching a record high due to COVID-19 impact, and public revenues plummeting due to limited tourism activity among others. However, COVID-19 has dramatically changed the panorama and has demanded from the Instituto Nacional de Previdência Social (INPS) a financial availability to pay extraordinary benefits, as it is the case of simplified lay-off.

## 4 GLANCES AT...



### Glance #4

An additional challenge for the social protection system will emerge in the coming years due to the demographic transition, which will put additional pressure on old-age pensions. The evolution of the total number of people over 60 years old is projected to increase by 27,900 people, up to a total of 76,200 people, up by 57.7% in ten years.

## 2 QUESTIONS TO...

JOANA BORGES

INTERNATIONAL LABOUR ORGANIZATION'S  
SOCIAL PROTECTION SPECIALIST IN CABO VERDE



### WHAT IS THE IMPACT OF SOCIAL PROTECTION COVERAGE ON IMPROVING/MAINTAINING SUSTAINABLE DEVELOPMENT GAINS IN CABO VERDE?

If social protection was already considered as an important asset regarding poverty reduction and a counter-cyclical stabilizer, in the last year it has become even more critical in these times of crises. It mitigates the impact of shocks on individuals, acts at the macroeconomic level as a powerful economic and social stabilizer, facilitating economic recovery, and ensuring that families (working or not) have access to income, therefore, contributing to the prevention/ reduction of poverty, unemployment, and informality. Overall, it is an indispensable instrument to promote social justice and human rights for all.

As mentioned by the ILO *Social Protection Department Director, Sarah Razavi*, “examples from around the world clearly demonstrate once again that countries with robust and comprehensive social protection systems are in a much stronger position to respond to and recover from a crisis.”

This means that the more people a system covers, the better a country can be prepared to shock responses, to prevent / reduce poverty and in responding to risks and contingencies

Because, when in case of adverse situations, one will have an answer, a support. If more people are covered, the more income security can be guaranteed, together with consumption. Two examples: a cash-transfer paid to a vulnerable household that will allow that family to have a healthier/more varied diet, or access other needs; a worker that suffers an accident and becomes disabled, that gets an invalidity pension.

However, this possible impact on sustainable development is not that easy, and not that simple. It requires a consolidated system, covering different needs and risks, with a combination of inter-related, complementary benefits and articulated answers from contributory and non-contributory, with the life cycle perspective (from birth to death), and to ensure that no one is left behind.

A last note to point out that coverage is, indeed, particularly important, but adequacy is also a key aspect that needs to be considered in the analysis. It is the adequacy that guarantees a certain level of income (above poverty line, for instance), and therefore a more impactful result into sustainable development.



## 2 QUESTIONS TO...

**JOANA BORGES**

INTERNATIONAL LABOUR ORGANIZATION'S  
SOCIAL PROTECTION SPECIALIST IN CABO VERDE



### HOW TO ENSURE THE CURRENT COVERAGE, WHICH IMPROVED SPECTACULARLY IN THE PREVIOUS YEARS/MONTHS, IS MAINTAINED OVER TIME?

The social protection coverage is dynamic and can change over time due to different reasons, even the natural demographic changes have an impact on it. It is also linked with the social protection measures and benefits that the country recognizes as needed. Institutionalization is therefore a paramount key that can support and guarantee the continuous coverage. The anchorage in law of the benefits will envisage their fulfilment and, up to a certain point, will secure regular and periodical payments. Therefore, the exercise to be done over time is to monitor all the answers available, all the needs identified (including age distribution and specific needs), and ensure a match happens at the highest rate possible; meaning more people covered with the best possible solutions (benefits).

However, no matter how better prepared institutions are with work instruments and the best management practices, financial availability and sustainability are also an important asset to allow the maintenance of high level of coverage. Budget availability and constant follow-up on expenditure levels are essential.

It is through this constant exercise of identifying people and their needs/ risks, possibilities, laws, institutions and management capacities, budget available that a social protection system can ensure a proper coverage and continuously undertake its responsibilities.



Credits:

Publication of UN Resident Coordination Office (RCO) - Cabo Verde  
Coordination: Ana Graça, Resident Coordinator  
Content, Analysis and Interview: Sebastien Vauzelle, Senior Economist, RCO  
Joana Borges, International Labour Organization's Social Protection Specialist in Cabo Verde  
Graphic Edition: Anita Pinto  
Photos: UNCT Cabo Verde