



► Social Protection in Action: Building Social Protection Floors for All

2022

Ecuador: Farmers' social insurance

Summary

The Farmers' Social Insurance (Seguro Social Campesino – SSC) of Ecuador was established in 1968 and is an outstanding example of the inclusion of independent, small-scale farmers and fishermen in social security systems. The SSC provides health, maternity, disability and retirement benefits, as well as assistance with funeral expenses.

The system operates as a scheme administered by a special division of the Ecuadorian Social Security Institute (IESS). The SSC is built upon social solidarity, as it is subsidized by the Government through direct transfers as well as through the Mandatory General Social Security System and the National Social Security System.

Thanks to the SSC, the rural population of Ecuador has access to social insurance. In December 2020, the SSC provided coverage to nearly 1.1 million people (6.13 per cent of the population), of whom 378,000 were the main contributors to the system and 644,000 were their dependants.

In 2020, the programme paid pensions to 94,000 beneficiaries. The system has made important strides in terms of access to healthcare, providing nearly

450,000 dental appointments, 1.2 million medical appointments and 1.4 million nursing appointments per year.

The SSC scheme promotes social inclusion, including of persons in the informal economy, is based on solidarity in financing, and seeks to establish coherence across the institutions responsible for the delivery of social protection, three guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Social security can be extended to rural populations that were previously excluded through the introduction of innovations in the design, implementation and financing of schemes.
- The strong commitment of the Government is crucial to initiate such schemes, as well as social solidarity across the social protection system, in order to subsidize the coverage of groups with limited contributory capacity, such as farm families.
- Social protection schemes should be coordinated with other social policies, including policies for job creation and the formalization of the rural economy.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

This note presents a successful country experience of expanding social protection.

- Social security programmes targeting specific groups, such as Ecuador’s SSC, can take advantage of community-level organizational structures in hard-to-reach areas where there is a particular need for the extension of coverage. Such local structures help to facilitate the sharing of information, enrolment, the collection of contributions, access to healthcare services and local management.
- Schemes like the SSC can significantly contribute to the organization of local communities, the strengthening of social organizations and the development of rural areas.

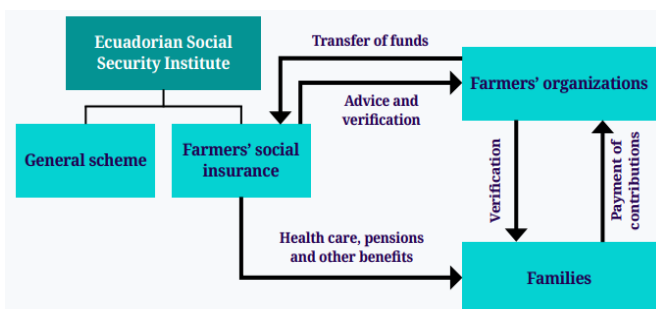
Context

An estimated 32 per cent of the Ecuadorian population live in rural areas. More than 36 per cent of rural workers are employed in the agricultural sector as own-account workers and unpaid family workers. In this group, the incidence of poverty is close to 14 per cent. Farmers tend to be formally organised through organizations that operate at the local, provincial, and national level. The SSC was established by law in 1981 and serves to close the coverage gaps with this group in order to reduce its vulnerability.

How does the SSC work?

Structure. The IESS oversees and directly administers the SSC. Beneficiaries enrol in the SSC through a farmers’ organization. Enrolment is restricted to own-account, temporary or seasonal workers who are engaged in agriculture or small-scale fishing and who live in a rural area. The farmers’ organization is responsible for collecting and transferring the contributions (see figure 1).

Figure 1. Operational structure of Ecuador’s SSC scheme



► Source: Authors’ elaborations.

The SSC manages the affiliation of beneficiaries; the payment of contributions, the delivery of pensions;

primary level healthcare; cash benefits; and the purchasing of healthcare services. The SSC is decentralized in terms of geographical zones and operations. The SSC Management Office reports to the IESS General Management Office.

The SSC has an expansive service infrastructure, including in rural areas. In 2020, the system reached 3,611 farmers’ organizations and operated 659 medical dispensaries distributed throughout the 24 provinces of Ecuador. The dispensaries serve as the point of access for healthcare services.

Benefits. The SSC offers healthcare and maternity services for the entire family, as well as old-age and disability benefits and assistance with funeral expenses for insured members. Insured members have the right to a retirement pension after having made a minimum of 120 monthly contributions and being between 65 and 70 years old. To access the disability benefit, insured members must have made at least 60 monthly contributions. Disability pensions, like retirement pensions, are currently the equivalent of US\$100. This amount is indexed with the minimum wage (SBU) on a yearly basis. Pension levels have increased rapidly in recent decades, from just US\$6 in 2006. The SSC also covers funeral expenses at the rate of 25 per cent of the referential base (currently set at 25 per cent of the minimum wage), paid upon the death of any family member covered by the SSC. In case of illness, insured members or retirees must have made at least six consecutive monthly contributions before benefits are paid. Access to maternity benefits is conditional on having made at least 12 consecutive monthly contributions prior to giving birth.

Financing. The SSC financing structure is based on the principle of solidarity. Insured members make monthly contributions equal to 0.625 per cent of the minimum wage, which the SSC supplements with funding from other sources, in effect partly subsidizing their affiliation. Financing is based on a solidarity contribution of employers and workers covered by the General Scheme; the mandatory contributions of public and private insurance companies embedded in the National Social Security System; insured members’ contributions to the SSC; and an additional government contribution. The funds are managed by an independent institution created in 2009, the Banco del Instituto Ecuatoriano de Seguridad Social (see figure 2).

Figure 2. Financing of Ecuador’s SSC scheme¹



► Source: Authors’ elaborations.

How were these advances achieved?

Throughout its development, the SSC has played a key role in the Ecuadorian social security system and has also influenced other spheres of society. This has enabled it to strengthen the role of farmers’ organizations in the national political context. Several farmers’ organizations and federations cooperate with the SSC to realize social gains at both the rural and national levels, including the Federation of Contributors to the Farmers’ Social Insurance and the National Confederation of Farmers’ Social Insurance.

These organizations have championed several causes associated with SSC development, such as the expansion of the rights of contributors and the strengthening of the institution, which involved its inclusion in a provision of the Constitution. In addition, they have lobbied against the privatization of social security and have also taken action on several key issues affecting the rural population, such as the privatization of certain public sectors, agrarian reforms and other issues of vital importance for the development of the rural sector.

Impact

In the international context of initiatives to universalize social security, the SSC can serve as an example for countries attempting to expand social security access to the most vulnerable groups in rural areas. In 2020, the SSC covered 22.1 per cent of non-employee agricultural workers and their families (see figure 3).

Figure 3. Evolution of people covered by Ecuador’s SSC scheme, 2008–2020



► Source: Author’s analysis based on Law No. 148

Through healthcare benefits and the guaranteed basic income security of farm families and fishermen, the SSC has contributed to reducing rural poverty, which declined from 61 per cent in 2007 to 42.4 per cent in 2021, as well as to strengthening the local rural economy. Another important impact of the SSC is its role in stemming rural outmigration and increasing local and national food security.

Also noteworthy is the SSC’s contribution to the strengthening of social and democratic organizations in Ecuador through its linkages with farmer’s organizations. Therefore, the SSC represents a social investment with excellent returns.

Way forward

To follow up the advances made by the SSC, the following actions may be deemed priorities:

- Extend coverage to all farm families and small-scale fishermen, using farmers’ and fishers’ organizations to raise awareness as well as discuss and implement the SSC scheme.
- Improve the availability of quality healthcare services and improve the ease of access to cash benefits.
- Enhance the SSC information system, including administrative records and oversight systems, and improve the overall administration of the system.
- Increase the government commitment to the subsidies that are legally assigned to the SSC and allocate a larger budget to improve health centres and services.

¹ The reference base is equal to 25 per cent of the minimum wage (SBU); as of 2022, the SBU is set at US\$425.

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