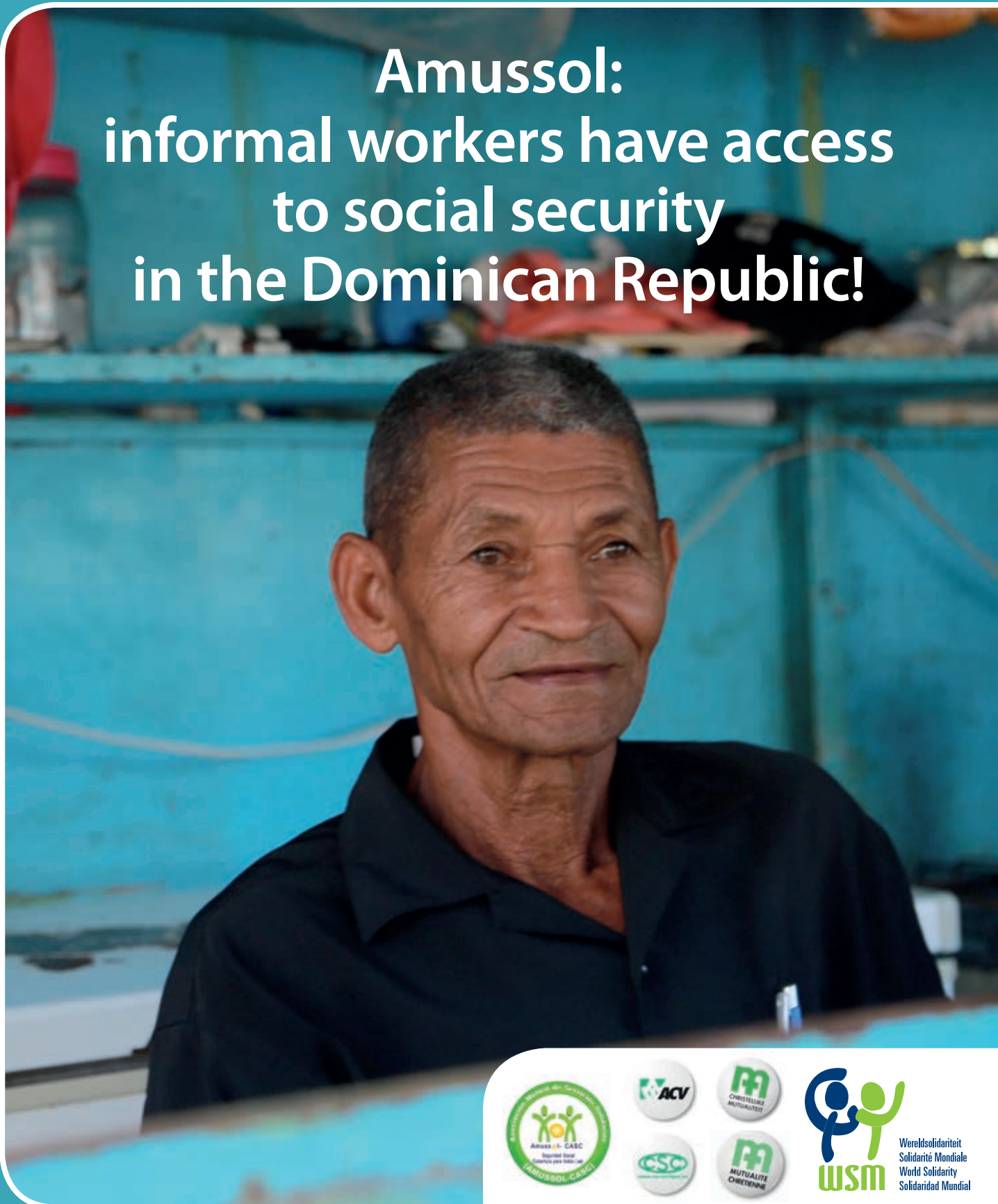


Amussol: informal workers have access to social security in the Dominican Republic!



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In the Dominican Republic, CASC, which is a trade union and partner of WSM (World Solidarity), launched in 2005 the Mutual Association of Solidarity Services (AMUSSOL). While the Dominican State does not guarantee access to social protection to those active in the informal economy, AMUSSOL offers an innovative solution. We put the spotlight on an initiative that has already allowed around 60,000 people to gain access to social protection.

Understanding the functioning of AMUSSOL and its services obliges us to present in the first place the context in which the mutual association appeared. This requires some prior understanding of the socio-economic situation of the Dominican Republic. We should also focus on the domestic legal framework concerning social security, which allowed AMUSSOL to develop and identify a large public of beneficiaries for its services.

A STRONG INFORMAL ECONOMY

Until the end of the 1980s, the economy of the Dominican Republic relied mainly on the large agricultural and sugar industries. With the fall in the price of sugar on the international market, the state-owned sugar mills collapsed and the unemployment rate rose dramatically.

Given the lack of jobs, the Dominicans themselves had to create their own professional activity. They used the little money they had to develop an activity to make a living for their family. Some began to use their vehicle as a public transportation means while others started to sell food in the streets.

Often, the family members or close relatives are involved in the new economic activity. The commercial process could be compared to some entrepreneurs who develop their small family business. This is how a solution thought out individually at the micro level has developed into an informal economy at macroeconomic level.

Of course, this type of economy has always existed in the Dominican Republic. But the collapse of the big sugar companies and the shortage of jobs in the tourism industry has led to a significant increase in the number of informal workers.

LAW 87-01 ON SOCIAL SECURITY

The Dominican government passed Law 87-01 (on the Dominican Social Security System) in 2001 to respond to the need to put in place a social security system in the country. Until then, only 20% of the population had access to social security, essentially through commercial private agencies.

The **SDSS (Dominican System of Social Security, *Sistema Dominicano de Seguridad Social*)** put in place by Law 87-01 provides three main services to its beneficiaries:

- The *Seguro Familiar de Salud* (Family Health Insurance), which is a service that intervenes in all health-related payments and refunds (drugs, operations, emergencies, consultations, ...);
- The *Seguro de Riesgos Laborales* (Labour Risks Insurance), which is a service that covers costs related to workplace accidents;
- The *Seguro de Vejez, Discapacidad y Sobrevivencia* (Old-age, Disability and Survival Insurance), which is an insurance that provides a replacement income in the event of old age, disability and widowhood.

Each of these services is under the responsibility of an administration (*Administración*). These *Administraciones* are the providers that intervene with the affiliate (or directly with the clinic or hospital where the service has been provided).

As for the case of the *Seguro Familiar de Salud* (Family Health Insurance), different Administrations called ARS (*Administración de Riesgos de Salud*, or Health Risks Administration) intervene. SE-NASA is a public ARS while other ARS are privately owned commercial bodies. Whether public or private, they are held accountable for the provision of the same quality services and the same refunds.

Only one body, which is public, provides the *Seguro de Riesgos Laborales* (Labour Risks Insurance). It is the ARL (*Administración de Riesgos laborales*).



The *Superintendencia de Salud y Riesgos Laborales* (Health and Labour Risks Superintendence, SISALRIL) is a public institution whose objective is to monitor the correct operation of the ARS and the ARL. It ensures that the services of the Seguro Familiar de Salud (Family Health Insurance) and of the Seguro de Riesgos Laborales (Labour Risks Insurance) are well provided to affiliates.

Some AFPs (*Administración de Fondos de Pensiones*, or Pension Funds Administrations), which are bank-owned administrations, provide the *Seguro de Vejez, Discapacidad y Supervivencia* (Old-age, Disability and Survival Insurance). Popular is the Dominican publicly owned bank, while the others are private banks.

The *Superintendencia de Pensiones* (Superintendent of Pensions, SIPEN) is the state institution that supervises the AFPs.

Finally, the *Tesorería de Seguridad Social* (Social Security Treasury, TSS) is the public body responsible for the collection and redistribution of SDSS funds under the authority of the National Council of Social Security.

FUNCTIONING OF THE DOMINICAN SYSTEM OF SOCIAL SECURITY

The law sets forth that each affiliate to the Dominican social security is entitled to choose his/her own provider.

In the Dominican social security system, Law 87-01 establishes three groups of beneficiaries.

- **A contributory regime** (*regimen contributivo*), which includes all workers who have an employer, whether public or private. The contribution to the national treasury is calculated on the basis of the income. It represents 21.4% of the worker's wage. However, the percentage is not paid exclusively by the employee: 30% 'of the 21.4%' is paid by the latter, while the remaining 70% is covered by the employer. The contribution is compulsory and entitles the beneficiary to all the SDSS benefits (reimbursement of health care, workplace accidents and pensions insurance).
- **A subsidised regime** (*regimen subsidiado*), which includes self-employed workers whose incomes are below the national minimum wage, unemployed and disabled persons. This part of the population enjoys a minimal¹ health coverage, significantly lower than the Seguro Familiar de Salud (Family Health Insurance) applicable to the workers under the contributory regime. It does not provide them with a coverage in case of workplace accident nor access to the pension fund.
- **A contributory-subsidised regime** (*regimen contributivo-subsidiado*), which should include self-employed workers whose income is higher than or equal to the national minimum wage. Those are essentially people working in the informal economy. In theory and according to the law, the latter can benefit from all the SDSS services. Their contribution to the national treasury is in principle subsidised partially by the State, while they pay the rest. The proportion between the State and the worker's contribution is still not defined. As a result, this regime has not yet been put in place.

Name of the service	Seguro Familiar de Salud (Family Health Insurance)	<i>Seguro de Riesgos Laborales</i> (Labour Risks Insurance)	<i>Seguro de Vejez, Discapacidad y Supervivencia</i> (Old Age, Disability and Survivors Insurance)
Description	Family Health Insurance	Labour risks insurance	Pension system
Type of provider	<i>ARS (Administración de Riesgos de Salud, Health Risks Administration)</i>	<i>ARL (Administración de Riesgos laborales, Labour Risks Administration)</i>	<i>AFP (Administración de Fondos de Pensiones, Pension Funds Administration)</i>
Single or multiple providers	Multiple—a public body, other private providers	Unique—a public body	Multiple—a public body, other private providers
Supervisory bodies	<i>Superintendencia de Salud y Riesgos Laborales (Health and Labour Risks Superintendence, SISALRIL)</i>		<i>Superintendencia de Pensiones (Superintendence of Pensions, SIPEN)</i>
Central body responsible for the collection and redistribution of social security resources	<i>Tesorería de Seguridad Social or Social Security Treasury (TSS).</i>		

1 AMUSSOL affiliates could not provide precise figures in this regard but it seems that the coverage is close to zero.

NO MECHANISM TO INCLUDE THE “CONTRIBUTORY-SUBSIDISED GROUP”

It should be noted that the contributory-subsidised group only exists in theory. Law 87-01 sets forth a gradual implementation of the social security system. However, until now and despite 15 years of existence of the law, there is – in reality – no mechanism to include the contributory-subsidised group in the social security system. Therefore, the people concerned by the regime – around 50% of the active population in the informal economy – are still excluded from social security. They have no health insurance, no coverage in case of workplace accident, nor any access to a pension system.

As a result CASC, a partner of World Solidarity (WSM), set up **AMUSSOL**, the *Mutual Association of Solidarity Services* in 2005 with a view to integrate these people in the Dominican social security system.

INFORMAL ECONOMY WORKERS ALSO HAVE ACCESS TO SOCIAL PROTECTION

Accessing the Dominican social security system is the main service that AMUSSOL provides to its affiliates. As explained earlier, the current model does not allow men and women workers and employees in the informal economy to access the social security put in place by the government. AMUSSOL intervenes at this very level: the mutual association operates as a “virtual employer” to allow the access of these workers to social security. The affiliates



Thanks to AMUSSOL, bus drivers can finally access social security services.

pay their monthly contribution to AMUSSOL, which channels it to the national treasury. Then, they become members of the SDSS and enjoy the family health and workplace accidents insurances while having access to a pension fund.

CONTRIBUTIONS, PER INCOME RANGE, FOR EACH SDSS SERVICE

Wage (in Dominican pesos)	<i>Seguro de Vejez, Discapacidad y Sobrevivencia (Old Age, Disability and Survivors Insurance)</i> (AFP) 9.97%	<i>Seguro de Riesgos Laborales (Labour Risks Insurance)</i> (ARL) 1.30%	<i>Seguro Familiar de Salud (Family Health Insurance)</i> (ARS) 10.13%	AMUSSOL 1%	Total: 22.40%
9,500.00	947.15	123.50	962.35	95.00	2,128.00
10,000.00	997.00	130.00	1,013.00	100.00	2,240.00
11,000.00	1,096.70	143.00	1,114.30	110.00	2,464.00
12,000.00	1,196.40	156.00	1,215.60	120.00	2,688.00
13,000.00	1,296.10	169.00	1,316.90	130.00	2,912.00
14,000.00	1,395.80	182.00	1,418.20	140.00	3,136.00
15,000.00	1,495.50	195.00	1,519.50	150.00	3,360.00
16,000.00	1,595.20	208.00	1,620.80	160.00	3,584.00
17,000.00	1,694.90	221.00	1,722.10	170.00	3,808.00
18,000.00	1,794.60	234.00	1,823.40	180.00	4,032.00
19,000.00	1,894.30	247.00	1,924.70	190.00	4,256.00
20,000.00	1,994.00	260.00	2,026.00	200.00	4,480.00



Amussol and women

Among the 60.000 Amussol affiliates, almost 40 % are women. For Amussol, promoting gender equality between working men and women is essential.

Therefore it conducts since 2010 a national campaign to raise the government's awareness on women's rights at work. And the results speak for themselves! ILO's Convention 189 concerning decent work for domestic workers and Convention 183 concerning Maternity protection were ratified by the government. The latter also released 50.000 places within the social security's subsidised regime for the domestic workers whose income do not allow them to participate to the contributory regime.

Moreover CASC, Amussol's founding trade union, created a national trade union gathering the domestic workers (SINTRADOMES). It has 4000 affiliates, among which 95 % are women. Thanks to the organisation, they can better defend their interests towards the employers and assert their rights, including their right to social protection.

The workers' contribution amounts to 22.4% of their income. The rate is based on the 21.4% that formal sector workers must pay and includes an additional 1% for AMUSSOL's operating expenses (salaries of employees, offices, other costs, ...).

The spouse and minor children of titular affiliates enjoy free access to social security through the family health insurance but they are not entitled to any pension nor any workplace accidents insurance.

Adult children, parents or grandparents may also enjoy the family health insurance for an additional contribution of 945 pesos per month and per person.

A WIDE COVERAGE

The coverage extends to three areas: health care, workplace accidents and pensions.

The health coverage remains the same regardless of the contribution. In all cases, the worker will enjoy the same service. Concretely, the health coverage allows the worker to enjoy:

- Free access to emergency services;
- An 85% coverage for hospital costs and any additional expenditure (accommodation and food at the hospital, ...);
- An 80% coverage for the costs of medical consultation;
- An 80% coverage for the cost of drugs.

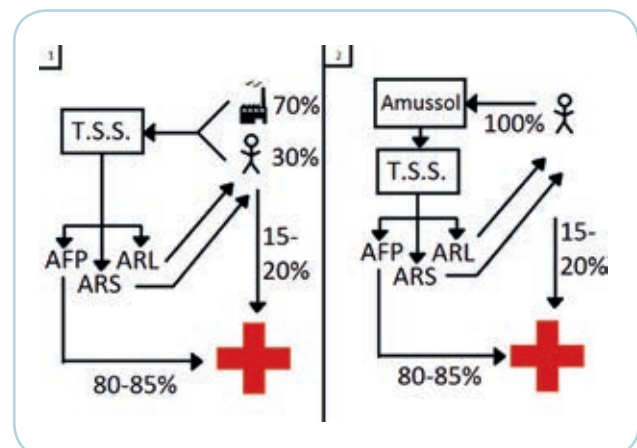
The work-related accidents insurance managed by the ARL covers the costs of medical consultation, drugs, hospitalisation, rehabilitation, prostheses and appliances.

SDSS directly bears the costs, hence the beneficiaries don't have to pay the full bill in advance to the hospital, pharmacy or to the doctor. They only pay directly 15 to 20% of the bill.

Finally, AMUSSOL allows self-employed workers to benefit from a sickness and maternity allowance. As it normally goes through the employer, the allowance is paid in this case by SISALRIL through AMUSSOL to the affiliated workers.

The workplace accidents and pension coverage varies according to the contribution. The benefit is provided directly by the ARL and the AFP to the worker (or pensioner) without going through AMUSSOL. Nevertheless, it is always thanks to AMUSSOL that the worker concerned has an access to these services.

FUNCTIONING OF THE SOCIAL SECURITY UNDER THE CONTRIBUTORY REGIME (N ° 1) AND UNDER AMUSSOL (N ° 2).



WHO ARE AMUSSOL AFFILIATES?

- The vast majority of AMUSSOL affiliates are workers in the informal economy. They mainly represent the following sectors:
- Men and women transport workers (buses, *guaguas*¹, *carros publicos*²), whether they are drivers or attendants;
- Vendors (fixed or street vendors);
- Hair and beauty salons;
- Micro-enterprises of all kinds, up to a maximum of 3 people;
- Independent farmers.

It also includes self-employed workers whose activity is declared, who pay taxes and are registered in the RNC (National Register of Contributors) but who, given the absence of employer, are part of the contributory-subsidised regime.

Finally, domestic workers can join AMUSSOL under a status that is different from the other informal economy workers. Although their activity is also considered as informal, these workers have an employer who has thus the legal obligation to pay the 70% contribution while the workers pay the remaining 30%.

In practice, almost all domestic workers are affiliated through their trade union. It is indeed very difficult for them to talk to their employer and to convince him/her to pay 70% of the amount corresponding to the social security contribution. Most of the time, union leaders are indeed those who go to talk directly with the



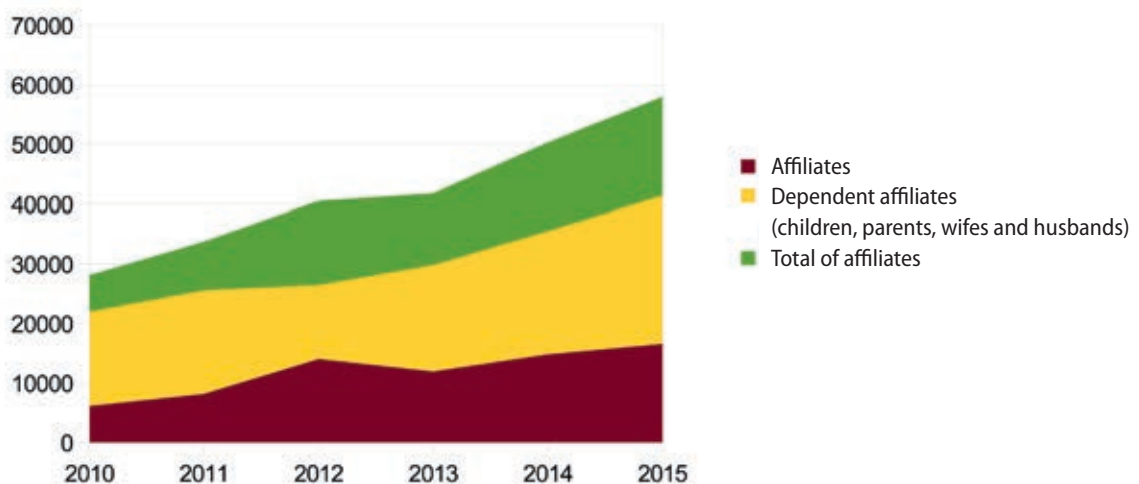
Thanks to AMUSSOL, informal workers can finally have access to a genuine social protection.

employer. Likewise they avoid to put the domestic worker in a delicate situation.

The workers can get the affiliation to AMUSSOL individually in a office of the mutual association or collectively via a trade union, an association or a cooperative. So far, 129 organisations are affiliated to AMUSSOL. Thus they manage the members' contributions and make one single payment to AMUSSOL corresponding to each member's monthly instalment.

In total, AMUSSOL has 57,970 affiliates who therefore have an access to the Dominican social security system. The figure includes both the titular members and their dependents (children, husband/wife and the titular members parents, who are also affiliated and covered by the social security).

Members of the Dominican Social Security System through Amussol



Values at the end 2015

1 The *guaguas* are small buses, the size of a van, which circulate in and between the cities as a means of public transportation. The *guaguas* rely on a driver and an attendant.
 2 Smaller than the *guaguas*, the *carros publicos* are cars that circulate within the cities and cover the major axes. They also operate as a means of public transportation and they carry up to 6 passengers.

ENCOURAGING FORMALISATION

Some informal micro-enterprises affiliated to AMUSSOL develop and end up with a structure, a turnover and an organisation that does not correspond any more to the informal economy. AMUSSOL encourages them to become official and formal companies. The formalisation includes the company's registration on the taxpayer's register.

AMUSSOL requests companies with more than 3 affiliates to formalise as it is foreseen by law. To do this, AMUSSOL presents the advantages (VAT exemption, for example), and offers its support for the administrative procedures to the micro-enterprise owner.

Once the company is declared and its employees benefit from the contributory regime, AMUSSOL offers to keep on managing the social security (both of the employer and the employees) subject to the payment of 1% of the budget/salary to cover AMUSSOL's administration costs.

WHAT IS THE FUTURE FOR AMUSSOL?

AMUSSOL came as a response to the vacuum in the implementation of the Dominican social security model. Currently, without AMUSSOL, informal workers would have no way to access social security. The mutual association is so far the most relevant response to the needs of these workers.

The initiative is a great example of the transformative power of a social movement that uses its expertise to change the existing system. By giving access to the social security system to informal workers, AMUSSOL promotes social justice in the Dominican society.

Ideally, the Dominican government should eventually settle the issue of access to social security for all. AMUSSOL could thus keep on acting as an intermediary between the organisations of informal workers and the official social security system. This would ensure an effective control, ownership by all users and, consequently, a broad support for the system.

Once the companies are officially formalised, they can keep on enjoying AMUSSOL services subject to the payment of 1% of their budget.



Author: Hervé Ghesquière

In collaboration with: Santiago Fischer, Katrien Liebaut, Bart Verstraeten.

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