

Social Protection Systems in Latin America and the Caribbean: Ecuador

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Over the past three decades, the Ecuadorian social protection system has been characterised by universal interventions in the education and health care sectors, along with the implementation of specific social welfare programmes targeted at the poorest populations, such as the *Bono de Desarrollo Humano* (Human Development Bonus—BDH) and a welfare pension for persons with disabilities. Although Ecuador has managed to expand its social infrastructure and the population's health and education have improved, the redistributive effects of social policies have been limited, especially among rural and marginalised urban populations in the major cities of the country.

In implementing social protection policies over the past 30 years, there have been both key advances and areas of inaction. The major changes are related to the overall approach and explicit objectives of these policies, although the principal tools and methods of intervention have largely been maintained. For example, Ecuador has continued to provide free health care and education services. There has also been centralised planning of the public supply and public interventions organised by sector, financed with fiscal resources. Similarly, a significant number of welfare programmes such as BDH, childcare programmes for children under the age of five and school meal programmes have become permanent components of social policy. Social services have improved in terms of infrastructure and equipment, but still lack quality and timeliness, which means that inequalities remain.

As such, social protection in Ecuador now faces new and complex challenges. Since the start of President Rafael Correa's term in January 2007, the government has aimed to make the State a protagonist once again in designing and executing social protection policy and in establishing new modalities and institutions. Actions have aimed to replace targeted and decentralised efforts buoyed by the private sector with strengthened universal, centralised and sector-based delivery of normal public services. The institutional framework of social protection has also changed. The government has chosen to strengthen the bureaucratic structure by eliminating the non-ministerial agencies created in the 1990s. It has also implemented institutional reorganisations and mergers, which, in the area of social protection, include the Sectoral Council on Social Policy.

Another essential difference defining current social protection policy is that the way in which social actions are financed has changed. Interventions revolve around strengthening production and public

financing of social services, and providing free services rather than mixed alternatives (private production and public financing or private production and mixed financing, shared by the State and beneficiaries). The coverage achieved by the social protection system in Ecuador has been financed by enormous resources from irregular and impermanent sources (such as higher international oil prices and internal and external indebtedness), which threatens the sustainability of current policies and programmes. Officials must pay special attention to this area to prevent setbacks.

Although the measures adopted in recent years by President Correa's government point in a new direction, they have yet to achieve a wholly new model. The changes made to current policies and programmes have rather sought to adapt what already existed to the objectives set forth in the 'Citizens' Revolution' the government has undertaken, but fewer structural changes have been made. Similarly, the regulatory and institutional changes that have been introduced do represent a shift in the social protection approach but have not always been made concrete to improve the welfare of excluded people.

Despite the tremendous amount of resources invested—social expenditures rose from 10.7 per cent of Gross Domestic Product in 2006 to 15.0 per cent in 2012—and new attempts to reform the Ecuadorian social protection regime, the country still needs a critical discussion on the effects of the policies implemented. Government actions still lack accountability, evaluation and public scrutiny. A constructive debate on the changes that must accompany actions in this sector in the term from 2013 to 2017 is still unresolved.

Finally, it must be recognised that in a country in which one third of the economically active population exists in a self-consumption and subsistence economy, efforts over the last term have indeed managed to increase the income of the population and reduce inequality, mainly in the modern formal sector. The Gini coefficient for national income fell from 0.56 in 2002 to 0.48 in 2012. However, the non-commercial sector has not seen the same changes. Moreover, we must keep in mind that there are other important components of inequality besides income, such as unequal access to health care, education, nutrition, housing and employment, especially in marginalised urban and rural areas in Ecuador whose needs are still not being met.

Reference:

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